



Post Office News - February 2019

Last chance to respond to Citizens Advice work plan 2019/20 consultation

Citizens Advice is encouraging responses to our [work plan](#) for next year. We have a formal role representing consumers in the postal and energy markets, and this includes our post office policy work. Our work plan sets out our agenda for improving markets for consumers and is open for consultation until 8 February.

We welcome written responses from our stakeholders on specific projects and our work in general - you can email us directly or send responses to consumerworkplan@citizensadvice.org.uk.

MPs continue to raise concerns about Crown PO franchising

Between 2013 and 2018, almost 1 in 3 Crown post offices were franchised, and last year Post Office Ltd (POL) announced the transfer of a further 74 branches, to WH Smith. MPs from a range of opposition parties have again [expressed concerns](#) about this move, which will leave a network of fewer than 190 branches directly managed by POL.

In a Westminster Hall debate on Crown franchising, MPs queried the quality of WH Smith as a retailer. MPs said that experienced Post Office staff were being lost and replaced by low-paid temporary employees. Questions were asked about contingency plans in the event of WH Smith collapsing. MPs also raised concerns about disabled access in the new post offices and the location of post offices at the back of retail premises.

Postal services minister, Kelly Tolhurst, emphasised that franchising is not a closure programme and said 'it is a way to secure better sustainability for the

future of our post offices'. She also stated WH Smith's latest financial results show good profit levels.

As the statutory consumer advocate for Post, Citizens Advice has a [formal role](#) in reviewing major changes to Crown branches. We meet POL to discuss consultation feedback from consumers and local representatives following 6 week consultations on relocations. Our [research](#) finds that former Crown branches generally perform as well as, and in some cases better than, Crown branches on a range of measures.

More bank branch closures could boost demand for PO banking

The [announcement](#) that Santander is cutting its branch network by almost a fifth may lead to increased use of Post Office banking services. The bank says it will be closing 140 banks in response to changes in how customers are carrying out their banking.

Santander emphasises Post Office banking as an alternative for customers of closing branches. Santander customers can withdraw cash, deposit cash and cheques and check their balance [at post offices](#).

But Citizens Advice research shows that over 2 in 5 still don't know about the banking services provided at post offices. Citizens Advice also remains concerned about the quality of Post Office banking and is [calling for further research](#) on the service.

Ofcom reviews 2nd class stamp price cap

The UK's postal services regulator, Ofcom, imposes a price cap on 2nd class stamps to ensure a basic universal service is available to all at affordable prices. In particular, it is designed to protect vulnerable consumers from ongoing price increases on 2nd class letters and parcels up to 2kg. Following a [review of the level of the safeguard cap](#), Ofcom has decided to allow the cap on 2nd class stamps/letters to rise 5%. Effectively this means the upper price Royal Mail can set a 2nd class stamp will be 65p from the current 60p from April 2019, increasing by CPI inflation annually thereafter. Ofcom will also retain the 'basket cap' on universal service obligation parcel products at its current level (Royal Mail currently prices well below this). These new caps will remain in place until 2024, or earlier if Ofcom decides this is necessary.

[Citizens Advice welcomes Ofcom's overall approach](#). Our view is that as the near-monopolist in the letters market and the dominant player in the single piece parcels market, competitive constraints on Royal Mail are insufficient to protect

vulnerable consumers from price increases. In our view, the safeguard caps therefore remain essential. We consider Ofcom's specific proposals on the safeguard caps to be proportionate and reasonable. However, we encourage Ofcom to monitor the prices of all products within the basket cap to assess whether consumers face unreasonable and unaffordable price increases for specific products for which there may be no reasonable competitive alternative.

European Commission is reviewing postal regulation

Separately, the European Commission is looking at core developments in the postal sector and examining their implications for regulation in the near future.

Citizens Advice has responded to the [European Regulators Group for Postal Services](#) (ERGP) consultation on this issue. We have urged the ERGP to keep consumers' interests and rights at the heart of its review and in any future [regulatory framework](#). We state that we would expect a full assessment of consumers' needs and any impact on their rights to be carried out before considering any changes to the universal postal service - which sets out the minimum range of services of specified quality, at affordable prices.

Other postal operators to fund postal advocacy work

Until now, Royal Mail - as the UK's universal service provider - has been the only postal operator to pay for the postal consumer advocacy work of [Citizens Advice](#), [Citizens Advice Scotland](#) and the [Consumer Council for Northern Ireland](#). This work includes advocacy, research and a [consumer helpline](#).

Ofcom, the postal regulator, has decided that as consumer advocacy work doesn't just relate to Royal Mail, [other postal operators should also contribute](#). From 1 April, the new charging mechanism will also apply to parcel operators with a relevant turnover above £350m and 'end-to-end' letter operators with a relevant turnover above £10m.

Post developments around the world

- **Norway** - The Norwegian national postal provider, Posten, has introduced [digital stamps](#) as an alternative to physical stamps when sending letters or small parcels within Norway. Consumers pay online, and receive a code that they write in the upper right corner of the item to be posted. The price and delivery time is as for ordinary stamps. Letters and parcels can also be sent, for an additional fee, from the consumer's own mailbox - items are picked up by the postman/woman the following business day.

- **Canada** - Canada Post and Canada's trade unions are considering [options to re-establish a postal bank](#). [Campaigners argue](#) there have been mass bank closures in recent years and existing banking services are expensive. A postal bank could offer very affordable services as well as providing an alternative to payday loans. Revenue from banking services could also support other post services including mail delivery and local post offices.

More on Citizens Advice post policy work

- See our section on the Citizens Advice [website](#)
- Follow our Twitter account for regular updates: [@CABPost](#)