

HIGH PEAK BOROUGH COUNCIL

The Executive

10 October 2024

TITLE:	Community Banking and Financial Inclusion
EXECUTIVE COUNCILLOR:	Councillor A McKeown - Council Leader HPBC
CONTACT OFFICER:	Kim Gilmore – Community Project Officer
WARDS INVOLVED:	Non-Specific

Appendices Attached:

Appendix 1: The impact of bank closures in the High Peak, Citizens Advice Derbyshire Districts (2017)

1. Reason for the Report

- 1.1 The purpose of the report is to provide an update on bank closures and access to cash services in the High Peak and make recommendations for developing further understanding and to explore potential solutions.

2. Recommendations

It is recommended that:

- 2.1 Through the High Peak Financial Inclusion Group, the Council and relevant partners, examine methods by which to consult with High Peak residents on the impact of bank closures and how residents access cash in the High Peak; and
- 2.2 Alongside this, the Council and relevant partners review and develop proposals, where appropriate, regarding banking and access to cash solutions such as banking hubs, credit unions and telephone banking.
- 2.3 Request an 'Access to Cash' review by LINK.

3 Executive Summary

- 3.1 The Council's Borough Plan 2023-27 highlights the importance of working with partners and communities to address health inequality, food and fuel poverty, mental health and loneliness.

- 3.2 Around 6,000 bank and building society branches (across the UK) have closed since January 2015 or are due to close by the end of 2025; the equivalent to 61% of branches that were available in January 2015. Closures reached their peak in 2017, when 867 sites were lost around the UK (a rate of more than 70 a month) (Which 2024).
- 3.3 Since 2021 the High Peak has seen five bank closures and one scheduled closure announced for Autumn 2024 leaving only two local bank branches available to residents in the High Peak; Lloyds branch in Glossop and a Halifax branch in Buxton.
- 3.4 This reduction in available bank branches, especially in rural areas (such as the High Peak) can cause issues for local communities and in particular in those areas where there is poor broadband or mobile signal that are required to access online banking services. This negatively affects those with disabilities, the older generation and those with cognitive impairments.
- 3.5 For many people in the High Peak it is now easier to access a Post Office than a bank branch. Personal customers of all major banks and building societies can use Post Office counters to withdraw cash, pay in cash and cheques and obtain balances. There are 25 Post Office branches spread across the Borough, these can be found in shops, cafes, and pubs located in towns and villages across the High Peak although some are open for limited hours.
- 3.6 In response to the closure of local bank branches across the UK, the banking industry are creating new 'banking hubs' which are owned by Cash Access UK and operated by the Post Office in partnership with major High Street Banks. The High Peak does not currently have a banking hub operating within any of the Borough's towns or villages.
- 3.7 Prior to considering any response to the issues identified in the report, the Council, along with relevant partners, needs to understand the impact on High Peak residents in more detail. It is proposed that the Council works with its partners, through the High Peak Financial Inclusion Group to engage with residents and to explore potential solutions.

4. How this report links to Corporate Priorities

- 4.1 Aim 1 of the Council's Borough Plan 2023-2027 highlights the importance of supporting our communities to create a healthier, safer and cleaner High Peak

Key Objectives:

- Work with our partners and communities to address health inequality, food and fuel poverty, mental health and loneliness
- Develop a positive relationship with Communities
- Effective relationships with strategic partners

Priority Actions:

- Develop and enhance our partnerships with the local voluntary sector to work cooperatively across the High Peak
- Increased levels of community support

5. Alternative Options

- 5.1 An alternative option has not been identified. The Council needs to work with and support relevant partners to help reduce the negative impact of bank branch closures on residents across the High Peak and to ensure that High Peak residents have access to cash and appropriate alternatives.

6. Implications

- 6.1 Community safety, including safeguarding and prevention of terrorism
Reduced access to cash services and the use of online banking and shopping facilities can increase the risk of online fraud. Reduced access to cash facilities could potentially have implications concerning increased illegal money borrowing from local loan sharks.
- 6.2 Workforce
The services provided by the Climate Change, Communities and Culture Team will be aligned to assist with the approach outlined within this report.
- 6.3 Equality and Diversity/Equality Impact Assessment
Having access to useful and affordable financial products and services is necessary to ensure financial inclusion for all residents
- 6.4 Financial Considerations
There are no identified financial considerations for the Council at this stage
- 6.5 Legal
None
- 6.6 Climate Change and Sustainability
No considerations in relation to Climate Change have been identified
- 6.7 Conservation and Enhancement of Biodiversity
None
- 6.8 Consultation
Resident consultation forms part of the proposal outlined in this report.
- 6.9 Risk Assessment
A reduction in the availability of local bank branches within the High Peak and access to cash facilities could have a negative impact on residents and communities and could also negatively impact the Council's ability to deliver the Borough Plan

ANDREW P STOKES
Chief Executive

Web Links and

Background Papers

<https://www.which.co.uk/money/banking/switching-your-bank/bank-branch-closures-is-your-local-bank-closing-ayYyu4i9RdHy> (Which 2024)

<https://www.finextra.com/the-long-read/939/how-are-bank-closures-impacting-local-communities> (Alikhan 2024)

<https://www.fca.org.uk/publication/financial-lives/financial-lives-survey-2022-key-findings.pdf> (FCA 2022)

<https://commonslibrary.parliament.uk/research-briefings/cbp-9453/>

<https://www.nationwidemediacentre.co.uk/news/embargoed-until-0001-friday-17-may-2024-half-of-young-people-left-frustrated-after-finding-their-local-branch-has-closed> (Nationwide 2024)

<https://www.bankofengland.co.uk/quarterly-bulletin/2022/2022-q3/knocked-down-during-lockdown-the-return-of-cash#:~:text=Cash%20remains%20an%20important%20payment.use%20it%20day%20to%20day.>
(Bank of England 2022)

Contact details

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7. Background & Introduction

- 7.1 Since the late 1980's there has been a decline in the number of local bank branches available in villages, towns and cities across the UK. Around 6,000 bank and building society branches have closed since January 2015 or are due to close by the end of 2025; the equivalent to 61% of branches that were available in January 2015. Closures reached their peak in 2017, when 867 sites were lost around the UK (a rate of more than 70 a month) (Which? 2024).
- 7.2 A reduction in available bank branches, especially in rural areas such as the High Peak, can cause issues for local communities and in-particular in those areas where there is poor broadband or mobile signal that are required to access online banking services.
- 7.3 Local bank closures disproportionately affects those with disabilities, the older generation and those with cognitive impairments; putting these groups at risk of becoming 'underbanked' or 'unbanked' due to an inability to manage finances online (Alikhan 2024). Research by the Financial Conduct Authority (FCA) in 2022, found that the digitally excluded, older people, people in poor health, those with lower financial resilience and those with lower financial capability depend more on cash.
- 7.4 Adults most likely to regularly use a branch, in 2022, included the digitally excluded (42%), heavy users of cash (42%), those with a household income of less than £15,000 (37%), those aged 75+ (35%), and those in poor health (27%) (FCA 2024).
- 7.5 Many of the reasons for the continued closures of bank branches include: cost cutting by banks, mergers within the industry, competitive pressures from new entrants in the banking sector, the increasing popularity of internet banking, the decline in the use of cash, the decline in the use of cheques and fewer people being paid in cash (Booth 2023).
- 7.6 In 2024 Nationwide Building Society, reported, for a second year, an increase in cash withdrawals from their ATM machines as households respond to the increases in the cost of living by budgeting with physical money and due to the removal of local banks available.
- 7.7 A further study completed by Nationwide (2024) highlighted that 16-24 year olds are concerned about the continuing closure of local bank branches with 50% of those surveyed being "...incensed by the permanent closure of high street banking services at a critical time when they require access" and 70% stating that they " appreciated the option of in-person banking services".
- 7.8 In a Bank of England survey, carried out in March 2022, 85% of respondents said that they think that cash should be there as a backup in case technology fails or if a card is not accepted. Cash was also considered by respondents as the payment method that is 'the most safe, convenient and trustworthy'. 78% of respondents thought that it is important to keep a physical form of money

and 88% agree that 'banknotes should be there for people who need, or want, to use them'.

- 7.9 In July 2022, new legislation was introduced, as part of the Financial Services and Markets Act 2023, to protect cash by ensuring its continued retail access. In particular, the legislation aims to: "*ensure that people do not have to travel beyond a reasonable distance to withdraw or deposit money*"
- 7.10 In July 2024, after a worldwide digital crash rendered millions of devices unusable, the Financial Conduct Authority (FCA) published new rules for banks and building societies in recognition of the impact of a digital failure and access to cash. From 18th September 2024 banks and building societies will need to:
- Assess cash access and understand if additional services are needed, when changes are being made to local services
 - Respond to local residents, community organisations and representative groups, who will be able to request an assessment of whether there are gaps in local cash access
 - Deliver reasonable additional cash services, where significant gaps are found
 - Keep facilities, including bank branches and ATMs, open until any additional cash services are identified and are available
- 7.11 A digital failure of operating systems and critical digital infrastructure can cause widespread disruption and have a devastating impact on essential services such as digital banking and contactless payments via card or a mobile device. In these circumstances it is vital that coins and notes are available and still in use to ensure people still have the ability to purchase necessities like food and fuel.

8. Access to Cash in the High Peak

- 8.1 Whilst digital payments can offer tailored, and flexible ways of making and managing payments safely, the UK governments Cash Access Policy statement 2023 aims "*to maintain reasonable access to deposit and withdrawal services*".

Banks

- 8.2 Since 2021 the High Peak has seen five bank closures and one further, scheduled closure announced for Autumn 2024; leaving only two local bank branches available to residents in the High Peak; Lloyds branch in Glossop and a Halifax branch in Buxton (Halifax was previously a building society but now operates as a trading division of the Bank of Scotland).
- 8.3 New Mills Town Council currently house a 'Community Banker', from Lloyds bank, on a Monday between 10am and 2pm. This is a temporary facility that does not give local residents access to cash and is geared towards being more of an advice service following the closure of the Lloyds branch in New

Mills in August 2023. Discussions with the Community Banker highlighted that the service is considerably underused and at risk of being removed by Lloyds.

- 8.4 The High Peak does not currently have a banking hub (see Section 9) operating within any of the Borough's towns or villages.

Post Offices

- 8.5 Personal customers of all major banks and building societies can use Post Office counters to withdraw cash, pay in cash and cheques and obtain balances. Around 95% of business bank accounts also have Post Office access. Every Post Office can accept £2,000 in cash per transaction, you can pay in £20,000 at main Post Offices, and if you make prior arrangements there is no limit.
- 8.6 In rural areas such as the High Peak it is now much easier for many people to access a Post Office than a bank branch. There are 25 Post Office branches spread across the Borough, these can be found in shops, cafes, and pubs located in towns and villages across the High Peak. Although some, such as Dove Holes, are open very limited hours (two mornings a week) and Edale only one morning a week, others are open up to seven days such as Castleton and Simmondley.

ATM's (Automatic Teller Machines (cash machines))

- 8.7 There are approximately 50,000 ATMs across the UK with around 43 of these being located in the High Peak (42.9 per 100,000 people); the majority being provided via the LINK network. This network can change on a daily basis as new machines are installed, maintenance is performed on current machines and through the removal of some cash machines by operators.
- 8.8 In the UK there are two types of ATM machines; free and pay-to-use (charge applied). Pay-to-use ATMs are usually independently operated and can charge up to £5.00 per transaction. For some people, chargeable ATMs are an additional cost to an already tight personal budget and especially for those in receipt of state benefits.
- 8.9 In rural areas, such as the High Peak, some residents have no choice but to use a fee charging cash point; these charges can soon be costing a considerable amount if a person withdraws cash on multiple occasions over the course of a week or month.
- 8.10 The High Peak ATM network uses a mix of free to use and fee charging ATMs; available machines differ from town to town. For example in New Mills there are two ATM machines available to residents, one fee charging (£1.25 per transaction) and a free to use ATM at Sainsbury's. In Buxton town centre however, there are 11 free to use ATM machines and none that are fee charging.
- 8.11 ATMs are not without their problems and can experience issues such as running out of cash, failure to dispense cash due to hardware and software

problems and network connectivity issues that prohibit transactions being successful.

- 8.12 A 2017 study conducted by Citizens Advice Derbyshire Districts (focussing on the High Peak) recorded that some people were concerned about safety when using an outdoor ATM. Despite the low crime figures in relation to theft and ATMs, some of those people studied still preferred an indoor, over the counter service where they felt safer and more in control of their transactions

Building Societies

- 8.13 There are currently only 43 building societies operational within the UK and three in the High Peak. A Nationwide and a Nottingham Building Society operating in Buxton and Derbyshire Building Society in Chapel-en-le-frith.
- 8.14 Building Societies offer many of the same products and services as most banks; focussing on savings, mortgages and loans. They can offer better interest rates and are more likely to lend to 'riskier' borrowers.
- 8.15 Whilst having some advantages, most building societies don't offer current account facilities which, whilst not a legal requirement, are needed to have access to a debit card and are usually required to be able to set- up direct debits or standing orders. Current accounts are used, by most people, to receive wages, pay bills and for online shopping or every day spending.

Credit Unions

- 8.16 Credit unions are non-profit making financial co-operatives owned and controlled by their members. They offer savings, great value loans and insurance products, plus they are local and ethical and exist solely to benefit their members.
- 8.17 In the High Peak, residents and those working the borough have access to and can become members of the Manchester Credit Union. Once joined, members have access to low cost loans with flexible repayment terms, free life savings insurance, a dedicated Christmas club and savings accounts. Similar to building societies, credit unions do not offer current account facilities including direct debits, standing orders and debit cards.
- 8.18 Manchester Credit Union has three offices spread across the Greater Manchester area, none of which are located within the High Peak and therefore members are only able to access their account online.

9. Banking Hubs

- 9.1 In response to the closure of local bank branches across the UK, the banking industry are creating new 'banking hubs' which are owned by Cash Access UK and operated by the Post Office in partnership with major High Street Banks such as Natwest, Barclays, Santander, Royal Bank of Scotland and HSBC (to

name a few). Different banks are represented on each day (Monday to Friday); hub dependant.

- 9.2 Banking hubs can offer essential cash and banking services to local communities including personal customer services, over the counter bill paying, in-person advice on mortgages, loans and pensions and business services.
- 9.3 There are currently 34 banking hubs operating in England, 2 are Derbyshire based (Belper and Clay Cross) but are not located in the High Peak borough.
- 9.4 The nearest banking hubs to the High Peak are in Bramhall, Stockport (Natwest, Barclays, Santander, Lloyds and Halifax from Monday to Friday) and a temporary hub in Stalybridge, Greater Manchester (Santander, Halifax, Natwest and Barclays from Tuesday to Friday).

10. Next Steps

- 10.1 In order to consider what action the Council should take in response to the issues set out above it is essential that there is a clear understanding of the impact on High Peak residents in order to do this it is proposed that discussions are initiated with relevant partners, to examine methods by which to consult with residents, of all demographic backgrounds, on the impact of bank closures and how residents access cash in the High Peak.
- 10.2 The Council plays an active role in the High Peak Financial Inclusion Group (FIG), which is organised by Derbyshire County Council's Public Health Team and which bring together representatives from key organisations to identify issues and design solutions. This group provides the ideal forum to hold these discussions with partners.
- 10.3 Alongside developing a deeper understanding of the issues through survey/consultation data it will also be important in the discussions with partners to examine possible solutions such as banking hubs, credit unions and telephone banking.
- 10.4 LINK the cash machine organisation are working with a range of organisations and communities to carry out on request an access to cash review, which will look at access to cash and banking services across an area, and in a number of cases following a review, which has highlighted problems, the review has proved a useful piece of evidence in establishing a hub in the area concerned.