



Department for Business and Trade

24 February 2023

Dear Minister Hollinrake,

It was good to meet with you on the 5th of December last year, and I am grateful for the time given to discuss the needs and concerns of my Postmaster colleagues who are investors in the Post Office network.

The financial support the Government is providing to businesses in relation to energy costs is very welcome, especially after two traumatic years affected by Covid. This lifeline has ensured that post offices are protected and can continue to be a central hub for many communities. The importance of this was highlighted at PO social value research launch, which emphasised the importance of post offices, and postmasters, to their communities and the local economy.

However, it would be remiss of me in my position as the voice of the Postmasters if I did not highlight concerns that have been brought to my attention from colleagues in Northern Ireland, which outline a wider concern from colleagues around the country.

In February, residents in Northern Ireland were sent letters to be cashed at Post Offices for a one off payment of £600. As welcome as this work is, it has brought with it significant challenges.

Due to the way the scheme was implemented, it significantly lengthened the time people had to wait in queues to be served. This caused some colleagues to hire security to control the queues due to the frustration felt amongst customers. Unfortunately not everyone brought the required documentation for the pay-out to be provided, which meant colleagues and their staff experienced an unacceptable level of abuse.

However, the aspect that has come through strongly from my colleagues is the payment per transaction that they received for providing the service on behalf of the Government via the Post Office.

One such example was a colleague and two members of staff who processed nearly 500 transactions in one day. After calculating how much they would earn from the day, and subtracting the cost to provide the service, they ended the day minus £107 without taking into account other costs associated with running the business.

Does His Majesty's Government expect self-employed network investors to provide Government services at a significant cost to themselves?

As a businessman yourself, you will no doubt recognise the irony in such a situation. Postmasters are in business to generate a profit, not a loss.

Whilst it can be argued that Government has to provide value for money for the taxpayer, this cannot be at the expense of the self-employed businessperson providing for their family and paying their bills.

For this service to be delivered, Government and Post Office entered into negotiations, with the Government aiming to drive as low a cost for the service as possible and Post Office aiming to derive as much a profit as possible. However, no-one considered the costs of the very people who provide the premises or staff etc so that the service can be offered. This highlights the problems which arise due to PO still not including the NFSP in negotiations even after Justice Fraser's ruling of 2019.

As the Part & Parcel Report shows, Postmasters are significant employers in the UK economy and we naturally wish to remunerate our employees more than the NMW, however the economics simply are not there. If Postmasters treated their employees in the same manner Government treats its Postmasters, then Postmasters may be required to answer questions under anti-slavery laws. Being self-employed, does not justify Government or the Post Office to disregard the conditions and terms by which they are expected to provide services. This applies to the competitor of Post Office and their agents who Government would have turned to if an agreement was not reached with Post Office.

To add salt to our wound, we learned at the BEIS Select Committee on the 17th of January that Nick Read had been awarded a £400,000 bonus for the same year that Postmasters' collective remuneration declined by £14 million. Whilst it is not clear what bonuses other senior executives of Post Office Ltd received for the financial year ending March 2022, there has to be a skewed sense of morality for an award that virtually doubles one individual's annual remuneration at a time when those who drove the revenues, saw a significant decline in their own income.

Post Office senior management state they want to reset the relationship with Postmasters. However, while the decline in Post Office revenues restricts Postmaster income, bonus payments to senior management have still been awarded. This belies any notion that the culture within the business is at a place where Government, Post Office and Postmasters can work together to share in any success.

It is on this basis, that I urge you as Postal Affairs Minister to make it clear to Post Office that they must treat our colleagues in Northern Ireland as a special case, as they have been burdened by additional costs connected to providing the energy pay-out scheme, and ensure that they are properly and fairly remunerated.

Further, via the agreed Working Group meetings, Government needs to work directly with the NFSP to ensure that the culture in Post Office recognises Postmasters as de facto business partners, and that bonuses for senior executives in Post Office includes criteria that ensures the viability of the network as per the March 2021 Post Office accounts. This highlights the urgent need for regular Working Groups of which there has not been one since the beginning of 2022.

To emphasise current feelings regarding the network, here are a few thoughts from a long-term Postmaster:

***Royal Mail:** for the first time in my life I am in sympathy with people on strike. Yes, it has affected my business badly, but, having a sorting office attached to my business makes me aware that Royal Mail are causing this; not the postmen. The USO is being abandoned, especially on a Saturday. No-one else delivers letters, so if Royal Mail don't, who does? Yes, there are far fewer letters, but the ones we get are therefore more important - birthday cards, doctors and hospital appointments, documents requiring signatures! Do it online you say? Does no-one realise how many people can't afford/can't use/ don't have access, online? We live in the centre of Scotland, but are classified remote rural! Our internet and mobile reception. are unreliable, to say the least! Royal Mail doesn't give a damn. They complain about losing money, (after they get bonuses), but will annualise postmen's hours so they don't have to pay them overtime for working later and longer. How much have they wasted by producing bar-coded stamps which means thousands (millions?) of pounds worth of old stamps have been destroyed! The Government needs to de-privatise RM, or lose hundreds of years' worth of superb service. And yes, we should keep working with them because the public doesn't understand the difference between RM and POL. We need to be connected. And, yes, I know this sounds very old-fashioned. I am. My thoughts on this are. But it comes from the heart!*

***Post Office:** Again I am going to say something which gets laughed at in meetings. I (we as postmasters) do NOT run a business. We provide a SERVICE!*

That service used to be valued and paid for. Now, we only get paid for the number of times we hit the 'settle' button on Horizon. Our pay used to have an element within it which covered the unquantifiable things we do: explaining forms, helping with ways to contact officialdom, even filling out forms or making phone calls. POL are owned by the government. We help with government information. Remember Front Face of Government? Where did that go? They are removing so much that customers ask for. I have a 'Post Office' credit card, but I can't pay it at the Post Office? You couldn't make it up!

Banking: *We used to be trusted enough that we could ID customers by stating that we knew them, and for how long. Because many of us DO know our customers and where they live! Most of the people doing regular banking deposits are local small business owners. If they can't bank with us they have to travel something like 25 miles plus, find a parking space, then find a bank where no-one knows them! Would the FCA accept nominating a preferred PO for customers to do their banking? Then we could only accept nominated customers, preventing money laundering, where several different offices are used to disguise amounts being paid. Our bank, if it stays open, is only open for 8 hours per week. There is no other bank within at least 20 miles, and we are a tourist destination. We open 7 days a week! More services would make sense!*

Remuneration: *All I can say is, when I took over as postmaster from my husband 32 years ago, my net pay was about £2400 per month. Now it is around £1800. Ok. We don't have as many customers, but the counter is open 67 hours per week and the counter is busier than the shop. Oh, by the way, that £1800 is mostly paid by Royal Mail for having 3 postmen for about 15 hours per week! If I lose the posties I can't survive. So, yes, POL are indeed paying me a little more than £3 per hour.*

Minister, we need to collectively share success, not just a few at the expense of the many.

Yours sincerely,

Calum Greenhow
NFSP, CEO

Attachment – Postmaster resignation letter:

Legahory PostOffice

Dear Sir

I am writing to you to detail my experience as a sub postmaster and explain how we have arrived at a point where continuing to provide Post Office services is simply impossible.

I first took over as Legahory Post Office Manager in July 1999. I was a 25 year old Accountancy graduate and was drafted in to run the Post Office as a footfall provider to our adjoining shop.

In those days the Benefits and Pension system was paid by way of the Benefit books which was of course, a welcome source of customer footfall. It was therefore of some dismay to us to discover within the first day of training, that the Benefit Book system was to be replaced and a system of bank automated payments was to be introduced. The very reason we had bought the Post Office, to try and secure a consistent and reliable stream of potential customers for our shop was going to disappear. This of course was not made clear to us prior to buying the Post Office.

Thus began a disappointing and depressing relationship with the Post Office and I have to say things have been in a downward spiral ever since.

In the first December after taking over we had our first experience of break in and burglary at the post office when our Post Office was burgled on Boxing Night. The damage done to our premises was extensive but the toll it takes on your health is even more devastating. This was the beginning of a number of very difficult and hugely stressful years dealing with the threat of violence and constant worry of potential burglaries and armed robberies. Indeed we have faced a number of attempted robberies and on one occasion faced a masked and armed intruder whom together with my father we managed to apprehend and hold until police services arrived. There is no telling the impact this sort of event has on your physical and mental health. I have to say the Post office support in this regard has been seriously lacking.

Moving on through the years I have found my dealings with the Post Office to be difficult and frustrating. There has been a steady and consistent fall in the amount of remuneration for all services and incredibly, this has been accompanied by a persistent increase in responsibilities and work load. All the while there was the ever present prospect of the unannounced audit which was always accompanied by a cloud of suspicion. The subsequent fiasco with the Horizon system surely demonstrates the appalling manner in which several sub post masters have been treated by the Post Office Network.

The increasing duty of care that is now placed on sub-postmasters is unacceptable especially given the laughable amount of remuneration received.

It's actually shocking. It is now barely possible to break even in a post office setting. The onerous burdens placed on employers that have resulted in massive increases in wages, national insurance, pension contributions, holiday pay and sick pay mean that it is simply economically unviable to pay even one full time member of staff. I have to say that the manner in which sub postmasters have been treated by the Post Office Network is actually exploitative and shameful. For example the recent £600 energy voucher scheme which had to be redeemed at the Post Office demonstrates this. The huge additional burden placed on sub posters in order to check and verify customer ID was compensated by a pitiful £0.40pence per transaction. This is one example.

The cumulative effect of all of these issues has been the realisation that the Post Office network as it currently exists is simply unviable. It is simply impossible for us to continue in this failed enterprise. There has been no indication and it seems no prospect of any meaningful improvement in terms of any innovative product or service. There is no prospect of any improved remuneration to reflect the increased costs and massive inflationary pressures.

We have therefore tendered our resignation as of 21 October 2022 with a view to closing permanent on 21 October 2023. At the moment it is difficult to see how we will even manage to keep the post office open until then.

I would however like to note that throughout our years with the post office we have been grateful for the support of Wendy Burke of the Sub Post Masters Federation. She has always tried her best to support us and we would like to acknowledge that support.

Yours faithfully

Lorne Greene
Sub Postmaster
Legahory