



## Post Office News - November 2018

### WH Smith to run more post offices

Post Office Ltd (POL) has [announced proposals](#) to franchise 74 Crown post offices to WH Smith. Under the new arrangement, POL will relocate a further 41 Crown branches into WH Smith stores. In addition, WH Smith will take over the running of the 33 Crown post offices that are already based in their stores but currently operated directly by the Post Office. In total the number of post offices run by WH Smith will rise to over 200.

The plans follow the trend of the last 30 years which has seen a steady fall in the proportion of Crown offices within the network. The current 254 Crown branches account for just over 2% of the overall network, but are large and located in town centres.

The policy of reducing the number of branches directly run by the Post Office is criticised by the [Communication Workers Union \(CWU\)](#) and some MPs. But the [government stresses](#) that this business model has 'helped securing key services on high streets whilst reducing need for taxpayer subsidy'. [Citizens Advice research](#) finds that former Crown branches generally perform as well as, and in some cases better than, Crown post offices on a range of measures.

As the statutory consumer advocate for Post, Citizens Advice has a formal role in reviewing relocation of Crown branches. Relocations of post office branches are subject to 6 week local public consultations. Citizens Advice will be meeting with POL to discuss consultation feedback from consumers and local representatives to ensure any concerns about access to, and within, the new branches are taken into account.

## **Post Office acquires Payzone bill payments**

The Post Office has [acquired Payzone](#) and its bill payment service after approval from the Competition and Markets Authority (CMA). Together the 2 networks will provide nearly 25,000 locations for consumers to pay a range of bills, including phone, gas and electricity.

[POL states](#) that the new acquisition will give the Post Office the opportunity to compete for more bill payment contracts, create greater choice for customers, and bring more people into post offices. Payzone branding will remain in place, but Payzone Bill Payments will operate as a subsidiary of POL.

[Citizens Advice research](#) shows relatively few consumers (6%) currently pay for their utilities at a post office. However, people who are digitally excluded, in lower socio-economic groups or aged over 65 are far more likely than other groups to use a post office to pay these bills.

Over-the-counter bill payment services are also available through [PayPoint](#), which has a slightly larger network than Post Office/Payzone. PayPoint operates through 28,000 locations such as convenience stores and supermarkets.

## **Additional post offices to issue International Driving Permits**

Following concerns that the UK driving licence may no longer be valid in the EU after a no-deal Brexit, the government has announced [more post offices will be able to issue international permits](#).

International Driving Permits are currently available in 90 post offices, but will be issued by 2,500 branches from 1 February 2019. Whilst some [commentators](#) are predicting a 'rush on post offices' if no Brexit deal is reached, the government says it does not believe there will be a need to recruit further post office staff to offer the enhanced service.

## **MPs launch new APPG on post offices**

A new All Party Parliamentary Group (APPG) on post offices has been launched in Westminster. This cross party group, chaired by the Shadow Minister for Postal Affairs, Gill Furniss MP, includes members of both the House of Commons and Lords.

The secretariat is provided by the National Federation of SubPostmasters (NFSP). The [NFSP says](#) the APPG has been established to 'raise awareness of the important economic and social contribution post offices and subpostmasters

make, to ensure [the Post Office's] position as a vital public service, and to provide input into areas of public policy which affect the post office'.

## **DHL takes over Pass My Parcel network**

DHL Parcel UK has reached an [agreement](#) with Pass My Parcel to take over their 3,500 UK parcel shops. Pass My Parcel provided parcel collect, send and return services from outlets such as newsagents and convenience stores.

DHL is part of Deutsche Post which runs the German post office network as well 10,000 parcel shops (Pick Up and Drop Off points or PUDOs). Deutsche Post operates its [Paketshops](#) through simple mobile phone based technology, which require minimal operator training and take up little space on the counter.

[Commentators](#) suggest that competition could increase amongst the UK's parcel shop (PUDO) networks. These now include 3 major European national postal operators - the UK Post Office, Deutsche Post and France's La Poste (DPD). Other operators include UPS, Hermes and CollectPlus.

Citizens Advice [research](#) shows there is a good overall provision of PUDO points across the UK, although levels of consumer access varies depending on geography. Post offices prop up access to parcel services in some areas, particularly for rural residents and small businesses.

## **Royal Mail share price drops by 25%**

A [profit warning](#) from Royal Mail caused its shares to lose a quarter of their value. Shares now stand not far above their flotation price 5 years ago.

The [drop in profits](#) has been blamed on a larger than expected decline in letter problems, partly caused by new data protection rules. Difficulties in increasing efficiency levels and failure to increase productivity have also been cited.

Over a third (35%) of [POL's turnover](#) comes from Royal Mail services, and mail is the most used service at post offices, used by [96% of consumers](#).

## **Delivery companies launch new apps**

In the run up to Christmas, [Royal Mail](#) has launched a new mobile app to help customers manage their deliveries. The app is designed to help consumers track the progress of their delivery via their smartphone. Shoppers are able to book a redelivery to their address, neighbour or a local post office.

Yodel is also introducing new features to its app. [Inflight](#) allows customers to

change delivery options up to one hour before it is due. The service has been piloted over the summer and will be rolled out in full in 2019.

## Post developments around the world

- **Norway** - Norwegian households now receive an average of only 3 items of addressed mail a week. Posten Norge says this level no longer justifies the need for daily mail distribution, and from 2020 [plans](#) to deliver mail every other day.
- **Switzerland** - Swiss Post is to [increase its number of access points](#) from 3,800 to at least 4,200. Increasingly Swiss Post is transferring its directly managed post offices to 'partner-operated' branches. Swiss Post is also testing self service stations, and setting up a wider range of services which are [available 24/7](#).
- **Australia** - A new agreement between Australia Post and the Australia's largest bank (CBA) will help [fund Australia's lossmaking community banking service](#). These services are crucial in providing access to cash, balance enquiries, deposits and passbook services - particularly in rural areas with no bank branches. The agreement will allow Australia Post to increase transaction payments and annual minimum payments to post office operators. Funding will also be used to support infrastructure and technology upgrades. Without support, Australia Post risked suspending the service or closing some community post offices.  
Separately, the Australian government has agreed to encourage [businesses not to charge vulnerable or disadvantaged consumers to receive paper bills](#). If increases in subscriptions to existing exemption programmes are not met, the government will consider a total ban on paper billing fees.

## More on Citizens Advice post policy work

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