

OFFICIAL-SENSITIVE: COMMERCIAL

Working

- **DVLA and Government Services**
 - Government not providing the best use of their asset
 - Government can't abdicate responsibility in relation to the PO by sitting back on this and allowing another Governmental department to reduce the viability of the PO network
 - DBT need to promote the Post Office more and that it is a Governmental policy decision to ensure the decline in PO services
- **Outreach Closures**
 - **Tim to lead**
 - **Subsidy**
- **POL / NFSP ways of working: Update following early July meeting**
 - PO have a strategy and need to validate that strategy and are using the Postmaster Non-Executive Directors, the Postmaster Director and the Regional Forums to do just this
 - There has to be the ability for the NFSP to constructively say no to PO, if what PO plan is not in good faith or is arbitrary, irrational or capricious.
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- **Postmaster Engagement: Reflection and Discussion**
 - **Inquiry**
 - **Metrics that PO used for their bonuses**
 - **Lack of meetings between myself & NR**

Details: 30th March 2023, 12:30-13:30, MS Teams

Attendees:

Minister Hollinrake (KH)

POL:

- Martin Roberts, Group Chief Retail Officer (MR)
- Tracy Marshall, Retail Engagement Director (TM)
- Jamie Park, Policy and Communications

NFSP:

- Calum Greenhow, CEO (CG)
- Ruth Buckley-Salmon, Public Affairs Manager
- Sue Edgar, Chair & NED Northeast
- Tim Boothman, NED Northwest (TB)

DBT policy officials:

- Beth White, Deputy Director
- Ed Baird, Policy Lead

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- Will Briant, Senior Policy Advisor

Cora Sweet, Private Secretary

ACTIONS:

- **POL and NFSP to discuss Restrictions Policy.**
- **POL to consider NFSP's suggestion to separate remuneration for Postmasters and Payzone operators in Accounts.**
- **POL and NFSP to discuss Terms of Reference for Drop & Collect branches at future meetings.**
- **DBT to schedule next working group meeting.**

MEETING STARTS

Purpose of the working group:

- KH keen to hear views about how best to use forum. MR said POL values the Minister's time in terms of talking about high level strategic topics, a structured agenda for these meetings would be helpful. CG welcomes this forum to work together to identify problems, be solutions-focused and ensure a viable network.
- MR noted that POL has stepped up engagement with NFSP over the past year. MR explained that the POL Board has just signed off the joint Grant Framework Agreement between POL and the NFSP which cements their relationship going forward. CG welcomed this and said the focus will be on ways of working, to ensure the relationship between POL and postmasters is as healthy as it can be. Appreciating that POL operates at arm's length from Government, CG views it as important that HMG gets involved too as there are dangers where HMG can be too hands-off with POL.
- KH said that POL senior management should be empowered to deliver their own solutions, but of course with issues where more systemic or political intervention is needed, very happy to be involved. Need to ensure everyone is on the same page and working towards sustainability for the company and individual postmasters.
- CG noted that since 2013, full time and full-service post offices had reduced in number to 9,500 and that postmaster remuneration had fallen 21%. KH said that the Access Criteria ensures branches remain accessible to the population, but we need to track changes in consumer behaviour and business costs as this impacts the sustainability of the network.

POL's commercial strategy

- MR said the final quarter of 2022 was a turning point due to the impacts of RM strikes, a lack of consumer confidence and falling footfall on the high street. POL is finalising their mails strategy, where the focus will be on facilitating diversification so that the company isn't so reliant on certain companies such as Royal Mail. POL is looking at all types of commercial opportunities here e.g. partnership with Evri and Western Union. POL is also focusing on banking services – the cash deposit limit issue is really hurting postmasters' income. MR noted that 43 Banking Hubs are being planned with UK Finance – but that this number should be larger.
- KH shared that he met with HMT Ministers earlier today to discuss the deposit limits issue. There will be another FCA roundtable with the banks on Friday, and it was agreed that if the outlier banks still haven't changed their policies, then this will be escalated.
- CG echoed MR in saying that deposit limits are making a real impact on postmasters. The NFSP supports the aim of the policy (to prevent money laundering), but individual postmasters aren't able to spot suspicious activity at across different branches.
- CG noted the NFSP's concern around RMG. CG suggested that post offices should be seen as parcel hubs for all carriers, to capitalise on changing consumer habits.

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KH welcomed this. CG noted that diversification of mails products should be rolled out to the entire network as quickly as possible. CG noted that the increasing volume of parcels means that postmasters require support to store parcels without compromising their retail counters.

Network/Drop and Collect

- TB noted NFSP members' concerns about difficult business conditions and noted that members perceive new D&C branches as a real threat to their income. The NFSP has seen evidence of D&C branches opening within 0.5 miles of an existing branch. CG noted that effective dialogue between NFSP and POL is needed to identify such issues – that is why NFSP would like a Terms of Reference on D&C use.
- TB raised concerns about restrictive policies placed on postmasters regarding what they can offer – they cannot compete with other retailers. **MR said this is a discussion that they could take away and discuss separately to this meeting.**
- TB said that it would be prudent to start looking at the future of the network before it is too late and the Post Office network's critical mass is lost. CG said that transformation programmes shouldn't take place without consultation with the NFSP.
- CG raised concerns that some Mains branches are being replaced by Drop & Collect branches. MR said that Drop & Collect branches were never intended to replace Mains branches, but that POL will continue to roll branches out to communities where a full-service branch is not viable, as it is better to be in the community with a D&C than not at all. MR noted that postmaster churn is at its lowest level for 5 years, but POL monitors this weekly.
- MR said that an exclusion radius for existing branches would need to work for all parties. TM said that now the POL/NFSP framework agreement has been agreed, it is right that a **Terms of Reference is discussed for Drop & Collect branches at future NFSP/POL meetings.**
- CG asked POL whether remuneration could be separated out to show figures for postmasters and Payzone operators in POL's accounts. **TM said POL would take this away.**

AOB – Hard to Place

- CG expressed concern about POL's strategy on hard to place postmasters. Specifically, the fact that the leavers' payment has been reduced from 26 months to 12 months. NFSP noted that it opposes this change and urges POL to reconsider to ensure these individuals can leave with the full compensation. Exit costs including mortgages, leases, staff and tax bills mean that they could end up with nothing.
- KH said his understanding is that the previous state of affairs left these postmasters with nothing because they weren't able to exit, and we don't want these branches to close without a replacement, so this is a compromise.
- MR agreed and said that 131 hard to place branches have been in a 'holding pattern' for over 10 years. POL is talking to these branches over the next day or so and outlining the options to exit the contract with 12 months' compensation. The Board took the decision to offer 12 months. It's a 6-month consultation: he thinks 1/3 will accept, 1/3 will decide to stay, and the final 1/3 will be relocated. MR recognises it's a commercial decision that won't be popular with everyone, but it will be handled sensitively – for example he has sought the counsel of the postmaster NEDs to get their views on how best to handle this. TM said POL notes the concerns from NFSP and won't state publicly that NFSP are supportive of this.

Next Steps:

- DBT to schedule next working group meetings.

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- NFSP conference on 15th May: CG offered an open invitation to DBT to attend.

MEETING ENDS

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