

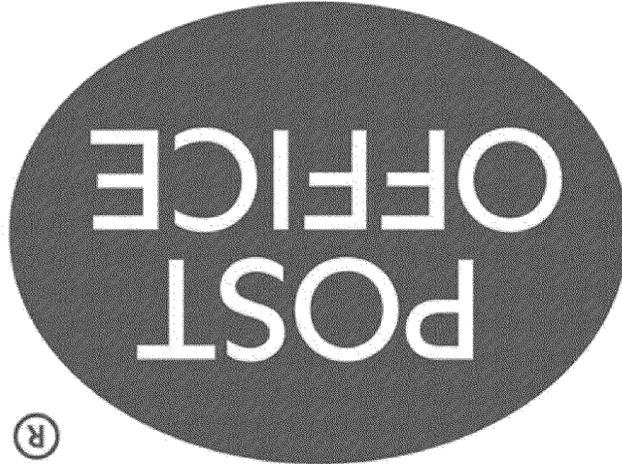
This report has been prepared in line with the responsibilities set out in Appendix 4.

This report and the work connected therewith are subject to the Terms and Conditions of the overarching Management Consultancy and Framework Agreement (RM3745) between Deloitte and Post Office Limited dated 8th October 2018. The report is produced solely for the use of Post Office Limited for the purpose of carrying out a Change Assurance Review. Its contents should not be quoted or referred to in whole or in part without our prior written consent except as required by law. Deloitte LLP accepts no duty or responsibility to any third party, as the report has not been prepared, and is not intended for any other purpose.

May 2021

Business Case Review Final Report

Post Office Limited – Strategic Platform Modernisation



Contents

Executive Summary	2
1. Programme Design and Governance	7
2. Procurement Strategies and Procurement of Partners	11
3. Financial and Commercial Estimates	21
4. Risk Assessment and Feasibility of Timelines	28
5. Solutions Assurance	31
Appendix 1 – Terms of Reference	35
Appendix 2 – POL Contacts	37
Appendix 3 – Documents Received	38
Appendix 4 – Statement of Responsibility	41

Overall, the business case is focused on the technology (being the Horizon replacement) for which there is a clear strategic rationale for change, but the fit with POL's wider transformation agenda is not clearly drawn out. POL have covered key stages within the business case, such as making the case for change, determining value for money and ascertaining affordability and the funding requirement. However, further consideration should be given across the other business case steps, including ascertaining strategic fit, exploring the preferred way forward', preparing for the potential deal and planning for successful delivery of SPM.

Procurement strategies and procurement of partners

- There does not appear to be enough separation between the 400 Express branch rollout initiative and the Business case development for the SPM programme, which would potentially allow for scope to transition between the two projects.
- Business Transformation Unit (BTU) is still being set up and although it is the umbrella entity, the SPM programme is progressing with plans in place for the rollout of 400 express branches. This could lead to potential areas of mismanagement and some decisions may be overlooked.

Other Key Findings include:

The programme design should include clear gates to denote when one phase of work has ended, and the beginning of the next phase is to begin. Otherwise there is the risk that one milestone may not have been completed and work to reach another milestone may have begun.

POL should think about implementing a clear gating process that aligns with Change Excellence Framework (CEF) gating activities. The entry and exit criteria for each phase should be defined by stakeholders to articulate what they consider to be delivered. This will allow the project to run smoothly and help to ensure timelines are met.

The programme design and governance of the SPM programme has shown that there is an emerging governance structure in place, with a central programme office split between technological delivery, business improvement and training and deployment. The SPM programme also has programme functions in place as part of its governance structure.

Scope areas design and governance

The key findings are summarised below under the five scope areas and are intended to help shape the further development of the business case. The detailed findings are provided in each scope area of the report.

Through the independent assurance review performed there are some significant findings across the five scope areas, however, these areas which would not result in SPM not continuing in its current format. Across the scope areas there are also some positive themes emerging. POL should review the areas for consideration to ensure that SPM is effective in achieving its transformational aims.

Review Findings and Potential Impact

Deloitte have been commissioned to complete an independent programme assurance review for which Post Office Limited (POL) is replacing their existing Horizon system, through the Strategic Platform Modernisation (SPM) programme. This is part of a wider transformational programme that POL is embarking on for 2025 as part of their strategic ambition.

Introduction

Executive Summary

The business case should focus on the overall transformational change and how the IT platform forms part of this. A better order within the business case would be as follows: PO Strategic Ambition, Current Situation and then the Need for Change.

The programme strategy should acknowledge that transformation has already started and set out how SPM links to wider transformation (dependencies / constraints), with it also being useful to incorporate some of the diagrams that summarise the technical requirements.

Other key findings include:

- Some of the other initiatives that are part of the wider POL transformation have already started. The other initiatives can be used to inform the SPM programme design and delivery. The business case could explain programme strategy and how learning from the early implementation of change will inform the SPM design and delivery.
- Strategic Objectives for SPM are a critical aspect of business case development as they help clarify the purpose of the investment and should be used to inform scope, options, and prioritisation. However, to do this the objectives need to be specific, measurable, attainable, realistic and timebound (SMART).

Financial and commercial estimates

The financial model follows good practice according to Aqua Book guidance¹; however, the model should be used to test other options in the business case. The model itself does not consider other options that could be potentially considered.

POL should assess other options which would form part of the business case appraisal. Currently this has not been done as part of the model and would result in there being a true assessment of the options that are being appraised.

The benefits which have been assessed could be discussed earlier as part of the options appraisal within the business case. Within the benefits there should be prioritisation of the financial objectives and refine what success looks like, enabling POL to focus on those priorities which are deemed important.

The benefits should map against the current issues and risks that are currently part of the existing Horizon platform.

Other key findings include:

- Alternative costs of external delivery should be considered and linked to conclusion of build vs. buy. The financial model that was used as part of the business case should be used to test other options which have been discussed within the business case.
- Clarity around the purpose of the financial model that is used as part of the Business case and whether this should be used to track costs going forward.
- The below points that have come through review of the financial model show that PO are demonstrating good practice in line with Aqua Book guidance:
- The SPM Model User Guide has clear guidance which shows a description of the model and the associated methodology, as well as a data book which shows where assumptions derive and input from key stakeholders.

¹ Aqua Book Guidance: The Aqua Book: guidance on producing quality analysis for government (publishing.service.gov.uk)

As part of this project an assurance framework will be developed for the SPM programme. This framework will incorporate the findings from this review to help shape the ongoing reviews and will be done as a **separate piece of work**. We will support the programme in developing a tailored integrated assurance plan.

Next Steps

- There is not a clear technology procurement strategy in place for the SPM programme, including devices such as the retailer accompanying device and the full SPM counter.
- Interviews with strategic partners such as Tesco and Co-op have taken place. However, there is currently a lack of formal interaction at this point with Postmasters for this programme, who account for 75-80% of all transactions, but it is noted that this will be rectified in the near term.
- The members of the design authority for SPM are exclusively technical specialists and no wider business individuals are part of it.

Other key findings:

The SPM programme is making a significant change to its technology stack for the new system and the decision to use Amazon Web Services (AWS) Cloud has been documented. Although this decision was prior to SPM, it is being used for the Horizon replacement system and is relevant to the decision-making process. However, for future technology choices it is not clear how decisions will be made and if they will align to the rest of POL. This may result in a lack of IT staff skills and capability to manage the implementation.

Solutions assurance

- There are 3 different teams across POL responsible for Postmaster communications (one of which is internal to the SPM programme), but it is not clear how they all work in conjunction.
- The timelines in the SPM programme are centered around the Fujitsu exit which has dictated that the wider programme delivery and rollout must be completed in advance of March 2025. The contingency plans for the programme should be defined early to create workarounds as soon as possible. This could be performed by a dedicated workstream and the contingency options should be budgeted with associated triggering mechanisms.

Other key findings include:

However, it is not clear within the programme plan or the business case how and when the information will be incorporated into the solution design and build.

It is positive that Postmaster feedback has been gathered via surveys which will be valuable in the solution design of the SPM programme.

The project assurance review has covered an assessment of risk across all scope areas as a core part of the project assurance exercise. This section in the detail in the report will set out the assessment on the feasibility of timelines.

Risk assessment and feasibility of timelines

- There is a workbook analysis with modeller comments outlining the checks and balances that have been performed, for the model to ensure that all formulas are correct, and any formulas where there are errors either a reasoning for the formula error or how it has been addressed.
- Optimism bias has also been factored in.

Introduction and Background

Introduction

POL is embarking on a major transformation programme to deliver its 2025 vision that prioritises the relationship with its postmasters as the heart of its operations. POL is acutely aware of the importance of the SPM Programme as it looks to resolve the past through the replacement of Horizon and establish a secure, modern and innovative service going forward.

The replacement of Horizon is part of a wider strategic ambition announced in April 2021 by the POL CEO², who outlined seven strands to future success:

- 1) Prioritising strong, trusting and rewarding relationships with postmasters;
- 2) Growing their network;
- 3) Innovate in mails, working with more carriers and delivering more of what consumers want and small businesses need;
- 4) Secure free, convenient and reliable access to cash in every community;
- 5) Build commercial partnerships to launch new products and services in branch and online;
- 6) **Invest in new branch technology for postmasters and online for their customers;** and
- 7) Create value for their shareholder with a successful, sustainable and efficient business.

The SPM Programme is central to the wider transformation agenda, relating specifically to point 6, investment in new branch technology for postmasters. Through this programme POL wishes to design, build and operate a replacement for its current Horizon IT system before the end of the current Fujitsu contract in March 2024. POL is planning for a Fujitsu exit in March 2024 but is allowing a buffer of 1 year, meaning a worst-case scenario of a Fujitsu exit of March 2025. POL recognises the scrutiny SPM will be subject to and the risks associated with completing a major IT related transformation programme within this timeframe.

Background

Horizon is the core IT system within POL. It was first piloted in 1995 as a collaboration between the DWP (Department for Work and Pensions) and POL, developed by Fujitsu. Since then it has evolved over time to become the trading system for all postmasters. Horizon supports around 7m transactions every working day, with absolute annual values totalling ~ £6bn. Across 11,500 Post Offices Horizon is the primary interface for all postmasters across the UK, driving 25,000 counters and attached peripheral devices for over 50,000 users enabling trading for the complete breadth of POL's product set (including mails, retail banking, bill-payments and travel). Horizon reconciles customer, client and payment data across 1,000 client interfaces (18 online) to ensure integrity for essential financial transactions. Horizon is also the primary operational platform for POL operation providing point of sale functionality and branch back office management of stock, cash and accounts. However, the system is over 20 years old and was architected against a very different technology landscape. Changes and modern additions to Horizon are increasingly expensive and complex. The intention is that SPM will deliver many of the same products and outputs as Horizon (Mails, Banking etc), but also offers an opportunity to conduct significant transformational change. SPM will generate new business opportunities and growth via new technology and services, enhancing the offering to the postmasters, increasing our collective efficiency. Old ways of working and historic approaches to transactions will be modernised, therefore removing complexity and costs. Time to market for new products and ideas can be shortened. By changing the IT system at the heart of POL, SPM will transform the way the business operates.

² Nick Read - Post Office Future Past and Present

Scope

The objective of this review was to assess the operating effectiveness of SPM project delivery activities in line with the Change Excellence Framework (CEF) and industry standards. The objective of this piece of work is to review the business case and programme design and support the development of an assurance framework. The scope of work was split in to five areas as follows:

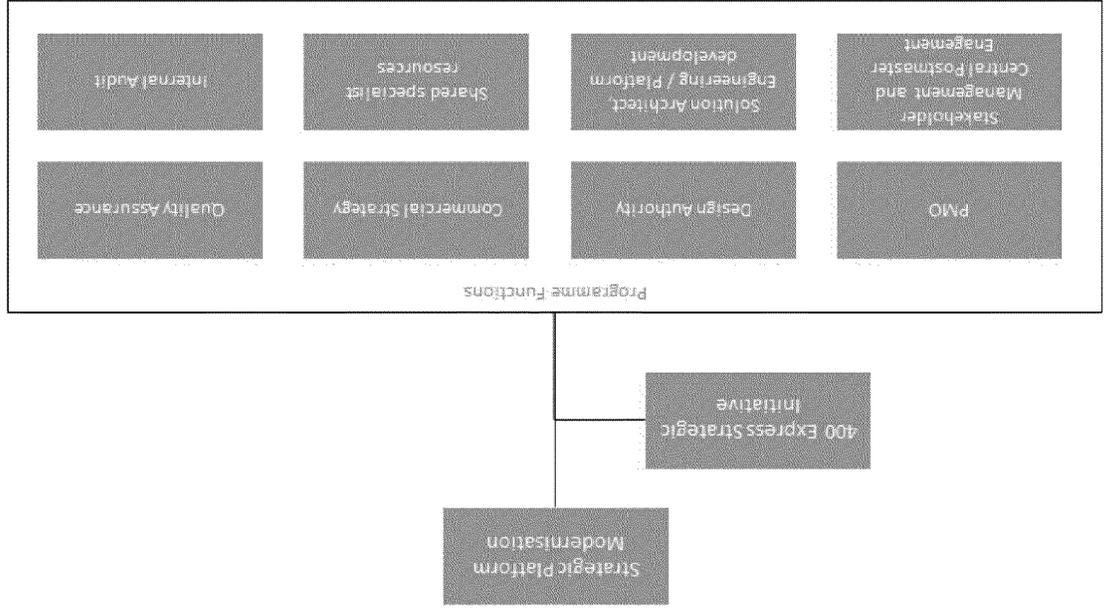
1. Programme design and governance:
Review and independently assure the proposed design of the programme including programme structure, project controls, decision-making processes, resourcing plans and overall delivery approach
2. Procurement strategies and procurement of partners:
Review and independently assure the procurement strategy, including the expected commercial value-for-money and risk-reward balance, with regards to designing, building and deploying the core new technology. Where appropriate, provide alternative options and recommendations for modification to the sourcing strategy.
3. Financial and commercial estimates:
Review and assure that the multi-year financial profiles associated with the programme are based on sound, logical and realistic central assumptions. Review the underlying assumptions, with specific emphasis on providing a view on the levels of risk and variance associated with the different estimates.
4. Risk assessment and feasibility of timelines:
Review and challenge the main risk elements of the SPM programme. Provide a view on the feasibility of the programme's overall timelines, with a particular focus on timelines around third party integration management, data migration where relevant and deployment, and key milestones.
5. Solutions assurance:
Review and independently assure the overall approach that will be taken to design, build and deploy the core technology replacing the Horizon platform. Where appropriate, outline key alternative options and provide recommendations for modifications in the overall approach.

This report aims to analyse and assess the SPM programme in each of the five scope areas above, presenting the following:

- An overview of each scope area
- Analysis of each of the areas
- Key findings, conclusions and recommendations.

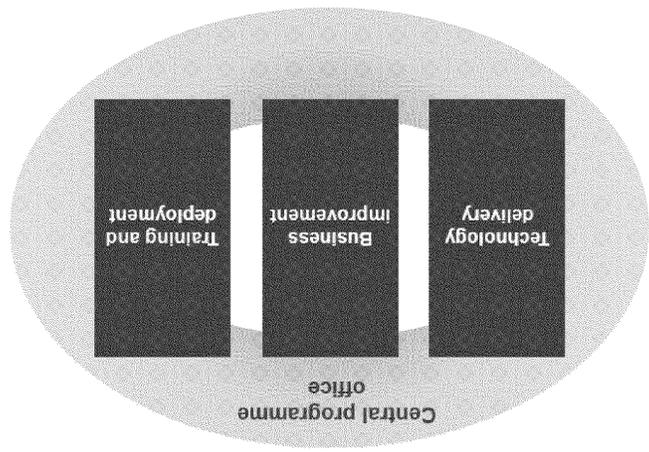
Within the report, the key findings, conclusions and recommendations are split between high, medium and low:

- **High** – requires immediate attention as this represents a high impact risk to the successful implementation of the programme.
- **Medium** – requires attention within the next four weeks as remediation will help strengthen the knowledge and understanding of the programme.
- **Low** – not an immediate requirement but consideration of these areas will further strengthen project controls and knowledge/understanding of the programme.



There is a central programme office that is the main coordination between the supporting activities as outlined above. The SPM programme will also include the functions outlined below.

Governance structure



The SPM business case is currently being developed for board approval in June 2021. Whilst this is being developed a 'no regrets' strategic initiative has been launched in parallel to build and deploy a mail trial into 400 Payzone Locations (Express Branches). The delivery activities of the SPM programme will be structured with three pillars which will have subdivisions of their own with a central programme office coordinating between them. These include a technical design authority that is responsible for signoffs and the decision-making processes alongside the Steerco and Programme Board.

Overview

1. Programme Design and Governance

- **Portfolio Management Office (PMO)** is responsible for governance, progress tracking, financial analysis and reporting. The PMO will be responsible for supporting the Programme board and Steerco who will be discussing and making key programme decisions.
- **Design Authority.** We note that this currently consists of only technical individuals and there are no wider business individuals that are members, and as such there is no oversight from other areas of the SPM programme, which could be crucial to deliver the programme efficiently and minimise errors. The current technical design authority has the following remit:
 - Keep key architectural stakeholders across IT briefed on the progress and direction of the SPM program, to help ensure architects for change elsewhere are aligned to strategic direction, promoting re-usability.
 - Engage on the architectural hypotheses being proposed by the program, allowing architects from elsewhere to feed in suggestions and help inform the design process.
 - Validate the evolving technical reference architecture for their future Branch & Digital systems
 - To raise questions (/risks) about future direction and commission work to investigate options.
- **Stakeholder Management and Central Postmaster Engagement** ensure postmasters have a platform to voice any concerns and communicate their views on how the Horizon replacement system will be configured from an end user standpoint. We note that it has been flagged that there are three separate postmaster communication teams, but it is not clear how they all work together and what each of their mandates are.
- **The solutions architect, engineering and platform** team are responsible for the build of the solution. Although POL will be procuring technology such as the cloud solution and the technology stack, the decision has been made to build the product journeys in-house and customise any off the shelf products. This will allow POL to be flexible in modifying the product journeys and to add functionality for any new services that will be offered in the future.
- **Shared specialist resources** include procurement, legal and communications. This function will ensure the correct resources are being managed and recruited effectively, in line with the timeline proposed.

Programme Design and Governance Findings

Area	Finding	Potential Impact / Conclusion	Areas for Consideration	Priority
Milestone and Delivery	1.1 - There are no clear gates defined to denote the end of one phase of work and the beginning of the next.	There is the risk that one milestone may not have been completed and work to reach another milestone may have begun or conversely a milestone may have been reached but work to reach the next milestone may start late due to no work stream linkage.	Consider implementing a gating process that aligns with the change excellence framework gating activities. Clear entry and exit criteria for each phase should be defined by stakeholders to articulate what they view as delivered.	H
Recruitment	1.2 - It has been identified by SPM that there is a staffing shortage of about 25 individuals in this programme. This has been escalated within the programme board and mitigations are being put in place.	It is not clear what impact this has on the programme plan or what contingency is in place to minimise any delays to the timelines. Per discussion with POL it was noted that this shortfall of 25 staff are not required until July 2021, with the mitigation plans to be refined.	Determine the impact of the shortfall of resources on the programme and what (if any) additional mitigations need to be put in place while resources are recruited (such as bringing forward mitigating activities to compensate)	M
Business Transformation Unit (BTU)	1.3 - BTU is still being set up and although it is the umbrella entity, the SPM programme is progressing with plans in place for the rollout of 400 express branches.	There could be areas of mismanagement where some decisions are overlooked as some areas under BTU have not yet been defined and sub-divisions could be unaware of their scope boundaries.	Define and create these underlying entities with clear mandates.	M
Dependencies on other business areas	1.4 - It is understood that other areas of POL such as the network strategy and delivery departments which will be required to support the rollout process, do not have clear dates for when their actions will be required by.	Without clear planning and agreement of the other POL business areas there is a risk that support will not be provided causing a detrimental impact to the rollout.	Have a clear dependency management process which includes resourcing requirements.	M

Area	Finding	Potential Impact / Conclusion	Areas for Consideration	Priority
Post Implementation Support	<p>1.5 - There is no mention of any post implementation support for the Express rollout.</p> <p>1.6 - There is no clear vision of how POL transitions from the express programme rollout to business as usual / hyper care.</p>	<p>There is the risk that issues are not picked up when the new system is rolled out and Postmasters could struggle to get technical assistance</p>	<p>Ensure there is a dedicated team for post implementation support and model the resources that would be required.</p>	M
Design Authority and High-Level Strategy	<p>1.7 - Per the most recent business case and the terms of reference there is a technical design authority in place for SPM. However, the members are exclusively technical specialists and no wider business individuals are part of it.</p> <p>We also noted that there is no explicit design authority for the current express rollout.</p>	<p>There is a risk that there is not an overarching design authority that will be signing off the design documentation and be responsible for the key decisions that have been made for the express rollout.</p> <p>The lack of members from the wider SPM team and POL as a whole may in turn lead to designing a solution based on the wrong assumptions.</p>	<p>Establish who the overall design authority is and ensure there is an overall consensus and responsibility taken for the decisions made thus far and in the future.</p> <p>Include individuals from the wider business team to ensure there is an overview across the different SPM streams.</p>	M

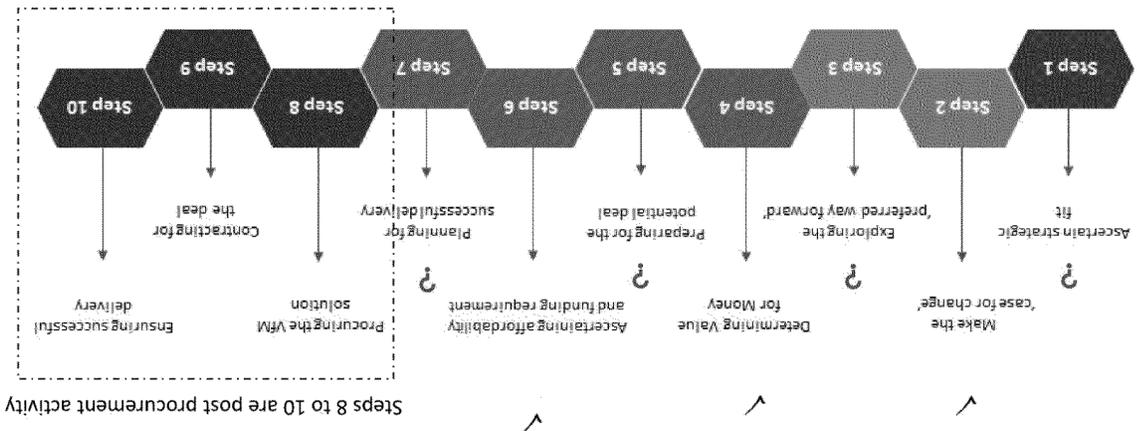
1. To put in place a highly robust core IT platform which allows POL to retire end of life IT infrastructure without risk to business continuity;

Three objectives have been included:

'To put in place a core IT platform which enables a thriving network of FOLs, protects the public's access to cash and mails, offers a profitable proposition for current and future Postmasters, has the necessary agility to meet customers changing needs and contributes to making POL more financially sustainable.'

The business case presents the following mission statement that underpins the SPM programme:

Overall, the business case is focused on the technology (being the Horizon replacement) for which there is a clear strategic rationale for change, but the fit with POL's wider transformation agenda is not clearly drawn out. The broader transformational ambition is provided but the extent to which SPM will drive that change and importantly, the dependencies that exist between SPM and other change initiatives, for example, Product Portfolio Simplification, POL Process Journey, or the 400 express branches, is not clear within the business case. **Some of these other initiatives have also already started** and therefore the business case could explain the programme strategy in terms of how learning from the early implementation of change will inform the SPM design and delivery. A pictorial diagram could be incorporated into the early section of the business case to provide an overview of the technical and broader transformation landscape which would clarify any constraints or dependencies relevant to the SPM programme.



The diagram below shows the 10 steps for business case development as per the Green Book. The first seven are the main areas a business case should be addressing ahead of procurement activity with the remaining three steps (steps 8 to 10) the updates required in advance of contracting with suppliers. We have assessed whether the business case for SPM currently provides a sufficient analysis against these steps, bearing in mind that at the time of review the business case was still in development.

Business Case Review

of the core new technology.

approach (procurement strategy and procurement of partners) as part of the design, build and implementation with the Green Book as a comparison of best practice. A particular focus of our review is the commercial Book standards, this section of the report provides a review of the overall structure of the business case, in line

Although the business case POL has developed does not necessarily need to adhere to HM Treasury Green

Overview

2. Procurement Strategies and Procurement of Partners

Although there is a strong case for change the business case could be clearer about the needs of the Postmaster and how the programme will demonstrate / evidence that Postmasters have been listened to, that their feedback has been acted upon and informed the design of the SPM. They will form a critical part of the overall implementation strategy.

At present POL are planning for the successful delivery of the SPM platform and solution and are yet to procure the value for money solution, the contracting of the deal and ensuring successful delivery. When assessing value for money, POL should consider efficiency (how are inputs transformed into outputs) and effectiveness (are outputs adequate to achieve the desired outcome). The main criterion for determining whether a project is value for money is, not simply its cost, but its cost in relation to its effects.

- a. *Put Postmasters at the heart of POL* – provide a simpler, user-friendly systems replacement that is an enabler of business;
- b. *Meet customers' changing needs* – maximise core product areas and build new commercial partnerships to provide new services;
- c. *Build the branch network* – reducing the complexity of setting up new branches;
- d. *Address the platform being at the end of its life* – Horizon is over 20 years old and has struggled to keep up with change requirements;
- e. *Take advantage of the current contract coming to its end* – creating the opportunity for replacement; and
- f. *Manage reputational risk* – the SPM programme represents a fresh start and an opportunity to build confidence between Postmasters and POL.

The business case establishes a clear case for change where there is a need to:

Case for Change

- It would be helpful to include a list of Critical Success Factors for the SPM programme at this point as well as setting out any programme constraints and the main dependencies that will support successful delivery (for example, Postmaster buy-in and feedback).
1. *By April 2024, POL will have in place a highly robust core IT platform which supports the retirement of end of life IT infrastructure without risk to business continuity, making at least a 25% saving to the cost of the original systems;*
 2. *By April 2025, all Postmasters will have the necessary technology and capability to serve their customers' needs, supporting a culture of continuous improvement, with [insert a measurable outcome related to efficiency]; and*
 3. *By April 2025, 85% of Postmasters will state that they are satisfied or highly satisfied with the new core IT platform as an aid to the effective running of their branches.*

three objectives in this format, by way of example:

(economy), improvements (efficiency and effectiveness) that SPM will deliver, and by when. We have recast the framed around Value for Money (VfM) and made SMART. For example, what are the expected cost savings deliver by way of benefit within a specified timeframe, for example, by 2025. The strategic objectives should be objectives are a list of core SPM requirements rather than an articulation of what the programme expects to **need to be specific, measurable, attainable, realistic and timebound** (SMART). As currently drafted, the investment and should be used to inform scope, options and prioritisation. However, to do this the **objectives** Strategic objectives are a critical aspect of business case development as they help clarify the purpose of the

2. To provide the business with the necessary technology and capability to respond to customers' changing needs, implementing a culture of continuous improvement; and
3. To provide postmasters with a core IT platform which enables them to deliver outstanding customer service and to manage their branches effectively.

Exploring the Preferred Way Forward

The scope and service requirements for the SPM programme are set out within the business case. However, the options analysis appraises 'how' SPM should be delivered (upgrade of Horizon versus replacement), and outsourced provision versus in-house development) rather than 'what' SPM should deliver (variations of scope assessed against the strategic objectives).

The focus is on Horizon replacement and the 'preferred way forward' assumes the delivery of all requirements within a single timeframe. The business case could explore options that consider the extent to which the transformational agenda can be delivered by 2025 via Horizon replacement, with options examining the scope and scale of delivery. For example, a De Minimis option could be examined to look at a reduced scope. This may not deliver fully against the strategic objectives of SPM, but it may reduce risk and be more achievable within the timeframe. Similarly, an option to extend the Fujitsu contract for one year may increase cost but could reduce risk, leading to a 'day one' outcome that is more likely to be successful. It may well be that neither option is better than the current 'preferred option' but the business case has not tested this to fully understand the implications of such alternatives.

It is currently unclear what is business critical for the SPM programme on the first day for which it runs. The business case could define what is essential and what needs to be fully functional from day 1 versus areas that could be developed over a longer timeframe or are 'nice to have' for day 1. This would help prioritise investment and support an assessment of whether the SPM programme can realistically be completed within the current April 2024 time period or whether the Fujitsu contract needs to be extended.

Determining Value for Money

The business case provides a high-level assessment of all options rather than a detailed appraisal of a short-list of options that have been down selected from a long-list assessed against the investment objectives and critical success factors.

Although there is an options appraisal, there is not a separate monetary, non-monetary and risk assessment of alternative options in order to fully assess value for money (economy, efficiency and effectiveness). As the options stand – without a change in scope or timeframe of delivery, it would be difficult to provide such an assessment of the existing options.

The financial modelling of the 'preferred option' does evidence that the solution, if delivered successfully, represents good value given the scale of the potential savings but this is not necessarily 'best' value as alternative options have not been given the same level of detailed consideration.

At the time of our review the benefits of the SPM programme had been separately identified outside of the business case, to be included in the economic assessment. This represented a comprehensive analysis of benefits, categorised as either direct or indirect financial benefits, or direct or indirect business benefits. The benefits, which are also discussed in the financial section of this report, could be introduced earlier in the business case as this would further strengthen the case for change and assist in the options appraisal to better understand the extent to which a particular option is likely to contribute to the benefits profile.

Preparing for the Potential Deal

A separate 'build vs. buy' exercise has been completed by POL to examine whether systems replacement should be developed / completed in-house or whether outsourced solutions should be procured. This exercise has been completed for the following areas:

- Identity Access Management (IAM);
- Point of Sale; and
- Product Journey.

For each of the three areas above, there has been consideration across the following assessment criteria:

Given the funding for the new system (circa £93m over a four year period) and the scale of the potential benefits (between £24m (as used in the business case) and £33m cost savings per annum (in the best case scenario)), **the payback on the investment could be between 3-4 years** if the full benefit is realised. This makes the SPM programme affordable and return on investment will be high, but sensitivity analysis should be completed to better understand the risks associated with any implementation delays and where there are any cost line categories that are particularly sensitive, resulting in significant increases in costs to the programme.

The next section, Financial and Commercial Estimates, examines the costs and benefits of the SPM programme in more detail as well as the funding assumptions.

Ascertaining Affordability

The buy versus build considerations should be reviewed to better understand the financial implications in their entirety (in terms of resource capacity) and the cost of contingency arrangements (procurement of external support, that will be more costly than in-house provision). The business case should be updated to summarise the implications of this and to outline the governance arrangements that will be put in place to monitor in-house delivery and to clarify which level of governance will make key decisions on resourcing.

“Work to start the procurement of a new partner to operate take over, operate and upgrade Horizon would need to start as soon as possible to meet the deadline of Fujitsu existing in March 2025 at the latest.”

Currently, the consultation that has been performed with respect to procurement indicates that POL will buy-in additional technical support, but it is unclear the extent of that support or when it will be procured. It is also unclear as to when these decisions will be made if SPM starts to fall behind the delivery timetable due to capacity constraints, this is linked to the previous section around governance with some areas still to be clarified. Within the business case it states the following, which does not give a definitive start to when procurement will start:

However, **the buy versus build analysis outcome is not articulated within the business case** and a capacity assessment for the extent of in-house development has not been completed against the full technology requirement (within the programme timeframe) to understand any constraints relating to capability and/or resource capacity to deliver.

“Taking these key components and impacting them against the build/buy assessment criteria we can determine which components we should buy and which components we should build.”

The overall stated conclusion was:

The above shows that POL will use AWS for the cloud solution (when it comes to IAM), which will then be customised. However, the bulk of the technology, which is the product journey engine, will be developed in-house by POL with support from external consultancy (the extent to which, is still to be determined). The product journey engine relates to all products and services that POL sell, and therefore will be built internally rather than bought.

- Product Journey - overall strong tendency to **BUILD** a solution.
- Point of Sale - the direction for the Core POS component is a tendency towards **BUY** a solution.
- IAM - overall strong tendency to **BUY** a solution.

In applying each of the criteria there was an overall conclusion as to what would be best:

- Product availability;
- Competitive advantage;
- Total Cost of Ownership;
- Compliance and regulatory; and
- Delivery risk.

Planning for Successful Delivery

The previous section, Programme Design and Governance, covers the management arrangements in more detail but in relation to the business case, the management arrangements that will provide assurance that sufficient planning has been completed to set the SPM programme up for success have not yet been fully documented. Consultation with senior stakeholders indicates that much of the thinking has or is being completed, for example, governance arrangements have been established through the Business Transformation Unit (BTU) and a high-level implementation plan exists with milestones, but the BTU is relatively new with some roles still to be appointed and the lower level detail of the implementation plan is currently being developed. The purpose of the management dimension of a business case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme, including feedback into the organisation's strategic planning cycle.

The business case is yet to be finalised, however there is an outline of the internal **project management** governance structures that are in place going forward. Including the CCF, a Steering Programme Board and Technical Design Authority as well as a Portfolio Review Board and Investment Committee and Group Exec/POL Board which has been covered within the Programme Design and Governance section of the report. Although there are governance arrangements in place it is not clear as to the specific roles and responsibilities that are in place within POL

POL is planning to use **external programmatic and technical assurance** going forward with an outline of what will be required, including governance arrangements between UKGI, BEIS and POL. The business case should expand on the external assurance and how this will be implemented.

The business plan does not have a section specifically on **benefits realisation arrangements**, and this should be incorporated within the business case. There is a plan to deliver section to be included in the business case, but this has not been incorporated yet at the time of this report. There is the benefits register, see the next section of the report for further analysis on the benefits specifically.

There is a placeholder for the **risk management process as well as monitoring and post implementation evaluation**, however, this has not been incorporated yet at the time of this report. A risk register has been provided, showing the probability, impact, risk owners and the subsequent mitigation plan.

There are a few areas which need thought and have not been considered as part of the business case in its current format.

The business case does not clearly set out the **change and contract management arrangements** that are in place for when there is a shift away from the Fujitsu contract and Horizon platform as it stands. The business case also has **contingency** within the business case, however this only relates to costs rather than the contingency that is in place for if the project was to not be as successful as initially thought.

Currently the management case is not fully developed within the business case, with further refinement needed to ensure that there is the governance structure in place to ensure that benefits are realised, risks are mitigated and existing contracts are managed when it comes to the change to a potential new supplier. Specifically, there should be more thought around the specific governance roles within POL and contingency arrangements and plans that should be incorporated.

POL's equivalent in Australia and Canada have undertaken similar transformational programmes and POL has been in consultation with both to understand the approach taken and key learning that can be shared. The Business case does not currently include information on the lessons learnt and how they are going to be incorporated as part of the SPM implementation or how that learning has informed decision making, for example, in house systems developed. This should be incorporated to ensure that there has been thought to the lessons learnt from other programmes.

Procurement Strategies and Procurement of Partners Findings

Steps In Green Book Model on page 11	Finding	Potential Impact / Conclusion	Areas for Further Consideration	Priority
<p>Step 1 – Ascertain Strategic Fit</p>	<p>2.1 - The business case does not initially discuss the overall strategic vision of POL with the first chapter discussing the current situation and what is happening with Horizon.</p> <p>2.2 - Overall, the business case is focused on the technology (being the Horizon replacement) for which there is a clear strategic rationale for change.</p>	<p>The fit with POL's wider transformation agenda is not clearly drawn out.</p>	<p>The business case should focus on the overall transformational change and how the IT platform forms part of this.</p> <p>A better order within the Business case would be as follows PO Strategic Ambition, Current Situation, Need for Change, this would show the wider context and</p> <p>The programme strategy should acknowledge that transformation has already started and set out how SPM links to wider transformation (dependencies / constraints).</p> <p>It would be useful to incorporate some of the diagrams that summarise the technical requirements.</p>	H
<p>Step 5 – Preparing for the Potential Deal</p>	<p>2.3 - The buy versus build analysis outcome is not articulated within the business case and a capacity assessment for the extent of in-house development has not been completed against the full technology requirement (within the programme timeframe)</p>	<p>This would enable POL to understand any constraints relating to capability and/or resource capacity to deliver.</p>	<p>The buy versus build considerations should be reviewed to better understand the financial implications in their entirety (in terms of resource capacity) and the cost of contingency arrangements (procurement of external support, that will be more costly than in-house provision). The business case should be updated to summarise the implications of this and to outline the governance arrangements that will be put in place to monitor in-house delivery and to clarify which level of governance will make key decisions on resourcing.</p>	H
<p>Step 1 – Ascertain Strategic Fit</p>	<p>2.4 - Some of the other initiatives have also already started, including the 400 Express Strategic initiative.</p>	<p>Other initiatives can be used to inform the SPM programme design and delivery.</p>	<p>The business case could explain the programme strategy in terms of how learning from the early implementation of change will inform the SPM design and delivery.</p>	M

Steps In Green Book Model on page 11	Finding	Potential Impact / Conclusion	Areas for Further Consideration	Priority
	<p>2.5 -Strategic objectives are a critical aspect of business case development as they help clarify the purpose of the investment and should be used to inform scope, options, and prioritisation. However, to do this the objectives need to be specific, measurable, attainable, realistic and timebound (SMART). As currently drafted, the objectives are a list of core SPM requirements rather than an articulation of what the programme expects to deliver by way of benefit within a specified timeframe, for example, by 2025.</p>	<p>The objectives outlined in the business case are not SMART, being specific, measurable, attainable, realistic and timebound.</p>	<p>Ensure that objectives are SMART – specific, measurable, achievable, realistic, and timely and framed around Value for Money and made SMART – for example:</p> <ul style="list-style-type: none"> • Are the systems replacement going to save money (be more cost effective?) • Will it improve efficiency? • Will it help PO be more operationally effective (i.e improve quality, reduce risk and/or improve compliance)? 	M
<p>Step 2 – Case for Change</p>	<p>2.6 - The business case establishes a clear case for change where there is a need to:</p> <ol style="list-style-type: none"> Put Postmasters at the heart of POL – provide a simpler, user-friendly systems replacement that is an enabler of business; Meet customers' changing needs – maximise core product areas and build new commercial partnerships to provide new services; Build the branch network – reducing the complexity of setting up new branches; Address the platform being at the end of its life – Horizon is over 20 years old and has struggled to keep up with change requirements; Take advantage of the current contract coming to its end – creating the opportunity for replacement; and Manage reputational risk – the SPM programme represents a fresh start and an opportunity to build confidence between Postmasters and POL. 	<p>Although there is a strong case for change the business case could be clearer about the needs of the Postmaster and how the programme will demonstrate / evidence that Postmasters have been listened to, that their feedback has been acted upon and informed the design of the SPM. They will form a critical part of the overall implementation strategy.</p>	<p>Ensure that that the business case clearly demonstrates and evidences how the Postmasters views are incorporated as part of SPM and having a plan as to how the views will be incorporated.</p>	M

Steps In Green Book Model on page 11	Finding	Potential Impact / Conclusion	Areas for Further Consideration	Priority
<p>Step 3 – Exploring the Preferred Way Forward</p>	<p>2.7 - The focus is on Horizon replacement and the 'preferred way forward' assumes the delivery of all requirements within a single timeframe.</p>	<p>The business case could explore options that consider the extent to which the transformational agenda can be delivered by 2025 via Horizon replacement, with options examining the scope and scale of delivery.</p>	<p>A do Minimus option could be examined to look at a reduced scope. This may not deliver fully against the strategic objectives of SPM but it may reduce risk and be more achievable within the timeframe. Similarly, an option to extend the Fujitsu contract for one year may increase cost but could reduce risk, leading to a 'day one' outcome that is more likely to be successful. It may well be that neither option is better than the current 'preferred option' but the business case has not tested this to fully understand the implications of such alternatives.</p>	M
<p>Step 3 – Exploring the Preferred Way Forward</p>	<p>2.8 - It is currently unclear what is business critical for the SPM programme on the first day for which it runs.</p>	<p>The business case could define what is essential and what needs to be fully functional from day 1 versus areas that could be developed over a longer timeframe or are 'nice to haves' for day 1.</p>	<p>Defining what is essential and what needs to be fully functional would help prioritise investment and support an assessment of whether the SPM programme can realistically be completed within the current April 2024 time period or whether the Fujitsu contract needs to be extended.</p>	M
<p>Step 4 – Determining Value for Money</p>	<p>2.9 - The business case provides a high-level assessment of all options rather than a detailed appraisal of a short-list of options that have been down selected from a long list assessed against the investment objectives and critical success factors.</p>	<p>Although there is an options appraisal, there is not a separate monetary, non-monetary and risk assessment of alternative options in order to fully assess value for money (economy, efficiency, and effectiveness).</p>	<p>As the options stand – without a change in scope or timeframe of delivery, it would be difficult to provide such an assessment of the existing options. There should be further consideration when it comes to assessing the options fully.</p>	M

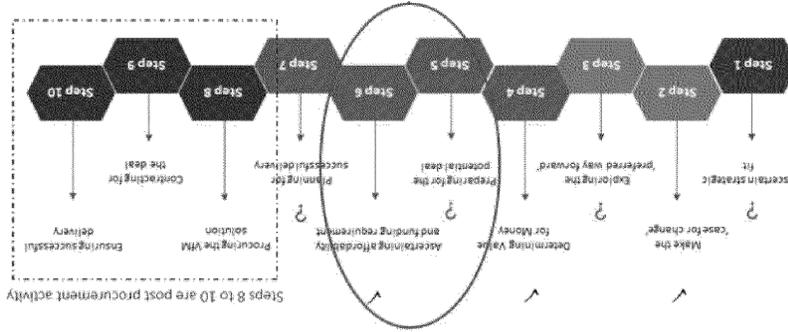
Steps In Green Book Model on page 11	Finding	Potential Impact / Conclusion	Areas for Further Consideration	Priority
<p>Step 4 – Determining Value for Money</p>	<p>2.10- The financial modelling of the ‘preferred option’ does evidence that the solution, if delivered successfully, represents good value given the scale of the potential savings but this is not necessarily ‘best’ value as alternative options have not been given the same level of detailed consideration.</p>	<p>At the time of our review the benefits of the SPM programme had been separately identified outside of the business case, to be included in the economic assessment. This represented a comprehensive analysis of benefits, categorised as either direct or indirect financial benefits, or direct or indirect business benefits.</p>	<p>The benefits, which are also discussed in the financial section of this report, could be introduced earlier in the business case as this would further strengthen the case for change and assist in the options appraisal to better understand the extent to which a particular option is likely to contribute to the benefits profile.</p>	M
<p>Step 7 – Planning for Successful Delivery</p>	<p>2.11 -The management arrangements that will provide assurance that sufficient planning has been completed to set the SPM programme up for success have not yet been fully documented.</p>	<p>Consultation with senior stakeholders indicates that much of the thinking has or is being completed, for example, governance arrangements have been established through the BTU and a high-level implementation plan exists with milestones.</p>	<p>To fully document the management arrangements that are in place within the business case.</p>	M
<p>Step 7 – Planning for Successful Delivery</p>	<p>2.12 - The business case does not clearly set out the change and contract management arrangements that are in place for when there is a shift away from the Fujitsu contract and Horizon platform as it stands.</p>	<p>It is not clear how the change in contract will be managed once POL move away from Fujitsu and the Horizon platform.</p>	<p>The change and contract management plans should be demonstrated in place within the business.</p>	M
<p>Step 7 – Planning for Successful Delivery</p>	<p>2.13 - Currently the management case is not fully developed within the business case, with further refinement needed to ensure that there is the governance structure in place to ensure that benefits are realised, risks are mitigated and existing contracts are managed when it comes to the change to a potential new supplier.</p>	<p>There should be more thought around contingency arrangements and plans should be incorporated.</p>	<p>Plans for change management, contingency and specific governance roles should be included in the business case.</p>	M

Steps In Green Book Model on page 11	Finding	Potential Impact / Conclusion	Areas for Further Consideration	Priority
<p>Step 6 – Ascertain Affordability</p>	<p>2.14- Given the funding for the new system (circa £93m over a four year period) and the scale of the potential benefits (between £24m (as used in the business case) and £33m cost savings per annum (in the best case scenario)), the payback on the investment could be between 3-4 years if the full benefit is realised. This makes the SPM programme affordable and return on investment will be high, but sensitivity analysis should be completed to better understand the risks associated with any implementation delays and where there are any cost line categories that are particularly sensitive, resulting in significant increases in costs to the programme.</p>	<p>The SPM programme would therefore be affordable and return on investment will be high.</p>	<p>A sensitivity analysis should be completed to better understand the risks associated with any implementation delays and where there are any cost line categories that are particularly sensitive, resulting in significant increases in costs to the programme.</p>	L
<p>Step 7 – Planning for Successful Delivery</p>	<p>2.15 -POL's equivalent in Australia and Canada have undertaken similar transformational programmes, the Business case as it is does not currently state how these lessons have been learnt and how they are going to be implemented within the Business case</p>	<p>The examples of Australia and Canada could be used to inform some of the decisions that have been made for POL, but this does not seem to have been included.</p>	<p>To incorporate the lessons learnt from the Canada and Australia examples within the Business case.</p>	L
<p>Step 7 – Planning for Successful Delivery</p>	<p>2.16 -There is a line in the financial model that includes budgets for costs associated with external assurance of the programme.</p>	<p>There has been thought within the model and for the future when it comes to whether SPM is robust and if there are any areas for improvements.</p>	<p>To continue to do this for other iterations of the business model.</p>	M

3. Financial and Commercial Estimates

Overview

The purpose of the financial dimension of a business case is to demonstrate the affordability and funding of the preferred option, including the support of stakeholders and customers, as required. The financial and commercial case that is being reviewed is steps 5 and 6 of the business case, as shown below:



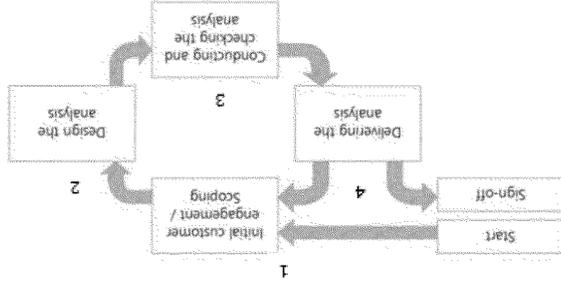
Demonstrating the affordability and fundability of the preferred option requires a complete understanding of the capital, revenue and whole life costs of the scheme and of how this will impact upon the balance sheet, income and expenditure and pricing arrangements (if any) of the organisation.

POL are seeking approval of SPM expenditure at an overarching level, but they only need to draw down funding in quarterly tranches as part of the governance arrangements.

Discussions with the BTU Finance Lead informed us that work had been done on the financial case including the benefits of the SPM programme. The benefits included are split into direct financial benefits (which are clearly quantifiable and can stand up to an NPV), direct business benefits (those benefits which are relevant to SPM and aren't financial), indirect financial benefits (benefits where implementation of SPM will allow other programmes and departments to reap financial benefits) and indirect business benefits (benefits that programme will create from wider business and only be realised when other departments / programmes complete their activities).

Aqua Book Review

Although the financial model does not have to follow Green Book 3 / Aqua Book 4 guidance, this has been used as a guide in order to ascertain whether best practice has been followed. Aqua book 4 guidance on producing quality analysis for government, with the below diagram showing the appropriate stages. The analysis has been performed on the model has been split in the areas represented below.



The analytical cycle is often iterative as insight is gained and the original question refined. At each part of the cycle, analytical quality assurance activities take place to ensure the analysis is fit for purpose. While many checks take place at the point the analysis is conducted, it is not the only place where analytical quality considerations are made e.g. the customer's insight when inspecting the delivered analysis is an important part of the process.

3 Green Book Guidance: The Green Book (2020) – GOV.UK (www.gov.uk)

4 Aqua Book Guidance: The Aqua Book: guidance on producing quality analysis for government (publishing.service.gov.uk)

1. Customer Engagement / Scoping

The model does show that there has been good stakeholder involvement from other departments, for example, the technology department (customer engagement/scoping), with a data log showing where assumptions and inputs have been derived from.

The key assumptions with regards to the devices after discussions with stakeholders across the business are as follows:

- The complete hardware roll-out shall be completed by FY23/24, based on a 3-device format (Full SPM counter, Retailer Accompaniment Device (RADs), and Customer automation unit). The devices in scope of SPM are the existing Horizon counters and Self Service Kiosk (SSK) units.
- Device hardware management will remain outsourced in line with the operational model used today (except, as adjusted by changes in device volume). This will be completed as part of the EUC re-procurement programme.
- A new customer automation unit shall be procured that comes ready assembled with all required peripherals attached by default.
- The standard Retailer accompaniment device will be compatible with all in scope retailers and only the additional peripheral numbers may vary, dependent on the existing Retailer hardware.
- All devices procured will have a minimum useful life of 10 years.
- Payzone devices will be procured and operated by Payzone for the Express branches but purchased as part of POL hardware procurement to maximise economies of scale in Supplier unit pricing.

The key commercial assumptions as follows:

- POL shall absorb the bulk of partner technology costs.
- POL will minimise impact to Partners by building new technology in line with the existing Horizon API (application programming interface) connectivity structures, IP (intellectual property) permitting.
- The Commercial workstream will be completed by an in-house team, supported by third party counsel where required.
- The costs related to amending existing Postmaster agreements sits outside the scope of SPM.

It is worth noting that **not all assumptions were defined** at the time of the model creation, and these should be clearly defined to get a robust model.

POL have provided a Data Log which documents all assumptions used to drive the SPM Programme Model. It includes the raw data shared by POL Stakeholders and assumptions captured as part of input capture workshops held with POL stakeholders during the months of January - May 2021. For the avoidance of doubt, all assumptions documented within the Data Log workbook are captured as stated by POL Stakeholders.

2. Design the Analysis

The SPM Model User Guide has clear guidance which shows a description of the model and the associated methodology, with an assumption workbook which agrees and recording the underlying assumptions. The user guide explains in detail the SPM programme cost model and the individual worksheets and how they fit in together, demonstrating a clear thought process for the design of the analysis and how this has been put together.

The Cost Model Overview which has been provided by POL outlines the thought process around:

- Key Working Assumptions
- Model Risks
- Model Map

- Calculations including structure and complex calculations.

The Cost Model Overview has been provided which outlines the description of the model and an overview of the model and what is required, splitting the workstreams between technology and business services. The Cost Model Overview provides key working assumptions for specific workstreams that are used for the excel and reasoning behind the assumptions that have been used as part of the model.

It was noted that as part of the model review, the model itself assumed that all new technology (SPM Applications) will be developed in house with external support to ensure all the Intellectual Property and know-how is retained by POL with the migration completed under 24 months.

The models includes external rates that are used for internal delivery of SPM, which seems prudent, however the timing of alternative costs of external delivery should be considered and linked to conclusion of build v buy, as it is currently not clear as to when the procurement of external services will occur.

The model itself does not consider other options that could be potentially considered including the following:

- Extending the timeline beyond 2025. Having an extended timeline will reduce risk, given the amount of work that is needed for the transformational change as well as the risk associated with getting this wrong.
- Assess other options which would form part of the business case appraisal. Currently this has not been done as part of the model and would result in there being a true assessment of the options that are being appraised.

The model has been built to show costs from April 2020 and is therefore a combination of current cost activity and future cost requirement. POL should clarify what the model will be used for going forward.

3. Conducting and checking the analysis

Our review did not include a forensic analysis on the formulas within the model, however POL produced a workbook analysis with modeller comments outlining the checks and balances that have been performed, to ensure that all formulas are correct within the financial model, and any formulas where there are errors there was either a reasoning for the error, or how it has been addressed.

4. Delivery of Analysis

- POL have delivered the analysis through the 'SPM Programme Cost Model'. The SPM Model User Guide explains how the inputs, calculations and output worksheets for the cost model need to be used for the modeller to generate the costs for the SPM programme. The user guide explains in detail the SPM programme cost model and the individual worksheets and how they fit in together.

The SPM Programme Cost Model is split into the following worksheets:

- Information Worksheets
 - The information worksheets which show the flow of information through the model, an overview of the workstreams within the model, the assumptions and then the risks.
- Input Worksheets. Inputs are split between the following:
 - General inputs, whereby they can be altered by the model user, namely the key timing periods and resourcing assumptions.
 - Operating Expenses
- Benefits
 - Base Case - The Base Case input worksheets captures the cost assumptions required to form the "Do Nothing" option for the Business case.
 - Resource capture – with each of the resources, for example head of migration, there is also a need for there to be a split between BAU Operating Expenditure and Capex.

of the project

Horizon platform with a benefits realisation plan which shows how benefits will be realised throughout the life

The benefits themselves should map against the current issues and risks that are currently part of the existing

deemed important.

financial objectives and refining what success looks like will enable POL to focus on those priorities which are

therefore key benefits should be prioritised to make it as efficient as possible for POL to monitor. Prioritising the

benefit owners assigned to each of the benefits. Deloitte noted that tracking all 21 benefits may be difficult and

There are 21 benefits in total listed as part of the detailed amount of benefits split across the 4 categories with

Benefits key findings

1. Direct financial benefits – the benefits that SPM will directly bring. E.g. reduction of run costs, change costs, procurement costs.
2. Direct business benefits – these are business benefits that the programme will create and are not dependent on the activities of other teams or programmes.
3. Indirect financial benefits – these are benefits where the implementation of SPM will allow other programmes and departments to reap financial benefits. Where SPM is an enabling function, the benefit will only be realised if, and when, other programmes complete their activities.
4. Indirect business benefits – these are the benefits that programme will create for the wider business and will only be realised when other departments / programmes complete their activities

Benefits that are going to be derived from the SPM programme are split as follows:

Benefits

- **Optimism bias has been included within the SPM programme as per Green Book Guidance.** Optimism bias has been calculated based on risks detailed, and how far they have been mitigated. The optimism bias has then been calculated based on the % of capital expenditure multiplied by the multiple for which the risk has been mitigated.
- **Model settings**
 - Template: This is a pre-formatted worksheet for the capture of costs and inputs.
 - Version control: This worksheet allows the model user to compare the key outputs following a change to input worksheets.
 - Settings: Which has been created to assist the Modeller in the model build process.
 - Dates and Times: The Dates and Times worksheet is a key worksheet within the model
- **Calculation worksheets, these worksheets drive the outputs within the model, using the cost assumptions from the inputs. The calculation worksheets have been locked in the model which ensures there are no errors when calculating the output. There is a line for external assurance** which shows that there has been thought around the future financial needs of the system to be reviewed on an annual basis.
- **Output Worksheet – there are several output worksheets that are driven by the inputs and the calculations. The model should incorporate a cashflow and funding statement for the preferred option. The model should have a balance sheet and the balance sheet impact given the assets that will be capitalised as part of the project.**
- **Other input sheets include device and peripherals (and associated resource), integration (and associated resource) etc.**

Financial and Commercial Estimates Findings

Area	Finding	Conclusion	Areas for Consideration	Priority
Design of the Analysis	<p>3.1 - The model itself assumed that all new technology (SPM Applications) will be developed in house</p> <p>Deloitte have reviewed the assumptions and noted that there have been external rates that are used for internal delivery of SPM, which seems prudent.</p>	<p>The timing of alternative costs of external delivery should be considered and linked to conclusion of build v buy, as it is currently not clear as to when the procurement of external services will occur.</p>	<p>The model should be used to test other options in the business case</p> <p>The model itself does not consider other options that could be potentially considered including the following:</p> <ul style="list-style-type: none"> Extending the timeline beyond 2025. Given the amount of work that is needed for the transformational change, as well as the risk associated with getting this wrong, having an extended timeline will enable there to be less risk for the project to be successful. <p>Assess other options which would form part of the business case appraisal. Currently this has not been done as part of the model and would result in there being a true assessment of the options that are being appraised.</p>	H
Benefits	<p>3.2 - There are 21 benefits in total as part of the detailed amount of benefits split across the 4 categories. Deloitte noted that tracking all 21 benefits may be difficult and therefore prioritisation should be implemented in order to make it as efficient as possible for POL to monitor.</p>	<p>There is a risk that there are 21 benefits which will result in less focus on those benefits which are the most important to key stakeholders across the SPM programme.</p>	<p>Benefits could be discussed earlier as part of the options appraisal within the business case.</p> <p>Prioritise the financial objectives and refine what success looks like, this will enable POL to focus on those priorities which are deemed important.</p> <p>The benefits should map against the current issues and risks that are currently part of the existing Horizon platform.</p>	H
Customer Engagement / Scoping	<p>3.3 - It is worth noting that not all assumptions were defined at the time of the model creation, and these should be clearly defined to get a robust model. A data log has been provided which shows all the assumptions that have been inputted into the model.</p>	<p>There is a risk that costs will be under-estimated given assumptions have not been fully refined as a result of build vs. buy.</p>	<p>Ensure that the assumptions are clearly defined and confirmed before the project is to start.</p>	M

Area	Finding	Conclusion	Areas for Consideration	Priority
Customer Engagement / Scoping	<p>3.4 - POL have provided a Data Log which documents the assumptions used to drive the SPM Programme Model.</p> <p>It includes the raw data shared by POL Stakeholders and assumptions captured as part of Input capture workshops held with POL stakeholders during the months of January - May 2021. For the avoidance of doubt, all assumptions documented within this workbook are captured as stated by POL Stakeholders.</p>	This shows the level of involvement from stakeholders as well as the clear outline of where data has come from which feeds into the model.	To continue to do this for other iterations of the business model.	M
Design of the Analysis	3.5 - The SPM Model User Guide has clear guidance which shows a description of the model and the associated methodology, with an assumption workbook which agrees and recording the underlying assumptions. The user guide explains in detail the SPM programme cost model and the individual worksheets and how they fit in together.	This demonstrates a clear thought process for the design of the analysis and how this has been put together.	To ensure that this is updated whenever there are changes to the model.	M
Design of the Analysis	<p>3.6 -The model has been built to show costs from April 2020 and is therefore a combination of current cost activity and future cost requirement.</p> <p>There is therefore a question as to whether this will be a model that will be updated month by month to show actual costs vs. budget.</p>	It is not clear what costs are budgeted and which ones have been spent already as part of the programme.	There should be full clarity around the purpose of the model and whether the model should be used to track costs going forward.	M
Conducting and checking the analysis	3.7 - There is a Workbook Analysis excel which shows any errors in formulas and warnings, which shows that the model has gone through a thorough review process, including the mitigations and the comments as to either why a) the reason for those errors or b) how they have been addressed.	There has been clear thought as to errors and formulas to ensure that the likelihood of errors is minimised, with a log of how errors identified have been addressed.	To continue with producing the Workbook Analysis for any other iterations going forward.	M
Delivery of Analysis	3.8- Optimism bias has been included within the SPM programme as per Green Book Guidance. Optimism bias has been calculated based on risks detailed, and how far they have been mitigated. The optimism bias has then been calculated based on the % of capital expenditure multiplied by the multiple for which the risk has been mitigated.	POL are following green book guidance when it comes to optimism bias as this could be an area which would be omitted.	To continue to do this for other iterations of the business model.	M

Area	Finding	Conclusion	Areas for Consideration	Priority
Benefits	3.9 - The benefits should map against the current issues and risks that are currently part of the existing Horizon platform.	This enables there to show how the issues and risks are being addressed by the benefits and then how they should be realised.	Create a benefits realisation plan which shows how benefits will be realised throughout the life of the project.	M
Delivery of Analysis	3.10 - The outputs show the resource costs and capital costs over the proposal however it appears that there is not a full cashflow statement for the preferred option, furthermore, there does not appear to be a funding statement as part of the overall costs. The model should also have a balance sheet and the balance sheet impact given the assets that will be capitalised as part of the project.	The full cash flow and balance sheet impact is not included, this could result in potential cash flow problems going forward being unforeseen.	The model should incorporate a cashflow and funding statement for the preferred option. The model should have a balance sheet and the balance sheet impact given the assets that will be capitalised as part of the project.	L

4. Risk Assessment and Feasibility of Timelines

Overview

The project assurance review has covered an assessment of risk across all scope areas as a core part of the project assurance exercise. This particular section will set out the assessment on the feasibility of timelines.

The current SPM Programme is split into two phases, The Express branch rollout and the wider Programme Business case Development. It has been split like this in order to start the Horizon replacement as soon as possible whilst time is spent on discussing and making no regret decisions for the Business case development.

Express Rollout:

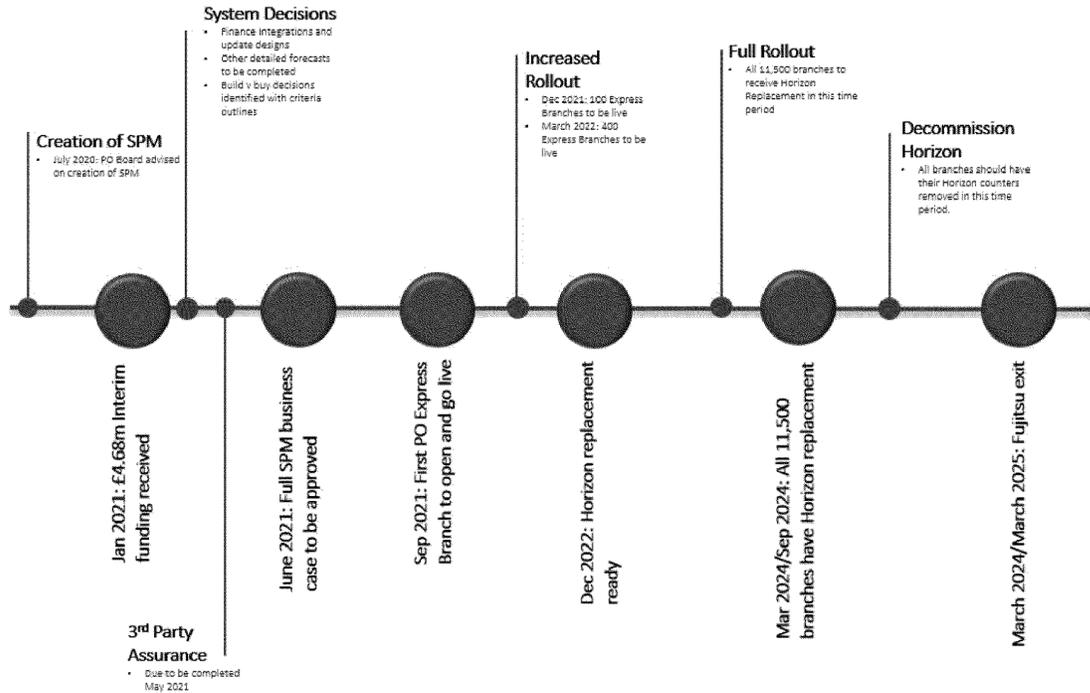
The Express rollout will incorporate part of the Horizon replacement technology in its early stages into branches from September 2021 onwards and a total of 100 express branches are expected to have the updated IT infrastructure in the following 3 months. By March 2022 this will increase to a total of 400 express branches. These branches will only have the basic Royal Mail products and allow customers to post pre-paid letters and parcels through current Payzone devices. New hardware required such as scales and label printers will also be installed. The initial 100 express branches will be upgraded to basics branches in January 2022 to give the ability to process more Royal Mail products in the branch and as a result they will not longer be restricted to pre-paid letters only. The overall benefit of this rollout is to increase POL presence in locations where they do not have branches and customers would not be able to access their products, whilst rolling simpler formats of POL which are more attractive to retailers instead of having the full POL propositions.

Business case Development:

This business case covers the full replacement of Horizon, with the exception of the Express rollout which was separated out as a no regrets decision to accelerate the replacement. The Horizon replacement system will reach across all 11,500 branches, with a new counter that can process mail, banking, insurance and bill paying services. Initially, a prototype counter will be developed by January 2022 which will be able to perform limited tasks and by December 2022 the counter will have full functionality. Training for Postmasters will commence on this new counter in January 2023 and all branches will have this new counter by March 2024 allowing Horizon to be decommissioned shortly after.

Programme Milestone Timeline:

28



The programme milestone timeline above is based on the high-level plans provided by POL and includes two potential exit dates for Fujitsu (March 2024 and March 2025) depending on the progress of the programme.

The initial funding of £4.68m has been requested and approved to cover the initial procurement of the technology, the current programme day to day operations and legal costs that will be incurred from April 2021 to June 2021. The full SPM business case is planned to be approved in June 2021.

The Horizon replacement is intended to be complete for full rollout with all configurations and pilots completed by December 2022 with a contingency date of June 2023. Following this, all 11,500 branches expected to have the Horizon replacement fully installed and operating by March 2024. Horizon will be fully decommissioned once all counters are removed from POL branches, allowing a Fujitsu exit to take place as no maintenance of the Horizon system will be required from that date forward.

POL is planning for a Fujitsu exit in March 2024 but is allowing a buffer of 1 year, meaning a worst-case scenario of a Fujitsu exit of March 2025. However, if the timeline is delayed beyond March 2025, there is no contingency in place to extend the Fujitsu contract beyond that date.

Risk Assessment and Feasibility of Timelines Findings

Area	Finding	Potential Impact / Conclusion	Areas for Consideration	Priority
Speed of Rollout	4.1 - The wider programme delivery and rollout must be completed in advance of the Fujitsu exit as it is unlikely that support can be extended beyond 2025.	Contingency plans for the wider programme must be defined early, with appropriate triggering mechanisms in place to build and deploy any required workaround solutions in order to keep are close to normal operation as possible.	A dedicated workstream could be created within the SPM Programme to define contingency options should they be needed. The contingency options should then be budgeted and planned to a suitably robust level with associated triggering mechanisms to minimise the risk of the main programme not meeting its milestones	H
	4.2 - The current Express rollout plan is to have an initial 100 express branches live by December 2021 and for the remaining 300 branches to open by March 2022	<p>There is a risk that the predicted timelines would be moved to the worst case scenario of the 2025 Fujitsu exit or beyond that.</p> <p>There could be unmapped consequences for such a quick rollout as the speed of the rollout is untested against other programmes of this capacity. Issues that arise during the rollout may be difficult to fix to stay on the proposed timescale.</p>	<p>Understand what contingency plans are in place if timelines are not going to be met.</p> <p>MI reporting should be incorporated to track the rollout to determine how successful it is.</p> <p>Complete a profile review of all the rollout locations to understand the level of complexity of a rollout for each branch.</p>	M
Postmaster Feedback	4.3 - Postmaster feedback has been gathered via surveys which will be valuable in the solution design of the SPM programme. However, it is not clear within the programme plan or the business case how and when the information will be incorporated into the solution design and build.	<p>Incorporation of feedback is essential to the success of the programme, failure to do so may result in Postmasters not accepting the new solution.</p> <p>There is currently no defined mechanism for Postmasters to feed in requirements for the new solution.</p> <p>The benefits register refers to the benefits that the Postmasters gain from the replacement solution. However, but it is not clear if these benefits have been socialised and agreed with (or acknowledged by) the Postmasters there is a lack of evidence to show if this is what they believe the new system should provide them with.</p>	<p>Increase the alignment of the technology deployment with the Postmaster engagement team led by POL Stakeholder Manager.</p> <p>Once there is alignment the dependency link should be included in the programme plan.</p>	H

Area	Finding	Potential Impact / Conclusion	Areas for Consideration	Priority
Postmaster Communication	4.4 - There are 3 different teams within the POL organisation that are responsible for Postmaster communication and it is not clear how they all work in conjunction.	<p>There is a risk that Postmasters do not receive the correct and up to date information and any relayed information from the Postmasters is not received back into the programme and incorporated into the replacement solution.</p> <p>Postmasters may not be being brought on the journey and have a lack of input creating a product that may not be fit for purpose with no manageable solution. As a result, the legacy issues remain.</p> <p>Postmasters may end up receiving a large quantity of information causing confusion and making them less hesitant to engage with the programme.</p>	Increase alignment with POL Stakeholder Manager's team and streamline the Postmasters communication teams so there is one team responsible for all content sent to them.	M

5. Solutions Assurance

Overview

The solution proposed is centered around integration of clients and retailers who provide POL services, with the aim of creating a more streamlined service where all transactions are quicker and easier to carry out. The proposed solution will also be design with efficiency in mind, so that when new clients or new products are added to POL portfolio, they can be added using in-house staff and in a shorter timeframe.

During our meeting with the SPM Programme Manager, we noted that the change of the technology system should be in line with POL CEF. Evidence to support this has not yet been provided so we cannot confirm if this is the case.

Decisions about design, build and deployment of the technology are made at the separate Programme Board and SteerCo meetings that meet every three weeks. As discussed in the Programme Design and Governance section of this report, we noted that although there is a technical design authority, this is limited to technical specialists and does not include wider business individuals.

Continual improvement is part of the proposed solution, allowing modifications and upgrades to be made to the deployed solution whilst minimising any impact to end users.

Design and Build

The current Horizon architecture has strengths that POL team would like to retain and build on such as the full branch format, integration with third parties such as banks and utilities companies and back-office elements such as SAP. However, additional capabilities are required such as self-service and retailer integration where a POL is within a retailer's shop unit. The SPM Programme have decided to keep the same back office enterprise

applications such as SAP and to build new areas of functionality such as the transaction database. This will allow POL to hold data for all transactions but will also hold a record of past transactions that have taken place. This database needs to have high integrity and resilience built in due to the sensitive and large amounts of data it will be holding.

POL APIs are being utilised to allow an easier configuration and integration for each of their partners. These APIs will make it easier to add third party integration to the system and if new products are added to POL offering then it will be easier to update this in the system than it is currently with Horizon. When new products are introduced the product journey engine is updated within the system and the end physical devices would not need changing e.g. payzone devices or epos systems will remain the same. This is something that Horizon cannot do today as any changes such as additions of a third party to the system will require the involvement of Fujitsu and hence is a positive for the build of the new system. As a result, when new device types are introduced then the system is more flexible to introduce new products.

Although there is no detailed procurement strategy for technology outlined in the business case, decisions have been made such as choosing Amazon Web Services as the cloud-based solution in line with the wider POL preferred technology stack. Although this decision was prior to SPM, it is being used for the Horizon replacement system and is relevant to the decision-making process. The decision to use AWS is very clear from the minutes of the meeting as it will reduce operating costs and will allow POL to converge all its cloud solutions to one single instance of cloud providers instead of utilising multiple ones as it did prior to the Belfast exit project. POL and Fujitsu recommended the move to AWS and this was endorsed at a Steerco meeting. The technology stack has been chosen and POL are assessing further components to add to the stack.

Deployment

The initial deployment of SPM has been designed to align with the Network strategy and will begin with 100 express branches using the new IT system in September 2021 and this will ramp up to 400 express branches using the technology in March 2022. The target is to complete the full rollout by March 2024 with a contingency of September 2024. Funding for the interim to develop the technology has been approved at £4.68m and this is intended to support the SPM deployment until June 2021 after which the full business case is planned to be approved. The plan is to add banking, mails, travel money and other retailer integration services to the Horizon replacement system once the roll out begins and functionality will continue to increase until the March 2024 milestone.

Solutions Assurance Findings

Area	Finding	Potential Impact / Conclusion	Areas for Consideration	Priority
Technology strategy	5.1 - There is not a clear technology procurement strategy in place for the SPM programme, including devices such as the retailer accompaniment device and the full SPM counter.	Without a clear strategy it is less likely that decisions made will align with the rest of the business and may be costly to maintain or even replace.	Align the SPM tech strategy to the wider BTU or POL strategy if this exists.	H
Capability and Capacity	5.2 -POL SPM programme is making a significant change to its technology stack. The decision to use AWS Cloud has been documented. However, for future technology choices it is not clear how decisions will be made and if they will align to the rest of POL. This may result in a lack of IT staff skills and capability to manage the implementation.	There is a risk that POL do not have the in-house skillset to service or make any changes to this technology. If the in-house staff do not understand this then a third party will have to be contracted for the maintenance, driving up costs and misaligning with an initial driver of change.	Ensure there are capabilities in house to service the technology and enough capacity to provide the support while in line with the technology strategy. If this is not possible then a decision needs to be made to either outsource a to a third party or begin recruiting as soon as possible.	H

Area	Finding	Potential Impact / Conclusion	Areas for Consideration	Priority
<p>Strategic Partners and Postmasters</p>	<p>5.3 - Interviews with strategic partners such as Tesco and Co-op have taken place. However, there is currently a lack of formal interaction at this point with Postmasters for this programme, who account for 75-80% of all transactions, but it is noted that this will be rectified in the near term.</p>	<p>There is a risk that the solution created favours strategic partners and does not address technology solution that Postmasters require. This could further alienate Postmasters and in addition create a solution that is not fit for purpose for the majority of stakeholders.</p> <p>Lack of buy in from Postmasters who are the end users of the system and the longstanding issues may not be fixed. As such potential efficiencies could be mixed during the design of the new IT system.</p>	<p>Create a formal plan to incorporate Postmasters ideas from surveys into the build of the new system.</p> <p>Utilise the areas managers to receive feedback to further develop the relationship with Postmasters and determine the specific set of questions to be asked to gain insight on where improvements can be made and how SPM is progressing.</p> <p>Utilise Branch hub for Postmasters to provide feedback where an in-person visit is not viable.</p> <p>Have Postmaster engagement sessions as soon as possible and begin taking feedback to incorporate into the solution.</p>	<p>H</p>

Appendix 1 – Terms of Reference

Background

Post Office Limited (POL) is about to embark on the Strategic Platform Modernisation (SPM) programme which will deliver services and systems that will be at the very heart of its operations for many years to come. POL is acutely aware of the risks associated with a major transformation programme, in particular one which has a significant IT delivery component. In order to ensure the programme is established and then executed in a way which ensures ultimate success, POL would like to engage Deloitte (the Supplier) to undertake independent assurance over SPM's business case and programme design, and develop an assurance framework for the programme as it begins delivery. Additionally, POL would like Deloitte's support in presenting the output of the independent assurance to BEIS and UKGI.

Scope

The scope of this work will include a preliminary review of:

- 1) **Procurement strategies and procurement of partners** - Review and independently assure the procurement strategy, including the expected commercial value-for-money and risk-reward balance, with regards to designing, building and deploying the core new technology. Where appropriate, provide alternative options and recommendations for modification to the sourcing strategy.
- 2) **Financial and commercial estimates** - Review and independently assure that the multi-year financial profiles associated with the programme are based on sound, logical and realistic central assumptions. Review the underlying assumptions, with specific emphasis on providing a view on the levels of risk and variance associated with the different estimates.
- 3) **Risk assessment and feasibility of timelines** – Review and challenge the main risk elements of the SPM programme. Provide a view on the feasibility of the programme's overall timelines, with a particular focus on timelines around third party integration management, data migration where relevant and deployment, and key milestones.
- 4) **Solutions assurance** – Review and independently assure the overall approach that will be taken to design, build and deploy the core technology replacing the Horizon platform. Where appropriate, outline key alternative options and provide recommendations for modifications in the overall approach.
- 5) **Programme design and governance** – Review and independently assure the proposed design of the programme including programme structure, project controls, decision-making processes, resourcing plans and overall delivery approach.

Although this is not in the scope of this report, as part of the activities required to develop a longer-term assurance plan, Deloitte will perform the following task:

- Support and advice on assurance framework—Support the programme in developing a tailored, integrated assurance plan to provide confidence in delivery. This will include specialist technical advice, deep dive reviews and milestone-based assurance, coordinating between Internal Audit, POL's Central Risk team, and PMO activities.

Approach

- Conduct workshops and interviews with members of the programme team to understand the key aspects of the programme design and the business case.

- Analyse and assess draft business cases and programme artefacts to provide feedback on areas for improvement.
- Develop a written report and presentation for POL Board and BEIS Senior Leadership assessing the quality and feasibility of the Business case and Programme Design.

Appendix 2 – POL Contacts

The following individuals are POL Employees that we engaged with through our review of the SPM Programme:

Job Title	Name
Director of Business Transformation Unit	Zdravko Mladenov
BTU Finance Lead	Woody Ruane
SPM Programme Manager	Sharon Bowker
Branch and Digital Engineering Director	Ben Cooke
Platform Delivery Lead	David Gemmel
Solutions Architect	David Steed
Strategy and Transformation Project Manager	Friedrike Vetter
Internal Audit Lead	Diogo Vidinhas
POL Stakeholder Manager	Sarah Gallagher
Postmaster Experience Lead	Nick Beal
Director for Commercial Strategy	Chrysanthy Pispinis
Transformation and Strategy Director	Tim McInnes
Financial Modeller	Yemi Mustapha

Appendix 3 – Documents Received

The below documents are all those that have been received as part of the independent assurance review that has performed.

General

- 20210329_POL SPM external programmatic assurance – Statement of Requirements – Appendix B - final
- 20210428 POL Data Strategy and Platform scope
- POL Requests Tracker
- SPM Project level RAID log
- SPMP – technical solution

Australia Post

- Australia Post – Branch and Digital Engineering – Confluence
- FW Aus Post.msg

Benefits

- SPM Benefits Register

Build vs Buy

- BvB General Assessment – Branch & Digital Engineering – Confluence
- BvB IAM – Branch & Digital Engineering – Confluence
- BvB Point of Sale – Branch & Digital Engineering – Confluence
- BvB Point of Sale Assessment Supporting Information – Branch & Digital Engineering – Confluence
- BvB Product Journey Engine – Branch & Digital Engineering – Confluence
- Horizon Replacement Build vs Buy Architectural Assessment - Branch & Digital Engineering – Confluence

Business case Info

- 20210428_1929_SPM_MultiyearFundingRequest_SharedWithDeloitte.docx
- 20210507_1929_SPM_MultiyearFundingRequest_SharedWithDeloitte.docx
- Business case Waterfall Network Optimisation v8 rab_updated.docx
- Business case Waterfall Strategic Platform Modernisation PRJ00025674 Interim
- Cost Model Overview_April 2021_External_Shared.pptx
- NetOpt- Business case_01.04.21
- RE Proposed chapters.msg
- Slide discussed with UKGI on the 10M cap.msg
- SPM Business case Architecture

Confluence

- ATM Dashboard - Branch & Digital Engineering – Confluence
- Australia Post - Branch & Digital Engineering – Confluence
- Branch & Digital Engineering Director - Branch & Digital Engineering – Confluence
- Branch and Digital Engineering – Capabilities
- Branch Management Dashboard - Branch & Digital Engineering – Confluence
- CounterUI
- Data Integrity
- Device Architecture
- Devices Dashboard - Branch & Digital Engineering – Confluence
- ePoS Trends - Branch & Digital Engineering – Confluence
- Head of Platform Technology & Operations - Branch & Digital Engineering – Confluence
- Head of Product Solution Architecture - Branch & Digital Engineering – Confluence
- Integration Services Dashboard - Branch & Digital Engineering – Confluence
- Location and Product Systems of Record – Current, Interim and Vision
- Multi-Carrier Dashboard - Branch & Digital Engineering – Confluence
- ParcelShop Device Lessons Learnt v2.0 (1)
- Platform Delivery Lead - Branch & Digital Engineering – Confluence
- POL Technology Principles V14 – Cloud Office – Confluence
- Product Journey Engine Dashboard - Branch & Digital Engineering – Confluence
- SPM Application Architectural Overview - Branch & Digital Engineering – Confluence
- SPM Architectural Principles - Branch & Digital Engineering – Confluence

- SPM Architectural Principles Map - Branch & Digital Engineering – Confluence
- SPM Business Drivers - Branch & Digital Engineering – Confluence
- SPM Dictionary - Branch & Digital Engineering – Confluence
- SPM Programme Progress Report - Branch & Digital Engineering – Confluence
- SPM Technical Drivers - Branch & Digital Engineering – Confluence
- SPM-760643850-050421-0648
- SPM-OrganisationStructure-040521-0905

Financial Costs Model

- -Workbook Analysis_with Modeller comments 280421_v3
- Model Overview_April 2021_shared
- SPM Model Assumptions_shared
- SPM Model User Guide_Shared
- SPM Programme Cost model_for AUDIT_050521

Org and Governance

- SPM Kick off presentation
- SPM-OrganisationStructure-040521-0905
- Updated org chart and timeline
- Technical Design Authority_ToR

PO's Weekly Reporting

- weekly reporting_2020_04_15 SPM Devices Project Reporting
- weekly reporting_2020_04_15 SPM Reporting – Network Optimisation
- weekly reporting_20210422 SPM Reporting – Network Optimisation
- weekly reporting_Business case and External Assurance_22042021
- weekly reporting_Business case
- weekly reporting_comms and engagement reporting v20210415
- weekly reporting_comms and engagement reporting v20210422
- weekly reporting_comms and engagement reporting v20210423

PostMaster Engagement

- POL Postmaster Survey – Final STC 22 02 21
- POL Postmaster survey completed & incomplete open ends 12 02 21
- Postmaster engagement_user input summary v20210420

Procurement

- PP1 Procurement Policy V1.0 March Post Brexit Clean
- Procurement Manual v.3 (Brexit Amendments) 22 January 2021 CLEAN
- POL Postmaster survey completed & incomplete open ends 12 02 21

Steer Co and Board

- Nick-read-post-office-future-past-and-present
- SPM Purpose and Plan

Steering Committee

- 20201113 – SPM and FJ Exit discussion with Lisa Harrington
- 20201117 Appendix – Early tech design initiatives
- 20201117 SPM Steering Committee – discussion document - vFinal
- 20201214 SPM Steering Committee – discussion document - vFinal
- 20210129 SPM Steering Committee – discussion document
- 20210224 SPM Steering Committee – discussion document – vFinal
- 20210316 SPM Steering Committee – discussion document - vFinal
- 20210407 SPM Steering Committee – discussion document - vShared
- 20210428 SPM Steering Committee – discussion document - vShared
- 20210428 SPM Steering Committee – discussion document – select slides
- SPM Prove Phase SteerCo ToR v0.5

Board

- 20201106 – SPM Board Update – November – Final
- 20210127 - SPM Board Update – January 2021 – vf

- 23.03_SPM Update_POL_Board version
- SPM Programme Board ToR v0.4_DRAFT

Timelines and Milestones

- Programme plan v0.5
- SPM Timelines

Appendix 4 – Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that may exist or all improvements that might be made. Any recommendations made for improvements should be assessed by you for their full impact before they are implemented.

Other than as stated below, this document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore, you should not, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities). In any event, no other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Deloitte LLP

London

May 2021



This document is confidential and it is not to be copied or made available to any other party. Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities).

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2021 Deloitte LLP. All rights reserved.