

Online boom and cutbacks spell disaster for the village post office

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The government is trying to scale back its subsidies to post offices
ALAMY

Many village sub-post offices and hundreds of larger post office branches face closure as the withdrawal of subsidies and the transfer of services online makes them no longer financially viable, it has been claimed.

Sub-postmasters have accused Royal Mail, which was privatised in 2013, of undermining Britain's post offices by encouraging some customers to bypass their network and use its services instead. Britain has 11,500 post office branches, of which 300 are Crown post offices with the remainder run by sub-post masters as private businesses. They receive a subsidy to reflect the importance of the services they provide.

About 3,000 are the only shop in their village or community and about 1,500 are run from temporary sites such as community centres or from mobile vans. The government is trying to scale back its subsidies, while many state services such as paying pensions have been switched to digital platforms or are paid directly to claimants' bank accounts.

Sub-postmasters have been given opportunities to earn alternative income by offering financial services such as Post Office insurance and credit cards or access to high street bank accounts. However, the National Federation of Sub-Postmasters said that many of its 8,000 members had experienced such significant drops in income that up to 2,500 sub-post offices were at risk of closure. A poll of its members found that 22 per cent of sub-postmasters said they planned to scale back or close their branches in the next year, with those in rural locations most at risk.

It released the findings before a hearing tomorrow at which Callum Greenhow, chief executive of the federation, will give evidence to MPs on the cross-party Commons select committee on business, energy and industrial strategy, which is holding an inquiry into the post office network.

In a submission to the inquiry the federation said that revenue paid to post office branches for providing government services had fallen from £576 million in 2004-05 to £99 million last year. "The viability of sub-post offices and the morale of sub-postmasters has been eroded to the extent that the network's resilience is extremely limited," it added. "We believe a tipping point has been passed and the consequences of this are now being realised."

It called on the government to prevent a "mass exodus" of sub-postmasters by guaranteeing to continue subsidies to branches beyond 2021, return some government services to post office branches and develop a broader range of banking and other financial products for them to offer. It said that Royal Mail was "encouraging certain customers to circumvent the post office network and instead use its services directly".

A spokesman for the Department for Business, Energy and Industrial Strategy said: "With over 11,500 branches in the UK, the government recognises how vital Post Office services are to communities. That is why we have provided over £2 billion of investment since 2010, helping modernise branches and ensure the Post Office is in its most financially stable position in decades."

- The Royal Mail is introducing parcel postboxes across Britain, allowing small businesses and sellers to post pre-paid parcels in the same way as they do letters. Birmingham, Leeds, Aberdeen and Cardiff will lead the way.

