



**MINUTES**

**SCRUTINY COMMITTEE**

**4.30 p.m. – 7.10 p.m.**

**22 May 2008**

**Present:** Councillors Stephenson (Chair), Blower, Bradford, Cannell, Driver, Fairbairn, Gihawi, Jeraj, Little (A), Offord, Ramsay and Watkins

**Apologies:** Councillor Fisher

**1. APPOINTMENT OF VICE CHAIR**

**RESOLVED** to appoint Councillor Watkins as Vice Chair for the current civic year.

**2. PUBLIC QUESTIONS**

The Chair said that three public questions had been received and as they related to the digital upgrade item she intended to take them just before that item.

**3. DECLARATIONS OF INTEREST**

Councillor Ramsay declared he had a non prejudicial item in the digital upgrade item as he had a friend who lived in one of the properties affected.

**4. MINUTES**

**RESOLVED** to agree the accuracy of the Scrutiny Committee held on 13 March 2008 subject to Councillor Little (A) being added to the list of those present.

**5. POST OFFICE NETWORK CHANGE PROGRAMME**

(Craig Tudhill, Lara Tyne and Gavin Grange of Post Office Ltd, Linda McCourt of PostWatch, Ian Goulden, Postmaster at North Earlham Post Office and Tracey Stephens, Postmistress at Rosary Road Post Office attended the meeting for this item.)

Mr Grange explained the background to the Post Office Network Change Programme. He said that in 2006, the Government recognised that the post office network needed to be reviewed as it was losing £3.5 million per week and was losing customers in large numbers. The Government decided to ask Post Office Ltd to reduce the network by 2500, replace 500 post offices with outreach solutions and implement a national access criteria. When drawing up proposals to meet the Government requirement, Post Office Ltd applied fair criteria in deciding which branches to close, namely the size of the branch/capacity for growth; proximity to other branches; customer usage and financial benefit to Post Office Ltd (cost savings). Before publicising its proposals it had looked at demographics, public transport, percentage of elderly population and had liaised with local government and PostWatch. The public consultation on the proposed closures ended on 2 June 2008.

Linda McCourt explained PostWatch's role in the process. Post Office Ltd was expected to share its plans with Postwatch which would then validate and scrutinise the information Post Office Ltd used to prepare its proposals. Some changes had been made in Post Office Ltd's proposals based on the input of PostWatch which showed that Post Office Ltd would change its mind if clear reasons could be given, validated and proven. Regarding the proposals for Norwich, PostWatch was concerned about migration to Castle Mall and would share its investigation into that with Post Office Ltd. However, PostWatch expected the plan to be able to show that Castle Mall could take the anticipated increased migration.

Ian Goulden, Postmaster at North Earlham Post Office, queried the cost factor and said that he was only paid for what he did and therefore received no subsidy. Keeping his post office open could not be costing Post Office Ltd anything and it was simply being closed to ensure that others were more profitable. Tracey Stephens, Postmistress of Rosary Road Post Office, said that closing her post office would inconvenience local people many of whom said they would not travel to other branches and would look for other service providers rather than the Post Office. A number of new developments had been built locally recently and more were planned which would increase the customer base. She said there were a number of factual errors in the report on her post office including not recognising that there was parking immediately outside and there was a conventional standard door threshold in the main entrance despite the report commenting adversely on access. The review was undertaken in a casual manner and did not take into account the views of the local community. Hers was a profitable branch and rather than closing it Post Office Ltd should be looking at providing more services in post offices and increasing hours.

Lara Tyne then gave Post Office Ltd's response to the question plan which had been submitted in advance –

**a) Would anybody's quality of life be adversely affected by the suggested closures?**

Post Office Ltd had tried to minimise disruption as much as possible when addressing the criteria.

**b) Have previous closures been taken into consideration?**

The baseline for the review was the number of branches as at March 2007. If branches were closed before then they were not included in the planning.

- c) What checks have been made to ensure that all the information which has been used in deciding which post offices are to close has been accurate?**

At the pre-planning stage before the public consultation a desktop exercise had been undertaken. Post Office Ltd staff then went out to look at the situation "on the ground". All the data has been checked and is included in branch access reports which are publicly available. The consultation period is the right time to highlight any anomalies and any feedback given would be taken into account.

- d) To what extent has planned housing and retail development in the localities been taken into account?**

Local authorities have been invited to contribute to the process and Norwich City Council provided a development report. Post Office Ltd recognised that the situation is constantly changing and again, during the consultation period, any relevant information submitted would be taken into account.

- e) In terms of the specific closures proposed for Norwich, how have the wider issues of accessibility (physical access, range of stock, queues, opening hours etc) been assessed both for post offices proposed for closure and proposed alternatives?**

This was explained earlier in the presentation.

- f) What are the implications from the above post offices of deciding to retain a post office currently proposed for closure?**

There would not be enough business for the post offices which would affect their viability.

Government provided social network payments to subsidise loss making post offices. However, this might stop in 2011.

- g) What proof is there that post offices suggested for closure are/are not financially viable?**

It was the profitability of the whole network which was being looked at not the profitability of individual branches.

- h) Could these post offices be made more viable (e.g. by Government insisting that all post offices are allowed to offer all services, such as road tax, for example)?**

Any additional business would be welcome for the post office network. However customers had a choice where to go to obtain services. It was not possible to force people to use post offices in future. It was Government that

limited the number of post offices that could issue car tax by limiting the number of licences it was prepared to give for this purpose.

- i) What consideration has been given to the financial viability of the remaining post offices, with particular reference to proposed alternatives, in order to avoid a situation whereby a profitable post office is closed and the proposed alternative is more heavily subsidised leaving it more vulnerable to future closure, either through retirement, general business failure or a further round of closures in the future?**

The criteria for making the proposals was reiterated. The post office looked at usage, size, migration, cost saving etc all combined with the access criteria before it came up with its proposals.

- j) Have the current plans of the remaining postmasters been taken into account as some may have plans to retire soon and it may be difficult to find a replacement especially given the current cutbacks?**

Access criteria was the overriding factor and not the preferences of individual postmasters.

- k) Could the posts offices be run in other ways, e.g. by the Council?**

Discussions about the possibility of Essex County Council running some post offices were at an early stage. If approached, Post Office Ltd would consider entering into further discussions with other areas. However, it was emphasised that this would need to be cost mutual. Local authorities would be expected to pay all of the costs.

- l) Is active consideration being given to the possibilities of post offices in shops/pubs etc?**

The majority of post offices were franchise arrangements and these options could be considered.

- m) What is being proposed in other parts of the country?**

There were 47 plans nationwide and the same process was being followed for each plan.

The post office representatives then responded to members' questions and comments as follows –

It was re-emphasised that the viability of the whole network, not individual branches, was the prime consideration and the fact that some business may be lost to other competitors had been built into the assumptions. It was confirmed that there would be cost savings to the whole network from closing these three post offices.

The only product available in post offices that cannot currently be bought elsewhere is the postal order. The majority of transactions at the post offices were made on behalf of other clients (i.e. car tax, TV licences, etc) and it was losing customers to competition, including that online.

The surveys had taken account of public transport, percentage of retired people in the area etc and had used index of deprivation figures sent by Norwich City Council. The Branch Access reports were publicly available and the need to identify any local issues at this consultation stage was emphasised. The social impact of closing branches was also information that the post office wanted to hear about.

In future, if post offices close, decisions on where to open new branches, whether to re-open branches shut earlier etc, would all depend on consideration of the access criteria.

Post Office Ltd had used Government statistics in its survey, including the 2004 index of multiple deprivation. It was recognised that the 2008 index had been published. Again, if data was not representative of the community the post office would welcome such information.

The strength of the brand, and that convenience and accessibility were factors in building that brand, was recognised. However, Post Office Ltd had been tasked with closing 2500 of its 14,500 branches. This still left a very big network. Many people want to use other methods to obtain products and services, such as the internet, and Post Office Ltd also needed to have a part of that market. It was also looking at new products and services.

It was very easy for postmasters to discuss increasing opening hours. There was a Contracts team which worked with postmasters who wanted to increase hours.

Problems at Castle mall had been recognised. However, Post Office Ltd was confident that these were operational issues which could be addressed and improvements were being looked at. Castle Mall branch was part of the Crown Network for which Post Office Ltd would be losing £70 million funding after 2011. Castle Mall will remain open and must be profitable by then.

**RESOLVED** to ask Executive to –

- (1) look into the possibility of the Council using Post Office Ltd to provide some of its services;
- (2) respond to the consultation on the Post Office Network Change Programme in the following terms -

This authority is opposed to the closure of any of these branch post offices on the following grounds –

- They provide a vital service to the local community.
- The closure will increase the level of social exclusion to people in these communities.

- The fact that the post offices are in areas of deprivation has not been taken fully into account by Post Office Ltd in reaching its decision.
- The demographics of the area have not been fully taken into account.
- The decision to close these post offices has not been taken using up to date statistical data.
- The post office has failed to provide support to increase business for local franchises.

## **6. COMMUNAL AERIAL DIGITAL UPGRADE**

The Chair said that three public questions had been received relating to this item –

### **Public Question from Geoff Lowe**

The officers have supplied this Committee with inaccurate figures for properties to be converted for digital switchover. For Phase 1 alone there is an error of 44 out of 89 entries or approximately 50%. No doubt there is a similar error rate in the remaining phases.

Given such a high degree of inaccuracy of baseline information will the Scrutiny Committee please refer back to the officers the Digital Switchover Programme in order that correct data can be supplied and a decision can subsequently be taken by this Committee at a later meeting based on accurate data?

**The Housing Property Manager** said that the information was indicative of how the contractor would plan the work. The final details would be included in the contract after all decisions had been made. He apologised for any confusion caused.

**Geoff Lowe** asked, as a supplementary question, when the public could expect the accurate data. **The Housing Property Manager** said that officers were still working on accurate figures for properties to be converted and confirmed that, once finished, he would make it available to the public.

### **Public Question from Pauline Walton, Chair of Norwich Leaseholders' Association**

I want to tell you about the potential implications of the recent announcement that all the free channels are to be made available through satellite (FreeSat).

FreeSat is a very new development so it couldn't have been considered by the Executive on 19 March.

There are lots of Freeview "dead spots" in Norwich and our existing communal aerials are often separate from the blocks and cabled underground.

Some blocks can't get Freeview even on a communal aerial, so they get special transmissions from Virgin through communal microwave aerials.

It is generally recognised that a good solution for "dead spots" and high rise buildings is satellite.

In principle, the current proposal is for Freeview communal aerials to be put up in good locations and then new cables will be run to a number of blocks at rooftop level.

Every block will also have its own communal satellite dish – one or more per block. For those blocks on microwave aerials (Freeview "dead spots"), satellite is the only communal option that can be offered.

If FreeSat will deliver the free channels, why do we need communal Freeview aerials as well?

Implementing communal satellite alone could more than halve the cabling requirement, it would be less visible and presumably significantly reduce the cost and timescale.

I believe that the provision of FreeSat alone could also genuinely offer all tenants and leaseholders more choice at a reasonable cost.

Please can the IRS solution be reviewed in the light of FreeSat?

**The Head of Legal and Democratic Services** said that the decision to upgrade all existing communal TV aerial systems to a new integrated reception system had been made by the Executive. The remit of Scrutiny Committee was to look at the implementation options. It was, therefore, not appropriate for this matter to be considered by Scrutiny Committee and Pauline Walton should ask it when the matter was again considered by Executive.

**Public Question from Nick Turner, Treasurer, Norwich Leaseholders' Association**

I understand that on 19 March the Executive confirmed that IRS was the preferred option, but subject to the financial consequences of decisions required over opt-out.

I believe the Committee is to assess these financial consequences and make a recommendation accordingly.

I am extremely concerned that there is no more financial information in the report submitted to you than was in front of the Council Executive at the time they referred the financial consequences question to you.

As a leaseholder I am quite unable to decide whether opting out would be to my advantage, because there is no information about alternative choices or specific cost implications. Will it be possible to opt back in where a tenancy or leasehold changes? How much would an opt-back-in cost?

The whole cost of this project is to be charged to tenants and leaseholders, so it sounds as though my charges will more or less depend on what other people decide to do.

Suppose 30%, or 60% or 90% of leaseholders, given proper information about alternatives to IRS, decided to opt out?

Suppose the same for Tenants?

Until we ask tenants and leaseholders for their decision – and we can only properly do that when they are given the availability and cost of alternatives – how can we know what percentages will opt out. And without knowing that, how can we possibly decide on the cost remaining to those who decide to opt in?

I believe that in 2005 all housing professionals were issued a booklet called “Digital Switchover – A Good Practice Briefing” in which landlords were strongly advised to understand the current provision and discuss the concerns of tenants and leaseholders before choosing a technical solution.

I don’t understand how we could be at the point of signing a contract with so little financial information on the table.

In Norwich, a technical solution was agreed by Executive in July 2006 before tenants and leaseholders were approached. How could this happen?

**The Housing Property Manager** said that the cost per week of the service would be 64p if there is a 100% take up and the cost would be 80p per week if all 1800 leaseholders opted out. It was emphasised that the cost of opting in at a later stage would be £200.

**The Housing Business Planning Manager** and the **Housing Property Manager** presented the annexed briefing paper and answered members’ questions.

During discussion members acknowledged that this was a difficult issue and that the Council needed to balance its responsibility as a landlord with the needs of existing tenants and leaseholders as well as future tenants.

**RESOLVED** to inform Executive that, in relation to the specific matters it was asked to consider, Scrutiny Committee’s views are:-

- (1) should residents who currently receive communal aerial services but have already installed their own individual systems, be given the option of opting out of the new communal service and charge?

Two Scrutiny members were in favour of option (a) All tenants and leaseholders in communal aerial served blocks will be connected and charged for the service with no opt-outs (i.e. currently policy);



Four Scrutiny members were in favour of option (b) All tenants and leaseholders will be allowed to opt-out and make their own arrangements subject to existing constraints and consents;

Three Scrutiny members were in favour of option (c) Allow only leaseholders to opt-out;

- (2) unanimously, the preferred option for the initial hardware and cable requirement and the implications these have for future connections and costs, was

Option 3 – Install a head end unit with enough connections for every property in that block, irrespective of the number who will be connected, and also run a cable to each property that is terminated outside any properties who do not want to be connected at this time;

- (3) based on the information available, members could not come to a view on whether it was reasonable to amend the conditions for allowing residents to erect their own satellite dishes in future – however, whatever conditions were imposed the system for applying for permission needed to be clear and transparent;
- (4) the communications plan for the project/process was acceptable subject to Leaseholder and Residents Groups being included in the communications plan.

CHAIR