

SUBJECT:	OPENING OF A POST OFFICE WITHIN USK COMMUNITY HUB
MEETING:	CABINET
DATE:	19th December 2018
DIVISION/WARDS AFFECTED:	ALL

1. PURPOSE:

- 1.1 To seek approval, subject to a successful application and planning permission, to create and operate a Post Office within Usk Community Hub following the announcement of the planned closure of the current facility on Bridge Street.

2. RECOMMENDATIONS:

- 2.1 That subject to a satisfactory application that meets the requirements of Post Office Ltd and satisfies officers of the authority in terms of contractual and financial risk, that Cabinet approves that any shortfall in funds that cannot be met from counter service income be funded from existing community hub budgets, subject to an agreement with Usk Town Council that these costs be shared equally with the Town Council.
- 2.2 To submit a planning application for change of use, to enable the Post Office to operate within the hub premises. This will not compromise the present service offer.
- 2.3 To create an additional 30 hour per week Information Assistant Post, employed by the local authority, on NJC terms and conditions to enable the Post Office to be staffed and opened during the same hours as the hub.

3. KEY ISSUES:

- 3.1 The town of Usk sits in the heart of Monmouthshire and benefits from many shops, food establishments and other businesses which enrich the lives not only of those within the town but also of many thousands of people from surrounding communities.
- 3.2 Barclays Bank closed its doors at the end of September 2018 and the local sub-post office also announced its intention to close following the planned retirement of the existing Postmistress. Attempts by the Post Office to find someone willing to take on the operation proved unsuccessful and Usk presently faces the possibility of having no post office or banking service, which would have a detrimental impact on our purpose of helping to build sustainable and resilient communities. At present the existing Post Office has remained open as part of a goodwill gesture to enable officers to progress this application but will close its doors for the last time no later than the end of March 2019.
- 3.3 Local authorities in Wales have the power to promote or improve economic, social or environmental well-being under the Local Government Act 2000. This is enhanced by the Well-being of Future Generations Act which places a duty on public bodies to take an integrated and collaborative approach to improving the well-being of current and future generations of residents identifying innovative and shared solutions to some of the most pressing challenges facing our communities.
- 3.4 Monmouthshire's Community Hubs were created by a decision of Cabinet in May 2015 and have proved successful in maintaining front-line services, including one-stop-shops and libraries within a single site in each of our largest towns. Other community services also use the hubs and colleagues in Abergavenny are now working alongside officers from Gwent Police in an expanded hub offer. The provision a Post Office service would be a further expansion of the hub offer while maintaining an important local service which is consistent with the ethos of the hub.
- 3.5 Under the proposal the local authority would become the Postmaster and get paid a fee for every Post Office transaction conducted, this includes things like postage, home shopping returns, parcel collection, sale of travel money, and bill payments. Estimates of the volume of business suggest that the branch would operate at a loss, albeit the closure of the local bank could result in increased transaction for counter services. The operation would therefore effectively require a subsidy from the local authority. This is estimated to be around £8,000 per year assuming no uplift in income from the closure of the bank. The Town Council has agreed in principle to meet half of this cost resulting in a financial contribution of £4,000 from the local authority which it is anticipated could be met from planned efficiencies in other parts of hub operations. This figure does not presently include an increase in insurance costs

albeit based on current discussions this figure is likely to be low or result in no increase in premium as a result of the arrangements that the Post Office already have in place.

- 3.6 The Post Office will operate 30 hours per week mirroring that of the Community Hub operations. This will necessitate the employment of one additional part-time member of staff. Cover during lunchbreaks and holidays will be provided by other staff within the hub. It is anticipated that the role be similar in nature to that of information assistant within the hubs and paid at Band E (SCP 21-15) subject to the outcome of job evaluation.
- 3.7 It will be necessary to apply for a planning application for change of use and guidance has been sought informally from the Development Management section ahead of an application. This will not impact on the external appearance of the building other than the addition of signage.
- 3.8 The Post Office will operate entirely separately from the council's own accountancy procedures. The software used will be part of the Post Office system and the reconciliation of accounts and cash collection will be done in accordance with the procedures of Post Office Ltd rather than Monmouthshire County Council, effectively ensuring a firewall between the two organisations for accountancy purposes. The application will be subject to being able to reach a satisfactory agreement on contractual issues.
- 3.9 It seems likely that the onus placed on public bodies by the Equality Act 2010 will limit our options to exit this arrangement in the future should the service provision prove onerous in some way, and needs to be recognised as a risk. This is as a result of previous case law relating to the closure of a Post Office and the negative impact this would have on people with disabilities.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

- 4.1 The Future Generations Act requires public bodies to prevent problems occurring or getting worse and take an integrated and collaborative approach. The Post Office is used by people of all generations but its loss would be felt particularly by older residents and those without access to a car who would otherwise need to journey to other towns to conduct transactions contributing to congestion and increasing carbon emissions. Preserving a local service would have positive benefits for local businesses who would be without a local financial service to deposit and withdraw cash.

5. OPTIONS APPRAISAL

5.1 Options considered were:

- Do nothing – This would result in the loss of an important local service and see the town of Usk without any banking facilities. It has potential negative impacts for residents and businesses. Doing nothing presents a significant opportunity cost to delivering the council's purpose of building sustainable and resilient communities but would be the easiest and lowest risk option when looked at against the financial and legal responsibilities of the organisation
- Seek a new private operator – This would have been the preferred option. It has been explored extensively by Post Office Ltd but no interest has been shown
- Continue with the existing service – This is not possible due to the retirement of the current postmistress
- Run the Post Office from a more central location – This remains an interesting proposition as it could result in higher footfall and would offer a greater positive impact on the high street. However this would necessitate acquiring a leasehold property, re-locating the existing hub and incurring additional capital expenditure. It may be considered at a future date.
- Operate a Post Office within the Hub on Maryport Street – This emerged as the preferred option and is the subject of this paper.

6. EVALUATION CRITERIA

6.1 The performance management arrangements will be incorporated into the Service Business Plan for the Community Hub and Contact Centre and monitored throughout the year in accordance with the council's performance management framework. An evaluation will be completed after 12 months of operation. The criteria will include:

- That use of library and community education services are maintained
- Number of counter transactions measured against forecasts and the resulting revenue generated from these
- Overspend/Underspend against forecast operating costs

7. REASONS:

To enable the continued provision of local services which are important for the sustainability of a key town in Monmouthshire.

8. RESOURCE IMPLICATIONS:

- 8.1 Post Office counter services would be expected to deliver an income of around £13,800. If the opening hours were to mirror those of the current hub operation this would not be sufficient to cover the uplift in staffing needed to cover counter services. Staffing costs would be 21,817 including on-costs. It is anticipated that the difference could be met by contributions from existing budgets and the Town Council, subject to separate decision by that body. The cost to the local authority being £4,000, should the Town Council not formally approve sharing the costs of the service this would rise to £8,000. The revenues team are exploring any potential changes to the rateable value of the premises with the valuation office.
- 8.2 Longer term the closure of Barclays Bank on Bridge Street may result in the potential to increase income from counter services. However, at this stage the business case will be developed on conservative estimates of future income streams that do not assume significant growth from factors outside the control of the local authority.
- 8.3 The supply and fit-out of counter service including a safe, ICT, counter and security measures will be met by the Post Office Ltd as part of their capital expenditure. There will be a small uplift in insurance premiums resulting from the operations and this cost will need to be met from community hub budgets rather than the insurance section.

9. CONSULTEES:

Cabinet

SLT

Head of Law / Monitoring Officer – explicit engagement over and above strategic SLT role

Assistance Head of Finance (Revenue Benefits and Exchequer)

Assistant Head of Finance and Deputy Section 151 Officer

Principal Insurance Officer

Internal Audit Manager

Development Management Area Team Manager

Area Network Change Manager, Post Office Ltd

Discussions and the development of the proposal have also involved Councillor Brian Strong, Councillor Sheila Woodhouse and members of Usk Town Council. The provision of a cash-point was explored during consultation but found to be not financially viable. Consultees raised a number of points regarding contracts, insurance and financial procedures all of which are referred to in the body

of report where appropriate. In some instances contractual issues will need to be explored and resolved during the application and negotiation stage. Other issues raised, including the level of VAT on transactions have been raised and proved not to be problematic and so are not referred to in the body of the report.

8. BACKGROUND PAPERS:

None

9. AUTHORS:

Matthew Gatehouse, Head of Policy and Governance

Richard Drinkwater, Community Hub Manager (Caldicot, Chepstow & Usk)

10. CONTACT DETAILS:

Tel: 01633 644397 / 0778 555 6727

E-mail: matthewgatehouse@monmouthshire.gov.uk

Tel: 0776 8055 283

E-mail: richarddrinkwater@monmouthshire.gov.uk