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Mr Richard Sheard, The Chief Executive
West Devon Borough Council
Kilworthy Park
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25 May 2011

Dear Mr Sheard

New Post Office[®] operating models – pilot activity

I am writing with some exciting news. We have just started making contact with subpostmasters in your area as we are seeking volunteers to be involved in pilot activity for two new operating models that we've been developing:

- Main Post Office branches: larger branches that will be modernised to include a higher degree of automation and self service options and in many cases longer opening hours.
- Post Office Local branches: a simpler model to operate that is situated on a retail counter; is able to carry out Post Office transactions that account for 95% of customer visits; even longer opening hours.

Participation in the pilot will be completely voluntary.

The pilot programme follows the publication of the Government's policy paper "Securing the Post Office Network in the Digital Age" in November 2010, which provides Post Office Limited with the platform it needs to modernise the Post Office network and meet the demands of today's customers. The Government has committed to keeping the network at around its current size of 11,500 branches, whilst recognising that changes are needed if we are to compete effectively in today's fast changing commercial environment and sustain a more viable network. In line with their proposals we intend to establish about 4000 Main Post Office branches and about 2000 Post Office Local branches.



www.postoffice.co.uk

What are the pilots for?

We plan to start the modernisation of our network in April 2012, once the outcome of the application for State Aid clearance of the Government's funding package is known, but before we start this process, we want to make sure that our plans are developed using robust information from subpostmasters, stakeholders and customers.

The pilot activity we are planning is designed to enable us to test the new operating models and the procedure for implementing them nationwide.

What will the pilots mean to customers?

In many cases customers will benefit from longer Post Office branch opening hours as well as an open plan, modern retail environment. In some cases, we may want to move a branch to a more suitable location nearby, with the agreement of the subpostmaster.

Local public consultations will be carried out where appropriate in accordance with our Code of Practice.

How many branches may be affected?

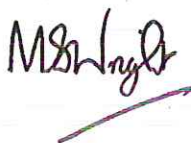
We will be speaking to an initial group of approximately 250 subpostmasters across the four pilot areas. The four pilot areas are located in a number of different locations across the UK, with the aim of testing the operating models as widely as possible. The areas are South Yorkshire, Devon, Gloucestershire and Hertfordshire. Once we have spoken to the initial group of approximately 250 subpostmasters, we will make a further selection of around 45 branches in which to carry out the pilots. This means that there may not be any new operating models being piloted in your own area.

How do I find out more information?

If you would like further information about the pilots please let me know and I will be delighted to meet with you to discuss this further. Otherwise I expect to be able to write to you again around mid autumn, to confirm which 45 branches across the four pilot areas have been selected and what changes we propose. This is in addition to carrying out local public consultations where appropriate in accordance with our Code of Practice.

If you would like any clarification, or have any questions about the pilot programme, please don't hesitate to get in touch.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mark Wright", with a blue horizontal line underneath.

Mark Wright
External Stakeholder Manager
Network Services & Transformation