North Yorkshire County Council

Corporate and Partnerships Overview and Scrutiny Committee

11 June 2012

Post Offices

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1   Purpose of Report

1.1   To provide the Committee with an overview and opportunity to seek clarification, as appropriate, on Post Office Ltd's Network Transformation Programme and opportunities for partnership working between post offices and public sector services.

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2   Background

2.1   Over the course of the next three years, and commencing from this summer, Post Office Ltd. will be making major changes to the branch network, funded by a £1.34bn programme. This will include the roll-out of approximately 2000 'Post Office Locals' and 4000 'Post Office Mains'.

2.2   Post Office Ltd. has said that all branches across the network will benefit either directly or indirectly from the investment. The 5,500 branches, which will not become PO Locals or PO Mains, will retain their current operating model and continue to be supported by subsidy payments.

2.3   The Government does not intend the Network Transformation Programme to lead to the net closure of branches but rather to create a sustainable and profitable Post Office network.

2.4   The Government believes that in addition, the mutualisation of Post Office Ltd. could help secure the Post Office network in the longer term.

3   Post Office Locals

3.1   To date Post Office Locals have been piloted in over 100 locations. They are operated in retail premises, with post office services provided over the counter of the shop rather than at a dedicated post office counter. Consequently they are able to offer longer opening hours and a quicker service but do not provide the more complex paper-based transactions. By being located in convenience stores, pubs, libraries etc., Post Office Locals have the potential to increase footfall and income streams to community assets.

3.2   Recent research carried out by Consumer Focus explored customer experiences of, and service standards in, PO Local pilot branches[1]. The findings suggest that PO Locals could help to modernise the network and safeguard the long-term provision of services. However it calls for a number of

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[1] *Open all hours?: Consumer experience of and service standards in, Post Office Locals'*, Consumer Focus, (May 2012).

service issues relating to the quality, consistency and reliability of PO Locals to be addressed.

4 Post Office Mains

4.1 Post Office Mains will operate from larger retail premises and have a dedicated post office counter, with a set of post office products and services available from the retail counter out of core hours. The range of products will include some front office government transactions and facilities for business mail customers.

5 Mutualisation of Post Office Ltd.

5.1 The Postal Services Act 2011 allows for the mutualisation of Post Office Ltd. and sets out a broad framework under which mutualisation could be achieved. The Government conducted a public consultation last year exploring what a mutual Post Office Ltd. might look like, and its response to the consultation is awaited.

5.2 Mutualisation would allow the local owners of Post Office branches together with employees, charities, customers and local communities to have a greater say in how the network was run. The Government is clear however that amongst other things mutualisation would be dependent upon the success of Post Office Ltd's current strategy towards financial and commercial stability[2].

5.3 In advance of the Act, the first charity run post office in the country opened. All profits from the branch go back into other community projects in the local area such as employment and training initiatives.

5.4 Sheffield City Council has used the Sustainable Communities Act to work in partnership with Post Office Ltd. to develop a post office service shaped around the needs of local people, businesses and sub postmasters. This has included making post offices the 'front office' for government and public sector services in Sheffield.

6 Partnership working

6.1 The Government has stated that it wants the Post Office to become a 'front office for government services at both the national and local level, and supports greater involvement of local authorities in planning and delivering local post office provision[3]. Winning more Government business (central and local government) is a key part of Post Office Ltd's strategy.

6.2 Post Office Ltd. can offer a range of services to local authorities around identity verification (verifying customers' identity and checking documents to determine eligibility for public services); assisted applications (improving the accuracy of applications received); and making or receiving payments for council services.

6.3 Following the Post Office Network Change Programme in 2007/08, the County Council worked closely with senior representatives from Post Office Ltd. and the

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[2] *Building a Mutual Post Office*, Department for Business, Innovation & Skills, (September 2011).
[3] *Securing the Post Office Network in the Digital Age*, Department for Business, Innovation & Skills, (November 2010).

district councils in North Yorkshire to identify the role that councils could play in supporting the remaining local post office network. Specifically, the range of council payments and services that people could undertake at their local post office branch was looked at. The vast majority of council services around cash collection and bill payments services' related to those provided by the district councils such as Council Tax, parking fines, Council housing rents, and paying out cash to customers.

6.4 District Councils are finding that on an ever increasing basis customers are changing the way they pay their bills, with greater take up of on-line banking, Direct Debit and telephone payments. However some councils in North Yorkshire do still enable their customers to pay council tax, rents and other sundry invoices (payments for licences, trade waste etc.) at post offices and any other PayPoint outlet. However a charge levied by the Post Office is payable by those people who do not have Post Office Accounts for paying their Council Tax.

6.5 At the time, payments and services that could have been undertaken in post office branches for county council services, included school uniform clothing allowance vouchers and the Blue Badge scheme in respect of the application and renewal fee. However it was found that due to the lack of economies of scale in demand for these services in any one area, the additional costs incurred by using Post Office Ltd's service would have outweighed any potential gains.

6.6 Looking ahead there may be new opportunities for front office local government services, especially transactional services[4], to be delivered by Post Office Ltd. Alternatively there may be opportunities for providing post office provision in some of our Customer Access points particularly in those areas where PO Locals will be rolled out. However especially given the County Council's budgetary position, any solution could not be predicated upon our financial investment unless it made clear economic sense for us to do so.

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7   Recommendations

7.1 That Members note the Network Transformation Programme and opportunities for partnership working between post offices and public sector services.

Covering Report compiled by:

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[4] A survey carried out by Ryedale District Council's Overview and Scrutiny Committee in 2011 found that customers would be more inclined to access transactional services through the Post Office rather than more complicated applications such as planning permissions or benefit applications, for which they would rather access directly from the Council.

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Item presented by:

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Annexes:

'Your Post Office: New Strategy and New Opportunities' – presentation slides

Your Post Office

New Strategy and New Opportunities

Steve Bruckshaw Senior Stakeholder Manager – North East

Our priorities and yours: A new synergy

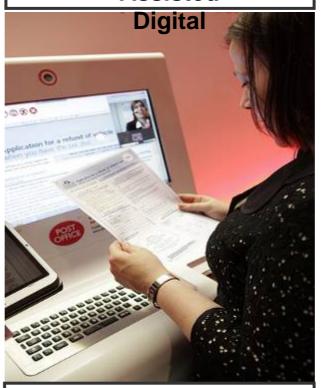| Public Service Providers		The Post Office
Pressure to deliver more for less: Decreasing budgets; increasing demands; greater efficiency savings	➤	Commitment to modernise our branch network and develop new technology that is already reducing costs for our partners.
Localism: Decentralising services and delivery; improving accessibility to services especially for vulnerable and/or deprived communities	➤	No further programme of closures Plans to invest in our network
Drive to rationalise assets and increase efficiency	➤	Our branches can provide cost effective and more accessible alternatives to One Stop Shops and council cash offices
Channel shift: Increasing focus on providing services on-line	➤	Commitment to 'digital by default agenda' and aim to become one of the main providers of assisted (digital) services.
Commitment to support the local economy	➤	Sub-postmasters help support local businesses and are local businesses.

Modernising our branches

Kiosk

Network transformation: £1.3bn investment to modernise and refurbish branches over the next 3 years, enabling new services and improved customer experience

Assisted Digital

No closure programme:

Retain current number of branches

Consultation Area

New branch models:: Locals, Mains and Premier branches.

Enabling longer opening hours and greater accessibility

We are investing in new more modern operating models

4,000 Main Post Office branches

- Extensive range of products
- Modern environment with longer opening hours
- Some Front Office of Government transactions
- Facilities for SME / Business mail customers
- Integrated Post Office and retail offer

2,000 Local Post Office branches

- Simpler and more efficient operating model
- Longer opening hours
- Positioned on retail counter instead of fortress position
- Carry out transactions that account for 95% of visits
- Complement a viable and quality retail business
- Operated by retail assistants rather than dedicated staff

200 Premier Post Office branches

- Flag-ship branches in High Street locations
- Front Office of Government transactions
- High degree of automation and assisted self-service technology such as Post & Go, ATM and self-service form printing.

Current Services

Identity Verification

Verifying customers' identity and checking documents to determine eligibility for public services

Assisted Application

Taking paper out of local authorities and government's back office; improving accuracy of applications received and providing a physical exceptions channel

Traditional Services

Existing services such as bill payments and contracts for the Post Office Card Account (POCA), and Motor vehicle licence

Post Office Capability	Example Local Authority Service
Cash Collection from residents	Rent, Business Rates, Council Tax, parking fines, penalty charge notices, licence fees
Payments to residents	Asylum Seekers, 16-18 leaving care, school uniform vouchers, rebates
Form Checking	Benefit Application, Planning Application, Concessionary Travel Application
Identity Checking and Verification	CRM enrolment, reporting changes in circumstances biometric enrolment, support online applications
Process Licence Application	Blue Badge, Taxi, Parking Permit, Street Trader
Secure Fulfilment	issue Licence, Issue Permit, Issue Travel Pass, Street Trader Licence
Print On Demand	Printing up to date council forms in post office branches
Supporting Application for Online services	Assisting online - collecting customer data and forming a virtual online application
Data Collection	Reporting incidents e.g. Housing Repairs, street light repairs etc

Our strengths and capabilities

Brand		• One of the most recognised and trusted brands amongst the public – 20 M customers visit PO each week
Network reach		• Over 11,500 branches – more than banks/Bsoc combined
Staff capability		• Staff are well trained, security vetted and accustomed to dealing with government transactions.
Proven Technology		• Proven technology behind our propositions – Biometric kiosks and Horizon
Customer Consideration		• We are trusted by the public – 93% of population have PO less than 1 mile away from their door
Government Policy		• Government policy is "to see the Post Office become a genuine Front Office for Government at both the national and local level"
Stakeholder Management		• Building strong links with local and central Government