



POST OFFICE LIMITED

BOARD REPORT

Title:	Ethos Programme	Meeting Date:	26 th September 2023
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Input Sought: Noting

The Board is asked to:

- i. Note the initial scope of the Ethos programme;
- ii. Note the proposed timeline of the Ethos programme; and
- iii. Note that a detailed programme plan will come to October Board.

Executive Summary

The Group Executive has agreed and committed to an programme of activity called "Ethos".

Critically, the Ethos Programme is not a 'culture change' programme and will not set out to own the process of changing the culture of Post Office. Instead, it is a programme that sets the foundations to help people right across the business evolve the culture through consistent approaches, iconic actions and systemic change over time. This approach recognises that at its core, 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 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 key 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 workstream 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, the 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 delivery 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 do not just sign up to, but also author, own and deliver against newly defined guiding ethics and beliefs.
- 12. To enable the Group Executive to do this, we will work with specialist external support to provide stretch and challenge to the Group Executive on their role in setting and role modelling culture in the organisation.
- 13. The Group Executive have committed to 4 days of workshops from the end of October for this.
- 14. 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

- 15. The People workstream will work across key moments of the entire employee lifecycle to upweight the focus on the ethos of the organisation.
- 16. This is likely to include improving the performance management, recognition, ideas, and leadership development aspects of the employee lifecycle.
- 17. We will be developing an immersive experience that allows all our people to understand the conditions that led to historical failings, in advance of the conclusion of the Public Inquiry.
- 18. We are reviewing all Post Office personnel who were employed prior at the time of the historic failing to ensure that those who still work for Post Office are able to operate 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.



Ethics and Governance workstream

19. The Ethics and Governance workstream will introduce a simple ethical decision-making framework for use by anyone in a decision-making role in the organisation. 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.
20. The Ethics and Governance workstream will also consider the need for an Ethics Advisor to the Board, or lead Non Executive Director with responsibility for overseeing ethics.
21. Finally, the Ethics and Governance workstream will aim to simplify governance. 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, it is included here for completeness.

Assurance workstream

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

22. The creation of 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 business 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 measures of cultural health used by the Shareholder is the same as the internally used measures.
23. 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 and safety.
24. The Assurance workstream will also consider defining how, beyond quantitative measurement, Post Office assures that its guiding ethics and beliefs are delivered against by our 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.

'Plumbing' or 'Hard-wiring' workstream

25. 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 across the business, the symbols of ethos of the organisation, and the rituals and routines in use. There is also a need to ensure that radical simplification of existing frameworks is a deliverable for the programme.

Next Steps & Timelines

26. A full programme plan for Ethos will be brought to the October Board for review and discussion.



Appendix

Proposed workstream plan to get there

Group Executive	People	Ethics and Governance	Assurance	Plumbing
				
Revisit purpose	Performance management & recognition	Ethical decision making framework	Measurement	Comms
Define ethics and shared beliefs	Leadership capability investment	ESG Committee	Interim assurance roles	Policies
Define required behaviours	Management of those who cannot/will not change	Ethics Advisor/NED		
Iconic actions	Review of consultants/contractors	Governance clarity		
Leadership cascade		SLG make up		