



# **POSTMASTER SUPPORT POLICIES**

## **Postmaster Termination Decision Review Policy**

### **Version – V2.3**

Post Office is determined to reset its relationship with postmasters and has introduced policies that set out guidelines on how Post Office should support postmasters, specifically for use across twelve areas.

The policies stand on their own but should be reviewed in conjunction with each other. Support teams should have an awareness of all twelve policies and how they link together.

The twelve Postmaster Support Policies are listed in section 2.2 of this policy and can be found [on the hub here](#).



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# 1. Overview

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## 1.1. Introduction by the Policy Owner

The Franchise Partnering Director has overall accountability to the Board of Directors for the design and implementation of controls to manage risk in the network<sup>1</sup>. Risk in the network is an agenda item for the Risk Committee and the Post Office<sup>2</sup> board is updated as required.

This policy is a non-contractual document provided for information. It does not form part of a contract between postmasters<sup>3</sup> and Post Office.

## 1.2. Purpose

This policy is part of a framework that has been established to set the minimum operating policies relating to the management of contracts with postmasters (which may be companies, sole traders or partnerships) throughout the network.

Post Office recognises that if a decision is taken to terminate a contract in the network then the postmaster may not agree with the decision taken. The purpose of this policy is to set out the procedures to be followed should a postmaster wish to challenge the decision to terminate the agreement and to clarify who will be involved in the process.

This policy is one of a number of policies which provide a clear risk and governance framework and an effective system of internal control for the management of risk across the Group. Compliance with these policies supports the Group in meeting its business objectives and to balance the needs of customers, shareholders, employees, other stakeholders (such as the government departments) and third party commercial partners including Royal Mail.

## 1.3. Core Principles

A challenge will be heard by a Review Panel who will have no prior involvement in the circumstances which led up to the termination and the challenge being raised.

Post Office recognises that it should provide appropriate support to the postmaster during the decision review process. In particular, the Review Panel should ensure that the postmaster is kept up to date at all stages of the review.

Post Office will handle challenges to decision making in good faith and apply principles of fairness, transparency, and professionalism (being the underpinning behaviours of Post Office).

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<sup>1</sup> In this policy, "network" means branches not directly managed by Post Office.

<sup>2</sup> In this policy, "Post Office" and "Group" means Post Office Limited.

<sup>3</sup> In this policy, "postmaster" refers to the person or entity (which may be a company, sole trader or partnership) contracted with Post Office and any person acting on the postmaster's behalf.

## 1.4. Application

This policy is applicable to all postmaster contracts<sup>4</sup> in the network.

## 1.5. The Risk

Post Office has an obligation to:

- ensure that any decisions taken in respect of a postmaster contract are not exercised arbitrarily, capriciously or unreasonably;
- exercise any contractual power honestly and in good faith for the purpose for which it was conferred on Post Office; and
- exercise any discretion in accordance with the obligations of good faith, fair dealing, transparency, co-operation and trust and confidence.

Post Office is not able to terminate the agreement without reasonable and proper cause. If Post Office itself has not complied with its own obligations, relating to the matters that led to the termination decision, Post Office is not able to terminate the agreement.

Post Office may only terminate the agreement:

- if there has been a repudiatory breach (a breach so serious and fundamental to the contract that it cannot continue) or
- there is a termination right which applies to the relevant issues.

If a postmaster believes Post Office is not entitled to terminate the agreement, it is important that there is a process by which to challenge the decision. Failure to have a decision review process presents risks, including the risk of financial loss through any claims made by the postmaster as well as reputational damage.

Additional risks include:

- If Post Office does not fully understand and investigate challenges to its termination decision-making, it loses the opportunity to consider the valuable opinions of its postmasters. Additional information may be available which may have influenced the decision had it been available at the time. This process will also provide Post Office a valuable opportunity to audit decisions taken by the Contracts Team to ensure that the principles in the Postmaster Contractual Performance, Postmaster Suspension and Postmaster Termination policies are being adequately deployed; and
- If Post Office does not provide a suitable channel for a challenge to be heard, postmasters may not share their or their staff's concerns, causing discontent and resentment within the network.

Risks of Post Office conducting an inadequate process include:

- If a challenge is not heard within reasonable timescales, Post Office may be perceived as failing to act in good faith; and

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<sup>4</sup> In this policy, "postmaster contract" means contracts which relate to those branches not directly managed by Post Office

- If Post Office are not transparent in relation to its performance against SLAs applicable to the process, postmasters and stakeholders may have reduced confidence in Post Office's ability to effectively manage postmaster contracts.

Section 2.5 sets out the minimum control standards that the Post Office has implemented to control these risks.

## 2. Risk Appetite

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### 2.1. Risk Appetite

Risk appetite is the extent to which the Post Office will accept that a risk might happen in pursuit of day-to-day business transactions. It therefore defines the boundaries of activity and levels of exposure that Post Office is willing and able to tolerate.

Post Office takes its legal and regulatory responsibilities seriously and consequently has:

- **Averse risk appetite** to corporate non-compliance with legal and statutory obligations.
- **Averse risk appetite** for financial crime to occur within any part of the organisation.
- **Averse risk appetite** in relation to unethical behaviour by Post Office staff.
- **Averse risk appetite** for litigation.
- **Cautious risk appetite** for inefficient or ineffective processes that result in: lost time, duplicated effort, and increased risk of financial loss or errors in any part of its business or core processes

Post Office acknowledges, however, that in certain scenarios, even after extensive controls have been implemented, a process may still sit outside the agreed Risk Appetite. In this situation, a risk exception waiver will be required pursuant to the Exemption Process details of which can be found [here](#).

### 2.2. Policy Framework

This policy is part of a framework of postmaster support policies that has been established to set the minimum operating policies relating to the management of our postmaster contract risks throughout the business in line with Post Office's risk appetite. The framework includes the following policies:

- Postmaster Onboarding
- Postmaster Training
- Postmaster Complaint Handling
- Network Monitoring and Audit Support
- Network Cash and Stock Management
- Network Transaction Corrections
- Postmaster Account Support
- Postmaster Accounting Dispute Resolution
- Postmaster Contract Performance
- Postmaster Contract Suspension
- Postmaster Contract Termination

- Postmaster Termination Decision Review (this policy)

## 2.3. Who must comply?

Compliance with this policy is mandatory for all Post Office employees<sup>5</sup> who manage postmaster contracts on behalf of Post Office, including members of the Review Panel.

Where non-compliance with this policy by Post Office employees is identified by Post Office, Post Office will carry out an investigation. Where it is identified that an instance of non-compliance is caused through wilful disregard or negligence, this will be investigated in accordance with the Group Investigations Policy.

## 2.4. Roles & Responsibilities

- **Franchise Partnering Director** – is the policy owner, who must comply with the governance responsibilities set out at section 5.1.
- **Contract Investigation and Resolution Manager**– is accountable for the deployment of this policy, for supporting Post Office personnel who carry out actions under this policy and for regularly reviewing the effectiveness of this policy and for drafting any amendments to it that may be required.
- **Contract Advisor(s)** – is (are) responsible for deploying the procedures set out in this policy. The Contract Advisor(s) form part of the **Contracts Team**.
- **Review Panel** – A panel, consisting of independent, external members, who are responsible for deploying the procedures set out in this policy and for making a final decision on the review requested by the postmaster. The **Review Panel** will be supported by the Contract Investigation & Resolution Manager to:
  - apply Post Office's underpinning behaviours of fairness, transparency, and professionalism;
  - be fully conversant with this policy and linked policies;
  - gather as much information as possible relating to the background behind the termination;
  - complete a Termination Decision Review Rationale Document before making a decision in consequence of a challenge. The rationale document is a report which includes facts and findings of the investigation, and the rationale used to determine the outcome;
  - ensure any decision arising from a challenge is made in line with all other Post Office policies set out at section 2.2;
  - ensure this policy is adhered to and the postmaster is treated with fairness, transparency and professionalism throughout the process;

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<sup>5</sup> In this policy, "employee" means permanent staff, temporary including agency staff, contractors, consultants and anyone else working for or on behalf of Post Office and, for clarity, does not include postmasters or postmasters' staff.



- make the postmaster aware of any support available to them, including from the National Federation of Sub Postmasters;
  - deal with any contact, written or otherwise, from the postmaster, in a timely manner; and
  - if a meeting is required, be flexible, within reason, over the availability of the postmaster.
- **National Federation of Sub Postmasters (NFSP)** – is a professional trade association which exists to support postmasters.
  - **Postmaster** – this refers to a limited company, partnership, limited liability partnership or individual that contracts with the Post Office in its or their capacity as a postmaster in the network, or (as applicable) assistants of such postmasters.

In relation to this policy, the **postmaster** is expected to:

- be transparent and open towards Post Office;
- ensure they respond to written correspondence and telephone calls in a timely manner in order to assist the Review Panel in reaching a decision;
- be flexible and available for meetings with the Review Panel if one is required.

In relation to this policy, the postmaster may:

- contact their NFSP representative to support them through the process;
- request information and evidence from Post Office in connection with this process and wider investigation;
- arrange legal or other representation for any written correspondence or meetings with Post Office;
- contact their nominated Contract Advisor at any time regarding potential or actual termination



## 2.5. Minimum Control Standards

A minimum control standard is an activity which must be in place in order to manage the risks, so they remain within the defined Risk Appetite statements (as set out at section 2.1). There must be mechanisms in place within each business unit to demonstrate compliance. The minimum control standards can cover a range of control types, i.e. directive, detective, corrective and preventive which are required to ensure risks are managed to an acceptable level and within the defined Risk Appetite.

The table below sets out the relationships between identified risks and the required minimum control standards in consideration of Post Office's Risk Appetite.

<b>Risk Area</b>	<b>Description of Risk</b>	<b>Minimum Control Standards</b>	<b>Who is responsible</b>	<b>When</b>
Investigation and resolution of an appeal	If challenges to the decision to terminate are not fully investigated, any potential issues in the decision-making process in the Contracts Team may not be addressed and the same issues could recur. This could mean that Post Office are not acting in good faith and upholding the principles as set out in the Postmaster Contractual Performance, Postmaster Suspension and Postmaster Termination policies.	The decision review process and associated documents will be reviewed.	Contract Investigation & Resolution Manager	Quarterly
		Quality checks and training covering the decision review process will take place with all members of the Review Panel to ensure that the correct process is followed.	Contract Investigation & Resolution Manager	As required
		The Franchise Partnering Director will review decision review outcomes to ensure consistency of decision making.	Franchise Partnering Director	Quarterly
Postmaster ease of raising a challenge	If postmasters do not have a straightforward way to challenge a termination decision taken by the Contracts Team, systemic	The right for postmasters to challenge a termination decision will be clearly signposted to postmasters in any correspondence notifying the postmaster of	Contract Investigation & Resolution Manager	Six monthly

	issues in the decision-making process may not come to light and remain unresolved.	termination. This correspondence will be reviewed at regular intervals.		
Reporting	If Post Office is not transparent with its performance against SLAs relevant to the decision review process, postmasters and stakeholders have reduced confidence in Post Office's ability to effectively manage challenges to termination decisions.	The following data related to challenges will be maintained and updated: volumes of challenges, performance against SLAs, reason for challenge and outcome.	Contract Investigation & Resolution Manager	Monthly
Policy non-adherence	Non adherence to the policy could result in legal and regulatory risk as well as reputational damage to Post Office and the relationship with postmasters.	<p>The Review Panel, Contracts Team and any teams who are involved with the decision review process will be provided with training on this policy.</p> <p>The Policy should be reviewed, and if necessary updated.</p>	<p>Contract Investigation &amp; Resolution Manager</p> <p>Contract Investigation &amp; Resolution Manager</p>	<p>Once approved and annually thereafter (or sooner in the event of material changes to the policy)</p> <p>As required (but reviewed at least annually)</p>

## 3. Procedure

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### 3.1. Right of challenge

Post Office can, in certain circumstances, terminate a postmaster contract:

- immediately if there has been a repudiatory breach or if Post Office has a right to terminate immediately on notice under the agreement; and
- by giving a period of notice.

Where Post Office has a right to terminate under the agreement (in all cases except where a repudiatory breach has been committed), Post Office can only exercise the right where the following conditions are met:

- Post Office itself is not in material breach in relation to the matters relevant to the reason for termination. This is explained in more detail in section 4.11 of the Postmaster Contract Termination Policy<sup>6</sup>;
- Post Office has reasonable and proper cause to terminate; and
- Post Office has knowledge of and has considered the applicable facts, so as not to act arbitrarily, irrationally and capriciously.

Additionally, where Post Office seeks to exercise its right to terminate for convenience under the Agreement, it must consider what the appropriate duration of the notice period should be in the individual circumstances.

Post Office recognises that if a decision is taken to terminate a postmaster agreement and the above conditions have not been met then there should be a process by which this decision can be challenged.

As set out at section 4.13 of the Postmaster Contract Termination Policy, the Contract Advisor should explain when informing the postmaster of the termination of the contract:

- The reason(s) for the termination, including the factual circumstances and contractual basis;
- That the contract is being terminated in accordance with the contract and Post Office's termination policy, of which a copy can be made available on request; and
- That an investigation into the circumstances giving rise to the right to terminate has been carried out and that the information and records relating to the investigation have been/will be made available.

The right of challenge and actions required will be set out in the formal notification of termination. The postmaster will be given the option of submitting a challenge in writing setting out the grounds for challenge (i.e. a description of the reasons for believing that Post Office's grounds to terminate the agreement are non-compliant with the termination provisions set out in the agreement with Post Office). Any challenge should be submitted

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<sup>6</sup> The Postmaster Contract Termination policy can be found on the hub, [here](#).

within fourteen days of the date of termination notice and be addressed to the Contract Advisor who issued the termination letter.

On receipt of a written request a review will be undertaken by the Contract Investigation & Resolution Manager to:

- Check the grounds for challenge and why it is believed that Post Office is not entitled to terminate the contract; and
- Ensure the case papers received from the Contract Advisor are complete and, if not, to return any incomplete files to the Contract Advisor for the Contract Advisor to complete or explain why the papers/documents are missing;

The case will then be allocated to the Review Panel within two working days.

If a challenge is not received within fourteen days of the termination notice being issued the agreement will terminate in accordance with the termination notice.

### 3.2. Decision review investigation

It is the role of the Review Panel is to ascertain whether the decision to terminate was taken in compliance with the relevant contract and requirements set out in section 3.1

Any investigation must be a fair and unbiased method of investigating the issues raised in the challenge. The process of investigation allows the Review Panel to establish facts relating to the issues raised and gives the postmaster the opportunity to identify and answer any points or queries raised by the Review Panel. The Review Panel may have to undertake further enquiries as a result of new and/or additional information provided as part of the decision review process.

In the investigation process, the Review Panel may seek further information from the postmaster through written correspondence, telephone conversation(s) or face to face meetings. The Review Panel must ensure that complete records are kept of all material information and communications related to the investigation. Such records will be retained in accordance with Post Office's document retention policy.

Details of the investigation and the relevant supporting records and information will be shared with the postmaster unless the material is subject to a restriction on disclosure such as:

- legal privilege;
- data protection law; and
- material relating to a criminal investigation.

### 3.3. Decision

It is up to the Review Panel to establish whether Post Office had the right to terminate the contract, whether the decision to do so was taken consistently with the obligation of good faith, and whether the decision was taken in compliance with the termination provisions set out in the relevant agreement with Post Office.

Following completion of the review, the options open to the Review Panel are as follows:

- uphold the decision to terminate the postmaster contract; or
- uphold the decision to terminate the postmaster contract but if the decision was to terminate immediately change the decision to terminate on notice and confirm the notice period (as defined in 4.12 of the Postmaster Contract Termination Policy); or
- overturn the decision to terminate the postmaster contract, end the suspension period (if suspended) and reinstate the postmaster contract subject to conditions (if applicable).

The Review Panel must complete the Termination Decision Review Rationale Document to capture the details of the investigation undertaken and the rationale behind the final decision.

The Termination Decision Review Rationale Document will also set out any learning points or improvement opportunities identified by the Review Panel during their investigation. These findings will be shared with, and acted on by, the Franchise Partnering Director.

### 3.4. Informing a postmaster of the decision

The postmaster will be informed of the outcome by the Review Panel as soon as practicable after the decision is made. The decision, and the rationale for the decision, will be set out in a decision letter, which will be sent to the postmaster.

When informing the postmaster of the outcome of the review the Review Panel should outline the following to the postmaster (subject to any restrictions on disclosure as set out in Section 3.2):

- That the decision is to:
  - uphold the decision to terminate the contract; or
  - uphold the decision to terminate the postmaster contract but if the decision was to terminate immediately change the decision to terminate on notice and confirm the notice period (as defined in 4.12 of the Postmaster Contract Termination Policy); or
  - overturn the decision to terminate the postmaster contract, end the suspension period (if suspended) and reinstate the postmaster contract subject to conditions (if applicable).
- Outline the reason(s) for the decision taken;
- That the information and records relating to the investigation have been/will be made available to the postmaster
- Any other relevant information that should be shared with the postmaster.

### 3.5. Decision review conclusion

On conclusion of the decision review process the Review Panel will arrange for the Contracts Team to complete the following:



- arrange for all stakeholders to be made aware that the decision to terminate the contract has been upheld; or
- arrange for all stakeholders to be made aware that the decision to terminate the contract has been amended to terminate the contract by notice. The Contract Advisor to take all necessary steps to implement the termination by notice.
- arrange the reinstatement of the postmaster contract subject to any conditions (where applicable) set by the Review Panel; or

The Review Panel will update the Case Summary document (to include all relevant information, correspondence and rationale(s)). The Review Panel will then return the Case Summary to the Contracts Team, copying the Contract Investigation & Resolution Manager and the Franchise Partnering Director.

It will be the responsibility of the Review Panel to outline any lessons learnt from their investigation to the Franchise Partnering Director to ensure any issues identified in the review are addressed and to ensure that the principles as set out in the Postmaster Contractual Performance, Postmaster Suspension and Postmaster Termination policies are upheld.

### 3.6. Payment during the decision review process

Payment under the contract continues during any period of suspension.

## 4. Where to go for help

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### 4.1. Additional Policies

This Policy is one of a set of policies. The full set of policies can be found on the SharePoint Hub under [Postmaster Support Policies](#).

### 4.2. How to raise a concern

Any postmaster (whether a limited company, partnership, limited liability partnership or an individual), any postmaster's staff or any Post Office Employee who suspects that there is a breach of this Policy should report this without any undue delay.

If a postmaster or any postmaster's staff are unable to raise the matter with the area manager of the relevant branch or if a Post Office Employee is unable to speak to her or his line manager, any person can bring it to Post Office's attention independently and can use the Whistleblowing channels for this purpose. Any person can raise concerns anonymously, although disclosing as much information as possible helps ensure Post Office can conduct a thorough investigation.

For more details about how and where to raise concerns, please refer to the current Whistleblowing Policy which can be found on The Hub under Post Office Key Policies, [accessed here](#).

### 4.3. Who to contact for more information

If you need further information about this policy or wish to report an issue in relation to this policy, please contact Andrew Kingham, Franchise Partnering Director at [andrew.kingham@postoffice.co.uk](mailto:andrew.kingham@postoffice.co.uk)

**GRO**



## 5. Governance

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### 5.1. Governance Responsibilities

The Policy sponsor, responsible for overseeing this Policy is the Retail and Franchise Network Director of Post Office.

The Policy owner is the Franchise Partnering Director who is responsible for ensuring that the Contract Investigation & Resolution Manager conducts an annual review of this Policy and tests compliance across the Post Office. Additionally, the Franchise Partnering Director and the Contract Investigation & Resolution Manager and their team are responsible for providing appropriate and timely reporting to the Risk and Compliance Committee.

The Audit and Risk Committee are responsible for approving the Policy and overseeing compliance.

The Board is responsible for setting the Post Office's risk appetite.

## 6. Control

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### 6.1. Policy Version

Date	Version	Updated by	Change Details
22 <sup>nd</sup> July 2020	1.1	Glenn Chester, Contract Advisor	Draft Version
28 <sup>th</sup> September 2020	1.2	David Southall, Contract Investigation & Resolution Manager	Revised draft version for submission
3 <sup>rd</sup> February 2021	1.3	David Southall, Contract Investigation & Resolution Manager	Final draft update ahead of legal service review.
26 <sup>th</sup> February 2021	1.4	David Southall, Contract Investigation & Resolution Manager	Updated draft following legal services input.
8 <sup>th</sup> March 2021	1.5	David Southall, Contract Investigation & Resolution Manager	Name change to Postmaster Termination Decision Review policy and appetite statements updated.
9 <sup>th</sup> March 2021	1.5.1 & 1.5.2	David Southall, Contract Investigation & Resolution Manager	Updated following operational review
17 <sup>th</sup> March 2021	1.6	David Southall, Contract Investigation & Resolution Manager	Updated following RCC feedback
30 <sup>th</sup> March 2021	2.0	David Southall, Contract Investigation & Resolution Manager	Final approved by ARC
29 <sup>th</sup> April 2021	2.1	David Southall, Contract Investigation & Resolution Manager	Updated risk appetite statements Alignment with other postmaster support policies
4 <sup>th</sup> May 2021	2.2	Jo Milton	Risk appetite amendment
25 <sup>th</sup> May 2021	2.3	Jo Milton	Added linked policy statement to front page  Added reference to the Group Investigations Policy to section 2.3 Who Must Comply?  Updated link to section 4.1  Added footnotes to link to other policies referred to in this policy.

			Changed reference to section numbers in other policies where these had changed.
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## 6.2. Policy Approval & Review

**Oversight Committee:** Risk and Compliance Committee and Audit and Risk Committee

Committee	Date Approved
POL R&CC	16 <sup>th</sup> March 2021
POL ARC	30 <sup>th</sup> March 2021

**Policy Sponsor:** Retail and Franchise Network Director  
**Policy Owner:** Franchise Partnering Director  
**Policy Author:** Contract Investigation & Resolution Manager  
**Next review:** 31 MAR 2022

### Company Details

Post Office Limited and Post Office Management Services Limited are registered in England and Wales. Registered numbers 2154540 and 08459718 respectively. Registered Office: Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Post Office Management Services Limited is authorised and regulated by the Financial Conduct Authority (FCA), FRN 630318. Its Information Commissioners Office registration number is ZA090585.

Post Office Limited is authorised and regulated by Her Majesty's Revenue and Customs (HMRC), REF 12137104. Its Information Commissioners Office registration number is Z4866081.