POL00448624

Post Office Limited
Meeting of the Board of Directors
Agenda

Date:	4 June 2024	Time	11:15 – 17:00 hrs	Location	100 Wood Street, London EC2V 7ER

Present		Other Attendees as per Agenda items	
• Ben Tidswell (SID)	• Nick Read (CEO)	• Rachel Scarrabelotti (Company Secretary)	• Nigel Railton (Observer - duration)
• Andrew Darfoor (NED)	• Simon Jeffreys (NED)	• Owen Woodley (Deputy CEO) (Oberver - duration)	• Asha Patel (FP&A Director)
• Saf Ismail (NED)	• Elliot Jacobs (NED)	• Chris Brocklesby (Chief Transformation Officer)	• Barbara Brannon (Product Protfolio Director)*
• Lorna Gratton (NED)	• Amanda Burton (NED)	• Liam Carroll (Procurement Director)*	• Ross Borkett (Banking Director)
• Brian Gaunt (NED)		• Simon Recaldin (Historical Matters Director)	• Diane Wills (Inquiry Director)
Apologies: Al Cameron		• Dan O'Mahoney (Inquiry Operations Director)	• Karen McEwan (Chief People Officer)
		• Nicola Marriott (People Director – Partnering)	• Chrysanthy Pispinis (Chief of Staff)
		• Sarah Gray (Interim Group General Counsel)	• Rebecca Barker (Head of Risk)
		• Simon Oldnall (Branch Technology Director)	• Patrick Bell (Senior Legal Counsel)*
		• Stuart Keeping (Senior Managing Director, Teneo)*	• Tim Perkins (People Director – Services)*
		• Kate Gallafent KC	• Oliver Carlyon (Partner, Fieldfisher)
		• Laurence O'Neill (Head of Legal – HR/IR)	

NB: All Board Members and Attendees listed above have Confidentiality Undertakings accepted by the Inquiry in place, save those marked with an *. Should the need to discuss confidential information in respest of the Inquiry arise, individuals without a Confidentiality Undertaking in place will need to be excused for the duration of the discussion.

Agenda Item		Action Requested	Lead	Timings
1.	**Welcome and Conflicts of Interest** **Officer Changes** **Inquiry Undertakings**	Noting Approval Noting	Chair CoSec Chair	11:15 – 11:20 hrs
2.	**Minutes** (i) 25 March 2024 (ii) 29 April 2024 **Matters Arising**	Approval Noting	Chair/ CoSec	11:20 – 11:25 hrs
3.	**Committee reports (verbal)** • Remediation Committee • Audit, Risk and Compliance Committee • Remuneration Committee • Nominations Committee • Investment Committee	Noting	Chair/ Committee Chairs	11:25 – 11:50 hrs
4.	**CEO Report**	Noting & Input	N Read	11:50 – 12:30 hrs

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5.	**Finance** • Financial Performance Report • Working Capital Facility increased usage • FY24/25 unallocated IRRELEVANT hange spend prioritisation principles • External Auditor tender exercise – outcome and appointment • **Contract and sourcing strategy matters** - Horizon continuity of service update - SPMP Assurance sourcing strategy - FM & Security - Energy contract award - Morson contract spend increase	Noting & Input Approval Noting Approval Noting Approval Approval Approval Approval	A Patel L Carroll (all items) C Brocklesby/ S Oldnall/ P Bell/ S Gray - - - T Perkins	12:30 – 12:50 hrs 12:50 – 13:05 hrs
Break				13:05 – 13:20 hrs
6.	**Strategic Review (verbal)**	Discussion	S Keeping	13:20 – 14:00 hrs
7.	**Transforming Technology**			
	• SPMP Update (spend and delivery to date)	Noting	C Brocklesby	14:00 – 14:40 hrs
8.	**Improving Branch Profitability**			
	Banking Framework 4	Noting	B Brannon/ R Borkett	14:40 – 15:00 hrs
9.	**Rebuilding Trust**			15:00 – 15:45 hrs
	• Inquiry Update • Phase 7 Strategy • Phases 5/6 Closing Submissions - delegation • RU Update • OC2 disclosure – Working at Risk • OC2 Contract risk – data indemnity • Postmaster advice service provider	Noting Approval Approval Noting Approval Approval Approval	D Wills/ D Mahoney/ K Gallafent KC/ O Carlyon/ C Pispinis S Recaldin	
10.	**People and Culture** • Past Roles review (verbal) • Code of Business Standards	Approval Approval	K McEwan/ N Marriott/ L O'Neill/ S Gray K McEwan	15:45 – 16:10 hrs
11.	**Requests with Presentation**			
	• Risk appetite schedule	Approval	S Gray/ R Barker	16:10 – 16:30 hrs
12.	**Governance Items**			16:30 – 17:00 hrs
	• Update on GT Reports (verbal) • Remuneration Committee ToR • Sealings Report • Future Meeting Dates • Forward Agenda	Noting Approval Approval Noting Noting	Chair/ CoSec CoSec CoSec CoSec CoSec	
13.	**Any Other Business** • Feedback on papers	Discussion	CoSec	
14.	**Date of next scheduled meeting:** 8 July 2024 9:30 – 14:30	Noting	Chair	
Papers requested to be taken as read, no presentation				
1. Health & Safety Report 2. Technology Dashboard				

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3. 2024 Employee Survey results
4. ICO Publication Scheme

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1.1

POST OFFICE LIMITED
BOARD REPORT

Title:	Appointments to Board Committees	**Meeting Date:**	4 June 2024
Author:	Marie Malloy, Senior Assistant Company Secretary	**Sponsor:**	Rachel Scarrabelotti, Group Company Secretary

Input Sought: Decision

The Board is asked to approve:

i. The appointment of Nigel Railton as a member and Chair of the POL Nominations Committee, with the appointment effective 24 May 2024;
ii. The appointment of Nigel Railton as a member of the POL Remuneration Committee, with the appointment effective 24 May 2024;
iii. The appointment of Brian Gaunt as interim Chair of the POL Remediation Committee with the appointment effective 27 July 2024; and
iv. The appointment of Nigel Railton as a member of the POL Remediation Committee with the appointment effective 27 July 2024.

Executive Summary

Pursuant to the Terms of Reference of the Nominations Committee, the Nominations Committee can recommend to the Board new appointments to Committees, as required from time to time.

The Nominations Committee is due to meet on 4 June 2024 and this paper is premised on the Nominations Committee being in a position to recommend to the Board the appointments the subject of this paper.

The Board is aware that Nigel Railton has commenced as a non-executive director and interim Chair of the Board, with the appointment effective 24 May 2024 and also that Ben Tidswell is due to step down from the Board and his Committee memberships (Chair of the Remediation Committee and a member of both the Nominations and Remuneration Committees) in July 2024.

Appointment of Nigel Railton - Nominations Committee

The previous Chair of the Nominations Committee, also Chair of the Board, departed the company on 27 January 2024. Additionally, Ben Tidswell is a member of the Nominations Committee and as mentioned above, is due to step down in July this year.

Under the Terms of Reference of the Committee, the Chair of the Company shall chair the Committee.

Appointment of Nigel Railton – Remuneration Committee

The Board is asked to approve the appointment of Nigel Railton as a member of the Remuneration Committee. The previous Chair of the Board served as a member of the Remuneration Committee. In addition, Ben Tidswell is a member of the Remuneration Committee and as mentioned above, his anticipated step down in July will create a further vacancy on the Remuneration Committee. The vacancy is proposed to be filled by Nigel Railton.

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1.1

Appointments - Remediation Committee

Ben Tidswell is anticipated to step down from the Board circa 26 July 2024, leaving a vacant position of Chair of the Remediation Committee. Brian Gaunt is proposed as interim Chair of the Remediation Committee effective 27 July 2024, having served as a member of the Remediation Committee since his appointment on 9 March 2023 (effective 14 March 2023).

As Brian Gaunt is an existing member of the Remediation Committee and his proposed appointment as interim Chair will result in a vacant membership position, the Board is asked to approve the appointment of Nigel Railton as a member of the Remediation Committee.

Current and proposed Board Committee membership

POL Committee	Committee Membership	Proposed change and date
Nominations Committee		
1		Nigel Railton – Member and Chair effective 24 May 2024
2	Ben Tidswell	Stepping down c.26 July 2024
3	Saf Ismail	
4	Lorna Gratton	
5	Amanda Burton	
6	Simon Jeffreys	
Remuneration Committee		
1	Amanda Burton (Chair)	
2	Ben Tidswell	Stepping down c.26 July 2024
3	Brian Gaunt	
4	Lorna Gratton	
5.		Nigel Railton - Member effective 24 May 2024
Remediation Committee		
1	Ben Tidswell (Chair)	Stepping down c.26 July 2024
2	Brian Gaunt	Chair – effective 27 July 2024
3	Lorna Gratton	
4		Nigel Railton - Member effective 27 July 2024
Audit, Risk and Compliance Committee		
1	Simon Jeffreys (Chair)	
2	Andrew Darfoor	
3	Elliot Jacobs	
4	Lorna Gratton	
Investment Committee		
1	Andrew Darfoor (Chair)	
2	Elliot Jacobs	
3	Lorna Gratton	

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POST OFFICE LIMITED BOARD MEETING
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2.1

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON MONDAY 25 MARCH 2024 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 12:15 AM

Present:	Ben Tidswell	Senior Independent Director **(BT)**
	Lorna Gratton	Non-Executive Director **(LG)**
	Saf Ismail	Non-Executive Director **(SI)** (Via Teams)
	Elliot Jacobs	Non-Executive Director **(EJ)**
	Brian Gaunt	Non-Executive Director **(BG)**
	Simon Jeffreys	Non-Executive Director **(SJ)**
	Amanda Burton	Non-Executive Director **(AB)**
	Andrew Darfoor	Non-Executive Director **(AD)**
	Nick Read	Group Chief Executive Officer **(NR)**
In attendance:	Alison Hoyland	Deputy Company Secretary **(AH)**
	Owen Woodley	Deputy CEO (Observer) **(OW)**
	Kathryn Sherratt	Interim CFO (Observer) **(KS)**
	Jonathan Houston	Associate Director, Grant Thornton (Observer) **(JH)** (Via Teams)
	Tim McInnes	Strategy and Transformation Director **(TMcI)**
	Kelly Goodwin	Programme Director **(KG)**
	Asha Patel	Director of Strategic Financial Planning & Analysis **(AP)**
	Tom Lee	Group Financial Controller **(TL)**
	Barbara Brannon	Product Portfolio Director - Retail & Lottery, Government & International Payments Services **(BB)**
	Christian Spelzini	Head of Legal **(CS)**
	Simon Oldnall	Horizon and GLO IT Director **(SO)**
	Pete Marsh	Retail Operations Director **(PM)**
	Liam Carroll	Procurement Director **(LC)**
	Patrick Bell	Senior Legal Counsel **(PB)**
	Zdravko Mladenov	Chief Digital Information Officer **(ZM)**
	Sarah Bell	Partner, Grant Thornton **(SB)**
	Irina Velkova	Partner, Grant Thornton **(IV)** (Via Teams)
	Chrysanthy Pispinis	Chief of Staff **(CP)**
	Rachel Scarrabelotti	Group Company Secretary **(RS)**
	Diane Wills	Public Inquiry Director **(DW)**
	Dan O'Mahoney	Inquiry Operations & Strategy Director **(DO'M)**
	Neil Davey	Remediation Unit Finance Director **(ND)**
	Simon Recaldin	Remediation Unit Director **(SR)**
	Rt Hon Kemi Badenoch MP	Secretary of State for the Department for Business and Trade
Apologies:	Alisdair Cameron	Group Chief Finance Officer **(AC)**

Action

1.1 Nomination of Chair

As provided for under paragraph 23 of the Articles of Association, the Board nominated BT to preside as Chair of the meeting.

1.2 Welcome and Conflicts of Interest

A quorum being present, the Chair opened the meeting. The Chair called for the Directors to disclose any conflicts of interest. The Directors declared that they had no conflicts of

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interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

The Board acknowledged the attendance of JH, OW and KS as observers at the meeting and noted that any observations they made would not constitute advice, recommendations, directions or instructions. The Board confirmed that it would take due care not to be unduly influenced solely by a contribution made by any observer and that it would reach its conclusions based on a balanced and diligent assessment of all the facts available to it.

In general declarations:

- SJ noted his Director role at CPS; and
- EJ and SI noted their Postmaster roles.

1.3 Inquiry Confidentiality Undertakings

The Board noted that JH, LC, PM, BB, PB, KG, SB and IV did not have confidentiality undertakings accepted by the Inquiry in place, and that these individuals would need to be excused from the meeting should the need to discuss information confidential to the Inquiry arise.

2. Minutes and Matters Arising

Minutes

TABLED and **NOTED** were draft Minutes from the Board Meeting of 01 March 2024. The Board **RESOLVED** that the Minutes of the Meeting held on 01 March 2024 be **APPROVED** as a correct record of the Meeting and be signed by the Chair.

Matters Arising

The Board **NOTED** the action log and status of the actions shown.

The Board agreed the actions marked for closure and noted follow up actions in relation to:

- Action #5: SI noted his disappointment that it was not proposed to provide WiFi access for Postmasters as part of the CSS conversion in branches; LG suggested that an option to allow Postmasters to opt in to cover the costs should be explored.
- Action #33: EJ noted his offer to support on the further work that needed to be undertaken on BF4 and the return-on-investment analysis; the team had yet to follow up with him.
- Project Boland: the Board asked for an update note.
- Action consolidation: the Board requested that the action log be reviewed, including to consolidate related actions and better differentiate 'ongoing' actions.

3. Committee Reports (verbal)

3.1 Remediation Committee

BT provided an update on the most recent meeting and current focus of the Committee, including in relation to:

- Criminal cases and the position on 'concede 'and 'non-concede' cases and the progress being made in the courts.
- Overturned conviction cases and the progress being made in relation to redress, while the Government's plans in relation to mass exoneration are being finalised.

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- HSS cases and the Government's decision to increase the minimum payment to £75K, which was likely to generate increased numbers of late applications and should help to expedite the payment of redress.
- Morale within the Remediation Unit (RU) currently against the context of ongoing external scrutiny and the uncertain forward landscape on remediation and redress.
- The need for clarity from the Government on its role going forward and the associated processes and procedures.

The Board noted that the work of the RU would be further discussed later on the agenda, when the RU Director, SR, attended to provide his update.

3.2 Audit, Risk and Compliance Committee

SJ provided an update on the most recent meeting and current focus of the Committee, including in relation to:

- Risk tolerance, where good progress was being made in relation to relevant controls but where POL was operating outside of tolerance in nearly a third of all intermediate risks, an increase from January.
  - The Board noted SJ's view that risk appetite and tolerance levels may need to be reviewed in the light of the current challenges POL was currently facing.
  - In relation to Legal Risks specifically, the legal team had highlighted its concerns in relation to elevated group-level legal risk and it was likely the team would seek additional resources.
- Cyber security had improved but there was still a lot more to do. The new CISO had recently joined POL and an independent assessment by Deloitte had found that POL's cyber maturity had increased; a new higher target maturity had now been set for the end of 2026.
- The significant increase in DSA and FOI requests and the impact this was having on response times. The Board noted that resources were being increased and that while the ICO was currently being understanding, the position would be kept under review as the high volumes were expected to continue.
- The Internal Audit plan for 2024/25 which had been agreed and the effective assurance work that was being progressed under the Group Assurance Director.
- HMRC's challenge in relation to IR35 and POL's assessment of contractors.
  - IRRELEVANT
- The External Audit Plan for 2024/25 which had been approved and the latest position in relation to the re-tender for POL's external auditor.
- The Committed had agreed it would not change its current policy in relation to stating assets at current value.

3.3 Remuneration Committee

AB provided an update on the most recent meetings and current focus of the Committee, including in relation to:

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- POL's overall reward strategy, where the Committee had discussed the need for it to be closely aligned to POL's social purpose and that it should be referenced in the Directors' Remuneration Report in the Annual Report and Accounts, to provide the backdrop to the different elements of POL's remuneration framework.
- The STIP and LTIP schemes and the associated measures, which the Committee had agreed in broad terms, subject to the Board's approval of the 2024/25 and subsequent discussions in the final measures and metrics.

3.4 Nominations Committee

BT provided an update on the most recent meetings and current focus of the Committee, including in relation to:

- Postmaster NED recruitment and term extensions; the latter was awaiting Shareholder approval, after which BT would follow up EJ and SI on the outcome.
- The Committee's agreement to recommend to the Board that AB and SJ be appointed to the Committee.
    - The Board **RESOLVED** that the Committee's recommendation to appoint AB and SJ to the Nomination Committee be, and is hereby, **APPROVED**. [The Board took the decision at this point in the meeting, rather than under the governance section later on the agenda.]
- SID recruitment, which was currently on hold, pending the appointment of the Interim Chair, when a decision on whether to resume the process or start it afresh would need to be taken.
- Executive management succession planning, with particular reference to OW's departure later in the year.
    - OW was drawing up a proposed implementation plan and timetable to bring back to the Committee for approval in due course.
    - The Board would be kept apprised of the plans.
- The proposed appointment of Grant Thornton to undertake an external Board performance evaluation for 2023/24.
    - The Board was due to be subject to an external review in 2023/24, in line with good governance practice that provides for external evaluations every three years; it was agreed that Grant Thornton should be appointed to do the review as an extension of its Governance Review work, given the obvious overlap.

3.5 Investment Committee

AD provided an update on the most recent meetings and current focus of the Committee, including in relation to:

- The 2024/25 Change budget, which the Committee reviewed ahead of the Board discussion on 1 March 2024 on the 24/25 business plan.
- Change initiatives, where risks were increasing across a good number of the 'Platinum' and 'Gold' projects, albeit no common themes could be discerned.
- The SPMP business case, which the Committee reviewed ahead of its submission to DBT on 18 March 2024.
    - The Board touched on a number of related matters, including: governance oversight; the timeline for the rollout of NBIT and, in the interim, the maintenance of Horizon under a contract extension with Fujitsu; future-proofing for a possible new business model, the discontinuation of products and services, as well as the possible introduction of new products and services; and ensuring hardware and software compatibility.

The Board noted that the SPMP Business case would be further discussed later on the agenda, when it would be able to ask the team about the business case and associated

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matters, including in relation to the proposed contract extension to Fujitsu to maintain the Horizon system, pending the roll out of NBIT.

4. CEO Report

TABLED and **NOTED** was the CEO report.

NR spoke to the CEO report. Key points of note in the subsequent discussion were:

- POL continued to operate through a crisis, with ongoing heightened political and media scrutiny and consequential impacts being felt across the business.
- Work was in hand to prioritise business and ensure accountabilities and responsibilities were appropriately managed during the next phases of the Inquiry which were due to resume in April and from which ongoing intense external scrutiny and internal disruption to business as usual was to be expected.
- Clarity had yet to be provided by Government on its plans in relation to Postmaster remediation and redress, particularly in relation to Government's role versus POL's.
- Current trading was strong and reinforced the understanding that customers remained supportive of their local Post Office and its place in their local communities.
- Decisions on when advertising online products and services should resume would remain under review against the prevailing environment.
- Negotiations in relation to Banking Framework 4 were in the early stages; the final proposal was due to come to the June Board for approval.
- POL continued to retain its 100% market share for Banking Hubs and the first joint Post Office/Banking Hub had opened in the last month. For now, the Banking Hubs were profitable, though this would be closely monitored, including against market developments, for example, the expectation that access to cash needs would decline further over time.
- POL and the Shareholder would need to ensure they did not lose sight in the current context of the need to continue to develop POL's longer-term strategy and plans.
    - On related matters, BT noted the current plans for the POL's strategic away days, with plans for July reflecting the Inquiry timeline and limited management capacity. July was likely, therefore, to be paper-light/free, with a focus on the outputs from Phases 5 & 6 of the Inquiry to date and a look ahead to Phase 7, with discussions on related matters, including governance and culture. A broader forward looking strategic away day would be scheduled for later in the year, in November or December.

The Board noted that a number of the key issues covered in the CEO report would be picked up further throughout the agenda, including under the discussions on the 2024/25 business plan and an associated Postmaster proposal.

5. Finance

5.1 FY2024/25 Business Plan

AP and TM joined the meeting.

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TABLED and **NOTED** was a paper, 'FY24-25 Business Plan'.

KS spoke to the paper and noted that the 2024/25 plan reflected discussions to date, including at the Board, at the Investment Committee and in 1:1 discussions with NEDs. Of particular note was the inclusion of an overview of the Postmaster Proposition, which provided a view across two priorities – to reduce Postmaster costs and grow Postmaster income. This was a feature of discussions at the early March Board meeting where it was agreed that while not all Postmaster upsides would be realised in FY24/25, it would be helpful to understand and signal the trajectory and intent.

The plan was based on:

- An end of year trading loss of IRRELEVANT, which was unchanged from the version discussed earlier in the month.
- Self-funded 'other' change spend of c IRRELEVANT, which had increased by IRRELEVANT n compared to the plan discussed earlier in the month, largely driven by an additional IRRELEVANT unallocated pot. The additional budget would be available to fund a range of 'change/investment' initiatives, for example, IRRELEVANT IRRELEVANT IRRELEVANT. Budget allocation would be subject to an agreed business case and other considerations such as capacity and practicalities of delivery. KS noted that while the associated benefits could not be quantified at this stage (as this would depend on the initiatives agreed for funding), incremental upsides were expected to be realised, which would mitigate against the IRRELEVANT trading loss.
- Other new supporting material included a reminder on the deprioritised activities that would not be funded under the FY24/25 Plan.
- The FY24/25 Business Plan would provide the backdrop to planning for FY25/26 and for the longer term across a 3-5 year strategic outlook.

Key points of note in the subsequent discussion were:

- EJ commended the pack which he noted was very well produced and easy to navigate and understand, but which nevertheless, in his view, amounted to a very disappointing offer for Postmasters which he would find difficult to support; this view was shared by SI.
- Both EJ and SI compared the remuneration position for Postmasters versus POL staff, which in the case of the former included areas where the cost savings had yet to be articulated (for example in relation to the lottery exit) and where future revenue was set to fall and in the case of the latter included the prospect of bonuses.
- EJ and SI made further points around Postmasters funding past failings and that more needed to be done to generate Postmaster profits and reduce central operating costs.
- On Postmasters funding past failings, BT noted this was no longer the case under the separate Government funding arrangements. On more investment for profit generation, BT noted that the challenges in this respect were well rehearsed and understood. OW picked up on the specific prospect of Postmasters printing stamps and reminded colleagues that this was a matter for Royal Mail, and while it had declined to take the proposition forward to date, POL would continue to try and engage them on the matter. On reducing central costs, KS and OW noted that further OD opportunities would be explored, though this would need to be funded and the full benefits were unlikely to be realised in FY24/25.
- BT emphasised that the plan only covered FY24/25 and that, at this stage, NEDs would need to advocate for credible and specific alternatives or accept the recommended plan

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on the understanding there were no viable alternatives for FY24/25 and that further opportunities to improve the proposition for Postmasters and cut central costs would continue to be pursued in subsequent years.

- LG sought clarification on the criteria and process for allocating budget from the central IRRELEVANT change pot and asked for this to be shared with the Board as the framework was developed. KS noted the current approach to prioritising and allocating Opex spend as against business need and that a similar approach was likely to be adopted for 'change' spend. EJ suggested that a Postmaster lens should be applied to all budgeting work, with business cases demonstrating how any initiative would contribute to a fair offer for Postmasters.
- AD asked about when and how product and margins to improve profitability would be considered and KS noted that this would be addressed as part of the longer-term outlook and would be picked up initially under FY25/26 planning. EJ echoed AD's points on the need for an innovation/commercial mindset.
- On the Operational Excellence Incentive for Postmasters, SI suggested that an 80% compliance threshold may be too high and this should be adjusted for the first year; ME noted that the lead time between the start of the FY and launch would provide for training and ongoing support to put Postmasters in the best possible position, alongside timely access to accurate data.
- AB suggested that consideration should be given to Postmasters automatically receiving a share in any end-of-year profits; LG noted that this would need to discussed with the Shareholder if taken forward as a proposition.

Actions:

- Criteria and process for allocating budget from the central IRRELEVANT change pot to be developed and brought to the Board. **KS – June 2024**
- Discussion on revenue generation/cost reduction plans (the art of the possible) to come back to the Board. **KS – June 2024**

The Board:

- **RESOLVED** that the FY24/25 Business Plan be, and is hereby, **APPROVED.**
- **NOTED** that SI voted against the approval of the FY2024/25 Business Plan and that while EJ did vote to approve it, he wished for his disappointment in relation to the Postmaster offer be recorded and his expectation that a 'fair offer' for Postmaster lens would be central to future planning.

Attendance at the Board meeting by the Rt Hon Kemi Badenoch MP, Secretary of State for the Department for Business and Trade

JH left the meeting.

The Board welcomed the Rt Hon Kemi Badenoch MP, Secretary of State for the Department for Business and Trade to the meeting.

After introductions, the Secretary of State (SoS) explained that she was very pleased to be speaking to the POL Board, not least against the background of the current challenges and significant external scrutiny to which POL was subject. While the heightened interest had helped accelerate redress plans and brought renewed focus, and was to be welcomed from that perspective, the SoS acknowledged the less than welcome impacts being felt too.

The SoS explained that she was keen to hear what was uppermost on the Board's mind and how Government might best support POL looking ahead.

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Key points of note in the subsequent discussion were:

- Board members were relatively new, which meant they could bring a fresh perspective, particularly in relation to the strategic outlook.
- A balance needed to be stuck between looking back and remedying the past and looking ahead and securing a viable and sustainable Post Office model for the future.
- There was a tension currently between POL's social purpose and the commercial imperatives at play and Postmasters, in particular, were losing out as a consequence.
- The Board reflected on their earlier discussions on the FY24/25 Business Plan and the difficult trades offs that were being managed.
- NBIT needed to be an enduring solution and would require appropriate funding.
- Once a greater share of the time could be given to the forward look, the Government would need to play a central role in articulating the policy intent, against which POL would then be able to set out its future strategy.

The SoS recognised the tension that arose from POL's need to balance both its social purpose and the commercial imperatives at play. While Government sentiment and understanding was mostly aligned to POL's social purpose and the role that Post Offices played in communities, she recognised that the consequences of some decisions and the impact on Postmasters' livelihoods was probably less well understood in some places. In noting the Board's view that NBIT needed to be an enduring solution, the SoS emphasised that POL's bid for Government funding would be competing against many others, so the case would need to be made on the widest grounds and cite the public and social interests being served.

In closing, the SoS noted that she would be attending POL's weekly 10@10 staff briefing session later in the week, again to show the Government's support for POL and acknowledge the scrutiny to which POL was currently subject. The SoS would welcome any follow up points Board members may wish to make, and colleagues should reach out to her office directly. The Board thanked the SoS and were very grateful for her time and continuing support of POL.

5. Finance (Continued)

5.2 Financial Performance Report

AP joined the meeting.
JH rejoined the meeting.

TABLED and **NOTED** was the P11 Financial Performance Overview.

AP spoke to the report. Key points of note in the subsequent discussion were:

- P11 total revenue was IRRELEVANT h ahead of budget, largely driven by the IRRELEVANT IRRELEVANT which was recognised in the accounts in P11.
- P11 trading profit was IRRELEVANT, YTD IRRELEVANT above budget). The trading profit had surpassed the 9+3 forecast, however, the full year outturn remained subject to potential year-end adjustments.
- Growth and cost reduction opportunities (as discussed earlier in the meeting) in 2024/25 and beyond would continue to be explored.

5.3 2023/24 Outturn – Postmaster Proposal

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TABLED and **NOTED** was a paper "2023/24 Outturn – Postmaster Proposal".

KS set out a proposal for a one-off payment to Postmasters in 2023/24, sharing IRRELEVANT from the anticipated trading performance outturn for the year. The payment would be over and above (and separate to) Postmasters projected remuneration. If approved, the plan was to announce the payment as part of the planned communications later in the week on the 2024/25 Postmaster remuneration package.

The Board:

- **RESOLVED** that the proposals for a one-off payment to Postmasters be, and is hereby, **APPROVED**, subject to first advising the Shareholder of the proposed payment.

5.4 Short Term Facility Amendment

TL joined the meeting.

TABLED and **NOTED** was a paper, IRRELEVANT Short Term Facility Amendment'.

The paper, taken as read, set out that DBT provided a IRRELEVANT Short Term Facility as an emergency same day facility for unexpected events in client settlements. To date, the facility

IRRELEVANT

IRRELEVANT.

The Board:

- **RESOLVED** that the terms of the Amendment and any other documents ancillary to, or to be entered into by POL in connection with, the Amendment or the transaction, including bank mandates, subscription letters, utilisation requests and selection notices (the "Ancillary Documents") be, and are hereby, **APPROVED**.
- **DELEGATED AUTHORITY** to any authorised person to execute the Amendment or Ancillary Document which is not being executed as a deed and to any two Directors, or any one Director and the Company Secretary, to execute and deliver any Ancillary Document which is to be executed as a deed (in each case with any amendments, variations or additions that he or she in his or her absolute discretion considers appropriate).

6. Payzone

6.1 Payzone Integration

CS and BB joined the meeting.

TABLED and **NOTED** were the following papers:

(i) 'Payzone Integration';
(ii) 'Payzone Integration Sourcing Strategy';
(iii) 'Legal Risk Note';
(iv) 'NED Pre-Board Briefing Note';
(v) 'DBT Written Consent (from POL)';
(vi) 'POL Written Consent (from Payzone)';
(vii) 'DBT Written Consent (from Payzone)';
(viii) 'Capital Contribution Documents';
(ix) 'Draft Dividend Resolution';

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(x) 'Business Transfer Agreement';
(xi) 'Direct Award Novation Agreements x5';
(xii) 'British Gas Novation Documents x2';
(xiii) 'the Power of Attorney'; and
(xiv) 'Property Documents (including the Deed of Surrender, Tripartite Agreement and New Lease)'.

The papers, taken as read, set out that the business rationale and integration benefits had been reviewed and discussed at the Board meeting in January 2023, when the Board noted that the integration would simplify the business model, as well as:

- enable technology transformation (specifically in relation to the de-risking of NBIT);
- support the network strategy and the acceleration of Drop & Collect rollout; and
- help mitigate and regularise known risks.

The Board approved the integration in principle at its meeting in January 2023, subject to formal approval in due course when the relevant governance and process steps had been determined.

Key points of note in the subsequent discussion were:

- EJ noted that integration would facilitate the acceleration of Drop and Collect roll-out over time and noted previous references to the need to be able to access Payzone software. This point was also picked up later on the agenda under the discussion on second-device procurement.
- AD asked about the organisational design implications; BB noted that the people integration considerations were fairly complex, as the Payzone roles did not map over on a like-for-like basis. OW noted that organisational design opportunities would likely arise over time.
- BT asked about the legal risks; CS noted that these were well understood and had been fully worked through, not least given the long lead time.

The Board:

- **RESOLVED** that, subject to Shareholder approval, the Payzone Integration be, and is, hereby **APPROVED** (the associated resolutions approved by the Board are set out in full in **Appendix A** to the minute)

6.2 Payzone Letter of Support

TABLED and **NOTED** was a paper, 'Payzone Letter of Support'.

IRRELEVANT

Key points of note in the subsequent discussion were:

- IRRELEVANT

The Board:

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- **DECLINED** to approve the Letter of Support for issue.
- **DELEGATED AUTHORITY** to BT and SJ to review the position and decide on whether to approve some form of the Letter of Support for signature and issue.

[Following the Board meeting, BT and SJ reviewed the position and BT confirmed that he and SJ had agreed:

- *POL should sign and issue a revised Letter of Support to Payzone; and*
- *Kathryn Sherratt would have delegated authority to sign the letter, in her capacity as Interim CFO.]*

7. Contract and sourcing strategy matters

LC, SO, PM joined the meeting.

7.1 IRRELEVANT extension

TABLED and **NOTED** were the following papers:
(i) IRRELEVANT Contract Extension'; and
(ii) IRRELEVANT Contract Extension – Legal Risk Note'.

The Board:

- **RESOLVED** that a compliant IRRELEVANT extension and modification of the contract for additional spend of IRRELEVANT, with IRRELEVANT, be, and are hereby, **APPROVED.**
- **DELEGATED AUTHORITY** to SEG to award the contract and to any two Directors, or any one Director and the Company Secretary, to execute the contract modification.

7.2 Optima Health contract

TABLED and **NOTED** were the following papers:
(i) 'Optima Health Occupational Health Services'; and
(ii) 'Optima Health Occupational Health Services – Legal Risk Note'.

The Board:

- **RESOLVED** that an extension to the current contract with IRRELEVANT under regulation 72 (1) (b) be, and is hereby, **APPROVED.**
- **RESOLVED** that additional spend of IRRELEVANT under the contract with IRRELEVANT be, and is hereby, **APPROVED**.
- **DELEGATED AUTHORITY** to SEG to award the contract.

7.3 Network consumables

TABLED and **NOTED** was a paper, 'Sourcing Strategy - Network Consumables'.

The Board:

- **RESOLVED** that the proposed sourcing strategy to award a contract under the IRRELEVANT for an initial term of IRRELEVANT with an optional 2-year extension, and with a total contract value of IRRELEVANT be, and is hereby, **APPROVED**.
- **DELEGATED AUTHORITY** to SEG to award the contract and to any two Directors, or any one Director and the Company Secretary, to execute the contract.

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7.4 IRRELEVANT

TABLED and **NOTED** were the following papers:
(i) 'TB Cardew contract'; and
(ii) 'TB Cardew contract – Legal Risk Note'.

The Board:

- **RESOLVED** that additional spend of IRRELEVANT and the provision of additional services by way of a modification to the existing contract with IRRELEVANT under Regulation 72(1)(b), be, and is hereby, **APPROVED.**
- **DELEGATED AUTHORITY** to any two Directors, or any one Director and the Company Secretary, to execute the contract modification.
- **NOTED** that POL planned to run a compliant procurement exercise to put a new contract in place from September 2024.

In making more general observations across all the contract requests, the Board noted that future request should include a note on service delivery performance/value add and KPIs.

8. Transforming Technology

TMcI, SO, KG, ZM and PB joined the meeting.

8.1 SPMP DBT Business Case Update

TABLED and **NOTED** was a paper, 'SPMP DBT Business Case Update'.

TMcI spoke to the paper which provided an update on the progress being made in relation to the SPMP funding business case which covered the costs of:

- Developing NBIT to replace Horizon.
- Sustaining Horizon while NBIT was being developed (anticipated to be by way of an extension of POL's contract with Fujitsu and which included investment in the core software, infrastructure and branch hardware).
- Developing the next generation of Self-Service Kiosks, the rollout of new '2nd devices' as a new mobile platform for Postmasters and a new Identity and Access Management application.

Key points of note in the subsequent discussion were:

- The business case extended the funding to IRRELEVANT and it had been submitted to DBT on 18 March 2024, with final approval from HM Treasury expected in June 2024.
- AD had noted earlier in the meeting that the Investment Committee had provided earlier scrutiny to the business case and its feedback has been reflected in the final submission.
- EJ asked about the extent to which the option to accelerate the roll-out had been considered; TMcI noted that it was one of the options included in the business case and that while it was not the approach being advocated, an IRRELEVANT, starting with IRRELEVANT was now proposed, and helped mitigate against the later mass roll-out.

8.2 Fujitsu extension

TABLED and **NOTED** were the following papers:
(i) 'Fujitsu Horizon Agreement Extension'; and

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(ii) 'Fujitsu Horizon Agreement Extension – Legal Risk Note'.

SO spoke to the paper and explained the current position on the discussions to date around the continuation of support services for the Horizon platform by Fujitsu beyond March 2025, when the current contract was due to end. The extension was proposed to cover the intervening period, before the roll out of NBIT. While discussions were ongoing, Fujitsu had not yet made any commitment to continuing the support and against the context of the current external scrutiny, was unlikely to do so without the express support of Government. Subject to the position being settled, funding the contract extension formed part of the SPMP business case, which the Board had discussed earlier in the meeting.

Key points of note in the subsequent discussion were:

- IRRELEVANT IRRELEVANT external independent legal and commercial advice was being sought to further inform and quantify the risk.
- The Board noted that it was unsighted on the alternative to the build option and that there was a potential provider. It sought to understand the IRRELEVANT IRRELEVANT IRRELEVANT SO and ZM noted that this analysis had not been undertaken, as the potential provider was IRRELEVANT
- IRRELEVANT IRRELEVANT The procurement options had not been well managed within the SPM Programme and the Board noted that had the Programme team engaged procurement and legal colleagues at the appropriate point and had an earlier procurement exercise been run, the risks and level of financial exposure could have been reduced. EJ further noted the potential financial liabilities at stake and referenced the Board's earlier discussion on Postmaster remuneration.

Actions:

– Note on the procurement law risks being examined by external advisers to be shared with the Board. **Legal – Closed**
– IRRELEVANT to be undertaken and a deep dive review to be undertaken by the Investment Committee. **CB/SO & Investment Committee – 16 May 2024**

8.3 SPMP Drawdown request

TABLED and **NOTED** was a paper, 'SPMP Drawdown request'.

The paper, taken as read, set out the drawdown request to continue funding the SPMP programme to the end of July, after which point POL anticipated that its next SPMP funding provision would be approved and in place.

Action:

– Routine reports on SPMP spend and delivery to come to each scheduled Board. **CB**

The Board **RESOLVED** that a drawdown of up to IRRELEVANT be, and is hereby, **APPROVED**.

8.4 Second Device – Interim Business Case and Drawdown request

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TABLED and **NOTED** was a paper, 'Second Device – Interim Business Case and Drawdown request'.

The paper, taken as read, set out that as part of the universal service offering, POL was obliged provide for a pre-paid bill payment facility for public utility services and that the current legacy solution, Paystation, was being discontinued by the supplier at the end of the contract in March 2025. To continue providing the service, POL planned to deploy a, handheld "Second Device". The funding drawdown request at this stage would allow for "Second Device" hardware to be procured, while the technical solution was developed under the SPMP. The paper explained that the drawdown was dependent on DBT approving the reallocation of funds within the current interim funding envelope; should DBT not approve the reallocation, the project would have to delay the hardware purchase until the next SPMP business case was approved.

Key points of note in the subsequent discussion were:

- EJ asked if the "Second Device" would have 4G capability and/or be Wifi enabled; ZM confirmed it would have both capabilities.
- As noted earlier in the meeting under the discussion on Payzone Integration, EJ sought clarity on the software implications; ZM explained that the procurement of the "Second Device" hardware did not extend to the software and back-office integrations around the device, and the Payzone integration would provide for access to the necessary Payzone capabilities.
- In noting the ability to deploy PUDO and other products on the "Second Device" in the future, EJ and SI noted that it would be helpful to have an overview of all the possible and/or planned Post Office branch technology by way of a technology roadmap.
- LG noted that the "Second Device" name was a placeholder and suggested that a more user-friendly name should be considered; ZM confirmed that communication colleagues were looking at this.

Action:

– Roadmap of possible/planned branch technology to be developed and shared with the Board. **CB - TBC**

The Board **RESOLVED** that a drawdown of IRRELEVANT be, and is hereby, **APPROVED,** subject to DBT approving the reallocation of funds within the current interim funding envelope.

9. Grant Thornton Review (Verbal)

SB, IV, CP and RS joined the meeting.

Key points of note were:

- RS provided a brief summary of the impetus for the Grant Thornton (GT) Governance Review which included:
  - The Post Office Horizon IT Inquiry, Phase 6 of which would include scrutiny of POL's governance and current practices and procedures.
  - The Simmons & Simmons report, which included as its first recommendation that a review of the POL's wider remuneration governance be undertaken.
  - Employee sentiment in relation to governance as expressed in the employee survey results.
  - Preparation for the Ethos Programme.

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- Discussion at the Board at this stage would include an overview of the draft findings and recommendations and allow the Board to ask initial questions and make initial observations, before agreeing next steps, including who should receive the draft report in the first instance.
- SB provided an overview of the scope which was to formulate an understanding of POL's governance and decision-making processes and structures at Board, executive management and senior leadership level.
- SB confirmed that GT had assessed the effectiveness of the governance structures and processes against relevant governance standards that were comparable to typical business operations equivalent to the size of POL, principally the 2018 UK Corporate Governance Code and the Central Government Code, as well as the best practices of organisations with comparable structures where GT considered there was no equivalent, due to POL's particular constitution.
- SB set out the prevailing context for GT's findings, namely that there were a number of tensions, particularly in relation to:
- POL's social purpose and its need to be a commercially sustainable organisation which arose from POLs ownership structure (being government owned) and the competitive operating environment within which it conducted its business.
- The conflicts of interest that the Shareholder and Postmaster NED roles gave rise to.
- Against the backdrop of these tensions, GT was of the view that there were five main governance areas in need of resolution:
  - Establishing a unified purpose and shared ambition around a longer-term vision and strategy between POL and its Shareholder.
  - Clarifying accountabilities.
  - Clarifying the application of foundational governance documentation against the prevailing context and changing circumstances.
  - Clarifying decision making and associated objectives, roles and responsibilities at enterprise level.
  - Improving working relationships and ensuring cultural alignment between POL and its Shareholder.
- In discussing the draft findings and recommendations, the Board noted that the constitutional structure of POL and the current prevailing context, which included the current position in relation to Government funding, were very much a part of POLs current governance challenges, many of which were, therefore, outside its control.
- The Board agreed it would be helpful to consider the findings and recommendations, based on an understanding of what was within POL's sphere of influence and as part of that, what was a priority – versus what was not within POL's sphere of influence and what would need to change.
- GT noted that some of the key elements of the prevailing context had not been documented, nor communicated sufficiently, to provide evidence of this narrative.
- Encouragingly, GT noted a number of improvements were underway, including in relation to remediation, remuneration and people and leadership management and that key internal control and risk frameworks and documentation were in place.
- In discussing the next steps, the Board noted the dependencies in relation to the Post Office Horizon IT Inquiry and agreed that the Board and OW and KS as observers should:
  - receive the draft report;
  - discuss the content of the draft report in a follow up session; then
  - decide the next steps, including with whom the report should be shared more widely and when (the Board noted that it may be necessary to share the report internally sooner, rather than later, albeit only in so far as deemed strictly necessary at that stage).

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Actions:

- Draft GT Governance Review report to be shared with the Board and observers.
- Follow up Board discussion to be arranged.

RS – Closed Secretariat – April 2024

10. Rebuilding Trust

10.1 Inquiry Update

DW, ND and DO'M joined the meeting. JH left the meeting.

TABLED and **NOTED** was a paper, 'Post Office Horizon IT Inquiry: Update'.

DW spoke to the paper which provided an update on:

- Engagement with the Inquiry.
- POL's closing submissions for Phase 4.
- The release of Deloitte from their confidentiality obligations to POL.
- The new Letter of Engagement with HSF.

Key points of note in the subsequent discussion were:

- DO'M had joined the team as POL's new Inquiry Operations and Strategy Director.
- POL's Inquiry Team was engaging with the Inquiry team in relation to POL's written closing submissions for Phase 4, and the position the Inquiry Chairman had taken in relation to the inclusion of references to a Prosecution Expert's report; POL was of the view that the Inquiry Chairman's position was based on a misunderstanding and stemmed from a miscommunication on the part of the Inquiry's legal counsel.
- The preparations for the next Phases of the Inquiry, due to recommence on 9 April 2024, including the constructive engagement between POL's Inquiry team and the Inquiry's legal counsel on disclosure and how the teams could best work together to meet the Inquiry's upcoming hearing schedule.
- The morale and well-being of the Inquiry team and wider POL colleagues and the support being provided, including under the extended Optima Health provision.

10.2 Inquiry FY24/25 Budget & Drawdown request

TABLED and **NOTED** were the following papers:

(i) 'Inquiry FY24-25 Funding Drawdown request'; and
(ii) 'Inquiry Supporting Budget/ Financial Pack'.

The paper, taken as read, set out a drawdown funding request for the Inquiry Unit to cover costs to the end of September 2024.

Key points of note in the subsequent discussion were:

- The Board sought assurance that costs were being managed and on the steps being taken to oversee and track costs; DO'M was of the view that the previous assurances that had been provided on this regard could be relied upon and that there were robust controls and processes in place.
- The expectation that POL's Inquiry Unit costs would start to drop off after September 2024, subject to there being no significant change to Inquiry work and the associated timetable.

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The Board **RESOLVED** that a drawdown of IRRELEVANT be, and is hereby, **APPROVED,** subject to Government approving the release of the IRRELEVANT contingency under Article 8.1(X) of the Articles of Association.

10.3 Sensitive Issues request and ISC ToR

TABLED and **NOTED** were the following papers:
(i) 'Sensitive Issues request and Inquiry SteerCo ToR';
(ii) 'Appendix 1 - Inquiry SteerCo ToR – Clean';
(iii) ISC Delegated Authorities Matrix'; and
(iv) 'Inquiry SteerCo ToR – Tracked Changes'.

The Board:
- **RESOLVED** that the amendments to the Inquiry Steering Committee's Delegated Authorities matrix and ToR be, and are hereby **APPROVED**.
- **DELEGATED AUTHORITY** to the SID and an Independent NED to make decisions on Speak-Up matters and the redaction/release of information to the Inquiry.

10.4 RU Update

SR joined the meeting.

TABLED and **NOTED** were the following papers:
(i) 'Remediation Unit Programme Update'; and
(ii) 'RU Finance Update'.

SR spoke to the paper which provided an update on:
- The current position in relation to remediation, including OC, HSS, SRR claims and GLO disclosure.
- The ongoing uncertainty in respect of management and delivery of OC and HSS claims and the associated negative publicity around the speed of redress payments and the challenging environment within which RU is operating as a consequence.
- Plans to further accelerate the payment of redress.

Key points of note in the subsequent discussion were:
- The Government's plans in relation to mass exoneration.
- The need for clarity from the Government on its role in relation to redress going forward and the associated processes and procedures.

10.5 RU FY24/25 Budget & Drawdown request

TABLED and **NOTED** was a paper, 'RU FY24-25 Budget & Funding Drawdown Request'.

The paper, taken as read, set out a drawdown funding request for the Remediation Unit to cover costs to the end of September 2024.

The Board **RESOLVED** that a drawdown of IRRELEVANT be, and is hereby, **APPROVED,** subject to Government approving the release of the IRRELEVANT contingency under Article 8.1(X) of the Articles of Association.

10.6 Remediation Unit's Delegated Authorities Matrix and Remediation Committee's ToR

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TABLED and **NOTED** were the following papers:
(i) 'Remediation Committee updated Terms of Reference - Report';
(ii) 'Remediation Committee Terms of Reference - Clean'; and
(iii) 'Remediation Unit delegated authorities matrix'.

The Board **RESOLVED** that the amendments to the Remediation Unit's Delegated Authorities Matrix and the Remediation Committee's ToR be, and are hereby **APPROVED**.

11. Items with presentation

11.1 Group Customer Complaints Policy

TABLED and **NOTED** were the following papers:
(i) 'Group Customer Complaints Policy - Report'; and
(ii) 'Group Customer Complaints Policy'.

Action:
– Plain language review to be undertaken by communications on the customer facing aspects of the policy. **CJ – Closed.**

The Board **RESOLVED** that, on the recommendation of the Audit, Risk and Compliance Committee, the Group Customer Complaints Policy be, and is hereby, **APPROVED**.

11.2 Health & Safety Report

TABLED and **NOTED** was a paper, 'Health & Safety Report'.

11.3 POI Accenture Managed Service Contract Extension

TABLED and **NOTED** was a paper, 'POI Accenture Managed Service Contract Extension'.

The paper, taken as read, set out an approval request to extend a contract that Post Office Insurance (POI) had with Accenture to provide a range of managed support services.

The Board **RESOLVED** that the extension of the contract with IRRELEVANT with a total spend for all the managed services over the life of the contract of IRRELEVANT be, and is hereby **APPROVED**.

12. Governance Items

12.1 2023/24 Board Effectiveness Review Update (Verbal)

The Board noted earlier in the meeting, under the discussion on the work of the Nominations Committee, that Grant Thornton would undertake the 2023/24 Board Performance Evaluation.

12.2 Annual Governance Report

TABLED and **NOTED** were the following papers:
(i) 'Annual Governance Report';
(ii) 'Register of Interests';

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(iii) 'Delegated Authorities';
(iv) 'Matters Reserved to the Board – Clean';
(v) 'Mattes Reserved to the Board – Tracked Changes';
(vi) 'Annex 1 to the MRB';
(vii) 'Nominations Committee ToR – Tracked Changes';
(viii) 'Remuneration Committee ToR – Clean'; and
(ix) 'Current Conflicts of Interest Policy'.

The Board **RESOLVED** that the amendments to:
- the Delegated Authorities from the Board;
- the Authorised Signatories;
- the Matters Reserved to the Board, including the Spend Approval Limits; and
- the Nominations Committee Terms of Reference.

be, and are hereby, **APPROVED**.

12.3 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the document set out against item numbered 2242 - 2247 in the Register of Sealings.

Action:
- Clarification to be provided to EJ on the context of the Deed of Release #2243. **Secretariat – Closed.**

12.4 Nominations Committee Membership

TABLED and **NOTED** was a paper, 'Nominations Committee Membership'.

The Board approved the appointment of AB and SJ earlier in the meeting, under the discussion on the work of the Nominations Committee.

12.5 Future Meeting Dates

The future meeting dates were **NOTED.**

12.6 Forward Agenda

The Forward Agenda was **NOTED**.

13. Any Other Business

Feedback on papers

There being no other business the Chair declared the meeting closed at 18.20

14. Date of next scheduled meeting

4 June 2024 11:15 – 17:00

15. Papers to be taken as read, no presentation.

TABLED and **NOTED** were the following papers:
(i) 'Technology Dashboard';

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(ii) 'Retail Performance Dashboard';
(iii) 'Branch Layouts';
(iv) 'Project Darwin – Lesson Learned Review'; and
(v) 'Project Darwin – Business Transfer Update'.

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Chair Date

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2.2

POST OFFICE LIMITED BOARD MEETING
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MINUTES OF AN ADDITIONAL MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON MONDAY 29 APRIL 2024 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 16:45 PM[1]

Present:	Ben Tidswell	Senior Independent Director and Nominated Chair of the meeting **(BT)**
	Lorna Gratton	Non-Executive Director **(LG)** (until 18:30)
	Saf Ismail	Non-Executive Director **(SI)**
	Elliot Jacobs	Non-Executive Director **(EJ)**
	Brian Gaunt	Non-Executive Director **(BG)**
	Simon Jeffreys	Non-Executive Director **(SJ)**
	Amanda Burton	Non-Executive Director **(AB)**
	Andrew Darfoor	Non-Executive Director **(AD)** (until 18:00)
	Nick Read	Group Chief Executive Officer **(NR)**
In attendance:	Rachel Scarrabelotti	Company Secretary **(RS)**
	Owen Woodley	Deputy CEO (Observer) **(OW)**
	Chrysanthy Pispinis	Chief of Staff **(CP)**
	Karen McEwan	Group Chief People Officer **(KM)**
	Nicola Marriott	HR Director **(NM)**
	Charlotte Cool	Corporate Affairs Director – Interim **(CC)**
Apologies:	Alisdair Cameron	Group Chief Finance Officer **(AC)**
	Kathryn Sherratt	Interim Group Chief Finance Officer **(KS)**

Action

1.1 Nomination of Chair[2]

As provided for under paragraph 23 of the Articles of Association, the Board nominated BT to preside as Chair of the meeting.

1.2 Welcome and Conflicts of Interest

A quorum being present, the Chair opened the meeting. The Chair called for the Directors to disclose any conflicts of interest. EJ reminded the Board of his and SI's potential for conflict as Postmasters. The Directors otherwise declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

The Chair invited CC to introduce herself and welcomed CC to the Company.

The Board acknowledged the attendance of OW as an observer at the meeting. As an observer, the Board was aware that all contributions made by OW to the meeting were observations only, and did not constitute advice, recommendations, directions or instructions. The Board confirmed that it would take due care not to be unduly influenced

[1] Participation in the meeting was entirely via Microsoft Teams from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chairman's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.
[2] This meeting is an addition to the scheduled meetings so standard items such as minutes and matters arising have been carried over to the meeting on 04 June 2024.

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solely by contributions made by OW and that it would reach its conclusions based on a balanced and diligent assessment of all the facts available to it.

1.3 Inquiry Confidentiality Undertakings

The Chair noted that CC did not have a confidentiality undertaking accepted by the Inquiry in place and asked Board Members and other attendees to be conscious of this and to advise the Chair if they needed any assistance on this point.

2. Past Roles Review

TABLED and **NOTED** was a paper, 'Employee Review Categories April 24'.

Key discussion points were as follows:

- NR introduced the matter noting the time the strategic executive group had devoted in the past few days to considering this issue;
- NR summarised the new categorisations and employee populations under review:
  - In respect of category one, comprising 5 current employees due to give evidence at the Inquiry within Phases 5 and 6, a consistent approach was required in respect of these individuals ahead of and after the Inquiry to prevent conflicts arising;
  - The second category (previously known as Past Roles) involved reviewing all current employees within the Remediation Unit prioritising those who undertook activity relating to the subject matter of the Inquiry in past roles;
  - the third category included and expanded on the scope of Project Phoenix and would focus on addressing any misconduct allegations arising against current employees as a result of evidence given at the Inquiry in later Phases, in addition to evidence provided at the Human Impact Hearings. NR outlined the population and noted that the population could increase with other current employees potentially coming within scope for investigation as a result of the evidence heard in Phases 5 and 6;
- NR emphasised the need for a consistent and fair approach as well as acting quickly. NR also noted the volume of documents disclosed to the Inquiry and that these potentially could be utilised to assist with consistency of approach;
- NM advised that she wished to provide the Board with an update on the current status, work undertaken to date and take the Board through proposed next steps. NM reiterated the 3 categories and the employee populations within these. NM spoke through the work undertaken in relation to Project Phoenix noting the evidence collation and review process which had involved consideration of in excess of 95,000 documents. There had been delays as the ACI team wished to engage with the Postmasters who had provided evidence at the Human Impact Hearings that had led to the current employee misconduct allegations. These meetings had taken a significant amount of time to arrange, and it was not until February 2024 that the first meeting with an affected Postmaster had occurred;
- SI queried why IRRELEVANT had not been suspended. NM advised that the approach taken was to let the misconduct process and the investigation reach conclusion; to suspend otherwise was considered very high risk from an employment law perspective. SI expressed his views on this approach and advised that he was receiving comments in from Postmasters who were concerned that IRRELEVANT remained in the business. SI shared his view that this was a cultural issue and that the Company could not move on until individuals in this category exited the business. NM took the point however advised that in the ongoing investigation into IRRELEVANT no evidence had been found to support the

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allegations and there was no evidence to date of gross misconduct. The Chair pointed out that there was the evidence the Postmasters had provided in the Human Impact Hearings, so cautioned against the position of stating there was no evidence to support the allegations. The Chair noted that the investigations being conducted were internal and queried if there should be external assurance conducted to validate the approach taken;

- SI referenced the meetings with Postmasters who had made allegations against IRRELEVANT and queried the level of explanation provided regarding the investigation process. NM noted employer's duties to protect an employee; in light of this the approach advised to Postmasters had been more general. SI queried whether the process could be simplified. NM advised that engagement had been had with Postmasters via their legal advisors as this is how the Postmasters had advised that they wished to be engaged with. SI queried whether there was a time scale for conclusion of the investigations. NM replied that the team had not wished to push too hard given the sensitives for Postmasters in re-counting events. That said, engagement with all the Postmasters who had made allegations in relation to IRRELEVANT were due to be completed by end of June. The team were similarly looking to complete meetings with Postmasters in relation to other cases;
- LG queried whether there was another approach that could be considered for employees within category 3. Rather than allegations of misconduct could the manner of the way these employees provided evidence at the Inquiry be considered and whether this was in line with Post Office's current culture and values. NM took the point and advised that the exercise could be widened to include the way evidence was provided by these witnesses at the Inquiry;
- AB raised the lack of external communication, noting the significant amount of work that had been undertaken on these issues, and queried whether some communication could be made. The Chair took the point however suggested that this point be considered later in the meeting as part of the overall actions;
- The Chair asked NM to provide an overview of category two. NM spoke through the category outlining the work that had been undertaken to assess for conflicts arising from roles associated with the activity covered by the Inquiry and current roles and detailed the employee population that this work had identified. NM noted proposed re-structuring however this had not been actioned due to the need to retain the workforce given the high number of new applications to the HSS;
- NM spoke to the position on IRRELEVANT explaining that whilst presence at an earlier event had come to light, the activity undertaken would not have picked this up as it assessed only past roles in relation to certain activities. The Chair noted that the risk analysis undertaken in relation to employees in the Remediation Unit would not have picked this up;
- NM outlined the position in relation to IRRELEVANT and advised that IRRELEVANT had been removed from the Remediation Unit approximately 12 months ago. A revised approach in respect of IRRELEVANT was being considered. Discussion followed as to the consistency of approach;
- There was discussion between EJ and NR regarding potential employee suspensions pending the end of the Inquiry, then carrying out investigations;
- Noting the point made by AB, EJ queried whether the external communications on this issue could be to the effect that a plan had been endorsed to address these issues;
- Discussion moved to the proposed approach for employees within category 1 with NM outlining the proposals. Caution needed to be applied so as not to impact on

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any other employees due to give evidence at the Inquiry, so if an investigation was required following an employee having given evidence, the employee may be suspended, and the investigation would commence after the conclusion of the Inquiry. **ACTION** AB questioned whether there were learnings from other inquiries that could be taken on the approach to employees within category one. The Chair thought that there was merit in considering other approaches and asked that this be looked at; **NM**

- NM detailed the proposed approaches in relation to the different employee populations within category 2 noting the benefits and risks involved. For the [redacted] 'red' employees, it was proposed that a preferencing exercise was run to understand the appetite for voluntary redundancy or re-deployment. If neither of these options were taken a forced change in employment would be affected or as a last resort the employee would be dismissed. In respect of the [redacted] non red employees that were employed between 1999 and 2017 the proposal was to preference for voluntary redundancy along with re-deployment, trying to obtain re-deployment as much as possible. NM noted the potential impact of this approach on the workload of the Remediation Unit and the disruption that could follow on the timing for compensation payments to Postmasters. NM further noted the prospect of seeking feedback to understand the preferences of this group which could then be built into the approach to try to mitigate the impact on the Remediation Unit. The team could then return and advise further the proposed approach. BT clarified that the Board was not being asked to commit to the entire proposal until the team had further data on this point. SI queried whether re-deployment was appropriate for 'red' individuals within this population as opposed to exiting these individuals from the business. EJ agreed with SI that re-deployment was not appropriate for individuals classified as 'red'. There was discussion regarding how the proposed approach would be executed with EJ querying whether the exercise could be conducted at one time and once and the Chair querying the continuation of this population in the business during the consultation period. NM reminded the Board that there were no allegations of wrongdoing in respect of the 'red' population within the Remediation Unit and that this group were 'red' only because they undertook roles historically linked to the subject of the Inquiry; **NM**
- **ACTION** AD queried the potential costs of the voluntary redundancies and advised that the Board would need to be advised of this. The Chair summarised the discussion: subject to AD's query as to cost and the budget funding this, the preference was to exit the [redacted] individuals who had been assessed as 'red' and that otherwise there was support from the Board as to the proposed approach to the category two population generally; **NM**
- **ACTION** NM advised that there were also approximately [redacted] employees who were not employed in the Remediation Unit who held roles in the past related to activities covered by the Inquiry which may come into scope and be constituted as 'red' for exactly the same reason as the [redacted] in the Remediation Unit. The Chair requested that once analysis had been undertaken that the team return to the Board and explain the profile further. EJ queried the criteria for a 'red' classification. NM advised that the only reason for a RAG rating of red was that between 1999 and 2017 the employee undertook a role the subject of the Inquiry and again reiterated that there were no allegations of wrongdoing in respect of this group. LG shared her preference that employees who were within the wider business who were found to be 'red' be offered voluntary redundancy. SI agreed with LG and the Chair confirmed that there were no objections to this approach;

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- Discussion moved to category 3 and the proposed approaches. NM spoke to the recommendation to continue through the case reviews under Phoenix including escalating into the misconduct process where appropriate. The Chair queried how investigations could be continued at this time in relation to this population when the Inquiry was ongoing and noted the concern discussed in relation to category 1 in this regard. NM replied that the distinction here was that the population were not being investigated as witnesses. The Chair replied that he thought there was a consistency point and the recommendation outlined would make communications more difficult and undermine the approach of not investigating others until the end of the Inquiry. NR took the point. LG queried whether some members of this group were categorised as 'red'. NM replied that there was one individual so far although KM noted that there could be others;
- Information arising from the Inquiry in respect of IRRELEVANT were discussed. SI shared his view as to IRRELEVANT remaining in her current post. The Chair shared his expectation that these employees would come out of the business at this time, if the material warranted that. SI agreed with this as did OW and it was confirmed to LG that IRRELEVANT coming out of the business was presently being considered. OW confirmed that if there were issues employees would be taken out of the business until the end of the Inquiry; **NR/CC**
- **ACTION** The Chair turned to discussing next steps and the need for a front footed message explaining the approach. NR advised that would not be straightforward to construct however undertook to revert with a draft for the Board's consideration within the next day. The Chair noted the pieces of correspondence where replies on this issue were needed and that these might offer vehicles for communication. The Chair emphasised the desire of the Board for action and communication. SI offered his support to review the draft communication to Postmasters and advised that different content might be required for the different stakeholder groups;
- In relation to the materials emerging at the Inquiry where employees had been named, AB queried whether any conversations had been had as to their expectations; these employees could wish to leave. OW took the point however shared his concern of the perception if subsequent evidence of misconduct was found and we had entered settlement agreements with these employees. AB pointed out that claw back could be considered.

The Board **RESOLVED** that:

(i) The proposed approach as set out in the paper in relation to category 1 employees be and is hereby **APPROVED**;

(ii) Subject to the Board being provided with details of and being satisfied as to costs and funding, the proposed approach as set out in the paper in relation to category 2 employees be and is hereby **APPROVED** save that the employees with the red categorisation would in preference exit the business rather than be re-deployed; and

(iii) The proposed approach as set out in the paper in relation to category 3 employees be and is hereby **APPROVED** however with any investigations conducted following the conclusion of the Inquiry.

NW, KW and CC left the meeting at 18:12.

3. Draft Grant Thornton Governance Report

CP joined the meeting at 18:13. Key discussion points were as follows:

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- The Chair shared his view that there was some scope for adjustments in the report which remained in draft, including taking out some of the detail in the report and refining the recommendations;
- When asked by the Chair, no Board members indicated that they disagreed with the findings in the draft report;
- The Chair provided his further comments on the draft report being that the assessment of compliance with the UK Corporate Governance Code was not helpful including the presentation of this and that inclusion of the alternative governance model was similarly not helpful. Also the draft report was now outdated in many respects. The Chair advised he was aware that some board members had some comments on the committee sections of the draft report;
- EJ queried whether the Board was clear as to the objectives of the draft report. The Chair advised that he thought the conclusions reached in the draft report were helpful and correct however the Board needed to consider the best way to make sure the contents of draft report were helpful particularly for key stakeholders including the Shareholder and Postmasters;
- The Chair asked CP for her views. CP advised that she thought it was right to separate the findings from the recommendations; the Board could disagree with the recommendations however it was important that the Board determined the approach and established the recommendations they supported and those they did not along with a clear rationale as to why. The Chair shared his view that the recommendations needed to be properly aired with the Board; some of the recommendations were unrealistic while others were good;
- LG advised that she would send her comments on the draft report to the Chair. LG queried the evidential basis of some sections of the draft report and shared her view that the draft report could be more practical. LG agreed that the alternative structure section could be removed from the draft report and suggested instead a recommendation be inserted for the Company to speak to the Shareholder in respect of this point. LG also thought GT had not taken the context in certain parts of the report, given the corporate governance model applied to the Company was common across government;
- SJ advised that he agreed with LG's comments. Additionally SJ noted that some of the recommendations were being attended to already, however the draft report did not acknowledge this;
- **ACTION** The Chair asked Board members to provide their thoughts on the draft report in a note to the Chair and asked SJ to cover the sections in the draft report on ARC and AB for the Remuneration Committee and the Chair would ask AD to do the same for IC. The Chair asked that CP and RS then provide the feedback to GT. CP noted this however expressed concern that this approach would mean that the actions in the draft report would not be progressed. The Chair shared his view that the feedback to GT would likely be very specific and more around presentation, given that the Board did not disagree with the findings; **Board Members**
- **ACTION** AB advised that she was not quite clear on the history in respect of how and why the report was commissioned. CP advised that a note could be prepared for the Board in respect of this, however noted that the former Chair had provided support for the activity. LG left the meeting at 18:30. **CP/RS**

4. Any Other Business

The Chair advised that he was hopeful of an announcement being made very soon in respect of the Shareholder's selection of an Interim Chair. Discussion followed as to potential interactions with the Interim Chair ahead of formal appointment.

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There being no other business the Chair declared the meeting closed at 18:34.

5. Date of next scheduled meeting

4 June 2024 11:15 – 17:00.

Senior Independent Director

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2.3

Open Actions

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
	Additional Board Meeting 01 March 2024					
1.	**Any Other Business**	Further consideration to be given to 'transitional' support to departing Postmaster Non-Executive Directors.	All			**Open**
	Board Meeting 25 March 2024					
2.	**2. Minutes and Matters Arising b): Project Boland**	Project Boland: the Board asked for an update note.	Kathryn Sherratt			**Open**
3.	**5.1 FY2024/25 Business Plan: Revenue generation/cost saving proposals**	Discussion on revenue generation/cost reduction plans (the art of the possible) to come back to the Board.	Kathryn Sherratt	**TBC**		**Open**

Ongoing Actions

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
	Board Meeting 11 July 2023					
4.	**Transforming Technology: Horizon Replacement Update**	– BT queried how accurate the costs estimated for cash counts in branch at the time of NBIT migration were and what analysis had been undertaken. ZM advised that further analysis could be undertaken. – EJ noted that stamps could be printed on SSKs at present and shared his view that some sort of automation for selling stamps by way of the Postmaster printing these as required would be the way forward. ZM thought this could be achieved subject to contractual	~~Zdravko Mladenov/ Melanie Park~~ Chris Brocklesby/Kelly Goodwin	~~**January**~~ **December 2024**	**Cost Estimates for NBIT Transition:** 14/09/2023: This action is in progress. 12/10/2023: This action remains in progress. It's worth reflecting that the cash count process is being pushed out 12+ months under the new timelines, thus giving a lot more time to respond to this query. Given that, changing the due date to just '2024' might make sense.	**Ongoing These actions will all be addressed under the SPMP/ NBIT development– they go to transition assurance scope,**

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
		arrangements and undertook to come back on this point with options. – The Chair asked that ZM meet with EJ and SI to assess whether there were any other items within the NBIT proposed product mix that could potentially be removed.			14/11/2023: An action update will be provided in December 2024 on cash counts if/ when they have been completed. **Stamps:** 14/09/2023: Similarly, to the above (action 7. Transforming Technology: Horizon Replacement Update c), as part of the next NBIT scope discussion with the Board, the team will offer options to the stamp stock management. 12/10/2023: This action remains in progress. 11/01/2024: The action remains in progress and will only be addressed later in 2024, as part of the wider scope review for NBIT. 19/02/2024: The question of stamps is likely going to be part of the wider NBIT discussions, which means this action won't be resolved until later in the year. 25/03/2024: OW noted on the prospect of Postmasters printing stamps that this was a matter for Royal Mail, and while it had declined to take the proposition forward to date, POL would continue to try and engage them on the matter. **NBIT Scope:** 14/09/2023: The NBIT team plans to have the engagement with EJ and SI on this topic in late October/early November, after the NBIT Diagnostic is completed. The results will be reported to the Board in December 2023/January 2024. 12/10/2023: Propose to move this action to Kelly Goodwin. It's worth reflecting that the timeline for developing other products has moved out indefinitely, thus giving a lot	**functionality.**

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
					more time to respond to this query. Given that, changing the due date to just '2024' might make sense. 14/11/2023: No further update. 08/03/2024: As an update we are now reviewing scope options as outlined in the new funding request with the Commercial and Retail teams and commit to presenting the conclusions to Saf and Elliot in June 2024. May 2024: SPMP Update (spend and delivery to date) will be submitted to SEG on 20th May and to Board on 04th June 2024. 24/06/2024: Meeting with Kelly Goodwin, Saf Ismail and Elliot Jacobs to discuss NBIT proposed product mix.	
5.	**11.3 RMU Update b)**	Restorative justice meetings continued, and SR would be returning to Board to request additional funding for a wider restorative justice program.	Simon Recaldin/ Evelyn Hocking	**June 2024**	20/10/2023: Paper on next steps and funding request being presented to HMC on 24th October for current RJ process and wider program plan being considered. 19/01/2024: Kevin Hollinrake confirmed in a letter of 5th January 2024, that Government would not fund Restorative Justice meetings. RU are considering how the RJ process should continue across POL and will present to GE in February on proposals and next steps. 11/03/2024: RJ meetings continue to be held, predominantly by the RU Director, and assisted by SEG colleagues when possible. The current uncertainty surrounding the ongoing involvement of POL in the Remediation process, alongside other Government decisions that are awaited, mean that decisions on the future shape and	**Ongoing**

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
					funding of RJ cannot be made at this time. RU will report to the next Board. 24/05/2024: The the funding arrangements are not yet finalised. The costs of RJ are currently being carried by RU as BAU spend and not DBT funded spend. The estimated funding requirement for the current year is IRRELEVANT. This spend is currently being tracked through our Finance & Funding Forum for resolution. Restorative Justice Meetings continue to be held, by the RU Director and assisted by SEG colleagues (in addition to NR, MR, OW, CP and KS have now all attended, with others planned across July and August). To 24/5/24, 53 meetings have now been held (which POL has funded, IRRELEVANT to date, as exceptional spend via the OC Programme, albeit not accepted by DBT). There is still uncertainty around the ongoing involvement of POL in the remediation process, which means decisions on the shape (meetings, and possible other initiatives) and long term funding still cannot be made at this time. Additionally, we have sought an update from the Inquiry on their Legacy Project initiative, and they have advised that they will continue to 'shape the legacy project in the coming months'. Finance are sighted on the estimated costs of the meetings currently requested and planned to August24 (remainder to be funded from IRRELEVANT, pending alternative agreement from Central Finance). We would suggest that considerations for further activity and a wider restorative justice	

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
					programme, in the long term this should be owned, reside (and be funded) outside of RU.	
	Board Meeting 31 October 2023					
6.	**4. CEO Report** **b): Volume discounts**	BG advised that he had spoken to N O'Sullivan last night and they had discussed whether Postmasters could be provided with an ability to offer customers a discount in cases of volume. OW advised that he would pick up this point with N O'Sullivan.	Owen Woodley/ Neill O'Sullivan		In progress. Update in action log to be provided for January Board. 19/01/2024: Two parts to this answer: i) As part of the development of D&G we are considering how/if discounts can be offered by PMs for non-RM and RM products. ii) We are also answering the Q raised at Board whether discounts can be offered by PMs on RM products. POL currently lacks the functionality to offer discounts to specific customer groups, necessitating technical development. The next steps involve defining and developing a potential 'Loyalty scheme programme' tailored to incentivise and reward Drop & Go/ High-Volume customers. 08/03/2024: No further update available currently. D&G still under review. 21/05/2024: A Drop & Go 'Discovery' project has now been approved by Investment Approvals & Delivery Group (IADG) and will begin over the next week or so. Variable pricing is one of the elements that will be analyzed and considered as part of this exercise to establish the next stage of Drop & Go improvement and investment.	**Ongoing**
7.	**10.2 Post Office Brand**	The Chairman noted that the online aggregator could assist with attracting the younger generation. SM agreed and noted that the establishment of the online aggregator as an	Owen Woodley~~/ Chris Brocklesby~~/ Neill O'Sullivan/ Laura Joseph		15/11/2023: The Digital Customer Channels (CX) have just delivered the Mails Online platform and are finalising build on new Travel App. The Customer Experience Team	**Ongoing**

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
		app could assist. SI agreed. OW advised that this would need to be costed and funds found.			will co-ordinate with Commercial on costs and plan. 14/12/2023: Digital have provided a breakdown of options & recommendations to the Mails team for consideration. Neill and Owen to determine timings and next steps once they have had an opportunity to review. 08/03/2024: No further update. Under review and consolidation with other Mails initiatives. 14/05/2024: No further update from CX at this stage. The Digital team have provided an initial cost summary view to the Mails team for consideration. The action sits with Commercial in terms of investment decision and prioritisation. **IRRELEVANT**	
	Board Meeting 30 January 2024					

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
8.	**3. CEO Report a): Duty of Care to Postmasters and Project Rosebowl**	– The Board noted the duty of care owed by POL and EJ emphasised the importance of ensuring that relevant guidance and support materials were available to Postmasters, noting the need to provide that in hard copy, as well as through electronic means, such as Branch Hub. – AD asked about how success and outcomes would be measured and TM noted that it would be important to be able to assess if processes had been deployed and utilised as intended; the means to track these measures would need to be in place. TM noted that Postmaster feedback would continue to provide an important qualitative understanding.	Karen McEwan/ Tracy Marshall /Martin Hopcroft		15/03/2024: This is an ongoing action and something that we will continue to measure once new initiatives are implemented.	**Ongoing**
	Additional Board Meeting 01 March 2024					
9.	**People Strategy: Plan and measures**	Milestone plan to be shared with the Board, once finalised, and periodic updates on progress to be tabled.	Karen McEwan		15/05/2024: The milestone plan for 24/25 will be finalised and reviewed over June by the new Head of People Strategy, Planning and Governance.	**Ongoing**
	Board Meeting 25 March 2024					
10.	**2. Minutes and Matters Arising a): CSS and WiFi Access**	**2. Minutes and Matters Arising - 25 March 2024** Action on CSS and WiFi access: SI noted his disappointment that it was not proposed to provide WiFi access for Postmasters as part of the CSS conversion in branches; LG suggested that an option to allow Postmasters to opt in to cover the costs should be explored.	Chris Brocklesby		15/05/2024: The project team are managing the CSS timeline closely to the mandated end date of March 2025 and do not currently have the capacity to design the network segmentation and security requirements necessary for a Postmaster wifi solution. This can be undertaken once all branches have been converted – when we could explore the possibility of defraying the incremental costs and ask Postmasters to opt in and charge them for the service.	**Ongoing**

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2.3

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ ONGOING
					Costs involved will depend on the number opting in. For example, if 5000 Postmasters wanted the service then the price would be an upfront fee of £80 and an annual charge of £140.	
11.	**8.4 Second Device – Interim Business Case and Drawdown request**	Roadmap of possible/planned branch technology to be developed and shared with the Bard.	Chris Brocklesby/ Simon Oldnall		17/05/2024: A short paper to cover off the action will be prepared for the Monthly SEG on 26th June and Board on 09th July.	**Ongoing**

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2.4

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/ CLOSED
	Board Meeting 31 October 2023					
1.	**4. CEO Report c): International mail**	EJ noted the diminished levels of international mail and queried the possibility of customs paperwork being completed ahead of customers coming into branch. OW advised that he would pick this up with N O'Sullivan.	Owen Woodley/ Neill O'Sullivan		In progress. Update in action log to be provided for January Board. 19/01/2024: Phase 3 of International Customs Data Capture (ICDC) includes the ability to pre-populate customs information online for Royal Mail international services, to allow a quick transaction in branch via transfer of data to Horizon via a QR code. This functionality will also be integrated on the Drop & Go online manifest. The next phase of development of ICDC will be making it a multicarrier carrier solution. Given customs information only make up some of the transaction, we'll be exploring the functionality to start a transaction online by choosing a service, and completing all the information needed, so that all that needs to happen in branch is payment. This functionality would be more profitable for Postmasters as opposed to customers buying postage online. 08/03/2024: Looking further forward we are exploring how to offer the 'omni-channel experience' beyond solely the customs details which offers particularly exciting opportunities for repeat customers (especially in Drop & Go). 26/04/2024: ICDC Online was launched on the 26th March - includes the ability to pre-populate customs information online for Royal Mail international services. This	**To close**

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2.4

					functionality will also be integrated on the Drop & Go online manifest. The next phase of development of ICDC will be making it a multicarrier carrier solution. Volumes are increasing week-on-week. Each one of these saves the branch performing the data capture, and hence saves time in branch for clerks and customers – to the tune of 2-3minutes per transaction. 21/05/2024: We continue to progress towards offering 'omni-channel' journeys for all our Mails customers and expect the next stage to be through Drop & Go. This is currently expected to be the top priority investment that follows from the recently IADG approved 'D&G Discovery'.	
2.	**5.1 Financial Performance Report a)**	OW advised that details could be provided to the Board setting out anticipated categories of cost savings for FY24/25. LG advised that this would be helpful as LG was interested to see whether all cost savings that could be made without investment had been taken out.	Kathryn Sherratt		18/11/2023: Action in progress. Verbal update can be provided at the Board meeting on 28/11/2023 as material is being prepared for the meeting with the Minister on 5/12/2023 to address this topic. 22/01/2024: The first view of the business plan will be presented to February Board which shall provide an update on this. 25/03/2024: Addressed in the final presentation of the 24-25 Business plan.	**To close**
3.	**9.1 Disclosure of Evidence to Support Police Investigations**	BT suggested that it could be valuable for Postmasters to look at the policies and process in place and perhaps for a mock case to be run under these. LG suggested that the Postmaster director could participate.	Ben Foat/ John Bartlett/ Sarah Gray		11/12/2023: John is drafting a new policy to incorporate two existing policies and some guidance which will include proposing a new approach to handling the newest form of Horizon data. Aiming to get this to Board in January 2024. 11/01/2024: Disclosure of Evidence to Support Police Investigations will be on the Board agenda for 25th March 2024.	**To close**

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					08/03/2024: Priority has been on Inquiry matters, including drafting a statement for the Inquiry. The report will be submitted to the Monthly SEG Meeting on 20th May and Board meeting on 04th June instead.	
	Board Meeting 28 November 2023					
4.	**4. CEO Report b):Bank engagement**	SI shared his view that awareness in relation to the Company's relationship with Monzo needed to be increased. AB queried whether there were some targeted communications that could be undertaken for example with the universities. OW advised that he would reflect on this.	Owen Woodley		19/01/2024: On IRRELEVANT, we are confirming the exact go-live date with the bank and suppliers as we rely on them to implement before we can go-live. This looks likely to be the end of March due to some delays. We are starting discussions with the bank on launch communications and aim to maximise the opportunity (subject to the banks agreement to do so). 19/01/2024 onwards: With the recent media attention following the ITV drama we are waiting to time our more detailed discussions on this topic as we risk them not wanting to be associated with the brand in the current environment. 23/04/2024: IRRELEVANT has now gone live and made an excellent start. We conducted IRRELEVANT deposits in the first full week, a remarkable IRRELEVANT Marketing are providing some material for branch to advertise the launch of the service locally.	**To close**
5.	**11.2 Ethos Programme/Executive Accountabilities**	OW noted work in relation to executive accountabilities was on-going and advised that this would be reported back on to the Board.	Owen Woodley		19/01/2024: The work is due to complete in March, and so the Board will need to be updated post.	**To close**

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					30/01/2024: NomCo approved the CEO Direct Report changes and noted the newly established SEG. March 2024: 3-year People Plan and People Structure discussed at Board meeting on 01 March 2024.	
	Board Meeting 30 January 2024					
6.	**1. Actions** **b) Branch layouts**	LG queried the status of Action 32 on capturing branch information on things like layout and any lessons learned from previous initiatives, for reference in support of efficient and effective future works/initiatives, not least NBIT. OW noted the update may not have captured the work in hand to maintain a central repository, but he would follow up with relevant colleagues so a more meaningful update could be provided on what was being done and/or what needed to be done.	Owen Woodley	**June 2024**	12/03/2024: Plans for developing a central branch repository paper is being taken to the 13th March SEG meeting by Martin Roberts and Pete Marsh and the 25th March POL Board meeting. Following an initial meeting on 7th March led by Martin Roberts and Chris Brocklesby, members of the IT, SPM, and Retail teams will have a follow up meeting within the next 4 weeks to discuss the proposed improvements in more detail, assign an accountable owner, understand resource and budget implications and agree broad timelines. A more detailed plan, scope and timelines will be presented back to SEG in June 2024 to include resource and tooling requirements in more detail. 25/03/2024: Paper on Branch Layouts and plans for a central repository tabled at Board on 25th March 2024.	**To close**
7.	**1. Actions** **c): Digital strategy**	AD noted the Board's interest in better understanding POL's digital strategy in the medium to longer term (including how that supported the commercial and retail plans and strategies going forward); AD did not think that Action 38 necessarily captured that interest; OW agreed that insufficient time had been allocated to Board discussion on the topic and he would	Owen Woodley/ Secretariat	**May 2024**	17/05/2024: Teach in sessions now held with NEDs on 07/05/2024 and 14/05/2024. May 2024: The consensus view is that we've discharged the original action via the 2x board engagement sessions. The team plan to return to Board in the early Autumn once we have a clearer understanding of the roadmap to delivery.	**To close**

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		arrange a 'teach-in' session for Board members.				
8.	**6.1 Banking Framework 4 b)**	EJ noted that further thought would need to be given to the return on investment and offered to speak to RB offline.	Elliot Jacobs/ Ross Borkett		25/03/2024 Board Meeting: EJ noted his offer to support on the further work that needed to be undertaken on BF4 and the return-on-investment analysis; the team had yet to follow up with him. 19/04/2024: Elliot and Ross to speak on Friday 3rd May. 14/05/2024: Elliot and Ross met and discussed where the team are with BF4 negotiations, and in particular automation investment. This action can now be closed.	**To close**
	Additional Board Meeting 01 March 2024					
9.	**FY24/25 Budget and Product Profitability**	Budget and plans to be updated in the light of the Board feedback.	Kathryn Sherratt/ Asha Patel/ Tim McInnes/ NEDs		Addressed in the 24-25 Business plan at the 25th March Board meeting.	**To close**
10.	**FY24/25 Budget and Product Profitability**	Board members to follow up with KS on any other feedback/points of detail.	Kathryn Sherratt/ Asha Patel/ Tim McInnes/ NEDs		Addressed in the 24-25 Business plan at the 25th March Board meeting.	**To close**
11.	**People Strategy**	Quantitative and qualitative measures to be devised against which outputs and benefits could be tracked.	Karen McEwan/ Kathryn Sherratt/ Tim Perkins		15/05/2024: Quantative and/or qualitative measures have been developed for all deliverables in the 2024/25 People Plan. There have also been headline quantitative targets set for the 3 priorities in the Strategic People Plan (to be achieved by the end of FY26/27 as measured in the colleague survey): On Colleague Experience: eNPS above 0 (currently -25) On Capability: People are held to account for their performance and behaviours at Post Office >= 70%	**To close**

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Post Office Limited Board Actions as at 23.05.2024 [Actions marked for closure]

2.4

					On Inclusion: Post Office is genuinely making a positive effort and working towards being a more inclusive workplace >= 80%.	
12.	**People Strategy**	Strategic Plan to be updated to reflect the discussion points, including to reference Postmasters explicitly.	Karen McEwan		15/05/2024: The plan has been updated and references to Postmasters have been included throughout the plan. Specifically, a golden thread has been put through the plan that states that the 'Great Place to Work for all' ambition will be 'delivered by a People Team set up to enable Post Office to transform its culture and deliver for Postmasters'.	**To close**
13.	**People Strategy**	Board discussion on cultural change to be arranged.	Karen McEwan		15/05/2024: This is planned for the July Board Away Day. 17/05/2024: This is likely to need to be informed by the outputs from Phases 5&6 of the POHIT Inquiry (as noted by BT at Remco on 29/04/2024).	**To close**
14.	**People Strategy: Past Roles and Project Phoenix**	Follow up note to be sent to the Board on the potential outcomes from the Phoenix investigations and the criteria against which the different outcomes would be assessed.	Karen McEwan		09/02/2024: OW sent an update note to the Board. 29/04/2024: Discussed at additional Board. 11/05/2024: KMcE sent first of regular notes to the Board. 04/06/2024: There has been continued dialogue with the Board on Project Phoenix which will be covered in a Past Roles update to the June Board.	**To close**
15.	**Any Other Business**	An informal meeting of non-conflicted Directors of the Board to be arranged.	Secretariat		Board call held on 06th March 2024 (not a formal Board meeting).	**To close**
16.	**Any Other Business**	A Board/SEG dinner to be arranged in the coming months, once some of the competing priorities were resolved.	Secretariat		A Board/ SEG dinner has been scheduled for 4 June 2024.	**To close**
	Board Meeting 25 March 2024					
17.	**2. Minutes and Matters Arising** **c)**	Action consolidation: the Board requested that the action log be reviewed, including to consolidate related actions and better	Secretariat		Action Log has been updated: Actions have been consolidated, and two separate action logs created. One for open and ongoing	**To close**

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Post Office Limited Board Actions as at 23.05.2024 [Actions marked for closure]

2.4

		differentiate 'ongoing' actions.			actions, the other for actions marked 'to close'.	
18.	**5.1 FY2024/25 Business Plan: Change spend allocation principles**	Criteria and process for allocating budget from the central IRRELEVANT change pot to be developed and brought to the Board.	Kathryn Sherratt	**June 2024**	04/06/2024: On June Board agenda	**To close**
19.	**7. Contract Approvals**	In making more general observations across all the contract requests, the Board noted that future request should include a note on service delivery performance/value add and KPIs.	Liam Carroll/ SEG Members		22/04/2024: Following the November 2023 Board, all procurement papers for SEG and Board are now prepared by the business rather than the procurement team. Procurement will advise the business that all procurement papers, where applicable, include a note on service delivery performance/value add and KPIs. This request has also been cascaded to all SEG members to ensure that they are aware.	**To close**
20.	**8.2 Fujitsu extension**	Note on the procurement law risks being examined by external advisers to be shared with the Board.	Legal		Circulated to the Board on 26 March 2024.	**To close**
21.	**8.2 Fujitsu extension**	NBIT 'buy versus build' analysis to be undertaken and a deep dive review to be undertaken by the Investment Committee.	Chris Brocklesby and Simon Oldnall	**Investment Committee – 16 May 2024**	Scheduled for the POL Board Investment Committee on 16 May 2024.	**To close**
22.	**8.3 SPMP Drawdown request**	Routine reports on SPMP spend and delivery to come to each scheduled Board.	Kelly Goodwin/ Chris Brocklesby		SPMP updates to Board will include spend and delivery MI – see update to June Board.	**To close**
23.	**9. Grant Thornton Review a)**	Draft GT Governance Review report to be shared with the Board and observers.	Rachel Scarrabelotti		Circulated to the Board on 26 March 2024.	**To close**
24.	**9. Grant Thornton Review b)**	Follow up Board discussion to be arranged.	Secretariat	**April 2024**	Additional Board meeting scheduled for 29 April 2024.	**To close**
25.	**11.1 Group Customer Complaints Policy**	Plain language review to be undertaken by communications on the customer facing aspects of the policy.	Charlotte Johnson		CJ advised that the next steps were a communications plain language review.	**To close**
26.	**12.3 Sealings Report**	Clarification to be provided to EJ on the context of the Deed of Release #2243.	Secretariat		Completed.	**To close**

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POST OFFICE LIMITED
BOARD REPORT

Title:	Chief Executive's Report	**Meeting Date:**	4 June 2024
Author:	Nick Read, Group CEO	**Sponsor:**	N/A

4

Input Sought: Noting

I am pleased to welcome Nigel Railton as our new Interim Chair to lead the business through the next 12 months. His energy and experience in retailing, governance reform and business transformation, coupled with his direct approach will be invaluable to Post Office during what will be a transitional period.

Following the announcement of Deputy CEO Owen Woodley's planned departure from the business at the end of August, I have decided to re-create a Chief Commercial Officer (CCO) role with responsibility for all our products and propositions. I am very keen to make an internal appointment to this role. We have lots of talented commercial individuals in the business and I am very confident that we will find a successful candidate amongst them. I am also very pleased to welcome Charlotte Cool as our Interim Group Director of Corporate Affairs, Communications and Brand at this critical time, and as we navigate the coming months of the Inquiry.

With Phases 5 and 6 of the Inquiry now well under way, this continues to be an incredibly challenging time, with a significant increase in media reporting and scrutiny. During these combined phases, we will see 65 individuals providing evidence, including current colleagues, politicians, senior ex-colleagues, Fujitsu employees and campaigners. I remain fully committed to supporting the Public Inquiry so that we get to the truth of what happened, why and who was responsible. Most importantly, I am committed to ensuring we continue to deliver redress, in order that victims of the scandal can find some semblance of closure.

It is critically important that redress and Restorative Justice are served quickly and fairly to all those individuals who have been affected by the Horizon Scandal, that we rebuild trust and restore public confidence so that we can continue to fulfil our social purpose. That is why my focus - supported by our Strategic Executive Group, our Board, our Postmasters, and our partners - has been to continue to renew our culture and transform our business. We will shortly be launching refreshed behaviours to the business.

As I look back on 2023/24, it has been a very difficult year, and whilst we have faced – and continue to face – many challenges, it is also important that we celebrate our many successes as well. Not only did we exceed our revenue, trading profit and cost targets but we made progress in other areas particularly cultural change and our relationship and support for Postmasters:

i. We held our **Postmaster conferences in May and November**. These are always great opportunities to engage with our Postmaster community, where we can connect with the issues that are important to them and have a very valuable dialogue. The subsequent Postmaster survey, launched in the aftermath of the ITV drama, reflected the progress

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we have made to rebuild our relationship with Postmasters. We followed these up with a series of listening events this year.

ii. We **launched Parcels online and buy-in-branch** with new partners DPD and Evri, a first in 360 years of Post Office history. By offering multiple carriers, we are providing our customers and Postmasters with more choice and convenience, bringing us closer to our vision of a one-stop shop. Over the past year we have extensively extended the number of new carrier propositions across the network from around 7k to nearly 40k**.**

iii. Following the **'Save our Cash'** campaign, we were delighted that the Financial Services and Markets Bill, was given Royal Assent in June 2023; a huge moment for Post Office, helping to shore up our role in providing access to cash.

iv. IRRELEVANT, the UK's largest digital bank with over 9 million customers nationwide, IRRELEVANT IRRELEVANT. This is excellent news for our customers, who will now be able to access IRRELEVANT deposit facilities conveniently, and for our Postmasters, as it broadens the appeal of branches across the network.

v. We have made good progress alongside our partners Cash Access UK in rolling out **Banking Hubs** across the UK. Our Postmasters have really stepped up and embraced operating all **51 of the Banking Hubs** alongside their own branches. To go from single figures to more than 50 in just over a year is an amazing achievement.

vi. We **signed a new contract with** IRRELEVANT, allowing Vehicle Tax and Ten-Year Renewal products to be sold in branches until **IRRELEVANT**. We were able to ensure that Postmasters would receive fair remuneration, and that our costs for providing the services were covered. It is a huge success that we will be continuing to provide these services which are of such value to our customers and Postmasters.

vii. The **National Lottery licence** changed hands to Allwyn Entertainment, and we ended our direct involvement. It was all hands-on deck to manage the transition, and we achieved an excellent completion rate, with network feedback highlighting Postmasters' gratitude to the field team.

viii. It has also been a challenging 12 months for **NBIT**. A combination of funding, leadership and missed delivery deadlines have plagued the programme. Yet in February, we went live with pilot release 2.0 in Aldwych, a significant capability increase from the first pilot phase. I'm pleased to say that Release 2.1 is now live in both our Aldwych and St Johns DMBs, and I look forward to sharing updates in the coming weeks. We also continue to work with Postmasters on the design, build and training for the NBIT system.

ix. We continued our **partnerships with charities such as BBC Children in Need and the Trussell Trust**, raising thousands of pounds, whether through charitable fundraising or supporting donations through our branches, helping those who need our support the most.

I recently had the pleasure of meeting with Ofcom following our response to its Call For Inputs into the future universal postal service, to impress upon them the impact of proposed changes on our customers, Postmasters and communities. Whilst acknowledging Royal Mail's significant financial sustainability concerns, we have made a strong case for introducing new measures to improve the reliability and affordability of the postal service, which are fundamentally important to our customers. Building a relationship with Ofcom is particularly critical in light of the potential takeover of our largest client Royal Mail by EP Group. We are monitoring events closely, including IRRELEVANT

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Trading performance at the start of the new financial year has been mixed even beyond the timing of Easter and shorter weeks which make year-on-year comparisons difficult. In Mails, although we grew revenue, there was a drop-off in stamps in April due to high levels of buy-forward ahead of the Tariff increase at the end of last year. Yet, Labels are also down against an ambitious P1 budget. In Banking, ATVs are now stable, and we have seen double-digit volume growth in deposits as well as good growth in withdrawals and exchange. April was a record month for cash withdrawals and deposits, with IRRELEVANT processed through the Post Office network, demonstrating the growing importance of our services in providing access to cash for customers and businesses across the UK. Customers are still coming into our branches, they continue to value our unique proposition at the heart of communities, and our network availability continues to exceed 11,500 branches.

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We have had very strong response rates to our Colleague, Postmaster and Strategic Partner surveys compared to previous years. The completion rates were: 86% for colleagues; 83% for Strategic Partners; and 28% for independent Postmasters. While the results are very much reflective of the environment we have been operating under in the past few months, this rich data and feedback is critical to enabling our cultural change and shaping our future. We have shared the results right away with teams across the business, and functional action plans are being submitted by end of June.

Focus within the business is, unsurprisingly, turning to Phase 7 of the Inquiry. This will be a critical phase for today's Post Office. We will need to face into some extremely difficult decisions as we have had too over the past few weeks. The strategic review announced by Nigel will no doubt help us define the trade-offs that we must make and the uncomfortable truths that we cannot ignore if we are to deliver a sustainable long-term vision for the business, and also one that gives optimism and belief to our colleagues and Postmasters. The Board will no doubt need to consider this within the context of the Grant Thornton governance review. With so many different stakeholder groups and perspectives to consider, it is clear that we will not be able to please everyone. However, we must do what is right, and I and the whole Strategic Executive Group look forward to working with Nigel and the Board to address those tough choices and to deliver a bright future for Post Office.

REPORT

Finance

FY23/24 Full Year – Draft Financial Performance

1. Total revenue of IRRELEVANT was achieved over the full year FY23/24 which was IRRELEVANT above budget and 3.1% growth on PY, recognising that we had an extra week of trading this year. Much of the budget upside was largely a result of uncontrollable and unexpected factors such as the BoI Incentive Commission, the delay in the launch of competing Royal Mail products and the unexpected re-issuing of 700,000 expired energy vouchers – whilst a positive impact for the year, unfortunately none of these are expected to repeat in the FY24/25 Budget.

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2. FY23/24 Mails revenue of IRRELEVANT was c IRRELEVANT ahead of budget and overall 2.8% growth on prior year – with the delayed launch in Royal Mail's competing Tracked 24/48 products temporarily benefitting Special Delivery volumes with an offsetting impact in Labels and Acceptance; Stamp volumes continued to show resilience against the RM tariff increase compared to expectation and in the last month of the year we saw higher volumes in both International and Stamps as a result of a buy forward impact ahead of another tariff increase in April.

3. The media reported positively in Q4 on the record growth in personal cash withdrawals – indeed total Banking services revenue in FY23/24 of IRRELEVANT saw growth of 8.4% IRRELEVANT ahead of budget) due to both higher deposit and withdrawal volumes. Whilst we saw deposit limit regulations impacting average transaction values throughout the year, there is evidence that this is flattening out and the positive trend in cash continuing into FY24/25.

4. Conversely, we saw the negative press coverage having an adverse impact on Q4 PO Insurance Revenue – noting that despite this, FY23/24 revenues at IRRELEVANT were still IRRELEVANT over budget and 13% growth on prior year. We saw Travel Insurance sales recover slightly in the last month however Protection insurance sales were still lower despite media channels being turned back on by the end of the year. This remains an area of challenge with daily reviews of marketing and social media activity which has been significantly paired back since the ITV Drama aired in January.

5. Stronger revenue performance across high PM Rem generating products such as Special Delivery and Stamps as well as implementation of higher banking rates, have positively impacted Variable Postmaster Remuneration with IRRELEVANT generated in the year IRRELEVANT above budget and 9% growth on prior year) accounting for 51.9% of variable revenue (vs 49.5% in the prior year). This includes a IRRELEVANT additional one-off payment (~15.% of March trading which was paid out to Postmasters in April). All in all, this is a positive and encouraging strategic outcome with the YoY decline from Labels (lower Rem generating) being offset by other (higher Rem generating) products which have remained stable.

6. Fixed PM Rem of IRRELEVANT were (IRRELEVANT) below largely due to a conscious shift away from loss making and underutilised branches, IRRELEVANT This coupled with ongoing reviews of all fixed payments has delivered an overall reduction in both the number of payments made, and average value of payments made year on year and versus budget. The Rem Strategy will continue to be assessed and reviewed through FY24/25 and beyond.

7. FY23/24 full year Staff costs of IRRELEVANT were IRRELEVANT over budget, however, on an underlying basis were IRRELEVANT under budget - taking into consideration year-end adjustments, Bank Hub recharges, changing DMB budget assumptions and the unutilised CIO salary increase provision. This underlying position was driven by the vacancies that have been, and in some areas remain, unfilled across the business and continue to be monitored.

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8. Based on the original construct of the IRRELEVANT operating cost challenge, the initial full year view suggest we have achieved IRRELEVANT, with a gap of IRRELEVANT). However, since the Remco have approved the fungibility principles of classifying 'genuine and intended' savings achieved elsewhere towards the IRRELEVANT challenge, we are confident that there is at least IRRELEVANT of genuine and intended savings to fulfil the IRRELEVANT challenge e.g. intentionally not using the IRRELEVANT provision for CIO salary increases.

9. Taking into account year-end adjustments that are made in the last month of the year, these results translated to a full year trading profit in FY23/24 of IRRELEVANT above budget and IRRELEVANT under prior year). This is still a draft position that is subject to post-year end checks and the annual audit.

10. The Security Headroom (SH) position of IRRELEVANT at the end of March included £50m of higher client payables than forecast - largely driven by banking deposits. This swing in particular, highlights the susceptibility of SH to significant working capital movements (albeit a positive impact in this instance) and supports the need to operate within the Board recommended SH Buffer. Looking into FY24/25, the lowest point currently forecast is IRRELEVANT in Dec-24 (noting a recommended buffer of IRRELEVANT to be maintained throughout the year).

FY24/25 P1 - Flash Results

11. At the time of writing, the business is currently working through the P1 performance with the flash results showing revenues of IRRELEVANT ahead of budget and in line with prior year). Included within this, Mails revenue of IRRELEVANT was IRRELEVANT) behind budget from underperformance in Labels, driven by lower Second Class volumes and the delay in full deployment of RM Tracked 24/48 products to June-24. However, Total Mails revenue was 1% up YoY, with growth in non-RM carriers offsetting the decline in RM revenues.

12. Banking services revenue of IRRELEVANT had 9% growth year and year and was IRRELEVANT ahead of budget due to higher deposit volumes, a continued trend from Q4 FY23/24, as well as higher ATVs which have stabilised across both personal and business banking.

13. This stronger Banking performance has driven higher Variable Postmaster Remuneration of IRRELEVANT above budget), albeit partially offset by underperformance in Labels. As a percentage of Variable Revenue this was 49.7%, in line with budget but slightly down on 50.3% in PY due to the exit of Lottery.

14. Staff cost and non-staff cost overheads of IRRELEVANT were IRRELEVANT) under budget with IRRELEVANT of lower costs, partially offset by IRRELEVANT of unbudgeted costs. The business is currently investigating these variances and their implications, applying a lens of which of these can be 'banked' vs. timing differences.

15. This has translated to a solid first month and draft result of IRRELEVANT Trading Profit, which is 0.9m above budget and IRRELEVANT above prior year.

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Commercial

Mails and Parcels

16. Total P1 Mails revenue was IRRELEVANT behind budget and +1% vs. PY. Trading Profit was in line with Budget and +1% vs. PY.

17. Overall performance showed mixed results vs. an ambitious P1 budget, largely due to front-ended stretch on Labels. We expect to see improved trading to budget for the rest of Q1.
    i. The Labels performance was impacted by delays in RM Tracked rollout as well as lower than expected Second Class Label volumes.
    ii. Special Delivery saw gains from the late RM Tracked deployment, favourable price variances, and potential volume migration from Signed For Labels after the reduction in the compensation cover.
    iii. Pre-tariff buy-forward of Second-Class stamps in P12 was higher than normal leading to a higher than expected drop off in post-tariff purchasing in P1.
    iv. International revenue fell short of budget primarily due to lower than expected volumes of International Priority services.

18. The launch of RM Tracked on 2 April was delayed due to the commercial risk from the services including VAT and our commission applied ex-VAT. New commercials were successfully negotiated with RM that enabled us to launch the service. Currently there are 138 branches live with rollout of Tracked to branches (subject to a RM workaround of scanning issue) over the coming weeks. Results are being closely monitored. We are

IRRELEVANT

19. The digital ICDC solution for RM International items requiring customs data capture was successfully launched in P1 with the roll out for Parcelforce planned in the coming months.

20. Non-Royal Mail revenue exceeded budget due to a strong PUDO performance, partially offset by shortfalls in Buy-in-Branch. The number of live branches now stands at: Amazon 7,600, DHL 512, DPD 4,000 and Evri 2,500, with a plan to expand to a further 1,600 in the summer. We have had positive engagement with additional carriers however these new carriers will require additional investment and we have limited budget.

21. There is a risk that the introduction of Tracked products could cannibalise sales of Special Delivery and Evri products in branches.
    i. While Tracked 24/48 are anticipated to be popular, its impact on the overall branch mix will only be clear after a few trading periods. The Network team, alongside the Mails team, has carefully planned the launch, providing training and guides to help Postmasters protect existing income and optimise new opportunities from Tracked.
    ii. IRRELEVANT

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22. RM now has 700 stores live in the competing Collect+ network for drop-off and return services, with the intention to roll out to 5,000 locations by summer. RM Click & Collect will be rolled out in a future phase, with timing to be confirmed. RM has also gone live with 200 parcel lockers in partnership with Quadient, with the aim to have 1,500 in place by the end of the year.

23. After submitting our response to the Call for Inputs into the future of the USO in April, we held a follow up meeting with Ofcom to ensure our customer and Postmaster views are taken into consideration. Further meetings with Ofcom are being planned.

24. IRRELEVANT

Cash and Banking

25. Banking had an excellent P1, generating revenues of IRRELEVANT and trading profit of IRRELEVANT. Total revenue was up IRRELEVANT (+9%) vs. budget, driven by a strong performance in deposits. IRRELEVANT generated an additional IRRELEVANT of trading profit, +3% vs. budget. This resulted in IRRELEVANT of variable Postmaster remuneration, IRRELEVANT on budget.

26. Deposits have continued their strong growth through the first quarter of this year, with volumes benefiting from continued bank closures. IRRELEVANT also went live in April for deposits, averaging 27k new deposits per week from a standing start. The month-end week in April saw the highest volume and value for deposits ever.

27. 50 Banking Hubs are now open, with a strong pipeline of openings planned this year. We estimate 100 will be open by Christmas. We retain 100% market share for Banking Hubs.

28. The FCA has concluded its specific activity on anti-money laundering controls through the Post Office and will continue to monitor through business-as-usual activities. Their work has resulted in numerous improvements to bank controls, as well as the blunt deposit limit implementations. The FCA's analysis is that friction has been added to the deposit process without materially adversely affecting customers, to make it hard to launder through our network. While we still hear feedback from some Postmasters about customers hitting their limits, the feedback has quietened. We continue to encourage banks to review and adjust their limits in response to customer feedback. The FCA will now turn its focus on the PayPoint network.

29. The banks continue to make progress in developing their deposit machine service, albeit slowly. Lloyds and Natwest have integrated to the new service, with Barclays working on theirs. Other banks are expected to follow but the pace is slower than expected. We continue with the development of our own deposit ATMs but are impacted by the same slow engagement of banks. This has picked up in the last month and we hope to baseline plans for integration shortly.

30. The industry is focused on the upcoming implementation of the new Access to Cash regulations which are expected to be published by the end of June and become live in October. We are preparing for the new reporting requirements the FCA will have over us, and engaging with LINK and the banks on how changes to our network will be notified and addressed.

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31. BF4 negotiations will continue through this summer as the banks want more time to consider the proposal alongside the new regulations. The banks want clarity on what Post Office will and won't do to support them in meeting these new rules. This will focus on our

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Financial Services, International Money, and Payments

32. P1 revenue was IRRELEVANT, +1% vs. budget and slightly (-1%) behind previous year. Trading profit was +2% vs. budget and +6% vs. PY.
    i. Credit Cards performance was +173% IRRELEVANT above budget, reflecting the loosening of credit risk policy by the product provider.
    ii. Bill Payments revenue was negatively impacted by a IRRELEVANT accounting item which will be reversed in P2.
    iii. Insurance revenue was in line with budget. A strong Travel performance was offset by below-plan Home and Motor sales driven by product providers significantly increasing pricing in a rapidly hardening market.
    iv. Travel Money and International Money Transfer (IMT) revenues were very slightly behind budget.

33. Home and Motor Insurance pricing continue to be a challenge.
    i. Motor is likely to be addressed in coming weeks as a key panel member addresses capacity issues.
    ii. Home is very challenging with 13.5% rate increase already deployed and another 12% expected over the balance of the calendar year, but a materially higher profit share IRRELEVANT to budget) will be a mitigating factor.

34. The branch summer Travel campaign launched on 13 May and sales are picking up as we head towards Travel peak.

35. The current IRRELEVANT contract ends at the end of September and planning for the negotiation of a renewed deal is underway.

36. The procurement process for a new Loans provider continues. An initial set of meetings with potential providers has completed, and an Invitation To Tender (ITT) is due to be released at the start of IRRELEVANT.

37. We continue our discussions with IRRELEVANT (Home product provider) regarding a renewal of the deal ahead of IRRELEVANT contract end date.

Retail & Gift Cards, Government, and Identity Services

38. **Retail & Gift Cards:** P1 revenue was IRRELEVANT below budget, however profit was IRRELEVANT above budget. P1 P&L has income missing the IRRELEVANT external income accrual due to the materiality threshold policy. This will be posted in P2 once the YTD value exceeds the limit. Giftcards' trading performance was +4% vs. budget due to positive performance of Amazon and third-party cards (Apple, M&S and John Lewis being our top sellers). The YoY revenue for retail and giftcards is up 5%.

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39. **Government Services** revenue was flat against budget in P1. While Passports' performance was in line with budget with paper performing better than digital in P1 and +8% YoY, the DVLA performance was down 7% (IRRELEVANT) due to Vehicle Tax sales decline. UKVI performance was IRRELEVANT (13%) vs. budget in P1 and down 19% YoY due to changes to visa requirements preventing students and care workers from bringing dependents to the UK. Other Government performance closed P1 IRRELEVANT above budget led by stronger than expected Security Industry Authority (SIA) performance - 33% up vs budget and 29% up YoY.

40. **Identity Services** P1 revenue was IRRELEVANT below budget largely due to an 85% drop in the Document Certification Service (DCS) volumes from The Commission on Graduates of Foreign Nursing Schools (CGFNS International). This is as a result of Home Office changes to care worker visa policy banning dependents from coming into the country.

41. **UKVI** has confirmed that it is introducing digital biometric residents permits and will cease issuing paper permits by the end of 2024, thereby removing any need for a PO branch service after that date. UKVI has yet to share information on the migration plan to its digital service and the direct impact on PO income.

42. **HMPO:** Negotiations are continuing positively for a new IRRELEVANT to commence IRRELEVANT We are looking to improve our current deal with a minimum volume guarantee from HMPO to mitigate risk to fixed costs and to drive better working

IRRELEVANT

43. In June we will be launching a new initiative – 'National Check your Passport Day', to encourage citizens to ensure their passports are valid for summer holiday travel and to renew them at the Post Office if not.

Postmaster & Network

Delivering our Network Strategy

44. Network coverage remains strong with 11,772 branches trading at the end of April, including IRRELEVANT Drop & Collect (D&C). The headroom above 11,500 branches will help us with the challenges to network numbers expected this year (as set out in the 2024/25 business plan).

45. Last year, 468 branches closed, corresponding to a rate of 4.0% which was in line with 2019/20 and 2020/21, making the intervening years outliers. Churn rate in commercial branches was at 3.4%, compared to 5.4% for loss-making branches (7.9% churn rate within traditional branches).

46. We ended FY23/24 with IRRELEVANT high risk notices to leave (the same number as the prior year). "Financial Reasons" remain the greatest driver of churn. The number of leavers "Selling my business - not acquiring a further Post Office" more than doubled YoY, reflective of a particularly challenging general retail market.

47. Our continuous improvement programme to address loss-making franchise branches has delivered IRRELEVANT annualised benefits to date.

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48. Staff announcements on the proposed closures of Manchester and Eccleston Street DMBs took place on 30 April, with closures due in August 2024. Public consultations are taking place between 1 May and 12 June. To date we have received 96 responses to the public consultation in Eccleston St and 12 in Manchester. Local MPs were also briefed and adverts for self-funded Locals in both areas are now live on "Run a Post Office" website.

49. SEG have approved an additional IRRELEVANT funding for two proposed closures and one offsite franchise in principle. The SEG also raised the question of bringing forward Inverness due to the high cost of maintaining the roof in line with health and safety requirements.

Hard to Place

50. The deadline for potential new applicants closed on 31 March (extended from 30 September 2023).
    i. Out of the 69 Hard to Place (HTP) branches, we have replacements in onboarding for 38 branches, and 27 branches without a current solution. The remaining four branches are currently in process with a potential solution.
    ii. Of the 27 branches without a solution, 12 have already confirmed the date they would like to leave with the 12-months payment and the other 15 PMs are still deciding.
    iii. The NFSP is continuing to push for a change to the scheme rules, in particular extending the deadline of 31 March and increasing the payment for branches who leave without a replacement. We should expect continued media and stakeholder attention on this topic as the NFSP intensify their lobbying activities over the month ahead. Based on the discussion in November we assume the Board would not wish to revisit these decisions.

Remuneration

51. Remuneration for April trading is expected to be IRRELEVANT, down £0.7m vs. the same period last year, but the underlying position excluding Lottery is IRRELEVANT higher.

52. We estimate that Postmasters across the network are now earning IRRELEVANT p.a. more from Lottery.

53. Postmasters are now able to view all their data for the forthcoming Operational Excellence Incentive (OEI) on Branch Hub. Over the last two weeks we have also held engagement sessions with most of our strategic partners to launch OEI. We will be setting up an OEI disputes panel in advance of August launch, consisting of two Postmasters and two POL representatives.

Central Operations

54. The 2024/25 Air Traffic Control plan has been checked against the Business Plan and baselined at Retail Committee and will now be circulated to the business for reference.

55. Demand into BSC was 5% under forecast. Performance remained strong throughout P1 with 81.8% of calls answered within 60 seconds (target increased from 70% to 75%) and Postmasters waiting on average 51 seconds to speak with a member of the team.

56. Open reconciling cases are at their lowest level since reporting commenced in P1 2023/24. Volumes reduced 12% on prior period to 1,354, 61% lower than P1 last year and 25% below target.

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57. Investigation case resolution moved closer to target in P1 with 65% of resolved cases closed within 20 working days (target 70%). Open cases increased 29% period on period, rising to 1,032 (target 500) at period end. This is due to a change in measurement and process. The new process is still in its infancy and will be constantly reviewed to ensure it is working effectively for all. As a result, the number of cases awaiting triage fell 82% vs. P12 to 61 open cases.

Postmaster Engagement

58. The Postmaster NED application process has now closed. 25 Postmaster applications which are being reviewed ahead of the next stage with Green Park.

59. Two very successful listening groups were held in London and Leeds, with c. 60 Postmasters asking direct questions to Me, Owen and other senior leaders, covering the broad topics of: Remuneration; PUDO; Postmaster engagement and inclusion in decision making/change management; network structure and models. Plans are in place for further localised events across the country over the next few months.

60. The annual Postmaster Survey results received with 1,917 completed surveys (our best response rate yet at 28% of Postmasters). Two key KPI's measured, with 'Top 2' box scores (from a range of 1-7):
    i. Relationship 22% (up 3% YoY)
    ii. Support 29% (up 5% YoY)

61. The contract reform project is underway to update the wording in contracts.

Retail Field Teams

62. During April, the retail field team completed a total 4,025 branch visits, made up of 2,816 Commercial Excellence visits and 1,209 Operational Excellence visits.
    i. Commercial Excellence visits have focused on Mails, maximising the 'Buy in Branch' opportunity, and making sure that we are well set up to trade the travel market.
    ii. Operational Excellence visits have continued to be driven by NORM data, supporting branches with effective cash management, transaction corrections and with review and dispute usage. The field team have also supported the launch of the Operational Excellence incentive with Postmasters whilst on visits.

63. In March we held three team events (Area Managers and Strategic Partnerships team, DMB Branch Managers, Operations teams) to ensure that all teams are well set up to deliver on our plans for 2024/25. The events focused on upskilling our teams on key commercial and operational areas, particularly in mails and included sessions focused on personal development. Overall, feedback was positive from attendees.

64. We have launched a new tool for use by all field teams 'Branch on a Page'. This is our first step towards simplifying our approach to branch visits and consolidating a number of reports into one place, providing a 360 view of a branch. The first version includes operational excellence data, with further development underway to bring in travel, banking and mails reporting.

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65. We launched Tracked 24/48 into our DMB estate on 23 April, then into Rymans and a small number of independent branches on 30 April. We plan to launch this into the rest of the network in two phases in May and June.

66. Perfect day on 14th May saw a 121% increase in participation from colleagues. This remains a great opportunity to engage Postmasters and assess the impact of the Travel summer campaign and marketing collateral.

Strategic Partnerships (SPs)

67. P1 finished +1% vs. target and +3% YoY. Sessions finished +4% YoY supported by the opening of 8,818 PUDO access points last year, bringing new customers into our partner branches. P1 trading REM came through +2% YoY, excluding Lottery.

68. Our annual Strategic Partner Engagement Survey ran in March and delivered another set of excellent results. All metrics improved YoY with overall engagement improving to 4.2/5 and our partners rated the engagement they receive from Post Office as better than other partners they work with scoring at 3.9/5 (+0.5 YoY). This is an outstanding result given the backdrop of the Inquiry and related media and demonstrates the strength of the relationships that have been built with our partners over the past year.

69. Our quarterly partner forum was held in April, providing the opportunity to update partners on Post Office full year results, mails developments and travel opportunities for the peak travel season. For the first time we introduced a 'spotlight' on a partner following engagement survey feedback. The updates were well received, with above average attendance across all our key partners and positive feedback on the content and transparency from the presenters.

70. Following the launch of the Op Ex incentive as part of the REM announcement, training sessions with all partners have been completed, enabling them to maximise the opportunity to achieve a full REM payout from September.

Supply Chain

71. Weekly average of cash inflows in P1 was IRRELEVANT/week, indicating an upward trend and above the 2023/24 average of IRRELEVANT/week.

72. YTD 100% of available deposits were processed on Day A in cash centres, ahead of the 95% target. Productivity in cash centres continues to improve with P1 at 15.32 pouches/hour, above the average for last year of 13.7/hour.

73. CIT achieved QofS of 98.61% in P1, ahead of the 95% target and last year's performance.

74. Bristol Cash Management Call Centre grade of service was 72.68% vs. a target of 70% and customer satisfaction was 86.67% for the period.

75. We received 17 Complaints in P1, down from last period, with no "Staff Attitude" complaints for the period.

76. We had 36 security incidents in P1, up by 14 YoY. There were five successful robberies (same as last period) and 16 successful burglaries (up eight from P12).

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77. Project Darwin (Swindon stock outsource) has moved from green to amber owing to tight IT testing timelines as a result of project delays. However, the first leavers have exited and the programme is in flight.

Customer Experience

78. On 13 May we launched our new summer travel marketing campaign "Get Holiday Ready". Alongside branch materials, we are raising awareness with customers through press and radio (launched on 27 April), supported by social and digital media over the summer months.

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79. We launched the #SocialMasters social media advocacy programme at the start of April to replace "We are Post Office". In April we saw a 46% increase in Postmasters signing up (from 150 in March to 219 in April), of which 203 were active users. We have an extensive engagement plan in place, encouraging more branches to get involved and use the resource.

80. We are continuing the consolidation of insurance contact centres.

Strategy & Transformation

DBT Funding

81. Discussions with DBT on Funding for SPMP are ongoing. Having submitted a Programme Business Case in mid-March in line with guidance agreed with DBT in December 2023, the request was given a Red rating by DBT "keyholder" officials. Two assurance reports were commissioned from the Infrastructure Projects Authority (IPA) and Public Digital and both have reported; the IPA have also assigned a Red rating and the Public Digital report has no rating though together they make a total of 28 recommendations. The DBT Investment Committee – a key decision point prior to HMT approval – was unable to make a decision, deferring approval to the PermSec. We understand the PermSec has requested that POL prepares an action plan for both the IPA and Public Digital reports before he agrees to the Programme Business Case being submitted to HMT. This makes securing funding before current approvals expire at end-June now impossible and so we are working with DBT on a way forward to ensure already approved spend for later in FY24/25 can be used on SPMP while discussions are continuing.

82. While this resolves an immediate pressure, it loads significant risk onto SPMP which, until funding visibility is secure, cannot re-engage and ramp up activity in line with the plans submitted to DBT. The more time passes, the less deliverable the plan we submitted to DBT for approval becomes. Finally, it is clear that DBT are unsighted on the process we must now follow to secure an approval and while they are being supportive / collaborative, it is particularly challenging that they seem to be working out what the process looks like "live". It is worth noting that both the IPA and Public Digital recommend proceeding with Horizon Replacement since not proceeding presents POL with far greater risk and our current pace of progress is not aligned to this position.

Strategic Review

83. Following Nigel's appointment earlier this month a Strategic Review for POL is being stood up and is expected to commence work in very early June. Further information on this review will be covered under a separate Board agenda item. The current plan is for it to report in three phases, in late June / early July, in late July / early August and in late August / early September. The intent is for the work to be developing in time for the

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submission of witness statements to the POHIT Inquiry for Phase 7 and to be reporting before the start of this phase. The second phase of DBT's policy review with Grant Thornton is ongoing, and we expect that POL's Strategic Review will be a complement to this.

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Change Spend

84. P1 change spend for active projects was IRRELEVANT (excl. settlement), IRRELEVANT below our Budget, with the variance mainly due IRRELEVANT underspend on Gross Other Change Spend (self-funded by POL), IRRELEVANT underspend on Remediation and Inquiry activity and IRRELEVANT underspend on Replacement of Horizon programmes (including SPMP), partially offset by IRRELEVANT) corrections to accounting provisions for vacant leaseholds and onerous property contracts. Of the IRRELEVANT variance to budget, IRRELEVANT relates to Optimism Bias and Indexation contingency amounts which were in budget (per HMT business case requirements) but were not utilised, and the remainder is predominantly driven by delays or rephasing of spend.

Inquiry

Inquiry Phases

85. Phases 5 and 6 commenced on Tuesday 9 April and focus on the critical issues of governance, culture, ethics, procedural issues and 'who knew what when'. Currently three weeks in, there has been some slippage to the Inquiry's timetable.

86. The Inquiry team continue to focus on Phase 7. The Board will be invited to sign off the proposed approach on 4 June.

87. The POL Inquiry team are anticipating that the Rule 9 for the corporate statement will be received in June, with submission to the Inquiry in July. A paper will be prepared for the 4 June Board to seek any decisions required for this, engaging stakeholders outside of the meeting as necessary to help facilitate this.

Disclosure Remediation

88. POL's approach to disclosure has matured since previous Phases; our most recent productions to the Inquiry have stripped out all exact and near duplicate documents, which reduces the volume of information being disclosed to the Inquiry significantly.

89. Residual challenges remain with the large number of documents which are still being produced through the remediation of issues identified in 2023, as well as more discrete issues relating to documents relevant to Phase 5 and 6 witnesses. The Inquiry are applying a critical lens to any disclosure issues.

Data and Disclosure

90. The Inquiry Team has completed POL's e-Data assurance review which, combined with the previous hard copy data and e-Media reviews provides POL with a high level of confidence and understanding of its Data Universe.

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91. The recently concluded workspace consolidation project delivers a range of benefits including reduced duplication and quicker, easier, and more effective searching of data both for the Inquiry and, in the future, for other business as usual purposes.

Third party suppliers

92. The Inquiry Team continues to engage with ISC on the strategy to deploy with each of our key 3rd party suppliers (HSF, KPMG and P&P) in relation to costs associated with disclosure errors.

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Media and Communications

93. Media interest in the Inquiry remains high, with live commentary running almost daily. The Inquiry team is working closely with Corp Affairs to agree lines to take in advance and separately to support rapid responses, where coverage is inaccurate.

Remediation Matters Unit (RMU)

Strategic issues

94. The key strategic issues are;
    i. All permanent colleagues in RU, excluding the RU Legal Team, have this week been asked to complete a 'preference letter' to assist in understanding the appetite for redeployment or Voluntary Redundancy, in order to better understand how RU reorganises to ensure redress can be paid to Postmasters as quickly as possible.
    ii. RU continue to assist MoJ by providing responses to data requests relating to the Bill. The most pressing request relates to PM employment start and end dates, which the MOJ have requested to be provided within a week (an extremely tight timescale).
    iii. A revised methodology to include P&A frauds and other similar offences within the number of pre-Horizon investigations, prosecutions and convictions, has been agreed. This decision will affect the outcome of any comparison drawn between pre-Horizon and post-Horizon conviction figures.

Overturned Convictions

95. As at 8 May, OC comprised 103 Overturned Convictions and 7 Prosecuted Not Convicted (PNC) claimants. Initial interim payments of £163k have been made to 99 of the OC cohort, with the remaining having received an offer, are pending application, or settled via upfront offer prior to payment. Some 42 of the OC claimants have reached full and final settlement, with 38 via £600k upfront offer acceptance, four via full claim assessment, and one PNC. In total c.£43m has been paid in redress via OC, comprising c.£26.5m in full and final settlements and c.£16.5m via interim payments to live claims.

96. Discussions with Legal representation regards OC proactive disclosure have continued, with full information example packs sent to representative Law firms. Initial feedback on the pack content was that it provides sufficient detail with which to assess the applicability of the upfront offer or particularise an assessed claim. To date, all OC claimants who have submitted particularised pecuniary claims have either received SharePoint file disclosure and branch file disclosure or will be provided this disclosure when POL issues its pecuniary offer.

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97. POL understands that the planning and standing up of the DBT Horizon Conviction Redress Scheme (HCRS) continues to progress at pace, although the specifics regarding timings, approach, and any transition period (from OC) have not yet been communicated. POL's current working assumption (for FY24/25 budget planning purposes) is in line with the HMG statements, that the Post Office (Horizon System) Offences Bill will be passed before the 24 July 2024 Parliamentary recess and, accordingly, that HCRS will also be Operationally ready to manage the resulting redress claims.

HSS

98. At the end of April 2024, POL had received 1,649 late applications of which 846 have had eligibility confirmed and 372 outcomes have been issued to late applicants.

99. 1,219 of the 1,649 late applications were received in 2024. Prior to this, POL was receiving applications at an average rate of c.20 a month and were resourced accordingly. While the pace of new applications has slowed since the peak in January 2024, we are still seeing c.35 new applications a week. Resource requirements are being reviewed in light of this and the expected further uplift in application volumes following: a) the £75k fixed sum offer announced in Parliament on 13 March 2024; and b) POL's expected mailout reminding PMs who have not yet applied to the Scheme to submit an application.

100. A growing number of PMs who have settled their HSS claim are also asking to have their claim reopened. The expected introduction of an Appeals Process may allow previously settled claims to be re-opened, though discussions as to the exact nature of the appeal process continue.

101. The implementation of the £75k Fixed Sum Offer is dependent on a number of key activities, not least of which is the funding commitment letter from DBT.

GLO

102. POL remains on target with disclosure and SFA requests. 401 disclosure requests have been completed against a target of 400, and 143 SFA requests have been completed against a target of 138.

103. Freeths have expressed positive views about the information contained in SFA's provided and have now requested that POL provides a view on the potential outstanding amount the Postmaster is due in redress. This reflects the level of trust which has been built between Freeths and POL.

104. The GLO operational resource plan is being reviewed against workload and against the assumed workload and resource required in OC2 to ensure a clear and understood way forward can be agreed.

Criminal

105. Continued assistance is being provided to the MOJ in response to data requests relating to the Bill. The most pressing request relates to PM employment start and end dates.

106. There remain 5 live appeals in the CACD, all of which are opposed by POL. Only one of these appeals has been given a listing for a substantive hearing, which is due to take place in the w/c 22 July 2024.

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107. There are 5 live appeals in the Crown Court (referred by the CCRC). These have been listed on 22 May 2024. A further 2 are expected to be referred and listed on the same date. All of these referrals are "concede" cases.

108. The references of the two deceased appellants' convictions are listed for legal argument regarding jurisdiction on 21 May 2024. The Attorney General served representations on 8 May 2024 and has appointed Counsel for the hearing.

109. There remains one contested live appeal in Northern Ireland. It is anticipated that this case will fall within scope of the Bill.

110. In relation to Scotland, the Crown have asked a series of questions in relation to a HSS claim linked to a live appeal. Senior Counsel drafted a response which was reviewed both internally and externally and then sent to the Crown on 9 May. It is hoped that this will allow the Crown to take a decision in relation to the appeal which will bypass the need for POL to decide whether to assert privilege over a number of documents that relate to a live HSS claim. The latter is a decision for HMC/RC and a paper on this is currently being drafted.

111. A new appeal is expected to be referred by the SCCRC to the Scottish High Court imminently.

112. POL continues to prioritise competing disclosure requests. There have been some delays in meeting agreed deadlines with the SCCRC and internally in relation to HSS applicants. Parties are being kept updated and P&P are confident that the majority of the end-of-May deadlines will be met.

113. MPs has requested all of the material that POL have submitted to the inquiry. P&P have drafted a substantive response which is currently being reviewed by POL Legal.

Suspension Remuneration Review

114. As of 13 May 2024, 974 offer letters have been sent, of which 640 have been accepted. Payments have been made on 590 of the accepted cases totalling £7.84m. CL claims have risen to 57.

POL Process Review

115. The launch of the POL Process Review (PPR) has been delayed:
    i. We had difficulty in finding a firm willing to take on the assurance work on the PPR data and process. Deloitte, who assured these aspects in the SRR, declined the instruction for PPR. We now have a way forward with Mazars undertaking the work and reporting under the POL Internal Audit banner. Pinsents will perform the legal assurance required on consequential loss principles, although we anticipate few consequential loss claims.
    ii. DBT have asked several questions regarding how claims below the £1.2k de minimis are validated. We have now agreed a way forward and DBT have approached HMT to request that the pilot redress payments are exempted from certain of the funding agreement terms. We now hope that the pilot mailing of 120 postmasters will take place in May.

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116. The aim of the pilot is to test our communications, application process and the nature and level of claims made. We will then build the learnings from the pilot into the final PPR operating model with the aim of launching the main process in Q3 2024.

117. A separate paper is being presented to SEG on areas that fall outside the scope of PPR. This includes how claims made for shortfalls in the HNG-A period leading up to the review and dispute process being introduced in April 2021 should be managed. Currently, HNG-A claims are outside the scope of HSS. It also includes non-Horizon wrongful termination claims. We believe that a collaborative approach between RU and BAU teams can provide a solution to review these cases and recommend how they should be addressed.

118. We are finalising a proposal on how we address postmasters who we have asked to pause making payments against their pre-April 2021 outstanding balances. The paper will also make recommendations on what should happen to pre-April 2021 balances that are still outstanding where no payments have been made.

Capture

119. Our investigation into the Capture software package has continued since the last report. We believe that the maximum number of users was 2,500 based on the number of copies of an update disk made in 1998. We now have a list of circa 25 ex postmasters who may have suffered detriment and say they used Capture software. Hudgell claims to be representing 35 Capture users and we have asked them to provide their list.

120. DBT are in the process of appointing an independent forensic accountant to review the information we have obtained, perform any additional work required and opine on Capture being a cause of postmaster detriment.

121. Two Capture users have requested the CCRC to review their prosecution cases. We are working with Peters & Peters to provide the information the CCRC require.

122. Currently, Capture cases are not included in the draft mass exoneration legislation.

Finance Update Budget 24/25

123. At P1, RU are IRRELEVANT under budget due to the timing of mediation/arbitration events. Whilst this is currently forecasted to catch up, the risks associated cost profile of the HSS £75k Offer mean this expected to change significantly. Moreover, the impact of OC Mass Exonerations and the formation of the Horizon Convictions Redress Scheme (HCRS) are still to be understood and quantified and remains outside of the current budget forecast.

Legal, Compliance, Assurance and Company Secretariat (LCAS)

124. LCASR continue to be concerned that they have insufficient funding and resource to effectively deliver the required service in line with Board risk appetite and professional standards. LCASR has requested additional funding of IRRELEVANT from Opex Committee, of which c IRRELEVANT has been secured to date. The Engagement Survey results for LCASR highlight the additional level of strain the function feels compared to the PO norm (a 14 point difference).

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Group Risk

125. Our Risk Register continues to highlight the following areas:
    i. Technology: End of Horizon support agreement and suboptimal Belfast datacentre resilience levels; moving the network from copper to fibre; branches being unable to process Paystation transactions. As noted at RCC, SPMP programme deliverability should be considered as a key risk.
    ii. Cyber Security: Inability to prevent and recover from cyber or ransomware attacks.
    iii. Legal: Non-compliance with legal and regulatory risks; inability to retain or attract talent and poor business planning / sub-optimal engagement by business.
    iv. Governance: Ineffective enterprise governance in place.
    v. Financial: Tax exposure from IR 35.
    vi. Data Management: Management of data across the organisation is poor and leads to a number of risks including legal non-conformance and missed opportunities e.g. to leverage technology to create efficiencies.
    vii. Operational: Inability to improve branch profitability; inability to identify, investigate, resolve and treat discrepancies with fairness in the network.
    viii. People: Adverse impact on people's wellbeing.

Group Compliance

126. On 30 April 2024, POL was notified by the ICO that it will be issued with a Practice Recommendation (PR) due to non-compliance with deadlines for responding to FOIs. The ICO have submitted questions to POL. These together with the responses from POL (which are due on 17 May 2024) will form the basis of the PR. The ICO will provide us with a copy a couple of days before it is published on the ICO website (anticipated to be end of May). Public Affairs and Comms are briefed. Detailed plans are being worked through to bring POL into compliance with the Publication Scheme.

Group Legal & A&CI

127. There are several ongoing material investigations involving or connected to senior members of the organisation or key projects such as RU and NBIT. The volume, complexity and sensitivity of material investigations has necessitated external support which has an associated cost. Management continues to review internal vs. external resourcing.

Group Assurance

128. The status of the risks and controls assessed by Group Assurance for legacy matters remains RED and has significantly deteriorated since our last update in March, predominantly driven by Retail.

129. Retail have closed only c.15% of the actions identified in the 2023 CIJ Assurance reviews which aimed to ensure POL can demonstrate sustainability and impact on PMs. Group Assurance believe this highlights a risk that POL may not be able to demonstrate conformance to CIJ.

130. The HIJ Assurance review recommenced on 2 May, however none of the 4/15 HIJ areas and related artefacts provided by the Technology team has passed the assurance test.

131. SPMP Assurance:
    i. Progress on delivering the initial four reviews is very slow and a risk remains that we may not be able to deliver the assurance program owing to either capacity or

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lack of expertise within SPMP Assurance. Recruitment has commenced to hire two additional resources within SPMP Assurance, and this risk is being closely monitored.

ii. Whilst key building blocks to assess the risk profile of SPMP (vis-a-vis the release strategy) is now in place, this has not been brought together in a homogeneous manner to provide a response to ARC.

iii. Both PD/IPA Reports highlight systemic issues in the programme and signal that they have low confidence in delivery in its current state. IPA state 'it is clear that POL does not have the artefacts and compliance information for reviewers to reply on'. We are considering whether it would be sensible to pause all Assurance activities (4-5 in flight) as they have provided an opinion on what our outcome would have been. If agreed, Assurance resources would be diverted to ensure business response to these reports is robust and objectively assessed.

Company Secretariat

132. The draft Grant Thornton (GT) Governance review has been shared with the Board and currently no further.

133. GT's external Board and Committee Evaluation is expected imminently and will be considered at the June or July 2024 POL Board meetings.

134. UKGI have indicated that the review of POL's Articles of Association along with the Shareholder Relationship Framework Document has been instigated. We await revised drafts from the Shareholder team.

Technology

Core Service Performance

135. **Branches unable to trade**: The branch-down figure has stabilised from a peak of 13 in January down an average of 8 over the last three months. The Enterprise Operations second-line support team has integrated into the Copper Stop programme to help control and minimise the impact on branches that have been affected by the switch-over to new fibre network links. Through this close working we have been able to reduce the number of branches unable to trade and provide dedicated 1-2-1 support for Postmasters.

136. **IT Major Incidents**: In April there were nine major incidents, six of which had a direct impact on branches. These included: two directly linked to reference data changes; one that lost a full day's trading across the SSK estate; two caused by Scottish Power; and a loss of in-branch Evri transactions due to a failed change.

137. **IT Service Desk Update**: There were 7,215 calls into our Technology Service Desk in April with 95% of all calls answered. 80% were answered within our 60-second SLA and abandoned calls at only 4% which is the lowest the desk has seen in two years. Call wait times were 56 seconds and Web Chats 49 seconds. Customer Satisfaction remains excellent at 4.37/5.

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Cyber Security

138. The global cyber threat continues to grow with a number of high-profile vulnerabilities and successful attacks being published in recent months. Our cyber operations have provided effective defence against incidents experienced despite that continued increase in the global threat, with 1,425 incidents being closed in the month. This is an increase vs. recent months as a result of additional monitoring. One critical vulnerability that was being actively exploited globally was identified on IRRELEVANT used in the estate. The IRRELEVANT

139. In February, we conducted two phishing exercises: a traditional password reset simulation and a more complex holiday policy change exercise. The results indicate that our current approach to awareness is insufficient, with 28% of people clicking on the more complex link. The cyber security maturity programme contains several initiatives aimed at improving this.

140. A new Chief Information Security Officer (CISO) joined on 18 March and has assessed the planned maturity programme, making some further amendments to ensure that plans are included for all areas where our current cyber security provisions are inadequate. The business case for this improvement programme is due to be presented to the next Board in June

Horizon Live Services & Fujitsu Contract

141. Horizon service remains stable with no major issues for live services. The risk around additional use of some user journeys (being put under pressure by additional mails transactions) are being actively managed.

142. Discussions with Fujitsu on an extension to Horizon support services are ongoing with no clear commitment by Fujitsu to extend beyond IRRELEVANT DBT and broader government are supporting these discussions, and a formal request has been made by POL to generate a request from HMG that Fujitsu extend the agreement.
143. Contingency and transition planning is underway to ensure a successful exit from FJ services over time. Overall legal advice on the PCR aspects of the extension is due to be updated to POL Board in June.

144. Phase 7 POHIT Inquiry preparation is underway.

SPMP / NBIT

145. Overall, the SPM Programme continues to struggle. Some progress has been made on the finalisation of the integrated plan and future release model, although residual uncertainty persists due to ongoing business case resolution and approval.

146. This reporting period has been dominated by the facilitation and production of the two external reviews conducted by the Infrastructure Project Authority (IPA) and Public Digital (PD) in support of the new Horizon replacement business case approvals. The output reports of both are now published to SEG and working groups have been created. This ongoing activity will be supported by SPM staff over May and June.

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147. Delivery continues unabated with the go-live of Release 2.1 into the Aldwych DMB on 1 May. A subsequent go-live was successful in St Johns on 9 May. While there is a minor delay to the plan, we are making progress towards the target rollout to five DMBs by the end of Q2.

Supplier Management

148. **Accenture:** Back office and CDP re-procurement board paper, as part of the BOOM programme, has been moved from June to July Board. It is acknowledged (with all key stakeholders) that this will reduce the time available to develop and run the tender/re-procurement as the contract end date is IRRELEVANT ITSSM continue to work closely with the programme on the business case with a view to obtaining additional resources to support the requirement drafting and tender process to mitigate the shortened period.

149. CDP application support charges are being negotiated for a prepayment deal:
    i. Charges are IRRELEVANT with a proposed IRRELEVANT reduction for the year if prepaid.
    ii. IRRELEVANT

150. **Ricoh:** POL will be IRRELEVANT (no further extension options available – IRRELEVANT. Ricoh proposal received on 9 May is not in line with current POL expectations and budgets. Ricoh and POL teams continue to negotiate, reiterating POL requirements.

151. **Barcode Warehouse:** An extension eCAF is in progress for managed service portable PDAs and printers for Swindon. Procurement has approved this and Cosec approval is anticipated by 10 May.

152. **DCX:** Following SEG and Board approval of the contract extension in March, the EUC service extension notice is in progress and will be signed by mid-June, extending the service to IRRELEVANT

People

153. The rebuild of the People team following their restructure continues. New appointments are starting to land which is easing workload pressures.

Equity, Diversity & Inclusion (ED&I)

154. A new Head of ED&I will join from 1 July to strengthen capability and resource in the team. The ED&I strategy 2024-2028 is due in July 2024.

155. ED&I survey results (within the Annual Colleague Engagement survey) will be shared with colleagues in May and shared with the Board in June.

Talent

156. A revised performance matrix will be released following the launch of Leadership Behaviours at the Colleague Conference in June.

157. Graduate Scheme applications remain aligned to last year with over 2,600 submissions across Technology, Commercial, Retail, People & Finance. Assessment centres will be held in the summer to recruit 11 graduates to join the business.

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158. A Sustainable Leadership Programme will be delivered later in 2024/25 to support development needs of the leadership population.

159. Compliance completion rate across all mandatory modules is 98.6%.

160. Post Office Manager programme Cohorts 1 and 2 concluded in May.

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Reward

161. STIP 24/25 will be launched in late May. For senior leaders, this features 75% weighting towards Postmaster-aligned metrics (cost control, product diversification and mails and banking revenue), and 25% on improving colleague engagement. LTIP 24-27 is being finalised for Remco approval in June.

162. Project Assurance mediation took place on 27 March, where we settled with RMPP Trustees in respect of disputed costs.

Organisational Design

163. The consultation period for the new People structure has now finished and recruitment for the new roles continues.

164. The revised Technology TOM is now in place to reduce duplication and create further opportunity for consolidation of Band 4 roles. There has been IRRELEVANT annualised cost benefit from removal of direct and contractor resources at SLP/ Band 4 to date.

165. A high-level overview of the central cost opportunities in 2024/5 was presented to the Minister in April. This was accompanied by an overview of the cost of organisational change for Post Office as a result of Union agreements.

166. A baseline assessment has now been completed of the existing organisation. The baseline measures taken include spans of control, organisation layers, proportion of managers in the headcount and the number of grade compressions and 1:1 reporting relationships.

Ethos and Colleague Engagement

167. The new cultural blueprint for Post Office was presented to the Leadership Team in March. The blueprint will be embedded in the 2024/25 business plan and deliverables and launched to colleagues in June.

168. The Code of Business Conduct will be presented to the Board for approval. This incorporates the new blueprint, ethical decision-making framework and 'Yes check'.

169. Annual Colleague Engagement results will be shared with all colleagues on 15 May. Action plans will be completed by 28 June and results taken to Board in June

Wider Updates & Key Issues

170. Action relating to all categories of employees linked to alleged wrongdoing or past roles delivering in line with approved scope and timelines.

171. Pay Zone integration project completed, and colleagues transferred to POL on 1 May 2024.

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172. A Contractor Review Project has commenced as a result of risks around IR35, and procurement issues have been identified with the existing contingent labour contract. A plan to modify the existing contract and sourcing strategy will be presented to Board in June. The Audit and Risk Committee will be updated as the project progresses.

173. Unite pay award likely to be put to ballot in time for June implementation. Final offer of 3.75% in line with CWU, against an expectation from Unite of 7% pay increase.

4

Conclusion

Even in the wake of the Public Inquiry and the intense scrutiny the business finds itself under, there remain positives. Trade and footfall continue to hold up, suppliers want to do business with us and Postmaster sentiment remains resilient. Yet, colleague morale at a senior level is buckling. This should come as no surprise. The revelations and subsequent media reporting on the behaviour and leadership of our predecessors has flowed through and damaged today's business. We have struggled to differentiate the past from the present. Postmasters recognise this too and it was clear that the future strategy of the Post Office, the investment in brand rebuilding and the fear for their own businesses were the central themes at the NFSP conference attended by Minister Hollinrake and I. We will need to focus upon this as the Inquiry finishes its oral evidence in the autumn.

Yet, the building blocks are there – mails, banking and travel all have positive strategic outlooks, even if we will not enjoy the platform product dividends of last year nor the bill payments surge of the previous two years. Nevertheless, we will roll out 'buy in branch', accelerate 'parcels online', Banking hubs and further automation into the Network alongside our operational excellence incentive.

The immediate focus however will be on Phase 7 and ensuring we can convey to the Inquiry and the media that we are addressing the shortcomings of the past. Additionally, we must make progress with the Horizon extension and an NBIT funding solution. The strategic review will be a good opportunity to establish alignment with our Shareholder and get real clarity and support for our longer-term vision, purpose and the strategic intent of the Post Office. The finalising of the Mass Exoneration Bill will also enable us to accelerate our support for Government and their plans for Postmaster redress. This will ensure justice is delivered more quickly.

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Cover Page

Title:	**P1 – Financial Performance Overview**	**Meeting Date:**	**4th June 2024**
Author:	Asha Patel – Director of Financial Planning & Analysis	Sponsor:	Kathryn Sherratt, Interim CFO

5.1

Input Sought: Noting

The purpose of this slide deck is to provide details and analysis on the Period 1 financial performance.

The Board are asked to note the P1 performance – which at the Board's request now includes a monthly update on financial considerations for wrongful trading.

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Executive Summary – P1 Financial Performance

LOAN UTILISATION

At the end of April, IRRELEVANT of agreed DBT funding across RU/Inquiry and Replacement of Horizon programmes has not been received. This has resulted in liquidity pressure with IRRELEVANT drawdown against the IRRELEVANT Working Capital Facility (WCF), maintaining the IRRELEVANT Board approved buffer, and a IRRELEVANT drawdown against the additional Notes Relief Facility (NRF), at which there is an increased risk of incurring Base rate interest. Whilst Security Headroom remains positive (as funding has been agreed by DBT and therefore accrued), the WCF is likely being used to fund change spend – against its intended purpose and therefore potentially a breach of the purpose clause. The timing of cash receipts has been escalated to the relevant people at DBT with ongoing discussions to find a solution to help ease pressure on our cash position.

5.1

WRONGFUL TRADING – FINANCIAL CONSIDERATIONS

Since the Wrongful Trading update provided to the Board in January-24, financial considerations have been assessed with regards to monthly financial information, funding and support from DBT and utilisation of other facilities. In terms of substantive updates, the timing of receipts from DBT alongside other additional pressures in the business (Inquiry, £75k redress payments, past roles, SPMP business case etc) is adding pressure on the utilisation and purpose of the WCF. Whilst there are ongoing discussions with DBT around timing of cash receipts, the Board, under a separate paper, are requested to reduce the WCF buffer from IRRELEVANT to help ease the pressure on the WCF. With the announcement of the general election, there is consideration whether this may impact DBT's ability to commit funding for uncommitted items.

TRADING AND CHANGE POSITION

P1 revenue and Variable Postmaster Rem were both broadly in line with budget. Trading Profit of IRRELEVANT was IRRELEVANT ahead of budget largely driven by opex overheads being IRRELEVANT under budget - the full year implications of which will be identified through a 2+10 forecast that will be conducted across the business in June.
POL funded 'other' change spend of IRRELEVANT was IRRELEVANT under budget largely due to timing/ invoicing delays on Project Darwin (outsourcing Swindon) and ATM Banking Strategy. These are expected to be caught up in Q1 with no projected impact on budgeted benefits. In May, the SEG approved a IRRELEVANT drawdown against the IRRELEVANT unallocated 'change pot' to fund further DMB Exits, with consideration to objective allocation principles, and to optimise the value of the cost reduction programme.

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Wrongful Trading – Financial Considerations

Our utilisation of the DBT loan is being put under pressure by cash shortfalls in funding, particularly with regards to Horizon replacement. No other material financial changes have been noted from the update provided to the Board in January.

- Considering the following financial items:
  - Review of financial information
  - Funding and support from DBT
  - Other facilities

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We have identified 1 material financial change from the wrongful trading assessment presented to Board on 30th January 2024:

- There is a risk to higher loan and NRF utilisation due to the timing of cash funding receipts from DBT. The table below shows POL has paid out IRRELEVANT in spend, with funding not yet received from DBT.
- IRRELEVANT funding for Horizon replacement was requested in April, agreed with DBT on 3rd May and is due to be received on 3rd June.
- A separate paper is being presented to Board to request the IRRELEVANT WCF buffer be reduced by IRRELEVANT until the end of Mar 2025, to mitigate any funding receipt delays and remove pressure on the WCF.

- No further material financial changes from January Board have been identified.

	FY23/24 Full Year						FY24/25 P1 YTD					
Funding Type £m	Spend Incurred A	Funding Received B	Funding Accrued C	Total Funding D = B + C	Cash (Shortfall) E = B - A	Funding (Shortfall) F = D - A	Spend Incurred A	Funding Received B	Funding Accrued C	Total Funding D = B + C	Cash (Shortfall) E = B - A	Funding (Shortfall) F = D - A
RMU/Inquiry	IRRELEVANT											
Horizon Replacement	104.3	0.0	12.6	12.6	(14.3)	(1.7)	25.6	0.0	56.5	56.5	(15.6)	40.9
Investment Funding	IRRELEVANT											
Total												

Note: Spend incurred reflects cash outflow by POL

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Summary Report (1/3)

1

Total Revenue and Trading Profit

- POL achieved P1 revenue **of IRRELEVANT** above budget, and in line with prior year. **We continue to see stronger banking deposits volume and ATVs** performance, offset by underperformance in Labels, driven by lower 2nd class volumes and the delay in full deployment of RM tracked 24/48 product to June-24. **This has translated to Variable Rem of IRRELEVANT which is 49.7% of variable revenue (in line with budget, but slightly down on the 50.3% in prior year due to the exit of Lottery).**
- Opex overheads were IRRELEVANT under budget, with IRRELEVANT of lower costs partially offset by IRRELEVANT of unbudgeted costs. The business is currently investigating the implications of these variances applying a lens of which of these can be 'banked' vs timing differences.
- **This has translated to a good first month performance with Trading profit of IRRELEVANT above budget and IRRELEVANT up on prior year.**

2

Mails Revenue

- P1 Mails revenue of IRRELEVANT was IRRELEVANT below budget of which IRRELEVANT was due to the underperformance in Labels, driven by lower 2nd class volumes and delay in full deployment of RM tracked 24/48 product to June; and IRRELEVANT was due to the adverse impact of the pre-tariff buy forward experienced in the prior month.
- Compared to prior year, total Mails revenue was up 1% in period, with growth in non-RM carriers, offsetting the decline in RM revenues.
- **Despite being under budget in P1, Labels has tracked in line with budget for the first week of P2 and is expected to remain in line for the rest of the month based on current trends.**

5.1

3

Banking Revenue

- P1 Banking services revenue of **IRRELEVANT** growth on prior year) was IRRELEVANT ahead of budget due to **higher deposit volumes - a continued trend from Q4 23/24, as well as higher average transaction volumes, which after a period of decline last year, appear to have stabilised.** This is across both personal and business banking.

4

Other Revenue

- Credit Cards revenue of IRRELEVANT was IRRELEVANT ahead of budget, with higher volumes being driven by a **IRRELEVANT - whilst this continues this is expected to generate IRRELEVANT budget upside in the year.**
- Post Office Insurance revenue of IRRELEVANT was overall in line with budget. **Travel insurance sales exceeded budget across all channels noting that we will soon be entering peak season**. This has been offset by **Home and Motor insurance with rate increases by insurers impacting new business sales; P2 trading is expected to be challenging in this area.**
- All other revenue areas were broadly in line with budget in P1.

5

Postmaster Remuneration (PM Rem)

- P1 Variable PM Rem of IRRELEVANT was IRRELEVANT higher than budget, largely from strong banking performance partially offset by underperformance in Mails-RM.
- **P1 Variable PM rem as a percentage of variable revenue was 49.7% in line with budget, but slightly down on 50.3% in prior year due to exit of Lottery.**
- Fixed PM Rem **IRRELEVANT** lower than budget for the month and IRRELEVANT lower than the prior year; this is driven by the continuing trend that sees less branches receiving assigned office and exceptional payments.

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Summary Report (2/3)

6

Opex Overheads – Staff & Non-Staff Costs

- P1 Staff Costs of IRRELEVANT were IRRELEVANT under budget, with with a one-off RMSEPP pension refund of IRRELEVANT received in the month, along with IRRELEVANT lower Mails project opex costs, partially offset by c. IRRELEVANT of unbudgeted PILON costs paid in April.
- **Since the time of the P1 books closing, based on pension accounting requirements, the IRRELEVANT pension refund will be transferred against the DB pension asset in P2.**
- P1 Non-Staff Costs of IRRELEVANT were IRRELEVANT under budget with c.IRRELEVANT of lower costs, which includes lower Mails costs IRRELEVANT, lower one-off branch discrepancies IRRELEVANT (£0.4m) lottery exit costs not required and IRRELEVANT other items. This has been partially offset by IRRELEVANT of unbudgeted costs within Supply Chain IRRELEVANT, for confidential Legal projects £0.2m and Bank Hub costs which have been directly driven by increased revenue IRRELEVANT
- **The full year implications of these unders and overs will be identified through a 2+10 forecast that will be conducted in June.**

5.1

7

Performance against agreed cost savings

- The FY24/25 budget identified £IRRELEVANT of incremental cost savings to be delivered across POL. This forms one of the STIP metrics in FY24/25.
- **There is no indication at this time on any changes to budget assumptions in delivering these savings; Following the 2+10 forecast we will be tracking and reporting on these throughout the year.**

8

Open Branch network

- The network decreased by 33 branches in April to finish at **11,772 branches,** largely due to the flow through of higher churn in March.
- 616 Drop & Collect branches were trading by the end of April. This was a net 10 increase in month due to the closure of 22 underperforming Drop & Collects in March.
- **The network is forecast to be stable across Q1.**

9

Investment and Change Spend

- P1 Change Spend is **IRRELEVANT** below Budget driven by IRRELEVANT gross underspend in "Other Change" (self funded by POL) offset by IRRELEVANT correction to the accounting provision for vacant leaseholds and onerous property contracts, IRRELEVANT underspend on Remediation and Inquiry programmes and IRRELEVANT variance on Replacement of Horizon programmes.
- IRRELEVANT of the IRRELEVANT gross underspend in "Other Change" was driven by a delay in the start of consultation (from April to May) Project Darwin (outsourcing Swindon) as this will now be done via a joint approach with iForce. As a result, the voluntary redundancy cost accrual is delayed. This is not on the critical path, so there is no impact on budgeted benefits and cash payments are still expected in August.
- Of the IRRELEVANT variance to budget, IRRELEVANT relates to Optimism Bias and Indexation contingency amounts for CIO and SPM programmes which were in budget (per HMT requirements) but were not utilised, IRRELEVANT is a correction to accounting provisions and the remainder is predominantly driven by delays or rephasing of spend.

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Summary Report (3/3)

10

Security Headroom & Loan Utilisation

- At the end of P1, Security Headroom of IRRELEVANT was IRRELEVANT lower than budget with IRRELEVANT flow through of lower actual Trading Profit from March and IRRELEVANT of RMU compensation which is to be reimbursed by DBT in May. **With client payables at the end of P1 of IRRELEVANT within 2% of the budget, this is a positive indication of working capital budgeting accuracy.**

- On Loan Utilisation, the Net funding position at the end of P1 was IRRELEVANT over budget with IRRELEVANT drawdown against the IRRELEVANT Board approved buffer maintained) and drawdown against the additional NRF at IRRELEVANT – which incurs higher interest at 5.25% Base rate.
- The primary reason for needing to draw down against this additional NRF is due to IRRELEVANT of payments incurred across RU/Inquiry and Replacement of Horizon programmes IRRELEVANT from FY23/24 and IRRELEVANT from P1) for which POL has not yet received funding from DBT. IRRELEVANT funding for Horizon replacement was requested in April, agreed with DBT on 3rd May (and therefore accrued), however is only due to be received on 3rd June. **This has been escalated to the relevant people at DBT with request for a temporary weekly review of spend to enable timely payments.**

- **In a separate paper being presented to the Board in June, we are requesting the Board to approve a IRRELEVANT reduction to the Board Approved buffer from June 2024 until March 2025. This would enable a temporary increase in the WCF available for use, from IRRELEVANT to cover any additional risks from delays to funding.**

11

Wrongful Trading – Financial Considerations

- In response to the Board request for any material update against the Wrongful Trading assessment presented to Board on 30th January 2024, we have considered financial items including review of financial information; funding and support from DBT and other facilities. This does not include other legal considerations such as contract awards.

- **From a financial consideration, one material financial change has been identified from increased risk to higher loan and NRF utilisation due to the timing of cash funding receipts from DBT – as identified above.**
- **Whilst we are accruing investment funding that has been committed by DBT (with positive impact to SH), we note that the cash has not yet been received against cash payments that have already been incurred. This is putting extra pressure on our net funding and working capital facility (WCF) – with negative impact on facility headroom.**
- **An increase in the available WCF facility from IRRELEVANT will help to mitigate this risk and remove pressure on the WCF.**

5.1

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Scorecard

It is intended that over the course of this financial year these metrics will be underpinned by a Strategic Review.

POL Scorecard - FY24/25			Period 1						3-Month Rolling Average	12-Month Rolling Average
	Area	Unit	Actual	Budget	% Variance to Budget	RAG to Budget	Variance to Prior Year	RAG to Prior Year	Actual	Actual
KPIs										

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Profit Before Tax

	Period 1				
	Actual	Budget	Variance to budget	YoY	YoY %
Mails - RM					
Mails - Non RM					
Retail/Lottery & Gift Cards					
Government Services					
Banking Services					
ATMs					
International Money Transfer					
Travel Money					
Payment Services & Payzone					
Voucher Encashment					
Mortgages, Savings & Loans					
Credit Cards					
PO Insurance					
Identity Services					
Supply Chain/Other					
Total Revenue					
Cost of Sales					
Postmaster Rem Variable Costs					
Postmaster Rem Fixed and Other Costs					
Merchant Commission					
FRES					
POCA Other Income					
Gross Margin					
Staff Costs					
Non Staff Costs					
Total Overheads					
Trading Profit/(Loss)					
Network Subsidy Payment					
EBITDA					
Depreciation					
Interest					
Exceptional Change Spend					
Remediation Settlement/Reimbursement					
Investment Funding					
Profit/(Loss) On Asset Sales					
Profit/(Loss) Before Tax					

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Investment & Change Spend

P1 Change Spend is IRRELEVANT below Budget driven by IRRELEVANT gross underspend in "Other Change" (self funded by POL) offset by IRRELEVANT correction to the accounting provision for vacant leaseholds and onerous property contracts, IRRELEVANT underspend on Remediation and Inquiry programmes and IRRELEVANT variance on Replacement of Horizon programmes. Of the IRRELEVANT variance to budget IRRELEVANT relates to Optimism Bias and Indexation contingency amounts for CIO and SPM programmes which were in budget (per HMT requirements) but were not utilised, IRRELEVANT is a correction to accounting provisions and the remainder is predominantly driven by delays or rephasing of spend.

	Period 01			FY24/25
Project Groupings	Actual	Budget	Vs Budget	Budget
Other Change Spend - Top 10 Budget FY24/25	IRRELEVANT			
Other Change Spend - CIO				
Other Change Spend - Commercial				
Other Change Spend - Retail				
Other Change Spend - Supply Chain				
Other Change Spend - Other				
Gross Other Change Spend				
Accounting				
Proceeds from Sale of Assets				
Net Other Change Spend				
Remediation				
POHIT Inquiry				
Remediation & POHIT Inquiry				
Next Generation Mails Automation				
Strategic Technology Programme				
Horizon Replacement CIO projects	1.5	2.5	(0.9)	65.6
Replacement of Horizon	**25.6**	**30.6**	**(4.9)**	**189.8**
Total Change Spend	IRRELEVANT			

*The Replacement of Horizon budget, based on the financial business case submitted to DBT for funding approval included Indexation and Optimism Bias, adjustments required by DBT and HMT for any programme seeking government funding. These amounts, which have been profiled over the 12 months in FY24/25, are not specific to underlying activity, and therefore have no "actual" spend against them. If these costs crystallise in the year, these will be captured in forecasts of underlying spend, or else will be phased out as the year progresses.

	In month variance to Budget
Net Other Change Spend	**Period 01 Net Other Change Spend variance to Budget of IRRELEVANT driven by:** **Accounting IRRELEVANT;** CT vacant leaseholds & CT onerous property contracts error in budget submission. **Gross Other Change Spend IRRELEVANT of which:** **- Darwin (Swindon Cash Centre outsourcing) IRRELEVANT;** Delay in the start of consultation (from April to May) as this will now be done via a joint approach with iForce. As a result, the voluntary redundancy cost accrual is delayed. This is not on the critical path, so there is no impact on budgeted benefits **- ATM Banking Strategy IRRELEVANT;** P1 Cennox costs (the supplier of fit out services for ATMs) did not materialise IRRELEVANT) due to recurring issues with Cennox invoicing being delayed or disputed. In addition, there were IRRELEVANT P12 accrual reversals relating to Cennox costs and (IRRELEVANT) adjustments relating to PO closures/year end cleanse. **- Lottery Transition (IRRELEVANT)** lower lottery exit costs (savings) due to commercial agreement reached with Camelot that exempts POL from costs included in the initial budget. **- Other smaller variances of IRRELEVANT** across several Commercial, Retail and CIO projects, predominantly phasing related.
RU and Inquiry	**Remediation & Inquiry variance to Budget of IRRELEVANT)** mainly driven by Remediation projects (IRRELEVANT) due the timing of HSS mediation/arbitration events now being moved to later in the year.
Replacement of Horizon	**Replacement of Horizon variance to Budget of (£4.9m) of which:** **- Strategic Platform Modernisation (£2.1m)** due to delays in delivery of elements of hardware and 3rd party work coupled with underspend due to unfilled vacancies. This spend will be reprofiled for later in the year. **- Indexation and Optimism Bias (£2.6m)*** **- Other smaller variances in CIO projects of (£0.3m).**

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Security Headroom

Security Headroom in P1 of IRRELEVANT was IRRELEVANT lower than budget, with IRRELEVANT flow through of lower TP from March 24 and IRRELEVANT of RMU compensation which is to be reimbursed by DBT in May. Client payables at the end of P1 of IRRELEVANT were within 2% of the budget.

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Loan and NRF Utilisation

Net funding position at the end of P1 was IRRELEVANT higher than budget due to the following

- IRRELEVANT *higher gross network cash*
- *higher receivables of which IRRELEVANT is accrued investment funding and IRRELEVANT across other receivable lines, namely prepayments and client receivables*
- *drivers of lower Security Headroom (March-24 Trading Profit and RMU compensation)*

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5.1

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POST OFFICE LIMITED
BOARD REPORT

Title:	Working Capital Facility Increased usage	**Meeting Date:**	4th June 2024
Author:	Tom Lee, Group Financial Controller; Peter Mitchell, Group Treasurer	**Sponsor:**	Kathryn Sherratt, Group Chief Financial Officer

5.2

Input Sought: Approval

The Board is asked to approve a temporary increase in the level of the IRRELEVANT Department for Business and Trade (DBT) Working Capital Facility available for utilisation, from IRRELEVANT to IRRELEVANT from June 2024 until March 2025, through reducing the Board approved buffer from IRRELEVANT

Executive Summary

POL has access to a IRRELEVANT Working Capital Facility ("Facility") provided by DBT, used mainly to fund cash inventory in the network. As per Treasury policy and at the Boards request, we have a pre-agreed maximum Facility usage of IRRELEVANT leaving a IRRELEVANT buffer for exceptional circumstances. This buffer was reduced to IRRELEVANT from November 2023 to March 2024, allowing up to IRRELEVANT to be utilised in order to cover increased pressures on cashflows from both peak trading and potential timing impacts of payments made for Remediation Matters, Inquiry and SPMP, where DBT funding is provided in arrears.

Since April 2024 the buffer returned to IRRELEVANT with a maximum facility usage of IRRELEVANT again, however the growing volumes and values of payments made in relation to Remediation Matters, for which funding is received 4-8 weeks in arrears, is creating increased pressures on the cashflow position. Management are in discussions with DBT to increase the frequency of the payments, to either weekly in arrears or to fund in advance. However, given it may take time to obtain DBT agreement and the cash outflows are increasing, management are seeking approval for a temporary increase in the facility usage to IRRELEVANT.

Should the funding frequency / approach alter, it is not envisaged this facility increase will be required until we hit peak trading at the end of the calendar year (November 2024). This supports the request to increase the facility to IRRELEVANT right through to March 2025 when peak trading impact should have also declined.

It should be noted that the timing of DBT cash receipts is putting pressure on both the utilization and purpose of the IRRELEVANT WCF, noting that whilst Security Headroom remains positive (as funding has been agreed by DBT and therefore accrued), the WCF is likely being used to fund change spend – against it's intended purpose, potentially a breach of the purpose clause.

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As per the latest forecast below, we currently envisage the additional IRRELEVANT being utilised in August and December. If the timing of DBT cash receipts is unchanged or if there is a spike in banking deposits, this would put additional pressure on the facility.

5.2

IRRELEVANT

The Board is therefore requested to approve an increase in the available Working Capital Facility from IRRELEVANT from June 2024 to March 2025 through reducing the Board approved buffer from IRRELEVANT.

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POST OFFICE LIMITED
BOARD REPORT

Title:	FY24/25 unallocated IRRELEVANT change spend prioritisation principles	**Meeting Date:**	04 June 2024
Author:	Asha Patel, FP&A Director Tim McInnes, S&T Director	**Sponsor:**	Kathryn Sherratt, Interim CFO

5.3

Input Sought: Noting

As a follow up to the Board approval of the FY24/25 Business Plan on 25th March, the Board has requested to understand the criteria and process for allocating the POL funded, central IRRELEVANT change pot in FY24/25. This paper sets out this criteria and process along with a case example of how these principles have been applied to a request on the IRRELEVANT

Executive Summary

As background, an OpEx Committee was established in September 2023 as a vehicle to provide a centralised view of in-year Operating Cost trends, to improve oversight and tracking of cost challenges and to support more effective decision-making on spend prioritisation and / or re-allocation with the application of objective criteria (Appendix 1). It has achieved these three objectives.

It is now recommended to widen the scope of the OpEx Committee to include POL funded change spend, which includes an unallocated IRRELEVANT pot, and to rebrand it as the 'Prioritisation Committee'. Membership is assumed to remain the same (i.e. Interim CFO (Chair), Deputy CEO, FP&A Director, S&T Director, Chief of Staff).

- Ensures consistent oversight of Operating Costs, Exceptional Spend and Capital Expenditure which is critical at a time when POL faces cash-constraints and potential Security Headroom risks
- Ensures decisions can be made centrally and in a consistent manner regarding all cash pressures. This will therefore now also include managing non-OpEx change spend over- and under-spends more proactively
- Focuses IADG's role on approvals within the prioritised funding envelope not approval of the envelope, and the monitoring / oversight of delivery across the change stack

The prioritisation decisions are expected to apply the same criteria used by the OpEx Committee, however for the allocation of the £10m Change pot specifically the SEG recommend a different weighting to the criteria (set out below) with greater weighting applied to the payback period. The reason for this is to recognise business and shareholder priorities in

IRRELEVANT

use of the IRRELEVANT pot noted e.g. IRRELEVANT

Additional Spend Pot	IRRELEVANT	IRRELEVANT
FY24/25 Business Plan Final: Other Change	IRRELEVANT	Proposed FY24/25 Change Spend for March Board approval

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The SEG recommended criteria for allocation of the IRRELEVANT pot are therefore as follows against eight metrics to derive a weighted prioritisation sore for each request.

Metric	Description	Weighting	Score
Financial Payback	The ability and speed at which given spend can provide a financial benefit e.g. revenue generation, cost saving, etc.	25%	1=None 5= <1 year
Strategic Alignment	The extent to which the spend aligns with one or more of the strands of POL's Strategic Drivers and, at the appropriate time, supports delivery of the wider strategy and 3-5 year plan (i.e. which is assumed to be consistent and aligned with the Strategic Drivers)	20%	1=Low 5=High
Licence to Operate	The extent to which we consider the spend to be necessary from a license to operate perspective, e.g. to meet regulatory requirement	15%	1=Low 5=High
Dependencies	The extent of the knock-on impact or implications from cutting or not incurring spend	15%	1=Lots 5=None
Management Time	How much senior (SEG and Leadership Team) time the spend consumes	10%	1=Lots 5=Little
Timing Flexibility	The extent to which the required timing of spend can be varied	7.5%	1=Lots 5=Little
Scope Variability	The extent to which the scope of requested spend can be flexed	7.5%	1=Little 5=Lots

5.3

The Prioritisation Committee, informed by these composite scores, would then be able to make an objective decision on allocation of the IRRELEVANT pot.

Other considerations that the Prioritisation Committee will reflect on include timing of the request being made, whilst appreciating 'first come first serve' is not an allocation principle, timing of the request bears an impact on realisation of financial payback. Without perfect and simultaneous information of all requests on the IRRELEVANT pot, decisions will be staggered based on the best-known information at the time of allocation.

Worked Example

An example of application of these objective criteria is a IRRELEVANT request against the IRRELEVANT pot, for Further DMBs in FY24/25 for 2 futher exits **IRRELEVANT** and 1 franchise (Golders Green). This request achieved a composite score of 3.975 out of 5 (see Appendix 2) – considered to be high scoring particularly with regards to strategic alignment and financial payback.

As such approval for funding for this request from the IRRELEVANT pot was approved by SEG on 8th May 2024 (as a proxy for Prioritisation Committee whilst it is being set up) subject to IADG approval for the change activity.

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Appendix 1

Prioritsation criteria for Opex Committee (which is proposed to apply to the Prioritisation Committee decisions excluding the IRRELEVANT pot)

Metric	Description	Weighting	Score
Licence to Operate	The extent to which we consider the spend to be necessary from a license to operate perspective, e.g. to meet regulatory requirement	20%	1=Low 5=High
Strategic Alignment	The extent to which the spend aligns with one or more of the strands of POL's Strategic Drivers and, at the appropriate time, supports delivery of the wider strategy and 3-5 year plan (i.e. which is assumed to be consistent and aligned with the Strategic Drivers)	20%	1=Low 5=High
Dependencies	The extent of the knock-on impact or implications from cutting or not incurring spend	15%	1=Lots 5=None
Financial Payback	The ability and speed at which given spend can provide a financial benefit e.g. revenue generation, cost saving, etc.	15%	1=None 5= <1 year
Management Time	How much senior (SEG and Leadership Team) time the spend consumes	10%	1=Lots 5=Little
Timing Flexibility	The extent to which the required timing of spend can be varied	10%	1=Lots 5=Little
Scope Variability	The extent to which the scope of requested spend can be flexed	10%	1=Little 5=Lots

5.3

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Appendix 2

Further DMB IRRELEVANT Request: Composite score against Objective criteria

Metric	Description	Weighting	Score	Weighted Score (Out of 5)	Notes
Financial Payback	The ability and speed at which given spend can provide a financial benefit e.g. revenue generation, cost saving, etc.	25%	4	1	Includes asset sale proceeds
Strategic Alignment	The extent to which the spend aligns with one or more of the strands of POL's Strategic Drivers and, at the appropriate time, supports delivery of the wider strategy and 3-5 year plan (i.e. which is assumed to be consistent and aligned with the Strategic Drivers)	20%	5	1	
Licence to Operate	The extent to which we consider the spend to be necessary from a license to operate perspective, e.g. to meet regulatory requirement	15%	3	0.45	Some of the properties have H&S issues/require urgent maintenance
Dependencies	The extent of the knock-on impact or implications from cutting or not incurring spend	15%	4	0.6	
Management Time	How much senior (SEG and Leadership Team) time the spend consumes	10%	4	0.4	
Timing Flexibility	The extent to which the required timing of spend can be varied	7.5%	3	0.225	
Scope Variability	The extent to which the scope of requested spend can be flexed	7.5%	4	0.3	
Total Weighted Score				**3.975**	

5.3

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POST OFFICE LIMITED
BOARD REPORT

Title:	External auditor tender exercise – outcome and appointment	**Meeting Date:**	04 June 2024
Author:	Tom Lee, Group Financial Controller Antony Ray –Specialist Senior Procurement Manager	**Sponsor:**	Kathryn Sherratt, Interim Chief Financial Officer

5.4

Input Sought: Approval

The Board is asked to **approve** ARC's decision to recommend for approval to the Board the appointment of PWC in the role of external auditor for the Post Office Limited group of companies ("POL"), with the appointment being for a period of 4 years, with the option to extend for a further 2 years, commencing with the financial year ended 30/3/2025 ("FY24/25").

Executive Summary

- Strategic Executive Group – 20 May 2024
- Audit and Risk Committee – 21 May 2024

The current external audit contract expires in October 2024, which covers the FY23/24 financial year. The incumbent auditor is PwC, who will have been in place for 6 years at the end of the contract. An FTS (Find a Tender Service) procurement exercise was undertaken using the Restricted Procedure. Owing to the complexity of the POL audit and the need to ensure a quality audit is produced respondents were limited to Tier One firms as defined by the Financial Reporting Council (FRC).

Pre-market engagement activity was undertaken during which all potential firms except for PwC advised they did not wish to participate in the procurement. The reasons were primarily linked to actual or potential conflicts of interests, due to other work undertaken or the ongoing Statutory Inquiry, and the risk associated with the audit (high risk client). PwC were therefore the only bidder in the process. A formal tender process was still undertaken, including bid submissions and presentations with associated scoring by POL assessors. PwC's bid was strong in all regards and the fee quote was competitive, with the estimate being in line with current year audit.

Board are requested to approve ARC's decision to appoint PwC as the external auditor for a period of 4 years with the option to extend for a further 2 years. Finalisation of the contract will be undertaken by management and Board are requested to delegate authority to the Interim CFO for finalisation and signing of the contract, and that any two Directors or any Director and the Company Secretary have authority to execute the contract.

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POST OFFICE LIMITED
BOARD REPORT

Title:	Horizon Contract Extension/ Horizon continuity of service update	**Meeting Date:**	4th June 2024
Authors:	Simon Oldnall, Branch IT Director	**Sponsor:**	Chris Brocklesby, Chief Transformation Officer

5.5

Input Sought: Noting and approval

Board is requested to:

i. Endorse the proposed strategy for an extension of up to five-years of the Horizon support contract with Fujitsu from IRRELEVANT
ii. Approve the proposal to include within the extension a binding commitment to Fujitsu that an alternative approach to supporting the Horizon platform through commencement of a programme to insource/re-procure elements, will be activated, at the point where POL do not have confidence that we will have sufficient time within the term to fully migrate from Horizon to New Branch IT (NBIT)
iii. Note the interim update on the commercial and legal risks provided via Hogan Lovells & POL Legal teams.
iv. Note the proposed timeline and approach for securing the extension to the current support contract.

Executive Summary

1. As previously submitted the current contract for services to support Horizon expires at the end of IRRELEVANT.
2. Since November 2023 POL have been engaging with Fujitsu with a view to extending this contract by IRRELEVANT years beyond the current term to IRRELEVANT; this extension will provide
   a. Continuity of support for Horizon until such time as we can decommission the current platform
   b. Time to complete the build and rollout NBIT
   c. Time to transition services away from Fujitsu so that these can either be replaced by NBIT delivered services or decommissioned as they are no longer necessary
3. Based on the current timeline for NBIT our proposed extension period is for up to IRRELEVANT (as this gives a window for the 3 objectives above together with some contingency).
4. To demonstrate commitment to Fujitsu that this will be the final extension request our proposal is to include within the Heads of Terms a binding commitment to Fujitsu that Plan B, insourcing the Horizon services, will be activated at the point where POL do not have confidence in our ability to fully migrate from Horizon to NBIT within the term of the extension.

Report

Approach to securing an extension

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5. It is anticipated that this extension will be executed in the form of a contract change, subject to an assessment of the lawful basis for doing so under the Public Contracts Regulations 2015 (PCR). A preliminary assessment and summary of legal advice to date is set out in the accompanying legal risk note (which has been uploaded to the Reading Room).
6. The POL team have been working with Fujitsu to define the requirements that will form the contract change; these will take the form of:
   a. A services roadmap that lays out the timing of exit from any of the sub services provided under the agreement and reduce the service charges over the term of the extension
   b. A technology roadmap that underpins the services and shows where investments will be necessary in the form of completion of inflight projects (such as the Application Modernisation Programme) or where Fujitsu will require POL to make additional investments to mitigate the risks of End of Service Life (EOSL) components on the current platform
7. The team have additionally commissioned a review of the current Fujitsu agreement to ensure that it meets the needs of the extension purposes outlined above (for example embedding termination assistance, exit planning and support more formally).
8. The team will meet twice weekly with Fujitsu with a view to developing the detail for the contract change, work on which will commence shortly afterwards and continue in parallel.
9. As previously reported, as a precursor to executing the contract change note, POL are required to secure approval from the DBT Commercial Assurance and Advisory Group (CAAG).
10. It should be noted that Fujitsu are yet to formally commit to an extension and have made clear that for an extension to be given there must be
    a. A formal request from HMG to extend services
    b. Agreement from the Fujitsu Board in Japan that the extension is acceptable
11. To address the former of these POL CEO sent a letter on 10 May 2024 to DBT requesting that they issue a letter to Fujitsu formally requesting this extension.
12. POL are also now in receipt of a letter from Fujitsu dated 15 April requesting clarity on how POL intends to take preparatory steps for the conclusion of the agreement on 30 March 2025.
13. A response to this letter has not been provided to date, however from discussions with the Fujitsu contract team it is clear they are looking for commitment that this extension will be the final extension request from POL.
14. It is proposed that POL include within the extension Heads of Terms a binding commitment to Fujitsu that it is our strategic intent to activate Plan B, insourcing the Horizon services, at the point where we no longer have confidence in our ability to fully deliver NBIT by December 2028.

5.5

Update on Procurement Risks

11. The accompanying legal risk note provides an update on the legal risks that were identified in the March papers.

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Next Steps & Timelines

12. Assuming FUJITSU are prepared to agree an extension and the extension legal advice expected in June and final assessment of PCR risks prove favourable, the current indicative timeline for completion of the extension is as follows:
    - 17/05 Requirements shared with Fujitsu
    - 14/06 Finalised PCR risk assessment
    - 14/06 Target for POL/Fujitsu to agree Heads of Terms
    - 21/06 Submission to SEG/Board for approval
    - 12/07 CCN finalised and ready for signature
    - 19/07 Request to DBT CAAG for approval of the extension
    - 09/08 CCN executed

13. It should be noted that we do not yet have a clear view on the elapsed time required for FUJITSU governance approvals and this is a risk to the indicative timeline set out above.

14. Should the extension legal advice expected in June prove unfavourable, or if Fujitsu are not prepared to commit to an extension, a proposal to activate Plan B, insourcing the Horizon services, will be presented to Board in July.

5.5

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POST OFFICE LIMITED
BOARD REPORT

Title:	SPMP Assurance Support Partner Sourcing Strategy	**Meeting Date:**	4 June 2024
Author:	Steve Hepburn, Procurement and Sourcing Strategy Lead / Chris Duddy, Procurement Specialist	**Sponsor:**	Chris Brocklesby, Chief Transformation Officer

5.6

Input Sought: Decision

- Post Office Board is asked to endorse and approve this sourcing strategy for selecting a provider of Assurance Support to the SPMP programme. This approach has been endorsed by Kelly Goodwin (SPMP Programme Director) and Anshu Mathur (Group Assurance Director).
- The sourcing strategy was endorsed by SEG at their meeting on 20 May 2024. Board is asked to delegate contract award, finalising contract terms to SEG and authorise any 2 Directors or any Director and the Company Secretary to execute the contract.
- There is c IRRELEVANT forecast for this work in the current business case, but until the requirements are finalised and bids received, it is not possible to forecast a final cost. This will be a IRRELEVANT IRRELEVANT A broad estimate suggests a range of cost between IRRELEVANT with potential risks of exceeding this range as we are contingent on market appetite to support SPMP Assurance.

Executive Summary

The programme restructured and set up an objective internal assurance function with a dotted line to Group Assurance in June 2023 and a SPMP integrated assurance strategy and approach was approved by POL Audit & Risk Committee in September 2023. A key component of this strategy was the creation of the SPMP Integrated Assurance and Risk Universe which comprises 17 areas which range from technical delivery, design, and development to programme roll out and implementation across the Post Office network of branches.

The proposed approach has been designed in consultation with the Group Assurance Director based on their experience of the market and approved by SPM Programme Board and Steer Co. The preferred procurement option would be to release a single FTS procurement but as this would take 4-6 months to complete, the business would prefer to split the procurement activity into two phases.

- Phase 1 - Review and validate the work completed to date on the assurance framework, via G-Cloud 13, and;
- Phase 2 to let, in parallel, an FTS procurement that meets the enduring needs of the programme. There is a risk that if the supplier of Phase 2 is different to the supplier selected for Phase 1 that some re-work may be required.

Report

1. The replacement for Horizon, New Branch IT ("NBIT") has been in development for 2.5 years. In this time, the programme has been subject to a number of reviews, led and governed by the programme, such as external penetration testing, internal programmatic focussed audits, a financial model review by Ernst & Young, an Accenture Diagnostic review performed in 2023 and more recently the IPA and Public Digital reviews in May 2024.
2. The SPMP programme is now seeking to procure and implement a suitably accredited assurance supplier to support the delivery of the Assurance plan which currently comprises 509 inherent risks and circa 34 Statements of Work:

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Activity	Assurance Description
1. Validation of POL SPMP Integrated Assurance & Risk Universe	Compare and validate our Assurance Universe against industry best practice, particularly with a focus on potential adverse impacts on Postmasters, non-conformance with legal and regulatory requirements and the core principles of past issue judgements. The completeness and adequate coverage of the universe is paramount to ensure the foundation and coverage of assurance is adequate and therefore this is a key first deliverable.
2. Validate focus of assurance effort and provide Rough Orders of Magnitude	Validate POL's assumption of where external assurance is needed, and provide a cost estimate on the basis of: • The external assurance being performed under a hybrid model, i.e. under the supervision of POL Assurance Teams, particularly Group. • External Assurance work packages to be scoped in a manner which incorporates E2E coverage to deliver assurance efficiencies with minimal scope caveats. • Issuance of formal Assurance opinions.

5.6

3. The core requirement is for a third party to provide formal attestation that the programme can demonstrate that robust assurance principles are in place and activated, and that assurance coverage is adequate and objective. A deeper level of assurance activity will also be undertaken in areas of high risk that have been identified.

4. Such third party must be able to assist with reviewing the assurance universe and strategy, ensuring that they are fit for purpose, as well as scoping and costing identified areas of high risk that would require a deeper level of assurance interrogation.

5. A phased approach to the procurement may be most suitable to allow for the immediate ask for support in reviewing the Assurance Universe, whilst determining the scope, number and cost of deeper assurance work that is needed on an on-going basis. This could allow for the immediate on-boarding of subject matter experts (SMEs) to be appointed.

6. The recommended approach is as follows:

Approach	Procurement activity
Phase 1 - Quick wins (asap)	• Review the current SPMP Integrated Assurance & Risk Universe (support element)
Phase 2 – Assurance SME	• Create the invitation to tender (ITT) with a detailed set of requirements derived from the universe and a plan for assurance that can be provided to the market, including commercial protections for both the bidder and POL on 'how' assurance outcomes will be presented.

7. This approach will ensure the that the business requirements are met of comparing and validating the Assurance Universe against industry best practice, particularly with a focus on potential adverse impacts on Postmasters, non-conformance with legal and regulatory requirements and the core principles of past issue judgements.

Identification of a Procurement Procedure

8. A pre-market exercise was undertaken to provide an overview of the Post Office intention to launch a procurement exercise for support with assurance related activities relating to SPMP.

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9. Feedback from the sessions can be summarised as follows:
   - There is nervousness around the level of 'warranty' and/or commercial protections the Post Office would impose on the supplier for acting in the role of Assurance Partner
   - All suppliers were acutely aware of the public scrutiny that the Post Office is currently under and all stated that they would require senior level (Board) approvals from within their organisations before committing to responding to any tender proposal that was issued.
   - Since the market engagement has concluded, 5 of the original 10 suppliers have chosen to withdraw from the process.
   - This leaves the following suppliers potentially in scope of any potential procurement activity; PA Consulting, EY, Crowe Consulting, and Protiviti – although the FTS Restricted process is open to the entirety of the market.

5.6

High Level Sourcing Strategy

10. As noted above, the route to market is agreed as a combination of a G-Cloud 13 Procurement for Phase 1 activities followed by an FTS Restricted Procurement Procedure to allow for specific terms and conditions to be agreed to alleviate supplier concerns regarding reputational risk and accountability to be addressed.
    - As the market engagement sessions proved, there are very few suppliers in the market that have the capability (and willingness) to want to deliver this service.
    - The intent is to procure services from one provider who will then enter into sub-contracts with others where specialist skills (i.e. in-depth code validation) would be required.

11. The high-level award criteria is proposed to be 70% solution, 30% price. Pricing will be outcome based and tied to delivery of assurance artefacts. There will also be a rate card included in the contract to allow for any work that cannot be procured on an outcome basis, should that be required.

Financial Impact

12. Finance have confirmed that the overall budget for the Assurance workstream to FY26/27 is £3.7m, but the overall cost of the activity will not be known until the procurement exercise has been completed. This contract will be let with no commitment to spend, but also have sufficient headroom to accommodate additional assurance activities should they be required.

Risk Assessment, Mitigations & Legal Implications

13. There are no anticipated PCR risks as we will be following compliant processes.

14. There is a risk that there will be limited market interest in any tender we release due to the potential reputational risk that assuring a replacement for the Horizon platform and partnering with Post Office at this time presents, however, if this risk were to materialise then the Group Assurance Team may have to procure external SMEs via FTC using contractors to deliver the Assurance plan. This is not a preferred route to Assurance and is considered an extreme contingency.

Next Steps & Timelines

15. Commence G-Cloud13 and Invitation to Tender processes as prescribed under Public Contracts Regulations.

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POST OFFICE LIMITED
BOARD REPORT

Title:	Facilities Management & Security - Administrative Correction of Public Notices	**Meeting Date:**	4th June 2024
Author:	Steve Norris (Head of Property)	**Sponsor:**	Martin Roberts, Chief Retail Officer

5.7

Input Sought: Decision

Board is requested to:

- Approve the proposed action required to carry out an administration correction to contract award notices in relation to the existing contracts with IRRELEVANT and IRRELEVANT.
- Approve approach to vary the Kings Security contract extension term from IRRELEVANT IRRELEVANT (which aligns to the 2020 public contract advertisement notice) total contract spend, whichever is sooner.
    - The purpose of varying the contract extension term is that at the rate of current contract spend Post Office would exceed the IRRELEVANT corrected public award notice value approx. IRRELEVANT at which point further spend would not be compliant with PCR 2015. However, the IRRELEVANT of extension does allow for the mobilisation of 3 resource intensive contracts within Retail Property to be separated from one another which was part of the original intent of the allowed contract extension.

Executive Summary

1. In August 2021 Post Office let separate contracts to IRRELEVANT IRRELEVANT with Board approval upto IRRELEVANT, the public contract advertisement notices total was IRRELEVANT
2. The scope of the contracts included Business as Usual (BAU) and non-BAU Spend (reactive maintenance and related project works). This scope was set out in all tender documents and formed part of both Technical and Commercial evaluations.
3. When publishing the public contract award notices for the contracts, the value at which the contracts were raised reflected the BAU only spend, excluding a forecast of non-BAU (reactive maintenance and project spend) spend, the public contract award notice values are therefore too low, creating a risk of future non-compliance with PCR 2015.
4. It is proposed that this administration error is corrected by amending the contract award notices to IRRELEVANT to align with the value of the contract advertisement notices, which were inclusive of a forecast of project spend.

Report

1. In 2020 through to 2021, Property and Procurement carried out the Procurement, all Lots, the scope included both Business as Usual ('BAU') and non-BAU spend (reactive maintenance and related project works), with both forming part of both Technical and Commercial Evaluations.

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2. The contract advertisement notices included 3 Lots with estimated values set out in TED* as follows:
    a. Lot 1 – IRRELEVANT – Estimated value of IRRELEVANT over IRRELEVANT
    b. Lot 2 – IRRELEVANT - Estimated value of IRRELEVANT over IRRELEVANT
    c. Lot 3 – IRRELEVANT - Estimated value of IRRELEVANT over IRRELEVANT
3. Following completion of the procurement activity, separate contracts were awarded to:
    - Lot 1 – IRRELEVANT
    - Lot 2 – IRRELEVANT
    - Lot 3 – IRRELEVANT
4. In March 2021 Board approved contract awards upto IRRELEVANT for the 3 contracts. Board notes also reflect the understanding that the scope included non-BAU spend.
5. The public contract award notices were published with total contract values reflecting only BAU spend (excluding non-BAU spend), and are therefore inadvertently low, creating a risk of future non-compliance with PCR 2015.
6. It is therefore proposed this administrative error is corrected, by;
    a. For IRRELEVANT the public award notice is corrected to reflect the public advertisement notice (detailed in 2a of this paper)
    b. For IRRELEVANT, no corrections are required (there is limited non-BAU spend in Soft FM)
    c. Lot 3 – IRRELEVANT the public award notice is corrected to reflect the public advertisement notice (detailed in 2c of this paper)
7. Additionally, SEG are requested to approve a variation to the compliant contract extension with IRRELEVANT from IRRELEVANT as the current and forecasted spend indicates that the IRRELEVANT limit will be reached approximately IRRELEVANT into the 6th year.
8. All the contracts remain under spend and scope monitoring, should the IRRELEVANT be forecasted to be met sooner, then the services will be re-procured.

5.7

Financial Impact

9. There are no impacts to budgets from this corrective action.
10. Finance have confirmed budget and are sighted and understand the proposal.

Risk Assessment, Mitigations & Legal Implications

11. A separate risk note has been provided to the contract owner. The risk of challenge is considered low. There is no impact on the AoA. The legal risk note has been uploaded to the Reading Room.

Stakeholder Implications

12. Property, Procurement and Legal are aligned on this course of action.
13. There are no immediate impacts on Postmasters of this activity.

Next Steps & Timelines

14. Subject to SEG (May) and then Board (June) approving this approach, Property shall raise eCAFs to reflect the above and Procurement will amend the public notice position.

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POST OFFICE LIMITED
BOARD REPORT

Title:	Energy Contract Award - CCS re-opt in for procurement of Gas and Electricity to the POL Estate	**Meeting Date:**	4th June 2024
Author:	Steve Norris – Head of Property	**Sponsor:**	Martin Roberts – Group Chief Retail Officer

5.8

Input Sought: Decision

- Board is requested to approve the contract award (re-opt in) to the existing evergreen CSS framework 'Supply of Energy 2' (RM6251) for a further IRRELEVANT IRRELEVANT with a forecasted value of IRRELEVANT to provide Gas and Electricity to the mainland UK Post Office network (DMB's, Secure Warehouses and Administration sites).
- and to delegate finalising contract terms and contract award, to SEG and authorise any 2 Directors or any Director and the Company Secretary to execute the contract which results from the Procurement described herein.

Executive Summary:

1. In September 2022 Board approved the sourcing strategy for Gas & Electricity via an opt-in to the CCS framework (RM6011).
2. Property and Procurement are recommending that the business re-opts into the CCS 'Locked 6 Basket' starting from April the IRRELEVANT proving cost certainty to Post Office through a CCS hedged market approach of IRRELEVANT
3. Post Office are required to confirm to CCS by the IRRELEVANT that Post Office wishes to opt-in to the forthcoming CCS procurement.
4. The values referred to herein are estimates only and may be subject to variation.
   - The total value for a further 36-months is IRRELEVANT
     - IRRELEVANT per annum for Electricity
     - IRRELEVANT per annum for Gas.

Report

5. Post Office is responsible for ensuring the supply of gas and electricity for the DMB's, Secure Warehouses and Administration Offices. Franchisees maintain their own arrangements for energy and therefore these do not form part of any POL agreements.
6. Energy is a very complicated marketplace, constantly fluctuating and subject to macroeconomic global events and so ensuring Post Office have a competitive but importantly a hedged rate by which we can budget is important. This is in line with Post Office Ltd low risk appetite.
7. The CCS Energy framework for all public sector clients has an estimated value of up to IRRELEVANT, this agreement is expected to be the largest UK public sector energy contract ever awarded, with a range of enhancements designed to support public sector organisations.
8. The framework is used by 55% of public sector organisations, including Local Authorities, Health Trusts, Education sector and Emergency Services.
9. CCS' assess the commercial benefits from electricity and gas supply as equates to savings of IRRELEVANT for customers of Supply of Energy and Ancillary Services (RM6011)*
10. An assessment of CCS performance vs. Post Offices previous independent procurement indicated a IRRELEVANT cost increase avoidance as Post Office moved from independently

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procured rates to CCS basket rates XXX For Post Office this would mean cost avoidance of upto ~IRRELEVANT per annum however tracking market movements over time against rates that would also have moved is complex and resource intensive.

a. When opting into CCS in April 2023 Post Office were able to reduce spend on external market hedging services by IRRELEVANT per annum.

11. Benefits to Post Office of being part of the framework are:
    a. Post Office spend of IRRELEVANT per annum is included in a CCS market approach of IRRELEVANT with Post Office benefitting from that scale.
    b. This basket supports the business' requirement to maintain cost certainty which is advantageous for volatile commodity costs. This is in line with Post Office Ltd low risk appetite.
    c. There are no committed volumes required from Post Office.
    d. Post Office receive regular reports on energy prices and how they impact our budgets.
    e. Access to educational webinars, bulletins and events providing insight on key energy market developments.
    f. Access to a variety of renewable requirements.
    g. Access to a named account manager and a dedicated customer service team at each of our suppliers.
12. Further value is realised by not directly managing a resource heavy procurement that are time consuming and expensive and would not yield better results than the CCS who are leveraging IRRELEVANT of spend.
13. Post Office has been in the CCS Locked 6 basket since 1st of April 2023. CCS procurement has been efficient, and the services provided by the suppliers awarded under framework have performed well.
14. The 36-month term is recommended as it avoids mobilisation periods of other significant FM and Security Property contracts.
15. Under the CCS Framework, to opt-in to the basket starting in April 2025, we must inform CCS by no later than 16th September 2024. The period of notice required by CCS allows them to include Post Office demand securing our desired cost certainty.
16. Other 'baskets' are available from CCS but longer term baskets have less flexibility.

5.8

Financial Impact

17. Finance are sighted and have confirmed budget for electricity and gas from April the IRRELEVANT **IRRELEVANT** and agreed the forecast of IRRELEVANT

Risk Assessment, Mitigations & Legal Implications

18. A compliant opt-in to the CCS will be executed, there are no known or expected PCR 2015 risks at the outset of the exercise.
19. A separate risk note has been provided to the contract owner, that considers AoA 8.1(AA). The risk of PCR challenge is considered low. The legal risk note has been uploaded to the Reading Room.
20. This following process was agreed with CoSec.
    a. The Call-Off under the CCS Framework which was signed previously is 'Evergreen', meaning it continues until we compliantly terminate. The call-off 'survives' expiry of Frameworks and allows migration to appropriate replacement frameworks.
    b. Therefore, there is no requirement for Post Office to sign a new Call-Off following receipt of approval to proceed from SEG/Board. However, following appropriate

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SEG/Board approval to proceed, Property shall submit an internal eCAF for approval and (once approved), Procurement shall raise appropriate Public Award Notices..

21. Post Office can terminate with IRRELEVANT of the opt-in period. Property will review in advance of this period each financial year to confirm CCS framework is performing for Post Office.

Next Steps & Timelines

22. Subject to SEG and Board approving the contract awards Post Office will confirm to CCS the opt-in to the CCS Energy procurement, execute the contracts and CAF process and publish the award notices.

5.8

* CCS Energy and Commercial Benefits 2022/2023 Report 2022/23

Internal

POL00448624

POST OFFICE LIMITED
BOARD REPORT

Title:	Morson contract spend increase - Contingent Labour	**Date:**	04 June 2024
Author:	Tim Perkins, People Services Director	**Sponsor:**	Karen McEwan, Group Chief People Officer

5.9

Input Sought: Approval and Noting

Board is requested to:

Morson Human Resources Ltd t/a Morson Talent

i. Approve the modification of the above-named Contract under Reg 72(i)(e) and (8) for an additional forecast spend of IRRELEVANT when a new Contract will be awarded.
ii. Note onward approval to DBT Commercial Approvals and Assurance Group (CAAG) as the value of the contract will be more than IRRELEVANT

Re-procurement: Managed Service Provision of Contingent Labour

iii. Approve a tender exercise under CCS Framework Agreement RM6277, Lot 7, Managed Service Provision (RM6277) for a total period of IRRELEVANT with a forecast spend of up to IRRELEVANT
iv. Note onward approval to DBT CaaG as contract value is more than IRRELEVANT.
v. Board is asked to delegate contract award, finalising contract terms to SEG and authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

Intelligent Resource Ltd ("IR")

v. Board have previously approved the commission element of the IR contract IRRELEVANT which will not be exceeded by the contract end date of 31st March 2025), but not the full value of the contract (including the payments made to contractors) which is forecast to be IRRELEVANT
vi. Note the publication of the Contract Award Notice on Find a Tender Service which covers spend to date IRRELEVANT) and forecast through to the Contract expiry date, IRRELEVANT IRRELEVANT

Articles of Association

vii. Note that the projects which utilise the contingent labour contracts which fall within the definition of Relevant Transaction under Article 8.1(X) of the Articles of Association will seek separate approvals for their expenditure.

Executive Summary

SEG was advised on 24th April 2024 that expenditure on the Morson Contract has IRRELEVANT IRRELEVANT SEG agreed the following:

- Continuation of the use of the Morson contract whilst the issues are resolved
- Publication of the contract award notice to regularise the PCR issue Please note that this was published on10th May 2024.
- SEG approved this paper for onward submission to the Board at their meeting on 20 May 2024.

Internal

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The key approvals required are to:

- Amend the existing contracts for contingent labour.
- Agree this re-procurement sourcing strategy for a new managed service provision for contingent labour, noting that forecast spend on this contract is IRRELEVANT.

Report

5.9

Morson Human Resources Ltd t/a Morson Talent

1. Given the existing and planned spend on the Morson contract a modification of Contract under Regulation 72(1)(e) and (8) is required and needs Board approval. Performance of Morson under the existing contract is good.
2. This Regulation does not require the publication of a notice on Contracts Finder or FTS.
3. The financial analysis confirms that this modification will take the forecast spend, assuming a new Contract is awarded by IRRELEVANT and therefore Post Office is required to also seek DBT CAAG approval before executing the contract modification.

Re-procurement: Managed Service Provision of Contingent Labour

4. Options open to Post Office for this re-procurement are set out in Appendix B.
5. Board is asked to approve the recommended option Appendix B **(b)** for a tender exercise under CCS Framework RM6277, Lot 7, Managed Service Provision for a period of IRRELEVANT for a forecast spend of up to IRRELEVANT
6. RM6277 is a compliant route to market under the Public Contracts Regulations for procuring Contractor Services.
7. Board is asked to delegate contract award, finalising contract terms to SEG and authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

Intelligent Resource Ltd ("IR")

8. Intelligent Resource (IR) were the supplier of contingent labour to Post Office before the contract with Morson was awarded.
9. To ensure continuity of service of some contractors, Board approved a direct award via Regulation 32 to IR with a total contract value of IRRELEVANT for continuing to pay the contractors engaged through IR until IRRELEVANT Current contractors engaged through IR will be expected to leave Post Office on or before IRRELEVANT or transfer to the new supplier of contingent labour. This is being managed through the Contractor Review Project.
10. This £750k approval related to the commission paid to IR and did not include the value of the contingent labour itself, which is forecast to be IRRELEVANT by the Contract expiry date. Post Office will not breach the approved IRRELEVANT spent on commission by IRRELEVANT
11. Board is asked to note the publication of the Contract Award Notice for the IR contract on Find a Tender Service which covers spend to date IRRELEVANT) and forecast through to the Contract expiry date, IRRELEVANT.

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Financial Impact

11. The financial analysis of spend on contingent labour has now been completed.
12. The details of the existing and planned spend on contingent labour is included in Appendix A.
13. The planned spend on contractors beyond IRRELEVANT has been calculated and is based on the following assumptions:
    a. Replacement of Horizon spend is per the business case to DBT
    b. RU/Inquiry contractor spend ramps down in FY25/26 per latest forecast
    c. Other Change Spend is c. IRRELEVANT on an estimation of 23/24 actuals
    d. BAU contractor spend remains flat at £2.1m IRRELEVANT
    e. A 35% contingency
14. Under the current CCS Framework Agreement for Interim Contractors (RM6160) the following obligations apply:
    a. Post Office is obliged to give at least 4 weeks' notice in order to transfer Contractors to a new Agency without incurring a transfer fee. If Post Office do not do this a transfer fee will be incurred (which will be equivalent to the Supplier Fee element of the total charge rate that would otherwise have been paid had the correct notice been given).
    b. If an assignment is 12 weeks or more (notice can be given after 8 weeks to comply with the 4 weeks' notice required) Post Office must honour payment of Service Provider fees for the balance of the minimum 12-week period (including notice). Post Office will therefore need to pay the outgoing Service Provider for the balance of fees due as well as to the new Service Provider, if this is not managed.

5.9

Risk Assessment, Mitigations & Legal Implications

15. At the same time as dealing with the issues outlined in this paper, Post Office is also running a project to review existing contractors and reduce its IR35 risk.
16. The quantity of change impacting the contingent labour workforce may lead to a number of risks including:
    a. Failure to manage the changes effectively on an individual contractor level;
    b. The cumulative impact of changes on individual contractors leading to retention issues, which in turn will impact knowledge transfer and delivery;
    c. Capacity issues in the Talent Acquisition team should there be more change than is initially anticipated – this may also impact non-contractor resourcing; and
    d. Failure to meet required deadlines for exiting contractors leading to further non-compliance.
17. The risks outlined in 14 (a) and (b) above are mitigated by i) planning the notice period into the timetable, should the incumbent not be successful, and ii) a transfer plan will be agreed between outgoing and incoming Service Providers and iii) planning the run-off of any Contractors working on Contracts longer than 12 weeks with the outgoing Service Provider.
18. A Legal Risk note addressing all PCR related risks has been uploaded to the Reading Room.

Stakeholder Implications

19. The stakeholders primarily impacted by the recommended actions in this paper are:
    a. Existing contractors working in Post Office – they may be impacted by the contractor review and any change in service provider.

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b. The existing suppliers of contingent labour (Morson and Intelligent Resource) – their existing contracts with Post Office will finish on 30th November 2024 and 31st March 2025 respectively.
c. The shareholder – who needs to approve the approach taken to modify the existing contract for contingent labour, approve the plan to spend IRRELEVANT on the new contract for contingent labour and approve any Relevant Transactions.
d. Others will also be impacted, notably:
    i. Post Office employees who manage contractors and also those working in Talent Acquisition, Finance, and Procurement.
    ii. Beneficiaries of work completed by contingent labour in Post Office – this might include Postmasters and customers.

5.9

Next Steps & Timelines

20. The tender outcome report will be submitted to SEG following the further competition, based on the price and quality ratio and Award Criteria applied, together with recommendation to award to the Preferred Bidder.

Internal

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Appendix A

POL Contractor Spend by FY

£m	*FY23/24*	FY24/25	FY25/26	FY26/27	FY27/28	Total 4 years
BAU	IRRELEVANT					
Change						
SPM						
SDES & Horizon		6	2	1	1	11
RU/Inquiry						
Other						
Total	IRRELEVANT					
Contingency						
Total (inc. Contingency)						

5.9

POL Contractor Spend by Year (for new contract purposes)

	Start	01-Dec-24	01-Dec-25	01-Dec-26	01-Dec-27	
	End	30-Nov-25	30-Nov-26	30-Nov-27	30-Nov-28	**Total 4 years**
BAU	IRRELEVANT					
Change						
SPM						
SDES & Horizon		3	2	1	1	8
RU/Inquiry						
Other						
Total	IRRELEVANT					
Contingency						
Total (inc. Contingency)						

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Appendix B

Procurement Options considered with their relative advantages and disadvantages are shown in the table below. The recommended option is (b) which is for a further competition under RM6277.

Ref	Option	Advantages	Disadvantages	Recommended
a.	Post Office Restricted Tender	Need to review POL P-Suite terms and conditions /schedules to suit Can bespoke to POLs requirements	Longer timescales Suppliers may offer rates above capped framework rates (scale)	No
b.	Further competition under RM6277	Medium Timescale Terms and Conditions agreed Some flexibility to supplement the specification	Suppliers may improve framework rates (but not above capped rates)	**Yes**
c.	Further competition under RM6277 - Electronic Reverse Auction	Medium Timescale Terms and Conditions agreed Some flexibility to supplement the specification	Could stimulate better rates but CCS advised this could be at the expense of quality under this Lot 7	No
d.	Direct award under RM6277	Shorter timescales Terms and Conditions agreed No flexibility to supplement the specification	Maximum framework rates only	No
e.	Other available Frameworks	ESPO – has Neutral & Master Vendor Providers. Includes Morson YPO – has managed services options (Lot 2) Health Trust Europe (HTE) - has a master vendor framework	ESPO -Split across 2 Lots 1a & 1b (two tenders) YPO- Does not include Morson Current framework has max. ext'ns to 24/01/25. Not suitable to POLs timeline Does not include Morson	No

5.9

Internal

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POST OFFICE®

Strategic Review
Update for the Board

Prepared for
Post Office Limited
4th June 2024

Teneo



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Background and proposed project approach

Background

- Post Office Limited has invited Teneo to carry out a comprehensive Strategic Review of the business and develop a clear plan for the future
- The Post Office faces a range of challenges, including:
  - Historic damage to reputation and brand trust following the Horizon scandal and subsequent public enquiry
  - Structural decline in the core Mails and Retail business
  - Significant competition across a range of markets in which it operates, and a need for product and service portfolio optimisation
  - Need to reset and rebuild POL's partnership with sub-postmasters
  - Need to balance development of digital services while sustaining the retail network and relationships
  - Inefficiencies in operations and inappropriate overhead structure
  - Insufficient clarity on stakeholder expectations, particularly around the balance of economic and societal goals
  - Need for technological overhaul of core systems, with substantial delays and overspend on Horizon replacement
- A significant amount of work has been undertaken / is ongoing (including the POHIT enquiry) to address some of these issues
  - This review represents an opportunity to build on previous work and weave together the existing programmes of change already underway

Project approach

- Teneo will undertake a thorough review of the Post Office to understand its current position, clarify its core objectives, identify opportunities and risks, prioritise initiatives, and develop a clear plan to realise the chosen strategy
- We propose the work be carried out in **three key stages** over a c.12-week period:
  - **Stage 1** (4 weeks) – Assessment of current situation and diagnostic, where appropriate drawing on existing or ongoing POL analysis
  - **Stage 2** (4 weeks) – Clarification of purpose and objectives and prioritisation of options and initiatives to support the development of the business
  - **Stage 3** (c.4 weeks) – Development of a strategic roadmap and 5-year plan for presentation to the Board and key stakeholders
- Teneo has achieved significant success in similar engagements, such as the Strategic Review of The National Lottery, and brings:
  - Proven depth of capability in strategic planning and business transformation
  - Experience of situations where a balance of societal and economic objectives must be found
  - Ability to draw upon capabilities from within the wider Teneo team, including Strategic Communications, Government Affairs, People, and Financial Advisory

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Challenges and Opportunities at The Post Office

We aim to address a range of key questions for the Post Office to develop a clear plan for the business over the next five years

Key Questions (non-exhaustive)

Reputation, Trust & Brand

- How is the Post Office viewed in the wake of the Horizon scandal?
- What actions must the Post Office take to restore public confidence?
- What do stakeholders want to see from the Post Office (e.g. make money vs. serve the community)?
- Does the Post Office's purpose and vision need to evolve to balance societal vs. economic benefits?

Product & Service Portfolio

- How are each of the Post Office's businesses performing?
- Who does POL compete against and how can it differentiate in each?
- What additions to its portfolio are needed and what should be removed?
- What is the right balance of physical/retail vs. digital services? What is the right size of the retail estate?

Branch Proposition

- What is the right network to meet future needs?
- How could the Post Office's value proposition for (sub)postmasters evolve in a sustainable way?
- What should be the Post Office's contractual relationship and renumeration strategy?
- How do we manage for variability in branch profitability and adapt our offer to cater for different formats?

Operating Model & Culture

- Is the current operating model and organization fit for purpose?
- Where do inefficiencies exist and how can they be removed?
- What governance and reporting structures are needed?
- What is the right size for the Post Office (now and in the future)?
- Where is upskilling required?

Fit-for Purpose Technology

- How will technology support the future operations of the Post Office?
- How do we ensure new systems (e.g. Horizon replacement) are fit for purpose and future proof?
- How should we partner with suppliers to achieve this?
- How can technology be leveraged to remove inefficiencies and human error?

Stakeholder Management

- How do we ensure stakeholder support for the strategy?
- How do we ensure that (sub)postmasters' interests are properly reflected?
- Is the current ownership structure appropriate?
  - What is the most appropriate funding model?

A strategic review must unambiguously address these (and many other) questions; the output of this work must be pragmatic, with a *focus on implementation*

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Scope and Approach

We are taking a three-stage approach to the Strategic Review, which we anticipate will take 12-14 weeks

The Post Office Strategic Review

	STAGE 1: Situation Assessment, Diagnostic and Hypotheses		STAGE 2: Option evaluation and initiative definition		STAGE 3: Business plan and Board presentation	

Outputs	• Revisiting the purpose and vision for the Post Office
	• Setting principles for the Strategy
	• Market opportunities, dynamics and trends
	  - Demand, technology and regulatory drivers
	  - Market sizing (by category, channel, segment)
	• Competitive landscape (current, emerging)
	• Performance diagnostic and key issues analysis
	• Cash/liquidity analysis
	• Growth/turnaround hypothesis development
		Strategic Options Workshop(s)	• Description and analysis of key strategic options
			• Top-level financial analysis of strategic options
			• Prioritisation and definition of implementation requirements
			• Recommendations on cost base/ efficiency optimisation
			• Preferred commercial roadmap
			  - Technology enablers
			  - Organisational enablers
				Business Plan Workshop(s)	• Strategic plan presentation including:
					  - Recommended strategy
					  - Implementation plan
					  - Technology and operating model implications
					  - Investment implications
					• Modelling of 5-year financial plans, scenarios and sensitivities
					• Board deliverables
						Final Presentation(s)

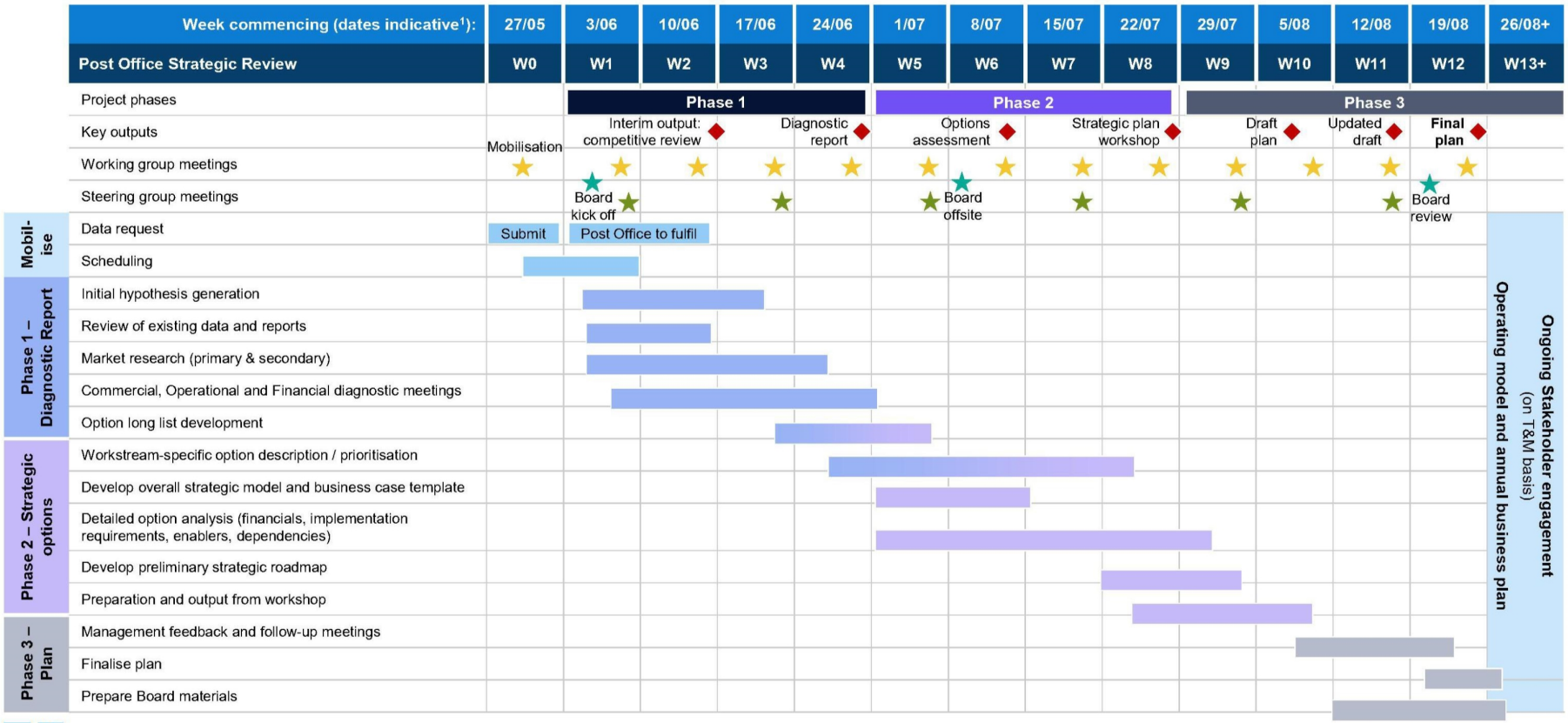
Teneo activities	• Secondary desk research, report and forecast analysis • Data request and gathering of market, consumer and competitive data - *Initiate top-up primary research (as needed)* • Management and expert interviews • Stakeholder and (sub)postmaster consultation • Scenario and strategic options development (portfolio, channel, etc.) • Preparation of diagnostic and competition deliverables		• Documentation of strategic growth levers • Modelling of selected strategic option(s) - Sales, Margin, Cashflow (by product type, channel) • Iteration of commercial and technology roadmaps • Growth opportunities workshop preparation and facilitation • Facilitation of business plan workshop • Stakeholder and (sub)postmaster		• Final modelling of selected strategic option(s) • Definition of key R&Rs, organisational enablers and KPIs • Preparation of Final presentation materials • Preparation of Executive Summary • Board and stakeholder presentation	

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High-level Project Phasing

PRELIMINARY



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Note(s): 1. Subject to procurement timelines and agreement with Post Office

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Resourcing

Stuart Keeping will oversee the project, supported by senior subject-matter experts; the core delivery team would be led by Elizabeth Irvine-Cadman

Resources

- Stuart Keeping will be responsible for the overall quality of the work. He has over 25 years of experience across strategy consulting and general management, with significant experience in strategic transformation
- The project delivery team will be managed day-to-day by an experienced Teneo Director, who will be supported by a team of four Consultants
- Teneo is investing additional management during Phase 1

Timetable

- We are assuming a formal start date of 3rd June but propose mobilization activities commence from 28th May

Team member		Role
Stuart Keeping Senior Managing Director	GRO	• Overall project direction, key meetings and presentations, and thought leadership • Coordination of Teneo's work with internal Post Office work and other advisors' work
Tim Nixon CEO, Management Consulting		• Subject matter expertise • Specialist in operating model/ organisational design and cost take out
Gee Lefevre Senior Managing Director		• Subject matter expertise • Specialist in consumer retail and demand forecasting
Elizabeth Irvine-Cadman Director		• Day-to-day management and working with all workstream leads • Lead for working group meetings and workshops • Organisation of strategic planning • Oversight of deliverable production
Kabir Seehra Senior Manager		• Additional leadership during Phase 1 • Day-to-day management in Weeks 1 and 2 • Structuring of diagnostic analysis and market review
Adam Mellul Senior Consultant		• Lead for management interviews and external primary research • Manage financial modelling of strategic options • Management of deliverable production
Consultant Team Jesse Mathews Tian Xia Philipp Jiang		• Day-to-day project work, research & analysis • Interview management and output (key issues, strategic options per workstream) • Preparation for small group meetings and workshops • Development of PMO process and templates

Additionally, Teneo Financial Advisory will review liquidity and funding, led by Ben Davies (SMD) and Alissandra Moone (Director)

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Section 04

Appendix : Introduction to Teneo and Relevant Experience



Teneo

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Teneo is a global advisory firm, combining an international network with deep sector and local expertise

- Teneo advises the CEOs, Boards and other leaders of the world's largest companies, organizations and investors
- We help clients address their most pressing financial, reputational, and transformational challenges and opportunities…
- …and provide clients with a unique set of services not offered anywhere in the world under one roof, and a non-replicable group of diverse, highly talented senior professionals

43 Offices

1,700+ People

1,200+ Clients



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We bring together top professionals to offer a unique blend of capabilities in an integrated fashion across five key business areas



Our Business Segments

Strategy & Communications

Global strategic advisory and communications business focused on helping clients achieve major business objectives, manage their reputations and enhance stakeholder value.

Management Consulting

Providing expertise and leadership that companies need to drive strategic change at critical inflection points that demand CEO focus and cross functional attention.

Financial Advisory

Advising clients on strategies and actions to create, protect and realize value across the full spectrum of transactions and industries.

Risk Advisory

Anticipating and mitigating risks associated with geopolitics, physical security and cybersecurity to ensure business continuity and resilience.

People Advisory

Assessing current organizational needs and identifying what and who is needed in the future to build thriving, sustainable organizations.

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POST OFFICE LIMITED
BOARD REPORT

Title:	SPMP Update Paper	**Meeting Date:**	4th June 2024
Author:	Kelly Goodwin – SPM Programme Director	**Sponsor:**	Chris Brocklesby – Chief Transformation Officer

Input Sought: For Information

An update on the progress of the SPM programme since the funding request on the 20th of March 2024. The programme currently has funding until the end of July by which time it is anticipated the next funding request will be approved by Department for Business and Trade (DBT) and HM Treasury.

Funding Approvals to Date

Date	Period covered	Stream	£m	£m Cumul.
Mar-21	Mar-21 to Jun-21	SPM	IRRELEVANT	
Jul-21	Jul-21 to Dec-21	SPM		
Nov-21	Jan-22	SPM		
Jan-22	Feb-22 to Mar-22	SPM		
Mar-22	Apr-22 to Jun-22	SPM		
Jun-22	Jul-22 to Sept-22	SPM		
Sep-22	Oct-22 to Jan-23	SPM		
Jan-23	Feb-23 to May-23	SPM		
Jun-23	Jun-23 to Sept-23	SPM		
Jul-23	Feb-23 to Oct-23	RTP		
Sept-23	Sept-23 to Mar-24	SPM (incl. RTP)		
Current	Mar-24 to Jul-24	SPM (incl. RTP)		

7.1

Introduction & What has been Delivered since March 2024

1. **Key Programme Milestones achieved**
   Since the March board approval, there have been some significant programme milestones achieved:

   a. The pilot is now live in three branches – Aldwych in London, St Johns in Leeds and Melville Rd in Brighton and positive feedback has been received.

   b. Release 2.1 is also now live in these branches – R2.1 delivered full Parcelforce functionality to the counter terminal; fixed high impact defects deemed critical for continued R2.1 branch rollout and added in a new component allowing NBIT to consume Business As Usual reference data.

2. **Reviews of the Programme**
   a. Work continued in acting upon the findings from the Accenture Programme Diagnostic Review which involved reorganisation and remediation work across the entirety of the

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programme. This work has now drawn to a close as a separate initiative but work from the longer-term remediation items will continue to be tracked through pre-existing programme channels.

b. In April, the programme went through two additional reviews instigated by our shareholders as part of the business case approval process. The Infrastructure and Projects Authority (IPA) review and the Public Digital review.

   The IPA review is a pre-requisite to the programme's onboarding to the Government Major Projects Portfolio (GMPP), and in support of approvals for the Horizon Replacement Business Case (HRBC), the IPA conducted gateway assurance of the programme.

   The Public Digital review was a direct instruction from the Permanent Secretary as part of the DBT funding request. The report produced 22 recommendations and the programme are now putting these into action and in parallel sharing the action plan with DBT.

3. **Postmaster Engagement**

There have been several activities this period to engage Postmasters and start to demonstrate some of the capabilities of NBIT.

A demo van pilot took place in South Wales, showing Postmasters the NBIT capability, in total 48 sessions were held across the 3 weeks. Feedback was very positive. This has now paused as the programme review the learnings and take our proposal for expansion to Retail for approval.

A workshop was held with the National Federation of Sub Postmasters (NFSP) to show the current demo of the NBIT functionality, inform them of the current test strategy and get feedback. This was the first workshop in over a year and a positive response was given to everything discussed. They were particularly pleased with the demos of the latest Back Office functionality in development - an area that is critical to demonstrating how we are developing NBIT to address historic Horizon issues.

The NFSP conference retail show took place on Sunday 12th May. The programme took two demo devices and demonstrated these in the exhibition hall to over 100 postmaster delegates. This was the first time for most attendees that they have seen the system. This was positively received, and feedback was collated and fed into the programme for consideration.

4. **Integrated Assurance Plan**

The programme has been working closely with Group Assurance to mature the assurance approach around the programme focussing on priority areas and developing a risk profile of current and future releases. Requirements have been developing with statements of work now written for the 34 areas. Terms of reference have also been written for five priority requirements – 1. Defects and risk management, 2. Security and User Access, 3. Transaction Readiness, 4. Retail Readiness and 5. Business Requirements.

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A sourcing strategy has been developed and internal approval is being sought to onboard an assurance delivery partner to validate the assurance universe and support delivery of the 5 priority areas. We have agreed to delay these first 5 assurance reviews until we have implemented the action plan from the IPA and Public Digital reviews.

5. **SPM Away Day**
The programme hosted an away day to get programme members and other interested parties together to refresh the programme. There were keynote speakers by a range of senior leaders in Post Office covering how the programme fits into the wider Post Office ambition as well as what the programme is aiming to achieve, followed by some break out sessions to gather inputs from the audience on the plan and deployment approach. There was a good turnout of just under 180 people and it was a positive experience. It was an important occasion to regenerate the team. The key feedback was to increase awareness of SPM through increased communication at meetings such as the Town Hall.

Current Work in Progress
There are several activities still underway as part of this funding request which we are looking to complete prior to the next request:

7.1

6. **Further rollout to Directly Managed Branches (DMBs):** two further DMBs (Glasgow, and East Croydon) have been identified for additional rollout across May and June 2024 with the intent of bringing NBIT live operations to up to five branches.

7. **Integrated Assurance Plan:** The programme has been working closely with Group Assurance to mature the assurance approach around the programme focussing on priority areas and developing a risk profile of current and future releases. This work is ongoing and an interim written update on the release risk profile was taken to the Assurance and Risk Committee (ARC) in May.

8. **R2.2 Planning:** Agreement was reached at Steerco to break down R2.2 into phases to expedite the resolution of known errors and potential security vulnerabilities in the current code set.

9. **IPA and PD recommendations:** Work has started to address the recommendations out of these two reviews, this will be a focus for the rest of this funding period and likely beyond.

Shareholder Engagement & DBT Approval

10. The business case approval process has progressed, albeit at a slower pace than originally expected due to continued engagement with DBT following the outcome of the IPA and Public Digital reviews of SPMP. The Permanent Secretary has asked for further details on how POL will address the recommendations made. It is not currently clear when the DBT or HMT approval process will be complete. We now have a weekly meeting with DBT, IPA, UKGI and Cabinet Office to navigate the approval process.

    Given the uncertainty around DBT / TAP approvals and the additional complexity caused by the General Election, it is unlikely that approval will take place as originally planned

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(by June 2024). As such we are working with DBT/UKGI Stakeholders to reallocate existing funding to ensure that we can meet existing and short-term commitments up to end November.

However, further delays will create difficulties for SPMP, including delivering our current plans to our current budget. This may impact on our recruitment campaign to scale up resources and capability as well as short term commitments across our supply chain.

Update on Financials

11. In the period between April 2024 and July 2024, the programme requested approval from the Board to spend IRRELEVANT. Our current forecast is to underspend by IRRELEVANT. The costs break down as follows:

Category	April	May	June	July	Total
Tech Delivery	IRRELEVANT				
Deployment and Training Costs					
Business Change					
Service & Support					
Programme Costs					
Other Costs					
Total* (Actuals and Forecast)					
Approved Budget					
Variance					

7.1

*Total amount is made up of April actuals and May to July forecast

The actual and forecast variance is a result of increased legal and testing support offset by the re-profiling of POL vacancies, coaching support, licences and tooling to later months.

Update on Recruitment

12. In the Business Case submission, we forecasted a total of 83 vacancies between March and June. Out of those vacancies we have offered against 41 of them (49%), 16 have recruitment activities ongoing (19%), 13 (16%) have been pushed back due to planning work which has given a more up to date and accurate view of timescales/requirements, 2 (2%) are no longer required, and 11 (13%) have further action required. Of the 13% awaiting further action this includes roles requiring evaluation, and several other roles where a decision is being made around which supplier is a best fit against our requirements.

13. We have recruited two new members to the Programme Leadership team. In the last month we have onboarded a new Technical Delivery Director and Business Change and

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Readiness Director who are both POL colleagues and have extensive retail experience in Sainsbury's and Asda respectively.

Next Steps and Timelines

14. An update on progress against the deliverables underlying the funding drawdown will be presented to the July Board, alongside a wider update on funding discussions (i.e. a large part of which will relate to progress on discussions with DBT and HMT on SPMP).

7.1

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POST OFFICE LIMITED
BOARD REPORT

Title:	Banking Framework 4 (BF4)	**Meeting Date:**	4th June 2024
Author:	Ross Borkett, Banking Director	**Sponsor:**	Owen Woodley, Group Chief Commercial Officer and Deputy CEO

Input Sought: Noting

The Board is asked to note:

i. The new extension timeline for BF4 negotiations
ii. A further update and the final offer will be provided to Board in October 2024 prior to the final offer going out on 15th November 2024

Executive Summary

Substantial progress has been made during the BF4 bilateral engagements with framework members since releasing the commercial offer in March 2024, despite increased pricing causing them to have concerns and making the discussions challenging. BF4 pricing opened at IRRELEVANT in March this year IRRELEVANT above POL Board approved range) and following a pricing adjustment on the Cost of Cash, the current pricing level is now IRRELEVANT as we continue towards a 5-year term. This is IRRELEVANT above Board range with the final offer due to go out on 30th June 2024. However, IRRELEVANT timeframe to allow time to react to Access to Cash (A2C) regulations which are due to be published on 1st July 2024. All framework members are in support of this request and therefore POL have agreed to a IRRELEVANT when the final offer will now go out.

8.1

As a long-term strategic partner to the banks, this is the preferred approach for closing a deal that will achieve optimal pricing for POL and Postmasters. The original plan was to address Access to Cash Regulation impacts using the existing contract change control mechanisms, but this is not the wish of the banks. Instead, the banks prefer extended discussions over the summer that will likely focus on coverage, capacity (physical and opening hours), accessibility and treatment of vulnerable customers. The banks will want POL to be as closely aligned to their new obligations as possible. Therefore, POL will need to consider how to balance these additional requests and commitments with what we are willing and able to offer, recognising that the banks will have to look at alternative solutions where we cannot support them. POL will not align completely to the new regulations, and this is a position that has been made clear to the framework members.

The Banking Team continues to be confident a deal can be struck that delivers a significantly improved position for POL and Postmasters, while continuing to support banks with their A2C obligations.

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Report

A. What has happened since January?

1. We commenced initial all-bank contractual negotiations in November 2023 and have made substantial progress.
2. Following January Board, we issued our commercial proposal in March, and we have subsequently met with many banks through bi-lateral discussions. We set our opening price position 6.4% above the top end of the target range we presented at Board with the plan to make concessions and land towards the top end of the range.
3. Bank engagement occurred later than we had planned – the banks took longer to consider our overall proposal than we anticipated, and in-depth discussions did not commence with most banks until April.
4. As expected, these engagements have been very challenging. Firstly, our overall price has been very badly received, with some members showing significant disappointment while others have demanded greater transparency and justification of cost increases, including demands for reductions in our price. In particular, Santander continue to push for changes.
5. In addition, we received lots of questions about our investment and automation plans and our cost of cash proposal, both of which we have worked to provide more clarity to the banks on.
6. Regarding cost of cash, we have listened to feedback from banks on how the mechanism works and adjusted this in an updated proposal in April.
7. There has been a lot of pressure to offer options on the term of the agreement. Numerous banks either want another 3-year deal or want the option to consider one. Others are more open to a longer-term arrangement but only if they see adjustments in other parts of the deal. We have firmly pushed back on this, and the deal remains based on 5 years only.
8. At the end of April, IRRELEVANT to BF3 to consider the new Access to Cash regulations more fully. We have rejected this proposal as neither a continuation of BF3 nor the concept of a IRRELEVANT or Postmasters.
9. However, part of our rationale for significant price increases was based on our support to the banks in meeting the new access to cash regulations. While it is frustrating that banks have not engaged earlier on this topic, it is a core part of the deal and a set of topics we would need to negotiate this summer anyway in advance of regulations taking affect in October (originally planned to do so under BF3 and BF4 change control). Following discussion internally and with the banks, we are proposing that more time is created to negotiate the A2C regulations this summer before concluding the deal before October Board. Banks would have until March 2025 to complete their governance and BF4 would commence in January 2026 as originally planned.
10. We believe this is the best route forward to concluding the deal successfully. A proactive approach to solving the concerns of our largest clients is beneficial to the long term, more strategic partnership that we seek.

8.1

B. What is the current state of negotiations?

11. Sessions have been held with all members that have requested bilateral engagement. IRRELEVANT have been a notable exception in this regard, mirroring their BF3 approach of providing little feedback to POL. IRRELEVANT have focused on forthcoming A2C regulation,

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IRRELEVANT

12. Thematic areas of challenge that have emerged include significant dissatisfaction at the level of price increases (particularly the Framework Fee); further clarity sought on the investment case for automation; members want to understand cost of cash (CoC) mitigations and IRRELEVANT the change-giving proposition is problematic. The 5-year deal term remains unappealing to many members, exacerbated by the quantum of pricing change and our new collar mechanism, although we do not regard this as insurmountable and have rejected counter proposals on term.
13. CoC concerns appear to have been alleviated by a commercial update issued in mid-April, addressing members' feedback and outlining a ~20% reduction in cost pass-through via optimising our banking float position and an outlook of lower interest rates. We plan to issue an update shortly with further details on our business case for automation and are starting to see some initial traction on engagement to integrate to our MFD solution.
14. Despite the challenging negotiations, the tenor of bilateral discussions indicates there is grudging acceptance of our currently tabled commercial offer, with some members starting to look to their internal governance.
15. Our Board approved position in January 2024 was to seek closure on a 5-year deal at target price range of IRRELEVANT We opened negotiations at IRRELEVANT above the top of this range) and have made one concession through our updated CoC proposal, with the current price proposal set at IRRELEVANT the range. This positions us well for this final phase of negotiations this summer. These price movements are shown in Appendix 1, with the resulting member level pricing impacts for IRRELEVANT

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16. Based on the feedback from bilateral sessions, we have modelled potential commercial concessions for the Framework Fee cap, change giving price tiers and MFD migration volume guarantees as part of our closing strategy, totalling a maximum of IRRELEVANT over the BFA4 term. In addition, we may need to make additional commitments with regards network coverage or services as part of the new A2C regulations.
17. Therefore, we are not minded to enact any of these levers yet. Firstly, despite the strength of negative feeling from some members on our offer, we remain unconvinced if these "gives" are absolutely necessary to close out the deal. Secondly, with the extension of negotiations through this summer, we don't want to act too early, especially if we need headroom to react to the new regulations.
18. In parallel, our legal workstream has made good progress on closing out the negotiations, with the contract already in a mature state through various iterations. 90% of the contract is now complete, with the remaining 10% focused on addressing the banks' regulatory concerns. The outstanding areas are as follows:
    i. Treatment of manual cash deposits within the payment agent remit (please see draft Legal Risk Note Annex 1 for more detail). This follows from the FCA expressing its view that POL is acting as PSD agent of the banks/Electronic Money Institutions for all services including manual cash deposits, [redacted] The banks are taking their own legal advice on the treatment of manual cash deposits, but this is a position they have risk accepted before. This should not be a barrier to concluding negotiations as it can be addressed under change control;
    ii. Material Sub-Contracting - Members have flagged the requirement to be closer aligned with the Prudential Regulation Authority ("PRA") (S2/21) Supervisory

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Statement in respect of material outsourcing. An agreement in principle has been reached that should result in an acceptable compromise position and amendments will be made to both BFA3 and BFA4; and

iii. Access to Cash regulations - the Members have also requested closer alignment with the new A2C regulations - we await the banks' input/ requirements as part of the discussions planned this summer.

C. What is the plan to close negotiations?

19. Our original plan had been to close negotiations in May and issue the final BF4 commercial and contract offer at the end of June, subject to POL Board approval. The FCA regulations are due to be published by July and will come into force in October and we had intended to address these through change control.
20. With the request from IRRELEVANT for a delay and feedback from UK Finance that other members have expressed support for an extension, we are proposing a compromise to allow time this summer to continue negotiations on the alignment of BF4 and A2C regulations. The proposed extension timeline can be found at Appendix 3.
21. The original timelines were set out in our contract, and therefore this change requires that all members agree to any changes via the Change Management Note mechanism. We are progressing this change through the current Banking Framework governance.
22. POL and framework members will enter further discussions related to the impacts of A2C regulations during an extension period out to the end of September 2024. Members will be required to collate a consolidated list of topics by early July that will be worked through during a series of scheduled deep dives and the scope of these discussion will be limited to the A2C regulations only. It is not intended to reopen other areas of the contract for debate. We will need to decide if and where we want to make further commitments with regards these topics, especially where it makes strategic and competitive sense to do so.
23. POL will then complete internal governance during October, returning to Board on 29th October and will then issue the final BF4 Contractual and Commercial Contract to the members by 15th November 2024. Banks will have to notify POL of their intention to sign up to BF4 or leave the framework on 31st March 2025, compressing their notice period to exit from 12 to nine months.
24. There is a risk that further time this summer will not result in an agreement in aligning with the new regulations. The newly proposed final submission date of 15th November is a "hard stop" date – we will issue the BF4 proposal at this point even if negotiations are ongoing. Beyond this date risks a lack of service continuity and will create significant uncertainty from 1st January 2026 for Postmasters which we cannot allow.
25. Whilst an extension is frustrating it should be recognised that there has been a lot of progress towards preparing for the current offer to go out and the intention from the team is to close out other aspects of discussions as planned. The two exceptions to this are Agent Status (impacting Schedules 2 and 4) and Management Information (Schedule 4). These are due to be resolved by October 2024 but will be changed controlled into BF4 if an extension to the negotiation timeline is not agreed. Please see the Legal Risk note for further details.

D. What will these further negotiations focus on?

26. Firms that are designated to adhere to the A2C regulations will need to be ready to do so by October this year. Post Office will continue to play a central role in helping the banks

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meet these obligations, along with their own remaining bank branch networks, the LINK ATM network and the creation of new solutions such as Banking Hubs and deposit-taking ATMs.

27. The banks will want clarity on what Post Office will and will not meet with regards the new regulations, and where the risks of changes to our network could leave them in breach of their obligations. They will likely push for us to provide them more certainty, something we will likely struggle to do with the nature of our franchised, retail network.
28. Initial conversations have tended to focus on four main areas; coverage (physical and opening hours), capacity, accessibility and treatment of vulnerable customers. There are clear indications that the designated firms will want contractual commitments from POL to maintain the existing coverage model for banking services where they will have a requirement to the regulator.
29. This places two fundamental challenges for POL where the designated banks will not want to be exposed to increased regulatory risk: 1) if and when a Post Office closes, the banks are likely to expect POL to stand up banking services in that location within three months, as per draft regulations; 2) when POL is deciding whether to reopen a closed Post Office or looking at future network coverage, POL will have to include an assessment on the impact of losing that access to cash. The banks will likely push for more commitment to keep a loss-making Post Office open if needed to meet the regulations.
30. This will result in two considerations for us: firstly, how we become a more banking focused network to support our biggest clients in exchange for our higher fees; and secondly, consideration of where we may strategically want to do more for the long-term competitiveness of the network. For example, where we plan to re-open a Post Office, we may want to consider implementing a temporary service to meet the access to cash regulations to avoid the banks being forced to implement an alternative cash service, making it harder to attract a new Postmaster to that location.
31. However, we will not be able to align completely with the new regulations – a position we have been very clear on to date.
32. With our current commercial position above our target range this may be something we want to consider as we progress through these discussions over the summer, or we may want to increase our price in exchange for more commitment for the banks. We will work closely with the Retail team as we finalise these negotiations.
33. In parallel, we plan to formally engage Cash Access UK in the renewal of our Banking Hub deal. We have started informal discussions and internal planning and plan formal engagement on this topic in June. Alignment of these discussions could be helpful as they all result in access to cash solutions that the banks will need.
34. The closer we get to October, the more focused the banks will be on securing services to meet the new regulations and to avoid FCA fines.

8.1

E. What are the major risks we face?

35. Whilst we believe an extension is the right approach to follow at this stage (as outlined above), it also presents several risks that will be carefully monitored and managed through our fortnightly internal Steering Committee:
    i. There is a risk that members link what they deem as an excessive Framework Fee to A2C/network provision guarantees and demand more for the price. We will need to remain very clear and firm about what our price covers (and does not).

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ii. There is a risk that an extension could reopen the door on elements of BF4 that have been locked down, or members use the time to chip away at the deal that is currently on the table. We will need to remain firm on what the scope of this additional time is for. The proposal we make remains in POL's control.

iii. A2C regulations may be delayed and members may try to put pressure on a further extension. All indications are that the regulations are proceeding on time, and we will be clear with banks that our November date is a hard stop. We also believe it is possible to progress much of these negotiations with the draft regulations.

Financial Impact of Board Approved Pricing Range

	BF3			BF4					
	2023	2024	2025	2026	2027	2028	2029	2030	5-year view
TOTAL INCOME	IRRELEVANT								
Postmaster Remuneration									
Cost of cash									
Supply chain staff costs									
All other banking specific costs									
Total banking specific costs									
P+L contributions directly attributable to BF4 (inc. CoC)									
P+L contributions margin %									
Central overhead allocation (inc. fixed PM rem element)									
Depreciation									
EBT									
EBT margin %									
Avg. EBT across period									

8.1

Notes: 1. The CoC position reported in January (IRRELEVANT) assumed banking was responsible for most of the working capital facility costs. Bottom-up modelling has now separated a significant CoC contribution from other POL products (e.g., ATMs, FX, and payments), optimised the position for the network banking float and has been updated with lower revised BoE interest rates. This has resulted in a reduced CoC position of IRRELEVANT to pass on to BFA members in 2026. However, we have maintained our overall revenue target range.

2. The Board approved revenue range and resulting EBT will allow for further increases in Postmaster remuneration, to be confirmed as part of wider remuneration strategy discussion this year.

Risk Assessment, Mitigations & Legal Implications

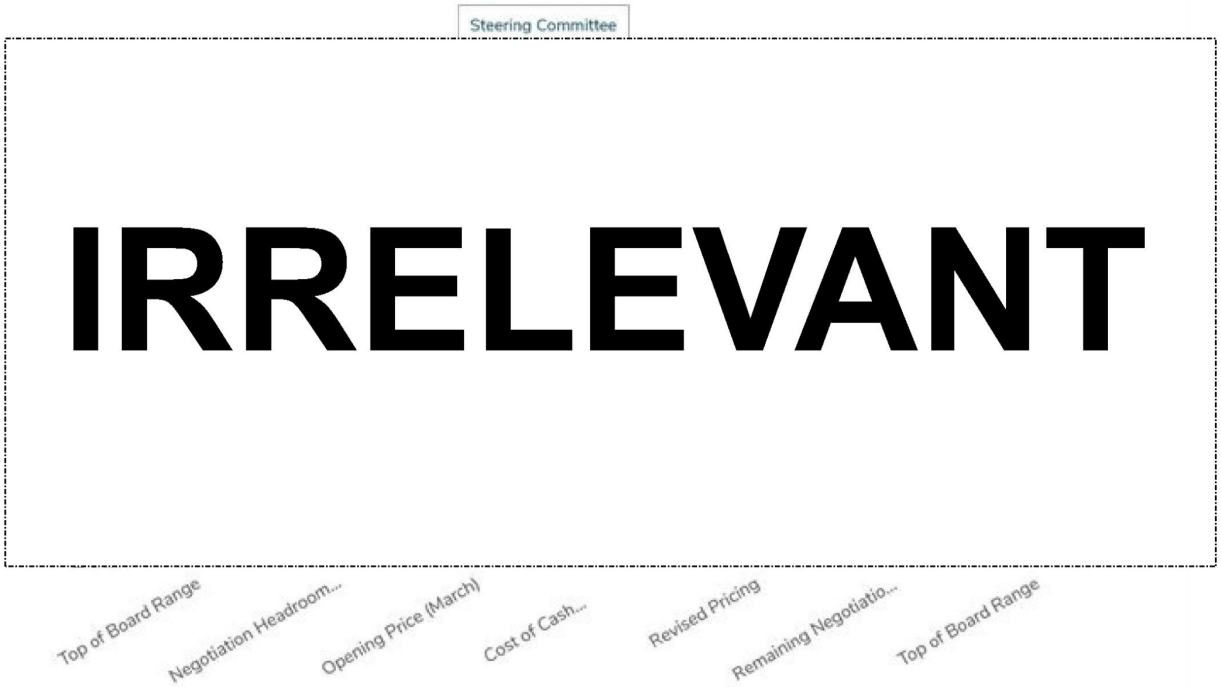
36. A draft legal risk note has been added to the reading room for review. This reflects the current position of negotiations and will be updated further in October to reflect the final position.

Next Steps & Timelines

37. We plan to implement the BF4 extension subject to all framework members agreeing and enter A2C regulations related discussions to the end of September. We will return for final Board approval in October and will continue to operate within the Board negotiating range agreed in January.

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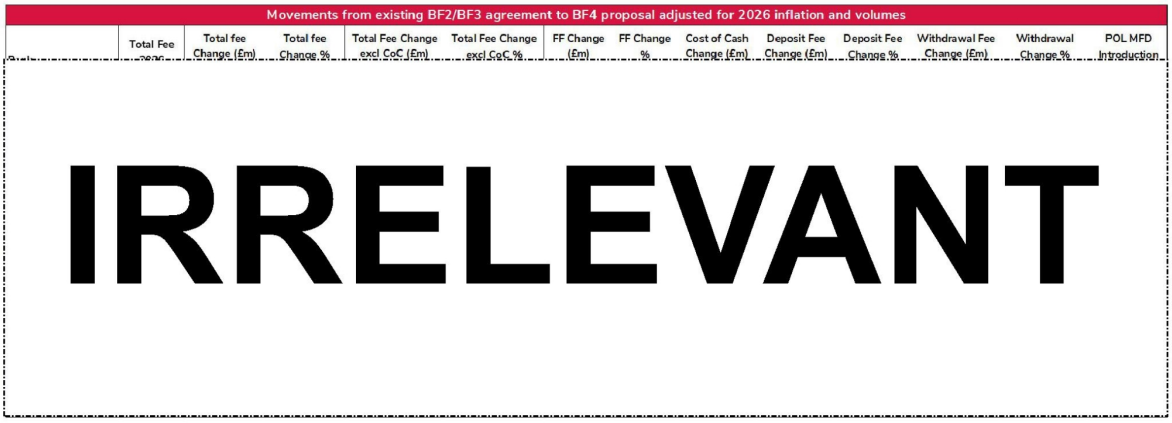
Appendix 1: Pricing Adjustment Waterfall Chart



8.1

Pricing adjustment waterfall chart. Pricing in £m relating to total impact over a 5-year term.

Appendix 2: Member level comparator



Bank by Bank Pricing Comparator. Shows changes to BF2 (grey) or BF3 (blue) pricing that each framework member will experience in the first framework year of BF4 (2026). Figures adjusted for inflation and based on 2026 volumes.

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Appendix 3

IRRELEVANT

BF4 Extension Timeline.

8.1

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POST OFFICE LIMITED
BOARD REPORT

Title:	Post Office Horizon IT Inquiry Update	**Meeting Date:**	04 June 2024
Author:	Diane Wills – Inquiry Director		
	**SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – NOT FOR FURTHER CIRCULATION** **This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.** **SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE**		

Input Sought: Noting

Board is requested to note in particular:

i. The update on Phases 5 & 6

ii. The challenging position on recovery of witness costs from the D&O insurers

Executive Summary

The Inquiry is now halfway through Phases 5/6, having taken evidence from a range of POL witnesses past and present, including the highest profile of these, Paula Vennells and Angela van de Bogard. The overarching themes which continue to be explored by the Inquiry include governance, leadership culture and whether and to what extent POL covered up knowledge of remote access and faults with Horizon to protect the Company's reputation. In the accompanying paper on Phase 7, we highlight how POL's current approach to these issues may play out in the latter stages of the Inquiry and how this informs our strategic approach.

9.1

Disclosure activity remains a major cost driver for the Inquiry and we are currently carrying a pressure of c£6m as a result. The team is working with major suppliers to drive down costs in our remaining contacts, reviewing our resourcing, and revisiting risks and opportunities to understand whether these can be revised. A reforecast of the budget will be completed once these changes are agreed, with a view to reducing the anticipated overspend. A further update will be brought to the Board in July.

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Report

PHASES 5/6

1. The Inquiry has broadly kept to schedule in respect of the first 7 weeks of Hearings, albeit it has struggled on occasions where there was more than 1 witness in a single day. A small number of witnesses have been re-scheduled for a variety of reasons, but all are currently (or likely to be) scheduled within the original timeframe of end July for the completion of oral evidence for these phases.
2. The Inquiry will take a break of one week after week 7 (27 to 31 May) and will commence again on 04 June with Ben Foat. The majority of ex and current POL/Royal Mail employees and Board members have now provided oral evidence, and the remainder of the Inquiry will hear from Second Sight, POL external Legal Advisors, UKGI and politicians in the main through weeks 8 to 15.
3. [redacted]
4. Oral closing submissions are currently scheduled for 26 July. No date has been confirmed for written submissions, which for Phase 4 were roughly two weeks after the end of hearings. However, informal discussions between POL and Inquiry KCs suggest that the Inquiry is considering receiving closing submissions on Phases 5/6 after Phase 7, which would put these out to Q4 2024. As with earlier phases, we are likely to propose making written submissions only as that offers the opportunity for more expansive submissions and are preparing on the basis that these will follow the Phase 4 timeline of c 2 weeks post Hearings concluding.

9.1

WITNESS SUPPORT

5. Two thirds of Phase 5/6 POL witnesses have provided their oral evidence to the Inquiry as of 20 May. There is still a chance the Inquiry will call additional witnesses to provide a written statement only, but the Inquiry have yet to provide further information on this.
6. Our Witness Liaison Manager has noted the improvement in witness engagement with the support on offer in Phase 5/6 versus Phase 4. This is likely due to a combination of, i) improved communications outlining our contact details and detailing the support available and, ii) the intensely stressful environment in which witnesses are required to give evidence. We are also seeing witnesses reaching out more after giving evidence for further support and to give their thanks.
7. The Witness Support Team are now the first point of contact for any POL employees who are not witnesses but are referenced in the Inquiry and concerned about their risk of exposure. Should anyone reach out, they are directed to a small team who can then help with their individual concerns.
8. As flagged to the Board in April's report, recovering witnesses' legal costs via POL's D&O insurers is proving challenging for Phase 5/6 witnesses. For witnesses falling under our 2019/20 policy (sometimes referred to as the Allianz policy), the insurer is asserting that it cannot determine the extent of cover until they have seen the witness's Rule 9 request and responsive witness statement, which is not published until the day a witness gives oral evidence. [redacted] We expect to receive this advice in July and a recommendation will then be submitted to ISC for a decision as to how POL proceeds.

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9. In parallel to counsel's targeted advice, [redacted]

[redacted]

COMMUNICATIONS

9.1

14. The communications team is monitoring and recording themes emerging each week from the Inquiry which gain significant traction in the media, and these are being shared with the Phase 7 team. As hearings progress, repeated themes are emerging: culture (attitude towards postmasters, expected behaviours such as professional curiosity, reading emails), governance (information flow, UKGI oversight, relationship with government) and the tone of apologies made by witnesses.
15. The process for engaging with current employee witnesses ahead of their evidence (either directly or through their ILRs) to understand their media preferences has worked well. The aim is to create a clear mechanism for the press office to respond directly or pass on any right of replies to individuals, reducing workload and enabling the business to swiftly correct any factual inaccuracies around roles, dates of employment, if relevant.
16. The overarching Phase 5 & 6 communications strategy remains to not comment on evidence or events of the past, unless there is a significant inaccuracy which impacts on Post Office today.

PHASE 7

17. The proposed Phase 7+ Strategy is set out in a separate paper and so is not repeated here.
18. We have received a S.21 notice from the Inquiry seeking sub-postmaster contact details, and details of all those who have applied for redress via the Horizon Shortfall Scheme. We do not know the exact purpose of the request but infer that the Inquiry wish to engage in postmaster outreach activity as part of Phase 7.

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SUPPLIER CONTRACTS

19. We continue to operate with Herbert Smith Freehills (HSF) under the letter of engagement dated 06 March 2024, which has been continually rolled forward by joint agreement, since reaching its original expiry date of 19 April 2024. Agreement is expected to be reached by both parties no later than w/e 26 May 2024 on a new LoE, which sets out the remaining Discrete Matters to be delivered by HSF and includes additional wording (by POL) that applies stronger governance to the financial management of HSF cost controls. The intention is that HSF will no longer be required on any Inquiry matters after 12 July 2024, with this date being cited in the new (draft) LoE as the final expiry date with HSF for the delivery of Inquiry related matters.

FINANCE

20. The Inquiry team have worked up a new forecast since the IRRELEVANT budget that was presented at March Board.
21. The latest view of the forecast this year is £45.6m, a IRRELEVANT increase of what was presented in March. A big part of this increase is driven by HSF (IRRELEVANT) still doing disclosure work, which was due to finish in May, now expected to be July. Whilst BSFf are forecasting a slower ramp down of their disclosure team IRRELEVANT), the remainder of the increase is a net IRRELEVANT mainly driven by the associated 3rd party activity with KPMG related to disclosure work outlined by HSF and BSFf above.
22. Work continues with the Shareholder around funding above the current IRRELEVANT committed funding for the Inquiry and Remediation Unit which is currently expected to run out in August this year. An update will be presented to the Board in July.

9.1

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POST OFFICE LIMITED
BOARD REPORT

Title:	Phase 7+ Strategy	**Meeting:**	04 June 2024
Author:	Jeff King, Senior Legal Counsel Inquiry	**Sponsor:**	Diane Wills, Inquiry Director
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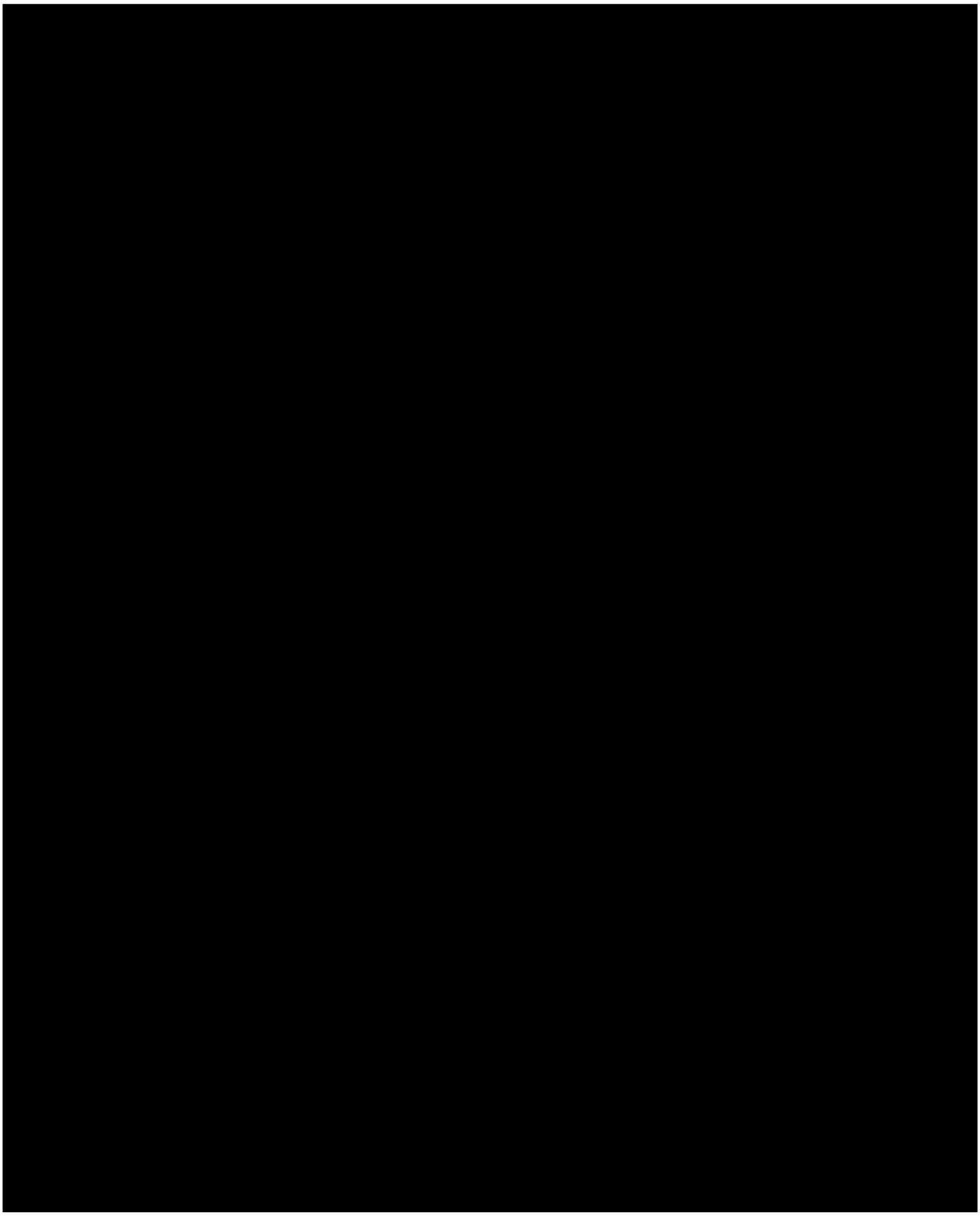
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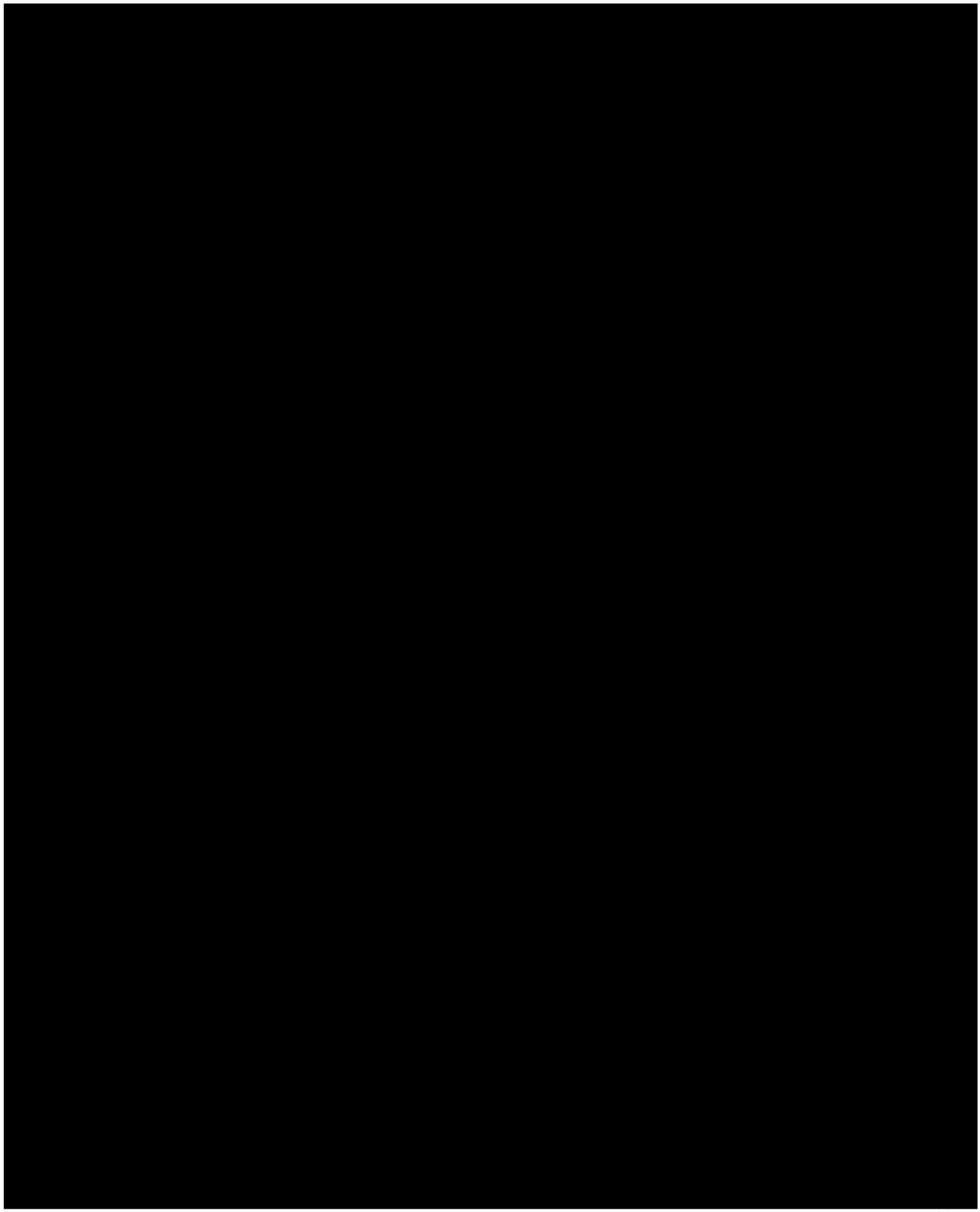
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POST OFFICE LIMITED
BOARD REPORT

Title:	Phase 5 & 6 – Closing Submissions Delegated Authority	**Meeting Date:**	04 June 2024
Author:	Dara Carton – Inquiry Delivery Lead	**Sponsor:**	Nick Read - CEO
	SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – NOT FOR FURTHER CIRCULATION **This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.**		

Input Sought: Approval

Board is asked to approve:

i. the recommendation that in the event that consideration of the list of topics for the Phase 5 & 6 closing submissions could not be brought to a periodic scheduled Board meeting, the DELEGATION of authority to Nick Read, and Owen Woodley in Nick Read's absence, to finalise the list of topics for Phase 5 & 6 closing submissions.

Executive Summary

9.3

On 11th July 2023 the Board approved the updated terms of reference for the Inquiry Steering Committee, including the delegated authority matrix. Under the delegated authority matrix, provision relating to the written closing submissions for Phases 1 – 6 is set out as follows:

i. Approval of topics for closing submissions for phases 1-6: POL Board
ii. Approval of content of skeleton closing submissions for phases 1-6: ISC
iii. Approval of final closing submissions for phases 1-6: Inquiry Director

On 28 November 2023: The Board RESOLVED that, in the event that consideration of the list of topics for the Phase 4 closing submissions could not be brought to a periodic scheduled Board meeting, the DELEGATION of authority to Nick Read, and Owen Woodley in Nick Read's absence, to finalise the list of topics for Phase 4 closing submissions was approved.

ISC approved this paper for onward travel to Board on 23/05/2024

There remains considerable uncertainty as to when written closing submissions for phases 5 and 6 will be scheduled. Whilst there is a single afternoon on Fri 26th July currently slated for oral closing submissions, there has not been any firm commitment from the Inquiry Chair as to when written closing submissions should be received by the Inquiry, and indeed, through informal channels there are some indications that closing submissions for phases 5/6 could be rolled over and aligned to the conclusion of Phase 7 in late 2024.

In provisionally working to an end of July/early August timeframe for closing submissions, it is expected that topics would need to be agreed by middle to end of June, to facilitate work on skeletal and detailed submissions in the timeframe.

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[redacted]

Oral closing submissions to date have been very restricted in time allowances permitted by the Inquiry Chair and can be useful for POL to hear from other CPs, and then adjust/refine written closing submissions thereafter.

In accordance with the terms of reference for ISC, Board has reserved to itself the approval of the topics proposed to be contained in POL's closing submissions at the end of each Inquiry phase. Whilst the preference is for closing submission topics to be presented and approved by Board on 9th July, due to uncertainty over timings of closing submissions, the lead times for papers into Board, and leaving sufficient time to complete skeletal and detailed closing submissions once topics are agreed, this recommended option re delegation provides the maximum amount of flexibility in the current circumstances.

Should delegation of authority arise the Board will certainly have visibility of the closing topics on 9th July.

Report

1. The approval of topics for closing submissions across all phases is a matter reserved to Board. ISC's Terms of Reference provide:

> ***3. Responsibilities***
>
> ***A.*** *Responsibilities of the ISC:*
>
> *1.* ***Decisions on the strategic approach to Inquiry and Third Parties including to:***
> a. Approve the content of skeleton closing submissions for each phase (approval of topics must first be approved by Board);

9.3

2. The Inquiry Team's current understanding of the timing of the Phases 5/6 closing submission hearings is that they are expected to start late July and into August at the earliest. Evidence will continue to 26th July 2024 based on the current schedule. There is generally a break of around a week between the end of Phase evidence and the start of closing submissions.

3. It is therefore likely that July Board (which is scheduled to sit on 9 July 2024) will come too late for the approval of topics for closing submissions and the June Board is too early. Whilst a full assessment of the matters on which POL's closing submissions will be expected to contain cannot properly be determined until all of the evidence has been heard, substantive progress will need to be made on the agreement of topics in parallel to the hearings, pending confirmation from the Inquiry Chair as to the approach to closing submissions.

4. The Inquiry Team has considered whether delegation might be made to SEG for the purpose of approving the topics for Phases 5/6 closing submissions, however concerns around the timing of Board apply equally to SEG. Similar to Board, the timing (26th June

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and lead times of papers into SEG (21st June) make this a less dynamic option than the recommended approach of delegation. The need for flexibility is paramount in light of the fact that Inquiry timings are uncertain and are not within POL's control.

Financial Impact

5. None

Risk Assessment, Mitigations & Legal Implications

6. The failure to make alternative provision in respect of approval of Phases 5/6 topics for closing submissions risks POL's ability to make submissions at the end of this important phase of the Inquiry. This risk can be mitigated by pre-empting the need for topics to be approved by a single individual, ensuring maximum flexibility as clarity on the timings of Phases 5/6 end continue to emerge.

Stakeholder Implications

7. N/A

9.3

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POST OFFICE LIMITED
BOARD REPORT

Title:	Remediation Unit (RU) Programme Update	**Meeting Date:**	4 June 2024
Author:	Simon Recaldin, Remediation Unit Director	**Sponsor:**	Simon Recaldin, Remediation Unit Director

Input Sought: Noting - **Board is asked to Note:**

The key strategic issues highlighted in the Executive Summary below:

i. All permanent colleagues in RU, excluding the RU Legal Team, have this week been asked to complete a 'preference letter' to assist in understanding the appetite for redeployment or Voluntary Redundancy, in order to better understand how RU reorganises to ensure redress can be paid to postmasters as quickly as possible.
ii. RU continue to assist the Ministry of Justice (MoJ) by providing responses to data requests relating to the Bill. The most pressing request relates to employment start and end dates, which the MOJ have requested be provided within a week within an extremely tight timescale.
iii. A revised methodology, to include Pension & Allowances (P&A) frauds and other similar offences within the number of pre-Horizon investigations prosecutions and convictions, has been agreed. This decision will affect the outcome of any comparison drawn between pre-Horizon and post-Horizon conviction figures.

Executive Summary

9.4

Overturned Convictions:

1. As at 8 May 2024, OC comprises 103 overturned convictions and 7 Prosecuted Not Convicted (PNC) claimants. Initial interim payments (£163k) have been made to 99 of the OC cohort, with the remaining having; received an offer (1), pending application (2) or settled via upfront offer prior to payment (1). 42 of the OC claimants have reached full and final settlement (38 via £600k upfront offer acceptance and 4 via full claim assessment) and 1 PNC. In total ~£43m has been paid in redress via OC (comprising ~£26.5m in full and final settlements and ~£16.5m via interim payments to live claims).
2. Discussions with Legal representation regards OC proactive disclosure have continued, with full info example packs sent to representative Law firms. Initial feedback on pack content was that it provides sufficient detail with which to assess the applicability of the upfront offer or particularise an assessed claim. To date, all OC claimants who have submitted particularised pecuniary claims have either received SharePoint file disclosure and branch file disclosure or will be provided this disclosure when POL issues its pecuniary offer.
3. POL understands that the planning and standing up of the DBT Horizon Conviction Redress Scheme (HCRS) continues to progress at pace, although the specifics regarding timings, approach and any transition period (from OC) have not yet been communicated. POLs current working assumption (for FY24/25 budget planning purposes) is in line with the HMG statements, that the Post Office (Horizon System) Offences Bill will be passed before the 24 July 2024 Parliamentary recess and, accordingly, that HCRS will also be Operationally ready to manage the resulting redress claims.

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HSS:

4. At the end of April 2024, POL had received 1,649 late applications of which 846 have had eligibility confirmed.
5. 372 outcomes have been issued to late applicants, comprising 291 Offers and 81 ineligible outcomes and POL continues to work through the eligibility assessment of remaining applications.
6. 1,219 of the 1,649 late applications were received in 2024. Prior to this, POL was receiving applications at an average rate of c.20 a month and were resourced accordingly. Application volumes were expected to reduce further in 2024. While the pace of new applications has slowed since the peaks in January 2024, we are still seeing c.35 new applications a week.
7. Resource requirements are being reviewed in light of this and the expected further uplift in application volumes following a) the £75k fixed sum offer announced in Parliament on 13 March 2024 and b) POL's expected mailout reminding PMs who have not yet applied to the Scheme to submit an application. There may be some delays in processing applications while the resource is onboarded/trained.
8. A growing number of PMs who have settled their Horizon Shortfall Scheme (HSS) claim are also asking to have their claim reopened. The expected introduction of an Appeals Process may allow previously settled claims to be re-opened, though discussions as to the exact nature of the appeal process continue.
9. POL is considering what suitable SLAs it can introduce, similar to the Group Litigation Order (GLO), to monitor the speed of claim to Offer, though is cognisant of the fact that the HSS is different from GLO in many regards, not least the unknown volume of HSS claims. Once the £75k Fixed Sum Offer approach is fully agreed, POL will be in a better position to return to this important question.
10. The implementation of the £75k Fixed Sum Offer is dependent on a number of key activities, not least of which is the funding commitment letter from DBT.

9.4

GLO:

11. POL remains on target with disclosure and SFA (Shortfall Analysis) requests. 401 disclosure requests have been completed against a target of 400, and 143 SFA requests have been completed against a target of 138.
12. Freeths have expressed positive views about the information contained in SFA's provided and have now requested that POL provides a view on the potential outstanding amount the Postmaster is due in redress. This reflects the level of trust which has been built between Freeths and POL.
13. DBT have provided POL with new assumptions in respect to the number of claims submitted per week. This now sits at c. 2.5/week and therefore some resource will be required until October to complete these rather than the expected July/August.
14. The GLO operational resource plan is being reviewed against workload and against the assumed workload and resource required in OC2 to ensure a clear and understood way forward can be agreed.

Criminal:

15. Continued assistance is being provided to the MOJ in response to data requests relating to the Bill. The most pressing request relates to employment start and end dates. Urgent work is being undertaken on this and the MOJ have been kept updated with progress.

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16. There remain 5 live appeals in the Court of Appeal Criminal Division (CACD), all of which are opposed by POL. Only one of these appeals has been given a listing for a substantive hearing, which is due to take place in the w/c 22 July 2024.
17. There are 5 live appeals in the Crown Court (referred by the CCRC (Criminal Cases Review Commission)). These have been listed on 22 May 2024. A further 2 are expected to be referred and listed on the same date. All of these referrals are 'concede' cases.
18. The references of the two deceased appellants' convictions are listed for legal argument regarding jurisdiction on 21 May 2024. The Attorney General served representations on 8 May 2024 and has appointed Counsel for the hearing.
19. There remains one contested live appeal in Northern Ireland. It is anticipated that this case will fall within scope of the Bill.
20. In relation to Scotland, the Crown have asked a series of questions in relation to a HSS claim linked to a live appeal. Senior Counsel drafted a response which was reviewed both internally and externally and then sent to the Crown on 9 May. It is hoped that this will allow the Crown to take a decision in relation to the appeal which will bypass the need for POL to decide whether to assert privilege over a number of documents that relate to a live HSS claim. The latter is a decision for HMC/RC (Horizon Matters Committee / Remediation Committee) and a paper on this is currently being drafted.
21. A new appeal is expected to be referred by the SCCRC (Scottish Criminal Cases Review Commission) to the Scottish High Court imminently.
22. POL continues to prioritise competing disclosure requests. There have been some delays in meeting agreed deadlines with the SCCRC and internally in relation to HSS applicants. Parties are being kept updated and P&P are confident that the majority of the end-of-May deadlines will be met.
23. Metropolitan Police Service (MPS) has requested all of the material that POL have submitted to the inquiry. P&P have drafted a substantive response which is currently being reviewed by POL Legal.

9.4

Suspension Remuneration Review:

24. As of 13 May 2024, 974 offer letters have been sent, of which 640 have been accepted. Payments have been made on 590 of the accepted cases totalling £7.84m. Consequential Loss (CL) claims have risen to 57.
25. Work continues to finalise letters for the more complex cases and deceased letters are now under way leaving Insolvency, Corporates and Partnerships still to formalise.
26. Consequential Loss cases are being made by postmasters on c. 8% of offers made and offer letters on the first 4 have were sent on 10 May 2024 with a further 4 expected to be sent by 24 May 2024.

POL Process Review:

27. The launch of the POL Process Review (PPR) has been delayed:
    a. We had difficulty in finding a firm willing to take on the assurance work on the PPR data and process. Deloitte, who assured these aspects in the SRR, declined the instruction for PPR. We now have a way forward with Mazars undertaking the work and reporting under the POL Internal Audit banner. Pinsents will perform the legal assurance required on consequential loss principles, though we anticipate few consequential loss claims.
    b. DBT have asked several questions regarding how claims below the £1.2k de minimis are validated. We have now agreed a way forward and DBT have approached HMT to request that the Pilot redress payments are exempted from

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certain of the funding agreement terms. We now hope that the pilot mailing of 120 postmasters will take place in May.

28. The aim of the pilot is to test our communications, application process and the nature and level of claims made. We will then build the learnings from the pilot into the final PPR operating model with the aim of launching the main process in Q3 2024.
29. A separate paper is being presented to SEG on areas that fall outside the scope of PPR. This includes how claims made for shortfalls in the HNG-A period leading up to the review and dispute process being introduced in April 2021 should be managed. Currently, HNG-A claims are outside the scope of HSS. It also includes non-Horizon wrongful termination claims. We believe that a collaborative approach between RU and BAU teams can provide a solution to review these cases and recommend how they should be addressed.
30. We are finalising a proposal on how we address postmasters who we have asked to pause making payments against their pre-April 2021 outstanding balances. The paper will also make recommendations on what should happen to pre-April 2021 balances that are still outstanding where no payments have been made.

Capture:

31. Our investigation into the Capture software package has continued since the last report. We believe that the maximum number of users was 2,500 based on the number of copies of an update disk made in 1998. We now have a list of circa 25 ex postmasters who may have suffered detriment and say they used Capture software. Hudgell claims to be representing 35 Capture users and we have asked them to provide their list.
32. DBT are in the process of appointing an independent forensic accountant to review the information we have obtained, perform any additional work required and opine on Capture being a cause of postmaster detriment.
33. Two Capture users have requested the CCRC to review their prosecution cases. We are working with Peters & Peters to provide the information the CCRC require.
34. Currently, Capture cases are not included in the draft mass exoneration legislation.

9.4

Finance Update:

Budget 24/25

35. At P01, RU are £0.4m under budget due to the timing of mediation/arbitration events. Whilst this is currently forecasted to catch up, the risks associated cost profile of the HSS £75k Offer mean this expected to change significantly. Moreover, the impact of OC Mass Exonerations and the formation of the Horizon Convictions Redress Scheme (HCRS) are still to be understood and quantified and remains outside of the current budget forecast.

Legal Fees

36. The inclusion of Legal Fees reporting came from an Internal Audit report recommendation. IA recommended SEG should be sighted on outstanding amounts, including invoiced amounts without a PO. As at the 8 May 24, RU has outstanding invoices of IRRELEVANT to external lawyers and there are no material invoices without a PO number.

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Outstanding Legal Fees as at 8 May 2024

By Supplier	No Purchase Order					
	Count	Value £000	Count	Value £000	No PO %	WoW £000
HSF	IRRELEVANT					
BSFf						
P&P						
WBD						
DACB						
Innovo						
KPMG						
Brodies						
Pin Mas						
1COR						
4PC						
Inquiry	45	21,124	2	2	0%	19
RU	IRRELEVANT					
Total						

Table 1 – Invoice Ageing by Work Date (Workstream & Supplier) as at 8 May 2024

By Workstream
CCRC
HSS
HSS/PO
Inquiry
Central
LGA
OC
Ops/Det
GLO
PPR
Small Projects
Stamps
Total

IRRELEVANT

Inquiry
RU

By Supplier
HSF
BSFf
P&P
WBD
DACB
Innovo
KPMG
Brodies
Pin Mas
1COR
4PC

9.4

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POST OFFICE LIMITED
BOARD REPORT

Title:	Overturned Convictions 2 (OC2) Disclosure – Working at Risk	**Meeting Date:**	4 June 2024
Author:	Jacki Adams (Operations Director)	**Sponsor:**	Simon Recaldin (RU Director)

Input Sought: Approval

Board is requested to approve:

i) That POL work at risk for costs up to IRRELEVANT, in relation to both planning and providing the disclosure requirements for the OC2 cohort until such time as a contract is signed.

This work would include recruiting 3 individuals to produce 'Phase 1' information from May (as soon as names are disclosed by the Ministry of Justice (MoJ)) to ensure relevant information can be provided on scheme start up, associated Internal/External legal costs and associated Project Costs.

Executive Summary

Horizon Matters Committee approved v1.0 of this paper on 9th April 2024.
Remediation Committee noted v2.0 of this paper on 24th April 2024.

9.5

On 13th March 2024 the government introduced legislation to enable postmasters wrongly convicted as a result of the Horizon scandal to have their convictions quashed. On this date, they also announced that the Department for Business and Trade would be responsible for delivering the new Horizons Convictions Redress Scheme ("OC2") which will make redress payments for those who have been affected.

As such, DBT have requested the support of the Post Office to provide disclosure information for Postmasters to enable them to provide redress payments as quickly as possible. POL has been informed that DBT's intention is to open the scheme at the end of July/beginning of August. POL is therefore required to provide a project and resource plan to fulfil the requirements outlined by DBT and to support DBT to deliver the OC2 scheme successfully.

Report

1. To date POL has been running the Overturned Convictions Scheme ("OC1") and has been providing disclosure of certain items to OC Claimants and their representatives in order to support redress claims.
2. DBT have advised that they aim to have their redress scheme – OC2, open for claims by the end of July/early August although this date could potentially move.
3. The cohort size has been estimated at somewhere between 700 – 808 claimants.
4. No clear requirements have yet to be presented to POL in respect to disclosure documentation but from early conversations it would appear that there will be at least 2 levels of disclosure;
    a. Phase 1 – a small number of documents which will enable claimants and their legal reps to determine whether to accept the £600k offer and

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b. Phase 2 which will include all required documents for a full review of a claim where the claimant rejects the £600k offer.
c. An additional batch of disclosure could also form part of the request from DBT. This relates to disclosure claimant legal reps may need to enable them to advise their clients on signature of the document currently being considered to confirm admission to the compensation scheme. This will likely relate to criminal disclosure and the need for such disclosure is yet to be confirmed.

5. Although not yet confirmed with DBT, Phase 1 documentation is likely to consist only of Claimant 'Rem Packs' which include
   a. Personnel data
   b. Remuneration data including DFR's (deductions from remuneration)
   c. P60 and P45 data
6. Three individuals will therefore be recruited to provide this data for the cohort
7. While planning and resourcing/recruitment is ongoing, the OC2 'at cost' contract will be drafted and negotiated with DBT, the template and learnings for which will be drawn from the Group Litigation Order (GLO) contract to reduce timescales.
8. Subject to BAU legal agreement, the plan is to have POL's external legal advisors DACB engaged to support the delivery of the contract, following their substantive work on the GLO contract.

Financial Impact

9. RU will be working and resourcing/recruiting at risk. The delivery of OC2 will be on a cost neutral basis.
10. Given requirements are not yet clear from DBT, a cost estimate is difficult to ascertain. Therefore IRRELEVANT costs have been included up to August 24.
11. Finance confirm that costs incurred to date are accounted as Opex (rather than Exceptional/Change spend like the rest of RU) and if amounts are unrecoverable from DBT that they impact the Trading profit figures of POL.

9.5

Risk Assessment, Mitigations & Legal Implications

12. There is a risk that the contract will not be signed, and POL will not be paid for the cost it has incurred supporting the OC2 Scheme. This risk is considered to be low as DBT do not have an alternative to obtain the data they require to fulfil their obligations under the OC2 Scheme. This can be mitigated by working with DBT to provide an OC2 contract as soon as possible. To note, working at risk took place on a substantive basis in relation to the GLO contract and POL recently had its first invoice discharged in full.
13. There is a risk that POL will not be able to deliver the disclosure requirements at the pace required by DBT and the Claimants and their reps. This can be mitigated by working at risk and standing up the project and associated resource as soon as possible – noting that POL can only action what is possible with the resource available, with the provision of appropriately detailed requests from DBT/claimant reps and within the limited timeframes provided to it by DBT.

Stakeholder Implications

14. It is within the interest of both POL and DBT to complete the contract and delivery the OC2 scheme as quickly as possible.

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Next Steps & Timelines

15. Requirements and timeline for 'go live' to be agreed with DBT
16. Once the above have been agreed, a productivity plan can be created and resource requirements understood and recruited to
17. Initially 3 individuals will be recruited to support the production of 'Rem Packs' to enable claimants to determine whether to accept the £600k
18. External legal advisors to be contacted to determine estimate for contract work to be completed asap.

9.5

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POST OFFICE LIMITED
BOARD REPORT

Title:	Overturned Convictions 2 (OC2) Contract risk– data indemnity	**Meeting Date:**	4 June 2024
Author:	Jackie Adams – Head of Operations	**Sponsor:**	Simon Recaldin – RU Director

Legally privileged

Input Sought: Approval

Board are requested to approve:

i. Provide agreement in principle to the inclusion of the Data Indemnity provision detailed below in respect of the contract between POL and DBT (once finalised), where POL will deliver data and certain services to enable DBT to deliver the pending OC2 scheme (also known as HCRS).
ii. To note and accept in principle, the risk to POL arising from the indemnity and the mitigation in place regarding the data indemnity issue (please see Risk Note under **Appendix 1**). **Appendix 1** contains the risk note that was drafted by POL's external lawyers who assisted with Group Litigation Order (GLO) contract negotiations and whilst the risk note relates to the GLO contract, the risk re: data indemnity remains the same (noting the potential increase to claim / disclosure volume). A further paper will be submitted once the contract is finalised in the usual way to highlight any associated/additional key points or risks.

9.6

Executive Summary

Whilst there has been no specific previous governance on the OC2 contract risks to date, the risks associated with the GLO disclosure project, and the linked contract have been discussed at length and accepted previously. The data indemnity point caused substantive delay to the sign off of the GLO contract. Previous GLO contract approval via the POL governance route was challenged due to the presence of an indemnity clause between POL and DBT. The Head of RU discussed the matter with senior members of both the Remediation Committee and DBT in order to seek a resolution. DBT made representations to His Majesty's Treasury ("HMT") who own the policy, but they were not prepared to remove/amend it any further and it remained as negotiated. The matter was raised by Ben Tidswell at Board and their view was that if DBT would not amend the indemnity clause, there would be no choice but to execute the contract as drafted.

Horizon Matters Committee (HMC) noted on 7th May and accepted in principle, the risk to POL arising from the indemnity and the mitigation in place regarding the data indemnity issue (**Appendix 1 refers**). HMC noted that a further paper will be submitted once the contract is finalised in the usual way to highlight any associated/additional key points or risks.

HMC further noted that the risk profile was similar to the GLO contract with the main difference being the expected volume of disclosures (double in quantum) and that data being transferred was expected to be more sensitive. Paper to be updated accordingly prior to submission at SEG.

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On 13th March 2024 the government introduced legislation to the parliamentary legislation process, to enable postmasters wrongly convicted as a result of the Horizon scandal to have their convictions quashed. On this date, they also announced that the Department for Business and Trade would be responsible for delivering the new OC2 scheme, which will make redress payments for those who have been affected.

As such, DBT have requested the support of the Post Office to provide disclosure information for Postmasters to enable them to provide redress payments as quickly as possible. POL has been informed that DBT's intention is to open the scheme at the end of July/beginning of August. POL is therefore required to provide a project and resource plan to fulfil the requirements outlined by DBT and to support DBT to deliver the OC2 scheme successfully. This paper seeks early approval to agree to the inclusion of the data indemnity clause so that this particular risk and potential blocker can be accepted in early course, pending commencement of contract negotiations and process design.

Report

1. Work is shortly to commence regarding the OC2 contract, which will underpin the at cost services that POL will provide to DBT to ensure they are able to operate and deliver OC2 scheme. This will, in the main, be by way of provision of relevant disclosures to enable claimants to assess and formulate their claims.

Data related Indemnity

9.6

2. DBT have now expressly confirmed they will be utilising the Government Mid-Tier Contract, owing to a) this being standard/mandated government process and b) the contract that is to be used for any service to DBT under £20,000,000. The contract was utilised to provide the legal framework for delivery of the GLO disclosures for the DBT GLO scheme. The contract contains a number of different clauses and schedules which will be discussed further in a later paper, once the core terms and schedules are agreed in principle and finalised.

3. A particular noteworthy clause from a risk perspective is a "one way" indemnity. POL are likely to be asked (again) to provide an indemnity to DBT in respect of a data breach. This was ultimately agreed by POL on a reluctant basis under the GLO contract, subject to an adjacent cap (noted at paragraph 15 below). The clause is as follows:

   "*The Supplier indemnifies the Buyer against any and all Losses incurred if the Supplier breaches Clause 18 or any Data Protection Legislation".*

4. The standard clause within the contract (clause 18 for the purposes of the GLO contract) refers to various standard obligations on the parties by reference to statutory obligations that require compliance in any event.

5. It is noted the original drafting (on the basis the contract is a template with standard government centred drafting) used for their standard supply contracts, contains an unlimited indemnity ("any and all losses") subject to any cap, as contained within the adjacent Award Form, also forms part of the contract.

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6. After robust/lengthy negotiations it was agreed that DBT, as part of the GLO contract, would reduce this unlimited indemnity to a cap from (initially) £10m down to £5m. It is likely that the new contract will mirror many of the terms as noted within the GLO contract, including the indemnity cap. Therefore, it is anticipated and assumed that any breach related indemnity would be capped to the same sum of a maximum of £5m.

7. Despite multiple requests for the indemnity to apply to both parties equally or for it to be removed in its entirety, HMT have previously refused as part of the GLO negotiations. It is therefore considered this is the 'best' the clause will be in terms of any further negotiations, and this is line with the early indications from DBT to POL during initial discussions re: OC2.
8. The risk note as annexed under appendix 1 sets out the key considerations associated with the clause as it was presented within the GLO contract. The risks are the same subject to any OC2 specifics that may be included within the pending contract.
9. Further and to note, IRRELEVANT IRRELEVANT - as a result of the (unrelated) insurance renewal being agreed. POL's broker has been notified and has observed the risk without any additional comment or issue. This is annexed at **Appendix 2.**

Financial Impact

10. No direct and tangible impact now, save for in the event of a breach of contract (relating to a data specific issue) triggering the £5,000,000 indemnity. In the event of a claim under POL's insurance policy and a claim under this (assuming this would apply) – a £1,000,000 excess applies.
11. To note, contract related costs (and working at risk) are dealt with separately within the OC2 working at risk paper.

9.6

Risk Assessment, Mitigations & Legal Implications

Data Indemnity clause

12. The risks are much the same as they were with the GLO contract, and these are noted below. The two key additional points of note would be the fact that the volume of disclosures could be higher (which mathematically increases risk on a volume basis) and the fact the data being transferred (if and where it includes criminal prosecution matters) is considered more sensitive than the standard disclosures, which bring with it a reputational risk in the event of a data breach issue arising.
13. GRO Head of Legal for DP advised that [redacted]

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14. As a form of mitigation, POL has insurance cover relevant to the financial risk. The relevant cover is the POL cyber policy, that includes a liability section which is up to the full policy limit of IRRELEVANT The only point of note is that POL's aggregate claim limit could be impacted in the event of multiple claims – though this risk exists in a BAU context in any event. As noted above, Brokers are aware of the contract and had no further comment in context of POL's policy. The liability section of the relevant policy includes coverage for Damages and claims expenses that arise out of a claim made against POL that arise from a Privacy Liability event and/or a system security breach. A privacy Liability event is then defined as a Privacy Breach and a violation of Privacy Laws. Privacy breach is noted to be (among other things) the unauthorised collection, theft, retention, disclosure, use or destruction of Private information.
15. In this particular case if POL (as an example) were to involuntarily disclose private information, then the damages arising out of this ought to be covered (obviously subject to all other terms and conditions of the policy). In another case, if POL's information is accessed by an unauthorised party (hack) and therefore is breached, then the same coverage to the above would apply.
16. It is further noted there is nothing to stop POL pursuing a claim against DBT under a contract for a breach of any data protection related issues *(with POL needing to establish negligence / failure to meet a legal obligation in the usual way, where the breach has been caused by DBT)* but that it is simply there is no automatic indemnity provision available to POL if agreement in principle to the indemnity clause is provided
17. Failure to agree a contract as soon as possible will cause the 'working at risk' period to POL to be extended from a payment point of view, as POL cannot seek recovery of their expenditure until such a time there is a formal signed contract in place. This is mitigated by seeking early approval on a provision basis at this stage, to streamline the process as much as is possible from POL's point of view once the contract is finalised.

9.6

Stakeholder Implications

18. The RU consider it essential to commence works to enable the supply of data to DBT to resolve claims made by the participants in OC2.

Next Steps & Timelines

19. Board submission on 4th June 2024.
20. Commence contract negotiations with DBT.

Uploaded to the Reading Room:

1) OC2 Contract risk – data indemnity – Appendix 1
2) OC2 Contract risk – data indemnity – Appendix 2

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POST OFFICE LIMITED
BOARD REPORT

Title:	Postmaster advice service provider – Citizens Advice	**Meeting Date:**	4 June 2024
Author:	Simon Recaldin, RU Director	**Sponsor:**	Karen McEwan, Chief People Officer

Input Sought: Approve

Board is requested to approve:

i. a direct award to Citizens Advice to provide independent advice to ex postmasters to the value of IRRELEVANT

Executive Summary

This is the third direct award contract to Citizens Advice each for a period of 11 months

First contract was put in place via a direct award under the procurement directors discretionary authority as per POL procurement process, IRRELEVANT IRRELEVANT

A second Contract was then entered into using the procurement directors discretionary authority as per POL procurement process on the basis that under the original contact the micro site was not easily visible for most PMs and ex PMs to find – therefore the initial service didn't work as needed, duration - IRRELEVANT

9.7

Report

1. The Select Committee recommended the formation of an independent body to enable support for Potential Future Appellants (PFA's) who are reluctant to engage with POL.
2. The services include:
   a) Contact centre agents, open 5 days a week via a dedicated telephone number.
   b) Access to information on the providers website providing reassurance about the overall process.
   c) Help to gather any evidence that may be required, should the PFA require this.
   d) Guidance on how to find a solicitor dealing with this matter.
   e) Plus advice and guidance in a number of areas including: emotional support tools, benefits, work, debt and money, housing along with many other areas.
3. The KPIs built into the existing contract is for a weekly update call with Citizens Advice so that case volumes, performance and outstanding cases are addressed.
4. POL have seen an extensive and time consuming PFA triage exercise undertaken to identify cases, that based on the paperwork POL holds Post Office would not oppose any appeal should it be brought. In addition to this, early 2024 events (the TV drama that was shown in January and secondly the Government announcement of a mass exoneration of POL convictions) could not have been foreseen, especially the unprecedented decision to overturn all POL convictions (subject to certain parameters).

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Risk Assessment, Mitigations & Legal Implications

5. A notice will be published on Contracts Finder.
6. No further contracts are envisaged for this service, if needed a procurement exercise will be run.

Stakeholder Implications

7. Horizon Matters Committee (HMC) have approved all contracts including this new contract.

Next Steps & Timelines

8. Finalise contract with Citizens Advice and undertake POL governance incl CAF (Contract Approval Form).
9. Publish contract award notice.

9.7

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POST OFFICE LIMITED
BOARD REPORT

Title:	Code of Business Conduct update	**Meeting Date:**	04 June 2024
Author:	Tim Perkins, People Services Director	**Sponsor:**	Karen McEwan, Group Chief People Officer

Input Sought: Decision

The Board is asked to review and approve an updated Code of Business Conduct.

Executive Summary

This paper provides a summary of changes that have been made to the Post Office Code of Business Conduct ('the Code'). The last major changes to the Code were made and approved by the Board in June 2023. The Ethos programme reviewed the existing Code and found a number of errors within the document, which was also criticised by external commentators. The review of the Code was, therefore, pulled forward.

Critically, the updated Code includes the new behaviours and priorities, the updated Ethical Decision Making Framework and the 'Yes check'. A 'short' version has been introduced alongside the 'full' Code to make the Code more accessible for more colleagues. The look and feel of the document has also been refreshed to make the document more professional in style.

SEG approved the updated Code of Business Conduct on 20th May 2024.

Report

10.2

1. What updates and been made and why?

   a. Two versions of the Code of Business Conduct have been developed. There is a 'full' document and a 'short' document.
      i. The intention of the 'short' document is to create something that is more accessible for all colleagues.
      ii. The 'short' document contains an 'I'm in' link for colleagues to demonstrate their commitment to the Code.
      iii. The 'short' document has a summary of the purpose, strategy and behaviours alongside links to the key policies of Post Office.
      iv. The 'full' document contains fuller details on each of these elements and has all the components recognised as international good practice by the Institute of Business Ethics (IBE).
      v. All comments on updates to the Code from point (b) refer to the 'full' document.

   b. The opening statement has been changed from being solely from Nick Read as Group Chief Executive Officer to being from all the members of the Strategic Executive Group. This is to support the changes made to the Group Executive and to ensure that tone from the top is broader than just from one individual.

   c. The order in which policies are presented in has changed to reflect the likely relevance to the largest number of colleagues. For instance, all colleagues are

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responsible for protecting data, whilst not all colleagues work with suppliers, so 'Protecting Post Office information' comes before 'Working with suppliers'.

d. The refreshed Priorities and Behaviours from the Blueprint work undertaken by the SEG has been incorporated into the 'Our Culture' section.

e. The updated Ethical Decision Making Framework approved by the SEG on 6th March 2024 has replaced the previous Ethical Decision Making Framework. There are now also references to the new 'Yes check' launched in February 2024.

f. All policy areas have been reviewed by Subject Matter Experts from across the business.

g. The errors in the previous document (spelling errors, grammar errors and broken links) have been rectified.

h. A new look and feel has been developed for the document ensuring professional publishing standards are met. The previous version had simply been a PDF of a Word document and the quality of the publishing undermined the importance of the document.

Risk Assessment, Mitigations & Legal Implications

2. The Code brings together key information from already existing company policies, any risks or legal implications will be assessed during the review of each of those individual policies.

Stakeholder Implications

3. Where there are any 'key policy' changes (within policies we refer to in our Code), the Code may need to be updated to ensure it is aligned.

10.2

Next Steps and Timelines

4. Following approval the Code is to be:
   - Published on the intranet, PeopleHub and the external corporate website.
   - Communicated during a weekly 10 at 10 or a monthly Townhall.
   - Emailed to all existing employees from Karen McEwan and made available electronically for Supply Chain and Branch colleagues who do not have email addresses.
   - Included in onboarding for all new employees as part of onboarding (paperwork and induction activities)

An animation is being developed to support the launch of the new Code of Business Conduct and will be used across multiple communications channels.

All the activities above will be done in line with the launch of the behaviours and priorities to colleagues in mid June 2024.

Appendices in the Reading Room

1. Updated version of the Code of Business Conduct (note links not live yet)
2. Short form version of the Code of Business Conduct (note links not live yet)
3. Existing version of the Code of Business Conduct

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POST OFFICE LIMITED
BOARD REPORT

Title:	Risk appetite schedule	**Meeting Date:**	4th June 2024
Author:	Rebecca Barker, Head of Risk	**Sponsor:**	Sarah Gray, Interim Group General Counsel

Input Sought: Approval

The Board are requested to approve the proposed changes to the Group Risk Appetite scale, which was previously approved at the March RCC/ARC for submission to the Board in June 2024.

Executive Summary

The concept of risk appetite plays a pivotal role in modern enterprise risk management. It involves defining the extent to which an organisation is willing to embrace risk while pursuing its strategic objectives. Effective risk management should support informed decision-making in line with this risk appetite, ensure confidence in the response to risks, transparency over the principal risks faced and how these are managed.

Risk appetite and tolerance levels support the reporting of risk to our senior leadership team and onward reporting to our risk committees.

Risk Appetite & Tolerance

1. We have introduced and embedded into the Service Now Governance and Risk tool (corporate risk registers) approved appetite statements across the following areas:
    - Governance
    - People
    - Commercial
    - Technology
    - Information
    - Cyber Security
    - Legal
    - Operational
    - Strategy
    - Financial
    - Environment, Social and Governance (ESG)
2. Risk appetite is the main steer for the first line to understand the amount of risk which Post Office is prepared to accept, tolerate or be exposed to at any point in time. It is essential to review risk appetites for several reasons;
    - **Changing Business Environment** – The business environment is dynamic, and external factors (such as economic conditions, technological advancements, and regulatory changes) can significantly impact an organisation's risk landscape. Regular reviews ensure that risk appetites remain relevant and aligned with the evolving context

11.1

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- **Internal Changes** – The business undergoes internal changes, restructuring, or shifts in strategic priorities. These changes may alter the organisation's risk profile. Regular reviews help adapt risk appetites accordingly
- **Learning from Experience** – The business continues to learn from past incidents and near-misses. By reviewing risk appetites, they can incorporate lessons learned and adjust risk tolerances based on real-world experiences
- **Performance Evaluation** - Risk appetite statements serve as benchmarks for evaluating performance. Regular reviews allow organisations to assess whether they are operating within acceptable risk limits and achieving desired outcomes.
- **Stakeholder Expectations -** Stakeholders (including boards, investors, regulators, and the public) have expectations regarding risk management. Regular reviews ensure that risk appetites align with stakeholder expectations
- **Compliance and Reporting** - Regulatory requirements often mandate risk appetite reviews. Organisations must demonstrate compliance and transparency by periodically assessing and documenting their risk appetite

The proposed review dates are detailed in **appendix 1** which we are seeking approval at the Board. The review of risk appetites will be led by the Central Risk team and include the Senior leadership team and business area leads.

3. As part of our continuous improvement to risk management we are also **seeking approval** to adjust the Corporate Averse appetite scale from 1-5 to 1-6 (**appendix 2**). The change would enable risk owners to accept as opposed to mitigate the risk, this reduces the amount of resource and costs to mitigate something that would still be unlikely to materialise. Introducing this change would result in a further 41 risks being in an accept state which will also discourage risk owners forcing a lower score, which isn't a risk culture we wish to promote. The change would benefit the prioritisation of financial / personal resources across other risks that require action.

The Group Risk Policy is scheduled for the annual review in November 2024.

Rebecca Barker, Head of Risk

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Appendix 1 – Risk appetite review schedule

Risk Category	Risk Themes	Target	Tolerance	Approved date	Review date
Environmental, Social and Governance (ESG)	Ineffective Environmental strategy – transitional risk	IRRELEVANT			
	Physical Impact of climate change - (PO Branches) – physical risk				
	Physical Impact of climate change - (PO Sites) – physical risk				
	Inadequate Sustainable Suppliers – transitional risk				
Strategy	Failure in Strategic Planning				
	Failure to maintain shareholder confidence of strategic vision				
Operational	Network Availability				
	Core operational processes impacting Postmasters (BAU)				
	Business change impacting branches				
	Service and Support provided to Postmasters				
	Network Numbers				
Marketplace & Brand	To be reviewed				
Reputation	To be reviewed				
Legal	Contract & Transaction Management Obligations				
	Statutory & Regulatory requirements				
	Disputes and Litigation				
	Employment, Pensions and Associated Disputes				
	Compliance & Control Environment				
	Intellectual Property & Brand				
Technology	Ineffective Data Governance (Information)				
	Ineffective Cyber Security (Security)				
	Technical Failures (Technology)				
	Infrastructure Failures (Technology)				
Commercial	Ineffective management of Commercial Partnerships				
	Adverse Trading Performance				
	Insufficient Product/Service development				
	Inadequate Commercial Strategy				
	Competitor Threat				
	Customer Dissatisfaction				
People	Lack of a High Performing Leadership Team				
	Sub Optimal Business Culture				
	Lack of Visibility of Talent, Inadequate Succession & Development Planning				
	Inadequate HR processes				
	Inadequate Reward & Recognition Schemes (incl. systems & communications)				
Governance	Ineffective Corporate Governance Framework				
	Ineffective Corporate Governance Structure				
	Inadequate Policy and Process Governance				
	Inadequate oversight and assurance of Governance Framework				
Financial	Liquidity and funding				
	Stakeholder confidence				
	Material misstatement in financial reporting				
	H&S working practices				

Appendix 2 – Corporate Appetite scale

Appetite Rating	Impact/Likelihood rating	Approach to Appetite
Open	1 - 25	Will take risks and **accept the possibility of failure.** We choose the highest option with the highest return. **Will accept risks could materialise** and the achievement of (some) strategic objectives could be compromised.
Flexible	1 - 20	Will **take justified risks.** Will accept some risks materialising subject to being able to proactively manage their adverse impact. **Will accept (under certain conditions) risk could materialise** the achievement of (some) strategic objectives could be compromised.
Neutral	1 - 15	Prefers on balance safe delivery to risk taking. Will accept some risks could materialise but only if adverse impact is limited and heavily outweighed by benefits. Would prefer **ideally not to accept** risks materialising if this meant the achievement of (some) strategic objectives could be compromised.
Cautious	1 – 10	Will take a **conservative approach to risks.** Will accept some risks materialising but only if activity is essential and the possibility of and extent of failure is limited. Would be **somewhat reluctant** to accept risks materialising if this meant the achievement of (some) strategic objectives would be compromised.
Averse	**1 - 6**	Will **avoid nearly all risks** where at all possible. Will always select the lowest option with the lowest risk. Would be **extremely reluctant** to accept risks materialising if this meant the achievement of (some) strategic objectives would be compromised.

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POST OFFICE LIMITED
BOARD REPORT

Title:	Remuneration Committee Terms of Reference Review	**Meeting Date:**	4 June 2024
Author:	Alison Hoyland, Deputy Company Secretary	**Sponsor:**	Amanda Burton, Committee Chair

Input Sought: Approval

The Board is asked to approve revised Terms of Reference (ToR) for the Remuneration Committee.

A marked-up copy of the substantive changes to the ToR, which fall under section 3, are attached in the appendix and a clean copy of the revised ToR is contained in the Reading Room.

Executive Summary

1. The Board approved updated Remuneration Committee ToR on 1 March 2024 to:
   - reflect relevant findings in the A Burton Report and DBT's subsequent Simmons & Simmons Report (published in June and August 2023 respectively);
   - align to managing public monies responsibilities and remuneration guidance as set out in the Shareholder Relationship Framework Document; and
   - reflect the changes to the CEO's executive direct reports and the establishment of the Strategic Executive Group.

2. Since then, the Remuneration Committee has agreed:
   i. a change to reflect the findings from an independent Speak Up investigation concluded in April 2024 to make it clear that any changes to the remuneration packages for Executive Directors require Shareholder approval and that no payments shall be made until that approval is received; and
   ii. some minor changes to remove duplication and correct punctuation.

3. The Remuneration Committee is due to ratify its agreement to the changes at its meeting on the morning of 4 June 2024, immediately before the Board, so that ratification will be confirmed on the day.

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Appendix

TRACK CHANGED VERSION OF PROPOSED REVISIONS TO SECTION 3 OF THE REMUNERATION COMMITTEE TERMS OF REFERENCE

Remuneration Package: Executive Directors, Members of the Strategic Executive Group, Group boards

3. **Approve** the remuneration package and total remuneration, as well as the terms conditions of employment including any variations thereof for proposed Executive Director, Strategic Executive Group (including any interim appointments to the Strategic Executive Group), and Subsidiary board appointments (excluding Group board appointments which are in addition to an executive's primary role and where no additional remuneration applies). This may include, but shall not be restricted to:
   i. Base salary
   ii. STIP
   iii. LTIP
   iv. Pension Provision
   v. Contractual terms such as notice periods.

   The recommendations shall align with the Group Remuneration Policy approved by the Board, the Public Sector Pay and Terms Guidance (PSPTG) (subject to any modifications agreed in the Shareholder Framework Document) and the HMT Senior Pay Guidance (a requirement for all public corporations).

   The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the remuneration policy and packages for Executive Directors including any changes to the remuneration packages and total remuneration for Executive Directors and no payments to Executive Directors may be made unless prior Shareholder approval has been provided.

   The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the proposed remuneration of any person who is a director of a Subsidiary Company who is not an employee of a member of the Group (unless that company is regulated by the FCA).

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POST OFFICE LIMITED
BOARD REPORT

Title:	Sealings Report	**Meeting Date:**	04th June 2024
Author:	Rubia Khanom, Company Secretariat Administrator	**Sponsor:**	Rachel Scarrabelotti, Company Secretary

Input Sought: Approval

The Directors are invited to consider the Register of Sealings and to approve the affixing of the Common Seal of the Company to the documents set out against items numbered 2248 - 2254 inclusive in the Register of Sealings.

Executive Summary

For the Directors to resolve that the affixing of the Common Seal of the Company to the documents set out against items numbered 2248 - 2254 inclusive in the Sealings Register are hereby confirmed.

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Date Created
24/05/2024

Post Office Limited
Register of Sealings

Company Number
2154540

Seal Number / File Ref.	Date of Sealing	Date of Authority	Description of Document	Persons Attesting To Document	Destination of Document
2248 / Agreement for Sale	20/03/2024	15/03/2024	Agreement for sale relating to leasehold property known as 18 St Peters Square, Ruthin LL15 1YL between POST OFFICE LIMITED (Company No. 02154540) whose registered office is 100 Wood Street, London, United Kingdom, EC2V 7ER (Seller) and POWERLINE PROPERTY LIMITED (Company No. 06137674) whose registered office is 63 Mwrog Street, Ruthin, Denbighshire, LL15 1LB (Buyer). Powerline Property Limited will pay Post Office Limited £100,000 for the assignment of the lease dated 31st March 2013 for a term of 999 years between (1) Royal Mail Estates Limited and (2) Post Office Limited.	Alison Hoyland, Deputy Company Secretary	Womble Bond Dickinson and Karima Karger
2249 / TR1 Form	20/03/2024	15/03/2024	TR1 - HM Land Registry Transfer of whole of registered title in relation to 18 St Peters Square, Ruthin LL15 1YL (title Number: CYM588024) between Transferor: POST OFFICE LIMITED and Transferee: POWERLINE PROPERTY LIMITED. Consideration of One hundred thousand pounds (£100,000). Limited title guarantee.	Alison Hoyland, Deputy Company Secretary	Karima Karger and Womble Bond Dickinson
2250 / Capital Allowances Election	20/03/2024	15/03/2024	Notice of an election to use an alternative apportionment in accordance with section 198 Capital Allowances Act 2001 relating to sale of leasehold interest in 18 St Peter's Square, Ruthin LL15 1YL for the consideration of £100,000 between Post Office Limited 100 Wood Street, London, EC2V 7ER (seller) and Powerline Property Limited 63 Mwrog Street, Ruthin, Denbighshire, LL15 1LB (buyer).	Alison Hoyland, Deputy Company Secretary	Karima Karger and Womble Bond Dickinson
2251 / Power of Attorney	25/03/2024	25/03/2024	Power of Attorney made by Post Office Limited, following Board approval on 25/03/2024 in relation to the proposed transfer of the entire business of Payzone Bill Payments Limited (company number 11310918) (Payzone) (a wholly-owned subsidiary of Post Office Limited), including all its assets and liabilities, to Post Office Limited (the Integration). The Power of Attorney appointed Barbara Brannon (Commercial Director) as the Post Office Ltd's true and lawful attorney (the Attorney) with the authority in Post Office Ltd's name and behalf to do all or any of the following: (a) agree, sign, execute as a deed, initial and/or deliver all agreements, letters, notices, acknowledgements, consents, waivers or other documents that the Attorney may consider necessary or desirable in connection with the Integration, including without limitation the documents referred to in the schedule to this power of attorney, (together the Documents); (b) agree any amendments to the Documents that the Attorney may consider necessary or desirable in connection with the Integration; and (c) generally to do all acts and things that the Attorney may consider necessary or desirable in connection with the Integration.	Rachel Scarrabelotti, Company Secretary	Norton Rose Fulbright and Company Secretariat

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12.3

Seal Number / File Ref.	Date of Sealing	Date of Authority	Description of Document	Persons Attesting To Document	Destination of Document
2252 / HMRC	03/04/2024	03/04/2024	HOLD FOR HMRC Standstill Agreement/Deed. Further information to formalise execution arrangements w/k commencing 1st April 2024.	Alison Hoyland, Deputy Company Secretary	HMRC
2253 / MINUTE OF EXTENSION & VARIATION	24/04/2024	19/04/2024	MINUTE OF EXTENSION AND VARIATION OF LEASE between CASTLECROFT SECURITIES LIMITED incorporated under the Companies Acts (Company No SC088688) and having their registered office at King James VI Business Centre, Riverview Business Park, Friarton Road, Perth PH2 8DY (Landlord) and POST OFFICE LIMITED incorporated under the Companies Acts (Company No 02154540) and having their registered office at 100 Wood Street, London, United Kingdom, EC2V 7ER (Tenant) in relation to Suite A, Riverview House, Friarton Road, Perth, PH2 8DF. The Landlord and the Tenant have agreed that the Lease shall be extended for the period from 16 March 2024 to and including 15 March 2027 (Extended Period). The Tenant binds and obliges itself to pay to the Landlord by way of rent during the Extended Period £16,447 per annum together with, in addition, all Value Added Tax properly chargeable thereon by equal monthly instalments.	Alison Hoyland	Karima Karger, Legal and Womble Bond Dickinson
2254 / Director's Deed of Indemnity	16/05/2024	24/05/2024	Director's Deed of Indemnity between Post Office Limited and Nigel Railton. Executed under Company Seal.	Alison Hoyland, Deputy Company Secretary	Company Secretariat, safe keeping

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POST OFFICE LIMITED
BOARD REPORT

Title:	Future Meeting Dates	**Meeting Date:**	04th June 2024
Author:	Rubia Khanom, Company Secretariat Administrator	**Sponsor:**	Rachel Scarrabelotti, Company Secretary

Input Sought: Noting

The Directors are requested to note the future meetings dates scheduled in respect of Post Office Limited Board and Committee meetings.

2024

Date			Time	Meeting
Wednesday	29 May	2024	08:30 – 10:30	Remediation Committee
Tuesday	04 June	2024	09:00 – 09:30	Nominations Committee
Tuesday	04 June	2024	09:30 – 11:00	Remuneration Committee
Tuesday	04 June	2024	11:15 – 17:00	Board
Wednesday	12 June	2024	08:30 – 10:30	Remediation Committee
Monday	01 July	2024	14:00 – 17:00	ARC
Monday	08 July	2024	09:30 – 14:00	Board
Monday	08 July	2024	14:30 – 18:00	Board Strategy Away Day - 1
Tuesday	09 July	2024	08:30 – 16:00	Board Strategy Away Day - 2
Wednesday	17 July	2024	08:30 – 10:30	Remediation Committee
Tuesday	23 July	2024	14:00 – 16:00	Remuneration Committee[1]
Wednesday	21 August	2024	08:30 – 10:30	Remediation Committee
Tuesday	17 September	2024	13:00 – 15:00	Investment Committee
Wednesday	18 September	2024	08:30 – 10:30	Remediation Committee
Wednesday	18 September	2024	14:00 – 17:00	ARC
Tuesday	24 September	2024	10:00 – 11:00	Nominations Committee
Tuesday	24 September	2024	11:15 – 17:00	Board
Wednesday	16 October	2024	08:30 – 10:30	Remediation Committee
Tuesday	29 October	2024	09:00 – 17:00	Board

12.4

[1] As agreed, the cadence of RemCo meetings is being changed and being de-coupled from Board meeting scheduling and will now be aligned to the unique activities of RemCo. Moved from 24 September 2024.

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Wednesday	06 November	2024	10:00 – 12:00	Remuneration Committee[2]
Wednesday	13 November	2024	08:30 – 10:30	Remediation Committee
Thursday	14 November	2024	14:00 – 17:00	ARC
Tuesday	26 November	2024	10:00 – 11:00	Nominations Committee
Tuesday	26 November	2024	11:15 – 17:30	Board
Tuesday	10 December	2024	10:00 – 12:00	Investment Committee
Wednesday	11 December	2024	08:30 – 10:30	Remediation Committee

2025

Date			Time	Meeting
Wednesday	22 January	2025	08:30 – 10:30	Remediation Committee
Monday	27 January	2025	14:00 – 17:00	ARC
Tuesday	28 January	2025	09:00 – 17:00	Board
Monday	10 February	2025	12:00 – 14:00	Investment Committee
Wednesday	19 February	2025	08:30 – 10:30	Remediation Committee
Tuesday	25 February	2025	09:00 – 12:00	Board
Tuesday	25 February	2025	12:30 – 13:00	Nominations Committee
Tuesday	25 February	2025	13:00 – 14:30	Remuneration Committee
Wednesday	19 March	2025	08:30 – 10:30	Remediation Committee
Tuesday	25 March	2025	09:00 – 12:00	ARC
Tuesday	25 March	2025	12:15 – 17:30	Board

12.4

[2] As agreed, the cadence of RemCo meetings is being changed and being de-coupled from Board meeting scheduling and will now be aligned to the unique activities of RemCo. Moved from 26 November 2024.

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12.5

Post Office Limited
Board Governance Map & Forward Plan 2024/25

Item	Origin of Request	Owner	Action Required	04/06/2024	09/07/2024	09/07/2024 & 10/07/2024 Strategy Sessions	24/09/2024	29/10/2024	26/11/2024	28/01/2025	25/02/2025 - Additional	25/03/2025	Notes

IRRELEVANT

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12.5

Item	Origin of Request	Owner	Action Required	04/06/2024	09/07/2024	09/07/2024 & 10/07/2024 Strategy Sessions	24/09/2024	29/10/2024	26/11/2024	28/01/2025	25/02/2025 - Additional	25/03/2025	Notes

IRRELEVANT

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12.5

Item	Origin of Request	Owner	Action Required	04/06/2024	09/07/2024	09/07/2024 & 10/07/2024 Strategy Sessions	24/09/2024	29/10/2024	26/11/2024	28/01/2025	25/02/2025 - Additional	25/03/2025	Notes

IRRELEVANT

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12.5

Item	Origin of Request	Owner	Action Required	04/06/2024	09/07/2024	09/07/2024 & 10/07/2024 Strategy Sessions	24/09/2024	29/10/2024	26/11/2024	28/01/2025	25/02/2025 - Additional	25/03/2025	Notes

IRRELEVANT

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12.5

Item	Origin of Request	Owner	Action Required	04/06/2024	09/07/2024	09/07/2024 & 10/07/2024 Strategy Sessions	24/09/2024	29/10/2024	26/11/2024	28/01/2025	25/02/2025 - Additional	25/03/2025	Notes
IRRELEVANT													

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POST OFFICE LIMITED
BOARD REPORT

Title:	Health & Safety Monthly Report	**Meeting Date:**	4th June 2024
Author:	Martin Hopcroft, Director of H&S, Environment and Business Continuity	**Sponsor:**	Kathryn Sherratt, Interim Chief Finance Officer

Input Sought: Noting

The Board is asked to note the contents of the report.

Executive Summary

We continue to support our people, including signposting colleagues to EAP support and arranging bespoke workshops for a number of teams who are particularly anxious due to the heightened media attention during the Public Inquiry. We have asked colleagues to report incidents of abuse or harassment and our Security, Business Continuity and H&S teams have reviewed and tightened up access and visitor procedures at our central offices. We have put additional support in place from Kings Security and their expert personal protection advisors, Harrier Global, who will review and test our building resilience and will provide advice and guidance to individuals who are at higher risk of being targeted by media. Mental Health Ambassadors are receiving annual refresher training and we are extending the network of MHAs in June to extend support to our field team colleagues.

We have strengthened the end to end support Postmasters receive following a serious incident in branch eg. robbery. The process will ensure a review is undertaken at 1, 3 and 6 months post incident with an offer of trauma support where required. Through a Summer campaign we will continue to raise awareness of wellbeing resources available to Postmasters and staff.

Following a low number of accidents being reported during February (2) and March (1) we saw an uptick in April and 8 incidents reported, 1 leading to absence following a fall in a car park. Over the past year there has been an increase in minor accidents reported by Directly Managed Branches, all of which were investigated and learnings and best practice shared with colleagues. We continue to develop our people and implement a range of initiatives to mitigate risk. ATM and Cash Vans in Transit (CViT) attacks remain extremely low compared to pre-pandemic levels. Robberies in April were slightly higher than expected levels for the time of the year (6 vs 5) and higher than previous year (5). YTD 23/24 there were 65 robberies vs 80 expected and lower than previous year (73). 35% were unsuccessful, an improvement on 22/23 (33%).

Report

1. At Appendix 1, we summarise KPI performance over the last four years. Whilst the volume of YTD accidents reported were higher at P12 than in 22/23 (50 vs 41), accidents in Supply Chain are at their lowest reported levels for over 4 years. More serious lost time related accidents were slightly lower across the business and days lost reduced by 56% in 23/24 (9 accidents leading to 143 days vs 10 leading to 328 days). In Supply Chain there has been a 60% reduction in lost time incidents and an 88% reduction in lost days.

2. Over the past couple of years, accident causation in DMBs has been mainly due to falls indoors, however, we saw a reduction in 23/24. However, whilst accidents due to striking

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against objects or equipment, including bumping into or stepping onto objects, reduced in 22/23 we noted a marked increase in 23/24. We will continue to strengthen safety culture in DMBs, adopting good practice, including use of safety champions, improved reporting and applying learnings from accident and near miss investigations.

3. The H&S Team are progressing a programme of Individual Risk Assessments for 24/25, as approved by Safety Board. The workplace, DSE and Lone Worker risk assessments are being completed by Retail teams and will be issued to all business areas during Q1.

4. The Security Intelligence Team maintains ongoing collaboration with law enforcement and industry partners feeding into our daily operational assessments of crime and weekly tactical analysis discussions to stay ahead of emerging trends and to adopt best practices for mitigating threats and risks. There were 106 branch security health checks conducted during period 1 (April), providing support to Postmasters and branches.

5. Due to the recent media attention, we have reviewed and strengthened the security and visitor procedures at our central buildings. We have also asked our partner Kings Security, and their security and strategic protection partner, Harrier Global, to review our procedures, provide specialist advice to the Security team and colleagues and test our building resiliance.

6. Robberies during P1 (April) were slightly up against the expected level for this time of the year (6 vs 5), and when compared to last year (5). In 2023/24 there were 65 robberies vs 80 expected levels and 73 previous year. The volume of incidents of serious abuse reported in 23/24 reduced to 350 compared to 420 in 22/23. There were 36 reported incidents (28 POL and 8 Retail) during the period vs 32 last month. New self-help guidance and support is held on the Branch Hub site.

7. In P1 (April) there were 0 PO CViT robbery related incidents. Attacks remain consistently low since pre-pandemic years. There have been 136 CViT cross pavement observations conducted during the month and 1952 during 2023/24. Security awareness campaigs have focused on CViT 'Safety on the Road' as well as completing the deployment of the Security Notice boards in CViT & Cash Centre depots. Upgraded body worn cameras are being rolled out to all depots over the next few months. They will remain mandatory on high and very-high risk routes, with a strong encouragement for all other routes.

8. There were 0 PO ATM attacks in April. There were only 2 ATM attacks in 2023/24 which was unprecedented compared to pre-pandemic levels. Intelligence gathering continues regarding industry attacks. Current threats have resulted in asking branches to reduce ATM cash holdings in hot spot areas due to increases in industry attacks using stolen firefighting equipment. There have been 14 industry ATM attacks in period 1 (22 last month) which outturned at 192 attacks in 23/24 (172 - 2022/23, 213 - 2021/22, 326 - 2020/21) and mainly targeted Cardtronics (33%), Tesco (15%), NCR (15%). POL were 0.5% of industry.

9. We have reviewed the Supply Chain Safety Plan, robbery risk assessment and cross pavement risk profile and are progressing a number of initiatives including; rolling out a replacement upgraded body camera, enhancing the Safety Champion role and

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implementing recommendations from the Occupational Health musculoskeletal / fatigue review in CViT. During recent viewing of CCTV footage downloaded from CViT vehicles to investigate traffic incidents, a number of near misses due to driver distraction were identified. To address legal and Union concerns about privacy, we are rolling out new vehicle telemetry with AI technology that can intervene in such situations. We have issued new driver standards and the Road Risk Policy and following a succesful pilot, we are extending the inititiave to increase the value of cash being carried in cash transfer boxes to reduce the time crews spend outside the vehicle to reduce risk in line with industry.

10. A 'people risk' for mental wellbeing has been recorded due to an increase in 'at work' stress reported in some business areas. Stressors include excessive workload due to insufficient resource; the pressure of responding to the Inquiry on top of the day job; alongside additional 'personal' pressures colleagues may have to deal with e.g. cost of living. We have communicatied with colleagues across the business following the Bates vs Post Office TV drama and we are providing additional wellbeing guidance to those who engage Postmasters and customers. We are providing bespoke wellbeing support to employees and a dedicated Wellbeing Assistance helpline and counselling for ex-employee witnesses to the Inquiry.

11. We have launched an online wellbeing resource with content suitable for Postmasters, their owners and staff. We are issuing quarterly campaigns and work closely with the retail teams and NFSP to signpost and to help raise awareness of the new resource.

Financial Impact

12. The financial impact of the above initiatives has been evaluated / budgets confirmed.

Risk Assessment, Mitigations & Legal Implications

13. Our highest risks include; violence and abuse aimed at postmasters and employees. The security and health and safety teams will continue to strengthen mitigation; the potential change to our risk profile due to increasing levels of cash in the network and; the ongoing impact on colleague wellbeing due to the impact of the Inquiry, either directly or indirectly.

Stakeholder Implications

14. Training should be provided to new directors and, where required, directors, management and colleagues of Group subsidiaries.
15. Information – directors should consider the H&S information that flows to the Board to support directors, subsidiary directors and management teams carrying out their duties.

Next Steps & Timelines

Safety Sub-Committee is held bi-monthly, next meeting scheduled 12th June 2024. Board and GE H&S reports will include updates, recommendations and decisions made by the Sub-Committee.

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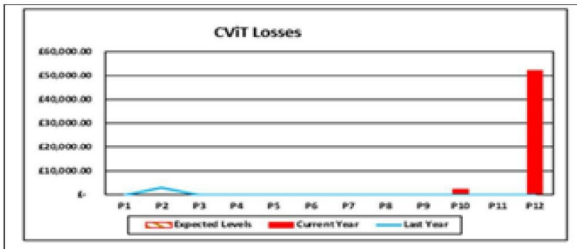
Appendix 1 - Safety Board Dashboard

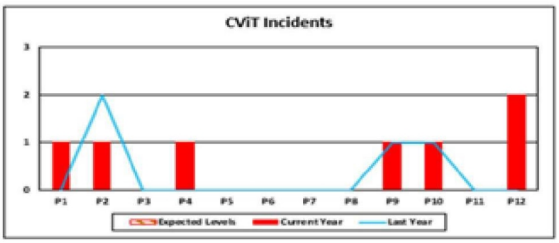
Accidents P1 (24/25) and Security P1 (24/25)

Health & Safety 4yr Performance

Year/KPI	20/21	21/22	22/23	23/24		23/24	24/25
	P12 YTD	P12 YTD	P12 YTD	P12 YTD		P1 YTD	P1 YTD
All accidents	40	50	41	50		2	8
All accidents / 1000 employees DMB Support Supply Chain	11.8 22.7 0.7 15.3	15.2 26.9 2.1 23.5	12.1 23.5 0.6 20.1	14.0 36.5 1.2 13.6		0.6 1.0 0.0 1.3	2.2 4.0 0.5 3.7
Lost Time related accidents	5	16	10	9		0	1
Lost Time related accidents / 1000 employees	1.5	4.9	2.9	2.5		0.0	0.3
*LTIFR (lost time accidents/100,000hrs)	0.083	0.281	0.169	0.147		0.000	0.188
Days lost due to accidents	28	484	328	143		0	15
Days lost / 1000 employees	8	147	97	40		0	4
*LTR (Accident days lost/100,000 hrs)	0.5	8.5	5.5	2.3		0.0	2.8
Days lost due to robbery (assault and trauma)	16	23	255	0		0	0
*LTR (Total days lost/100,000hr inc trauma)	0.7	8.9	9.9	2.3		0.0	2.8
RIDDORS (Employee)	3	6	4	5		0	1

NOTE: Whilst the number of days lost following an incident (assault / trauma) rose in 22/23 when compared to 21/22 (255 vs 23), this was due to one incident with a resulting long-term absence. NOTE: **It should be noted that one single lost time accident increases LTIFR markedly by approx. 0.200 per month, LTIFR is the number of incidents / 100,000hrs and should always be read alongside the Lost Time Rate (LTR) which is the number of lost days / 100,000 hrs and an indication of the seriousness of the accident.*





Period 1 (April) CViT robberies 0

2018/2019	17
2019/2020	13
2020/2021	6
2021/2022	5
2022/2023	3
2023/2024 (see charts)	7

Attacks remain consistently low since pre-pandemic.

136 CViT cross pavement observations conducted during the month. Upgraded body worn cameras are being rolled out to all depots over the next few months. There will be enough for every route. They will remain mandatory on high and very-high risk routes, and strong encouragement for all other routes.

Industry CViT attacks lower, 3 vs 4 last month. Based on current figures, the FYF is 36, similar to recent years

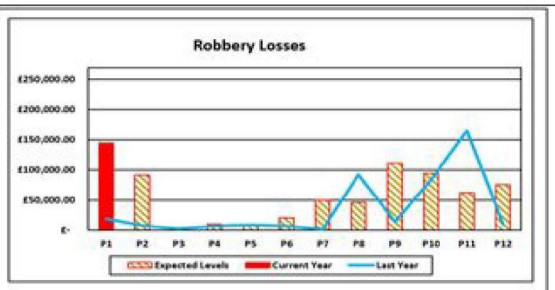
Industry Hotspots – the Met, West Midlands, Manchester and GMP (over the last 13 months)

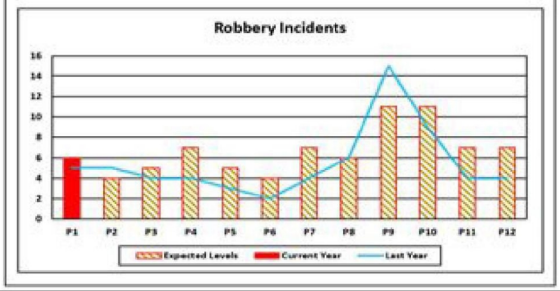
Industry by Company, G4S 17, POL 7, Loomis 7 (over the last 13 months)

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Commentary

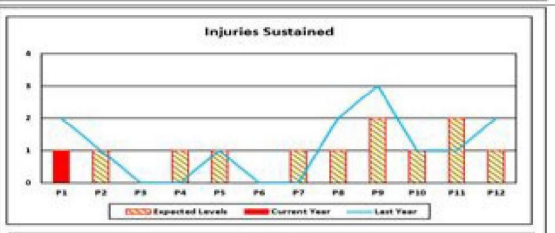
Period 1 (April 2024)

- Robberies were **higher** vs expected levels for the time of year (6 vs 5) and **higher** than last year (5).
- Of the 6, 4 were successful and 5 weapon enabled
- **£144k losses**
- 145 branch security health checks conducted providing Postmaster support
- Security procedures failed in 50% of incidents (48% last month), leading to 97% of the losses (23% last month
- Incidents of note for the period: Brabazon - Robbery, £137k, a person has been arrested

Retail robberies reported, 2 vs 2 last month

2023/24 Full year

Robberies in 23/24 were lower vs expected levels, 65 vs 80, and lower than last year, 73. Of the 65, 42 (65%) were successful (66% previous year), 23 were attempted. FY losses were lower vs expected levels, £424k vs £546k, and lower than £1.05m previous year. 2293 branch health checks were carried out over year.





Commentary

Period 1 (April) – 1 x Injury

Minor scratches suffered during scuffle at branch robbery.

Abuse & Aggression

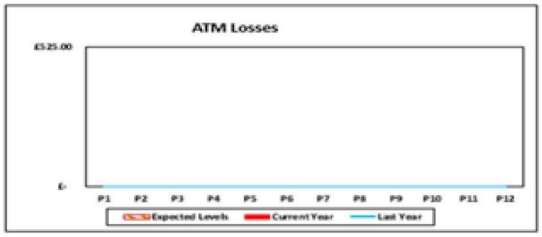
36 reported incidents during the period – 28 POL focused, 8 retail focused. Of which, 28 were product related (15 mails related, 7 general abuse for no apparent reason, 6 other product related). 5 of the 8 retail were shoplifting related

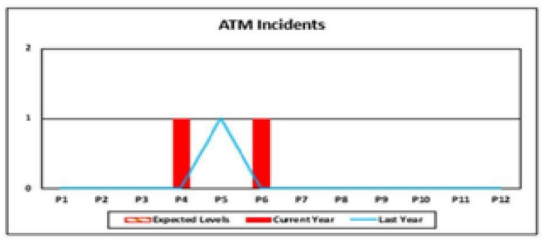
Abuse, Aggression & Violence Learning Module is due to be released 24th June.

2023/24 Full year

There were 13 incident injuries reported in 23/24, slightly up on previous year (12).

Abuse & Aggression – During 2023/24, there was a reduction in serious abuse reported compared to 2022/23 (350 vs 420).





2018/2019	61
2019/2020	36
2020/2021	17
2021/2022	5
2022/2023	1
2023/2024	2

Commentary – Period 1 (April) - ATM incidents were 0

There were 2 ATM attacks in 23/24 and 1 in 22/23 which is **unprecedented** compared to higher levels during the pre-pandemic years.

- There remains industry focused ATM activity in key areas. Current threats have resulted in asking branches to reduce ATM cash holdings in hot spot areas due to increases in industry attacks using stolen firefighting equipment
- 14 industry ATM attacks in the period (22 last month). Based on current figures, the FYF is 168, similar to recent yrs
- Cardtronics (33%), Tesco (15%), NCR (15%), POL 0.45% (over the last 13 months)
- Hotspots, Thames Valley, Met, West Midlands, Cambridgeshire, Hampshire

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Post Office Technology

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Technology Dashboard

May 2024



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IT Operations and People Topics

IT operations – branch

Comments: There were 6 Major Incidents in April which was an increase of 2 from March. Unfortunately, 3 of these were on the back of failed changes which has been addressed directly with the implementation teams, 3 had direct impact to the network impacting the ability to trade through SSKs and access to Scottish Power and Evri transactions were most impactful. We are working with technology teams and partner organisations to understand the root cause and prevent further recurrences

	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# major IT branch incidents (Raised / Resolved)	2 2	4 4	4 4	6 6	3.5 3.5
# IT branch incidents (non-major), (k) (Raised / Resolved)	4 4	3.6 3.7	3.4 3.3	3.5 3.3	3.8 3.8
% Horizon uptime (New definition used from Sep-23 onwards)	100%	100%	100%	100%	100%
# average branches down (start of day)	13	8	7	7	8
# branches down for over a week	14	14	8	4	9
# formal complaints (closed complaints by Postmaster on the handling of their Incident)	7	5	5	7	7

IT operations – colleague and back office

Comments: There were 3 Back-Office incidents, all had a direct impact on our client's access to data files through our Post Office Data Gateways (PODG) . FRES and Santander were impacted by two and the third incident was related PODG not being available due to a Database failure impacting multiple clients. All were resolved very quickly with all files were made available to clients.

	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# major colleague IT incidents (Raised / Resolved)	2 2	2 2	2 2	3 3	1.3 1.3
# IT colleague incidents (non-major), (k) (Raised / Resolved)	0.9 0.7	0.7 0.7	0.7 0.6	0.7 0.6	0.8 0.7

People

Comments: The next Technology colleague barometer survey will be launched in May. Tech will review and create Engagement Plans in line with POL wide Engagement Results. Total training budget approved for FY 2024-25 is £60,000

Workforce satisfaction trend over time (score calculated from bimonthly Technology barometer)



	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# perm / FTC vacancies (Open / Filled)	10 10	7 2	24 9	14 9	16 6
% number of Contractors (including NBIT contractors)	38%	38%	36%	38%	41%
% YTD training budget spent (note that this figure can go up and down as budget is released throughout the year)	62%	80%	82%	23%	

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Cybersecurity, Technology Risks and Horizon Change and Defect Management

Cybersecurity

Comments: 1 branch high security incident was identified – POL Cisco devices that were vulnerable to a critical / zero-day vulnerability were upgraded to prevent attacks on POL network and branches. SPM high vulnerabilities decreased this month as teams must remediate vulnerabilities before banking activation whereas BAU high vulnerabilities increased due to installation of user applications such as Firefox on supporting cloud infrastructure used by FJ

	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# high security incidents					
Colleague	10	11	13	15	22
Branch	0	0	0	1	0
# open pen test findings					
Critical	9	10	9	9	14
High	42	46	44	47	42
# AWS vulnerabilities (SPM – Prod)[1]					
Critical	7	10	10	9	140
High	2199	2768	2794	1132	2879
# AWS vulnerabilities (BAU – Prod)[2]					
Critical	9	6	4	4	14
High	367	323	325	511	498

1-Average is 11 month average

2-Average is 8 month average

Risks

Comments: Risks are actively being managed and mitigated and Technology has no 'Very High' risks to note.

As the Branch Technology roadmap evolves risks will be raised, managed and mitigated. Current priority high risk is associated to delays in funding approval from DBT for Technology Change. Technology function is working with Finance and SPO to mitigate any impacts to inflight Programmes.

# intermediate Technology risks	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
Very high	0	0	0	0	0
High	12	12	9	10	10
Medium	1	1	2	2	2

Horizon change and defect management

Comments: Volume of APADC / reference data changes increased in April due to large decommissioning of products that have been turned off from Horizon. There was 1 privileged access from FJ this month for the following – A monthly clear down of branch database tables. This month There was no emergency account access usage within the Belfast Data Centre.
Defect management saw 2 potential financial impact closed – a) Regarding the 'bit flip' issue, following a review of Fujitsu options, all options would cost a very high price and not guarantee stopping FJ state memory corruption, this has been raised and accepted as a risk record, b) Worldline fix deployed to resolve issues with Payment and Banking transactions getting declined when a travel money card transaction fails at the exact same time as another transaction is processed.

Change management

	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# changes made to reference data and APADC (Automated Payments Advanced Data Capture)	308	420	248	342	295
# FJ implemented platform changes[3]	88	113	84	91	79

Remote access[1]

	Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# uses of FJ's account for ops processes (privileged access)	6	1	3	1	4
# uses of emergency account by FJ for system changes[2]	1	2	15	0	3

Defect management

		Jan-24	Feb-24	Mar-24	Apr-24	12 month average
# defects Raised	Potential fin. impact	2	0	0	0	1
		1	1	1	2	1
Resolved	No fin. impact	3	3	3	2	3
		0	2	7	3	2
Open defects with potential fin. impact	Criticality score >30/58	1	0	0	0	1
	Under Investigation	4	2	2	1	2
	Fix being developed	2	3	3	2	2
	Fix awaiting deploy	1	0	0	1	2
	In closure process	1	2	2	0	3

1. Remote access metrics do not include the reporting of read only access to individual counters, this reporting is available via the normal weekly security reporting and ISMF 2. Number of uses of the 'break glass' account used when Fujitsu are doing changes / updates / maintenance to the system; sometimes these are out of hours (e.g., the regular executor is off shift)

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POST OFFICE LIMITED
BOARD REPORT

Title:	2024 Employee Survey results/ Engagement Survey	**Meeting Date:**	4th June 2024
Author:	Tim Perkins, People Services Director	**Sponsor:**	Karen McEwan, Group Chief People Officer

Input Sought: Noting

The Board is requested to:

i. Note the results of the 2024 Colleague Engagement Survey that have been discussed at the Remuneration Committee.

Executive Summary

Post Office completed an Engagement Survey at the start of 2024 and 86% of colleagues responded to the survey.

Engagement has fallen and this is driven by a decrease in the sense of pride colleagues have in working for the business. Given the external pressures on the business this was to be expected, and despite those external pressures colleagues remain motivated to do the best job they can and to remain at Post Office in the long term. Senior colleagues are under significant strain and this, coupled with poor internal communications, seem to be compounding a lack of confidence in senior leaders. Colleagues are looking for a refreshed strategic direction and for it to be communicated effectively across the business. Indeed, when colleagues understand the strategy, they feel more confident delivering for Postmasters, partners and customers. Colleagues experience of line management and technology has improved and Post Office is seen by the majority of colleagues to be an inclusive place to work.

The results were shared with all line managers on 7th May and presented to the full business on 15th May at the Colleague Town Hall. Action plans will be completed by 28th June with a potential future Pulse Survey in August or September 2024.

Report

1. Post Office completed an Engagement Survey over three weeks in February and March 2024. The survey is run end-to-end by Ipsos, Karian and Box (IK&B) through the Qualtrics contract.

Completion rate

2. The completion rate for the survey was 86%. This was an increase on the completion rate of the last Pulse Survey (at 65%) and the last full Engagement Survey in 2022 (at 36%

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when Union activity impacted the completion rate). This level of completion is ahead of UK norms for completion of engagement surveys and means that the outcomes of the survey can be seen to be very representative.

Headline results

3. The overall outcome report (**Appendix A** which has been uploaded to the Reading Room) was shared with the Strategic Executive Group (SEG) on 23rd April 2024. It has also been shared with the Remuneration Committee for onward noting at Board on 4th June 2024.
4. The key headline results from the 2024 Engagement Survey are as follows:
    a. The engagement index has fallen 11% to 57%. This has been driven by a 22% decrease in colleagues feeling proud to work for Post Office. There has been a direct 'switch' from colleagues feeling proud of working for Post Office to not feeling proud of working for Post Office between the Pulse Survey and this survey. Our survey providers have noted that this 'switch' is unusual as pride normally erodes over time with colleagues migrating from positive to neutral and then to negative responses. This outcome and 'switch' was to be expected given the amplified external pressures on Post Office.
    b. Whilst all drivers of engagement have fallen, colleagues' motivation to do the best job they can remains 12% higher than UK norms at 73%. This suggests that whilst colleagues do not feel proud of working for Post Office, they are determined to contribute to the transformation of the business.
    c. 58% of all colleagues plan to be at Post Office for longer than 5 years – typically, even for businesses with high engagement, intention to stay for over 5 years only tends to reach the high 20s. So, whilst pride in working for Post Office has fallen, this has not translated into more colleagues planning to leave the business. More colleagues who plan to leave cite concerns about Post Office's future and culture than previously, with fewer colleagues citing reward.
    d. The level of strain felt by senior colleagues at Post Office is substantially different to the level of strain felt by more junior colleagues and this is impacting their wellbeing. The predominant descriptions of the Post Office culture for junior colleagues are 'friendly' and 'supportive', whilst for senior colleagues they are 'bureaucratic' and 'political'. The barriers which have the highest impact on strain have decreased for junior colleagues, whilst increasing for senior colleagues. Proximity of senior colleagues to governance processes is likely a cause of strain and job and organisation design should be reviewed for senior colleagues.
    e. The strain that senior leaders are under is also likely having an impact on their ability and capacity to lead brilliantly. This, along with the very public issues surrounding senior leaders at the time of the survey, may be a root cause for the lack of confidence that colleagues have in senior leaders. 35% of colleagues said they had confidence in senior leadership, down 4% from 2022 and down 5% from 2023. This fall in confidence might have been expected to be greater for this survey, but the lack of confidence in senior leaders is a long-term issue for Post Office and is significantly behind UK norms where 69% of employees have confidence in senior leadership.

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f. Poor internal communications are driving a lack of colleague confidence in both Post Office and the senior leadership. 43% of colleagues suggest that the one thing they would do to make Post Office a better place to work is to either 'improve internal communication' or 'be more honest and transparent'. In most businesses, suggestions to make the business a better place to work tend to centre on improving pay and benefits or improving progression opportunities, so the overwhelming feedback on communications at Post Office suggests this is a real area of opportunity.
g. Colleagues are asking for a refreshed strategic direction and for it to be communicated effectively. This can be found in the verbatim comments of colleagues, but is also visible in the decline in colleagues views on whether the vision for 2025 and strategic priorities motivates them (-12% vs 2022 to 32% of colleagues). This question makes up one of the four drivers of colleague confidence in senior leaders and is both the largest declining driver against 2022 and the worst performing versus UK norms. It is also critical to note that when colleagues understand their role in relation to Post Office's strategy, they are much more confident that they can support Postmasters, partners and customers. 81% of colleague who understand their role in relation to Post Office strategy are confident in supporting Postmasters, partners and customers against only 26% of colleagues who do not understand their role in relation to Post Office strategy.
h. Colleagues experience of their direct line managers and the technology they use in their jobs have both improved. Colleagues have a broadly positive experience of their direct line manager, particularly in relation to having regular check ins and caring about wellbeing and it has improved on all measures since 2022. Technology remains the biggest barrier colleagues feel they face at work, but this has fallen from 59% finding it a barrier in 2022 to 42% finding it a barrier in 2024.
i. The colleague experience at Post Office is generally seen as equitable with 17% of colleagues having no improvements to suggest in relation to ED&I (and 8% of colleagues thinking that ED&I has gone too far at Post Office). However, the underlying responses suggest that more can be done to improve the experience of some groups of colleagues. Colleagues with a disability are less likely to feel included at Post Office, colleagues from ethnic minority backgrounds are less likely to feel that they can progess their career at Post Office and senior women are much more likely to have received an unwanted comment at work than senior men.

Next steps and timelines

5. The proposed timeline following the issuing of the survey results by IK&B is detailed below:
    a. 23rd April – Outcome report shared with SEG and 'Create New Confidence' group.
    b. 1st May – SEG reviewed the headline results and approved the proposed next steps.
    c. 2nd May – Headline results were shared with Leadership Team.

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d. 7th May – Access to Dashboards became available to all line managers. This has enabled line managers to begin building local action plans. There are standardised template for action plans.
e. 15th May – Business wide update at May Town Hall on survey results and next steps.
f. 4th June – Outcome report to be shared with the Remuneration Committee for onward noting at Board.
g. 28th June – Business and local action plans to be finalised and submitted.
h. July Board Away Day – deep dive into culture using the outcomes from the colleague and Postmaster engagement surveys.
i. July – Survey dates and question set for Pulse Surveys to be agreed with SEG.
j. August/September – Potential timeline for Pulse Survey completion. This will be under a new contract, so there is an opportunity to reset timeliness of results with a new provider/under a new contract.

6. In addition to having business-wide and local (functional) action plans, we will also be developing action plans for three specific populations whose experience of working at Post Office differs from the norm. The purpose of this is to indicate that the results from the engagement survey are being addressed in a different way to the past, and this approach also indicates a move away from a siloed mentality within the business. The additional populations we will be developing action plans with are:
    a. Band 4 and SLP colleagues – with a specific focus on the strain that these colleagues have reported being under.
    b. Colleagues with a disability – with a specific focus on the level of inclusion that these colleagues experience.
    c. Colleagues from an ethnic minority background – with a specific focus on career progression within Post Office.

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POST OFFICE LIMITED
BOARD REPORT

Title:	ICO Publication Scheme	**Meeting Date:**	4th June 2024
Author:	Kate Dixon, Legal Counsel (FOI & DP)	**Sponsor:**	Sarah I Gray, Interim Group General Counsel

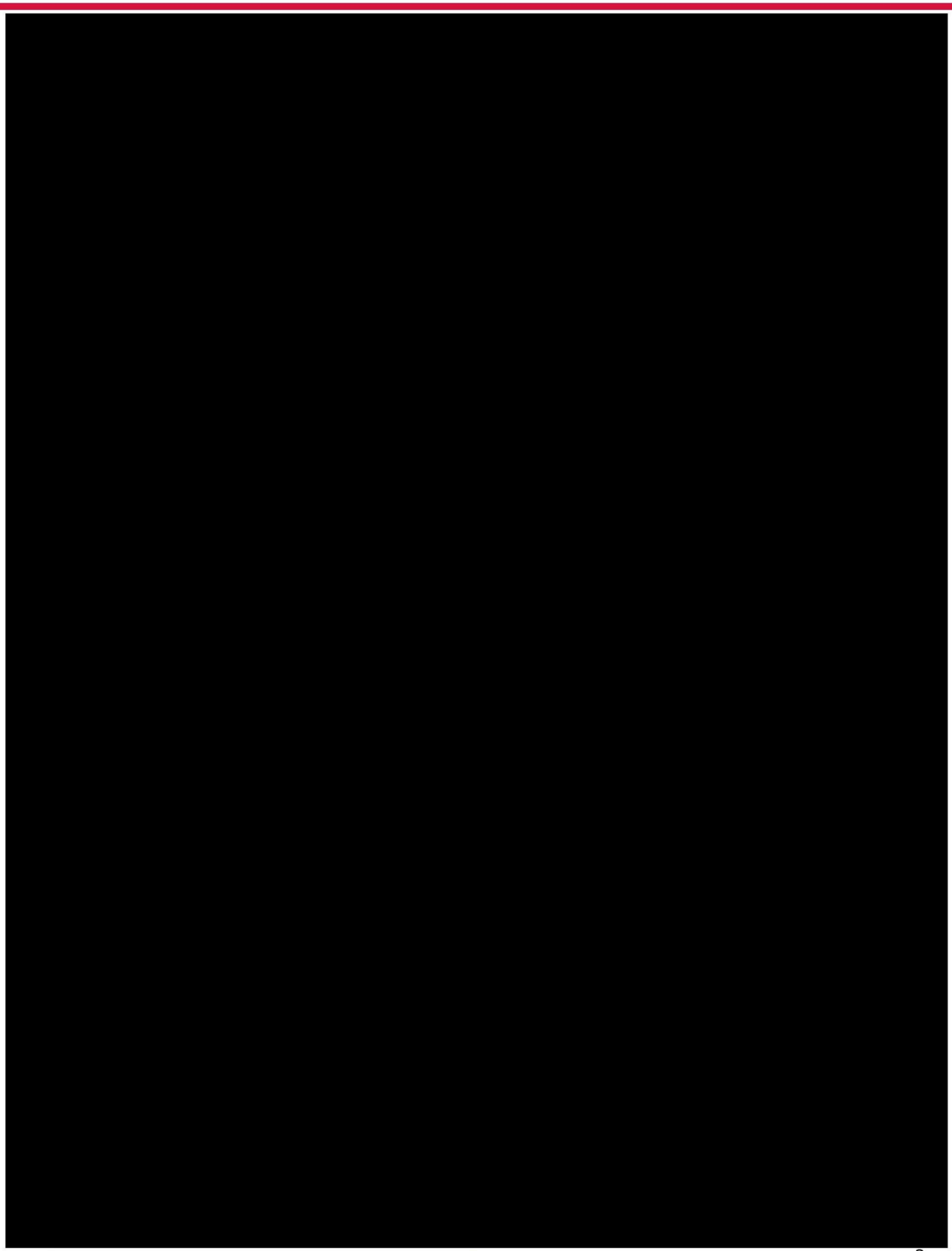
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