

## **Green Paper: Future of the Post Office**

### **Response from Plunkett UK**

Plunkett UK is a national charity and member organisation with a vision for resilient, thriving and inclusive rural communities. We achieve this by supporting people to set up and run a wide range of businesses which are owned by local communities, where members have equal and democratic control. Today we represent over 850 community-owned businesses, from shops and pubs through to woodlands, farms and fisheries.

The Post Office is an important service to Plunkett members and their customers. Therefore, the government's green paper review marks a timely opportunity to consider how it can evolve to meet the specific needs of rural communities and the organisations that host Post Office services.

Whilst Plunkett's network hosts only a small number of the total Post Offices operating in the UK – approximately 350 – community businesses are growing at a rate of 30-40 per annum, rapidly replacing privately owned rural businesses and often the only business and public space open in rural areas. They will therefore become increasingly important host organisations to maintain the network of rural Post Offices in the future.

As the national body supporting rural community businesses, Plunkett is uniquely placed to support and deliver the Post Office network in rural and remote locations, ensuring that minimal service levels, and distance to a Post Office for people living in rural communities, can be delivered.

**Part One** of our response includes Plunkett's answers to the relevant questions from the online portal of the consultation, with outline, reasoning and quotes, attempting to best represent the views of our member businesses throughout the rural parts of the UK.

**Part Two** goes into more detail in our summary at the end of this response about what we believe the current challenges and opportunities are that haven't specifically been covered in the green paper consultation.

## Part 1: Consultation Questions

**To what extent do you agree with each of the government's policy objectives for Post Office?** [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]

1. For the Post Office network to provide critical postal, banking, government and utility bill-payment services to those who cannot or will not get them elsewhere.

Strongly Agree

2. For the Post Office network to be made up mostly of permanent and 'full hours' branches offering a wide range of services alongside a retail offering as these branches provide the most benefit to communities.

Somewhat Agree

3. For the Post Office network to support high streets, acting as a stimulant and visible sign of incremental economic activity.

Somewhat agree

4. For Post Office to be an organisation with a positive culture; that is run in an accountable and transparent way; and delivers benefits for and represents the interests of postmasters, partners, their customers, employees and communities.

Strongly Agree

5. For Post Office to become an organisation that adapts to changing markets with lower reliance on government funding.

N/A

6. Please explain why you agree or disagree with each of the government's policy objectives for Post Office [free text box].

Q1: Post Offices are providing these critical services to people who have no other means of accessing them elsewhere. Even when alternative services are available in the next village or town – that is not necessarily helpful to those who have no means of travelling even short distances.

Q2: Residents in rural areas will agree with the aspiration for Post Offices to offer full services and longer opening hours, but for community-owned businesses operating Post Offices it is not logistically feasible or economically viable. This is because community businesses are typically run by volunteers, sometimes over 30 volunteers, many of an older generation or demographics with mixed abilities and confidences. It is not viable to train that many people to deliver the complex services that Post

Offices provide, so the community business will typically recruit and pay a dedicated member of staff – which is only viable on reduced hours.

Q3: Community businesses act as an economic stimulant in rural areas with a combined turnover of £166M in 2024 a GVA contribution in the region of £437m. However, these businesses are not immune from trading challenges, and currently find themselves in the position of losing money as a result of hosting Post Office services. Our members would like to be remunerated for the work they deliver, and ideally for Post Offices to support the sustainability of their wider business, which go on to generate significant social, economic and environmental benefits.

Q5: Plunkett believes there is a need for a new type of contract – a hybrid of Post Office Local and Outreach which continues to meet the needs of rural communities, and is delivered with less subsidy than both outreach and current permanent contracts.

**In this Green Paper, government assesses that Post Office's role will change in the following ways over the next five to ten years:**

- **for postal services, government expects Post Office to continue on its journey to enable branches to become multi-carrier hubs while working closely with the new ownership of Royal Mail on any proposals to increase collaboration between these two national institutions**
  - **for cash and banking, Banking Framework 4 secures Post Office's important role in providing services to the end of the decade. The government would welcome continued collaboration between Post Office and the banking sector, on a commercial basis and will look to host joint discussions with Post Office and the banking sector in the coming months**
  - **for government services, while many people increasingly prefer to access government services online, Post Office is well placed to continue supporting digitally excluded and vulnerable customers who need or prefer in-person services**
7. Do you agree with this assessment of how Post Office's role in postal services, cash and banking services, and government services will change over the next five to ten years?
- a) Yes
  - b) Somewhat
  - c) No
  - d) Don't know

8. Please explain your answer and add any further comments [free text box]

The ambition behind a greater diversity of service delivery is supported, but the feasibility of community-owned operators delivering this (with reliance on volunteers, operating in small buildings) needs to be taken into account.

9. Which of the following policy options for what a future Post Office network could look like do you prefer:

- a) Maintain Government's existing requirements including the 11,500 minimum branch requirement and the geographical Access Criteria
- b) Maintain the geographical Access Criteria but remove the overall minimum branch requirement
- c) Develop new requirements designed to target local areas with insufficient service provision
- d) I don't have a preferred option

10. Please explain your preference [free text box]

We don't want to see the network shrink below 11,500, and we understand how the access criteria protects the viability of the existing, but it doesn't take into account those communities without a Post Office where some people are dependent on its services, and have no means of traveling 2-3 miles to access them.

11. If you have any alternative suggestions for how the network requirements should change, please set them out here [free text box]

We are advocating for a new contract type which can offer flexibility in having both fixed location and outreach services to reach areas where there are fewer people but who are dependent on Post Office services.

Plunkett UK and its network of community-owned businesses is willing and able to work closely with the Post Office and the government to establish exactly what this could look like.

**We are interested in your views on the minor options for how the network requirements should change. To what extent do you agree with the following options?** [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]

- 12. Introduce customer service targets
- 13. Review the postcode access criteria
- 14. Review what counts as a Post Office branch

Somewhat Agree

15. Please explain your answers [free text box]

Some comments from a Plunkett Members stated:

“We have a Post Office outreach service 3 times a week that offers all services of the parent branch in the nearest town. Our community finds that 3 x 2.5 hours per week seems to meet the community needs (1,200 residents) – the next Post Office is 2 miles away in two different directions.”

“Outreach services would be vital to our situation.

“We could only operate as an outreach – unlimited liability for a small community shop is a “killer”.”

“Having an outreach counter once a week has worked well for us. It has been well used, particularly by elderly people, and we would be unhappy to lose it.”

“We would also like more clarity about the relationship with our outreach postmaster. We don’t have a direct relationship with Post Office, so when things go wrong we feel very much at the mercy of the postmaster. When sessions are cancelled they are clearly for business reasons (for example, moving the counter clerk to a busier place) but these aren’t always shared with us.”

**The existing governance structures have postmaster non-executive directors on the Post Office Board, alongside Post Office’s new Consultative Council and Postmaster Panel.**

16. Do you believe that these existing governance structures are sufficient for achieving Post Office’s cultural transformation?

- a) Yes
- b) Somewhat
- c) No
- d) Don’t know

17. Please explain your answer [free text box]

**We are interested in your views on whether various aspects of the current governance model need to be changed. To what extent do you agree with the following statements about Post Office’s governance model:**

Question	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
18. Postmaster engagement bodies should be set up to be permanent.				✓	
19. Postmaster engagement bodies should be set up with a clear remit.				✓	
20 .Postmaster engagement bodies should be independent of Post Office.			✓		
21. Any additional governance measures should only be introduced if they do not slow down Post Office's Transformation Plan.			✓		
22. Postmasters should be able to input more than they currently do into government's decisions on Post Office.				✓	
23. Engagement bodies should include more diverse membership, such as consumer groups and special interest groups, rather than just postmasters				✓	
24. Postmasters should be represented by an organisation not funded by Post Office.			✓		
25. Post Office should be free to consult a wide range of groups representing postmasters on issues such as remuneration and contractual issues.			✓		

26. Which of the following aspects of the governance model that could be changed is the most important to you? Please select one answer only.
- a) Postmaster engagement bodies should be set up to be permanent.
  - b) Postmaster engagement bodies should be set up with a clear remit.
  - c) Postmaster engagement bodies should be independent of Post Office.
  - d) Any additional governance measures should only be introduced if they do not slow down Post Office's Transformation Plan.
  - e) Postmasters should be able to input more than they currently do into Government's decisions on Post Office.
  - f) Engagement bodies should include more diverse membership, such as consumer groups and special interest groups, rather than just postmasters.
  - g) Postmasters should be represented by an organisation not funded by Post Office.
  - h) Post Office should be free to consult more widely on issues such as remuneration and contractual issues.
27. Which of the following options for managing Post Office in the long term do you think government should pursue:
- a) **Conversion of Post Office into a mutual**
  - b) Charter model for Post Office
  - c) Keep the existing governance structures
  - d) Another option

**We are interested in your views on longer-term governance options. To what extent do you agree or disagree with the following statements:**

Question	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
28. In a potential mutual model postmasters should not take on overall financial liabilities for the organisation.					
29. Under mutualisation Post Office should be completely independent from government.					
30. In a potential mutual model, only postmasters and strategic partners should be able to be members.					
31. Post Office should be given more independence from government once Post Office has achieved its cultural and financial policy objectives.			✓		

32. Apart from the changes and options suggested in questions 18-31, do you have any other suggestions for how governance arrangements for Post Office should change in the short or longer term? [free text box]
33. Do you have any other views on the points raised in this consultation that you feel the government should consider regarding the future of Post Office? [free text box below:]



## **Part 2: Plunkett UK Response to the Government Green Paper Consultation: The Future of the Post Office**

### **1. Introduction**

Plunkett UK welcomes the opportunity to respond to the Government's Green Paper on the Future of the Post Office. As a national charity supporting community-owned businesses across the UK, particularly in rural and remote areas, Plunkett has a long-standing interest in the sustainability of Post Office services. Community-owned businesses such as village shops and pubs, together with the Post Office, play a critical role in ensuring thriving, resilient and inclusive communities and maintaining equitable access to services.

Within our network of over 850 community-owned businesses, over **1 in 5** hold an official Post Office contract, with many others hosting outreach services. In most cases, Post Offices are integrated into the core running of the business managed by staff and volunteers, and in others, an independent sub-postmaster is operating rent free on-site the community business. Regardless, our experience and evidence from the sector make it clear: the Post Office remains **a lifeline in rural areas**, providing not only postal and banking services but also connection, trust, and cohesion in communities where few other services remain.

However, Post Office services are under growing strain—financially, logistically, and reputationally. The rural-urban divide in government funding and support is a core part of this story. Despite this, many in the Plunkett community-owned business network continue to host Post Office services at a loss.

### **2. The Rural Disadvantage: A Systemic Inequity**

Plunkett is deeply concerned by the ongoing disparity between funding for urban and rural communities:

- **Urban areas receive 36% more government funding per head** than rural areas.
- **Rural residents pay 20% more per head in Council Tax.**  
(Source: Rural Services Network – *Delivering for Rural*)

This imbalance creates severe disadvantages for rural areas and contributes to a continuing decline in public and commercial service access. In rural communities, the Post Office is frequently one of the only remaining service providers, making it even more essential.

### **3. The Role of Community Businesses in Sustaining Rural Post Offices**

Plunkett provides support to a UK-wide network of community-owned businesses, including Post Office operators, through our **adviser network**,

dedicated resources, and peer forums such as **Facebook groups**. Many of our members report that:

- **Post Office services are often operated at a loss**, with community businesses **subsidising operational costs**—including staffing—out of their retail profits.
- This cross-subsidisation is a **significant and growing financial burden** on the community business, and with additional pressures on small rural businesses, can be the difference between running a viable business or falling into loss.
- Community businesses continue to shoulder the Post Office at a loss not in the hope of gaining additional footfall into their core business, but to protect the vital services that Post Offices provide for their communities—particularly for **older people, people with disabilities, and those without access to digital alternatives**.

These efforts demonstrate the **social value** of the Post Office in rural areas—value that is often not reflected in contract terms or funding structures.

#### 4. Reputational Challenges and Policy Uncertainty

Among our members and rural communities more broadly, there is a growing perception of **Post Office Limited (POL)** withdrawing from rural services. This is underpinned by:

- Communications from MPs citing potential local closures;
- The ongoing **impact of the Horizon Inquiry**, which has damaged trust in POL;
- A **lack of understanding** of the role of Post Offices, especially among younger people who may see services as outdated or irrelevant;
- The **fragmentation of banking services** and increasing difficulty accessing cash and face-to-face financial services.

These challenges require a **coordinated, transparent, and rural-aware** response.

#### 5. Case Study: Winford Community Shop

A powerful illustration of the issues faced by rural Post Office operators comes from **Winford Community Shop**. Established six years ago when the previous Postmaster deemed the business unviable, the community stepped in to save the Post Office and village shop in which it operated.

However:

- The switch to the **open-plan, transaction-based contract** led to a **~50% drop in income** adding further pressure on the shop

- The retail performance improved due to the engagement of excellent staff and volunteers in meeting local needs
- But the Post Office remains **a financial drain**, largely because of the need to employ dedicated paid staff to deliver the more complex Post Office element.
- With **no other nearby Post Office accessible by public transport**, closure or reduced hours would significantly affect vulnerable residents.
- There is a sense that **community operators are subsidising a government service**, without adequate support or recognition.

This situation is not unique. Without structural reform, many similar branches face cutbacks or closure.

## 6. Post Offices as Rural Economic Enablers

Post Offices are also vital for:

- **Small businesses**, who rely on branches to dispatch products into the national e-commerce market;
- **Rural SMEs**, who use Post Offices to make business deposits and access financial services—especially since bank branch closures have accelerated.

The **growth in business deposits over the last six years** underscores how important the Post Office is as a banking hub for small enterprises in rural areas.

## 7. Policy Solutions and Opportunities

Plunkett recognises that the future of the Post Office must be financially viable. To that end, we propose the following policy responses:

### A. A New Contract Type for Rural and Remote Branches

- Develop a **flexible, case-by-case contract model** tailored to **rural areas**, allowing for:
  - Core service delivery;
  - Reduced hours;
  - Business to business contracts (not dependent on a single dedicated postmaster)
  - Simplified reporting and administration.
- This would reflect the lower footfall but **high social value** of these branches.

## **B. Recognition of Community Operators' Role**

- Explicitly acknowledge the role community businesses play in **preserving and delivering Post Office services**.
- Provide **dedicated support and training**, and revisit **the remuneration model** to reflect the dual role of these branches as social and economic hubs.

## **C. Protection for the 'Last Shop in the Village'**

- Over **1,600 branches** are now recognised as the **last shop in the village**.
- These should be **prioritised for protection and investment**, and exempt from further service reduction without comprehensive rural-proofing.

## **D. Explore Ownership Reform**

- Plunkett supports exploration of governance reform for Post Office Ltd, including:
  - A **co-operative-style model**, focused on customer/community ownership;
  - A **John Lewis-style mutual**, focused on staff participation and long-term sustainability;
  - Or a hybrid model combining both.

This would help rebuild trust, ensure accountability, and create a long-term platform for growth and innovation.

## **E. Reimagine Public Banking through the Post Office**

- Plunkett supports renewed exploration of a **Post Bank** or **Girobank-style solution** to restore public financial infrastructure in underserved communities.
- Such a model could provide basic banking services, business deposits, and safe lending, while reducing dependence on volatile commercial banks.

## 8. Strategic Recommendations

### A. **Rural-Weighting in Funding Models**

Recognise the higher costs and essential role of rural Post Offices by introducing rural weighting in contracts, subsidies, and future funding formulas.

### B. **Formal Rural Proofing of All Closure or Restructuring Decisions**

No rural Post Office should be closed or downgraded without a rural proofing impact assessment and community consultation.

### C. **Social Value in Performance Metrics**

Revise POL's evaluation frameworks to reflect **social impact, not just transactional volume**.

### D. **Dedicated Investment in the Post Office Network as Critical Infrastructure**

Reframe the Post Office as national infrastructure—vital to inclusive growth, digital inclusion, and rural prosperity.

### E. **Plunkett-Government-Post Office Collaboration**

Plunkett and our Members are ready to work in partnership with the Government and Post Office Ltd to **establish and test new models** of rural provision that are both **cost-effective and socially essential**.

## 9. Conclusion

Post Offices are not just service providers—they are part of the **DNA of rural life**. Their continued existence in rural and remote areas requires not only financial reform but a **philosophical shift**: from viewing them as commercial operations to **seeing them as civic infrastructure**.

Plunkett UK urges the Government and Post Office Ltd to ensure that the future of the network is **fair, resilient, inclusive, and fit for rural purpose**.

We are committed to playing a proactive role in delivering that future.

Plunkett UK, The Quadrangle, Woodstock, Oxfordshire, OX20 1LH  
01993 630022  
info@plunkett.co.uk  
www.plunkett.co.uk

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