



## POST OFFICE LIMITED

### AUDIT, RISK & COMPLIANCE COMMITTEE REPORT

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<b>Title:</b>	Whistleblowing Policy Review & Report	<b>Meeting Date:</b>	30 <sup>th</sup> March 2021
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#### Input Sought: Discussion & Approval

The Committee is asked to:

- review and discuss the whistleblowing review and its conclusions as part of its role in monitoring the adequacy and effectiveness of the Group's whistleblowing systems and controls; and
- approve the proposed amendments to the whistleblowing policy and the appointment of the Whistleblowing Champion.

#### Previous Governance Oversight

Annual Whistleblowing report and policy review July 2020. These proposed policy amends and the accompanying report were approved at POL Risk & Compliance Committee on 16<sup>th</sup> March 2021.

#### Executive Summary

Post Office is able to demonstrate that it has good policies and procedures in place which have been followed. Post Office's Whistleblowing Team have reviewed past whistleblowing reports for evidence of subsequent 'detriment' to the reporters which found no evidence of 'detriment'. In addition, Herbert Smith Freehills LLP (HSF), working with the Whistleblowing Team, have performed an additional analysis of HR records for Post Office employees, including those in directly managed branches, that have made a whistleblowing report. From the HR records that were reviewed, there was either no evidence of detriment to the particular whistleblowing reporters or HSF were unable to form a definitive view. Whistleblowing engagement including training needs particular attention, together with operational improvements which are being addressed in April and May 2021.

As a result of the review of whistleblowing policy, processes and culture, there are a number of recommended enhancements to improve and mature these areas, including the creation of a Non-Executive Board Director Whistleblowing Champion.

#### Questions addressed

1. Are the current whistleblowing arrangements adequate in light of the GLO and the Public Inquiry?
2. Is there any evidence of detriment to whistleblower reporters or subjects?

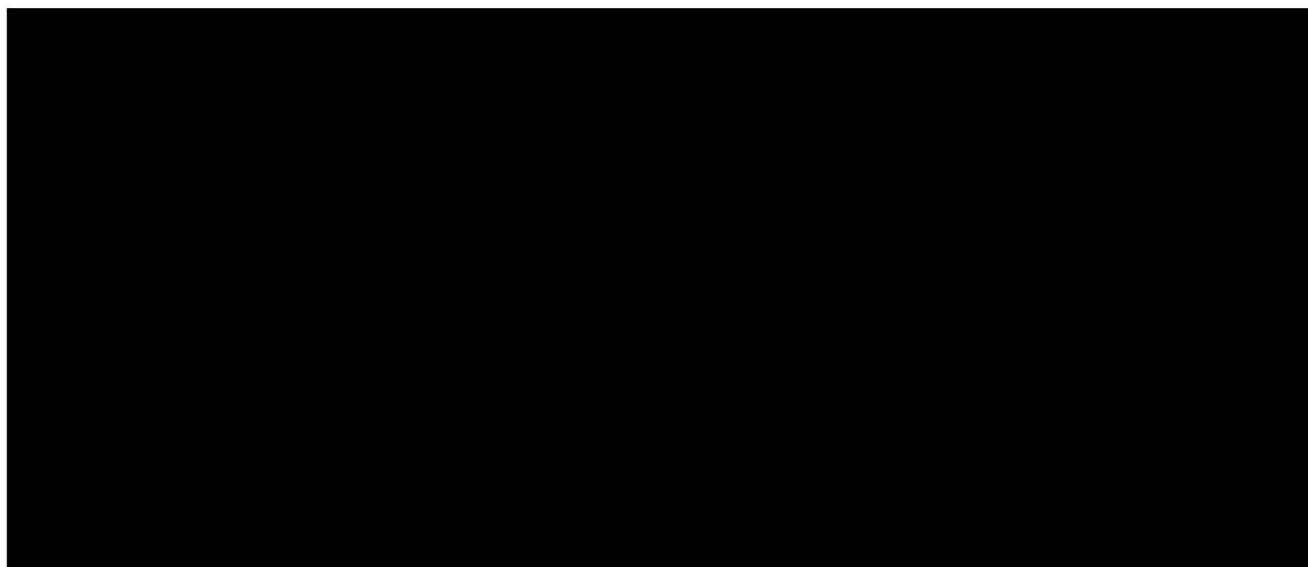


3. What improvements are required to enable anyone who is aware of, or suspects, wrongdoing which affects others (e.g. Postmasters, customers, members of the public, colleagues or the Post Office) to raise their concerns and be confident that those concerns will be acted upon

## Report

4. A number of improvements have been implemented since 2017, these include:
  - Enhancing Post Office policy and procedures, including attendance by whistleblowing team at industry forums to learn best practice
  - Raising awareness through communications and posters (which in turn has led to an increase in reports received)
  - Developing monthly MI and providing to key stakeholders
  - Regular reporting to RCC and ARC, including an annual whistleblowing report which summarises all whistleblowing reports received over the previous 12 months, compared to the prior 12 months. This report also details any issues or outcomes, together with key activities delivered to drive reporting

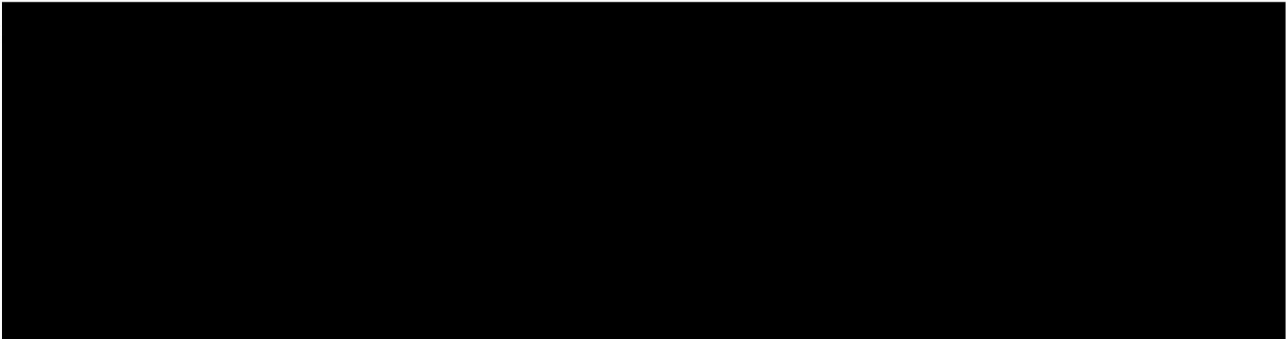
However, it was recognised that more could be done to improve the maturity of the Post Office approach and as part of the review of this, Post Office approached Protect (the UK whistleblowing charity) for support. This has included a self-assessment and industry benchmarking of the regulatory requirements, current industry best practice and Protect's Code of Practice on effective whistleblowing arrangements, and a training workshop which was attended by some GE members and senior managers.



6. The monthly MI pack produced on whistleblowing has been updated to provide more granular data on issues that are raised by or about Postmasters.
7. As part of the work reviewing Postmasters complaints and issues handling, a review has also been undertaken to ensure that there is sufficient understanding across teams that interact with and capture those complaints and issues, so that any that are in fact

whistleblowing reports are passed to the Whistleblowing Team and investigated and resolved in accordance with the whistleblowing policy.

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9. Following migration of the external speak up line and website to the new Navex Global EthicsPoint platform, call enhancements have been implemented to include an IVM that is specific to Post Office and provides reassurance to callers as below:
    - Thank you for calling the Post Office Whistleblowing Speak Up line. Post Office is committed to ethical behaviour in all our business dealings and your call and any related reports will be treated confidentially and respectfully to the extent legally permissible. Protecting our colleagues, Postmasters and customers is the number one priority for Post Office, and this includes protecting those that raise concerns. To maximize confidentiality, this Speak Up line is operated by NAVEX Global, an unaffiliated, third-party service provider.
  10. To address the lack of formal training, a new module has been developed in Success Factors and is currently being undertaken by all employees for completion by 1<sup>st</sup> April 2020, together with a number of planned communications for employees and Postmasters to raise awareness.

### Self-assessment and benchmarking

11. The outcome of the Protect self-assessment and industry benchmarking was in line with expectations given that the benchmark is modelled around best practice and the bar is deliberately set very high.
12. Post Office achieved a score of 86% for its written policy and procedures and there were no specific recommendations, indicating that the basic foundations put Post Office in a good place to improve.
13. It was in the areas of training, engagement and communications that further work was identified.
14. The need for formal training and awareness in Post Office had already been recognised, with budget to develop a training module included in 2020/21.
15. The table below shows the overall performance of Post Office v. organisations with a comparable number of employees and also within the financial services sector which has a more mature approach to whistleblowing, given the additional regulatory obligations for this sector (see Appendix 2 for scores within these overall areas):

Total	Your Score	Group
Governance	72%	67%
Engagement	24%	39%
Operations	36%	55%
Total	46%	60%

- It should be noted that nearly all organisations come out very poorly for Engagement the first time they do self-assessment – this is because the main resolution for this area is training which is generally costly, and most often not seen as a priority. Usually selected people and teams have some form of training, but not enough and not company-wide. Also, there is a heavy score weighting for Line Manager training, and this is an area that Post Office was unable to demonstrate.
- Organisations also tend to score poorly in the area of Operations and there are a number of factors here:
  - Whistleblowing process maturity tends to reflect the cases organisations have had to deal with – if an organisation has not had any cases that are material/significant, or had whistleblowing reporter claims of detriment, then they are less likely to have matured their processes.
  - Included in this area are questions about seeking feedback from whistleblowers about their experiences or doing 'tests' or 'stress tests' of the whistleblowing processes – most organisations do not do this, but it is best practice.
- A number of organisations re-run the self-assessment and benchmarking exercise annually to help them demonstrate continuous improvement as part of their Board reporting which means the benchmark is continually rising as organisations improve. We will re-run the self-assessment in June 2020 (and annually thereafter) following the implementation of planned enhancements to show how Post Office is building on its improvements.

## Whistleblowing Policy Review

16. In addition to further enhancements suggested by the Protect self-assessment work and the changes to whistleblowing roles, a comprehensive review of the Whistleblowing policy, alongside the Investigations and Postmaster Complaints policies has been undertaken by HSF. A review of the BEIS Guidance and Code of Practices for Employers published in March 2015 was also undertaken. A number of enhancements have been incorporated and are summarised below.
17. The policy has been amended to reflect the following new roles and governance oversight:
  - The creation of a Non-Executive Director Whistleblowing Champion to oversee that:
    - A 'whistleblowing culture' is promoted across Post Office, ensuring employees are genuinely encouraged to speak openly and honestly about their concerns and misgivings
    - The current arrangements are always challenged and assessed for areas of continuous improvement
    - Employees are always supported in raising a concern
    - Barriers to speaking up are uncovered and addressed

- The whistleblowing team, senior managers and leaders receive training on the importance of whistleblower support
  - Root cause analysis is undertaken for all cases and issues, so that continual improvements can be made in the relevant areas
  - The creation of a new dedicated Whistleblowing Manager to manage whistleblowing processes and investigations, triaging reports and assigning to investigating managers, completing root cause analysis and ensuring any corrective controls are implemented, designing and delivering a programme of training and awareness
18. A number of amendments and additions have been made to reflect best practice, enhance the policy and help encourage reporting. These include:
- Removal of some duplication and clarifying the definition of whistleblowing, the investigations process and the treatment of reporters
  - Providing more information to reporters (e.g. other external advice available)
  - Clarification of some of the definitions used in the policy
  - Clarification that reporters do not need to provide evidence and the different reporting types along with the benefits and disadvantages of open/confidential/anonymous reporting
  - A new minimum control standard for line managers.
  - A new minimum control standard for checking that whistleblowers feel supported

## Conclusions and Recommendations

19. Post Office has a good policy and reports received have been managed in accordance with that policy, although clearly further work on engagement including training together with operational improvements are needed and are being quickly remediated. Whilst the policy and process were intended to cover employees and the protections afforded them under the law, reports have historically been received from postmasters, their teams, customers and the general public, and these reports have always been investigated and managed under the whistleblowing policy. Improvements to communications and awareness have been made in recent years, but the lack of training for all employees and, in particular, line managers needs addressing.
20. The work with Protect has highlighted that whistleblowing process maturity tends to reflect the cases organisations have had to deal with. To date, Post Office has not had any material reports, or found evidence of significant or material (or disclosable) wrongdoing through the whistleblowing channel. By quickly implementing the recommendations within this report, management believes that it would put Post Office in a good place.
21. Prior to the Protect self-assessment, it had been recognised that a training and communications programme was required in 2020/21 and this was budgeted for, although this was hampered by Covid, and the loss of the role supporting this work in November 2020.
22. The following lists key recommended activities to be delivered in 2021/22 (see Appendix 3 for full actions and timescales):
- Continue to work with Protect to identify improvements and enhancements
  - Provide the monthly whistleblowing MI pack to all GE members to ensure visibility



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- Quarterly meetings with the Whistleblowing Champion to review cases and activities, together with monthly meetings with the postmaster and customer complaints teams to ensure that complaints or issues they receive that are in fact whistleblowing, are appropriately identified and investigated.
  - Work with the People Function and L&D to enhance on-boarding and line manager training relating to whistleblowing
  - Review and update the Whistleblowing Team's procedures, including those relating to the whistleblower and mechanisms to obtain feedback from whistleblowers
  - A programme of continual communication and awareness, including refreshing posters for office locations as staff return to work locations following Covid
  - Update Settlement Agreements to remove potential ambiguity
  - The Protect self-assessment benchmarking should be undertaken again in June 2021 and annually thereafter to test and demonstrate improvements achieved from planned activities



## Appendix 1 – Whistleblowing Report Review

Number of Whistleblowing Records Reviewed (From 25/04/2013 to 25/01/2021)	163
<b>REVIEW FOR DETRIMENT</b>	
Number of cases ongoing (no apparent detriment and no CIJ breaches identified in investigation of complaint to date).	6
Number of historic cases where information is insufficient for assessment <i>These predate whistleblowing falling under the remit of the Financial Crime Team. The most recent record is 23.09.2017</i>	9
Number of Whistleblowing Reports <u>NOT</u> within Scope of the Whistleblowing Policy <ul style="list-style-type: none"> <li>• <i>Employment matters between Postmaster and the Postmaster's employees: 5</i></li> <li>• <i>Properly dealt with outside of Whistleblowing channels e.g. dignity at work: 11</i></li> <li>• <i>Properly referred to external organisations such as RMG: 5</i></li> <li>• <i>Other cases which did not meet WB criteria (These cases are quite varied but include for example, PMs are calling for advice from the Security team; a report raised by a known individual harassing branch staff, and errors/mistakes relating to applications for hardship grants): 9</i></li> </ul>	30
Number of Whistleblowing Reports <u>WITHIN</u> scope of the Whistleblowing Policy <ul style="list-style-type: none"> <li>• <i>No detriment suffered by the Reporter, the Subject or anyone associated with the Report: 103, including</i> <ul style="list-style-type: none"> <li>◦ 6 cases where inadequacies with POL's policies and procedures alleged but where no specific detriment to an individual identified (for example, two complaints related to the same alleged incident of sexual harassment which took place outside of POL premises. The reporters were not the victim of the alleged incident; one of the POL managers was present at the time and the reporters were concerned that the manager didn't take any action/ provide support when the alleged victim returned to work. HR could not investigate any further due to lack of information).</li> <li>◦ [REDACTED]</li> </ul> </li> <li>• <i>Detriment suffered by the Subject, with Detriment justified based upon evidence and rationale: 15</i> <ul style="list-style-type: none"> <li>◦ 12 cases where PMs have been suspended and/or terminated due to ongoing operation issues.</li> <li>◦ 2 cases where the agent assistant/clerk was dismissed by the PM for suspected/admitted theft.</li> <li>◦ 1 case there were formal consequences for the Branch Manager, which were justified upon investigation. In addition, in this case, the Subject was said to have obtained copies of witness statements which, had the WB disclosure not been made anonymously, could have compromised the Reporter's identity. Enquiries were made but these were not able to determine how or if the witness statements had been shared with the Subject.</li> </ul> </li> </ul>	118
<b>CIJ CONFORMANCE REVIEW</b>	
CIJ Issues <u>NOT</u> relevant	142

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CIJ Issues <u>ARE</u> relevant: 21 (including 1 case still ongoing) <ul style="list-style-type: none"><li>o Dealt with in a GLO conformant Manner: 12 (including 1 case still ongoing)</li><li>o Not dealt with in a GLO Conformant Manner: 9 - While suspensions appear to be justified by the circumstances, the PMs were suspended without pay (predates the CIJ). This is being separately considered by the Historical Matters Unit and will be remediated as appropriate.</li></ul>	21
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## Appendix 2 – Protect Review Recommendations

Section	Score
Accountability	61%
Written Policy and Procedures	86%
Review and Reporting	59%
Total	72%

**Accountability – 61%** Considers the roles different individuals have and their engagement with the whistleblowing arrangements. Clear accountability structures will help staff better understand their roles in relation to the whistleblowing arrangements. Active engagement from senior leaders may improve staff trust and confidence in your whistleblowing arrangements.

Recommendation - You have a good score in this area. In order to improve on this score in line with best practice, you need to show how senior leaders within your organisation engage with the whistleblowing arrangements and actively demonstrate a commitment to workers raising concerns without fear of reprisal. You also need to ensure that designated personnel (for example the whistleblowing champion and team) clearly understand their roles and responsibilities.

**Written Policy & Procedures – 86%** A well drafted whistleblowing policy helps to provide staff with a clear understanding of what whistleblowing is and the processes by which an individual can raise and/or escalate a concern. It will also provide staff with assurances about victimisation and confidentiality

Recommendation - You have achieved a good score in this area and there are no specific recommendations at this stage

**Review & Reporting – 59%** Considers the processes by which you review and report on whistleblowing arrangements. Conducting reviews enables organisations to practically see whether whistleblowing arrangements are effective in practice and action learning points.

Recommendation - You have achieved a good score in this area, but additional work should be considered to strengthen governance. When reviewing the arrangements, recommendations should be assigned ownership with a timeline for completion. Serious concerns raised and positive outcomes from whistleblowing cases should be reported to the Board. These should be redacted in order to protect the identity of the whistleblower. You could consider incorporating an overview of management information on whistleblowing in published data e.g. annual reports.



Section	Score
Communications	30%
Training	8%
Total	24%

**Communications – 30%** Engaging regularly with staff is essential to building a strong speak up culture. Staff will not have confidence in whistleblowing arrangements if they are not aware of them.

Recommendation - This section requires improvement. We recommend that you review your communications materials to ensure that you engage with different staff groups and cultures. Messages encouraging staff to raise concerns might be included in various media such as posters and staff training. Finally, think about how you test staff awareness and confidence in the whistleblowing arrangements (for example by using staff surveys, focus groups and exit interviews)

**Training – 8%** Clear and detailed training on whistleblowing provides your workforce with a good understanding of arrangements. Training can help embed the importance of whistleblowing and key policy messages.

Recommendation - This section requires improvement. We recommend that staff, designated managers and line managers receive in-depth training on whistleblowing. In most circumstances line managers or named designated contacts are the first people to receive a whistleblowing concern. Accordingly, line managers should receive appropriate training in order to accurately identify concerns and effectively handle the individual raising the concern. This minimises the likelihood that concerns will be escalated further and helps make best use of your resources. You may wish to review how you provide training to your workforce (e.g. instructor led by e-learning).

Section	Score
Support and Protection	41%
Recording and Investigations	56%
Resolution and Feedback	18%
Total	36%

**Support & Protection – 41%** Considers internal processes in place for supporting and protecting staff who raise whistleblowing concerns. Implementing effective processes for managing confidentiality and victimisation will help to ensure staff are appropriately supported and protected when they raise concerns. Implementing clear policy messaging and protocols for supporting and protecting staff who raise concerns is essential.

Recommendation - This section requires improvement. We recommend that you operate multiple support networks within your organisation to enable whistleblowers to seek support when raising concerns (such as whistleblowing advocates trade unions and Employee



Assistance Programs). Consider how you ensure that confidentiality is maintained throughout the whistleblowing process. You should ensure the risk of victimisation is considered in each whistleblowing case and that appropriate safeguards are put in place to prevent this. Finally, you should ensure that any settlement agreement that you have with staff clearly states that nothing in the agreement prevents staff from making a whistleblowing disclosure.

**Recording & Investigations – 56%** This section considers the processes by which you record and investigate concerns. Having clear processes and principles for recording and investigating concerns will help to ensure consistency in handling a whistleblower.

Recommendation - You have achieved a good score in this area. We recommend that you periodically review management information to ensure consistency of processes in recording concerns. You should ensure that investigation guidance is clear on the key principles that are to be followed when whistleblowing concerns are investigated (such as confidentiality, competence and independence). You should ensure that an independent internal function conducts periodic reviews of your investigations, to ensure that the principles have been followed.

**Resolution & Feedback – 18%** This looks at your processes for resolving concerns and how you provide feedback to whistleblowers. Clear processes on feedback after the investigation will help give your staff confidence that their concerns have been addressed.

Recommendation - This section requires improvement. We recommend that you implement standard processes for resolving any substantiated concerns. Where possible ensure that you provide feedback to whistleblowers on the outcome of concerns that are raised (subject to limitations imposed by confidentiality). Consider how you seek feedback from whistleblowers at the end of the process and use this information to improve your arrangements.



## Appendix 3 – Whistleblowing Action Timetable

Action	By when	Status
Protect training workshop	January	Complete
Review how complaints are captured by various back office teams and enhance procedures to correctly triage potential whistleblowing complaints and pass to whistleblowing team	February	Complete
Design and deliver employee survey via One Comm (440 responses fed into Protect self-assessment)	February	Complete
Enhanced Whistleblowing monthly MI to provide more granular detail about Postmaster/agent assistant reports	February	Complete
Protect self-assessment and benchmarking	February	Complete
Review all historic whistleblowing reports	February	Complete
Whistleblowing Manager role designed, approved and advertised	February	Complete
Whistleblowing Champion role approved in principle	February	Complete
Navex Global Speak Up Line - call enhancements to include IVM that is specific to Post Office and provides reassurance to callers	February	Complete
Review and update Whistleblowing Policy	March	Complete
Determine whether there is any evidence of detriment to whistleblower reporters or subjects	March	In progress
RCC and ARC whistleblowing approach and policy approval	March	Pending
Interviews for new Whistleblowing Manager role and recruitment	End April	In Progress
Design and deliver new employee Success Factors whistleblowing training module	1 <sup>st</sup> April	In progress
Design and deliver new Team Talk whistleblowing training module for DMB staff and Supply Chain (non-Success Factor users)	1 <sup>st</sup> April	Complete
Design and deliver postmaster whistleblowing awareness communications	April	In progress
Establish monthly meetings with the postmaster and customer complaints teams to review complaints or issues	April	
Training and induction for Whistleblowing Manager	May	
Design a programme of continual communication and awareness	May	
Establish quarterly meetings with Whistleblowing Champion	May	
Design and deliver employee survey via One Comm	May	
Review and update all whistleblowing processes and guidelines	May	
Re-run Protect self-assessment benchmarking	June	
Annual whistleblowing report to RCC and ARC	July	
Enhance on-boarding and line manager training relating to whistleblowing	July	



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Refresh and deliver new whistleblowing posters to all Post Office back office locations and DMBs	July (dependent on Covid)	
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