

# UPDATE ON THE FUTURE OF POST OFFICE SERVICES IN RURAL HEREFORDSHIRE

## PORTFOLIO RESPONSIBILITY: ECONOMIC DEVELOPMENT AND COMMUNITY SERVICES

CABINET

11TH OCTOBER, 2007

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### Wards Affected

Countywide.

### Purpose

To update Cabinet on the Government's post office closure programme and the progress being made on an initiative to develop sustainable options for the delivery of post office services to rural communities in Herefordshire.

### Key Decision

This is not a key decision.

### Recommendation

**THAT the actions proposed, be approved.**

### Reasons

Following on from the announcement in December 2006 by the Government on the closure of up to 2,500 post offices nationally, the DTI issued a consultation document on its future proposals for the post office network. Herefordshire Council has co-ordinated a response to this consultation and has used the opportunity to examine alternative and sustainable options for delivering post office services in the County. The State of Herefordshire Report indicates that 85% of residents found it easy to access post office services in 2006. The Council has a commitment to at least maintain this level of access.

### Considerations

#### Background

1. In December 2006 the Government announced the closure of a maximum of 2500 (compensated) Post Offices that were deemed to be unprofitable. It is likely that these closures will be spread equally between urban and rural areas. To partly offset these closures the Post Office Ltd will introduce up to 500 "Outreach" facilities (eg mobile post offices).
2. This latest Government action highlights a problem that has been occurring over the last thirty years, that is, the closure of village shops and post offices due to changing shopping patterns, government action and other external factors. Many of the remaining rural retail outlets are struggling with some being unprofitable such that when the owner/manager retires no one is willing to take on the enterprise. This is the case with Hope under Dinmore Post Office that has remained closed since the

sub-postmaster retired despite efforts by the parish council and others to find a replacement.

3. In June 2007, completely separate from the Government's closure programme, three Herefordshire post offices closed on "temporary basis", Colwall, Bartestree and Brampton Road in Hereford. (Note: a temporary closure is an 18-month window, which Post Office Ltd establishes whilst seeking a replacement location/subpostmaster/mistress). All three post offices closed due to change in ownership. Colwall stands a good chance of re-opening, primarily due to the efforts of the parish council working with the Post Office Ltd. The future for the other two remains questionable.
4. These recent closures suggest that the number of post offices to close nationally over the next two years is likely to exceed the 2,500 compensated closures, such is the low morale amongst Sub-postmasters and mistresses and the general state of the sector. The Rural Shops Alliance (RSA) reports that many post offices are waiting on their chance to get compensation before closing their business. If they fail to be one of the 2,500 compensated closures, it is likely they will close anyway.
5. At the end of 2006 there were 14,250 post offices nationally. If 2,500 post offices close, by the end of 2009, this figure is estimated to be 11,750, a drop of 17% (excluding any outreach introductions). If this position was replicated in Herefordshire with 93 post offices (currently open), 16 post offices could close by the end of 2009, though some of these could be replaced by outreach facilities. This is thought to be a minimum figure, bearing in mind the state of the sector.
6. The Government's closure programme will impact on Herefordshire in 2008. However, already in 2007 those post offices deemed to be "at risk" of closure have been informed by Post Office Ltd on a confidential basis, meaning that those post offices face at least 10 months uncertainty as to their fate. In March 2008 the County's post offices will be reviewed and recommendations for closure made by the Post Office Review Group. These proposals will then be scrutinised by PostWatch. Public consultation (including Local Government consultation) on these recommendations will take place in the six weeks from 21<sup>st</sup> July with closures starting in October 2008.
7. At this stage there is no information as to when or how the (up to) 500 "Outreach" facilities will be deployed nationally to "soften" the closure blow, though clearly Herefordshire will need to argue for a share of these resources.
8. Many reports have illustrated that there is a need in rural areas for the services provided by the post office and village shop. The October 2006 report from the Commission for Rural Communities entitled "Rural Disadvantage" has identified the elderly, disabled people, carers, low income groups, the unemployed and the immobile as those in need of these rural services and particularly at risk when services are removed. In addition the 41 Parish Plans that have been completed in Herefordshire provide some evidence of community need.

### **Proposed Course of Action**

9. Against this background, it is proposed to develop and evaluate sustainable options for use in Herefordshire to deliver these services. These options will address needs in communities that currently have a post office but they can also meet those latent needs in communities that currently do not have any service post office provision (e.g. Tillington).

#### Post office Services:

10. Herefordshire Council has been working with the Rural Shops Alliance and has been joined by Business Link to investigate the provision of three essential services in the event that they are not provided locally by a post office:-
- Parcel Post  
Parcel post is easily set up requiring an initial investment of approximately £1,500 with an on-going annual fee of £450 payable to Royal Mail.
  - Bill payment  
Payment of bills can be organised at community level (eg village hall) over the internet but there may be an issue regarding confidentiality in which case options/costs of installing a Paypoint are currently being investigated.
  - Access to cash  
With regard to as access to cash, if there is a shop or a pub in a village, cashback facilities on an informal basis to known residents is not usually an issue. In the absence of any retail outlet, options are limited. Discussions are currently taking place with the Credit Unions in Herefordshire and Worcestershire to see if there are any possibilities in their areas of expertise.

#### Support for Village Shops

11. The closure of a village post office not only deprives the residents of a valuable facility. If combined with a village shop, the closure of the post office may precipitate the closure of the shop as well. Village shops are important to communities in their own right and, as has already been pointed out, they could deliver some of the services that a post office would have delivered prior to closure. It is therefore important to consider the support and promotion of the village shop as an important part of the ongoing strategy for improving access to services in rural areas. As a first stage Herefordshire Council and RSA are holding a series of Information (training) evenings to inform Village shop proprietors on latest market trends and give them an opportunity to network and share good practice.
12. A further initiative is planned to seek funding to provide support to village shops by providing retail development advice and matched funded capital grants. The RSA in conjunction with Herefordshire Council is currently preparing an application to the Herefordshire Access to Services partnership for this funding.

### **Summary of Proposed Actions**

- To audit all post offices in Herefordshire to establish how many are connected to a village shop.
- To finalise the alternative options for communities in the event of post office closure.
- To make communities and businesses aware of the various development options and signpost them to the relevant support organisations.
- To seek funding for Village Shop support 2007/8/9.

### **Financial Implications**

There is no cost implication to the Council, other than through existing officer time.

## **Risk Management**

Failure to be proactive in co-ordinating proposals for the future delivery of key services in the County, may affect the credibility of the Council in terms of its community leadership role.

It will be important to ensure that expectations are not raised for communities and that only sustainable options for delivery of post office services are promoted to rural communities.

## **Alternative Options**

There is the alternative of doing nothing proactive to support the continuation of postal services in Herefordshire. There is good evidence that disadvantaged groups are further disadvantaged when rural services, such as post offices and village shops, are closed. By being proactive, the Council can demonstrate that it is fulfilling its community leadership role.

## **Consultees**

None

## **Appendices**

No appendices

### **Background papers**

CRC Rural Disadvantage Report Chapter 8

Government Response to Consultation on Post Office Closures May 2007.