



Department for
Business, Energy
& Industrial Strategy

Margot James MP

Department for Business, Energy &
Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T GRO
E enquiries GRO
W www.gov.uk

Mr Jacob Rees-Mogg MP
House of Commons
London

Our ref: MCB2016/26494
Your ref:

12th October 2016

SW1A 0AA

Dear xxxxxxx,

Thank you for your letter dated 9th October, enclosing correspondence from your constituent, Mr Amarjit Nazran of Midsomer Norton Post Office, 122B High Street, Midsomer Norton, Somerset, BA3 2HU, about the future of the Post Office.

Mr Nazran's letter raises some specific points about the state of the business and it may be helpful if I set out the evidence on how the business is performing. Since 2010, Government has invested £2bn to modernise and sustain the business and this has delivered real improvements. The network of branches is at its most stable in decades and thanks to our investment is offering real improvements to customers. This includes an extra 200,000 opening hours every week, the largest Sunday retail network in the country and over 6,400 newly modernised branches offering a better experience for customers and more sustainable retail propositions for postmasters. On average postmasters in modernised branches are reporting an increase of 11% in their associated retail sales. Customer satisfaction has remained high at over 95%. The subsidy needed to sustain the network has dropped from a peak of £210m in 2012 to £80m this year and this should continue to fall. Losses in the business (excluding any subsidy) have reduced from -£120m in 2012/13 to -£24m in 2015/16. In short the business is offering more for customers, doing so more efficiently for the taxpayer and is ensuring that Post Office services remain on our high streets throughout the country. This of course assists Government in meeting its manifesto commitment of maintaining 3,000 rural branches around the country.

Mr Nazran mentions the Post Office's IT system. This system has over 50,000 users successfully undertaking transactions every day and there is no reason to consider that it is not fit for purpose. Your constituent refers to current legal proceedings which have been issued against the Post Office on the matter of the Horizon IT system; this is a legal matter and I am unable to comment further.

While the Post Office is publicly owned, it is a commercial business operating in competitive markets, and the Government allows it the freedom to operate commercially on a day-to-day basis. Post Office places great importance on the relationship it has with its postmasters, and I would encourage Mr Nazran to discuss any concerns he has with his contacts at the Post Office. Mr Nazran can also make use

of the National Federation of Sub Postmasters (NFSP), who remain the representative body working for postmasters.

I met with representatives of the Communication Workers Union recently to discuss their concerns and set out the Government's position. The Government recognises the importance of the Post Office to communities. Change is not easy but it is necessary if the business is to become commercially sustainable and less reliant on taxpayer subsidy. The government supports this goal and the attempts by the management team to meet it and, while challenges remain, I believe the business is on the right path.

MARGOT JAMES MP

Minister for Small Business, Consumers & Corporate Responsibility