



Local Agreement – key obligations document

Introduction

As a Postmaster, whether you intend to apply as an individual or through a limited company, partnership or limited liability partnership, you will enter into a contract with Post Office for the operation of a branch you are applying for. This contract will set the obligations on you as postmaster, as well as the duties of Post Office Ltd. It is important that you (and any party to the agreement) understand these obligations. However you decide to manage your branch, whether providing personal service or not, with Post Office's support, you are responsible for meeting these obligations.

This guide is designed to give you a high level overview of each part of the agreement. This guide is not legal advice and will not form part of the agreement. It is not intended to replace you reading fully, and understanding, the agreement. You will receive a copy of the agreement that you will be asked to sign. The agreement will be a legally binding document and it is strongly recommended that you seek your own independent advice, which may include legal support.

AGREEMENT BREAKDOWN

There are four parts to the agreement:

- the Preface (which details specific to the branch and is the part of the agreement that is signed)
- the Standard Conditions (which contain general legal terms).
- The Operations Manual: your main guide to day-to-day branch operation and is designed to help you manage your branch, and
- a Fees Booklet which sets out the remuneration structure for your branch.

All these documents together make up your agreement; they all contain obligations that will affect you and are all legally binding.

It's worth noting that whereas we may refer to you as day to day as a 'Postmaster', in the formal agreement the term used is 'Operator'. Any reference to Operator means Postmaster.

Below we provide a brief guide giving a little more detail on the first two documents – the Preface and the Standard Terms.

Local Post Office Agreement – Preface					
This part of the agreement sets out specific branch detail, including details of the postmaster, the address of the branch, the contracted opening hours and the type of private business being offered from the premises. It may also have the following appendices:					
<ul style="list-style-type: none"> • Appendix 1 – Works at the Branch Premises and Plan (used when there are works required to facilitate the opening of the Post Office) • Appendix 2 – Equipment (lists the equipment needed and whether it is Post Office or the Postmaster that is responsible for its provision and maintenance) • Appendix 3 – Conditions of Appointment (which may include general conditions as well as site specific) 					
The Preface will be signed by the postmaster (if a limited company it will be signed by two directors or a director and company secretary; if a partnership it will be signed by both parties) and countersigned by an authorised signatory for Post Office Ltd)					

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Local Post Office Agreement – Standard Conditions

PART 1 - Definitions used in the Agreement and Overriding Duties
This part of the agreement provides a definition of the words and phrases you will come across in the agreement itself. Importantly, this part also sets out the overriding duties of both the postmaster and Post Office Ltd in delivering the obligations in the agreement.
PART 2 – Operating a Local Branch
<p>An important section that sets out key obligations in operating the branch and meeting the terms of the agreement. This is the longest section of the agreement and some of the points it covers are the following:</p> <ul style="list-style-type: none"> • A postmaster being an independent business which is an agent of Post Office Ltd and is not employee of Post Office Ltd. You will not be required to work in the branch, though you may wish to do so. • How postmaster will recruit, train and employ any 'Assistants', including registering those that have any access or involvement in the operation of the Post Office to ensure they have been vetted through Post Office's robust processes • The need for Post Office Ltd to provide to provide a Horizon system that is fit for purpose • The need, as postmaster, to act honestly at all times in the operation of the branch • Maintaining the highest standards in all matters connected with the Branch, including how services are provided to customers during the agreed opening hours • The need to account accurately and that Post Office funds cannot be used for any purpose other than the operation of the branch • That where Post Office Ltd needs to carry out an investigation into the cause of any financial shortfall in the branch that this must be reasonable and fair • A postmaster's liability for losses caused through their own carelessness, negligence or error or through carelessness, negligence or error of an Assistant • The need to follow all physical and procedural security requirements required. • The type of advertising that should, and should not, be on display in the branch premises • Duties to comply with legal requirements – such as Data Protection, Freedom of Information, Equality Act, Health & Safety and the Bribery Act • Requirements in connection to confidentiality in the operation of the branch as well as insurances needed. • There may be occasions where things aren't working quite as they should and these obligations are not being met. If this is the case, Post Office will take steps to ensure performance of the contract, while also supporting the postmaster in this process. This may lead to the suspension or termination of the Agreement and Part 2 sets out the basis on which Post Office can suspend as well as how both parties can bring the Agreement to an end, and how termination is managed. It also covers Post Office Ltd's right to step in and run the branch after termination. <p>How the terms of the agreement can be amended and the notice needed to make any such amendments.</p>

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PART 3 – Financial Details
Part 3 of the agreement sets out specific financial information, including an explanation of the 'fees booklet', how fees are paid as well as tax and VAT implications
PART 4 – Equipment for a Local Branch
Sets out both Post Office's and the postmaster's responsibility in respect of maintaining the equipment in the branch. This links back to the matrix in Appendix 1 of the Preface which sets out who is responsible for repairing and maintaining the equipment.
PART 5 – Manual for a Local Branch
<p>The 'Manual' is the list of documents in this section which form part of this agreement designed to support a postmaster in their operation of the branch (with the need that the branch is operated in accordance with them). The Manual includes:</p> <ul style="list-style-type: none"> • The Operations Manual (which provides information relating to Post Office Limited's requirements and processes and the support you may require for operating the branch) • The Security Operations Manual (sets out information required to maintain good security practices that will help reduce the risk of crime) • Branch Focus (Weekly information sent to branch to help a Postmaster with day-to-day operations)
PART 6 - Non-compete restrictions and how they affect branch premises
<p>Sets out that there is a restriction on being able to undertake private business activities in the branch premises for the following services:</p> <ul style="list-style-type: none"> • Mails services • Bill payment services • Banking (including ATMs) <p>Financial Services</p>
PART 7 – Branch Premises
<p>The final section to the Agreement covers the obligations in connection to the branch premises. This covers the need to:</p> <ul style="list-style-type: none"> • Keep the premises up to a good standard and state or repair • Not alter the premises without liaising with Post Office in the first instance <p>Hold a Valid Property Interest (either freehold or leasehold) in the name of the postmaster for the duration of the Agreement</p>

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