

Subpostmaster Income 2009

Scotland

National Federation of SubPostmasters Survey

Sub post offices make up 97% of the national network of post offices and are run by private business people, subpostmasters.

Subpostmasters' Income

Subpostmasters are not employees of Post Office Ltd (POL), but act as agents contracted to provide services on behalf of POL. Subpostmasters are dependent on their Post Office income from which they must pay for the running of their office including rent or mortgage payments, utility bills, staff salaries and their own personal drawings. Post offices close when it is no longer viable for a subpostmaster to run their business.

Income Trends

The mix of business transacted over post office counters has changed over the past 10 years. There has been a significant reduction in income from processing state benefit and pension payments following the government programme to switch to electronic payment straight into accounts. 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, such as 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. These include a range of Post Office Financial Services and telephony products. Some high street bank accounts are accessible over post office counters and over 1,500 UK post offices have Post Office ATMs. 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.

Survey

The National Federation of SubPostmasters (NFSP) wanted to know if the new products and services are bringing in enough income to make up for the loss in traditional business. We surveyed 755 UK subpostmasters about their income for March 2009; 15% (114) of the respondents had post offices based in Scotland. This survey follows three previous NFSP/Ipsos MORI surveys on subpostmaster income. We found:

Net Pay

- In March 2009 Scotland-based subpostmasters received an average of £2,377 net Post Office pay.
- Average Scottish subpostmaster pay was 82% of the £2882 average UK-wide pay.

Post Office Financial Services

- The vast majority of subpostmasters in Scotland earn nothing at all from many of POL's own financial services products.
- 96% of subpostmasters earned £0 for PO Credit Cards
- 93% 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
- For the few subpostmasters who received income for the sale of a financial services product, earnings were typically £25 for the month.
- Many subpostmasters say they are unable to make an ongoing income from these products as they have a very finite customer group.

Banking

- A range of high street bank accounts are accessible over post office counters – including some current accounts, some basic bank accounts, a very small number of business bank accounts. The range of transactions available varies enormously depending on the type of account and the bank.
- Banking income is lower for subpostmasters with post offices in Scotland, compared with subpostmasters in the rest of the UK. 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.
- 77% of subpostmasters with Scottish post offices make some income from high street bank account withdrawals over the post office counter – average earned £19.

Pensions and Benefits

- Post Office card accounts are simple electronic accounts designed to receive state benefit and pension payments.
- Subpostmasters in Scotland earned an average of £145 (6% of net pay) for card account transactions.
- By contrast in 1998/99, 36% of UK Post Office network income was from benefits processing.

Bill Payment

- Bill payment transactions include payment for services provided by utility companies and communication services.
- On average Scottish subpostmasters earned £47 from bill payment transactions (2% of net pay).
- 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.
- In Scotland subpostmasters earned an average of £567 for mails transactions (24% of net pay).
- The majority of the income is derived from postage sales.
- Home shopping related transactions brought in small levels of income.
- Across the UK, home shopping returns earned an average of £24 (22% of subpostmasters earned £0).
- UK-wide, undelivered parcel collection earned an average of £2 (58% earned £0).

Telephony

- Post Office telephony includes Post Office HomePhone and Broadband, e-top ups, prepay and phonecards.
- In Scotland subpostmasters earned an average of £39 for telephony (less than 2% of net pay).

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 in Scotland earned an average of £127 for government services (5% of net pay).
- 46% of Scottish subpostmasters earned nothing under this category.

Income and Expenditure Trends

- 24% of Scottish subpostmasters said their Post Office pay has increased in the last 12 months (UK-wide 36% saw an increase). In Scotland 48% said it is the same and 28% said it has decreased (UK-wide 38% same, 26% decrease).
- 55% of subpostmasters in Scotland saw an increase in staff costs. 64% saw an increase in other overheads.

Personal Drawings

- Scottish subpostmasters' average personal drawings (money taken as a salary) were £828 from Post Office pay for March 2009. UK-wide personal drawings averaged at £866.
- 19% of Scottish subpostmasters took nothing at all.
- Across the UK as a whole, personal drawings have dropped by nearly 9% since 2006.

Retail

- 80% of post offices are run alongside another business, usually a shop.
- In Scotland 62% of subpostmasters said the attached business would “probably not” or “definitely not” remain open if the post office closed.
- 24% of post offices are the only retail outlet in the area.

Conclusions

- Income is static or reducing, while costs are rising.
- Traditional sources of income (e.g. benefits processing and bill payment) are collapsing, while new products (e.g. Post Office Financial Services, home shopping mail, telephony) are yielding no or minimal income.
- This situation is unsustainable. Unless new sources of income are found urgently, further unplanned post office closures are inevitable.

The full UK report is available at www.nfsp.org.uk

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