

The future prospects for ‘community-run’ post offices

The government says it wants to build the ‘Big Society’ by getting unpaid workers to run a whole host of services from libraries to pubs and post offices. ‘Community-run’ post offices already exist. But should such vital local services offering ever more complex products and transactions really be provided by a bunch of well-meaning volunteers?

Existing enterprises

Community enterprises are different from ordinary businesses because they have been developed for “social purposes” and reinvest their surpluses in the organisation or community. A new study carried out for Consumer Focus looks in detail at 70 ‘community enterprises’ currently offering postal services. The vast majority of these are shops, but a university and a few community centres were also found to be running post offices. In each case the post office function was started specifically to meet local needs: nearly half were set up after a nearby post office closed, and one in three picked up after a retiring subpostmaster.

Community enterprises are not run in the same way as most local shops. Usually the enterprises have a management committee or a board of directors. Most staff members are unpaid. The Consumer Focus research finds that the majority of people (81%) working in the enterprises overall are not paid and work on a part-time basis. Only around one in ten (12%) of those working in the enterprises receive any remuneration. A separate study published last month by the Plunkett Foundation shows community shops typically have 1.9 members of paid staff and 30 volunteers.

Despite co-location – usually the post office physically shares premises with the rest of the enterprise - the post office element of the enterprise tends to be run as a separate business from the rest of the organisation. As a result the Post Office Ltd (POL) contract is with the subpostmaster and not the enterprise, and the enterprise has no opportunity to talk formally to POL. The study shows this can be a source of frustration. A number of specific difficulties have been reported including the reduction of post office operating hours. There have also been instances in which the post office itself was replaced by an outreach service, in some cases at different locations in the village away from the shop. Consumer Focus emphasises, however, these concerns were directed at POL and the majority of enterprises have a very good working relationship with their subpostmaster.

Finances

Generally incomes and profits for community enterprises are low. Around two-thirds of the enterprises surveyed reported a total annual turnover of less than £100,000 gross, and a couple had a turnover of less than £10,000. A quarter had made a loss in the last financial year.

Many of the enterprises are dependent on grants and loans as sources of finance. More than a third said they had had grants, and over a fifth said they had taken out loans.

While the post office element of the enterprise is generally well used and needed by the public, it does not usually seem to directly contribute to the profits of the overall enterprise. Consumer Focus reports that frequently the Post Office income is entirely used to meet the cost of Post Office wages. Concerns are also raised about subpostmasters' remuneration rates which are often regarded as being too low to support the viability of the post office outlet. Other sources suggest sometimes the shop has to subsidise the post office service. Any subsidy would come on top of providing the space occupied by the post office for free, as most enterprises were found not to charge subpostmasters for this.

The study highlights the fragile financial positions of many of these community enterprises. However, social enterprises tend to be primarily motivated by meeting need rather than finances and the people running them are overwhelmingly optimistic about remaining open.

Expansion

The evidence suggests there are severe limitations on how many more community-led post offices we are likely to see opening.

Consumer Focus shows the Post Office element of most community-run post offices is managed by subpostmasters, but on the premises of a community-run enterprise, usually a shop. This means in many respects the Post Office element itself is not very different to other post offices. However, the research indicates in most cases there will be significantly more people involved in running the overall business than usual; it could include subpostmaster, shop manager, management committee or board of directors, POL, volunteers and paid staff. Unsurprisingly, these multi-stakeholder relationships can cause problems.

The enterprises in which community-led post offices are based are clearly extremely dependent on unpaid or voluntary workers to keep them running. Research finds that volunteers tend to be female, white, older, richer and middle class. But as the New Economics Foundation points out not everyone has the same capacity for volunteering. It depends on range of factors including education and income, family circumstances, knowledge, confidence and a sense of self-efficacy, available time and energy and access to the places where decisions are taken and things get done.

This all suggests that it may be far easier to establish community-run post offices in more affluent areas and much harder in poorer areas. The Consumer Focus findings concur. The vast majority of community-led post offices (77%) identified by the study are based in rural villages, and a good proportion are sited in southern England. This echoes Plunkett Foundation research which finds, for example, 75 community shops in South West England, but only 8 in the North West.

The extent to which people want to volunteer is also limited. Research indicates people usually choose to participate in community activities when

they find them optional, small-scale, convivial and life-enhancing. Volunteers frequently express unhappiness when they perceive too much bureaucracy, too demanding tasks or if they feel it is too much like paid work.

The Consumer Focus research does not show how many people currently serving behind the Post Office counter in community-led post offices are unpaid. However, the increasingly complex and demanding nature of the work means it seems likely that it would be harder to recruit people to undertake this work on a voluntary basis, than it would be to get people to volunteer to work in other parts of a community business. The duties and liabilities of people working in post offices are immense and require ongoing training and detailed knowledge of POL processes, as well as compliance with a large number of regulations from confidentiality to mails integrity and cash handling. Subpostmasters in particular have huge responsibilities, including responsibilities for shortages – and while a number of existing subpostmasters take no personal drawings from their Post Office pay it seems unlikely that many unpaid workers could be recruited into the role.

The ability to set up new community-run enterprises will also be affected by current spending cuts. Although the government is earmarking £470m over four years to help community groups build the 'Big Society', this is a very limited sum which must also be seen in the wider funding context. The Charities Commission warns that the government's spending cuts could cost voluntary organisations some £5 billion. The National Council for Voluntary Organisations points out small scale community activity "depends on small grants, and if these are wiped out this will remove the very support structures that community groups depend on..."

Future

The government has shown considerable enthusiasm for the prospect of volunteers running local services. But many questions are being asked about whether it is appropriate to assume essential services like post offices can rely on the goodwill of unpaid workers in order to function. The Association of Convenience Stores warns "we must ensure that running a shop remains commercially viable for entrepreneurs in communities of all kinds up and down the country. Community run shops are not substitute for healthy high streets."

The NFSP continues to highlight the urgent need of government support for the post office network; but we must also not lose sight of impact of government actions on the wider local retail environment in which the majority of post offices operate. Although small numbers of community-run post offices may flourish, providing valuable services to residents, we cannot rely on volunteers to prop up such vital parts of our national infrastructure.

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