

# Access all areas?

Assessing the outcomes of the Post Office Network Transformation Programme



citizens  
advice

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# Summary

The UK's post office network is approaching the end of the largest restructuring programme in its history. By the end of the Network Transformation Programme (NTP), over 7,000 branches will have been converted to new operating models.

Citizens Advice supports the NTP's objectives. As the statutory consumer champion for post, we have conducted significant research on the NTP's impact on service standards. This report is our first research on the physical impact of the NTP. We asked GIS consultants QuoteQ Solutions to model the expected shape of the network by April 2018.

The results of the modelling indicate that by April 2018, the overwhelming majority of the population will have seen changes to their local post office. According to our analysis, nearly 8 out of 10 people's nearest post office will be one of the new models - either a Post Office Main, Local, or Local Plus.

Our modelling indicates the post office network will meet all the 'access criteria' set by the government. This is in part due to the designation of 3,000, mainly rural branches, as 'community branches' which receive subsidy from the government - funding which has not yet been confirmed to continue past 2018.

However, our research shows that the access criteria, measured 'as the crow flies', is a measure of distance which does not reflect the lived experiences of consumers who travel to post offices by road. Over 15 million people live more than twice as far from their nearest post office as the criteria might assume. Moreover, the criteria measure locations but not *services*. This could become an issue if services provided by post office outlets are curtailed in future.

In light of these concerns, and the evidence from this research, we make the following recommendations:

1. The Government should confirm appropriate funding for 2018-21 to maintain the current network.
2. Any future changes to the government's access criteria should include additional measures to reflect real consumer experiences.

# Background

In 2010 Post Office Limited announced it would be undertaking a major restructuring of its network, referred to as the Network Transformation Programme (NTP). The objectives of the programme are to modernise and maintain the network's footprint at around 11,600 branches, extend opening hours and improve accessibility while retaining service quality. A further objective is to keep the network financially viable, thus ensuring current and future access for all UK consumers. It is envisaged that the NTP will conclude by March 2018. Citizens Advice anticipates that approximately 7,500 branches - 3 post offices out of every 4 - will have converted to one of the new operating models.

Citizens Advice supports the objectives of the NTP, which are designed to secure access to essential Post Office services for all UK consumers and prevent further reduction of the geographical reach of the network. As we near the end of the programme, it is important to consider how far it has been successful in this core objective. We asked GIS consultants QuoteQ Solutions to model the expected shape of the network in April 2018. This model was calculated by taking Post Office Limited's own figures on the state of the network in December 2016 and projecting the likely effect of the remaining changes based on Post Office Limited's policies. We have used this model to ask 2 questions: what effect has the NTP had on the footprint of the post office network across the UK? And what factors might threaten access to these services after 2018?

## The Network Transformation Programme

Throughout the NTP, Post Office Limited has been converting traditional sub-post office branches to 1 of 3 new operating models: Post Office Mains, Post Office Locals and Post Office Local Pluses. Post Office Mains (Mains) modernise and replace larger post office branches. Mains may be standalone post offices or integrated into retail premises. They have dedicated counters and staff offering the wider range of Post Office services during core business hours (9am-5.30pm). Mains often also provide a smaller range of services from the general retail counter.

Smaller post office branches are converted into Post Office Locals (Locals) that are integrated into a range of different retail premises such as convenience stores, corner shops and petrol stations. Rather than having dedicated staff offer Post Office services at a separate counter, transactions are performed by general staff at the main retail counter.

Locals provide a slightly reduced range of services from what is available in Mains and traditional post offices, but still offer around 95% of the overall product range. For example, they do not generally offer payment by cheque, manual bill payments and some types of overseas mails. Locals typically operate for longer hours than traditional branches, with the post office matching the opening hours of the host retail outlet.

In certain circumstances, Post Office Limited will choose to designate a Local branch as a 'Local Plus'. Local Plus branches follow the same general operating model as Locals, but offer a slightly wider range of services and products. All Locals that are at least 5 miles by road from all other post offices with a full service offering, or that support one or more outreach branches, will become Local Plus branches.

The Government has also committed to protecting 3,000 of the most rural and remote post offices, which are generally the 'last shop in the village'.<sup>1</sup> These are referred to as 'community branches' and are not scheduled for conversion to new operating models but remain as traditional sub-post offices.

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<sup>1</sup> Department for Business, Energy and Industrial Strategy, [2016 Post Office Network Consultation](#) (November, 2016). A post office is designated as a community branch where it is a half-mile or more by road from any alternative retailer.

# 1. The Results of the Programme

By April 2018, it will not be an exaggeration to say that the post office network has been truly transformed. Although almost no branches will have closed completely without replacement, our modelling indicates that the overwhelming majority of the population will have seen changes to their local post office. According to our calculations, by the end of the NTP nearly 8 out of 10 (79%) people's nearest post office will be one of the new models - either a Post Office Main, Local, or Local Plus.

A further 5% of the population will live nearest to a 'Crown' branch. These are the branches which are directly owned and operated by the Post Office. Although Crowns are not officially part of the NTP, they are nevertheless going through a parallel process of change. Since January 2016, the Post Office has announced plans to seek franchise partners for 86 more Crown branches.<sup>2</sup>

However, despite the overwhelming scale of the programme as a whole, our modelling demonstrates that a significant section of the network will not have been converted. Over 13% of the population, approximately 6.8 million people, will live nearest to a Scale Payment post office (commonly known as a sub-post office). This will be particularly common in rural areas, where 1 in 4 (25%) people will live nearest to a sub-post office.

In many cases, the reason the branches will not have been converted is that they are one of c.3,000 branches which have been given 'community' status. This is typically given to post offices which are the only retail outlet operating in their community, sometimes known as the 'last shop in the village', which have not been obliged to change to a new operating model. Remaining as a traditional sub-post office means that they continue to receive a 'core tier payment', which is paid out of the network subsidy offered by the government. Since April 2014, additional support has been offered to these branches through the £20m Community Branch Fund. This was primarily aimed at helping these branches grow the retail side of their businesses to make them more sustainable in the long term. Such branches could be at risk of closure if future governments do not commit to maintaining this level of funding.

In other cases, the operators have been unwilling or unable to convert to a new model, or the operator has wished to leave the network but it has not yet been

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<sup>2</sup> This is based on 39 new cases announced in January 2016, 10 cases in July 2016 and 37 cases in January 2017.

possible to find an alternative location for the branch. The NTP is meant to ensure the long-term financial sustainability of the post office network. The fact that a significant section of the network has not been subject to the programme, highlights a possible long-term risk to accessibility. If a substantial number of the subpostmasters currently running these branches decide they want to exit the market, and no alternative retail venue can be found to replace them, then some local, primarily rural, communities could be left without access to a post office.

## **The government access criteria has been met**

Since 2007, the government has set 6 access criteria for Post Office Limited to ensure that the post office network is able to meet customers' and communities' needs.<sup>3</sup> The criteria currently are:

- Nationally, 99% of the UK population to be within 3 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 1 mile of their nearest post office.
- In urban areas, 95% of the total population across the UK to be within 1 mile of their nearest post office.
- In rural areas, 95% of the total population across the UK to be within 3 miles of their nearest post office.
- 95% of the population of every postcode district is within 6 miles of their nearest outlet.

These criteria are designed both to ensure that post offices are accessible to the majority of the population, and that there are no systematic inequalities of access between different groups. Given that the NTP has involved so few branches being closed without replacement, it is perhaps unsurprising that our modelling predicts that POL will be successful in meeting these criteria.

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<sup>3</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/566186/beis-16-36-post-office-network-consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/566186/beis-16-36-post-office-network-consultation.pdf)

**Table 1: Projected access to Post Offices by the end of the NTP<sup>4</sup>**

	Estimated % of Population by 2018						
	Target	Urban Deprived	Urban	Rural	All	All	All, by Postcode District
		Within 1 mile	Within 1 mile	Within 3 miles	Within 1 mile	Within 3 miles	Within 6 miles
		99% of	95%	95%	90%	99%	95%
England	Achieved	99.7%	97.8%	99.0%	93.7%	99.8%	Achieved
Wales	Achieved	99.8%	97.8%	98.2%	90.7%	99.4%	Achieved
Scotland	Achieved	99.2%	97.9%	95.7%	91.3%	98.7%	Achieved
N. Ireland	Achieved	99.5%	94.8%	97.8%	78.9%	99.0%	Achieved
UK	Achieved	99.7%	97.8%	98.4%	93.0%	99.7%	Achieved

### **Some Post Offices offer a reduced range of services**

In terms of the number and location of Post Office outlets the NTP will have been a success. The targets set by the government will have been met, and at the end of March 2018 few people will have to travel significantly further to reach their nearest Post Office than they would have had to in 2012. However, a crucial characteristic of the the NTP programme has been the conversion of Post Office outlets to new operating models, which offer a slightly different range of products than older branches.

By the end of the NTP, around 33% of post offices will be operating on the Post Office Local model which offer a smaller range of products than either Post Office Mains or Crown branches. This is because Post Office transactions at Local branches are carried out at the main retail counter. This allows staff to conduct post office transactions whenever the main retail outlet is open, making post office services available on evenings, weekends and bank holidays at many branches. However, this means that it is not possible to offer some products which require a large amount of staff time to complete.

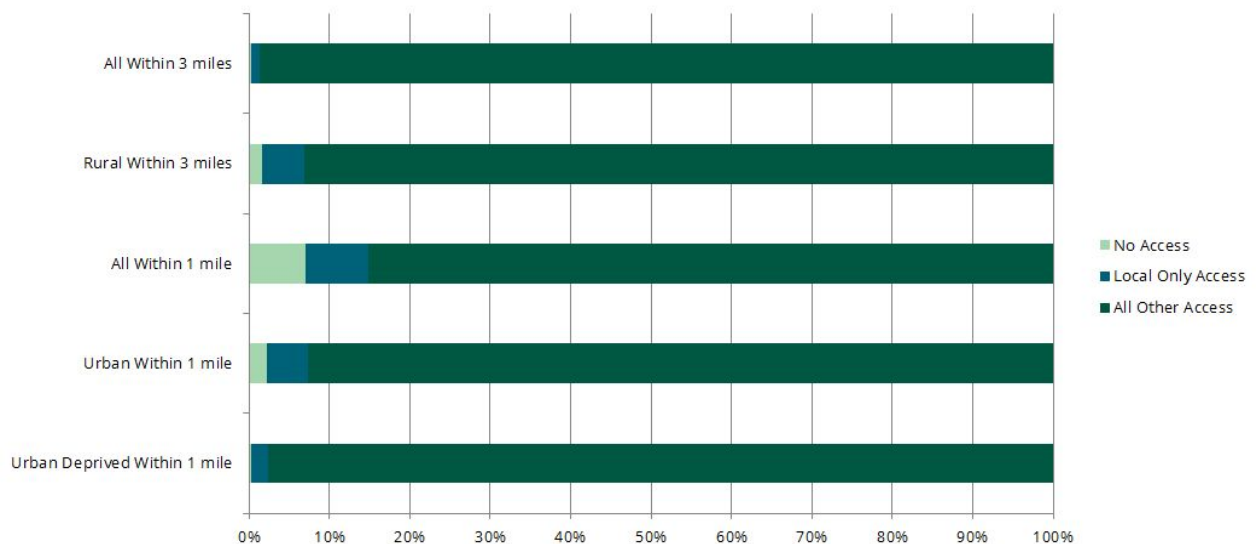
<sup>4</sup> Nb. All Access criteria (excepting those based on postcodes) operate on a UK wide basis. Analysis by constituent countries is included for interest and goes beyond the current policy requirements



In order to avoid creating substantial gaps in service provision, if a Local branch is more than 5 miles by road from a full service post office it is designated as a Local Plus. Local Plus branches offer a wider range of services than Locals, including posting heavy international packages and making manual bill payments. Using Post Office Limited’s criteria we estimate that by the end of the NTP, just under 1,400 branches will have been converted to the Local Plus model.

In order to assess the impact of the roll-out of the new models, we have modelled access to different types of post offices. This reveals small, but potentially significant gaps, in levels of service when compared to the figures for all post office branches. For instance, whereas we estimate that 94% of the UK population will live within 1 mile of *any* post office branch, easily exceeding the 90% target set in the access criteria, for 9% of the population (almost 5 million people) the only branch within 1 mile of their home will be a Local. Looking at individual countries reveals slightly larger gaps. For instance we estimate that 12% (approximately 350,000 people) of the Welsh population only have Post Office Local within 1 mile of their home.

**Fig.1 Access to Post Office by Post Office Type**



These gaps are not *necessarily* concerning. The implementation of the Local model is designed to ensure consumers have access to essential Post Office services. However, it does indicate the importance of monitoring not just where post office branches are, but what services they are providing.

Changes to which individual services are offered by Post Office Locals can have significant effects on local communities. For instance, late last year Post Office

Limited announced that it would be increasing the cash deposit limit at Local branches. This was a significant and welcome change for people running small businesses in rural communities, many of whom would have no access to other banking facilities.<sup>5</sup> Further changes to the products which Post Office Local offer could substantially alter the accessibility of essential services - either negatively or positively. Such changes would not, however, affect whether the Post Office has met the access criteria.

Furthermore, there are some complex services which are not universally available through any of the existing Post Office models.<sup>6</sup> These include services such as Passport Check and Send, and having biometric information registered and checked (a process which is necessary to gain some forms of official identification.) The overwhelming majority of the population are unlikely to use such services regularly, and therefore it might be reasonable to expect them to travel further for them than they would for more day to day transactions. But there is currently no limit whatsoever on how far consumers should be from an outlet operating such still essential services, and therefore, no limit on how much time and money it should cost to consumers access them.

Throughout the Network Transformation Programme, Citizens Advice has reviewed the impact of proposed changes to individual Post Office outlets. Through this work we have seen several examples of how proposed changes to individual Post Offices can make it dramatically more difficult for consumers to reach such services. For instance:

Post Office Limited proposed to convert the Post Office in Lochgilphead, Scotland into a Post Office Local Branch. When Citizens Advice reviewed this case we highlighted that this would mean that the nearest location that would offer Passport Check and Send services would be in Oban: a 74 mile round trip which would take 1 hour 53 minutes by car, and over 3 hours 20 minutes by bus. Following a review meeting Post Office Limited put the conversion on hold. After this the potential new operator withdrew, and it was decided to convert the branch into a Post Office Main, retaining the Passport Check and Send service.

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<sup>5</sup> According to the Campaign for Community Banking Services (CCBS), 1500 communities have lost all banks, with rural hubs and retirement communities being among the most affected. <http://www.communitybanking.org.uk/report-reduction-2016.htm>

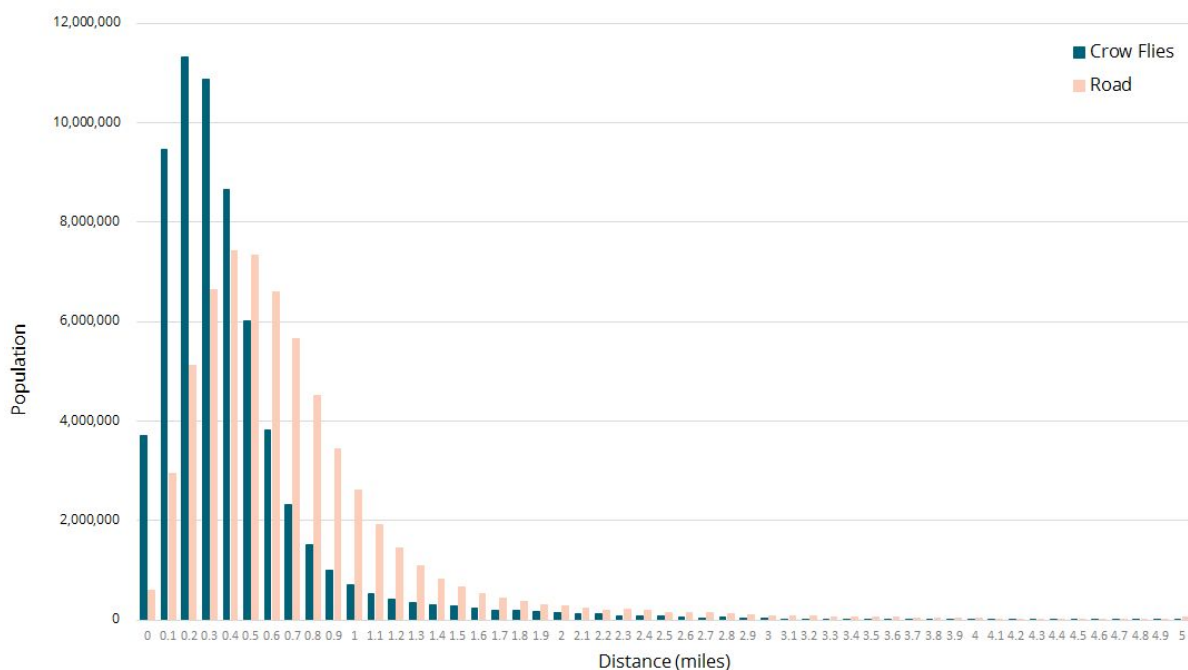
<sup>6</sup> Such services are offered on a branch by branch basis.

## Distance by road is generally longer than ‘crow flies’

The current access criteria are based on ‘crow flies’ distances - i.e. the distance measured as a straight line between where consumers live and their nearest post office, ignoring any obstacles in-between (other than certain key geographic features such as mountains). These measurements don’t reflect how many miles consumers actually have to travel to reach their nearest post office along the road network.

In order to get a more realistic picture of how accessible post office branches are, we compared the ‘crow flies’ and road distances. We found that the average consumer will have to travel almost two-thirds further by road to reach their nearest post office than they would if they could travel in a straight line. In total, over 15 million people live more than twice as far from their nearest post office by road than they are as the crow flies.

**Figure 2: Number of population by distance from Post Office (Road and “as the crow flies” measurements)**



In many cases, such disparities will make very little practical difference. If someone lives a very short distance from their nearest post office, then even a very high ratio between the ‘crow flies’ and road measurements will not have a substantial effect. For example, even in a case where the ratio between the two

distances is high as 5:1, someone who lives 20 metres from their nearest post office as the crow flies would still only have to travel 100 metres by road.

However, for other consumers the difference between the two could have a significant impact. For instance, if a rural consumer lives 3 miles from their nearest branch, the average ratio would mean they have to travel an extra 2 miles each way, substantially increasing the time and cost to make the journey.

Overall, using road distances to measure access to post offices reveals a slightly changed picture than the official criteria. Whereas over 9 in 10 people (93 %) live within one mile of a post office as the 'crow flies', eight out of ten people (80 %) are within one mile by road. This 13 percentage point gap means that around 8.4 million people have to travel more than a mile by road to their nearest post office, but are classified as living within 1 mile by the official access criteria.

**Table 2: Comparison of access by road/'crow flies' distance**

	Urban Deprived within 1 mile		All Urban within 1 mile		Rural within 3 Miles		All within 1 mile		All within 3 Miles	
	Road	Crow flies	Road	Crow flies	Road	Crow flies	Road	Crow flies	Road	Crow flies
England	94%	100%	84%	98%	95%	99%	81%	94%	99%	100%
Wales	92%	100%	84%	98%	93%	98%	78%	91%	98%	99%
Scotland	92%	99%	81%	98%	90%	96%	76%	91%	97%	99%
N. Ireland	82%	99%	72%	95%	76%	98%	56%	58%	88%	99%
Total	93%	100%	84%	98%	93%	98%	80%	93%	99%	100%

It must also be remembered that accessibility is not defined by distance alone, it is heavily dependent on what local public and private transport options are available. Polling of Post Office customers has found that most people who use a post office (59%) walk there. However in rural areas, people are almost as likely to drive as to walk (49% drive, 51% walk,) while in remote rural areas driving is much more prevalent and nearly 8 in 10 drive (79%).

People without cars can find it hard to access branches if they are located even a comparatively short distance away from the local bus route. Even people who are able to drive can experience problems if there are no convenient parking spaces nearby, especially if they are elderly, disabled or have small children. None of these factors are currently measured by the existing access criteria.

# Conclusion

Overall, our analysis shows that the NTP has ensured that the post office network continues to meet the government's 6 access criteria. Our research also raised 2 key questions about the access criteria themselves.

First, do the access criteria sufficiently reflect consumers' lived experiences? Over 15 million people live more than twice as far from their nearest post office as the criteria assume. This is mainly an issue for people who live further away from post offices. For example, 5% of rural residents live within 3 miles of their nearest post office as the 'crow flies', but not if measured by road.

Second, should the access criteria reflect what services post offices provide? We estimate that for 9% of the population, almost 5 million people, the only branch within 1 mile of their home will be a Post Office Local. These branches don't provide all services, such as international parcels over 2kg and manual bill payment services.

In light of these concerns and the evidence from this research, we make the following recommendations:

1. **The Government should confirm appropriate funding for 2018-21 to maintain the current network** of around 11,600 branches. New Citizens Advice research shows that 85% of the general public support Government subsidy to prevent post office closures.<sup>7</sup>
2. **Any future changes to the access criteria should include additional measures to ensure they reflect real consumer experiences.** Consideration should be given to a wider range of factors, such as the distance that consumers must travel along the road network, the provision and quality of public transport links, the range of services provided at the branch, and accessibility for disabled and older people.

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<sup>7</sup> Citizens Advice telephone survey of 1,000 GB adults with ComRes.

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