
Executive

15th January 2008

Report of the Director of City Strategy

POST OFFICE CLOSURES

Summary

1. This report advises Members of the current position in relation to the proposed closure of post offices in the city and updates a report presented to Executive on 27th February 2007.

Background

2. Post Office Ltd is a separate company within and part of the Royal Mail Group that runs the 14,300 Post Office® branches across the country. Royal Mail Holdings plc is wholly-owned by Government.
3. Post Office Ltd made public their Area Plan proposal for North Yorkshire with Yorkshire East and Keighley on 26th November 2007. This plan proposes the closure of four post offices in the city; Clifton, Haxby Road, Micklegate and Fulford. A consultation period began on 26th November 2007 and will end on 17th January 2008.
4. The report sets out the reasons behind the reduction in the number of Post Offices - the Government has recognised that fewer people are using post office branches, partly because traditional services, including benefit payments and other services are now available in other ways – such as on-line or through banks. The Government has therefore concluded that the shape of the Post Office network has to change and announced a range of proposed methods to place the network “on a more stable footing for the future”.
5. The Post Office has now published a Network Change programme to implement the measures proposed by the Government that involves the compulsory compensated closure (subject to EU State Aid clearance) of up to 2,500 Post Offices from a current network of 14,300 branches. This will be mitigated with the introduction of around 500 service points known as ‘Outreaches’.

Post Office Ltd’s plans with criteria for proposed closures

6. In recommending four post offices in the City of York area for closure (Clifton, Haxby Road, Micklegate and Fulford) the Post Office has applied minimum access criteria prescribed by the Government in the Response Document to the national public consultation - nationally;
 - 99% of the UK population to be within 3 miles and 90% of the population to be within 1 mile of their nearest Post Office branch.

- 99% of the total of the population in deprived urban areas across the UK to be within 1 mile of the nearest Post Office branch.
 - 95% of the total urban population across the UK to be within 1 mile of their nearest Post Office branch.
 - 95% of the total rural population across the UK to be within 3 miles of their nearest Post Office branch.
7. 32 Post Offices would remain open in the city, with the principal office remaining at 22 Lendal. Post Office Ltd reports that they are reducing the size of the national network of branches in line with Government requirements and underlines that Network branch use across the country is falling as more customers access services at other places, make use of the internet and have Government benefits paid directly into bank accounts.
 8. In the decision to close offices in the existing network the Post Office states it has, “considered factors relating to geography, the availability of local transport and alternative access to key Post Office services, local demographics and the impact on local economies.” Consultation has taken place with the relevant local authorities in the area as well as the appropriate independent consumer ‘watchdog’, Postwatch, in considering plans for the future of the network.
 9. Post Office Ltd state, “Of the 10.8% of customers who use a branch that will close, 9.1% would have access to Post Office services within one mile as measured by road distance (4.4% being within half a mile of their nearest alternative). In total 99.7% of the population will either see no change or be within a mile of an alternative branch.
 10. Future Service provision for the North Yorkshire with Yorkshire East and Keighley area envisages a network of 271 branches, which the Post Office says will comply with the minimum access criteria set by the Government and will allow 89.2% of customers to make no change to the branch they currently use. In some areas (although not in York) new ‘Outreach’ offices are proposed in twenty-three locations. These will be based in the same community as an existing Post Office and provide Post Office services in third-party premises for a designated number of hours a per week.
 11. The Public Consultation is now underway as the Post Office seeks views on the proposed service provision in the region. Subject to the conclusions of the local consultation period, the Post Office would not expect to implement changes before March 2008.

Consultation response from City of York Council

12. Consultation Response from City of York Council was submitted in March 2007 and made the following responses to the DTI’s questionnaire.
13. While welcoming the commitment to an annual subsidy, the Council felt the Government should place greater emphasis on the social aspects of the Post Office network. In both rural and urban areas the post office provides a link to other services and advice. Further, the Government should recognise the Post Office network as a preferred supply chain for Government services and services such as licensing and Passport Services should be available at all post offices.

14. A full, independent, assessment of the social and business benefit of post offices should be made, and the results made public. The economic importance of Post Offices to other nearby small businesses and amenities should be recognised.
15. The proposed access criteria appears to have been used on the basis of an objective to close 2,500 post offices rather than on the basis of social or community need. Furthermore, it is not clear why radius, rather than population density or social need was used as the principle for determining closure. The access criteria for existing developments conflicts with that required for new housing developments and it is unclear why existing communities should be provided with a lower level of service than new developments.
16. Alongside geographic criteria, analysis of other social inclusion issues need to be considered and these will only become apparent through a demographic analysis of a particular post office's catchments area. Analysis of transport routes should form part of the access criteria particularly since those in deprived urban areas have limited access to public transport.
17. The Post Office network should provide a comprehensive suite of Post Office-based products with an enhanced Card Account and membership of the LINK card scheme in order to provide a free-of-charge cash withdrawal service. The concept of the Post Office as a community services hub should be developed.
18. In terms of Outreach services, the City of York Council's response was that although Outreach was preferential to no service, it did not replace the loss of amenity to the community. In the Post Office proposals made public on 26th November 2007, there are *no* Outreach branches proposed for the city.
19. Post Office Ltd. should remain in public ownership. However this does not prevent local communities owning or operating post offices through franchise agreements.

Views from Postwatch

20. Postwatch is the consumer protection body associated with postal services and as such has commented on the proposed closures in the North Yorkshire with Yorkshire East and Keighley.
21. Postwatch scrutinised the Post Office's original proposals and welcomed amendments that were subsequently made to the original plan,. Initial views from Postwatch suggest that the proposals meet the minimum distance criteria set by the Government, however there remain several aspects of the Post Office's proposals over which Postwatch have expressed concern.
 - The proposed closure of three branches in the city of York (borough constituency); migration from which is likely to lead to problems of capacity at the main city centre office at 22 Lendal.
 - Postwatch do not believe Post Office Ltd has fully addressed the possible impact on local economies surrounding some of these proposed closures.
 - Postwatch have also raised concerns over access, Disability Discrimination Act compliance, capacity and retail standards issues at a number of the branches to which customers will be expected to migrate.

22. Postwatch have raised these issues with Post Office Ltd, together with those which apply to other areas across the region, and will continue to do so during the public consultation period. The views expressed here are the initial Postwatch views – final views will be informed by customers’ responses to Post Office Ltd and Postwatch is keen to receive comments and stakeholders to express their opinions.
23. Postwatch has expressed the view to the Council that Post Office Ltd should use their consultation as an opportunity to engage with customers - to both set out their proposed changes and be responsive to feedback. Postwatch would seek that such feedback be positive in nature as this will help secure a better outcome for customers. At the end of the consultation period, Postwatch will write to Post Office Ltd setting out their final view.

Branch Access

24. Post Office Ltd have published data in a Branch Access report which examines how branch closure would affect customers in terms of reaching the alternative and second alternative branch. This includes distance to the alternative branch, duration and times of opening, number of customer serving positions and additional products for sale within the premise.
25. In addition, Post Office Ltd have examined the population age profile living within one mile of the post office, ease of access into the building, the type of shops around the post office and the proximity to an Automated Teller Machine (ATM). Parking at the Post Office was considered too as well as the frequency of bus services, numbers of bus routes, location and distance to bus stops.
26. In terms of posting facilities, the branch access report notes the location of the nearest external posting facilities. A condensed version of the Branch Access Report for each of the post offices proposed for closure has been prepared for Members to look at and can be found in **Appendix 2 to 5**.
27. In terms of the proposed closure of **Micklegate** post office, the 1st alternative branch is 22 Lendal which is half a mile away, without the parking available at Micklegate although there are facilities available for disabled drivers. There is no direct bus service available but this branch has good facilities for disabled users and as the main city centre branch, a post shop within the office.
28. The **Haxby Road** branch provides euro and dollar exchange facilities on demand – neither of which are available at the 1st alternative branch at Crichton Ave – located in Intake Avenue, Clifton, half a mile distant by road. There is unrestricted parking outside this branch however whereas in the Haxby Road area some parking is limited to drivers with permits. There is no direct bus service between the two branches and for a user with a mobility disability, the steep hill gradient and bridge over the final 150 yds over the York-Scarborough railway line could present difficulties.
29. The **Fulford** branch’s nearest alternative post office is Broadway, 0.7 miles away – both branches have unrestricted parking available and there are bus services run by First Group between the branches every 30 minutes with a 250yd walk to the bus stop from the Fulford branch. The bus journey takes 5 minutes. Should a customer choose to walk, the route is level with pavements and pelican crossings. While the Fulford branch has steps at its entrance, Broadway has better access for wheelchair

users via a ramp. Both branches provide other services, but the Fulford one includes newsagency services in addition to cards, stationery and lottery services.

30. The closest alternative branch to **Clifton** is the Crichton Ave branch located at 1 Intake Avenue. This branch is just over three-quarters of a mile from the Clifton branch and there are limited bus services between the two – an hourly service run by Green Line and Veolia. A more frequent service at 10-15 min intervals is available to the city centre main office at Lendal but the bus stop for this service is a third of a mile from the Clifton office. The Clifton branch is located within a Spar mini convenience store while the Crichton Ave branch offers a more limited service of cards and stationery. Limited parking is available at both the Clifton and Crichton Ave branches.
31. The Post Office have researched the population age profile within one mile of each branch together with the proportion of households that have one or more cars or vans. The data is taken from the 2001 Population Census. The population in the areas varies between 10,500 to 30,000 but the proportions in the age groups chosen are broadly similar; Aged 0-15%; 12 to 17%, Aged 16 to retired; 65 to 71% and Retired people; 15 to 16%.

Possible social and economic effects of branch closures

32. Members will be very aware of the socio-economic role which post offices play in both rural and urban areas – particularly for elderly citizens. The Post Office and its staff provide a focus for services where pensions can be drawn and bills paid in the local area but also a place to meet others and maintain contact with other members of the local community.
33. Closing local branches and forcing customers to travel to alternative offices inevitably increases travel and congestion – either with increased use of private cars or public transport and as the distances involved are between 0.5 and 0.8 miles to the nearest alternative branch, post office closures may lead to increased use of private cars rather than public bus services and consequent increased pressure on parking spaces. Indeed, any increased travel apart from walking or cycling will lead to an increased ‘carbon footprint’ for individuals. For some customers, those with certain disabilities or who are elderly, increased distance to use their post office will be at best unwelcome and possibly difficult – where for example a bus or car now has to be used for a wheelchair user. A local post office for anyone with mobility problems is a community asset and is not easily replaced with its nearest alternative.
34. There are other adverse external consumer effects that will occur when a busy post office closes - the consumers they draw to their area and the business activity those consumers generate is lost. Often the post office is a key business to an area attracting customers who then shop and provide income for other businesses in the same street. Should the post office close, other businesses will suffer a drop in turnover as those customers are drawn elsewhere. In some peripheral streets the boost to trade provided by the post office can be marked.
35. For small businesses too the post office can form a vital link in their business process – providing a range of services including importantly a parcel carrier, provider of insured packets for sending valuable items to customers and so on.
36. In moving to using an alternative post office further away from their place of work, small businesses will incur increased costs both financial and in terms of time. In

addition longer journeys will raise the amount of distance covered by the company's cars and vans and use of fossil fuels in most cases. Companies in using post offices are less likely to use public transport if they have many parcels to carry and since time is more precious to them – time spent waiting at bus stops is unproductive.

Council relationships with the post offices

37. In terms of the Council 's own relationship with the Post Office, four accounts are maintained;

- 1) Schools use the Post Offices to pay school meals money to the council.
- 2) COYC Libraries also use the Post Offices to pay money to the council.
- 3) Care and Nursing homes do the same
- 4) Payments are also made to the council through Post Offices with a link to the Alliance and Leicester.

38. The Cashiers' department receive approximately 100-120 invoices each week from Post Office Ltd. These are for the following range of services;

- 1) Council Tax – this can be paid by members of the public at Post Offices either through the “allpay” system without a charge, or the Post Office charges the customer if the customer does not bring their bill with them to the counter.
- 2) Council Rent - paid through Post Offices with similar conditions as above.
- 3) Any payments classed as sundry debtors
- 4) Invoices for bulky goods – Commercial services invoices for collection of household items can be paid at Post Offices
- 5) Invoices for Warden Calls
- 6) Social Services
- 7) Over-payment of housing benefit

Customers paying by cash may be subject to additional charges.

Comment upon the approach of the Network Change Programme

39. The programme is driven by the Government's desire to cut losses in the network of £2m per week in 2005/06 and the intention of closing 2,500 branch offices to reduce costs rather than by an examination of social need in a particular area or the business viability of a particular branch.

40. Although the DTI established minimum access criteria for the population, no regard has been paid to the social role of post offices in communities and how this could be preserved and built upon. Similarly, little heed, if any, has been paid to the needs of small businesses for whom the Post Office provides a key link between themselves and their customers.

41. This is not the first round of post office closures (the most recent closures were in 2005 in York) and there are concerns such a piecemeal approach rather than the application of strictly business criteria may lead to further closures in the future. Such an approach gives rise to uncertainty and does not allow stakeholders such as the Local Authority to consider proper evaluation of alternative provision models.

42. Driven by a target of 2,500 fewer sub post offices, will the Post Office seek additional closures if rural branches for example are successful in campaigns to avoid closure – although a case can be made for the important role a post office plays in an urban environment, it is inevitably stronger in a rural community.
43. The Government have failed to grasp the opportunities presented by the post office network to allow greater commercial freedom for post offices and provide new products and services to their customers – working with other organisations such as local authorities or as a platform for providing a wider range of government services to the general public. Already certain services such as applications for a road-fund licence or Passport services are not available at all branches.

Consultation

44. The public are aware of the Network Change Programme through local media and support from Members. The York Press are running a campaign against the closure programme and have collected over 2,000 signatures from politicians, businesses and members of the public.
45. The public have been able to obtain information and documents upon the proposed closure of offices in North Yorkshire with Yorkshire East and Keighley from the Post Office, Postwatch and from the City of York Council website.

Corporate Priorities

46. “The Council will provide strong leadership for the city using partnerships to shape and deliver the Community Strategy for the city” and “We will listen to communities and ensure that people have a greater say in deciding local priorities.”

Options

47. The options are open for Members to respond to the Post Office Network Change Programme as they deem appropriate, using this report and the points raised in paragraphs 39-43 as a basis for their discussions.

Analysis

48. There is no analysis of options.

Implications

49. **Financial:** None
50. **Human resources:** None
51. **Equalities:** None
52. **Legal:** None
53. **Crime and Disorder:** None
54. **Information Technology:** None
55. **Property:** None

Risk Management

56. In compliance with the council's risk management strategy. There are no risks associated with the recommendations of this report.

Recommendation

57. Executive is requested to use the comments set out in paragraphs 39-43 as a framework for the Council's response to the closures.

Reason: To emphasise the Council's view on the role that Post Offices play within the community at large.

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Report Approved

Date

Wards Affected: Clifton, Fulford and Micklegate

All

For further information please contact the author of the report

Background Papers:

Post Office Ltd.	Network Change Programme, Area Plan Proposal for North Yorkshire with Yorkshire East and Keighley.
Post Office Ltd.	Network Change Programme Appendix
Postwatch	Letter to City of York Council on Network Change programme
City of York	Report to Executive 27 th February 2007

Appendices:

Appendix 1:	Post Offices remaining in the network
Appendix 2:	Clifton
Appendix 3:	Haxby Road
Appendix 4:	Micklegate
Appendix 5:	Fulford