



Post Office News - December 2020

Post Office to receive £227m subsidy and investment next year

The government has [announced](#) a total of £227m to secure the future of the post office network. The November Spending Review announcement covers a continuation of the network subsidy of £50m for 2021/22 and an additional £177m capital investment. The news follows [calls from Citizens Advice](#) and other organisations for government investment to fix the problems in the network and allow post offices to deliver greater social value.

The Post Office subsidy which is designed to cover the operating costs of the network has slowly reduced over time, as government policy has required the Post Office to increase revenue from retail and reduce reliance on state funding. Currently, around 5,000 post offices rely on this funding to stay open. This includes around 2,500 serving communities that would otherwise be without a shop.

Post Office Ltd (POL) says the [capital investment](#) will be used to invest and improve products and services available to customers such as [Drop & Go](#) and the introduction of automated cash deposits at branches. The investment will also go towards developing support services for postmasters.

Citizens Advice has consistently highlighted the important role post offices play in maintaining local economies and ensuring people can access essential services. With the right funding, post offices could provide even more social value, such as an [Address & Collect](#) service to help people access their post. But the network is under pressure - temporary post office closures have doubled since 2013, and 1 in 7 post offices is now an outreach branch. [We're calling on the government](#) to work with Post Office Ltd to ensure the subsidy is sufficient and is spent where it is needed.

Post Office may end exclusive link with Royal Mail

The link between Royal Mail and the national post office network may soon come to an end, according to media [reports](#). This could allow post offices to become general parcel hubs, handling post and parcels from other carriers. The exclusive delivery arrangement was signed when Royal Mail and POL formally separated almost a decade ago.

Postmasters and post office operators have expressed concerns about the space and resources to allow multiple carriers to drop off and collect parcels at post offices. [POL](#) is reported to have indicated that additional parcels would only be sent to post offices large enough to handle them.

Payzone stores to trial access to 'simple' PO services

Payzone outlets may soon offer 'simple' Post Office services such as parcels and money transfers. A [trial](#) starting in January may provide HubBox and Hermes click and collect services at Payzone outlets via a new retailer-operated card machine style device. POL says the new terminal trial will not include any Royal Mail parcel or mail services.

[Payzone](#) provides bill payment services through 12,000 retail outlets across the UK. POL acquired the company 2 years ago, although the bill payment services still operate under the Payzone brand.

New research highlights PO cash role in rural areas

In over half (51%) of rural neighbourhoods, post offices provide people with the nearest cash access point, according to a new study from [Bristol University](#). In contrast, bank branches are concentrated in urban areas. These findings support [Citizens Advice](#) research published earlier this year which also showed the importance of rural Post Office banking - over 1 in 3 (35%) rural residents have used the service (20% in urban areas).

The Bristol study also showed the average cash withdrawal at Post Office counters was £90 (compared with £20 at a cashback merchant, £60 at an ATM and £220 at a bank branch counter). On average, 9,000 cash withdrawals are made at each post office every year (compared with 13,000 withdrawals at bank branch counters).

Half of consumers have had parcel delivery issue since March

New studies confirm consumers are increasingly reliant on parcels, and a further huge [surge in demand](#) is expected over the Christmas period. But Citizens

Advice research finds almost half of British adults (47%) have had [issues with parcel delivery](#) since the country first went into lockdown in March.

Our polling finds

- 96% of people say they've ordered a parcel since March
- The biggest problem consumers face is late delivery, with almost 1 in 3 (30%) people facing a delay
- Nearly 1 in 5 people (18%) who experience a parcel issue suffered some sort of financial loss, with 40% of those losing over £20

The Citizens Advice Consumer Service has received 3 times as many calls about delivery issues since March compared to the same period last year. And our online advice on parcels issues was viewed almost 208,000 times between March and October.

Ofcom publishes review of postal users' needs

Ofcom has published their [review of postal users' needs](#). The review reported "strong support from users for core features of the [universal postal service \(USO\)](#). This included maintaining the principles of universality. Users strongly endorsed a universal price and service across the UK".

Ofcom found post is important for the wider community and provides social value for users. 2 in 5 consumers said they'd feel cut off from society if they couldn't send letters almost every day.

The review also found that users' needs might be changing - with more people reliant on parcels and fewer using letters. The regulator stated their "evidence suggests reducing the frequency of letter deliveries requirement to five days a week would reflect users' reasonable needs".

Commenting on the publication, [Citizens Advice's](#) Acting Chief Executive Alistair Cromwell said: "We don't want to see the start of a slippery slope in reductions to the service. 'Rebalancing' can't just be a byword for cuts, any rebalancing needs to make sure the safety net is strengthened."

Separately, [Royal Mail](#) reports that its revenue from parcels has overtaken revenue from letters for the first time, as online shopping rose during the pandemic.