



Guidance for NFSP members on submitting a response to the Business, Energy and Industrial Strategy Committee Post Office Network Inquiry

This document outlines the NFSP's recommended responses and the process for making your submission.

How to respond

Responses must be submitted by 6 May 2019 via the parliament.uk website – here:

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/business-energy-industrial-strategy/inquiries/parliament-2017/post-office-network-17-19/>

Your response should be written up in a Microsoft Word document.

The Inquiry is formed of eight questions:

- The first five cover the current state of the post office network and what the future may look like.
- The final three questions are concerned with the franchising of the Crown office network.

We recommend that NFSP members respond to the first five questions. We believe it is less important that you respond to the three questions on Crown office franchising – but of course, you are able to do so should you wish.

What to respond: overview

It is important for your responses to be measured and evidence-based as far as possible. For example – if you describe a decrease in income, be clear how much and over what timeframe; if you refer to bank note forgeries, specify how often you come across these and what the cumulative value is in a month or year.

The NFSP's Member Survey which took place in January this year has had a major impact in terms of raising awareness of the issues affecting subpostmasters – it has been discussed in Parliament several times and been covered heavily by national media. This is a unique source of information and the NFSP will be referring to the survey results throughout our response to the Inquiry. We encourage you to do the same – where a survey finding applies to you, please ensure you mention that this is the case.

Below, for each question, we provide a brief summary of the NFSP's planned response and suggest how you might wish to respond.

What to respond: question by question

Question one – Is the post office network currently delivering services to the necessary standard across the UK?

Summary of NFSP response

On paper, the network gives the impression of stability and is (nearly) meeting its government access criteria. However, under the surface, branch closure levels are high – in spite of the NNL branch-opening programme – and there is an increasing reliance on outreach services.

Subpostmasters work hard to provide a high-quality service but the support they receive from Post Office Ltd (PO) has been lacking. Better pay, support and training for subpostmasters will improve subpostmaster retention, reduce the loss of service the public experiences and maintain and/or raise service standards.

We would also support the introduction of access criteria by product/service type – to ensure that all people across the UK have appropriate access not just to a post office, but to the full range of essential services available through the network.

Recommended NFSP member response

Outline any issues you have had with the support (or lack of) that you have received from PO.

Outline any difficulties you have had providing a good service to customers because of problems with information, training, support or equipment from PO. Ensure you quantify these difficulties – how often, how long, what cost to you etc.

Question two – What concerns do you have, if any, about the long-term resilience of the post office network across the UK?

Summary of NFSP response

As a note, this question overlaps considerably with question three (on how sustainable the current framework is for subpostmasters) – on that basis we are going to focus our response to question two on the wider industry culture and the environment that has led to the detriment currently experienced by subpostmasters (which will be covered in our response to question three).

In our response to question two we will cover the following:

- How the profitability of sub post offices and the morale of subpostmasters has been eroded to the extent that the network's resilience is extremely limited.
- How subpostmasters have been relegated to the bottom of the food chain and in recent years have been seen as a cost element to be reduced by PO.
- How PO's response to branch closures has been to replace rather than repair the network to prevent further closure.
- Even though banking deposit remuneration is due to increase, subpostmaster payment rates still represent a fraction of what banks charge their business customers.
- PO's 'North Star' strategy to achieve £100m profit has been implemented too quickly and too much at the expense of the network.
- How post offices were expected to be the 'front office of government' but this never came to fruition and no discernible plan or innovation has been developed to replace this potential source of income for the network.
- How government subsidy to the network is vital to sustain the network and must be continued beyond 2021 (when it is scheduled to end).
- How the renegotiation of the PO-Royal Mail agreement has to be beneficial to subpostmasters.
- How regulation of the parcel market is needed to ensure the service standards expected of Royal Mail are applied to other operators, levelling up the playing field.

Recommended NFSP member response

The NFSP Member Survey showed that subpostmasters feel disenfranchised from the main industry stakeholders – PO, Royal Mail and government. Outline your feelings on how these stakeholders have treated you as a subpostmaster.

Talk about the fees you pay your bank and how this compares with your banking income.

If POCA is (or has been in the past) an important income generator for you – talk about the consequences of its decline.

Question three – Is the current framework for sub post offices sustainable for subpostmasters and the communities they serve?

Summary of NFSP response

We will be taking a strong line on this. Building on the high-level points in our response to question two, we will state that the current framework clearly isn't sustainable and point to the following:

- Levels of sub post office closure are high – at any point in time around 1,000 offices are listed as closed by PO; and roughly two-thirds of closure are due to the resignation of the subpostmaster.
- While the overall number of offices has remained broadly consistent, the amount PO has paid to the network has dropped by 18% since 2013 (before inflation). Meanwhile, costs are increasing.
- The NFSP Member Survey showed that 61% of members are taking home less now than in the past, 76% earn less than the National Minimum Wage per hour for working in their post office, and 19% of members (or their spouse or partner) have had to take on work elsewhere in the last year just to make ends meet.
- The survey also showed that many members struggle to take any time off at all because they cannot afford to employ other staff in the post office.
- The post office is more and more commonly a smaller income generator compared with other elements of members' businesses (e.g. retail).
- As a result, as many as 22% of members plan on closing/downsizing/handing-on their post office in the coming 12 months.
- Our survey showed that plans to close and general negativity in outlook for the future is most common in urban and deprived areas – linked to the decline in POCA.
- These levels of closure will have a significant negative impact on communities around the country because of the vital social role post offices play.

Recommended NFSP member response

You should also take a strong line on this but ensure you provide figures and examples.

If you are taking home less now than when you took over your office – or if you've seen a decline in recent years, describe this.

If you believe you earn less than the National Minimum Wage per hour for working in your post office – state this. Give an indication of your earnings and the hours you work if you are happy to share this.

If you or your spouse/partner have had to take on work elsewhere to make ends meet – provide detail of this.

If you struggle to take time off and /or make use of employees as much as you would like – provide detail of this.

If you plan to close – or if you see this as a possibility – explain why this is the case and what might be your tipping point.

If you have invested capital in your business and are experiencing any of these issues – explain this and outline how much you have invested.

Outline the role you play in your local community and what you believe would be the consequences if you were forced to close. Do you serve vulnerable customers? Are you the only source of postal services and banking services nearby?

Question four – Does the increasing role post offices play in providing basic banking services provide them with an opportunity or a threat?

Summary of NFSP response

We believe it is both an opportunity and a threat.

An increase in banking transactions presents a massive opportunity to increase footfall and income. Payment rates for banking deposits will increase this year but this should be seen as a first step only, with further improvements needed.

Besides subpostmaster remuneration, the following issues also need to be tackled:

- The risk and financial burden to subpostmasters of forgeries
- Security
- In Local model offices in particular – the capacity to hold large volumes of cash and the impact banking transactions can have on customer queues.

We believe that the range of 'everyday' banking services available at post offices should be increased as banks desert the high street – for example: printing statements and setting up direct debits and standing orders.

Public and business awareness of the availability of banking services at post offices needs to be increased. PO must work with government on a national strategy and also equip subpostmasters with the tools and resources to promote their services in the local area.

A long-term view also needs to be taken because use of cash is in decline. While banking may present a footfall and income opportunity for a number of years, it cannot be seen as a 'silver bullet' in the long term and other income streams must be developed.

Recommended NFSP member response

Outline the challenges you face in delivering banking services and what the impact is on you and your customers. Be sure to cover:

- The time it takes to perform banking transactions and how much you earn from these.
- Forgeries – how often do you come across these? At what cost to you?
- Concerns you have about security
- Your capacity to hold cash
- Issues with queueing times
- What could be done to tackle these challenges?

If you would be keen to advertise the availability of banking (and other) services in your local area – state this and request that PO provide you with the support and resources to do so effectively.

Question five – what new services, if any, could the post office provide to customers?

Summary of NFSP response

The post office network has a unique geographical spread thanks to the government's access criteria. It is a trusted brand and still seen as the 'front office of government' by the public (even if government hasn't seen it as such for several years).

This makes the post office network uniquely able to provide a range of government services and the NFSP wishes to work with the government departments that touch upon the post office network (including BEIS, DWP, DfT, MHCLG, Defra, Home Office) to bring vital government services back into the post office network.

The NFSP believes that – in spite of the drive for services to be 'digital by default' – there is a demand for face to face provision and this type of interaction is beneficial for vulnerable people and communities in general.

We believe that an appropriate replacement for POCA must be developed.

We have also outlined earlier that the range of banking services available at post offices should be increased so that people can perform a greater number of 'everyday' banking transactions.

We also believe that the post office network relies too heavily on older customers and that more must be done to bring younger generations into the post office. The NFSP is keen to work with PO, Royal Mail and government to develop new products and services, and campaigns to bring younger people into their local post office and help future-proof the network.

Recommended NFSP member response

If you would welcome a greater range of 'everyday' banking services, be sure to state this. If customers have asked you about services you do not currently provide – provide details of these.

If you would like to see POCA replaced with a product that works for current/previous POCA users and subpostmasters then please state this.

Similarly, if you would welcome the ability to provide more government services, be sure to state this.

If you receive requests or enquiries from customers about whether they can perform government services with you, state which these are and how often this happens.

Also on government services – if you are aware of any problems your customers have experienced because services are only available online, provide detail of this.

Do add any further ideas you have of course – especially about how to bring younger generations into post offices.

Question six – Do you have confidence that franchises can maintain and improve current service levels in the Crown post offices they take over?

Summary of NFSP response

We believe that the franchise / private ownership model works – and it has done for many years. As much as 98% of the post office network is privately owned and offers a good service to the public (and would function even more effectively with improved pay and support).

NFSP members are independent business people and they uphold high service standards.

Research from Citizens Advice shows that service standards are broadly comparable in Crowns and ex-Crown offices.

Recommended NFSP member response

As stated, we believe it is less important that you respond to questions six to eight.

Should you choose to, we suggest that you mention the following:

The vast majority of post offices are privately owned and that you are one such business owner. You uphold high service standards and play a vital role in your community.

You and other independent post office operators would be able to function more effectively if your pay and the support you receive were to be improved.

Question seven – what contingencies should the government have in place in case franchises fail?

Summary of NFSP response

Crown offices are clearly seen as a failed model themselves as they are not financially viable.

Rather than talking about contingencies, government should be looking to safeguard the longevity of all independently-owned post offices, which make up 98% of the current network, by ensuring:

- PO's 'North Star' strategy isn't detrimental to the network
- Industry stakeholders (PO, Royal Mail, NFSP) are supported to develop new products and services to appeal to younger generations
- Remuneration levels are fair and appropriate to make all post offices financially viable in the long-term
- Footfall is increased by developing the range of government services available at post offices
- PO provide effective support to help the network operate efficiently and effectively

Recommended NFSP member response

Again, it is less important that you respond to this question. Should you choose to, we suggest you repeat the point the NFSP will be making as follows:

Government should be looking to safeguard the longevity of all privately-owned post offices, which make up 98% of the current network, by ensuring:

- PO's 'North Star' strategy isn't detrimental to the network
- Industry stakeholders (PO, Royal Mail, NFSP) are supported to develop new products and services to appeal to younger generations
- Remuneration levels are fair and appropriate to make all post offices financially viable in the long-term
- Footfall is increased by developing the range of government services available at post offices
- PO provide effective support to help the network operate efficiently and effectively

Question eight – Should the government seek to ensure that staff terms and conditions are preserved when a franchise takes over a Crown post office?

Summary of NFSP response

Our understanding is that under TUPE regulations, staff transferring from a Crown office to a franchise will have their terms and conditions protected.

Recommended NFSP member response

Once again, it is less important that you respond to this question. Should you choose to, we suggest that you state that government should be looking to ensure that the investment you as a subpostmaster have made in your business – and therefore the post office network – should be protected by enabling you to make a decent living from your post office.