

Extra

Statement about future of the Post Office network



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Scottish Parliament

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I would like to take this opportunity to make a statement about the UK Government's announcement on the future of the Post Office network, following the DTI's public consultation.

This consultation drew a massive response from the public - over 2,500 responses. The fact that 467 responses came from Scotland alone - nearly 20 per cent of the total - bears witness to the huge significance of the issue to communities the length and breadth of our country.

On May 17 Alistair Darling announced that the UK Government's original proposals had survived more or less intact:

- The UK Government will support the closure of up to 2,500 post offices across the UK
- Post Office Limited will have to abide by certain access criteria when drawing up local plans for local networks

We have seen the reaction. The Scottish Government knows - and individual stories in the immediate press coverage tell us - that post offices play a vital part in the life of our communities. Post offices can provide a social glue in rural areas and much needed social support in deprived areas. And of course they have a crucial role to play in supporting small businesses, which rely on their proximity to enable them to serve markets throughout the country and beyond. There is little point in having access to high speed broadband and internet provision if orders placed online cannot be fulfilled quickly and efficiently.

The provision of postal services is, however, a reserved issue, which lies within the province of the UK Government under the current terms of the devolution settlement. This means that while we feel the impact keenly and understand only too well the issues on the ground in Scotland, the Scottish Government has limited scope for independent action within the terms of the current Scotland Act. The post office issue is just one further illustration of the weaknesses of the current settlement. I want to tell Parliament what the Scottish Government will be doing within this context to address this important issue.

The UK Government's proposals are designed to create a more sustainable postal network. I very much hope this is the outcome of the Department of Trade and Industry's strategy. We welcome the offer of financial help to sub-postmasters and mistresses who find themselves unable to run viable businesses and want to retire from their positions with dignity and security. These individuals must be given the opportunity to decide with some privacy - what they want to do in the future. And I want to take the opportunity to pay tribute to the public service which the individuals who run sub-post offices give, day in, day out, to the community, particularly to the old and infirm, those members of our society who may have difficulty in accessing services and cash without supportive human intervention. They deserve our thanks and our support.

Everyone would, I think, agree that the present situation, with losses of £4 million per week, is very serious. I have some sympathy with the predicament in which Alistair Darling finds himself, struggling to repair the damage inflicted by the policies of the very government which he represents. I shall resist the temptation to undertake a detailed post mortem of how far the withdrawal of UK Government and BBC business has contributed to the decline of the post office network, but I hope that this experience will provide a salutary reminder of the need for government to take a holistic long-term view of its strategic approach to public service delivery.

Across the board, we need to see a greater realisation that unbridled competition in markets is not always the best way of securing the universal service provision on which our public services and utilities were historically founded. Looking back to the years of the Thatcherite privatisations, and the experience of real competitive pressures in previously protected markets, we must all recognise that service delivery has improved when previous monopolies have been

broken up. But if we are to deny previous monopoly providers the opportunity to cross-subsidise service provision in our remote islands or deprived urban areas, we run the risk of undermining some fundamental building blocks in the infrastructure of our communities, and that is what we must guard against in the future of the post office network.

Before turning more specifically to the future shape of the post office network in Scotland, let me also alert Parliament to the fact that Postcomm - the postal services regulator established by the UK Government - is presently considering changes of potentially far reaching significance in the postal market, which could have a significant impact in our remoter rural and island areas. Royal Mail has applied to Postcomm to introduce geographically varied prices for some of the company's bulk mail products. No decision has been made yet, but, if allowed, '[zonal pricing](http://www.psc.gov.uk/royal-mail-standards-and-prices/zonal-pricing.html)' would see a higher cost to business of sending bulk mail to the Highlands & Islands. I think we all need to guard against sleep-walking into a position where we bridge the so-called digital divide but leave isolated communities at a disadvantage when it comes to participating to the full in Scotland's economic and business life.

Let me now turn to the UK Government's proposals for the future post office network. What will happen now is that Post Office Limited will be shaping the network within defined access criteria. There will be 50-60 area proposals for local public consultation. These proposals will be developed in consultation with Postwatch, sub-postmasters and local authorities.

Local consultation will be absolutely critical. This Government will be taking the view that Community Planning Partnerships have a pivotal role to perform in shaping future services in their areas. The design of the Post Office network in fragile areas seems to me to be a prime example of where Community Planning Partnerships can play a part in this role. I therefore urge all MSPs and Local Authorities to take an active part in helping to shape the future network in their local areas. It will be vital to move speedily, because UK Ministers are allowing only 6 weeks for such local consultation once individual area plans are published. I regret the fact that they were not prepared to take the sound advice offered to them from many quarters that real community participation demanded a doubling of that consultation period.

When Members and their constituents see the local plan, it is essential that they scrutinise the application of the criteria. There is a framework of minimum criteria:

- Nationally, 99% of the UK population is to be within 3 miles and 90% of the population to be within 1 mile of their nearest post office outlet
- 99% of the total population in deprived urban areas across the UK is to be within 1 mile of their nearest post office outlet
- 95% of the total urban population across the UK is to be within 1 mile of their nearest post office outlet
- 95% of the total rural population across the UK is to be within 3 miles of their nearest post office outlet

And in each postcode district, 95% of the population of the postcode district is to be within 6 miles of their nearest post office outlet.

And in applying the new criteria, Post Office Limited will have to apply common sense. Account has to be taken of geographical constraints such as rivers, mountains, valleys and ferry crossings to and from islands. Most importantly, Post Office Limited will have to have regard to socio-economic factors such as the availability of public transport, alternative access to key post office services, local demographics and the impact on local economies when drawing up area plans. It is essential that at local level these criteria are applied with common sense. And the Scottish Government will take a close interest in this appraisal.

The important issue, of course, is what impact applying these criteria will have in individual communities and for individual sub-postmasters and mistresses. That is a position that will only become clear over time. There are currently 1651 post offices in Scotland, some 1093 in rural and 558 in urban areas. Inevitably a proportion of the closures will occur here. Closures at local level will be discussed through consultation on Post Office Limited plans. We must all ensure locally that lessons have been learned from the Urban Reinvention programme. We must ensure that local consultation is meaningful.

The access criteria are being measured at a UK level. The Scottish Government thinks that Scotland may face more closures than it would have if the criteria were measured at a Scottish level. I very much regret that the previous Administration's representations on this issue were not taken on board. The point was that the criteria should be met for each of the four home nations to ensure equity of treatment. So I repeat, MSPs and local authorities must play an active part in local consultation.

But there is some good news. The 37 Scottish post code districts which were previously not protected by the new access criteria - out of 38 for the whole of the UK - have now been given that protection. These areas are mainly in the Highlands but MSPs can find a map of the areas on the Executive's website or my office will be happy to arrange for the list to be supplied. Inclusion in the restructuring provisions means that there will be a need for new postal outlets to be provided in these areas to meet the new access criteria.

I welcome the more beneficial access criteria for deprived and vulnerable communities, where local post offices offer particular social benefits and can often act as an anchor for other key businesses. On the face of it, this criteria kicks in

for **the** most deprived areas - the 15% most deprived - and is consistent with our existing approach to tackling deprivation in Scotland. But the proposed 15% coverage of deprived areas in Scotland appears to offer us less beneficial terms than some other parts of the UK (where 30% coverage is provided for Wales and Northern Ireland). I am keen to ensure equity of treatment and have asked our officials to analyse the basis of DTI's announcement. I accept that there are different geographies used to measure relative deprivation across the four nations but if this work identifies inequalities in the UK context we will raise these urgently with the DTI to ensure the best possible terms for Scotland.

For the Scottish Government's part, we will work hard to get the best deal for Scotland that we can. To that end, I shall want to ensure that we engage closely with Post Office Management to have a clear understanding of the rules of engagement. I have already spoken with the Royal Mail Group to discuss their approach to these matters and I will be meeting them soon. I look forward to the opportunity of this meeting to ensure that the public interest is borne fully in mind and that we ensure real local involvement in the process. I welcome the constructive role which Postwatch, the consumer representative body, can play in ensuring that the forthcoming local consultation process is both genuine and productive. We all share a common interest in its success.

We will continue to help sub postmasters and mistresses to improve their business awareness through the Business Gateway.

Other work can be done locally. DTI say they want to encourage community ownership. Post Office Limited is to work with interested parties to encourage expansion. MSPs can help here too by raising awareness.

I will also be having discussions, along with Local Authorities and other public service providers, on the opportunities that exist to co-locate post offices with other public sector bodies. I think there are opportunities to ensure a comprehensive range of post offices can be established as part of an integrated and cohesive network of access points to public services. This is a key opportunity for Community Planning Partnerships to be fully engaged in the process of service design.

In my own constituency, Tayside Police use Birnam post office as a first point of contact in the local community. There have been a number of similar co - locations in Fife that have borne positive results. In other areas I have seen excellent public service access points that involve a range of public service providers. I want to signal my encouragement today to local authorities and other providers to become involved in using this innovative approach to extend the range of post office coverage throughout Scotland.

We want early discussion with the Royal Mail Group to be sure they understand Scotland's perspective before Post Office Limited start the exercise. We recognise that people are living their lives in very different ways and that post offices, like all organisations that deliver public services, need to adapt to ensure they continue to be relevant to the communities they serve.

We are already encouraging all our public services to collaborate and co-locate to ensure efficiency and, as far as we can, protect local access. The Post Office service should do the same, and we are willing to explore ways in which our local agencies can work with them to retain the lifeline services for communities which the Post Office provides.

The Executive will do its best within its limited powers to secure a good outcome. We all want a sustainable postal network which meets Scottish needs and is fit to take us forward into the 21st Century.

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