



Department for
Business & Trade



Future of Post Office

14 July 2025



Future of Post Office

Presented to Parliament
by the Secretary of State for Business and Trade
by Command of His Majesty
Department for Business and Trade

July 2025



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Ministerial Foreword

Post offices have been at the heart of British communities for centuries, providing essential services that connect people and businesses across the nation. As we navigate the challenges and opportunities of the 21st century, it is essential that we reimagine the role of Post Office to ensure it continues to meet the evolving needs of our society.

In recent years, the way we communicate, shop, and access services has undergone a profound transformation. The rise of digital technology has revolutionised our daily lives, offering unprecedented convenience and efficiency. However, this digital shift also presents challenges, particularly for those who lack access to online services or prefer face-to-face interactions. Post Office, with its extensive network, is uniquely positioned to bridge this divide, ensuring that individuals and communities are not left behind in the digital age.

It is also essential Post Office continues evolving to enhance its ability to serve as a hub for local communities. Both Post Office and the government must look to the future to ensure Post Office is well-equipped to adapt to consumer trends so that it can continue offering a range of services that cater to the diverse needs of our population.

We inherited a Post Office in crisis. It had a grim past, a poor commercial track record and unstable leadership. This government is determined to tackle the root causes of the issues Post Office faces, provide the stability it needs and put the organisation on a solid and sustainable footing. To stabilise Post Office and enable it to modernise, we are providing over £500 million during this Parliament – demonstrating our commitment to Post Office's future.

This Green Paper seeks to open a dialogue on the future of Post Office, from the services it provides, how we modernise and strengthen the network, through to how we change the culture and the way Post Office is managed. We invite stakeholders from all sectors – postmasters, businesses, community organisations, and the public – to share their views and insights. Together, we can shape a Post Office that not only preserves its role in providing vital services to communities but also embraces the needs of modern Britain. By reimagining its role, we can ensure that it continues to serve as a cornerstone of our society, supporting businesses and enhancing the lives of citizens across the United Kingdom.



Gareth Thomas MP

Minister for Services, Small Business and Exports

Executive Summary

The Green Paper on the future of Post Office outlines the government's vision and objectives for Post Office over the next five to ten years. The document emphasises the importance of Post Office continuing to provide essential services to communities across the UK, including postal, banking, government, and payment services. The government aims to ensure Post Office remains a vital part of the UK's economic and social infrastructure, supporting high streets, communities, businesses, and the government's mission to stimulate economic growth.

The Green Paper acknowledges the challenges posed by the digital transformation of society, which has changed the way people communicate, shop, and access services. While digital technology offers convenience and efficiency, it also presents challenges for those who lack access to online services or prefer face-to-face interactions.

Chapter 2 sets out the government's vision for Post Office which includes five key objectives:

- for the Post Office network to provide postal and other critical services - currently including banking, government and utility bill-payment - to those who cannot or will not get them elsewhere
- 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
- for the Post Office network to support high streets, acting as a stimulant and visible sign of incremental economic activity
- 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
- for Post Office to become an organisation that adapts to changing markets and is financially sustainable, with lower reliance on government funding for investment costs

The government will invest over £500 million during this Parliament to put Post Office on an operationally and financially stable footing over the next five years. The Transformation Plan is critical to Post Office being able to deliver on government's long-term objectives.

Chapter 3 sets out how to ensure Post Office is fit for the modern age. This includes how Post Office has adapted to date; the trends in the key markets Post Office operates in; how Post Office needs to adapt further; and the significant risks that could undermine Post Office's ability to deliver government's policy objectives. We are keen to investigate opportunities to support Post Office to continue to improve and develop the banking services it provides and how it can further support the communities that depend on it.

Chapter 4 sets out government's current requirements that govern the size and shape of the Post Office network. As people use post offices in a different way than they used to and it has been 15 years since government's requirements were last changed, there is a strong case for assessing whether there is a different way for government to achieve what it wants from Post Office and its network. The government believes that we should maintain the size of the network, but we have heard alternative views and therefore would welcome views. There are three proposals for future network requirements that are set out in this chapter:

- 1) maintain the existing network requirements
- 2) remove the requirement to provide a minimum of 11,500 branches
- 3) add new requirements to target areas with insufficient service provision

The government is also seeking views on three more minor changes: introducing customer-service targets; reviewing the postcode-district requirement; and reviewing what counts as a Post Office branch.

Chapter 5 sets out the current governance and ownership structures for Post Office. While Post Office is making progress to improve postmaster engagement, some stakeholders want to see bolder or more direct action in the short term. This chapter sets out some of the concerns government has heard from stakeholders on governance matters and seeks views on what is important to respondents.

While government does not consider it the right time to make significant changes to Post Office's ownership model, there may be opportunities to consider more significant changes once Post Office has achieved financial and operational stability. The Green Paper sets out two longer-term options for Post Office that could be possible in the future: conversion of Post Office into a mutual, and a charter model for Post Office. The Green Paper seeks views on what is important to respondents in relation to longer term options.

How to Respond

We are seeking views on the future of Post Office. Responses to this consultation will be used to understand what customers, communities and postmasters would like to see from a modern Post Office, to help shape the company's future.

This consultation closes at 11:59pm on 6 October 2025.

To take part, access the collection 'Green Paper: Future of Post Office' documents and read the documents. Questions are posed at the end of each key section.

We strongly encourage responses are made via the [online platform](#).¹ Using the online survey will assist our analysis of the responses, enabling more efficient and effective consideration of the issues raised. If you cannot respond via the online platform, you may send your response by email (to PostOfficeConsultation@businessandtrade.gov.uk) or by post to:

Post Office Consultation
Department for Business and Trade
Old Admiralty Building
Admiralty Place
London
SW1A 2DY

If you are responding in writing, please make it clear which question each comment relates to, and ensure that the text of your response is in a format that allows copying of individual sentences or paragraphs, to help us when considering your view on a particular issue. When responding, please state whether you are responding as an individual or representing the views of an organisation or business.

¹ Online survey available at: https://ditresearch.eu.qualtrics.com/jfe/form/SV_3OY5usQLL3o17NQ

Chapter 1: Context

Post Office

Post Office is a public corporation owned by the government. It is a separate entity from Royal Mail, which is privately owned.

Post Office is one of the UK's largest retailers, with around 11,665 branches as of April 2025. Nearly all Post Office branches are operated by independent postmasters or by retail chains which operate multiple Post Office branches.

Post Office offers a wide range of services including postal products, everyday cash and banking services, bill-payment services and government services including Driving Licence and Passport application and renewals. Post Office also has an online presence offering insurance and other financial-services products, such as credit cards and travel money services.

Government sets the parameters for Post Office to operate in, including what the size and shape of the Post Office network should be. The leadership of Post Office is responsible for running the company day-to-day and the Post Office Board is responsible for providing strategic oversight.

Why government is publishing a Green Paper now

Post offices are a familiar feature in communities across the United Kingdom. As one of the country's largest retailers, with more than 11,500 branches nationwide, the Post Office branch network is an essential part of our economic and social infrastructure, supporting our high streets, communities, businesses and the government's mission to kick-start economic growth.²

The Horizon scandal was described by the Criminal Cases Review Commission as 'the most widespread miscarriage of justice the Criminal Cases Review Commission has ever seen'. The need to transform the culture at Post Office is clear. Alongside addressing the legacy of the scandal, we need to ensure that Post Office is fit for the future.

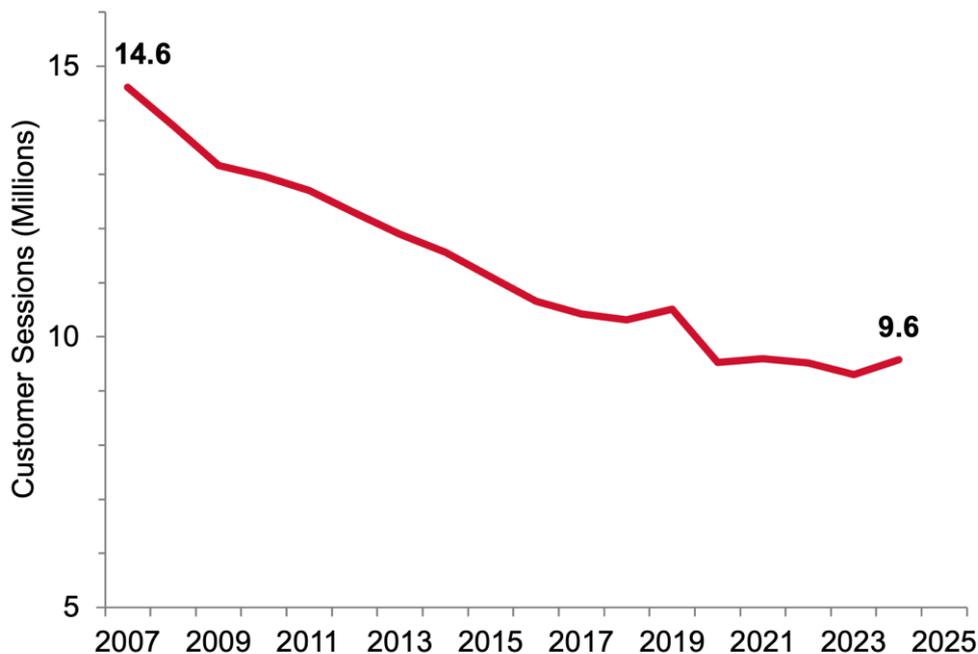
Ensuring Post Office is fit for the future requires an honest conversation about the challenges facing Post Office and postmasters. Nearly half of all Post Office branches are not profitable for the postmasters running them or only make the postmaster a small profit from the Post Office part of the business.³ While people still value their post office, it is clear that many customers increasingly access essential services via alternative routes, whether online or through other service providers. Examples include renewing a passport online or picking up a parcel from a non-Post Office parcel shop.

² [London Economics \(2023\) 'Part and Parcel: The Economic and Social Value of the Post Office'](#) explores the economic and social role of Post Office further. DBT (2025), 'The Value of the Post Office Network' examines the social value of Post Office.

³ [Post Office Limited \(2024\) 'Chairman's Speech: 13 November 9am'](#).

Chart A shows that the Post Office branch network served 9.6 million customers per week in 2024, representing a decline of 5 million customer sessions per week, or 34%, since 2007.⁴ This trend largely reflects the reduced demand for in-person services via Post Office, as customers increasingly turn to alternative providers or online alternatives.

Chart A: Weekly Post Office customer sessions over time (12-month average, millions)



Source: Post Office Limited Commercial Data – please see table 1 in the supplementary data annex for full details. Please note that customer sessions data is sourced from Post Office Ltd, which retains full responsibility for the data it provides.

Since the COVID-19 pandemic, the decline in customer sessions has been especially pronounced in rural areas, falling 16% since 2019.⁵ In 2024, 19% of total customer sessions were conducted across 5,088 rural branches (43% of the network).⁶ While customer sessions in urban areas (including deprived urban areas) have fallen by 7.0% since 2019, this has fallen in urban/city centres but risen in local parades, reflecting a possible behavioural change where individuals may be more likely to use branches near their homes rather than workplaces.⁷

⁴ Post Office Customer Sessions Data - see table 1 in the supplementary data annex for full details. Please note that customer sessions data is sourced from Post Office Ltd, which retains full responsibility for the data they provide.

⁵ See table 2 in the supplementary data annex for full details. Please note that customer sessions data is sourced from Post Office Ltd, which retains full responsibility for the data they provide.

⁶ [Post Office Limited \(2025\) 'Network Report 2024'](#).

⁷ Local parades are a clustering of shops, often along a road in a row.

However, not all services have seen a decline in transactions as customer use of Post Office changes. For instance, annual parcel pick-up/drop-off transactions have increased 68% since 2019, reflecting a surge in e-commerce since the pandemic. Similarly, priority mail transactions (for example tracked parcel services) have grown 72% since 2019. Meanwhile, annual banking deposit transactions have risen 64% over the period, likely as more consumers become aware of banking services at Post Office and traditional bank branches continue to close.⁸

Against these trends, the current requirements on the size and shape of the Post Office network have remained unchanged since they were set 15 years ago. Post Office services, including postal, cash and banking, bill payment and government services, are some of the most widespread services and citizens are often now closer to their nearest post office than their nearest bank branch, GP surgery or job centre.⁹ This level of service provision comes at a cost to the taxpayer and so it is right to look at the government's requirements to make sure post offices continue to deliver efficient and effective services that represent good value for money.

This government has a manifesto commitment to look for ways to strengthen the Post Office network, in consultation with postmasters, trade unions and customers. While the Green Paper is focused on delivering on this commitment, developing a strong Post Office network that the public uses and values is essential for delivering other key government priorities and commitments including:

- the government's ambitious approach to regenerating the high street with increased footfall, fewer empty shops and a healthy mix of business and community services. There are certain tasks that can only be performed in person, such as returning an item or making a cash deposit, which necessitate a visit to the high street. When individuals visit their local post office to carry out these tasks, they often go to shop in the nearby area. According to London Economics (2023), overall spending in the local area during visits to Post Office branches amounts to as much as £3.1 billion a year¹⁰
- the government's commitment to supporting small business and the self-employed. With around 7,000 independent postmasters, the Post Office network makes up an important part of the small business community.¹¹ The Post Office network also supports the wider economy, acting as an enabler of small businesses, with almost two thirds (or 65%) of SMEs reporting to use their local post office at least once per month¹²
- government has pledged to work closely with industry to roll out 350 banking hubs during this Parliament. Post Office partners with Cash Access UK to operate banking hubs and so is a key part of delivering on this commitment. Banking hubs are a voluntary service that offer everyday counter services, allowing people and businesses

⁸ See table 3 in the supplementary data annex for full details. Please note that customer sessions data is sourced from Post Office Ltd, which retains full responsibility for the data they provide.

⁹ In 2024, there were 6,080 bank and building societies and around 600 job centres across the UK (ONS, 2025, Business activity size and location: Business Counts; [DWP](#), accessed May 2025); GP practice statistics are not available on a UK-wide basis but, in 2024 there were 8,790 GP practices in England, 312 in Northern Ireland, 370 in Wales, and 889 in Scotland ([House of Commons, 2025](#); [NI Department for Health, 2024](#); [Welsh Government, 2024](#); [BMA, 2024](#)).

¹⁰ [London Economics \(2023\) 'Part and Parcel: The Economic and Social Value of the Post Office'](#); While a portion of this spending is 'additional' and would not have occurred otherwise, some of it would have happened regardless.

¹¹ [Post Office Limited \(2022\) 'Post Office celebrates South Asian Heritage Month'](#).

¹² DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on [GOV.UK](#).

to withdraw and deposit cash, deposit cheques, pay bills and make balance enquiries. They also contain dedicated rooms where customers can see community bankers from their own bank to carry out wider banking services

Finally, the Prime Minister has set out his ambition to reshape the way the British state delivers and serves working people.¹³ Post Office is no exception to this aim – every pound spent on Post Office must deliver for people and communities. As usage of Post Office has declined, the risk is that Post Office either becomes more expensive for the government to maintain or is allowed to fall into a state of managed decline. It is important therefore for the government to be upfront about the challenges faced.

It is also important to recognise that during Post Office's more recent history, the Horizon scandal devastated the lives of many people who delivered Post Office's services. It destroyed reputations, caused financial ruin, brought about the imprisonment of innocent people and divided families and communities who in some especially tragic cases faced the trauma of suicide. The Horizon scandal has been well documented through the Post Office Horizon IT Inquiry, an independent statutory Inquiry established to gather a clear account of the implementation and failings of the Horizon IT system at Post Office, chaired by the former High Court judge Sir Wyn Williams FLSW. Sir Wyn has published volume 1 of the Inquiry's report relating to redress and the human impact of the Horizon scandal this Summer. At the time of writing, government awaits Sir Wyn Williams' final report on the remaining issues covered by the Inquiry.

While we must recognise Post Office's history, this Green Paper is about looking forwards and not backwards. We need to recognise the serious cultural issues of the past and ensure that going forwards Post Office has a positive, postmaster-focused culture and is run in an accountable and transparent way.

¹³ [UK Government \(2025\) 'Prime Minister: I will reshape the state to deliver security for working people' \(viewed 22/05/25\)](#).

Chapter 2: Government's vision for Post Office

Post Office plays an important role in providing a wide range of in-person services to communities across the UK. The emergence of new technology has led to a decline in the number of people requiring access to in-person services. However, there are some services that simply cannot be done online and there are individuals who need, or prefer, to use in-person services. While people tend to use post offices less than they did, services remain highly valued by consumers and communities.

Post Office therefore will continue to have a place in our communities for the long-term, but the Post Office network needs to be more financially sustainable, while remaining highly used, and the organisation needs to be operationally stable with reduced reliance on government for funding. As such, government has set five objectives for what it wants from Post Office over the next five to ten years and beyond. These are set out in the sections below.

It is also important to note that Post Office is on a five-year path towards operational and financial stability, backed by government. In November 2024, Post Office Chair Nigel Railton announced a comprehensive Transformation Plan, through which the company will deliver a "New Deal for Postmasters". This plan was founded on a strategic review which looked at ways to improve Post Office's long-term financial stability and culture.

The core aims of the Transformation Plan are to strengthen Post Office's proposition for postmasters and strategic partners (retail chains which operate multiple Post Office branches) by improving remuneration and the support they receive, to achieve lasting financial stability for Post Office, and to deliver an enhanced service for communities across the UK. Post Office aims to deliver the Transformation Plan over the next five years, to 2030.¹⁴

¹⁴ Post Office's Transformation Plan has five pillars:

- 1. strengthening the commercial offer to customers** – Post Office plans to explore with banks whether it could provide improved banking services in branch and, beyond banking, explore what wider new products or services could be delivered in branch. Post Office will also look to transform the digital offering and ensure that postmasters receive a higher proportion of revenues from online channels
- 2. ensuring the network is fit for purpose** – Post Office plans to make the network efficient and aligned to customers' needs, while still operating under the government network requirements. As part of this pillar, in April 2025, Post Office announced that it would be franchising costly and unprofitable Directly Managed Branches (also known as 'Crown' branches), completing its long-stated goal to become a fully franchised network
- 3. transforming technology and data** – Post Office has a long-held ambition to refresh the aging Horizon IT system and move away from reliance on Fujitsu, who built the system in the 1990s. Post Office is taking a new holistic approach to the company's technology and data transformation, going beyond just replacing Horizon and aligning with Post Office's wider strategic vision to deliver a better, more modern offer for postmasters and customers. This new approach will see incremental modernisation of system components, will equip postmasters with the tools they need to better serve customers and run profitable businesses, and will ensure that changes are delivered in a sustainable and safe way which will benefit and safeguard postmasters and customers alike and provide customers with a more modern retail experience via improved in-branch technology and automation
- 4. delivering a new operating model** - Post Office aims to create efficiencies in the central organisation and ensure capability is in the right place. This is also about creating the right culture in Post Office focussing on the needs of postmasters and supporting Post Office's aim to be a best-in-class retail organisation. This process is taking place in phases and is already underway at the company
- 5. resetting the relationship with postmasters** – subject to government funding, the savings from the overall Transformation Plan will put Post Office in a better position to increase remuneration for postmasters across the UK. Post Office's ambition is to add an additional £250 million annually to total postmaster remuneration by 2030. Post Office also plans to put postmasters at the centre of the company, by increasing their ability to participate and feedback on decision-making. This is alongside continuing to strengthen relations with DBT, UKGI and other stakeholders

The government's objectives and Post Office's Transformation Plan are aligned – stability and increased financial sustainability are essential components for Post Office's long-term future and without them, the government's objectives cannot be achieved. Both strategies together seek to ensure Post Office has a bright future.

Government will set out how it will measure and monitor these objectives in government's response to this Green Paper.

Government's objectives for Post Office

Government's objectives for the Post Office network, through postmasters and other partners, are:

- 1) to provide postal and other critical services - currently including banking, government and utility bill-payment - to those who cannot or will not get them elsewhere
- 2) 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
- 3) to support high streets, acting as a stimulant and visible sign of incremental economic activity

Government's objectives for Post Office as an organisation are:

- 4) 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
- 5) to become an organisation that adapts to changing markets and is financially sustainable, with lower reliance on government funding for investment costs

Further detail on each of these objectives is set out below.

1) To provide postal and other critical services - currently including banking, government and utility bill-payment - to those who cannot or will not get them elsewhere

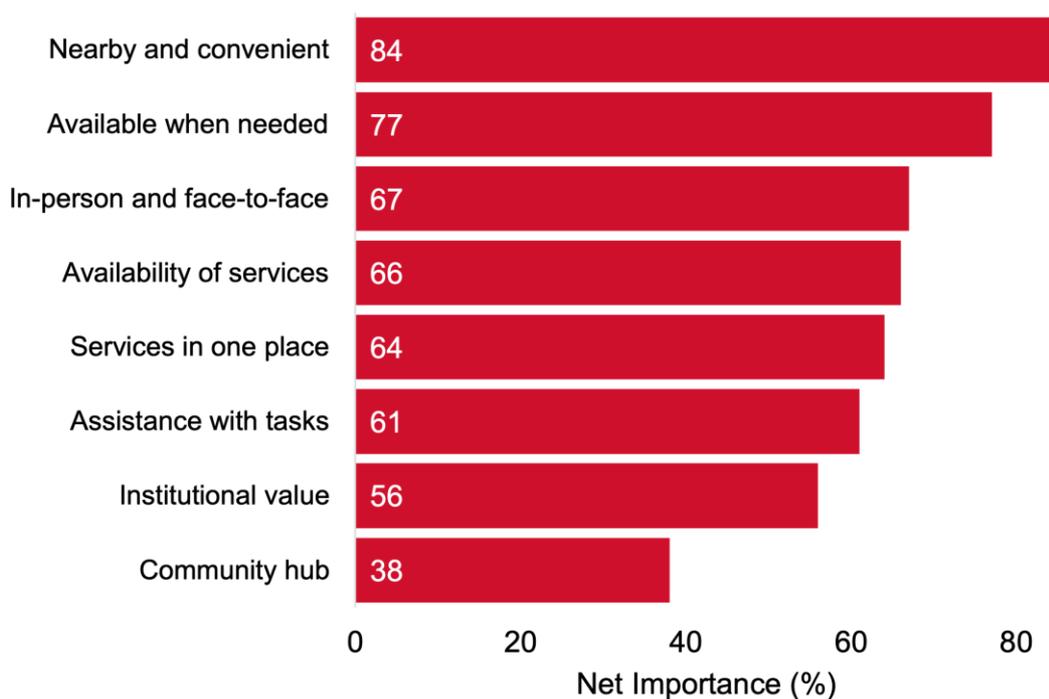
The government currently requires Post Office to deliver specific services across its network to ensure that services are within close proximity to citizens across the UK. While the importance of protecting these specific services has changed over time and will continue to change, government considers that these four groups of services are the right ones to continue protecting.

The expansive reach of Post Office's wide branch network is therefore essential for those who are most vulnerable in our society as post offices act as an important backstop for those who cannot access cash, mail or digital services elsewhere. DBT social value

research found 61% of households agreed that their local post office was important for assisting with tasks, while 67% agreed that it was important that it offered an in-person and face-to-face service.¹⁵ As the world becomes more digital, there are many either unable or unwilling to transition online and Post Office serves those groups by providing vital services in person with face-to-face support. For example, Post Office is now an important part of the United Kingdom’s banking infrastructure, especially for vulnerable and less well-off individuals.¹⁶

Communities strongly value the availability of the Post Office network and the essential services it offers. Post Office delivers ease, access and convenience for consumers by bringing a range of services under one roof and by virtue of the spread of its branches across the country. The breadth of the branch network brings essential services within reach of consumers and allows them to carry out their everyday tasks and activities in their local area – without having to travel to the next town or village, or to out-of-town shopping centres.¹⁷ Chart B below shows results from DBT social value research around the importance of a set of possible ‘qualities’ of Post Office to members of the public.

Chart B: Reported importance of possible ‘qualities’ of the Post Office



Source: DBT (2025), ‘The Value of the Post Office Network’, the report is available alongside this Green Paper publication on GOV.UK. To note, net importance is defined as participants giving scores of 4 or 5 on a 5-point likert scale on importance.

Post Office also provides essential services to small businesses with DBT social value research estimating that almost two thirds of SMEs (65%) report to use Post Office at least

¹⁵ DBT (2025), ‘The Value of the Post Office Network’, the report is available alongside this Green Paper publication on GOV.UK.

¹⁶ [London Economics \(2023\) ‘Part and Parcel: The Economic and Social Value of the Post Office’.](#)

¹⁷ [London Economics \(2023\) ‘Part and Parcel: The Economic and Social Value of the Post Office’.](#)

monthly.¹⁸ SMEs can use their local post office to easily dispatch products to their customers, while customers can select their post office as the destination for their online orders. Post Office is also increasingly supporting SMEs by providing essential banking services, such as depositing cash, often more nearby than their nearest bank branch.¹⁹

Government is therefore clear that Post Office should continue to provide services to those that cannot or will not get them elsewhere. Government's requirements on the size and shape of the Post Office network will ensure this. Proposals for how the requirements could change are set out in Chapter 4.

Case study: Chardstock Post Office



The Chardstock Community Shop and Post Office is located on the eastern border of Devon. It provides the small village of 828 residents a range of services, including banking, parcel handling and other essential services such as bill payments for electricity suppliers, water rates and council tax. These are vital in a location where there are no alternative providers, particularly for vulnerable and older individuals who struggle to leave the village due to either health reasons or lack of transport. The demand for banking services like access to cash is particularly pressing, as the nearest bank is over four miles away.

2) 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

Government expects the majority of the Post Office network to be made up of permanent and 'full-hours' post offices offering a wide range of services. While outreach post offices (typically a part-time service provided by a mobile post office van or hosted in a village hall) can provide a lifeline to rural and vulnerable communities, government believes the most community value comes from permanent Post Office branches. Similarly, drop & collect branches, focused on collecting and dropping off parcels, offer a convenient service to customers, but do not typically provide the same social value in communities as full-service branches. While a range of successful co-located models exist (for example a post

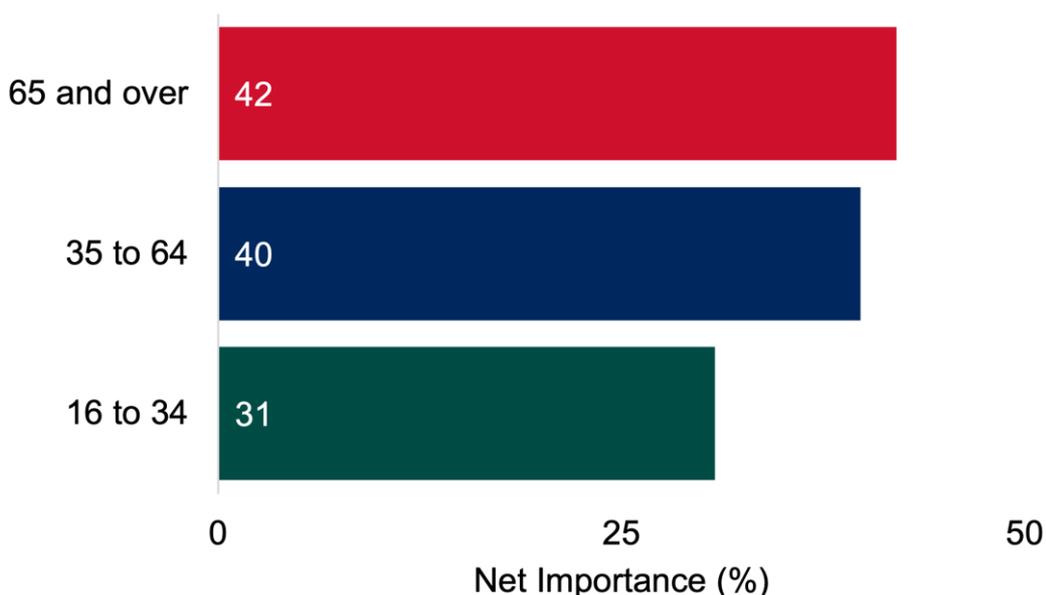
¹⁸ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

¹⁹ ONS, [Business activity size and location, Business Counts \(via NOMISweb database - accessed 04/02/25\)](#); [LINK \(2024\) 'The ATM Network' \[accessed 04/02/25\]](#).

office co-located with a library), the most operationally and financially sustainable model to operate is typically a post office co-located with another commercial operation, such as a retailer.

Post offices also foster a sense of belonging to the community. According to DBT social value research, 38% of households indicated that it was important for post office to provide a community hub, meaning a central space where people gather to access services, participate in activities, and strengthen social connections within their local area. This was rated slightly higher by those from older age groups and those living in rural areas²⁰. Additionally, according to the Association of Convenience Stores, communities in the UK rank Post Office higher than any other local services in terms of its positive impact on their local area.²¹

Chart C: Reported importance of Post Office as a ‘community hub’, by age

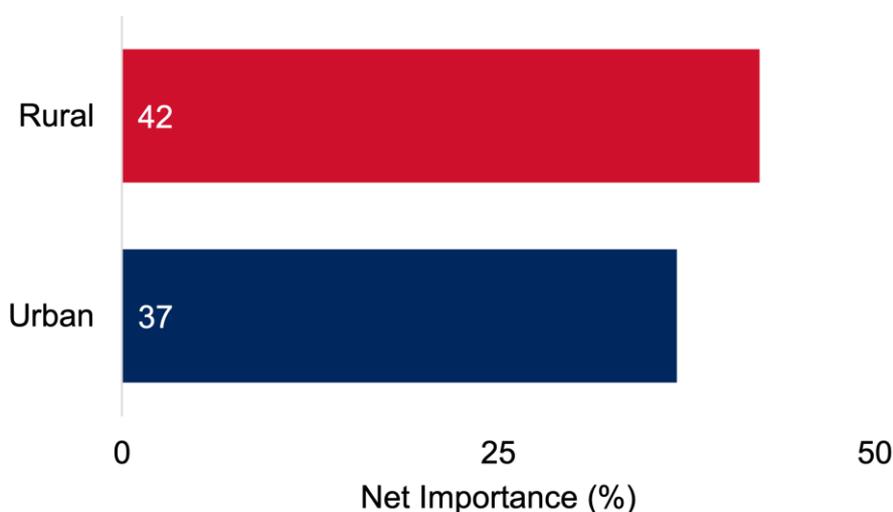


Source: DBT (2025), ‘The Value of the Post Office Network’, the report is available alongside this Green Paper publication on GOV.UK. To note, importance is defined as participants giving scores of 4 or 5 on a 5-point likert scale.

²⁰ DBT (2025), ‘The Value of the Post Office Network’, the report is available alongside this Green Paper publication on GOV.UK.

²¹ [Association of Convenience Stores \(2024\) ‘Community Barometer’](#).

Chart D: Importance of Post Office as a ‘community hub’, by location



Source: DBT (2025), ‘The Value of the Post Office Network’, the report is available alongside this Green Paper publication on GOV.UK. To note, importance is defined as participants giving scores of 4 or 5 on a 5-point likert scale.

Approximately 14% of Post Office’s 11,500 branches are considered ‘the last shop in their village’.²² These are permanent and ‘full hours’ branches so play a crucial role in generating community value. These branches are important to the local identity and culture, as well as providing a sense of belonging to local people. They also ensure that people in these communities are not left behind, meaning they are able to access essential Post Office services without having to travel outside of the local community. This community value Post Office provides is particularly important for those who do not drive or are unable to, particularly in rural areas which typically have more limited public transport services.²³

²² Analysis by Post Office Limited estimates 1,660 fixed branches are classified as the ‘last shop in the village’. Please find more detail in the supplementary data tables provided alongside the Green Paper. This information has been provided by Post Office Limited, which retains full responsibility for the data they provide. A post office is defined as the last shop in the village if there are no convenience stores or CTN (confectionery, tobacco, newsagents) retailers within half a mile, meaning it is likely that members of the community would have to drive or use public transport to reach any shop if their post office were to shut.

²³ [London Economics \(2023\) ‘Part and Parcel: The Economic and Social Value of the Post Office’](#); [DFT \(2022\) ‘Transport in Rural Areas: Local Authority Toolkit’](#).

Case study: Killin Post Office



MacGregor's Community Shop in Killin, a small, permanent post office in a Scottish village, faced near closure in July last year. With dwindling foot traffic and an increasingly disorganised product range, MacGregor's embarked on a strategic overhaul, focusing on three key areas: rebranding, operational improvements, and product strategy.

Alongside offering essential services such as cash banking, the shop has increased its retail focus by repositioning itself as "Scotland's Littlest Department Store". This retail transformation of MacGregor's has increased its customer appeal and turnover, with some days generating triple the revenue compared with the previous year. This remarkable success story underlines the potential benefits of enhancing post offices' retail offerings, showing how this can help ensure communities continue to have full-hours access to vital services.

3) To support high streets, acting as a stimulant and visible sign of incremental economic activity

In many towns across the UK the high street is the glue that holds communities together: high streets encourage people to work and socialise together and they give a town its identity. People's feelings about the health of their local towns are deeply connected with their feelings about the health of their local high street.²⁴ Meanwhile, the rise of online retail and banking has led to a transformation in the traditional model of the high street, accelerated by Covid-19. The Centre for Retail Research found by early-2023, customer footfall was still 10% lower than in 2019.²⁵

Post Office, however, remains an important anchor for the high street. DBT estimates that over one third of the Post Office network (or around 4,000 branches) are located on high streets.²⁶ Consumers who visit their local Post Office to access essential services will

²⁴ [Public First \(2020\) 'The Economic and Social Impact of the Post Office'](#).

²⁵ [Centre for Retail Research 'Crisis in Retailing'](#).

²⁶ Estimate based of Ordnance Survey's experimental high streets dataset accessed in October 2024. This dataset employs spatial cluster analysis and defines high density high streets as areas with a minimum of 10 retail addresses and a maximum separation of 100 metres across built up areas of at least 2km² with at least 100 addresses per

often, on the same occasion, spend money elsewhere in the nearby area. In this way, post offices are attracting footfall, resulting in wider spending on the high street which has a positive economic impact on local economies. The estimated overall spending nearby during visits to Post Office branches amounts to as much as £3.1 billion a year, not including in retail outlets of Post Office branches.²⁷ A proportion of this expenditure will be 'additional', in the sense that it would not have otherwise been made if somebody had not made a post office visit. Even where the spend is not additional, visits to Post Office branches attract visitors to the high street rather than online or to out-of-town locations, meaning Post Office generates income for these local businesses.²⁸

In addition, post offices on the high street support other nearby businesses to operate by providing access to services to help run their businesses and drive economic growth – whether it's a shop owner depositing cash from customers or a marketplace seller posting items to their customers. SMEs are frequent users of Post Office. DBT social value research identified that 71% of SMEs have used a Post Office branch in the last three years, with 65% of these SMEs using a branch at least once a month.²⁹

Post offices are already familiar fixtures on high streets but to ensure this remains the case government expects Post Office to use best endeavours to prioritise high street locations when there is a choice of where to locate a branch and when a suitable retailer is available.

kilometre. All other high streets are clusters with a minimum of 5 retail addresses with a maximum separation of 75 meters.

²⁷ [London Economics \(2023\) 'Part and Parcel: The Economic and Social Value of the Post Office'](#).

²⁸ [London Economics \(2023\) 'Part and Parcel: The Economic and Social Value of the Post Office'](#).

²⁹ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

Case study: Mayfield Post Office



Mayfield Post Office, in East Sussex, opened in 2019 and has proven to be a vital anchor for the high street, driving footfall. It offers essential services such as bill payments, cash withdrawals, bureau de change, postage, and home-shopping collections and returns. With the nearest bank now 10 miles away, these services allow local cash-based businesses to continue operating without excessive travel.

When it temporarily closed in May 2024, there was a noticeable decline in sales for surrounding businesses. Its recent reopening at different premises on the high street is helping to revitalise a once-again vibrant village centre that includes shops, cafes, and essential local services.

4) 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

Following the group litigation claim brought by 555 postmasters who took Post Office to the High Court in relation to the Horizon scandal between 2017 and 2019, Post Office committed to overhaul the culture, practices and operating procedures throughout every part of its business. Several positive steps were made including the appointment of two elected postmaster Non-Executive Directors on Post Office's Board as well as introducing postmaster engagement forums to bring postmaster voices into the business. However, the simple truth is that Post Office's culture did not change as quickly as it should have.

This government and Post Office have been working together to strengthen Post Office's governance and leadership. A key part of this has been ensuring Post Office's Board of directors has the capability and experience needed to guide the company through its transformation. In addition to the two postmaster non-executive directors, specialists in technology transformation, organisational design and public-sector finance have recently joined the Board, alongside permanent appointments for the Chair and Chief Executive Officer.

Government and Post Office have also recently agreed to refresh their Shareholder Relationship Framework Document. This revised document brings Post Office's governance model in line with current best practice for a public corporation that is reliant

on public funding, ensuring that government maintains necessary scrutiny and controls over the management of taxpayer funds while respecting Post Office's operational independence under its Board of directors.

Through its Transformation Plan, Post Office is taking action to renew its partnership between the company and postmasters. While the necessary changes will not occur overnight, government will monitor Post Office's transformation and cultural measures carefully to ensure that culture change is locked in for the long term.

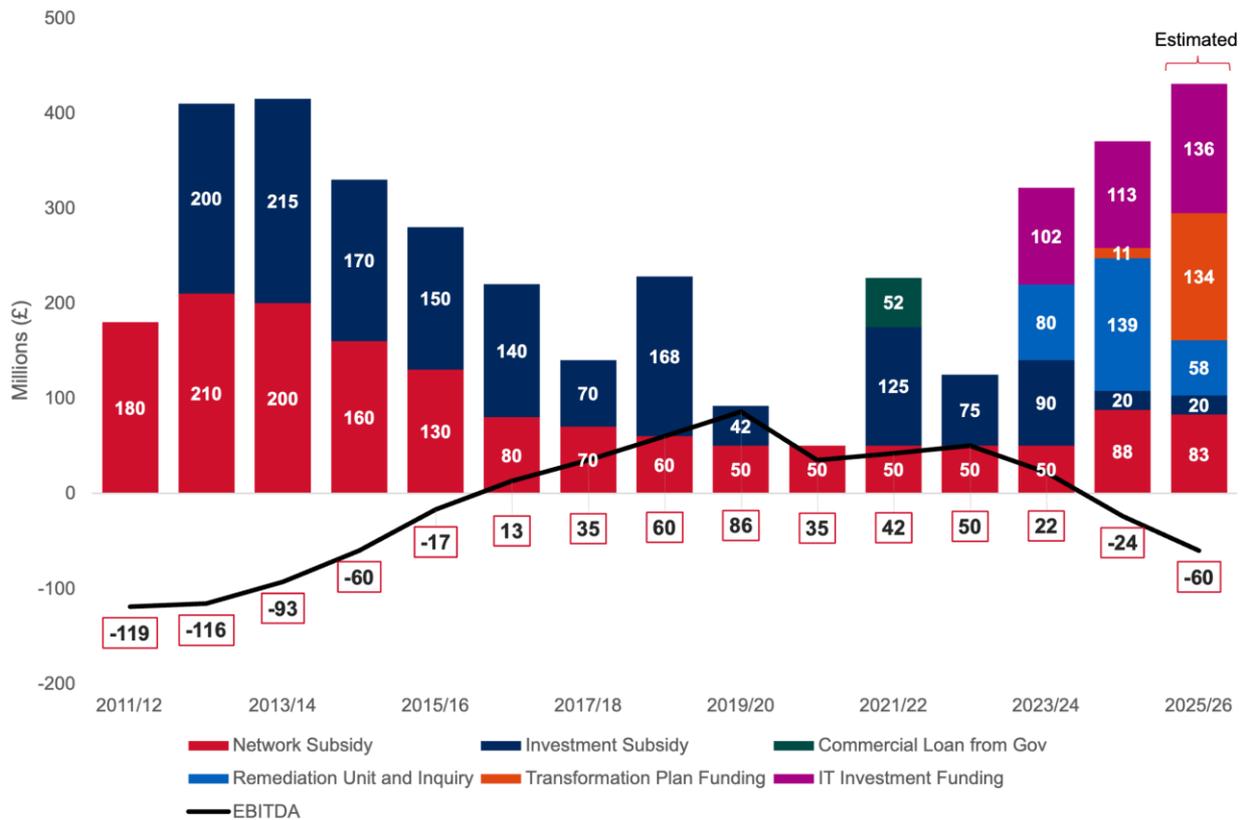
While the focus is rightly on improving the relationship with postmasters given the failings in recent years, it is important to recognise that Post Office is a broader system that encapsulates customer-facing Post Office branches, the postmasters who run them, the communities where branches are located and the central Post Office organisation. It is important Post Office considers and delivers benefits to all these different stakeholders.

5) To become an organisation that adapts to changing markets and is financially sustainable, with lower reliance on government funding for investment costs

Successive governments have provided around £3 billion in continuous funding to support the Post Office network since its separation from Royal Mail in 2012 up until March 2024.³⁰

³⁰ Post Office Limited 'Annual Reports and Accounts'.

Chart E: EBITDA and government funding to Post Office Limited, FY2011 to FY2025, £ millions³¹



Source: Post Office Annual Report and Accounts for data up until FY2023 and DBT data thereafter. Please note data for FY2025 is estimated and subject to change. ‘EBITDA’ stands for earnings before depreciation, taxes, depreciation, and amortisation, and is a measure of the company’s overall financial performance.

Government funding currently goes to four broad activities:

- Network Subsidy to contribute to the costs of delivering current government policy – delivering essential services across the government-set access criteria. Government provides this funding to Post Office because it recognises that Post Office has costs associated with keeping open commercially unprofitable branches to meet the government-set network requirements
- Network Investment to enable the company to make critical investments in its network, such as IT maintenance, hardware and security (including cyber) and branch refurbishments

³¹ To note:

- EBITDA stands for ‘earnings before interest, taxes, depreciation, and amortisation’, and is a measure of the company’s overall financial performance. The data for FY2025/26 is an estimate
- government funding has been rounded to the nearest million
- the government funding figures for FY2025/26 reflect the subsidies that DBT have been referred to the Competition and Markets Authority. Government may not award exactly this amount to Post Office
- funding for IT investment includes in-branch technology devices, investment in the Horizon IT system, and investment to move away from the Horizon IT system

- funding to refresh the current Horizon IT system. Due to the scope and challenge to transform Post Office's technology systems, government is providing funding to support Post Office to deliver this technology transformation, and in so doing deliver an IT system that better serves postmasters and is fit for the current and future direction of the business.
- funding to enable Post Office to implement its current Transformation Plan, which will result in reductions in Post Office's central and operational costs. The savings created by these changes will put Post Office in a better position to increase postmaster pay. The Transformation Plan is also about creating a sustainable business, strengthening the customer offer and raising standards

It is important to note that government also provides Post Office with funding to make redress payments to affected individuals – this funding is not reflected in Chart D above. Government also provides Post Office with funding to administer those redress payments and to cover the costs of participating in the Post Office Horizon IT Inquiry, chaired by Sir Wyn Williams. All this funding is essential, non-negotiable and entirely separate to the aim of reducing investment and transformational funding.

In recent years significant amounts of investment funding have been necessary to stabilise Post Office. While Post Office delivered a small 'trading profit' in recent years, this has not been enough to enable the company to self-fund the significant exceptional and investment costs that are needed, and these costs are therefore being funded by the government (see Chart D which shows the level of government funding to Post Office over time).

This level of government funding to the organisation is unsustainable in the long term. Exceptional funding requests to government must come to an end, as Post Office over time should generate sufficient cashflows to be able to fund investment in its network and postmasters.

The objectives set out in the Green Paper aim to ensure the Post Office network is fit for purpose and the organisation is operationally and financially stable, with reduced reliance on government.

Consultation questions 1 to 6:

To what extent do you agree with each of the government's policy objectives for Post Office?

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. [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]
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. [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]
3. for the Post Office network to support high streets, acting as a stimulant and visible sign of incremental economic activity. [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]
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. [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]
5. for Post Office to become an organisation that adapts to changing markets with lower reliance on government funding. [1-5 scale: 1 = Strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree]
6. Please explain why you agree or disagree with each of the government's policy objectives for Post Office [free text box]

Chapter 3 – A Post Office fit for the modern age

Post Office is one of the oldest institutions in the United Kingdom, dating back nearly four centuries. Over that time Post Office has needed to adapt continuously to respond to the changing needs of communities and society.

Forty years ago, there were over 20,000 post offices across the UK, with transactions all recorded with pen and paper.³² Post Office and Royal Mail operated together to provide services to the public, serving as the single provider of postal services across the UK and delivering banking services through a publicly-owned bank. Many customers relied on Post Office for cashing pensions, buying stamps to send letters and cashing postal orders.³³

In recent years, successive governments have set out their policy for Post Office. In 2007, the government created the geographical access criteria that are still in place today. In 2010, the government set a minimum branch requirement for the whole network and committed significant funding to support Post Office in modernising the network into the branch formats that make up much of the current network. Today, nearly all post offices are operated by independent postmasters or through strategic partnerships with retail chains, with the few remaining directly managed branches due to be fully franchised.

In 2012, Post Office was separated from Royal Mail. Since the split, Post Office operates the Post Office branch network, offering a wide range of services including letters and parcels products on behalf of Royal Mail and other postal operators, everyday cash and banking services, bill-payment services and a variety of government services including Driving Licence and Passport application and renewals.

The UK remains the only country to have separated its national postal operator from the retail post office. Despite the UK's unique context, we share the same challenges that other countries face in their postal sectors. This is largely due to structural declines in letter post volumes, which has been felt by many European countries. Countries have responded differently, with changes to regulation, changes to delivery models and reductions to the overall number of post offices. Indeed, when asked whether they had made any major changes to their postal networks, including changes to their post office networks or changes to their delivery service, between 2017 and 2021, 19 countries out of 24 responded that they had.³⁴ In this sense, the UK is an outlier internationally having made no major changes in response to these challenges in recent years.

Several countries have embraced new ways to meet customer needs. Australia Post is rolling out a new Community Hub model, offering traditional post office services alongside a modern retail space designed to meet the needs of local communities.³⁵ Similarly La Poste in France is trialling in-store changing rooms to enable customers to try on online clothing purchases and return items quickly.³⁶

The UK Post Office already has a modernised network of different branch types and a diversified portfolio of products compared to international comparators. Customers can

³² [House of Commons Library \(2025\) 'Post Office Branches: Statistics and Development'](#).

³³ [House of Commons debate on Post Office closures 23 January 1985.](#)

³⁴ [Copenhagen Economics \(2022\) 'Main Developments in the Postal Sector 2017-2021'](#).

³⁵ See more details on Australia Post's company website [here](#) (accessed on 23/05/25).

³⁶ See an article from the Guardian online newspaper [here](#) (accessed on 23/05/25).

walk into post offices across the country and bank with nearly all high street banks and send mail with a range of carriers – delivering ease and convenience to UK customers. To continue adapting into the future, it is important Post Office has an attractive offer to younger customers in particular.

In 2022, YouGov conducted a survey and asked respondents how much they valued the importance of a selection of 'qualities' of Post Office. They found younger people relatively valued Post Office being "nearby and convenient" significantly more than other age groups.³⁷ With this in mind, Post Office is rapidly rolling out its newer, light-touch drop and collect branch format that enhances Post Office's urban coverage and is specifically designed to focus on allowing customers to quickly and easily 'pick up and drop off' parcels, which are services highly used by young people. In addition, Post Office is becoming more convenient by working to reduce transaction times for postmasters as their product mix changes, increasing opening hours across the network, and introducing in-branch technology that customers expect from a modern retail experience, such as self-service kiosks. Post Office is also in the early stages of trialling parcel locker services which, if successful, could be rolled out across the network to provide further convenience, with evidence suggesting these lockers are particularly popular with younger customers.³⁸

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Trends in Post Office's key markets and how Post Office needs to adapt

The role of Post Office is changing, fuelled by significant changes in Post Office's markets. The sections below cover trends in each of Post Office's key markets and sets out how Post Office needs to adapt to respond.

Postal Services

Mail services have long been a centrepiece offering from Post Office, making up at least one third of its revenue since FY2018/19.⁴⁰ The demand for parcels has risen significantly in recent years while addressed letter volumes have fallen drastically.⁴¹ Letter volumes across the UK have halved since 2011 and continue to decline.⁴² Indeed, according to Royal Mail, UK letter volumes peaked at 20 billion in FY2004/05 and have been in steady decline since, projected to drop further to 4 billion by 2029.⁴³ Although Post Office remains a key provider of Royal Mail letter services, we expect the share of the population that relies on this to continue to fall.

³⁷ Survey conducted on behalf of [London Economics \(2023\) 'Part and Parcel: The Economic and Social Value of the Post Office'](#) where consumers were asked to rate the importance of 7 qualities. Respondents aged 18-24 rated convenience around 47% more important than their average rating across all qualities, the highest relative importance across all age groups.

³⁸ [Retail Economics \(2024\) 'Delivery Lockers - Unlocking the Final Mile'](#).

³⁹ [Post Office Limited \(2025\) 'Network Report 2024'](#) shows the rapid roll-out of drop and collect branch formats in recent years. As of April 2025, there were 828 drop and collect branches, a 257% increase from 232 branches as of March 2023.

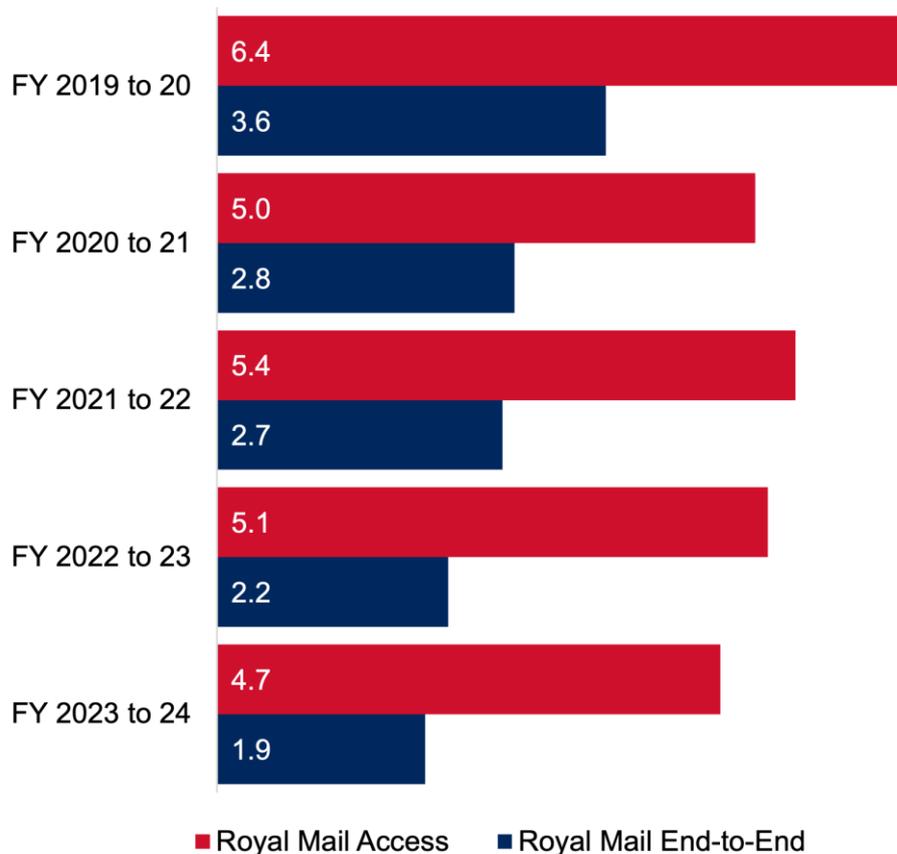
⁴⁰ Post Office Limited (2024) 'Post Office Limited Annual Report & Consolidated Financial Statements 2023/24'.

⁴¹ [Royal Mail Ltd 'The Future of Letter Deliveries' \(accessed 23/05/25\)](#).

⁴² [OFCOM \(2024\) 'Future of the Universal Postal Service'](#).

⁴³ [Royal Mail Ltd \(2025\) 'Response to OFCOM Consultation on Universal Service'](#); [Royal Mail Ltd 'The Future of Letter Deliveries' \(accessed 23/05/25\)](#).

Chart F: Royal Mail letter volumes, billions, FY2019 to FY2023

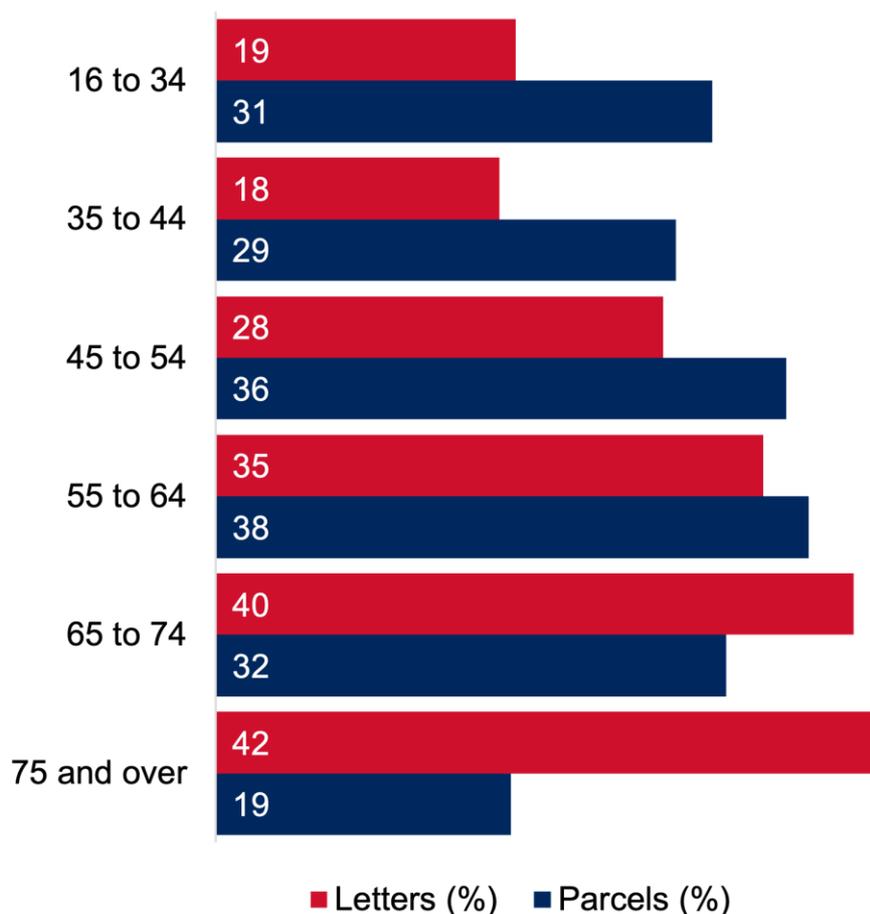


Source: OFCOM (2024) 'Post Monitoring Report 2023-24'. Includes Royal Mail letter volumes only. 'Royal Mail Access' is a shared delivery model where Royal Mail is only responsible for part of the delivery process.

The parcel boom and growth of e-commerce has also led to Post Office becoming a key provider for sending and receiving parcels. DBT research found regular letter service users are more likely to be from older age groups while parcel service users are more likely from a mix of ages.⁴⁴

⁴⁴ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

Chart G: Reported ‘at least monthly’ letter and parcel service users, by age group



Source: DBT (2025), ‘The Value of the Post Office Network’, the report is available alongside this Green Paper publication on GOV.UK. To note, ‘at least monthly’ users defined as those that report to use the service at least once a month or more frequently.

While Post Office Limited and Royal Mail are separate entities, there remain multiple interdependencies between the two businesses. In FY2023/24, 96% of Post Office’s postal revenue was attributable to Royal Mail products.⁴⁵ Meanwhile, the Post Office network supports Royal Mail to fulfil its requirements to provide access points for postal users and Post Office benefits from being able to sell Royal Mail products such as stamps. Given the interdependencies, any significant change to the operation of one business will inevitably have consequential impacts on the other. The same is true for changes made to the postal Universal Service Obligation which feed through to Post Office, and postmasters, as the retail arm of the UK’s postal network. The government is committed to a comprehensive universal service obligation and following Ofcom’s recently announced reforms to the universal service, it is now up to Royal Mail’s new ownership to work with the workforce to deliver change in a positive way for customers, businesses and communities across the country.

Fuelled by the growth of e-commerce, the parcels market has become increasingly competitive in recent years. According to Ofcom, new and maturing operators are increasingly competing to meet online retailer and other e-commerce fulfilment demands.

⁴⁵ Post Office Limited (2024) ‘Post Office Limited Annual Report & Consolidated Financial Statements 2023/24’.

In addition, since the end of Post Office's exclusivity arrangement with Royal Mail in 2021, Post Office has adapted to now offer parcel services from a range of different postal operators, both online and in Post Office branches. This rapid growth in the parcels market and increased competition therefore presents challenges and opportunities for all stakeholders in the parcels market.

Government recognises that some stakeholders believe the answer to the challenges faced in the postal sector is to re-merge Post Office with Royal Mail in various forms. This is not something currently under government consideration. The government priority for Royal Mail has been scrutiny of the takeover offer and securing important undertakings to support the financial sustainability of the company and the long-term provision of the Universal Service Obligation. While a re-merger is not under consideration, the government will, of course, work closely with the new ownership of Royal Mail as well as with Post Office on any proposals to increase collaboration between these two national institutions and we welcome the fact that the new leadership of both companies are keen to work together to improve and strengthen the relationship.

Post Office's vision for postal services, which government supports, is to act as a convenient hub for a wide range of postal services across different carriers, from Royal Mail through to DPD or Evri. Customers should be able to walk into a Post Office branch or use the Post Office website/online app to choose a service that works best for them from a range of operators. This strategy is well underway but only currently available in specific branches and so should be rolled out more widely where commercially possible to ensure more communities can take advantage of multiple postal services. Where Post Office is selling postage online, these profits should be shared with postmasters to recognise their role in providing essential postal services. While parcel volumes will likely rise for many individual Post Office branches, postmasters might not see an increase in postmaster remuneration due to lower rates for acceptance-only transactions (where postage is bought online and the customer drops off the parcel for sending, rather than purchasing it in store). This could add further pressure on postmaster remuneration which Post Office will need to monitor closely.

Cash and banking services

In recent years, there has been a clear trend in the UK towards less reliance on both physical cash and traditional face-to-face transactions in bank branches. In 2023, physical cash was used for only 12% of all payments, down from 60% in 2008 and this is forecast to decline further to 6% by 2033.⁴⁶ While cash usage will continue to decline, the government has no plans to move to a cashless society and is committed to continuing to ensure cash remains a viable payment method. The Financial Conduct Authority has recently introduced rules that protect access to cash withdrawal and deposit facilities for individuals and businesses.

Banking has changed significantly in recent years with many customers benefitting from the ease and convenience of remote banking. Due to structural changes in the industry, banks have made commercial decisions regarding reducing their physical branch network, in favour of investing in innovative ways to serve their customers. However, the government understands the importance of face-to-face banking to communities and high

⁴⁶ [UK Finance \(2024\) 'Summary Payment Markets 2024'](#).

streets and is committed to championing sufficient access for all as a priority. Banking hubs and the Post Office network are key channels through which businesses and consumers continue to access everyday banking services.

Given the changes in the banking industry, demand for banking services at post offices has increased, with £3.5 billion in cash regularly moving through the Post Office network each month, and with the total volume of business and personal deposits having increased every year between 2020 and 2024.⁴⁷ In FY2023/24, cash and banking services made up 31% of POL's annual revenue.⁴⁸ Additionally, DBT social value research found 17% of households and 37% of SMEs to use cash and banking services at Post Office at least monthly. This was most likely households from rural areas, or those that were not 'digitally confident'.⁴⁹ While Post Office continues to experience an increase in demand for its cash and banking services as bank branches continue to close and customers increasingly become aware of services at Post Office, demand is eventually expected to decline over time in line with national trends.

Nevertheless, cash remains the preferred payment method for certain groups, such as for vulnerable or digitally excluded customers. The Financial Conduct Authority's Financial Lives Survey found that while only 5% of UK adults use cash to pay for everything or most things, this rises to 6% for adults with one or more characteristics of vulnerability.⁵⁰ The government also recognises that businesses need access to cash deposit services in order to keep accepting cash. Research from the Financial Conduct Authority indicated that most small businesses believed they would lose customers if cash were completely removed as a payment method.⁵¹

As a key provider of in-person services, there is an opportunity for Post Office to provide cash and banking services for the long term, continuing its role in being an important alternative to bank branches in providing in-person services. Post Office also plays an important role in operating over 160 banking hubs at the time of publication.

The Banking Framework Agreement between Post Office and 30 UK banks and building societies, enables 99% of UK personal banking customers and 95% of UK business banking customers to conduct their day-to-day banking at post offices. Post Office's recent announcement on the next iteration of its commercial agreement with the banks, Banking Framework 4, will secure Post Office's important role in providing free-to-access cash and basic banking services to the end of the decade. The government welcomes Banking Framework 4, which provides both personal and business customers certainty about access to vital in-person cash and banking services, in the medium term. While there is stability in the medium term, as cash use continues to decline towards the end of the decade, these changes in customer needs could affect Post Office, impacting how and where services are delivered in the future.

⁴⁷ [Post Office Limited \(2025\) 'New Post Office CEO Announces Landmark New Banking Deal for Postmasters on First Day in Post'](#); [Post Office Limited \(2025\) '6.3 million cash deposits made at Post Office in April'](#).

⁴⁸ Post Office Limited (2024) 'Post Office Limited Annual Report & Consolidated Financial Statements 2023/24'.

⁴⁹ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK; Among households who reported using cash and banking services at the Post Office monthly or more frequently, 21% were reported to be 'not digitally confident' compared with 17% who were reported to be 'digitally confident'. Additionally, 20% were from rural areas, while 16% were from urban areas.

⁵⁰ [Financial Conduct Authority \(2025\) 'Financial Lives Survey 2024'](#)

⁵¹ [Financial Conduct Authority \(2021\) 'Cash Acceptance within SMEs'](#).

The government is committed to ensuring the success of the UK financial services sector, as part of its modern Industrial Strategy. How banks meet their regulatory access to cash obligations is a commercial matter and not a decision for government. It is vital that the government enables banks to innovate, for example through new technology, in order to meet their obligations in an efficient and commercially viable way. Furthermore, given the pace of change in the banking industry and adoption of technology that has enabled many customers to benefit from the ease and convenience of remote banking, the government expects that the needs of consumers' access to in-person banking services will continue to evolve and change. It is therefore appropriate to allow for a level of flexibility in how industry responds to these changes over time.

As an active partner to the banking industry, Post Office is well positioned to continue engaging in the conversation about the future of in-person banking services. Beyond current arrangements, the government would welcome enhanced collaboration between Post Office and the banking sector, on a commercial and voluntary basis. This collaboration could consider the role of Post Office in providing cash and banking services towards the end of the decade and into the next, and whether there is demand for further innovation in how/where Post Office provides these services. The government will look to host joint discussions on these issues with Post Office and the banking sector in the coming months.

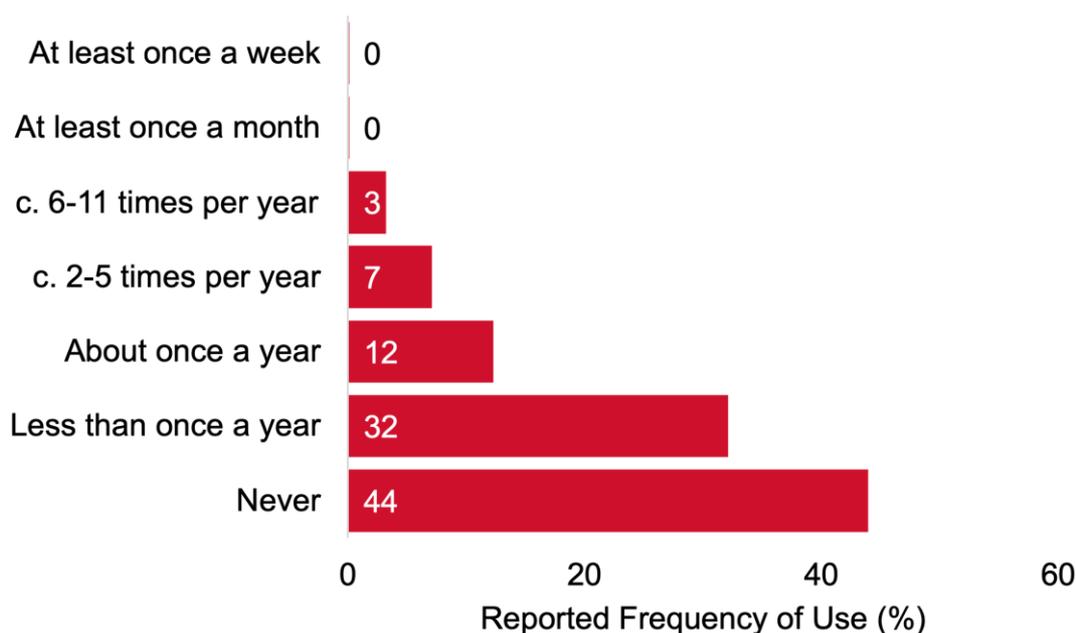
Government services

Post Office provides government and identity services in many of its branches, such as passport, driving-licence renewals, and other identity checks. These services made up around 4% of Post Office's annual revenue in FY2023/24.⁵² While these services are still important to the branches that offer them and are important to the customers that rely on them, there is a clear trend of Post Office's role in providing government services decreasing over time, with overall government services revenue declining 79% since FY2013/14.⁵³ Particular drivers of this decline have been the reduction in demand for and eventual closure of Post Office Card Account and customers increasingly using online channels.

⁵² Post Office Limited (2024) 'Post Office Limited Annual Report & Consolidated Financial Statements 2023/24'.

⁵³ Post Office Limited Annual Reports and Accounts for FY2023/24 and FY2013/14.

Chart H: Government and identity services reported frequency-of-use



Source: DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK. Please note values for 'at least once a week' and 'at least once a month' have been redacted and rounded to 0 due to small sample sizes of 10 or less.

It is clear that many people increasingly prefer to access government services online, which can be much more convenient. DBT social value research found respondents were more likely to use government and identity services at the post office infrequently, with 76% of households reporting they used these once per year or less.⁵⁴ However, research from Citizens Advice indicates people still value Post Office offering these services for when they occasionally require them, especially as a backstop, protecting people's access to support and services in future in case they need it.⁵⁵

While most customers are well served by online government services, those who have difficulty using online services would in particular struggle without Post Office as there are currently few comparable in-person alternatives for accessing the government services Post Office provides. Meanwhile government has heard representations from postmasters and community representatives, who continue to believe in the social value their provision of government services brings to a local community. Post Office is therefore well placed to continue supporting digitally excluded and vulnerable customers by offering government services, as long as this represents good value for money. Public authorities should therefore design relevant procurements in a way that ensures Post Office is able to bid competitively for contracts.

However, the current model of individual government departments contracting separately with Post Office can be challenging for both parties. As demand falls and potentially shifts

⁵⁴ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

⁵⁵ [Citizens Advice \(2025\) 'The full package: What Consumers Need from a Changing Postal Service'](#).

to a higher proportion of complex transactions, the cost to serve per customer increases for both Post Office and government departments. Post Office rightly wants to ensure postmasters are remunerated fairly as well as cover their central costs, and government departments and agencies struggle with justifying higher costs for falling customer demand. The lack of standardisation across government in how assisted services should be provided may also drive up the cost of providing these services.

There is also no standardisation or requirements for where in-person government services should be delivered. This has led to a fragmented picture at a Post Office network-wide level, with vehicle tax services being available at around 5,000 post offices, paid-for 'Check and Send' service for digital Passport applications at around 1,000 branches and for paper Passport applications at around 2,500 branches, which increases the challenges for Post Office in providing and bidding for these services.⁵⁶ It is also true that customers who rely on in-person services expect a degree of certainty and not to worry that services could disappear when contracts are negotiated every few years. Even with falling customer demand, it is reasonable for customers to expect a good and reliable provision of in-person government services across the UK. Government therefore needs to carefully consider whether there should be a common physical front end for government services and what that should look like.

Government is also interested in the role Post Office and its network could play in enabling future participation in digital government, including how Post Office could play a role in supporting digitally excluded individuals by signposting to local digital inclusion support, where this represents good value for money. For example, Post Office's digital identity offering has already had success acting as the in-branch verification check for GOV.UK One Login; a function which could be extended to other applications and services as government expands upon its digital government programme.

Payment services

Post Office provides bill payment and top-up facilities at its Post Office and Payzone locations, totalling 23,000 outlets across the UK.⁵⁷ This enables customers to pay bills for utilities, council tax, parking permits, social-housing rent and more. This is a small component of Post Office's commercial activity, making up around 3% of Post Office's annual revenue in FY2023/24.⁵⁸ DBT social value research indicates that 5% of households and 19% of SMEs use Post Office for bill-payment services at least monthly.⁵⁹ These services are particularly important for certain groups, including the digitally excluded. DBT social value research found 5% of 'digitally confident' respondents used Post Office for bill payment services at least monthly, compared to 14% of not 'digitally confident' respondents.⁶⁰ Around 800,000 people can only top up their prepay legacy

⁵⁶ For branches providing vehicle tax services, please see [Post Office Limited \(2025\) 'Network Report 2024'](#); for the number of branches providing 'Check and Send' service for Passport applications see <https://www.postoffice.co.uk/identity/passport> (viewed on 5 June 2025).

⁵⁷ [Post Office Limited \(2025\) 'Network Report 2024'](#).

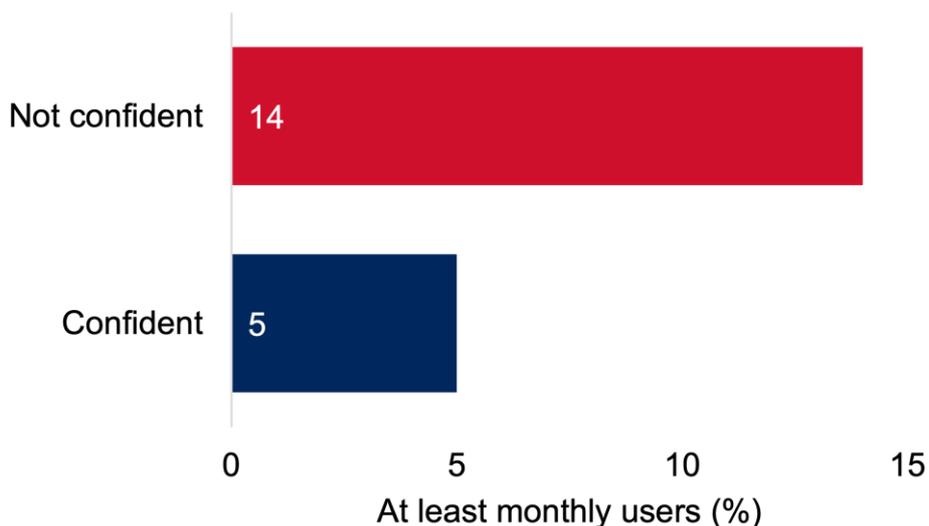
⁵⁸ Post Office Limited (2024) 'Post Office Limited Annual Report & Consolidated Financial Statements 2023/24'.

⁵⁹ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

⁶⁰ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

(non-smart) meters at Post Office or Payzone and a further 1.2 million choose to top up their legacy prepay meters at Post Office or Payzone.

Chart I: Bill payment services, reported 'at least monthly' users by digital confidence



Source: DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK. To note, 'at least monthly' users defined as those that report to use the service at least once a month or more frequently.

In the long term, the shift from in-person to digital payments is expected to continue as technology becomes more user friendly and accessible for digitally excluded consumers.⁶¹ While demand for payment services declines, Post Office providing these services remains important for customers in rural areas where there are fewer alternatives. As with other services providing in-branch payment services is also important to many postmasters in terms of bringing customers into their branches who then might go on to make another purchase.

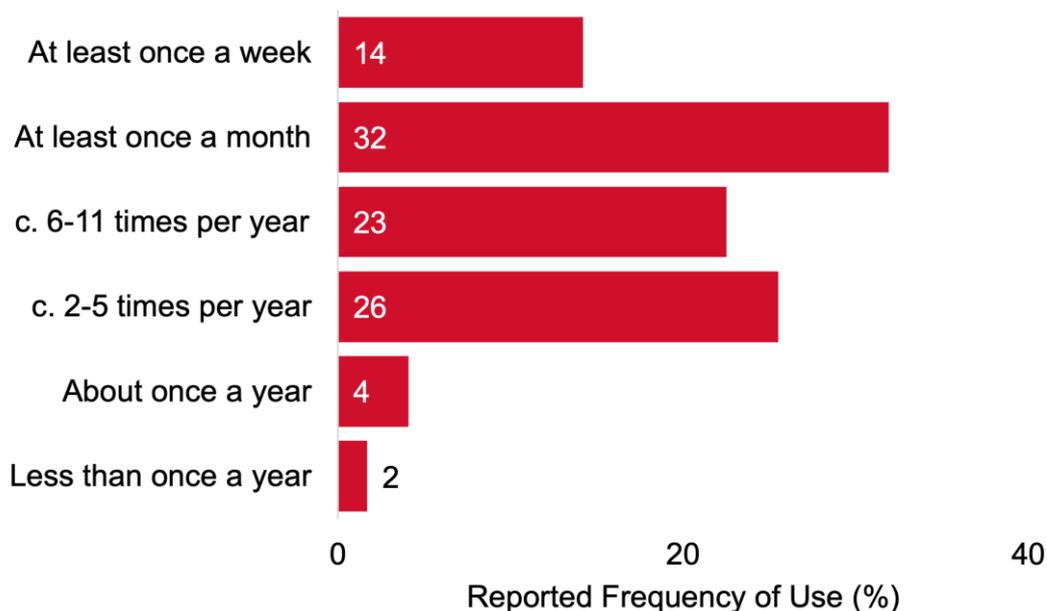
It is also important to recognise that Post Office's nationwide network of branches makes it a unique asset to help government to respond in unforeseen shocks and periods of crisis particularly in relation to payment services. For example, in recent years, Post Office has mobilised cash payments under the Grenfell Tower Residents' Discretionary Fund, helped provide vouchers for the Energy Bills Support Scheme, and facilitated delivery of cash to individuals who were shielding during the Covid-19 pandemic.

⁶¹ [FCA \(2024\) 'Financial Lives Survey'](#) explores how cash use and digital exclusion is in decline.

Use of Post Office

Despite the decline and changes in usage patterns, post offices are still used today. DBT social value research suggested that 46% of households used Post Office at least once per month, and 98% used it at least once per year.⁶² When looking at the most frequent users, these were typically older, from more rural areas, or less confident using digital technology.⁶³ Post offices are also important for small businesses. The survey estimated almost two thirds of SME's (65%) reported using Post Office at least monthly.⁶⁴

Chart J: Frequency-of-use, all household post office users



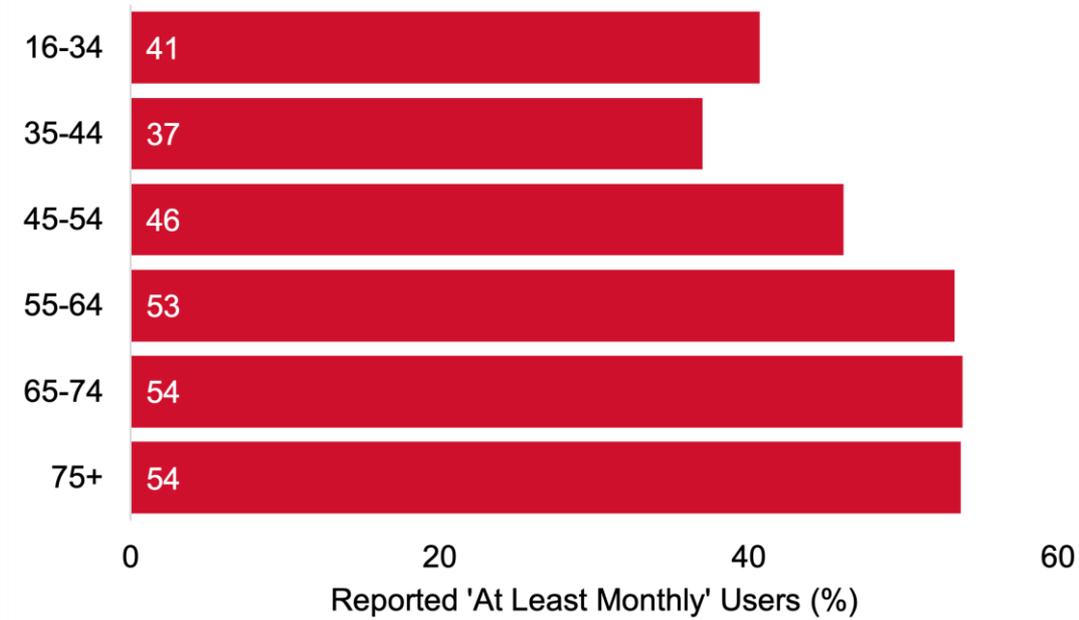
Source: DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

⁶² DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

⁶³ Note urban areas have higher population densities than rural areas. Customer sessions data cited earlier in this report showed that urban customers make up a greater share of overall customer sessions. This survey evidence shows rural households report to visit post offices more *frequently*, rather than more overall.

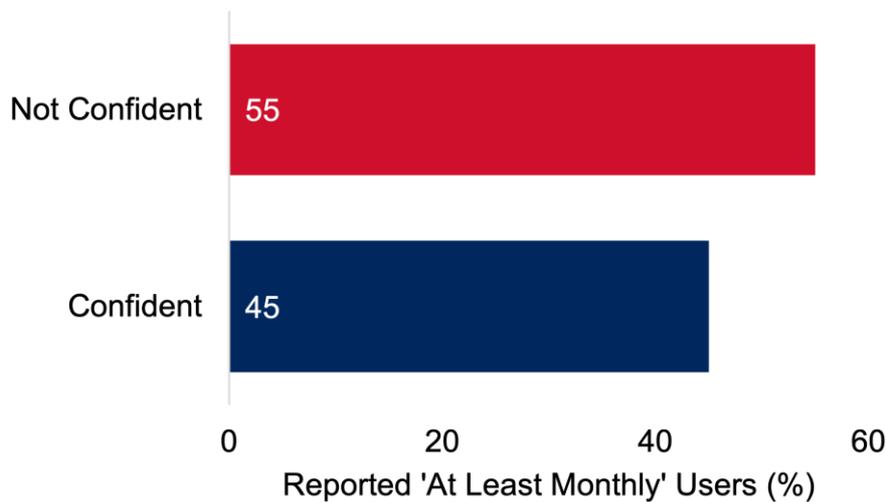
⁶⁴ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK.

Chart K: 'At least monthly' Post Office users, by age group



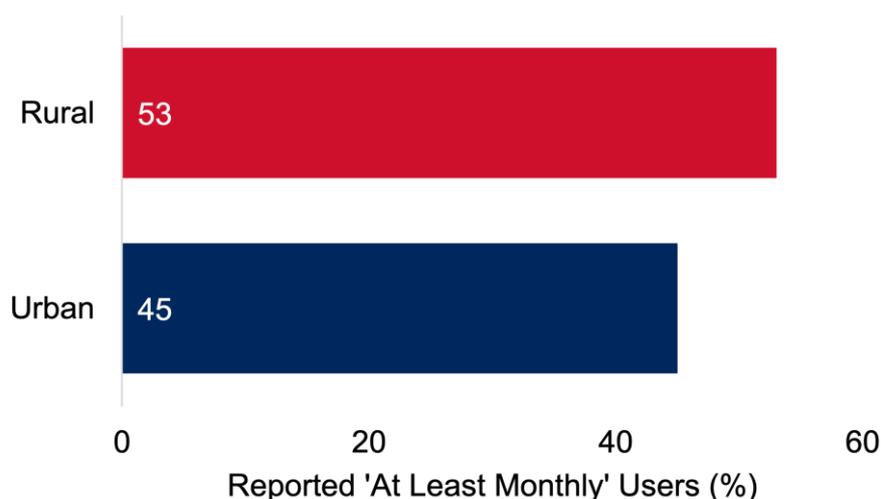
Source: DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK. To note, 'at least monthly' users defined as those that report to use the service at least once a month or more frequently.

Chart L: 'At least monthly' Post Office users, by digital confidence



Source: DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK. To note, 'at least monthly' users defined as those that report to use the service at least once a month or more frequently.

Chart M: 'At least monthly' Post Office users, by location



Source: DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK. To note, 'at least monthly' users defined as those that report to use the service at least once a month or more frequently.

The social value of the Post Office network

In May 2025, DBT commissioned London Economics to conduct research into the social value of the Post Office network. This looked at, among other things, the value households and SMEs placed on the network as a whole, as well as the value of services provided in branches and the value of the distance to respondent's nearest Post Office branch.

For households, the estimated 'willingness-to-pay' to maintain the entire Post Office network in its present state was £15.19 per household per month.⁶⁵ In aggregate, for the 28.4 million UK households⁶⁶, this amounts to £5.2 billion annually.

For SMEs, the estimated 'willingness-to-pay' to maintain the entire Post Office network in its present state was £19.03 per SME per month. In total, for the 5.5 million UK SMEs⁶⁷, this amounts to around £1.3 billion annually.

The full report, including the methodology and findings, is available alongside this Green Paper publication on GOV.UK.

⁶⁵ This result excludes protest responses, defined as those who responded "I should not pay tax to support the Post Office network" and gave no other explanation of why they gave the amount they would be willing to pay.

⁶⁶ [ONS \(2023\) 'Families and households in the UK: 2023'](#).

⁶⁷ [ONS \(2022\) 'Business population estimates 2022'](#).

Key uncertainties and risks to Post Office's long-term stability

While Post Office is still widely used and valued, there are three key risks in the next five to ten years and beyond that could impact Post Office's long-term stability.

- 1) In recent years, the emergence of new and changing technologies has transformed how customers access services and this is likely to continue. In particular, the use of in-person services is likely to continue to decline in the next five to 10 years as consumers and businesses increasingly adopt technologies and make use of the internet, and their expectations evolve, further fuelling this transformation. A key driver behind this transformation is the increased availability and uptake of broadband and mobile-phone services leading to customers favouring online services that are more convenient than their in-person counterparts.⁶⁸ As of 2024, 97% of premises in the UK had access to superfast broadband, a steep increase from 60% in 2012⁶⁹ – and the government has a target for gigabit broadband to be available nationwide by 2030.⁷⁰

While digital innovation has benefitted many, Lloyds estimates that 1.6 million people in the UK still live offline and around one quarter of the UK population have the lowest level of digital capability, meaning they are likely to struggle to use online services.⁷¹ Post Office will therefore likely still play an important role in supporting digitally excluded and vulnerable customers, as well as those who are currently choosing not to be online, by offering key in-person services, albeit for a smaller population. However, the size of the digitally excluded population as a whole in five to ten years is difficult to assess and is a key uncertainty for Post Office.

- 2) Post Office delivers key services through various agreements with key partners, which creates points of opportunity but also uncertainty and risk over the next five to ten years and beyond. In particular, the fourth iteration of the Banking Framework Agreement, Post Office's five-year contract with major banks, will run to the end of 2030, and Post Office's ten-year contract with Royal Mail runs until 2032. Other contracts to provide government services on behalf of the Driver and Vehicle Licensing Agency and HM Passport Office have multiple decision points in the next five years. Post Office needs to continue to adapt the service provision it provides in each of these areas to continue to be an attractive proposition for partners and consumers.
- 3) Government's policy objectives for Post Office cannot be met without a network of branches which, in turn, cannot be maintained without its postmasters. From 2014/15 to 2023/24, postmaster remuneration fell by 4.5% in nominal terms while postmasters' running costs continued to increase due to rising retail wages and increased energy costs.⁷² Post Office estimates that nearly half of all branches are not profitable for the postmasters running them or the postmaster only make a small profit from the Post Office business.⁷³ Postmaster representatives have voiced concerns for many years

⁶⁸ See for example [Federation of Small Businesses \(2024\) 'The Future of the High Street'](#) and [Citizens Advice \(2025\) 'The full package: What Consumers Need From a Changing Postal Service'](#).

⁶⁹ [OFCOM \(2024\) 'Connected Nations 2024: Interactive Report' \(accessed 28/05/25\)](#); [OFCOM \(2012\) 'Communications Market Report 2012'](#).

⁷⁰ [Parliamentary Question on Broadband in Rural Areas](#).

⁷¹ Lloyds (2024) 'Digital Consumer Index', as cited in [Department for Science, Innovation, and Technology \(2025\) 'Digital Inclusion Action Plan: First Steps'](#).

⁷² Post Office Limited Annual Reports and Accounts for FY2023/24 and FY2014/15.

⁷³ [Post Office Limited \(2024\) 'Chairman's Speech: 13 November 9am'](#).

that remuneration is too low and has not kept up with inflation and a rising cost base in the retail industry. The impact of real-terms remuneration reduction over time has been felt not only by individual postmasters but has also had a wider impact on the company.

Post Office's Transformation Plan looks to address this challenge. By creating financial stability, maximising revenue streams and realising savings, the company can better remunerate postmasters and at the same time create a sustainable Post Office network that ensures communities across the country continue to have access to the important services that post offices provide. Post Office has already started to increase postmaster remuneration with a £20 million uplift in FY2024/25 and a total planned uplift of £66m so far during FY2025/26.

While Post Office aims to materially increase postmaster remuneration, postmasters will, however, still remain susceptible to wider challenges in the retail sector. Any remuneration uplift to postmasters therefore risks being offset by rising costs, and so may not make a material difference on the ground.

Consultation questions 7 & 8

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]

Chapter 4: How to operate Post Office's branch network to best deliver the policy objectives

As set out in Chapter 2, government's policy objectives for the Post Office network are:

- 1) to provide postal and other critical services - currently including banking, government and utility bill-payment - to those who cannot or will not get them elsewhere
- 2) 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
- 3) to support high streets, acting as a stimulant and visible sign of incremental economic activity

Government's objectives for Post Office as an organisation are:

- 4) 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 all relevant customers, communities, employees and postmasters
- 5) to become an organisation that adapts to changing markets and is financially sustainable, with lower reliance on government funding for investment costs

The Department for Business and Trade is responsible for setting the size and shape of the network as well as the core Post Office services that should be protected. It is important therefore that the requirements around the size and shape of the network are appropriate for delivering the policy objectives and provide value for money for the taxpayer.

The current government requirements for the Post Office network focus on two key targets. The Post Office is required to:

- 1) maintain a network of at least 11,500 branches**
- 2) maintain a network of branches in accordance with six Network Access Criteria:**
 - i) 99% of the UK population to be within three miles of their nearest Post Office outlet
 - ii) 90% of the UK population to be within one mile of their nearest Post Office outlet
 - iii) 99% of the total population in deprived urban areas across the UK to be within one mile of their nearest Post Office outlet

- iv) 95% of the total urban population across the UK to be within one mile of their nearest Post Office outlet
- v) 95% of the total rural population across the UK to be within three miles of their nearest Post Office outlet

In addition, the following criterion will apply at a local level to ensure a minimum level of access for customers living in remote rural areas:

- i) 95% of the population of every postcode district to be within six miles of their nearest Post Office outlet

The **11,500 minimum branch requirement** was set in the coalition government's 2010 policy document 'Securing Post Office in a Digital Age'.⁷⁴ The Post Office has consistently met the 11,500-branch requirement since 2010 (apart from a period during the pandemic).

The **Access Criteria** were introduced in 2007, aimed at defining what a nationwide network of Post Office branches should look like and how far away individuals should be from their nearest Post Office branch, recognising the significant value that branches provide to local communities. The Access Criteria were re-confirmed in a 2016 public consultation, with over 29,000 respondents agreeing that the access criteria were correct or sufficient as a minimum.⁷⁵ Post Office has consistently met all five of the UK-wide criteria and government considers them to be an effective means of maintaining equal access to specific services across the country.

This dual obligation of meeting the Access Criteria and the minimum branch requirement has resulted in the creation of some branches that exist solely to satisfy the 11,500 requirement, rather than being necessary for the Access Criteria or based on community need.

How the Post Office network has evolved

While Post Office has consistently met the 11,500-branch requirement and geographical Access Criteria, meeting the network requirements has become more challenging and costly for Post Office, due to rising labour costs against declining footfall across the network, requiring additional network subsidy from government to be provided in recent years. Post Office has therefore needed to adapt its formats to align with changing consumer habits and to manage the overall cost of the Post Office network while still delivering on government's requirements of the network. In recent years there have been two important trends in the network:

The rollout of drop and collect branches: in 2021, government introduced changes to give Post Office greater flexibility to keep pace with the evolving needs of customers by offering new, more flexible, light-touch branch formats. The changes resulted in the introduction of lighter drop and collect branches focusing on collecting and dropping off parcels. As a low-cost model for Post Office to deploy and operate, these branches were rolled out at pace and as of April 2025 there were over 800 of these branches operating, meaning that they have become integral to how Post Office meets the 11,500 minimum branch

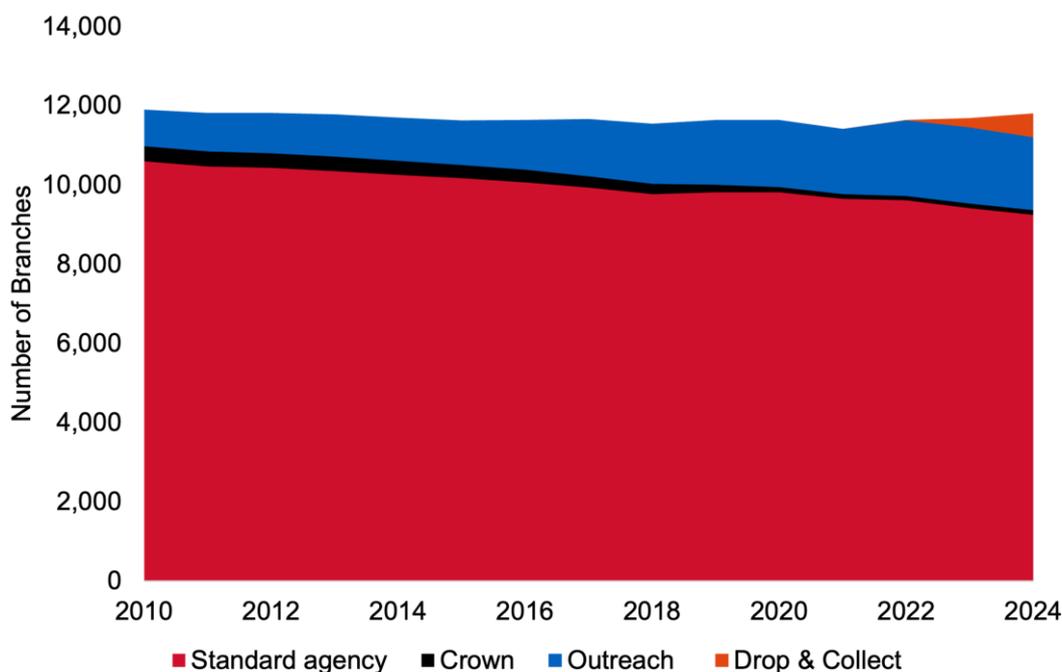
⁷⁴ [Securing the Post Office Network in the Digital Age - GOV.UK.](#)

⁷⁵ [Post Office network consultation - GOV.UK.](#)

requirement.⁷⁶ While drop and collect branches offer a convenient service to customers, government recognises that they typically do not provide the same social value in communities as a full-service branches in other communities, as drop and collects offer a much smaller range of services and are often located in densely populated urban areas where there are similar services already available to customers. Despite this, drop and collect branches allow Post Office to be more competitive in urban areas, particularly in a highly competitive parcels market as set out in Chapter 3.

The rise of outreach branches: outreach post offices are part-time services typically provided by a mobile post office van or hosted in a village hall or other community setting. In the year 2000, outreaches made up less than 1% of the Post Office network but, as of April 2025, made up around 14%.⁷⁷ While some of these branches can provide a lifeline to rural and vulnerable communities (such as remote island communities in Scotland where there can often be no host retailers for a typical Post Office branch), research by Citizens Advice suggests that some outreaches do not provide a good level of service for customers as the limited opening hours (on average five and a half hours a week) are not convenient for many people.⁷⁸ While some outreaches play an important role in communities, as set out in Chapter 2, government believes the most community value comes from permanent Post Office branches co-located with a wider retail offer and so recognises that outreach branches offer more limited value to communities.

Chart N: Number of Post Office branches, 2010 to 2024, by contract type



⁷⁶ This information has been provided by Post Office Limited, which retains full responsibility for the data they provide.

⁷⁷ [House of Commons Library \(2025\) 'Post Office Branches: Statistics and Development'](#); For branch numbers as of April 2025, please see the supplementary data tables annex.

⁷⁸ [Citizens Advice \(2022\) 'Gaps in the network: Impact of outreaches and temporary closures on post office access'; Analysis at a GB level using data from September 2021.](#)

Source: House of Commons Library (2025) 'Post Office Branches: Statistics and Development'

Please note contract types and branch names have varied since 2010.

Post Office has made it clear that it intends to create a long-term, sustainable future for postmasters running post offices in communities across the UK. This might mean Post Office needs to assess whether costly branch formats, such as outreach branches which cost Post Office disproportionately more to serve an average customer session, are deployed effectively or if there is an alternative way of ensuring communities remain within local reach of services.⁷⁹ This approach will mean Post Office is better placed to fund increases to postmaster remuneration across the network.

Options for how government's requirements on the network could change

Government recognises that many individuals and businesses have strong opinions on the location of post offices. However, considering how the way people use their Post Office has changed, there is a strong case for assessing whether there is a different way for government to achieve what it wants from the Post Office and its network.

There are many different options for what a future Post Office network could look like. We have selected three options that government is seeking views on in this Green Paper, but would also welcome other suggestions. The three options are:

- 1) maintain government's existing requirements including the 11,500 minimum branch requirement and the geographical Access Criteria
- 2) maintain the geographical Access Criteria but remove the overall minimum branch requirement
- 3) develop new requirements in place of the existing criteria designed to target local areas with insufficient service provision

The options above consider how government's requirements should operate at a network-wide level and are set out in more detail below. There are also a number of more minor options that could be considered which are set out at the end of the chapter.

Option 1: Maintain existing requirements

Option 1 would keep the Access Criteria and the requirement for Post Office to operate a minimum of 11,500 branches. While the overall number of Post Office branches would remain the same, Post Office would continue to have the freedom to operate the branch network within government's parameters and therefore we would expect to see some change over time as Post Office adapts to consumer trends.

⁷⁹ According to Post Office Limited, it costs the company £5.72 to serve an average customer session at an outreach branch. This is far more than any other branch type. This information has been provided by Post Office Limited, which retains full responsibility for this data.

As set out above, even with no change to government's requirements, we would expect to see some network changes within Government's requirements as the Post Office network evolves. As is the case at the moment, if a fixed branch in a community closed due to a postmaster resigning, Post Office might choose to deploy a different type of branch type in a different area, providing they notify and inform the community appropriately about accessing nearby post offices, and still meet the government's Access Criteria and 11,500 branch requirement.

Many loss-making branches are critical for Post Office to fulfil the Access Criteria. These would remain unaffected, and government would continue to provide Post Office a subsidy to contribute to the costs of running these branches.

Option 1 benefits and risks

Overall Option 1 is government's preferred option as it is an effective means of delivering the government's policy objectives while aligning with the manifesto commitment to explore ways to strengthen the network. However, the policy objectives can be met by maintaining the Access Criteria alone and so maintaining the minimum branch requirement results in a network that is larger than it needs to be to achieve the policy objectives and this may also lead to increased subsidy requirements from taxpayers.

As set out above, Post Office could look to optimise the network by addressing some loss-making branches in the network, mostly made up of outreach branches. Under Option 1, to continue to meet the 11,500 minimum branch requirement, Post Office would need to open a new branch when a loss-making branch closes which would likely result in a lighter branch focused on parcels being opened in an urban location as this is a low-cost option to deploy and maintain.

Over time, this option therefore would ultimately likely result in a larger number of lighter format branches focused primarily on parcels delivering limited community value compared to a full service branch. Furthermore, an increase in the number of lighter branches being introduced in urban areas could result in the new branches competing for customers with existing nearby full-service branches, impacting on the viability of those existing branches which is a concern that postmasters have raised with government.

Option 2: Maintain the Access Criteria but remove the minimum branch requirement

An option for government could be to remove the minimum branch requirement imposed on Post Office, which requires at least 11,500 Post Office branches across the UK. Under this option, the current geographical Access Criteria would remain in place to ensure at least 99% of the population stay within three miles of a full-service branch. However, many customers would continue to have a Post Office branch closer than this with at least 90% of the population being within one mile of their nearest branch.

As with Option 1, Post Office could look to optimise the network to address loss-making branches not needed for the Access Criteria. With no requirement to maintain 11,500 branches, under this option, Post Office would not be incentivised to open lots of lighter formats in order to meet the minimum-branch requirement at the lowest cost. While the

exact size of the network would be an operational decision for the Post Office, the government would continue to strictly enforce the geographical Access Criteria which protects nationwide access to branches and ensures at least 99% of the population remains within three miles of their nearest branch. We would also maintain that most of the network should be made up of permanent branches offering a range of different services which safeguards the network from transitioning to a part time/part service network.

Option 2 benefits and risks

Overall, Option 2 is an effective means of achieving government's policy objectives and likely a lower cost option for Post Office and government compared to Option 1. As set out in Chapter 2, the government believes that fixed branches offering a range of services provide the most value to communities across the UK. While Post Office would have the operational freedom to manage the branch network, it is likely Option 2 would result in a modestly smaller network but with a higher proportion of fixed and full-time branches than the Post Office network today. There is also evidence to suggest that what customers value the most is having services close to them. In DBT social value research, participants were asked to rate the importance of certain 'qualities' of Post Office and found 'nearby and convenient' to be the most important quality.⁸⁰ The Access Criteria already delivers on this priority without the need for an additional requirement on network size.

Under the existing requirements, Post Office needs to offset a closure, such as a postmaster resigning, with the opening of a new branch (not necessarily in the same location). Without the minimum branch requirement, Post Office would have more flexibility to adapt to market trends as managing a smaller network would mean Post Office's resources are less thinly spread. While some branches Post Office would choose not to replace might be under-used, any closure can have an impact on the community and customers who use the branch. Closures could also prompt banking access to cash reviews and the need for more cash services to be put in place.

Government recognises that a smaller Post Office network would likely be a concern to communities and this option is therefore not government's preferred approach. As set out at the beginning of the Chapter, there are already changes happening in the network to allow Post Office to make the most of opportunity in the parcels market. Too much change at the same time could lead to instability for Post Office as well as communities and so it might be preferable to wait to see how the network evolves in the short term before reviewing the overall size and for any longer-term changes to be phased in over time.

Option 3: Develop new requirements designed to target areas with insufficient service provision

Government currently asks Post Office to provide services to communities across the UK via the nationwide geographical access criteria. It could be argued, however, that the Access Criteria are more stringent than necessary, particularly when compared with the distribution of other essential services across the UK such as pharmacies, schools and

⁸⁰ DBT (2025), 'The Value of the Post Office Network', the report is available alongside this Green Paper publication on GOV.UK. For the full list of qualities that respondents were asked to rate, please see the original research paper accompanying this Green Paper.

supermarkets. To meet the Access Criteria Post Office sometimes needs to maintain branches in locations where there is no retail presence and no other services available in the vicinity, meaning that communities already need to travel to their nearest shop and to access other essential services. Similarly the Access Criteria mean that there may be areas where Post Office is required to maintain a full-service branch in an area with low customer need due to good provision of alternative service providers (for example a non-Post Office ATM or parcel shop) in the area.

While the Access Criteria approach provides fair and equal access to services for all citizens, these stringent requirements result in a considerable cost to the taxpayer and as such, it is important to consider how alternatives to the Access Criteria could still allow Post Office to deliver the policy objectives. A different way of ensuring communities have access to essential services would be to have a Post Office network more closely aligned to areas where there is insufficient provision for Post Office services.

While the implementation of this option would need to be worked through, one way in which this could work is by reviewing local services after a trigger event. For example when a postmaster decides to resign, Post Office or an independent third party could carry out a local assessment, based on pre-determined government criteria such as population density or demographics, to determine whether there are sufficient alternative service providers to meet demand in the local area, adopting a channel-neutral approach to services. If the assessment, with oversight from statutory consumer watchdogs, finds there is sufficient provision in that area, Post Office could choose whether to reopen a branch in that area or not; and if the assessment finds there is not sufficient provision, government would mandate the branch be replaced within a reasonable geographical vicinity (such as within three miles) and within a reasonable timeframe (such as within a year).

This approach would be similar to a model used in assessing the cash needs of a community where LINK carries out a local assessment following a bank branch closure to establish what, if any, cash access service is needed. As with the LINK model, government would establish a mechanism for a community to request a local assessment to take into account how alternative services might have changed in a local area. Under this scenario, the Post Office network would evolve as customer demand and provision of alternative service providers changes. This would be a longer-term option to consider due to Post Office's contractual commitments to provide services according to the current Access Criteria.

Option 3 benefits and risks

Option 3 is an effective means of achieving government's policy objective to provide key services to those who cannot or will not get them elsewhere. The new requirements would specifically protect services in areas where there are no suitable alternatives to meet the community need. The new requirements could also provide bespoke solutions to community need, such as a parcel shop in an area that already has good access to cash services. Option 3 could therefore be a cost-effective means for Post Office to manage its network and so could reduce the reliance on government funding over the longer term. However, depending how this option is implemented, it also has the potential to be complex for Post Office to operate, particularly if there are strict obligations to replace individual branches in an area. Furthermore, it could be difficult to capture the community cohesion provided by some branches with objective measures.

Under Option 3, government would still require Post Office to ensure most of its network were made up of fixed branches offering a range of different services, but otherwise Post Office would have more freedom to operate the network as long as it was providing services in areas with few alternatives. In reality Post Office would likely need to keep or would want to maintain many of the branches it currently has for commercial reasons, but it is likely that Post Office would operate a smaller network than today. Importantly, government would lose the safeguards it currently has through the minimum branch requirement and the geographical Access Criteria so it would be an operational decision for Post Office as to exactly how many branches they would operate. Any decision not to replace a Post Office branch would have a community impact on customers who previously used Post Office. While a local assessment would have judged that there are appropriate alternatives available to customers, these might not be in one place or a like-for-like alternative and so there could be significant impact on individuals.

Other ways government's network requirements could change

As set out at the beginning of this chapter, the options above consider how government's requirements should operate at a network-wide level. There are also a number of more minor options that could be considered which could be implemented alongside the network-wide options.

Introduce customer-service targets: Government could look to provide targets or requirements that Post Office must meet. In 2017, Citizens Advice conducted research using mystery shoppers and found that some branches, especially larger ones, experienced long queues and other poor service standards.⁸¹ While recognised as an issue, customer-service targets could be difficult to implement and measure. For example customer expectations could vary significantly in different areas – in one location a five-minute queue might be considered reasonable but not in a different location.

Despite the challenges, government-set requirements such as targets around queue times and quality of product and pricing advice could ensure customers consistently receive a good level of service. It is important to note that meeting these targets may be dependent

⁸¹ Citizens Advice (2018) 'The State of the Post Office Network'.

on government funding for Post Office to make investments in order to improve the customer experience, for example by investing in self-service kiosks.

Reviewing the postcode-district requirement: Along with the five UK-wide criteria set out at the beginning of this chapter, there is also currently a requirement on Post Office to ensure that 95% of the population of every postcode district is within six miles of their nearest outlet. This requirement was aimed at making sure that even the most remote communities continue to have access to post office services.

In practice, population density within postcodes varies significantly and have been found to be a poor basis for geographical access criteria. For example, although both Bath and East London have around 14,000 postcode units, the population of East London is over twice that of Bath.⁸² The areas in which Post Office struggles to fulfil the postcode district requirement are generally areas in which very few people live and few retailers. As a result, Post Office often has to deploy expensive measures such as funding loss-making post offices that serve very few customers to meet this requirement. Given this requirement is producing mixed outcomes for customers and is highly cost-inefficient, requiring increased taxpayer funding to subsidise, this specific requirement could be reviewed to enable subsidy to be used to support other branches in the network.

Reviewing what counts as a Post Office branch: Post Office, in line with international comparators, is increasingly needing to adapt its branch network to remain convenient and competitive. As well as the vital full-service branches, Post Office provides services in a range of other settings. It could be argued that Post Office is providing far more ways of accessing services than government recognises through the strict 11,500 branch requirement. Currently a Post Office branch must provide a range of postal services to be counted as a branch for government's network requirements. However, this does not take account of automated solutions or the increasingly important role Post Office plays in providing other commercial services to communities such as bill payments, and cash and banking services. What counts as a branch could be reviewed to focus on the number of access points Post Office provides for a range of services instead of a strict minimum branch requirement.

Making network changes in the future

Government recognises that it is important that the Post Office network is able to adapt to meet changing demands. If no changes are made to the overall network requirements as a result of this Green Paper exercise, government would seek to ensure there is an established process for reviewing the requirements. This process would be agreed in consultation with postmasters and trade bodies. Government would of course consult the public on any proposed significant changes to the Post Office network in the future.

⁸² [ONS \(2021\) 'Nomis: Postcode resident and household estimates, England and Wales, Census 2021'](#). Estimates based on two-character alphanumeric postcode areas.

Consultation questions 9 to 15

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

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

10. Please explain your preference [free text]

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

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

15. Please explain your answers [free text]

Chapter 5: Reforming the governance and long-term ownership arrangements for Post Office

As set out in Chapter 2, government believes Post Office should:

- 1) 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
- 2) become an organisation that adapts to changing markets and is financially sustainable, with lower reliance on government funding for investment costs

Post Office is making progress to transform its culture, but government recognises some stakeholders would like to see a different approach to enable Post Office to achieve the objectives above. This Chapter sets out the current arrangements, the steps the new leadership of Post Office is taking and other options for reform.

Current ownership and governance arrangements

In 1969, Post Office moved from being a department of government to a public corporation, operating at 'arm's length' from government. Central government typically does not have the expertise to run a complex business like Post Office, and so having Post Office at arm's length helps to safeguard against government micromanagement. This arrangement has been considered and reviewed a number of times but remains the model used today.

The Department for Business and Trade

When Post Office split from Royal Mail in 2012, legislation stipulated that Post Office must continue to be publicly owned or operated in a mutual ownership structure. Following the separation of the two companies, the Secretary of State for the relevant government department became the 100% shareholder of Post Office, which conveys certain rights and privileges to the government or its representatives. This model is used for other public corporations including Ordnance Survey, the Royal Mint and the National Energy System Operator who are all owned by the appropriate Secretary of State on behalf of the government.

The Department for Business and Trade is responsible for setting the long-term direction of Post Office, including the size and shape of the network as well as the core Post Office services that should be protected. The Department may also issue a letter to Post Office setting out shorter-term priorities and aims. In setting the strategic direction for Post Office, the Department also considers what funding might be needed for Post Office to deliver its objectives.

Under Post Office's Articles of Association, the Secretary of State for Business and Trade is responsible for appointing the Chair and Board of Directors of Post Office Ltd. and approves the appointment of the Chief Executive Officer. The Department also has approval rights over Post Office's strategic plan; the salary and bonus metrics for Post Office's Chief Executive Officer and Chief Financial Officer; and certain major decisions.

The Minister for Services, Small Business and Exports in the Department for Business and Trade provides ministerial oversight and support for key priorities and is typically accountable for Post Office-related business in Parliament.

UK Government Investments

UK Government Investments is the UK government's centre of excellence for corporate finance and corporate governance. UKGI advises the Department on corporate governance and corporate finance matters and represents the Department's interests on the Post Office Board. The creation of a government representative role on the Post Office Board was intended to give the Department direct eyes and ears on the Board, plus a direct opportunity to influence Board-level discussions and scrutinise and challenge the executive management. This governance model is consistent with that of other large, commercial public bodies.

UK Government Investments' work also includes promoting strong corporate-governance foundations and effective relationships between the Department and Post Office; promoting effective business planning and performance; and promoting strong corporate capability and leadership at Post Office. The governance structure plays a significant role in shaping the focus of Post Office and providing a framework for decision-making, accountability, and oversight. These governance processes are enshrined in a Framework Document agreed by Post Office, the Department for Business and Trade and UK Government Investments.

Post Office Board

Post Office is classified as a Public Non-Financial Corporation under the Office for National Statistics' national account system.⁸³ The Secretary of State for Business and Trade is Post Office's sole shareholder, with UK Government Investments providing corporate-governance sponsorship on the Shareholder's behalf. As a public corporation, Post Office operates as a commercial business with its own Board and executive, who are responsible for running the company day to day and providing strategic oversight.

Within the governance framework and network requirements set by government, the company's management and Board have freedom to run Post Office without interference from the government, and are bound by the same Companies Act rules that apply to other businesses. The Board is currently made up of a number of non-executive directors with experience across relevant industries, government's representative on the Board, two postmaster non-executive directors who are elected by the postmaster community, Post Office's Chief Executive Officer and its Chief Financial Officer.

⁸³ [ONS \(2025\) 'Public sector classification guide and forward work plan'](#)

Recent measures introduced by Post Office to improve its culture

It is clear that many of Post Office's failings in recent years are due to a lack of focus on postmasters. This has been well documented through the Post Office Horizon IT Inquiry which was set up to get to the truth, identify failings, and make recommendations in the interests of preventing a repeat of the Horizon scandal.

The government is confident that Post Office's leadership is grasping the challenge of transforming its culture and has seen evidence of significant improvement. For example, the presence of the two postmaster non-executive directors on the Post Office Board as well as a serving postmaster acting as Postmaster Experience Director embedded within the central business, assists in reorientating the mindset of Post Office leadership towards postmasters. Post Office has also recently launched its Transformation Plan, centred on delivering a "New Deal for Postmasters", which focuses on the goals of postmaster remuneration increases and renewing the partnership between the company and postmasters. This involves putting postmasters at the centre of Post Office, involving them in decisions that previously would have sat solely with central teams. Post Office has already begun to deliver on its commitment to increase postmaster remuneration, including through an increase in December and over April/May of this year. The Board is also committed to making the company more efficient via the Transformation Plan and enhancing operational standards. Post Office has additionally set up a programme to implement a set of recommendations, arising from a recent report, to improve the governance arrangements of the Post Office Board itself.

At all stages Post Office's Transformation Plan will be informed by strong postmaster engagement. The New Deal set out in the Transformation Plan is broader than just remuneration and an increase in postmaster revenue share. It is about renewing the partnership between the company and postmasters, involving postmasters in shaping processes such as onboarding and recruitment, through to training and performance management. The New Deal is a two-way agreement, and in turn more will be expected of postmasters in terms of enhancing operational standards. As part of the New Deal, to increase the postmaster voice in the company, Post Office has introduced a Consultative Council, which includes representatives from postmaster bodies and is chaired by the Postmaster Non-Executive Director.

The Council will enable postmasters to work with the company on how the Transformation Plan is taken forward, to provide challenge and ensure the plans remain focused on the needs of postmasters. Post Office also has established a Postmaster Panel to ensure postmasters have a direct role in shaping operational processes Post Office provides for postmasters. Post Office will also continue to have two non-executive directors elected from the postmaster community on its Board.

These are positive steps in the right direction and it is important that this culture change is locked in for the long term.

Additional considerations for reform

Government does not believe it is the right time for making complex governance changes such as a different ownership model, both because Post Office is not ready as it is not yet in a sustainable position financially, but also because Post Office needs stability in the short to medium term to focus on transformation and working to replace the Horizon IT

system. Government therefore considers that the broad arm's length structure remains appropriate for managing Post Office in the short to medium term.

However, that is not to say that the model cannot be optimised or improved. In particular, the government recognises that some postmaster stakeholders believe Post Office needs to go further to achieve the objectives set out at the beginning of this chapter. The following section sets out the issues that have been raised by stakeholders. We are seeking views as to what is most important to respondents.

Permanency and independence of postmaster-engagement bodies: While generally welcomed as steps in the right direction, government has heard concerns that Post Office has the power to change or abolish bodies such as the Consultative Council or Postmaster Panel if it wanted to.

Some groups have also expressed concern about the independence and autonomy of bodies such as the Consultative Council and have suggested that a new forum should have a clear remit of issues that it will be consulted on, and the ability to request information on any topic Post Office is working on. While members of the Consultative Council are able to request agenda items and updates from Post Office executives, some postmaster groups are concerned about how Post Office could control the information that goes to it. They instead support the creation of a body that sits outside of Post Office's decision-making structures, with greater autonomy. There is a balance to be struck in giving any body wide autonomy on the one hand and enabling efficient decision making as well as keeping the group focussed on the other.

A new body independent from Post Office's decision-making structures could enhance the credibility of the body, but on the other hand could lead to additional bureaucracy and resource to manage. For example, it is important to consider who would provide admin support to the Council, while being independent of Post Office and government. In terms of the level of information provided to a new body, it is not guaranteed that an independent body would have greater access to information than is provided to the existing Consultative Council and Postmaster Panel due to the risks of sharing sensitive information. Any new body would still remain consultative or advisory in nature, as government believes that ultimate decision-making authority should still rest with the Post Office Board.

Efficiency, cost effectiveness and speed of decision-making: Post Office has a Transformation Plan aimed at improving decision making and reducing inefficiency with the savings putting Post Office in a better position to increase remuneration for postmasters across the UK. This is the top priority for postmasters and so government considers it is important that any additional governance measures do not slow down transformation by adding unnecessary bureaucracy or process, nor hinder the ability of Post Office to respond quickly and dynamically to changing market forces.

Relationship with government: Government is aware that some postmaster groups would like increased engagement with government due to its important role in setting the strategic direction of the company, determining the size and shape of the Post Office network and in making appointment decisions such as the Chair of the Board. Some stakeholders have expressed support for a forum that would be allowed greater input into the decision making for these issues as well as being able to challenge and hold government to account.

Membership: The current Consultative Council and Postmaster Panel focus primarily on postmasters. Some groups have advocated a body with a more diverse membership including trade unions and consumer groups for people who rely upon the network, such as older people, vulnerable people and people from rural areas. A more diverse group may offer a greater diversity of views but equally would be more likely to have conflicting priorities and would therefore be dependent on strong governance practices and cooperative participation. A more diverse group could also dilute the voice of postmasters.

Ensuring a strong postmaster voice and that employees feel heard: Government is aware that some stakeholders are concerned about current arrangements for postmaster representation. Ensuring postmasters have a more positive view about how they are represented and supported will be important to changing the culture at Post Office.

Consultation question 16

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

Consultation questions 17 to 23

17. Please explain your answer (free text)

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					

Consultation questions 24 to 26

Question	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
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.

Next steps on short-term reforms

Government will consider the responses carefully before deciding what changes, if any, are needed. It is also important to acknowledge the link with the Post Office Horizon IT Inquiry. The relationship between government and Post Office, and Post Office and postmasters, is highly relevant to the Inquiry, and government will of course carefully consider any recommendations from the Inquiry on these issues alongside responses to this Green Paper. It is important to stress that no decisions on changes to governance and ownership arrangements will be made by government until Sir Wyn Williams' final report has been published, to allow government to fully consider the Inquiry's recommendations and findings on governance issues together with the responses to this Green Paper.

Longer-term options

As set out above, in the short to medium term, government involvement and oversight as per the current governance model is appropriate while Post Office continues to require significant amounts of taxpayer funding and needs to demonstrate to government and the public that it has transformed its culture. However, longer term, there may be opportunities for government to reduce its involvement, and in doing so to give greater control to postmasters and/or give Post Office greater freedom to respond to changing market conditions. This Chapter sets out two longer-term options:

- 1) conversion of Post Office into a mutual, collectively owned by either postmasters or also including other stakeholders
- 2) a Charter model that would be aimed at separating out government's role in setting the organisation's purpose and mission from the role of the Post Office Board in setting the strategy and running the business

It is important to note that there are multiple different ways each could be implemented and government is not proposing a specific option at this stage. The two longer-term options have been selected as the options that could be most viable in the medium term as well as options that could still enable the government's policy objectives to be met. Longer-term options such as a sale of Post Office or government taking direct control through conversion to an Executive Agency or similar have been assessed as not viable in the medium term and therefore not set out in this Green Paper.

Long-term option 1: Conversion of Post Office into a mutual

Summary: Mutualisation is an umbrella term for organisations owned and controlled by their members. There are many different ways Post Office could be mutualised with various design choices and decisions including the legal structure, members of the mutual, government involvement and ownership rights.

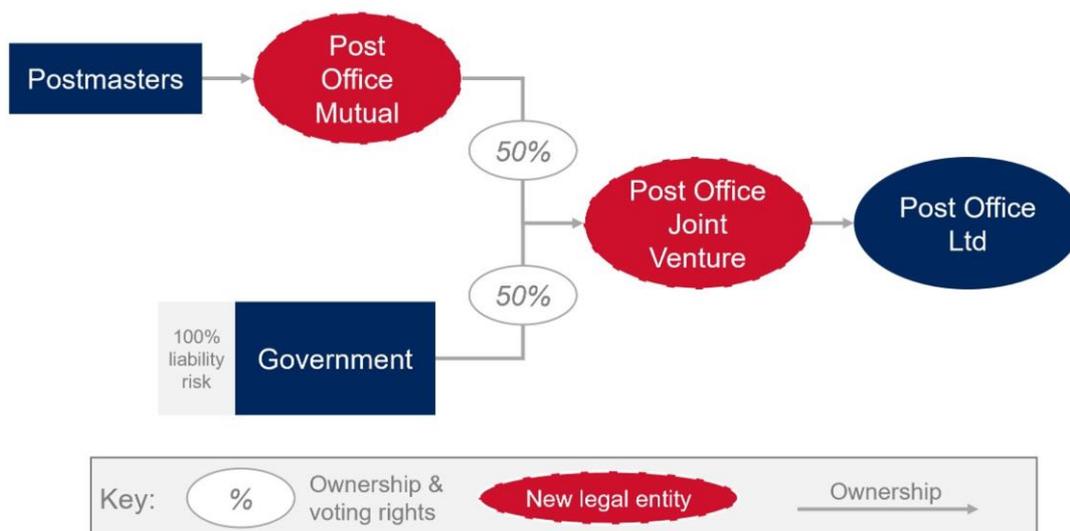
The key issues for any mutual model would be:

- **Membership:** membership could be limited to postmasters and franchisees, or could also include customers, employees and communities. A limited membership would likely be easier to implement although it would be unusual for membership to be solely the service deliverers. A model whereby both those receiving the services

(customers, charities and community groups) and those providing the service (employees, postmasters and strategic partners) make up the ownership could be more effective at running Post Office for the public benefit. A wider membership could help balance the diverse interests for example of those calling for a smaller network to increase footfall in branches, with customers who would value the convenience of a larger network.

- Funding and liabilities:** a mutual Post Office could continue to receive government funding through contractual relationships to deliver government services, for example DVLA services. Depending on the ownership structure, it could be possible for a mutual Post Office to continue to receive subsidy payments too. With greater financial stability, a mutual company would likely be able to borrow, although mutuals tend to find it harder to secure borrowing than private companies, and the government may choose to set borrowing restrictions if it retained responsibilities related to the organisation. It is likely a Post Office mutual would be limited by guarantee and its Board would have a duty to promote the good running of the company in the best interests of its customers. If set up in this way, if Post Office were to go bankrupt, government, rather than members of the mutual, would step in.
- Ownership structure:** The most likely viable model would involve the creation of new legal entities including a Post Office Mutual which would be 100% owned by its postmaster members and a Post Office Joint Venture between the Mutual and government. The Post Office company would be jointly owned by the Joint Venture. This would require government to remain involved in Post Office through the Joint Venture but with no involvement in the Post Office Mutual which would be wholly independent of government with democratic governance mechanisms. An illustrative diagram of the different bodies is shown below.

Figure 1: An illustrative diagram of different bodies in a potential mutual structure



There are other ownership structures including direct membership, through representative membership or through some form of trust arrangement. It is possible these alternative

ownership structures would incur liabilities. More work would need to be carried out on these options subject to responses to this Green Paper.

What is required for this model to be viable: Government considers that Post Office should be financially and operationally stable before mutualisation can be considered. This is because financial instability would hinder a mutual organisation's potential to secure external investment, impacting innovation and competitiveness. Furthermore, operational disruptions would likely lead to declining service quality, eroding customer satisfaction and trust in Post Office. What this means in practice is that for mutualisation to be considered, government would need to see no material risk of operational failure, meaningful cultural change should have been achieved and Post Office should have achieved government's objective to become less reliant on government funding.

In turn, what this means is that the company would need to be both profitable and cash-generative on a sustained basis before mutualisation can be realistically considered. Considering the need for Post Office to take account of any recommendations from the Post Office Horizon IT Inquiry and that the ongoing work to replace the Horizon system is expected to take at least three to five years, the earliest date to consider mutualisation is considered is around 2030. It is estimated it would take a further three years for implementation.

Benefits: Postmasters have expressed a desire for more involvement in the running of Post Office for their and their communities' benefit. A mutual would achieve this as Post Office would be owned by its members (independent of government) and have democratic governance mechanisms.

A mutual structure would likely have greater commercial flexibility to drive successful transformation and greater borrowing freedoms. This would likely result in greater commercial agility and responsiveness compared with continued government ownership. A mutual would support retention of Post Office's future profits in the UK's communities and there would be an enhanced ability for Post Office to more closely meet needs of customers.

Risks: Mutualisation would be a complex, time consuming and potentially expensive process. There is no precedent of an organisation of comparable size or complexity having mutualised in the United Kingdom in recent years and it would require extensive expert input and stakeholder alignment to implement. As government considers the path to mutualisation is most viable if Post Office is financially and operationally stable, any delay to Post Office's transformation risks pushing the implementation of mutualisation further into the future, potentially frustrating postmasters.

In the model where mutual members' financial liabilities were limited, government would likely need to step in if the mutual were to go bankrupt. As explained above this liability would necessitate a degree of government involvement in the running of the Post Office, likely through a Joint Venture. Depending on how financial rights and obligations were defined, this likely structure may not differentiate enough from the current structure.

A formal mutualised structure is not the only way to achieve the benefits of a mutual and could be considered an overly complex and potentially challenging way of achieving a cultural shift.

Long term option 2: Charter model for Post Office

Summary: The broad principle of a Charter model is that a Charter sets out an organisation's overall public purpose and sets some of rules under which the organisation must operate. This model is used for the BBC and for universities. Charter bodies are in principle intended to be more independent of government than other public bodies. They are designed to increase the autonomy for the organisation and involve significantly less oversight than other governance structures.

The key issues for a Charter model would be:

- **Charter duration:** Could be renewed periodically as with the BBC Charter which is reviewed every ten years, or indefinitely as with university charters. The mechanisms for reopening the charter would be set in its drafting.
- **Funding:** As is the case now, funding would likely continue to be through a combination of commercial revenue and government subsidy. With a Charter model, funding windows are typically subject to agreement under Charter.
- **Government involvement:** Government would no longer have an ownership interest in Post Office, meaning it would no longer have formal shareholder rights and controls under Post Office's Articles of Association, and the Department of Business and Trade would no longer be accountable for Post Office's performance. Division of responsibilities would be clearly set out through formal governance documents. Government could still appoint a representative to be the government's 'eyes and ears' on the Post Office Board but the aim of the Charter model would be to reduce government's involvement in the operation of Post Office.
- **Ongoing assessment:** Post Office could be periodically assessed on performance against purposes set in charter. Assessment could be formalised to involve relevant regulators. Examples from other sectors include the annual BBC Performance Report produced by Ofcom.

What is required for this model to be viable: It is essential for Post Office to have achieved the cultural transformation objective in order for this option to be considered. This will include implementation of recommendations from the Inquiry and Post Office meeting other targets set by government. It is also important that Post Office has achieved financial and operational stability for a Charter model to be considered. Government would expect to see no significant investment funding needs as these necessitate increased government oversight.

Benefits: Increased government oversight in Post Office can lead to slower decision making and can limit Post Office making long-term strategic decisions. A Charter model could give Post Office longer-term clarity and freedom to operate with an appropriate commercial envelope. It would also mean a recurring requirement to consult with the public on the government's strategy and policy for Post Office each time the charter was renewed. However, some could argue a transition to a Charter model would be largely symbolic, as equivalent independence and public oversight could be achieved under the existing public-corporation model (as is the case with Channel 4).

Risks: Increased autonomy for Post Office could impact its efforts to rebuild trust with its customers, postmasters and communities who rightly expect an appropriate level of oversight.

It is possible a Charter model could be unnecessary once Post Office has addressed any recommendations from Sir Wyn Williams' Inquiry and achieved financial and operational stability, as a significant portion of increased government oversight in recent years is related to the Horizon scandal and Post Office's current funding requirements which require complex business cases and careful ongoing monitoring. In a future scenario where all issues identified by Sir Wyn William's Inquiry have been addressed and Post Office is less reliant on government for funding, government would expect to see its involvement in Post Office decrease over time to the level of oversight it has over other public corporations but with strengthened governance arrangements between government and Post Office put in place following the Horizon scandal. A Charter model could in fact ultimately increase bureaucracy if additional regulators are involved to assess Post Office's performance in a role that is currently performed by government.

Consultation questions 27 to 31

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.					

Consultation questions 32 to 33

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]

Department for Business and Trade

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