



# Sink or swim?

Post Office Outreach services in the long term

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# About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

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**The introduction of Outreach services marked a significant shift in how post office services are provided to hundreds of rural communities. Last year, Consumer Focus released its early findings on the introduction of Outreaches<sup>1</sup> and whether these services met consumers' needs.**

**A year later, can we be satisfied that Outreach services are a long-term solution for the increasing number of consumers that depend on them? Or have Outreaches been left to sink or swim?**

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<sup>1</sup> Consumer Focus (2009) *Within reach? Consumer reactions to new post office Outreach services*

# Introduction

In May 2007, following a UK-wide public consultation, the Government announced that Post Office Ltd (POL) would close 2,500 post offices, with 500 of these to be replaced by largely part-time Outreach services. The intention was that the programme, as part of a wider package, would restructure the Post Office network and ensure a viable future for the remaining branches.

Outreach services were designed for, and introduced in, primarily rural areas where the importance of a post office service was clear, but low transaction levels led POL to conclude that a full-time conventional branch was not sustainable. Outreaches help to ensure that UK-wide post office provision can be maintained, with a range of formats providing a suite of essential products, but with the services incurring significantly reduced costs for POL compared to the running of a traditional 'fixed counter' network.

POL operates the following Outreach services:

- Partner service: a local business runs a post office service from their premises, for example a shop, normally mirroring regular business hours, under the supervision of a nearby 'core' subpostmaster
- Hosted service: a subpostmaster from a nearby core post office visits a community at fixed times and offers service from a 'host' location, for example a community hall or shop
- Mobile service: a subpostmaster from a nearby core post office visits a location in a mobile outlet fitted with a post office counter and equipment, at fixed times and for a set period each week
- Home delivery service: a subpostmaster from a nearby core post office branch offers a limited service to registered customers, delivering to their door or during a 'drop-in' session at a designated place

This report brings together Consumer Focus research from the last 12 months, 'on the ground' investigation, and examples of our positive interventions on behalf of consumers.

We wanted to:

- better understand whether Outreach services are meeting the needs of local communities
- assess the performance of the respective service types, including to identify potential improvements to the service models where appropriate
- identify how POL can more effectively support existing services, including offering assistance for the core and host operators who form the backbone of the service
- secure the viability of Outreaches, to ensure these represent a long-term solution for the communities that rely on them, and that may come to rely on them as additional locations are served by Outreach in future years

Consumer Focus is the statutory body for post office consumers, with specific responsibilities to monitor the number and location of post offices. Our work on Outreach services in the previous 12 months includes:

- independent research, undertaken by DVL Smith, consisting of a telephone survey of 1,052 consumers living in areas served by an Outreach facility across GB<sup>2</sup>, and supplementary focus groups in six areas covering the range of Outreach types
- independent research to assess the impact of the introduction of Outreach in Northern Ireland, which proportionately has one of the largest Outreach networks anywhere in the UK<sup>3</sup>
- research commissioned by Consumer Focus Wales on the customer experience of Outreach services, as part of a wider project exploring outcomes from the last post office closure programme<sup>4</sup>
- contact with 29 MPs and other elected representatives, in response to specific concerns about Outreaches serving their constituency or local area
- positive interventions in a further 26 cases to support or advise parish councils, consumers and local action groups seeking changes to, or offering feedback on, existing Outreach services

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<sup>2</sup> DVL Smith (2009) *Consumers' attitudes towards post office Outreach services*. Prepared for Consumer Focus

<sup>3</sup> Consumer Focus Post (2010) *Outreach or out of reach? Consumer attitudes towards Outreach services in Northern Ireland*

<sup>4</sup> Consumer Focus Wales (2010) *Post office closures: Impact of the Network Change programme*

# Key findings

## Satisfaction with Outreach services

It appears that the majority of consumers living in areas with Outreaches have adapted well to the new arrangements. While most consumers would have preferred not to have lost their previous fixed counter branch, they were pleased that the community has retained access to post office services, and on balance report that Outreach services generally meet their needs.

According to our research, 65 per cent of Outreach users in GB are satisfied with the service, rising to 85 per cent among users in Northern Ireland. Significantly, only one-fifth of users (21 per cent) are actively dissatisfied with their current form of provision. This suggests that, if local implementation is carefully managed, Outreach services can offer a good standard of service to post office consumers. The challenge for POL is to ensure that effective consultation takes place in areas where Outreaches are introduced for the first time – and that POL strives to maintain and improve satisfaction through being responsive to the needs of its existing, but also potential, customer base.

The needs of vulnerable consumers require particular attention. 37 per cent of Outreach users report the Outreach conversion has negatively impacted their usage of the post office service, but this rises to 42 per cent of users with a physical or other disability. A smaller proportion of elderly users than the overall sample (32 per cent) consider the Outreach service to be worse than the previous arrangements.

There is a clear, if unsurprising, hierarchy of satisfaction across the various Outreach types. Satisfaction is highest among users of Partner services (72 per cent, rising to 84 per cent among service users in Northern Ireland). It is likely this reflects the fact the Partner services typically offer extended opening hours, and are often located in more readily accessible premises.

Satisfaction among Hosted users is 65 per cent, but drops to 59 per cent among users of the Mobile service. This is in part likely to reflect particular concerns about the Mobile service expressed by its users, including that Mobiles offer insufficient privacy to consumers, and that some consumers have to queue outside the van to be served, a particular concern in periods of bad weather.

Consumer Focus is calling on POL to always consider whether, in the first instance, it can introduce a Partner service as the preferred solution when replacing a fixed counter branch with an Outreach service. POL needs to be responsive to the feedback it receives during consultation on a proposed change, and to any changes that consumers seek to the running of the service thereafter.

## Use of Outreach services

Our research indicates that a significant majority of service users (60 per cent) use Outreach with the same frequency as the fixed counter branch it replaced. Interestingly, 13 per cent of users report they use Outreach more often than the previous arrangements. This suggests that some consumers may increasingly be using the service with a 'use it or lose it' approach. Alternatively, some consumers may be using the facilities to carry out additional activities that were not available at the previous branch, for example renewing car tax.

It is, of course, important that POL seeks to optimise or increase the opening hours for each Outreach to meet the needs of consumers who rely on the service, or who wish to use it wherever possible. In some cases, this may require changes to the service once it has been introduced, and POL should commit to such changes where necessary. As focus group participants have told us:

*'We have a [free] shopping bus on Monday morning which will take us to Horsham. But if you go to Horsham, you are not going to be able to use the post office... It's the same thing on a Tuesday, there's a bus that goes to Worthing which we can use... but if you go on that bus, you can't use the Post Office'*

*'It's silly. [The Outreach service] arrives here at 2.15 on a Thursday afternoon, and [my pension] is due on a Thursday, so I can go and get my pension at 2.15, but the bus going to town on a Thursday leaves before the pension comes'*

A significant minority of consumers living in areas served by Outreaches tell us they have used the service. 45 per cent say they have used the service at least once, and 27 per cent report that they use the service at least weekly.

Consumers are more likely to use the Partner service on a frequent basis, with 33 per cent of Partner customers visiting the branch each week. This compares to 29 per cent of Hosted customers, and 21 per cent of customers by a Mobile service. This again suggests that offering extended opening hours, or at the very least matching opening hours to the needs of the community it serves, will be critical for Outreach services to secure a viable customer base.

Many consumers tell us they want to use Outreach services, but the current availability and opening hours prevent them from doing so as often as they would like.

## Awareness of the service

We are very concerned that consumer awareness of Outreach services remains unacceptably low, and that POL has failed to take action to better promote or raise awareness of the services. This may impact the long-term viability of Outreach services.

According to our GB research, only 65 per cent of consumers living in an area with an Outreach facility were aware the service actually exists. This means that a greater proportion of consumers are unaware of Outreach services than when these services were first introduced on a pilot basis, in a limited series of locations, in 2005/06<sup>5</sup>. Consumers were also unsure of the opening hours and product range offered by the Outreach services, including whether they offered essential post office services. For example, only 91 per cent were aware it was possible to post parcels at an Outreach, 81 per cent thought they could undertake a Special Delivery transaction, and just 73 per cent knew they could pay bills or withdraw cash.

Our research in Northern Ireland suggests that awareness of Outreaches, with the exception of Home delivery services, is somewhat stronger than in the rest of the UK – although the majority of people who had found out about the service did so through word-of-mouth, the outgoing subpostmaster, or through family and friends. Relatively few consumers heard about it through POL publicity, from a POL-produced leaflet, or from other materials produced by core subpostmasters. According to our GB research, only 14 per cent of consumers living in areas served by Outreaches had seen a leaflet or other promotional materials produced by POL.

In a number of cases, subpostmasters continue to tell us that where POL provides assistance with preparing leaflets or other awareness-raising materials, these materials cannot be used because the opening hours or other important information is wrong. We are also aware of significant delays in updating POL's 'branch finder' website tool, which means that where consumers go online to check the availability, opening hours and product range of the Outreach, they cannot have confidence that this information is always correct.

Consumer Focus is very concerned that unless POL actively supports subpostmasters to raise awareness of the service, it may be difficult for many to develop a sufficiently robust customer base. In the long-term, Outreaches will only survive if they attract regular custom from consumers who choose, as well as rely on, the service.

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<sup>5</sup> Steer Davies Gleave (2007) *Consumer experience of Outreach pilots*. Prepared for Postwatch

Since in most locations there are, realistically, only a finite number of options to offer or host an Outreach service, POL should urgently commit to increasing the support it currently provides to its existing services. Otherwise, there is a growing risk that gaps in the network may start to appear, many of which may become increasingly difficult to fill.

POL should also deploy its promotional resources in a more consistent fashion: while some of the suggested promotional measures outlined in table 1 are already used in some locations, we recommend the full suite of measures should be adopted to support each of its existing services:

**Table 1: Suggested awareness-raising strategy for Outreach services**

External PO 'lozenge' signage on each Hosted and Partner premises
Effective use of free media eg local newspapers, parish and community council newsletters
A-boards and other external signage measures, including fixed signage for Mobile services
Dedicated marketing strategy and spend for each core subpostmaster, with increased awareness and usage targets
Consumer-facing materials eg leaflets or laminated cards, to raise awareness of the service and its opening hours
Large, well-designed posters to achieve maximum impact
Comprehensive information available on POL's 'branch finder' website tool



## Reliability and contingency measures

Consumers report significant and growing concerns regarding the reliability of Outreach services. While Consumer Focus accepts that Outreaches may be subject to occasional service interruption, we are increasingly concerned at POL's failure to sufficiently address repeated service breakdowns, and to consistently put in place notification arrangements and contingency measures when things go wrong.

There appears to be a particular problem with technical failures blighting Hosted and Mobile services: 22 per cent of Mobile users, and 18 per cent of Hosted users, report the service has been unavailable at least once when they've tried to use it. In our GB research, a number of focus group participants told us uncertainty about whether the Outreach will be available during the stated opening periods has actively led them to undertake transactions in other ways.

### As consumers have told us:

*'Sometimes the machine doesn't work. You get there and they can't get the machine going. So you wait, or you have to go again the next time. It's happened more than once or twice.'*

*'Well, you usually find out [if it's working] when you get there. If you find out it's not working, there's no information really. It's a lottery. You wait long enough anyway then you wait for them to get it going again. Sometimes we wait half an hour... It was a couple of hours once'*

### Case study: The impacts of short-term service failures

Most Outreaches are subject to only short-term service interruptions, but the impact for consumers who rely on these services is nevertheless considerable. In Buckland Brewer, Devon, the failure of the Mobile service on a number of occasions meant that elderly consumers were left unable to access their pensions and benefits. This includes a period of approximately one week in mid-December last year, when elderly consumers were unable to access their cash, and were also unsure whether the service would be restored before Christmas.

Local consumers tell us they were satisfied the core subpostmaster did everything he could to advise his customers if and when the service would be restored. However, in the absence of agreed contingency measures, a number of consumers were left dependent on lifts from friends or relatives to withdraw their cash, or otherwise held off making preparations for Christmas to see if the service would restart.

Technical failures can cause particular detriment for vulnerable consumers who may have to wait up to a week to undertake essential transactions, including accessing their pensions and benefits or making bill payments, in the event the Hosted or Mobile service is unavailable. Such detriment is heightened if the Hosted or Mobile service cannot be resumed during the scheduled opening hours, and vulnerable consumers are unable to undertake these transactions by other means, for example if they cannot access alternative post office branches because they live in an area with no public transport.

For example, service interruptions in Long Compton, Warwickshire, necessitated customers undertaking a 13-mile trip to access alternative branches in Shipston-on-Stour and Chipping Norton. The village is served by five buses each day.

Service breakdown can result in the inconvenience of travelling to another post office, together with extra travelling costs. For more vulnerable consumers, a set of trade-offs may apply in relation to the costs and benefits of accessing PO services in other ways, and the potential detriment that can result from them having to do so.

For example, elderly consumers, those without a bank account, or consumers without access to private transport, will need to assess the cost of travelling to a nearby branch to access post office services, against the costs and detriment of waiting until the service resumes. This could include weighing up the cost of travelling by taxi to access their cash or top-up energy prepayment meter<sup>6</sup>, against the cost savings of not doing so and incurring short-term but acute detriment such as self-rationing their energy supply or food purchases, not paying bills, or putting off other necessary transactions, until the Outreach service resumes.

It is clearly unacceptable that any consumers, but particularly those in vulnerable circumstances, should be in a position where they are required to consider such trade-offs, or that elderly consumers should become particularly distressed by their inability to pay bills on time.

Other consumer groups are also badly affected by service failures, for example business users who rely on Outreaches to post time-sensitive items of mail, or to deposit their takings.

#### **As consumers have told us**

*'Sometimes the elderly have to wait a week, and they get anxious'*

*'We were talking about what happens if the computer breaks down... this is about age. You will find that as you get older, your mindset will change, and with bills you will think they have to be paid when they arrive'*



<sup>6</sup> The detriment experienced by prepayment customers is further explored in *Cutting back, Cutting down, cutting off*, Consumer Focus (2010)

### **Case study: Northlew Hosted service, Devon**

Consumers using the Northlew Hosted service, which operates out of the local church hall, were affected by a 16-week service outage in the first half of 2009. This was caused by connectivity problems that prevented the core subpostmaster from offering post office services.

It is clearly concerning that it took such a long time for POL to resolve the technical problems. As there is no scheduled bus service in the village, and in the absence of contingency measures being in place, elderly consumers were reliant on lifts from friends, family or neighbours to use alternative branches.

Further problems were reported in January 2010, with service interruptions over a three-week period. The latest service problems caused particular difficulties for elderly consumers, who rely on the service to withdraw their pension using a Post Office Card Account.

In addition to the short and medium-term detriment caused by the service disruption, it appears that the long-term viability of the Outreach may also have been unduly compromised.

The service interruptions have led some customers, including key small business users, to stop using the facility in favour of other post office branches or nearby banks. Other customers have suggested that, because of the previous 'on-off' availability of the service, they no longer use the Outreach service with the same frequency as the previous branch.

As a result of consumer concerns, we will be pushing POL to agree and publicise effective contingency measures in the event that an Outreach service is unable to operate. We will also be seeking to ensure that best practice examples, including where contingency measures are in place, are shared across the network to reassure consumers on service robustness.

We also want to ensure that if an Outreach cannot operate, POL commits to more effective notification arrangements for consumers than currently. According to our GB research, 21 per cent of respondents feel they are not kept informed of changes to the service 'that may happen from time to time'. We will therefore be seeking that notification arrangements for consumers are formalised in the Code of Practice covering changes in, and interruptions to, the Post Office network.

There are already some good examples of local notification arrangements – eg, in Shebbear, Devon, a named local contact puts up a public notice to advise customers when the Mobile service will be unavailable and why.

However, the visibility and effectiveness of notification arrangements varies considerably. In some areas we were unable to find any evidence of notification mechanisms – leaving consumers unaware when or if the service will resume, and in the case of Mobile services, unsure whether the service is running. In some instances they have to wait in bad weather and without shelter to see if the Mobile turns up.

It is critical that POL addresses these concerns – and the disadvantage that results when consumers struggle to access post office services in alternative ways – as a matter of urgency.

### Case study: Boughrood Mobile service, Powys

Consumers report that the Mobile service was unavailable for several days in December 2009. Services have also been unavailable at other times because of connectivity failures, and because the serving equipment would not work.

In the absence of agreed contingency measures, the community responded by organising an ad-hoc shuttle service to provide customers with transport to alternative post office branches. There is no public transport to the nearest alternative branch. This arrangement, organised by those who had turned up to use the service, was communicated by word-of-mouth.

Consumers report several other occasions when the Mobile has experienced connectivity problems, resulting in the operator having to reboot the system to restore the connection and complete the customer's transaction.

Service interruptions understandably leave consumers frustrated, and can lead to queues building up outside the Mobile service. There is limited shelter outside the van.



## Product range and popularity

Outreach services are primarily used for personal use. Just 17 per cent use Outreaches for business or commercial reasons, including fulfilling internet transactions such as eBay orders. Only 1 per cent of service users undertake business or commercial transactions only.

Feedback from the focus groups suggests that the limited opening hours for most Outreach services discourages business use, particularly where daily banking or mailing is essential.

However, the GB research suggests there is commercial logic in seeking to ensure that Outreaches are designed to meet the needs of homeworkers, small businesses and micro-businesses. Business users are more likely to use the Outreach at least weekly – 68 per cent – compared to 58 per cent of personal users, and are three times more likely than social customers to use premium mail products such as Special Delivery.

While awareness of the product range is limited among non-users, and POL may therefore be missing out on a significant transactional base as a result, our research in Northern Ireland suggests that the majority of consumers (71 per cent) are very or fairly satisfied with the range of products and services offered through Outreach services.

Our GB research supports these findings, but suggests lower satisfaction with the restricted product range offered through Partner facilities: 20 per cent of service users score the range of products available less than five out of 10. The introduction of car tax and DVLA products, a broader range of bill payments, and the ability to send larger parcels were mentioned by consumers as being useful additions to the standard product range.

Table 2 demonstrates the proportion of service users who use Outreaches to access a range of core PO products and services:

Service	% of service users using service
Mailing letters	89%
Purchase of stamps	88%
Mailing parcels	82%
Special Delivery	62%
Collecting forms	50%
Car tax	42%
Bill payment	33%
Withdraw cash	32%
Collect pensions and benefits	21%
Purchase insurance	11%

## Privacy

The privacy afforded to consumers undertaking post office transactions is understandably an important aspect of the consumer experience for Outreach users.

Inevitably, consumer views on whether Outreaches offer sufficient privacy vary depending on the setting, location and staffing arrangements for each location. Our GB research suggests that 30 per cent of Mobile service users, 28 per cent of Partner users, and 25 per cent of Hosted users have concerns about the privacy offered to consumers. 47 per cent of service users expressed concerns about the privacy available to consumers in Northern Ireland.

There is considerable variability in the privacy afforded in Partner and Hosted services, which is contingent on the premises layout and space available in each location. Some consumers are also concerned that financial transactions are undertaken by staff in the host premises, such as pub staff or shop workers, rather than by a trained subpostmaster:

*'On the banking side of things, I am not happy with it being for all and sundry to see what I am doing or whatever. At the end of the day, my banking is my personal thing. It should not be open to discussion for anyone else in that room. I am doing something and someone is stood there nattering with a pint in their hand'*

*'You expect a certain amount of trust with a subpostmaster. They are professional people and that is their job, and they are dealing with your business and that is fine. It is between you and them. When you are dealing with [other Hosted operators], not that I am putting [them] down in any way, shape or form, but it is not the same level of trust there. What is it to stop her telling young Jimmy at the end of the bar what my business is, what I have coming in every week?'*

*'Now it's like buying a packet of fags'*

There are also particular concerns about the privacy available to users of Mobile services: consumers report that privacy is only realistically available if consumers queue outside the van. However, this creates a problem as consumers then have to queue in the cold and rain during the winter months, which is clearly unacceptable for elderly and vulnerable consumers:

*'Most people stand outside [the van] and wait for one person to come out. But if you have ten people standing outside and it rains... You are under pressure to buy because people are waiting. You have got to go and know what you are looking to buy because you can't afford to spend time looking, unless there is no one else there'*

*'So one person tends to go in, and if they are elderly people they are stood outside, which might be alright some days. I've been in the wintertime and it's not very good. That is true for anybody really, but particularly the elderly people. It's a problem for anyone who is stood outside in the cold'*

For this reason, POL should review whether its Mobile services could be relocated closer to an existing community facility, such as a village hall. Vulnerable consumers could therefore wait for the service inside the facility, and when called, make their way to undertake their transactions in the Mobile service. Such minor service modifications would also add to the intangible social benefit the service provides, as it gives elderly consumers a social space in which to mix with other people in the village. It could also act as a spur to other organised events such as coffee mornings, which could cater for and build the existing customer base and increase community capital.

*'They send a van here... if they're a few minutes late, you're standing in the yard in the cold. Well, last week it was very cold... and there was a man being served so I was waiting in the yard... why didn't they put it in the community centre... why didn't they put a section in the school for us to wait [in]?'*

*'Even if they only put us in the cloakroom, honestly, it would be under a roof, wouldn't it?'*

POL should be responsive to, and actively encourage, precisely this type of feedback from local communities, parish councils and local authorities to ensure the Outreach service can meet their needs in the most effective way.

## Accessibility

POL should be commended for the design features built into its Mobile services that ensure ease of access for wheelchair users, those with other disabilities and parents with pushchairs. Each Mobile service provides disabled access, including hydraulic access ramps, and other features such as hearing loops are also available.

However, it appears many consumers are unaware that such features have been installed, or have otherwise assumed that the Mobile service will not be accessible to those with mobility problems or other disabilities. POL should therefore commit to promoting the accessibility features of Mobile services, and at a local level should work with disability action groups and other relevant organisations to raise awareness of accessibility features.

*'The thought – a wheelchair and a van – seems not compatible. They don't mix. She (an elderly relative with limited mobility) would not even think to use that service as automatically she would think there is a big barrier there'*

*'Unless it is advertised to say "with disabled access", people are not going to go, whatever services they offer'*

According to our GB research, 20 per cent of consumers living in an area served by a Mobile service did not think that access for a disabled person would be straightforward. In respect of Hosted and Partner facilities, a smaller number of service users expressed concerns about the accessibility of post office services. Nevertheless, POL should work with parish councils and other local bodies to address accessibility issues. In the case of 'host' retailers, POL should ensure that accessibility features and the existing store layout offer sufficient access for disabled consumers or those with pushchairs.

## Reasons for non-usage

Since maintaining and increasing usage is essential in establishing a stable Outreach network, it is important to understand the reasons why some consumers who are aware of the Outreach service do not use it.

In our GB research, a significant minority of non Outreach users (42 per cent) use other post office branches to undertake transactions, primarily because other branches are closer to where they work or shop. 31 per cent of non-users claim they don't use the Outreach service because its opening hours or location is unsuitable, although we should remember that the opening hours of the previous fixed counter branch would also have been unsuitable for many commuters. 9 per cent of non-users report they don't use the service because the product range available through Outreaches does not meet their needs.

The majority of consumers (75 per cent) using Outreach report that they have used other post office branches in addition to the Outreach service in their village. For most consumers, this is because of convenience, but 24 per cent suggest this is based on the relative positive attributes of other branches, including that these offer a wider product range, are more accessible, or have more convenient opening hours.

Consumers have also told us they do not use Outreaches because they find it difficult to remember the opening hours, they have limited knowledge of the product range, or they would rather travel to another branch because they consider it offers a more reliable service.

## Converting non-users to users

If transaction levels are to increase, then significant numbers of non-users need to be encouraged to use the service, and existing users should be encouraged to use the service more frequently.

As table 3 suggests, one in five consumers (20 per cent) consider themselves to be potential users of the Outreach service, and one-third (33 per cent) were unaware that the service existed. Crucially, only 2 per cent of consumers report that they would never use an Outreach service. This suggests significant potential for POL to achieve greater usage of Outreach services through the following steps.

POL should:

- better promote the service to appeal to those who are currently unaware of it
- better promote the opening hours and product range of Outreaches, including making consumers aware of the expanded range of products and services that are often available
- expand the product range to appeal to the needs of potential users, including small businesses who are more likely to use the service frequently
- be receptive to consumer feedback, and be willing to review opening hours, privacy, accessibility and other aspects of the customer experience where practicable, to ensure the service is optimised to the needs of the community it serves

**Table 3: Consumer usage and non-usage of Outreach services**

Outreach type	Use (weekly)	Use (less than weekly)	Aware and potential user	Unaware of service	Never use POs
All	27	18	20	33	2
Partner	33	16	16	32	3
Hosted	28	16	22	31	3
Mobile	21	22	19	36	1

Crucially, it is important to recognise that while in most instances Outreach services represent a downgrade compared to the previous arrangements, 8 per cent feel the Outreach has increased their access to post office services, and 25 per cent of consumers now use other post office branches less often.

This suggests that if an Outreach service is designed to effectively meet consumers' needs, it can lead to an increase in custom among some users. It also highlights that there is significant commercial potential for POL in committing to effective consultation, and seeking ongoing feedback, to secure a service that is matched against consumers' needs. We hope this will act as a spur to encourage POL to pursue the commercial possibilities of Outreach services more vigorously than we have previously seen.



# Looking to the future: the long-term prospects for Outreaches

Our findings confirm that Outreach services can play an important role in maintaining post office provision in rural areas.

Most service types ensure ongoing accessibility to PO services, with the majority of Outreach users reporting they are satisfied with the service they currently receive. Each of the models represent a more cost-effective means of providing post office services, but there are some immediate challenges for POL to address in the reliability, promotion, and take-up of Outreach services.

In the short term, POL needs to urgently address these concerns to ensure services meet consumers' needs, and to ensure that any detriment that results from service interruption is mitigated.

In the longer term, we are increasingly concerned that POL is failing to provide subpostmasters and operators with the level of expertise, practical and financial support that is necessary for existing services to expand their customer base, and for Outreaches to secure a viable future.

POL's failure to provide appropriate long-term support has created a series of medium and long-term challenges that may increasingly undermine the viability of existing Outreach locations. Without additional support to secure existing Outreach solutions, POL may increasingly be unable to fill unplanned gaps in the network as they appear. This may be either because alternative Outreach operators or premises cannot be found, or because existing Outreach operators are no longer willing to continue to operate or host the service.

In order to maintain the integrity of its Outreach network, POL should therefore urgently address the following concerns:

## **Subpostmasters and operators are left to run services with insufficient POL support**

In most instances, there will only be a finite number of options, both in terms of potential operators and host premises, to deliver Outreaches in a particular location. This means that despite POL's stated intention to continue to operate a stable network (currently around 11,500 branches), in many locations the most suitable Outreach solution may be a 'one-shot' exercise. That is to say, if the service cannot continue in its current form, it may not be possible for POL to find a replacement service, or else the replacement solution may be less effective in meeting local consumers' needs.

The imperative to maintain and build the viability of current Outreach arrangements should therefore be clear. However, Consumer Focus has heard consistently from Outreach operators, and to a lesser extent from core subpostmasters, that POL fails to provide the necessary support, guidance and practical support to embed Outreaches with the required durability that will help to secure services for the long term.

Some operators report that POL has adopted a 'sink or swim' approach since Outreach services were introduced. They tell us they have had little if any contact with POL directly, that training opportunities have been limited, and that opportunities to offer feedback or discuss suggested improvements to the service directly with POL have not been readily available.

It is important to recognise that many operators tell us they provide the service largely out of goodwill, as opposed to for financial reasons. However, POL has failed to respond or act to support its operators on this basis.

Only a small number of Outreach services have so far been subject to an extended temporary or permanent closure, which appears to be largely because of the motivation among core subpostmasters and operators to continue to offer post office services in their local area. However, the following concerns among operators increasingly pose a medium to long-term risk to ongoing post office provision:

**Training:** Operators tell us that, in the first instance, they received generally satisfactory, if basic, counter training. Despite the forthcoming upgrades to the Horizon terminals, used to undertake PO transactions, a number of operators tell us they have only received a training manual from POL which they are expected to work through independently before the upgrade takes place. Some report they will only receive in-person training if they proactively request and arrange this with the core subpostmaster.

**Direct contact with POL:** While it is to some extent understandable that POL largely left the arrangements between core subpostmasters and operators as a contractual matter between them, arguably in order to reduce the central cost implications of providing support to individual operators, the direct consequence is that many operators feel POL overlooks their efforts, and has failed to provide appropriate direct contact or support. Some operators report that POL has taken insufficient steps to capture feedback or make improvements to the service that would benefit both operators and consumers.

**Practical guidance and support:** Operators would welcome proactive contact from POL to identify and resolve any concerns they have, and would benefit from a named contact in POL with whom they could take forward any concerns. There is an increasing sense among some operators that POL takes their efforts for granted, which is fuelled by the limited visibility of, and contact from, POL's area teams since the Outreach services were introduced.

Consumer Focus is concerned that unless POL takes steps to address these issues, this could become a major contributing factor to increased churn in Outreach services in future years.

### **Core subpostmaster and operator pay**

While a significant number of operators run Outreach services for reasons of goodwill, the growing frustration regarding POL's support for operators is increasingly being exacerbated by concerns about the limited remuneration many operators receive for the volume of work they actually undertake.

Many operators report they currently receive less than the minimum wage, based on the hours they actually work. The move to Outreaches means that POL's operating costs may have been reduced, but that some of the costs have in effect been transferred to core subpostmasters and operators instead.

Compared to the previous arrangements, Outreaches represent a more cost-effective solution for POL, but a significant number of existing services have introduced a third layer of costs – with Outreach revenue needing to cover POL's operating costs, subpostmaster remuneration, and also costs associated with operator remuneration and the use of 'host' premises. These cost pressures are increasingly bearing down on individual operators. Many operators report the costs associated with running Outreaches are increasingly unsustainable, and that many have to absorb significant marginal costs, including driving to and from the core branch to pick up and return equipment.

Consumer Focus is concerned that this risks a growing sense of frustration, which coupled with the wider frustration regarding POL's lack of support for Outreach operators, could begin to result in significant network churn in the medium term. Consumers will inevitably suffer detriment unless POL recognises and responds to the developing pressures in the Outreach network.

### **Robust marketing and reliable kit: how to build a viable customer base**

While we accept that Outreaches may never offer the commercial potential of other branches in the network, POL's priority should be to support and build the viability of its existing services. This strategy requires additional support to ensure that services are sustainable for core subpostmasters and operators, and that service locations are effectively geared to the needs of its existing and potential customer base.

In developing a strategy to promote the viability of its existing services, the following areas should be prioritised. POL should:

- commit to reviewing the product range offered through its Outreaches, and where demand for additional products and services is identified, it should commit to offering these services on a bespoke or network-wide basis
- review opening hours to consider whether changes can be made to better reflect the needs of potential users, to expand the transactional base in existing locations, but at the same time balance POL's financial and other constraints
- increase its marketing spend for Outreaches. Field staff should work with core subpostmasters and operators to deliver an action plan to improve the visibility and viability of each of its existing locations
- prioritise core subpostmasters to receive the sales and marketing training currently being rolled out to POL's agency network
- provide a dedicated member of staff to assist or relieve the core subpostmaster in providing equipment and operational training to staff
- prioritise ongoing investment in the reliability and durability of the equipment used to provide Outreach services

POL also needs to urgently take steps to improve the viability of its existing Outreach services, and in particular to address the concerns highlighted in this report that consumers have only limited awareness of Outreach services and the products they offer. Take-up of existing services continues to be blighted by limited consumer awareness of the Outreach proposition, and is further undermined by concerns about the perceived robustness of Outreach services, including whether the services are likely to run during their scheduled opening hours, or whether delays could be incurred because of service interruption.

While the provision of Outreach services will inevitably involve trade-offs, these issues act as important deterrents to existing users and to a large pool of potential users who are currently unable or choose not to use the service in its current form.

Clearly, it will not be possible to offer Outreach services that meet the preferences of every consumer who wishes to use it. However, if POL is to raise transaction levels at existing locations, it should be supporting the efforts of its core subpostmasters and operators to deliver services that, wherever possible, are tailored to meet the needs of existing and potential users.

## **Putting Outreaches at the heart of communities**

### **Engaging with communities**

POL should recognise that services thrive when a community embraces them, but they are unlikely to succeed if consumers feel services are imposed upon them. Effective consultation is the best way to ensure the service meets the needs of consumers, and will help to ensure 'community buy-in'. During the last closure programme, we saw a number of examples of POL positively responding to customer feedback, and amending Outreach proposals accordingly.

However, we are disappointed that POL has failed to show a similar flexibility in responding to consumer concerns during the last 12 months. Once services are in operation, consumers often want to be involved in finding creative solutions to minor service issues, and to suggest changes to the location, service hours and product range of Outreach services. Our experience suggests this is frequently a frustrating experience for consumers, who find it difficult to offer feedback, and often report that POL seems unwilling to consider even minor changes to existing services.

POL should therefore be more receptive to ways of modifying existing Outreach services in response to feedback from local communities. We look forward to discussing with POL the potential forms this could take.

### **Outreaches and the 'big society'**

POL should also recognise that the viability of Outreaches is often contingent on developing voluntary or other activities to be offered alongside post office provision. Put simply, that 'big society' activities such as offering coffee mornings or craft events help to underpin the post office service. In a number of locations, wider services are offered by the core subpostmaster or operator, or by local community groups, in order to bolster the service and provide a wider social benefit for local residents. We have also seen evidence of a range of formal and informal arrangements with other service providers. Some neighbourhood police officers use Outreach services as an informal drop-in to engage with customers on local safety and neighbourhood crime issues, and some Outreaches co-ordinate with the schedules of Mobile Library facilities.

We accept that POL's priority should be to ensure a viable and accessible post office service, and that it is not POL's responsibility to maximise the wider social benefits that can accrue from offering Outreach services in each location. However there is clearly an opportunity for both POL and communities in this respect which is not being realised at the moment.

Given the important wider social role of Outreaches, and the important links between offering these services and ensuring the viability of the post office service, POL should do all it can to encourage its operators to consider how they can situate the post office service among, and to support, existing or potential community events. POL should develop best practice materials to assist its operators in this respect.



POL should also look to engage with relevant service providers to identify potential links, or other liaison arrangements, to support the viability of its Outreach services. Parish and community councils can also play an important role here: parish councillors perform a key role in the social and economic life in the villages where Outreaches typically operate.

POL should therefore commit to engaging with parish councillors in the development of each Outreach proposal, and maintaining a meaningful dialogue with parish councils once services have been introduced.

### **Day in the life: Lydeard St Lawrence Hosted service, Somerset**

The Hosted service in Lydeard St Lawrence, near Taunton, operates on Monday and Thursday mornings, between 10am and 1pm, in the village hall.

The service is provided by the former subpostmaster, Heather Hannaford, who recognises its particular importance to the local community. The core subpostmaster is based in Watchet, approximately eight miles away. Although Heather receives remuneration for running the service, and for her travelling costs, her motivation for continuing to offer PO services is predominantly goodwill.

A range of other social and community functions are offered alongside the Hosted service. For example, tea, coffee and biscuits are provided by volunteers at the same time as the Hosted service, at a cost of 50p. Heather also offers a second-hand book shop and local eggs for sale. The service is even used by the local police team to offer a surgery for local residents on neighbourhood crime and safety issues.

These activities help to encourage additional customers to use the post office service, and provide opportunities for social interaction that otherwise would have been lost with the closure of the previous branch. In a village with relatively few other amenities, the importance of the Outreach service cannot be overstated.

## Home delivery service

While most Outreach services offer a satisfactory service to consumers, we have particular concerns regarding Home delivery service. Home delivery service is designed to meet the needs of consumers in remote rural locations, and typically play an important role in meeting the Government's access criteria in these areas.

Our research in Northern Ireland, which has eight Home delivery services, suggests that awareness of the service is low to non-existent. POL has confirmed that there is only a single registered user in Northern Ireland. In other parts of the UK, Home delivery service appears to have secured a small customer base, and performs a valuable role for customers who may otherwise find it difficult to access post office services.

There are a range of possible explanations for the very low take-up of Home delivery service. For example, some consumers may find it more convenient to access post office services where they work or shop. However, limited awareness appears to be a key driver to explain the limited take-up of this service.

Despite POL having put up posters at each of the core branches providing the Home delivery service, and undertaking a leaflet drop in the areas covered by the service type, it appears that POL's attempts to raise awareness of the Home delivery service was largely unsuccessful. In previous research for Consumer Focus, only seven of 35 respondents were aware that Home delivery services were operating in their area<sup>7</sup>. POL should therefore commit to using other means of communication to promote the service, including displays on community noticeboards, and advertorials in parish and community group newsletters.

Further research is needed to investigate the consumer experience of Home delivery service. In the interim, POL should urgently review the effectiveness of this service type, and should refrain from introducing further Home delivery services until the robustness of the model is confirmed. Consumers should be satisfied that Home delivery service meets both the spirit and technicality of the Government's access criteria.

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<sup>7</sup> Consumer Focus (2009) *Within reach? Consumer reactions to new post office Outreach services*

# Conclusion

Outreach services play an important role in maintaining post office provision in hundreds of rural communities. The majority of service users report they are satisfied with the service they receive. In most locations, consumers have been able to adapt reasonably well to the conversion into an Outreach service.

However, there are some immediate challenges for POL, particularly in respect of the promotion, reliability and take-up of Outreaches. As part of the last branch closure programme, POL successfully introduced the majority of Outreach services. However, POL has subsequently proved slow, and in some cases unwilling, to respond to consumer feedback, or to provide appropriate support to core subpostmasters and operators. We have increasingly heard from both operators and consumers that Outreaches have been left to 'sink or swim'.

Unless POL commits to providing additional financial and practical support, we are therefore concerned that the long-term future of many existing Outreach services could be compromised. If the current arrangements cannot continue, there will only be a finite number of options, both in terms of potential operators and host premises, to deliver an Outreach service in a significant number of locations.

Our view is that any significant decline in the number of existing Outreaches will not be the result of inevitable network attrition, but will instead represent POL's failure to support its operators and respond to its consumer base as effectively as is necessary.

It is therefore essential that POL invests in the viability of its existing Outreach services. Failure to do so will increasingly risk gaps appearing in the network that may become increasingly difficult and more costly to fill.

POL needs to secure a viable future for its Outreach services, and in the short term, also needs to ensure it commits to service improvements that deliver a more robust and reliable consumer experience.

POL can act to ensure the long-term viability of its Outreach services. However, this will require recognition of, and a renewed commitment to address, the shortcomings in current service provision and to place consumers at the heart of future decisions on Outreach services.

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