RSA

Making the Connection: Local Post Offices as Community Enterprise Hubs

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About the RSA

The RSA's Action and Research Centre (ARC) combines practical experimentation with rigorous research to create a unique programme of work. ARC's approach is inspired by the RSA's history of solving big problems by unleashing the human potential for enterprise and creativity. Within ARC, RSA 2020 Public Services is a practice-research and policy development hub working with local authorities, public sector bodies, businesses and the third sector to develop 'social productivity' approaches to public service reform, helping to create stronger and more resilient citizens and communities. Sitting alongside this is the RSA's Enterprise programme, which explores how we can build people's capability to do their best work, and shape an economy that is fit for the 21st century.

Acknowledgements

Executive summary

The Post Office is an organisation like no other. Local Post Offices contribute enormously to the life and soul of their communities, are an essential vehicle for delivering public services, and provide the vital infrastructure that our businesses need to prosper. Yet few would disagree that the network has been under pressure in recent decades. The rise of the internet and decline of the high street, together with reduced business from government departments, has taken its toll on the financial viability of Post Offices. As a result, branch numbers have fallen by close to a third in the last decade.[1]

But in recent years the Post Office has turned a corner. Closures no longer dominate the news and the network, at just over 11,500 branches, now looks more sustainable. The new strategy for the Post Office, published in November 2013, sets out clear financial commitments to modernise branches, including an extra £640m of investment, on top of the £1.34bn announced in 2010.[2] This includes providing support for around 3,400 community and outreach branches with a new £20m investment fund. Specific efforts to support the transformation include the introduction of a new digital platform, the expansion of the financial services offer to include a new current bank account, and the roll out of 'Click and Collect' and 'Drop and Go' services to support the thousands of small businesses that use the Post Office every day.

The success of this strategy is in part dependent on the ability of Subpostmasters to grasp the opportunities available. Ultimately, local Post Offices are small businesses that need to stand on their own two feet, while at the same time support a range of social functions shaped by government and politicians, the public and indeed Post Office staff and agents themselves. Balancing these two objectives is no easy task, but the network has to get this right if it is to survive. The modernisation programme offers a once in a lifetime opportunity to fashion a viable business model that will preserve Post Offices in the face of severe difficulties.

Against this backdrop, RSA 2020 Public Services was commissioned by Post Office Ltd to explore how branches might be able to play a more active role in their local area while simultaneously sustaining and even growing their business. In doing so we looked at how entrepreneurial Subpostmasters could generate both social *and* commercial value for their community, supporting residents and businesses alike. Our research brought us into contact with a range of Subpostmasters from across the UK, as well with expert stakeholders from businesses, public services, councils and community groups.

Perhaps unexpectedly, what we found is that today's economic, social and technological shifts towards the local may be renewing the relevance

1. The Department for Business, Innovation and Skills (2010) *Securing the Post Office Network in the Digital Age*. London: BIS.
2. Post Office Ltd (2013) *Securing the Future: Strategy 2020*. London: PO Ltd.

of Post Offices in people's lives. A growing microbusiness community, an ageing population, isolation among older people as well as young people in rural areas, and the development of community-based approaches to public service reform are among the trends creating the need for 'Community Enterprise Hubs' across the country – a role that Post Offices may be well placed to take on.

In doing so they would have a firm foundation upon which to build. Previous estimates put the total value of the network to households and businesses at between £2.3bn and £10.2bn.[3] Other research suggests that the value of each individual Post Office to their local economy equates to some £310,000 each year.[4] Yet Post Offices could arguably build upon what they have already established. They are widely trusted, have a presence in nearly every community – 93 percent of the population live within a mile of a Post Office – and have a resilience and continuity that few other institutions can match.

By taking on the role of Community Enterprise Hubs, Post Offices could not only create value for residents and businesses in their local community but also generate additional revenue in the process. Therefore it may be appropriate to think of Post Offices as being 'socially entrepreneurial'. Indeed, it is important not to lose sight of the fact that Post Offices are first and foremost commercial businesses, and as such need to stand on their own two feet. The state subsidy towards the network is likely to gradually reduce over the coming years and as such it is vital that the whole network continues to look for new streams of income.

The emphasis on an enhanced social role for local Post Offices could be timely. Social value is increasingly central to public policy considerations, not least in the new commissioning requirements for public bodies. This is about focussing on local employment, local supply chains and local economic value and wealth creation. Post Offices could be central to this. Not only do they embody these elements, they also sit at the heart of local community and business networks. This gives them an unparalleled opportunity.

Julia Unwin, Chief Executive of the Joseph Rowntree Foundation, has said that 'local shops and businesses are the new front line of public services'. That is because the people who run them often have the strongest, most trusted and most direct relationship with local citizens. And in the new public service world of an ageing society and demand management – addressing social problems before they become more serious – understanding community dynamics and knowing what's happening in the lives of frequent customers will be essential. Subpostmasters are, in the language of social network analysis, essential community 'bridge builders' – trusted intermediaries who can make connections for people, with services, systems and other networks.

At the same time, the growth of microbusinesses, self-employment and homeworking presents Post Offices with an opportunity to make themselves indispensable hubs for local business communities. The emergence of this new business world creates support needs and service demands

3. NERA Economic Consulting (2009) *The Social Value of the Post Office Network: Report for Postcomm*. London: NERA.
4. New Economics Foundation (2006) *The Last Post: The social and economic impact of changes to postal services in Manchester*. London: NEF.

that local Post Offices are ideally placed to respond to. As we outline in the report, some branches in the UK are beginning to provide new packaging and tech services to meet their needs – not least the growing community of makers that sell on Etsy, eBay and elsewhere. Post Offices have the ideal entry point to this emerging market because already close to half of small businesses visit a Post Office at least once a week.[5]

The new Community Enterprise Hub approach that we propose is underpinned by a hard commercial rationale. As the diagram below shows, this consists of three mutually reinforcing drivers – increased direct revenue; increased footfall; and increased socio-economic vibrancy of the neighbourhood. Each of these is accelerated by moving to a Community Enterprise Hub model.

Figure 1: Local Post Offices as Community Enterprise Hubs
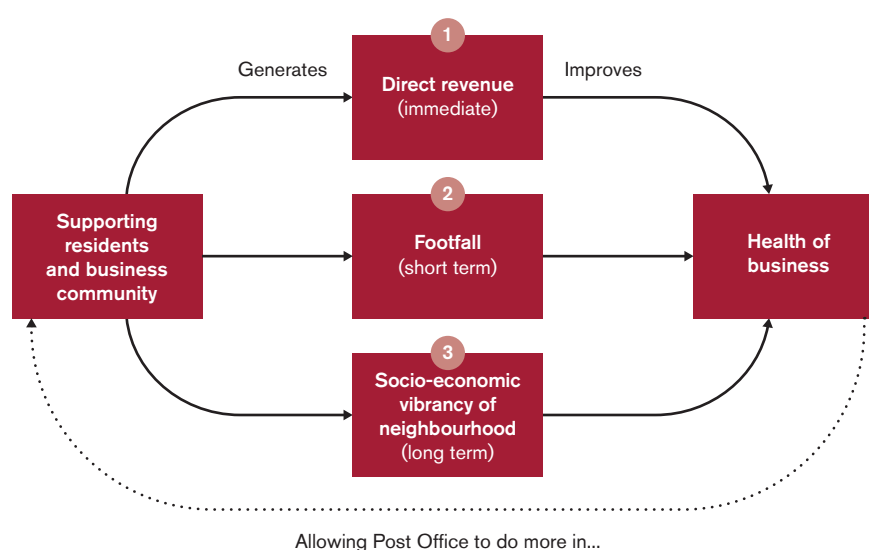
What a Community Enterprise Hub looks like in day-to-day practice depends in part on the unique challenges and opportunities of each local area. However, we have identified three defining functions – **venturing, hosting and connecting** – that encompass most possible activities (see Table 1).

Each of these functions is relevant to the biggest policy questions of our day. Post Offices need to be at the centre of debates about how to support entrepreneurialism and small business. They have a unique role in helping benefit users make the transition to Universal Credit, which will involve people making their claims online. Similarly, Post Offices could support the spread of personal budgets in social care, for example by handling the delicate transaction between the budget holder and service user. They might also help tackle the growing problem of access to affordable finance, for example by linking up with credit unions or even regional banking outlets, should this policy be realised.

A number of Post Offices are already transforming their practices to capitalise on these opportunities. Llangadog Post Office in South West

5. Federation of Small Businesses (2010) *Revolutionise the Post Office*. London: FSB.

Wales offers informal IT training for local residents and provides the space for a police drop-in surgery. Likewise, Port Clarence Post Office in Middlesbrough has a health centre attached to the shop, along with various other amenities such as a café and training suite. However, such examples tend to be the exception rather than the rule. Despite providing essential services to their communities, most Post Offices are some way away from being the kind of Community Enterprise Hubs called for in this report.

Table 1: The three functions of a Community Enterprise Hub

Function	Description	Example activities	Policy relevance
Venturing	Post Offices creating value by delivering their own activities, initiated by the Subpostmaster	▪ Packaging and tech services for maker communities eg Etsy sellers ▪ Offering advice and signposting eg on finance and welfare ▪ Running informal training courses eg in IT and literacy ▪ Providing employment and training opportunities	▪ Increasing rates of digital literacy and internet access ▪ Improving access to affordable finance ▪ Supporting the creation and growth of micro and small businesses ▪ Easing the introduction of Universal Credit ▪ Promoting initiatives associated with Localism agendas eg community asset takeover ▪ Combating the challenges associated with an ageing population eg isolation ▪ Promoting sustainability initiatives (eg the Green Deal) and a transition to the circular economy ▪ Implementing new methods of public service delivery eg 'demand management'
Hosting	Post Offices creating value by providing a space for residents, businesses, public services and others to interact, share and trade	▪ Co-locating public services eg police drop in centre ▪ Acting as a gateway for business support ▪ Facilitating new 'sharing economy' activities	
Connecting	Post Offices creating value by connecting information and opinions between residents, businesses, public services and others	▪ Acting as a living noticeboard for community information eg passing on messages from GPs ▪ Sharing community views with public services and through council consultations ▪ Raising awareness of decision-making opportunities eg Neighbourhood Planning	

Against this backdrop, the Post Office Ltd has taken several steps to support more Subpostmasters to engage in socially entrepreneurial activities – including through a new Community Enterprise Fund. Launched in partnership with DCLG and the Cabinet Office, this scheme offers substantial grants to help Post Offices kick-start innovative new projects in their local area.[6] Likewise, Post Office Ltd has made it clear in its latest

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6. For more detail see www.postoffice.co.uk/community-enterprise-fund

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strategy paper that this agenda goes hand in hand with its wider modernisation efforts.[7] This includes supporting around 3,400 'community and outreach' branches with £20m worth of funding.

However more needs to be done to encourage and enable local Post Offices to make the transformation into Community Enterprise Hubs. With this in mind we have set out several new directions for Post Offices that seek to build upon the efforts made to date. These directions are not to be thought of as binary shifts from something old to something new, but rather fresh combinations of thinking and behaviour that balance the rich heritage of the network with the need to modernise for the future.

These developments are in line with the 'Securing the Future: Strategy 2020' published by Post Office Ltd in late 2013. The strategy is about maintaining the size of the network, investing in branches and providing a better service to customers, for instance through longer opening hours. But it is also a strategy rooted in local presence and ambitious about fulfilling the public purpose of Post Offices in local communities. As such it is a strong platform to further develop the social entrepreneurialism introduced in this report.

New directions for Post Offices:

- **Enterprising mindset –** Nurturing a more entrepreneurial culture among Subpostmasters – one that sees them more comfortable with the idea of 'selling' their existing services and experimenting with new ones.
- **Richer stories –** Telling a more compelling story of the Post Office that emphasises its role in catalysing entrepreneurship, innovation and creativity, as well as helping the vulnerable.
- **Wider partnerships –** Collaborating more closely with partners – including public services, businesses, voluntary groups and other Subpostmasters – to achieve common ends.
- **Fresh talent –** Bringing fresh faces into the profession of Subpostmasters, particularly young people, and supporting the development of the existing cadre.
- **Enabling leadership –** Formulating a common vision for the Post Office that all parties can agree on, and adopting a style of leadership that encourages change and participation.

Each of these new directions requires practical action to be realised – from changing recruitment practices to developing new measurement tools. As we suggest, it may even mean flipping the question entirely – asking existing social enterprises to take on the role of the Post Office, rather than the other way around.

Below are a handful of the proposals put forward in this report (more detail can be found throughout).

- **Identify entrepreneurs-in-residence –** Help seasoned entrepreneurs team up with the most promising Subpostmasters to identify opportunities for new ventures in their community.

7. Post Office Ltd (2013) Op cit.

- **Create an entrepreneurial 'script' of the Post Office –** Develop a more striking narrative of the Post Office by identifying key messages that can be continually referred to, and pick out entrepreneurial Subpostmasters willing to act as messengers for these.
- **Measure what matters –** Find new ways of tracking the socially entrepreneurial behaviours of Subpostmasters, so that their impact in the community can be more clearly articulated to potential partners.
- **Expand the opportunities for Subpostmasters to collaborate –** Explore the potential for bringing Subpostmasters more closely together in local clusters so they can exchange ideas and advice, and possibly share back-office functions.
- **Develop professional entry points into Post Offices –** Establish more structured career pathways into Post Offices, for instance through an Apprenticeship scheme that places new Subpostmasters within existing Post Offices for short periods.
- **Fast-track the serial Subpostmasters who want to run multiple Post Offices –** Identify the most ambitious Subpostmasters and nurture them as they seek to set up and grow additional Post Office branches.
- **Invite social entrepreneurs to become Subpostmasters –** Work with the likes of UnLtd and Social Enterprise UK to run a pilot assessing the potential for social entrepreneurs to take on the role of Subpostmaster.
- **Harness the latent potential of Post Office data –** Turn the wealth of data collected by branches into valuable information that can be used by Post Offices and public services to better understand the needs of the local population.
- **Articulate a common purpose –** Form an overarching vision for how the Post Office can create social and commercial value.

The Post Office in 2014

A national institution

The Post Office is a national institution. Originally established in 1635 when Charles I opened up his mail services to the general public, the network has since grown to encompass over 11,500 branches run by around 9,000 Subpostmasters – or agents – and 5,000 crown staff nationwide.[8] Few people are untouched by its presence. For example, 93 percent of the population live within a mile of a Post Office, and for every £1 spent in the UK, 14 pence is channelled through branches.[9]

The size of the network is striking, but so too is its diversity. Post Offices across the country provide customers with around 170 different products and services. First and foremost are postal services, with branches acting as the gateway for tens of millions of letters, packages and parcels every day. The majority of Post Offices also handle government services, for instance driving licence applications, council tax payments and the Post Office Card Accounts (POCAs); the latter allowing close to 2.8 million people to collect their benefits and pensions.

Financial services are another major part of the portfolio. The Post Office has over 2.5m financial services customers who deposit some £16bn in savings accounts. This is enabled in large part due to the size of the Post Office network, which far exceeds that of bank and building society branch numbers put together.[10] Finally, there are telephony and broadband services. In recent years the network has grown to become the fifth largest telecoms supplier and the second largest provider of mobile E-top ups in the UK.

With so many services at their disposal, it is unsurprising that Post Offices have become such a central feature in many people's lives. It is estimated that a third of residential customers and nearly half of over 65s visit their local branch at least once a week.[11] Particularly reliant on Post Offices are vulnerable people, who see them as a source of vital services and a rare place to interact with friends and neighbours.

Post Offices are just as important for the business community as they are for the residential one. This is particularly true of small and medium-sized businesses (SMEs), many of which rely on their local branch for posting parcels, collecting change and depositing takings. The Federation of Small Businesses reports that 20 percent of SMEs visit their branch every day, while nearly half use their services at least once a week.[12]

8. Post Office Ltd (2012) *The Post Office Network Report*. London: PO Ltd.
9. Ibid.
10. Ofcom (2012) *Review of Postal Users' Needs: Response from the National Federation of Subpostmasters*. London: Ofcom.
11. Postcomm (2010) *Postcomm's tenth annual report on the network of post offices in the UK: 2009–10*. London: Postcomm.
12. Federation of Small Businesses (2006) *Small Businesses and the Post Market*. London: FSB cited in Ofcom (2012) Op cit.

A network under pressure

So tightly woven are Post Offices into the fabric of our economy and society that it is hard to imagine life without them. Yet their presence should not be taken for granted. Like any other business they can be out-done by competition and undermined by new technologies. Three forces in particular have taken their toll on the Post Office network in recent decades. First, the rise of the internet – and more recently the spread of web-enabled smartphones – have reduced the demand for traditional postal services, meaning fewer transactions at branches. Mail volumes in the UK have shrunk by 30 percent since 2005, and are expected to fall by a further 40 percent over the next 10 years (although parcel volumes, driven by e-commerce, are rising).[13]

Figure 2: The decline in Post Office branch numbers[14]
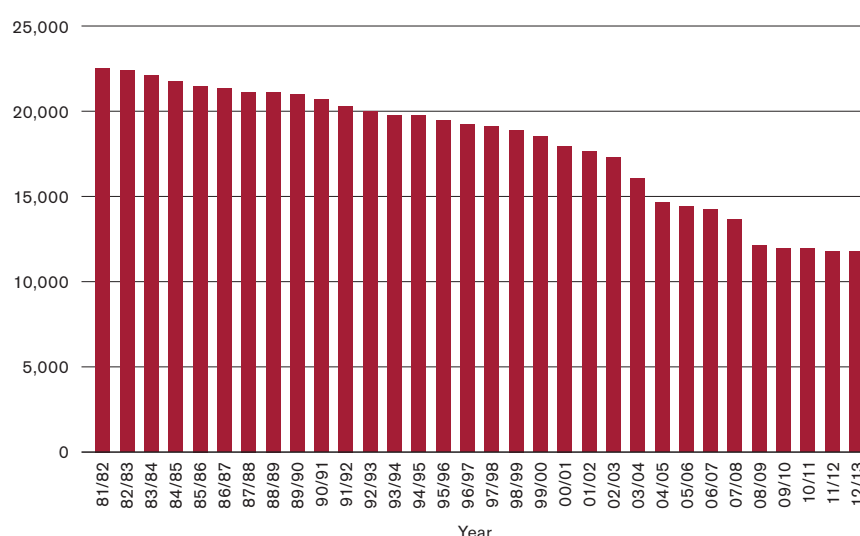
Second, the growth of large retailers and the market domination of major supermarket players have had a detrimental impact on the nation's high streets, and in turn the many Post Offices based there. High street footfall has fallen by over 10 percent in the last few years alone,[15] with the result that one in seven shops now stand vacant.[16]

The third major force to hit Post Offices is the decline in business from government departments. The search for cheaper contractors combined with the drive to move services online has resulted in the loss of a number of contracts in the first decade of the 2000s – such as the Green Giro for benefit users – and a partial decline in business for existing services, for example driving licences and car tax discs.[17]

The impact of these and other forces has been to gradually erode the once dependable customer base of Post Offices. The number of visits each

13. PricewaterhouseCoopers LLP (2013) *The outlook for UK mail volumes to 2023*. London: PwC.

14. Haigh, D. (2013) *Number of Post Office branches*. London: House of Commons Library.

15. Department for Business, Innovation and Skills (2011) *Understanding High Street Performance*. London: BIS and GENECON LLP.

16. Grimsey, B. (2013) *The Grimsey Review: An alternative future for the high street*.

17. Postcomm (2010) Op cit.

week has fallen by nearly a third over the past decade, from 28 million in 2000 to just over 20 million in 2010, and is one reason why many Post Offices have been forced to close.[18] Over the same 10-year period, the number of branches in the network fell by a third, from around 18,000 to 12,000 (See Figure 2).

Modernising the Post Office

The Post Office has sought to overcome these challenges and shore up its declining customer base in part by **reaching into new markets**, particularly financial services, where revenues significantly exceed those from government contracts. Efforts include expanding its portfolio of financial services through the introduction of ISAs, bonds, mortgages as well as the trialling of current bank accounts.[19] It has also forged partnerships with mainstream banks to offer access to more current accounts in Post Office branches.[20] As a result over 95 percent of current account holders can now bank at their local Post Office.

The recently launched **Post Office 2020 strategy** adds further impetus to these efforts.[21] It includes commitments to launch a new digital platform so products and services can be accessed around the clock, and to deliver a branded mobile phone service targeted at the Post Office's extensive customer base. Plans are also afoot to develop the Post Office's role as the number one mails retailer, for instance by providing a Click and Collect service in branches so that customers can pick up packages ordered online.

Alongside this, the Post Office is finding new ways of working with government departments and agencies. For example, as government drives services online the Post Office has become an approved identity assurance provider: citizens will be able to use the Post Office, both online and where necessary face-to-face (in branch), to verify their identity in order to complete online digital transactions. It has also invested in biometric data capture services, used in over 700 branches to deliver identity-checking services for the DVLA and the Home Office Visa and Immigration Directorate. As services move online and identity assurance services become more relevant, it is significant that the Post Office is at the cutting edge of delivering these services.

At a local and regional level, some Post Offices have taken this **'front office for government'** agenda one step further by establishing agreements with local authorities and county councils to deliver their services over branch counters. Last year, Post Offices in Westminster agreed to work with the Council to handle parking permit applications, casual trader vouchers and council tax and business rate payments, among other services. Similar agreements are emerging in different areas, albeit with varying degrees of intensity. Hammersmith and Fulham Council, for instance, has agreed to allow residents and businesses to pay their council tax, business rates and other charges through any one of the Post Office branches in the borough, saving taxpayers around £90,000 a year.

18. The Department for Business, Innovation and Skills (2010) Op cit.
19. Post Office Ltd (2012) Op cit.
20. Burrows, A. (2011) *Counter Measures: Delivering access to current accounts for all at the post office*. London: Consumer Futures.
21. Post Office Ltd (2013) Op cit.

In order to build on these positive trends Post Office Ltd has begun implementing a transformation of the network through the introduction of 8,000 **new 'Local' and 'Main' branch models**. The aim is to make branches more personal, modern and efficient, lengthening opening hours and doing away with the 'fortress' counters. The government has agreed to underwrite the costs of this transformation, including the modernisation of branches (see Box 1 for other government commitments). Over 1,400 branches have already been modernised since April 2012, with the effect of creating an additional 34,400 opening hours across the UK. According to Post Office Ltd, these new branches are recording an average 95 percent satisfaction rate among customers.[22]

On top of this, the Post Office recently agreed with the government to support around 3,400 **'community and outreach' branches**, which would otherwise not be financially feasible to operate. Many of these will be literally the last shop in the community.

Box 1: Government commitments to the Post Office[23]

Following its review of the Post Office, the government asserted its commitment to support the network in the following ways:

- Recognising that the Post Office is more than a commercial entity and serves a distinct social purpose
- Ensuring that Post Offices remain a valuable social and economic asset for our communities and businesses
- Ensuring there will be no programme of Post Office closures under this government
- Being clear that the Post Office is not for sale
- Providing £1.34bn for the Post Office to modernise the network and to safeguard its future, making it a stronger partner for Royal Mail
- Seeing the Post Office become a genuine Front Office for Government at both the national and local level
- Supporting the expansion of accessible and affordable personal financial services available through the Post Office
- Supporting greater involvement of local authorities in planning and delivering local Post Office provision
- Creating the opportunity for a mutually owned Post Office

On top of these commitments, the government pledged in November 2013 to add a further £640m to complete the modernisation up to 2018. This includes £20m to invest in the 3,400 community and outreach branches.[24]

Turning a corner?

There is already evidence to suggest these efforts are reversing the long running trend of decline in the Post Office network. The Post Office Ltd made a profit of £94m in 2012/13 (up on the £61m profit it made the year previously),[25] and the dramatic decline in footfall witnessed over the

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22. Ibid.
23. The Department for Business, Innovation and Skills (2010) Op cit.
24. For more information see www.gov.uk/government/news/post-office-secures-additional-government-investment-to-complete-branch-modernisation
25. Post Office Ltd (2013) Op cit.

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past few decades appears to have plateaued.[26] Winning the £450m DVLA contract to continue providing driving licences and tax discs, and securing a place on the government's Identity Assurance framework, is the latest good news for the network. However, the income generation from government services is not as high as most would have expected or liked.

Box 2: About the research

In partnership with Post Office Ltd, the RSA undertook a series of research activities in order to better understand the scope for Post Offices to play a more active role in their local area, and to assess whether there was a strong enough business case for doing so.

We spent time talking with Subpostmasters up and down the country to hear about their experiences of running a branch, including why they chose to become a Subpostmaster, what kind of challenges they face in running their business, how they currently support their community, and whether they see any scope for expanding this role. We also asked them the extent to which their involvement in the local area helped generate extra revenue.

We chose to conduct in-depth research on four Post Offices identified as being particularly entrepreneurial in their community engagement, with a view to using the findings to inspire and provide lessons for how other Subpostmasters could follow their lead. We also conducted semi-structured interviews with other Subpostmasters that were known for going 'beyond the call of duty', as well as with expert stakeholders that have expertise either on the Post Office specifically or on related areas, for example social entrepreneurship or the future of high streets.

Our interim findings were discussed midway through the project at an expert workshop attended by social enterprises, other purpose-driven businesses, policymakers, and Subpostmasters. Part of the workshop involved a visioning exercise to imagine future trends that may have positive and negative consequences for the Post Office network. Finally, we held several roundtables at the 2013 party conferences to test our emerging findings and discuss these in the context of the most important policy debates of the moment. These include the future of banking, the social value agenda, access to affordable finance, public service delivery models and support for small and microbusinesses.

Perhaps the biggest indicator of fragility, however, can be seen in the bottom line of Subpostmaster income, which has fallen in line with the wages of most of the UK's workforce. The most recent survey undertaken by the National Federation of Subpostmasters found that just over half of the Subpostmasters who responded said they saw a reduction in average monthly pay in the last year, and less than a fifth said they see a strong future for their business.[27] High utility and business rates only serve to heighten the financial difficulties for Post Offices.

Therefore while much has been achieved of late, there is clearly more action that needs to be taken to ensure the network remains sustainable, that the livelihoods of Post Office Subpostmasters are secure, and that the services people rely on continue to live up to their expectations. Indeed, it is important to recognise that the Post Office is first and foremost a business, and as such needs to stand on its own two feet. With the government's Post Office subsidy due to fall substantially in the coming

26. Postcomm (2010) Op cit.
27. National Federation of Subpostmasters (2013) *Sub Post Office Income*. London: NFSP.

years, it will be essential for the network to rapidly bolster its finances through the trial and adoption of new business models.

With this in mind, the RSA set out to explore what Post Offices themselves could do to build upon the action taken by Post Office Ltd in shoring up the network (see Box 2). In doing so we floated a fundamental question: could Post Offices overcome their challenges not by retreating from their role in the community but by actually increasing it? The rest of this report seeks to answer this question and explores how Post Offices might be able to create more value for their surrounding area while simultaneously boosting the business bottom line.

The next chapter begins by examining the future context in which Post Offices may need to operate.

The return of the local

Preparing for the future

The world that Post Offices inhabit is changing, as it is for all businesses on the high street. Ten years ago the economy was flourishing, the internet was still in its infancy, and big government was the norm. Fast forward to 2014 and the UK is in a radically different place. Changes have occurred in everything from the way we work, to what we consume, to how we govern ourselves as a country. And such transformations are only likely to accelerate in future years with the advent of new technologies.

Table 2: Movements towards the local

A changing economy	
From macro	To micro
• Domination by big business	• Growth in microbusinesses and freelancing
• Work centred in the office or factory	• Flexible home working
• Linear growth through accumulation	• Circular growth through maintenance
A changing society	
From transactional	To relational
• Consumption of products and 'stuff' (cars, appliances and houses)	• Co-production of services and relationships (health, education and care)
• Resource-based challenges (crime and absolute poverty)	• Relationship-based challenges (an ageing society and loneliness)
A changing state	
From top-down	To bottom-up
• State largesse	• State leanness
• Centralised decision-making	• Neighbourhood decision-making
• Centralised public service provision	• Many public service providers

Against this backdrop, it is vital that Post Offices fashion a role that goes with rather than against the grain of these social, economic and cultural shifts. Few would disagree that the changes of recent decades have made life more difficult for Post Offices. But the trends we are now witnessing towards the 'local' – where people increasingly live, work, consume and produce in tightly bound areas – may spawn rich opportunities for Post Offices in tomorrow's world.

It is important to note from the outset that a shift to the local level can occur simultaneously with the growing importance of the 'global'. Certain interactions will become better suited to take place between two

residents on a single street; others between individuals based at opposite ends of the country, or even the world – and in many cases the attention is shifting towards the latter. What follows is an overview of the changes where the immediate vicinity in which we live and work is becoming more important.

Table 2 summarises these movements on three levels: the economy, society and the state.

Box 3: What is the 'local'?

There is no strict definition of what constitutes a local area, just as there is no common understanding of what a 'neighbourhood' or 'place' is. However, it can be broadly understood as a tightly bound space that is small enough for the people who live and work there to be intimate with their surroundings, aware of others in their proximity and knowledgeable about its challenges and opportunities. In practice, a local area may mean anything from a rural village to a cluster of neighbourhoods in a town suburb.

A changing economy: from macro to micro

Despite the recent publication of promising economic data, the UK has experienced one of its slowest economic recoveries in over 200 years, with economic output yet to return to its pre-recession levels.[28] It is anticipated that growth will pick up pace in 2014, but some commentators believe that sluggish growth rates could become a permanent feature of the economic landscape.[29] This does not bode well for unemployment levels, which are set to remain high for some years to come. Nor is it good for living standards, which for low income households are predicted to be 15 percent lower in 2020 than they were in 2008.[30]

Where there is a crisis, however, an opportunity is often not far behind. The forces of creative destruction that erode industries are the same that can open up the space for fresh ones to emerge. Indeed, it is already possible to see new ways of working taking root – most notably in the form of entrepreneurship. Since the onset of the recession in 2008, a remarkable 500,000 microbusinesses have been created, and the number of people in self-employment has reached record levels, with close to 16.5 percent of people now working for themselves.[31] Much of this has been enabled by more sophisticated technology, for instance e-commerce platforms like Etsy, which allow millions of people worldwide to buy and sell homemade goods. Looking to the future, 3D printing technologies may help spawn an even greater number of cottage industries.

One implication of this entrepreneurial boom is that economic activity – at least in some sectors – may become more tightly bound in local areas. The academic Gerald Davis has termed this 'locavorism', with

28.   Office for National Statistics (2013) *Gross Domestic Product Preliminary Estimate, Q3 2013*. London: ONS.

29.   See for example the Plan C essay series by the RSA. www.thersa.org/action-research-centre/public-services-arts-social-change/time-for-a-plan-c

30.   Resolution Foundation (2012) *Gaining from Growth: The final report of the Commission on Living Standards*. London: RF.

31.   Lord Young (2013) *Growing Your Business: A report on growing microbusiness*. London: BIS.

centralised production models steadily being replaced by distributed ones.[32] The self-employed, for instance, are more likely to work closer to the places in which they live, rather than commute long distances to city centres and business zones. Indeed, over 70 percent of self-employed people work from home.[33] These firms are also more likely to source supplies, recruit employees and sell products and services within the area that surrounds them.

Yet it is not only the growing number of microbusinesses that are redistributing economic activity into local areas. Larger businesses, too, are beginning to play a part in this shift. In the service sector, three quarters of UK employees now work in organisations that allow for flexible home working, meaning greater numbers of people are moving from the office desk to the kitchen table.[34] Changes are also occurring in the bricks-and-mortar retail industry, where major supermarket chains have begun opening up smaller 'on the doorstep' shops in residential areas – an attempt to cater to a new type of consumer less willing to travel long distances. Sainsbury's Local stores, for instance, are soon expected to outnumber its conventional supermarkets for the first time.[35]

Another driver bringing economic activity to the local level is the change taking place in the production-consumption process. Twenty years ago we made products in large quantities, bought them as consumers through mainstream shops, and disposed of the waste once we were done with them. Today, this linear model is being countered by a circular one – albeit very nascent – that has invited the consumer to play a role in extending and deepening the life-cycle of products, for instance through repairing or sharing.

Aspects of this can be seen in new platforms that allow people to engage in 'collaborative consumption', whether that is sharing tools with neighbours through Streetbank, or renting out a spare bedroom on Airbnb.[36] The latter is expected to become the world's largest hotelier by the end of this year.[37] Combined with the growth of microbusinesses, distributed working and other trends, the emergence of this circular economy is making local areas a new focal point for production and economic activity.

A changing society: from transactional to relational

The trend towards localism can also be seen in wider society, driven in part by the increasing importance of face-to-face relationships. Whereas society in the 20th century was characterised by the mass prolifera-tion of goods and the rapid rise of living standards, life in the 21st century is likely to be geared more around services and the deepening

32.   Davis, G. (2012) *Re-imagining the Corporation*. Forthcoming.

33.   Department for Business Innovation and Skills (2013) *Small Business Survey 2012: Businesses with no employees*. London: BIS.

34.   Thompson, J. and Truch, E. (2013) *The Flex Factor: Realising the value of flexible working*. London: RSA.

35.   Ruddick, G. (2013) *Sainsbury's Local stores to overtake supermarkets for first time [article]*. The Telegraph, 10th July 2013.

36.   See for example Botsman, R. (2011) *What's Mine is Yours: How collaborative consumption is changing the way we live*. Collins.

37.   Cave, A. (2013) *Airbnb plans to be world's largest hotelier* [article]. The Telegraph, 16th November 2013.

of relationships. Part of the reason is that the material desires of a large chunk of society are now more readily satisfied. The increasing sophistication of large scale, flexible production has meant that everything from laptops to washing machines to mobile phones have dramatically fallen in price in recent years and become everyday household items.

As a result, many people are becoming less satisfied with 'stuff' – cars and appliances – and more interested in experiences bound up in relationships – health, education and entertainment[38] – much of which is more easily attainable in a person's immediate community. As Geoff Mulgan, CEO of Nesta, recently put it:

> "Looking to the future, industries delivering outcomes such as care, health, and love, or the pleasure associated with tourism, look well-placed to grow… The private doctor, therapist, and counsellor, and the shopkeeper or hairdresser who charge more but know you well, are all turning relationships into value."[39]

People are becoming less satisfied with 'stuff' – cars and appliances – and more interested in experiences bound up in relationships – health, education and entertainment

Yet as Mulgan hints, the growing importance of relationships is as much to do with meeting social *needs* as it is with evolving consumer *wants*. Traditionally the biggest social challenges in the UK tended to be income-related. Poverty, crime and poor housing were the primary concerns of policymakers – and for many they remain so. But today we are faced with a slew of new challenges that can be traced more to *who* you know than *what* you earn, whether that be depression, obesity or the loneliness common to those in old age.[40] With the number of people over the age of 80 in the UK expected to triple to eight million between now and 2050, it is likely these types of challenges will occupy our minds above all others in future years.[41]

Such 'wicked' issues are rarely solved by financial incentives or rules alone.[42] Rather they require responses that draw upon what David Halpern has termed 'the hidden wealth' of society – the rich relationships of care in a community that directly provide for people's needs or create the social norms that influence their behaviour for the better. Southwark Circle is an example of an interesting service that enables older people in the south London borough to exchange their time and skills.[43] Another is credit unions, which draw heavily upon community networks to help people save money and improve spending habits. Membership of such unions is reported to have increased by as much as 10 percent a year for the last six years.[44]

Whether driven by consumerist demands or social needs, the desire for more intimate face-to-face relationships is likely to be better met in the

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38.   See for example Wallman, J. (2013) *Stuffocation*. Crux Publishing Ltd.

39.   Mulgan, G. (2013) *The Locust and the Bee: predators and creators in capitalism's future*. Princeton University Press.

40.   Rowson, J., Broome, S. and Jones, A. (2010) *Connected Communities: How social networks power and sustain the Big Society*. London: RSA.

41.   Lindley, E. et al. (2012) *Improving Decision-Making in the Care and Support of Older People*. London: JRF.

42.   See for example Grint, K. (2010) *The Cuckoo Clock Syndrome: addicted to command, allergic to leadership* in European Management Journal Vol. 28 (No. 4).

43.   For more information see www.southwarkcircle.org.uk/

44.   Prosser, D. (2013) *Credit Unions ready to give Wonga a run for its money* [Article] The Observer, 15th December 2013.

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immediate vicinity in which people live and work. Of course, there are some relationships that can be sustained by travelling beyond the confines of a given area, or by communicating long distances via social media. But for the person caring for a neighbour or the customer looking for a shopkeeper with a personal touch, the emphasis is on the community in which people live, work and play.

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Box 4: Local initiatives

Streetbank
Sam Stephens founded Streetbank to help people more easily share, trade and give things to others in their community. Sponsored by Nesta and the Cabinet Office, the website is free to use and allows people to meet neighbours within a mile of their location. It currently has around 23,000 users sharing over 40,000 goods and services – ranging from lawnmowers, to DIY tools, to decorating skills.

Makerhood, Brixton
Launched in 2011, Makerhood is an initiative designed to promote local making and forge connections between makers, the community and local businesses. Originally starting life online, it has since gone on to organise markets, workshops and social events for makers in the Brixton area. One of Makerhood's main achievements has been working with local businesses to secure discounts for sellers looking to develop local supply chains for their raw materials.

Neighbourhood Councils, Peterborough
Peterborough City Council introduced Neighbourhood Councils in 2009 in a bid to 'take democracy to the community'. In practice, this has meant enabling local people in seven neighbourhoods to regularly gather together to air their views on the services that directly affect them, including street cleaning, highway works and park maintenance. The meetings are attended by elected council members, the police authority, local community groups and local residents, among others.

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A changing state: from top-down to bottom-up

The third force drawing our attention to the local level is a changing state. Its size, style and functions are undergoing a radical transformation in a bid to stay relevant to the surrounding world. This is most clearly visible in the severe cuts to public spending implemented since the economic downturn. Government departmental outlay is set to fall by nearly 19 percent in real terms between 2010–11 and 2017–18, and this could rise to 33 percent if the NHS, schools and aid spending remain protected.[45] According to the Institute for Fiscal Studies, two-thirds of the planned reductions to benefit spending and four-fifths of day-to-day spending on public services have yet to be implemented.[46]

In part an answer to these cuts, the government has championed a localism agenda and transferred several powers away from Whitehall to local areas. Practical measures include handing local authorities a general power of competence and allowing them to retain a share of business

45. Johnson, P. (2012) *Time for a Plan C? Slow growth and fiscal choices*. London: RSA.
46. The Institute for Fiscal Studies (2012) *The IFS Green Budget: February 2012*. London: IFS.

rates. Similar initiatives have been enacted to directly empower local residents, for instance through the Neighbourhood Planning and Community Right to Build schemes, both of which seek to help people take on a greater role in supporting others in their communities. Forward-thinking local authorities such as Oldham, Sunderland and Lambeth have complemented these with their own 'co-operative' service models, which seek to involve citizens in commissioning and decision-making. This is partly about improving service quality for existing users, but it is also about nipping in the bud future social problems through 'demand management'.[47]

As well as achieving better social outcomes, a central purpose of this transfer of power has been to stimulate the growth of local economies. City Deals, Enterprise Zones and Local Enterprise Partnerships (LEPs) are all designed to give local areas the power and resources to support their businesses and workforce. Likewise, Business Improvement Districts (BIDs) have been established to champion businesses within a designated local area, coordinating cleaning, safety measures, improvements to infrastructure and, in some cases, business engagement in tackling local social issues such as homelessness. Since 2004, over 160 Business Improvement Districts have been established in the UK.[48]

Alongside this, the government has strongly embraced the social value agenda. 'Social value' is usually taken to mean the additional social, environmental and economic benefits that accrue to a community beyond and above the delivery of a service.[49] More simply, it is about securing maximum impact on local priorities from the use of public resources. The passing into law of the Public Services (Social Value) Act of 2012 requires local authorities to take into account social value, rather than cost alone, when commissioning public services. The implications of the Act are potentially far-reaching. It forces local authorities to define what they, residents and social users value; and to move beyond traditional service delivery to new ways of achieving those outcomes, including via new partners such as purpose-driven organisations.

All of these moves are grounded in the belief that local people and the bodies closest to them are more attuned to the particular needs of their areas than central government. This is also part of the rationale for the government's decision to open up public service delivery to a more diverse range of actors, many of whom are likely to be based in a single neighbourhood or local authority area. The flagship Work Programme, for example, is contracting small social enterprises and charities (alongside large corporates) to help the long-term unemployed in their areas find work. Likewise, the Academies and Free Schools initiatives are inviting local parents and community groups to play a more significant role in shaping the learning of their young people. Plans for 'Community Improvement Districts' that would see neighbours group together to run local libraries, care services, or crime prevention facilities are the latest extension of this agenda.[50]

47. RSA (2013) *Beyond Nudge to Demand Management*. London: RSA.
48. See for example The Economist (2013) *Bid for Victory* [Article] The Economist, 17th August 2013.
49. For more information see Kippin, H., Hauf, H. and Shafique, A. (2012) *Business, Society and Public Services: A social productivity framework*. London: RSA.
50. Cooper, K. and Macfarland, C. (2012) *Clubbing Together: The hidden wealth of communities*. London: Respublica.

Making the Connection: Local Post Offices as Community Enterprise Hubs

Trends in policy and politics are further concentrating attention on the local, which is becoming the focal point for many more social and commercial interactions

As before, these trends in policy and politics are further concentrating attention on the local, which is becoming the focal point for many more social and commercial interactions – from doing business, to caring for loved ones, to delivering public services. Though we have a tendency to think solely of 'globalisation' as the inevitable driving force of the future, clearly 'localism' needs to be taken more seriously as a trend that is bound to shape people's lives in profound ways – so much so that it begs the question of whether we are prepared for the consequences.

The next chapter reflects on the need for Community Enterprise Hubs that can help orchestrate activity at this level, and examines the potential for Post Offices to take on this role.

The Post Office as a Community Enterprise Hub

The need for a Community Enterprise Hub

With a shift to the local comes the need for institutions that can accommodate the new players and interactions that emerge. At present, however, this type of infrastructure appears to be in short supply. The self-employed and microbusinesses are growing in number, yet it is unclear who in local areas will meet their needs. Likewise, more power is being shed to neighbourhoods, yet there are few existing local channels to make people aware of such opportunities. Gaps such as these indicate the need for Community Enterprise Hubs that can orchestrate new kinds of social and commercial interactions.

Such Hubs would help to generate what RSA 2020 Public Services terms 'social productivity', with citizens, public services and businesses coming together in tightly bound areas to interact and create value for one another. In practice, this means Hubs that not only deliver new services directly to those who need them, but which also, for example, spread information and messages, and provide a venue for the exchange of goods and services between other actors in a given area. Importantly, they would be there for residents *and* businesses alike.

The 2020 Public Services Hub summarises these functions as follows:[51]

- **Establishing 'shared spaces' –** Creating virtual and physical spaces that bring people and organisations together to network, start a dialogue, share ideas and advice, and collaborate with one another to create social and economic value. The RSA's body of work on social networks has revealed, for instance, the importance of supermarkets and retail stores in bringing residents together to interact and forge connections.[52]
- **Forging 'shared values' –** Identifying the social and economic needs of a local area and articulating to others the values and goals required to address them. An example is of an academy school that tracks the educational needs of the local community and brings these to the attention of businesses and public services in the area.

51. Kippin, H., Hauf, H. and Shafique, A. (2012) Op cit.
52. See Rowson, J., Broome, S. and Jones, A. (2010) Op cit. and Neumark, T. et al. (2012) *The Community Footprint*. London: RSA.

- **Unlocking 'shared resources'** – Working with others to identify and tap into unused assets, such as physical space, talent and finance. An example is of Sunderland City Council's new cloud-computing infrastructure, which enables them to share their systems for managing back office tasks with local entrepreneurs.

For most of the 20th century, public services and local authorities could be relied upon to play at least part of this convening role. However, with severe public sector cuts taking hold, it is becoming apparent that we need to look to other actors in local areas that can bring people and organisations together to catalyse change. Of particular importance are the institutions that can 'blur the boundaries' between the state and the market, drawing upon the best of both worlds while leaving behind the worst. As economists like Diane Coyle have argued, institutions that sit solely in one or the other camp often fail in the long run, largely because they become fixated on one goal – either profit or purpose.[53]

Debates like these have helped to propel forward a variety of different organisational forms – some long-standing, others nascent. This includes social enterprises, co-operatives and mutuals, among others. What ties them together is a reliance on intensive collaboration, adherence to strong values and missions, and an ability to harness currently unused assets – especially the 'invisible hand' of volunteers.[54] Many are also centred around a particular local area – for example Maryhill, a Credit Union based in a housing estate in Glasgow, or DE4 Food, a co-operative social enterprise enabling local food producers in the DE4 Derby postcode area to supply residents with fairly priced produce and other goods.[55] Because of these characteristics and their typically strong relationships to local communities, these types of organisations may be best placed to deliver – and benefit from – the provisions of the Social Value Act.

Building on a firm foundation

While different models have different advantages, there is arguably no better place to begin the search for a Community Enterprise Hub than with the Post Office. Post Offices across the country have a firm foundation upon which to build, in that they already contribute significantly to the life and soul of their communities. In a revealing Today programme interview, the ex-Archbishop of Canterbury Rowan Williams singled out the 'kindly chatter' in a local Post Office when asked by presenters to pick his favourite sound.[56] A Parliamentary Select Committee report put the same sentiment in more stark terms, describing Post Offices as "an instrument of social cohesion" and something that "preserves the fabric of our society."[57]

Research into the impact of Post Office closures lays further testament to their contribution to local communities, from isolated rural villages to inner city estates. Many of the residents that Consumer Futures Wales

53. Coyle, D. (2012) *How to Build the Economy of the Future*. London: JRF.
54. Mulgan, G. (2013) Op cit.
55. Transition Network (2013) *The New Economy in 20 Enterprises*. Totnes: Transition Network.
56. Fraser, G. (2008) *The holy post: coming to a church near you* [Article] The Guardian: 26th May 2008.
57. Ofcom (2012) Op cit.

spoke to about branch closures in their area said that the "heart had been ripped out of the community." Similar research on Post Office closures conducted by the New Economics Foundation in Manchester found that over 90 percent of residents agreed their Post Office played an important community role.[58]

For older people and disadvantaged groups, Post Offices offer as much a practical function as a social one. A recent survey by the National Federation of Subpostmasters found that 95 percent of Subpostmasters offer these groups invaluable 'extras', for example by giving informal advice, interpreting official letters and taking messages.[59] Three-quarters of branches provide support to customers relating to pensions and state benefits, including form filling and even making telephone calls to agencies and departments on their behalf.

The same survey reveals that 85 percent of Subpostmasters look out for vulnerable customers on a regular basis, the majority seeing their role as helping to prevent people from feeling isolated. Indeed, other studies have shown that Subpostmasters in disadvantaged areas are keeping an eye on between 20 and 50 people at a time.[60] In this way, they provide what the urban theorist Jane Jacobs once called 'natural surveillance'. Says Jacobs:

> "Most of it is ostensibly trivial but the sum is not trivial at all. The sum of such casual, public contact at a local level… is a feeling for the public identity of people, a web of public trust and respect."[61]

Yet Post Offices are as much the lifeblood of the business community as they are the residential one. Again, this is borne out in the findings of research into Post Office closures. Consumer Futures found that the closure of Post Offices in Devon resulted in many businesses having trouble withdrawing cash, making cash deposits and posting parcels.[62] Another study in West Sussex found that residents spent as much as 50 percent less in the vicinity of a closed Post Office.[63] These examples reveal that Post Offices offer as much a practical service as a social one. By providing mail services for small businesses, as well as access to banking, government services and retail for customers, local branches have proven to be a key part of the infrastructure of local life.

Much of the aforementioned social and commercial impact of Post Offices is intangible. However, there have been several attempts to quantify the value of Post Offices, including by the economic consultants NERA. According to their calculations, the total value of the network to households and businesses is somewhere between £2.3bn and £10.2bn.[64] Other estimates suggest that the total value of each individual Post Office to their local economy equates to around £310,000 each year.[65]

Subpostmasters in disadvantaged areas are keeping an eye on between 20 and 50 people at a time

58. New Economics Foundation (2006) Op cit.
59. NFSP (2014) Subpostmasters' Service to the Community. London: NFSP.
60. New Economics Foundation (2006) Op cit.
61. Cited in Minton, A. (2012) *Ground Control: Fear and Happiness in the 21st century*. Penguin.
62. Consumer Focus (2011) *Devon Knows: Long-term impacts and lessons from the Post Office Closure Programme*. London: Consumer Focus.
63. Ofcom (2012) Op cit.
64. NERA Economic Consulting (2009) Op cit.
65. New Economics Foundation (2006) Op cit.

What makes Post Offices unique?

Post Offices have three defining assets – trust, presence and continuity – that make them well placed to orchestrate the new types of social and commercial interactions emerging in local areas. While other bodies like public services, charities and social enterprises may harbour one or two of these characteristics, few appear to match all three.

Trust

Research points to the declining level of trust we place in mainstream institutions, with the media, police and large corporate businesses no longer held in the high regard they once were. In contrast, people continue to put their faith in Post Offices and Subpostmasters. A recent qualitative study among 18–25 year olds, for instance, found high levels of positive associations with the Post Office.[66] The result is that customers feel safe to use branches for intimate transactions, that residents continue to turn to them for what they feel is impartial advice and guidance, and that the government feels confident enough to entrust them with sensitive services.

Presence

The Post Office has a reach and presence like few other institutions in the UK; 93 percent of people in the country live within one mile of a Post Office, and nearly 99.9 percent within three miles.[67] This puts Post Offices in a unique position to collect and disseminate information, advice, goods and services to a broad range of individuals. For this reason they are often the government's first port of call to deliver services, and the first place many customers go to access support.

Continuity

Despite the flux experienced in recent years, the Post Office network remains relatively stable compared with other organisations. The fundamental practices of Post Offices are unlikely ever to cease entirely, and the Subpostmasters that operate branches seldom see it as anything other than a lifetime job. The most recent figures (albeit from 2001) found that 45 percent of Subpostmasters had been in their current Post Office for at least 10 years.[68] This makes Post Offices an attractive body to play roles that require long-term commitments, for instance running banking services or partnering with local councils on lengthy contracts.

Placing the Post Office centre stage in national debates

With such assets at their disposal, Post Offices appear to have all the ingredients necessary to become Community Enterprise Hubs. How they decide to fulfil this role in practice will depend in part on the specific social and economic needs of their area. However, there are a several broad public policy debates emerging that hint at the need for the kind of community anchoring that Post Offices could in theory provide. Many of these relate to the shifts associated with localism, as described in chapter 2.

66. The Department for Business, Innovation and Skills (2010) Op cit.
67. Post Office Ltd (2012) Op cit.
68. Postcomm (2001) *The Subpostmaster Survey*. London: Postcomm.

Civil society and Localism agendas

One of the central planks in the government's policy agenda is the empowerment of citizens to contribute more to their communities and have a greater say in the decisions that affect them. Localism has been promoted through new schemes such as Neighbourhood Planning and participatory budgeting, which allow people to shape the development of their communities. While initiatives such as these have proven popular in a handful of areas, many people remain unaware of their existence. Community Enterprise Hubs such as the Post Office could play a role in raising awareness of these schemes and encouraging residents to get involved.

Small business and local economic growth

The government has sought to stimulate economic growth by handing greater freedom to local areas and city regions to manage their own affairs. As part of this, Lord Heseltine has advocated a role for local Chambers of Commerce to act as 'coordinating hubs' for business support and engagement.[69] However, these typically only reach out to medium-sized businesses, which have very different needs to smaller ones. The Post Office could plug this gap by acting as the channel through which Chambers send information and advice to microbusinesses in local areas. Another opportunity is for Post Offices to support business schools as they transform themselves into sources of expertise for small businesses – something Lord Young is currently pursuing through his new 'Small Business Charter'.[70]

Social care

The way we care for older people and the most vulnerable in society will need to change radically in the coming years as a result of an ageing population and cuts to public spending. The government has explored several options for improving the outcomes and efficiency of existing care, including through the introduction of personal budgets that enable people to have a say on the help they receive. While many see this as a step in the right direction, there are concerns that the most vulnerable individuals will be unable to make these decisions on their own. Post Offices could play a role here, for instance by handling the transaction between the budget holder and the service provider.

Universal Credit

The Post Office could play a role in smoothing the transition to Universal Credit, for instance by assisting claimants with completing online forms

The government's flagship welfare programme is merging six separate benefits into a single credit, with the aim to simplify welfare and create clearer incentives for people to find work. However, concerns have arisen about the requirement for people to claim online given many are unable to access the internet. Another issue relates to the shift from fortnightly to monthly payments, which some predict will cause havoc for claimants.[71] A Community Enterprise Hub such as the Post Office could play a role in smoothing the transition to Universal Credit, for instance by assisting claimants with completing online forms. Polling by Consumer Futures

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69. Lord Heseltine (2012) *No Stone Unturned*. London: BIS.
70. Lord Young (2013) Op cit.
71. Tarr, A. and Finn, D. (2012) *Implementing Universal Credit: Will the reforms improve the service for users?* London: JRF.

found that 77 percent of people think it would be convenient for them to use the Post Office to make a claim.[72]

Before going on to examine in more detail the other roles that Post Offices could play as Community Enterprise Hubs, the next chapter considers the parameters of change – financial, physical and human – that may impede these ambitions and determine what is and what is not feasible.

Box 5: Learning from change elsewhere

Post Offices were not originally established as Community Enterprise Hubs. Unlike many mutuals, social enterprises and co-operatives, their contribution to residents and businesses is a by-product of their day-to-day work rather than an integral function. Moving towards the latter is never likely to be straightforward, but much can be learned from institutions – in the public, private and third sectors – that have undergone similar transformations:

Libraries
In the face of substantial public opposition to their closure, many local authorities have been working with community groups to transform the way libraries are managed. The Future Libraries Programme outlined a number of these new models, including the co-location of public services in libraries and the transfer of library assets to newly formed community organisations.[73] Central to these models is a commitment to use the assets of a library more systematically to support the community. This includes using libraries to provide employment advice, job fairs, health workshops and IT training. Three Buckinghamshire libraries, for example, enable Sure Start to offer babysitting courses for teenagers on their premises, and only this year CLG announced that six key libraries would act as 'innovation incubators' that help smaller libraries to increase their business support offer.[74]

Charity shops
Unlike most outlets, charity shops have experienced substantial growth since the onset of the economic downturn. The challenge for this sector has therefore been less about staying afloat and more about retaining its reputation amid criticism that it is damaging the UK's high streets. Many charity shops have responded to concerns by trying to do more to help the community they are operating within. Many outlets, for example, have teamed up with local authorities to manage waste distribution services.[75] Others like Shelter have taken the step of offering advice to customers who walk through their doors; in their case providing over 750 clients a year with information on housing.[76] There are also some chains that have taken a conscious decision to boost the employability skills of minority groups by offering them work experience in shops.[77]

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72. Boorer, K. (2014) *Universally Speaking: How the Post Office can support benefit recipients through the transition to Universal Credit*. London: Consumer Futures.

73. Local Government Group (2011) *Future Libraries: Change, options and how to get there*. London: LGG.

74. For more information see www.gov.uk/government/news/new-support-for-local-libraries-and-businesses

75. Paget, A. and Birdwell, J. (2013) *Giving Something Back*. London: Demos and the Charity Retail Association.

76. Ibid.

77. Ibid.

B&Q

The vast majority of businesses engage in some form of CSR activity, yet this is often treated as a footnote to the main work of the organisation. B&Q made a strategic decision to depart from this model and instead pursue what Harvard professors Michael Porter and Mark Kramer term 'shared value.'[78] This involves engaging in practices that enhance the competitiveness of a business while simultaneously creating value for local communities. In B&Q's case, this has meant running schemes such as 'Job Done!', a free DIY and home improvement programme for schools, and 'You Can Do It', a series of low-cost DIY training workshops for adults. The RSA recently worked with B&Q to establish the framework for a 'community footprint' tool that would measure the impact of the business in the community.[79]

Asda

Changes in consumption, technology and the environment are likely to generate changes in the social relationships between customers, major retailers, other businesses and civic institutions. For example, as online retail grows, the extensive physical space currently used by large supermarkets will become available for new purposes, perhaps in part for community benefit. The RSA is working with Asda to explore the potential of a 'Community Retail Model' for major UK supermarkets. Using Asda's Community Life programme as a case study, the goal is to help retailers better blend commercial and community value at both the local and the national level – going beyond the confines of traditional corporate social responsibility efforts. Following the development and reporting of the model, experimental initiatives will be trialled at Asda stores, developed and led as a partnership between the stores and their local communities.[80]

78. Porter, M. E. and Kramer, M. R. (2011) *Creating Shared Value* [Article] Harvard Business Review, January 2011.
79. Neumark, T. et al. (2012) Op cit.
80. Schifferes, J. (2014) *Shopping for Shared Value*. London: RSA.

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Subpostmasters in their community

Going with the grain of Subpostmasters' needs and assets

Any ambition for more Post Offices to enhance their role as Community Enterprise Hubs needs to be grounded in an understanding of what is feasible. A lack of realism may be one of the reasons why previous schemes aimed at diversifying the functions of Post Offices never took root. The 'Government General Practitioner' scheme that was piloted in 2001–02 called on Subpostmasters to provide information and advice on government-related issues and to handle routine transactions for local and central government. The scheme appeared relatively straightforward, yet it failed to take off in part because the expectations placed on Subpostmasters proved too high.

Since this pilot, many experts and stakeholders in the Post Office community have understandably held reservations about the scope for branches to significantly change their practices. Barriers include the availability of space within branches, the financial viability of new services, and the level of demand that exists among residents, businesses and the wider community for a wholly different kind of Post Office. Below we explore each of these parameters of change in more detail.

Figure 3: Parameters of change

The parameters of change

Parameter 1: The financial viability of branches

Post Offices operate by and large as any conventional business does, with profit taken after overheads, staff costs, personal drawings and other expenditure has been deducted from incoming revenue. While few would expect Subpostmasters to be in the highest bracket of earners, it is striking how many are reported to be facing financial difficulties. Recent polling undertaken by the National Federation of Subpostmasters (NFSP) reveals that average personal drawings have fallen by 9 percent in real terms since 2009, in line with real wage declines across the wider workforce.[81] This is in part due to rising utility bills and hefty business rates, and in part due to bullish competition from new entrants in the market. As a result, many Post Offices have difficulty making a sustained profit, with one of our Subpostmasters lamenting that, "I've never wanted to be a millionaire, but you know, I don't want to struggle."

In the face of such financial difficulties, it is understandable that Subpostmasters may be reticent about engaging in new activities, particularly when convention dictates they should concentrate on consolidating their existing offers. Many are already concerned that Post Offices are not generating the amount of revenue they had expected by delivering new government and financial services. The same NFSP survey reports that few Subpostmasters receive income from the financial services they offer.[82] Any new practices designed to increase the impact of Post Offices in the local community must therefore make a compelling business case for doing so. As one Subpostmaster put it, "The Post Office isn't a twee facility. This is a business. It has to work."

The Securing the Future: Strategy 2020 is looking to address these issues by helping Subpostmasters to modernise their branch and free up space for retail. It also includes efforts to improve sales training and introduce new marketing tool kits. The impact of these changes is already being felt in the 1500 new Local and Main branches, which have reported noticeable increases in revenue.

Parameter 2: The capacity of Subpostmasters

When interviewed last year by a Parliamentary Select Committee, one longstanding Subpostmaster described the right person to run a Post Office as "intelligent, trustworthy, able to gain the knowledge and experience required, as well as willing to provide the support that is required of them to the local community. Above all they must demonstrate patience and care when dealing with their most important customers, the elderly."[83]

For many Subpostmasters, skills and qualities such as these will come naturally, as they would to most retailers. However, for Post Offices to be the kind of Community Enterprise Hub described in the previous chapter would require a certain attitude and repertoire of capabilities that may not be present in every branch. Understandably, not every Subpostmaster

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81.   National Federation of Subpostmasters (2013) Op cit.

82.   It is important to note that the National Federation of Subpostmasters does not represent every Subpostmaster running a Post Office.

83.   House of Commons (2012) *Business Innovation and Skills Committee – Third Report: Post Office Network Transformation*. London: House of Commons.

will want to transform their way of working, while others who do may lack the necessary skills for it to happen. This might be the technical expertise to deliver a training course for residents on how to use the internet, or the business nous required to form partnerships with local firms (see the next chapter for more detail on these and other activities).

Added to this is the sheer time and effort required to go the extra mile. One of our Subpostmasters reported that they already have to be "prepared to work jolly hard", with a 60 hour week not uncommon. Another told of how she has to commit herself to seven days a week at her Post Office, and that even when she does have time available it has to be spent "working on other projects to try and actually make ourselves a decent living wage." Any attempt to position the Post Office as a Community Enterprise Hub must be mindful of these personal constraints. Indeed, Post Offices risk falling into the same trap as organisations in the third sector, which are often squeezed so tightly that they can only provide a dumbed down version of a public service.

Box 6: Why do people become Subpostmasters?

The 9,000 Subpostmasters running Post Offices up and down the country are an eclectic group. Each one has their own story to tell of how they became a Subpostmaster – some falling into it by chance, others being born into it, and many waiting years for the opportunity to take on the role. Below are a handful of the motivations and entry routes described to us by the Subpostmasters we spoke with:

"We wanted a business which had a bit of a brand behind it. We just didn't want to do something from a complete start-up. We wanted somewhere that would be good to bring our kids up and somewhere we could become part of the community."

"I was made redundant from a big corporation and was kind of looking around for anything to do. I decided maybe it was time for a change. I saw the Post Office and thought 'Oh! That looks nice! Let's try that'."

"I want lots of interaction, not to be sat behind a computer."

"In all my career I've always done projects. I've always looked for something to do, to create something to build."

"We started as a newsagent and then chose to diversify by taking on the Post Office."

"We started happening upon village shops, reading about village shops, and we just felt that there was something quite exciting happening in this area… and obviously the Post Office is integral to the whole thing."

"The Post Office came up for sale and that was just another venture that we thought would be beneficial to the grocery business we already own."

Parameter 3: The physical limitations of the branch

The vast majority of Post Offices operate within a very small area (most convenience stores span less than 1,000 feet).[84] Within that space will be the counter and typically a retail offering, which usually leaves little room other than for customers to walk in and out and browse products.

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84. Association of Convenience Stores (2013) *The Local Shop Report 2013*. London: ACS.

Many of our Subpostmasters pointed out that they spend a large amount of time and energy thinking about how they can best curate this limited space to generate maximum sales:

> "Because of the kind of rent and rates I have, I need to make sure that every square foot pays. I've got an office at the back of my Post Office which is just used as a storeroom. I pay too much money to have it as a storeroom. I've got to find a way to use that."

Any attempt to install new practices within branches will therefore either need to work with very little additional space, or demonstrate how they can generate revenue comparable to what they displace. Some of the Subpostmasters we spoke with said they had been able to overcome this problem by converting the rooms above their branch into a functional working area.

Other limitations related to the branch are the regulations and health and safety procedures Subpostmasters must abide by. One Subpostmaster recalled going back on his initial plan to install a coffee machine because he thought the boiling water could be a danger for customers. Another barrier may be found in the agreements that Subpostmasters have with franchise companies – for instance Costcutter, Premier and Londis – some of whom may have reservations about non-retail related activities taking place under the banner of their brand. One Subpostmaster recalled once being part of a franchise that hampered their ability to make independent decisions.

Reports suggest that the new Locals branches have received a 72 percent satisfaction rate among operators, who are seeing an average increase of 11 percent in retail sales and 30 percent in operational efficiencies. They also appear to have proven popular with customers, 93 percent of whom are satisfied with the changes. The new strategy provides investment for branches that want to convert to the Local and Main models, which may help modernise the branch and increase opening hours.

Parameter 4: The demand from the community
Alongside questioning whether Post Offices are able to *supply* new practices, we also need to consider whether there is sufficient *demand* out there for them. Part of this boils down to whether a community's needs could be better met elsewhere. For example, while there is a great deal of discussion around Post Offices playing the role of front office for government, interviews with local authorities reveal that some are reticent about agreeing to new partnerships which they perceive would deliver few savings on their in-house model.[85] Indeed, there will be many organisations – private companies, social enterprises and public services – already vying to meet the needs of residents and businesses in a particular area, for example a nearby library that has evolved to provide business support.

Even where space for new players does exist, it may take some persuasion for local residents and businesses to view Post Offices as an institution that 'does more' than just sell stamps and process letters and

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85. Centre Forum (forthcoming) *The Post Office: A front office for local government.* London: CF.

parcels. Many will justifiably want their branch to retain its traditional services and formal style, as has already been revealed in reactions to the new Local branch model. Although customer satisfaction in the changes is high, one survey from Consumer Focus suggests that a third of users believe the privacy available to them is poor.[86]

Parameter 5: Protecting the brand

The Post Office has a unique and trusted brand that creates a great deal of value in its own right. Much of this is owed to the impartiality of Subpostmasters and the way in which they interact with the customers and businesses they serve. As such, there is a risk that stepping forward to take a more prominent role in the community may diminish that neutrality, ultimately to the detriment of the business. One of the Subpostmasters we spoke with said she was reticent about voicing her opinion on local matters for fear it would affect her standing with residents:

> "Sometimes there's controversy over something that's happening in one of the villages, or problems with a particular parish council, or something like that, and that kind of thing we would always stay well, well clear of."

Any effort to do more to support local residents and businesses must therefore strike a balance between capitalising on the brand and being mindful not to deplete or tarnish it. As one stakeholder emphasised, "whatever we do, we must make sure we don't undermine our brand."

Parameter 6: The degree of autonomy and support from the centre

The Post Office network is akin to a federal system, with thousands of branches operating with a degree of autonomy that is determined by the centre

The Post Office network is akin to a federal system, with thousands of branches operating with a degree of autonomy that is determined by the centre. While every Post Office is able to offer the most basic services, only those selected by Post Office Ltd can undertake the more sophisticated functions, for instance handling driving licences, running a bureau de change and providing identity-checking services. The reasoning behind this decision is that it would not be cost-effective to have every service available in every store, given the set-up and training expenses incurred through doing so. However, many of our Subpostmasters did not share this view.

> "It's ridiculous us having demand for services and not being able to provide them, and that's a waste of time, waste of resources, and it's not something we want. It's not good for business."

In our conversations with Subpostmasters some expressed concerns over what they perceived to be a lack of 'freedom' in forming partnerships with other organisations. For example, Subpostmasters are unable to establish their own deal with the National Lottery to sell tickets in their branch. Instead they must go through Post Office Ltd. While decisions such as these have a clear logic behind them, the limited freedom that Post Offices have in shaping their own practices could present a barrier to becoming a Community Enterprise Hub.

86. Consumer Focus (2012) *Open all hours? Consumer experience of, and service standards in, Post Office Locals*. London: CF.

At the same time, however, it is important to recognise the support provided by Post Office Ltd to assist the growth and development of its branches, for instance through sizeable investment for refurbishment, support and advice provided by regional managers, or national product advertising and marketing.

Taken together, these six parameters indicate that enhancing the role Post Offices play in their communities is unlikely to be a straightforward task. Yet this is not to say that the journey is an impossible one – indeed, the rewards may outweigh the efforts by some margin. Drawing upon the experiences of a number of pioneering branches, the next chapter outlines in more detail the specific functions that Post Offices might play in future years, and highlights how this could benefit both branches and their surrounding areas.

Venturing, hosting and connecting

What's good for the community is good for business

With Post Offices facing a raft of existing challenges, it can be hard to picture a future where they will be doing more for their local communities How can Subpostmasters overcome the physical, financial and human constraints in which they operate? Even if they can, what would it mean in practice to be a Community Enterprise Hub? And how would the activities associated with this role generate all-important revenue?

Figure 4: The positive feedback loop of a Community Enterprise Hub

Allowing Post Office to do more in...
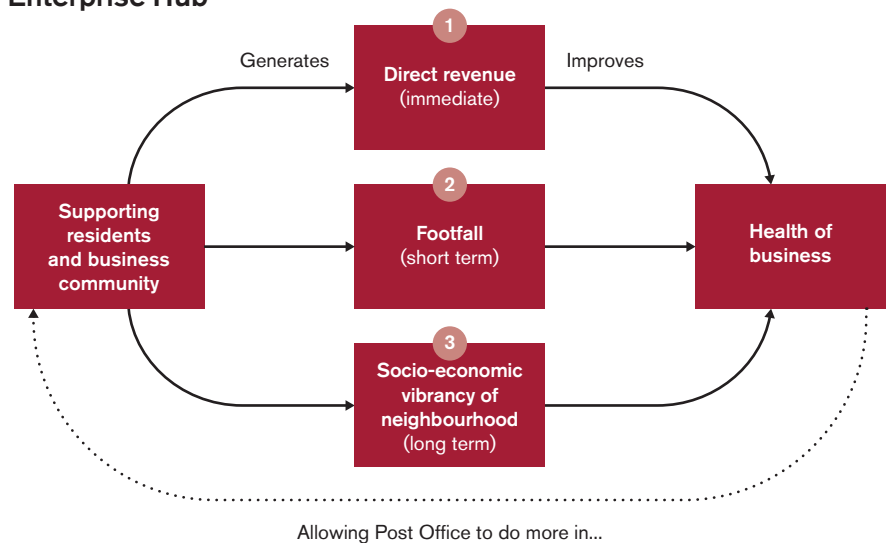
Part of the answer to these questions can be found in the Post Offices that are already well on their way towards becoming Community Enterprise Hubs. Subpostmasters up and down the country are showing what can be done with limited resources to catalyse positive change in their neighbourhoods – from running IT training courses, to co-hosting public health centres, to organising work placements for young people. What is more, these Subpostmasters show how this can contribute to the business bottom line.

Our conversations with Subpostmasters indicate there are three plausible ways in which Post Offices can generate income through the activities associated with being a Community Enterprise Hub (see Figure 4). The first is by **directly charging** for the service undertaken. A Post

Office in Middlesbrough, for example, is paid by a nearby college to train young people taking part in their NVQ customer service course. Likewise, the Subpostmaster we met in Belsize Park, London generates sales on the products she stocks from local entrepreneurs. In the coming years, the task for Post Offices will be to flesh out more business models for community ventures that directly bring in revenue.

However, such instances of charging for a community service are the exception rather than the rule. Most Post Offices generate little direct revenue from their efforts to support local residents and businesses; whether that is running an IT training course or providing space for public services to set up shop. Yet this is not to say that branches do not benefit whatsoever from running these activities. In most cases our Subpostmasters reported seeing an **increase in footfall**, with people making purchases having been drawn in by some other activity.

One Subpostmaster, for example, described how simple acts have helped to generate extra sales:

> "All these things that we do bring in customers. That's the most important thing about it; there's no doubt about it. They come in to buy their tickets, see the noticeboard, or collect their prescriptions, and then they will buy something in the shop. All these things bring people in to spend money."

Another spoke of how their local newsletter, which offers advice to residents, had encouraged customers to come in and purchase travel insurance:

> "The older couple had just picked up Kes Mail [the newsletter] and they saw our comments about travel insurance, and that's actually what brought them in."

Another Subpostmaster recalled creating "loyal customers" through the IT training scheme she offers:

> "She learned to use the computer so quick and practiced here for free. And then what does she do? She becomes a loyal customer as well, doesn't she? She's indebted to you."

It is also clear that footfall comes from loyalty and community standing, with residents and businesses making a conscious decision to support their local branch because they go the 'extra mile'. Post Offices may in fact benefit strongly from the emergence of what the business strategist Nicholas Lovell calls 'the experience economy', which is being driven by consumers looking for more meaningful experiences and a personal touch.[87]

Finally, many of our Subpostmasters felt that over the long run their contributions to the community had **enhanced the socio-economic vibrancy of the area**, in turn creating a healthier trading environment for the Post Office.

Each of these examples reveals something of a "symbiotic relationship", as one Subpostmaster described it, between the community activity

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87. Lovell, N. (2013) *The Curve: From freeloaders into Superfans: The future of business.* Portfolio Penguin.

of Post Offices and the health of the business. Indeed, the role of the Post Office in the community speaks strongly to the notions of 'shared value' and 'enlightened enterprise', which argue that what is good for society is good for business.[88] It may even be possible to view some Subpostmasters as social entrepreneurs – or at least 'socially entrepreneurial'.

Therefore, instead of considering Post Offices' support for residents and businesses as an expendable drain on the already scarce time of Subpostmasters, it should be seen an effective tool to build up a customer base, generate sales and ultimately create a healthy business that stands on its own two feet.

What the role of Community Enterprise Hub looks like in practice will depend in part on the unique challenges and opportunities of each local area. However, we have identified three defining functions – venturing, hosting and connecting – that are likely to encompass the majority of possible activities (see Table 3).

Table 3: The three functions of a Community Enterprise Hub

Function	Description	Example activities	Policy relevance
Venturing	Post Offices creating value by delivering their own activities, initiated by the Subpostmaster	▪ Packaging and tech services for maker communities eg Etsy sellers ▪ Offering advice and signposting eg on finance and welfare ▪ Running informal training courses eg in IT and literacy ▪ Providing employment and training opportunities	▪ Increasing rates of digital literacy and internet access ▪ Improving access to affordable finance ▪ Supporting the creation and growth of micro and small businesses ▪ Easing the introduction of Universal Credit
Hosting	Post Offices creating value by providing a space for residents, businesses, public services and others to interact, share and trade	▪ Co-locating public services eg police drop in centre ▪ Acting as a gateway for business support ▪ Facilitating new 'sharing economy' activities	▪ Promoting initiatives associated with Localism agendas eg community asset takeover ▪ Combating the challenges associated with an ageing population eg isolation
Connecting	Post Offices creating value by connecting information and opinions between residents, businesses, public services and others	▪ Acting as a living noticeboard for community information eg passing on messages from GPs ▪ Sharing community views with public services and through council consultations ▪ Raising awareness of decision-making opportunities eg Neighbourhood Planning	▪ Promoting sustainability initiatives (eg the Green Deal) and a transition to the circular economy ▪ Implementing new methods of public service delivery eg 'demand management'

88. For more information see www.thersa.org/events/audio-and-past-events/2011/enlightened-enterprise

Venturing

The majority of branches already include a retail element alongside their Post Office counter, and this in itself makes a major contribution to many communities. In some areas, it is the only outlet within miles where people can pick up essential groceries. But Post Offices could arguably do much more with their assets through 'venturing' new products and services.

One of the most straightforward ways this can be achieved is by organising **community activities** that either reach out to particular groups or serve the whole area. The Post Office in Llangadog (see Box 10) run by Win Morgan arranges regular events for people in the village, including cinema nights and dinners for older residents in partnership with the local pub. Likewise, Tanya Vasileva at the Post Office in Belsize Park, London (see Box 8) organises occasional food fairs for residents with live music and local produce. Other Subpostmasters are engaged in more light-touch activities, such as community raffles and fundraising campaigns.

Providing **advice** is another means that Post Offices create an impact. In many cases this involves Subpostmasters assisting people with form filling, or passing on recommendations of reliable workers, for instance cleaners, gardeners and carers. More than occasionally, advice is also offered on very personal matters. Vinny Kapoor, a Subpostmaster in Oldham (see Box 7), has been asked advice on everything from solving neighbourly disputes, to choosing an appropriate phone contract, to filling out paperwork for a will. Post Offices could also play a major role in providing financial guidance to the 8.8 million people in the UK with serious debt issues.[89]

Some Post Offices have taken their position as community guru one step further by offering **training** to local residents, for instance showing them the basics of how to use IT and the internet. Llangadog Post Office chose to install a number of computers that village residents could use to practice and hone their IT skills. Likewise, the Post Office in Port Clarence has a suite of computers and runs training classes for students and residents. Although Subpostmasters may not be IT training experts, the internet advocacy organisation Go ON UK indicates that the process of training people is 'less about being a tutor and more about giving a helping hand.'

The advice and training of Post Offices does not have to be limited to residents, however. Many Post Offices also **support businesses**, particularly microbusinesses. Llangadog Post Office often trains local people in how to set up and use eBay accounts. It is striking that most of the Subpostmasters we spoke with said that between 20 – 40 percent of their Post Office business is from eBay traders. Some Post Offices have also worked to make their service as lean as possible for local firms, with many setting up their own system so workers can dash in and out with parcels and leave the payment on a tab. This idea has since been rolled out nationally by Post Office Ltd through its new Drop and Go scheme.

Finally, many Post Offices make a direct tangible contribution to their local area by **employing residents** who would otherwise have difficulty finding work. Port Clarence Post Office (see Box 9) has partnered with a college to offer work placements to unemployed young people through its role

Llangadog Post Office often trains local people in how to set up and use eBay accounts

89. The Money Advice Service (2013) *Indebted lives: the complexities of life in debt*. London: MAS.

Making the Connection: Local Post Offices as Community Enterprise Hubs

as an NVQ course provider (something that charity shops like the British Heart Foundation have begun offering).[90] Young people are given a basic wage and a chance to get their foot on the career ladder, while the Post Office opens up another stream of income in its role as a course trainer and assessor. Subpostmaster, Danielle Barnes, would like to take this one step further by acting as an intermediary that contracts out micro-jobs from the council to local residents, for instance lawn mowing and litter picking.

Box 7: Case study – Hollins Road Post Office, Oldham

Fifteen years ago Vinny Kapoor gave up his job with IBM to take over the Post Office on Hollins Road, Oldham. Having sat behind a computer for much of his working life, Vinny saw the role of Subpostmaster as the ideal opportunity to gain the freedom and social interaction he was searching for. Not long after starting he began to make substantial modifications to the branch, creating a larger sales area for the new items he wanted to display. As well as newspapers, magazines, snacks, and basic provisions, his store is full of toys, stationery and hardware supplies. Vinny also provides a popular mobile phone and laptop repair service for local residents.

Vinny believes that the success of small Post Offices is down to the relationships they develop with customers. "If you haven't got the people skills, people avoid you. You need to be approachable." As a recognised and trusted member of the community, he regularly offers advice to the people who come through his doors, for instance on which mobile phone contract to choose or on how to settle a dispute with a neighbour. Vinny capitalises on the trust he has with his customers in a number of ways, not least through his laptop repairs business, which he believes flourishes as a result of being trusted with high value items.

The contribution that Hollins Road Post Office makes to the surrounding community is made all the more valuable when the deprivation of the local area is taken into account. Hollinwood is the fifth most deprived ward in Oldham and among the five percent most deprived wards in England. In the 1970s Hollins Road housed a large range of shops, including independent butchers, bakers and greengrocers, yet many of these have since disappeared. The introduction of a major supermarket in the area has shaken the viability of many businesses, including Vinny's. Yet he believes that his Post Office can find its own niche with enough entrepreneurial flair. Commercialising some of the advice he already provides and acting as a "one-stop shop for information", are just a few of the ideas Vinny has for the future.

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90.   Paget, A. and Birdwell, J. (2013) Op cit.

Host

Undertaking their own activities is not the only way that Post Offices can act as a Community Enterprise Hub. Hosting a space for other organisations is often just as valuable, whether that be residents, businesses or public services. One of our Subpostmasters put it aptly when she described her Post Office as a "village green" pulling disparate parts of the community together.

Some Post Offices are already fulfilling this role by **co-locating public services** on their premises. At its simplest, this can involve running prescription collection services in partnership with a local GP surgery or pharmacy. Many of our Subpostmasters arrange these to support older residents who are unable to make it beyond the confines of the local area. A number of Post Offices also invite their neighbourhood police officer to hold regular drop-in surgeries. Those with larger premises are able to go further and host an entire public service outlet. Port Clarence Post Office has a health centre attached to the shop, along with various other amenities such as a café and training suite. Many of the expert stakeholders we spoke with see distributing public services throughout areas in this way to be a better model than bringing everything together in a centralised 'one stop shop'.

Given that most Post Offices already provide banking services, another potential 'hosting' function is to **promote affordable finance** to those lacking access to mainstream lending, for instance by enabling Credit Union members to access their accounts over branch counters (technology allowing). It is estimated that the demand for community finance is close to £6.5bn a year, yet only £700m is currently channelled to those who need it.[91] This is one reason why the government recently agreed to invest several million in boosting the profile and capacity of community finance organisations.[92]

As well as connecting residents with support, Post Offices are expertly placed to **link businesses with the help they need**. This is particularly true of the growing number of small businesses that rely most heavily on external support. The latest BIS small business survey finds that 45 percent of SMEs had sought external information or advice in the last 12 months.[93] But the concern among business groups is that the landscape of support is confusing and difficult for inexperienced entrepreneurs to navigate.[94] It is for this reason that Lord Heseltine proposed that the Chambers of Commerce be the main gateway for business support, whether that be practical advice or mentoring.[95] Given that nearly half of SMEs visit a Post Office each week, it would make sense for Post Offices to collaborate with chambers in this task, for instance by hosting a chamber representative that can run drop-in sessions.

Similarly, Post Offices might consider collaborating with Company's House to allow for fast-track business registration in branches, or to work with HMRC to help employers adhere to new 'real-time reporting'

91. Henry, N. and Craig, P. (2013) *Mind the Finance Gap: Evidencing demand for community finance*. London: Community Development Finance Association and RBS Group.
92. For more information see www.gov.uk/government/news/credit-union-38-million-expansion-deal-signed
93. Department for Business Innovation and Skills (2013) *Small Business Survey 2012: SME Employers*. London: BIS and BMG Research.
94. Greene, F. and Patel, P. (2013) *Enterprise 2050: Getting UK enterprise policy right*. London: FSB.
95. Lord Heseltine (2012) Op cit.

requirements for logging the PAYE information of their staff. Post Offices could also help local firms more directly by **selling their products**. The Belsize Park Post Office created its own 'honouree' scheme giving fledgling entrepreneurs shelf space to sell their goods, with one business going on to supply the department store Selfridges. Local food in particular could be a selling point for Post Offices, with demand for such produce doubling in the space of just a few years.[96]

Box 8: Case study – Belsize Park Post Office, London

Tanya Vasileva has worked in the Belsize Park branch of Budgens for close to 13 years. She became a Subpostmaster three years ago when the store established its own Post Office counter off the back of strong local demand. Since then they have transformed into a larger Main model, and as part of this now offer a wide array of different services to residents and businesses – from handling council tax payments to taking international parcels to dispensing foreign currency.

Tanya stresses that a strong relationship with customers is essential to the workings of her Post Office. "Being in the centre of the community, you get to know your customers, you know their habits." Indeed, without this bond few people would trust the Post Office with the delicate transactions they undertake. Only recently Tanya reported a local businessmen depositing £100,000 at the branch with just a morning's notice. But such trust works both ways. Tanya says she often allows familiar faces to drop off parcels and leave it on a tab to be paid later.

The Post Office's support for the community is exemplified by the food fair they hold every six months, which involves live music, a petting zoo and face painting for children. The Post Office also goes out of its way to support the local business community, for instance through the 'honouree scheme' that enables entrepreneurs to sell their first product in the shop. One of them is Mamajaan's Curry Sauces, whose products are now stocked in Selfridges.

Despite the relative affluence of Belsize Park, Tanya is keen to point out that business remains tough for the branch. However, she also believes that deepening their role in the community is part and parcel of strengthening the business. "If you make the customer feel welcome, they definitely come back to us again. It makes a difference." Her overarching philosophy is that experimentation and trial and error are key to success. As she puts it, "unless you try, you won't know."

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96. Morell, L. (2010) *The benefits of local outsourcing* [Article] Retail Week, 26th February 2010.

There may also be a role for Post Offices to play in **facilitating collaborative consumption**, also known as the 'sharing economy'.[97] New platforms such as somewhereto_, ecomodo and GoCarShare are blurring the boundaries between consumer and producer, allowing people to share and exchange everything from spare rooms, to parking space, to DIY tools. Airbnb, one of the most popular sharing platforms for spare rooms, is set to become the world's largest hotelier by the end of next year. Yet for all its progress the industry is still in its infancy and relies heavily on trust in the absence of face-to-face interactions.[98] This raises the question of whether the Post Office could facilitate these transactions, for instance by checking the identities of 'buyers' on behalf of 'sellers' many miles away. The French postal service is already developing such a service, and the United States Postal Service has mooted something similar.[99]

Connect

The diverse customer base of Post Offices means that Subpostmasters are exposed to an enormous amount of information and opinions on a daily basis, from entrepreneurs discussing the health of their business to parents giving their views on local schools. By channelling these through the community Post Offices can play a vital role in getting knowledge to where it can create the greatest impact.

The most obvious way is by acting as **a 'living' notice board** for important information. One Subpostmaster in Perthshire agrees to hand over notes from residents to the police, and vice versa. Others that we spoke with take messages from health centres and pass these on to patients, for example to remind people to receive their flu injections. A few have gone further by creating Facebook groups for the community, and one Post Office in Keswick is even publishing a regular newsletter for local people. As public service delivery becomes less centralised and more fragmented, with a multitude of new organisations involved in supply chains, the need for an organisation that can help individuals join the dots becomes paramount.[100]

A natural progression for some Post Offices has been to **contribute to local economic and social debates** on behalf of the community. Some of our Subpostmasters reported attending council consultations and airing the views of local residents, for instance on planning and development issues. The same Post Office in Perthshire said they were regularly visited by councillors and the MP who would ask about the goings on in the village, including the state of local businesses and people's views on new housing developments. The kind of community insights collected by Post Offices may also be useful for the efforts of public services to 'manage demand' and 'better target limited resources' – something that requires accurate information about the behaviours and attitudes of service users. Subpostmasters could make this connecting function more systematic by regularly feeding into the meetings of Business Improvement Districts, Citizens Advice bureaus and public service boards.

The kind of community insights collected by Post Offices may be useful for the efforts of public services to 'manage demand' and 'better target limited resources'

97. For more information see www.collaborativeconsumption.com
98. Botsman, R. (2011) Op cit.
99. For more information see www.laposte.fr/lehub/Consommation-collaborative
100. Boyle, D. (2013) *The Barriers to Choice Review: How are people using choice in public services?* London: BIS.

Box 9: Case study – Port Clarence Post Office, Stockton

Stockton-based social enterprise and charity Know How North East (KHNE) is one of the few third sector organisations nationally to be involved in running a Post Office. In 2009 they led on the development of a plan for regenerating the community of Port Clarence. A cornerstone of the plan has been the creation of a Community Hub that brings together partners from across the public, private and third sectors to deliver sustainable services to residents.

Know How North East started working on the notion of creating a more 'socially productive Post Office' as part of the Community Hub in 2011, and after working closely with the Post Office team they opened the Local branch in July 2012. This sits alongside other Hub services including a health centre, convenience store, crèche, training room and community cafe. The facility is now run by Subpostmaster Danielle Barnes.

The Post Office is a cornerstone of the Hub model providing services to almost every resident from the village. Nestled within one of the poorest wards in the UK, the branch has been described by its customers as a "god-send" and a "lifeline" because of the unique service it provides to the community. There are virtually no other shops in the area and the only other way to reach the nearest retail offer or Post Office is through an infrequent bus service or a costly taxi ride. And with car ownership in the community around 20 percent the Post Office is the only place to pick up essential groceries, pay the bills, receive benefits and take out cash.

The Post Office is open from 7am–10pm Monday – Saturday and 10am–10pm on Sundays, and employs four local people. KHNE have also developed a partnership with the nearby Prior Pursglove College who are utilising the Hub as a training base for young people to help them gain skills for employment. They currently employ six young people at the Hub as Customer Service Apprentices, developing their skills in the Hubs shop, café and Post Office.

The link that Danielle formed with the local college typifies her collaborative approach to running the Post Office. She has strong links with the local authority and is working closely with employers in the nearby shipping industries. Looking to the future, Danielle plans to use the £10,000 from Post Office Ltd's Community Enterprise Fund to bring in a high speed internet connection to the Hub. This will make the whole site wireless and extend the existing IT provision to create an up to date training suite that can be used to deliver a programme of courses and activities for the community.

Win Morgan and her husband Richard had been running the newsagents in the village of Llangadog for many years before they decided to take over the local Post Office in the early 1990s. Set in rural South West Wales, Llangadog has a population of less than 2,000, a number that is slowly dwindling as the years go by. Although new businesses have cropped up in recent years, the loss of industries such as the creamery and cement yard have led many residents, particularly young people, to leave the area in search of work.

Yet Llangadog remains a tight-knit community, and much of this is owed to the work of Win and her partners in the area. Among other things, Win organises regular dinners for older residents and puts on film nights in the community centre. Within the Post Office itself, Win has set up a scheme called 'cuppa with a coppa', whereby the local police officer sits in the shop and talks with local customers about their concerns. She has also installed a number of computers and given residents a basic introduction to IT and the internet, such as how to set up an eBay account. Wherever possible, Win tries to connect people so they can support one another, rather than doing everything herself.

While Win's role in the community is clearly driven by a desire to care for those around her, she is conscious that all her activities help bolster the bottom line of the business. "It's not about purely altruistic activities in the community for its own sake, or purely about making money. The two feed off each other." The link is most clearly visible in the extra footfall that is generated from doing more in the community. She says that training local entrepreneurs in how to sell on eBay, for instance, creates "loyal customers" that return time and again to post parcels, rather than use a courier service.

Win says the future for Llangadog Post Office lies in "diversifying" to keep up with the changing needs of local residents and businesses. For example, she sees strong demand among residents for parcel collection and storage, and is already contemplating modifying the layout of the store to accommodate such a service.

As power is transferred to local areas there may also be a function for Post Offices to **highlight opportunities for public decision-making**, helping people make the most of new schemes such as Community Right to Build, Neighbourhood planning and participatory budgeting. Although these initiatives are an important attempt to empower local people, there are concerns that few are aware of their existence, let alone how to go about engaging with them. Another issue is building the critical mass of residents needed to make the schemes worthwhile. Post Offices could create a sizeable impact were they to help orchestrate such schemes.

Box 11: Envisioning a future Post Office – Workshop outputs
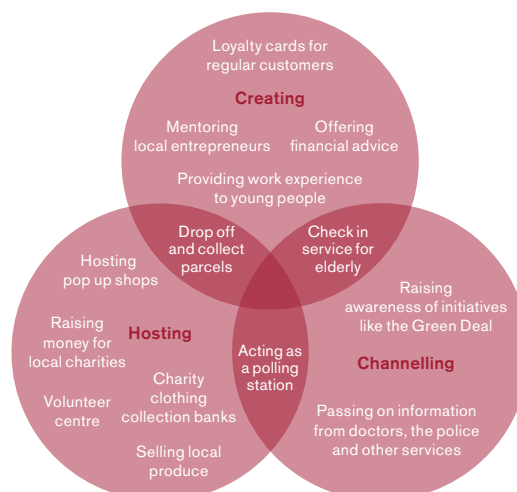
Midway through the research project, the RSA brought together senior stakeholders from the business, voluntary and public service communities to reflect on the potential for Post Offices to play a role in addressing the issues relevant to their own work. We began with a brainstorming exercise to identify the various activities Subpostmasters could undertake under the banners of venturing, hosting and connecting (see image above for example suggestions).

From the outset it was clear that many saw almost limitless potential. However, a number of functions came up time and again: acting as hub for microbusinesses and the self-employed, raising awareness and access to affordable finance, and being a general focus point for community activity, for instance coordinating volunteering efforts. Following this we undertook a 'visioning exercise' to (i) map out future trends that may have positive and negative consequences for the Post Office network; and (ii) consider how Post Offices could capitalise on the new opportunities and prepare for the challenges. Potential trends or scenarios include:

- The sustained decline in living standards
- The impact of the Universal Credit system
- The continued growth of online retail through the likes of Etsy and eBay
- The proliferation of 3D printing workshops
- The rise of energy prices

New directions for Subpostmasters

Towards a network of Community Enterprise Hubs

The last few years have seen a visible improvement in the health of the Post Office network. Footfall has stabilised, new clients have replaced old ones, and the finances of the overall network appear secure. Yet the need for further change is obvious. Post Offices inhabit a world that is in constant flux, with new technologies and socio-economic trends that are making and breaking businesses, and sometimes whole industries.

Throughout this report we have emphasised that Post Offices are ultimately commercial entities with a public purpose – not the other way around. But the two are not mutually exclusive. As highlighted in the last chapter, by acting as Community Enterprise Hubs that create, host and channel, Subpostmasters can not only generate real value for residents and businesses in their local community, but also bring in revenue in the process. The demand for such Hubs may accelerate in future years as a result of several trends renewing the focus on the 'local' – from the rise of home-based microbusinesses to an ageing population in need of community care. Indeed, many commercial organisations, including Asda (see Box 5), are moving towards trusted relationships with customers.

Some Post Offices are already changing their practices to capitalise on these opportunities. The vast majority, however, prefer to manage day-to-day pressures through incremental adjustments. Of course, not all Post Offices can implement a radical overhaul of their services, for the reasons described earlier in the report. However, change can take many forms, and it is unlikely that most Post Offices cannot make at least some meaningful steps to alter their practices.

Some Subpostmasters will be better suited to 'venturing' (eg providing advice, as shown by Vinny Kapoor in Oldham), while others will find it more appropriate to 'host' (eg offering a space for a police drop-in centre, as Win Morgan does in South West Wales). A few will even be able to undertake all three functions – supporting residents and business alike.

The task for Post Office Ltd, government and local authorities is to foster the environment where Subpostmasters can achieve their full potential. In this Post Office Ltd has already taken several significant steps, not least by establishing a new **Community Enterprise Fund** to give considerable financial backing to 'socially entrepreneurial' projects run by Subpostmasters (see below). Likewise, their Post Office 2020 strategy sets out several opportunities for Subpostmasters to generate extra revenue, including by establishing a coherent Click and Collect service in branches so that customers can pick up packages ordered online.

However, these efforts are just the beginning of the journey towards a network where Community Enterprise Hubs are the norm rather than the exception. For this to happen will require a number of new directions for Post Offices – from changing recruitment practices, to promoting a culture of entrepreneurialism, to transforming the very notion of what it means to be a Subpostmaster. These are not to be thought of as binary 'shifts' from something old to something new, but rather new combinations of thinking and behaviour that balance the rich heritage of the network with the need to modernise.

Figure 5: Towards a Community Enterprise Hub model

Enterprising mindset
Nurturing a more enterprising culture that sees Subpostmasters comfotable with selling what they do and experimenting with new activities

Wider partnerships
Collaborating more closely with new partners (including other Subpostmasters) to achieve common ends

Enabling leadership
Adopting a style of leadership that enables change, rather than enforces it

Conventional Post Office → Future Post Office

Richer stories
Telling a more compelling story of the Post Office that speaks to its role in supporting creativity and enterprise, not just the vulnerable

Fresh talent
Bringing fresh faces into the profession of Subpostmasters – particularly young people and social entrepreneurs

Enterprising mindset – nurturing a more entrepreneurial culture

For much of its existence the Post Office network was run by a government department that would use branches to dispense state services as and when required. However, despite the fact that local Post Offices have been independent businesses for some time, the image of the 'public servant' endures in the mind of many Subpostmasters. Indeed, few consider themselves to be 'entrepreneurs' in the conventional sense. One person we spoke with said, "you think of entrepreneurs as being a lot more important and rich than me", while another only likened herself to an entrepreneur in "a small village way".

One stakeholder lamented that Subpostmasters "would rather walk a mile than sell something"

This lack of entrepreneurial spirit prevents many Subpostmasters from experimenting with new practices and 'selling' what they do. One stakeholder lamented that Subpostmasters "would rather walk a mile than sell something"; another that "they're very passive, expecting people to come to them." Indeed, many appear to have settled into a comfortable routine, spending most of their time working *in* the business rather than *on* the business. As one Subpostmaster put it, "they get used to just turning up in the morning and serving stamps and sending letters. They don't think where their business is going." These attitudes stand in stark contrast to those of the more entrepreneurial Subpostmasters we encountered, for instance Tanya Vasileva who argues that the "customer is always king", and Ismail Loonat who visited several business owners in person to tell them about his new Drop and Go service.

Any efforts at transforming more Post Offices into Community Enterprise Hubs must therefore begin by nurturing a more entrepreneurial culture among Subpostmasters. One means of achieving this is by referring

to Subpostmasters more openly as 'entrepreneurs'; perhaps even using this term as a default means of describing them. A concrete measure would be to bring in existing entrepreneurs to guide the work of Subpostmasters and suggest where they could experiment with new revenue-generating ventures – whether that is establishing a scheme to showcase the products of local producers, or finding a place where the police or citizens advice bureau can set up shop in their branch. As one particularly entrepreneurial Subpostmaster put it, "no matter how good you are, at some point you could look at things in a new angle and see if you can do it differently."

Principles:

- **Identify entrepreneurs-in-residence –** The Post Office Ltd should consider how seasoned entrepreneurs – including social entrepreneurs – could support the most promising Subpostmasters to identify opportunities for new ventures in their community.
- **Introduce the terminology of the entrepreneur –** The Post Office Ltd should consider referring to Subpostmasters as 'entrepreneurs' within correspondence, for instance in contracts and recruitment procedures. The goal would be to encourage Subpostmasters to think of themselves less as public servants and more as businessmen and women.
- **Raise awareness of opportunities for new ventures –** The Post Office Ltd should work with local authorities, public services and others to raise awareness among Subpostmasters of opportunities where they may be able to undertake a new activity, for example hosting a public service or conducting light touch research on the needs of their community.
- **Harness the latent potential of Post Office data –** Post Offices should make better commercial use of the data they inadvertently collect, such as information on the popularity of each service and product, who uses them and when. The Post Office Ltd could partner with the new Open Data Institute to consider how this data – used in an appropriate way – could be beneficial to public services wishing to know more about the local population.

Richer stories – telling a more compelling story of community enterprise

The best Community Enterprise Hubs are those that reach out to a broad range of users and engage in a multitude of different practices. At present, few Post Offices have yet to truly venture into new territories, preferring instead to stick with a familiar set of offerings and customers. A survey by Consumer Focus Wales found that only a handful of Post Offices cater to the needs of younger people and ABC1s.[101] However, there are numerous instances where Post Offices *have* sought to engage in new practices but found these efforts to be met with a muted response from the community.

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101. Consumer Focus Wales (2010) *Post Office Closures: Impact of the Network Change Programme*. Cardiff: CFW.

Only 2 in 10 people, for instance, are aware they can now access their current account at a Post Office, despite this service being in place for some time.[102]

This is partly because many people continue to perceive the Post Office to be a place that only sells stamps, stocks groceries and dispenses benefits, and therefore rarely consider going into their branch for anything other than these services. Many of the individuals we spoke with, including senior stakeholders, were fixated on the notion of the Post Office as a source of support for the disadvantaged, not thinking about its potential to support more small businesses or to provide the latest retail offerings. Some were not even aware that the Post Office is now distinct from the Royal Mail – a major separation that occurred in 2012.

Box 12: Creating a new narrative for the Post Office

Narratives help people to make sense of the world in the absence of perfect knowledge. Indeed, research has shown that narratives are often far more powerful than facts in shaping people's attitudes and behaviours, with one sociologist remarking that facts simply "bounce off" compelling stories.[103] Therefore if the network wants to attract new customers, staff and partners, it may be wiser to spend its energy rewriting the underlying narrative of the institution, rather than drip feeding discreet chunks of information and facts to the world.

At present, the story of the Post Office lays heavy emphasis on the themes of heritage, trustworthiness, idyllic life and care for the disadvantaged. These speak accurately to the value that Subpostmasters currently create in their communities. However, a more compelling story that would sit better with the role of a Community Enterprise Hub is one that emphasises innovation, creativity, connectivity, economic growth, and so on.

Ingraining such a story in the public imagination is likely to take some time, but the Post Office can take several practical steps to speed up the process.[104] For example, it could identify a handful of key 'messages' that it repeats time and again, and pick credible 'messengers' willing to disseminate them, for instance entrepreneurial Subpostmasters like Danielle Barnes in Middlesbrough and Win Morgan in Llangadog. The messaging used in the Post Office Ltd's latest strategy and in the launch of the Community Enterprise Fund are examples of how this could be done.

We think if we offer it, they will come. But they won't come. It's going to take time and effort

The implication is that it is not enough for Post Offices just to engage in new practices. They also have to show the world that they are becoming a different type of organisation. As one stakeholder put it, "The Post Office needs to become a place that people want to go to. Without this, it doesn't matter how many new services they offer." Another said, "We think if we offer it, they will come. But they won't come. It's going to take time and effort." One solution is for the network to significantly raise its profile by engaging in the most prominent debates in public life. This means clearly articulating how Post Offices could play a role in, for example, regional banking, the localism agenda and new public service delivery models.

102. Burrows, A. (2011) Op cit.
103. Lakoff, G. and Johnson, M. (1980) *Metaphors We Live By*. Chicago: University of Chicago press.
104. Afoko, C. and Vockins, D. (2013) *Framing the economy: the austerity story*. London: NEF.

The Post Office Ltd could add to these efforts with some intelligent, resourceful marketing that tries to build a different image of the Post Office in the public eye. This might involve working with the mainstream media to profile entrepreneurial Subpostmasters, using viral social media campaigns, and commissioning videos and animations that easily convey how Post Offices are changing. It could also mean placing more senior members of staff into the limelight to talk about the network. A more fundamental response would be to try and rewrite the narrative of the Post Office, so that it tells a story less of a 20th century arm of the state and more of a source of creativity and innovation (see Box 12).

Principles:

- **Develop novel marketing techniques –** The Post Office Ltd and Subpostmasters should continue to increase their exposure through conventional marketing techniques, but at the same time look to less conventional avenues to raise awareness of their products and services. This might be done through animations or Facebook pages for Subpostmasters. It may also involve creating a more formal online platform that displays the offers of Post Offices along the lines of the NHS Choices platform for GPs, hospitals and other health services.
- **Rewrite the 'script' of the Post Office –** The Post Office Ltd should write and promote a new narrative of the Post Office, based on the one set out in the Post Office's new strategy 'Securing the Future: Strategy 2020'. This will involve identifying several 'key messages' they can continually refer to, and picking out entrepreneurial Subpostmasters willing to act as messengers for these.
- **Measure what matters –** The Post Office Ltd should work with the NFSP to find new ways of tracking the socially entrepreneurial behaviours of Subpostmasters. These measurements would provide valuable insights into the level of activity Subpostmasters engage in beyond conventional practices. It could also be used to articulate a different message of the Post Office and show potential partners what branches are capable of.

Wider partnerships – collaborating more closely with others for common ends

Our conversations with stakeholders throughout this project indicate that most Post Offices rarely engage with organisations beyond their immediate vicinity. If Post Offices wish to expand into new markets it will be necessary for them to overcome this isolation and begin forging relationships with those that surround them.

As demonstrated by the Subpostmasters we met, this may involve working with police to run a surgery in store, talking to a local college to become an NVQ course provider, or linking up with a pharmacy to run a prescription collection service. There may also be national organisations willing to work with Post Offices in every part of the country. The social enterprise support organisation UnLtd, for example, has already

expressed an interest in partnering with institutions like the Post Office to raise awareness of their schemes and loans.

Post Offices could also work with others to share back office functions and engage in collective purchasing. One Subpostmaster we met started a cooperative with local businesses to bulk buy energy, while another had created a Facebook group so that firms in the surrounding area could share ideas with one another, for instance on good suppliers. An example of a more structured partnership system is the CNA, an umbrella body for small firms in Italy that provides collective services such as bookkeeping, accounting, legal advice and political representation.[105] Closer to home, organisations such as the Plunkett Foundation have helped their network of independent shops buy energy and other utilities through the Co-operative group, with an average saving of £1200 a shop.

Subpostmasters could reach out to those running other Post Offices, for instance to share ideas for new socially entrepreneurial practices

Alongside forging partnerships with other businesses, Subpostmasters could reach out to those running other Post Offices, for instance to share ideas for new socially entrepreneurial practices. Although in theory they are in competition with one another, one of the Subpostmasters we spoke with said there is great value in "realising that you're not the only one" working hard to run a Post Office. The National Federation of Subpostmasters already offers an online space where Subpostmasters can network, but it may also be worth creating localised clusters of Post Offices that allow for more meaningful face-to-face exchanges. An example from a different field is the Camden Library network, which brings 40 organisations together to support community-led libraries.[106]

Principles:

- **Bring Subpostmasters together to collaborate –** The Post Office Ltd should consider bringing Subpostmasters more closely together in local clusters so they can exchange ideas on how to enhance their role as Community Enterprise Hubs. These clusters may also benefit from sharing back office functions and engaging in collective purchasing, for example of energy and shop fittings.
- **Agree a common agenda across government –** Post Offices could be a place not only to deliver public services but also to collect information about service users' needs and wants. For this to happen, No. 10 must initiate a common agenda within Whitehall and elsewhere regarding how to work with Post Offices. At present, certain departments risk undermining the broader efforts of the government by overlooking the network's potential.[107]
- **Become the first port of call for businesses –** The Post Office Ltd should work with organisations such as the National Enterprise Network and Federation of Small Businesses to explore the potential for Post Offices to become the main gateway for

105. Murray, R., Caulier-Grice, J. and Mulgan, G. (2010) *The Open Book of Social Innovation*. London: The Young Foundation and Nesta.

106. Locality (2013) *Community Libraries: Learning from experience: Summary briefing for local authorities*. London: Locality and Arts Council England.

107. House of Commons (2009) *Business and Enterprise Committee – Eight Report: Post Offices – Securing their Future*. London: House of Commons.

business support. This might include enabling people to register businesses at the Post Office rather than Companies House, and to print off tax forms from HMRC.

Fresh talent – bringing fresh faces into the profession of Subpostmasters

The ability of Post Offices to create more of a social and commercial impact in their local area rests heavily on the capacity of individual Subpostmasters to effect change. In practice this means developing among more Subpostmasters the broad competencies of networking, creativity and acting on opportunities that enable them to deliver a wider array of activities in their branch. As one of our stakeholders put it, "If you want collaborative practices, you need to have collaborative people."

One way to achieve this is by enhancing the training given to new recruits and existing Subpostmasters, as has been outlined in the Post Office's new strategy paper. At present this is seen by some as insufficient to prepare staff for their existing work. Many we spoke with said they would like to see more "intensive" sessions that last beyond a couple of weeks, with extra support offered over the phone. Others spoke less of quantity and more of the quality of training, arguing that it should cover not just how to run a Post Office counter but also "how to drive your sales and increase your footfall." While this may seem like a costly exercise for Post Office Ltd, signs suggest it could bring many dividends. In 2009, almost 40 percent of financial service sales in the network were from 200 branches that had been the first to receive sales support for Subpostmasters.[108]

Yet training is not the only means of increasing the pool of talent in the Post Office network. There is also a strong argument for recruiting a new type of Subpostmaster that is already well equipped to run a Community Enterprise Hub. In most cases, current recruits are individuals close to retirement who want to make a safe investment with their money.[109] 35 percent of Subpostmasters fall into the 50–59 age bracket, whereas only 11 percent are between the ages of 30–39, and less than three percent under the age of 29 (see Figure 6).[110] As our stakeholders pointed out, the existing cohort tends to be unadventurous and unwilling to divert from a conventional business model of selling stamps, newspapers and groceries.

This is a wholly legitimate way of running a Post Office, but if there is a desire to see branches experiment with new practices and draw in new customers then there is a strong case for recruiting a more entrepreneurial set of Subpostmasters, particularly young people who may express more entrepreneurial traits and a willingness to experiment. Addressing the imagery and messaging of the Post Office in the way described earlier may help to attract a different generation of Subpostmaster, who according to one of our stakeholders currently "struggle with the concept of the Post Office". Another solution is to create more professional entry routes into the Post Office, for example by establishing a Subpostmaster Apprenticeship scheme.

108. Postcomm (2010) Op cit.
109. Postcomm (2001) Op cit.
110. House of Commons (2012) Op cit.

Figure 6: Subpostmasters by age
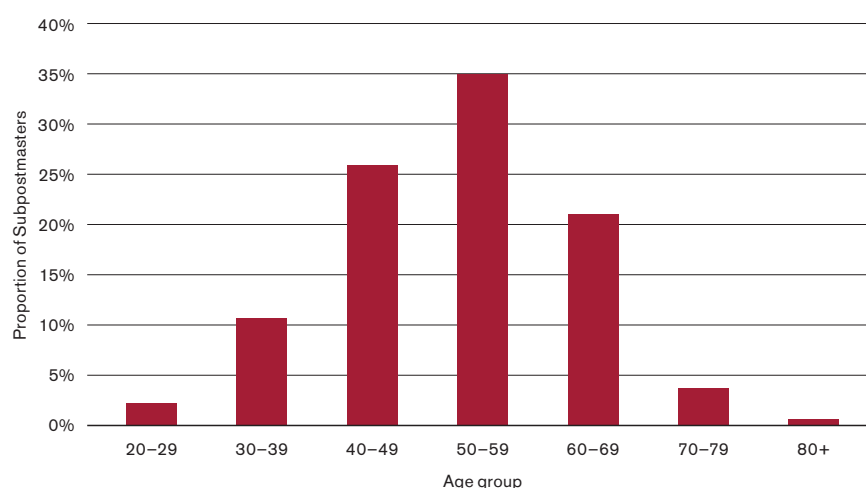
Finally, consideration should be given to the idea of recruiting existing social entrepreneurs to become Subpostmasters, as opposed to trying to develop one from scratch. Our conversations with senior stakeholders indicate there may be significant enthusiasm among social enterprises with fixed premises to take on the responsibility of running a Post Office (see Box 13). This may turn out to be a quicker, more practical means of 'injecting' some entrepreneurialism into the network than having existing institutions reinvent themselves.

Principles:

- **Develop professional entry points into Post Offices** – The Post Office Ltd should explore the potential for developing more professional entry routes into Post Offices. One option is to create an Apprenticeship scheme that nurtures new Subpostmasters by placing them within existing Post Offices for short periods. The aim would be attract a different cadre of recruits that are more used to structured career pathways.

- **Invite social entrepreneurs to become Subpostmasters** – The Post Office Ltd should partner with the likes of SEUK and UnLtd to consider the potential for placing Post Offices in existing social enterprises. This might involve running a small number of pilots over the course of a year, possibly with members of the RSA's social entrepreneurs network.

- **Promote the career of Subpostmaster within formal education** – The Post Office Ltd should collaborate with further education colleges and universities to expose more young people to the idea of running a Post Office. This might be done by attending careers fairs or introducing exercises within relevant retail courses.

- **Fast-track serial Subpostmasters who want to run multiple post offices** – A number of Subpostmasters running a socially entrepreneurial Post Office will have the ambition and nous to manage

several more. The Post Office Ltd should seek to identify these individuals and help them expand their portfolio of Community Enterprise Hubs.

Box 13: Joining forces with social enterprises

Social enterprises are firms driven by a social and/or environmental purpose, whose profits are usually reinvested back into the community. It is estimated that around 64,000 social enterprises now exist in the UK, employing some 800,000 people in their ranks.[111] According to the State of Social Enterprise Survey, 58 percent of these grew last year compared with 28 percent of all SMEs.[112] Significantly, 39 percent of social enterprises work in the 20 percent most deprived communities in the UK.

Given their growth and increasing sophistication, there may be a strong case for Post Office Ltd to partner with social enterprises in delivering their services. Indeed, many such firms will have physical premises that are already hubs of economic and social activity. For the social entrepreneur, taking on the role of Subpostmaster would bring in additional footfall and allow them to associate with a trusted brand. It may even improve the likelihood of them winning certain contracts. For Post Office Ltd, it would bring into the network a new type of Subpostmaster that is arguably more able and willing to experiment with unconventional practices and attract a different type of customer. In the long run, it may also help to change the overall image of the Post Office.

One way of signing up social entrepreneurs to the role of Subpostmaster would be to work with support groups like Social Enterprise UK to run a sustained marketing campaign, which may involve developing specialised recruitment materials or running road shows to showcase the offer. Organisations like the RSA would be able to spread the word and build momentum among its social enterprise network, while the likes of UnLtd may be interested in creating a unique pot of grant funding to pay for any necessary investments.

Enabling leadership – moving from an enforcing role to an enabling one

The Post Office network is akin to a large group of franchises that operate with a degree of freedom set by the centre. This model is carefully designed so as to ensure Post Offices provide the right services in the right places. In practice, this means guaranteeing consistency in the most basic postal services, while taking steps to avoid the duplication of more sophisticated ones. Only a handful of branches in a given area, for example, will be allowed to offer driving licence applications and identity checking services.

Up until now this arrangement has been a contentious one. The Subpostmasters we spoke with felt strongly that they should have the freedom to shape their own service offer, not least because they know best what the needs of the local community are. There have also been long running disagreements over the opening hours of Post Offices and the payments they receive for each transaction they make. In short, the relationship between the centre and branches on the ground has been one built on hard bargaining and – ultimately – enforcement.

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111. For more information see www.socialenterprise.org.uk
112. Social Enterprise UK (2013) State of Social Enterprise Survey 2013. London: SEUK.

The task of encouraging and enabling more Post Offices to become Community Enterprise Hubs has elements of what Harvard professor Ronald Heifetz calls an 'adaptive' challenge, rather than a 'technical' one

While some of these conflicts are unavoidable, there are clearly many that could be better resolved through a different style of leadership – one that sees the centre *enabling* change rather than enforcing it. What this looks like in practice will depend upon the matter in question. However, when it comes to nurturing more socially entrepreneurial Subpostmasters Post Office Ltd has already implemented several promising initiatives. Foremost among these is the new **Community Enterprise Fund**, which allows Subpostmasters across England to apply for up to £10,000 to help kick-start new projects that would create a significant impact in their community.[113] Twenty-five Post Offices were awarded grants in the first round, with the funding supporting everything from a training centre for small businesses, to an IT suite, to a community café. Elements of this enabling agenda can also be seen in Post Office Ltd's new strategy paper, which sets out plans to assist branches in increasing their role in the local areas, for instance through a new £20m grant for around 3,400 community and outreach branches.[114]

However, finance on its own is not sufficient to enable change. Indeed, the task of encouraging and enabling more Post Offices to become Community Enterprise Hubs has elements of what Harvard professor Ronald Heifetz calls an 'adaptive' challenge, rather than a 'technical' one.[115] Whereas the latter can be easily resolved through cut and dried solutions that have been rolled out time and again, the former necessitates changes in attitudes, values and loyalties that may be deeply ingrained. In the case of the Post Office, it could be Subpostmasters' legitimate affinity for traditional rules and customs, or their loyalty to what they see as their conventional customer base.

To address adaptive challenges each party needs to speak with a common voice. This would mean clearly articulating a vision for Post Offices and how they are expected to create social and commercial value for communities. It may also involve setting out a 'theory of change' that clearly explains how Post Offices can contribute to their communities while simultaneously generating the revenue they need to remain sustainable. Without a common purpose of this kind, it is likely that the Post Office Ltd's efforts to stimulate more socially entrepreneurial behaviour may fall on deaf ears.

Principles:

- **Establish clear and effective lines of communication –** The Post Office Ltd should consider whether their means of communication with Subpostmasters could be enhanced, for instance by being more transparent and better articulating the reasons behind their decision-making.
- **Enable change rather than enforce it –** The Post Office Ltd should build upon its nascent efforts to help Post Offices enhance their role as community hubs, for instance by developing the

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113. For more information see www.postoffice.co.uk/community-enterprise-fund
114. Post Office Ltd (2013) Op cit.
115. Heifetz, R. (2009) *The Practice of Adaptive Leadership: Tools and tactics for changing your organisation and the world.* Harvard Business Press.

Community Enterprise Fund and by signposting Subpostmasters to major funding pots like The Big Lottery Fund's new Power to Change scheme, which is supporting the growth of community-led enterprises across England.[116]

- **Celebrate the most entrepreneurial Subpostmasters –** Building upon the Community Enterprise Fund, Post Office Ltd should consider establishing an Excellence in Entrepreneurship award for the most socially entrepreneurial Subpostmasters. Alongside rewarding and promoting those who go beyond the call of duty, it would also help to demonstrate the social and commercial value of the network to the outside world.

- **Articulate a common purpose –** The Post Office Ltd should work with Subpostmasters, the NFSP and other key stakeholders to form an overarching vision for how the Post Office can create social and commercial value for communities, potentially drawing upon the three functions identified in this report – venturing, hosting and connecting.

116. For more information see www.biglotteryfund.org.uk/powertochange

Making the Connection: Local Post Offices as Community Enterprise Hubs

Next steps

This report has set out a vision for a new kind of local Post Office – one that is able to contribute more significantly to its surrounding community while generating the revenue it needs to remain sustainable. The changes witnessed in recent decades have made life more difficult for Post Offices, but certain socio-economic trends look likely to rekindle their relevance in many people's lives. Whether that it is in supporting the record number of microbusinesses now in existence, catering to the immense needs of an ageing population, or being at the heart of new movements to transfer power to a local level.

How Post Offices can harness these new opportunities is still very much open to question. Within the report we have highlighted several key functions that Post Offices could play in the role of a Community Enterprise Hub – namely by venturing, hosting and connecting. But at present these are only being undertaken by a minority of Post Offices. The task for Post Office Ltd, government and local authorities is to support more Subpostmasters engage in more socially entrepreneurial activities.

In practice, this will mean experimenting, piloting and testing new ways of working along the lines of the new directions laid out in the last chapter. Already we have seen several meaningful steps being taken along these lines. The new Community Enterprise Fund is a modest but meaningful initiative that revealed just how much latent entrepreneurial potential there is among Post Offices, with over 100 ideas of community projects being put forward in the last round. Nor is this expected to be a one-off. The latest strategy from Post Office Ltd clearly sees social entrepreneurialism as part and parcel of any attempts to modernise the network.

Yet this is only the start of a very long journey. Throughout 2014 the RSA and Post Office Ltd will continue to drive this agenda forward, so that the network remains sustainable, that the livelihoods of Post Office Subpostmasters are secure, and that the services people rely on continue to live up to their expectations.

The RSA: an enlightenment organisation committed to finding innovative practical solutions to today's social challenges. Through its ideas, research and 27,000-strong Fellowship it seeks to understand and enhance human capability so we can close the gap between today's reality and people's hopes for a better world.

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