

The Local Authority and Post Office Ltd. Pathfinder Programme

An Evaluation of Strategic Engagement

A joint report by BIS, LGA and the Post Office



FOREWORDS



JO SWINSON MP

Minister for Employment Relations and Consumer Affairs, Department of Business, Innovation and Skills

The Post Office is not only a cherished national institution and a vital part of our local communities, but is also an ideal place for local services to be delivered. Working together, local authorities and the Post Office can serve local communities and deliver value for council taxpayers. The good progress highlighted by the local authority Pathfinders in this report provides a valuable template for future engagement between the Post Office and the wider local authority sector.



CLLR PETER BOX CBE

Chair, Economy and Transport Board
Local Government Association

Councillors up and down the country are passionate about their local Post Offices, reflecting the views of their residents. With both councils and Post Offices looking at ways to respond effectively to the needs of local people and adapt to the current economic climate, it makes sense for us to explore what could be achieved by working together. This report demonstrates the value of strategic engagement on the ground and the potential to build on that engagement to help shape a local Post Office network that best serves the interests of people while assisting councils to make savings and improve access to services.



PAULA VENNELLS

Chief Executive Post Office Limited

The Pathfinder Programme has demonstrated the clear value of developing and maintaining strong relationships between the Post Office and councils in order to serve the needs of local communities. We are immensely grateful to the 25 councils that have been involved and to colleagues at the Local Government Association and the Department of Business, Innovation and Skills for their advice and support. We look forward to building on the lessons learnt from this process as we continue our historic programme to transform the Post Office network and develop our services.

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EXECUTIVE SUMMARY

The Pathfinder Programme has involved Post Office Ltd, the Department of Business, Innovation and Skills (BIS) and the Local Government Association (LGA) working together to look at the benefits of enhanced relationships between Post Offices and local authorities.

The focus has been on developments with 25 'Pathfinder Councils' but there have also been important advances with a range of further councils across the country and these are also covered in this report.

This work has been undertaken against a backdrop of Post Office plans to maintain and modernise its network and to develop products that enable Post Offices to be an efficient, accessible 'Front Office' connection between people and Government. It has also taken place in an environment whereby councils face significant financial and policy challenges as they work to deliver services.

The report finds that, over the past 12 months, relationships have been developed between Post Office Ltd and virtually every council in the country. This is a major advance, creating better mutual understanding and creating the conditions for effective joint work. The report identifies the developing 'content' of these stronger relationships. This includes helping to maintain and modernise the Post Office network in the council area, increasing 'transactional' service provision via Post Offices, creating

the conditions to explore more 'transformational' approaches to service provision and the promotion of actions to support financial and digital inclusion.

The report also illustrates examples of the benefits these enhanced relationships have already delivered – involving a range of Councils such as Westminster, Hammersmith and Fulham, Sheffield, Ryedale, Birmingham and others.

There is also recognition that benefits can take time to emerge. Further work is necessary – for Post Office Ltd to develop helpful solutions to the significant challenges that councils face in looking at future service delivery and as they develop new approaches in service procurement processes such as joint procurement and frameworks.

The report concludes, however, that the necessary condition for effective future joint work between Post Offices and councils is the formation of effective relationships. The Pathfinder Programme has both illustrated and accelerated this.

The Pathfinder work has created a platform which can now be developed. There has been a step change in the quality and quantity of relationships between Post Offices and councils and an understanding of what they can achieve. Initial examples of progress are identified within the report together with a commitment to realise the future benefits of more effective, better partnerships.

Chapter 1

BACKGROUND TO THE PATHFINDER PROGRAMME

“As public services move online, there is a role for Post Office branches in face-to-face transactions for those who can’t or won’t go online or where the transaction involves a face-to-face element.”

Strategic Relationships: Post Office sustainability through partnership (Sheffield City Council Post Office and National Federation of Subpostmasters, 2012).

In November 2010, the Government announced that Sheffield City Council would participate in a pilot partnership arrangement with Post Office and the National Federation of Sub-Postmasters (NFSP). The pilot explored the relationship between the Post Office and the local council, and how Post Office branches might become a front office for local government in the city.

Findings from the pilot suggested that councils could develop engagement with local Post Office branches to deliver savings and improve access to services.

The pilot also demonstrated the fundamental importance of Post Office and local councils establishing an open communication channel, built on a strong platform of mutual understanding, to achieve their respective aims and objectives.

To develop these ideas further, in November 2011 the Government announced the establishment of the Post Office and local government Pathfinder Programme.

The Department of Business, Innovation and Skills, Post Office Ltd and the Local Government Association (LGA) agreed to support a 12-month programme of engagement. Twenty-five local councils, representing a

cross-section of all different types of councils (rural and urban; large and small; county, metropolitan and district), were invited to participate.

The background context to this work included the Post Office investment and modernisation programme and the service delivery and budget challenges currently faced by local government. (Further details are included in the Annex).

The Pathfinder work posed key questions:

- How might effective relationships between the Post Office and local councils be developed?
- How can these relationships be used to provide the benefits to local residents, local councils and the Post Office?
- What is the nature of these benefits?

In parallel to this work with the Pathfinder councils, wider relationships between the Post Office and other councils outside the Pathfinder group have continued to develop across the UK. These have emerged as opportunities arose and have benefitted from the focus upon, and the learning from, the Pathfinder Programme.

KEY ENGAGEMENT DATES

- **November 2010**

A year-long Partnership pilot between Post Office Limited, Sheffield City Council and the NFSP begins. BIS commits to supporting greater involvement of local authorities in its Post Office policy statement.

- **September 2011**

Discussions between Post Office Ltd, BIS and LGA on how to build upon the Sheffield experience. Initial discussions for four trial councils are expanded to include up to 25 councils.

- **November 2011**

The Sheffield partnership concludes, and the Council, Post Office and NFSP brief BIS on the benefits of partnership, but also the lessons that need to be learnt.

These are published in a joint report, which says: "As public services move online, there is a role for Post Office branches in face-to-face transactions for those who can't or won't go online or where the transaction involves a face-to-face element." *Strategic Relationships: Post Office sustainability through partnership (Sheffield City Council Post Office and National Federation of Subpostmasters, 2012)*.

Rt. Hon Ed Davey MP, the then Minister, writes to the Leaders and

Chief Executives of the 25 Pathfinder councils, asking them to support the engagement with Post Office.

- **January 2012**

Round table between Ed Davey MP, Paula Vennells and senior LGA representatives to discuss the Pathfinder programme, and wider local government engagement.

- **March 2012**

First Forum held for the Pathfinder Councils at BIS and chaired by Cllr Box, attended by Paula Vennells and Norman Lamb MP, the new Postal Affairs Minister. A number of the Pathfinder councils present to the group.

- **June 2012**

Second Pathfinder Forum, timed to coincide with the LGA conference held in Birmingham. Further presentations from local authorities.

- **November/December 2012**

Review of Pathfinder experience commences including a round-table event with BIS, LGA, Post Office Ltd and a number of Pathfinder Councils.

- **January/February 2013**

Development of Pathfinder evaluation report and approach for future engagement.

Chapter 2

ACTIVITIES WITHIN THE PATHFINDER PROGRAMME

“As well as helping proactive network development, good communication between the council and the Post Office can also help to resolve potential service issues.”

The activities in the Programme have been built around three key areas:

Establishing relationships between Post Office Ltd and local authorities

The Post Office and local councils have historically had intermittent contact and relationships. There has been a growing recognition of the need to explore more progressive and structured relationships to better understand and exploit the mutual opportunities that exist (for example around service delivery and financial savings).

Developing the network

The Post Office is undertaking an investment programme to transform up to half its network by 2015. This investment will see the introduction of around 6,000 new Post Office Local and Main branches, offering improved customer service including modern environments and extended opening hours.

As part of this programme, Post Office has sought to engage with councils to:

- Explain the programme
- Provide reassurance that it will not involve closures
- Gain an understanding of potential input from the council (e.g. aligning with local economic regeneration plans).

Post Office network transformation will sometimes include a change of location for a branch. The opportunity exists to align Post Office modernisation with major council plans, for example around town centre

regeneration. In these circumstances consideration needs to be given to ensuring decisions best serve the interests of local communities by maximising convenience and access.

As well as helping proactive network development, good communication between the council and the Post Office can also help to resolve potential service issues. Examples include helping to find a new branch location to replace one that has unexpectedly closed, or supporting temporary facilities while a Post Office branch is refurbished.

Post Office as a front office for government service delivery

A key part of Post Office strategy, backed by the Government, is to enhance its role in delivering public services, both locally and nationally. Typically, these services include:

- In-bound payment (e.g. council tax, business rates, housing rents and service charges, parking penalty charges)
- Applications (e.g. parking permits, blue badge)
- Out-bound payment (e.g. rebates).

These are commercial arrangements that need to make economic sense for both councils and the Post Office. For councils, this may mean being able to improve access to services and make cost savings by using Post Office branches instead of council premises. Similarly, Post Office needs to cover its costs and provide a revenue stream for subpostmasters who operate the vast majority of local branches.

Chapter 2

The following table shows the Pathfinder councils and activity under way.

Pathfinder council	Council type	Number of Post Office branches	Post Office network transformation engagement	New locals and mains models introduced by early 2013	Transactional services available at the Post Offices in the council area
Barnsley	Metropolitan	44	✓	5	✓
Birmingham	Metropolitan	122	✓	2	✓
Devon	County	266	✓	17	✓
Doncaster	Metropolitan	54	✓	5	✓
Durham	County	131	✓	3	✓
East Devon	District	41	✓	5	✓
Essex	County	241	✓	10	
Hammersmith & Fulham	London Borough	17	✓	1	✓
Hertfordshire	County	153	✓	12	✓
Hounslow	London Borough	20	✓	0	✓
Kent	County	251	✓	8	✓
Kingston upon Thames	London Borough	15	✓	0	
Lancashire	County	203	✓	4	✓
Lancaster	District	32	✓	0	✓
Leeds	Metropolitan	105	✓	1	✓
Liverpool	Metropolitan	48	✓	2	✓
Maidstone	Borough Council	29	✓	0	✓
Castell-nedd Port Talbot – Neath Port Talbot	Unitary	42	✓	1	✓
Northumberland	Unitary County	109	✓	4	✓
Oxfordshire	County	143	✓	4	✓
Reading	Unitary	17	✓	0	✓
Rotherham	Metropolitan	40	✓	2	✓
Ryedale	District	26	✓	0	✓
Sheffield	Metropolitan	79	✓	4	✓
Wakefield	Metropolitan	64	✓	3	✓

Westminster City Council

Pursuing its ambition to go 'cashless', Westminster sought to partner with a trusted service provider that could increase access to services for residents. In 2011 it signed a contract with Post Office: residents can now use 26 Post Office branches (instead of previously just three council front offices) to make a range of applications and payments including council tax, business rates, parking permits, parking fines and casual street trader licences.

Both network transformation and front office service activities support one another. A network with longer opening hours is more attractive as a place to transact council services. Discussions about these two issues can often generate additional potential areas for partnership – for example in regard to digital inclusion, social housing or financial inclusion. As councils review and seek to reform the delivery of their local services, potentially in partnership with other public sector providers, this can also present an opportunity to explore the potential role of their local Post Office network.

Birmingham

Post Office can help councils to move services online. It can do this by helping people who are not online get online, by signposting residents to local internet training or free internet access. It can also provide council services digitally in-branch.

Birmingham City Council and the Post Office are undertaking a trial to make council services that are available digitally, accessible within the Post Office branch.

The council is keen to progress with making its services available online while at the same time maintaining access across the community. This poses a challenge when faced with a significant part of the local population lacking internet access. One potential solution is to make available online access to council services within Post Office branches.

In the Birmingham trial customers can come into the pilot branch to use a dedicated terminal to carry out their transaction. Post Office staff are on hand to provide support.

The trial will run until April 2013.

Current position: in the Pathfinder councils

Across all 25 Pathfinder councils there now exists a range of engagement and other activities.

A good relationship has been established with each of the Pathfinder councils and they have all engaged positively with the Post

Office on local network issues. The resulting communications channels and relationships will be sustained beyond the Pathfinder Programme and throughout the Network Transformation Programme.

Investment in Post Office Local and Mains branches has now been undertaken in almost all Pathfinder areas. This process is accelerating as the pilot phase for these new operating models concludes.

Some Pathfinder councils have reached agreement to offer a widened range of transactions through the Post Office. Examples include Hammersmith & Fulham and Ryedale, while others continue to develop and discuss their requirements.

Closer engagement has also helped Post Office become more informed about the challenges facing councils in regard to the introduction of Universal Credit. Post Office is now in contact with a number of Pathfinders and other councils about how it can help them respond to Social Fund changes. The Post Office is also now an approved identity assurance provider for DWP and other Government departments, so is better placed than ever to respond to such challenges.

BIS, LGA and Post Office, have maintained regular contact and co-ordination of the programme. Three meetings of the Pathfinder councils have been held (London and Birmingham), supported by ministerial and chief executive involvement, to review progress, share feedback and develop collaborative working.

Post Office has worked closely with the LGA's Local Government Delivery Council and has exhibited and held a seminar at the LGA's Annual Conference in Birmingham (June).

Hammersmith & Fulham

In May 2012, Post Office was awarded a framework contract with London Borough of Hammersmith & Fulham. It enables residents to access a range of council services from any Post Office branch. It can also be extended to include services such as parking permits and outbound payments, supporting residents without bank accounts.

The new contract is expected to save Hammersmith & Fulham taxpayers an initial £90,000 a year (from 2013). As a framework, the contract also provides other London councils with an opportunity to use the Post Office network without having to go through a lengthy and expensive public procurement process.

bodies, (New Local Government Network, Localis and CentreForum), to examine a range of key challenges and opportunities, including identifying the potential barriers towards further partnership and how Post Office can assist the delivery of digital local services.

Consideration is also being given to other areas of local service provision which Post Office could potentially support, for example working with housing associations (Post Office Ltd now has contracts with a significant number of housing associations to help collect rent payments).

The extent of this work in parallel to the Pathfinder Programme, means that relationships between councils and Post Office across the UK, not just within the Pathfinder group, are helping to shape the overall conclusions and proposed ways forward in this report

- The Post Office and a unitary council are working together to joint fund the move of a local branch to a new location as part of a major high street regeneration programme. This will ensure the branch is in a position that offers great customer access to a number of services including banking. With the development putting the Post Office at the heart of the community, it will help to attract new businesses to the area.
- The Post Office was struggling to find a new location to replace a branch where the current operator had resigned. The only option appeared to be to move the branch half a mile away which was not easily accessible for customers. However, the local district council generated interest from a convenience store in the district and this will result in the branch remaining in the heart of the local community.

Beyond the Pathfinder councils

The past year has seen a level of engagement and activity between local authorities and Post Office that far surpasses anything seen before. Over 400 councils in England and Wales have now established channels of communication and relationships with Post Office. Typically these are focused on network transformation opportunities, but also relate to delivering local services. Over 300 or around 75% of all councils in the UK already use Post Office branches to support various simple transactional services including bill payments.

Post Office remains keen to improve its understanding of the local government landscape and explore opportunities for more involved partnership and joint working. In addition to the Pathfinder Programme, it has commissioned three research

Hampshire County Council

Hampshire approached Post Office seeking a solution to payments to vulnerable clients, largely managed through third-party care organisations. Post Office has implemented a scheme that allows carers to collect money for their clients, following the production of a dedicated identity card.

Collaboration on network issues

- The Post Office and a district council were able to compare regeneration plans to ensure that the proposed large investment into modernising a branch would be co-ordinated over the next four years with the council's plans.

Responding to Social Fund changes

As a result of the relationships established, Post Office is better placed to understand the developing needs of councils. It is in contact with almost half of the Pathfinders and over 50 other councils, to explore how it can help them respond to the Social Fund changes by using its branches to make a variety of outbound payments to local residents, including local welfare assistance, for example. Over 30% of the councils that expressed an interest in this service so far, will be taking it up.

Chapter 3

FINDINGS FROM THE PATHFINDER EXPERIENCE

More detailed points from councils include:

The local government perspective

Councils are very supportive of Post Office network transformation and have welcomed the assurance that there will be no further programme of closures. This provides a stable and constructive basis for developing strong and beneficial relationships.

Establishing a clear relationship channel involving a named 'account manager' who has oversight of the relationship between the council and the Post Office, is seen as critical. This helps to facilitate the sharing of information and improves co-ordination between network investment from the Post Office and local regeneration plans for example – which councils have welcomed. It can also help the effective handling of operational issues, for example in helping locate new premises or a temporary location for a Post Office branch, if required.

Local councils have a strong interest in opportunities for co-location, including making better use of council assets by locating Post Office services within them. With the potential for Post Office branches changing location within their communities over the next three years, there is potential to align the needs of both councils and the Post Office. Each case needs to be treated on its own merits however, with the aspirations and needs of the council, the Post Office and Subpostmaster (who is typically running an independent local business), given full and proper consideration.

- Different councils have different needs with respect to a relationship with the Post Office. There is a desire for flexibility rather than 'one size fits all' approach. *This feedback has helped to develop the 'relationship model' approach presented later in this report.*
- Councils have sought greater clarity on the transactional services available from local Post Office branches. *This has helped Post Office to develop 'suites of services' (such as those taken up by Hammersmith and Fulham).*
- Some councils urged Post Office to work with other companies who already provide services. The Post Office is developing commercial relationships accordingly.
- Some councils expressed an interest in new approaches to running Post Offices such as shared locations or social enterprises. *The Post Office is looking to see if the network transformation programme provides any opportunities for such local developments.*
- One council felt that overall Government strategy towards the Post Office should be reviewed, emphasising the importance of setting up a 'Postbank'. *While the Government's strategy and funding with respect to the Post Office is established for the period to 2015 and does not include a Postbank, Post Office has continued to expand the financial services and access to banking services it offers. The Post Office now has three million financial service customers and with the recent agreements with HSBC, 95% of UK current accounts will be accessible at Post Office branches.*

Oxfordshire County Council

Background

In April 2011, Oxfordshire unanimously passed a motion to explore joint working with the Post Office. In November, it was invited to become a Pathfinder Council. Its expectation was simply to start a dialogue about building a strategic relationship with Post Office, explore how the network can develop locally and to what extent branches could become a delivery channel for public services.

Approach

The council identified services at both county and district level such as customer service, property and planning and began a series of working groups involving the Post Office.

Main findings

The council decided to explore opportunities for co-location and front office service delivery on a case-by-case basis. This has been useful in offering an indication of the potential scope and challenges. Discussions are under way regarding potential re-location of at least two branches, with others coming live.

Key lessons – assets

- Commercial confidentiality can make communication slow and indirect
- The Post Office aim is to protect existing services, so 'new' locations will only be served if an existing branch is willing to relocate
- Progress depends on the willingness of a subpostmaster to re-locate or co-locate
- The details of need and offer must match – that includes the timing of opportunity, location, footfall, access, space and other facility needs, as well as sufficient income streams from the combined service offer
- Funding for modernising branches under the Network Transformation Programme requires matched funding from subpostmasters, and potentially co-located services.

Key lessons - service

Council customer service leads have been interested in understanding the details of the Post Office offer. The aim of the Post Office is to steer customers to interact using online methods within branches (e.g. self-service machines) and develop digital champions. Also, providing a face-to-face service fits well with the council's work to encourage channel shift improvements.

Detailed discussions have started on looking into a business case for the Post Office to deliver specific services for councils.

Conclusions

Direct lines of communication are in place. The council is in a good position to respond to future opportunities:

- Co-location where subpostmasters express an interest in changing premises
- Co-location as part of local regeneration programmes or master planning
- Service delivery where councils are considering whether to further develop, integrate and/or diversify their customer service offer
- Service delivery through introduction of Universal Credit.

Summary – key messages

- It is important to understand each other's business, to be clear about needs and offers and to identify key contacts as a basis for discussion
- Opportunities for co-location and delivery of transactional services will arise, and need to be explored, on a case-by-case basis
- Success will depend on a commercial business case that works for all partners.

Ryedale District Council

Ryedale commissioned a review of the Post Office network in August 2010. Its aim was to:

- Improve the availability of services in local communities
- Provide an evidence base from which to influence any future proposed closures or reductions in level of service
- Consider the options for delivering these services in the future.

The review involved meetings with local subpostmasters and Post Office Ltd, surveys of branch customers and general public to understand how communities use and value Post Office services. It also tested whether people would consider accessing council services through the Post Office. External research was also analysed.

The review found:

- Post Office branches are highly valued and seen as a vital community asset
- Communities value their local Post Offices and want us to help make the network more sustainable
- People would consider accessing transactional council services through the Post Office.

Subsequently, the council decided to withdraw from its current area office provision and migrate customers who currently undertake financial transactions through the area office to the Post Office. This increases access points for payment of bills to the council from the four under current arrangements to 27 (26 provided by the Post Office, one at council offices).

This has a number of advantages for the council and its residents:

- Residents and businesses can pay bills issued by the council in any Post Office through the use of a bar code on every bill issued
- The council will save £50k a year through withdrawal from the area offices, with no compulsory redundancies
- Increasing footfall through existing Post Office branches in anticipation of any future changes to the way the network is configured, such as the introduction of Post Office Local model, thereby helping to sustain the viability of the network and local assets such as the local shop
- Helping to ensure the maximum collection rates for localised council tax and business rates from April 2013.

Sheffield City Council

In December 2012, Sheffield City Council will start an innovative scheme whereby the Post Office 'payout' service will be used to help young adults leaving care to access support payments at local Post Offices. This will be more convenient for the young adults and assist their ability to budget and it is an efficient approach for the Council. The scheme is an example of how an ongoing relationship can develop and yield mutually beneficial results over time.

The Post Office perspective

The Pathfinder Programme has successfully established an open channel, and relationships between Post Office and the local councils, are based on a better mutual understanding of needs and aspirations.

This helps the process of developing the network to serve the needs of customers and helps inform discussions about investments within the Network Transformation Programme. There can also be joined-up response to any temporary problems in the network – for example, if a branch shuts unexpectedly for reasons beyond Post Office's control.

Post Office now has a much better understanding of the diverse needs of local councils, in particular the budgetary and service challenges they face. This has provided it with a more informed position from which to develop and tailor its product and service offerings.

There are important commercial lessons for the Post Office:

- Procurement exercises with individual local authorities are resource-hungry for Post Office and need to be balanced against the potential returns from winning the contract. Resource realities inevitably focus interest towards larger councils offering potentially greater revenue opportunities. *Consideration of wider procurement approaches – such as framework contracts or across groups of*

councils – and a willingness by councils to use these places is therefore important. The London-wide framework established by the Hammersmith & Fulham provides a potential example.

- Local authorities identified a desire for a simple articulation of available services with indicative pricing and expressed some frustration that this wasn't readily available. *This requires the Post Office to understand potential demand levels to develop a pricing structure that is commercially viable. The Pathfinder programme has helped Post Office develop its thinking to establish such a model.*
- There is an important ongoing role for both 'transactional services' that deliver improved efficiencies and financial savings for local councils, and an 'invest to save business case'. In many cases a wholesale change is required in the way the services in question are delivered. This takes time, requiring a business case and ultimately council cabinet approval.
- The Pathfinder engagement has strengthened Post Office's belief that the opportunity exists to develop long-term strategic partnerships with councils, beyond a collection of front office transactions. Leveraging the full range of its multi-channel capabilities, Post Office sees potential in supporting transformation of

service delivery to the digital councils of the future.

- It is also clear that councils have a distinct interest in how Post Office branches can assist with the financial and digital inclusion agendas in their areas. Post Office branches are a key part of the infrastructure in many deprived areas and are regarded by customers as a 'universal space'. The customer base can include those who are financially and digitally excluded – so harnessing the interest of local authorities and the capabilities of the Post Office has potential for these customers.
- The LGA argues that in order to secure the significant public sector savings required now and in the future, councils and their local partners (Police, NHS, etc), will need to fundamentally reform how their services are delivered – with much closer partnership. Notwithstanding the scale of the challenges for councils, the Post Office can have some part to play. It is increasingly focused on becoming a front office for government and actively supports the delivery of digital public services. Increased engagement with councils and other public providers, such as housing associations and has demonstrated the potentially important role of the Post Office in helping such bodies deliver greater efficiencies in the future.

Chapter 4

A RELATIONSHIP MODEL

A relationship model between local authorities and Post Office Ltd.

Each local authority has its own characteristics, challenges and approaches that reflect its local community. In turn, each council area has a distinct network of Post Office branches. So each Post Office-council relationship will be different.

The Pathfinder Programme has however enabled us to identify some common themes in these relationships. This supports the development of a model which identifies the key issues that shape a relationship. This model can help define the current state of a relationship. It also enables assessment and evaluation of progress over time.

Establish the relationship

You need to start by opening communication and then maintain it. This requires awareness and understanding

The model identifies the need to first establish and maintain a relationship between Post Office and the local council.

Each relationship will be shaped by specific factors emanating from both Post Office and the individual local council. Each relationship will therefore be a unique mix of the following:

Influences for a local council:

- Cost savings
- Procurement processes and timings
- Strategy, policy and governance
- Local circumstances e.g. regeneration opportunities



Network relationship



Transactional services partnership



Transformational partnership



Financial inclusion relationship



Digital inclusion relationship

Influences for Post Office:

- Network transformation opportunities
- Network circumstances
- Need for profitable revenue generation
- Investment resource availability
- Procurement approaches
- Government policy towards Post Office



• Network transformation: Liaison about the investment being made to develop local branches through to 2015.



• Transactional services: Potential provision by local Post Office branches to do straightforward transactions on behalf of the local authority (e.g. council tax).



• Transformational services: Where a local authority is fundamentally rethinking its service provision approach and local Post Office branches are being considered for a role (e.g. identity verification or a role in end-to-end service provision).



• Financial inclusion: Where it is desired to improve financial inclusion in an area, work between a local authority and Post Office can assist (e.g. investment in a branch providing key services to a deprived area or the provision of services via Post Office branches to promote inclusion).



• Digital inclusion: Where it is desired to develop the digital council of the future, local Post Office branches can provide information to help people to get online, they can assist those who are not online to still access services conveniently and they can help in areas where face-to-face activity is still needed (e.g. verifying identity).

CONCLUSIONS

“Establishing an open channel of communication between every council and the Post Office is a pre-requisite for making progress.”

Pressures on public finances are expected to continue for the foreseeable future, increasing the need for new, innovative ways to deliver more public services more efficiently.

Post Offices are an important part of the social and economic infrastructure in every local council area.

A constructive dialogue between local councils and the Post Office is therefore underway across the country enabled by the Pathfinder programme and the wider Post Office modernisation programme. This will create more effective liaison on the maintenance and development of Post Offices in the local area and exploration on new solutions for public service delivery.

Establishing an open channel of communication between every council and the Post Office is a pre-requisite for making progress.

The Post Office has established an account management team that includes 10 regionally-based stakeholder managers. These managers are responsible for maintaining positive, open relationships with every UK council. Over the past year, relationships have been established with over 400 councils.

For relationships to flourish and be productive there needs to be mutual understanding of circumstances and priorities. With its regional teams

actively pursuing relationships with all councils, Post Office and councils are now able to work better together, for example as the Post Office modernises branches and in local regeneration activities.

Significant opportunities exist for using Post Office branches to deliver local public services.

The Post Office network is being used to deliver a growing range of public services. The Pathfinder Programme has helped focus attention on the particular opportunities and challenges facing councils and Post Office in delivering local services.

There exists a keen desire on the part of many councils to use Post Office branches to deliver more services. Post Office is keen to take on this type of work. However, the Pathfinder Programme has highlighted the need to develop appropriate services and prices that reflect the often small-size of council contracts and particular service needs. It can help where councils choose to procure jointly.

Despite this, Post Office is providing a growing range of front office transactional services for councils across the country. It has also recently developed a new product for councils to support Social Fund payments.

Post Office is also developing its promotion activities to improve relationships and increase awareness across local government of its modernisation programme.

In a developing field, it is critical to continue exploring the policy and practical issues surrounding how the Post Office infrastructure in an area can best help with the provision of cost effective local public services. Post Office has commissioned three independent organisations - Localis, Centre Forum and the New Local Government Network - to work with councils to examine a range of issues. These include identifying and removing some of the barriers and exploiting the opportunities of digital delivery.

In summary, the focus and energy created by the Pathfinder Programme has helped lift the relationship between councils and the Post Office to a new, positive level. Critically, relationships have been formed across the country with a better understanding of how those individual relationships can be developed in recognition of the often differing needs and priorities of individual councils. With the Government's continued support underpinning Post Office modernisation, and the widespread support for Post Offices to be utilised as a 'Front Office' for government service provision, the potential for greater collaboration between councils and Post Office in supporting local communities looks increasingly positive.

“Demand for Post Office branches to deliver public services is increasing.”

ANNEX

Post Office Ltd is now an independent organisation, newly separate from Royal Mail. It is focusing on its key markets of mails, financial services and, especially relevant here, government services.

Post Office has a clear strategy, supported by government, to maintain the size and current geographical accessibility of its network (more than 11,500 branches across the UK). This involves an investment strategy through to 2015 that will assist around half of its branches to modernise their branches, improving the customer environment and increasing access and convenience by offering longer opening hours.

Post Office branches are generally regarded as providing convenient, universal and trusted access to public services. Around 20 million people and half of all small businesses visit the Post Office every week. Post Office branches are typically run by small local businesses, at the heart of the communities and close to the customers they serve. They are widely seen as a key part of the local social fabric. Independent studies have suggested the ‘social value’ of the Post Office Network is worth more than £2.3bn a year to the UK. Understandably, local authorities have always been keen to ensure that Post Office branches in their area remain trading and viable.

In an increasingly digital world, the Post Office provides a 'human touch'. It has the proven capability to handle complex and sensitive transactions on behalf of local and central government. It provides a secure, trusted face-to-face interaction with customers when the process demands it and supports improved efficiencies by sharing information securely, digitally and efficiently with government back offices. The Post Office Network partners with public service providers to ensure universal and convenient access to high quality, digital public services.

Demand for Post Office branches to deliver public services is increasing. For more complex and sensitive online transactions, a face-to-face element is needed, for example to provide identity assurance (through biometric data capture and/or document checking). There is also a need to provide support for those people who are not online, or not confident of conducting transactions online. Supporting transactions on behalf of public service providers enables improved efficiencies to be achieved through economies of scale and rationalisation.

Local authorities face immense challenges in delivering cost savings. Councils are seeking to cut costs by reducing unnecessary face-to-face contact in managing customer contact and transactions, whilst helping to ensure that people who may struggle

to access services online can still be supported effectively.

Councils have wider responsibilities for delivering localism, promoting social value and cohesion, supporting local businesses and economic regeneration. All this must be done in a manner that meets modern customer service expectations about accessibility, choice of channel and ease of use.

It is a daunting and unprecedented task. Local councils are approaching these challenges in many different ways.

The challenge and the opportunity is whether the relationship between Post Office and local councils can be developed to meet these new realities.

- By working together can Post Office branches and local councils enable customers to retain accessible, trusted, universal access to local service provision?
- Can this be done in a way that both improves council efficiencies and reduces cost, while simultaneously enhancing Post Office sustainability?

The starting point is to explore how Post Office and local councils develop relationships from which the answers will flow. This is the challenge the Pathfinder Programme sought to address.



