



## Post Office News - November 2020

### **New evidence of PO role as local community “lifeline”**

A major [study](#) for Post Office Ltd (POL) sets out new evidence of the vital part post offices play providing essential services and support to citizens and local economies.

More than 8 in 10 (82%) people see their post office as an essential service, with young people valuing it almost as much as older people. Small businesses also rely on their local post office - 43% say they would not survive without it. Proximity is vital for both consumers and businesses, and 67% have a branch within a 10 minute journey, and 38% within a 10 minute walk.

Of the network’s wide range of services, mail services are most commonly used - 83% of respondents using it for letters and stamps and 80% for parcels. Post offices are also frequently used for returning online orders (54%), exchanging foreign currency (54%) and picking up official forms (44%). Just over 1 in 3 (35%) have used branches to withdraw or deposit cash.

Highlighting the importance of post offices as a physical presence, 87% of respondents agreed that the Post Office is an essential service for vulnerable or lonely people. And only 47% of people aged 65+ said they would be able to find an alternative place to access pensions and benefits.

POL also says post offices deliver a lifeline to struggling high streets. Visits to post offices help drive 400 million extra visitors and £1.1 bn additional revenue to other local businesses.

POL’s report follows Citizens Advice’s recent [call for increased government investment](#) in post offices to fix the cracks in the network and allow post offices to deliver even greater social value.

## **Will Royal Mail's new parcel pick-up service impact POs?**

Royal Mail has [launched a parcel pick-up service](#) across the UK. Under the new Parcel Collect service, postal delivery workers can collect parcels as well as deliver them on their daily round. The company describes this as one of the biggest shake-ups to the daily delivery service since the launch of the postbox in 1852.

Parcels are collected either from the customer's door or a designated safe place. Customers have to book and pay for the service online, and print their own labels. The service costs 72p per parcel, on top of postage costs. But there's significant competition for this type of service, and some [critics](#) say Royal Mail's service is clunky and can be more expensive than alternatives.

Many postmasters and [retailers](#) are concerned the new service will "[poach](#)" [customers](#) and could damage the post office network. The [National Federation of SubPostmasters](#) says: "Subpostmasters act as a salesforce for Royal Mail services, providing expert advice and guidance to customers, as well as a trusted and safe environment to send letters and parcels. So this move to circumvent post offices is a worry for subpostmasters who do so much to support Royal Mail's activities".

Royal Mail has also recently started a [major new campaign](#) to increase use of their [Click & Drop](#) service. The campaign which promotes buying postage online, could also reduce the number of parcel transactions undertaken at post offices. Click & Drop customers can use a range of outlets to post their item, including a post box, one of the new parcel boxes, a Royal Mail delivery office or a post office.

## **1 in 3 PO cash machines to close**

The Post Office is to cut a third of its ATMs in the next 18 months, with [600 to close](#) by March 2022. POL says it has [reviewed](#) each ATM and considered factors such as weekly usage and the proximity of other free facilities.

POL will retain 1,400 ATMs, including 60 non-commercially viable ATMs in order to "serve the communities' needs". At branches where ATMs close, POL says it will provide support including posters informing customers that they can carry out everyday banking services over the counter.

Post Office branded ATMs are currently owned and operated by the Bank of Ireland, which is pulling out of the business. From the end of 2021, the remaining ATMs will be transferred to POL. The Post Office will spend £16m on

replacing the machines with new devices that have the latest cash dispensing technology and security measures. The upgrades are due to be completed by mid-2023. Many post offices operate ATMs from independent providers such as Notemachine, and these ATMs are not part of POL's review.

Concerns about access to cash and the viability of Britain's cash system in general remain high on the political agenda. The [Treasury is currently consulting](#) on how the government can ensure the UK maintains an appropriate network of cash withdrawal and deposit taking facilities.

### **PO counter banking transactions rise**

Meanwhile, new figures from POL show post office counter banking transactions are rising again, and [cash deposits at post offices have returned to pre-Covid levels](#). Cash deposits by business and personal customers totalled £2 billion in September, up 7.7% on the same month last year. Post office cash withdrawals have also been increasing, but less dramatically, and remain slightly lower than this time last year.

### **Over half of community shops have PO**

More than half (54%) of community-owned shops - 202 in total - also run a post office. These vary from full-time provision to part-time outreach services, according to new [research](#) from the Plunkett Foundation.

Most commonly, community shops run 'community status' branches that receive a fixed payment from POL. But 17% operate under the Post Office Local model, where transactions are undertaken by general staff at the main retail counter.

The Plunkett Foundation reports a fairly even split in feedback on the business impact of running a Post Office Local. Slightly under half (46%) of the shops say the service contributes to their profitability, while 46% record no impact on their profits and a small minority say the Post Office Local adversely affects them.

Ease of management is the main issue with the Local model - almost 3 in 4 respondents say it is manageable with effort, although 12% report it is easy to manage and 17% find it challenging to run.

### **POL apologises for Horizon failings**

The Post Office has [decided not to oppose](#) 44 of the 47 appeals lodged by former postmasters who were convicted of false accounting, theft or fraud following serious problems with the Horizon Post Office accounting system.

The Post Office chairman, Tim Parker, acknowledged “historical failings” and said the organisation would cooperate with the Criminal Cases Reviews Commission, which has referred the cases to the court of appeal for re-examination.

Parker said: “I am sincerely sorry on behalf of the Post Office. The Post Office is resetting its relationship with postmasters with reforms that prevent such past events ever happening again.”

The Business, Energy and Industrial Strategy (BEIS) Committee is currently undertaking an [inquiry](#) on issues emerging from the Horizon IT court cases. In the latest developments, Paul Scully, minister for postal services, has confirmed that BEIS and UK Government Investments intend to cooperate fully with the inquiry.

### **Post needs to be affordable and universal**

Royal Mail has signalled that it may drop Saturday letter deliveries, but could move to a 7-day parcel service to meet the growing demand from the online shopping boom. The company is warning it expects to make a material [loss in 2021/21](#) and will not become profitable without substantial business change.

In a new blog, [Citizens Advice warns](#) that any changes to the [Universal Postal Service](#) should focus on people’s needs, not just the bottom line. We say that consistent pricing and service levels need to stay. But there is also an opportunity to improve the safety net and we make a number of recommendations:

- 1 Prices can’t just claim to be affordable - the regulator should assess what affordability means
- 2 And where they’re shown to be too expensive, prices need to be fixed - for example, the redirections service
- 3 Universal should mean people, not letter boxes - not everyone can access their letters, and an Address & Collect service should be provided at post offices
- 4 Postal companies need to be clearer on how they operate and what happens when something goes wrong for the consumer