



House of Commons
Public Accounts Committee

Oversight of the Post Office Network Change Programme

Fifty-third Report of Session 2008–09

*Report, together with formal minutes, oral and
written evidence*

*Ordered by the House of Commons
to be printed 15 July 2009*

The Public Accounts Committee

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

Current membership

Mr Edward Leigh MP (*Conservative, Gainsborough*) (Chairman)
Mr Richard Bacon MP (*Conservative, South Norfolk*)
Angela Browning MP (*Conservative, Tiverton and Honiton*)
Mr Paul Burstow MP (*Liberal Democrat, Sutton and Cheam*)
Mr Douglas Carswell (*Conservative, Harwich*)
Rt Hon David Curry MP (*Conservative, Skipton and Ripon*)
Mr Ian Davidson MP (*Labour, Glasgow South West*)
Nigel Griffiths MP (*Labour, Edinburgh South*)
Rt Hon Keith Hill MP (*Labour, Streatham*)
Sarah McCarthy-Fry MP (*Labour, Portsmouth North*)
Mr Austin Mitchell MP (*Labour, Great Grimsby*)
Dr John Pugh MP (*Liberal Democrat, Southport*)
Geraldine Smith MP (*Labour, Morecombe and Lunesdale*)
Rt Hon Don Touhig MP (*Labour, Islwyn*)
Rt Hon Alan Williams MP (*Labour, Swansea West*)
Phil Wilson MP (*Labour, Sedgefield*)

The following members were also members of the committee during the parliament:

Angela Eagle MP (*Labour, Wallasey*)
Mr Philip Dunne MP (*Conservative, Ludlow*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Sian Woodward (Clerk), Emily Gregory (Senior Committee Assistant), Pam Morris (Committee Assistant), Jane Lauder (Committee Assistant) and Alex Paterson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee’s email address is pubaccom@parliament.uk.

Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 Planning the Network Change Programme	7
2 The undertakings to protect users and performance against them	11
3 Monitoring the progress and impact of the programme	14
Formal Minutes	17
Witnesses	18
List of written evidence	18
List of Reports from the Committee of Public Accounts 2008–09	19

Summary

The post office network has been in decline since 1965 and, since 2000, Post Office Ltd has been making operating losses. In 2007, the Department for Business, Innovation and Skills (the Department) and Post Office Ltd agreed a £1.7 billion strategy to make the network financially sustainable, including a £150 million annual subsidy. One element of this plan was the Network Change Programme, whereby up to 2,500 post office branches were to be closed.

The Network Change Programme was expected to initially cost £176 million, mainly in compensation to sub-postmasters. Annual savings of £45 million were forecast, but the Programme was expected to generate a £17 million loss in the 2006–07 to 2010–11 period of the strategic plan. The formulation of the programme and the decision as to the number of post offices to be closed focused principally on the size and spread of the network that could be obtained for a particular level of funding. The Department had access to earlier research on the social value of the rural post office network, which informed its subsequent decision that the £150 million annual subsidy represented value for money.

The series of undertakings designed to protect post office users during the closure programme were largely met. But there was criticism of the local consultation phase of the programme from some of those taking part. Complaints included that too little time had been allowed for consultation, that the decisions had already been made and that the public were not being listened to properly.

A large proportion of the benefits of the programme and the annual savings are not being separately monitored. Even if the forecast savings are achieved, there is still a need for Post Office Ltd to expand its government-related revenue if the network is to become financially sustainable. There have been positive developments in this area and the company is planning to extend further its range of local and central government business. The Department is also taking action to monitor the service delivered by the post office network, which is important in ensuring that the network provides value for money and informing future strategic decisions. However, there are presently some gaps in this monitoring, particularly around the impacts of closures and setting national standards of quality of service.

On the basis of the Report by the Comptroller and Auditor General,¹ the Committee took evidence from the Department, Post Office Ltd, and Consumer Focus on planning the Network Change Programme, the undertaking to protect users and performance against them, and monitoring the progress and impact of the programme.

1 C&AG's Report, *Oversight of the Post Office Network Change Programme*, HC (Session 2008–09) 558

Conclusions and recommendations

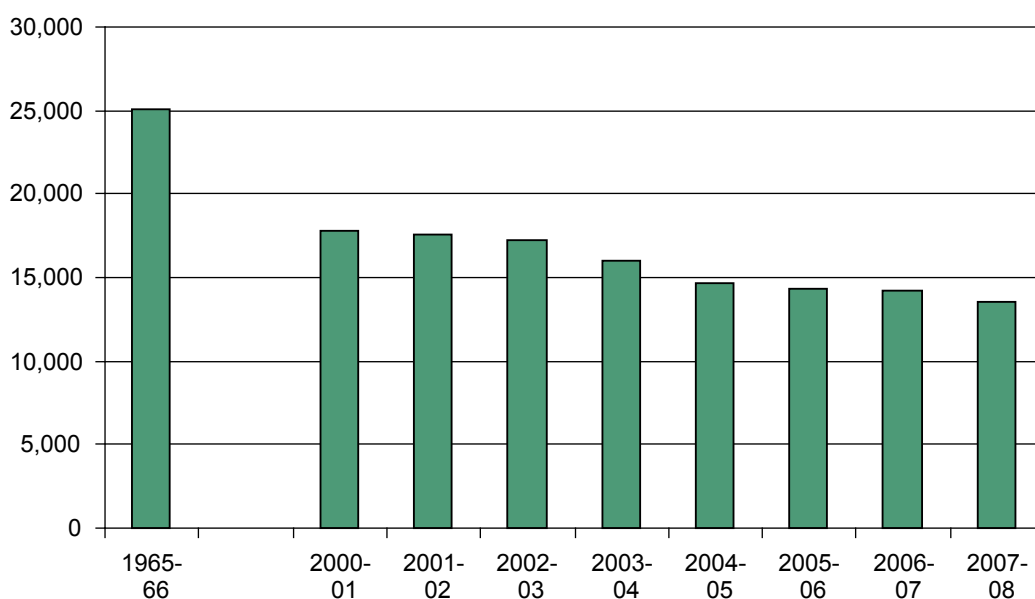
- 1. Of the four elements comprising Post Office Ltd's strategy to achieve financial sustainability, the Network Change Programme was the only one expected to make a loss during the period 2006–07 to 2010–11, and it had the smallest expected impact on profitability thereafter.** In view of the distress for users, the upheaval for communities, and the relatively modest financial benefits caused by the programme, in any future planning of changes to the post office network, every effort should be made to explore alternatives to compulsory closures.
- 2. The Department's research on the social and economic benefit provided by post offices has to date been largely limited to the rural network.** The Department should also assess the equivalent benefit provided by the urban network, especially in deprived areas.
- 3. The Department's assessment of the social and economic costs of the closure programme was inadequate.** The Department did not undertake any specific economic and social research to support its decisions in 2006. Instead it drew on older work, largely completed in 2003. This analysis simply assessed the economic benefits provided by the network as a whole and did not consider the impact of closures.
- 4. The Department must now rectify the weaknesses in its evaluations by considering the impacts of closure on rural communities.** It must evaluate the benefits from its £150 million annual subsidy, and the benefits lost through closures. This work must compare the economic and social characteristics of communities with, and without, post offices, and the differential impact made by Outreach services.
- 5. The Postal Services Bill currently before Parliament includes provision for the annual publication of information about the post office network.** In view of the potential value of such information, the Department should secure annual publication of this information irrespective of the future progress of the Bill.
- 6. The aim of a consultation process is to allow stakeholders the opportunity to contribute their views at a time when they could have some effect on the final decision.** However, only a small percentage of people were even aware of the consultation, and because the total number of closures had already been determined, local concerns about the scale of the Programme were in effect ignored. There is a danger that the whole process of consultation will be brought into disrepute if key questions such as this have already been determined. In the future, the Department and Post Office Ltd should carry out consultation early enough in the decision making process for the public's view to have a real influence on outcomes, rather than make just minor adjustments to details of implementation.

7. **Post Office Ltd have undertaken to hold similar consultations on any future permanent closures of branches or Outreach services.** To ensure better communication and stakeholder participation, the Department should extend the minimum consultation period of six weeks when required by local responses and public holidays. Consumer Focus should also be given the power to enforce changes to Post Office Ltd's communication material and processes.
8. **The Department and Post Office Ltd are monitoring savings in sub-postmasters' pay from the programme, but these are only two-thirds of the annual savings expected from the Programme.** They should extend their monitoring to include the remaining savings expected from the Programme, both to provide assurance that it is delivering all the forecast benefits, and to allow corrective action to be taken if it is not.
9. **Under vigorous commercial leadership, Post Office Ltd appears to have begun to improve its range of central and local government business.** We are glad to see that the company is not relying solely on the Post Office Card Account, but seeking out new opportunities to enlarge the range of government services and revenue streams it offers, and to win new customers, such as in local government. The Department should support Post Office Ltd in seeking such business and in encouraging the innovation and entrepreneurship that is necessary if the network is to become financially sustainable.
10. **The Department expects there to be future voluntary post office closures, while Post Office Ltd has expressed its strong desire to do everything possible to open replacement offices.** However, the enquiry did not produce a clear picture of what the Department and Post Office Ltd expected a sustainable post office network to look like. The Department should set out its expectation on the size, spread and composition of post office network it is working to achieve.
11. **Post Office Ltd intends to undertake internal reviews of each Outreach service after one year in place.** Users are concerned that this review will result in such services being withdrawn. We recommend that the Department clarifies its position and intentions over the future of any Outreach outlets that may be closed after this one year period.

1 Planning the Network Change Programme

1. From a peak of 25,056 offices in 1965–66, the post office network decreased to 14,219 sub post-offices in March 2007 (**Figure 1**). Post Office Ltd has been loss-making since 2000 and, despite financial support of £150 million per year from 2003, was at risk of insolvency by 2005–06.²

Figure 1: Number of post office outlets in 1965–66 and 2000–07



Source: C&AG's Report, paragraph 1.6, Figure 3

2. Post Office Ltd identified the key cause of its poor financial position as the decline in its traditional government business, due to the move towards alternative and more convenient forms of service provision, such as payment of pensions and benefits directly into bank accounts. As a result of these changes, government business as a proportion of post office revenue fell from 43% in 2003–04 to 26% in 2007–08.³ Increased use of the internet and competition from bodies such as Paypoint had also reduced business, but Post Office Ltd had also been used to being in the position of a monopoly supplier and had not been sufficiently entrepreneurial.⁴

3. The original initiative for change was taken by Post Office Ltd in 2005, when it took the view that its current business model was no longer financially sustainable.⁵ Post Office Ltd's response was a proposal for a £1.7 billion strategy aimed at returning the post office network to a financially sustainable position by 2010–11, to which the Department agreed. The strategy contained four elements, one of which was the Network Change Programme.

2 C&AG's Report, paras 1.6–1.10, 1.12 and 4.4

3 Qq 15 and 62; C&AG's Report, para 1.7

4 Qq 48, 59, 101 and 134

5 Q 42

The Programme involved the closure of up to 2,500 post offices and the setting up of at least 500 Outreach outlets—more limited post office arrangements, for example provided as a mobile service. **Figure 2** shows the four elements of the strategy, the expected net contribution to profitability between 2006–07 and 2010–11, and the expected annual savings thereafter.⁶

Figure 2: Expected impact of planned initiatives on profitability

Initiative	Net Impact on profitability (£ million)	
	Total between 2006–07 and 2010–11	Annual impact thereafter
Restoring Crown offices to profitability	31	56
Central cost cutting efficiencies	245	122
Network Change Programme	-17	45
Developing and expanding new business	39	70
Total	298	293

Source: C&AG's Report, Figure 5

4. Of the four elements of the strategy the Network Change Programme was the only one expected to make a loss over the 2006–11 period and it had the lowest annual expected savings thereafter. Nonetheless, the Department considered the programme to be an integral part of the overall strategy. In addition to the £45 million annual savings the Programme would put the network on to a sustainable long-term footing, which would mean lower costs to taxpayers and guarantee an effective level of service. Taken overall, the benefits were very considerable.⁷ The Department saw its role as ensuring that appropriate and good levels of post office services were provided in a sustainable and affordable way. Post Office Ltd was also looking at introducing new business streams, but the status quo was not an option since the post office network was dwindling and post offices were changing in an uncontrolled and uncoordinated way.

5. The £45 million annual net savings forecast from the Programme consisted mainly of £30.4 million in direct savings in sub-postmasters' pay, and £15.6 million of reduced overhead costs.⁸ The latter savings were reductions in the costs resulting from the very existence of a post office branch, and would not be incurred if the post office did not exist. An example of such costs would be the cost of delivering cash to post offices; if there were fewer post offices there would be savings in trucks and staff.⁹ In addition to these annual savings, Post Office Ltd also forecast one-off savings occurring in 2008–09 and 2009–10, worth £42 million over the two years, because of a reduction in the cost of holding some £750 million in cash in post office tills every night.¹⁰ Taken together with the annual

6 C&AG's Report, paras 1 and 1.12–1.14

7 Qq 3–4

8 C&AG's Report, Figure 7

9 Q 20

10 C&AG's Report, para 2.16

savings, the cash flow benefits for the programme between 2006–07 and 2010–11 were forecast to total £159 million, at a forecast cost of £176 million (**Figure 3**).

Figure 3: Forecast benefits and costs of the Network Change Programme over the duration of the overall strategic programme

Year	Cash flow (£ millions)					Total
	2006-07	2007-08	2008-09	2009-10	2010-11	
Benefits	-	2	59	53	45	159
Costs	-	-71	-105	0	0	-176

Source: C&AG's Report, Figure 6

6. To assess the financial impact of the proposed changes, Post Office Ltd and its advisors prepared a modelling programme which produced scenarios of different sizes of network, the costs involved, and the effects on the financial position of the company. The Department reviewed the model with the help of its own external advisors and used these scenarios as the basis for its decision that the most appropriate option in terms of cost benefit was to make 2,500 closures.¹¹ The number was chosen as it was felt to strike the correct balance between the provision of social and economic benefits throughout the United Kingdom, and the relative cost of different sizes of network to deliver those benefits.¹²

7. The model did not take into account the impact of different levels of closures on the wider social and economic benefits.¹³ However, the Department also had access to existing research from 2003 and 2005 on the social and economic value of the post office rural network. This research examined the social value of the rural network, but did not reach any conclusion as to the size of the network which would be most appropriate.¹⁴

8. The research carried out in 2003 estimated that the rural network provided annual benefits of £590 million a year, from which the Department estimated that the network remaining after the closure programme would have benefits worth around £455 million a year.¹⁵ The research focused mainly on the rural network; there was less research on the impact on the urban network. The Department extrapolated to some degree from the research on rural areas. It was aware, however, that many people in urban areas had readier access to alternative services, except in deprived areas, which was why measures were taken to provide extra protection for people in such areas.¹⁶

11 Q 32 ; C&AG's Report, paras 2.5–2.9

12 Q 35

13 C&AG's Report, para 2.10

14 Qq 33–34

15 C&AG's Report, paras 2.11–2.12

16 Q 38; C&AG's Report, para 2.12

9. The Ministerial decision on the optimal number of closures was made on the basis of the model and, hence, the financial costs and benefits to Post Office Ltd. The evaluation and quantification of the social value of the network were only taken into account in informing the subsequent decision that the annual subsidy of £150 million represented value for money.¹⁷

17 Q33; C&AG's Report, paras 2.11–2.12

2 The undertakings to protect users and performance against them

10. In the May 2007 announcement of its decision to proceed with the Network Change Programme, the Department made a number of undertakings designed to protect post office users. These included:

- minimum access criteria, setting out the maximum distance that most users would have to travel to their nearest post office;
- the development of area plans for closures in conjunction with interested parties, particularly Postwatch, followed by local public consultations on the plans, and
- the provision of at least 500 Outreach outlets.¹⁸

11. The access criteria do not guarantee any particular number of post office outlets, but Post Office Ltd has estimated that they could theoretically be met by a network of as few as 7,500 outlets.¹⁹ Nonetheless, at the end of the Programme there would still be nearly 12,000 outlets and the Department and Post Office Ltd were jointly committed to maintain a network of around this size.²⁰ The 7,500 figure was a theoretical number that did not take account of the actual distribution of branches at present, and the Secretary of State had said that the Government had no intention of introducing a further programme of closures.²¹

12. The access criteria were also included in drawing up the area plans of the branches proposed for closure, along with other factors such as the level of customer usage, financial benefit of closure, and branch size relative to surrounding branches.²² The access criteria also required a higher density of offices in urban deprived areas, which has tended already to be the case because of the role of post offices in paying benefits.²³

13. The Department committed to Post Office Ltd holding consultations on the closures but an important factor angering local people about the consultation process was a feeling that whatever they said, nothing would change, and that the process was a sham.²⁴ The Department felt that there had been serious consultations and they had listened to the representations that were made.²⁵ 190,000 people had responded to the local consultations and had received replies.²⁶

18 C&AG's Report, paras 3, 3.1 and 3.4

19 Q 17; C&AG's Report, para 3.7

20 Q 60

21 Qq 17–19

22 C&AG's Report, para 3.13

23 Q 72

24 Qq 53, 97 and 132

25 Q 97

26 Q 99

14. One of Post Office Ltd's aims in the consultation had been to establish that the facts on which it had based closure proposals were correct.²⁷ The most common reason for overturning a closure had been fresh information about transport links, and it said that decisions had not been based on political influence. If respondents showed that the proposals were based on factually incorrect information, then changes were made to the plans. However, while much of the campaigning had been about the principle of closing post offices at all, the consultation had been around whether the facts on which individual decisions had been made were correct.²⁸

15. In the early stage of the consultation process only 18% of people had been aware that a consultation was going on in their local area, and Postwatch had gone on record to say that it considered the six week local consultation period to be too short. However, the process as a whole had been quite protracted and had taken some 32 weeks. This period had included a pre-consultation period of discussions between Post Office Ltd and Postwatch of 11 weeks and the six-week local consultations.²⁹

16. Postwatch's involvement with the implementation of the programme had considerable influence prior to the local consultations, and 261 closure proposals were changed at this stage as a result of its interventions.³⁰ A further 92 proposals had been withdrawn after the local consultations.³¹ In addition, Postwatch had played a role in escalating complaints after the consultations, which generally had not led to the abandonment of closures, but did lead to commitments to improvements in receiving branches, for example in access for people with disabilities.³²

17. Postwatch's role was to monitor each closures at all stages of the implementation process, but it did so within the framework that there were going to be 2,500 closures. The role was difficult for an independent consumer organisation to undertake, since it involved accepting that objecting to one closure would lead to another office being proposed instead.³³

18. One factor that Post Office Ltd considered when planning the closures was whether a post office was supporting the last shop in a village, but this did not always prevent closure. Post Office Ltd had also been reluctant to publish financial information about individual offices, partly because they needed the postmaster's permission, but also out of concern that to do so might affect the viability of neighbouring post offices. Post Office Ltd had, however, supplied such information in writing to many MPs.³⁴

27 Qq 53 and 131–132

28 Qq 131–132

29 Qq 11 and 129; C&AG's Report, para 3.20

30 Qq 98 and 130; C&AG's Report, para 3.14

31 Q 98

32 Q 130

33 Qq 126–127

34 Qq 26, 56–59 and 97

19. Outreach services are alternative ways of providing post office counters at a lower cost to Post Office Ltd than traditional sub-post offices. Outreach services come in three main forms:

- Partner Outreach, where there is a permanent post office counter in a retail establishment. Of the different types of Outreach, these are the most similar to traditional post office branches;
- Hosted Outreach, where a sub-postmaster from another post office ('core sub-postmaster') comes to a local hall, church, school or pub and carries out post office transactions there for a limited number of hours on certain days of the week, and
- Mobile Outreach, where the core sub-postmaster parks a van in the local area for a few hours on one or two days per week.³⁵

20. Post Office Ltd prefers to have a location for such services, rather than a mobile Outreach, but the latter are used where a suitable location cannot otherwise be found. If a more permanent solution becomes available at a later date, then the company will usually choose that option, although it depends to some extent on the core sub-postmaster.³⁶ In a recent survey of 895 post office customers using Outreach services, 83% of customers were satisfied, with 94% of respondents finding the location convenient.³⁷

35 Q 68; C&AG's Report, Appendix 3

36 Q 69

37 Q 7

3 Monitoring the progress and impact of the programme

21. The Network Change Programme was expected to be finished in late 2008, but the programme overran, primarily due to delays in establishing Partner Outreach outlets.³⁸ **Figure 4** sets out the progress against targets as at the end of March 2009. The projected final cost of the programme was £161 million, against a forecast of £176 million, which was mainly due to sub-postmasters opting to work out the full notice period, which reduced the compensation that they were paid.³⁹

Figure 4: Key achievements against targets

	Target (for the whole Programme unless otherwise stated)	Outturn at end of March 2009
Costs of Programme (Of which compensation paid to sub-postmasters)	£176 million	£156.9 million ¹
	<i>£139.7 million</i>	<i>£122.3 million¹</i>
Savings in sub-postmasters' pay	£19.6 million as at 31 Mar 2009	£18 million
Branches closed under the Programme	Up to 2,500	2,383
Outreach services established	Minimum 500	433
Customer migration	80%	88%

Note 1: The 'Compensation paid to sub-postmasters' includes both compensation paid and amounts committed to payment.

Source: C&AG's Report

22. At the end of March 2009, savings in sub-postmasters' pay was £18 million, against a target of £19.6 million. However, Post Office Ltd was not separately monitoring the central efficiency savings or reduced cash holding costs allocated to the Network Change Programme, as distinct from the other initiatives in the overall strategic plan.⁴⁰

23. The aim of the Network Change Programme, and the overall strategic plan, was to create a sustainable post office network. The Department and Post Office Ltd were jointly committed to a level of service and a network of around 12,000 outlets, but could not guarantee that there would be no further post office closures, because that would be a choice for individual sub-postmasters.⁴¹

24. If a post office closed through a decision by the sub-postmaster, Post Office Ltd would immediately start a search for a replacement outlet.⁴² The action then taken would depend

38 Q 5; C&AG's Report, para 4.2

39 C&AG's Report, para 4.3

40 Qq 14 and 20–22; C&AG's Report, Figure 10, Note 3

41 Q 60

42 Q 60

on whether the retiring sub-postmaster wanted to sell the shop and post office, or wanted to close the business and keep the premises. In the former case, Post Office Ltd intended to fill the position temporarily from its reserve of sub-postmasters, while trying to find a permanent replacement. In the latter case, it would approach local retailers to take on the contract. There were more difficulties in these circumstances, and typically at any one time there were some 200 locations where a new site was needed for a sub-post office. In order to protect customers, the process of dealing with such situations was subject to a code of practice, agreed between Post Office Ltd and Consumer Focus. Post Office Ltd was optimistic about the fact that, since the closure programme, it has been easier to find new sites due to the impression that the network is now more viable. The company also forecast that, even allowing for natural wastage, it expected the network to be substantially the same size in 2015 to that at present.⁴³

25. Post Office Ltd believed that its network would not be truly sustainable without redeveloping the government services side of its business.⁴⁴ The company could not fight against the internet and direct payments into bank accounts, and was instead marketing itself on the basis of its physical contact with 24 million citizens every week, thus enabling a cost-effective way of providing government services to the populace.⁴⁵ It would be looking for business in two key areas. These were:

- Identity management services for central government—where people have to prove who they are. Post Office Ltd recently signed an agreement to record photographs and signatures for transmission to the DVLA for producing drivers' licences, and was looking for similar work with the Passport Agency and the UK Borders Agency. It had also been marketing itself to take on transactional work on administrative tasks such as those performed in Job Centres or HMRC inquiry offices, and believed that its focus on cost-effectiveness would be attractive to Government departments under financial pressure, and
- Local government services—Post offices provided a cash office and a local hub that could be the basis for selling a range of local services, such as council tax payments and canvassing local opinion, direct to local authorities.⁴⁶

26. In addition to Government-related business, Post Office Ltd also intended to build on its improvement of other revenue streams, in which public trust in the post office brand was more valuable than it had ever been. It had 2 million financial services customers, was the market leader in foreign exchange, the third largest travel insurer and had a book of 850,000 home and car insurance policies.⁴⁷ As well as developing these streams further, the company was in the process of reintroducing the Post Office Bank, and intended to launch a current account in 2010. Its banking activities would attempt to tie in with the Government's financial inclusion agenda, although Post Office Ltd admitted that this

43 Qq 61, 74–75, 107 and 122–124; C&AG's Report, para 4.5

44 Q 63

45 Q 65

46 Qq 63, 65 and 73

47 Qq 71 and 90

would probably not bring much direct benefit.⁴⁸ There was a risk arising from the fact that despite these revenue streams, the key drivers for sub-post offices are cash withdrawals, routine banking transactions, and the mails business. As such, the relationship with Royal Mail and the impact of part-privatisation could be significant, although Post Office Ltd emphasised that it has formal inter-business agreements with Royal Mail for the next five years.⁴⁹

27. In addition to receiving information from Post Office Ltd on the size and spread of the network, the Department had requested Consumer Focus and Postcomm, the postal services regulator, to carry out research. In particular:

- Postcomm was asked to look into the social value of the post office network, and commissioned NERA/Accent to carry out research on this, and
- Consumer Focus would be undertaking research into the quality of service provided by the remaining network, particularly focussing on the performance of Outreach services.⁵⁰

28. Consumer Focus has already carried out initial research on some Outreach services, finding some welcome signs of good service, but also a need for improvement in the consistency and reliability of service. Post Office Ltd has also been carrying out research on customer satisfaction with Outreach services; the latest findings based on a sample of 895 respondents was that there was an 83% satisfaction level.⁵¹

29. The Department had asked Postcomm to conduct some independent research into the impact of the network on communities, which would be available to inform the formulation of policies from 2011 onwards. However, the Department had not set guidelines for levels of service, for example on hours of opening, taking the position that it would be more appropriate to decide on the service levels locally, because circumstances vary across the country.⁵²

30. Post Office Ltd will review internally the contracts for the new Outreach services after the first year. This review allows both Post Office Ltd and the sub-postmaster some flexibility in the provision of the service and the level of commitment they make. It has, however, also prompted fears that some Outreach services might be withdrawn after the first year, although Post Office Ltd have said that this is not their intention and that the closure of an Outreach service will trigger a full consultation process under a Code of Practice agreed with Consumer Focus.⁵³

48 Qq 101–102 and 113–115

49 Qq 93–95

50 Qq 5, 7 and 107; C&AG's Report, paras 4.6 and 4.9

51 Qq 7 and 134

52 Qq 5–6 and 81–82; C&AG's Report, paras 4.6 and 4.9

53 C&AG's Report, para 3.27

Formal Minutes

Wednesday 15 July 2009

Members present:

Mr Edward Leigh, in the Chair

Keith Hill

Mr Don Touhig

Mr Austin Mitchell

Draft Report (*Oversight of the Post Office Network Change Programme*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fifty-third Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 14 October at 3.30 pm

Witnesses

Monday 29 June 2009

Page

Mr Alan Cook, Managing Director, Post Office Ltd, **Mr Ed Mayo**, Chief Executive, Consumer Focus, **Mr Simon Fraser**, Permanent Secretary and **Ms Joanna Shanmugalingam**, Director, Post Office Policy, Department for Business, Innovation and Skills

Ev 1

List of written evidence

Post Office Ltd

Ev 16

List of Reports from the Committee of Public Accounts 2008–09

First Report	Defence Information Infrastructure	HC 100
Second Report	The National Programme for IT in the NHS: Progress since 2006	HC 153
Third Report	Skills for Life: Progress in Improving Adult Literacy and Numeracy	HC 154
Fourth Report	Widening participation in higher education	HC 226
Fifth Report	Programmes to reduce household energy consumption	HC 228
Sixth Report	The procurement of goods and services by HM Prison Service	HC 71
Seventh Report	Excess Votes 2007–08	HC 248
Eighth Report	Ministry of Defence: Chinook Mk3	HC 247
Ninth Report	Protecting the public: the work of the Parole Board	HC 251
Tenth Report	New Dimension—Enhancing the Fire and Rescue Services' capacity to respond to terrorist and other large-scale incidents	HC 249
Eleventh Report	The United Kingdom's Future Nuclear Deterrent Capability	HC 250
Twelfth Report	Selection of the new Comptroller and Auditor General	HC 256
Thirteenth Report	Department for Work and Pensions: Handling Customer Complaints	HC 312
Fourteenth Report	HM Revenue and Customs: Tax Credits and Income Tax	HC 311
Fifteenth Report	Independent Police Complaints Commission	HC 335
Sixteenth Report	Department for International Development: Operating in insecure environments	HC 334
Seventeenth Report	Central government's management of service contracts	HC 152
Eighteenth Report	Investing for Development: the Department for International Development's oversight of CDC Group plc	HC 94
Nineteenth Report	End of life care	HC 99
Twentieth Report	Ministry of Defence: Major Projects Report 2008	HC 165
Twenty-first Report	The Department for Transport: Letting Rail Franchises 2005–07	HC 191
Twenty-second Report	Financial Management in the NHS: Report on the NHS Summarised Accounts 2007–08	HC 225
Twenty-third Report	Mathematics performance in primary schools: getting the best results	HC 44
Twenty-fourth Report	Maintaining the Occupied Royal Palaces	HC 201
Twenty-fifth Report	The efficiency of radio production at the BBC	HC 285
Twenty-sixth Report	Management of tax debt	HC 216
Twenty-seventh Report	Building Schools for the Future: renewing the secondary school estate	HC 274
Twenty-eighth Report	Management of Asylum Applications	HC 325
Twenty-ninth Report	NHS Pay Modernisation in England: Agenda for Change	HC 310
Thirtieth Report	Ministry of Defence: Type 45 Destroyer	HC 372
Thirty-first Report	The Nationalisation of Northern Rock	HC 394
Thirty-second Report	Financial Management in the European Union	HC 698
Thirty-third Report	Planning for Homes: Speeding up planning applications for major housing developments in England	HC 236
Thirty-fourth Report	DEFRA: Natural England's Role in Improving Sites of Special Scientific Interest	HC 244
Thirty-fifth Report	The administration of the Crown Court	HC 357
Thirty-sixth Report	The health of livestock and honeybees in England	HC 366
Thirty-seventh Report	Building the Capacity of the Third Sector	HC 436
Thirty-eighth Report	HMRC: The Control and Facilitation of Imports	HC 336
Thirty-ninth Report	The Warm Front Scheme	HC 350
Fortieth Report	The National Offender Management Information System	HC 510
Forty-first Report	Service Families Accommodation	HC 531
Forty-second Report	Supporting Carers to Care	HC 549
Forty-third Report	Learning and Innovation in Government	HC 562
Forty-fourth Report	The Maritime and Coastguard Agency's response to growth in the UK merchant fleet	HC 586
Forty-fifth Report	Assessment of the Capability Review programme	HC 618
Forty-sixth Report	Financial Management in the Home Office	HC 640

Forty-seventh Report	Reducing Alcohol Harm: health services in England for alcohol misuse	HC 925
Forty-eighth Report	Renewing the physical infrastructure of English further education colleges	HC 924
Forty-ninth Report	Improving road safety for pedestrians and cyclists in Great Britain	HC 665
Fiftieth Report	Supporting people with autism through adulthood	HC 697
Fifty-first Report	Maintenance of the Prison Estate	HC 722
Fifty-second Report	Reducing Healthcare Associated Infection in Hospitals in England	HC 812
Fifty-third Report	Oversight of the Post Office Network Change Programme	HC 832
Fifty-fourth Report	Ministry of Defence: Support for High Intensity Operations	HC 895