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Mike Chubb

Mr A. Leighton
Chairman, Royal Mail Group plc
148 Old Street
LONDON
EC1V 9HJ

Alan Bates
Craig-y-don Post Office
21 Queens Road
Craig-y-don
LLANDUDNO
LL30 1AZ

7th August 2003

Dear Mr Leighton,

I am writing to you with regard to a letter I have just received from Post Office Limited giving me formal notification of their decision to terminate my Subpostmaster contract. As Chairman of the group responsible for Post Office Limited I thought it important that you should be aware of what is being undertaken in your name.

Please find enclosed a copy of that letter as well as copies of previous correspondence and notes regarding the problems in question, which I have tried to keep in a chronological order. In reality this matter should never have reached this stage but the extremely poor handling by Post Office management in the past has led to the situation which could result in us not only losing our business

GRO

Unlike the Post Office I do not have endless funds to fight this injustice through the courts, but I do realise it is imperative for as many people as possible have an opportunity to see the in detail the management style applied by Royal Mail Group to the very public face of the local Post Office. It is again trying to use what seems to be so often described as its outdated 'statistic' management approach, in order to bludgeon its will onto the poor Subpostmasters, with an issue that could bankrupt every sub post office in the country. Whilst I appreciate that principles can be expensive, I cannot agree to any position which would leave me (and every other Subpostmaster) liable for claims of millions of pounds from the Post Office without any redress or access to data to check such claims.

My only defence, until I can find an organization willing to offer support, is to ensure that the media and all those politicians who represents a ward with a subpostoffice, as well as everyone who runs a subpostoffice or uses one, has an opportunity to read all the facts. To that end these documents enclosed and others will shortly be available online, once the hoarding in the front of our building advertising our website www.postofficevictims.org.uk is ready in week or so. Originally I had registered www.postofficevictim.me.uk to use, but as the launch will undoubtedly bring up many other cases from across the country it was thought a larger and less personal site would be more appropriate.

It is important for me to make clear that as I have not breached my contract, I will not be ceasing to trade on 5th November 2003, if I did then I certainly would be in breach of my terms. If you read the enclosed documentation all is self evident.

I am sure you can tell that my back is up against a wall, but until the boarding is ready and in place and all the web pages are downloaded to the server I would welcome any option that would resolve this matter with the minimum of fuss and without the national publicity this issue is bound to draw, hence my letter to you as a last attempt to reach a sensible conclusion.

GRO

Alan Bates
Subpostmaster Craig-y-don Post Office

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Notes accompanying the correspondence
relating to the current situation

The Post Offices' Horizon computer system was brought on line at Craig-y-don Pos. Office in September/October 2000, and right from the very beginning there were problems. It is true that it was a new system and it took some time to become familiar with it but the problems were far more than that. From my point of view the main issue was always, and is still, the lack of access to the system to obtain details of the data which I have input and which Post Office Limited wants me to accept financial liability for. In the early days it was not uncommon to spend an hour on the telephone to the 'helpline' trying to locate pieces of information and at the end of that time just give up. Nowadays there are very few calls to the 'helpline' to try and locate data, mainly because both we and they know it is not feasible to access it.

Shortly after a software upgrade in December 2000 we had a lot of problems with Horizon and after numerous telephone calls I wrote the letter dated 19th December 2000 1A1 1Aii. I had some assistance to look for these losses, but those I spoke with had little or less knowledge of these systems than I did and could not access the data any further than I was able. Eventually these shortages were bundled up and left in a 'suspense account' until they could be resolved and a series of letters 1B 1C 1D 1E 1F 1Fi show the progress and the conclusion. My personal belief, based on my experiences and from stories I hear, is that the Post Office are having considerable problems with the Horizon software, and this was especially true in the early days.

Over the years the Horizon system been upgraded and 'improved', and is possibly more robust than when it first appeared as it does allow some data to be viewed, albeit in a limited way. I have made endless telephone calls, spoken to many people, written many letters and have only received an occasional acknowledgment of my comments, and very few in writing regardless of the strenuous efforts I have made. There have been numerous personal changes of those I am responsible to, or in correspondence with, and almost no structured approach to management that I can make sense of. So if the letters enclosed are at all disjointed, that is probably why.

Returning to the current issues, these began with a letter received from Mike Wakel dated 14th April 2003 that I responded to on 16th April 2003, which in turn brought the letter dated 2nd May 2003 after which I sent my letter dated 15th May 2003 in response. See letters 2A 2B 2Ci 2Cii 2D.

GRO

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Paragraph 2 of the Post Office letter dated 2nd May 2003 (2Ci, 2Cii) states "Nevertheless I must point out that you are Bound by the Terms and Conditions of your Contract for Services, which was acknowledged by you on the 31 March 2003, when accepting our appointment".

There are two items about this statement I want to bring to your attention, though they are not really the crux of the matter, just an example of management style.

- i. I acknowledged no Contract for Services on the 31 March 2003. I did however, acknowledge a Contract for Services on the 31 March 1998, a copy of which is attached, items 3A, 3Bi, 3Bii, 3Biii.
- ii. Item 4.5, and reference is also made in item 4.4 of the conditions included in the Contract of Service (3Bii), relates to the National Lottery playstation which was already installed and operational when we took over the business. The Post Office removed the machine at the end of January 1999 despite all my protests both written and verbal about the loss of revenue they were going to cause me, about how it had been part of my business plan revenue projection, of how we had doubled the turnover of the terminal in the few months we had been in office. The Post Office nowadays claim it was a Camelot decision and nothing to do with them, but I have clear, unambiguous written proof that the Post Office made the decision. See item 4.

I realise I digress but I think it is important to see the ways we have been treated over other issues, and there are numerous other examples I could supply you details with.

Returning again to the current issue, paragraph 3 of the Post Office letter dated 2 May 2003 (2Ci) refers to Section 12 of the Subpostmaster contract. A copy of Section 12 is attached, items 5A, 5B, 5C, 5D.

I have also included a letter I wrote dated 13th February 2002, item 6, which gives further insight into the problem as well as a copy of the letter 5 August 2003, items 7i, 7ii, in which Post Office Limited have issued the three months notice which I do not recognise as I am clearly not in breach of my contract.

Mr A Bates
Craig y Don Post Office®
21 Queen's Road
Craig y Don
LLANDUDNO
LL30 1AZ

20.08.03

Dear Mr Bates

Thank you for your letter dated 7th August addressed to Allan Leighton, Chairman Royal Mail, which has been forwarded to me for reply.

I have now completed my enquiries into the issues you have raised and, have spoken with a number of the personnel involved in the search for a solution to the situation at Craig y Don Post Office®. Although I regret that the situation has reached the point of termination of your contract, I am confident that the various teams concerned in the events have worked hard to provide support and assistance to you in a consistent and sympathetic manner. This support included a number of on site support visits to assist with balancing and also extra training on the Horizon system. The aim was always that of achieving a solution to the difficulties you were experiencing in managing transactions and processes at Craig y Don Post Office® branch.

The Sub postmaster contract is clear on the requirement that postmasters must make good losses or gains made when misbalances occur and to bring error notices to account appropriately. It is evident you have consistently refused to do this, even when specifically requested to do so by the Area Management team. The Horizon system at Craig y Don Post Office® has been reviewed and interrogated in response to your complaints, and the reports from both the Horizon Field Support team and the NBSC have confirmed that there is nothing inherently wrong with the Horizon system installed at the branch.

Page 2 of 2

In the circumstances I feel that the termination of contract notice must stand and can confirm your last day of service will be 5th November 2003.

Awaiting info from brand team/legal in relation to www

Yours sincerely

Ria MacQueen
Case Liaison Manager

Post Office Ltd.
Operations

Telephone: **GRO**

IN CONFIDENCE

Mr A Bates
Subpostmaster
Post Office Ltd®
21 Queens Road
CRAIG Y DON
Llandudno
LL28 4PS

Celtic Court,
Tremains Road,
BRIDGEND
CF 31 1TZ

Telephone: **GRO**

27 October 2003

Dear Mr Bates

I am writing following our telephone conversation of today, 27th October 2003. I can confirm that your decision not to grant permission for an interim service arrangement from your premises has been noted.

We will now proceed with the closure as previously advised.

Yours sincerely

MIKE WAKLEY
Retail Line Manager

30/10 '03 11:48

GRO

R N M'S BRIDGEND

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Mr Mike Wakley
Post Office Limited
Celtic Court
Tremaines Road
BRIDGEND
CF31 1TZ

Alan Bates
The Wool Post
Craig-y-don Post Office
Queens Road
LLANDUDNO
LL30 1AZ

29th October 2003

Dear Mr Wakley

I write in response to your letter 27th October 2003. I can confirm I was not asked to provide interim service arrangement at these premises.

The decision to currently deprive local residents of post office services in Craig-y-don is that of Post Office Ltd alone and no one else.

Yours sincerely

GRO

Alan Bates, Subpostmaster Craig-y-Don Post Office

IN CONFIDENCE

Mr A Bates
Subpostmaster
Post Office Ltd®
21 Queens Road
CRAIG Y DON
Llandudno
LL28 4PS

Celtic Court,
Tremains Road,
BRIDGEND
CF 31 1TZ

Telephone: **GRO**

30 October 2003

Dear Mr Bates

Thank you for your letter dated 29th October 2003.

In reply to your letter, I wish to refer you to my letters dated 2nd September 2003 and 19th September 2003 concerning interim arrangements at Craig y Don Post Office to which you failed to reply to by the given date.

Yours sincerely

MIKE WAKLEY
Retail Line Manager

Christine Randall
Implementation Support
Post Office Ltd
8th Floor, Lionel House
86 Lionel Street
BIRMINGHAM
B3 1HQ

Alan Bates
Craig-y-don Post Office
21 Queens Road
Craig-y-don
LLANDUDNO
LL30 1AZ

6th November 2003

Re Craig-y-don Post Office

Dear Ms Randall

As I have not received a reply to my letter dated 28th October 2003 and as the Post Office terminated my contract on 5th November 2003 I would be obliged if you would arrange for the collection of all Post Office stores, records and materials from our premises by Friday 14th November 2003.

Should you fail to meet the deadline for the collection of all your materials by that date I will then invoice you for the rental of the storage place taken up by Post Office Ltd materials at a rate of £1 per mailsack per week.

Yours sincerely

Alan Bates
Subpostmaster Craig-y-don Post Office

Celtic Court
Tremains Road
Bridgend
CF31 1TZ

29 October 2003

Mrs Betty Williams MP
House of Commons
LONDON
SW1A 0AA

Your ref : C2331/41024

Dear Mrs Williams,

I have been asked to reply to your letter of 22 October 2003, to Allan Leighton about Craig y Don Post Office® branch temporary closure.

Briefly, we have given notice to Mr Bates, the present subpostmaster, that we are withdrawing from our contract with him. This is because we have lost confidence in his willingness to conduct the job in the manner expected. We gave the contractual notice period of 3 months, which ends on 5 November 2003. The branch will close for business at 17.30 on 3 November, to enable us to complete a final audit and decommission the branch the following day before his contract expires.

It is not our wish to see this branch close, and ever since we gave Mr Bates notice, we have been seeking a response from him as to whether he would be selling his business (thus allowing us the opportunity to continue the service from the same location, albeit with a new subpostmaster) or if not whether he would be willing to make his premises available for a temporary replacement whilst a permanent appointment could be made. We have a person ready to step in as a temporary replacement, but it was only this week that Mr Bates finally informed us he was not willing to allow this to happen.

Meantime, we have been advertising for a permanent replacement and currently have several interested parties with premises in the immediate vicinity. Unfortunately, it will not be possible for any of them to be in a position to take over on 5 November, indeed it is unlikely that anyone will do so until the New Year. But I am optimistic that we will be able to make an appointment very soon.

I acknowledge the concerns of your constituents about the temporary withdrawal of service. Indeed several have written directly to us in similar vein. Please assure them we have been, and are doing, all we can to maintain service here and apologise that due to circumstances beyond our control that is not possible. If you personally can bring any pressure to bear on Mr Bates to allow the temporary use of his premises, I would be grateful as this would prevent the interruption of service we are facing. Meanwhile, we are ensuring that facilities and staffing are increased at the main branch in Vaughan St to cope with the extra business caused by the Craig y Don closure.

I will ensure you are informed when a permanent appointment is made, as we will be consulting about the change in premises. Meantime, please let me know if I can help further.

Yours sincerely,

DAVE BARRETT

Head of Commercial Urban Area
Wales, The Marches and Merseyside

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