



Department for
Business, Energy
& Industrial Strategy

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Dear Darren,

I would like to thank you for your letter dated 2 June regarding the Government's response to the BEIS Select Committee's report on the future of the post office network. I am grateful that you have taken the time to read through the response and for writing to me to outline your concerns. I have replied to your questions below and I hope you find my responses helpful.

Funding for the Post Office Network

Government recognises the vital contribution that postmasters make to local communities across the country, including the outstanding efforts they have demonstrated to ensure continued access to vital services during the extraordinary circumstances we currently face. Government has also committed to safeguarding the post office network and ensuring customers across the country can continue to have convenient access to the services available at post office branches.

I can also confirm that Government's position on the Network Subsidy remains the same as outlined in my response to the Committee's report. Future funding for the post office network will be considered as part of discussions in any future Spending Review.

Post Office's Engagement with Local Communities

As you noted in your letter, Government has stressed the need for Post Office to be clear with local communities when they consult on local Post Offices and we would expect this to be reflected in any new guidance published on consultations by either POL or Citizen's Advice. My officials engage with Post Office and Citizens Advice on a regular basis and I have asked that they keep the Committee updated on any such new guidance.

The New Framework Document with Post Office

Government has put in place robust mechanisms for holding Post Office to account, including the recently published Framework Document. This document is the first of its kind and represents an additional and valuable layer of governance which further strengthens the Department's oversight of Post Office.

The Size of the Post Office Network

Government is committed to a nationwide network of post office branches that ensures convenient access to Post Office services for all customers in the United Kingdom. Prior to the onset of the Covid-19 pandemic Post Office's network numbered more than 11,500 branches, and it is important to note that the network is more stable today than it has been for a generation. Covid-19 is causing pressures on the network with some branches unexpectedly closed, but I hope to see many of these open over the coming weeks as lockdown measures start to be eased.

Subject to these short-term challenges Government does still require Post Office to maintain a network of at least 11,500 branches that meet a strict set of access criteria, that define the dispersion of the network across the United Kingdom. This requirement is clearly set out in the funding arrangements that BEIS has with Post Office and this is not currently under review. As you would expect my officials do engage with Post Office on its network strategy, particularly to ensure that customer access and convenience is protected, and I would expect these plans to be factored into any discussions in any future Spending Review.

Operators of Post Offices and the Prompt Payment Code

As highlighted in the Government response to the Committee's report, while the Government does encourage businesses to sign up to the Prompt Payment Code, it is still a voluntary commitment. Post Office, as an independent business, agrees terms with all operators of post office branches, including operators of franchises such as WHSmith, and in agreeing these terms they consider a wide variety of factors. This includes the financial viability of the partner, the operator's proposition to its customers as well as a range of operational metrics, such as payment terms.

Provision of Parcel Services in Post Office Branches

While I acknowledge the Committee's recommendations on allowing Post Offices to handle deliveries from other parcel services, as I previously explained, Post Office has the commercial freedom to manage its business independently of Government. This includes the operation of its mails business, which is provided on behalf of Royal Mail under a 10-year contract agreed between the two parties before the two companies separated in 2012.

Post Office Working Group

Government is keen that postmasters and postmaster representatives are given the opportunity to engage with and challenge Government and Post Office on important issues affecting the post office network. Government and Post Office work with a wide range of stakeholders, across a range of different forums, and this does of course include the Communication Workers Union. I had a discussion with their representatives only last week on postal matters. The National Federation of Sub-Postmasters is however the largest representative group for postmasters and therefore we feel that it is appropriate that they attend the working group meetings on postmasters' behalf.

Representation of WHSmith Workers

I appreciate your challenge regarding Government oversight of operational decisions made by Post Office Limited. However, the Government has robust mechanisms – including the Framework Document - to hold the Post Office to account and to challenge major operational and strategic decisions. The specific issue of Union representation for WHSmith workers has been answered as part of the wider Government response and I stand behind that answer.

Finally, as you are aware, I laid a Written Ministerial Statement last Thursday outlining further details of the independent review that Government has committed to establishing. The review will consider whether the Post Office has learned the necessary lessons from the Horizon litigation and also provide an independent and external assessment of its work to rebuild its relationship with postmasters. We are keen to see this review launch as soon as possible and are in the process of identifying a Chair to lead the work of the review. I understand your predecessor Rachel Reeves wrote to the Prime Minister on 3 March 2020 in her capacity as Chair of the BEIS Select Committee, requesting an update on preparations for the independent review. I hope the announcement and publication of the Terms of Reference last week provides clarity to the Committee on the scope of the review.

I would like to thank the Committee again for its important and thorough inquiry on the future of the post office network and would like to reiterate that Government is absolutely committed to safeguarding this network.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Scully', with a stylized, cursive script.

PAUL SCULLY MP

Minister for Small Business, Consumers & Corporate Responsibility
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