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Dear Colleagues

## **POST OFFICE: BEIS SELECT COMMITTEE INQUIRY INTO POST OFFICE NETWORK - GOVERNMENT RESPONSE**

Branches will recall the Business Energy and Industrial Strategy (BEIS) Select Committee published its report last October following the inquiry into the Post Office Network earlier that year. We welcomed the clear and strong recommendations and in particular the call on the government and/or Post Office to:

- Reconsider the ill-conceived strategy of privatising Crown Offices
- Fairly reward all hard-working Postmasters
- Involve the CWU in the working group for Postmasters' pay
- Extend the Network Subsidy Payment beyond 2021 giving long term certainty for Postmasters

Today the government published its response to the BEIS Select Committee report, which was delayed firstly due to the general election and secondly presumably due to practical circumstances relating to the Covid-19 pandemic.

An analysis of the government's key responses has been undertaken by Bill Taylor, Head of Research, and is attached to this LTB for your information. We are generally disappointed with the government's responses, which have failed to embrace the recommendations that the Select Committee put forward. However this government and the Post Office will be failing customers and everyone providing Post Office services if they don't take meaningful steps to address the criticisms the Committee put forward.

Darren Jones MP, Chair of the Select Committee, in reply to the government's response, has today published a letter to the BEIS Minister Paul Scully MP in which he notes the Committee is "*disappointed that not all of the issues have been addressed*". In an accompanying press release, Darren Jones states the following:

*"Post Offices are an essential public service, rooted in communities up and down the country and offering a lifeline to many who rely on them not only for postal services but to help them avoid financial and social exclusion. The reality, however, is that our Post Office network remains fragile and, on the central issue of the*

*Network Subsidy, the Government fails to give an assurance that future funding will continue beyond 2021. Nor does the Government take the opportunity to explicitly commit to maintaining the 11,500 Post Office branches that BEIS Ministers barely months ago said were necessary to sustain a national Post Office Network."*

The government response to the Inquiry, the letter from Darren Jones and an associated press release from the BEIS Select Committee can be viewed by using the following link:

<https://committees.parliament.uk/committee/365/business-energy-and-industrial-strategy-committee/news/146711/government-response-to-post-office-network-report-published/>

We broadly welcome the letter from the Committee to Paul Scully and we are pleased with much of the content, particularly the following key questions to government:

- **Network Subsidy** – *"the Network Subsidy will stop at the end of 2020/21 . When will [the Minister] confirm that this funding will continue?"*
- **Citizens Advice Public Consultations** – *"Can you provide the Committee with any new guidance that is produced regarding these consultations?"*
- **Framework Agreement, BEIS, UKGI and Post Office** – *"It is crucial that this relationship is transparent so that the public and their representatives can have confidence that there is proper scrutiny of Post Office Ltd decisions, especially in terms of value for money and treating those who work for the Post Office fairly. Can you update the Committee in detail as to how this new Framework Document differs from the previous Framework?"*
- **Future of the Post Office Network, including Crowns** - *"Can you confirm that [the optimum of 11,500 Post Office] is still the view of Post Office Ltd, BEIS and UKGI and that it is not under review? It would be concerning if this number was reduced, bearing in mind that the Report drew attention to the fact that many Post Offices are temporarily closed or operate on a part-time basis. **I would also welcome an update on any plans regarding the future of the remaining Crown Post Offices.**"*
- **The Role of the CWU in Postmaster Pay Negotiations** – *"In addition, we are also concerned that you will not allow the Communication Workers Union to take part in discussions with the Post Office, BEIS and the National Federation of Sub-postmasters as part of the Working Group that you chair... We are not confident that the National Federation of Sub-postmasters has always provided an effective challenge to Post Office Ltd, as evidenced by their role during the Horizon scandal."*

A central theme of the letter and press release is that the Select Committee quite rightly highlights a serious area of concern relating to the oversight of the Post Office by BEIS and UKGI (UK Government Investments). In the press release, Darren Jones states:

*"It is important the Post Office is held properly accountable by Government... it is crucial there is confidence in Government oversight of Post Office Ltd decisions, not least in terms of value for money and treating those who work for the Post Office fairly"*

We are pleased the Committee is holding both the Minister and the Post Office to account and it will be interesting to see how the Minister responds to the legitimate challenges outlined above.

It is clear there are now a number of issues converging on the future of the Post Office including government funding (with the existing funding package coming to an end in 2021), the economic impact on the Post Office of the coronavirus outbreak and the wide-ranging implications of the Horizon case. We are at a critical time for the Post Office. We are therefore planning to have a serious discussion with the Postal Executive about our overall strategy to promote the Post Office and protect jobs.

Over the coming weeks we will obviously be responding to government's reply to the BEIS Select Committee's report and Dave Ward, GS, will be talking to the government and in particular Paul Scully, BEIS Minister, about the issues raised by the Select Committee and our views on the future of the Post Office.

Finally, we will be writing to the new Chair of the BEIS Select Committee, Darren Jones, who took over from Rachel Reeves in April following her appointment to Shadow Chancellor of the Duchy of Lancaster, to put forward our views on the government's response and to ask how the Committee can continue its work on the Post Office, alongside the inquiry it is currently running on Horizon.

Further developments will be reported.

Yours sincerely

**Andy Furey**  
**Assistant Secretary**

**Terry Pullinger**  
**Deputy General Secretary (P)**

**Dave Ward**  
**General Secretary**