



## Post Office News - June 2020

### **New pension and benefit claimants can no longer use POCA**

From 11 May, the Department for Work and Pensions (DWP) [no longer allows](#) new state benefits and pension recipients to collect payments via Post Office card accounts (POCA). Around 900,000 people currently use the account, which is due to be phased out by November 2021.

Over 5 million people had POCAs at its height of use in 2006. However, the DWP has consistently encouraged people to receive their payments through bank accounts, as this is significantly cheaper to process.

Existing claimants who are currently paid through the POCA can continue to receive payment into their accounts. The majority of POCA users are of pensionable age. The [payment exception service](#), available through PayPoint outlets, can be used by people who cannot access any bank account.

A new service is expected to replace both POCA and the payment exception service next year. Potential providers, which are likely to include the Post Office, will need to tender to provide the new service.

### **Further coronavirus remuneration support for post offices**

Following a previous agreement that all independent postmasters would receive 100% guaranteed remuneration in April and 90% in May, POL has announced [new remuneration support](#). The support is intended to ensure that during the coronavirus pandemic post offices remain open, or can re-open if they have been forced to close.

All postmasters, including those who operate multiple branches, will receive a 15% top-up of their variable remuneration in June. This remuneration is pay for the transactions undertaken at post office counters. According to POL at a recent National Federation of SubPostmasters event, the total number of

[transactions undertaken in the post office network fell by 35-40%](#) in April compared with the previous year.

In addition, all post offices that are currently receiving fixed remuneration will continue to do so in June. Branches operated by independent postmasters that are struggling to remain open or to open at all may receive additional support from the Post Office via a hardship payment.

### **Post Office sees 30% increase in fast track mail service use**

[Drop & Go](#), the Post Office's fast track service for businesses and online sellers sending parcels, has seen a 30% increase in use since mid-March.

The rise reflects a huge increase in online retail during the lockdown period. The [proportion spent online](#) soared to the highest on record in April 2020 at 31%, compared with 19% the previous April.

POL says that around 75% of marketplace seller items come through the post office network. New customers signing up to use the service is 3.5 times higher than the same period last year.

### **Citizens Advice calls for urgent review of parcels market**

Last year we [asked the Competition and Markets Authority](#) (CMA) to review the parcels market to make sure it meets the needs of all consumers. So far, the CMA hasn't taken any action - yet the Covid-19 crisis has made a review even more urgent.

We're more reliant than ever on the parcels market to deliver the goods we need. Our research shows that half of all people (51%) are more reliant on parcels deliveries than before the coronavirus outbreak.

With increasing parcel deliveries, the number of delivery problems have increased. In April, just after the start of the lockdown, our research found that more than 1 in 4 people (28%) had a problem with a parcel delivery (such as late delivery or incorrect tracking information). In May, as people began to receive more parcels, this rose even higher to 1 in 3 (33%). Traffic to our [online advice on how to solve a problem with a parcel delivery](#) increased by over 150% compared to the same time last year.

In a new [blog](#), we call for a recognition of parcel delivery as the newest essential service. Once the immediate crisis is over, an urgent review of the market is

needed to ensure parcel delivery works for those who need it most.

## **Postmasters' shortfall compensation scheme launched**

The Post Office has opened a [claims scheme](#) for current and former postmasters who believe they experienced shortfalls due to the Horizon IT system used to manage local post office finances. The allegedly faulty computer system led to some postmasters going bankrupt or being imprisoned.

The Historical Shortfall Scheme follows the agreed settlement of group litigation between Post Office Ltd (POL) and 555 mainly former postmasters last year. As part of the proceedings, the Court determined a number of generic, technical matters concerning the system, but did not determine individual cases.

The Post Office says every eligible application will be thoroughly investigated and the outcomes assessed by an independent advisory panel. Newly released POL figures indicate around [900 postmasters](#) may have been wrongly prosecuted.

Radio 4 is currently broadcasting a 10-part series on the Horizon computer system problems. The [Great Post Office Trial](#), examines what the BBC refers to as the "decade long battle with the Post Office, fought by their own subpostmasters".

## **Saturday letter deliveries to restart**

Following the Royal Mail's suspension of Saturday letter deliveries on 2 May, the company has announced that the [service will resume from 13 June](#).

Unions and other stakeholders had expressed concerns that the original suspension could lead to a permanent change. Regulatory conditions allow the restriction of the universal 6-day a week letter service in the event of an emergency. But the minister responsible for postal affairs, Paul Scully, [confirms](#) the regulator Ofcom has acknowledged that in this context the Covid-19 pandemic is an emergency. And any longer-term changes would need to be made through secondary legislation and agreed by parliament.

## **Royal Mail CEO resigns**

Rico Back has [stepped down as chief executive](#) after fewer than 2 years in the role. Mr Back, who had been with the company for 3 decades, had met significant resistance from staff over restructuring plans for the business. Just prior to lockdown, postal workers had voted to strike in a disagreement over pay and working conditions but delayed the action because of the pandemic.

The company has also suffered from poor trading updates and lost its FTSE 100 status. Revenue in April fell by £22 million. Although UK parcel volumes rose 31% in April, addressed letters dropped by 33%.

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