



Part and Parcel: The Economic and Social Value of Post Office



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Post Office CEO Foreword



It is entirely accidental, but somehow appropriate, that this new research from London Economics should coincide with the worst cost-of-living crisis experienced in the UK for more than 40 years. Appropriate because, as we also saw during the various Covid lockdowns, it is at times of national strain that people, the press and politicians are reminded of the value of the post office in their community.

In this regard, our ubiquity is both our unique selling point and our Achilles' heel. So dependably present are post offices, day in, day out, in every community of all four nations, quietly providing essential services and a social hub, that it is perhaps unsurprising that an element of complacency sets in – Until circumstances conspire to focus attention back on the remarkable national asset the Post Office network represents.

While this research again reflects the very significant social value which people place on their post office, for the first time it also measures the economic contribution of the business and the Post Office network to the UK. The report shows that this economic contribution is felt in every corner of the country, and in every parliamentary constituency, supporting 50,000 jobs, and generating an aggregate economic impact of £4.7 billion every year. To bring this to life, this is a bigger contribution to UK PLC than was made by London's Heathrow Airport. Equally, our social value has been valued at more than £4 billion to consumers nationwide. This is particularly striking given rising prices and the ongoing challenges to household budgets.

With many more than 5,000 bank branches closing since 2015, and this trend now accelerating post-pandemic, it is perhaps not surprising that small and medium-sized enterprises (SMEs) place a £1 billion value on the easy reach of post offices. We now routinely transact over £3.5 billion in cash over our counters every month, a large and growing proportion of which is the takings of the SMEs across the country, who account for approximately half of turnover in the UK private sector.¹

We have become essential to the shopkeepers, trades, and nascent businesses of the nation as a whole, and they have come to rely on our continued presence on high streets in towns and villages everywhere. Our free banking services are providing a life line for people too, and not just those already at the more vulnerable end of the spectrum. The cost-of-living crisis is making many reconsider the wisdom of unthinking card-tapping payments and rediscover how useful cash can be in setting and

sticking to a tight budget.

Simply put, post offices, and the dedicated Postmasters and Postmistresses who run them, keep people connected. Connected to the financial system and their cash, to their friends and loved ones, to their customers at home or overseas, and connected to one another in what may, for some, be the only human contact in the day.

That the work is unglamorous does not make it any less valuable, nor does its ubiquity make it any less important. Any organisation with the economic and social value which has been evidenced in this report, based on what people would be willing to pay while they are struggling in the middle of a cost-of-living crisis, should not be overlooked nor taken for granted. I argue that an organisation doing so while wholly owned by the taxpayer cannot, must not, be overlooked or underestimated by the government of the day.

Of course, the landscape in which post offices operate will change and post offices need to evolve to meet the nation's changing needs. So, while there is no argument for preserving the status quo in some sort of ideological aspic, but there is real value here in the lived experience of the millions of people and businesses who come to a post office every week because they rely on us.

Let us not be complacent about that.

Nick Read
Chief Executive Officer
Post Office Limited

¹ Federation of Small Businesses. UK Small Business Statistics

Part and Parcel: The Economic and Social Value of Post Office – executive summary

As an iconic British brand, Post Office has long been a familiar institution in the United Kingdom. As one of the country's largest retailers, with more than 11,500 branches, Post Office plays a significant role in communities across the United Kingdom, in towns, villages and on high streets across all four nations. At nearly four centuries old, Post Office has evolved continuously to meet society's needs and today brings essential services to countless communities – whether that involves posting a letter, taking out cash, or topping up the electricity meter.

However, the familiarity and ubiquity of Post Office to people across the country can mask the significant value that the retailer brings to the United Kingdom. With 99% of households in the country living within three miles of a post office, it can be easy to consider Post Office branches as unremarkable and as a given. This report, and the research that underpins it, reminds the reader of both the social value that Post Office delivers to the most vulnerable in society and also the convenience it brings to consumers and businesses. It confirms and expands upon previous research by NERA (2009), London Economics and YouGov (2016), and Public First (2020) that explored the value of Post Office.

Additionally, for the first time, this research also illuminates what had previously been less well understood: Post Office's role as part of the underlying economic infrastructure of the United Kingdom and as an enabler of small and medium-sized enterprises (SMEs)². It illustrates that, as well as being an important backstop for the most vulnerable and excluded groups, Post Office also stimulates and facilitates economic activity at a national, regional and local level. With this in mind, the report structures the value of Post Office around five core themes, covering aspects of its economic significance as well as its social value.

With an unparalleled physical reach that few other businesses can claim, Post Office generates significant economic activity across each nation and every region of the United Kingdom.

- At a national level, Post Office generates an economic impact of **£4.7 billion across the United Kingdom** a year. In fact, for every £1 spent by Post Office, an additional £1.51 is generated across the wider economy. That's more than the economic impact of Heathrow Airport.
- Post Office's branch network also supports communities at a local level. The expenditure of Post Office's branches resulted in an average economic impact on the UK economy of **£5.8 million per parliamentary constituency**, which is equivalent to an economic contribution of **£57 per person**. Digging deeper, there were 102 constituencies (out of 650) associated with at least £7.5 million of UK-wide economic impact and 426 constituencies associated with an impact of at least £5 million. To demonstrate the breadth of the impact, the analysis shows that at least £2 million of UK-wide economic impact originated from **every parliamentary constituency**.
- Post Office supports **c.50,000 full-time equivalent jobs** across the United Kingdom – and as many as 5,500 jobs in some regions. That is equivalent to the number of full-time employees in a city the size of Lincoln or Exeter.
- Post Office is a vital piece of the United Kingdom's underlying economic infrastructure, acting as an enabler of small businesses across the four nations.
- Small and medium-sized businesses regularly rely on their local post offices to operate – in fact, nearly three in 10 SMEs use Post Office at least once a week – and more than half use it at least once a month.
- SMEs hugely value the convenience that the Post Office network brings to their businesses – worth almost £1 billion per year overall to SMEs, which equates to over £175 per SME per year.
- SMEs use postal services almost every time they visit their local post office and greatly value the convenience of having a post office nearby.
- With more than 5,000 bank branches closing since 2015, Post Office is also increasingly a lifeline for SMEs by providing essential banking services, such as depositing cash without needing to shut up shop and travel to find a bank in a neighbouring town (if it still has one).



2 Defined as businesses with fewer than 250 employees.

Post Office acts as a local anchor to the United Kingdom's high streets, by driving footfall and generating wider nearby economic activity

- Post offices bring huge volumes of additional spending to high streets. In fact, visits to post offices generate over **£3 billion a year of spending in nearby shops and businesses.**³ This additional spending takes place right across the United Kingdom, but is particularly strong in Northern Ireland, Wales and the North East of England.
- Operating a post office also delivers substantial value to Postmasters, by generating nearly **£1 billion of spending in host retailers** as a result of the customers that their post office attracts. In fact, nearly half of Postmasters believe that their retail outlet would not survive without their post office.
- Post offices are particularly important economic pillars in rural communities, with more than a quarter of post offices serving as the last remaining shop in the village, supporting as many as 30 million visits each year in these branches.

Post Office also brings huge social value to communities by providing convenience for consumers and fostering pride in their community – particularly in rural areas

- Half of consumers across the United Kingdom believe Post Office fosters a sense of belonging to the community and that it is important to its identity – particularly the elderly and those with disabilities, from rural areas or on lower incomes.
- Post offices are especially valuable to rural communities, who place a greater value on Post Office than those in urban areas – with a particular focus on cash and banking services, given the absence of convenient alternatives.
- Post Office also delivers ease of access and convenience for consumers by bringing a range of services under one roof, with six in every seven consumers and SMEs believing it is important for a post office to be nearby and convenient to get to. Consumers place particularly high value on Post Office's postal services.

As the United Kingdom becomes increasingly digital, Post Office's face-to-face service continues to serve as an essential backstop for the most vulnerable and excluded groups in society

- The Post Office network as a whole has an **annual social value to consumers of nearly £4 billion.** It is striking that Post Office's social value remains so high, even in the midst of an unprecedented cost of living crisis, which (due to a reduced ability to pay) is likely to have dampened respondents' valuations considerably.
- Vulnerable consumers place a particularly high value on Post Office. Not only is usage higher among vulnerable customers, but those customers are also willing to pay around one and a half times the amount that non-vulnerable consumers would pay to prevent their nearest Post Office from moving one mile away, despite typically having lower incomes.
- With the decline of high-street banks, Post Office is the mainstay of the United Kingdom's banking infrastructure for vulnerable and less well-off individuals. In fact, those in lower social grades (C2DE) are willing to pay three times the amount that those in higher grades (ABC1) are willing to pay for these services.



³ Please note that this figure should not be added to the total economic impact of the Post Office network as it cannot be directly attributed to the Post Office.



1. Background to the research

London Economics was commissioned by Post Office Limited to assess the **economic impact and social value of Post Office**.

- The economic impact was assessed using a combination of internal Post Office data, regional and sectoral multipliers and an online survey of Postmasters. A full methodology is available in Annex 1.
 - The economic impact was assessed by considering the direct, indirect and induced impact of the expenditure⁴ of Post Office's more than 11,500 branches and Post Office Limited, as well as the FTE jobs supported by Post Office branches and Post Office Limited.
 - The results from the Postmaster survey also allowed for the additional expenditure within retail outlets to be assessed.
- The social value was assessed through two surveys which were administered by YouGov in July and August 2022. These surveys were of 2,044 consumers and 1,017 small and medium-sized enterprises (SMEs). A full methodology is available in Annex 2.
 - The overall social value of Post Office was found using a contingent valuation approach, where respondents were asked for their willingness to pay for the Post Office network overall.
 - The social value of different Post Office services was determined through choice experiments, which revealed respondents' willingness to pay for each Post Office service.
 - The social value of the distance to the nearest post office and the distance to Post Office services was also assessed through the surveys, using contingent valuation and a choice experiment.
 - Additional questions were asked in the surveys relating to issues such as the importance of characteristics of Post Office and the additional expenditure by Post Office customers on the high street.

- An important caveat to the findings in this study is the state of the United Kingdom's economy when the surveys were conducted. In this period, there was a 40-year high in inflation and unprecedented reductions in household disposable income, regular pay in real terms, and consumer confidence. As a result, it is likely that many of the findings presented throughout this study are underestimates compared to results that would have been identified in more normal economic circumstances.⁵

This report combines these analyses and presents the value of Post Office based on **five key themes**:

- The big picture: a nationwide network delivering nationwide economic value
- Enabling enterprise: the unseen part of the United Kingdom's economic infrastructure
- Anchoring economics: the role of post offices in sustaining our high streets
- Part and parcel of life in the United Kingdom: Post offices as the social and consumer hubs of communities
- More than just a shop: supporting the most vulnerable and excluded in our society

It is likely that many of the findings presented throughout this study are underestimates compared to results that would have been identified in more normal economic circumstances.

⁴ A definition of direct, indirect and induced impacts is presented in Section 2.1.

⁵ Further discussion on this issue is presented in Section 6.1 and Annex 2.

2. The big picture: a nationwide network delivering nationwide economic value

Key findings: a nationwide network delivering nationwide economic value

- At a national level, Post Office **generates an economic impact of £4.7 billion** across the United Kingdom a year. In fact, for every £1 spent by Post Office, an additional £1.51 is generated across the wider economy. That's more than the annual economic impact of Heathrow Airport.
- Post Office's branch network also supports communities at a local level. The expenditure of Post Office's branches resulted in an average economic impact on the UK economy of £5.8 million per parliamentary constituency, which is equivalent to an economic contribution of £57 per person. Digging deeper, there were 102 constituencies (out of 650) associated with at least £7.5 million of UK-wide economic impact and 426 constituencies associated with an impact of at least £5 million. To demonstrate the breadth of the impact, the analysis shows that at least £2 million of UK-wide economic impact originated from every parliamentary constituency.
- Post Office supports **c.50,000 full-time equivalent jobs across the United Kingdom** – and as many as 5,500 jobs in some regions. That is equivalent to the number of full-time employees in a city the size of Lincoln or Exeter.



6 This includes all Post Office branches and expenditure by Post Office Limited.

7 This estimate was based on economic activity that occurred during the Covid-19 pandemic, so may represent an underestimate of the total impact compared to non-pandemic years.

8 A detailed explanation of the methodology used to calculate the direct, indirect and induced impact is available in Annex A1.1.

2.1. Delivering direct economic impact across the United Kingdom

Post Office is the largest retailer in the United Kingdom – and one of the largest in Europe – thanks to its unrivalled branch network of **more than 11,500 branches** across all four nations. Indeed, few other businesses can make claim to such an extensive physical presence. While the vast majority of branches operate on a franchise basis, each branch is supplied, served and supported by Post Office – through a significant supply chain infrastructure, field teams and support functions – so that branches can, in turn, serve and support their communities.

In fact, London Economics' analysis found that the combined expenditure of Post Office and its branch network generated an **overall economic impact of c.£4.7 billion** in the financial year 2021-22.^{6,7,8} To put this into context, this was slightly higher than the estimated economic impact of Heathrow Airport after a return to 'business as usual' conditions post-pandemic (Centre for Economics and Business Research, 2021).

Nearly **£2 billion of economic value** was directly generated by Post Office Limited and branch expenditure – whether that is the wages of Post Office employees, spending on stock for Post Office branches, or the other business costs associated with the day-to-day operation of Post Office branches.

However, the direct expenditure figure does not capture the full economic impact of Post Office. This direct expenditure creates a wider ripple effect (known as the indirect and induced impact) throughout the United Kingdom's economy, by generating additional economic activity **estimated to be £2.8 billion**.

Within this, the indirect impact highlights the impact of Post Office expenditure on goods and services throughout its extensive supply chains, which, in turn, has wider knock-on effects as Post Office's direct suppliers make further purchases throughout the economy to meet their needs. For example, if a Postmaster purchases equipment for their Post Office branch, then income will be generated for the supplier of that equipment, who will then go on to purchase inputs to meet their own demands (Weisbrod & Weisbrod, 1997).

In addition to this, there is a wider induced impact resulting from the expenditure of Post Office staff and the staff of businesses in Post Office's supply chain. These individuals will spend their income throughout the economy (such as on their local high streets), which further generates wage income for employees of those other businesses, who then spend their own income on goods and services.⁹

As such, Post Office's expenditure not only benefits those who directly receive that spending (such as suppliers and employees), but also helps to support a multitude of businesses and jobs throughout the whole country through the knock-on ripple effect resulting from that initial spending. The indirect and induced economic impacts demonstrate the unseen contribution by Post Office to the United Kingdom's economy, not only in directly providing vital services to both households and small businesses, but also by supporting communities throughout the country through its basic operations.

2.2. Generating economic value at a regional and local level

Post Office's economic impact across the United Kingdom is driven primarily by its extensive branch network: for **every £10 spent by Post Office, approximately £8 arises from the network** (£3.8 billion in total), with the remaining impact (£0.9 billion) being generated centrally from Post Office Limited's expenditure.

Post Office's network of more than 11,500 branches has a strong presence in every nation, region and parliamentary constituency of the United Kingdom, which drives economic growth across the country. This near-universal geographical footprint is considerably wider than most other businesses, as Post Office serves all communities across the country. This is guaranteed and safeguarded through Post Office's access criteria, where (amongst other criteria) 99% of the United Kingdom's population must be within three miles of a post office (Clark and Booth, 2022). This geographic footprint translates into an unparalleled economic impact distribution, which helps support Postmasters, host retailers and local businesses across the entire country.

Post Office's network of more than 11,500 branches has a strong presence in every nation, region and parliamentary constituency of the United Kingdom, which drives economic growth across the country.



Regional impact

Post Office drives economic value across each and every region of the United Kingdom, and the first map (presented in Figure 1) illustrates this broad economic impact that Post Office's branch network has across the United Kingdom. Considering aggregate figures, the branch network contributed an average of **£317 million in each region**, with at least £250 million of economic impact in eight of the United Kingdom's 12 regions and at least £100 million of economic impact in every region. As the Government seeks to level up the United Kingdom and tackle regional disparities, the wide-ranging impact of Post Office highlights how its branches are already supporting high streets and local businesses in each and every part of the United Kingdom.

Expressed differently, Post Office's branch network generated an economic impact in 2021-22 across the United Kingdom equivalent to between £46 and £69 per person in every region and home nation of the United Kingdom (with an average of £57 per person nationwide). Taking into account the size of each region, these results demonstrate the evenly distributed impact that Post Office has across the country and a more extensive footprint across the United Kingdom than almost any other business.

⁹ A more detailed explanation of the direct, indirect and induced effect is available in Section A1.1 in Annex 1.

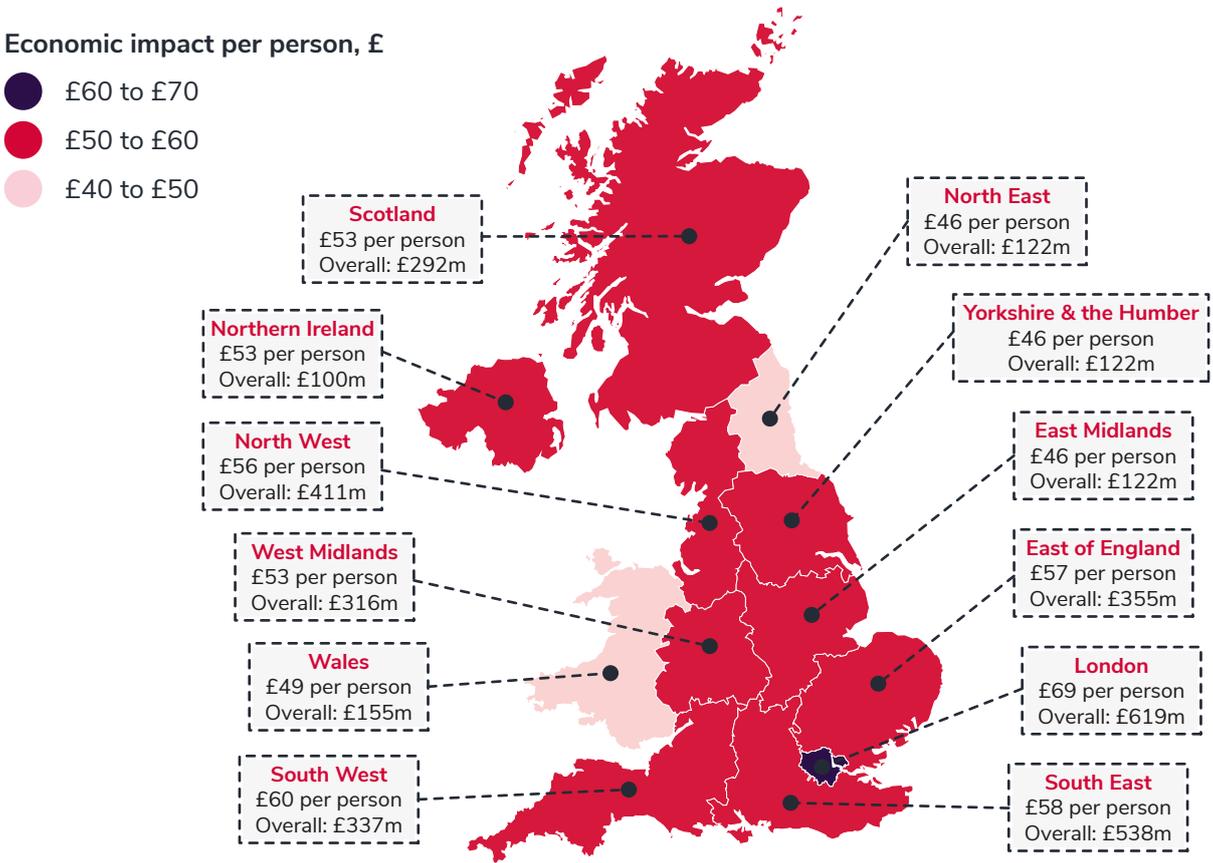
Local impact

Post Office also generates substantial economic impact at local, as well as regional, level. The breadth of this impact is shown by the fact that there were on average 18 branches per parliamentary constituency, with at least 10 branches that were open and active in 561 parliamentary constituencies and at least five active, open branches in every parliamentary constituency of the United Kingdom in March 2022.

The breadth of Post Office’s impact is shown in Figure 2, which shows the direct, indirect and induced impact of Post Office’s branch expenditure on the United Kingdom’s economy originating from each parliamentary constituency.¹⁰ The expenditure of Post Office’s branches resulted in an average economic impact on the UK economy of **£5.8 million per parliamentary constituency**, which is equivalent to an economic contribution of **£57 per person on average**. Digging deeper, there were 102 constituencies (out of 650) associated with at least £7.5 million of UK-wide economic impact and 426 constituencies associated with an impact of at least £5 million. To demonstrate the breadth of the impact, the analysis shows that at least £2 million of economic impact originated from every parliamentary constituency.

Post Office has a particularly strong per capita impact originating from rural constituencies in Scotland (such as Ross, Skye and Lochaber, and Argyll and Bute) and the North West (such as Westmorland and Lonsdale, and Penrith and The Border).

Figure 1 Direct, indirect and induced impact of Post Office branch expenditure in each region of the United Kingdom, per person and overall, 2021-22

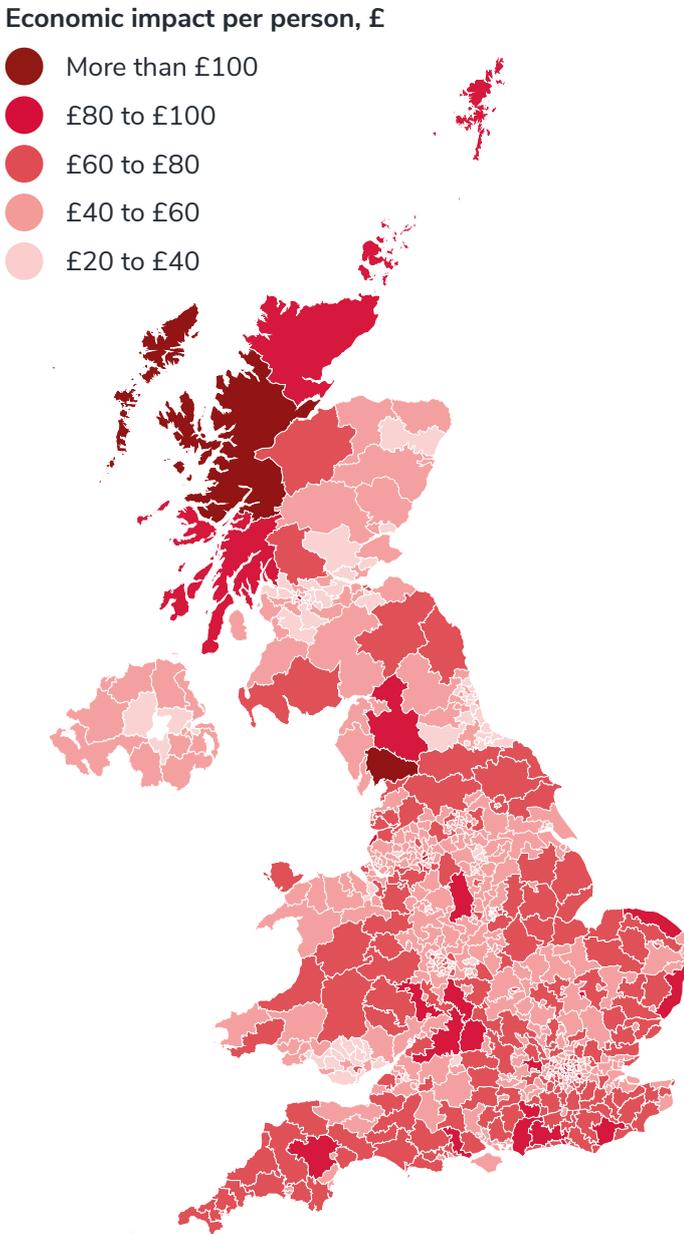


Note: Total economic impact figures were divided by mid-2020 population estimates for United Kingdom regions (Office for National Statistics, 2021b) to obtain per person figures. The shading refers to the economic impact per person that takes place in that region. For example, the economic impact in the North West considers the impact of branches in every region (including the North West) on the North West’s economic activity.

Source: London Economics’ analysis based on Post Office data and Office for National Statistics (2021b). Contains National Statistics data, OS data, Royal Mail, Gridlink, LPS (Northern Ireland), ONS, NISRA data, NRS data and Ordnance Survey data © Crown copyright and database right 2022.

10 In other words, this represents the benefit that branches in each constituency bring to the whole of the United Kingdom’s economy. While a significant proportion of that impact will be in the constituency itself, a large proportion will spill over into other areas of the country through the ripple effect of the expenditure.

Figure 2 Direct, indirect and induced impact of Post Office branch expenditure per person originating in each United Kingdom parliamentary constituency



Note: Total economic impact figures were divided by mid-2020 population estimates for United Kingdom regions (Office for National Statistics, 2021b) to obtain per person figures. The map refers to direct, indirect and induced expenditure for which the direct expenditure originates in that constituency. For example, the shading in Chesterfield would consider the direct, indirect and induced effect of expenditure by branches in Chesterfield on the rest of the United Kingdom, rather than the impact of branches across the United Kingdom on Chesterfield.

Source: London Economics' analysis based on Post Office data and Office for National Statistics (2021b). Contains National Statistics data, OS data, Royal Mail, Gridlink, LPS (Northern Ireland), ONS, NISRA data, NRS data and Ordnance Survey data © Crown copyright and database right 2022.

2.3. Sustaining jobs and employment across all four nations

Both directly and indirectly, Post Office and its network of branches supports and sustains nearly **50,000 full-time equivalent (FTE) jobs throughout the United Kingdom**. To put this number into context, this is approximately the same number of full-time employees as there are in a city the size of Lincoln or Exeter (Office for National Statistics, 2021a).

Around half of these jobs relate to individuals employed directly by Post Office Limited (around 3,100¹¹) or Postmasters and those working in Post Office branches on a franchise basis. For example, this includes Postmasters, regional and area managers, and employees in Post Office Limited's head office. Meanwhile, the other half of these are supported throughout the United Kingdom's economy through the indirect and induced effect (ripple effect) associated with Post Office branches and Post Office Limited's staffing and non-staffing expenditures.

The vast majority (90%) of the FTE jobs supported by Post Office are due to its branch network, once again highlighting its significant economic impact across the United Kingdom. Moreover, the positive impact on employment is spread throughout the country, as Post Office not only supports jobs within branches, but also sustains jobs in local businesses due to the indirect and induced spending outlined above. Post Office's extensive reach means it helps support **4,000 FTE jobs in nine of the United Kingdom's 12 regions, and at least 1,900 FTE jobs in every region** (see Figure 3).

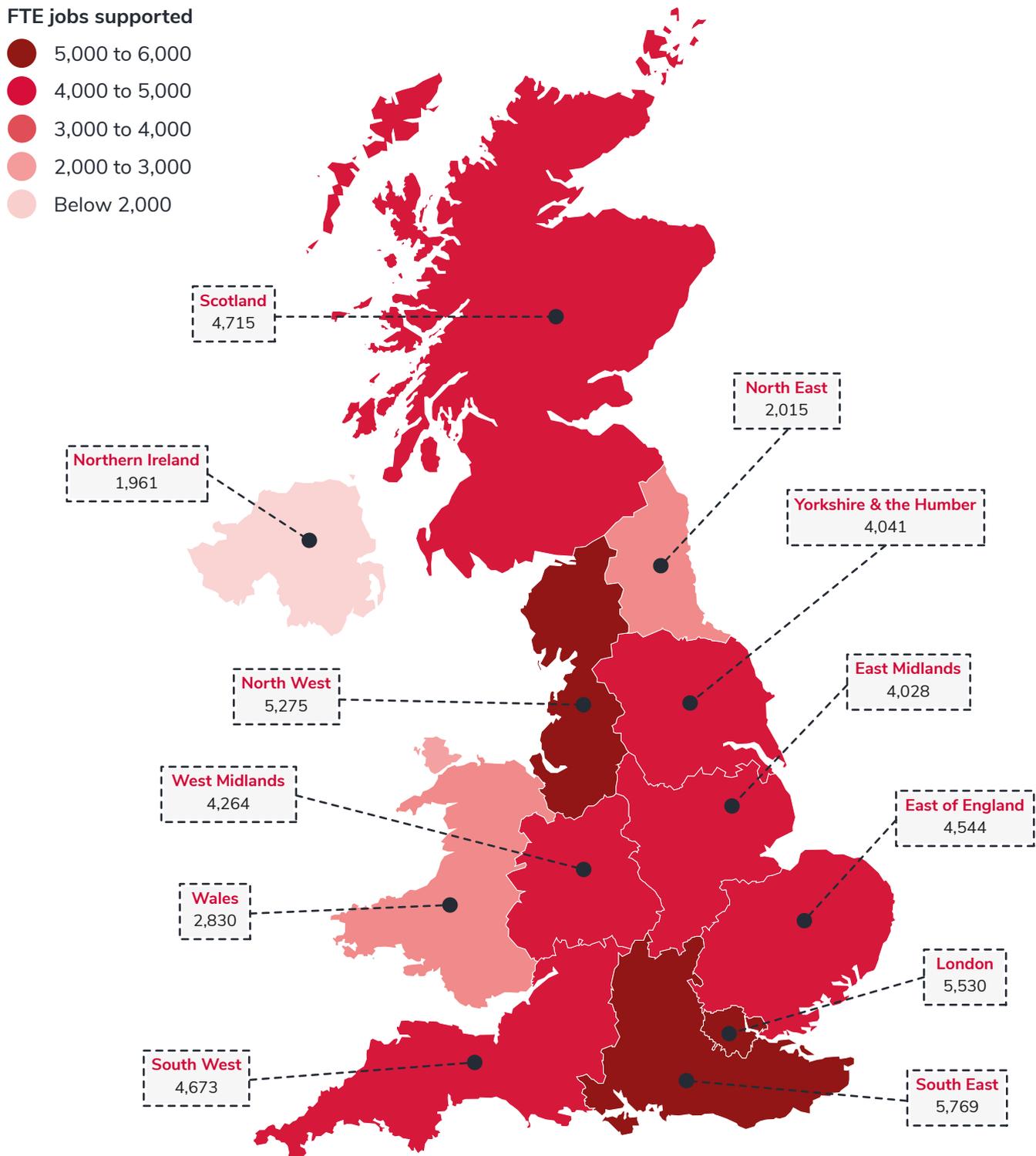
2.4. Reflections

With a post office in nearly every town and village across the United Kingdom, Post Office is an integral UK institution – so ubiquitous and established as to be nearly unseen. This analysis, however, brings its economic value into sharp focus and underscores the fact that post offices continue to matter.

Not only is Post Office's contribution to the United Kingdom's economy significant, at **nearly £5 billion a year, but, critically, it is spread widely across each region and every constituency of the United Kingdom** – a trait that few businesses can claim in the same manner. As the Government looks to tackle regional disparities and inequalities, it might consider how a branch infrastructure across all four nations may play its part in delivering that goal.

11 This figure includes those working in central Post Office administration, within Post Office's supply chain, for directly managed branches, Payzone and Post Office Insurance.

Figure 3 FTE jobs supported by Post Office by region, 2021-22



Note: Total economic impact figures were divided by mid-2020 population estimates for United Kingdom regions (Office for National Statistics, 2021b) to obtain per person figures. The shading refers to the number of FTE jobs supported in that region.

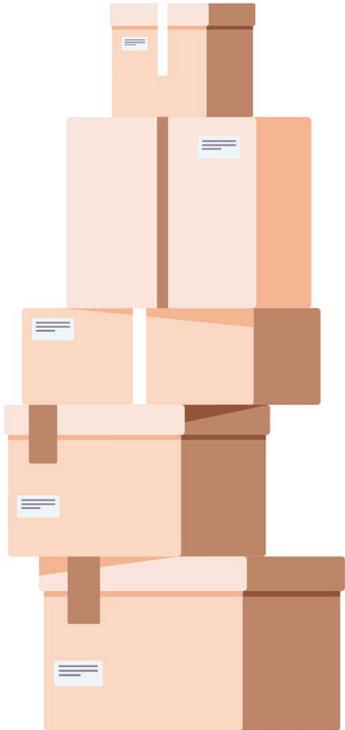
Source: London Economics' analysis based on Post Office data and Office for National Statistics (2021b). Contains National Statistics data, OS data, Royal Mail, Gridlink, LPS (Northern Ireland), ONS, NISRA data, NRS data and Ordnance Survey data © Crown copyright and database right 2022.



3. Enabling enterprise: the unseen part of the United Kingdom's economic infrastructure

Key findings: the unseen part of the United Kingdom's economic infrastructure

- Small and medium-sized businesses regularly rely on their local post offices to operate – in fact, nearly three in 10 SMEs use Post Office at least once a week – and more than half use it at least once a month.
- SMEs hugely value the convenience that the Post Office network brings to their businesses – **worth almost £1 billion** per year overall to SMEs, which equates to over £175 per SME per year.
- SMEs use postal services almost every time they visit their local post office and greatly value the convenience of having a post office nearby.
- With more than 5,000 bank branches closing since 2015, Post Office is also increasingly a **lifeline for SMEs** by providing essential banking services, such as depositing cash without needing to shut up shop and travel to find a bank in a neighbouring town (if it still has one).



3.1. Enabling small businesses and meeting their most essential needs

Post Office supports and sustains the United Kingdom's economy by providing essential services to small and medium-sized enterprises (SMEs)¹² to help run their businesses and drive economic growth – whether that be a shop owner depositing their takings at the end of the day or a marketplace seller posting a product to their customer.

This research highlights that businesses rely on Post Office to operate with great consistency. In fact, **nearly three in 10 (28%) SMEs use the Post Office network at least once a week**, while more than half (51%) use the branch network at least once a month – and six out of seven (86%) use it at least once a year. These figures highlight how Post Office services enable and support the business operations of SMEs through the entirety of the United Kingdom – indeed there are probably few other single organisations that are relied upon with such frequency by small businesses. Importantly, Post Office supports both those small businesses using it every week (for whom it is likely to be an essential service) as well as those businesses that use it infrequently, but for whom it is convenient and easy to use when it is needed.

Surveys clearly support this view, with SMEs placing a significant value on Post Office's branch network, particularly the convenience of having a branch close to their business. Our research revealed that the **value of the Post Office network to SMEs per year is nearly £1 billion (£984m)**.¹³ Expressed differently, SMEs are willing to pay £176 per year (just under £15 per month) in order to maintain the Post Office network. This social value (the value of the Post Office network that is not captured through prices) is particularly high for small enterprises (10 to 49 employees), which valued the network at over £23 each month.

Convenience is a particularly important feature of their local post office for SMEs, as **nearly six out of seven (85%) SMEs rated Post Office being nearby and convenient as important to them**. The importance of distance is further reflected by the fact that SMEs would be willing to pay an average of an additional £25 per year to prevent their local post office from moving a mile further away. SMEs that have a post office close by (less than one mile away) value an extra mile's distance more highly, at £59 per year (more than double the figure for the average SME).¹⁴ The convenience of Post Office is also reflected by it being a one-stop shop for SMEs, with nearly seven in 10 (68%) SMEs believing it important that Post Office provides a range of services in one place.

3.2. Ensuring mails and parcel services are nearby and convenient as the United Kingdom's e-commerce market thrives

Perhaps unsurprisingly, given its historic relationship with Royal Mail, postal services are the Post Office service that are the most used and valued by SMEs, with nearly three in 10 (28%) SMEs using postal services at a post office at least once a week and more than half (52%) indicating that they use them at least once a month. This is particularly notable in the retail industry, with nearly half (47%) of retail SMEs using postal services at a post office at least once a week and nine out of 10 deeming the provision of postal services at their local post office to be important.

This evidence further highlights how, as online shopping continues to rise, Post Office's postal services are increasingly serving as a bridge between the online and offline economy. Small businesses 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 so that they can pick up and drop off at a time and place that suits them. In fact, internet sales made up one in four of all retail sales in the United Kingdom in July 2022, compared to just under one in 10 a decade earlier (Office for National Statistics, 2022d). Online marketplaces may have contributed to this growth, with the number of businesses selling on these platforms doubling in the past five years (Shieldpay, 2022). These marketplaces have meant that anyone can create products at home and sell them online, given they have a means to deliver them. Easy access to postal services is vital for microbusinesses or individuals that use these platforms, meaning Post Office is in a unique position to aid the success of these online marketplace sellers.

As online shopping continues to rise, Post Office's postal services are increasingly serving as a bridge between the online and offline economy. Small businesses 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.

¹² Defined as businesses with fewer than 250 employees.

¹³ This result uses an open-ended contingent valuation model. Details on why this model was prioritised and how the annual social value of the Post Office network as a whole was derived are provided in Annex 1.

¹⁴ This is unsurprising, as businesses who are already relatively far from their nearest Post Office already must travel long distances, so an extra mile makes a more limited difference, whereas those with a Post Office nearby would be greatly affected by it moving further away due to the negative impact it would have on their business.

Although online shopping was already growing before the Covid-19 pandemic, the pandemic clearly accelerated this trend. Parcel volumes increased by 8% in 2019-2020, followed by a much larger increase of 48% in 2020-2021 (Ofcom, 2021). Those businesses that developed business-to-consumer delivery operations were well positioned to respond to the changing circumstances and meet this sudden increase in demand for online shopping (Ofcom, 2021). Post offices were one of the few businesses that could remain open for face-to-face operations during the pandemic, and the ease of access and convenience of the local post office is likely to have aided the adaptation to online selling for businesses. Post Office's role as a channel that connects consumers and businesses became even more essential very quickly during 2020.

A look at Post Office's Drop and Go offering for SMEs during the Covid-19 pandemic highlights this increasing role. Drop and Go is a fast-track service that enables business owners to drop off their mail at Post Office counters without queuing, scanning, weighing or labelling, so that they can instead focus on serving their customers. As lockdown was enforced in the United Kingdom, Post Office saw a 45% increase between 2019-20 and 2020-21 in the number of Drop and Go transactions with three or more items per basket, suggesting that Post Office was an important channel for SMEs to get products to their customers as high streets otherwise fell silent.

Case study: supporting local business in Shrewsbury

Post Office is an important enabler of SMEs across the UK and helps bridge the gap between its physical and digital economy through its postal services. Whether online marketplace sellers or local retailers on the high street, many small businesses regularly rely on their local post office to get items out to their customers, particularly as online shopping thrives in the UK.

A great example of this is Post Office's Drop and Go service, which allows small businesses to drop parcels and other mail items straight to the post office counter. This removes the need to queue or fill out lots of forms and lets them focus on what business owners do best: serving their customers.

The Postmaster in Abbey Foregate Post Office, Caroline Jones, saw the service's potential right from the start as both a time-saver for her local business customers and as a scalable income stream for her branch.

Today, Caroline's Drop and Go customers include larger local businesses, as well as smaller ventures just starting out.

She said: "I've been here for 16 years and have been involved with Drop and Go since it was trialled. I've increased my turnover year on year because I've worked hard and fine-tuned my business.

"I make sure all my Drop and Go customers get exactly what they need, and they trust me to give good advice. Drop and Go has huge potential for Post Offices, if you're willing to put the work in.

"I've put in a lot of effort to source, build and maintain my customer relationships, and through offering good service, have been able to keep them. I'm proud of what we've achieved."

As well as it being a key income stream for her business, Caroline liked the fact that Drop and Go allowed her local business to support other local businesses, be they large enterprises or new ventures.

"I love the fact that we can be critical to smaller businesses' success. I see it weekly: people come in and have just started a business, they'll look at competitors, and see that we are the best option."

This, in part, explains why SMEs value the provision of postal services by Post Office nearly three times more than any other Post Office service. Postal services were particularly important for small enterprises (those with between 10 and 49 employees), who valued the postal services provided in post offices at over £25 per month. More than four out of five of SMEs said that access to postal services at their local Post Office was important.

SMEs particularly value convenience when it comes to postal services, with more than eight out of 10 (84%) SMEs indicating that it is important that postal services are available nearby (regardless of who they are provided by), and the same proportion stating the importance of proximity for picking up and dropping off parcels. Respondents also indicated that postal services being provided by a known or trusted brand (76%) and being in the same location as other services (55%) were critically important. The combination of the core issues of trust and proximity highlights how uniquely well-placed Post Office is to deliver postal services to SMEs, given the long-standing existence of the brand alongside the breadth of the branch network offering multiple services in one place.

3.3. Protecting access to cash for businesses as banks disappear

However, Post Office's value to SMEs goes well beyond mails products alone. Cash and banking services are increasingly important for SMEs in supporting vital access to cash, enabling businesses to continue to service all customers, irrespective of payment preferences. In fact, this research revealed that nearly **two out of five SMEs (39%) believe that the availability of cash and banking services at post offices is important**, with a 2021 survey of SMEs by YouGov (on behalf of Post Office) finding that nearly three in 10 (28%) small businesses use cash at least weekly.

Established in 2017, Post Office's Banking Framework is a standardised framework for United Kingdom financial institutions, including 30 commercial banks, that allows 95% of business banking customers to use any post office for basic banking services – including withdrawing or depositing cash, paying in cheques, and obtaining balances. To illustrate the volume of banking services provided, **Post Office facilitated around 9.1 million business cash deposits (worth nearly £11 billion)** and around 1.2 million business cash withdrawals (worth nearly £300 million) in 2021. Since then, the volume and value of transactions have increased further. In fact, businesses have deposited over £1 billion in deposits over post office counters in nearly every month of 2022.

Post Office's provision of banking services has become increasingly important for SMEs in the context of wider bank branch closures. Across the United Kingdom, more than 5,000 bank branches have closed since 2015, with many localities no longer having access to cash and banking services in the absence of a post office. To illustrate the point, in September 2022, there were eight parliamentary constituencies with no commercial bank branches (with a total number of resident adults in the region of 797,000¹⁵) and 27 constituencies with just one branch (representing 2.59 million adult residents), with **more than half (347) of all constituencies having lost at least half of their branches** (Which?, 2022).

These closures have a particular impact on small businesses, with the 2021 YouGov research showing that nearly one in four SMEs would struggle without the ability to use cash, that nearly a third have been directly affect by bank closures and that seven in 10 feel cash is important to the future of the United Kingdom's high street.

With physical banking infrastructure declining across the United Kingdom, Post Office's network of more than 11,500 branches has become critical in proving access to cash for small businesses and supporting economic growth across the country. The importance of banking services for SMEs was reflected in the results from the

2022 SME survey. Cash and banking was the second most-used service by SMEs and was ranked as the second most-important service by SMEs (behind postal services). Nearly one in two SMEs has used cash and banking services at their local post office, with around 15% using these services at least once per month.

SMEs also gave their second-highest valuation to cash and banking services, around **2.5 times the value of the next most highly valued service**. The valuation was particularly high for small enterprises (10 to 49 employees), who valued their availability at over £10 per month. The high valuation for cash and banking services probably reflects the lack of alternatives to Post Office for banking services: only two in five SMEs felt that they had convenient alternatives to Post Office for cash and banking.

Post Office also addresses key preferences of SMEs when it comes to fulfilling their basic banking needs. More than three in four SMEs responded that they found it important that basic banking services were provided close to their home or workplace, which is only currently guaranteed through Post Office's wide network, particularly in the context of bank branch closures. Despite the rise of online banking, nearly three in five SMEs find face-to-face provision of banking services to be important. Post Office also facilitates access to banking services alongside other business services (such as postal services), which is considered important for just over half (54%) of SMEs.

3.4. Reflections

The last decade has seen seismic changes in the United Kingdom's economy. As e-commerce grows, the demand for parcels has surged in the last couple of years, while the decline of traditional retail banking is increasingly undermining the use of cash. However, Post Office serves as a physical complement to this increasingly digital world, by bridging the gap between the online and offline economy. While it enables the digital economy by supporting businesses to dispatch products to their customers, it is also essential in supporting SMEs to access and transact in cash. With a post office in every community, this research shows that Post Office provides a physical service and reach that SMEs value at nearly £1 billion.

Post Office serves as a physical complement to this increasingly digital world, by bridging the gap between the online and offline economy.

¹⁵ See Barton (2021) for mid-year 2020 population data by constituency.

4. Anchoring economics: the role of post offices in sustaining our high streets

Key findings: The role of post offices in sustaining our high streets

- Post offices bring huge volumes of additional spending to high streets. In fact, visits to post offices generate more than £3 billion a year of spending in nearby shops and businesses. The additional spending takes place right across the United Kingdom, but is particularly strong in Northern Ireland, Wales and the North East of England.
- Operating a post office also delivers substantial value to Postmasters, by generating nearly £1 billion of spending in host retailers as a result of the customers that their post office attracts. In fact, nearly half of Postmasters believe that their retail outlet would not survive without their post office.
- Post offices are particularly important economic pillars in rural communities, with more than a quarter of post offices serving as the last remaining shop in the village, supporting as many as 30 million visits each year in these branches.

4.1. Driving footfall to our high streets

As well as its direct contribution to the economies of local communities (outlined in Section 5), Post Office also has a wider, indirect role in catalysing local economic activity and so acting as an anchor for high streets.

Some tasks simply cannot be completed online – from dropping off a return to depositing cash – necessitating a trip to the local high street. When individuals visit their local post office to access its wide range of essential services, they often go to shop elsewhere in the nearby area, whether buying a chocolate bar or picking up a coffee. In fact, this research indicates that, for every two in five visits to a post office, money is spent elsewhere in neighbouring shops and premises. This footfall-driving effect, in turn, results in wider spending and generates an impact in addition to Post Office's direct expenditure, by acting as an engine for 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).¹⁶ This figure was calculated by multiplying the average spend elsewhere on the high street when

making a visit to a local post office (£14.55) by the likelihood of making purchases elsewhere on a post office visit (43%), and then by the number of post office visits¹⁷ per year (approximately 500 million).

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. For example, somebody visiting their local post office may go into a local retailer and make a purchase that they otherwise would not have made. Others will shop on their local high street and spend money that would otherwise have been spent elsewhere if a visit to their local post office had not been made. For example, somebody visiting the supermarket while visiting their local post office would probably have shopped at a different supermarket and therefore the total level of expenditure would remain the same. However, even if much of the expenditure is not strictly 'additional', there are two distinct benefits.

1. Firstly, **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 (which are more likely to be smaller and independent compared to the alternatives), contributing to the preservation of the United Kingdom's high streets. This additional expenditure that sustains local businesses on the high street further strengthens local communities, in turn contributing to the 'unseen' social value of Post Office (which is explored in more detail in Section 5).
2. Secondly, **it provides greater convenience for consumers, by allowing them to do a greater proportion of their shopping in one place** (which is also explored further in Section 5). This feature is particularly valued by older people (55+) and those in rural areas, which is evidenced by them being more likely to spend money elsewhere on a Post Office visit than younger people and those living in urban areas.

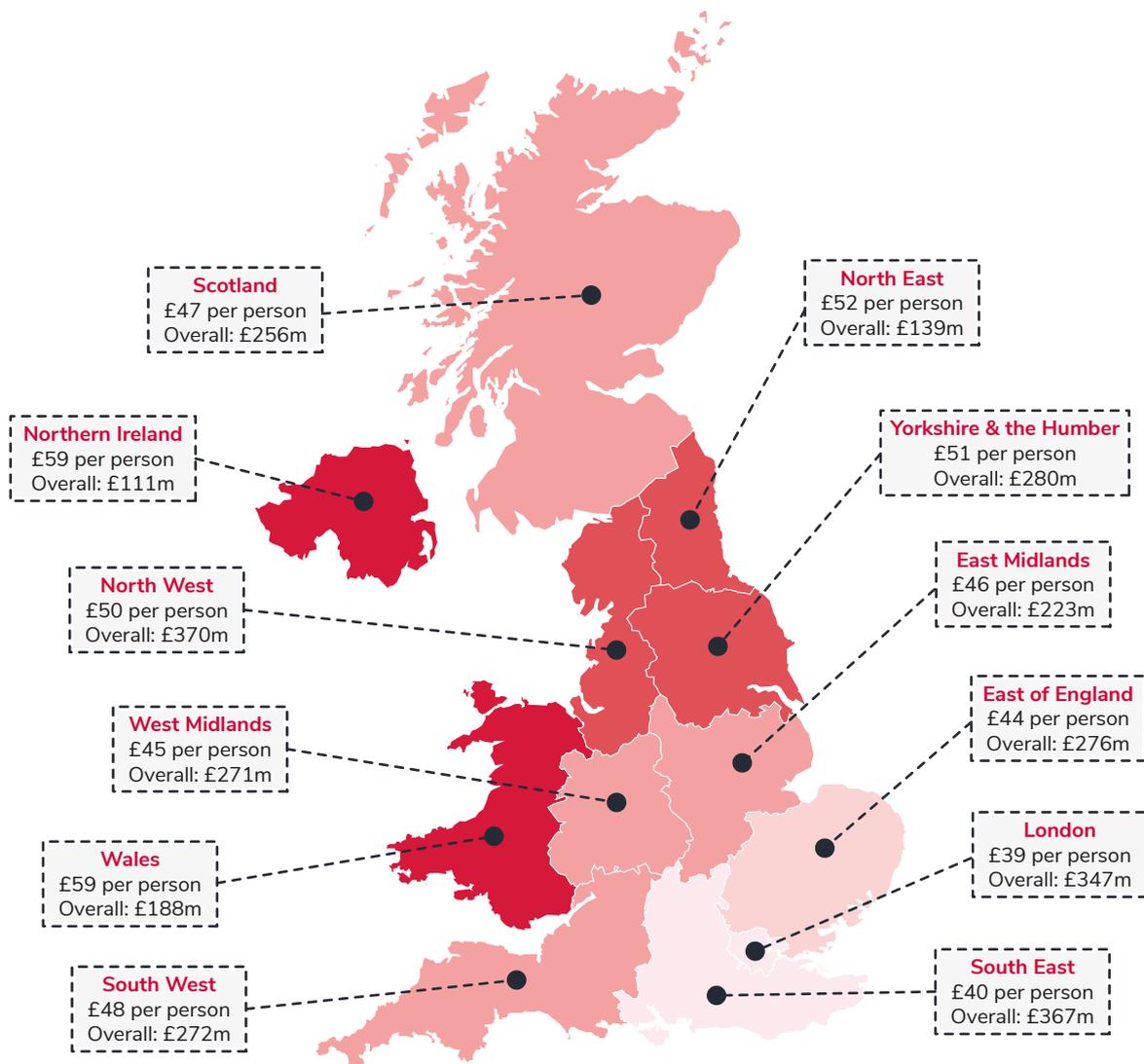
¹⁶ This figure represents gross expenditure and does not account for additionality or displacement. This figure only represents the direct impact of additional expenditure: no multipliers to calculate the indirect and induced effect are applied to this figure.

¹⁷ Measured through Post Office data on customer sessions per year.

Visits to Post Office branches help generate additional spending for local businesses across the whole of the United Kingdom, as illustrated in Figure 4 – once again highlighting the breadth and range of Post Office’s economic value to the country. **However, Post Office’s role in driving wider high-street spending is a particularly strong outside England, with Northern Ireland and Wales having the greatest expenditure elsewhere per person (£59) in 2021-22.** There are also particularly strong impacts in the North East (£52), Yorkshire and the Humber (£51)

and the North West (£50). The strong impacts in Northern Ireland, Wales, North East England and Yorkshire and the Humber are particularly significant, given that those were the four regions with the lowest regional gross domestic product per capita in the United Kingdom in 2020 (Office for National Statistics, 2022e). This wide-ranging impact highlights the influence that Post Office has throughout the country in encouraging local growth and tackling regional disparities, while acting as an anchor for high streets.

Figure 4 Expenditure elsewhere on a Post Office visit in each United Kingdom region, per person and overall, 2021-22



Note: Total expenditure elsewhere on a Post Office visit by region was divided by mid-2020 population estimates for UK regions (Office for National Statistics, 2021b) to obtain per person figures. Considers all individuals in the UK, not just Post Office visitors. Includes additional expenditure elsewhere but does not consider additional expenditure in Post Office retail outlets.

Source: London Economics’ analysis based on Post Office data, YouGov’s consumer survey and Office for National Statistics (2021b). Contains National Statistics data, OS data, Royal Mail, Gridlink, LPS (Northern Ireland), ONS, NISRA data, NRS data and Ordnance Survey data © Crown copyright and database right 2022.

4.2. Bolstering Postmasters’ host retail businesses

In addition to the impact that Post Office branches have in driving additional spending to high streets throughout the country, they also provide substantial benefits to Postmasters and their host retail outlets.

The value of a post office to its host retail outlet is illustrated by the perceived impact on the financial performance of businesses if the post office were no longer there. In fact, this research revealed that a clear majority of Postmasters (64%) believe their retail outlet would be severely impacted without its post office supporting it, while half state that their business would not survive if its post office were no longer present (Figure 5). Building on this, **nearly all Postmasters (96%) feel there would be some impact on their financial performance if their post office were to disappear.** These figures highlight the value to retailers of hosting a post office on their premises.

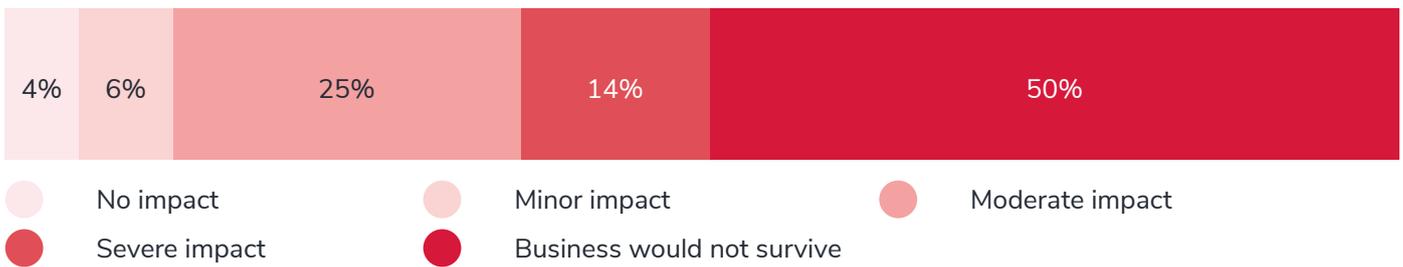
Post Office generates substantial value for retail premises hosting Post Office agency branches (for example, where a newsagent hosts a post office). In fact, for a typical host retail outlet, more than one third of all purchases in their wider retail outlet are by Post Office customers.¹⁸ **The total value of these sales to Postmasters across the United Kingdom was calculated at nearly £1 billion each year (£959m).** These figures show how having a post office within a retail outlet serves as a key driver of footfall and revenue and further illustrates the major role that Post Office plays in supporting local businesses.

4.3. Sustaining thousands of local rural economies

In many communities around the United Kingdom, a post office is the last remaining shop in the village. 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. In fact, **more than a quarter (around 3,000) of Post Office’s 11,500 branches are considered “the last shop in their village”.** These branches provide a particular sense of community, such as being important to the local identity or culture or providing a sense of belonging (explored further in Section 5). They also ensure that people in these communities are not left behind, meaning they are able to access essential Post Office services and can complete basic tasks such as buying groceries without having to travel outside of the local community. Those who do not drive or are unable to would be most affected by this, as they would have to rely on public transport, which is generally weaker in more rural areas.

The full benefits of these branches are not fully captured through the profit and loss of the branches, as their unique standing in the community means they hold substantial social value. These branches are particularly important to older people and those with disabilities, who both make up a larger proportion of the population in rural areas (which is where these branches tend to be). The social value of post offices to rural populations is explored further in Section 6.

Figure 5 Impact on financial performance of retail outlets if their post office was no longer part of their business



Note: Sample size is 426. Postmasters were asked the question “If the Post Office was no longer part of your business, how much would that impact the financial performance of your business?” and were asked to answer on a scale of 1 to 10, where 1 is “My business would not survive without the Post Office” and 10 is “My business would not be impacted if the Post Office was no longer part of my business”. No impact was defined as those answering 1; Minor impact = 2-3; Moderate impact = 4-7; Severe impact = 8-9; Business would not survive = 10.

Source: London Economics’ analysis based on London Economics’ Postmaster survey.

¹⁸ Considering the total proportion of visitors to a typical Post Office and its retail outlet, 63% make Post Office-related purchases and 37% do not make any Post Office-related purchases (but make other purchases in the wider retail outlet). 32% of those making Post Office-related purchases also make other purchases in the retail outlet, meaning that 20% (32% multiplied by 63%) of those visiting the Post Office and its wider retail outlet make purchases both in the Post Office and in the retail outlet. Therefore, 57% of visitors to Post Office branches make a purchase in the wider retail outlet, of which 35% (20% divided by 57%) are Post Office customers.

Case study: providing essential banking services in Rochford

As bank branch closures continue across the UK, Bank Hubs bring banking services into one convenient place, providing a lifeline in communities across the UK like Rochford in Essex.

The town's Bank Hub, which is operated by Post Office, opened in 2021 as part of a pilot to help secure access to cash for UK communities. At the time, Rochford's banks had already closed, meaning residents and business owners had to travel to surrounding towns to withdraw and deposit cash.

Postmaster Richard Fleetwood said the Bank Hub was an ideal solution for Rochford.

“Local businesses use it all the time, mainly for cash deposits and getting change. For them, the Bank Hub is of huge benefit, because previously they had to close early to go to whatever city or town the bank is in. From an operational perspective, their costs are lower.

“They've also told us they've seen a big increase in footfall, because people come in and spend money in Rochford, rather than in city centres.”

The community really appreciated the innovation behind Bank Hub, he said, because it worked so well.

“We always hear, ‘What a great idea, and why has no one ever thought of it before?’

“A big part of why it works is having an independent, trusted group in the middle – Post Office – which can support all banks' customers. Customers love it. It's convenient, it's free, and it's made cash so much more accessible.”

The risk to local communities is significant if these last shops in the village are lost: Post Office branches that are the last shop in the village **facilitate around 29 million Post Office visits per year**. Furthermore, the loss of these branches would impact a disproportionate amount of additional spending. When using Post Office services, those in rural areas also use non-Post Office services four times out of 10, compared to one in four times in urban areas, highlighting the importance of these branches beyond providing access to vital Post Office services. For example, it is common that these branches are the last place in the village where people can buy basic groceries or a newspaper. Given the limited profitability of many of these branches, losing Post Office branches could mean that thousands of communities throughout the country would be left without any shops and lacking vital services, including those provided by Post Office such as postal and banking services, as well as others such as access to basic groceries. Maintaining support for branches in particularly rural settings is therefore highly important for the continued provision of essential services.

4.4. Reflections

The first two chapters of this report highlighted the direct economic value Post Office brings to the United Kingdom, as well as its role as a piece of the United Kingdom's underlying economic infrastructure. However, this research also found an even further-reaching economic value in Post Office given its role as an economic anchor for high streets and communities. Post offices deliver essential services that either cannot be done online or for which there are few alternatives. Not only do post offices, in turn, drive wider footfall to high streets, but they also are the pillar propping up countless businesses and rural communities that, without ongoing support for their post office, would face collapse.



5. Part and parcel of life in the United Kingdom: post offices as the social and consumer hubs of communities

Key findings: post offices as the social and consumer hubs of communities

- Half of consumers across the United Kingdom believe Post Office fosters a sense of belonging to the community and that it is important to its identity – particularly the elderly, those with disabilities, from rural areas or on lower incomes.
- Post offices are especially valuable to rural communities, who place a greater value on Post Office than those in urban areas – with a particular focus on cash and banking services, given the absence of convenient alternatives.
- Post Office also delivers ease, access and convenience for consumers, by bringing a range of services under one roof, with six in every seven consumers and SMEs believing it is important for a post office to be nearby and convenient to get to. Consumers place particularly high value on Post Office's postal services.

5.1. Fostering pride in communities

This research, and the first three chapters of this report, have highlighted the considerable economic value that post offices bring to the United Kingdom and local communities. However, post offices also bring a less tangible, but equally important, value to their communities – one that cannot readily be quantified in economic terms alone. Post Office is a brand with a long history and post offices are therefore widely valued by their communities as long-standing institutions.

This research corroborated this, with nearly three in four people placing a significant degree of importance on Post Office providing an in-person, face-to-face service – which was more important than almost any other quality (with the exception of being nearby and convenient to get to, at 84%). Moreover, **half of consumers across the United Kingdom value Post Office's role in contributing to their local community's identity or culture**, and a similar number report that they think it's important that Post Office remains a local place that provides a sense of belonging to the community. The findings from this survey correlate with wider evidence on the importance of Post Office in local communities: Post Office ranked third in terms of having a positive impact on the local area in the Association of Convenience Stores' 2022

Community Barometer (Association of Convenience Stores, 2022). These findings highlight how post offices help maintain price in place for communities across the United Kingdom.

With more than half the Post Office network located in rural areas, this research has also revealed the particularly important role that Post Office plays in rural communities. Those in rural areas are far more likely to value the local post office as important to their local community's identity or culture (60% compared to 46% in urban areas, rising to 70% for people aged 55 and over in rural areas) and more likely to think it is important that **Post Office provides a sense of belonging to the community** (57% compared to 45%, rising to 64% for people aged 55 and over in rural areas). While Post Office's branch network has a universal reach across the United Kingdom, it clearly plays a particularly important role in rural areas where there is a lack of other retailers, by helping to bring the community together.

This research also found that post offices are particularly important to marginalised groups. Post Office's role in providing both a sense of identity and belonging was especially important amongst older people aged 55+ (63% and 60%), those with lower household incomes of £20,000 per year or less (58% and 53%) and people with disabilities (57% and 55%). These findings highlight the critical importance of Post Office's contribution to local communities and suggest that this matters most to those groups most at risk of being vulnerable or excluded from society.



Case study: part and parcel of the local community in Pontrilas

With 11,500 branches across the UK, Post Office is right at the heart of each nation and every community. Post Office is universal as a brand, and inherently local at the same time, often playing an important role in the nearby area that goes beyond just the provision of services.

Take Pontrilas Post Office in rural Herefordshire, which is run by the community, for the community. Postmistress Sonya Cary led the effort to take over the post office for the community eight years ago and since then has run the branch and the adjoining charity, CARE CIC Herefordshire, with a team of local volunteers.

As well as providing Post Office services, Sonya's branch goes beyond the call of duty by acting as a lifeline to elderly people living nearby. The profits from the post office are reinvested back into CARE CIC, which provides social services and activities that support older residents to continue living independently.

In addition, the charity also runs a local gym, café, and lunch club to help local people stay physically and mentally well.

This makes Pontrilas a great example of how post offices are more than just another retailer on the high street, and can often play an important role in promoting a sense of community and cultivating belonging in an area.

Sonya said: "The Post Office has been pivotal to everything that CARE has been able to do. People think of us as a post office with a social centre attached – and if it wasn't for the Post Office, I wouldn't have been able to have the reach that I do.

"It's been one success story after another. We play an invaluable role. People, especially our elderly residents, rely on us. We really are a community lifeline."

Sonya was awarded the British Empire Medal in the 2020 Queen's Birthday Honours for her community work during lockdown, arranging grocery deliveries and Sunday lunches for isolated people across 23 nearby villages.

"When there's a problem, people come straight to the Post Office. They trust us."



5.2. Supporting rural life and living

Beyond simply fostering pride in rural communities, post offices, according to this research, were also found to be integral to supporting day-to-day life there. **With 99% of the rural population within three miles of their nearest post office and more than half the branch network in rural locations**, Post Office is available for, and accessible to, rural communities like no other retailer (Clark and Booth, 2022).

In fact, this research underscored the importance of this accessibility for rural communities and the estimated social value, with individuals living in **rural areas using their local post office more often than their urban counterparts** (41% using it once a month or more compared to 30% in urban areas). We also found that individuals living in rural areas were willing to pay more each month to maintain the Post Office network, compared to residents in urban areas (£11.98 vs. £10.99). This enriches the findings around the "last shop in the village" (Section 4.3) and confirms that those in rural communities are not only more likely to use a post office, but also more likely to value its role.

The importance of Post Office to rural communities is very likely to be due to the lack of convenient alternatives, as post offices are less likely to be surrounded by a wide variety of businesses in those areas. With the exception of bill payments and government services, those living in rural communities were less likely to have convenient alternatives available for all Post Office services. The convenient alternatives for those living in rural communities are also much less likely to be in person. The only exception to this was the provision of identity services, where rural and urban communities had similar results.

Cash and banking services are particularly important in rural areas. More than two in five of those in rural areas use these services at least once a year at a post

office (compared to nearly one in three in urban areas), while those in rural areas are far less likely to have convenient alternatives to post offices that currently offer these services (34% compared to 45%). In fact, those in rural areas are twice as likely as those in urban areas to depend on their local post office branch for cash and banking services (26% vs, 13%), according to a separate 2021 YouGov survey (conducted on behalf of Post Office).¹⁹

Post Office's role in supporting rural banking is likely to become even more prominent in the future, depending on how the rate of bank closures develops (as discussed in Section 3.3). In the 2021 YouGov survey, survey respondents from rural communities were found to be more likely to be concerned about bank branch closures (62% compared to 56% in urban areas), as well as to be more likely to be personally affected (37% compared to 31%) by the closures. Whilst this is an issue for many people around the country, the decline of high-street banks is particularly important for those in rural communities, which shows the crucial role that Post Office plays as a solution in those areas and why its continued support is needed.

5.3. Ensuring convenience for consumers – particularly for postal services

In addition to the role that they play as a social hub for communities, post offices also serve consumer hubs, enabling ease of access for millions of people each week. Indeed, Post Office is unique in terms of the convenience that a single business offers to consumers by virtue of the number and reach of its branches across the country.

This research revealed the accessibility of the Post Office network to be of significant importance to communities. On average, **consumers are willing to pay nearly £30 a year to stop their nearest post office from moving just one mile further away**. The breadth of the branch network brings substantial benefits to communities. Importantly, it brings essential services within reach of consumers and, as a result, also allows them to carry out their everyday tasks and activities nearby and in their local area – without having to travel to the next town or village, or to out-of-town shopping centres. The findings here show that this is strongly valued by communities, demonstrating the importance of Post Office remaining local and the value of having an in-person presence.

Post Office is unique in terms of the convenience that a single business offers to consumers by virtue of the number and reach of its branches across the country.

It is little surprise then that this research found consumers across the **United Kingdom continue to regularly rely on Post Office, with one in 10 consumers using it at least once a week**, while one in three uses a post office at least monthly. More widely, the vast majority of consumers use a post office at least once a year (89%). Whilst Post Office is of varying importance to different communities and individuals within those communities, from being relied on to carry out essential day-to-day tasks to being used every so often, almost the entire United Kingdom resident population interacts with Post Office at some point every year – a claim that few other single retail organisations can make.

This research highlighted the value of three Post Office qualities in particular. First, the consumer and SME surveys confirmed the importance of proximity of post offices, with around six in seven consumers and SMEs (85%) believing it is important for a post office to be nearby and convenient to get to. This meant it was the most valued characteristic of Post Office for consumers, and second behind 'reliable and easy to do business with' (88%) for SMEs. The consumer convenience provided by the wide network of Post Office branches is unmatched in scale, and these survey results show that it is a key priority for both consumers and SMEs.

Second, it underscored the fact that consumers value the availability of Post Office's wide range of services in the same place. Nearly three in four people place substantial importance on the provision of a range of services in one place when thinking about qualities in Post Office. Furthermore, most consumers found it important that picking up and dropping off parcels (61%), postal services (58%) and services to meet basic banking needs (58%) are provided in the same location as other services, and around half (47%) felt the same about identity services (Figure 6). The analysis identifies the fact that Post Office's wide range of services benefits both the provision of each service individually, but also illustrates the benefits of Post Office's position as a convenient one-stop shop or consumer hub for essential services.

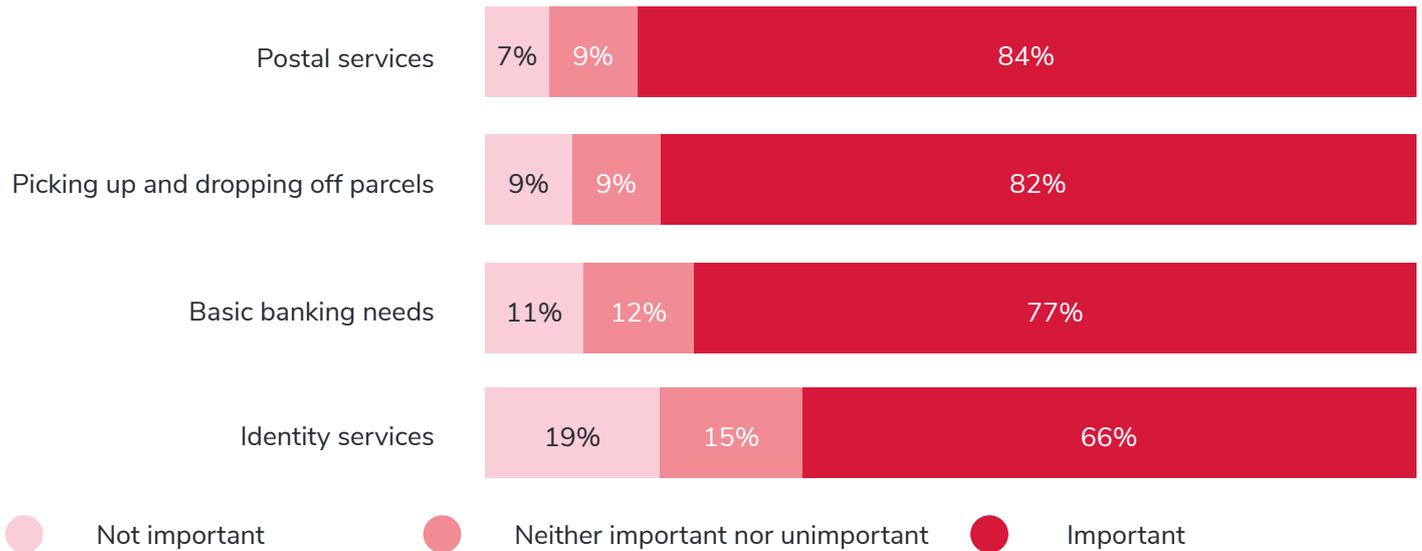


¹⁹ Please note that this survey is separate from the one conducted for this report.

Lastly, this research highlighted how **Post Office allows consumers to access services while also making use of other businesses on the high street.** Consumers make significant expenditures elsewhere on the high street whilst on a visit to a post office – on average making additional purchases on two in every five visits.²⁰ Importantly, this occurs more often for those

on the lowest incomes and those with vulnerability characteristics such as disabilities. This data suggests that these individuals particularly value being able to do their shopping in one place, which Post Office facilitates by being a high-street anchor (as illustrated in Section 4), as well as through its wide service offering within branches.

Figure 6 Importance for consumers of being nearby and convenient to selected services offered by Post Office (regardless of who they are provided by)



Note: Sample size is 2,044.

Source: London Economics' analysis based on YouGov's consumer survey

However, this research also highlighted that consumers particularly value Post Office's postal services, and would pay on average more than £120 per household each year to ensure that they are still available at their local post office. Similarly, postal services were found to be the most important Post Office services for both consumers (for which 86% of respondents found them crucially important) and SMEs (83%). Postal services were also used more often than any other service, with 29% of consumers and 52% of SMEs using them at least once a month at a post office. Pick-up and drop-off was the second most important service for consumers (58%) and third for SMEs (38%), showing Post Office's role in supporting convenience and online shopping. As behaviours increasingly shift online and e-commerce thrives in the United Kingdom, this evidence shows that Post Office is supporting that transition and serving as a natural physical complement to our digital economy by providing services locally and in-person.

Consumers particularly value Post Office's postal services, and would pay on average more than £120 per household each year to ensure that they are still available at their local post office.

Importantly, the survey results also revealed that consumers think of Post Office's provision of postal services as being unique on the high street. Only a small proportion of individuals believe that there are convenient alternatives to Post Office in terms of providing postal services (15%), whilst at the same time a very significant proportion of consumers reported that there were no alternatives whatsoever (35%) to Post Office (Figure 7). This data shows the reliance of communities and high streets around the country on Post Office, particularly for postal services.

²⁰ This figure differs from the 43% figure quoted in Section 4, as that previous figure represented the proportion of Post Office visits where a purchase is made elsewhere (and was therefore weighted by the frequency of Post Office visits by each consumer), while this figure represents the average proportion of visits where each respondent reports making purchases elsewhere. The figures differ as those who use the Post Office more frequently are also more likely to make purchases elsewhere.

Figure 7 Availability of alternatives to Post Office for postal services



Note: Sample size is 2,044. Other includes 'not applicable to me' and 'not sure'.

Source: London Economics' analysis based on YouGov's consumer survey

Considering the value in the provision of postal services (regardless of who they are provided by), most consumers think it is important that postal services are provided close to [their] home or workplace (84%), by a known or trusted brand (75%), in the same location as other services (58%) and by a state-owned provider (53%). Given Post Office's large branch network, wide provision of services and status as a long-standing part of communities, Post Office alone is in a unique position in its ability to meet consumers' demands on all four of these characteristics.

5.4. Reflections

Not all value can be quantified readily in economic terms – but that does not diminish that value. Post Office is one of the oldest institutions in the United Kingdom, dating back nearly four centuries, and is a reassuring and trusted physical presence in all the United Kingdom's communities. This gives it a cultural resonance and comfort that communities treasure – particularly in rural parts of the United Kingdom. As well as being social hubs, post offices also facilitate consumer convenience – offering proximity and a range of services under one roof, which are both highly valued.



6. More than just a shop: supporting the most vulnerable and excluded in our society

Key findings: supporting the most vulnerable and excluded in our society

- The Post Office network as a whole has an annual social value to consumers of nearly £4 billion. It is striking that Post Office's social value remains so high, even in the midst of an unprecedented cost-of-living crisis, which (due to a reduced ability to pay) is likely to have dampened respondents' valuations considerably.
- Vulnerable consumers place a particularly high value on Post Office. Not only is usage higher among vulnerable customers, but they are also willing to pay around one and a half times the amount that non-vulnerable consumers would to prevent their nearest Post Office from moving one mile away, despite typically having lower incomes.
- With the decline of high-street banks, Post Office is the mainstay of the United Kingdom's banking infrastructure for vulnerable and less well-off individuals. In fact, those in lower social grades (C2DE) are willing to pay three times the amount that those in higher grades (ABC1) are willing to pay for these services.

6.1. Delivering huge social value for the United Kingdom

Post Office has a long history of, and reputation for, serving the most vulnerable and excluded in society. As the world becomes more digital, there are many either unable or unwilling to transition online – and **Post Office serves as a vital backstop for those groups by providing services in person with face-to-face support.**

With this in mind, this research sought to capture the social value of Post Office. This is the various aspects of 'non-market' value that individuals place on Post Office, over and above any money they spend at a post office directly on the services provided. Social value includes a wide range of intangible benefits that, although they are not directly paid for, make people's lives easier and improve their satisfaction with Post Office. Examples of

these intangible benefits (amongst many others) include the value of knowing that a Post Office is nearby and the associated time savings; the value of providing vital services that would otherwise not be provided; the value to the community; and the value of providing services to the most vulnerable in society. The aim here is to place a monetary value on the combination of these intangible characteristics, to put their importance to society into context.

The annual social value of Post Office as a whole to consumers is as much as £3.8 billion.²¹ In fact, on average, consumers are willing to pay more than £130 for Post Office services per household each year.²² Compared to the government funding of Post Office in 2021-22²³ this reflects a societal benefit-to-public cost ratio of the Post Office network of approximately 16.5. In other words, the social value (alone) delivered by Post Office was 16.5 times greater than the government funding that Post Office received in 2021-22.



21 As with the findings for SMEs, this result uses an open-ended contingent valuation model. Details on why this model was prioritised and how the annual social value of the Post Office network as a whole was derived are provided in Annex 1.

22 There were 28,081,000 households in the UK in 2021 (Office for National Statistics, 2022c), which was the most recent year that data were available for.

23 Total government funding of the Post Office in 2021-22 was £227 million (Clark and Booth, 2021). This includes a network subsidy of £50 million and £177 million to invest in the future of the network (made up of a £125 million equity injection and a £52 million loan).



The social value of Post Office is particularly important for vulnerable consumers,²⁴ who are willing to spend a greater proportion of their income than the rest of the population on maintaining the Post Office network. While vulnerable consumers are willing to pay slightly less than the rest of the population per household per month in tax (£10.78) in order to maintain the Post Office network, they are more likely to be in low-income households. The vulnerable consumers surveyed are more likely to have a household income of less than £20,000 (two in five vulnerable consumers compared to one in five consumers with no vulnerability characteristic) and less likely to have a household income greater than £40,000 (25% compared to 46%). As such, while their valuation per household is lower, the substantially lower incomes of vulnerable consumers suggest that their valuation of Post Office is higher than for other consumers as a proportion of their income.

Since the research for this report was commissioned in early 2022, the rising cost of living has further tightened household budgets for the most vulnerable, making Post Office's social value more significant. Post Office has been supporting local communities as the cost of living rises. For example, during the Covid-19 pandemic, Post Office made cash available to customers isolating at home and has made cash available to those eligible to receive energy bill support from the Government through the PayOut product.

Post Office has also extended support through collaborations with Citizens Advice and the British Gas Energy Trust to set up advisory centres offering information on energy bills to vulnerable consumers who may lack internet access. Postmasters across the country have also been issued guidance on how best to support customers who say they are struggling, while having to address their own branch's rising energy costs. Post offices are also expected to issue around 7.8 million Energy Bill Support Scheme vouchers to 1.3 million pre-pay energy customers between October 2022 and March 2023.²⁵

PayOut: Post Office's voucher-based service helps eligible customers access cash quickly and securely through 11,500 branches

PayOut allows companies and organisations to get cash and support to their customers and clients, quickly and effectively. The service is enabled through sending a one-time use, simple code or barcode, which is sent to a customer via text, email or letter. Customers can then redeem this voucher at a Post Office or Payzone outlet and receive cash immediately over the counter. The service sidesteps the need for digital bank payments or cheques.

When evaluating the Post Office's social value it is important to place these findings in the context of the state of the United Kingdom's economy in July 2022, when the consumer survey was conducted. High inflation (10.1% in July 2022 – a 40-year high (Office for National Statistics, 2022b)) and related cost-of-living crisis have resulted in unprecedented reductions in household disposable income (predicted to fall by 2.2% in 2022-23 (Office for Budget Responsibility, 2022)), regular pay in real terms (fell by 3.0% in the year to June 2022 (Office for National Statistics, 2022a)) and consumer confidence (the Consumer Confidence Index (GfK, 2022) fell to -41 in July 2022). In the consumer survey, **40% of those respondents who were not willing to pay to support the Post Office network answered this way as they could not afford it.** As a result, it seems likely that the findings presented throughout this study are underestimates compared to results that would have been identified in more normal economic circumstances.²⁶

²⁴ Vulnerable consumers are defined as those with at least one 'characteristic of vulnerability'. These include financial insecurity, disability, requiring help with financial decisions and others. The definition used in this report is based on that used by the Financial Conduct Authority (2021). More details are provided in Annex 2.

²⁵ Estimates provided by Post Office Payment Propositions team and Head of Payments.

²⁶ Further discussion on this issue is presented in Annex 2.

6.2. Serving as a backstop for vulnerable consumers

Post offices are also more frequently used by vulnerable consumers. **Nearly two in five vulnerable consumers use a post office once a month or more**, compared to three in 10 consumers without a vulnerability characteristic, and vulnerable people are more likely to use their local post office at least once a month compared to those without a vulnerability characteristic. These results demonstrate that the universal reach of Post Office's wide branch network is essential for those who are most vulnerable in our society.

Case study: going above and beyond for the community in Rainhill

Post Office has always been a backstop for vulnerable and excluded groups across the UK and, as services increasingly move online, its role and in-person service has only grown more important for those either unable or unwilling to go online.

Beyond providing essential services, post offices often go above and beyond the call of duty in supporting vulnerable customers. Take Postmaster Sara Barlow, who runs Rainhill Post Office in Merseyside. Sara takes pride in helping vulnerable community members, including older people and people with disabilities.

After buying the post office and shop four years ago, Sara noticed some of her older customers were socially isolated and used their visits as an opportunity to check in and have a face-to-face interaction.

"We identified some customers as being vulnerable well before Covid, so we always give them a bit more time and call them to check in."

"If we haven't seen someone for a while, we ask the neighbours to tell them we were asking for them, and then the customer comes in to say, 'Thanks for asking after me!'"

In addition, Sara's post office had a few deaf customers. To make sure they were looked after, she taught her team some sign language so those customers could more easily access the services they needed.

"My uncle was deaf, so I can hold a conversation in sign. We taught the staff the basics and our deaf customers really appreciated it. We do little things like that."

In particular, Sara's role in helping vulnerable customers shone through in the pandemic. Within a fortnight of the first lockdown announcement, Sara had 85 volunteers on hand to support the community with shopping and essential deliveries.

"It was a big effort, but it was never planned. The post office was staying open, so it made sense."

In 2021, Sara was awarded a British Empire Medal for her services to the community and was recognised by her local parish council as Citizen of the Year.

"The post office is a hub within the community. People need us here, and we need them as well."

These findings are demonstrated by the difference in willingness-to-pay for vulnerable consumers to prevent their nearest post office from moving one mile further away. **Vulnerable consumers were willing to pay around 50% more than non-vulnerable consumers to prevent their nearest post office from moving one mile away.** The distance to the local post office branch was valued particularly highly by those with low capability measures (relating to whether the individual needs help with managing their finances, reading letters, etc.) and those experiencing poor health.²⁷

Vulnerable respondents also had a significantly higher valuation for the ability to pay bills at Post Office – a service that those in lower socio-demographic groups are more likely to rely upon. Those with low financial resilience placed the highest valuation on paying bills amongst any of the vulnerable groups, which is particularly striking given the financial difficulties the group faces. These findings again show how Post Office acts as a vital backstop for vulnerable individuals within local communities and individuals at risk of exclusion.



²⁷ See Annex 2 for definitions of these groupings.

6.3. Emerging as the backbone of the United Kingdom's cash and banking infrastructure

Post Office provides cash and banking services for customers of a number of high-street banks, allowing them to withdraw and deposit cash, deposit cheques and check their current account balance at Post Office. Separately, customers can also pay a variety of bills at Post Office, including utility bills, social housing rent, council tax and parking permits. As documented in further detail in Section 3.3, the number of high-street banks has declined substantially in the United Kingdom, which brings greater importance to these services offered at Post Office branches and highlights the importance of Post Office as a core component of the United Kingdom's banking infrastructure.

Both cash and banking services and the ability to pay bills at a post office are important for consumers (identified by 38% and 23% of respondents respectively). The overall importance of these services was also reflected in consumers' valuations, as respondents would be willing to pay £2.09 per household per month to keep the ability to pay bills at post offices, while they would be willing to pay £1.64 to keep cash and banking services at post offices. While these figures may appear low, this is driven by the fact that certain groups find these services essential, while others do not yet have a strong need for them. In fact, the ability to pay bills and cash and banking services was found to be particularly important for those in social grades C2DE²⁸ and for vulnerable consumers, who are likely to find Post Office's services essential for day-to-day life:

- Those in social grade C2DE placed a greater value on both the ability to pay bills and cash and banking services than those in social grade ABC1. The difference between those in social grade C2DE and ABC1 was particularly stark for cash and banking services, with C2DE respondents valuing this service three times as much as ABC1 respondents. As with vulnerable consumers, those in social grade C2DE tend to have lower incomes, so the difference between these groups is even greater when considering willingness to pay as a share of household income.
- Vulnerable consumers also placed a greater value on both services than non-vulnerable consumers (including having double the valuation for cash and banking services). Vulnerable consumers were also more likely to find the provision of both services at a Post Office important compared to non-vulnerable consumers, with a difference of eight percentage points for cash and banking services between the

groups (42% compared to 34%) and 11 percentage points for paying bills (29% compared to 18%). Lastly, vulnerable consumers are more likely to use these services at a post office: 33% of vulnerable consumers use cash and banking services at a post office more than once a year (compared to 26% of non-vulnerable consumers) and 19% use a post office to pay bills (compared to 6% of non-vulnerable consumers).

A separate YouGov survey conducted in 2021 on behalf of Post Office found that **15% of individuals depend on their local Post Office branch for cash and banking services**. These services were more important to those earning less than £20,000 (23%) and those individuals aged 55 and above (20%). Access to cash is also more important to these groups – whilst 38% of all consumers would feel excluded without cash, this increases to 47% of those aged 55+ and to 46% for those with lower household incomes.

Similarly, a third of consumers would be less likely to shop in their local community without cash, but this increases to 38% of older people and 39% of those on lower incomes. Access to cash and basic banking services is important for a substantial proportion of the population, but particularly those groups that are often more excluded or at risk of vulnerability. Inadequate access to cash for these groups will not only negatively impact the individuals themselves, but also have a knock-on effect for local businesses by discouraging spending in the community.

6.4. Reflections

This research highlights how Post Office continues to play a crucial role for those who are most vulnerable in society through its cash and banking services and allowing people to pay bills. Even though the use or provision of these services may be partially hidden from certain sections of the population, it shows how Post Office's branch network continues to work as a key part of the United Kingdom's national banking infrastructure and provide vital services for vulnerable and excluded groups.

As banks continue to disappear from our high streets, Post Office is set to become the core of the United Kingdom's banking infrastructure through its expansive branch network, possibly even meaning that the future of Post Office's business pivots from one principally founded upon its postal services to one that, at the very least, puts its banking provision on an equal footing.

²⁸ Social grade C2DE includes those whose household's chief income earner is a manual worker, casual worker or non-working.

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Annex 1 Economic impact assessment

A1.1 Methodology

Overview

The modelling of the direct, indirect and induced impact considers the impact that Post Office's expenditure and employment had on the United Kingdom in the financial year 2021-22. Post Office's direct impact in terms of expenditure and FTE jobs supported was calculated using a combination of internal Post Office data provided to London Economics and an online survey of Postmasters that was undertaken by London Economics.

The expenditure of Post Office was calculated separately for the branch network and Post Office Limited.

Postmaster survey

The Postmaster survey ran for four weeks from 20 June to 18 July 2022 and received a total of 295 complete responses, of a total of 11,534 open and active branches (as of March 2022), which represents approximately 2.6% of all branches. There were a further 202 partial responses (i.e., responses for which the survey was started, but not completed) for which some data could be used. Including these additional responses meant that the response rate for some questions reached 4.3%. Results from the Postmaster survey fed into the calculation of the direct, indirect and induced impact of Post Office, provided data on the additional expenditure within retail outlets by those visiting branches, as well as information on the financial viability of Post Office retail outlets.

Unweighted survey results were used, as weighting the results would risk over-weighting certain observations, due to the small sample size.

Branch network expenditure

Expenditure from the branch network was calculated for every agency branch that received remuneration in 2021-22 (of which there were 10,550²⁹), as well as the 117 directly-managed branches (DMBs), which are operated by Post Office Limited.

The expenditure of DMBs was provided directly by Post Office, however, there was no data available on the expenditure of agency branches. For agency branches, it was assumed that Postmaster remuneration was equal to Post Office-related expenditure of the branch. In other words, the level of remuneration received from Post Office exactly covered the staffing and non-staffing costs associated with the provision of Post Office services. The Postmaster survey specifically asked for information on the breakdown of the different costs of Post Office branches, which allowed this total expenditure figure to be broken down into staff and non-staff expenditure for subsequent analysis.

In addition to the staff and non-staff expenditure, the stock of Post Office products purchased was proxied using the value of Mails goods sold by Post Office in 2021-22, which included Label & Signed for; Stamps;

²⁹ In some cases, outreaches are merged with their 'parent' agency branches for remuneration purposes, as remuneration is calculated at the 'parent' branch level. For this reason, the number of agency branches with remuneration is lower than the total number of branches.

Special Delivery; International Priority and Standard; Parcelforce; and other Mails-related trading. This approach needed to be adopted, as a typical business would purchase stock, and this expenditure would generate a ripple effect through the economy amongst those businesses supplying the stock to Post Office branches. However, Post Office branches are provided with Mails stock, rather than having to purchase it directly, so their remuneration does not directly reflect this element of the economic value provided. For example, when a Post Office branch sells a stamp, there is economic value generated beyond just that transaction, as the purchase of the stamp provides income to Royal Mail, which then employs workers and purchases machinery, and subsequently pays its own suppliers, creating a ripple effect through the economy.

The total value of Mails income to Post Office (i.e., the cut that Post Office takes from each Mails good sold) is subtracted from the total value of Mails goods sold to avoid double-counting, as this value is already accounted for in the branch and Post Office Limited's expenditure. The value of Mails goods was assigned to each branch based on its Mails income, which allowed regional and sectoral economic multipliers to be applied to the results.

In total, 73% of Post Office's direct impact arises from the stock of Mails goods, while 15% is from staff expenditure and 12% from non-staff expenditure.

Post Office Limited's expenditure

Post Office Limited's expenditure was calculated using data by business unit, which was provided by Post Office. In order to apply regional and sectoral economic multipliers to the results, the expenditure had to be assigned to locations. Central Post Office expenditure was assigned to locations based on guidance from Post Office (for example, it was clarified which expenditure related to the main London and Chesterfield administrative sites). In cases where it was unclear where expenditure should be assigned, the allocation was based on either branch income or the distribution of FTE staff.

Some software expenditure, which was primarily accrued by organisations located overseas, was also excluded from the total expenditure, as it would not generate an economic impact in the United Kingdom.

Full-time equivalent (FTE) jobs supported

The number of full-time equivalent jobs supported by Post Office in 2021-22 was calculated through a combination of the Postmaster survey and data provided by Post Office. The number of FTE staff working in agency branches was calculated through the Postmaster survey, where the average number of FTE staff by branch type was used. The number of FTE staff working in DMBs was provided directly by Post Office. A breakdown of employment by Post Office Limited, Payzone and Post Office insurance was also provided. Each FTE staff member had a location associated with them, which was then matched to a parliamentary constituency and region using a combination of postcodes provided by Post Office and desk research. Where locations could not be matched (for example, 'field-based' staff), they were assigned to parliamentary constituencies and regions based on the distribution of branch income.

Applying economic multipliers

The direct, indirect and induced impact of Post Office's expenditure was estimated using economic multipliers derived from Input-Output tables, which measure the total production output of each industry in the United Kingdom's economy, and the inter-industry (and intra-industry) flows of goods and services consumed and produced by each sector³⁰. In other words, these tables capture the degree to which different sectors within the United Kingdom's economy are connected, i.e., the extent to which changes in the demand for the output of any one sector impacts on all other sectors of the economy. To be able to achieve a breakdown of the analysis by region, we developed a multi-regional Input-Output model, combining UK-level Input-Output tables (for 2016³¹) with a range of regional-level data³² to achieve a granular breakdown by sector³³ and region³⁴.

30 Specifically, the analysis makes use of Type II multipliers, defined as $[\text{Direct} + \text{indirect} + \text{induced impact}]/[\text{Direct impact}]$.

31 See Office for National Statistics (2020a). 2016 was the most recent year for which this information was available at the time the analysis was undertaken.

32 The fundamental idea of the multi-regional Input-Output analysis is that region *i*'s demand for region *j*'s output is related to the friction involved in shipments from one region to another (which we proxy by the distance between the two regions), and that cross-regional trade can be explained by the relative gross value added of the sector in all regions. The multi-regional Input-Output model was derived by combining UK-level Input-Output tables with data on geographical distances between regions; GVA and compensation of employees by sector and region (Office for National Statistics, 2019); employment by sector and region (Office for National Statistics, 2020b); gross disposable household income by region (Office for National Statistics, 2020c); population by region (Office for National Statistics, 2021b); and UK imports into each region and exports by each region, by commodity (Office for National Statistics, 2018).

33 In terms of sector breakdown, the original UK Input-Output tables are broken down into 64 (relatively granular) sectors. However, the (wide range of) regional-level data required to generate the multi-regional Input-Output model is not available for such a granular sector breakdown. Instead, the multi-regional Input-Output model is broken down into 10 more high-level sector groups.

34 While Input-Output analyses are a useful tool to assess the total economic impacts generated by a wide range of activities, it is important to note several key limitations associated with this type of analysis. Input-Output analyses assume that inputs are complements, and that there are constant returns to scale in the production function (i.e., that there are no economies of scale). The interpretation of these assumptions is that the prevailing breakdown of inputs from all sectors (employees, and imports) in 2016 is a good approximation of the breakdown that would prevail if total demand (and therefore output) were marginally different. In addition, Input-Output analyses do not account for any price effects resulting from a change in demand for a given industry/output.

Sectoral multipliers were used for the distribution, transport, hotels and restaurants³⁵ sectors, while the region was found through branch postcodes and the region-matching process described in the previous sections.

Direct, indirect and induced impact

The economic impact is given in terms of the gross direct, indirect and induced impact of Post Office's expenditure. This impact is a gross impact, rather than a net impact, as it cannot fully take into account any displacement or additionality of expenditure. In other words, it is not known if Post Office's expenditure in a region causes spending to decrease in other parts of that region (displacement), or whether Post Office's expenditure would be undertaken by other firms if it did not exist (additionality).

Assessing the direct, indirect and induced impact of Post Office considers Post Office Limited and Post Office branches as economic units creating output within their local economies by purchasing products and services from their suppliers and hiring employees.

- **Direct effect:** This considers the economic output generated by Post Office Limited and Post Office branches, by purchasing goods and services (including labour) from the economy in which it operates. Examples of this direct expenditure are the wages of Post Office employees, spending on stock for Post Office branches, or utilities bills for Post Office branches.

- **Indirect effect:** Post Office purchases generate income for the supplying industries, which they in turn spend on their own purchases from suppliers to meet Post Office's demands. This again results in a chain reaction of subsequent rounds of spending across industries, or ripple effect. For example, if a Postmaster buys equipment for their Post Office branch, then income will be generated for the supplier of that equipment, which will then buy inputs to meet their own demands.
- **Induced effect:** Post Office staff and staff of businesses operating in Post Office's supply chain use their wages to buy consumer goods and services within the economy. This in turn generates wage income for employees within the industries producing these goods and services, who then spend their own income on goods and services – leading to a further ripple effect throughout the economy as a whole. For example, Post Office staff may spend some of their income in their local supermarket, which helps support the jobs of those in their local supermarket. Those supermarket workers will then use their wages to buy goods and services throughout the economy, which is the induced effect of expenditure.

35 This sector grouping was chosen, as the Post Office was deemed to be under the standard industrial classification of economic activities (SIC) code 53100 (Postal activities under universal service obligation), which is within the 'distribution, transport, hotels and restaurant' sector grouping.



Annex 2 Social value

A2.1 Methodology

Consumer survey

In order to measure the social value of Post Office, a representative survey of 2,044 consumers was undertaken by YouGov in July 2022. The key elements of the survey were stated preference valuation (willingness to pay) questions, including contingent valuation and discrete choice experiments, focusing on topics such as the Post Office network as a whole, the services provided by Post Office and the distance of the nearest post office from the respondents' homes.

Alongside these questions, respondents were asked about their use of post offices. These questions looked at topics including how respondents travel to their local post office, the characteristics they value in post offices and their use of a variety of Post Office services. These were asked to provide further qualitative information regarding consumers' value of Post Office, and also to validate the responses to the valuation questions.

SME survey

Complementing the results from the consumer survey, a representative survey of 1,017 small and medium-sized enterprises (SMEs) was undertaken by YouGov in July and August 2022, in which employees of senior management level or above answered questions on behalf of their business. In this survey, the same stated preference valuation questions were asked as in the consumer survey, as well as similar questions regarding the respondent's business's use of post offices.

Network contingent valuation

The first contingent valuation aimed to ascertain the average amount households (or SMEs) would be willing to pay per month in order to maintain the current Post Office network, compared to a situation where all post offices would close. The payment was framed as a tax, as in similar past studies. The format of the contingent valuation was as follows and is illustrated in Figure 8 page 36:

1. **Single-bounded dichotomous choice (SBDC).** First respondents were asked whether they would accept a given monthly tax to maintain the Post Office network, (or pay no additional tax resulting in all Post Offices closing). The amount of the tax was randomised across respondents, over eight different levels: £1, £6, £11, £16, £24, £32, £42, and £52. This question alone is referred to as 'single-bounded dichotomous choice' (SBDC).

2. **Double-bounded dichotomous choice (DBDC).** After answering the first question, respondents were presented with second amount and asked whether they would pay that amount. The second amount was based on their answer to the first question: if they indicated they would pay the first amount, the second amount was higher, and if not, then it was lower. For example, those who rejected £1 were then offered £0.50, and those who accepted £1 were offered £6. The first and second questions combined are referred to as 'double-bounded dichotomous choice' (DBDC).
3. **Bounded open-ended contingent valuation (CV).** After the dichotomous choice questions, respondents were then asked an open-response question, in which they stated the maximum tax they would be willing to pay to maintain the Post Office network. Answers had to be consistent with the answers given during the dichotomous choice questions (e.g., if a respondent rejected £11 but accepted £6, then their answer to the open question would have to be between £6 and £11).

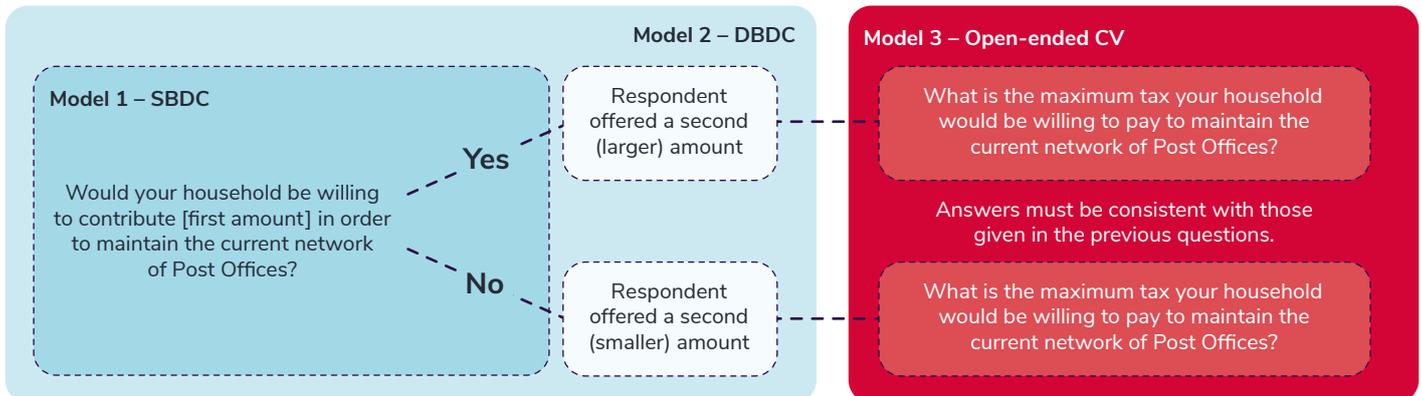
The contingent valuation question format used allows average WTP (willingness to pay) to be calculated in three ways: from the SBDC data alone, from the DBDC data (combining the two dichotomous choice responses), and from the bounded open responses.

Average WTP can be calculated from the SBDC data using a probit model. This uses the relative probabilities of choosing to pay the tax at the different levels of tax to determine the average willingness to pay.

Based on the DBDC data, average WTP estimates can be obtained via likelihood function, a use of maximum likelihood estimation. This approach is preferred to the SBDC model as it uses more information (i.e., both dichotomous choices).

From the bounded open-ended data, average WTP can be calculated by taking the mean of the responses. This method uses the dichotomous choice questions (indirectly to establish the bounds to the open responses) and furthermore allows each individual respondent to give a precise value for their WTP. This method is our primary method used to estimate the value of the network, as it makes use of more information than the SBDC and DBDC models and due to the DBDC model's sensitivity to the definition of protest responses (which is discussed further in A2.2).

Figure 8 Survey route for the network contingent valuation questions



Source: London Economics analysis.

Distance contingent valuation

A second contingent valuation question examined the average tax per household (or SME) per month respondents would be willing to pay to prevent their nearest Post Office from moving one mile further away. Unlike in the network contingent valuation experiment, an open-ended question was not asked here (due to survey length constrained, so only the DBDC model was used as this uses more information than the SBDC model). In this case, there were four randomly assigned initial amounts that were offered: £2.50, £5, £10, and £15. Again, respondents were subsequently offered a higher amount (£5, £10, £15 or £20) if they accepted the initial amount, or were offered a lower amount (£0.50, £2.50, £5 or £10) if they rejected it.

Value-of-services choice experiment

Next, a choice experiment asked respondents to make a series of choices between two options that varied based on the services provided by Post Office (see Figure 9 for an example choice card). In each choice, each service was either provided by Post Office, or not (i.e., the attribute levels were binary). Eight different services were included in this choice experiment, which were as follows (detailed descriptions of the services in each category are provided in A2.3):

- Postal services
- Online shopping returns and collections
- Cash and banking services or depositing of cash
- Travel products and foreign currency
- Wider financial services products, including insurance and international payments
- Paying bills (e.g., utilities, council tax, local council payments)
- Identity services
- Government services

- Each option had an associated cost, which was the tax paid by the household (or SME) per month to support the network. There were six different price points that the tax payable for the option could be: £0, £2.50, £5, £10, £15, and £20. Respondents were asked to make six of these choices, and these choices were allocated randomly based on 10 possible choice sets.

Based on the data from these choices, a conditional logit model was estimated, with the provision of each service and the tax contribution paid to support the network as explanatory variables. The service variables were binary, taking the value of 1 if the service is provided and 0 otherwise. Following the standard procedure for estimating WTP from choice experiment data, by taking the ratio of the coefficients of each service variable and the tax variable, we can obtain the average willingness to pay to ensure the given service is provided by the Post Office network, in tax per month per household (or SME).



Figure 9 Example choice card for the services choice experiment

	Option 1	Option 2
Postal services	✓	✗
Online shopping returns and collection	✓	✗
Cash and banking services or depositing of cash	✓	✗
Travel products and foreign currency	✓	✗
Wider financial services products, including insurance and international payments	✓	✓
Paying bills (e.g. utilities, council tax, local council payments)	✗	✓
Identity services	✓	✗
Government services	✗	✓
As part of the taxes your household pays, you contribute a payment of...	£10 per month	£5 per month

Source: London Economics and YouGov.

Distance choice experiment

The final experiment asked respondents to make choices in which the distance from their home to the nearest Post Office that provides each service was varied. In this experiment the variables could take five different values representing the (hypothetical) distance of each service from the respondent's home. These values were 0.2 miles, 1 mile, 3 miles, 5 miles and 7 miles. Due to the higher complexity of these choices, only four services were included in this experiment, which were as follows (detailed descriptions of the services in each category are provided in A2.3):

- Postal services
- Cash and banking
- Government and identity services
- Foreign exchange and money transfer

As in the value-of-services choice experiment, each option carried a cost in terms of the tax per month contributed by the household (or SME), which took the same six price points: £0, £2.50, £5, £10, £15, and £20. Respondents were again asked to make six choices, which were allocated randomly based on 10 possible choice sets.

The same analysis approach as described above in relation to the value of services choice experiment (i.e., estimation of a conditional logit model and taking the ratios of relevant coefficients) was conducted to estimate WTP. In this case the results represent the average valuation associated with a 1-mile increment in the distance to a given service at a Post Office.

Subgroup analysis – consumers

These experiments were first conducted on the respondent population as a whole, and then they were repeated on a number of subgroups of the population. These subgroups included breakdowns by the following characteristics:

- Vulnerability, and each of the four categories of vulnerability (capability, resilience, life events and health) – see below for more detail on this
- Whether respondents find it easy to make ends meet
- Age
- Urbanity
- Gender
- Social class
- Household income
- How often respondents use a post office
- Whether respondents state that each service provided by Post Office is important to their household
- Whether respondents use each service provided by Post Office more than once a year
- How respondents travel to their local post office
- How far respondents travel to go to their local post office

Vulnerable consumers

The definition of a vulnerable consumer used in this study aims to reflect a definition used by the Financial Conduct Authority (2021). In the consumer survey, respondents were asked about a number of characteristics that signify vulnerability, and if one or more of these characteristics applied to them, they were defined as a vulnerable consumer in our analysis. Vulnerable consumers could be categorised into four different types of vulnerability: capability, resilience, life events and health. Vulnerability under these types works in the same way as overall vulnerability; for example, a respondent is defined as vulnerable in the 'capability' sense if one or more of the capability characteristics applies to them. The characteristics used in this study, and the vulnerability category they apply to, are as follows:

- Capability:
 - When asked if they are confident in managing household finances, the respondent answers between zero and three out of ten
 - The respondent requires help reading letters
 - The respondent requires help for making financial decisions
 - The respondent is not confident using the internet to manage their finances
- Resilience:
 - The respondent's household could continue to pay for essentials for less than a week if the household lost its main source of income
- Life events:
 - The respondent has experienced one of the following life events in the last 12 months:
 - Loss of income or increase in financial difficulty
 - Relationship breakdown or bereavement
 - Being a victim of a scam, domestic abuse or crime
- Health
 - The respondent's day-to-day activities are limited a lot due to a health problem or disability

Subgroup analysis – SMEs

The following subgroups were used to categories SMEs:

- Size of SME
- Industry
- How often the SME uses a post office
- Whether respondent states that each service provided by Post Office is important to their SME
- Whether the respondent's SME uses each service provided by Post Office more than once a year
- How employees of the SME travel to their local post office
- How far employees of the SME travel to go to their local post office

Protest responses

In contingent valuation, a protest response is when a respondent states a zero WTP, refuses to state a WTP or rejects any payment amount offered for reasons associated with the process of valuation. Such responses are routinely removed from contingent valuation samples because it is assumed that they are not indicative of respondents' true values (Jorgensen et al, 1999). Protest responses may be given, for example, for reasons associated with the valuation process, or as a matter of principle due to an objection to paying for the good. In this study, we have identified protest responses via follow-up questions (as is typical in contingent valuation studies) and excluded these from the sample (as NERA (2009) and London Economics and YouGov (2016) previously did in their valuations of Post Office).

The follow-up question asked to determine whether respondents gave protest responses is as follows:

You said you would not contribute a tax in order to maintain the Post Office network. Why would you not be willing to pay a tax? Please tick any that apply.

- The tax was too high
- The Post Offices are not valuable to me and/or society
- I cannot afford the tax
- I shouldn't pay tax to support the Post Office
- The Government does not need to support the Post Office
- I could not decide/did not understand the question
- Other
- Don't know/ Prefer not to say

A response was deemed to be a protest response if the responded only answered 'I shouldn't pay tax to support the Post Office' to this question, alongside no other options. This follow-up question, or one that is very similar, is asked at three points during the survey: after the network double-bounded dichotomous choice questions, after the (bounded) open-ended network contingent valuation question, and after the distance double-bounded dichotomous questions. This approach was used in both the consumer and SME surveys.



Weighting

With regard to the consumer survey, all valuation estimates were weighted using household weights (to be consistent with the questions, which were asked at the household level). All other calculations based on the consumer survey were weighted using individual weights, as these questions were asked on an individual basis. This approach is in line with that taken by London Economics and YouGov (2016). Responses to all questions in the SME survey were weighted using SME weights, including the four experiments, as questions were always asked from the perspective of the business.

Annual social value and societal benefit-cost ratio

The annual social value to consumers of the Post Office network as a whole was derived by multiplying the willingness to pay per household per year by the number of households in the UK, which was 28,081,000 in 2021 (ONS, 2022c). Similarly, the willingness to pay per SME per year was multiplied by the number of SMEs in the UK in 2021, which was 5,583,245 (BEIS, 2021), to obtain the annual value to SMEs.

To derive the societal benefit-cost ratio for consumers, the consumer annual social value was divided by the total funding provided to Post Office by the government in 2021-22 which was £227 million (Clark and Booth, 2021). In 2021-22, the £227 million included a £50 million subsidy and £177 million to invest in the future of the network (made up of a £125 million equity injection and a £52 million loan). Whilst the network subsidy has remained constant at £50 million per year since 2019/20, the funding for investment of £177 million was the highest in one year since 2013/14. As funding in 2021-22 was higher than in previous years, the societal benefit-cost ratios presented in this report may be an underestimate.



A2.2 Findings

Network contingent valuation

As explained above, the design of the network contingent valuation questions allowed three methods to be used to calculate the value of the Post Office network as a whole. The results from these three models are presented below:

Table 1 Value of the Post Office Network for households

Model	Tax per household per month	Annual social value for households
Single-bounded dichotomous choice	£12.65	£4.3 billion
Double-bounded dichotomous choice	£5.55	£1.9 billion
Bounded open-ended contingent valuation	£11.13	£3.8 billion

The results presented in our report are based on the bounded open-ended contingent valuation method, which finds the tax per household per month that respondents are willing to pay to be £11.13. This implies an annual social value of the Post Office network of £3.8 billion.

The bounded open-ended contingent valuation method is prioritised for two reasons. Firstly, it uses all the available information from respondents to estimate WTP. As mentioned in A2.1, this method uses the dichotomous choice questions indirectly to bound the answers given to the open-ended question and allows each respondent to provide their own precise valuation via the open-ended question (unlike the other two methods).

Secondly, although using a double bounded dichotomous choice method (without a follow-up open question) is often favoured by researchers, we found this approach

to be extremely sensitive to the inclusion or exclusion of protest responses, and the precise method for defining a protest response. As Table 2 shows, the WTP estimates based on the DBDC approach differ substantially depending on whether protest responses (which as explained above are excluded) are defined as: a) those who only gave the answer indicating a protest (“I shouldn’t pay tax to support the Post Office”); or b) those who gave this answer on its own or as well as other answers.³⁶ The former definition results in an estimate of £5.55 per month whereas the latter definition give an estimate of £17.50 per month.

In contrast, the result from the bounded open-ended contingent valuation approach is much more stable, which suggests this method has greater reliability. Thus, the (bounded) open-ended contingent valuation approach was chosen as our primary method.

Table 2 Variation in the willingness to pay for the Post Office network for households (per month) depending on the definition of protest responses

Protest response*	DBDC	Open-ended
Those that only gave the protest response	£5.55	£11.13
Those that gave the protest response on its own or among other responses	£17.50	£13.74

Note: * Protest responses are excluded from the analysis

³⁶ Note the relevant question allowed respondents to select all options that apply, hence allowing the two different definitions of a protest response.

Comparisons to previous studies

Other studies aiming to estimate the social value of the Post Office network have previously been completed, most recently by Public First in 2020 and before this by London Economics and YouGov in 2016. Table 3 presents a comparison of estimates of the social value to consumers and businesses of the Post Office network between this study and the London Economics and YouGov (2016) report.³⁷ Based on our preferred approach (the bounded open-ended CV approach presented in the left-hand half of Table 3), the estimates for consumers are very similar (the 2022 result is very slightly higher), whereas the 2022 result for businesses is £381 million higher than the 2016 result.

As noted above, the 2022 results based on the DBDC approach vary considerably depending on how protest response is defined, so we reflect this in the relevant column of Table 3 by presenting ranges. For consumers, the upper bound of the 2022 estimate (£5.9 billion) is slightly lower than the estimate in 2016 (£6.5 billion). On the other hand, the value to businesses found in the 2016 report (£786 million) is slightly below the range of the 2022 estimates (£814 million-£2.1 billion).

Table 3 **Difference in estimates of the social value of the Post Office network in the London Economics (2022) and London Economics and YouGov (2016) studies by model used**

Model	Bounded open-ended contingent valuation		Double-bounded dichotomous choice	
	London Economics (2022)	London Economics and YouGov (2016)	London Economics (2022)	London Economics and YouGov (2016)
Social value to consumers	£3.8 billion	£3.7 billion	£1.9 billion – £5.9 billion	£6.5 billion
Social value to businesses	£984 million	£603 million	£814 million – £2.1 billion	£786 million

Note: A range of estimates is presented for the DBDC model in the 2022 study, due to the sensitivity of this model to protest responses.

The 2020 Public First study has the highest of the three estimates for both consumers (£9.4 billion) and businesses (£3.6 billion). However, this may be related to the use of a single discrete binary choice model in the Public First study, similar to how the SBDC model gives larger estimates in both this study (Table 1) and the 2016 London Economics and YouGov study. As discussed, this model uses less information than the DBDC or open-ended contingent valuation models and so is not used as the core model in this study or in 2016. Furthermore, given that the Public First study uses a different method, these results are not directly comparable to the preferred method in either study.



³⁷ The 2016 estimates can be found on page 33 of the report. In that report, 'CV Method 1' refers to the bounded open-ended contingent valuation approach, and 'CV Method 2' refers to the DBDC approach. The 2016 report is available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/566224/beis-16-37-post-office-network-social-value.pdf

Cost of living

An important caveat to these findings is the state of the United Kingdom's economy when the surveys were conducted in July and August 2022. High inflation (10.1% in July 2022 – a 40-year high (Office for National Statistics, 2022b)) and a cost-of-living crisis resulted in unprecedented falls in household disposable income, regular pay in real terms, and consumer confidence. The consequence of this is that the results presented are likely to be underestimates of the true social value of Post Office.

In the Office for Budget Responsibility's (2022) March 2022 economic and fiscal outlook, it was reported that real household disposable income was expected to fall by 2.2% in 2022-23, which would be the biggest fall since records began in 1956-57. Between April and June 2022, growth in real-terms regular pay fell by 3.0% (ONS 2022), which was also a record fall for regular pay. Lastly, in July 2022, UK consumer confidence was at a record low since records began in 1974 (GfK, 2022).

Unsurprisingly, the wider economic situation impacted the findings of this study. In the protest response question for the DBDC model, respondents were asked about whether they did not choose either option because they could not afford the tax. Out of the 761 respondents that could answer this question (those that did not accept either amount), 301 (40%) answered that they could not afford the tax. Similarly, for the consumer choice experiments on the valuation of services and valuation of distance to services, 33% and 31% of respondents who felt they could not answer the questions realistically answered that they could not afford any increase in their taxes. These responses to the consumer survey suggest that the high inflation occurring when the surveys were taking place may have depressed these estimates.



A2.3 Service descriptions for choice experiments

A2.3.1 Services choice experiment

Postal services

This means access to letters and parcels services:

- Purchase of stamps and labels for letters (domestic and international)
- Purchase of parcel services (domestic and international)
- Purchase of signed for mails and parcels services (e.g. where delivery is confirmed by a recipient's signature)
- Purchase of special delivery mails and parcels services (e.g. guaranteed next day delivery with tracking and proof of delivery with a signature)
- Purchase of tracked parcel services (e.g. this is a product which allows you to track the progress of your parcel delivery)
- Purchase of oversized and high-value parcel services

Online shopping returns and collections

This means access to online shopping return and parcel Click and Collect services:

- Online shopping returns (e.g. returning online purchases by mail)
- Collection services (e.g. collection of online purchases from a Post Office branch)

Cash and banking services or depositing of cash.

This means access to basic cash and banking facilities.

- Access to in-branch cash withdrawal and deposit services for your bank account (from any high-street bank)
- Access to free-to-use cash machines
- Access to cheque-depositing services
- Change-giving
- Checking balances on current accounts

Travel products and foreign currency

This means access to travel money services and foreign currency products:

- Purchase of Travel Money Cards (a card you can load up with foreign currency for use in shops or online)
- Purchase foreign currency at Bureau de Change
- Collection of foreign currency pre-purchased online (Click and Collect)
- Travel insurance (Single Trip, Annual Multi-Trip and Backpacker products)

Wider financial services products, including insurance and international payments.

This means access to other financial, money transfer and insurance services;

- Purchase of insurance products (e.g. vehicle, home, life and pet insurance)
- Opening a Post Office savings account (e.g. easy access, fixed rate and Individual Savings Account (ISA) products)
- Taking out a Post Office mortgage or personal loan
- Taking out a Post Office credit card
- Access to cash transmission services (e.g. postal orders, MoneyGram)
- Purchase of savings products (e.g. Growth Bonds)

Paying bills (e.g. utilities, council tax, local council payments)

This means providing payment facilities for public utility services

- Payment of utility bills (e.g. water, gas, electricity or telephone), including with pre-payment schemes (e.g. gas cards and electricity keys)
- Payment of social housing rent (e.g. for Local Authority or Housing Association housing)
- Payment for Local Authority services (e.g. council tax, parking permit)
- Purchase of travel tickets (e.g. train or bus passes)



Identity services

This means access to a range of digital and physical identity services, online or in branch:

- Digital identity services (“Post Office EasyID”) – a form of reusable digital identity on your phone to help prove your age and identity online or in-store
- GOV.UK Verify service (online) – verification of identity at a Post Office, allowing customers to then access services on GOV.UK
- Document certification services (checking of original documents and certification of photocopies of documents, e.g. when applying for a mortgage or new job)
- Criminal record checks (known as Disclosure and Barring Service checks)
- In-branch verification check (face-to-face identity proofing, e.g. as part of right to work in UK or recruitment checks)

Government services

This means access to a number of services on behalf of Government departments and councils, including processing social benefit and tax credit payments:

- Cash payment of state pensions
- Cash payment of social security benefits or tax benefits (e.g. Universal Credit)
- Cash payment of emergency support payments (from UK Government or a Local Authority e.g. Warm Home Discounts)
- Passport Check and Send services (e.g. checking of passport application and authentication of supporting information)
- Biometric residence permit application and collection (for customers who need to apply to stay in the UK, who are from outside the European Economic Area)
- Provision of application forms for vehicle licences (e.g. that customers can complete and return to DVLA), and budget savings schemes for licence fees
- Applying and paying for a driving licence renewal;
- Applying and paying for an international driving permit
- Applying and paying for a fishing rod licence;
- Applying and paying for Vehicle Excise Duty (road tax)

A2.3.2 Distances choice experiment

Postal services:

- Sale of stamps and labels for letters (domestic and international)
- Sale of parcel services (sending parcels in the UK or internationally), including oversized and high-value parcels
- Sale of signed for, special delivery and tracked mail and parcel services
- Allowing you to return online shopping (e.g. returning online purchases by mail)
- Collection services (e.g. collection of online purchases)

Cash and banking services:

- Allowing you to withdraw cash and make deposits into your bank account
- Free-to-use cash machines
- Allowing you to deposit cheques
- Giving change (e.g., changing a £10 note for 10 £1 coins)
- Allowing you to check the balance(s) of your current account(s)

Government and identity services:

- Cash payment of pensions and benefits;
- Passport services (e.g. checking of passport application and authentication of supporting information)
- Biometric residence permit application and collection (for customers who need to apply to stay in the UK, who are from outside the European Economic Area)
- Forms, applications and renewal of documents for DVLA, including driving licences, international driving permits and road tax
- Forms for budget savings schemes for licence fee
- Applications and renewal of other documents (e.g. fishing rod licence)
- Document certification (checking original documents and certification of photocopies e.g. when applying for a mortgage or new job)
- Criminal record checks (known as Disclosure and Barring Service (DBS) checks)
- In-branch verification check (face-to-face identity proofing e.g. as part of right to work in UK or recruitment checks)

Foreign exchange and money transfer services:

- Buying foreign currency at Bureau de Change
- Collection of foreign currency prepurchased online
- Access to cash transmission services (e.g. postal orders, MoneyGram)

