

DP 706/03 - 07



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

**WRITTEN ASSEMBLY QUESTION
TABLED ON 11 JANUARY 2005
FOR ANSWER BY THE MINISTER FOR SOCIAL JUSTICE AND
REGENERATION
ON 18 JANUARY 2005**

Nicholas Bourne (Mid & West Wales): Will the Minister publish correspondence with Royal Mail relating to the closure of post offices in Wales. (WAQ40963)

Edwina Hart: Copies of the correspondence are being sent to you and placed in the Library. I have also arranged for them to be scanned and placed on the Assembly's disclosure log.

Edwina Hart AM OBE
Minister for Social Justice and Regeneration
Welsh Assembly Government
Cardiff Bay
CARDIFF
CF99 1NA

8 November 2004

Dear Edwina,

Many thanks for your letter of 2 November concerning Post Office closures in the Gower constituency.

The concerns of Loughor Town Council were acknowledged during the public consultation period. Whilst we acknowledge that any closure will inconvenience customers, we have decided to go ahead with these closures in the belief that customers will have adequate access to Post Office services.

In terms of Gorseinon's ability to adequately cater for any extra custom, I am pleased to be able to provide you with reassurances that an additional counter position is being installed in the office. Post Office Ltd had hoped that this could be done in November, unfortunately the contractor scheduled to do the work has had to pull out. We are now expecting the work to be completed in January, during which time the Post Office will be shut for a few days (customers will be informed of this and told where they can access alternative Post Office services). Garden Village and Bwlchymynydd Post Office branches will continue to be open for business until the refurbishment work has been completed. We will only close these Post Offices after the Gorseinon refurbishment has taken place. Following the changes, Dave Barrett's team will monitor the service closely to ensure that customers are adequately catered for.

I hope that these are the reassurances you were looking for. If you have any further queries, please do not hesitate to contact me again.

Yours sincerely

GARETH DAVIES
Director of Welsh Affairs

CC Dave Barrett, Head of Area, Urban Post Office Network, Wales & the West

Grŵp y Post Brenhinol / Royal Mail Group

Trydydd Llawr / 3rd Floor, 220 Penarth Road, CAERDYDD / CARDIFF CF11 8TA

Ffôn/Tel: 029 2039 2571 Ffacs/Fax: 029 2039 2506 e-bost/e-mail: gareth.y.davies@royalmail.com

file

Edwina Hart AM MBE
Minister for Social Justice and Regeneration



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Our ref: EH/00911/04
Your ref:

Mr Gareth Davies
Director of Welsh Affairs
Royal Mail Group plc
3rd Floor
220 Penarth Road
Cardiff
CF11 8TA

Bae Caerdydd
Caerdydd CF99 1NA
Switchboard: 029 2082 5111
Fax: 029 2089 8131

Cardiff Bay
Cardiff CF99 1NA
Switchboard: 029 2082 5111
Fax: 029 2089 8131

2 November 2004

Dear Gareth

I have received representations from Llwchwr Town Council about the closure of post offices in the council area.

Under Network re-invention I understand that the Garden Village, Kingsbridge, Bwlchymynedd and Upper Llwchwr post offices are all due to close. The council is not satisfied that the remaining post offices will provide an adequate and suitable network for the community. I agree with their view.

Under the proposals, I feel that the elderly and disabled are not being catered for, as the alternative post office for most members of the community is in Gorseinon which I know is prone to long queues and inadequate parking provision. The Council themselves reluctantly accept that not all post offices can be retained due to profitability, but feel there is a very strong case for post office services in Upper Loughor and Garden Village.

I should be grateful for your comments and in particular what steps POL is taking to monitor the impact of network re-invention closures on the volume of business and efficiency of surviving post offices.

[Handwritten signature]



BYDDO CIBODDWR AMYR A PHŷL
CYBISTOR I DDAU

Ms Edwina Hart MBE, AM
The National Assembly for Wales
Cardiff Bay
CARDIFF
CF99 1NA

04.11.04

*No. Mentioned reply
needed to this -
agreed with Private
office 9/11/04 CG*



Dear Ms Hart

THE POST OFFICE DIRECTLY MANAGED NETWORK

Post Office Limited is concerned by recent reports suggesting that large numbers of directly managed offices are to close as a result of the review of its directly managed operations. I would like to take this opportunity to clarify the position.

There are around 15,500 branches in the Post Office® network and the review focuses on the 555 branches, which are directly managed by the company and staffed by Post Office® employees. These branches lost more than £70million last year. Unfortunately, losses are projected to continue and are already a serious constraint on investment in the business. In Wales, there are 26 directly managed offices out of a total Post Office® network of 1260.

Post Office Limited is working on plans, in consultation with the unions, which would bring the directly managed branches to break-even. Although plans have not been finalised, I would stress that this is not a closure programme. We anticipate that fewer than five directly managed branches will need to close in 2005/06.

Many directly managed offices operate from old, expensive and unsuitable premises, which are neither customer friendly nor conducive to selling our new products and services. With over 100 leases due for renewal in the next five years, many important property decisions need to be made, with opportunities for local relocation in some cases. In parallel, we plan to invest around £20 million in the next two years to improve directly managed branches for customers.

Swyddfa'r Post Cyf. Wedi'i Gofrestru yng Nghymry a Lloegr. Rhif. 2154540
Swyddfa Gofrestredig: 80-86 Old Street, Llundain EC1V 9NN
Mae Swyddfa'r Post a symbol Swyddfa'r Post yn nodau masnach
i Swyddfa'r Post Cyf yn y Deyrnas Gyfunol ac mewn gwledydd eraill

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It is likely that plans will include transferring some branches to be managed by partners, although no target has been set. It is important to note that franchised branches would offer exactly the same range of products and services, the same number of counters and the same or longer opening hours, in the same locality. Over 280 main Post Office® branches are already operated by franchise partners, with customer satisfaction on a par with the rest of the network. Some of our branches in Wales are operated by such franchise partners, and most recently, we announced the conversion of Haverfordwest directly managed branch to a franchise arrangement, which will take place in April 2005.

Any changes will be made in line with the Code of Practice, agreed with the consumer organisation Postwatch, and our commitment that nationally 95 per cent of people in urban areas will live within one mile of a Post Office® branch.

I hope that this letter provides some reassurance as to our intentions. We are still at the planning stage, but our aim is to provide main Post Office® services to customers on a sustainable basis. We will not compromise customer service - or access to our services - in the process.

With kind regards

Yours sincerely



Gareth Davies
Director of Welsh Affairs

Royal Mail Group
External Relations
3rd Floor, Royal Mail
Penarth Road
CARDIFF CF11 8TA

Telephone: 029 2039 2569
E-mail: gareth.y.davies@royalmail.com

Edwina Hart AM MBE
Minister for Social Justice and Regeneration
Welsh Assembly Government
Bae Caerdydd
Caerdydd
CF99 1NA

FILE: POC

5 JUL 2004

10p-0002

05.07.2004

Dear Ms Hart



“an essential part of everyday life” www.postoffice.co.uk

Thank you for your letter of 10 June 2004 about Urban Network Reinvention.

In your letter you refer to the Netspec model. This is a strategic planning tool that provides us with an accurate picture of the network and enables us to develop and model change propositions that combine future network economic sustainability with continued customer accessibility. The model is really only a backroom tool, plans are developed by visiting an area, walking the ground, and gathering lots of other relevant information.

Therefore, before any change proposal is finalised and put forward into public consultation, we physically walk the ground, accurately measuring distances, giving a view on terrain and obtaining information on local public transport facilities.

The distances stated within our proposal and consultation materials are then always based on the most practical walking distance between the branch proposed for closure and the alternative branches that are named. No decisions on proposals are made until we have received the results of the consultation process that we undertake. In making decisions we take into account the situations of various customer groups – and our overall aim is to create a network that can cater for future needs by being both accessible and economically sustainable.

The alternative to this is a network that would be unsustainable and which would not meet customer needs in the future as it spiralled downwards.

Network Reinvention was based on recommendations that were originally made in the Government's Performance and Innovation Unit Report, and the philosophy and funding behind the programme was the subject of EU state aid submissions and UK Parliamentary debate.



The general approach that we have therefore taken to Network Reinvention has been consistent throughout the United Kingdom. However, from the start it was recognised that it could only be applied in practice with reference to local factors such as the density of branches in a particular area, the customer base and demand, the geography, the situation of existing subpostmasters and the local economics of operation.

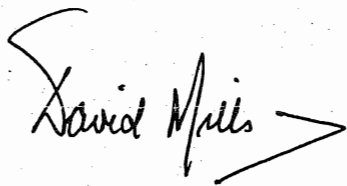
We have, following feedback and analysis after the first 'single branch only' proposals, moved to making proposals based on an area basis using Parliamentary Constituencies as the relevant areas. This has provided a reasonable balance between seeing the changes within a geographical context, linking into representative structures and progressing the programme within realistic timescales. The introduction of area plans on this basis has been widely welcomed as a reasonable way of proceeding with the programme and has been adopted throughout the UK.

Proposals that are made under reinvention are, of course, always subject to full local consultation to ensure that appropriate issues are identified and can be taken into account. In Wales the list of appropriate consultees involves Welsh Assembly representatives, and all proposals that are made in an AM's area will be notified to him or her and views sought.

Your letter also made reference to the way in which urban and rural classifications are made within our network and I understand that Sue Huggins is responding to you separately on this matter.

Thank you for writing.

Yours sincerely

A handwritten signature in black ink that reads "David Mills". The signature is written in a cursive style with a large, sweeping initial "D" and a long horizontal stroke at the end that tapers to a point.

David Mills
Chief Executive

Post Office Ltd

Copy to: Sue Huggins, General Manager - Rural Network



Edwina Hart AM MBE
Minister for Social Justice and Regeneration



Our ref: EH/00380/04
Your ref:

Llywodraeth Cymru
Welsh Assembly Government

David Mills
Chief Executive
Post Office Ltd
80 Old Street
London
EC1V 9NN

Bae Gaerdydd
Caerdydd CF99 1NA
Switsboard: 029 2082 5111 GTN: 1208
Ffôn: 029 2089 8131

Cardiff Bay
Cardiff CF99 1NA
Switsboard: 029 2082 5111 GTN: 1208
Ffôn: 029 2089 8131

10 June 2004

Dear Mr Mills

Thank you for your letter of 28 April and your formal confirmation that you will preserve from closure the branches that receive awards under the Post Office Development Fund until 31st March 2008.

I acknowledge that Post Office Ltd is unable to provide a list of the branches earmarked for closure under Urban Network Re-invention until the programme has commenced in any given parliamentary constituency. I would invite you to consider that, had an all Wales strategy been developed, the Assembly Government would have had an opportunity to consider it prior to any public declaration of the company's intentions. This would have provided the Assembly with the opportunity to develop an appropriate course of action.

In regards to the use of Netspec and the spatial profiling of any given locality, I would hope the tool configures branch distance according to recognised routes and not 'as the crow flies' or in uninterrupted straight lines. I am pleased that you acknowledge the demography of an area and that local developments such as sheltered accommodation and residential homes are incorporated into UNR proposals. I am concerned by the effects of UNR and Direct Payment on vulnerable groups such as the elderly and trust that their particular needs and circumstances are taken into account.

I remain concerned by the classification of rural and urban communities that is used by Post Office Ltd and intend to write to Sue Huggins in relation to its applicability in Wales.

Edwina Hart



Edwina Hart AM MBE
Minister for Social Justice and Regeneration

Edwina Hart AM, MBE
Minister for Social Justice and Regeneration
Welsh Assembly Government
Bae Caerdydd
Caerdydd
CF99 1NA

8496
28 APR 2004
Bicket - 03/12

28.04.04

Dear Ms. Hart,



"an essential part of everyday life" www.postoffice.co.uk

Thank you for your letter of 31 March and please accept my apologies for the delay in responding to you.

May I now take this opportunity to answer the points that you raise.

I am delighted that you are minded to continue with the Fund. I am sure you are aware how hard we have worked with government to ensure that money has been set aside for the purposes of funding development of post office provision in all parts of the UK. The Assembly's prompt demonstration of commitment in creating the Post Office Development Fund to put this money to good use has been exemplary.

Let me assure you that we are as determined as you to ensure that we avoid facilitating funding for branches that then have to close – this would just not make sense given the great demand we have from the very limited resources available. This is why we defined a guaranteed period within which we could ensure that this situation would be avoided. I know you are well aware that the commercial environment changes very quickly. This, together with the economic pressures we face, means that we have to consider many (often unpalatable) options in order to maintain the ongoing sustainability of a large network.

However, we are very keen where we can to try to give as much certainty as possible about the provision of Post Office services. You requested an extended guarantee period for branches that receive

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London EC1Y 1HN

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grant from the Fund. I am happy to extend to 31 March 2008 the guarantee that we will not take the initiative to close such branches and in this respect I will arrange for a revision of the Fund's Memorandum of Understanding to be sent to your administrative team.

On your point about whether urban network reinvention has been completed, I can confirm that there will two further sets of plans going to consultation in Wales.



On current assumptions, your constituency - the Gower - plus Swansea East and Swansea West constituencies will start public consultations around June/July. In keeping with our revised consultation process, the relevant MP and AM will receive the plans a week before, in confidence. The second set of plans covering Cardiff Central, Cardiff North, Cardiff South and Penarth, Cardiff West and the Vale of Glamorgan will be put into consultation around September/October.

Regrettably, we are not in a position to provide you with a definitive list of potential proposed closures for these constituencies; as yet that list does not exist. In much the same way, we could not supply you with definitive information on proposed closures in other parts of Wales because these were only finalised very shortly before public consultation.

The criteria for choosing which branches to put forward include an assessment of the following factors:

- How many post office branches there are within an area and their existing viability.
- Where the centres of population are.
- Where people tend to shop and where retail supply tends to be concentrated.
- What transport, amenities and development plans there are.
- Various other practical factors such as geography and the availability of transport links.

In many places we have too many Post Office® branches and too few customers; our aim is to have enough to meet demand, and in the right places.

The closure programme is designed to ensure that the urban network is economically viable into the future, and therefore the number of branches needs to be reduced.

You asked about financial performance and what is 'satisfactory'? For each office being considered for closure we need to establish whether the subpostmaster is actually able to make a living running the Post Office® branch. If a subpostmaster is struggling we look carefully at whether it is reasonable to expect to sustain a post office® branch in the location using the factors outlined above. The reinvention programme ensures that:

- subpostmasters receive compensation if their office closes,
- the migration of customers to alternative branches is actively facilitated, and
- new investment is generated into the remaining urban network.

The process for developing a proposition involves extensive modelling of all the above using a state of the art modelling tool developed for us called Netspec. This is followed by walking the ground to verify the picture. We then talk to the subpostmasters to establish whether they can make investments in their branches and to match up those which are prepared to close with those we think should close.

Initially the proposals go through a two week clarification process with Postwatch. They go to the MP and AM a week before public consultation and then to a six weeks' public consultation.

Our aim is that by the end of the programme 95% of customers in urban areas will be within a mile of a post office branch: in practice this is likely to be much higher. We do, however, ensure that we take account of significant local issues, and do not use the national aim to justify leaving people in particular areas unreasonably far from a Post Office® branch.

We go to great pains therefore to take local conditions into account and listen carefully to the input we receive from our consultees. The consultation is operated at local level, with central support.



Both Post Office Ltd and Postwatch have worked hard to keep a balance between the need to take the difficult measures necessary to reduce the network to make it sustainable, while ensuring customers continue to have a good standard of service. Eifion Pritchard, the Postwatch Chair for Wales, is most vociferous in putting the case for the particular needs of customers in Wales, where, as you describe, there are typically many small, scattered communities.



The rural/urban classification method was included in the Performance and Innovation Unit report on Modernising the Post Office Network and has been used by us to provide a basis for decision making. There are always grey areas when using any classification method, but one has to draw the line somewhere to create the basis for making decisions.

I am attaching a paper outlining the basis of the classification method adopted. We aim to apply it sensitively as well as making sure there is some form of consistency.

I do understand why you are raising this point in relation to the South Wales valleys, and hope that this is something that Sue Huggins, my General Manager for Rural Post Office branches, could discuss further with you at a meeting. I gather that you met our Director of Welsh Affairs, Gareth Davies, on Monday 26 April. I hope this marks the beginning of even more productive communication and cooperation between the Welsh Assembly Government and Royal Mail Group.

In closing, I trust that my letter has gone some way to addressing your concerns.

Yours sincerely

A handwritten signature in cursive script that reads "David Mills".

David Mills
Chief Executive
Post Office Ltd

Tel: 020 7320 7400

Attachment

Copy to: Sue Huggins, General Manager Rural Network.

Edwina Hart AM MBE
Minister for Social Justice and Regeneration



Our ref:
Your ref: EH/00257/04

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Mr David Mills
Chief Executive
Post Office Ltd
80 Old Street
London
EC1V 9NN

Bae Caerdydd
Caerdydd CF99 1NA
Switsfwrdd: 029 2082 5111 GTN: 1208
Ffacs: 029 2089 8131

Cardiff Bay
Cardiff CF99 1NA
Switchboard: 029 2082 5111 GTN: 1208
Facs: 029 2089 8131

31 March 2004

Dear Mr Mills,

As Minister for Social Justice and Regeneration, my portfolio includes matters relating to postal services in Wales.

In November 2002, I launched the Welsh Assembly Government's Post Office Development Fund. The Fund is designed to provide assistance to sub-postmasters and sub-postmistresses in isolated and deprived areas throughout Wales so that they may diversify their business to improve its future financial viability and to benefit the local community.

You may be aware that the Fund was temporarily suspended in October 2003, while I considered its future in the light of an internal review of the Fund, developments regarding Urban Network Re-invention and the future of rural post offices after 2006. I am now minded to continue with the Fund, but I must ensure that such public expenditure is used judiciously.

My principal concern is to avoid any possibility by which post offices that receive Welsh Assembly Government funding are later closed by Post Office Ltd. I understand that your staff has stated that POL is willing to guarantee post offices that receive grant against proactive closure until 31st March 2006. Regrettably, this time-scale does not afford sufficient protection and I ask that you consider the possibility of extending it further.


I also have a number of queries about the purpose of Urban Network Re-invention and the means by which it has been undertaken. I would be grateful for your thoughts.

Would you confirm whether you have finalised the selection of those branches earmarked for closure throughout Wales, and, if so, whether this list can be made available to me?

Could you please advise me of the criteria for the selection of 'earmarked' branches, including, for example, whether individual financial performance is a factor? If so, could you please explain how a level of satisfactory financial performance is established and evidenced? Also, does the implementation of the programme consequently allow for a minimum, measurable access standard, and are efforts made to apply this standard equally throughout the areas of the UK?

I understand that Post Office Ltd. also groups together, and subsequently classify smaller communities as being urban, or in excess of 10,000 inhabitants, by Post Office Ltd. You will undoubtedly be aware however that Wales has a great number of small, scattered settlements and we must ensure that the needs and requirements specific to each individual community are acknowledged. I am therefore keen to learn, for example, what distance benchmark is used to define whether a community is considered in isolation, or in conjunction with others.

I also wish to take this opportunity to express my concern about the definition of rural and urban communities, particularly in the South Wales valleys. As acknowledged by your staff at a meeting of the Social Justice and Regeneration Committee on 10th March 2004, this definition is 'perplexing', and the classifications can appear 'nonsensical'. I would therefore propose that this definition be revised.

A handwritten signature in black ink, appearing to be 'Alan V...' with a stylized flourish at the end.

Edwina Hart AM, MBE
Minister for Social Justice and Regeneration
Welsh Assembly Government
Bae Caerdydd
Caerdydd
CF99 1NA

2896
28 APR 2004
Ticket - 03/04

28.04.04

Dear Ms. Hart,



"an essential part of everyday life" www.postoffice.co.uk

Thank you for your letter of 31 March and please accept my apologies for the delay in responding to you.

May I now take this opportunity to answer the points that you raise.

I am delighted that you are minded to continue with the Fund. I am sure you are aware how hard we have worked with government to ensure that money has been set aside for the purposes of funding development of post office provision in all parts of the UK. The Assembly's prompt demonstration of commitment in creating the Post Office Development Fund to put this money to good use has been exemplary.

Let me assure you that we are as determined as you to ensure that we avoid facilitating funding for branches that then have to close – this would just not make sense given the great demand we have from the very limited resources available. This is why we defined a guaranteed period within which we could ensure that this situation would be avoided. I know you are well aware that the commercial environment changes very quickly. This, together with the economic pressures we face, means that we have to consider many (often unpalatable) options in order to maintain the ongoing sustainability of a large network.

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On your point about whether urban network reinvention has been completed, I can confirm that there will two further sets of plans going to consultation in Wales.



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I am attaching a paper outlining the basis of the classification method adopted. We aim to apply it sensitively as well as making sure there is some form of consistency.

I do understand why you are raising this point in relation to the South Wales valleys, and hope that this is something that Sue Huggins, my General Manager for Rural Post Office branches, could discuss further with you at a meeting. I gather that you met our Director of Welsh Affairs, Gareth Davies, on Monday 26 April. I hope this marks the beginning of even more productive communication and cooperation between the Welsh Assembly Government and Royal Mail Group.

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Yours sincerely

A handwritten signature in cursive script that reads "David Mills".

David Mills
Chief Executive
Post Office Ltd

Tel: 020 7320 7400

Attachment

Copy to: Sue Huggins, General Manager Rural Network.

Edwina Hart AM MBE
Minister for Social Justice & Regeneration
Welsh Assembly Government
Cardiff Bay
CARDIFF
CF99 1NA

6 July 2004

Dear Ms Hart

JACKET
5 den



Thank you for your letter dated 14 June 2004 regarding your concerns around the urban/rural classification employed by Post Office Ltd.

The classification of branches into urban and rural was touched on in the recent correspondence from David Mills, although the paper associated with his letter placed greater emphasis on the wider modelling and planning carried out as part of the Urban Network Reinvention Programme.

Given your specific concern regarding the treatment of small settlements within our classification process, I would like to further outline the methodology used, particularly with regard to those cases.

The methodology that we use has been applied consistently across the United Kingdom in order to enable the policy approaches for the whole of the Post Office Network as recommended in the Government's Performance & Innovation Unit Report of June 2000. Specifically, these were the potential for network reinvention in urban areas and the platform for Government financial support in rural areas (and the related policy direction of avoiding rural closures where feasible).

Page 1 of 4

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Your understanding is correct in that we define urban areas as settlements that have a population of 10,000 or more. This definition is based upon that used by the Performance & Innovation Unit in their report and followed the definition used by the Countryside Agency in defining rural locations as being settlements with less than 10,000 inhabitants.



In applying this classification to individual Post Office branches, we use a software package called the GIS (Geographic Information System) in conjunction with a number of external and internal data sets. Ordnance Survey data, which identifies the geographical boundaries of all built up areas in the United Kingdom, is combined with census data. This serves to identify built up areas that have a population of 10,000 or more. These areas are tagged as 'urban'. Built up areas with a population of less than 10,000 are tagged as "rural". Built up areas are identified where they form part of a continuous populated settlement. Where there are breaks in the settlement boundaries, then these are identified as separate settlements so they do not form part of a continuous populated settlement. We do not, therefore, have a distance criterion for grouping nearby settlements as they are either identified as separate or form part of a continuous populated area with no gaps in between.

Our experience to date suggests that the classification model and methodology have been shown to operate successfully. We recognised that there would be a limited number of cases where there may be a further requirement to check the classification of a branch. To further support the modelling, we do, in limited cases, check individual branches by using aerial pictures. Multimap© provides a facility whereby given postcode areas can be viewed simultaneously by using a cartographic map & aerial photograph. This allows us to identify 'green areas' which may be included within the built up area on an OS map, but which in reality define the boundary of one built up area and a clear gap between it and the next. It can also identify a continuation of a built up area where an OS map denotes a separation, for example by a river. By better identifying the boundaries of the built up area in this way, we can re-assess the settlement and whether it is rural or urban.

Where the modelling techniques and the use of Multimap prove to be inconclusive, a Post Office Ltd representative will personally visit the branch in question. As well as being able to talk through the classification methodology with the sub-postmaster, this enables us to confirm on the ground the extent of a built up area. We can also identify any substantial breaks in the built up area which are not evident in the Ordnance Survey data, eg disused industrial sites/large

open areas, etc. Again, this enables the boundaries of a built up area to be re-assessed and the population within it.

We consistently apply a standard UK-wide approach in order to enable the UK-wide programme of network reinvention (which is funded by the Government following debate in Parliament). However, if an area is classed as urban for these purposes, it does not necessarily follow that there will be proposals for closure under network reinvention in that area. We make such proposals where we believe that there is a greater number of post office branches in an area than can be supported by the customer demand. Overlapping catchment areas render these post office branches vulnerable and there is a risk that post office branches might close through being uneconomic for the subpostmaster, creating network holes and an overall downward spiral that is not in customer interest. Network reinvention addresses such risks by managed change in an area, reducing the number of Post Office® branches so that custom migrates to nearby branches making them commercially viable again. Overall, the aim is a sustainable network for an area that can attract investment, and which continues to offer accessible service.

To achieve this, Network Reinvention proposals are only put forward after detailed modelling, after our managers have walked the ground in an area and after full consideration of local conditions, economics and potential. The proposals are then subject to a detailed public consultation involving Postwatch – and it is only after consideration has been given to the results of that consultation that final decisions are made. This overall process ensures that the situations of local communities are fully explored in determining a way forward.



Page 4 of 4

I hope this helps to allay your concerns regarding the classification method employed.

Yours sincerely

B. Bennett



rp Sue Huggins
General Manager
Rural Agency Network
Post Office Ltd
80 – 86 Old Street
LONDON
EC1V 9NN

Eúwina Hart AM MBE
Minister for Social Justice and Regeneration



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Our ref: MB/EH/0273/04

Sue Huggins
General Manager for Rural Branches
Post Office Ltd
80 Old Street
London
EC1V 9NN

Bae Caerdydd
Caerdydd CF99 1NA
Switsfwrdd: 029 2082 5111 GTN: 1208
Ffacs: 029 2089 8131

Cardiff Bay
Cardiff CF99 1NA
Switchboard: 029 2082 5111 GTN: 1208
Fax: 029 2089 8131

14 June 2004

Dear Ms Huggins

As Minister for Social Justice and Regeneration, my portfolio includes matters relating to postal services in Wales.

I am particularly concerned by the urban / rural classification employed by Post Office Ltd (POL) as part of its operational and restructuring plans. I have recently written to both the Secretary of State for Trade and Industry, Mrs Patricia Hewitt, and the POL Chief Executive, Mr David Mills, regarding this matter. Mr Mills has since suggested I raise my reservations with you.

I understand that the definition by POL characterises urban communities as being in excess of 10,000 inhabitants and that this designation was included in the Performance and Innovation Unit report on Modernising the Post Office Network (2000). The application of this definition can cause confusion and inconsistency, as for example when applied to the Valleys of South Wales.

Furthermore, the Secretary of State for Trade and Industry recently informed the Chair of the Welsh Assembly Government's Social Justice and Regeneration Committee that POL groups together numbers of small communities and classifies the resultant 'whole' as being urban or in excess of 10,000 inhabitants. I believe that urban communities have been mapped and spatially profiled, for the purpose of Urban Network Re-invention, by Netspec, a spatial modeling tool that the company employs. Although I have received assurances as to its accuracy and technological sophistication, I am concerned to learn that the tool measures population in close agglomeration. My understanding is that a number of small communities in proximity to each other are considered as an aggregate and that the resultant collection of 'minor' communities is then deemed as one urban 'whole'.



BUDDSODDWR MEWN POBL
INVESTOR IN PEOPLE

My fear is that the needs and requirements specific to each of these small, but individual and distinct, communities are being disregarded and I would appreciate your comments as to whether you consider the definitions and tools used by POL appropriate in a Welsh context. It should be noted that the Agriculture and Rural Affairs Division of the Welsh Assembly Government considers the classification as disadvantageous, given that the contribution from small, dispersed settlements, such as those with less than 1,000 inhabitants, is so much greater than in England. I would be grateful if you would also specify the distance benchmark that is utilised to settle whether an individual community is considered in isolation, or in conjunction with others.

Edw. New

Edwina Hart AM MBE
Minister for Social Justice and Regeneration



Our ref:
Your ref: EH/00257/04

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Mr David Mills
Chief Executive
Post Office Ltd
80 Old Street
London
EC1V 9NN

Bas Caerdydd
Caerdydd CF99 1NA
Switsfwrdd: 029 2082 5111 GTN: 1208
Ffacs: 029 2089 8131

Cardiff Bay
Cardiff CF99 1NA
Switchboard: 029 2082 5111 GTN: 1208
Fax: 029 2089 8131

31 March 2004

Dear Mr Mills,

As Minister for Social Justice and Regeneration, my portfolio includes matters relating to postal services in Wales.

In November 2002, I launched the Welsh Assembly Government's Post Office Development Fund. The Fund is designed to provide assistance to sub-postmasters and sub-postmistresses in isolated and deprived areas throughout Wales so that they may diversify their business to improve its future financial viability and to benefit the local community.

You may be aware that the Fund was temporarily suspended in October 2003, while I considered its future in the light of an internal review of the Fund, developments regarding Urban Network Re-invention and the future of rural post offices after 2006. I am now minded to continue with the Fund, but I must ensure that such public expenditure is used judiciously.

My principal concern is to avoid any possibility by which post offices that receive Welsh Assembly Government funding are later closed by Post Office Ltd. I understand that your staff has stated that POL is willing to guarantee post offices that receive grant against proactive closure until 31st March 2006. Regrettably, this time-scale does not afford sufficient protection and I ask that you consider the possibility of extending it further.

I also have a number of queries about the purpose of Urban Network Re-invention and the means by which it has been undertaken. I would be grateful for your thoughts

Would you confirm whether you have finalised the selection of those branches earmarked for closure throughout Wales, and, if so, whether this list can be made available to me?

Could you please advise me of the criteria for the selection of 'earmarked' branches, including, for example, whether individual financial performance is a factor? If so, could you please explain how a level of satisfactory financial performance is established and evidenced? Also, does the implementation of the programme consequently allow for a minimum, measurable access standard, and are efforts made to apply this standard equally throughout the areas of the UK?

I understand that Post Office Ltd. also groups together, and subsequently classify smaller communities as being urban, or in excess of 10,000 inhabitants, by Post Office Ltd. You will undoubtedly be aware however that Wales has a great number of small, scattered settlements and we must ensure that the needs and requirements specific to each individual community are acknowledged. I am therefore keen to learn, for example, what distance benchmark is used to define whether a community is considered in isolation, or in conjunction with others.

I also wish to take this opportunity to express my concern about the definition of rural and urban communities, particularly in the South Wales valleys. As acknowledged by your staff at a meeting of the Social Justice and Regeneration Committee on 10th March 2004, this definition is 'perplexing', and the classifications can appear 'nonsensical'. I would therefore propose that this definition be revised.

A handwritten signature in black ink, appearing to be 'Alan V. Jones', written in a cursive style.

~~DP 707/03-07~~

Edwina Hart AM MBE
Minister for Social Justice and Regeneration

Your ref:
Our ref: EH/00384/04



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

David Mills
Chief Executive
Post Office Ltd
80 Old Street
London
EC1V 9NN

Bae Caerdydd
Caerdydd CF99 1NA
Switchboard: 029 2082 5111
Fax: 029 2089 8131

Cardiff Bay
Cardiff CF99 1NA
Switchboard: 029 2082 5111
Fax: 029 2089 8131

20 May 2004

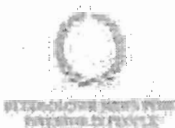
Dear Sir

I have received representations from a member of the National Assembly for Wales regarding the implementation of the Urban Network Re-invention programme in the Merthyr area.

I understand that of the six sub-post offices earmarked for closure, four are to close and there is uncertainty regarding the future of two.

Given the closure of the four outlets and the imminent and significant diminution of the postal network in that locality, I ask that Post Office Ltd. refrains from closing the Trefechan and Dowlais outlets, so that residents are not too greatly inconvenienced.

Yours faithfully



Edwina Hart AM MBE
Minister for Social Justice and Regeneration



Our ref:
Your ref: EH/00311/04

Gareth Davies
Director of Welsh Affairs
Royal Mail Group plc
3rd Floor
220 Penarth Road
Cardiff
CF11 8TA

Llywodraeth Cynulliad Cymru
Welsh Assembly Government
Bae Caerdydd
Caerdydd CF99 1NA
Switsfwrdd: 029 2082 5111 GTN: 1208
Ffacs: 029 2089 8131
Cardiff Bay
Cardiff CF99 1NA
Switchboard: 029 2082 5111 GTN: 1208
Facs: 029 2089 8131

26 April 2004

Dear Gareth

Thank you for your letter dated 26th March 2004 about the future of the Post Office Development Fund.

I want to continue with the Fund, but I must ensure that such public expenditure is not at risk. As I stated at a meeting of the Social Justice and Regeneration Committee on 31st March 2004, I aim to make a decision on those applications submitted under Rounds 3 and 4 by the end of May.

However, I need to be assured that those post offices that receive Welsh Assembly Government funding are not subsequently closed prematurely by Post Office Ltd. Therefore my decision to proceed with the Fund is contingent upon my receiving satisfactory assurances from Post Office Ltd. My officials have now received written confirmation from Post Office Ltd that they are willing to guarantee post offices that receive grant against closure until 31st March 2006, and I have written to Mr David Mills, Chief Executive of Post Office Ltd, to request that this guarantee be extended.

You made reference in your letter to the requirement that the sub-postmasters and sub-postmistresses of urban post offices provide a written confirmation that their outlet has not been earmarked for closure under Urban Network Re-invention. I concur that this mechanism was sufficient upon the launch of the Fund in November 2002 but the Urban Network Re-invention programme in Wales has drawn attention to its limitations. If, as is anticipated, the programme ends in the autumn of this year, those post offices in urban areas that have received grants are

only protected for a period of approximately six months. For this reason I must ensure that there are satisfactory safeguards that any grant provided by the Welsh Assembly Government is reclaimed in such an event. This will also apply to rural post offices.

While I acknowledge that there are difficulties for some sub-postmasters / sub-postmistresses, these have been caused by the uncertainty produced as a result of decisions taken by Post Office Ltd and not because of the actions of the Assembly Government. I am sure that we will discuss this at our meeting on 26th April.

A handwritten signature in cursive script, appearing to be 'E. J. ...', located below the second paragraph.

8264
Jackets

Grŵp y Post Brenhinol ccc
Royal Mail Group plc

Edwina Hart MBE
Assembly Member for Gower
National Assembly for Wales
Cardiff Bay
CARDIFF
CF99 1NA

26 March 2004

Dear Edwina

Post Office Development Fund

I would be grateful if you could share with me formally what your thinking is around the continuation of the Post Office Development Fund. I understand that you have completed your review of the Fund but that you have not made any decisions regarding applications in rounds 3 and 4, citing that you are concerned about the effect of our Network Reinvention programme.

I am keen to hear the exact concerns that you have about how the Network Reinvention programme may impact on the Post Office Development Fund (PODF), so that we are in a position to respond to them fully and to clarify matters.

There is a mechanism within the PODF application process that effectively prevents post offices earmarked for closure under our Urban Network Reinvention programme from receiving money. A post office manager has to sign part of the application form confirming that the post office is not being considered for closure under the Reinvention programme. We completely understand that you want to use the resources available to you to the best effect, and it is not in the best interests of the PODF nor Post Office Ltd for public money to be invested in post offices earmarked for closure.

The programme of closures is coming to an end, with the vast majority of closures having taken place, or been announced. There are also a number of proposed closures out for consultation. The only areas left for us to consider are all constituencies in the Swansea, Cardiff and Vale of Glamorgan Local Authority areas. These proposals will come out for public consultation in June (Swansea) and September (Cardiff and the Vale).

The purpose of mentioning this is to illustrate that with Network Reinvention coming to an end, it is now even more unlikely than ever, that PODF money can be spent on post offices earmarked for closure.

Furthermore, we are only considering closures in the urban network and the rural network of post offices, supported as it is by Government subsidy, is not part of the Network Reinvention programme. Given that post offices in isolated rural areas are eligible to apply for funding, it seems unfair on these post offices that delays to award grants is based on our Network Reinvention programme, which doesn't affect them.

Grŵp y Post Brenhinol / Royal Mail Group
Trydydd Ulawr / 3rd Floor, 220 Penarth Road, CAERDYDD / CARDIFF CF11 8TA
Ffôn/Tel: 029 2039 252569 Ffacs/Fax: 029 2029 2506 e-bost/e-mail: gareth.y.davies@royalmail.com

Mae Grŵp y Post Brenhinol ccc wedi'i gofrestru yng Nghymru a Lloegr. Rhif cofrestru: 4138203. Swyddfa gofrestru: 148 Old Street, LLONDAN EC1V 9HG.
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Cont....Cont/...

26 March 2004

The rural network is subsidised up until 2006 and we have been mandated by Government to keep post offices open. Clearly, the continuation of public subsidy is a decision for Government, but Post Office Ltd managers are speaking to DTI officials about this. Post Office Ltd is also looking at ways to ensure a future for rural post offices, regardless of public subsidy. This Rural Strategy is currently being formulated and will look at the way that we run the network, potential partners (such as the co-op centre) and potential sources of business (such as credit unions).

The delay in decisions on rounds 3 and 4 is now causing considerable difficulties for many of our subpostmasters and mistresses. For many of them the grant is a lifeline, and they are depending on this money to help them to diversify and secure a longer-term future for their post office.

I would be grateful for your comments on these matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gareth Davies', with a long horizontal flourish extending to the right.

GARETH DAVIES
Director of Welsh Affairs