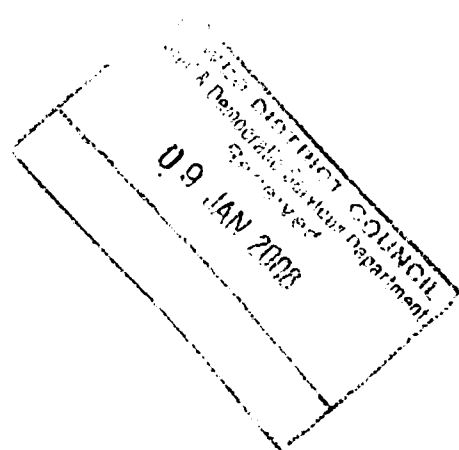


Agenda Item No: 6

9 January 2008

Date



Mr Alan Batty
Head of Democratic Services
Lewes District Council
Lewes House
32 High Street
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East Sussex
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Dear Mr Batty

Thank you for your letter of 20 December to Pat McFadden concerning post office closures in the Lewes district area.

Closing post offices is not popular and everyone would rather it did not have to happen. But as a society we are using them much less than we did and they are losing a significant amount of money.

The post office network as a whole is now losing around £3.5 million a week, up from £2 million a week two years ago and over that same period the numbers of people using the post office each week is 4 million fewer. The 800 least used branches have fewer than 16 customers a week and in those post offices each transaction costs £17 in subsidy. Some 1600 post offices have fewer than 20 customers a day and in those branches the cost per transaction is about £8. In addition there are 1000 sub post offices that have at least 6 other competing branches within a mile of their business.

The Government fully recognises the important social and economic role of post offices, particularly in rural and deprived urban communities. That is why it is determined to maintain a national post office network allowing people to have reasonable access across the whole country and has put in place a new policy and financial framework to achieve this. The Government has been investing

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substantial sums in the post office network, totalling £2 billion since 1999. That has, for example, paid for a computer link-up for every post office as well as support for non-commercial branches since 2003. It has decided to extend that support to 2011 with the provision of up to another £1.7 billion additional funding.

Post Office Limited (POL) is responsible for implementing the network change programme at a local level. POL develops its proposals with the participation of sub-postmasters, local authorities and the consumer watchdog, Postwatch, and takes into account the numeric access criteria set out by Government as well as local factors affecting ease of access, such as local geography: rivers, mountains etc when drawing up its implementation plans. POL is also required to consider the availability of public transport and alternative access to key post office services, local demographics and the impact on the local economy. Local consultations provide the opportunity to raise any specific concerns over particular proposals.

The consultation period for Sussex has now closed and Post Office Ltd will in due course publish their decision document on the company's website, www.postoffice.co.uk

The Government does not have a role in proposals or decisions for individual post offices and final decisions on which post offices will close are taken by POL.

The Council calls on the Government to halt the removal of Government services from post offices. However, people want to choose from a range of methods by which, for example, they can pay their bills or car tax. Increasingly people prefer to use telephone and internet-based access to Government services and find these more convenient. People have choices and are entitled to exercise them. It would be wrong for Government to fail to recognise this and force people to use post offices.

Government departments also cannot simply choose to award POL contracts to deliver certain services. EU rules and best practice in achieving value for money require transparent procurement and open competition. Nevertheless it is important that POL is given every opportunity to pursue Government business. The Government believes that the Network Change programme will put POL on a much stronger footing to compete for business in future, and to develop strong and innovative bids for delivering Government and other services. POL maintains regular links and contact with Government departments to ensure they are alert to all future business opportunities.

You also raised the issue of the Post Office card account. The Government has decided that it will continue with a new account after 2010, however, EU procurement rules leave no alternative but to tender competitively for this product. The Department for Work and Pensions announced the tender process for the successor account to the House of Commons on 17 May 2007. The new account will be available nationally and customers will be eligible for the account on the same basis as they are now.

Yours sincerely

Rosemary Buck

Rosemary Buck

— Shareholder Executive, Royal Mail and Postal Services team