



Post Office

Transformation Committee

09.00 – 11.00 9th October 2014

5th Floor Boardroom

Version v 1.0



Agenda – Meeting split to cover Programme Performance and Enterprise Transformation Themes as separate sections

	Agenda Item	Action Needed	Meeting Focus	Lead	Timing
Programme Performance	1, Introduction	For Information	Context setting for October's Transformation Committee	Alison	09.00 – 09.05
	2, Delivery Performance a. Overview b. Risk Management c. Programme by Programme	For Challenge and Support	Are we delivering transformation programmes in line with strategy? Review of top risks, programme costs & benefits and what's keeping sponsors awake at night.	Change Management & Sponsors	09.05 – 10.30
Enterprise Transformation	3, Business Transformation Roadmap	For Information	Share planning assumptions as we move from design to delivery of the Business Transformation including establishing a Transformation Management Office to control and track the performance and progress of the new Transformation roadmap for the organisation.	Alison & David	10.30 – 10.45
	4, Review of Actions	For Agreement		Alison	10.45 – 10.50
	5, AOB			Paula	10.50 – 10.55
	6, Communication	For Agreement	What do we communicate?	Paula	10.55 – 11.00
Appendices	a. Forward Plan b. Previous Actions c. Capacity Plan		Agenda items for future meetings Status of previous actions Capacity plan for 2014-15 change plan		



2a Transformation Change Management Overview

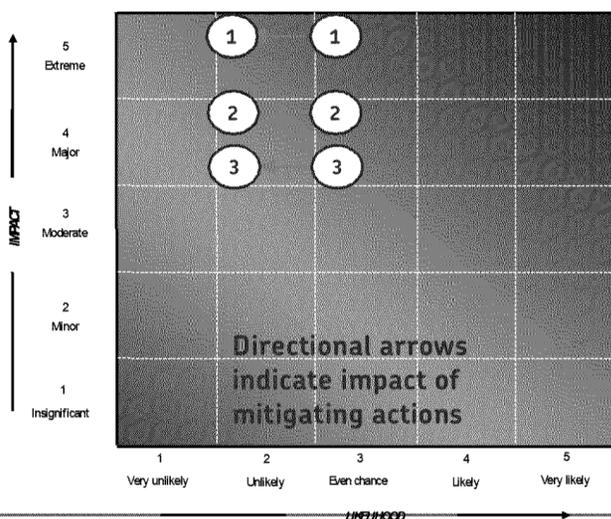
- RAG, cost and benefits based on full programme life
- RAG in brackets indicates programmes view

Programme	Time	Cost	Benefit	Quality	Comment / Areas for Discussion
Business Transformation	A (G)	A £7.5M 14-15	A £200M P/A	G	Following Board review the programme are working on the blueprint and high level roadmap for delivery of the new Target Operating Model, with delivery due to commence from January 2015. This will include developing a transition plan to manage the smooth transition from a 'design' to a 'delivery' structure taking into account the current assumptions regarding delivery partners.
Winning in Mails	R	A	A	A	Positive engagement with Royal Mail at executive level should further improve collaboration between organisations. Decision to move to Royal Mail online mails customer journey (rather than CDP) has delayed implementation of further mails products in new access points until after Christmas, though 141 home shopping return pilots using paystations now operational. Timescales for bill payment offering still unclear at this stage. Following Board update next key activity is the alignment of Network Transformation, Winning in Mails and Business Transformation programmes. High level discussions have taken place between Business Transformation but more detailed analysis needed.
Network Transformation	A	A £956M	G	G	Programme remains ahead of target on both contracts and openings. Approach to the 'cliff' will be influenced by future network strategy with alignment activity commenced between Network Transformation, Winning in Mails and Business Transformation. Agreeing the Memorandum of Understanding with NFSP is currently a barrier to discussing cliff options with NFSP. Draft business case for current programme (NT2) produced but not submitted (will be used as baseline for any subsequent changes). Business Transformation are now engaging with the Value for Money workstream to accelerate cost savings.
Crown Transformation	G	G £126M	R P&L break even	A	The programme continues to deliver in line with targets across branch transformations, training, staff cost reductions, SSK rollout, mergers and relocations - though P&L run rate £1M adverse at end of Q1 (due to income and business wide cost savings behind plan). Trading meeting now has Crown specific section to identify and implement actions to address income shortfall in Crown s. List of options to achieve break even presented at September Crown Steering Group with decision on which to take forward due to be made at October meeting. Customer satisfaction KPI increased from last month but still slightly behind target.
Branch Support	A	G £8M	A £3M P/A	G	Horice pilot (use of real time transaction data to reduce losses) live with programme reviewing outputs to ensure benefits are achieved. Spend on Case Management tool on hold pending conclusion of IT review, delay could impact achieving related benefits. Accelerating the implementation of online training tool to Jan 15 could realise £ 350K savings in 14-15 with resulting VR activity being aligned with Business Transformation and being led by HR. Programme tracking support related questions in agent engagement survey, with 2% improvement for whole survey.
IT Transformation	A	A £53M	A £25M P/A	Under review	The final bidders in the EUC tower have been informed of the preferred bidder outcome. Verbal update at meeting on continuing alignment of IT Transformation and Business Transformation programmes. The programme business case is being updated to reflect the latest position, this will be finalised in November once the alignment with Business Transformation is complete. The programme is developing a basket of value measures which will be proposed to the next IT Transformation Steering group and used as the Quality measure.
Separation	G	A £44M	N/A (G)	G	The MSA Extension Letter has been signed, providing revised end dates for the remaining IT separation activity. The Finance system went live on 1 st September with a small number of post go live operational issues being managed via the programme. Decommissioning of the previous system commenced and post implementation review is now underway. Other workstreams are on track against the revised timelines agreed in the MSA



2b. Transformation Committee Risks

Ref	Area	Risk Summary	Risk Description and Impact	RAG Gross	Impact (Gross)	Likelihood (Gross)	Current Risk Mitigation	RAG (Net)	Impact (Net)	Likelihood (Net)
1	Cross Transformation Programme and Portfolio	Failure of change programmes to deliver forecast benefits and deliver strategy	There is an increasing risk that cumulatively, programmes within Transformation Committee governance fail to deliver benefits, impacting achievement of 2020 strategy.	15	5	3	1) Requirement for Business Sponsors to undertake more regular reviews of business cases throughout programmes lifecycle to ensure early sight of variations from expected benefits and any necessary remedial action to be undertaken (e.g. Network and IT Transformation). 2) In-flight projects/programmes reviewed to ensure alignment with Business Transformation objectives. Key initiatives have satisfied the assessment criteria (addressing our cost base, driving profitable growth, changing the way we work) and are being allowed to progress.	10	5	2
2	Cross Programme and Portfolio	Insufficient capacity to deliver change	The scale of change planned across the business to deliver the strategy results in multiple complex dependencies, lack of availability of subject matter experts/Senior managers - leading to bottle necks and failure to deliver benefits within the strategic plan.	12	4	3	1) Integrated transformation plan created to identify & track key inter-dependencies and milestones. This will be superseded by the emerging Business Transformation delivery roadmap. 2) Change Management Team to review short term plans to identify capacity constraints (see capacity plan) including IT's ability to deliver the technology elements of the 14-15 Change plan.	8	4	2
3	Cross Programme and Portfolio	Mis-alignment of business strategies with Target Operating Model (TOM) impacts benefits realisation	Conflicting assumptions between programmes leads to mis-alignment with Business Transformation. The resulting delivery plan may result in target benefits not being realised.	12	4	3	Undertake detailed planning as part of Business Transformation Transition plan to ensure that a coherent integrated plan supports delivery of the agreed benefits.	8	4	2



October update

- No change in scores for risks
- The Exco level programme risks previously highlighted to the Transformation Committee will now be reported through the Exco performance pack
- Key risks reported to the Transformation Committee will now focus on cross-portfolio and those identified by each programme

2c Business Transformation Programme

Programme Summary – Design an Operating Model and implementation roadmap that enables the 2020 EBITDAS strategic plan

Programme Scale
 Cost c.£7.5m in FY1415 Lifetime cost TBA
 Targeted benefits: £150m to £200m central cost reduction (28% to 37% of current central costs) linked to EBITDAS strategic plan targets

Time	G
Cost	A
Benefit	A
Quality	G

Performance

Programme KPI	Cumulative to P6		Design Phase	
	Target (RAG)	Actual	Target (RAG)	Forecast
Timely Delivery - 18 weeks	16 weeks	16 weeks	18 weeks	18 weeks
Deliver within budget	£2,696k	£2,517k est	£4,586k	£4,135k
Design Phase Outcomes Accepted	-	-	Yes	-
Delivery Financial Glidepath Approved	-	-	Yes	-
Deliver incremental savings in FY1415	£0	£0	£60m	-
Quality: stakeholder buy-in to proposed end-state	-	-	Yes	Yes
Quality: deliverables independently assured	-	-	Yes	Yes
Quality: staff engagement measures not negatively impacted	-	-	No	No

Status Update

The Programme is in the third and final stage of design. An assessment of the current cost dynamic of the business was completed in Stage 1. Savings potential of £100m was identified and work begun to turn the initiatives into business cases. Recommendations for the end state design (Stage 2) were presented to the Board on 25 September. The design addressed the remaining £200m gap to the £300m savings target. Final adjustments to the design have been made in response to Board feedback, guidance and critique. Stage 3 will deliver a roadmap for implementation designed with achievable goals, capability requirements and within available funding. 16 proposed work programmes have been grouped and sequenced to deliver phased transitional states over time to enable the business to change in controlled stages. Key Success Factors and Key Performance Indicators are also proposed.

Risks

Risk Summary	RAG Gross	Impact (Gross)	Likelihood (Gross)	Current Risk Mitigation
The 'end state' operating model is not capable of supporting POL business targets for revenue, margin, EBITDA and profit	20	5	4	1) Design Phase established, supported by 3rd party expertise, to validate expected programme benefits 2) Key checkpoints in Design Phase will confirm programme progress towards expected business outcomes 3) Risk and Compliance directorate are fully engaged to execute 'three lines of defence' including independent assessment
Not all savings identified within the 'design' phase will deliver the full value initially thought possible or achieve the outcome in the timeframe initially predicted	20	5	4	1) The programme has set a 'stretch' target of £300m which represents 30% of current year run rate costs 2) Target Operating Model design tested through: a) 121 and group discussion with ExCo and Board b) Financial modelling
There is a risk of negative political, public and Union reaction if 'transformation' is interpreted as 'outsourcing' slash and burn'	20	5	4	Communication Plan will emphasise transformation not outsourcing. IR team engaged to manage Union dialogue

Dependencies	Status	Actions
Enterprise Risk Management Framework to crystallise impact of in-flight major change initiatives on steady-state enterprise risk profile	Action with PwC risk assurance team	BTr has engaged with PwC to clarify dependency and required output of risk diagnostic

Customers, Colleagues, & Third Party Engagement

Customers

No engagement planned during Design Phase to November 2014

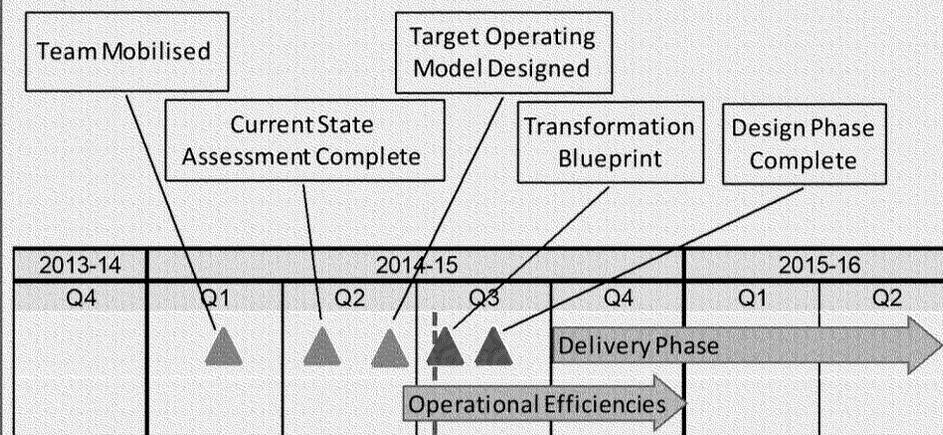
Colleagues

The communications team are represented on the programme Steering Group and Core Team. Stakeholder management and communications plans supporting radical business restructuring are being developed to support transition from design to delivery.

Third Parties

Engagement plans are being worked out as we assess partnering options for the delivery phase.

Delivery Plan RAG status (Time)



2c Winning In Mails Programme

Programme Summary - To determine the future mix of network models, develop simplified journeys for our customers, partners and retailers through a new CDP based technology solution (tablet/pay station/EPOS based) and deploy these solutions into new access points (Mini Post Offices) increasing network size.

Programme Scale
Cost c.£3.5 m to Oct 14

Time	R
Cost	A
Benefit	A
Quality	A

Performance (Benefits)

Programme KPI	Period 2 (cum)		Full Programme (Year 14/15)	
	Target (RAG)	Actual	Target (RAG)	Forecast
# new access points	135	141 (targeting 176)	400	400
# Average transaction volume per site	10	tbc	30	tbc
Average transaction time	< 60 secs	tbc	< 10 secs	tbc
Easy to do business with	tbc	tbc	tbc	tbc
Customer satisfaction	tbc	tbc	tbc	tbc

Status Update:

141 IVY access points are now live (offering Home Shopping Returns only) with a further 35 being rolled out by the end of October.

The technological solution & programme plan for access points is being reviewed following the decision to move from POL to RMG online mails solution and other challenges with back end IT integration (track and trace etc).

Final confirmation of solution and plan is expected to be confirmed by October 15th.

Customers: Quadrangle have been engaged to facilitate gaining customer insight around ideal product propositions. Quantitative and qualitative feedback has now been received. MI collation is being planned for the IVY trials and should include appropriate customer feedback mechanisms. Local marketing underway for IVY trials.

Colleagues / Sub Postmaster s: Other than local marketing for IVY trials and ongoing engagement with the NFSP, no colleague or Sub Postmaster engagement has taken place due to the confidential nature of the programme.

Third Parties - Stakeholder & PR:

- Commitment made to NFSP to deploy no more than 200 new access points prior to 19 Jan 2015. Engagement continues to gain NFSP support for the wider strategy
- Met with CEO of RMG and agreement reached in principle to support Winning In Mails
- Joint Commercial Governing Group has been formed to manage work required for inter-organisation objectives such as commercial alignment, and the associated milestones have been communicated and agreed.

Risks

Risk Summary	RAG Gross	Impact (Gross)	Likelihood (Gross)	Current Risk Mitigation
The competition are attempting to sign preferred retailers to 5 year deals of combined BillPay and parcels offerings.	16	4	4	We are currently improving our B2B service offering as well as working up an ePOS solution. We are also endeavouring to have partners hold off on signing new contracts until our offering is finalised.
Delayed RMG agreement on process changes and commercials may prevent roll-out of operational solution.	15	5	3	To pursue RMG engagement at senior level and gain decision making collaboration framework in form of on-site team
NFSP may not support the wider trials and programme roll-out beyond Jan 19th 2014.	12	4	3	Pursue engagement with NFSP and gain buy-in through use of MOU.
Government / BIS unlikely to want negative coverage in run up to election. E.g. post office branches being cannibalised and their existence threatened by Access Points.	12	4	3	We have begun negotiating with NFSP and engagement with BIS to address these risks.
Current interim programme budget will expire imminently.	12	4	3	Finalise technological solution and delivery plan, confirm costs with suppliers and incorporate into the funding request.
Delivery risk following the decision to use RML online mails a formal re-baselined plan has yet to be confirmed at the programme level & by Accenture/Atos	12	4	3	Finalise technological solution and delivery plan, confirm costs with suppliers and incorporate into the funding request.

Delivery Plan RAG status (Time)

	2014-15				2015-16
	Q1	Q2	Q3	Q4	Q1
Business Case Complete		▲			
IVY / Pay Station 1 Roll-out		▲			
135 Access Points		▲			
Technical Solution Agreed		▲			
RMG Interim Agreement			▲		
1 Strategic Partner Signed				▲	
RMG Agreement on final solution & commercials					▲
400 Access Points					▲
5 Strategic Partner Signed					▲
Roll-out 1st Strategic Partner Deal					▲

2c Network Transformation Programme

Programme Summary - To deliver a transformed network through the introduction of new and viable operating models by 2018

Programme Scale

Cost c.£956M

Timescales - complete by Summer 2018

Time	A
Cost	A
Benefit	G
Quality	G

Performance (Benefits)

Programme KPI	Period 6 (Sept 14)		Full Programme (Year 14/15)	
	Target (RAG)	Actual	Target (RAG)	Forecast
Contracts Signed (cum)	3,800	4,168	4800	4800
Branches Open (cum)	2,914	3,134	3,708	3708
Customer Satisfaction (all branches) - Aug	90%	97%	90%	96%
Average increase in opening hours	40%	68%	40%	66%
Cost reduction (CTP savings) - In year Cum	482.2k	852.9k	2,500k	3,460k

Status Update

The programme remains ahead of target for both contracts signed and branch openings with all Q2 targets achieved for both metrics. The focus now is to maintain this strong position heading into Q3. The year end outlook although challenging, remains positive.

The overall programme status remains amber on contracts due to the challenges of finding suitable replacements for leavers and the risk around the Transitional Locals process (which has the potential for significant adverse stakeholder reaction).

The additional opening hours available continue to be well above the target set by BIS and our forecast financial benefits are higher than planned due to a greater number of Locals being delivered ytd (+87), as well as a higher take up of option 'c' contracts signed.

Customers, Colleagues and Third Party Engagement

Customers

Measured customer satisfaction continues to be high in converted branches, with both Mains and Locals consistently scoring in excess of 90%. Queuing performance (waiting times) are also consistently good against our measurement criteria.

Colleagues / Postmasters

Satisfaction amongst Postmasters with the new operating models remains above target at 78% (Mains 81%; Locals 75%).

Satisfaction with the conversion process (RLB (Property) and FCA support), remain the key area of focus, with actions being put in place to lift perceptions. We should hopefully start to see a positive change in results from November (when conversions from Sept are researched).

Third Parties - Stakeholder & PR

Transitional Locals

Engagement with the initial tranche of 48 transitional locals continues, with positive results achieved to date and it is encouraging that a significant proportion of Postmasters have decided that leaving the business is the best way forward for their branch. There have been no significant issues thus far.

Given the continued success of the pilot, the steering group have given approval to initiate a second tranche and initial comms are being worked up.

Risks

Risk Summary	RAG Gross	Impact (Gross)	Likelihood (Gross)	Current Risk Mitigation
Inability to find replacements for leavers (mandated and volunteer) as a result of take-up from strategic retail partners (predominantly TCG), being lower than expected.	15	5	3	1) Integrated replacement strategy based on strategic approach to convenience retailers and symbol groups 2) Restructured programme organisation in the central team 3) Local and national communication campaigns to support replacements; 3) Partnership with Humberstones to help source new operators and sales literature drafted.
Public mobilisation against guided leavers	15	5	3	1) The NFSP are committed to supporting us and we have alignment with BIS on the need for resilience. 2) National and local communication campaigns continue to inform the public and pro-active regional FR and stakeholder management with opinion formers in place. 3) Transitional Locals pilot (start July 14) will enable us to assess the potential stakeholder impact and refine approach in advance of full rollout.

Delivery Plan RAG status (Time)

	2013-14	2014-15				2015-16	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Contracts signed		3246	3435 (3639)	3800 (4168)	4226	4800	
Branches open		2058	2484 (2561)	2914 (3134)	3248	3708	
Model improvement		Local performance root cause	Board review + next steps (Sept)	Board review (Oct)			
Process improvement workstream		Main performance root cause & board review (Sept)	Concept development	Board review (Oct)	Phase 1 live	Slight delay to T-impact review work	
Transitional locals		1st Tranche	2nd	3rd			
Cliff Management				Initiate 'cliff' preparation work			

2c Crown Transformation Programme

Programme Summary – To bring the Crown network to a breakeven P&L run rate by March 2015.

Programme Scale
Cost - £126m
Timescales - complete by end-March 2015

Time	G
Cost	G
Benefit	R
Quality	A

Performance	YTD			2014-15 FY	
	Target (RAG)	Actual	as at end	Target (RAG)	Forecast
P&L runrate	-£14.4m	-£15.4m	Q1	£0m	£-1.1m to £-2.6m
Number of branch transformations	230	243	P6	292	294
Number of branch franchises	41	28	P6	70	53-55
Customer satisfaction in transformed branches	85%	81%	P5	85%	85%
Queue time satisfaction	85%	83%	P5	85%	85%

Customers, Colleagues and Third Parties

Customers: The migration of customers to the kiosks averaged 60% in September. P5 saw improvement in customer satisfaction, with overall satisfaction in transformed branches better than in non-transformed branches, despite >400FTE staff having exited the transformed branches.

Colleagues: The 503FTE plan for counter staff exits is secure and staff are exiting ahead of plan. BM VR acceptances equivalent to 36.6FTE are secured, broadly in line with plan.

Third Parties: Consumer Futures continue to provide a significant level of challenge, arguably beyond their statutory powers. The transition of NCR management to ATOS continues – with an interim process for incident management in place.

Programme delivery- Retained Branches: The P6 targets for programme delivery have all been achieved ahead of plan. These include projects for branch transformations (243 complete), staff training (3000 trained), self-service kiosks (424 rolled out), and staff exits (440 FTE of counter staff).
Programme delivery- Franchising: Holloway and Barkingside went live to independents on 25th September, bringing the number of live franchises to 28. Whilst up to 17 branches remain at risk of not being franchised, a number of mitigating actions are being delivered to reduce the associated P&L risk. This means that £7.5m of the £8.0m Crown P&L benefits of franchising remain secure.

P&L position: At the end of Q1, the P&L using the run rate methodology was -£15.4m against a target of -£14.4m. (The next bottom-up P&L forecast is being built this month based on the position at the end of Q2.) In P5, transformed branches grew income 6.0% YoY, which was 2.6 times the rate of growth of the non-transformed branches, this included 23% YoY FS growth in the transformed branches. However this level of growth is still below target and remains the main risk to the breakeven objective being reached. At the end of P5, total Crowns income was £2.1m below budget YTD and is forecast at £4.9m below budget on a full year basis, with mails under-performance as the main driver. Considering this, together with all other programme risks and opportunities, it moves the P5 (top-down) view of the run rate forecast to between £-1.1m and -£2.6m. The programme team are working with the Crown network and FS to develop a set of further candidate projects to mitigate this. These could include; a closure at King's Walk, Chelsea following eviction notice being served; reconfiguration and partial sub-letting of space at Trafalgar Square; and exiting of under-performing resources across counter and FS roles using "Leaving the Business with Dignity". An initial long list of candidate projects was shared with the September CTP Meeting and this is now being refined for decisions on which to take forward at the October CTP Meeting.

Risks & Dependencies

Risk Summary	RAG I L (Gross)			Current Risk Mitigations	RAG I L (Net)		
	RAG	I	L		RAG	I	L
Income substantially below target	25	5	5	1) The Trading Meeting is managing the issue of Crown income on a monthly basis with management information from CTP and finance. 2) Long list of candidate cost saving projects in development	20	5	4
We fail to secure enough franchise partners	16	4	4	1) VR offers issued and vacancies removed to reduce losses in "at risk" branches. 2) CTP Meeting have approved a number of alternative solutions to mitigate losses.	12	4	3
Targets not met for business wide cost-reductions, pushing allocations to Crowns over budget	12	4	3	1) CTP meeting and finance monitoring and challenging back to budget holders where allocations are over budget.	8	4	2

Delivery Plan RAG status

	14/15									
	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Branch Transformations	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
170 branches transformed				230 branches transformed			All retained Crown branches transformed			
Franchising	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
26 franchises live				41 franchises live					70 franchises live	
SSK Rollout	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
280 kiosks rolled out				410 kiosks rolled out		518 kiosks rolled out				
CSC exits	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
232 FTE released via VR				341 FTE released via VR		417 FTE released via VR				

2c Branch Support Transformation Programme

Programme Summary – To improve the support we provide to postmasters and operators in the running of their Post Offices from the moment they join to the point where they leave the business.

Programme Scale
Cost C. £4.1m (+ VR c £4m)
Timescales - complete by March 2015

Time	A
Cost	G
Benefit	A
Quality	G

Performance (Benefits)	Period 5		Full Programme	
	Target YTD	Actual YTD	Target (RAG)	Forecast
Operating cost reduction			£3m	£3m 15/16
Number of spmr suspensions p/a	25	19	60	60
Reduction in agent net debt	£250K	£243k	£1m	£1M
Satisfaction with training	95%	88%	95%	95% 15/16
Reduction in calls to NBSC			25%	25% 15/16
Target is reduction in >£10k shortages at audit (28 last year) - number shown is actual	6	3	14	14

Status Update (1) HORice live into 6 month pilot on 2nd September; (2) Revised compliance approach launched 1st September reducing time spent on compliance element of Branch physical audit from 3 to 1 hour; (3) Discovery phase completed by Ciber in FSC for case management tool; (4) First draft of LMS feasibility study received by ATOS cost prohibitive in this version; (5) Stock code data from NSBC completed and passed to stock and communication team for further improvements to HOL help. Dangerous Goods and RML data capture underway; (6) Bureau second receipt went live on 19th September plans in place to track impact and benefits; (7) On-line compliance training for new joiners has revised planned go live date of 3rd Nov EMC required further time for testing;

Customers, Colleagues and Third Party Engagement

Customers The Programme should have a positive, indirect impact on customer experience. Reducing subpostmaster suspensions has meant reducing impact on service where suspension occurs for example in period 5 there are 11 cases where investigation into performance issues at the branch is being conducted with the postmaster still in post.

Colleagues Following central colleagues and postmasters testing of the on-line compliance training prototypes and their positive feedback experience EMC option progressed, rather than staying with Horizon or using ORBIT. Branch User Forum endorsed bureau 2nd receipt improvement which has been introduced. Feedback from Branch User Forum that changes made to stock codes on Horizon were an improvement. Branch User Forum will be visiting FSC in October. September postmaster engagement index increased to 47% (+2% vs. 2013)

Third Parties NFSP updated on latest developments and attendance at NFSP NC scheduled for November.

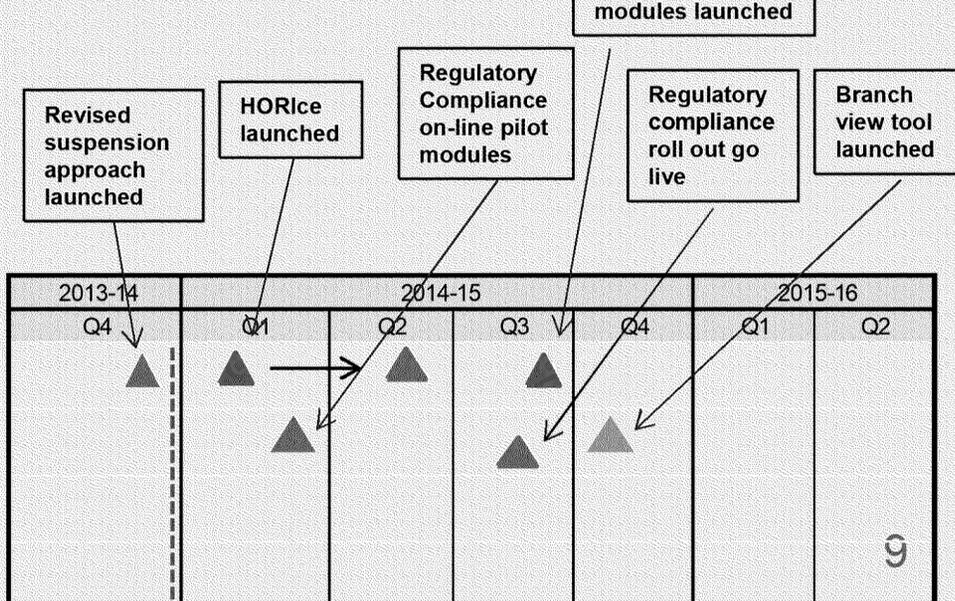
Risks

Risk Summary	RAG Gross	Impact (Gross)	Likelihood (Gross)	Current Risk Mitigation
The majority of operating cost reduction is delivered through reduction in resource. Risk to savings if surplus pool is created.	16	4	4	Manage the resource plan with HR to ensure we optimise redeployment opportunities and exit via VR however CR may need to be considered. Timeline currently being mapped
Costs for Dynamics pilot provided by Ciber maybe prohibitive and therefore an alternative supplier may need to be sought.	15	5	3	Alternatives for suppliers currently being scoped with support from IT.

Dependencies

Dependencies	Status	Actions
Dependent on IT and Fujitsu to deliver Programme changes and projects	Fujitsu have returned CR approved and work can now be undertaken. Extra budget has been released by Programme to facilitate extra resource required in Ref Data team	Continue tracking progress
Dependent on Business Transformation identifying what is in scope and out of scope to prevent double counting of benefits	BT aware of expected double counting of benefits	Programme working with BT programme to accelerate benefits

Delivery Plan RAG status (Time)



2c IT Transformation

Programme Summary – Define and implement a revised IT Operating Model, secure a new IT supply chain and manage the safe transition of services

Programme Scale

Cost C.£53 M
Benefits C £85 M
Timescales - complete by 2016/2017

Time	A
Cost	A
Benefit	A
Quality	

Performance (Benefits)

Programme KPI	Year to date		Full Programme	
	Target (RAG)	Actual	Target (RAG)	Forecast
Towers Contracts Awarded	1	1	5	5
3 rd parties transitioned to service integrator (SI)	90	90	96	96
SI operating model processes accepted	23	16	23	23
Financial savings	£0	£0	£25m	£25m
Employee Opinion & Customer Satisfaction	TBA	TBA	TBA	TBA

Status Update

- Network (NW) – Dialogue continues to strengthen bidders proposals before invitations to submit final tenders are issued in November. In parallel work is commencing with Network Expansion to assess impact on the IT procurement.
- Back Office (BO) – The procurement is paused. Working with Business Transformation to ensure alignment with future Target Operating Model (TOM).
- Front Office (FO) – Moderation of supplier responses is complete with recommendations for down-select to be taken to Programme Committee on Monday 6th October.
- End User Computing (EUC) - The final bidders have been informed of the procurement outcome. The Atos 'Build' team mobilised and engaged with the preferred supplier. Target for Contract Award for the end of October and Live service by the end of March 2015.

Customers

By simplifying and streamlining our IT Supply Chain, we are reducing some of the traditional barriers to change and creating a more flexible and agile service enabler for our business colleagues.

Greater engagement with Business Transformation and direction from ExCo during the past weeks has improved the alignment between the various transformation programmes and emerging business model to ensure IT is investing in the priority enablers for the future.

Colleagues / Subpostmasters

Investment in new technologies in the Network allows our Branch Colleagues to engage Customers in new and enhanced ways, building a positive perception of the Post Office brand and supporting the 2020 strategy. Fundamental in this is the way we engage our key stakeholder communities across Functions and Postmasters in specifying our Tower Model requirements and ensuring our selected suppliers deliver to our needs

Third Parties - Stakeholder & PR

IT Transformation is a fundamental re-shaping of our IT Supplier landscape and ensuring ongoing support of our 3rd Parties during this period is paramount. The procurement process is as per OJEC standards and our main suppliers are fully engaged in the process. We have announced our Preferred Supplier for the EUC Tower to bidders and selected incumbents suppliers so that we can start to test alignment with the winning tender.

Risks

Risk Summary	RAG Gross	Impact Gross	Likelihood Gross	Current Risk Mitigation
Insufficient time to migrate all branch and central network services provided by Fujitsu prior to expiry of the TSS contract.	20	5	4	<ul style="list-style-type: none"> • Considering negotiation stance with Fujitsu should extension be required • Exploring alternative delivery strategies with the bidders to front-load the service transition in advance of service transformation activities
Running costs for Back-Office and Networks Towers exceeds the amount set out in the business case resulting in benefits erosion	16	4	4	<ul style="list-style-type: none"> • Modelling cost drivers to understand cost/benefit trade-offs and targeting transformational opportunities • Pause on Back-Office procurement to understand Network Expansion direction and confirm strategic alignment
Delay in the tower procurements delivery results in additional cost to maintain the incumbent supplier base or an extended period	16	4	4	<ul style="list-style-type: none"> • Mobilising next Tower implementation team to ensure no loss of momentum • Strengthening leadership oversight and delivery culture within the team
Insufficient time for EUC Build to complete the full transition scope prior to the expiry of 2 key contracts: Fujitsu Engineering and the Separation MSA EUC Service Provisioning	9	4	2.5	<ul style="list-style-type: none"> • Confirmed commitment with Preferred Supplier to deliver to the target service commencement date • Exploring contingency options with Preferred Supplier to safeguard service continuity • Consider negotiation stance with Fujitsu for service extension if required

Delivery Plan RAG status (Time)

	2014	2015				2016	2017	2018
	Q4	Q1	Q2	Q3	Q4			
BO On Hold	ISFT Issued (Sep)	Contract Award (Jan)			BO Service Commencement (Nov)			
FO	ISFT Issued (Nov)	Contract Award (Mar)				Incumbent Service Termination Fujitsu - Mar		
NW	ISFT Issued (Nov)	Contract Award (Feb)			NW Service Commencement (6 months post Contract Award)	Incumbent Service Termination Fujitsu - Mar	Incumbent Service Termination BT - Jan	
EUC	Contract Award (Oct)	EUC Service Commencement (Mar)						
SI/SD	Acceptance Complete (Nov)							

2c Separation Programme

Programme Summary – to manage the delivery of Post Office separation of business and IT services from Royal Mail leaving enduring business capability.

Programme Scale
Cost C.£43.9M (POL only)
Timescales - complete by June 2015

Time	A
Cost	A
Benefit	G
Quality	G

Performance (Benefits)

Separation Programme KPI	Cumulative to P 2		Full Programme	
	Target (RAG)	Actual	Target (RAG)	Forecast
Separation of IT Systems	138	138	256	256
Separation of Business Services	120	120	131	131
Finance - headcount reduction	27.5	27.5	27.5	27.5
Finance - Number of Incidents	0	0	0	0
eBusiness - Number of Incidents	0	0	0	0
Contact Centre - Number of Incidents	0	0	0	0
HR - Number of Incidents	0	0	0	0

Status Update

- The Finance system went live on 1st September, decommissioning of the previous system have commenced.
- Contact Centre telephony and Case Management capability are now live. Users are being trained and transferred to the new systems in a staggered migration.
- MSA Extension Letter has been signed, providing revised end dates for the remain IT separation activity.
- Facilities Management and Grapevine business services successfully separated on 30th September.

Risks

Dependency on CSC: IT Separation timelines will not be met because of our IT suppliers (specifically CSC during "exit") having insufficient capacity and capability to deliver Separation as well as other work being carried out for RMG and POL, leading to increasing costs.	9	3	3	The mitigation approach includes the following: Contingency - engage different suppliers. Prevent - anticipate bottlenecks and implement contingency or prioritise. Reduce - develop closer engagement and operational relationships with CSC.
RMG Information Technology Services Transformation Programme (ITST): Any movement in the timelines of the RMG ITST Programme could impact Separation.	12	3	4	Contingency - for End User Computing separation contingency provision is in place to ensure POL has continuity of service throughout transition. Accept: The interfaces and dependencies between the two programmes are being monitored and controlled on an ongoing basis.
Volume of Change over Short Time Period (Separation and wider POL business). Volume of Separation change delivering over a short time period, compounded by the wider Post Office change agenda results in either delays or reprioritisations.	8	4	2	Reduce: Separation workstreams are largely independent of each other (continue to validate), continue to manage cross programme activities centrally, undertake a wide review of in-flight projects being undertaken as part of Business Transformation.

Customers, Colleagues and Third Party Engagement

Customers

The majority of the Separation projects relate to the 'Back Office' only and therefore they have no direct customer impact. As an agreed principle the programme approach has been to separate on a 'like for like' basis as opposed to separating and transforming at the same time. The one area that is particularly customer oriented is that of eBusiness. There have been two releases to date providing content and tool and the next scheduled release is Oct 2014.

Colleagues

The contact centre separation has resulted in the TUPE of colleagues, which has been implemented without any issues emerging. From a wider perspective delivering an independent Post Office provides the platform for further opportunities for Post Office colleagues to contribute to the vision of the organisation.
Facilities Management has now been separated and the new suppliers are now live in all sites..

Third Parties

Formal agreements have now been made with BT for the separation of the IT Networks, which is a major achievement. The 'Safe Haven' direct award with CSC will act as the catalyst for the realisation of future Post Office opportunities.

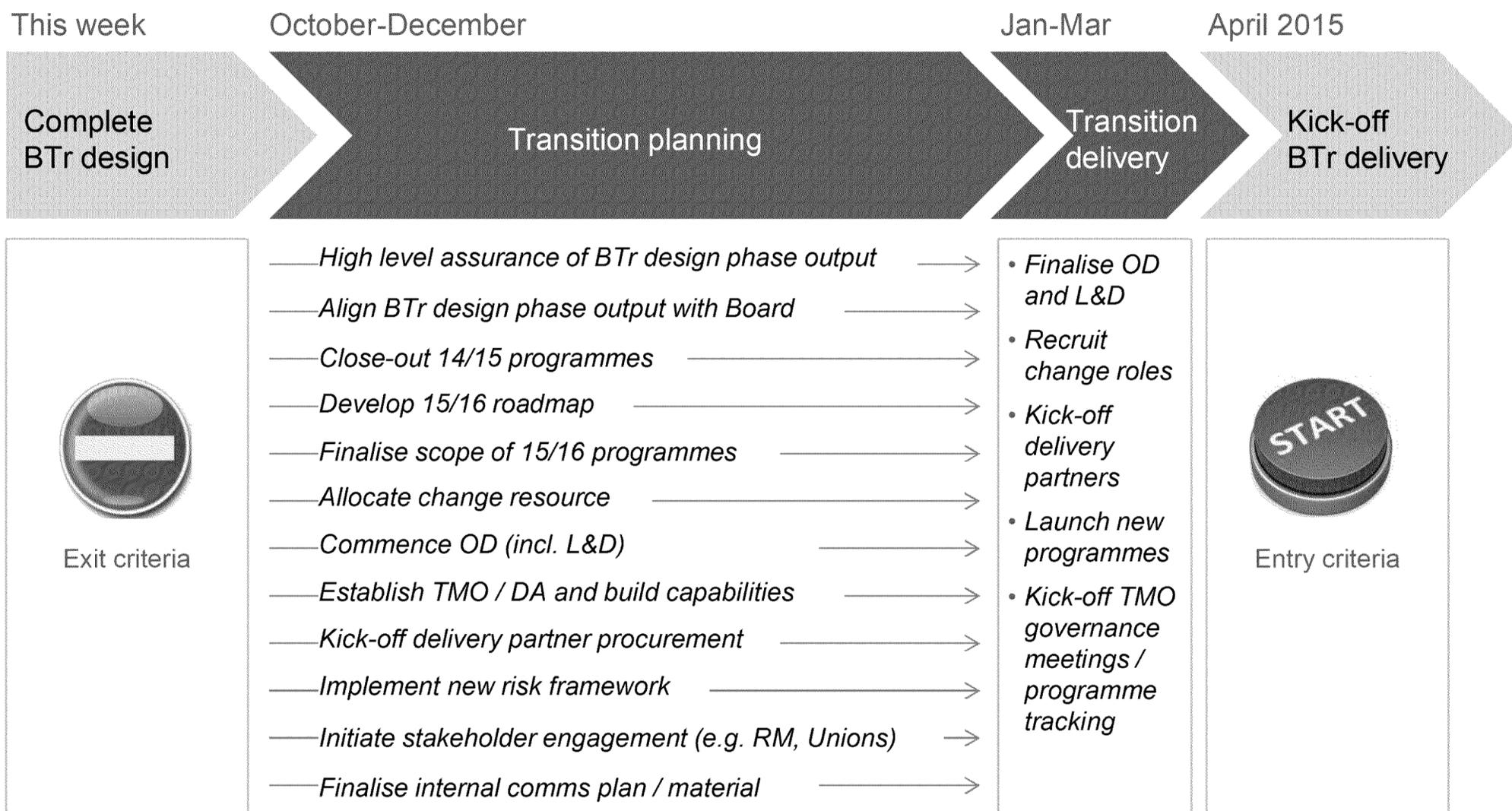
Delivery Plan RAG status (Time)

3week Look Ahead (3WLA)	w/e 03/10					w/e 10/10					w/e 17/10											
	M	T	W	Th	F	St	Sn	M	T	W	Th	F	St	Sn	M	T	W	Th	F	St	Sn	
IT Networks: Migrations start																						
Contact Centres: Full Go-Live																						
Facilities: Go Live																						
Grapevine: Go-Live																						
Safe Haven: Contract Signed																						

6mth Look Ahead (6MLA)	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Grapevine: Go-Live							
Facilities: Go-Live							
Service Desk: CSC On-Boarded into Atos Desk							
Service Desk: BT On-Boarded into Atos Desk							
Networks: Site Migrations End							
HR: Common Components Separated							
Licenses: Project Closure							
Supply Chain: POL Server Room Set up							
e-Business: Release 5 Live							



3.1 Business Transformation – Transition Planning





3.2 Enhancing Our Change Capability to have the breath and depth to support the delivery of the Business Transformation Blueprint

Context for requirement

- As Business Transformation reaches the end of the design phase and the implementation plan (blueprint) is approved, and as we will not be using a single delivery partner, we will need to control and track the performance and progress of the plan
- To effectively manage the progress and performance of the transformation journey, the post office will need to increase its capability and capacity for central management of the roadmap.
- The approach recommended is to engage a Transformation Management Office (TMO) partner to accelerate capability and deployment of industry standard programme standards, tools and techniques.
- This will ensure standardisation across programmes, with central management driving efficiency and providing a platform for continuous improvement.
- This capability will be enhanced on a phased basis, starting in October & November with the aim of fully embedding by April 2015 (see next slide)



3.3 Transformation Management Office – Transition Plan

Phase 1 (October - December 2014)

Transition & Design

- Support transition from high level blueprint to detailed design
- Design common governance, reporting framework, tools and standards for use across all programmes
- Onboard TMO design partner
- High level performance tracking and reporting to Transformation Committee and Board on roadmap and metrics

Phase 2 - (January - March 2015)

Ramp Up

- Introduce new framework and standards to programmes
- Consistent roles & responsibilities for Programme Director, Programme Manager and Sponsor
- Integrated plan baselined
- Resource to new TMO structure
- Enhanced reporting and performance tracking tools implemented

Phase 3 - (April 2015 onwards)

Implement & Embed

- All programmes have consistent governance, methods and reporting.
- Fully centralised management for progress and performance management of the roadmap
- Transition from consultancy led to internal led with support
- Platform for continuous improvement



Appendix A – Forward Agenda

Transformation Committee	Content (in addition to Standard Agenda)
November 2014	<ul style="list-style-type: none"> High level integrated plan with performance metrics agreed Review of Transformation Committee TOR
December 2014	<ul style="list-style-type: none"> Review Capex and Exceptional change activity for 2015-16
January 2015	<ul style="list-style-type: none"> Agree 2015-16 change plan budgets and priorities
February 2015	
March 2015	
April 2015	<ul style="list-style-type: none"> Agree detailed 2015-16 Change Plan



Appendix B - Status of Previous Actions

	Open Actions from May Transformation Committee	Owner	Scheduled
16/05/2014-03	Network Transformation programme to update KPIs following approval of the programmes updated business case. Financial benefits of the programme that benefit Post Office should drive the Benefit criteria and financial benefits from the postmasters point of view should be one of the Quality measures.	Ian K	Carry forward
	Open Actions from July Transformation Committee	Owner	Scheduled /Due by
22/07/2014 - 02	Ian K to provide an update to Transformation Committee (via correspondence) on the output of the Network Transformation model improvement recommendations.	Ian K	Carry forward
22/07/2014 - 09	Ian K to provide a brief summary for Transformation Committee members on the current view of customer propositions planned to be piloted under Network Development. October update: Included in Winning in Mails ExCo and Board packs.	Ian K	Complete



Appendix B - Status of Previous Actions

	Actions from September Transformation Committee	Owner	Scheduled /Due by
04/09/2014 - 01	<p>Ian K to ensure that approach to the Network Transformation 'cliff' is agreed and aligned to wider business strategies before 25th September Board.</p> <p>October update: Options are being developed but are dependent upon alignment with FS and Business Transformation strategies and will determine the 'Network of the Future' and ensure fit with corporate transformation objectives.</p>	Ian K	Carry forward
04/09/2014 - 02	<p>Harry C to produce a series of options, for October Transformation Committee, to achieve Crown break even run rate by March 2015 (including close alignment with Network Development)</p> <p>October update: List of options to achieve break even presented at September Crown Steering Group with decision on which to take forward due to be made at October meeting.</p>	Harry C	Carry forward
04/09/2014 - 03	<p>Martin G and Kevin G to ensure there is no contradiction between the 'easy to do business with' metrics on scorecard and the customer satisfaction metrics within Network Transformation and Crown Transformation programmes. Also consider the most cost effective way to obtain data.</p>	Martin G & Kevin G	Carry forward
04/09/2014 - 04	<p>Ian K and Harry C to quantify how much time, manpower and cost are being spent managing Consumer Focus across Crown and Network Transformation. Then work with Mike Granville to make recommendations with options to October Transformation Committee.</p> <p>October update: Quantification of manpower and costs complete, recommendations to be agreed with Mike Granville and presented to Crown and Network Transformation Steering Groups before submission to the November Transformation Committee. The current agreed arrangements with Consumer Futures are continuing with Post Office Ltd actively 'pushing back' on individual cases to ensure on track implementation in the NT and CT programmes.</p>	Ian K & Harry C	Carry forward



Appendix B - Status of Previous Actions

04/09/2014 - 05	Ian K to provide a weekly list, to Martin George, of the outstanding issues the Network Development programme need resolving with Royal Mail.	Ian K	Complete
04/09/2014 - 06	Lesley S to follow up with Royal Mail to ensure a Royal Mail IT representative joins the Bishopsgate Network Development team	Lesley S	Complete
04/09/2014 - 07	Ian K to ensure appropriate customer communications (e.g. leaflets) is used in the two lvy pilots.	Ian K	Complete
04/09/2014 - 08	David R to review Business Transformation programme RAG status given risk to time and benefits and update status for September ExCo and Board Pack.	David R	Complete
04/09/2014 - 09	David R to provide a briefing to Paula on current TOM thinking in advance of 12 th September ExCo discussion.	David R	Complete
04/09/2014 - 10	David R, Nick K, Kevin G, Martin G and McKinsey to meet before 12 th September ExCo to work through alignment of Business Transformation, Network Development and Financial Services Strategies prior to ExCo discussion and then PO Board presentations.	Mc Kinsey (via David R)	Complete
04/09/2014 - 11	Michael B to update cross programme risk relating to alignment of strategies for September Board, showing McKinsey co-ordination as mitigating action	Michael B	Complete
04/09/2014 - 12	Neil H to provide quarterly People and Culture update to October Transformation Committee, update to focus on the change required in people and culture needed to achieve Business Transformation. October update: Reporting will commence following the EXCO conversation on 16th October and Board on 29th October.	Neil H	Carry forward
04/09/2014	Agreed - There is not a need to continue to report progress on the IT Enablers portfolio to Transformation Committee, as BCR and POS futures requirements will be covered under the IT Transformation Programme and the remaining IT enablers will be governed within the IT area's BAU governance.	N/A	N/A



- IT & SMEs can still support the Change plan
- Some projects have amended delivery dates (Wave, Online Mails)
- Impact of Business Transformation TOM on major change programmes in progress

Appendix C High level 2014-15 Capacity Plan

View of key Business change milestones & Business events – current month to May 2015

