

FOR USE OF COUNCIL MEMBERS ONLY

NATIONAL FEDERATION OF SUBPOSTMASTERS

REPORT OF A
MEETING OF THE
COUNCIL

held on

25 & 26 MARCH 2019

at

HOLIDAY INN CAMDEN LOCK
LONDON

PLEASE NOTE

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

Report of a Meeting of the Council held on Monday & Tuesday, 25 & 26 March 2019 at Holiday Inn Camden Lock, London

Those present:	Nilesh Joshi	Chairman
	Calum Greenhow	Chief Executive
	Tim Boothman	
	Susan Edgar	
	Uel Houston	
	Saj Hussain	
	Susan Jude	
	Paul McBain	
	Jim Nott <i>(part)</i>	
	Stuart Rogers	
	Bharat Visani	
	Yvonne Fennell	Spar UK
	David Sanghera	Rymans
In attendance:	Troy Gardner	Director of Commercial & Retail
	Ian Park	NC Facilitator & Operations Officer
	Keith Richards	Security & Network Transformation
	Peter Hall	Head of Policy & Research
	Paul Simmonds	Director of Operations
Apologies:	Kevin Hogarth	W H Smith

The Chairman welcomed everyone to the meeting. The meeting would open with a discussion in relation to the recent court case and the resulting Judge's ruling.

COURT CASE (see Appendix A for presentation)

CEO opened with a brief run-down of the past, the present and the future.

The NFSP had nothing to do with the case but got caught up in it. NFSP needed to reassure members, branches and regions. May assist with ways to improve PO for the benefit of the whole network.

Historically, as an organisation, network and market sector, things have gone from one problem to another over the last 20 years.

A 15 year agreement with PO was signed by the NFSP. That agreement was properly negotiated. In response to a question as to whether PO could walk away, the response was that the only way would be to pay the balance of the money for the rest of the contract. However that was not on the table or being looked at. It would be a breach of contract. Subpostmasters were investors in the network, and want PO to be both successful and viable. If they cut income they would not have a network. NFSP role and aim, and no desire to have other organisations involved.

Made clear that it was a Special Conference overwhelming decision to adopt the MOU and agreement with PO. Roadshows were held all around the UK.

General outrage that the Judge should see fit to cast aspersions about the NFSP who played no part in the trial, gave no evidence, were not asked for documentation, or given the right to defend ourselves.

The subject of mutualisation was raised. It had been part of the NT2 discussions but the government did not deliver of FOoG. Income of PO fell and resulted in a change of viewpoint and business model.

On the issue of the income guarantee for those who converted to Mains, many members did not understand the offer which was that *'they would earn no less as a Mains than they would have previously'* with any shortfall being made up annually. Salaries were compared on a like for like basis, so if an office had falling customer numbers and transactions, they would have earned less as a traditional anyway. Some members were wrongly blaming the NFSP.

There was wider discontent within the network. The finger could be pointed at stakeholders – PO, RM and Government – as members feel let down. For some members, they see the NFSP as being part of the problem.

Felt that there were many misunderstandings relating to the court case. Some believed it was about Horizon however it wasn't. The first case related to 23 common issues and whether the contract was fair. The second case taking place related to Horizon.

Felt that PO had not helped the issue.

There had been no good reason to introduce the Grand Funding Agreement into the court case.

NFSP neither supported nor opposed the litigation. There was no judgement against the NFSP therefore there was no cause to appeal. NFSP could only use public opinion to refute the Judge's comments.

The NFSP had taken legal advice. Because the decision of the Judge had caused reputational damage to us as an organisation, on that basis we could appeal. However, if we did it would be prohibitively expensive, time consuming and the chances of success were low.

Update was that the Judge had been asked to recuse himself from the second trial which may result in a retrial. Questions were raised over his independence and started with an opinion formed rather than considering the evidence hence creating an unfair trial. This was very serious for the Judge. PO had yet to decide whether to appeal against the decision.

Relationship was now on a different footing. There followed a discussion on mediation, which was clarified. Mediation would come into play if, for instance, PO tried to get out of the contract and all attempts at resolving the situation failed. It would then be referred to CEDR.

CEO to make contact with CEDR to clarify the process with them should a conflict arise in the future.

Judges rule was that the Contract was incorrect on 23 counts. Asked if the NFSP should go to POL and say that the contract has been ruled wrong and ask them to amend. To reassure members the Board needs to ensure they do not take a knee jerk reaction. Have over the past year tried to bring some specialisation within the Board and for them to understand roles and responsibilities.

The Board needs to support, help and respectfully challenge each other to ensure that the representation the Board gives to members is the best it can possibly be.

One role was the Legal and Regulatory role. A role which is vitally important going forward.

The Judge stated that the NFSP placed its interest above those of its members, we refute that.

The Judge stated that business as usual work on the Website demonstrates our intent to bolster POs position regarding transparency. We refute that.

He questioned that there was any appreciable negotiation regarding Network Transformation contract. We refute that.

He questioned the NFSP not publishing the Grant Funding Agreement. We refute that. Clause 31 of the GFA deals with mediation. He made no mention of this in his Judgement.

Clause 31 also allows for escalations of disputes if an impasse is reached.

Mediation can be internal or external.

NFSP wants the relationship between Post Office and the Network to be a peaceful, joint and cooperative one.

The NFSP does however have the opportunity to go external for mediation.

The NFSP as an organisation will support, engage and protect its members. It puts the interests of members' number one.

The person that takes on the legal and regulatory role will collect and collate all members' contract issues and any anomalies, inconsistencies that show up will be dealt with.

Training will be given to those representatives of the NFSP to guide them at interviews held between post office and members.

Will ensure there is a suitable escalation process in place.

Fundamentally the NFSPs ability to challenge the Post Office is already written into the contract.

The CEO and the elected person to the legal and regulatory role will meet with CEDR to establish the principals of mediation. This will be taken to Post Office and will report back at Conference.

Nilesh Joshi was proposed to be the person to take on the role. The proposal was carried at the vote.

DECISION/ACTION

Anyone that deals with interviews will give feedback to Nilesh Joshi.

Support to be given to Nilesh Joshi.

Members to be advised that they can go to Nilesh and he can disseminate where necessary.

Need to be consistencies throughout the network when interviews take place.

Would be very expensive to refute what the judge has said.

Decided to do a PR exercise to get the message out to members.

A letter will be sent out with a Q&A providing information, clarification and reassurance on what the NFSP is doing. This was circulated to the Board.

Will have professional assistance on media monitoring and engagement to take control of the external narrative.

The objective is to rebuff the Judges criticism of the NFSP.

Will communicate the positive advantages of being a member of the NFSP and focus on the resources that the organisation provides in relation to the Mails and Retail teams and the Board.

UPDATE

In relation to the mediation process. CEO had spoken to PO in the morning about the decision made the previous day. NFSP would arrange a meeting with CEDR to set up the principles of the mediation process.

Discussion in June 2018 with the Board (*see Appendix C*) about creating specialisation on the Board and getting more involvement from Directors but recognising that the role of Director is part time. Would like more involvement from the Board to represent the interests of members better. We want someone to deal with public affairs in relation to local government, public affairs in Westminster and the devolved assemblies. Tim Boothman is Chair of the Board of Benevolence, either Tim or Sue Edgar would be Chair or Vice Chair with those roles and responsibilities. Additional roles for members of the Board. If there was a role any Director wanted to take on, they should put their name forward to the CEO and talk to him in relation to those roles. Only person who came forward was Nilesch Joshi in relation to Legal & Regulatory. Looking for some help and support. Want Board to represent the interests of members.

CEO would report at the pre conference Board meeting on the mediation and Board would decide whether it should be announced. Purpose of the mediation process clarified.

1. REPORTS & RESOLUTIONS OF COUNCIL MEETINGS

- (a) The Report of the Council meeting of 18 & 19 June 2018 was signed as a true record.
- (b) The Resolutions passed at the Council meeting of 18 & 19 June 2018 were signed as a true record.
- (c) Action Points. All either dealt with or being dealt with.
- (d) There were no matters arising.

DECISION

DECISION

2. CEO REPORT

- The Director of Operation's report had been circulated prior to the meeting.

a) Political Engagement

Kelly Tolhurst, 25 February 2019

- Appears that Kelly Tolhurst 'gets it', and understands the difficulties we face. She refers to subpostmasters as 'investors in the network'.
- Presented the work the NFSP do with the Retail and Mails Teams to support members and help them grow their business.
- She understood the desire to protect members investments. Government want fully viable Post Office, and want it to 'work'.
- The government had invested significant funds and it had to work. She sees the NFSP as part of the solution.
- We will continue to work with her and her officials to put forward the network's narrative within that environment.

APPG, 26 February

- Attended by the ACS, Citizens Advice, FSB, Countryside Alliance, CWU and NFSP.
- Rival organisation claimed that NT consultations were not fit for purpose. Refuted by CAB. In 73% of cases they played a significant part in the decision making process.
- Conversation moved on to points scoring. Brought in the Countryside Alliance. We encouraged the ACS, etc., to get involved in the debate. Supporting of the aims of PO within the rural network, which was very different to the urban network.
- Transformation programme on Crown offices being moved into WH Smith. CWU trying to block the move.
- Postbank also raised by the CWU. Goes back many years, and the banking market has moved on. It has had a significant impact on the number of transactions within a branch that was closing. Postbank would be going backwards.
- As an organisation the NFSP need to be part of decisions rather than go backwards.
- PO deliberately excluded from the discussions. If performance is to improve the relationship between PO and the network and viability of PO overall. To try and move without them being present was not the right course of action.
- PO would be invited to future meetings.
- Made clear that in some cases, CAB have blocked and NT move and resulted in a spm handing in their keys to a total loss of service rather than a move as there were no other options. There should be a trade off as to what is best for the customer.

- Need to get interested parties together and talk about the way forward in those cases.
- There were cases where PO wanted the branch to move but CAB blocked it at consultation.
- Comment made that they should get their MP involved.
- NFSP policy was to protect our members investments, not to protect the government's investment. They had invested £2.4 billion up to March 2021. Maybe NFSP should be more up front when challenging them.
- There was a lot of work going on in the background, and the government were not accepting everything PO were saying.
- NFSP should shout about what it does more.

b) Royal Mail

- Tim Boothman, Paul Simmonds and Calum Greenhow met on 14 February to discuss mails.
- Needed to know where they were with negotiations and also had discussions on the Christmas performance, which was 4.9% up on the previous year.
- Christmas was the worst on the high street for 10 years. The whole high street was down on trading. Post offices were part of that situation.
- As a single entity PO chased market share. 49 million footfall.
- Stalemate with negotiations. Nothing to update. PO playing low key as RM did not want exclusivity to expire. Share price and brand had hit the floor. RM would look for savings.
- We met Stephen Agar and Anna Malley of RM. Not much to report. Mentioned several times that RM wanted to incentivise spms. When asked to expand they had yet to work out how.
- Belief was they were trying to play the NFSP off to make PO the 'bad guy'. Were also asking what PO paid spms.
- Excellent work by the Mails Seg team. They were making a difference to mail segregation. RM congratulated the NFSP on the work being done. 4.9% difference to overall mail compliance. £900k paid to spms last year. Hoping for £2.1m for this year but awaiting confirmation. Achieved letters and large letters. Closer to 1st and 2nd class packets.
- Challenging RM in relation to targets and how they are recorded. Checking RM. Using data to identify anomalies at a sorting office. Very close to all targets.
- In response to a question clarified that PO and Payzone were working as two separate businesses. Couple of contracts had been won with exclusivity to the two networks. Scottish Power was not on Payzone. Bidding as a combined network, but currently some would be separate.

c) HMRC

- Applies to those on traditional/community contracts.
- Will take effect from April 2019.
- NFSP had negotiated with HMRC for 4 years. Intention had been to impose in April 2017.
- NFSP had prevented that and negotiated changes to reduce the impact on members as much as possible.
- Only applied to those on the old contract. Used to get abatement for NI on staff and non-staff costs. Tax will be on the same basis.
- PO say every office affected had been written to.
- Rent, rates, maintenance, electricity, gas for the year. Spms needed to submit staff and non staff costs. Tax would be calculated in a matrix style form and would be finalised at the end of the year.
- Example: £4,000 per month earnings from PO
Staff and non staff costs submitted at £2,000 per month
Tax would be calculated minus the £2,000 and the rest taxed.
At the end of the year would be the whole £48,000 for the business to work out how much the spm should pay and deduct the tax already paid.
- Fact sheet being prepared to send to every affected spm to give to their accountant.
- Does not apply to those on Local or Main contracts.

d) Network Restructure

- PO restructured their respective sides of the business.
- Tom Moran leaving after conference. His remit would be taken into Amanda Jones role.
- NFSP told PO for a long time that isolation was an issue as they only visited larger mains offices. Not good enough.
- Spms were desperate to have help and support.
- PO now have field team. 94 Area Managers with 9 Regional Managers dealt with under Head of Agency. PO had recognised that they do not serve their branch network well enough.
- That included many processes to improve agency conformance and engagement to try and reduce churn.
- NFSP would be involved to ensure it is done the best way for the network.
- Focus was on customers. Want to ensure customer service is improved and to protect the PO brand.
- PO want to intervene early to reduce losses and make it easier to deal with situations. Previously it had been left too long and losses were in some cases very large. Prevention was better than cure.
- If a spms recognises that the shortage is due to their own error or used for their own purposes, if they pay it back, they are less likely to be terminated.

- Pointed out that overnight cash declarations were not being done in many cases, or were being done wrong. Some losses were huge and early intervention could reduce that.
- Felt it was not the NFSP's job to educate members on PO processes. PO needed to get cash holdings for the whole network sorted out. Could be sub contracted to the NFSP. If PO in better position there would be more money in the pot for the whole network.
- Felt that PO should ask offices to reduce holdings, and needed to find out why a branch was holding too much.
- Contrary view that they the NFSP should never be in a position to go into a branch and check cash. Believed the NFSP should encourage all spms to do their cash declaration so if there is a problem in the office, first thing to look at is where the loss has occurred. Without regular cash declarations it makes it difficult to identify when and why. PO will spend time identifying where a loss had taken place and when. Could be error or a bad member of staff. PO would identify and down to spm to engage and they are responsible. Without regular cash declarations it was almost impossible. NFSP should be encouraging every spm to do daily cash declarations.
- Felt that many did cash declarations but did them wrong.
- There was a long discussions with feelings running high on the whole subject.
- Sue Edgar would raise the whole subject during a cash centre visit shortly. Cash declarations used to be at the end of the day, but with extended hours it needed to be before 19.00.

e) ATMs

- Major concern. Identifying issues and problems that could develop in the network. Requested meeting with Wendy Luczywo.
- At the end of 2018/early 2019 there was a number of gas attacks on ATMs. Significant equipment and property damage to those attacked. PO losing significant money.
- Impact on the spm. In some cases if badly damaged, BOI not reinstating the ATM at all. If it was expensive to repair, BOI were taking it out. Spm is left with damaged premises and loss of ATM income.
- For those who had taken over a business, the ATM income formed part of their business plan.
- Became apparent that BOI have the right under the contract to decide whether or not to reinstate an ATM. It would be dependent on cost of replacement, reinstatement and transactional volumes.
- Contract with BOI runs out in November 2022. NFSP believe it is part of BOI going to the PO to force them into a renegotiated contract.

- PO and BOI must understand and take account of financial inclusion.
- POCA only works in a BOI ATM. If a POCA holder needs cash out of hours they will not be able to access if removed.
- Need to ensure transparency on decision making process and we are part of the process.
- If BOI decide to withdraw, If they do, what happens to services and spms? There must be a Plan B.
- Troy Gardner asked to look into possible alternative ATM providers but the deal will never be as good as the PO one.
- Two offices hit in Thurnscoe converted to Mains in October. Part of the business plan was the ATM income which was now gone. Not covered by the income guarantee. The two offices together do not come up to what was initial salary. Losing substantial income from both the ATM and retail. NFSP must push for salary top ups. Some ATMs were being replaced. Needs to be consistency and some pressure put on PO to acknowledge its assurances is addressed within the ATM sale. Even another brand of ATM will not allow POCA access.
- Some offices were already struggling to survive. The whole issue had to be taken up by the NFSP.
- PO had signed a bad agreement with BOI. It was a BOI decision and nothing PO could do. There had to be something they could do. PO should have a say. PO would provide a waiver but the income would not be the same.
- When PO accept a new business plan, they were leaving themselves open to being sued.
- Clarified that spms are not responsible for ATM losses after an attack, however they would have to claim on their insurance for any damage to the building so it was important spms tell their insurance company they have an ATM.
- Comment made that in Scotland they had to pay rates on their ATM, so for some it would save money to have it removed. However, loss of ATMs caused hardship particularly in rural areas.
- Formal recognition on record for the work being done by Paul McBain and his team to try and match the rest of the UK and not pay rates on ATMs.
- Agreement to bank closures was predicated on the availability of an ATM and that had to be taken into account.
- Also noted that the rates issue was being contested in England so it could change.

f) **Mailwork (Tim Boothman)**

- Agreement reached with PO in relation to mailwork pay.
- Around 460 mailwork offices.
- PO put a proposition to the NFSP last May.
- Currently paid Unified Scale relating to number of postmen, excess attendance, number of vans, etc. Proposed pay to be split into three main elements:
 - o Property - calculated at £90 ft² x number of walks to cover all the overheads
 - o Supervision - number of postmen working at the office and what spms have to supervise
 - o Mail P739s - currently not paid for P739s. Increasing levels now take up a lot of time and space.
- Based on the current network and overall increase of £1.2m.
- Some offices received residuum payment going back to 1999.
- 60 would be worse off with the changes but would get compensation. Strong argument that for many years some were paid more for the same job.
- Removal of veto. Where RM want to remove mailwork the procedure was to write to PO and request it. Steve Utting of PO would contact the spm and send a form. If removed, given 3 months' notice and 18 months compensation. Long process as spm could appeal on the basis the business was no longer viable without the mailwork. Final decision remained with Steve Utting.
- Over the years many applications for a closure were refused.
- Fear was removal of the veto would allow RM to commence a closure programme.
- Negotiation that instead of the local Delivery Office Manager making the decision, it would be done centrally and the NFSP would be involved in the process.
- Some sites were operating as just a delivery base. Most of the sorting was done in the main Delivery Office but postmen use their facilities. They would have to choose to opt out of that if a request comes in.
- £1.2m was the first pay rise in 9 years. Costs were rising.
- NFSP would have to wait and see. Could be RM want to close them. Will need to be monitored.
- NFSP had achieved with MAC a package in pace that is acceptable for everybody.
- Only concern was P739 offices. Signed for and Special Delivery do not get scanned into Horizon. Appeared all RM needed to do was to issue those branches with a PDA (some had them already). Customers sign the cards and they are sent in each night to the local Delivery Office but they do not have the manpower to scan them in.
- **CONFIDENTIAL** - If RM request withdrawal of mailwork and it goes ahead there is a hardship fund put aside to apply to very specific circumstances.

- Revised terms and conditions had been sent to mailwork offices. They were office specific so they would know what they were earning.
- Compensation for a closure would be 6 months' notes with 12 months compensation. If the office wants to keep the P739 element they would be paid 12 months compensation minus the P739 element.
- There would be closures with the removal of the veto but not wholesale closures. Decisions would be made centrally not locally. NFSP would have an input.
- Major discussion on the scanning of P739s into Horizon.

3. **NEGOTIATING COMMITTEE REPORT** *See attached presentation (Appendix B)*

Home Phone

See attached presentation (Appendix A)

- Good deal.
- UK call centre.
- The deal applied to a financial year rather than any 12 month period.

Compact Lottery Terminals (CONFIDENTIAL)

- PO have agreed with Camelot to accept compact lottery terminals.
- 200 on list and extra 50 as back up.

ATMs

- Long discussion on the current BOI ATM situation.
- Council not happy with the fact that BOI had the option to remove and nothing was in place to replace them.
- Major loss of income to affected offices.

Banking

- Believed some good news would be announced at conference.
- Forgeries becoming a big issue in Scotland. Note counters did not pick up forgeries with Scottish notes.

PBNEs

- New bags announced last November. Nothing had happened.
- 6 weeks ago PO had said it was still in progress.
- Will need to be chased. Sue Edgar to check with Cash Management.

ACTION

International Driving Permits

- Some offices doing a lot but forms too small to fit all the information onto.
- PO have raised issues with DVLA and should be put right.
- Any issues identified should be notified to Ian Park and Wendy Burke to take up.

ACTION

REMs

- Some offices only had a REM every 2 weeks.
- On the sealed PBN bags, notes had to be counted within 5 days. Unless notified within 5 days of deposit, PO would not try to recover from customer.
- If there was a shortage notified in 3-4 day limit is OK. If not you have to count and report to REM unit if wrong.
- Some offices did not check the sealed bags.
- Only Santander have the authority. Has to be counted by third day so bank can notify and claim from customer within 5 days.

Retiring

- **GRO** would be retiring after Conference.
- NC Facilitator position would be taken by Wendy Burke, so issues should be notified to her.
- **GRO** thanked the Council for their support and questions over the years.
- Formal vote of thanks recorded for **GRO** exceptional service to the NFSP over many years.

4. NNLs & HARD TO PLACE OFFICES

- Report circulated.
- On NNLs something had just arisen. Contacted by an office with an NNL opened over a mile away and had no real impact financially. However, RM had changed the collection forward by 15 minutes to accommodate the NNL and that has impacted their business. Their business customers cannot make the earlier collection time. This has not happened before but would be raised at the next meeting.
- RM have to get postmen back to the office by 6pm for the mail to be sorted overnight and delivered the next day.
- Postboxes had to comply and Regulator had to give permission to change collection times, but postboxes were different to a post office.
- Clear that the situation differed around the country based on local conditions and decisions.
- On hard to place offices, Keith getting spreadsheet of all the offices that had received a letter in February with the continuation of the CRP.
- The spreadsheet shows if they resigned, were they continuing, if a PNO identified, etc. Shows monthly where we are. 405 office to start with changed to about 30 every month.
- Currently and for 3 months about 10% (only 3 or 4) have progressed to transfer.
- Biggest drop off was offices resigning as they did not want to wait. Difficult to argue against that. Disappointing for them.

- Work Keith had done was formally recognised. 405 people in a community small business impacted by the situation. In terms of number of post offices, it was a small number. We are talking about people who invested and it is their retirement fund. Need to ensure as few walk away as possible.
- NFSP agreed NT to protect the interests of members, particularly those who wished to exit the business. CTP and compensation in place only if a PNO is found. If they decide to walk away, compensation is forfeited.
- NFSP needed to push PO. When pushed they became more considered. Feeling was that blockages may not be there much longer.
- Peter Hall's assistant George produced a report on seven cases. Some people who walked away, some hard to place and some we had helped. NFSP were doing all they could. Report presented to Minister, who accepted and understood our points. Need to move forward to help and support these individuals. Many just wanted to retire.
- There were cases where both NFSP and PO had worked hard using all avenues, to get someone out in the case of critical or terminal illness by using a temporary. The illness had to be formally documented. These cases were never easy and everyone had to play a part in the solution.
- There followed a lengthy discussion on the whole issue of hard to place offices.
- Anyone who was aware of a hard to place office or a case of terminal illness should notify them to Keith Richards.

ACTION

5. CONFERENCE 2019

- Everything is in place for Conference.
- If anyone else wants to attend they can only now attend as a day delegate.
- The CEO talked through the agenda and timings. He said this would be sent to the Board.
- The AGM will take place between 18.00 and 18.30 on the Sunday.
- The key note speech from the Post Office will be given by Debbie Smith and Al Cameron.
- Will be signing the register for Time to Change (Mental health issue).
- Martin Kearsley (PO) will present Banking.
- Mark Siviter (PO) will present on Mails.
- The Mails Team will do an interactive session.
- The Holiday Inn voucher could be used in this session or be opened up to all members.
- Retail Team will present on merchandising and cards and gifts.
- There will be a report from the NC.
- Honorary membership will be presented to George Thomson, Ian Park, Jim Nott and Peter Montgomery.

ACTION

- There will be a Postal Affairs Panel. This will be Amanda Jones, Post Office, Nick Landon, Royal Mail, Calum Greenhow, NFSP, Ann Pardoe, Citizen Advice and a person from Government. This will be chaired by Roger Darlington, POAG.
- Gerald Ratner will give a key note speech.
- The CEO would like Robert Clack to attend for this session.
- One of the outcomes of the Court case was that the Post Office had become risk adverse. Post Office will be attending Conference and will cover their designated roles in Conference, but are not going to be involved in any social events. They will not be sponsoring any of the events.
- There will be a quiz and a blanket blank evening on the Sunday.
- Gala Dinner on Monday evening will be a tropical beach party theme.

ACTION

6. ELECTIONS

- Region Directors
- There are four Regions where elections are taking place.
- Two individuals had come forward for each of the Regions.
- Of the eight, three are already serving Board members.
- The other five, some of who have never represented members at a branch or regional level, want to come in as a Director. Need to provide help and support to those individuals to ensure that they are fully aware of what their responsibilities are. As a result Jim Nott, Nileshe Joshi and the CEO will have telephone interview with them on 27th March 2019. Based on that will take the elections forward.
- Timescale is that need to put together the nominations with addresses to ERS. They will send out the ballot papers to the relevant Regions on 10th April. Need to be returned by 15th May and the results will be announced at the end of May.
- If a candidate is not suitable then they will not go forward. The Articles of Associate state that if there is only one candidate then no election is required.
- Legal advice had been sought and followed properly.
- The point and intention of the interviews is purely to ensure that prior to anyone coming into the organisation that person has an idea of what is expected of them and we provide support and help to them.
- Members of the Board have a legal responsibility to represent the members. They must comply with legal obligations.
- Board members should not promote another organisation.
- There should be no conflict of interests.
- Reported that previously a member of the Executive Council had passed around to others outside of the Council minutes of the meetings.

- Any Board member in breach of the contract signed could be removed from the Board.
- Suggested that there should at the beginning of meetings and put on the agenda a declaration of interest. There should also be a confidential clause on the agenda.
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- New Chair & Vice Chair
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- The CEO stated that the current Chair, Nilesch Joshi, had been and excellent confidant for the CEO and a great source of advice.
- There were originally three nominations for the position of Chair. Saj Hussain dropped out as he had been nominated to be Deputy Mayor, which will lead him to being Mayor of Woking. The CEO congratulated Saj.
- This left two nominations. These were Sue Edgar and Tim Boothman.
- Nomination forms were handed out to the Board and collected.
- The person that came second would become Vice-Chair.
- The result of the ballot for the Chair was Tim Boothman 8 votes and Sue Edgar 5 votes. Resulting in Tim Boothman becoming Chair and Sue Edgar, Vice Chair.
- The CEO congratulated both.
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7. DIRECTOR OF OPERATIONS REPORT

- The Director of Operation's report had been circulated prior to the meeting.
- Mails Segregation
- Paul Simmonds updated the Board since the circulation of his report.
- Taking the average monthly performance before the Team started and compared to the average of the last three months. 1st Class Parcels were 90.4% now 94.5%. If you take into account some amendments that need to be made would be over 95%. Letter/ Large Letter has moved from 85.9% to 91.7%. 2nd Class was 92.5% to 94.7%.
- Had a meeting with Julian King from PO regarding not getting descriptive information on the error types. Julian stated that they have exhausted all the avenues to get this information from Royal Mail added.
- The data will show the primary error such as a 1st Class in 2nd Class bag but not the detail on what that parcel was i.e. Freepost.
- Had met with Nick Landon, Chief Customer Officer, Royal Mail. He said that Royal Mail are happy to supply the information. Post Office are happy for the NFSP to go direct to Nick Landon to ask for his assistance.
- The more information that can be gathered will put us in a better place to achieve target next year.

- Have identified errors made by certain Mails Centres that means that when adjustments are made to the figures they will improve considerably.
- Intend to improve relationships with Mails Centres nationwide.
- Will be running two sets of books for the next year showing data we get and another one showing adjustments made when errors are identified.
- There is not a lot of room for manoeuvre with the Mails targets. If it can be proved the error was made by Royal Mail then will question the data.

WEBSITE

- Data is currently being uploaded. Testing of the data will follow.
- The whole digital project will launch around 19 April 2019.
- Members will get an invite to enter their details.
- Referred back to an email sent to members of the Board that had Post Offices, asking them to log in and test and enter some business information. Requested this be done over the next couple of days.

8. DIRECTOR OF RETAIL AND COMMERCIAL REPORT

- The report had been circulated.
- Had more than doubled the retail requests from the start of the year compared to last year.
- Support from the Commercial Plus team on the retail side.
- Feedback was published in the circulated report.
- Had been attending new entrant post office training. Sign up members at these and offer retail visits.
- 100% pass rate on Buy a Post Office.
- EM&F are going to promote the scheme through their commercial transfer agencies.
- Post Office Legal Team had advised that the NFSP cannot sign up at the moment with Starling Bank. Need to wait until the end of March before any banking partner can be signed up. Yorkshire Bank are also in the equation.
- Now attend every Post Office Field Team meeting.
- A subpostmaster had saved £700 on their insurance by getting a quote from SMEI.
- Instant quotes are available from an on-line app from Love Energy.
- Asked if there was any way the Retail Team could quantify how much money per year the Retail Team puts on to the bottom line of members' profits. Responded that a survey could be conducted by it is not easy to get information.
- Retail updates are sent out on a regular basis.
- Peter Hall will be doing some research later in the year on post office and retail income.
- Looking at finding an alternative ATM provider.

- The more engagement with members the more the likelihood is that they will buy into the products and services the NFSP provides. That will generate an income for the organisation and reduce reliance on Post Office for funds.
- Board members need to give both Paul Simmonds and Troy Gardner all the support they possibly can, particularly when it comes to Branch and Regionals meetings and to involve them.

9. NFSP COMMUNICATIONS REPORT

- Report circulated.
 - Peter Hall gave a presentation summarising the Members' Survey, copy attached to these minutes.
 - The report had been presented to Post Office and they described the report as sobering.
 - The CEO reported that over the last five years there had been a number of Communication Directors join and leave the organisation. Fortunately Peter was part of the Team and was able to move up. Now have a Communications Manager and with the changes of the organisation from a Trade Union to a Trade Associate are starting to engage with members far more and having more regional and branch meetings.
 - The results of the survey will be fed into discussions with Government decision makers, Post Office and Royal Mail.
 - Sue Edgar congratulated Peter Hall on a great piece of work.
 - The report was based on perception and what the Network was thinking.
 - Post Office need to take on board what is being said by the Network.
 - More work will be done with the results. They be split by region.
 - The CEO will be able to draw on the results on the speech he gives at Conference.
 - Working on a version of the slides with commentary that could be used for government meetings.
 - Post Office agree that they have to pay subpostmasters more for banking transactions.
 - An exercise had been conducted on banking and a qualitatively assessment had been done.
 - Peter Hall will put together a set of slides to be used at regional/ branch meetings.
- ACTION
- NFSP Forum
 - The Moderator's report had been circulated.

10. **FINANCE REPORT**

•

IRRELEVANT

•

11. **TRUSTEES TO THE BOARD OF BENEVOLENCE REPORT**

•

IRRELEVANT

•

•

12. **AOB**

- The CEO made a presentation to both Jim Nott and Ian Park as appreciation for all the work that they had done for the NFSP.
- Paul McBain gave a vote of thanks to the Chair for the way he had conducted the meeting.

Sharon Merryweather
Lynda Willoughby


March 2019

GRO

APPENDIX 1
CEO PRESENTATION



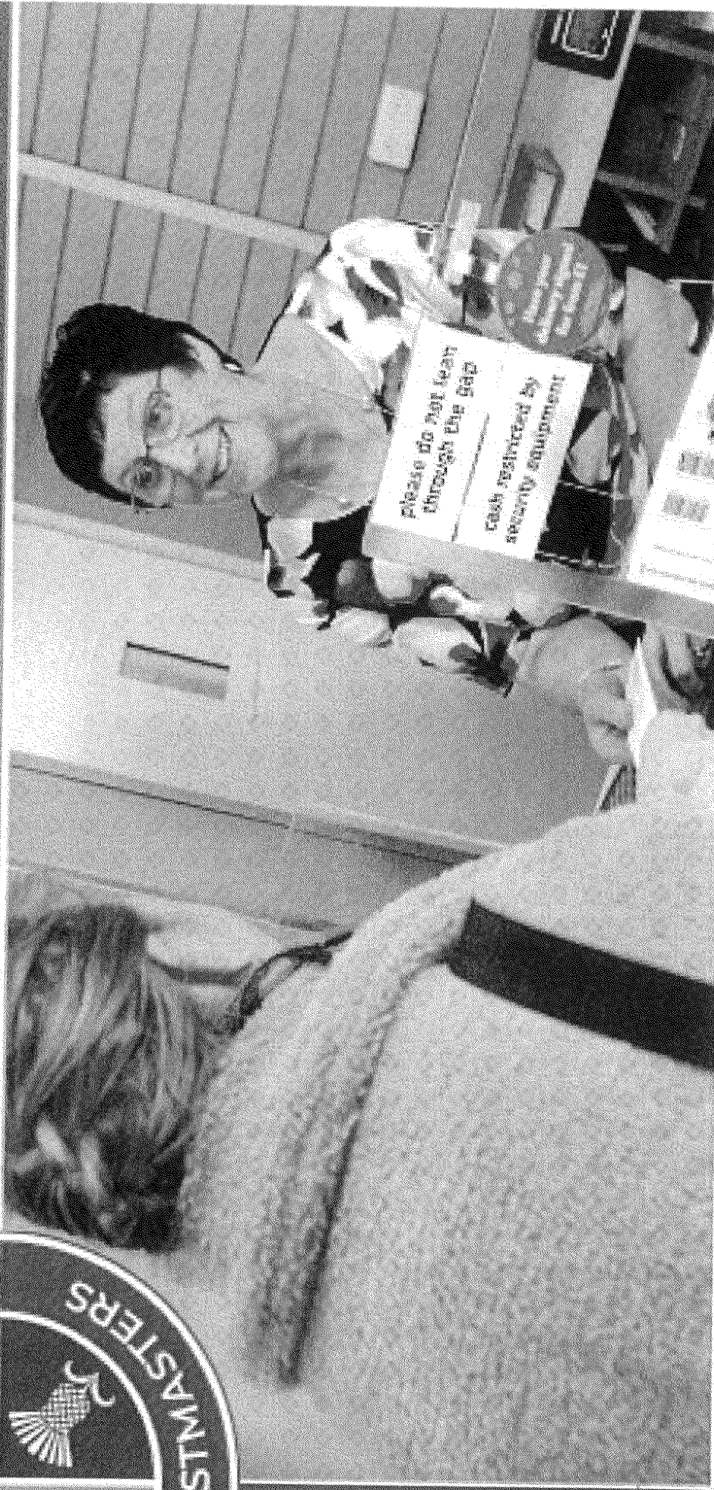
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Timeline of Support by the NFSP

Calum Greenhow CEO

25th of March,
2019

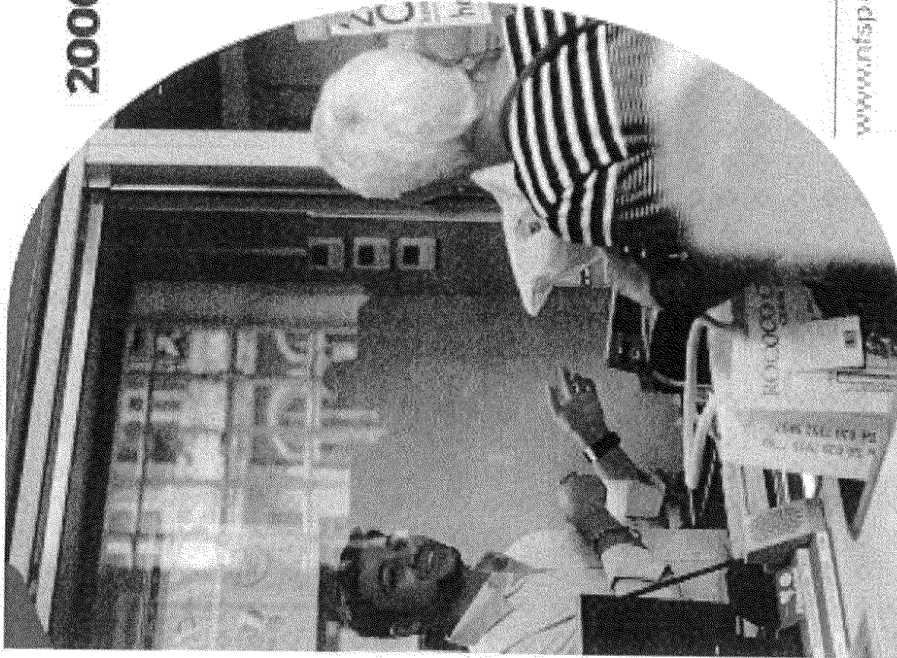




Timeline towards today

- 1999 – Prime Minister announces changes to the benefit system
 - Automated Credit Transfer (ACT)
 - 13 m claimants per week
- 2000 – Horizon role out
- 2003 – ACT begins
 - POCA with 4.1m accounts
 - DWP actively encourage customers towards their banks
 - 9m customers lost
- Network Urban Reinvention – 2500 Post Office close
- NFSP negotiated compensation package – 28 months

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2006 - 2007

- 2006 – Government changes postal service market
 - Royal Mail lose monopoly
- 2007 – Network Change
 - 2500 compulsory Post Office closures
 - 28 months compensation
 - £1.7bn fund to make Post Office financially stable
 - £150m annual subsidy

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2010 - 2012

- 2010 - Horizon Online
- 2011 - Decision by EC to support NT
 - £1.34bn funding package
 - NFSP negotiate the NT contracts
 - Introduction of Mains/Local models
 - Roadshows/Branch/Regional/National agreement from members
 - FOOC and Mutualisation
- 2012 - NT begins on a voluntary basis
 - 18 months compensation
 - Community offices protected

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2013

- 2013 - NT2 Special Conference
 - Members vote at Branch, Regional & Special Conference
 - £640 funding
 - Now compulsory but compensation increased to 26 months
 - CTP & Compensation protected till March 2018
- Complaint made to Certification Officer about NFSP Union status



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2015

- 2015 - CWU & NFRN present to EC
- Options of CWU, NFRN & MOU put to members
- Members vote overwhelmingly for the MOU
- NFSP lose Union status
- Negotiations on the Grant Fund Agreement (CFA) begin

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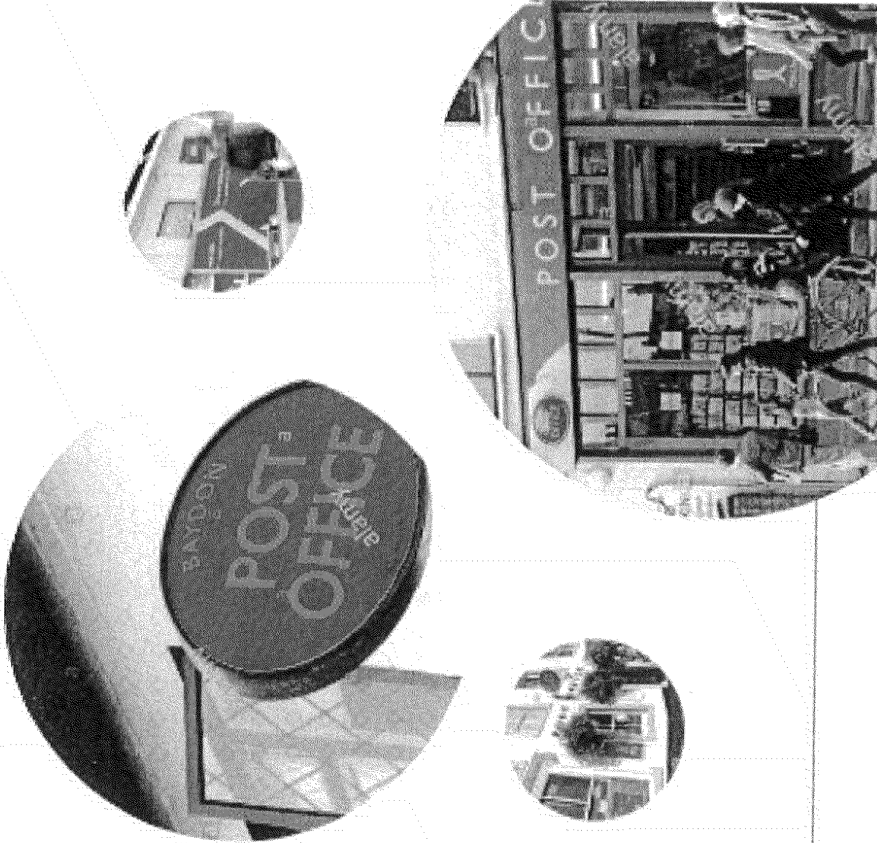




2016

- NFSP becomes a Trade Association governed by the Companies Act
 - GFA comes into force
 - All existing members auto enrolled
 - Free membership
 - £1.5m funding per year
 - £1m grant specific projects
 - Retail Team
 - Mails Team
 - 4% Increase in compliance
 - 8470 phone calls + 2481 visits
 - Challenge Royal Mail

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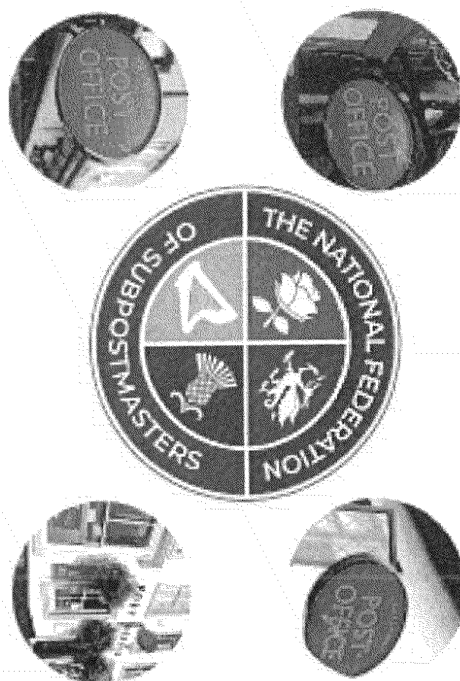
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2017 to present

- The NFSP grows in membership and representation
- 8000 members representing 9300 post offices
- Organisation continues to represent the interests of investor in the network
- Apolitical Influence Increase - APPG set up
- Mental Health, Dementia Friendly, ScamWise, JAM
- Benevolent Fund
- Care Package for those affected by NNL's

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Court Case

Not about Horizon but relationship between Post Office and SPM's

Contract Fair	Was training adequate	Terms of SPMC & NTC
Supply of Horizon, Helpline & materials	Contract terms onerous or unusual	Did PO bring these terms to the attention of the SPM
Are the terms unenforceable	Liability of losses	Was the contract constructed properly
Was the PO the agent of SPM's	Obligations of PO to SPM's	What was the effect on the SPM as agents of PO
Burden on SPM to prove losses	Is the PO entitled to suspend a SPM	Is the PO entitled to terminate a contract with a SPM
On what basis can the PO terminate a contract	Is the agreement between PO and an SPM a true agreement	If not what about SPM goodwill
Is the SPM entitled to compensation on termination	Can a SPM claim for loss of business due to contract termination	What say does the PO have in relation to appointing a new SPM after the sale of the current SPM's business
Can PO decide on assistants of the SPM	Who is responsible for training of assistants	

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Legal precedent set by the Judge in reference to how the case would be judged

Paragraph 60 – All a court can do is weigh up the evidence before it, observe it being tested against the other side's evidence and the documents that are put to a witness, and come to a conclusion.

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Accusations by the Judge in relation to the NFSP



Paragraph 596

1. *The NFSP is not an organisation independent of the Post Office, in the sense that the word "independent" is usually understood in the English language*
2. *There is also evidence before the court that the NFSP has, in the past, put its own interests and the funding of its future above the interests of its members, in the e mail to which I have referred*
3. *I have no confidence that there was any appreciable negotiation between the Post Office and the NFSP, and certainly not in the sense of the NFSP representing the interests of the SPMs in terms of the balance of risk and reward contained in that document.*

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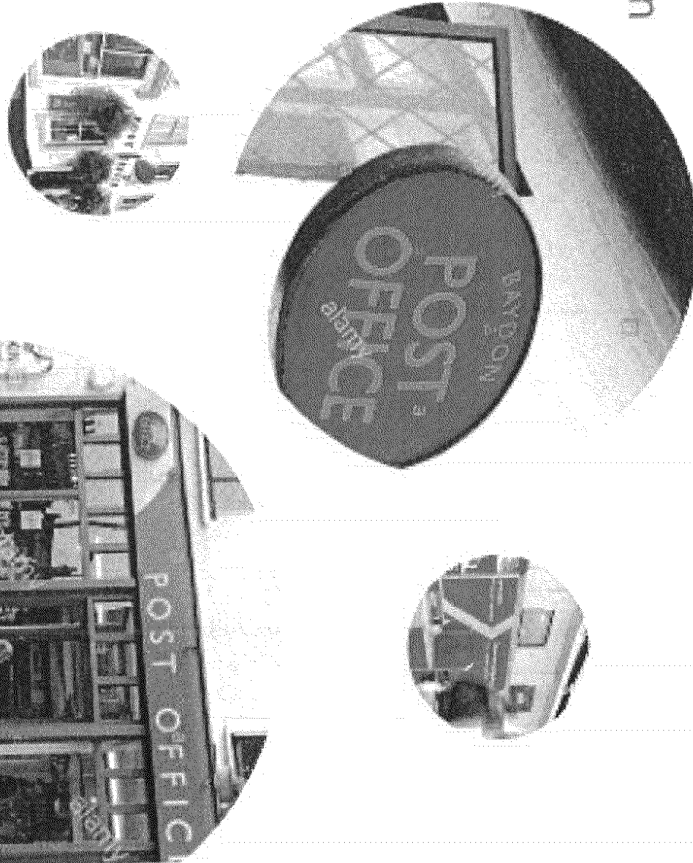


Why was the GFA brought in to the court case?

Paragraph 575 & 595 –

- I am entirely disinterested in whether the NFSP does, or does not, support the proceedings
- The Claimants sought an order for any document that would show when that final passage, referring to the GFA, was added to the website
- I refused to make such an order, because this would have been an order against the NFSP, who are not a party to the proceedings. It would also have been a distraction to have had a contested hearing against a non-party

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Grant Fund Agreement

- Paragraph 587 - *Memorandum of Understanding ("MOU") which dated from 2013*
- Paragraph 580 - *12 May 2016 by one Mr Mark Baker, who asked for a copy of the GFA.*
- Paragraph 578 - *agreement was reached between the Post Office and the NFSP and on 21 July 2015 the Post Office entered into a Grant Framework Agreement ("GFA") with the NFSP.*
- Paragraph 579 - *The GFA was negotiated by lawyers, at least on the Post Office's side.*
- Paragraph 598 - *I reject the evidence that both the Post Office and the NFSP always intended that the GFA would be made public,*

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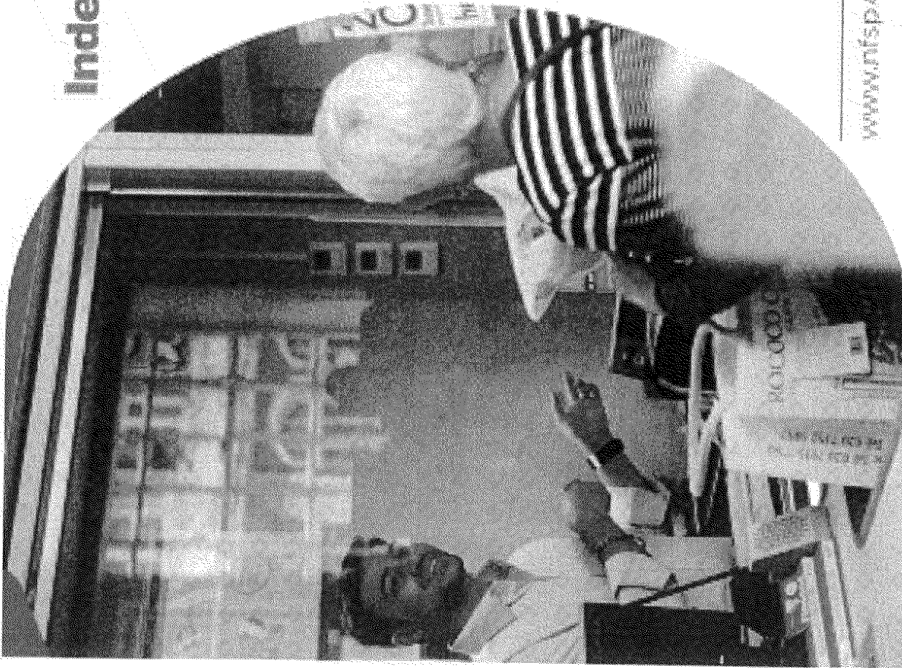


Accusations regarding the NFSP supporting the PO

1. Paragraph 589 - Also, the NFSP's own website was amended during the trial.
2. Paragraph 594 - That second sentence must have been added to try and bolster the Post Office's position (adopted during these proceedings) regarding transparency.

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Independence of the NFSP

- Paragraph 591 - the NFSP would not only put itself in breach of the terms of the GFA but face having grants "clawed back", that is repaid by the NFSP to the Post Office.
- GFA: Clause 31 Mediation - Judge makes mention of many parts of the GFA but fails to make any reference to the ability to challenge the PO via Independent mediation.

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APPENDIX B

NEGOTIATING COMMITTEE PRESENTATION

REMUNERATION

NEW PROPOSITIONS FOR

LIFE INSURANCE

MORTGAGES

PERSONAL LOANS

HOME PHONE AND BROADBAND

Life Insurance Improvements

NEW PROCESS FOR DATA CAPTURE ON HORIZON

1) A Real time feed

There is now a near to real time feed from Horizon to Salesforce, creating a usable lead in seconds.

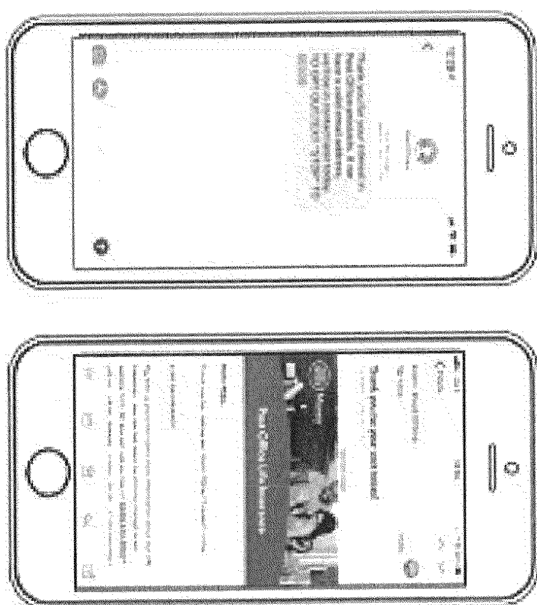
2) Consistent and easily optimisable comms

All customer records are stored in Salesforce (linking to brands).

Following a data capture all customers now receive an SMS whilst they are in branch

Salesforce sends email communication to customers which reflect the products customers have expressed an interest in. This is currently timed @ 2hours after in store data capture.

Our in house team manage our instances of Salesforce and are able to optimise communications and journeys easily without support from an agency



What's new?

- ✓ We've introduced a mandatory phone number field into Horizon
- ✓ Which means that customers are consenting to a call
- ✓ Prior to the fix, 40% of phone numbers were missing from customer referrals
- ✓ Branches can capture a land-line or mobile number or both

Generic Cust Referrals

Capture Customer details.

Please populate the following details:

Date Of Birth: 01/01/1993

Calendar: 24

Telephone Number:

Mobile Phone Number:

Email Address:

What's new?

- ✓ We've also added a 'preferred time to contact' field into Horizon
- ✓ Which means that we can call at a time which suits the customer

Generic Cust Referrals Mon 15 Oct 19

Call Back time relating to Life Insurance?

Postcode RG11 1T

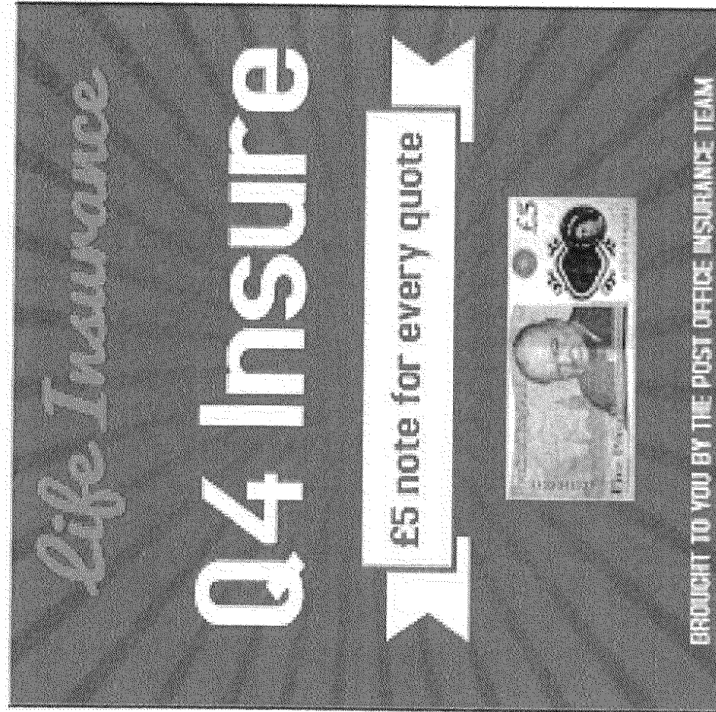
Call Back time relating to Life Insurance?	Preferred time to contact
Morning 09:00 - 12:00	Afternoon 12:00 - 17:00
Afternoon 12:00 - 17:00	Evening 17:00 - 21:00
Evening 17:00 - 21:00	Fast

TP: 12 BP: 01 SU: EP1 Individual Serve Customer

Customer Referral Proposition

- ✓ This initiative will be open to ALL branch types regardless of whether they can currently sell Life Insurance
- ✓ The great news is that Agency branches will be paid *£5 per qualifying lead generated via Horizon
- ✓ This proposition will launched on the 7th January 2019 to support the Q4 'Protecting is Caring' campaign
- ✓ Branches leads are sent through to and contacted by Reassured, a Protection specialist contact centre to ensure that every lead is treated as important.

*A qualifying lead is a customer referral where the customer receives a Life Insurance quote when contacted by our life protection partner Reassured.



Potential earnings for your branches

PO expect to convert one in three quotes to sales

Mains will be paid £60 per sale + £5 for the lead

Locals will be paid £35 per sale + £5 for the lead

Detailed sales MI will be available

*Valid leads is a lead that is willing to receive quote when our call centre make contact with them

MORTGAGES

Last year PO introduced a one off flat rate payment for offices that referred a successful mortgage application. Previously based on a percentage of the value of the mortgage.

Payment was based on offer not acceptance.

Additionally there was a 25p payment for a valid data capture.

Experience has been a reduction in referrals and applications.

NEW MORTGAGES OFFER

There are four stages for the new structure as follows applying to all branches:

Stage 1 = £5 For capturing customer details on Horizon or CRM tablet, where the customer meets eligibility criteria (a specialist Post Office team will contact the customer by phone at a time of their choosing and assess this) and the lead is then passed to Bank of Ireland UK.

Stage 2 = £20 for the leads in stage 1 that go on to the 'Fact Find' stage (where Bank of Ireland UK create a record in their database, prior to completion of the application form).

Stage 3 = £125 for any lead above that then generates a mortgage offer from Bank of Ireland UK.

Stage 4 = £500 for any branch where the total mortgage offer values generated for all Stage 3s that reach £1m within a financial year (1 April 2019 to 31 March 2020).

NEW PERSONAL LOANS OFFER

Post Office Personal Loans

Post Office launched a new personal loan proposition on 19th February 2019.

Similar staged process as follows with all branches receiving the following payments:

Stage 1a = 25p for capturing customer details on Horizon or CRM tablet.

Or

Stage 1b = If there is a CRM tablet in the branch, £5 will be paid for a positive Fast Checker result when completed on the tablet (i.e. 7/10 or higher chance of accept, limited to 2 per customer per year)

Stage 2 = £20 for a subsequent successful sale (i.e. the issue of a personal loan to the customer referred by the branch, after 14 day cooling off period).

Loans and Mortgages

- Applies to all branches
- No variation between Mains & Locals
- CRM branches that process loan applications to successful "quick check" on tablets will be paid an extra £5.00

PO Home Phone and Broadband

- Looking to grow business
- Expect to be cheapest of main 5 providers
- Build a stronger offer on fibre (60% choose)
- Increased marketing
- Increased branch presence

Current Commission Structure

Front Book	Mains	Locals
New HP Direct	7.50	7.50
New HP Broadband	20.00	20.00
New HP Basic	10.00	10.00
Back Book		
New HP Direct	1.00/month	0.50/month
New HP Broadband	2.00/month	1.00/month
New HP Basic	1.00/month	0.50/month

Proposed Trial Commission Structure

Week 1 to week 13

Front Book	Mains	Locals
New HP Direct	£50.00	£50.00
New HP Broadband	£50.00	£50.00
New HP Basic	£50.00	£50.00
Back Book		
New HP Direct	1.00/month	0.50/month
New HP Broadband	2.00/month	1.00/month
New HP Basic	1.00/month	0.50/month

All sales types, any branch, initial payment £50.00
Whether direct or via call centre as long as FAD provided

Payments Illustration

Based on average life of contract 32 months.

Broadband sale in Mains branch £50.00+ £64.00 = £114

Broadband sale in Locals branch £50.00+ £32.00 = £82.00

Basic phone sale in Mains branch £50.00+ £32.00 = £82.00

Basic phone sale in Locals branch £50.00+ £16.00 = £66.00

comment

Many of new offers tend to blur distinction between Mains & Locals

Welcome new business for Locals

Initial payments for phones big increase is a trial,
If successful perhaps can be made permanent

APPENDIX C

ROLES & RESPONSIBILITIES

LEGAL & REGULATORY



Legal & Regulatory

Calum Greenhow

Monday, 25th of March, 2019



Judge Questions Independence

- Judge states NFSP places own interests above members
- BAU work on our website demonstrates our intent to bolster PO's position regarding transparency.
- Questions there was any appreciable negotiation regarding the NTC.
- Questions the intent of the NFSP or PO from publishing the CFA.

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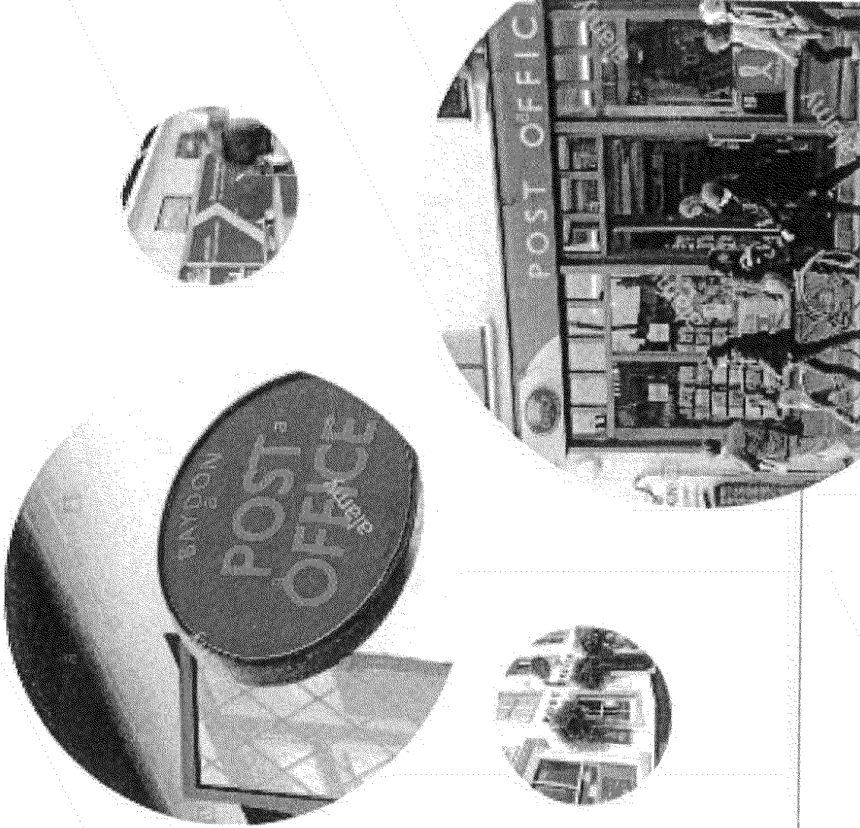
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Mediation – Clause 31

- As much as the Judge had read the GFA, he makes no mention of Clause 31
- Allows escalation of disputes if impasse is reached
- Mediation can be internal or external
- Allows impartial discussion to take place

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Benefits of internal/external mediators

Internal	External
<ul style="list-style-type: none"> • Easy and quick to set up • Informal approach • Knowledge of organisational structure • Ease of access • High emphasis on joint meetings • Set up to create a lasting peaceful environment 	<ul style="list-style-type: none"> • Stronger neutrality • Formal approach • Wider experience of organisational conflict • Brings fresh eyes to the situation • Better interaction with legal representatives

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N.E.D with Legal & Regulatory Responsibility

- Collate Contract Interview cases
 - Check for patterns, consistence's and/or anomalies
- Training of Regional Directors/Branch & Regional Secretaries
 - How to prepare for a Contract Interview
 - How to conduct a Contract Interview with POL
 - Building relationships with Contracts Department of POL
- Understanding different Operator contracts
- Scope of NFSP within Contract negotiations at a Contract Interview
- Work with CEO protecting members interests
- Provide report to Board.
- Escalate

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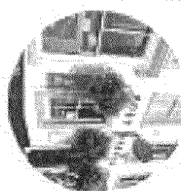


Escalation Process

Level	Post Office	NFSP
First	PO Relationship Manager or Contracts Manager	N E D for Legal & Regulatory
Second	PO Network Director	CEO
Third	CEO of Retail	NFSP Board

If that proves unsuccessful, then we go to the external mediator CDER as per the GFA

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