



Subpostmaster Income Survey 2009

National Federation of SubPostmasters

June 2009

Executive Summary

The National Federation of SubPostmasters (NFSP) surveyed 755 subpostmasters about their Post Office income in March 2009.

From his or her net pay, the subpostmaster must pay for the running of the post office, including overheads and staff wages, as well as taking their own personal drawings. A subpostmaster's monthly net pay is made up of a combination of a fixed element, and the number and type of products and services he or she has sold or transacted in the post office.

Over the past ten years there have been significant shifts in the mix of products and services transacted at post offices. This survey looks in detail at income derived from a range of products and services; including traditional business (state benefit encashment, government services, bill payment) and newer services (financial services, banking, telephony).

Net pay

- In March 2009 subpostmasters received an average of £2,882 net pay.

Post Office Financial Services

- The vast majority of subpostmasters earn nothing at all from many of Post Office Ltd (POL)'s financial services products.
- £0 was earned by
 - 92% of subpostmasters for PO Credit Cards
 - 92% of subpostmasters for PO Home Insurance
 - 86% of subpostmasters for PO Vehicle Insurance
 - 99% of subpostmasters for PO Life Assurance
- For the few subpostmasters who received income from the sale of a financial services product, earnings were typically £25.
- Many subpostmasters say they are unable to make an ongoing income from these products as they have a very finite customer group.

Post Office Instant Saver

- Subpostmasters earned an average of £25 from POL's Instant Saver savings account.

High street bank withdrawals

- 81% of subpostmasters make some income from high street bank account withdrawals over the post office counter.
- Subpostmasters earned an average of £32 (1% of net pay) for high street bank card withdrawals at the counter.

Post Office ATM

- 19% of the subpostmasters surveyed have a Post Office ATM.
- An average of £336 was earned by those with a Post Office ATM.

Post Office card account

- Post Office card accounts are simple electronic accounts designed to receive state benefit and pension payments.
- Subpostmasters earned an average of £202 (7% of net pay) for card account transactions.

Benefits cheque

- Subpostmasters earned an average of £19 for processing benefits cheques for the small minority of claimants that are paid this way.

Bill payment

- Bill payment transactions include payment for services provided by utility companies and communication services.
- On average subpostmasters earned £49 from bill payment transactions (2% of net pay). This includes £39 from over the counter payments and £10 via Paystation terminals.
- Income from bill payments has reduced considerably since 2006 when it brought in £132 per month (5% of net pay).

Mails

- Mails includes all postal transactions ranging from stamp and postage label sales to redirection and home shopping services.
- Subpostmasters earned an average of £809 for mails transactions (28% of net pay).
- The maximum earned from mails transactions was just under £6,000.
- The majority of the income is derived from postage sales.
- Home shopping related transactions brought in small levels of income.
Home shopping returns: average £24 (22% earned £0)
Undelivered parcel collection: average £2 (58% earned £0)

Telephony

- Post Office telephony includes Post Office HomePhone and Broadband, e-top ups, prepay and phonecards.
- Subpostmasters earned an average of £48 for telephony (less than 2% of net pay).

Government services

- POL's government services category includes Passport Check and Send, DVLA services, game and fishing licences, National Lottery, EHIC Check and Send. Some of these services are only available at a small number of post offices.
- Subpostmasters earned an average of £171 for government services (6% of net pay).
- 41% of subpostmasters earned nothing under this category.

Income and expenditure trends

- 36% of subpostmasters said their Post Office pay has increased in the last 12 months, 38% said it is the same and 26% said it has decreased.

- But costs are rising: 77% of subpostmasters report an increase in overheads, 64% report an increase in staff costs.

Personal drawings

- Average personal drawings (money taken as a salary) were £866 from Post Office pay for March 2009.
- 14% of subpostmasters took nothing at all.
- Personal drawings have dropped by nearly 9% since 2006.

Attached business

- 80% of post offices are run alongside another business, usually a shop.
- 66% said the attached business would “probably not” or “definitely not” remain open if the post office closed. Only 10% agreed the attached business would definitely remain open if the post office closed.
- 24% of post offices are the only retail outlet in the area. 45% of post offices are located in a row of shops, or village with one to three other shops.
- 43% of subpostmasters said both their post office and attached business were experiencing reduced business in the current economic downturn.

Conclusions

- Nearly two-thirds (64%) of subpostmasters say their Post Office income, which they must use to run their office, has reduced or remained the same over the past 12 months. This is a major concern since at the same time most subpostmasters have seen a rise in overheads and staff costs. A quarter (26%) of subpostmasters are taking less from their Post Office pay as a salary than they were a year ago. 14% are taking nothing at all, drawing income instead from pensions, savings or their retail business.
- Many of subpostmasters’ traditional income streams are collapsing, including income from bill payment and payments from processing state pensions and benefits. A number of new services have been introduced over recent years and these have been heralded as income generators for the future. However, the research shows that many of these services - including Post Office Financial Services, telephony, home shopping mails transactions - are producing minimal levels of income for subpostmasters, and in many cases nothing at all.
- This situation is not sustainable. The NFSP is seriously concerned that unless new sources of income are urgently found for subpostmasters we will be facing mass post office closures, depriving local communities of post office services and much-needed local retail.

Introduction

This report presents the findings of a survey on subpostmaster income, conducted by the National Federation of SubPostmasters (NFSP). The survey was undertaken to inform our knowledge on current pay, pay trends and subpostmasters' views and attitudes on pay issues. It represents an update on previous research carried out by Ipsos MORI in 2006.

Background

Sub post offices make up 97% of the national network of post offices and are run by private business people, subpostmasters. Subpostmasters are not employees of Post Office Ltd (POL), but act as agents contracted to provide services on behalf of POL. The National Federation of SubPostmasters is the trade union and independent membership organisation which represents the interests of the UK's subpostmasters.

The last decade has seen considerable changes in the post offices network. Between 2000 and 2009 the network has reduced in size from over 18,000 to 12,000 post offices. This period included two closure programmes – Urban Reinvention under which 2,400 urban post offices shut between 2002 and 2005; and most recently, between June 2007 and early 2009, under the Network Change programme, 2,500 post offices closed.

The mix of business transacted over post office counters has also changed over the decade. The 'direct payment' programme under which claimants were asked to receive their state pensions and benefits by electronic payment straight into accounts (rather than by order book and girocheque over the post office counter) started in 2003. Despite the four million people who access their benefits via the Post Office card account, income from processing benefits payments has reduced significantly. Other government work has reduced or disappeared, including the loss of TV licence renewals. The post office network has also been affected by wider social and economic changes – the rise in online and telephone transactions and direct debit payment of bills.

A number of new products and services have been introduced to try and halt the decline in Post Office business and achieve a viable stable network of post offices. These products include a range of Post Office Financial Services such as insurance and life assurance products, credit cards and savings accounts. A number of high street bank accounts are accessible over post office counters and over 1,500 post offices have Post Office ATMs.

POL has also introduced a range of telephony products including Homephone, Post Office broadband and e-top ups.

Mails services continue to be a major part of post offices' business, and POL has introduced a number of new services to reflect the recent growth in mail order and internet shopping.

The NFSP has carried out this research in order to find out whether the new products and services are bringing in enough income to make up for the loss in traditional business. We also wanted to gather evidence about general pay trends and subpostmasters' views of the future of their business.

We asked subpostmasters about their net pay, pay for a broad range of categories of transactions as POL groups them together on the payslip, and about pay for specific transactions. We asked subpostmasters to record their March 2009 income for many of the transactions that have brought historically a significant proportion of post office income. We also focused on a number of the newer services POL has introduced in recent years.

Detailed Findings

1 The Survey

A sample of 3,000 randomly selected NFSP members were sent a postal questionnaire. The questionnaires were received and returned in April 2009, and focused on subpostmasters' Post Office payslips for March 2009. These payslips covered transactions from 29/1/09 to 25/2/09. Subpostmasters were asked to record figures directly from their payslips. Unless otherwise stated, all financial data are self-reported monthly figures.

A total of 755 questionnaires were returned – a high response rate of 25%.

2 Income

Subpostmasters' income is largely made up of two elements.

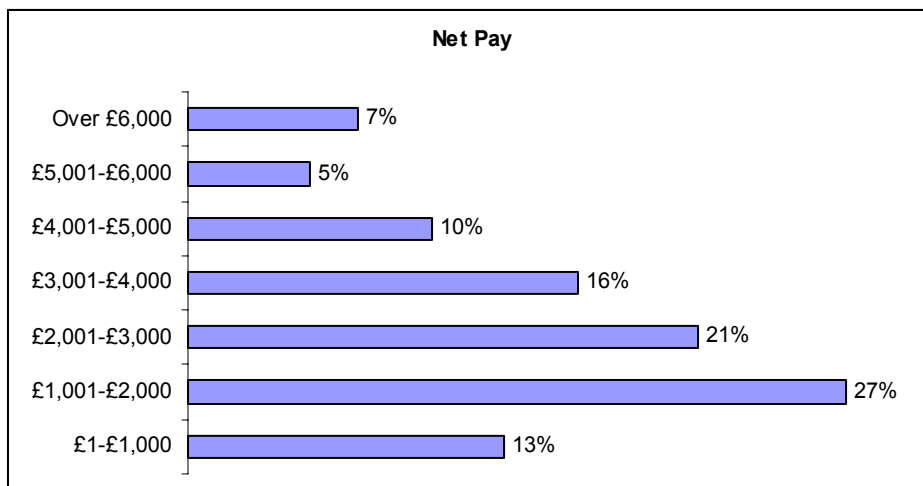
Firstly, a fixed 'core tier' payment, which can be varied annually according to the amount of overall business an individual transacts. Smaller post offices receive an 'assigned office payment' which is broadly similar.

Secondly, subpostmasters also receive payments which depend directly on the products and services sold or transacted over the post office counter during that period. Subpostmasters are paid different rates for different types of transactions.

3 Net pay

From his or her net pay, the subpostmaster must pay for the running of the post office, including overheads and staff wages, as well as taking their own personal drawings.

In March 2009 subpostmasters received an average of £2,882 net pay.



4 Financial services

Post Office Ltd (POL) groups a very broad definition of 'financial services' together on a payslip – including Post Office Financial Services (POFS) products, banking services and the Post Office card account.

Altogether, in March 2009, these products and transactions gave subpostmasters an average of £600 or 21% of their net income.

5 Post Office Financial Services products

A more in-depth analysis of pay under POL's broad financial services category reveals that the vast majority of subpostmasters earn nothing at all from many of POL's own financial services products (POFS). These products include Post Office credit cards, home insurance, vehicle insurance and life assurance. Each of these products attracts a payment of £25 for subpostmasters, if the sale is related to a subpostmaster 'introducing' the product to the customer.

Subpostmasters that did earn more than £0 in March 2009 for POFS products, generally received very little.

Our survey found

- 92% of subpostmasters earned £0 for PO Credit Cards
- 92% of subpostmasters earned £0 for PO Home Insurance
- 86% of subpostmasters earned £0 for PO Vehicle Insurance
- 99% of subpostmasters earned £0 for PO Life Assurance

The earnings breakdown for each of these products in March 2009 is shown below (percentages may not total 100, due to rounding).

Credit cards:

Income	% subpostmasters
£0	92%
£25	6%
£50	1%
Over £50	<1%

Home insurance:

Income	% subpostmasters
£0	92%
£25	6%
£50	<1%
£75	<1%

Vehicle insurance:

Income	% subpostmasters
£0	86%
£25	9%
£50	3%
Over £50	1%

Life assurance:

Income	% subpostmasters
£0	99%
£50	1%
Over £50	<1%

POL also offers a Post Office instant savings account, Instant Saver, which is available for people who have over £500 to invest. This account is considerably more successful for subpostmasters than the financial services listed above. POL's Instant Saver account earned some income for the vast majority (83%) of the subpostmasters who were surveyed – an average of £25 for March 2009.

The NFSP has welcomed the introduction of POFS and we believe that in time this could develop into a significant income stream for some subpostmasters. However, we are concerned that whilst POFS are frequently held up as an important new income stream for POL, in fact they currently provide minimal income for subpostmasters themselves. Many of the subpostmasters we surveyed commented that they are unable to make an ongoing income from most of these financial services as they have a very finite customer group, such as the residents of the village in which they are based.

6 Banking

High street bank withdrawals

A range of high street bank accounts are accessible over post office counters. This includes access to some current accounts, some basic bank accounts and a very small number of business bank accounts. The range of transactions including cash withdrawals, balance enquiries, cash deposits and cheque deposits vary enormously depending on the type of account and the bank.

The Post Office has a particularly longstanding relationship with Alliance & Leicester to which the Girobank (the Post Office bank) was sold in 1990.

At the time of the survey withdrawals using either Link card or Alliance & Leicester bank card paid subpostmasters 12p per transaction. The survey found 81% of subpostmasters make some income from high street bank account withdrawals.

An average of £32 was earned from Link card and Alliance & Leicester card withdrawals (1% of average net pay). The maximum earned by any subpostmaster was nearly £600 in March 2009.

The earnings breakdown for high street bank card withdrawals is shown below (percentages may not total 100, due to rounding).

Link card withdrawals:

Income	% subpostmasters
£0	20%
£1-£50	69%
£51-£100	10%
Over £100	2%

Alliance & Leicester card withdrawals:

Income	% subpostmasters
£0	22%
£1-£50	77%
Over £50	1%

Banking income is lower for subpostmasters with post offices in Scotland. In Scotland subpostmasters receive an average of £19 for bank card withdrawals. This is likely to be because of the limited Post Office access to Scottish high street banks. The Royal Bank of Scotland does not offer access to its current accounts over post office counters. Halifax Bank of Scotland (HBOS) has only done so since late 2008.

Post Office ATM

Of the subpostmasters surveyed 19% had a POL ATM. Some subpostmasters receive fixed monthly payments for their Post Office ATMs, as well as transaction payments. POL ATMs are only available to a finite number of sub post offices with sites that are most commercially viable for this service.

In March 2009, of the surveyed subpostmasters with ATMs the average earned in fixed monthly payments was £170. This breaks down as:

- 28% received £0 in fixed monthly payments
- 19% received £1-100 in fixed monthly payments
- 49% received £300 in fixed monthly payments

The average earned in transaction payments was £166. The maximum earned was nearly £900. The breakdown is shown below.

Post Office ATM transactions:

Transaction income	% subpostmasters*
£0	17%
£1-£100	36%
£101-£200	20%
£201-£400	15%
£401-£900	11%

* base: those with Post Office ATMs who supplied information about transaction income (137)

On average a total of £336 was earned from Post Office ATMs, including monthly fixed payments and transaction income.

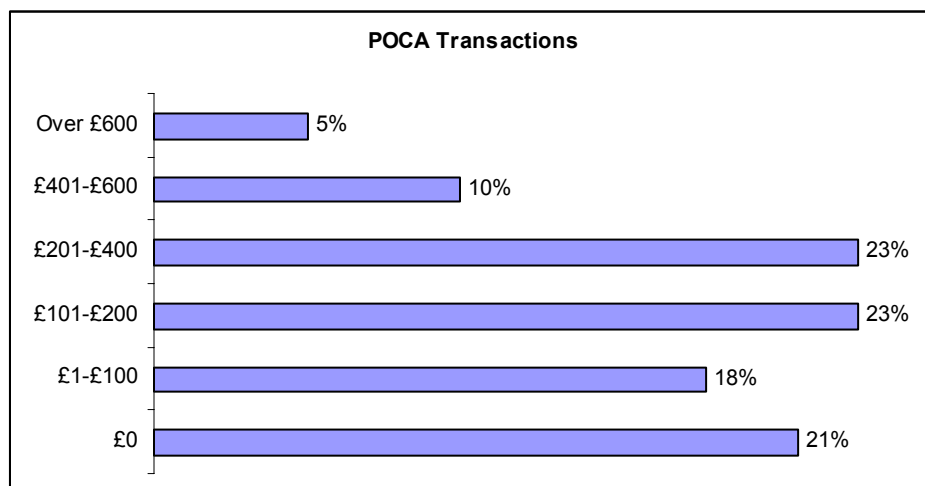
The income survey indicates that customers do want to use post offices for banking and that regular repeat banking transactions benefit subpostmasters, and more so than most of the POFs products. Whilst banking is not currently bringing subpostmasters a large income, the NFSP believes the introduction of a Postbank and comprehensive access for all major high street accounts over the post office would significantly boost this income stream.

7 Post Office card account

Post Office card accounts (POCA) are simple electronic accounts, available only through post offices, designed to receive state pension and benefit payments. Card accounts were introduced in April 2003 as part of the Direct Payment programme. Subpostmasters are paid transaction payments which are related to the amount of money withdrawn from accounts by account holders. Subpostmasters are also paid a one-off payment for each card account opened. At the time of the survey subpostmasters were paid 15p per £100 withdrawn and £2.30 per card account opened.

The majority of subpostmasters, 63%, earned £0 for card account openings. The average earned for card account openings was £1.61.

However, POCA transactions remain a significant source of income for many subpostmasters. In March 2009, subpostmasters earned an average of £202 for POCA transactions (7% of average net pay). A breakdown is shown below:



The 2009 figures represent a decrease in income from that recorded in January 2006, when we found card account transactions brought in subpostmasters an average of £249 or 10% of net pay.

8 Benefits cheque

A small proportion of benefits claimants still receive their state benefits and pensions via a cheque-based method (the 'exceptions service' or 'DWP Orders'). The majority of subpostmasters (78%) receive some income for processing these transactions. This averaged at £19 in March 2009.

Benefits cheque encashments:

Income	% subpostmasters
£0	22%
£1-£50	70%
£51-£100	6%
£101-£250	2%

9 Bill payment

Subpostmasters receive income from dealing with a range of payments for services provided by other companies and authorities. Bill payment processing at post offices includes 'automated bill payments' which covers bills paid over the post office counter, such as gas, electricity and water bills, cable television and communications services.

Sub post offices are also equipped with Post Office Paystation terminals which provide customers with an alternative way of charging their electricity and gas cards.

Subpostmasters are paid 6p per transaction for both over the counter and Paystation bill payment processing.

Subpostmasters earned an average of £49 in March 2009 from bill payment transactions (via Paystation terminals and over the counter).

The average automated bill payment income from over the counter transactions was £39, and the maximum any subpostmaster earned was £345. The breakdown is shown below.

Automated bill payment (counter transactions):

Income	% subpostmasters
£0	5%
£1-£50	67%
£51-£100	19%
£101-200	7%
Over £200	1%

30% of subpostmasters surveyed earned nothing from Paystation, and the average was £10.

The average bill payment earnings from both sources, at £49, represents less than 2% of average net pay. This is a considerable reduction on previous

years. In January 2006, bill payment represented 5% of net pay on average (or £132 per month).

This major reduction in bill payment income is largely due to two factors: POL holding fewer bill payment contracts, and the fact that most contracts now pay POL and subpostmasters less. We understand there has also been an increase in alternative methods of bill payment, such as direct debit. We believe the number of bill payment contracts at post offices should be increased so that post offices are able to offer a comprehensive range of bill payment services to the public.

10 Mails

Mails transactions include all postal transactions ranging from stamp and postage label sales to redirection and home shopping services.

In March 2009, subpostmasters earned an average of £809 for mails transactions, this represents an average of 28% of net pay. The maximum earned from mails by any individual subpostmaster was just under £6,000.

Mails work is clearly a major source of income for subpostmasters and the majority of the income is derived from postage sales. In addition to these transaction-related figures, £95m a year for mails work is paid to subpostmasters via their core tier/assigned office fixed payments. This is paid by Royal Mail through the inter business agreement with POL, for providing Royal Mail with bricks and mortar access points.

Home shopping related transactions were found to provide subpostmasters with little income. For instance, home shopping returns earned subpostmasters an average of £24. Nearly a quarter (22%) of subpostmasters earned £0 for this service, and £112 was the maximum any subpostmaster earned.

The Local Collect service enables customers to collect undelivered parcels from a post office. Subpostmasters earned an average of £2 from Local Collect. 58% of subpostmasters earned £0 from this service and £50 was the maximum any subpostmaster earned for Local Collect in March 2009.

Whilst the NFSP is delighted that subpostmasters can offer a service to assist with the recent growth in mail order and internet shopping, we caution that current and potential future income gains from this source should not be overstated.

11 Telephony

Post Office telephony includes the Post Office HomePhone and Broadband services, e-top ups, prepay and phonecards.

In March 2009, telephony brought subpostmasters an average of £48 (less than 2% of average net pay).

The survey looked in detail at mobile phone top-up (e-top ups) sales through the Post Office Paystation. We found that Paystation e-top ups brought subpostmasters an average of £16, although over half (55%) of all subpostmasters earned £0 from this source. The breakdown is given below.

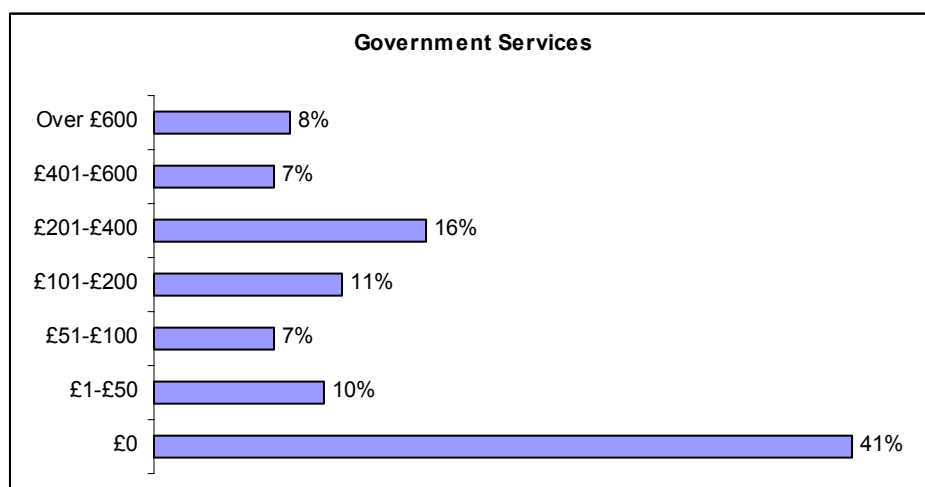
Paystation e-top ups:

Income	% subpostmasters
£0	55%
£1-£50	34%
£51-£100	8%
£101-£350	3%

12 Government services

POL groups a broad range of government services together on a payslip, including UK Passport Check and Send, DVLA services, game and fishing licences, National Lottery and European Health Insurance Card Check and Send.

In March 2009, subpostmasters earned an average of £171 for government services (6% of average net pay). However, 41% of subpostmasters earned £0 and 8% earned over £600. The breakdown is shown below:



The survey also looked in more detail at the UK Passport Check and Send service and the DVLA Photo Licence Check and Send service. Under these services post office staff check and validate the customer's application and send it to the appropriate office by Special Delivery. In March 2009, subpostmasters received £1.86 for each transaction for these services.

The UK Passport Check and Send service is only available through around 2,700 post offices. In our survey 84% of subpostmasters earned £0 through this service. However, 5% of subpostmasters earned over £100 for providing the service.

UK Passport Check and Send:

Income	% subpostmasters
£0	84%
£1-£50	7%
£51-£100	4%
£101-£200	4%
Over £200	1%

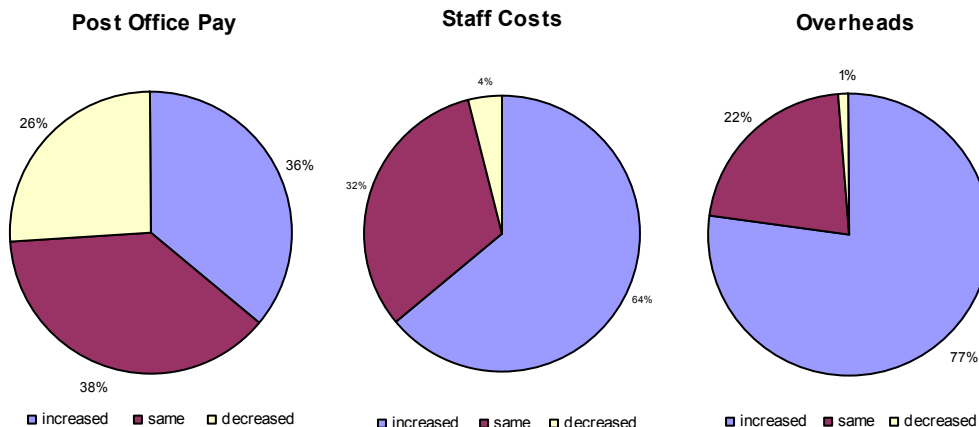
In March 2009, the DVLA Photo Licence Check and Send was only available through around 740 post offices. This was reflected in our findings which showed 98.5% of subpostmasters earned £0 from this service. 1% earned between £1 and £50, and only three individuals earned over £50.

13 Income and expenditure trends

Average net pay for March 2009 is £2,882. This represents a slight increase in net pay (not taking inflation into account) since our last survey in January 2006, which found net pay averaging at £2,596. However, since this date 2,500 post offices closed under the Network Change programme and these are likely to have been those with lower incomes, thus raising the average net pay figure. In addition, some of the remaining offices have received an increase in business as they are now used by former customers of the now closed post offices.

Just over a third (36%) of subpostmasters say their Post Office pay has increased in the last 12 months, 38% said it is the same and 26% said it has decreased.

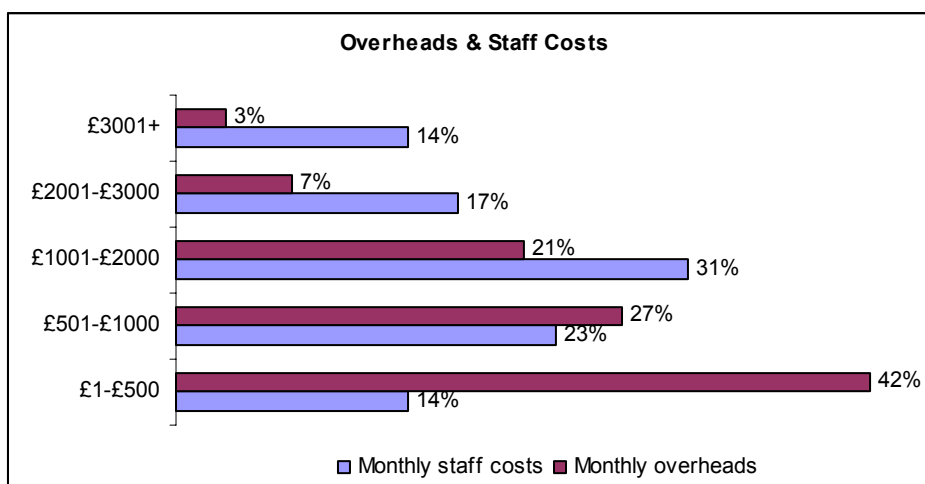
Over the same period the vast majority of subpostmasters say they have seen increases in staff costs (64% of subpostmasters) and overheads (77%). This is a very worrying finding as it indicates resources are getting increasingly stretched for already hard-pressed subpostmasters – many of whom are clearly seeing rising overheads and staff costs without rising Post Office income to pay for these essential expenses.



14 Staff costs and overheads

Subpostmasters who employed staff were asked about their staff costs solely associated with the running of the post office, including wages, employer National Insurance and any pension contributions. Average monthly staff costs were £1,729. The highest monthly staff costs were nearly £7,000.

Subpostmasters were also asked about their average monthly overheads (excluding staff costs) just associated with the running of the post office. This includes rent, utility bills, mortgage or business loans, rates, building maintenance, cleaning and money re-invested in the post office business. Average monthly overheads were £901. However, average monthly overheads were £750 in January 2006 - an increase of 20% in the last three years. The highest overheads in March 2009 were just over £5,000.

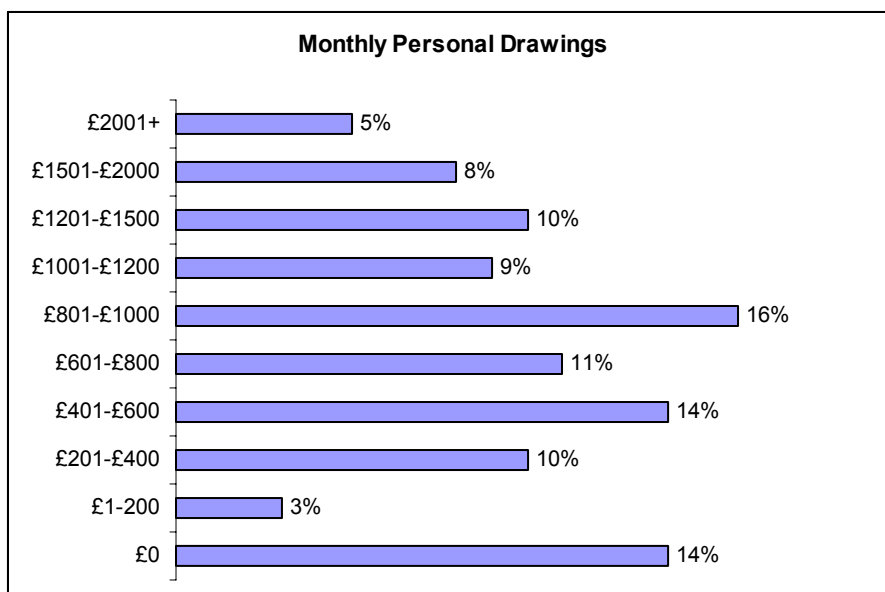


15 Personal drawings

Subpostmasters were asked about their personal drawings from their Post Office pay for March 2009. This is the money they take as a salary, but excludes money paid to staff, overheads or money which was reinvested in the post office business. It should be noted that the amount a subpostmaster takes as his or her personal drawings is at their own discretion.

Average personal drawings were £866 (or 30% of average net pay). This is the equivalent of an employee's annual salary of around £12,300 (before tax).

A significant number (14%) of subpostmasters took nothing at all, stating that they were drawing income instead from pensions, savings or income from their retail business.



Personal drawings show a significant decrease since the last subpostmaster income survey. In January 2006 average personal drawings were £941 (36% of average net pay). This suggests over the last three years subpostmasters' personal drawings have reduced by 8.5% on average.

16 Location of post office

We know many sub post offices play key roles in supporting local retail. Often a post office is the sole retailer in the area.

Sometimes the post office is vital as one of a small number of outlets in a community. Post offices located in a row of shops, or as one of a small number in the locality, help bring shoppers into the area and provide them with a source of cash which they can spend locally helping to sustain the other shops and businesses in the neighbourhood.

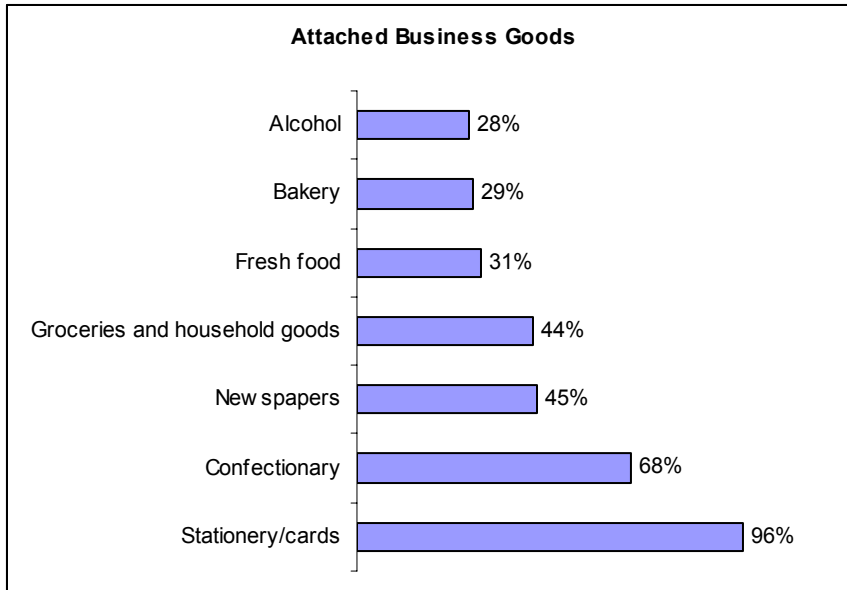
Of the sub post offices surveyed we found

- 24% of post offices are the only retail outlet in the area
- 45% of post offices are located in a row of shops or in a village with 1-3 other shops

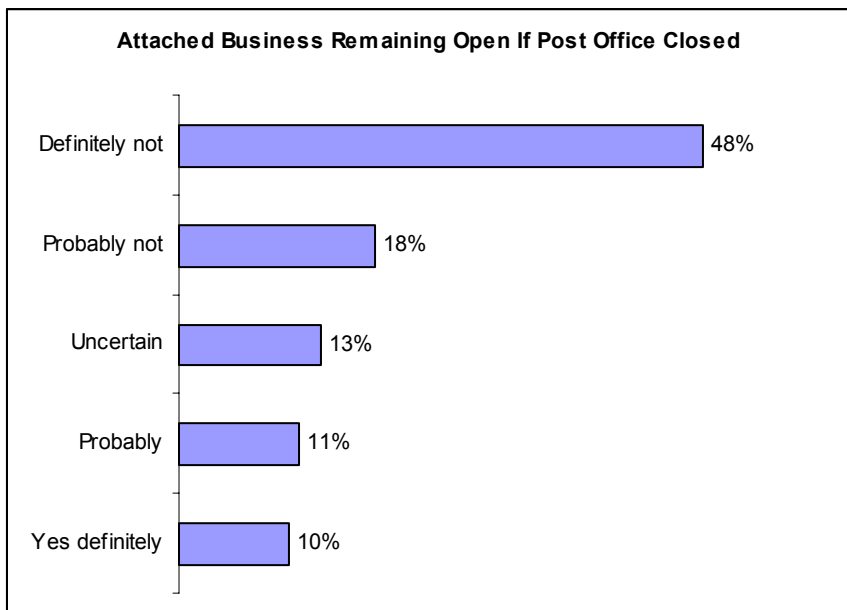
17 Attached businesses

Our survey confirmed that 80% of sub post offices are run alongside another business. The vast majority of businesses attached to sub post offices are shops. We asked subpostmasters about what they sold in their attached shops.

Stationery and cards were most commonly sold. A significant number of post offices also sold fresh food, groceries and household goods – likely to be a particularly important function in areas where there are few or no other retail outlets.

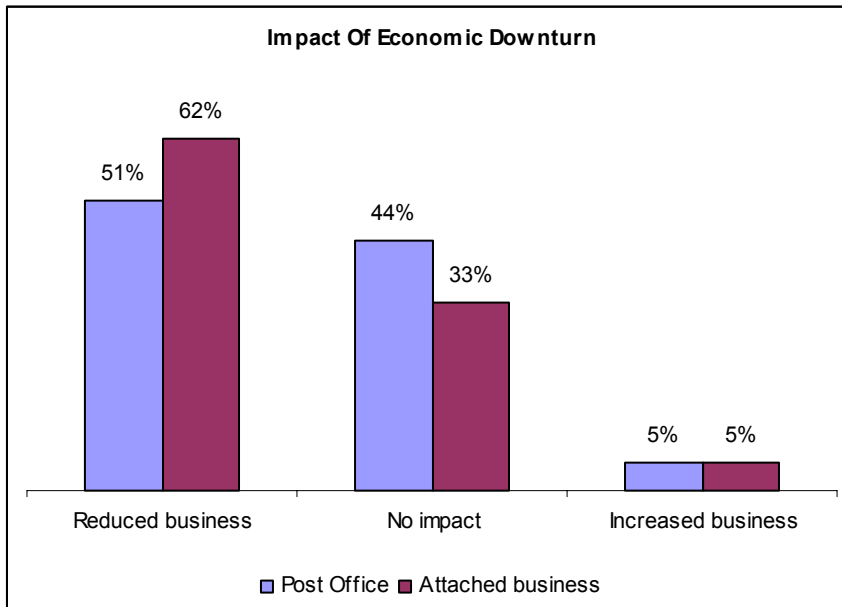


Subpostmasters were asked if the attached business would remain open if the post office closed. 66% said the attached business would “probably not” or “definitely not” remain open if the post office closed. Only 10% agreed that the attached business would definitely remain open if the post office closed.



18 Current economic downturn

We asked subpostmasters about the impact of the current economic downturn on their business. 51% said their post office was experiencing reduced business as a result, and 62% said their attached business was experiencing reduced business as a result. 43% said both their post office and attached business were experiencing reduced business.



19 The future

Subpostmasters were asked "What, if anything is your single biggest fear for the future of your post office?"

Top 15 biggest fears:

- 1 Closure
- 2 Products (unspecified) being removed/lost
- 3 Loss of business (unspecified)/footfall
- 4 Getting paid less
- 5 Increased use of the internet
- 6 Loss of POCA
- 7 New closure programme
- 8 Loss of government work
- 9 Loss of bill payment work
- 10 Government lack of support
- 11 Increased overheads
- 12 Unable to sell own post office
- 13 Declining mail volumes/work
- 14 Royal Mail/POL split/privatisation
- 15 Loss of core tier payments

Subpostmasters were also asked “What, if anything, is your single biggest aspiration for the future of your post office?”

Top 12 biggest aspirations:

- 1 Postbank
- 2 Remaining/continuing to serve community
- 3 More government services
- 4 More banking (unspecified)
- 5 More work/services (unspecified) the public want
- 6 To sell/close the post office
- 7 Vehicle licensing/car tax
- 8 Better pay rates from POL
- 9 To become a full service post office offering all POL transactions
- 10 Banking with all the high street banks
- 11 More local authority work
- 12 More bill payment work

20 Recent changes to pay system

Since conducting this survey there have been some changes to the subpostmaster payment system, resulting in subpostmasters seeing a reduction in the fixed element (‘core tier’) of their income and increase in the variabilised (i.e. transaction-based) element of pay. It remains to be seen whether consequential increases in pay for certain transactions will balance out the reduction. This coupled with declining business overall clearly presents a worry for the future.

21 Key findings and implications

Some of the more traditional services are still bringing subpostmasters a considerable proportion of their income, however many of these services are reducing significantly. Mails transactions brought in an average of 28% of a subpostmaster’s net pay.

The Post Office card account brought in 7% of net pay, and this has dropped from 10% three years ago. Government services earn subpostmasters 6% of net pay, but the range of government services has reduced over recent years and the public are encouraged to carry out many of these transactions online. Forty one percent of subpostmasters are earning nothing at all from the government services category. Subpostmasters earned £49 from bill payment transactions in March 2009, a considerable reduction from the £132 earned in January 2006.

Both the government and POL say that banking, financial services and telephony are vital to the future of the post office network. However, we have found these services are bringing very little income for subpostmasters.

For instance, in March 2009 nearly nine in ten of subpostmasters earned nothing at all from key Post Office Financial Services products.

Below we show average monthly income for March 2009 for the sub post office products and services we surveyed:

Product/service	Average monthly income
PO Credit Card	£3
PO Home Insurance	£2
PO Vehicle Insurance	£5
PO Life Assurance	£2
PO Instant Saver	£25
Bank card withdrawal	£32
POL ATM	£336*
PO card account	£202
Benefits cheque	£19
Bill payment	£49
Mails (total)	£809
Home shopping returns	£24
Local Collect	£2
Telephony (total)	£48
Paystation e-top up	£16
Government services (total)	£171

* for those with this service

Meanwhile, the majority of subpostmasters report an increase in overheads (77%) and an increase in staff costs (64%). Average personal drawings have dropped by nearly 9% since 2006, and 14% of subpostmasters are taking nothing at all as a salary from their Post Office pay.

This situation is not sustainable. New sources of income are needed urgently to ensure the long-term future of our post office network.

The NFSP believes new post office services should include

- Maintaining and increasing the number of central government services available at post offices
- Establishing a formal face-to-face service at the Post Office for all aspects of government information, transactions and services
- A comprehensive provision of council services through local post offices
- The establishment of a Postbank backed by the UK government
- Full access to all UK high street bank accounts

For full details of the NFSP's action plan to achieve a sustainable post office network see the NFSP's *Six Steps to a Sustainable Post Office Network* report.

Our research shows most post offices are also run alongside a shop which is not likely to survive the closure of the Post Office part of the business. Around a quarter (24%) of post offices are the sole retailer in the area. Almost half

(45%) are one of a very small number of local shops, and in many cases these establishments depend on each other for their very viability.

Unless new business and sources of income are urgently brought into the post office network, we will be facing mass post office closures – depriving residents of post office services, much-needed local retail and undermining the very social and economic fabric of thousands of local communities.

Appendix

A total of 755 questionnaires were returned.

Region

The breakdown shows the sample achieved spread across the four countries of the UK.

Region	No. subpostmasters	%*
England	529	70%
Scotland	114	15%
Wales	72	10%
Northern Ireland	34	5%

* base: subpostmasters supplying this data (749)

Category

Subpostmasters were asked to indicate whether their offices were based in rural, deprived urban or (non-deprived) urban areas.

Area located	No. subpostmasters	%*
Non-deprived urban	183	25%
Deprived urban	72	10%
Rural	479	65%

* base: subpostmasters supplying this data (734)

Counter positions

Subpostmasters were asked to record how many counters their post offices has.

No. counters	No. subpostmasters	%*
One	224	30%
Two	249	33%
Three	117	15%
Four	37	5%
Five or more	8	1%

* base: subpostmasters supplying this data (635)

Staff

The figures show the number of full-time and part-time staff, excluding the subpostmaster, working in the post office and attached business (if any).

Average total no. staff	2.7
Average full-time staff	0.7
Average part-time staff	2