

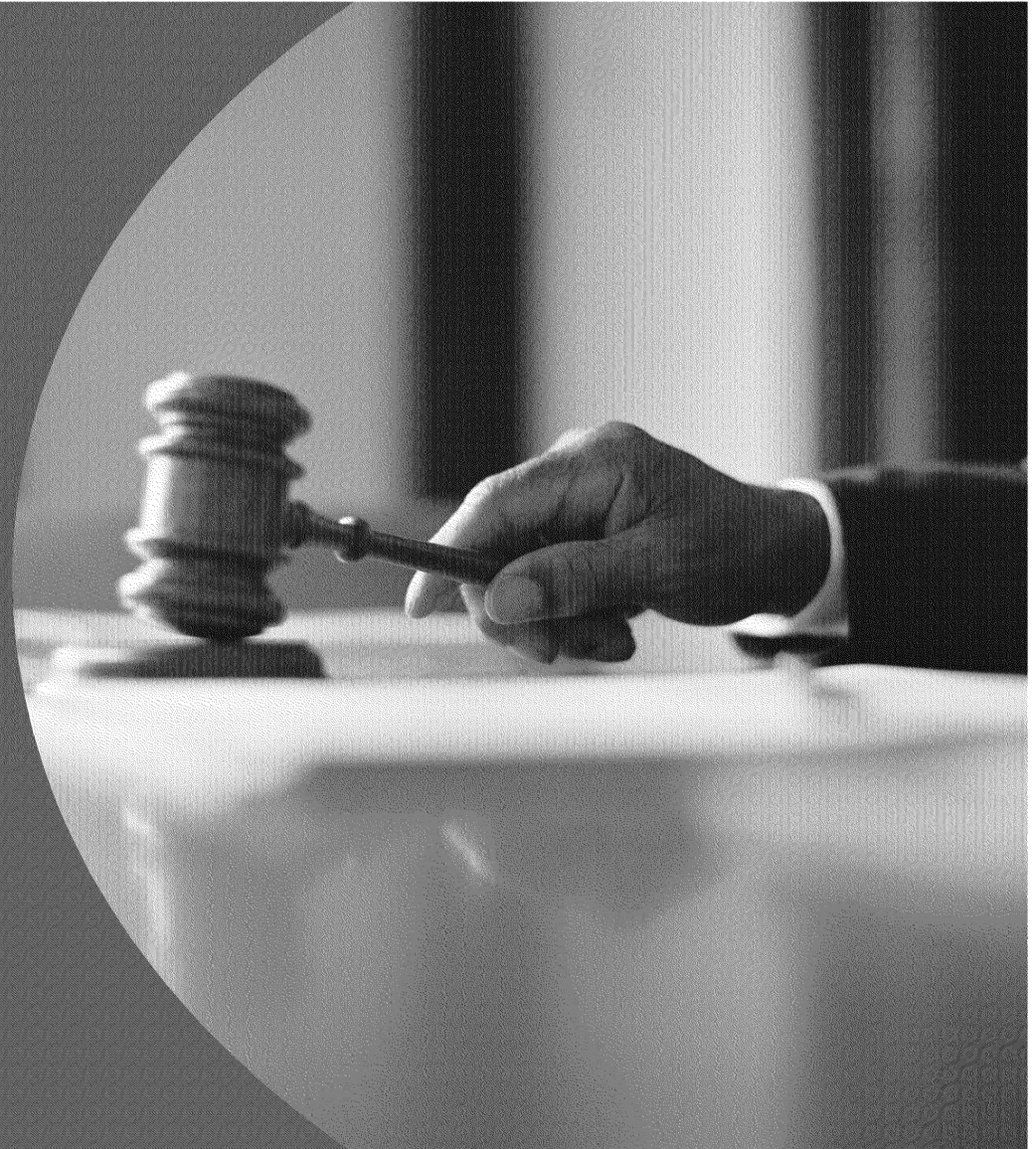
Culture

IDG Update
16th January 2024



Criticisms, actions and opportunities

Common Issues Judgment
Horizon Issues Judgment
Court of Appeal Judgment
Hamilton Judgment



Core theme: lack of oversight

Criticisms

Common Issues Judgment

'The majority of problems... simply would not have seen the light of day without this group litigation'

'a serious deficiency... in the required level of controls'

'Post Office's own decision at the highest level not to investigate certain matters as recently as 2016 – are of great concern'

Improvements implemented to date

- New CEO – September 2019
- 2 Postmaster NEDs appointed to Board
- Postmaster Director appointed to leadership team
- New Chair, Shareholder Director and Non-Executive Directors
- Disbanded Group Executive and Senior Leadership Group structures to move to Strategic Executive Group and Leadership Team – January 2024
- Set up of Remediation Unit (previously Historic Matters Unit) and Public Inquiry teams
- Group Assurance Function
- Internal Audit culture findings incorporated into reporting
- Organisational design principles were established in 2021
- Draft indicators of culture established working with the Institute of Business Ethics

Improvement Opportunities

- New leadership model – in progress – to be in place by the end of January.
- Grant Thornton governance review – in progress – to report to management in January.
- Organisational clarification of roles and responsibilities – due by the end of March.
- Re-establish organisational design principles in 2024/5 People Plan as 2021 principles have not been sustained.
- Indicators of culture to be measured and reported on to the Board by March 2024.

Core theme: lack of capability

Criticisms

Common Issues Judgment

'Even... a very senior person... said that he did not know this before'

'a failure by the PO to understand the concept...'

Common Issues Requirements

'Properly, fully and fairly... investigate'

Court of Appeal

'made sweeping statements about the trial and the judgment which were demonstrably wrong'

'they have fundamentally misunderstood...'

'PO have ascribed greater significance to this issue than it warrants because they may have again misunderstood the judgment'

'another sweeping and incorrect statement based on the failure to understand the judgment'

Improvements implemented to date

- Significant new capability in senior leadership:
 - 58.3% of SLP have tenure of under 5 years
 - 50% of GE have tenure of under 5 years
- Improvements in performance management process during 2022 ('Everybody's conversations')
- Leading to Serve training for ~400 leaders
- Service Mindset Training for Postmaster-facing colleagues in the Support Centre and Supply Chain
- New Post Office Management Programme (POMP) replaced People Management Fundamentals (PMF)
- Relaunched L&D catalogue

Improvement Opportunities

- Organisational clarification of roles and responsibilities – due by the end of March.
- Leadership behaviours framework to be in place by the end of January.
- Assessment of existing leadership population against leadership behaviours framework by end of March.
- Next stage of leadership development (to include leading EDI) in People Plan 2024/5.
- Plan to develop a set of transparent job families and a supporting technical and career framework for employees in People Plan 2024/5.
- Group Target Operating Model aligned to strategy beyond 2025 in People Plan 2024/5.

Core theme: lack of curiosity

Criticisms

Common Issues Judgment

'The problem with the Post Office witnesses generally is they have become so entrenched over the years'... 'This entrenchment is particularly telling in the Post Office witnesses who occupy the more senior posts.'

'They give me the impression that they simply cannot allow themselves to consider the possibility that the Post Office may be wrong, as the consequences of doing so are too significant to contemplate.'

'Post Office... demonstrates the most dreadful complacency, and total lack of interest in investigating these serious issues, bordering on fearfulness of what might be found if they were properly investigated.'

'Post Office... demonstrates a simple institutional obstinacy or refusal to consider any possible alternatives to their view'

'ought to have known how its own system works'

Common Issues Requirements

'make reasonable enquiry, undertake reasonable analysis... and give fair consideration to the facts'

Improvements implemented to date

- Adopt an Area Scheme in place since 2021
- Regional Postmaster Forums attended by senior leaders
- 'Week in the life of a Postmaster' training introduced in 2021
- Postmaster Engagement Surveys since late 2020
- GLO Awareness Training – annual mandatory training module for employees
- More colleagues supporting in branches over peak and extended to Postmaster-run branches
- Postmaster Director appointed to leadership team
- Postmaster comms shared internally with employees
- CEO coffee catch ups – themed conversations
- Restorative justice meetings with those impacted

Improvement Opportunities

- Implementation of key listening points in employee lifecycle:
 - Exit interviews – January 2024
 - New starter surveys – February 2024
 - Recruitment surveys – 2024/5 People Plan
- Post Office scandal mandatory e-learning module and live sessions to raise awareness of the human impact of the scandal and broaden the experience of restorative justice to all employees and contractors by February 2024.
- All new starters to work in branches for 1 day in their first 2 months by March 2024.

Core theme: lack of transparency

Criticisms

Common Issues Judgment

'Transparency, cooperation, and trust and confidence are...implicit within... good faith'

'Culture of secrecy and excessive confidentiality generally'

'Post Office had been "obstructive"'

'the Post Office finds itself now having made misleading public statements'

'There has certainly been a lack of transparency, and a lack of accuracy in description'

'a distinct sensitivity within... Post Office... about keeping this information to themselves'

Common Issues Requirements

"To provide adequate training and support"

'Properly and accurately to produce all relevant records'

'disclose... candidly, fully and frankly'

'communicate, alternatively, not to conceal known problems'

Court of Appeal

'a party who failed to provide any sort of detail of their case'

Improvements implemented to date

- Branch Hub launched 2020
- 10@10 introduced 2019 by CEO
- CEO coffee catch ups – themed conversations
- Monthly Town Halls
- Annual colleague conference
- Bi-annual Postmaster conference
- Weekly Postmaster email from Chief Retail Officer
- External review of Postmaster comms strategy by Strand Partners
- New 'open' recognition platform for colleagues

Improvement Opportunities

- Developing a set of job families and a technical and career framework in People Plan 2024/5.
- Developing an awards and recognition framework in People Plan 2024/5.
- Developing 'always on' listening mechanisms in People Plan 2024/5.
- Earlier launch of incentive schemes for financial year 2024/5.

Core theme: failure to speak up

Criticisms

Common Issues Judgment

'behind the scenes there were at least a number of people within the Post Office who realised that there were difficulties with the Horizon system'

Improvements implemented to date

- Relaunch of Speak Up

Improvement Opportunities

COVERED IN SPEAK UP UPDATE

Core theme: pre-conceived biases

Criticisms

Common Issues Judgment

'Mrs Van den Bogerd is, in my judgment, a particularly stark example of how a witness had to force their evidence of fact to fit with a pre-ordained thesis'

'they remain steadfastly committed, in their collective psyche, to the Post Office party view, despite... the contents of some of their own internal documents that suggest to the contrary'

'simple institutional obstinacy or refusal to consider any possible alternatives...which was maintained regardless of the weight of factual evidence to the contrary'

'This approach by the Post Office has amounted, in reality, to bare assertions and denials that ignore what has actually occurred... It amounts to the 21st century equivalent of maintaining that the earth is flat'

'there has been a pattern of considerable defensiveness'

Improvements implemented to date

- Unconscious bias training for all employees introduced in 2021
- Inclusion Playbook launched 2023
- 'Let's talk about...' sessions launched 2021
- Introduced ED&I surveys for employees in 2021
- Policy reviews e.g. Dignity at work
- Grant Thornton ED&I Audit completed in November 2023
- Remediation Unit completed review of 'conflicts of interest' of their employees
- Award for ED&I team of the year at the European Diversity Awards 2022

Improvement Opportunities

- Develop a 3-year ED&I strategy and plan – to include employees and Postmasters by March 2024. Aim will be to move maturity from being 'characteristics-focused' to 'inclusive' over 3-year period.
- Define the roles and responsibilities of all employees regarding ED&I, including the ED&I Team, Leadership, Senior Managers, People Managers, the People team and all employees by March 2024.
- Extension of the 'conflicts of interest' review into non-Remediation Unit areas by March 2024.
- Post Office scandal mandatory e-learning module and live sessions to raise awareness of the human impact of the scandal and broaden the experience of restorative justice to all employees and contractors by February 2024.
- Improvements to applicant tracking system and applicant MI in People Plan 2024/5.
- Improvements to people selection processes in People Plan 2024/5.

Core theme: behaviour

Criticisms

Common Issues Judgment

'it is oppressive behaviour'

'they... behave with impunity and oppressively'

'such conduct... could potentially be construed as threatening, oppressive, and potentially discouraging'

Court of Appeal

'was not obliged to treat their SPMs with good faith, and instead entitled to treat them in capricious or arbitrary ways which would not be unfamiliar to a mid-Victorian factory-owner'

'PO's argument is based on an unfair description'

Improvements implemented to date

- Ways of Working launched
- Ways of Working incorporated into colleague performance reviews
- Senior Leader Ways of Working peer, direct reports and line manager feedback in performance reviews
- Service Mindset Training for Postmaster-facing colleagues in the Support Centre and Supply Chain
- Leading to Serve training for ~400 leaders
- Postmaster Support Policies established
- Postmaster complaints and issue resolution channels set up
- Postmaster engagement surveys
- Worked with Institute of Business Ethics since December 2022
- Policy reviews undertaken e.g. Dignity at work (2023)
- Code of Business Standards reviewed 2023

Improvement Opportunities

Behaviours

- Possible amendments to existing Ways of Working as a result of SEG workshops with businessfourzero in January 2024.

Leadership behaviours

Senior leadership behaviours have broadly not improved in engagement surveys since 2019. The following actions are being taken:

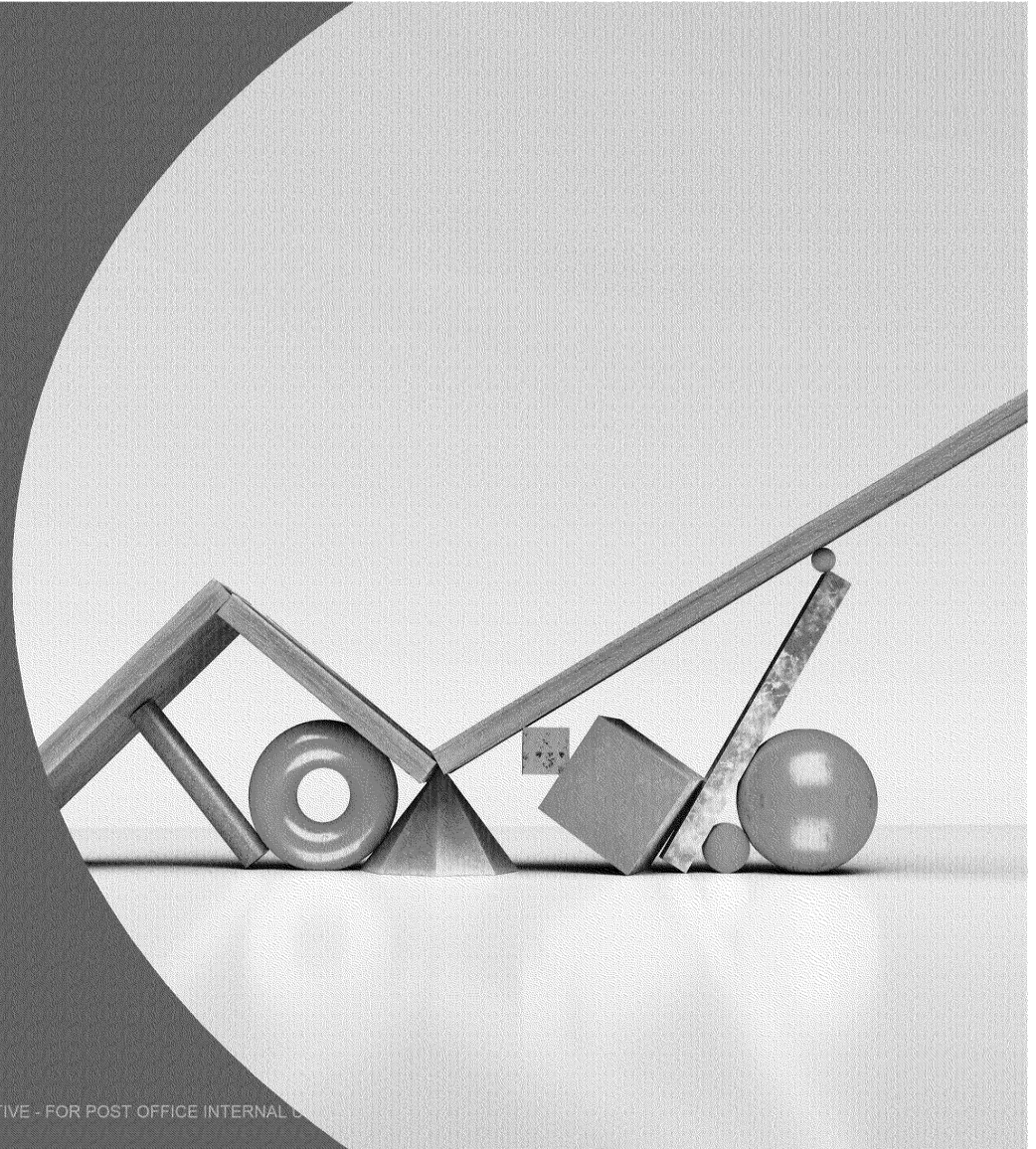
- Leadership behaviours framework in place by end of January 2024
- Assessments of leadership population against behaviours framework
- Senior Leadership Ways of Working peer, direct report and line manager feedback for full year reviews for first time in 2024
- SEG workshops with businessfourzero in January 2024

Other

- Annual review of key policies
- Code of Business Standards to be updated in February 2024 post SEG workshops – with particular focus on highlighting behaviours and new ethical decision-making framework.
- Development of ethics quick wins by March 2024

Outcomes

From employee engagement surveys



Employee Engagement Trends since 2019

Trends on employee engagement are difficult to draw because of the inconsistent methodology used by Post Office to survey employee engagement. However, the following are the conclusions drawn from the data available.

Ways of Working

Colleagues are seeing the Ways of Working demonstrated better across the business since their launch in 2021

Survey	2019	2021	2022	2023
%	N/A	41%	50%	58%

Overall engagement

Overall engagement of Post Office employees has grown since 2019 – no measure in 2021 survey, 2020 measure from McKinsey Organisational Health Index

Survey	2019	2020 OHI	2021	2022	2023
%	56%	54%	N/A	67%	68%

Response rates

Response rates to surveys have been mixed but appear to be recovering – 2022 impacted by industrial action

Survey	2019	2020 OHI	2021	2022	2023
%	92%	73%	44%	36%	65%

Employee Engagement Trends since 2019

Trends on employee engagement are difficult to draw because of the inconsistent methodology used by Post Office to survey employee engagement. However, the following are the conclusions drawn from the data available.

Senior Leadership

Confidence in senior leadership has remained flat since 2019

Survey	2019	2021	2022	2023
%	36%	41%	39%	40%

Senior leaders working in line with the Post Office Ways of Working has remained flat since 2019

Survey	2019	2021	2022	2023
%	40%	43%	39%	44%

The most senior leaders Post Office became less engaged post 2019 and have remained less engaged – in 2019, the engagement score for senior leaders was 57% (down 23% on 2018), higher than the Group average at 56%, but since then senior leadership scores have been lower than the Group average. To demonstrate this, the McKinsey OHI notes that ‘Senior leaders are the most critical’, the 2021 survey resulted in a -51 NPS for Senior Leaders vs a -8 NPS for the Group, the 2022 survey resulted in a –51 NPS for Senior Leaders vs a -14 NPS for the Group.

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