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From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Peter Rees QC MP
Chief Secretary to the
Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Prime Minister (2)
AT 2/10

8 October 1984

Dear Chief Secretary,

POST OFFICE CLOSURE PROGRAMME AND DHSS INDUSTRIAL DISPUTE

You and colleagues will wish to be aware that the Post Office intend to announce tonight or tomorrow that no further closures of Crown offices will take place until the DHSS dispute is resolved and that those sub-postmasters who have had their applications for voluntary retirement accepted will be asked to stay on for the same period.

Sir Ronald Dearing estimates that the workload at Crown offices is some 25 per cent higher because of the emergency arrangements for paying benefits to recipients whose order books have not been renewed. He is seriously concerned at the length of queues and at the volume of complaint about the deterioration of service. He does not believe that he can be seen to be closing down capacity at a time when the Post Office is clearly not meeting existing demand in a satisfactory way.

Nine Crown offices have been closed as part of the programme to date. The remaining 67 targetted have not been disclosed although their identity will be announced over the next few days. These closures will be processed but not implemented until the DHSS dispute is resolved. Some 500-600 sub-postmasters have already been told that they may take compensation for closure and have been given fixed dates. The Post Office have no powers to undo these closures but will be seeking to persuade as many as possible to remain open until the dispute is resolved.

I am copying this to the Prime Minister, other Members of the Cabinet, John Gummer and Sir Robert Armstrong.

Yours sincerely

OC2/OC2AAG

for GEOFFREY PATTIE

1 approved by the Minister + signed in his absence.