

REPORT TO: POLICY AND RESOURCES COMMITTEE - 12 FEBRUARY 2007

REPORT ON: CONSULTATION ON THE POST OFFICE NETWORK

REPORT BY: ASSISTANT CHIEF EXECUTIVE (COMMUNITY PLANNING)

REPORT NO: 79-2007

1. PURPOSE OF REPORT

To inform members of a consultation document on the future of the Post Office Network and to recommend a response.

2. RECOMMENDATIONS

It is recommended that the Committee should:

- i) welcome the recognition in the consultation document that post offices have an important social and economic role in communities, and the commitment to maintaining and funding a national network with criteria for access to ensure appropriate coverage by post offices at a local level.
- ii) propose that, for the purposes of the access criteria, the definition of deprived urban areas should be extended to include those areas falling within the 20% most deprived areas rather than 10% as suggested in the consultation document, and that post offices in such areas should not be closed unless there is another post office within half a mile
- iii) suggest that, in considering the accessibility of post offices, account needs to be taken not only of distance but how the people most affected cope with that distance. This will involve considering factors such as the age profile of the population served, levels of car ownership and availability of public transport
- iv) note that any specific proposals to close post offices will be subject to public consultation and the Council will have an opportunity to comment on and object to any proposals affecting Dundee, but respond that the period for public consultation should be ten weeks rather than six weeks as suggested in the consultation document
- v) express the view that any closure proposals should be made on a strategic basis, in accordance with the access criteria, and should not be driven by the decisions of sub postmasters to apply for the compensation package available
- vi) express the view that Post Office Ltd's consultation on area proposals should be on the basis of local authority areas rather than Parliamentary constituencies
- vii) suggest that consideration be given to applying some of the ideas from the outreach projects piloted in rural areas to those parts of urban areas least well served by post office services.
- viii) welcome the suggestion that devolved administrations and local authorities could play a role in influencing how postal services are best delivered in the future, but suggest that the investigation of this role should begin sooner than 2011 as suggested in the consultation document.

- ix) agree that the possibility of community ownership of parts of the post office network should be explored.
- x) note that the Council continues to support local post offices by accepting payments of rent and Council Tax through the post office network

3. **FINANCIAL IMPLICATIONS**

This report has no direct financial implications for the Council.

4. **SUSTAINABILITY POLICY IMPLICATIONS**

The report has implications for a number of objectives in the policy framework for tackling poverty and social exclusion, in particular as this relates to the provision of services for groups of people who are likely to suffer from poverty and to the development of infrastructure on which communities depend. One of the recommendations is designed to protect the interests of people living in deprived areas.

5. **EQUAL OPPORTUNITIES IMPLICATIONS**

The report has implications for groups covered by the Council's policies on equal opportunities, including people with disabilities and people in long term unemployment, for whom convenient access to local post offices may be particularly important.

6. **BACKGROUND**

- 6.1 In December 2006, the Department of Trade and Industry published a consultation document on the post office network. (copies of the full consultation document are available from group secretaries and in the members lounge)
- 6.2 The consultation document acknowledges that post offices play an important social and economic role in the communities they serve, ensuring in particular that people who are elderly, disabled or socially excluded have access to cash and benefits, bill payment facilities and postal services. However, new technology, changing lifestyles and a wider choice of ways to access money, pay bills and use government services mean that people are visiting post offices less often. Last year, 4 million fewer customers visited a post office branch each week compared to 2 years previously, and the network's losses increased to almost £4m a week. The consultation document says there is a widespread, if reluctant, consensus that the current network of over 14,000 post offices is unsustainable in its present form. While the government remains committed to maintaining a national post office network, it believes that a new policy and financial framework is necessary to put this network on a stable footing. This will involve some reduction in the size of the network, particularly among the least used post offices and those making the biggest losses, but this will be carefully managed to ensure that communities with the greatest social needs do not lose access to post office services.
- 6.3 The main proposals in the consultation document can be summarised as follows:
 - The government will make substantial funding available over the next 5 years to support the re-structuring and modernisation of the post office network and provide ongoing support for the social network up to current levels. It is also recognised that there will be a need for ongoing subsidy beyond 2011.
 - New access criteria are to be introduced to ensure coverage by post offices at an appropriate level, including criteria to protect vulnerable customers. These include:

- nationally, 90% of the population to be within 1 mile of a post office outlet and 99% within 3 miles
 - in urban areas, 95% of the population to be within 1 mile
 - in deprived urban areas, 99% of the population to be within 1 mile (deprived urban communities are defined in the consultation document as those in the 10% most deprived areas identified by the indices of multiple deprivation)
 - Up to 2,500 post offices to be closed over an 18 month period from Summer 2007, giving priority to protecting vulnerable communities. Post Office Ltd will be asked to develop local plans which fit within the framework of the access criteria outlined above and will be subject to public consultation with customers and other organisations.
 - Support for Post Office Ltd to open new outreach locations to provide support to small remote communities, building on the success of pilot projects including mobile post offices and offices hosted in other locations such as village halls, community centres and pubs.
 - Support to enable Post Office Ltd to expand into new areas of business and to restructure and modernise the network of Crown post offices.
 - For the longer term, beyond 2011, to investigate what role local authorities in England and the devolved administrations in Scotland, Wales and Northern Ireland might play in influencing how postal services are best delivered in future.
 - Although not discussed in any detail, the consultation document also invites comments on the practicality of community ownership of parts of the post office network, which might involve the transfer of assets to community organisations and/or the establishment of local mutual or co-operative organisations to own and run local post office services.
- 6.4 Overall, the government believes that its proposals strike a balance between the cost to taxpayers of financing the social role of post offices and the needs of the most vulnerable groups of customers, particularly in rural and deprived urban areas.

7. THE COUNCIL'S RESPONSE

- 7.1 While acknowledging the interests of the Government and Post Office Ltd in the costs of maintaining the post office network, the primary interest of the Council is likely to lie in protecting, where possible, the best possible access to post offices for people living in the city, in particular for those groups who most rely on access to local services.
- 7.2 It is therefore recommended that the Council welcome the recognition given in the consultation document to the important social and economic role of post offices in local communities, along with the commitment to maintain and fund a national network with criteria for access to ensure appropriate coverage at a local level.
- 7.3 In terms of the access criteria, the consultation document suggests that 99% of the population in deprived urban areas should be within 1 mile of a post office outlet. However, deprived areas are defined as those in the 10% most deprived areas as identified by the indices of multiple deprivation, and it is recommended that the Council propose that this definition be extended to include the 20% most deprived areas. This would bring the definition more into line with the criteria used to identify community regeneration areas. These were largely based on areas in the 15% most deprived but also include areas of the 20% most deprived where these form part of natural communities with the areas of even greater deprivation. It is also recommended that the particular needs of deprived areas are recognised by expressing the view that post offices in such areas should not be closed unless there is another office within half a mile.

- 7.4 Also in terms of the access criteria, it is suggested that account needs to be taken not just of distance from a post office but how people would cope with that distance. This will involve considering factors such as the age profile of those most affected, levels of car ownership and availability of public transport.
- 7.5 The consultation document states that closure proposals will be developed on a strategic basis in compliance with the access criteria. However, it also states that, wherever possible, the Department of Trade and Industry expect Post Office Ltd to match closures with offices where sub postmasters have indicated a willingness to retire from or leave the business. It is recommended that the Council express the view in its response that any closure proposals should be made on a strategic basis and not be driven by sub postmasters wishing to access the compensation package available.
- 7.6 The consultation document discusses a number of outreach projects which have been piloted in rural areas which would otherwise be a considerable distance from post office outlets. These include, for example, regular visits by mobile post offices and services being hosted by shops, halls and churches. It is suggested that the Department of Trade and Industry and Post Office Ltd may wish to consider whether similar ideas may help to supplement services in those urban areas furthest away from mainstream post offices.
- 7.7 It is recommended that the Council welcome the proposal to investigate the role that local government and the devolved administrations might play in influencing how postal services are best delivered in future, but to comment that this investigation should begin as early as possible, rather than being seen as an issue for the longer term beyond 2011 as suggested in the consultation document.
- 7.8 Members should note that any specific proposals to close local post offices will be subject to public consultation, giving them the opportunity to comment and object. The consultation document talks about a six week period for public consultation but it is recommended that the Council's response calls for this to be extended to ten weeks to allow more time for consultation, research and reporting. The document also refers to area plans for closures being developed on the basis of Parliamentary constituencies but it is recommended that this should be done on the basis of local authority areas.
- 7.9 Although not discussed in any detail in the consultation document, comments are invited on the practicality of community ownership of parts of the post office network. The Council has previously suggested that the option of community ownership or mutualisation should be examined in relation to changes in the water industry, so it is recommended that the Council response should agree that options for postal services being run by mutual or co-operative organisations should be explored.
- 7.10 Members may also wish to note that the Council continues to support local post offices by accepting payments of rent and Council Tax through the post office network.

8. CONSULTATIONS

The Chief Executive, Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) have been consulted on this report.

9. **BACKGROUND PAPERS**

The Post Office Network: A Consultation Document
Department of Trade and Industry - December 2006

Chris Ward
Assistant Chief Executive (Community Planning)..... 06/02/2007