

2016 Post Office Network Consultation
The Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

20 December 2016

Dear BEIS

The Countryside Alliance welcomes the opportunity to respond to the Department for Business, Energy & Industrial Strategy consultation on the '2016 Post Office Network Consultation'. The Countryside Alliance is a campaigning organisation covering the whole of the United Kingdom and works for everyone who loves the countryside and the rural way of life. As a membership organisation with over 100,000 members, we reflect the views and concerns of a broad range of rural people and their livelihoods.

The Countryside Alliance believes that post offices in rural areas are the lifeblood of their communities. The rural post office is much more than a place to stamp and post letters – it is a vital service, providing social and cultural advantages to isolated populations across the country. The government needs to understand that the real value of a post office cannot be measured simply by turnover, and it must recognise that the benefit to the community goes far beyond the 'doorstep' of the post office.

We accepted the need for restructuring the network in 2007, and welcomed the government's strategy in 2010 'Securing the Post Office Network in the Digital Age' where they proposed to make the post office a genuine front office for government. However since then we have felt this ambition has not been delivered on and its revenues from government services have fallen by 40% since 2010. We need a bold and ambitious strategy which will safeguard the network, particularly in vulnerable communities such as remote rural areas and urban deprived ones. We still fully support the view that the post office network should be the front office of government and an expansion of services and freedom to operate are key to delivering a sustainable network.

If the Countryside Alliance can be of further assistance, or you require any clarification of the points raised, please do not hesitate in contacting me.

Yours sincerely



Tim Bonner
Chief Executive

Countryside Alliance Response

- 1. 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?**

Yes.

- 2. 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?**

The Countryside Alliance fully supports the existing access criteria but in these modern times, and with the digital by default agenda, we feel broadband connectivity should also be an additional consideration. In many remote rural communities digital connectivity is poor or non-existent and with more and more services being put online it is important that in these poorly connected areas they at least have access to government services via the post office.

We fully support Post Office Limited taking into account local conditions such as local patterns for demand and geographical features. However, we would also ask that public transport provision is a consideration within the access criteria. The car is a necessity for many in rural areas and public transport, which often the more vulnerable members of society rely on, is limited. So it is important when considering the access criteria to ensure that even the most remote communities continue to have access to post office services and that the provision of public transport is therefore included.

- 3. 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 Countryside Alliance has long campaigned for rural post offices and believes an expansion of financial services in rural communities could provide a sustainable future for the network. This is why we welcomed the announcement to expand financial services in 2010 and the further announcement in 2014 to make available a current account in more than 100 branches, rising to 2000. However, in reality the current account is still trialling, and there is still no children's or business account. Despite all these promises the Post Office's income from financial services has grown by only 2% over these six years.

We believe that the post office must be given a strong financial role if the network is to survive and further closures avoided. This is why we support a proposal for a Post Bank, publicly owned by the Post Office, which will not only cater for traditionally neglected areas of the market in the UK, such as small businesses, those on low incomes and social enterprises but also generate extra income which will safeguard the future of the post office network.

The key principles for establishing a Post Bank are:

- It should be publicly owned, keeping profits within the business.
- It should deliver a Universal Banking Obligation to ensure access to financial services in local post offices throughout the UK.
- It should provide a more extensive range of financial services than are currently available through the Post Office.
- It should reconnect banking with local communities and provide a trusted financial service responsive to their needs.

With government backing we envisage that a Post Bank could be established by utilising some of the state-owned banking assets, which would provide access to a ready-made banking structure and a banking licence. The government could also look at incorporating National Savings and Investment as part of the bank. We believe that there is a strong business case for bold action by the government buying out the joint venture with the Bank of Ireland to deliver our vision of a Post Bank.

The Alliance believes not only could the expansion of financial services and a Post Bank replace the income lost from the withdrawal of government services, but provide banking and financial services to rural communities and small businesses, ensuring the long term viability of the network and ensure the post office remains at the centre of rural community life.

4. 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 rural economies and strengthen local communities?

A lack of rural services, and difficulty accessing those services which are available, affects more than the immediate users. It also harms the sustainability and economic viability of surrounding communities. This is why the Alliance has been calling on government to recognise the 'social value' which post offices bring to rural communities in particular.

For the rural economy to grow, access to services is essential. These services, and in particular local post offices, are the life blood of a community, especially in remoter areas. They are the 'glue' which holds communities together and it is no surprise that research shows 91% of people feel that post offices play an important role in their community and research from the Association of Convenience Stores shows that post offices come top in the a list of twelve high street services as having the most positive impact in a local areas.

The growth of community run village shops and post offices have been the success story of the last 10 years. 97% of the community owned village stores opened over the past 25 years are still open and trading today. This survival rate presents a very positive picture for the future resilience of the community shop sector and compares extremely well with UK businesses nationally which are estimated to have a 5 year survival rate of 46.8% (Office for National Statistics).

It is generally accepted that community shops can perform well where a previous privately owned shop failed. Co-operative ownership is a sustainable and ethical way of doing business and communities are increasingly using it to try to save, or introduce other vital services, such as the local pub.

Socially, people of all ages (and backgrounds) are brought together, all working for a common cause. The shop can become a social and economic hub of service to all, but in particular those living alone or without a car. Local shops help to create a vibrant and healthy local economy and can therefore significantly contribute to the creation of sustainable communities.

Community shops have been so successful because the volunteers feel vested in the enterprise, live in that community, talk to their neighbours, and as they use other local businesses they understand exactly what that community needs. From opening hours to the services available, the shop is tailored for that community and each one is unique. For communities to take on a more significant role in the post office network, Post Office Limited needs to engage properly with communities, listen to their needs, the services they require

and deliver a post office which meets all of them. If we want a truly sustainable network then it must deliver the services people actually want.

5. 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?

In the past decade around 7,000 post offices – almost 40% of branches – have closed, and in many cases in the face of significant public opposition. Coupled with the big banks closing 1,700 branches across the UK in the last five years alone, this has impacted negatively on small businesses and the elderly, meaning rural areas are fast becoming financial deserts.

Despite the recent statements from the government acknowledging the importance of local post offices and the retention of the Post Office Card Account, the slow withdrawal of government services in recent years from the Post Office (down to £70m next year from £210m in 2012), including the Green Giro, has undermined the long-term viability of post offices in rural areas. Government needs to acknowledge that the real value of a post office cannot be measured simply by turnover, and that the benefit to the community goes far beyond the 'doorstep' of the post office. Recent independent research shows that the post office delivers over £4bn in social value each year to people and businesses throughout the UK. It is also why a Post Bank would go some way to making up the lost income and making post offices more sustainable.

The Countryside Alliance would like to see the post office become a genuine front office for government at both the national and local level, including the expansion of financial services. Increasing footfall into post offices is a win-win for rural communities, increasing local services and keeping post offices open.