

Updated NALC Submission to Mike Conroy, UK Finance Director

Local (Parish & Town) Councils & National Banks – Issues and ways forward

4 May 2021

1. Summary

The National Association of Local Councils (NALC) had been aware for some time that local (parish and town) councils especially the majority in rural areas – had been suffering ongoing issues with their banking services. Whilst this was not every local council in England there was very clearly a commonality of these issues amongst many of them. Therefore a call was organised with Mike Conroy an extremely helpful UK Finance Director, on 9 February 2021. This meeting was attended by representatives from NALC, and the Norfolk and Lincolnshire Associations of Local Councils. A short action list was framed and circulated. This paper both captures feedback from those actions and also from the wider meeting of the 43 county associations of local councils attended by the NALC Policy Manager where banking matters were discussed subsequently.

Since that meeting was held the NALC policy manager has received an e-mail from the Lincolnshire Association of Local Councils summarising the results of a survey of its member councils on banks, as well as that of its neighbouring county association in Nottinghamshire. The results have been summarised in Annexes C-D to these papers (council names redacted). These survey results merely reinforce the lessons from the recent Oxfordshire banks survey. It is therefore hoped that an update meeting with UK Finance, NALC and relevant sector representatives can be arranged over late spring 2021 to progress solutions to the issues the latest local surveys have highlighted.

2. Context

After the meeting of the 43 county associations alluded to above, NALC received several more representations of issues currently being encountered by local councils with their banks (often caused by a lack of high street banks due to closures), sometimes caused by an inability to get through to speak to someone on national helplines, in part caused by lack of suitable deposit or current accounts for parish councils, and also in part caused by a lack of support for local councils to undertake online banking.

In the main the issues received by NALC over the last month which are being encountered by local councils in England regarding bank services can be summarised as below:

- Severe delays with local council current accounts being set up;
- Banks asking for mandate signatures from every single local councillor when only or three are actually signatories (though we accept GDP may have been a factor here);
- It being virtually impossible to speak to anyone in person on bank helplines to discuss mandate or other account issues; &
- Lack of accounts where a Service Administrator is able to instruct the bank online to make all payments up to an agreed limit (say £250) to deal with day to day work, but require an additional approval from amongst a group of named individuals for the occasional larger sum.

Huge thanks to UK Finance for very kindly raising the below points to member bank seniors from the UK Finance/ NALC call on 9 February:

- If you close a branch, make sure that the council is officially provided with a personal point of contact in place of a physical branch and keep it current.
- Recognise that, because of our particular constitution mandates change much more frequently than commercial customers so we need a simpler and more responsive system to get such changes recognised and actioned). Clubs and charities are in the same boat.
- Recognise that the chief officer is, more often than not, not a signatory on the account but needs access to account information without confirmation from an official signatory every time – this may even mean a re-design of the mandate in some instances.
- Recognise that electronic banking in many rural areas is still not effective (or even possible).
- Given the age profile of many councillors and clerks, make online forms/menus more user-friendly.
- For banks like Unity Trust Bank to start offering single, dual or triple authorisation.
- Provision of clear and simple passwords to local councils for telephone banking accounts.
- High street banks corporately recognising what local councils are, how councils work and ideally a knowledgeable person on the end of the 'phone to actually solve problems (ideally with an outreach person to provide local updates / training needed).
- Provision of facilities to text / e-mail banks real-time in a secure manner.
- Not charging for unasked for services

Please also see for context a note on the jurisdiction of the Financial Ombudsman Service framed by NALC and FOS last year (Annex A) which demonstrates that as you know there is limited scope for local councils to have matters resolved under FOS in any case so a general improvement of banking services and tailored sensitivity to local council needs by banks is required – prevention not cure.

Please also see enclosed as Annex B (redacted council name) survey summary results of the Oxfordshire Association of Local Councils' recent banks survey.

This is in addition to the redacted survey feedback at Annexes C-D from the recent Lincolnshire and Nottinghamshire Association of Local Councils banking services survey.

3. Recommendation

To have a further short update meeting with UK Finance to confirm any update from member bank seniors regarding the initial survey analysis (Oxfordshire); and to further update UK Finance on the results of the recent further local banks survey from Lincolnshire and Nottinghamshire county associations.

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