



POST OFFICE LIMITED BOARD REPORT

Title:	IDG Update	Meeting Date:	29 th March 2022
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Input Sought: Noting

The Board are asked to note:

- i. Progress made to operational, cultural and Horizon improvements as tracked through the IDG in preparation for the Inquiry as well as how IDG will continue in FY22-23.

Previous Governance Oversight

- IDG Updates to Board on 3 June 2021, 6 May 2021, 25 March 2021
- Monthly IDG updates in CEO Report to Board
- People Strategy Paper, 26 January 2022 (for Cultural Improvements)

Executive Summary

IDG, formed in late February 2021, is a weekly GE sub-group focused on tracking, prioritising and guiding improvements to put postmasters at the heart of our business. The scope is aligned to the CIJ, HIJ and issues arising from the Public Inquiry. IDG tracks improvement items (or parts of items) to create business focus but does not deliver them. The initial list of improvement items was formed from CIJ and HIJ independent reviews (NRF, KMGP, Deloitte) and has been increased through internal ideation, disaggregating improvement themes into deliverable items and specific focus requests from the Inquiry team.

There is a 32% increase in tracked improvement items since the last update. 87% of these items have been "closed as completed" and 61% have been verified through audits, a 69% increase in the number of audited improvements. Of the remaining items left to complete, 1/3 of them are off track for delivery, the majority of which relate to HIJ improvements.

Noteworthy progress has been made against the 9 CIJ themes (85% of tracked improvement items relate to the CIJ). Most important improvements related to the management of discrepancies, which goes to the heart of the CIJ, and are focused around our investigations and TC processes. Significant progress has also been made around our training and onboarding processes with thousands of postmasters, and their employees, having participated in increased training sessions or self-service training opportunities.

Horizon data management and investigation processes has also proved significant support to the management of discrepancies, aligned with the findings of the HIJ. The Horizon team have also updated demand & release processes, and technology, to manage Horizon changes more robustly while implementing 200 new IT controls into ServiceNow. Further work is to be completed within the HIJ programme to meet all of the HIJ objectives.

IDG will continue in the new financial year with the same formation but meet twice monthly to ensure progress is made on improvement areas.

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Questions addressed

1. What progress has the IDG made overall since last updating Board on 3 June 2021 date?
2. What are the main deliverables against the CIJ themes? And what has yet to be delivered?
3. What are the main deliverables against the HIJ themes? And what has yet to be delivered?
4. How will IDG be managed going forward, until the completion of the Inquiry?

Report

What progress has the IDG made overall since last updating Board on 3 June 2021 date?

5. At Board on 3 June 2021, IDG reported **392** improvement items (which includes parts/stages of improvements), of which 71% (**280** items) had be "closed as completed" by programmes. However, only 48% (**188** items) of those had been externally audited.
6. As of 3 March 2022 the IDG is tracking **516**¹ improvement items, a 32% increase in the number of tracked improvement items (or parts of improvements) since the last Board update. 87% of these items have been "closed as completed" by the programmes (**449** items) and 62% (**318** items) of the items have been verified through Audit, a 69% increase in the number of audited improvements.
7. Of the remaining 13% of tracked items (**67** items) that are not currently completed:
 - a. **9** are "On Hold" pending funding decisions in either Branch Hub or Supply Chain areas. None of these are categorised as *causing, or potential to cause, Postmaster detriment or significant reputational risk*.
 - b. **5** items have yet to start as they are linked to items yet to complete (e.g., Detriment comms sent to postmasters)
 - c. **32** work in progress items are showing "on target delivery" status, of which 24 will be completed by end of May (in time for first 2 Inquiry sessions) and 30² by end of September (in time for second half of Inquiry sessions)
 - d. Of the remaining **21** items off-track for delivery, they fall into 3 buckets:
 - i. Postmaster Detriment - **5** specific items. One on Suspension payments (known *actual* detriment) should be resolved in May upon funding approval; however, 3 items are known *possible* detriment (ATM/FX) where funding may be approved by September. The remaining item is about aged debt.
 - ii. HIJ Improvement Programme - **15** items across various workstreams, 14 of which are high priority showing significant delays to delivery. Further detail is provided below at point 22.
 - iii. **1** other item: decisions on HSS late application process.

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¹ IDG improvement data and item status as of 21 March 2022 and is subject to change based on progress and impact status review.

² The 6 currently scheduled to complete after May include: aged balances, culture service mindset, possible detriment. The 2 not complete by September: Senior manager capability build & standardisation of all stock related training and support materials.

What are the main deliverables against the CIJ themes? And what has yet to be delivered?

8. The CIJ was broken down into 9 themes which relate to 4 main areas: Management of discrepancies (audit, TCs, loss recovery, disputes); Onboarding & training; Suspensions & terminations; Communications & transparency.
9. Notable progress has been made across since the last Board meeting:
 - a. **Management of discrepancies:** Since "Review & Dispute" button launch in May 2021, the a new, robust discrepancy investigation process was established and has recorded a 185% increases in cases (YoY, P10 YTD); significant reduction in aged TCs from 2692 (P11 FY20-21) to 187 (P11 FY21-22); post investigation learnings triggering SPEAR visits or Audit recommendations, linked to additional training; documented investigation process and legal training to establish discrepancies applying 'balance of probabilities'; Governance Risk Forum created to horizontally view all PM risks impacting either PMs or POL
 - b. **Training & onboarding:** reducing onboarding time from 6.3 to 4.1 months while simplifying the financial assessment process; relaunch of comprehensive Postmaster Support Guide linked to all new policies; 24 new training videos with over 3000 views 1/3 of which were for one video on remittances; over 1200 face to face refresher trainings on basic transactions and investigating discrepancies
 - c. **Suspensions & terminations:** Independent panel set up and running for dispute investigations, contract suspension & terminations as well as appeals; formalised procedure for thanking resigning PMs for their service; 100% completion of PM resignation interviews with information shared across business
 - d. **Communications & transparency:** Refresh of urgent communications via Memoview on email, text, BranchHub; New overarching PM communications framework; BranchHub Performance Module rolled out to all branches
10. The main operational deliverables remaining to be completed are: Established losses policy and process to manage losses; stock management process improvements to prevent possible discrepancies; improving training in targeted areas based on postmaster feedback; improvements to SP processes aligned with independent branch improvements.
11. Aside from these main areas, there is still targeted focus on current aged balances, postmaster detriment and late applications processes for HSS.
12. In support of these operational improvements, and as outlined in the People Strategy Board update, 25 Jan 2022, significant progress has been made on our cultural change programme ensuring the organisation is focused on delivering a positive impact for Postmasters and enable them to grow and become more sustainable. The main themes linked to the CIJ were: service, leadership, empathy.
13. Key deliverables from the cultural change programme include: over 350 frontline colleagues provided service training; a year of senior leaders visiting branches through adopt-an-area; over 1400 colleagues completing GLO awareness training; all SLG members completing the Leading to Serve programme.
14. Embedding a new culture is expected to take years. A new Director of Culture Change, Communications and Engagement has just started and will review the current remaining items to further develop plans to embed a new empathetic, service-oriented culture befitting of a franchise organisation.

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What are the main deliverables against the HIJ themes? And what has yet to be delivered?

15. The key outcome of the HIJ was to change, restore and sustain Postmaster confidence in Horizon. This meant increasing Horizon reliability and operations while maintaining integrity of postmaster branch data. The judgement was broken down into 15 areas which covered multiple themes including: system robustness and defects, transparency of issues and access to data, data robustness, system controls and management environment.
16. After a KPMG review in late 2020 (Phase 0, IRRELEVANT) a team implemented quick fixes (Phase 1, IRRELEVANT) while creating a remediation plan across 7 streams of work (Phase 2, IRRELEVANT)
17. Internal Audit of Phase 1 (June 2021), indicated: "...measurable improvements in Horizon processes, controls and oversight, including more robust management of KELS (Known Error Logs), enhanced testing and oversight of system and data changes, more secure and transparent Horizon application support, and laying the groundwork for enhanced Postmaster communications and programme management."
18. Specifically, the team successfully piloted in Phase 1, a new postmaster dispute mechanism with improved end to end investigation processes. In addition, 62 historical defects were closed off while creating a new process to manage current defects.
19. The 3 main Phase 2 workstreams (from July 2021) are: System & data improvements; Demand, change and release processes; Investigations processes and data.
20. Notable progress has been made across since the last Board meeting:
 - a. **System & data improvements** IRRELEVANT 148 user & data journey maps; removed multiple redundant Horizon buttons
 - b. **Demand, change and release processes** IRRELEVANT: Updated process flows for ideation, demand, release and change; Piloted ServiceNow Demand management to manage Horizon change
 - c. **Investigations processes** IRRELEVANT Standardised report for all investigations; investigations dashboard PoC; investigations case management tool
 - d. **Other core workstreams** IRRELEVANT Enhanced testing to support new defect management process; implemented 200 new IT controls into ServiceNow; agreed remote access reporting requirements; security incident event management implementation
21. Main areas to progress: BranchHub on Horizon; application to monitor each branch's Horizon performance; keystroke logging and branch reporting data available for self-service; improvements to the testing process and environment for Horizon changes.
22. Of the 15 items that are off track for delivery, work is ongoing around a range of Horizon System improvements (including improvements to Reference Data and completion of user & data journey mapping) Some areas (such as key stroke data availability) have been hampered through issues with our suppliers (Fujitsu and Computacenter). Testing improvements, including greater automation and a revised approach to Operational Acceptance Testing will be delivered in the coming months.

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23. The IDG has met 50 times since its inception in late February 2021 and its core members consist of a sub-set of GE members (COO [*Chair*], CIO, CPO, RF&ND and General Counsel). Until the Inquiry finishes, it is expected that the IDG will continue in its same fashion, with same Chair, but meet only twice a month. Updates on improvement progress and deliverables are provided to the Inquiry team by IDG to support Inquiry preparation.
24. It is expected the focus of IDG in the next 6 months will be on HIJ progress, given the number of off-track items, and any new items that the Inquiry team will identify as important in support of our Inquiry preparation.
25. The Inquiry team is currently tracking all identified Inquiry content/issues (e.g., R9 requests, Human Impact stories, list of questions) against relevant business owners and will assess if there is sufficient progress against each issue. If not, the Inquiry team will raise this issue to IDG allowing further improvement development aligned with the Inquiry strategy. Any additional improvements required will be owned and delivered by the accountable BAU teams, and tracked by IDG, which will help prioritise and support the development of the improvement.
26. Each business area is accountable for their operational improvements identified and managed locally in BAU or their own SteerCo. However, both IDG and Inquiry will (as relevant) track and record progress and delivery.

Financial Impact

27. To date the various programmes that make up the items tracked in IDG have spent over the last 3 years since the first CIJ. The breakdown of this spend³ is as follows:

Programme Name	FY19-20	FY20-21	FY21-22	Total Costs
HIJ	IRRELEVANT			
GLO Ops Transformation ⁴				
Post GLO Ops & Contracts				
Branch Hub & Data Improvements				
HM Detriment Remediation				
Culture Transformation				
PSIP				
SCIP				
Postmaster Engagement				
Total				

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Next Steps & Timelines

28. The IDG will continue to track, prioritise and guide improvements to put postmasters at the heart of our business.

³ Spend source is Anaplan (CapEx, Exceptional, OpEx) as tracked through programmes related to IDG improvements. Several improvements were also created and implemented in BAU and thus were not tracked through programme spend

⁴ GLO Ops Transformation consisted of a number of tracked programmes including: Horizon Quick Wins & Transaction Corrections; Loss Prevention Transformation; Postmaster Application Process; Operations Transformation; Operational Improvements Phase 2; Operations GLO off-charge