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The Post Office



Summary

- 1 The Post Office and its network
- 2 Post Office changes
- 3 Funding and financial performance
- 4 Post Office services
- 5 Horizon

Number

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Summary

The Post Office Ltd provides a wide range of products and services to the public through its network of post office branches.

As well as postal services, post offices offer access to banking services and cash, and certain government services.

Post office network

The number of post offices has been relatively stable since 2009, although the overall network size has declined since the 1980s. The Library has a separate briefing on the [number of Post Offices over time](#).

Concerns have however been raised about the number of temporary post office closures – some of which last years – and about the rise in the number of outreach post offices, which may only operate for a few hours a week.

Relationship with government

The Post Office is owned by the government, through the Department for Business, Energy and Industrial Strategy (BEIS) and UK Government Investments (UKGI), however, the Post Office Ltd Board has responsibility for the operations of the Post Office.

In their Spending Review for 2021/22, the government announced that the £50 million Network Subsidy Payment would continue, along with a further investment of £177 million, some of which was as a loan.

Horizon

The Post Office Horizon affair has been described as the one of UK's most widespread miscarriages of justice.

Investigations by the Post Office into postmasters, using information from the Horizon post office computer system, led to suspensions, termination of postmasters' contracts, prosecution and conviction of postmasters, for example for false accounting and fraud.

Section 5 gives an overview the key events of the last couple of years, including the high court case, appeals and the current inquiry.

1

The Post Office and its network

The Post Office is a limited company owned entirely by the government. The Department of Business Energy and Industrial Strategy holds government responsibility for postal affairs, including the Post Office.

Despite being publicly owned, the Post Office Ltd Board have responsibility for the day-to-day operations of the Post Office.

The current Minister with responsibility for postal affairs is [Paul Scully MP](#), Parliamentary Under Secretary of State, Minister for Small Business, Consumers and Labour Markets.

Despite being publicly owned, the Post Office Ltd Board have responsibility for the day-to-day operations of the Post Office. However, the Post Office Ltd remains accountable to the government and must maintain at least 11,500 branches which are subject to access requirements, as described below.

The vast majority of post offices (99%) are operated by franchise partners or sub-postmasters, who are independent business people.¹ Only Crown post offices are directly managed by Post Office Limited.

1 Devolution and postal services

Post is an area that is not devolved in general.

The one main exception to this rule is that the devolved administrations may provide financial assistance for the provision of services from post offices (other than postal services and services relating to postal or money orders).

See [Schedule 5 to the Scotland Act 1998](#), [schedule 7A to the Government of Wales Act 2006](#) and [Schedule 3 to the Northern Ireland Act 1998](#).

¹ Ibid

1.1

Access criteria

The size and geography of the post office network is determined by the ‘post office access criteria’. The criteria are set by the government. The current access criteria requires the Post Office to meet the following conditions:

- 99% of the UK population to be within three miles of their nearest post office outlet;
- 90% of the UK population to be within one mile of their nearest post office outlet;
- 99% of the total population in deprived urban areas across the UK to be within one mile of their nearest post office outlet;
- 95% of the total urban population across the UK to be within one mile of their nearest post office outlet;
- 95% of the total rural population across the UK to be within three miles of their nearest post office outlet;
- 95% of the population of every postcode district to be within six miles of their nearest post office outlet.²

More information about the size and makeup of the Post Office network can be found in the Library note [Post office numbers](#)

At the end of March 2020, the Post Office met five of six of its access criteria. It missed the target for the number of postcode districts in which 95% of the population are within six miles of their nearest post office. This criterion is intended to ensure a minimum level of access for customers living in remote rural areas. There were seven postcode districts where this was not met.³

Citizens Advice review of the access criteria

Citizens Advice, who represent consumer interests in postal services, conducted a [review of the current access criteria](#) in July 2017. They raised two concerns.

- That the ‘as the crow flies’ measurement of distance travelled to the nearest post office underestimates actual distance travelled by customers.
- That the current access criteria does not include a measurement of services and products available at post offices.

Citizens Advice estimated that if the current access criteria was assessed by road rather than ‘as the crow flies’ the Post Office would no longer meet four of the six access criteria (total population within one mile, deprived urban

² Department for Business Innovation & Skills, “[Securing the Post Office Network in the Digital Age](#)” November 2010, The first five criteria were originally implemented in 2007, while the last was added in 2010 to safeguard customers in remote rural areas.

³ Post Office Ltd, [Post Office Network Report](#), March 2020

population within one mile, urban population within one mile and rural population within three miles).

In their response to the 2016 Network Consultation the Government addressed the measurement of the access criteria, saying that:

...switching the distances used in the access criteria from “as the crow flies” to road miles would mainly affect the urban access criteria that requires 95% of the population to be within one mile of their nearest post office. Since people in these areas already live close to their nearest post office branch, and will usually benefit from better access to public transport services than more remote areas, this change would not bring any measurable benefit to customer accessibility. The definition of distance that is used in the access criteria will therefore remain unchanged.⁴

1.2 Types of post office branch

The post office network is made up of three main post office types.

- Crown post office branches: those post offices that are managed directly by Post Office Ltd.
- Agency post office branches: post offices owned and managed by either an independent postmaster or a larger franchise partner, for example WHSmith or the Co-operative.
- Outreach services: typically small part-time branches that may use a village hall or mobile van to provide post office services to communities that might not otherwise receive them.

Within these contract types are differing branch models, as explained in the table below.

⁴ Department for Business, Energy & Industrial Strategy, [Government Response to the 2016 Post Office Network Consultation](#), p17

Post Office Contract Types

Contract Type	Branch Type	Description
Crown		Branches that are directly managed by the Post Office Ltd. They are normally situated in the centre of large towns and offer the complete range of post office services.
	Local	A branch where the post office is fully integrated in a retail outlet, such as a convenience store, petrol station or pharmacy. They have longer opening hours than other types of post office branch but do not provide the full range of post office services.
Agency	Main	A branch, like a local, that is integrated into a retail outlet. These branches are larger and have dedicated post office counters. Main branches are therefore able to offer a wider range of services than post office locals.
	Former Franchised Crowns	Modernisation plans are seeing franchise partners such as WHSmith take over the running of some Crown Post Office branches. Most franchised branches have relocated to premises nearby.
	Traditional models	A branch where a subpostmaster runs a post office as an independent business. Some subpostmasters run small retail business alongside their post office business. Many traditional branches are being converted (or were converted) to newer style branches as part of the network transformation programme.
Outreach	Hosted	A neighbouring subpostmaster will visit the village and provide service for a set number of hours a week and will offer the service from village hall or public house or local shop.
	The Mobile Post Office	Mobile vans visit over 250 villages in the UK at set times and on certain days of the week. These Mobile Post Offices offer almost all of the Post Office services.
	Partner Services	Post Office offers services through a partner - for example a local shop. It means that customers can access over 80% of Post Office services, usually whenever the partner's business is open. This is distinct from the 'Local' models.
	Home Services	This is a service for very small communities and enables customers to order a reduced range of Post Office products and services over the telephone. The products may either be delivered to a customer's home by the core subpostmaster or are available for collection by the customer at a local Drop-in Session.

Sources:

Post Office, Modernising the Post Office

Post Office, Outreach service

Business, Innovation and Skills Committee, Post Office Network Transformation volume of submissions

Citizens Advice, Research into the quality and consistency of service standards and product knowledge across the post office network, June 2017

Royal Mail, 'Post Office home delivery'

Changes to agency post offices

Many Post Offices were transformed into 'Local' and 'Main' branches through The Network Transformation Programme, which was a major investment in, and a large scale restructuring of, the post office network.

The Network Transformation Programme was announced in the 2010 Spending Review, at which time the Government committed £1.34 billion until

March 2015.⁵ An additional £640 million was committed in November 2013 which extended the programme until 2018.⁶

The aim of the programme was to ensure that the Post Office Network would remain financially viable. By converting traditional post offices into Post Office Main or Post Office Local models which were integrated into retail premises, the network could share the space and costs between a post office and the host business, thereby improving the sustainability of the network.⁷

As of March 2020, 3,404 branches (29% of the total network) were Post Office Mains and almost 4,134 branches (33% of the network) were Post Office Locals.⁸ 2,274 post offices were not converted to a new model in the Network Transformation Programme, staying on older contracts.⁹

The Post Office Limited states that as a result of the Network Transformation Programme, 6,600 branches now offer longer opening hours and that 3,900 branches are now open on Sunday.¹⁰ Citizens Advice [Post offices transformed](#) (2019) looks at the pros and cons of transformation.

Outreach post offices

Our briefing, [Post office numbers](#), contains further information on post office models, including statistics on post offices by type.

There has been a significant rise in the number of outreach services. There were 52 outreach services in the year 2000 representing less than 1% of the total post office network at the time. Outreach services now number 1,700 as of March 2020, 15% of the total network.

Outreach post offices tend to be part time. However, the government say that outreach post offices provide the same products and services as bricks-and-mortar branches, while enabling the access criteria to be met in rural areas.

Crown post offices

The majority of the Post Office network is run by subpostmasters, mostly individual independent business people. The National Federation of Subpostmasters (NFSP; the professional trade association of subpostmasters) and the Communication Workers Union (CWU: the largest union in postal services) represent their interests.

However, a small number of significant post offices, Crown post offices, are directly managed by the Post Office. The number of Crown post offices has

⁵ Business, Innovation and Skills Committee, "[Post Office Network Transformation](#)" 11 July 2012

⁶ Department for Business, Innovation and Skills, "[Post Office secures additional government investment to complete branch modernisation](#)" 27 November 2013

⁷ Citizens Advice, [Post offices transformed, a review of the post office restructuring programme 2012-2018](#), 25 June 2019

⁸ Post Office Ltd, [The Post Office Network Report](#), March 2020

⁹ Ibid

¹⁰ Post Office Ltd via correspondence

fallen in recent years as many have been franchised, becoming agency post offices.

Many franchised Crown Post Offices are now run by partners such as WHSmith, with branches having relocated to existing shops (Post Offices are found in over 200 WHSmith stores)¹¹. The government has said that this is the preferred business model of the Post Office “as it delivers significant cost savings without impacting service provision for local communities. Franchising enables longer opening hours, increased convenience, and greater accessibility for communities.”¹² However, the BEIS committee has highlighted the risks associated with hosting post officers in large retailers, such as WHSmith, should they no longer be able to operate.¹³

In an attempt to preserve Crown Post Offices, the CWU agreed a moratorium with the post office in July 2021 stopping any closures or franchises for the rest of 2021. However, they remained concerned that closures or further franchising will continue in 2022.¹⁴

New branches

The Post Office plans to increase the size of the network further and is piloting new ‘light-touch’ formats, often building on the Post Office’s acquisition of Payzone in October 2018. Nick Read, Chief Executive at the Post Office Ltd, stated that while full service post offices will continue to be the norm, further levels will be trialled which will “offer more operational flexibility”:

- The first level will be a Payzone offering where Payzone sites provide their existing services such as bill payments and mobile top-ups.
- The second level is the Express offering. This would combine Payzone services with parcel pick up and drop off services and some selected mail services.
- The third level is the Basics offering. This would offer a full suit of postal products, and a wider range of services such as travel money collection.
- The fourth level is the Essential offering, which will offer the full range of banking, money and travel products.
- The fifth level, the Plus format, will be similar to the current Post Office Local, and will offer full services including government services.

Express and Basic formats will seek to reduce the cost and complexities of running a Post Office and using hand-held devices instead of full counters is intended to reduce transaction times along with the amount of space needed.

¹¹ WHSmith PLC, [Post Office Limited](#)

¹² [PQ167955](#), 12 March 2021

¹³ Business Energy and Industrial Strategy Committee [Future of the Post Office Network](#), 22 October 2019

¹⁴ Communication Workers Union, [Union wins ‘vital breathing space’ in fight to save Crown Post Office network](#), 16 July 2021

These potential formats are intended to help the Post Office grow to 12,000 Post Offices by 2025.¹⁵

1.3 Temporary closures

Individual post offices sometimes close temporarily, for example if a postmaster retires and another is being found.

However concerns about lengthy closures and access to post offices have been raised by MPs across the political spectrum, along with Citizens Advice, who state that the number of temporarily closed post offices has doubled since 2013, with 2 in 3 remaining closed for over a year and 2 in 5 staying closed for over 2 years.¹⁶

The Covid-19 pandemic has added to closure concerns, with the BBC reporting that 260 Post Offices that closed due to Covid-19 had not reopened by the time restrictions were lifted in June 2021.¹⁷ In response to these concerns, the government has stressed that temporarily closed branches are not counted within the Post Office numbers, meaning the access criteria requirement is maintained. They say that the “reasons for a temporary closure of a branch are normally outside the control of Post Office Ltd, such as postmasters retiring, but whenever Post Office Ltd need to relocate a branch the Government believes they work hard to restore service to the community as soon as possible and consult with local communities as set out in the principles of community engagement agreed with Citizens Advice”.^{18 19}

¹⁵ Speech by Nick Read at [Postmaster conference](#), 27 April 2021, starting at around 8:30 in the video

¹⁶ Citizens Advice, [The post office network is at a crunch point - investment is needed to ensure their survival](#), [last accessed 09/09/21]

¹⁷ BBC, [Covid: More than 250 Post Office branches remain closed](#), 1 September 2021

¹⁸ Business Energy and Industrial Strategy Committee, [Government Response to the Committee's First Report of Session 2019](#), March 2020

¹⁹ [PQ168978](#), 23 March 2021

2 Post Office changes

2.1 Post Office 2025

In his vision for the future of the Post Office, chief executive Nick Read listed seven priorities that he believed crucial to the success of the Post Office:

1. Prioritising strong, trusting and rewarding relationships with postmasters.
2. Growing the network, making sure the right branches are in the right locations nationwide.
3. Innovating in mails, working with more carriers and delivering more of what consumers and small businesses need.
4. Securing free, convenient and reliable access to cash in every community
5. Building commercial partnerships to launch new products and services in branches and online.
6. Investing in new branch technology.
7. Creating value for our shareholder with a successful, sustainable and efficient business.

He also spoke of the need for the Post Office to become self-sufficient and not reliant on the [government subsidy](#). He stated that this is necessary to free up government funding for other priorities, as well as to ensure the Post Office is in a position to align the interests of postmasters and the business.

He revealed plans to work with the government to facilitate profit sharing between the Post Office and postmasters, stressing the need to include sub-postmasters in the commercial success of the Post. Profit sharing was stated as an aspiration for the Post Office by 2025.

This continued the theme of building back postmaster trust in the Post Office after Horizon (see Section 5). In addition to the target of profit sharing, the CEO stated intentions to ensure that postmasters have a voice in the business, noting that two serving Postmasters joined the Post Office Board as Non-executive Directors in the first quarter of 2021/22.²⁰

²⁰ Post Office Ltd, [Post Office 2025](#)

2.2 Relationship with post and parcel companies

Royal Mail

The Post Office separated from Royal Mail in 2012. At this time, they entered into a 10-year commercial agreement which ensured Royal Mail services were still accessible at post offices. A new agreement, known as the second Mails Distribution Agreement, commenced on 29 March 2021 and continues the commercial partnership between the two companies. The new agreement will operate until at least 28 March 2032.²¹

Under the new agreement, customers will continue to be able to purchase a wide range of Royal Mail and Parcelforce Worldwide products at post office branches. However, the partnership between the Post Office and Royal Mail is no longer exclusive. This means that the Post Office can now work with other parcel carriers for the first time in its history.²²

DPD and Amazon

At the end of August 2021, the Post Office entered into an agreement with DPD, who will now deliver parcels directly to post offices. The service will initially be available to 250 post offices, before rolling out to approximately 1,500 branches ahead of the 2021 Christmas period.²³

The Post Office also signed a deal with Amazon to offer pick-up and drop-off services. This will also be rolled out to 1,500 branches by Christmas 2021, before being launched nationally in 2022. The arrangement follows six months of trials in 200 post offices.²⁴

2.3 Postmaster remuneration

Payments for postal products and services make up most of the remuneration that postmasters receive for post office work.²⁵

The new agreement with Royal Mail has changed the payment structure for Royal Mail products. Previously, when Royal Mail increased their prices, postmasters did not see a corresponding increase in their profits. The new commercial structure is intended to reward postmasters for selling more, as remuneration for sales will now be linked to the price of Royal Mail products.

²¹ Post Office Limited, [Post Office Limited and Royal Mail agree new long-term commercial agreement](#), 17 December 2021

²² Post Office Limited, [Postmaster remuneration for Royal Mail products and services](#), 21 April 2021

²³ Post Office Limited, [Post Office partners with DPD to roll-out 'Click and Collect' services across the UK](#), 16 August 2021

²⁴ The Times, [Post Office to handle packages for Amazon](#), 13 September 2021

²⁵ Post Office, [Postmaster remuneration for Royal Mail products and services](#), 21 April 2021

It is also designed to reward postmasters when a customer buys product additions, such as guaranteed delivery days.

The Post Office Ltd predict postmasters will benefit from an additional £10 million worth of remuneration under the new agreement

The Post Office have stated that postmasters will benefit from an estimated additional £10 million worth of remuneration compared with the financial year for 2020/21. The new structure is intended to be implemented in April 2022. However, from May 2021 until March 2022 postmasters will receive a monthly interim Tariff Payment on top of their standard remuneration. This is intended to reflect the benefits of the new agreement.

There will also be a transitional protection period for postmasters until the end of March 2023. This is designed to ensure remuneration for all postmasters will be at least the same as it would have been under the current agreement.²⁶

The CWU have raised concerns that the new agreement focuses on upselling. They worry that this might incentivise postmasters to sell customers the more expensive option, regardless of what the customer needs. They suggest that postmasters in non-affluent areas may struggle under the new agreement, as customers in these areas are more likely to take the cheapest option.²⁷

²⁶ Post Office Ltd, [Mails Distribution Agreement 2021: Post Office, Postmaster remuneration for Royal Mail products and services, 21 April 2021](#)

²⁷ BetterRetailing, [EXCLUSIVE: New two-tier Post Office parcel payment terms to reward branches for upselling](#), 20 April 2021

3 Funding and financial performance

3.1 Funding

In November 2020, the government announced £227 million funding for the Post Office for 2021/22. This includes a £50 million network subsidy payment and £177 million to invest in the future of the network. The £177 million investment funding is made up of a £125 million equity injection and a £52 million loan.²⁸

The Post Office Ltd said the investment:

...will be used to improve services which bring additional customers to our Postmasters, such as Drop & Go and the introduction of automated cash deposits at branches... Investment will also go towards further developing our support and service available to Postmasters.²⁹

²⁸ Post Office Ltd, [Post Office welcomes £227 million funding from Government](#), 26 Nov 2020; Post Office, [Annual Report and Accounts 2019/20](#)

²⁹ Ibid

Government funding for Post Office

£ millions

	Network subsidy	Government grant for investment
2009/10	150	-
2010/11	150	-
2011/12	180	-
2012/13	210	98
2013/14	200	317
2014/15	160	170
2015/16	130	150
2016/17	80	140
2017/18	70	70
2018/19	60	210 over three
2019/20	50	years
2020/21	50	
2021/22	50	125 plus 52 loan

Source: Post Office annual reports and Post Office Ltd 'Post Office welcomes £227 million funding from Government' press release

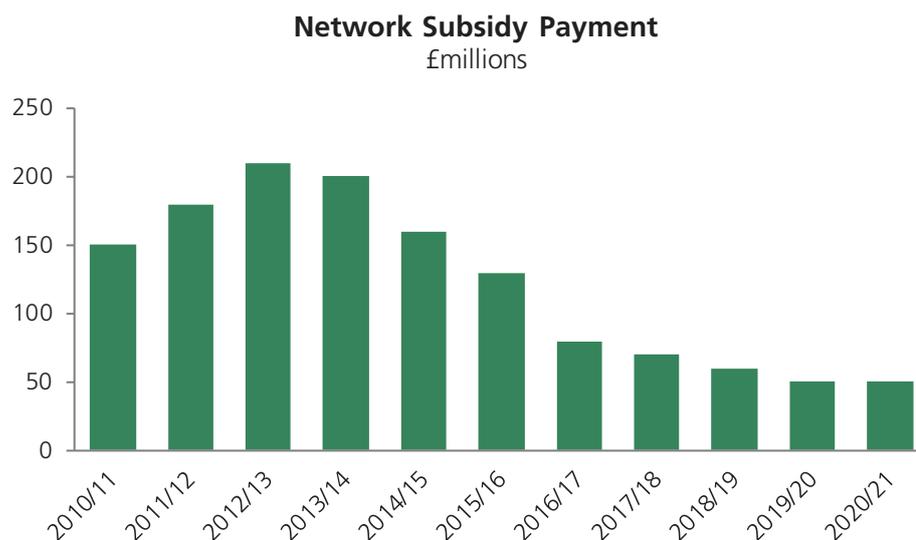
Network subsidy payment

The Network Subsidy Payment is designed to cover operating costs of the network. It is separate to the government capital grants that cover the costs of modernisation. The Coalition Government had stated in 2010 that the network subsidy would...

...reduce substantially over time. However, there will almost certainly remain a need for a residual level of subsidy in the future to maintain those branches which could never be profitable, such as those in remote rural areas, but which provide a valuable social purpose.³⁰

The value of the network subsidy payment reached a high of £210 million in 2012/13. It then continued to be reduced each year until 2019/20, where it has remained at £50 million.

³⁰ Department for Business, Innovation and Skills, "[Securing the Post Office network in the digital age](#)" November 2010 para 35



Source: Royal Mail Group Annual Report and Financial Statements 2010/11, Post Office Limited Annual Report and Financial Statements 2011/12- 2019/20

Reaction from interest groups

The CWU and the NFSP had urged the government to extend the subsidy, with the NFSP stating that the Post office network should be a target for future investment to support the government’s “levelling up” agenda (the intention to ‘level up’ regional disparities).³¹

The CWU welcomed the continuation of the network subsidy, along with the 2021/22 investment. However, they pointed out that the Post Office has already spent around £100m in legal costs associated with the Horizon scandal and therefore raised concerns that the total investment for 2021/22 was not sufficient to ensure the Post office continues to be “a viable community service”.

They further stated that investment should be given to remaining Crown Post offices, rather than looking to privatise these branches.³²

Citizens Advice welcomed the continuation of the government subsidy and stated their intention to make the case for the government to provide a multi-year subsidy to continue to support rural post offices in the spending review covering the period from 2022-23 onwards.³³

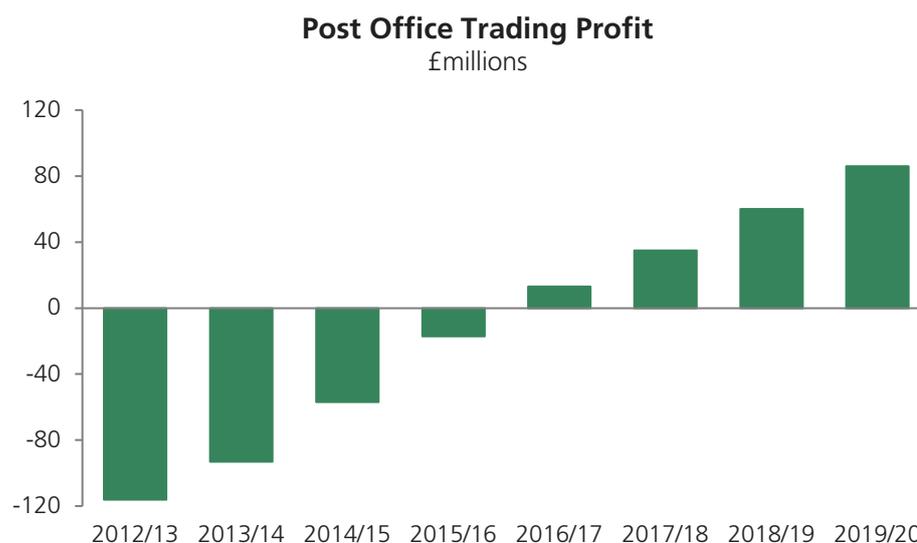
³¹ The National Federation of Subpostmasters, [NFSP urges Government to extend subsidy](#), 21 October 2021

³² The Communications Workers Union, [Letter to Branches](#), 27 November 2020

³³ Citizens Advice, [Post Office News – August 2021](#)

3.2 Financial Performance

The Post Office reports its trading profit.³⁴ On this measure the Post Office reported a profit of £86million in 2019/20, an increase of £26million since 2018/19. 2016/17 was the first year the Post Office reported a profit in 16 years and this has increased every year since. However, the trading profit in 2020/21 is likely to be less than half of the profit of 2019/20 due to the coronavirus pandemic.³⁵



The trading profit measure does not include network subsidy payments or investment funding, which largely relate to restructuring. The Post Office spent £91 million on restructuring in 2019/20 and received £42 million in grant funding for this from the government (this is separate from the network subsidy payments).

Overall, the Post Office recorded a loss after tax of £305 million in 2019/20, down from a profit of £40 million in the previous year – largely because exceptional costs related to Horizon (see section 5).³⁶

Revenues

The Post Office recorded a revenue of £951 million in 2019/20, reducing by £21 million on the year before. This fall in revenue can largely be attributed to uncertainty caused by Brexit and the Covid-19 pandemic.³⁷

³⁴ Trading profit is the operating profit from continuing operations before depreciation, amortisation, exceptional items, closure of activities, investments and Network Subsidy Payment.

³⁵ Post Office Ltd, [Post Office 2025](#)

³⁶ Post Office Ltd, [Post Office Annual Report](#), 24 March 2021

³⁷ Post Office Ltd, [Post Office Annual Report](#), 24 March 2021

Revenues can be broken down by the individual services and products the Post Office provides. Alterations in the groupings of products were made in 2017/18 and then again in 2018/19, so meaningful comparisons can only be made from 2018/19.

The chart below shows that between March 2019 and March 2020, the Post Office saw a decline in revenue in all groupings apart from payment services, cash and banking and other revenue.

Segmented Revenues		
£ millions		
	2019/20	2018/19
Retail		
Mails	347	350
Retail & Lottery	38	42
Payment Services	31	27
Cash & Banking	187	161
Financial Services & Telecoms		
Financial Services	104	113
Telecoms	144	153
Insurance	48	55
Identity	38	58
Other*	14	13
Revenue	951	972

* Supply Chain Income (£10 million), transport of high value mails and release of Bank of Ireland Income (£3 million) and immaterial revenue balances (£1 million)

Source: Post Office Ltd, Annual Report 2019/20

Revenue from Payment services includes bill payment transactions. Revenue in this area increased by £4 million to £31 million between 2018/19 and 2019/20, with £3 million of this resulting from a full year's worth of Payzone revenue in 2019/20. (Payzone's bill payments business became a part of the Post Office Group in November 2018).

The fall of £20 million in Identity was due to new pricing arrangements with the Government Digital Service, impacting the full year, along with reduced Passport market share.³⁸

³⁸ Post Office Ltd, [Post Office Annual Report](#), 24 March 2021

4 Post Office services

The Post Office Ltd provides a range of products and services to the public through its network of post office branches. As well as postal services, post offices offer access to banking services and cash, and certain government services.

4.1 Financial Services

Providing financial services itself

The Post Office offers a range of banking services through its [Post Office Money](#) brand. Most Post Office Money products are provided by the Post Office through the Bank of Ireland. Services include current accounts, personal loans, credit cards, mortgages, savings accounts money transfers and international payments.

The partnership between the Bank of Ireland and the Post Office was formed in 2003 and was due to end in 2023 but has now been extended until at least the end of 2026.³⁹

Providing services to bank customers

In January 2017 the Post Office signed an agreement to provide nearly all of the large banks' personal customers and most of their small business clients with certain face-to-face services, including depositing cash and cheques and reviewing balances.⁴⁰ A new three-year banking framework started on 1 January 2020 and will last until 31 December 2022. This allows customers to continue to be able to access cash and banking services at post office counters.⁴¹

A third banking framework is being discussed,⁴² and in July 2021, the Post Office launched a '[Save Our Cash](#)' campaign. They argue the three-year Banking Framework is too short-term and fails to provide certainty to the people and businesses that use it. They are campaigning for the government

³⁹ The Irish Times, [Bank of Ireland extends UK Post Office partnership](#), 27 September 2019

⁴⁰ Post Office, [Branch banking services](#) [accessed 12/10/21]

⁴¹ Post Office, [Banking agreement to continue for three more years](#), 10 August 2019

⁴² Post Office, [Save our Cash: the Banking Framework](#) [accessed 18/10/21]

to require banking partners to make long-term commitments to guarantee free access to cash services nationwide.⁴³

ATMs

There are currently 2,000 ATMs in post offices, owned by the Bank of Ireland.

The Post Office are taking over 1,400 ATMs in this network, investing £16 over four years to own and operating them as free to use ATMs. The first ATM will be migrated to the Post office estate at the end of 2021, with all ATMs transferring by the end of March 2022.

The other ATMs are being sold. The Post Office has stated that support will be provided for Postmasters who will no longer have an ATM, including posters with information on how customers can use banking services over the counter.⁴⁴

Total cash withdrawals

Annual volumes of cash withdrawals grew by 46% to £7.8 billion since the start of the Banking Framework in 2017 to July 2021, and cash deposits have increased by 110% to £22.1 billion in the same period.⁴⁵

The Post Office reported that it handled total cash deposits and withdrawals of £2.99 million in September 2021, the highest amount in a single month to date.⁴⁶

The increase in demand for cash services in post offices is likely to be linked to ATM and bank closures across the UK, with over a third of bank and building society branches closing since 2012.⁴⁷ See the Library briefing [Statistics on access to cash, bank branches and ATMs](#) for more on this.

For more information on Access to cash, see our briefing paper [Protecting access to cash](#)

4.2

Government services

The Post Office is the largest provider of ‘over the counter’ government services. However, there has been significant decline in these services over the last 25 years, particularly as many services have moved online.⁴⁸

⁴³ Ibid

⁴⁴ Post Office Ltd, [Post Office ensures millions of people continue to have access to free to use ATMs with major investment programme](#), 26 October 2020

⁴⁵ The Post Office Ltd, [Post Office launches campaign to ‘Save Our Cash’](#), July 2021

⁴⁶ The Independent, [Cash deposits and withdrawals at the Post Office on course to top £3bn a month](#), 12 October 2021

⁴⁷ The Post Office Ltd, [Post Office launches campaign to ‘Save Our Cash’](#), July 2021

⁴⁸ Business Energy and Industrial Strategy Committee, [Government Response to the Committee’s First Report of Session 2019](#), March 2020

Current government services available at the post office include:

- Driving licence renewal and issuing international Driving Permits
- Checking documents and identity, including “Passport Check & Send” on behalf of Her Majesty’s Passport Office.
- Providing rod fishing licences.⁴⁹

2 Post Office Card Account

Post Office Card Accounts (POCa) are simple bank accounts for those receiving benefits, state pensions and tax credit payments. However, the Department for Work and Pensions (DWP) is ending the contract with Post Office to provide them. The scheme was due to end in November 2021 but has been extended for 12 months to give users time to make alternative arrangements following disruption caused by the pandemic. Customers who currently receive payment into a POca are encouraged to open a bank account. Those unable to do this will be migrated onto a new Payment Exception Service.⁵⁰

For more on such payments, see the Library briefings [State Pension payment arrangements](#) and [State Pensions 2021: FAQs](#).

4.3

Other services

EasyID

In May 2021, the Post Office launched a new app, Post Office [Easy ID](#). It is designed to be able to prove a person’s identity easily and reliably. Help will be offered in post office branches for those unsure of how to use the technology.⁵¹

Parcel drop off and collection services

In August 2021, the Post Office announced agreement to offer pick-up and drop-off (PUDO) services with Amazon and DPD and has said it will look to continue this service with other carriers – see Section 2.2.

⁴⁹ Post Office, In branch services [accessed 18 October 2021]

⁵⁰ Department for Work and Pensions, [Post Office card accounts closure extended until November 2022](#), 9 September 2021

⁵¹ Post Office Ltd, [Post Office 2025](#)

5 Horizon

5.1 Background

The Post Office Horizon affair has been described as the one of UK's most widespread miscarriages of justice.⁵²

A number of postmasters experienced difficulties with the Horizon Post Office computer system, used for transactions between Post Office Limited and its branch network. Postmasters claimed that there were problems with the IT system and related training and support.

Investigations by the Post Office into postmasters, using information from the Horizon system, led to suspensions, termination of postmasters' contracts, prosecution and conviction of postmasters, for example for false accounting and fraud.

This has been a long and complicated saga, stretching back over two decades. Here we focus on some of the key events of the last couple of years.

5.2 The high court settlement and judgement

From late 2015, a group of claimants, coordinated by the [JFSA](#) (Justice for Subpostmasters Alliance), began to seriously explore legal action against the Post Office.⁵³ In January 2016, Alan Bates from the JFSA secured the financial funding to take the Post Office to court in return for a proportion of any damages awarded.⁵⁴ This high court group litigation became Bates and others vs. The Post Office Ltd.

On 11 December 2019, there was a settlement between the Post Office and the 555 claimants. As part of the settlement, the Post Office agreed to pay the claimants £57.75m. However, after costs – including to the funder of the case, *Therium* – it was expected that the claimants would see around £10 million, which was unlikely to cover their financial losses.⁵⁵

⁵² See for example BBC, [Convicted Post Office workers have names cleared](#), 23 April 2021

⁵³ JFSA, [About us](#) [undated]

⁵⁴ Andy Furey, CWU, [Letter to branches](#), 21 November 2019

⁵⁵ Karl Flinders, *Computer Weekly*, [Subpostmasters got the best deal possible in legal battle with the Post Office, says lawyer](#), 13 December 2019; Karl Flinders, *Computer Weekly*, [Boris Johnson commits to 'getting to the bottom of' Post Office Horizon IT scandal](#), 26 February 2020

On 16 December 2019, there was a [judgement](#) in favour of the claimants at the High Court in the second, and last, civil court case in the high court group litigation.

5.3 CCRC and appeals

The Criminal Cases Review Commission (CCRC) considers cases where someone convicted of an offence has exhausted their normal rights of appeal, yet still maintains they were wrongly convicted or incorrectly sentenced.⁵⁶

The CCRC has been receiving applications from former sub-postmasters claiming to have been falsely convicted of offences as a result of Horizon failures, since March 2015.

Since the judgement in the high court case, the CCRC has referred many postmaster cases to the courts, as they set out in September:

Six further ‘Post Office’ cases have been referred by the CCRC. ... This takes the total number of Post Office referrals made by the CCRC to 57 [...] the CCRC currently has around 30 further Post Office cases under review. Recent indications are that many people have lodged appeals directly with the Court of Appeal. The Post Office has also written to over 500 people whose convictions may be affected.⁵⁷

5.4 The Inquiry

The Prime Minister committed to an inquiry into the Post Office Ltd Horizon IT system in February 2020.⁵⁸ The Government announced a review in June 2020, and in September 2020 announced that it would become a non-statutory inquiry, led by judge Sir Wyn Williams.⁵⁹ The inquiry was converted to a statutory inquiry – with powers to compel witnesses to give evidence – in June 2021.⁶⁰

The Inquiry has [terms of reference](#) but its role has been summarised as:

Sir Wyn is tasked with ensuring there is a public summary of the failings which occurred with the Horizon IT system at the Post Office leading to the suspension, termination of subpostmasters’ contracts, prosecution and conviction of subpostmasters. The Inquiry will look

⁵⁶ CCRC, [Annual report and accounts 2018/19](#), HC 2438, 2019

⁵⁷ CCRC, [CCRC refers six more Post Office cases](#), 13 September 2021

⁵⁸ [HC Deb 26 Feb 2020 c315](#)

⁵⁹ Gov.uk, [Independent review into the Post Office Ltd Horizon IT system](#), 10 June 2020 and [Written Statement HCWS280](#), 10 June 2020; [Written Statement HCWS477](#), 30 Sept 2020

⁶⁰ [HC Deb 19 May 2021 \[Post Office Update\]](#)

to establish a clear account of the implementation and failings of the system over its lifetime (a period of over 20 years).

The Inquiry will gather relevant evidence from affected persons, previous and current subpostmasters and subpostmistresses, Post Office Ltd, UK Government Investment (UKGI), Fujitsu, the Department for Business, Energy and Industrial Strategy (BEIS), amongst others. It will also consider whether Post Office Limited has learned the lessons and embedded the cultural change necessary from the findings in Mr Justice Fraser’s judgments and the impact on affected postmasters.⁶¹

A [progress update](#) on the Inquiry was published in September 2021.

5.5 The Post Office response

The Post Office prosecuted submasters for many years based on information from the Horizon system and defended their actions.

One key high court judgement said their approach to some of the evidence in the trial:

“... demonstrates a simple institutional obstinacy or refusal to consider any possible alternatives to their view of Horizon, which was maintained regardless of the weight of factual evidence to the contrary. That approach by the Post Office was continued, even though now there is also considerable expert evidence to the contrary as well (and much of it agreed expert evidence on the existence of numerous bugs).

[...] This approach by the Post Office has amounted, in reality, to bare assertions and denials that ignore what has actually occurred, at least so far as the witnesses called before me in the Horizon Issues trial are concerned. It amounts to the 21st century equivalent of maintaining that the earth is flat.”⁶²

In settling the high court case, the Post Office apologised to those affected, committed to applying the lessons it had learnt and said it was making an ambitious and sustained programme of changes.⁶³

The Post Office have since made various changes to improve relationships with postmasters, saying they are:

⁶¹ The Post Office Horizon IT Inquiry, [About the Inquiry](#), accessed 14 October 2021

⁶² Paras 928 and 929 of [Judgment \(No.6\) “Horizon Issues” in Alan Bates and Others vs Post Office Ltd \(The Post Office Group Litigation\) in the High Court](#), 16 Dec 2019

⁶³ [Joint Press Statement - Resolution to the Group Litigation proceedings \(Bates v Post Office Limited\)](#), 11 December 2019

... undertaking wholesale reform with a programme of improvements to overhaul culture, practices and operating procedures throughout every part of the Post Office to forge an open and transparent relationship with postmasters.

Two current postmasters joined the Post Office Board as Non-Executive Directors earlier this year to influence Post Office strategy and the implementation of programmes affecting postmasters. Comprehensive improvements have been made from initial recruitment and training through to daily transaction accounting, including design changes made to transactions on the Horizon system, based on postmaster feedback.⁶⁴

The Post Office are also supporting applications to appeal by some postmasters.⁶⁵

The Post Office ran a Historical Shortfall Scheme – now closed to applications - offering redress for current and former postmasters who may have experienced shortfalls related to previous versions of Horizon.⁶⁶ The scheme was not open to postmasters who were part of the high court case.⁶⁷

Separately, compensation is being paid to those who have had Horizon-related convictions overturned. The government is contributing towards the cost of this compensation and the Historical Shortfall Scheme.⁶⁸

5.6

Further information

- The extensive [Post Office Trial](#) website, from journalist Nick Wallis who has been reporting on the issues for many years
- Articles on the case from Karl Flinders at Computer Weekly, listed at the bottom of the latest article [Post Office Horizon scandal inquiry announces first public hearing](#), 13 Oct 2021 [may require registration]
- BBC, [Post Office scandal: What the Horizon saga is all about](#), 22 July 2021 – gives a short overview
- Richard Brooks and Nick Wallis for Private Eye, [Justice lost in the post](#), April 2021 – gives a longer overview
- Parliamentary Search has [statements from the government](#) and [parliamentary questions](#) [intranet access required].

⁶⁴ Post Office, [Post Office Statement on Postmasters' appeals of historical convictions](#), 11 August 2021

⁶⁵ Post Office, [Post Office Statement on Postmasters' appeals of historical convictions](#), 11 August 2021

⁶⁶ Post Office, [Historical Shortfall Scheme, Questions and answers](#), Oct 2021

⁶⁷ Post Office, [Historical Shortfall Scheme, Eligibility Criteria](#), Oct 2021

⁶⁸ Gov.uk, [Government to fund initial compensation package for vindicated postmasters](#), 22 July 2021

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