

DP 1143 | 07-11

Y Gwir Anrh/Rt Hon Rhodri Morgan AC/AM  
Prif Weinidog Cymru/First Minister for Wales



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Ein cyf/Our ref: MB/FM/569/08

Peter Black AM  
The National Assembly for Wales  
Cardiff Bay  
Cardiff

September 2008

*Dear Peter*

During First Minister's Questions on 8th July I said that I would give further consideration to publishing the Deputy Minister for Regeneration's letter to the UK Government regarding the Post Office Card Account.

A copy of this letter, dated 11<sup>th</sup> June 2008 which registers the concerns of the Welsh Assembly Government for the future of the post office network in Wales is provided for your information along with the reply received from James Plaskitt MP. This is also available on the Welsh Assembly Government's website.

*Yours  
Rhodri*

Leighton Andrews AC/AM  
Dirprwy Weinidog/Deputy Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref yourref  
Ein cyf/Our ref ourref MB/LA/175/08

Pat McFadden MP  
Department of Business Enterprise and  
Regulatory Reform  
House of Commons Westminster  
London  
SW1A 0AA

11 June 2008

Dear Pat,

#### POST OFFICE CARD ACCOUNT

I am writing to register my concern on the impact on Welsh sub post offices if Post Office Ltd is not successful in securing the contract for the replacement for the Post Office card account (POca). The Department for Work and Pensions is conducting the tendering process for the POca and although I understand that it cannot be influenced by representations, I must remind you of the importance that the Welsh Assembly Government places on the social role that post offices play in addressing financial inclusion and promoting community cohesion. I am worried about the devastating impact that any further loss of business will have for sub post offices in Wales.

The Welsh Assembly Government lobbied the Department for Work and Pensions for a successor to the POca and welcomed enormously the decision to secure it beyond 2010. Though welcome, the timing is regrettable because it is so close to other decisions which have had a negative impact upon the income and therefore viability of sub-post offices. Sub-post offices have barely had time to re-focus after the ending of the over-the-counter payment of pensions and benefits, the loss of the TV licence contract and the on line tax disc renewal that has served to reduce custom even further. I fear that sub-post offices may not be able to recover from any further loss of business and that the future sustainability of the network rests entirely on Post Office Ltd winning this contract.

There has been, and continues to be, a great deal of concern in Wales about the closures of sub-post offices under the current Network Change Programme. Fears for the future viability of those that remain in the network without the POca has been repeatedly expressed in the National Assembly. This reflects a great deal of concern in communities who value their post offices and fear for the viability of post offices without the POca. I am

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aware that the National Federation of Sub-postmasters have similarly expressed concerns about this, fearing that 3,000 sub-post offices will be at risk of closure if the POca business is lost.

I am copying this letter to the Secretary of State for Wales and the Parliamentary Under Secretary (Commons) at the Department for Work and Pensions.

*Yours ever,*



Leighton Andrews  
Deputy Minister for Regeneration



From the Parliamentary  
Under Secretary of State  
for Work and Pensions

Your ref: MB/LA/175/08

POS(5)4079/548

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11<sup>th</sup> August 2008

Thank you for your letter of 11 June to Pat McFadden concerning the Post Office card account. As you may know, your letter has been passed to this Department for reply.

As you may be aware, the current Post Office card account contract ends in March 2010, as always planned, and the Government has decided that there will be a new service after 2010.

We received clear legal advice that we were required to tender competitively for this product, in order to ensure that best value for money for the taxpayer is achieved.

That process is now well under way and an announcement on the successful bidder will be made in accordance with appropriate procurement rules once a decision has been reached.

While procurement rules prevent me from discussing the detail of the procurement exercise whilst it is in progress, I can say that Post Office Ltd has publicly said that it intends to put in a strong bid for the Post Office card account successor.

The successor to the Post Office card account will be accessible at personal teller outlets throughout the UK, with widespread coverage to ensure that it will be available in rural areas as well as urban communities.

We still believe that being paid into a bank or building society account is the best option for the vast majority of our customers, and around three in four of our customers are paid this way. It gives them more choice about where and when they get their money, enables them to make savings on some bills by paying by direct debit and get interest on balances on their accounts.

However, the Government remains committed to allowing people to access their pension and benefit in cash at the post office if they choose to do so, and there are around 25 accounts which make that possible, thereby generating income for Post Office Ltd and sub-postmasters.

Post Offices play an important social and economic role in the communities they serve and we are determined to maintain a national Post Office network allowing people to have reasonable access across the whole country.

This is why we invested £2 billion between 1999 and 2006 to support the network and are providing a further £1.7 billion up to 2011 to maintain a national network and put it on a stable footing. Funding includes a continued annual subsidy of up to £150 million until at least 2011 with an expectation of a continued need for subsidy beyond this.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Plaskitt', with a large initial 'J' and a long, sweeping underline.

**JAMES PLASKITT MP**  
**PARLIAMENTARY UNDER SECRETARY OF STATE**