



Department for
Business, Energy
& Industrial Strategy

2016 POST OFFICE NETWORK CONSULTATION

November 2016

everything you
would expect from
your **Post Office**[®]

- ✉ letters & parcels
- ✈ travel services
- ☎ broadband & homephone
- 📄 bill payments
- 🏧 cash deposits & withdrawals
- 🚗 car tax



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A Historic Milestone: The Separation of Post Office Limited and Royal Mail

In April 2012 Post Office Limited was separated from Royal Mail and since that date the business has been run independently of Royal Mail, for the first time in its history.

Post Office Limited operates the post office network, offering a wide range of services including Royal Mail's letters and parcels products, financial services and a variety of government services. Post Office Limited also has a successful online presence.

Royal Mail is a postal services company providing mail and parcel collection and delivery services across the United Kingdom through the Royal Mail and Parcelforce Worldwide brands, and internationally through its subsidiary GLS. Royal Mail is no longer owned by government.

Post Office Limited is a key partner of Royal Mail and a long term contract exists between the two companies. The focus of this consultation is the post office network which is operated by Post Office Limited. The Department for Business, Energy and Industrial Strategy is not seeking responses to this consultation that relate to Royal Mail, unless in the context of its relationship with Post Office Limited or the post office network.

Government's Commitment to the Post Office Network

Post offices have been a feature of communities across the United Kingdom for more than 300 years, as a place to access services and as a focal point in urban and rural areas alike. Today there are more than 11,500 post offices, and each week one in four of us visit at least one of these outlets. That is equivalent to 17 million people using the network each week.

The network creates significant economic and social benefits for the communities it serves and it is important that this value is protected. That is why government is committed to maintaining a national network of branches that is accessible to all, and to protecting post offices in rural communities, particularly where local people do not have alternative ways to access services. For this reason, government committed in its manifesto to secure the future of 3,000 rural post offices.

This consultation recognises the importance people place on being able to access their local branch and the significant value that post offices bring to communities. With these

as a foundation it looks to how the benefits already delivered by the post office network can be protected and enhanced.

Much has been achieved in recent years to improve how the post office network operates and what it offers but more can still be done, particularly to make the network more secure and sustainable, and more accessible and aligned to the needs of customers.

Between 2000 and 2010 around 6,500 branches were closed, impacting on the ability of people to access post office services. Since 2010 not only have more than 6,500 branches been modernised but the size of the network has also been broadly stable; the commitments this government has made will ensure that this positive momentum is maintained and that people's ability to access post office services is protected.



Consultation Questions

QUESTION 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?

QUESTION 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?

QUESTION 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?

QUESTION 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?

QUESTION 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?

Why is the Department for Business, Energy and Industrial Strategy Conducting this Consultation?

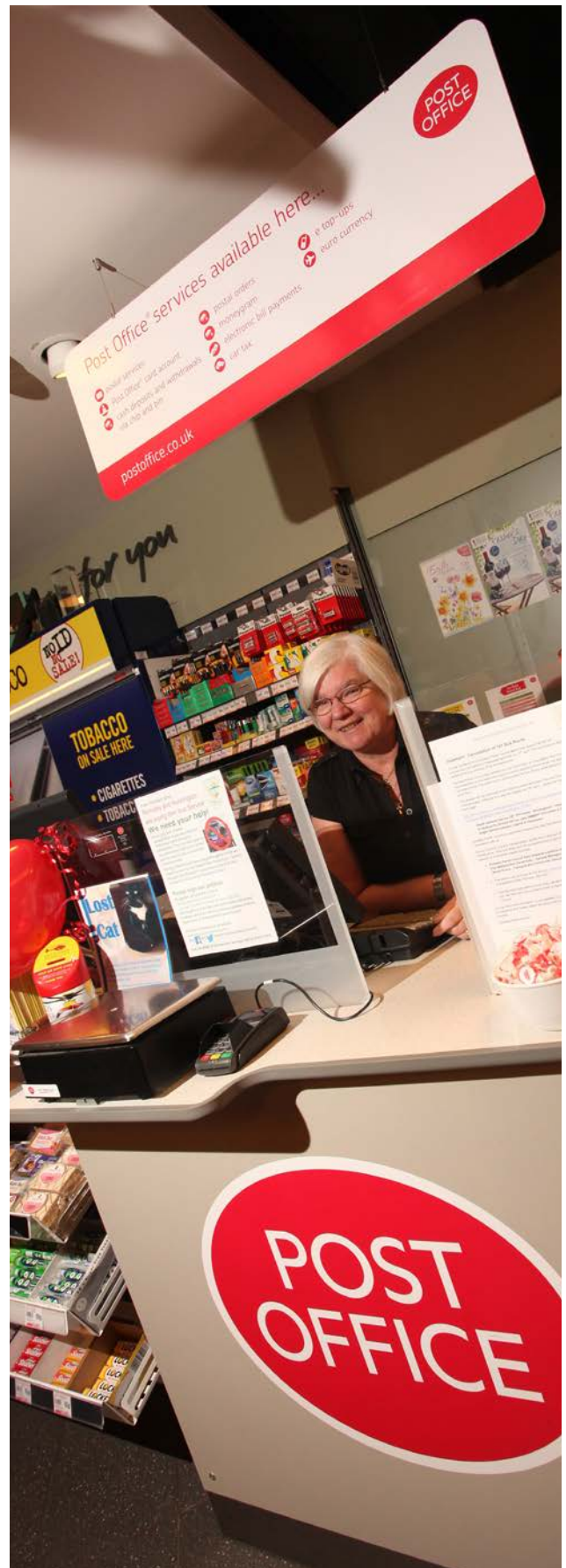
Since 2010 government has committed almost £2 billion to Post Office Limited, not only to support the post office network but also to fund the largest transformation programme in its history. This funding also helps to make sure that government's commitments, to maintain a national network of post office branches that is accessible to all and to secure the future of 3,000 rural outlets, can be met.

Discussions regarding future funding for the post office network will shortly be taking place and to inform this work the Department for Business, Energy and Industrial Strategy is conducting this consultation. By helping it to understand consumers' and businesses' expectations for what the network should look like and how it should be operated, the consultation will support government's future work on the post office network. This includes making sure it can meet its commitments in the most effective way. In addition, the consultation will also help to make sure that where government is required to comply with any obligations, such as to the European Union⁽¹⁾, it is able to do so.

This consultation is therefore an important step in determining support for the network in the future, once government's existing funding agreement with Post Office Limited comes to an end in 2018. The Department for Business, Energy and Industrial Strategy therefore welcomes views on the issues raised in this consultation, and in particular the specific questions being asked throughout this document.

1

http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=3_SA_38788



How to Respond

The Department for Business, Energy and Industrial Strategy invites people to give their views on any points raised in this document and, in particular, where views have been specifically requested.

This consultation opened on 8 November 2016.

The last date for responses is 21 December 2016.

Consultation Principles can be found at:

www.gov.uk/government/publications/consultation-principles-guidance

This consultation is available online, and we would encourage responses to be made through the online consultation accessible at: <https://beisgovuk.citizenspace.com/ukgi/post-office-network-consultation>. If you are not using the online consultation, when responding please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled. Written responses can be submitted by email to: po.consultation@ukgi.gov.uk

Written responses can also be submitted to:

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

A copy of the consultation response form is enclosed at Annex A.

The Department for Business, Energy and Industrial Strategy will be able to arrange for hard copies, audio-cassette, copies in other languages or copies in braille if necessary.

QUERIES

Questions about any issues raised in this document can be addressed to:

Michael Dollin
UK Government Investments
1 Victoria Street
London
SW1H 0ET

Tel: 0207 215 4383

Email: michael.dollin@ukgi.gov.uk

COMMENTS OR COMPLAINTS

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Angela Rabess
BEIS Consultation Co-ordinator
1 Victoria Street
London
SW1H 0ET

Tel: 020 7215 1661

Email: angela.rabess@beis.gov.uk

CONFIDENTIALITY & DATA PROTECTION

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). There is also a statutory Code of Practice issued under section 45 of the FOIA with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

If you want information, including personal data, that you provide to be treated in confidence, please explain to us what information you would like to be treated as confidential and why you regard it to be confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances.

An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department for Business, Energy and Industrial Strategy.



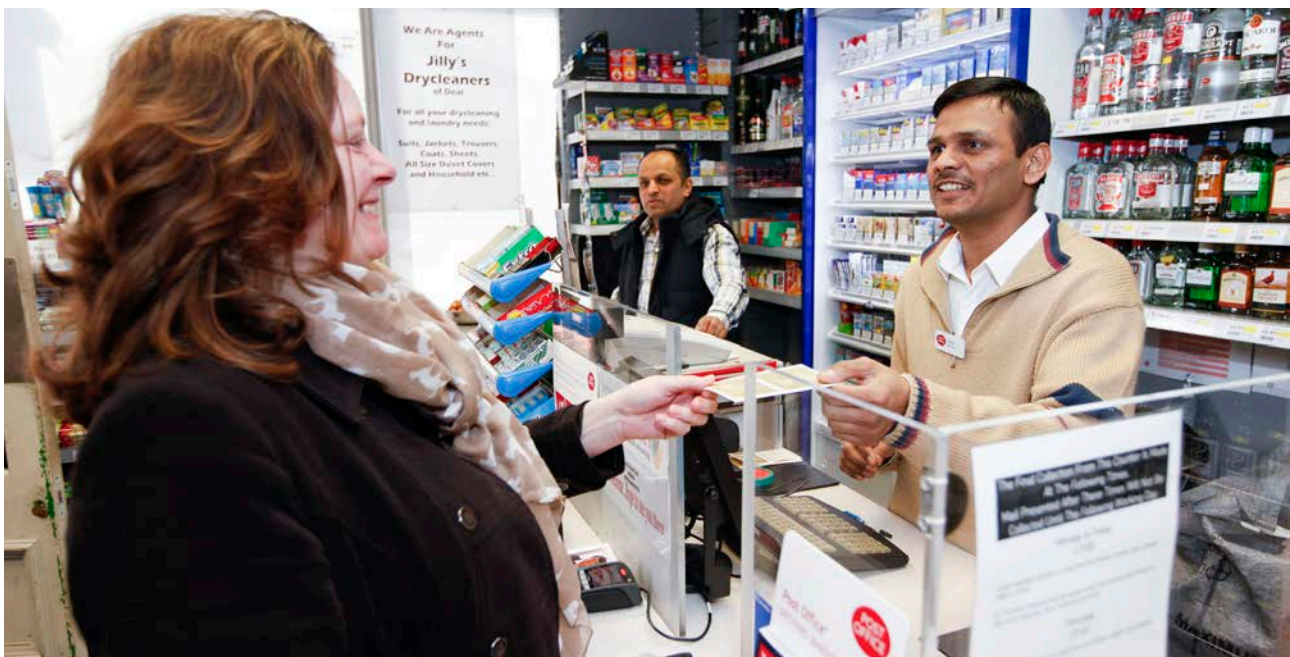
Introduction

Over the last few years the post office network has been changing for the better. More than 6,500 branches have been modernised, offering customers longer opening hours during the week, extended weekend hours and modern open-plan layouts, and the range of services on offer has also evolved to keep up with demand. Customers are doing more online shopping and can collect or return their orders at post offices, and Post Office Limited is also becoming a leading provider of insurance, savings and mortgage products.

These changes have brought clear benefits to customers and the people who operate post office branches, the vast majority of whom are independent business people, and this helps to make the post office network as a whole more sustainable. Today the number of post office branches is more stable than it has been for many years and a new generation of small business owners are stepping forward to sign-up to run branches. All this has helped Post Office Limited, the company that operates the post office network, reduce losses by more than two thirds since 2012 and government expects

these reductions to continue. This has allowed government to reduce the amount of taxpayer subsidy provided to support the post office network, and between 2013 and 2016 this fell by £80 million.

The changes made to the post office network have been driven by developments in the ways that customers interact with branches, combined with years of underinvestment that had led to many outlets being outdated and unwelcoming. People post fewer letters, but they shop online and have a greater demand for parcel services. Many government services, such as driving licence applications, have moved online, which has meant the ability to interact face to face is now even more important, particularly for people who can not access the internet. Although these trends are expected to continue, post offices are now much better positioned to respond and to continue to meet customers' needs in the future. This is the type of post office network that government would like to maintain and this consultation is an important part in achieving that goal.



The Post Office Network

THE NETWORK TODAY

Today the post office network comprises more than 11,500 branches and since 2010, supported by a programme of modernisation, the size of the network has been the most stable it has been for many years. This follows a series of restructuring programmes in 2003 and 2007 that resulted in many branches closing and a decline in the number of post offices from more than 18,000 at the end of the 1990s.

A STABLE NETWORK

The post office network consists of a number of different branch types. While some are owned and operated by Post Office Limited, the vast majority are run by independent small businesses or retail partners.

Post Office Limited operates around 300 branches itself which are typically located in the centre of large towns. Over the last three years these branches have been transformed with better layouts, dedicated areas for services such as foreign exchange and mortgages, and the introduction of self-service machines. A number have also been turned into successful franchises, operated as standalone post offices by independent business people or located within another retailer's premises. Supported by the hard work of Post Office Limited's employees, these changes have helped to reduce the losses in these branches from £46 million per year in 2012 to now, when overall they are on track to break even. There is still more that can be done and in the coming years Post Office Limited intends to continue its work to make this part of the network more sustainable.

The majority of post offices are owned and operated by independent business people and retail partners such as McColl's and One Stop. These branches are located in every corner of the United Kingdom and they

take a wide variety of forms. While many are standalone, a majority are located inside other shops, and the number of branches operated in this way is increasing. This helps to make post offices more sustainable while also increasing revenue for the host retailer. These types of post offices also bring benefits to customers, as they typically offer greater convenience, longer hours and the opportunity to shop for other products, such as groceries, alongside post office services.

In addition to this core network of branches, Post Office Limited also makes sure that small, remote and hard-to-serve communities also have access to a range of post office services. It does this in a variety of ways, working with independent business people and communities to set up and run mobile post offices and branches in pubs, churches, village halls and even in some cases in people's front rooms.



All of these groups of branches, those run directly by Post Office Limited, those owned and operated by independent businesses and those that are serving small, remote and hard-to-serve communities, together make up the post office network. It is the largest network of retail outlets in the UK and has more branches than all of the major high street banks combined.

Access to the Post Office Network

In 2007 government set out a range of criteria to define what a nationwide network of post office branches should look like, recognising the social role many branches play. Today the post office network continues to meet these criteria and with more than 11,500 branches it is the largest and the most geographically dispersed retail network in the country.

Government is committed to maintaining a national network of post office branches and it believes that setting access criteria continues to be the best way to make sure this is achieved. The current criteria are:

- Nationally, 99% of the UK population to be within three miles and 90% of the population to be within one mile of their nearest post office.
- In deprived urban areas, 99% of the total population across the UK to be within one mile of their nearest post office.
- In urban areas, 95% of the total population across the UK to be within one mile of their nearest post office.
- In rural areas, 95% of the total population across the UK to be within three miles of their nearest post office.

Post Office Limited is also required to make sure that 95% of the population of every postcode district⁽²⁾ is within six miles of their nearest outlet, to make sure that even the most remote communities continue to have access to post office services.

In meeting these criteria Post Office Limited take into account local conditions, from local patterns of demand for services to, for example, geographical features that could cause people to have difficulty accessing services (e.g. rivers, mountains, sea crossings and islands.)

Government does not propose changing the criteria that define what a nationwide network of post offices should look like. However to make sure that the network continues to be able to meet customers' and communities' needs, government does want to understand from consumers and businesses whether they believe these criteria remain relevant, and if not whether a different approach should be considered.

QUESTION 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?

QUESTION 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?

2

A postcode district is made up of the postcode area, often the first two letters of a postcode, and one or two digits and sometimes also a final letter (e.g. G12, NP7 and SW1H). There are around 2,800 postcode districts in the United Kingdom.

The Role of the Post Office Network

Throughout its history the post office network has played important economic and social roles, supporting growth of local businesses and serving at the centre of communities, bringing people together and acting as a source of important information.

Even though the world in which the post office network operates has changed over time, these roles have endured. Research conducted by the Department for Business, Energy and Industrial Strategy⁽³⁾, by Post Office Limited and by key stakeholder groups consistently demonstrate the significant value the post office network delivers, from the busiest city centres to the remotest parts of the United Kingdom. For example, a 2016 report from the Association of Convenience Stores shows that post offices come top in a list of twelve high street services as having the most positive impact in a local area⁽⁴⁾.

To make sure the post office network continues to be relevant to businesses and consumers in the future it must be responsive to customers' and communities' needs. Part of this is about making sure the right post office network is in place but it is also about making sure the services available at post offices are the ones that people need⁽⁵⁾.

This need is most important for people who use the post office network because they cannot access or use alternative services or service providers. This could be because they can access their local post office but no other service providers are available nearby, or it could be that they need face-to-face services because they cannot use digital or online channels, and this is only available at post office branches. Post offices play a critical role in the lives of these people and government believes it is important that the needs of these people continue to be met.

Post Office Limited has commercial contracts in place with third parties such as Royal Mail, the Department for Work and Pensions and

the Driver and Vehicle Licensing Agency. These contracts enable it to make services available at its branches, and continuing to hold these contracts is vitally important in order to allow provision of services to be maintained into the future. However as customers' needs change over time the services they expect from the post office network may also develop; this means that to stay relevant to customers Post Office Limited should try and secure commercial contracts for new services where there is a need and a demand for these.

To inform what future support might be provided to the post office network and discussions with Post Office Limited regarding the business's future strategy, the Department for Business, Energy and Industrial Strategy would like to understand from consumers and businesses what new services could be available at post office branches in the future, particularly ones which would not be accessible through other providers. These services are likely to be those that play an important role in supporting remote communities, vulnerable members of society and others that rely on over-the-counter transactions (e.g. as they cannot use direct or digital channels).

QUESTION 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?

3 4 5

<https://www.gov.uk/government/publications/post-office-network-social-value>

<https://www.acs.org.uk/research/local-shop-report/>

A full list of services can be found at <http://corporate.postoffice.co.uk/sites/default/files/network%20report%202014-15.pdf>

Communities and the Post Office Network

Communities have had an important role in the post office network since early in its history, and in today's network, those branches where communities are more involved are among the most successful and sustainable post offices. Thousands of post offices are located in the last shops in a community and a number are based in locations which have an important local role, such as church halls or pubs. In many of these cases communities themselves also have a direct role, and today approximately 200 branches are part of community owned shops owned and run by local people. As well as making sure that post office services continue to be available in a given area, these branches also play important roles as social amenities and hubs for a community, helping to secure the future of these vital facilities.

Greater community involvement also helps to make post office branches more responsive to the needs of local customers. As a result, many of these branches are thriving commercial successes as the opening hours, branch layout and the range of products and services on offer are driven by local needs and customer demand.

Government believes that there could be lessons to learn from these post offices that can be applied more widely across the post office network. For instance, more communities could play a role in shaping how post office services are delivered in their area or people could have a more involved role in the running of their local branch. There might also be lessons to learn from other community engagement activities unrelated to the post office, which if applied to the post office network could bring benefits to people, communities and their local branch. This could include working with community groups or events, or joining up with other local amenities or facilities that people rely on.

The Department for Business, Energy and Industrial Strategy would therefore like to understand from people what shape they believe this greater role could take.

Government will look to use these views to inform its approach to the post office network and also in discussions with Post Office Limited regarding the business's future strategy. This could ultimately see local communities playing a more central role in the post office network in more parts of the United Kingdom.

QUESTION 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 local economies and strengthen communities?

Conclusion

In 2016, the future of the post office network looks brighter than it has for many years. The number of branches in the network is increasingly stable and customers are benefitting from a widespread modernisation programme which is making branches more accessible and sustainable. Furthermore government recognises the significant value that branches play in local communities and the importance people place on being able to access their local branch, and it has committed to maintaining a national network of post office branches that is accessible to all and to securing the future of 3,000 rural branches.

To make sure these commitments can be met, and that customers have the network they need in the future, the Department for Business, Energy and Industrial Strategy is running this consultation to hear the views of customers, taxpayers, stakeholders and anyone else with an interest in the post office network.

Responses will be used to help understand if people believe that the post office network is delivering today, in terms of access and services, and if not what should be done about this. This will then influence what support government provides to the post office network in the future and how this is spent. Government therefore welcomes views on the issues raised in this consultation, and in particular the specific questions being asked throughout this document.

QUESTION 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?



Annex A: Reporting consultation response form

Name:

Organisation (if applicable):

Address:

Please tick which best describes your organisation.

Respondent type	
Business representative organisation/trade body	
Central government	
Charity or social enterprise	
Individual	
Large business (over 250 staff)	
Legal representative	
Local government	
Medium business (50 to 250 staff)	
Micro business (up to 9 staff)	
Small business (10 to 49 staff)	
Trade union or staff association	
Other (please describe)	

QUESTION 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

No

QUESTION 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?

Comments

QUESTION 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?

Comments

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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?

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Comments



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