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**NATIONAL FEDERATION OF SUB-POSTMASTERS**

**REPORT OF A MEETING**

of the

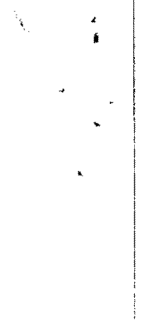
**NEGOTIATING COMMITTEE**

held on

10th June 1999

at

**THE REGENCY HOTEL  
LONDON**



**REPORT OF A MEETING OF THE NEGOTIATING COMMITTEE**  
**held on the 10th June 1999**  
**at The Regency Hotel, London.**

<b><i>Present:</i></b>	Mr M Burford Mr M Challinor Mr C Jones Mrs J Kendall Mr J Peberdy	Chairman
<b><i>In Attendance:</i></b>	Mr C Baker Mr K Davis	General Secretary Assistant General Secretary.

THE CHAIRMAN greeted all those present and thanked members for his election to Chairman. A warm welcome was extended to the two new committee members Mr Jones and Mr Challinor. The Chairman expressed the hope that the Committee would continue to be progressive during what promised to be a difficult year ahead.

**A) REPORTS OF MEETINGS**

Due to delays caused by conference, elections, staff changes and other factors, the outputs from the NC meeting held 25th/26th February 1999 had not yet been circulated to the Executive Council. It was now felt preferable to wait for the next NC. meeting, during which matters would be brought up to date.

**B) MATTERS ARISING**

Two amendments were made under Section 14(d) of the minutes. Under the second paragraph, first line, the question marks were deleted and the word "client" changed to "clients". The third paragraph under this section, commencing "COLIN ...." was deleted entirely. After the amendments had been made, it was agreed the notes of the meeting held on 25th/26th February were a true record and were signed by the Chairman.

**1. POST OFFICE BOARD PO BD.**

The GENERAL SECRETARY stated that this section should be kept "corporate" and that any other matters would be discussed under Section 3 (a) and (b).

a) Shaping for Competitive Success

The GENERAL SECRETARY informed the meeting that he was very sceptical about the aims of this project. During his address at Conference, Neville Bain had reinforced the points covering the major reorganisation which will maximise the Post Office's performance and determine future commercial success. The GENERAL SECRETARY expressed the view that some conflict of interest may exist between Business Units and Corporate Units as a result of the reorganisation and, if it came to it, the Corporation interests would inevitably take priority. He was unhappy with this situation and it would be closely monitored.

NFSP has been promised close liaison with the programme. Consultation will take place, not only with the Managing Directors in our silo but also with their Business Units. The next meeting is tomorrow (11th June). In the light of the special Executive Council meeting, also scheduled for that day, the meeting would proceed without the attendance of the General Secretary who will have a one-to-one later to bring him up to date.

MR BURFORD asked whether the General Secretary envisaged more meetings with Business Units. Confirmation of this was confidently given, with the added comment that the meetings would involve more people than had been previously.

The structure of the Shaping for Competitive Success project should enable NFSP to consult corporate wide. Discussion/consultation with Stuart Sweetman will form a separate set of discussions. Day to day dealings with Post Office Counters Ltd will be through the POCL Network Business Unit and will not change dramatically.

MR BURFORD suggested that with so many more business units to deal with the NFSP's influence may be diluted but the GENERAL SECRETARY and MR PEBERDY indicated that the opposite effect could be achieved if handled skilfully. Currently discussions were in progress with P.O. Corporate Board establishing how NFSP will interface with Counters Business Units. Talks have taken place with John Roberts at Corporate Level, Stuart Sweetman - Silo, and POCL. To date talks are progressing with the right people on the right subjects considering how this consultation is to be structured. NFSP will continue their diligence and keep up the pressure.

Some concern was expressed that it is no longer a profit and loss network and is likely to become a series of delivery channels. NFSP will continue to fight until there is clearer indication which direction the Corporate status is moving. In spite of what is anticipated there will be a special agenda for Accounts Business.

b) Top Management Programme.

It was suggested that this item be discharged from the Agenda. As a GS circular had recently been circulated to the Executive Council, it was agreed that they would be consulted.

ACTION

2. GOVERNMENT AFFAIRS PO PZ.

The GENERAL SECRETARY had been invited to give written and verbal facts on Horizon to the Department of Trade and Industry. (Verbal Friday 11th June, written Monday 14th June).

A white paper was expected at the end of June but, as this is heavily influenced by Horizon, it is not now expected until middle of July. The Horizon debate will take top priority.

3. POST OFFICE COUNTERS

a) Post Office Counters Board. PO PC 02.

As a result of the recent reorganisation, there are new personnel on the Post Office Board. Four new positions are due to be filled the following day. When the Post Office Board is completed, NFSP's relationship will resume.

b) Organisation Development PO PC 03.

Not every Executive Office has seen the John Main Newsbrief. The GENERAL SECRETARY undertook to find out overnight what POCL's plans were for the regions. Special meetings are being arranged to appraise regions of the developments in reorganisation. The Scottish area appears to have been involved throughout, although other regions have not been so fortunate. A meeting for the North East is expected to be on the 8th July.

John Main has promised to involve the Federation at all levels and THE GENERAL SECRETARY will be invited to a further meeting when there is more information available.

There will be three territories (Bristol, St Albans and Glasgow) with territorial managers working from home. Each territory will have a small central head office which supports the various functions. An interim map will be circulated in due course together with a letter from John Main outlining the planned regional structure. The GENERAL SECRETARY undertook to provide copies of the map to the Executive

Council meeting the following day. The letter had not yet been made public, because some jobs were in jeopardy and those concerned would be advised first. Conjecture and/or discussion with existing POCL staff was impracticable as some of the people the Federation presently deals with may not be included in the reorganisation. On completion of the new structure the Federation will be advised in detail of personnel and their operational responsibilities. Most importantly the Federation involvement will be at every level and its input will be an integral ingredient of the new organisation.

**Irrelevant**

# Irrelevant

b) Transactional Knowledge Review PC HR 04.

Where subpostmasters have been unable to attend meetings, subpostmaster are visited at their offices by prior arrangement. However, it was generally felt that the meetings were a waste of time with second rate presentations from Retail Network Managers who are not trained to "train". Some information given was actually factually

wrong. Kathryn Cooke of POCL has requested subpostmasters' opinion of the seminars. It was generally agreed that if and when this project is rolled out, it must be kept under strict control.

# Irrelevant



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c) Counter Automation - BA/POCL PC NW 06 01.

THE GENERAL SECRETARY confirmed that closure payment for ISIS/Horizon would be half a day. This has been confirmed by Mike Granville, POCL and an Agency Communiqué has been issued.

A tiered approach is likely to be taken with regard to those postmasters who require financial assistance for the automation. There may be a discretionary fund for subpostmasters who have serious problems.

The Benefits Payment card project has, effectively, stopped for the time being. This information is not yet "out" in the regions, but has almost certainly circulated by word of mouth. THE GENERAL SECRETARY had been in communication with Stephen Byers the Trade & Industry Secretary and understands that an alternative project will be outlined shortly. There have been a number of press releases from the DTI and POCL and an announcement will be made by the Government early next week.

On the 27th May Stephen Byers had written to every member of parliament and Peter Bottomly MP wants the Federation's views. The Federation will be closely involved in future arrangements and with the Horizon Working Group. The Federation will be involved every step of the way and this is very important. Our voice is being heard and acted upon. (This was a high powered meeting under Chairmanship of Ian McCartney the Minister).

During the previous week, JOHN PEBERDY and THE GENERAL SECRETARY met with Stephen Byers, Secretary of State, put a series of questions before the Minister, and received assurances/responses as follows:-

- i) *What is ACT at Post Offices. Will people be forced to have bank accounts?*

There will be a system in place which enables cash payments for people who currently have order books. Those now using

BACS cannot currently use the Post Office so the choice will widen. The new platform will enable the Post Office to deal with banks.

ii) *If this is the only game in town, will the Government commit the Benefits Agency to staying with the Post Office until (a) the new system is in place, and (b) contracts have been signed by the banks?*

This will be the objective. We will not walk away from the network. Reference was made to the "Group" which must make things work and pointed out that the Federation is part of that Group on equal terms.

iii) *If claimants are forced to have bank accounts, who will be responsible for bank charges? What about people who will not remember pin numbers and those who are on Income Support?*

This is a working group issue. The appropriate agencies must be brought to the discussion table. The working group will have the control. How the "cannot/will nots" are dealt with is the group's responsibility. The Post Office has always played a social role.

iv) *How will the banks cope with 100m new transactions when they are currently paring down their own networks. Do they want this type of client? What other networks are envisaged and what will be left for the Post Office to do with cash banking, ATM and telephone banking?*

The White Paper gives a clear commitment to using automation and to get work into Post Offices. More government work through Post Offices is envisaged which will more than compensate for the loss. The intention is to modernise government and the Post Office could gain work from other government departments.

THE GENERAL SECRETARY said that the Minister had not revealed everything contained in the White Paper, but the important thing is that as equal representatives on the working party we would have access to all the information. There was a strong message that the White Paper contains clear commitments about more than compensating for loss of work.

JOHN PEBERDY stated that the trial had failed miserably. Any compensation would apply to all Post Offices. The envisaged size and shape of the network was not yet clear, so it was not yet possible to prophesy what is in store for subpostmasters.

v) *Is there a difference in the debate we are having about Post Office Counters and the future size of the network. Will any downsizing be compensated?*

This is a Working Group issue, but we will not walk away from the network.

THE GENERAL SECRETARY said that they just do not understand what they have done and have not grasped all the implications involved in withdrawing benefits from Post Offices.

It was pointed out by both THE GENERAL SECRETARY and JOHN PEBERDY that it was up to POCL and us to ensure the right environment is created for any extra government business to be carried out. The network would be needed for this business. Strong efforts were made by THE GENERAL SECRETARY and JOHN PEBERDY to draw the minister into revealing how it was envisaged government was to be modernised but to no avail. However, repeated assurance was given that they "would not walk away from the network".

CYRIL JONES commented it appeared Post Offices were required to assist in the modernisation of government, but not the Benefits Agency. Why do postmasters have to lose half of their business? THE GENERAL SECRETARY pointed out that the work was not being taken away, it would have been lost anyway in 2005 when the Benefits Agency contract with POCL ended. Post Offices had been on the brink of having nothing but with the Federations participation, the new working party could ensure that inevitable changes would be maximised in postmasters' favour.

vi) *What does the future hold for subpostmasters? What hope can you give them for the future when they are faced with losing 30% of their livelihood.?*

This is a debate we need to have when we see the White Paper. By the end of June we should know what that is. While it is still in the air we will still be told "wait for the White Paper".

It was generally agreed that if Post Offices were allowed to disappear there would be a public outcry. There would always be an element of the public who would want to draw benefits in cash..

MIKE BURFORD indicated that he was still concerned that a great deal of work would be lost to subpostmasters and the network would have to reduce. He felt that government were escaping their responsibility.

THE GENERAL SECRETARY assured those present that a Regulator would be appointed, who would determine the size and shape of the

network. Federation representatives would have direct access to the Regulator and if paring down the network was inevitable we would strive to obtain maximum compensation. The Federation will have equal standing with the other members of the working party and if we are unable to stop events we must ensure we are match fit to secure best possible terms.

vii) *How much are Government putting in? £480m leaves a shortfall. What if automation is not completed by 2001? What if £480m is not enough? What further funding will be available to make it work?*

It is impossible to forecast what they are going to do in three years' time. There was no other answer to the question other than, again, "we will not walk away from the network".

THE GENERAL SECRETARY said we cannot fault that answer. However, he and JOHN PEBERDY had made it very clear to the Minister that the Federation were very annoyed about the withdrawal proposals and the Federation would not be gagged.

viii) *Will the outsourcing of the Benefits Agency contract to an American Company reduce the government's control over its activities.*

This has no bearing whatsoever on what the government is doing. Government will be able to control it.

JOHN PEBERDY stated that any system would have to take account of frequency of payments. This side of things would be dealt with in the detail of the arrangements. The DTI cannot control this. It will be a commercial relationship between the Post Office and the banks.

It was presumed that powers would be granted for the Post Office to deliver social banking although it was doubtful that the Post Office will function in the same way, due to opposition from competitors.

ix) *It has been stated that OBCS has made savings of £100m. Why can't the benefit books remain in use as they are?*

The Benefits Agency have wanted ACT since 1980 and would have continued to fight for it until they succeeded. The BA intended to move entirely to ACT at the end of their contract in 2005, even if the original Horizon project had gone ahead as planned.

THE GENERAL SECRETARY and JOHN PEBERDY advised the committee that they had gone to the meeting with the preconceived idea that attempts would be made to "buy them off" and placate them with platitudes. However, it appears that government are worried



about the extent of the Federations influence and it is our intention to keep them worried. The Federation has a substantial role in the Working Group and will be in a prime position to have as much influence as possible. The Minister is under no illusion that the Federation intends to bide its time and see what is to be delivered before taking any further action.

Correspondence from Ian McCartney, Stuart Sweetman and Alistair Darling had been received and circulated.

The trial of the benefit card will cease on 19th June 1999.

The next meeting of the Horizon Working Group will be on Tuesday, 22nd June.

The Contract between POCL and ICL has to be signed by 16th July 1999

Extensive discussion continued regarding possible schemes for replacing the Benefits Card, but plans would emerge as the Federation's participation in the Working Group progressed. However, making ACT work for Post Offices is the main issue. Order books will only be issued until 2003 by which time Post Offices are anticipated to have the same capabilities as any bank or building society. The Working Group will ensure that the priority of Benefits Agency payments at Post Offices is not reversed until the proper date.

JEAN KENDALL pointed out that at some time this Committee (or a representative) would have to speak to someone on the automation programme about the financial outlay subpostmasters in the trial have already incurred. One postmaster in particular had incurred £340 in extra staff costs alone.

Some subpostmasters have had enormous difficulties balancing up and finishing their cash accounts, even to the point of still struggling to finish on Friday nights.

Tomorrow's special Executive Council meeting, which is being attended for a short time by Stuart Sweetman and David Miller, is crucial to finding out what has gone wrong with the Horizon programme. ICL Pathway/POCL say its not the system.

Details of further developments and in depth information are awaited following the next meeting of the Working Party on 22nd June.

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13. SUBPOSTMASTERS' CONTRACT

# Irrelevant



# Irrelevant

ACTION

- e) Counter Losses and Gains Policy PC SC 27.

There has been no further correspondence on this matter. Our recommendations were placed before POCL at a liaison meeting on the 12th March 1999. Their response is still awaited.

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THE CHAIRMAN closed the meeting at 6.00pm with apologies for the length of the Agenda and thanking Committee members for their indulgence. Further meetings with POCL would be arranged as soon as possible to clear all the items which remained outstanding.

mj

# GRO

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