

Meeting with Tim Parker & Paula Vennells
Tuesday 29th of May, 2018
Finsbury Dials, London

After the opening pleasantries, I was asked what aspects cause me most concern in relation to the network. My response was threefold;

1. How do you generate a 350% increase in profits from a declining income and customer base?
2. Will the ongoing technological issues around Horizon downtime and also branch refresh give Freeths the evidence they need to cast reasonable doubt over the robustness of the Horizon system?
3. What implications are there for the network around the case before ACAS over the status of our contracts with POL?

Tim stressed that the £100m is an aim not a fixed amount to be achieved within a specific timeframe. He indicated that as the company has a turnover of just under £1bn, then a net profit of 10% should be achievable.

The aim is to generate a profit so that the company can invest to grow. This is something it has been unable to do for a significant period of time, which is causing lots of income driver issues.

Despite the potential of ID business, most Government services are in decline. It's no secret that the Government wishes to do away with basic bank type accounts so what do we do to increase revenue and therefore profitability?

There are three areas that he sees as potential growth areas;

1. Banking
2. Mails
3. Financial Services

He sees banking as a positive, as the banks retreat from the branch model, we will be the only network able to handle such amounts of cash and also with the sufficient level of trust to encourage customers to move away from their usual bank branch. The potential savings for the banks in using us rather than their own network is also encouraging.

Despite people sending less letters these days, the number of parcels is increasing as such overall Mails is a good news story for the business.

Financial Services is another potential growth are but something that the business hasn't got right yet. In Bureau there are restrictions from BOI on margins, which has a knock on affect on rates, which then has the further knock effect in terms of sales.

Too often the business is not dealing with our network as franchise holders but as individuals who have a clerical role to provide Post Office services. This has to change and more support has to be provided to the network as a result. This includes simplifying our products further to reduce the amount and level of training required to process transactions via Horizon.

Sometimes the location of post offices is not correct, which makes it difficult for customers to use services provided by the post office. This may mean opening outlets in locations that are closer and provide easier access to customers.

The aim is to ensure a profitable and viable network as such it is not the aim to reduce income levels to the network any further.

As to the second of my concerns around ongoing technology issues. There is no evidence to link the Freeths case with the current issue. Of the 6 network interruptions over the last few months, five are linked to Verizon and capacity issues and one to Fujitsu and therefore Horizon directly. A letter has been sent by Paula to Verizon, explaining POL's continuing concerns around capability. The Fujitsu issue was in relation to specific licence being out of date and is now solved.

On my final point in relation to ACAS, there was very little detail offered despite me trying to cox information from them. They were aware we were submitting a response to Taylor Report and were interested in our view. They seemed to be fishing as much as I was here.

To conclude there is much in this that we need to hold POL to account on. He seems keen to work with the network to improve the overall offering that customers receive. One thing I did pick up was he talked and Paula listened. He also cut across her on occasions, which was interesting.

I picked him up on White Space that more works need to be done here as I am concerned over the number offices that are now closing (which he agreed with) and that White Space is covering this up (he made no comment). Evidence suggest that the model isn't right every time and we will highlight these with the business and work with the affected SPM to ensure support is available.