



Family Transfers



Reference information

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Approval

Role	Name(s)	Date
Business input	Pete D Johnson (NT)	30.10.17
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SUBJECT: Family Transfers**1.0 Statement**

Post Office Limited [POL] issued Agency Change Communiqué (ACC) 0111 in 2011 to advise how POL should deal with Family Transfers requests. That policy remains relevant today, however this policy replaces ACC 0111 to include provision for situations that may arise as part of the Network Transformation Programme. This policy sets out some changes to the way that family members are appointed and the different ways they are able to contract with POL.

2.0 Glossary of terms used in this Policy.

Word/term	Definition
(Sub)Postmaster	An entity contracting with Post Office Ltd on a Traditional Contract or New Model Agreement.
Appointment Process	Post Office Ltd.'s process for considering the application and business plan of potential Post Office Postmasters.
Company Operator	A Local Post Office®, Main Post Office® Operator or an ULTRA Company Operated SPSO contracting with Post Office Ltd as a company, including nationally managed multiples.
Conditions of Appointment	During the Appointment Process Post Office Ltd may require the new Postmaster to make changes to the premises, opening hours or enforce Post Office Ltd policy before, at, or following appointment.
Divorce	In this policy the term "Divorce" applies to marital, non-marital and civil partnerships that have formally ended.
HRSC	Human Resources Service Centre.
Modelling	The system that Post Office Ltd uses to determine the most appropriate Operating Model to implement at a given location.
Network Transformation	A Government investment programme to modernise the network of Post Offices around the United Kingdom, including the introduction of new Post Office Operating Models.
Operating Models	This term refers to the contract type that applies at the branch and includes, but not is exclusive to SPSO, MSPO, IFPO, CFPO, Local Post Office, Main Post Office, Outreach.
Operator	An individual, company or partnership responsible for the operation of a Local, or Main PO branch.

Traditional Contract	Contract for the operation of Post Office branches, excluding new model Local and Main Agreements. Traditional contracts include: Postmasters Contract; Community Postmasters Contract; Modified Postmasters Contract; Franchise Agreement; Franchise Independent Retailer Agreement; Satellite contract; Outreach Agreements; Company Operated Contract; Local Funded; PayStation Direct Settlement; or Temporary SubPostmasters Contract
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3.0 Introduction, purpose and scope.

There is no exhaustive list of what would necessitate a family transfer, but generally it would be any circumstance which affects the Postmaster's ability to continue to be responsible for the Post Office branch.

It has been our practise, in certain cases, to allow branches to transfer to an immediate family member without advertising the vacant position externally, however, **all** other parts of the Appointment Process must still be fulfilled e.g. credit checks etc. Postmasters have no right of assignment of the Post Office, therefore any decision on family transfer will always be at the discretion of POL.

In such circumstances, POL expects the Postmaster to be able to demonstrate that the transfer is of a non-commercial nature e.g. would not result in any financial gain to either party. Further detail on this can be found in Section 8.0

Family transfers can only occur if the Operator is contracting with POL as an individual. Family transfers do not apply to Postmasters who currently contract with POL as a company or partnership.

4.0 Background and Policy

The family transfer concession is best summarised as a supportive gesture by POL towards a Postmaster. A family transfer will often be associated with a sudden crisis such as serious illness, but can also be a consequence of other less traumatic circumstances, such as the Postmaster wishing to leave the network.

Generally, POL will allow the Family Transfer to take place on the same terms and contract/ operating model; however once POL have been advised of the desire for a Family Transfer to take place, there must be a discussion with the Head of Network Design (Kjetil Fuglestad) to discuss the future operating model of the branch and whether it can transfer on the existing model. Proper consideration should be given to the circumstances that have given cause for

the request for a family transfer at this point when dealing with the request. Where there has been a death in service, for example, POL should not seek to impose a contract / model change. Discussions can then begin with the new prospective Postmaster as to their options.

In cases where the current Operating Model is no longer available, or where the potential new Postmaster indicates a wish to change to an NT operating model, the case should be presented to the Head of Network Design (Kjetil Fuglestad) and the Remuneration Development Manager (Chris Howard) to determine the best options available and the solution going forward. The final decision rests with the Head of Network Design.

If the incoming Postmaster wants to contract with POL as a company rather than as an individual the company must be connected to the outgoing Postmaster e.g. shareholders/directors are closely related to the Postmaster*.

*At least one director must be closely related to the Postmaster.

Examples of acceptable reasons for a family transfer request to be made are:

- Death of the Postmaster
- Serious illness (normally the Postmaster, but they may wish to care for a relative*).
- Divorce – could also include the formal ending of marital, non-marital and civil partnerships.
- The Postmaster chooses to retire.

**Evidence may be required and should be assessed on a case by case basis by the Contract Advisor. The Head of Design may require a copy of any evidence provided, the Contract Advisor should discuss this with the Head of Design.*

5.0 Criteria for judging suitability for a Family Transfer

Having received a request for a Family Transfer, the basic criteria for deciding whether it would be appropriate to allow the concession remain as follows:

- The performance at the branch has been satisfactory.
- The entire premises including, any Mailwork facility, are satisfactory and conveniently situated, enabling the branch to remain 'on site'. (A BAU FCA should visit the premises to confirm this).
- The relative to whom it is proposed to transfer the appointment is eligible, suitable and meets the requirements of POL's Appointment Process. A full application form should be completed by the new

prospective Postmaster. All checks must be completed prior to their appointment (eg credit, voter checks etc.)

6.0 Contract Suspension and Termination

If a Postmaster has had their contract terminated by POL; or a Postmaster has resigned to avoid summary termination, or they have served notice to terminate due to contractual action being taken by POL, then the Family Transfer request should be **rejected**.

The resulting vacancy should be advertised through the usual channels following POL's Modelling and Advertisement processes. The Postmasters family member(s) would then be able to apply in the usual manner and their application would be judged on its own merits.

7.0 Eligible Family Members

POL has never sought to provide a definitive list of 'eligible' family members that meet set criteria. Individual family circumstances differ widely and social structures continue to change and evolve. We would therefore continue to expect those dealing with requests from Postmasters to adopt a common sense approach to the definition of a "close family member". See 4.0 above in relation to family members that wish to contract with POL as a company. (This is only available to Postmasters on New Model contracts or those operating under ULTRA contracts). Advice should be sought from legal services through the Policy Team if clarification is required.

8.0 Commercial Arrangements

It is vital to remember that family transfers are not intended to apply if there is a commercial arrangement between the incoming and outgoing Postmaster. In the past there has been much confusion about what constitutes a commercial transaction. As with other aspects of this type of case, it is not possible to provide an absolute definition as the variation between the individual circumstances of individual families are almost limitless. For example, if a Postmaster is **selling** the premises/retail to a brother or cousin is more likely to be a normal commercial transaction and so the application should be processed as such; and not as a Family Transfer.

The most likely indicator of a commercial transaction would be that money has been exchanged from one party to the other. However, there is a need to exercise caution applying this test as in some cases movement of funds will be a direct consequence of the circumstances that led to the request for a family transfer. Some examples of situations which are likely to be acceptable are:

- **Death:** There may be more than one beneficiary of the deceased Postmaster's estate and so, as one example, the incoming Postmaster may need to "buy out" his / her siblings interests in the property and business.
- **Divorce:** As part of the separation settlement, the parties may need to split the assets and so the incoming Postmaster may need to make some sort of payment to the outgoing Postmaster.
- **Retirement:** A Postmaster who lives on the premises and who is 'retiring' may have to sell the branch to their son/daughter to realise their investment and move home.

9.0 Network Transformation and Family Transfers

Throughout the lifetime of the Network Transformation Programme there will be occasions where a Family Transfer is requested by a Postmaster. It remains POL policy that Family Transfer requests continue to be treated sensitively and that the reasons for the request should continue to be considered in line with the requirements of this policy.

In all cases the Network Transformation Team will continue to consider cases for POL Investment and Network Transformation Leavers Payments in line with Network Transformation policy and on a case by case basis; irrespective of whether a Family Transfer has occurred. Equally, a Family Transfer would not mean that the new Postmaster could avoid the normal choices in NT that other Postmasters are faced with.

There are various scenarios prior to and after the Family Transfer, subject to the requirements and desire of POL this could include:

Prior to the family transfer:

- Stay 'as is' on the existing SPMR contract
- Stay 'as is' on existing new model contract
- If on existing SPMR contract convert to new model contract [with NT funding]*

**It should be noted that subsequent to moving onto a new contract if the new Postmaster fails the financial assessment or retail survey, they may become a Transitional Local, NT SLT would make this decision.*

After the family transfer:

- Stay 'as-is'

- Stay 'as is' and then leave the network, may be eligible for Leavers payment, usual leaving conditions would apply e.g. finding suitable applicant etc
- Affect a commercial transfer either as is or as a new model, subject to POL's decision, NT SLT would need to decide whether the Postmaster can sell the business with the Post Office remaining 'as is' and whether the buyer would be subject to Network Transformation.

For Post Offices that are on traditional contracts and are classed by NT as 'transitory locals', and are remaining on the existing contract in an FT, the letter embedded below should be used to explain the status / options available to the new Postmaster, as any previous signing of a CRP by the ex-Postmaster will not 'flow through' to the new Postmaster.

Care should be taken to ensure that the circumstances and outcomes described in the embedded letter (still) apply to the site in question, by checking with NT.



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9.1 Ways to contract

As already mentioned there are several ways that family members can contract with POL, they are:

- As an individual
- As a company
- As a partnership

** If the incoming Postmaster wants to contract with POL as a company rather than as an individual the company must be connected to the exiting Postmaster. (e.g. shareholders/directors must be closely related to the Postmaster).*

10.0 Personal Service

Post Office Postmasters are not employees of POL, and therefore a Postmaster is not obliged to render personal service within the Post Office branch.

In the past there have been applications for Family Transfers being requested, simply because the Postmaster did not actually work in the branch, but their spouse, partner or other close relative did. It is imperative that we do not

compromise the 'office holder' status of Subpostmasters and self-employed status of Operators. We should not, therefore, seek to transfer the contract to a family member simply because it appears to be more convenient to POL to have a Postmaster working at the branch.

Equally, if we were approached by a Postmaster to transfer the office to a family member for convenience sake, POL should refuse on the basis that they are not required to render personal service.

11.0 Implementation procedures

The following paragraphs give some guidance on the practical application of the policy.

11.1 Considering Requests

Firstly, the reason for the request must meet the broad criteria against which any requests for a Family Transfer should be measured, these are set out above. If the purpose for making the request is unclear, or seems outside the factors outlined above, the Postmaster should be asked to further explain the reasons behind the request.

Whilst a degree of flexibility is required, this policy should be adhered to. There are many factors which could predicate a request that are not immediately obvious. An example of this could be that a Postmaster wishes to apply for a family transfer as a consequence of financial difficulties and/or bankruptcy events (therefore the request should be rejected). Each case should be investigated thoroughly before any decision is made. Once a request has been made the Contracts Advisor should send out the Holding Letter which can be found at the bottom of this document.

11. 2 Conditions of Appointment

If the reason for the Family Transfer is acceptable to POL, then the premises and potential applicant can be considered using the criteria above. Assuming that the premises, previous management of the branch and applicant are acceptable, any offer of appointment may include Conditions of Appointment. POL can use this opportunity to ensure that business policies are followed.

The Contract Advisor should consider setting any relevant Conditions of Appointments subject to the normal parameters in place when setting Conditions of Appointment. The appropriate letter at the bottom of this document should be sent to both the Postmaster and the prospective Postmaster (either the appointment letter or rejection letter).

12.0 Premises and Third Party Arrangements

When considering a Family Transfer, it is important that the ownership and control of the premise in which the Post Office branch and any associated retail business is considered.

In ordinary circumstances it would be expected that the incoming Postmaster would have full control of the premises, in order that they can discharge all of the obligations contained in their contract. Where the outgoing Postmaster has had control of the entire premises, we would expect the incoming Postmaster to exert the same degree of control. As an example, it would not be acceptable for one family member to be appointed as the Postmaster whilst another assumed control of the premises or retail business.

In the event that the incoming Postmaster was proposing to continue an existing third party arrangement, it is important that the Contract Advisor understands its nature, and that it is made clear who has control of the premises and that this is recorded in writing in the appointment papers. Advice should be sought from Legal Services through the Policy Team if clarification is required.

13.0 Process

The process for Family Transfers applications is already clearly defined within the Appointment Process and should be referred to.

Where the family member that has been suggested has no previous experience of working in the Post Office branch, the Contract Advisor should ensure that the appointment process establishes that the candidate does demonstrate the skills and experience required to run the branch in question. If the candidate clearly is not suitable, POL should not make an offer of appointment.

14.0 Standard letters and documents

Holding letter from POL to Postmaster confirming receipt of application to transfer
Letter from POL agreement to FT
Letter from POL rejecting FT

Related policies

This section details policies that may be related to the information provided in this policy. This is not an exhaustive list and consideration should be given to other policies that may apply.

Death In Service Policy
Advertising Vacancies
Appointment Process