

BRIEFING NOTE

AGENDA ITEM NO. 7

TO: REGENERATION SCRUTINY & PERFORMANCE PANEL
DATE: 4 SEPTEMBER 2014

RE: CLOSURE OF HIGH STREET BANKS - SUPPORTING BUSINESSES IN THE DISTRICT CENTRES

Background

A number of research reports on the viability of high street banking are available online and most predict that 50% of bank branches will close over the next 8 years. In 2013 a report published by the University of Nottingham stated that over 7500 branches had closed between 1989 and 2012 with a disproportionate concentration of closures in the least affluent inner city and traditional manufacturing areas of the UK.

The Government is committed to halt the monopoly of the 'big five' banks and give customers a wide choice around banking and there are new competitors coming into the banking sector. However, these new banks are not willing to take up the entire property portfolio that through many years of trading the banks have amassed, although Virgin Money and Co-operative Bank are moving into some 630 branches from Lloyds.

The banking industry is changing and providing customers will different methods of banking including 24 hour access to call centres, video conferencing, face recognition and improved mobile and online banking. Whilst the big 'five' seem to be committed to keep High Street Branches open they are not legally bound to such promises.

Supermarkets and high street stores are also entering the banking industry but are likely to use their existing units to trade from rather than move to additional premises on the High Street.

Potential risks to Customers / High Streets

There is still a large amount of the public who do not or cannot use internet services to access their accounts; this is more obvious with the older generation although those with low income levels may also struggle to gain access. According to data collected by the Office of National Statistics (ONS), whilst the number of over 65's using the internet is rising, in 2014 only 23% of this age group regularly used internet banking compared to 53% of the population as a whole.

Increasingly customers may be required to travel further to have face to face contact with their bank.

Town and District Centres may suffer from an increase in vacant units and potentially will lose footfall when bank branches close down which could in turn impact on other businesses. In recent years, Santander has closed in Willenhall and Aldridge and Halifax has also closed its branch in Aldridge. More recently NatWest closed in Bloxwich and Barclays is due to close its branch in Brownhills in October.

Addressing the issue

The closure of banks is a nationwide concern and not just relative to our district centres. Whilst we cannot prevent the pace of the technological revolution which has also impacted on the loss of other national retailers from our centres, including the reduction in post offices, there are a number of ways in which the Town & District Centre Management Team are working to mitigate the impact.

Each centre benefits from a comprehensive database of intelligence collected by officers which can be used to proactively target new users to units even before they become vacant. In addition to this, businesses already aware of the assistance offered by the Town & District Centres Management Team often signpost other businesses, local landlords or other potential investors to the service. Examples of the success include securing end users for Wetherspoons in Bloxwich, Little Rascals in Darlaston and the 99p Store in Willenhall.

Officers work alongside businesses in the centres and through the district centre partnerships agree priorities for the forthcoming 12 months which is the basis for the partnership's action plans. The partnerships also deliver a five year strategic plan showcasing the wider objectives that the District Centres want to achieve in the long term. The initiatives implemented within the centres have strengthened the confidence of businesses. For example, the development of the Town Centre Partnership within Bloxwich District Centre has resulted in a business owner substantially investing in his existing business and premises and through signposting he is now interested in purchasing the freehold of the Natwest Unit in Bloxwich District Centre. This particular business was seeking an alternative location away from Bloxwich less than 3 years ago.

There are a host of marketing tools and events that are implemented to support local businesses and attract footfall. Such tools include the Shop Smart, Shop Local Campaign and Shopper's Guides which operate in all 5 district centres. Social media also plays a fundamental role in marketing the district centres and each partnership has its own twitter and Facebook account which are growing in strength every year.

The delivery of bespoke events has raised civic pride and the profile of the centres and ultimately helped prevent leakage to other competing town centres. 10 events a year are run across the five centres with footfall figures ranging from 4000 – 7000 people per day. Businesses regularly report quite significant increase in retail sales during these events, which has led to the team trialling 3 day events during summer 2014.

Each centre enters the national Heart of England in Bloom competition and in 2013 the centres received 2 Gold and 3 Silver awards. The initiatives carried out in support of this competition ensure the centres are clean, attractive and accessible but more importantly attract the buy in from the private and third sector as well as delivering projects that are sustainable in the longer term.

In economic conditions where 31 pubs a week are closing in Britain, the work of the Town & District Centres Management Team has helped to buck this trend and by working with the breweries and private landlords substantial improvements to public houses have been made in our centres. The main project driving this investment is Pubs in Bloom which has supported approx 350k worth of investment over the last two years.

Receiving recognition is important to businesses as it helps build confidence and in addition to the above Bloxwich received a Town Alive Award and others received national accolades for the innovative and inspiring work carried out around supporting and sustaining the centres.

Working in partnership with other service areas such as Highways and Clean and Green the team have been making sustainable changes to the district centres to improve their visual aesthetics as this was highlighted on a number of business surveys as one of the biggest barriers to business growth.

Consultation is undertaken through the district centre partnerships as to what projects and interventions are carried out by the Town & District Centres Management Team. An emphasis on reducing vacancy rates has been a priority for all areas for several years. The outcome of such initiatives is provided to the partnerships and businesses within the centres via the production of Annual Plans

In January 2014 there were approximately 857 businesses operating within the five district centres employing about 7500 local people. This was an increase of over 500 jobs compared to the same time in 2013.

With the national retail ground floor vacant unit rates being 10.6% (SpringBoard April 2014) the average for Walsall's district centres in Jan 2014 was 6.5%. Over the last five years the district centres have bucked the national trend and shown a year on year reduction in ground floor vacant units within even our most disadvantaged town centres.

Conclusion

The closure of banks is a nationwide concern and not just relating to our district centres. Whilst we cannot prevent the pace of the technological revolution we will continue to engage with district centre banks in the same way that we do with other district centre businesses so that we are aware of their intentions at the earliest opportunity. We will continue to work with existing and new businesses as well as other Council service areas to ensure that our district centres are as attractive as possible to existing businesses, potential investors and our residents.

Recommendation

To note the contents of this report.

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