

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Scrutiny and Overview Committee	18 January 2006
AUTHOR/S:	Chief Executive / Senior Democratic Services Officer	

POST OFFICE CLOSURES

Purpose

1. To inform the Committee of the Government's consultation process on the future funding, size and structure of the rural post office network and encourage members of the Committee to participate in that process.

Background

2. The Government has begun a consultation on the future funding, structure and size of the rural and urban deprived post office networks. The deadline for responses is 8 March 2007. The Government lists the following reasons for this review:

Cost

- The network's losses rose to almost £4 million a week in 2006, compared to £2 million a week in 2005.
- 90 percent of rural post offices fail to make a profit.

A decline in the use of post offices

- More customers choosing to use post offices closer to where they work and shop.
- A decline in government business: revenue from government transactions fell by £168 million in 2005/6 and Post Office Ltd estimates that government transactions will have fallen to 10 percent of total transactions by 2010, from approximately 40 percent in 2002.
- Changing technology means fewer people need to visit their local post office, for example 75% of all benefit recipients now choose to have their payments made into bank accounts and nationally 8.7 million out of a total of 11.2 million pensioners now get their pensions paid into a bank account.
- One in five rural post offices have less than 40 visits a week.

Government's Proposals

3. The aim of the Government is for the post office network to be on a more sustainable footing by 2011. To achieve this the Government has proposed:
 - A maximum of 2,500 closures across the whole network, to be implemented over 18 months from the summer of 2007.
 - Putting in place access criteria for the network based on distance and with recognition of some topographical factors.
 - That the current duty placed on Post Office Ltd to prevent all avoidable rural closures will be replaced with a duty to maintain coverage level based on the criteria shown in paragraph 5.
 - A greater number of outreach services, such as mobile, partner, hosted and home delivery will be put in place to cover gaps in service.

- That the £150 million annual Social Network Payment will continue over the next five years to 2011.

Considerations

4. According to the Department of Trade & Industry (DTI), historically branches have been located where the subpostmaster chose to set up in business rather than on a strategic decision on the part of Post Office Ltd. Over time this has left an oversized network not always best placed to serve its customers or to exploit available commercial opportunities. To address this, the current policy of preventing the avoidable closure of post offices in rural areas will be replaced by a new policy of maintaining the coverage levels set out below in paragraph 5.
5. The DTI proposes the following access criteria in its consultation document published on 16 December 2006 (document is entitled: The Post Office Network – a consultation document).
 - Nationally, 99% within 3 miles of a post office and 90% of the population to be within 1 mile.
 - In rural areas, 95% of the total rural population within 3 miles.
 - In remote areas, 95% of the population in postcode districts within 6 miles.
6. The DTI expects that rationalisation will principally affect a combination of least used branches and non-commercial branches in areas of over-provision where people can find alternative branches nearby. **Appendix a** shows that all the post offices in South Cambridgeshire have at least one other post office within 3 miles, so the access criteria described above is likely to result in the closure of several post offices in the District.
7. It is not clear from the consultation document whether the importance of post offices to local businesses has been taken into account.

Outreach services

8. A significant number (about 500) of new Outreach services will be put in place helping to mitigate the consequences of the managed rural closure programme following consultation with subpostmasters and local communities.
9. There are four types of outreach service:
 - Hosted, offering a service from a village hall, church or shop.
 - Partner, offering a service alongside another business, such as a pub or petrol station.
 - Home service, offering to deliver a service to a person's home, which can be ordered via telephone or the internet.
 - Mobile, offering a service from a mobile post office which visits locations at a set time.
10. The DTI expect Post Office Ltd to consult MPs, local councils, subpostmasters and Postwatch in areas where it is proposed that post offices should be closed. This consultation process would be expected to last six weeks and outreach services should form part of the discussions.

Implications

11.	Financial	The proposed post office reorganisation has no direct risk
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Legal	implications for the Council
Staffing	
Risk Management	
Equal Opportunities	

Effect on Annual Priorities and Corporate Objectives

12.	Affordable Homes	None
	Customer Service	None as it is not the Council's service
	Northstowe and other growth areas	None
	Quality, Accessible Services	None, as it is not the Council's service
	Village Life	Post offices play an important social and economic role in village life
	Sustainability	The provision of services locally is more sustainable than forcing residents to travel outside their villages.
	Partnership	The Council is keen to work in partnership to ensure that its residents continue to have access to post office services.

Recommendations

13. The Committee are recommended to examine the post office consultation form, which is attached at **appendix b** and discuss what criteria should be used to review the post offices in the District and to pass on these views to the Postwatch representatives who then advise the Government.

Background Papers: the following background papers were used in the preparation of this report:

The Post Office Network – a consultation document from the DTI. This document is accessible on the DTI website: <http://www.dti.gov.uk/files/file36025.pdf>

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