

COUNTRYSIDE ALLIANCE BRIEFING NOTE: SUSTAINABILITY OF RURAL POSTAL SERVICES

Westminster Hall, Jamie Stone MP

Wednesday 25 October 2023

- **A well-functioning Royal Mail postal service and the Post Office network both continue to provide a lifeline for rural communities.**
- **The Countryside Alliance is keen to see the universal postal service maintained in its current form and welcomes the Government's commitment to make no changes to the underlying obligation on the Royal Mail.**
- **If commercial pressures make the continuation of the universal postal service unviable in the remotest communities, we would prefer to see a slight reduction in the number of delivery days per week as opposed to any change to the obligation to keep prices at uniform levels.**
- **The Post Office network offers an important means of accessing cash, either using its own financial products or because it provides access to current and business accounts offered by other banks.**
- **The expansion of financial and other parcel services through Post Offices could replace lost banking and financial services to rural communities and small businesses, ensuring the long-term viability of the network and that the post office remains at the centre of rural community life.**

Background

- The Royal Mail is the UK's universal postal service operator, and as such is subject to a requirement to deliver letters to every address in the UK at a uniform price six days a week, and parcels five days a week.¹
- The Royal Mail has previously asked the Government to reduce the obligation on letter deliveries to five days a week, and last month Ofcom said that it was considering advising the Government on the matter. Its advice is expected before the end of the year.
- The Government has, however, repeatedly stated that it would not make such a change to the Universal Service Obligation. Most recently the Business Secretary, Rt Hon. Kemi Badenoch MP, told the Business and Trade Committee:

"From my perspective, advice is advice. We have been lobbied on this before. We will look at the Ofcom advice, but I certainly do not have any plans to change the USO... I do not believe that the USO is the place to start in terms of looking at Royal Mail's business. It is, like the Post Office, incredibly difficult, and these are also difficult times

¹ House of Commons Library, Research Briefing, [09.01.23](#)

*for it to be operating. If you start to move things like the USO, it stops being the service that you want to be delivered. Minister Hollinrake has been having discussions with them and is trying to work out how best they can get themselves on an even keel”.*²

- The importance of the Post Office to rural communities is underlined by the Government repeatedly highlighting it as an alternative option in areas affected by bank closures. In September the Economic Secretary to the Treasury, Andrew Griffith MP, said,

*“The Post Office Banking Framework allows 99% of personal banking and 95% of business banking customers to deposit cheques, check their balance and withdraw and deposit cash at 11,500 Post Office branches in the UK.”*³

- The Post Office is a publicly owned business operating at arm’s length from government. Ministers have denied that the network is in overall decline, with the Business and Trade Minister, the Earl of Minto, saying in September that the Government:

*“...has provided over £2.5 billion in funding to support the Post Office network over the past decade and is providing a further £335 million for the Post Office between 2022 and 2025.”*⁴

- The Post Office’s statutory Network Report 2022 indicated that 53.8% of its branches are in rural areas. The number of rural post office branches also increased from 6,122 branches in 2021 to 6,265 branches in 2022. The Government sets an accessibility requirement that 95% of the rural population must live with a Post Office branch within 3 miles: in 2022 this target was achieved at a rate of 98.15%.⁵

Countryside Alliance position

- The Countryside Alliance is keen to see the universal postal service maintained in its current form and welcomes the Government’s commitment to make no changes to the underlying obligation on the Royal Mail.
- If commercial pressures make the continuation of the universal postal service unviable in the remotest communities, we would prefer to see a slight reduction in the number of delivery days per week as opposed to any change to the obligation to keep prices at uniform levels.
- The expansion of financial services through Post Offices could replace lost banking and financial services to rural communities and small businesses, ensuring the long-term viability of the network and that the post office remains at the centre of rural community life.
- While the Post Office operates at arm’s length from government, as ultimately a publicly owned business it makes sense for the Government to offer access to its own services through Post Offices where the public stands to benefit.
- We welcome the slight expansion in the Post Office network between 2021 and 2022 and are keen to see this trend continue.

² Business and Trade Committee, Oral evidence, [19.09.23](#)

³ HC Deb, 18.09.23, [cW](#)

⁴ HL Deb, 26.09.23, [cW](#)

⁵ Post Office, [Network Report 2022](#)

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