

OFFICIAL SENSITIVE

HMG/NFSP/POL Working Group 13/06/2019: Read Out

Attendees

- Kelly Tolhurst – Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy
- Carl Creswell – Director, Professional Business Services, Retail and Post
- Eleanor Beal – Head of Post Office Policy
- William Wilson – Senior Policy Advisor, Post Office Policy
- Oluwatosin Adegun – Manager, UKGI Post Office Shareholder Team
- Calum Greenhow – Chief Executive Officer, NFSP
- Peter Hall – Head of Policy and Research, NFSP
- Tim Boothman – Chair and Director for the North West, NFSP
- Stuart Rogers – Executive Director (South West), NFSP and Postmaster of Ashburton Post Office.
- Alisdair Cameron – Interim Chief Executive Officer, Post Office Limited
- Debbie Smith – Chief Executive, Retail, Post Office Limited
- Alice Cookson – Head of Corporate Affairs, Post Office Limited
- Nick Beal – Head of Agents & Development, Post Office Limited

Actions

1. BEIS Policy to engage with OGDs on specific issues raised, including DWP on POca, HMRC on currency exchange, HMT on banking services and GDS on Digital Identity and Verify;
2. BEIS Policy to develop an approach to supporting POL's engagement with OGDs, including a 'pitch document' (developed with POL's input) setting out the role that POL can play in the delivery of government services;
3. Minister Tolhurst to meet with Royal Mail regarding the renegotiation of their contract with POL. POL agreed to assist with briefing;
4. NFSP to feed in views to POL to inform the Royal Mail renegotiation;
5. BEIS Policy (with input from POL) to provide points for Minister Tolhurst to raise in her meeting with Amazon on Tuesday 18th June

Key points raised

Remuneration

- POL (NB) outlined their planned approach to the pay review. NB acknowledged that the anticipated levels of income for postmasters following Network Transformation had not materialised and that, now that POL has reached profitability, it is timely to review postmasters' pay. They are undertaking qualitative and quantitative work on products, will look at variation across branch types and noted that the future approach will need to include an incentive for performance. POL expect to report to the board in July with recommendations and immediate actions from the review;
- POL (NB) stated that there is a need to help postmasters understand the way in which they are remunerated and that the NFSP, as well as POL's field

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teams should play a role in ensuring that they do. POL and NFSP agreed that an effective communications campaign would be crucial to 'landing' the outcomes of the review with postmasters.

- POL noted that they will be introducing the banking framework transaction increases early (October)

Government services (current)

- POca: NFSP raised concerns about the handling of those customers who refuse to have a bank account, for example the tone of letters they have received from DWP in relation to the cessation of POca;
- CG pointed out that particularly in urban deprived areas, footfall is generated from POca and without the scheme the retail side would also suffer. He also felt that there is an opportunity for post offices to be an alternative to pay day loans and to help their customers budget;
- POL supported NFSP's concerns about DWP's approach. POL noted that they do not benefit financially from POca – it is about social purpose and postmasters – e.g. in NI some postmasters receive 20% of their income from POca;
- The Minister agreed that if services are not right retail will be affected, but POca is just one element of this; government services do not on their own create a sustainable business. CC mentioned that we are sharing information with DWP on the potential impacts of POca coming to an end;
- HMRC: POL noted recent issues with HMRC changes to branch registration charges for Anti-Money Laundering. The Minister noted that officials are following up with HMRC on this issue on POL's behalf;
- Digital Identity: POL (AC) are keen to be a market leader on Verify, but noted that there has been a lack of cross-Government leadership on the issue, which BEIS could help to address. POL will be writing to John Manzoni about this shortly.

Services (future opportunities)

- The Minister stated that BEIS is keen to play a stronger role in championing POL across government and asked that BEIS policy develop an approach to supporting POL's engagement with OGDs, including a 'pitch document' (with POL's input) setting out the role POL can play in delivering government services;
- The Minister also mentioned that Jake Berry (MHCLG minister for high streets and local industrial strategies) is now a joint minister with BEIS and that there may be opportunities to join up with other areas of his policy brief;
Banking: NFSP noted that there is a lot of opportunity in the banking space – the numbers (e.g. 135m customers) are amazing and more customers are looking for these services as bank branches are closing at an increasing rate. POL have had difficult conversations with banks to reach the BF2 agreement, but both POL and NFSP agreed that post offices could expand the range of banking services they can offer. BEIS Policy noted that we are in discussions

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with HMT about BEIS/HMT working together on the expansion of banking services provided by post offices.

Royal Mail

- NFSP outlined the importance of Royal Mail to postmasters, saying that 56% of postmaster income is from Royal Mail. TB (NFSP) also mentioned that the review of the USO (last done in 2013) has been deferred from 2019 to 2022, after any agreement between POL and Royal Mail would take place. POL and the Minister agreed this should not affect POL/Royal Mail negotiations;
- AC stated that POL are in talks with Royal Mail and expect to reach an agreement by the end of the year (both parties have privately said they expect to continue working together). POL's two key asks from Royal Mail in the new agreement would be for post offices to sell Royal Mail products and to be non-exclusive, allowing them to, for example do a deal with Amazon around parcels, which they thought would also be in Royal Mail's interest;
- The Minister offered to meet with Royal Mail about the contract negotiation;
- Unregulated competition: NFSP noted the challenge of competitors operating under less stringent regulation, creating an unfair playing field. POL agreed and feel they need to be held to the same standards.

Communications and ways of working

- NFSP (SR) called on more joined up communications and believes that failing this could have negative impacts on the brand. He also felt that there is a need for a strategy to make the Post Office relevant and engaging for young people, as well as pointing out that Local Authorities are not addressing Post Offices enough
- POL noted that they intend to increase their communications to postmasters through the new area managers – there has historically been under-communication to postmasters and this should address that issue.
- The Minister stressed the importance of these meetings being an opportunity to work together effectively and find solutions to issues rather than attack each other – especially as it had been clear from discussions in the first meeting that everyone is broadly in agreement about what success for the Post Office looks like. NFSP agreed with the Minister and welcomed the ideas that were coming through in this meeting. POL also agreed with the Minister.
- The Minister also said that it is NFSP's responsibility as an organisation to flag any issues with POL – e.g. Tim (NFSP) was made aware recently through a postmaster Whatsapp group that if travel vouchers are claimed, an email from POL is sent urging customers to go online.

AOB

- Online services: POL noted that they are thinking of ways to help postmasters play a more complementary role in supporting online sales. NFSP and POL agreed that postmasters should not feel that they are in direct competition with POL's online offering. NFSP noted that once customers go online they never come back.

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- Engagement with Amazon. AC noted that he is in early discussions with Amazon about opportunities to work together. Amazon recognised that the post office network provides access to a demographic that is difficult for them to reach. The Minister then offered to raise any relevant points on this in her meeting with Amazon on Tuesday 18th;
- Subsidy. NFSP raised concerns around the financial impact on POL, particularly the 3,500 community branches, if government subsidy does not continue post-2021. The Minister understood the concerns and provided reassurance that Government is committed to the network but was clear that Government cannot make spending commitments outside of spending rounds. POL and NFSP accepted this but urged the Minister to provide whatever reassurance possible to postmasters.