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Hansard

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Post Office

Volume 571: debated on Wednesday 27 November 2013

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🕒 1.40pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills >

(Jo Swinson)

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Today I am pleased to announce that the Government are committing a further £640 million in funding to the post office network for the three years 2015-16 to 2017-18. That enables the Post Office to complete its network transformation programme, and to protect and invest in those branches which provide vital services to their communities but are not commercially viable in their own right. In 2010 the Government committed £1.34 billion to maintain a national post office network, modernise branches and safeguard the future of post offices that play a vital role in urban deprived and rural areas. Since then, the post office network has been at its most stable for more than 20 years, which is in stark contrast to the 7,000 closures that took place under the previous Government.

This Government remain fully committed to maintaining a network of at least 11,500 post offices, fully compliant with our access criteria and with a sustainable long-term future. To achieve that, the post office network must meet the changing needs of customers through longer opening hours and more modern premises which are easier and faster to use. Already more than 1,400 communities have benefited from Government investment into their post offices, with a total of 34,000 extra opening hours per week across the network. A further 830 post offices are also signed up to change to the new main or local operating models. In total, that represents nearly one in five of our post offices, and most hon. Members have one or more modernised branch in their constituencies. More than 200 hon. Members, including me, have personally opened a new-look post office in their area.

The Post Office is drawing on the experience from the first year of the network transformation programme to introduce changes that will see the programme completed by 2018. These changes, developed by the Post Office in conjunction with the National Federation of SubPostmasters, were endorsed yesterday by sub-postmasters at a special conference. We will deliver the benefits of longer opening hours and more modern premises to customers at a swifter pace, while making more investment available and providing greater clarity and certainty for sub-postmasters.

The Government do not underestimate the challenges facing the network, the Post Office centrally and, in particular, individual sub-postmasters. In recent years, the retail environment on the high street, and more widely, has been far from easy for sub-postmasters. This new investment recognises that reality. The network needs to build on its core strengths of unparalleled national reach, and the trust and high regard in which it is rightly held by customers. It must focus on meeting customers' needs and expectations in a rapidly changing, highly competitive retail market. Ease of access, longer opening hours, shorter queues and modern premises are key to winning new clients and attracting and retaining customers. With more than 1,400 branches modernised to date, independent research is showing customer satisfaction levels with the new models averaging more than 95%. Satisfaction levels among sub-postmasters operating the new models are similarly impressive, at about 80%.

In many locations, new operating models are enabling post offices to be re-established after a significant break in service. At Balnamore in north Antrim, a new local branch opened in August, re-establishing post office services some five years after the closure of the previous branch. The new branch opens seven days a week, for a total of 92 hours. At Oxenhope in west Yorkshire, which had had no post office since June 2011, a new local branch opened in the Co-op, and it now offers post office services from 7 am to 10 pm, seven days a week.

However, this is not just about new post office operating models. The post office network is incredibly diverse, and it is just as important to customers in remote rural areas that their post office stays open as it is for busy town centre branches to be open for longer. There are about 3,000 post offices for which the new main or local models are not suitable. Those branches predominantly serve small, often remote, communities and they may be the last shop in the village. They are hugely valuable to their communities. The updated network transformation programme provides, for the first time in Post Office history, a £20 million investment fund allocated specifically to that part of the network. The fund will enable the improvement and modernisation of those branches to strengthen their long-term sustainability.

The investments being made by the Post Office are already creating a strong platform from which it can compete for new work from government and the private sector. Some customers and sub-postmasters have expressed understandable concerns about continued access to Post Office card accounts beyond 2015, when the current contract is due to expire. The Department for Work and Pensions and the Post Office are in discussions about a long-term successor to the Post Office card account, and I can confirm today that all options under consideration conclude that access to pensions and benefits will continue beyond March 2015 across the whole post office network of at least 11,500 branches.

The Post Office is also doing much more for government. Over the past two years, the Post Office has won every single government contract it has bid for. It is winning this work competitively, and winning it because it is such a strong partner for government. There is even more that the Post Office can do for government in the future. For example, under the existing contract with the passport office, the Post Office is discussing the introduction of new in-branch services which would allow the majority of customers to apply for their passports digitally, without the need for any supporting paper forms. The intention is to introduce those services from the middle of 2014. The Department of Energy and Climate Change recently announced that it will work with the Post Office to signpost elderly and vulnerable people to the 500 volunteers being trained by the big energy saving network to help people to find ways to cut their bills.

Such innovations demonstrate a forward-thinking Post Office, which is introducing new services, growing new revenue streams and bringing new customers into post office branches. With the additional funding in place, we have the basis for building a thriving and sustainable Post Office. I believe that in the next few years we will see the Post Office continuing to grow its business, and its network flourish and potentially expand in due course.

Creating a financially sustainable network will be key to delivering a Post Office that can be mutualised. Significant progress has been made by the Post Office and its stakeholders already, and that will be boosted by the Government's funding commitments today. The Post Office will shortly publish further details of the steps it is taking to build a mutual future.

The £640 million investment I am announcing funds the completion of a transformation programme. It establishes the platform for a vibrant, commercially sustainable post office network with a mutual future. I commend this statement to the House.

🕒 1.47pm

Ian Murray >
(Edinburgh South) (Lab)

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I thank the Minister for her statement and for advance sight of it. Let me start by paying tribute to our sub-postmasters up and down the country. They are integral to all our local communities across our constituencies, and are indeed the social fabric of this country. However, the job of a sub-postmaster has become much more difficult in recent years. Research from the National Federation of SubPostmasters shows that incomes have fallen and many sub-postmasters work very hard, over very long hours, for very little return. That situation has not been assisted by the Government, who in 2010 announced plans to use post offices as the “front office for government”. The Government have failed to deliver on their pledge. No new major government services have been awarded to post offices since May 2010. The Minister says that the Post Office has won all that it has bid for, but these were contracts that it already had, and, according to the National Federation of SubPostmasters, many services do not make the Post Office any money at all.

The situation resulted in the NFSP removing its support for the Postal Services Act 2011, because the Government promised £466 million of government work but the Post Office is currently gaining only £130 million from government business—that is 7% less than last year. That failure has resulted in the post office network being under more pressure than ever before. In addition to that is the abject failure of the network transformation programme to do what the Government planned. Consumer Futures wrote to the Business, Innovation and Skills Committee last month saying that of the 6,000 branches that were predicted by the Government to convert to the new model, only 1,100 have done so. That shows that the programme is not working, which is why a degree of compulsion has been introduced, with additional funding to deliver it.

The Minister dresses up this statement as good news, but today’s announcement of an additional £200 million on top of the £440 million already trailed beyond 2015 means that we can firmly say that this is a vote of no confidence in what the Government are doing to the post office network. In effect, the Government are increasing the compensation for people to leave and providing more money to convert. Of that, £23 million alone is for completing a retail survey to determine who should be converted or removed from the network on a compulsory basis. If the Government had delivered on their front office for government work that they promised back in 2010, the £640 million would not be required. It is a payment for abject failure and for yet another broken Government promise.

The National Federation of SubPostmasters voted to approve the package yesterday, because most operators feel that the traditional post office model under this Government is not working. Sub-postmasters know that they face a degree of compulsion, but they will take the package as they are struggling on their incomes. The fact that members of the National Federation of SubPostmasters voted so wholeheartedly to support this package shows that they want out. It is the epitome of taking the money and running. Crucially, the money will be used to subsidise exit from the network rather than to go into the network to make it sustainable in the long term.

I welcome the last shop in the village and community post office funding and support the fact that there will be no compulsion in that area. The £20 million will assist in modernisation and help these critical community assets. Rural communities in particular need their post office services to survive.

By the end of the process, the Government will have spent £2 billion on network transformation, and there is a concern that we still do not have a model that is sufficiently attractive to current or future operators. If the model were attractive, it would not require additional funding, as the current programme would not be failing. Given that the National Federation of SubPostmasters has called the privatisation of Royal Mail a “reckless gamble” for the post office network, is it not the case that although the Minister is throwing as many sub-postmasters as she can into lifeboats, those lifeboats could already be sinking as retailers will not take on the local model? The Government are content not just with selling off the Royal Mail for a song but with hastening the demise of yet another cherished national institution.

In answer to a question from the hon. Member for Argyll and Bute (Mr Reid) a few weeks ago, the Prime Minister said that

“we have committed that no post office will close in this Parliament.”—[*Official Report*, 23 October 2013; Vol. 569, c. 296.]

If that is the case, post offices in which owners are paid to leave with no alternative in place are closing by stealth, showing that the Prime Minister’s claim is indeed hollow and shallow.

Let me ask the Minister a series of questions. First, will the current criteria be used for compulsion, or will it be updated? Secondly, will the new announcement require new state aid applications to the European Union? Thirdly, if a sub-postmaster stays and converts to a new model, they will have their salary subsidised until 2015, but what happens beyond that? Despite the fact that more than 1,000 sub-postmasters have said that they wish to leave the network voluntarily, only 94 retailers have been found to replace them in the past two years. What happens to the post office if other retailers are not prepared to take it on after a postmaster leaves the network on a compulsory basis?

As shareholders get a significant financial benefit from a privatised Royal Mail, the taxpayer picks up a new £650 million plan B for post office network transformation. It is clear that the Government have created chaos in our postal services, and that the era of Postman Pat and Mrs Goggins is well and truly over.

Jo Swinson >

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I thank the hon. Member for Edinburgh South (Ian Murray) for his contribution. I agreed with some parts of it. Of course we all join him in paying tribute to the sub-postmasters who do such a fantastic job in all our constituencies up and down the country. I also agree that it has been a very difficult environment for sub-postmasters. However, small businesses and retailers have also found the past few years difficult. We could go over the argument that takes place in this House on a regular basis about where blame for that lies, but suffice it to say that we have seen a challenging set of economic times, and that has had an impact on the post offices, as it has on other businesses in the high street. However, the Post Office is a key partner of the front office for government, and it has won all the contracts that have come forward. Potential streams of income are coming down the track in the form of assisted digital services and identity verification. A whole range of different models are being explored, including those with local government. Indeed, a number of contracts have been won with various local government services, and there is probably more that can be done there, too. However, it is about not only the front office for government or mail, but having a diverse range of income streams for the post office. Financial services is one on which we have focused. For example, the roll out of the current account, which was piloted earlier this year in East Anglia, will be welcomed by many sub-postmasters, as it will provide regular transactions and regular footfall into post offices to give them the customer input they need to run thriving businesses.

I do not recognise the hon. Gentleman's comments on network transformation. We are talking about a process in which more than 2,000 post offices are already signed up to convert to network transformation. I am sure that Members will report that customers have been positive about it, and the customer satisfaction statistics speak for themselves. Indeed, retailers in some of the new models, with the brighter and more modern environments, have experienced a 10% uplift in sales. This is about building a sustainable future. The hon. Gentleman tries to talk down the network transformation, but we should be talking it up.

I make no apologies for providing welcome funding to sub-postmasters for participating in important surveys, which will also help to gather valuable management data across the network. We are dealing with a diverse and dispersed network of nearly 12,000 branches across the country. It is important to have that management data for the Post Office to work out how best to plan the network for the future. Ensuring that sub-postmasters are properly remunerated for undertaking those surveys is particularly helpful.

The hon. Gentleman asked a few questions about whether new state aid applications will be required. The answer is yes, but as the package runs from 2015, there is plenty of time to ensure that we get through that necessary process. On the payments that sub-postmasters will receive, he is right that there will be an enhanced package up until 2015 because we recognise that in making a change and a transition, new customer bases and income streams will have to be built up. It is important that sub-postmasters are helped and encouraged to do that.

The hon. Gentleman was wrong to say that we were subsidising the exit of sub-postmasters and leaving communities stranded without post offices. That would be taking a leaf out of the previous Government's book. Under this plan and under this Government, that cannot happen. There cannot be a subsidised exit if there is not already alternative provision in that community. Importantly, communities have to be happy with the changes that are being made, and provision has to continue. In those circumstances, if some sub-postmasters want to leave the network and retire or perhaps take on a new challenge, we will compensate them for doing so, as long as the service continues. That is the key difference between what the hon. Gentleman's party did in government and what this coalition Government are doing. Labour closed 7,000 post offices. That was its answer to these particular challenges. We are creating a sustainable future for the post office network at a stable level. That is the difference between what they would have done and what we are doing.

Several hon. Members

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rose—

Mr Speaker >

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Order. A great many right hon. and hon. Members are seeking to catch my eye. This is of course an important matter that must be treated thoroughly. I remind the House that there is an Opposition day debate to follow, which is heavily subscribed, and the interest in which I am keen to accommodate. As a consequence, there is a premium on brevity from Back Benchers and Front Benchers alike. The first to exhibit that will be Mr Stewart Jackson.

Mr Stewart Jackson >

(Peterborough) (Con)

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My constituency suffered under Labour's Orwellian urban reinvention programme. We also remember the unedifying sight of Labour voting against motions condemning post office closures before scurrying to their constituencies to address public meetings about the same thing. Will my hon. Friend carefully make the point that the voluntary sector and local authorities have an important part to play in advice and information services and maintaining the viability of rural and urban post offices?

Jo Swinson >[Share](#)

My hon. Friend makes a good point. There are many examples across the country of local government and voluntary services working in strong partnership with the Post Office and that can be of great mutual benefit.

Mr Adrian Bailey >

(West Bromwich West) (Lab/Co-op)

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I broadly welcome the Minister's announcement, which reflects the difficulties successive Governments have had in sustaining the sort of post office network we all want. The future of the network will depend, however, on the perception of sub-postmasters and would-be sub-postmasters of the long-term viability of the model. Will the Minister explain what that perception is following Royal Mail's arrangement with Post Office Ltd?

Jo Swinson >[Share](#)

I welcome that contribution and those words of welcome from the Chair of the Select Committee. He is right that this Government and previous Governments have faced the challenge of how a much-loved institution reforms and modernises for a very different retail environment from that of some decades ago. That is not necessarily always an easy process. He asks about the perception of the future viability of the network. The range of different services for which the Post Office can bid—not just Government services but the huge opportunities in the parcels market and financial services—are very significant. We must bear in mind the 10-year intra-business agreement between Royal Mail and the Post Office. The chief executive of the Royal Mail, Moya Greene, has said that it would be unthinkable for there not to be that commercial relationship between the two companies, so I hope that hon. Members will also respect that and not indulge in the scaremongering that has gone on in some corners about the future of the Post Office following Royal Mail privatisation.

Harriett Baldwin >

(West Worcestershire) (Con)

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Mr Speaker, have you ever heard a more grudging contribution from the Labour party, after the closure of 7,346 post offices? I thank the Minister on behalf of my constituents in West Worcestershire. Will any of the money that she has announced today help the Post Office to modernise its computer system for my sub-postmasters and, to reflect rural concerns, update the algorithm that allows post offices to hold cash?

Jo Swinson >[Share](#)

I am happy to look in more detail at some of the specific technological issues that the hon. Lady raises. The money we are announcing today is for a continuation of the network subsidy for the three years and to invest in the future network transformation programme. Of course, we must ensure that the central IT systems, managing a network of nearly 12,000 retail outlets, are also fit for the 21st century. I will happily get back to her with further details.

Katy Clark >

(North Ayrshire and Arran) (Lab)

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Will the Minister explain why, despite what she says, Government work undertaken by post offices has gone down by more than 7% over the past year? Surely she should be doing more to get new work for the Post Office.

Jo Swinson >[Share](#)

The hon. Lady is right that Government work is important for the Post Office. As the Minister responsible for the Post Office, I am engaged in promoting and encouraging that. Obviously, the Post Office must win work on its merits, and the environment is competitive. Whether we are talking about the mail market, the retail market or bidding for Government work, a range of competitors would be more than happy to take some of the contracts. It is a testament to the strength of the Post Office that, despite that strong competition, it has continued to win contract after contract, but I am in no doubt that bidding for that work on a more competitive basis creates significant pressures, particularly for some sub-postmasters.

Mr John Leech >

(Manchester, Withington) (LD)

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I welcome the Government's commitment to protecting and potentially expanding the post office network. As my hon. Friend is aware, I have been campaigning for the reopening of my post office in Ladybarn, which was shamefully closed by the previous Government. Will the Minister assure me that when decisions are made on any new post offices, consideration will be given to reopening old post offices that were closed and that would not impact on the viability of other offices in an area?

Jo Swinson >[Share](#)

I thank my hon. Friend for his question and pay tribute to him for his assiduous campaigning on behalf of his post offices, and particularly for the community of Ladybarn, which he has raised with me on a number of occasions. In my statement, I gave some examples of new post offices that have opened and been able to plug some of the gaps left in communities under the previous closure programmes and when sub-postmasters retired. If we consider any new models or new offices, the obvious places to see whether such provision could be inserted would be such locations.

Ian Paisley >

(North Antrim) (DUP)

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I welcome the Minister's statement and associate myself with the tribute paid by the Opposition Front-Bench spokesman, the hon. Member for Edinburgh South (Ian Murray), to sub-postmasters, who in Northern Ireland provide an essential service and have gone the extra mile in years past when they were targeted by terrorist attacks. That should be put on the record.

The Minister kindly mentioned Balnamore in my North Antrim constituency, just outside Ballymoney. Given that success story, for which I am very grateful, will the Minister tell us how much of the £640 million will apply to Northern Ireland over the years from 2015 to 2018?

Jo Swinson >

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Just last week I met in this House representatives of the sub-postmasters in Northern Ireland. The points that they made about how post offices had often been seen as a safe haven where people from different communities could come together were incredibly moving. The hon. Gentleman makes a particularly important point about the service in areas that have seen such difficulties. The subsidy payment will depend on the specifics of which sub-postmasters bid for which money and how that breaks down, but I know that Northern Ireland has a higher than average proportion of rural offices, so I am sure that the community fund for community offices will be of particular interest to sub-postmasters there.

Neil Carmichael >

(Stroud) (Con)

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Given that the previous Labour Government closed a third of our post offices—a staggering fact—we should listen to the Opposition with that in mind. Does the Minister agree that it is fantastic news that organisations such as National Express are using the Post Office to promote and sell their tickets? That is exactly what we need to see to promote post offices in our communities.

Jo Swinson >[Share](#)

My hon. Friend makes a powerful point. The fact that we have a network with such a fantastic reach into communities up and down the country means that it is ideally placed for a range of different commercial contracts and potential partnerships, such as the one that he mentions with National Express.

Richard Burden >

(Birmingham, Northfield) (Lab)

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At a time when so many of our constituents face crippling debts, I think the Minister might agree that local post offices should be able to play a bigger role in providing alternatives to loan sharks. It has been argued that credit unions could be co-located with local post offices, but all too often that does not stack up financially for the post office or the credit union. What does she feel she can do to bring them together and remove those barriers?

Jo Swinson >[Share](#)

The hon. Gentleman makes an important point, not just about the suitability of post offices for such ventures but about the need for such projects in our communities. As he will be aware, the Government are investing £38 million to support credit unions to modernise and to ensure that they can be accessible to people in communities. There might be ways in which that can be used to create collaboration with the Post Office in communities where that makes sense.

Roger Williams >

(Brecon and Radnorshire) (LD)

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I congratulate the Minister on her statement. **GRO** was concerned that the small and very important letter-sorting facility in his premises might be closed to the detriment of the viability of his business. The Minister was able to give him encouraging news, but will she encourage Royal Mail and the Post Office to work together for the benefit of both businesses?

Jo Swinson >[Share](#)

I can certainly assure my hon. Friend that I will do that. As he says, he raised the issue of **GRO** with me and, thankfully, there is no threat to that service. He raises the wider point of the important commercial relationship between Royal Mail and the Post Office. They are natural partners that operate together for a mutual benefit, which will, I am sure, continue long into the future.

Ms Margaret Ritchie >

(South Down) (SDLP)

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I thank the Minister for her statement. With particular reference to Northern Ireland, where there have been bank branch closures, will she give assurances that she will have discussions with the major banks and her colleagues in the Treasury to ensure that banking services can be transferred to post offices, particularly in rural areas, to provide accessibility to services and, in so doing, sustain rural post offices?

Jo Swinson >[Share](#)

Absolutely. The hon. Lady is right to raise that issue. Of course it is very good news that 95% of the main UK bank accounts are now available through post offices; only Santander is so far holding out. But in the meeting that I had with sub-postmasters from Northern Ireland last week, they did mention that there were some specific Northern Ireland issues around the full range of banking services. I am more than happy to look into those and encourage banks to ensure that they are provided. Of course, there is also the new current account, which has been piloted and will be rolled out across the post office network. The post office should be an obvious place for people to undertake their banking transactions.

Steve Brine >

(Winchester) (Con)

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I welcome the Minister's statement. Just this week, I received news from the Post Office that the Chandler's Ford post office, in the Fryern Arcade part of my constituency, is to be modernised and moved with some of the funding that she announced today. The additional funding will obviously ensure that post offices remain, but can she assure the people I represent that communities that lost out and were so bitterly disappointed—such as Littleton village in my constituency—will have a chance for a glorious return of their post office services? Will she meet me and other Members interested, to explore how we go about that?

Jo Swinson >[Share](#)

My hon. Friend raises an important point. Many communities up and down the country were devastated by the loss of their post office under the previous closure programmes. Where it makes sense, and where there are new models—whether those are the local, main or other models that the Post Office has been trialling—that would make sense in those areas, of course we should look at whether that is appropriate, and I would be happy to receive representations from my hon. Friend and other hon. Members on that issue.

Steve McCabe >

(Birmingham, Selly Oak) (Lab)

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Will the Minister intervene to see whether her rescue package can be used to prevent the closure of Kings Heath Crown post office and the shoehorning of services into a corner of WH Smith that is unable to handle buggies, wheelchairs or mobility scooters—hardly modern, easier premises to use?

Jo Swinson >[Share](#)

The hon. Gentleman mentions an apparent closure, but of course a post office service will continue, and that is vital to that community. He mentions the Crown office network. It is simply unsustainable to have 370 post offices out of a network of nearly 12,000 that lose £37 million a year, as of the last financial year for which we have figures. We need to take action to get the Crown network to break even, given that these are offices, in city centre and town centre locations, that are busy places and should be able to at least break even, if not provide a profit to go back into the network. That is why we are looking at franchising proposals. We do need to get them right and they are the subject of consultation. I am not sure of the exact timetable of the hon. Gentleman's particular consultation process, but it is a six-week consultation for any suggested move. Where that is not right for the community, of course we should look again at different locations and ensure that a post office is continuing in all those areas that are up for franchising.

Mr Alan Reid >

(Argyll and Bute) (LD)

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I very much welcome my hon. Friend's statement, especially the recognition that the local model is not suitable for small communities, and the £20 million for small community post offices, but may I draw her attention to the fact that the Post Office is threatening to close the Carradale East post office a fortnight on Monday? Can a rescue package be put together to save that post office for that small community?

Jo Swinson >[Share](#)

I pay tribute to my hon. Friend's campaigning on behalf of the numerous post offices in Argyll and Bute. In a constituency like his, they truly provide a lifeline. I am aware of the case that he has raised and I will happily look further into it. Clearly, there are circumstances where sometimes a sub-postmaster will decide to retire, but we need to ensure that what is put in that post office's place is appropriate for that local community.

Geoffrey Clifton-Brown >

(The Cotswolds) (Con)

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May I say how strongly I agree with my hon. Friend about the importance of the post office network, especially to rural areas? Is she aware that, under the last Labour Government, they closed a massive 12 out of 34 post offices? In contrast, under this Government, a post office at Stratton has been reopened and the post office at Bourton-on-the-Water is now open seven days a week. Would she agree that the best way to maintain the viability of the post office network is to introduce an increasing and innovative range of services?

Jo Swinson >[Share](#)

I agree with my hon. Friend. He is right to highlight the challenges that his community and others faced under the previous Government. I am delighted to hear the news that the Post Office is delivering for his constituents, and he is right that a diverse and innovative range of services will help to ensure that the Post Office has a sustainable and secure future.

Bill Esterson >

(Sefton Central) (Lab)

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The people running a number of post offices in my constituency just cannot make them work. They are not viable, for many reasons. They have a knock-on effect on other retailers, and they will not be able to provide the vital community service to the local community, including the older people who rely on them. What is needed is the kind of Government work that my hon. Friend the Member for North Ayrshire and Arran (Katy Clark) mentioned. That is the essential long-term future for those post offices; otherwise, the measure announced today is just delaying the inevitable, and we will still have a closure programme by another name.

Jo Swinson >[Share](#)

We are modernising the post office network because we recognise that it cannot look the same in the future as it did 50 years ago. There have been a range of changes in the way that we live our lives and the way that people access financial services through bank accounts. For example, there is less demand for people to be paid at post offices. Those all have an impact on the services that post offices offer. That is why we need to diversify into a range of new services, and why the new models are often based on co-locating a post office with a thriving retail business, where they can mutually benefit, with the post office driving footfall to help the retail business drive sales. In the new models, sales of the other retail businesses have increased. That is how we can build a sustainable future. We cannot set the post office in aspic and keep it as it was 50 years ago.

Miss Anne McIntosh >

(Thirsk and Malton) (Con)

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The loss of a rural post office can impact on the cost of living for those living in that area. Would the Minister look closely at the model of the community post office at Stillington as a way forward? Will she also review what will happen to rural post offices at the end of the 10-year operational agreement between Royal Mail and the Post Office, and the possible implications for rural post offices?

Jo Swinson >[Share](#)

I will be happy to hear more about the post office at Stillington and how members of the community have been working to sustain it. I hope that the announcement of the funding for community post offices will be of interest to my hon. Friend's constituents also. She is right to highlight that the mails work through Royal Mail is an important part of what the Post Office does, and we certainly want to ensure that that continues long beyond the inter-business agreement. People should bear in mind the reassurance that the chief executive of Royal Mail has given about that.

Diana Johnson >

(Kingston upon Hull North) (Lab)

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Will the Minister explain exactly what happens if a sub-postmaster wants to take the compensation and cease to operate a post office and a new operator cannot be found?

Jo Swinson >[Share](#)

We shall not compensate people to leave the post office network and leave communities without post offices because that would not be in keeping with what we want to provide for communities; so the compensation for sub-postmasters who want to leave is dependent on a new operator being found in that area. Obviously, at any stage sub-postmasters can decide whether they want to retire or to leave the network, but if we going to pay them and compensate them to do so, we want to ensure that the community still has a post office service that it can access.

Sir Robert Smith >

(West Aberdeenshire and Kincardine) (LD)

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In West Aberdeenshire and Kincardine there are many small local communities where the community model will be an excellent solution to their need to sustain the last access to public services in the community. Can the Minister confirm that the extension of the card account, and the funding model that has been put in today, will be used to grow other services for the Post Office, particularly financial services?

Jo Swinson >[Share](#)

My hon. Friend is right to highlight the vital role of the community post office, particularly where that is literally the last shop in the village. That is where the investment in those branches that did not qualify under the previous programme but will now, will help to ensure that they too can provide a modern service and make available the widest range of financial services in a community where there may not be other banking facilities. In such areas, where people may depend significantly on deliveries and online shopping because of the access it gives to large retail areas and conurbations, the parcels market is increasingly important as part of the business model of post offices.

Roberta Blackman-Woods >

(City of Durham) (Lab)

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A designated post office recently closed in a village in my constituency. It has been replaced by post office facilities in a shop. Although local people are pleased that a service is continuing, they are worried about the lack of privacy in the new location. What steps is the Minister taking to ensure that old and vulnerable people are not put at risk by moves of that nature?

Jo Swinson >[Share](#)

The hon. Lady makes a genuine point, and it is important, depending on what the transaction is, that appropriate privacy can be given. At the same time, the old model of the post office with a sort of fortress that had to be built in, seemed outdated to many people, putting a barrier between the customer service assistant and the customer. It also added a huge amount of cost to the way in which the network was run. It is important that retailers and sub-postmasters providing services can take into account the needs of all their customers, and if the hon. Lady has concerns about what is happening in a particular post office, I am certainly happy to look at that.

Mr Philip Hollobone >

(Kettering) (Con)

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May I welcome this massive new investment in sub-post offices? Many sub-post offices that were much loved and well used in my Kettering constituency were closed under the Labour Government. I congratulate the coalition Government on lifting the long, deep, dark shadow of closure that has hung over local sub-post offices for so long.

Jo Swinson >[Share](#)

I thank my hon. Friend for his intervention. The figures speak for themselves. If we look at the number of post offices that have been in place over the past decade or so, the network is at its most stable for many, many years, and the Government are absolutely committed to maintaining that. Although the post office network must change, the answer is not to cull it but to support it.

Lisa Nandy >

(Wigan) (Lab)

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The Minister has repeatedly said that the post office network is at its most sustainable for years, but that is not a picture that many people in Wigan and across the country—or I—would recognise. Government business to the post office network has fallen by 7% over the past year, and the National Federation of SubPostmasters says that we need

“a determined and co-ordinated effort across Government to provide a wide range of services through the post office network”.

Where is it?

Jo Swinson >[Share](#)

The numbers in the post office network are at their most stable for decades and, as I say, the facts speak for themselves. Government services are an important part of post office income, but they are not the only part, because that is not the way to achieve a secure future for post offices. They need a diverse range of income streams, including mails and financial services.

As for where the Government work is, we have heard today that the post office card account, or its successor, will continue through the post office network, which is welcome. Last year, the Post Office competed for the framework contract for the Driver and Vehicle Licensing Agency and won, and that framework contract will allow further contracts to be put through, as indeed was the case with the UK Passport Service work earlier this year.

I am not for a second trying to suggest that things are easy for sub-postmasters. Things are not easy, and they have not been easy, in these difficult economic times. We recognise that, which is why we have enhanced the packages available to make them more attractive and make sure that sub-postmasters have more opportunity either to make the choice if they wish to leave the network or enable them to continue and invest in their business, get more customers through the door and build a thriving retail business.

John Pugh >

(Southport) (LD)

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In welcoming the statement, may I draw the Minister's attention to the Crown post office network, and the fact that those post offices selected for closure are not necessarily, as is the case with mine in Southport, making the most losses? Will she tell the House what will happen if WH Smith, like other high street firms, goes out of business?

Jo Swinson >[Share](#)

The selection from the Crown network is based on a range of criteria but, in every single case in which we are seeking to franchise, we are talking about Crown post offices that have made losses. I understand that in Southport, every £1 of income cost £1.75. People will accept that that is not sustainable. That said, it is important that we make sure that those services continue. I encourage my hon. Friend to ensure that he is involved in the consultation on the right location for continuing that post office service, to make sure that his constituents still have access to the full range of post office services.

Mark Lazarowicz >

(Edinburgh North and Leith) (Lab/Co-op)

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Royal Mail shares are selling today at about 70% above the price at which they were sold by the Government when the business was privatised. Does the Minister at least admit, if she is as determined on privatisation as she seems to be that, that had the Government not undervalued Royal Mail shares, she might have an extra £2 billion, which could be used to support the Post Office, now and in future years.

Jo Swinson >[Share](#)

First, I would point out to the hon. Gentleman that he is talking about two entirely separate companies, because Royal Mail is separate from the Post Office. The privatisation of Royal Mail has, I understand, been discussed at length in the House and, indeed, this morning in the Select Committee on Business, Innovation and Skills, which took evidence from my right hon. Friend the Secretary of State for Business, Innovation and Skills and the Minister of State, Department for Business, Innovation and Skills, my right hon. Friend the Member for Sevenoaks (Michael Fallon). I would gently say that making a judgment some short weeks after flotation is perhaps not the best way of judging a company's long-term share price.

Mr Russell Brown >

(Dumfries and Galloway) (Lab)

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As chair of the all-party group on post offices, may I tell the Minister that I warmly welcome the additional investment that she has announced? However, I think that there is an element of denial about what is going on out there. Perhaps she can share with the House how many post offices have been closed temporarily and how many are under temporary management? How much of the £1.34 billion allocation has been spent on modernisation, and how much has been spent to provide an enhanced package for people to leave? Can she tell the House the value of the 10 contracts that have been won, and how many of them were new contracts, not contracts up for renewal?

Jo Swinson >[Share](#)

I shall endeavour to give a full answer to all those points but, if the House will forgive me, I shall write with all the details on those questions. As for temporary closures, I think it is about 400, but I can obtain the most up-to-date figures. As the hon. Gentleman can imagine, the figure fluctuates. I accept that it is important that we make sure that Government work is available as part of a mix of services and income streams that the Post Office can access. I absolutely accept that things are not easy, and I have said that a number of times when responding to questions this afternoon. I would not wish to suggest that it is an easy life being a sub-postmaster, because it is not, but we are trying to create a sustainable network for the future and, indeed, in communities that have experienced temporary closures, to look at what more we can do to make sure that post office services are delivered to those communities.

Mr Mike Weir >

(Angus) (SNP)

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The sad fact is that many post offices in rural areas continue to close and have been replaced by outreach services. The £20 million investment fund is said to enable the improvement and modernisation of branches, but that is not the problem—it is postmasters' income in those branches. Is there anything in the statement that will allow the Post Office to give more direct subsidy to the income of postmasters in remote rural areas to stop the closure of those branches?

Jo Swinson >[Share](#)

We have to recognise that across a network of nearly 12,000 branches some post offices are not commercially sustainable by themselves, but none the less they play a huge social and economic role in their community. I believe that there will always be a role for continued Government subsidy for those branches. That said, we are using taxpayers' money, which must be spent judiciously. It is about making sure that those branches that can become viable without subsidy proceed without subsidy, but branches that require ongoing subsidy should have the certainty that that is the situation. At the moment, that is not the case, because those post offices do not know whether they are designated as community branches or whether they can access subsidies.

That certainty will help, but as for the question of whether we can increase the money for those branches on an ongoing revenue basis, that is not something which, in the current economic circumstances, I can promise to deliver for the hon. Gentleman. Investment in those branches is sometimes needed to ensure that they can become more sustainable, perhaps by improving the layout or structure of the office so that it can do more parcels work, for example. There could be ways to enhance income streams by using a bit of capital investment.

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