

Chief Executive
Kent County Council
Sessions House
County Hall
Maidstone
Kent
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July 2007

Dear Sir/Madam,

I am writing to you as the Director of the Network Change Programme ("Programme") which Post Office Ltd will soon implement. This follows the recent announcement by the Government of their future policy towards the network ("the Network") of post office branches ("the Branches"). I am keen that local authorities are engaged in the process of change and this letter is intended to give you some background information and commence that process of engagement.

As you may be aware, on 17 May 2007, in response to a national 12 week public consultation process, the Government announced its policy ("the Response Document ") on the future of the Network. A copy of the Response Document can be found at: www.dti.gov.uk/files/file39479.pdf.

The consultation was undertaken in recognition of the need to modernise and reshape the Network - against the backdrop of falling customer numbers, decline in traditional services such as Government based business, changing consumer behaviour and rising losses in the Network (from £2m a week in 2005 to almost £4m a week last year). It also acknowledged the important social and economic role played by the Branches in local communities.

In the Response Document, the Government announced

1. the proposed closure of up to 2,500 Branches (out of 14,300 current Branches)
2. the introduction of minimum access criteria (as set out below) in respect of the remaining Branches
3. support funding for the Network to be provided by the Government; and
4. the introduction of around 500 'outreach' Branches¹.

¹ Outreach branches will be deployed in those communities where an Area Plan highlights the need to maintain a form of access to services but where a full time branch could not be justified.

As stated above, a key part of the Response Document is that necessary Network change is against the backdrop of the introduction of a range of minimum access criteria for the provision of Branches. This means that Post Office Ltd will henceforth be required to maintain a Network that provides access to outlets based on the following criteria:

Nationally:

- 99% of the UK population to be within 3 miles and 90% of the population to be within 1 mile of their nearest Branch.
- 99% of the total population in deprived urban areas² across the UK to be within 1 mile of their nearest Branch.
- 95% of the total urban³ population across the UK to be within 1 mile of their nearest Branch.
- 95% of the total rural⁴ population across the UK to be within 3 miles of their nearest Branch.

In addition, for each individual postcode district:

- 95% of the population of the postcode district to be within 6 miles of their nearest Branch.

Changes to the Network can only take place within these parameters.

Post Office Ltd will also take into account obstacles such as rivers, mountains and valleys, motorways and sea crossings to islands in order to avoid undue hardship and consider the availability of public transport and alternative access to key services, local demographics and the impact on local economies.

The Government expects Post Office Ltd to implement necessary Network changes throughout the UK during an 18-month period. We have therefore established an implementation programme which divides the country into approximately 50 distinct areas ("the Areas") in respect of each, there being a local area plan ("Local Area Plan"). Each Area will be made up of a number of Parliamentary constituencies. Each Local Area Plan will be subject to a detailed planning process through which future Network proposals will be developed, which will then be submitted into a public consultation process prior to a process of further consideration and then implementation.

² Deprived urban – The most disadvantaged urban parts of the UK based on the Indices of Multiple Deprivation (top 15% Super Output Areas in England, 15% of Data Zones in Scotland and 30% of Super Output Areas in Wales and Northern Ireland).

³ Urban – a community with 10,000 or more inhabitants in a continuous built up area.

⁴ Rural – a community not covered by the definition of Urban above.

Work will commence on these plans shortly and we expect the process (for the whole country) to take 18 months. Some Local Area Plans will therefore be prepared earlier than others, as we schedule planning and consultation for Areas to progress across the country.

Network change will, subject to the requirements of the minimum access criteria, be necessary in all parts of the country and its overall extent will have to be of the order referenced in the Response Document if a sustainable future Network consistent with the Government's ongoing funding commitments is to be achieved. In making these changes the Government has made clear that no particular part of the Network and no particular group of people should be significantly more adversely affected than any other.

We have now established the timetable and structure of the Local Area Plans for the implementation process.

Details of the Area of the Local Area Plan - which includes the area for which your local authority is responsible are attached to this letter.

The six week public consultation period will commence for this Local Area Plan in September 2007. Background planning will now be commencing for this Area, with more detailed planning occurring in the 12 week period leading up to public consultation.

As you will understand, the consultation in respect of the Local Area Plan will not concern the principle of the need for change of the Network, nor its broad extent and distribution – that has already been established by the Government in its Response Document. Rather consultation will be seeking representations on the most effective way in which Government policy – as set out in the Response Documents - can be best implemented in the particular Area in question. No final decisions will be made on the implementation until the public consultation has been conducted and responses considered by Post Office Ltd.

Prior to the public consultation, we will seek to take careful account of relevant local factors in the preparation of the Local Area Plan on which the consultation will take place. I would therefore welcome your assistance at this stage in the preparation of the Local Area Plan.

Accordingly, I am initially seeking from you information that you see as relevant in determining the future pattern of the Network in your Area. Examples of the kind of information that might be helpful could be:

1. regeneration and development plans in your local authority area
2. proposed new settlements
3. major road schemes likely to have a material impact on accessibility between communities
4. significant public transport changes including enhancements, new provisions and likely withdrawal of key services.

In respect of all of these, it would be particularly useful to have details of those matters which are likely to come to fruition within the next two/three years.

Please send any information that you deem appropriate back to me as soon as possible.

As our process progresses and we move to the more detailed planning stage within your area, we will be in further contact with you. Furthermore, when a proposal has been developed in detail for a specific Area, we will contact you again to discuss those proposals right at the start of the formal period of public consultation. Irrespective of any material that you have been able to supply to assist our initial planning stages, when we put to Local Area Plan which includes the area to which your local authority relates, to public consultation, we will specifically send a copy to you and invite your further representations.

Throughout this process of planning, consultation and decision making there will be appropriate involvement by Postwatch. Postwatch is the independent watchdog for postal services and it will scrutinise and comment on Post Office Ltd's proposals in respect of Network change and it will work with Post Office Ltd to help secure the best possible outcome. Postwatch will also periodically monitor and review compliance with the Government's minimum access criteria. We understand that Postwatch will be separately writing to you shortly.

Thank you for your initial assistance in this matter. We know that this change process may be unsettling for some of our customers and for our Subpostmasters. However, as you will understand, we have to make the changes consistent with the Government's Response. We believe that effective engagement with local authorities can help ensure that the Programme is implemented in the best manner possible.

As we will be in your area very soon I would like to take this opportunity to invite you to a confidential meeting with Post Office Ltd representatives.

If you would like to attend or discuss any of the above issues further please could I ask you to contact the Network Change Programme Office at your earliest convenience – details are at the foot of this letter.



**Sue Huggins
Programme Director
for and on behalf of Post Office Limited**

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