



POST OFFICE LIMITED GROUP EXECUTIVE REPORT

Title:	Ethos Programme	Meeting Date:	13 th September 2023
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Input Sought: Discussion and Approval

The Group Executive is requested to:

- i. Approve the initial scope of the Ethos programme;
- ii. Approve the proposed timeline of the Ethos programme; and
- iii. Commit to the investment of time as a Group Executive to enable the programme scope.

Executive Summary

A noting paper on Cultural Transformation went to the Group Executive Meeting on 02nd August 2023.

Critically, the Ethos Programme is not a 'culture change' programme and will not set out to change the culture of Post Office. Instead, it is a programme that sets the foundations to help others evolve the culture of the organisation through consistent approaches, iconic actions and systemic change over time. This recognises that culture is an evolving set of beliefs and attitudes, rather than an end state to be achieved. What the programme will do, however, is ensure that the culture of the organisation can be measured and assured - providing the clarity that is currently missing.

Ethos will increase the visibility and measurability of the Post Office's culture to a broad range of audiences - its employees, Postmasters, commercial partners, shareholder and other stakeholders. The programme is expected to run to at least April 2024.

The programme is likely to consist of 5 initial core workstreams - one to support the Group Executive; another focused on People; a further stream on Ethics and Governance; a work stream on Assurance, and a stream of work focused on 'plumbing' or 'hardwiring' ethos into the organisation.



Report

Overview:

1. There has been a lot of action taken over the last 4 years to change Post Office with significant focus on, and achievement in, addressing the criticisms of the organisation in the Common Issues and Horizon Issues Judgments.
2. Despite this work, and further work undertaken in the People team, the organisational culture is still unclear and is not sufficiently measurable (and therefore, evidencable).
3. There are 5 key contributing factors to this:
 - a. there are overly complex frameworks (e.g. purpose, strategic intent, ways of working, draft leadership behaviours, policy documents) in use across the organisation;
 - b. actions and behaviours of leaders are still seen to contradict the stated expectations in these frameworks;
 - c. the organisation's guiding ethics and beliefs are not defined and, therefore, cannot be shown to be fully embedded in the organisation;
 - d. assurance and holistic measurement of the organisation's cultural health is missing;
 - e. Ownership of culture has not been seen to sit with the Group Executive
4. To resolve these issues, an 'Ethos' programme will run from now until at least April 2024.
5. Ethos will focus on culture as applied to the broadest definition of Post Office as an organisation. It is important that the ethos of Post Office is clear and evidencable to our employees, to Postmasters, to commercial partners, to our shareholder and to other stakeholders.
6. Efforts around culture to date have focused on employees or Postmasters in relative isolation and the Ethos programme will draw all the current cultural transformation activity into one place and assess it to ensure alignment and clarity (broadly using a start, stop or continue approach).
7. Ethos will also aim to go further than previous culture activity in 2 key areas:
 - a. the programme will consider the role of ethics in the organisation, drawing on the work that has started with the Institute of Business Ethics, so that Post Office can evidence the ethics and morality in its decision making going forwards.
 - b. the programme will also establish the shared guiding beliefs of the organisation so that any values, behaviours and ways of working are aligned to, and outputs of, the shared guiding beliefs.

Expected outcomes:

8. To succeed, the programme will need to achieve the following outcomes:
 - a. establish a clear definition of the guiding ethics and shared beliefs of the organisation;



- b. deliver some iconic actions that redefine culture through actions rather than words;
- c. enable an organisation-wide reckoning with the past – it is vital that the conditions that allowed past failings to occur are recognised, understood and widely known;
- d. radical simplification of the frameworks in place associated with culture;
- e. an agreed set of metrics or a scorecard to facilitate measurement of organisational culture;
- f. ongoing assurance of the organisational culture

Approach and proposed workstreams:

The Group Executive workstream

- 9. To achieve these outcomes, the Group Executive must lead on defining the guiding ethics and beliefs and on delivering the first set of iconic actions.
- 10. Industry best practice and research clearly demonstrates that unless these activities are completed by the most senior leaders in an organisation they are unlikely to become accepted or embedded within an organisation.
- 11. Furthermore, given that only 39% of respondents in the November 2022 Employee Engagement Survey agreed that senior leaders lead by example and behave in line with our Ways of Working, it is important that the Group Executive don't just sign up to, but authors, owns and delivers against newly defined guiding ethics and beliefs.
- 12. To enable the Group Executive to do this, we are considering, subject to procurement processes, working with a specialist external provider. This external support will likely be from a consultancy specialising in organisational culture – for example, *businessfourzero* who have helped Tesco, TSB, bp, Aviva and D&G amongst others with similar work and with impressive results.
- 13. The external support would provide stretch and challenge to the Group Executive on their role in setting and role modelling culture in the organisation. We will also be able to assess whether there is a role or requirement for external support in further Ethos activity.
- 14. The time commitment required for the Group Executive with the external support would likely include a one-to-one telephone consultation and two sets of 2-day offsites. We need to get on with these and are therefore proposing to do them in October.
- 15. The indicative cost of the services of an external consultancy is yet to be confirmed and any funding requests would be presented to IADG.
- 16. While it is important for the Group Executive to lead on defining the guiding ethics and beliefs and on delivering the first set of iconic actions, several additional activities will be delivered cross-functionally across the organisation. These can be categorised into four further workstreams:
 - a. People;
 - b. Ethics and Governance;
 - c. Assurance; and
 - d. 'Plumbing' or 'Hard-wiring'



People workstream

The key activities of the People workstream will include, as a minimum:

17. Ensuring that the guiding ethics and beliefs and any associated behaviours are built into the performance management cycle and introducing 360-degree feedback into talent and performance conversations for all employees.
18. Recognising individuals who demonstrate the ethics, beliefs and behaviours of the organisation both informally and through formal recognition processes.
19. Consideration of the role that an ideas scheme or platform can play in strengthening the connection between employees, Postmasters and senior leaders.
20. Developing an externally facilitated leadership programme for senior leaders in the organisation to develop self-awareness, potential and cultural awareness in line with the defined ethics and beliefs of the organisation. This is likely to be a more intensive investment in a smaller number of key leaders and key future leaders and build on the Leading to Serve content that has already been delivered to a wider audience.
21. This programme needs to feel very different to previous leadership development in the Post Office and is likely to involve more financial and time investment than any previous leadership development completed by our leaders. The aim is for one key investment in leadership capability to have a sustainable and long-term impact on leadership in the organisation.
22. Developing an immersive experience that allows all our people to understand the conditions that led to historical failings - and the human impact and emotional turmoil of these failings - so that everyone working within the organisation is, in effect, an early warning system that safeguards and regulates the behaviour of all.
23. Reviewing all Post Office personnel who were employed prior to the Group Litigation to ensure that those who work for Post Office today are able to work in line with the cultural requirements of the organisation today and are not employed in roles that could create a conflict of interest in resetting the organisation post the Group Litigation.
24. In addition to this, developing specific guidance for 'managing cultural underperformance' to allow line managers to quickly and effectively manage any behaviour that is not in line with the cultural requirements of the organisation.
25. Reviewing the current usage of consultants and contractors in the organisation, bringing a proposal for action on reducing the proportion of the workforce made up of consultants and contractors and a proposal for targets and sign off on the future use of consultants and contractors. This is required because cultural alignment of consultants and contractors is more difficult than for employees and significant use of consultants and contractors is likely to impact progress on cultural change required in the organisation.

Ethics and Governance workstream

The key activities of the Ethics and Governance workstream will include, as a minimum:

26. The introduction of a simple ethical decision-making framework for use by anyone in a decision-making role in the organisation when faced with decisions that they may feel



uncomfortable making. This is a best practice approach, used, for example, in the Home Office following lessons learnt from Windrush about the lack of engagement and empathy with those impacted. It will be based on the guiding ethics defined by the Group Executive and will be particularly important in decisions made concerning Postmasters.

27. Consideration of the need for a Board sub-committee, with responsibility for ethics. This may be in a traditional ESG (Environmental, Social and Governance) form or a more tailored form - for instance just focusing on Ethics and Governance (E&G). The role of the sub-committee will be to review and monitor:
 - a. Post Office's conduct regarding its obligations, reputation and opportunity as a responsible corporate citizen;
 - b. the delivery of ethical and governance commitments;
 - c. the alignment of internal plans and policies to the ethical guiding beliefs of the organisation;
 - d. that an external perspective is considered in Post Office's view of its ethical and governance performance and strategy
28. Consideration of the need for appointment of an Ethics Advisor whose role it will be to ensure the Board and/or the sub-committee of the Board is tasked with ethics considerations, obtains independent ethics advice or appoints an existing Non-Executive Director to lead on ethics considerations and chair the sub-committee of the Board.
29. Simplification of Post Office governance including consideration of membership of key governance groups. This will be led and implemented by the Chief of Staff but given the impact that governance has on the ethos and culture of the organisation is included here for completeness.

Assurance workstream

The key activities of the Assurance workstream will include, as a minimum:

30. Creating an agreed set of measures or a scorecard of the cultural health of the organisation. This measurement needs to consider the cultural health of the organisation as experienced by our employees, Postmasters, commercial partners and other stakeholders - it is therefore more all-encompassing than any existing measures. Progress needs to be measured over time and the creation of a single, agreed scorecard will ensure that the measure of cultural health used by the Shareholder is the same as the internally used measure.
31. The agreed set of measures or scorecard will need to include people measures - including engagement and EDI metrics, Postmaster measures - including engagement and Common Issues Judgment remediation metrics, and other measures of the cultural foundations of the organisation potentially including Speak Up, safety, and digital readiness.
32. Definition of how, beyond quantitative measurement, Post Office assures its guiding ethics and beliefs are delivered against by its people. Longer term, this is likely to be through the performance management cycle, but in the short to medium term there may be a requirement for roles with specific responsibility for assuring the culture of the organisation. These roles would be impartial and independent of management, reporting



to the Chairman or Non-Executive Director with responsibility for ethics and could be based around the role of *the independent side* (formerly *the critical side*) in the John Lewis Partnership model. In the short to medium term, this could also allow upweighting of assurance around Common Issues Judgment remediation.

'Plumbing' or 'Hard-wiring' workstream

33. The key purpose of a 'Plumbing' or 'Hard-wiring' workstream is to ensure that all aspects of the organisation are aligned to the defined guiding ethics and beliefs of the organisation – this includes the language and nomenclature used in the organisation, symbols of the ethos of the organisation, and rituals and routines used in the organisation. There is also a need to ensure that radical simplification of existing frameworks is a deliverable for the programme.
34. There are two key areas where the defined guiding ethics and beliefs need to be 'plumbed in' or 'hard-wired'. These are:
 - a. Communications - The ethos of the organisation needs to be a 'golden thread' through all internal and external communications; and
 - b. Policies - A full policy review to assure the fit with ethos will need to be completed. Some of the key policy areas that will require review are:
 - i. Postmaster Policies - to ensure that the guiding ethics and beliefs of the organisation are apparent to Postmasters
 - ii. Recruitment and onboarding - to ensure Post Office is hiring in line with the ethos of the organisation
 - iii. Learning and development - to ensure that Post Office is developing the ethos of the organisation through its people
 - iv. Speak up - to ensure that formal and informal speaking up consider the guiding ethics and beliefs of the organisation and all stakeholders know how to report issues relating to these

Next Steps & Timelines

35. An outline of the Ethos programme will be taken to the Quarterly Shareholder Meeting on Thursday 14th September and this paper will go to Board on Tuesday 26th September.
36. A full programme plan for Ethos will be brought to the October Group Executive and to the October Board.
37. Funding required for the programme will go through the normal IADG processes.