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**POST OFFICE LTD Executive Committee**

**Branch Support Programme**

1. **Purpose**

The purpose of this paper is to:

1.1 Update the Post Office Executive Committe on the progress of the Branch Support Programme.

2. **Background**

2.1 Following the up-date to the Post Office Board in March 2014, the Branch Support Programme has been successful in securing £8.678m of investment (£4.678m exceptional and £4m Voluntary Redundancy costs) which was approved by the Finance Committee on the 16th May 2014.

2.2 The Programme will end formally as a Programme by the end of March 2015 and the payback for the business case investment will be 3.2 years.

2.3 The funding will be used for investment in the following areas:

- Internal resource costs to manage the Programme

- Appointment process to attract and recruit higher quality subpostmasters

- On-line training modules to replace 80% of classroom training

- Development of IT software to create unified case management system for all support functions

- On-going running costs, licences and hosting for IT software for case management

- Annual hosting costs for agent recruitment and on-line training portals

- Re-writing of Horizon transactions to remove opportunity for errors and losses

- Investment in internal training and communications to support culture change

- Commissioning of resource to support with the revised operating model

- Legal fees to review appointment and contractual processes

2.4 The improvements are being delivered through the 9 work streams, all of which have milestone plans, along with the associated costs and benefits.

3. **Key Performance Indicators**

3.1 The Programme will track performance against the following Key Performance

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Indicators:

- Reduction of operating costs by £3m per annum
- Reduction in net agent debt by £1m
- Reduction in subpostmaster suspensions as a result of audit shortages to a level of 60 per year
- Reduction of calls into NBSC by 25%
- Reduction of audit losses of £10k of over by 50%
- Satisfaction with on-line training models of 95%

3.2     The Agent Engagement Survey will also be used to track agent satisfaction with the support functions. The initial survey was carried out in September 2013 and a PULSE survey is planned for July 2014.


## 4.     Programme Progress

### 4.1     Subpostmaster Contract Breaches

- The suspended termination approach was launched in April to deal with subpostmasters where mitigating circumstances are such that it is inappropriate to terminate the contract. The subpostmaster remains in post on the condition that if a further material breach of contract occurs in an agreed period (set by the nature of the first breach and typically a year) then the contract termination may be triggered.

### 4.2     Training

- A prototype web-based solution for new subpostmasters and Crown colleagues to complete Regulatory Compliance Training on-line has been built and is currently being tested by a group of branch and business users. This functionality has been replicated by Saba, the owners of the Post Office ORBIT system, and will also be tested by the same group. Following the pilot, a review will be undertaken to agree which solution will be used going forward.

- The Network Support Field Team have been making changes to the support offered to branches. A revised checklist for branches to ensure they are operating correctly has been produced with input and is currently being trialled.

### 4.3     Support

- The Branch Support Team are continuing to support branches with loss and discrepancy issues and resolving them appropriately.

- The Branch Support Team are also now pro-actively calling the branches who call the Network Business Support Centre (NBSC) more than any other branch to understand what extra support can be offered and whether any changes need to be made to training etc. The response has been positive from the branches contacted.

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- Calls into NBSC have been reviewed and the top areas which account for the most calls have been identified. A root cause analysis will now be undertaken to understand what activities need to happen in order to stop those calls going into NBSC.

- Improvements continue to be made within the Finance Service Centre. Changes have been made to the letters sent out by the Agents Debt Team to improve the tone and also to include a name on the bottom of the letter.

### 4.4    Horizon system transaction improvements

- The transaction for customers paying by debit or credit card for bureau transactions will change as part of the next Horizon software release, which is scheduled for end of July. The transaction will include the automatic re-print of the receipt which includes the card and identification details of the customer, which needs to be presented in case of fraudulent use of the card. Previously, the branch would have to remember to request a reprint and would be liable for the loss of they failed to provide it to Finance Service Centre.

- The end of day cheque remittance process has been reviewed and a new solution to drive out errors has been identified. This will be scheduled for the next software release in October 2014 will reduce the calls into NBSC and the Transaction Corrections issued by Finance Service Centre.

- Reviewing the effectiveness of the balancing work-aid to help subpostmasters identify and hopefully resolve balancing problems earlier.

- Longer term, we are considering options on how best to optimise e-learning in our initial training to subpostmasters and on an ongoing basis.

### 4.5 Case Management Tool

- Requirements have been identified from all business stakeholders and these have been shared with ATOS for formal evaluation. In anticipation of the response, a pilot is in train with certain teams in the Finance Service Centre to use Microsoft Dynamics to assess whether this tool would meet the business requirements going forward.

### 4.6 HORIce – real-time data tool

- Formal change requests were made to Fujitsu via ATOS in order to start the required pilot. However, due to resource issues within this area, there has been a significant delay in providing an official response and getting the pilot started. Fujitsu have now confirmed

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they can meet the requirements on the condition that Post Office prioritise the change activity in this area.

## 4.7 Internal efficiencies

- The Network Support Field Team have introduced efficiencies in their processes with the support of the Branch Standards Team. A revised, automated way of logging branch compliance and financial audit results has reduced the average follow-up administration time from 2 hours to 5 minutes per audit and has eradicated the errors made by replicating information manual across a variety of data fields.

## 5.   Governance

5.1   The Branch Support Programme is one of the key strategic programmes that reports into the Transformation Committee. A Steering Group and appropriate working groups have been established in line with the Post Office governance guidelines. The most recent up-date to the Transformation Committee has been attached.

Branch Support Slide
June 2014 final.pptx

5.2   The Programme is also closely aligned with the Business Transformation Programme and Network Transformation. The Programme Director is part of the Business Transformation Steering Group and the Programme Manager is also one of the Subject Matter Experts. We are currently sharing information to avoid duplication and double counting of benefits.

## 11.   Recommendations

The Board is asked to:

11.1   Note the update and actions set out above.

Gayle Peacock
25th June 2014