



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Paul Scully MP

Parliamentary Under-Secretary of State for Small Business, Consumers and Labour Markets

Department for Business, Energy and Industrial Strategy

1 Victoria Street,

London

2 June 2020

Dear Paul,

I hope this letter finds you well.

I am writing further to the Government's response (2 June 2019), to the BEIS Committee's Report – Future of the Post Office Network, (HC 247; 25 October 2019), which our predecessor Committee published in the previous Parliament. Though we welcome your response to some of our predecessor Committee's recommendations, we are disappointed that not all of the issues have been addressed.

You acknowledge that the Network Subsidy will stop at the end of 2020/21 and that future funding will need to be considered as part of the Government's spending plans (paragraph 5). I would be grateful if you could update the Committee on when you will be able to confirm that this funding will continue.

We appreciate that you have impressed upon Post Office Ltd the need to be more clear with local communities when they consult on local Post Offices and that they are liaising with Citizens Advice to ensure this going forward (paragraph 10). Can you provide the Committee with any new guidance that is produced regarding these consultations?

We welcome the publication of the new Framework Document to govern the relationship between BEIS, UK Government Investments and Post Office Ltd (paragraph 3). It is crucial that this relationship is transparent so that the public and their representatives can have confidence that there is proper scrutiny of Post Office Ltd decisions, especially in terms of value for money and treating those who work for the Post Office fairly. Can you update the Committee in detail as to how this new Framework Document differs from the previous Framework?

Your predecessor told the previous Committee that 11,500 Post Office branches was the optimum number of branches required to sustain a national Post Office Network and you note this in your response (paragraph 6). Can you confirm that this is still the view of Post Office Ltd, BEIS and UKGI and that it is not under review? It would be concerning if this number was reduced, bearing in mind that the Report drew attention to the fact that many Post Offices are temporarily closed or operate on a part-

time basis. I would also welcome an update on any plans regarding the future of the remaining Crown Post Offices.

We were surprised that despite your Department's efforts to strengthen provision on late payments to small businesses you did not respond more vigorously on WH Smith's unwillingness to sign up to the Prompt Payment Code (paragraph 13). It calls into question the oversight provided by BEIS and UKGI if Post Office Ltd is permitted to enter into commercial agreements with partners, such as WH Smith, who do not sign up to policies that your Department and the Small Business Commissioner are promoting. Can you explain how Post Office Ltd's position with regard to WH Smith's payment practices is consistent with wider Government policy and what conversations BEIS and UKGI had with Post Office Ltd on this matter?

We were also disappointed that you did not engage with our predecessor Committee's recommendations on allowing Post Offices to handle deliveries from other parcel services, when they are run by responsible carriers (paragraph 19). Many small businesses and customers depend on deliveries to their local villages and towns and if the Post Office is the last shop and cannot handle items from carriers other than Royal Mail this adds to their costs.

In addition, we are also concerned that you will not allow the Communication Workers Union to take part in discussions with the Post Office, BEIS and the National Federation of Sub-postmasters as part of the Working Group that you chair (paragraph 4). We are not confident that the National Federation of Sub-postmasters has always provided an effective challenge to Post Office Ltd, as evidenced by their role during the Horizon scandal. Similarly, we are not convinced by your reply to our recommendations on Crown Post Office workers TUPE'd to WH Smith to run Post Office services (paragraph 15). Though you recognise that a new employer is not prevented from discussing collective representation issues before a merger and can recognise a trade union for collective bargaining purposes, we would have hoped that BEIS and UKGI oversight of these decisions might have resulted in these discussions taking place before franchise agreements were signed. It again raises our concerns about BEIS and UKGI oversight.

I would appreciate a response to this letter by 16 June 2016.

With best wishes,

A handwritten signature in cursive script that reads "Darren Jones".

Darren Jones MP
Chair of the Business, Energy and Industrial Strategy Committee