

PRINCIPAL SCRUTINY COMMITTEE

16 November 2009

POSTAL SERVICES INFORMAL SCRUTINY GROUP REVIEW

REPORT OF THE CHAIRMAN, CLLR BARRY LIPSCOMB

Contact Officer: David Lumby    Tel No: 01962 848139    dlumby@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

This report describes the work and conclusion of the Postal Services Informal Scrutiny Group.

Principal Scrutiny Committee noted public concerns regarding a worsening service following sub-post office closures and the relocation of the Winchester Crown Post Office, and agreed to undertake a scrutiny review of the impact on residents and on business from the changes to the Post Office over the previous 12 months.

The ISG assessed the impact of the post office closures through evidence given by businesses and parish representatives. The ISG also interviewed representatives from the Post Office and WH Smiths.

Members concluded that the Network Change process had been thorough and fairly administered. Outreach services put in place to mitigate the closures were for the most part successful. However, in light of the next phase of Network Change, the City Council should be proactive in supporting existing rural branches and direct them to sources of support.

The Group noted that there had been a degradation of service at the Crown Post Office in Winchester since its move to WH Smith, which was largely due to a high

turnover of staff during the bedding in period. Assurances have been given by Post Office staff that this will improve, however the City Council should monitor and review this situation.

### RECOMMENDATIONS:

That Principal Scrutiny Committee:

- 1 Considers the report and whether the review has adequately scrutinised issues relating to Postal Services, as defined in the Group's terms of reference.
- 2 Asks Cabinet to agree the following recommendations:  

Winchester City Council should:

  - (a) Work with the County and District Councils through the Hampshire Economic Development Partnership to co-ordinate support for rural retail businesses operating across local authority boundaries, and identify those businesses particularly those providing postal services that may be at risk if further reductions in the Post Office Network are forthcoming in 2012 and beyond.
  - (b) Support initiatives instigated by the Local Government Association detailed in Appendix 3 that seek to support the post office network as a more viable business, independent from Government subsidy.
  - (c) Investigate the possibility of extending the range of payments due to the Council that customers can make through the post office and using post offices as an information point for Council services.
- 3 Review Cabinet's consideration of the above recommendations at its next meeting, to be held on 18 January 2010.
- 4 Review Cabinet's implementation of the above recommendations in twelve months time, at its meeting to be held November 2010.

## OTHER CONSIDERATIONS:

### 1 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 1.1 One of the five outcomes in the Community Strategy is 'Inclusive Society' and this in-depth review into postal services and the impact of the programme of post office closures accords with the priority to improve access to services.

### 2 RESOURCE IMPLICATIONS:

- 2.1 The review presents ideas to Cabinet for improvement. Some of these have no specific resource implications but others would either need to divert existing resources or identify new resources to be achieved. If the recommendations are accepted, further work will take place to identify resource requirements.

### 3 RISK MANAGEMENT ISSUES

- 3.1 A risk assessment has been completed in accordance with the Council's Risk Management Methodology and the existing controls in place mean that no significant risks (Red or Amber) have been identified.

## BACKGROUND DOCUMENTS:

Working documents held in the Partnerships, Communications and Improvement Division.

## APPENDICES:

Appendix 1: Citizens Panel 14. Questions regarding use of post office.

Appendix 2: 'Six Steps to a Sustainable Post Office Network. A report by the National Federation of Sub-Postmasters.

Appendix 3: 'Supporting Post Offices'. A briefing paper produced by the Local Government Association.

Appendix 4: Postal Services Informal Scrutiny Group Report.

## Citizens' Panel 14 August/September 2009

### Use of Post Office

**7** How often do you use your local post office?

Daily	Twice a week	Once a week	Once every two weeks	Once a month	Two or three times a year	Less than once a year	Do not use
4.6%	18.4%	19.5%	19.5%	21.6%	12.0%	1.3%	3.1%
							<i>Please go to question 10?</i>

**8** What is the name & location of your local post office?

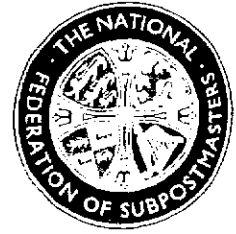
**9** Which of the following services do you use the post office for? *(Please tick all that apply)*

Post Letters	81.6%	Collect Letters	14.4%
Post Parcels	83.8%	Collect Parcels	26.1%
Pay bills	15.1%	Pay car tax & licence	41.0%
Foreign currency service	25.6%	Passport services	24.1%
Accessing Post Office Card account	3.8%	Accessing Other Bank accounts	9.5%
Collecting pensions	4.1%	Insurance services	2.6%
Saving & Investment services	10.9%	Post Office Credit Card/Loan	0.7%

**10** Have you used any online Post Office Services?

Yes
26.7%

No
73.3%



# Six Steps to a Sustainable Post Office Network

A Report by the National Federation  
of SubPostmasters



# Foreword from the General Secretary



After many years of contraction and decline in the UK's post office network, the country faces a stark choice. We

can continue down the path of further closures, loss of work, and general indifference, or we can change things by being bold and decisive. We should not countenance another post office closure programme, which would rip the heart out of even more communities. We can proudly proclaim that the presence of a post office in a village, town or city, forms part of the social and economic glue - holding both communities and retailing together. As a nation, we must understand the importance of local businesses to local people, allowing them to access products and services within their own community, offering focal points for social and face-to-face interaction.

Our network of 12,000 post offices is a unique national asset, and a crucial part of the nation's infrastructure. They not only provide goods and services, but can be utilised by government at all levels to reach communities at all levels. In these difficult times if, for example, the banks ceased to function for a period of time, post offices could be utilised to ensure that the 22 million benefit and allowance claimants were still able to receive their payments.

Government at all levels - local, devolved and central - needs to step up to the mark and make a definite

decision to pass as much work as possible through this great network. The work must be at a realistic price so it is profitable to both Post Office Ltd and subpostmasters.

We have heard comforting words regarding potential new work for the post office network. The time has now come when the words need to cease and when the actions need to take place.

We must start on this new course by fully utilising this exemplary model of public/private partnership between government and subpostmasters as self-employed business people by putting more government business through the network.

The time is right to create a new, trusted, British Postbank backed by the government, with no hidden toxic assets - a bank that will be present in 12,000 local communities offering products, encouraging saving, and bringing banking back to its local roots for both individuals and small/medium enterprises.

It is time to be bold. It is time to be decisive. It is time to once again give the country a Post Office it can be proud of.

A handwritten signature in black ink that reads "G. Thomson".

George Thomson

# Executive Summary

The UK's post office network is a national asset, a key part of the social and economic glue which binds local communities and economies together across the UK.

The network offers a currently massively underused capacity for the provision of government, banking, mail and other services in a trusted, accessible, face-to-face environment. The NFSP believes that the post office network is a vital resource which should be utilised to the full, rather than regarded as a problem to be addressed.

Guarantees of more work are required to maintain a network of 12,000 Post Office outlets, with the network's high levels of trust and unrivalled geographical reach used to provide new and innovative services for the public. The NFSP believes that government must think *'Post Office first'* when developing new and renewing existing contracts for government services.

The NFSP's six step plan outlined below serves as an action plan to achieve a sustainable post office network.

## **Step 1: Central government services**

Despite the huge reduction in recent years of central government services at post offices, the network remains the natural home for citizens to access the full range of UK government services. Ministers must make greater use of this opportunity.

### **Key recommendations**

- ☒ Ministers should maintain and increase the number of central government services available at the Post Office.
- ☒ The government should introduce a face-to-face service at the Post Office for all aspects of government information, transactions and services.
- ☒ Clear and equal prominence must be given to the Post Office as an option for accessing government services.
- ☒ A joined-up, long-term approach across government to the provision of services through the Post Office is essential.

## **Step 2: Devolved and local government**

Local authorities and devolved government have a critical role to play in supporting the post office network – by ensuring the provision of council services through local post offices and providing a strategic framework to achieve this.

### **Key recommendations**

- ☒ Local authorities must ensure the provision of council services through local post offices.
- ☒ Central co-ordination of this service is required.
- ☒ Local authority ownership is not a viable model for post offices.
- ☒ Devolved government must show leadership by providing rates relief and grant funding for post offices, and by enabling councils to play their full role.

### **Step 3: Banking and financial services**

The post office network's geographical reach and high levels of trust present an enormous opportunity to increase banking provision for communities and small businesses throughout the UK.

#### **Key recommendations**

- ☒ The Post Office card account (POCA) remains vital for the post office network and its functionality should be increased.
- ☒ The government must urgently commit to the establishment of a Postbank at the Post Office.
- ☒ Full access to all UK high street bank accounts should be available at post offices.
- ☒ Financial services are important but as yet do not provide significant income for subpostmasters.
- ☒ A comprehensive range of bill payment services is essential to the network's income.

### **Step 4: Mail**

Mail services are of vital importance to post offices. The post office network is the natural home for all mail needs, and should remain so in a rapidly changing market.

#### **Key recommendations**

- ☒ Post offices must remain the hub for all social and small business mail needs.
- ☒ Opportunities for post offices to offer new mail services and to work with other mail operators must be explored but are unlikely to provide significant new income.
- ☒ Protection is required for 900 mailwork post offices threatened by potential Royal Mail sorting and delivery office closures.

### **Step 5: Network size and support**

It is essential that there are no further post office closures. To achieve this, as well as new work for post offices, commitments on future funding and other support are required.

#### **Key recommendations**

- ☒ There must be no further post office closures.
- ☒ Maintaining a network of 12,000 Post Office outlets can only be achieved by new volumes of work for post offices.
- ☒ The UK government must urgently commit to renew its funding of the network.
- ☒ Central, devolved and local government should provide grants and rates relief to increase the viability of post offices and their retail businesses.

### **Step 6: Local retail**

Subpostmasters are also independent retailers. Action to support local high streets and small shops will help post offices too.

#### **Key recommendations**

- ☒ Efforts must be increased to improve the viability of independent local retailers, as post offices and their retail outlets are inter-dependent; and post offices help sustain other local shops.
- ☒ The growth in crime against retail businesses must be tackled, while changes must be made in planning law to better support local high streets and town centres.





## Supporting post offices



SubPostmaster Om Lall with his family outside the post office in Worthing, West Sussex

Local authorities can support post offices by offering council services through them, writes George Thomson

The post office network is a national asset. Serving 24 million customers a week, post offices provide local retail, vital services for local businesses, a focal point for communities and support for vulnerable citizens.

In effect, post offices act as the heart of sustainable communities across the country.

Local authorities know this, which is why many councils were understandably angered at the closure of post offices in their area.

There are now 12,000 Post Office outlets in the UK, and it is essential that this total does not reduce further.

However, this can only be achieved by more work being put through post offices. The National Federation of SubPostmasters (NFSP) believes the network is a valuable national resource which offers a massively underused capacity for the provision of government banking, mail, and other services in a trusted, accessible, face-to-face environment.

We have therefore developed a six-step plan to highlight actions required to get the network back on track. Launched at the House of Commons, 'Six Steps to a Sustainable Post Office Network' calls on all levels of government to urgently identify ways of putting more work through the network of post offices.

We are calling for the creation of a new government-backed British Postbank at the Post Office, to bring banking back to its local roots for citizens and for small businesses.

The NFSP believes that local, central and devolved government must think 'post office first' when developing new and renewing existing contracts. Local authorities have a vital role to play in contributing to post offices' sustainability - not by seeking to run post offices themselves, but by ensuring all potential council payments, information and services are accessible through every local post office; and by support through grants, training and rates relief to post offices and their retail businesses.

Many council payments and services can be - and in some places already are - provided through local post offices. These include council tax, rents and mortgages, social service bills such as meals on wheels, leisure centre passes, school meals, lessons or extra-school activities, parking fines and permits, disabled badges, local travel passes, and court fines.

Equally, information on tourism, planning applications or public consultations can reach target audiences through local post offices.

This allows residents to pay for, and access council information in a trusted local environment, frees up administration for local authorities, and provides vital income and custom for post offices.

'Six Steps to a Sustainable Post Office Network' will be sent to all council leaders and chief executives in the coming weeks and can be downloaded at [www.nfsp.org.uk](http://www.nfsp.org.uk)

To receive a copy of the report, discuss its recommendations or get in touch with a local NFSP representative contact [admin@nfsp.org.uk](mailto:admin@nfsp.org.uk) or call 01273 452324.

George Thomson is general secretary of the National Federation of SubPostmasters

< < [previous \[A day in the life - Cllr Chris Robbins \(Lab\), Waltham Forest London borough council\]](#) [next \[first look\]](#) > >

**PRINCIPAL SCRUTINY COMMITTEE  
REPORT**

**Postal Services  
Informal Scrutiny Group**

November 2009

## REPORT OF THE POSTAL SERVICES INFORMAL SCRUTINY GROUP

### 1 Introduction

- 1.1 The Postal Services Informal Scrutiny Group was established by Principal Scrutiny Committee at their meeting on 19 January 2009.
- 1.2 The Committee noted public concerns regarding a worsening service following sub-post office closures and the relocation of the Winchester Crown Post Office, and supported a proposal to undertake a scrutiny review of the impact on residents and on business from the changes to the Post Office over the previous 12 months.
- 1.3 The Informal Scrutiny Group met on five occasions between March and October 2009. The minutes of their meetings are summarised below.

### 2 Meeting 1 - 11 March 2009

- 2.1 The Group appointed its Chairman (Councillor Lipscomb) and agreed to:
- Consider the need to investigate both the Crown Post Office service in Winchester, separate from the effect of Network Change and the postal delivery/collection times.
  - Focus on outcomes in respect of the objectives of Network Change, whether they have been met, and the effects on rural communities and businesses.
  - Gather evidence from business sources including the North Hampshire Chamber of Commerce and Industry and invite representation from those organisations that support and advise retail and business concerns operating in a rural environment.
  - Examine the impact of change on the relocated Crown Post Office in Winchester, particularly in light of assurances that the service, in respect of queuing times, would not be degraded and identify what service standards are in place.
- 2.2 The Group agreed the following Terms of Reference:
- To review the outcome and objectives of the PO Network Change decisions.
  - To consider the impact of closure on communities and business.
  - To consider how proposed 'outreach' replacement PO services have worked for local communities.
  - To examine the degree that local councils could influence such change programmes.
  - To consider the Council's ability to support small businesses affected by the Post Office network change programme.

- To consider the impact of current and proposed postal collection and delivery times on households and businesses.
- To consider changes to the Crown Post Office in Winchester (and if possible, elsewhere in the district) and whether there had been any degradation of service to the public from lengthily queuing or from a reduction to the range of services offered.

### 3 Meeting 2 - 15 April 2009

- 3.1 Members received evidence from the City Council's Economic Development Officer on the options for gathering evidence from a variety of businesses and opportunities for conducting surveys. It was agreed to look at what support could be given to small businesses impacted by post office closures and what was being done by other councils, notably Essex and Devon County Councils and District councils within Hampshire.
- 3.2 The Group also agreed to investigate the scope for post office services in new communities including Whiteley and Denmead/Waterlooville.
- 3.3 The Group agreed a programme of work for future meetings to include obtaining the views of parish councils affected by post office closures and the views of members of the Citizens Panels through questions including in the next survey.

### 4 Meeting 3 - 16 June 2009

- 4.1 Members received evidence of effects of the Network Change programme from Tim Nickolls, PO Network Development Manager. The questions put and responses given are detailed in full below.

**Q 1** *What were the objectives of the Network Change programme and have they been achieved? (with specific reference to sub-post office closures in Winchester District and the re-location of the Crown Post Office)*

The relocation from Middle Brook St to W H Smith was completed May 2008. There have been problems identified with queuing and resulting complaints from users. There has also been hostility to the change of location and size of the post office area. These complaints have in part been caused by staffing issues. Staff are recruited by W H Smith and up to early 2009 there has been a high staff turnover. However W H Smith have now recruited 6 new staff and it is hoped that once these staff have been fully inducted there will be a noticeable improvement in the number of counters opened.

**Q 2** *Do you feel the Network Change programme has been successful? Have you measured that success in any way other than financial?*

The objectives of the Network Change programme have been completed successfully in respect of savings against targets. Business retention has

been 88% overall. A net loss of 12% is less than anticipated. Lost business is not being replaced by new business products. It was noted that sub postmasters (who are independent employees/self employed) do not have completed freedom to sell all PO products other than the “25 essential items” or products from competitors.

- Q 3** *Do you consider the alternative arrangements put in place where a PO has been closed successful? How have you measured that success?*

Certain branches have had access improvements to comply with disability legislation. Others have had improved counter services. Upgrades are subject to 50% contribution from sub postmaster matched by PO Ltd. Business retention as stated in Q2 is higher than anticipated which suggests that alternative provision (outreach and other PO's) are satisfactory.

The PO network currently supports some 12000 post offices of which some 4000 are commercially viable.

- Q 4** *Have you undertaken any consultation with customers regarding their satisfaction with the changes made?*

There has been no consultation with customers who may have been affected by Network change. The Post Office retained the comments and objections from organisations and individuals re; Network Change but there has been no further contact with them. Some research has been undertaken on core/outreach services across the network but this has not been published.

- Q 5** *How did you take account of consultation responses? Can you point to any changes made to the programme in this area (or others) following the consultation?*

Across the region 92 post offices were closed and 45 new outreach services were introduced. A programme of facility improvements was introduced to some outlets (see Q3) and in some instances local services were enhanced to provide a more responsive service.

- Q 6** *What provision will be made for services in the future for an increase in the District's population, linked to housing numbers and the South East Plan?*

There is no formulae trigger that allows for the provision of a new PO service in a new development. Each case is taken on its merits. It is usual for developers/retailers to approach the PO rather than vice versa. In some cases it can be a planning requirement to the developer.

Over the past few years 25 new POs have been opened in existing retail outlets.

**Q 7** *Will there be any future developments to the Network Change programme?*

The current Network Change programme is complete and government funding to support existing network is in place until 2011. The Post Office's strategy is to retain full service but this is clearly a matter of discussion with the government and those discussions about the future are ongoing.

**Q 8** *Do you plan to undertake a review of the Network Change programme in the future?*

There is currently an internal review of the programme taking place and the National Audit Office has just published a review of the Post Office Network Change Programme.

#### 5 Meeting 4 - 10 August 2009

5.1 The group received evidence from Ian Hayward, WH Smith Post Office Area Manager and Ceri James Post Office Business Development Manager on the outcome of the Crown Post Office move to WH Smith, Winchester. The questions put and the responses given are detailed in full below.

**Q 1** *What service standards exist between WH Smith and the Post Office and to what extent have these been met?*

There are 5 principle service standards used by the Post Office. These are:

- Retail outlet presentation including display of goods and advertising of PO products.
- Customer service /experience. Connecting with the customer, determining needs and highlighting/introducing new products/benefits.
- Staff knowledge and knowledge which also relates to follow up questions to customers on other PO products that may be of interest.
- Waiting times with aim to serve 95% of customers within 5 minutes.
- Condition of retail outlet/premises.

These standards are monitored through regular mystery shopping exercises once monthly which currently give a rating of 70% satisfaction returned. The aim is 90/95%. The national average for Crown PO's in W H Smith stores is 80%.

There has been a high level of staff turnover during the previous 9 months but it is now more stable. New staff training is over 2 weeks intensive plus 2 weeks at a counter with an experienced customer services assistant.

It is in W H Smith's interest to ensure satisfaction with the PO and the Store Manager work closely with the PO Area Manager to resolve problems. The Area Manager can take 'special measures' to ensure sufficient counters are open. These include delegated authority to store manager to recruit and/or use agency staff.

**Q 2** *Have you undertaken any consultation with customers regarding their satisfaction with the new location and facilities and what were the results of that consultation?*

No formal consultation has been undertaken; however there is informal consultation through the store manager by queue hosting. This is the process by which customers are directed to counters to speed up waiting times. There is also service monitoring through mystery shopping.

The store managers are encouraged to be proactive to ensure that counter services are maintained and customer satisfaction is retained and this is particularly true for the Winchester store.

It was also noted that WH Smith as a store hosting a Crown Post office was experiencing a relatively 'normal' level of problems associated with a new facility and that managing staff would be able to resolve these problems to ensure a high service standard.

**Q 3** *Are you monitoring footfall at the new facility on a regular basis and has there been any significant changes in the level of usage as compared to Middle Brook Street?*

Footfall is monitored and it is estimated that there has been a reduced footfall of around 15% compared with Middle Brook Street. However, there has been a recorded increase in sales. WH Smith has also recorded increase in sale of post related goods.

There is no information on the effect of the move to WH Smith on other local POs notably Upper High Street.

**Q 4** *Has there been any changes (increase/decrease) in the range of PO services available at WH Smith since the move.*

Services at WH Smith PO are the same as when it was based in Middle Brook Street. There have been no changes in the range of services and none planned.

- 6 Meeting 5 - 29 September 2009
- 6.1 The Group received evidence from Frances Stokes, Business Development Manager on the support given to rural communities by Hampshire County Council. Frances Stokes gave information and an update on the Hampshire Village Community Grant Scheme.
- 6.2 The Scheme was launched in April 2008 and offers funding to rural businesses to help increase the use of village shops. 12 village shops were funded in the first year. West Meon is the only one within the Winchester District area and remains successful even though their outreach service has been reduced to 8 hours per week.
- 6.3 Retail assistance and training was also available from a number of sources, i.e. Business Link and Rural Shops Alliance, but despite a range of funding avenue and professional advice, a number of rural shops were struggling.
- 6.4 Ms Stokes briefed members on the Essex County Council initiative launched in October 2008. The project had re opened 4 sub-post offices with another 2 more to come. This level of success had been achieved with a significant level of financial support and a dedicated team of officers.
- 6.5 Ms Stokes advised there was the likelihood of further PO closures beyond 2011 and The Council should be considering the likely impact.
- 6.6 Kate Crawford, the City Council's Economic Development Officer, addressed the Group on the effect of sub-post office closures and collection/delivery times to the rural business community. Only minimal feedback has been received from local Chambers of Commerce and other informal business groups. It was apparent that given current economic difficulties, reductions in postal services were not a pressing concern for them. Whilst regular postal delivery and collection times are important, businesses appear to be adapting to any changes.
- 6.7 Kate Crawford gave an update on the recent launch of a new grant scheme offering up to £20,000 for village shops in the Winchester District. The community shop grant scheme is a one off payment to village and community shops in rural areas of Winchester.
- 6.8 The grant can be applied for at any time and is for a maximum of £20,000. The grant is for capital costs of purchase or refurbishment, not revenue costs and is awarded on the basis of a viable business plan for a period of up to 3 years.
- 6.9 Grants are limited and awarded on a first come first serve basis until March 2011 or until all funds have been allocated.
- 6.10 Another source of funding available from the City Council is from the LEADER project. The Rural Development Programme for England



LEADER funding is available to support village shops and basic services (e.g. post offices) with small scale projects that demonstrate added value and links to rural economic growth. Grant aid support is up to 100% to a maximum of £50,000. The average grant in this measure is less than £10,000. No other public funding support can be used to support the project costs.

## 7 Meeting 6 - 27 October 2009

7.1 Members received evidence from Mark Baker from the National Federation of Sub Postmasters. Mr Baker spoke about some of the issues facing the PO service and presented the case for support to rural post offices based on the 'Six Steps', a report by the Federation which outlines the case for retaining the PO network. (see appendix 2) In particular Mr Baker highlighted three areas for consideration:

- Local authorities can support the concept of a national contract for revenue collection through PO's .Whilst this may not be the cheapest price for transactions there is the 'added value' gained for communities through retaining the PO network which is the most extensive revenue collection facility across the UK.
- Local Authorities can review current transactions that can be made through PO's and consider extending to, for instance car park charges, planning fees, ticket sales outlets.
- Winchester City Council can support the principle of a British Post Bank similar to the Giro Bank, providing a full range of PO services plus banking and financial services, National Savings etc.

7.2 Members noted the results of the Citizens Panel Survey of Post Office usage as a useful contribution to our work (see appendix 1).

7.3 The Group drew together its conclusions and agreed a final draft of this Report.

## 8 Further evidence gathering.

8.1 The Group asked for further evidence to be gathered about what other local authorities have put in place to mitigate against the Network Change programme.

### **Devon County Council**

8.2 The Network Change programme across Devon recommended the closure of 37 sub-post offices and the introduction of 33 outreach services. To counter this, Devon County Council established a Task Force drawn from local government, business and communities to challenge the cuts. The Task Force targeted 10 of the 33 branches to save but resulted in saving only 2. This was in part due to the short timescale and extent of information gathering needed to counter the threat of closure.

8.3 However a number of lessons were learned during lifetime of the Task Force and in the Final Report dated January 2009 a number of recommendations are made at national, regional and local level which reflects this. For the future at a local level the report recommends vigilance in respect of community based services and argues for joint working across public local authorities within the context of the Sustainable Communities Act on the future of village shops and post offices.

8.4 As a separate initiative, Devon County Council makes available £50,000 per annum to support essential retail outlets in rural communities via a grant scheme for up to £5,000 administered through the Devon Rural Network.

### **Essex County Council**

8.5 The initiative in Essex named 'Counter Measures' goes well beyond saving threatened post offices. The rationale behind 'Counter Measures' is that post offices are a valuable community asset and should be brought in to the family of local government services, thus allowing PO branches to act as 'one stop shops' for service access in both rural and urban settings regardless of their commercial worth.

8.6 Essex also argues that there are significant community benefits that accrue from the role sub-post offices play and that these should be factored into the financial commitment that they have made. These community benefits include evaluating older persons' social isolation, health and care and an analysis of how much people would be willing to pay to maintain a local service or provide an alternative service. The resulting findings suggest that for every £1 Essex invest in 'Counter Measures' that they can realistically expect to deliver in the region of £1.95 in benefits to the community.

8.7 In reality, 'Counter Measures' is concentrating on re-opening closed PO's and since Oct 2008 to date, have done this with 6 branches. The resource commitment is extensive; £1.5m over three years including a dedicated team of six officers including a full time member of staff seconded from PO Ltd.

8.8 The Essex Model in practice involves 5 elements which are applied to each post office location:

- Grant programme linked to delivery of web based information (community info point).
- Brokered service with independent retail outlets who also contract for Post Office services.
- Annual funding contract for up to 3 years for supplier.
- Grant payment covers retailers service provision plus payment for info base.
- Business plan agreed to reduce grant reliance over time.

**Hampshire County Council.**

- 8.9 The Village Community Grant Scheme was launched in April 2008. It offers funding to rural business to help increase the use of village shops and to create new community led-led village stores, particularly in communities which have lost their post offices.
- 8.10 Hampshire County Council have contributed £100,000 in year 1 matched with £300,000 over 3 years from the Government's Local Authority Business Growth Incentive (LABGI) through SEEDA bring the fund total to £400,000.
- 8.11 12 Village shops have been granted aided in 2008/09 and there are 6 applications for 2009/10. The total grants awarded in year one was £171,878 matched by public and private investments of £236,754.

**East Hampshire District Council.**

- 8.12 The Village Community Grant Scheme aims to support rural communities of East Hampshire through securing the continued operation of a shop/former post office that is considered essential to the well being of village life. If a shop does cease trading then the scheme can encourage alternatives for local people, e.g. community transport new technology or communities led initiatives.
- 8.13 Phase one of the grant scheme aims to enable service retention and improvements for the benefit of communities immediately affected by Network Change. One off grants up to £10,000 are given with the clear aim of attracting match funding from other sources so the grant contribution to the cost of a project will not be more than 50%.

9 Conclusions

- 9.1 The conclusions of the Postal Services ISG are detailed below and shown against the agreed Terms of Reference.

***To review the outcome and objectives of the PO Network Change decisions***

- 9.2 We accepted that the objectives of the Network Change programme, while unwelcome, had been achieved in line with the criteria originally established and the process had been both thorough and fair. Whilst we recognise that in many cases decisions made were not in the best interest of some rural communities, we noted that many other local authorities had launched vigorous campaigns against closures with very limited success, whereas Winchester District had fared comparatively well against that.
- 9.3 It was also confirmed to us that in a number of cases, post office business at adjacent POs had increased and outreach services put in place were meeting customer needs.

***To consider the impact of closure on communities and business.***

- 9.4 There is little evidence to suggest that closures have had a significant impact to either businesses or communities. 8 parish councils directly or indirectly affected by closures were contacted and 3 responded to questions relating to the impact of closure. Whilst we accept that the impact has been less than expected we do recognise that in some isolated cases there has been a social cost, potential increased isolation and an increase in car journeys for some.
- 9.5 For those businesses affected it would appear they have adapted to both closures and changes in postal delivery/collection times.

***To consider how proposed 'outreach' replacement PO services have worked for local communities.***

- 9.6 There are two examples of outreach services operating in the Council area; at West Meon and Micheldever. In both cases it is recognised that if it is properly organised as an integral part of the retail service it can provide a useful service.

***To examine the degree that local councils could influence such change programmes.***

- 9.7 It was made clear by evidence from a number of sources that a further round of PO closures may occur in 2012 when the current government funding to support the PO network comes to an end in 2011. Of the current network comprising 12,000 outlets, only 4,000 are commercially viable. This suggests that the next round of cuts may be potentially larger than the 2,000 closures in 2007 unless an alternative national business plan is adopted.
- 9.8 It is also evident that whilst the influence that local authorities can bring to bear is minimal there are strategies in place supported by the Local Government Association that can alleviate the effects of closures. These include support for a national Postbank and/or the separation of commercial units from non commercial units under the auspices of a charitable company.
- 9.9 The National Federation of Sub-Postmasters report 'Six Steps to a Sustainable Post Office Network' (appendix 2) outlines a 6 step action plan to achieve a sustainable post office network. We noted step 2 in particular which identifies the role that local government can play, which is endorsed in the Local Government Association paper 'Supporting post offices' (Appendix 3).
- 9.10 At a local level we can extend the range of payments to the Council made through POs and provide a range of information on council services through these outlets.

- 9.11 There may well also be opportunities for District Councils in Hampshire to coordinate resource support to rural retail outlets and to identify those with post office services that may face the threat of closure in the future and to consider appropriate pre-emptive counter strategies rather than ‘fire-fighting after the event’.
- 9.12 In addition to the formal role of the Council there is also scope for involvement by Ward Councillors in their capacity as Community Champions.

***To consider the Council’s ability to support small businesses affected by the Post Office network change programme.***

- 9.13 During the process of our investigations and on the basis of evidence received we conclude that local authorities should not be running post offices.
- 9.14 We do however recognise that local authorities have a role to play supporting retail outlets in rural communities, helping them to become more effective businesses and encouraging diversification which may include the establishment of PO services, for examples ‘Post Office Essentials’ or the retention of PO services through outreach provision. However any financial support offered should be by way of capital expenditure used to enhance the business. Winchester City Council already has streams of grant funding in place which can make a positive difference to the viability of rural businesses, including shops and post offices.

***To consider the impact of current and proposed postal collection and delivery times on households and businesses.***

- 9.15 We were not able to evidence any impact on households and businesses on the impact of these changes (see para 6.6)

***To consider changes to the Crown Post Office in Winchester (and if possible, elsewhere in the district) and whether there had been any degradation of service to the public from lengthily queuing or from a reduction to the range of services offered.***

- 9.16 We scrutinised the new Crown Post Office service operating from W H Smith in some detail and concluded that there has been a degradation in service particularly in queuing times, and that over the period that the Postal Services ISG met we were made aware of lengthy waiting times on a number of occasions.
- 9.17 We obtained reasons and assurances from representatives of the Post Office and WH Smith regarding past problems and current arrangements but we remained unconvinced that those responsible fully appreciate the problem or the fact that for many customers there is no alternative.

9.18 We also obtained information on the service standards that WH Smith apply and noted that the waiting time standard of 5 minutes checked through mystery shopping has only achieved a rating of 70% in May 2009, against an aim of 90-95% and a national average of 80%. Given that the Crown Post Office has been operating from this site since May 2008, we considered this to be unacceptable.

## 10 Recommendations

10.1 Principal Scrutiny Committee are asked to consider the report and endorse the following recommendation to Cabinet:

Winchester City Council should:

- 1 Work with the County and District Councils through the Hampshire Economic Development Partnership to co-ordinate support for rural retail businesses operating across local authority boundaries, and identify those businesses particularly those providing postal services that may be at risk if further reductions in the Post Office Network are forthcoming in 2012 and beyond.
- 2 Support initiatives instigated by the Local Government Association detailed in Appendix 3 that seek to support the post office network as a more viable business, independent from Government subsidy.
- 3 Investigate the possibility of extending the range of payments due to the Council that customers can make through the post office and using post offices as an information point for Council services.

That Principal Scrutiny Committee should

- 1 Review Cabinet's consideration of the above recommendations at its next meeting, to be held on 18 January 2010
- 2 Review Cabinet's implementation of the above recommendations in twelve months time, at its meeting to be held November 2010.

## 11 Appendices

Appendix 1 - Citizens Panel 14 . Questions regarding use of post office.

Appendix 2 - 'Six Steps to a Sustainable Post Office Network. A report by the National Federation of Sub-Postmasters.

Appendix 3 - 'Supporting Post Offices'. A briefing paper produced by the Local Government Association.

## **Annex**

### **Representations of organisations invited to give evidence**

Tim Nickolls PO Network Development Manager.  
Mark Baker, Federation of Sub Postmasters  
Ian Hayward, WH Smith Post Office Area Manager  
Ceri James, Post Officer Business Development Manager  
Frank Holtton, Durley Parish Council

### **Officers invited to give evidence**

Kate Crawford, Economic Development Officer Winchester City Council.  
Frances Stokes, Business Development Manager. Hampshire County Council.

### **Local Authorities contacted**

Devon County Council  
Essex County Council  
Havant District Council  
Gosport Borough Council  
Fareham Borough Council  
Test District Council  
Basingstoke and Deane Borough Council

### **Parish Councils contacted**

Bishops Waltham  
West Meon  
Compton & Shawcroft  
Twyford  
Micheldever  
Littleton & Harestock  
Curdrige  
Durley