

05/2011



## Agency Changes Communiqué (ACC)



To: Contract Advisors  
HRSC

CC: Distribution List

From: Paul Williams  
Restrictions Advisor

Date: 20 May 2011

**Subject: Company Operated Post Office® branches; dealing with resignation of and applications from existing Operators.**

### 1. Introduction and Purpose

From mid-2006 centrally managed multiples holding “nominee” subpostmaster appointments have transited to Company Operated Post Office Contracts. The business as usual resignation and application arrangement for these centrally managed multiples that moved to Company Operated status was described in ACC 02/2007. However, recent organisational change and the growth in the number of non-centrally managed partners who have moved to Company Operated Post Office Contracts, mean that it is time to update and revise this instruction.

This ACC which is mandatory replaces ACC 02/2007 and sets out the approach and process for dealing with resignations by, and applications from, **all** existing Company Operated Contracts Operators. It contains suitable standard draft documentation and provides guidance to the HRSC and interviewing managers on the actions required to deploy the new approaches.

Please note that this ACC does not provide criteria for dealing with an initial application from an organisation seeking Company Operated Operator status, this will be dealt with separately in a stand-alone ACC.

Although the processes in this ACC are paper based, it is envisaged that an on line application process will be introduced in due course.

### 2. Background

The key differences between the old nominee arrangements made under the Subpostmasters Contracts [including Modified and Community branches] and the new Company Operated Contract are:

- They are company-to-company i.e. between two companies Post Office Ltd and a named company.
- No individual identified as a “nominee” is involved

Last Communiqué: 03/2011 Agents References

04/2011 Branch Opening Hours Policy

- The remuneration is subject to VAT rather than Income Tax and National Insurance contributions.

Since 2006 the SPSO / MSPO & Community nominee appointments of all nationally managed multiples and some regional multiples have been migrated to Company Operated Post Office contracts. We have also made a small number of appointments to Company Operated status where a new company that would have qualified for Nominee status has entered the Post Office market.

Once a company has moved to the new contract, all further appointments [other than Franchise branches, Mains branches and Post Office Local sites] will be made to the Company Operated Contract. It is for this reason that the new business as usual processes described in this ACC have been developed. For the sake of clarity, application at Franchise, Main or Post Office Local sites should follow the business as usual processes for these operating models.

Table below includes Doc Ref 1 which all lists the companies that hold Company Operated Post Office Contracts at the date this ACC is published.

### **3. Termination of Company Operated Contracts by Operators**

As is the case with subpostmaster appointments, partners holding Company Operated contracts [known as Operators] are required to give three months' notice to Post Office Ltd if they wish to terminate a contract. It is expected that Operators will submit notice of termination to the Contracts Support Team when an applicant has been identified.

How the resultant vacancy is dealt with will depend upon whether the prospective successor already holds Company Operated contracts in their own right.

#### **3.1 Responding to Notice of Termination**

If the outgoing Operator informs us that they propose selling their premises and private business to an organisation that already holds Company to Company Contracts in its own right, the appointment process outlined in section 4 below should then be followed. For the sake of clarity section 4 also applies when an existing Company Operated Operator is purchasing a branch from an outgoing agent who is a subpostmaster.

If the prospective purchaser holds standard or nominee subpostmaster appointments, or does not hold any Post Office® branch contracts at all, the vacancy should be advertised as normal. That is, it will be treated as a standard sub Post Office vacancy and be advertised via IRIS. Prospective applicants will need to be advised that they should log onto [www.postoffice.co.uk](http://www.postoffice.co.uk) and click on the "Subpostmasters" link to both find out more about the vacancy and submit an application and a full business plan.

In such cases, any queries about the proposed transfer dates by the outgoing Operator should be dealt with in the normal manner.

#### **3.2 Vacancy Reports**

On receipt of a notice of termination from an Operator, the CST should acknowledge this using the letter embedded below. The CST will be responsible for ensuring that a Vacancy Report is completed and provided to the HRSC in the normal manner, whether or not the nominated applicant already holds Company Operated appointments.

#### 4. Business as Usual Appointment Process.

The process map for the new approach, together with the necessary standard draft letters, are embedded in the table below.

Although the process is, hopefully self explanatory, there are some important points to note.

- Electronic applications, to Agent Recruitment Support using the form will be accepted.
- Contract Advisors are responsible for conducting interviews and making appointment decisions.
- When an application is received from one of the smaller Operators that is NOT account managed, and which has NOT been credit checked in the preceding 12 months, a fresh credit worthiness check should be obtained by the HRSC. At the time of writing such checks can be obtained via [chris.nicholass](#) GRO who will need the Company Registration details to arrange this.
- The Operator must return the signed contract and supporting documents to the HRSC before the date of appointment.
- Although the process has been streamlined it does not mean or imply that any appointment is a foregone conclusion, Post Office Ltd retains the right to advertise any branch, or choose not to appoint an Operator to it, if it is in the best interests of our business.
- **Transfer packs** – whilst the Field Support Team will complete the transfer, because of the distinctive nature of the Company Operated Contract a simplified transfer pack will be required comprising:
  - P242 Final Cash Account Form (x1)
  - P344 Transfer Report (x1)
  - Appendix A&B List of items loaned (x2)
  - P301 Non-Disclosure Statement (x2)

##### 4.1 Entering Operator's details onto HRSAP

When dealing with any organisation that could have several separate appointments, it is important to ensure that all the details entered into SAP are done so in a manner which is absolutely consistent across every appointment. The Agency Pay and Contracts team has, therefore, provided a spreadsheet containing the company names, registration details etc. for all current Company Operated Post Office® branch contract holders.

When the HRSC is making subsequent appointments for one of these operators, the details provided in the application should be checked against the spreadsheet and in the

event of any small disparities e.g. “Bloggs *Limited*” v “ Bloggs *Ltd* “ or a VAT number presented as 

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 the spreadsheet data / format must be used.

However, in the event than an application is received that contains differences that suggest some aspect of the Operator has actually changed – such as a new registered office address or registered number, then clarification should be sought from the Contract Policy Team (Paul Inwood/Stewart Barclay/Steve Utting).

## 5. Responsibilities

Although the attached process maps illustrate the main responsibilities, I felt it might be of help to add a few words of additional clarification below:

### 5.1 HRSC

The new process has many parallels with the old “nominee” application process although, it is hoped, the lines of responsibility within Post Office Ltd are a little clearer. However, as there are no named individuals acting as nominees for the Operators, the vetting / security checks issues associated with an *individual nominee* will no longer arise.

It is, nevertheless, important to remember that the vetting standards will apply to all *assistants* [including any officer in charge/ manager] employed by the Operator in the branch. For this reason it is vital that the completed P356 is obtained at the same time as the signed contract document, so that a check of registered assistants can be completed as soon as is practicable. In the event that a prospective assistant fails the security checks, the Human Resource Service Centre should inform the Operator and appropriate Contract Advisor as normal.

When preparing the contract document, the HRSC should insert the agreed transfer date as the Commencement Date of the agreement [Part 2 of the Schedule]. The Agency Recruitment team must also monitor the case and if the signed contract and supporting documents have not been returned within 7 days they must advise the Contract Advisor so that they can raise the matter with the Operator before the Commencement Date. Section 5.2.2 provides further detail on this.

### 5.2 Contract Advisors

The shift of responsibility for all Company Operated interviews and appointment decisions to Contract Advisors ends the previous division between those Operators that are centrally managed, and those that are not.



Although the new process recognises that in many locations appointment of an existing Company Operated contract holder is likely to be the right the choice for the business, it does not mean that this will always be the case. For example, the operational proposals put forward by an Operator might not meet the current needs of the business or branch, or it may be the Operator may be unwilling to agree Conditions of Appointment at a branch, or Post Office Ltd may have identified better locations or possible applicants. Post Office Ltd will determine how it wishes to advertise the branch in line with current policies.

For these reasons it is important to ensure that we do not give Operators or outgoing subpostmasters the impression that the Company Operated Contract appointment process is merely a “rubber stamp” on any agreements they may have already made between themselves.

### **5.2.1 Interview Practicalities**

Post Office Ltd’s default position is to conduct face to face interviews when considering applications for appointments as an agent. Not only do such events allow the business to assess the personal qualities and experience of the applicants, but they also provide an opportunity to review the business plan / financial assessment and for the collection of evidence to support the security checks required of all subpostmasters.

However, when dealing with an application from an existing Operator, we have already decided that this company is a good fit with Post Office Ltd brand and, if the application is successful it will be the employees working in the branch that have to be security checked rather than the company. It is also the case that our larger Operators are account managed and that there is regular dialogue between the business and the Operator about our shared goals and objectives.

The Contract Advisor will also need to review the financial assessment [credit worthiness check] and satisfy themselves at the interview on any issues requiring clarification from the applicant.

Taking the above into account, the Contract Advisor can choose to conduct the Operational Assessment by telephone if:

- The applicant is a nationally account managed multiple OR
- The applicant has at least 10 other branches AND
- Has been appointed at another Post Office branch within the last 12 months AND
- There are no known operational problems with the branches they operate.

If the branch being considered has an Area Sales Manager, they should be made aware of the application and offered the opportunity to take part in the Operational Assessment discussion, although they do have the option to decline this offer. If the branch has mailwork then the Royal Mail Manager identified at the vacancy report stage should be offered the chance to attend the interview.

### **5.2.2 Operator Fails to Meet Timescales**

Finally, with the move to company-to-company relationships it is more important than ever that we ensure the signed agreements are obtained before the Operator takes up the appointment.

For this reason the HRSC has been instructed to inform Contract Advisors if the documents have not been returned to the within 7 Days. If you are contacted by the HRSC in such circumstances, you must raise the matter with your Operator contact urgently to ensure that the signed contract documents are submitted promptly and before the Commencement Date. If the Operator seems unwilling, or unable, to return the signed documentation within the timescale, then the Contract Advisor should inform them that the transfer will have to be postponed until the signed documents are returned.

In the event that a Contract Advisor accepted the reasons for the delay in providing the signed documents given by the incoming Operator and wanted the transfer to go ahead before they arrived at the HRSC, the Contract Advisor would need to obtain agreement from the appropriate National Contract Manager, before allowing the transfer to proceed.

In the event a transfer is postponed because of non-receipt of a signed contract, the Contract Advisor should ensure that the Human Resource Service Centre, Contract Admin Team and, when appropriate, Multiples Account Manager, Area Sales Manager and Royal Mail Manager are made aware of the delay.

### **5.2.3 Unsolicited Applications**

In the rare event of an Operator submitting an application before the agent's resignation has been received, the Contract Advisor will have an important and, potentially, delicate role to play. The Contract Advisor will need to contact the incumbent agent to enquire whether or not they are negotiating about a proposed sale with the Company Operated contract holder. As already mentioned, Post Office Ltd retains sole discretion as to granting contracts to run our branches. So, when talking to incumbent subpostmasters about their intentions it is important to make sure we:

- Do not give the impression we are forcing or persuading them to resign and/or accept the offer from the Operator. We are merely trying to establish what the subpostmaster's intentions are.
- Do not imply that the appointment of the Company-to-Company Operator is a mere formality. It is the case that we may choose to advertise the vacancy to seek additional candidates and / or reject the Operator's application.

## **6. After an Operator has been appointed**

As with other contract types, Company Operated appointments can be varied by mutual agreement and most likely areas are changes to opening hours or occasionally location. In such circumstances the Contract Advisor should assess requests for changes in line with the relevant current processes and policy. If agreement can be given to the proposed change then a revised contract document [ref no 8] should be completed and despatched by the HRSC.

## 7. Conclusion and contact


The processes described in this ACC, are intended to make the BAU management of Company Operated Post Office Contract resignation and appointments reasonably straightforward and easy for all parties involved to understand. Should you require any further advice or clarification about this issue, please do not hesitate to contact **Stewart Barclay**.

I would like to thank Glenn Chester, Sharon Bohanna, Steve Northey and John Breeden amongst others for their valuable input and feedback in developing this process.


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**Table 1; Current Company Operated Contract Holders:**






<b>Doc Ref</b> 1	<b>List of Company Operated Operators May 2011</b>	 C:\Documents and Settings\Paul.F. Willia
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**Table 2: Documents used in Company Operated Resignation Process**






<b>Ref</b>	<b>Document Name</b>	<b>Document</b>
R1	Process Map; Resignation	 C:\Documents and Settings\Paul.F. Willia
R2	Resignation Pack	

		 C:\Documents and Settings\Paul.F. Willia
R3	Acknowledgement of resignation	 C:\Documents and Settings\Paul.F. Willia

**Table 3. Documents used in Company Operated Appointment Process.**

Ref	Document Name	Document
A1	Process Map: Recruitment	 C:\Documents and Settings\Paul.F. Willia
A2	Application Form	 C:\Documents and Settings\Paul.F. Willia
A3	Cover Letter for Application	 C:\Documents and Settings\Paul.F. Willia
A4	Notification to Incumbent Agent	 C:\Documents and Settings\Paul.F. Willia
A5	Operational Assessment pack	 C:\Documents and Settings\Paul.F. Willia



A6	Transfer Notification	 C:\Documents and Settings\Paul. F. Willia
A7	C2C Contract	 C:\Documents and Settings\Paul. F. Willia
A8	Offer Covering letter	 C:\Documents and Settings\Paul. F. Willia
A9	Rejection Letter for applicant	 C:\Documents and Settings\Paul. F. Willia
A10	Rejection Letter for outgoing Subpostmaster.	 C:\Documents and Settings\Paul. F. Willia