

Report of the Director of City Strategy

GOVERNMENT'S PROPOSALS FOR THE POST OFFICE NETWORK

Summary

1. To advise Members of the Government's proposals for the future of the Post Office Network and to consider a response to the consultation process.

Background

2. On the 14 December 2006 the Trade and Industry Secretary, Alistair Darling, announced a new strategy for the Post Office network. In making the announcement the challenges facing the network were set out.
 - Currently there are over 14,000 post offices
 - Post Office Ltd. lost £2m every week in 2005/06 and the loss is expected to rise to £4m every week.
 - On average the 800 smallest rural post offices served just 16 people a week at a cost to the taxpayer of £17 per visit. A total of 1,600 branches serve fewer than 20 customers a day.
 - Some 4 million fewer people are using the post office each week than two years ago. 8.5 million out of a total of 10.8 million pensioners now get their pensions paid into a bank account. In 2006 over 3 million people renewed their tax disc online.
- 2.2 The Secretary of State has announced an investment package designed to preserve the network. He has indicated that with some rationalisation and Government support the network could be maintained for the long term, particularly to protect the needs of vulnerable communities.
- 2.3 The following proposals have been announced: -
 - Investment of up to £1.7bn, subject to European State Aid approval, over five years to support the network and enable the Post Office to modernise and restructure.
 - The Post Office to be in a strong position to bid for a new account to run from when the present Post Office Card Account ends in March 2010.

- Support to enable the Post Office to expand financial services for customers including a roll out of up to 4,000 free-to-use ATMs across the network.
- That Post Office Ltd. set up 500 innovative outlets for small, remote communities - including mobile post offices and services in village halls, community centres and pubs.
- An investigation into what role local authorities and the Devolved Administrations in Scotland, Wales and Northern Ireland might play in influencing how Post Office services are best delivered in the future.
- New access criteria to preserve a national network and to ensure that rural communities and deprived urban areas continue to have reasonable access

The proposed criteria will be:

- a) Nationally – 99% within 3 miles and 90% within 1 mile
- b) In deprived urban areas 99% population within 1 mile
- c) In urban areas 95% population within 1 mile
- d) In rural areas 95% population within 3 miles
- e) In remote areas 95% of population in postcode districts within 6 miles

- 2.4 The consultation paper states that there will be up to 2,500 closures, over an 18 month period starting from this summer. **There is no current information as to where these closures will be.**
- 2.5 The consultation period closes on the 8th March. The Government welcomes general feedback, but it has also put forward seven questions.

Some initial comments on these areas are offered for Members' consideration:

1. Do you think the Government's forward strategy for the post office network addresses all the key issues and challenges the network faces?

The commitment to an annual subsidy should be welcomed.

The Government should place greater emphasis on the social aspects of the Post Office network. In many urban and rural communities the Post Office can represent the only local amenity and provides a link to other services and advice. There are already concerns about financial exclusion and further closures will widen these gaps.

The Government should recognise the Post Office network as a preferred supply chain for Government services. The network has lost TV Licensing, Pensions, Benefits have moved to direct debit, Passport Services are being reorganised and Motor Vehicle Licensing is only available at a limited number of outlets. This is causing confusion for customers. The cost arguments are well

made in the consultation, however the customer should be offered choice and these services should also be available at all Post Offices.

Any closure plans need to be implemented on a structured basis not ad-hoc. This should also include community consultation.

2. Are there other significant factors affecting the future of the post office network which appear to have been overlooked in the Government's proposed approach?

If the Government considers the introduction of some form of National Identity, it should look at how the Post Office Network could support its implementation.

3. Do you have comments on the national access criteria proposed?

The access criteria at this time seem reasonable, however, once specific Post Offices have been identified for closure further issues may become apparent depending on issues such as demographic structure.

4. Do you have comments on the access criteria proposed for deprived urban and rural areas?

(See Q3. above) Alongside geographic criteria, analysis of other social inclusion issues need to be considered and these will become apparent through a demographic analysis of any particular Post Office's catchment area.

5. Do you have any suggestions as to how services might be better delivered through the post office network?

The Post Office Network should be able to provide a comprehensive suite of Post Office-based banking products. It is important that Post Office Card Account be enhanced. The bid by Post Office Limited to join the LINK Card Scheme (automated cash machines) in order to provide a free-of-charge cash withdrawal service should be supported.

The concept of the Post Office as a community services hub should be developed.

6. Do you have any comments on Outreach arrangements as a means of maintaining service to small remote communities?

Although Outreach is preferential to no service, it does not replace the loss of amenity to the local community.

7. Do you have any 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 services?

This should be explored and local authorities invited to participate in this approach.

Consultation

3. Further public consultation would be advised once specific Post Offices have been identified for closure.

Options

4. That the report be noted and that Members consider the observations they wish to make. These will then be passed on to The Department for Trade and Industry (DTI) as the Council's response to the consultation.

Some preliminary options may include;

The Government to take action to protect the post office network

The Government to reverse its decision to discontinue using the Post Office card account from 2010

The Government to announce immediately that it will continue the subsidy for rural post offices

Analysis

5. Further analysis is needed once a decision has been made as to which specific Post Offices have been selected for closure.

Corporate Priorities

6. Closure of any Post Office can affect several corporate strategies. Effects on Social inclusion and vulnerable groups must be taken into account. The most vulnerable residents in the City of York are amongst those most affected by the closure of Post Offices. The over-65s, disabled people, carers, unemployed people, and those without a car who find it difficult to use public transport.

Implications

- **Financial**

None

- **Human Resources (HR)**

None

- **Equalities**

None

- **Legal**

None

- **Crime and Disorder**

None

- **Information Technology (IT)**

None

- **Property**

None

- **Other**

None

Risk Management

8. *There are no known risks.*

Recommendations

9. That the report be noted and that Members consider any initial observations they wish to make. All Members of the Council will be invited to submit observations on the consultation that will be considered in the Council's final response.

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Report Approved tick Date Insert Date

Specialist Implications Officer(s)

Not applicable

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Post Office Network Consultation – Department of Trade and Industry

December 2006