



**Haringey Council**  
**Agenda item:**

**[No.]**

**Overview & Scrutiny Committee**

**On 17<sup>th</sup> March 2008**

**Report Title:** Scoping Paper - Scrutiny Review of Post Office Closures in Haringey (the national Network Change Programme)

**Report of:** Cllr Gideon Bull, Chair of Overview & Scrutiny Committee

**Wards(s) affected:** Noel Park,  
Tottenham Green, Stroud Green &  
Alexandra / ALL

**Report for:** Non Key

**1. Purpose (That is, the decision required)**

1.1 To approve the scope and terms of reference for the Scrutiny Review of the proposed Post Office closures in Haringey.

**2. Recommendations**

2.1 That the proposed terms of reference and work-plan for the review be approved.

2.2 That, in view of the need to submit a response to the consultation before the next meeting of the Committee on 7 April, the Assistant Chief Executive (Policy, Performance, Partnerships and Communication Service) be delegated authority to approve the final report of the review panel of Members set up to consider the issue, in consultation with the Chair of Overview and Scrutiny Committee and the opposition spokesperson.

**Report Authorised by:** Cllr Gideon Bull, Chair of Overview & Scrutiny Committee

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**3. Chief Financial Officer Comments**

3.1 [click here to type]

**4. Head of Legal Services Comments**

This Scrutiny review will take place within GLA pre- election period. Enhanced restrictions on local authority publicity during an election period are imposed by the Code of Practice on Local Authority Publicity published under the Local Government Act 1986. During this period the Council should not engage in publicity surrounding controversial issues that may feature in the election nor must they give a platform for party political views that may

have a bearing on election issues. The issue of post office closures is a potential issue in the forthcoming GLA elections. Members should recognise this and pay close attention to their terms of reference, being careful not to engage in any debate concerning the need for change or the principle of closures, concentrating instead on consideration of the local impact of the London Local Area Plan

#### **5. Local Government (Access to Information) Act 1985**

Network Change Programme: London Area Proposal Plan (Post Office Ltd, 2008)

Post Offices in London: future directions (London Assembly, July 2007)

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

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

All reports can be obtained by contacting Rob Mack, Overview & Scrutiny: 0208 489 2921 [rob.mack@haringey.gov.uk](mailto:rob.mack@haringey.gov.uk)

### **Introduction**

6. Initial proposals for the modernisation and restructuring of the national post office network were published by the Government in December 2006. Subsequent to public consultation on these proposals, Post Office Ltd was required to implement a programme of 2,500 compensated closures across the national post office network. In February 2008, Post Office Ltd published the London Local Area Plan which provided details of the planned post office closures across the Greater London region. This contained proposals for the closure of six post offices in Haringey.
7. Proposals for the London Local Area Plan are open for public consultation over a 6 week period (February 19<sup>th</sup> 2008 through to April 2<sup>nd</sup> 2008). The following report provides background to the proposed post office closures and an overview of the national and local consultation processes. The report also describes the objectives and methods that will be used for the proposed scrutiny review of the post office closures in Haringey. Explicitly, the report details how the scrutiny review will gather evidence on the impact that the proposed closures will have in Haringey; on residents, businesses and within the wider community. It is anticipated that the findings and recommendations from this review will form part of Haringey Councils response to the London Local Area Plan consultation.

### **National Background**

8. The Post Office network currently consists of approximately 14,300 post offices. 97% of these are franchised and are run as private businesses; the remainder (approximately 465 offices) are directly managed by the Post Office Ltd and are known as Crown Post Offices. Aside from postal services, post offices provide a number of key services including access to pensions and welfare benefits, access to other government agencies (i.e. passport, driving license), banking facilities and bill payment services. It is estimated that there are 24 million visits to the Post Office network each week (Postwatch, 2008)
9. Technological advancements, social and cultural changes as well as economic constraints continue to shape the size of the Post Office network and the nature of the services it provides. More people now use e-mail instead of letters, bills are more

commonly paid by direct debit or internet banking than through over the counter services and 75% of all welfare benefits are now paid directly in to people's bank accounts instead of cashed through benefit books at the post office (DTI, 2006). As a result of these and other changes, there were 4 million fewer visits to post offices in 2006 than in 2004 (DTI, 2006).

10. These and other developments have impacted on the financial viability of individual post offices and on the profitability of the post office network as a whole. In 2005, 1,600 branches served fewer than 20 customers per day, losing £8 for every transaction made (DTI, 2006). Post Office Ltd averaged a £100million operating loss each year from 2003-2007 and is currently operating a £4million loss each week (DTI, 2006). This has proved a key driver for change within the post office network.

### **National Consultation**

11. In December 2006, the government presented proposals to restructure and modernise the Post Office network to ensure the future sustainability of a national network of post offices (Appendix A). These proposals highlighted the key challenges faced by the Post Office network, emphasised the important role that Post Offices provide within the community and reaffirmed a commitment to retaining a national Post Office network. The overarching aim of the proposals was to present a planned approach in developing a sustainable national network of post offices.
12. Within these proposals, it was recommended that up to 2,500 compensated closures should take place across the national network of post offices. Additionally, to help stem financial losses, proposals were also put forward to franchise a limited number of offices within Crown Post Office network. Other elements within the government proposals were:
- 500 outreach services in rural areas affected by closures
  - Allow the Post Office to expand business opportunities
  - £1.7 billion funding to 2011 (for compensation of sub post masters, maintenance of social network subsidy, development of outreach services and forecast Post Office losses to 2011)
  - Intention to devolve greater responsibility and flexibility for funding of post office services to the local level.
13. The consultation also established minimum access criteria that would be used by Post Office Ltd to determine those post offices that should be closed and to shape the future national network of Post Offices. These were specified as thus:
- Nationally, 95% of the population to be within 3 miles and 90% of the population to be within 1 mile of a post office
  - 99% of the population in urban deprived areas<sup>1</sup> to be within 1 mile of a post office
  - 95% of total urban population to be within 1 mile of their nearest post office
  - 95% of rural population to be within 3 miles of their nearest post office.
14. The national public consultation closed in March 2007 with no significant changes reported to those original proposals set out above (DTI, 2007). Post Office Ltd was therefore expected to implement a programme of post offices closures and franchising (called the Network Change Programme). Within this programme, Post Office Ltd was

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<sup>1</sup> Urban deprived defined as '15% most deprived areas in the UK'.

required to develop Local Area Plans which detailed those post offices identified for closure based on applying the minimum access criteria. In addition, to inform decisions around post offices closures, Post Office Ltd was required to consult with Postwatch, Sub Postmasters, Local Authorities and Regional Development Agencies.

15. Individual Local Area Plans were then to be published in a rolling programme of consultations within the Network Change Programme (commenced in October 2007). Post Office Ltd was required to conduct 6 week public consultations for each Local area Plan.

### **London Area Plan**

16. The London Area Plan (Appendix B) is the 19<sup>th</sup> consultation to be undertaken in the national Network Change Programme. The Plan proposes to maintain a network of 681 post offices within the London region and to close 169 post offices across the 33 London Boroughs. This equates to 5.1 post office closures per Borough (4.6 Inner London, 5.5 outer London). Plans were also put forward to franchise 4 post offices within the Crown Post Office network. There are no proposals for replacement outreach services in the London Area Plan.

17. The Plan states that minimum access criteria have been used to develop proposals for the identified post office closures in London (as set out in para 13). In addition, the consultation documentation indicates that other criteria have been taken into account in developing proposals for individual post office closures:

- Proximity of Post Office branches proposed for closure to nearby branches
- Physical obstacles which may affect access to alternative branches
- Availability of public transport to alternative branches
- Alternative access to key Post Office services
- Local demographics
- Impact on local economies.
- The number of customers using branches proposed for closure
- The size and ability of nearby branches to absorb extra customers
- Commercial implications of any decision for Post Office Ltd.

18. The London Area Plan has proposed that 6 post offices be closed in Haringey and that one is franchised:

#### Proposed Closures

100, Alexandra Park Road, N10  
Page Green, 100 Broad Lane, N15  
434, West Green Road, N15  
Salisbury Road, N22  
69, Weston Park, N8  
Ferme Park Road, N4

#### Franchise

Tottenham, 825 High Road

19. Individual branch access reports have been produced for each of the planned closures (Appendix C). These reports provide detailed information on the services provided at each of the planned closure and the relative accessibility of the nearest two alternative post office sites. A map showing the geographical location of the proposed post office closures in Haringey and the remaining post office network (against socio-economic deprivation) is contained in Appendix D.

### **Consultation on the London Area Plan**

20. The consultation for proposals within the London Area Plan commenced on February 19<sup>th</sup> 2008 and end 2<sup>nd</sup> April 2008 (6 weeks). A memorandum of understanding between Post Office Ltd and Postwatch has been drawn up to guide and inform the consultation process (Postwatch, 2008a). This memorandum stipulates that there will be three phases within local consultations:

Phase	Consultation activity
<b>Pre Public Consultation (complete)</b>	<ul style="list-style-type: none"> <li>Post Office Ltd to provide Postwatch with first draft proposals</li> <li>Post Office apply issues and information from pre consultation</li> <li>Postwatch advise on proposals and assist in developing Local Area Plan</li> </ul>
<b>Public Consultation (19<sup>th</sup> February – 2<sup>nd</sup> April)</b>	<ul style="list-style-type: none"> <li>Post Office Ltd ensure appropriate distribution of proposals</li> <li>Postwatch ensure that appropriate bodies and individuals are consulted</li> <li>Consultation responses shared with Postwatch</li> </ul>
<b>Post Public Consultation</b>	<ul style="list-style-type: none"> <li>Post Office Ltd produce a final Area Plan based on consultation response</li> <li>Postwatch may instigate a review process for specific closures where it feels full consideration has not been given to evidence within the consultation</li> <li>Postwatch does not have the power of veto over any closures</li> </ul>

21. The memorandum of understanding between Post Office Ltd and Postwatch contains important guidance for the consultation process which should guide and inform responses and submissions:

- Post Office Ltd is not consulting on the need to change as this has been undertaken within the national consultation
- Post Office Ltd is consulting on the most effective way that Government policy can be implemented in a particular area
- Consultation should encourage responses on the accessibility of nearest available services given the proposed changes

22. As Post Office Ltd has been asked by the Government to close up to 2,500 branches, where a proposed closure is withdrawn as a result of the public consultation, the area plan will remain live until Post Office Ltd has reassessed the options available. Post Office Ltd can:

- Replace the withdrawn closure with another proposed for closure within the area;
- Replace the withdrawn closure with a proposed outreach service;
- Continue with the area plan less one closure.

(Postwatch 2008)

### **Terms of reference and objectives for the scrutiny review**

23. It is proposed that a scrutiny review of the proposed post office closures in Haringey be undertaken by the Overview & Scrutiny Committee. The proposed terms of reference for the review are thus:

‘To gather evidence on the social and economic impact of the proposed post office closures in Haringey and the impact that this will have on customers, residents and businesses in those areas affected and to present this as part of Haringey’s submission to the consultation for the London Area Plan.’

**24.** Within the terms of reference, it is suggested that the scrutiny review aim to fulfil the following specific objectives:

- To obtain information and comment on the criteria used to identify post offices intended for closure and its application within Haringey.
- To obtain evidence from interested parties of the impact that the planned post office closures will have on Haringey residents, businesses and in the wider community and how they will affect future access to post office services in Haringey
- To identify future processes for facilitating a sustainable post office network in Haringey.

### **Key stakeholders**

**25.** A number of key stakeholders have been identified as possible informants to the review:

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|--|--|---|
| ▪ Post Office Ltd representatives        | ▪ Local Councillors (those affected by closures)                                       | ▪ Leader of Council and Cabinet Members |
| ▪ Post Watch representatives             | ▪ All other local Councillors  | ▪ Local MPs                             |
| ▪ National Federation of Sub Postmasters | ▪ Sub Postmasters of those post offices proposed for closure                           | ▪ Age Concern                           |
| ▪ Residents Associations                 | ▪ Citizens Advice Bureau   |   |
| ▪ General Public                         | ▪ Representatives from other local interest groups and leading voluntary organisations |   |
| ▪  |  |   |

### **Membership Panel**

**26.** It is proposed that there be 8 Members of the review Panel comprising of 4 Labour Councillors and 4 Liberal Democrats. The Panel will be chaired by Cllr Bull as Chair of Overview & Scrutiny Committee and the Vice Chair will be Councillor Winskill. The full membership of the review Panel is thus:

- Cllr Bull (Chair)
- Cllr Mallett
- Cllr Harris (Catherine)
- Cllr Dobbie
- Cllr Winskill (Vice Chair)
- Cllr Sara Beynon
- Cllr Rachel Allison
- Another Liberal Democrat Member (tba)

### **Evidence Session**

**27.** Given the duration of the consultation period for the post office closures it would be impracticable to hold a series of evidence sessions for this scrutiny review. It is therefore proposed that a full day long scrutiny review is held to allow the necessary evidence to be obtained to complete the review.

**28.** The scrutiny event is planned to take place on the 26<sup>th</sup> March (from 3pm) and will hear evidence from key stakeholders, local interest groups and individuals affected by the

closures (as in 25). The day is divided in to two sessions. Session one will focus on obtaining evidence from key stakeholders and will allow the Panel to question informants the planned post office closures in Haringey. Session two will operate on a workshop format, which will allow evidence to be collected on the impact of individual post office closures. A full programme of the scrutiny event is contained within Appendix E.

## Sources of Evidence

29. In addition to oral evidence to the Panel, the review will consider other sources of evidence including:
- National guidance and targets (Department of Business, Enterprise & Regulatory Reform)
  - Reports and documentation from other representative bodies (Local Government Association, London Councils, Greater London Assembly, London Mayors Office)
  - Research documentation (Postwatch, Postcomm)
  - Local demographic profiles and statistics
  - Interviews with a range of stakeholders including the PCT, local GPs and Social Services.

## Outcomes

30. Utilising the evidence obtained from the scrutiny event and other sources of evidence submitted to the panel, it is intended that a full scrutiny review report will be produced. This review will contain a summary of the main findings of the review and detail recommendations to be considered within the consultation for the London Local Area Plan for post office closures.

## Procedure for Authorising the Report

31. Given the time limitations imposed by the 6 week consultation period for the London Area Plan and the fact that the consultation deadline (2 April) falls before the next meeting of the Committee, it will be necessary for the final report to be approved by the Assistant Chief Executive (Policy, Performance, Partnerships and Communication Service) under delegated authority, in consultation with the Chair and Opposition Spokesperson.

## Timescale

32. An outline of the proposed timeframe for the completion of the review is tabled below.

<b>17<sup>th</sup> March</b>	<b>Overview &amp; Scrutiny Committee</b>	<ul style="list-style-type: none"> <li>▪ Approve terms of reference</li> <li>▪ Confirm Panel</li> </ul>
<b>17<sup>th</sup> - 26<sup>th</sup> March</b>	<b>Overview &amp; Scrutiny Service</b>	<ul style="list-style-type: none"> <li>▪ Confirm attendees</li> <li>▪ Background briefing</li> <li>▪ Event preparation</li> </ul>
<b>26<sup>th</sup> March</b>	<b>Scrutiny Review Meeting</b>	<ul style="list-style-type: none"> <li>▪ Panel to receive evidence from stakeholders</li> <li>▪ Panel to collate evidence on</li> </ul>

		planned closures <ul style="list-style-type: none"> <li>▪ Panel to form conclusions &amp; recommendations</li> </ul>
<b>26<sup>th</sup> March – 2<sup>nd</sup> April</b>	<b>Completion of review</b>	<ul style="list-style-type: none"> <li>▪ Collation of evidence for individual closures</li> <li>▪ Report writing</li> </ul>
	<b>Procedures for authorising the final report</b>	<ul style="list-style-type: none"> <li>▪ Report authorised by Chair and opposition Chief Whip</li> </ul>
<b>Wednesday 2<sup>nd</sup> April</b>	<b>Post Office Ltd</b>	<ul style="list-style-type: none"> <li>▪ Submission of review to the consultation</li> </ul>

## References:

Postwatch 2008	<a href="http://www.postwatch.co.uk/">http://www.postwatch.co.uk/</a>
Postwatch 2008a	Memorandum of Understanding between Post Office Ltd and Postwatch in respect of the consultation process that will apply to the Network Change Programme.
Post Office Ltd 2008	Network Change Programme: London Area Plan
Post Office Ltd 2008a	Branch Access Report <a href="ftp://ftp.royalmail.com/Downloads/public/ctf/po/London_area_A3_Branch_Access_Reports_3.pdf">ftp://ftp.royalmail.com/Downloads/public/ctf/po/London_area_A3_Branch_Access_Reports_3.pdf</a>
DTI, 2006	Post Office Network: A consultation Document Department of Trade & Industry