



Branch Support Programme

Steering Group Meeting – 04 March 2015

Agenda



1. Update on actions from previous meeting(s)
2. Status Update inc. NBSC call number proposal and batons. BSP Steering Group decision required.
3. Progress against work streams
4. Risks and Issues

Actions from previous meeting(s) #1



Ref	Actions	Owner	Scheduled
20150108.2	Who owns the IPR for HORice (carried forward from 8 th Jan 2015 with revised completion date) confirmation required but update:- HORice is a Fujitsu developed system to which we have just access therefore Fujitsu will own the IPR	Dave H	11 th Feb 2015
20150204,1	The 25% reduction in calls KPI for 15/16 should be a measure in the specific call categorisation areas addressed by BSP and not include "unknown areas" i.e. drop and go. The calls to be measured as per this KPI to be identified and shared at the March Steering Group meeting. Update: proposal to be presented and discussed at BSP Steering Group on 4th March.	Angela	Report at next meeting 4 th March 2015
20150204,2	Speak to Paul Inwood to understand basis of charge back paper he is pulling together for Nick Update: Paul Inwood has a draft paper "Improving network conformance by chargeable field interventions" that sets out some of the non-compliance issues that result in service credits / charges being passed back to POL by the upstream client e.g. Camelot, and possibly RM / others in the future. The paper proposes: "to issue a pan-estate contract variation that would enable POL to levy a charge, proportionate to its costs only, for instances where it has supported a PM by means of a field intervention, for training or other management intervention" as there is a risk that any pass-back to a PM of a liquidated damage in a client contract is unlawful. Craig has looked into this further and concluded that there is currently insufficient detail within the contracts with suppliers for POLtd to prove the charges are a true estimate of cost of failure, this would leave POLtd unable to prove the legality of the charge should this be challenged by an agent or their representatives.	Angela	4 th March 2015

Actions from previous meeting(s) #3



Ref	Actions	Owner	Scheduled
20150204,3	Proposed baton passing approach and in particular these batons forming objectives for 15/16 endorsed by group but Kevin challenged whether BAU behaviours are sufficiently robust at this stage to support or is there a requirement to have a small BSP type team to ensure the focus is maintained and continuous improvement is embedded into BAU. Formal benefit tracker needs to continue after end of programme. Noted that business transformation could be an option in monitoring after end of March? Discuss off line with group members and present at next meeting. Update: proposal to be discussed at BSP Steering Group 4 th March.	Angela	4 th March 2015
20150204,4	Circulate to Steering Group members the baton passing document as it currently stands – complete	Craig	11 th Feb 2015
20150204,5	Provide Dave with and any other specific examples of ATOS costs/issue (on back of challenge to EMC on-boarding cost quote) awaiting update	All	11 th Feb 2015
20150204,6	Investigate EMC on-boarding quote on behalf of BSP (information already supplied by Peter Prior-Mills) Dave challenged the costs and the one-off costs have now come down from £28k to £25k due to a reduction in testing. The recurring monthly charges have been defended by my team as being totally appropriate in order to provide the support required by the business and therefore are unchanged at £3.6k per month. Personally reviewed the charges and have raised two specific points to the team where I'm looking for comfort on the value for money. Depending on the response, the charges may reduce slightly under this challenge. However, we need to recognise that there is a cost to taking calls onto the desk, security, risk and change management as well as ensuring performance and value is achieved through managing the operational relationship.	Dave H	18 th Feb 2015

Actions from previous meeting(s) #2



Ref	Actions	Owner	Scheduled
20150204,7	PIR on business case to be included at next meeting Update: to be carried forward to April BSP Steering Group meeting when all information will be available.	Angela	4 th March 20-15
20150204,8	If we have any issues obtaining information from finance re the spread sheet informing payback period within business case alert Sharon and she will expedite – complete - have sought Sharon's assistance	Craig	11 th Feb 2015
20150204,9	Extend timing for next meeting to allow business case PIR to be properly explored - complete	Craig	11 th Feb 2015
20150204,10	Provisionally identify a date in April for a steering group meeting - complete	Craig	11 th Feb 2015

Status update – March 4th



- **Operational cost reduction:** YTD savings at pd 10 is £94k and on track to deliver 14/15 forecast of £254k. Breakdown on slide 7.
- **15/16 savings:** BSP activity has initiated a further 8 FTE savings (5x 3B; 2 x 2A; 1 x 2B) that are able to go into consultation as part of the Wave 2 activity w/c 23rd March 2015. Assuming 90 day consultation the 15/16 effect is calculated as £256k (calculated as 40wks) with a full year effect of £334k. These savings are not shown in BSP business case but rather as part of Kevin's wider wave 2 initiatives.
- **On-line training:** go live 6th Feb. Initial feedback is very positive, e.g. from one of the Field Team Leaders *"what is apparent is the three who have completed all the modules are amazingly competent and this must be testament to the work put into the compiling of the modules, the knowledge they have retained has truly surprised me"*.
- **HORIce :** The pilot concludes at the end of March 2015. To ensure HORIce as a tool is optimised for the business an owner for HORIce within POL needs to be determined. Ongoing costs need to be confirmed also to enable this to be baton passed to the identified business owner at the end of March.
- **Agent Precautionary Suspensions** - there are 37 suspensions this year at period 11 as a result of audit and 123 where previously there would have been a disruption to service through a precautionary suspension. £624k has been made good as a result.

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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 117 RFIs/Chargebacks totalling £221.5k of these 115 branches were able to provide a copy of the 2nd receipt.

Cheque Rem out: the end of day cheque remittance process has been reviewed and a new solution to drive out errors has been identified. Requirements have been signed off. The proposal to have Horizon print the Batch Control Voucher has been dropped due to the added complexity and risk to delivery timescales. The change 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

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 10		Full Programme	
	Target YTD	Actual YTD	Target (RAG)	Forecast
Operating cost reduction	£0	£94k	£3m	£2m 15/16
Number of postmaster suspensions	55	37	60	60
Losses recovered at audit. See note	£624k	£624k	£662k	£662k
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 - £94k actual savings delivered by pd10 from the forecast in year (Q4) savings of £143k from release of agency staff in TAM & Branch Standards teams and a saving from debt team in FSC of 1 FTE from pd5 (£12k to date). Overall in year savings forecast is £254k and on target following with confirmation of release date of 23rd Feb for 3 FTL and 27 FSA FTE (2) Reduction in Agent net continues to be positively influenced by new suspension approach (37 postmasters suspended ytd pd 11) with £624k made good (pd11) as condition of remaining in post. This is the figure now shown in table and is a tracking figure with the financial benefit shown elsewhere, target is adjusted to reflect expected track. (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 - this is an outturn target. A proposal is to be discussed at 4th Mar Steering Group. (5) Target in reduction in >£10k shortages at audit. This is HCRice 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 11 postmasters in pd 11 being kept in post whilst investigations in performance are on-going. Year to date this has meant that 123 branches have had no disruption to service that would have occurred previously, i.e. before our new approach was introduced.

Colleagues

On-line training: go live 6th Feb. Early and anecdotal feedback is very positive from Field Team Leaders. Formal measurement will be embedded into BAU and tracked as 'Satisfaction with Training' KPI.

Third Parties

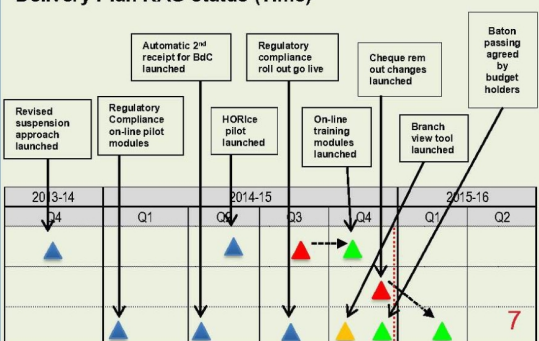
Risks

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 solve VR however CR may need to be considered. Update - risk was mitigated in full. The roles consulted on as part of Wave 1 HR1 have been removed as planned from 23rd Feb 2015.
R006 BSP initiatives in FSC and NBSC have not progressed as expected due to other initiatives i.e. BTR and BAU budget savings. Potential to adversely affect forecast staff savings in both areas	16	4	4	Update - BSP savings outturn has been downgraded to £2m pa to avoid double counting with BAU initiatives within FSC and NBSC.

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)



Benefit Summary March



Area	Type	14-15 In Year Saving	15-16 Full Year Saving
Field Support Advisors + Field Team Leaders (Training + Audit Admin)	27 x FSA FTEs & 3 FTL FTEs	£91,080	£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	0.5 x FTE	0	£15,442
Network Operations	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		£254,003	£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

NBSC call number reduction target (Action point 20150204.1) #1



- Key performance benefit is a 25% reduction in call numbers to NBSC 2015/16
- Strategically, 'right first time' will be a critical for Post Office in driving a more efficient cost base. The culture of Post Office needs to underpin this and excluding categories of unexpected or out of the norm call volumes could be perceived as condoning excuse management rather than tackling the underlying problem. We need to tackle head on the 'unexpected' as the unexpected has a habit of happening.
- Proposal to target the 25% call reduction on the categories where there is an active plan in place, this would be the primary KPI and a year end outturn target.
- Secondary indicator/tracker would be the overall volume of calls impacted by non specific improvement activity and root cause analysis
- BSP recommendation – that these two measures are baton passed into NBSC objectives for 15/16. Is this endorsed by BSP Steering Group?

NBSC call number reduction target (Action point 20150204.1) #3



Plan produced by NBSC features activity aimed at the specific areas of:- Telephone directory calls; dangerous goods calls and stock code calls. Full year baseline for these specific areas:-

- Telephone Directory Calls baseline 60360 calls, target a 25% reduction in 15/16 (15090 reduction outturn: 45270)
- Stock Code Calls baseline 17690 calls, target 25% reduction in 15/16 (4422 reduction outturn 15/16: 13268)
- Dangerous Goods baseline 8740 calls, target 25% reduction in 15/16 (2185 reduction outturn 15/16: 6555)

The three areas above account for nearly 40% of all calls.

The remaining baseline would be 136998 - there are activities within the NBSC plan covering for example - top contact branches; communications plans; crown contacts; user group; web contact; etc. which will all impact in a more general way. (Included within this number 10902 Drop and Go calls). The effectiveness of these activities could be tracked with an aspiration of achieving a 25% reduction, albeit a hard objective at start of year but following interim review a specific number could be introduced?

NBSC call number reduction target (Action point 20150204.1) #2



Classification	Number of calls Period 1 - 6	Full year	Percentage of total
Switchboard	30180	60360	27%
Branch Trading	20881	41762	18.6%
Royal Mail	19792	39584	17.7%
Supply Chain	14841	29682	13.3%
Cash/Secure Stock	8145	16290	7.3%
Royal Mail Int.	6606	13212	5.9%
Drop and Go	5451	10902	4.9%
Other	5998	11996	5.3%
Total	111894	223788	

Baton Passing



- To ensure that forecast savings are delivered in 2015-16, activities will be baton passed to the appropriate budget holder and formal acknowledgment gained
- 17 batons have been identified – draft example document circulated for information following last months meeting
- Delivery of the these batons will form personal objectives for the budget holders, who will be expected to accept the baton with and electronic signature
- Staff numbers have been removed from the 2015-16 template. If New Baton Owners want to put costs back in for 2015-16, new Business Cases must be prepared and approved
- Full Year savings start from 1 April 2015. If any slippage occurs, this 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 pass to the new budget owner
- The BSP ends on 31 March and resources removed. New owners will therefore be required to manage the Horizon changes that are already in progress through to go live, e.g. Cheque Rem Out and Horizon Lost Connection Transaction Reversal and NBSC call numbers reduction – see next slide

Milestone Plan



Activity/Work stream	Owner	Benefits/Metric associated	Q1	Q2	Q3	Q4
Pre-appointment	Lin Norbury	£30k per annum resource saving			Launch revised application process Streamline supporting interview process	
Training	Sarah Malone	£569.6k saving (£54k 14/15) 95% satisfaction		Revise counter training room content to on-line platform		
Communications	Richard Weaver				Launch branch communication research Review findings of research to identify solutions Agent engagement survey launched	
Operational Support	Amanda Stevens	£635k NBSC (£50k from NBSC 14/15 to be confirmed). 15/16 TBC £840k FSC 15/16 TBC £530k Network Services (c.£143k 14/15)		Root cause analysis of NBSC calls begins Centralisation of audit admin		Start of Network Services review Revised audit process launched
Physical Support	Drew McBride	£250k Audit admin (£36k 14/15) £100k content		Branch profile requirements identified	Branch profile options scoped, agreed and build starts	Revised cheque rem process launched – this is moved to Q1 as per narrative
IT	Peter Prior-Mills	£65k Bureau duplicate receipt paid out by agents last year, £27k paid out 14/15 to the Bureau duplicate receipt launched Intro and no payments since . Chq Rem Out £63.8k savings in 15/16 when live from NBSC and FSC	Revised contractual breach policy launched			
Leavers	Lin Norbury	50% reduction in spmr suspensions is being achieved	Prototype ready for testing		New joiners process launched	Being migration of remaining network
On-line Regulatory Compliance	Craig Tuthill	£51k print & distribution cost (c.£13k 14/15) £135k additionally after full migration		Launch of HORice pilot & monthly review meetings		
Horizon Information Centre (HORice)	Craig Tuthill	50% reduction in audit shortages > £10k Assisted roll over £18k (£4.5 14/15)				

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Work stream status1



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 March 2015
Training	- Interim solution was implemented in February 2015. Supplier is Capita. - Interim solution is intended to be in place for 12 – 18 months while the permanent solution is sourced and developed. Feasibility of fast-tracking permanent solution required. Funding requirement TBC. - HR1 form issued 24th November - NFSP and key stakeholders engaged - Gating requirements met before go-live.	- Review of go-live to be undertaken - On-line training roll-out to all branch users to be scoped for an accelerated go-live in Q2	End March 2015
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	

Work stream status 2



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 and consultation process completed 23rd Feb 2015	- Develop risk profile and approach for physical audits. Aim is to move to risk based audits informed by HORIce - Review MI for compliance audits to ensure activity has been successful	23 Feb - End of consultation period - End March 2015
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 Bol 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 - As is process mapped and agreed with FSC stakeholder	- Cheque Rem Out - Horizon release slot – planned for end May - Horizon Lost Connection Transaction Reversal - Fujitsu responded 29 Jan. Atos still to respond. - Production of Automatic ATM 16:30 Figure - Bol to investigate and respond with a proposal
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	End March 2015

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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	End March 2015

Risks and Issues



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	Ongoing engagement with FSC and NBSC teams, including offers of support. NBSC has implementation plan for efficiencies in 15/16 BAU.	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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