

The Post Office Network

Consultation Response Form

The closing date for this consultation is 8 March 2007

You may find it helpful to set out your responses to the consultation using this response form.

Name: Postcomm

Organisation's name and remit (if applicable):

The Postal Services Commission.

Postcomm is the independent regulator for postal services in the UK. Its duties are to protect the universal service and to make sure that postal operators, including Royal Mail, meet the needs of their customers throughout the UK. Postcomm is also responsible for introducing choice for customers. Postcomm's duty in relation to the Post Office network is to provide general advice to the Secretary of State for Trade and Industry on the future of the post office network. We do this by providing an annual report on the Post Office network, and by conducting research as necessary.

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Please cross one box from the following list of options that best describes you.

- Individual
- Individual - Subpostmaster
- Small to Medium Enterprise
- Trade Union
- Interest Group
- Regional Organisation
- Devolved Administration
- Local Government
- Central Government
- Other (please specify) Postal Regulator

Please feel free to answer as many or as few questions as you wish. It is helpful if you can explain your views as fully as possible in the comments boxes, especially where you disagree with the proposals set out in the consultation paper.

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?

Yes No No view

COMMENTS

The document does not explain how the access criteria were calculated or how the number of closures (2,500) was arrived at. It is not clear if this proposed proposal will bring about a long term solution, or act as an interim measure, trying to balance the reasonable needs of users, the subpostmasters' need to make a viable living, and Post Office Ltd's desire to stop running at a loss. Has work been conducted to assess the exact impact of these changes and how long it will be before they need to be re-assessed?

Other key issues, relevant to securing a long term forward strategy for the network include; a forward-looking programme of contracts for Government services and information; widening the scope for free banking; encouraging more partnership and cost sharing working with other services; ensuring the suite of products available is properly supported and promoted; and the provision of effective business training and support for subpostmasters and Crown Office staff.

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?

Yes

No

No view

COMMENTS

The proposals do not appear to pay sufficient regard to Royal Mail's obligation to meet the universal postal service obligation. This relates in particular to the access criteria for post offices and the use of innovative methods of service delivery, which may or may not be able to offer the facility to weigh and take in the largest parcels or offer the special delivery products.

Closure of Post Offices can also mean the loss of a post box, which is another Royal Mail universal postal service obligation. Only the terms of Royal Mail's licence can be used to ensure loss of a post box does not fall below the agreed criteria. Post Offices are also used to provide later collections of post than post boxes in many rural areas. As collections are often based on the closing time of Post Office outlets, typically between 17:00 and 17:30 on Monday to Friday, and midday on Saturdays. Royal Mail in their response to Postcomm's Collections and deliveries consultation have stated that 'For weekdays 90% of all Post Offices have a final collection after 16:00 with some 63% after 17:00. 'For Saturdays, some 52% of Post Offices have a final collection midday or later, with about 83% overall receiving a final collection from 11:00 or later.' Royal Mail think 'this profile of final collection times demonstrates the flexibility of Royal Mail service on a Saturday and the opportunity for customers to post mail and purchase mail services on Saturday morning that will then be collected, processed and despatched for Monday delivery.' Even a change in opening hours, or limited opening hours could see a detrimental access to collection and access to postal services. Therefore the fact that Royal Mail use Post Offices to help meet their licence needs to be considered when Post Offices are considered for closures.

Has any medium to long term trend analysis been carried out to see if users' demands are likely to change again after the programme has been completed? If not, we could continue to face similar problems shortly after the restructuring has been completed.

Use of core and outreach models and partnership offices could be extended to the urban network to reduce running costs of the overall network, and ensure the reasonable needs of users are met. However, Postcomm would want to ensure that where these were employed they were still able to meet the terms of Universal Postal Service Obligation (i.e. posting of the largest postal packets & registered post available).

Postwatch's role during the restructuring needs to be clearly specified and agreed before the programme starts. We would hope that this work would be ring-fenced during the lifetime of the re-structuring, and that there would be a commitment to ensure that the new consumer body had sufficient resource to deal effectively with user concerns about future closures and other post office network issues, during and after the planned closure programme.

Who will be involved in any consultations for closures once Postwatch has been subsumed into the new consumer body? This includes monitoring closures after the end of the 18 month closure programme. None of this as yet, appears to be covered in the Consumers Bill.

Postcomm is concerned that the setting of an arbitrary deadline for the re-structuring could cause problems. Has contingency been built in for Christmas, Easter and other potential bottlenecks? Have Postwatch been properly consulted to ensure they have the resources to assist with the consultation proposals and actual public consultations during the restructuring? We believe a more flexible deadline should be in place. This would also take into account the fact that the actual consultations on the area plans should be nearer to the recommended 12 weeks, as outlined below.

Full consultations on the area plans need to be held at a local level, and some account of parish and local council meetings needs to be incorporated into any consultation period to ensure all relevant parties have a chance to participate and ensure the correct decision is made. We would suggest that the 6 week consultation period does not appear to allow for this, and a longer period needs to be found. However, whilst we support a 12 week consultation (as recommended by the House of Commons Trade and Industry Committee, and Cabinet Office guidelines) we have some concerns. If the final outcome suggests a branch should not be closed, it may already have had an adverse affect on business, as customers, anticipating a closure may already have migrated to another branch. This also suggests that the consultation process needs to be made clear to all parties.

The restructuring programmes success could be dependent on the EU state aid clearance of the proposed £1.7bn financing package for the Post Office network. But transparency is needed as to what this package will cover, as only £150 million a year is covering the social network payment to 2011. It will be important to focus spending on refurbishment of branches, including Crown Offices, to make them places that people want to use, and training of staff to cater for the new sales and services skills that are required. The money may also be needed to help re-locate offices, to ensure they are in the optimum locations.

Question 3.

Do you have comments on the national access criteria proposed?

Yes

No

No view

COMMENTS

How will the national access criteria be enforced, and who will check that it meets the terms set out, including taking into account local conditions such as rivers, mountains, valleys, motorways and sea crossings to islands?

How will access actually be calculated? What tools will be used to calculate it and what measures will be put in place to ensure they continue to be met?

How were the 38 exempt postcode districts identified? What are the extenuating circumstances that allow all of these 38 districts to remain exempt? Postcomm would accept that there may be a need to create or move current Post Offices to ensure access to Post Office services under the new criteria. A few of the 38 appear to include large towns such as Inverness, Ullapool etc – can you clarify if there are any plans to review these, or others if population densities change in the future? Who will continue to monitor the situation to ensure it does not change adversely in future years? Unplanned gaps could still occur after implementation of the programme, and it would be important to ensure there were enough checks and balances in place to meet the new criteria.

How does this programme affect the USO? The Parliamentary Under Secretary of State for Trade and Industry replied to a written answer on 8 January 2007 to Alan Reid that ‘the aim of using postcode districts as the basis for our proposed access criteria is to offer extra protection to remote areas which would not be covered by Royal Mail’s Universal Service Obligations, which are based on larger postcode areas.’ As no consultation has been held with Postcomm on this point, we would want to understand the analysis that underpins this statement. This may suggest that aspects of the USO may need to be reviewed and we would expect the Government’s support for any change that brings the USO more in line with the Government criteria for the post office network. At present Royal Mail informs Postcomm annually how it is meeting the USO, but whilst they continue to measure this in a ‘straight line’ method Postcomm will not be content that this fully meets the reasonable needs of users.

If Postcomm were asked to monitor Post Office Ltd’s compliance with the new Government criteria, we would need to ensure that all parties had a clear understanding and agreement of how this was to be measured and what criteria takes precedence – before we undertake any monitoring. There would also have to be clear guidance from the DTI (who are also the shareholder of Royal Mail Group) on what action if any Postcomm could take, other than publishing the findings. At present access to the USO is governed, monitored and actioned through Condition 3 of Royal Mail’s licence. It would not be fair or correct to Royal Mail to add the present access criteria to Post Offices to their licence, when the Government has clearly indicated that this criteria is related to their recognition of the social and financial role played by Post Offices.

How are the remote areas to be defined, as they have separate access criteria to rural areas? As we understand there is no departmental definition of a remote area. However, the Scottish Executive does have a definition of rural remote, which can be found at www.scotland.gov.uk/Publications/2003/05/17207/22175, and as most of the exempt areas are in Scotland we would suggest using this for clarification – if needed.

Which criteria, (rural, remote or national) take precedence? There are concerns that definitions of rural and urban are different across the UK countries. An agreed standard such as the 'Rural and Urban Classification 2004 – An Introductory Guide' could be used, as the Countryside Agency, Defra, ODPM, ONS and the Welsh Assembly Government all signed up to this. This is not as crude as the >10,000 population equates to an urban area, and <10,000 is therefore a rural area. People need to be able to understand clearly what criteria will apply to their locality, and what criteria takes precedence, and how this is calculated, managed and monitored over the years. This understanding and agreement needs to be reached with communities before any closures take place, and needs to be reviewed at regular intervals to take account of new, growing or diminishing communities. This review could be conducted between Post Office Ltd and the local authority.

The criteria is confusing as currently set out, and could be read as only requiring 95% of the population to live within 6 miles of a Post Office. However, we would not be opposed to the setting of a national framework or guidance criteria, that was easy to understand and interpret, but which forced local conditions and local planners to be involved in setting access criteria at the local authority level.

In Chapter 2.4, of Postcomm's Post Office network annual report 2005-6, we reviewed research already conducted by others on access criteria. It is important to note from the work of others, including the Department for Transport (Best practice guide for pedestrian and transport infrastructure - Inclusive mobility), Postwatch (The Future of the UK's rural and deprived urban Post Office network) and Help the Aged (In the right place: Accessibility, local services and older people) that gradients, hand rails, availability of public transport were all important. They also suggest that walking distances were critical for the elderly and disabled in particular, and should vary from 50m to 150m or a quarter of a mile. This would suggest that the 3 miles criteria does not take into account the needs of more vulnerable people, who may have no other option than to walk to the Post Office. This evidence needs to be taken on board, and adds to the need to have a national framework, as agreed with the DTI and Post Office Ltd and local access criteria enforced and agreed on by Post Office Ltd and each local authority – in order to cater for local circumstances.

There could be a national framework for access to post offices, with more targeted local access criteria in place, to better reflect topography, infrastructure and demand. Postcomm has always maintained that the measurement of access to Post Offices should be by the most accessible route (most recently chapter 2.4 of Postcomm's Post Office Network annual report 2005-06). Accessible implies that it would be manageable by those in wheelchairs, and by those who experience difficulties walking due to ill health or age, or lack of access to transport.

Unplanned closures will need to be reviewed against the new criteria after this programme has been completed. There may be a need to extend the good work done by Post Office Ltd's Rural Transfer Advisors, to ensure the whole network is covered, and that unplanned, and unacceptable (under the final agreed criteria) closures do not leave gaps in the network.

It is also a concern that the Government is using imperial measurement as opposed to metric measurement. This and the unexplained method of measurement could lead to confusion between Royal Mail's Universal Service Obligation and the requirement the Government is placing on Post Office Ltd.

Will the outreach models allow Post Office Ltd to meet the Government's access criteria? If so a minimum opening period needs to be agreed, as part of the local criteria.

Postcomm will be conducting independent research to discover whether the Government's access criteria will have an adverse affect on the Universal Service Obligation placed on Royal Mail. As there is a pressing need to do this, due to the tight timetable the Government has set for the completion of the restructuring, this work is starting now, and can only be based on the criteria set out in the DTI consultation document. The research should arrive at recommendations on access criteria to postal services and Post Offices – that are based on valid research and trend analysis. This should take into account the minimum number of opening hours, physical accessibility and how in relation to communities and any other relevant factors this should be measured, with a particular consideration to meeting the needs of more vulnerable users. This will also look at international experience, as the UK is not the only country facing the problem of changing consumer demands, and a need to provide a reasonable access to postal services. We hope that the Government will take on board any relevant findings, even if the restructuring programme has already begun. We hope to have the report and Postcomm's recommendations with the DTI in July.

Question 4.

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

Yes

No

No view

COMMENTS

The new criteria for urban deprived areas appears to be wider than, the measurement method for URP. Will it need to be reviewed again in a few years time if users' demands continue to change?

How are remote areas identified, as opposed to rural areas? This needs to be clearly set out and agreed, to prevent implementation and monitoring problems. As suggested, we would recommend use of the criteria set by the Scottish Executive in 2003.

Some of the 38 exempt postcode districts appear to include large towns - and possibly fall into the rural rather than remote category.

How will these criteria continue to be monitored to ensure they are appropriate? For example if some of the urban deprived areas move out of the 10% most deprived super output areas as identified in the indices of Multiple Deprivation, and are replaced by other areas.

We would hope that Post Office Ltd and Royal Mail would use a widely recognised and accepted method to classify rural and urban areas, such as those set out in the 'Introductory Guide' produced in 2004, for England and Wales. This was a joint piece of work by (as they were then) the Countryside Agency, the Department for Environment, Food and Rural Affairs, Office for National Statistics, the Office of the Deputy Prime Minister and the Welsh Assembly.

Question 5.

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

Yes

No

No view

Comments

Transparent, clear information needs to be communicated as to why post office branches are closing under the programme, why an outreach service is replacing a traditional office, and what services are on offer, at what times. Work needs to be done with local authorities and parish councils to advertise the service offer, and encourage consumers to use the services offered.

Services could be tailored to meet local demands – like the French model which sets out each office in relationship to the type of customers expected. We have witnessed the successful use of business counters in some sub Post Office branches, but this has been an innovation introduced by an enterprising subpostmaster – which suggests that information about good practices need to be spread across the network through Post Office Ltd's area managers.

We have also seen good cross-selling techniques in the WH Smith franchised branches, where staff in the allied retail will remind customers about products they might be interested in at the Post Office – tied into what ever product they have bought. This type of synergy needs to be utilised in all current and future franchises.

It would also be useful to have a lessons learned guide, to ensure that each new franchise, whether a chain, symbol group, large franchise, or a subpostmaster can benefit from understanding some of the risks, issues and ideas in setting up a Post Office. This would be over and above the current training, and from our discussions in the field we understand this would be a useful tool.

Another way to provide better and more choice to consumers would be if other operators were given access (at a reasonable price) to provide their postal services through Post Offices. This would bring in further income for Royal Mail and Post Office Ltd under an access arrangement, provide extra sources of income for subpostmasters and provide a natural fit for a central location to access postal services. Otherwise, we could see the rise of rival networks, similar to mail boxes etc.

We welcome the idea that local authorities and parish councils will be more involved in future in ensuring the right post office service provision is based in the right location. We would like to see more local authorities offering services or payment for rent, rates, and charges through post offices. They could even be instrumental in ensuring that other local services such as libraries, village halls and other community services were more joined up with post offices – this could save costs for all parties and ensure accessibility to services in line with local requirements.

Question 6.

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

Yes

No

No view

Comments

Local Authorities, Parish Councils and the local community need to be involved in the consultation process for a change in service from the traditional method of delivery. Once all parties are agreed on the appropriate outreach method there needs to be continued input from all parties to ensure that the service is properly advertised (i.e. the local council should allow Post Office Ltd to advertise opening times of a mobile or other part-time outreach service in a locality close to the service), that the service continues to be located in the correct place, is open at the most appropriate and reasonable times for the community and the subpostmaster at the core branch, and that the appropriate range of services is available. Postcomm supports the use of outreach models as a means of providing a more cost effective service to communities where there is no high demand for services.

However, work needs to be done to ensure that where these models replace a traditional service, the service offering still allows Royal Mail to meet its Universal Service Obligation of ensuring users have reasonable access to access points capable of receiving the largest relevant postal packets and registered mail.

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?

Yes

No

No view

Comments

Postcomm has highlighted many examples of community owned and run post offices in its Post Office network Annual reports. They appear to require a lot of work and dedication from a community in achieving this status – but due to the community engagement they appear to work. There are currently partnerships with Virsa, Rural Shops Alliance and others to ensure that communities have the assistance they need to undertake such ventures. They should also help reduce some of Post Office Ltd's costs, if POL is only paying for the hours they require, or their share of costs. However, there would need to be clarity to ensure demands, supply of stock and cash and payment for services were clearly set out before the venture was agreed. We would also recommend the availability of Government funds to assist with a venture, where the Government saw this location as meeting its desire to recognise the social and financial role of Post Offices in the community.

We are unclear what assets would be transferred to community organisations, as the buildings are usually the main asset owned. Horizon and the scales are supplied by Post Office Ltd, and could not be seen as an asset of an individual branch, as Post Office Ltd have to regularly update equipment. Therefore, the assets need to be clearly defined and the viability of this needs to be decided upon prior to any transfer.

Thank you for taking the time to let us have your views.

We do not intend to acknowledge receipt of individual responses unless you tick the box below.