

**Post Offices Advisory Group
Artillery House
Wednesday 24 June 2009**

Agenda:

- 1. Welcome and Tea**
- 2. Minutes of the last meeting**
- 3. Paul Hook: National Federation of Sub-Postmasters**
- 4. Mike Granville: Post Office Limited**
- 5. Gill Withers: The Plunkett Foundation**
- 6. Ulrika Diallo: Federation of Small Businesses**
- 7. Sean O'Hara: Postcomm**
- 8. Richard Brown: Consumer Focus**
- 9. Any Other Business**

Attendees:

Ulrika Diallo – FSB
Marie-Claude Hemming - FSB
Paul Hook – NFSP
Sean O'Hara – Postcomm
Malcolm Craig – CRC
Gill Withers – Plunkett
Mike Granville – POL
Manita Basra – POL
Philip Mind – LGA
Roger Darlington
Andy Burrows
Andrew MahLachlan

Apologies:

Kiera Bower – Postcomm
Annabel Barnett - NFSP
Ken Parsons – RSA
Marianne Sladowoski – NFWI
Jane Finnerty – NFWI
Gretel Jones (on behalf of Age Concern)
Ian Keating – LGA
Frank Thomas - NALC

1. Welcome and Introduction

Roger Darlington opened the meeting, welcoming everyone to introduce themselves individually.

2. Minutes of the last meeting

Paul Hook had made amendments to the minutes of the last meeting that were agreed to.

3. Paul Hook – National Federation of Sub Postmasters

3.1 Paul Hook presented a comprehensive presentation on the recent survey into Sub-postmaster income. (see attached slides)

3.2 Malcolm Craig surprised that £0 was earned by
– 92% of subpostmasters for PO Credit Cards

- 92% of subpostmasters for PO Home Insurance
- 86% of subpostmasters for PO Vehicle Insurance
- 99% of subpostmasters for PO Life Assurance

And asked if the recession had an effect. PH replied that the question had been asked and that a majority had said that it did.

3.3 Mike Granville said that the Bureau de Change is big work for the Post Office and that the recession had cut demand as the number of foreign holidays had fallen.

3.4 Richard Bates asked what the figures for the whole year would look like. Paul Hook replied that the NFSP believe the report is representative of the whole year. Subpostmasters need repeat transactions instead of products like life insurance that are only sold once.

3.5 Malcolm Craig asked if foreign currency had been included in the survey and Paul Hook replied that it had not.

3.6 Malcolm Craig interested in the retail issues. CRC may do some work in that area.

3.7 Philip Mind wondered if any work had been done on what the costs of running a sub post office were and whether the service is running at a profit or a loss. Asked if financial products included NS&I. Paul Hook replied that they did although they hadn't been specifically asked about.

3.8 Philip Mind asked if any scoping had been done on what new sources of income there might be. Paul Hook replied that there was no silver bullet that will turn everything round and that a range of new products was needed as well as an expansions of existing products.

3.9 Philip Mind asked if there was a 'hitlist' for local government to get on with? Paul Hook replied that there is – payment of Council Tax, rents and rates and meals on wheels at Post Office as well as using them as an ID checking resource for Housing Benefit.

3.10 Roger Darlington asked how the matter could be progressed. Philip Mind wondered if the LGA could develop a toolkit to help local authorities to prevent post office closures and make a positive difference, such as Nottingham City Council who have saved money by putting services through the post office. Roger asked if Paul and Philip could work together to create such a toolkit. Paul and Philip both agreed that they would.

3.11 Ulrika Diallo commented that the list of services is patchy and asked if this was because the services weren't advertised. Paul Hook replied that it was possible but that it was very hard for post offices to advertise and promote things like current account access at Post Office because it's a mish-mash.

3.12 Gill Withers asked if outreach income was checked. Paul Hook said that he would check. Gill Withers also expressed interest in the post offices that are hubs for outreaches. Mike Granville said that POL are doing internal research that indicates core subpostmasters are getting the income that they expected from outreach but that they weren't sure about the local sites.

4. Mike Granville: Post Office Limited

4.1 Mike Granville gave a comprehensive presentation on Royal Mail's five2eleven plan (5yrs to 2011). See attached slides.

4.2 Roger Darlington asked how Royal Mail could make Local Collect more well known. Mike Granville said through undelivered parcels and arrangements with businesses. Ulrika Diallo asked if it would be available in every Post Office. Mike Granville replied that it would be available in almost every post office but that it was space dependent so it can't work in some places.

4.3 Richard Bates asked what proportion of financial services are available online. Mike Granville replied that it was significant but didn't have the specific figure. Added that only trained staff can sell them because of the type of product they are and they can't train everyone. If a lead comes through a post office though, a payment is given. RM are trying to integrate channels as much as possible.

4.4 Andy Burrows asked if 4000 ATMs was a target or an aspiration. Mike Granville said that there are 6 a week being installed at the moment but that progress depends on market conditions. Richard Bates asked if the ATMs were internal or external and Mike Granville replied that it was both. Andrew Maclachlan asked if being a listed building had an impact on the ability to install. Mike Granville said it could do.

4.5 Andrew Maclachlan asked if the financial services growth would continue. Mike Granville said that it was an increasing rate and that against other financial services start ups it's the fastest. Andrew Maclachlan mentioned the spike in the last 12 months. Mike Granville said that there have been spikes but that he now thinks its settled and that people have seen the post office as a good place to be. He added that some financial services had grown faster than others and that it's a portfolio. Andrew Maclachlan asked if the Bank of Ireland was the partner across the whole portfolio and Mike Granville replied "pretty much so".

4.6 Malcolm Craig asked if the business banking was only for Alliance and Leicester customers. Mike Granville said that it was also with Clydesdale Bank and Bank of Ireland. Malcolm Craig was concerned that it sounded more restrictive than personal banking. Andrew Maclachlan asked if the limitations on current accounts were because of banks being stubborn or POL being too expensive. Mike Granville replied that it was hard to answer and that these are commercial and competitive markets.

4.7 Gill Withers asked if Paystation was available in all sub-offices and outreaches. Mike Granville replied that nearly all would but that it would depend on the nature of the outreach. Richard Brown wanted to check that it was automated and not transcash. Mike Granville replied that it was automated.

5. Gill Withers: The Plunkett Foundation

5.1 Gill Withers from the Plunkett Foundation gave a comprehensive presentation on the work of the organisation (see attached sheet).

5.2 Sean O'Hara asked if 'PostPoint' is a brand. Gill Withers replied that it is not. Sean O'Hara recommended that they consider making it a brand. He then asked if they were acting as a collection point. Gill Withers replied that the customers go into the shop and that the weighing machine is in there with instructions and that volunteers then help Royal Mail collect it. Sean O'Hara voiced concerns about mail integrity and security issues as well as possible code of practice restrictions.

5.3 Malcom Craig asked about technical issues with weighing machines. Gill Withers replied that there's a procedure with Royal Mail.

5.4 Roger Darlington asked if Royal Mail saw this as a competitive threat. Mike Granville said that there are a lot of social enterprises that are post offices in an official sense and that

they'd worked with Plunkett in the past. In some cases, like when a subpostmaster has retired, they have helped social enterprises take over the post office. Added that it's no different to a business collection and that it needs to be seen for what it is – not as a post office – as brand issues are important. Also said that at this scale they are one-offs but that if it got to a certain scale it would potentially be a threat to local post offices, it's about perception of customers and what they think they're getting.

5.5 Sean O'Hara said that this would save people getting buses. Roger Darlington commented on the environmental benefit as a result. Gill Withers also added that people would use local shops too.

5.6 Andy Burrows asked if they had asked Royal Mail to reduce the bill. Gill Withers replied that they haven't.

5.7 Mike Granville said that far more social enterprises are official post offices than were following this model. Gill Withers said that of 220 community owned shops roughly 80 are post offices of which around ¼ are outreaches. It's the 100 or so that don't have a post office, of which a handful have provided some postal services.

6. Ulrika Diallo: Federation of Small Businesses

6.1 Ulrika Diallo said that small businesses aren't getting the services that they need from the Post Office.

7. Sean O'Hara: Postcomm

7.1 Sean O'Hara said that their principal role is postal services per se. On Post Offices they have a duty to prepare a report for the Secretary of State on the state of the network. They also enforce Royal Mail licence conditions.

7.2 Sean O'Hara said that some people may have an exaggerated view of Postcomm's role because they have to prepare the report. He added that Postcomm could have made it a basic report but that they made a decision 9 years ago that it would be an in depth report. They have just sent over the 9th Network report to BIS. POL and NFSP are major contributors. After this report Postcomm intend to return to a basic report and instead have an independent report taken forward by an independent body like Consumer Focus.

7.3 Roger Darlington acknowledged the work that Postcomm has done and that it has been appreciated by stakeholders.

7.4 Paul Hook said that the report in its current format has been a great resource. If the report could be retained somehow the NFSP would welcome it. Malcolm Craig agreed.

7.5 Sean O'Hara suggested that it was a good time to critically assess the report and who should do it in future.

7.6 Paul Hook commented that it wasn't just the annual report that was helpful but the ad hoc ones too and that they'd helped the debate on Post Offices.

7.7 Ulrika Diallo asked about the size of the budget cut which was revealed to be from £10.2 million to £8.5 million.

7.8 Paul Hook asked if the Post Office Policy Manager would still exist. Sean O'Hara replied that there won't be anyone working full-time on it.

7.9 Sean O'Hara summarised the 'Social Value of the Post Office Network' report that Postcomm recently published. Said it's important for the Government to justify its subsidisation of the Post Office network to the European Union. The report's aim is to find the value to society of the Post Office network. It ranges from £2billion to £10 billion. Likely to be somewhere in the middle. Hard to sum up apart from to say that there is a substantial social value to the Post Office network. They were very keen to use extremely robust methodology.

7.10 Sean O'Hara added that Postcomm would be focussed on price control revisions in 2011-12 and that they're keen to strengthen their customer interest and interface role. Sue Bide has come over from BIS. Postcomm involved in enforcement issues. Very keen for feedback on effects of strike action. Thinks that the strike action will have an impact on small businesses.

8. Richard Brown: Consumer Focus

8.1 Richard Brown introduced himself to the group. Used to work at Postwatch. Consultations have nearly concluded. Now has a monitoring brief and works on the code of practice. Raised the issue of self funding, mentioning Essex and Devon Councils and how Sheffield may be considering supporting local Post Offices.

9. Any Other Business

9.1 Andy Burrows updated the group on Consumer Focus's forthcoming reports – pieces on the Network Change Programme, an Outreach Report, the Tracker Research and research on Post Office Card Account users.

9.2 Roger Darlington closed the meeting and reminded the group of the next meeting on **Wednesday 16 December 2009 at 11am at Artillery House.**