



Branch Secretaries' Circular

20 October 2008
Volume 32

Dear Branch Secretary

POCA

Attached is a letter sent to the Prime Minister advising him that the Post Office Card Account must be awarded exclusively to Post Office Limited. Please make sure that as many subpostmasters as possible in your Branch visit their MP to ram home the message that, without this contract, 3,000 or more additional Post Offices will close and the whole network will be in meltdown.

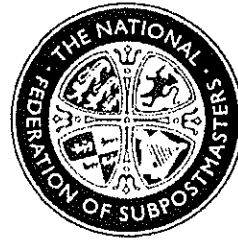
As this is so vital to our future, we have made the decision to send a copy of the letter with a covering note to EVERY member (copy also attached).

Yours sincerely

GEORGE THOMSON
General Secretary

Our Ref. GT/sm PO PZ 09

17 October 2008



NFSP

Rt Hon Gordon Brown MP
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Dear Gordon

I am writing to urge you to ensure that the Post Office secures the new contract for the Post Office card account (POCA) for the payment of pensions and benefits. The future of thousands of post offices and the livelihoods of subpostmasters depend on the Post Office winning this vital contract and I and my members throughout the National Federation of SubPostmasters (NFSP) are increasingly concerned at the delay in announcing a decision. The continued uncertainty is damaging subpostmasters' confidence in what is already an extremely difficult time for these small businesses providing crucial services used by communities nationwide. Losing the POCA will deal a body blow to every subpostmaster and I have no doubt that it will directly result in the unmanaged closure of at least 3,000 post offices.

I fully understand the huge and varied pressures which you and the rest of the Government are handling. This is a difficult and uncertain time for everyone. However, tenders for the renewal of the POCA had to be submitted by the end of March this year, and more than six months on there is still no indication of a decision. We are told repeatedly that the decision will be made "as soon as possible." This delay is fuelling uncertainty, deep concern and speculation around the POCA. It is also adding to the very real pressures already facing subpostmasters in tough trading conditions, as well as harming their confidence in their own future and the future of the Post Office. Many subpostmasters are now asking me: how can I have confidence in the future of my post office? The fact is that securing the POCA is pivotal to whether many of those in the network have a future or not.

Four million people, many of them vulnerable and with no other income than their pensions or benefits, use the POCA. The typical subpostmaster earns 10% of their Post Office income directly from card account transactions, and for some subpostmasters, especially in deprived areas, revenue from the POCA amounts to up to 20% of their income. Many convenience stores in towns and villages operate alongside a post office and of the £27 billion paid out each year to POCA customers, £2 billion is spent in these businesses. Without the POCA, many fewer people will visit a post office and the loss of this vital contract will have a disastrous impact on Post Office branches, on their associated retail businesses and on neighbouring businesses.

You will know, of course, that the Government took a difficult decision last year that is resulting in the closure of 2,500 post offices through the Network Change programme. The NFSP has supported this programme, not least because we, like the Government, recognised that the current volume of work in the network was not sufficient to support the size of the network. But the prospect of 3,000 more branches closing in chaotic fashion is appalling. These closures would be the result of subpostmasters facing bankruptcy because of the fall in revenue from the loss of the POCA, at a time when business costs are already rising dramatically. Because such closures would also be unplanned, it raises the real possibility of gaps in the nationwide network. We also believe that further closures would result in the Post Office losing its critical mass as a national network and undermine its ability to successfully bid for future contracts.

Subpostmasters run unique small businesses combining a commercial operation with a genuine desire to serve the community. We have all invested in this network and we want to see the network flourish - yet uncertainty over the POCA is destroying subpostmasters' confidence. Surely you and everyone in the Government want to see this network prosper?

Subpostmasters are also alarmed at speculation that even if we win the contract, the POCA could be split between the Post Office and another provider. This would be totally unacceptable as it is bound to lead to a major decline in revenue for post offices. The end result would again be numerous branch closures because of a fall in subpostmasters' income. It is hard to understand how a "fudge" resulting in only part of the work going to the Post Office could, in any event, be possible under the legal terms of the tender process but it is worrying that the speculation is there.

I believe that the Post Office should be awarded the POCA on the strength of its bid. Post Office Ltd has submitted a highly competitive tender. Due to its geographical spread, its status as a highly trusted brand, and its ability to offer a seamless transfer from the current POCA to its successor, the Post Office is best placed to provide this service.

The Post Office has been introducing new products and services to generate new income to replace the revenue it has lost from the decline or loss of traditional government business. Subpostmasters have a long and proud tradition of serving their communities and we are very keen to explore new ways in which post offices can provide services for both local and central Government. But the loss of the POCA would deal a devastating body blow in the drive to generate new income for the network by providing government services.

A great many members of the public will see the decision on the POCA as a test of the Government's faith in the future of the post office network following the Network Change programme; for subpostmasters, it is a test of your confidence in the network. I urge you to take the decision that will support the network and the subpostmasters who run the overwhelming majority of it. It is crucial that you make the right decision for the Post Office, subpostmasters and the millions of customers who rely on their local post office.

I have sent a similar letter to James Purnell and I have also copied this letter to Peter Mandelson. I look forward to your reply.

Kind regards

George

George Thomson
General Secretary



NFSP

Dear

Post Office card account

We still await a decision from the Government on the outcome of the tender for the new Post Office card account (POCA), despite an announcement having been expected several months ago. This ongoing uncertainty is deeply unsettling for us all.

We all know that it is vital to the future of the network that we win this contract. Without it, at least 3,000 more post offices will be forced to close. Even those post offices which do not carry out a high volume of POCA transactions will still be affected. In short, the entire business model risks collapse.

I have therefore written to the Prime Minister to further outline our concerns, and I enclose a copy of the letter for your information. I have written a similar letter to the Secretary of State for Work and Pensions.

There remains a small window of opportunity for us to ensure that this vital contract is won by the Post Office. I would urge you to contact and if at all possible meet your MP over the next few weeks, to impress upon them how important the POCA contract is and to ask them to raise your concerns with the Government.

I would also encourage you to continue campaigning: write to your local paper; encourage your customers to sign the postcards to MPs; and where possible see their MP themselves.

The POCA contract will provide us with the breathing space required to build a sustainable post office network, helping to provide a livelihood for the subpostmasters who run the network and a first class service for the millions of social and business customers who depend on it. It is therefore vital that we redouble our efforts to win the contract.

Yours sincerely

George Thomson
General Secretary