

Note of Jo Swinson (JS) visit to POL HQ and meeting with Paula Vennells (PV) (Chief Executive) and Kevin Gilliland (KG) (Network and Sales Director):12 November 2012

Following a visit to the POL Model Office for a demonstration of Horizon, AEI, Post & Go equipment, the meeting focused on the Network Transformation (NT) programme against the background of the award of the new DVLA contract to POL.

JS said she was planning to send out a 'Dear Colleague' letter to all MPs to focus attention on NT as the majority so far had had no direct experience through the pilots. PV commented that there had been much positive local media coverage of the new models, associated retail sales were around 10% higher on average and customer satisfaction levels remained very high, giving grounds for confidence in the strength of the model in the right circumstances. PV noted that at a meeting earlier in the day the NFSP had indicated that they would be withdrawing support from NT unless an element of fixed pay was retained in the new model and greater flexibility for post office opening hours to be shorter than retail where appropriate.

JS asked if the target of 1200 conversions by March 2013 could be achieved without NFSP support. PV said it would be more difficult but doable, provided the NFSP remained neutral. KG noted that 300 new model branches were now operating – a mix of independents and multiples – and a further 40 contracts signed. Average time from signature to opening was running at around 6 weeks. A further 150 contract signatures were expected by end December but few more would open after late November until the new year to avoid changes in Christmas peak period.

JS noted that it was always planned for NT to move fully into gear in January-March. KG said that the expected 2012-13 split was 900 independents and 300 multiples. As most of the independents were NFSP members, the NFSP's position on NT would be crucial. JS asked what the NFSP were asking for; was it purely more money or more fundamental concern about the models? PV said it remained unclear and a further meeting was scheduled to clarify. POL had however made clear that there was no more money available within the NT funding envelope. JS asked what the range of core tier payment (CTP) was. KG gave the range as £10k-30k which was reviewed annually in line with traditional business trends and less 'fixed' than spms tended to think.

JS noted that when she first met GT and MJ, they had expressed the view that the NFSP should be more widely involved in the business and its developing strategy. Was this a factor? PV thought not as the were regular 1 to 1 meetings, a strategic partnership board with MJ also on the NT programme board and 2 representatives on the Stakeholder Forum (CWU also).

KG noted that there was still a good flow of volunteers but to keep the programme on track more needed to be done to speed the return of the

financial assessments and to identify 'early adopter' benefits. At present there were indications that many spms planned to delay active commitment to convert until late in the programme, retaining CTP for the maximum period, and then benefitting from the guaranteed 3 year transitional payments. WG suggested that guaranteeing transitional payments to a set date rather than for a rolling 3 years might be an incentive to consider.

JS asked what steps could be taken to minimise and manage the risks. KG noted that POL had now combined the area sales manager and field change advisor teams into a single NT resource to focus on close contacts with those spms who had flagged interest in converting to close the deal and expedite the process. JS noted that a sales led approach was essential and asked about the performance incentives for this team. KG confirmed that case by case bonuses were paid in month of contract signature and there was also an overall target bonus structure in place.

In terms of the wider NFSP environment, it was noted that elections for the Executive Committee are taking place in January. JS offered to speak to GT if it would be helpful at any point. JS also suggested that POL should identify opportunities to promote NT and new models at constituency level as around 450 still had no direct local experience, with particular regard to key stakeholders e.g. Shadow Cabinet, BIS Select Committee. JS also suggested a drop in sessions at Portcullis House for groups 10-15 MPs with early adopter spms and photo opportunities for use in the constituencies.

Actions:

Bi-monthly update to JS on NT numbers (open and contracts signed).

POL to develop a Comms plan with focus on familiarising MPs with the benefits of NT for constituents.

BIS to investigate the UKTI seminar scheme for MPs and local businesses and the scope to replicate as a vehicle for MPs to engage with Local Authorities in their constituencies and their use of the post office network as a service delivery channel.