

COUNTRYSIDE ALLIANCE BRIEFING NOTE

RURAL POST OFFICES



House of Commons, Adjournment Debate

“Rural post offices” (Derek Thomas MP, Con, St Ives)

Thursday 13 December

Background

- 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 per cent of people feel that post offices play an important role in their community.¹
- Access to money and finance in rural areas remains difficult. 20 per cent of the population live and work in rural areas and yet only 12 per cent of bank branches and 11 per cent of cash machines are located there.² This means it is becoming increasingly difficult for people and businesses located in rural communities to access their money, other day-to-day services, and those services necessary to run a local business.
- More than 930,000 households in rural areas live below the Government's official poverty line. As many as 200,000 people living in the countryside do not have bank accounts of any kind and cash remains an important part of the rural economy.³
- The role that post offices can play in providing access to finance, services and groceries in rural communities should not be underestimated, particularly in the light of bank closures. These closures are being blamed by banks on the lack of usage, with fewer and fewer users going into their local branch and preferring to bank online. However, closures in rural areas, especially in the absence of reliable mobile or broadband connectivity, can present particularly serious challenges.

Post Offices

- A lack of rural services, and difficulty accessing available services, 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 the Government to recognise the ‘social value’ which post offices bring to rural communities. 1 in 5 people face isolation if rural post offices close.⁴

¹ State of the Countryside Report, Commission for Rural Communities

² State of the Countryside Update: Financial Inclusion, published January 2017

³ Ibid

⁴ Citizens Advice consumer research 2017

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- Despite post office numbers remaining stable at around 11,600 since 2010, there is always uncertainty surrounding future government support for the rural post office network which comes at a time when seven out of ten villages in England no longer have a shop⁵ and rural Britain has lost over a quarter of bank branches since 1995⁶.
- 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 in 2014 by the post office to make available a current account in more than 100 branches, rising to 2000. However, these will be mainly in urban areas.
- Despite the recent statements acknowledging the importance of local post offices, the withdrawal of government services in recent years from the Post Office, 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.
- Sub-postmasters and Post Office Ltd need clear Government policy in order to plan for the future and ensure that rural services are maintained. We believe that the infrastructure for the rural network needs to be as flexible as possible in order to respond to customer needs, provide a viable living for the sub-postmaster, and be a cost effective solution for Post Office Ltd.
- The Alliance believes that the expansion of financial services could not only 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 that the post office remains at the centre of rural community life.
- 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.
- The post office network offers an important means of accessing cash, either using its own financial products or because it provides access to the current accounts of all major banks and the business accounts of 8 other banks. Half of those who regularly access their accounts at a post office do so because there is no nearby bank branch. The Post Office Card Account also remains an important means of access to cash for those on low incomes. Nationally there are more post offices than there are bank branches (of all the banks combined). Moreover, the post office network has rural reach, since more than half of its outlets are located in rural areas, including a presence in many villages.

⁵ State of the Countryside Report, Commission for Rural Communities

⁶ Campaign for Community Banking Services, Branch Network Reduction Report, 2005
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Post Office facts

- The total number of post offices has remained flat since 2010 at around 11,600.
- There are more post offices in the UK than branches of all the high street banks combined.
- Government has invested £2 billion in post offices to make them more sustainable. This has included support for 3,000 'community' branches that are the last shop in a village.
- 1 in 5 people told us they would lose contact with neighbours or friends if it wasn't for their local post office.⁷
- Post offices act as local hubs - 7 in 10 rural consumers buy essential items like groceries and food at post offices when they visit.⁸
- Almost 3 million rural shoppers visit a post office on a weekly basis—that's 31 per cent compared 21 per cent of people living in cities.⁹
- Rural small businesses are more likely to use post offices to send deliveries and pay bills. They are twice as likely to use them to withdraw or deposit cash.¹⁰
- 8 in 10 small businesses in remote rural areas would lose money if local post offices were closed.
- The proportion of people in rural areas using post offices weekly has dropped from 56 per cent in 2005 to 31 per cent in 2017.¹¹
- Rural consumers are using parcel, passport currency and banking services more than they did in 2005.¹²

Countryside Alliance calls for:

- Post offices to remain relevant in modern times through supporting growth in activities like online shopping through parcel collection and delivery, and to continue to pick up slack as banks and shops close in rural areas.
- The Government to recognise the role that post offices play in rural areas is much more than just a place to post a letter and should continue to support the network but it must also provide a framework for post offices to stand on their own two feet.

⁷ Citizens Advice consumer research 2017

⁸ Ibid

⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

¹² Ibid

- Access to Banking Protocol to ensure that when a branch is moved or closed customers are made aware of the banking services offered by the nearest post office.
- The Post Office and banks to standardise the banking services offered over the post office counter.
- Digital connectivity and skills to be improved to ensure those living and working in rural areas are able to access banking services online.

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