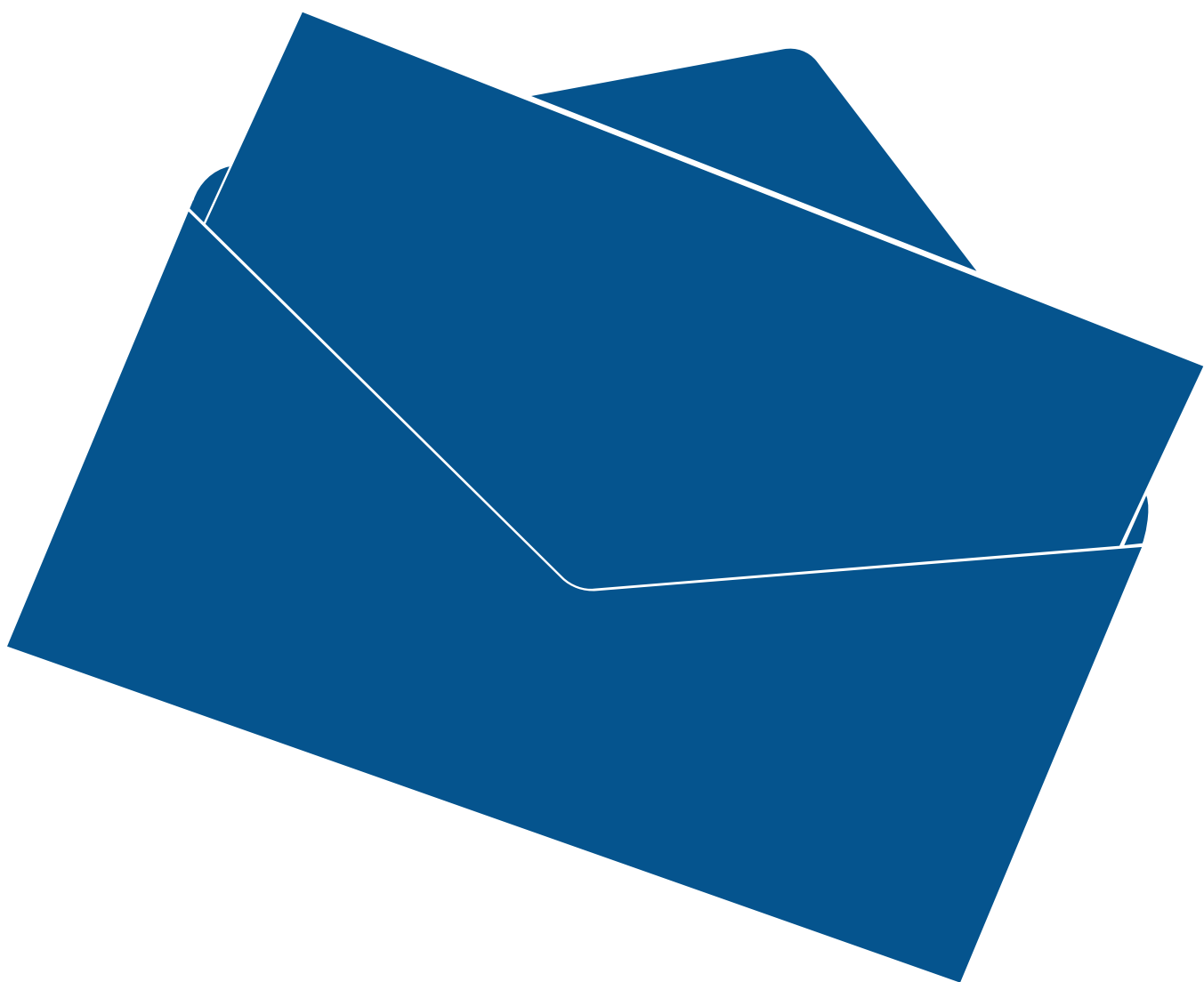


# **Fixing the Foundations: Branch and service standards in Post Office Locals**



**Fixing the Foundations:**

Branch and service standards in Post Office Locals

# About Citizens Advice

The Citizens Advice service is the statutory watchdog for post offices and postal consumers in Great Britain. In accordance with Section 16 of the Consumer, Estate Agents and Redress Act, we investigate matters relating to the number and location of public post offices.

We promote the consumer interest with regard to the number, location and quality of post offices, and aim to promote a sustainable, accessible service that is capable of responding to changing consumer needs.

We have particular regard for the needs of vulnerable consumers, and consumers living in rural areas. Consumers with vulnerabilities may include elderly citizens and those with one or more disabilities.

Through our policy and scrutiny functions, we promote the interests of consumers and small businesses in decisions on both the future of the post office network and access to the essential social and economic services that the branch network provides.

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## Fixing the Foundations:

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# Summary

The post office network is currently undergoing its largest ever branch restructuring programme. By 2017/18, nearly three-quarters of the UK's post offices will convert to new operating formats, and around half the network will convert to a new operating model – Post Office Local (PO Local). For millions of consumers, this means their post office will undergo major changes.

The branch restructuring programme, known as 'Network Transformation', promises to deliver improvements to and investment in post offices. If successful, as we want it to be, the programme could help Post Office Ltd (POL) to secure a more sustainable and accessible future for the UK's post offices, and allow them to respond more effectively to changing consumer needs.

However, Network Transformation necessitates significant changes in post office provision and carries risks as well as opportunities. Before the start of the programme, we highlighted the particular challenge to deliver consistent and reliable service standards in PO Locals – and urged POL to demonstrate that the Local model was ready for wider rollout.

With approximately 1,800 branches now converted to the PO Local model, this research is the latest in a series that assesses service standards and the branch environment in the operating model, and aims to drive any necessary improvements.<sup>1</sup> Our findings show that major failings in the model's implementation still need to be addressed, and that significant ongoing improvements are needed – with particular emphasis on driving up service standards, and the consistency and reliability of service provision.

Ongoing changes will be necessary to ensure that the rollout strategy for PO Locals delivers for consumers, and that the programme ultimately delivers value for money for taxpayers.

Citizens Advice wants the Network Transformation programme to succeed and for the maximum possible benefits of the PO Local model to be unlocked. If this is to happen, POL now needs to commit greater strategic emphasis on 'getting the basics right', and to engage in an open and transparent way about how its implementation strategy can be improved.

Citizens Advice renews its commitment to work constructively with POL to make sure consumers' needs are prioritised in the Network Transformation programme and its approach to rollout delivers the best possible outcome for consumers.

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<sup>1</sup> Figure as of the end of June 2015.

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# What's happening?

In November 2010, the previous Government announced that 2,000 sub post offices would be converted to a new operating model, PO Local. PO Locals represent a fundamental shift in how post office services are provided. This will change from the traditional sub post office model – with services offered from a dedicated counter by a subpostmaster or other dedicated staff – to services being offered from a main retail counter in existing retail premises such as convenience stores, corner shops and petrol stations.

It was later announced that the rollout would be extended, with around 5,500 branches – around half the total post office network – now expected to convert by 2017/18 to the new operating model. The restructure programme forms part of the Government's £1.9 billion funding and investment package for the network.<sup>2</sup>

It is clear that many individual post offices are economically unsustainable, and that change is necessary to maintain ongoing access, on a universal basis, to the essential services that post offices offer. It is important to stress that Network Transformation will not lead to the net closure of branches, but is instead an attempt to transform the operating economics of the branch network, ultimately placing the branch network on a more sustainable footing.<sup>3</sup>

The challenge in implementing these changes is considerable. There are inevitable, but significant, risks associated with a programme of this scale. To date, the Network Transformation programme has largely consisted of relatively straightforward conversions of existing branches. However, in the next few months we anticipate the majority of changes will instead result in post offices being moved to new locations – a much more complex set of changes to implement.

As a result, POL will need to successfully implement arguably more complex network changes than during any previous large-scale change programme to date – including in the early stages of the Network Transformation programme – and with a higher number of changes being undertaken at any one time.

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<sup>2</sup> By the end of the Network Transformation programme, Citizens Advice expects that around 5,500 post offices will have converted to the PO Local model, and around 3,000 will convert to the PO Mains model (which is designed to replace larger high street post offices.) Around 3,000 sub post offices and outreach services will remain in rural areas.

<sup>3</sup> Under the PO Local model, operators are paid on a transactional basis only, unlike sub post offices, which also receive a regular fixed payment. This reflects the fact that, in PO Locals, post offices are offered as an adjunct to a primary retail offer.

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# What have we found?

Our research finds multiple examples of shortcomings in the consistency, reliability and accuracy of service standards in PO Locals. These problems should not be underestimated but can be tackled in a comprehensive and strategic way.

Citizens Advice recognises the importance of PO Locals to secure the future of the branch network. However, a number of significant improvements must now be made if the implementation of the operating model is to successfully meet consumer needs and deliver the consistent and reliable service that consumers expect.

Our findings demonstrate that the overall performance of PO Locals has not satisfactorily improved since the start of Network Transformation – and that although in some areas we have seen improvements, in other areas performance may now be going into reverse. Across 457 visits to PO Locals, we found:

- There are pronounced challenges with the **accuracy of staff knowledge, and the product and pricing advice** on offer. Counter staff seemed to struggle with even basic postage requirements, with less than half of mystery shoppers correctly advised to use Second Class Large Letter postage. In one in four visits, mystery shoppers considered that counter staff had insufficient knowledge to serve them effectively.
- In a widespread number of cases, **counter staff asked insufficient questions to determine the most appropriate product to meet a consumer's needs**. For example, we were recommended Special Delivery without staff asking any questions to determine our needs in more than half (56 per cent) of visits.
- **Branch reliability** continues to be a concern – are PO Locals offering the full range of products and services for the full duration of their published opening hours? In 4 per cent of scenarios in PO Local visits, we found the Post Office service to be unexpectedly closed. In a further 5 per cent of scenarios, the counter staff told us that they couldn't help us because they didn't have the requisite knowledge; wrongly told us that products and services were not offered in the branch; or cited other technical or operational difficulties.
- In an unacceptable minority of cases, there are persistent problems with **access into and around the premises** for elderly or disabled consumers, including aisles not being wide enough for wheelchair users or being blocked by stock hazards. These problems appear to be largely operational in nature. However, the vast majority of cases offered level access into the branch or other mitigating features, which reflects the joint

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scrutiny undertaken by POL and Citizens Advice prior to changes being implemented.

- There are renewed problems with some **PO Locals restricting the amount of cash that customers can withdraw from their bank accounts, or preventing them from making cash withdrawals at all:** in 9 per cent of visits, mystery shoppers were unable to either make a cash withdrawal or take out the full amount they wanted. Counter staff told us this was because they didn't offer the service; the branch only offered 'cashback'; or that it was only possible to do this when nominated staff members could access the safe.

## What needs to be done?

This is the fourth wave of research that Citizens Advice has undertaken, since the start of the Network Transformation programme, to assess service standards in PO Locals. Following our earlier research, POL took a constructive approach to engaging with our results and agreed a series of measures, in the form of an action plan, to drive necessary improvements in the way the PO Local model is implemented.

Overall results show this action plan has not delivered the scale of improvement that is necessary. PO Locals continue to offer inconsistent and unreliable service standards, and counter staff continue to offer sometimes inaccurate product and pricing advice.

It seems clear that, without comprehensive action, these problems with the implementation of the PO Local model will continue to be replicated across the expanding branch network. POL should therefore commit to a rigorous and wide-reaching performance improvement plan for the rollout of the PO Local model that will deliver the following points:

- Prioritise the consistency and reliability of PO Local branches in the strategic delivery of Network Transformation. Improvements to how the programme is delivered should be appropriately resourced and subject to appropriate strategic oversight.
- Offer recognition that POL will have failed to deliver the rollout of the PO Local model appropriately unless the model delivers and sustains improvements to service standards, product knowledge and the reliability of branch provision. PO Locals should be offering a service that is at least as consistent as other post office branches, and similar retail and cash distribution networks.



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- Reflect a shift in emphasis away from POL's over-reliance on customer satisfaction measures, which appear to be a poor gauge of service standards and branch reliability, to a wider range of measures that can fully 'get under the bonnet' of the issues that affect and will determine the service, performance and reliability of the PO Local model.

These measures are necessary, both to ensure that POL can adequately track the long-term performance of the PO Local model and to demonstrate that it intends to meaningfully address the major areas of weakness highlighted in this report. We have raised concerns with POL about the scope and effectiveness of their mystery shopping programme, but POL has not provided a response that we can publish, and which we feel gives us satisfactory assurances that their mystery shopping and branch monitoring processes are suitably effective.

POL must commit to a rigorous strategy that is designed to raise branch standards in PO Locals, as part of its implementation strategy, including steps to address shortcomings in staff training. There are particular challenges to maintain staff knowledge in large convenience stores, which have a high staff turnover and a large number of part-time staff.

POL must also commit to improvements in its mystery shopping, quality assurance and compliance activity, each of which underpins in-branch standards. POL's existing approach mainly targets recently opened branches rather than all PO Local branches, however, our research suggests that service shortcomings occur across – and perhaps are a product of – the long-term functioning of the model.<sup>4</sup>

**Citizens Advice considers that the PO Local model can work for consumers, but our research suggests that the success of POL's implementation strategy will be determined, to a large extent, by improvements based on our findings.**

**Consumers will only be able to benefit from consistent and reliable provision – and the positive attributes of the model will only be fully realised – if we see a constructive and determined commitment to address shortcomings in the way the model is currently being implemented. This will ensure that PO Local branches can offer service standards that consumers and POL's contractual partners expect.**

**Many of our findings raise significant questions about the quality, consistency and reliability of service standards in PO Locals to date. Action must be taken to address each area of weakness in the rollout strategy for PO Locals, and in particular, to ensure that the implementation strategy ensures reliable provision of universal postal services and access to cash. If such improvements are secured,**

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<sup>4</sup> POL advises that it undertakes quality assurance activity across its open and trading network, which will include Network Transformation branches, but this applies across the network and as such is not necessarily targeted to address specific issues with the PO Local model.

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**PO Locals have the potential to offer longer opening hours and to safeguard the long-term future of the post office network. POL must prioritise the consistency and quality of branch and service standards in PO Locals, and address the shortcomings that largely result from its implementation strategy so far, in order to unlock the potential benefits of the operating model and to mitigate one of the most pronounced risks associated with the Network Transformation programme.**

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# What we did

Citizens Advice commissioned Newlann, an experienced market research agency, to undertake a large-scale mystery shopping programme in PO Local branches. The objectives of the research were to:

- report on the quality and consistency of the service offered in PO Local branches
- assess the accuracy of product and pricing advice offered by staff
- assess the accessibility into and around PO Local premises
- identify improvements that may be required to the operating model to ensure acceptable levels of customer service
- report on whether the PO Local model represents an effective means of providing post office services.

Newlann mystery shoppers made 457 visits to PO Local branches; 389 branches were visited once and a further 34 branches that offer an extended range of products and services – known as PO Local Plus – received two visits. In each visit, mystery shoppers were allocated two scenarios that were designed to test the quality of product and pricing advice they received.<sup>5</sup> Each mystery shopper also reported on general service standards, accessibility measures and the built environment.

The fieldwork was carried out in January and February 2015, and was only undertaken in PO Local branches that had been open for a minimum of three months.

Visits were spread across the opening hours of PO Locals, including early mornings, early evenings, late evenings and weekends. This allowed them to capture issues relating to the consistency, reliability and robustness of the quality of service they received.

Mystery shoppers were given a detailed briefing on how to undertake the visits and assess branch standards. Newlann's expert mystery shopping services adhere to the Market Research Society (MRS) Code of Conduct and its Director, Carole Arvanitis, is a certified MRS member.

This is the fourth wave of mystery shopping that Citizens Advice, and our predecessor body Consumer Futures, has undertaken across the expanding network of PO Local branches.<sup>6</sup> Citizens Advice is therefore able to assess, on a

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<sup>5</sup> For sequencing purposes, in a small number of visits mystery shoppers undertook one or three transactions.

<sup>6</sup> Previous research was undertaken on the PO Local pilot branches in Q1 2012, prior to the start of the full rollout, and again in Q1 2013 and Q4 2013. See Consumer Focus (2012), *Open All Hours? Consumer Experience Of, And Service Standards In, Post Office Locals*. Quarters expressed in terms of calendar year.

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longitudinal basis, the ongoing rollout of the PO Local model and to identify areas of service improvement or persistent concern since the start of the restructuring programme in October 2012.

# Findings

## Accessibility of Post Office Local branches

As the provider of a range of essential government services, and the primary means to access universal postal services across the UK, it is clearly important that PO Local branches offer good accessibility into and around their premises. Post offices are disproportionately used by elderly and disabled groups, and customers that may face challenges in accessing services online, with 42 per cent of consumers over 65 and 31 per cent of disabled consumers using a post office branch each week compared to 21 per cent of consumers in general.<sup>7</sup>

POL has adopted an accessibility guide for new operators, developed in conjunction with Disability Rights UK, which sets out minimum standards on access into and around premises offering post office services. The guide is designed to ensure that post office operators are compliant with the Equality Act.<sup>8</sup> For example, it sets out:

- minimum requirements for external entrances and the route to the counter
- minimum requirements for turning circles for customers in a wheelchair
- guidance on adhering to building regulations.

Before the start of Network Transformation, POL also agreed with Citizens Advice that the programme should operate on the working principle that access into new branches should be at least as good as, if not better than, the previous sub post office being replaced.

For every branch proposal in Great Britain, POL and the Citizens Advice service meet to review it and identify any improvements that may be necessary to ensure consumer access is at least maintained, if not improved, as a result of the conversion to the PO Local format.

Since the programme began, Citizens Advice has secured changes to 60 per cent of proposals subject to consultation. In a significant number of cases, these relate to practical access improvements such as the addition of handrails or changes to the layout of retail premises, including aisle widths and counter space. POL has committed welcome investment to ensure many PO Local

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<sup>7</sup> Consumer Futures (2013), *At The Front: Using The Post Office As A Front Office For Government*.

<sup>8</sup> This applies in Great Britain, with separate legislative requirements in place in Northern Ireland. Citizens Advice and Citizens Advice Scotland work closely with the Consumer Council in Northern Ireland to ensure there is a UK-wide model that protects consumer interests during the Network Transformation programme.

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branches benefit from new accessibility measures, for example ramps, buzzers or handrails.

However, it appears the largely positive work being undertaken prior to branches being converted is not always being matched by effective branch monitoring and quality assurance processes, after the branches have 'gone live'. As a result, there is a noticeable minority of branches that present accessibility challenges for consumers, and further work is needed to improve the availability and visibility of counter facilities for consumers with specific disability challenges or needs.

## **Access into the branch**

Access into the PO Local premises has remained largely unchanged from previous waves of this research, with external and internal access into the branch remaining a problem in a minority of sites.

In 14 per cent of visits, the branch entrance was not considered wide enough by mystery shoppers for wheelchair users to enter the post office, compared to 12 per cent in the previous research.

In almost three-quarters (73 per cent) of visits, branches were found to offer level access, including the provision of a permanent ramp. In a further 24 per cent of cases, the branch did not offer level access but did offer some measures to assist elderly consumers or those with a disability, for example, through the provision of electronic doors, a portable ramp, handrails, door buzzers and/or signage.

In 3 per cent of cases, there was no evidence that any measures had been taken to assist with accessibility into the branch, where such measures were deemed necessary.<sup>9</sup>

It is clearly to be welcomed that the majority of PO Local branches either provide level access or have benefited from investment to offer at least some measures to assist with reasonable access into the branch, such as a handrail or door buzzer. This suggests the effectiveness of POL's initial scoping and the combined Post Office and Citizens Advice activity during the pre-implementation stage of the branch conversion process.

Attention is needed, however, to address the small number of branches where there was no evidence of any necessary improvements. Citizens Advice will be working with POL to identify if this is because committed improvements have not yet been completed, or to explore the other potential reasons for this result.

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<sup>9</sup> This refers to branches that do not have level or sufficiently wide access into the premises.

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It may also be necessary to assess whether some operators are not taking steps to improve external accessibility, such as regularly unlocking double doors, which they may have agreed to do. POL assesses external door widths prior to conversions going ahead, and this issue should form part of a more rigorous quality assurance and monitoring process to which we encourage POL to commit.<sup>10</sup>

## **Access inside the branch and to the counter**

Improvements are needed to the internal layout of some branches, with greater emphasis on ensuring that there is consistent access for consumers inside the branch. In some cases, retailers are blocking aisles with stock displays or promotional items, potentially impeding reasonable access to the counter for some disabled and elderly users.

In 13 per cent of visits, branches with aisles were not considered wide enough for disabled users (compared to 14 per cent in the previous research.) Obstacles in the aisles or walkways were noticed in 10 per cent of visits – unchanged from the previous survey.

Trip hazards, such as retail stock waiting to be shelved, were recorded in 8 per cent of visits. Again, this is broadly unchanged from previous research and is a particular concern for partially sighted and blind customers.

PO Locals have shown no discernible improvement in these aspects over the four rounds of longitudinal research we've undertaken since the model was first rolled out – which suggests that operators are not paying sufficient attention to ensure their aisles and walkways are consistently kept clear. More importantly, it suggests that POL has not taken sufficient action to ensure this issue improves, either through more rigorous monitoring, quality assurance and if necessary, contractual and/or compliance measures.

More action is therefore needed to ensure all PO Local branches are consistently accessible, with particular emphasis needed in POL's implementation strategy with regard to branch standards, monitoring arrangements and compliance protocols.

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<sup>10</sup> POL notes this already forms part of the quality assurance process, which suggests that improvements may be needed to this process to ensure that agreed access standards are being consistently maintained.

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# Provision of facilities for disabled consumers

As in previous research, mystery shoppers found that the provision of counter services for customers with disabilities is low.

Following our previous round of research, POL committed to introduce hearing loops in all PO Local branches. As a result, there has been a considerable improvement in the number of visits where a hearing loop was visible, although hearing loops remain evident in only 36 per cent of visits.

There is clearly more for POL to do to ensure that hearing loops are clearly visible; and that suitably visible signage is made available to ensure consumers with hearing problems are aware of, and feel comfortable choosing to use, loops where these are installed.

Low-level counters were recorded in 28 per cent of visits, down from 38 per cent in the first of this longitudinal research series. It is not a requirement for these to be provided in PO Local branches, but is clearly desirable. Low-level scales were found in 26 per cent of branches, compared to 30 per cent in the first of this series.

Portable PIN pads were found in the majority of PO Local branches (60 per cent), although this was less than the 66 per cent of branches recorded in the previous survey.<sup>11</sup> POL suggests that flexible PIN pads should be available in all PO Local branches. In December 2014, POL made a commitment to introduce flexible PIN pads across more of its branch network, in response to a legal complaint that not providing such facilities contravened its Equality Act requirements.<sup>12</sup>

*Figure 1: Availability of key internal access facilities at PO Locals since the start of the longitudinal research*

	2012*	2013 Jan-Feb**	2013 Nov-Dec***	2015****
Low-level counters	38%	35%	31%	28%
Low-level scales	30%	29%	25%	26%
Low-level writing desk	19%	20%	19%	17%
Portable PIN pads	n/a	68%	66%	60%
Hearing loops	7%	13%	16%	36%

Base: \*362 visits, \*\*387 visits, \*\*\*354 visits, \*\*\*\*439 visits

<sup>11</sup> Mystery shoppers observed whether the PIN pad was portable when they used the post office counter. POL claims all its PIN pads should be portable if the customer attempts to remove the PIN pad from the holster in which it is contained.

<sup>12</sup> BBC (2014), 'Post Office settles disability discrimination case', <http://www.bbc.co.uk/news/uk-30459117>.



# Service standards and accuracy of product and pricing advice

Most PO Locals operate as a secondary retail offer in existing convenience stores, petrol stations or other retailers. With post office services typically being offered from the main retail counter, by staff that may be simultaneously performing other types of retail transaction, PO Locals represent a fundamental shift in how post office services are offered.

Previous surveys in this series have found significant problems with the quality of product and pricing advice in PO Locals. This reflects a range of issues, including the quality of staff training, the availability of 'real time' telephone support, and the effectiveness of quality assurance and monitoring processes in place to build and maintain consistency. Many branches are hosted in large convenience stores, so the challenge of delivering a good service is further exacerbated by the high rates of staff churn and a significant number of part-time workers, which is typical in this sector.

Following the first report in this series, POL agreed with Citizens Advice that it would undertake a range of actions that it hoped would improve the accuracy and reliability of staff knowledge in these branches, and improve its approach to implementing the PO Locals model. These are set out later in the report.

Unfortunately, this research finds such measures have had limited effect. We have found evidence of inconsistent product advice, consumers being sold incorrect products to meet their needs and, in a majority of cases, significant problems in advising consumers on basic products and services. For example, our mystery shoppers were initially given the correct postage for a Second Class Large Letter in only two out of five occasions (39 per cent). In comparison, in forthcoming research examining Crown branches<sup>13</sup>, we were correctly told the postage for a First and Second Class Large Letter in 96 per cent of cases.

The findings raise significant questions about the quality, consistency and reliability of staff knowledge, and the staff training and quality assurance processes that underpin branch standards in PO Locals. Each of these shortcomings can be addressed through changes to POL's implementation strategy.

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<sup>13</sup> The largest post offices branches, typically located in town and city centre locations, which are directly managed by POL.

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# **What we tested**

Mystery shoppers completed a range of scenarios to assess the quality of pricing and product advice. The following scenarios were tested:

- Royal Mail products and services (part of the universal service)
  - Posting a Second Class Large Letter
  - Sending an item by Special Delivery
  - Posting a small parcel
- Making a cash withdrawal
- Using British Forces Post Office (BFPO) to send letters to members of the armed forces
- Provision of travel money (bureau de change)
- Provision of banking deposits for small businesses
- Paying a bill without a barcode
- Availability of the Local Collect parcel pick-up service

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# Royal Mail products and services

Post offices play a key role as the access point for the universal postal service, legislated at EU level for the right of citizens to have reasonable access to and receive a daily collection six days a week and a high-quality delivery service at affordable prices. Letters and parcels are and will remain a key part of POL's revenue, accounting for £340 million of turnover in 2014/15.<sup>14</sup>

Since separation in 2012, POL now provides these services on a contractual basis on behalf of Royal Mail, the designated universal service provider. As Royal Mail's retail partner, POL must meet a contractual requirement to provide accurate, high-quality products on their behalf.

## Posting a Second Class Large Letter

This scenario tested one of the most basic postage transactions, providing advice on how to send an item that requires Second Class Large Letter postage.<sup>15</sup>

Mystery shoppers enquired how much it would cost to send a large, flat A4 envelope. They told the counter staff the item was not urgent. The mystery shopper should, therefore, have been advised to send the letter with a Second Class Large Letter stamp (73p).

Despite being one of the most basic postal transactions, we were only advised the correct postage, spontaneously, in two out of five visits (39 per cent). This includes cases where counter staff suggested more than one product, and so a recommendation was sought from them. The correct postage was spontaneously recommended in only one one-third (33 per cent) of visits conducted during extended opening hours, and 29 per cent of visits conducted after 5.30pm.

In more than half (54 per cent) of cases, mystery shoppers were spontaneously offered more expensive postage than they needed to meet their needs – including 51 per cent who were advised to buy a First Class Large Letter stamp (93p).

Where staff initially recommended an incorrect product, mystery shoppers reiterated the item was not urgent, and did not require a signature. In doing so, the mystery shopper queried whether the suggested product was correct.

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<sup>14</sup> Post Office Ltd, *Annual Report And Financial Accounts 2014/15*. Mail services only, rising to £388 million including retail and lottery services, expressed in terms of total turnover.

<sup>15</sup> The scenario includes visits where a transaction was made and where an enquiry was made.

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In such cases, we were then correctly offered the Second Class Large Letter option in more than half (54 per cent) of visits – which suggests that counter staff often do have the requisite knowledge to offer correct transactions, but do not seem to apply this consistently or when they are queried by the customer.

*Figure 2: Did counter staff spontaneously recommend Second Class Large Letter postage?*

	%
Second Class Large Letter (73p) (correct)	39
First Class Large Letter (93p)	51
First Class	2
Second Class	2
Other (including Recorded Delivery)	6

Base: 180 visits

With a significant number of consumers being mis-sold or mis-advised a First Class Large Letter stamp, this scenario suggests a significant training challenge, with counter staff routinely failing to listen to the customer’s requirement (as they had specified the item was not urgent).

Although there has been improvement since we first tested this scenario in 2012, when correct postage was initially recommended in only one in five visits (21 per cent), the accuracy of advice given by counter staff has remained largely flat across the last three surveys (between 36 and 41 per cent).

It is a concern that such a basic transaction results in a significant majority of consumers not being advised the correct postage spontaneously, and in many cases not at all. This scenario raises significant questions about the training, monitoring and quality assurance processes in place for PO Locals, and about POL’s ability to drive up service improvements for even basic transactions within the current design of the PO Local model and the service it provides.

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*Figure 3: Performance of PO Locals in the Second Class Large Letter scenario, since start of longitudinal research*

	% spontaneously recommending Second Class Large Letter postage
Q1 2012*	21
Q1 2013**	36
Q4 2013***	41
Q1 2015****	39

Base: \*162, \*\*168, \*\*\*156 and \*\*\*\*180 visits. Quarters expressed in terms of calendar year.

## Sending an item by Special Delivery

Mystery shoppers went to the counter and asked how to post a letter that they wanted to get there the next day. In some cases, the mystery shopper completed the transaction, and in others only an enquiry was made. The letter contained a card and vouchers between £20 and £60, but the mystery shoppers did not disclose the contents unless asked.

Special Delivery should, therefore, have been recommended, but only after the counter staff asked questions to determine the contents and value of the item, and whether it was time-sensitive. Without asking these questions, it would not be possible to determine whether Special Delivery or First Class postage was the most appropriate product for the consumer.

In this scenario, for transactions undertaken after the final collection time, Special Delivery should still have been recommended because of the contents and value of the item – although it should have been made clear to shoppers that the item would not get there the next day.

The results show some modest improvement on our previous assessment of this scenario, although there remains a noticeable failure to offer consumers consistent and reliable product and pricing advice, because counter staff don't always ask the necessary questions to be able to recommend the most appropriate product. A majority of consumers are at risk of being sold the wrong (and if Special Delivery had not been the most appropriate service, potentially more expensive) product; counter staff routinely did not ask the necessary questions to ensure they recommend the most appropriate product; and in 7 per cent of cases, shoppers were sold First Class or Recorded postage that was inappropriate for the contents and value of the item.

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Our results show:

- In many cases, the staff did not ask questions to determine which would be the most appropriate product to meet consumers' needs. As Figure 3 shows, the transaction was only undertaken mostly or entirely correctly – with at least some of the right questions being asked and the right product offered – in 37 per cent of cases.
- Special Delivery was spontaneously offered in over half (56 per cent) of visits, although this is an improvement compared to the previous survey (when two-thirds, 67 per cent, spontaneously recommended Special Delivery). Although Special Delivery was the right product to meet the consumers' needs, it should not have been sold until the counter staff had asked questions about the value of the item, and only after shoppers were asked whether it was preferred or essential that the item got there the next day.<sup>16</sup>
- Compared to the previous survey, there has been some improvement in the number of visits where the mystery shopper was asked about the contents of the item (45 per cent) or its value (53 per cent), but performance is flat for the proportion of visits in which both questions were asked – only two in five visits (40 per cent).<sup>17</sup>
- In 7 per cent of cases, Special Delivery was not recommended – consumers were advised to use Recorded or First Class postage instead. This presents risks if the item is lost or stolen, and is incorrect because the item needed to arrive the next day.

*Figure 4: Did counter staff correctly recommend Special Delivery and ask questions to determine if this was the most appropriate product?*

	%
Offered Special Delivery but without asking questions	56
Offered Special Delivery after asking some or all questions	37
Did not offer Special Delivery	7

Base: 179 visits

The quality of product and postage advice is, perhaps surprisingly, more reliable during extended opening hours. In visits that were undertaken after the final collection time, mystery shoppers were spontaneously recommended Special Delivery in only 48 per cent of visits, compared to almost two-thirds (62 per cent) of visits beforehand.

<sup>16</sup> This was because First Class postage may be a more suitable product in such cases.

<sup>17</sup> This includes visits where these questions were asked but an incorrect product was sold, and visits where questions were asked after a spontaneous recommendation had been made.

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Similarly, we were more likely to be asked both the item's contents (51 per cent) and value (55 per cent) in visits undertaken after the final collection time, than before it (42 per cent and 51 per cent respectively.)

However, more needs to be done to ensure that counter staff, when serving during extended opening hours (after the final collection time), make it clear to consumers when their items will be delivered. In 30 per cent of visits undertaken after the final collection time, shoppers were not told spontaneously when their letter would be expected to arrive, meaning some consumers may mistakenly assume they have been recommended a next-day service when they have actually missed the cut-off for that day.

## **Posting a small parcel**

In October 2014, Royal Mail made changes to its prices for small and medium parcels, with a promotional offer in which the Second Class postage for Small Parcels (under 2kg) was reduced to £2.80. To coincide with this move, the dimensions of the two existing Small Parcel formats were combined to create a single, bigger format measuring 45cm x 35cm x 16cm, saving up to £5.20 if the contents of a medium parcel could be fitted into the new format.

In an increasingly competitive market, Royal Mail's promotion was a strong move designed to target small businesses, small and micro traders (such as eBay sellers). Although the Post Office, selling parcels on behalf of Royal Mail, retains 85 per cent market share of the parcels market,<sup>18</sup> there are a growing number of competitors, including Hermes, UPS, DHL and Collect+, and at least 14,000 competitor access points. Each of these is targeting the wider parcels market, which POL estimates to be worth £9.2 billion each year.

As part of this research, mystery shoppers tested the accuracy and consistency of staff knowledge, including whether staff correctly offered the promotional rate and were aware of the changes to the qualifying dimensions for the Small Parcel category. This forms part of Royal Mail's Universal Service obligation. Specifically, mystery shoppers enquired how much it would cost to post a small parcel that needed to reach its destination by the following week. If asked, the shopper stated that the parcel was up to 2kg, and was roughly 45cm x 35cm x 16cm.

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<sup>18</sup> POL figures provided to the NFSP Conference in spring 2015.

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In the first instance, counter staff correctly recommended the Second Class Small Parcel rate (costing £2.80) in almost three-fifths (59 per cent) of visits. In 18 per cent of visits, mystery shoppers were initially recommended First Class Parcel postage (£5.45).

If the mystery shoppers were not initially advised of the most suitable product, or were recommended more than one product, they proactively told the counter staff the weight, dimensions and time requirements for the item to see if this prompted the member of counter staff to give the most appropriate product and pricing recommendation. At this stage, counter staff correctly recommended Second Class Small Parcel postage (£2.80) in a higher proportion (80 per cent) of visits.

In 73 per cent of cases, this followed partial questioning to determine the customer's needs, although counter staff only asked all the necessary questions to determine the most appropriate product in one-quarter (27 per cent) of these visits.

Counter staff proactively mentioned Royal Mail's promotional rates in less than one-third (31 per cent) of visits, falling to just over one-fifth of visits (21 per cent) where it was mentioned after the shopper prompted the member of staff about their needs – which suggests PO Locals could have done much more to raise consumer awareness of this promotion and build business for the Post Office's competitive partner, Royal Mail.

In 75 per cent of cases, where the mystery shoppers were asked about the contents of the item, counter staff explained they needed to do this to comply with the Dangerous Goods regulations set by UK Government, doing so either through describing the regulations or showing the mystery shopper a poster or laminated guide. Counter staff are prompted to ask regarding the contents of the item, by the Horizon point-of-sale system, whenever a transaction is made.

*Figure 5: Key results from parcel scenario*

	%
Counter staff initially recommended correct product and pricing	59
Counter staff recommended correct product and pricing after prompts	80
Counter staff mentioned Royal Mail's promotional rates	31
Counter staff mentioned Royal Mail's promotional rates after prompts	21

Base: 92



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# Posting large parcels

Citizens Advice has previously expressed concerns that, despite being part of the standard product offer, some PO Locals do not accept large standard parcels. Research conducted during the piloting of the PO Local model found that half (50 per cent) of these branches were not accepting parcels of 6kg or over.

PO Locals are supposed to offer a full range of parcel services up to 20kg, which is the weight limit specified by the universal service, and in some cases PO Locals will accept parcels up to 30kg.

In previous rounds of this research, we had found evidence that an increasing proportion of branches were correctly accepting parcels up to and including the 20kg limit. In the last survey, the vast majority (94 per cent) of branches told us they would accept parcels in this range.<sup>19</sup>

In this research, the mystery shoppers suggested they were likely to become regular users of the service and queried if there was a maximum weight limit for parcel acceptance. In one in five visits (21 per cent), counter staff told us there was a weight limit in operation, which in the majority of these visits (17 out of 19) was only 2kg – significantly less than the 20kg universal service limit.

These results suggests that there has been some backsliding across the PO Local network – despite POL's earlier positive work in this area – and perhaps a return to widespread problems with the acceptance of large parcels. It also suggests that some operators may continue to refuse large parcels and do not appear concerned about the contractual or service level implications of their actions.

The ability to post large parcels is particularly important for small and microbusinesses, eBay traders and consumers in rural locations, who will otherwise have to travel considerable distances to their nearest 'main' post offices. In previous research, consumers told us they no longer use PO Locals because of this issue.

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<sup>19</sup> In this scenario, we enquired regarding parcels weighing 7kg to 15kg.

## Fixing the Foundations:

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# Local Collect

Local Collect is Royal Mail's service that allows consumers to collect, from a post office branch, an item that could not be successfully delivered to the customer's home.<sup>20</sup> With significantly extended opening hours in many branches, the rollout of the PO Local model offers considerable opportunities for the network to capitalise on the rapid growth of fulfilment mail (the delivery of goods and services bought online), compete with new pick-up point entrants in the sector and exploit the corresponding growth in returns.<sup>21</sup>

Consumers express an increasing preference to collect and drop off parcels and packets at a time and location that is most convenient for them. In response, POL and other networks, most notably Collect+, have sought to expand their network of collection points. POL has told Citizens Advice that the Local Collect service should be offered in the majority of PO Local branches and around 10,500 post offices across the UK.

Although in most instances, consumers will arrange to use the Local Collect service after receiving a 'Sorry you were out' card,<sup>22</sup> it is clearly important that counter staff in PO Locals are aware that they operate the service and can answer questions about how the service works. As such, mystery shoppers asked counter staff about the availability of the Local Collect service and its attributes; if staff didn't recognise the product by name, they explained which service they were seeking.

In one-fifth (22 per cent) of visits, counter staff told us that the Local Collect service wasn't offered in the branch. This is a considerable improvement on the last survey, when we were told the service wasn't offered in almost half (48 per cent) of branches.

In these cases, counter staff told us that the service wasn't offered because this was only available in larger branches (26 per cent of visits), staff had not heard of the service so it couldn't be offered (22 per cent), and in 10 per cent of cases, because the branch was too small to hold parcels. Interestingly, counter staff serving at urban branches were more likely than staff at rural branches to inform shoppers that the branch doesn't have space to offer the service, or that the service was only available at a larger branch.

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<sup>20</sup> Another scheme, also called 'Local Collect', allows consumers to arrange for parcels to be delivered directly to post offices in conjunction with participating retailers.

<sup>21</sup> Citizens Advice research found that 40 per cent of consumers planned to use 'click and collect' services in the period before Christmas last year. Citizens Advice (2014), *Measuring Consumer Awareness Of Delivery Rights*.

<sup>22</sup> Royal Mail puts a card through doors where it cannot make delivery to the customer's address. These carry 'We've got something for you' branding.

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Figure 6: Reasons given for not being able to use Local Collect

	% Total	% Rural	% Urban
Need to use a larger branch	26	18	32
Staff haven't heard of it so not offered	22	18	25
Branch doesn't have space	9	6	11
Suggested customer uses another retailer (not a post office)	8	12	5
No reason given	35	46	27

Total base: 77, rural base: 33, urban base: 44

Where branches told mystery shoppers the service was available, knowledge of the product attributes was mixed:

- In 44 per cent of cases, counter staff advised the correct cost of using Local Collect (75p). This compares to 53 per cent in the previous round.
- In 40 per cent of visits (48 per cent in the last survey), mystery shoppers were told the correct information about proof of identity and address.
- In a majority (58 per cent) of visits (54 per cent last time), counter staff correctly advised mystery shoppers to arrange collection by calling the telephone number on the 'Sorry you were out' card. However, 22 per cent were told something else, for example, to arrange this with the postman.

Mystery shoppers recorded the following comments on the scenario:

*'The staff member didn't know, and referred to the 'regular woman' who worked in the week.'*

*'They didn't provide the service, but the off licence next door did.'*

*'They said it was nothing to do with them.'*

*'I was told I should come back on a weekday, when more experienced members of staff were available.'*

# Banking, access to cash and bill payment services

With more branches than the UK's major banks and building societies combined, there is clear potential for the post office to play an expanded role in offering access to both personal current accounts and small business banking. Indeed, post offices already play an important role in many rural and urban deprived areas, which have been hardest hit by bank closures in recent years and where there may not be a free-to-use ATM within reasonable distance.

In spring 2015, the UK Government announced that POL was in discussion with the British Bankers Association to standardise access to current accounts offered by the major high street banks.

Research conducted for Citizens Advice in 2013 showed the following points:

- 55 per cent of eligible current account customers in rural and remote areas have already made a cash withdrawal over the post office counter
- More than one in five (22 per cent) do so at least once a week
- Half of these consumers (51 per cent) told us this was because they didn't have a local bank branch nearby, with 49 per cent saying this was because the bank branch in their area had closed.

With almost half the post office network proposed to convert to the PO Local model, it is crucial that the operating model can respond to consumers' banking, cash and bill payment needs – and that it provides a reliable, consistent means for consumers to access cash.

Our research therefore assessed the accuracy of product and pricing advice when mystery shoppers undertook three banking, cash and bill payment scenarios:

- Cash withdrawals
- Availability of bill payment services
- Ability to make small business deposits

## Fixing the Foundations:

Branch and service standards in Post Office Locals

# Making cash withdrawals

Consumers holding a current or basic bank account with any of the UK's major banks can now make cash withdrawals, and in most cases make deposits, over the post office counter. Citizens Advice strongly welcomes this move, which should improve access to cash in many rural and urban deprived areas; will improve access to cash and banking services in poorly or underserved locations; and will help to mitigate the ongoing reduction in bank branches.

The Post Office is also a vital means to access cash for pensions and benefits recipients, including 2.9 million users of the Post Office Card Account. These customers typically make frequent cash withdrawals, often in small amounts, which is typical budgeting behaviour for many low-income consumers and those without transactional banking accounts.<sup>23</sup>

However, this research finds renewed evidence that some PO Local branches refuse to let consumers make cash withdrawals, or to take out the full amount they require. In almost one in ten visits (9 per cent), mystery shoppers were unable to withdraw either the requested amount or any cash at all when they sought to withdraw an amount between £20 and £100.<sup>24</sup>

Significantly more mystery shoppers were unable to make cash withdrawals in this survey than in the previous research, in which 3 per cent of mystery shoppers were unable to withdraw cash. The increase in the 'refusal rate' is now broadly comparable to the performance of PO Locals during the initial pilots, when customers were unable to make cash withdrawals in 10 per cent of visits to some branches (a variation on the PO Local model that was later discontinued).

Counter staff gave a number of reasons for not transacting cash withdrawals: in some cases, we were told the service was not offered; cash withdrawals were only available through 'cashback'; the service wouldn't be available because the branch was 'cashing up'; technical failure; and because there wasn't enough 'float' in the till.

In 8 per cent of visits, counter staff told us the branch itself had set limits on cash withdrawals, or there was an internal policy to restrict the amount of cash being withdrawn at any one time.

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<sup>23</sup> For example, LINK (2014), *How Far Is Too Far? Is There Low Income Consumer Detriment From Gaps In Free-To-Use ATM Provision?*; Consumer Focus (2010), *Opportunity Knocks: Banking Solutions For Low-Income Consumers At The Post Office*.

<sup>24</sup> Mystery shoppers with eligible accounts at the time of fieldwork.

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Mystery shoppers also asked counter staff if they could make deposits through the PO Local into their current or basic bank account. Customers should be able to make cash deposits, bank envelope deposits using a card, or use barcoded deposit slips to pay into most major bank and building society accounts, with the notable exception of Nationwide.

In 76 per cent of cases, eligible mystery shoppers were advised by counter staff they would be able to make deposits – an increase of 11 per cent since the previous survey.

The survey included seven Nationwide account holders, of which five were correctly advised by counter staff that they couldn't make deposits at the post office.

## **Paying utility bills without a barcode**

In many rural areas, in which consumers will be more than 5 miles by road from their nearest main post office, POL has agreed to let some PO Locals offer an expanded range of products and services. These branches, known as Local Plus, offer additional bill payment, banking and parcel transactions that are otherwise not available in PO Locals.

One of these additional services is the ability to pay utility bills that do not have a barcode, often referred to as 'Transcash' bills. In eligible Local Plus branches, mystery shoppers enquired if they could pay a Transcash bill, saying that they banked with Lloyds or Barclays, and asked if there was a fee for paying the bill in the branch.

In almost three-quarters (73 per cent) of cases, counter staff correctly advised that the bill could be paid. In a further 7 per cent of cases, the counter staff advised that bill payment was performed in the branch but didn't specify Transcash.

In almost one in five visits (17 per cent), we were explicitly told that the branch did not perform this transaction, only accepted bills with a barcode, or that the service was only available in larger post office branches.

In one visit, the counter staff told us they couldn't pay the bill through the PO Local terminal but could do so through a PayPoint terminal. PayPoint and POL both have exclusivity clauses that restrict operators from offering some or all of the competitor's services, but we are aware from our ongoing monitoring of the post office network that a growing number of PO Local branches do seem to offer both networks.

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In 17 per cent of visits, where we were told the service was available, counter staff spontaneously informed us that the transaction would either attract a fee (typically £2.95 or £3) or that it didn't incur any charge.

# Small business banking deposits

At present, PO Locals can only accept cash deposits of £1,000, which is a product of the service being offered over an open-plan retail counter. However, a growing number of small businesses are likely to use the post office to deposit their takings, particularly in rural areas, and in response to a renewed upsurge in bank branch closures.

Small and microbusinesses are already regular users of post office services: 53 per cent use the Post Office for business purposes, increasing for smaller home-based businesses or for those businesses with a broadband internet connection.<sup>25</sup> Among small businesses that use the post office, three-fifths (61 per cent) do so on a weekly basis, and over half (51 per cent) use the post office for banking services.<sup>26</sup>

A long-term solution to this problem is clearly needed, if PO Locals are to be able to 'fill the gap' for small businesses left by bank closures. However, in the short-term, POL has suggested that some branches could offer 'workaround' arrangements.

Our mystery shoppers tested these arrangements by asking if it was possible to make business cash deposits, and whether there were deposit limits in place. If prompted, the mystery shopper said they would make business deposits of £2,500 to £3,000 into a participating account.

We were correctly informed in most visits (83 per cent) that business deposits could be made. In the remaining cases, we were directed to a large post office, to a high street bank, or told to come back when more experienced staff were available. Mystery shoppers told us:

*'I was told they couldn't take deposits as they were a Post Office Local, but I could probably use NatWest or Barclays.'*

*'The [staff member] advised me to come back in the morning to speak to someone fully trained.'*

*'The member of staff didn't know and didn't make any effort to find out.'*

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<sup>25</sup> Citizens Advice (2014), *The Experience Of Small Businesses As Consumers In Regulated Markets: A Report For Citizens Advice By BMG Research*.

<sup>26</sup> 61 per cent of small businesses stated they use the post office either 2-3 times a week, once a week or every two weeks, and 51 per cent of small businesses use the post office to deposit cash or cheques, withdraw cash, make international business payments or pay bills.

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*Figure 7: Deposit limits for small business transactions, as advised by counter staff*

	%
No limit	9
Up to £5,000	1
Up to £3,000	42
Up to £1,000	13
Over £1,000 but would need to be taken to back room	5
Deposits have to be broken down into amounts less than £1,000	12

Base: 77

Among those who were told deposits could be made, over one in six cases (18 per cent) told us there was a limit of £1,000. In a further 12 per cent of cases, counter staff advised that larger deposits would be accepted but would need to be broken down into smaller amounts.

Two in five customers (42 per cent) were given a limit of £3,000; in 9 per cent of visits, counter staff told us there was no limit whatsoever.

In half of visits, we were advised that paying-in books (17 per cent), barcode slips (18 per cent) or a bank card (14 per cent) were needed to process the transaction.



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# Travel money and specialist transactions

Post offices offer a range of other transactions, from those frequently undertaken, such as bureau de change, to more specialist services, such as sending letters and parcels to members of the armed forces serving abroad.

Over recent surveys, we have tracked the performance of PO Locals against both of these products – in the case of travel money, a highly commercial product; and in the case of British Forces Mail (BFPO), one that carries significant social value.

POL faces a clear challenge to ensure counter staff maintain the quality and consistency of product knowledge across the full breadth of the PO Local offer.

## Travel money (bureau de change)

Over recent years, POL has established itself as a market leader in bureau de change services, establishing significant market share with a multi-channel offer that provides a combination of on-demand foreign currency and the ability to pre-order it online or in the branch.

However, previous surveys found problems with the reliability and consistency of travel money provision in PO Locals.

As a response, POL committed to the following:

- PO Locals would continue to offer on-demand Euros and US Dollars, if the branch did so before conversion.
- More branches would offer Euros and US Dollars on demand.
- Consumers would be able to pre-order foreign currency in any PO Local branch.

For this survey, mystery shoppers said they needed some Euros and asked if they could get them over the branch counter. They checked whether Euros were available on a pre-order or on-demand basis, and asked if there was a limit on how much they could order.

The results suggest the provision of foreign currency has improved, but that the accuracy and consistency of staff knowledge remains variable.

Mystery shoppers were advised that the branch offered Euros in 91 per cent of cases (88 per cent in the previous survey.) In the remaining 9 per cent of visits,

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mystery shoppers were told the service wasn't offered at the branch; travel money could only be sold when the manager was in the branch; the service was only available in larger branches; and in one case, that the customer should use Tesco or Asda because they had a better exchange rate.

There has been a significant increase in the number of branches that offer Euros on demand: counter staff offered this service in almost three-quarters (74 per cent) of visits, compared to only around half (53 per cent) of visits in the previous round.

In a number of these cases, counter staff told us there were sometimes limits on the amount of foreign currency that could be withdrawn. In some cases, this may reflect specific security limits in place at certain branches, In one in five visits (20 per cent), a limit was suggested but not specified, which suggests this varies based on stock availability at any one time.

Mystery shoppers made the following comments on the Travel Money scenario:

*'The staff member said Euros were in stock but are kept in the safe. This is only accessible when the manager works. I was advised to return the following day, between 4pm and 11pm.'*

*'The staff member said, 'No, we don't do Euros', while standing under a huge sign that said 'Travel money.'*

*'You need to come in during the week when the lady who used to work at the main post office is in. Come in between 8 and 12, but not Tuesdays or weekends, she doesn't work then.'*

*'We don't do those, we're not a proper post office you see; we are only a Post Office Local.'*

## **British Forces Post Office (BFPO)**

BFPO allows consumers to send letters or parcels to members of the armed forces, with special prices in operation.

Mystery shoppers asked how much it would cost to send an A4-sized letter to a relative in the armed forces, stationed overseas but not on active operational duty, for example, in the Falklands. The correct postage (Large Letter under 100g) should be 93p.

If prompted, the mystery shopper said the letter weighed 60 grams.

In almost three-fifths (59 per cent) of cases, counter staff correctly told us that special rates applied for the letter, as part of the BFPO scheme.

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The mystery shoppers were correctly told the price of the item in only two-fifths (42 per cent) of visits, although this is a small improvement on the previous survey (39 per cent).

In just over a quarter of cases (27 per cent), mystery shoppers were given an incorrect price, which in 13 per cent of visits was more expensive (ranging from 94p to £3.80).

In 26 per cent of cases, mystery shoppers were told that they would need to provide a BFPO number before staff could price the item; staff couldn't tell us; or they were told the branch didn't offer this service.

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# Reliability of PO Local service

Our research raises concerns about the consistency and robustness of the service provided in PO Locals that have opened to date: it appears that some branches do not always open when scheduled, particularly during extended opening hours.

In other cases, post office staff 'turn away' transactions, in some instances because they incorrectly state that certain products and services are not available in the branch; trained staff are not available; or because they direct customers to larger, main post offices, even though the transaction could be undertaken in the branch – the 'refusal rate'.

Our research shows the following points:

- Mystery shoppers were unable to complete 4 per cent of scenarios in visits to PO Locals. This includes cases when either the post office counter, or the host convenience store, was supposed to be open but wasn't. In the previous surveys, between 3 and 7 per cent of branches were found to be unexpectedly closed.
- In a further 5 per cent of scenarios, mystery shoppers found post offices open but were told they could not complete their scenario. This includes cases where they were told incorrectly that a product or service wasn't available; staff didn't know how to perform the transaction; and in some cases, that they would have to come back once the operator had 'balanced the tills'.
- This produces a combined 'refusal rate' of 9 per cent of planned scenarios that could not be undertaken because the branch was closed or staff could not assist with the required service.<sup>27</sup>

This refusal rate is likely to be significantly higher than the proportion of transactions that cannot be completed in other post office operating models, and compared to the equivalent performance of other retailers, banks and cash distribution networks.<sup>28</sup>

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<sup>27</sup> This excludes the Local Collect scenario, which was performed wherever a mystery shopper undertook a mail-based scenario. POL has not supplied Citizens Advice with branch-level availability for this service, so it is not possible to identify which branches should offer this service.

<sup>28</sup> For example, National Lottery operator Camelot reports its terminal sales availability at 100 per cent for regulatory returns each year since 2010/11, exceeding its regulatory obligation of 99.5 per cent (regulatory returns to the Gambling Commission).

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POL has been seeking to demonstrate the potential of the PO Local model since the start of the Network Transformation programme. As such, we would reasonably have expected much closer scrutiny of the reliability, robustness and consistency of the PO Local model – and greater investment in the quality assurance, monitoring and compliance processes that could be used to address this.

POL's failure to improve the reliability rate to a satisfactory level raises questions about whether appropriate focus, resource and strategic attention have been given to this area, to date. However, these shortcomings are not insurmountable and can be addressed through meaningful improvements to the implementation strategy for the PO Locals model. Such improvements should ensure that all branches offer the full range of products and services they are supposed to in a reliable and consistent way, for the duration of the scheduled opening hours.

# Opening hours, counter and branch features

## Opening hours, signage and product range

Longer opening hours are the stand-out positive of the PO Local model, and are arguably essential for post offices to offer the more convenient and flexible customer proposition that consumers expect. According to POL, more than 2,000 branches now open on Sunday, and more than 120,000 additional opening hours have been secured across the network.

As part of the recent summer budget, the Government announced a consultation on the devolution of Sunday trading laws to city mayors and local authorities that may allow shops in England and Wales to potentially open for longer on a Sunday.<sup>29</sup> The Association of Convenience Stores' latest Local Shop Report suggests that over a third of customers visit their local convenience store most days or every day.<sup>30</sup> In a recent survey by the market research agency ComRes, nearly a quarter of customers would support some or total relaxation of the Sunday Trading Laws.<sup>31</sup>

However, in previous research we have found evidence that there is limited awareness that branches offer extended opening hours – in our 2012 research, less than half of consumers that used a PO Local were aware the branch opened during evenings and weekends.<sup>32</sup>

Since this earlier work, POL has undertaken large-scale national media campaigns to raise awareness of evening and weekend opening hours. However, this survey suggests that POL is still falling to raise awareness of longer opening hours at the local level, with post office opening hours clearly visible in only 70 per cent of branches – slightly down from 71 per cent in the previous survey.

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<sup>29</sup> HM Treasury (2015), *Summer Budget 2015*.

<sup>30</sup> Association of Convenience Stores (2014), *The Local Shop Report 2014*. 24 per cent of customers visit their local convenience store every day and another 12 per cent 5-6 days a week (most days).

<sup>31</sup> ComRes (2014), *ACS Sunday Trading Hours Survey*. 17 per cent supported a complete relaxation of Sunday Trading Laws and an additional 5 per cent supported a small increase in permitted Sunday opening hours for large shops.

<sup>32</sup> Consumer Focus (2011), *Local But Limited? Will Post Office Locals Meet Consumers' Needs?*

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This suggests that, in locations where PO Locals are actually open for longer hours, there was inadequate promotion of the enhanced flexibility on offer – and as such, a failure to capitalise fully on the additional convenience this affords existing and potential users.

In previous research, we have also found significant confusion about which products and services are offered in PO Locals. Many consumers are unaware which products they can access at a PO Local and which are only available in larger branches. This led us to call for a core menu of services to be offered in every PO Local branch, and for this to be displayed in a visible location outside each premises. However, POL has not followed this recommendation, with fewer branches displaying a menu of products and services now (48 per cent) than in the first wave of this research (58 per cent).

In nearly one in ten branches (9 per cent), opening hours were displayed but were inconsistent with published times on POL's website. In three-fifths of these cases, displayed opening hours were shorter. This includes branches that closed during lunch periods; at 5.30pm rather than mid-evening; and in one case, that closed at 1pm but was supposed to remain open until 10pm.

Changes to the implementation strategy for the PO Local model would address each of these points.

## **Counter environment and queuing**

Queue times in PO Locals remain broadly good: in three-fifths (60 per cent) of visits, counter staff served the mystery shopper immediately. However, in cases where they had to wait to be served, queue times rose substantially: mystery shoppers waited on average 2 minutes, 21 seconds, which shows a continuing upward trend compared to the previous two surveys.

In contrast, at 4 minutes, 26 seconds, average overall transaction time has been declining over the three survey periods.

In visits where the mystery shopper had to queue, wait times were highest in branches operated by multiple retailers, with an average queue time of 2 minutes, 40 seconds in McColl branches (the second largest operator of PO Local branches). This compares to 1 minute, 58 seconds in independent retailers.

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Figure 8: Queue times in PO Locals<sup>33</sup>

	Q1 2012*	Q1 2013**	Q4 2013***	Q1 2015****
Average waiting time to be served (minutes/seconds)	45 seconds	1.03	2.04	2.21

Base: \*362, \*\*387, \*\*\*354, \*\*\*\*439

Among mystery shoppers that had to queue, a third (34 per cent) attributed this to the volume of customers using the branch. More significantly, the same amount stated they had to wait to be served because a trained member of post office staff was not readily available.

In one in six cases (16 per cent), mystery shoppers waited because the counter staff served retail customers first. Although this may be an understandable way for retailers to manage longer queues, it is clearly unacceptable if post office customers are forced to wait significantly longer as a result.

## Privacy

The lack of privacy afforded by PO Locals has consistently been the most pronounced area of customer concern: in previous research, 34 per cent of PO Local users said the privacy available to them when undertaking customer transactions was poor. Two-fifths (41 per cent) said the privacy available to them was worse than in sub post offices.<sup>34</sup>

In response to this, POL committed to a number of welcome improvements to branch design and quality assurance. Citizens Advice ensures that it pays specific attention to branch and counter layout, as part of its scrutiny of proposals to convert and/or relocate a branch to the PO Local format.

In this research, mystery shoppers identified one or more privacy measures – for example, Perspex screens, floor or counter signage – in over half (55 per cent) of branches. This compares favourably to the previous survey, when such features were found in only 42 per cent of visits.

However, it is likely that some branches would benefit from the retrofitting of some privacy measures, including Perspex screens, which were only introduced once the Network Transformation programme was already underway.

Privacy measures were most likely to be found in large convenience stores, operated by multiple retailers such as One Stop and Martin McColl. Almost

<sup>33</sup> Where customers were not served within 5 seconds.

<sup>34</sup> Consumer Focus (2012), *Open All Hours? Consumer Experience Of, And Service Standards In, Post Office Locals*.



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two-thirds (63 per cent) of One Stops, and 58 per cent of McColls branches, had one or more privacy measures present. This reflects the particular issues of privacy in large, and busy, branch environments – although it is also the product of a welcome emphasis that these operators place on privacy.

Staff training is also a crucial part of ensuring that privacy is offered to consumers that need it: in almost all visits (97 per cent), counter staff offered suitable discretion to mystery shoppers where this was felt to be necessary.

## Provision of external post boxes

Consumers have expressed concern, in a number of conversions to both the PO Local and Main format, that some branches do not have external posting facilities. In some cases, the external post box remains at the previous post office premises; in other instances, this is transferred to the new post office at a later date.

Mystery shoppers found that an external post box was available outside, or within sight of the branch, in just under three-quarters (71 per cent) of cases – this is a slight improvement on the previous survey (when post boxes were available in 68 per cent of visits).

Citizens Advice will engage with both Royal Mail and POL to explore whether improvements can be made to the process through which, following the relocation of a post office branch, external post box provision is reviewed. This will include whether the timescales to relocate external post boxes can be improved, and to scope other process or customer-facing outcomes.

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# Levels of staff competence and satisfaction

Our research finds that, in a significant minority of cases, mystery shoppers felt that the counter staff didn't demonstrate sufficient knowledge to assist them or did not ask the questions necessary to determine their needs.

However, the majority of mystery shoppers felt broadly satisfied with their visits – which suggests that while customer satisfaction is an important measure, it should not be relied upon to determine the robustness and reliability of PO Local product knowledge or service standards.

These results offer valuable insights on how to improve the implementation of the PO Locals model.

## Did staff have the requisite knowledge?

In a quarter (25 per cent) of visits, mystery shoppers felt that counter staff had shown insufficient knowledge when they had served them.

Mystery shoppers were less likely to feel that counter staff were sufficiently trained when visiting convenience stores operated by multiple retailers. For example, counter staff were considered to have insufficient knowledge in 30 per cent of visits to branches operated by McColl, currently the second-largest operator of PO Locals.

Perhaps unsurprisingly, counter staff were more likely to be considered to be lacking requisite knowledge during extended opening hours – when greater concentrations of part-time or casual staff may be offering post office services. In more than a third of visits undertaken after 5.30pm (34 per cent), mystery shoppers felt that counter staff didn't have the requisite knowledge to meet their needs.

Mystery shoppers told us:

*'The member of staff did not seem to have any official post office training.'*

*'They said they did not know [...] but if we came in tomorrow the manager would be there.'*

*'The staff member didn't have the knowledge so rang her boss to ask questions.'*

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The following feedback was provided in McColls branches, and reflects the particular issues with perceived staff knowledge and training in these branches:

*'The staff member did not know the answers to some of my questions. If it had been a 'real life' scenario I would have felt I was wasting my time.'*

*'The member of staff didn't seem to know about the postal services I asked about and only had very basic knowledge.'*

*'I was able to obtain the information I required for basic postage services but other services showed big gaps in training.'*

*'The staff member clearly had no post office training. They were very vague regarding each enquiry.'*

*'Although well-mannered and jolly, the member of staff was not knowledgeable about all the services I needed to know about.'*

## **Were mystery shoppers satisfied with their visit?**

Interestingly, despite the inaccurate service standards they received, most mystery shoppers (75 per cent) said they felt satisfied with their visit. In only one in ten visits (10 per cent), mystery shoppers felt dissatisfied.

This result suggests that customer satisfaction levels – although an important indicator – do not necessarily reflect overall service standards. Furthermore, they may actually be a poor gauge of the reliability and consistency of product and pricing advice in PO Locals.

This suggests a combined approach is needed, in which customer experience and service standards data are read in conjunction, to appropriately understand the performance of the PO Locals model.

We therefore suggest that POL increases the range of approaches it uses to assess the effectiveness of the PO Local scheme, with a greater emphasis being placed on service standards, transactional analysis and reliability data. Each of these elements seem better placed to 'lift the bonnet' on the issues that determine the performance of PO Locals than POL's existing, predominant focus on customer satisfaction.

As covered extensively in previous reports, customer satisfaction with cash and retail distribution networks is primarily likely to be driven by attributes including convenience and opening hours – and in the case of PO Local

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services, outright retention of the service.<sup>35</sup> Therefore it is, perhaps, unsurprising if there is limited congruence between positive customer satisfaction scores and branch service standards.

Customers were more likely to be dissatisfied in branches operated by some multiple retailers, with one in five mystery shoppers (20 per cent) in McColls branches stating they felt actively dissatisfied with their overall visit.

Although satisfaction levels in our research are clearly positive, the results are notably lower than in POL's own rolling research, which consistently reports customer satisfaction scores of 95 per cent or greater. POL's results are broadly consistent with published scores for other cash and retail distribution networks, such as PayPoint, which also reports 95 per cent levels of customer satisfaction.<sup>36</sup>

## **Did mystery shoppers feel counter staff asked sufficient questions?**

Mystery shoppers were asked whether they felt that counter staff had asked sufficient questions to meet their needs. In one in six visits (17 per cent), mystery shoppers felt that counter staff had not asked sufficient questions, rising to one in five visits (20 per cent) to McColls branches.

In each of the mail and letters scenarios we tested, more mystery shoppers felt that counter staff asked sufficient questions to determine their needs than actually did. For example, our analysis of the Special Delivery scenario shows that, in around half of visits, counter staff did not ask about the contents and value of the item.

This again confirms the 'perception gap' between the consumer experience and the actual delivery of service standards in the PO Local model – and reinforces the need for POL to look across a broader range of measures to determine the rolling performance of PO Local services than it currently does.

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<sup>35</sup> Although POL is committed to maintaining a network of 11,500 post office branches, clearly the post office network retrenched significantly in the period 2004-2010, with two large-scale closure programmes.

<sup>36</sup> <https://www.paypoint.com/en-gb/news/view/customer-satisfaction-uk-08-07-14/>

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# What needs to be done?

This research demonstrates considerable evidence of inconsistent and inaccurate product advice in PO Locals – and multiple examples of problems with service reliability, branch standards and accessibility. This largely reflects problems with how the PO Local model has been implemented, each of which can be addressed through improvements to the rollout strategy. Although there have been modest improvements in some areas, the overall performance of PO Locals has so far failed to satisfactorily improve. Indeed, in some crucial areas – the availability of cash withdrawals, the acceptance of large parcels and the overall reliability rate – it appears that service consistency in POL may actually be getting worse, not better, as the Network Transformation programme builds pace.

Although we would have hoped for greater progress to address these concerns, with many of these shortcomings first identified by Citizens Advice when the PO Local model was being piloted, these challenges can and should be addressed through improvements to the way the PO Local model is rolled out and monitored.

Following our first wave of research, POL adopted a constructive approach to engaging with our results: it agreed a series of measures, in the form of an action plan, to drive up service standards, branch reliability and the consistency and accuracy of staff knowledge.

However, it is clear from our results that this action plan has failed to satisfactorily address the performance problems of the PO Local model. These problems relate to the approach taken to the model's rollout, and should not be taken as a reflection on the model's potential to deliver good long-term service.

Improving the performance of the PO Local model requires a number of improvements to the implementation strategy. We consider the current performance of the model reflects insufficient subsequent attention being paid, at a strategic level, to the ongoing importance of improving branch and service standards. Arguably, there has also been an over-reliance on crude customer satisfaction measures that may fail to 'get under the bonnet' of the service problems that have emerged during the rollout to date. Improvements to the implementation strategy for PO Locals will help to drive up the consistency, reliability and accuracy of service in these branches.

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# **Agreeing a plan for improvements**

It seems clear that, without credible and comprehensive action, these numerous problems with the implementation and rollout of PO Locals will continue to be replicated across the rapidly growing branch network. POL should be concerned that the consistency of PO Locals has started to deteriorate in some areas where there had previously been improvement.

To address these concerns, we encourage POL to commit to a wide-reaching plan to improve how it implements the PO Local rollout and monitors the model's subsequent performance.

This plan should be appropriately resourced and transparent – and it must prioritise the consistency and reliability of PO Locals in the strategic delivery and oversight of the remainder of the Network Transformation programme.

Citizens Advice considers that the following approaches should each be addressed to ensure improvements in the implementation of the PO Local model:

## **Improved training and support arrangements**

Further training and support for PO Local operators seems necessary to drive up service standards.

Following our earlier research, POL committed to improvements to the training and support package it offers, with all new operators receiving a combination of learning approaches.

Improvements were also made to the real-time telephone helpline, which counter staff can ring to resolve technical or other problems. Most notably, its opening hours were extended to mirror the extended opening hours during evenings and weekends.

Some wider improvements in its training approaches have certainly been seen. For example, POL has created a peer-to-peer training system, which could usefully be extended across the PO Local network.

Despite this, service standards in too many PO Locals remain disappointing – to a large extent, this is a product of the challenge to sufficiently train and maintain staff knowledge in busy convenience store formats. However, this can be addressed through changes to POL's implementation approach. During our ongoing monitoring of the PO Local rollout, operators have told Citizens Advice that, although initial training is mostly good, ongoing training is

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effectively externalised to operators, which can be a challenge in large convenience store formats that have a high staff turnover and a large number of part-time and casual staff.

This is because, within the existing remuneration package, many operators cannot afford to release counter staff to attend external training, even though POL offers such training on the basis of need and it is free at the point of use.

There is a very real risk that failure to provide ongoing training within the current operational and funding structure will be a major contributing factor to poor performance against certain service indicators – and POL's overall failure so far to drive up the reliability and accuracy of staff knowledge.

Operators and operator groups tell us that counter staff may lack confidence in the basics, which will affect the quality and consistency of product and pricing advice.

Therefore, we encourage POL to review the efficacy and effectiveness of its current training approach, and recognise that it may not be possible to sufficiently improve the quality and consistency of PO Local service standards unless substantive changes, and investment, are incorporated into its implementation and rollout strategy. This review could usefully include a focus on how it can provide better ongoing and refresher training for new staff, and should explore the barriers to take-up of training for both multiple and independent operators.

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# **Branch monitoring and compliance activity**

## **Mystery shopping and branch monitoring**

At the start of the Network Transformation programme, POL committed to undertake a mystery shopping programme that visited each PO Local branch in the immediate period after it opened. This programme looked at the sales of certain products, queuing experiences, service standards and the branch environment.

Mystery shopping and monitoring arrangements are a crucial part of the implementation strategy for PO Locals. We have raised concerns with POL about the scope and effectiveness of their mystery shopping programme, and specifically about whether the arrangements in place at the start of the programme are still in effect, but POL has not provided a response which we can publish; and which we feel gives us satisfactory assurances that their mystery shopping and branch monitoring processes are suitably effective.

As far as we are aware, although there is mystery shopping coverage of recently opened branches, POL has not chosen to commit to a dedicated programme of rolling mystery shopping across all of its open and trading PO Local branches – including branches that have been trading for some time. Citizens Advice actively sought such information to inform this report.

We understand that POL does include some PO Local branches as part of a wider mystery shopping programme, but we have not been provided with information regarding the sampling frame and number of branches visited. Mystery shopping approaches are typically undertaken by most large retailers for service monitoring or compliance purposes.

POL would benefit from displaying greater transparency and candour about its mystery shopping programme, as part of a commitment to position improvements to branch service standards as being at the core of the Network Transformation programme (and to display it is operating in an increasingly mutual way). POL should be ready to engage on the methodology and results of this with Citizens Advice and other stakeholders.

We would encourage POL to review how it can improve – and embed in its implementation strategy – more effective ongoing monitoring of branch and service standards. Such measures could usefully include a commitment to a rolling



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programme of mystery shopping that specifically targets the quality and consistency of PO Locals, and an adoption of strategic measures to monitor and drive up service performance.

## **Quality assurance**

As part of its implementation strategy, POL should do more to expand its quality assurance processes. For example, it would seem hugely beneficial to extend the emphasis of this activity from recently converted branches to the rest of the PO Local network.

At present, POL visits recently converted branches to discuss the results of a quality assurance survey. Our research results suggest that the quality assurance process has so far failed to resolve some persistent and easily identifiable issues, in particular, accessibility problems, stock and trip hazards, and space and layout concerns.

This may not represent a specific problem with the format of this process but rather with the decision not to continue with quality assurance activity, to the same degree, once branches have been operational for a sustained period.

We would encourage POL to consider what improvements to its implementation strategy can be made in this area. For example, POL could make useful improvements if it carried out an expanded quality assurance process, including spot checks on all PO Local branches.

We would also like POL to review whether the macro level outputs of its quality assurance activity could be assessed more effectively to identify programme-level implementation improvements. POL stresses that the predominant outcomes of this process are case-specific, although the issues relating to the consistency and reliability of service appear to be increasingly in need of a more strategic focus.

## **Branch reliability**

POL has a number of ways to identify branches that do not open during their contracted hours, and yet our waves of research have found that there is a persistent proportion of branches that do not open when they are supposed to do so.

POL should address the refusal rate – branches that are unexpectedly closed, or that don't offer certain products and services when they should. For example, this could usefully be built into its expanded mystery shopping and quality assurance programme, and identified through its analysis of transactional data.

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We welcome the fact that POL analyses its transactional data, which should enable it to identify specific branches where there are service problems. This should also allow POL, at both the branch and macro level, to identify any emerging issues with opening hours; the transacting of certain products and services; or other issues that may arise.

However, we cannot easily reconcile this existing activity with our research findings, which suggest that the issues with reliability and consistency remain largely unchanged. We would, therefore, be encouraged if POL reviewed the effectiveness of its transactional analysis as part of a wider review of measures to improve branch reliability, as a key part of its PO Local implementation strategy.

**Contractual and compliance measures**

Despite the widespread evidence of inconsistent service standards, POL has not advised Citizens Advice that it has either identified or pursued operators that consistently breach their contractual obligations – although it did set out the steps that it could theoretically take.

POL did not respond to our information request to confirm in how many cases operators were found to be in contractual breach, and what happened in these cases. However, we anticipate that if contractual breaches were identified, a range of actions could be taken.

It seems increasingly probable that some PO Local operators may breach contractual or other agreed service level agreements, whether this relates to them not consistently opening during their contractual hours, failing to keep external entrances and aisles clear of stock, or other issues that may impede consumers' ability to access the branch.

We encourage POL to adopt a more assertive approach to enforcing contractual and/or compliance breaches, and to be visible in announcing its intention to do so. Citizens Advice considers that such action is a source of operational strength – not a weakness – and is a crucial part of the toolkit to secure necessary improvements in service standards.

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# Other issues

## **Availability of cash withdrawal**

POL needs to understand the causes and implications of renewed problems with cash withdrawals to ensure these can be addressed through improvements to its implementation strategy. It seems difficult to accept that these problems can be credibly explained by discrete issues affecting individual retailers, rather than deeper challenges with the operating model and its rollout.

In many rural and urban deprived areas, a PO Local may be the last free-to-use means to access cash, with the role of post offices expected to grow further as bank branch closures begin to accelerate. This research specifically surveyed cash withdrawals using personal current accounts, but it is important to note that 3 million pensioners and benefit recipients, who hold a Post Office Card Account, can only use post office branches or post office-branded ATMs to withdraw their cash and typically rely on being able to make frequent, small transactions. Any problems with the consistency of cash availability would therefore be of concern to these vulnerable consumers.

In order to ensure that PO Locals consistently offer cash withdrawals, we would therefore encourage POL to work with operators to better understand their cash supply needs. As part of our ongoing monitoring, operators have told us it can be difficult to anticipate peaks in customer demand, and that PO Locals seem less able to respond to demand for cash withdrawals than other post office branches.

We would also encourage POL to consider what other steps could be taken to address this implementation issue. This could, for example, include expanded monitoring and quality assurance processes, supported by appropriate compliance action.

## **Simplification of product transactions**

In the long-term, we would encourage POL to explore whether improvements can be made to the point-of-sale computer system that counter staff use to process transactions. Counter staff currently use Horizon terminals, which are commonplace across all 11,500 post offices. However, we understand that POL is undertaking a procurement process to upgrade its point-of-sale technology.

This offers two big opportunities: firstly, to explore whether Horizon (or its successor) could be integrated into the electronic point of sale (EPOS) systems

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of its largest retailers. At present, counter staff in PO Locals must use two separate systems, each with a different 'look and feel' and functionality, to transact retail and post office services separately.

Secondly, this presents opportunities to explore options for an EPOS system that is specifically designed with the needs of PO Local retailers and counter staff in mind.

POL should also continue to explore how it may be able to simplify its product transactions so that it becomes easier to train counter staff in the range of products and services they are expected to offer. To some extent, this package of measures may help to address the 'confidence gap' that some operators and their representatives report among counter staff.

# Adopting a more strategic reporting focus on 'under the bonnet' issues

This report finds evidence of numerous problems in the accuracy, consistency and reliability of service in PO Locals, which reflects challenges in the implementation strategy of the model. In many cases, performance has not improved satisfactorily despite POL's rollout of branch training, quality assurance and other measures.

We would, therefore, encourage POL to attach greater emphasis to tackling the 'under the bonnet' issues, including the robustness and reliability of service standards, which our research shows have not been sufficiently addressed through its current implementation approach.

Our research demonstrates a clear perception gap between the consumer experience, and actual delivery of, service standards in PO Local branches – which suggests that POL's reliance on customer satisfaction data may be a poor gauge of whether PO Locals offer a consistent and robust service.

We would, therefore, welcome moves from POL to adopt a wider range of metrics when it assesses the implementation of the PO Local model. For example, this could usefully include the outcomes of its service standards, transactional analysis and branch reliability data.

Citizens Advice would be pleased to work with POL to agree how such a 'performance scorecard' might look, drawing on our expertise on customer and service performance. In the context of POL looking to adopt more inclusive and mutual ways of working, we would also be pleased to discuss how we could work together constructively to drive and track improvements to PO Locals, for example, through joint working to track the implementation of the performance improvement plan over the next 12-18 months.

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# Conclusions

The rollout of the PO Local model, as part of the wider Network Transformation programme, represents a radical restructuring of the post office network. The programme is necessary to secure the long-term future of the network on a sustainable and affordable basis, but it has to be implemented in a way that secures high-quality, consistent service provision.

Our research finds that POL's approach to implementing the PO Local model has resulted in some major service shortcomings. At present, PO Locals do not consistently offer as reliable and accurate a service as they could or should.

However, Citizens Advice continues to believe that the PO Local model can be made to work for consumers, and that changes to POL's implementation strategy would secure meaningful improvements to branch and service standards. We therefore encourage POL to commit to a substantive package of improvements in order to drive up service standards, staff knowledge and the in-branch environment, and to ensure that PO Locals can help consumers to make informed decisions on accessing complex universal postal, banking and UK Government services.

## **Improving the consistency and reliability of PO Local services**

Without POL's commitment to improvements, there is considerable likelihood that the PO Local rollout may not deliver a suitably robust service for consumers – and that POL will be unable to capitalise fully on the impressive benefits of the operating model, such as longer opening hours.

Consumers' use of PO Locals will inevitably be driven, in the first instance, by the convenience and opening hours of such branches. PO Locals clearly perform strongly in these respects but this is not enough; PO Locals must be rolled out in a form that ensures consistent, accurate and high-quality service standards, which are at least as good as in other parts of the branch network.

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We would encourage POL to consider the following improvements to its PO Local implementation strategy.

- **Driving up service standards:** Our research presents clear evidence of failings in the accuracy and consistency of staff knowledge. In many cases, counter staff provide inconsistent or inaccurate product and pricing advice. This raises wider concerns about shortcomings in staff training, quality assurance and rolling monitoring that should be at the core of any retail or cash distribution network. However, these shortcomings can be readily addressed through changes to the way the model is being rolled out, monitored and its operators supported. Therefore, we encourage POL to commit to a series of measures that can reassure consumers that service standards will be improved; ongoing training and operator support will be increased; and that more effective quality assurance and compliance processes are to be developed.
- **Evaluating staff levels and support:** Further evaluation is needed to understand the best way to staff PO Locals, so that breaks in service due to a lack of trained staff, or for other operational reasons, can be minimised, and to ensure consistent training, support and service standards can be provided. This will improve consumer confidence in the knowledge and ability of PO Local counter staff.
- **Prioritise improvements to universal mail products:** PO Locals will become the primary means to access Royal Mail products and services, with over 5,000 branches expected to convert to the new format by 2017/18. This means that particular emphasis should be given to the accuracy and consistency of the product and pricing advice that PO Locals provide for letter and parcels that are part of Royal Mail's universal service. In relation to sending parcels and larger letters, it could reasonably be argued that the scale of shortcomings in PO Local service standards, if not addressed, may deny consumers reasonable access to universal postal services – and could deter usage among some consumers and small business groups.
- **Ensure consistent provision of cash withdrawals:** POL must ensure that it addresses the refusal rate for cash withdrawals, which appears to be unacceptably high in comparison to other retail, bill payment and cash distribution networks. If post offices are to effectively step into the breach left by bank closures, and provide a reliable way for elderly and vulnerable consumers to access cash, POL must assess the operational reasons for branches not processing cash withdrawals; make any appropriate adaptations to the PO Local model (as required); and rigorously ensure that PO Local branches offer this service consistently during their published opening hours.

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The rate and scale of Network Transformation changes are far greater than any restructure programme that POL, or any comparable retail distribution network, has previously undertaken. For the rest of the programme, POL may convert up to 50 post office branches to new operating formats every week.

Citizens Advice remains confident that the potential benefits of the PO Local model can be unlocked for consumers, but only if POL commits to addressing the shortcomings in the rollout strategy to improve the way the model is being implemented. Crucially, POL needs to prioritise the consistency and reliability of PO Local branches in the strategic delivery of Network Transformation. POL should consider the programme to be a success only if improvements to service standards, product knowledge and the branch reliability rate are delivered and sustained, such that PO Locals offer at least as consistent service as other post offices and retail networks.

POL now faces the challenge of delivering such improvements. In doing so, and in order to succeed, we recommend that POL adopts an open and transparent approach: this should include working with stakeholders to agree what steps it should take, and how (and by whom) progress against it should be measured, reported and regularly reviewed.

Millions of consumers will be affected by this transformation of the post office network. It is therefore crucial that POL delivers a comprehensive set of improvements to the way the model is being implemented – and gets ‘under the bonnet’ of areas where there are shortcomings – to deliver the consistent, reliable and high-quality service that consumers rightly expect. For consumers and the future sustainability of the post office network, the potential of the PO Local model must now be matched by an implementation strategy that delivers results.