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POST OFFICE LIMITED

AUDIT, RISK & COMPLIANCE COMMITTEE REPORT

Title:	Postmaster Policies	Meeting Date:	30 March 2021
Author:	Tim Perkins, Service and Support Optimisation Director	Sponsor:	Amanda Jones, Retail and Franchise Network Director Reviewed & approved by sponsor for presentation to the Committee.

Input Sought: Decisions

The Committee is asked to approve the six new Postmaster policies (set out in the Appendices), to be effective from the date of Audit, Risk & Compliance Committee's (ARC) approval:

- Postmaster Complaint Handling Policy
- Network Transaction Corrections Policy
- Network Cash and Stock Management Policy
- Postmaster Termination Decision Review Policy
- Postmaster Onboarding Policy
- Postmaster Training Policy

The Committee is asked to separately approve the issuing of a policy guide for postmasters (also set out in the Appendices), considering the legal advice, to be issued from a date to be confirmed after ARC's approval:

- Postmaster Guide to Policies

Previous Governance Oversight

The policies listed above were approved by the Risk and Compliance Committee on 16th March, subject to the following additions, which have been completed.

1. In the Termination Decision Review Policy, to make clear that the Review Panel referred to is independent and external.
2. In the Postmaster Training Policy, to make clear that a trainer will be present at the postmaster's first cash collection, delivery and branch monthly balancing.

Executive Summary

Following the Group Litigation Order (GLO), Post Office set about ensuring that its processes complied with the findings of the GLO.

The focus on processes delivered a large number of changes to the support that Post Office offers postmasters, but these processes were not necessarily governed by a policy at the point of process changes being made. Primarily this was the case because no policy existed in the first instance or the policy was so dated that it was irrelevant to the processes undertaken pre or post the GLO.

Having policies in place for the support Post Office provides postmasters will bring Post Office in line with best practice franchise businesses. The purposes of the policies are to provide

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guidance, set down principles and highlight risk areas, while also ensuring that Post Office is able to support postmasters effectively and compliantly with the GLO.

As part of an overall review of postmaster support policy requirements, this paper seeks approval for four new postmaster policies to reflect how Post Office will provide support to postmasters as well as a guide to policies that will be made available to postmasters.

Questions addressed

1. What policies are required to support the changes made to postmaster support following the GLO?
2. What policies have recently been developed and now require approval?
3. What further policy work is required to ensure there is a full complement of postmaster support policies in place and how will these be continually reviewed in the future?

Report

Background

1. Following the Common Issues Judgment and Horizon Issues Judgment in the GLO, Post Office focused on improving processes to ensure compliance with the outcomes of the judgments.
2. Whilst process improvements were delivered, Post Office has identified that there was an absence of overarching policies for these processes to sit under. Where policies previously existed, they were often very aged and did not bear relevance to the processes that Post Office had improved.
3. As such, Post Office has set about developing a set of postmaster policies across key areas of postmaster support.

Postmaster Policies

4. Post Office has identified that a comprehensive suite of postmaster policies is required to demonstrate and ensure GLO compliant support to postmasters in the following areas:
 - Network Monitoring and Audit Support
 - Network Cash and Stock Management
 - Network Transaction Corrections
 - Postmaster Account Support
 - Postmaster Accounting Dispute Resolution
 - Postmaster Contractual Performance
 - Postmaster Suspension
 - Postmaster Termination
 - Postmaster Termination Decision Review
 - Postmaster Complaint Handling
 - Postmaster Training
 - Postmaster Onboarding
5. The policies relating to Network Monitoring and Audit Support, Postmaster Account Support, Contractual Performance, Postmaster Suspension and Postmaster Termination are already approved and in use.
6. The policy relating to Postmaster Accounting Dispute Resolution is ready for ARC approval by written resolution following offline reviewing with members of the ARC and legal.



7. This paper seeks approval of the policies relating to Postmaster Complaint Handling, Network Transaction Corrections, Network Cash and Stock Management, Postmaster Termination Decision Review, Postmaster Onboarding and Postmaster Training. These policies can be found in the appendices to this paper.
8. This paper also seeks approval of the Postmaster Guide to Policies which can be shared with postmasters. This document can also be found in the appendices to this paper.
9. Previous papers to the RCC and ARC indicated that a Postmaster Accountability policy would also be developed. Following a review of the requirements for this particular policy, the requirement for such a policy has been de-scoped.
10. All policies and the policy guide have been reviewed by Post Office internal stakeholders, the National Federation of Subpostmasters (NFSP) and have had external legal oversight from Herbert Smith Freehills or Norton Rose Fulbright.

Policy Overviews

11. The Postmaster Complaint Handling policy sets out the standards relating to the management of postmaster complaints, that a fair process is followed for all postmaster complaints and that any complaint raised is taken seriously and investigated fully. It also gives guidance on the identification of whistleblowing reports. To help the ARC understand the application of the policy in practice, the Complaint Handling process is included in Appendix 8 and the template used for internal reporting of complaints and progress against resolving them is at Appendix 9.
12. The Network Transaction Corrections policy details the standards behind how Post Office identifies and issues Transaction Corrections and Transaction Acknowledgements, ensuring that postmasters are notified without undue delay and that support is provided to understand the reasons behind the issuing. The process for issuing a Transaction Correction is included in Appendix 10 to this paper to help the ARC understand the application of the policy in practice and the list of controls that are monitored within Service and Support are in Appendix 11 (Operational Controls Self-Assessment) for the same purpose.
13. The Network Cash and Stock Management explains the principles to ensure that postmasters are supported effectively in managing cash and stock provisions in branch.
14. The Postmaster Termination Decision Review policy sets out how Post Office will deal with any situation whereby a postmaster does not agree with a decision to terminate their agreement, either by notice or immediately.
15. The Postmaster Onboarding policy details the principles that ensure that new postmasters are supported effectively in their early days, ensuring that the onboarding process meets regulatory and contractual obligations.
16. The Postmaster Training policy sets out the standards for ensuring that postmasters receive a comprehensive training provision to support the effective running of their branch(es).

Postmaster Guide to Policies

17. The Postmaster Guide to Policies is a document that can be shared with postmasters and is a guide to the principles that Post Office teams need to follow and how these principles are linked to specific policies.
18. A legal review of this document has identified some legal risks in the publication of this document. These are:

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19. These risks have been mitigated to some extent by including wording in the guide and each policy to state that they do not form part of the contract with postmasters, and through ensuring that the guide will not be issued to postmasters prior to them entering into a contract with Post Office.
20. These risks should also be taken in perspective with Post Office's desire to provide reassurance to postmasters that Post Office has robust policies in relation to postmaster support following the GLO and its desire to be transparent in its dealings with postmasters.

Next Steps & Timelines

21. Following approval of the six policies, Post Office will ensure that:
- all relevant teams are fully trained on the new policies by the end of April 2021.
 - the policies will be reviewed annually, for approval at RCC, beginning April 2022.
22. Policies previously approved at RCC and ARC in 2020 and 2021, will be updated and resubmitted with a list of changes at the RCC meeting to take place on the 4th May 2021, and the ARC meeting on the 18th May (following the request from the ARC Chair), in line with the annual review requirements of the policies.
23. In addition to the annual review of policies, as requested by the RCC, there will be quarterly reporting to the RCC on compliance with the Postmaster policies.
24. Following approval of the policy guide, Post Office will ensure that:
- the guide is published to postmasters in line with the re-issue of the Postmaster Support Guide.
 - the guide is made available for postmasters to access online.
 - the guide will be reviewed annually in line with policy approvals beginning April 2022.



Appendices

1. Postmaster Complaint Handling Policy
2. Network Transaction Corrections Policy
3. Network Cash and Stock Management Policy
4. Postmaster Termination Decision Review Policy
5. Postmaster Onboarding Policy
6. Postmaster Training Policy
7. Postmaster Guide to Policies
8. Postmaster Complaint Handling Process
9. Postmaster Issue and Complaints Dashboard Template
10. Transaction Correction Issuing Process
11. Operational Controls Self-Assessment

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