



Department for Business & Trade

Kevin Hollinrake MP
Parliamentary Under Secretary of State

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Email only.

Dear Mr Greenhow,

Thank you for your email of 24 February, regarding the Post Office. I appreciate the fact that you shared the insights and feelings of National Federation of SubPostmasters (NFSP) members.

As I hope you are aware, the Government remains as committed as ever to ensuring the long-term sustainability of the Post Office network. Over the past ten years, the Government has provided over £2.5 billion in funding to support the Post Office network and is providing a further £335 million for the Post Office over the next three years, including the £50 million a year subsidy to safeguard services in the uncommercial parts of the Post Office network.

I am sorry to read that postmasters have faced issues when delivering energy vouchers to customers in Northern Ireland. I am naturally conscious of the tension between providing a quality service, delivering value to the taxpayer and providing fair remuneration to your members. However, while my department was involved, to a degree, in brokering the agreements between Post Office Limited and the five relevant Northern Ireland electricity suppliers, this did not touch on price in any way. Therefore, remuneration for your members was entirely a consideration for Post Office Limited. If you feel that further action is required, I recommend raising this with Post Office Limited.

One additional benefit that is worth considering is that with the large number of Energy Bills Support Scheme and Alternative Fuels Payment transactions, these were also accompanied by a corresponding increase in bank deposit transactions, which provided additional remuneration to the postmaster. My department made considerable efforts to encourage the use of bank deposits and the volumes observed were significantly higher than those initially modelled.

With regards to your point on senior executives' remuneration, the salaries of the leaders in the business reflect the need to have people with the right experience and expertise. Senior remuneration policy is detailed in Post Office Limited's annual accounts. Post Office Limited are transparent on their network performance and publish annual network reports - by this, executives can be held to account publicly.

I appreciate that there has been a delay to the next working group meeting, for which I apologise. Scheduling a date for the next meeting was heavily impacted by the departmental changes in February 2023, but I am hopeful that we will shortly be able to schedule the next meeting.

Responding to some of the insights and questions provided by your members, firstly, as you will be aware, Post Office is a commercial business that operates at arm's length from the Government and the issues around postmaster remuneration are an operational matter for the Post Office. However, I was pleased to see that in August 2022, Post Office made some improvements to remuneration, increasing payments for several complex and time-consuming transactions and introducing payments for previously 'unpaid' activities, but I appreciate these might not have gone as far as some postmasters would have liked. The Government recognises how important these issues (as well as other issues raised in your letter), are for postmasters and the future of the network and will continue an open dialogue with the NFSP and the Post Office to assess what action can be taken.

On the Post Office as a 'Front Face for Government', I am aware that the Coalition Government made a commitment to support the Post Office in its ambition to become a front office for the Government in November 2010. However, we cannot escape the fact that consumer use has changed significantly since that position. Increasingly, many people prefer to access Government services online. Furthermore, contracts for government services cannot simply be awarded to the Post Office – they must be procured competitively to ensure value for taxpayers' money. My officials regularly engage with other government departments who have interests in the Post Office network, and we will continue to look at opportunities for delivering government services through the Post Office network.

Regarding the issues related to banking, cash deposit limits and the Financial Conduct Authority (FCA), the Government is committed to tackling economic crime. I am supportive of the introduction of sensible measures to address the money laundering vulnerabilities that have been identified, but it is important that these measures are proportionate and cause minimal disruption to legitimate customers and businesses. I have written to the FCA to set out the concerns I have heard. I am encouraging the FCA to ensure that the policy is evidence-based, and the impacts on legitimate transactions are properly understood. My officials are working in close collaboration with HM Treasury, Post Office Limited and the FCA to find practical solutions to the issue.

I appreciate you sharing Mr Greene's letter and I hope you will be able to pass on my thanks for his service as a postmaster. I have noted his concerns around remuneration, increased responsibility, and the viability of the network.

With regards his points on the support available for burglaries, I completely understand that any criminal activity in a branch is not only traumatic for those involved but is also an attack on the local community. My officials raised this with Post Office, and I understand that Post Office's Security team is committed to the safety and security of the network. The team provides bespoke physical and procedural advice and solutions for various risks and types of criminality. All branches are provided with the Security Operations manual providing guidance across all procedures.

I understand that the Post Office have a very robust risk assessment and communication process in place and initial trauma support is part of their overall approach. Every branch is supported by a local Security Manager who are there to offer advice and guidance on security, as well as offer support post-incident, and can be contacted via their 24/7 dedicated Grapevine Intelligence desk where postmasters report both incidences of suspicious activity and crimes so that it can be acted upon. Threats and alerts are also then cascaded to other postmasters in the area to provide an early alert.

The Post Office has assured me that they are not complacent about their responsibilities in relation to the security of the network, and that for many areas, the Post Office may be the last financial institute on the high street. The Post Office are aware of the potential risks faced from today's society, they continually review and adapt processes to ensure that they are equipped to deal with both current risks and innovate, often deploying cutting edge technology to prepare for any future potential threats.

I would also like to highlight that the Postal Services Act 2011 sets the minimum requirements of the universal postal service, including a 6-days-a-week letters delivery service. To be clear, the Government has no current plans to change these minimum requirements.

Thank you again for writing in. I hope my response is useful to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kevin', written in a cursive style.

KEVIN HOLLINRAKE MP

Parliamentary Under Secretary of State – Department for Business and Trade