



NFSP

Our Ref. CB/sm FM PP 02

18 January 2005

Rt. Hon. John Hutton MP
Secretary of State for Work & Pensions
Department for Work & Pensions
Richmond House
79 Whitehall
LONDON
SW1A 2NA

I am writing to express my shock and grave concern at the Department of Work and Pension's intention to withdraw the Post Office Card Account (POCA). This will have disastrous consequences for the Post Office network and will inevitably accelerate its decline. Thousands of Post Offices will be forced to close by your Department's plan to not renew the POCA contract in 2010 and instead persuade - or, more likely, compel - the 4.3 million holders of the POCA to use a high street or internet bank account in order to continue to get their pension or benefit payments.

The first I heard of this decision was when I was alerted to the debate in the House of Lords last Thursday, during which this matter was raised. I cannot begin to describe how appalled I felt at learning of your plans in this way - this is devastating news for Subpostmasters.

The Post Office network is still reeling from the impact of the Department's decision six years ago to scrap benefit order books. The £400 million lost revenue was a body blow to the Post Office and to the thousands of Subpostmasters who relied on the revenue earned from weekly visits by pensioners and claimants for their cash. The result was the closure of 2,500 urban Post Offices.

New banking and financial services have been developed by Post Office Limited to generate new streams of revenue but there remains a large gap between the earnings from new products and services and the lost £400 million which represented the single biggest source of income for subpostmasters.

My members will also be distressed at the impact on the elderly and other vulnerable groups from the POCA's demise. Subpostmasters have played a key role in ensuring that many of the weakest people in society managed the change from an order book to the POCA. A further change will hit the most vulnerable the hardest and make it even more difficult for them to get the cash they need - especially in what will inevitably be a much smaller network as a result of this move by your Department. The Post Office cannot afford to lose the POCA - and nor can the many people who rely on it.

The 2000 report on the Post Office network from the Cabinet Office - with a foreword by the Prime Minister and which the Government accepted in full - made clear the vital social role that the network performed, and underlined the need for Government support to ensure the network survived. The shocking news about the POCA flies in the face of that report and undermines its recommendations.

It is with alarm that I have also watched the DVLA last week promote online and telephone renewal of vehicle tax discs. Nobody objects to the customer having greater choice, but the media announcement by the Transport Secretary did not even mention that the Post Office continues to provide this service.

We have also been disappointed that the UK Passport Service is developing a high street network of offices in a way that precludes participation by Post Office. Another worrying development is the Department of Health's determination to promote the internet or the phone as the way to obtain the new European Health Insurance Card - to the detriment of the Post Office.

Government related transactions once amounted to 90% of the business conducted at Post Office branches. If the POCA goes, it will fall to below 10%. Is this what the Government means when it talks about supporting the Post Office network? I urge you to abandon the ill-judged decision to withdraw the POCA and to work to ensure that the Post Office Card Account remains central to the payment of benefits.

I will, of course, be raising these issues with other Ministers, including the Prime Minister.

Colin Baker
General Secretary