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To: Cabinet – 17 September 2007

Subject: Future of Post Office network and services in Kent

**Summary
For information
and discussion**

This report updates Cabinet on the latest developments concerning the Post Office Network Change Process in Kent.

- **Kent has been identified as the first area in the Country to undergo the process, and the Post Office Network Change Unit commenced work in early July.** The Local Area Plan timetable received by KCC (belatedly on Monday 23rd July) states that 'blueprint and validation' started on the 2nd July, engagement with sub-postmasters on the 16th July and the public consultation will commence on the 17th September 2007. It is our understanding that post office closures in Kent are likely to be actioned in early 2008.
- At this stage, the nature and scale of proposed closures that are planned for Kent is unknown. The Government have announced nationally that up to 2,500 closures are planned. Pro-rata, this could mean significant numbers across Kent – given that the Government are adamant that 'no country within the UK and no group of inhabitants at the area plan level should be significantly more adversely affected than any other'.

Rural and Urban Dimension

- This is not just a rural issue – as the government have stated that the number of urban and rural post office closures will be 'roughly similar'. Urban areas may also feel particularly targeted as the last round of post office closures centred exclusively on urban areas (Urban Reinvention Programme)
- It is important to note that the rural and urban impacts of post office closure – and remedial actions are likely to differ. Rural impacts include: possible failure of village shop (where co-located), access difficulties for those without private transport, loss of main focal point within village, reduced productivity/ increased travelling for rural businesses to access postal services – and resultant increases in carbon footprint. Urban impacts include loss of footfall for neighbouring businesses/ shops in immediate vicinity, which can be counter productive for wider regeneration initiatives and access issues for those with limited mobility.

Concerns re the Network Change Process

KCC continue to have a number of concerns over how the network change process is being implemented in Kent. These are:

- a) **The timescale identified for network change is too short.** This process must focus on putting Kent's post offices on a stable *and sustainable* footing for the long-term future and create a viable business model. Changes should not be rushed or under-resourced. A longer period is required to get alternative delivery models up and running – and to ensure no gaps. Failure to do this will result in a weakened network, which is not sustainable in the long-term – and does not meet the needs of Kent's communities.
- b) The Government has resisted widespread calls for the public consultation period to be extended from six weeks to twelve weeks. **A six week public consultation period on the proposals is too short**, for an issue of this significance – and is not sufficient time for the communities of Kent to have their say – or develop community led approaches for alternative delivery.
- c) Where post offices are proposed for closure, **sufficient funding needs to be made available to enable appropriate outreach facilities to be put into place.** It is proposed that Post Office Ltd will introduce some 500 outreach services across the UK to mitigate the impacts of up to 2,500 closures. There is concern that the scale of funding for outreach provision (run by Post Office Ltd) will not be in keeping with the number of proposed closures¹. Local authorities should not be left footing the bill.
- d) Many post offices are co-located in shops – and insufficient recognition has been given to this issue within the Government's response. **There is a particularly high degree of co-dependency in rural areas where loss of the post office could also result in the loss of the village shop.** In deprived urban areas, research has evidenced that the resulting reduction in footfall can be detrimental to wider regeneration initiatives.
- e) The implicit assumption within some of the outreach proposals that all communities have the necessary 'community capacity', 'social capital' or community assets to implement alternative provision is erroneous – especially in deprived areas. **There is likely to be a particular emphasis placed on community-led or community-assisted responses in rural areas.** Dedicated funding for facilitation needs to be put in place to enable those interested communities to deliver their own solutions e.g. community shop providing 'post office services'.

¹ The outreach models proposed by Post Office Ltd are:

Hosted – a full service offered by the subpostmaster (or a fully trained employee) of a nearby post office at a host site such as a shop, village hall or church

Partner – a basic service with access to cash, bill payments, stamps, weighing and leaving parcels being provided by other retailer alongside their main business e.g. petrol station or pub overseen by the core subpostmaster who provides the site with products

Home service - a limited service offered via telephone or on-line ordering with the subpostmaster

Mobile – a full service is offered by a mobile post office visiting a number of locations at set times on a regular basis

Kent has a good track record in innovation. For example in Frittenden, Kent, the Bell and Jorrocks pub volunteered to become the location for a new automated Partner service with the Core branch being at Staplehurst.

- f) **Business use of the network has not been sufficiently taken into account**, especially in rural areas. ICT has led to a rapid growth in home-based businesses and home-based working – especially in rural areas. Research by the Federation of Small Businesses stresses that post offices are a ‘crucial element of the post infrastructure’ and that 82% of small businesses believed that closure of their local post office would have a significant impact on their business. Kent and Medway’s regional organiser has expressed strong concern over the impact on Kent’s SMEs and willingness to work with KCC on further quantifying the likely impact on the small business sector. *Some outreach service models will not cater for the needs of local businesses.*
- g) **There is a need for Government and Post Office Ltd to take a more integrated and joined up approach to the future delivery of Post Office Services i.e. working with other partners.** This would result in improved access to services for Kent’s communities (particularly in rural areas), better use of public money and more sustainable delivery of Post Office Services. The transfer of assets policy outlined in the Quirk Review may create opportunities for new urban provision of postal services. It is unlikely that rural communities will benefit from the resources that will become available for the transfer of assets proposed by the Quirk Review – as in rural areas most communities already own their own assets e.g. village halls and playing fields. **Equivalent opportunities (and funding) should be made available for rural communities to develop the management of their existing community assets to improve access to services.**
- h) **There has been little thought given to the environmental impacts of post office closure** – i.e. increased journey times, more car-based trips etc.

What is KCC doing in response?

- 1) A proactive communications strategy has been drafted by KCC’s Corporate Communications Team. This will highlight:
 - a) KCC’s above concerns about the way that the network change process is being implemented in Kent – and the damage that rushed, ill-thought through plans will cause Kent’s businesses, communities - and future sustainability of Kent’s post office network.
 - b) KCC’s support for Kent’s post offices – and urge Kent’s communities to support their post offices. Districts are being invited by the press office to participate in this press campaign.
- 2) An initial discussion has also taken place to assess the potential to integrate future post office service delivery with the roll out of the KCC Gateway Strategy. The opening of a new Gateway in Tenterden later this year should secure the future of the town centre post office (which is co-located in the Allday’s site) – although Post Office’s timescale and issues re cash-handling pose significant constraints.
- 3) 2 dedicated workstreams to address likely rural impacts are being scoped:

- a) providing specialist business advice for rural retailers where closure of their co-located post office could also jeopardise the viability of the village shop
- b) providing effective support for rural communities faced with the loss of their post office, and potentially village shop, to develop alternative community-led alternatives e.g. community owned shops

For each workstream, two options have been scoped to provide:

- a workstream that is likely to be possible through the re-alignment of existing KCC and partner resources/budgets which would meet some of the needs
- the ideal option that would be taken forward if further funding was made available by Post Office limited to address the wider impacts of the network change process (nb previous Countryside Agency funding streams could have potentially provided such resourcing if they were still available).

Both of these workstreams directly feed into the Towards 2010 target and Kent Rural Delivery Framework objective of supporting rural businesses and communities to become more entrepreneurial. KCC will lead, but the workstreams will involve partnership-based delivery.

Recommendation

Cabinet are asked to consider the proposed KCC response, and agree & amend as proposed.

Background documents:

The Post Office Network: Government response to public consultation (May 2007), DTI

The Post Office Network: A consultation document (December 2006), DTI

Small Businesses and the UK Postal Market: Federation of Small Businesses (2007)

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