



Department for
Business, Energy
& Industrial Strategy

Kevin Hollinrake MP
Parliamentary Under Secretary of State

**Department for Business,
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Calum Greenhow,
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Email only.

Dear Mr Greenhow,

Thank you for your letter dated 19 January, following up on the Parliamentary Question regarding concerns over the viability and accessibility of the Post Office. I apologise for the delay in response, your letter has only recently been brought to my attention.

The issues raised are valid and I appreciate the National Federation of SubPostmasters (NFSP) for providing the opportunity to expand more on the initial Parliamentary question.

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. This package includes funding to ensure the viability of rural and community branches. Since 2019, funding for the network has been maintained at £50 million a year and will remain at this level until 2025.

The Government is confident that Post Office Limited will continue to reach the core access requirements for the network, including the maintenance of at least 11,500 branches and ensuring that 99% of the population live within three miles of their nearest branch. The network remains above Government's 11,500 requirement, and as at the end of March 2022 there were 11,635 branches open across the UK; an increase of 220 branches from the previous year.

It is inevitable that a network of this size may fluctuate between areas and regions. Whilst the closure of any post office is regrettable, some branches can unexpectedly close for reasons beyond the Post Office's control. The Post Office, however, works with communities to ensure that service is maintained. For example, providing outreach services is a measure that Post Office takes to ensure communities continue to have the access to Post Office products and services. In these communities, outreach branches ensure customers are not left without any service and can continue to access the Post Office services on which they rely. I understand the concerns you raise about the benefits of static premises in rural communities and I am sure we would all agree that these would be preferable. However, outreach services are used when it is not possible to maintain a full-time branch due to a lack of premises or retailers in the area.

With regards to the introduction of a limit to the number of outreaches in rural areas, although we have no current plans for this proposal, department officials will open this up for discussion at the next working group meeting with Post Office, NFSP and the Government.

The Government sets the parameters for the Post Office to operate and asks its management to operate commercially at arms-length from the Government. Operational decisions are made by the Post Office CEO and its executive team. The executive team's decisions are scrutinised by the Board, which is accountable to the Government for the overall performance of the business.

Following the Group Litigation Order, the Government has taken steps to strengthen the mechanisms for engaging with the Post Office. This has included expanding the Post Office Policy team that works closely with UKGI in the oversight of the Post Office. It has also meant strengthening and formalising the relationships and responsibilities of the Post Office, Government and UKGI through a Framework Document published in 2020.

The Government also maintains strong oversight of the progress made on resolving issues related to Horizon, learning relevant lessons and making tangible changes to the organisation.

In your letter you referenced the future of the Post Office. The Government is clear that the Post Office should be a valuable social and economic asset for communities and businesses for years to come; the Government's vision in this regard remains unchanged, and it will continue to support Post Office to deliver these objectives.

As you know, Drop & Collect is a lighter branch format. These branches can be counted towards the 11,500 branches required by the Government as they provide access to postal services. To ensure services remain within local reach of all citizens, core services, including the sale of mails products, access to cash and banking, and bill payment facilities, must continue to be provided in accordance with the Network Access Criteria.

Thank you again for writing in, I hope my response has been useful.

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