



## Post Office News - November 2019

### **Barclays u-turns on ending cash withdrawal service at POs**

[Barclays has reversed its decision](#) to prevent customers withdrawing cash at post offices. Barclays' announcement that from January, its debit card holders would no longer be able to withdraw cash from a post office counter prompted fury from MPs and consumer groups.

Cancelling the plan, Barclays said it had been persuaded to rethink its proposals by the argument that offering the service is "crucial at this point to the viability of the post office network."

Barclays had been the only one of 28 banks not to fully sign up to a [new Banking Framework agreement](#) which ensures consumers can continue to access everyday banking services at post offices. The new agreement also sees an increase in payments for postmasters providing these services.

The government consistently cites Post Office banking services as a key part of the solution to bank branch closures. [Barclays closed around 500 branches](#) since 2015, and an estimated [15 million cash withdrawals](#) were made by Barclays customers at post offices last year.

Citizens Advice is currently undertaking research into Post Office banking. For further details see our [blog](#) or contact [annabel.barnett@citizensadvice.org.uk](mailto:annabel.barnett@citizensadvice.org.uk).

## **BEIS committee report on future of the post office network**

In a [new report](#) on the future of the post office network, the Business, Energy and Industrial Strategy (BEIS) Committee, called Barclays' original decision to stop its customers withdrawing cash from post offices as a "highly retrograde step". The report, which was finalised before Barclays reversed its decision, stresses that the move would have hurt vulnerable customers and undermined the post office network.

The committee describes post offices as "an essential public service", but warns that although the network has stabilised, it is also "fragile". 10% of the network might be closed at any one time, and many branches are not offering full time services. Many subpostmasters and operators are finding it hard to make post offices viable, and the committee warns if they leave in large numbers the network will collapse.

MPs question the sustainability of the current funding model and recommends the government urgently reviews whether they have the balance right between retail income, government income and fees for providing Post Office and banking services. They call on the government to indicate that it will extend the Network Subsidy Payment beyond 2021.

The committee also criticises the government from backtracking from previous commitments to make the Post Office a front office for its services. This has effectively excluded those who cannot take part in a digital-by-default world and who still need face-to-face services.

The MPs disagree with the strategy of franchising Crown post offices, and criticise the consultation process that has been used to seek the views of local communities that are affected by these changes.

The report examines a range of other issues including whether BEIS has been adequately scrutinising POL decisions, the exclusivity arrangement between Post Office Ltd (POL) and Royal Mail, accessibility for disabled consumers, and the Post Office role in delivering on objectives such as loneliness and social exclusion.

Citizens Advice submitted [written](#) and [oral evidence](#) to the BEIS Committee future of the post office network inquiry.

## Post Office reports third consecutive year of profits

The Post Office saw a 2% increase in turnover to £972 million in 2018/19, up from £956 million in 2017/18. POL's latest [annual report](#) shows a £25 million increase in trading profit compared with the previous financial year.

The majority of POL's revenue derives from mail, cash and banking services, telecoms and financial services:

- *Mail: revenue £350m (increase 5%)*  
Home shopping returns (35%) and parcels (7%) revenue has grown, but stamp sales continue to decline
- *Cash and banking services: revenue £161m (increase 2%)*  
High street banking services have grown, ATM revenue has remained stable, Post Office Card Account income has decreased
- *Telecoms: revenue £153m (increase 4%)*  
Customer numbers have increased, with a significant shift towards broadband
- *Financial services: revenue £113m (decrease 11%)*  
Includes mortgages, credit cards, savings and travel money
- *Identity: revenue £58m (increase 7%)*  
Increase is due to the launch of Universal Credit in [Verify](#). Also includes Home Office and DVLA services
- *Insurance: revenue £55m (increase 15%)*  
Growth in Over 50s life insurance and travel insurance

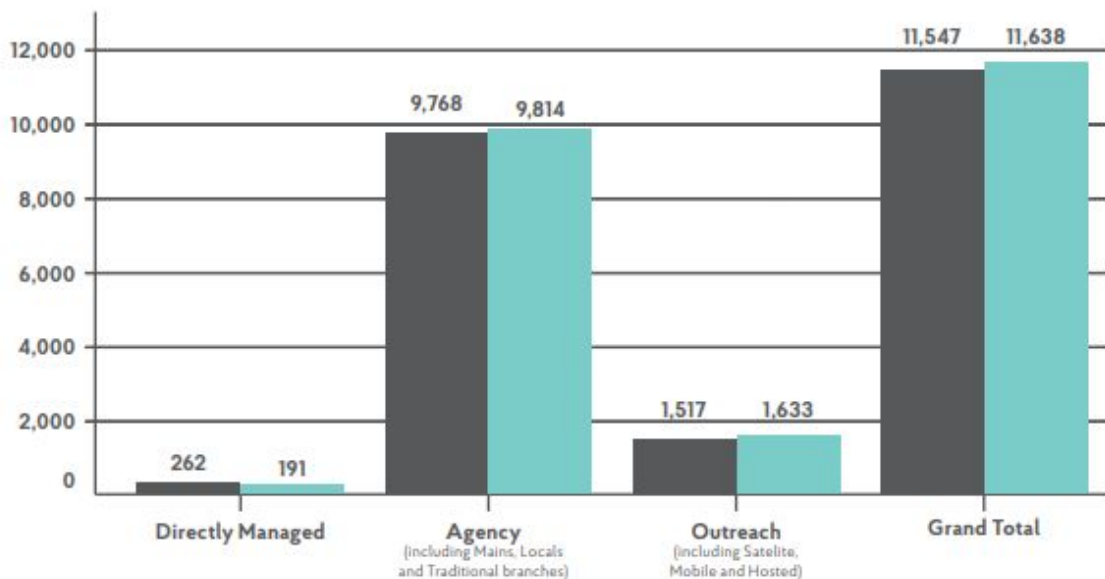
POL also reports steady income from payment services (£27m), following the acquisition of Payzone bill payments earlier in the year. Government services are no longer reported on as a distinct category.

## Total post office numbers remain steady

At the end of 2018/19 there were 11,638 branches, according to POL's [Post Office Network Report 2019](#). The total number of outlets hasn't significantly changed over the past 5 years. However, POL says that during 2018/19 it opened 328 new branches in communities where Post Office services were not available.

The number of outreach post offices continues to rise, and has doubled over the past decade. By March 2019, there were 1,633 outreach post offices (14% of the network).

In contrast, the number of branches directly managed by POL (Crown offices) continues to fall. In 2019, a total of 191 post offices (1.6%) were Crown offices, compared with 373 in 2009.



## Royal Mail workers vote for postal strike

The UK may see the first national postal strike in a decade after Communication Workers Union (CWU) members voted overwhelmingly for action. The dispute is over job security and terms and conditions of employment.

Strike dates have yet to be announced, but workers could target the annual Black Friday retail sales event in late November and the Christmas post.

The [CWU accused](#) Royal Mail of breaking the agreement that it reached with the union a year ago. [Royal Mail](#) has said there are “no grounds for industrial action.” The [company has written to the CWU](#) to say that if the union provides a binding commitment to remove the threat of strike action over the Christmas period, Royal Mail will enter into discussions without preconditions.

## Post Offices Advisory Group meeting dates

Thursday 5 December 2019

Thursday 12 March 2020

Thursday 18 June 2020

Meetings are 10.45am-2.30pm, at Citizens Advice, 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD