

Postmaster support policy

Contract performance

Version 5.0


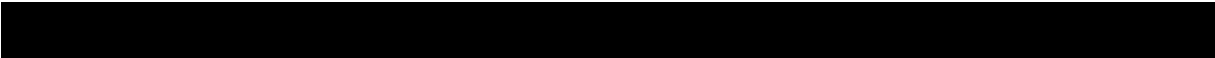


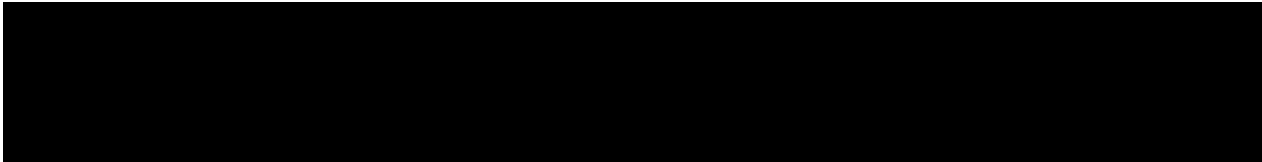
Post Office is determined to reset its relationship with postmasters and has introduced policies that set out guidelines on how Post Office should support postmasters, specifically for use across twelve areas.

The policies stand on their own but should be reviewed in conjunction with each other. Support teams should have an awareness of all twelve policies and how they link together.

The twelve Postmaster Support Policies are listed in section 3.2 of this policy [REDACTED]

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1 Definitions

1.1 Definitions

1. **Branch Assurance** - This is a comprehensive assessment of the current trading position of a branch, and includes the verification of reported levels of cash, foreign currency (if applicable), stock items and vouchers as well as a compliance review, to check if mandatory business conformance and regulatory compliance controls are operating as intended.
2. **Contractual Action** – the means of resolving a performance matter with a postmaster through a formal request, most commonly a Written Direction.
3. **Contract Performance Issue** – A matter that arises where a postmaster is not meeting their obligations as set out in their contract to the required standard in relation to a material matter.
4. **Contract Performance Rationale** (see Appendix 8.1) - A rationale completed by the [REDACTED] which captures the facts and findings of their review into the matter and sets out the rationale outlining next steps.
5. **Postmaster** or **postmaster**– this refers to a limited company, partnership, limited liability partnership, other entity or individual that contracts with Post Office for the operation of a Post Office® branch.
6. **Written Direction** – A formal letter issued following the review which outlines the breach of contract, sets out expectations and what is required of the postmaster and explains the consequences of not doing so.

2 Overview

2.1 Introduction

The [REDACTED] has overall accountability to the Board of Directors for the design and implementation of controls to manage risk in the network¹. Risk in the network is an agenda item for the Risk Committee and the Post Office² board is updated as required.

This policy is a non-contractual document provided for information. It does not form part of a contract between any postmaster³ and Post Office.

This policy forms part of a suite of policies designed to deal with the management of postmaster contracts and for those teams deploying any aspect of this policy it should be read together with the Postmaster Contract Suspension and Postmaster Contract Termination policies. [REDACTED]
[REDACTED]

2.2 Purpose

This policy is part of a framework that has been established to set the minimum operating policies relating to the management of contracts with postmasters.

It is important that each postmaster is able to ensure the obligations as set out in their contract are performed to the standards required and are provided support by Post Office to meet these standards. Post Office recognises that there will be occasions where these standards are not being met.

The purpose of this policy is to identify the circumstances where these standards are not being met, the review process and to outline the procedures to be followed to ensure performance of the contract, while supporting the postmaster in this process.

This policy is one of a number of policies which provide a clear risk and governance framework and an effective system of internal control for the management of risk across the Group. Compliance with these policies supports the Group in meeting its business objectives and to balance the needs of postmasters, customers, shareholders, employees, other stakeholders (such as the government departments) and third party commercial partners including [REDACTED]

¹ In this policy, "network" means branches not directly managed by Post Office.

² In this policy, "Post Office" and "Group" means Post Office Limited.

³ In this policy, "postmaster" refers to a limited company, partnership, limited liability partnership, other entity or individual that contracts with Post Office for the operation of a Post Office® branch

2.3 Core principles

Post Office has an obligation to its customers and clients to ensure that all branches are providing a quality of service and adhering to agreed standards. Post Office is committed to supporting its postmasters in this process.

It is vital that, to the extent reasonably possible, any performance issues are resolved through Post Office and postmasters supporting and working with each other through the available methods. It is recognised that formal actions to ensure performance of the contract can be stressful for the postmaster and may have an impact on the operation of the branch; therefore, formal action should only be taken where necessary and where alternative methods to resolve the performance issue have been considered.

Accordingly this policy, and its linked policies, sets out clear and consistent guidelines to ensure that:

- a review is carried out to establish the facts before any formal contractual action may be taken and that the postmaster is given the opportunity to identify and address any issues of concern; and
- consideration is given to the postmaster's circumstances when Post Office is deciding whether to take formal contractual action.

Post Office will handle these situations in good faith and apply the principles of fairness, transparency, and professionalism (being the underpinning behaviours of Post Office).

2.4 Application

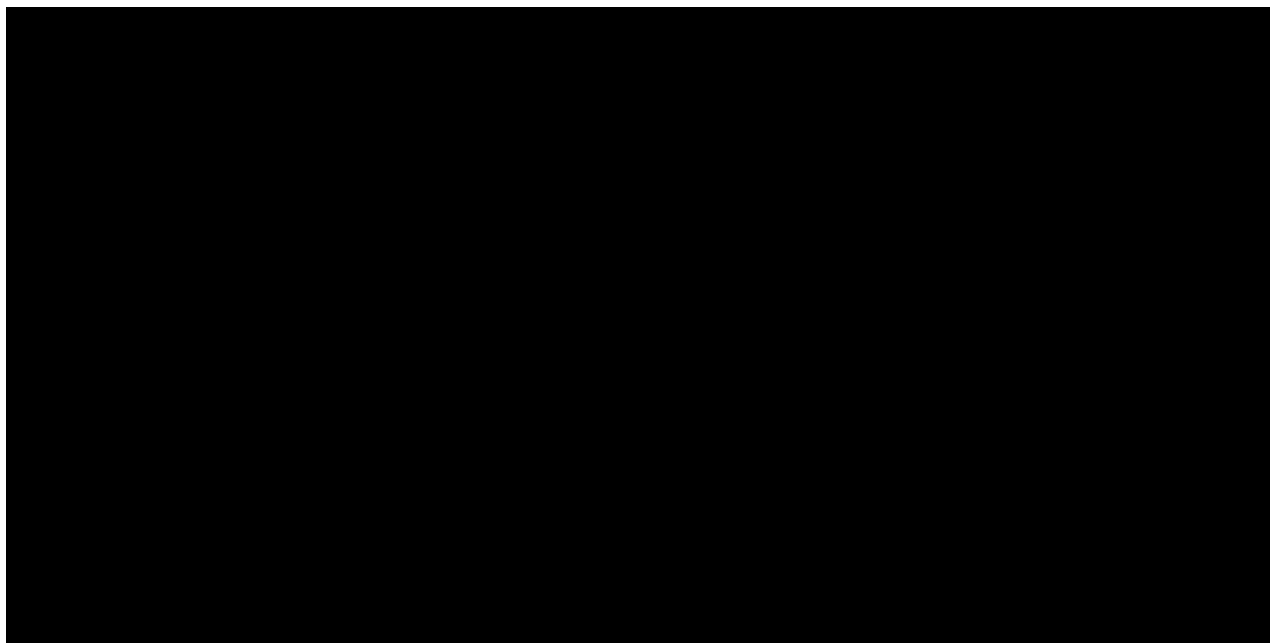
This policy is applicable to all all Post Office employees⁴ who manage postmaster contracts on behalf of Post Office and defines the minimum standards to control financial loss, postmaster impact, regulatory breaches and reputational damage in line with the Post Office's Risk Appetite.

2.5 The risk

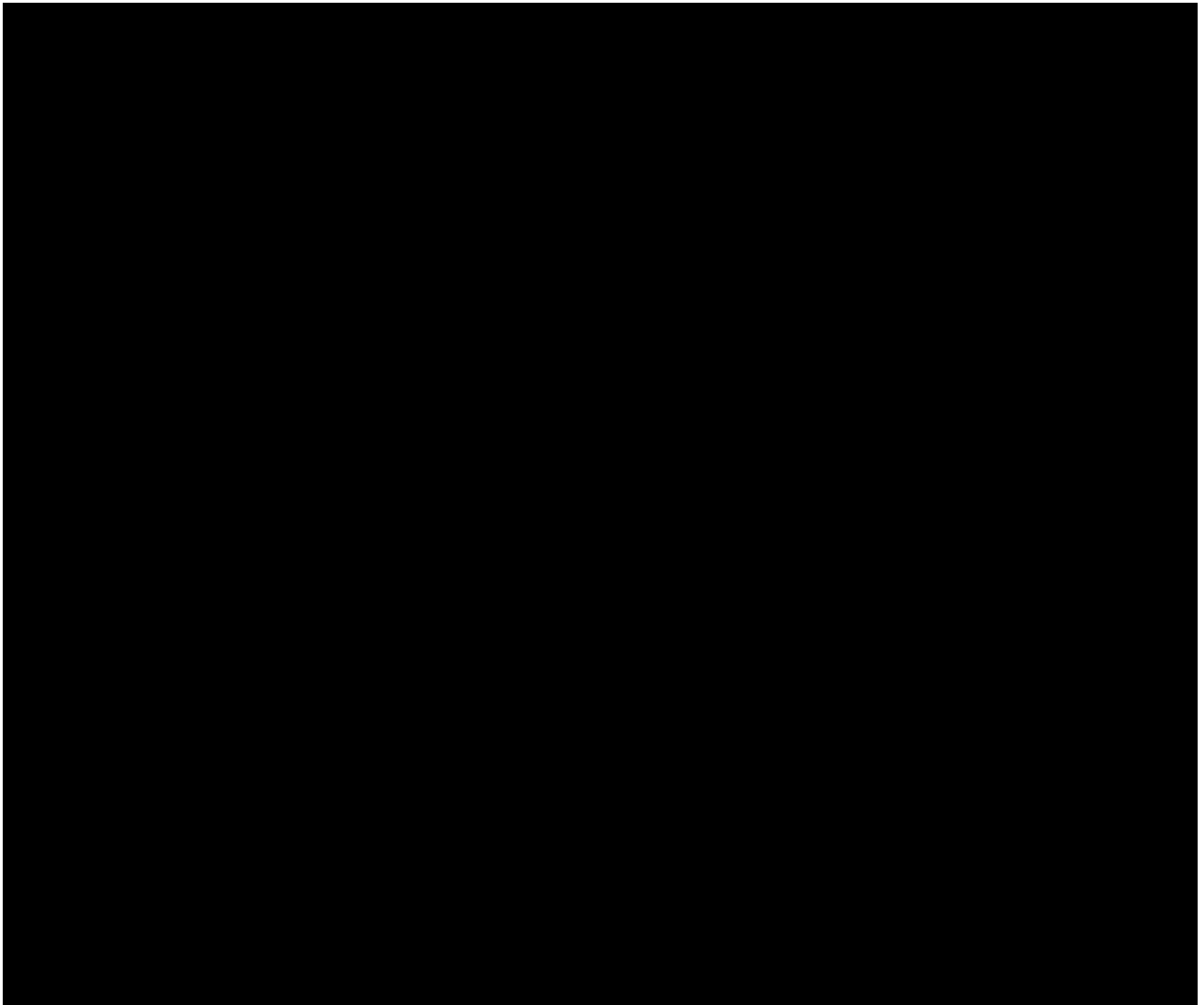
Post Office is required to review a potential contract performance issue before taking any contractual action and in doing so needs to:

- ensure that any decisions taken in respect of a postmaster contract are not exercised arbitrarily, capriciously or unreasonably;
- exercise any contractual power honestly and in good faith for the purpose for which it was conferred on Post Office; and
- exercise any discretion in accordance with the obligations of good faith, fair dealing, transparency, co-operation and trust and confidence.

⁴ In this policy "employee" means permanent staff, temporary staff including agency staff, contractors, consultants and anyone else working for or on behalf of Post Office and, for clarity, does not include postmasters or postmasters' staff.



3 Risk appetite



3.2 Policy framework

This policy is part of a framework that has been established to set the minimum operating policies relating to the management of postmaster contract risks throughout the business and network in line with Post Office's risk appetite. The framework includes the following policies:

- Postmaster Onboarding
- Postmaster Training
- Postmaster Complaint Handling
- Network Monitoring and Branch Assurance Support
- Network Cash and Stock Management

- Network Transaction Corrections
- Postmaster Account Support
- Postmaster Accounting Dispute Resolution
- Postmaster Contract Performance (this policy)
- Postmaster Contract Suspension
- Postmaster Contract Termination
- Postmaster Contract Termination Decision Review

3.3 Who must comply?

Compliance with this policy is mandatory for all Post Office employees who manage postmaster contracts on behalf of Post Office.

Where non-compliance with this policy by Post Office employees is identified by Post Office, Post Office will carry out an investigation. Where it is identified that an instance of non-compliance is caused through wilful disregard or negligence, this will be investigated in accordance with the Group Investigations Policy.

3.4 Roles and responsibilities

- **Audit, Risk and Compliance Committee** – is the Committee of the Post Office Limited Board which reviews and approves Postmaster Support policies.
- **Risk and Compliance Committee** - is the standing committee of the Group Executive who review and approve Postmaster Support policies for recommendation to the Audit, Risk and Compliance Committee.
- [REDACTED] – is the policy owner, who must comply with the governance responsibilities set out at section 6.1.
- [REDACTED] - is accountable for the deployment of this policy, for supporting Post Office personnel who carry out actions under this policy and for regularly reviewing the effectiveness of this policy and for drafting any amendments to it that may be required.
- [REDACTED] - is (are) responsible for the relationship between Post Office and postmasters regarding the management of their branches, including raising performance issues prior to the deployment of the procedures and decisions required in this policy.
- [REDACTED] – is (are) responsible for deploying the procedures set out in this policy. The [REDACTED] form part of the [REDACTED].
The [REDACTED] must:
 - apply the Post Office's underpinning behaviours of fairness, transparency and professionalism;

- be conversant with this policy and linked policies;
 - act as a guide and advisor to those Post Office teams, particularly [REDACTED], dealing with contract performance issues to ensure consistency of approach;
 - ensure that all necessary steps have been taken by Post Office teams to support postmasters to address the identified issues, with the appropriate documentation completed;
 - revert to the relevant Post Office team to address any identified instances where steps have not been taken or appropriate documentation not completed by Post Office in relation to managing performance issues;
 - review the contract performance issue, gathering as much information as possible relating to the contract performance issue that has come to light, liaising as appropriate with the postmaster and other Post Office teams and keeping complete records, before taking any formal contractual action;
 - consider the options available as an alternative to contractual action, discussing if required with the [REDACTED];
 - deal with any contact, written or otherwise, from the postmaster, in a timely manner;
 - if a meeting is required, be flexible, within reason, over the availability of the postmaster;
 - ensure any decision is made in line with all other linked Post Office policies;
 - make the postmaster aware of the support available to them, including from the National Federation of Sub Postmasters;
 - ensure that once any formal contractual action is taken the situation is monitored (by other Post Office teams if necessary) and the postmaster is clear on the consequences of not complying with the formal contractual action.
- **National Federation of Sub Postmasters (NFSP)** – is a professional trade association which exists to support postmasters.
 - **Postmaster** – refers to a limited company, partnership, limited liability partnership, other entity or individual that contracts with Post Office for the operation of a Post Office® branch.

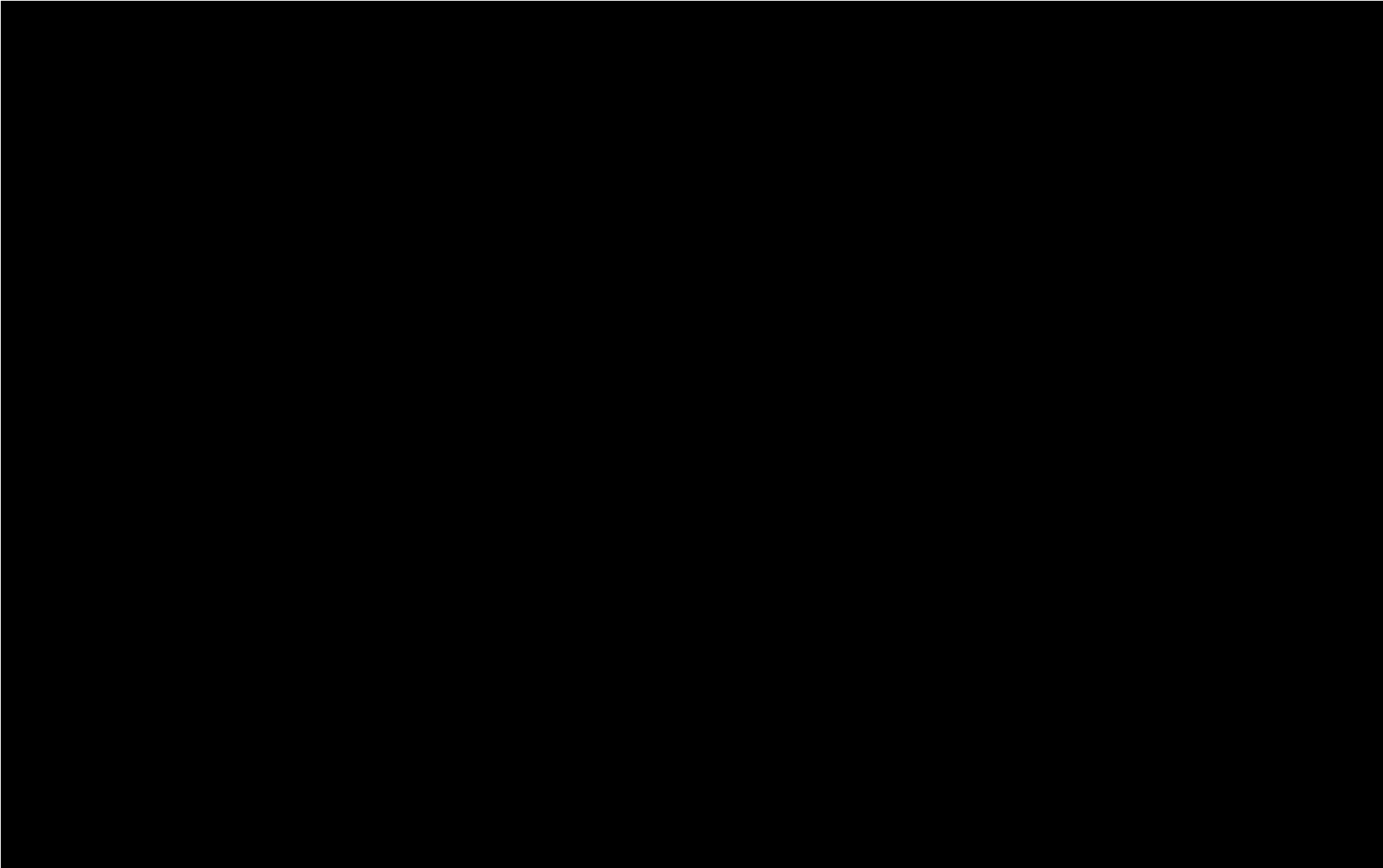
As many postmasters are limited companies or partnerships (and as individual postmasters may appoint managers to operate a branch on their behalf) any steps that need to be taken by a postmaster under this policy can be taken by someone authorised to act on that postmaster's behalf (such as a director or partner).

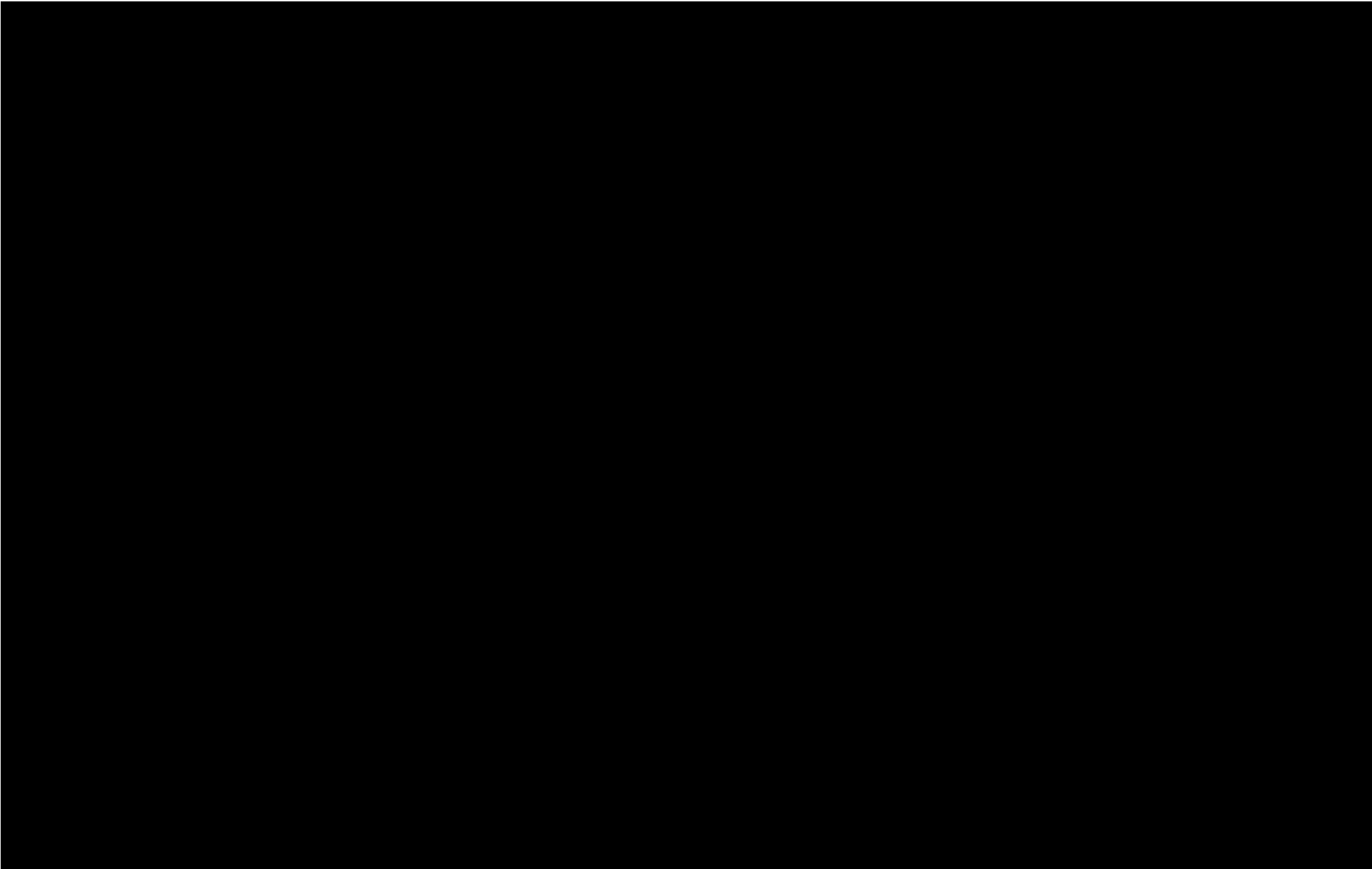
- In relation to this policy, the **postmaster** is expected to:
 - be transparent and open towards Post Office;

- ensure they respond to written correspondence and telephone calls in a timely manner in order to assist the [REDACTED] in reaching a decision;
- be flexible and available for meetings with the [REDACTED] if one is required; and
- comply with the terms of any letter (including a written direction) issued by the [REDACTED] once any investigation is complete.

In relation to this policy, the postmaster may:

- contact their NFSP representative to support them through the process;
- arrange legal representation or other support for any written correspondence or meetings with Post Office;
- let their NFSP representative, legal representation or other support talk on their behalf during any meeting with Post Office Ltd
- request information and evidence from Post Office in connection with this process and wider review; and
- contact a [REDACTED] at any time during or after the review process, including in relation to a written direction that Post Office has issued to a postmaster.





4 Procedure

4.1 Contract performance issues

A contract performance issue arises where a postmaster is not meeting their obligations as set out in their contract to the required standard in relation to a material (i.e. non-trivial) matter. The following are examples which may, depending on the circumstances, indicate that there is a contract performance issue:

- Escalating/continuing discrepancies;
- Not adhering to contracted opening hours;
- Customer complaints, such as failure to adequately deal with customer complaint(s), the existence of an unusually high level of customer complaints, or of a pattern of complaints suggestive of underlying failures to meet their obligations. However, the mere existence of customer complaints against the branch should not be assumed to amount to a contractual performance issue;
- Branch accounting non-conformance;
- Financial or other irregularities, including possible fraudulent activity (including Fees fraud);
- Breach of contractual non-compete restrictions;
- Failure to comply with legal or regulatory requirements e.g. Anti-Money Laundering regulations, mails integrity requirements; and
- Failure to meet premises standards.

The contract performance issues procedure is intended to be used for breaches of contract which do not entitle Post Office to immediately terminate the contract. Very serious breaches of contract which entitle Post Office to immediately terminate the contract are outside the scope of this policy and are dealt with in the Postmaster Contract Termination policy⁵. However, for reference, these may include (but are not restricted to):

- Where the postmaster is bankrupt or insolvent;
- Where the postmaster is no longer operating the basic business;
- Where the postmaster has been charged on suspicion of a criminal offence (other than a road traffic offence not involving imprisonment);
- Other breaches which are very serious (“repudiatory”) in nature, which may include:

⁵ The Postmaster Contract Termination policy [REDACTED]

- Where the postmaster has admitted theft of Post Office funds;
- Any action by the postmaster that demonstrates the postmaster no longer intends to be bound by the contract including loss of a valid property interest;
- Sustained non-compliance by the postmaster following the issuing of written directions by Post Office; and
- Where a shortfall of a significant value has been caused by the negligence, carelessness or error of the postmaster, resulting in a loss to Post Office, and which have been fully investigated by Post Office.

Further details are included in the Postmaster Contract Termination policy when dealing with matters which may give rise to serious breaches such as the above.

4.2 Review

Post Office will review a potential contract performance issue before taking any formal contractual action.

Any review will be a fair and unbiased method of investigating issues identified prior to any formal action being considered. The process of review allows Post Office to establish facts and gives the postmaster the opportunity to identify and answer any issues of concern raised.

In the review process, the [REDACTED] should seek further information from the postmaster through written correspondence (including emails), telephone conversation(s) or a face to face meeting.

Post Office will ensure that complete records are kept of all reviews and that any decisions taken in relation to a review are documented in rationale documents. Records will be retained in accordance with Post Office's document retention policy⁶.

Details of the review and the supporting records and information will be shared with the postmaster unless the material is subject to a restriction on disclosure such as:

- legal privilege;
- data protection law; and
- material relating to a criminal investigation.

The [REDACTED] should make an assessment whether any restrictions on disclosure apply in advance of sharing material with the postmaster and seek advice from Post Office's Data Protection and Information Rights Team if required.

The [REDACTED] will inform the postmaster of the grounds on which it is being reviewed and its rights to access information and records relating to the review, as set out above, upon the commencement of and during the review process.

4.3 Recording decisions

Once a review is complete the [REDACTED] will keep a record of any decision taken, including the reasoning behind why any decision was taken. This may include preparing a Contract Performance Rationale document capturing the material information provided by the postmaster, relevant documentation provided by other Post Office teams connected to the issue, any action taken by the [REDACTED] and a rationale outlining next steps.

If the matter being reviewed is raised through a Branch Assurance visit the rationale for next steps, and any contractual action, will be captured in the non-suspension rationale.

Post Office will not take any formal contractual action in connection with a contract performance issue without ensuring that:

- the performance issue has been raised with the postmaster through the most appropriate team (most commonly the [REDACTED] in accordance with the requirements of section 4.2, with clear expectations having been set and any reasonably required support provided (including additional training if required). All action taken, including anything agreed with the postmaster, will be documented appropriately by the relevant Post Office team;
- it has knowledge of the relevant applicable facts and a review of the contract between Post Office and the postmaster has been carried out to establish that there is a contract breach;
- consideration has been given as to the seriousness of the breach; and
- it has considered whether Post Office is itself in material breach of duty in respect of the matters giving rise to the right to take contractual action (i.e. the contract performance issue). In line with the Postmaster Contract Suspension policy and Postmaster Contract Termination policy, the Post Office must not suspend or terminate a contract with a postmaster where it is itself in material breach of duty in respect of the matter giving rise to Post Office's right to suspend or terminate (as applicable).

If required, the [REDACTED] can request support from the [REDACTED] in reviewing the decision.

In circumstances where the review has concluded that there has not been a breach of contract by the postmaster and, therefore, Post Office will not take formal contractual action, Post Office will write to the postmaster to advise them of this.

Following an investigation, Post Office may also decide that even though there has been a contractual breach, it does not intend to take formal action at this time. In these circumstances, Post Office will write to the postmaster to advise them of this.

4.4 Review outcomes

Following review the [REDACTED] may take the following steps:

- a) Performance Intervention – the postmaster will be advised that whereas no formal contractual action is taken they will be reminded of the need to deploy the obligations of their Agreement and, ultimately what the consequences of not doing so may be. In these circumstances, Post Office will write to the postmaster to advise them of this and appropriate support to the postmaster can be offered.
- b) Written Direction - this is a means by which a postmaster is formally requested in writing to take steps to resolve the contract performance issue. A written direction (using a standardised template letter) will only be issued, other than in genuine cases where very urgent action is required, if all of the steps outlined under section 4.3 (Recording Decisions) have been completed. A written direction will:
 - outline the breach(es) of contract based on the applicable facts;
 - give the postmaster a period of time to rectify the issue explaining what is required to do so. In determining the period of time, regard should be had to the terms of the contract relevant to the breach and to what is reasonable in the circumstances; and
 - explain the consequences of not doing so.

If the postmaster fails to rectify the issue by the time required to do so or indicates they will not rectify the issue, then the Postmaster Contract Termination policy should be referred to.

- c) Branch Assurance - if the review has highlighted a serious risk either to the postmaster or Post Office then a Branch Assurance visit may be requested and the steps outlined in the Postmaster Contract Suspension policy followed, if appropriate.
- d) If a very serious breach (or breaches) of contract are identified as part of the review these will be dealt with in the Postmaster Contract Suspension policy and Postmaster Contract Termination policy.
- e) In addition to the action outlined above Post Office may consider further measures to reflect the nature of the performance issue when considered against regulatory risk to Post Office and its customers, for example financial consequences (in the form of reasonable costs to undertake training) and removal of products. Any action taken in this respect will be considered against the principles and processes as set out in this policy document.

4.5 Monitoring period

Following a review the appropriate Post Office team will monitor the situation. [REDACTED]

[REDACTED]

[REDACTED]

4.6 Business improvement opportunities

As part of the review process the [REDACTED] may identify improvement opportunities or business issues outside of the decisions being reviewed (for example have avenues of support not offered to the postmaster been identified). In these instances, the [REDACTED] will capture opportunities on the Contract Performance rationale document and escalate to the relevant team. These will be monitored and tracked.

5 Where to go for help

5.1 Additional policies

This Policy is one of a set of policies. [REDACTED]
[REDACTED]

5.2 How to raise a concern

Any postmaster, any postmaster's staff or any Post Office employee who suspects that there is a breach of this Policy should report this without any undue delay.

If a postmaster or any postmaster's staff are unable to raise the matter with the area manager of the relevant branch or if a Post Office employee is unable to speak to her or his line manager, any person can bring it to Post Office's attention independently and can use the Speak Up channels for this purpose. Any person can raise concerns anonymously, although disclosing as much information as possible helps ensure Post Office can conduct a thorough investigation.

For more details about how and where to raise concerns, please refer to the current Whistleblowing Policy [REDACTED]
[REDACTED]

Please note that a postmaster may also contact the National Federation of Sub-Postmasters (NFSP) for help and support.

5.3 Who to contact for more information

If you need further information about this policy or wish to report an issue in relation to this policy, please contact [REDACTED]

6 Governance

6.1 Governance responsibilities

The Policy sponsor, the Group Chief Retail Officer of Post Office, takes responsibility at Group Executive level for policies covering their areas.

The Policy Owner is the [REDACTED] who is responsible for ensuring that the content is up to date and is capable of being executed. As part of the review process they need to ensure that the minimum controls articulated in the policy are working or to identify any gaps and provide an action plan for remediation

Additionally, the [REDACTED] and [REDACTED] are responsible for providing appropriate and timely reporting to the Risk and Compliance Committee and the Audit, Risk and Compliance Committee as required.

The Audit, Risk and Compliance Committee are responsible for approving the Policy and overseeing compliance.

The Board is responsible for setting Post Office's risk appetite.

7 Document control

7.1 Document control record

Summary

GE policy sponsor	Standard owner	Standard implementer	Standard approver
Martin Roberts (Group Chief Retail Officer)	[REDACTED]	[REDACTED]	R&CC/ARC
Version	Document review period	Policy – effective date	Policy location
5.0	Annual	12/2023	Postmaster Support Policies [REDACTED]

Revision History

Version	Date	Changes	Updated by
1.1	2 nd March 2020	Draft Version	[REDACTED]
1.2	3 rd March 2020	Minor Edits	[REDACTED]
1.3	6 th March 2020	Legal Review	[REDACTED]
1.4	17 th March 2020	For working group review	[REDACTED]
1.5	9 th April 2020	Final Draft with working group revision	[REDACTED]
1.6	14 th May 2020	Final draft following further legal review	[REDACTED]
2.0	6 th April 2021	Annual review – initial draft changes	[REDACTED]
2.1	14 th April 2021	Initial legal review	[REDACTED]
2.2	26 th April 2021	Second legal review Addition of process map Alignment with other postmaster support policies	[REDACTED]
2.3	4 th May 2021	Risk appetite amendment	[REDACTED]
3.0	23 rd May 2021	Updated following ARC feedback including: Updated to V3.0 Addition of definitions Addition of Contract Performance Rationale	[REDACTED]

		<p>Added linked policy statement to front page</p> <p>Added reference to the Group Investigations Policy to section 3.3 Who Must Comply?</p> <p>Updated link to section 5.1</p> <p>Added footnotes to link to other policies referred to in this policy.</p>	
3.1	16 November 2021	<p>Annual Review</p> <p>3.1 Updated risk appetite statements to include Operational statements</p> <p>4.4 Additional paragraph referencing possible further measures</p> <p>4.6 New section – Business Improvement Opportunities</p>	
3.2	18 February 2022	<p>Updates made to reflect legal review of Decision Review Policy and changes relevant to this policy.</p> <p>NFSP review</p>	
4.0	1 st April 2022	Amended version number following approval	
4.1	5 th July 2022	2.1, 3.4, 5.3, 6.1, 7.1 – updated owner and sponsor Font updated to Nunito Sans	
4.2	5 th October 2023	<p>Annual Review</p> <p>2.1 Policy owner changed [REDACTED]</p> <p>3.4 RCC and ARC added</p> <p>3.4 Addition of a note to say that the NFSP representative, legal representation or other support talk on a postmaster’s behalf during any meeting with Post Office Ltd</p> <p>3.5 Control amendment - a Contract Performance Rationale may not be completed on every occasion</p> <p>3.5 [REDACTED]</p> <p>4.2 Section title changed from ‘Investigation’ to ‘Review’ [REDACTED]</p> <p>4.3 Changed from Contract Performance Rationale to Recording Decisions to reflect that a Contract Performance Rationale may not be needed for every escalation dealt with by the [REDACTED]</p> <p>4.4 Changed from Contractual Action to ‘Review Outcomes’ [REDACTED]</p> <p>5.2 Added Speak Up contact details [REDACTED]</p> <p>8.1 Most up to date Contract Performance rationale added</p>	
5.0	15 th December 2023	Amended version number following approval Rebranded	

7.2 Oversight committee

Oversight Committee: Risk and Compliance Committee and Audit, Risk and Compliance Committee

Committee	Date Approved
POL R&CC	10 NOV 2023
POL ARC	27 NOV 2023

Next review: 30 NOV 2024

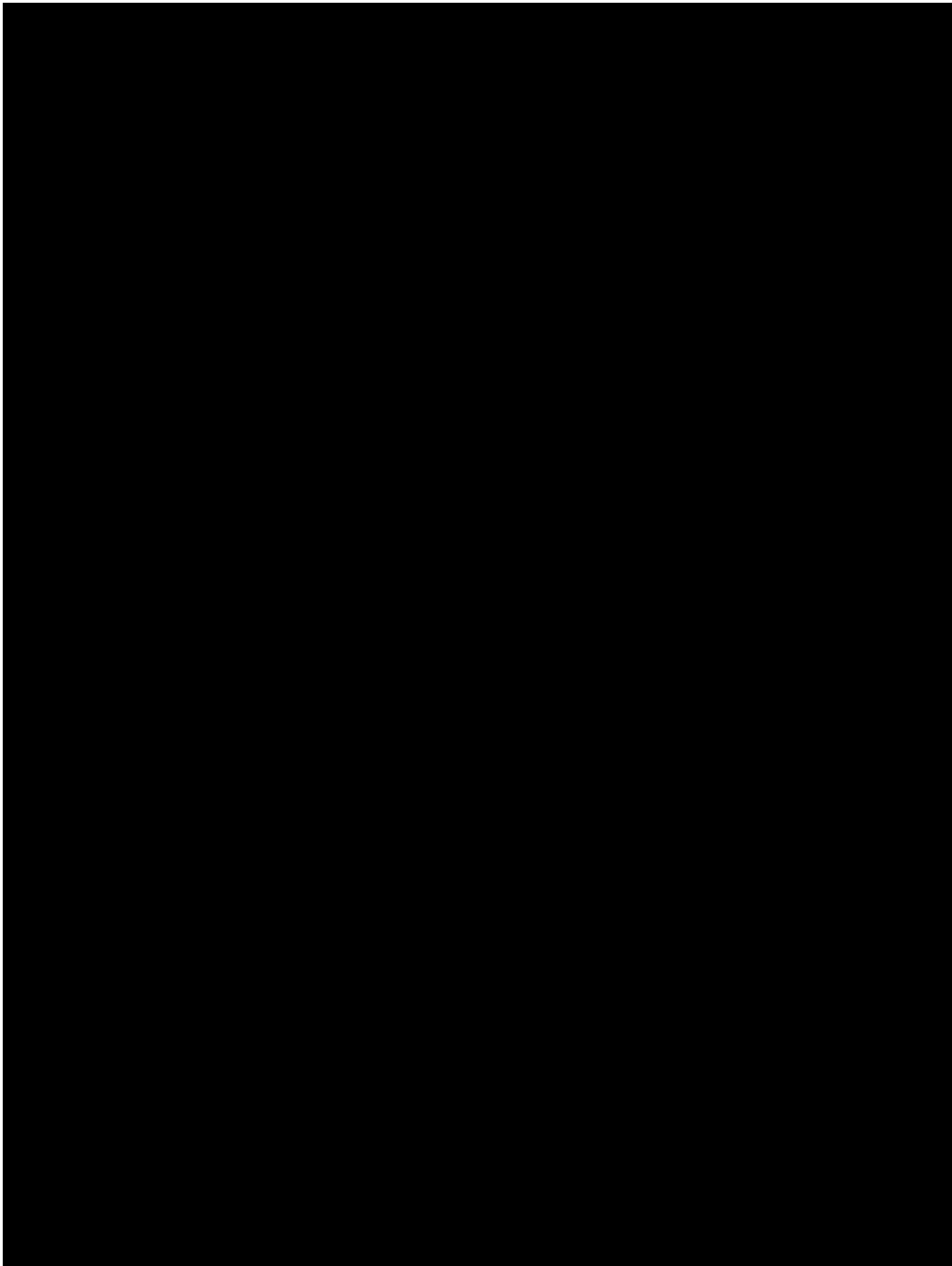
7.3 Company details

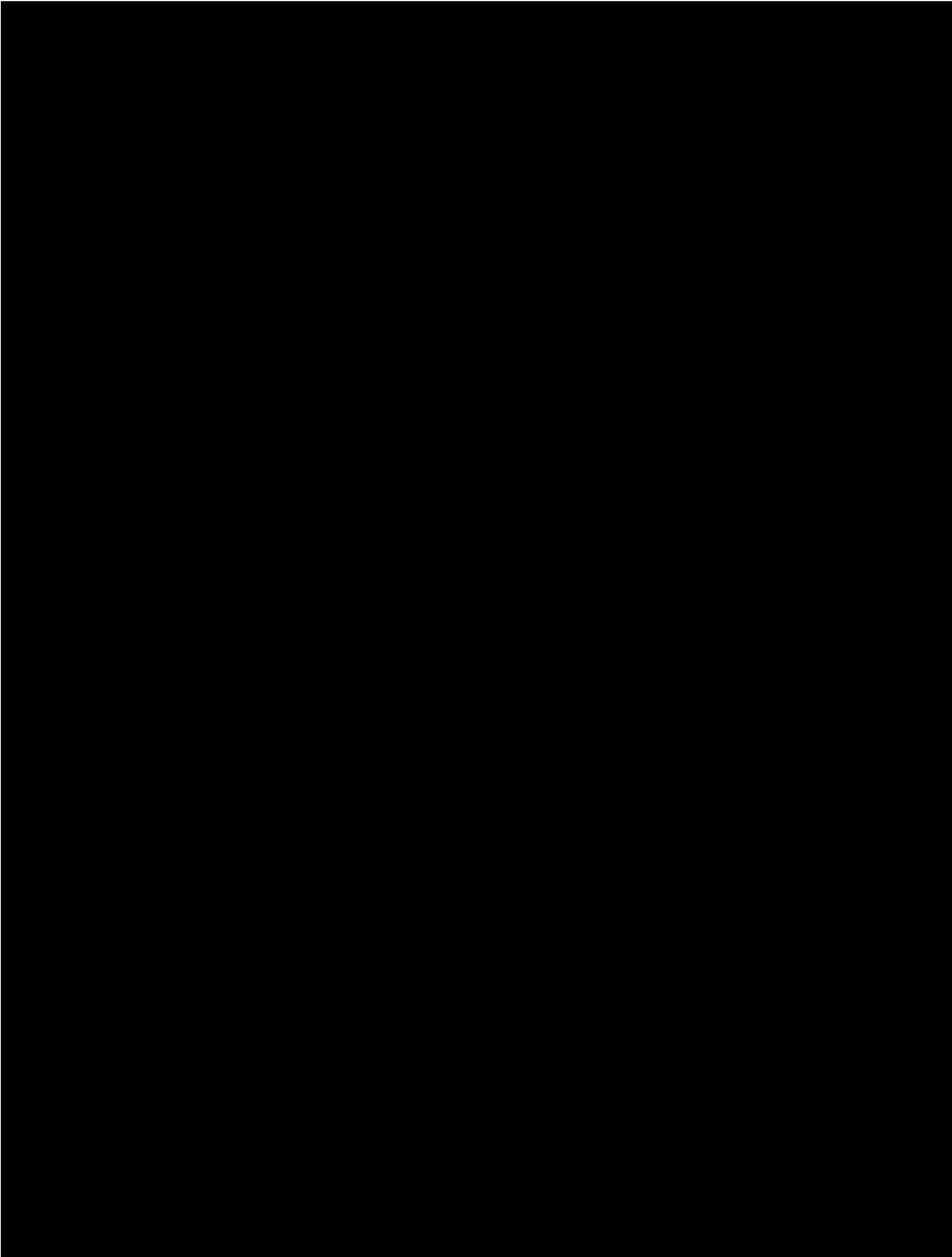
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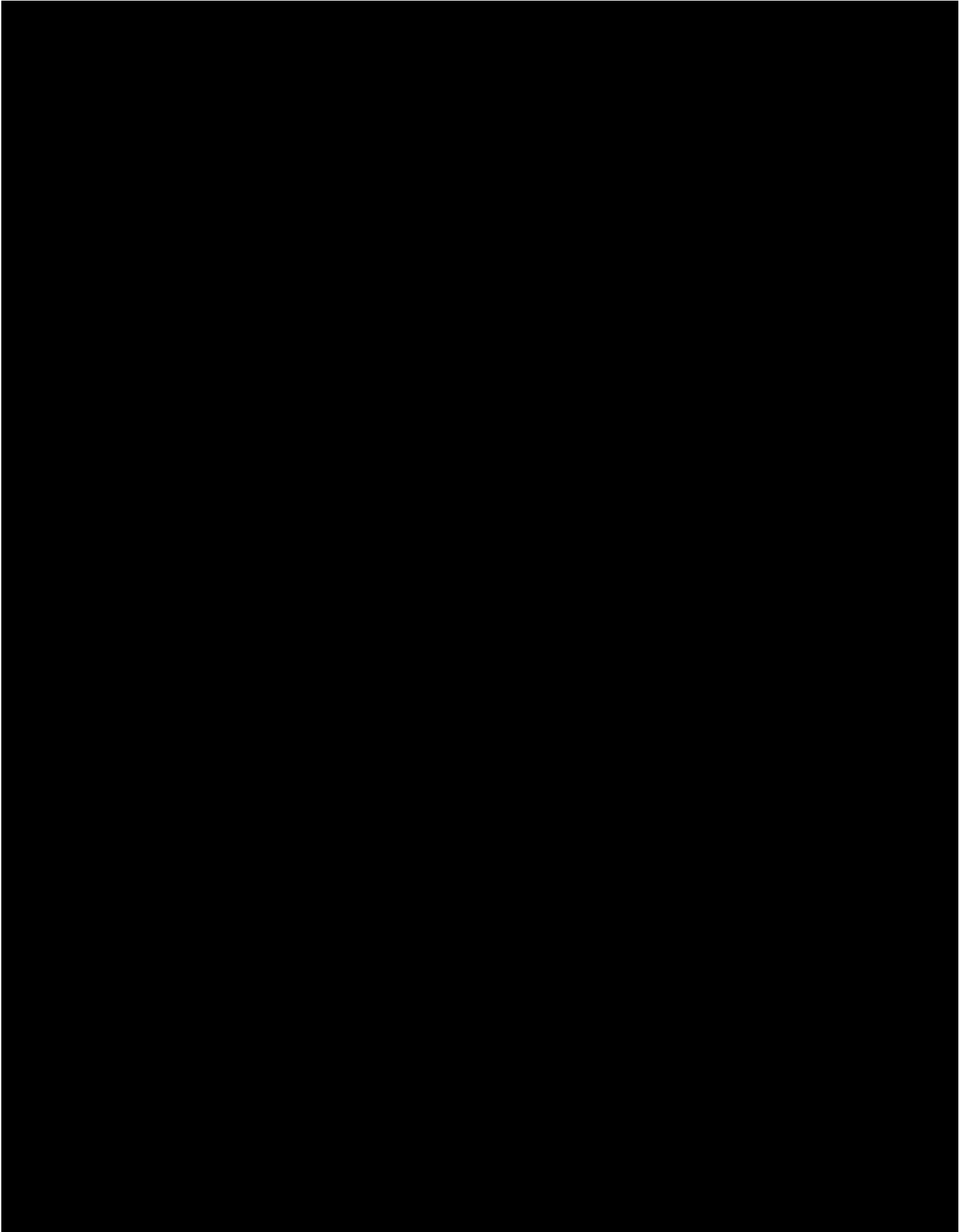
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