

Post Office Ltd - Strictly Confidential

POLB(12)32

POST OFFICE LIMITED BOARD
Status Report

<u>No.</u>	<u>REFERENCE</u>	<u>ACTION</u>	<u>BY WHOM</u>	<u>STATUS</u>
		1. Actions Appertaining to Governance		
1a	November 2011 POLB11/54(e)	To update the Board on the review of future Executive Team Structure and Accountabilities.	Paula Vennells	In hand, to be discussed by Paula Vennells, Chairman and NEDs to feed into the individual Senior Executive's end of year PDR and future organisation design.
1b	January 2012 POLB12/06 (a)	Susan to bring back a revised Governance proposal to the Board once she has met with the Chairman to discuss this further.	Susan Crichton	To be discussed at the March Board.
1c	January 2012 POLB12/11	Susan Crichton undertook to revisit the requirements under the Bribery Act at an Executive Team meeting.	Susan Crichton	Complete.
		2. Actions Appertaining to IT & Procurement		
2a	November 2011 POLB11/62(c)	The Chairman requested a deep dive to be organised to cover procurement and governance.	Mike Young	A session is scheduled for the March Board on Infrastructure (IT and Procurement)
	January 2012 POLB12/03 (c)	The Chairman requested that the IT Board paper is clear with practical language to highlight what the IT changes will mean to the Business on the ground. A deep dive was suggested.		Mike Young will ensure that practical language is used in the IT paper and arrange individual sessions with Board members before the March Board.
		3. Actions Appertaining to Financial Services		
3a	September 2011 POLB11/48(d)	Current Account: The target for introduction is 2013 but a full proposition needed to be presented to the Board.	Nick Kennett	In hand; target date should read 2012/13 and will come to a Board in 2012 (April).

Post Office Ltd - Strictly Confidential

3b	November 2011 POLB11/56(c)	The Chairman asked Nick Kennett and Kevin Gilliland to present a joint paper to the Board in the New Year covering the Financial Services future sales plan.	Nick Kennett	In hand; on Board Agenda for March. (previously scheduled for February but further work needs to be completed on the most effective investment of £4m commitment agreed in Eagle)
3c	January 2012 POLB12/10(c)	Eagle Contract Termination: If the evergreen right was not negotiable then Nick Kennett was asked to ensure the resolution period was long enough for POL to find an alternative provider.	Nick Kennett	Ongoing as part of Eagle negotiations.
3d	February 2012 POLB12/24(a)	Eagle: Target date of early March for signing the contract and Nick Kennett will bring the final agreement to the March Board	Nick Kennett	
4. Actions Appertaining to Network Transformation				
4a	December 2011 POLB11/69(d)	It was agreed that an updated Crowns plan be brought back to the Board next year to cover the new economic model; optimum self service vending; and the impact on Crown branch numbers.	Kevin Gilliland	In hand, This will be part of the NTP presentation to the Board in March.
4b	December 2011 POLB11/69(k)	The Board to be provided with 2-3 bullet points to explain the facts in the event of adverse publicity or contact by MPs, local dignitaries or Subpostmasters.	Alana Renner	The Board will be alerted to and briefed ahead of (wherever possible) any major adverse publicity regarding the Post Office. The Board will also receive a brief ahead of any major news releases to ensure they have key messages to handle any high level enquiries.
4c	January 2012 POLB12/03(a)	Kevin Gilliland to include in his NTP update to the Board in March how the Business intended to prioritise the offices as the models had very different commercial implications.	Kevin Gilliland / Chris Day	In hand, will be included in the March Board presentation.

Post Office Ltd - Strictly Confidential

		5. Actions Appertaining to Board Reports		
5a	November 2011 POLB11/57(d)	The Chairman asked Chris Day to arrange briefings for the Board on Working Capital.	Chris Day	In hand, Charles Colquhoun (Head of Cash Management & Financial Planning) co-ordinating a balance sheet/working capital management briefing session. Session scheduled for 8 th March. Complete
5b	November 2011 POLB11/57(e)	Paula stressed that queuing times was an area on which the Business focussed heavily and suggested a strategy paper comes to the Board on this topic.	Kevin Gilliland (Paula Vennells)	In hand, Kevin will bring this to the June Board.
5d	January 2012 POLB12/06 (a)	Chris Day to speak to Matthew Lester (RMG CFO) regarding 'Going Concern' discussions as part of the Board's governance, and introduce the necessary reporting process at the Board.	Chris Day	Ongoing – Chris Day to report back to February Board. Update 9 th February – Chris Day confirmed that POL's Going Concern status would be covered within the RMG consolidation for this year. A paper would be provided to the Board (April) on the proposed Going Concern process/external audit for FY 12/13.
		6. Actions Appertaining to POL Remuneration		
6a	January 2012 POLB12/01(b)	LTIP: The Chairman asked that a proposal be brought back to the Board based on the discussions to date (including higher ranges for CEO and CFO) with a gateway for Network Conversions; a small reward for achieving 90% of the financial target; but with the main bonus at 100% and significant rewards for hitting stretch targets. It was agreed that the work needed to be completed as quickly as possible to enable a proposal to the Shareholder before the end of the financial year.	Matthew Starks	Work is on-going with New Bridge Street to re-model the LTIP in line with the feedback provided by the Board and to establish the metrics with the Finance team. The revised proposal will be represented to the board in March though, following a suggestion by Alice Perkins, this may be able to be considered sooner, but outside a main board meeting. Extraordinary board meeting 29 th February. Ongoing

Post Office Ltd - Strictly Confidential

6b	February 2012 POLB12/20(c)	PDR scoring – Les Owen requested two-dimensional matrix rating performance and potential. Paula Vennells suggested the inclusion of potential ratings for the Top Team in the succession planning paper.	Pauline Holroyd	Session scheduled for May Board.
6c	January 2012 POLB12/01(d)	Managers Pay 2011-12: Discussions are continuing with the CMA and Matthew Starks will update the Board if there are any significant changes or the pay deal is agreed.	Matthew Starks	Update contained within Managing Director Update: POLB(12)19. Ongoing
6d	February 2012 POLB12/21(a)	Pay Review: Kevin Gilliland to provide a cost benefit analysis paper to cover all the options available on Crown pay and their associated risks. An additional Board meeting may be required to consider the pay mandate in detail.	Kevin Gilliland Alwen Lyons/ Paula Vennells	No longer required. Complete
7. Actions Appertaining to Finance				
7a	September 2011 POLB11/43(e)	Ongoing development of commercial finance capability is required.	Chris Day	Ongoing
7c	February 2012 POLB12/21(b)	Budget Meeting 8 th March: Chris Day confirmed that the budget was reconciled to the original strategic plan. The Chairman asked that significant features in the plan be highlighted and methodology of approach explained.	Chris Day	Included in the Budget Review Pack for discussion on 8 th March. Complete
7d	February 2012 POLB12/23(a)	Performance Pack: Chris Day to review the format of the insurance policies data to make the trend information clearer.	Chris Day	Complete
8. Actions Appertaining to Front Office of Government				
8a	February 2012 POLB12/18(c)	DVLA Tender: Tender stakeholder communication plan to be circulated to the board highlighting the ministers and officials involved in the decision making process and detailing how the Board can support.	Kevin Seller/ Martin Moran	Complete*

Post Office Ltd - Strictly Confidential

8b	February 2012 POLB12/18(d)	DVLA Tender: Kevin Seller to organise a meeting with Neil McCausland to take him through the FOOG communications plan.	Kevin Seller/ Martin Moran	KS agreed with NMc that he would send notes for comment/questions. Complete.
8c	February 2012 POLB12/18(e)	The DVLA Tender would return to the July Board but Paula Vennells would keep the Board updated on any significant changes should they arise in the interim.	Paula Vennells	Ongoing
		9. Actions Miscellaneous		
9a	January 2012 POLB12/03(d)	Olympics: A noting paper to be brought to the March Board detailing the work underway to mitigate any disruption caused by the Olympics.	Mike Young	On March Board agenda.
9b	January 2012 POLB12/07	Integrity of Horizon System: Susan Crichton to clear the audit report with the external lawyers and, if possible, to give the report privileged status and circulate it to the Board.	Susan Crichton	Final amendments to report awaited.
9c	February 2012 POLB12/21(d)	Stamp Prices: Martin Moran to circulate a note covering the effect of RM price increases.	Martin Moran	On March Agenda.
9d	February 2012 POLB12/26(a)	Health & Safety Report: future H&S Reports to include any incidents of aggravated robbery and burglary.	Alwen Lyons	Included in current report. Complete

Post Office Ltd - Strictly Confidential

		10. Actions Appertaining to POL Separation		
10a	December 2011 POLB11/75	When the MDA negotiations are complete, the RM assumptions are to be challenged on the Postal Museum.	Chris Day	In hand, Chris Day to provide off line update note to POL Board members. Cleared.

Post Office Ltd - Strictly Confidential

		11. Actions Appertaining to Personal Injury Referral Fees		
11a	February 2012 POLB12/25(b)	A formal referral policy to be agreed with Junction ensuring no active encouragement of personal injury referrals unless requested by the customer. This to be copied to the Board as a future noting paper.	Nick Kennett	Complete – see notes attached at Appendix A
11b	February 2012 POLB12/25(c)	Nick Kennett to investigate the flow of fees to ensure there is no inducement of wrong behaviours.	Nick Kennett	Complete – see notes attached at Appendix A.

Post Office Ltd - Strictly Confidential

POLB(12)32
Appendix A

1. Paula Vennells asked for a formal referrals policy to be agreed with Junction ensuring no active encouragement of personal injury referrals unless requested by the customer. At present the following policy statement has been agreed between POFS and Junction:

"Post Office Insurance will always seek to provide our customers with the most relevant advice and support whilst making a claim and will not take any steps to encourage or incentivise fraudulent Personal Injury Claims.

Further the Post Office Insurance will:

1. Not pass any Customer Data to Third Party organisation to proactively create Personal Injury Referrals.
 2. Not 'Claims Farm' closed claims with the potential for personal injury claims.
 3. Never provide any additional incentives to customers to pursue a personal injury claim.
 4. Never call a customer after notification of a claim without their express consent with the objective of making a personal injury claim referral.
 5. Never contact third parties with the intention of encouraging a personal injury claim referral."
2. Nick Kennett would also investigate the flow of fees to ensure that there is no inducement for wrong behaviours.

The following are the details of the staff incentive program for the claims team - although a component of the incentive relies on an appropriate introduction for a PI referral this is part of a balanced score card approach. Inappropriate referrals would count against the agent's incentive.

"When conducting a First Notification of Loss call, the call centre operative is incentivised around the understanding of the customer's needs. A balanced scorecard approach is used and if the contact centre operative does not meet the required standard, then they will not achieve their monthly bonus.

The key metrics that sit within the balanced score card are as follows:

- Time taken to answer the call
- Number of calls abandoned
- Was the liability decision correct
- Did the customer require a replacement vehicle and was a hire referral made
- Was the customer injured and if they were, did they want representation and if so was an injury referral made

The call centre operative is also measured on their soft skills and this is done by call listening(both live and recorded). The reviewing manager will focus on the following:

- Listening skills
- Empathy
- Building a rapport with the customer

Our [Junction] FNOL providers will monitor under and over performance and, if required, further training will be given to any advisors not meeting the required grade. In addition to this, ACM also listens to a sample of calls each month and the quality scores are reported into board on a monthly basis.