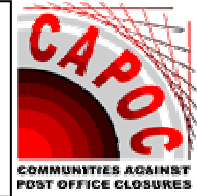




# Communities Against Post Office Closures



## SUBMISSION TO THE NATIONAL AUDIT OFFICE EVIDENCE TO THE AUDIT OF THE POST OFFICE CLOSURE PROGRAMME

### SECTION 1: INTRODUCTION

#### 1.1. CAPOC:

1.1.1 This submission of evidence to the NAO audit of the post office closure programme is made on behalf of the national action group, Communities Against Post Office Closures (CAPOC). CAPOC was formed in the early stages of the closure programme when it became clear that the so-called consultation was a sham, and that the public were not being informed as to the way the programme was to be conducted by Post Office Ltd.

1.1.2. We are pleased to be able to submit our evidence, but, at the same time, we are concerned that any action recommended by the audit will be too late to prevent the devastation of this country's postal service.

#### 1.2. Audit Objectives:

1.2.1. To date we have been able to find very little about the scope of the NAO audit, the only information being in the "Publications" section of the NAO website. This consists of a "Study Outline" which "will look at the Department for Business Enterprise and Regulatory Reform's oversight of the programme...". It then lists 5 broad areas of activity to be examined. This gives us three matters of concern about the conduct of the study:

- We are unsure, from the Study Outline, as to whether or not you intend to carry out a full audit or merely a study. We have worked on the assumption that a full audit will be carried out. However, we understand that it will be able to cover only the activities of BERR. This limits the effectiveness of many areas of our submission. However, we have included evidence which may not be usable directly with respect to BERR, but has to be understood to appreciate the full picture of what has taken place.
- Without detailed audit objectives we have been unable to direct our evidence, with any certainty, to the areas where it will have the most impact. Therefore, we have had to arrange the evidence as closely as possible to the areas stated in the Study Outline..
- We are concerned that the Study Outline does not include any intention to examine the financial arrangements for Outreach services, or the financial relationship between Royal Mail and Post Office Limited. The BERR Select Committee expressed concerns about both of these issues in their report "Post Office Finance: Matters Arising from Evidence Taken on 10 June 2008". In fact they specifically recommended that NAO examine the financing of Outreach services. Accordingly, we have submitted to you, in paragraph 2.6.3. and Appendix A, details of our concerns about the current Outreach proposals made by Post Office Ltd.

### **1.3. The Role of BERR in the Closure Programme:**

- 1.3.1. We have been unable to find any definition of the role and responsibilities of BERR in the closure programme. Nor have we had clear definitions of the responsibilities of the Government, Post Office Ltd., or Postwatch. Thus, evidence and complaints from the public have been completely ignored, each organisation claiming no responsibility for the issues raised. Our concern is that no-one has had the power to veto, or appeal against, decisions made by Post office Ltd. We deal with this matter in more detail later in this submission.
- 1.3.2. The situation described in 1.3.1. does mean that we are trying to give evidence as to the performance of an organisation when we are unclear about what it was supposed to perform. However, we do believe that BERR should have taken more responsibility for the actions of Post Office Ltd and Postwatch and should have intervened at an early stage when it was apparent that the actions by these organisations were indicating areas of incompetency and cynically-used public relations. Again, we produce evidence to support this later in the submission.

### **1.4. Government Policy:**

- 1.4.1. If the role of BERR is to monitor the implementation of Government policy, that policy needs to be defined and transparent. It has become clear that the Government is misleading the public on the real reasons behind the closures. BERR has done nothing to ensure that the public is fully in the picture as to the EU Directive on subsidies for the postal services and the effect that the directive will have from 2011. The Government and BERR have been well aware of the implications, but have hidden the fact that many more post offices will close as a result of the EU Directive but without any compensation packages.
- 1.5.1 We can find no evidence to support the contention of PO Ltd. that it is Government policy to close 2500 branches and that this is an immovable figure. The only evidence we have is that the Government provided the funding for the closure programme, but it is PO Ltd. that has insisted on the rigid figure of 2500 closures. The inflexibility caused by this decision does not appear to have been challenged by BERR.

## **SECTION 2: EVIDENCE**

- 2.1. We submit evidence relating as closely as possible to the headings in your "Study Outline". However, we have not provided detailed evidence in the form of examples. We consider that such detail can be provided on your request at appropriate stages of the audit. Additionally the CAPOC website [www.postofficeclosures.org.uk](http://www.postofficeclosures.org.uk) can provide many examples to support our submission.

### **2.2. Selecting the Closure Programme:**

- 2.2.1 We are unsure as to exactly what this covers, but we have assumed it to be the initial planning and consultation for the programme. Our evidence relates to four specific areas:-
- lack of information to the affected public, including the real reasons for the programme;
  - the so-called consultation periods;
  - the selection of offices for closure and Outreach; and
  - the planned implementation of the closures.
- 2.2.2 We have been concerned that the initial publicity given to the closure proposals lacked detailed information to the public, to the degree that it was misleading. Little or no

emphasis was placed on the fact that the whole reason for the programme was the requirement to comply with EU Directives relating to the withdrawal of subsidies from 2011, in preparation for the postal services to become wholly commercial. This lack of information has misled the public into believing that the current cuts (unwelcome as they may be) will be the end of the matter, and has kept them in the dark as to the situation likely to arise after 2011. It has also shielded the Government from the inevitable outcry that would have occurred had the facts been made known prior to the closure programme. Evidence to support this lies in the DTI's press release of 10 May 2007, where no mention is made of the need to comply with EU Directives.

- 2.2.3 The "consultations" carried out by Post Office Ltd appear to have been designed to carry on misleading the public. The initial consultation, on which the closure decisions were based, did not reach down to the level of local communities. Information was sought at County and District Council levels, but the Parish Councils directly involved were not consulted. Hence closure decisions were made with inadequate research into the practicality of the proposals, and the effect on local communities. We can provide examples of inaccurate information on distances between offices, and of public transport services, and the closure of viable offices. No account was taken of the age range of the population in the affected areas. In fact we have verbal evidence from a senior executive of Post Office Ltd to the effect that the only factor taken into account was the distance between offices, to provide a reasonable network pattern on the map.
- 2.2.4 The six-week subsequent consultation period was a complete sham and a farce. The decisions to close specific branches had been made as a result of the initial consultation (detailed in the previous paragraph) and there was no intention to make any changes as a result of the so-called 6-week consultation. The affected public was misled into believing that "consultation" meant that arguments against closure would be considered, but this has not been the case. Before the consultation period started Post Office Ltd. told sub-postmasters that there would be no appeal against closure. Thus, only a token number, a very small percentage, of decisions have been reversed, and these have only been as a result of great pressure by local M.P.'s and action groups. The attitude of Post Office Ltd during this period was one of complete disdain for the public, with the aim of pushing through the decisions made at all costs. We have detailed evidence of their attitude and examples of their total incompetence. We have examples of correspondence with the Prime Minister and BERR which demonstrate their total disregard for the concerns of the public and the lack of concern as to the activities of Post Office Ltd.
- 2.2.5 The closure announcements, made prior to the 6-week consultation, were accompanied by identification of those branches to be replaced by an Outreach service. No information as to the scope of the service to be given by each type of Outreach was available, and no research had been carried out as to the practicalities or the financing of Outreach services. It was left to local communities to request the type of Outreach service they were willing to use. The problems and costs of such services were not identified by Post Office Ltd., resulting in totally inadequate services being provided, often at considerable cost to the community. We deal with the problems of Outreach in more detail in paragraph 2.6.3.
- 2.2.6 The planned implementation of the closures, in areas staged over 12 months, has ensured that PO Ltd. has received protests on a local basis only. They have been able to ignore, totally, the protests and evidence against closure without any national protest or interest from the national press. A very successful and deceitful strategy.

## **2.3 Setting the Criteria:**

- 2.3.1 The only criteria which seems to have been applied is that of accessibility, using the figures published by DTI as Government policy in March 2007 (i.e. months after the publication of the EU Directive). We have no information as to how the accessibility criteria were determined, but our experience and evidence indicate that the method used was the distance between offices pin-pointed on a map to produce a neat network pattern. We have ample evidence to show that no cognisance was taken of population age distribution, accessibility of public transport, viability of particular post offices, local housing and development, and effect on local communities.
- 2.3.2 We can show that the research supposedly carried out into each office selected for closure was in many cases at best inadequate, and the results inaccurate. We are concerned that some criteria suggested by the then DTI in their 2006 consultation document, and by the recent BERR Select Committee have been ignored by Post Office Ltd. BERR indicated that about 1600 post offices had less than 20 customers per day and that these, along with post offices where the postmaster was willing to close, should be considered for closure as the first priority. We have evidence to show that this has not occurred, and that offices with minimum customer footfall have been left open while more viable post offices nearby have been closed. Post Office Ltd has ignored the BERR Select Committee recommendation that where the post office is in the last shop in a village, there should be a presumption that the post office will remain open.

## **2.4. Reviewing the Programme Plan to see if it would meet its overall objectives:**

- 2.4.1 We have no evidence that such a review was undertaken. We have been unable to find any published documents relating to such action. In fact the reports of the BERR Select Committee would indicate that if such action was taken it was inadequate. Publication of a review of the programme plan would have given more opportunity for input by local communities before implementation started.

## **2.5. Monitoring the Progress of Closure Programme:**

- 2.5.1 Again we have no information as to the monitoring role carried out by BERR. We can only assume that some monitoring was carried out in order to provide information and advice to the BERR Select Committee. However, it would appear that most of the key issues addressed by the Committee were supported by evidence taken directly from organisations and individuals rather than monitoring by BERR. We have been impressed by the reports provided by that Committee, but have been disappointed that PO Ltd. has chosen to ignore most of its criticisms and recommendations. We would have expected BERR to take action and monitor the implementation of the recommendations, but we have no evidence that this has been carried out.

## **2.6 Responding to Issues Discovered During the Monitoring:**

- 2.6.1 The lack of an adequate response to issues discovered during monitoring has been the worst failure of BERR. We would have expected BERR to take a more active role in dealing with issues arising from written submissions giving evidence of incompetence, inadequate research, and errors in implementation of the closure programme. These should have provided valuable evidence for their monitoring role. However, we can show that BERR repeatedly failed to address complaints, fobbing off complainants with standard replies which, in many instances bordered on insulting the intelligence of the correspondent. We have evidence to demonstrate that BERR's performance in dealing with correspondence was totally inadequate, taking weeks to answer complaints and losing important documents.

The CAPOC website contains copies of major submissions and correspondence with PO Ltd., MP's and the Prime Minister. We have no evidence to show that BERR acted on any of the information provided by this means.

- 2.6.2 We would have expected BERR to monitor closely the performance of Postwatch, particularly as this organisation can in no way be classed as being an independent body, being financed by PO Ltd. Had BERR carried out such a function it would have identified, at an early stage that Postwatch was a toothless organisation that had no power to veto the activities of Post office Ltd., and would have seen that its performance was ineffective. It lacked any ability to act on the valid complaints made by communities and had little or no influence on closure decisions particularly in the so-called review stage.
- 2.6.3 We have ample evidence to support the statements in the above paragraphs with regard to information on the inadequacies of Outreach schemes and their financing, evidence of which was totally ignored until the latest meeting of the Select Committee. We have evidence also on submissions regarding the consequential effect on queues at remaining post offices, which again appears to have been ignored. We understand that application papers for a Judicial Review have been, or are being, served on Royal Mail, Post Office Ltd, Postwatch and Postcom, based on documents showing that up to 2003, a paragraph guaranteeing maximum queuing times of 5 minutes was written into every Post Office licensing contract. This was removed during negotiations between POL and Postwatch as a result of the first postal services liberalisation directives from the EU.
- 2.6.4 Transparency has been non-existent in the closure programme, all relevant data, being enclosed in a curtain of "confidentiality". This excuse, unchallenged by BERR, has been used to prevent anyone outside PO Ltd., from gaining access to the cost-effectiveness of any part of the programme, and indeed the programme as a whole. Post office Ltd has repeatedly refused requests for information:-
- as to whether or not they had closed branches which were financially viable;
  - on the footfall and turnover of individual branches;
  - as to the relative costs of providing the various types of Outreach, particularly mobile vans; and
  - which could have assisted in identifying cost effective alternatives to their rigid Outreach proposals.

We can provide evidence of such refusals even after the Select Committee had pointed out the irrelevance of their arguments. We understand that data required by local authorities in deciding whether or not to take over local branches, was similarly refused even after considerable pressure by local MPs. We can also provide evidence of threats made to postmasters regarding the release of information deemed by Post office Ltd. to be confidential.

## **2.7. Conclusion:**

2.7.1 In conclusion it may be useful to summarise the areas we suggest for investigation.

- The role and responsibilities of BERR in the closure programme.
- The role, status and independence of Postwatch.
- Lack of transparency;-
  - (a) regarding the true reason for the closures, the position after 2011, and pressure from the EU; and
  - (b) the use of the veil of confidentiality to prevent the examination of costings at all levels.

- The initial and six-week consultation periods.
- The application of the criteria and their use in defining a new network.
- Implementation of the Select Committee recommendations.
- The degree of monitoring carried out by BERR.
- The use and financing and future of Outreach services.
- The research by BERR into the effect on future post office customers, particularly with regard to queuing.

2.7.2 For all our criticisms of Post office Ltd. and BERR, we have to recognise the skill with which they planned the closure programme to minimise the ability of anyone to mount a national campaign against them. The way in which the closures were announced in stages ensured that there was no effective way of mounting anything more than local campaigns, and ensuring that the national media could report purely on localised issues. A very effective strategy!

2.7.3 This submission is made in the recognition that by the time the audit is completed it will be too late to save any towns or villages from the ravages of the closure programme. However, we live in the hope that its conclusions and recommendations will support the complaints and protests so vigorously made by a large section of the population, no matter what their political persuasion. We also have the forlorn hope that they will deter the Government from embarking on future “modernisation” programmes in such a cavalier and incompetent manner.

J.M.Hallas (Mr.)  
On behalf of CAPOC

## Appendix A

### Outreach Services

Post Office Ltd. has promoted the Outreach system as the saviour of postal services in rural areas where closure of a full or part-time office is to close. It claims that such services are well-received in areas where they have been trialled. However, it has refused to produce the evidence to support its claims and, in particular, has refused to produce figures to demonstrate the cost effectiveness of such systems.

Here are some of the facts about the Outreach system which Post Office Ltd has failed to divulge:-

- Outreach services do not provide a full postal service, and Post office Ltd has consistently avoided giving details of exactly what services will be provided.
- Partner Outreach is supported by a “core” sub-postmaster from his income from Post Office Ltd. What is paid to the Outreach partner is negotiated between the two. The extra money provided to the “core” is insufficient and has resulted in the rejection of the scheme by many proposed “cores”. We have an example of one such arrangement which would have resulted in the partner receiving only £1000 per year working out at 20p and hour for his efforts. Few agreements provided anywhere near the minimum legal rate per hour.
- Post Office Ltd propose to use village halls, church halls, churches, schools etc. but its management is careful not to state that they are prepared to pay only a derisory amount per hour for their use, putting the cost on to the community they are proposing to serve. This is the way in which the business will profit at the expense of the community. Villagers are being duped into financing such schemes which, in most cases, will take the service from the village shop and put its very existence at risk. If commercial rents were to be demanded for the use of village halls etc., then Post Office Ltd. would not be so keen to avoid keeping the service in the village shops.
- Post Office Ltd’s proposal to use mobile services in areas where 15 hours per week is required, beggars belief. It does not take an accountant to calculate and question the basic cost of such a service, and why that cost could not be used to maintain the service, even if somewhat reduced, within its current premises, in many cases the village shop. We have evidence that, in the first few weeks of operation, mobile offices failed to appear on numerous occasions, and, when they did turn up, their satellite links were inoperable. Such ineptitude has rendered the mobile service useless, causing potential customers to desert them, and almost guaranteeing their ultimate failure.
- Post Office Ltd will give no guarantees as to the life of the outreach proposals and they are unlikely to be guaranteed beyond 2011. We have oral evidence to support this statement, which included the statement that mobile offices are only a temporary solution.