

Post Office Limited Group Executive



Minutes of the Strategic Executive Group ("SEG") meeting held at 100 Wood Street, London, EC2V 7ER on Wednesday 26 June 2024 at 11:00 am

Present:

- Nick Read (Chair)
- Owen Woodley
- Karen McEwan
- Nicola Marriott - deputising for the CPO
- Sarah Gray – deputising for the GC
- Neil Davey (joining at 14:00 - deputising for the CFO)
- Asha Patel (leaving at 14:00 - deputising for the CFO)
- Chris Brocklesby
- Chrysanthy Pispinis

Other Attendees: Alison Hoyland (Deputy Company Secretary)

Other attendees as shown against agenda items.

Apologies: Ben Foat, Kathryn Sherratt, Karen McEwan from 13:00

Action

1. SEG Actions:

- SEG noted the action log, including the progress on actions and agreed those marked for closure.

Pre-discussion:

The following was noted:

- The recent data breach was due to be discussed later on the agenda.
- The Strategic Review being undertaken by Teneo was expected to conclude in October.
- The ICO had published its Practice Notice in relation to POL's FOIA performance, but had since taken it down, due to not giving enough advance notice to POL.
- The latest position in relation to POHIT Rule 9 requests and Phase 7 preparations.

2. Finance and Planning

2.1 CFO report, to include:

- P2 finance report
- Working Capital Facility increased usage
- External Auditor appointment
- Risks

TABLED and **NOTED** was the CFO paper.

P2 finance report

Key points of note discussed were:

- P2 revenues of [IRRELEVANT] were driven by a continuation of stronger banking deposits volumes, a higher annual Home Insurance profit share and higher credit card volumes.
- This has translated to variable remuneration for Postmasters of [IRRELEVANT] revenue and in line with the budget and the prior year).
- Opex overheads were [IRRELEVANT] budget in the month as a combination of timing differences and savings – translating to a zero P2 trading profit, [IRRELEVANT] and in line with the prior year.
- YTD, trading profit stood at [IRRELEVANT] however indicative views of the 2+10 forecast suggested that this position would be eroded with significant unbudgeted costs and Opex risks expected to crystallise. An update would be provided to SEG after the next Opex Committee review on 24 June.

Post Office Limited Group Executive



- SEG agreed the messaging needed to be reinforced around the fact there was no budget to meet unbudgeted costs and that there remained tough cost challenges to meet in-year. SEG had a leading role in ensuring both challenges were understood within their respective functions.

SEG RESOLVED to APPROVE the submission of the P2 finance report to the Board.

WCF & Wrongful Trading

SEG **RESOLVED to APPROVE** the submission of the Wrongful Trading position to the Board for noting and the Working Capital Facility utilisation proposal (to change the provision from [IRRELEVANT] to [IRRELEVANT] thus reducing the Board Approved buffer from [IRRELEVANT] to [IRRELEVANT], to the Board for ratification.

Action:

- Senior Legal Counsel, Banking and Finance, to be consulted each month on WTA position ahead of submission to the Board and Board to have access to periodic external legal advice.

External Auditor

SEG **RESOLVED to APPROVE** the submission of the [IRRELEVANT] with [IRRELEVANT] as POL's external auditor to the Board for ratification.

Risks

Key points of note discussed were:

- Corporation Tax risks arising as a result of HMRC's stance on the funding, expenditure and payouts for Remediation Matters and the [IRRELEVANT]
[IRRELEVANT]
[IRRELEVANT]
- The IR35 risk assumed that there would be a policy change to [IRRELEVANT] (effective from July 2024) and that this could mean an [IRRELEVANT] based on the current contractor population. The Board challenge remained – which was to eradicate the IR35 risks, which included associated costs – so the Board update would include a recognition of the additional costs challenge that arose as a consequence. Associated to this was the need to reduce the reliance on contractor resource.

Contract and sourcing strategy matters

TABLED and **NOTED** were the contract papers.

2.2

Travel management sourcing strategy

Liam Carroll/ Martin Hopcroft

Key points of note were:

- The proposed sourcing strategy for the procurement of a travel management services provider was for a [IRRELEVANT] with an estimated maximum total contract value of [IRRELEVANT]
- There was [IRRELEVANT]
- SEG noted the backdrop of the Strategic Review, and the need to allow for flexibility within POL's contracting decisions in the meantime.

SEG **RESOLVED to APPROVE** the submission of Travel management services sourcing strategy to the Board for approval.



Post Office Limited Group Executive

2.3 Estates management sourcing strategy

Liam Carroll/ Pete Marsh (via Teams)

Key points of note were:

- The proposed sourcing strategy for the procurement of estates management services was for a maximum **IRRELEVANT** with an estimated total contract value of **IRRELEVANT**
- There was **IRRELEVANT**
- SEG noted the backdrop of the Strategic Review, and the need to allow for flexibility within POL's contracting decisions in the meantime.

SEG **RESOLVED** to **APPROVE** the submission of Estates management sourcing strategy to the Board for approval.

2.4 Commercial Fleet Maintenance

Liam Carroll/ Pete Marsh/ Patrick Bell

SEG **RESOLVED** to **APPROVE** the contract award of Commercial Fleet Maintenance and Associated Services to Fraikin Ltd, following the completion of a compliant procurement.

3. Transforming Technology

Technology papers

TABLED and **NOTED** were the Technology papers.

3.1 SPMP Business Case

Chris Brocklesby/ Samantha Swann

SPMP Business Update:

Key points of note discussed were:

- Horizon Replacement funding was in place to June 2024, and Horizon Extension funding to March 2025.
- The business case for funding beyond June 2024 had been delayed, due to the need to address the recommendations arising from the DBT approval process (from IPA and Public Digital) – and latterly, due to the General Election.
- POL was working with DBT to develop an action plan to respond to the recommendations.
- In the meantime, DBT has agreed to let POL spend money previously ringfenced for Horizon Extension workstreams on SPMP and related activities to provide funding to support Horizon Replacement until mid-December 2024.
- The DBT Permanent Secretary had indicated the Board should be asked to sign off the action plan (it was proposed to ask the Board to delegate this to the Investment Committee).
- The outputs of the Strategic Review could have a bearing on the business case and that would need to be reflected in due course; in the meantime, it was likely necessary to keep the programme run-rate spend to a minimum.

SEG **RESOLVED** to **APPROVE** the submission of the business case and DBT funding update to the Board for noting.

Funding:

SEG **RESOLVED** to **APPROVE** the submission of the SPMP Drawdown funding **IRRELEVANT** to the Board for approval.

3.2 Branch Identity and Access Management (IDAM) solution - Business Case and Drawdown

Chris Brocklesby/ Samantha Swann/ Paula Jenner (via Teams)

Key points of note in the discussion included:

- The drawdown request was within the envelope of current DBT approved funding.



Post Office Limited Group Executive

	The IADM solution remained a 'no regret' initiative, including as against any likely outputs from the Strategic Review. SEG RESOLVED to APPROVE the submission of a request to replace the current end-of-life IDAM solution with a new, resilient, cloud-based solution, up to a maximum project cost of [REDACTED] and a request for [REDACTED] to the Board for approval.
3.3	Second Device Business Case and Drawdown Chris Brocklesby/ Samantha Swann
	Key points of note in the discussion included: - The drawdown request was within the envelope of current DBT approved funding. - The Second Device programme remained a 'no regret' initiative, including as against any likely outputs from the Strategic Review. SEG RESOLVED to APPROVE the submission of a request for [REDACTED] and a request for the delegation of authority in relation to the final drawdown of [REDACTED] once DBT approval had been provided as part of the Horizon Replacement Business Case, to the Board for approval.
3.4	Branch Technology Refresh Chris Brocklesby/ Samantha Swann
	SEG RESOLVED to DECLINE the submission of the paper on the Branch Technology Refresh to the Board, noting it was not in line with the Board action to provide a roadmap and overview of all in-branch technology.
3.5	Horizon continuity of service Chris Brocklesby/ Samantha Swann/ Patrick Bell/ Liam Carroll
	Subject to Legal Professional Privilege Key points of note in the discussion included: [REDACTED] [REDACTED] [REDACTED] [REDACTED] - Fujitsu was yet to formally commit to an extension of the Horizon agreement (of any length) beyond March 2025 and it was understood that any such commitment was dependent on a formal request from Government. - This dependency would not now be met until after the General Election. - Against this advice, the options were: - A 5-year extension with Fujitsu - A 2-year extension with Fujitsu – with an additional 3-year option - A 2-year extension with Fujitsu, after which the Fujitsu resource would be brought in-house; this was a reserve option under (a and b). - All options should be put to the Board, with no direction on a recommendation. SEG RESOLVED to APPROVE the submission of the Horizon Continuity of Service paper to the Board to agree the preferred option.
3.6	SME Strategy and Branch Automation



Post Office Limited Group Executive

Martin Edwards/ Barbara Brannon

Key points of note in the discussion included:

- The strategy was welcomed and POL had a good story to tell.
- There was no financial commitment as yet.
- The communication plans should include Postmasters.

3.7 Next Generation Mails Automation

Martin Edwards/ Barbara Brannon

Key points of note in the discussion included:

- The drawdown request was within the envelope of current DBT approved funding.
- The NGMA programme remained a 'no regret' initiative, including as against any likely outputs from the Strategic Review.

SEG **RESOLVED** to **APPROVE** the submission of a request for **IRRELEVANT**

Change Portfolio

TABLED and **NOTED** were the change portfolio papers.

3.8 Back Office Operational Modernisation – sourcing strategy and Drawdown

Chris Brocklesby/ Caitlin Johnson/Paula Jenner (via Teams)/ Liam Carroll

Key points of note from the discussion included:

- The backdrop of the Strategic Review, and the need to allow for flexibility within POL's procurement activity in the meantime.
- The funding drawdown for FY24/25 was considered 'no regret' and would provide for the procurement exercise to be run.

SEG **RESOLVED** to **APPROVE** the submission of the request to re-tender the Back Office contract via the FTS Restricted Procedure for a maximum **IRRELEVANT** to a maximum value of **IRRELEVANT** and a request for **IRRELEVANT** to the Board for approval.

Data Enablement Programme Drawdown

Key points of note from the discussion included:

- The backdrop of the Strategic Review, and the need to allow for flexibility within POL's procurement activity in the meantime.
- The funding drawdown for FY24/25 was considered 'no regret'.

SEG **RESOLVED** to **APPROVE** the submission of the proposed strategy of replacing and consolidating legacy data systems with a modern data platform and re-platforming Master Data Management and a request for **IRRELEVANT** to the Board for approval.

3.9 Cyber Security Programme [Business Case]

Chris Brocklesby/ Neil Bennett

TABLED and **NOTED** was the Cyber Security Paper.

Key points of note from the discussion included:

- POL currently had **IRRELEVANT** related to cyber security **IRRELEVANT**
- **IRRELEVANT**
- Deloitte had undertaken a cyber security maturity assessment in 2023 which identified **IRRELEVANT** and which made a number of associated recommendations including some which related to **IRRELEVANT**



Post Office Limited Group Executive

- Taking account of affordability, the revised proposed approach had been developed as a minimum viable scope of essential features.
- Further recommendations and associated finding would come to SEG and Board for approval in due course. In the meantime, NB was engaging with the CISO at Camelot to understand the approach that had been taken there, having understood from the new Interim Chair that Camelot had sought to strengthen its cyber maturity and there may be lessons to be learned etc.
- The CISO, NB, highlighted that the [IRRELEVANT] and total cost of remediation activity would be higher over the long term.

SEG **RESOLVED** to **APPROVE** the submission of the Cyber Security Programme Business Case to the Board for approval.

3.10

IT Capabilities Framework

Chris Brocklesby/ Samantha Swann/ Liam Carroll

TABLED and **NOTED** was the IT Capabilities Framework paper.

Key points of note from the discussion included:

- The sourcing strategy would provide for a network of technology suppliers from which POL could draw down (other than for NBIT)
- There was no spend commitment.

SEG **RESOLVED** to **APPROVE** the submission of the IT Capabilities Framework sourcing strategy, covering a maximum 4-year term (2+1+1) and for a maximum value of £45m, to the Board for approval.

4.

Rebuilding Trust

4.1

Inquiry Update (Verbal)

Diane Wills / Dan O'Mahoney

The verbal update was **NOTED**, covering:

- Phases 5&6
- Witness support legal costs
- Disclosure remediation costs
- Internal and external communications and media interest
- Data disclosure
- Phase 7 preparations

SEG **RESOLVED** to **APPROVE** the submission of the Inquiry update to the Board, noting that the Inquiry – emerging themes/lessons from Phases 5&6, and preparations for Phase 7 were also due to be discussed at the Board awayday on 9 July.

4.2

Finance Update

Diane Wills / Dan O'Mahoney/ Neil Davey/ Liam Carroll

TABLED and **NOTED** was the finance update.

Key points of note discussed included:

- Retrospective Shareholder approval under the AoA was being sought in relation to the [IRRELEVANT] committed RU and Inquiry spend.
- The [IRRELEVANT] budget was currently forecasted to cover spend to early September 2024.
- POL was working with DBT on cost forecasts and permitted modifications to the funding subsidy to allow spend to continue until the end of this funding window ending in March 2025, as well as funding plans for the next funding window.



Post Office Limited Group Executive

	SEG RESOLVED to APPROVE the submission of the finance update to the Board for noting.
4.3	KPMG/ eDiscovery Services Contract Simon Recaldin / Dan O'Mahoney/ Neil Davey/ Liam Carroll TABLED and NOTED was the KPMG/ eDiscovery Services Contract paper.
	SEG RESOLVED to APPROVE the submission of the sourcing strategy for the procurement of eDiscovery services for RU & Inquiry until November 2026 with a maximum total contract value of £12m to the Board for approval.
4.4	RU Update Simon Recaldin TABLED and NOTED was the RU update covering: i. Overturned conviction cases. ii. Progress in relation to the Horizon Conviction Redress Scheme. iii. Horizon Shortfall Scheme cases. iv. GLO disclosure. v. Suspension Remuneration Review cases. vi. Progress in relation to the POL Process review pilot.
	SEG RESOLVED to APPROVE the submission of the RU update to the Board for noting.
4.5	HSF Contract Strategy Paper Simon Recaldin/ Liam Carroll TABLED and NOTED was the HSF Contract Strategy Paper. Key points of note during the discussion included: • The contract extension and sourcing strategy approach would allow for a procurement process to test the market for alternative providers for RU legal support. • As per the earlier discussion on RU and Inquiry finances, retrospective Shareholder approval under the AoA was being sought in relation to the IRRELEVANT committed spend.
	SEG RESOLVED to APPROVE the submission of the HSF contract strategy request to the Board for approval.
4.6	Disclosure to support police investigations Sarah Gray/ John Bartlett TABLED and NOTED was the paper on Disclosure to support police investigations/ Passing of material to law enforcement. SEG DECLINED to APPROVE the submission of the paper on disclosure support for police investigations to the Board, noting further work and assurance was required in relation to Horizon data assurance.
4.7	Data Breach Incident Sarah Gray/ Chris Russell/ Simon Recaldin/ GRO TABLED and NOTED was the briefing note on the Group Litigation Order (GLO) Settlement Deed Data Breach Incident. Key points of note from the discussion included: • The breach involved the release of personal and sensitive data by POL staff contained in an unredacted version of the GLO. • Given the nature of the data, POL had reported the breach to the ICO.

Post Office Limited Group Executive



	- The breach had been subject to media coverage. - The proposed remediation steps, aside from fixing the control failures, comprised the provision of IRRELEVANT and a compensation offer. - Compensation might be either for (i) IRRELEVANT IRRELEVANT IRRELEVANT - POL should look to take remediating steps swiftly. - Any ICO fine might take account of POL's response, and it could be reduced if the response was judged to be appropriate. - POL's IRRELEVANT IRRELEVANT - At the upcoming meeting of ARC, colleagues would need to be ready to speak to the incident and the control failures – and the steps being taken to address the control failures which would likely include introducing a categorisation policy for documents with restrictions on what action can be taken. - The Board would be kept updated. SEG RESOLVED to APPROVE the provision of IRRELEVANT provision to all impacted individuals for IRRELEVANT at a cost of up to IRRELEVANT Action: - Subject to discussion with the IRRELEVANT the compensation approach and offer to come back to SEG (by email would be permissible, depending on timing) – and an additional Opex to be arranged to determine affordability.
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SG -
ASAP

5. People and Culture

5.1 Postmaster Survey Results/Action Plans

Shaun Kerrison/Tracy Marshall

TABLED and **NOTED** was a paper on the Postmaster survey results and action plans.

Key points of note from the discussion included:

- The Postmaster and staff survey results and action plans would be discussed at the Board awayday on 8 July, ahead of the discussion on the new proposed Culture Dashboard.
- The update to the Board should show the link between the actions and feedback more clearly and how the presentation should be consistent with how the staff survey results and action plans were being presented.

SEG **RESOLVED** to **APPROVE** the submission of the Postmaster survey and action plan to the Board away7day, subject to the amendments discussed.

5.2 Culture Dashboard

Tim Perkins

TABLED and **NOTED** was the Culture Dashboard.

Key points of note discussed were:

- The dashboard recognised that culture change was critical to POL's success and would provide the Executive and the Board with better oversight across a number of relevant of key MI points.
- The indicators had been developed with the Institute of Business Ethics and were in line with best practice ethical culture reporting.

Post Office Limited Group Executive



- The dashboard would be presented bi-annually.
- It would be presented for the first time at the Board strategy away day.
- The dashboard would continue to be iterated and improved, including from Board feedback on what MI / analysis it wished to see.

SEG **RESOLVED** to **APPROVE** the submission of the Culture Dashboard to the away day for noting.

5.3 **Organisational Design: principles, objectives and targets**

Tim Perkins

TABLED and **NOTED** was a paper on organisational design (OD), principles, objectives and targets.

Key points of note discussed were:

- The OD objectives and principles would inform the work on reducing central costs, providing for consistency of approach, but also allowing for flexibility in some areas, eg on spans of control for certain roles.
- The process would be managed centrally, again to ensure consistency and ensure cross-function oversight.
- In train plans could continue, but would need to be sense-checked with the people team to ensure they were in line the new OD objectives.
- The objectives should be consistent with any outputs from the Strategic Review, but this would be kept under review.
- Comms to staff would need to balance the need for transparency, with the need to avoid undue concern.

Action:

- Any in-train plans to be discussed with people team to determine if they remain consistent with wider OD considerations/objectives.

SEG/
people
team

SEG **RESOLVED** to **APPROVE** the OD objectives and principles.

5.4 **Past Roles review**

Nicola Marriott

Note subject to Legal Professional Privilege

NM provided a verbal update on the proposals that would be put to the Board for approval in relation to Past Roles review.

Key points of note discussed were:

- The proposals would cover the employment/restructuring options and associated risks in relation to permanent colleagues in the Remediation Unit.
- The options were developed against the backdrop that no misconduct issues had arisen to date, rather the concerns were more around perception and optics.
- The Board would be asked to agree the preferred option to be taken forward, so the paper would be presented as an options paper, but with no recommendation.
- Optics and the perception concerns aside, given the expected increase in volume of RU work, the key two risks to be managed related to POL's susceptibility to challenge under employment law and crucially the pace of redress being adversely impacted.
- Ultimately, the decision would be based on the Board's appetite to risk.

SEG **RESOLVED** to **APPROVE** the submission of the Past Roles review to the Board for approval.

6. **Improving Branch Profitability/Commercial**

6.1 **Postmaster contracts**

Sarah Gray/ Neil Wallis/ Tracy Marshall/ David Southall



Post Office Limited Group Executive

	TABLED and NOTED was a paper on Postmaster contracts. Key points of note discussed were: • The context included the interim steps POL had taken in response to the CIJ in relation to legacy contracts by way of a Contract Restatement communication, sent to Postmasters in 2019. • It was now proposed to incorporate the necessary changes into the contracts themselves, and in time, the plan would be to rewrite the standard contracts to be more user-friendly. • The scope of the current project only extended to the incorporation of the CIJ-respondent changes. • The second phase, re-write and simplification, would also need to take account relevant outputs from the Strategic Review. • SEG did not think submission to the Board was required for Phase 1, which the team could progress, though noted that the issue of Postmaster contracts may be touched on at the Board away day as part of the wider Inquiry discussions. • The team should engage the Postmaster NEDs and begin the wider communication piece with Postmasters and relevant representative bodies.
6.2	POI Aggregators Paul Dashwood/ Simon Parr TABLED and TAKEN AS READ was the paper on POI Aggregators. SEG RESOLVED to APPROVE the submission of the POI Aggregators paper to the Board for approval.
7.	Items for presentation/noting
7.1	FOI Weekly Tracker
	TABLED and TAKEN AS READ was the FOI update.
7.2	Group Assurance Dashboard
	TABLED and TAKEN AS READ was the Group Assurance Dashboard.
7.3	Corporate Responsibility Strategy
	TABLED and TAKEN AS READ was the Corporate Responsibility Strategy paper. SEG RESOLVED to APPROVE the submission of the Corporate Responsibility Strategy paper to the Board for noting.
7.4	Retail Performance Dashboard
	TABLED and TAKEN AS READ was the Retail Performance Dashboard (p2). SEG RESOLVED to APPROVE the submission of the Retail Performance Dashboard (P2) to the Board for noting.
7.5	Technology Dashboard
	TABLED and TAKEN AS READ was the Technology Dashboard. SEG RESOLVED to APPROVE the submission of the Technology Dashboard to the Board for noting.
7.6	Speak Up and Assurance and Complex Investigations Report
	TABLED and TAKEN AS READ was the Speak Up and Assurance and Complex Investigations Report. SEG RESOLVED to APPROVE the submission of the Speak Up and Assurance and Complex Investigations Report to the Board for noting.
7.7	Health & Safety Report



Post Office Limited Group Executive

	TABLED and TAKEN AS READ was the Health & Safety Report. SEG RESOLVED to APPROVE the submission of the Health & Safety Report to the Board for noting.
7.8	Welsh Language Scheme TABLED and TAKEN AS READ was the Welsh Language Scheme paper. SEG RESOLVED to APPROVE the submission of the Welsh Language Scheme paper to the Board for approval.
7.9	SEG-subcommittee reports
7	TABLED and TAKEN AS READ were the: – Retail Committee report – IADG report.
8.	Governance Matters
8.1	Payzone Liquidation TABLED and TAKEN AS READ was the Payzone Liquidation paper. SEG RESOLVED to APPROVE the submission of the Payzone Liquidation paper to the Board for review and approval for submission to the Shareholder consent.
8.2	ICO Publication Scheme/Practice Notice Update: Briefing note and action plan TABLED and TAKEN AS READ was the ICO Publication Scheme/Practice Notice Update. SG confirmed post-SEG she was content to APPROVE the papers for submission to the Board for noting.
8.3	SEG ToR The SEG RESOLVED to APPROVE amended ToR.
8.4	Draft July Board agenda The draft agenda was noted.
8.5	20 May Monthly SEG minutes The minutes of the meeting held on 20 May 2024 were APPROVED as a correct record of the Meeting.
9.	Any other Business and Date of next scheduled meeting. The next monthly SEG meeting was on 24 July 2024. There being no further business the meeting closed at 18.00