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Dear Mr Baker

Thank you for your letter of 11 April to the Secretary of State, regarding a proposed memorandum of understanding between Post Office Ltd ("POL") and the National Federation of Subpostmasters ("NFSP"). The Secretary of State receives a large amount of correspondence every day and is unable to respond to each one personally. I have been asked to reply.

The Government supports Network Transformation, and sees it as essential to the long term future of a successful and vibrant Post Office network that is responsive to the needs of its customers and remains at the heart of our communities. A significant proportion of the funding that has been made available by this Government to POL has therefore been allocated to Network Transformation, ensuring the efficient delivery of this strategy and the transformation and modernisation of the Post Office network.

To ensure the strategy can be delivered effectively it is extremely important that POL is able to communicate clearly with subpostmasters and that resource – for instance training or engagement activities – is made available to support the transition to one of the new network models. The NFSP has played a central role, together with POL, in providing this support since implementation of Network Transformation began, and this role will continue and remain important in the future.

To enable the NFSP to provide this support POL makes clearly defined payments to the NFSP, linked to the activities it undertakes. These have included organising Network Transformation workshops for subpostmasters, maintaining clear communication channels across the network and hosting roadshows, meetings and conferences linked to Network Transformation. Together these ensure that the views of more than 8,000 subpostmasters can be properly represented. One of these Network Transformation support payments was made on 27 December.

I understand that there is support from POL, the NFSP and the NFSP's membership to build on the co-operative and productive relationship that has developed over the past year, which is closely linked to the two parties' work on mutualisation and Network Transformation. The Government is aware of the confidential discussions between POL and the NFSP that are looking at ways of shaping this relationship, against the context of a transforming and modernising post office network. I understand that these confidential discussions are ongoing.

Yours sincerely



**SHAREHOLDER EXECUTIVE**