

Post Office News - January 2018

Government confirms post office funding for 2018-2021

The government has [announced](#) £370m funding to support the post office network over the next 3 years until March 2021. Of the funding, £210m will be used to continue to modernise the network, including extending opening hours and cutting queue times. £160m will be used to help protect the 'last shop in the village' community branches.

The announcement followed [calls](#) from Citizens Advice to provide this support in recognition of the important role post offices play for consumers and businesses.

Government publishes response to post office network consultation

The Department for Business, Energy and Industrial Strategy (BEIS) has also published its [response](#) to the 2016 Post Office Network Consultation. The consultation asked customers and stakeholders what they expect from the network, and was designed to help inform the funding provided to post offices from April 2018 (see above). The government states that as well as bringing further benefits to customers, future investment is intended increase commercial sustainability and reduce need for taxpayer support.

The government responded to Citizens Advice's recommendation for an 'emergency break' on any future large scale structural changes to the network. The response confirms that total post office branch numbers will remain unchanged, as will the current access criteria setting out minimum coverage. The government also highlights the role of Citizens Advice in public consultations on local post office changes.

There are no plans for a significant increase in the range of government services offered through post offices, and post offices are not deemed viable as access sites for digital services for people who are digitally excluded. A state-backed Post Office bank will not be set up. But government and the banking industry will work to improve on the low level

of awareness of Post Office banking services, a move strongly welcomed by Citizens Advice.

The response also states that there is limited scope to vary the services offered at post offices on a branch-by-branch basis. The government confirms it does not intend to privatise the Post Office, and mutualisation is unlikely as the company is not self-financing.

Post Office reports positive financial results

Post Office Ltd's (POL) newly published annual [report](#) shows a £13m profit in 2016/17, the first time the company has reported a profit in 16 years. Whilst staffing and other operating costs reduced over the year, total revenue dropped by 5% to £1,037m. POL states that the revenue decrease is driven by the ongoing planned fall in the Network Subsidy Payment, paid by the government to support the costs of maintaining the network (from £130m in 2016 to £80m in 2017).

There was a significant increase in financial services revenue and a slight increase in revenue from mail. Revenue from government and payment services decreased:

- *Mail: revenue £337m (increase 1%)*
Sales of parcels and other mail products rose, driven by growth in home shopping returns and priority services.
- *Financial services: revenue £248m (increase 6%)*
Increase largely due to growth in banking. Insurance revenue also increased. Mortgages and savings declined.
- *Telecoms: revenue £133m (increase 2%)*
HomePhone and Broadband performed well. E-top up and phone card revenue fell in a generally declining market.
- *Government services: revenue £114m (decrease 11%)*
Turnover decreased due to a fall in the number of active Post Office card accounts, and a drop in DVLA revenue as people increasingly pay vehicle tax online. Identity services increased.
- *Payment services: revenue £68m (decrease 3%)*
Revenue has fallen as fewer people use paper based methods for paying bills.

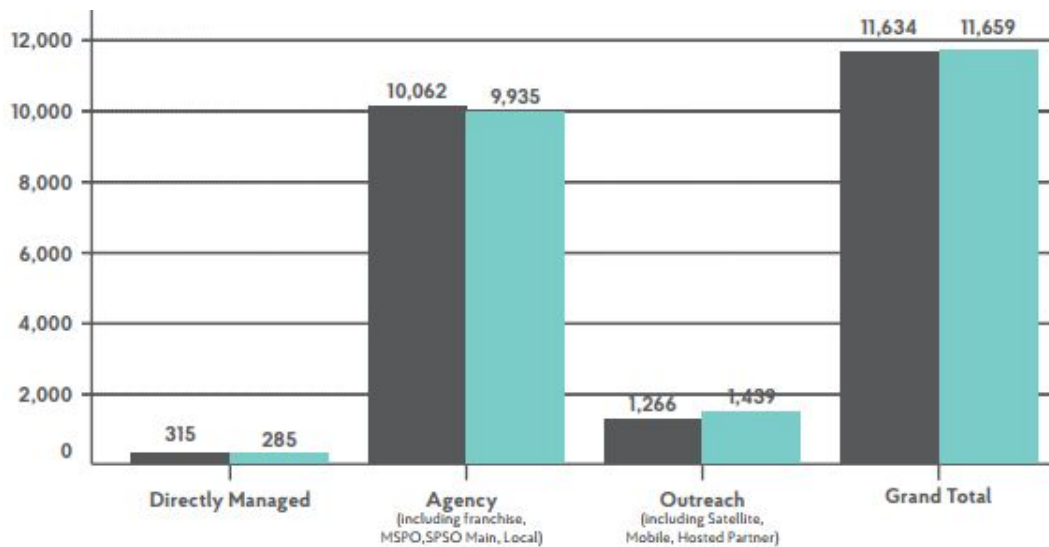
The Communication Workers Union and Unite [say](#) the financial results have been delivered as a result of job losses, franchising of post offices, huge drops in income for subpostmasters and reductions in the quality of customer experience.

Post office numbers remain stable

There has been little change in the total number of UK post offices over the past 5 years, according to POL's latest network [report](#). At the end of March 2017 there were 11,659 branches.

The number of post offices directly managed by POL (Crown offices) continues to decrease, but outreach services including mobile post offices have increased over the last year.

Post offices in 2015/16 and 2016/17



Spotlight on Post Office self service

Research for Citizens Advice finds whilst 220 of the UK's 11,600 post offices have self service machines, around 11 million adults have used them.

In a new [briefing](#) we put post office self service machines into context, comparing them with self service in train stations and supermarkets. We find that whilst young people and Londoners prefer to buy a stamp at a machine, older and digitally excluded people would much rather be served at a staffed counter. Citizens Advice wants to know if there's a case for rolling these machines out further. We consider whether self service can address some of the challenges currently facing the post office network, such as longer queues at peak times.

This year Citizens Advice will be undertaking further research into post office self service machines and how well they work for consumers. We'd like to hear your views, contact annabel.barnett@citizensadvice.org.uk.

Consumers in parts of Scotland pay more for delivery

Consumers in parts of Scotland are asked to pay at least 30% more on average for delivery than elsewhere in Great Britain, according to the latest [research](#) from Citizens Advice Scotland (CAS). The study also shows this rises to 50% on average in the Scottish islands. Over 80% of consumers affected do not think the extra price is fair, with 83% saying they'd buy more online if it weren't for the charges.

The research suggests it is worth considering whether the existing post office network in the Highlands and Islands could have a role in reducing delivery costs for consumers in those areas. However, Royal Mail and POL's exclusivity agreement is in place until at least 2022 and does not allow for any other parcel companies to work with post offices.

CAS believes delivery charges should be upfront and justifiable, and would like to see consistent pricing policies across the UK. CAS is working with delivery companies to identify how they can co-operate to reduce delivery costs.

Delivery problems ahead of Christmas

Which? research reveals parcel deliveries in the run up to Christmas were not arriving as planned, with consumers reporting lengthy delays, damaged packages and poor communication. A [survey](#) found that only a third (35%) of consumers received all their deliveries as expected. These findings support recent Citizens Advice [research](#) that finds nearly 7 in 10 online shoppers have experienced a problem with parcel deliveries in the last year.

Meanwhile, [concerns](#) are increasing about the environmental impact of the mounting numbers of vans making home deliveries. The Greater London Authority has [announced](#) funding for new initiatives to improve air quality by reducing the number of individual deliveries. These include installing parcel lockers and a shared electric delivery vehicle.

The parcels market, which has seen UK [growth](#) of over 50% since 2010, will be a key focus of Citizens Advice's post [work](#) in the year ahead.

International study shows majority reliant on post for communication

A new [report](#) from the postal regulator Ofcom shows that in almost all countries surveyed, a majority of people said they were 'very' or 'fairly' reliant on post as a means of communicating. 56% of respondents in the UK

said this, higher than in all other countries except for Italy (60%) and the US (64%).

However, between 2015 and 2016 letter volumes declined in all countries studies, except India. Letter stamp prices have risen in the majority of countries. The UK is one of the most expensive countries in which to send a small-sized letter, and one of the least expensive to send a medium or large letter. People in the UK were among those most likely to have received an item of post in the past week.

Parcel volumes have increased across all countries, with the biggest rises in Spain, India and Poland. Ofcom found the proportion of people who said they had ever used websites or apps to make physical purchases was highest in the UK, Italy, the US and Sweden (72%-78%) and lowest in Japan (52%). UK citizens make most use of next-day delivery for online purchases.

Citizens Advice consumer work plan 2018/19 consultation

Citizens Advice has a formal role representing consumers in the postal and energy markets, and this includes our post office policy work. Our work [plan](#) sets out our agenda for improving markets for consumers and is now open for consultation with stakeholders and the general public. A separate annex on [post](#) highlights our postal sector work.

We welcome feedback, which will be reflected in our final work plan in March. Please let us know if you would like to discuss the work plan or how to respond.

The consultation closes on 13 February. Please email your response to consumerworkplan@citizensadvice.org.uk or send it to Consumer Work Plan Consultation, c/o Tom Brooks, Citizens Advice, 200 Aldersgate Street, London EC1A 4HD.

More on Citizens Advice post policy work

- See our section on the Citizens Advice [website](#)
- Follow our Twitter account for regular updates: @CABPost