Branch Support Programme

Steering Group Meeting – 04 February 2015

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Agenda

1. Update on actions from January meeting

2. Status update

3. Baton passing

4. Progress against work streams

5. Risks and issues

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Update on actions from January meeting

Ref	Actions	Owner	Scheduled	Update
20150108.1	Provide breakdown of the impact of not progressing case management tool on programme benefits	Angela	Next meeting 4th Feb	Potential £230k within NBSC was identified from call categorisation however lack of detail available through not having CM tool impacts this area, this would have been in addition to the now £400k BAU
20150108.2	Who owns the IPR for HORIce	Dave H	19th Jan 2015	
20150108.3	Confirm budget owners to Sharon Bull for any HORIce changes	Craig	19th Jan 2015	On-going currently £36k avoided roll overs form Network Operations
20150108.4	Present full picture of HORIce benefits including both hard and soft measures and cost associated	Angela	Due to present at 12th Feb ExCo	On track
20150108.5	Present full breakdown of programme benefits and costs	Angela	Next Meeting 4th Feb	Breakdown at slides 7 and 8.
20150108.6	Angela and Sharon to agree best way of presenting reduction in agent net debt KPI and include in next meeting pack	Angela/Sharon	Next Meeting 4th Feb	Sharon Bull reports Rod was to indicate a percentage of the funds recovered at audit which should be used – current view is 50% however have not yet included this in overall benefits calculation – currently forecast to recover £663k therefore benefit of 14/15 would be £332k

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Branch Support Transformation Programme

Programme Summary – To improve the support we provide to subpostmasters 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	G
Cost	G
Benefit	A
Quality	G

Performance (Benefits)

Programme KPI	Period 9		Full Programme	
	Target YTD	Actual YTD	Target (RAG)	Forecast
Operating cost reduction	£0	£63k	£3m	£2m 15/16
Number of postmaster suspensions	50	33	60	60
Losses recovered at audit. See note	£883k	£552k	£1m	£1m
Satisfaction with training	95%	88%	95%	95% 15/16
Reduction in calls to NBSC			25%	25% 15/16
Target in reduction in >£10k shortages at audit. See note below .				

Status Update (1) Operating cost reduction - £53k actual savings delivered by pd9 from the forecast in year (Q4) savings of £143k from release of agency staff in TAM & Branch Standards teams. An additional £10k (total £63k) is this month shown as attributable to this programme following finance advise and is saved from debt team in FSC of 1FTE from pd5. As reported last month there was a negative impact of resource release timeline slippage for CR & VR which impacted the in year savings originally forecast from migration to on-line training, overall in year savings forecast is £230k, including £16k from within FSC debt team. (2) Reduction in Agent net continues to be positively influenced by new suspension approach with £552k made good (p10) as condition of remaining in post. This is the figure now shown in table above however target has not been adjusted. (3) Satisfaction with Training - the 88% is based on user feedback on the On Line Regulatory Compliance Training. (4) Reduction in calls to the NBSC. - currently no clear line of sight but a 30+ point plan has been shared with programme by BAU owner which will impact this measure. (5) Target in reduction in >£10k shortages at audit. This is HORIce related and until fully deployed not expected to see impact.

Customers, Colleagues and Third Party Engagement

Customers
The programme has had a positive indirect impact on customer experience. The impact of less Spmr suspensions has resulted in 16 postmasters in pd 10 being kept in post whilst investigations in performance are on-going. Year to date this has meant that 112 branches have had no disruption to service that would have occurred previously, i.e. before our new approach was introduced.

Colleagues
Full review of HORIce took place at meeting with stakeholders and users on 6th Jan 2015 to assess the current capabilities and refine the outputs of HORIce so that it highlights anomalies in branch performance across the whole network enabling early intervention to take place, a further review is to take place 3rd Feb. To ensure that forecast savings are delivered in 2015-16, activities will be baton passed to the appropriate budget holder with currently 17 batons identified which will form part of personal objectives for the budget holders.New Baton Owner is based on the current structure. If this changes, the baton and objective will pass to the new budget owner.
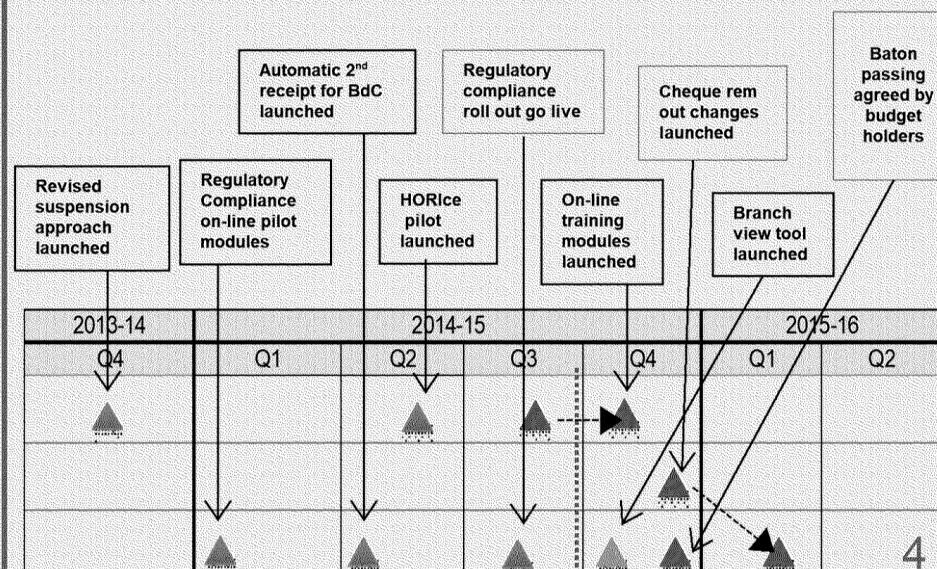
Third Parties

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. PO & CWU joint statement 31st Dec could negatively impact resource release timeline for CR & VR	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.
R006. BSP initiatives in FSC and NBSC have not progessed as expected due to other initiatives ie BTr and BAU budget savings. Potential to adversely affect forecast staff savings in both areas	16	4	4	On-going engagement from BSP with FSC and NBSC teams, including offers of support. Further work with NBSC and FSC in Q4 to embed Lean ways of working and identify further improvements in 15/16.

Dependencies

Dependencies	Status	Actions
Dependent on IT and Fujitsu to deliver Programme changes and projects	On track	Continue to track progress

Delivery Plan RAG status (Time)

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Status update - February

- **Operational cost reduction:** YTD savings as a result of the release of agency staff in TAM & Branch Standards teams (as at end pd 9) is £52.8k. This activity generates savings of £143k for 14/15 with full year effect savings of £508k. Impact of the changes to audit admin and training detailed within HR1 show reduction of 27 FTE FSA and 3 FTE FTL as a consequence of Branch Support Programme, with a release date of 23rd Feb 2015 for VR & CR. No pd 9 impact but in year effect for 14/15 is £91k with full effect savings of £947k.

- **Bureau de Change 2nd receipt**: the transaction for customers paying by debit or credit card for bureau transactions was changed in Sept 2014 to include an automatic re-print of the receipt which includes the card and identification details of the customer, which needs to be presented in case of fraudulent use of the card. Since the change FSC has received 96 Chargebacks totalling £188k. 95 branches were able to provide a copy of the 2nd receipt, resulting in no chargeback to POL or branch.

- **Cheque Rem out**: the end of day cheque remittance process has been reviewed and a new solution to drive out errors has been identified. This should reduce calls into NBSC (650 per month) and the Transaction Corrections (c.570 pm periods 1-5 2014) issued by Finance Service Centre. CAF has been processed detailing cost of £109k with savings of £85k pa from reduction in 3 FTEs at FSC and 0.5 FTE at NBSC however the go live has been delayed from March to May due to capacity issues in the previous release. Recalculated savings for 15/16 are £63.8k

- **HORIce** : The pilot has proved that this is a valuable tool for focusing on any one particular branch. We are currently working with Fujitsu to refine the outputs of HORIce so that it highlights anomalies in branch performance across the whole network. The capabilities of HORIce were showcased in meeting on 6th Jan when the effectiveness of HORIce was fully assessed by the BAU teams taking part in the pilot. Next HORIce pilot review meeting 3 February.

- **On-line training:** go-live for training has been rescheduled to 6th Feb to enable sufficient user testing to take place. This will not affect the forecast savings as the HR1 timeline resource release is 23rd Feb. Project brief accepted by Gating forum 19th December 2014. Project is on track.

- **15/16 savings:** BSP activity in Dec and Jan - (1) NBSC have produced high level plan to identifying activity required to achieve the forecast 25% reduction in call volumes (2) FSC to identify further efficiencies from a forecast reduction in the number of Transaction Corrections issued and investigated

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Baton Passing

- To ensure that forecast savings are delivered in 2015-16, activities need to be baton passed to the appropriate budget holder and formal acknowledgment gained

- 17 batons have been identified

- It is recommended that delivery of the these batons form personal objectives for the budget holders, who will be expected to accept the baton with an electronic signature

- Where roles have been removed from the 14/15 template this has flowed trough to 15/16 template. If New Baton Owners want to put costs back in for 2015-16, new Business Cases will need approval

- Full Year savings start from 1 April 2015. Any slippage must be recouped later in the year, so that the Full Year total is still achieved

- New Baton Owner is based on the current structure. If this changes, the baton and objective will need to pass to the new budget owner

Benefit Breakdown

Area	Type	14-15 In Year Saving	15-16 Full Year Saving
Field Support Advisors + Field Team Leaders (Training + Audit Admin)	27 x FSA + 3 FTL	£67,000	£947,106
Telephone Account Managers	10 x FTEs	£110,347	£322,574
Branch Standards Team	6 x FTEs	£32,376	£185,298
Debt Recovery Team	1 x FTE in 2014-15 1.8 FTE in 2015-16	£16,000	£42,840
Debit/Credit Card Team	1 x FTE	0	£23,800
Cheque Processing & Transaction Corrections Team	3 x FTEs	0	£71,400
Network Business Support Centre (bureau calls)	0.5 x FTE	0	£15,442
Network Operations (training class admin)	2 x FTEs	0	£61,766
Operational Business Change (assisted rollovers)	Non Staff	0	£36,000
Network Operations (reg compliance print & distribution)	Non Staff	0	£51,000
Network Services (locks)	Non Staff	£4,200	£4,200
Debt Recovery Team (solicitors, write offs)	Non Staff	0	£45,617
Network Ops, Comms, Product Teams (class room training print & distribution)	Non Staff	0	£123,000
TOTAL		**£230,313**	**£1,930,043**

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Project Costs Breakdown

Description	Suppliers	Cost 2014-15	Cost 2015-16 (Q1 only)
Actual programme and supplier costs (P1 to P9)	Fujitsu EMC	£627,418	
Forecast programme costs (P10 to P12)	N/A	£169,200	
Forecast Supplier costs:			
• Online Training	Capita	£231,000	
• Horizon Cheque Rem Out	Fujitsu	0	£110,000
• subspaceonline additional development	EMC	£3,600	
• EMC on-boarding (initial cost)	Atos	£27,991 (cost has been challenged)	
• Atos - EMC on-boarding (recurring monthly cost)	Atos	£7,234 (cost has been challenged)	
• Online Training Re-branding Distance Learning Packs	Linneys	£8,000	
Total excluding VR		**£1,074,433**	**£110,000**
Voluntary Redundancy (auditors & trainers) 95 people have over 20 years service and several are over age 55, so max. 2 years (including pension) has been used in the calculation. £2.54m is therefore the maximum figure.	N/A	£2,540,000	
Total including VR		**£3,614,433**	**£110,000**

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Milestone Plan

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Activity/Work stream	Owner	Benefits/Metric associated	Q1	Q2	Q3	Q4
Pre-appointment	Lin Norbury	No benefit identified for 14/15 potential benefits for 15/16 currently being scoped			▲ Launch revised application process / Streamline supporting interview process	▲
Training	Sarah Malone	£67k 14/15 benefit and £569k 15/16			Revise counter training room content to on-line platform	▲
Operational Support	Amanda Stevens	15/16 £400k attributable now to BAU therefore NBSC 15/16 for BSP is nil., 14./15 Nil FSC 14/15 £16k 15/16 £89k Network Services 14/15 £147k 15/16 £512k		▲ Root cause analysis of NBSC calls begins	▲ - - - - → Start of Network Services review	▲
Physical Support	Drew Mcbride	15/16 Audit and admin £439k		▲ Centralisation of audit admin	▲ - - - - →	▲ Revised audit process launched
IT	Peter Prior-Mills	£65k Bureau duplicate receipt paid out by agents last year, £52k paid out p1-7 14/15 to the P7 Intro 96 branches £188k no payback Bureau FSC £24k 15/16 Chq Rem Out £71.4k savings in 15/16 when live from FSC and £15.4k NBSC		▲ - - - → ▲ Bureau duplicate receipt launched		▲ - - - - → ▲ Revised cheque rem process launched – this is moved to Q1 as per narrative
Leavers	Lin Norbury	50% reduction in spmr suspensions is being achieved		▲ Revised contractual breach policy launched		
On-line Regulatory Compliance	Craig Tuthill	14/15 nil 15/16 £123k work printing and distribution		▲ Prototype ready for testing	▲ - - → ▲ New joiners process launched	▲ Being migration of remaining network
Horizon Information Centre (HORIce)	Craig Tuthill	14/15 nil 15/16 £36k	Launch of HORIce pilot & monthly review meetings	▲ - →		

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Work stream status1

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Work stream	Status	Next Steps	Next milestone date

Pre-appointment	• Attraction
	   • Define what is required to promote the Post Office brand and culture
	   • Define 'options' (cost, time, customer experience) for revised attraction process and policy
	   • Map out end to end process, identifying what it means for the teams involved
	   • Plan Implementation
	
	• Selection
	   • Review end to end process
	   • Review whether NT Financial Assessments for existing conversions process can be used as part of BAU
		• Produce business case to identify if investment in front end system should be funded within BSP or BAU as work has progressed in both areas	• End of Feb 2015

Training	• Interim solution to be implemented in February 2015. Supplier is Capita. • Interim solution to be in place for 12 – 18 months while the permanent solution is sourced and developed • HR1 form issued 24ʰ November • NFSP and key stakeholders engaged • Training modules signed off • Gating members updated via Project Brief – no issues. No further Gating requirements before go live.	• Complete and sign off testing • Complete and issue communications (users and POL stakeholders)	• 6 February 2015 – go live
Operational Support	• Case management tool • Business Transformation Programme Steering Group decision to stop all further investment spend on MS Dynamics and Case Management.	• No further action to be initiated by this Programme • The Programme will monitor and input to any development of a Case Management Tool by the Business Transformation Programme	

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Work stream status 2

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Work stream	Status	Next Steps	Next milestone date
Physical support	• Revised audit admin process launched • Revised compliance audit content launched • HR1 form issued 24th November	• Develop risk profile and approach for physical audits • Review MI for compliance audits to ensure activity has been successful • Identify people change process requirements for realising efficiencies • Begin consultation on FTE reduction	• 23 Feb – End of consultation period

IT	• Cheque Rem Out
	  • Contract Approval Form and Purchase Order raised
	  • High level benefit established from Cheque Rem Out = 3.5 FTEs
	  • Cannot be included in the March release due to capacity issues and delays in POL Finance Approval process
	• Bureau automatic 2nd receipt
	  • Live (19th September).
	  • Postmasters were held liable for £65k in 13/14. Since 19th Sept, total is £0.
	• Horizon Lost Connection Transaction Reversal
	  • CR submitted to Atos/Fujitsu
	• Production of Automatic ATM 16:30 Figure
	  • Initial discussions with BoI and POL Stakeholders
		• Cheque Rem Out
		  • Discuss options for release slot with Fujitsu
		  • One option may be to have a 'stand alone' release, so that it can't be delayed by slippage to other changes
		  • Plan communications to branches and stakeholders
		• Horizon Lost Connection Transaction Reversal
		  • Atos/Fujitsu to respond to the CR
		• Production of Automatic ATM 16:30 Figure
		  • BoI to investigate and respond with a proposal
			• Cheque Rem Out – Horizon release slot – planned for end May

Leavers	• Revised suspension process live • Revised contractual breach policy live • Revised Death in Service & Family Transfer policies live • Revised Debarment policy and process live • Revised Performance Management policy and process live • Revised Recognition policy and process live	• Discussions with legal services continue regarding informal meetings vs. criminal proceedings. This now has implications for legacy policy as well • Review and revise Temporary Sub postmaster policy	• Feb 15 – Temporary Postmaster policy live

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Work stream status 3

Work stream	Status	Next Steps	Next milestone date

On-line Regulatory Compliance Training	• New Entrant training live 12 Nov
	• Supplier has developed:
	  • 72,48,24 hour emails
	  • Reminder text and emails
	  • 72, 48 and 24hr texts
	  • Admin Area User Management
	  • Transfer date field
	•
		• Plan for rollout to Crowns and Agents	• Feb 2015 – start of rollout to Crowns and Agents

HORIce	• HORIce pilot live
	• Review meetings used to:
	  • Review user experience
	  • Share best practice
	  • Identify system improvements
	  • Document benefits & issues
		• Use evidence from the pilot to determine whether HORIce provides what POL needs and/or forms the basis for requirements for a similar tool when Horizon is replaced	• 3 Feb 2015 – HORIce Review Forum

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Risks and Issues

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Top 8 Risks	Likelihood	Impact	Score	Mitigating action	Owner	Date Raised
R001. Fujitsu and internal POL IT teams do not have resource to deliver Programme changes which is significantly impacting on delivery date	5	3	15	Plan to be produced by IT mapping areas for change, priorities and resource required. Plan for escalations within Fujitsu need to be made available to stakeholders	Dave Hulbert	06/06/14
R002. Majority of savings costs are through people/resource savings, increasing risk of surplus pool	4	4	16	Plan to be created across Programme where resource efficiencies are identified. Vacancies to be sourced on temporary basis or not filled where there is a reduction	Drew Craig Amanda Rod	06/06/14
R003. Other pressures on time creating inability to mobilise work streams	3	4	12	Steering group to review area representation on Programme and ensure priorities are clearly communicated	Programme Steering Group	13/06/14
R004. Subpostmasters and operators don't embrace new on-line training methods	3	4	12	Involvement throughout in on-line build and testing of solutions. Planned phases of delivery to ensure buy-in. Engagement with Multiple business partners.	Angela Craig	06/06/14
R005. Reduction in spmr suspensions increases net debt figure	3	4	12	Number of suspensions, reasons and impact on overall debt being monitored. HORIce will enable earlier intervention.	Craig Rod	06/06/14
R006. Perceived conflicting cost reduction initiatives have resulted in lack of engagement and support for BSP initiatives in FSC and NBSC which may result in failure to achieve forecast staff savings in both areas	4	4	16	Regular conversations with FSC and NBSC teams, including offers of support, visits to Chesterfield and Dearne 6th and 7th Jan 2015 to agree improvement activities and subsequent efficiencies for 15/16 onwards delivery.	Craig Peter	29/12/14
R007. Call reduction into NBSC may not be realised	3	4	12	Review BAU operational plan with NBSC and identify metric for identifying "exceptional activity" driving calls into NBSC (link to R006)	Amanda Craig	30/06/14

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