

Post Office Hub Working Group

Final Report

March 2017

Post Office Hub Working Group report

Contents

1	Introduction.....	2
2	Shared Value & Co-Location Post Office.....	5
3	Co-operative Post Offices	10
4	Mobile Post Offices.....	13
5	Conclusions and Next Steps.....	16
	Appendix 1 –_Post Office Hub Working Group membership	17

1 Introduction

The Final Report of the Post Office Business Development Group recognised the value of the Post Office Network as a key piece of national infrastructure which is essential to rural communities and has the potential to play a pivotal role in rural rejuvenation. The Final Report recommended that a number of Post Offices could act as hubs, around which local social and economic activity might revolve.

Arising from this recommendation, The Minister of State for Regional Economic Development, Mr Michael Ring T.D., established the Post Office Hub Working Group (the Working Group) to examine the modalities of how this recommendation could be put into practice.

The Working Group was asked to:

- Develop the hub concept in line with the Final Report of the Post Office Network Business Development Group.
- Identify categories of rural post office hubs and how they could work with local communities and development agencies.
- Identify and agree criteria for a pilot implementation and report back to Government with recommendations for the rollout of pilot Post Office hubs and how these could best be utilised going forward to benefit communities and contribute to rural rejuvenation.

The Working Group's membership was drawn from the Irish Postmasters Union (IPU), An Post, the Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs, and Irish Rural Link. There was also community representation on the Working Group. The Working Group met monthly from July to November 2016. The Group's membership is provided at Appendix 1.

The Working Group examined a number of aspects of the hub concept, with this report outlining three options which members of the group agree might have the potential to benefit communities and help to re-energise the Post Office Network. These are:

- Shared Value Post Offices
- Co-Operative Post offices
- Mobile Post Offices

Each of these options works best in a different set of circumstances; there is no one-size-fits-all model. Of the three options, the Shared Value Post Office model was considered to have the most potential for application, at least in the short-term. Particular circumstances (e.g. no-one in the community interested in taking over a post office in the event of the death or retirement of a Postmaster, or large geographic area not serviced by a Post Office) would have to arise to allow the other two models to apply.

The Minister would like to acknowledge the positive spirit that all sides brought to the table and the willingness to work together to find solutions which will work for the benefit of all stakeholders. Also, and most importantly, a common theme emerging throughout all discussions was that, as much as we can do to attempt to re-shape the Post Office Network for the future needs of communities, the network's survival ultimately depends on the consumer making use of the service. The message is clear: if customers value their local Post Office, they must use it.

Wider context

This report must be considered in the context of broader work being conducted in relation to the Post Office network and An Post as a whole.

The Post Office Network Renewal Working Group, chaired by Mr. Bobby Kerr, has examined issues such as the number and spatial distribution of post offices, branch modernisation, the streamlining of products and services, postmaster payments and contracts, and training and qualifications for post office employees. Arising from this process, Mr. Kerr produced a

suite of recommendations on the Post Office network which were submitted to An Post on 23 December 2016 for the company's consideration.

An Post is also undertaking a major strategic review which will consider the scale, scope and structure of the Group for the long-term, taking into account major technology and market shifts. It is expected that this review will be completed by May 2017.

An Post has also indicated that it proposes to launch a new payment account in 2017 which will provide full ATM, debit card and direct debit facilities through the Post Office and that it will be offered on a commercial basis to any interested customer.

The Programme for Government contains a commitment to investigate models for the development of community banking. Officials from the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs and the Department of Finance are reviewing a number of models to determine the role, if any, they can play in an Irish context. It is envisaged that this work will be completed in mid-2017.

The Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs is also currently finalising a proposal for renewal of motor tax through the Post Office Network.

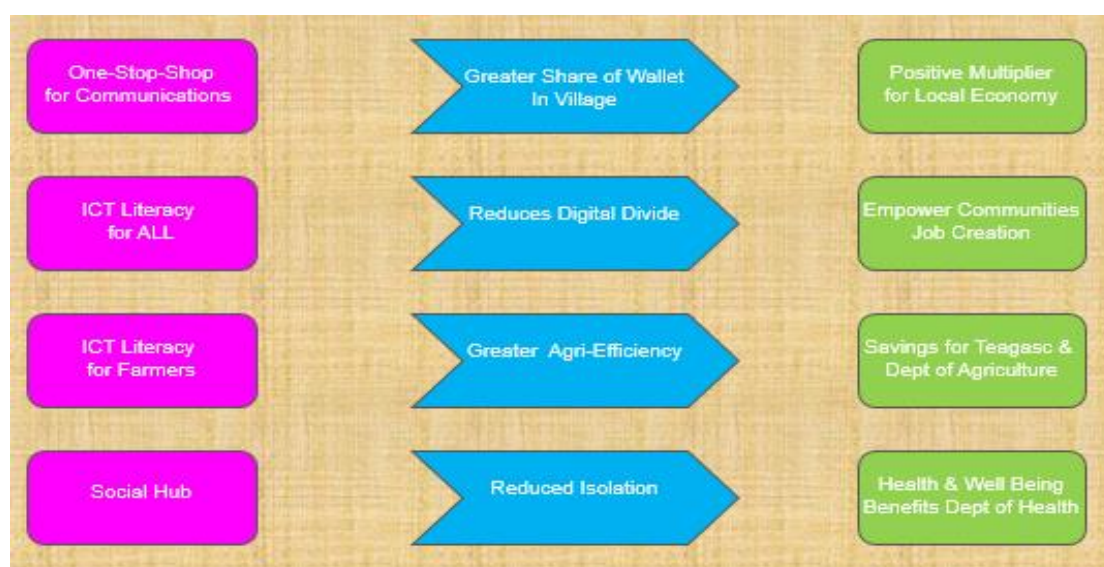
The Minister would like to take this opportunity to thank all members of the Working Group for their time and effort in contributing to this process. The Working Group would like to thank both the Irish Co-operative society and Ericsson for their input.

2 Shared Value & Co-Location Post Office

The first option discussed by the Working Group was for Post Offices to offer shared community services and act as a multi-purpose space for the community. The Group agreed Post Offices could play a role as a hub to facilitate local enterprises and in this way contribute to the economic sustainability and development of rural Ireland. The Post Office could also be a centre of technology in local communities, offering services such as photocopying, scanning and access to internet services. This would complement the National Broadband Plan's prioritisation of Post Offices in broadband rollout.

Listening Sessions

The Irish Post Masters Union were asked to examine this option further and were assisted by Ericsson Consulting who conducted a series of community "Listening Sessions" in 3 rural villages as part of initial concept-testing of the proposed services. The sessions captured very strong community perceptions of the social value of the post office in the villages surveyed. In addition, services which are, or could be, provided by Post Offices create indirect 'knock-on' benefits in other socio-economic sectors as outlined in the diagram below.



In rural villages which are already under threat, the post office serves as a ‘magnet’ retaining footfall in the town and, in some cases, attracting increased footfall. Conversely, if post office services are withdrawn there is less incentive to visit or stay in the village and other businesses will suffer, with a negative multiplier effect furthering the spiral of decline.

Based on the findings of the Community Listening Sessions, the IPU and Ericsson outlined to the Working Group recommendations for a pilot programme to deploy a set of new services at 4 Post Offices to determine the feasibility of subsequent rollout of the model to up to approximately 150 rural post offices. To the best extent possible, the Pilot Program would also capture additional data on the community and social benefits enabled by local post offices, with a view to quantifying their social and indirect economic value.

Recommendation for a Pilot Programme

The Working Group recommends an initial pilot programme focusing on 4 post offices, with a view to rolling out the Shared Value & Co-Location Post Office approach to 150 locations over the next 18 months. The post offices for inclusion in the pilot programme will be selected from a target group of 300 rural post offices.

Objectives of the Pilot Programme

The overall objective of the pilot programme and subsequent rollout will be to evaluate the technical and commercial feasibility of deploying a set of new services at rural post offices.

Specifically, the pilot programme will evaluate whether the deployment of the proposed new services will make a significant contribution to securing the commercial viability of small rural post offices in the medium term.

A secondary objective of the pilot will be to evaluate the ‘knock-on’ Socio-Economic benefits to the local community. To the greatest extent possible within the constraints of the pilot, data will be collected on:

- Retained or increased foot-fall and business revenues.

- Social and/or economic benefits/savings to users of the new post office services.
- Community Feedback Survey on perceived benefits of the new services.

New Service Offerings & Selection of Post Office Locations

New services to be offered in the pilots are based on the services considered by the Post Office Business Development Group¹ and Grant Thornton² and the service propositions included in the Community Listening Sessions. Preliminary analysis has been conducted by Ericsson on the following services:

- Peace Commissioner services.
- A 'One-Stop-Shop' for communications services.
- ICT Training.
- Establishing (or retaining) a Social Hub.
- Expert Advice Service
- Collection of Motor Tax payments (assumes parallel nationwide rollout).

Further analysis will be conducted during the pilot programme and a number of other services will be identified for inclusion in the pilot. In parallel with the pilot programme, it is proposed to develop an ecosystem of related organisations and partners such as Teagasc, LEADER implementing bodies, Ageing-support organisations, the HSE, etc.

Post Offices for inclusion in the Pilot Program and subsequent rollout will be selected based on a number of criteria including: Population, availability of other local services (bank, ATM, Garda station, Health Centre/Doctor, Local Authority office) and the current Post office infrastructure (space availability, quality of broadband, etc.)

¹ Final Report of the Post Office Network Business Development Group, 2016; available at: <http://www.dccae.gov.ie/communications/Lists/Publications%20Documents/Post-Office-Report-English-January-2016-HR.pdf>

² Into the future: An assessment of the Irish post office network, Grant Thornton, 2014; available at: <http://communityandpostoffice.ie/wp-content/uploads/2016/03/Grant-Thornton-Post-Office-Network-2014-Report.pdf>

Timeline and cost

It is considered that design and establishment of the pilot programme could commence immediately subject to the agreement of all parties, and given the modest scale of the initial target of 4 offices. The wider rollout is envisaged over a 12-18 month period, based on and depending on the outcomes of the 4 pilots.

The total estimated cost for running 4 pilot projects is € 100,000.

Description of proposed new services

Peace Commissioner services

Postmaster to provide Document Signatures for matters such as driving license, passports, social welfare. This may be a free of charge service, with some indirect 'foot-fall' related revenues. Further discussion is required with the relevant statutory bodies with responsibility for the services in question to determine the feasibility of this proposal in the context of any legislative provisions.

'One-Stop-Shop' for Communications

Post Office to provide full suite of communications and office services: e.g. PC, Broadband, Printing/Photocopying, Binding/Laminating, Stationery, PC Supplies etc., and Passport Photo service.

ICT Training

The post office would make space (perhaps an unused room or an annex) available for training courses on PC usage and specific applications (Internet, email, Microsoft Office). The room would be rented to a training provider to generate income for the post office.

Establishing (or retaining) a Social Hub

Provide a venue for social groups/meetings, scheduled on regular basis with a nominal charge for use of a meeting room. A potential enhancement of this service is the provision of a Coffee Shop facility. This is location dependent; to be investigated during the pilot programme.

Expert Advice Service

Provide a venue for scheduled visits by Expert Advisors on various topics to assist with completing Government Forms/Application (e.g. Teagasc etc.) Funding model has to be confirmed. Free of Charge or nominal charge for sessions if an expert is paid.

Collection of Motor Tax payments

Post Office to collect Motor Tax payments, with a fee paid by the customer for each transaction. It is assumed that this service will be rolled out across the Post Office, including those Post Offices in the pilot programme.

3 Co-operative Post Offices

Background

The Co-operative model would see local communities being assisted to take on the contract to operate their local Post Office in cases where a post office, deemed necessary by An Post to retain, might otherwise close. The Post Office would then be run as a community co-operative. These types of post office could be established in both rural and urban communities where the circumstances are right. For some communities, the main motivation will be to safeguard the only remaining shop left in a community and to ensure the continuation of the service. For others, it will be to establish a level or quality of service that best meets local needs. The major benefit in all cases will be the creation of a community hub in which all members of a community can come together and interact.

What is a Co-operative?

A co-op is a group of people acting together to meet the common needs and aspirations of its members, sharing ownership and making decisions democratically.

Like any business, a co-operative aims to be profitable, although this is not the ultimate aim. Co-ops are not about making substantial profits for shareholders, but creating value for customers and safeguarding services which are essential for communities. This is what gives co-operatives a unique character, and influences their values and principles.

Co-operatives place considerable emphasis on the ethos of member benefit, participation and loyalty. Transparency, openness and democratic accountability are also a part of the co-operative ethos. Co-operative Post Offices would have an open and voluntary membership, giving members part ownership of the business. Individuals in the community will be invited to become members by purchasing membership shares, the cost of which are set at an accessible level which the majority of the community are able to afford.

Each member has one vote, regardless of the size of that member's shareholding. Usually interest is paid on shares not as a dividend, but with the surplus from trading divided among the members by reference to the volume of business they do with the co-op.

Who owns the venture?

It is perhaps the area of identity and ownership that differentiates a co-op from a private company. Co-operatives are uniquely associated with the idea of democratic control and being open, accountable businesses, accessible to all those who are able to use their services and are willing to accept the responsibilities that being a co-operative entails.

Additional services/community benefit

Many co-operative Post Offices in the UK, for example, host a wide range of additional services that benefit the community, including:

- Village shop/grocery store.
- Library/book exchanges.
- IT provision.
- Formal meeting rooms.
- Cafes and other informal social spaces.

Case Study

In 2014, the Highworth Post Office in the UK was set to close. After a long campaign to save the post office from closure by the people living in the village, it was agreed that a co-operative would take ownership and manage the operation of the Post Office. The Post Office moved to a new premises operated by the co-op in July 2015 and continues to successfully operate and maintain postal services in the community.

How could it work?

An Post were asked to examine how a cooperative post office could work within the existing retail structure. All post office contracts to date have been awarded to individuals who retain sole responsibility for the assets and cash provided by An Post.

An Post does not currently contract with any other entities such as companies or joint applicants. However, An Post has examined its processes and is prepared to consider awarding a post office contract to a co-op if the opportunity arose in the right circumstances in the future.

A co-op's liability is limited to the value of the share capital given by individual members. This is a key point for consideration by An Post. The Working Group agrees that some level of guarantee would be necessary under the co-op model in order to protect An Post's cash and assets.

The Working Group agreed that An Post would, in circumstances where they wish to retain an office and where they cannot find a suitable post office contractor, examine with the community whether the opportunity exists for a co-operative to take on the post office contract in that location.

4 Mobile Post Offices

The Working Group agreed that this option would only come into play as a last resort if the unlikely situation arose in the future where there was a large geographic area not serviced by a Post Office. The Working Group looked at this option only in the context of bringing postal services into rural communities which may not be served by a post office. It is not intended that this approach would replace operating post offices. The option for a Postmaster to operate a mobile office while their local office remains open, or to operate a mobile office for a part of the working week and open their local office on a reduced hours basis, has the potential to ultimately save a number of offices from closure – as it has in the UK.

Mobile Post Offices in other jurisdictions

Mobile Post Offices have successfully operated in other jurisdictions for a number of years and have proved to be of huge benefit to rural communities. The Post Office Network in the UK includes a fleet of 40 vehicles which have been adapted to provide a walk-in post office on wheels. The vehicles are operated by sub-postmasters who can bring all the services that their core branches provide to more isolated areas. They serve 250 rural communities every week across the UK and provide facilities for thousands of people. They have been adapted to include full disabled access. Services offered include postage of letters and parcels, personal banking such as cash withdrawals, savings, insurance, and bill pay. Opening times often coincide with school drop-off and pick-up times and a number of offices have agreements with local schools to operate within their car parks at agreed times.

Operational matters

Mobile offices can be operated by postmasters who have offices that may not be economically viable to have open full-time. In such circumstances, they could consider reduced opening hours for the office, and travel an agreed route for a part of the working week to a number of rural communities. Alternatively, a Postmaster could operate a mobile unit in conjunction with their existing office.

In a particular case of one office in the UK, it was found that the option available to a postmaster to operate a mobile unit for a part of the week and therefore boost his overall operating profits was a key factor in him being able to keep his Post Office opened. This saved the community from losing the service, while also benefiting the other communities which he visits, especially people with low mobility who would otherwise find it difficult to travel to visit a post office.

Research

The Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs carried out extensive research on the mobile post office option as a part of the work of the group and looked at mobile services both in the UK and France. It was noted that in more remote rural areas the mobile post offices are a central part of the wider community and often become a link between individuals in remote locations and their nearest town/village.

Further services

The development of services offered has expanded in the last few years and the facilities vary from helping SMEs with their recycling, to delivering food, to picking up and returning dry cleaning. All are applicable to a mobile post office service and would be a real added value to rural communities. There is the potential to provide a wide range of services including:

- All services offered in a standard office.
- Prescription drops.
- Courier drop off.
- Recycling services.

Recycling Case Study

‘La Poste’ in France has recently developed a recycling program in collaboration with businesses wishing to recycle the Nespresso coffee pods used in their companies. Businesses currently represent 10% of Nespresso’s turnover.

During June 2014, 200 companies based in 2 Parisian districts were set up as pilot projects. Due to its success, the service was extended to the entire capital by November of the same year. 2,300 businesses now avail of the service. This service is offered free of charge with the only condition being the purchase of 500 pods minimum per month.

Recycling bags and boxes are distributed by La Poste, and are picked up when full. The coffee pods are then brought to a recycling centre. The aluminium pods are melted into bars to be reused, while the coffee ground is transformed into compost to be used in the agricultural trade.

While the French service is currently only focusing on bigger clients, a similar model is run in Switzerland since 2011 for individual customers. When placing an order for coffee, the customer only has to specify that they wish to avail of the recycling service. They will then be supplied with a special recycling bag, which will be picked up at their next coffee delivery and sent to the nearest recycling centre.

The Working Group agreed that this option was only viable as a last resort and there are currently no areas where the operation of a mobile unit is considered appropriate.

5 Conclusions and Next Steps

On the basis of the above analysis the Working Group recommends that all stakeholders work together to implement the Shared Value & Co-Location Post Office Pilot Programme, to commence as soon as possible.

The Department of Arts, Heritage Regional Rural & Gaeltacht Affairs, the IPU and An Post are now encouraged to now engage to consider possible financing options.

Appendix 1

Post Office Hub Working Group membership

Michael Ring, T.D.	Minister for Regional Economic Development
William Parnell	Assistant Secretary, Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs
Stjohn O'Connor	Principal Officer, Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs
Ned O'Hara	Irish Postmasters Union
Ciaran McEntee	Irish Postmasters Union
John Daly	An Post
Enda Kelly	An Post
Aiden Hughes	An Post
Seamus Boland	Irish Rural Link
Tom Hayes	Community Representative

Secretariat

Johnny Gorman	Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs
Laure Garcia	Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs