

No. 570/2020

27th November 2020

Dear Colleagues

POST OFFICE: GOVERNMENT ANNOUNCEMENT OF ONE YEAR £227M INVESTMENT - 2021/22

Branches are advised that Paul Scully MP, Minister for Postal Affairs, has announced that as part of the spending review, Post Office will be receiving the following monies from Government for one year – April 2021 to March 2022:

- **£227m** total funding, comprising of
 - **£177m** “capital investment”
 - **£50m** network subsidy to support the rural Sub Post Office network

This investment, which is obviously welcome, amounts to an increase of £107m (89.2%) over the total funding for last year. The table below outlines Government investment including the network subsidy over the past 10 years.

Year	Network Subsidy	Government Grant	Total
2021/22	£50m	£177m	£227m
2020/21	£50m	£70m	£120m
2019/20	£50m	£70m	£120m
2018/19	£60m	£70m	£130m
2017/18	£70m	£70m	£140m
2016/17	£80m	£140m	£220m
2015/16	£130m	£150m	£280m
2014/15	£160m	£170m	£330m
2013/14	£200m	£215m	£415m
2012/13	£210m	£200m	£410m

It should be noted Nick Read, Post Office CEO, stated the following in regards to the announcement (the full press release from the Post Office is attached for your information):

"This important funding settlement will enable us to invest in our products and services and maintain our presence on High Streets and in rural communities right across the UK helping fuel economic recovery."

In addition, the Post Office press release noted:

"It will be used by Post Office to invest and improve products and services available to customers such as 'Drop & Go' and the introduction of automated cash deposits at branches. Investment will also go towards developing its support services available to Postmasters."*

On the face of it this seems to be a substantial amount of money for "investment"; however, the Post Office has had to find in excess of £100m in legal costs associated with the Horizon scandal so far. Even if the Government investment isn't used *directly* to cover future legal claims (for the 47 cases currently at the Court of Appeal), in our view, given the substantial monies the Post Office is going to have to find from somewhere to fund these ongoing legal costs, the Government money isn't enough for proper strategic investment to ensure the Post Office continues to be a viable community service for the future. In addition, it is imperative that there is fair and decent investment in Postmaster remuneration to ensure they have a viable business going forward and to guarantee no more network closures. Far too many Postmasters are currently delivering a vital service for poverty pay rates and this has to stop now.

Also, Nick Read and his Senior Directors hold the unreasonable and unsubstantiated view that the Crown Office network is simply too expensive to run and continue to look to privatise Crowns to struggling retailers such as WH Smith. The Post Office needs to totally rethink its strategy. This public money should be used to invest in the Post Office network holistically including Crowns and indeed in our hard working, highly skilled Key Workers, rather than to fund Settlement Agreements for our members who do not wish to TUPE to unsuitable franchise partners.

With the continued closure of thousands of banks up and down the country, it is high time to invest in Crown Offices that remain an important part of many High Streets and support local infrastructure especially in terms of banking and community services so that the public does not lose this cherished institution and our members, including those in the Admin and Supply Chain network, are guaranteed job security.

Finally, this vital Government investment should in turn provide the necessary platform for both the Post Office and Royal Mail to conclude in a positive way their negotiations to update and enhance the current ten-year inter-business agreement. It is imperative for the well-being of the nation's Post Offices that there is a strong, long-term link up with Royal Mail.

Yours sincerely

Andy Furey
Assistant Secretary