



Post Office News - April 2017

House of Lords interest in post offices

Post office issues have been prominent in the House of Lords recently, with a [debate](#) on 30 March and a committee [report](#) published on 25 March.

At the debate, Lord Hain (Labour) raised concerns about Post Office Ltd's 'failure to grow new revenues' and the falling Government subsidy. He asked about the franchising of the Crown network and its impact on the quality of customer service.

Peers also emphasised the role post offices play as a 'vital part of the community' particularly in the context of bank branch and local council front office closures. Questions were asked about the Post Office's own bank accounts, the potential for a post bank (comparable with the French Banque Postale), the future of the Post Office Card Account and previous proposals to transform the Post Office into a 'genuine front office for government'.

Government spokesperson Baroness Buscombe stressed that between 2010 and 2018, the Government will have provided nearly £2 billion to maintain the network which is at its 'most stable for decades'. She added the Government expects the Post Office to continue to require some funding to sustain the nationwide network and meet the manifesto commitment to secure 3,000 rural branches. Margot James MP, minister for postal affairs, has also recently [confirmed](#) this commitment. Baroness Buscombe said the Post Office's proposals for franchising Crown branches are intended to move branches to a lower-cost model.

Baroness Buscombe stated that the Post Office has built a successful financial service business, providing loans, mortgages and foreign currency, which 'offer all the key benefits of a post bank'. She said following work with the British Bankers Association, the Post Office now offers access to basic banking services to 99% of personal account holders and 75% of small businesses. She emphasised there are 'absolutely no plans' to phase out the Post Office Card

Account (POCA), and added that the POCA contract has been extended until at least 2021.

Describing the Post Office as the 'largest provider of counter-based government services in the UK', Baroness Buscombe said the Post Office continues to look at opportunities for delivering more local and national government services through the network. But she also said that many people prefer to access government services online.

Baroness Buscombe stated the Government will publish its response to the [consultation](#) on the post office network in due course.

Lords Committee calls for public information campaign on PO banking

The majority of consumers are unaware of Post Office banking and financial services and this is an unacceptable 'waste of untapped potential', according to a House of Lords committee [report](#). The Financial Exclusion Select Committee said the growing number of bank branch closures is contributing towards financial exclusion, but the Post Office has the potential to meet needs for physical banking services, particularly for vulnerable customers.

The committee raised questions about the quality of service following the integration of an increasing number of post offices in retail stores. (Citizens Advice will be publishing further research on this shortly.) The peers also highlighted concerns from some inquiry witnesses about possible future post office closures.

The report recommends the Government works with the Post Office and banks to fund and launch an extensive public information campaign on the banking services available through post offices. The committee also calls on the Government to ensure the Post Office provides adequate banking service training for staff at branches within retail outlets.

CEO says Post Office 'on verge of breaking even'

The Post Office is on the verge of breaking even for the first time in 15 years, according its chief executive.

In a recent [interview](#), Paula Vennells explained that whilst 3 years ago the company was losing £120m a year, within a couple of months it will break even. Costs have been cut, including through franchising Crown branches and planned redundancies in the workforce.

It is reported that Ms Vennells intends to generate profits of £100m in 'about three to four years'.

Ofcom reports improved Royal Mail performance

Ofcom has concluded its review of Royal Mail, finding that the company has improved its performance. As the postal regulator, Ofcom is responsible for securing the provision of the universal postal service, which requires Royal Mail to deliver to every address in the UK, six days a week at a standard price.

The universal service had been under significant pressure, with losses of more than £100m in 2011, as people continue to send fewer letters.

These concerns prompted Ofcom to introduce a new framework for postal regulation in 2012, including greater commercial freedom for Royal Mail, alongside a cap on second class stamp prices to protect vulnerable consumers.

The regulator [says](#) that the current rules and safeguards are 'generally working well for people and businesses who use the post'. Ofcom has therefore decided to retain the current framework for postal regulation until 2022.

Ofcom comments that consumer satisfaction with postal services, and value for money, are generally high.

Postal services are the top reason consumers use post offices. Citizens Advice [research](#) shows buying first and second class letter stamps and sending parcels are the most common post office transactions.

Information on postal price rises

Royal Mail's price changes came into effect on 27 March. Citizens Advice has provided an [overview](#) of the changes in stamp, parcel and redirection service prices. Our publicity around these changes also includes a poster to display in Local Citizens Advice offices.

Irish post office network under scrutiny

Media [reports](#) suggest that a significant number of post offices in the Republic of Ireland could be at risk of closure.

The Irish Post Office, An Post, is currently completing an in-depth review of its branch network. The review will take into account shifting demographics, the changing marketplace for services and the economics for postmasters. An Post [stresses](#) that 'no decisions have been made while this review is ongoing'.

There are 1,100 post offices in An Post's national network, and up to 400 are reported to be at risk of closure.

Separately, An Post has [announced](#) price increases of between 12% and 39% across the full range of its mail services. An Post says mail volumes in Ireland have declined by 38% in the past decade and the price rises will ensure the sustainability of the mails service for all customers.

In the Republic of Ireland the standard domestic letter rate for items weighing up to 100g will rise from €0.72 (61p) to €1.00 (85p). Current UK prices for this weight of letter are 65p for first class and 56p for second class.

Citizens Advice work plan 2017/18 consultation

Many thanks to everyone who responded to the [consultation](#) for the Citizens Advice draft consumer work plan 2017/18. We received 35 responses to the post section of our work plan. We have carefully considered the feedback and will be publishing our final plan shortly.

Post Offices Advisory Group

As part of our role as the consumer champion for post, we host a quarterly conference on post office issues. If you would be interested in joining the group, please contact Annabel.Barnett@citizensadvice.org.uk.

Follow our Twitter account for regular updates: [@CABPost](#)