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David Warburton MP
House of Commons
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Dear

Thank you for your letter dated 16th September, enclosing correspondence from your constituent, John Bowman of Charlton Adam Post Office, about the future of the Post Office.

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 Bowman to discuss any concerns he has with the Post Office. Mr Bowman can also make use of the National Federation of Sub Postmasters (NFSP), who remain the representative body working for postmasters.

Mr Bowman's email 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 6000 newly modernised branches offering a better experience for customers and more sustainable retail propositions for postmasters. 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 Bowman mentions the legal action taking place on complaints about the Horizon IT system. As I'm sure you will appreciate, as civil proceedings have been issued against the Post Office on this matter, I am unable to comment further at this present time. This is a matter for the courts.

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

Parliamentary Under Secretary of State for Business, Energy & Industrial Strategy