

Post Haste

With big changes in the pipeline for the Post Office, George Thomson, general secretary of the National Federation of SubPostmasters, explains what this could mean for National Federation of Retail Newsagents members with sub post offices

Society, technology and work have all been transformed in the space of a generation. These changes have had a massive impact on post offices and other shops on the high street. Subpostmasters, the private business people who run the vast majority of the country's post offices, have seen their customer numbers fall and their pay reduced. Over the last decade, 7,000 post offices have been closed and action must be taken to ensure our remaining post offices can survive and prosper.

Major changes for the post office network are now in the pipeline, as part of a £1.34billion Government-funded programme. The programme aims to safeguard the network's future, by modernising it to meet the needs of customers in the 21st century. The post office network will remain at its current size of 11,500, but there will be significant differences in how some outlets operate. Two new models will be introduced, with 4,000 new Main Post Offices and 2,000 Post Office Locals being created from 2012. Around 5,500 post offices will remain as they are, whether operating alongside a retail business or as a standalone operation.

Locals and Mains Post Office Locals will house a post office service that is integrated into an existing retail business, offering longer opening hours that match those of the retail business. The operator benefits from being able to combine retail and post office staffing costs, and will be able to attract customers for both retail and post office services. Locals will offer the vast majority of post office services, including all of the most popular transactions. Operators are paid transaction commission on post office services, but no fixed pay.

The new Main Post Offices will provide the full range of post office services and will also offer longer opening hours. Subpostmasters running Main Post Offices receive enhanced commission on post office transactions, but not the fixed payment that traditional post offices have received. Subpostmasters converting their existing post office to a Local or a Main will receive investment grants to enable them to refit their post office. A range of lump-sum payments and guarantees of initial minimum pay levels are also made to subpostmasters converting to the Mains format.

Opportunities

These changes bring opportunities for existing subpostmasters who would like to leave the industry or change their operating model, but they also bring opportunities for many other retailers, including NFRN members who may wish to start to offer post office services.

This autumn, Post Office Ltd will ask all existing subpostmasters to indicate whether they want to: remain as they are; leave the industry and receive 18 months' compensation as long as Post Office Ltd is able to find an alternative outlet in the vicinity to retain the Post Office service; or become a Main or Local, depending on the size of the outlet.

The decision will not be binding but will help Post Office Ltd's plan to ensure national coverage is retained and local subpostmaster and community needs are met. The programme is not compulsory and subpostmasters who do not want to convert to a Local or Main are not obliged to do so, and can remain as they are on their current contract.

The new models will start being set up from June 2012, although a number of pilots are already up and running throughout the UK.

For some local retailers who do not currently offer post office services, the programme will provide a chance to become Post Office Local operators, replacing nearby subpostmasters who indicate they want to move on.

Retailers running Locals will earn commission from post office transactions, as well as benefiting from the extra customers brought into their shop. The opportunity to take on a Post Office Local will depend on the needs of the local area – and Post Office Ltd will be in touch with any retailer who may be eligible.

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