



House of Commons
London
SW1A 0AA

..... July 2023

Dear

Re: Help save your local post office

I am writing to you as your constituent and local SubPostmaster. I am also 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 due to the Westminster Hall debate scheduled for tomorrow, Thursday 13 July, 1.30-30pm. The debate is regarding the Management Culture at Post Office and is extremely pertinent at present following the many revelations in respect of Post Office management's behaviour, which are being unearthed by the Horizon Inquiry Chaired by Sir Wyn Williams.

Currently, there are several issues impacting upon the post office network, which without intervention will see the Post Office (PO) network becoming obsolete in the near future. Myself and my colleagues feel these issues are not being dealt with adequately by Post Office, and that they are pushing the network into a managed decline.

As my elected local parliamentarian, you have the very real opportunity to make a significant impact on my future, the needs of a local community, and on the future of the network. I urge you to read through these issues and decide if you want to fight for my livelihood, and the future of a community's post office. Unfortunately, all we hear from government is that the Post Office is an arm's length business

regarding management of Post Office and its daily activities. This was the same reason given previously when hundreds of colleagues were being falsely prosecuted via the Horizon scandal. As postmasters, we are working together to prevent the collective loss of our investment and livelihood thus averting another scandal.

During the pandemic, myself and my colleagues kept our businesses open to serve our communities. We were classed as providing key services to the nation through one of the most difficult periods this country has faced in generations. As self-employed people, we risked our own health and that of our families to serve our communities but our reward from Government is the managed decline of our business and our investment.

DVLA

The Government-owned Driver Vehicle Licensing Agency (DVLA) contract is due to finish permanently in March 2024.

Currently PO carries out over 6 million DVLA transactions every year. Remuneration is consistently an issue for postmasters, with many struggling to keep their offices viable during the cost-of-living crisis. If the DVLA contract is lost next year, this will be another significant impact upon remuneration and the viability of the whole network.

In addition, over half the DVLA transactions made over post office counters are paid for in cash, however, once pulled from post office counters, the only option will be online payments. Those who are digitally-excluded or classed as vulnerable are the groups most impacted by this lack of offline presence, therefore the NFSP has questioned if this could result in a breach of the Equality Act 2010, and the Government's own policy on access to cash and social inclusion.

We ask that when it comes to government departments making decisions, there should be an access criteria placed on those decisions to ensure that under the Equalities Act 2010, no citizen of the UK is digitally or socially-excluded.

Government Services

DVLA is one of many services successive governments have taken from post office counters. In a world becoming increasingly reliant on online services, PO is the only national infrastructure that can support those who are digitally or socially-excluded.

In 2005, income from government services was £576m, however today it is 5% of this at less than £30m. Footfall in 2000 was 28 million customers per week, yet today it's less than 10 million, mainly due to these services being withdrawn.

As a result of government withdrawing face-to-face services and directing everyone online, more people are being excluded. Further, the loss of this income results in fewer viable Post Offices as standalone businesses. Instead they require an established successful retail business for support. As postmasters, it is we who are now having to financially support the Post Office as a business due to government's managed decline of accessible services over a Post Office counter.

Banking Limits

Business and personal cash deposit limits, set by the FCA, have been reduced by a number of banks. These limits impact on the amount individuals and business owners can deposit at post office counters, with bank communications pointing towards their local bank branch as an alternative. Many smaller businesses are located in areas without a local bank branch, therefore often the businesses will need to reduce the amount of cash they themselves accept. This domino effect will in turn have a negative impact on the most vulnerable in society who rely on cash each day to go about their daily business. Access to cash is a key government policy, which is being undermined by these deposit limits. As self-employed agents of the Post Office, postmasters receive a commission on the transactions they carry out. Therefore, any reduction in banking deposits will also impact upon postmaster remuneration at a time when 70% of postmasters surveyed reported they earn equivalent to the National Minimum Wage or less.

Recent changes have also started to impact upon personal bank accounts, with deposit limits restricted to daily and yearly amounts via post office counters. This often results in customers having to travel to their nearest bank branch, often on public transport, which poses a personal security risk. A pragmatic view on deposit limits is putting the onus on banks to do more on their side to reduce money laundering, rather than taking the simple route of limiting law-abiding citizens of the UK from depositing their legitimate monies into their accounts, thus reducing access to cash.

Post offices are subject to a government-set access criteria intended to ensure a minimum level of postal access for customers living in remote / rural areas. Banking should be subject to this same requirement because their services are of general economic interest. Providing a greater number of banking services via the Post Office network would enable banks to achieve these access criteria commitments.

Government Subsidy

PO receive a £50m subsidy to meet the Government access criteria, however as it costs over £60m to provide this, there is a clear case that this amount needs to be increased. Recently, PO have started to cut outreach services in rural areas, and replacing them with Drop & Collect models in urban areas to keep the network above 11,500. Is the subsidy paid to support these rural communities, and if so, is it right that the money is instead used in other areas? This also shows a clear disparity

between their priorities in the urban rural split which is further proven by the recent cut to outreach hours in rural areas by PO.

We have recently learned that Post Office are also writing to small community Post Offices, which are predominantly in rural locations to see if they would be willing to accept a compensated closure equivalent to 26 months remuneration. Combined, these activities could leave more and more communities without access to vital Post Office services.

Hard to Place

Following the closure of the Network Transformation programme in 2018, PO now hold a Hard to Place (HtP) register which covers offices that have not found a Potential New Postmaster due to location, declining footfall and low remuneration etc.

These HtP offices receive a fixed remuneration from PO and have a year-to-year agreement to continue with this. This agreement was originally signed in 2015. This year, HtP postmasters were contacted by PO and told the previously-agreed compensation would be cut and their retirement provision will now be reduced by 60%. This has led many of our colleagues, who through age or ill health have had to close their doors for the last time resulting in them losing their leavers payment (average £80,000) and also leaving their communities without access to postal or banking facilities.

During the last spending review, Post Office approached the Government for funding to cover their financial commitments up to 2025. Included in the proposal was funding for HtP colleagues. However, government did not provide the full level of subsidy to cover these financial commitments, so one group of casualties is the colleagues who agreed to leave the network in 2015 with 26 months leavers payment. The changes will have a significant impact on their retirement provision.

Post Office Governance

Governance of the PO has to improve. Government uses the phrase “PO is an arm’s length business of government” which has enabled scandal after scandal to destroy the lives of so many, and to destroy PO as a trusted brand. This position has also enabled the most recent scandal around executive bonuses being linked to the Horizon Public Inquiry. This lack of scrutiny is why the NFSP is suggesting an Oversight Committee as a prelude to Mutualisation.

Post Office Inquiry

Despite the well-publicised activities of Post Office, in the past, in relation to their prosecution of Postmasters, assistants or Crown office employees of Post Office, it would appear that the current management have not learned the lessons of that scandal and potentially continue to fail today. Recently it was discovered, via their

March 2022 accounts, that there was an inaccurate metric applied to the Inquiry, which was also linked to the bonus schemes which benefit senior executives of the Post Office. This caused Darren Jones, Chair of the DBT Select Committee to call on Board members, the Chair of Post Office and the CEO of Post Office to answers questions in Parliament relating to this.

However, on 11 July, Sir Wyn Williams, Chair of the Post Office Horizon Inquiry has suspended the Inquiry due to a lack of disclosure of documents being provided by Post Office to the Inquiry. This not only disturbs the smooth running of the Inquiry but adds to the frustration and trauma that the victims endured during the period.

As investors in the business, there is an insufficient ability for our voices to influence decisions that impact the security or return on our investment. Hence, there has to be far greater openness and transparency about the decisions that are being made, and a greater willingness to consider the needs of those who invest their own money into the network.

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,

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..... Post Office