

## Policy Briefing – SU Banking

Union Executive, October 2021

### What is the current situation at UCL related to this proposal?

The Union currently banks with Barclays Corporate. The Union holds one deposit and two current accounts with Barclays, one of which is exclusively for Clubs and Society transactions. The Union also holds deposit accounts with Scottish Widows and Virgin Money.

As part of the Union's Sustainability Strategy and Action Plan 2020-24, the organisation has identified banking as a key activity covering how the organisation can be more sustainable in its operations.<sup>1</sup> The strategy outlines a desired outcome to 'ensure Union funds are placed in the most ethically responsible banks'. The outcome is accompanied by a proposed action to 'review our current banking arrangements and ensure our investments are suitably placed'. The priority assigned to this key activity was medium with an intention to complete this action during 2022.

In deciding on its banking arrangements, the Union's Trustees need to consider a range of criteria including the security of the Union's deposits, the costs and benefits of the accounts -including the level of charges and the rate of interest payable (both of which can be substantial for an organisation of the Union's scale), as well as the bank's ability to meet the Union's operational needs for example its arrangements for banking cash and handling the Union's large volume of financial transactions. The trustees can also consider ethical factors such as the way a bank invests in funds and the conducts its operations.

### What is the relevant national/ international context to this situation?

According to Adam McGibbon, UK campaign lead for environmental group Market Forces, in the year 2020 Barclays bank financed \$27 billion to fossil fuels, and increased funding for fracking, tar sands and arctic oil by 32%, remaining the biggest UK funder of the global coal industry.<sup>2</sup> According to a 2021 fossil fuel finance report entitled Banking on Climate Chaos, Barclays invested the 6<sup>th</sup> largest amount into fossil fuels of any bank in the world between 2016 and 2020, for a total of just under \$145 billion.

In March 2020, Barclays committed to targeting net zero emissions by 2050, becoming the first British bank to do so. It also pledged to align all of its financing activities with the 2015 Paris agreement, which aims to keep a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels.<sup>3</sup> However, in May 2021 Barclays shareholders rejected a resolution on fossil fuel phase-out, which would have required Barclays to align its energy financing with the Paris Agreement's trajectories using a divestment-based approach.<sup>4</sup>

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<sup>1</sup> <https://bit.ly/3mvarvS>

<sup>2</sup> <https://www.bigissue.com/news/environment/barclays-shareholders-refuse-to-phase-out-fossil-fuels/>

<sup>3</sup> <https://www.ft.com/content/816509a2-4d09-44cd-b358-bd657bc9c52b>

<sup>4</sup> <https://www.edie.net/news/6/Barclays-shareholders-reject-resolution-on-fossil-fuel-phase-out/>

In June 2021 Nationwide also pledged to transition to net zero emissions by 2050, and joined the Net-Zero Banking Alliance, for which Barclays is also a member.<sup>5</sup> Nationwide has also promise to not invest any of its members' money held in current accounts or in savings in fossil fuels.<sup>6</sup> Other banking options used by Students' Unions, such as the Co-operative bank, have made similar commitments to sustainability, pledging to not provide banking services to any business or organisation whose core activity contributes to global climate change, including via the extraction or production of fossil fuels.<sup>7</sup> There are also a number of other banks that focus on providing high ethical standards for their customers, such as Triodos.<sup>8</sup>

### Are there any legal implications to this policy proposal?

No

### Does this relate to any existing SU policy?

No

### Are there any financial, resource or stakeholder/ public relations issues with this policy proposal?

The impact of the changing of the bank may have financial implications for the Union, as resource and capacity will be required to undertake a review of our banking options. If the banking processes used at a new bank, such as bank charges, interest paid on accounts, and the availability of a cash collection service, do not align to the Union's needs, then this may also have financial implications for the organisation.

### What would the next steps be if the policy passed?

As the sabbatical officer responsible for finance, the Union Affairs officer would work with the Union's Finance Department on the implementation of the proposal, with a proposal taken to the Union Board of Trustees to assess how the policy could be implemented.

The implementation of this policy would need to be planned carefully, and should the policy pass a list of weighted key criteria based around ethical practices, service provision and financial cost would need to be used to assess potential banking providers. An assessment of said providers and recommendations for a future provider would need to be agreed by the relevant Union bodies, such as the Board of Trustees, before the transfer process can begin. It may take some time for this process to take place in a rigorous manner, however significant progress could be expected by the end of the financial year.

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<sup>5</sup> <https://www.unepfi.org/net-zero-banking/members/>

<sup>6</sup> <https://www.nationwide.co.uk/about-us/building-a-better-society/going-green>

<sup>7</sup> <https://www.co-operativebank.co.uk/values-and-ethics/ethical-banking/>

<sup>8</sup> <https://www.triodos.co.uk/>