

FOR USE OF NATIONAL EXECUTIVE COUNCIL OFFICERS ONLY

NATIONAL FEDERATION OF SUBPOSTMASTERS

**BRIEF NOTES OF A
BRIEFING & DISCUSSION MEETING OF THE
NATIONAL EXECUTIVE COUNCIL**

held on

Tuesday, 3 September

at

**JURY'S HOTEL
ISLINGTON, LONDON**

PLEASE NOTE

Items that are totally confidential and not to be discussed outside of the Executive Council have been 'boxed' and shaded in pink (as is this note).

- Sale would be an IPO (Initial Public Offering) to the public.
- Many including the CWU were trying to stop the sale but a successful outcome would be difficult.
- Even if POL was reintegrated into RMG, NT would have to happen.
- Campaign would be to make members and the public realise the NFSP had massive worries about the privatisation of RMG as the Government had not delivered work.
- The network would need to change massively regardless of any campaign.
- It would probably be the last campaign the NFSP had such huge leverage on as membership was declining dramatically due to NT. More and more multiples were owning post offices.
- Postcards would be provided to all post offices (both members and non-members) with the exception of the Co Op (at their request).
- NFSP members ran about 6,800 branches, but without outreaches the number reduced to 6,100.
- Projections were that in the next 3-4 months, membership would fall to around 5,900 (less than half the network).
- As time was of the essence, request that the EC discussed and chose which of the three designs provided should be adopted for the postcard campaign.
- There followed very lengthy discussion where various concerns were aired.
- Made clear that members should be encouraged to 'give it their all' and visit their MP's face to face.
- Some members had already visited their MP's and had sent in letters they had received. Members and EO's should go either in groups or as individuals to meet their MP as soon as possible.
- The economic climate was awful with 25% of shops anticipated to close in the next 3-4 years, with the largest number of victims being newsagents.
- The postcard would not just be about privatisation so would still be applicable even if the privatisation went ahead.
- Felt that members of the public with savings may see an opportunity to get a better return from RMG shares than they got from their banks/building societies.
- Crucial the campaign remained within the EC until launched or there was a possibility the government could outflank the NFSP.
- Various views were expressed that the sale was so far advanced, it would be impossible to stop it.
- Clarified that boxes on the postcards would be pre-ticked (error made on the proofs provided by the designers).

- Win or lose, the campaign had to take place to put a marker down as the Government had failed to deliver new work and had put the future of POL in jeopardy.
- The chances of totally stopping the privatisation were slim at best. Various concerns on timing were expressed, however it was explained that it would not have been possible to launch the campaign sooner, and it was now being rolled out as fast as possible.
- Following some criticism it was made clear that the NFSP was not finished as an organisation and could still make a difference.
- The EC's views on an invitation made to the General Secretary to speak at a CWU fringe meeting were sought. Following discussion, it was seen as appropriate as long as it was on the NFSP's terms, not the CWU's.
- The NFSP would be holding fringe meetings at all the party political conferences with the assistance of the Fabian Society.
- The NFSP was only one of many opposing the privatisation of RMG, it did not stand alone in its opposition.
- DAVID MILNER proposed *"That the NFSP mount a postcard campaign as soon as possible to protect its members' income."* The motion was duly seconded and won at vote after lengthy discussion.
- A postcard design (with amendments) was selected.
- NFSP should take some credit as it was getting numerous mentions during debates in Parliament. The organisation's views were well known to MP's, but personal, face to face, meetings would be crucial.

DECISION

2. NETWORK TRANSFORMATION

- Made very clear to the EC that the details to be divulged should **under no circumstances** be repeated in any form to anyone outside the room.
- NFSP team comprised of five members - George Thomson, Marilyn Stoddart, David Milner, Mervyn Jones and Ian Park - all of whom had signed an NDA.
- No meetings held for the previous 3-4 weeks as it had been made clear to POL that no discussions would take place until a solution to the mails segregation issue were agreed. Last meeting had actually taken place on 24 July.
- Chair of the NC reported that the government wanted NT to be mandatory for those leaving.
- Government, POL and NFSP to work together to make the process crystal clear.
- Slight query over the assertion that there would be some gaps created in the network and an extension would be required to fill the gaps with new outlets.

- POL had discussed with the NFSP what the scheme may look like, however it was again clarified that no decisions would be made without the approval of the EC and a Special Conference.
- Proposal, so far, for Local conversions was 24 months CTP plus 24 months of products no longer transacted, plus up to £10,000 of investment, and to allow those offices to keep their CTP until the end of 2015/16, giving them time to adjust.
- POL believed there was already a compelling offer for Mains conversions so were offering no new money. It would remain as a £10,000 lump sum and investment money. The number of Mains would be reduced from the original 4,000 to only 2,700.
- Wanted plan for the new network to be in place by 2015/16 even if some of the actual conversions took a bit longer.
- Desktop exercise would be undertaken to look at the parameters to see which offices would be Locals and which Mains. Teams would go out without talking to the subpostmaster. POL had no idea in most cases what individual offices looked like. Teams would get a feel for the way offices were run and of the private side.
- The visit would be made in terms of whether there was a viable future for the business.
- Further visits would be made to talk to the subpostmaster.
- There would be some offices which should close, but were believed to be in a strategic position.
- Last shops in the village (LSIV) would be designated community offices (meaning 'stay as you are'). No discussions yet on how that would work for offices that are already unviable. Discussions would need to take place on that issue.
- Some will be expected to leave but there will be subpostmasters who think they can survive with little or no retail. They would be a sticking point and a difficult area.
- They would need to take on some retail or move to premises with a retail offering.
- Due to the reduction in the number of Mains to 2,700, some who previously believed they would convert to a Mains would be told they will be a Local or would leave.
- There will be an Appeals Process and this will be agreed in the coming months.
- NFSP team would like the offer to be 26 months compensation and would consider a mandatory process for exiters.
- Sticking points was it was envisaged to be up until 2015/16, and was effectively a mandatory exercise making it extremely difficult to get passed by a Special Conference.
- Subpostmasters would realise there was a timescale.

- If the NFSP accepted compulsory conversions it would be difficult to get through.
- Also discussed those converted to Locals who had a lot of compensation money (24 months CTP, plus personal incentives plus investment money from POL). If they wanted them to 'do up' the private side of the business, they could be allowed to bring forward all the payments and receive them up front.
- That could be substantial sums to be spent on updating their offices. Query from POL was if they saw the post office as being unlikely to survive as a stand alone business and would need a thriving retail to survive. Without it to support the post office business, it would be unlikely to be able to carry on.
- The NFSP needed to identify a means of improving the Mains offer as it was not a compelling offer regardless of POL's view.
- Some of them could keep their CTP to improve the incentive payment, however there was no agreement and needed to be discussed further.
- There was a lot still to thrash out.
- Briefing paper would be issued for the October EC meeting. There would be a full briefing paper issued to members prior to any Special Conference.
- The Commercial & Network Director then reported that NT in it's current form had hit the buffers and people were not signing up.
- They knew they would lose their CTP.
- Projections used by FCA's would be from October to September.
- Felt the decision making process within POL was all over the place.
- NFSP obligation was to it's members and their welfare.
- It was kinder for those without a future to tell them the situation, and increase the offer of compensation to 24 months, getting them to take the money rather than to keep them hoping things would get better.
- The Government had not delivered. POL had not delivered. The NFSP had not always delivered. Crucial to be honest and tell members.
- POL's business plan had more holes than a Swiss cheese, anticipating £250 million from financial services. Typically 8 products a week were being sold in a whole sales area and POL wanted to grow it to £250 million a year. POL will not tell the Government it could not be achieved and subpostmasters would suffer yet again.
- The NFSP didn't manage the company and there were some things that could be changed and others that couldn't.

ACTION

- Obligation was to get the best deal possible for members. Currently much being done for those leaving, but more needed to be done for those staying.
- Looked at rates for Mains. Reduction in Mains by around 1,500. There were less losers on high end Mains. Bottom rung tracked. Projections provided by Field Change team would be checked by Richard Jackson.
- Smokescreens set up to make it difficult to make the right decision as they didn't care if spms were worse off.
- On the new 'son of NT', it was all very well making it compulsory. What would happen if a spm was told he had no future but no one was willing to take it on? Others will have been told they could become a Main but would be told the options were either become a Local or leave.
- On the subject of ill health, some members are very ill. Current NT system causes added stress, and in some cases it has taken 18 months for POL to do nothing if the new appointee fails the interview or changes their mind.
- There has to be a better way involving the NFSP properly at the highest level.
- There followed some lengthy discussion and comment. Not all information could be shared due to the NDA. The EC had received a full update.
- Convinced the NFSP could achieve between 24 and 26 months for those compulsorily closed down, and there would be in the region of 3,500 such cases including 1,700 volunteers.
- There would be people who had been told they would be Mains being told now they would be a Local with 7-800 being forced to leave against their wishes.
- The network would change with or without the support of the NFSP.
- On the subject of Locals, many spms were planning to stay as they were for as long as they could. There would be compulsion for exiters but no compulsion for conversions.
- They would only currently get 18 months CTP plus lost products. NFSP want it to be a minimum of one year salary. So for an office on a £50k salary currently of which £12k was CTP they would get £18k currently. Want them to receive £50k and believe that is achievable. Some waiting right to the end of the programme to keep their CTP as long as possible. Want fixed pay guaranteed for 3 years.
- Hence on a £50k office they would receive £36k (3 years fixed pay) plus £50k = £86k up front.
- NFSP had not allowed it to be a totally compulsory programme. Any compulsion would be for those exiting.
- Believed there was no choice but to accept a degree of compulsion for exiters.

- There would be criticism, as it will be one of the most contentious decisions ever made by the NFSP. It would be very difficult.
- Debate would continue at the October EC meeting. If a spm is running a post office on a middle salary between £40 and £70k with little retail, the market determines one way or the other they will struggle to survive going forward. Not a nice fact but it was a fact.
- NFSP had tried its best to get a new future for POL but the Government had let everyone down. There were issues with doing nothing. Were the NFSP better saying to someone on a £50k salary that the best that can be done due to the situation is £120k to move on and do either something else or buy into a post office on the new model. Could let them run for 5 years and see their income fall to £20k then with only 18 months on the table.
- After 2017 there was no more money. In 5 years that person may have a business no one wants to buy, with a falling salary and a government not prepared to put money in. No one would take pleasure in telling them, it was sad but true.
- Lengthy discussion followed with many reservations expressed.
- There was no firm proposal to put as yet, but again clarified that any decisions would be made by the NC, the EC, and by the members at a Special Conference.
- General feeling was that many spms would be happy to leave if offered 26 months compensation.
- Further meetings would be held with POL to discuss the various issues that required clarification, particularly in cases where a spm had been told they were to go but no replacement could be found.
- Concerns expressed that POL and their FCA's had no knowledge of retail and were in no position to judge a spms private business.
- Further discussions would take place at the October EC meeting.

3. MAIL SEGREGATION

- POL had capitulated. Proposed letter (with possibility for amendment) circulated.
- Any payment would be backdated. If a spm was earning £15 a month prior to the action they would receive 6 x £15 in back pay.
- Further work was being undertaken by Keith Richards and David Milner with POL on a robust payment system going forward.
- £2.2 million a year would go back into spms pay.
- An orange paper vote would take place for the EC.

- Convinced that currently POL would not go above the £2.2 million.
- Agreement had only been reached because the NFSP refused to discuss NT until the issue was settled.
- POL Board were not happy at public criticism of bonuses etc.
- Made clear that industrial action would only ever happen as an exception, it should not be viewed as the norm.
- There followed discussion and various views were aired.
- Clarified that some spms were being paid but were not segregating mail. It would be tightened up, with those failing having their payment removed until such time as their segregation was satisfactory when it would be reinstated.
- Also clarified that segregation would be a contractual requirement unless limited space made it a health and safety issue. It had to be remembered that RM were POL's largest customer by far and contributed most to spm pay. It was RM that required segregation.
- Any measurement system used to judge spms had to be robust, and failures should be explained to individuals.
- The whole issue needed to be debated by the NC first, then an EC orange paper vote would take place.

4. HORIZON

- The Post Office interim report on Horizon had concluded that there was nothing fundamentally wrong with the Horizon system, however it highlighted the fact that the training and support for Subpostmasters was not all it could be. POL are in discussions with the Negotiating Committee on providing training and support.
- Wendy Burke reported that there had been an issue with the prompts on one of her screens in relation to postage not being consistent. The Horizon helpline were aware of this issue. Ian Park will raise this although it did not affect any balancing on the system.
- Believed there was no systemic problem with Horizon.
- People are jumping on the bandwagon and blaming losses on the Horizon system.
- Since the report was published Shoreham HQ have advised those that blame Horizon to write to Paula Vennells, Post Office Limited.
- Bad publicity could prevent some customers using the Post Office and affect the future of the Network.
- Concern raised that the NFSP are not involved in the Mediation Panel.

ACTION

5. TRADE UNION STATUS

- The General Secretary reported that recent paperwork received had been circulated.
- The NFSP had been a Trade Union for some 70 – 80 years at least and prior to that possibly a Friendly Society.
- The NFSP is at present an unincorporated association with Trade Union status.
- The Certification Office was set up 1975-1976 since when and with whom the NFSP has been always been a registered as a Trade Union with.
- According to the Trade Union Labour Relations Act of 1992 the majority of Trade Union members had to be workers. None of the NFSP's members are workers.
- It is believed that disaffected ex-members, with the backing of the CWU, had questioned the NFSP's status with the Certification Officer.
- The CO intends to delist the Federation on 4 October 2013. Will no longer be a Trade Union within the next two months but will still remain as an unincorporated association. This may involve moving to a Trade Association. A number of meetings had been held with Solicitors.
- Currently have 6,100 real members of whom all are self employed.

- The CWU could recruit our members and remain a Trade Union because most of their members, ie Postmen, that they represent at present are workers. Post Office Limited will not give the CWU representation right for Subpostmasters.
- Post Office Limited have stated in answer to a Freedom of Information request "We deal with the Federation not because of the Trade Union Consolidation Act of 1992, but because they are the sole representatives of Subpostmasters in the UK. This is consistently given as their position.
- Work being done with POL on representing all agents.
- Options are to remain as an independent organisation or as some Midland Region members suggested to join the CWU. Believed the latter to be the wrong move. Alternatively could merge with another association.
- Believed that the organisation could continue representing Subpostmasters and negotiating on their behalf with POL as an independent organisation.
- As Subpostmasters are not required to give personal service they could not be regarded as workers.
- The status of Subpostmasters in previous employment appeal tribunal cases has been determined as not being workers.
- In the short term would remain as an unincorporated association, without the Trade Union legislation and status.
- In the medium term the main issue would be income and how this is derived given the changes to the network.
- May have to consider how to position ourselves with other organisations that strive to provide the same types of service in the area the Federation operate in, possibly in the retail sector or alternatively as part of another union.
- Solicitors' advice had been taken and the organisation does not need to be dissolved.
- Believed joining with the CWU will not be an option as they represent Crown Offices etc and the NFSP believes that these are not viable to the network.
- Consideration to be given to Shoreham HQ, The staff and the General Secretary.
- Possibly need to take a proposal to Conference 2014.
- Need to have a communication strategy to members before they hear from another source.
- Had always played down our Trade Union status in the past.
- POL negotiate and recognise the NFSP not because the NFSP is a trade union but because the NFSP is the membership organisation that represents UK Subpostmasters.
- Questioned if the NFSP's funds would need to be paid back to members.
- Suggested to try and extend the date of 4 October for the NFSP being delisted as a trade union. Confident will have influence with POL for the next year because of NT.

- Possibly realise the ambition of representing all subpostmasters and operators through auto enrolment once the NFSP is not longer a trade union because there would no longer be the threat of being a closed shop.
- Subscriptions should still be able to be collected by check-off, with POL's co-operation
- Emphasised the importance of any discussions taking place in the room and any paperwork distributed being kept strictly confidential.
- Suggested to find out on an informal basis from the CO whether the complainants have been notified of the future de-listing of the Federation.
- Mark Baker, CWU Subpostmasters had claimed that he had approached the NFSP to join up with them. This was not true.
- Bhavna Desai asked if any letter to members could be sent sooner rather than later as she believed there would be motions to say all the assets will have to be dissolved and the members will not see any of the money.
- Firmly believed that there would not need to be any dissolution of the NFSP.
- Need to give consideration how best as an organisation the NFSP represents its members.
- Rules state that if the Federation had to dissolve then such decision would be made at a special Conference. That Conference would decide what should happen to the funds.

ACTION

ACTION

6. AOB

- Bhavna Desai asked for clarification on whether Mails Segregation was a condition of the IBA and that POL were getting a payment for this and this was contractual.
- Confirmed that it was contractual and that there was a clause that imposed fines on POL.
- Paul Haines reported that in the terms and conditions of Drop and go it stated "To build up a profile of your use of our products and services for internal analysis and marketing purposes." He shared his concerns that this information would be used by Royal Mail to poach customers. The NC had been assured that the information would not be passed on to Royal Mail.
- Paul Haines referred to Branch Focus 22, Key Security changes since last update, bullet point one stated "A fixed amount of working cash of £2,500 has been stipulated per open fortress position (£4,000 in crowns). Concerned that crowns were higher as they do not have to repay any losses.
- Believed it was impossible to hold this small amount on a Monday morning. It stated that in exceptional circumstances 90 minutes worth of cash could be held. The NC will take up the issue of different amounts for Sub Offices and Crowns.

ACTION

- Keith Richards reported that the EC had argued against a motion at Conference in respect of holding cash in offices. But the motion was passed and had now set a benchmark.
- Paul Haines reported that the EC had been told previously that reverting back to earlier closing on a Saturday for offices that had undergone transformation was business as usual, but now an appeal process was being put in place
- Mervyn Jones in his response said that the decision on Saturday PM opening was originally going to be with the contracts team. A panel had been recently set up to review requests for earlier Saturday PM opening. David Milner and Ian Park will sit on the panel.
- David Milner's ambition was that POL pay compensation for the period they had remained open to any Subpostmaster that was successful in having their hours reduced.
- Mervyn Jones reported that if a Branch is replaced by an Outreach or a mobile solution then compensation would be paid.
- Bhavna Desai asked if it was true that Franchise offices cannot pay their subs by Check-Off. The General Secretary will get clarification on this issue.
- Kym Ledger asked if the Trading Company had investigated the possibility of having a template for customers' own use for measuring and pricing of parcels.
- Mervyn Jones believed these would need to retail at £6-7. IPS can produce them. Mervyn Jones will go back and see if they can be produced at less cost.
- Kym Ledger asked for guidance on accepting PP1 mail in sacks.
- Keith Richards reported that in his area Royal Mail approached his and other Subpostmasters customers to collect directly from customers premises after he had raised this with Royal Mail as a health and safety. The NC will take this issue forward.
- Kym Ledger reported that she had conducted two RTU's where credit had been given on postage. She believed this was heavy handed and was concerned whether POL was becoming hard-lined on this.
- Suggested the Subpostmaster should put the cash in themselves out of a fund.
- Helen Baker asked how the NFSP stood after the news that the CWU and Unite had pulled out from mutualisation.
- The General Secretary in responding said that the CWU and Unite had pulled out from the stakeholder Forum. He and Mervyn Jones represent the NFSP. The reason for the CWU and Unite pulling out was because they have ongoing industrial actions over Crown Offices.
- The Federation are still supportive of the concept of POL becoming a mutual.

ACTION

ACTION

ACTION

- Wendy Burke proposed a vote of thanks to the National President, Andrew Gilhooly, on the way he had conducted the meeting.

Sharon Merryweather
Lynda Willoughby

September 2013

