



Post Office News - April 2022

Post Office subsidy confirmed at £50m a year until 2025

The government has finally confirmed the Post Office network subsidy will be maintained at £50 million a year until 2025.

The payment has varied over time, reaching a high of £210 million in 2012, but has been at this level since 2019. It is used to support 4,000 post offices to remain open, including 3,000 'last shop in the village' community branches. The announcement ends months of uncertainty for the many rural post offices that depend on the subsidy to remain open.

However, [Citizens Advice is concerned](#) despite this essential payment, our recent [research](#) shows significant problems need to be fixed in the post office network. This includes growing cracks in coverage in rural areas. Recent years have seen an extraordinary rise in the number of part-time outreach services - 1 in 3 rural post offices are now provided in this way.

Whilst the announcement will help to relieve some of the pressure on the network, post offices are still facing rising costs. As inflation, National Insurance and minimum wage increase, they're set to feel the effect. By not increasing the subsidy to reflect these costs, the gaps in the network are likely to continue to grow. As the statutory consumer advocate, Citizens Advice will continue to make the case for more support.

Further bank branch closures underline importance of PO service

Following the announcement that HSBC is closing 69 branches, MPs have again [debated bank branch closures](#).

Whilst agreeing that we are moving towards a digital economy, MPs were keen to stress the ongoing importance of access to cash especially for older people

and people on lower incomes.

In response the government was keen to stress the Post Office as an “alternative option” for both individuals and businesses. Treasury Minister, Lucy Frazer MP, told MPs that all the closing HSBC branches have a post office within 1.5 miles.

The latest Citizens Advice research confirms increasing numbers of people are now using Post Office banking services - with over 1 in 3 adults (35%) used a post office to withdraw cash from a bank account or pay in cash or cheques during the last year.

Citizens Advice reviews the state of the postal sector in 2022

In a new [report](#) Citizens Advice examines the postal sector at the start of 2022. Drawing on our unique insights, we focus on how postal and post office developments have affected consumers.

We use a range of sources including the Consumer Service helpline, local Citizens Advice cases, views of our online advice content, a telephone survey of 4,000 adults, and analysis of Post Office Ltd data. Our data shows

Letters remain important in people’s everyday lives

- Each month 76% of adults receive and 59% send a letter
- People living in remote rural areas, with mental health conditions, aged over 75 and non-internet users are most likely to find receiving post ‘essential’
- Many people reported problems with letter deliveries during 2021. Over Christmas, 15 million were left waiting for post

More parcels are being sent and received, but problems are also rising

- Each month 33% of adults send and 83% receive a parcel
- Problems with parcel deliveries led to 25,700 people seeking parcels advice from our Consumer Service in 2021
- Almost 7 in 10 online shoppers experienced a delivery problem in the last 3 months

Almost everyone uses post offices, and different groups use the service differently

- 88% of adults visit a post office at least yearly, 45% monthly, 18% weekly
- Letter postage and parcel services are the most used services, but Post Office banking use is increasing especially in rural areas

Increase in stamp prices from April

Royal Mail [announced](#) that the price of a 1st Class stamp will increase by 10p to 95p and the price of a 2nd Class stamp will increase by 2p to 68p. This is the latest in a series of inflation busting price rises from Royal Mail. The cost of a 1st Class stamp has risen by 46% since 2017.

Citizens Advice is [concerned](#) about the impact of stamp price rises and people being unable to afford to send letters. Under the Universal Service Obligation (USO), post should be fair and affordable for everyone.

The company says the pricing has to be balanced against declining letter volumes and the increasing costs of delivering to a growing number of addresses.

Citizens Advice Scotland finds SMEs dissatisfied with postal system

A new [briefing](#) from Citizens Advice Scotland (CAS) says that small businesses (SMEs) are being let down by the postal system

- 60% of SMEs said the cost of sending Royal Mail parcels was expensive
- 1 in 4 SMEs faced surcharges on inbound deliveries from private parcel operators
- 42% of SMEs who complained to a parcel operator were dissatisfied with the response

CAS recommends exploring concessionary rates for SMEs when using some postal services, such as redirections. Additionally, CAS proposes parcel operators should improve their complaints processes. They also suggest flat rate delivery fees remain part of the USO so rural and remote communities are not forced to pay more for deliveries due to their location.

A [Commons debate](#) in March raised a similar issue relating to unfair delivery charges in Scotland. Douglas Ross MP said 440,000 people may be affected by surcharges.

Citizens Advice will conduct [research](#) later this year to understand how small businesses across the country access and use post office and postal services, and the problems they encounter when doing so.

Unions' strike warning

Following a strike ballot, 97% of Communication Workers Union (CWU) members [voted for strike action](#) in a campaign against Post Office staff pay freezes

(turnout was 70%). The CWU says strikes are likely if POL doesn't settle the wage claim of Crown post office counter staff, admin and supply chain workers.

Separately, Unite is also preparing an [industrial action ballot](#), as part of a [campaign](#) to save the jobs of 900 postal managers at Royal Mail. The planned job cuts include delivery office managers, collection managers and managers who oversee post boxes and Post Office counter collections. Unite warns the postal service is already seriously understaffed and is concerned that "dedicated managers – the hidden heroes of our postal service – are being sacked while the boardroom helps itself to massive profits and drops investment."

71 MPs signed an [Early Day Motion](#) opposing the job losses and expressing alarm on the impact of quality of service. The proposed cuts come after Citizens Advice research found almost 15 million people faced [postal delays](#) over Christmas.

Hermes rebrands as Evri

Parcel delivery company Hermes has rebranded their company to Evri. The move follows [criticisms](#) of poor customer service and parcel mishandling. The company came bottom in Citizens Advice's [league table](#) of parcel companies, scoring poorly on customer trust and accessibility.

Hermes [describes](#) the name change as part of a "major transformation" after "significant investment and dramatic growth." The [company](#) says it's the UK's biggest dedicated parcel delivery company, delivering over 650 million parcels a year. It also runs over 10,000 parcel shops and lockers.