

Paul Hook looks at progress so far and the next steps in the network transformation programme

Time for transformation

Post Office Ltd's (POL's) long-planned network transformation programme is about to commence. The programme is backed by £1.34bn in government funding and is the largest investment programme in the network's history.

SO FAR

As NFSP members will be aware, the next three years will see the creation of 4,000 new Main post offices and 2,000 new Local post offices, while 5,500 post offices will remain unchanged.

The programme is designed to tackle falling customer numbers and make the network more financially sustainable and less reliant on government subsidy, while maintaining the network at its present size. This will be achieved by introducing new lower-cost operating models for POL and the subpostmaster, integrated with a retail business and offering longer opening hours.

In addition, under network transformation any subpostmaster wishing to leave the network can do so with 18 months' compensation as long as a suitable alternative Post Office outlet can be found in the vicinity.

Information and updates on network transformation have been provided to subpostmasters over the course of the last 12 months. These have included:

- a series of joint POL-NFSP communications providing updates on new

developments and details of the options available to subpostmasters. These documents are available to view on the members-only section of the NFSP website www.nfsp.org.uk

- a programme of joint POL-NFSP updates at 16 venues across the UK
- dedicated phone-in evenings for enquiries about specific circumstances
- NFSP branch meetings across the UK, giving subpostmasters the opportunity to discuss their personal circumstances face-to-face with POL managers, which have been held over the last three months with high attendance levels.

Throughout this period, the NFSP has emphasised to subpostmasters the fact that the programme is entirely voluntary – no-one will be required to change if they do not want to.

POL recently undertook a survey via Horizon to ask subpostmasters what they thought their preferred option under network transformation might be. Of the 5,400 who responded:

- 38% were interested in operating one of the new models
- 44% wished to stay as they are
- 18% expressed a wish to leave the network if appropriate alternative premises could be found.

MAIN

The new Main model of post office will offer an open plan, modern environment, longer opening hours and the fullest pos-



MPs will hear from the NFSP about the programme this month

sible range of Post Office services. POL customer research shows an average increase in customer visits to Main post offices of 4%.

Some of the key aspects of operating this model which subpostmasters need to take into account include:

- investment of up to £45,000 for new signage, redecoration and modifications to allow the installation of safes, counters and Horizon, etc.
- either an initial payment of £5,000 upon conversion and a further £5,000 payment after one year; or a single initial payment of £10,000
- loss of fixed element of pay, with remuneration based on sales and enhanced transaction rates on most services compared with the current contract
- three year income guarantee that subpostmasters won't be any worse off under the new Main contract than under the traditional contract
- loss of holiday and sickness substitution allowances.

LOCAL

Post Office Local is a simpler operating model located on a retail counter which will offer the vast majority of Post Office services. POL estimates that through combining retail and Post Office staffing, and offering the Post Office service for the same amount of hours as the retail business is open, retail turnover increases on average by 9%, as does the number



George Thomson at the launch of network transformation in March with Post Office Ltd's Paula Vennels and postal affairs minister Norman Lamb MP

of customer visits.

Some of the key aspects of operating this model which subpostmasters must take into account include:

- investment of up to £10,000 for setting up Horizon on the retail counter, safes, signage and display and the integration of the Post Office and retail counter
- a one-off payment equivalent to 1.5 times the best annual remuneration for the fixed element of pay from the last three years
- loss of fixed element of pay, with remuneration based on sales and with transaction fees the same as those which currently apply
- loss of holiday and sickness substitution allowances.

STAY AS YOU ARE

Those subpostmasters who choose to remain as they are will continue to work under the same remuneration and other contractual arrangements as now.

If a subpostmaster has put their post office up for sale prior to 31 March this year, and if the sale is completed within 2012, they will do so under their current contract. In the event of a post office being put up for sale any time after 31 March, or the sale not completing before the end of this year, it is possible POL may decide that it wants to convert a traditional post office to one of the two new operating models.

The vast majority of subpostmasters who choose to remain as they are for now will still be able to sell their post office on their current contract in the future. For those who are affected by a decision by POL that another model would be more suitable, the NFSP has made sure that the

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GEORGE THOMSON

subpostmaster selling their post office is not in any way disadvantaged.

Steps taken to ensure this include the establishment of a review panel, with three members each from POL and the NFSP, to consider each case at which the NFSP will make robust representations to deliver solutions for affected subpostmasters. In addition, an agreement has been reached that if a subpostmaster wishes to sell their post office and POL decides it will be sold as a Local model, the exiting subpostmaster may receive a payment from POL equivalent to 1.5 times the best annual remuneration for the fixed element of pay from the last three years. Furthermore, other forms of financial assistance may be considered.

NEXT STEPS

While trials for the new models have been running for some time, late summer will see the start of the programme proper, and conversion of the first post offices to new models.

On the back of the preference exercise, the first wave of 700 post offices have been or will soon be contacted by the Field Change team. They will assess whether the subpostmasters' wishes to convert to a new model or to leave the network can be achieved.

Unlike the earlier network change and urban reinvention programmes, this time any changes under network transformation won't take place on an area-by-area basis; instead, POL will work across the whole of the UK from the start of the programme until the last of the conversions in 2015.

Trials for the new operating models have been taking place across the country



In the meantime, politicians are about to give their views on the programme. The House of Commons Business, Innovation and Skills Committee is set to carry out its inquiry into network transformation this month, with the NFSP among the organisations due to give evidence to the cross-party group of MPs.

While the CWU has been vocal in its opposition to network transformation and has issued a call to "stop wasting money on paying postmasters to leave the business", the NFSP backs the programme and has worked closely with the government and POL from the start to ensure the best possible deal for subpostmasters, the network and its customers.

NFSP General Secretary George Thomson said: "Between 2000 and 2009, 15,000 high street shops in our towns and cities have closed down. Since the advent of the credit crunch, there have been a further 10,000 urban and suburban shop closures. None of these retailers have been given the kind of choices which subpostmasters have.

"Furthermore, while operators moving onto Main or Local contracts will lose their fixed pay, those 5,500 subpostmasters who will remain as they are are unique among independent business people on our high streets in having a fixed element to their pay."

He concluded: "The NFSP has fought hard to secure government funding during a time of unprecedented cuts in public spending, to allow the change and investment required to give our network the best possible chance of surviving and thriving in future decades. We have robustly defended subpostmasters and their interests, as well as the interests of our network and its future.

"Without this funding, the post office network would change anyway – through subpostmasters being forced to hand in their keys, resulting in unplanned closures and gaps in service. Doing nothing and things remaining as they are is simply not an option. Instead, the NFSP has secured choices for subpostmasters, to allow them to decide what works best for them, their family and their business."

● For more information on network transformation, contact your local NFSP branch secretary (details available at www.nfsp.org.uk) or Post Office Ltd at ntquestions@postoffice.co.uk