

Post Office Limited Chairman Feedback Report 2019/20 for UKGI/ BEIS**Process**

Ken McCall, Senior Independent Director, led the annual Chairman feedback session which followed the Board conversation on Board effectiveness 2019/20. Board Directors had been asked to provide comments in advance of the Non-Executive feedback session. The summary of the main points and themes is below and Tim Parker's self-assessment is attached.

Executive Summary

The feedback on Tim Parker as Chairman was extremely positive. He brings exceptional commercial and financial acumen while also addressing the wider social purpose issues that are important for Post Office. He focusses the debate and brings the Board back on track where necessary. He is inclusive and he encourages debate.

There were a number of suggestions, the first on the Chairman's steer in Board meetings, and others on where the Board should focus more time and energy in the future, including:

- that the Chairman should encourage the NEDs with particular expertise in the topic and/ or who are less vocal in Board meetings to speak first and add his thoughts later in the debate, otherwise his views may dominate
- the Board should spend more time on the cultural changes that are required for the organisation and the engagement required with stakeholders, particularly Postmasters, to reflect the post GLO reform agenda
- greater financial rigour and transparency is required on investment spend and testing of the delivery of change benefits is required
- proposals and decisions need to benefit from a broader customer and market view and understanding of our competitors; this could be supported by bringing in more external perspectives
- that there should be more NED only discussions.

A.	Leadership
Q1.	To what extent has the Chairman lead Board discussions in a way which encourages constructive challenge, appropriate oversight and the participation of all Directors?
	<p><i>The responses were unanimous in regarding Tim as a highly effective and informed Chairman who encourages participation and debate while keeping discussions on track and enabling the Board to reach a decision or conclusion.</i></p> <p><i>Approaches that work well and should be maintained, included:</i></p> <ul style="list-style-type: none"> • <i>Creating an environment that facilitates challenge and debate</i> • <i>Taking papers as read and moving directly to questions and discussion which is helpful when managing a busy agenda</i> • <i>Maintaining focus across a range of complex issues</i> • <i>The opportunity to discuss matters informally before the Board which is very useful and creates the right collaborative culture.</i>
Q2.	What else could the Chairman could do to promote an open, collaborative and successful boardroom culture?
	<p><i>As noted, the feedback was very positive. The suggestions were:</i></p> <ul style="list-style-type: none"> • <i>Encouraging quieter directors or NEDs with particular expertise in the topic to participate in the debate earlier and offering his views later in the debate</i>

	<ul style="list-style-type: none"> On occasion, it may be helpful to have pre or post-meeting discussions where there isn't an alignment of views; similarly it may be helpful to meet key presenters (or NEDs with particular expertise in that area) in advance of the Board to help frame the debate On occasion, it would be helpful to have more communication between Board meetings where not all directors have been involved in the discussion.
Q3.	To what extent does the Chairman direct the Board to make effective decisions with proposals tested and their risks and benefits analysed thoroughly?
	<i>Respondents saw this as a strength. The Chairman is decision focussed but makes sure that issues are understood, debated, the financial aspects scrutinised and the risks analysed before the Board takes a decision. He re-focusses the conversation where necessary and is clear if further work is needed before a decision can be taken.</i>
Q4.	What else could the Chairman do to support robust decision-making?
	<p><i>The points raised were:</i></p> <ul style="list-style-type: none"> Board papers dealing with commercial topics had not always set out the risks fully and we may need to call this out more where we think there is an omission There have been examples in the last year where Board papers have contained inadequate information and analysis. Improving management capability and skills may be required in some areas together with earlier engagement with management (or vice versa) to set expectations on what needs to be produced We might need to bring out different perspectives (or disagreement) more in discussions Set a regular timetable where we revisit/ review the deliverables on key projects against the original plan, particularly with regard to transformation.
B.	Governance
Q5.	To what extent is the Board agenda focussed primarily on strategy, performance, value creation, culture, stakeholders and accountability with the appropriate matters reserved for Board decision?
	<p><i>The agenda is seen as well thought through and driven by the demands of the business with an appropriate focus on strategy.</i></p> <p><i>The points raised were:</i></p> <ul style="list-style-type: none"> It has been a year of change in leadership in the Post Office so it has been natural to focus on strategic direction as well as business performance. The GLO, preparing for funding approvals and revision to the Articles have all demonstrated that the Board is aware of its accountabilities and the need to provide assurance to the Shareholder The focus on culture needs to increase as part of the post GLO agenda The focus on stakeholders needs to increase, including customer and market trends and competitor activity.
Q6.	What else could the Chairman do to focus the agenda on these areas?
	<p><i>Suggestions for the next period:</i></p> <ul style="list-style-type: none"> We need to develop a strategic view of the markets and the forces that are driving change for the businesses in which we operate to avoid taking decisions from an internal Post Office perspective More focus on culture (especially in light of Post GLO reforms), accountability and the new strategy and operating model. Having a clear, agreed plan on culture and stakeholders would help focus our attention on these areas Review deliverables against the original plan

	<ul style="list-style-type: none"> • A more active review of the forward calendar and agendas, including the fixed items and consideration of those the Board wishes to be prioritised • Operational risk assessment is currently less developed than financial risk assessment.
C.	Board dynamics
Q7.	To what extent does the Chairman foster relationships based on trust, mutual respect and open communication, inside and outside the boardroom and between non-executives and the executive team?
	<p><i>The unanimous view is that Tim has fostered a very open and inclusive environment where he is accessible, Board conversations are direct and candid, executives and non-executives work as a team and non-executives can meet with the executive team and staff members as needed.</i></p> <p><i>This has been assisted by:</i></p> <ul style="list-style-type: none"> • Tim being in Finsbury Dials every week and meeting face-to-face with the CEO and other executives as well as “walking the floor” • No “us and them” between the executives and non-executives. The NEDs are involved outside of Board meetings on appropriate agenda items where their experience and expertise can support the executive • Tim being responsive and prepared to give feedback, both positive and negative • Board dinners which encourage open and transparent conversation which in turn helps inform the debate at Board.
Q8.	What else could the Chairman do to support and maintain the development of strong relationships within the Board and between the Board and the wider executive team?
	<p><i>The suggestions were:</i></p> <ul style="list-style-type: none"> • More time for NED only sessions would be valuable • The two-way feedback between Board and management through this year’s Board evaluation is a positive development and it will be interesting to see how this goes.
Q9.	In your experience, has the Chairman developed a productive working relationship with the Chief Executive, providing support and advice while respecting executive responsibility?
	<p><i>Respondents noted that Nick Read had only taken up post recently but insofar as they could comment thought that the relationship was very productive and that Tim was both supportive and willing to challenge. Tim was clearly non-executive in his approach and respected where executive autonomy was appropriate. Importantly, the CEO noted that he has found Tim’s insight, experience and counsel very valuable and that this had played an important part in landing positively in the organisation and being able to “hit the ground running”.</i></p>
D.	Strategy
Q10.	To what extent does the Chairman focus enough of the Board’s time on strategy and with the right focus (e.g. timescales, interconnection between different parts of the business)?
	<p><i>The focus on strategy was seen as strong both through the year and with the annual strategy days as well as responding to the tactical issues which need to be addressed. Nick Read joining Post Office and initiating the Purpose, Strategy and Growth work has meant that strategy has been a particular focus over the last few months. Tim’s focus on implementation and execution is seen to drive value from the discussions.</i></p>

Q11.	What else could the Chairman do to promote the development and delivery of a successful and sustainable strategy for POL?
	<p><i>Suggestions and points raised were:</i></p> <ul style="list-style-type: none"> • <i>The Chairman needs to be demanding of management in relation to the 5 Year Plan and this should include learning the lessons from the current 3 Year period which should inform the scale and ambition of the 5 Year Plan</i> • <i>The Board doesn't generally look back at past decisions as a dedicated exercise/ agenda item and should do to make sure we have a culture where mistakes and errors (whether in Board or management) are recognised and lessons learnt</i> • <i>Working with and seeking the views of the wider stakeholder community will be critical to getting buy-in to our strategy, including alignment with Postmasters/ multiples, colleagues and the Shareholder. We still need to do more to engage with Postmasters and understand the voice of the customer when formulating strategy. As best practice we might consider finding time periodically for postmasters, multiples, Royal Mail, Bank of Ireland, the banks, Fujitsu and other stakeholders (e.g. Citizens Advice) to come to the Board and discuss what is going well from their perspective and what can be improved.</i>
E.	Stakeholder engagement
Q12.	To what extent does the Chairman encourage the Board to consider its stakeholder views (shareholder, customers, postmasters, employees, suppliers etc.) when taking decisions?
	<i>Tim is seen as consistent in considering stakeholder views and asking the Board to do so as part of its discussions and decisions. The Shareholder's perspective is always taken into account.</i>
Q13.	What else could the Chairman do to ensure the Board pays appropriate regard to stakeholder views when taking decisions?
	<p><i>As also noted in responses to Q11, more active engagement with Postmasters and other key stakeholders will be critical to the successful implementation of our strategy.</i></p> <p><i>Suggestions made included:</i></p> <ul style="list-style-type: none"> • <i>Request greater evidence of customer, Postmaster and multiple agency views in the creation of distribution strategies</i> • <i>More Board time on assurance on change spend e.g. how are change projects performing and how effectively has tax payer money been spent?</i>
Q14.	To what extent does the Chairman ensure that appropriate levels of assurance are provided to the Shareholder at Board level?
	<i>Most respondents don't have a direct view of this but Tim is seen as diligent in ensuring that the Shareholder is fully and regularly updated on all POL matters.</i>
Q15.	What else could the Chairman could do to provide the Shareholder with the assurance required to have sufficient oversight of the day-to-day management of POL and the development of its strategy?
	<i>As noted above.</i>

F.	Financial management
Q16.	To what extent does the Chairman give appropriate focus and attention to financial management in Board discussions on financial performance and when taking decisions on strategic issues?
	<i>This is seen as a strong Board focus (n.b. a potential exception is noted under Q17.) and Tim's commercial and financial acumen is highlighted, while also balancing this with social purpose considerations.</i>
Q17.	What else could the Chairman do to support the strong financial management of POL?
	<p><i>The suggestion that the Board seeks greater assurance on change spend is noted under Q13. above, in addition:</i></p> <ul style="list-style-type: none"> • <i>More challenge could be provided on budgets and outcomes</i> • <i>More executive transparency on transformation benefits and their bridge into the Trading P&L</i> • <i>More emphasis could be given to Postmaster economics and financial livelihood.</i>
G.	Anything else?
Q18.	Please provide any further feedback you have which has not been covered through other questions.
	<i>Tim is seen as an excellent Chairman and his supportive leadership through a challenging year was highlighted.</i>