

The National Federation of SubPostmasters (NFSP) is a professional trade association representing independent businesspeople who act as agents for Post Office Ltd (PO). Our 8,000 members own and operate around 9,300 sub post offices. Privately-owned post offices comprise 98% of the national post office network and are, collectively, a major employer nationally.

The NFSP exists to support subpostmasters to maximise profit from their post office and retail business. We are a member-focused organisation.

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## Summary

- The NFSP urges Government to commit to an extended subsidy payment to the post office network
- The post office network provides a wide range of essential services to communities across the UK, including mails, banking, and bill payment transactions.
- The network helps to promote financial inclusion by representing a lifeline for vulnerable people who continue to rely on face-to-face banking services.
- Post offices act as an informal and unpaid support mechanism for as many as 300,000 vulnerable people.
- Subpostmasters help to support public services by regularly signposting citizens to Government, local council and other public services.
- Government should also consider further investment in the post office network as it is uniquely placed to support the 'levelling-up' agenda.

Above all, the NFSP urges the Government to commit to an extension of the Post Office Network Subsidy Payment which is currently scheduled to end after March 2021. In doing so, the Government will recognise the incredible work that subpostmasters and their staff do to support their local communities.

The subsidy is paid to Post Office Ltd and is designed to cover the operating costs of the post office network. The amount of subsidy decreased from £210m in 2012/13 to £50m in 2020/21.

Post Office Ltd chiefly uses the subsidy to provide a fixed element of remuneration to around 5,000 post offices, the vast majority of which are in rural areas. This includes the 'community' network of c.2,500 post offices that are colloquially referred to as 'the last shop in the village', as well as 1,600 'outreach' services that serve some of the remotest areas of the UK on a part-time basis using a mobile van or a community space such as a village hall.

Should the subsidy end, Post Office Ltd's ability to support these post offices with a fixed element of remuneration would clearly suffer.

While it is not possible to say how many rural post offices rely on their fixed element of remuneration to remain open, the NFSP does not believe it is sensationalist to state that there would be many closures if this were removed.

Post offices in rural/remote areas can be extremely difficult to replace. In recent years, the closure of these types of post office has led to an increase in the numbers of outreach services. In 2009 there were 803 outreach services – in 2019 there were 1,633.

An outreach service is better than no service at all – and the NFSP does not seek to undermine the work of outreach service operators. However, outreach services are not a ‘like-for-like’ replacement for permanent, bricks-and-mortar post offices – neither in terms of the availability of postal, banking and bill payment services; nor the availability of the informal support that subpostmasters around the UK provide to their local communities day in, day out.

The following are key examples of the ways in which post offices support local communities.

### **Essential services.**

The post office network is a vital asset to communities and local economies across the UK, providing services of general economic interest (SGEI) such as mails, banking, and bill payment transactions.

Subpostmasters were designated as key workers during the coronavirus crisis and as many as 90% of post offices remained open during the ‘lockdown’, continuing to provide essential services to their communities.

### **Financial inclusion.**

The alarming rate of bank closures in the UK continues to put vulnerable people at risk of financial exclusion. Without face-to-face services, this can exacerbate problems regarding isolation/loneliness, money management for the vulnerable, and financial inclusion in general.

A significant number of people still rely on physical outlets in order to access the financial system.

With more branches than all the UK’s major banks combined, the post office network is the UK’s largest financial institution in terms of its physical reach.

### **Reliability in a crisis.**

As stated, 90% of post offices remained open during the coronavirus ‘lockdown’.

A recent survey of NFSP members showed that as many as 97% of the subpostmasters who remained open during lockdown continued trading to help support their local community; while 90% took it upon themselves to do things that they wouldn’t normally do to help out - such as collecting letters and parcels from homes locally, offering home delivery of groceries and other essentials, and paying extra attention to older and vulnerable customers to ensure their wellbeing, including calling by their houses to make sure they had everything they needed.

The NFSP believes that the coronavirus pandemic has underlined the vital role that post offices play across the UK and continuing the subsidy payment should therefore be a priority for Government.

### **Social value.**

The NFSP’s recent survey demonstrates the vital role post offices play in supporting local communities and vulnerable people in particular:

- On average, subpostmasters and their staff ‘keep an eye on’ 25 potentially vulnerable people – meaning that post offices may act as an informal and unpaid support mechanism for around 300,000 vulnerable people across the UK.
- 88% guide vulnerable customers through banking or bill payment transactions every day or most days of the week.
- 40% help prevent customers falling victim to scams or fraudulent activity every day or most days of the week.

- 93% of subpostmasters described their post office as a safe place for local people if they need help or feel threatened.

### **Advice and signposting.**

Subpostmasters are uniquely trusted in the communities they serve. As well as supporting vulnerable customers as outlined above, subpostmasters also advise and signpost citizens to other public services and support outlets:

- 79% give customers advice on where to get help with an issue every day or most days of the week.
- 64% signpost customers to Government, local council or other public services every day or most days of the week.

If Government does not extend its post office network subsidy payment, many communities around the UK will lose access to these essential services and this incredible level of support. This would have a catastrophic impact on the lives of those who rely on their local post office.

Beyond extending the subsidy payment, the NFSP believes that Government should give serious consideration to making further investment in the post office network for two key reasons:

### **Supporting the 'levelling-up' agenda.**

Government has stated its intention to 'level-up' regional disparities in terms of wealth and access to services. As outlined above, the post office network is itself a driver of financial inclusion and provider of essential services. On that basis, the Government should, as a minimum, protect and maintain the network to ensure all corners of the UK have access to Post Office services.

However, there is more that could be done to expand and enhance the role post offices play in their communities to boost local economies and enable access to public services.

Post offices are uniquely placed to support Government's ambitions to 'level-up'. The geographical reach of the network is unlike any other network (retail or otherwise) and subpostmasters are trusted figures in their communities.

The NFSP is calling on Government to explore ways in which additional investment could enable post offices to provide or support:

- (a greater level of) Face-to-face provision of Government services
- Co-location of public services to enable community asset retention
- More formalised signposting to public services
- Financial products to prevent financial exclusion (especially in light of the planned cessation of the Post Office Card Account from November 2021)
- An expanded range of 'everyday' banking services

### **Preventing post office closures due to the withdrawal of Mailwork services.**

Around the UK, some Royal Mail sorting offices are co-located in (or are attached to) individual post offices. This is a source of income to the subpostmasters who own and operate these post offices – most of which are in rural areas.

Royal Mail is currently in the process of withdrawing these 'Mailwork' services from certain post offices in order to cut costs.

A compensation package has been made available for affected subpostmasters – but this is limited in scope. The NFSP's research shows that in some cases, around half of these subpostmasters' income comes from their Mailwork service.

There is a significant risk that many affected subpostmasters will struggle to keep their post offices open after their compensation payments end. As outlined in detail earlier in this submission, there are serious implications for local communities where/when post offices close – especially in rural areas.

The NFSP encourages Government to invest in measures to prevent the withdrawal of Mailwork services from leading to post office closures.