

Post Office

Post Office to announce branch closures and job cuts in cost-cutting drive

Company seeking to shut or rebrand most of its crown post offices and cut up to 1,000 head office positions



📷 The business secretary, Jonathan Reynolds, this week expressed his support for the long-term future of the Post Office. Photograph: Tolga Akmen/EPA

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The **Post Office** is expected to announce the closure of dozens of branches and cut up to 1,000 head office jobs as it seeks to reduce costs to secure its financial future.

There are about 11,500 Post Office branches across the UK, of which 115 are wholly centrally owned. The rest are operated by independent post office operators under contract and partners such as WH Smith and Tesco.

The Post Office is seeking to shut or rebrand most of its wholly owned network, known as crown post offices, affecting as many as 1,000 jobs.

It has been reducing the number of crown post offices for a number of years. There were almost 400 in 2012.

In addition, the company is seeking to cut as many as 1,000 jobs from its head office. It also intends to unveil enhanced remuneration terms for the franchisees who run 9,000 post office branches independently.

Nigel Railton, the chair of the Post Office, is expected to announce the measures on Wednesday as part of a strategic review that he instigated in June.

A Post Office spokesperson said: "Tomorrow we will set out a 'New Deal' for postmasters and the future of the Post Office as an organisation. It will dramatically increase postmasters' share of revenues, strengthen our branch network and make it work better for local communities, independent postmasters and our partners who own and operate branches."

Last week the former postal minister Kevin Hollinrake criticised the outgoing Post Office chief executive, Nick Read, for **failing to take cost-cutting action** in its central operations.

“I was extremely frustrated by the Post Office’s inability to provide this basic information,” Hollinrake told the inquiry into the Horizon IT scandal. “A particular example of this is [Read’s] inability or unwillingness to reduce central costs. It was like drawing teeth.”

He said the failure to make cuts was a “failure of leadership”, and added there were 143 employees at the Post Office earning £100,000 or more.

This week the business secretary, Jonathan Reynolds, expressed his support for the long-term future of the Post Office under a new model of governance that would include post office branch operators.

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“I think despite the scale of this scandal, the Post Office is still an incredibly important institution in national life,” he said. “As an institution, as a brand, there is still tremendous affection and desire for the Post Office to have a strong future. I don’t think subpostmasters make significant enough remuneration from what the public requires from the Post Office.”

While Reynolds was open to options such as mutualisation, he said the “structure of the business model has to change to be sustainable”. He pointed out that the Post Office required a large annual taxpayer subsidy and the underwriting of various liabilities such as compensation schemes and the ballooning cost of a replacement for Horizon.

Sky News first reported the potential branch closures and job cuts.

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