

POST OFFICE CLOSURES – ANNEX 6

1. On November 29th 2007, a meeting of Council passed a motion opposing proposed closure of post offices in the city and requested that;
 - (a) The Chief Executive and Leader of City of York Council write to the Secretary of State for Business, Enterprise and Regulatory Reform to oppose the proposed branch closures in the City of York Council area;
 - (b) Officers prepare a report, to be received by Members within three months of this motion being carried, on negotiations with the Post Office and the financial implications to the Council, and residents, of expanding use of 'over the counter' transactions at sub post offices for council services, bills and charges;
 - (c) The Chief Executive write to The Press confirming the Council's support for their 'Cut the Closures' campaign.

Letter to the Secretary of State

2. Under part (a) the Chief Executive wrote to The Rt. Hon. John Hutton MP, Secretary of State for Business, Enterprise and Regulatory Reform, on 11th December 2007. The Chief Executive reported the motion passed by Council to the Minister, and the call by Council for the Minister to intervene and for the Post Office to;
 - a) Review with a view to ending the branch closure programme and open new branches where needed;
 - b) Remove the Royal Mail restrictions on the Post Office to open up further business opportunities for the network;
 - c) Stop removing government business from post offices;
 - d) Carry out a review of which additional government functions could be carried out through the post offices;
 - e) Invest in the Post Office Network.

Letter to The Press

3. Under part c) of the Council motion passed in November, the Chief Executive wrote to the editor of The Press, Kevin Booth, setting out the Council's position on post office closures, reported the motion to the editor and stated the Council's full support for the Press' 'Cut the Closures' campaign.

Post Office Services

4. The motion passed by Council required officers to prepare a report, to be received by Members within three months of the motion being carried, on

negotiations with the Post Office and the financial implications to the Council, and residents, of expanding use of 'over the counter' transactions at sub post offices for council services, bills and charges. In respect of this the Director of Resources has provided the following information.

Current Arrangements

5. The current arrangements are that citizens can pay Council Tax and some other Council bills over the counter at Post Offices. At present there are about 110 such payments made each week, a total of about 5,700 per year. The Post Office charges £1.95 per transaction for this. The Council does not have information about which Post Offices these payments are made at. The Council does not pay the £1.95 transaction charge to the Post Offices, although this would be possible. The transaction charge is paid by the customer at the time of payment.

Value for Money

6. The £1.95 charge is considerably more expensive than the costs of other forms of collection of council tax and charges. Direct debits are by far the cheapest and 65% of council tax payers use this methodology. It costs less than 2p per transaction. Standing orders, debit card payments by phone and even payments sent in by cheque are considerably cheaper to process than the Post Office charges.

7. The Council's main form of face to face collection, which is comparable to the Post office service is via the Council's City Finance Centre cash office. The costs per transaction here were £1.35 last time they were calculated, but this hasn't been done recently. It may be feasible or even desirable to close the City Finance Centre at some point in the future and transfer to other forms of collection at which point consideration could be given to the role Post offices could play.

8. The current plans are to review the City Finance Centre in the run up to the move to Hungate, with a view to not having face to face provision within the Hungate public area of the Council offices. It is important to recognise that the City Finance Centre cashiers service deals with a wide range of income collection and payment activities, some of which are public facing and many of which are back office functions. The future of all of these services needs to be reviewed before the move to Hungate.

Other Considerations

9. There are a number of other significant issues to consider in making any change to collection arrangements and these would apply to whatever financial services the Council may contemplate transferring to Post Offices or other collection agencies. These issues are

1) Systems and Processes - The Council needs to get timely, accurate information from the collection agent in order to be able to know who has paid

for what, when. This information must be capable of being quickly and cheaply uploaded into the Council's various financial systems in order that personal account balances can be updated, recovery action ceased, collection figures updated, bank accounts reconciled etc.

2) Timeliness - the money collected by the collection agent must be credited to the Council's accounts swiftly. Any delay and thus cashflow and interest implications compared to direct payments into the Council's accounts adds to the relative costs of collection agency options. With well over £150m per year being paid into the Council, excluding government grants, it is clear that even a day's delay on such significant sums would be extremely costly for the Council.

3) Changing Technology - It is far from clear how payment technology will change over the next few years, but it is almost inevitable that it will change radically. It is certainly feasible that there will be substantial increases in on-line internet payments and that Oyster Card/Bank card touch and go type technology will be developed for small to medium value payments previously made by cash or cheque. Such developments will probably sound the death knell for traditional cashier and 'till' based payment transactions.

Conclusions

10. Although there is a significant piece of review work to be done in order to identify the optimum way forward for the Council's cash collection services before the move to Hungate, there is no indication that any move to making greater use of Post Offices would be beneficial. The information contained above indicates that Post Offices are already relatively expensive and would probably become even more so. The council services that Post Offices could offer are not likely to be beneficial in terms of systems, processes, timeliness and modern technology.

Petition presented at Council 29th November 2007

11. A petition was presented at the November 2007 Council by Cllr Douglas on behalf of residents of Clifton Ward objecting to the proposed closure of post offices in their area and this was referred to the "Executive or appropriate Committee" for consideration.

12. The petitioners "Acknowledge the vital role of local Post Offices which serve the Clifton Ward in the City of York Council. We call upon the Post Office not to close any Post Office in the Clifton Ward and ask the City of York Council to promote the use of local Post Office in the provision of its services and payments".

13. The petition includes 414 signatures and Members' agreement is sought to forward the petition to Post Office Ltd. Comments on the proposed closures are included in the main body of the report to Executive.