

Minutes

EXTERNAL SERVICES SELECT COMMITTEE

14 January 2020

Meeting held at Committee Room 5 - Civic Centre,
High Street, Uxbridge



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors John Riley (Chairman), Nick Denys (Vice-Chairman), Lynne Allen (In place of Kuldeep Lakhmana), Simon Arnold, Vanessa Hurhangee, Ali Milani, June Nelson and Devi Radia</p> <p>Also Present: Owain Mumford, External Affairs Manager, Post Office Ltd Stuart Taylor, External Affairs Manager, Post Office Ltd</p> <p>LBH Officers Present: Nikki O'Halloran (Democratic Services Manager)</p>
36.	<p>APOLOGIES FOR ABSENCE AND TO REPORT THE PRESENCE OF ANY SUBSTITUTE MEMBERS (<i>Agenda Item 1</i>)</p> <p>Apologies for absence had been received from Councillor Kuldeep Lakhmana (Councillor Lynne Allen was present as her substitute).</p>
37.	<p>EXCLUSION OF PRESS AND PUBLIC (<i>Agenda Item 3</i>)</p> <p>RESOLVED: That all items of business be considered in public.</p>
38.	<p>MINUTES OF THE PREVIOUS MEETING - 18 DECEMBER 2019 (<i>Agenda Item 4</i>)</p> <p>It was agreed that reference be included in the minutes to the concern expressed by residents that a new GP practice was no longer going to be created at the top of Church Road, Hayes.</p> <p>The Chairman noted that an additional meeting needed to be set up to talk to The Hillingdon Hospitals NHS Foundation Trust (THH).</p> <p>RESOLVED: That, subject to the above amendment, the minutes of the meeting held on 18 December 2019 be agreed as a correct record.</p>
39.	<p>POST OFFICE SERVICES IN HILLINGDON (<i>Agenda Item 5</i>)</p> <p>The Chairman welcomed those present to the meeting. He noted that there had been observations made by residents and Councillors about post office coverage in the Borough.</p> <p>Mr Owain Mumford, External Affairs Manager at Post Office Limited (PO Ltd), advised that PO Ltd was a business wholly owned by the Government. It had 11½k branches across the country, many of which operated from within existing local businesses. It was very much a commercial business with a well-defined social purpose and aimed to support, for example, those in the community that were more vulnerable, who didn't</p>

have access to a vehicle, lived in particularly rural areas, etc.

Members queried whether there was any tension between the public service remit and the commercial side of the business. Mr Stuart Taylor, External Affairs Manager at PO Ltd, believed that the social influences and commercial business married well. He noted that there were a growing number of customers who needed more support and that PO Ltd had provided a broader range of services to meet this need, for example, foreign currency, banking services and bill payments. These additional services had been secured within a competitive business environment.

Mr Mumford noted that PO Ltd was not immune from the pressures of the High Street and, of the 175 services provided (which included banking), only one was a monopoly (postal orders). The business had been challenged by Government to become self-sustaining and progress was being made with profit being made every year for the last three years (this money had been reinvested into the branch network). Although PO Ltd was effectively still in receipt of a reducing Government grant to provide services and subsidies, it had been gradually gaining a more stable financial footing with profits reinvested in technology, service improvements, etc.

Mr Taylor advised that the organised did not underestimate the value of post office services in rural and urban areas. He noted that PO Ltd had been working with banks to ensure that a range of banking services continued to be available from post offices after local bank branches had closed.

Members were advised that the majority of post office branches were run on a franchise basis. Combining a shop with a post office created a symbiotic relationship and often meant that post office services were accessible for longer periods each day with only one set of overheads.

Mr Taylor advised that the UK network was currently stable with no closure programme planned. Mr Mumford noted that there were 35 branches in Hillingdon which were all franchises. 29 of these were currently operating (17 main post offices providing all services, 3 local post offices in small retail units, 8 local+ branches and 1 sub post office branch) and the following 6 were currently closed:

1. Hayes End – short term operational issues being experienced;
2. Yiewsley – short term operational issues being experienced;
3. Harmondsworth – closed some time ago but difficulties being experienced in identifying a business to provide the service as a result of the threat of Heathrow Airport expansion;
4. Sipson – closed some time ago but difficulties being experienced in identifying a business to provide the service as a result of the threat of Heathrow Airport expansion;
5. Mulberry Parade – looking to advertise for new franchisee; and
6. Harlington Road – looking to advertise for new franchisee.

Concern was expressed that some residents in Harmondsworth and Sipson would not have smartphones and some would not be able to use the internet. The journey for these residents to visit a bank or post office in a neighbouring area was often not quick or easy. Mr Mumford advised that PO Ltd was currently looking at options for these areas and that consideration could be given to the provision of outreach services. The team had been looking to identify an alternative business in these areas to take on the post office business. This business would need to have a premises in Sipson or Harmondsworth (“valid property interest”) from which it could run the post office and would need to provide a business plan and go through a detailed application process with background checks. The inclusion of a post office branch in an existing business

provided additional footfall, resulting in a greater return on investment (ROI). Mr Mumford advised that Members' concerns would be taken back to colleagues at PO Ltd.

Members queried how long PO Ltd waited until it determined that it was unable to identify a business in an area to provide post office services to then look at alternative outreach provision as a short term solution (franchises were preferable as outreach was a costly option which only provided a small selection of post office services). It was reiterated that Members had significant concerns that residents in the Heathrow Villages had been left without a bank or a post office for a significant amount of time and that no solution had yet been found. Members suggested that consideration be given to approaching bigger businesses such as the Co-op. Mr Taylor advised that it was in PO Ltd's interest to find a long term solution as this would provide a revenue stream for the organisation. He would ensure that the Committee received periodic updates on the progress made in finding a solution for Heathrow Villages.

As Members had significant local knowledge and contacts, it was suggested that they might be able to help PO Ltd to identify a suitable business from which post office services could be delivered. It was agreed that Members would speak to local businesses in Heathrow Villages to identify any expressions of interest.

It was noted that PO Ltd had already been able to increase Postmaster remuneration for some banking, mails and other products. The banking transaction uplift took place in October 2019 in advance of PO Ltd receiving additional payments from the banks in January 2020, as part of the new banking framework. It was also noted that the multi-billion pound programme of investment in the post office network, in the form of the Network Transformation Programme, had already been committed to modernise branches, create new style formats that fitted better in retailers shops and introduce longer opening hours at many branches, increasing convenience for customers.

A range of quality and customer satisfaction measures had been put in place and the importance of post office staff being knowledgeable, efficient and fast was recognised. Mystery shopping was undertaken but this was thought to be superfluous when customers freely provided PO Ltd with feedback. Members noted that the queues in the larger post offices were often very long with few staff on duty and customers had to wait a long time to be served. Mr Taylor advised that he would share customer satisfaction data relating to the branches in Hillingdon with the Committee. He also noted that, with regard to ROI, franchisees were not obliged to share their annual returns with PO Ltd.

Residents in receipt of benefits could currently have their benefit payment made via a payment card account. The Department of Work and Pensions (DWP) had written to those in receipt of benefits to advise that this payment method would be withdrawn from 2021. Instead, payments would be made into the individual's bank account. Concern was expressed that there were some residents who did not have a bank account (neither did they want one) and it was suggested that they contact the DWP to discuss these challenges. As many of these residents paid their bills in the post office, concern was expressed that those businesses had not been consulted on the proposed changes. Mr Taylor was confident that the DWP would work through these issues in an effort to bring as many people as possible into mainstream banking. Once these residents had a bank account, they would be able to access their money from the post office.

It was noted that a business was unlikely to provide post office services unless it was a profitable proposition. As such, Members queried whether current franchisees were

aware of the impact that DWP's withdrawal of payment card accounts might have on their businesses' profitability from 2021. Mr Taylor advised that the DWP would not make its final decision about the payment card accounts overnight and that PO Ltd would ensure that Members concerns were voiced to the Government. Whilst PO Ltd could control much of its commercial agreements, it was unable to control changes brought in by other Government departments.

Members were advised that, although the branches were run independently on a franchise type basis, PO Ltd had a network of area managers who were able to provide information and support to the franchisees. SubPostmasters were regularly reminded of the availability of this support. In addition, the National Federation of SubPostmasters (NFSP) provided advice and guidance on the retail elements of the business. If a franchisee raised a concern, staff, materials and information were available to help.

Royal Mail (which had been privatised) remained an important commercial partner of PO Ltd. Royal Mail was responsible for approximately one third of PO Ltd's revenue income.

The High Street was changing and technology was increasingly being used to improve services and customer experience. To this end, PO Ltd had been improving its digital presence as well as introducing self-service kiosks in some post office branches (although assistance was still needed from a member of staff). Apps had also been developed in relation to travel where the user could, for example, buy currency, locate ATMs abroad or buy holiday insurance.

It was noted that the number of crown post offices had reduced and the number of outreach post office services had increased. Members were advised that these two trajectories were not linked. Neither was this as a result of the cost cutting as a way to meet the Government requirement for PO Ltd to be self-sustaining. Any move from a directly managed branch to an agency branch did not result in a downgrade in service.

In some areas, councils were providing services from the post office branches. For example, residents were able to pay their Council Tax bills or buy parking permits through the post office. Members were keen for this facility to be investigated in Hillingdon.

Where an individual did not believe that PO Ltd was complying with its public service remit, they would need to write to PO Ltd in the first instance and copy in Citizens' Advice Bureau (CAB). PO Ltd would then explain any inaction / action that it had taken.

Members were advised that PO Ltd had appointed a new Chief Executive, Mr Nick Read. As Mr Read had only recently been put in post, the company strategy for the next few years had not yet been publicly outlined. It was not thought that there would be a move away from the agency / franchise model and that business banking would form a large part of the company's future. The organisation was future-facing and would ensure that it considered customers' future habits when developing its strategy. Once the strategy had been launched, Mr Taylor would share it with the Committee.

RESOLVED: That:

- 1. Members speak to local businesses in Heathrow Villages to identify any expressions of interest to provide post office services;**
- 2. Mr Taylor share customer satisfaction data relating to the branches in Hillingdon with the Committee;**

3. the ability to pay Council Tax bills and buy parking permits from the post office be investigated;
4. Mr Taylor share the PO Ltd strategy with the Committee one launched; and
5. the discussion be noted.

40. **WORK PROGRAMME** (*Agenda Item 6*)

Consideration was given to the Committee's Work Programme. It was noted that the Committee meeting on 11 February 2020 would be focussing on crime and disorder. Members requested that, in addition to the usual performance update report, they receive:

1. an overview of the interaction between the police and the Council's ASB team;
2. an update on the effectiveness of the tri-Borough / BCU arrangement - in terms of new ways of working and its impact on crime in the Borough since its implementation as well as a comparison with how the new arrangements had impacted on crime and disorder in Hounslow and Ealing; and
3. further detail of police strategies for the treatment of / engagement with young people.

It was noted that, subject to the appointment of Councillor Jane Palmer as the Cabinet Member for Social Care, Health and Wellbeing, a replacement Member would be required to sit on the Select Panel for its review into dental services.

A briefing note providing an update in relation to the review of cancer services at Mount Vernon Cancer Centre had been circulated to Members of the Committee via email.

It was noted that a number of Members of the Committee sometimes struggled to attend meetings that started at 6pm. To address this, the Chairman proposed that, from 11 February 2020, meetings of the External Services Select Committee would start at 6.30pm.

RESOLVED: That:

1. topics for discussion at the meeting on 11 February 2020 be passed to Ms Jaqui Robertson;
2. a replacement Member be identified to sit on the Select Panel;
3. future meetings during the remainder of the municipal year start at 6.30pm; and
4. the Work Programme be noted.

The meeting, which commenced at 6.00 pm, closed at 7.40 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Nikki O'Halloran on 01895 250472. Circulation of these minutes is to Councillors, officers, the Press and Members of the Public.