



## Post Office News - May 2019

### Subpostmasters say POs are under increasing strain

Post office incomes are low and many post office operators are planning to close or hand on their business, according to [new research](#) by the National Federation of SubPostmasters (NFSP).

A [survey](#) of 1,000 of the organisation's members found:

- 76% of postmasters are making less than the hourly National Minimum Wage from working in their post office
- 61% are taking home less income over time
- 22% are planning to close, downsize or hand on their business in the next 12 months

According to the NFSP, subpostmasters' biggest concerns are falling income and increasing expenses, caused by a combination of reductions to remuneration rates, low pay for banking services, rising staff costs, more customers using Royal Mail services directly, and fewer using a Post Office card account. [Citizens Advice research](#) published in 2017, also found operator concerns over the financial viability of their post offices.

Following operator concerns about pay rates for banking transactions, at the NFSP's annual conference in April Post Office Ltd (POL) [announced a significant increase in payments](#). From October subpostmasters will receive higher pay rates for processing cash deposits into bank accounts. POL will also be asking subpostmasters to be more proactive in raising local awareness of the service.

### MPs debate post office network sustainability

MPs welcomed the increase in subpostmaster payments for banking transactions in a [Westminster Hall debate](#) on the network. However, MPs questioned why the rise wouldn't come into effect for 6 months. MPs also asked

whether the improved pay is sufficient for the sustainability of the service.

Whilst MPs were clear about the increasing role of post offices in providing local banking services, some queried whether small rural post offices are sufficiently equipped to meet their constituents' banking needs. MPs also noted that the Post Office is pulling back from providing its own banking products - including the closure of the Post Office Money current account, and the Post Office card account which is due to end in 2021.

MPs raised concerns around general low subpostmaster earnings, temporary branch closures, contingency plans in case larger retailers hosting many post offices fail, and the government subsidy also expected to finish in 2 years' time.

Postal services minister, Kelly Tolhurst, responded that branch numbers are stable, and emphasised government investment of £2 billion over the past 8 years. Ms Tolhurst said that POL is increasingly profitable as a business. She stressed the additional funding available to Community branches and said this government and POL will continue to support rural post offices. The minister explained the Post Office had brought in the new banking pay early, 3 months in advance of the new negotiated banking framework.

### **Lords call for increase in pay for PO banking**

Accusing successive governments of failing to understand and address the recent decline in rural banking, Peers have also been querying the sustainability of the Post Office's service. In a [new report](#), the House of Lords Committee on the Rural Economy says banks should agree an increase to the fees they pay the post office network for providing cash withdrawals and deposits. (The committee's inquiry predates POL's announcement of the banking fee increase for subpostmasters.) The committee also said Post Office banking services do not always meet business banking needs, such as access to loan finance.

Citizens Advice [submitted evidence](#) to the committee.

### **BEIS committee opens inquiry into PO network**

The Business, Energy and Industrial Strategy (BEIS) Committee is examining a range of issues relating to the post office network. These include the franchising of post offices, the reduction of government subsidies, and the long-term resilience of the service. Other specific issues covered by the newly launched [inquiry](#) will include service standards, Post Office banking services and potential new Post Office services.

Rachel Reeves MP, chair of the Committee, said: 'Given the continuing struggles of the high street, and moves by many people to use services online, serious consideration needs to be given to how we maintain the Post Office network in the future. Protecting the customer and ensuring that people currently using branches for a range of services are not left high and dry by closures or a diminished service must play a central part in this thinking.'

The deadline for written submissions is 6 May. The committee will be holding a one-off evidence hearing on 21 May. As statutory consumer advocate for postal services, Citizens Advice will be submitting evidence.

### **How do you set up a community-run post office?**

Citizens Advice, in collaboration with the Plunkett Foundation and POL, has published a [guide](#) to setting up a community-run post office.

Around 200 community-run shops and pubs in the UK currently provide Post Office services. The new guide for community businesses offers practical advice on how to decide whether to take on Post Office services, the application process, checklists and FAQs.

We have produced the guide to make it easier for community-run organisations to offer Post Office services. Citizens Advice [research](#), published last year, found that while community-run post offices deliver significant benefits to the local community, setting one up can be difficult. Further support and advice for community-run businesses can be found on the [Plunkett Foundation's website](#).

### **Royal Mail introduces earlier delivery notifications**

Royal Mail has launched [new earlier customer notifications](#). It will now notify people expecting a delivery through its tracked services the day before the item arrives. Royal Mail will also give people a shorter 2-hour delivery slot.

Royal Mail says these changes will make deliveries more convenient and allow recipients to plan their day better. If recipients are not at home at the time of the Royal Mail delivery, the parcel can be left with a neighbour or in the safe place the customer requested when they placed the order. Alternatively, Royal Mail can send an electronic notification when a tracked item is ready for collection at a delivery office - so consumers do not have to go home and collect the paper card.

Some other delivery companies are already providing similar services. For example, [DPD](#) offers 1-hour delivery windows and day-before notifications. But

Royal Mail's enhanced service may raise general consumer expectations around delivery.

## Post developments around the world

- **Finland** - Posti has closed a small post office in Helsinki and transformed it into a [self service outlet](#). Posti says it was unable to find a partner to keep a post office running in the area. A bank of 306 parcel lockers, available 7am-10.30pm, will operate instead.
- **Denmark** - PostNord is piloting [carrier neutral parcel lockers](#). Any parcel or logistics operator can deliver to the parcel lockers. The lockers can be opened with an app on the customer's phone, which communicates with the parcel locker using Bluetooth.
- **Australia** - Australia Post is providing access to personal mailboxes in Melbourne, so that [homeless people](#) have a place to send and receive mail. In the UK, [Citizens Advice](#) is currently looking at solutions for people with no fixed postal address.

## More on Citizens Advice post policy work

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