

Vital village services (including post offices)

Summary of RSN policy messages

- Uphold the Government commitment to retain the size and reach of the post office network, ensuring it continues after the Network Transformation Programme.
- Address concerns about service standards and staff training at Post Office Locals.
- Ensure that adequate investment goes to Community Post Offices in rural areas.
- Establish a Post Bank offering a range of banking services to customers, including pensioners and businesses.
- Make better use of the post office network's unique reach to deliver Government and public services.
- Make good use of policies in Local Plans and Neighbourhood Plans to retain village services and facilities in their current use.
- Maintain the Royal Mail USO and consider measures to stop unfair cherry-picking by its competitors, given potential long term consequences for rural communities.
- Review the Community Right to Bid and whether this measure could be improved.
- Assess evidence about the reasons for so many pub closures and take action.
- Ensure there is funding and advice for communities wishing to save local services.

Context

Local services – such as village shops, post offices and pubs – lie at the heart of functioning communities, as well as offering a lifeline to many vulnerable residents. When the last outlet closes a tipping point has been reached and a focal point where residents would meet has disappeared. There is no longer any option but to climb in the car and go elsewhere. Those who find it hard to travel may become isolated. Job opportunities in those outlets no longer exist and money which was spent in them flows out of the community.

Rural issues

Among key rural issues are the following:

- Shops: village shops, many of which can be described as convenience stores, have been closing at the rate of around 400 per year. These outlets have faced increasingly stiff competition from supermarkets, discounters and online shopping. Many of them are also host to the local post office.

- Pubs: according to CAMRA the average number of pub closures during the second half of 2015 was 27 per week (in both rural and urban UK locations). Underlying factors include the trend towards drinking alcohol at home, issues with leasehold and tenancy agreements, and freeholders realising the value of their assets by converting pubs into residential property.
- Community-run services: rural communities have been at the forefront of efforts to save or start-up shops, pubs and other services by placing them into community ownership. According to the Plunkett Foundation there are now more than 300 community-run shops and 150 community-run pubs (some assisted by the Pub is the Hub initiative).
- The post office network: this still extensive network had 6,327 outlets in UK rural locations by March 2015. It gives access to a wide range of postal, financial and government services for rural residents and businesses. Full closures (without local replacement) are no longer common. In rural areas the average annual closure rate was 43 during 2012-15. It can be hard, however, to find someone willing to take-on a post office business when the existing owners retire or move on. In such cases Post Office Limited (POL) will generally look for an alternative nearby outlet.
- Post Office Locals: under the POL Network Transformation Programme (see below) many rural post offices are becoming Locals, with post office services provided over a shop counter by shop staff (instead of a dedicated post office counter with a sub-postmaster). This may be helping to retain post offices in some rural locations and one advantage is that services should be available throughout shop opening hours. However, questions have been raised about service standards and knowledge of post office services at these outlets.
- Community Post Offices: in more remote rural areas where no other retail outlet exists or is willing to host the service, outreach solutions are being sought in the guise of Community Post Offices. These can include mobile services delivered from a vehicle, provision at a stall set up in a village hall and part-time services in other types of outlet such as a pub. This flexibility of approach enables POL to meet its access criteria (see below), though access hours and the range of post office services offered will be limited.
- Mail services: the (now privatised) Royal Mail Group Limited is an entirely separate business from POL, which in 2012 signed a ten year agreement with it to provide exclusively Royal Mail postal services (letter and parcels mail) through the post office network. Both parties say they see this as mutually beneficial, but inevitably it raises questions about the long term: whether the agreement will be renewed in 2022 and, if so, whether Royal Mail will seek to reduce its payments to post offices.

- Parcels delivery: whilst the volume of post has declined, the volume of parcels has increased (largely to cater for online purchasing). This trend could be seen as beneficial for rural consumers with limited access to retail centres. The parcels delivery market has been evolving fast, with competitors entering and exiting the market place, and the growth of models such as click-and-collect. However, with low margins new players and models are tending to focus initially on urban centres.

Government policies

Government policy is to maintain the post office network at broadly its current size and geographic reach. In return for public investment to modernise the network, POL is required to meet a set of access criteria. One of these states that 95% of the total rural population of the UK should live within three miles of their nearest post office outlet. Another relevant criteria is that 95% of the population in every postcode district should live within six miles of their nearest post office outlet.

Under the Network Transformation Programme all post offices (by 2018 and as they are modernised) will fall into one of four categories. They are

- Crown Post Offices: in city centre locations and owned by POL;
- Post Office Mains: locally owned, but with a dedicated post office counter;
- Post Office Locals: providing services over a shared counter by outlet staff;
- Community Post Offices: part-time arrangements to plug what would otherwise be geographic gaps in the network.

Although the Department for Business, Innovation & Skills is investing in the post office network, other Departments have taken Government services (and hence income) away from the network, handing them to other providers or making them almost entirely online.

Regulation of the Royal Mail includes a Universal Service Obligation or USO: that it must provide at least one letter delivery per day (Monday to Saturday) to every UK address; that its postal services across the UK will have a uniform (stamp) price; and that it will make at least one collection per day (Monday to Saturday) from every UK post box. No USO applies to other entrants into the UK mail market.

RSN policy messages

The Rural Services Network considers that:

1. Government should continue its much-valued policy of retaining the post office network in its current size and with access criteria to safeguard

provision in rural areas. It should consult widely and keep an open mind about how best it and POL can sustain that commitment once the investment under the Network Transformation Programme concludes.

2. POL should put in place measures to address concerns about service standards which consumer watchdog, Citizens Advice, has identified at Post Office Locals. They risk damaging the much-trusted Post Office brand. There appears to be a need for more rigorous staff training at these outlets and this should be ongoing to allow for staff turnover.
3. A greater share of the investment taking place in the network needs to reach Community Post Offices which serve the more remote rural areas. Under-investment, here, could become a self-fulfilling prophecy of decline. POL's existing £20 million Community Branch Fund needs to be better promoted.
4. POL should establish a Post Bank to offer a wider array of banking services to customers, including pensioners and businesses. This should include an own brand current account to help retain and grow the customer base of branches.
5. Government Departments and other parts of the public sector should make better use of the unique reach of the post office network as a means to enhance access to public services. It offers a good alternative for users who, for various reasons, are not online. Other examples could include things such as drop-off points for library books and pick-up points for prescriptions, where there is no nearby pharmacy.
6. Good use should be made of policies in Local Plans and Neighbourhood Plans which can seek to retain village services and facilities in their current use by making it harder to cash-in and convert them to residential property. Government should consider introducing a separate (planning) use class for rural convenience stores.
7. Governments should maintain the commitment to the USO governing Royal Mail collection and delivery services. It seems only fair that consideration is given to any measures which could stop blatant cherry-picking by competitors of the more profitable parts of the postal market, since this could have long term consequences for rural communities.
8. Government should review the Community Right to Bid to assess its take-up and impact, and whether its design could be improved. Whilst this measure has real potential to help rural communities take ownership of at-risk shops and pubs, it remains unclear how far it is living up to that potential. There may be an issue with mixed use properties that are part-shop and part-residential.

9. Government should assess the evidence about pub closures and the underlying reasons. If that indicates a problem with leasehold and tenancy arrangements it should not hesitate to intervene to address such concerns.
10. Seed corn grant funding opportunities (and perhaps low cost loans) should be available to local communities wishing to save or enhance local services, including from the National Lottery proceeds. The Village SOS programme, which distributes £1.4 million of grants via the ACRE Network, is a helpful start. To be effective funding ought to go both directly to communities (project grants) and to organisations who can support them with advice and guidance.

RSN policy briefing notes are written primarily for use by Network members and partners. They are updated from time to time in order to take account of policy developments. RSN welcomes suggestions for updating this material.



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