

Message

From: Cooper, Tom - UKGI [GRO]
Sent: 20/05/2019 09:03:03
To: Miles, Annabelle (Communications & Partnerships) [GRO]
CC: Cole, Alex - UKGI [GRO]; Clarke, Stephen - UKGI [GRO]; Adegun, Oluwatosin - UKGI [GRO]; Vandini, Cecilia (Advanced Manufacturing and Services) [GRO]; Beal, Eleanor (Advanced Manufacturing and Services) [GRO]; Wilson, William (BEIS) [GRO]; Creswell, Carl (Better Regulation Executive) [GRO]; Tolhurst, Mpst (BEIS) [GRO]; Holloway, William (BEIS) [GRO]; Watson, Craig (Advanced Manufacturing and Services) [GRO]
Subject: Re: NFSP Embargoed Press Release on Post Office Select Committee Inquiry

I'd suggest something like the following.

The objectives of the department and POL includes achieving commercial sustainability at the end of the current funding period. So the aim is for the company to no longer need taxpayer support post 2021. The company also has to maintain the viability of the network by maintaining minimum branch numbers of 11,500 and meeting the access criteria.

The branch network size and access criteria are being met. In fact branch numbers are currently stable and no longer declining. The company is making a lot of progress towards meeting its financial objective as can be seen from the results.

Tom

Sent from my iPhone

On 20 May 2019, at 09:35, Miles, Annabelle (Communications & Partnerships) [GRO] wrote:

Thanks for flagging Tom. I have been in touch with No10 this morning who are keen to know our lines. Can I check what our response would be to the question on subsidies for POL post 2021? Grateful if you could come back to me by 10am as this is for morning lobby

Thanks

Annabelle

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From: Cooper, Tom - UKGI [GRO]
Sent: Sunday, May 19, 2019 7:25 PM
To: Cole, Alex - UKGI; Clarke, Stephen - UKGI; Adegun, Oluwatosin - UKGI; Vandini, Cecilia (Advanced Manufacturing and Services); Beal, Eleanor (Advanced Manufacturing and Services); Wilson, William (BEIS); Creswell, Carl (Better Regulation Executive); Tolhurst, Mpst (BEIS); Holloway, William (BEIS); Miles, Annabelle (Communications & Partnerships); Watson, Craig (Advanced Manufacturing and Services)
Subject: FW: NFSP Embargoed Press Release on Post Office Select Committee Inquiry

From: Thomas Cooper [<mailto:> **GRO**]
Sent: 19 May 2019 19:18
To: Cooper, Tom - UKGI <**GRO**>
Subject: Fwd: NFSP Embargoed Press Release on Post Office Select Committee Inquiry

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From: Alice Cookson
Sent: Sunday, May 19, 2019 7:02:43 PM
To: Tim Parker; Ken McCall1; Thomas Cooper; Carla Stent1; Tim.Franklin1; Shirine Khoury-Haq
Cc: Alisdair Cameron; Debbie.K Smith; Mark R Davies; Patrick Bourke; Jane Hill; Ruth X Barker; Stuart Taylor; Veronica Branton; Nick Beal
Subject: NFSP Embargoed Press Release on Post Office Select Committee Inquiry

All,

I wanted to make you aware that the NFSP have today issued the below embargoed press release (to be published from midnight tonight).

So far we have only been contacted by the BBC, but we should expect additional interest tomorrow.

I have also included the Post Office reactive lines below.

Please let me know if you have any questions,

Thanks

Alice

NFSP Press Release

PRESS RELEASE: EMBARGOED TO 0001 MONDAY MAY 20TH

POST OFFICE NETWORK IS 'BEYOND TIPPING POINT', MPS WARNED

The Post Office network has 'been taken beyond a tipping point' and its future viability is now in doubt without Government intervention, MPs have been warned.

The National Federation of SubPostmasters (NFSP) is calling on Government to save the UK's post office network from collapse with 'catastrophic' implications for local communities.

In its submission to the Business, Energy and Industrial Strategy select committee, the NFSP lays bare the extent of the crisis facing the post office network:

- Around 1,000 branches are currently listed as closed – two out of every three closures are caused by the resignation of the subpostmaster
- 22% of subpostmasters plan on closing or downsizing their post office in the next 12 months, according to a survey of NFSP members – this translates into 2,500 post offices at risk of closure
- Revenue received by the network from providing government services has fallen from £576m in 2004-5 to £99m in 2017-18 and there is no plan in place to replace this income
- The government subsidy of the network is due to end in 2021 – without it, the network would not be able to survive and 3,000 'community' branches, typically in rural areas, would be most at risk

- As banks exit the high street, subpostmasters are increasingly responsible for meeting public demand for banking services, shouldering the risks involved in handling large volumes of cash and responsibility for forgeries, but for relatively low rates of pay

The NFSP says its 8,000 members feel 'disenfranchised' and 'marginalised' by the main industry stakeholders - the Post Office, the Government and Royal Mail - and 'relegated to the bottom of the food chain'. They have, in recent years, been treated by the Post Office as a cost element to be reduced, rather than as dedicated, experienced independent business owners upholding high professional standards. Training needs to be improved and should cover operation of the Horizon computer system in more detail.

Meanwhile, consecutive governments have pursued a 'digital by default' strategy, with the DWP currently encouraging users of the Post Office card account (POca) to switch to using a bank account, leading to a significant drop in subpostmaster income.

To add to a perfect storm, the Royal Mail is encouraging certain customers to circumvent the post office network and instead use its services directly. The relationship between Royal Mail and the sub post office network is vital – more than half of subpostmaster pay is generated by providing Royal Mail/Parcelforce products and services. The current agreement between Post Office and Royal Mail ends in January 2022 and the NFSP is urging the Government to ensure the new agreement does not ignore the interests of subpostmasters.

The NFSP warns MPs:

"The viability of sub post offices and the morale of subpostmasters has been eroded to the extent that the network's resilience is extremely limited. We believe a tipping point has been passed and the consequences of this are now being realized.

"Subpostmasters are resigning in high numbers because it is increasingly difficult to make a decent living. The closure of 2,500 post offices in a year would be a catastrophic loss to communities across the UK".

The NFSP is calling for:

- The government subsidy to the post office network to be guaranteed beyond 2021 and 'rural proofed' to protect village branches
- Increased remuneration rates to prevent a mass exodus of subpostmasters
- A wider range of government services to be brought back to post offices to drive footfall and give the public face-to-face access
- A broader range of banking services to be available at post offices and a national strategy to increase awareness of these services
- A move to develop financial products to cater for disadvantaged and vulnerable individuals to help prevent financial exclusion

Calum Greenhow Chief Executive of the NFSP, will be questioned by MPs about the future of the post office network during an evidence session on **Tuesday May 21st**.

ENDS

ABOUT THE NFSP:

The National Federation of SubPostmasters (NFSP) is a membership organisation, which represents the UK's subpostmasters. It has more than 8,000 members who operate approximately 9,300 post office branches. It is the only organisation recognised by Post Office Ltd to act on behalf of subpostmasters.

Set up in 1897, it is the collective voice of post office operators, offering members representation, support and solutions to realise the full potential of their businesses.

Post Office Response

Al Cameron, Post Office Interim Group Chief Executive said:

“We welcome and listen to all feedback from our Postmasters and the NFSP. We are committed to ensuring our postmasters receive a fair remuneration for the vital services they provide to customers. We announced at the recent NFSP conference significant increases for providing cash deposit services. This is in addition to other recent increases in banking services remuneration. We are working with Postmasters and the NFSP to continue to review remuneration to ensure the Network continues to thrive and remain at the heart of communities not just for today’s customers but tomorrow’s too”.

“Our particular focus is to make running a Post Office easier and more profitable for Postmasters so they can continue to deliver for customers and provide the wider community support that people so much trust and value. We have recently announced an increase in banking remuneration and a full review of Postmaster pay to report back in the Autumn”.

“We know that our branches are not immune to the pressures facing retailers across UK high streets. As a result of this investment our network of over 11,500 branches is at its most stable for decades. Over 99 per cent of the population live within 3 miles of a Post Office branch”.

“Our strategy is to continually improve and modernise our offer to customers, making sure everyone has easy access to branches and can also start more journeys online. We are working to increase the value for Postmasters while investing in the underlying infrastructure that provides secure systems and access to cash across the UK. We have made real progress, maintaining a national network of branches and increasing opening hours. Last year our income, the number of branch locations and our profitability grew, with profits reinvested. At the same time we have a great deal to do, continually adjusting for changes in technology and customer need. We are not immune to the challenges in the high street”.

“Our focus on business performance is saving the taxpayer some £350m a year by next year and any profit we make is reinvested to help everyone who supports Post Office – customers, Postmasters, the clients whose products we distribute and our staff – maintain an increasingly resilient national network for years to come.”

Post Offices operated from retailers is a model that has been in place for decades and it’s a model that works. By adding a Post Office, an independent retailer will generate value by bringing more footfall into their business. Independent research shows the Post Office acts as a key footfall driver for retailers: 36% of customers asked said they had visited a store primarily to use a Post Office service and 52% had made a retail purchase. This equates to between £922 and £2,636 of additional retail sales a week, depending on the size of the branch.

Longer opening hours are provided by linking Post Office opening hours to those of the underlying retail operation, which the retailer is already staffing and funding. This means that we’ve added more than 200,000 extra hours every week across our branches, and more than 4,000 are now open on Sundays, making Post Office services more convenient and accessible for our customers.

Since 2012 we have modernised over 7,700 branches to make them simpler to run for retailers and improve services for customers, through new modern environments and longer opening hours. When a

branch is modernised, the postmaster receives investment from the Post Office to modernise their premises, to help them make the most of both the retail and Post Office space. Part of the changes do include moving onto a new contract from a fixed “core tier payment” to one based on fees per transaction for Post Office products and services.

For businesses that host Post Offices, the complementary nature of the two businesses operating together enable the retailer to maximise the profit of their overall business by using the footfall across both parts of their business.

We recognise that all retailers face a challenge in ensuring that their costs are met and through our modernisation programme, we have invested heavily in enabling retailers to operate their businesses more efficiently.

We are absolutely committed to ensuring our postmasters receive fair remuneration for the vital services they provide and we continually review fees offered to Postmasters. We also continue to work hard to bring in new business for our branches, as demonstrated through the growth we’re seeing of everyday banking services in Post Offices, and we recently announced an increase in remuneration payments for banking transactions.

Generally, there has been a decline in Government services conducted at the counter over the last couple of decades as a result of more and more people looking to access services online. E.g. people can now get their driving licences online, but if they want to pay in cash they can still come to a Post Office branch. We are however working with departments to build digital successor products that still create access to the branch network as customers require e.g. a digital passport Check & Send product is now available.

Through our agreement with UK banks, even if someone moves from a Post Office card account (POca) to having their payments made into their bank account, they can still carry on getting their cash at their local Post Office and many people have chosen to do this since payments to bank accounts were first introduced in the early 2000s.

In respect of Post Office’s everyday banking service, we are committed to working with our banking partners to ensure our Postmasters receive fair remuneration for providing this service, especially as more and more people increasingly rely on our banking services nationwide. In addition to making changes to help reduce transaction time there have been a number of increases in the remuneration our postmasters receive. We most recently announced increased remuneration for banking transactions, and we continually review the fees our postmasters receive, recognising that remuneration needs to be both fair for postmasters and representative of the competitive commercial environment in which the Post Office operates.

We also continue to work hard to bring in new business for our branches, as demonstrated through the growth we’re seeing of everyday banking services in Post Offices, and our recent acquisition of Payzone bill payments services brings new opportunities too for our branches - we’ve just announced that Post Office and Payzone bill payments have won their first contract with ScottishPower, which will enable SP customers to top up their Smart Meters at either Post Office branches or Payzone outlets later this year.

Ends.

<image001.png>
2017 Winner of the
Global Postal Award for
Customer Experience

Alice Cookson
Head of Public Affairs

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GRO

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