Post Office News - February 2021

Online shopping and parcel postage boosts PO income

A surge in online shopping and parcel postage helped push up Post Office Ltd's (POL's) income over Christmas.

In the peak Christmas period between 30 November and 27 December, the Post Office recorded 51.3m transactions, just 0.5% below the same period in 2019. Income was up by 17% across the network.

Mail and parcel services increased "significantly". And Drop & Go, the Post Office's fast-track service for business and online sellers sending parcels, increased sales value by 87%.

The biggest negative impact of the pandemic was in Post Office travel money, which saw a 69% decrease in sales compared with the same period in 2019.

Looking forward to the year ahead, the government has announced that it will invest £177 million in the post office network in 2021. Citizens Advice believes post offices have played a key role in helping communities survive the pandemic. And they could play an even bigger role in helping communities and businesses get back on their feet.

In a recent blog, we set out where the investment should go including

- reversing the trends of high numbers of temporary closures and outreach post offices
- offering an Address & Collect service at post offices, like a PO box, giving people with no fixed or secure address a safe place to collect their post and an address they can use to access services
- providing a missed parcel delivery service at post offices, including parcel lockers

Higher volumes and staff shortages result in postal delays

More post being sent than usual, staff shortages due to coronavirus and social distancing measures have led to postal delays in some areas of the UK. During the first 12 days of the year Citizens Advice saw a 481% increase in traffic to our web advice on missing post. Royal Mail listed 28 areas across the UK where postal deliveries might be limited. We also published tips for people who are concerned about missing or delayed post.

Media reports indicated that in some delivery offices, half the staff were absent due to Covid illness, self-isolation or shielding. There are also reports that Royal Mail had been prioritising parcel deliveries over letters.

Amid concerns over delayed deliveries Royal Mail has said Covid vaccination letters are being prioritised. These can be identified by the NHS logo on envelopes. In Scotland the plan is to use distinctive blue envelopes to help the postal service to identify and prioritise the mail during sorting and delivery.

Brexit leads to consumers paying extra on EU parcels

Following the UK exit from the EU customs union on 1 January, consumers have experienced a range of problems with parcels and online deliveries from the EU. Early January saw some parcel delivery companies pause EU deliveries. DPD reported as many as 1 in 5 of all parcels had the wrong or incomplete paperwork.

Not only do packages sent between the EU and Britain now require customs declaration forms, but shoppers may also have to pay customs or VAT charges, depending on the value of the product. Customs declarations and charges are the responsibility of the customer and are levied only when the item reaches the UK. The extra charges are usually collected by the courier on behalf of the government. Customs charges apply for goods with a value over £135 and gifts over £39.

Royal Mail is also charging a £8 handling fee when duty or tax is to be paid, which it says reflects "the cost of clearing items through customs and presenting them to Border Force". Usually, Royal Mail customers are notified via a postcard or letter delivered to their address. Once payment has been made, consumers can collect the package from a post office, or arrange for it to be delivered. Mail will not be released until charges and fees are paid.

Other firms including DHL and TNT are also charging customers handling fees on shipments from the EU.

Further bank branch closures likely to lead to greater reliance on POs for cash

A new swathe of bank branch closures will reduce cash and banking options in many areas. HSBC is planning to close 82 branches in 2021, TSB has announced 164 closings and Barclays 63. Lloyds Banking Group has confirmed it will proceed with the closure of 56 branches this year.

The news has led to further calls for a national strategy before the cash infrastructure collapses. Natalie Ceeney, author of the Access to Cash Review, has called for the government to urgently legislate to protect access to cash. The consumer organisation Which? has also written to the UK's largest banks urging them to remain part of the Post Office banking agreement.

Meanwhile, the Post Office reports over £1.6 billion was withdrawn and deposited by personal customers in December. This represents a only a slight decline, by 10%, compared with the same period last year, despite the varied levels of Covid-19 related restrictions during the period. Post offices saw cash withdrawals at post offices hit their highest level since the pandemic started.

Last year Citizens Advice research found consumers are increasingly using post offices for cash and banking transactions - with a doubling in usage between 2017 and 2020. Whilst service standards are largely good, we did uncover some significant problems and structural risks to the service. We called for the government to protect the Post Office provision for as long as the service is required.

Citizens Advice work plan consultation 2021/22

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.

The plan is now published in draft as part of a consultation ending on 12 February 2021. We welcome feedback, which will be reflected in our final work plan. Please send your feedback to consumerworkplan@citizensadvice.org.uk.