

Summary of Government Response to the BEIS Committee's First Report of Session 2019-20 on the Future of the Post Office Network

Introduction

Starting in April 2019, the Business Energy and Industrial Strategy (BEIS) Select Committee carried out an inquiry into the future of the Post Office network. Following this - in October 2019 - the Committee made a number of clear and strong recommendations calling 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

On 2nd June 2020, the Government published its response to the BEIS Committee's report on the future of the Post Office.

The Government's report is **disappointing** from a CWU perspective and fails to take up the key recommendations put forward by the Committee. In this respect, it is fairly typical of the approach that governments have taken in response to Select Committee reports which have been more critical. A summary of the Committees' recommendations and the Government's responses to these is set out below.

Structure and Stability of the Network - Post Office Ltd Accountability

BEIS Committee Recommendation: We recommend that the Government undertake an urgent review of its mechanisms for holding Post Office Ltd to account and produces a clear statement of how it will do so in the future.

The Government response is encouraging at first, saying: "***The Government agrees Post Office Ltd should be accountable for its decisions.*** BEIS will soon publish a Framework Document to govern the relationship. This sets out responsibilities and clarifies governance arrangements between Government and Post Office Ltd."

However, it then disappointingly goes on to conclude: "BEIS sets the overall policy and objectives for the Post Office network... We have regular discussions with the Post Office at senior levels, both Ministerially and with officials... The Government therefore has robust mechanisms for holding the Post Office to account, with Ministerial approval required for areas including board appointments, remuneration and Post Office Ltd's strategic plan."

BEIS Committee Recommendation: *We recommend that the Minister invite the Communication Workers Union to participate in the working group on sub-postmaster pay with immediate effect.*

The Government does not directly address the question, and argues that the CWU attends the Citizens Advice Post Office Advisory Group quarterly forums, which “gives attendees the opportunity to challenge and raise concerns on a wide range of issues.”

However, the quarterly POAG meetings are attended by a wide range of stakeholders and are no substitute for the Government’s working group with POL on sub-postmaster pay.

The Government then goes on to argue that the NFSP is the body that should rightfully continue to represent subpostmasters on this issue:

“The NFSP represent over 8,000 postmasters operating over 9,300 branches, a significantly higher representation of postmasters than any other organisation. **The NFSP also has a track record of challenging Post Office Ltd on important issues** While the Government believes the NFSP effectively challenges Post Office Ltd where necessary, we also recognise the need for the relationship between POL and Postmasters to improve so that both can prosper.”

BEIS Committee Recommendation: *With the date for the Spending Review being put back until 2020, we recommend that the Government urgently indicates that it will extend the Network Subsidy Payment beyond 2021 to give long term certainty for sub-postmasters and retailers.*

The Government gives no commitment on this. Instead it says:

“Government subsidy will reduce to £50m in 2020/21...**The reduction in Government subsidy since 2010 reflects Post Office Ltd’s strengthened financial position and progress towards commercial self-sustainability**....Government remains committed to ensuring the long-term sustainability of the network and will continue working with Post Office Ltd to achieve this. **Future subsidy requirements will be considered within the Government’s fiscal framework.**”

The Network Transformation Programme

BEIS Committee Recommendation: *The Minister and Post Office Ltd are reviewing sub-postmaster remuneration. We recommend that they take into account the vital social role that sub-postmasters are fulfilling and the gap they will leave behind if they begin to leave the profession. We also recommend that the Government urgently review whether they have the balance right between retail income, Government income and fees for providing Post Office and banking services.*

The Government has not committed to carry out any review as recommended, and they do not propose anything substantive beyond the pay award already made for 2020/21:

“In 2020/21 postmasters will see a 10% increase year on year compared to 2018/19. The increase is a mixture of fixed and variable remuneration, including increased rates for cash

deposits through the renegotiated Banking Framework agreement....Post Office Ltd continue to develop new products to provide customers and Government with a competitive offering that considers social purpose, what customers need and what delivers value for money for postmasters.”

Consultations on Post Office Closures and Post Office Franchising

BEIS Committee Recommendation: We recommend that Post Office Ltd review its consultation process and speaks to local communities who have taken part in one to explore where mistakes have been made and how lessons can be learnt.

The Government rejects this, saying “All of the DMB consultations have been in conjunction with Citizens Advice who have reviewed Post Office Ltd processes and results. This arrangement will continue going forward.”

It goes on to say “The Government has been keen that Post Office Ltd gives more clarity to communities as to the specific issues they are being consulted on.” It then mentions some **minor adjustments** that have been made to the consultation process to meet this aim, including improvements to their online Consultation Hub, providing more visuals of changes and information for customers, and updated in-store materials.

BEIS Committee Recommendation: We disagree with the strategy of closing Crown Post Offices. We recommend that Post Office Ltd and the Government reconsiders the strategy.

The Government rejects the recommendation to reconsider the closure and franchising strategy, saying:

“Post Office Ltd’s franchising programme is part of its plans to ensure a stable network and has already resulted in the modernisation of over 7,500 branches through the Network Transformation programme, an increase in opening hours and a reduction in the cost of running the network....Citizens Advice concluded in their written evidence to the Select Committee in May 2019 that franchised Crown Post Offices are performing in line with or better than Directly Managed Branches (DMBs).

BEIS Committee Recommendation: It is deeply concerning that former Crown PO workers who have been TUPE’d to WH Smith to run PO services have been denied the right to be represented by their previous union, the CWU, for collective bargaining purposes. We recommend that the Minister looks urgently at this issue and provides an explanation of why franchises were agreed that did not address the collective bargaining rights of workers who were being TUPE’d from a public sector body to a private sector partner.

In its response the Government does not take responsibility for this issue, saying: Where the new employer refuses to recognise a trade union voluntarily, **an independent union is free to apply to the Central Arbitration Committee to seek statutory union recognition** for the transferred workers. Statutory recognition will be granted so long as a union can demonstrate majority support for union recognition in the workplace.

BEIS Committee Recommendation: We recommend that Post Office Ltd and the Government ensure that staff working in franchised Crown Post Offices are paid at the very least the real Living Wage and that new staff in franchised Crown Post Offices have the same levels of skills and training.

The Government ignores the call for staff to be paid at least the real living wage, and instead refers to its commitment to statutory minimum pay, saying: “*The Government recognises the importance of the National Living Wage (NLW), which is why from 1 April 2020 the NLW for over 25s will increase by 6.2% to £8.72. This means that the annual earnings of a full-time worker on the NLW will have increased by nearly £3,700 since the year the policy was announced.*”