



Post Office News - April 2021

MPs call for duty on banks to provide Post Office service

Members of Parliament are calling for the major banks to be [required](#) to provide banking services through local post offices. MPs say the Financial Conduct Authority should regulate the arrangement so that minimum guaranteed services are compulsory. The current Banking Framework Agreement, which runs until the end of 2022, is not mandatory for the banks, but MPs are concerned the banks could pull out of the service as Barclays almost did in 2019.

Warning that the UK is not ready to go cashless, [Duncan Baker MP](#) presented the Banking Services Post Offices Bill to parliament. He stressed the impact on vulnerable people as banks continue to close branches. [Yvonne Fovargue MP](#) said the Chancellor should force the banks to pledge to a 5-year deal to allow the Post Office to invest in its banking service. A new [Early Day Motion](#) also calls for the banks to be mandated to work with post offices.

[Citizens Advice research](#) published last year, found Post Office banking services are vital for many people. We said the government should protect this provision for as long as the service is required. [Which?](#) also says urgent action is required to ensure the long-term future of the cash system in the UK.

Citizens Advice asks Welsh govt to pilot Address & Collect

Since 2010, 1 in 10 people in Wales have struggled to receive their mail. Citizens Advice is recommending that the [Welsh government should pilot an Address & Collect](#) service at local post offices in Wales. This [service](#) would provide a reliable place to collect letters, as well as a personal address which can be used for key services such as banking and health.

We've heard from homeless people who've missed out on housing due to missed letters, survivors of domestic abuse who can't access support because their letters have been hidden from them, and people who've missed Jobcentre appointments. Citizens Advice believes having access to post and essential

services will be crucial for coronavirus recovery, and as well as for tackling existing inequalities across Wales. Our proposal has been [welcomed by the Deputy Minister Jane Hutt MS](#).

Post Office to trial Amazon click & collect

Amazon and Post Office Ltd (POL) have signed a deal to trial [click & collect](#) services at 200 post offices in Newcastle, Preston and Edinburgh. Customers are able to present a pick-up code at their nearest post office before collecting their Amazon parcel. Postmasters participating in the trial have smartphones that can be used to scan the Amazon parcels once they are delivered to the post office by courier.

It is the first time the Post Office has provided this service for any parcel operator other than Royal Mail. The move follows the end of POL's exclusive Royal Mail relationship in March.

Post Office reports increase in trading profit but overall loss

Post Office Ltd (POL) has reported a trading profit of £86m, up from £60m a year earlier, for 2019/20. Whilst costs reduced over the year, the company's newly published [annual report and accounts](#) also shows a revenue drop to £951m (from £972m).

Overall, the company reports a loss of £305m for 2019/20. A significant part of this loss is due to the cost of settling postmaster litigation relating to Horizon IT problems and the related legal costs. Post Office chief executive, Nick Read, said with government support, they are confident they "can continue to provide our national services for the foreseeable future".

The majority of POL's revenue during 2019/20 derived from mail, cash and banking, telecoms and financial services. The most significant revenue increase was seen in cash and banking:

- *Mail: revenue £347m (decrease 1%)*
Growth in revenue from home shopping returns and click and collect partially offset by continuing decline in stamp sales
- *Cash and banking: revenue £187m (increase 16%)*
Significant increase in high street bank account access. Stable ATM services revenue. Decrease in Post Office Card Account revenue
- *Telecoms: revenue £144m (decrease 6%)*
POL has since sold its broadband and home phone service to Shell Energy
- *Insurance: revenue £48m (decrease 13%)*
Decrease mainly driven by reduced Over 50s life insurance. Travel

insurance revenue grown from online channels, but product paused at end 2019/20 due to Covid

- *Identity: revenue £38m (decrease 34%)*
Includes Home Office, DVLA and Verify services. Decrease due to new pricing arrangement with government, and reduced passport market share
- *Payment services: revenue £31m (increase 15%)*
Bill payment transaction increase due to Payzone acquisition and British Gas contract win

Letter volumes higher than expected

Recent letter volumes and revenues have been higher than anticipated, according to Royal Mail's third quarter [trading update](#). Advertising, business and stamped mail all had greater volumes than expected. Growth in parcels has remained strong but "broadly in line with expectations", according to the company.

Royal Mail is also reporting over one million parcels collected by postal delivery workers, since the start of the [parcel pick-up service](#) launched in October. Use of the service increased during the festive period and following the reintroduction of lockdown. Under the service Royal Mail's posties collect parcels from the customer's door or safe place for 72p per parcel, in addition to postage costs (although [charges are being waived](#) in April and May, as the company seeks to increase use of the service).

Royal Mail has announced that it will be adding [unique barcodes](#) to stamps. The first barcoded stamps are to be sold online to businesses in a trial which started in March. Royal Mail has said that the introduction of barcoded stamps could "pave the way for future customer services". But tracking isn't currently allowed for any Universal Service (USO) products.

Ofcom launches call for inputs on future of postal regulation

Ofcom has opened a [call for inputs for its review of postal regulation](#).

Ofcom is inviting views on a range of topics, including its approach to regulating mail redirection services, making sure everyone can access postal services, and how to rebalance the rapidly evolving parcels market.

Ofcom last reviewed postal regulations in 2017, and the current call for inputs will be followed by a full consultation on proposals for the future regulation of postal services. Ofcom will conclude its review in 2022.

Citizens Advice will be responding to Ofcom's call for inputs, which closes on Thursday 20 May 2021.