

Review of the Year 2004

Post offices featured highly in the nation's minds over a tempestuous year which saw the introduction of an unprecedented number of new Post Office® services, nearly 1,500 post office closures and around 5 million benefits and pensions switched over to electronic payment.

The year got off to a lively start as NFSP launched the Bank at Your Post Office campaign. The campaign was designed to harness the power of customer pressure to persuade more banks to sign up to Post Office® access for their current account customers. An estimated 100,000 customers sent signed campaign cards to Royal Bank of Scotland and HSBC chief executives, demanding that their accounts should be useable at post offices.

At the same time the Federation made a breakthrough in another of its campaigning areas – the simplification of the card account opening process. Following NFSP lobbying, the then postal services minister, Stephen Timms, agreed that there was a “problem” with the procedure. The Federation was delighted that this later resulted in a change to the system – providing subpostmasters with personal invitation documents with details already filled out by Post Office Ltd.

Both banking at post offices and the card account featured highly in parliamentary debates at the start of the year. The Federation itself received high praise in Westminster when Sir Archy Kirkwood MP (Lib Dem) commended NFSP for keeping “all of us objectively informed”.

The beginning of the year also saw Royal Mail's introduction of the UK's first digital stamp, Smartstamp, which could be purchased on the internet – a move not fantastically popular with subpostmasters. Meanwhile the regulator fined Royal Mail £7.5 million for failings in its mail services for business customers.

Competition in the mails sector advanced as Royal Mail and the private mail company UK Mail signed an agreement allowing UK Mail access to Royal Mail's network. Under the arrangement UK Mail can take post to Royal Mail delivery offices for Royal Mail postmen to sort and then deliver. In its first five months UK Mail moved over 23 million items for business and government customers.

Although by the spring the urban network reinvention programme had been underway for over a year, fierce criticism of the consultation arrangements over closures of post offices led to welcome changes. MPs and local authorities were now to be more closely involved in the decision making process and public consultation was extended to six weeks. Good news came from a survey by Postwatch, which discovered 94% of customers were using alternative offices following a post office's closure.

The Federation had also been conducting a survey, carried out by the pollsters MORI, on subpostmasters' income following direct payment. We discovered that over a year, one in three subpostmasters had seen a decrease in gross pay. Unsurprisingly, over half had already seen a decrease in order book and benefits income, but the average payment received for automated banking transactions was low.

April saw the launch of Post Office Ltd's financial services. One new product was due to be introduced every few months. The first product to be launched was the personal loan - customers can borrow between £1,000 and £25,000. Applications can be made over the internet or telephone, and leaflets are available in post offices. Subpostmasters are remunerated for “introducing” the loan to the customer. POL estimated that the average loan would provide subpostmasters with payments of up to £53 over a three year period, and an extra £22.50 if the loan was taken out with payment protection.

NFSP continued to be active in the political sphere, as Stephen Timms, Post Office minister, attended the Federation's executive council meeting. The Conservative Party asked for our views on how they should run the post office network. Our response highlighted major concerns about the low levels of

subpostmaster income and the inadequate levels of Government investment in the network.

A Post Office Ltd survey provided the cheering news that 98% of adults visited a post office over the last year, and one in two visit a post office every week. Over nine in ten customers were found to be satisfied with their post offices and seven in ten said the Post Office® had good customer service.

Post Office® motor insurance, the second financial service, was trialled in 200 Midlands post offices from May. It was launched nationally in July. Post Office Ltd also announced a massive 150% expansion in its bureau de change service. This left POL as the industry leader with 20% of the UK's foreign exchange market and plans to boost its market share to 25% by 2006. Under the expansion a total of 1,700 post offices now offer on-demand bureau services. Other new services introduced over the summer included Post Office® saving stamps and the Convenient Delivery service, which enables Parcelforce drivers to drop off undelivered items at the nearest post office.

David Mills, POL chief executive, was greeted with prolonged applause at the Federation's annual conference when he announced that the Wednesday paper cash account would soon be a thing of the past. This change would be introduced from summer 2005, he explained, and also from this date Horizon will produce a branch trading statement. He went on to outline other plans for the improvement of the Horizon system, including the conversion of 70% of post offices to broadband by the end of the year. Other good news came as Royal Mail Group announced that it was back in profit – having made £220 million over the financial year. Post Office Ltd, however, was still making a loss, although it had seen a 48% improvement over the previous year.

During the summer a number of new banking services became available through the post office network, including electronic access to current accounts with the Co-operative Bank, Bank of Ireland and later Clydesdale Bank. The Post Office® Card Account banking system suffered a disaster in August, when it went down for four hours leaving subpostmasters having to explain to customers why they could not receive their pensions and benefits.

The Federation announced the results of the second part of our MORI-commissioned investigation into subpostmasters' income. We found that subpostmasters were more hopeful than they had been the previous autumn. However, personal drawings from post office businesses were worryingly low, with over half of subpostmasters paying themselves £1,000 a month or less.

In September, Patricia Hewitt, Trade and Industry Secretary, announced that the Government would give a further £300 million to support the rural post office network. This extended current funding until 2008. The Federation expressed concern that none of this fund would go directly to subpostmasters. Colin Baker, NFSP General Secretary, said that the money would, at best, keep rural post offices going as they are. But he pointed out "rural post offices are withering on the vine, and without further urgent Government support, there is no prospect of improvement in the next four years." NFSP called for a thorough assessment of the social and economic role played by rural post offices; and a strategy to create and maintain a viable rural post office network for the future.

Post Office Ltd introduced more new services in the autumn. These included the Post Office® Guaranteed Equity Bond, the Post Office® Growth Bond and Post Office® Home Insurance. Pilots for the HomePhone service at post offices in the Glasgow area and police services at eight post offices in Norfolk began. A European phone card was trialled at several hundred post offices based in areas with a high non-UK European population. Argos Gift Postal Orders, Post Office® Flowers and Napster E Vouchers were also introduced throughout the network.

Royal Mail got into trouble for missing its latest performance targets, delivering only 88.3% of its first class letters on time. This news coincided with the regulator's announcement that it wished to speed up the introduction of competition in postal services. Postcomm said they wanted to fully open up the market in January 2006; meaning licensed operators could deliver any mail in competition with Royal

Mail.

A Federation special conference held in October, led to the acceptance of a new pay structure for subpostmasters. The new pay system only applies to qualifying commercial offices and is based on a three tier system, comprising of a core tier, a sales tier and a bonus tier which depends on Royal Mail Group profits. A new pay structure for smaller post offices is due to be developed this year.

Post Office Ltd launched an autumn campaign to encourage customers to use the banking services available at post offices. A leading consumer group backed the Post Office®'s role in providing banking and financial services, declaring that basic bank accounts and Post Office® Card Accounts should be better promoted and openable at post offices. The under-publicised Department for Work and Pensions cheque payment service for people who cannot manage the electronic payment of their pensions and benefits started.

In late October, the Federation launched the NFSP manifesto in the House of Commons. The manifesto is designed to be used in the run up to the general election to call upon all political parties and their candidates to support measures designed to ensure a thriving post office network. The launch was attended by a number of senior MPs including the Owen Paterson MP Secretary of the All Party Group for Post Offices who chaired the launch. Michael Fabricant MP, Shadow Minister for Industry and Technology, later waved the document on the floor of the House of Commons – declaring, “the subpostmasters have launched a manifesto which deserves our serious consideration.” Lib Dem industry spokesman, Malcolm Bruce MP, also praised the manifesto. All MPs have now received copies, and the Federation has already received dozens of letters of support from them. Federation members have important roles to play in undertaking local campaigning activities and have been sent a copy of the manifesto along with advice on how to use it with local media and MPs.

The autumn saw another Federation launch - of the Community Point kiosk. These touch screen kiosks provide post office customers access to government and local council information, online shopping and job search. The kiosk also allows people to print off documents. Community Point, the result of a partnership between NFSP, BT and Multimedia, was initially trialled in 50 post offices in Leicestershire. The Federation is planning to expand it to a further 500 kiosks in April 2005.

November saw the welcome introduction of new Post Office Ltd grants for rural subpostmasters. The grants provide up to £20,000 to help pay for improvements in rural post offices. Towards the end of the year changes to the main grant available for urban subpostmasters made it easier to apply for. The Federation printed a comprehensive guide to grants for subpostmasters in the December edition of *The Subpostmaster* journal.

By the end of a turbulent year, eight in ten claimants had some or all of their benefits paid by direct payment, of whom 41% had requested Post Office® Card Accounts. Nearly 2,000 post offices had closed under the urban reinvention programme, leaving a total of 14,300 UK post offices. Of the remaining urban post offices, around 2,000 had been told they could have improvement grants. The rural post office network still awaits its fate.

Over the coming year, the Federation will continue in its key task of supporting members in providing the network's essential services to the public.

We will also pursue our lobbying activities, working alongside all stakeholders from consumer and pressure groups to Post Office Ltd and politicians. We will argue for the proper funding and support for our national post office network to ensure our vision of providing UK citizens deserve access to bigger, better and brighter post offices. These post offices should provide local communities with postal services, comprehensive banking and financial services, access to a full range of government services and anchorage to local shops – all delivered by trained, qualified and rewarded subpostmasters.