

BRIEF SUMMARY OF CERTAIN SECTIONS OF THE SUBPOSTMASTERS CONTRACT

(For use as a guide only)

Contract

Subpostmasters are agents of Post Office Ltd (formerly Post Office Counters Ltd) contracted to provide premises and Post Office services.

Subpostmasters are, consequently, **NOT** employees of Post Office Ltd. The contract is a personal one, held by a single individual, even where for example, several people jointly own the business, or where a business runs a large number of Post Office® branches.

Accommodation standards

Under the terms of the Subpostmasters Contract subpostmasters are required to provide and maintain accommodation to standards specified by Post Office Ltd. A subpostmaster is not obliged to attend the branch personally, but is required, whether there or not, to accept full responsibility for the proper and efficient running of the Post Office® branch.

Assistants

The subpostmaster must provide, at his own expense, any assistance which he may need to carry out the work in the Post Office® branch. Assistants are employees of the subpostmaster. The subpostmaster will be held liable for any failure on the part of the assistants to provide a proper standard of service to the public or to apply proper Post Office® procedures.

Post Office® Cash and Stock

The subpostmaster, on taking up the appointment, is supplied with suitable Post Office® stock. The subpostmaster is permitted to hold Post Office Ltd cash, which should be sufficient to meet payments at the branch after due allowance has been made for unexpected receipts and in accordance with official accounting and security instructions. The subpostmaster is expressly forbidden to make use of the balance due to Post Office Ltd for any purpose other than the requirements of the Post Office® service; and he must on no account apply to his own private use, for however short a period, any portion of Post Office® cash entrusted to him, nor make use of the Post Office® cash for payment of wages to his assistants. Misuse of Post Office® cash may lead to termination of the Subpostmasters Contract.

Losses

The subpostmaster is responsible for all losses caused through his own negligence, carelessness or error, and also for all losses caused by his assistants. Deficiencies due to such losses must be made good without delay.

Standards

Post Office Ltd, through its network of Post Office® branches aims to give customers and clients a high quality service. Subpostmasters must therefore give top priority to serving customers quickly and efficiently, and to fulfilling the documentation requirements of clients with accuracy and professionalism. Subpostmasters should ensure that the time for which customers wait to be served is kept to a minimum, and make the necessary adjustments to the staffing pattern to achieve this objective

Cash Account

Subpostmasters are required to produce an office balance every Wednesday after close of business (unless otherwise directed by Post Office Ltd).

Remuneration

Remuneration is paid from the first day of appointment until the last day of service, irrespective of traffic periods. It covers any attendance during normal hours of business including, in respect of a mailwork office, attendance in the sorting office both prior to and after the close of post office®

Remuneration will normally be made up of a sales related tier payment and either an assigned office payment, or a core tier payment depending on the contract type.

Sales Tier Payment

This is a variable volume related payment, normally paid monthly, based in the main on traffic transacted at the office two months prior to the month of payment.

Assigned Office payment (AOP)

Smaller Post Office® branches will have an assigned office payment which is set in respect of each individual office. Once established at an annual rate it will be paid in 12 equal instalments over a period of a year. For all offices this payment will remain at this level and will not be subject to traffic fluctuations.

Core Tier Payment

Commercial Post Office® branches will have a Core Tier payment. The Core Tier will automatically be recalculated on the 1 April each year, commencing on 1 April 2005, based on sales performance in the previous year.

Small Full Time Post Office ® branches with annual remuneration payments below £14,000 per annum

Most Post Office® branches that fall into this category have a set annual revision date. To calculate remuneration for these offices for the next twelve months, the last four full quarters transactions for traditional Post Office® business such as pensions and allowances are multiplied by a value per transaction and totalled. This becomes the Annual Sales Tier Payment that is added to the assigned office payment to give total remuneration for the year. This figure will be paid monthly in 12 equal parts until the next annual revision is due. In addition there are a small number of products that are reviewed monthly, based in the main on transactions completed two months prior to the month of payment. Subpostmasters at annually revised branches

Appendix to ACC 52/04 issued 17 December 2004

can choose to transfer from annual to monthly calculations for payment of remuneration.

Small Full Time Post Office® branches with annual remuneration payments above £14,000 per annum

For small Post Office® branches with an annual remuneration above £14,000, the transactions undertaken during a cash account period (there are 12 in a year) are multiplied by the value of such transactions to form a Sales Tier Payment which is paid monthly, based in the main on transactions completed two months prior to the month of payment. For example traffic transacted in January will be paid in the March payroll period. Sales Tier Payments will fluctuate depending on whether it is a four or five-week cash accounting period. The annual value of the assigned office payment is divided by twelve and added to the monthly sales tier payment due.

Commercial Branches

A new remuneration system for our larger Commercial Post Office® Branches came into effect on 1st October 2004. Remuneration payments at these branches will be made up of a 'Core' tier that has been derived through in depth analysis of the typical fixed costs associated in running a post office® branch, and a 'Sales' tier, which contains product payment rates (Sales Tier Payments) for individual products. The Core Tier will automatically be recalculated on the 1 April each year commencing on 1 April 2005, based on sales performance in the previous year. The Sales Tier Payment will be based on transactions completed in the main two months prior to the month of payment. For example traffic transacted in January will be paid in the March payroll period. Sales Tier Payments will fluctuate depending on whether it is a four or five-week cash accounting period.

Mailwork branches

A subpostmaster at a mailwork branch is expected to supervise the sorting room along with the delivery staff, dealing with day-to-day problems as they arise. The subpostmaster is also required to provide suitable accommodation for the delivery staff and to ensure that the accommodation at all times complies with relevant legislation including the Health and Safety at Work Act.

Premises

A subpostmaster must provide at his own expense any reasonable office accommodation and fittings that Post Office Ltd may require of him, for carrying out the work of the office.

These fittings comprise, among other things, a counter, counter drawers and tills for the official stock of stamps, postal orders, etc., a cupboard or drawers for forms, a safe or other approved container (where not provided) affording good resistance to attack by thieves, a suitable locker to enable secure posting items to be held in safe custody, a clock and certain small stores. Certain fittings may also be purchased on application to Post Office Ltd. More details and approximate prices can be obtained at interview.

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Restrictions

The subpostmaster must not undertake in a private capacity any business or allow anyone else to undertake on the premises in which the branch is situated, business of a kind that Post Office Ltd requires him to provide for itself or its clients.

Disability Discrimination Act 1995

As part of the subpostmaster's obligation to provide accommodation as required by Post Office Ltd the subpostmaster has to provide premises which comply with the Disability Discrimination Act. In addition the subpostmaster is obliged to ensure that the manner in which the Post Office services are provided to the public comply with the DDA.

[Note: The above paragraphs summarise certain sections only of the Subpostmaster's Contract. They are by no means a comprehensive description of the Contract, and should not be used in place of a thorough review of that Contract. A subpostmaster may not rely upon the points made in this summary, as they are for reference purposes only.]

The Post Office and the Post Office symbol are registered trade marks of Post Office Ltd in the UK and other countries.