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Draft Post Office Network Subsidy Scheme (Amendment) Order 2024

Debated on Wednesday 17 April 2024

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The Committee consisted of the following Members:

Chair: Valerie Vaz

† Ali, Rushanara (*Bethnal Green and Bow*) (Lab)

Champion, Sarah (*Rotherham*) (Lab)

† Coffey, Dr Thérèse (*Suffolk Coastal*) (Con)

† Eustice, George (*Camborne and Redruth*) (Con)

† Everitt, Ben (*Milton Keynes North*) (Con)

† Hollinrake, Kevin (*Minister of State, Department for Business and Trade*)

† Jenkyns, Dame Andrea (*Morley and Outwood*) (Con)

† Jones, Gerald (*Merthyr Tydfil and Rhymney*) (Lab)

† Maskell, Rachael (*York Central*) (Lab/Co-op)

† Russell-Moyle, Lloyd (*Brighton, Kemptown*) (Lab/Co-op)

† Smith, Royston (*Southampton, Itchen*) (Con)

† Sobel, Alex (*Leeds North West*) (Lab/Co-op)

† Thomson, Richard (*Gordon*) (SNP)

† Tracey, Craig (*North Warwickshire*) (Con)

† Tuckwell, Steve (*Uxbridge and South Ruislip*) (Con)

† Vara, Shailesh (*North West Cambridgeshire*) (Con)

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† attended the Committee

Seventh Delegated Legislation Committee

Wednesday 17 April 2024[Valerie Vaz *in the Chair*]

Draft Post Office Network Subsidy Scheme (Amendment) Order 2024

🕒 4.30pm

The Minister of State, Department for Business and Trade >

(Kevin Hollinrake)

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I beg to move,

That the Committee has considered the draft Post Office Network Subsidy Scheme (Amendment) Order 2024.

It is a pleasure to speak with you in the Chair, Ms Vaz. The draft order was laid before this House on 11 December. Under section 103 of the Postal Services Act 2000 the Secretary of State for Business and Trade has the power make payments to support the provision of the post office network. The power is subject to conditions, one of which includes the cap on the total amount of funding that can be given to the Post Office in any given financial year. The current cap, set in 2011, is £500 million and we propose to increase that to £750 million. Raising the cap on funding that can be provided to the Post Office does not reflect a funding commitment. It is simply an enabling power to allow the Government to provide appropriate funding to the Post Office when needed.

The rationale for the increased cap is simple: we must avoid a situation where the Government cannot legally provide the funding that the Post Office needs for its essential activities. As all Members will be aware, there are important areas where the Government currently provide funding to the Post Office to enable it to maintain its delivery of key services across the UK.

First, there is funding for providing redress for the victims of the Horizon scandal, one of the biggest miscarriages of justice in living history. The victims must get the justice and redress they deserve. There are a number of redress schemes to which the Government are contributing funding, as well as funding associated with delivering redress schemes. It is essential that the process is not held up at any stage.

Secondly, the Government provide significant and vital funding to support the post office network. Post offices are, of course, the beating heart of our communities. Through the network of over 11,500 branches, post offices deliver essential services across the United Kingdom. There are currently over 6,000 rural branches—54% of the total network. Over 3,000 of those are described as the last shop in the village, providing vital retail, mail, parcel and banking services in one place, helping to sustain thousands of rural communities.

Such services are hugely valuable to individuals and small and medium-sized businesses in urban and rural areas across the United Kingdom. It came as no surprise to see that in the most recent Local Shop Report from the Association of Convenience Stores, post offices are identified as a type of service considered by the public to have the “most positive impact” on a local area. The Government have provided significant financial support to sustain a nationwide network—more than £2.5 billion in funding to support the network in the past decade alone. The Government remain steadfast in their support of the network and have committed to maintain the annual £50 million subsidy to safeguard services in the uncommercial parts of the network until 2025. Without that funding, many post office branches would be unsustainable.

Shailesh Vara >

(North West Cambridgeshire) (Con)

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service it provides for the community. He mentioned the Horizon scandal at the start of his speech. Is it the case that the cap we are debating today is for additional services for the Post Office to maintain the standards it has at the moment, or will some of that money go to victims caught up in the Horizon scandal? Is it a bit of both or will there be separate funding exclusively for the Horizon scandal? If all the money in compensation were taken up by the increased cap amount, there will not be enough money left over to maintain the standards of Post Office Ltd.

Kevin Hollinrake >

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It is, in my right hon. Friend's words, a bit of both. It is about maintaining services, including rural services. On improving the technology, of course we need to replace the current system. It is also about compensation, and the means of delivery—the administration—of the compensation. It is important to note that not all the compensation provided—we have set a maximum budget of £1 billion for compensation—is provided through these means. There are separate means, through the group litigation order process and the new compensation process for the newly overturned convictions, which we anticipate overturning by July. They can be funded through separate means, so it is not all through this particular process, but some of it certainly is.

The Government will provide targeted investment funding to the Post Office, as the retail sector faces challenging conditions. It is still feeling the effects of changing consumer behaviour arising from covid-19, and the impact of cost of living pressures on consumer confidence arising from a range of factors, including inflation and high energy and supply chain costs, in a fiercely competitive market. As such, the Post Office is experiencing pressures as the business attempts to operate in this challenging commercial environment while meeting the cost to right the wrongs of the past.

Further pressures have also arisen through work to replace the outdated Horizon IT system. While this is a Post Office-led programme, it is essential for the future of the company and the network, and the Government have already committed to providing £103 million to support the development of the replacement system and to ensure the Horizon system is maintained before the replacement is rolled out. We provided funding to meet the company's immediate needs for the programme and we are working closely with the Post Office to understand what funding may be required beyond this. These three areas are critical to the Post Office's future and the current cap risks Government not being able to provide the Post Office with the funding it needs for essential activities. Having taken into account the Post Office's current forecasts and the inflationary context since the previous cap was set in 2011, the Government considers a new cap of £750 million to be reasonable, sensible and proportionate.

 4.37pm

Rushanara Ali >

(Bethnal Green and Bow) (Lab)

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It is a pleasure to serve under your chairmanship, Ms Vaz. I thank the Minister for outlining the details and explaining why this statutory instrument has been brought to Parliament today. Since the exposure of the Horizon scandal, Labour Members have sought to work with the Government while applying the necessary scrutiny to ensure the most effective process for the wrongly accused sub-postmasters to receive the justice and compensation they deserve.

We will continue to provide the necessary scrutiny and critique where necessary, both in the Post Office (Horizon System) Offences Bill as it continues to progress through Parliament, and this piece of secondary legislation. I hope the Minister will not have too many objections. As the Minister has pointed out, the cap has been raised by the Government from £500 million to £750 million, and we do not oppose their reasons for doing so. I would, however, like to press the Minister on a few outstanding points.

The annual limit on the Government's Post Office funding stood at £160 million until 2011, when the cap was raised to £500 million, and has remained unchanged. We can see the rationale, given the context of what has happened recently, of increasing the cap to £750 million. As the Minister has laid out, the Government have pointed to the range of factors that risk breaching the current £500 million spending limit: the focus on the compensation for sub-postmasters relating to the Horizon scandal, the funding for the replacement of the Horizon IT system, and the ongoing financial demands to keep the branch network operating given the cost pressures and the economic climate.

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this position, it is very clear that there are huge pressures, and we have seen the closure of a number of post offices in different communities. I am sure the Minister will understand the unease many will feel about this uplift, given the recent scandals and the role of the Post Office in that context. That is not to say that the network of **sub**-postmasters, who have been doing such a phenomenal job around the country, is at issue. It is about management, leadership and many of the issues that have been exposed in the recent scandals, such as the removal of the chair and the other recent issues that have come through over the course of the inquiry hearings. That is what the public are hearing about regularly.

It would be helpful if the Minister provided some assurances. He has mentioned compensation, and his answer to the right hon. Member for North West Cambridgeshire was helpful. Can he explain roughly what those allocations might be, perhaps later if he is not able to explain today? Should that uplift be used, does he have in mind the kind of amounts intended for the compensation scheme, the Horizon replacement scheme and the wider network? Will those allocations strike an appropriate balance in providing that? Will that be sufficient or will there be a need to provide further uplifts?

The other issue that **sub**-postmasters have raised with me in discussions is a general concern about a bonus culture at the Post Office, as well as the wider culture at the senior management level and the tick-box attitude to **sub**-postmaster engagement. That is a snapshot of impressions that I have received, but it would be useful to know what discussions the Minister is having with the broader organisation, as well as management, about how that uplift will be used, and to receive an assurance that the uplift is going to be used properly and effectively.

The public will want to know that the uplift—the Minister may well be able to answer this right now—will not be used to provide bonuses and increase remuneration for people in senior management. As we have heard recently in the public domain and in the media, as well as in a Select Committee hearing in February, pay and remuneration issues have come up quite a lot. It would be helpful if the Minister can reassure us that this uplift is not about that.

I hope that the Minister will accept the spirit of another point I want to make. It is a wider point that has come up—I know he is doing a lot of thinking on this—about reform of the Post Office and tackling the wider sets of issues about institutional culture, the governance of the organisation and learning the lessons of what has been exposed through the Horizon scandal. Of course, there is much more work to do in following up the outcomes of the inquiry report. While we support the uplift, I hope that the Minister can address some of those questions. If he is not able to address all of them today, I hope that he will be able to do so subsequently.

I would like to ask a few questions about Fujitsu. As the Minister has sought the uplift in relation to the compensation programme, I would like briefly to turn to the specific issue of funding and his assurances about seeking to recover funds from Fujitsu, given its role in the Horizon scandal. As we all know, the tech giant's faulty Horizon IT system is at the heart of the Horizon scandal. Its senior executives have already accepted moral responsibility, but it remains unclear what role it will have in the compensation process. As I think most Members will agree, it is only fair that Fujitsu at least contributes to the compensation funding, rather than leaving the British taxpayer to foot the entire bill. This is particularly pertinent given that Fujitsu has held Government contracts worth more than £3.4 billion since 2019. Many have raised this issue over the past weeks and months. I raised it on Second Reading of the Post Office (Horizon System) Offences Bill, and my colleague Lord McNicol raised it in the Lords when this SI was debated.

Based on previous Government responses, I think it is fair to say that the Government do intend to seek payments from Fujitsu, and we look forward to working with the Minister and his team to continue the pressure to make this happen as quickly as possible. However, we remain somewhat in the dark over how much progress has been made. It would be really helpful if the Minister outlined whether he has a timeline in mind for when payments will be made, how much progress has been made, and whether he requires cross-party support in getting the job done, with the total cost of compensation likely to be upwards of £1 billion. If the Minister is not able to provide further answers today, could he provide them in writing?

In conclusion, I thank the Minister for the work he has been doing and look forward to working with him to provide the necessary support to the post office **sub**-postmasters and their network to ensure that it is stabilised and gets the support it needs. The compensation programme is there to support victims as quickly as possible. I also look forward to working with him to ensure that Fujitsu is made to pay for what it is ultimately responsible for.

The Chair

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I remind Members that the scope of the Bill is setting a new cap on spending of up to £750 million. I call the SNP spokesperson.

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Richard Thomson >
(Gordon) (SNP)

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It is a pleasure to serve under your chairship this afternoon, Ms Vaz. The Scottish National party is happy to support the measure before us. I would like to place on record our strong support for the post office network and everybody who works in that network to provide the services it does. Post offices provide an absolutely vital public service at the heart of each community in which they are located.

Post offices are certainly at the heart of those communities. While I certainly would not underestimate their importance in the urban communities that we serve, they have a particular significance in the rural communities that we serve, where they may indeed be the last commercial premises in a settlement. With the retreat of banks, post offices have all too often become the cash handlers of last resort for people and businesses. It is absolutely vital that the existing level of service and coverage provided by the Post Office is not diminished in any way, and that the Post Office is, wherever possible, in a position to expand both coverage areas and the services provided from each post office.

We wholly accept that the subsidy is required in order to provide that level of service. However, it remains a matter of regret that in recent years there has been a reduction in the services that the Post Office has been allowed to offer, affecting the business that can be transacted at any post office, particularly with the retrenchment in the financial services products that the Post Office is able to offer. That has placed additional pressures on operators, and has arguably sometimes made it less attractive to run a post office operation. I certainly do not think it could be argued that it has done anything to reduce the overall levels of subsidies required to support the network.

As I say, I am happy to support this measure on behalf of my party, but I would seek assurances from the Minister, in common with Opposition spokespeople, that this revised cap—albeit a significant uplift in the cap—will not impede the delivery of compensation for anyone affected by Horizon, should sudden rapid progress be made, in terms of the amounts that need to be paid out and the number of settlements. I also seek assurances that the level the subsidy is capped at will not impede the ability of the Post Office to carry out business-as-usual operations. If it looks likely that either or both of those scenarios should transpire, we will be back to look at increasing the subsidy cap, should that be required.

🕒 4.50pm

Dr Thérèse Coffey >
(Suffolk Coastal) (Con)

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It is a pleasure to serve with you in the Chair, Ms Vaz. First, I congratulate the Minister of State, Department for Business and Trade, my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on his promotion. Since the explanatory memorandum was laid, he was recognised by the Prime Minister, so well done to him on that. On the wider point about Horizon, he has been a deft Minister and a doughty champion for postmasters and sub-postmasters. I am conscious there is an ongoing inquiry and that the Government are already legislating. Many of the comments made here today echo people's concerns about what has happened.

I rise to speak about the rural network. The Minister set out that there are about 11,000 offices, about 6,000 of which are rural branches. I am happy for the Minister to clarify, but it is my understanding that a current subsidy of about £50 million goes to rural post offices; and I do not believe that has changed over many years. As a consequence, and with a combination of rising prices and similar, in trying to be efficient the Post Office is looking for opportunities to try to keep services going—to the expense of some of my constituents.

The SNP shadow spokesperson, the hon. Member for Gordon, already referred to how, with bank branches closing, the Post Office is increasingly picking up that usage by many customers. That lends itself to expecting money from the banks, whether through banking hubs or some other way of helping with equipment, but I think we should understand and get some transparency about what is happening with the subsidy we are voting on today. I am conscious that most of it is to do with Horizon, but not exclusively so, and that is where I think some more transparency would be helpful.

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where there is a post office combined with a pharmacy, unlike in Kelsale, where there is an outreach service undertaken by the current **sub-postmaster**—that is just about to change—in the heart of the village hall in a secure setting. During the service's one session a week, there are on average 22 transactions. Yet, because of Kelsale's distance from Saxmundham—apparently, there is a bus every other hour—that service is being dropped. I have already met the Minister and I appreciate that he has been diligent in raising the matter with the Post Office, but I will do so again to try to get an answer about transparency.

I know that the Post Office is already saving money by switching the outreach service to a mobile van. I am pleading for a simple stop on the route for an hour a week, and recognise that elsewhere on the outreach service communities are getting fewer hours during which a **sub-postmaster** will attend. I understand and appreciate that we are dealing with about seven or eight transactions a week, or at best 30, but that is what the subsidy is there for and, in particular, why I am singling out Kelsale. It is also about recognising that not every constituency can be considered in the same way.

The Chair[Share](#)

Order. I remind the right hon. Member that the scope of the order covers the increase in the cap and not specific issues in her constituency.

Dr Coffey >[Share](#)

I hear what you say, Ms Vaz, and I will bring my argument back to that. I am trying to say that my constituents in Kelsale deserve some more of that increase in the cap.

The Chair[Share](#)

That is a separate discussion for the Minister.

Dr Coffey >[Share](#)

As a consequence, one of the things I also want to highlight is that I do not think the Post Office gives adequate responses to Members in its discussion of the subsidies and how they are being used. That really matters—not just that it answers the Minister but that the Post Office is accountable in the process. Instead of just putting “strictly private and confidential” on letters and information I already had, it needs to show what that subsidy is costing.

Ultimately, I am here today to vote for the motion because I believe the Minister knows that the Post Office needs more money, but I want to make sure that that money is being well spent and is being put there for the purposes for which we vote. One of those is maintaining rural branches. With the 50% increase in the cap from £500 million, we are talking three quarters of a billion pounds that is going to be made available to the Post Office in subsidy for branches. I believe that rural branches, particularly in the community of Kelsale, deserve a modest proportion of that in order to keep post offices operating right across the country.

🕒 4.55pm

Lloyd Russell-Moyle >

(Brighton, Kempton) (Lab/Co-op)

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I rise to support, as everyone has, the increase in the cap. I believe that the Government need to do more to support our post office network, particularly in communities that are harder to reach, be they rural communities or poorer communities, which of course rely on their post offices.

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know what the Minister is doing to pursue banks for the additional costs that the Post Office has had to pick up. The reality is that every single post office—not just the banking hubs, which there is an arrangement for banks to contribute to—now effectively operates as a bank. People go in to pay in or take out cash, pay in cheques and so on, but apart from the meagre amount that can be charged for each transaction, there is not a huge contribution to this subsidy from the banks. I believe it is time for the Minister to go to all our public banks and ask them what they are contributing to this subsidy, whether it is £750 million or we can leverage more. That is what the best of public-private partnerships is about: the state putting in money and leveraging money from the private sector when it expects us to pick up the pieces. I think we could be doing a lot more on that.

I am also deeply worried that when post offices shut but there are other people willing to come forward to run them, there can often be barriers in the way. Very often, the post office will not be eligible for subsidy any more. The subsidy will be reallocated to another service—an outreach service, for example. Ovingdean village post office in my constituency was in that situation. It shut and a new buyer came along and wanted to reopen it, but they were ineligible for further subsidies because the subsidy line on that post office had ended and been rediverted to other post offices. That has left the village with no post office at all. That is an example of where the subsidy could be better spent; we should ensure that it is not just a one-way track where post offices get subsidy or do not.

I would also be interested in the Minister's comments on the direction in which he sees the £50 million subsidy going—clearly, it needs to increase—and how is it allocated. I believe that everyone should be able to access a post office within a 10-minute walk or drive, depending on whether the setting is urban or rural, at least once a week—there are mobile post offices. What conditions does the Minister look at when subsidy is allocated? Does he look at the journey to the nearest post office? Does he look at the number of people using the post office? In a number of towns in my area, all the branch post offices have shut and there is only one post office left, often in WH Smith, and the queue runs out the door and around the corner. People have to wait hours—well, perhaps “hours” is an exaggeration, but it is not unheard of for people to have to wait 45 minutes in a queue during peak times to get the parcel service that they need, particularly at Christmas time. Where is the subsidy being spent to relieve that congestion? We used to have Crown post office services, but Crown post offices have been completely abolished in most of those areas.

Hon. Members have spoken extremely well about how we ensure that the costs of Horizon are paid partly by Fujitsu, but the Minister said that some compensation schemes are covered by the uplift, although others are not. Will he give us more detail about that, and explain why any are being covered? Should we not have a direct line from the Treasury to such schemes because, as he said, we have seen the biggest miscarriage of justice, and we need to ensure that the schemes do not eat away at the subsidies that should be paying for our Post Office, rather than our having a separate Treasury-funded scheme through which we go after the culprits. Recent responses from some managers and Fujitsu people show that we need to go after them individually and corporately.

🕒 5.00pm

Kevin Hollinrake >

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I thank Members for their important contributions, all of which I shall cover, if I think I can.

The hon. Member for Bethnal Green and Bow asked how the money is being allocated. As I said, this is a cautionary raising of the cap, rather than money specifically going out today. She also asked how the 2025 funding package is being spent. There is the £50 million annual subsidy for uncommercial parts of the network and £190 million to meet the costs of participating in the Post Office Horizon IT inquiry and delivering redress to postmasters. Some £103 million helps the development of a replacement for the Horizon IT system, but she might be reassured to hear that there are zero pounds for bonuses.

On our engagement with the Post Office, I meet monthly with the chief exec and other members of the board. I met today with the National Federation of SubPostmasters in one of its meetings to constructively challenge the Post Office management, which I attend on a monthly basis. I also meet the board itself—I did so recently—including the non-executive postmasters on it. I meet **postmaster** victims, as I did today. I was delighted to host Lee Castleton and others in Parliament today, where they met the Prime Minister and the Leader of the Opposition. It is important that those meetings are held, such as the one I did last week at Fenny Compton for a BBC programme.

The engagement is about not only righting the wrongs of the past, but the future. The post office network has a bright future, with revenue opportunities that are very much around access to cash and how the banking framework can bring more revenue into post offices. It is crucial not only to increase revenue, but to reduce costs at the centre. It is important that the Post Office itself reduces

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more profitable businesses.

The shadow Minister referred to governance. We decided to part company with Henry Staunton and the Secretary of State was absolutely right to do what she did. We hope to see improved governance with a new chair, whom we hope to appoint shortly.

We have been clear, certainly for the past 14 or 15 months in which I have been in this post, that Fujitsu has not only a moral responsibility—it accepts that, as it said before the Select Committee—to own up to how it contributed to what happened, but a financial responsibility. It will contribute significantly to the compensation bill, and we have already had conversations about when that will happen. The right approach is for the inquiry to hear all the evidence, after which we can decide how blame is apportioned and who is culpable.

The inquiry's evidence sessions are due to be concluded by the end of this year, with the report published early next year. By that point, we will know the full extent of the compensation bill, and that is the right time for final conversations with Fujitsu about how much it should contribute. I appreciate the cross-party support for those conversations. We will have ample opportunities in debates such as this, as well as those on the Floor of the House as we debate the convictions legislation, to press the case publicly with Fujitsu that we expect a significant contribution to be made. I thank the hon. Member for Bethnal Green and Bow for her support and kind words.

The SNP spokesman, the hon. Member for Gordon, talked about the reduction in services at post offices. He was right: there is no doubt that there has been a significant reduction in the amount of money generated at the post office level compared with 10 or 15 years ago. Letter volumes are a part of that, as are Government services, driving licences and passports, but what has happened is largely due to consumer behaviour, not our interventions. We do not think it is right for us to dictate to our citizens how they should access Government services.

I am sure the hon. Member for Gordon and other members of the Committee do not go to a post office when they renew their passport or driving licence; they probably renew online. It is far more convenient for people to do that, so we should not dictate to our citizens how they access vital public services. It is very important, of course, that we find other sources of revenue for the Post Office, which I will talk about again in a second.

The hon. Member asked whether the cap would impede delivery if there was a flood of new applications for redress. No, absolutely not. This is just one of the mechanisms by which we deliver compensation. The other mechanisms are through the Horizon convictions redress scheme, which is separate, and the GLO scheme. We do not feel that the cap, as a separate means of delivering compensation, will in any way prevent the right money going to the right people.

I thank my right hon. Friend the Member for Suffolk Coastal for her engagement on the matters important to her. She is right to point out that the subsidy for the uncommercial parts of the network is £50 million. We are trying to make sure that the uncommercial parts become more commercial, to deliver more services—particularly around parcels. The Post Office is moving to parcel hubs. I think 8,000 post offices up and down the country offer their customers at least three different options for sending parcels—Royal Mail, Evri or DPD—and that number is increasing. A range of different parcel carriers can provide services, and those are all revenue opportunities for post offices.

Banking is a lucrative source of revenue for the Post Office and is getting more lucrative. As my right hon. Friend said, bank closures have saved banks around £2.5 billion a year, and that number is increasing, so it is only right that a significant proportion of that saving should go into the Post Office network and improve remuneration through the banking framework. The hon. Member for Brighton, Kemptown said that the banks should be more generous in their negotiations with the Post Office. Those conversations are progressing reasonably well, but we are keen to make sure there is a better deal for the Post Office and that significant amounts of revenue flow into post offices through that source.

Additionally, Government legislation on access to cash means that banks are forced to leave behind in the communities they abandon banking facilities that include post offices and banking hubs. There will be between 500 and 1,000 banking hubs rolled out over the next few years. There are 40 already, but another 60-odd are in the pipeline, so there will be significant numbers of banking hubs around the country, which represent opportunities for postmasters, who tend to get the first bite of the cherry to operate those hubs.

Lloyd Russell-Moyle >

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opportunity for the post office to come in, so there is still work to be done. Does the Minister agree?

Kevin Hollinrake >

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Yes, I do. There can be timing differences, and we urge the banks to put those facilities in place before they leave those communities. Banks are separate commercial entities, and we have legislated to say that they must provide services such as access to cash in those communities. We have made those steps, and they are resulting in significant numbers of banking hubs being rolled out across the country, which are opportunities for our communities and our postmasters.

My right hon. Friend the Member for Suffolk Coastal mentioned the Kelsale outreach branch, which we have met about. We are keen to support her campaign to ensure those communities are still well served. She is right to point out that there should be transparency around where that money goes. A £50 million annual subsidy is going into the Post Office every year, some of which, potentially, will be provided through the raising of this cap. It is also about the Horizon IT inquiry and redress, and the IT system. The key message we have for Post Office Ltd is that it should be reducing costs at the centre to ensure that more of that subsidy, and more of the income resulting from the services provided by post offices, is going to the postmasters to make those post offices more financially viable, so that we see fewer closures.

The hon. Member for Brighton, Kemptown asked about what criteria we apply when talking about which post offices to put where. There are clear criteria. There are around 11,700 post offices across the country, and 99% of the population should be within three miles of a post office. The hon. Member mentioned a 10-minute drive; three miles in 10 minutes is probably on the same page, depending on where we are talking about—sometimes in north Yorkshire it takes longer than that. Those access criteria were set in 2007-08, during a previous Administration.

The hon. Member for Brighton, Kemptown wants to increase the subsidy. I hear what he says, but I do not know where he is going to find the money—perhaps he could talk to the shadow Chancellor about that. As far as the Government are concerned, we are providing a significant amount of money to the Post Office to ensure that it is sustainable. However, we want it to be independently viable, and that is about driving revenue while reducing costs at the centre. That is our clear strategy. The hon. Member also asked whether all the money for all the schemes is coming through the raising of the cap. No, it is not. There are other schemes and methods of getting money into payments of redress: the GLO scheme and the Horizon convictions redress schemes.

In conclusion, the Government are committed to ensuring the long-term sustainability of the Post Office, and are working closely with it to ensure that the company receives the funding it needs. The Post Office needs to continue righting the wrongs of the past from the Horizon scandal, to go on providing essential services across the UK, and to invest in the future through programmes such as the replacement for the Horizon IT system.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Post Office Network Subsidy Scheme (Amendment) Order 2024.

🕒 5.12pm

Committee rose.

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