
OVERVIEW AND SCRUTINY BOARD (SPECIAL)

A special meeting of the Overview and Scrutiny Board was held on 24 May 2004.

PRESENT: Councillor Carr (Chair), Councillors Booth, Ferrier and Robson.

OFFICIALS: J Bennington, K Boustead, P Clark, T Gilling, D McGuire and E Williamson.

**** PRESENT BY INVITATION:** Ward Councillors:
Councillors Elder, Kerr, J Taylor and B Taylor.

Post Office Ltd:
D Mellows-Facer and M Silcock.

Postwatch:
M Bullough.

Representatives of West Lane Residents Association.

****APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Cole, Dryden, Mawston, Rooney and Wilson; and Councillor Brady (Deputy Mayor).

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

POST OFFICE CLOSURES

The Scrutiny Support Officer submitted a report regarding proposals received from the Post Office to close four branches out of 17 branches in Middlesbrough following a review of the network of branches in order to stabilise the provision of service to customers and ensure future viability. As part of the consultation process it was noted that any representations must be submitted by 7 June 2004 on the following proposed closures:

- (a) Acklam Road branch at 51 Acklam Road (Ayresome and Linthorpe Ward)
- (b) Eastbourne Road branch at 3 Palladium Buildings, Eastbourne Road (Clairville and Park)
- (c) Newport branch at 48 West Lane (Ayresome)
- (d) Shelton Court branch at 23 Shelton Court (Thorntree and Beckfield).

Members were reminded that the issues of the intended closures, which had been raised at the Council meeting, held on 12 May 2004 when a suggestion was made for non-Executive Councillors to scrutinise the proposals. It was noted that the Executive would consider a response to the Post Office's consultation document at its meeting to be held on 25 May 2004.

The Chair introduced David Mellows-Facer, Head of Area Post Office Ltd and Matt Silcock, External Relations Manager, Post Office Ltd who gave a presentation on the current situation and reasons for changes to the urban network of post offices to sustain its future. The Network Reinvention aimed to achieve commercially successful branches, that gave good returns to the sub-postmaster and a network that attracted investment and built up and retained customers.

It was noted that 1200 branches, of which 178 were in the North East, which included Sussex Street, Middlesbrough had closed so far under Network Reinvention. It was anticipated that over 30% of urban post offices would close and in Middlesbrough it was proposed to close less than 25% of branches.

Public consultation was based on an area by area basis using parliamentary constituencies to ensure MP's and local authority involvement and to be more meaningful for customers and local stakeholders.

The main factors necessitating change were identified as follows: -

- Financial pressures which had resulted in a total operating loss of £194m 2003/04 by the Network;
- The installation costs of a new computer system (Horizon) £1bn with revenue costs of £105m;
- Benefit payments transferring to direct payment into bank accounts from April 2003 had resulted in a projected loss of 40% of Post Office business and in some cases significantly higher which would impact on the commercial viability of a number of Post Offices such as that of the Eastbourne Road branch;
- There were considered to be too many urban post offices competing for too little business and they were often under utilised and provided no profit for re-investment and improved customer service;
- There was a need to modernise and develop new lines of business.

The long-term sustainability achieved through a programme of managed change was considered to be the preferred option to provide a firm foundation for the future, which focussed on: -

- Objective of 95% of the population residing within one mile of a Post Office;
- Investment grant to improve remaining business
- Enhanced customer proposition.

Reference was made to special cases such as that situated at Grove Hill of Post Offices in urban deprived areas as follows:

- £15m Government fund available to be divided over 3 years in £5m allocations
- £50k maximum capital grants to improve security, access, layout, services
- priority for Post Offices in 10% most deprived urban wards with no alternative branch for more than half a mile.

Following a series of questions the representatives from Post Office Ltd provided the following additional information: -

- should sub postmasters decide they wish to be included in the closure programme they would receive compensation payments but it was up to the individual as to whether they would keep the host business or not;
- Many Post Offices had utilised the £15m fund set up in 2002 to secure improvements;
- Reference was made to extensive work undertaken in assessing the impact of a closure in terms of location, topography and economic reasons;
- Although the objective was for the population to reside within one mile of a Post Office the vast majority in urban areas was within half a mile;
- The possibility of marketing post offices to other potential sub postmasters was not considered to be a viable option;

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- It was noted that the Post Office was unlikely to defer a decision unless it emerged that a decision had been reached based on inaccurate information.

Malcolm Bullough a committee member of Postwatch addressed the meeting and gave an outline of their role in the overall process. Postwatch was an independent organisation, which represented consumers of postal services to ensure that they received the best possible service. Their objective was to advise the Government, the Regulator and Royal Mail Group on consumer views and needs and to campaign for improved services.

It was noted that the decision to close had been withdrawn or modified in respect of 7 out of approximately 39 post offices in the region and approximately 42 nationally.

An indication was given of the work undertaken in assessing post offices earmarked for closure in order to assess the accessibility of other post offices in the locality and if they provided good facilities and service. Postwatch where necessary would also urge for improvements to the remaining post offices to enhance customer services and facilities.

The Council's case against the proposed closures centred on issues of accessibility; deprivation; neighbourhood regeneration proposals and the lack of alternative facilities. It was noted that the issue of closure was to be raised at relevant Community Councils who were to respond directly to the Post Office.

The main areas of concern, which would form the basis of a report to the Executive and response to the Post Office, included the following: -

Accessibility:

- The distance of areas outside a 0.6 mile radius as a result of the closures took no account of the actual distance the routes people would follow and there were potential barriers such as busy roads and gradient;
- Maps showed areas in the east and west of the Borough where Post Office accessibility would reduce significantly if closures took place for example Ayresome Ward and Thorntree Ward;
- There were concerns regarding the adequacy of public transport;
- Although there were planned improvements to the nine receiving branches this would only yield three new counter positions.

Deprivation:

- There were many communities where residents were marginalised by a combination of factors;
- Middlesbrough was the ninth most deprived local authority area nationally and Thorntree, Beckfield and Clairville Wards affected directly by closures were ranked second, ninth and tenth respectively in the Middlesbrough's indices of deprivation;
- In deprived areas there was generally a notable decline in local service and retail outlets which undermined confidence and contributed to a sense of abandonment;
- With lower levels of car ownership in areas of deprivation there was a heavier dependency on local facilities.

Neighbourhood Regeneration:

- West Lane and Acklam branches both served communities within the West Middlesbrough Neighbourhood Trust which were funded by New Deal for Communities for which there was considerable investment over a ten year period for a range of projects including housing and improvements to retail outlets;
- Eastbourne Road Post Office was located in an area where loss of population was to be tackled through redevelopment including significant investment in the housing stock;

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- For many local centres, the Post Office was a vital facility which anchored the remaining shops;
 - Two of the four affected centres were subject to programmes of investment to support the business community.

Lack of Alternative Facilities:

Although the Post Office now worked with a number of banks to enable post offices to be used for a wide range of financial transactions none of the Middlesbrough affected centres contained banks and the nearest banking facilities were a significant distance.

The Board and Ward Councillors endorsed the concerns as outlined above and together with the representatives of the West Lane Residents Association made additional comments the key points of which were as follows: -

- (a) The criteria used for the closure programme should focus more on providing a service which met the needs of the communities and took into account impending regeneration schemes which was likely to increase the viability of post offices in such areas;
- (b) The sense of community and extent of deprivation in the respective areas and in particular the adverse affects of the closures on the vulnerable in the community was emphasised;
- (c) Specific problems associated with the incidence of anti-social behaviour and lack of direct and convenient bus routes within the affected areas were highlighted;
- (d) The possibility of other retail shops continuing a post office facility and the provision of a mobile facility was suggested for examination.

ORDERED as follows: -

1. That all representatives be thanked for their attendance and contribution to the deliberations.
2. That the comments as outlined be conveyed to the Executive at its meeting to be held on 25 May 2004.