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Gordon Lindhurst MSP  
Convener  
Economy, Jobs and Fair Work Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Sent by email only

Dear Convener

### **Bank closures inquiry: 19 June 2018**

Thank you for the opportunity to appear before your Committee, as part of the Economy, Jobs and Fair Work Inquiry into the impact of bank closures on local businesses, consumers and the Scottish economy.

As I explained during the Committee, since 2014, Royal Bank of Scotland has tripled its physical points of service to 2,000 in communities across Scotland. We are continuing to invest in a range of services to ensure that our offer continues to be relevant and diverse for our customers. This means we are investing in our branches, online services and our award-winning mobile app, as well as our mobile vans, telephony, Video Bankers, Community Bankers, Business Growth Enablers, ATMs, and our partnership with 1,400 Post Offices.

At the Committee, I explained our commitment that we will not review the size of our branch network in Scotland again until at least 2020 – to give customers, colleagues and communities certainty; and we have committed that where we currently have a branch ATM, we will not remove, or will replace at a suitable nearby location, the branch ATM if there is no other free-to-use ATM within 1km of the closing branch.

During the recent hearing I committed to write to you with further information, which I have set out below.

### **UKGI**

RBS is a commercial enterprise and we are set up to act and behave as a commercial enterprise. The Government's shareholding is the responsibility of UK Government Investments (UKGI, formally UKFI) and this structure was put in place in 2008 on a cross-party basis.

There is an 'arms length' relationship between RBS and UKGI, typical of any responsible shareholder and company. Therefore, as with the overall bank strategy, branch closures are an executive decision taken by the bank's executive and do not require sign off from UKGI or any other shareholder. Once we have taken the decision to close branches, we inform UKGI, in the same way we do a number of other stakeholders, including the UK and Scottish Government.

### **Branch buildings**

Since 2010, where we have closed a branch, we have sold or exited our lease in the significant majority of cases. Where the disposal of a branch has been delayed in most cases this is due to legal reasons or in the case of leasehold properties, where we have sought to leave our ATM in situ and interested parties would prefer this not to happen, leading to delayed or more complex lease arrangements.

We currently have 38 freehold buildings, which are on the market. The majority of these follow a recent closure and the property has recently entered the market; fewer than ten branches are subject to delayed sale due to legal reasons.

Our branch buildings have been sold for a number of different purposes and where these have subsequently been sold on or bought as an investment or to let, we are unable to identify the current purpose that these properties are being used for. Since 2014, 21 properties were purchased by an owner occupier.

We have committed that where we own the building and where there is no other demand; we will work with development trusts and local communities to transfer ownership of a building to a community for free if there is a viable and deliverable three-year business case. As part of our proposal if the community venture fails within those three years, then the ownership of the building will remain with the Royal Bank of Scotland. We believe that this offer, demonstrates a lasting commitment to our customers and communities in Scotland.

### **Property restrictions**

There are some restrictions in place on properties where we have retained the ATM in the community, in order to ensure secure and ongoing access to the machine. We have sought to minimise these restrictions and revised these further last year. The restrictions currently in place are broadly as follows:

1. Pawnbrokers;
2. Bookmakers or any other gambling business or outlet;
3. A4 users licensed operator (i.e. bar, club or pub);
4. Sex shops/massage parlours/lap dancing establishment;
5. Sale of firearms;
6. And sale of paraphernalia associated with illegal drugs;
7. Or the advertising of the same either on the ATM or within the vicinity of ten metres of the ATM.

Best wishes



Simon Watson  
MD Personal Banking  
Royal Bank of Scotland and Ulster Bank, Northern Ireland