

postwatch

Ms Janet Johnson
Chief Executive
District of Easington
Council Offices
SR8 3TN

22 January 2007

Dear Ms Johnson

Post office network consultation

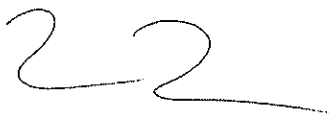
I am writing in connection with the government's consultation on the future funding and structure arrangements of the post office network, and to urge you to contribute your thoughts on this important issue.

The consultation is a crucial exercise, as it will help determine the long-term role post offices play in rural and urban communities throughout the UK. Postwatch has been pressing the government for several years to come forward with proposals that set out a vision for post offices, to help provide long-term security and clarity for these needed services and the communities they serve. We therefore welcome the consultation paper. As you will see from the attached brief, however, whilst we are currently considering in detail the government's proposals, we have several initial concerns.

I hope you will be able to submit your comments to the government in advance of the consultation's closing date of 8th March. If possible, I would also be grateful if you could post or email Postwatch a copy of your response.

If you have any queries or require further information, please do not hesitate to contact me.

Yours sincerely



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Regional Chairman

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The Consumer Council for Postal Services

postwatch

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The Post Office Network – DTI Consultation Document

The Government is consulting on the future of the post office network. Responses are due by 8th March 2007.

The consultation document describes the government's future funding and structural plans for both urban and rural post offices. Postwatch welcomes the consultation paper, having pressed for government action on the post office network for more than two years.

Key proposals

The key proposals in the consultation are:

- A maximum of 2,500 post office closures. We expect the closures to be divided 50-50 between rural and urban areas.
- Putting in place minimum access criteria for the network:
 - Nationally, 99 percent of population within 3 miles of a post office and 90 percent within 1 mile
 - In deprived urban areas, 99 per cent within one mile
 - In urban areas, 95 per cent within one mile
 - In rural areas, 95 per cent within 3 miles
 - In remote rural areas, 95 percent of the population in postcode districts within 6 miles
- 28 months compensation for subpostmasters leaving the business.
- 500 new 'outreach' services will be created, for example mobile post offices.
- Continuation of the £150 million annual Social Network Payment to 2011, with a recognition that funding will be required beyond this time.

What's wrong with current arrangements?

The network is under considerable financial pressure. Several key facts highlight the need for change:

- 90 percent of rural post offices fail to make a profit. Around one in every five rural branches has fewer than 70 customer visits a week.
- Despite £150 million per annum government funding, 1,000 rural post offices have nonetheless closed over the past five years. Subpostmasters leave the business as costs rise and customer numbers decline.

- Post Office Ltd estimates that government transactions will have fallen to 10 percent of total transactions by 2010, down from approximately 40 percent in 2002. Revenue from government transactions fell by £168 million in 2005/6.
- Much of this relates to changes in the way benefits are paid. Prior to the government encouraging people to have their benefits paid into bank accounts, these transactions accounted for up to 90 percent of business undertaken at post offices in deprived urban areas

What is the Postwatch view?

We will take our time considering and discussing the government's proposals with our stakeholders before we write our response. However, Postwatch's starting point is that post offices play an essential role in thousands of rural and deprived urban communities. To ensure they continue to do so:

- We welcome the extension of funding. This investment needs to be tied to reform. All structural changes must be driven by customers' needs and undertaken following local consultations with affected communities.
- We want the government to explicitly set out what it views the social role of post offices to be. This should help determine the size and structure of the network, and what closures may be undertaken to ensure savings whilst not unduly adversely affecting customers.
- More efforts need to be made to ensure that post offices offer services that customers need and value. For example, the government should take steps to make more of its services available at post offices.
- Distance and topography are good starting points for access criteria. However, other factors (for example, walking distance to closest alternative, availability of public transport, socio-economic indicators) need to be taken into account.
- We support the current 0.5 mile protection for post offices in urban deprived areas, and do not think the government should weaken this.

The questions

The Government lists the following questions in the consultation paper:

1. Does the Government's forward strategy for the post office network address all the key issues and challenges the network faces?
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?
3. Do you have comments on the proposed national access criteria?
4. Do you have comments on the access criteria proposed for deprived urban and rural areas?

5. Do you have suggestions as to how services might be better delivered through the post office network?
6. Do you have any comments on Outreach arrangements as a means of maintaining service to small and remote communities?
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 co-operative organisations to own and run local services?

What to do next

Postwatch wants as many affected customers – both businesses and households – to make their views known. Now is the chance to have your say.

The consultation paper is available online at www.dti.gov.uk, or you can telephone **0845 015 0010** for a copy.

Responses should be submitted by 8th March to:

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

or email dti.enquiries@dti.gsi.gov.uk

You don't have to answer every question

Postwatch also wants to hear your views. We would appreciate it if you could also send a copy of your consultation response to us at:

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Devere House
Vicar Lane
Bradford
BD1 5AH**

or fax **01274 730372**
or email north@postwatch.co.uk