



Post Office News - June 2019

MPs hear evidence on the future of the post office network

Stakeholders outlined the challenges facing post offices in a one-off an [oral evidence session](#) to the Business, Energy and Industrial Strategy (BEIS) Committee. Subpostmasters warned that post offices are at risk as operators are facing falling incomes and higher costs. Post Office Ltd (POL) said they recognised this was a problem, and this summer will be undertaking a full review of postmaster remuneration.

The committee questioned witnesses about how national the network's coverage really is, particularly in the context of increasing numbers of outreach branches. MPs pressed POL on risks associated with franchising high street post offices to big retailers. MPs queried the community consultation process on post office changes, including the role of Citizens Advice.

The committee asked about the potential for new services such as more banking and future government services. Witnesses discussed service quality, accessibility for disabled people, privacy and confidentiality in branches.

The evidence session came in the same week that the [Daily Mail launched a campaign](#) calling on the government to guarantee the future of the post office network, including the provision of a full range of services over the counter for those who are not online.

In addition to the oral evidence session, Citizens Advice submitted [written evidence](#) to the committee.

Treasury Committee recommends 'banking hub' role for POs

Post office provision of banking services has also been examined in detail as part of the [Treasury Committee's access to financial services inquiry](#). The committee

commended the positive role post offices play in providing basic banking services to consumers, especially in rural areas. But MPs concluded that the Post Office “is not the optimum environment” for consumers to carry out their banking requirements. This is because Post Office staff are not banking specialists, the range of transactions offered is limited, and many post offices do not offer sufficient privacy.

The committee was critical of the general lack of awareness of the Post Office service, and said that if awareness did not improve, the government should launch a nationwide promotional campaign. MPs were concerned that banking services are loss making for the Post Office and said the Post Office should not be subsidising the banks’ lack of branch network.

The committee is recommending that where the ‘last bank’ in a town or rural area has closed, the banks should be required to make provision for ‘banking hubs’ within local post offices. Hubs should be properly funded with an agreed provision set by BEIS and the Treasury. Postmasters must be trained, equipped and compensated to make the hubs viable.

Cashpoints switch from free to fee-charging

New studies find increased challenges facing consumers in accessing cash, including more ATMs charging consumers for cash withdrawals.

[Which?](#) reports that an unprecedented number of free-to-use cashpoints switched to charging customers at the beginning of 2019. At the start of this year, there were around 52,000 free-to-use ATMs in the UK. But during the first 3 months, at least 1,700 converted to pay-to-use, charging consumers a minimum of 95p to access their money. Further free-to-use machines are expected to switch to fee-charging in the coming months.

In a separate [Bristol University study](#), researchers conclude that vulnerable consumers, including older people and people on low incomes, are worst served by the current cash infrastructure. The Bristol-based research also found ATMs are changing from free to fee-charging, and that this was most common in deprived areas.

The study concluded the post office network is much more evenly distributed than other types of cash infrastructure, and highlighted its importance for less well-served communities.

Post Office and Payzone win first contract

POL has won its [first joint Post Office/Payzone contract](#) since acquiring the Payzone bill payment service last year. The contract, with ScottishPower, will allow 600,000 ScottishPower customers to top up their smart meters over the counter at 25,000 post office and Payzone bill outlets. The service will be available nationwide later this year.

Royal Mail to launch parcel postboxes

Royal Mail is introducing the UK's [first parcel postboxes](#). From August, 1,400 new postboxes will be installed across the country in more than 30 locations over a 6-month period.

Consumers will be able to post parcels in the same way that they currently post a letter, provided that postage has been pre-paid using Royal Mail's online labelling service. People will also be able to return parcels using the system, as long as they have a Royal Mail barcode attached.

The new parcel postboxes will provide consumers with an alternative to post office counter services which have seen a rise in parcel transactions in recent years. [Citizens Advice research](#) shows 63% of consumers post parcels (excluding mail order/online returns) at post offices, and 38% of consumers use a post office to return online purchases.

Royal Mail 5-year plan focuses on parcel services

Royal Mail has also announced the [development of other parcel-related services](#) as part of the company's 5 year strategic plan. These include a second delivery for parcels that will "expand in line with demand and be fully operational by 2023". The second delivery will consist of Next Day parcels, typically purchased online from retailers the evening before, and larger items more appropriate for van delivery. Consumers will continue to receive a delivery of letters and all other parcels earlier in the day.

In addition, Royal Mail will be providing an at home collection service - collecting returns from consumers at their homes. This will include both consumers making returns and small marketplace sellers fulfilling sales. The company says it will also offer a range of in-flight redirection options where consumers are not going to be at home when their parcel is scheduled to arrive.

Royal Mail announced its plan for a 'parcels-led business' alongside its [financial results for 2018-19](#). The company reports flat UK revenue, with parcel growth offsetting total letter revenue decline - parcel volumes increased by 8% over the

year. Royal Mail also plans to grow its international (GLS) and cross-border business.

Post developments around the world

- **Ireland** - Postmasters are warning that the future of Irish post offices hangs on greater provision of government services. The Irish Postmasters Union says [new government services are essential to offset the ongoing decline](#) in social welfare payments through post offices. The Union proposes car tax, drivers' licenses, public transport passes and identity services.
- **Switzerland** - Switzerland's largest retail company [Migros has teamed up with Swiss Post](#). Customers with a Swiss Post online user account will be able to send and receive parcels and registered letters in around 300 Migros branches throughout the country.
- **Poland** - The national Polish postal operator, Poczta Polska, is [collaborating with SwipBox](#), the Danish parcel locker operator. Poczta Polska will deliver parcels through SwipBox's agnostic parcel lockers in Poland.
- **Estonia** - Ominiva, a Tallinn based post and logistics company - is piloting [automated forwarding of parcels from post offices to self service parcel terminals](#), in locations where large parcel volumes overburden the local post office. Parcels must be marked with the recipients mobile phone number so that the customer can be sent a text message when the parcel arrives.
- **Australia** - Courier company Sendle has announced plans to expand its [24/7 parcel drop-off network](#). Sendle says it will offer more parcel drop-off points than there are post offices in Australia by 2020. Launched 6 months ago, the service currently has 600 parcel drop-off and collection points in petrol stations, newsagents and pharmacies.