

FOR USE OF NATIONAL EXECUTIVE COUNCIL OFFICERS ONLY

NATIONAL FEDERATION OF SUBPOSTMASTERS

**REPORT OF A
MEETING OF THE
NATIONAL EXECUTIVE COUNCIL**

held on

10 to 12 October 2011

at

**STRATFORD VICTORIA HOTEL
STRATFORD UPON AVON**



PLEASE NOTE

Items that are totally confidential and not to be discussed outside of the Executive Council have been 'boxed' and shaded in pink (as is this note).

**Report of a Meeting of the
National Executive Council**
held on Monday-Wednesday, 10-12 October 2011
at Stratford Victoria Hotel,
Stratford upon Avon

Those present: Mrs Kym Ledger National President and Chairman
Mr Andrew Craddock
Mrs Bhavna Desai
Mr Andrew Gilhooly
Mr Paul Haines
Mr Stephen Harper
Mr Mervyn Jones
Mr Nilesh Joshi
Mr David Milner
Mr Jim Nott
Mr Keith Richards

In attendance: Mr George Thomson General Secretary
Ms Marilyn Stoddart Assistant General Secretary
Ms Kam Matharu EC Facilitator for South East Region

Debarred: Mr Mark Baker
Mr Nippy Singh

Apologies: Mr Ian Park EC Facilitator for South West Region

The National President welcomed everyone to the meeting.

1. REPORTS & RESOLUTIONS

- (a) The Minutes of the Executive Council meeting of 13-15 June 2011 were signed as a true record.
- (b) The Resolutions passed at the Executive Council meeting of 13-15 June 2011 were signed as a true record.
- (c) There were no matters arising.

DECISION

DECISION

2. MR BAKER & MR SINGH**(a) Employment Tribunal - Mr Baker & Mr Singh**

- Expulsion process finished for Mr Baker as he had resigned his membership of the Federation.
- Investigatory Committee meeting on 17 October to which Mr Singh had been invited to answer questions from the Committee. Committee comprised of National President, General Secretary and would be chaired by National Treasurer. The Committee would then provide a written report and recommendation to the Executive Council for consideration.
- An Executive Council meeting would be held on 1 November 2011 to consider the recommendations and reach a final decision.

ACTION

ACTION

(b) Consideration of Recommendation for Expulsion from the National Federation of Subpostmasters**(i) Mr Baker, and
(ii) Mr Singh**

- Thanks to Philip Bloor, Marilyn Stoddart and Secretariat for their hard work on these cases.
- Employment Tribunal claims now withdrawn by both Mr Baker and Mr Singh.
- Enormous resources expended as well as solicitors time.
- Federation had very strong case, therefore no case to answer but costs had been incurred due to the frivolous action of the two individuals.
- Mr Baker had taken the lead by dealing with correspondence on behalf of both claimants.
- Federation would be claiming costs against both claimants, however the chance of success was very limited.
- Difficult to identify an exact cost as it was all tied in with the claim to the Certification Officer, however an individual sum would be identified for the costs claim.
- Total costs for the solicitor and QC dealing with the Certification Officer, the South East region, the Employment Tribunal and the expulsion process were around £30-35,000.

(c) Certification Office - Singh v NFSP and Baker v NFSP

- Assumed for now the process would continue, though Mr Baker was no longer a member of the NFSP.
- Exchange of information due on 4 November.
- Papers circulated to all parties on 14 November.
- Witnesses to be called on behalf of Mr Singh and Mr Baker to be advised to the Certification office by 24 November.
- Hearing on 1 and 2 December.

- Federation witnesses would be the National President, the General Secretary, the National Treasurer and Stephen Harper, the previous National President.
- Also in attendance would be the Assistant General Secretary and the NFSP's solicitors (if necessary).
- Witness statements would have to be sworn by the Federation team.
- Not known yet if the South East Region had made a complaint to the Certification Officer.
- The South East Region would be reinstated over the next few weeks.
- Branches would be re-established (6). Branch meetings would be called, followed by a Regional meeting.

(d) **Mr Baker - Complaints Procedure**

- Correspondence circulated was part of the ongoing process. Nothing further to add.

(e) **Mr Baker & Mr Singh Debarment Notification to Post Office Limited**

- Clarification on the situation provided to POL as to the status of both individuals.
- A complaint had been made to the National President by POL in relation to the bad behaviour of Sandra Tizzard and Mark Baker at a Cash Centre meeting.

3. **SOUTH EAST REGION**

(a) **South East Region Workshop**

- Thanks recorded to the National President for her assistance in dealing with the situation in the South East Region.
- Series of meetings held in the South East were very successful. Around 240 subpostmasters had been addressed over the 5 meetings.
- Volunteers to attend a workshop on the future of the Region came forward. Around half the previous committee members wished to be involved and to distance themselves from Mr Singh.
- The Workshop had been a success. Region was restructured and created 6 new Interim Area Groupings:
 - Kent
 - East Sussex
 - West Sussex
 - Isle of Wight
 - Reading & Slough
 - Guildford & Hampshire
- The Interim Area Groupings would become the new branches when the Region was reinstated.

- A letter had been sent to all members of the South East Region.
- Mr Baker had resigned his membership of the NFSP, but Mr Singh had not, therefore an election for South West Executive Officer could proceed.
- The notification of the election of an Executive Officer for the South West Region would appear in the November edition of *The Subpostmaster*.

(b) **South East Region Financial Report**

- Requests made to Mr Singh for financial accounts for the South East Region had been ignored.
- Information continuously requested from previous Committee, and very difficult to get responses as they ignored all requests.
- Solicitors letter finally sent threatening an injunction and movement on their stance was achieved.
- Financial paperwork and accounts finally handed to NFSP solicitors by Mr Singh.
- Having spent time going through the items submitted, it became clear there were many questions to be answered in relation to large sums of money.
- A Branch Secretaries Circular will be sent informing them that a financial audit in the South East Region was taking place.
- South East Region had not implemented a rule change made at Annual Conference that Executive Officers could not hold a role within the Region.
- Series of questions sent to Mr Singh whose response had been along the lines of "if you don't know, ask Philip Bloor".
- At some point, but not at the current meeting, the Executive Council may consider if it were appropriate GRO
- GRO
- There followed a lengthy discussion on the subject and it became clear that the Executive Council were extremely concerned about the financial situation in the South East Region.

ACTION

4. **NFSP RULES**

- The NFSP Rules will need to be amended to reflect the proposed changes in the network and mutualisation of Post Office Limited going forward. A one day Conference would need to take place. This would consist of a half of the day to bring delegates up to date on the proposed changes and mutualisation and half a day to amend the NFSP Rules.
- The General Secretary and the Assistant General Secretary, Marilyn Stoddart, circulated suggested proposed changes to Rule II, Definition and Rule V Membership.

- After debate it was agreed that an additional sentence be proposed to be added to Rule II, Definitions. *"This includes all contract holders known as 'Operators', operating any Post Office model, and/or any other term/s that may be used to describe those providing Post Office services under contract to Post Office Limited or any associated, subsidiary or parent company."* This would cover proposed future changes in the terminology for various contracts that will be issued to operators of post offices.
- Suggested change to Rule V, Membership (a) to add *"to be considered"* after eligible.
- Suggested change to Rule V (c) insert *"consideration of"* after *"for and before"* approval".
- It may be necessary to amend the membership application form to include a declaration.
- Suggested change to Rule V (d), second sentence insert *"for various network models"* after rates and before will. Also at the end of same sentence add *"following recommendations from the Executive Council."*
- Suggested that Rule V k) be changed to:
 - "(k) (i) Membership of any union or membership association which, in the opinion of the Executive Council, is actively in conflict with objects (a)(i), (a)(ii) and (a)(iii) of the NFSP National Rules is incompatible with membership of the NFSP, or any elective position within the NFSP, and will lead to the automatic expulsion of that member and debarment from any elective position.*
 - (ii) Any member (full, associate or honorary) may be expelled from the NFSP who, in the opinion of the Executive Council, is not a fit and proper person for membership. Provided that following due investigation:-*
 - (a) Written notice of the proposal to expel the member (full, associate or honorary) shall be given to them at least 7 days before the meeting of the Executive Council at which it is to be considered, and they shall be given an opportunity to be heard before a decision is made thereon;*

(b) *They shall have the right to appeal their expulsion and for reinstatement of membership to the Annual Conference whose decision shall be final.*

- All suggested changes regarding Rule V(k) to be subject to checking against Trade Union Legislation. ACTION
- David Milner proposed *"that the revisions go to a Special Conference."* The proposal was carried, subject to the caveat above. DECISION
- David Milner proposed *"that an annual rate be set for Post Office Local operators contract holders at £96.60 per annum which can be taken by check-off at £8.06 a month."* The reason for this figure was that it was devisable by 12. Tracy Marshall, POL, has said that this can be paid via check-off. The proposal was carried and agreed it would be put to the Special Conference. DECISION/ACTION
- Need to have incentives to recruit Local operators. ie promote Tax and HMRC cover. Need to get POL on board and be able to offer services that operators can save money on by joining the NFSP. Post Office Limited should be requested to source and deliver services through the NFSP.
- The NFSP, through the Trading Company, could offer training on the retail side of the business. Could provide cover for Holiday and Sickness. Chubb charge £150 a year for PAT testing, whereas A1 could provide this for £25.00 through the NFSP.
- Could lose up to 3,000 members if the NFSP does not get representation rights for Local operators.
- Marilyn Stoddart requested that the suggested changes to the Rules be kept confidential and within the room. ACTION

5. FUTURE OF THE NETWORK

(a) Correspondence with Ed Davey

- Letter circulated was in response to NFSP letter thanking Ed Davey for spending so much time speaking to members at Annual Conference.
- The Minister understood the subject and was 'master of his brief'.
- General Secretary and Chair of the NC had held meetings with POL management who had been confident about winning Government contracts and were unsupportive of the NFSP running a campaign.

- Ed Davey was trying very hard to push the case for work to be awarded to POL and so far there were trials taking place and some small contracts won.
- NFSP had originally planned to send out a letter in October/November in relation to the DVLA explaining why it was important that work went to POL. It was to be followed by a postcard campaign in January/February in relation to the Passport and Home Office.
- The tender for the Passport Office would be about a year later than originally thought, so a campaign in January/February would be too early.
- Proposed that NFSP should send a letter to subpostmasters including the text of a letter to send to Francis Maude at the Cabinet Office imploring him that the Government must be joined up and must use POL for the right reasons.
- Suggested the NFSP wait until early November to launch a campaign with letter to Francis Maude and their MP.
- January/February launch postcard campaign for the DVLA.
- From POL being confident of winning the DVLA contract, they were now not so confident.
- The contract was worth potentially £60 million a year, and the DVLA would be closing 35 regional offices.
- Important that as many Conservative and Lib Dem MP's as possible were contacted as they were starting to drift into the belief that Post Offices had been successfully dealt with.
- Later on in the year another campaign targeting the Home Office in relation to the Universal Credit Benefit and that POCA should be replaced with a Post Office solution.
- NFSP should not apologise to members that it was not a done deal, but also concentrate on what has been achieved. With the IBA due to be signed in the next 3-4 weeks, the NFSP had already delivered on three of it's four aims.
- POL would run a commercial campaign, but the NFSP needs to run a political campaign.
- There followed a discussion on the subject during which the basic terms of the IBA were discussed, but could not be in detail as it was covered by an NDA.
- There was also discussion on mutualisation and the situation regarding seats on the Board of POL.

(b) **Network Transformation Update**

- Thanks to Mervyn Jones who, GRO had managed to continue working by telephone.
- Sue Huggins and Kevin Gilliland would be attending the meeting on Monday afternoon.
- CWU wanted to halt Network Transformation in its tracks, and disagreed with the NFSP on many fronts.
- Network Transformation would give POL the ability to stand on its own two feet without the Royal Mail Group.

- NFSP had been involved throughout the whole process and had been working closer with POL than ever in history.
- Jointly agreed preference information pack to be sent out to subpostmasters at the end of October.
- Possible that the pack would contain a bar coded letter to enable choices to be indicated through Horizon terminals (activated on 21 November after the series of Roadshows).
- Roadshows would take place on 6 and 20 November.
- No firm decision as to whether to include the bar coded letter in the initial pack or to mail out separately after the roadshows.
- Final version will be agreed with NFSP.
- NFSP had insisted that Federation representatives had to attend and speak at all the roadshows, though POL did not want to do that. Now agreed and around 8 speakers would be required.
- Main POL speaker would do about 25 minutes, NFSP representative would do 15 minutes immediately afterwards.
- 8 venues with a morning and afternoon session. To be repeated two weeks later. Total of 32 meetings.
- After NFSP representative had spoken the individual in charge of Network Transformation would go through it. The NFSP representative would then speak again, followed by a Q&A session.
- NFSP representatives had been going around the country telling subpostmasters that the preference pack would give them three choices - take the money, stay the same, or take on a Main or Local contract. They had been told there would be an indication of which contract would be offered to them should they change.
- Situation had changed due to the action of the CWU. Under the Freedom of Information Act various people had requested lists of the 6,000 offices that would become Locals. They would scare people with the lie that they would all lose their fixed pay. The second lie they were using was that after April 2012, when an office was sold it would be on a Local contract.
- Many offices would be sold on the current contract. with a new Committee set up to look at every case. Agreed that if a selling subpostmaster would be worse off if POL changed the contract to a Local, they would be able to sell the office on their current contract.
- The packs would now include words giving subpostmasters the option to go, stay as they are, or indicate if they were interested in changing their contract. Those who wanted to go or change their contract would get a bespoke visit from a FCA. Every case would be looked at based on its own merits.

- The upside of the new plan was that no spoiler campaign could be launched. The downside was that the NFSP would have to explain the reasons. The crucial point was that no-one was being forced to change. Anyone with concerns could stay as they were for as long as they need to.
 - NFSP working closely with POL to ensure PO Local agents were represented by the NFSP and various means were being investigated.
 - Only possible to identify final designation of specific offices when the criteria were agreed between NFSP and POL. Crucial that local circumstances were taken into consideration.
 - POL did not want to call it a preference letter. The NFSP had achieved choices for subpostmasters. No-one would be forced to become a Main or a Local. It would be up to the individual to choose what they wanted.
- Method being worked on as to how to prioritise offices who wanted to go quickly.
 - Anyone indicating they did not want to change initially would be offered another opportunity 12 months later, however again, there would be no obligation.
- Best advice was for subpostmasters to keep their options open by engaging with POL until they saw the final contracts and knew the issues affecting their particular office.
 - For those who had invested in their office, would they be able to claim it back? Not discussed yet but on the agenda.
 - The team involved on the Local contract had achieved some major changes.
 - Made very clear that no-one would be asked to make a firm decision until they had seen the final contract.
 - Subpostmasters currently paid Class I NI contributions, which was a historic agreement due to the fact that they received paid holiday.
 - During the Mains pilots only, the relationship between subpostmasters and POL would be a business to business agreement. Many subpostmasters would find it difficult to form a Limited Company to engage with POL. Will negate the need to pay NI, and would offer significant savings on Mains. More work required to know if individual subpostmasters would be worse off.
 - VAT implications to be investigated.
 - Would a mailwork subpostmaster who has received the preference letter and want to leave be able to when taking into account the affects on the Royal Mail network, and whether they would receive compensation for the whole amount?
 - On ATM's , would the presence of a BOI ATM have any impact on the decisions POL make to allow that subpostmaster to leave? Who would pay for re-siting?
 - Third party lease agreements.
 - Maintenance of roller cash dispensers.

- Hours - PO facility available for the same hours as the retail store was open. What would that mean?
- Investment money. The equipment team had no idea how to integrate a PO into retail space. Would there be a facility to allow high value goods to be displayed behind the PO counter?
- Many issues to be bottomed out.
- Important that subpostmasters ensured that the figures provided by POL should they opt to change contract were correct.
- Should the final terms agreed be an improvement on those for the pilots, the pilot operators would receive a contract with the improved terms.
- There would be a questionnaire and Q&A's in the pack and NFSP awaiting response on suggestions for Q&A's they would like to see included.
- Seeking clarification on what was included within the funding package. No definitive list available yet.
- Told categorically that if a subpostmaster chooses to stay on their current contract they will not be excluded from new Government work, it would be shared equally among the network.
- The preference exercise would help POL determine their strategy and how to implement it.
- Target and budget allowed for 4,000 Mains and 2,000 Locals. As a result of the preference exercise it could be identified that those numbers would be met. If the numbers were exceeded it would be necessary to go back to the Government to get more money more quickly to continue the strategy.
- NFSP told that if a selling subpostmaster would be disadvantaged as a result of any change to an incoming subpostmaster's contract, the situation would be discussed on an individual basis. A fund was being put together for those cases.
- POL had been challenged on many issues and had been forced to rethink.
- Now had assurances on the 'last shop in the village' scenario and numbers were anticipated to be between 2,000 and 3,000 to be paid for by the Rural Network Subsidy.
- With 4,000 Mains, 2-3,000 'last shops in the village' remaining on their current contract, it only left 3-4,000 as Locals. Mailwork and Core and Outreach offices had to be deducted from that number.
- Request made that a spreadsheet be designed to allow subpostmasters to accurately compare their figures with those provided by POL. Richard Jackson to be asked to devise such a file.
- There followed lengthy discussion on the subject.

ACTION

At this point in the meeting a presentation was made by Sue Huggins OBE and Kevin Gilliland of POL. Please see Appendix 1 for summary.

- Agreed to business to business agreement only for the Mains pilots. NFSP had already delayed the programme by 6-7 weeks. POL had tried to sneak through a clause saying it had to be company to company contract not a sole trader or partnership. Had to make the decision to allow it for the 24 pilot Main offices but not for the roll out. Federation did not agree with their logic. Lengthy discussion would have delayed the trials until January/February and the roll out back from June 2012. If the 24 Main pilot subpostmasters were unwilling to do so, they would have to withdraw and wait until the issue was resolved.
- To be clarified as to whether subpostmasters would be able to sell on their current contract. POL had claimed there was no right to sell on a contract. Told they were incorrect.
- There were 3-4,000 offices in locations where they would be able to sell on as a traditional model. Some would prefer a Local or Main. Those becoming Mains would probably increase the value of the business. Issue with Locals. Sub Committee set up and every case that could not be resolved would be considered and potentially made a financial award or allowed to sell on their traditional contract.

(c) Post Office Mains Pilot

- Business to business agreement for the Mains pilots (not for roll out) reluctantly agreed.
- If figures extended they will achieve 4,000 Mains.
- Contracts not agreed yet and no draft of Mains contract yet seen.
- Questions raised regarding the quality of the FCA's and the fact that it would vary around the country. Advice to those considering a Mains contract was to look for the uplifts you could achieve. On the second FCA visit an electronic business plan and 5 year forecast was provided for the subpostmaster to complete. Issue when POL were not telling the Mains which products they were going to get to be able to complete a 5 year plan.
- There was mention of extra retail space but no mention of Post & Go or AEI terminals. Guess was that POL wanted to see progression on the forecast. The Implementation Manager then visits with a spreadsheet of every sign in every office. Some costs were huge, particularly in terms of moving a BOI ATM.
- Agreed that an electronic copy of the information packs, etc., provided by POL to be emailed to the EC for their eyes only by Paul Haines.

ACTION

- When making calculations, watch out for Green Giro's. Payments had been increased by 50%, but they would totally drop out in 2012 at the end of the contract.
- Payments rates for pilots circulated. Checked and POL figures were fairly accurate.
- Enhanced rates were mostly on products that formed the CTP previously, ie postal orders up from 30p to £1.50.
- There could be issues around the high costs for some offices requiring one fortress and the rest open plan. Federation would get more for their money than POL could. Small suppliers will often work through the night to get the job done and avoid an office closing for refurbishment.
- POL did not understand the 'secure room'. In a small office the office had to be the secure room. The actual fortress was a secure room. If an office did not have enough space for another room, there had to be space for it to be the secure room or it would be a breach of security. Being discussed.
- Equipment Team had no idea about retail. Their method of calculating counter space was unbelievable, claiming all they needed was 1m with no account being taken of integrating it into the existing retail space.
- Many unanswered questions like if an office opens until 10pm, he cannot fill his ATM until 10pm.
- All the teams needed to get together at one workshop with the NFSP who had the retail expertise. Crucial to get the best deals possible.
- Cost of combi tills and the maintenance was also an issue.
- Much work to do but pilots were being rushed. However there would be time for a proper review before the national roll out.
- There followed discussion on various issues re second hand counters, etc.
- Representation for the Federation in the future was a key issue and would be addressed in some way.
- There were major crossovers with the trading company. Many deals being set up that would assist with the new models.

(d) **Post Office Local Pilot**

- Clear from responses that very few who want to do it are current subpostmasters and 90% will be new operators. On figures seen the Mains will be massively over-subscribed but Local was struggling to scope enough. Many approached wanted to stay as they were.
- Have to have enough people who want to go. Figures suggest we will get there eventually.
- There were 90 people on a list where circumstances decreed they wanted to go quickly.

- It would not be a walk in the park to achieve what was required.
- On site conversions were mostly being taken on by multiples. Feedback was that 90% of the Locals would be off site conversions.
- Important that individuals identified efficiency savings in their business. One member of staff less could save £10-12,000 a year. Crucial each subpostmaster looked at the business case for their personal business. For someone who had never had a Post Office however it was extra money.
- There followed lengthy discussion on the subject.
- Issue of restricting access to parts of Horizon for staff to be discussed.

ACTION

(e) **Consultation Document - Building a Mutual Post Office**

- Recognised by all parties that the Federation were responsible for putting the mutualisation of POL on the table.
- Consultation document was to put forward the proposition along with a series of questions.
- Responses were required by 12 December and report would be published in Spring 2012 (probably May or June).
- BIS contacted the Federation asking for a full reply from us.
- The EOA, who were experts, wanted to have a full discussion to tailor their response to take account of the views of the Federation.
- A run through was given of the questions and the ideal answers.
- Shoreham would be working on their response in the next 2-3 weeks.
- Federation were in front of the game and had the use of the best experts in the field.
- If individuals wished to respond, they should not be too specific.
- The model would end up being a half way house as the Co-Op model was far too expensive to operate. It would either be someone on the Trust or the Board and could be a public champion from CAB or Age Concern, etc. They would represent the public.
- NFSP had structure in place to host district, regional and national meetings at a cost of only £2-3 million.
- Concern that the Government may want to wash their hands of the Post Office. The Social Network Payment would continue with a reduction from £180 million to maybe £60-80 million going forward. Believed the Government should be forced to keep an interest in the company.
- Mutualisation would not happen without the FOOG work but feeling was that the Government would eventually deliver.
- There followed discussion on the subject.

(f) Employee Ownership Association Membership

- Federation worked closely with the EOA.
- POL aware the Federation were thinking about joining the EOA. Patrick Burns had agreed we could become associate members and agreed it would be announced in the House of Commons at the APG on Mutualisation. That had changed.
- Now agreed that the NFSP can be Associate Members of the EOA if desired.
- EOA set up by John Lewis in the early 1970's. Fees were normally £5 per person per year. Even as a small organisation it would cost a lot of money. NFSP can become associate members now and become full members when POL became mutualised. NFSP would get someone on their Board at that point.
- As associate members NFSP could attend all their events. There was a proposition on the table for £10,000 a year for associate membership, which worked out at approx. £1.50 a member.
- The EOA had massive influence in the House of Commons and NFSP had built good relations with them.
- Federation wanted to push POL to become a mutual.
- Paula Vennells knew NFSP were working with the EOA. She had been invited to a Co Op UK conference in Birmingham to talk about POL. Whilst there she made the spur of the moment decision to align POL to Co Op UK without the knowledge of her ET team. Believed it was done to keep the Federation 'in their place'.
- The EOA had far more kudos and Co Op UK were far more tied to the Labour Party.
- Proposition was that the Federation join the EOA at a cost of £10,000 a year.
- David Milner therefore proposed "*That the NFSP re-affirm the decision from the Special Executive Council meeting in November 2010 to join the EOA at the rates negotiated by the General Secretary.*" The proposal was duly seconded and won at vote.

DECISION**(g) CWU**

- CWU did not believe in mutualisation, and the NFSP's relationship with them was irrelevant.
- Everyone in the room had to be decisive. They had to be more strident in the future about the savings necessary for the company to turn it around - Crown Offices, cash in transit and pensions.
- If it meant that some of our members were sacrificed for the greater good, the NFSP had been doing that for many years.
- The person who will regret their actions was Billy Hayes. Their actions would come back and bite them.
- The NFSP would never forget what they had tried to do.

- The Federation's job was to get the company fit for purpose.
- There followed discussion on the subject, but the feeling of the EC could be summed up as outraged at the actions of the CWU.
- Crucial the Federation dealt with the situation using whatever means at their disposal as and when necessary.
- The Executive Council offered their total support.

6. REPORT OF THE NEGOTIATING COMMITTEE

(a) Front Office of Government

(i) Westminster City Council

- POL had put together a Local Government team. The team had come up with significant problems within Councils. Many Councils could not identify how much it cost them for each service, and did not want to share information so savings could be identified.
- If POL took on only one aspect, the savings would not be large. They therefore decided to put together a package of services, allowing the Council to close offices and achieve maximum savings.
- There were issues around the compatibility of computer systems.
- Westminster City Council was the first of these. Politically difficult even if POL win because locally there would be redundancies. However, as budgets got cut they would be in a position of having no choice.
- It would allow POL to move into the market. POL want the Federation to be involved in the negotiations with individual councils as they had the local knowledge.
- Important to understand the type of work, how long it would take and how much would be paid to subpostmasters.
- It was a new way of working as it would be competitive and they had to get the pricing right. Keith Richards headed up the meeting with Westminster City Council and it was encouraging. It was the first of 116 councils.
- There would be 7 products to offer over POL counters. Bar coded products but they did not appear on the very first screen. There would be a second screen for the bar coded transactions.
- Payments to subpostmasters:
 - Business rates - 8.5p
 - Parking fines - 25p
 - Parking permits - 75p
 - Commercial waste bags - 60p
 - Temporary trading vouchers - 35p
 - Cash parking - 10p
 - Council tax - 10p

- Whilst they envisaged it would primarily be used within the WCC area, people could go to any Post Office.
- Invited to a first meeting on 16 November for a couple of hours where Federation involvement will be identified and, moving on from there, to see what products and rates to expect.
- Intention was to go nationwide with the majority in England. Already working with two in Wales.
- Report going back to BIS as Ed Davey was interested in what was going on.
- EO's working with other councils in the North East successfully.
- Andrea de Gamma was now heading up the team as it needed a more strategic approach. She was going to approach 50 councils and try to pilot with 25 of them with the suite of products.
- List of 50 councils not provided to date, but would be split among Executive Officers when it was received.
- Timing on the approach would be crucial.

ACTION

(ii) Rural Sign On

- Transaction volumes not enormous. £1.20 per transaction.
- On contacting some subpostmasters, they were doing about 6 a week. Works well.
- It was FOOG work at £1.20 but made clear that would not necessarily be the national roll out rates.
- Transaction took 84 seconds.
- Federation has suggested to get the 2 million people off Incapacity and Invalidity Benefit, to get them to visit a Post Office every 2 weeks to confirm their circumstances were the same.

(b) Suspension and Appeal

- NC had drawn up a prioritised list and one given high priority was the suspension and disciplinary process in its entirety as it was not perceived as being fair and consistent.
- The process would not change, however the interpretation and implementation would change.
- Members should not be made aware of the change as it could not be seen as a 'thieves charter'.
- More circumstances would be taken into consideration. Process agreed whereby when an audit identifies a shortage it would not always end in a precautionary suspension. Some would receive a written warning.
- There would be a mechanism where the subpostmaster could apply to have their core pay reinstated during the period of suspension if the suspension was unwarranted.
- The approach agreed would be more fair and consistent to ensure the punishment fitted the crime.

- MS had traced a policy document going back many years that clearly stated the arrangements for an interim should take account of the welfare of the suspended individual. It was flagged to Angela van den Bogerd and she had taken it on board and agreed that the NFSP were right.
- The Chair of the NC was proud of the work done by his team and the situation had been moved to a sensible position.
- The NC had seen movement and believed the NFSP would see a more pragmatic approach in the future.
- Success at appeals was minimal. If Executive Officers chose to take the case on at RTU level, the costs would have to be charged back to the branch. For those Regions with issues, they would need to be managed strongly to ensure the best people represented members at RTU level. If that meant contacting the Contracts Manager to ensure the EO was aware of every case so they could be allocated, that should be done.

(c) **Other Negotiating Committee Matters**

Green Giros

- In relation to pouches going missing in the post, it became clear there were two types of printout - the A4 back office printout and the narrow Horizon printout.
- Previously agreed that the requirement was to provide one or other of the printouts as proof (and emails to prove that case), so that the subpostmaster would not be held liable for the loss.
- Santander changed the policy and decided that POL had to produce a copy of the narrow Horizon printout and that the A4 back office printout was no longer sufficient.
- POL had caused confusion by attempting to clarify the situation via Branch Focus. That confusion resulted in 111 of our members thinking they were dealing with the issue correctly only to receive an error notice for the amount of the missing green giros, some amounting to £000's.
- It was not fair as it was not clear which printout the subpostmaster should keep.
- In the POL clarification what they meant to say was that subpostmasters should provide a Horizon print out and keep a copy to retain in their office. If a pouch went missing, and the Horizon print out could be produced they would not be held liable.
- He was pleased to inform the EC that any error notice issued prior to April (when a correct clarification was made in Branch Focus) where the subpostmaster could produce their A4 back office printout or Horizon print out would be rescinded and the subpostmaster would get their money back.

- A good result, but important that subpostmasters were now made aware that they had to retain a copy of the narrow Horizon print out.

Mails Integrated Training

- An EO had attended a training session and was concerned that he was not aware that some of the items had ever been agreed.
- Clarified that agreed segregation was limited to three bags - one for first class packets, one for second class packets, and the third for everything else. Nothing else had been agreed.
- However, it was also clarified that the situation may change when the new IBA was signed to ensure Royal Mail valued the work subpostmasters did.
- Royal Mail were continually writing directly to subpostmasters without checking with POL.
- They want to use trays but some small offices would not have space for them, however the trays were easier to fit in than bags for small offices.
- It had to be remembered that subpostmasters received £165 million in commission from Royal Mail and they were by far the network's biggest client. It also had to be recognised that subpostmasters had to offer a better service.

7. MAILWORK

8.

GRO

DECISION/ACTION

ACTION

GRO

DECISION/ACTION

DECISION/ACTION

Irrelevant

(c) **Membership**

- The membership system will be updated for next June.
- Need to encourage recruiters to attend POL training sessions.

ACTION

(d) **Management and Leadership Skills Training**

- Management and Leadership skills training has been organised on 26 October and 1 November for Executive Officers, Secretariat and Facilitators.

(e) **AOB**

- There is a need to encourage non-members to join the NFSP because they can save money on the services we provide such as VAT and Tax investigation insurance. We must provide for money saving services.
- The Chairman reported that the Executive Council meetings for 2012 would be held:

9-11 January
18-21 March
25-27 June
15-17 October

Some members of the Council did not want the March meeting to commence on Sunday 18 March, as this coincided with Mother's Day. It was therefore recommended that this should be changed to 19 to 22 March.

ACTION

10. REPORT OF THE FEDERATION TRUSTEES

- Still getting quotes for the wall at Shoreham as the quote received was for the wrong bricks.
- £500,000 had matured and was held on account. £100,000 of this will be kept for emergency use and the other £400,000 will be re-invested.
- 0.5% is paid to UBS for their services.

Irrelevant

GRO

13. NFSP COMMUNICATION

a) Subpostmaster Magazine

- The General Secretary reported that letters were still coming in and Tim Boothman, the Members' Editor, does a good job. The magazine is well read.
- When Billy Hayes and the CWU did a telephone survey to members three to five months ago we stopped sending the Subpostmaster magazine to the CWU. The CWU made contact two and a half weeks ago and said that they had not been receiving the magazine. This was reinstated but due to recent activities the reinstatement was cut short.

Irrelevant

Irrelevant

Irrelevant

ACTION

16. AOB

- Bhavna Desai said that her members were concerned about Bank of Ireland ATM retracts and partial retracts. The TC's are on hold whilst this issue is being investigated.

- Kam Matharu raised the issue of cash declarations not being done on time and a cash penalty being imposed. The General Secretary asked that any details of anyone being threatened with a cash penalty be forwarded on to him to deal with.
- Keith Richards raised the issue of Travel Money Cards and the customer's understanding on how use the cards and the need to go on to the internet. If they do not go on to the website then the system only allows them to top up to a limit of £750. The instructions do state to go on to the website and register.
- Jim Nott shared his concern with the Health Lottery going to Paypoint and was worried that when the National Lottery contract came up for renewal Post Office would lose it to someone like Paypoint.
- Nilesh Joshi asked that when Bank of Ireland ATM's are targeting by criminals would it possible for one call to be made to either the Helpline or Bank of Ireland and then dealt with by them. At present you have to call the Helpline, Bank of Ireland and the Police for a crime reference number.
- Andrew Gilhooly reported that overnight cash holdings would be false if not picked up.
- Scratchcards should not be sold to under 16's. Trading Standards had caught one subpostmaster three times.
- 97 post offices that have BOI ATM's have been hit by the Court ruling that the tenant was responsible for rates. Believe that BOI should be challenged on this issue.
- David Milner asked that we seek any occurrences where responsibility for any outstanding TA's are accepted.
- The National President wanted clarification on whether Post Offices needed to provide wheelchair access for staff. The General Secretary to raise with Tracy Marshall. David Milner believed that it would depend on what was reasonable for that business size and ability to pay.
- Andrew Craddock thanked the National President for the way she had conducted the meeting.

ACTION

ACTION

ACTION

Sharon Merryweather
Lynda Willoughby

October 2011

GRO

APPENDIX ONE

**SUE HUGGINS OBE AND KEVIN GILLILAND OF POL
PRESENTATION AND DISCUSSION ON
NETWORK TRANSFORMATION**

**SUE HUGGINS OBE & KEVIN GILLILAND OF POL
PRESENTATION ON NETWORK TRANSFORMATION**

KG took a couple of minutes to explain where POL were as a business and where he was personally. He wanted to hear the EC's views and concerns as an open debate. There were many things to be worked on and he felt it would be helpful to get his take on the world and how he saw it. There was a lot going on, in fact too much going on. It would not be a simple journey, and the route they had would not be straightforward. It was an emerging strategy. He was excited but conscious of the responsibility of spending £1.34 billion on the journey to transformation.

They had £1.34 billion. He realised how lucky we all were to get the money to transform the network. The money was needed to allow people to carry on as they were, make the transition to a new model, or exit with dignity and compensation. That was important. He believed there were many subpostmasters who wanted to get out and it would allow them to do so. Important to keep our eyes on the horizon. Transformation would be achieved together. He felt that if in 12 months the business was not far enough forward, there would be a challenge from the Government that they had better use to make of the money. Important to get it right and to show they could do it.

On the results from the pilots, 105 Locals were up and running and there were 13 Mains. Feedback from customers was positive. 90%+ were saying it was really good and they were happy with the service. 85% were happy with the existing model. 22% were using branches out of hours - that equated to 1 in 5 customers. It was having a big impact on queuing times with the average time being 2 min 17 sec. That was being reduced with the new models. It was important as the biggest source of dissatisfaction was in relation to queuing. The queuing times in Crown Offices were now under 4 minutes. With some transactions going over the retail counter it was important not to mess up the retail. Make changes but put enough in to give good service which was important for customer retention.

He was really delighted with the results so far. On average sub post offices were seeing footfall drop by 2%. In Locals it was maintained at 100%, and in Mains it was increasing by a significant amount with an average of a 38% increase. On re-opened branches there was a 28% increase in customers over normal. The changes were seen as positive from a customer point of view.

Of the new subpostmasters, 95% were satisfied and were generally pleased with the operation. On the pilots they wanted to make sure they reviewed the models before the roll out. They were pleased with the progress they were making.

SH explained she wanted everyone on the same page as to how we were going to launch the programme. The rumour mill was feeding communications and they wanted to get the models developed closer to ready to roll before wider communications went out. They wanted to make sure it went out in October and November before it got busy.

KR raised the issue of the maintenance of combi tills introduced during Network Change and the fact that some companies would no longer repair or service them as they were now obsolete. For Locals and Mains required to have rollercash dispensers, who would pay for the ongoing maintenance?

SH said the answer was the same as now but it was not the final answer. There were a number out in the network past their prime. What were POL going to do about it? What about new ones? She had no answers that day but said she would take it back and discuss it before providing a definitive response.

GT asked if enough subpostmasters were persuaded to refer to Network Transformation as a closure programme and bad mouth it, what would the implications be regarding the Government?

KG responded that politics was a funny game. It was not a closure programme. However, with enough customer perception that it was, and that message was signalled to their MP's, the Government may waiver. It was important to have a united front. We had to save the network and it was the way to do it. In his 32 years it was the most significant and positive impact they could make on the network. It had been in managed decline over many years. 2003-2005 was the catalyst. Subpostmasters were struggling to make the same return. Network Transformation was not a closure programme.

How we got the message across to stakeholders was important. We are where we are. It was an increasingly difficult and competitive market. As long as we get front office of Government business - POL needed to put in competitive tenders and Government had to deliver on their promises. If alternatives to this strategy were seen, it was something we had to do. We did have an opportunity to paint the picture to Government. He had not heard anything to persuade him or anyone else on the Executive Team it was not the right thing to do. It had to be done quickly and efficiently and everyone needed to sing about the advantages. It was the right thing to do for the business. We can persuade both the politicians and customers. When you talk to MP's they associate it automatically with closures. Most harbour that perception. We must deliver a positive message.

SH commented that we could not be naive. There were more complaints during Network Change from subpostmasters not selected to go than from those who had to go and did not want to. It would be silly to think it would be a smooth ride. There would be people who did not like it. We had to make sure that in the first 6-12 months it was right, it was accurate, and it was best projections to demonstrate we had customers and operators saying they liked it. She did not think we were out of the woods and were still in an economic recession. There was nothing to say that at the end of the first year the Government had other priorities and withdrew the funding. It was really important we were together and get the successes out and out fast.

KL was concerned that POL were trying to rush the NFSP into decisions when they had waited weeks to get something presented. The NFSP were trying their best to work with POL. The reason the NFSP were in the situation with Mark Baker and Nippy Singh was because the NFSP now trusted POL and they distrusted us. Needed to be sure they were respecting us and we were equal partners and had an equal say in this.

SH responded that over the last 9 months they had tried to work in a very different way and were working on a huge project that was complex. She thought what sometimes happened was because they were trying to get input earlier, it may feel it was rushed. She had to be sure we were all working on the same set of principles that would hold firm from now until the last project. She viewed it as 6,000 individual projects.

She believed it was an iterative process. We suggest ways of doing things and discuss the pro's and con's. When involved earlier it was not as hard and fast as under the old ways. As long as the principles held firm. We must demonstrate they have all been treated the same whether in week 2 or week 602. No-one would be treated differently. The NFSP feedback on the packs was useful. They were more confident that what they had come up with was viable. They valued the NFSP's experience and knowledge of the network.

BD commented that Executive Officers needed to see that by losing CTP/AOP and getting a transition payment that at the end of the 3 years extra work would be needed. They tell members continually but so far they have seen nothing but small trials. Asked to go back to the Government and say they needed to show commitment so people could believe that new work would come along in the future. Many of her members in Manchester would remain traditional offices. How would you protect them? Will they keep the core and, most importantly, will they get the new government work? If the new Government work requires funding, will it be available?

KG responded that the proof of the pudding was in the eating. POL were tendering for contracts and had won 6 although they were small ones. They had been trying to build up confidence in Government that we can go in with competitive tenders and proven capability. This could be achieved with the small contracts to give a good track record. The big contracts were not up for tender yet. Everything would start to fall into place if they won those contracts. He was optimistic we would win those contracts but there was no guarantee.

Many traditional offices, but only funding available for 6,000 branches. How successful we were on Network Transformation would determine whether we got more funding. Need to ensure they used the funding to the best effect. Part of the process would be looking at where they will get a lot of the business. Needed to sit down with Government Departments and ask where the business would fall. Then speak to subpostmasters in the area to see what they can do to improve the new models and business. Need to give clients upstream confidence. Every 6 months they had Board to Board meetings with the DVLA. At the last meeting, talking to the CEO explaining POL would work with them to give them the capacity to help design the network around some of their clients. They were pleased with that. It helped them establish how they think the network should look and demonstrated to clients we were reacting to their needs rather than just doing the best we could.

With Royal Mail Group rationalising delivery offices, we were asking where would you like your core offices sited? At the moment they said they were having difficulty closing delivery offices as subpostmasters were saying they did not have the space or did not want it. The funding would give us the ability to offer investment.

For offices that either do not want to or cannot change, we must look at the criteria to decide where most benefit will come from the investment. We could change the face of the network. Priorities should be finalised over the next few months.

SH commented that it had to be borne in mind that the network was dynamic and that client needs changed. Must remain open to process. She believed the programme should be run in three phases. Phase 1 would be Year 1, Phase 2 3 would be Year 2 and Phase 3 would be Year 3. It would allow them to look at the network and it's capability on an ongoing basis.

For some branches what may seem appropriate to do currently could be different if they were successful with new opportunities in the future. It was not a static thing. Not put out a plan and how it will be changed in the next month or Year 2 and stick rigidly to it. I have had someone ask me before if you had to be a Main or a Local to get the new business. It was not true. There will be FOOG work where the client wants the whole network. Other clients, for example AEI, where it could only be those branches with the equipment. It was nothing to do with not changing the contract. If it was appropriate to that location, they would get the work. If they needed kit in that branch they would investigate any branch to put it there.

KG added that it would be providing it could be done. They would have to have the funding and it must be done properly. We have AEI out there and no-one else has but there is still competition. There were people bidding against us. It was important we could demonstrate not just the price but value for money we could add. With the funding they were well placed to do that. It was an exciting but nervous time. They were better placed with the support of the Federation and they could help them win that business. They were aware of what the Federation brought to the party. They knew how successful we had been in the past. It would be a POL/NFSP win.

JN asked about the large chunk of offices that would not change, and whether they would be able to sell on offices as they are now.

SH responded yes. As it currently stood they would run the estate services questionnaire. It was a voluntary programme. They would seek the views of subpostmasters. Those who were interested would receive a personal conversation about the options available. For those who wanted to stay as they were for now, but may decide they want to sell their business, do not know how we will come to that place but assuming someone wants to sell they would ask for a one to one interview about the options. In 5,000 cases we will say you can sell your existing contract as there is no alternative that would work in their community. We will continue to develop the models. It could be something that comes through that gives us the opportunity to offer new products and services and any new capability. We will continuously develop. They would be private conversations at that time. It was very difficult to work out. They did not want customers to have unreasonable journeys. Network to stay at the same level but needed to maximise all Mains and Locals within any community. Will need to update on the basis of previous preference. If someone said they wanted to stay as they are and now wanted to sell, ask POL so they can talk through the options. If there were no options, they would remain as they were. No existing subpostmaster would be worse off as a result of the programme.

KG commented that they did not want anyone to be worse off as a result of the change. They wanted it to be painless for everyone concerned. They needed to demonstrate the value they were giving to UK plc to strategically ensure the investment was in the right place. Important that when MP's came to a changed Post Office that they liked it and it was a positive change. They wanted them to know they had made the right decision. They were very fortunate to get the investment and must now use it wisely.

SH added that it was a huge amount of money. However divided up across the network it would be tight so decisions must be wise.

MS commented that there had been a communication vacuum whilst work was in progress which had allowed the rumour machines the opportunity to take off. Many were not true and were scaremongering.

In the event that there was no alternative model would they be able to sell on based on the traditional model. If there was a suitable alternative and preferred model but as a consequence subpostmaster unable to realise the same commercial value for the business what would happen in that situation?

SH responded that they wanted to ensure the individual was not disadvantaged. If change was the most suitable thing overall they would want to make that change. They needed to ensure the outgoing subpostmaster was not disadvantaged. The property could be more valuable converted back to a house. Not many cases expected although the new models may not be attractive to that individual it may make it more sellable by changing model before the sale. Need to build knowledge and experience and work through their options. There may be other cases where someone may want to make the change but cannot because of their lease or something. They would have individual cases that would need to be dealt with and discussed. She thought there were 6,000 separate projects. In any case, it was voluntary but every office was different and very important whether changing or not.

KG added that the objective was to increase the market value on transfer. Over the last few years it had been more difficult to sell at an acceptable value. With the new model, they believed they could create a market demand, with the right kind of good publicity and business case. Number of demands going to Contract Managers and even many people have shops and only run post offices as a consequence of buying that shop. They hoped to increase the value. On the communications there was misinformation. It was on behalf of the CWU. There was so much rubbish that he thought it would damage the credibility of the individuals concerned. It annoyed him as if they were not careful they would pull the plug on the project. He could not understand whether it was for their own aims but if people listened they would damage the network. They had prepared a response, but had to be careful about how they responded. He believed in the network. He wanted to leave the network as something of value and in a proper place. They needed to prepare a response. They had workshops coming up and normal comms. If they responded they were taking it seriously. They were monitoring the situation seriously. He was annoyed. They would always get detractors. He wanted people in the network that agreed and his disappointment was that some people did not agree about the wider network.

DM commented that it was the CWU's first shot across our bows. Must work together to ensure further responses were at an appropriate level. The CWU were trying to destroy the PSB through the network. KG said it was exciting and nervous. Everyone is very excited about the potential this network offers and how it could deliver services to the Government. How do we make it a success if it is creating nerves. Post Office Local was not a panacea. What needed to be done? What lessons could be learned from those branches that had failed? What would be in the FCA tool kit that would say potential Local, if we put it in it will feel safe. On Mains just agreed to under pinning for his remuneration for 3 years. Should that branch transfer during that 3 year period, would the underpinning remain with the branch or would it be lost if the subpostmaster changed?

KG responded that lessons had been learned. The number of Locals falling over had been at an acceptable level though they did not want any to fail. Every one falling over had been analysed as to what could be improved. Some were faltering. They had to minimise that.

FCA's were trained to get a feel as to what a good convenience store or retail store looked like and give them certain criteria and a matrix to evaluate, and drawing experience from yourselves and some of the companies they were working with like HIM. When it went through the Contract Manager to give their evaluation of the business, we can look at the return on the square footage. By putting their business model evaluation hopefully should be able to minimise the number of people they made bad judgements about.

SH clarified that the FCA was not the decision maker. The FCA and business analysts would make recommendations. The final decision would be made centrally. It was her decision but she would delegate it to someone close to her. She did not want anything to stop the programme. During previous programmes there had been accusations of impropriety with some accused of offering bribes, etc. She had a responsibility to protect her staff from those accusations but equally worried what it looked like when dirty washing was getting done in public. Decisions had to be made against set criteria. She had to have something that would stand up in court as to how the decisions were made. They had learned from early changes though they did not know 100% which branch was going to be one or the other. It was becoming clearer. Patter on the internet on decisions being based on customer numbers or customer sessions. That was only one of a number of criteria. They did not want to be forced by scaremongers before they had worked everything through.

GT commented that 75% of the network were independent, and the Federation represented 75% of them. He had been speaking to the ACS, Co Op and others and they saw the model as a complicated Horizon system that was over-engineered. From the multiples, they reckoned it would appeal to the independent sector rather than the multiples. He asked what SH feeling was on that. He believed it would be the renaissance of the independent.

KG said he could be right. He thought if you got a good independent subpostmaster it was fantastic. On multiples there was some posturing going on. Co Op struggled to take out efficiencies. They had investigated any of the multiples prepared to do the pilots and found that that they had large losses. Martin McColl had losses in their network but were ready to give it a go. If it meant they would get all independents so be it. The best people who wanted to be part of the network would be part of this. One Stop were doing trials and they were monitoring their losses. They had big losses in the past. At the moment it had been good. Saying if you want to sit on the sidelines it is fine, but we will make sure we have the most suitable people running our branches. It would give him pleasure to see independent subpostmasters making a success of the new model.

SH added that the 3 year underpinning deal was part of the compensation deal for subpostmasters. It needed to be thought about. Her gut feeling was that it would not be transferrable as it was part of the compensation deal. The compensation was for the exiting subpostmaster to have. It would be different to give it to someone who has not been offered any.

DM responded that it was protecting the business until new work came in.

KG commented that if they gave it, it could damage the sale process. If they sold in Year 1.

SH said she would need to think about it.

MJ asked in relation to BOI ATM's. Would it be moved? Who would pay for the removal?

SH replied that it would be part of the business case.

MJ pointed out that the question would be asked at the roadshows.

SH said they had a lot to do and wanted to clear up misinformation. She thought it would be important if someone was going to ask a question and they did not have answers to give. It would be helpful if EOs could make a note of all the things that came to mind.

MJ explained that EO's were getting questions now but did not have the answers.

SH said they were working their way through a list. It was about opening up dialogue. Agreed principles and hold to those principles. Detail would emerge.

MS commented that she did not have all the issues to address at roadshows. In addition to the work MJ had been doing they may be aware in the discussions with Paul Inwood and Tracy Marshall on the Locals contract they had identified issues of concern to the Federation that may not be rightly addressed by the contract itself but which perhaps should have a policy statement issued on. Also question re catchment areas and some assurance that catchments would be protected. She had spoken to the Contracts Team and asked them to take up the issues.

MJ asked that the Equipment Team was included. There were issues. He wanted to know the status of FCA's. He felt they could not understand the dynamics of a retail business if they had little knowledge of a retail business. The integration of the offer within the Equipment Team remit was to deliver a Post Office solution within the retail environment and they may not have the skill set to deliver full integration. When coming to contracts with suppliers, what equipment was available and to what degree it could be integrated into the full retail activity. Did the Mains combi model allow for secure display of high value items like cigarettes, batteries, etc.? Efficiency savings driven by multi tasking staff.

PH asked if they could have an assurance that they were not going down the line of single contractors.

SH responded that they could give that assurance. It was tight for the pilots but will expand the panels. They had been fighting hard to get at subpostmasters discretion. Local issue about it being paid for by public money and covered by public procurement. That would be got round by granting the money.

There were local issues around State money that was State Aid cleared. Could not give it to them to use. POL were responsible for it. They were trying to see whether they could get around it. They had lawyers looking at the situation but would not put the funding at risk. If it was deemed to be illegal use of State Aid they would have to give the money back. They would keep the list as small as possible but it would be more than one supplier.

MJ commented it was easy. He had been involved in Scotland and they do the same. The money was granted within set parameters. It could be got round.

GT commented that it seemed if some work like the counter had to be paid for by grant money on the basis it had to be planned. Someone could go out to check that the work had been done to standard and release a second payment.

KG added that it was very high on their agenda.

PH commented that the people within the room would have to explain. He asked for the logic on the business to business agreement.

KL said she had an office in Wolverhampton in the town centre with a lease problem and the landlord throwing him out. He had found new premises. Huge issue. He was going from one side of the street to the other. There were going to be 23 bus stops outside his office so it will be busy. He had been told he had to go from three counters to two because access to the Post Office had to be wheelchair compliant. He was told he would need to be able to employ someone in a wheelchair due to new European law. She had investigated and it seemed POL were putting costs on subpostmasters. Issue resolved now but concern was if it went on to roll out of the programme and people were told the new counter must have wheelchair access behind it. Let's use local suppliers but say they need to meet a certain set of criteria, and must use a correct supplier that is qualified.

JN asked if the dates for the roadshows were set in stone. There would be a problem in London, Essex and the Home Counties as there were major works taking place on some of the tube lines on 6 November and the lines would be closed causing major travel problems.

SH responded that the venues were booked. They had tried to do them all on one day but it was now two dates. She would take his comments back.

BD asked in relation to specific venues with two meetings at each on the same day. Would people be invited to specific venues or could they go somewhere the previous week? Would they be told both dates and venues?

SH replied that the invitations would go out on 17 October. Subpostmasters would be invited to specific venues but there was an ability to change if they wanted to.

BD then asked in relation to opening hours for Mains. She had many questions. If the retail was open longer they would provide services for longer. Would all transactions have to be performed for all the hours? If the retail was not open for longer would they be asked to open for extra time due to the contract change?

SH responded that Mains would need to offer all services for the core hours or stipulated hours. If the business was open longer, the retail counter would offer transactions similar to a Local. There would be a time when she hoped subpostmasters would want to have longer hours to help customers.

BD followed up in relation to how interim offices and temporary subpostmasters fitted into the programme.

SH replied that the estates survey would go to existing subpostmasters. They were interested in the views of subpostmasters with a valid contract.

BD additionally commented that Manchester Cash Centre needed to find bigger premises and may be extended to cover other cash centres in one place. She wanted to know if that was business as usual or being paid for from the £1.34 billion.

SH replied that it was business as usual.

KG added that they would rationalise. Not decided yet. It would be to make efficiencies and make it cheaper. They were having discussions at the ET over the coming weeks and months to explore where cash would be in the future and link to the efficiencies from the cash unit. Whatever they did it must be cheaper than today. Cash would decline over the next few years but not telling when we would become a cashless society. Cash would remain in the meantime. They needed to consider all the options in relation to cash, but the cash business had to be cheaper.

SH added that the budget for the funding meant that money had to be used for specific items. Compensation arrangements agreed on Mains meant they would over spend the budget by £13 million.

KM commented that it was a very important journey and there were big decisions to be made. With all the information and misinformation, many people were anxious about making the decision straight away. The programme was for 3 years. They may change their minds and what process was in place for those who wished to change their mind.

SH agreed they were life changing decisions. They recognised that. Federation had insisted it was a voluntary programme and they would work with individual subpostmasters on the best options. They would do the survey in Year 0 and it would run again annually so it would be repeated for those who had not made the change. It would give them the ability to update their data and understanding. If something happened at a branch, they would be able to contact POL and to let them know that though they said they wanted one thing, now they wanted to do something different. She believed there would be quite a bit of that. Data would be protected by the Data Protection Act so would not be available under the Freedom of Information Act. Their preferences were their future at that moment in time.

KG added that they wanted flexibility. They wanted to consider and grant what the Mains subpostmaster needed.

SH commented that there were already 90 subpostmasters who had contacted the Programme Office saying they want to be first to go and more would appear. Others would want to wait to see how it worked.

AC commented in relation to Mains. Needed to look carefully between the main contract and the independent franchise contract. There was potential for a merger or eliminating a category.

SH replied that there were a number of variations of the contract. She could see the franchise contract disappearing. 25% of franchise contracts were out of date today.

AC responded that in history POL asked for 25% up front. Ex Crown staff bought offices and had that payment deferred. In the current scenario on a Main what would happen to the deferred payment of the 25% franchise fee. Scale payments totalled £1 million plus per year as artificial subsidies. It was an issue that needed resolving. He ran a Mains and just putting in a mini Horizon kit to your shop was not seen as a financial case.

SH responded that it depended on your offer and what type of community you were in. It was perfectly OK for some locations to handle full offer for the hours the premises were open.

The business case for the change was defined. It did have to do with the retail offer and the opening hours. Because of the expanded opening hours, if the terminal was used it would smoothing peaks and troughs. Could have fewer customers at once. Put lift in the retail sales and Post Office sales through longer opening hours but different type of retail partner taking the Main. Working on case studies to see in branch with these characteristics this is what has happened, and different types of branch. Should be able to learn together and come up with best practice together. Opportunity to get back customers and should see an uplift in retail sales. If they used both parts and got the signage right in branch you get some staff savings from the smoothing. Automation has to play a part like Post & Go.

GT thanked SH and KG on behalf of the Executive Council for coming along. History showed they represented an organisation 376 years old. No doubt the Post Office network would still be in existence in another 300 years and ensure we sort out the problems of the last 10 years. Government has never had it explained that they are subsidising 373 offices in city centres for £60 million a year. We cannot afford the cross subsidy of £60 million to the Crown Offices. We are under paid to allow the subsidy. Although some Crown Offices would have to remain, the opportunity for the programme would be to allow POL to make some up to Mains that would otherwise be Locals at the moment to reduce the number of the Crown Offices. He urged them to do so. The Federation would stand alongside POL to make the case as to why they had to be sorted out. Thanks again for coming.

KG thanked the EC. He thought there were fantastic subpostmasters out there who could run Crown Offices better than they were at the moment.

SH thanked the EC for their time and points made.

After SH and KG had left there was a short summary which was not minuted.