



Overall reports

Key themes

- Both the IPA and Public Digital reports provide different but helpful insights and recommendations on how to improve the delivery of SPMP.
- Both reports do attempt to be constructive, which is in line with our experience of the teams doing the reviews.
- Both reports take the view that we need to push on and deliver SPMP – but improvements on how to progress are required.
- They do not shy away from highlighting the problems as they see them, and give a tough assessment of where SPMP is today. The IPA rates the overall programme as 'red', and while the Public Digital report does not rate the programme, the narrative would suggest a similar rating.
- In principle, POL agrees with the recommendations and the overall themes, but the detail on how to action the recommendations will not be straight forward, and will take time.
- It is also clear that a substantial number of the recommendations are not within POL's gift to deliver alone:
 - Most are dependent on securing funding for SPMP – almost creating a chicken and egg impasse;
 - Many require DBT / UKGI decisions; and
 - Some improvements that are needed to be made relate to DBT/HMT/UKGI processes and approach
- Both reports highlight the difficulties in providing SPMP with short-term funding from government, numerous assurance reviews, and the conflict between delivering SPMP in an Agile way while reporting to government and internally in a Waterfall way.
- Public Digital review is most helpful in terms of the technical recommendations and improving the approach to delivering the technical solution – including internal processes and governance.
- The IPA review is most helpful in terms of recommendation to improve overall governance and HMG processes.

Key messages for engaging DBT

- We recognise the seriousness of the reports and some of the commentary is sobering. We understand that there is genuine concern on how SPMP will be delivered.
- We are committed to delivering SPMP in a way that maximises value for money, delivers a Post Office that works for postmasters and customers, and reduces our reliance on government support.
- It is very positive that the conclusions of both reports are that we need to push on to deliver SPMP, and both highlight the dangers of pausing at this stage and losing momentum.
- We also agree with the overall recommendations from both reports in principle.
- We will work through each of the recommendations as a priority, but it is clear from both reports that this will also require some government decisions on approach and scope. A joint effort between Post Office, DBT, and UKGI is needed and this will take time to get right.
- We have made a huge amount of progress since the end of last year, but there is more to do. We think that working closely with DBT we can make this a success.
- The worst outcome at this point would be a further delay in deciding on what to do next. I understand that these decisions are difficult, and across government funding is tight.
- However, the reports have given a very clear view that SPMP is the right way forward. We need to drive on and make the improvements that are needed.



Public Digital Summary

Key points

- Public Digital supports the need to continue delivering SPMP albeit not enthusiastically "Given the need to exit the Fujitsu relationship and move away from the Horizon platform, we see little choice but to continue to invest in this transformation." It also explicitly states that bringing SPMP to a halt at this stage would be damaging.
- It notes significant gaps in strategy, capability, technology and governance.
- The report does call out that the issues are not all fixable within SPMP, and require POL, UKGI, and DBT to work together to deliver improvements. It notes that it is not possible for POL to know what capabilities it will need without a clearer picture of what the government wants POL to be.
- The report highlights some positive aspects, noting that SPMP is moving in a positive direction with pockets of excellence and deeply expert people. However, this is not consistent across SPMP.

Findings and recommendations

- The report sets out five categories of findings and recommendations covering:
- **Vision:** The findings and recommendations on 'vision' cut across the whole of POL and government. It stresses the need for POL to recognise that this is a large transformation of POL's operating model, from a retail business to a digital organisation. It proposes POL needs to change from top to bottom to make this transformation work.
- It also highlights a disconnect between SPMP and the rest of the business, in terms of vision and mission but also in terms of ways of working and collaboration with other parts of the business.
- **Capability:** The report highlights a number of areas already known to POL, such as the need to rebalance from temporary to permanent staff, attract the best talent, strengthen different functions, etc. It also stresses the need to increase digital expertise at senior executive levels.
- It makes a number of recommendations to improve this, which POL agrees with in principle. However i) a large barrier is the short-term funding cycle that SPMP faces with government making the future of the programme uncertain, which in turn makes it difficult to attract and/or appoint permanent staff ; ii) restructuring and/or reorganising will require Board engagement, and in some instance shareholder engagement / approval. For example, the report suggests creating a new Chief Operating Officer (COO) role, appoint new board members with digital expertise.
- **Technology:** This is the strongest part of the report, and where Public Digital's expertise is most evident. It recognises that building NBIT internally rather than outsourcing is the best approach, but highlights the need to review whether the individual components should be bought from a third party or developed in-house. ePOS is cited as an example that could be bought rather than built.
- It also proposes specific ways of working to improve delivery cadence and productivity, and provides suggestions such as paying for roles or organising secondment at Royal Mail.
- **Governance:** The report highlights concerns that decisions for the programme are not made at the right level in POL, and internal governance processes are unsuited to the programme and act to slow down decision making. An example given is the quarterly funding drawdown process for SPMP.
- It highlights the tension between Agile delivery of SPMP clashing with Waterfall approach of the Change Excellence Framework, as well as the tendency of government to also approach measuring milestones / success based on Waterfall design. It also raises concerns on the government's short-term funding model.
- **User-centred practice:** The report states that SPMP is not truly user centred and expertise around product management is lacking. The risk highlighted is a disconnect between development



and end users. We are keen to engage with Public Digital on this piece to understand better their thinking, as we are not convinced that we agree with their suggestions – for example testing in rural franchises rather than DMBs

IPA Summary

Key points

- The IPA reports to the Treasury as part of the Treasury Approval Process rather than DBT. We think this is useful, and could help unlock a number of areas as discussed below, that we have pushed DBT in the past to do but have not had success. IPA/HMT pressure may force some of these issues.
- The IPA's assessment of the Programme is 'Red' which translates to "*Successful delivery of [...] Horizon replacement to time, cost [...] and quality appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable entirely within POL. The programme/project may need re-baselining and/or its overall viability re-assessed.*"
- However, the substance of the report is more considered. It is supportive of the improvements made by leadership, the commitment of employees, the change management methodology, and the approach to communications. It also highlights difficulties created by increased demands on the programme from multiple assurance reviews and frequent business case processes, as well as the oversight and approval piece with DBT. It makes recommendations in this space to improve.
- Importantly it recognises that some of the recommendations and changes needed require DBT input and decisions, and are not within the gift of POL to deliver.
- Similar to Public Digital, it highlights the huge undertaking in transforming POL into a digital first retail organisation, as well as the short-term funding cycle which creates uncertainty for SPMP and limits the ability to plan long term.
- Despite the rating, the IPA only makes seven recommendations and identifies two blockers. Only one of the nine issues are solely for POL to action and deliver.

Findings and recommendations

- It is critical of the lack of clarity on what programmes are being onboard onto GMPP – something which DBT and IPA need to clarify, as well as confusion caused by the proposal by DBT for the accountability of SRO not being aligned with POL's governance structures.
- It highlights the need to strengthen the levels of experience and expertise in the appropriate roles across POL and DBT – including DBT Investment Committee, POL Investment Committee, and Programme Steering Committees. This is seen as one of the blockers to the success of SPMP.
- It notes that onboarding to GMPP is an opportunity for POL to access broader government skills, including access to broader digital experience and standards, and recommends that IPA ensures that this happens.
- The IPA outline POL's need to complete the Microsoft integration plan immediately, something which is already in flight in POL.
- A key recommendation which we are keen to push on, it's the IPA's suggestion the DBT / HMT consider flexibility to the funding model used for SPMP, to create a better enabling environment. The current model provides funding on an annual basis, and to date for relatively short periods. The cycle for approval is onerous and frequent. IPA makes the point that funding up to FY25/26 implicitly commits government to funding the whole programme to completion and therefore it is worth recognising this, and putting in place a suitable funding model to support SPMP on a longer term basis. This is the second blocker for SPMP identified by the IPA.
- IPA also recommend DBT considers an appropriate engagement model with POL to ensure access to HMT Green Book experts for future approvals and business cases – something which we have long pushed for and would welcome.
- The last recommendation as around the risk appetite of POL and DBT regarding technical development. Public Digital make a similar point, proposing that it is better to try things, test



early, and fail fast rather than try to perfect to deploy later. This is worth a discussion with DBT, but is difficult in the context of the wider Horizon IT Inquiry and previous failures, and there is an understandable sensitivity in deploying functionality that fails – even on a small scale.

<u>Public Digital Recommendations</u>	Actions	Authority	Timing / Owner
V.1. Recognise that this is not just a retail IT project but a civic tech transformation and reform of a great civic institution.	POL to action	DBT / POL	Discussions with DBT are needed Tim / Rob
V.2. Develop a clear strategy or the future of POL so that there is a clear line of sight between SPMP and overall objectives for the organisation.	Work is already in train to deliver a clear strategy for POL in the future, and the interim chair is equally interested in this work being pushed forward.	POL	6 months Tim / Rob
V.3. Ensure the vision and outcomes are shared throughout all teams, both core delivery and wider enabling	POL to action	POL	Immediately
C1. Address capability gaps in leadership by supplementing the team with individuals who have experience of delivering transformation in a large-scale organisation.	POL agrees with each of the capability recommendations in principle. We already have plans in place to improve a lot of these areas, and will take further action to address each of these recommendations. This will require POL Board engagement / approval. This is closely linked to the funding approach. It is very difficult to plan long term when funding is provided on a short-term basis. This is not just a consideration for POL in terms of resource mix, but for individuals wishing to work on this project. It is difficult to attract and retain top-talent when there is uncertainty around how long they will be employed for. To enable this, we need to reach agreement with DBT/HMT on how to secure the long-term future of SPMP.	POL / DBT	Subject to funding and DBT discussions on funding model / approach – as soon as possible
C2. Strengthen the SPMP director-level team to include those with experience in civic organisations as well as retail.		POL / DBT	
C3. Reduce the over-reliance on contingency staff by bringing key roles in house, and investing in developing internal skills and capability.		POL / DBT	
C4. Recruitment, workforce, and capability planning for SPMP should be core business for POL; recruitment norms in POL should be reviewed to assess suitability for the scale and type of recruitment required.		POL / DBT	
C5. Leverage the opportunity to right the wrongs of the		POL / DBT	
T.1 Develop an operating model built around business domains (value streams). all workstreams.	POL to action	POL	Immediately



T2. Embed engineering standards and necessary tooling across	POL to action	POL	Immediately
T3. Undertake an independent assessment of build vs buy decisions alongside its technology delivery partner procurement activity.	POL to action	POL	Immediately
T4. Assign clear product owners to non-functional requirements (NFRs) and prioritise closing gaps.	POL to action	POL	Immediately
G1. Refocus milestones on achieving shared outcomes, not deliverables.	POL to action	POL	6 months
G2. Speed up delivery by bringing appropriate capabilities and continuous assurance to the team at the correct moment, and use the gating forum for high-risk and high impact decisions.	POL to action	POL	6 months
G3. Develop a new risk model that enables rapid 'test and learn' delivery.	POL to action	POL	6 months
G4. Embed transparency as a core value of SPMP, as part of the strategy for managing risk.	POL to action	POL	6 months
G5. Redesign the funding release process to better account for context, need, and in a way that is commensurate with level of risk.	POL to action	POL	6 months
U1. Establish clear roles and responsibilities between Product Managers and Product Owners, and symbiotic relationships and processes that ensure the best outcomes.	POL to action	POL	Immediately
U2. Define the Minimum Viable Branch for the most complex branch setup and re-orient delivery around an end-to-end slice for this type of branch.	POL to challenge	POL	N/A
U3. Establish regular feedback loops with Postmasters; the current former Postmasters in the team should be repositioned as business	POL to action	POL	Immediately



SMEs rather than product managers.			
U4. Organise delivery teams to focus on delivering an outcome or solving a problem.	POL to action	POL	Immediately
IPA Recommendations	Actions	Authority	Timing
IPA, DBT, UKTI and POL should clarify which programme or programmes are being onboarded to GMPP, so the strategic governance environment for these programmes is clear and understood by all, and the terms of appointment for the SRO can be agreed	POL agrees and will engage with DBT	IPA, DBT, UKTI, POL	Immediately
DBT and POL should agree an effective system of governance for the programmes to be onboarded to GMPP, aligned to strategic governance, and delivered by the right mix of experienced people covering technical and business aspects, who understand all of the programmes involved in replacing Horizon. The right expertise must be included on the Investment Committees in DBT and POL and all Programme Steering Committees.	POL agrees and will engage with DBT	POL / DBT	Before October 2024
IPA should ensure POL has access to broader digital experience across Government - to reinforce and accelerate the changes in technical development under way in SPMP.	POL agrees and will engage with IPA	IPA	Immediately
POL needs to prioritise the completion of its Microsoft integrated plan swiftly, with the staff resources and skills required to execute the various activities: this will underpin realism in the plan. The integrated plan should include the Horizon extension project at an early opportunity and be employed as the Horizon replacement master plan.	POL will action	POL	Immediately
DBT, POL and IPA should consider if there is any flexibility to fund the Horizon replacement programmes in a different way, that would provide a better enabling environment for the Horizon replacement programmes to succeed.	POL agrees and will engage with DBT, IPA	DBT, POL, HMT, IPA	Immediately
IPA and DBT should consider an appropriate engagement model so that POL is able to access support from HMT Green Book experts to strengthen its understanding of approvals and the requirements on future business cases	POL agrees and will engage with DBT / IPA	IPA, DBT	Before December 2024
SPMP should instigate a conversation about risk appetite with POL Board and DBT and seek a common understanding of what risk appetite should be applied to technical development, and what that means in practice.	POL agrees and will engage with POL Board and DBT	POL / DBT	Before October 2024

