

**POL/NFSP/DBIT Working Group Meeting**

<b>Date:</b>	17 <sup>th</sup> January 2024
<b>Time:</b>	10.00 – 11.00
<b>Location:</b>	Microsoft Teams
<b>External attendees:</b>	<ul style="list-style-type: none"> <li>• Kevin Hollinrake MP, Postal Affairs Minister</li> <li>• Ed Baird – DBT Policy Lead</li> <li>• Calum Greenhow, CEO, NFSP</li> <li>• Tim Boothman, NFSP</li> <li>• Susan Edgar, NFSP</li> <li>• Ruth Buckley Salmon - Public Affairs Manager, NFSP</li> </ul>
<b>Post Office attendees:</b>	<ul style="list-style-type: none"> <li>• Martin Roberts, Group Chief Retail Officer</li> <li>• Tracy Marshall, Retail Engagement Director</li> <li>• Lauren Brogden, Retail Business Manager</li> <li>• Jamie Park, Policy and Communications Manager</li> </ul>

**Agenda:**

1. ITV Drama
2. Christmas Trading Update
3. Banking Framework 4
4. NBIT
5. DVLA

**Key Themes:**

- Postmaster frustrations that POL revenue is being ‘used up’ to deal with the past, putting a strain on PO’s finances and PMs feel they are the ones suffering. Current position in media is all about ‘retribution’ and we need to steer away from that. Instead, we need to concentrate on what we’re doing for Postmasters now to re-store reputation and drive the business forward.
- NFSP stated that drastic measures are needed from the government is the way PO is governed. Consideration of an ‘oversight committee’ was discussed. Minister suggested a proposal is put together, but it must work alongside the board and not undermine them.
- Putting consumer needs first was a key theme, ensuring POL identifies the best opportunities that align with consumer trends and needs.
- Finding ways to drive down central costs, to give more money to reinvest remains imperative.
- Need assurance that Horizon is fit for purpose today.
- It was raised why Banking Hubs are separate businesses and not inside of existing large Postmaster sites. Minister agrees that Banking Hubs should be inside existing PM premises where there is space and offered to PMs where possible. Minister also believes criteria for what is required for a Banking Hub is too tight. NFSP & POL agree that we need help from the Minister to influence Cash Action UK on best practice.

Actions:

Owner	Actions
<b>POL</b>	<ol style="list-style-type: none"> <li>1. Re-consider publishing Christmas trading statement – <b>Jamie / Alice</b></li> <li>2. Ensure multi-carrier strategy is included on our next agenda and ensure Nick Read is equipped to share breakdown of non-RM propositions / branch coverage with Minister Hollinrake as part of his meeting next week – <b>Lauren / Jack D</b></li> <li>3. Send KPMG Horizon review to DBT &amp; NFSP and check if it has been made public – <b>Tracy / Shaun / Simon O</b></li> <li>4. Strategise how to put consumer needs front &amp; centre and aligning the Board to this thinking by better sharing consumer trends etc – <b>Laura/David</b></li> <li>5. As part of Nick's notes back to the Select Committee, need to include anticipated NBIT roll-out and how we will ensure it is fit for purpose – <b>Jamie / Jack F</b></li> </ol>
<b>NFSP</b>	<ol style="list-style-type: none"> <li>6. Oversight committee proposal</li> <li>7. Share stats with DBT RE PMs have <b>IRRELEVANT</b></li> </ol>
<b>DBT</b>	<ol style="list-style-type: none"> <li>8. Ensure every Government department knows the value of the PO network. Reiterate to fellow ministers so POL is front and centre of consideration for any contracts</li> <li>9. Banking Hubs – help to influence Cash Action UK on best practice / loosen criteria</li> <li>10. Look into Bank Statement opportunity</li> </ol>

Detailed Meeting Minutes:

Topic	Notes
<b>Introduction / Backdrop</b>	<ul style="list-style-type: none"> <li>• Martin expressed <b>empathy towards the current situation</b> and <b>thanked</b> Minister Hollinrake and the NFSP for their continued support in <b>helping to navigate</b> through and ensure the <b>best outcomes are reached</b> for impacted Postmasters.</li> <li>• Martin mentioned he attended a <b>restorative justice apology meeting</b> with 5 ex postmasters – he noted the harrowing experience and explained that Post Office has attended <b>40+ of these meetings so far</b> and will continue.</li> <li>• Martin noted that he <b>attended the inquiry</b> this week and our legal team are <b>encouraging more colleagues</b> to do so.</li> <li>• Martin made reference to the <b>PM livestream</b> last night with the purpose of giving PMs freedom to ask questions/topics that were on their mind. He mentioned there was a <b>good attendance</b> and <b>feedback has been encouraging</b> that we faced into questions, with a transparent and open manner. Minister <b>thanked POL for doing this</b> and mentioned how important this is.</li> </ul>
<b>NFSP's Reflections Past Couple of Weeks</b>	<ul style="list-style-type: none"> <li>• Calum mentioned he was grateful for the '<b>Westminster machine</b>' in responding responded to the tv programme. He noted that the NFSP <b>do not refer to it as a 'drama'</b> as it is an accurate representation and a harrowing watch.</li> <li>• He <b>expressed concern</b> that since the Justice Fraser's Ruling, people still haven't convictions over-turned. It's good to see the government response for justice to finally be brought to these people.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Network support</b> – NFSP are continuing to support and campaign for the support of the <b>public to support their local branches</b>.</li> <li>• <b>PM sentiment</b> – NFSP explained that a lot of <b>PMs feel they are footing the bill</b>, POL revenue being used up to deal with the past, strain on PO's finance and PMs feel they are the ones suffering. Many PMs are <b>worried</b> about their PO investment. NFSP have explained how they've been talking with lots of PMs who were going to retire, but their <b>businesses are now 'worthless'</b>, in some instances, they are now given them away for free.</li> <li>• <b>Brand Perception</b> – Martin explained POL is tracking branch perception and the <b>trust metric has dropped</b> over the past couple of weeks.</li> <li>• <b>Trading</b> - Although there's been <b>no changes</b> to income, trading patterns, sessions etc. POL are performing well on our targets - positive position to show consumers are still supporting.</li> <li>• <b>NTL/Churn</b> – POL continue to monitor and we're not seeing a decline at present against 5-year average but we're not complacent and will continue to track.</li> <li>• <b>Retribution</b> – NFSP expressed views that 90% of the press is about retribution and we <b>need to steer away from that</b>. Need to start concentrating on what we're doing for Postmasters now to re-store reputation. Otherwise, PMs of today are going to be the next victims. All the wrongs of the past do need to be addressed, but we need to find a way to drive the business forward.</li> <li>• <b>Shareholder Support</b> – NFSP stated that drastic measures are needed from the government as well as the way PO is governed.</li> <li>• <b>Oversight Committee</b> – NFSP suggested the idea of an '<b>oversight committee</b>' to collectively take responsibility about what we can do better. Bring in different voices e.g DBT, CWU, NFSP. Martin said he <b>would be open to considering it</b>, but it's important not to over engineer or repeat, keep things simple, need the right decision makers, with the right purpose/objectives. Minister <b>suggested a proposal for an 'oversight committee' is put together</b>, but it must work alongside the board and not undermine them. He suggested incremental improvement rather than radical. <b>Evolution is better than revolution</b>. Martin was in agreement and explained that POL is listening. We work in partnership with NFSP, we talk with other people, working groups, change forums etc. 5 new board members out of 9 - very experienced. <b>Refreshed board</b> are going to make the right decisions.</li> <li>• <b>Attracting New PMs</b> – NFSP mentioned no newcomers are coming forward. Martin explained how <b>we're still seeing enthusiasm for new Post masters</b>, but doesn't disagree with the concern and we're not complacent and will continue to monitor. Setting the framework properly for the future is imperative, ensuring it's more lucrative to run a PO and attract new people</li> </ul>
<b>Minister's Priorities</b>	<ul style="list-style-type: none"> <li>• <b>Minister Hollinrake has 3 priorities regarding the scandal:</b> <ol style="list-style-type: none"> <li>1. Compensation</li> </ol> </li> </ul>

	<ul style="list-style-type: none"> <li>2. Ensure compensation is fair</li> <li>3. Holding people to account</li> </ul> <p>= Doing the right thing for the network and postmasters.</p> <ul style="list-style-type: none"> <li>• In terms of footing the bill, clearly resource is going to be needed to help resolve. Government have been <b>expediting resolutions</b> over the past few weeks. E.g Providing info to inquiry, turbo charging compensation</li> <li>• These things are having a profound affect, <b>we are moving forward</b>.</li> <li>• Martin stated that he is here to make a difference / make a change. He will continue to do that and is committed to that (e.g any benefits from BF4 should go straight to the network)</li> </ul>
<b>Christmas Trading</b>	<ul style="list-style-type: none"> <li>• Martin shared some key trading headlines to indicate a <b>strong trading period</b>.</li> <li>• There were <b>52.5 million total customer sessions</b> during the trading period, up 11% on the same period in 2022, and up 2% on 2019 (pre Covid-19).</li> <li>• <b>Remuneration expected to be £40.6m</b> which is £5.2m (14.8%) higher than same period last year.</li> <li>• This makes it the <b>highest paying month since Jan 2021</b> (£46.0m) when Covid drove Christmas volumes up and the second highest paying month since Jan 2016 (£40.9m)</li> <li>• This sizeable increase is largely down to the poor performance this time last year which was primarily driven by the <b>Royal Mail strikes</b> as well as the addition of our <b>multi-carrier approach</b> – now at <b>37,000 non RM access points</b></li> <li>• NFSP feel a lot more branches should be offering multi-carriers – it's creating disparity across the network. Martin explained that following the successful introduction and strong performance over Christmas, we continue to ramp up our roll-out strategy. However, we are dictated by the carriers geographically, but more are becoming available.</li> <li>• Minister &amp; NFSP have requested POL to share the latest stats of how many branches are offering non RM propositions.</li> <li>• Minister reiterated that <b>we need to be realistic</b>, we live in a <b>demand-led world</b> and will be led by carriers. Ultimately it's up to them but government are happy to help where possible</li> <li>• Martin gave an example of a PM who has attracted 50 new customers a month as a result of offering multi-carrier</li> <li>• Minister encouraged that POL's <b>Christmas Trading Statement</b> is released to press, to show that customers are still using Post Office. A small window and timely opportunity to publish.</li> </ul>
<b>Consumer Needs</b>	<ul style="list-style-type: none"> <li>• Minister made it clear that we <b>can't stand in the way of progress</b> (e.v DVLA renewals online example).</li> <li>• POL needs to identify the best opportunities that align with consumer trends</li> <li>• Minister stated that we <b>need to put consumers first</b>, not PMs, and we need</li> </ul>



	<p>to ensure decisions at a board level align with what consumers want.</p> <ul style="list-style-type: none"> <li>• Board needs to understand consumer trends.</li> <li>• NFSP explained that they aren't against 'online' but that <b>the government have a role to play</b> as they give work out of the network E.g Paypoint</li> <li>• Minister offered to send note to reiterate to fellow ministers, so they <b>understand the value of the PO network</b> and ensure POL is front and centre of consideration for any contracts</li> <li>• Agreed that we're all keen to get every possible opportunity if it aligns with the consumer</li> <li>• Minister will take away the <b>bank statements opportunity</b></li> </ul>
<b>Banking Hubs</b>	<ul style="list-style-type: none"> <li>• NFSP raised why Banking Hubs are separate businesses and not inside of existing large Postmaster sites</li> <li>• Minister agrees that <b>Banking Hubs should be inside existing PM premises</b> where there is space and offered to PMs where possible</li> <li>• Minister also believes criteria for what is required for a banking hub is too tight. NFSP &amp; POL agree that we need help from the Minister to influence on best practice</li> <li>• Martin explained that we're trialling a Banking Hub internal to a branch at Royal Wotton Bassett</li> </ul>
<b>Driving Down POL's Central Costs</b>	<ul style="list-style-type: none"> <li>• Calum shared some stats that <span style="border: 1px dashed black; padding: 0 5px;">IRRELEVANT</span> and reiterated importance of driving down PO's costs</li> <li>• He mentioned the <b>back-office payments incentive scheme</b> which NFSP are helping to build with POL whereby PMs could earn potentially additional <span style="border: 1px dashed black; padding: 0 5px;">IRRELEVANT</span> more worth of rem, whilst helping to drive down POL's central costs</li> <li>• If we can <b>drive down central costs</b>, it gives us <b>more money to reinvest</b>.</li> <li>• Minister mentioned board is aligned to this thinking.</li> <li>• Martin reinforced that the NFSP should be under no illusion that we're not looking at costs day in and day out. He assured them that POL has been given a challenge by DBT to <b>reduce costs</b> and that is our aim and objective to demonstrate we can do that. We're working hard on what that means in terms of possible re-structure etc and that they will see output of that over the next few months as we work forward.</li> </ul>
<b>NBIT</b>	<ul style="list-style-type: none"> <li>• Martin reinforced that it is imperative that POL replaces Horizon in the right way and we are <b>progressing with final testing</b> with a view of <b>expanding the pilot</b> from through the coming year.</li> <li>• <b>Assurance review</b> with Accenture has been completed</li> <li>• 200 people working party – although NFSP flagged not all are regularly engaged</li> <li>• NFSP feel they have small pieces of the jigsaw, but <b>not the big picture</b>. They want more confidence that each stage is going right.</li> <li>• Calum met with Chris B POL's Chief Transformation Officer who is happy to meet again. Minister was <b>complimentary of Chris B</b> to give confidence that the project will be successful</li> <li>• NFSP to have further conversations with the NBIT team</li> <li>• They also flagged that all parties need <b>assurance that Horizon is fit for purpose</b> today. KPMG have completed a review NFSP &amp; DBT have asked for the outcomes. Need to check if it's been made public</li> </ul>