



Post Office News - September 2020

Citizens Advice calls for government to increase PO subsidy

Citizens Advice is calling on the government to increase the subsidy it provides post offices in the upcoming spending review. This will help protect the valuable services the network provides and allow post offices to deliver even greater social value.

In a new [blog](#) and [briefing](#), we highlight the vital services post offices deliver to local communities, including face-to-face banking, bill payment and parcel services. During the pandemic postmasters have stepped up, delivering post office services to people's homes, groceries to those having to self isolate, acting as collection points for medicines and helping out food banks. We believe they could have an even greater social role by providing an 'Address & Collect' service allowing people who don't have access to their post, such as homeless people and survivors of domestic abuse, to receive letters.

But Citizens Advice is concerned cracks in the post office network are beginning to show. Long temporary closures and an increased reliance on outreach services means many communities have patchy access to basic banking, bill payment and parcel services.

In the upcoming spending review, the government faces a choice: allow post offices to thrive or lead them into a managed decline. Removing or reducing the post office subsidy would have a devastating impact on local communities at a time when they're trying to recover from the economic shock of coronavirus.

Given that temporary post office closures are increasing, outreaches aren't meeting consumers' needs, and the severe impact of the pandemic, the government should not only maintain the subsidy it provides, but increase it. Citizens Advice believes this would allow Post Office Ltd (POL) to fix the widening cracks in the network and deliver meaningful social value to local communities.

Post Office operational improvement plan

Over 1,800 postmasters may have experienced shortfalls due to problems with the Horizon IT system used to manage local post office finances. The alleged faulty computer system led to some postmasters going bankrupt or being imprisoned.

POL has [announced](#) that more than 1,300 current and former postmasters who believe they have been affected have applied for compensation. This is on top of the 555 postmasters who received a £58m settlement last December.

In addition to the compensation scheme, POL's 'operational improvement plan' is designed to address issues that arose from the group litigation scheme. This includes improvements in support and training for postmasters, with nearly 100 area managers providing personalised support. POL says it has increased postmaster remuneration by £20 million on top of £17 million increases for Post Office banking transactions.

The Post Office will also [appoint a serving postmaster](#) to its board as it attempts to 'reset' its relationship with postmasters following the Horizon affair. A consultation will be launched in the autumn asking how postmasters and retailers operating multiple post office branches want to be involved in the development and execution of business decisions.

Separately, POL has revealed that it has found another historical weakness in its [stock processes for stamps](#), which had the potential to produce cash surpluses or shortfalls for postmasters. This is unrelated to Horizon, but the Post Office is set to introduce an additional redress mechanism for postmasters.

Rise in post office cash withdrawals and deposits

Individuals and businesses have returned to post offices to deposit cash built up over lockdown. POL says July's [cash deposits and withdrawals](#) at post office counters increased by 24% compared with the previous month.

Business cash deposits at post offices are now 155% higher than in April, when lockdown measures were in place. POL expects to see a further increase in business deposits as the hospitality sector continues to open up.

The value of cash deposits by individual consumers has also increased, and now exceeds pre-Covid levels. But post offices have seen a slower return to pre-Covid levels of cash withdrawals. This may be partly due to the increased use of contactless payments.

Recent [Citizens Advice research](#) found pre-lockdown, 25% of individuals and 20% of all small businesses had used banking services at post offices. Businesses make most use of the Post Office's cash deposit service, but individuals are more likely to withdraw cash.

Post Office closes online shop

The Post Office [online shop closed](#) at the end of August. The shop sold postal products including stamps, envelopes and packaging. Customers could also purchase office supplies and equipment, inks and toners and collectibles.

Consumers can still buy many of these items at post office branches. And there are other places where stamps can be bought online, including [Royal Mail's website](#).

Online shopping continues to rise

1 in 3 people (33%) say they are shopping more online now than they did during lockdown, according to [research](#) from ecommerce software company [Scurri](#). Nearly 2 in 5 (38%) are shopping online as much as they did during lockdown.

[Royal Mail](#) also reports that online shopping increased as lockdown has eased. Royal Mail figures show consumers shopped even more frequently in June and spending increased compared with May. On average online shoppers spent £226 on purchasing goods online in June.

Royal Mail says the type of goods being bought are changing. The volume of DIY equipment and gardening product sales is starting to return to normal, whilst spend on clothing, food and drink continues to grow.

Over 7m disabled people faced delivery problem in single week

Despite online shopping representing a lifeline in lockdown, nearly 2 in 5 (39% equal to 7.1 million) [disabled people experienced problems with parcel delivery](#) in a single week, according to new Citizens Advice research. This compares with just 27% of people who don't identify as disabled.

This number jumps to just over half (51%) when looking at those in the shielded group. Problems include parcels left in inaccessible places, delivery drivers not leaving enough time for people to answer the door, and goods not being delivered on time or at all.

We have seen a 119% increase in people seeking help on parcel issues on the Citizens Advice website since lockdown began in March.

Last year, we called on delivery companies to improve parcel deliveries for disabled people. Five UK parcel companies have committed to finding a way to do this. But many delivery companies have yet to agree to this. Citizens Advice is urging all companies to commit fully to our pledge to [improve accessibility provision](#).