



Russell George AM
Chair, Economy, Infrastructure and Skills Committee
Russell.george@assembly.wales

16 July 2019

Dear Russell,

I am writing with regard to an outstanding action from the Economy, Infrastructure and Skills Committee's Access to Banking Session held on 3 July. The action relates to the reasons for the closure of the Post Office Development and Post Office Diversification Funds. I am responding as Post Office matters fall within my portfolio.

I would first like to remind the Committee that Post Office matters are not devolved, the responsibility for funding post offices lies with the UK Government. The UK Government provides a subsidy for the Post Office Network. In December 2017 it announced that £370 million would be provided to support the Post Office Network between 2018 and 2021. Of this £160 million is being used to protect 'last shop in the village' community post offices. The remaining £210 million is being invested in the ongoing modernisation of the Network.

The Welsh Government has in the past provided support to local post offices as we recognise the social value they provide to the communities they serve. We continue to recognise that local post offices offer a range of services which are important to communities such as access to basic banking services; the opportunity to check bank account balances, withdraw cash free of charge and pay in cash or cheques. We also recognise that local post offices cannot replace local bank branches. Post office staff cannot for example provide advice to customers on the operation of their bank accounts.

The Post Office Development Fund operated between 2002 and 2005. It was aimed specifically at funding local post offices serving the 125 most isolated and the 125 most disadvantaged communities as identified by the Welsh Index of Multiple Deprivation at the time. The Development Fund provided 99 post offices with capital grants of up to £50,000. The total amount awarded under the Fund was £4.2 million.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In January 2009, following a One Wales commitment to reopen the Post Office Development Fund, the Post Office Diversification Fund opened. The Diversification Fund provided capital grants at two levels; small grants of up to £5,000 and larger grants of up to £25,000. Grants could be used to improve the retail side of the post office operator's business. The grants could not be used to improve any element of the post office business that was already covered by the UK Government's Network subsidy. The Diversification Fund was closed to new applications in November 2013. Final awards were announced in May 2014 and the last payments made in March 2015. The fund provided grants worth £6.66 million to 442 post offices across Wales.

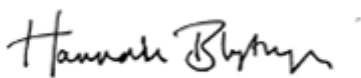
The Diversification Fund was closed for a number of reasons. The quality of applications was falling. Applications were increasingly coming from post offices which had already benefitted from the Fund and the UK Government had introduced its modernisation agenda which included funds for the capital improvement of post offices across the UK.

The then Minister for Communities and Tackling Poverty, Jeff Cuthbert AM met with representatives of Post Office Limited (POL) and the National Federation of Sub-postmasters in Wales (NFSP) in July 2014. He was asked at this meeting to consider the re-opening of the Post Office Diversification Fund. He stated that as public sector budgets were now falling the Welsh Government had to carefully consider its priorities. He invited POL to submit a bid for the re-opening of the Diversification Fund reminding them that the Welsh Government's overarching priority was tackling poverty.

In August 2014 POL submitted a brief bid for the continuation of the Diversification Fund. The bid did not outline how the continued funding of post offices would help to tackle poverty. It was not therefore considered a priority for funding and was formally refused in September 2014.

The position on this has not changed, the Welsh Government has no plans to reintroduce funding for post offices in Wales. This remains a matter for the UK Government.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Hannah Blythyn'.

Hannah Blythyn AC/AM

Y Dirprwy Weinidog Tai a Llywodraeth Leol
Deputy Minister for Housing and Local Government