



Post Office Limited Group Executive

Minutes of the Group Executive ("GE") meeting held at 20 Finsbury street, London EC2Y 9AQ on Wednesday 15 September 2021 at 11.00am

Present:

- Nick Read (Chair)
- Alisdair Cameron
- Dan Zinner
- Ben Foat
- Amanda Jones (Item 2.)
- Richard Taylor
- Jeff Smyth
- Owen Woodley
- Angela Williams (Items 1. – 4.1)

Other Attendees: Veronica Branton (Company Secretary)

Other attendees as shown against agenda items.

Apologies: N/A

Action

2. GE Objectives and "How" session

Angela Williams

Angela Williams introduced the discussion. The first half of the debate was designed to obtain clarity on GE objectives (the what) and the second part was how we as a leadership team wanted to lead and set the direction (the how, and the leadership and approach).

The Strategic Roadmap provided the framework: strategic priorities to 2025; six priorities for 2021/22; three Ways of Working but we needed to look at how we were going to simplify these. Individual GE members' objectives were aligned with the themes of the six priorities for 2021/22. They were also allocated to the buckets of "past", run (present)" and "change" (future) and whether we had a lead name against all of these areas. The areas of focus were also linked to our targets.

GE objectives

A number of points were raised, including:

- Dan Zinner noted that the element missing from the six priorities for 2021/22 was supporting each other. We could retain the six priorities which could each be described in a few words but could add in support for one another
- Al Cameron noted that it was difficult to get people to remember this much information and we needed to boil this down. Nick Read agreed that we needed to distinguish between our full set of priorities and how we communicated to the whole organisation
- AC noted that he didn't own the whole relationship with UKGI as Nick Read and Richard Taylor also had significant roles here
- AW noted that some individuals, especially those in support functions, were involved across all areas but might not have the "lead" role
- Owen Woodley asked about the purpose of allocating names and AW explained that this was about allocating "lead" names rather than identifying all those contributing to a particular workstream
- Ben Foat noted that while many of the accountabilities would be clear to everyone some might not and it was helpful to map this out. NR agreed that it was helpful to be explicit about this. AW added that there had been feedback from the SLP on not knowing who was setting the direction of travel and prioritising. AC noted that this would not address



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- prioritisation and we would need to prioritise some of these areas
- Amanda Jones thought that we would need to bring this to life if presenting this to the SLP. NR agreed that for this audience it would have to be produced as a narrative with a timeframe provided. AC noted that there were some very positive stories about the pilots we were undertaking
- OW asked if we could test whether there was anything from these lists we were going to stop doing. NR asked whether we had the capacity to do the work set out or if we would need to make some calls on what we would stop or postpone. DZ noted that these items didn't all need to be at the same level and information needed to be shown at the top level, with more detailed layers below. NR agreed but added that we needed to be sure that a) we had all the content and b) that we had the capacity to do this. OW asked whether this would help us prioritise. AW noted that the information here represented what GE had said were the most important priorities. DZ noted that it was the GE's job to prioritise but when we were writing our objectives we didn't always factor in the support we would need from other teams hence the need to come back together as a GE to review this
- AC noted that there was a lot of work such as Supply Chain that was constant and didn't usually require much GE focus; we then had work underpinning how the business ran, like controls and our approach to Diversity and Inclusion, that we needed to improve but for which we didn't have the resource or capacity to do much currently. JS noted that his team was missing deadlines because it didn't have the capacity to span all the work. BF noted that we had to have these debates and take the decisions on prioritising. AC added that certain things like the end-to-end Controls Framework might be something we needed to postpone. JS noted that this was not a complete list from his perspective and described the technology requirements
- DZ noted that we would need to ask the Board to approve our approach on prioritisation. AC agreed and that would be part of the spend prioritisation conversation with the Board and we needed to be transparent about the things we were aiming off
- AW noted that there were a lot of activities to support Postmasters and culture change and asked whether these were still the priority areas. AC thought these were the right priorities but it was a question of speed and sequencing. We needed to support and encourage people and engender a sense of vitality. AW noted that some of our requirements on responding to the findings of the Common Issues Judgment were cultural issues. DZ explained that we had choices and that our legal obligation was to remedy the shortcomings identified in the legal findings. JS asked what we wanted to be in a position to say at the Inquiry as some of the review work we wanted to undertake would affect this
- AC thought that not bringing Belfast in-house could affect our ability to trade
- AW noted that the first step was to set out the scope of the work, determine our capacity to deliver this and prioritise. Culture wasn't about a set of activities and we needed to look at whether we were able to retain people and what that entailed (e.g. making processes easier). NR added that we needed to think about what we could do now as a leadership team and consider the "shadow we cast". AC noted that we were slow at taking decisions at the moment and had a tendency to work through the same problems without resolving them
- AJ noted that she was not sure that we had enough evidence to support the assertion that what we were planning to do would take cost out of the business. AC added that we had aimed off automating processes a year ago. NR noted we had to be explicit about what we were and were not going to do. Legal and IT were under intense pressure. We had to be honest about what we were going to stop doing. We didn't have the resource to automate



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- and take costs out immediately. AW noted that there needed to be a compelling future to make people want to stay at POL
- BF noted that he had now been appointed to his new role and would take on board the comments made about the operation of the HMU from AC
- AW asked whether we wanted to have an allocated lead for each workstream so we were clear on the objectives and the communication of these and DZ asked whether we should come back to what we weren't going to do. BF asked whether we wanted to prioritise the HMU culture piece and sequence this for other areas. AW asked whether there were any items on this list that we should stop doing now. NR thought we needed to identify what would help to prioritise but a GE meeting wasn't the right forum. AW explained the approach Tim McInnes had identified for prioritising change spend and AC noted that the discussion on spend prioritisation would help move this forward for BAU. If a workstream was not funded it wasn't going to happen. DZ suggested we look at all workstreams within our section instead of splitting out change and BAU. AC saw value in this approach but noted that change spend related to deliberate changes and BAU was what we had to do unless we made an intervention to change this. We also had to work within the constraints of factors such as what Fujitsu would be able to deliver
- AC noted that we had to allocate money to what we wanted to do so if we wanted to spend on diversity, we would need to divest from something else. JS noted that some things in IT were driven by how we were funded. We had lots of things that matured concurrently so we had change bursts. We needed to get these maturity curves working in the right way and needed to explain this to UKGI
- DZ noted that he had only been able to determine capacity by allocation of budget and AC noted that we needed to look at this with individuals whose judgement we trusted. We also had to look at the work required for the Statutory Inquiry, "Run" and "Future" mapped against our key individuals and our ask of them. DZ suggested that as a group we could determine the top three things in our areas in addition to the broader organisation work on culture etc. OW noted that he couldn't see any items on the list that we wouldn't want to progress. AW agreed that everything listed was a priority but the work we did had to be driven by capacity and resourcing so it had to be prioritised. NR added that we had to answer the capacity question swiftly. AC noted that the Investment Committee decisions on funding was the starting point and we had to guarantee that the project was actually shut down if funding weren't approved
- NR noted that we needed to ask people to demonstrate the outputs/ outcomes not the inputs.

Leading and setting direction

AW noted that fixing the past was aligned with trust and we needed to look at how we were leading this process. The GE had received feedback on leadership style and approach. The message had been that the GE didn't work as a team and that style and approach and culture was different across GE members. There was a sense that we'd moved from one end of the spectrum to the other in our approach to Postmasters. A lot of time was spent firefighting. We were slow to act. Relationships tended to be "parent to child" and the organisation was hierarchical and bureaucratic. There was a lack of accountability below GE level and insufficient cross functional working. Everyone was busy but not sure what to focus on and this was impairing motivation.

A number of points were raised, including:

- AC agreed that we weren't leading the organisation as we needed to



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- AJ recognised some of the observations made and personally wasn't spending enough time leading so was reducing time spent in meetings to be able to show what good looked like with the team. People found writing papers difficult and the volume of work was high with many issues leading back to network
- AW noted that we also had to address our management of the Board. There needed to be an executive recommendation rather than always doing what the Board asked. BF noted that he recognised this as a reaction to UKGI but less so with the Board. AW noted that the team often couldn't see the difference between the two
- feedback was that our tone was inconsistent in emails and in meetings. NR noted that this etiquette was doubly important at the moment when working remotely much of the time
- AC said that he had struggled with meetings coming into his diary that he didn't need to attend but recognised that people wanted the contact and human interaction. DZ had experienced the same issues and scheduled 15 min catch-ups without an agenda for people who needed that interaction. The GE needed to have that time but needed to do less to enable this
- Richard Taylor noted that there was overreliance on the same people to fill the gaps
- DZ noted that it took time to support people get to the right level and acquire the understanding needed to perform in their roles and even then, not all individuals would make the grade
- AW noted that the people around tended to do the managing and not the leading. AC observed had given his lead team more space to run their own areas in the last 18 months but as a GE we sounded beleaguered and stressed and needed to be more positive. NR agreed and we needed to work out what made us happy as a team and some team rules about what we were "offloading" and to whom
- JS noted that he had received feedback on there being a sense of impatience from the GE with others, a sense of being cross-examined and being "told" rather than listened to leading to feeling brow beaten. There were some contributing factors to this, including capacity and capability. AW reported that 80% of people left an organisation because of their line manager. We needed to reflect on how we were engaging with our direct reports and come back in a month's time to discuss this. NR noted that we had to think about how we were going to get more out of people
- AJ thought it might be worth re-visiting our Ways of Working (WoW) commitments. AC added that we also needed to be better at feeding back what we had done to respond to feedback. We needed to do fewer things and do them better.

To do:
AW
To do:
All

AW outlined the next steps:

- AW would discuss with TM using the prioritisation methodology he had created for Change which was going to be test run at the Investment Committee
- GE members should revisit their H2 objectives, which AW would align to the six priorities and recirculate
- a capacity model needed to be developed.

3. SLG agenda for 5th October 2021

Angela Williams

Angela Williams reported that feedback from the SLG had been that there needed to be an overall cultural change plan rather than a stream of initiatives. We also needed to set out the reasons to stay at POL and why individuals were valued. The format of the session was described.

A number of points were raised:



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- the half year position would be covered
- people were fed up with initiatives so we needed to avoid generating additional activities and work
- we needed to get the SLG to a position where they felt motivated before they could motivate others and our approach needed to reflect where people were emotionally
- we could give people the toolkit for team engagement but shouldn't track how people were implementing this. It could help to pilot the approach, recognising that this would need to happen at different paces depending on workloads and some people would have substantial experience of motivating teams, while some managers may need help from HR facilitators. NR agreed that one-size didn't fit all
- we needed to deal with the morale point and find out how people wanted to work
- we needed something to celebrate what we were achieving and include this in the opening session. We also needed to remind ourselves of why POL was special and why we were here. We should also use the opportunity to recognise peers
- we should revisit having a recognition scheme and annual awards ceremony. We should have a 2021 Christmas party. Both GE and SLG should be asked to nominate people for recognition awards.

To do:
All

4. Papers for Board

4.1 Finance

Financial Performance Report and Forecast

Al Cameron, Max Jacobi, Kathryn Sherratt

Al Cameron reported that to hit targets we needed to take £10m out of costs and sought collective support for that. An overview would be provided to the Board in September.

Transformation Incentive Scheme

Angela Williams provided an update on the TI Scheme and the performance measures were described and discussed. Conformance with the Horizon Issues Judgment was the main area of concern currently. 10% of Postmasters needed to be surveyed but we could determine the mix. Al Cameron noted that we had received positive feedback on cash management and Area Managers. Dan Zinner noted that we could provide context for the questions we were asking and sub-questions to go with the Quadrangle questions.

We would be providing an update for the Remuneration Committee on 27th September 2021. We could determine how we assessed progress against the measures.

DZ noted that we continued to have conversations on the HIJ work that had to be done but had always been clear that this work would not have been completed by the time of the Statutory Inquiry. Jeff Smyth noted that we would also need to clear about the Internal Audit step. DZ noted that there were controls around HIJ and we needed to set out the position and show the progress we had made. AW noted that HIJ and CIJ conformance assurance would be carried out by Deloitte under the internal audit contract. The points we still needed to address, the opening position and what we expected to have been done by January 2022 would need to be set out. Johann Appel had already described how the progress would be verified. Al Cameron noted that our reporting on conformance with the Judgments needed to be consistent here and in what we said to the Public Inquiry. AC would ask JA to come back to GE for a 20-minute slot to explain the assurance process for conformance with the Judgments.

To do:
AC

Ben Foat noted that we needed to document the appropriate controls around the new processes were and this had not yet been done. JS noted that we needed to be transparent about what we



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had and hadn't done. AC thought this should be done, reviewed, and added to Service Now over the next three months. We had transitioned the new processes to BAU and needed to put a control process around this.

It was noted that SPM had a "red" rating and this was queried. It was reported that this rating should change. The target was to have a Plan for the delivery of SPM in place rather than having delivered SPM.

The investment spend position was noted.

A target had been included on grade compression and this would need to be addressed in Q3. OW noted that this would be hard to resolve.

STIP 2021/22

We were "red" rated on trading profit currently and that accounted for 40% of the award. We were also "red" rated on dangerous goods compliance. We didn't have the pin pad technology at the counter to help reduce this and wouldn't get that in place in time. OW thought that unless we could achieve a fix it would not be worth spending a significant amount of time focussing on this target. JS described the position with pin pads and thought that we needed to focus on training in dangerous goods compliance.

Costs/ Spend Prioritisation

Al Cameron, Max Jacobi, Kathryn Sherratt, Tim McInnes

Al Cameron thanked Max Jacobi for the work he had done on the funding request and Kathryn Sherratt for the work she had done on the HMU budget and with UKGI.

We were £15m behind the £38m target before the stretch target and would be going to the Board to seek to shift from £52m to £38m as the target for the year. AC noted that this would not be the definitive position, for example if we had an excellent trading period over Christmas, the figure would be revisited. We couldn't wait until after Christmas to pull these cost levers so had set ourselves a £10m target for cost cuts.

Max Jacobi described the moving parts in the budget and the elements that would be highlighted in the Board paper.

Nick Read reported that he had discussed the position with the Chairman and with Tom Cooper. We needed to give people confidence that we were not "undercooking" our forecast.

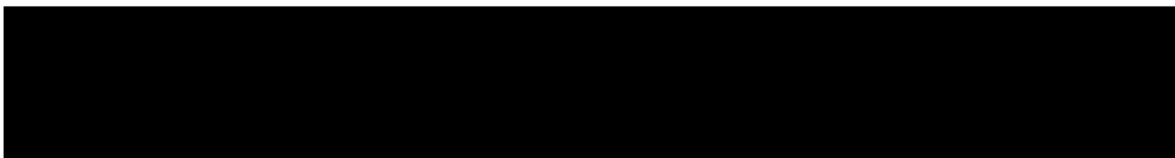
AC noted that there would need to be further costs sessions and Kathryn Sherratt added that there would be a bi-weekly group which would report back to GE on our tracking against the £38m target. Not all decisions needed to be made before Q4. AC noted that all cost savings offered had been taken into account.

Ben Foat noted he had been asked to include "the art of the possible" but needed to know what we were going to stop doing where we did make cuts.

A further GE discussion would take place next Monday.

4.2 Governance: Unlimited Liabilities and Indemnities

Ben Foat, Sarah Gray

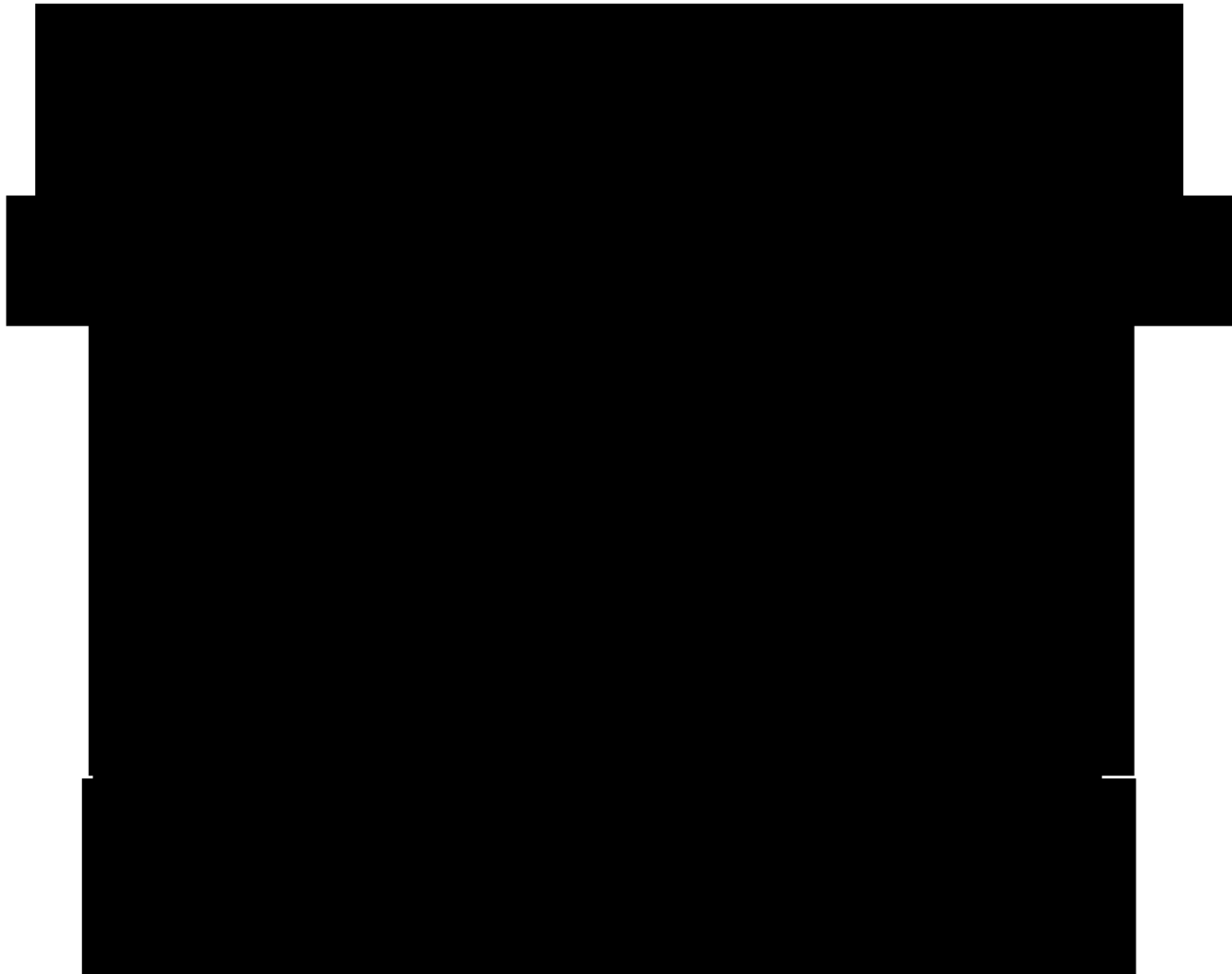




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4.3 KPMG Review of Post Office Investigations Ben Foat, Sarah Gray



Dan Zinner noted that the central message seemed to be that we needed to deal with investigations consistently rather than that we were assuming an increase in the number of investigations required. The proposition was that the high-risk investigations would be managed by the CIU and low risk by the business but where you had a credible unit in place people had more confidence in bringing things to them so there could be a spike in investigations initially. The time it would take to carry out an investigation would depend on its complexity but we could expect efficiencies because we would have properly trained investigators in place as well as driving higher standards of investigation across the organisation.

DZ added that we needed to find the savings somewhere to allow this work to be supported and



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asked what the issues would be if we did not adopt this proposal. AC added that these costs reduced our cost savings. BF suggested that we could stagger the recruitment and hire a head for the CIU this year who would be able to review our policy, the KPMG Report, and our next steps. DZ noted that he was supportive of this approach but Heads of teams wanted to recruit team members so we needed to set their expectations.

BF noted that Compliance would be going through their OD review for T3 and T4 so the CIU roles would need to be factored in. However, our approach to investigations was poor currently so we needed to implement changes. SG would recruit the Head of the CIU, plus one additional role and bring the Whistleblowing Team into the Unit.

DZ asked whether we might be able to find people within the business to fill the roles. SG thought there had to be real credibility in this team and would need to look externally as well for the Head of role. The analyst role skills were more generic. DZ noted that some support could be provided on the analytical side from within existing resources. It was agreed that the paper didn't need to go to the Board.

The appointment of the Head of the Central Investigations Unit was **APPROVED**. Other roles would need to be managed within the LCG budget.

4.4 Health and Safety Report (including violence and robberies report)

Al Cameron, Martin Hopcroft

Martin Hopcroft reported that the number of robberies had increased in April, May and June 2021 but had come down again in the subsequent months and we had done work to support DMBs. Body Armour had been introduced. We were watching to see if there would be more attacks in CVIT. Al Cameron added that we had to keep a check on whether we were being targeted and we were using the right deterrents.

AC reported that we were introducing alcohol testing and that would be announced shortly. MH added that the union reservations had been about the consequences associated with a positive breath test and they had not wanted this to be associated with the disciplinary process but it had to be because it would be a criminal offence. AC noted that the next question was whether we should introduce drug testing.

There had a couple of incidents of bad driving earlier in the year. We had fired one person and one had resigned. We had needed to provide the footage to the police. We wanted there to be random checks of driving footage but we would need to inform people that this was happening. MH added that we wanted people to come to us for support through Occupational Health if they had an alcohol dependency. AC added that it would be helpful to have advice from Angela William's on when we would need to fire someone when Optima's findings conflicted with our Health & Safety requirements. AW reported that this was an area where we had to take a zero-tolerance approach.

MH reported that Covid levels continued to be low. We were reviewing guidance on social distancing and face covering requirements in DMBs every two weeks. We didn't have any evidence of transmission in the workplace.

Loomis didn't have enough staff to support us currently in Supply Chain so we had needed to switch to G4S.

Postmaster abuse was underreported generally but reports in DMBs were going down. Postmasters were not generally challenging customers about face coverings as these were no longer mandated but we still needed to look after our staff. The audit of our processes should identify ways to get better reporting through Grapevine.

It was reported that PPE was being provided to branches on a "pull" basis with the exception of



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those branches with SSKs and AEIs. We had reviewed the additional cleaning costs and would look again in January 2022 after the peak of the trading period. MH added that we needed to keep watching Covid levels over the next couple of weeks. Fogging was quite important for confidence levels currently.

Angela Williams noted that our landlord's rules seemed stricter than the general requirements. MH explained that the requirement to book rooms 5 days ahead had been linked to fogging. We were now receiving more requests for meetings and working through the plan. The booking App was nearly ready to launch but we needed a couple of weeks to finalise and get the communications out and at this point 5 days' notice would not be required. The cleaning teams were being brought back following the end of furlough. Fire wardens were an issue for us and we might need to identify people to allow us to open all the floors. We needed 18 fire wardens in total. GE members should have their rooms back.

MH reported that for the SLG event on 5th October 2021 we had to undertake a risk assessment to make it as safe as possible to use the site. We would keep capacity to about 50% and keep social distancing in place. Around 100 hot desks were available and 50 people could be the meeting rooms. We wanted to build up in steps and would learn more as we did more in practice. MH added that we also needed to think about the people who were nervous about the journey back to the office.

The App for desk bookings and automation for meeting rooms would be important. We had to insist on booking desks so that we knew we had the capacity.

MH noted that we could change our policy on face coverings now that the law had changed on this. We needed to make sure people were socially distanced on 5th October 2021 and wear face covering when moving around the building. MH would be working with AW and Richard Taylor on what was practical and would be doing a test run. Social distancing would be reduced to 1.5 metres.

AW noted that there had been a request from the SPM Team to set up a test lab. Owen Woodley thought that needed to be debated. It was noted that people would sometimes need to use headphones in the office. OW add that we needed to have collaboration space.

4.5 Board Governance Map and Forward Plan

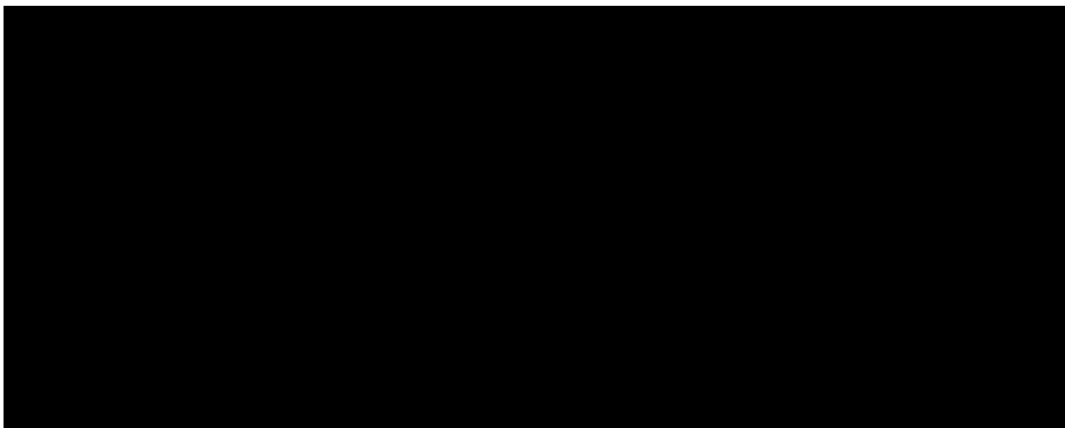
Veronica Branton

The Board Governance Map and Forward Plan were discussed and changes and additions raised would be reflected.

To do:
VB

4.6 Project Starling 15:45 – 16:45

Dan Zinner, Laurence O'Neil, Esther Harvey, Donna Sharp (KPMG)



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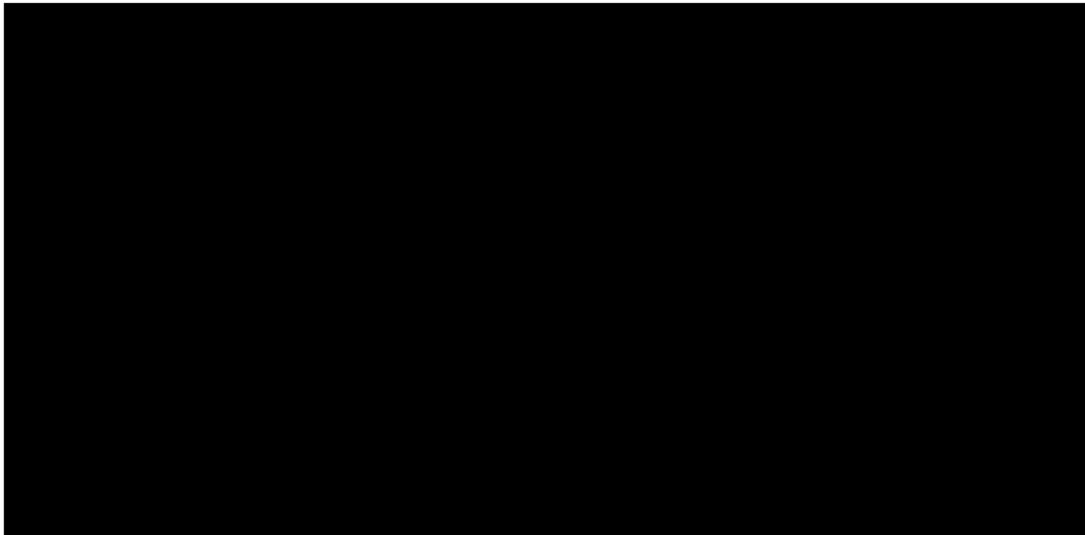
5. Approvals

Code of Business Standards Policy

Angela Williams reported that she had not seen the policy and would need to review it so the paper was withdrawn.

6. Noting Items

6.1 Historical Matters: HMU and Public Inquiry



6.2 Monthly Whistleblowing MI

The Whistleblowing report was **NOTED**. Ben Foat reported that there had been an increase in whistleblowing activity. Most of this was categorised as unethical behaviour and a number of D&I issues had come through. POL had intervened quickly. AC asked if there was anything we should be aware of a GE and BF explained that the reports were in connection with unlawful activity rather than grievances. AW added that the issues coming in were triaged.

7. Governance Items

Review of GE Action Points and Updates

The minutes of the meeting held on 18th August 2021 were **APPROVED** and the progress with completion of actions was **NOTED**.



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8. Any other Business

Incentives/ reward – Angela Williams reported that we had an opportunity to identify people who had gone above and beyond over the last year and hadn't received a bonus. They could relate to Covid but did not have to be Covid specific. GE members could nominate a maximum of 3 individuals. Ex gratia payments would be made. AW needed the names, what the individuals had done and the criteria that had been applied. The individuals should have been at POL for the full or near full 2020/21 financial year. The names were requested by Friday. People could be nominated from other teams as well as the GE Member's own teams. A final list of 10-12 people would be produced.

Response to Nick Wallis book – the book was due to be published later this year and we would seek to correct two factual inaccuracies through a legal letter. The book was likely to be serialised. AC asked that individuals were made aware of any claims made against us individually and it was confirmed that this would happen.

MDA2 – Dan Zinner provided an update on the reaction to MDA2 remuneration rates. Area Managers were emailing out the comparison between MDA1 and MDA2 rates for their branches.

Belfast Exit – Jeff Smyth will circulate the recommendation on Belfast Exit to the GE with the request to confirm approval and if not what you would do instead. Formal approval for the additional funding would be sought at the next Investment Committee meeting.

9. Date of next scheduled meeting:

13th October 2021.