



POSTMASTER SUPPORT POLICIES

Postmaster Contract Termination Policy

Version – V3.0

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 3.2 of this policy and can be found [on the hub, here](#).



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1. Definitions

1.1. Definitions

1. **Contract Termination Decision Review Group** - A group consisting of the Head of Contract Management & Deployment, a representative of legal services and a Regional Manager whose role it is to review and authorise termination decisions in line with the procedures set out in this policy
2. **Investigation** – An investigation into the matter that may give rise to Post Office exercising its termination rights undertaken by the Contract Advisor.
3. **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 assistants of such postmasters.
4. **Repudiatory Breach** – A breach of the postmaster's contract/agreement that is so serious and fundamental that the contract cannot continue.
5. **Termination Rationale** (see appendix 8.2) – A rationale completed by the Contract Advisor which captures the facts and findings of the investigation into the matter and sets out the rationale outlining the recommendation for review by the Contract Termination Decision Review Group.

2. Overview

2.1. 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 network¹. Risk in the network is an agenda item for the Risk Committee and the Post Office² board is updated as required.

This policy is a non-contractual document provided for information. It does not form part of a contract between postmasters³ and Post Office.

This policy forms part of a suite of policies designed to deal with the management of postmaster contracts and for those teams deploying any aspect of this policy it should be read together with the Postmaster Contract Performance and Postmaster Contract Suspension policies. These policies can be found [on the hub, here](#).

2.2. 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 there may be occasions where it is necessary to terminate the contractual relationship with a postmaster. The purpose of this policy is to identify the circumstances in which termination should be considered and the criteria which must be met before a decision to terminate is made. It will also outline the procedures to be followed in the case of termination. Wherever possible Post Office will seek alternatives to termination as outlined later in this policy.

This policy covers termination by Post Office; it does not cover termination or resignation by the postmaster.

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.

2.3. Core Principles

Under agreements between postmasters and Post Office, postmasters provide products and services to customers on behalf of Post Office and in doing so are asked to meet contractual obligations as set out in the agreements.

¹ In this policy, “network” means branches not directly managed by Post Office.

² In this policy, “Post Office” means Post Office Limited.

³ 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 (as applicable).

On occasion these obligations may not be met by a postmaster and, in certain circumstances, Post Office may need to terminate its agreement with a postmaster. Termination is a serious step and it is therefore vital that the termination process is as clear as reasonably possible so misunderstandings between postmasters and Post Office can be avoided.

This policy, and its linked policies, sets out clear and consistent guidelines to ensure that:

- an investigation is carried out to establish the applicable facts before Post Office exercises any termination rights, to provide the postmaster with the opportunity to identify and address any issues of concern and to determine whether Post Office has the right to terminate;
- consideration is given to the postmaster's particular circumstances before deciding, acting in good faith, that Post Office should terminate the contract;
- termination only happens when it is necessary and alternatives have been considered; and
- termination only happens where Post Office has reasonable and proper cause and Post Office itself is not in material breach of duty in respect of matters that give Post Office the right to terminate.

Post Office will handle these situations in good faith and apply the principles of fairness, transparency, and professionalism (being the underpinning behaviours of Post Office).

2.4. Application

This policy is applicable to all postmaster contracts⁴ in the network.

2.5. The Risk

In taking any decision to terminate a postmaster Post Office needs to:

- ensure that any decisions taken in respect of a postmaster contract are not exercised arbitrarily, capriciously or unreasonably;
- exercise any contractual power (including the right to terminate) 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.

The decision to terminate a postmaster's agreement creates risk to Post Office and postmasters both through how the decision is reached and by not terminating when it is appropriate to do so. These risks include (but are not limited to):

- Post Office is not able to terminate the agreement without reasonable and proper cause. If Post Office itself is in material breach of duty in respect of matters which Post Office considers give it the right to terminate, i.e. if Post Office has not complied with its own material obligations, relating to the matters that Post Office

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

considers give it the right to terminate, Post Office is not able to terminate the agreement. If a termination decision is taken without reasonable and proper cause it could:

- cause distress and financial detriment to the postmaster;
- Post Office may be perceived as not acting in good faith; and
- lead to a possible legal challenge from the terminated postmaster;
- a reduction in confidence across the postmaster network in how Post Office manages the contractual relationship with postmasters;
- stakeholders having reduced confidence in Post Office's ability to effectively manage postmaster contracts and deal with compliance issues; and
- Post Office may suffer financial and reputational damage.

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

3. Risk Appetite

3.1. 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](#).

3.2. Policy Framework

This Policy is part of a framework 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 (this policy)

- Postmaster Termination Decision Review

3.3. Who must comply?

Compliance with this policy is mandatory for all Post Office employees⁵ who manage postmaster contracts on behalf of Post Office.

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.

3.4. Roles & Responsibilities

- **Franchise Partnering Director** – is the policy owner, who must comply with the governance responsibilities set out at section 6.1.
- **Head of Contract Management & Deployment** – 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**.

The **Contract Advisor** must:

- apply the Post Office's underpinning behaviours of fairness, transparency and professionalism;
- be fully conversant with this policy and linked policies;
- gather as much preliminary information as possible relating to the issue which has caused termination to be considered, liaising as appropriate with the postmaster and other Post Office teams;
- complete the Termination Rationale Document before terminating a postmaster's contract;
- consult with the Head of Contract Management & Deployment before terminating a postmaster's contract;
- consider the options available as an alternative to termination;
- ensure any decision is made in line with all other linked Post Office policies;
- ensure this termination policy is adhered to and the postmaster treated with fairness, transparency and professionalism throughout the termination procedure and any previous procedures (such as suspension);

⁵ In this policy, "employee" means permanent staff, temporary staff 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 the 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.
- **Contract Termination Decision Review Group** – A group consisting of the Head of Contract Management & Deployment, a representative of legal services and a Regional Manager whose role it is to review and authorise termination decisions in line with the procedures set out in this policy.
- **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 Contract Advisor in reaching a decision; and
- be flexible and available for meetings with the Contract Advisor if one is required.

In relation to this policy, the postmaster may:

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

3.5. 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 3.1). 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.

Risk Area	Description of Risk	Minimum Control Standards	Who is responsible	When
Reaching a decision to terminate	<p>Post Office is not able to terminate the agreement without reasonable and proper cause. If Post Office itself has not complied with its material obligations, relating to the matters that Post Office considers give it the right to terminate, Post Office is not able to terminate the agreement and if the decision is made incorrectly it could lead to:</p> <ul style="list-style-type: none"> unnecessary distress and financial detriment to the postmaster; Post Office may be perceived as not acting in good faith; and 	<ul style="list-style-type: none"> A Termination Rationale Document will be completed to support any termination decision setting out the factors to support the termination. All decisions will be signed off by the Contract Termination Decision Review Group. Quality checks and training covering the contract termination process will take place with the Contracts Team to ensure that the correct process is followed. The Franchise Partnering Director will review decisions to ensure consistency of decision making. 	<p>Head of Contract Management & Deployment</p> <p>Head of Contract Management & Deployment</p> <p>Franchise Partnering Director</p>	<p>As required</p> <p>Quarterly</p> <p>Quarterly</p>

	<ul style="list-style-type: none"> possible legal challenge from the terminated postmaster. 			
Loss of confidence and possible financial & reputational damage	<p>If Post Office are not making the correct decisions by either:</p> <ul style="list-style-type: none"> terminating when it does not have proper grounds to do so; or not terminating when it should, <p>it may lead to a loss of confidence both across the network and with Post Office's stakeholders in how Post Office manages the contractual relationship with its postmasters. In addition, incorrect decisions may lead to financial loss and reputational damage.</p>	<ul style="list-style-type: none"> All decisions to terminate shall undergo a sign off process with review by the Contract Termination Decision Review Group. The Franchise Partnering Director will review decisions to ensure consistency of decision making. A postmaster has the right to request that any decision to terminate their contract is reviewed. As set out in the Postmaster Termination Decision Review Policy⁶ this review will be undertaken by a panel consisting of independent external members. The Postmaster Contract Performance policy sets out the required steps as to how potential contractual issues across the network should be dealt with, providing a solid framework to ensure that the contractual relationship with postmasters is managed consistently. The relevant stakeholders are provided with training on the Postmaster Contract Performance policy annually. 	<p>Head of Contract Management & Deployment</p> <p>Franchise Partnering Director</p> <p>Head of Contract Management & Deployment</p> <p>Head of Contract Management & Deployment</p>	<p>As required</p> <p>Quarterly</p> <p>As required</p> <p>Annually</p>

⁶ The Postmaster Termination Decision Review Policy (Postmaster Support Policy) can be found in the Postmaster Support Policies on The Hub
<https://poluk.sharepoint.com/sites/thehub/SitePages/Postmaster-Policies.aspx>

Policy non-adherence	<p>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>	<p>All members of the Contracts Team, the wider Franchise Partnering Team and any teams who may be involved in the decisions being taken will be provided with training on this Policy.</p> <p>The Head of Contract Management & Deployment is accountable for ensuring that they and their team adhere to the Policy, as it applies to their area.</p> <p>The Policy should be reviewed, and if necessary updated.</p>	<p>Head of Contract Management & Deployment</p>	<p>Once approved and annually thereafter (or sooner in the event of material changes to the Policy)</p> <p>Daily</p>
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4. Procedure

4.1. Termination rights

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

- immediately, without notice (see 4.5); or
- by giving the postmaster a period of notice (see 4.8).

The contract may also be terminated by mutual agreement between Post Office and the postmaster. This is not covered by this policy.

4.2. Investigation

Post Office will carry out an investigation before exercising any termination rights.

Any investigation will be a fair and unbiased method of investigating issues identified. The process of investigation allows Post Office to establish facts and gives the postmaster the opportunity to identify and answer any issues of concern.

In the investigation process, the Contract Advisor may seek further information from the postmaster through written correspondence, telephone conversation(s) or face to face meetings.

Post Office will ensure that complete records are kept of all investigations and that any decisions taken in relation to an investigation are documented in rationale documents. 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.

The Contract Advisor should make an assessment of whether any restrictions on disclosure apply in advance of sharing material with the postmaster and seek advice from Post Office's Data Protection and Information Rights Team if required.

The Contract Advisor will inform the postmaster of the grounds on which it is being investigated and its rights to access information and records relating to the investigation.

A process map detailing the contract termination process can be found in appendix 8.3.

4.3. Termination Rationale

Whenever termination of a postmaster's contract is considered, the Termination Rationale Document must be completed by the Contract Advisor. This captures the background of the case, investigation undertaken and rationale behind the decision to be taken. The document will be used by the Contract Termination Decision Review Group as a basis for establishing:

- whether Post Office has the right to terminate the contract; and
- if so, whether Post Office considers, acting in good faith, that it should terminate the contract or not.

Post Office must not terminate the contract unless it has the legal right to do so and cannot terminate when Post Office is itself in material breach of duty in respect of matters which the Post Office considers give it the right to terminate.

4.4. Alternatives to termination

Termination will only happen when it is necessary, and the alternatives have been considered.

Alternative options to termination may include:

- (*If the postmaster's contract has been suspended*) Reinstatement with or without continued monitoring – continued monitoring of the issues identified over a defined period of time, with any further or escalating issues being flagged to the Contract Advisor to reconsider suspension and/or termination.
- Other contractual performance measures contained in the contract performance policy.

Alternatives to termination should be documented in the same way as a decision to terminate a postmaster's contract and Post Office should ensure that records of these decisions are also kept, in accordance with Post Office's document retention policy⁷.

4.5. Immediate termination (without notice)

Post Office may only terminate a contract immediately without notice where:

- There is an immediate termination right in the contract for a specific event (see 4.7); or
- There is a repudiatory breach of the contract by the postmaster (see 4.6).

Post Office must check the postmaster's contract and ascertain all the relevant facts before taking any action to terminate immediately.

⁷ The Document Retention and Disposal Policy (Group Policy) can be found in the Group Key Policies on The Hub <https://poluk.sharepoint.com/sites/thehub/Policies/Forms/AllItems.aspx?id=%2Fsites%2Fthehub%2FPolicies%2FDocument%20Retention%20and%20Disposal%20Policy%20v1%2E3%2Epdf&parent=%2Fsites%2Fthehub%2FPolicies>

Any decision by the Post Office to terminate a contract immediately without notice must be given in writing (see 4.13).

4.6. Repudiatory breach

A repudiatory breach is one that is so serious and fundamental to the contract that it cannot continue. Generally, these breaches are not capable of being remedied.

Examples of a repudiatory breach may include:

- Where the postmaster is bankrupt or insolvent;
- Where the postmaster is no longer operating the basic business;
- Where the postmaster has been charged on with a criminal offence (other than a road traffic offence not involving imprisonment);
- Where the postmaster has admitted theft of Post Office funds;
- Where discrepancies of a significant value have been caused by the negligence, carelessness or error of the postmaster, resulting in a loss to Post Office, and which have been fully investigated by Post Office;
- Sustained non-compliance by the postmaster following the issuing of written directions by Post Office (refer to the Postmaster Contractual Performance Policy⁸ in relation to written directions);
- Any action by the postmaster that demonstrates they no longer intend to be bound by the contract including loss of a valid property interest.

Some or all of these may also give rise to express termination rights (see 4.7) in the contract.

4.7. Other immediate termination rights

Locals and Mains contracts contain express rights for Post Office to terminate immediately on the occurrence of particular events. Some examples of these rights are detailed in Appendix 1. This is not an exhaustive list.

Post Office must check the express rights set out in the postmaster's contract as these may differ from the ones listed in Appendix 1, before taking any action to terminate the contract.

4.8. Termination on notice

Post Office must check the postmaster's contract before taking any action to terminate on notice, to ascertain that the contract contains a right to terminate on notice.

⁸ The Postmaster Contract Performance Policy (Postmaster Support Policy) can be found in the Postmaster Support Policies on The Hub <https://poluk.sharepoint.com/sites/thehub/SitePages/Postmaster-Policies.aspx>

4.9. Post Office may only terminate the postmaster's **contract** on notice where:

- It has knowledge of and has considered the applicable facts, so as not to act arbitrarily, irrationally and capriciously (see 4.9);
- It has reasonable and proper cause to terminate (see 4.10);
- It is not itself in material breach in respect of the matters giving rise to the right to terminate (see 4.11); and
- It has considered what the appropriate duration of the notice period should be in the individual circumstances (see 4.12).

Notice of termination must be given in writing (see 4.13).

4.10. Consideration of all the applicable facts

Post Office must obtain and consider all of the applicable facts before making any decision to terminate. This will include following the investigation process correctly (see 4.2) and completing the Termination Rationale Document (see 4.3).

Post Office must not make a decision arbitrarily, irrationally or capriciously, and therefore must carefully follow all of the steps set out in this policy.

4.11. Reasonable and proper cause

Depending on the termination on notice wording in the contract, examples of reasonable and proper cause might include:

- breach or breaches by the postmaster of its duties which do not amount to a repudiatory breach;
- Post Office considers that the relationship with the postmaster is no longer working;
- where Post Office no longer requires the branch to be operational for commercial reasons; or
- where Post Office wishes to remodel or restructure the branch and the postmaster does not wish to run a remodelled or restructured branch.

Determining whether Post Office has reasonable and proper cause to terminate will be done following the investigation and documented in the Termination Rational Document (see 4.2 and 4.3).

4.12. No material breach by Post Office

Post Office will need to consider whether it has complied with its own contractual duties in relation to matters relevant to the reason for termination. This should be done at the termination rationale stage (see 4.3). If Post Office has materially failed to comply with its own contractual duties in relation to the matters relevant to the reason for termination, it

is not entitled to terminate on notice. A minor or trivial breach of Post Office's obligations would not be deemed as a material breach for these purposes.

The Contract Advisor must inform themselves of the surrounding circumstances and wider events within the Post Office business as far as possible in order to minimise the risk of terminating a postmaster where Post Office is itself in material breach.

Relevant matters will depend on the reason for termination but might include:

- whether Post Office has complied with its duty to provide adequate training and support to the postmaster;
- whether Post Office has complied with its duty to investigate shortfalls; and/or checking if there were any known issues with Horizon (in the case of shortfalls).

4.13. Notice period

Where Post Office decides to terminate a postmaster's contract on notice, it will need to consider what period of notice is appropriate to give the postmaster.

The upper limit (the maximum notice Post Office will be expected to give to a postmaster) for notice periods is typically 12 months.

The lower limit (the minimum notice Post Office will need to give a postmaster) varies by contract type. Typically these minimum notice periods are as follows, but Post Office must check the relevant clause in the postmaster's contract before proceeding as some termination rights may be subject to different minimum notice periods:

- Mains contract: 12 months;
- Locals contract: 6 months;
- Subpostmaster (SPSO) / Modified Subpostmaster / Community Subpostmaster contract: 3 months;
- Other contract types: minimum notice period specified in the contract.

It is important to remember that these are minimum notice periods, and that an assessment needs to be undertaken to determine the appropriate notice period in each case.

- The factors that Post Office will take into account when considering what notice period to give postmasters include:
- The length of service of the postmaster;
- The level of investment made by the postmaster in purchasing the Post Office branch;

- Whether the postmaster lives in residential accommodation that is part of the business premises;
- The reasons why Post Office want to bring the contract to an end.

Post Office will not take into account irrelevant factors when determining the notice period, such as:

- Whether the postmaster has made any complaint to Post Office about any matter; or
- Whether the postmaster is making a claim against Post Office.

Post Office and the postmaster may mutually agree a shorter notice period than stated in the contract. This will need to be formally documented in writing.

Post Office will also be bound by any minimum term in the postmaster's contract. Post Office will not be able to terminate before this minimum term has come to an end, except as permitted in the contract or if there was a repudiatory breach. Post Office will not generally offer payment in lieu of notice (PILON) to a postmaster unless this is requested by the postmaster, in which case, Post Office will consider the request.

4.14. Informing a postmaster of termination

The postmaster will be informed by the Contract Advisor as soon as practicable after the decision is made to terminate their contract. The Contract Advisor will make every effort to inform the postmaster in a clear and professional manner. The decision, and the rationale for the decision, will be put into a termination letter, which will be sent to the postmaster.

When informing the postmaster of the termination of their contract, the Contract Advisor should outline the following to the postmaster (subject to any restrictions on disclosure (see 4.2 above)):

- The reason(s) for the termination, including the factual circumstances and contractual basis;
- That their contract is being terminated in accordance with their contract and Post Office's termination policy, a copy of which can be made available to the postmaster on request;
- 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 to the postmaster;
- Whether the termination is immediate or with notice;
- If the termination is with notice, how much notice is being given; and
- Any other relevant information and practicalities that should be shared with the postmaster.

4.15. Decision review

Post Office recognises that if a decision is taken to terminate a contract, the postmaster may not agree with the decision taken. In these circumstances a postmaster may challenge this decision in which case a panel, consisting of independent members, will review the decision.

The Postmaster Termination Decision Review policy sets out the procedures to be followed should a postmaster wish to challenge the decision to terminate the agreement and clarifies who will be involved in the process.

5. Where to go for help

5.1. 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](#).

5.2. 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](#).

5.3. 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  GRO

6. Governance

6.1. 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 Head of Contract Management & Deployment conducts an annual review of this Policy and tests compliance across the Post Office. Additionally, the Franchise Partnering Director and the Head of Contract Management & Deployment 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.

7. Control

7.1. Policy Version

Date	Version	Updated by	Change Details
2 nd March 2020	1.1	Tim Perkins	Draft Version
6 th March 2020	1.3	Tim Perkins	Legal Review
17 th March 2020	1.4	Tim Perkins	For working group review
9 th April 2020	1.5	Tim Perkins	Final Draft with working group revision
14 th May 2020	1.6	Tim Perkins	Final draft following further legal review
6 th April 2021	2.0	David Southall, Head of Contract Management & Deployment	Annual review – initial draft changes
14 th April 2021	2.1	David Southall, Head of Contract Management & Deployment	Initial legal review
26 th April 2021	2.2	David Southall, Head of Contract Management & Deployment	Second legal review Addition of process map Alignment with other postmaster support policies
4 th May 2021	2.3	Jo Milton	Risk appetite amendment
23 rd May 2021	3.0	David Southall Head of Contract Management & Deployment	Updated following ARC feedback including: Updated to V3.0 Addition of definitions Addition of Contract Performance Rationale Added linked policy statement to front page Added reference to the Group Investigations Policy to section 3.3 Who Must Comply? Updated link to section 5.1

			Added footnotes to link to other policies referred to in this policy.
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7.2. Policy Approval & Review

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

Committee	Date Approved
POL R&CC	4 th May 2021
POL ARC	18 th May 2021

Policy Sponsor: Retail and Franchise Network Director

Policy Owner: Franchise Partnering Director

Policy Author: Head of Contract Management & Deployment

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.

8. Appendices

8.1. Examples of immediate termination rights

Examples of immediate termination rights in Locals and Mains contracts

This is illustrative only. Post Office must check the postmaster's contract (as interpreted following *Bates & Others vs Post Office [2019] EWHC 606*) which may differ.

Part / Clause ref	Description
Part 2, Clause 16.2.2	A repudiatory failure to provide Products or Services to the required standards
Part 2, Clause 16.2.3	Ceasing to operate the Basic Business
Part 2, Clause 16.2.4	Provision of false or misleading information or omission of any material fact prior to entering the Agreement
Part 2, Clauses 16.2.5 – 16.2.9	Insolvency events
Part 2, Clause 16.2.10	Failure to acquire or enter into a Valid Property Interest prior to taking up occupation of the Branch Premises
Part 2, Clause 16.2.11	Changes to the use of the Branch Premises in contravention of the terms of the Valid Property Interest
Part 2, Clause 16.2.12	Breach of the terms of the Valid Property Interest and/or breach of tenancy, lease or freehold interest which could result in that interest being terminated or the postmaster being unable to comply with its contractual obligations
Part 2, Clause 16.2.13	Criminal charges (other than a road traffic offence not involving imprisonment)
Part 2, Clause 16.2.14	A repudiatory challenge of Post Office's intellectual property rights
Part 2, Clause 16.2.15	A repudiatory failure to properly account for any money due to, or stock of, Post Office or its clients
Part 2, Clause 16.2.16	A repudiatory failure to pay any sum due to Post Office under the Agreement by the due date

Part / Clause ref	Description
Part 2, Clause 16.2.17	A repudiatory failure to inform Post Office of certain FSMA regulatory matters under clause 3.6.7 of Part 2 of the contract
Part 2, Clause 16.2.18	Unacceptable change or proposed change in the Operator's regulatory status under FSMA that repudiates the contract
Part 1, Clause 1.8/1.9	Changes to the nature of the Basic Business which Post Office reasonably regard as bringing Post Office, the Branch or its business into disrepute

8.2. Termination Rationale Document

Termination Rationale Document

BRANCH DETAILS	
Branch Name	
Branch Code	
Contract Type and Code (i.e. Local NT1)	
Postmaster Name	
Legal entity the contract is with (if different from above)	
Is the Postmaster an absentee (i.e. managing from a distance)?	YES/NO* *delete as applicable
If so, please explain the situation with the Postmaster's involvement.	
If an audit occurred, name the person in charge present at the audit	
Appointment date according to current contact	
Original appointment date (if not same as above)	
Is the contract with a Limited Company?	YES/NO* *delete as applicable
If so, please list the names of the Directors:	
Is the contract guaranteed by a third party?	YES/NO* *delete as applicable
Guarantor Details:	
Date Contract Signed	
Date Contract Countersigned	
Remuneration/fees for last twelve months (or since opening if less than twelve months – please note)	
Associated Retail	
What is the date of the last trading period for this branch?	

Is there an outstanding discrepancy at this branch? (state amount and age)	
Is this part of a group of branches owned by the same Postmaster?	YES/NO* *delete as applicable
If so, please advise the other branches operated	
And advise the audit results at other branches	

BACKGROUND TO CASE	
Date of precautionary suspension (if different to date of audit please explain why)	
Background to case Details of what is alleged to have happened – reasons that were the cause of the suspension decision. Include details from Audit report (discrepancy, any comments etc.)	

CASE INVESTIGATIONS	
Investigation Details Details of investigations undertaken (apart from meetings with the Postmaster, consider all areas where investigations have been undertaken and details of information obtained)	
Application Details: e.g. financial assessment	

Training: Detail what training was delivered and who received the training at appointment and details any additional training POL has provided (including a check on the Branch Contact File)	
Registered Assistants:	
Branch Support Call Logs:	
Horizon Data Review: To include: cash declarations made prior to the audit, trading statement details and any other pertinent information.	
Summary of findings from the Tier 3 report (if applicable):	
Postmaster Accounting Support Team update:	
Postmaster's History: i.e. service length and record, any previous written directions or warnings and how POL followed up on any warning and direction and provided necessary support and training during/afterwards	
Notes from contact with Postmaster, through the course of the investigation:	
Are there any other relevant areas of investigation, not already recorded above?	

CASE DECISION MAKING	
<u>Criteria for Consideration</u>	
a) What is the impact on the Postmaster, were we to terminate, and how has this impacted the decision you have made?	
b) What is the direct involvement or responsibility of the Postmaster in the actions that led to the breach and can this be mitigated? For instance, is the Postmaster posing the risk or have they been unaware of events caused by assistants?	
c) Risk to POL funds	
d) Risk to POL brand or reputation of the Postmaster continuing to operate the Branch	
e) What is the impact of the decision on customers and suppliers?	
f) Has someone suffered loss or damage as a result of the breach? This could be the Postmaster, Customer, POL themselves or suppliers. Please detail who and how.	
g) Please note any relevant information provided by the Postmaster as part of an informal discussion/ telephone conversation/ written explanation. (It is for the Contract Advisor to exert their judgement in each individual case to ascertain whether the circumstances and reasons given are pertinent to the decision taken.)	
h) Postmaster's history i.e. service length and record, any previous written directions or warnings and how POL followed up on any warning and direction and provided necessary support and training during/afterward	

i) Were there any breaches by the Post Office?	
j) Was any legal advice obtained? (please do not enter the advice here)	YES/NO* <small>*delete as applicable</small>
k) Any other comments to support your decision	

Factors for or against in determining whether precautionary suspension is appropriate (this is not a numerical analysis and the importance of each item must be considered).

Factors supporting re-instatement	Factors supporting termination

Breaches of the Agreement / Contract

Detail information identified from the investigation against each breach of the Contract/manual identified as a result of the investigation (provide clause details and section and clause numbers). Reference to appropriate sections of the manuals that have been breached.

(Enter the contractual breach/es identified and provide a narrative against each breach.)

Write what the breaches are – what is the evidence - nothing new in this section –

Decision and Rationale
<p>Recommended Decision:</p> <p><i>Decision to be selected from the following options:</i></p> <ul style="list-style-type: none">- Re-instate- Re-instate with conditions (specify conditions)- Terminate immediately – (specify contractual basis (clause reference))- Terminate on notice (specify contractual basis (clause reference) and specify notice period
<p>Rationale to support recommended decision (only refer to the reasons which were relied upon to terminate)</p> <p>[i.e. why have you recommended this course of action and excluded the alternative options above, based on the balance of probabilities. Include your consideration of the Postmaster's interests in light of this decision]</p>

Contract Advisor Details
Name of Contract Advisor completing decision document:
Date completed:

Contract Termination Decision Review Group	
Review Group Members (Name and job title of reviewing managers):	
Reviewing Manager decision on case: <i>(if the decision is changed give reasons)</i>	
Business Improvements	
<i>Note: This section is to note any potential business improvements which have been raised through the investigation.</i>	

8.3. Process map

