

High streets and town centres in 2030 inquiry

Response to the Housing, Communities and Local Government Committee from Citizens Advice



Citizens Advice

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities.

In April 2014, the Citizens Advice service took on the powers of Consumer Futures to become the statutory consumer representative for the postal sector in England and Wales. Our role is to ensure postal services and post offices meet the needs of consumers in a way that is fair and accessible for all. We have particular responsibilities regarding the interests of the more vulnerable members of society, and also consider the interests of small businesses.

We are responding to this consultation in our capacity as the postal advocate. Our response focuses on the first 3 items in the terms of reference - the role of high streets, the challenges facing high streets and how high streets are adapting.

1 Post offices on the high street

The increasing digitisation of communications, transactions and retail pose a risk to both high streets and post offices. But in some ways post offices are now becoming more important, particularly as banks close and people are shopping online.

There are around 11,600 post offices in the UK. They have a unique reach, penetrating high streets and town centres in all parts of the country. Almost 93% of the population lives within 1 mile of a post office and 99.7% within 3 miles¹. The government sets access criteria to ensure post offices remain accessible to the majority of the population and that there are no systematic inequalities of access between different groups.

Over the last decade, the post office network has been restructuring and adapting to reflect broader social and economic developments so that it can continue to meet the needs of the public and small businesses. In 2018, the Post Office reaches the end of a major £2bn transformation programme - designed to ensure the network can maintain its size and financial viability.

The 2 key changes for consumers on high streets are that:

- Many traditional post office branches have been refurbished and integrated into other retail outlets (rather than being dedicated post offices)
- Many branches are now open longer than their traditional 9 - 5.30 hours.²

The importance of post offices to communities is highlighted by the over 100,000 people who responded to public consultations about post offices changes under the

¹ Post Office Ltd, [Network Report](#), 2017

² Citizens Advice, [The State of the Post Office Network](#), 2017

programme.³

In addition to the programme, the government has recently committed, as part of a new funding package for the post office network, £160 million towards protecting 3,000 of the most rural post offices.⁴

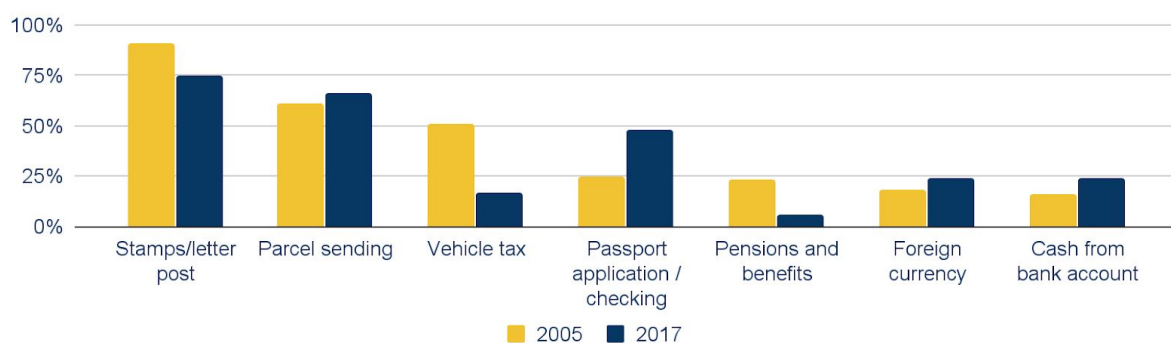
Although there have been significant numbers of post office closures since 2000, this has slowed down dramatically in the last decade and net post office numbers remain stable. Post office visits have fallen over time, but there are still 17 million visits a week⁵ and almost all individuals (97%) and small businesses (93%) use post offices.

Citizens Advice research finds 6 in 10 individuals and small businesses use a post office once a month or more often. Rural residents and businesses, and older people visit post offices most frequently - for example, nearly 1 in 3 (31%) rural residents use a post office at least weekly (compared with 21% in urban areas).⁶

The Association of Convenience Stores (ACS) corroborates the importance of post offices on our high streets. Its annual survey of UK consumers and local councillors places post offices as the top service having the 'most positive impact on the local area' (above convenience stores, pharmacies, banks and cafes).⁷

Post offices have a distinct role as a crucial high street access point to postal services. But post offices also deliver other essential services to the public and small businesses, including banking services, access to bill payment and a range of central and local government services. In many areas, post offices play a significant part in supporting the wellbeing and cohesion of local communities.

Changes in range of Post Office services used by rural residents (2005-2017)⁸



³ Citizens Advice, [The Post Office is Changing How They Inform Customers](#), 2018

⁴ BEIS press release, [Government pledges to secure the future of the post office network](#), December 2017

⁵ [Post Office Ltd figures](#)

⁶ Citizens Advice, [Consumer Use of Post Offices](#), 2017

⁷ Association of Convenience Stores, [The Local Shop Report](#), 2017

⁸ Citizens Advice, [Rural Post Office Use](#), 2017

Our research also shows that it is the very fact that post offices are available in every town centre and on high streets that is so important to people. Localness, or proximity, is the main reason consumers and small businesses use a post office, where there is a choice of outlets for accessing a service.⁹

2 Mail services

One of the biggest impacts on town centres and high streets has been the dramatic rise in online shopping. Whilst this has affected the economic viability of many high street retail outlets, it has also resulted in 190% growth in business to consumer parcel volumes since 2010.¹⁰ This trend has led to an increase in the use of parcels-related services at post offices.

Citizens Advice research shows 6 in 10 of all consumers (63%) post parcels at post offices and nearly 4 in 10 (38%) use a post office to return mail order purchases. In addition, 2 in 10 consumers (21%) collect a mail order purchase from a post office, when the item has not been delivered to them at home or work.¹¹

Today there are also around 30,000 alternative locations for returning, collecting and sending parcels. These services are available through local shops and specialist outlets (eg CollectPlus, Mailboxes Etc, Doddle), as well as parcel lockers (eg Amazon Lockers). However, despite the considerable increase in the numbers of parcels shops and lockers, the vast majority of people still use post offices for their parcel transactions.¹² In addition, urban residents have far better access to these alternatives than rural residents, and those based in rural areas remain more reliant on post offices for access to parcel services.¹³

Although the rising use of digital methods of communication has led to declining letter volumes over the past 15 years¹⁴, letter post also remains important for consumers. Our research finds 7 in 10 of all consumers (71%) buy stamps or pay for postage for letters, cards and documents, at a post office.¹⁵

3 Cash and banking

A further key technological challenge facing high streets and town centres arises from the shift to online banking, resulting in over 2,000 bank branch closures since 2015.¹⁶ In contrast, a net total of 25 post offices closed between 2015 and 2017. The government

⁹ Citizens Advice, [Consumer Use of Post Offices](#), 2017

¹⁰ Apex Insight, [UK Parcels Market Insight Report 2017](#), 2017

¹¹ Citizens Advice, [Consumer Use of Post Offices](#), 2017

¹² Accent, [Use of Essential Services Traditionally Provided at Post Offices](#), 2017

¹³ Citizens Advice, [Mapping Parcel Shops](#), 2018

¹⁴ Ofcom, [Annual Monitoring Updates on the Postal Market](#), 2017

¹⁵ Citizens Advice, [Consumer Use of Post Offices](#), 2017

¹⁶ Which? press release, [Bank Branch Closures Top 2,100](#), 2/5/18

intends the post office network to play a crucial part in filling the gap following the banks' retrenchment.

Since January 2017, an agreement between the Post Office and the banking industry has enabled 99% of UK personal bank customers and 75% of business customers to do their day-to-day banking at post offices.¹⁷ These services include cash withdrawal, cheque and cash deposits and balance checking.

The facility to withdraw cash locally is particularly important to local economies, previous studies indicate people who withdraw cash spend a high proportion of it in nearby businesses.¹⁸ Access to cash is vital as cash remains the second most frequently used payment method in the UK and is predicted to remain so for the next decade.¹⁹ Cash is especially vital for people with lower household incomes, who are far more likely to rely mainly on cash compared with their more affluent counterparts.²⁰

Post offices are already playing an important role in providing access to cash. Recent research by Citizens Advice finds 20% of all consumers have used a post office to withdraw cash from a bank account.²¹ People in rural areas are more likely to use post office banking services than those in urban areas, and also use them more frequently.²²

We anticipate that use of post office banking services will increase, as more bank branches close and awareness of the Post Office's service is raised.²³ Nevertheless, some MPs and other stakeholders are concerned about the suitability of post offices in providing banking services, including issues around the appropriateness of premises, quality and range of services and privacy.²⁴

4 Application and payment services

Post offices have an important function in community wellbeing by providing access to application and payment services on the high street. Some of these services are widely used, such as picking up government forms including applications for passports and driving licenses (49% of consumers pick up forms at post offices). Larger post offices in town centres often provide a passport checking service, and some offer identity checking services.²⁵

¹⁷ Post Office Ltd press release, [Post Office and UK Banks' Partnership](#), 2017

¹⁸ New Economics Foundation, [Ghost Town Britain II](#), 2003

¹⁹ UK Finance, [UK Payment Markets Summary](#), 2018

²⁰ UK Finance, [UK Cash & Cash Machines](#), 2017

²¹ Citizens Advice, [Consumer Use of Post Offices](#), 2017

²² Citizens Advice, [Rural Post Office Use](#), 2017

²³ UK Finance and Post Office Ltd [action plan](#) to raise awareness of banking services available at post offices launched in March 2018

²⁴ For example, see House of Commons debate on [Banking in North Ayrshire](#) (14/3/18)

²⁵ Citizens Advice, [Consumer Use of Post Offices](#), 2017

However, as increasing numbers of payments are now transacted digitally, today's post office payment services tend to be most important for people who are digitally excluded, over 65 or on low incomes. Vulnerable people are more likely to use post offices to pay for vehicle tax, council services (eg rent, council tax, transport passes) and utilities.

5 Community support

Post offices frequently make a critical contribution to the cohesion and cultural life of local communities. Over 1 in 3 (35%) consumers use a post office for 'community services'.²⁶ These include providing community information about events and local services. Post offices also often offer informal assistance to their customers - such as help and advice about services, reading official letters and form filling. In addition, post offices frequently operate as a focal point, a place to meet friends and local residents.

Such community services are particularly well used by older people and rural residents. In the context of an ageing population, this support function could become increasingly critical. Age UK figures highlight the importance of this role - the charity finds 41% of people aged 65 and over feel out of touch with the pace of modern life and over 1 million people say they always or often feel lonely.²⁷

6 Services to small businesses

Post offices provide a significant contribution to local economies by giving local access to cash and providing a reason to visit the high street or town centre. And post offices also deliver services directly to small businesses. Citizens Advice research finds almost all small businesses (93%) use post offices and over 3 in 10 visit at least weekly.²⁸

Businesses use postal services most frequently, but a significant minority also use post offices for day-to-day banking services. For example, currently 11% of rural small businesses withdraw cash for their business from a post office.²⁹ Again, this function may become more important as bank branches continue to close.³⁰

A high proportion of businesses say without their local post office, business costs would rise. This is particularly striking for rural small businesses - 76% of rural and 80% of remote rural businesses anticipate higher costs to access services if their local post office was not available. In urban areas, over half of small businesses (55%) say their costs would rise without a local post office.

²⁶ Citizens Advice, [Consumer Use of Post Offices](#), 2017

²⁷ Age UK, [Evidence review: loneliness in later life](#), 2015

²⁸ Citizens Advice, [Consumer Use of Post Offices](#), 2017

²⁹ Citizens Advice, [Rural Post Office Use](#), 2017

³⁰ Federation of Small Businesses, [Locked Out](#), 2016

Post Office small business services may become increasingly important in the context of rising numbers of small businesses.³¹

Conclusion and recommendations

Post offices are widely used by both individuals and small businesses, particularly in rural areas and by the more vulnerable members of society. Post offices currently make a significant contribution to local economies and the wellbeing of local communities.

The continued growth in online shopping and bank branch closures, indicate that people will continue to need post office services well into the future. The Post Office's community role and application and payment services are especially important for more vulnerable consumers and those in rural areas. Our evidence shows that:

1. Post offices need to remain open and local. Post offices are extensively used by almost all individuals and small businesses, and proximity is crucial. The Government's £370m funding³² to support the post office network between April 2018 and March 2021 is welcome, but the Government and Post Office Ltd must continue to ensure the post office network retains its wide geographic spread.

2. Post offices should continue to offer a wide range of services. The range of services are valued by consumers, including postal, banking, government and community services. Whilst many services are moving online, face-to-face access remains important, particularly for many of the more vulnerable members of society.

3. The Government or UK finance industry should commission research into the performance of Post Office banking services. There is an increasing reliance on post offices for day-to-day community banking services, but some stakeholders have raised concerns about the suitability of post offices in providing these services. It is important to identify and address any issues around performance and service standards and to better understand customer journeys in the context of continued bank branch closures.

³¹ www.fsb.org.uk/media-centre/small-business-statistics

³² BEIS press release, [Government Pledges to Secure the Future of the Post Office](#), 20/12/17

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