

Lloyds Bank charges from January 2025

Summary and recommendation

1. The Parish Council received notification from its bankers, Lloyds Bank, that the parish account would attract monthly charges from January 2025. A copy of the letter and new terms was emailed to Councillors immediately upon receipt.
2. Our bank account will, from January 2025, attract a monthly fee of £4.25.
3. Alongside the current account the Council hold a deposit account (current balance £21,000 paying 1% pa), and the Clerk has a debit card (for online purchases).
4. The process with Lloyds is painful and time-consuming when trying to add or remove a new signatory.
5. The net cost position, shown below, means it is financially beneficial moving from Lloyds while our deposit balances are as they are today, and interest rates are at today's level.
6. The benefit to moving diminishes as our balances are spent (as they should be) and interest rates fall.
7. We are responsible for the prudent management of public money and the decision to move should not be unduly influenced by the work needed to move the banking arrangements, unless that process is particularly onerous.
8. **Councillors should consider this paper and decide to stay with Lloyds or move to another bank.**

Possible alternatives considered v Lloyds terms

9. Online clerks' forums have been full of debate and alternative analysis. It appears from the debate that HSBC now charge £8 per month, Unity Trust £6 per month, Barclays £8.50 per month plus 60p for each transaction. A small poll of the Clerks on my CiLCA course showed 4 clerks were not with Lloyds and 5 were (including me), none of the other 5 clerks were considering moving away from Lloyds because of appetite to undertake the admin! This apathy is repeated in comments in online 'Clerks forums'.
10. The leading contenders in this debate have, therefore, been Unity. Unity is known for their community and ethical positioning and are therefore popular with local councils. They state, "*Living by our principles of banking with integrity, Unity has made a positive difference to local communities for 40 years. We only use customer deposits to support organisations that address social, economic and environmental needs and align our lending practices to the United Nations' Sustainable Development Goals (SDGs).*"

11. Unity are members of the Financial Services Compensation Scheme ('FSCS'), the UK's deposit guarantee scheme. Under the FSCS scheme public authorities are not covered, other than a small local authorities (which we are). Either way the position is the same whether we bank with Lloyds or Unity.
12. Unity charge £6 per month rather than £4.25 and they charge £3 per month for a debit card, but they currently pay 2.60% on instant access savings.
13. Lloyds v Unity monthly cost comparison is as follows, it can be seen that in all considered scenarios there is a net income benefit to the Council.

Current Monthly Net Cost position	Lloyds	Unity
Monthly account charge	-£4.25	-£6.00
Monthly debit card charge	-£0.00	-£3.00
Interest on savings (on £21,000 at current rates)	£17.50	£45.50
Net monthly position	£13.25	£36.50

Net Monthly Cost position with deposits equal to the annual precept	Lloyds	Unity
Monthly account charge	-£4.25	-£6.00
Monthly debit card charge	-£0.00	-£3.00
Interest on savings (on £9,000 at current rates)	£7.50	£19.50
Net monthly position	£3.25	£10.50