

Agenda – Economy, Infrastructure and Skills Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 19 June 2019

Meeting time: 09.25

For further information contact:

Gareth Price

Committee Clerk

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Private pre-meeting

(09.25–09.30)

1 Private Session – Access to Banking: Focus Group and Survey

Results

(09.30–09.50)

(Pages 1 – 24)

Attached Documents:

EIS(5)–17–19(P1) Focus Group Summary

EIS(5)–17–19(P2) Survey Results

2 Private Session – Draft Report: Improving Public Transport

Committee Response to Welsh Government White Paper

(09.50–10.00)

(Pages 25 – 41)

Attached Documents:

EIS(5)–17–19(P3) Draft Report



3 Introductions, apologies, substitutions and declarations of interest

4 Paper(s) to note

4.1 Correspondence from Chair to Keith Williams re the Williams Rail Review

(Pages 42 – 52)

Attached Documents:

EIS(5)-17-19(P4) Correspondence from Chair to Keith Williams

4.2 Welsh Government Response to Committee Report – The Future Development of Transport for Wales

(Pages 53 – 59)

Attached Documents:

EIS(5)-17-19(P5) Welsh Government Response

4.3 Transport for Wales Response to the Committee Report – The Future Development of Transport for Wales

(Pages 60 – 68)

Attached Documents:

EIS(5)-17-19(P6) Transport for Wales Response

5 Access to Banking: Banking Services

(10.00–10.45)

(Pages 69 – 90)

Eric Leenders, Managing Director, Personal, UK Finance

Chris Larmer, Director of Customer Experience, The Co-operative Bank

Attached Documents:

EIS(5)–17–19(P7) Research Briefing

EIS(5)–17–19(P8) Evidence from UK Finance

EIS(5)–17–19(P9) Evidence from the Co-operative Bank

Break

(10.45–11.00)

6 Access to Banking and the Foundational Economy: Preston City Council

(11.00–11.45)

Councillor Matthew Brown, The Leader of Preston City Council

7 Access to Banking: Impact on Business

(11.45–12.30)

(Pages 91 – 98)

Llyr ap Gareth, Senior Policy Adviser, FSB Wales

Adrian Greason-Walker, Policy Advocate, Wales Tourism Alliance

Attached Documents:

EIS(5)–17–19(P10) Evidence from FSB

Agenda Item 1

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Agenda Item 2

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Agenda Item 4.1

Cynulliad Cenedlaethol Cymru
Pwyllgor yr Economi, Seilwaith a Sgiliau

National Assembly for Wales
Economy, Infrastructure and Skills Committee

Keith Williams
Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

29 May 2019

Dear Keith,

When we met with you on 12 February you indicated that you would welcome a formal submission to your review from the Economy, Infrastructure and Skills Committee here in the National Assembly for Wales.

The Committee welcomed your willingness to engage with us, and in the time since our meeting we have reflected on the Review from a Welsh perspective and wish to submit our views.

We and our predecessor Committee, the Enterprise and Business Committee in the last Assembly, have given significant attention to rail in Wales. This response reflects the work of both Committees. Links to key reports referred to are provided at the end of this response.

We are aware that you met with the Welsh Government Minister for Economy and Transport, and in December last year he issued a statement setting out the Welsh Government's position.

<https://gov.wales/written-statement-williams-rail-review>.



You may also be aware that on 5 February this year the Assembly as a whole voted in favour of a motion supporting the Welsh Government's position, and drawing attention to the need for investment in Welsh rail infrastructure.

<http://record.assembly.wales/Plenary/5423#A48573>

Broadly, the Committee supports the Welsh Government's position. However, in this submission we want to highlight some specific issues.

Rail infrastructure

The Committee supports the Welsh Government's call for devolution of rail infrastructure planning functions to Wales, as is the case in Scotland, and the transfer of ownership of Wales' rail infrastructure. However, this must be accompanied by a thorough assessment of the network, the risks involved and a fair funding settlement.

We welcome the establishment of the Network Rail Wales Route which we believe has brought closer focus on the needs of Wales, improved engagement with the Welsh Government, other local stakeholders and with our Committee.

We also welcome the increase on the operation, maintenance and renewal (OMR) investment planned for Control Period 6 and the willingness of Network Rail to work with Transport for Wales and the Welsh Government on its prioritisation.

Yet despite the best efforts of Network Rail, its priorities are set outside Wales with limited input from Wales. Evidence gathering for our recent report on rail service disruption in the early stages of the new franchise highlighted to us the need to align the prioritisation of OMR with the needs of the Welsh Government procured franchise. A statutory relationship seems to us to be a more effective solution.

We also recognise that the OMR budget is based on need and is not discretionary. Arrangements for planning and delivery of enhancements, where decisions on UK Government investment in Wales are at the discretion of the Secretary of State as funder, remain a cause for concern.

Table 1 below highlights the level of UK Government enhancement investment in Wales since the establishment of the Network Rail Wales Route - data are not disaggregated for Wales before this.



Between 2011-12 and 2017-18 the Wales Route has received about 3% of enhancement spending despite having more than 9% of GB and more than 11% of England and Wales route kilometres.

Table 1: GB enhancements expenditure (DfT and Scottish Government funding)

(Source: Network Rail Regulatory Financial Statements)

Enhancements (£m 2017-18 prices)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
England Routes	2,252	2,169	2,904	2,739	3,044	3,041	2,774	18,922
Wales Routes	17	12	50	47	88	184	177	574
Scotland Routes	133	118	286	345	279	315	352	1,827
Total GB Expenditure	2,401	2,298	3,240	3,131	3,411	3,539	3,303	21,323
Wales % share of GB Expenditure	1%	1%	2%	1%	3%	5%	5%	3%
Wales % share of England and Wales Expenditure only	1%	1%	2%	2%	3%	6%	6%	3%

We recognise the arguments made by the Department for Transport (DfT), including in evidence to the Transport Select Committee's Rail Infrastructure Investment inquiry that "where the expenditure takes place on the railway is not always an accurate reflection of where the benefits are felt".

In this context, we welcome the electrification of the Great Western Mainline – as far as it goes – and the impact of wider enhancements such as improvements to Reading Station and the potential of the Western Rail Link to Heathrow.

However, despite this, as Greengauge 21 highlighted in its May 2018 report, beyond HS2, it is difficult to escape the fact that, for example, Cardiff continues to have the poorest direct rail connectivity with its peers of any of the UK's 12 major / core cities. Across Wales rail services are constrained by poor line speeds, limited network and station capacity. It seems to us that the current approach to infrastructure planning does not serve Wales well.



Further, the DfT's argument, based on network benefits, must also imply a need for greater input by the Welsh Government into the decision-making process for English enhancement investment than is currently the case. If these investments have an impact in Wales, Wales should influence them.

In our view rail infrastructure investment is a key part of the development of an effective and integrated transport network. Work by our committee and our predecessor has consistently highlighted how the current devolution settlement for rail infrastructure limits the Welsh Government's ability to deliver the public transport network which Wales needs.

Despite rail infrastructure being a reserved matter, in 2016 the Auditor General for Wales highlighted how the Welsh Government had invested a total of £226m (including EU funding) in rail capital projects between 2011 and 2016. In our view, the fact that Wales does not have control over rail infrastructure planning and investment, and so receives no Block Grant allocation for infrastructure, requires the Welsh Government to divert its own budget to a non-devolved policy area to the detriment of devolved policy areas in order to achieve its own policy priorities.

Additionally, as identified by both the Transport Select Committee, and our predecessor Enterprise and Business Committee in its 2016 report on Priorities for the Future of Welsh Rail Infrastructure, decision-making and appraisal processes for enhancements which focus on issues like journey time saved disadvantage Wales and give insufficient consideration to wider benefits.

Wales suffers as a result of relatively low passenger flows, which mean project proposals struggle to compete with those elsewhere on an England and Wales basis. In turn, the investments which might increase those flows are not made. This vicious circle contrasts the virtuous circle which exists in the south east of England. It also contrasts with the position in Scotland where, for example, Transport Scotland highlighted to our predecessor Enterprise and Business Committee that its investment in the Borders railway would, in an England and Wales context, 'struggle to pass hurdles raised in terms of the types of benefit-cost ratios that would be expected there'.

In Wales, we understand that the Welsh Government's investment in reopening of the Ebbw Vale Line to passenger services in 2008 saw actual passenger numbers 450% higher than those generated by the standard industry appraisal methodology.



We would also draw your attention to the statutory environment in Wales, in particular the Well-being of Future Generation (Wales) Act 2015 which focuses on sustainable development. Considerations such as this are not currently reflected in the decision-making process.

The cancellation of electrification between Cardiff and Swansea illustrates many of the issues raised above. In particular it seems to us that the decision was based largely on cost, with environmental benefits of electrification neglected. A Welsh decision may have been different – not least given the Well-being of Future Generations Act. However, our concern is not just in relation to the decision itself. While the Secretary of State indicated in announcing cancellation of the Cardiff to Swansea project that he had asked Network Rail to ‘develop additional options to improve journeys for passengers in Wales,’ we have seen little sign of this investment taking place, or indeed progress on engagement by the UK Government.

We remain to be convinced that the benefits of the CP6 pipeline approach to infrastructure investment will extend to Wales.

We would also draw your attention to the early development of proposals for electrification of the Cardiff Valleys Lines – prior to the current Metro approach being developed.

In this case while the Welsh Government developed the outline business case, a commitment was made by the Prime Minister to electrify the lines and the scheme was included in the UK Government’s 2012 High Level Output Specification for England and Wales. However, this was followed by a dispute between the two Governments over who should fund the scheme. The apparent HLOS commitment to deliver the scheme subsequently became a contribution of £125m to the funding of the scheme, with the Welsh Government responsible for finding the balance of funding for a UK Government HLOS commitment despite rail infrastructure being a reserved matter.

The Commission on Devolution in Wales (the ‘Silk Commission’) recommended that ‘funding of Network Rail in relation to the Wales network’ be devolved. As you are no doubt aware the subsequent St David’s Day Command Paper did not accept this on the basis that there was no political consensus on this devolution. The meaning of this response is as unclear to us as it was to our predecessor Committee.



We recognise that the cross border nature of the rail network serving Wales creates particular issues with devolution, in contrast to Scotland where the network is more discrete. However, it is notable that during the Enterprise and Business Committee's 2016 rail infrastructure inquiry evidence from both the ORR and Network Rail itself indicated that devolution was possible and, with some qualifications, desirable.

Additionally, we believe that the establishment of Transport for Wales and the impending transfer of ownership of the Cardiff Valleys Lines – on which about 50% of Welsh services operate – show that Wales is developing the capacity to assume responsibility for its rail infrastructure.

Rail Regulation

We support the Welsh Government's call for 'a formal input for Wales in the Office of Rail and Road's regulatory activities'.

While regulatory arrangements have received less detailed attention by this committee and its predecessor, the issue was to some extent considered by our predecessor Enterprise and Business Committee in its work on rail infrastructure.

While that Committee welcomed the efforts made by the ORR to work with the Welsh Government, and particularly the ORR's ambition to engage with the Welsh Government during the CP6 Periodic Review process, evidence illustrated how the position of the Welsh Government differed from that of the UK and Scottish Governments and the impact of this.

One particular area was in relation to the role of the ORR in relation to any concerns about Network Rail delivery of Welsh Government funded infrastructure enhancement projects. The ORR had taken significant and welcome steps to work with the Welsh Government within the current regulatory framework. However, it was clear that as a third party funder it was not treated in the same way as the UK and Scottish Governments, leaving it with more limited options to hold Network Rail to account in delivering Welsh Government funded projects.

Rail Franchising

The Committee supports the Welsh Government's call for further reform of rail franchising, and matters related to rail franchise operation, including:



- A formal role for the Welsh Government in agreeing the specification of franchises under the control of the DfT but operating in Wales;
- The removal of the prohibition of public sector operators bidding for and operating Welsh franchises;
- Powers for the Welsh Ministers to operate, specify and designate cross-border services without the Secretary of State's approval; and
- Arrangements for owning, allocating and managing rolling stock.

As with the settlement for rail infrastructure, we believe the remaining constraints on franchising limit the ability of the Welsh Government to deliver the effective integrated public transport network which Wales needs.

The recent devolution of rail franchising powers to Wales, leading to the new contract awarded last year, have the potential to significantly improve services in Wales. While the benefits of the new franchise remain to be demonstrated, and this Committee has already reported on early disruption experienced by passengers under the new franchise, the contract promises a great deal.

This contrasts strongly with the previous franchise operated by Arriva Trains Wales (ATW). In 2003 the Strategic Rail Authority specified and awarded the franchise on behalf of UK Ministers on the basis of zero passenger growth and very limited investment obligations. Subsequently, passenger journeys to, from and within Wales increased by 66% between 2002-03 and 2017-18, yet by the end of the franchise Welsh rolling stock was 28 years old – nearly 8 years older than the GB average.

The Committee's recent report on rail service disruption in the new franchise questioned some of the decisions taken by the Welsh Government since it took responsibility for management of the ATW franchise in 2006, particularly on rolling stock procurement. However, it was clear to the Committee that the root causes of the issues around rolling stock lay in the specification of the 2003 franchise.

In his 2016 report on Welsh Government investment in rail services and infrastructure the Auditor General for Wales described how the performance of the franchise improved post 2006 – albeit unevenly. While significant issues remained with the ATW franchise, which continue into the current franchise, it is worth noting that the performance improvement coincided with the Welsh Government assuming responsibility for its management.



We suggest that this and the specification (if not yet the delivery) of the current franchise illustrate the benefits of local decision-making on rail franchising, and rail policy more generally.

However, in procuring the current franchise the Welsh Government and TfW have been constrained in their ability to specify cross-border services in the franchise – being limited by the terms of its Agency Agreement with the Secretary of State. This concerns us for two reasons:

- Historically cross-border services have been the most profitable services within the Welsh franchise which is heavily dependent on public subsidy; and
- In the context of limited input into DfT procured services, the Welsh Government has few levers with which, on its own account, to increase cross border rail connectivity. This is a concern to us given, for example, the highly integrated cross-border economy of north east Wales, and potential for services to Bristol in the south.

Finally with regard to the prohibition on public sector operators running franchises, this Committee briefly considered this issue in our 2017 report on preparations for the procurement of the new rail franchise and Metro services. While members have a range of opinions on the benefits or otherwise of public operation of rail services, that report noted that we were unclear why 'section 25 of the Railways Act 1993 should no longer apply to Scotland, but remain in force in Wales'. We remain unclear on this point.

Scrutiny

Effective rail services are essential to Wales and it is equally essential that the National Assembly for Wales in general, and this Committee in particular, has the opportunity to scrutinise all of the decisions taken regarding rail policy in Wales.

We can and do scrutinise the Welsh Government, influence its decisions and hold it to account.

While we are grateful to the many DfT officials who have appeared before our inquiries over the years, and provided useful evidence, access to Ministers as the ultimate decision makers is limited.



The example of cancellation of rail electrification between Cardiff and Swansea illustrates this. This decision by the Secretary of State for Transport was of huge significance in Wales, and a matter of great importance to this Committee.

Following the decision, on 24 July 2017 I wrote to the Secretary of State to invite him to give evidence to this Committee on the record. Mindful of the logistics, I offered him the option of attending any one of 12 meetings – essentially every meeting in the autumn Assembly term.

The response was the following email from his Private Secretary on 31 August, commenting:

Thank you for sending on the letter from Russell George AM

You may not be aware that the Secretary of State is meeting Ken Skates next week where he will be happy to discuss any transport matters that are of concern to the Welsh Assembly. If you would like to raise anything in particular may I suggest you contact the Cabinet Secretary so he may raise it in his meeting with the Secretary of State.

Aside from ignoring the constitutional arrangements in place in Wales – where the Welsh Government and National Assembly are legally separate – you will appreciate that a message passed to a Minister is not a substitute for the public scrutiny, on the record, which the people of Wales deserve following a decision of this scale.

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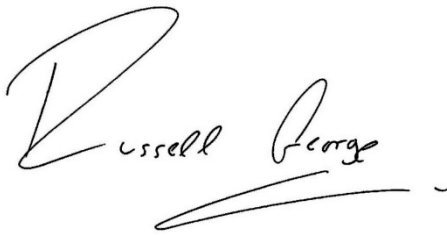
This response neatly illustrates the difficulties we face in scrutinising decisions taken elsewhere which profoundly affect Wales.

Given the importance of the rail network to Wales we believe it helps to illustrate the need for more of the decisions taken on Welsh rail policy to be taken closer to the Welsh people.



Let me thank you once again for coming to speak with this Committee. We look forward to reviewing your report and would like to take this opportunity to invite you to come to Cardiff to discuss your findings in due course.

Yours sincerely,



Russell George AM
Chair
Economy, Infrastructure and Skills Committee

Assembly Committee Reports:

Economy Infrastructure and Skills Committee: Autumn Rail Disruption (March 2019)

<http://www.assembly.wales/laid%20documents/cr-ld12419/cr-ld12419-e.pdf>

Economy Infrastructure and Skills Committee: On the right track? The Rail Franchise and South Wales Metro (June 2017)

<http://www.assembly.wales/laid%20documents/cr-ld11093/cr-ld11093-e.pdf>

Enterprise and Business Committee: Priorities for the Future of Welsh Rail Infrastructure (March 2016)

<http://www.assembly.wales/laid%20documents/cr-ld10657/cr-ld10657-e.pdf>

Enterprise and Business Committee: The Future of the Wales and Borders Rail Franchise (December 2013)

<http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs/cr-ld9589-e.pdf?langoption=3&ttl=CR-LD9589%20-%20Enterprise%20and%20Business%20Committee%20-%20Report%20on%20the%20Inquiry%20into%20the%20Future%20of%20the%20Wales%20and%20Borders%20Rail%20Franchise>



Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee – Future Development of Transport for Wales

The Welsh Government's vision is for a world-class integrated low-carbon transport system in Wales – one that can drive forward our economy and our communities to greater prosperity. Transport for Wales (TfW) was established to support us to achieve our vision. The Company has an important role in driving integration across the entire transport network by putting the passenger at the heart of everything it does.

Our aspiration for TfW is to exploit the opportunity it has as our transport integrator and to allow the Company to take on a wider range of transport functions. The 2018/19 financial period represented an important phase in the growth of TfW as it develops momentum in creating a step-change in the way we deliver transport services and infrastructure across Wales. TfW's remit going forward will ensure the Company continues to deliver a core component of the Welsh Government's programme for government.

The Welsh Government future priorities for TfW are set in the context of Taking Wales Forward 2016-2021, Prosperity for All; the national strategy, the Economic Action Plan, and the Well-being of Future Generations (Wales) Act 2015. Additionally, the First Minister has committed to empowering TfW to deliver a public transport system that aims to give everyone easier access to bus, train and active travel for everyday journeys.

I would like to thank the members of the Committee for their report. I am particularly pleased that generally the Committee's recommendations are in line with our current and future plans. I have set out my response to the Report's individual recommendations below. A number of the Committee's recommendations cover operational matters for TfW. As a wholly owned subsidiary of the Welsh Ministers TfW has a clear, legal identity within a robust and well-established framework. There is a distinct separation between the Welsh Government and TfW, allowing TfW to make independent operational decisions. I have therefore instructed TfW to consider how it will take certain recommendations forward and respond directly to the Committee as noted in my detailed response below.

Recommendation 1

TfW must move quickly to set up a formal advisory group to allow it to engage with stakeholder bodies and improve levels of public awareness about TfW's responsibilities and functions, and the lines of accountability for all the various transport functions in Wales.

Response: Accept

TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW’s existing programme budgets.

Recommendation 2

TfW must demonstrate a stronger commitment to meeting customer needs and improving passenger experience: it must employ a wide range of mechanisms, both formal and informal, to consult and engage with stakeholders and passengers. TfW should develop and publish a comprehensive communications and engagement plan setting out its approach and making clear what standards stakeholders and the public can expect. The plan should demonstrate clearly how TfW will take on board the views of key stakeholders and user groups.

Response: Accept

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

TfW is remitted to actively engage with stakeholders and the public. TfW’s Corporate Plan must clearly articulate how TfW will develop the Transport for Wales brand as a strong customer-focused brand that passengers and stakeholder across Wales recognise and understand its values. Furthermore, the Corporate Plan must provide information on how marketing and communications activity will promote the Transport for Wales brand values and support delivery of the Company’s Operational Plans.

Financial Implications – None. Any additional costs will be drawn from TfW’s existing programme budgets.

Recommendation 3

TfW must publish an organisation chart for the organisation as a whole – not simply the board – with details of functions and roles within the organisation and this information should be updated on a regular (initially monthly) basis as the organisation grows. It should show whether staff are employed directly or as consultants, and give sufficient detail about the nature of the specialist work they are undertaking.

Response: Accept

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee. TfW has also been instructed through its Remit Letter that it must increasingly bring functions in-house to maximise on the opportunity that the Company presents to develop and sustain a professional transport skills base supporting the economy and employment of Wales.

Financial Implications – None. Any additional costs will be drawn from TfW’s existing programme budgets.

Recommendation 4

Whilst recognising that the Minister for Economy and Transport has put his commitment to holding a pre-appointment hearing for future Chairs of TfW on the record, Welsh Government should formalise this arrangement with the Committee.

Response: Accept

Scott Waddington is appointed as Chair of the TfW Company Board until January 2022. Formal arrangements will be made with the Committee for a pre-appointment hearing for all future appointments.

Financial Implications – None. Any additional costs will be met from existing programme budgets.

Recommendation 5

It is difficult to recommend what form the transport body should take until there is clarity about its functions, and it has developed to the point where it is ready to assume those additional functions. Welsh Government needs to decide what it wants TfW to achieve before agreeing a definitive governance model. In doing so it must clearly define the remit of TfW, and resolve the tensions created by it having roles in both policy development and delivery

Response: Accept

The legislative context and the devolution settlement that we need to work within means that the scope of TfW's remit is limited to the activities which the Welsh Ministers may lawfully carry out. It is not possible therefore for the Welsh Ministers to ask TfW to do anything that is outside of the Welsh Ministers' powers.

TfW was established under the Companies Act (2006) and is fully accountable to the Welsh Ministers as a wholly owned subsidiary company limited by guarantee. The Company operates pursuant to Section 71 of the Government of Wales Act 2006 that states the Welsh Ministers may form a company (such as an arm's length company) to provide services for them, where that is calculated to facilitate, or is conducive or incidental to, the exercise of any of their functions. Accountability to the Welsh Government is secured by a series of strategic levers including Remit Letters that clearly define what TfW is responsible for delivering on our behalf.

TfW's constitution as a wholly-owned subsidiary therefore ensures that there is a clear separation between the day-to-day responsibility of TfW to deliver its remitted activity to operate and manage transport services and infrastructure and the accountability that rests with the Welsh Ministers for all transport matters.

However, I recognise that the governance arrangements for TfW will need to develop in order to meet our ambition for the Company to take on a wider range of transport functions. Officials are currently examining the delivery options to meet our ambitions through a business case and this work is on-going. I am pleased that the Committee has acknowledged that there are a number of different delivery models across the UK and that it is important to identify a suitable model for Wales that ensures the lines of accountability are clear. I agree that there is a need to firstly decide what TfW will be responsible for and the business case will identify the possible delivery and governance models. I am committed to publishing the

outcome of the business case and the future remit of TfW when that work is complete.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 6

The Welsh Government should now move swiftly to engage with stakeholders in developing the next White Paper on the legislation required to establish Joint Transport Authorities (JTAs) which must give clarity about how they fit within the overall transport governance structure for Wales, and where it thinks future roles and responsibilities should lie. The Welsh Government's business case for the future of TfW must therefore be published before or alongside the next White Paper, and make the relationship with JTAs clear, so that the overall structure of transport governance in Wales is clear.

Response: Accept

The Improving Public Transport White Paper was published for consultation between 10 December 2018 and 27 March 2019 and set out initial proposals for form Joint Transport Authorities (JTA) by secondary legislation under the Transport (Wales) Act 2006.

The Welsh Government continue to work closely with the Welsh Local Government Association (WLGA) and other stakeholders on JTA proposals with the intention to issue the formal consultation in autumn this year. I will publish the outcomes of the business case and the future remit of TfW during the consultation on the JTA proposals.

Financial Implications – None in relation to TfW's remit. Any additional costs will be drawn from existing programme budgets.

Recommendation 7

As part of its regular public reporting of its activities, TfW should provide clear evidence of how it is complying with the principles of the Well-being of Future Generations (Wales) Act 2015

Response: Accept

The Welsh Government requires that TfW establish the well-being objectives of the Company for the purpose of maximising its contribution to achieving the well-being goals set out in the Well-being of Future Generations (Wales) Act (2015). TfW has been instructed to publish a 5 year Corporate Plan late 2019, detailing the associated well-being objectives. The plan must set out how TfW will apply this policy and legislative framework and in so doing provide a compelling and empowering vision for its staff and stakeholders that promotes TfW brand values and how it puts the passenger at the heart of everything it does. TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Recommendation 8

TfW and/or Welsh Government should provide the Committee with more details of its plans and timeline for progressing integrated ticketing and smart travel for Wales.

Response: Accept

To support the creation of a truly integrated transport network TfW is remitted to develop multi-operator ticket and demand responsive transport solutions and has therefore been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Recommendation 9

Welsh Government should ensure that TfW's Board structure is significantly strengthened and that it compares favourably with the make-up and skill-sets of other transport executive bodies. The representation on TfW's Board, and the way it operates and takes decisions, should be designed to embed a strong and open social partnership approach, and a commitment to diversity, within the organisation. TfW should also publish a complete register of the interests of all its Board members and directors on its website.

Response: Accept

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Recommendation 10

The anonymised results of TfW's activities to assess staff satisfaction should be published on its website.

Response: Accept

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Recommendation 11

TfW should enter into a social partnership agreement with all the relevant unions as soon as possible to demonstrate its commitment to best practice.

Response: Accept

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Recommendation 12

Welsh Government should ensure that TfW is remitted to ensure that its human resources plan has a strategic focus on skills development and the adoption of an apprenticeship programme as part of its future functions.

Response: Accept

By investing in the development of current staff and new recruits, as well as offering career paths and opportunities for growth and skills development, TfW is uniquely placed to develop and sustain a professional transport skills base supporting the economy and employment of Wales. TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Recommendation 13

Welsh Government should ensure that TfW's procurement policy and practice is fully aligned with supporting a legacy of skills and training in the delivery of its functions.

Response: Accept

TfW is remitted to embed the Economic Contract framework as a means to deliver public investment with a social purpose and abide by its principles of inclusive growth, fair work, health and skills in the workplace and the management of carbon footprints. This should include how procurement and contractual agreements would be amended to enable TfW to do this. TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

Financial Implications – None. Any additional costs will be drawn from TfW's existing programme budgets.

Ken Skates AM, Cabinet Secretary for Economy and Transport

Agenda Item 4.3



**TRAFNIDIAETH
CYMRU
TRANSPORT
FOR WALES**

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14 June 2019

Dear Mr George

Thank you for sharing with us the EIS Committee's report into the Future Development of Transport for Wales. We welcome the report and thank the committee for their work and I have been asked to respond to Recommendations 1 to 3 and 7 to 13.

Recommendations

Recommendation 1. TfW must move quickly to set up a formal advisory group to allow it to engage with stakeholder bodies and improve levels of public awareness about TfW's responsibilities and functions, and the lines of accountability for all the various transport functions in Wales.

TfW will create an advisory panel to provide feedback on delivery of its services. The advisory panel will incorporate subsidiary panels which will provide clear opportunities for the voice of customers, stakeholders and interest groups to advise TfW on its activities. This will be managed in an open and transparent way to provide public visibility of outputs from this structure.

Recommendation 2. TfW must demonstrate a stronger commitment to meeting customer needs and improving passenger experience: it must employ a wide range of mechanisms, both formal and informal, to consult and engage with stakeholders and passengers. TfW should develop and publish a comprehensive communications and engagement plan setting out its approach and making clear what standards stakeholders and the public can expect. The plan should demonstrate clearly how TfW will take on board the views of key stakeholders and user groups.

In line with recommendation 1, TfW will create an advisory panel to provide feedback on delivery of its services. This will be complemented by a broader advisory architecture and plan which will provide clear and accessible routes for engagement to take place for users, stakeholders and interest groups. In May, TfW announced its vision for Community Rail which outlines how it will work with communities to ensure that their needs are reflected in the activities of TfW.

As part of the advisory architecture, TfW will also consider current engagement structures and how these can be incorporated to ensure that there are clear and transparent opportunities for engagement across the current remit of responsibilities. TfW will also publish a high level summary of its communications plan for 2019/2020.

Recommendation 3. TfW must publish an organisation chart for the organisation as a whole – not simply the board – with details of functions and roles within the organisation, and this information should be updated on a regular (initially monthly) basis as the organisation grows. It should show whether staff are employed directly or as consultants and give sufficient detail about the nature of the specialist work they are undertaking.

TfW believes in being as open and transparent as much as practicably possible. We currently publish our senior team with their responsibilities, the areas they look after as well as their biographies. We consider that this is commensurate with good practice, as evidenced by the other Transport Authorities

Transport for London

<https://tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/board-members>

Transport Scotland

<https://www.transport.gov.scot/about/senior-management-team/>

Transport for the North

<https://transportfornorth.com/leadership-team/>

We acknowledge and understand the requirement to demonstrate the development of our team alongside the reduced requirement for consultants supporting our core functions. For the current and future financial years we propose to publish contracts awarded over £25k on our website on a quarterly basis. We will also investigate the best way to provide useful information on our website that recognises that our continued development will benefit from wider support, whether this is from secondees, formal collaborative placements from other public sector organisations or from consultants.

Recommendation 7. As part of its regular public reporting of its activities, TfW should provide clear evidence of how it is complying with the principles of the Well-being of Future Generations (Wales) Act 2015.

TfW is currently aligning its work on Sustainable Development and is preparing a Sustainable Development Plan based on the requirements of the ODP Contractual obligations. We meet regularly with the Future Generations Commissioners Office and this document is mapped against the Well-being Goals and will be reported internally to the Board in April 2020 and the Office of the Future Generations Commissioner in June 2020.

We have developed a tool with Value Wales called the TfW Mesur Tool which will be used to measure the community benefits of our projects and are also able to provide data outputs aligned with the Well-being Goals.

Our projects will have their own Sustainable Development Plans, these are mapped against Public Service Board and NRW Well-being Plans within the areas in which they are being delivered. They will be measured using the Mesur Tool as detailed above

Recommendation 8. TfW and/or Welsh Government should provide the Committee with more details of its plans and timeline for progressing integrated ticketing and smart travel for Wales.

TfW launched a pilot of the smart ticketing scheme for season ticket holders on 1 April 2019. Initially on two routes; Cardiff to Penarth and Shrewsbury to Wrexham.

Following evaluation in June there will be a further roll-out of the pilot to more routes and products later in the year with the ambition to migrate most season tickets to smartcards.

Evaluation is currently underway for integrated, pay as you go and account-based ticketing for other areas of Wales. Further detail regarding our committed obligations in this area can be found here; <https://tfw.gov.wales/projects/wales-and-borders-rail-service>

Recommendation 9. Welsh Government should ensure that TfW's Board structure is significantly strengthened and that it compares favourably with the make-up and skill-sets of other transport executive bodies. The representation on TfW's Board, and the way it operates and takes decisions, should be designed to embed a strong and open

social partnership approach, and a commitment to diversity, within the organisation. TfW should also publish a complete register of the interests of all its Board members and directors on its website.

Over the last six months, TfW has continued to strengthen the membership and structure of its Board through the appointment of a permanent Chair and an independent non-executive director with responsibility for audit, risk and finance. The Board has four sub-committees –

- *Audit and Risk,*
- *Customer and Communications,*
- *Health, Safety and Wellbeing, and*
- *People.*

Each sub-committee meets at least quarterly and has agreed terms of reference published on the TfW website. All sub-committees are Chaired by a TfW non-executive director with an additional non-executive director in an attendance as a committee member.

TfW is a fair and inclusive employer and is keen to take forward a progressive appointment of having a nominated Trade Union representative on the Board. TfW approached the Wales TUC on 4 March 2019 to begin engagement on agreeing a process for making an appointment and met with them on 7 June.

TfW is also in the early stages of appointing a non-executive director with suitable experience and knowledge from the transport sector. The Board recognises that diversity, in all forms, is key to ensuring different perspectives are introduced into its decision-making processes. The Board believes that gender is an important aspect in creating an optimal Board in terms of balance and composition and currently has a gender split of four female and three male.

A register of interests for Board members is published on TfW's website and updated quarterly.

Recommendation 10. The anonymised results of TfW's activities to assess staff satisfaction should be published on its website.

We recently used our first conference to undertake a pulse survey on how our colleagues are feeling towards their employment and TFW and how we can improve. We are pleased to share with you the headline data (attached) and we will make this available on our website.

Feedback was generally positive, although continued improvement is our focus as we develop and grow. We recognise that employee engagement is a pivotal part of retaining staff, developing an environment in which people can be at their best and becoming an employer where all staff feel valued and motivated. To this end, their feedback is important, and the results are incredibly helpful to us.

We would like to take a very transparent approach in how we move things forward and we will be undertaking a discussion and analysis at Board level about this. It is our intention to hold employee focus groups with a cross section of staff from all teams and bandings to gain honest and candid feedback which will enable us to interpret the data appropriately. These focused discussions will inform our survey action plan where we will be able to communicate to how we are going to act on their feedback.

Recommendation 11. TfW should enter into a social partnership agreement with all the relevant unions as soon as possible to demonstrate its commitment to best practice.

Trade unions are an important part of building our organisation and with that in mind, TfW has chosen to recognise all unions within the sector to ensure, as we grow, our ability to work effectively in social partnership. TfW has confirmed with the Welsh Government its keenness to work with all partners and formalise any agreements as soon as possible. TfW recognises and works collaboratively with the following trade unions:

- ASLEF
- FDA
- PCS
- Prospect
- RMT
- TSSA
- Unite

Recommendation 12. Welsh Government should ensure that TfW is remitted to ensure that its human resources plan has a strategic focus on skills development and the adoption of an apprenticeship programme as part of its future functions.

TfW is committed to pursuing a robust approach to an 'Early Careers' programme. This will include, Apprenticeships, Graduates and student placements with a particular focus on hard to reach communities, raising aspirations and embracing difference. We are

already taking to Welsh Government, Universities, CITB and Regional Skills Partnerships to understand the opportunity and develop our approach.

Recommendation 13. Welsh Government should ensure that TfW's procurement policy and practice is fully aligned with supporting a legacy of skills and training in the delivery of its functions.

TfW Procurement Policy embeds the principles of the Future Generations Act including the importance of its suppliers providing a well trained workforce.

The contracts it currently has in place include the provision of apprentice and graduate training schemes as well as monitoring the impact this has on local SME's and disadvantaged groups.

The Grant Agreement contains reporting provisions for:

Local, SME and TSEs:

- The amount spent with businesses based in Wales and the borders providing goods, services, or overheads*
- The amount spent with small and medium-size enterprises (SMEs) based in Wales and the borders*
- The amount spent with Third Sector Enterprises (TSEs) based in Wales and the borders during the period.*

Skills, Disadvantaged Groups:

- The amount paid to people living in Wales and the borders who are/were employed as a result of this contract*
- Has this contract allowed the Contractor or subcontractors to retain staff who would have been made redundant without the work provided by this contract?*
- Staff, living in Wales and the borders retained as a result of this contract*
- People living in Wales and the borders, who were previously unemployed but are now employed by the Contractor and/or subcontractors during the period as a result of this contract*

Training:

- Apprenticeships started by people living in Wales and the borders as part of this contract*
- Apprenticeship weeks completed by people living in Wales and the borders as part of this contract*
- Traineeships by people living in Wales and the borders were started and completed as part of this contract*

- *Work experience / internship opportunities for people living in Wales and the borders were started and completed*
- *Work experience / internship weeks in total completed as part of this contract*
- *Graduate placements for people living in Wales and the borders started and completed as part of this contract*
- *Graduate placement weeks in total completed as part of this contract*
- *Work trial weeks in total completed as part of this contract*
- *Voluntary work opportunities completed as part of this contract*
- *Voluntary work weeks completed as part of this contract*
- *Accredited training opportunities of any level completed as part of this contract*
- *Accredited training weeks of any level completed as part of this contract*
- *Non-accredited training opportunities completed as part of this contract*
- *Non-accredited training weeks provided as part of this contract*

Our main construction type contracts contain obligations for the following and a requirement to report on them:

- *training and employment opportunities, especially for those furthest away from the job market;*
- *supply chain opportunities for micro businesses, SMEs and third sector organisations;*
- *improvements to environmental performance including carbon reduction, waste reduction, water usage reduction, improvements in air quality and a responsible approach to biodiversity; and*
- *contributions to the local community such as working with local schools and colleges, work experience / work placements and the promotion of Welsh culture and language.*
- *to effectively co-operate with the Employer and relevant third parties to address identified skills gaps and skills shortages and where appropriate should work with the Employer to support the Employer's Apprenticeship schemes and graduate schemes.*

Working with social enterprises:

TfW has recently awarded a contract to ELITE Paper Solutions, a social enterprise that helps people with disabilities obtain employment. Based in Merthyr, ELITE Paper Solutions has been appointed to store and retain archived documents and contracts for us. The social enterprise has been assisting people with disabilities to obtain and maintain paid employment opportunities within their communities since 1994.

We have also engaged with the Digital Accessibility Centre (DAC), a social enterprise based in Neath, that works with clients to create digital media that is accessible to all members of a population, and meets best practice accessibility standards and legislation. DAC has been appointed to test the online application process for current and new Concessionary or Disabled Travel Card holders between September and December 2019, in line with the W3C's Web Content Accessibility Guidelines (WCAG) 2.1 Level A and AA Conformance requirements.

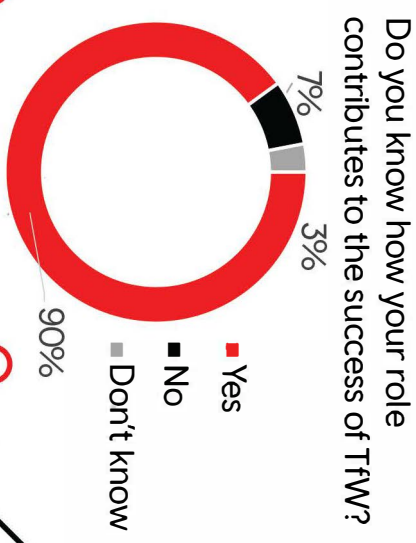
Yours sincerely

James Price

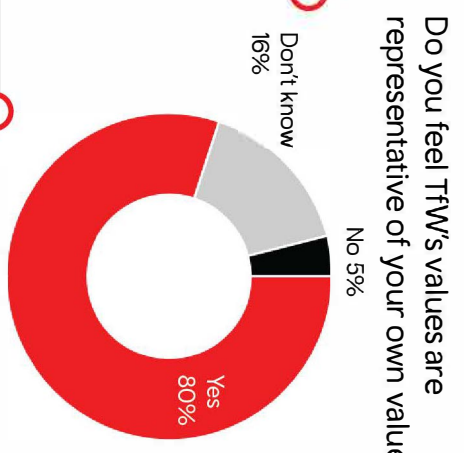
Overall are you happy in your current role at TfW?



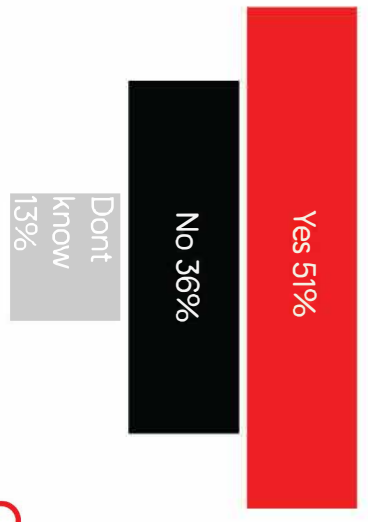
Do you know how your role contributes to the success of TfW?



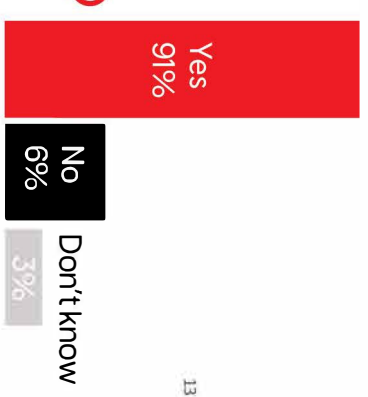
Do you feel TfW's values are representative of your own values?



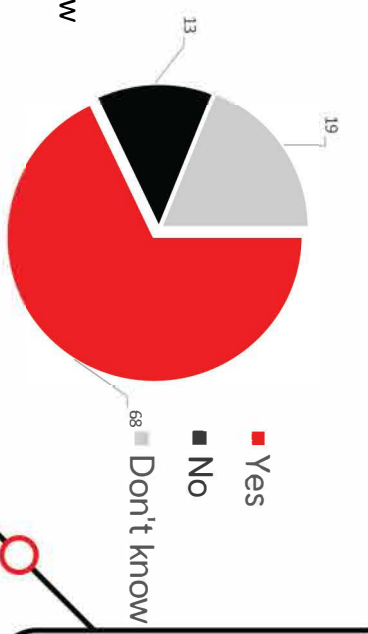
Do you have access to everything you need to perform to the best of your ability in your role?



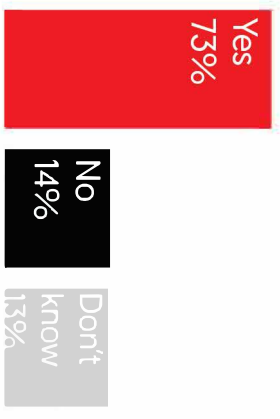
Do you feel comfortable giving options and feedback to managers?



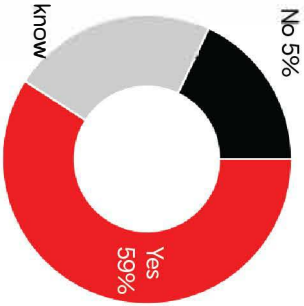
Do you feel you receive meaningful recognition for doing good work?



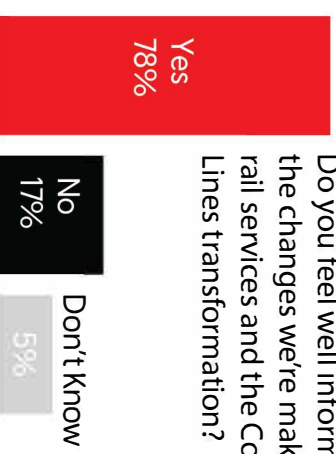
Do you feel like you can manage a healthy work/life balance at TfW?



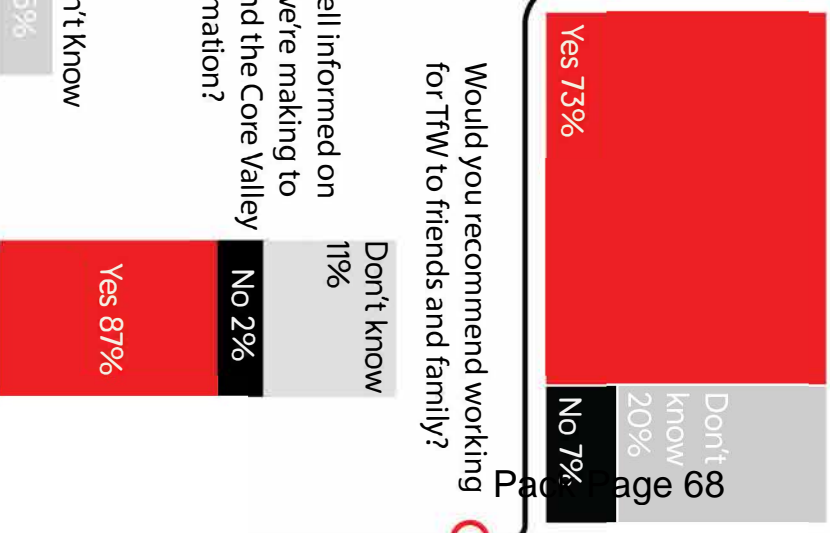
Do you feel you're given opportunities to learn and develop your skills in your role?



Do you feel well informed on the changes we're making to rail services and the Core Valley Lines transformation?



Would you recommend working for TfW to friends and family?



Agenda Item 5

Document is Restricted

Evidence from UK Finance

Introduction

1. UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.
2. We welcome the opportunity to provide evidence to the Committee's inquiry into access to banking. Looking after every customer, especially those in vulnerable circumstances, is a priority for our members. Ensuring that people have access to banking and other financial services is a vital part of this.
3. We need sustainable solutions to meet the needs of customers, which is why the industry has worked to deliver the following:
 - All high-street banks have arranged for everyday banking services to be available through 11,500 post offices across the UK under the Banking Framework Agreement.¹ This has been supported by the implementation of a five-point plan, in agreement with the UK government, to raise consumer awareness and promote the Post Office as an integral channel for day-to-day banking. Banks have also extended the services available via the Post Office, e.g. Business banking, and have recently renegotiated a new Framework Agreement, which will deliver substantially increased funds for the Post Office.
 - The industry is investing in the existing ATM network to ensure continuity of service when ATMs are no longer commercially viable. LINK's Financial Inclusion Programme and related commitments are key to ensuring that the UK's cash infrastructure continues to deliver free access to cash for consumers regardless of the continued decline in cash usage.²
 - For many years RBS and Lloyds Banking Group have used mobile bank branches to reach communities as an alternative to bank branches.
 - We have implemented the Access to Banking Standard to provide information and support to customers affected by branch closures. The Standard is independently monitored by the Lending Standards Board, whose last report in September 2018 showed there had been good compliance from the industry.³
4. UK Finance has contributed to the Access to Cash Review and are working in response to its recommendations. We agree that business as usual is unsustainable given the decline in cash usage both in wholesale processing and transit, and in retail access.
5. We think about cash distribution in its widest sense. This includes access via bank branches, ATMs, post offices, mobile branches, retailers, and other distribution and collection points. We are actively considering sustainable models for future wholesale cash supply.

What challenges are there to accessing banking services in Wales?

6. The way customers are choosing to do their banking is changing rapidly. Growing numbers are opting to use new technologies to manage their money at a time and place convenient to

¹ Subscribers provide details of the services available via the Post Office on their websites.

² <https://www.link.co.uk/initiatives/financial-inclusion/>.

³ <https://www.lendingstandardsboard.org.uk/resources/access-to-banking-standard/>.

them. Branch closures are a visible sign of these changes as online and digital services are more widely adopted. These changes are not confined to banking or particular geographies, but form part of a wider trend being seen across many different sectors and countries.

7. At the same time, while branch visits have fallen by a quarter since 2012, banks want all customers to be served, meaning the decision to close one a branch is never taken lightly.
8. We recognise it can be difficult for some customers to regularly visit a bank branch in parts of Wales. To the extent rurality is a contributing factor, parts of England, Scotland and Northern Ireland face a similar problem. Banks are implementing a number of digital capabilities to open up access to customers, including cheque imaging, voice biometrics and remote/video banking.
9. When customers need advice on their accounts, telephone banking is often the most convenient way to receive this information quickly and can be particularly important in rural locations.
10. Banks are investing in telephone services to enable easier and secure ways to access services. For example, investment in voice recognition will speed up the security process for telephone banking. This will also make it easier for vulnerable customers to use telephone banking as they will need to remember fewer security details when banking over the phone.
11. There are now more ways to bank than ever before, with most using more than one channel to do their banking. As customers migrate away from branches for day to day banking there are fewer reasons to visit a bank branch. Branches will remain important in the overall mix of customer channels, but will serve far fewer customers than previously.
12. We know that when a bank branch closes, often the cash machine is also removed. However, a bank may choose to keep an ATM in the area if it is deemed commercially viable and/or reflects the banks' view on overall ATM coverage. In more rural locations Lloyds Banking Group and RBS will deploy mobile branches to maintain a face to face banking presence.
13. Closure decisions are made after applying a number of lenses, including the continued availability of access to cash in the community, whether that be via other nearby banks, ATMs or post offices. In circumstances where banks believe the closure of a branch (and removal of the ATM) would leave a community without easy access to cash they consider other ways of providing a free to use ATM within the community.
14. This might be located in the closing premises or in a third-party location (shop, garage, council building, etc.). In these circumstances banks can look for the support of local councils in helping to identify suitable locations for such ATMs.
15. The Access to Banking Standard, first introduced in May 2017, sets out how customers should receive timely and improved notification and support once the decision has been made to close a bank branch. The Standard sets important expectations of how customers should be supported and kept informed throughout any closure process so that no customer is left behind. The Standard also requires firms to provide assistance to those who need it, to access online or mobile banking services or to explore alternatives.
16. In its independent review of industry's performance against the Standard between November 2017 and March 2018, the Lending Standards Board found that overall compliance by the banks is good. Its summary report made several recommendations so banks can continue to improve how customers are served, and we are working with our members to support their delivery. The Lending Standards Board also produced individual bank specific reports with feedback on improvements provided to each firm.

17. There is a difference between accessing cash, which is typically the main reason that people visit branches, and more complex interactions such as taking out a mortgage or loan. Access to cash is provided through a number of routes, such as ATMs, bank branches, post offices and cashback in retailers. As such, most communities have access to cash in some form or other. It should be noted that the Post Office's network across Wales is larger than all of the banks and building society branch networks combined. For some high street banks, almost 90 per cent of the total number of interactions in their branch network can be completed in a post office.
18. The use of branches for more complex interactions is declining substantially. For example, the ability of mortgage brokers to quickly provide quotes from across the market means people typically go to a mortgage broker rather than directly to a bank. One of our members, a high street bank, has reported that three quarters of its mortgage sales were through mortgage brokers. Access to financial services is not just achieved through bank branches, but by a range of methods. The provision of financial services is also being extended by challengers to the traditional banking model.
19. LINK's Financial Inclusion Programme has been improving and protecting access to cash for the most deprived communities since 2006. It provides subsidies to ATM operators that run free-to-use machines in these locations, with a total of 2,763 sites currently covered. Of these, 1,875 have a free ATM and 888 are without a free ATM. The remaining 8,743 deprived sites across the UK already have a free ATM without the need for a subsidy.
20. The LINK Board has recently announced changes to the operation of its ATM network (including the associated interchange fees). These changes are separate to the issue of branch closures and the Payment Systems Regulator has said, "We will intervene if we believe the current broad geographical spread of free-to-use ATMs is threatened".

How practical are alternative methods of accessing financial services such as online banking or mobile branch banking?

21. The convenience of non-branch options is such that the majority of customers now use more than one way to bank, including non-branch-based options. As a result, all banks report significant reductions in the level of activity across their branch network, and technology now means that many remaining transactions do not need to be undertaken in a branch at all. Although individual banks may have slightly different operating models, it is common for customers to have a mix of the following options for their banking activities:
 - Telephone banking
 - Internet banking
 - Mobile app banking
 - Transactions via the Post Office
 - Cheque imaging
 - Webchat
 - Video banking
 - ATM access
 - Mobile branch banking
22. The above demonstrates the point that customers now have more ways to bank than ever before.

23. There are 930 Post Offices in Wales, 68 per cent of which are in rural locations. Across the UK as a whole, 93 per cent of people live within a mile of a Post Office and 99.7 per cent of people live within three miles of a Post Office.
24. Banks are working hard to ensure that their customers have a range of options available to them, whether that is via telephone, internet, mobile app, use of the local Post Office or via a bank branch. For the majority of customers (but not all) these options are more convenient than the traditional branch network. Many customers have already moved to digital banking options, but some have not been unable or unwilling to do so.
25. The industry is committed to supporting customers and ensuring none of them, particularly in more vulnerable groups, are left behind as banking moves to digital platforms, in common with other services across the private and public sectors. For example, banks are offering support and training customers to improve their digital skills, helping them take advantage of internet and mobile banking.
26. Technological innovation can help customers access financial services where they cannot readily access physical branches. Different firms offer a different range of services and products, but some key examples include:
 - banking apps offering increasing functionality, for example payments, statements and cheque imaging;
 - customer-service support by video-conference;
 - online 'chat' facilities with bank colleagues;
 - product and financial guidance; and
 - financial management and budgeting apps.
27. As a general point, it is our view that the key elements to overcoming barriers to achieving good consumer outcomes and greater financial inclusion in Wales and the UK as a whole are:
 - broader collaboration—a joined up approach between all stakeholders (firms, regulators, the UK and devolved governments and consumer organisations) to ensure that all customers have the chance to access the services they require, with as few barriers as possible. For example, NatWest, Lloyds Bank and Barclays are piloting the UK's first shared business banking hubs. The hubs have been specifically designed to enable businesses that manage cash and cheque transactions to pay in large volumes of coins, notes and cheques and complete cash exchange transactions.
 - financial education — enhanced financial literacy and capability, often an important prerequisite to tackling exclusion;
 - improved awareness of alternative routes to entering the financial system and accessing services; and
 - smarter communication of the rationale behind banking decisions and the range of alternative options that may be available to an individual.
28. Financial inclusion is a key consideration for the banking and finance industry and one that becomes ever more pertinent as we enter a more digitalised age. The advent and continuous evolution of digital as a communication and engagement model across the private and public sectors has transformed consumers' engagement not just with technology but also with their financial service provider. At the same time, while the move toward digitalisation of financial

services offers many benefits—increased access to services at all times of the day or night, lower costs and improved accuracy and efficiency, enhancing customer outcomes—it is vital to ensure that no one is left behind.

29. There is strong potential in new digital solutions such as Open Banking, which can be used to improve product innovation, encourage budgeting and cut costs. For example, Nationwide’s Open Banking for Good Challenge has picked seven fintech start-ups to take part in a challenge to develop Open Banking based applications and services that help financially vulnerable people.
30. Co-design with customers can be the key to addressing vulnerability and inclusion issues.
31. Our recent report “Financial Inclusion in a Digital Age” explored how digital and a collaborative approach to understanding consumer benefits and how these could be attained in the short, medium and long terms can help deliver an enhanced vision of inclusive customer journeys and outcomes.⁴
32. There are challenges ahead, but there are also significant opportunities for the industry to leverage inclusive-design principles to achieve better access, inclusion and support for existing and potential customers. Cross-industry collaboration and potentially government intervention will be central to delivering on the digital opportunity.

ANNEX

Key stats: cash (UK Finance *unless otherwise stated*)

There were 13.1 billion cash payments in the UK in 2017, a fall of 15% from 2016.

Debit cards overtook cash as the most frequently used payment method in 2017. Despite this, cash was still used for 34% of all payments. (In 2007, that figure was 61%.)

49 million people used ATMs in 2017, with nine in 10 users withdrawing cash from them at least once a month.

There were 2.6 billion cash withdrawals at ATMs in 2017, 2.3% less than in 2015. The total value withdrawn was £187 billion, down by 3%. LINK transaction volumes in the year to date (excluding

⁴ <https://www.ukfinance.org.uk/policy-and-guidance/reports-publications/financial-inclusion-digital-age>.

withdrawals made by customers at their own banks' or building societies' ATMs) are down by 8.5% compared to 2018. LINK transaction values in January (same caveat) were down 5.4% compared to January 2018.

ATMs were by far the most common method of acquiring cash, accounting for 85% of all cash acquired in 2017.

There were 258 million transactions acquiring cash using methods other than ATMs, such as debit-card cashback, withdrawals at counters using cards, passbooks and cheque encashment. This was a decline of 4% compared to the previous year.

The volume of ATM withdrawals decreased by 5% from 2016 to 2017 and was down by 11% from its peak in 2012.

LINK reports there were 63,200 ATMs in the UK at the end of 2018, a reduction of 5,400 (-7.9%) from 2017 but still comparable to the then-record levels in 2007-10.

Most of the fall reflected the downward trend since 2007 in the number of pay-to-use ATMs, falling over the year from 14,000 to 11,100 (-20.7%). The number of free-to-use ATMs dropped by 2,600 (-4.8%) to 52,000 from the 2017 record high.

At the end of 2017, free-to-use ATMs accounted for 79% of all ATMs in the UK but over 98% of all ATM withdrawals (in volume and value).

In 2017, there were 52,104 ATMs located not at a bank or building-society branch, a slight increase from 2016.

59% of ATMs in the UK were provided by independent deployers (IADs) rather than banks and building societies.

3.4 million consumers rarely used cash. 2.2 million consumers mainly used cash. (Even among these, 92% had a debit card, and 72% used payment methods other than cash to pay their regular household bills.)

Cash payments are forecast to decline to 6.4 billion in 2027, accounting for 16% of all payments, but will remain the second-most-used payment method in the UK.

Key stats: Post Office

99.7% of the UK population lives within three miles of a post office.

Post Office opening hours have increased by 200,000 per week as part of the modernisation programme.

Extended hours include early mornings, late evenings and Sundays. The Post Office is the largest retailer to be open on a Sunday, with over 4,000 branches.

99% of UK personal-banking customers and over 75% of business customers can do their day-to-day banking at the Post Office.

In 2018, the Post Office carried out 110 million banking transactions across its network—an average of over 200 a minute and a 6% increase from the previous year.

Evidence from the Co-operative Bank

1. We welcome the Welsh Economy, Infrastructure and Skills Committee inquiry into access to banking in Wales and are delighted to respond to some of the questions the Committee has raised.

Access to Banking - Wales

2. We have around 150,000 retail customers in Wales. Predominantly those customers hold savings accounts with us and we have around 100,000 customers residing in Wales who are party to a savings account with us. Our customers in Wales have access to branches in Caerphilly, Cardiff High Street, Cwmbran and Newport Commercial Street. All four of our Welsh branches are open Monday - Friday 09.30 to 17.00 and our Cardiff and Newport branches are also open on Saturdays from 09.30 to 13.00. Our customers are also able to use the Post Office network to service their accounts with us. Customers' residing in Wales who use our branch network are typically over the age of 50. Around 70 per cent of our branch using customers in Wales are aged 50 years or older. Around 89 per cent of our customers who use our bank branches in Wales have been a customer for five years or more, and significantly 65 per cent have been a customer for more than 10 years. We have however, seen in the last two years that the number of customers residing in Wales who hold a savings account, current account, credit card or loan is reducing, but we've seen a recent increase in the number of Welsh customers that hold a mortgage with us.
3. We also have around 4,000 small business (SME) bank accounts held by 3,660 of our customers who are based in Wales.
4. We offer telephone appointments for all customers who are unable to visit a branch but who wish to speak to a colleague about their financial needs. We offer telephone appointments to enable customers to discuss their current products and apply for new ones, as well as offering a telephone service from 08:00 to 20:00 seven days a week so customers can discuss their general banking enquiries with us.
5. We have ATMs available in Wales that are free of charge for customers and consumers to use. Our three ATM machines are located in our Cardiff and Newport branches. However, we do not have ATMs at either our Caerphilly or Cwmbran branches. The network of ATM machines within our branches is owned and operated by Notemachine. Of course our customers are also eligible to use any ATM machines, including those provided by other banks and providers.
6. As you are aware, we closed some of our branches across the UK in recent years, which included a reduction in the number of branches in Wales. However we have no plans to reduce the size of our current branch network. Closure decisions were not taken lightly, and we committed to treating both our customers and colleagues with fairness and respect throughout these changes and our closures follow the Access to Banking Standard, and prior to that followed the Access to Banking Protocol. Our branch network remains an integral part of our overall customer service offering.
7. Our accounts can be serviced by our customers via the extensive Post Office network across the country and we also recognise the importance of investing in digital and self-service channels. Work has progressed at pace to provide our customers with new, innovative ways to service their accounts, and the low footfall we have seen in some branches is due to customers embracing other forms of banking through online and digital platforms. We launched our new mobile banking app to customers at the end of last year and we are continually reviewing the features this offers and listening to customer feedback to prioritise updates and new functionality for the app based on what customers are telling us they want to see.

8. Our customers' needs are paramount and we have done everything possible to ensure that they continue to receive the high levels of service that they expect from us.

Supporting customers in financial difficulty

9. Some of our customers encounter financial difficulties. In helping them to tackle this we often found our customers' financial problems are the tip of the iceberg; there can be a whole range of underlying factors that lead to obstacles in accessing financial services and therefore as a result individuals are financially excluded. From our significant experience, we understand that if the root problems are not resolved this type of situation is likely to re-occur.
10. In the past, when we identified a vulnerable customer¹, we would signpost them to organisations such as Citizens Advice as it was a trusted organisation that could support customers with a wide range of issues. However due to high demand for the services of Citizens' Advice we found our customers sometimes were unable to get through on the phone, or our customers were experiencing long wait times to be seen by advisers. We felt it was our responsibility to help our customers access this important service without adding to the already overburdened issue of demand within the sector. With this in mind, we set up a new focused partnership with Citizens Advice in October 2016 to pay for the resource that would service and support our customers.
11. This service provides our customers with a dedicated adviser who completes a holistic assessment of customers' needs to understand all of their issues, usually within 24 hours. Since this programme launched in October 2016, we have found that 58% of customers in financial difficulty have two or more issues that have led them to be in financial difficulty.
12. To date this partnership has managed £700,000 of debt; helped 1,105 customers resolve 2,579 problems and prevented 20 families from becoming homeless.
13. Our partnership with Citizens' Advice helps people navigate the sometimes confusing benefits system, helping them to get access to funds they might not know they were entitled to; providing face to face appointments in a local office where applicable and referring within their network for advice regarding debt, energy and housing.
14. We also recognise that technology can sometimes be a barrier to our most vulnerable customers which is why we are also working with Citizens Advice to support them in running digital workshops where Co-operative Bank colleagues volunteer to show people how to get online. Once they know the basics and how to access what they need, they are also shown how to check if they are on the right tariffs for other services, such as how to consider whether they should move energy suppliers to achieve a better deal.

Financial Abuse

15. In December 2015, The Co-operative Bank launched its 'My Money, My Life' campaign² in partnership with Refuge, a charity for women and children against domestic abuse. The campaign was based on the 'Money Matters'³ report compiled by academic and now founder of Surviving Economic Abuse charity Dr Nicola Sharp-Jeffs. The report was a combined study of over 4,000 adults with academic analysis and qualitative research interviews undertaken with 20 survivors of domestic abuse who had accessed Refuge's specialist services. From the findings of the report the scale of the issue of Financial Abuse in intimate relationships in the UK was highlighted for the first time. The Co-operative Bank and Refuge then launched the joint 'My Money, My Life' campaign in December 2015 to call for more to be done by the financial services industry to identify and support victims of financial abuse. [Please see Appendix for links to the campaign webpages].
16. An important ask of the 'My Money, My Life' campaign was for the financial services industry to come together with a Code of Practice that would ensure consistent levels of support for victims of financial abuse across all financial institutions. The industry did come together through UK Finance's vulnerable customers steering group and a specific sub group on financial abuse was formed and chaired by The Co-operative Bank until

the summer of 2018. The work of the Financial Abuse steering group led to a Financial Abuse Code Practice being launched on 10 October 2018.⁴

17. This new Code of Practice represents an important step forward and is a result of the finance industry working together to do our best to support vulnerable customers who have been the victim of financial abuse. An industry wide consumer information leaflet is also now available through all the organisations signed up to the Code of Practice.
18. We're proud to have spearheaded this collective action and will continue to work closely with UK Finance members, and other financial services providers, to ensure that financial abuse is quickly identified and that the right advice and support is then given to those who are often in very vulnerable situations.
19. Since the launch of the 'My Money, My Life' campaign there has also been progress in Government on the issue of financial abuse. The Government has included economic abuse in the definition of domestic abuse for the first time in the Domestic Abuse Bill.

Conclusion

20. All customers must have the appropriate access to financial services so that they receive appropriate support and can afford somewhere to call home, as well as their future and day-to-day expenditure. At the Co-operative Bank we believe it is the role of the financial service providers to make sure that all customers are supported and can be signposted to the right place to get help. We will continue our work with Citizens Advice and in the industry to make sure that consumers have the right access to financial services in the future.

Appendix:

¹The bank defines vulnerability as a customer who requires additional support or reasonable adjustments to ensure they receive a fair outcome when engaging with The Co-operative Bank's products or services, which is a consequence of permanent or temporary vulnerability. Our colleagues would be looking for triggers of potential vulnerability and would question to find out if there was a particular need.

² Co-operative Bank Financial Abuse Campaign information: My Money My Life: [Link](#)

³ Money Matters Report: [Link](#)

⁴UK Finance Financial Abuse Code of Practice: [Link](#)

Evidence from FSB

About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

Introduction

FSB Wales welcomes the opportunity to contribute to the Economy, Infrastructure and Skills Committee inquiry into access to banking in Wales. This is a matter of considerable concern to our members with the rate of bank closures in Wales and the challenges it brings causing significant disruption to many of our members.

FSB has undertaken a significant research in this area in the past including our UK-wide publication *Locked Out: The Impact of Bank Branch Closures on Small Businesses*¹ and our campaign in Wales on the future of Welsh towns.

Q. The current position regarding access to banking services in Wales, to include issues relating to financial inclusion and digital inclusion.

Trends in branch closures across the UK

Alongside changes in consumer behaviour and rapid developments in new technology, the pace of branch closure programmes has primarily been motivated by substantial cost efficiencies for banks, which can be partly achieved by transferring more services onto digital platforms. A steady increase in new entrants to the banking sector over the last few years, many offering customers an exclusively digital experience (without the expensive legacy IT systems which are still integral to the operations of some banks), has also increased the commercial pressure on some banks to reduce costs.

According to the Competition and Markets Authority's (CMA) analysis below, in 2013 there were 10,208 bank branches operating in the UK. This fell to 9,661 by the end of 2014.¹¹ The Campaign for Community Banking Services estimates that at the end of 2015 this figure stood at 8,340

¹ FSB Wales. 2019. *Locked Out: The Impact of Bank Branch Closures on Small Businesses*. [Online]. Available at: [https://www.fsb.org.uk/docs/default-source/fsb-org-uk/fsb-bank-branch-closures-\(final\).pdf?sfvrsn=0](https://www.fsb.org.uk/docs/default-source/fsb-org-uk/fsb-bank-branch-closures-(final).pdf?sfvrsn=0) (accessed 17th May 2019).

Figure One: Total number of branches in the UK

Source: Competition and Markets Authority, August 2015

	2013	2014	Year on Year change
England	8,208	7,799	-5.0%
Scotland	1,123	1,037	-7.7%
Wales	596	562	-5.7%
Northern Ireland	281	263	-6.4%
UK	10,208	9,661	-5.4%

Further information provided by the British Bankers Association among others to a House of Commons Briefing paper highlights just how significant the trend has been across the UK, with the big six in particular reducing their bank branch presence significant.² (Also of note is the decline in post office branches, which is significant later on in this response).

UK Bank, Building Society and Post Office Branch Numbers

As at December

		1997	2000	2005	2010	2013	2014	2015	2016	2017
Barclays	1	2,541	2,261	2,029	1,658	1,560	1,488			
HBOS	2	1,361	1,166	1,064	964	956	958			
HSBC		1,668	1,668	1,513	1,311	1,172	1,079			
Lloyd's Banking Group						1,297	1,290			
Lloyds TSB	3	2,865	2,410	1,930	1,949					
NatWest		1,754	1,643	1,631	1,549	1,398	1,286			
Santander UK	4	1,051	977	712	1,175	998	921			
Big Six' total		11,240	10,125	8,879	8,606	7,381	7,022			
Other banks total		2,109	1,936	1,704	1,395	1,502	1,349			
Challenger banks total	5				83	819	845			
Total Banks (BBA figures)		13,349	12,061	10,583	10,084	9,702	9,216			
Total Banks (business Count data)					14,855	11,335	10,960	10,745	10,340	9,690
Building societies		2,537	2,361	2,148	1,672	1,548	1,563	1,551	1,519	na
Post Offices		19,020	18,393	14,609	11,905	11,077	11,696	11,634	11,643	11,659

Notes

1 includes Woolwich and Bristol and West

2. Includes Bank of Scotland, Halifax & Birmingham Midshires

3. Includes Lloyds TSB, bank of Scotland & Cheltenham & Gloucester

4. From 2009 figures include Bradford & Bingley and from 2010 Alliance & Leicester

5. Includes Metro, Handelsbanken and TSB from 2013

Sources: British Bankers Association; Building Societies Yearbook 2017/18; NOMIS Database; PostComm

² House of Commons Library. 2019. *Bank Branch Closures*. Briefing Paper No 385

Bank branch closures by institution 2007-2017

Bank	Number of branches		% Change
	2007	2017	
Co-operative Bank	355	95	-73%
HSBC	1,501	625	-58%
Clydesdale/Yorkshire	330	170	-49%
Santander	1,286	841	-35%
RBS (inc. NatWest)	2,278	1,518	-33%
Lloyds Banking Group (Halifax, HBOS, BOS)	3,042	2,038	-33%
Barclays	1,810	1,309	-28%
Nationwide	763	611	-20%
Total	11,365	7,207	-37%

Source: Retail Banker International

Whilst this decline is in itself of concern, this does not highlight the geographical discrepancies in relation to closures. The House of Commons research paper goes on to note that 1,500 communities across the UK have lost all banks with a further 840 only having one bank and only 1,100 having 3 or more.

Of further concern noted in the paper is that this trend tends to impact on more economically deprived areas with research from Nottingham University suggesting that *"the least affluent third of the population has borne the brunt of two thirds of net closures"*³. Furthermore, the comparison website Choose which conducted further research into this matter which was also included in the House of Commons Briefing concluded:

"The thing that immediately jumps off the page here is that most closures appear to be concentrated in Wales, the South West, the North East, the North of Scotland, and also certain pockets in and around London. Put differently, they appear to be concentrated in poorer areas less profitable to the major banks, betraying a logic that sadly will be useful in predicting where future closures may arise."

It is therefore clear that Wales is likely to be one of the worst hit areas of the UK in terms of bank branch closures. Indeed, our rurality is likely to provide a doubling of the impact because as opposed to many other parts of the UK, our mobile and broadband coverage tends to be poorer, particularly in rural areas, meaning there is little alternative to in branch banking.⁴

Q. The variety of ways in which branch closures and access to free ATMs can affect local communities (for instance the impacts from a business, tourism, social, demographic and regeneration perspective).

³ Ibid , P 7

⁴ Ofcom. 2018. *Connected Nations 2018: Wales Report* [Online]. Available at: https://www.ofcom.org.uk/_data/assets/pdf_file/0016/130822/Connected-Nations-2018-Wales.pdf (Accessed 17th May 2019)



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In order to understand the impact of bank branch closures on SMEs, FSB undertook a series of focus groups across the UK to inform our report *Locked Out*. In Wales, a focus group was held in Conwy that drew out some specific concerns. The main findings were as follows:

Low awareness and confidence in the Access to Banking Protocol – Small businesses affected by branch closures receive limited communication from their bank with regard to support and signposting towards alternative banking services. Awareness of consultation or engagement exercises on behalf of banks is effectively zero.

During our focus group activity, a member from Conwy noted:

“In the letter we received telling us our branch was closing they listed a number of Post Office branches we could use instead. However, a couple of these branches had already closed down as well. They listed one Post Office in the wrong address - it had moved about 12 months earlier. Their information is not up to date, which just proves they’re not researching the local area before they announce closures.”

FSB member, Conwy

Importance of access to cash and cheque clearing facilities – In spite of the increasing range of payment methods used by small businesses, cash is still vital to the operation of many local economies. Reduced footfall as a result of customers being unable to access cash is having an economic impact on local economies.

Unreliable service quality of ATMs – The limited provision and unreliability of ATM machines in some communities is a serious problem. There have even been several instances of villages and towns literally running out of money during peak periods of economic activity. One such example is Aberaeron which has also recently since seen the closure of its last bank. The withdrawal of cash machine facilities in the town led to an FSB member business taking it upon themselves to install cash machine facilities in their business to ensure that a town, heavily dependent on tourism, had any access to cash facilities at all.

This latter point of the importance of cash to tourist economies is an important one. Foreign tourists can often incur significant charges for each credit card transaction and so will prefer to use cash. The non-availability of cash facilities therefore within areas heavily dependent on tourism, has the potential to impact tourism businesses and other local businesses.

Inconsistent service offering across the Post Office network – Business banking services provided at some Post Office branches and franchises are too limited. Some services, such as cash and cheque clearing facilities, also appear to be processed more slowly than in bank branches. Other services, such as inter-account transfers and currency exchange, are not available. As the future of the network moves away from full-service post offices to franchises there is concern about the impact on small business



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access. This lack of access to such services has a direct impact on small firms, particularly those whose business is dependent on tourism.

During our focus group a member said the following:

"We recently paid cheques in at the Post Office and after ten days they still hadn't cleared. When we asked them what was going on, they said they couldn't follow up our query for another ten working days. There didn't seem to be any regard over how that might affect us."

FSB member, Conwy

Availability of deposit facilities – the withdrawal of frontline banking facilities has meant a substantial reduction in the ability of businesses to deposit cash. We have heard numerous concerns from FSB members having to drive substantial distances – in some cases, round trips of up to 70 miles to deposit cash takings from their business. This not only has an impact on time – with businesses in some cases having to close their premises to deposit cash, but also represents a safety and security issue for individuals and indeed an issue for insurance. One member previously related significant concern at having to ask a staff member to drive to deposit a significant amount of cash. Employers recognise the duty of care they have for the security of staff and so understandably, this is a real concern.

High cost of small electronic transactions – Some small businesses do not recognise the benefits of investing in new payment technology, such as card machines, due to the cost of fees on individual transactions.

Poor internet connectivity in areas affected by branch closures – Internet access to online services is often challenging due to unreliable connectivity. Activities such as processing a bill payment or registering for a service are often compromised as a result.

Concerns about cyber fraud and security – Some small businesses are concerned about the risks of accessing banking services online. A lack of confidence in the cyber resilience of digital services leads to some small businesses avoiding relevant communication channels altogether.

Branches are recognised as valuable for advice - Small businesses identify branches as an important source of advice, particularly in advance of major banking decisions. Closures create an advice gap in some communities with limited access to alternative support.

Digital skills gap - Small businesses identify a lack of digital skills as a key obstacle to their doing more online. This was a more significant issue for older small business owners. Partly as a result, businesses in rural areas are disproportionately vulnerable to both financial and digital exclusion – particularly where branch closures have recently taken place.



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Less lending to SMEs? - As well as the concerns above raised directly from our members, we are not yet certain of the impact of bank branch closures on SME lending and entrepreneurship. Research carried out by *Move Your Money* suggests a significant impact. From analysing bank branch closures mapped against postcode lending data they estimate closures dampen SME lending growth by 63 per cent, which climbs to 104 per cent for areas with their last bank in town closing. They estimate this impact to be £1.6m less lending per year for postcode affected.⁵

To understand the potential process, benefits and challenges involved with establishing a community bank with multiple branches in Wales.

FSB Wales has little information upon which to judge whether there are benefits or challenges associated with establishing a community bank with multiple branches in Wales. Thus far, we have not been consulted on any proposals and have not been able to assess whether such an institution could have a positive role to play in relation to SME banking.

If such a bank were to be created we would welcome it if it was able to create more competition and reduce the impact of bank branch closures on our communities.

That said, we believe any new bank should have a very clear business plan and should be self-sustaining. If such a bank were to be operated by public subsidy, we would question whether it would be better to task to the already existing Development Bank of Wales with some of these functions. The Development Bank has gained strong reputation amongst SMEs according to our research and is going from strength to strength in terms of its activity.⁶

We would highlight to the committee that Wales' credit unions are also able to fulfil a similar role in terms of lending direct to SMEs but few have been able to do so viably and without subsidy to date. We would be concerned if public resources were to be used to create another, potentially competing mechanism that could damage the progress made by the Development Bank over recent years.

FSB Recommendations

In our report *Locked Out* we made a number of recommendations to government to help reduce the impact of bank branch closures. Whilst many of the actions needed relate to UK Government, we believe Welsh Government should proactively lobby on behalf of

⁵ Travers Smith, Fionn, 2016. *Abandoned Communities: The Crisis of UK Bank Branch Closures and their Impact on Local Economies* [Online]. Available at:

https://gallery.mailchimp.com/c9b157c9d89ca0bdb156c5128/files/Abandoned_Communities_V2.1.pdf#page=4
(accessed 17th May 2019).

⁶ FSB Wales. 2018. *Supporting Success: Business Support Beyond 2020* [Online]. Available at:

[https://www.fsb.org.uk/docs/default-source/fsb-org-uk/final-business-support-beyond-2020-\(english\).pdf?sfvrsn=0](https://www.fsb.org.uk/docs/default-source/fsb-org-uk/final-business-support-beyond-2020-(english).pdf?sfvrsn=0)
(accessed 17th May 2019)

businesses in Wales to mitigate the impact of bank branch closures. In relation to devolved areas, there is little precluding Welsh Government being proactive in this area.

- **Banks should better communicate details of all relevant engagement activities**

Details on local engagement activities and impact assessments are often hard to find. Banks' communications to affected customers should enclose comprehensive information on all of these activities.

- **Post Office information needs to be accurate and up to date**

Banks should clearly detail any limitations to alternative banking services after a bank branch closes, and should also do more to communicate with the Post Office to ensure information signposting is accurate and up to date.

- **Transport information should be included**

The numbers and schedules of bus services and other transport links to named alternative banking sites should be similarly communicated to affected customers as part of the Protocol.

During the focus group we held a member commented: "*Parking is a real issue as there is obviously a charge for using car parks. This is another cost to banking which is often not factored in when you have to travel to the next town to deposit cash on a weekly basis.*"

- **Conduct an economic impact assessment of bank branch closures**

An analysis of the impact of branch closures on economic activity in severely affected areas should be produced. Such a study should identify what costs are being imposed on businesses in terms of productivity and whether they are forcing small business owners into inefficient practices. This could be used to identify what the future priority services and areas of the UK should be.

- **Post Office needs to create a standardised service that matches the specific needs of businesses**

FSB recommends that the Post Office develops a more consistent and standardised small business service across the UK as soon as possible, for all branches including crown, main and local models, subject to them securing referrals agreements with a number of individual banks as soon as possible. Particular care is needed in the provision of the most used services by small firms.

- **Improve small business access to the digital economy**

The UK Government's proposed Universal Service Obligation (USO) for broadband should include small business premises and increase in line with consumer requirements over time. Clearly, as the development of banking is increasingly centred on mobile services, improvements to 4G connectivity – particularly in



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rural areas – must also be a priority. Welsh Government’s mobile action plan and successor to Superfast Cymru should look to address these issues.

Conclusion

FSB Wales welcomes the Committee’s investigation of bank branch closures and access to banking more generally. This is an issue that has a considerable impact on SMEs particularly in deprived and rural communities. Whilst we accept that the nature of banking is changing, indeed in many respects this should be encouraged, we believe the consequences of this change need to be managed to ensure firms aren’t put at a disadvantage. Whilst this isn’t necessarily a devolved issue there are many supportive policies that Welsh Government could consider to help mitigate negative impacts.