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



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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I am writing to follow up our recent conversation about Post Office Ltd's current closure programme and the effect that closure decisions are likely to have in some of our most disadvantaged communities.

Whilst Post Office policy is non-devolved, the Welsh Assembly Government has always recognised the importance of the social and community value of post offices, particularly in relation to supporting vulnerable people in our most isolated and most disadvantaged communities. We understand and support the role that post offices play in sustaining communities and promoting financial inclusion. To demonstrate our commitment the Welsh Assembly Government is providing direct support to post offices through the reduced rates under the new Business Rate Relief Scheme which gives up to £4,000 a year assistance to small post offices. The Assembly Government also introduced the Post Office Development Fund which awarded grants totalling £4.1m to 106 post offices in Wales between 2002 and 2004 to increase their viability. These grants were available in the 125 most deprived and 125 most isolated areas in Wales. The Assembly Government has a commitment to open a new Post Office Development Fund. We need to be clear on Post Office Ltd's planned closures for the whole of Wales before we open the new Fund, and so the Deputy Minister for Regeneration has announced that the Fund will be open from January 2009.

I am writing to confirm that while I understand need to rationalise the post office network in order to make the network sustainable into the future, I do have major concerns about the way the closure programme is being handled. I share many of the concerns outlined in the Report from the Business, Enterprise and Regulatory Reform Committee on the Post Office Closure Programme published on 8 February. (HC 292-1) In particular, Post Office Ltd seems to be sticking too rigidly to procedures which are not sufficiently sensitive to our needs.

The Deputy First Minister, the Minister for Social Justice and the Deputy Minister for Regeneration met with representatives from Royal Mail, Post Office Ltd and the Federation of Sub-Postmasters on 6 February. At this meeting Ministers outlined two particular problems. First, naming the post offices for closure in an area, but subsequently announcing

further closures if, following consultation, any on the original list are 'rerieved'; and second, the choice of substitute offices for closure.

We have previously said that we would not comment on individual closures, but it brings criticism to the process if the procedures are not seen to be sensitive to social needs and community cohesion. The proposed closure of Perthcelyn Post Office which is currently out for consultation is an example, which has been proposed for closure following the decision to rerieve post offices in Cardiff and Barry.

Perthcelyn Post Office serves an area which is isolated and suffering deprivation within the South Wales Valleys it has been proposed by Post Office Ltd for closure following a rerieve of two other post offices within the 1st Area Plan for Wales. A number of Assembly Members have made representations to me, deeply concerned about this proposed closure. There are undoubtedly serious concerns about the social and community consequences of this decision and the impact it will have on the local community. Perthcelyn is in a ward which is ranked 4th out of 1896 areas on the Welsh Index of Multiple Deprivation. It's late addition to the list is an apparent exchange for High St Barry (964th on the list) is a pretty stark illustration of how those post offices which serve the most deprived areas and probably had the highest dependence on benefit payments and the greatest commercial difficulty in building alternative income streams are being unfairly targeted.

At the meeting, Alan Cook, Post Office's Managing Director repeated what he had said at the Select Committee hearing on 5 February that the number of closures needed to reduce Post Office Ltd's funding loss is not absolute. They had previously been talking about 2,500 closures, but he confirmed that they could probably make the required reduction in losses with somewhere over 2,400 closures.

I am convinced that there will be a significant response to the consultation on the proposed closure of Perthcelyn and I understand that Post Office Ltd will need to assess the responses in due course. I would be grateful for any efforts you can make with Westminster colleagues to ensure that Post Office Ltd take properly into account the effects of the closures on the local communities that the post offices serve, and particularly those where the level of deprivation in an area is beyond any question.