
CLOSURE OF POST OFFICES WITHIN DARLINGTON

Responsible Cabinet Member - Councillor John Williams, Leader

Responsible Director - Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. To consider whether the Council should provide a financial subsidy to retain some of the Post Offices included in the proposed closure programme.

Summary

2. The Post office recently undertook a major consultation on the closure of 37 Post Offices across Cleveland, South Durham and Richmond, including five within Darlington. The Council made vigorous representations against the closures and a copy of the submission is attached as **Appendix 1**.
3. Further to the announcement that none of the Post Offices earmarked for closure across the region was to be reprieved, the Council opened discussions to explore the possibility of supporting their continued operation.
4. Discussions with Post Office Ltd have concluded that they are not willing to explore with the Council subsidy of the Hoptown Post Office but are willing to explore Council subsidy for the remaining four Post Offices e.g. Croft, Heighington, Cleveland Terrace and Milbank.
5. The Post Office Limited are not prepared to allow public disclosure of the precise costs for each branch, but have indicated to the Council that it should allow between £25,000 and £30,000 per annum for each facility.
6. The Council needs to determine whether it wishes to voluntarily embrace a new service which will have significant revenue implications and place increased pressure on Council budgets for existing services.

Recommendation

7. It is recommended that Cabinet consider whether they wish to provide a financial subsidy to the Post offices at Croft, Heighington, Cleveland Terrace and Milbank.

Reasons

8. The recommendation is supported to enable Cabinet to consider the option of providing financial subsidy to Post Offices.

Paul Wildsmith
Director of Corporate Services

Background Papers

No Background papers were used in the preparation of this report.

Paul Wildsmith : Extension 2301

S17 Crime and Disorder	This report has no implications for Crime and Disorder.
Health and Well Being	There are no issues relating to Health and Well Being contained in this report.
Sustainability	There is the possibility that car journeys could be of greater distance due to the closures however there is no hard evidence to support this possibility.
Diversity	The content of the report impacts equally across all groups.
Wards Affected	Wards affected are Heighington, Hurworth, Central and Pierremont.
Groups Affected	The content of the report impacts equally across all groups.
Budget and Policy Framework	If Members wish to financially support the Post Offices then there will be a need to find additional financial resources.
Key Decision	The report does represent a key decision.
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter.
One Darlington: Perfectly Placed	The issues contained in the report do not directly link to the delivery of the Community Strategy.

MAIN REPORT

Background

9. Members will be aware that Post Office Ltd undertook a consultation to close thirty seven Post Offices in Cleveland with South Durham and Richmond.
10. Within the proposals Post office Ltd proposed the closure of five Post Offices within Darlington namely :-
 - (a) Croft
 - (b) Heighington
 - (c) Milbank
 - (d) Hopetown
 - (e) Cleveland Terrace
11. A consultation exercise was undertaken to which the Council responded by putting forward a case to retain the Post offices. The final decision made by Post Office Ltd following the consultation process was to make “no changes to the Area Plan Proposal for Cleveland with South Durham and Richmond as a result of public consultation”. The detailed decision document is available at www.postoffice.co.uk/networkchange. The decision of Post Office Ltd is final. The Council asked Postwatch to review the decision, and Postwatch have now confirmed that they are not in a position to stop the closures. No further action can therefore be taken by the Council to stop the closures other than the option of local funding as referred to below.
12. Post Office Ltd have undertaken an exercise of rationalisation against a criteria based on residents proximity to Post Offices which is :-
 - (a) 99% of the population to be within 3 miles and 90% within 1 mile of the nearest Post Office.
 - (b) 99% of the total population of deprived urban wards (Top 15% super output areas) be within one mile of the nearest Post Office.
 - (c) 95% of the population be within one mile in urban areas and three miles in rural areas from the nearest Post Office.
13. Customer numbers and financial viability of individual Post offices are secondary, the key to the review has been rationalisation within the above criteria.
14. The criteria has delivered the new network for Darlington which in the view of Post Office Ltd provides equality of access for all e.g. in the urban area access to a Post Office within one mile. Clearly the individual closures will have an impact on residents living in close proximity to the Post Offices however the Post Office believe the new network leaves them in a similar position to many existing residents in the Borough e.g. within one mile or three miles of their nearest Post Office.
15. Post Office Ltd will only guarantee the existing network until 2011 therefore further closures beyond this date are a possibility.

16. Set out below are the closure dates of the four Post offices :-

- (a) Croft 4 July 2008
- (b) Heighington 3 July 2008
- (c) Milbank 7 July 2008
- (d) Cleveland Terrace 29 August 2008

17. The Post Office declined to delay the closures of the Post Offices, unless a guarantee of funding was entered into by the Council. Clearly this would not have been feasible given the range of issues to be taken into consideration. However, if Members should decide to provide financial support the Post Office will enter into discussions around re-opening of the facilities.

Exploration of opportunities to reduce the impact of the loss of Post Offices.

- 18. Given the significant public concern about the loss of these valued facilities, the Council pressed the Post Office for a meeting to investigate opportunities to avoid the closures.
- 19. Discussions initially focussed on the ideas emerging from other large rural Councils such as Essex County Council. In these areas the scope to align delivery of Post Office services with strategies to improve access to Council services is driving exploration of the scope for co-location. This provides scope for the costs of running Post Office services to be shared with other public services.
- 20. In the context of Darlington's geography however where there is no sound business case for creating neighbourhood service centres, and indeed where there are no obvious buildings suitable for delivery of such activity, this option is difficult to bring forward and is not recommended.
- 21. In addition, the Post Office Ltd has advised that they would levy significant fixed charges, related to the maintenance of ICT links and other transaction costs.
- 22. The only remaining option for the Council to consider therefore is whether it wishes to provide direct subsidy to maintain the existing Post Office services in their current locations.
- 23. In meetings it became clear that Post Office Ltd will not consider a local funding option for Hopetown as retaining it would have a detrimental impact on the viability of remaining network but they would consider a local funding option for the other four Post Offices.

Financial Implications

- 24. Post Office Ltd will not permit public disclosure of the detailed financial arrangements for each Post Office. The indicative costs they have supplied by Post Office Ltd are £25-£30,000 per annum per office. This equates to a charge against the MTFP of £120,000 per annum.

Summary

25. Attached to this report (**Appendix 2**) are Branch Access reports for each Post office supplied by Post Office Ltd. The information contained in these reports will assist Members in their decision making.
26. There is for Members a clear decision to make as to whether in the interests of saving Post Office services, the Council is willing to voluntarily absorb these into the portfolio of public services that it is responsible for delivering to the people of Darlington.
27. In considering whether to financially subsidise the existing Post offices earmarked for closure, Members need to consider the future risks they may face in 2011. It is clear from the map at Map 2 that further closures are possible within the existing Post Office Ltd criteria and clearly there is even more scope for closures should the criteria be amended in 2011.
28. Therefore Members need to be aware that in responding to very reasonable public concerns in the localities earmarked within this round, there could be further such requirements – just as reasonable within the context of access for elderly and vulnerable people.
29. It is very possible therefore that the sum of around £120,000 p.a. identified at this stage could quickly become a much larger sum. The inevitable pressure that this puts on other Council services needs to be born in mind when Members take the decision.
30. Whilst the view of the Council as expressed during the consultation period has been unequivocally opposed to the closure programme, the Post Office Ltd is bound by business strategies that require it to maintain the approach that contributed to the Darlington closures, and may contribute to further future rationalisation.

Outcome of Consultation

31. The approaches adopted by the Council have been informed by the significant public feedback on the proposed closure programme.