

Stranded Postmasters

There are around 2,200 postmasters who have left the business with a leavers payment following the introduction of a new main or local branch in the same community under Network Transformation. There are currently around 500 'stranded or hard to place postmasters – these are branches that have signed the Conditional Resignation Pack (CRP) under network transformation but have been unable to find a replacement operator. Over 90% of these branches are locals.

Majority of these branches are located in areas where there are only 1 or 2 potential new operators, who have not shown any interest in operating a Post Office.

Status Update

- All branches remain advertised and extensively reviewed with all options considered; the affected postmasters still have the option to opt convert rather than leave.
- CRPs have been extended initially until March 2019, to provide these Postmasters with some stability, with the plan to extend on annual rolling basis to March 2021.
- Following discussions with NFSP, POL has extended the leavers payments for an additional 3 years until March 2021 (if a new operator is found they will continue to be eligible to receive a leavers payment on existing terms – 26 months' compensation)
- POL is considering different ways to address this issue –
 - Possibility of an outreach service as a replacement for smaller branches (around 20)
 - Progress in Whitespace activity could provide opportunity for some branches to leave
 - As Epos integration and self-service develops this gives us the opportunity to re-visit prospective network operator, which mean potentially more leavers will be able to leave
 - Some traditional branches will simply hand back the keys and decide to leave without compensation and POL will then consider all service options.

Compensation Payments

POL has an agent compensation provision of around £42.4 million, to be utilised as provided below:

Agent Compensation Provision		
Financial Year	£'000	Number of branches
2016/2017	42,359*	600
2017/2018	(25,227)	390
2018/2019	(6,133)	100
2019/2020+	(10,999)	110

** As there are 630 postmasters requiring Post Office have confirmed this number may change and they will confirm the exact number by year end, but they have assumed that it is around £42 million.*

Conditional Resignations Packs

POL sent the Conditional Resignation Packs (CRPs) to branches for renewal in the Autumn of last year, for return by the end of September 2017, as previous CRP's expired on 30 September 2017.

The renewed CRP's are valid through to the end of March 2019 (initial term), at which point POL can renew CRP's annually through to the end of March 2020 (first renewal period) and then again to March 2021. The renewal process will be automatic and will not require Postmasters to sign again. Postmasters had the option to opt in or opt out in September 2017, however at the end of March 2019 they can give POL a months' notice and withdraw from the agreement.

Branches who refused to sign a CRP at the end of September 2017 will lead to the removal of the core tier payment and the introduction of transitional payments for a period of 18 months. There is no agreement for CRP's to be extended beyond this point.

The current status of CRPs signed and response rate is provided below:

Description	No of Post Office Branches
Total CRP's Sent	661
CRP's now not required (Journey Changes)	5
Signed extensions returned	630
Resignations	11
Refusals	1
Outstanding (working with Postmasters)	14

630 post branches have the option of receiving compensation payments (26 months leavers payment ranging from £170,000 to £ 200,000 for mains branches and between £70,000 to £75,000 for local branches). POL estimates that it will cost around £42million, similar to the amount provided in 2016/2017, they will however only have the exact figures by year end.

Most of the around 500 stranded postmasters are included in the 630 post office branches.