

Post Office Network Consultation
Department of Trade and Industry
Response Centre
1 Victoria Street
London SW1H 0ET

5 March 2007

Sir

The Post Office Network; A Consultation Document

Please find attached the views of the Yorkshire and the Humber Rural Affairs Forum on the "Post Office Network; a consultation document".

Many of the member organisations of the Forum will be responding separately to the consultation. The purpose of this document is to highlight common strands highlighted in discussion by the group and to identify areas where the groups believe they can work together and offer effective support mechanisms for the development of the post office network.

I would be happy to discuss any of the issues raised and proposals made in the document with you.

Yours sincerely

John Napier
Chair, Yorkshire and Humber Rural Affairs Forum

**“The Post Office Network; A consultation document”
Response from the Yorkshire and the Humber Rural Affairs Forum**

This general response is an outline view from some key members of the Yorkshire and the Humber Rural Affairs Forum (Y&H RAF) who will also make separate responses. It should be read in conjunction with these other responses from Yorkshire and the Humber; it is not a re-statement of the views held.

Question 1

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

- In general, the members of the Yorkshire and Humber Rural Affairs Forum (Y&H RAF) considered as constructive the set of proposals outlined in the consultation paper.
- We welcomed the DTI’s recognition of the social and economic value of the Post Office network and considered them sympathetic to concerns expressed about the importance of access to service provision by the adoption of a geographic access criteria for Post Office locations
- Although the access criteria cover both rural and urban definitions, we consider access issues are significantly more important in rural areas due to differences in availability of public transport and alternative service providers.
- In particular, we are concerned that meeting the challenge of maintaining the rural social role is not well developed in the consultation document and we would all like to see more detail from Government on this issue.
- A number of constructive suggestions have been made to strengthen and improve what is seen as a necessary first stage proposal of reform, which requires more recognition of the essential nature of Post Office to rural communities.

Question 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?

- Given the importance of post office services to the rural economy and community, there is an ambiguity of the priority of an outreach process compared with a social ownership model.
- This becomes more crucial as all expenditure is proposed to be under the control of Post Office Limited (POL). Whilst POL has significant expertise in post office areas of operation, there will be gaps in their ability to deliver the whole of this

reform programme particularly where it involved widening the business base for the post offices and considering social ownership situations.

- There are other elements of lack of confidence in POL management and communications as evidenced by sub post-masters who point out that, to date, POL has kept them in the dark and this has increased their concerns and levels of uncertainty about these changes whether this be levels of existing subsidy (per business), levels of compensation for those choosing to leave the industry and, conversely, potential levels of future investment for those choosing to stay.
- There also appears to be a comparative neglect of making the remaining post office / bricks and mortar business more sustainable. Ideas discussed at the Forum included
 - Adding non –post office services and providing service to their competitors;
 - Providing cost and efficiency gains by greater use of community ownership
- In particular, greater importance should be attached to the inter-dependence of rural post offices and local business as there is significant evidence to support the view that the closure of rural post offices has a damaging impact on local enterprise and other local retail outlets. It is important to be able to measure this cost to the local economy. In addition, whilst the proposals “nod” to consultation, there is little evidence that POL will positively engage those communities affected by these changes.
- There has to be regional, sub-regional and local flexibility in the implementation of this plan and there is currently no detail on how this will be achieved and how local authorities, considered essential to consult, and the RDA will be included in developing such plans.
- Yorkshire Forward, the Regional Development Agency for Yorkshire and the Humber, is carrying out a significant mapping exercise to understand the impact on access to services when the proposed access criteria is applied to the region. In doing so, they will capture and model primarily the economic impact but also the social impact of these changes.
- We all believe this question needs to be considered in the wider context of how we can encourage a more integrated approach to service delivery in rural areas. This is more likely to result in improved access to services. The need for regional flexibility is essential, as a national one size will not fit all.

Question 3

Do you have comments on the national access criteria proposed?

- Government has been sympathetic to concerns expressed about the importance of service provision by adopting the geographic access criteria for Post Office locations.

- Remote areas appear to be considered by postcode district which seems to be regressive step after DEFRA's extensive work to define a range of rural and urban areas across the country. We would therefore request greater clarity in definitions, for example, of remote versus rural.
- It is also unclear as to how the mileage range or catchment population can be calculated with geographical accuracy; there is no clarity on whether distance is measured in road miles or as the crow flies.
- All respondents raised concerns about the negative environmental impacts of the increased travel to use postal services and access to public transport in rural communities to access services closed in villages.
- Closure being linked to the preferences of individual sub post-masters is a cause for concern. Whilst it makes sense to support those who choose to leave the industry, this should not be the sole driver on whether a post office business should be retained. That communities need to access services should be the only and primary driver and, in cases where need is established, a Post Office must be retained. What is of primary importance is the provision and its location, not employment issues.
- Little analysis has been done on whether the current provision in rural areas meets the proposed access criteria and if not, how this level is to be achieved.
- Issues need to be considered at a local level and a six week consultation period is not adequate to achieve this appropriate level of consultation. More thought should be given to ensuring that the access criteria reflect
 - The feasibility of integrating post office services with other services.
 - The walking distance to access post office services.
 - Local Demographics.
 - The likely impact on local business.

Question 4

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

- Again, adopting geographic access criteria demonstrates that the Government had been sympathetic to concerns expressed regarding the importance of service provision.
- The key issue in rural is to recognise that there are deprived patches within prosperous rural communities and that particular groups of vulnerable people are involved. Therefore access is a very critical issue within rural.

Question 5

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

- As “services” is not defined in this question, we must presume this means only Post Office Limited goods and services.
- However, one of the key elements of this reform package must be direct support of post offices business through the transition period and freedom to develop new business streams in order that they become sustainable, unsubsidised businesses. For example, the consultation document is unclear on the ability of existing Post Office businesses to diversify and provide mail services for non Royal Mail postal operators.
- There must be a clear signal from Government executive departments on what role these departments need the Post Offices to fulfil in the short, medium and longer term. The uncertainty caused by the withdrawal of the Post Office card account, withdrawing of TV licensing and perceived pressure brought to bear on recipients of benefits to move to bank accounts only add to the uncertainty in this sector. Government needs to provide more clarity in defining what it wants Post Office Limited to do and how it will recompense it.

Question 6

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

- Although the outreach proposal has seeming short-term attraction, it is untried, in any scale and should be a second priority after exploring the social enterprise approach where the provision is essential for social and economic reasons.
- The outreach model provides a route for providing access to Post Office goods and services. It does not however provide a home for the social value that the Post Office creates and this aspect must not be lost.
- The Y&H RAF strongly believes however that this option should only be chosen once the social enterprise approach had been exhausted. The first choice for communities should be the opportunity to own and operate the existing post office service, within the agreed distance criteria which may bring them into conflict with POL’s option for that community.
- Regional SMEs, frequent users of local post offices for banking and other services, have some real concerns about the security and sustainability of “outreach” services. For SMEs, the post office provides an essential element of their business communications. They need services that they can rely on for their business needs and reassurance that banking of relatively large sums of money can still be carried out safely.
- Business services such as those provided by the Post Office are the mainstay for a vibrant rural economy; therefore any replacement outreach service must be at least as good as the existing post office service.

Question 7

Do you have 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?

- It would add commitment and width to the proposals if there was a specific allocation of funds, ring-fenced to develop the community ownership model. This funding could be provided through the RDAs to eliminate potential conflict with POL.
- The areas most in need of services for the financially excluded would also be an area where it is difficult to immediately recruit full time Post Office employees. The development of social and community ownership therefore requires specific capacity and independent expertise to be made available if it is going to be professionally and successfully developed as well as grass roots commitment.
- Relatively modest sums would be necessary for such an activity and should be considered essential if the largest viable Post Office network is going to be retained.
- It could be financed by a small reallocation of the amounts already announced as part of the proposed support package – it would not require new additional funding.
- In order to scale the size of the opportunity and establish a national cost, a pilot could be run. It is important to understand how a move to community ownership would make “unsustainable loss making” post offices more cost effective and sustainable. Yorkshire and the Humber would be an appropriate pilot region. Such a pilot fits neatly with the increasing involvement of RDAs with business support services and community ownership projects.
- Delivery of the pilot and subsequent work would be managed through the Rural Development Programme.

Yorkshire and the Humber Rural Affairs Forum
March 2007