

Labour will protect the high street by ending damaging bank closures

Labour will introduce major changes to bank law to prevent banks forcing through closures of vital high-street banks

As part of Labour's plans to rejuvenate the high street and protect local communities, the next Labour Government will make major changes to the banking law that will prevent banks closing their vital high-street branches and damaging local communities and small businesses.

Despite the introduction of an "Access to Banking Protocol" to prevent closures by this Conservative Government, the Consumers Association reports that 1,046 local bank branches closed in the UK between December 2015 and January 2017, with another 486 already scheduled for closure this year.

But the Big four banks made over £11bn profits from their high street banks in 2015, and can afford to provide this vital customer service instead of prioritising cost-saving measures that damage communities and small businesses.

Over two-thirds of small businesses claim that a local bank branch is important and lending to small businesses has been found to drop by 63 per cent in areas with a recent bank branch closure. For deprived communities and households, loss of a local bank branch significantly diminishes their abilities to access even basic financial services. Older people are significantly less likely to use internet or phone banking services.

Labour believes tougher action is needed on our major banks to prevent them putting their profits first and making short-sighted and damaging decisions. We will replace the toothless Access to Banking Protocol with the force of the law to bring banks into line.

Shadow Chancellor John McDonnell, will say:

"High street bank closures have become an epidemic in the last few years, blighting our town centres, hurting particularly elderly and more vulnerable customers, and local small businesses whilst making healthy profits for themselves. It's time our banks recognise instead that they are a utility providing an

essential
public service.

“Only Labour will put in place the legal obligations needed to bring banks into line and stand up for our high streets, communities and small businesses.”

Emeritus

Professor, Prem Sikka, University of Essex, who advised on the policy, said:

“Banks receive considerable financial support from the public and in return should be required to provide financial infrastructure that meets the needs of individuals and businesses.”

ENDS

Notes:

1. A future Labour government will broaden the duties of the Financial Conduct Authority (FCA) and amend relevant provisions of the Financial Services and Markets Act 2000 (FSMA), particularly Part 4A of the Act, which authorises banks to carry on the regulated activity (i.e. the ‘banking licence’). These amendments would require banks to accept the conditions laid down below:
 - a. Prior to the closure of any branch, banks must undertake a consultation with all customers of the branch which it proposes to close. It must also consult representatives of the relevant local council.
 - b. The bank must publish details of the reasons for closure, including financial calculations showing the revenues and costs of the relevant branch. The share of central costs (e.g. accounting systems, IT, cyber security, personnel function) allocated to the branch must be separately identified, especially many of these costs are relatively ‘fixed’ and are not proportionate to the number of branches.
 - c. The consultation process must be overseen by the FCA, and the FCA must ensure that the closure of the branch does not degrade the local financial infrastructure. The closure of the branch must not make the local community worse-off.
 - d. The FCA’s approval will be needed for any branch closure.
 - e. Upon approval by FCA, customers and local communities must be given 3 months’ notice to enable them to make appropriate arrangements.

2. Labour will amend the statutory objectives, as given at s.9B of the FSMA 2000, of the Financial Policy Committee should include a new objective, the “Consumer Protection Objective”, which will oblige the FPC to oversee (i) the accessibility of financial services to geographic communities in the UK, and (ii) the availability of financial services to all sectors of the population.

3. The

British Bankers Association found that 68 per cent of small businesses survey thought that having a bank branch on the high street was important. See Barty,

J and Ricketts, T. (June 2014), *Promoting competition in the UK banking industry*

4. Move

Your Money research found that “Before a branch closure, lending for SME’s within a given postcode grows from one quarter to the next by 2.13 per cent on

average. But after a branch closure in that postcode, average Q-2-Q growth in SME lending drops to only 0.79 per cent – a staggering 63 per cent reduction.”

Travers-Smith, F. (July 2016), *Abandoned Communities: the crisis of UK bank branch closures and their effects on local communities*

5. The Social Market Foundation found that 11% of the population (7m people) use no other banking service than their local high street branch, and that these are overwhelmingly older and/or poorer. See Evans, K. (January 2016), *Bricks and Clicks: Understanding How Consumers Manage Their Money*, London: Social Market Foundation

6.

Bank branch closure figures from Goodman, R. (December 2016), “Revealed: 1,000 bank branches shut in two years”, *Which?*

7. Banking high street profits given in Travers-Smith, F. (July 2016), *Abandoned Communities: the crisis of UK bank branch closures and their effects on local communities*, p.13

Month after month the Conservatives are missing key targets for cancer, ambulance response times and A&E

waiting times – Jonathan Ashworth

Jonathan

Ashworth MP, Labour's Shadow Secretary of State for Health, commenting on the latest Combined Performance Summary from NHS England, said:

“Yet

again, these shocking figures present stark evidence of the ongoing crisis facing our NHS. On almost every measurement, this February is the worst February on record which is a damning indictment of the Tories' record of failure on the NHS.

“Month

after month, the Conservatives are missing key targets for cancer, ambulance response times and A&E waiting times. Hospitals remain overstretched and understaffed, and morale amongst our hard working staff continues to be challenged by the unprecedented pressures they regularly face.

“This

Tory Government has failed to get a grip on the situation facing our NHS and it's patients and staff who are paying the price. Labour is urging the Government to take immediate action so that we never face a winter crisis like this again.”

Grammar schools will do nothing to help the overwhelming majority of working families across the country – Angela Rayner

Angela

Rayner MP, Labour's Shadow Education Secretary, commenting on Justine Greening's plan for a 'new generation' of grammar schools, said:

“The

facts are clear, grammar schools will do nothing to help the overwhelming majority of working families across the country.

“The

Government's attempt to fiddle the figures to support their discredited and divisive policy does not change the basic reality that for the overwhelming

majority, academic selection is a barrier to social mobility, and the Government's plans to return to the days of secondary moderns will only make this worse.

"While the Government only look to improve the educations of a privileged few, Labour will improve outcomes for all by delivering free school meals to every primary school pupil in England."

Labour will use £200 billion government purchasing power to upgrade our economy

Corbyn: We will use the £200bn government spends in the private sector and powers taken back from Brussels to upgrade our economy and create good jobs

Speaking at Wabtec train maintenance company in Doncaster this afternoon, Jeremy Corbyn will pledge that the next Labour government will use the enormous £200 billion national and local government spends in the private sector to upgrade our economy, create good local jobs and reduce inequality.

This will include requiring best practice from firms government does business with:

- paying tax
- workers' rights
- equal opportunities
- environmental protection
- training and apprenticeships
- paying suppliers on time, and

boardroom excess, by moving to a 20-1 limit on the gap between the lowest and highest paid.

He will also announce how Labour would use powers repatriated from Brussels after Brexit to create high quality local jobs, develop new industries and support good domestic businesses – large and small. This would mean allowing public bodies to support local jobs and businesses with local employment and content requirements.

Jeremy Corbyn will also call on the government to consider extending the rights of local authorities in left-behind areas to require local suppliers and jobs in public contracts, in relation to World Trade Organisation procurement rules, as has happened in the US.

Jeremy Corbyn, Leader of the Labour Party, speaking at the event, will say:

“For years we’ve been told that there’s nothing that can stop the race to the bottom in the jobs market that is making people’s lives harder and holding back our economy.

“Well, today I say, Britain doesn’t have to be so meek, and settle for things getting worse and more insecure for so many. We can make the change we need if we understand the power we already have – and how we can better use it.

“National and local government spends £200 billion per year in the private sector. That’s an incredible purchasing power, which we can use to support the good companies and improve the behaviour of the bad ones that undercut with unfair practices.

“Under the next Labour government, Britain will subsidise bad corporate behaviour no longer. Our business partners should have the same values we as a country hold: enterprise, fairness, high-quality service and doing right by everyone.

“And while Brexit presents many challenges to Britain, it can give us more powers to encourage best practices and support new and existing businesses and industries in Britain.

“While the Conservatives seem intent on using Brexit to turn us into a low-wage tax haven, Labour will use every power possible to upgrade our economy so we can all lead richer lives.”

Ends

Notes to editors:

1. Require all companies bidding for a government contract to meet the following:
 - a) Give full trade union recognition for their workforce and comply with collective bargaining agreements
 - b) Move towards a ratio of 20-1 between the lowest and highest paid, matching the target in the public sector, over a transitional period
 - c) Pay their suppliers the full amount owed within 30 days
 - d) Maintain high environmental standards in relation to energy use, emissions and waste disposal, while taking appropriate measures to aid the transition to a low carbon economy
 - e) Provide training and apprenticeship opportunities proportionate to firm size
 - f) Full tax compliance
 - g) Adopt best practices in equal opportunities

This is all possible within existing EU rules, provided it's done on a non-discriminatory basis. In particular:

The 2014 EU Directive expressly requires Member States to take into account the widest possible range of social and environmental considerations, as well as price, when buying goods and services for the public sector.

In UK law, the Public Services (Social Value) Act 2012 requires authorities that are engaging in certain procurement exercises for services, to consider first how the proposed procurement might improve the economic, social and environmental well-being of their area, and how these

improvements might be secured. The Act applies to England, and to Wales to a limited extent.

2. For government contracts that fall outside the WTO General Procurement Agreement (GPA), we would introduce local jobs and content requirements to allow public bodies to use local pounds on local jobs and businesses.

Currently, both EU and the WTO General Procurement Agreement (which the UK is a member of in virtue of being in the EU) require that public procurement contracts above certain thresholds be opened up to potential suppliers from other countries. These thresholds are £5,446,950 for construction contracts, £141,621 for central government contracts for goods and services, and £217,878 for subcentral government contracts for goods and services.

The thresholds for central government entities are 130,000 Special Drawing Rights (SDRs) for goods and services, and 5m SDR for construction; UK central government bodies that are covered by the GPA are listed [here](#) (at the bottom of the document). The thresholds for sub-central government entities are 200,000 SDR for goods and services, and 5m SDR for construction; these include county council and city council procurement bodies, as well as local schools, fire authorities, NHS procurement etc. Calculations above are made on the basis of a 1SDR = £1.09 exchange rate.

Below these thresholds, much procurement is opened to suppliers in other EU member states because of principles that are part of the Treaty on the Functioning of the European Union. Leaving the EU should therefore create scope for additional flexibility for public authorities to require the use of local or regional suppliers after Brexit below these thresholds. That would allow procurement contracts below GPA thresholds to contain local jobs and content requirements, directing public money back into local economies.

“As regards below-threshold procurement, the practical importance of covering this may depend on the extent to which regional or local discrimination is prohibited internally in the UK, since this kind of discrimination may provide the greatest barrier to market access.” Source: Sue Arrowsmith, [Consequences of Brexit in the area of the public procurement](#),

April 2017

In 2012 the UK had €96.8 billion of public procurement contracts

above threshold. Of these contracts, €74.4 billion (or 77%) were covered by the GPA and €22.4 billion (or 23%) were not. Since 2012 there the GPA has been revised and EU procurement directives have been updated. In 2015, the UK spent €127.56 billion on above threshold public procurement. This is roughly a third to a half of all procurement spending, implying that at least half falls under thresholds.

These figures are indicative figures only. They are provided by the House of Commons library with the following notes:

2012 figures are from WTO Committee on Government Procurement, [STATISTICS FOR 2012 REPORTED UNDER ARTICLE XIX:5 OF THE AGREEMENT: REPORT BY THE EUROPEAN UNION](#), June 2016 – UK annex (annex 29), Total table

2015 figure is from European Commission, [Public Procurement Indicators 2015](#), December 2016 – this figure is based on the value of tenders published in the EU TED (OJEU) database, including for utilities and defence. Tenders must be published in the database if they are over threshold. The database – and therefore the statistics – do include some tenders that are under the threshold – about 8% of UK tenders are under the lowest of the thresholds.

There are a couple of ways to calculate total public procurement spend and these affect the calculation of the proportion of all spending that is above threshold – figures from the Whole of Government Accounts give a lower total (and a higher proportion) as they exclude public sector purchases from the public sector itself.

3. Labour is calling on the Government to do an impact assessment of the level and extent of coverage of the GPA on “left behind” local authorities

The UK is currently subject to the GPA as a member of the EU, but not in its own right – the government is apparently “considering the UK’s position” as to whether it will seek to remain a member after Brexit.

<https://www.publications.parliament.uk/pa/cm201617/cmselect/cminttrade/817/81705.htm>

While the USA is signed up to the GPA, there is significant variation in the level of coverage across different states. Only 37

of the 50 states are included in the GPA, and, among those that are, the GPA has extensive coverage over public spending by the states of, for example, Washington and California and much more limited coverage in Mississippi and Hawaii.

https://www.wto.org/english/tratop_e/gproc_e/gp_app_agree_e.htm

The USA and Canada also have higher thresholds for sub-national contracts for goods and services than the UK currently does within the EU.

355,000 SDR compared to 200,000 SDR for EU countries, see

https://www.wto.org/english/tratop_e/gproc_e/thresh_e.htm

Given the restrictions imposed by the GPA on local authorities, Labour is calling for an impact assessment of different levels of GPA coverage on local authorities in the UK and of the thresholds to which they are currently signed up.

In 2014/15, UK public sector procurement was worth £191.7 billion. Of this, £68.9 billion was local government procurement and £115.5 billion was central government (including NHS) procurement. Note that these figures do not include public sector procurement from other parts of the public sector. Source: House of Commons Library.

The Inspectorate is clear, police funding and police numbers have been cut under the Tories – Abbott

Following today's publication of the PEEL report on the effectiveness of

individual police forces in England and Wales, **Labour's Shadow Home Secretary Diane Abbott said:**

"HMIC has previously warned that the police are not well equipped to prevent crime. These individual assessments of police forces show that verdict is fully justified.

"We have some police forces artificially lowering demand, crimes being written off and fewer arrests being made, even for serious crimes. HMIC also found that in some forces key capabilities, such as skilled investigators and community policing are insufficient or are declining.

"We should be clear. This is not the fault of the police forces of individual officers. The government is in denial, but the Inspectorate is clear, police funding and police numbers have been cut under the Tories. This is where the problem lies. These problems of police effectiveness are a Tory failure."