



BEIS
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19 January 2023

Dear Minister

RE: Parliamentary Question

Recently, Catherine West MP asked the following Parliamentary Question: *To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will make an assessment of (a) whether the Post Office is providing and (b) the potential impact of the temporary closure of Post Offices on the provision of a convenient and accessible service to all customers.*

The reply given on the 16 January 2023 was: *Almost 93% of the population live within one mile (and over 99% within three miles) of their nearest Post Office. The branch network is subject to impact from external changes which are normally outside the control of the Post Office, such as postmasters retiring or moving on, or the loss of access to buildings due to lease arrangements expiring. In such instances the time it takes to restore service will vary depending on the individual local circumstances in each case. The Government-set Access Criteria ensures that however the network changes, services remain within local reach of all citizens.*

The NFSP would like to highlight several key issues we feel were overlooked within the reply given.

Is the Post Office providing a convenient and accessible service to all customers?

Many rural offices cannot sustain the costs needed to stay open, and when these offices close, they often are replaced by an outreach service.

Recent Citizen's Advice research shows that a third of rural post offices are now provided as part-time outreaches, with many offering a lesser range of products than a bricks and mortar branch, and with average opening hours of five and a half hours per week.

The same research showed that 1,291 offices in Britain were 'temporarily closed' in 2021, nearly double the 662 in 2017. This suggests a downward pattern, of which the question needs to be asked, why are these offices closing, and why are third-party retailers not keen on taking over the closing office?

Why are post offices closing, whether temporary or permanent?

Postmasters who leave the network often cite the poor remuneration and long hours as the reason for their decision. 70% of the NFSP membership in 2021 reported as earning the equivalent to the National Minimum Wage or less, which was before the cost-of-living crisis took hold.

Only a few years ago, individuals took on a post office within their outlets to boost their retail income. However, in the present day this has reversed and independent retailers are now expected to prop up a Government-owned business. Indeed, many colleagues now highlight that it costs more to provide Post Office services than they receive in income.

It is worrying that, when a Postmaster resigns and the post office put up for sale, few, if any applicants come forward. This, we believe is due to the poor remuneration and high risk involved. Even with Outreach/ mobile post offices temporarily replacing some offices where appropriate, evidence suggests that the network is shrinking by an average of four per week. This is not sustainable unless significant changes are made.

Is Post Office a viable business? The definition of business viability is when a business is returning a profit that is sufficient to provide a return to the business owner while also meeting its commitments to business creditors. With so many Postmasters earning less than the NMW before expenses, it is clear the Post Office is no longer providing a suitable return.

On this basis, members of the NFSP as investors in the network ask what is the Government doing to ensure the network remains viable for the future? What scrutiny is there of Post Office management? What evidence is there of Post Office management making central efficiencies to reduce costs? Where is the Government's or Post Office's future strategy for the network?

It is incumbent on both Government and Post Office to meet with the NFSP so that a full explanation of the future strategy of the Post Office is provided. We can then convey these plans with the independent retailers who host a post office across the country, as to whether that strategy is acceptable for their future needs.

Are the reports from Post Office to Government scrutinised?

After the GLO, it would be safe to assume there would be deeper scrutiny of Post Office management and strategy. Pre-GLO, the Government didn't seem to question the management and practises. Has this changed?

Given the lack of future strategy from Post Office, the decline in the letters market, the loss of government contracts, and increased competition within the parcels market, how will the Access Criteria be maintained in the future?

The NFSP has been assured that the new Drop & Collect models will not be included in the Access Criteria, however, colleagues, who are the main investors in the network, would like this confirmed.

Regarding rural areas, there needs to be a limit to the percentage of Outreach provision that counts towards the Access Criteria. Rural communities need a static office with core opening hours and services.

I welcome your thoughts on the points raised above as the Post Office network is currently in a critical condition. As the postmasters' representative body, we need to reassure our membership that their investments are protected, and that the Government is holding Post Office management to account.

Yours sincerely,

Calum Greenhow
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