



Post Office News - July 2020

Government responds to BEIS Committee future of PO report

Whilst the post office network has stabilised, it is also “fragile”, according to the Business, Energy and Industrial Strategy (BEIS) Committee. This was the conclusion of the committee last autumn, following a wide-ranging [inquiry](#) on the future of the Post Office.

The government’s newly published [response](#) expresses confidence about the stability of the network, and says there are robust mechanisms in place to hold the Post Office to account. Commenting on the committee’s call for continued subsidy, the government states a commitment to ensuring the long term sustainability of the network. The government also refers to Post Office Ltd (POL) having made a profit for the last 3 years and a reduced reliance on taxpayers.

On the franchising of Crown offices, the government believes this is an important part of ensuring the network is sustainable, and references Citizens Advice findings that franchised branches perform in line with Crown offices.

The committee criticised the government for backtracking from previous commitments to make the Post Office a front office for its services. In reply, the government stresses post offices are a leading provider of counter based government services, and mentions working with the Post Office and government departments to “scope out” opportunities to increase government services through the network.

The response refers to reporting requirements on ensuring the Post Office is accessible for disabled people, and Citizens Advice [research](#) and engagement on this issue. The important social role of the network is also highlighted.

However, the new BEIS committee chair, Darren Jones MP, has since [written](#) to the postal affairs minister, Paul Scully, to ask for further information where he thinks the government's response falls short. Paul Scully's [response](#) confirms that future funding for the post office network will be considered as part of discussions in any future Spending Review. The minister also stresses the need for the Post Office to be clear with communities when consulting on local post offices and reiterates the requirement for POL to maintain a network of at least 11,500 branches. On handling deliveries from other parcel services, Mr Scully states that the Post Office has the commercial freedom to manage its business independently of government.

Government announces independent Horizon IT review

Business minister Paul Scully MP has confirmed that there will be a [review](#) into the Post Office Horizon IT system trials. The review follows a settlement of £58m in December between POL and over 550 postmasters who took the company to court over accusations of fraud.

The minister [said](#) the review would consider “whether the Post Office has learned the necessary lessons from the Horizon dispute and court case, and ... provide an independent and external assessment of its work to rebuild its relationship with its postmasters.” POL has [welcomed](#) the review and says the company will fully engage with it.

However, [many MPs](#) including [Darren Jones](#) MP, chair of the BEIS Committee, have called for a judge-led inquiry to ensure the review will “have the necessary powers to demand evidence and require witnesses to give evidence”. The [Justice for Subpostmasters Alliance](#) is also calling for a judge-led public inquiry, and says they [will not cooperate](#) with the government's review.

Older and disabled consumers: mixed views on PO accessibility

Older and disabled people have a mixed experience of post offices in Scotland, according to [new research](#) from Citizens Advice Scotland (CAS).

Focus groups and interviews with older and disabled consumers find participants are mostly satisfied with post offices overall. But there were some concerns around perceived drop-offs in service levels, often after post offices relocated into retail and community spaces.

Some participants appreciated the new service model, and said they liked the longer opening hours that resulted, and the ability to combine post office services with shopping. But others reported problems with waiting times due to

staff being busy with other activities. There were concerns about privacy and security, when branches were located in spaces not designed for private activities. Participants also raised concerns about staff training and service standards.

Views on branch accessibility varied. Getting inside a branch was not generally an issue. But inside branches many participants find it hard to negotiate their way to the counter. CAS comments that these problems seem connected to the relocation of branches to retail outlets, which were often busier and more cramped.

The Scottish research follows [earlier findings](#) on accessibility of post offices from Citizens Advice, published in November 2018. POL has now committed to monitoring accessibility through branch visits.

Calls for government action to ensure cash system is protected

MPs and stakeholders are increasingly concerned about supporting people who require access to cash and face-to-face banking, both during the covid-19 outbreak and post lockdown. Large numbers of consumers have been moving to digital banking services, putting pressure on the UK's already fragile cash infrastructure.

A new Which? [survey](#) finds half (51%) of those looking after the finances of someone else during the pandemic, had been paid in cash in return for doing shopping. But the research provides further evidence that consumers are experiencing difficulties paying with as well as taking out cash.

The government stresses that bank customers can use [post offices for essential banking services](#) as an alternative to their branch. Treasury minister John Glen MP also stated that following the March 2020 Budget announcement on future [legislation to protect access to cash](#) in the longer term, the government is working with stakeholders and regulators to design the legislation.

Meanwhile, [Community Access to Cash Pilot](#) initiatives are intended to help improve communities' access to cash. [8 locations](#) across Britain are working with the banking industry to look at solutions to keeping cash viable for people and businesses. Improvements could include installing ATMs or sharing bank branch facilities.

Citizens Advice has been examining Post Office provision of banking services and we will be reporting on this shortly. For further details please contact annabel.barnett@citizensadvice.org.uk.

Credit unions join Post Office Banking Framework

Credit union services are expected to become increasingly available in post offices across the UK. Initially, some credit union members will have access to the Post Office's [Payout Now](#) service. Members can withdraw cash using a unique barcode issued by their credit union.

This is the first service to launch, and additional services are expected. The service is available to members of credit unions and community banks that use the financial technology company [incuto's](#) platform - up to 1.2 million account holders by the end of this year.

incuto, which has a core focus on financial inclusion, says it has joined the Post Office Banking Framework to improve access to cash. incuto's CEO, Andrew Rabbitt, states: "for many, online services can be a barrier and may not offer the access they need... the local post office branch may be far closer to home and already a familiar place."

Royal Mail reports to cut jobs as profits fall

Royal Mail [announced](#) a 31% fall in profits and plans to cut 2,000 jobs. The company saw letter revenues fall by 23% in April and May, while parcel revenue grew 28%.

Keith Williams, interim Executive Chair, said the company had not "adapted quickly enough to the changes in our marketplace of more parcels and fewer letters. Covid-19 has accelerated those trends, presenting additional challenges."

The job cuts will affect management and non-operational roles. Royal Mail also says they will be "accelerating the pace of operational change".

Many commentators believe Royal Mail Group is seeking to [sell off its GLS](#) (General Logistics Systems) subsidiary, which delivers parcels in Europe and parts of the US and Canada. The company's 2019/20 financial results show whilst Royal Mail's UK profits decreased significantly, GLS profits increased.

This move would pose financial challenges for the UK side of the business. Royal Mail [states](#) it is "working with all stakeholders to underpin the [universal service obligation] to ensure it reflects user needs and is modern, contemporary and sustainable". Royal Mail [may be considering a range of options](#) including raising stamp prices and reducing the frequency of letter deliveries.