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10 DOWNING STREET

From the Private Secretary

19 January 1984

Dear Neil,

Post Office Counters

Mr. Baker came to see the Prime Minister yesterday to take her mind on the Post Office's proposals for closures. Mr. Baker explained that there were 21,000 Crown and sub post offices, making the network the most intensive in Europe. Of these, 10,000 lost money and losses totalled £30 million. In towns, the criterion was that post offices should be about one mile apart, i.e. leaving no-one with a walk of more than half a mile. There were 2,000 offices which should be closed by this standard. The Post Office were proposing closure of 1,000, i.e. retention of 1,000 offices which were not strictly justified in economic terms. This programme would be spread over three years and would cost about £43 million. The saving in running costs would be about £15 million a year.

Mr. Baker went on to explain that, in contrast to earlier proposals for post office closures, care had been taken to negotiate arrangements in advance with sub post masters. On average these would receive compensation payments of £18,000. The Post Office had drafted an announcement with care. This would stress that there were no rural closures being proposed, that 95% of the existing network would be retained and that there would be an extensive programme of modernising post office counters.

The Prime Minister accepted the case for a programme of closures but advised that the announcement should not guarantee the continued existence of the 1,000 post offices which by strict application of the standard ought to be closed but which were being retained. If it turned out that more than 1,000 offices applied for closure and compensation, it should be possible to accept a greater number. She also asked Mr. Baker to consider the timing of the announcement very carefully.

Yours sincerely  
Andrew Turnbull

Andrew Turnbull

Neil McMillan, Esq.,  
Department of Trade and Industry.

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