



DEBATE PACK

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Service provision in the event of post office closures

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Summary

This debate pack has been compiled ahead of the Westminster Hall debate on *Service provision in the event of post office closures* to be held in Westminster Hall on Tuesday 1 December at 4:30pm.

In return for funding for transformation and modernisation, the Post Office is committed to investing in the network, and maintaining a network of around 11,500 branches – there were 11,634 branches at the end of March 2015.

Post Offices are sometimes closed temporarily. In some cases this has been due to problems associated with network transformation – for example the planned future home of a post office becoming unavailable. In other cases, reasons are unconnected with transformation – for example where there isn't anyone who can take on the running of the branch when the incumbent resigns. When a branch closes in such circumstances, the Post Office should communicate the situation to the local community and stakeholders, and they say they will work to see if they can arrange a re-opening of the facility, where this is feasible.

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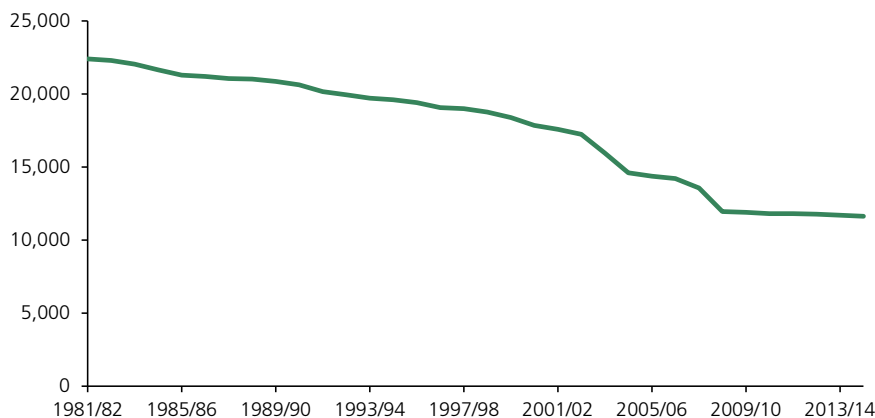
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1. Background

Post Office Limited is responsible for managing its network of 11,634 Post Office branches in the UK (numbers as of the end of March 2015). The vast majority – around 97% – are operated by franchise partners or subpostmasters, who are independent business people.

The chart below shows that the number of Post Offices has declined over most of the last thirty years, though the decline has levelled off since 2009. Last year, the number of Post Offices fell by 62 (-0.5%).

Number of Post Offices: 1981/82-2014/15



Source: Post Office Limited Network Report 2015 & Access to Post Office Services: Time to Act, POSTCOMM, 30 Sep 2002

1.1 Commitments on numbers and location of Post Offices

In return for funding for transformation and modernisation, the Post Office is committed to investing in the network, and maintaining a network of around 11,500 branches. ¹

The Post Office is required to meet the following five access criteria:

1. 99% of the UK population to be within three miles of their nearest post office outlet;
2. 90% of the UK population to be within one mile of their nearest post office outlet;
3. 99% of the total population in deprived urban areas across the UK to be within one mile of their nearest post office outlet;
4. 95% of the total urban population across the UK to be within one mile of their nearest post office outlet;
5. 95% of the total rural population across the UK to be within three miles of their nearest post office outlet.

In addition, the following criteria applies at a local level to ensure a minimum level of access for customers living in remote rural areas:

6. 95% of the population of every postcode district to be within six miles of their nearest post office outlet.²

In 2012/13, 2013/14 and 2014/15, the Post Office network met each of the five first access criteria. In 2014/15, there were three post office areas where the last criteria was not being met.

Accessibility performance, Access criteria

	Total population within 3 miles	Total population within 1 mile	Deprived Urban population within 1 mile	Urban population within 1 mile	Rural population within 3 miles	Postcode areas with < 95% of population within 6 miles
Minimum requirement	99%	90%	99%	95%	95%	0
2012/13 performance	99.7%	93.0%	99.8%	99.0%	99.1%	0
2013/14 performance	99.7%	93.0%	99.8%	99.1%	99.1%	1
2014/15 performance	99.7%	93.0%	99.7%	98.5%	98.7%	3*

Source: Post Office Ltd: *The Post Office Network Report 2015*

Note: The network analysis is based on 2001 Census

* "At the end of March there were 3 cases in PH11, DG8 and PH38 where Post Office was working to restore services following incidents that they said were beyond their control."

The [Postal Services Act 2011](#) requires the Post Office to produce an annual report on the Post Office network. The most recent report is the [Post Office Network Report 2015](#).

1.2 Network transformation

In response to decreasing use of post offices and falling revenues, with the prospect of having to pay more to subsidise the network, the coalition Government and the Post Office agreed a programme of modernisation for many post offices, as part of a package to "create a sustainable financial future for Post Office Ltd, sub postmasters, and other post office agents".

The Coalition Government committed to provide funding to the Post Office to 2017/18 for the modernisation programme. It announced a £1.34 billion package of funding as part of the 2010 Spending Review to March 2015, covering operating costs of the network as well as government capital grants to cover the costs of modernisation.³ In November 2013, it announced a further funding package of £640 million for the three years 2015-16 to 2017-18, to "complete its network transformation programme", as well as to "protect and invest in those branches which provide vital services to their communities but are not commercially viable in their own right".⁴

The transformation treats different types of post office in slightly different ways:

² Post Office Ltd, [Post Office Network Report 2015](#)

³ HM Treasury [Comprehensive Spending Review 2010](#)

⁴ [HC Deb 27 Nov 2013 c281](#)

Crown Post Offices

The Post Office directly manages around 300 Crown Post Offices – these tend to be the biggest post offices. Most of these are undergoing modernisation and are staying under Post Office control, but the Post Office have been seeking larger retail partners for some of the branches.^{5,6}

Post Office 'Main'

Other post offices are run as franchises. The largest of these are becoming modernised Main Post Offices. The 'Mains' model offers a refurbished Post Office providing a broad range of products and services and some cases with longer opening hours than previously.⁷

Post Office 'Locals'

Post Office 'Local' branches are smaller branches, where the Post Office operation is fully integrated in a retail outlet, such as a convenience store, petrol station or pharmacy. The Post Office 'Local' will often have longer opening hours than a traditional post office, but will not provide the complete range of post office services.

In some cases the transformation of a post office into a Local means its relocation in another shop.

The Government's postal services strategy, [Securing the Post Office Network in the Digital Age](#) concluded that such restructuring was "the only realistic prospect of maintaining a post office for thousands of communities across the country".⁸

Community Post Offices

There is also support for post offices in rural areas which the new main or local models are not suitable, through a £20 million investment fund. Those branches predominantly serve small, often remote, communities and they may be the last shop in the village. There is £20 million investment fund allocated specifically to this part of the network.⁹

1.3 Temporary closures of Post Offices

Post Offices are sometimes closed temporarily. In some cases this has been due to problems associated with network transformation – for example the planned future home of a post office becoming unavailable. In other cases, reasons are unconnected with transformation – for example where a sub-postmaster retires and doesn't make the premises available to an incoming subpostmaster, or

⁵ Post Office Ltd [Post Office looking to make branches bigger, modern and brighter with retail partners](#), Press release 8 February 2013

⁶ [The Post Office welcomes WH Smith as proposed retail partner for 16 crown branches and announces next step in £70M high street branches investment programme](#).

⁷ Post office, [The Post Office is modernising](#)

⁸ BIS, [Securing the Post Office Network in the Digital Age](#), November 2010, para 22

⁹ [HC Deb 27 November 2013 c281](#)

where there isn't anyone who can take on the running of the branch when the incumbent resigns.

When a branch closes in such circumstances, the Post Office should communicate the situation to the local community and stakeholders, and they say they will work to see if they can arrange a re-opening of the facility if that is feasible.¹⁰

¹⁰ Letter from Paula Vennells, Chief Executive, Post Office to Ian Murray regarding issues raised in his parliamentary questions about the Post Office (09/05/2014) – [deposited paper DEP2014-0733](#)

2. Press Articles

Kent and Sussex Courier, 20 November 2015

Heathfield off-licence offers to run town post office

<http://www.courier.co.uk/licence-offers-run-town-post-office/story-28206152-detail/story.html>

This is Money, 23 May 2015

Post Office network in crisis as five-year cash injection from the Government runs out soon

<http://www.thisismoney.co.uk/money/news/article-3094011/Post-Office-s-demands-putting-axe-head-Mark-Baker-believes-company-trying-shut-down.html>

Daily Mail, 14 May 2015

More small Post Offices face closure as officials cut costs: Hundreds set to be moved into supermarkets and other shops

<http://www.dailymail.co.uk/news/article-3082382/More-small-Post-Offices-face-closure-officials-cut-costs-Hundreds-set-moved-supermarkets-shops.html>

Financial Times, 23 February 2015

UK Post Office agrees banking services tie-up

<http://www.ft.com/cms/s/0/50e5bd06-ba92-11e4-8447-00144feab7de.html#axzz3shxXT4nH>

3. Parliamentary Material

Parliamentary Questions

[Post Offices](#)

Asked by Chris Ruane

To ask the Secretary of State for Business, Innovation and Skills, what the shortest period was between the date on which a post office branch received public funding for improvement and the date on which it closed.

Answered by Jo Swinson, Department for Business, Innovation and Skills

The Government understands the important role that post offices play in communities across the country and since 2010 has committed nearly £2 billion to maintain, modernise and protect a network of at least 11,500 branches that continues to meet strict access criteria that see, for example, 99% of the population nationally living within three miles of a post office outlet.

This Government has also committed that there will be no programme of Post Office closures and there are currently around 11,700 post office branches in the UK, with the Post Office network at its most stable for over two decades.

As the provision of post offices and the investment made under its network transformation programme are the operational responsibility of Post Office Limited I have therefore asked Paula Vennells, the Chief Executive of Post Office Limited, to write to the hon Member on these matters. A copy of her reply will be placed in the libraries of the House.

24 February 2015 | House of Commons | 224217

[Post Offices: Worcestershire](#)

Asked by Robin Walker

To ask the Secretary of State for Business, Innovation and Skills, how many post offices were closed in (a) Worcester and (b) Worcestershire (i) between 1997 and 2010 and (ii) between 2010 and 2015.

Answered by Jo Swinson, Department for Business, Innovation and Skills

The Government understands the important role that post offices play in communities across the country and since 2010 has committed nearly £2 billion to maintain, modernise and protect a network of at least 11,500 branches that continues to meet strict access criteria that see, for example, 95% of the urban population living within one mile of a post office outlet.

This Government has also committed that there will be no programme of Post Office closures. There are currently around 11,700 post office

branches in the UK, with the Post Office network at its most stable for over two decades.

The information requested is the operational responsibility of Post Office Limited and I understand from the company that it does not hold information in the format requested. For your reference I include historic information on the number of open Post Office branches at national level and by the West Midlands Government Office region in the tables below:

Number of open post offices in the UK

Year	Number of open Post Office branches
End of March 1997	19251
End of March 2010	11905
End of Sept 2014	11631

Number of open post offices in West Midlands Government Office region (historic figures are only available from the year 2000)

Year	Number of open Post Office branches
End of March 2000	1479
End of March 2010	930
End of Sept 2014	904

5 January 2015 | House of Commons | 218796

[Post Offices](#)

Asked by Lord Roberts of Llandudno

To ask Her Majesty's Government what assessment they have made of the impact of the reduction in the Post Office network on its ability to meet its obligation to provide a universal postal service.

Answered by Baroness Neville-Rolfe, Department for Business, Innovation and Skills

This Government has committed to there being no programme of Post Office closures. Furthermore since October 2014, and the launch of Post Office's home shopping returns pilot which has seen approximately 150 new postal access points open across the UK, the network is now growing for the first time in more than 50 years.

Royal Mail and the Post Office are separate independent businesses and it is Royal Mail, not the Post Office, which is the company that has been designated as the UK's universal postal service provider.

The Post Office acts as an agent of Royal Mail, providing access to its mail products and services through its national network under commercial contract. The Post Office provides access to a wide range of other services including Government, financial and telephony.

The Government understands the important role that post offices play in communities across the country and since 2010 has committed nearly

£2 billion to maintain, modernise and protect a network of at least 11,500 branches that continues to meet strict access criteria that see, for example, 95% of the urban population living within one mile of a post office outlet.

29 December 2014 | House of Lords | 3758

[Post Offices](#)

Asked by Lord Roberts of Llandudno

To ask Her Majesty's Government how many post offices and sub-post offices have closed in the United Kingdom since 2005.

Answered by Baroness Neville-Rolfe, Department for Business, Innovation and Skills

In November 2010, this Government published its policy statement "Securing the Post Office network in the digital age", which made a clear commitment that this Government would end the programmes of closure of the previous administration, and instead invest in the Post Office to secure a network of at least 11,500 branches with a sustainable long-term future.

Since 2010, this Government has committed nearly £2 billion to maintain, modernise and protect the Post Office network, and this is clearly reflected in the network figures that show the size of the network is now stabilised. It is important to note that within a network of over 11,500 branches that is overwhelmingly operated by independent agents, there will be fluctuations in the number of open branches as subpostmasters leave the network for a number of reasons, such as retirement. Where a replacement is not immediately available, the Post Office works hard to restore access to services in the community.

The Post Office makes details of the size of its network available to Parliament on a regular basis. These show that at on 31 March 2005, there were 14,609 post offices. The comparative figure at the end of the 2013-14 reporting year showed there were 11,697 branches. The following table sets out changes to the network size for the years between 2005 and 2014:

Reporting date	Post Office network size
31-Mar-05	14,609
31-Mar-06	14,376
31-Mar-07	14,219
31-Mar-08	13,567
31-Mar-09	11,952
31-Mar-10	11,905
31-Mar-11	11,820
31-Mar-12	11,818
31-Mar-13	11,780
31-Mar-14	11,697

8 December 2014 | House of Lords | 3221

[Post Offices](#)

Graeme Morrice: To ask the Secretary of State for Business, Innovation and Skills what research his Department has conducted into the social benefit of Post Office branches to local communities. [189529]

Jenny Willott: The Government fully understand and recognises the important role that post offices play in providing a wide range of vital services to the communities that they serve. The Government's policy statement, "Securing the Post Office network in the digital age", published in November 2010, was clear on this point and made clear commitments that there would be no repeat of the closure programmes of the previous administration that saw nearly 5,000 communities lose their post offices. Since 2010 this Government has committed nearly £2 billion to maintain, modernise and protect the Post Office network.

Additionally, the Department funds Consumer Futures via a levy on the postal services sector, allowing it to undertake independent research into the services provided by the Post Office and their effectiveness in meeting customer need.

Graeme Morrice: To ask the Secretary of State for Business, Innovation and Skills what support his Department has given to Post Office branches to diversify their services since May 2010. [189530]

Jenny Willott: As shareholder, the Government do not play a role in operational matters, such as providing advice or support to individual subpostmasters. However, the Government have committed nearly £2 billion since 2010 to maintain, modernise, and protect the Post Office network. This includes funding the Network Transformation programme that is seeing investment into thousands of branches, helping subpostmasters to modernise, introduce new operational practices (such as offering longer opening hours and making better use of their premises), and to become more sustainable. For branches where Network Transformation is not a viable option, the Government are providing a £20 million improvement fund to enable those subpostmasters to develop and secure their businesses.

Daniel Kawczynski: To ask the Secretary of State for Business, Innovation and Skills how the £1.3 billion Government investment into the Post Office network will be spent over what time period. [190067]

Jenny Willott: In November 2010, the Government set out its commitments to the Post Office in its policy statement "Securing the Post Office network in the digital age", which include maintaining a network of at least 11,500 branches; complying with strict access criteria; and providing for the modernisation of thousands of post offices. This is being supported by £1.34 billion funding, provided over the following years:

	£ million
2011-12	180
2012-13	410
2013-14	415
2014-15	330

Additionally, in November 2013, Jo Swinson MP announced to Parliament that the Government was committing a further £640 million covering the period April 2015 to March 2018 to ensure the Post Office network continues to be maintained, modernised and protected.

Daniel Kawczynski: To ask the Secretary of State for Business, Innovation and Skills what assessment his Department has made of the effect on the Post Office network of withdrawing car tax discs administration and similar services. [190068]

Jenny Willott: In December 2013, the DVLA took a decision that car tax discs are to be phased out from October 2014, subject to legislation going through Parliament. DVLA's contract with Post Office Ltd for services relating to vehicles and motoring and the impact of any changes to arrangements is a commercial matter for the Post Office and DVLA. However I understand that DVLA customers who choose to pay for their car tax in post offices will continue to be able to do so.

Daniel Kawczynski: To ask the Secretary of State for Business, Innovation and Skills what assessment he has made of the effects of the Government's investment into the Post Office network. [190069]

Jenny Willott: The Government set out clear and ambitious objectives in its 2010 policy statement, "Securing the Post Office network in the digital age", which are being met and made possible by the funding provided by this Government. This includes maintaining a network that is at its most stable for two decades; a modernisation programme that has seen nearly 2,000 branches improved, with thousands more subpostmasters signed up to modernise over the coming years; a strong Post Office that has negotiated a long term commercial agreement with the Royal Mail, and has won every Government contract that it has bid for over the last two and a half years; and is successfully operating as an independent business for the first time in its history.

HC Deb | 4 Mar 2014 | Column 796 - 797W

[Post Offices](#)

Chris Ruane: To ask the Secretary of State for Business, Innovation and Skills pursuant to the answer of 11 December 2013, *Official Report*, column 245W, on the post office, whether any Crown post offices not proposed for closure or sale have a cost generator ratio greater than £1.61.

Jenny Willott: In the financial year ending 31 March 2013, the 373 'Crown' branches that are directly operated by Post Office Ltd

collectively made a loss of £37 million. These are the largest town and city branches, and no business, including the Post Office, can continue with a situation where some of its high street branches cost substantially more to run than they bring in.

This is not a sustainable position, and in return for public funding to maintain a wider Post Office network of at least 11,500 branches that continues to meet the strict Government-set access criteria and deliver a vitally important social role, Post Office Ltd has committed to eliminate these Crown losses by March 2015.

As my hon. Friend the Member for East Dunbartonshire (Jo Swinson) explained on 11 December 2013, Post Office Ltd has identified 70 Crown branches where it sees no prospect of eliminating the branch losses—including Rhyl. In these locations, Post Office Ltd is seeking a suitable franchise partner within the community to provide continued access to services, and there will be no loss of Post Office services within the community.

In deciding which branches to seek franchise partners for, there are a number of factors that will have informed Post Office Ltd's decision. This decision process is both operational and a commercially sensitive matter for the company, and the Government play no role.

Mr Love: To ask the Secretary of State for Business, Innovation and Skills what his Department is doing to ensure that small business customers and third sector organisations do not suffer as a result of Post Office bank branch closures; and if he will make a statement. [181285]

Jenny Willott: There will be no Post Office closure programme under this Government, who are committing £1.975 billion over the period 2011-18 to maintain a Post Office network of at least 11,500 branches, and to provide for its modernisation.

Nearly all small and medium-sized enterprises use their Post Office at least once a year, and a third visit on a weekly basis. The Post Office offers secure, over-the-counter access to business banking services on behalf of a number of banks. Further details are available via the Post Office website.

HC Deb | 6 Jan 2014 | c 171W

Debates

Milhouse Green Post Office

Adjournment debate, 19 January 2015

[HC Deb 19 Jan 2015, 591 cc 57 - 62](#)

Post Office Closure (Sutton)

Westminster Hall debate, 25 February 2014

[HC Deb 25 Feb 2014, 576, cc 62 – 68 WH](#)

Post Offices (Islington)

Westminster Hall Debate, 29 October 2013

[HC Deb 29 October 2013, 569, cc 222 – 230 WH](#)

Royal Mail

12 September 2013

[HC Deb 12 September 2013, 567, cc 1186 - 1200](#)

Postal Services (Rural Areas)

2 September 2013

[HC Deb 2 Sep 2013, 567, cc 32 - 66](#)

Deposited Papers

[Letter dated 23/03/2015 from Paula Vennells, Post Office Chief Executive to Chris Ruane MP regarding post office closures](#)

[Letter dated 18/12/2014 from Paula Vennells, Post Office Chief Executive, to David Ruffey MP regarding numbers of Post Office branches open.](#)

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