



## Post Office News - August 2021

### **MPs concerned about the number of temporary PO closures**

The [sustainability](#) of the post office network and the high number of [temporary post office closures](#) is being raised by concerned MPs in Westminster.

Citizens Advice [research](#) finds that since 2013, the number of temporarily closed post offices has doubled. And many of these closures are far from temporary. 2 in 3 stay closed for over a year and 2 in 5 stay closed for over 2 years. Rural areas, parts of the north of England, Scotland and Wales have been hit the hardest by these closures.

The government's continuation of the £50 million subsidy, alongside the further investment of £177 million announced in November 2020, was welcomed by Citizens Advice and other stakeholders. This year we'll be making the case for the government to provide a multi-year subsidy to continue to support the most rural post offices as part of its comprehensive spending review.

### **Drop in travel services hits post offices**

Before the pandemic, consumers had been making increasing use of [Post Office travel services](#). Around 7,000 branches in the network provide approximately 60 currencies for pre-order and the majority of post offices sell travel insurance products.

Post Office Ltd (POL) [research](#) shows 54% of people have used post offices to exchange foreign currency. [Citizens Advice found](#) almost as many consumers (48%) had made use of the Post Office's passport checking service.

But it is [reported](#) that sales of insurance, foreign currency, and travel ID services are down by 86% compared with 2019. This has had a serious impact on some post offices, where 30-50% of their income is travel based. In order to keep these branches open, Post Office Ltd is providing an [emergency hardship payments](#) scheme to top up the income of affected post offices.

This payment to branches most heavily reliant on travel products is similar to the [hardship fund](#) that was available to post offices last year. And the move comes in the context of renewed [debate](#) around post office sustainability, and the [withdrawal](#) of dozens of post office branches from Spar stores in Scotland.

## **Help with post-Brexit changes affecting goods sold to the EU**

The Post Office is [alerting](#) its customers that a [new post-Brexit change](#) concerning VAT will affect goods being sent from Great Britain to the EU from July 2021. Items sold to EU destinations with a value of €22 or less will no longer be exempt from VAT. This means like other higher value items, they will be subject to the local rate of VAT and charges of the destination country.

POL says amongst post office customers, the change mainly affects marketplace sellers who sell via sites such as Amazon, Ebay, Etsy and Not on the High Street. POL has put [new checks in place](#) to ensure local post office staff will capture the information that is now required.

## **Growing evidence of the importance of Post Office banking**

The Post Office saw a record amount of [cash deposits](#) at post offices in June. Post Office Ltd (POL) reports that business cash deposits exceeded £1 billion for the first time in over 18 months, as consumers spent their cash after a year of restrictions.

The increase in business cash deposits comes after new Post Office research finds 70% of UK [small businesses](#) see the use of cash as important to the future of the UK high street.

Personal cash withdrawals at post offices totalled £636 million in June, the highest amount since the start of the pandemic.

[MPs continue to raise concerns](#) about difficulties accessing cash experienced by their constituents, particularly in the light of ongoing bank branch closures in rural areas. MPs have signed an [Early Day Motion](#) calling on the government to introduce legislation to ensure access to cash is protected by law.

In July, HM Treasury published a [consultation](#) seeking views on the government's legislative proposals for protecting access to cash.

## **Wrongly convicted postmasters to receive compensation**

Subpostmasters wrongly convicted of offences due to problems with the Post Office's Horizon accounting system will receive [interim compensation](#) of up to £100,000, the government has said. The government has agreed to fund the

initial payments.

This comes in addition to the financial backing it is providing for the [Historical Shortfall Scheme](#), which was opened to recompense postmasters who repaid shortfalls and did not have a criminal conviction. It is reported that the government has set aside [up to £233m](#) to cover payouts from the Post Office to postmasters.

To date, a total of 59 former postmasters have had their convictions quashed, and more are due in court in the coming months. Those affected can still seek extra compensation at a later date, via mediated settlements or through the civil courts.

### **Royal Mail parcel deliveries fall as pandemic curbs lift**

Royal Mail says consumers are having fewer parcels delivered to their homes as pandemic restrictions ease. The company [reports](#) parcel volumes fell 13% in the 3 months to June, compared with a year ago. International parcels coming into Britain were also lower - due to Brexit, reduced air freight capacity and higher transport costs.

But more domestic parcels are being sent than before the pandemic. Parcel volumes have increased by more than a third (35%) compared with pre-Covid levels in 2019-20. In May, Royal Mail reported its [profits had quadrupled](#) in the latest financial year.

In contrast, letter volumes increased over the last quarter, compared with the same period last year. However, Royal Mail says letters remain in 'structural decline', with 18% fewer sent than 2 years ago.

In this context the company is [reportedly](#) considering getting rid of Saturday letter deliveries and signed-for parcels. Any change to delivery frequency would require a change in law.

Ofcom is currently reviewing the rules in place for postal services, including parts of the Universal Service Obligation (USO). [Citizens Advice has responded](#) to Ofcom's recent call for input. We called on Ofcom to make the new regulations truly centered on the consumer, make redirections affordable to everyone and make sure no one is shut out of the postal market because of cost (8% already report they forgo essentials, such as food or heating, to pay for postage stamps).

### **Citizens Advice publishes research into parcel delivery drivers**

Our report ['Sorry we missed you'](#) examines the link between pressure on delivery drivers and consumer outcomes for parcel delivery. Our research found

that although many delivery drivers enjoy their jobs it's often highly pressurised, with high workloads and insufficient time allocated to each delivery. These pressures then appear to have a negative impact on consumers, with 3 in 5 of all parcel problems in a single week caused by delivery drivers.

Stronger protections are needed to reduce consumer harm in this market. However, this must sit alongside action to ensure that drivers have realistic, manageable workloads. We're calling on Ofcom to increase regulation in the parcels market and for the Government to put measures in place to ensure drivers receive the workplace rights to which they are entitled.

### **Citizens Advice publishes consumer annual report**

We've published our [Consumer Annual Report 2020-21](#). The report covers our statutory work in post, energy and cross-sector areas over the last year. This includes safeguarding access to the post office network, making sure everyone has access to their post, and guiding and protecting people in the postal market.

### **Citizens Advice publishes consumer work plan 2021-22**

Our [annual work plan](#) is also now available. Our work as a statutory advocate is covered under 4 main themes - making markets work for consumers, a fair deal for consumers in vulnerable circumstances, protecting consumers in rapidly evolving markets and better value infrastructure.