

Our Ref. GT/sm

23 April 2010



NFSP

Mr Donald Brydon
Chairman
Post Office Limited
100 Victoria Embankment
LONDON
EC4Y 0HQ

Dear Donald

Pay 2010

It was bitterly disappointing that you were unable to identify additional resources within Royal Mail Group to allow an agreed pay deal to be concluded within the post office network, Royal Mail's retail arm.

As you will recall from our meeting last week, subpostmasters' pay in real terms fell by over £20 million in the financial year 2009/2010. This, coupled with ever increasing running costs (gas, electricity, wages, etc.), means that thousands of your subpostmasters are struggling to continue to provide a Post Office service in their local communities. Many now feel totally abandoned by Royal Mail Group.

Subpostmasters have been staggered to learn that in addition to Post Office Ltd (POL) making record profits of £62 million, the company has paid out over £10 million in bonuses to senior managers and other staff.

Surely it is unjustifiable that the pay of self-employed agents – the very people who generate most of POL's profits and who provide the trusted public face of the Post Office - is being reduced by record amounts, yet senior managers received record bonuses? We continually hear that 'we are all in this together', but this situation is a stark reminder that it only applies when it suits the business.

In previous years, postmen's pay has been the benchmark for pay settlements within the Post Office. We therefore firmly believe that subpostmasters should receive a pay increase of at least 2% to match that recently awarded to postmen.

POL's decision to go ahead with significant reductions in the payment for Alliance & Leicester \ Santander business banking products is unacceptable. This will constitute a second reduction in payment in this key product in the last three years, meaning subpostmasters' pay for business banking transactions will have reduced by two-thirds.

Furthermore, it cannot be right that at a time when many subpostmasters are struggling to continue providing a Post Office service to their local communities, POL imposes a rate reduction of over £2 million on their agents.

The letter from Sue Huggins of 14 April, coupled with my telephone conversation with David Smith this morning, allow only one conclusion - that pay talks have now broken down and POL is imposing these rate reductions. You will appreciate that the NFSP cannot and will not sit idly by and allow this to happen. Over the coming weeks and months we will make sure that the British public and their elected representatives at all levels are made aware of the unfair treatment of subpostmasters which exists at the very heart of this business.

Yours sincerely

A handwritten signature in black ink, appearing to read "G. Thomson". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke extending to the right.

George Thomson
General Secretary