



## Post Office News - March 2019

### **MPs raise concerns about access to cash and PO banking**

Last year the Post Office processed 130 million transactions for cash withdrawals and deposits. But despite its role in offering everyday banking as a way of offsetting the impact of recent bank branch closures, Post Office Ltd (POL) is making a loss from this service. In a hearing with the [Treasury Select Committee](#) on consumer access to financial services, the Post Office told MPs it is holding talks with banks to change this position.

The Post Office stressed the importance of providing banking services for small businesses and the 'social care element' of its services. One MP questioned why post offices only offer basic cash transactions, rather than access to the banks' mortgages or insurance. But Martin Kearsley, POL's Director of Banking Services, said that would lead to long queues, and financial regulatory issues. In response to queries about a potential Post Office-owned Post Bank, Mr Kearsley said this would cost billions, although POL remains 'entirely open to discussing it'.

Separately, in a [debate on Santander closures](#), MPs expressed a range of concerns about post office banking. This included restrictions on the banking services provided, the suitability of some post offices for sensitive banking business, queue length, temporary closures and the low fees paid to operators.

### **Government provides initial details on end of POCA**

The Post Office Card Account (POCA) has been a payment mechanism for state benefit and pension claimants since 2003. However, parliamentarians, both in [Westminster](#) and the [Welsh Assembly](#), continue to raise concerns that the Department for Work and Pensions (DWP) discourages claimants from using POCA's. The DWP and government have always actively promoted payment into bank accounts as an alternative, in line with wider financial inclusion policy. Bank account payment is also significantly cheaper for the DWP.

As of October 2018, around [1.2 million people](#) were using POCA's. There is also a [Payment Exception Service](#) run through PayPoint outlets, for benefit recipients who neither have a bank account or a POCA.

The government has now confirmed that before the end of the POCA contract in November 2021, the DWP will implement an [alternative payment service](#) which allows claimants to obtain cash in their local area. This will be available for claimants and pensioners who are unable to open a mainstream account. The government states that as we approach the end of the POCA contract, the DWP and POL will issue joint guidance on POCA users' options to transfer to other payment methods.

Meanwhile, [POL is tendering for a prepaid card system](#) for people who are financially excluded.

### **Rural shoppers say post office is the 'most valuable' service**

Post offices have the most positive impact on rural communities, followed by convenience stores and pharmacies, according to new [research](#) from the Association of Convenience Stores (ACS). The ACS finds rural shoppers think post offices are the most valuable services available in their local convenience stores, with cash machines as the second most valuable.

Over 1 in 3 rural shops has a post office, and over 1 in 4 has a free to use cash machine. The study reveals other rural shops also provide services typically offered at a post office, for example 66% provide a bill payment service and 34% a parcel collection point. The average shopper visits their local rural store 3.46 times a week and 73% pay by cash.

### **MPs query financial sustainability of rural post offices**

Despite clear evidence of the community value of rural branches, MPs are concerned about temporary closures in their rural constituencies. Some MPs state that many rural branches are [not profitable](#) and claim it's difficult to attract potential operators.

Kelly Tolhurst, minister for postal services, confirmed the current government support for rural post offices. This includes a fixed element of remuneration for post offices designated as 'community branches', grant funding from the [community branch development scheme](#) and an increase in small business rate relief.

## **Post offices gearing up for Brexit**

In anticipation of an imminent Brexit, the Post Office has expanded the number of branches able to [issue international driving permits](#) from 89 to 2,500 post offices. MPs have [queried](#) if this capacity is sufficient, as the permits are now only issued by the Post Office, and no longer available through the AA and RAC. However, the government confirms the service could be made available in around 4,500 post offices in the case of 'extreme levels of demand'.

Separately, Northern Ireland's post offices report a huge increase in [demand for Irish passports](#). Northern Ireland residents can apply by post for an Irish passport by using [Passport Express](#) at certain post office branches.

## **Royal Mail announces new mail redirection prices**

Royal Mail is making changes to the pricing structure of its [mail redirection service](#). From 25 March, pricing will be based on the number of applicants rather than on a per-surname basis. This is a positive move which follows [research from Citizens Advice](#) which revealed households with different surnames were being unfairly charged more.

However, Citizens Advice is [disappointed](#) to see Royal Mail fixing this problem by increasing the cost of the redirection service for many, especially as our research found that the high cost already puts off low-income consumers. The price of this service has increased dramatically over the last 7 years, and 3 months' mail redirection now costs £41.99 for 2 people with the same surname - more than double the £19.50 it cost in 2012. We're calling for Royal Mail to allow people to spread the cost in monthly instalments to make this universal service more affordable.

Royal Mail has also announced a [stamp price rise](#). From 25 March, the price of a 1st class stamp will increase by 3p to 70p, and 2nd class stamps will increase by 3p to 61p. However, Royal Mail had to [apologise](#) after the announcement, as the price rise breaches Ofcom's current price cap of 60p which is in place until 1 April. Royal Mail says it will donate the extra revenue, expected to be £60,000, to the charity Action for Children.

## **More protection needed for online marketplace sellers**

A third of UK adults have sold an item on an online marketplace - such as eBay or Amazon Marketplace - within the past year. But [2 in 5 online marketplace sellers have had a problem](#), according to new research from Citizens Advice.

Items can arrive late, damaged, or not at all. Sellers may spend a significant

amount of time trying to resolve their problem, and we found that they had lost an average of £50 in the past 12 months due to postal problems. Citizens Advice says online marketplaces tend to favour the buyer when there are problems. But sellers need protecting too. Parcel companies should make it a priority to improve their complaints processes so that they work well for all their customers. We will be pushing them to make swift progress on this in the year ahead.

## **Parliamentary committee calls for reforms to secure future for high streets**

The government should consider taxing online sales, green taxes on deliveries and packaging, and cutting business rates for retailers to help revive the UK's high streets, according to an influential group of MPs.

The demand for reform comes in the context of 'profound disruption' to the traditional pattern of making purchases in physical stores, by the growth of online shopping. The [Housing, Communities and Local Government Committee's report](#) says local authorities need more help, including extra funds, to redevelop town centres. The committee also calls on retailers to accept the need to adapt and do more to offer what online cannot, focusing more on personal interactions and convenience.

In our written response to the committee's inquiry, [Citizens Advice](#) emphasises that in some ways local post offices are now becoming more important, particularly as banks close and people are shopping online.

## **Post Office CEO Paula Vennells to step down**

POL has [announced](#) that Chief Executive Paula Vennells is to step down to take up the role of Chair of Imperial College Healthcare NHS Trust.

Ms Vennells joined the Post Office in 2007 and became its chief executive on separation from Royal Mail in 2012. POL states she has led a dramatic turnaround of the business. Losses of £120m in 2012/13 have been transformed to a £35m profit in 2017/18.

Prior to working for the Post Office Ms Vennells worked with Whitbread, and in sales and marketing for major retailers including Dixons and Argos.

## Post developments around the world

- **Germany** - A new pilot scheme from Deutsche Post provides consumers with their mail in digital format. As part of the [e-scan service](#), a machine opens and scans the letter, and sends it to the customer online. Deutsche Post is promoting the service for people who want to stay in the loop while away.
- **Finland** - The Finish postal service, Posti, is launching a [tracked letter service](#). From March, Finland's letter delivery speeds will change and most ordinary letters will be delivered within 4 working days. But letters with a Plus Sticker together with the traditional stamp, will be delivered within 2 working days and consumers can track them with an app or on Posti's web service. The sticker costs €1.50.
- **Netherlands** - The former Dutch state postal provider [PostNL is to take over its rival Sandd](#). Currently PostNL controls around 70% of the Dutch postal market and Sandd holds the remainder, primarily business deliveries. PostNL says this is a response to decreasing mail volumes, and that combining the 2 postal networks will help safeguard a sustainable postal service for everyone.
- **Switzerland** - Swiss Post is now [delivering bread along with the post](#). The Brot-Post service is provided in partnership with a Berne bakery in the local area. Swiss residents typically have a large box at home for milk and parcel deliveries, and bread will be delivered to this box. Over the past 10 years letter volumes have fallen by almost a third, and Swiss Post says the aim is to supplement and support the core postal business.
- **Australia** - Australia Post has announced [additional investment](#) to provide post office operators with upgraded technology, and increased payments to support the growth in parcels and financial services. Under a new agreement with Community Licensed post offices, there will also be an increase to the safety-net minimum payment to protect the smallest community post offices in regional and rural Australia. The new payments follow an independent payment review and consultation to better reflect the changing nature of Australia Post business conducted in 2,800 Licensed post offices.