



House of Commons
London
SW1A 0AA

..... August 2022

Dear

Re: Local postmasters call for MP help

I am writing to you as a constituent of yours, and a member of the National Federation of SubPostmasters (NFSP);, a professional not-for-profit trade association representing post office operators, responsible for approximately 8,500 post office branches throughout the UK.

The reason for this letter is in two parts; firstly, there are issues within the network however, I propose a few solutions that you as my MP could take up to prevent the Post Office (PO) network from becoming obsolete in the very near future. Secondly, PO have offered postmasters a proposed remuneration increase which myself and my colleagues cannot accept as it does not adequately cover our costs in providing Post Office services.

As my elected local parliamentarian, you have the very real opportunity to make a significant impact on my future and on the future viability of the network.

Network Issues

1. The NFSP has consistently called for greater remuneration for providing banking services. This is a fair request given the banks save approximately £600,000 for every branch closed. In 2021, collectively the banks saved approximately £441.6m by exiting

the High Street and communities around the country. In addition, banks should be mandated to provide specific equipment and training required for banking services. This cost currently falls to the postmaster, 70% of whom make less than the national minimum wage.

- So far, these requests have not been met. I ask that you write to the Treasury and the Chair of BEIS requesting these changes be made via an amended Banking Framework 3. It is only fair that some of the savings made by the banks should be distributed towards the postmasters who now provide the banking services on their behalf.

2. As bank branches close in ever-greater numbers each year, more customers are coming into post offices to deposit cash. However, banks are limiting the amount that can be deposited at post offices, which leads to customer frustration, directed at the postmaster. In addition, postmasters are only remunerated a poundage per £1,000 deposited or withdrawn, whereas the bank charges their customer a poundage per £100. Unfortunately, to provide this service, it costs the Postmaster more to provide the service than they can earn so once again the banks are profiting from this relationship.

Whilst cash is seen as generally in decline, during the current economic crisis, consumers are more and more turning to cash as a way of managing their finances so that they do not over spend and spiral into debt. Therefore, banks limiting the cash cycle will make it harder for these groups to manage their day-to-day finances.

- Please call on Treasury to increase the deposit amount for all banks either via Banking Framework 3, or new legislation.

3. Rural and Community post offices currently receive a small fixed payment from PO. These are often shops that are 'last in the village', and as such these shops need to stay open to ensure PO meet their Access Criteria as legislated by government. Post Offices in urban areas, tend to be on a variable rate of remuneration based on the number of transactions the conduct per month and are not provided for under the Government subsidy.

- I ask that you call on Government to increase this subsidy so that the Community network are fully funded and so that the rest of the network, Mains and Locals, are not indirectly supporting these offices.

4. Government services have been consistently eroded from post office counters over the years, despite being called 'the front office of government' in the past. Without these footfall drivers, customer visits have been declining year on year (20 million customer per week in 2020, now down to around 10 million customer per week). Remuneration for most PO services barely covers the time taken, therefore independent businesses are 'propping up' a wholly government-owned business. PO needs to be a contributor to an independent office and not a drain on its resources.

Recent NFSP research found that 75% of the network believe that their retail side subsidises their post office business.

- Please write to the Postal Minister and request better remuneration for PO services immediately, and more government services to be introduced across the counter.
 - We recently requested to BEIS that post offices be able to issue one-year passports for a limited timeframe to help ease the backlog currently faced by holidaymakers. Government have been looking into this for nearly two months. Peak holiday season is nearly over. Can you please find out if this proposal is to be accepted?
5. £350m is to be paid by Government to PO to cover the costs of the Horizon Inquiry. PO have told us they have to pay this money back, and therefore they do not have the resources to increase postmaster remuneration or invest in new technologies. It would therefore be reasonable to conclude, that postmasters of today are being expected to pay the price for PO's past mistakes.
- As your constituent, I would like you to ask where this £350m is to be paid from?
6. 60% of the NFSP membership pay business rates, currently an unaffordable cost to many at a time when many postmasters are making no profit from their post office counters.
- Please call on Treasury to suspend business rates throughout the UK, for premises with a post office onsite during the cost-of-living crisis. Post offices were deemed as an essential service during the pandemic by government, therefore this measure could help many survive the crisis.
 - Suspend the revaluation of business rates on all UK post offices.

Remuneration Proposal

This week I have been presented with a proposed remuneration offer from PO. The offer is derisory and does not align to the rise in inflation. Added to this the increases in energy price, national minimum wage (for staff), National Insurance, business rates, stock etc, this means that we are looking at a decrease in our remuneration at a time when over 70% of postmasters are making less than the National Minimum Wage.

PO needs to ensure the network size remains at 11,500 or above, however these increases are a very real threat to our future survival. Already 53% of the network take no annual leave throughout the year, 83% have felt the impact of the cost of living already and 27% are making absolutely no profit. If these businesses are threatened so are the staff they employ as 73% employ between 1-6 members of staff.

As independent businesspeople who are investors in the PO network, we do not accept the direction of decline that Government and the PO management have chosen. We also do not accept the insulting remuneration proposals by PO. Therefore, I call upon you as my elected MP, to take the suggestions offered above to the relevant Minister/body with immediate effect.

Government has a responsibility to ensure that Post Office Ltd. does not suffer a demise due to decisions made by successive governments. PO, Government and the NFSP all need to meet to discuss future plans. As investors in the network, we are no longer prepared to allow Government and PO to ruin our investments.

If you would like more information regarding any details mentioned in this letter, please contact the NFSP Public Affairs Manager at ruth.buckley-salmon@nfsp.org.uk

Yours sincerely,

.....

..... Post Office