

Our use of cookies

We use essential cookies to make our site work.

We'd like to use additional cookies to understand how you use the site and improve our services.

You can find details of these and all other cookies on our [cookie policy](#).

[Accept additional cookies](#)

[Reject additional cookies](#)

[Cookie settings](#)



Hansard

[UK Parliament](#) > [Hansard](#) > [Commons: 25 October 2023](#) > [Westminster Hall](#) > [Rural Postal Services: Sustainability](#)

Rural Postal Services: Sustainability

Volume 738: debated on Wednesday 25 October 2023

[Download text](#)

[Previous debate](#)

[Next debate](#)

🕒 4.00pm

Jamie Stone >

(Caithness, Sutherland and Easter Ross) (LD)

[Share](#)

I beg to move,

That this House has considered the sustainability of rural post offices.

It is a pleasure, as ever, to serve under your chairmanship, Mr Hosie. Balintore is a coastal village 595 miles from London and seven miles from my home town of Tain. It has no bank, a fair number of elderly residents and a bus service that is, to say the least, infrequent. When the people of Balintore and the neighbouring villages of Shandwick and Hilton heard that the local Spar shop would no longer provide a post office service, they were downcast, to say the least. There seemed no way to avoid the complete disappearance of the local post office.

Then, step forward one Maureen Ross. Maureen, a Seaboard village local, has long been a dynamo of community work. True to form, she did not disappoint. Maureen dared to ask whether the post office could be part of the local community hall, the Seaboard Memorial Hall in Balintore. The hall is already much used by the community and is a provider of excellent meals and coffee.

Maureen, in true form, approached the Post Office bosses with that innovative proposal. Fast forward to today, we have a successful local Balintore post office, open five mornings a week. Pensions are collected, bills are paid and cash withdrawn. It is the place where older folk can go about their day-to-day business and stop to have a cuppa and a chinwag.

Alan Mak >

(Havant) (Con)

[Share](#)

I am delighted to hear about the success story in the hon. Gentleman's constituency. When a rural post office closes, as he mentioned, a post box often remains in the vicinity. Residents will be keen for the post box to remain functional, as is the case at (Stoke) post office in Hayling Island in my constituency. Does the hon. Gentleman agree that keeping post boxes functional, even where the post office has closed, can help make post offices and postal services more sustainable and successful in the long term?

Jamie Stone >

 [Share](#)

Indeed, the hon. Gentleman makes a wise point. A final point on Maureen Ross: she has protected a fundamental pillar of that community. It is no surprise that a few weeks ago she was elected as a member of the Highland Council. She recognised that a network of local post offices is integral to the social fabric of our nation.

Tim Farron >

(Westmorland and Lonsdale) (LD)

 [Share](#)

It is worth bearing in mind that our banks have pretty much vacated our towns, villages, high streets and communities over the past few years. They must have saved themselves hundreds of millions of pounds in salaries, upkeep and all the rest of it. Does my hon. Friend agree that the banks should be forced by the Government to pay a far higher fee to post offices, so they can be sustainable in the long run, perhaps even becoming a front for all Government activity in their communities?

Jamie Stone >

 [Share](#)

My hon. Friend is correct. He represents a remote constituency, as I do. When I talk about the social fabric of the nation, it is important to have a network of post offices in those remote areas.

Jim Shannon >

(Strangford) (DUP)

 [Share](#)

I thank the hon. Gentleman for bringing this forward. It is more than just post offices; it is about rural communities. Does he agree that isolated communities rely heavily on a reliable, frequent service, and investment should be made to ensure that daily deliveries, as the postie does his rounds in our rural constituencies, are not a bonus but are a standard? Would he join me in thanking posties and delivery personnel who carry out this vital service on difficult roads in difficult conditions at the right time for us all?

Jamie Stone >

 [Share](#)

Again, a very good intervention; I completely agree. I have described a success story, for which I thank the Post Office for seeing that it happened. Now I turn to a more difficult situation. On the north coast of Sutherland, in my constituency, there are two local post offices at villages called Melvich and Bettyhill. They are now worried about their viability.

Patricia Gibson >

(North Ayrshire and Arran) (SNP)

 [Share](#)

The hon. Gentleman will be aware that the previous Labour Government stripped post offices of many of their unique services and the current Government have not supported post offices as they should have done during the recent difficult times. Does he agree that that has made the sustainability of post offices all the more challenging, particularly in rural areas such as Brodick on the Isle of Arran, which is now facing the closure of its post office?

Jamie Stone >

 [Share](#)

The point is well made. I will give this specific detail: until now, Royal Mail, which is a separate organisation, has paid each of the two post offices I described to have a parcel and letter sorting facility at the back of their shops. Technically, that is termed a scale payment delivery office or SPDO, which is where posties go to sort the letters and parcels, to avail themselves of toilet facilities and, indeed, to have a sit-down to eat what we in the highlands would call their piece at lunchtime. I have been told that those contracts are due to end this coming January, leaving the shops without the funding for an SPDO. In the case of Bettyhill, the shop will lose a significant sum of money. It means that posties will have to meet in the public car park to sort the mail and swap parcels between vans. That is a pretty unpleasant prospect when we think about some of the weather we have had recently in my constituency.

Dr Neil Hudson >

(Penrith and The Border) (Con)

 [Share](#)

I congratulate the hon. Gentleman on securing this important debate. This year, the Environment, Food and Rural Affairs Committee produced a report on rural mental health, and pivotal to that was rural isolation, with people needing access to vital services, including postal services and banks. Does the hon. Gentleman agree that it is beholden on both central and local government to work with communities to protect and uphold those services for the benefit of rural constituents?

Jamie Stone >

 [Share](#)

I absolutely concur with that, and it brings me to my next point. When nature calls for our posties, they have been advised that they will simply have to use public toilets rather than what was at the back of the shop. At this time of year in the highlands, many public toilets are closed. This is about the overall approach described by the hon. Member for Penrith and The Border, and getting all the services, the council and local government to act together.

What happens if there is a parcel for Mrs McKay on the north coast, but she is not at home when the postie comes to deliver it? In the past, it would go back to the local post office and would be put, in the case of Bettyhill, in a safe room and stored there. Now, however, it has to go all the way back to Thurso, which is a good 30 miles from Bettyhill and 17 from Melvich. That is far beyond the usual access criteria set by the Post Office, which says that those living in rural areas should live “within three miles” of their local branch. That is no good to my hypothetical Mrs McKay. She might not drive, she might be elderly and, as I have said, she can hardly rely on public transport.

Keir Mather >

(Selby and Ainsty) (Lab)

 [Share](#)

There is a point about staffing of rural post offices. Eggborough post office in my constituency has to close at 1 pm on most days due to staffing pressures. Does the hon. Member agree that specific support could be allocated by Government to meet some of those staffing deficiencies so that rural post offices are more viable in future?

Jamie Stone >

 [Share](#)

Yes, indeed. I completely agree with that. I hope that some constructive thinking will now be forthcoming. As I have said already, this is part of our social fabric.

Earlier, I touched on loss of income for shops. The post office at Bettyhill will lose almost £7,500 a year. As I have said, that could mean not only further post office closures but shop closures. Pillars of rural communities will be demolished by cost-cutting tactics: we see all too much of that in the highlands, with that weary drumbeat of closures and cutting back.

Mr Alistair Carmichael >
(Orkney and Shetland) (LD)

[Share](#)

This comes on top of a situation that most sub-postmasters and sub-postmistresses already face, where the individual transaction costs that they are paid for are actually more than the money they are given from the Post Office. Does that not make the bleak scenario that my hon. Friend outlines look rather inevitable?

Jamie Stone >

[Share](#)

My right hon. Friend represents the furthest constituency—even further away than mine—so he indeed knows what he is talking about.

Money is lost. There are, however, other ways to ensure the sustainability of rural post offices. We have heard how we can do this from the numerous interventions, for which I thank all hon. and right hon. Members.

Stephanie Peacock >
(Barnsley East) (Lab)

[Share](#)

I am very grateful to the hon. Gentleman for giving way, and for tabling this important debate. There has been an issue in my constituency—which I think can be described as semi-rural—with the post office in Darfield regularly not opening. I am hopeful that we will have a solution, and perhaps the Minister can pick up on this, because it has been tricky to get the Post Office to act when there have been regular closures. Does the hon. Gentleman agree that it has a real impact when residents cannot access the post office due to regular closures and the travel time is not sustainable?

Jamie Stone >

[Share](#)

I will say in passing that I am very considerably encouraged by the number of interventions. It leaves me in very good heart.

Jim Shannon >

[Share](#)

There are more to come. *[Laughter.]*

Jamie Stone >

[Share](#)

Perhaps I asked for that one.

As I said, there are ways of keeping the post offices open. Getting rid of the Driver and Vehicle Licensing Agency services is absolutely not one of them.

Marion Fellows >
(Motherwell and Wishaw) (SNP)

[Share](#)

On that note, the withdrawal of DVLA services, due to take place in March next year, is abominable, and will further cut the amount that sub-postmasters can earn. Does the hon. Gentleman agree that the Government should invest in the future of the rural network, pay sub-postmasters enough to allow them to continue providing their vital services to local communities, and get more business into these vital outlets for rural communities?

Jamie Stone >

 [Share](#)

The hon. Lady makes an extremely good intervention.

Sarah Dyke >

(Somerton and Frome) (LD)

 [Share](#)

Will my hon. Friend give way?

Jamie Stone >

 [Share](#)

Goodness me! With pleasure.

Sarah Dyke >

 [Share](#)

This is an extremely important debate and I am very pleased that my hon. Friend has tabled it. I have met with several postmasters in Frome and Martock, in my constituency. They are worried that from 31 March next year, people will be unable to access DVLA services from Post Office branches. Currently those branches carry out 6 million DVLA transactions a year. I know that the range of services offered by the post offices in Frome and Martock are essential to many residents. Does he agree that we need to recognise the regrettable impact that the loss of in-person services at Post Office branches will have on our rural communities?

Jamie Stone >

 [Share](#)

Indeed I do agree. If we look at this historically, the Royal Mail post office network was one of the proudest achievements of the 19th century: it made this country what it is. One last point on the DVLA—some 6 million people use the post office network for accessing DVLA services each year. That increases the vital footfall to local branches which helps to pay our postmasters, and keeps our post offices open. I call on the Government to look again at this decision to take away this function.

Finally, to conclude—*[Interruption.]* I will give way to the hon. Gentleman.

Duncan Baker >

(North Norfolk) (Con)

 [Share](#)

I thank the hon. Gentleman for giving way. He would know that I would want to say something, being a former postmaster myself. There is a glaring hole on our high streets as our banks leave at an ever growing rate. The Post Office does a fantastic job, as we know. Why can it not be given the tools to roll out banking hubs up and down our high streets? Not only would this be a fantastic additional service to the post office network, but it would also help postmasters—who could perhaps run them—receive valuable additional revenue.

Jamie Stone >

 [Share](#)

Again, wise words.

Tonia Antoniazzi >

(Gower) (Lab)

[Share](#)

rose—

Jamie Stone >

[Share](#)

I sense another intervention coming.

Tonia Antoniazzi >

(Gower) (Lab)

[Share](#)

I thank the hon. Gentleman for giving way. In Llanmadoc—in my constituency—the post office is located in a community shop that also serves as a meeting space for local groups. After the closure of the old shop 20 years ago, the community and volunteers got together to make that happen. The post office benefits hugely from being in this hub now, and it also benefits the tourists that come to Gower. Will the hon. Gentleman agree that post offices such as the one in Llanmadoc are vital to our rural communities, and will he join me in thanking the volunteers and people in these rural communities determined to make those services work for everybody?

Jamie Stone >

[Share](#)

That is absolutely correct. I think we are all saying that any Government, of any colour—be it the Scottish Government, or Westminster—has a responsibility to remote communities. It is of course for Royal Mail and the Post Office to try and work together, and perhaps also—as others have said—local councils and other organisations, to make this work.

The bottom line is that I do not want to see posties on the north coast of Sutherland having to swap parcels and letters between their vans in the rain and I do not want them searching for a loo that is probably closed. We can do things so much better. As I have said already, I am extremely grateful for the thoughtful and helpful interventions that I have taken this afternoon.

🕒 4.15pm

The Parliamentary Under-Secretary of State for Business and Trade >

(Kevin Hollinrake)

[Share](#)

It is a pleasure, Mr Hosie, to speak with you in the Chair. I congratulate the hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone) on securing this important debate on a subject close to my heart, as a rural MP.

The post office network plays a unique and vital role as part of the UK postal system. Although consumers have more choice than ever when it comes to purchasing postal products, many still turn to bricks-and-mortar post offices. As the hon. Member rightly said, post offices are part of the social fabric of our communities.

There are currently over 6,000 rural branches, which constitute 54% of the total post office network. Over 3,000 of those rural branches are described as the last shop in the village. Recent research highlights how vital these branches are. They enable people to access vital services without needing to drive or use public transport. They are particularly cherished by older people and those who might struggle to travel far to access services. In my constituency we have lots of bus passes but not many buses, so it is very important that those rural post offices exist, as they are also integral to businesses operating in rural areas because of their important role in providing access to cash.

Cash being the word, the Government have provided significant financial support to sustain the network nationally, adding up to more than £2.5 billion over the last 10 years. The Government are providing a further £335 million for the Post Office for the period between 2022 and 2025. As part of that support, the Government have committed to maintaining the annual £50 million subsidy to safeguard services in the uncommercial parts of the network until 2025.

The Government protect the sustainability of the branch network, and the rural network in particular, by providing funding on the basis that the Post Office meets its minimum access criteria, to ensure that across the country 99% of the population live within 3 miles of their nearest post office, as the hon. Member referred to. The Post Office meets its access criteria obligations nationally, making it the largest retail network in the UK with an unrivalled reach, especially in rural areas. Indeed, in 2022 98% of the rural population lived within 3 miles of their nearest branch.

The Government remain committed to the long-term sustainability of the Post Office, but we have to recognise that there is not a bottomless pit of money. Of course, with a network of this size, we are likely to see a fluctuation in the number of branches that are open at any one time. However, the network is certainly not in decline at a national level. As its chief executive officer recently confirmed, the network is as large today as it has been for five years, with around 11,700 branches open.

Marion Fellows >

 [Share](#)

The count of the number of post offices includes drop and go facilities. Those are not in any sense post offices, as all Members here would recognise them. Does the Minister think that is fair?

Kevin Hollinrake >

 [Share](#)

Drop and go branches perform an important service, as do mobile post offices, of course. However, there is no doubt that there are challenges in maintaining the size of the network, which I will come to shortly. Of course this is public money that we are spending, so we must ensure that it is spent well, while being appropriate to the need locally, particularly in rural areas.

The percentage of the network serving rural communities has remained steady at 53% since 2016. We appreciate that it is very challenging for communities that lose their post office service and the Post Office endeavours to restore services as quickly as possible.

Tim Farron >

 [Share](#)

The Minister is a good man; I am very grateful to him for being so generous, indeed super-generous, to my hon. Friend the Member for Caithness, Sutherland and Easter Ross (Jamie Stone) earlier.

The thing about individual post offices is that I can think of a couple of villages in Westmorland and Furness —Hawkshead and Shap—that have lost their post office and where Post Office Ltd. is working hard to restore them. Will he pay particular attention to those communities to make sure that we get those replacements over the line, because we are all but done with getting them back on the street and back open?

Kevin Hollinrake >

 [Share](#)

We are very happy to take up any particular issue that Members raise, as we do regularly through correspondence and other measures. Where there are closures of post offices, we will endeavour to reopen them, but that can be challenging. However, if there is a particular issue, I am very happy to meet the hon. Gentleman to discuss it.

Patricia Gibson >

 [Share](#)

Does the Minister think there is a case for giving greater UK Government support to rural post offices, which, by definition, cannot compete on footfall because they serve smaller populations, so that our island and rural communities can keep hold of our post offices, even during these difficult times?

Kevin Hollinrake >



As I said earlier, I am bound to stand up for rural areas, just like the hon. Lady and others in this debate, but there is a limit to taxpayers' money, and we are talking about £2.5 billion over 10 years and significant funding requirements now, in terms of the needs of both the network and the compensation schemes, which I will refer to in a second. We do not have a bottomless pit of money. However, there are other measures we can take, which I will mention, to make the Post Office sustainable and make individual branches profitable, which is the key to this conversation.

Returning to specific branches, I am glad that the hon. Member for Caithness, Sutherland and Easter Ross referenced the Balintore post office, which reopened at the Seaboard Memorial Hall last year, thanks to the efforts of the post office and the hall's committee, and indeed Maureen, the postmaster. However, we are in no way trying to pretend that the rural network is not facing challenges—not at all. As I have said before, the Post Office works with communities to ensure that services are maintained, and the Government's access criteria ensure that however the network changes, services remain within local reach of all citizens.

My hon. Friend the Member for Havant (Alan Mak) rightly references post boxes, which are another key part of this matter. Royal Mail is there to ensure that there is a post box within half a mile of the premises of at least 98% of users of postal services. If that is not the case, I am very happy to engage with my hon. Friend to get answers for him and change in his local area.

My hon. Friend the Member for Penrith and The Border (Dr Hudson) challenges the Government on what more we can do to ensure the sustainability of post offices. It is important we take into account that many of the challenges facing post offices are because of the changes in consumer habits—just like the rest of the high street, which is seeing those changes too. That is also related to Government services such as driving licences, passports and other similar services, mentioned by the hon. Member for Motherwell and Wishaw (Marion Fellows), who does a fantastic job as chair of the all-party parliamentary group on post offices. Many consumers now want to access such services online, which can be done very efficiently. I do not think it is for us to dictate to those citizens how they access those kinds of services if they can do so more quickly and efficiently online. That would be the wrong thing to do.

Marion Fellows >



The Government will be dictating to our constituents how they access those services if they are withdrawn from post offices, because digitally excluded people will not be able to use them online.

Kevin Hollinrake >



If that was what the Government were doing, that would be something the hon. Lady could hold us to account for, but that is not the case. There is a clear negotiation between different Government Departments over the cost of providing those services, with negotiations between the passport service, the DVLA and the post office network itself. I very much hope there is a good commercial relationship that properly remunerates postmasters for the work they do, which is key.

As I say, there has been a diminution of hundreds of millions of pounds in revenue into the post office network because of the change in consumer habits, so we need to find ways to make the network sustainable in its own right. We do not have a bottomless pit of money. We are talking about £2.5 billion over 10 years. This year, the UK economy deficit in terms of public spending, expenditure and income will be about £140 billion.

The hon. Member for Selby and Ainsty (Keir Mather), whom I welcome—this is the first time I have responded to him in a debate—challenges us to do more and provide more funding. There are challenges with that. To govern is to choose, so we have to be careful how we spend taxpayers' money. Nevertheless, we want to make sure that the post office network is sustainable in its own right, wherever possible, to ease the burden on the taxpayer. We are, of course, determined to retain the network wherever possible and to find ways to do that.

The hon. Member for Westmorland and Lonsdale (Tim Farron) rightly raises the issue of the banking framework. This is a relationship between banks and post offices, in terms of how post offices are remunerated for providing many of the services banks used to provide when they had branch networks across the country. Since 2015, there have been 5,500 bank closures—at the last count—across the network and collectively across the different high street brands. That saves those banks somewhere in the region of £2.5 billion to £3 billion a year.

We are very keen for the Post Office, in its negotiations with the banks via UK Finance or other means of negotiation, to get a better deal and better remuneration from that relationship. Increases in remuneration should go, wherever possible, into the branch network or into automation to make those branches work more efficiently, so that they can be more profitable. A key thing that we would like to see is a fairer relationship, which shares some of the savings banks are making from the closing of their branches with the network that is providing those services since their closure. While we want to see access to post office services retained for our communities, we also want things like access to cash, both in terms of dispensing cash and cash deposits. That is vital, particularly for small and medium-sized enterprises, and for the 2 million people in this country that do not have a bank account and the 8 million people who use cash every single week.

Jamie Stone >

 [Share](#)

At the beginning of my contribution, I outlined the success story that is the work of Councillor Maureen Ross to establish a post office in Balintore. I know from having talked to the good lady that she is thinking of increasing the opening hours and has thoughts on banking, as we have no bank branches in the villages at all. I suggest to the Minister that it might be constructive if perhaps some officials from his Department went up there and talked to Councillor Ross, and saw what a good idea that would be.

Kevin Hollinrake >

 [Share](#)

I would be very happy to visit if I find myself in that part of the world. It is quite a way away from even my constituency, but Maureen obviously does a fantastic job for the hon. Gentleman and his community, and we are keen to support those efforts. I am very happy to facilitate a conversation to ensure that Maureen has the best opportunity to make her business as viable as possible.

The Government are also funding the cost of the replacement of the **Horizon** IT platform that caused so many difficulties. Again, we hope that will provide new opportunities too, both in terms of efficiency and new services. We see post offices becoming parcel hubs, and the Post Office sees that as an opportunity to be frequented not just by custom from Royal Mail but also DHL, DPD, Amazon and other providers. There are future revenue opportunities that we should encourage to ensure that the network is sustainable.

Briefly on **Horizon**, last week's written ministerial statement announced our intention to provide additional financial support to the Post Office as it continues to respond to the **Horizon** IT scandal. That is further proof of our commitment to the network.

There are certainly challenges ahead, but we continue to work with the Post Office to ensure that it is fit for the future, and we always welcome views from across the House on the network and how we make it sustainable for the future. I therefore once again thank the hon. Member for Caithness, Sutherland and Easter Ross for securing today's important debate, and thank all other Members for their contributions.

Question put and agreed to.

© UK Parliament 2024

[Cookie policy](#)

[Cookie settings](#)

[Privacy notice](#)

[Accessibility statement](#)