

Message

From: Calum Greenhow [GRO]
Sent: 21/09/2023 07:47:38
To: Calum Greenhow [GRO]
Subject: FW: NFSP follow up

From: Julie Mead [GRO]
Sent: Monday, December 19, 2016 11:59 AM
To: Jenna khalfan [GRO]
Cc: George Thomson [GRO]
Subject: RE: NFSP follow up

Dear Jenna

Many thanks for your email to Julian. He is away from the office today returning tomorrow when I will bring your email to his attention.

With kind regards

Julie

Julie Mead
PA to Julian Blake
Charity & Social Enterprise Department
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From: Jenna khalfan [GRO]
Sent: 19 December 2016 11:04
To: Julian Blake
Cc: George Thomson
Subject: NFSP follow up

Hi Julian,

Great to meet you last month and thanks for your time.

We talked about you doing a number of pieces of work for us during that meeting. The first on the grant agreement and the second on the NFSP's response to proposed cuts to transaction rates. Further detail about the work is below.

1) On the grant agreement:

The grant agreement (8.5/8.6) states that 'POL shall advance the annual grant payment which has become payable within thirty business days of receipt of an undisputed drawdown request from the NFSP'. However there have been numerous times when this has not happened and POL have not offered a reason. We would like you to draft a letter so that should the next payment be withheld, we are able to request that it be paid subject to POL providing us with clear information about why it has been disputed.

We would also like you to do some work on how far we can go with campaigning. For example, if POL do ever dispute the grant payment because - in their view - we have done something which may prevent them from implementing a strategy or have undertaken a negative media campaign, then can we say that under 5.2 of the grant agreement, and within the subpostmasters individual contracts, we have a duty to represent our members, and this means publicly commenting on issues that materially affect them.

2) Transaction cut response

As we discussed, we want to be able to respond quickly should POL announce a reduction in the commission paid to our members. We would like you to work up a letter that we can send to POL covering the actions that we will take unless they desist with rates reduction. We outlined the actions at the meeting (and below). Alongside the letter, we would like you to work some of the individual actions up; initially the ones on the restrictions policy, mis-selling, misuse of public money and employment law (as we think these are our strongest points).

Restrictions Policy: Currently existing subpostmasters who are on traditional and community contracts or those who have signed up for the new Mains or Local contracts, are expected to adhere to a Restrictions Policy. However some new agents have been given wavers (for example on products such as Camelot and money transfers). This is obviously unfairly restrictive on our members who have invested in their own franchise. We believe this would be of interest to the Competition and Markets Authority.

Mis-selling: Over 7000 subpostmasters have signed new contracts for Mains or Locals. Before being awarded the contract, each of these subpostmasters was asked to put forward a five-year business plan. The business plan was based on information that the post office provided to them about transaction rates. We know that POL have been looking at cuts to transaction rates for a while, indeed cuts to Travel Money and MoneyGram have already taken place (Oct 2016). If transaction rates are to be significantly reduced, we believe that there is a strong case that these contracts were mis-sold as people signed the contracts on the basis of the current transaction rates. Further, over the next six months more subpostmasters will change to new contracts. Many will sign these contracts on the basis of the current rates of transactions. We think that the National Audit Office would be interested in this because many of the branches that signed the new contracts will become unviable after transaction rate cuts.

Misuse of public money. The government has given POL £2bn to transform the network. Much of this money has gone on investment in existing branches, and many have had £70,000 - £100,000 spent on them. The Post Office has been talking publically about significantly expanding the network and increasing the number of post offices. If a new office is opened in close proximity to an existing modernised office, it will destroy the existing branch's viability. Therefore the money spent on modernisation will have been wasted and a mis-use of public funds. This also highlights the lack of strategy behind Network Transformation. We believe that the National Audit Office would be interested in this.

Employment law: All subpostmasters are self-employed. For example they don't give personal service. However, there are a number of community branches that receive a small office payment from the Post Office. This is because these branches are essential for communities, but are unprofitable. The small office payment is calculated based the income of the small office and how many hours they're open. Their income is then topped up by the small office payment. We understand that when the new Living Wage came in earlier this year, POL chose not to award these branches an uplift in their small payment - instead they have been encouraged to open for fewer hours. Also, with customer numbers falling, we believe that there is a growing minority of subpostmasters (about 1000) who own small Mains that are entirely reliant on PO income. Should transaction rates fall, these Subpostmasters will not be able to look for income elsewhere - for example retail, as they have no space. Therefore we believe these offices could be reasonably judged to be employees rather than truly self-employed.

The other areas that we talked about at the meeting were the issues around the Horizon system and a potential Judicial Review of Network Transformation. However, we don't think these are our strongest arguments at the moment. We would like these kept on the backburner, and we may want further work done on this after the work above is completed.

Please do get in contact if you have any further questions.

Jen

Jenna Khalfan
Director of Communications and Strategy

National Federation of SubPostmasters

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