Evaluation of the Post Office Development Fund
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- Annex 2: Example questionnaire and diversity monitoring sheet
- Annex 3: Stakeholder consultees and respondents
- Annex 4: Case study consultees and topic guide
- Annex 5: Case studies
1. Introduction

1.1 Background to the research
The Welsh Assembly Government’s Post Office Development Fund (PODF) operated between November 2002 and March 2006. This evaluation of the Fund forms part of the Social Justice and Regeneration Group’s published research programme. Although there are at present no plans for further rounds of the Fund in its current form, it is important that any lessons learnt from the Fund are available to inform government thinking at the UK and Wales levels on the design of any future public support for post offices.

The research was carried out by Tamlyn Rabey on behalf of the Social Justice and Regeneration Research and Information Unit, between September 2005 and January 2006. It was overseen by an Assembly Government steering group with representatives from: the SJR Research and Information Unit; Communities Directorate; Economic Advice Division; Rural Development Branch; and Statistical Directorate. The role of the Steering Group was to receive and agree a detailed programme of work, receive and comment on the initial and final findings of the research, and receive the draft report and final report and agree its structure and content.

The Assembly Government is grateful to all the Sub-postmasters and Sub-postmistresses who took part in the evaluation, to all those organisations and individuals who contributed evidence or views, and to Post Office Ltd (POL) for its co-operation and assistance.

1.2 Aims and objectives of the research
The aim of the research was to assess the extent to which the Post Office Development Fund achieved its stated objectives, and to learn lessons from the experience of the Fund to identify measures that can increase the viability and social benefits of Post Offices in Wales, especially in deprived or isolated areas.

The objectives were:

- To provide an overview of how the grant has been used and of its distribution in terms of geography and category of funded activity (disabled access and facilities; new products or services including community facilities; structural or aesthetic works; security measures).
- To identify the impact and effect on post offices and associated businesses of measures and improvements undertaken as a consequence of PODF funding.
- To establish whether the Fund has been successful in achieving its stated objectives in terms of: supporting the maintenance of a viable post office network; ensuring access for deprived or isolated communities to post office and other community facilities; and increasing services provided and links with other businesses and facilities.
- To identify which measures have been most effective in achieving the PODF objectives.
- To identify any other social or community benefits or perceived benefits of the activities funded through PODF.
- To make recommendations based on the findings to inform any future public sector financial support for the development of post offices.
1.3 Methodology

The research was carried out in five phases.

Phase 1: Literature review

This consisted of a brief survey of relevant literature, with the aim of providing a broad understanding of the policy context in the UK in general and Wales in particular, and of drawing out key issues such as the strengths and weaknesses of the post office network, and the opportunities and threats facing it. It included a brief overview of post office services and networks in other countries. The bibliography is at Annex 1.

Phase 2: Development of profile of PODF spend

This phase involved gathering and analysing administrative data and information held by the Communities and Statistical Directorates of the Assembly Government, and by POL. Every project file was examined, and a database was developed of PODF funded projects, based on an existing administrative database, but expanded to include categories of funded activity and information on the anticipated impact of the project. This was used to develop a comprehensive profile of PODF funding, by type of activity and type of area, and an indication of the success of projects in terms of completion and achievement of agreed outputs. The phase included an overview of unsuccessful applications based on the administrative data held, and examination of a random 20% sample of files on unsuccessful bids.

Phase 3: Survey of Sub-postmasters and Sub-postmistresses

The survey aimed to assess the impact of the PODF in terms of improving post office viability and sustainability, access to post office services by deprived/isolated communities, and the impact of the grant on the local community and economy. Three questionnaires to Sub-postmasters and Sub-postmistresses were developed. The first two asked those who had been awarded PODF questions on:

• their experience of PODF administration;
• the viability of their post offices and their linked businesses;
• the impact of PODF in terms of additionality and its effect on commercial viability (income and customer numbers) and jobs;
• perceptions of impact on the local community in terms of access to post office services, and provision of new non-post office facilities or services; and
• the relative importance of different types of funded activity.

The third questionnaire was a control survey, to a random sample of post offices that had not been awarded PODF (whether or not they had applied for it or were eligible to apply). It asked parallel questions on changes in these post offices over the period of operation of PODF, to help establish whether any impact identified in post offices receiving PODF was attributable to the funding.

Survey 1 targeted post offices with PODF projects that had been completed by 1 September 2005, and where impact could therefore more easily be assessed. It was sent to all 50 such post offices. A response rate of 50% was anticipated, and in the event 31 responses were received (62%).

Survey 2 targeted post offices where an award of PODF had been made, but where the project had not been completed by 1 September 2005. The survey was sent to all 56 such post offices. A response rate of 50% was anticipated. Initially the response rate was relatively low, and a second
questionnaire was sent to non-respondents, resulting in a final response rate of 50% (28 responses). It was known that of this group of post offices, some were on course to complete their project by the deadline of 31 January 2006, some were attempting to do so but struggling to meet the deadline, and others had at some point since the award of grant turned down the offer and decided not to proceed with the PODF project. Four responses were from individuals who had not taken up the grant offer, and these were analysed separately.

Survey 3 was the control questionnaire, sent to a random sample of 153 (or one in every eight) of the 1220 non-directly managed post offices in Wales. A response rate of 20% was anticipated but in fact 55 responses were received (36%).

A diversity monitoring sheet was sent out with every questionnaire to help establish whether there had been any gender, age, ability or racial bias in the distribution of PODF.

An example questionnaire and the diversity monitoring sheet are at Annex 2.

Phase 4: Views of stakeholders

In order to give all relevant stakeholders the opportunity to comment on their experience or opinions of PODF, a letter was written to: all Unitary Authorities; One Voice Wales (the umbrella organisation for Town and Community Councils in Wales); all County Voluntary Councils; national voluntary organisations representing older people and people with disabilities; and other relevant organisations. The full list of organisations consulted, and of responses received is at Annex 3.

The letter particularly invited comments on:

- The original rationale and design of the Fund;
- The administration of the Fund;
- Evidence relating to the social or community impact of PODF funded projects, especially on vulnerable groups;
- Evidence relating to the impact of PODF funded projects on other local businesses; and
- Examples of PODF funded activity that were particularly successful or unsuccessful.

Phase 5: case studies

The research also included three case studies of post offices that had received PODF and had completed their funded projects. The case studies were chosen from rounds 1 and 2 of the Fund, to ensure that sufficient time had passed to assess the longer term impact of the project. Two case studies were in urban deprived areas (Ely and Bargoed), and one was in a rural isolated area (Llangurig). It was intended to carry out a second rural case study in North Wales, to achieve a balance between rural and urban case studies and a good geographical spread of case studies. However, due to personal circumstances, the sub-postmistress had to withdraw from the study. The geographical spread therefore includes Cardiff, the Valleys and mid Wales, but not North Wales.

In each case the researcher visited the post office, viewed the PODF funded work, interviewed the Sub-postmaster or Sub-postmistress, and observed the post office in operation. Views were sought from the local MP, AM, County Councillor(s) and Community Council, and other local community representatives as appropriate (Communities First Co-ordinators, local co-ordinators of services for older people etc).

The case studies were the most subjective element of the evaluation and were not
intended to provide a representative picture of all PODF experiences: all interviewees were ‘satisfied customers’ whose project had been completed, and who were content to be interviewed and have their views reported. They were therefore more likely than average to give favourable reports of the Fund. The case studies aim to illustrate and explore some of the issues facing Sub-postmasters and Sub-postmistresses in deprived and isolated communities and the role played by PODF in helping three individual post offices to tackle these issues.

The topic guide used in case study interviews, and the list of people invited to contribute views to the case studies, are at Annex 4. The case studies themselves are at Annex 5.
2. Background

2.1 UK Policy context

The UK network of post offices is run by Post Office Ltd (POL), a wholly owned subsidiary of Royal Mail Group plc, a public limited company whose sole shareholder is the UK Government.

The network of 14,600 post offices in the UK includes around 540 Directly Managed Branches (the old “Crown Offices”), but the overwhelming majority of post offices are managed on an agency basis by Sub-postmasters/mistresses or franchise partners (including supermarket chains). 8,054 are classed as rural post offices.

Sub Offices are funded through two payments:

- an Assigned Office Payment, the level of which varies between post offices but is paid regardless of transaction levels. This is often regarded by sub postmasters as their ‘salary’; and
- a Traffic Related Payment, which acts as commission on various post office transactions and therefore varies according to the level and type of business done.

Where the Traffic Related Payment exceeds the Assigned Office Payment a post office is described as making a ‘contribution to the network’. If the Traffic Related Payment exceeds the Assigned Office Payment plus the other central costs borne by POL, the post office is regarded as being ‘profitable’. This relates to profitability to POL and does not suggest that other individual post offices are themselves operating at a loss.

Most urban post offices in the UK make a contribution to the network, but nearly 40% of rural post offices do not. Less than 1% of rural post offices are ‘profitable’.

In respect of rural post offices that do not make a contribution to the network, POL is reliant on the Social Network Payment from the UK Government, discussed below.

The post office network in the UK faces significant challenges. POL operates at a loss - its loss from operations in 2004-5 was £110m. Postcomm, the Postal Services Commission and independent regulator, attributes this to the loss of traditional revenue from benefit payments, the fact that new products are still at an early stage in their growth, and the cost of supporting the rural network (Postcomm Oct 2005).

The move to direct payment of pensions and benefits in 2003 is estimated to have removed 40% of post offices’ traditional income.

The overall network is reducing every year: according to the National Federation of Subpostmasters (NFSP), over the last 20 years, 32% of post offices have closed. Until 2002 this happened in an unmanaged way, a fact criticised by the Cabinet Office’s Performance and Innovation Unit in 2000 in its report ‘Counter Revolution’. In response to this criticism, between November 2002 and March 2005 POL operated an Urban Network Reinvention Programme that aimed to rationalise the urban post office network and produce a network that was viable for individual Sub-postmasters/mistresses and for POL itself, with minimum impact on consumers. The Programme has resulted in the closure of over 2,400 urban offices across the UK and the investment of £9.6m in improvements to other urban branches.

It is expected that the total number of post offices to close by the end of the URP will be over 2,600. The final report of the
review for Postcomm of the programme (NERA July 2005) states that POL expects to spend the full £30m investment fund originally allocated. The review found that the programme had been positively received by Sub-postmasters/mistresses, and had been a leading driver in POL’s improvement in financial performance. However it found that closures had impacted on personal customers, with 80% of households being affected by a closure. It cited increased travel times and distances, fewer people travelling by foot to their post office, and many people using post offices less frequently and using other shops more, and with vulnerable groups more severely affected. Small businesses were similarly affected, finding it less convenient to visit their new local branch, and 40% visiting the post office less frequently. NERA’s finding that most customers from closed offices migrate to others is supported by MORI’s finding that 94% of customers migrate (MORI 2003). MORI also found that most customers rate their new post office highly, but that there is greater inconvenience, significantly greater use of cars and public transport, and a reduction in the number of visits to the post office.

There has to date been no parallel ‘network reinvention’ for rural post offices. For the rural network, the Government has placed a requirement on POL that, until Autumn 2006, there will be ‘no avoidable closures’. To allow POL to comply with this requirement to provide a loss making service, it committed support of £150m per annum until April 2006, known as the Social Network Payment. Then Secretary of State for Trade and Industry Patricia Hewitt announced in September 2004 that this payment would be extended for two years, until April 2008. £10m of the Social Network Payment is being spent on pilot schemes being run by POL to test different ways of delivering post office services in very isolated areas. The remaining £140m is paid to POL to meet the shortfall in income of many smaller post offices. To help avoid closures, POL has established a team of Rural Transfer Advisors to support and advise rural post offices. In 2004-5 there was a net reduction of 144 rural offices across the UK despite the ‘no avoidable closures’ policy. Of Sub-postmasters/mistresses leaving their post offices in rural areas, Postcomm estimate that fewer than half had an income of more than £15,000 pa.

The UK Government will need to announce before Autumn 2006 whether there will be any extension to the ‘no avoidable closures’ policy beyond this date. It has also undertaken to give 18 months notice to POL of any change to the Social Network Payment, meaning that an announcement on this issue must be made by September 2006. The rural post office network therefore currently faces uncertainty over its future.

2.2 Wales policy context
Post Office policy is not devolved in the UK, and remains a reserved responsibility of Whitehall Departments. However, post office policy has clear links with devolved policy areas of key importance to the Assembly Government, such as rural policy, social justice and regeneration, social and financial inclusion, communities policy including Communities First and building sustainable communities, and enterprise. Oversight of post office policy within the Assembly Government areas rests with the Communities Directorate, which has engaged with other policy divisions to explore other central or local government services or initiatives whose delivery might involve partnership with post offices. There have been some
expressions of interest in principle, but no firm developments in this area. Assembly Government officials have shared their findings with colleagues in POL and DTI also engaged in this activity.

There are around 1,200 post office branches in Wales, 25 of which are Directly Managed Branches and 880 of which are classed by POL as rural. It should be noted however that POL use a definition of a rural area as one with a population of under 10,000. This includes many areas which would be considered urban in the Welsh context, notably the Valleys and much of the A55 corridor, and including many deprived parts of Wales. Wales has about 65% of its population in settlements of 10,000 persons or more, compared with 80% in England (Assembly Government Statistical Directorate). The Assembly Government would consider some of the 880 formally ‘rural’ post offices to be serving urban areas.

The urban post office network in Wales is subject to the Urban Network Reinvention Programme, which is scheduled to see the closure of 143 post offices in Wales. The current policy position for the rural network is the same as for the UK as a whole, and it faces the same kind of challenge:

- The rural network in Wales has an annual deficit of £17.4 million - this is currently met by Social Network Payment. Only 4 post offices in the network make a ‘profit’ in POL terms.
- Those post offices closest to making a profit are generally in the urban fringe.
- 75% of rural network post offices are the only post office in the settlement.
- 441 post offices (50%) have fewer than 500 customers per week.
- These post offices generally have the highest losses. As a group these small post offices have an overall deficit of around £5.5 million or around 30% of the total “rural network” deficit.

The map below shows drive times to the nearest post office for households in Wales. It shows that:

- Just over 95% of households are within 5 minutes drive of a post office.
- All local authorities have at least 80% of households within 5 minutes drive of a post office.
- Over 80% of households are within 5 minutes drive of 2 or more post offices.
- Around 0.5% of households are more than 10 minutes drive from a post office.

(Source: Assembly Government Statistical Directorate, based on the full list of post offices as at January 2005 - includes some post offices in England close to the Welsh border.)
Post Office - Drivetime. February 2005

Source: The Post Office
Isochrones Map into Drive Time
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The Wales Rural Observatory’s survey of rural services in Wales (September 2004) found that of Community Councils that responded, 80% had a post office in their community. Around two thirds of these post offices are combined with a shop. Only 10% of rural areas have a bank, and 15% a building society, with virtually no provision of either in areas with a population under 1,000.

2.3 Rationale and development of PODF

Until January 2002 post office policy within the National Assembly rested alongside other non-devolved issues in the Public Administration and Appointments Division. It then transferred to Communities Directorate in recognition of the links with community development and cohesion issues. The new post office policy team began to assess the case for Assembly Government support for post offices in recognition of the challenges they faced and the important social role they played. The key threat and impetus for policy development in this area at the time was the planned move to direct payment of benefits in 2003, discussed below.

At the same time in England the Office of the Deputy Prime Minister (ODPM) was developing ideas for a Deprived Urban Post Office Fund. This would target post offices in urban areas, on the POL definition of ‘urban’. It was noted in Wales that parallel arrangements would not include many areas regarded in Wales as urban deprived and that focussing all support on urban post offices did not recognise the challenges faced by rural isolated communities in Wales. The PODF was therefore developed to meet specifically Welsh geography and demography, targeting both urban deprived and rural isolated communities. In the development phases of the Fund there is evidence of considerable consultation and discussion with relevant stakeholders, including POL, Consignia, Postcomm, Postwatch, the Welsh Local Government Association, the National Federation of Sub-postmasters, Jobcentre plus, the Welsh Development Agency, and the Wales Co-op Centre.

The Assembly was the first administration in the UK to launch such a grant support scheme for post offices. The PODF was launched in November 2002 by the then Minister for Finance, Local Government and Communities, Mrs. Edwina Hart AM. £4.1m has been made available over three years to support and develop post office branches ‘located within or serving the 125 most deprived and 125 most isolated communities across Wales’.

The eligible communities were identified according to the Welsh Index of Multiple Deprivation 2000, with isolation being judged on the “access to services” domain of the Index. There was no overlap between the two categories of deprivation and isolation. The PODF definition of an urban area is one with a population of over 3,000.

Under the terms of the Fund, grants of up to £50,000 were available to individual post offices located in or serving eligible areas, to meet up to 100% of capital costs of approved projects. PODF payments were made under Section 126 of the Housing Grants, Construction and Regeneration Act 1996.

The £50,000 grant limit was set largely to ensure compliance with the European Community State Aid rules, which prohibit aid granted by Member States from distorting competition between Member States. As the limit of €100,000 applies over any period of 3 years, the PODF operated as a de minimis State Aid scheme in accordance with Commission
Regulation 69/2001 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid (“the de minimis regulation”). Communities Directorate therefore maintained records to ensure that no recipient received more than this amount over three years from the PODF or in combination with other funding sources.

The ROAME (rationale, objectives, appraisal, monitoring and evaluation) statement for the Fund, dated October 2002, shows that its establishment took into account the evidence base and research reports available at the time. It cited as a rationale for the grant:

- the erosion of the post office network in Wales over a number of years;
- evidence of the value placed on post offices especially by vulnerable groups; and
- the likely impact on the income of post office branches of the introduction of Direct Payment (or Automated Credit Transfer, ACT) of pensions and benefits in April 2003.

The final reason, the immediate issue of ACT, appears according to interviews with officials involved in the development of PODF, to have been the trigger for action. The development of the Fund recognised the trend away from the post office as the sole provider of many of its traditional services such as selling stamps and collecting pensions and benefits. Direct debit, post and the internet were becoming increasingly popular ways of paying bills and purchasing TV licences and car tax. The trend was set to continue with the introduction of competition in mail services planned.

The ROAME Statement predicted that ACT would result in a loss of up to 40% of the annual income of post offices. Research by MORI for the National Federation of Sub-postmasters showed that in the event in August 2003, after four months of direct payments, over half of all Sub-postmasters had seen a decrease of 5-19% in order book and giro cheque income, with considerable further decreases by February 2004, by which time just under 40% of claimants had moved from order books and girocheques to direct payment.

PODF aimed to support post offices to expand the range of post office services available or to diversify into provision of other products and services. This was intended to increase the income of the post office or retail elements of the business, making up for income lost through ACT. The PODF initiative was therefore a good example of early identification of a potential problem and proactive steps being taken to offset its consequences.

The other elements of the rationale for the Fund were well evidenced at the time. The ROAME statement sets out the reduction in number of post offices in Wales since 1995, with “a greater absolute and proportionate loss of post offices than anywhere else in the UK, between 1995 and 2001.” It notes POL’s plans to restructure its urban network. It cites research by ERM and MORI for Postcomm that highlighted the important role played by post offices in rural and urban deprived areas in Wales, particularly for the more vulnerable and socially excluded members of society (Postcomm December 2001). The Statement concluded that the evidence showed that “community cohesion and services to vulnerable and marginalised groups have the potential to be seriously damaged by the continuing attrition of the traditional post office network”.

The statement goes on to analyse the reasons for post office closures. Evidence here is somewhat thin, as POL
no longer gathers reasons from Sub-postmasters for their resignations, due to low response rates. However, Sub-postmasters’ reasons for resigning in 2000/01, together with POL’s Retail Network Managers assessment of why post offices closed in 2001/02 indicated that other than age and ill-health, the main increasing reasons for closures were: financial viability; conversion of property to residential use; and internal factors (including performance and contractual issues). These reasons point to the difficulties faced by Sub-postmasters and supported the view that the most appropriate intervention for the Welsh Assembly Government was to help Sub-postmasters improve the viability of their businesses.

The objective of the Fund according to the ROAME statement was to support the retention and development of post offices in disadvantaged communities across Wales. This single primary objective is reasonably clear and realistic, with the role of the Fund being one of support only. However, it would have benefited from being amplified by a few measurable outcomes, for instance in terms of increasing income or profit.

The objectives in other background briefing papers are more detailed, stating that the Fund aims to:

- Support the maintenance of a viable post office network across Wales
- Ensure deprived and/or isolated communities in Wales have access to a Post Office branch and other community facilities
- Improve the viability and sustainability of post offices by increasing the services provided to local communities and supporting links with other community businesses and facilities

(Welsh Assembly Government, November 2002).

These more detailed objectives add the provision of additional community services as an end in itself, and clarifies that disadvantaged here means deprived and/or isolated. However, the fuller objectives are a little ambitious in aim, given that the post office network has not been commercially viable for some time and that not all such communities currently have access to a post office branch. There was no analysis of whether post offices were commercially viable before ACT, and there was no information available on the likely impact of the reduced footfall due to ACT on associated retail businesses. The objectives might have been more precisely stated as aiming to increase income in the funded businesses.

To be considered for grant, applicants had to demonstrate that they were independent Sub-postmasters/mistresses, without an interest in multiple post offices, and that their post offices were sustainable with funding but otherwise faced with the likelihood of closure, and provided a unique service of high social value to the community. They were encouraged to show how the project would help marginalised groups. They were encouraged, but not required, by the application process to seek independent business advice, to ensure that proposals were of good quality.

The ROAME statement said very little about monitoring and evaluation of the fund, other than that it would happen. In the event, monitoring against agreed outputs (ie completion of physical works to required standard) was thorough and rigorous, with invoices required for each element of work, and the final
project being inspected and signed off by POL. However, evaluation was not built into the operation of the scheme at the outset, with no longer term indicators being identified to evaluate its success or otherwise, and no baseline measurements taken.

A major issue in the development of the Fund was ensuring that public money was not invested in post offices that could never be part of a commercially viable business in the long term, or that might be closed by POL at a later date. Steps were taken to prevent investment in post offices that were likely to close in the foreseeable future:

- post offices were encouraged to seek business advice and required to state what business advice they had received;
- POL was asked to confirm that it had no plans to close the post office under Urban Network Reinvention or other rationalisation plans and to approve any proposed changes to post office facilities or services;
- An agreement was reached with POL that it would not to take any proactive steps to close any post office that had received PODF until at least 31 March 2008 (two years longer than the ‘no avoidable closures’ policy); and
- applicants had to submit accounts and cash flow forecasts.

The development of the Fund also took into account Welsh Language issues, noting that ‘several post offices supported under PODF are located in isolated, rural and urban deprived communities which also have high proportions of Welsh speakers. In helping to retain postal services within these communities PODF is thereby helping to arrest the decline in the number of communities where Welsh is spoken by over 70% of the population’. It was not, however, a specific objective of PODF to support post offices in Welsh speaking areas, and language issues were not taken into account in bid assessment or award of grant.

Post Office Ltd is accountable for the services provided in post offices, and has its own Welsh Language Scheme to ensure that the languages are treated on a basis of equality. PODF supported the provision of post office services to communities, and in many instances those services were already available through the medium of Welsh. It did not specifically target or favour areas or post offices on language grounds.

2.4 Other grant support for post offices

In December 2002 the Neighbourhood Renewal Unit of the ODPM launched its £15m Deprived Urban Post Office Fund for England (DUPOF) to prevent post offices closing in the most deprived urban areas in England. Capital grants of up to £50,000 were available for new retail facilities, shop alterations or improved security. Funds were targeted initially at post offices in the 10% most derived urban wards that were over half a mile from another branch, followed by those in the same wards but with closer neighbours. 339 grants have been approved, with a total value of £14.6m (ie an average grant of around £43,000).

The recent evaluation of DUPOF (ODPM Dec 2005) found that in the majority of cases DUPOF had a positive impact in terms of profitability and job retention and creation. Nearly two thirds of sub-postmasters reported that DUPOF has saved about one thousand jobs and created over 300 additional jobs in post office branches in deprived urban areas. The study also provided detailed evidence of benefits for both local economies and
local communities. However, a follow-up survey found evidence of declining impact and concluded that the ongoing decline in post office sales turnover remained a threat to longer term profitability and viability. The evaluation found marked variations in impact between case studies, which were broadly explained by reference to the nature of the improvements made and the local contexts within which post offices have to compete for customers. The commissioned researchers have also produced a good practice guide drawing on the experience of DUPOF to identify success factors in diversification.

Linked with DUPOF was the £750,000 Phoenix Fund managed by the National Federation of Sub-postmasters (NFSP) and offering free business advice to branches in deprived areas of England in advance of applying for DUPOF funding. The Phoenix Fund programme is now coming to an end. There have been almost 110 applications to the Scottish Executive's £2m Fund to Develop Post Offices in Deprived Urban Areas. The Fund has now closed to new applications and 48 awards of funding have been made to sub-postmasters across Scotland since March 2003. The Fund will be evaluated in 2006 and findings shared widely with stakeholders. Anecdotal evidence is already showing benefits, particularly around community safety where we have seen perceptions of safety improved by the likes of CCTV cameras and security shutters. Evidence from the Fund also highlights a lack of specialist business skills within the sector and to address this Ministers have allocated £250,000 to provide specialist business improvement training for sub-postmasters in deprived urban and rural settings. The aim of this funding is to help sub-postmasters operate their businesses more effectively and through this contribute to the objectives of the PO fund. This training will be delivered in partnership with Scottish Enterprise during the summer of 2006.

A similar scheme worth £750,000 over three years was launched for post offices in deprived urban areas in Northern Ireland in March 2004 and will run until March 2007. Other grant support for UK post offices includes:

- The £30m Urban Network Reinvention Investment Grant Scheme - available to urban post offices until March 2006. Aims to help post offices cope with additional custom due to closure of a nearby office. The maximum grant is £10,000, and match funding is required. 3,515 grants have been approved, totalling £21.4m, of which £4.4m has been spent.
- The £180m Urban Network Reinvention Compensation Fund - to compensate Sub-postmasters whose post offices are closed under the reinvention programme.
- The £3m Urban Network Reinvention Investment Support Fund managed by POL and NFSP and running alongside the DTI investment scheme above.
- The POL Accessibility (DDA) Fund of £3m assists post offices in meeting their obligations under the Disability Discrimination Act 1995. The maximum grant is £10,000, with match funding usually required. 1,200 applications have been received, totalling around £4m.
- The Sub Post Office Start Up Capital Scheme of £2m, run by POL on behalf of the DTI offering grants of up to
£20,000 where a rural post office has recently closed or is about to close and where the community would otherwise lose its post office permanently.

In January 2005, POL launched two new schemes for rural post offices:

- Rural Investment Challenge Fund (£1m available - to improve the efficiency of the post office element of rural businesses. 356 applications received by October 2005); and
- Rural Re-start Scheme (£1m available - to reinforce a rural branch or satellite office. 39 applications received by October 2005).

In both cases, branches are being visited by a development advisor prior to grant being agreed. There is no information available yet on take-up of these new schemes.
3. Findings from previous studies

3.1 Viability of post offices
An ERM research study on Post Offices and Community Needs in Rural and Deprived Urban Areas (ERM 2001) considered the viability of such post offices and the factors threatening it. Most Sub-postmasters and Sub-postmistresses believed that the existence of the post office contributes to over 50% of the sales in the attached shop, while retail sales did not contribute to post office transaction levels. Most needed the combination of the shop and post office to make a reasonable living, and could not do so from either element alone. Approximately a third of Sub-postmasters and Sub-postmistresses were actively considering leaving their post office. The report identified the introduction of Direct Payments as the major threat to viability. The study proposed a system of increased direct subsidy in recognition of clearly defined community and information roles. Other work by ERM (2000 - Economic Significance report) concluded that shops attached to post offices derive approximately £19,000 income a year from fallout from post office business.

These studies indicate that PODF was well directed in looking at the whole business in the round rather than attempting to address the issue of access to post office services in isolation.

3.2 Social value of post offices
Postcomm, the Postal Services Commission, is the independent regulator of the postal market and acts as an adviser to the government on the post office network. It has published extensive research on the current post office network, the services it provides and the customers and the communities it serves. An important series of reports entitled Serving the Community (Postcomm 2001-2), based on interviews with Sub-postmasters and Sub-postmistresses, post office customers and people in areas where post offices had recently closed, set out evidence for the community value of post offices and the impact of closure, especially on vulnerable groups.

Serving the Community I looked at the evidence of the community value of post offices in rural areas. It found that post offices were very accessible and convenient for rural residents, half of whom went to the post office on foot, and over half of whom used the post office once a week or more. A key service was access to cash. Post offices were used more and felt to be more important by older people, people with disabilities, people without a car, carers and lone parents. There was a strong perception (over 90% of residents and customers) that the post office fulfills an important community role, with a third of customers valuing the advice available, accessing free community services, and 44% seeing it as a meeting place. There was some evidence that post offices perform an unofficial caring role, with 66% of SPMs saying that they ‘keep an eye on’ between 1 and 30 vulnerable customers, helping them with forms and checking that they make their regular visits. The perceived community value and use of free community services was greater where there are no other local services (eg banks or retail). The community use of post offices was lower for young adults. Many post offices had very low customer numbers, with very small amounts being
spent in the attached shop. The study found that most people could adapt to closure, although a third of rural residents would be very inconvenienced, especially those in vulnerable groups.

Serving the Community II looked at evidence of community value in urban deprived areas and again found that post offices were highly accessible, with over 70% of residents getting to the post office on foot and nearly 60% using it once a week or more. Post offices were the main source of cash in urban deprived communities, but the attached shop was less well used than in rural areas. Evidence on the community role of the post office as a focal point and source of information and free community services was similar to that for rural areas. The post office was valued more by older people, people with disabilities, those without a car and those who find it difficult to access public transport.

Serving the Community III analysed the differences between rural and urban deprived areas with no other shops or services and the average. For rural areas with no other shops or services it found, perhaps surprisingly, some indications that the post office was less used and less valued by their users than the average, with less use of the post office for social or community information purposes. This suggests that where the post office is the only service left in a community, fewer are reliant on it, with the majority combining post office use with travel to shops elsewhere. The picture for urban deprived areas with no other services is that the remaining post office is used more than average and are more valued. However, it was found that people in these areas would be able to adapt by using a post office near where they shop.

Serving the Community VI looked in more detail at vulnerable groups who use post offices in rural or urban deprived areas. It found that in rural areas the groups who make most use of post offices and would be most affected by post office closure were older people, people with disabilities, those without access to a car and carers. Other groups such as single parents or unemployed people would be no worse affected than the general population. In urban deprived areas, the groups that would be most affected by closure were older people, single parents, people with disabilities and carers.

The data collected for the Serving the Community studies included Wales. It showed that 82% of Welsh rural post office customers strongly agreed that post offices provided important services. Highest levels of agreement were found amongst the over 65s, those without a car, those with a disability, one parent families and carers. These were also the groups that made the greatest use of the post office to obtain cash. The post office is used once a week by 63% of customers surveyed and 80% of the over 65s considered it to be a meeting place. Shops attached to post offices were used by 54% of rural customers. In urban deprived areas of Wales post offices served a similar constituency of vulnerable and socially excluded groups to their rural counterparts. In urban deprived areas 55% of customers obtained cash through benefits or pensions at the post office. Access to free community services, including meeting friends, seeking informal advice from Sub-postmasters, reading community notices and obtaining government information was important to 61% of urban deprived customers in Wales.
Surveys of Citizens Advice Bureaux reported in 1995 that post offices play an important role in helping CAB customers, many of whom are in receipt of benefits and on low incomes (NACAB 1995).

The concept of the post office as a focal point in the community is one that recurs in the literature, and although difficult to pin down, clearly has resonance with many groups. The Village Retail Services Association echoes the findings of serving the community when its states that ‘the post office has always been a key focal point in the village’. (ViRSA 1998).

Consultants Triangle/HI Europe quote survey participants as seeing the post office as ‘making a village’. More generally, post offices are often spoken of as having a social value and the assertion is made that they are a valuable investment in the community and social infrastructure.

A report for POL by AXON Solutions (2003) aimed to identify the social and economic value of post offices in rural communities, over and above the commercial business transacted, and putting aside the emotional attachment people have to post offices. It established a methodology for attaching a financial value to the post office’s contribution in six areas:

- Social value (social and residential care and social inclusion);
- Social hub and information point;
- Economic and employment value;
- Taxation value;
- Transportation and travel time value; and
- Underlying asset value.

Overall the report found over £590m per annum of value attributable to the rural post office network, representing a return on investment of £4 for every £1 of Social Network Payment. Assuming an even picture across the UK, this would imply a return of £69.6m on SNP spent in Wales.

Overall, the evidence presented in the Serving the Community series and elsewhere demonstrates the high value placed on access to post office and financial services by people in rural and urban deprived areas. It highlights the particular importance of these services to vulnerable groups, especially older people and those with mobility and transport problems. It also draws out the less tangible but strongly felt social and community value of the post office as a social hub. It was in recognition of these strongly voiced views about the role and value of post offices that the PODF was established. Unlike the funds in Scotland, England and Northern Ireland, the PODF was available in rural isolated areas as well as urban deprived areas, and thus addressed the full range of issues identified in this series of reports.

3.3 Post office closures

Serving the Community V assessed the impact of post office closure, which it found occurred more in areas already poorly served by services, perhaps due to low population density. It found that in general people can adapt to closure, but with much greater inconvenience for vulnerable groups. Postcomm has concluded that those without access to a car are most dependent on their local post office branch, with 60% feeling that they would be inconvenienced a great deal by its closure (Postcomm 2002).

Postwatch, the watchdog for postal services, commissioned research in 2002 into the impact of post office closures in rural communities across the UK. This aimed to establish a framework for differentiating the extent of impact on customers in different types of area.
It found that where post offices closed, the only remaining community facility was usually a pub or a village hall. 76% of closed post offices had had a shop attached, and 82% of these also closed along with the post office, although people said that the loss of the post office closure was more significant to them than the loss of the shop. Over half of residents felt that the post office had been essential to their way of life, with higher figures for some groups such as older people and people with disabilities. Half of respondents had used the post office for reading community notices and meeting friends, 30% for getting government information and informal advice. A report by Hi/Triangle (2002) also found that the impact of post office closures in rural communities had implications for the independent living of vulnerable groups, especially older and people with disabilities.

The research showed that when post offices closed people did not necessarily use the next nearest post office, tending to travel further and combine post office use with a shopping trip, implying that proximity of the next post office, and the concept of “reasonable access” are not useful factors in determining the impact of closures. The report concluded that the areas most affected by the loss of a post office were those with higher levels of “elderly residents and residents of a lower social class”, also identifying those without transport, and people with disabilities, as particularly vulnerable. It was found however that it was not possible to provide a reliable predictor of impact based on statistical measures of vulnerability in an area because of the combinations of factors involved.

This research has implications for the design of POF. The Fund used the proximity of the next nearest post office as a factor in deciding which bids to fund. However the research shows that responses to the loss of a post office and the resulting patterns of access to post office and other services is more complex than allowed for by this measure.

3.4 Strengths, weaknesses, threats and opportunities

Despite post office closures in recent years, the post office network has many strengths. A report for Postcomm in 2001 (ERM 2001) found that “although the network is declining it remains one of the densest in Western Europe and there are far more post offices than, for example, all bank or building society outlets put together.” The network of post office branches in the UK forms the largest retail network in the country (Royal Mail 2004), and handles more cash than any other business (POL website). The post office network (not including associated retail or other businesses) sells around 170 products and services. Of the 2.7 billion transactions carried out each year, the majority are for access to cash, banking, leisure and postal services. Post Offices are also the biggest provider of foreign currency in Britain. Over 94% of the UK population live within a mile of a post office, and 99% within 3 miles, and POL estimates that there are over 41 million customer visits to post offices a week. The Post Office is a well-liked and trusted brand. The Post Office was rated higher than the leading retailer and the leading bank on carrying out important tasks, trustworthiness and as part of the community in a 1997 NPI survey (quoted in Counter Revolution). As set out
above, there is also considerable evidence of strong public perceptions of its role, including its social role, and its importance especially to vulnerable groups. The extent of coverage by post offices presents opportunities for new uses. POL has been introducing new products, including a wider range of financial services (loans, banking, insurance). There is also scope for delivery of more government services and information through the post office network, and the Assembly Government is actively engaged in developing ideas in this area.

Good practice example: Pontneathvaughan Post Office partnership with Dyfed-Powys Police

Pontneathvaughan Post Office, funded by PODF, is one of ten rural post offices that have opened a Police Information Point under an innovative partnership initiative between POL and Dyfed-Powys Police. The post offices involved display a traditional blue police lamp and offer an external telephone for out-of-hours contact. Post Office staff were trained to undertake their new tasks and have regular meetings with local police officers. Services include taking preliminary reports for minor theft or losses, handling lost property and issuing information. The aim is to provide reassurance to rural communities through increased visibility and providing a range of options for accessing and contacting the police.

Chief Superintendent Gwyn Thomas, Divisional Commander for Powys, said: ‘the relationship helps in ..improving the viability of both partners….Our reasons for choosing Post Office Ltd as partners involved considerations of their place in the community, trust that their brand engenders, [and] physical locations of branches.’ Initial feedback from the communities involved is reported as being very positive. POL is evaluating the pilot as part of its wider consideration of new approaches to service delivery in rural areas.

Pontneathvaughan was chosen for the open day for the initiative, a fact attributed by Mrs Merele Roberts, the Subpostmistress, to the appearance of her post office after the PODF funded project. In choosing post offices for this partnership, a criterion of Dyfed Powys Police was a modern appearance. Mrs Roberts commented ‘I would not have been able to provide all the services currently provided without the grant.’
Work by ERM showed that post offices were important to rural businesses, with 73% saying the local post office was very important or vital to them (ERM 2000 economic significance).

Serving the Community IV looked at future business for post offices in rural and urban deprived areas, finding that the key post office services for residents were postal services (letter and parcel), financial services (pensions, benefits and bill payment) and government services (eg car tax), with key services at any attached shop being cards and stationery, newspapers, confectionery and groceries (especially in rural areas). It should be noted that since the report was published, direct payment of most pensions and benefits into bank accounts was introduced in 2003, but other studies show that access to cash remains important. The study highlighted convenience factors such as longer opening hours, shorter queues and car parking as the improvements which would encourage people, especially younger people, to use post offices more. It identified business opportunities for post offices such as collecting undelivered parcels, travel information and ticket sales and other information on services, training or employment, cash machines and payment of council tax or rent. It concluded that post office banking services needed better promotion.

The Future Foundation’s report on the future of the rural post office network (Postcomm 2003) looked at the services and products currently provided by rural post offices and the future demand for these (up to 2011), exploring how they might be provided in future. It assessed the impact of demographic and societal trends, including developing technology, on the service needs from rural post office branches. It found that the role of the post office branch as a focal point in the community was and would continue to be the most important ‘service’ provided by rural post offices. Accessing cash and providing basic banking services will become more important parts of the role, with a significant minority of pensioners and unemployed people still reliant on the Post Office Card Account during the period studied. The increasing demand for more convenient shopping in terms of hours and location, and for high levels of quality and consumer choice, are predicted to continue.

The report again highlighted the greater importance to vulnerable groups of the local post office, but cautioned that detailed local studies are needed to explore the demography of any one rural area. It noted that rural areas were heterogeneous, and also differed from urban areas where income groups might be more geographically concentrated. The report’s cautionary note raises questions about the appropriateness of the PODF’s focus on rural areas identified through the Index of Multiple Deprivation and the ‘access to services’ domain, although it does not provide any simple workable approach to better identifying patterns of need.

The new Welsh Index of Multiple Deprivation, published in September 2005, may provide some of the answer to this issue. It succeeds the first Index released in 2000, and uses much of the same methodology, but uses as its basis a smaller geographic unit. In 2000, the unitary authority electoral divisions were used. These are neither stable nor a consistent geography, being subject to review by the Local Government Boundary Commission for Wales and having populations which range from 1,000 to 20,000. The new geographic units are Lower Super Output Areas (LSOA), which are aggregations of
census output areas. LSOAs have very similar population sizes, averaging 1,500 (the smallest is 890, the largest 4,000). Aggregations of LSOAs are generally coterminous with electoral divisions. The finer spatial detail in the larger electoral divisions brings out variations between LSOAs within electoral divisions which were not identified under the old Index, and helps to identify pockets of deprivation.

It should be noted that the Future Foundation research did not look separately at Wales, and found no data for Wales on some elements of the work. It also confined itself to examining the current range of products and services provided by post office branches, not looking at the potential for diversification or innovation, or at the future of the retail or community products and services usually provided alongside the post office and commercially co-dependent with them. The PODF worked from the assumption that future commercial viability of post offices in many areas would depend on diversification, innovation and added social value.

Work by the New Economics Foundation shows that local services in rural areas of the UK are disappearing (NEF Ghost Town Britain 2002). Overall the report estimates that 20% of local services (including shops, pubs and banks as well as post offices) in rural areas have been lost since 1995, and predicts that the trend will continue.

Post Offices, Customers and Communities (Postcomm 2001) - found that access to post office services to those that need them is felt to be more important than the actual number of post offices. POL has over recent months been piloting alternative models for delivering post office services in rural communities that cannot sustain a commercially viable post office. The pilot programme is being evaluated and will provide valuable evidence and ideas on which to base future decisions about the provision of post office services in such areas.

3.5 International comparisons
Governments and post office networks abroad are wrestling with the same set of factors as the UK. Research by Postcomm (Dec 2003) looked at Australia, Canada, Japan, New Zealand, USA and 12 European countries including the UK. It found that all networks face the same pressures from the trend towards increased use of IT by government and individuals, and from the introduction of competition. All governments have faced the challenge of balancing the problem of commercial non-viability of some parts of the network against the need to provide reasonable access to important services, and the popularity of the network. This has led many countries to restructure or reduce their networks, while introducing programmes of modernisation of buildings and of the range, style and delivery of services and products. Some governments have made considerable efforts to support the network (France, Japan), others have “been vigorous in their closure programmes” (New Zealand, Canada, Germany, Austria).

In 12 of the countries, postmen and women provide access to post office services in rural areas, including in 7 cases financial and cash services. For instance in Austria postmen handle deposits into savings accounts, and in Belgium they pay benefits at home to people who find it hard to get to a post office. Mobile services are used in the USA, Denmark, Spain and Portugal but are generally less common,
and are being phased out in Finland and France and were rejected as being too expensive an option in Ireland.

The survey did not identify any simple answers or any product or service that provided the key to viability, although it pointed to financial services as the likely key growth area for the future. Most but not all post office networks provide financial services such as banking, bill payment, insurance, cash, bureau de change.

Postcomm found that some governments explicitly recognise the social role of post offices, providing direct financial support or tax relief, or by imposing legal or contractual requirements for certain types and levels of service provision. Most countries are restructuring their networks. Remodelling programmes have met with considerable public protest, with governments differing significantly in their response to this.
4. **PODF administration**

4.1 **Internal review 2003-4**

Officials from the Communities Directorate of the Assembly Government carried out an in-house administrative review and appraisal of rounds 1 and 2 of the PODF, which reported in January 2004. Assessment of applications under rounds 3 and 4 of the Fund were delayed until the review had reported, to take into account its recommendations for future administration of PODF.

The review found that:

- holding four application rounds in a single year had been burdensome, distracting attention from monitoring and support of existing projects. It proposed two rounds a year, both held early enough to allow for full spend and claim within the year. A six-month time limit for each project was recommended, to prevent projects over-running and facilitate better budget forecasting.

- the 35-point threshold for bid approval (on the scoring matrix) had led to approvals exceeding budget available. It recommended allocating resources to the highest-scoring projects, and maintaining a contingency fund, at individual project level or centrally, to meet reasonable unexpected costs.

- elements of the application and assessment process could be more rigorous, strengthening the requirement on applicants to seek business advice in developing their proposals, introducing a requirement to seek crime prevention advice in respect of proposed security measures, and developing a system for ensuring expert financial analysis of the proposals and their impact on the post office’s viability.

- monitoring should be improved, including ‘before’ photographs of the post office, formal end-of-project auditing, and inspections by Assembly Government officials (in addition to those carried out by POL).

- there should be arrangements for evaluating the impact of the grant and developing good practice notes on diversification of post office businesses.

- Assembly Government officials should liaise regularly through a formal forum with the Post Office Ltd’s Retail Line Managers, who support and advise Sub-postmasters and mistresses and play a key role in monitoring and signing-off projects. The proposed forum would ensure a clear common understanding of the purpose, criteria and management arrangements of the PODF and ensure compliance with the condition in the Memorandum of Understanding between POL and the Assembly Government that funded offices would not be closed.

- key grant documents could be improved, including the terms and conditions, applications form, and scoring matrix. The terms and conditions should cover the State Aid and grant clawback rules more fully.

The review made more detailed recommendations relating to the application and assessment process, the main ones being that:

- travel distance rather than distance ‘as the crow flies’ be used to assess
proximity of next post office, given the considerable assessment weighting given to this factor;

- more guidance be given on description of the project and that this be broken down into key elements, each with output indicators, which in turn be reflected in the award letter;

- post offices should be asked whether they are VAT registered as this will affect the level of grant required;

- a checklist should be provided of required documentation in support of applications to reduce the need repeatedly to go back to applicants;

- there should be greater clarity on how many estimates are required for each piece of work; and

- adjustments should be made to the scoring matrix, to allow it to reflect the security and financial situation of the post office.

Perhaps the most significant finding of the internal review concerned the nature of projects funded. The reviewers were disappointed that most projects emphasised structural or aesthetic improvements, rather than new services, especially services of benefit to the community.

4.2 External review

A further review of the administration of the Fund was undertaken as part of the current evaluation. This involved detailed examination of all project files and familiarisation with the background to each project, discussion with scheme managers and administrators, and POL.

There was no formal mechanism for gathering feedback on the administration of the fund by either the Assembly Government or POL. Anecdotal evidence from POL is that administration was generally considered to be good.

Initial raising of awareness of the fund and its eligibility criteria was undertaken largely by POL through its network of Rural Transfer Advisors and Retail Line Managers for the rural network.

Staff resources devoted to the design, management and administration of the Fund were limited from the outset, and there was some turnover of administrative staff, with seven different officials acting as the point of first contact with grant recipients during the three and a half years of the Fund’s operation. Despite these constraints, examination of the project files revealed a high standard of administration and record management. Correspondence from grant recipients was dealt with promptly in almost all cases, there was strong evidence of customer satisfaction with the level of support and advice received from officials. Financial management was sound, invoices were thoroughly checked and grant payments well tracked (other than one instance of a mispayment). Progress of works against agreed outputs was monitored, and post offices were contacted as necessary when there appeared to be a lack of progress with a project - including repeated written and telephoned reminders warning of the impending deadline for payment claims by 31 January 2006. The database was well maintained and updated regularly.

Applicants under rounds 3 and 4 of the Fund all experienced a delay of over 6 months in receiving notification of the outcome of their application due to the internal review and decision to impose a legal charge on properties, but the files show that applicants were kept informed of the revised timing and reasons for it.

A significant change introduced between rounds 2 and 3 was the introduction
of a Charge in favour of the Assembly Government, to be imposed on funded post offices where the grant recipient was the owner of the property, in the case of sale of the property or it ceasing to operate as a post office within 5 years of receiving their final payment. This new requirement allowed for full recovery of the grant amount, and was designed to protect against the loss of public funds or the potential for grant recipients to benefit personally through improvements to private property. Although POL had already agreed not to take any steps to close any funded office before April 2008, the Charge strengthened the assurance that public investment would be protected.

The requirement caused some concern on the part of applicants. It was a factor in the decision of seven individuals eventually to reject the offer of grant. Although this may lead to less than full spend of the grant, it is not necessarily an indictment of the policy of imposing a Charge, and could be seen as a vindication of this policy. If the grant recipients were not confident that the post office would continue operating for at least five years, the investment of public money in grant form may not have been justified. The requirement appears to have been a sound and important control safeguarding public money and ensuring that it was used for the purposes intended and therefore represented an important improvement to the design of the Fund.

A more important criticism of the Charge policy is the resulting significant delay in the commencement of several projects. Legal issues, for instance over conditions attached to leases, the need to extend terms of leases, bank loan collateral and prior charges, could not always be resolved promptly. The experience of the Fund is that an additional period of at least three months needs to be added to any application cycle to allow for the legal issues to be resolved. The fact that this was not known in the case of PODF has contributed to the difficulty faced by several grant recipients in completing projects in time.

The process for claiming payments appears to have worked well in most instances. However, there is anecdotal evidence that the original encouragement under rounds 1 and 2 to submit a single claim for the whole grant amount caused some hardship with a few grant recipients even taking out bridging loans, and some concerns on the part of potential and actual contractors.

Administrators report that where piecemeal claims were allowed under rounds 3 and 4, this helped grant recipients, did not result in undue additional work, and allowed for more accurate budget monitoring and forecasting.

In any grant scheme some projects will throw up more problems than others, and PODF included a number of projects that did not run smoothly. Aside from issues related to the Charge on properties, three themes can be identified as causal factors: the wish to relocate a post office as part of the project, changes of subpostmaster or mistress during the course of a project, and the need to make variations to projects for reasons that could not be anticipated. The terms of the Fund were not sufficiently clear as to whether any part of a relocation exercise was eligible for funding.

Given the nature of the projects, many of which involved significant structural alterations to properties, it was inevitable that there would be instances where plans had to be changed. The design of the fund did not allow for this, with no central or project level contingency arrangements. The lack of delegated authority to staff to vary specifications or grant amounts...
(within the overall budget allocation) meant that every variation (sometimes for very small amounts of money) had to gain Ministerial approval, resulting in a considerable unnecessary administrative burden and call on Ministerial time.

The key areas for improvement identified by the external review of administration related to:

- The quality of applications and supporting information;
- The design of the scoring matrix;
- The arrangements for evaluation.

Many applications were of a poor quality in terms of detail and clarity, especially relating to anticipated outcomes and benefits of the proposed project. The application form asked for details of any jobs to be safeguarded or created, and for cashflow forecasts showing the impact of the project. Many applications were unclear on these two crucial areas of anticipated impact of the project. Several applications did not distinguish between job protection and job creation, or between full-time and part-time posts. There is no evidence on file of clarification being sought on these points, although the information provided was used in bid assessment. The financial forecasts were similarly patchy. Some Sub-postmasters, especially in rounds 1 and 2, provided only bank statements to show previous patterns of income and expenditure, with no detailed forecasts or analysis of the expected impact of the funded project on income levels. For Rounds 3 and 4 there is evidence on file of clarification being sought on anticipated cashflow with and without funding, although this is not available in all cases, and not clear in several.

A requirement to seek formal business advice and submit business plans would have ensured that full information was available to bid assessors, and would have been likely to improve the overall quality and realism of bids.

The scoring matrix appears to have been applied consistently to projects and provided a relatively transparent basis for assessing a large number of similar bids. It emphasised deprivation and isolation, distance from another post office, job creation, leveraging in of other funds, and provision of new services or products, especially those of benefit to the community. Officials checked the information provided about deprivation, isolation and distance to the next post office against information held centrally. Other criteria were assessed on the basis of the application form. Each application was independently assessed by two officials.

However, the matrix did not take into account the current or projected viability of the post office. Given the quality of financial information provided this would have been difficult to assess. Greater rigour in requiring applicants to provide good quality financial information clearly demonstrating the financial impact of the project by comparing forecasts with and without funding might have allowed for this to be taken into account in bid assessment. The bid assessment did not actively involve POL, who might have been in a position to advise on proposed improvements to post office counters and service delivery, the suitability of individual applications, and their relative value in terms of reaching customers. Although POL’s agreement was required before any project could proceed, this
appears to have been a formality rather than an effective filtering or quality assurance mechanism.

Agreed outputs of projects were solely in terms of completion of specified building works, purchase and installation of equipment. POL provided final certification that works were completed before the last 5% of grant was released. The output measures were adequate for project management and monitoring purposes, and the system was rigorously administered. However, longer term or broader outcomes were not established at project level, and arrangements for evaluation of projects and the overall programme were not built in to the Fund from the start. This would have involved establishing clearer baselines relating to income and expenditure, employment, products and services provided and if possible number of customer visits.

4.3 Findings from survey, case studies and stakeholder consultation

Surveys

The surveys of post offices asked questions about the experiences of the administration of the grant by recipients of PODF.

Of the 55 PODF recipients who responded to the questions on administration of the Fund, almost all were satisfied overall. Most said that they found out about the grant in reasonable time to apply, they had sufficient advice from officials, that payments were prompt and that the monitoring arrangements were clear. A smaller but clear majority found the arrangements for making claims reasonably clear and easy. Most found the application process reasonably clear and easy, although this was the area with the most disagreement. Four respondents who were successful applicants but later turned down the offer of funding were unhappy with many aspects of the administration.

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<tr>
<th>PODF recipients (completed and uncompleted projects - 59 total)</th>
<th>Agree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>I found out about the grant in reasonable time to apply</td>
<td>53</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>I found the application process reasonably clear and easy</td>
<td>39</td>
<td>15</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>I had sufficient support and advice from Assembly officials</td>
<td>49</td>
<td>2</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>I found the arrangements for claiming grant payments reasonably clear and easy</td>
<td>42</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Payment of grant was prompt</td>
<td>45</td>
<td>2</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>The monitoring arrangements were clear to me</td>
<td>46</td>
<td>4</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Overall, I was satisfied with the way the scheme was administered</td>
<td>50</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
Respondents’ comments on the administration of PODF were mainly very positive, eg:

‘easy to apply for’; ‘the processing of the grant and the assistance from the Assembly staff were excellent’; ‘very impressed with way the whole transaction was handled - wish to thank everybody for all the help I was given’; ‘administrative help was 5 star’; ‘staff were extremely helpful at all times. Timescales given by those answering queries were always correct, with paperwork arriving on time and easily understood’.

However, a small number of respondents raised concerns over the ‘initial lengthy wait for approval’ during the period of internal review of the Fund, and one query on the appraisal of applications:

- ‘we nearly gave up because it was nearly 9 months for us to get an answer and we were not kept informed during the process’;
- ‘the administration of the fund was totally inefficient, with my application being submitted in the Autumn of 2003 and not being assessed until June 2005’;
- ‘I don’t believe those evaluating application were not sufficiently expert at comparing quotations - tended towards the cheapest only’.

The major criticism of administration was of the imposition of a charge on properties. One respondent commented: ‘the Charge on subpostmaster’s property should be removed immediately - it can cause difficulties in selling the business’.

Three individuals who had been offered PODF ended up rejecting the offer on these grounds and commented as follows:

- ‘When I applied no-one said there would be a lien on freehold of property. Leased properties did not incur this burden. In view of my age I was advised by my solicitor not to proceed so did not take grant offer up’;
- ‘I did not take up grant offer - risk too great - repayment of grant if business failed within 5 years - POL only prepared to guarantee up to 2008 - we would have to close if we lost the post office and would then be liable to repay up to £30,000’;
- ‘£48k was offered but to take advantage I would have had to put my family home at risk as security. I did not feel that the risk was safe long-term’.

The survey of post offices not in receipt of PODF asked Sub-postmaster and mistresses whether they had applied for PODF. Eleven had done so, and not surprisingly their views on the administration of the Fund were less favourable than those of successful applicants, with major criticisms being the level of support and advice received and the lack of satisfactory feedback on unsuccessful applications and lack of transparency of the assessment process:
Of the 45 who said that they had not applied, 39 gave reasons, as follows:

- 20 had not heard of PODF;
- 6 knew they were not eligible;
- 3 did not want funding;
- 10 gave other reasons, in some cases the belief that the Fund offered loans rather than grants, or that match funding was required.

Of the 20 who had not applied because they said they had not heard of PODF, three would have been eligible by virtue of being in the top 125 most deprived areas. It is not known whether these post offices had undergone a change of ownership since the original awareness raising around PODF.

Some respondents made comments on the application and assessment system. Eg:

- ‘It is naïve to ask for costings before grant is approved. Many firms refused to give quotes because a waste of time. Wasted a week’s work compiling paperwork only to be turned down’;
- ‘I received many letters asking for quotes and predicted income etc - how can you predict this?’;
- ‘I had difficulty in obtaining forms, then what was offered was mostly for structural improvements, nothing suitable for small office’;
- ‘I was disappointed that there was no follow up after initial application to discuss a more viable application’.

Case studies

The participants in the case studies were, as noted above, more likely than average to give favourable reports of the Fund. This proved to be the case in respect of their reported experiences of the administration of the Fund. The full details of their views are at Annex 5, but in summary, the case study participants:

- Found the application process ‘easy’;
- Reported that the decision to award grant did not take long;
- Found that payments were made promptly and
- Assembly Government officials were helpful and supportive.

Two participants reported frequent staff changes within the Assembly, leading to the frustration of having ‘to go through things again’.

### Unsuccessful POF applicants (11 total)

<table>
<thead>
<tr>
<th></th>
<th>Agree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>I found out about the grant in reasonable time to apply</td>
<td>8</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>I found the application process reasonably clear and easy</td>
<td>5</td>
<td>4</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>I had sufficient support and advice from Assembly officials</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>I understood the reason for my application being unsuccessful</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Overall, I was satisfied with the way the application was administered</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Of the 45 who said that they had not applied, 39 gave reasons, as follows:
The other criticisms raised were:
that it had not been made clear at the outset to one Sub-postmaster that the Assembly Government would not pay VAT on the works;
that although the project was inspected and signed off by POL, one of the case studies had (in common with most PODF projects) never received a visit from Assembly officials.

Stakeholders consultation
There was some limited feedback on administration from stakeholder consultees. Postwatch Wales referred to ‘anecdotal evidence’ that ‘the process takes too long and that on some occasions a change of staff in the relevant department dealing with applications has led to delay and some confusion in so much that a different interpretation might be placed on a specific issue’.

Business Eye in Pembrokeshire reported that it had talked to about 10 Post Offices about the availability of grant support, and that all of these had been signposted to the fund. The organisation had also spoken to Welsh Assembly Government officers about the fund in relation to the individual cases, and ‘these officers have always been helpful and supportive’.
5. Profile of PODF spend

Introduction
This phase of the research involved the development of a profile and analysis of PODF funding awarded and spent. It was based on administrative data held on file and on database by grant scheme managers in the Communities Directorate of the Assembly Government.

Communities Directorate had maintained a database of PODF grant information for the purpose of tracking awards, payments and progress with projects. The database showed for each post office funded:
- post office name;
- amount of grant awarded;
- description of the works to be carried out under the project;
- date of receipt from POL of certification of satisfactory completion of works; and
- whether the project was commenced or completed.

This administrative tool formed the basis of a new database for evaluation purposes, the development of which involved detailed examination of all project files and familiarisation with the background to each project. The expanded database incorporates the information listed above, and adds the following information:
- contact name and address of Sub-postmaster/mistress;
- amount of PODF paid to date;
- categories of work included in the project -
  - structural/aesthetic;
  - security measures;
- improved access or facilities for people with disabilities;
- new products or services;
- whether a rural or urban area in PODF terms;
- any other funding received by post office or provided by the Sub-postmaster/mistress themselves;
- anticipated number of jobs to be created or safeguarded through the project;
- anticipated impact of project on income or profit; and
- information from project files about the type of area, specific needs or community support.

5.1 Quality of information
The process of developing the expanded database revealed some inconsistency, weaknesses and gaps in the information supplied by grant applicants, especially in relation to the anticipated impact on job protection and creation, and on financial impact. The management and administration aspect of these issues are discussed more fully in Chapter 4. Their implications for the analysis of spend and evaluation of impact are examined here.

In the section of the application form dealing with safeguarding and creating jobs, some applicants included the jobs of the postmaster/mistress themselves and others did not. Many did not distinguish between job protection and job creation, or between part-time and full-time jobs. The database and analysis are based on the information provided at application stage.
To ensure that the database is as robust as possible, figures provided by applicants have been adjusted to include postmaster/mistress posts where necessary. Where the working pattern is not stated posts are assumed to be half full-time and half part-time, reflecting the approximate pattern of the whole population. Where it is unclear from the form whether posts are to be safeguarded or created, it is assumed that they are to be safeguarded, the most likely interpretation of the application form.

In the section dealing with financial impact, information provided was patchy and sometimes incomplete. In many cases the impact of the project was not clearly identified, for instance because there was no indication of likely cashflow without the proposed project. Where the impact was identified it was expressed in a variety of ways, such as percentage increase in income, absolute increase in profit or changes in cashflow. It was not possible to develop assumptions that would allow for aggregation of the information into a single anticipated outcome, so a description of the range of expectations is provided for each Round.

The quality of financial information improved over time, and officials became clearer and more consistent in their requirements on this front. Thus, for Round 1 there was no satisfactory information on anticipated financial impact for any project, for Round 2 there was adequate information in respect of nearly half the projects, and for rounds 3 and 4 this existed for two thirds of projects.

In general there was a huge variation in the quality and professionalism of the applications. Many applications were clear and well thought through, with good levels of detail about the post office, its customer base and area served, clear explanation of the rationale for the proposed project and the anticipated impact on immediate and longer-term viability, employment and the community. Others were considerably less clear and detailed, and some were poorly constructed.

5.2 Types of funded activity
The activities funded by PODF were divided into four categories as follows: structural/aesthetic; security measures; improved access or facilities for people with disabilities; and new products or services.

Structural and aesthetic improvements included works to increase retail space, create areas for new services, upgrade the layout of the post office area or shop, introduce customer toilets, or improve the exterior of the building, including car parking.

Security measures were usually the installation of new alarms, safes, CCTV equipment or shutters.

The access and facilities for people with disabilities category includes physical access to and around the building, often to bring the premises into line with the requirements of the Disability Discrimination Act, provision of post office counters suitable for use by wheelchair users, or installation of induction loops to help people who are deaf or hard of hearing.

The category “new products and services” covers a wide range of activities, such as:

- extending opening hours for post office or all services;
- extending the range of groceries stocked in the retail side of the business, often including more fresh or local produce, more frozen goods, sandwiches and hot drinks, or opening an off-licence;
• extending the range of post office services offered;
• provision of new banking or financial services, including access to cash;
• provision of community facilities such as notice boards, meeting rooms, or links with credit unions;
• the introduction of new services and facilities such as bakeries, video/DVD libraries, internet and IT access, tourist information, travel agencies, business services, photocopying and printing and faxing, photo development, dry cleaning and cafes/ice cream parlours.

Almost all projects included two or more of the four categories of activity, with many including elements of all categories. Those projects including the products and services category usually included several elements within this, for instance more space and increased opening hours. It was therefore not possible to identify a typology of projects that distinguished between projects by category. In particular, the structural improvements carried out were usually inextricably linked with one of the other categories of activity. The analysis of activities funded therefore shows the range of categories covered, but cannot attribute levels of funding to each category.

5.3 Profile of spend
Applications for PODF funding were invited under four separate rounds, which closed on 31 January, 30 April, 31 July and 31 October 2003 respectively. Rounds of awards were made in April and August 2003 and May and July 2004. Grant recipients were initially required to achieve full spend and submit claims to the Assembly Government by 31 December 2005. In April 2005 an extension of the deadline to 31 January 2006 was announced, in recognition of the difficulty being faced by some Post Offices in meeting the first deadline.

The table below summarises the number of projects awarded funding under each round, the number of projects completed and amount of grant spent. A total of £4.17m was awarded to 106 post offices (64 in urban areas, 42 rural, defined in PODF terms), of which approximately £3.86m had been claimed and spent as at 1 February 2006. Only 6 projects seemed unlikely to be completed by the end of the period of operation of PODF, although a further 7 had refused the grant offer. Most grants were for £40,000-£50,000, with only four grants of under £10,000 and three between £10,000 and £20,000. The balance between urban and rural projects was fairly even in the first three rounds, but with over twice as many urban as rural projects in round 4.

Over all four rounds, only a handful of projects attracted funding from other public or charitable sources. Of these other grants received, most were very small contributions from the local council or from the local county voluntary council, and one from a charity. There were two larger grants, from a council and the WDA. Amongst the rejected projects there was similarly little evidence of other funding being available for projects. Given that applicants were encouraged through guidance to raise other funding, this evidence indicates that PODF was not duplicating other public support, but was in almost all cases the only large scale source of funding available for the work.

Half of all projects involved contributions from the Sub-postmaster/mistress themselves, either from personal savings or funded by loans. These contributions totalled over £520,000, much of...
which may not otherwise have been invested in the post office infrastructure. The contribution was often for the element of the project over the £50,000 grant ceiling, indicating that the grant ceiling had a positive impact on private investment and did not deter applicants from undertaking projects over that size. It might indicate that setting a percentage level for funding might have levered in even more private investment, in respect of the smaller projects.

<table>
<thead>
<tr>
<th>Overall profile</th>
<th>Round 1</th>
<th>Round 2</th>
<th>Round 3</th>
<th>Round 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>7</td>
<td>21</td>
<td>30</td>
<td>48</td>
<td>106</td>
</tr>
<tr>
<td>Of which, urban</td>
<td>2</td>
<td>13</td>
<td>15</td>
<td>34</td>
<td>64</td>
</tr>
<tr>
<td>Of which, rural</td>
<td>5</td>
<td>8</td>
<td>15</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td>Projects completed</td>
<td>7</td>
<td>19</td>
<td>25</td>
<td>29</td>
<td>80</td>
</tr>
<tr>
<td>Total grant awarded</td>
<td>259,813</td>
<td>889,408</td>
<td>1,260,339</td>
<td>1,757,931</td>
<td>4,167,491</td>
</tr>
<tr>
<td>Total grant spent</td>
<td>257,819</td>
<td>812,046</td>
<td>1,231,326</td>
<td>1,545,082</td>
<td>3,855,273</td>
</tr>
<tr>
<td>Unsuccessful bids</td>
<td>20</td>
<td>29</td>
<td>18</td>
<td>45</td>
<td>112</td>
</tr>
</tbody>
</table>

**Characteristics of funded post offices**

Data from administrative data and the surveys of post offices shows that all PODF funded post offices had a linked business, most of which were retail, including confectionery, newsagents and tobacco, general groceries and household goods, and in some cases specialist lines such as toys, clothes, china or craft goods. A few businesses also included a café. Of the respondents to the survey of non-PODF recipients, one fifth said they had no associated retail or other business.

PODF was successful in targeting post offices which were the last shop in the settlement: just over two thirds of survey respondents who were awarded PODF reported that there was no other retail outlet in the settlement, whereas of the control survey the figure was just over half.
Most post offices surveyed were small businesses with five or fewer employees (including the sub-postmaster or sub-postmistress themselves). 86% of funded post offices had five employees or fewer, slightly higher than the 81% of the control survey. There was only one example out of 59 respondents of a funded post office with more than ten employees, compared with three out of 48 respondents to the control survey. However, there was a lower incidence of grant being awarded to very small businesses (sub-postmaster or mistress alone or with one employee). Although the variations are not huge and the figures not conclusive, it appears that the post offices most likely to apply for and be awarded PODF were those in the mid range in term of size of post office, and that the very small and very big post offices were less likely to apply for and be awarded PODF.

Percentage of Post Offices with one or no employee

<table>
<thead>
<tr>
<th></th>
<th>Post offices with PODF</th>
<th>Post Offices without PODF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>40%</td>
<td>56%</td>
</tr>
</tbody>
</table>
Geographical distribution of PODF

The map below shows the location of post offices awarded PODF (including those where the offer was eventually refused), and the eligible areas. It shows that 19 local authority areas had at least one offer of PODF, with 32 awards in Valleys authorities, 16 in Powys and 13 in Carmarthenshire, 12 in North Wales authority areas, and a total of 18 in Cardiff, Swansea and Newport. Four post offices are located outside but serve eligible areas.
**Post Office Development Funding in the 125 Most Deprived and the 125 Most Isolated Areas**

**ROUND 1**

<table>
<thead>
<tr>
<th>1/1</th>
<th>Abertysswg, Rhymney</th>
<th>Urban</th>
<th>Caerphilly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/2</td>
<td>Bargoed</td>
<td>Urban</td>
<td>Caerphilly</td>
</tr>
<tr>
<td>1/3</td>
<td>Graiglwyd</td>
<td>Urban</td>
<td>Swansea</td>
</tr>
<tr>
<td>1/4</td>
<td>Gwyddelwern, Corwen</td>
<td>Rural</td>
<td>Denbighshire</td>
</tr>
<tr>
<td>1/5</td>
<td>Llangeitho, Tregaron</td>
<td>Rural</td>
<td>Ceredigion</td>
</tr>
<tr>
<td>1/6</td>
<td>Llangurig, Llanidloes</td>
<td>Rural</td>
<td>Powys</td>
</tr>
<tr>
<td>1/7</td>
<td>Llanhilleth, Abertillery</td>
<td>Urban</td>
<td>Torfaen</td>
</tr>
</tbody>
</table>

**ROUND 2**

| 2/8  | Amroth Road                    | Urban | Cardiff    |
| 2/9  | Boncath                        | Rural | Carmarthenshire |
| 2/10 | Botwnnog, Pwllheli             | Rural | Gwynedd   |
| 2/11 | Broughton Avenue               | Urban | Swansea    |
| 2/12 | Caerau Road                    | Urban | Cardiff    |
| 2/13 | Carno, Caersws                 | Rural | Powys     |
| 2/14 | Conway Road                    | Urban | Swansea    |
| 2/15 | Doldowlad, Llandrindod Wells   | Rural | Powys     |
| 2/16 | Duffryn                        | Urban | Newport    |
| 2/17 | Grand Avenue                   | Urban | Cardiff    |
| 2/18 | Llanelli Docks, Llanelli       | Urban | Carmarthenshire |
| 2/19 | Llanrumney                     | Urban | Cardiff    |
| 2/20 | Marloes, Haverfordwest         | Rural | Pembrokeshire |
| 2/21 | McDonell Road, Bargoed         | Urban | Caerphilly |
| 2/22 | Pontneathvaughn, Neath         | Rural | Neath Port Talbot |
| 2/23 | Senghennydd                    | Urban | Caerphilly |
| 2/24 | Splott Road                    | Urban | Cardiff    |
| 2/25 | Talybont-on-Usk, Brecon        | Rural | Powys     |
| 2/26 | Victoria Road                  | Urban | Neath Port Talbot |
| 2/27 | West End, Pwllheli             | Urban | Gwynedd    |
| 2/28 | Ynysymaerdy, Neath             | Urban | Neath/Port Talbot |
### ROUND 3

<p>| 3/29 | Abercwmboi, Aberdare | Urban | Rhondda Cynon Taf |
| 3/30 | Abertridwr | Urban | Caerphilly |
| 3/31 | Adamsdown | Urban | Cardiff |
| 3/32 | Beddgelert | Rural | Gwynedd |
| 3/33 | Bettws | Urban | Bridgend |
| 3/34 | Blaencelynn, Llandyssyl | Rural | Carmarthenshire |
| 3/35 | Bute Docks | Urban | Cardiff |
| 3/36 | Caeharris | Urban | Merthyr Tydfil |
| 3/37 | Cefn Gulay, Tredegar | Urban | Blaenau Gwent |
| 3/38 | Church Terrace, Holyhead | Urban | Isle of Anglesey |
| 3/39 | Colwyn Avenue | Urban | Swansea |
| 3/40 | Darrenlas, Mountain Ash | Urban | Rhondda Cynon Taf |
| 3/41 | Dyffryn | Rural | Gwynedd |
| 3/42 | Ebbw Vale | Urban | Blaenau Gwent |
| 3/43 | Llandinam | Rural | Powys |
| 3/44 | Llandovery | Rural | Carmarthenshire |
| 3/45 | Llandyssil, Montgomery | Rural | Powys |
| 3/46 | Llangammarlch Wells | Rural | Powys |
| 3/47 | Llwynhendy, Llanelli | Urban | Carmarthenshire |
| 3/48 | Manobier | Rural | Pembroke |
| 3/49 | Morawelion, Holyhead | Urban | Isle of Anglesey |
| 3/50 | Penrhivtyn, Neath | Urban | Neath Port Talbot |
| 3/51 | Reynoldston | Urban | Swansea |
| 3/52 | Sanquarsh Street | Urban | Cardiff |
| 3/53 | St David's, Haverfordwest | Rural | Pembroke |
| 3/54 | St Mellons, Cardiff | Urban | Cardiff |
| 3/55 | Staylittle, Powys | Rural | Powys |
| 3/56 | Troedyriwiw | Urban | Merthyr Tydfil |
| 3/57 | Winchestown, Brynmawr | Urban | Blaenau Gwent |
| 3/58 | Y Caban, Aberystwyth | Rural | Ceredigion |</p>
<table>
<thead>
<tr>
<th>ROUND 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/59 Amlwch</td>
</tr>
<tr>
<td>4/60 Ann Street</td>
</tr>
<tr>
<td>4/61 Berriew</td>
</tr>
<tr>
<td>4/62 Bettws</td>
</tr>
<tr>
<td>4/63 Caersws</td>
</tr>
<tr>
<td>4/64 Coelbren</td>
</tr>
<tr>
<td>4/65 Cwm</td>
</tr>
<tr>
<td>4/66 Cwmaman</td>
</tr>
<tr>
<td>4/67 Dowlais</td>
</tr>
<tr>
<td>4/68 Fairway</td>
</tr>
<tr>
<td>4/69 Felinfach</td>
</tr>
<tr>
<td>4/70 Felinfoel</td>
</tr>
<tr>
<td>4/71 Ffostrasol</td>
</tr>
<tr>
<td>4/72 Fochriw</td>
</tr>
<tr>
<td>4/73 Garden Village</td>
</tr>
<tr>
<td>4/74 Gelligaer</td>
</tr>
<tr>
<td>4/75 Gladestry</td>
</tr>
<tr>
<td>4/76 Glanamman</td>
</tr>
<tr>
<td>4/77 Holmesdale Street</td>
</tr>
<tr>
<td>4/78 Kidwelly</td>
</tr>
<tr>
<td>4/79 Llanbister</td>
</tr>
<tr>
<td>4/80 Llanboidy</td>
</tr>
<tr>
<td>4/81 Llandrinio</td>
</tr>
<tr>
<td>4/82 Llanfachraeth</td>
</tr>
<tr>
<td>4/83 Llangadog</td>
</tr>
<tr>
<td>4/84 Llanon</td>
</tr>
<tr>
<td>4/85 Llanfihangel Crucorney</td>
</tr>
<tr>
<td>4/86 Markham</td>
</tr>
<tr>
<td>4/87 Morrison Road</td>
</tr>
<tr>
<td>4/88 New Tredegar</td>
</tr>
<tr>
<td>4/89 Newbridge on Wye</td>
</tr>
</tbody>
</table>
Round 1
The profiling of round 1 of PODF shows that all seven approved projects were completed, in an average time of 7 months. Urban projects bid for and were awarded slightly higher levels of grant than rural projects, probably reflecting their larger size. There was a very high level of spend against grant commitment, indicating good planning and bid assessment, and few project management problems. All projects included structural and aesthetic elements. Most projects also involved the provision of new products or services, three included provision of disabled access or facilities and four included security measures.

Only one project had secured public funding from any other source, but four made a commitment to make a contribution from their own funds as necessary (usually not stating the precise amounts).

For Round 1 there is no evidence on file of the anticipated impact of the project on income or profitability, in terms of comparison of financial forecasts with and without funding. There is also very little information about the numbers of jobs anticipated to be safeguarded by the projects, but some indications of those to be created.

Round 2
Of the 21 projects approved in Round two, 19 were completed as at 1 February 2006, in an average time of less than 6 months. One project was nearly completed and one had just had the Charge secured. There were more urban than rural projects, and these again had a significantly higher average grant award than the rural projects. 91% of grant allocated had been spent by 1 February 2006. The range of activities showed a greater emphasis on security measures in the urban areas. There was no funding from other sources in this round, but the level of contributions from applicants’ own funds ranged from £2,000-£24,000 and totalled over £50,000. There is no evidence on file of the anticipated financial impact in respect
of 12 projects. Of the other nine projects, one predicted significantly increased profit, three predicted a turnaround from deficit to profit in year 2 after funding, four predicted little impact on profit but a significantly increased turnover, and one predicted no significant financial impact.

A feature of Round 2 was the number of projects that did not involve the development of any new services or provision of new products (12 projects). Although this was not an eligibility requirement for the grant funding, diversification would appear to be essential for the future viability of struggling post offices, and the provision of services of benefit to the local community was an objective of the Fund. It would be a concern if the Fund had not added value in these cases.

**Round 3**

Round 3 was much bigger, with 30 projects (15 rural and 15 urban) being awarded funding. Urban projects were again bigger than rural ones. Projects in this round took longer to complete, 10 months on average, the difference being largely attributable to the new requirement for a Charge on properties. 25 projects were complete at 1 February 2006, three were on course for completion, one seemed unlikely to be completed by 31 March, and 1 grant award had been refused. In this round, the greater emphasis on security measures was in rural areas.

Funding from other sources was at a very low level. Of those making a contribution from their own funds, including bank loans, those in rural areas made lower contributions (between £1,000 and £17,000, averaging £7,000), those in urban areas higher contributions (between £2,000 and £125,000, average £28,000). The total contribution from Sub-postmasters and mistresses in this round was over £300,000.

For six projects, there was inadequate information about the likely financial impact of the work. Of the rest, eleven predicted increases in income of varying proportions, without necessarily resulting in an increase in profit. Six predicted a significant increase in their surplus in year 2 after funding, and seven anticipated moving from a deficit to a surplus in the same period, making the business sustainable.

**Round 4**

Of the 48 projects under Round 4, 34 were urban and 13 rural. 19 were incomplete at 1 February 2006, although 9 of these were likely to be completed by the end of March. 6 had refused the offer of grant, 2 were awaiting the Charge, and 2 were running behind schedule. The completed 29 projects had taken an average of 12 months, although this figure will be higher when the outstanding projects are completed.

Four projects had secured funding from other public sources, but these were at a very low level (around £1,000 each). However, 20 applicants intended contributing from their own resources, sometimes to significant levels (ranging from £1,000 to £22,000. The average contribution was £7,000 and the total was around £150,000.

There was information about the anticipated economic impact of the project for half of the applications, all predicting a positive impact: most predicted an increase in income and or surplus, and three predicted a change form making a loss to making a profit by year 2.
5.4 Unsuccessful applications
Overall 112 applications for PODF were unsuccessful. Some of these were simply ineligible, not being located in or serving any of the 125 most deprived or 125 most isolated areas. The vast majority however were rejected on the basis of scoring less well on the PODF scoring matrix discussed in Chapter 4.

The scoring matrix added together points scored against a range of factors such as ranking in the deprivation and isolation indices, proximity to other post offices, additional services and benefits to the community, other funding contributions, and anticipated impact on jobs. It is not therefore possible in most cases to identify a single reason for rejection of an application. However, the files show that the bulk of eligible but unsuccessful applications scored less well primarily because they concentrated on sustaining the post office in its present role and at its present size, albeit in refurbished premises. Many unsuccessful bids failed to demonstrate how the project would result in additional services, new community facilities, of other community benefits such as expanded product ranges or longer opening hours. They could thus not argue that they would be making the post office any more viable than it was before the project, or that there would be any additional economic or social value. Being low in the index of deprivation or isolation was not in itself an overriding factor leading to bids being unsuccessful, if the bid was strong in other respects.

The profile of unsuccessful applications demonstrates that the assessment process was reasonably effective in sifting out bids that did not aim to achieve the objectives of the fund in terms of increasing viability and social value, even though assessment was not based on actual financial forecasts.
6. Impact of PODF

6.1 Findings from survey

In this section, proportions and percentages are calculated using the total number of respondents to the individual survey question under consideration rather than the number of responses to the surveys as a whole.

Additionality

Of the 57 PODF recipients who replied to the question, 45 said they would not have undertaken any of the work carried out with funding if they had not received the grant. Seven would have done a more limited project, one a more limited project and later. The four survey respondents who refused offers of grant have not done the work they proposed. These survey results therefore suggest that the grant was successful in terms of added value, funding work that would not have happened without public investment. Extrapolating from the survey results, 83 projects funded by PODF across Wales would not have taken place at all without the grant award.

However, this finding is qualified by the responses of non-PODF recipients, the majority of whom (40 of 55) had during the period of operation of PODF made some improvement in at least one of the eligible activities, ie security measures, significant structural or aesthetic improvements, access or facilities for people with disabilities, or new products and services. The four categories of activity had similar numbers of positive responses. The extent or standard of these unfunded improvements is not known, so it is not possible to judge whether they were comparable with some of the major refurbishments and other significant projects carried out under PODF.

Overall impact

Four respondents to the survey said that without PODF they would have closed their business by now, and fourteen were unsure whether they would still be operating. Of the four that would have closed, three reported that there was no other shop in the settlement, despite all being in an urban setting. Of the fourteen that were unsure if they would still be open, 9 were ‘the last shop in the village’ with a mix of urban and rural locations. There are therefore at least 12 examples of PODF successfully supporting marginal post office and retail businesses in communities which otherwise would or might no longer have this facility.

Extrapolating from the survey results, the data suggests that it is likely that eight post offices and associated businesses are open today because of PODF, with a further 28 borderline cases.

However, two thirds of respondents said they would still be in business even without PODF. It should be noted that for urban post offices the Fund operated in the context of the Urban Network Reinvention programme and did not fund post offices scheduled for closure under this programme. For rural post offices during the period of the Fund, the national policy of ‘no avoidable closures’ protected many from closure. It is therefore not surprising that few funded post offices felt at imminent danger of folding completely. The hope was that the Fund would improve viability for when the artificial safety net was removed - this has not yet been tested.

Almost all respondents agreed that overall, the funding had made their business more
commercially viable (50/53), and had improved access to Post Office services in the area (48/52). All respondents said that the funded project had made their business more useful to the local community.

Of the four post offices awarded small grant amounts (less than £10,000), only two responded to the survey. Both reported a slight increase in post office customer visits, with retail income and visitor numbers unchanged.

The responses indicate that PODF recipients consider that the Fund was successful in its objectives of supporting the retention and development of post offices in disadvantaged communities, and supporting the maintenance of a viable post office network across Wales.

<table>
<thead>
<tr>
<th>Changes in Post Office opening hours April 2003-September 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>completed PODF projects</strong></td>
</tr>
<tr>
<td><strong>PODF projects underway</strong></td>
</tr>
<tr>
<td><strong>no PODF</strong></td>
</tr>
<tr>
<td>increased</td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

Opening hours

Of post offices that had received PODF, one third (17 post offices) had increased the opening hours of the post office, and 20 had increased the opening hours of their linked shop. Others had retained the same hours, with one exception. The incidence of increased opening hours was higher in projects already completed than those still in progress.

Of the non-PODF post offices surveyed, only one fifth had increased their opening hours in the post office, and a quarter of those with shops had increased the opening hours of the shop. Six post offices and three shops had reduced their opening hours.
These responses indicate that post offices in receipt of PODF, especially those where the project is completed and the post-project business is up and running, are more likely to be providing a better service to their community in terms of longer post office and retail hours.

**Customer visits and income**

77% of post offices with completed PODF projects reported an increase in customer visit numbers. For post offices with uncompleted PODF projects the figure with customer number increases was 52%, while of unfunded post offices 59% had experienced a decrease in numbers.

<table>
<thead>
<tr>
<th>Change in number of PO customer visits since April 2003</th>
<th>Increased significantly</th>
<th>Increased slightly</th>
<th>Stayed the same</th>
<th>Decreased slightly</th>
<th>Decreased significantly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PODF completed</td>
<td>9</td>
<td>15</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>31</td>
</tr>
<tr>
<td>PODF not completed</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>No PODF</td>
<td>3</td>
<td>11</td>
<td>9</td>
<td>18</td>
<td>15</td>
<td>56*</td>
</tr>
</tbody>
</table>

(*includes grant refusers)
On the retail side, 72% of post offices with completed projects had increased customer numbers, nearly half of respondents describing these as significant increases. This resulted in 81% of these post offices reporting increased retail income. Only 3 had had a slight decrease in either customer numbers or retail income.

For the 23 respondents with non-completed projects, over two thirds had increased customer numbers, and the same proportion had increased retail income.

Over the same period, fewer than a quarter of unfunded post offices with a linked retail business experienced an increase in customer numbers or income on the retail side. Over half of the unfunded post offices had experienced a decrease in customer numbers, with 15 of the 47 reporting a significant decrease. This resulted in 56% reporting decreased retail income.

### Change in number of retail customer visits since April 2003

<table>
<thead>
<tr>
<th></th>
<th>Increased significantly</th>
<th>Increased slightly</th>
<th>Stayed the same</th>
<th>Decreased slightly</th>
<th>Decreased significantly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PODF completed</td>
<td>14</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>PODF not completed</td>
<td>3</td>
<td>12</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>No PODF</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>11</td>
<td>15</td>
<td>47*</td>
</tr>
</tbody>
</table>

### Change in retail income since April 2003

<table>
<thead>
<tr>
<th></th>
<th>Increased significantly</th>
<th>Increased slightly</th>
<th>Stayed the same</th>
<th>Decreased slightly</th>
<th>Decreased significantly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PODF completed</td>
<td>11</td>
<td>14</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>PODF not completed</td>
<td>4</td>
<td>10</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>No PODF</td>
<td>2</td>
<td>9</td>
<td>10</td>
<td>13</td>
<td>13</td>
<td>47*</td>
</tr>
</tbody>
</table>
The figures show a strong correspondence between having a completed PODF project and increasing retail business, and a correspondence between having a PODF project underway and increasing retail business.

Post offices with completed projects were asked how helpful they felt each element of the project was in increasing business. There was a fairly even spread of responses, with ‘new community services’ rated slightly lower than other elements, and with security measures and structural or aesthetic improvements being most often rated as ‘extremely helpful’. Of those post offices reporting a significant or slight increase in retail income following the completion of their PODF project, the elements most often cited as extremely helpful in increasing business were structural and aesthetic improvements and, perhaps surprisingly, security measures.

| ‘Extremely helpful’ ratings of completed projects reporting increased retail income following completion |
|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
|                                                                 | Significantly increased income | Slightly increase retail income | Total |
| Disability access and facilities                              | 3                               | 4                               | 7     |
| New community services                                         | 0                               | 4                               | 4     |
| New post office services                                       | 3                               | 4                               | 7     |
| New non post office retail products/services                   | 5                               | 5                               | 10    |
| Security measures                                              | 7                               | 8                               | 15    |
| Structural/aesthetic improvements                              | 8                               | 8                               | 16    |

<table>
<thead>
<tr>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of full time jobs in all post offices generally increased over the period studied, by around 15-16% in all post offices whether funded by PODF or not.</td>
</tr>
<tr>
<td>The number of part-time jobs also increased significantly for funded post offices: a 47% increase in the number of part time posts in post offices with completed projects, a 36% increase in those with projects underway.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of part-time jobs</th>
<th>Post offices with PODF (55 respondents to question)</th>
<th>Post offices without PODF (52 respondents to question)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/t posts April 2003</td>
<td>102</td>
<td>114</td>
</tr>
<tr>
<td>P/t posts now</td>
<td>145</td>
<td>113</td>
</tr>
</tbody>
</table>

There was a net reduction in part time posts in unfunded post offices surveyed. Although the measure is only approximate as it refers only to numbers of posts and does not measure total working hours, it does appear that PODF has led to the creation of a significant number of part time posts that would not have arisen otherwise. Extrapolating from the survey results, PODF can be estimated to have created around 80 new part-time jobs in deprived or isolated areas of Wales.
Impact on the community

The survey asked Sub-postmasters and mistresses whether they had introduced various community facilities as part of their PODF project. Unfunded post offices were asked which of the facilities they had introduced during the same period.

For every facility or improved service, the percentage is higher for post offices with PODF. The striking differences are in respect of better access or facilities for people with disabilities, and a stronger role for the post office as a social focus for the area. There were no instances in post offices without PODF projects of the introduction of Internet/IT or hosting a credit union or debt advice service, perhaps indicating that the introduction of these services requires an element of public investment to make them happen. PODF funding also appears to correlate with greater provision of locally-sourced products and the development of new links with other local businesses and facilities, indicating an impact on the local economic network beyond the immediate impact on the funded business.

Extrapolating from the survey results to all 106 PODF projects in Wales, and taking into account the developments that are likely to have taken place anyway without PODF funding, PODF can be estimated to have ‘bought’ two community rooms, thirty community notice boards, hosting of ten credit unions or debt advice services, better access or facilities for people with disabilities at 62 post offices and provision of access to IT or Internet at twenty new sites.
Post offices with completed projects were asked how beneficial they felt each element of the project was to the local community. There was a fairly even spread of responses, but with security measures and structural and aesthetic improvements having the highest incidence of ‘extremely beneficial’ ratings.

Comments from survey responses on impact

The overwhelming majority (28 out of 35) of comments from PODF recipients were expressing thanks for the grant and setting out the benefits that had resulted. Some described the physical benefits, eg:

- It was extremely helpful in funding for new shop front, disability access and total modernisation, which I would never have been able to afford without the grant;
- The PO was old and in terrible condition, now it looks very nice and clean;
- My post office is brighter, more secure, disabled friendly and a pleasure to open up every day to serve the community.

Others set out the commercial impact of the grant, eg:

- Without PODF I would have opted to close the post office…without the post office the business would have folded by now;
- The grant has secured long term viability of post office and stores;
- It has pushed our business forward and added services for our local community, as well as employment. We will now be able to build on the strong foundation that the grant has provided;
- After 30 years of trading this has given us the opportunity of hopefully securing a future for the shop in our community.
- PODF has enabled the business to stay viable with more certainty.

Good practice example:
SAVEeasy Llanelli and District Credit Union working with post offices

Two post offices in receipt of PODF have, as part of their funded project, acted as hosts for Llanelli and District Credit Union. Ann Street and Tyisha Road Post Offices in Llanelli provide a collection service where individuals can save as little or as much as they wish. The post offices do not receive a fee for the service, but aim to increase footfall by offering customers a convenient way to draw cash and to save in a single visit.

The credit union’s approach is to ‘encourage thrift and saving’, and they consider that offering people the opportunity to put some money aside immediately after collecting their benefits or pension makes saving easier and more convenient for people on a low income. SAVEeasy describes the service in the post offices as limited but successful and reports a significant increase in membership at one of the sites.

Jeff Hopkins, the Manager of SAVEeasy, said: ‘we are delighted with our sub-post office link-up and are enjoying the benefits of increased membership allowing us to strengthen our liquidity situation and provide a larger number of loans.’

The credit union estimates that 20-30 other post offices in the area have approached them asking to join the scheme. The union is currently investigating sources of funding to employ someone to collect from these sites, with a view to expanding the reach of the scheme and acting as a pilot for Wales.
The fund has proved a life saver for my business…it helped sustain my operation in a very difficult climate…I am now able to look to the future.

It was notable that in addition to the physical, commercial and economic impact and actual facilities installed, many respondents pointed to the sense of confidence instilled in their community by the public investment. Examples of these comments are set out below.

Comments on community impact:

‘It raised spirits of local community, which was the best outcome of all. To them it showed that they as users of the post office were valued’.

‘The project has boosted the confidence and image of a socially deprived Council Estate. It now has a facility to be proud of and the populace has volubly expressed their appreciation time and again’.

‘Apart from the increase in business on the retail side the most noticeable change has been the renewed confidence of my customers in the post office. The general feeling is that after all the work that has been done the future of the post office is now more secure’.

‘The end result was very pleasing and two years on still provokes compliments from visitors and local residents alike. I have always had pride in a job well done and now feel that is reflected in the place in which I conduct my work’.

‘The grant has improved visual image of area - borders main road running through village so aspect much improved for first time visitors’.

‘I would not have been able to provide all the services currently provided without the grant’.

‘Customers are as pleased as we are - PODF turned rundown, cold, unwelcoming building into friendly modern focal point. Fund helped improve community as a whole, not just building. Every one of customers pleased with changes especially improved access’.

Two respondents said there was a need for more rounds of PODF for those post offices that had not benefited from the first four rounds - one proposed using successful PODF recipients as advisers to future applicants.

Several comments from the control survey echoed the demand for more rounds of grant support, expressing interest in applying for any future rounds and stressing the challenges faced without support. One suggested 50% funding of approved costs for post offices in less needy areas.
Diversity

There was no data available from POL or elsewhere profiling the whole population of subpostmasters/mistresses in Wales. Therefore the information in the diversity monitoring sheets for recipients of PODF was compared with the picture for responses as a whole. This analysis showed the following:

- The gender split for unsuccessful applications was in line with the overall split of responses.
- There was no evidence of bias in distribution of PODF, or unsuccessful applications in terms of age, nationality or ethnicity.
- There was a slightly higher incidence of completed PODF projects where the subpostmaster/mistress was from an Asian ethnic group.
- The numbers of individuals reporting a disability were too small to yield significant conclusions.

6.2 Findings from stakeholder consultation

There was only a limited response to the wider stakeholder consultation exercise. Some of the eleven responses limited themselves to emphasising the value of post offices to communities, especially to vulnerable groups, and expressing a wish to retain and develop post offices.

Good practice example:
Llangadog Post Office and the Community:

Llangadog Post Office in Carmarthenshire was officially re-opened on 2nd December 2005, following a major refurbishment of the premises funded by PODF. The project included the provision of access to technology for the benefit of the local community. The Subpostmaster Richard Morgan has established a community group in the village, which aims to run a ‘one-to-one’ IT teaching centre in the shop - especially for elderly and people with disabilities. The Post Office has launched a community website in partnership with Balchder Bro.

In September 2005 the office won POL’s Wales and the Marches award for Best Community Post Office, receiving a special commendation at UK level for the important role the office plays in local community initiatives with school children and people with learning disabilities.

The Post Office also won an award in ‘The Post Office House Doctor’ competition for dramatically improving a branch’s appearance on a limited budget.

Mr Morgan said ‘The Post Office has been given a facelift to create more space with improved facilities complying with the Disability Discrimination Act. The retail newsagent side has a large range of traditional gifts, toys, cards and stationery. The refurbished office offers the benefit of a brand new, automated combination serving counter, making post office services even faster and easier to access’.

‘The difference is tremendous - the community is thrilled - I can’t thank the Welsh Assembly enough - after 30 years of trading this has given us the opportunity of hopefully securing a future for the shop in our community’.
Those responses that focused on the impact of PODF made generally positive comments:

- ‘There is no doubt ... that in our opinion the fund has been a great success and that it has made a positive contribution towards retaining a viable post office network’ (Postwatch Wales).
- ‘As a method of promoting rural social inclusion, the development fund is an excellent vehicle’ (Legal Services Commission).
- ‘The PODF has clearly been of massive benefit to the Post Office network in Wales and we are very pleased that WAG took this initiative and made four rounds of significant funding available to branches in deprived and isolated areas. There have been many examples... where the Fund has made a considerable difference to the future viability of a branch and where the money has been well spent’ (Royal Mail Group).
- ‘A fund of this kind is certainly very important for the future survival of rural communities. Many services, businesses and other venues where people meet, including schools, public houses, shops and buses, are fast disappearing from the remoter areas; and without a central focal point, such as a post office can provide, the heart of any community will be impaired...... I have heard nothing but praise for the scheme' (Merched y Wawr).
- ‘The response was very positive, enabling the continuation of a very valuable service which otherwise would have been in danger of being lost to the community’ (Neath Post Talbot County Borough Council).
- ‘The PODF has contributed towards the continued survival of the five post office branches in some of Wales’ most deprived communities’ (Blaenau Gwent County Borough Council)

Postwatch Wales pointed to improvements in facilities for people with disabilities as having the greatest social or community impact, followed by improvements in facilities for other customers: ‘The latter would include improvements to the ambience/environment contributing, no doubt, in a small but significant way towards community well being and, of course, towards ensuring the continuation of post office services within the community’. However, it raised a concern based on anecdotal evidence over the possible impact on other local businesses: ‘Comments have been made to some of my members ... to the effect that other small retail businesses in the locality have suffered through what is perceived as unfair competition in so much that any improvements that they wish to carry out have to be fully funded by them ... this information is supplied for information only and I would not wish to make any comment about its validity or otherwise’. Although intuitively displacement effects on other local businesses seem inevitable, there are no other responses to the stakeholder consultation to suggest that this has in the event been a problem, despite seeking views from a range of trade and business organisations (see annex 3). Indeed, the evidence from the case studies suggests strongly that the impact on other local businesses has if anything been beneficial, by increasing overall footfall in the area. This evidence of positive impact on other local businesses is in line with the findings of the evaluation of the Deprived Urban Post Office Fund in England.
Although the views expressed about the impact of the Fund were generally positive, respondents made several comments on the design of the Fund and suggestions for its improvement in future rounds. The City and County of Swansea was concerned that its community-based colleagues had no experience of the Fund: ‘If one of the aims of the Fund was to improve the sustainability of post offices in deprived or isolated areas then perhaps more could have been done to raise awareness with community based officers.’

The Royal Mail group acknowledged that discussions were held with Post Office Ltd at the national level before the launch of the scheme, but asserted that at that time there was little or no dialogue with Royal Mail’s Welsh Affairs and External Relations team, and that this was a ‘lost opportunity’. Royal Mail expressed the view that ‘The consequences arising from this lack of consultation included:

- Grants made that were unrelated to the levels of actual public usage of branches;
- Money awarded without knowledge of what training and capacity building might have been necessary to make optimum use of it;
- Initially (until a step check was later introduced) PODF administrators were unaware of any future plans by POL to close applicant branches’.

It should be noted that this view is strongly contested by Assembly Government officials. File records of meetings and telephone calls, discussions with Assembly Government officials involved in the development of the Fund do not substantiate the suggestion that dialogue was inadequate, but rather point to extensive consultation with partners, including Consignia and POL, having played a significant part in the development of the fund. The third concern raised by Royal Mail appears to be incorrect, as application forms for all rounds of PODF included checks on POL plans to close branches, and applicants were required to discuss their plans with POL and provide a statement from POL approving the project.

Nevertheless, the first two points made by Royal Mail do raise legitimate concerns over the design of the Fund. The point about linking the grant to business training, capacity building and advice was echoed by Pembrokeshire Business Eye:

‘It would seem appropriate to tie in such support with business development functions available through the General Business Advisory Service (GBAS) available through the WDA sub contractors in order to lever up the degree of business knowledge and skill in the post office sector…. Integration, rationalisation and co-ordination with the existing business support functions would probably lead to considerable savings and the development of business acumen in the sector.’

Postwatch Wales questioned whether the ‘original parameters extending to rural isolated and urban deprived offices’ were arbitrary and too narrow, ignoring pockets of deprivation in otherwise relatively prosperous areas. The organisation suggested that for any future round, all sub-post offices should be eligible to apply, but with awards prioritised partly on the basis of social need.

There was general support for future rounds, with Pembrokeshire Business Eye reporting that the fund was oversubscribed
and that there had been five enquiries in the area since the closure of round 4. Gwynedd Council acknowledged the logic of focusing resources on the most disadvantaged areas but raised the possibility of extending support to less disadvantaged areas, citing five cases of interest from post offices in ineligible areas.

**Good Practice example: Gwyddelwern Post Office**

Gwyddelwern Post Office and Shop serves a village of 500 people in rural Denbighshire. It is the only retail outlet in a 10 mile stretch of the A494. It was awarded a PODF grant to undertake general refurbishment, including the replacing of equipment and security improvements. The project included the provision of new products including hot drinks and fresh doughnuts largely to attract passing trade, and the installation of an ICT centre to benefit the local community. The funded project is reported as having provided a ‘more professional image’, made the business more commercially viable, increased the opening hours of the shop, led to a slight increase in income and customer numbers and created a new part time job.

Local Councillor Hugh Evans described the Post Office as ‘vital’, saying that without it, community spirit would decline, and there would be a reduction in social contact, which would have a major impact on social isolation of vulnerable groups such as older people.

The manager of Gwyddelwern Post Office, Geraint Jones emphasised the issues stemming from rural isolation, and the fact that many older people do not have transport and would therefore be unable to access pensions and other vital services without the Post Office. He commented that not having the post office would mean many older people having to rely on ‘goodwill’ from others to take them to the nearest Post Office, with a consequent loss of independence, and financial impact.

Sandra Carroll, the Older People’s Strategy Development Officer for Denbighshire agreed that the Post Office was vital in enabling vulnerable groups such as older people to maintain their independence and participate in society.
6.3 findings from case studies

The participants in the case studies were, as noted above, more likely than average to give favourable reports of the Fund. Their reports of the impact on business of the funded projects was very favourable. The full details of their views are at Annex 5, but in summary:

- The Sub-postmaster at Bargoed Post Office said that the post office would have closed without PODF funding, but was now viable due to the funded project. The project had increased the income of the business, customer numbers, Post Office opening hours and the number of jobs supported by the business. The Sub-postmaster and others pointed in strong terms to the economic and social role of the Post Office in the community, and its importance in the context of the planned redevelopment of Bargoed.

- The Sub-postmaster at Grand Avenue, Ely considered that without PODF the post office would have closed, with a significant impact on the rest of the Grand Avenue parade of shops. The project had resulted in a small but steady increase in post office and retail business, longer shop opening hours and greater access to post office services, the safeguarding of the existing five posts and the livelihoods of Mr and Mrs Hopkins, and creation of a new post.

- The Sub-postmistress at Llangurig reported a significant impact on income levels from the project, a good customer reaction to the evidence of public investment in the community, and an increase in the working hours of the time shop assistant.
7. Conclusions and recommendations

7.1 Conclusions

Impact of PODF on funded post office businesses

The evaluation has shown that overall, PODF has had a positive impact on the commercial viability of funded post offices. Many post office businesses operate successfully day to day due to low overheads, but are capital-poor, and unable to fund refurbishments. Occasional injections of capital can therefore have a significant impact on survival.

The evidence suggests that:

- PODF has kept open eight post offices and associated businesses that would otherwise have closed. A further 28 subpostmasters/mistresses are unsure whether they would still be operating without PODF.
- PODF funded 83 projects of significant size, that otherwise would not have taken place. The rest would have been carried out in a more limited form or, in a few cases, later. This finding is balanced by the fact that some improvements have been made to many post offices not in receipt of PODF over the same period.
- Almost all grant recipients felt that overall, the funding had made their business more commercially viable.
- Post Offices with a PODF project are more likely to have seen an increase in retail income and customer numbers than those without. Those with a completed project are very much more likely to have increased their retail business.

- The project elements most often cited as ‘extremely helpful in increasing business’ by those with increased retail income, were structural and aesthetic improvements and security measures.
- PODF levered well over half a million pounds private investment into the infrastructure of the post office network.

Impact of PODF on the local community and economy

The evaluation has shown that overall, PODF has had a positive impact on the local communities and economies of funded post offices.

The evidence suggests that:

- Almost all grant recipients felt that overall, the funding had improved access to Post Office services in the area.
- All grant recipients considered that the funded project had made their business more useful to the local community.
- Post offices in receipt of PODF, especially those where the project is completed and the post-project business is up and running, are more likely to have increased the post office and retail opening hours than non-recipients.
- PODF has lead to the creation of approximately 80 new part-time jobs in deprived or isolated areas of Wales.
- Across a range of community facilities and services, improvements have been greater in post offices with PODF than those without. The striking differences are in respect of better access or
facilities for people with disabilities, and a stronger role for the post office as a social focus for the area.

• Amongst respondents to the survey, there were 10 reported instances in post offices with PODF projects of the introduction of Internet/IT access, and 5 of the hosting of a credit union or debt advice service, but no instances of either facility in non-PODF post offices. This may suggest that the introduction of these services requires some pump priming through public investment.

• PODF funding correlates with greater provision of locally-sourced products and the development of new links with other local businesses and facilities, indicating an impact on the local economic network beyond the immediate impact on the funded business. There is stronger evidence of a positive than a negative impact on other local businesses.

• Across all projects, PODF can be estimated to have ‘bought’ two community rooms, thirty community notice boards, hosting of ten credit unions or debt advice services, better access or facilities for people with disabilities at 62 post offices and provision of access to IT or Internet at twenty new sites.

• The project elements most often cited as ‘extremely beneficial’ to the community were security measures and structural and aesthetic improvements.

• There was a strong feeling that the public investment of PODF grants had had a positive impact on the sense of confidence in many communities.

Administration of PODF

Staff resources dedicated to the design and implementation of PODF within the Assembly Government were constrained and there was some staff turnover.

There was a high standard of administration, record management, project monitoring, financial management, and correspondence with and support of grant recipients.

There is evidence that the subpostmasters/mistresses of a small number of eligible post offices were unaware of the existence of PODF.

The long delay between rounds 2 and 3 presented a problem for a number of applicants. The introduction of a legal Charge on funded properties was administratively burdensome, caused considerable concern for many applicants and significant delay in the commencement of several projects. Nevertheless, it was an important measure to safeguard public investment and appears to have prevented grant awards to a number of individuals who were unable to guarantee the continued operation of their post office.

Liaison with POL has improved through the lifetime of PODF, and there are now regular liaison meetings. There is mixed evidence about the adequacy of consultation and liaison arrangements during the development of PODF.

The quality of applications and supporting information was very variable. Officials became more rigorous in insisting on satisfactory information being supplied as time went on. Applicants were not required to secure business advice or submit a full business plan. Bid assessment was consistently applied but omitted important factors such as current and potential viability of the post office.

The bid assessment process, and that of approving project details, would have benefited from greater involvement from POL. Bids should have been approved for
the best applications, rather than for any that met a predetermined point threshold, to ensure that the budget limit was not exceeded.

**Design and rationale of PODF**

PODF was explicitly aimed at supporting the retention and development of existing post offices in recognition of their social and community role. It did not attempt or claim to take a strategic approach to rationalising the post office network, for instance by supporting those post offices with greater chances of becoming commercially viable, or those in particularly good locations. It operated in the context of Urban Network Reinvention and only supported urban offices that POL intended to keep open under Urban Network Reinvention, but did not in any other respect try to design a sustainable network, or to ‘back winners’.

The approach taken by PODF was appropriate to the policy context of the time and to the role and policy interests of the Assembly Government. Appropriate measures were taken to ensure the safeguarding of public investment against post office closure, by securing guarantees from POL, from individual grant recipients and by means of Charges on properties. No PODF funded post offices have closed to date.

However, in the current climate of uncertainty over the future of the rural post office network, such an approach would no longer be a prudent use of public funds at least in respect of rural post offices. It would be important to have clarity about the long term direction of the network, and the long term arrangements for UK government support for non-commercial post offices in recognition of their social value, before investing further Assembly Government funds in the existing provision. When this clarity about the future is achieved, and if the prognosis for the network is good, the experience of the PODF shows that there is a strong case for grant schemes of its kind, to provide capital injections to help capital-poor businesses for specific purposes. The purposes might include upgrading the post office infrastructure, pump-priming the expansion of post office businesses to meet other community needs, or facilitating links between post offices and public or voluntary sector services or facilities.

The overall objective of the PODF was to ‘support the retention and development of post offices in disadvantaged communities across Wales’. This was reasonable, as there is research evidence to show that both isolated and deprived communities are disproportionately affected by the loss of a local post office (ERM and Serving the Community reports). However, it should not be assumed that any future funding should be geographically targeted as PODF was.

The word ‘disadvantaged’ was defined for the purposes of the Fund as meaning ‘deprived and/or isolated’, and was available in the 125 most deprived areas of Wales under the Index of Multiple Deprivation, and the 125 most isolated areas of rural Wales as defined by the Access to Services domain of the IMD. There was, in the event, no overlap between these groups of areas. Rural post offices were therefore eligible for the grant purely on the basis of the isolated nature of their communities. There is no evidence that the eligible rural communities had any higher levels of deprivation than others. Advice from the Assembly Government Statistical Directorate shows that Rural Wales does not tend to have areas with high concentrations of deprived people,
the overall number of deprived people in Rural Wales is generally slightly less than would be expected from the share of the overall population, and over a wide range of socio-economic indicators Rural Wales tends to do rather better than the Wales average. Deprivation and affluence tend to occur in much closer proximity, with rural pockets of deprivation being smaller and more evenly dispersed than urban ones. It is therefore difficult to target resources to vulnerable groups in rural Wales on a geographical basis. There is no evidence that rural communities with POFD funded post offices were any more deprived or vulnerable than other rural communities, except in respect of distance from other facilities. The Fund was implicitly trying to tackle different issues in the rural and urban post offices it funded, but this was not built into its design in terms of objectives or assessment criteria.

There may be a case for making any future funding available to all post offices across Wales, but taking need at the very local level into account in the course of bid assessment. Continued concentration on the most deprived areas could lead to funding ‘hotspots’, and to a second tier of only slightly less needy areas with no access to grants. If a geographical basis were used for eligibility, the new Index of Multiple Deprivation may better identify the areas and especially the pockets of greatest need. However, the old IMD used for POFD was the best indicator available at the time. Its use was consistent with Communities First, the Assembly Government’s community regeneration programme.

PODF looked at post offices businesses as a whole, not being precious about focusing on post office services, retail or community elements in isolation from the rest. This appears to be reasonable given the interdependence of these elements of the businesses.

The evaluation process would have yielded more conclusive findings if measurable performance indicators had been identified and agreed at the outset, and a baseline measurement taken.

### 7.2 Recommendations

It is a recommendation of this evaluation that no further Assembly Government funding be made available to the rural network until the UK Government and POL have reached agreement on its future direction and funding, and unless it can be established with reasonable certainty that funded post offices would remain open for at least the medium term. Similarly, any future funding for urban post offices should only be made available where future viability is reasonably secure.

Some of the findings and recommendations of this evaluation may be helpful in informing the future development of similar Assembly Government grant schemes in different policy areas. Such general recommendations are:

- The overall objectives of the grant scheme should be clear, concise, consistently stated, and measurable;
- Evaluation of the scheme should be planned and built in to the design of the scheme from the outset, with measurable objectives set, indicators identified and baselines established. Evaluation arrangements should be in line with latest Assembly Government policy on best practice;
- Project level objectives should be clear and measurable, and should be related to the overall scheme objectives. There should be written agreement of milestones for monitoring purposes, which can relate to processes and...
outputs (eg installation of equipment, completion of specified building works). In addition there should be written agreement of final outcomes, which should relate to the impact of the funded project (eg use of new services and facilities, increase in income).

- Schemes should make provision for contingencies, through budget provision, and delegated authority to staff to vary project specifications and grant amounts, within the terms and budget of the scheme.
- It should be clear to applicants what information and documentation is required at application stage, and eligibility and bid assessment criteria should be transparent to applicants.
- Grants should only be awarded where all the required paperwork is complete and satisfactory.

Although there are at present no plans for further rounds of the Fund in its current form, it is important that any lessons learnt from the Fund are available to inform government thinking at the UK and Wales levels on the design of any future public support for post offices. Some of the following recommendations may also be relevant to other schemes aiming to support small businesses in rural or deprived areas. It is recommended that for any future public funding of post offices:

- The overall rationale and objectives should be clear. For instance, whether the scheme is contributing to commercial viability, or providing added value in other terms, such as community facilities, links with other government initiatives, or purely social benefits.
- There should be very close liaison with POL in the design of the scheme, awareness raising and publicity, the approach to selection of post offices for funding, bid assessment and project planning. This should ensure that developments are in line with the latest evidence about commercial best practice, and that POL can provide long-term guarantees of continued operation of funded post offices.
- Public funding should be conditional on the provision by the applicant of a robust business plan demonstrating the value to be added by the project, and to the take-up of business advice and training as required. The Assembly Government should ensure that suitable high quality advice is made available to potentially successful applicants as part of the application and funding process.
- Consideration should be given to providing other forms of advice on diversification, for instance sharing experiences of previous PODF recipients through networking or e-conferencing, or disseminating the ODPM’s Good Practice Guide for Post Office Diversification.
- The appraisal of bids should take into account viability issues and potential positive and negative impact on other local businesses;
- Building works should not be considered an end in themselves, but should be funded on a clearly evidenced basis of their anticipated impact (eg on footfall, ability to meet a community need or provide new services or products).
- It should not be assumed that geographical eligibility criteria are the best way of rationing or targeting resources. Their use should depend on the specific objective of the funding, and should take into account the possible creation of funding hot spots and ‘coldspots’. For rural areas, it
should be noted that isolation does not correlate with deprivation.

- Creative consideration should be given to promoting links between Post Offices and other specific public or voluntary initiatives or services. Examples are services for financial inclusion, including credit unions (but ensuring that FSA regulations are not breached), Communities@one or other initiatives to promote community ICT or Internet access, or furthering links with the police.

- Where a legal charge is to be imposed on properties to safeguard public investment, at least three months be allowed for this in the bid approval process.

- Grant recipients should be allowed to make claims for elements of the work piecemeal rather than being asked to submit a single claim at the end of the project.

- Support should recognise the need for the whole business to succeed, not treating elements of a single business in isolation.

- Consideration should be given to requiring applicants to contribute a small percentage of the total project costs.

- Any future funding would need to take into account any grant awards already made under POF or other government schemes to State Aid thresholds were not breached.

- Proximity of the next post office is not a key factor in predicting the impact of closures, and should not be used to determine priorities for support. Where distances to other post offices or facilities are measured this should be in terms of travel times rather than direct distance.

- Applicants should be asked whether they are VAT registered.
Annex 1

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ViRSA (1998) **The Social Value of Post Offices**
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WAVES 1&2 **Sub-postmaster income - rural English perspective final report**, NFSP and Countryside Agency
### Annex 2

**Example questionnaire and diversity monitoring sheet**

The following is an outline of one of the three surveys sent (biligually) to post offices. This example was sent to those with completed PODF projects. The other two surveys asked similar questions, tailored to make sense to the different groups. The diversity monitoring sheet was also sent bilingually to all participants.

**Section 1: Post Office details**

**Question 1.1:** Please complete the following details. These will be used for cross-referencing purposes only and will not be published or disclosed to any other party.

<table>
<thead>
<tr>
<th>Name of Post Office</th>
<th>Address</th>
<th>Post Code</th>
<th>Name of Sub-postmaster/mistress</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nature of any linked business(es)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(eg retail/café/none)</td>
</tr>
<tr>
<td>Are there any other retail outlets in the settlement? (Yes/no)</td>
</tr>
</tbody>
</table>

**Question 1.2:** If you have a retail or other business linked with your Post Office, do you agree or disagree with the following statements?

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>My Post Office business would not be viable without my linked business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My linked business would not be viable without my Post Office business</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section 2: PODF grant administration**

**Question 2.1:** Do you agree or disagree with the following statements?

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>I found out about the grant in reasonable time to apply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I found the application process reasonably clear and easy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I had sufficient support and advice from Assembly officials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I found the arrangements for claiming grant payments reasonably clear and easy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of grant was prompt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The monitoring arrangements were clear to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall, I was satisfied with the way the scheme was administered</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 3: overall impact of the PODF grant

Question 3.1: Would the project funded by PODF have gone ahead without the grant funding? Please tick one:

Yes
Yes but later
Yes but in a more limited form
No

Question 3.2: Do you agree or disagree with the following statements?

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without PODF I would probably have closed the business by now</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall, the funding made my business more commercially viable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The funding made my business more useful to the local community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The funding improved access to Post Office services in the area</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section 4: impact on business

Question 4.1: Since completion of the PODF funded project, how have your opening hours changed?

<table>
<thead>
<tr>
<th>Increased</th>
<th>Stayed the same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post Office business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail business (if any)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 4.2: Since completion of the PODF funded project, would you say that the number of customer visits to the Post Office side of the business has (please tick one):

Increased significantly
Increased slightly
Stayed the same
Decreased slightly
Decreased significantly
Question 4.3: Since completion of the PODF funded project, would you say that the number of customer visits to the non-post office, retail side of the business (if any) has: (please tick one)

<table>
<thead>
<tr>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased significantly</td>
</tr>
<tr>
<td>Increased slightly</td>
</tr>
<tr>
<td>Stayed the same</td>
</tr>
<tr>
<td>Decreased slightly</td>
</tr>
<tr>
<td>Decreased significantly</td>
</tr>
</tbody>
</table>

Question 4.4: Since completion of the PODF funded project, has the income of the non post office, retail side of the business (if any): (please tick one)

<table>
<thead>
<tr>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased significantly</td>
</tr>
<tr>
<td>Increased slightly</td>
</tr>
<tr>
<td>Stayed the same</td>
</tr>
<tr>
<td>Decreased slightly</td>
</tr>
<tr>
<td>Decreased significantly</td>
</tr>
</tbody>
</table>

Question 4.5: How helpful were each of the following elements of the project in increasing business? Please rate as not helpful, helpful or extremely helpful.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Disability access and facilities</th>
<th>New community services</th>
<th>New post office services</th>
<th>New non post office retail products/services</th>
<th>Security measures</th>
<th>Structural/aesthetic improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not helpful</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helpful</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely helpful</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not applicable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section 5: impact on jobs**

Question 5.1: Including your own, how many jobs were/are supported by your whole business?

<table>
<thead>
<tr>
<th></th>
<th>Full-time</th>
<th>Part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before PODF project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Now</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 6: impact on the community

Question 6.1: Did your PODF funded project involve any of the following (please tick any that apply)?

<table>
<thead>
<tr>
<th>Aspect</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Community room</td>
<td></td>
</tr>
<tr>
<td>Community notice board</td>
<td></td>
</tr>
<tr>
<td>Hosting a credit union/debt advice</td>
<td></td>
</tr>
<tr>
<td>Increased advice-giving about public services</td>
<td></td>
</tr>
<tr>
<td>Increased help to customers with form-filling</td>
<td></td>
</tr>
<tr>
<td>Stocking more locally-sourced products</td>
<td></td>
</tr>
<tr>
<td>Provision of Internet or IT access</td>
<td></td>
</tr>
<tr>
<td>New links with other local businesses or facilities</td>
<td></td>
</tr>
<tr>
<td>Better access or facilities for people with disabilities</td>
<td></td>
</tr>
<tr>
<td>Stronger role for post office as a social focus for the area</td>
<td></td>
</tr>
</tbody>
</table>

Question 6.2: In your judgement, how beneficial to the local community were each of the following aspects of the project? Please rate as not beneficial, beneficial or extremely beneficial.

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not beneficial</td>
</tr>
<tr>
<td>Disability access and facilities</td>
<td></td>
</tr>
<tr>
<td>New community services</td>
<td></td>
</tr>
<tr>
<td>New post office services</td>
<td></td>
</tr>
<tr>
<td>New non post office retail</td>
<td></td>
</tr>
<tr>
<td>products/services</td>
<td></td>
</tr>
<tr>
<td>Security measures</td>
<td></td>
</tr>
<tr>
<td>Structural/aesthetic improvements</td>
<td></td>
</tr>
</tbody>
</table>

Section 7: other comments

Question 7.1: If you have any other comments on the Post Office Development Fund, please make them here:

_________________________________________________________________________________

_________________________________________________________________________________

_________________________________________________________________________________
DIVERSITY QUESTIONNAIRE

Gender

Male ☐ Female ☐

What is your age?

☐ 30 or under ☐
☐ 31-45 ☐
☐ 46-60 ☐
☐ 61 or above ☐

Do you consider yourself to have a disability?

Yes ☐ No ☐

What is your nationality? Please tick one.

☐ British or Mixed British
☐ English
☐ Irish
☐ Scottish
☐ Welsh
☐ Or any other? (specify if you wish)

What is your ethnic group? Please tick one.

☐ Asian (Bangladeshi, Indian, Pakistani, other Asian)
☐ Black (African, Caribbean, other black)
☐ Chinese
☐ Mixed ethnic background
☐ White
☐ Or any other? (specify if you wish)
Stakeholder consultees and respondents

Age Concern Wales
Business in the Community
Campaign for the Protection of Rural Wales
Carers Wales
Citizens Advice Cymru
Community Voluntary Councils
Countryside Council for Wales
Disability Rights Commission Wales
Federation of Small Businesses in Wales
Federation of Sub-postmasters (Wales)
Legal Services Commission *
Local Chambers of Commerce
National Association of Convenience Stores
National Federation of Women's Institutes (Wales)
Merched y Wawr *
One Voice Wales (umbrella body for town and community councils);
Postcomm
Postwatch Wales *
Royal Mail Wales/Post Office Ltd (Wales) *
Unitary Authorities * (responses received from Isle of Anglesey, Blaenau Gwent, Ceredigion, Swansea, Neath Post Talbot, Gwynedd, Pembrokeshire)
Village Retail Services Association
Wales Consumer Council
Wales Co-op Centre
Wales Council For Voluntary Action
Wales Pensioners
Wales Rural Forum
Welsh Development Agency
Welsh Local Government Association

* response received
Annex 4

Case study consultees and topic guide

Case study consultees:
For each area:

- MP
- AM
- County Councillor(s)
- Town/community council
- Older people development officer
- Communities First Co-ordinator where applicable
- Bargoed: community development officer
- POL’s Rural Transfer Advisors (for rural case study)

Topic Guide for PO interviews:
1. Purpose of interview and confidentiality

2. Background - the area served:
Type of area, links with other areas/facilities, shops within walking distance, public transport links, characteristics of customer base - income levels, vulnerable groups (people with disabilities, older people, lone parents, without car), benefit and pension levels, customer demands/trends, where customers live, how travel to PO.

3. Background - PO:
Type and size of PO, customer numbers, main types of PO business, opening hours - PO and business, other related business - type, balance between, reliance of PO on other business and vice versa.

Direct payments: any impact on customer numbers/types, PO income.

Levels of advice giving/help with form filling - what type; any other help eg advocacy/tourist info; relationship with other local businesses - provide services, details.

4. PODF Process:
How became aware of PODF, application process and form, timing, info required, guidance and support, feedback, payment, monitoring.

5. The funded project:
Description - pleased?/regrets?/hindsight
Mostly PO or other business, impact on each.
Any elements that would have done anyway?
Unexpected difficulties or benefits.
Customer response.

6. Publicity:
Display poster? Customer reaction to poster? Any publicity eg local press.
Response awareness of WAG role?

7. Impact on business:
As anticipated?
Customer numbers - PO side and retail
Income - PO and retail
Number of jobs
Opening hours
Range of po and retail services/products
Type of any additional custom (local/tourist/vulnerable)
What would have happened without funding
Perceived viability with and without funding
Actual income/profit of whole business before and after
Would ever have considered closing?
Other support eg urban reinvention investment grant?
Which element most beneficial to income - Which least?
Impact on other local businesses (and use of local builders)
Reliance of PO on other business and vice versa - has balance changed?

8. Impact on the community:
Any solely community elements
Perceived or demonstrable community impact
Meeting place/social hub
What benefits has project brought?
Which element most beneficial to income and community
Community response/support
Impact on vulnerable groups

9. Own role and perceptions of Pos in general and this one in particular:
Enjoy role? If so what aspects? Expectations for next 10 years?
Assistance to vulnerable customers
View of future of PO now - key challenges and opportunities
Success factors for subpostmaster/mistress and individual PO
Any need or demand for business skills or advice/training;
Any training already had - WDA or other, when and how useful?
Annex 5

Case studies

Case study 1: Bargoed Post Office

Bargoed

Bargoed was ranked as the 52nd most deprived ward in the Index of Multiple Deprivation 2000. The local MP, Wayne David, describes Bargoed as ‘a town which has seen better days’, with a high level of economic inactivity. Caerphilly County Borough Council plans a major and radical redevelopment of Bargoed, doubling the size of the town centre and refocusing it around the southern end of the town.

The post office

The post office is located in the main road through Bargoed, on the south side of the town. Under the planned regeneration programme, it will be located in the new town centre.

The Sub-postmaster, Mr Yousef Badat, took over the post office in 2001. It was a busy main post office, offering the full range of post office services including car tax, a passport checking service, travel insurance and E111, but with the main transaction types being benefits and pensions, payment of utility bills and TV licences. Mr Badat also sold lottery tickets, and had a photo booth, but had no other linked retail business before receiving PODF funding.

The building was in a very run down condition when Mr Badat took it over and he had already been successful in November 2002 in gaining grant funding from the WDA (£13,796) and Caerphilly CBC (£15,000) to upgrade the premises. As both grants required 50% match funding, Mr Badat had also invested significant amounts of his own capital in the business, including money raised by loans.

Mr Badat describes his customer base as very local and noted that it was difficult to attract any new customers, due to the lack of passing trade in the immediate area.

The introduction of direct payments meant that the post office was no longer viable as a self-standing business. Mr Badat reported that before direct payments the office was carrying out transactions worth around £200,000 every week, and that this fell to £98,000: ‘We used to be busy Monday Tuesday, Wednesday and Thursday, now we are only busy on Monday and Tuesday’. He tried to maintain custom but found initially that only ‘people who care about the post office and people who don’t like banks, and people who couldn’t open a bank account stayed with us’. However he noted that some people who had moved to the bank came back ‘when they found that they were charged £25 for taking out too much - and some people can’t go to the bank - or the bank doesn’t want them!’

PODF project

Mr Badat heard about the PODF from a POL representative in early 2003, and immediately applied for the maximum grant of £50,000 to enable him to move his post office counters and open a convenience store on the same site. He was awarded the lesser amount of £36,664.70 in recognition of the grants already received from the WDA and the local council. The grant offer was made in April 2003 and the final instalment of grant was paid in January 2004, following inspection of the premises by POL and Assembly Government officials.
The work carried out under PODF included the installation of a new four-position post office counter and the complete refurbishment, conversion and shop-fitting of a new retail section. This involved replacing the ceiling, lighting, floor and signage, and installing a dairy chiller, chest freezer, new till and new security system.

The aim of the project was to introduce a full range of convenience store products and to offset the significant loss of income that resulted from the introduction of direct payments with income from the new shop. The work was carried out by a Swansea firm.

Grant administration and publicity
Mr Badat found the application process ‘easy’ and reported that the decision to award grant did not take long. Payments came through quickly and Assembly Government officials were helpful. However he encountered two problems: firstly that it had not been made clear at the outset that the Assembly Government would not pay VAT on the works; and secondly that there were frequent staff changes within the Assembly: ‘they were changing people, I was always dealing with a new person’.

Impact of project
Mr Badat was clear that the post office would not now be open without the PODF grant: the post office was no longer viable on its own and he was unable to afford any further personal investment to create the adjoining shop. The introduction of the shop had made the overall business viable, but neither element would be viable on its own. A business development officer from Caerphilly Council reported an increase from 1,500 to 2,000 customers since the project and a steady increase in post office income. Mr Badat reported a turnover of £1,700-£1,800 per week in the shop: ‘It makes up for the money we lost from the direct payments’. The shop now sells newspapers, milk, bread, tobacco and cigarettes, confectionery, general groceries, small toys.

He considered that the post office was the economic focal point of the community, generating custom for several other local businesses:

‘The whole area is running because of the post office - you won’t see anyone walking around here, down in the centre you see people but here there’s no passing trade. If you lose this post office the whole area will close down. There’s a café over there - My customers come here and say “now we are going to have a coffee”. There’s a flower shop there - if this post office was not here he would close down, because no-one will be coming to this side.’

Several other parties confirmed the importance of the post office to Bargoed, with the Council’s Town Centre Development Manager Andrew Highway saying that: ‘the post office in Bargoed is viewed by the large number of people who use it as an integral part of their community…. The addition of a wider range of products has…also made it an integral part of the local economy. Without the Post Office in the town there is strong reason to believe that visitor numbers would be adversely affected. Stores [in Bargoed] are all funding trading conditions difficult and any loss of key service provision within the town will have a detrimental impact on these...retailers.' Two local councillors voiced their support for the post office, with Cllr David Carter describing it as ‘the hub of trade within the town centre’ and stressing the reliance of other businesses on its continued existence.
Other businesses and the local council office and local school were reported as using the post office for their own banking and posting needs. A business development officer from Caerphilly Council confirmed that many local businesses use the post office to bank their daily takings and find the service ‘local and efficient’.

Several contributors noted the link with the town centre redevelopment: ‘the Post Office will have a more important strategic role to play in the coming decades … In my personal opinion the Bargoed post office is vital to the development of the overall town centre improvements and to the future investments in the town as a whole’. (Richard Murphy, Caerphilly County Borough Council).

Mr Badat was pleased with the work that had been done: ‘I made it really nice, the counter was moved and everything was new. I started the shop from scratch, everything happened with the grant. I was grateful that the grant came at the right time for me - I couldn’t have done anything without that. I would not have a shop like that - it was in a mess, it was a big building job’.

The project had led to increased opening hours for the post office: the inclusion of a newsagency in the shop meant opening at 7.30 am, and Mr Badat and his wife now open the post office counters as soon as possible after this, rather than at 9am as before. This has apparently brought in new customers to the post office who find it convenient to draw out their money when they collect their paper rather than making two separate outings. Saturday opening hours were extended to 5pm from 12.30: ‘we are trying our best to compete with the banks’.

The need for staff in the shop as well as at the post office counters has led to the creation of two new part-time jobs.

Customers were reported to be happy: ‘as soon as they entered they said “ooh, that’s a change, this is nice”. A lot of people are happy that they just come here, it’s easier for them, they don’t have to walk to the other shops’. Cllr David Carter said the improvements had been ‘very beneficial’ to users: ‘the townspeople are very pleased with the work that has gone on’.

Mr Badat displayed the sticker acknowledging the Assembly Government grant funding and people were said to be aware of the source of the grant: ‘They knew I didn’t have the money so I told them who had given me the money’.

The post office in the community

Mr Badat said the post office acted as a meeting place for local people and that they tended to hear what was going on locally: ‘a lot of news comes in’. He had introduced a notice board as part of the refurbishment, which included information from the council on local services and events.

Mr Badat emphasised the social role played by the post office in assisting vulnerable customers. He noted that many older customers did not know their PIN numbers, and had to be helped to develop a system for coping with the new card account. He cited the cases of individual customers who relied on the personal service offered by a local post office where they are known. One blind customer relied on him to put her money in an envelope (‘they don’t check the money we put in, they trust us’), and for another customer ‘we have to call a taxi and we take her back to her taxi- we have to see what’s in her purse and help
her - and she never trusted anyone else’. He felt that such individual service would not be available in a bank and that if the post office were not there ‘they would have a lot of problems.’ The town centre development manager stated that ‘a visit to the Post Office for many elderly and vulnerable persons defines the way they live their lives, providing a valuable source of contact with the outside world.’ Rhymney Valley ‘Young at Hearts’ social and advice centre reported that its members had found the alterations beneficial and that the ability to access more services in one place was convenient: ‘if these services were to be taken away this would be a disaster for our elderly residents and economic disaster for the town.’ The local AM, Jeff Cuthbert, remarked that ‘to the citizens of Bargoed, particularly the elderly, the services offered by the post office are very important - …I am extremely pleased that the Assembly Government supported Bargoed Post Office and there can be no doubt that the support was worthwhile.

Other support
Other than the grants from WDA and the local council, Mr Badat had not had any external support, training or advice, but did not feel this was needed ‘we do thousands of transactions a year, and we do it every day’.

The future
Mr Badat felt confident about the future of his post office and post offices generally, ‘because I think 90% of people in this country depend on the post office, everybody has to come sometime, even the people who used to come here for benefits still have to come to pay their bills - £5 on this card, £5 on that. They rely on the system and on the post office and they trust the system’.

However, he had some concerns about the new emphasis on selling financial products such as car insurance. ‘I’ve been in business all my life and I’ll tell you this. When I go in a shop, if the salesman approaches me I never buy anything - I just walk out. If they don’t ask me, I take my time. So I don’t put pressure on my customers, some people don’t like it, so I give them the choice’.
Case study 2: Grand Avenue, Ely

Grand Avenue, Ely

Ely is a deprived urban area on the outskirts of Cardiff. The ward was ranked 63rd in the Index of Multiple Deprivation 2000.

The Sub-postmaster felt that the area had a poor reputation but said ‘this is an area that it’s easy to knock - it’s about reputation and a lot of it’s undeserved. - …The council is trying to remove the focal point in the parade for the gangs, removing the railings’.

The post office

Grand Avenue post office is a main post office, offering the full range of post office services, including passport checking and car tax. Most customers are from the very local area and travel to the post office on foot. The customer base is described as ‘loyal’, with most customers being on first name terms with the post office staff. A key challenge however is attracting new custom.

The current Sub-postmaster, Mr Bill Hopkins, formally took over the post office in 2004. He describes the ‘massive impact’ of direct payments on the viability of the post office business:

‘It was a threat to viability and still is, it basically went from a position where the post office was viable, making a profit - not a fortune but a profit - to making a large loss. It knocked 35% off the post office business over the space of a few months, like dropping off a precipice.’
There was a knock-on effect on the retail income: ‘The income on the shop was in the region of £55,000, which dropped down to about £42,000. We’re still struggling to recover from that even with the new shop up and running’.

The post office building had become very run down with holes in the walls and floor and exposed brieze blocks. It was described as ‘very depressing, the kind of place you only came into if you had to.’ The key asset of the post office were the staff, who were experienced, dedicated and local.

PODF project
The previous Sub-postmaster had been trying to sell the post office as a going concern for at least three years. In late 2003 he applied for and was awarded the £50,000 maximum PODF grant for improvements in security, disabled access, and décor. The Assembly Government agreed in principle to transfer the grant award to an incoming Sub-postmaster, subject to their agreeing to the grant conditions, including the requirement to maintain the business as a post office for at least five years.

Mr Hopkins bought the business on this basis, and applied successfully to amend the proposed project, in line with his own retail strategy and plans for development of the business. Some of the original elements of the project were to be achieved by other means: Cardiff County Council had agreed to refit all shop fronts in the parade; DTI grants had become available for improving disability access in line with the DDA; and POL provided help in the form of free labour under the Urban Network Reinvention Programme to improve security. The revised PODF proposal used the money thus freed-up to include a more thorough refurbishment and the conversion of a storeroom to retail space, increasing the overall shop area by 150 sq ft. The Assembly formally agreed to the new grant award of £50,000 in November 2004, under the second round of PODF.

The works included the removal of an internal wall, re-wiring, making good the structure and décor of the post office, replacing the flooring, and installation of shop fittings, a suspended ceiling, signage and counters, and a PO cupboard. The project was completed and the final payment made in July 2005.

Grant administration and publicity
Mr Hopkins reported that he had been pleasantly surprised at the smooth running of the administration of the grant. Relations with Assembly Government officials were ‘really really good’, with high levels of support and guidance, for instance on the revision of the project plans: ‘any sort of problems you had there was always a person there you could talk to’. Payments were made promptly, within 2 weeks of submitting a claim.

The revamped post office and shop were re-opened by Rhodri Morgan AM, in his capacity as local Assembly Member. The Cardiff Post covered the launch on July 28th, and acknowledged in its article the Assembly Government’s grant support. Mr Hopkins said that customers were aware of the Assembly’s role in funding the work: ‘We’ve got the sticker in the window which says it was funded by the Welsh Assembly. No-one thinks it was out of my pocket - they’d think I was driving around in a Rolls Royce!’
**Impact of project**

Mr Hopkins was clear that he would not have considered taking on the post office without the guarantee of the grant. The previous owners had been unable to sell the business until they secured the award. Mr Hopkins considered that without PODF the post office would have closed, with a significant impact on the rest of the Grand Avenue parade of shops:

‘It was short-listed anyway [for closure] and I’m almost sure the Post Office (POL) would have shut it, which I think would have finished off this particular parade of shops. With the exception of a couple of take-aways I think this whole parade would have died within two years. Here we’ve got a newsagents, a couple of convenience stores, a bookies, a couple of take-aways, this is the focus of the community. People meet here.’

Since the completion of the project Mr Hopkins reported a small but steady increase in post office business, especially passport checking and travel insurance, but a shift in balance towards the retail side of the business, where custom had increased more. Mr Hopkins described the grant as ‘absolutely imperative in terms of increasing the customer base - it was never going to happen with the state it was in’.

However, overall, the increases in custom were still ‘disappointing, especially given the amount we spent on advertising the business. We were hoping for a couple of dozen [additional customers] a week not a couple of dozen over 3 weeks’. It was still a struggle to attract customers from outside the natural catchment area and to make the business viable in the long term.

The existing five posts and the livelihoods of Mr and Mrs Hopkins were safeguarded by the retention of the post office and shop, and an additional member of staff had been taken on.

The shop opening hours had extended from a half to a full day on Saturday. In addition, the introduction of a ‘combi counter’ meant that most post office services were available during shop hours: ‘people can get cash out, pay bills. Some of the bigger transactions they can’t do - car tax, passport checking - but 80% of what they come in for they can do’.

Mr Hopkins said he was pleased with what he’d had done and with the physical result, which was ‘spacious, light, airy and welcoming’, with plenty of space for the inevitable queues at the post office counter, and access and turning space for wheelchairs and buggies. ‘We wanted to make it feel good. Because we have a limited customer base if we have new people coming in we want them to be impressed and keep coming back, coming through choice not necessity, on the post office and retail sides’. Customers were reported as reacting with positive comments: ‘wow, I came in and had to go back out and come in again because it was so different’.

Reaction from other shops had been ‘very positive. [The bakery] next door have really benefited, their trade has nearly doubled with people popping in. No-one’s been negative about it - I think because we’re not in direct competition with anyone. With the other local post offices we compete in different areas.’

**The post office in the community**

The new retail strategy focussing on children’s clothes, toys, stationery and household products, had the twin aims of attracting new custom from further afield, and meeting the needs and demands of local residents, for instance for children’s clothes that were good quality but relatively cheap due to being ends of lines. There was a Christmas savings club...
to pay for toys: ‘we know our customers and their needs and this is a service you can’t get in other places so were hoping the take-up will increase’.

The key difference between the retail and post office work was the ‘community service’ element, including giving expert advice on what product or service was best for individuals, and providing assistance with form-filling.

As a matter of deliberate choice, the project was carried out by builders living in the immediate locality, with the exception of shopfitting, a specialism which tends to be dominated by national companies.

Other support
Mr Hopkins noted that business training and advice was available through the WDA and others, but raised a general concern about the quality and the over-general, over-theoretical nature of business training.

‘You go to them in an office somewhere and have a nice PowerPoint presentation, but what you need is practical individual advice. I’ve got a masters in business and I know the theory, I can talk theory ‘til you’re blue in the face, that bit’s easy, but the first thing I learnt is that theory isn’t fact’.

He advocated on-site tailored business consultancy and development, offering the benefit of ‘a fresh but experienced pair of eyes’, and expressed a willingness to pay towards the cost of such a service, in recognition that it would be more expensive to deliver than off-the-peg training.

The Council regeneration of the area, involving the refitting of shop-fronts, had helped the image of the parade, and there were plans for further work including better disabled access with a sloped pavement, removing the need for portable ramps.

The future
Mr Hopkins forecast ‘some tough times ahead’. Although the post office side of the business brought in customers, he relied for income on the retail side. He described himself as ‘staring at a crystal ball at the moment to decide whether the post office is worth it’.

Remuneration from the post office only covered staff wages, leaving the shop to cover other overheads such as the building loan and rates. It was not currently delivering the £1,500 per week turnover needed to cover these. With three staff running the post office and one running the shop, there were disproportionate costs on the post office side.

Mr Hopkins had serious reservations about the future of post offices generally, and felt that those post offices that had taken a bigger hit on direct payments were less likely to be able to benefit from the new post office products.

‘I think over the next 5 years the Post Office will really struggle. Anything you can do at a post office you can now do some other way: online, direct debits, stamps at any newsagent. POL have to accept that there’s nothing special about the post office any more. Of course they try to change the customer base of the post office but the new products the post office is bringing out are not compatible with our customers - people on benefits, low incomes, pensioners, single parents, people with low education, with no good credit rating or history. All the new products are: credit card - you need to be earning £8,000; loans - you need to have money already. They’re all quite middle
class products, and we’ve got a customer base that doesn’t fit into that category. At the moment they’re going down a very safe route: everyone does insurance in the nice safe areas - what about the people who live in a high risk area, what about the 19 year olds - they struggle to get insurance, and so the people who are more likely to be in a post office are almost being excluded from its services’.

Quotes

‘The reality is you can’t advertise post office services - you have to push the retail side, and hopefully you’ll get spin-offs on the post office side. Which is the opposite of the way it used to be, with going to the post office and getting fall-out on the retail side’.  
Mr Hopkins, Subpostmaster

‘It is a pleasure to see - more room, brighter, welcoming atmosphere and fully accessible to all, i.e. disabled friendly. This facility is a life-line for pensioners and other vulnerable groups who rely on a local Post Office to withdraw cash and for other services. These outlets employ local people. Closure would have had a detrimental impact on the economy of Ely in as much as it would have meant people who could ill afford it had to use buses to travel to the nearest alternative Post Office. As we know, Post Offices are not just places where people use the services provided but also places where people meet up and keep in contact with others.’
Councillor Brian Finn

Case study 3: Llangurig Post Office, Powys

Llangurig
Llangurig is a village in a very rural area in mid Wales. The local population are, according to the Sub-postmistress, mainly retired people, young families and farmers. Llangurig is on the busy A44 from the English Midlands to the coast at Aberystwyth, and is just off the main A470 road between North and South Wales. The village is served by local buses to Aberystwyth, Llanidloes, Rhayader and Newtown, and longer haul coaches to the Midlands. In addition to the post office, the village has a craft shop, mainly aimed at the tourist trade, holiday cottages, two pubs and a nearby petrol station.

The post office
Llangurig post office is a community post office on the Aberystwyth road, a few yards from the bus stop, with parking space outside and along nearby kerbs. The customer base of the post office and its associated shop is therefore a mixture of local people and passing traffic, including trade, lorry drivers and delivery people all year round, and holiday makers in the summer months. Most local customers live in the village and walk to the post office, but some come from a radius of up to five miles around. The Sub-postmistress noted that often people find it easier to park outside her post office for a few minutes than to go into the middle of a larger town, find parking there and use the post office services in a busier office which was more likely to have queues. Other local businesses are reported as using the post office services.

The Sub-postmistress, Mrs Mary Davies, and her husband Colin, have run the post office and village shop for eight years. The shop stocks general groceries and household goods,
stationery, confectionery and tobacco. Mrs Davies reported that the post office and shop were equally important in business terms and that she did not consider that either element would be viable without the other:

‘Customers don’t see a difference between the two, they gel together and customers see it all as one convenience store. The post office draws in customers for the retail side and having the retail side gives them more reason to come in to the post office’.

The main post office services used are benefit and pension payment, and bill payments. The introduction of direct payments therefore impacted on the post office, with some post office customers being lost, and with a consequent impact on the retail business. However, the impact was not so great as to threaten viability of the business or to lead Mr and Mrs Davies to consider closing down, largely because of their own efforts to maintain their customer base:

‘We worked very hard to keep as many of our customers as possible, we explained how the changes would affect them, and because we are so rural and we are the only shop, it was more convenient for them to still use the post office rather than using the bank in the nearest town, five miles away.’

The post office receives business rate relief from the local council.

PODF project
Mr and Mrs Davies heard about the availability of PODF funding from their Retail Network Manager (RTA) within POL, and applied straight away. A grant of £31,887 was awarded at the end of March 2003, and the project was completed and the final grant payment made at the end of October 2003.

The grant-funded project was to refurbish the retail area and improve access for people with disabilities by replacing the step with a small ramp. The refurbishment involved general upgrading of the décor and shopfitting, including replacing the doors and windows with safety glass, installing a new cash register, photocopier, chiller cabinet, freezer, and drinks chiller, putting in air conditioning and replacing the post office lozenge sign. The main aim of the project was to modernise the appearance of the shop, which had had the same wooden shelving since at least the 1940’s. The shelving made the shop very dark, made it difficult to display goods to their best advantage, and was difficult to clean to present-day standards. The aim was to make the shop easier for customers to use, moving to self-service, and to improve efficiency in stocking and displaying produce. The photocopier introduced a new service to customers, and the various chillers allowed for an increased range of fresh and local produce, including locally produced high quality bacon, mutton and other meat products.

The couple felt that they would eventually have done much of the work themselves even without grant funding, but that it would have been done piecemeal over a number of years. Other than being able to undertake the work sooner, they said that the advantage of the grant funding was the ability to do a single project and make all the elements fit together efficiently ‘like a jigsaw puzzle’.

Although they had initially wanted to use local builders, Mr and Mrs Davies were unable to find a single local firm big enough to co-ordinate the project. Reluctant to take on the
project management of all the elements themselves, and keen to have the bulk of the work carried out in a single week to minimise disruption of service, they opted for a national firm. They closed the shop for a week, but kept the post office operating from the house in order to retain custom.

Grant administration and publicity
Mr and Mrs Davies reported that the administration of the grant and the project had ‘gone well’, with good advice and support from Assembly Government officials and swift payment of grant. However, they raised one concern over frequent changes of personnel in the grant administration team, saying that they were often dealing with new staff and having ‘to go through things again’.

The work was inspected by the RTA from POL, who sent certification (the PO3 form) to the Assembly Government that it was satisfactory. This was in line with the usual procedure under arrangements agreed with POL. However, the couple expressed surprise that no Assembly Government representative had ever been to inspect the works. They also noted that they had never received the sticker acknowledging the Assembly Government funding, and that when they had negotiated an article in the local paper, no-one from the Assembly Government attended the photo-shoot: ‘this was a chance to blow their own trumpet I would have thought they would have jumped at the chance’. The article had however acknowledged the Assembly’s funding of the project.

Impact of the project
Mr and Mrs Davies reported a significant impact on income levels from the project, with the gross income from the shop being between £12,000 and £15,000 per year in the two years since completion. POL estimated that the shop turnover has increased by 12% per annum in the 2 years since the refit.

Mr and Mrs Davies attributed the increase to the ability to stock more products and display these better, rather than to a significant change in the underlying customer base. They cited instances of customers remarking ‘I didn’t know you stocked that’, of products that they had stocked before the refurbishment. Customers had responded positively to the project and were reported to be pleased to see government investment into the local area. The part-time shop assistant’s hours had been increased to nearly full-time as a result of increase business.

Post office business at Llangurig has remained static for most transaction types, but there has been a slight increase in business in the areas of new services such as on-line banking & e top ups. POL remarked that ‘the fact that there has been an increase is very encouraging because many rural branches have lost business due to phasing out of pension books and payment being made instead by Direct Payments into customers bank accounts’.

The Sub-postmistress was pleased with the project, which she felt had had the desired impact on the business. She wondered whether with hindsight they should have been more ambitious and extended the retail space into current storage areas.

There had been no impact on opening hours for the post office or shop, but Mrs Davies already usually offered post office services whenever the shop was open, rather than having limited hours and allowing queues to develop.
The post office in the community

Mrs Davies noted that the post office often acted as a meeting place for local people, who often stayed to chat amongst themselves for some time after completing their post office transactions or doing their shopping. Social events were often planned in the post office. Mrs Davies also said that people tended to come to her for advice on ‘any question under the sun’, and that ‘as the post of first call, if we can’t give them an answer we can certainly guide them to somebody who will’. She saw this role as ‘part of the service’. The project had included putting up a community notice board for displaying information on local events or issues, advertising local businesses, lost and found notices, etc.

Mrs Davies said that another part of the social role was to notice if anyone had be not turned up to the post office when expected or was struggling to cope, and alerting somebody to this fact. A large proportion of local customers, established local and newcomers, are of pensionable age, and many of these older people do not have use of a car.

Other support for post offices

Mrs Davies had received a week’s training from Business Connect Wales when she first started the business. This had been useful largely due to the contacts made - especially with one adviser, whose experience was helpful, and who assisted with the PODF application. Subsequent training and support other than ongoing support from the RTA, had consisted of POL sessions on new products, a few times a year, and networking through meetings of the National Association of Sub-postmasters. Mrs Davies did not consider that further training or business advice was necessary.

The future

Mrs Davies was optimistic about the future of the Llangurig post office, due to its good location on the side of a busy road, but wondered if it would be possible to survive if you were off the beaten track. ‘There’s certainly the need though’ she said ‘in rural areas you haven’t got much choice’.

She had some reservations about POL’s recent emphasis on financial services. Although recognising the pressures under which they were operating, she felt that when she first went into post office work, ‘it was a service, now it’s very much a business, with selling loans and insurances’. She felt there was a danger of losing the unique nature of the post office: ‘Everybody sells insurance and loans. The post office is seen as friendly and approachable and if they go too much into big business like banks they’re going to lose that uniqueness’.
‘Having the grant just gave us the confidence and ability to do the shop up. Business is 90% confidence - if you haven’t got that you won’t go ahead with a project that you think is worth doing. It’s been a very positive effect. If we lost any of the businesses in the village, all the other businesses would lose a certain amount of confidence, they’d question whether they could carry on. With another cog not working it makes it harder on all the other ones, and it’s just chipping away at the confidence and in the end everybody pulls out and you’ve lost everything in the village, people have lost services and the ability to stay in a rural area has been lost. If Government gave confidence to business in rural areas they’ll see a benefit but if they withdraw all the time it’s the thin end of the wedge and we’ll all pull out’.

Mrs Davies, Subpostmistress
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