



Post Office News - June 2022

New powers to protect access to cash

The government has announced it will bring forward long awaited [legislation](#) to protect people's access to cash. The news has been welcomed by the [Post Office](#), MPs and [access to cash campaigners](#).

In many areas [post offices are the only remaining outlet](#) providing people with face to face banking services. Our latest research confirms an ever rising number of people have used Post Office banking - 35% of adults used the service in the last 12 months, up from 26% a year ago.

Treasury minister, [John Glen MP](#), said he sees post offices as "a key part of the delivery mechanism of access to cash," and anticipates post offices will become hubs for an increasing number of banking services.

Under the new legislation the Financial Conduct Authority will be responsible for ensuring the UK's largest banks and building societies give consumers access to withdrawal and deposit facilities within a "reasonable" distance from their community. Further details will be announced when the financial services bill is introduced.

Meanwhile the Post Office continues to expand the range of accounts accessible at branches. Credit union and community bank account holders with [Engage accounts](#) are now able to make cash withdrawals and deposits, and check balances at post offices.

Post Office annual accounts show drop in trading profit

Post Office Ltd (POL) has published its delayed [annual report and accounts](#) for 2020/21, which show trading profit reduced to £35 million (from £86m the previous year). POL says the reduction was mainly due to the impact of the

Covid pandemic. The primary impact was on business banking and travel, but mails-related transactions helped to partially offset this.

The report emphasises the role post offices played during the pandemic - keeping services running and going above and beyond the call of duty. POL also stresses the importance of the network in bringing visitors to high streets and supporting small businesses.

At the recent annual postmaster conference POL's CEO, Nick Read, confirmed branch profitability, technology and rebuilding trust are the 3 [main priorities for the year ahead](#).

Major PO operator McColls rescued from collapse

One of the largest [post office operators](#), the convenience store retailer McColls, has been [bought by Morrisons](#). The buyout followed a period of uncertainty in which McColls went into administration, and a rival offer was made by the petrol station operator EG Group.

It is expected that all 1,100 McColl's stores will be [retained](#). Around half of these stores currently host a post office. POL is working with Morrisons to understand their plans going forward.

Post offices provide energy advice and support

Selected post office branches across the country are now offering energy advice. An in-person pop-up advice [service](#) is being provided in partnership with [British Gas Energy Trust](#) to help people manage the rising cost of energy prices. Debt advisers [offer](#) an overview of support, signposting, check benefits entitlement and provide energy saving advice. Initially, services will be available at 10 post offices, some of which are being supported by advisers from local Citizens Advice offices.

Post offices are also handling [council tax energy rebates](#) for people who do not pay council tax by direct debit. [Councils](#) have mailed out Post Office vouchers to non-direct debit households for them to exchange for cash. POL says the scheme is a quick and secure way to deliver the £150 payment, especially to those who don't have bank accounts. However, there have been [concerns](#) that some councils have been too slow in providing this vital help to the most vulnerable households.

4,000 post offices to offer Western Union service

From autumn 2022, at least 4,000 UK post offices will offer in-branch [Western Union](#) cross-currency money transfers and payment services. Currently post

office customers wishing to use Western Union services can only use the Post Office website for money transfer services.

In addition, 7,000 post offices already provide [MoneyGram](#) money transfer services - enabling people to send and receive money between 200 countries and territories across the world.

Horizon IT system to be replaced by 2025

It is reported that the Post Office Horizon IT system will be [replaced](#) by 2025 with a supplier expected to be named in August. POL is working with about 200 postmasters to support development and testing of prototypes.

Meanwhile the fallout from the Horizon scandal, in which hundreds of postmasters were wrongly convicted of false accounting, continues. [Judicial intervention](#) is said to be “inevitable” as the Post Office and legal representatives of the postmasters are “poles apart” on compensation valuations in negotiations.

The Department for Business, Energy & Industrial Strategy (BEIS) [estimates](#) that the Historical Shortfall Scheme, set up by the Post Office to compensate postmasters who may have experienced and repaid shortfalls, is likely to cost £153 million. BEIS has said it will provide sufficient financial support to the Post Office to cover the scheme. The government has also committed to paying compensation for overturned criminal convictions and estimates this may cost up to £780 million.

The [Public Accounts Committee](#) has asked BEIS to explain what steps are being taken to ensure the Post Office remains a “viable company” in the light of the huge Horizon-related compensation payouts.

Jubilee Crown post office strike

The Communication Workers Union (CWU) has announced a [second nationwide strike](#), with Crown office staff to walkout on Saturday 4 June, and supply chain and admin workers to strike on Monday 6 June. The union anticipates all 114 Crown post offices will close on 4 June, and the supply chain strike will mean no cash collections or deliveries to any of the UK’s 11,500 post offices.

The CWU says POL’s latest offer is for a 2.5% pay rise, plus a £500 lump sum. The union refers to the offer as an “outrage” when inflation is at a 40-year high.

Royal Mail reports on revenues and plans for future

Royal Mail Group's [full year results](#) to March 2022 show adjusted operating profit up 8% to £758 million.

Royal Mail says domestic parcel volumes are up 31% compared with the pre-pandemic period. Letter volumes have dropped 18% compared with pre-pandemic.

Royal Mail warned it may impose further price increases, not long after the business put up 1st class stamp prices to 95p. Citizens Advice found that even last year - before the cost of living crisis deepened - many people struggled to afford stamps. We are [calling on Ofcom](#) to use its current review of postal regulation to ensure the postal market is affordable for postal users.

Royal Mail also says the company urgently needs to “accelerate the transformation” of its business, especially in delivery of parcels. It is thought this may mean providing a full-scale [Sunday parcel delivery](#) service, which would compete with companies such as Amazon and DPD.

Ofcom launches investigation into Royal Mail's performance

The postal services regulator Ofcom has opened an [investigation into Royal Mail's compliance](#) with its quality of service performance targets during 2021/2.

Royal Mail is required to deliver 93% of First Class mail within 1 working day of collection, and 98.5% of Second Class mail within 3 days. However, last year only 81.8% of First Class mail and 95.4% of Second Class mail was delivered within the timeframes. In addition, Royal Mail should complete 99.9% of delivery routes on each delivery day, but only completed 94.1% of routes in 2021/2.

Citizens Advice [research](#) also found extensive evidence of letter delays, including almost 15 million people left waiting for post over the Christmas period, and 23% of people reporting post disruption in January. The investigation is welcomed by Citizens Advice, earlier this year we asked Ofcom to look into Royal Mail's performance and consider enforcement action.