

Impact of Bank Closures

Unite Scotland

I am Lyn Turner. I am a full-time regional officer with Unite the Union. I have been involved as a union officer representing Unite members within RBS in Scotland who will be affected by the branch closures proposed by RBS which will affect 62 branches. There were a number of meetings with RBS executives before company made their proposals public. These meetings have embraced the branch closures across the UK. I have been specifically involved with the Scottish element of the closures.

It is clearly the intention of the Economy Jobs Fair Work Committee (hence EJFW Cttee) to assess the impact of the current proposals of RBS to close 62 local branches across Scotland with a view to considering the impact on local businesses and communities. Clearly Unite Scotland is neither a business nor a local community. However our union has been central to the campaign opposing these closures and it is in that context that we would wish to make comment before the EJFW Cttee.

It is Unite's view that the questions drafted by the Committee seem to accept the inevitability of these closures, rather than gathering information which might assist in opposing the closure programme. It is the union's view that there should still be pressure put on RBS to reconsider. We feel it is in part our responsibility to raise with the EJFW Cttee some aspects of the conduct of RBS in this regard.

We have included the list of the 62 closures in Appendix 1. The branches which are the 'last branch in town' have been set out in bold and those 10 branches which were given a stay of execution in February are marked with a star on the list. In some cases these notations are co-incident. For the purposes of this report we will use figures for the 62/52 where appropriate. Unite consider that the 10 face a 'stay of execution' rather than a reprieve.

Executive Summary

- a) **Unite** Scotland believes that the line of questioning offered to respondents by the EJFW Cttee suggests that the committee has now accepted that the closures proposed are inevitable. Therefore it seems that the purpose of the inquiry is to mitigate the results of the disastrous closure programme. Unite's submission suggests that there remain huge questions about the validity of the RBS closures - 1 in 3 branches in Scotland - and that the bank should still be requested to justify its plans.
- b) It is the union's view that RBS has mislead the public on a number of counts including measurement of footfall to justify closures, the actual scale of job losses, and the actual costs/savings of the proposed closures.
- c) RBS in its official notice to Unite of pending redundancies has notified the union that of the standing 228 staff 179 will be made redundant. Or in another sense, 8 out of 10 present jobs will go. When they announced the closure programme they mislead the public on the scale of redundancies.
- d) The most recent financial accounts published in February this year suggest that RBS is now 'cash rich' and the suggested £9.5m savings that will occur from the closures are not justified on an operating profit of £2.2bn.
- e) Unite believes that the real agenda for closure is to make the bank ready for privatisation. The closures will make RBS a more attractive proposition to the City for buy-out.

- f) The geographical index of the proposed closures indicates the extent to which communities across Scotland will be seriously adversely affected by these plans.
- g) RBS has abdicated any social responsibility to the communities it serves.
- h) The process of bank closures is creating dual banking provision where well off communities have better access to facilities than the less well off.
- i) RBS's alternative service proposals across Scotland for the 62 affected local communities are untenable. This includes service provision by the Post Office, mobile banking and internet banking. RBS is actually cutting mobile banking services rather than enhancing them to compensate for closures.
- j) RBS is conducting a pressure programme for staff to meet targets for recruiting customers to internet banking; this creates 'fair accompli' conditions to justify closures.
- k) Unite believes that RBS has infringed all the standing protocols for closures in the banking industry.
- l) The Westminster Government's arguments that it cannot intervene with RBS as the closure programme is "a commercial decision" are preposterous, in the light of its current shareholding and the recent government ministers' interventions in the Melrose takeover of GKN. The EJFW Cttee should make whatever appropriate representations, through whatever appropriate channels, to the Westminster government in this regard.
- m) The EJFW Cttee should reconsider its current approach to the RBS closure programme

When the RBS closures were debated in the Scottish Parliament on 14th December a number of MSPs who took part in the debate told the Parliament that RBS was 'misleading the public'. Unite has found direct evidence to support that view.

Section 1: Misleading the Public

a) Footfall

Unite refers the Committee to the Adjournment debate held in the House of Commons on 18 December in which Ian Blackford MP said:

"Let me tell the House about the reality for the branches in my own constituency that are earmarked for closure. These figures are for the last calendar year, figures I obtained from RBS. Mallaig has 1,001 customers with 10,098 transactions. Kyle has 2,436 customers with 25,000 transactions. Beaulieu has 3,439 customers with 29,000 transactions.

.RBS have published figures of bank use only detailing those that use the bank every week of the year. According to RBS, there are only 11 customers using Mallaig on a weekly basis, 51 using Kyle and on the same basis 27 visiting Beaulieu.

We know the reality, as opposed to 51 regular customers trumpeted for Kyle there are actually 25,000 transactions a year. If you focus on the so called 51 you might be sympathetic to the demands from RBS to close the bank and yet 25,000 transactions a year allows me to conclude that the branch is still relatively busy. Why don't RBS come clean and tell us the number of transactions in all the threatened branches?"

b) Scale of Job losses

Since the closure programme was announced at the beginning of December 2018 RBS

consistently used figures to present job losses as FTE's rather than the actual numbers of jobs at stake. In Scotland this means that the job loss figure has gone into the public realm as 165, instead of the actual headcount of 321.

At first RBS said that the cuts programme would mean that most of the redundancies would be taken up by people taking voluntary redundancy. Not so and the official advance notification of redundancy (HR1) given to the trades unions recently testifies to that. RBS gave notice that in the current 52 branch closure list out of a staff total of 228, there would be 179 compulsory redundancies. The remaining 49 would be retained and transferred to other branches. In other words the closure programme now involves 8 out of 10 staff being made compulsorily redundant. When the original closure programme was announced RBS misled the public on the scale of redundancies.

c) The Costs of Closure

At the Scottish Affairs Select Committee on the RBS closures held in Westminster on 17 January the RBS director of personal and business banking told the committee that the savings to be made from the closure of the 62 branches would amount to some £9.5m a year. In 2017 RBS signed up on a sponsorship deal with the Six Nations rugby tournament to pay £11m sponsorship every year over a 4 year period. RBS likes to tell the public that it is the Royal Bank FOR Scotland. It is actually the Royal Bank for devastating rural communities whilst caring more for its image rights in international rugby.

RBS's annual report and accounts was published on 23 February. The facts are now indisputable – RBS is a cash rich institution. The top line profits before tax in the accounts are £2.4bn. Even after tax, set asides for litigation and other costs, the bottom line profits are £752m. It should have been a symbolic moment for cash-rich RBS to review its branch closure programme. It will cost RBS £9.5m to close 62 branches across Scotland. What's that against profits running into hundreds of millions?

Whilst RBS continues to wield the axe on its branches in Scotland and put hundreds of jobs at risk, the payments made to the top executives in 2017 remain eye-watering. Chief Executive Ross McEwan's top line pay is £3.5m. Asst Chief Executive Ewan Stevenson £3.3m. In 2017 RBS's top 10 senior managers – including the above earned £26.5m (up £2m from 2016). In such circumstances surely the bank needs to be challenged on a closure programme with savings amounting to £9.5m.

Unite Scotland believes that so called cost savings are not at the heart of the closure programme. Rather the entire programme of closures is an attempt to convince the City that RBS is now an attractive financial proposition for investors who might wish to invest in re-privatising the bank - even if this sell off is to be done at enormous loss to the taxpayer. The closure programme is to convince the market that RBS will soon be downsized to its most 'efficient' where investors will have no burdens to face regarding closures and the costs of redundancy programmes. RBS chairman Howard Davies noted in the annual report: "We also welcomed the Treasury announcement in November 2017 to potentially restart the privatisation process by the end of March 2019."

Section 3: RBS closures and local communities

The EJFW Committee Briefing calls for information on the impacts on local communities

of the proposed closures. Unite would like to offer a geographical context to the current proposals. Table 1 below indicates the geographical index of closure.

Table 1 - a geographical index of RBS closures

- The Highlands at Tongue, Tain, Wick, Aviemore, Mallaig and Pitlochry;
- The Southern Highlands at Bannockburn, Bridge of Allan, Dunblane, Kinross
- The North East at Banff, Dyce, Huntly, Nairn and Montrose;
- The East Coast at Dunbar, Duns, Eyemouth and North Berwick;
- The Central Belt at Airdrie, Bellshill, Larkhall, Douglas, Lesmahagow and Biggar;
- The West Coast at Campbeltown, Rothesay, Kilbirnie, and Kilwinning;
- The Borders at Hawick, Jedburgh, Melrose and Selkirk;
- The towns and cities at Aberdeen Bridge of Don, Inverness Queensgate, Dundee Stobswell, Perth South Street, and Glasgow Business Centre;

Even a cursory glance at this listing indicates the damage which will be done to local areas and local communities by these proposals.

The plans for the East Coast are fairly typical of the organisation of the entire programme. Eyemouth is on the list. RBS's own internal document on closure indicates that folk there have their nearest branch at Duns (13.85 miles away) then Dunbar (21.11 miles away) then Haddington (31.26 miles away) and finally North Berwick (31.65 miles away). The problem for customers in Eyemouth is that the branches in Duns Dunbar and North Berwick are closing leaving them with a 62 mile round trip to get to an RBS bank branch in Haddington.

There are similar cases all over Scotland in the Highlands. When the RBS branch closes in Mallaig the nearest branch not threatened with closure is Fort William which is 42.7 miles away. Or an 86 mile round trip. The closure of the branch at Tongue - albeit that Tongue is among the 10 'rerieved' - also leaves customers there with an 86 mile return journey to Thurso and the closure at Wick leaves customers with a 42 mile return journey to Thurso.

The point is that the experience of closures of this type means that when the bank goes a downward economic spiral comes into play where custom transfers to the next banking town and decline visits the town where the last bank has gone. In this context the House of Commons briefing paper on banking (number 385 5 December 2017 noted:

"Bank branch closures contribute to commercial decline of communities as better off consumers change their purchasing habits along with the need to travel further afield for banking services, businesses close, re-generation is rendered more unlikely and start up finance for local business becomes more difficult to obtain." (p11).

Bank closures also seem to be developing a dual financial system where the less well off are being given access to a second class banking system. The same House of Commons briefing noted:

"The conclusion of some researchers is that closures are particularly targeted on poorer areas where the economic value of transactions is low and partly set off by the opening of revamped branches in popular locations..." (p5).

In the current round of RBS closures it is clear that a dichotomy of provision between 'rural' banks and 'city' banks is being overlaid on this other trend of a dual system developing

according to the financial status of a local community. Unite believes RBS is abdicating all social responsibility to the communities it serves.

Section 4 - Alternative Provision

The Post Office

For some SME's most Post Offices do not offer suitable alternatives to full banking facilities. There are limits around the sums and type of cash that can be paid in on a day-to-day basis (max £20k in larger POs up to £1k at smaller PO's) as well as limits to cash withdrawals (max £500). Large coin transactions are also more difficult in some PO's. (max per day of £250) There is also an additional one day added to the clearing of cheques at PO's. For small businesses this additional one day clearing may make a huge difference for paying for goods, services or wages.

It is Unite's contention that the proposal to have the local Post Office take up when the local RBS bank closes is flawed. In this context it may be instructive to consider one such closure proposal. The thriving Eilean Donan Castle in Lochalsh is one of Scotland's most popular tourist destinations. More than half a million tourists visit the castle every year which makes bank business there run to the millions of pounds every year at the Kyle RBS branch, which is still threatened with closure. The nearest branch is 43 miles away in Portree.

Never worry RBS says all its local and international customers can use the local post office. There are two flaws in this plan. How can the local post office deal with the current cash flows that the bank handles. Secondly the Mace Shop and post office in Kyle of Lochalsh is up for sale as the current owners are leaving. In similar fashion the strategy on the closure of the Glasgow Business Branch in Bath Street is fundamentally flawed. Presumably the contention is that the business in the RBS branch, in Bath Street, can be transferred to the Post Office at the rear of the W H SMith shop nearby in Sauchiehall Street. Anyone who has visited both sites would know that this is unlikely if not untenable.

There are security issues involved in replacing bank branch services with post offices which concern the monitoring of possible money laundering schemes. The current level of post office services is not capable of delivering the scale of money laundering monitoring which bank branches can. RBS appear not to have considered this in their inadequate, ill researched, and security compromising proposals.

This is all before we even consider the normal queues that are present in PO's up and down the country which affect all PO customers. Therefore for Unite, the PO as alternative to a bank branch for a number of SME's, is no alternative.

Mobile Banking

Similarly the RBS proposals about mobile van banking compensating for the closure of local banks are flawed. There is considerable evidence of complaint about the quality of these current services. (<http://www.dailyrecord.co.uk/news/local-news/royal-bank-scotland-customer-left-9763915>)

Further, any claims that the mobile bank is a suitable substitute for a local branch are being actively undermined by RBS's current policies - bank closures are not being mitigated by increases in the number of vans delivering the mobile service. So, for example, when the Lossiemouth RBS branch was closed there were promises that service cuts would be mitigated by twice weekly mobile van visits. Now Lossiemouth customers have been told

their mobile van visits are to be cut to one a week as the same van has to cover the coming closure of the branch at Huntley.

(See <http://www.pressdata.co.uk/articlepdfs/124/2018/03/23/12420180323666.pdf>)

On the eve of Unite sending our submission the Herald newspaper published an article which confirmed further cuts to its mobile services combined with branch closures. So rather than non-branch services being enhanced where there are closures, as senior executives have promised, they are in fact being also being cut.

The Herald piece states:

“Royal Bank of Scotland has been accused of further “betrayal” of rural communities after cutting mobile van services to offset a wave of branch closures...Kingussie which lost its branch last year, will see its van cut from 90 minutes a week to just 20. Other casualties include Spean Bridge where van time will fall from 90 to 15 minutes...and Fort Augustus from 135 minutes to 30.”

(Herald 12April 2018 p2)

Internet Banking

RBS have suggested that digital banking is the answer to most people's banking needs. What happens in certain locations in the Borders or indeed the Highlands which are notorious for poor wi-fi reception? What happens if you are elderly or infirm and have not yet mastered the iPhone or tablet? ATMs and iPads and other smart devices do not take cash deposits. What happens if you fear that digital banking is insecure and will prejudice the security of your own savings? What happens if you are too ill to make the journey or indeed if you are poor don't own a car and are dependent on a bank visit to cash welfare benefits?

Those issues concerning access to cash withdrawal are matched by small business problems with deposits. What do the butcher, the baker and the candlestick maker do with their takings at the end of the business week if there is no local post office or the local one cannot deal with large cash transactions - put them under the bed until the RBS mobile van arrives whenever that is?

In addition Unite has confirmed that RBS senior managers are attempting to make the turn to digital/internet a “fait accompli” which would in turn further justify their closure programme. Unite has learned that all frontline staff in major branches across the country have been given personal targets for recruiting customers to digital banking every week. The campaign is rigorously monitored by RBS managers with regular face to face meetings with staff. In the circumstances where staff have not met targets performance improvement plans have to be agreed. A long term failure to reach targets carries with it the threats of disciplinary action being taken against the staff involved.

This is in contrast to RBS's recognition that target setting for staff had contributed to the errors of judgement made by staff in the notorious Capital Resolution Group (CRG) where staff were set stringent targets for the realisation of bank assets by squeezing customer firms. RBS has frequently stated that it is “customer behaviour” that is driving branch closures as increasingly customers turn to the internet for banking services. They haven't told us that their staff are being set targets to make that happen.

Section 5 Local consultations and banking protocols.

The guidance notes provided by the EJFW Cttee ask for views on the local consultations carried out by RBS pending closures. The Access to Banking Protocol was established in March 2015 against a backdrop of national bank closures at the time. Subsequent to that review an up-dated Protocol was produced in July 2017. (Access to Banking Standard). The requirements for the Use of Impact Assessments and Community Engagement were then set even more stringently than in the 2015 Protocol.

At this stage even a cursory review of the recommendations contained in these two banking protocols indicates that beyond reasonable doubt RBS has infringed the protocols set up by its own industry for a closure programme. These protocols require a bank to produce an impact assessment for every branch it proposes to close, along with the reasons for closure of that branch and then to engage with the local community on these findings. Unite Scotland believes that those in charge of RBS are in total breach of the protocols concerning proper conduct in their own industry.

Section 6 Government Intervention.

The Westminster government has to accept its responsibilities as the majority shareholder in RBS. This amounts to a 71% holding based on the bail out of RBS in the financial crisis which cost the taxpayer £45bn. The idea that in these circumstances the government is powerless to act, given a “commercial decision” by RBS is frankly preposterous. And there is precedent in plenty.

In June 2013 when it was announced Stephen Hester, the previous CEO was leaving RBS the then chancellor, George Osborne, was interviewed on the Today programme and said the following:

"Let's be clear, it was a decision of Stephen Hester and the board but, of course, as the person who represents the taxpayer interest, and we have got a huge stake in the Royal Bank of Scotland because the previous government put a huge amount of taxpayers' money into it, of course my consent and approval was sought."

There is also more recent precedent. At the end of March the Melrose takeover of the aeronautical engineering company GKN was subject to direct intervention by firstly the Minister for Business in the government, Greg Clark, and then subsequently by the Secretary of State for Defence Gavin Williamson. Both ministers made direct interventions with the directors of Melrose to seek assurances about their future intentions. In the end the shareholders took the final decision by a 52% margin to accept the takeover. It is clear the government is in a much stronger position with regard to RBS as it is the major shareholder by far. The EJFW Cttee should make whatever appropriate representations to the Westminster government in this regard.

Unite would like to note here that we are not alone in making a demand for government to intervene in these matters. In a Herald opinion column, on 12 April, one of the most senior executives of the Federation of Small Businesses did the same. Colin Borland, head of devolved nations at the FSB noted:

"RBS chief Ross McEwan will give evidence to MPs in less than a month. Earlier this year his executives promised enhanced no-branch services for customers set to lose their bank. Our

parliamentarians must ask whether this promise is going to be kept. If not the UK Government in its role as primary shareholder must step in."

Conclusion

Unite Scotland understands that banking is a reserved matter but recognises the role the Scottish Government can have in opposing these closures. Banking is a reserved matter. However the shattering of local communities in Scotland is not a reserved matter.

The Scottish Government is committed to human rights - economic, social, political and cultural - and actively participates in the UN reporting process. An advisory group has just been set up to report to the First Minister by December of this year on human rights priorities. We believe that the impact on communities of bank closures, particularly 'last bank in town' closures should be a major concern for the Scottish government from a human rights point of view. By allowing closures to go ahead in some of the locations we are denying vulnerable communities their social rights to independent living. For example, people with learning difficulties who currently rely on carers to take them to the bank regularly to support their efforts at financial independence will no longer have that support with the bank closing and internet banking does not replace the guidance and support they currently have from their local bank. People with a disability or long term health condition will now be expected to wait on the mobile van in all manner of weather conditions queuing up in the cold. For many internet banking is not an option.

Unite Scotland believes that the EJFW Committee should consider its approach to these issues in the light of the Unite submission and the impact on communities particularly vulnerable communities whose social rights are being trampled over creating greater inequality within communities and militating against the Scottish governments commitment to inclusion, equality and human rights.

Unite Scotland believes that the EJFW Cttee should consider its approach to these issues in light of the Unite submission. It is not too late for the EJFW Cttee to make its voice heard on these issues. Not in the context of preparing for these closures but in opposing them.

Unite Scotland

Appendix 1 - the list of closures and 'last bank in town' closures'

Royal Bank of Scotland Branch	Closure Date in 2018
1 Linlithgow	27/06
2 Alloa	19/06
3 Bannockburn	15/05
4 Bridge of Allan	11/06
5 Dunblane	20/05
6 Kinross	25/06
7 Bonnyrigg	24/05

Royal Bank of Scotland Branch	Closure Date in 2018
8 Dunbar	30/05
9 Duns	05/06
10 Eyemouth	11/06
11 Hawick	14/06
12 Jedburgh	18/06
13 Melrose *	21/06
14 North Berwick	25/06
15 Penicuik	28/06
16 Selkirk	21/05
17 Aberdeen Bridge of Don	17/05
18 Banff	23/05
19 Dyce	31/05
20 Ellon	07/06
21 Huntly	14/06
22 Nairn	21/06
23 Turriff	26/06
24 Comrie *	13/06
25 Dundee Stobswell	20/06
26 Montrose	06/06
27 Perth South Street	27/06
28 Aviemore	31/05
29 Beaully *	06/06
30 Grantown on Spey	11/06
31 Inverness Queensgate – Business Branch	27/06
32 Tain	20/06
33 Tongue *	14/06
34 Wick	17/05
35 Aberfeldy	07/06
36 Castlebay *	14/06

Royal Bank of Scotland Branch	Closure Date in 2018
37 Inveraray *	21/06
38 Kyle *	28/06
39 Mallaig	17/05
40 Pitlochry	31/05
41 Annan	25/06
42 Gretna *	07/06
43 Langholm	30/05
44 Lockerbie	21/06
45 Glasgow Business Centre	20/06
46 Stepps	20/06
Royal Bank of Scotland Branch	Date of Closure 2018
47 Airdrie	24/05
48 Bellshill	11/06
49 Biggar *	31/05
50 Carnwath	25/06
51 Douglas Lanarkshire *	21/05
52 Larkhall	04/06
53 Lesmahagow	19/06
54 Strathaven	07/06
55 Tannochside	14/06
56 Campbeltown	29/05
57 Kilbirnie	05/06
58 Kilwinning	11/06
59 Renfrew	14/06
60 Rothesay	26/06
61 Saltcoats	20/06
62 Hamilton Cadzow Street	28/06