

Social Justice and Regeneration Research Summary



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



Evaluation of the Post Office Development Fund

The Evaluation

The evaluation considers the extent to which the Assembly Government's Post Office Development Fund (PODF) achieved its objectives, and assesses the impact of PODF on funded post offices and their local communities, with a view to informing government thinking at the UK and Wales levels about any future public support for post offices. As the grant programme is nearing its end it is important to assess its impact, and to place this assessment in the wider context of the challenges currently facing the post office network.

The methodology consisted of:

- a literature review;
- the development of a profile of PODF spend;
- surveys of sub-postmasters/mistresses with and without PODF funding;
- a stakeholder consultation; and
- three case studies of completed PODF projects.

The study sets out the policy, economic and commercial context against which PODF operated between November 2002 and March 2006, and the significant challenges facing the UK post office network during this period, including the introduction of Direct Payment of benefits and pensions. It looks at the strengths and weaknesses of the network and the opportunities and threats facing it. The study surveys the research evidence for the social value of post offices, particularly in deprived and isolated communities, and the impact of post office closures.

Dadansoddi ar gyfer Polisi



Analysis for Policy

PODF made £4.1m of grant support available to post offices located in or serving the 125 most deprived and 125 most isolated communities across Wales. The objective of PODF was ‘to support the retention and development of post offices in disadvantaged communities across Wales’, by promoting diversification and increasing viability.

The study found a high standard of day-to-day administration of PODF, and a high level of customer satisfaction with its administration. There was however a significant delay in the announcement of grant awards under rounds 3 and 4 due to an internal review of PODF, and further subsequent delays in commencement of these projects due to the introduction of legal charges on properties as a measure to protect public investment. The evaluation makes recommendations about grant scheme administration in this and other policy areas. Key areas for improvement in respect of PODF were: the quality of applications and supporting information especially relating to anticipated outcomes; the lack of emphasis in bid assessment on current or projected viability and the appropriateness of the proposed project; and the arrangements for evaluation at project and scheme level.

The evaluation developed a profile of PODF spend over the four rounds. A total of £4.16m 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. Most grants were between £40,000 and £50,000. 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. Nineteen local authority areas had at least one PODF

project. There were 112 unsuccessful applications. Activities funded by PODF fell into four categories: structural/aesthetic; security measures; improved access or facilities for disabled people; and new products or services. Almost all projects included two or more of the four categories, with many including elements of all categories.

Key findings

Impact of PODF on funded post offices:

Overall, PODF had a positive impact on the commercial viability of funded post offices. Many post office businesses operate successfully on a day-to-day basis, but are capital-poor. Occasional injections of capital for specific purposes 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, although 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, PODF 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.
- 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

Overall, PODF 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, PODF 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 are more likely to have increased the post office and retail opening hours than non-recipients.
- PODF has led 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.
- There were 10 reported instances in PODF post offices 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, perhaps indicating that these services require 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. Overall, there is more evidence for 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 disabled people 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.

Design and rationale of PODF

PODF aimed to support and develop existing post offices rather than to be part of a strategic approach to rationalising the post office network. This approach was appropriate to the policy context of the time and to the role and policy interests of the Assembly Government. In the current climate of uncertainty over the future of the rural network, such an approach would no longer be a prudent use of public funds 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.

PODF targeted post offices in rural isolated and urban deprived areas. 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. However, there is no evidence that rural communities eligible for PODF were any more deprived than others, except in respect of distance from other facilities. It is difficult to target resources to

vulnerable groups in rural Wales on a geographical basis. Geographical eligibility criteria also have disadvantages in urban areas: 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.

The measures taken to safeguard of public investment against post office closure, including the charge on properties, were appropriate and effective.

Recommendations

The evaluation recommends 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.

The evaluation makes general recommendations to inform the development of Assembly Government grant schemes in different policy areas:

- 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. In addition there should be written agreement of final outcomes, which should relate to the impact of the funded project.

- 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.

It makes recommendations for any future public funding of post offices or similar small businesses in rural or deprived areas:

- 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 Post Office Limited (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 is in a position to 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 hotspots and 'coldspots'. For rural areas, it should be noted that isolation does not correlate with other forms of 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.
- 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.
- 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.

Other more detailed recommendations are contained in the full report.



The report **Evaluation of the Post Office Development Fund** and further copies of this summary can be obtained from:

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