



## POST OFFICE LIMITED BOARD REPORT

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<b>Title:</b>	Board Review Action update	<b>Meeting Date:</b>	28 <sup>th</sup> September 2021
<b>Author:</b>	Veronica Branton, Company Secretary	<b>Sponsor:</b>	Tim Parker, Chairman

### Input Sought

The Board is asked to **NOTE** the action update following the recommendations from the review produced by Independent Audit Limited for 2020/21 and the discussion of these at the Board meeting on 27<sup>th</sup> July 2021:

- A Board governance map for the year ahead is appended. This sets out the items it is suggested the Board should cover over the course of a year (standing and cyclical) and additional items scheduled
- Board Directors are asked provide their feedback on papers at the end of the meeting
- The Board has reverted to the pre-Covid pattern of holding Board dinners before most scheduled Board meetings
- NED only meetings have been scheduled
- Organisation culture is included as part of the People Strategy item scheduled for October 2021
- The Company Secretariat Team circulate the Boardroom briefing and information about director briefings run by PwC, Pinsent Masons and BEIS each month. At the same time we will ask NEDs if they would like us to arrange any branch visits (in conjunction with the Network Team) and/ or would like to attend employee engagement events taking place over the next month or two
- A report back from the Committees has been built back into the Board agenda
- The appraisal process instigated for each Non-Executive Director to meet the Chairman annually will continue.



## Appendix 1

<b>Recommendations from the Independent Audit Board Review 2020/21</b>				
	<b>Section/ recommendation</b>	<b>Adopt: Y/N</b>	<b>Proposed approach:</b>	<b>Progress:</b>
	<b>Focus and balance</b>			
1.	Strike the right balance in agendas, discussion and pre-papers between dealing with historical issues, business as usual and the future. (16-17 of report)	Y	<p>The Board will be establishing a Board Committee to deal with Historical Remediation matters. Some decisions, especially those setting a precedent or establishing a principle, will still come to the Board, and the Statutory Inquiry also means that some Board attention will inevitably remain on historical matters.</p> <p>Mapping out and discussing the forward agenda at Board meetings may help get the balance right. The on-going challenge will be the new issues that crop up and overfull agendas.</p>	For the Board Strategy sessions this year, briefing sessions with pre-reading materials have been run but it has been for the NEDs to decide whether and which to attend; hopefully this provided the context for the Board discussions without making onerous demands on time.
2.	Create a forward agenda that extends to a full year supplemented by a "strategic governance map". (22-23 of report)	Y	Develop a more detailed Board forward agenda for the September Board meeting and allocate time to discuss this.	
3.	Continue to improve the papers, tying in appropriate KPIs and strategic goals, and removing unnecessary information. (20-25 of report)	y	<p>A template, guidance and briefing sessions for preparing papers for boards and committees are all in place (though not always adhered to in terms of paper length and adhering to the template).</p> <p>It may be helpful to get views at the end of the next few Board</p>	



<b>Recommendations from the Independent Audit Board Review 2020/21</b>				
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			meetings on the papers considered at that meeting and where: 1) there was information not included that would have helped you reach a decision; and, 2) where there was extraneous material or material that would have been better placed in the Reading Room. This feedback could be tied to the discussion on the forward agenda.	
	<b>Composition, succession and dynamics</b>			
4.	Prepare carefully for the induction of postmaster NEDs to ensure they are integrated as directors on a par with existing NEDs. (28-31 of report)	y	It has been an intensive induction programme for Elliot and Saf and their feedback of what worked and did not work will be helpful for planned inductions in the future (and indeed, what might be helpful for the non-statutory Postmaster Director when they join POL).	
5.	Stay on the front foot on succession, planning further ahead (35 of report)	y	Annual discussion to be scheduled for the Nominations Committee as well as any further discussions required for specific appointment.	On Nominations Committee forward plan for September 2021.
6.	Resume board dinners and informal catch ups to cement relationships (39 of report)	y	Revert to Board dinners the night before scheduled Board meeting.	A Board dinner will be held on 27 <sup>th</sup> July 2021 and the normal pattern should resume as long as no further lockdowns or restrictions are in force.



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	<b>Section/ recommendation</b>	<b>Adopt: Y/N</b>	<b>Proposed approach:</b>	<b>Progress:</b>
	<b>Maintaining an effective management team</b>			
7.	Increase focus on development of senior team, including regular discussions with the CEO. (43-46 of report)		These sessions could be scheduled regularly around scheduled Board meetings (perhaps 3 – 4 times a year) and could held before or after the NED only sessions	To be scheduled for September 2021.
8.	Hold regular private sessions of the NEDs without the executives (47-48 of report)		A short NED session is proposed in advance of most scheduled Board meetings (potentially in advance of a Board dinner, when taking place).	NED only session scheduled for 26 <sup>th</sup> July 2021.
9.	Make more use of external advisers at the Remuneration Committee. (51 of report)	y	Paul Townsend of Willis Towers Watson will attend the whole of the Remuneration Committee meeting and a session with the Committee and the adviser will be scheduled at the end of each meeting.	This approach was followed at the Remuneration Committee meeting held on 1 <sup>st</sup> July 2021.
	<b>Cultural transformation</b>			
10.	Make time to specifically discuss culture, ensuring the right indicators and monitoring are in place, including surveys and speak-up reporting. (52-54 of report)	y	Include on Board agendas periodically (perhaps bi-annually) and include updates in the CEO report and at the Remuneration Committee via the Group Chief People Officer's Report.	People Strategy slots are included on the Board agenda for 27 <sup>th</sup> July 2021 and for the September agenda which touches on issues such as ways of working.
11.	Plan out how NED will "sniff" the culture themselves and organise events to meet more middle managers, postmasters and junior staff. (55-57 of report)	y	CoSec to develop a programme for the Board's consideration to include periodic branch visits and attendance at employee events.	Include with the Board forward agenda at the September Board meeting.
	<b>Risk, controls and grounded trust</b>			



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	<b>Section/ recommendation</b>	<b>Adopt: Y/N</b>	<b>Proposed approach:</b>	<b>Progress:</b>
12.	ARC should encourage the CRO to provide an overview of current and emerging risks and share his subjective concerns. (62 of report)		<p>The ARC has agreed that in addition to the Risk Dashboard that is already supplemented by a summary paper, the Head of Risk will ensure that an overview of current and emerging risks as well as his opinion on areas of concern etc. is included in this summary.</p> <p>Risk owners will be invited to ARC Committee meetings where a risk is outside of appetite or rated red (with exact criteria to be decided by the Head of Risk) or attendance has been requested by the Committee.</p>	Implemented and on-going.
13.	The Board, ARC and the Executive should work together to develop a strategic approach to risk management, with clear goals and outcomes. (63-67 of report)		<p>The ARC has agreed that the Risk Report should be developed to focus on how management are responding to the critical risks, both current and emerging, in a shorter more narrative paper. This should avoid too much focus on "method, categorisation and definition" and focus on how risk appetites can be used to strengthen management and operational decision-making.</p>	An update is proposed for September 2021 with the new approach targeted for March 2022.
14.	Consider developing a risk controls assurance map and ensure that data, IT and cyber risks are getting sufficient focus. (71, 73 of report)		The ARC has agreed that a risk controls assurance map should be developed by Risk, Compliance & Audit together with	The new approach is targeted for March 2022.



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			an annual Compliance Assurance Report.	
	<b>Quick wins</b>			
15.	Plan regular breaks. (75 of report)	?	There is a balance between not wanting to use up too much of Board directors' time and providing breaks during and between meetings. Overstretched agendas tend to squeeze out breaks but longer breaks can be included if that is the preference.	
16.	Schedule the ARC and the Board meetings on different days. (76 of report)	?	As above.	
17.	Dedicate a clear section to committee reporting and leverage the expertise of particular NEDs on key topics. (78 of report)	y	This has fallen away on occasion when the Board agenda has been overstretched and when most of the Board have attended the ARC and the Chair of the ARC has briefed those who are not members separately.	Committee update included for 27 <sup>th</sup> July 2021.  Any further ideas for leveraging NED expertise would be welcomed but NEDs do seem active in their engagement with the parts of the business where they bring particular knowledge and expertise (e.g. Lisa with the IT and SPM teams; Ken with the Mails Team).
19.	The Chairman to provide regular individual feedback to the NEDs. (81 of report)	y	A formal annual appraisal process has been instigated.	Appraisal discussions took place with each of the NEDs in post during 2020/21 in June 2021.
	<b>Additional question/ proposal</b>			



<b>Recommendations from the Independent Audit Board Review 2020/21</b>				
	<b>Section/ recommendation</b>	<b>Adopt: Y/N</b>	<b>Proposed approach:</b>	<b>Progress:</b>
20.	The Board is asked to consider the concept of a "hybrid" calendar where the main scheduled Board meetings are held in person but where shorter, and less strategic meetings are held remotely.	N/A		