

# 2016 Post Office Network Consultation

## Response from the Rural Services Network

### Introduction

The Rural Services Network (RSN) welcomes this early opportunity to input to the Government's thinking about its support for the Post Office Network following the current Network Transformation Programme.

The RSN is a membership organisation which represents 154 English local authorities (county, unitary and district councils) and almost 100 other rural service providers (including fire and rescue authorities, housing associations and public transport operators). Thousands of parish/town councils and community bodies are associate members. The RSN exists: to make representations on issues affecting rural services; to promote active networking among rural providers and sectors; and to establish and share rural best practice. The RSN is represented on the Post Office Advisory Group (POAG).

We are in no doubt about the importance of the Post Office Network for rural communities. In spite of earlier closure programmes, the network's reach across rural England remains considerable. The (combined) Post Office and general store is still at the heart of many villages and is often the last remaining service outlet. Its role goes well beyond the sale of Post Office services (financial, postal and governmental), important though these are for both rural residents and businesses.

This wider role or social value can include:

- Helping to sustain a (last) village shop with which it shares premises;
- Reducing social isolation experienced by older and vulnerable people;
- Maintaining vitality and a place for social interaction in a settlement;
- Giving access to cash which circulates/is spent in other local businesses;
- Reducing the need for rural residents to travel further afield; and
- Providing employment for those who work in the Post Office/shop.

Retention of locally-based rural Post Offices is also being made more necessary by current losses among other (alternative) services. Subsidised rural bus services, which have provided some residents with their means of accessing retail centres, are now subject to review, reduction and withdrawal across the country. In 2014/15 alone some 124 local bus services were withdrawn altogether, whilst another 248 were reduced or altered. Equally relevant is the quickening pace of bank branch closures. In 2014 some 479 branches were closed (UK-wide), of which 124 were the last bank branch in their locality.

The RSN is therefore pleased with the overall tenor of the consultation document. We recognise that it does not seek to scale back the Post Office Network and appreciate that it highlights the value of that network to rural communities.

Nonetheless, the RSN is aware that the Post Office Network continues to face financial and other challenges, not least because certain of its core markets (e.g. parcels, banking) are themselves subject to rapid change and competitive pressures.

**Q1 Do you agree that the existing criteria should continue to be used for defining what a nationwide network of post office branches should look like?**

The RSN considers that the existing criteria have been useful, by defining a minimum standard for access to a post office and thereby offering a degree of re-assurance about the retention of the network in rural areas. They give an important signal of policy intent. Moreover, we note the YouGov / London Economics survey for BEIS which found that distance to a post office was important for 68% of people.

It can be argued that the current rural accessibility criteria (95% of the rural population living within 3 miles of an outlet) and the postcode district accessibility criteria (95% living within 6 miles) work well in combination, since one presents a national rural yardstick, whilst the other ensures that service provision is geographically spread among different rural localities including remoter areas.

It is important, however, that Post Office Limited recognises there are circumstances where these measures will prove too simplistic e.g. because of topography, coastline or rivers. Practice needs to take account of such features, which we understand is generally the case.

**Q2 What different criteria or what different approach could government consider to define what a nationwide network of post office branches should look like, including steps to ensure provision of post offices in small, remote or hard-to-serve communities?**

One obvious criticism of the current accessibility criteria is that travelling up to three miles to reach a post office may still be hard for many of the most vulnerable customers. This would include some older people and those without their own means of transport. The RSN would not want to lose the current criteria, but it considers there is a good case for addressing this particular point.

We propose there that a second rural accessibility criteria should be introduced, stating that 90% of the rural population should live within one mile of a post office outlet. This would ensure that the great majority of more vulnerable rural customers have fair access. It would be straightforward to measure and monitor, given that it follows the same format as the existing accessibility criteria.

Another criteria worth consideration would be for post office opening hours. Whilst it is true, and welcome, that opening hours have been extended at many outlets, in other (typically smaller) rural places the service has become a Community Post Office operating very few hours – sometimes just one session per week. This limits the value of the service and may make it impractical for some residents to use. RSN believes there is a case for specifying a reasonable minimum number of opening hours (or perhaps that it must open during two days per week).

**Q3 What, if any, new services do you think could be offered at post office branches in the future – in particular considering those that could support remote communities, vulnerable members of society and others that rely on over-the-counter transactions?**

The RSN believes there is both scope to introduce new services and scope to make more of existing services.

Providing people with over-the-counter access to accounts they hold with retail banks and building societies is a useful existing post office service with real potential to be grown. Not least because of continuing bank branch closures (see above). There are more post office outlets than there are branches of all the banks and building societies combined. This service is not as well known as it should be and would benefit from better publicity, both by the post office and (particularly) by the retail banks. It would be simpler and more attractive for users if there was greater consistency in the services that the post office offered for each of the banks/building societies e.g. cash withdrawals, cash deposits, cheque deposits, balance enquiries. There is also scope to expand the range of business banking accounts which can be accessed via a post office. This would be of great benefit to rural businesses, especially those that deal with cash transactions.

Of course, the post office provides some banking services itself (in partnership with the Bank of Ireland). It is disappointing that its current account still appears to be at a pilot stage and is not more widely available. This could potentially be a popular product and one that helps to sustain financially the post office network. It would help to plug a gap left by the retail banks as they shrink their branch networks, pulling out of some rural areas. Indeed, the RSN has sympathy with the concept, previously put forward by others, of establishing a national Post Bank to offer a range of banking and financial products.

The RSN strongly supports the retention of the Post Office Card Account (POCA) for state pension, benefit and tax credit recipients to receive their income. Given the reach of the post office network, this is an easy and accessible option for recipients who live in rural communities. Surveys have consistently shown that recipients also like accessing their pension or benefit income at a post office. We are disappointed

that in recent years the Department for Work & Pensions has actively sought to steer people away from this option whilst promoting other options e.g. retail bank accounts. We believe this is unhelpful and the POCA option should be clearly presented as an option for new recipients.

The RSN thinks there is scope for post offices to act as local collection or drop-off points for various other services, where these are not physically located nearby. Examples could be pharmacy delivery of repeat prescriptions and returned library books. As much as anything, this could bring extra footfall into post office outlets and expand their role as local service hubs. It would require considerable local flexibility, since particular collection or drop-off services provided would depend very much on local circumstances.

One further issue for communities is the limited range of products or services that are available at a Post Office Local and (especially) a Community Post Office. Where a post office outlet changes to become one of these it can therefore result in the loss of certain services. Whilst we appreciate that maintaining a post office of any type is better than seeing it close, we would like to see the service range reviewed with a view to some expansion.

There are still households who, perhaps because they lack the necessary skills or income, do not have access to the internet and who find it increasingly difficult to access government and public services, where the premise is often digital-by-default. There is therefore potential for post offices to provide online access as a gateway to various public services. This would build upon a traditional role of the post office network as a supplier of governmental services.

**Q4 What ways do you think communities might be able to play a more significant role in the operation of the post office network, in particular with the objective to support local economies and strengthen communities?**

Wherever an existing post office is closing and a nearby commercial outlet cannot be found to host its replacement, there should be engagement with the community to seek an alternative solution. In rural areas this is likely to involve POL working with or through the Parish Council.

One notable trend has been the significant and steady numerical growth of community-run shops, most of which are in rural locations. In 2014 there were 277 such shops open and trading across rural England, with another 119 at a planning or development stage (but not yet open). A great number of these were the last retail outlet within their settlement and many were established as a result of a commercial shop closing. They are therefore, typically, an ideal location for a post office outlet. Assuming that community-run shops continue to grow in number, which seems a reasonable assumption, they ought to play a growing part in the post office network.

In those cases where a Community Post Office is the realistic solution, one obvious location for this will be a village hall or similar community building. Indeed, many village halls are becoming service hubs for their communities. Pubs are another promising option, where the landlord is willing to take on or host the service.

**Q5 Do you have any other views on the points raised in this consultation that you feel government should consider regarding its approach to the post office network?**

We have three further observations which relate to the sustainability of the post office network. They are:

- Transaction payments: with or without accessibility criteria, the long-term survival of the rural network depends upon individuals being willing to run a post office or host post office services. That role must remain financially viable and provide them with an income. It appears that the payments received for handling post office transactions are now at a level which is making it harder to retain and recruit those running post office outlets;
- Community Post Offices: although considerable sums of public money have been invested through the Network Transformation Programme, only a very small proportion has found its way to Community Post Offices, typically operating in the smallest rural settlements and remotest areas. This service is of considerable value, not least given the paucity of alternatives (such as bank branches) in such places. The RSN would like to more investment focused on improving service quality (including opening hours) at Community Post Offices;
- Post Office Locals: evidence from surveys conducted by consumer champion, Citizens Advice, has shown that too often shop staff who work in Post Office Locals have inadequate knowledge of the services they are providing. This can extend to basic services such as letters and parcels. The success of the Post Office Locals model is critical to the transformed network and this issue must be addressed, not least by providing better and ongoing training.

These observations underline that a programme of continuing public investment will be necessary beyond 2018 to ensure the adaptation, modernisation and retention of a sustainable post office network. That network needs to be both commercially viable for the local outlets that deliver it and attractive to the public at large. There is a potentially wide customer base – especially in rural areas – though post offices play a particular crucial role in respect of more vulnerable groups. For the period from 2018 onwards, the RSN hopes to see a Government package that includes a reiteration of the commitment to the Network at its current size, the retention and enhancement of accessibility criteria and a strategically ambitious investment programme.

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