



Minister Gareth Thomas
Old Admiralty Building, Admiralty Place
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11 July 2024

Dear Minister Thomas

Subject: NFSP Introduction and Key Issues Facing Postmasters

I am writing to you on behalf of the National Federation of SubPostmasters (NFSP) to extend our congratulations on your recent appointment as Minister of State in the Department for Business and Trade. Your role is vital to the future of shaping the postal sector at a critical time, and we are keen to support you in addressing the many challenges faced by Postmasters across the UK, therefore, I'd like to request a meeting at your earliest convenience.

As the representative body for the owners and operators of around 8,500 post offices, we wish to draw your attention to a number of key issues that significantly impact the viability of the Post Office network:

Remuneration Concerns:

Postmasters are the heartbeat of communities across the UK, yet many struggle with inadequate remuneration which often results in post office closures. The current remuneration rates paid for Post Office services do not reflect the full costs of running a post office and providing crucial postal and banking services. These low remuneration rates often result in financial hardship for Postmasters, many of whom carry on due to the knowledge that their community is reliant on them. Situations like these raise concerns that some Postmasters are being kept in a state of financial hardship and vulnerability by a Government-owned organisation.

We would like to urge the new Government to undertake an urgent comprehensive remuneration review to ensure fair remuneration, for the future of the network.

Post Office Viability:

The viability of individual post offices is under threat, particularly in rural and low-footfall areas. Currently, post offices are closing at the rate of around seven every week. Post office branches provide essential services, however financial pressures, operational challenges and a lack of future strategy from the Post Office jeopardise their sustainability. We are currently undertaking research to understand the viability of different models of post offices in different locations, and should have initial results to share by mid-August.

We seek your support in implementing footfall-generating measures. This would include the introduction of new Government services, which would enhance the viability of all post offices, and ensure they remain integral to community life at a time of increased social isolation. Without these new services, we would urge for a review of a potential closures programme offering compensation to Postmasters who could prove the viability of their offices was low.

Lack of Strategic Direction:

There is an urgent need for a long-term strategy from the Post Office. A clear vision alongside a strategic plan are essential to navigate the evolving landscape of UK postal services and to adapt to ever-changing customer needs. We advocate for the development of a robust strategy, with input from the NFSP as the Postmaster representative body, to ensure the views of Postmasters as investors in the business are fully integrated within the review.

Impact of the Inquiry:

The ongoing Post Office Horizon Inquiry has had a profound impact on trust in the Post Office brand. While we fully support and help work towards the Inquiry's goals, it is crucial to address the resulting uncertainty and provide clear support and guidance to Postmasters affected by its findings. We seek your commitment to ensuring that the NFSP receive the necessary support throughout this process and post recommendations made by the Inquiry Chair Sir Wyn Williams.

Post Office Governance:

Governance within the Post Office has long been an issue, and has constantly been raised throughout all stages of the Inquiry. There are significant and long-standing issues regarding transparency, accountability, and decision-making processes. The NFSP is often excluded from critical decisions that directly impact Postmaster effectiveness. Furthermore, we whole-heartedly disagree with serving Postmasters sitting on the Post Office Board, as it is more of a 'tick box/PR exercise' rather than of benefit to Postmaster colleagues. Under the Companies Act, if the two Postmaster NEDs speak out in relation to the ineffectiveness of the role, this could be a conflict of interest.

To solve this critical governance issue, the NFSP has urged for the establishment of a more inclusive and transparent structure that ensures the voices of postmasters are heard and are central to the decision-making process. We have devised an Oversight Committee and presented this to the Post Office, Government, DBT and external stakeholders. The aim of the Committee would be to start to align the organisation towards future mutualisation.

Royal Mail (RM)/ Universal Service Obligation (USO)

Currently Ofcom is reviewing submissions made with regard to changes to the USO. Any changes to delivery days will impact upon Postmaster remuneration, and is unpopular with most, if not all, unions due to proposed job losses.

The NFSP believes that before any changes are considered, RM need to achieve their quality of service commitments, central to this is slowness of mail. In addition, so far bulk mail markets have not been engaged with, and the true social value of the postal network has not been fully investigated. The NFSP is concerned that there has been no full transparency over Ofcom and RM discussions.

The NFSP believes that addressing the above issues requires a new vision and a collaborative approach, which is an ideal time for the commencement of a new Government. The NFSP is eager to work with you and your team to develop solutions that benefit postmasters and customers, and will enhance the overall postal network. We propose a meeting at your earliest convenience to discuss these matters in detail and explore potential strategies for improvement.

Once again, congratulations on your appointment. We very much look forward to hearing your plans for the future of the Post Office network under your leadership.

Yours sincerely,

Calum Greenhow, CEO NFSP