



COUNCIL CABINET
30 OCTOBER 2007

Report of the Chair of the Scrutiny Management Commission

Review of the Proposed Compulsory Compensated Closure Programme as it relates to Post Offices in Derby – Report and Recommendations

RECOMMENDATION

- 1.1 That Council Cabinet consider the report of the review and the recommendations of the Commission and make any amendments or additions they consider necessary.
- 1.2 That having regard to the consultation deadline of 12 November 2007, Council Cabinet inform the Commission how they wish the Council's response to the consultation to be made to Post Office Counters

SUPPORTING INFORMATION

Background

- 2.1 In December 2006 the Government commenced consultation on a range of proposed measures to modernise and reshape the Post Office network. The consultation was to address falling customer numbers and a decline in the use by the public of 'traditional' Post Office services. This change in consumer patterns had resulted in losses for the Post Office which had increased from £2m/week in 2005 to nearly £4m/week in 2007.
- 2.2 The results of the consultation were published in May 2007 and in response the Government announced the proposed compulsory compensated closure of up to 2500 of the 14,300 Post Office branches in the UK. To deliver these closures, Post Office Counters is now implementing its Network Change Programme and has divided the UK into 47 'Areas'. Post Office Counters is conducting a 6 week local consultation programme to give stakeholders the opportunity to comment on the proposals contained in each of the Area Plans.
- 2.3 The table below lists the Post Office branches in Derby that are proposed for closure in the Area Plan. The table also lists the 'alternative' post offices that have been identified by Post Office Counters and the distances of the alternative post offices from the post office branches proposed for closure.

Post Office branch proposed for closure		First Alternative Post Office and distance	Second Alternative Post Office and distance
1	Abbey Street 17 Abbey Street	Victoria Street 0.31 miles	Bedford Street 0.88 miles
2	Ashbourne Road 130 Ashbourne Road	Kedleston Road 0.63 mile	Victoria Street 1.00 miles
3	Mansfield Road 164 Mansfield Road Chester Green	Victoria Street 1.00 mile	Sussex Circus 1.13 miles
4.	Pear Tree 157-159 St Thomas Road	Walbrook Road 0.30 miles	Normanton Road 0.70 miles
5	Shelton Lock 211 Derby Road	Chellaston 0.7 miles	Allenton 1.0 mile
6	Wilmorton 707 London Road	Midland Road 1.0 mile	Alvaston 1.2 miles

- 2.4 The City Council was informed of the Area Plan for the East Midlands on 2 October 2007 and at the Scrutiny Management Commission pre-meeting on 9 October, the Chair and Vice Chair took the decision to conduct a short review of the proposals as they affect Derby. The report of the review is contained in Appendix 2 of this report

Issue(s)

- 2.5 The issues relating to the Compulsory Compensated Closure programme and to the post offices in Derby that are proposed for closure are set out in the attached report.

Conclusions of the Commission

- 2.6 The Commission concluded:

1. That it whilst some of the proposed closures could be justified, others did not seem to take into account the needs of the communities served by the post offices that were scheduled for closure.
2. For Derby there seemed to be no strategic plan to provide post offices in locations where they could best serve a community, the closure plan seemed merely intended to reduce the overall number of post offices
3. There was a question whether the remaining post offices, and particularly the Crown Office at Victoria Street would have the capacity to cope with the increased business resulting from the closure of the other post offices
4. That because the publicity provided about the closures was not available in minority group languages, not all post office customers might be aware of the proposed closures
5. The failure to allow a parliamentary debate on the programme

would restrict the level of comment and objection that the Government received

- 2.7 The recommendations set out in the attached report and agreed by Scrutiny Management Commission at its meeting on 23 October are intended to address the conclusions of the review.

Recommendations of the Commission

- 2.8 The recommendations of the Commission are listed in the attached report.

Reasons for the Commission's Recommendations

- 2.9 The reasons for the Commission's recommendations are also listed in the attached report

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Background papers:	Background Papers - None
List of appendices:	Appendix 1 – Implications
	Appendix 2 - Review of the Proposed Compulsory Compensated Closure Programme as it relates to Post Offices in Derby

IMPLICATIONS

Financial

1. None arising for the Council from this report.

Legal

2. None arising from this report.

Personnel

3. None arising from this report.

Equalities impact

4. The provision of post office services is of importance to all Derby people

Corporate Priorities

5. This report has the potential to link with the following Corporate Priorities
 - Making us proud of our neighbourhoods
 - Leading Derby towards a better environment
 - Helping us all to be healthy active and independent
 - Giving you excellent services and value for money

FINAL DRAFT

Scrutiny Management Commission

Review of the Proposed Compulsory Compensated Closure Programme as it relates to Post Offices in Derby

1. Introduction

1. In December 2006 the Government commenced consultation on a range of proposed measures to modernise and reshape the Post Office network. The consultation was to address falling customer numbers and a decline in the use by the public of 'traditional' Post Office services. This change in consumer patterns had resulted in losses for the Post Office which had increased from £2m/week in 2005 to nearly £4m/week in 2007.

2. The results of the consultation were published in May 2007 and in response the Government announced the proposed compulsory compensated closure of up to 2500 of the 14,300 Post Office branches in the UK. To deliver these closures, Post Office Counters is now implementing its Network Change Programme and has divided the UK into 47 'Areas'. Post Office Counters is conducting a 6 week local consultation programme to give stakeholders the opportunity to comment on the proposals contained in each of the Area Plans.

3. The City Council was informed of the Area Plan for the East Midlands on 2 October 2007 and at the Scrutiny Management Commission pre-meeting on 9 October, the Chair and Vice Chair took the decision to conduct a short review of the proposals as they affect Derby. The review meeting was held on 22 October and the Commission took evidence from Bob Laxton MP, and representatives of Postwatch and of Post Office Counters.

4. This report summarises the outcomes of the review meeting and outlines some possible recommendations for the Commission. The deadline for commenting on the proposals contained in the Area Plan is 12 November 2007.

2. The area plan proposals affecting Derby

5. Table 1 overleaf lists the Post Office branches in Derby that are proposed for closure in the Area Plan. The table also lists the 'alternative' post offices that have been identified by Post Office Counters and the distances from the post office branches proposed for closure to the alternative post offices.

Table 1

Post Office branch proposed for closure		First Alternative Post Office and distance	Second Alternative Post Office and distance
1	Abbey Street 17 Abbey Street	Victoria Street 0.31 miles	Bedford Street 0.88 miles
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6. The maps contained in Appendix 1 show the location of the Post Office branches proposed in Derby for closure in the Area Plan.

3. Summary of the evidence provided to the Commission

7. At the meeting on 22 October to review the proposed programme of Post Office closures in Derby, members of the Scrutiny Management Commission heard evidence from Bob Laxton MP and from representatives of Postwatch, the independent watchdog for postal services in the UK, as well as from representatives of Post Office Counters plc.

8. Bob Laxton told the Commission that he was concerned about several of the proposed post office closures in Derby and he said he was surprised at the lack of objections he had received so far about what was being proposed.

9. The Postwatch representatives told the Commission that the closure programme involved 2500 post offices across the UK and that 88 of these would be in Nottinghamshire and Derbyshire. They confirmed that that the programme of closures had been agreed by Government but had not been voted on by MPs.

10. The Postwatch representatives said that the proposed programme of closures was based on criteria that took into account the demand for post office services and the ease of access to other post offices.

11. The representatives of Post Office Counters confirmed the information provided to the Commission by Postwatch and provided details of the criteria on which the proposed programme of closures was based. They told the Commission that the closures were a Government requirement and were in

response to the financial problems faced by Post Office Counters which was currently losing around £4m/week. The Commission was told that to resolve these financial problems it was necessary to close 2500 post offices and that replacement closures would have to be identified if any of the post offices identified in the original programme were not closed.

12. The representatives of Post Office Counters told the Commission that they would be pleased to receive comments from the Council on the information contained in the schedule of closures.

4. Additional Information relating to the Compulsory Compensated Closure Programme

13. Appendix 2 of this report contains a copy of a leaflet on the proposed closure of the Mansfield Road Post Office branch. Information about the proposed closure and maps showing the location of the alternative post offices are displayed in the window of the branch.

14. Although Postwatch say that there had been no vote in Parliament on the proposed closure programme, the matter does appear to have been debated at the First Delegated Legislation Committee meeting on 24 July 2007. The Hansard Account of this meeting can be accessed via the following link:

<http://www.parliament.the-stationery-office.co.uk/pa/cm/cmtoday/cmstand/output/deleg/dg01070724-01.htm>

15. In the course of this meeting Mr Pat McFadden, the Minister for Employment Relations and Postal Affairs is reported as having said *'I must be honest with my Hon Friend and with everybody in this Committee. Neither I nor the Post Office promise that people will simply be able to say through this consultation 'We don't want any of this. We want the taxpayer to keep paying more and more subsidies, and we wish that the closures would go away.' The consultation is on how, not whether, the closures are to be implemented.'*

16. This statement makes in very plain that 2500 branches in the UK will have to closed. The Council can of course offer reasons why some or all of the six branches proposed for closure in Derby should not be closed, but if these arguments are successful, the inference is that other branches elsewhere, although not necessarily in the City, will have to be closed to bring the overall total back up to 2500.

5. Criteria for Closure

17. The Consultation document published in December 2006 introduced the following key criteria defining the minimum access requirements to post office services across the United Kingdom. The consultation document said that these criteria would set a standard for national coverage and will be supplemented by additional criteria to safeguard rural and deprived urban coverage.

18. Post Office Counters Ltd was tasked with restructuring the network to create one that meets the following criteria for access to Post Office:

- Nationally, 99% within 3 miles and 90% of the population to be within 1 mile;
- In deprived urban areas, 99% of the population to be within 1 mile;
- In urban areas, 95% 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.

19. The Post Office Counters representatives told the SMC members that branches considered for possible closure were assessed on the basis of:

- Access criteria (DDA)
- Their proximity to other post offices
- The size of the branch in relation to others
- The number of transactions conducted at the branch
- Financial benefit (to Post Office Counters)

20. The Post Office Counters representatives refused on the grounds of commercial confidentiality to say whether the branches proposed for closure in Derby were profitable.

6. Views of the Commission members who attended the review meeting

21. Having considered the evidence provided by the witnesses, the Commission members who attended the review meeting had concerns about the following points:

- The justification for the proposed closure of some of the six Derby post offices given the difficulty that some customers of those post offices could have in accessing the alternatives
- The impact the closure of some of the Derby Post Office branches would have on the communities which they served.
- The apparent lack of an overall strategy on the part of Post Office Counters so far as the proposed closures in Derby were concerned.
- The lack of objections to the proposed closures – which in turn raised questions about the effectiveness of the publicity issued by Post Office Counters about the proposed closures
- The capacity of the remaining post offices to accommodate the increased business resulting from the closure of the six post offices identified in the Area Plan.
- The failure of Post Office Counters to release information to the Council about the profitability of otherwise of the post offices that are proposed for closure in Derby
- The lack of any debate in Parliament on the programme of closures.

7. Recommendations presented to the Scrutiny Management Commission meeting on 23 October 2007

22. The following recommendations, which reflect the comments made at the meeting on 22 October, have been drafted by the Co-ordination Officers for the consideration of the Commission.

Recommendation 1

23. That the Chester Green Post Office should not be closed.

Reasons 1

24. The alternatives proposed by Post Office Counters to the Chester Green Post office are not viable for residents of the area who have mobility problems. The River Derwent, St Alkmunds Way and Frank Whittle Way are barriers which prevent easy access from Chester Green to the alternative post offices at Victoria Street and Sussex Circus. Both these alternatives are difficult to access by the only available routes and at distances of 1 mile and 1.13 miles from Chester Green are right on the limit for the defined criteria for deprived urban areas.

Recommendation 2

25. If the Ashbourne Road Post Office is to be closed, Post Office Counters should open negotiations to provide post office facilities at the Sainsbury's store on Kingsway.

Reasons 2

26. The Ashbourne Road Post Office was the alternative put forward by Post Office Counters when the branches on Stable Street and Uttoxeter Old Road were closed in the last tranche of closures. Ashbourne Road is on the extreme northern boundary of a large block of residential properties between Ashbourne Road and Slack Lane/Cheviot Street. Sainsburys is the nearest supermarket of any size to these properties and there is a strategic need for post office services in this area.

Recommendation 3

27. Post Office Counters should provide new post office facilities at a location to the south west of the existing Abbey Street post office.

Reasons 3

28. The Abbey Street Post Office was an alternative put forward in the last tranche of closures. It is too close to the City centre to be of real use

residents of the area to the south and east. There is a strategic need for a post office in this area. The closure programme would give Post Office Counters the opportunity to provide a new post office which if correctly located would stand every chance of being economically viable.

Recommendation 4

29. Facilities at the Chellaston and Allenton Post Offices should be improved and expanded.

Reasons 4

30. It is accepted that the Shelton Lock Post Office is too small and in the wrong location. However, new housing developments to the south of the ring road mean that there is, and will continue to be, an increasing strategic demand for post office facilities along the line of the A514.

Recommendation 5

31. Post Office Counters should provide a detailed appraisal to demonstrate how the Victoria Street Post Office and other major post offices in Derby will cope with the increased business that will result from the proposed closures of post offices in the City.

Reasons 5

32. Anecdotal evidence suggests that at peak times the Victoria Street Post Office is already unable to cope with demand and that this results in excessive queue times. If customers have to spend too long queuing, they will be inclined to find other ways of doing their business and the viability of the Victoria Street Post Office will suffer.

Recommendation 6

33. Information on the proposed compulsory, compensated closure programme should be provided in minority ethnic languages.

Reasons 6

34. There has been a surprising lack of objections to the proposed closures. There are concerns that residents of the affected areas who do not have English as a first language may be unaware of what is being proposed.

Recommendation 7

35. That the Chair of the Scrutiny Management Commission writes to all the local Members of Parliament and asks them to press for a debate on:

- the proposed closure programme,

- its potential impact on people living in the vicinity of the Post Offices that will be closed,
- the apparent lack of any strategic plan by Post Office Counters to do any more than merely reduce the number of post offices in the UK.

Reasons 7

36. To ensure that the closure programme and its likely outcomes is fully considered.

8. Additional Recommendations put forward at the Scrutiny Management Commission meeting on 23 October 2007

Recommendation 1A

That Wilmorton Post Office should not be closed.

Reasons 1A

Approximately 600 new houses are to be built within the immediate vicinity of the post office. The area contains a large number of rented properties and households are generally low income. There is anecdotal evidence from the postmaster that the post office is profitable. It is used by a number of local businesses and it was the alternative post office when the office on Brighton Road was closed in the last tranche of closures. The distances to the two alternative post offices of 1 mile and 1.2 miles are right on the limit for deprived urban areas.

Recommendation 2A

That Post Office Counters should provide the City Council with information on the commercial viability of the post offices proposed for closure in Derby.

Reasons 2A

Without this information the Council is unable to consider all the facts when commenting on the proposed closures. It does not make sense to close profitable post offices which are providing a valuable and necessary service to the community in order to support unprofitable posts offices elsewhere.

DRR 23 October 2007.