



Post Office News - October 2018

Post Office reports a second year of profits

The Post Office saw a £35m trading profit in 2017/18, up from £13m in 2016/17. Post Office Ltd's (POL's) latest [annual report](#) shows total turnover at £961m, an increase of 0.4% from the previous year. The increase in profit is also due to POL's decreasing costs, partly resulting from reductions in staff numbers and a drop in postmaster remuneration.

Financial services and telecoms revenue increased over the year, whilst revenue from mail services, government and payment services dropped:

- *Mail: revenue £334m (decrease 1%)*
Growth in parcels and home shopping returns offset the continuing decline in letter post
- *Financial services: revenue £215m (increase 5%)*
Strong growth in high street banking transactions. Increase also due to Post Office financial services (insurance, credit cards, savings, travel etc)
- *Telecoms: revenue £147m (increase 13%)*
Growth due to HomePhone and Broadband service, and acquisition of New Call Telecom
- *Government services: revenue £99m (decrease 13%)*
Decrease due to decline number of active Post Office card accounts. Revenue from Home Office and DVLA largely unchanged
- *Payment services: revenue £57m (decrease 14%)*
Fall due to ongoing shift away from paper based bill payment methods

POL has set a target of £100m trading profit in 3 years. The company says to achieve the target, it must simplify and automate running a post office, expand the network of branches, and improve IT systems.

More consumers using Post Office banking services

Last year saw an [expansion in consumer use of high street banking services](#) through post offices. POL reports cash withdrawals grew by 6% over the year and in total over 125m withdrawals from UK bank accounts were processed through the post offices. Cash deposits, driven largely by small business, grew by 28% in the same period. This increase follows the January 2017 [agreement](#) between the Post Office and the banking industry, enabling 99% of UK personal bank customers and 75% of business customers to do their day-to-day banking through post offices.

[Reports](#) that 250 free-to-use cash machines are disappearing every month, may further cement the banking role played by post offices. Cash remains the [second most frequently used payment method](#) in the UK, and is especially critical for people on lower household incomes. POL also provides free-to-use ATMs, which supported over [140m transactions](#) in 2017/18.

This month sees the launch of POL's pilot [marketing campaign](#), which will promote the Post Office's banking services to people living in North West England and Scotland. These locations were chosen, as both areas have had the highest volume of bank branch closures.

Online shopping continues to grow

UK online shoppers make 87% of their retail purchases (excluding groceries) online, according to [new research](#) from Royal Mail, a year on year increase of 9%. Whilst consumers aren't buying online more often, the proportion of money spent online has gone up. Average spend for each online transaction is now £34.

Royal Mail [reports](#) that most people want their items delivered to home. But post offices are the most trusted alternative delivery location (by 72% of online shoppers), outranking Royal Mail Delivery Offices, friends or neighbours, and other retail outlets. Forthcoming findings from Citizens Advice research on parcel pick up and drop off points (PUDOs) shows the key role of post offices for sending and returning mail order items.

Parcelforce trials self service at depots

Self service kiosks are a growing feature in the postal sector, and ParcelForce has announced a [trial of kiosks](#) in its depots. Consumers can drop off and pick up Parcelforce parcels at both post offices and the 54 Parcelforce depots. The new kiosks allow consumers to print labels, as well as send parcels. Parcelforce is part of the Royal Mail Group, focusing on express and large parcel services.

Citizens Advice will be publishing research on self service in post offices, later this year.

Party conferences discuss post office role

Postal services and post office issues featured at this year's party conferences.

Public ownership of key services from post to railways, was central part of the Labour Party's economic proposals. Shadow Chancellor John McDonnell said Labour would [renationalise](#) Royal Mail, and Labour is also [consulting](#) on potential new democratic forms of public ownership. Labour announced an [emergency 5 point plan](#) to save Britain's high streets, including stopping post office and bank branch closures. The post office role in providing banking services was discussed at conference roundtables.

The Conservative conference hosted discussions where issues around postal options for vulnerable consumers were raised. Royal Mail was focused on environmental issues, and is currently trialling [electric vans](#) in London and other major cities.

Lords consult on rural economy

The rural economy is under scrutiny from a new House of Lords committee. The [select committee inquiry](#) looks at a range of issues from the provision of essential services including banking, supporting shops and local amenities to how to help rural business to thrive.

A written response from Citizens Advice (Post) emphasises the importance of post offices remaining open, local and offering a wide range of services. We also call for the Government or UK finance industry to commission research to assess consumer access to and satisfaction with banking services at post offices. In addition, we recommend POL makes it easier to set up a community-run post office. For more details contact annabel.barnett@citizensadvice.org.uk.

Post developments around the world

- **Ireland** - Following debate about the viability of Irish post offices, An Post is to [close](#) 159 rural post offices. The Irish government is also looking at introducing new services in post offices. A pilot [Digital Assist](#) scheme, designed to assist rural residents to access online government services, is primarily aimed at people who are unable or unwilling to transact digitally.

- **France** - La Poste is to [expand](#) its range of financial services. The French government, which owns La Poste, wants to build up a state-owned company providing both banking and insurance services in the country's rural areas which are often neglected by private rivals.
- **Finland** - Finnish postal service Posti is switching to [volume-based postage](#) for international parcels sent using its online platforms. Customers can now measure their parcels at home and pay the correct postage online, instead of visiting a post office. Parcels can be dropped off at Posti's parcel lockers. Online prices can be cheaper than post office prices where parcels are assessed by both weight and volume.
- **Australia** - [Australia Post](#) says 91% of Australians have visited a post office in the last 6 months (on average 10 times). 85% of Australians say it is very important their local post office remains open. But Australia's 4,300 post offices are being challenged by declining letter volumes, online bill payment and withdrawal of large organisations from regional towns. The government-owned business, which receives no funding from the taxpayer, says its services require investment and increased funding.

More on Citizens Advice post policy work

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