Mr Byrne MP,

I am writing to you on behalf of the National Federation of SubPostmasters (NFSP), the only Post Office-recognised trade association representing post office operators, responsible for approximately 8,500 post office branches throughout the UK.

As the newly-elected Chair of the Business and Trade Committee, we would like to extend our congratulations and offer our support to you in any matter relating to the Post Office and Postmasters. With this in mind, we would like to raise an issue with you, we believe may have a wide ranging impact on all Postmasters across the Network.

The NFSP has concerns regarding the new Drop & Collect model, yet has limited ability to challenge the roll-out or concept. As the independent Inquiry into Horizon is discovering, even with the full weight of the state and law behind it, ensuring Post Office provide full and timely disclosure of information is a real challenge.

Drop & Collect is a new type of model introduced by Post Office, with the aim of rolling out an unknown number around the country. D&Cs provide a very limited set of services such as bill payments and pre-paid parcels. The NFSP were told a target of 500 new D&Cs were to be opened by March 2024, however this has recently been changed to 750, to keep Post Office numbers above the required 11,500. The Government requires PO to maintain a network of 11,500, including an access criteria where 99% of the UK population live within three miles of the nearest post office.

Bonuses paid to senior executives as part of the controversial March 2022 accounts were based on four metrics, one centred on the “Delivery of an improved organisation design and lower operating cost model”. However, we believe these models on average service around 40 sessions per week, which raises a few questions. Why is it that much-needed outreach provision in rural areas are being closed and scaled back due to financial costs associated with serving low numbers of customers, yet the D&Cs continue to open, even though they are proving to not generate the session numbers they require to break even? The Post Office is coy, citing commercial sensitivity, on the investment they continue to make into these D&C outlets, the break-even points, and when they are likely to achieve a return on their investment. Yet Postmasters are investors in the Post Office network.

Added to the above, Post Office enable these outlets to be free from the restrictions policy, yet expect the rest of the network to adhere to their contractual obligations. This was something the Policy and Innovation Unit report of 2000 mentioned quite clearly on page 24 "However, the Post Office must continue to keep its policy under review to ensure the restrictions are no tighter than absolutely necessary. Not to do so might undermine the ability of sub-postmasters to act entrepreneurially." The Post Office have not provided any evidence that they  have updated their policy, nor kept it under review.

The NFSP is constantly told by the Government that Post Office matters are “arm’s reach” from government, therefore we cannot obtain much-needed information from this avenue. When Post Office are asked about network numbers and finances, the questions remain unanswered.

The new model appears to be financially flimsy, yet senior management bonuses are linked to their deployment, and in the case of the March 2022 accounts, benefited these senior executives of Post Office by a bonus payment of an average of £45k, which is a significantly more than the average salary. For Postmasters constantly struggling to earn more than the equivalent of minimum wage, we need answers and a government willing to engage openly with their representative body.

We have raised our concerns via our monthly meetings with DBT officials.

The NFSP would very much like to meet with you to discuss these concerns and to see if the select committee can help the plight of Postmasters. If you are amenable to this, we would be delighted to arrange a suitable time.

Regards,

Ruth Buckley-Salmon

Public Affairs Manager

The National Federation of SubPostmasters