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TO **GRO**

P.02/03

The Rt Hon Stephen Byers MP
Secretary of State for Trade and Industry



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I am grateful to you and other colleagues for your agreement to the terms of my statement to the House last week announcing publication of the PIU report on the future of the Post Office counters network, and our response to it. It is pleasing that reactions have in the main been favourable, and that in particular we achieved a key objective of securing public support from Colin Baker, General Secretary of the National Federation of Subpostmasters.

Much remains to be done, however. There has been a good deal of criticism of Colin's stance from elements within the NFSP who believe that the commitments made in our response to the PIU report lack sufficient substance (and this will be a recurring theme until we are able to attach £m signs to specific funding packages when we announce SR2000, about which I have written separately). Unless we are able to show regular and tangible progress with implementation of the package, there is a real risk that Colin will be unable to hold the line with his Executive Council and the wider membership. A resumption of the Federation's campaign, accompanied by accusations that the Government had shown itself to be cynical and duplicitous on this issue would be politically disastrous, and I therefore look to EA colleagues to cooperate fully in taking forward urgently the various elements of the package.

Nowhere is this more true than in respect of the Universal Bank. A post office based solution for benefit recipients who do not want or cannot have their benefits paid into a conventional bank account after the migration to ACT has been at the centre of the NFSP's campaign, and support for the Universal Bank at the Post Office has been the cornerstone of our response that has so far enabled Colin Baker

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to hold the line with his Executive Council and membership. We cannot of course control press and other media speculation, but this has added substantially to the Post Office's difficulties in driving forward its negotiations with the banks, and has come very close to derailing completely NFSP support for the package.

I must therefore look to colleagues not only for their practical help in driving forward the various elements of the package, but also to ensure that in any contact with the media through press offices and other means there is a single and coherent Government message, based on our agreed policy as set out in my statement to the House. In cases of uncertainty or difficulty, my officials stand ready to assist.

I am copying this letter to the Prime Minister and our EA colleagues, to Sir Richard Wilson, to Suma Chakrabarti and Sebastian Wood in the Cabinet Office and to Geoffrey Norris at No. 10.

STEPHEN BYERS