

**STRICTLY CONFIDENTIAL**

**FOR USE OF NATIONAL EXECUTIVE COUNCIL OFFICERS ONLY**

**NATIONAL FEDERATION OF SUBPOSTMASTERS**

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

**held on**

**15-17 June 2009**

**at**

**STRATFORD VICTORIA HOTEL  
STRATFORD UPON AVON**



**Report of a Meeting of the  
National Executive Council  
held on Monday-Wednesday, 15-17 June 2009  
at Stratford Victoria Hotel,  
Stratford upon Avon**

**Those present:**

Mr Keith Richards	National President and Chairman
Mr Mark Baker	Mr Hermendra Hindocha ( <i>part</i> )
Mr Andrew Craddock	Mr Mervyn Jones ( <i>part</i> )
Mr Michael Darvill	Mrs Kym Ledger
Mrs Bhavna Desai	Mr David Milner
Mr Andrew Gilhooly	Mr Jim Nott
Mr Paul Haines	Mr Ian Park
Mr Stephen Harper	
Mr David Hartley	

**In attendance:**

Mr George Thomson	General Secretary
Ms Marilyn Stoddart	Assistant General Secretary

**Apologies:**

Mr Nippy Singh

**IRRELEVANT**

(i)

**IRRELEVANT****2. FUTURE OF THE NETWORK****(a) Royal Mail Holdings/Postal Services Bill**

- At the previous Executive Council meeting it had been agreed that the Federation should be working towards getting some tangible comfort and protection for members.
- Six key messages were agreed, to be delivered to Government:
  1. Guarantees on Royal Mail work for the future
  2. More work from government and local authorities (work being done by Peter Luff, MP and his committee)
  3. Assurances on Postbank
  4. Assurances on the continuation of the Social Network Payment
  5. More strategic influence for the organisation (Project Swallow)
  6. Assurances regarding the use of Post Office Essentials
- A letter was written to Lord Mandelson but copies were sent to Alan Cook and Adam Crozier before it was posted, along with Pat McFadden. A one to one meeting was held with Pat McFadden and the letter was never sent.
- At the meeting it was made clear that the Federation required more hard guarantees. A new 5 year IBA had just been signed, the Federation wanted 10 years, Alan Cook wanted 7 years (2 years to the end of his 2011 plan plus a further 5 years).
- Assurances were sought on the potential strength of the proposed Royal Mail Holdings. Alan Cook still not aware of how much strength the company would have or of its accountancy procedures.

**IRRELEVANT**

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**IRRELEVANT**

(b) Six Steps to a Sustainable Post Office Network

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**IRRELEVANT**

**IRRELEVANT**

ACTION

(c) Tripartite Group

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**IRRELEVANT**

**IRRELEVANT**



**IRRELEVANT**

(d) **IRRELEVANT**

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(e) **IRRELEVANT**

**IRRELEVANT**

**IRRELEVANT**

### 3. PROJECT SWALLOW

- It was made very clear that any discussions on the issue were to remain strictly within the confines of the Executive Council and should not be discussed with anyone else at all.
- Letter to General Secretary from Alan Cook in January not agreeing the Federation's aspiration of seats on the POL Board.
- At a meeting with Peter Mandelson the relationship between POL, the NFSP and subpostmasters was discussed, and the point was made that it was not working as well as it should.
- Copy of presentation provided with the request they considered the content.
- Swallow and the Federation's aspirations were discussed with Mike Whitehead of DBERR in Peebles, and he prepared the briefing paper that went to the Secretary of State. He felt that Swallow had merit and the current business model was not working. The Federation were on the right road but how far they got down it would be determined by obstacles in our way, but those obstacles would be from POL, not Government.
- Pat McFadden met with the Swallow team and Grant Thornton. A presentation was given which was circulated.
- The information given was in some instances contrary to the snapshot information provided by Alan Cook. He claimed average subpostmaster pay was increasing however David Milner was able to demonstrate that though his pay had increased by £1,000 his costs had risen by £1,300. He had claimed that financial services products were a success though they only contributed 1.8% to gross income.
- It was understood they would be taking those statistics back to POL.
- Alan Cook had said he was put in place to save the company, not the network, yet it was the network that the public valued.
- Phone call the next day from Jo Shanmugalingam the next day congratulating the team on their performance.
- Clear they were happy to help us move the project forward, and team asked for time to consider what they could do to help but asked for an amendment to the Postal Services Bill to allow subpostmaster to hold shares in the company and have seats on the board.
- Grant Thornton had previously come up with two options - to try and get the Articles of Association of POL changed to allow stock, or seek an amendment to the Postal Services Bill. Second option chosen but it would be difficult to achieve.
- Suggested as Alan Cook did not like the idea, the team should approach the new Chairman of RMG. Request that assistance was offered to facilitate a meeting.

- Call from Jo Shanmugalingham who had spoken to Alan Cook and got an undertaking that he would meet the Swallow team with an open mind. Alan Cook would need to be brought up to speed then a Tripartite meeting would need to take place to move it forward.
- Pat McFadden offered to hold a further meeting when required.
- Alan Cook had sent emails to the General Secretary suggesting there had been a breach of trust. Federation were not obliged to report back to him on anything they were doing.
- The National Treasurer gave an assurance, that should the outcome of Project Swallow be a major change for the organisation, that all staff members would be taken care of.
- First meeting to be held on 22 July.
- The team were fairly optimistic.
- Following the update on the subject there followed an in depth discussion, but is not reported in full due to confidentiality issues.
- The issue of funding for the next phase was discussed at length.
- Paul Haines proposed *'That the Executive Council authorised a further spend of up to £100,000 in pursuit of Project Swallow to be authorised by the National President, National Treasurer, the Chair of the Negotiating Committee, the Chair of the Federation Trustees and General Secretary without further recourse to the Executive Council'*. The proposal was seconded and carried unanimously a vote.
- It was confirmed that every effort would be made to limit expenditure as much as possible.

DECISION

#### 4. REPORT OF THE NEGOTIATING COMMITTEE

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IRRELEVANT

**IRRELEVANT**

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**IRRELEVANT**

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**Other Negotiating Committee Matters**

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**IRRELEVANT**

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**IRRELEVANT**

**ACTION**

**IRRELEVANT**

**(iii) Soft Loans**

- Meeting held with Lynn Hobbs and John Breedon that was not helpful. They were not prepared to listen to any mitigation for subpostmasters who had got into financial difficulties and taking money from the Post Office.

- It was explained that the Federation wanted to assist them in not getting into that situation. POL did not want to listen but Negotiating Committee would continue to try.
- Lynn Hobbs an abrasive character who was not concerned about the potential damage to the brand when cases appeared in the press.
- The Federation wanted to create an atmosphere where subpostmasters could let POL know when they were getting into difficulties rather than trying to hide it.
- Negotiating Committee may have to take the matter to a more senior person than Lynn Hobbs.

#### **(iv) Training**

- Subpostmasters being suspended as they did not have the corrects checks and balances in place in their offices. It would appear that in many cases they never knew they should be doing it in the first place.
- POL should create a document telling new subpostmasters exactly what they should be doing.
- Opportunities for staff to get around the system and ultimately would get caught, but the damage would already have been done and the subpostmaster would get suspended.
- Chair of the Negotiating Committee had volunteered to go on the new subpostmaster training. Easy option was to have one stock unit rather than individual stock units, but it would be good to know what training was given on the merits of individual stock units and explaining the extra costs and what checks and balances need to be in place to minimise the risk of losses.
- If the subpostmaster can demonstrate at an RTU that they had taken those steps, there would be no need to dismiss or put them through the disciplinary process.
- POL reluctant to let the Negotiating Committee see their training. There were huge issues surrounding the training of new subpostmasters and the Negotiating Committee needed to find a way of ensuring they were properly trained to minimise the risk of shortages.

#### **(v) Suspended Subpostmasters**

- Information supplied to the Negotiating Committee was that there were 229 suspended subpostmasters in the last financial year, 55 had been reinstated, and 2 were reinstated with some form of payment.
- The figures were totally unacceptable and there was a conference motion requiring suspended subpostmasters be paid some form of income whilst suspended.



- Negotiating Committee would be going back to POL as they did not believe that there were only 229 suspensions last year.
- Of those 229 suspended, the smallest loss was £40 and the largest in the sub post office network was £302,255, with the largest loss in a franchise office being £408,900.
- The Negotiating Committee had to find a way of working with Lynn Hobbs, though that would be very difficult.
- The matter was debated in some detail. It was explained that press coverage was sensitive for POL and for subpostmasters so the issue needed to be dealt with carefully. Some cases would get no sympathy from the public.

(vi) **Pre-resignation Interviews**

- Interviews suspended due to Network Change. Negotiating Committee had requested POL reinstate them, but Lynn Hobbs claimed she did not have the budget or resources to do so.
- The interviews needed to be reinstated and the Negotiating Committee would be taking the issue further.
- Following discussion it was clear that the pre-resignation interviews were viewed as an essential part of the process and should be vigorously pursued.

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**IRRELEVANT**



- **IRRELEVANT**

**DECISION**

(viii)

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**DECISION/ACTION**

6. ANNUAL CONFERENCE 2009

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DECISION/ACTION

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**IRRELEVANT**

DECISION/ACTION

ACTION

8. REPORT OF THE PUBLICITY AND DEVELOPMENT COMMITTEE

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ACTION

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VISION/ACTION

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9.

**REPORT OF THE FEDERATION TRUSTEES**

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

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11. FINANCE

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**ACTION**

12. NFSP COMMUNICATIONS

(a) Subpostmaster Magazine

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**ACTION**

**IRRELEVANT**

- An article will be put in the Subpostmaster telling Subpostmasters what they need to do on an audit and what documents they need to provide to the auditor, ie compliance.

**ACTION**

(b) NFSP Web Forum/Moderators Report

**IRRELEVANT**

- Grapevine had approached the Moderator at Conference regarding the possibility of having a link on the Website.

**IRRELEVANT**

**ACTION**

13. REPORT OF THE TRADING COMPANY

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DECISION/ACTION

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(b) **IRRELEVANT**

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14. **IRRELEVANT**

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**IRRELEVANT**

ACTION

ACTION

DECISION/ACTION

ACTION

- Mervyn Jones announced that a meeting had been arranged with Alan Cook on 27 June to discuss Project Swallow.

• **IRRELEVANT**

- With no further business the meeting closed

**GRO**

**GRO**

Sharon Merryweather  
Lynda Willoughby  
June 2009

5/10/09.