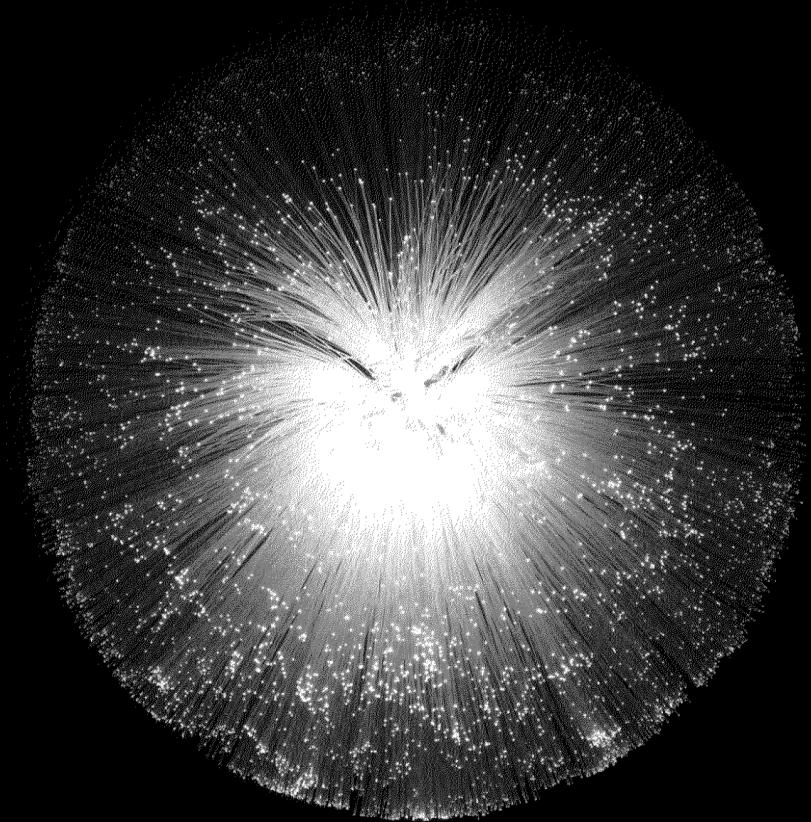


Deloitte.



Postmaster Journeys
Post Office Limited

Final Draft Report - March 2021

Important Notice

This document ("Report") has been prepared by Deloitte LLP ("Deloitte" or "we") for Post Office Limited ("POL") in accordance with our engagement letter dated 4 January 2021. The report is produced solely for the use of Post Office Limited for the purpose set out in the Engagement letter. Its contents should not be quoted or referred to in whole or in part without our prior written consent except as required by law. Deloitte LLP will accept no duty or responsibility to any third party, as the report has not been prepared, and is not intended for any other purpose.

The Report has been prepared on the basis of the limitations set out in the engagement letter and on page 13 and 92. The scope of our services and any deliverables will be limited solely to the Services set out in this engagement letter. We will make no representations in respect of and will not consider any other aspect of your operations.

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1.1 Executive Summary

Introduction

In January 2021, Deloitte was commissioned to undertake a piece of work for Post Office Limited (POL) looking at the extent to which the organisation has moved towards its stated aim of 'putting Postmasters (PMs) at the heart of the business'. Postmasters operate their businesses through a variety of different business structures. Therefore, a reference to a Postmaster or PM in this report could, depending on the circumstances, mean an individual, a limited company or a partnership. In the case of a limited company or partnership, the recommendations in this report will typically apply to the partner/director or employee with main responsibility for running the branch, and, in the case of individuals who do not work in their branch regularly, many of the recommendations in this report apply as much to a branch manager or officer in charge of operating the branch on their behalf as to the individual who has entered into a contract with Post Office.

This work builds on findings and improvements made by POL as a result of both the Common Issues Judgement (CIJ) and Horizon Issues Judgement (HIJ), as well as looking at wider improvements that have been (or should be) made to mitigate the risk of PM detriment, looking at cross cutting organisational themes such as culture, systems and management information in the governance section (see pages 38-47) as well as specific potential improvements across each element of the PM journey from on-boarding to off-boarding (see pages 48-90).

The work was completed between January and March 2021 with this report summarising both improvements made over the last 12-18 months as well as making recommendations around areas for further focus and investment going forward - setting out the position and progress on findings at the beginning of March 2021. Each finding is classified as urgent, high, medium or low priority based on the potential PM detriment (see table on page 8 for definition). These findings were based on evidence obtained from across the business and through a series of interviews and conversations with key stakeholders. This work did not include detailed systems assessment, testing or verification of the timing of improvements made, planned and in progress, nor did it include direct contact with PMs (see section 1.2 for full details of scope, approach and limitations and Appendix D those spoken to as part of this process). All findings and recommendations have been discussed and verified with business owners.

For each finding the report makes associated recommendation(s) setting out proposed activity to address the finding, as well as specifying named responsible and accountable individuals. The recommendations are structured into an overall roadmap of activity (see section 3). This roadmap has been developed to prioritise urgent and high-risk areas of activity around preventing PM detriment. This work did not take into account cost or resourcing implications and POL will need to consider these further in finalising implementation plans.

Context to the work

Post Offices are a key part of the UK high street and supporting PMs to succeed and thrive is key to the long-term success of the organisation. However, over many years, layers of culture and working practices across POL have built up that have considered PMs in part as a means to securing network coverage, with the organisation focussed on moving towards a more commercial footing rather than consistently prioritising support to, and interactions with, PMs. Related to this there has also been a lack of significant or ongoing investment in information technology or wider processes to support PMs, meaning that the working practices in branches are outdated and not consistent with elements of good practice that would be expected across comparable sectors.

Over the past two years there has been positive change in the way that POL looks to support PMs. A good example of this is the introduction of area managers (AMs) around two years ago - a move almost universally recognised by PMs as a huge step forward in terms of the support they receive. On the receipt of the CIJ, Post Office undertook a significant programme of work led by the Operations Director to implement improvements to both comply with the judgement but also to make things easier for branches. Further improvements have also come about since the launch of the new Purpose statement, and ongoing organisation changes, including senior management organisation re-design rolled out from September to November 2020. These positive changes have helped to simplify and improve POL interactions with PMs and to start to change culture and ways of working. The HIJ and CIJ have also acted as catalysts for change making a number of specific recommendations that the business has been taking forward. The linkage and relationship between this piece of work on 'PM Journeys' and these wider activities is shown in Figure 1 the following slide.

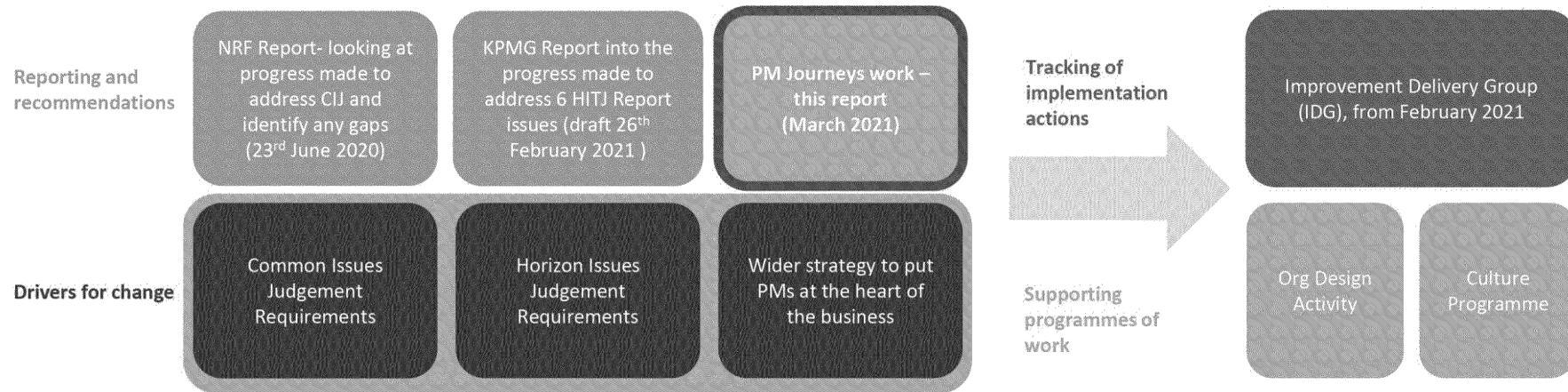
1.1 Executive Summary

Scope

This PM Journey work looks wider than the specific recommendations from the CIJ to call out a range of potential further improvements that have been, and could, be made across the PM journey to support the strategy of 'Putting PMs at the heart of the business'. This is aligned with ongoing improvements, including work taking place as part of the wider organisational redesign activity and through the culture change programme.

Following the HIJ and CIJ a number of operational and wider improvements have taken place across the organisation. Work completed by Norton Rose Fullbright (NRF) has looked at the operational progress in meeting specific requirements from the CIJ and remaining gaps, with Internal Audit tracking progress against closing any NFR found when reviewing the operational improvements made. Similarly KPMG has undertaken work to look at progress in addressing HIJ requirements, and there have been ongoing improvements on some of the specific technical Horizon issues raised in the HIJ. This report does not repeat specific findings from these activities but does note the work being progressed and the tracking of progress that is now taking place through the Improvement Delivery Group (IDG).

Figure 1: How PM Journey fits in with wider work across the network



In addition to these areas, business owners have been undertaking reviews as part of business as usual and have changed and improved ways of working. The creation of the Historical Matters Unit (HMU) has also added focus and momentum to activity to address historic issues (not covered by the scope of this Project).

This work has been taking place over the last 12 months against a backdrop of a global pandemic, with the organisation adapting to new ways of working and supporting the safety and wellbeing of PMs and POL employees whilst maintaining, and in many cases enhancing, PMs' ability to improve the support and offerings provided to customers.

1.1 Executive Summary (continued)

Overall Findings

We have called out 44 areas where we have noted improvements that have been made over the last 12-18 months. These improvements span right across the business and include improved onboarding processes (e.g., improvements to initial assessment and training processes) guidance and support for PMs (e.g., through the PM support guide, and improved branch support tools) and communication (e.g., improved call centre scripts and wider PM communications). There is evidence of increased focus and momentum across the organisation to deliver improvements and 'Put PMs at the Heart of the Business' with many of the findings and recommendations set out in this report being addressed through activity that has started and been prioritised over the last three to six months. Examples of positive changes implemented over the two-month period that this work has been underway include setting up the new 'Voice of the PM' Forum, changes and further improvements to direct communications with PMs and the progress being made as part of the culture change programme to instigate activity such as pairing of senior leaders with PO branches to facilitate understanding and knowledge sharing.

There remain significant opportunities for further improvements in POL interactions with PMs. Some of the findings raised as part of the HIJ and CIJ, (e.g., transaction disputes and the defining and communicating of an appeals process for PMs who have a dispute with) have not yet been fully addressed (though we note action is in progress), and several wider areas identified as having potential to go further to make a real difference to PMs are not yet in place. The cultural shift needed to support a focus on the PM is key to this and has not yet been fully communicated or embedded across the organisation.

Specifically, we raise 6 urgent priority, 14 high priority and 26 medium priority findings, with Figure 2 below showing how these are spread across different elements of the PM Journey. The urgent and high priority findings are summarised in Figure 3 alongside an indication of progress made to date in addressing these.

Figure 2: Table of findings and improvements identified, by rating and work stream

Rating	Rating Description	Number of findings identified by work stream					
		Governance	On-Boarding & Early Days	BAU: Continuous Activities	BAU: Issue Resolution	Off-Boarding	Total
Urgent Priority	Urgent priority, must fix issues – non-compliance with the outcomes of the CIJ ruling and / or where there is a detrimental impact on PMs, where detrimental means any form of PM harm –including where that there is a significant contractual issue and, a negative financial impact and/or an impact on PMs from a relationship or wellbeing perspective.	0	0	2	3	1	6
High Priority	There is a risk of potential detriment to Postmasters, or a significant reputational risk to POL.	5	0	5	3	1	14
Medium Priority	This change would significantly improve the Postmaster experience.	2	6	12	2	4	26
Low Priority	It would be beneficial to make this change to improve the Postmaster experience.	0	6	4	3	0	13
Total		7	12	23	11	6	59
Improvements Implemented	Improvements noted as part of this work that have been made in the last 12-18 months.	-	13	21	9	1	44

1.1 Executive Summary (continued)

Overall, the majority of findings (particularly those rated as urgent or high priority) raised in this report can be grouped into nine thematic areas, which are summarised below and set out in detail in Section 5 of this report:

	Governance	There are currently limited mechanisms in place to review POL performance in providing services to PMs, nor a single overarching governance forum to help oversee and drive required PM related decisions and actions through to completion. The Voice of the Postmaster Forum recently created is a step forwards, but we recommend a wider risk-based governance forum focussed on PMs, building on the current IDG.
	POL Culture and Staff Support	The culture developed across POL over many years has not focussed on PMs. The new purpose statement and plans currently underway as part of the culture work stream will drive improvements. However, there is a long way to go to truly achieve this shift in attitude. Developing detail below the purpose and continuing to communicate expectations across the business will be key in making further improvements here.
	Data and Management Information	Although POL has access to a significant amount of data, this is not used proactively to drive insight to support action and decision-making. Whilst there is an overarching data strategy, there is no detailed plan below this nor funding/resources set aside to deliver against this. Examples of areas for improvements include PM remuneration data and proactive sharing of branch performance with PMs.
	POL & PM Communications	There have been improvements in both operational communications (e.g. tone in letters to PMs) and more strategic communications, but there is still more to be done to develop a communications framework and ensure consistency of messaging and approach to create the appropriate balance between focus and use of a range of channels to communicate with PMs.
	Systems and Technology	There has been a historical lack of investment in IT to support PMs and there are many known issues in Horizon which are being progressed. Multiple systems are in use by different teams, and a combination of these systems are required to paint a holistic view of a PM at any one time. This results in a siloed approach to working and the provision of disjointed support to Postmasters.
	Cash and Products	Cash handling is an issue frequently raised by PMs as a problem area. Cash forecasting to meet branch cash requirements is not close to good practice and there is confusion and inconsistency around the support provided to PMs. Products such as Lottery and ATM are also flagged as problem areas, with issues around transactions correction processes and manual cash processes representing key parts of this.
	PM Obligations and Dispute Resolution	PM responsibilities are not always clear and, despite some simplifications, there is still huge complexity in the number of different contracts and related obligations. The appeals and dispute process regarding contract terminations or suspension or for general issues, such as transaction corrections, has not been clearly documented and communicated to PMs. SLAs have not been set for issue resolution processes and there is also no effective monitoring in place for the efficiency or quality of POL's response to issues raised.
	Roles and Responsibilities and Organisational Design	Roles and responsibilities across teams supporting PMs are not always clear. The organisational design work in progress is making changes to improve this and it will be critical to ensure that there is sufficient clarity and that changes are communicated effectively and consistently to support their implementation and drive improvements.
	Proactive Support to PMs	There is opportunity to provide further support to PMs to help them grow and manage their businesses. Some data is currently shared, but this is limited and not provided consistently meaning some PMs receive more proactive support than others. Training is not always aligned to the needs of different PMs e.g. business improvement training to help in driving revenues is not provided to all branches.

1.1 Executive Summary (continued)

Progress made to date

As well as the 44 areas where improvements have already been implemented, in approximately two-thirds of the recommended areas for further improvement we noted that work was either already underway or has started during the duration of this project. Specifically:

- Out of the 6 urgent priority findings, 4 have activity in progress
- Out of the 14 high priority findings, 12 have activity in progress
- Out of the 26 medium priority findings, 17 have activity in progress
- Out of the 13 low priority findings, 8 have activity in progress

In addition, Internal Audit has been assessing the implementation status of the Norton Rose Fulbright (NRF) recommendations to address the CIJ findings. As of 10 March 2021, Internal Audit reported that 29/34 recommendations were complete, 4/34 were in progress (with a significant overlap with those called out in this report e.g. around onboarding policies and procedures and operator engagement) and the remaining 1 had been postponed. Of those in progress all are reported as being on track for completion at the end of March 2021. (Note: We have not independently checked or verified these findings as part of this Project).

Furthermore, we note that progress is being made on implementation of the HIJ actions through the work being undertaken through the IT teams and supported by KPMG. However, aside from the high-level recommendations we make here about overall IT and systems strategy, and a small number of references to specific technology fixes needed (e.g. finding BC3 around use of memo view for urgent communications), we do not list out or repeat progress and recommendations reported in this area, as this was beyond the scope of this piece of work.

Suggested Roadmap

As well as identifying a number of thematic and specific findings this report also sets out a high-level roadmap for delivering the recommendations. This roadmap (see section 3) sets out groups of activities against different topic areas and is broken down into three recommended time periods for completion:

- **ASAP** - To be implemented as soon as possible, with completion by May 2021.
- **Short Term** - To be implemented in the near future, after the ASAP improvements, by August 2021.
- **Medium Term** - To be implemented over the course of FY21/22, with completion reached before March 2022.

Where recommendations are by their nature more complex and require a longer-term action, we have used an arrow box to indicate that they will remain a work in progress beyond March 2022.

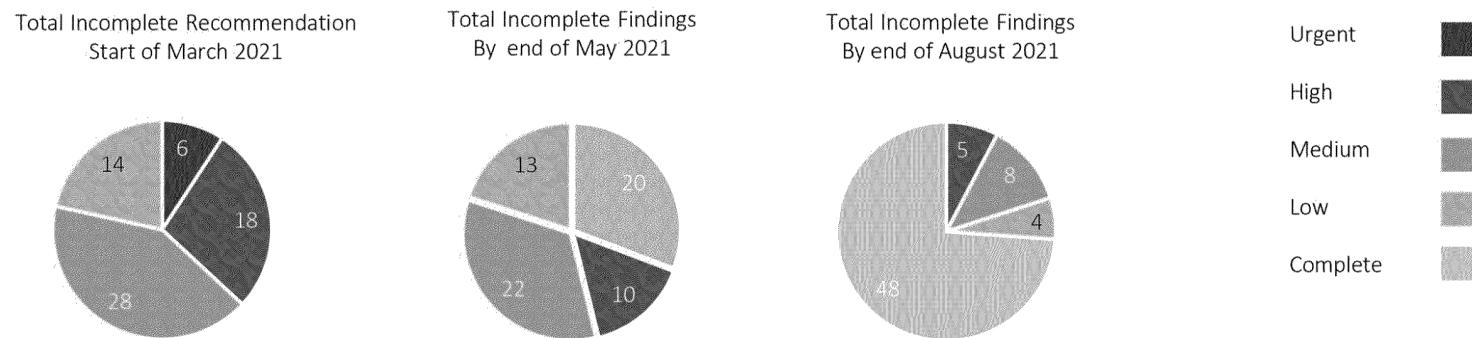
On the whole, urgent and high priority findings are flagged to be addressed immediately, though we note that there are some findings, that while work can start, will not be completed until later in the time period because of the complexity or reliance on third parties. Similarly, medium and low priority findings are typically included later in the time period; however some are grouped with more urgent issues where it makes sense to address them at the same time or where they represent a quick win and can be addressed more immediately.

1.1 Executive Summary (continued)

Closing down recommendations

Assuming that recommended actions from this report are completed in line with the targets set in the roadmap, the charts below illustrate how the status of findings will evolve (please note we have broken down our 59 findings out in to 66 actions, as some findings contain both shorter and longer term actions).

Figure 3: Charts illustrating the progression of findings resolution



By the end of March 2022, only longer term actions should remain incomplete, such as: embedding cultural values and behaviours, implementing technology and data strategies, plus any actions which cannot commence until after the period of time included within the Roadmap e.g. transition of ATM management to POL and review of the Lottery agreement with Camelot.

This roadmap does not take into account cost or resourcing implications and POL will need to consider these further in finalising the more detailed implementation plans to deliver against this. Meeting the timescales suggested will require investment and focus of the organisation both in the short term (e.g. through the shifting of resources to urgent and high priority areas), and over a sustained period to genuinely drive change, particularly given that some elements of this – most notably shifting culture and addressing the technology debt – will take time.

Throughout the report its findings, we have been clear to set out accountable and responsible owners as this is key to delivery. We recommend that this action plan is delivered as a focussed programme or set of programmes of work going forwards with a single overall accountable owner and work package and work stream leads. Progress should initially be reported to and monitored by the Improvement Delivery Group (IDG) as an interim measure and then moved to the new (recommended) PM Governance forum, once this is operational.

Implementing these changes provides a real opportunity for POL to build for the better, genuinely moving towards its aim of 'Putting Postmasters at the heart of the business' and supporting long term success for both POL and the PM community.

¹ Post Office Horizon IT Inquiry to establish a clear account of the implementation and failings of Horizon over its lifetime

1.2 Background, Scope and Approach

BACKGROUND AND OBJECTIVES

Post Office Limited ('POL') has a core strategic aim to put Postmasters ('PMs') at the heart of its business. As part of the implementation of this strategy, POL needs to understand the extent to which the interests of PMs' have been embedded across POL, and where additional activity can be taken forward to better take into account PMs' needs.

In January 2021 Deloitte (referred to as 'we' throughout this report) was commissioned by POL senior leadership to undertake a piece of work looking at the 'Post Master Journey' (the 'Project') and areas of interaction between POL and PMs, to consider the progress made by the organisation towards its aim to 'Put Postmasters at the Heart of the Business'.

This Project involved the consideration of core activities and overall end-to-end processes across POL in relation to PMs - looking at the extent to which there have been improvements made over the last 12-18 months, where there are activities in progress or planned, and where there are existing gaps in PM support that POL should consider addressing and any further work that may be needed to support achievement of this strategic aim.

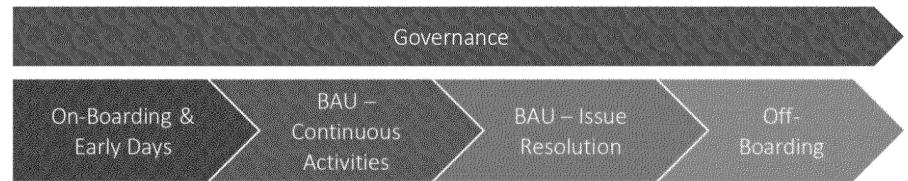
Note: Post Office's Postmasters operate their businesses through a variety of different business structures. Therefore, a reference to a Postmaster or PM in this report could, depending on the circumstances, mean an individual, a limited company or a partnership. In the case of a limited company or partnership, the recommendations in this report will typically apply to the partner/director or employee with main responsibility for running the branch, and, in the case of individuals who do not work in their branch regularly, many of the recommendations in this report apply as much to a branch manager or Officer in Charge operating the branch on their behalf as to the individual who has entered into a contract with Post Office.

SCOPE

This purpose of this Project was to:

- Understand POL's core processes and activities in respect of PMs to identify:
 1. What improvements have been made over the past 12-18 months in terms of POL interactions with PMs
 2. What improvements are planned or in progress to improve POL interactions with PMs
 3. Any existing gaps and further improvement opportunities (referred to as 'findings' throughout this report) POL should address in support of its strategic aim.
- Consider wider thematic areas that could strengthen POL interactions with PMs including (but not limited to) governance and organisational structure, accountability and responsibilities, communications and relationship management and training.
- Develop a risk-based prioritised roadmap showing potential sequencing of improvements to support interactions with PMs. Whilst this did not include an assessment of the costs of implementing these changes, it does focus on the areas that are likely to have the largest potential impact in reducing the risk of PM detriment.

We considered the above by conducting a wide range stakeholder interviews across POL to understand current processes and activities across the organisation from a Governance standpoint, and across the four stages of the PM journey below:



We have also performed a high-level review of documentation to aid process understanding, or to validate stakeholder feedback, where we felt this was required.

1.2 Background, Scope and Approach (continued)

APPROACH

This Project was conducted as follows:

- We mobilised a leadership team and five core teams each consisting of two to three individuals with access to relevant additional subject matter experts. Four of these teams led the analysis of activities within in each of the four stages of the PM journey based on the initial list of activities within each stage as provided by POL. The final team focused on the wider thematic areas that could strengthen POL interactions with PMs including (but not limited to) governance and organisational structure, accountability and responsibilities, communications and relationship management and training.
- Work was broken down into three two-week 'sprints' across the project with key findings reported to POL project leadership at the end of each sprint phase (refer to Appendix C for a list of meetings held with POL leadership, including summary of content presented).
- Each team conducted interviews with stakeholders across POL to understand what improvements have been made to date and what improvements are planned or in progress. We also considered what further improvement opportunities exist for POL.
- Information was obtained by:
 - Interviewing the head of each business unit and relevant team members across POL
 - high-level review of documentation to aid process understanding, or to validate stakeholder feedback, where required.
- Where we identified any gaps or further improvement opportunities, we validated our findings and suggested recommendations with POL responsible and accountable action owners.
- We presented emerging findings and recommendations periodically at weekly Postmaster Experience Roadmap Steering Committee meetings and bi-monthly Postmaster Experience Roadmap Forum meetings (refer to Appendix C for a full schedule of meetings held, including POL attendees and information presented at each).

Our fieldwork was completed based on review of key business documentation and workshops and interviews with stakeholders across the business between 11 January and 2 March 2021 (see Appendix D for a full list of stakeholders consulted). The findings in this report reflect the latest position as of 3 March 2021.

LIMITATIONS

The scope of this Project did not include:

- Direct contact with PMs (however, we did consider the extent to which POL engages with PMs to support the overall strategic aim of putting PMs at the heart of the business and looked at feedback e.g. from the PM Survey on issues that matter most to them, spoke to Area Managers around issues faced by PMs and considered information and wider evidence including on PM complaints).
- Operational effectiveness testing.
- Review of the underlying IT system controls and environment.
- Assessment of improvements in activities and processes made prior to March 2019.
- Assessment of the design or effectiveness of improvements made, or improvements planned or in progress.
- Testing or verification of the timing of improvements made, or of improvements planned or in progress. Information on timings has been obtained through discussion with Management only.
- Cost assessment of any additional activities that could be used to further strengthen POL interactions with PMs. (Given the limited funding available POL may therefore need to prioritise activity contained with the recommendations or in some cases may choose to implement a different approach).
- Detailed consideration of the historical issues covered by the 2019 Horizon Issues and Common Issues Judgements – though as highlighted on the previous slide this work was completed with awareness of activity happening in these areas and any findings and recommendations mentioned here are made in with this wider context.
- Validation of work undertaken by Internal Audit or other third parties.
- Legal analysis or engagement in connection with the process and report.

Furthermore, this Project is one of a number of related activities taking place across POL following the Commons Issues and Horizon Issues Judgements (the 'Judgements'). This includes work around culture and IT system (See figure 1). This Project has been conducted separately and does not:

- Summarise the work performed across the different areas of POL
- Formally assess any follow on or follow up activity in relation to these Judgements.

1.3 Summary of Urgent Priority Findings

The following table summarises the urgent priority findings with a brief description of each of these and an indication of progress in addressing each of these. Further detail on the finding, recommendations and details of the accountable and responsible owners for each of these is included in Sections 5 to 9.

Urgent Priority Improvements			
Reference Number	Finding Name	Finding	Progress
OF1	Appeals and disputes for contract terminations or suspensions	The appeals and disputes process regarding contract terminations or suspension has not been clearly communicated to PMs to ensure they understand the options available to them and that the procedures and timescales are clear.	
BI1	Maintained Error Limits	Where there is a difference in a POL settlement account for a process affecting branches (for example ATM or Lottery) for a specific amount (which varies by product), rather than issuing a transaction correction which would move the difference to a PM's branch account, the amount is instead 'written off' to a POL P&L account leading to potential PM financial detriment.	
BI2	Settle Centrally	Currently the PMs can only 'Settle Centrally' for amounts of > £150 and any amount less than this currently needs to be 'made good' by either cash or cheque by the PM each month. Also, there is no dispute functionality within Horizon in order to allow PMs to easily dispute any amounts that have been 'settled centrally'.	
BI3	ATM transaction disputes	There are a lack of effective procedures in place to manage ATM transaction disputes, raised by customers through Bank of Ireland (BoI), who are the Link member currently managing the POL ATM network. This leads to potential PM detriment.	
BC1	Shortfall Resolution Scheme Exceptions	The historical shortfall resolution scheme does not cover the period between each branch's migration to HGNA in 2017 and 2018 and the common issues judgement in 2019. Should PM detriment have occurred in this period (e.g. arising from contract termination or unpaid suspension), this detriment will not have been investigated or compensated.	
BC2	Postmaster Debt Uncertainty	No investigation has been conducted to identify and resolve any PM debt accrued between the implementation of HGNA and the establishment of new ways of working between HMU and BAU. This leads to a risk that PMs who accrued debt in this period do not have certainty over their historic debt balances and do not understand if, how, or when they will be resolved.	

Progress Summary: The Harvey Balls give an estimate of progress made towards addressing the findings at start March 2021 based on conversations with key stakeholders across the business. These progress updates have not been fully tested or verified and are included here to give a high-level indication of progress only:



1.3 Summary of High Priority Findings

The following table summarises the high priority findings with a brief description of each of these and an indication of progress in addressing each of these. Further detail on the finding, recommendations and details of the accountable and responsible owners for each of these is included in Sections 5 to 9.

High Priority Improvements				
Reference Number	Finding Name	Finding	Progress	
G1	Complex Systems landscape making single view of PM challenging	There are a number of different systems in use for processing and recording interaction with PMs, as set out in the diagram shown in Appendix G. Multiple systems are in use by different teams, and a combination of these systems are required to paint a holistic view of a PM at any one time.		
G2	Values and Behaviours not yet embedded across organisation	The desired cultural shift to putting the PM at the heart of all activities has not been consistently embedded yet across POL. Additionally, 'Post Office Values' have yet to be developed and communicated.		
G3	No overarching PM focussed governance forum	To date, there has been no overarching mechanism in place for review of POL performance in providing services to PMs or a governance forum to help oversee and drive required PM related decisions and actions through to completion		
G4	No detailed plan to implement the high-level Data Strategy	There is no detailed plan for activity behind the high-level data strategy or agreed funding and resourcing to take forward activity around MI, data utilisation and optimisation.		
G5	Insufficient clarity on roles and responsibilities	POL's organisation is complex and there is a lack of clarity between teams on roles and responsibilities, which undermines a cohesive approach across the Postmaster journey. This is being addressed by some of the organisational re-design activity, but will need to be embedded.		
BC3	Use of memo view may mean that PMs are not sighted on all urgent communications	The processes in place to push urgent operational communications (e.g. around notification of scam calls) to branches is based around memo view. At present, messages are not retained on the system, meaning that if PMs miss them initially they may be unaware of security or other business critical risks.		
BC4	Insufficient PM Remuneration MI	PMs are not provided with sufficient information to understand their remuneration from a performance perspective and are unable to readily assess how their remuneration compares with other similar branches or their own trading performance in prior years.		

1.3 Summary of High Priority (continued)

The following table summarises the high priority findings with a brief description of each of these and an indication of progress in addressing each of these. Further detail on the finding, recommendations and details of the accountable and responsible owners for each of these is included in Sections 5 to 9.

High Priority Improvements				
Reference Number	Finding Name	Finding	Progress	
BI4	Accounting disputes process	Accounting disputes processes have not been clearly documented and effectively communicated to relevant POL staff, nor has guidance been produced and shared with PMs to clearly explain the options available to them and what the procedures and timescales for reply and resolution are.		
BC7	Cash discrepancy investigation procedure misalignment	There is no Service Level Agreement (SLA) for investigating cash discrepancies (e.g. a PM having less cash in their tills than their system declares), which can result in such discrepancies, on occasion, not being fully investigated before the CCTV data is removed, which happens after 90 days.		
BI5	Complaints handling processes	Complaints processes have not been clearly documented or effectively communicated to relevant POL staff. Additionally, guidance has not been produced or shared with PMs explaining the options available to them and what the procedures for complaint reply and resolution are.		
BI6	Absence of SLAs for issue resolution processes	SLAs have not been set for issue resolution processes across POL and there is also no effective monitoring in place for either efficiency or quality of POLs response to issues raised.		
OF2	Perception of bias in Investigation process	There is no clear objective party involved (from a PM perspective) during POL's suspension, investigation or termination processes, or in situations where there has been appeal lodged regarding these items.		
BC5	Lack of PM-centric metrics and transparency in tiering system	Historically, branches have been assigned a tier to determine the level of support provided to the PM by their AM, from Tier 1 (high 'priority') to Tier 3 (lower 'priority'). This tiering approach is based on branch customer numbers rather than being based on PM need and has not been transparently communicated to PMs.		
BC6	Design methodology and process	Many existing products have been designed based on cost-based metrics and in isolation, rather than in a manner that prioritises the PM experience. This has led to several PM-operated day-to-day processes being complicated and difficult to administer.		

Key Themes

2.1 Thematic findings

In the course of this work, a number of themes have become apparent in respect of the observations raised. Nine themes span the entire Postmaster journey, where there are a number of significant (particularly urgent and high priority) findings, which we have summarised in this section.

The nine themes are:

Figure 4: Themes illustration



Each theme has been structured to show a summary of the observations made, key progress or activities in progress and suggested recommendations or principles for consideration. The findings in these nine themes are summarised in this section then described in more detail in the Detailed Findings Sections 4 to 9.

2.2 Themes: Governance

Theme	Summary of observations and recommendations
<p>1. Governance</p>  <p><i>How are PM centric risks identified, mitigated and monitored?</i></p>	<p>Context</p> <p>Governance is key to supporting business strategies and objectives, to support alignment and focus on the right areas of activity and to ensure risks are mitigated in areas that are critical to delivering desired outcomes. POL's desired shift to a PM centric business needs clear governance and end-to-end oversight.</p> <p>Current position</p> <p>There is no single overarching end-to-end governance over risks and activities that could be detrimental in their impact on a PM. Our findings have highlighted a number of areas where key aspects have been lacking across POL in respect of focussing attention, resource and activity on PM centric issues.</p> <ul style="list-style-type: none"> • To date, there has been no overarching mechanism in place to review POL's performance in providing services to PMs or a governance forum to help oversee and drive required PM related decisions and actions through to completion. This lack of an end to end PM centric forum and visibility of PM related issues has manifested throughout POL and resulted in a disparate and non-cohesive way of working with PMs and with less focus on the issues that matter most to PMs. In addition, there has been insufficient information made available across POL and to PMs to support driving a more PM centric approach e.g. branch trading MI (Ref G3). • Risks impacting PMs have not previously been well articulated, and further effort is required to make the impact on the PM clearer in risk descriptions. There is also currently no mechanism supporting the shifting of attention onto emerging risks that may require more attention or are operating outside of risk appetite as the risk management framework in place does not allow these to be identified or discussed in an appropriate governance forum (Ref G3). • Management information is key to supporting governance and decision making and multiple observations around the quality and use of it have been highlighted in section 2.4. Improvements are required to ensure the right information is being collated in order to drive appropriate decision making by POL, so that activities and focus can be on those areas where attention is required. The current MI and reporting in place does not provide sufficiently clear insights into how POL is performing against its PM centric objectives, or a clear enough view on branch performance or conformance insights through the KPIs in place. MI has not been optimised to support decision making, and there has been no centralised forum where end-to-end PM related MI has been received and reviewed by management to support these objectives. We note some good recent progress in this area with the introduction of the Voice of the Postmaster forum in February 2021, which will review PM insights and some PM metrics. • As noted further in the Culture section (3.3), POL has not historically had a culture which encouraged transparent feedback or continuous improvement activity. This is a key part of an effective governance framework, to learn and improve processes on a continual basis. (Ref G7). <p>Recommendations</p> <p>Specific recommendations for these areas are set out in Section 5. The Voice of the Postmaster Forum and Improvement Delivery Groups recently created are a step forward in addressing some of the issues, and the Postmaster Director role (once filled) should also add more focus to the governance aspects. We recommend a wider risk-based governance forum (section 5, G2) is developed where focus is on risks and issues that impact PMs and POL's ambitions with respect to working with PMs. Information and data, including intelligence from AMs, should inform areas of focus and where attention is required. Actions should be driven through to completion by this forum, with clear accountability and responsibilities in place. A forum of this nature would be considered good practice for a significant area of business risk.</p>

2.3 Themes: POL Culture and Staff Support

Theme	Summary of observations and recommendations
<p>2. POL Culture and Staff Support</p> <p></p> <p><i>Does the culture support the strategy and are mechanisms in place for colleagues to support PMs?</i></p>	<p>Context</p> <p>Historically, POL has not consistently focused on the organisational culture and how this can support and drive desired strategic objectives. Focus has been on a commercial perspective rather than on ways of working with PMs to focus on their needs and requirements to deliver outcomes. A clear shift is required across the organisation which requires a significant amount of effort. Steps are underway to progress this through the work being undertaken as part of the Culture programme but this will need ongoing focus to ensure a genuine shift in focus towards PMs happens across POL.</p> <p>Current position</p> <p>A number of observations have been made in the course of this Project about the culture of the organisation in regards to ways of working with PMs, communication, and shared values and behaviours. Putting the PM at the heart of the business is not yet embedded throughout POL's culture, processes, and resourcing structures. Examples include:</p> <ul style="list-style-type: none"> Values and Behaviours are not yet articulated across POL (at the time of reporting). Whilst we understand there are plan in place to do this, as yet these have not been clearly articulated or agreed (Ref G2). Cultural initiatives and activities (described at G2) under the Driving Postmaster Centricity workstream have already started prior to these values being articulated. Core policies and processes in operation across the PM lifecycle have not always considered PMs needs or had the view of a PM embedded within them. The POL strategy has previously focused on cost reduction and commercial return. We also noted a lack of cultural and soft skill training provided to key PM facing teams, such as the security team and support teams, which has not adequately equipped teams to support PMs effectively (Ref BC12). In addition job descriptions, recruitment and induction processes don't currently reflect the PM centric approach or focus on how PM services needs to be built into performance objectives (Ref BC9). Consistent feedback mechanisms and continuous improvement have not been in place across the organisation. Many issues have been raised to various external and internal groups over a period of years but no action has been taken or followed through as a result. This has impacted colleague motivation across POL and PMs who do not feel as though their concerns or suggestions have been listened to and taken into consideration. In addition, it is not clear to some colleagues how to make suggestions for improvements and what the appropriate mechanism is to do this. This absence of a continuous improvement culture also impacts the ability of the organisation to assess and respond to valid feedback that may be gained from those in operational roles (Ref G7). <p>Recommendations</p> <p>Plans are in place to start addressing the required shift in culture throughout the organisation, and these activities (Ref G2) will bring POL up to date with what many organisations have been doing for some time, e.g. twinning of senior leadership to day to day operational teams, spending time in different parts of the organisation, articulating clear values etc. These will provide a baseline from which POL should continue to develop and embed the required cultural changes.</p> <p>Overall, the organisation needs to define its core values, behaviours and purpose in a way that can be understood by all, embedded and consistently adopted across POL's ways of working and colleague communications. The new purpose statement and plans underway as part of the culture workstream will drive improvements, but there is a long way to go to truly embed this shift in attitude. Developing detail below the purpose and continuing to communicate expectations across the business will be key. Focus needs to be on where the PMs fit into the organisation, what their critical role is and how POL teams can 'work together' to achieve strategic ambitions.</p>

2.4 Themes: Data and Management Information

Theme	Summary of observations and recommendations
<p>3. Data and Management Information</p>  <p><i>Does POL use data and MI effectively to support the achievement of strategic objectives, and the decisions in relation to better outcomes for PMs?</i></p>	<p>Context</p> <p>Several observations and findings have been made in the course of this work about ways of working with PM and how to use management information (MI) in respect of driving decisions and the right outcomes and behaviours.</p> <p>Current position</p> <p>There are a number of areas where MI has been lacking across POL in respect (1) Overall ownership and strategy; (2) How data is collated and accessed; (3) How the data and MI is used, and by whom; (4) How insights are drawn and presented; and (5) How and where MI is being reported. Currently, a significant amount of organisational redesign is underway. Whilst the design principles and need for PM prioritisation have been considered, detail behind the overarching MI, data utilisation and optimisation strategy has not been developed. The key findings in respect of Data and MI include:</p> <ul style="list-style-type: none"> • POL has a high-level data strategy but there are no detailed plans to support putting this in place or resources or funding allocated to progress this activity. As a result, this limits the ability for POL to make use of best practice in relation to data optimisation and utilisation, such as leveraging data to innovate products and services and using telemetry to enhance and improve the PM and customer experience. (Ref G4) • Numerous systems exist in POL, and there is no single view of a branch and all the interactions that POL has with them. This limits the ability to have a clear view of insights that can be used to enhance the PM experience. For example, it was found that the field teams can view what the central teams' action, whilst the central teams cannot view what the field teams are actioning. (Section 2.6, Ref G4, OF3, POL IA Review: Postmaster Reporting) • At present MI and reporting does not provide complete end to end PM insight or enable forward looking decisions to be made, nor does it show how POL's strategy is performing to ensure that POL is achieving the desired outcomes (Ref G2, BI6). Where metrics exist, there are no early warning indicators or baseline metrics that exist in either the Branch Insight Tool (BIT) or in the MI available to POL management and the AMs, which limits POL's ability to take proactive measures to prevent issues or capitalise on consumer trends. (Ref OF3, G1, BI6, POL IA Review: Postmaster Reporting) • PMs are not provided with sufficient information to understand their remuneration. Whilst remuneration advice slips are provided, PMs are not able to assess how their trading compares to other similar branches or compare their trading results (and remuneration) with prior years. Additionally, whilst remuneration and sales reports are available on Horizon, these are not user friendly, and PMs are often not aware of these reports or how to use them. (Ref BC4) • POL could do more to actively support PMs to improve branch performance. Heavier emphasis is placed on the tier 1 branch network, with tier two and three branches having access to some remote support but less frequent AM contact and input. Further details of this are set out in Findings BC4, BC5, BI6, BI7, and OF3. PMs additionally have limited visibility of their performance data (including TCs) and do not have access to standard, automated information that will improve revenue or sales. POL also does not use the data it has available to prioritise the provision of support to improve branch performance. <p>Recommendations</p> <p>A plan setting out further detail to deliver the data strategy should be developed (Ref G4). This should include the approach, priorities and requirements for funding and resources to take this forward. It is key that PMs are provided with the tools enabling them to monitor and grow their own business using MI. Whilst it is recognised that data analytics is an area where a lot of investment could be made, short term focus should be on optimising existing data to support governance forums in ensuring that the right outcomes are being met. The data strategy should be in line with an overall technology strategy (Section 2.6). Potential longer-term considerations would be costly and take significant investment, such as an overarching data lake, which is supported by a reporting warehouse and MI Insights/Reporting Team or implementing a Self-Service MI Function through existing tools such as Branch Hub.</p>

2.5 Themes: POL and PM Communications

Theme	Summary of observations and recommendations
<p>4. POL & PM Communications</p>  <p><i>How are PMs communicated with, and how are internal communications considered?</i></p>	<p>Context</p> <p>Effective communication between POL and PMs is key to strengthening effective working relationships. Communication methods have been raised multiple times during this project with respect to the need to improve specific day-to-day operational communications with PMs and their effectiveness, clarity and consistency. The recent PM survey further highlighted that 62% of PMs want to see 'better communications in general', with 57% noting the importance of 'simpler communications'. Communication to date has often focused on what POL want to share or think is important, rather than what PMs need or what is important to them.</p> <p>Current position</p> <p>Some important improvements in day-to-day operational communications that have already taken place, with tactics and content rationalisation ensuring PMs have clearer and more accessible messages. Examples of this are at findings BI23 and BC29 and include areas such as updates to letters and call centre scripts to reflect more PM centric wording. At the strategic level, there have been attempts to communicate 'the why', listen to PM feedback, expand the conversation on different channels, and better target messages (G6).</p> <p>There is now a clear effort in ensuring communications to PMs are more useful and tailored to PMs</p> <p>Despite these improvements, this Project identified several key areas where further work is needed, including:</p> <ul style="list-style-type: none"> • Development of an overarching communications framework, including a documented, scoped and planned project to improve the communications between PMs and POL, setting out clearer distinctions and accountabilities between operational and strategic communications. • The proliferation of new ways of communicating to PMs (e.g. new channels such as use of WhatsApp) – perhaps in response to the difficulties of targeting this audience, the current approach risks confusion, incoherent messages, and insufficient POL control on the information going to PMs. Careful consideration should be applied here. • The need for a formal processes to ensure that the contents of this strategy (e.g. key messages or vital PM-centric information) is disseminated to the people and functions (AMs and Contact Centre, for example) that have the most touchpoints with PMs. <p>As well as these overarching themes, there are several specific findings that touch on PM communications e.g., BC20, BC3 and ONS 80.</p> <p>Recommendations</p> <p>Overall, we recommend implementing and coordinating a strategic communications framework for PM engagement to cement the planned activities and formalise the work already being done – this should be resourced appropriately to allow effective delivery. Recommendations are set out in the detailed findings section for the specific day-to-day communications issues noted.</p>

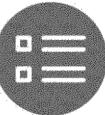
2.6 Themes: Systems and Technology

Theme	Summary of observations and recommendations
<p>5. Systems and Technology</p> <p></p> <p><i>Does the IT infrastructure support a single view of PMs and support them in running their businesses?</i></p>	<p>Context Across POL there is currently no centralised enterprise technology strategy and no vision overall for the target desired technology landscape. There has been historic under-investment in technology (particularly to support PMs) which has resulted in a disparate and disjointed system landscape. The most recent PM survey shows that a desire to 'simplify/improve horizon' is the 2nd highest priority area for PMs, with 71% of them flagging this as an issue.</p> <p>Current Position There are numerous different systems in use for processing and recording interactions with PMs, as set out in the diagram shown in Appendix G. Multiple systems are in use by different teams, and a combination of these systems are required to paint a holistic view of a PM at any one time. This results in a siloed approach to working and the provision of disjointed support to Postmasters, with customer support teams not having visibility of previous issues / or queries raised. The systems in use often do not 'speak' to each other, so there is potential duplication, and effort spent on aligning information or entering data. Systems are very limited in terms of a two-way flow of data (Ref G1).</p> <p>Some systems are old and do not contain the level of functionality required for day-to-day tasks, which leads to slower processing, limited use of systems and teams using workarounds to enable them to access and utilise data e.g., Galaxy. There has been a lack of investment in Supply Chain technology, which has contributed to several issues for PMs and has not enabled them to be able to effectively manage cash and stock, for instance.</p> <p>Recommendations There are specific recommendations for individual findings in the detailed findings sections 4-9. However, there are thematic recommendations for POL to consider which are longer term to optimise the systems and technology landscape.</p> <p>Specifically, there is a need to develop an overarching and enterprise-wide forward technology strategy, setting out a vision for each component of technology estate required to support operating processes and an overall timetable for key changes required to move away from legacy infrastructure.</p> <p>As part of this strategy there should be a clear view, developed in conjunction with the rest of the business, on critical elements including:</p> <ul style="list-style-type: none"> • Clarity on standard operating procedures and processes which should be supported by technology. • Is a single customer view the goal? What is the optimal way to achieve this? • How can POL systems provide a branch with all the details needed to provide the support in one place: such as cash and stock management requirements, transaction data, onboarding processes, and transaction corrections? • What information would be self service for PMs? How does this link to PM requirements/capability/ training? • The extent to which POL continues to rely on 3rd parties vs development internal capability for systems changes and upgrades. <p><i>(Note: wider specific Horizon related IT improvements as a result of the HII are being taken forward as part of the work being undertaken by KPMG. Findings and recommendations here are consistent with that activity but do not seek to replicate the detail of that work).</i></p>

2.7 Cash and Products

Theme	Summary of observations and recommendations
6. Cash and Products  <i>What processes are in place to support PMs in safely managing cash and providing daily product offerings?</i>	<p>Context This theme summarises the high priority findings noted around cash and product management, each of which could lead to PM detriment and collectively comprise a thematic area where significant improvement is required. Overall, 65% of PMs report day-to-day systems, processes and products (including cash management) as priority areas for improvement, as per the PM Consultation Survey 2020/2021. Currently, processes around cash management require heavy manual involvement, which is inefficient and leads to cash handling risks. Furthermore, transaction disputes remain an area of concern, with further clarity required around POL's strategy in this area (particularly in relation to investing in systems and products that reduce the risk of disputes occurring) and additional assurance needed to ensure any historic detriments are managed effectively.</p> <p>Current position There are a number of areas where we have raised observations, including:</p> <ul style="list-style-type: none"> • Cash forecasting remains heavily manual, with an excel spreadsheet used by teams. Additionally, cash counting devices are not consistently used across the network, which leaves PMs vulnerable to cash counting errors. Whilst it may not be financially expedient to provide all PMs with cash counting devices, further consideration is required around the provision of such devices across the network given their importance in mitigating errors. (Ref BC22) • Transaction disputes continue to be an area of concern, with no consistent procedures in place. This risk is particularly high around ATM transaction corrections, with aged machines and reliance on Bank of Ireland's data leaving PMs vulnerable to financial detriment. (Ref BI1) • Key products operated by PMs daily are cumbersome and require heavy manual input, most notably ATM and Lottery products. (Ref BC6) <p>Recommendations Detailed recommendations are set out in Section 4-9 of the report. Overall, POL should consider enhancing its processes for cash forecasting, as well as use of good practice equipment and procedures in order to ensure processes in this area are robust and meet the requirements and challenges of PMs. Aligned with this, POL's 'historical matters' should continue to be the subject of scrutiny, with an assurance review required to ensure PMs are compensated for any historical detriment in a fair and transparent manner. Additionally, key products used by PMs must be intuitive, simple to use, integrated within Horizon (in so far as is possible) and support robust financial controls to support and protect PMs.</p> <p>Central to the challenge of addressing these known product issues (particularly ATMs and Lottery) has been a lack of organisational clarity around who is responsible for addressing product issues, which has been coupled with an under-investment in long-term solutions. ATMs provide a good example, with some PMs not having access to cash counting devices and counting cash in their ATMs manually. The risk of manual cash counting error this results in is amplified by POL providing PMs with insufficient support in managing Bank of Ireland discrepancy claims, which leads to an increased risk of PM detriment.</p> <p>Organisational design review activities intend to make this clearer, by placing end-to-end responsibility for all product customer journeys with the product teams, who will be equipped with the authority and accountability to resolve product issues. The key challenge for management will be supporting product owners (and holding them to account) in working with the business to ensure optimisation from a PM perspective, rather than solely in support of POL cost drivers. Additional challenges are presented by contractual relationships with 3rd parties vis-à-vis products, which will require robust commercial and contract management.</p>

2.8 PM Obligations and Dispute Resolution

Theme	Summary of observations and recommendation
7. PM Obligations and Dispute Resolution  <i>Are the processes and practices in POL ensuring fair and transparent treatment for PMs?</i>	<p>Context This theme summarises several of the urgent and high priority findings identified around PM obligations and dispute resolution, noting that clarity in PM obligations – together with the dispute resolution process – has been a historic area of weakness for POL (as referenced in CJJ).</p> <p>Current position The key findings in relation to this theme are summarised as follows:</p> <ul style="list-style-type: none"> There is a large degree of complexity in the number of PM contracts in place. Following the CJJ this has been reduced, but there are still a large number (c30+) of variants that can be used. PMs and AMs have inconsistent understanding and knowledge of such contracts due to their complexity and varied contractual obligations, which at times results in the non-enforcement of contractual terms. There has also been a reduced desire to enforce such terms following the GLO. This has resulted in a significant downturn in suspensions and terminations, with four suspensions and zero terminations in FY20/21 compared with 70 in FY19/20. An example was given by an AM whereby a PM was unaware that operating a MyHermes alongside a Post Office is a breach of contractual obligation (Ref BI7). The appeals and dispute process regarding contract terminations or suspension is still being developed. Work remains to be done to establish an independent party's involvement in the investigations (and decision-making processes) for both POL and PMs regarding terminations. It was noted that there is a contractual appeals policy in place for legacy contracts, which is documented; however, for Locals and Mains contracts, the right of appeal was taken out. Work is underway to address this gap. (Ref OF1 & OF2) The process for handling complaints and dealing with queries or issues raised by PMs has not been clearly defined, nor have appropriate guidelines been developed and made available to PMs, to help ensure that they are aware of the assistance available to them. Additionally, clear SLAs for issue resolution activities have not been set, to enable monitoring and help to identify and address any emerging areas for improvement. (Ref BI4, BI5 & BI7) Three instances have also been identified where issues have been noted with the accounting reconciliation processes, which are highlighted below: <ul style="list-style-type: none"> Maintained error limits – Where there is a difference in a POL settlement account for a branch affecting process (for example ATM or Lottery) of specific amounts rather than issue a transaction correction which would move the difference to a Postmaster's branch account, the amount is instead 'written off' to a POL P&L account. These differences could result in a write off being a cost or a benefit to the PM. (Ref BI1) Settle centrally - Currently PMs can only 'Settle Centrally' for amounts of > £150 and any amount less than this currently needs to be 'made good' each month by either cash or cheque by the PM (Ref BI2) ATMs - Procedures in place to manage ATM transaction disputes, raised by customers through Bank of Ireland (Bol), who are the Link member currently managing the POL ATM network, are not effective. (Ref BI3) <p>Recommendations Recommendations with regards to specific findings are made in the detailed finding section of the report. In summary, there is a need to create a clear framework for contracts, including a schedule of obligations to the contracts. Additionally, policies and procedures need to be drafted, communicated and trained on in relation to appeals, dispute escalation, and accounting reconciliation processes. Furthermore, in relation to the accounting reconciliation, processes, systems and controls need to be reconsidered in line with the revised practices (Ref BI1, BI2, BI3, OF1, OF2).</p>

2.9 Roles and Responsibilities and Organisational Design

Theme	Summary of observations and recommendations
 <p>8. Roles and Responsibilities and Organisational Design</p> <p>Are POLs organisational structures and teams' roles and responsibilities conducive to supporting the right outcomes for PMs?</p>	<p>Context</p> <p>In order to put the PM at the heart of the business, the organisational structure and the POL teams' roles and responsibilities needs to be reflective of this PM centric goal. This work has highlighted the complexity of the current POL organisation and an overall lack of clarity between teams on roles and responsibilities, which undermines POL's ability to apply a cohesive approach across the PM journey. The organisation redesign work in progress seeks to remediate this, but there will need to be high clarity in order for the changes to be successfully embedded across the organisation and drive tangible improvements. (Ref G5).</p> <p>Current Position</p> <p>Throughout the course of our work, we noted several findings that highlight a lack of clarity over roles and responsibilities, which could have a detrimental impact on PMs. Overall, sentiment has indicated a need to simplify the organisational structure to support POLs future strategic ambitions and goals.</p> <ul style="list-style-type: none"> AMs spoken to over the course of the Project had different views on their core roles and responsibilities. For example, one AM considered themselves to be the conduit between the PM and POL from a perspective of facilitating conversations between the parties, while another stated that helping PMs grow and manage their business effectively was their core responsibility. (Ref B18) To reduce organisational complexity, all PM support teams have recently been brought together under the Retail & Franchise Network Director. However, interviews with support team members indicated that the roles and responsibilities of the teams are still unclear. Agreement of the field and support centre teams roles and responsibilities is required between functional heads. Due to numerous organisation shifts over the recent years, there have been many name changes to the support function roles resulting in confusion amongst both PMs and POL over who is the correct team to contact. For example, the Cash Management team was recently renamed as the Inventory Management team, but due to a poor communication programme PMs were not adequately aware of this change and have thus not been willing to engage with outbound calls from this team. Similarly and the Network Provision Lead 'NPL' has changed names up to five times in the last five years. Whilst their role has had minimal change, but this has led to confusion from other teams. (Ref BC10) As set out in the governance theme, there has been no overarching mechanism or forum in place with the specified role and responsibility for reviewing POL performance in providing services to PMs (See section 2.2). <p>Recommendations</p> <p>Organisational redesign is in progress, and good improvement has been made to date, with the aim of simplifying the organisational structure to support the desire to put at the heart of the business. To date, reorganisation to the GE-1 level has been rolled out, with the second tranche of changes announced on the 3rd March 2021. As an example of the changes made, product owners (ATM, Lottery etc.) will now be responsible for the end-to-end processes for their product, including any historic issues and/or future activities. This clarity in accountability is crucial as it has been a critical issue previously. However, the changes will be challenging to the individuals directly involved, so there is a clear need for the change to be clearly communicated, understood and for consultation to be undertaken on capacity and knowledge issues, particularly in respect to historical matters, to ensure that the issues can be addressed effectively.</p> <p>The organisational redesign process will help to ensure roles and responsibilities are clear as there will be a focus on PMs specifically for those teams who are directly PM serving below GE-1. However, further work is needed in ensuring the roles and responsibilities of the support teams and field teams are clearly documented and communicated to the PMs as well as the wider business; following this, POL should reassess and consider whether the support levels are sufficient to support the desired op model and outcomes (G5). Detailed recommendations can be found within section 5-9.</p>

2.10 Proactive Support to Postmasters

Theme	Summary of observations and recommendations
<p>9. Proactive Support to PMs</p>  <p><i>How does POL provide proactive support to Postmaster in relation to Branch Growth, Postmaster Training and Upskilling, and on-going customer support?</i></p>	<p>Context Part of the move towards putting PMs at the heart of the business should be around POL providing more proactive support to PMs to improve their branch performance - for example, supporting them in increasing sales of certain products, or improving elements of their customer service. With access to information on transactions and sales across a branch network of 11,500 branches, there is a huge potential to use this information to identify suggestions and improvements to support individual branches. This has the potential to have a significant positive impact on both PMs and POL.</p> <p>Current position At present, however, as set out in the detailed findings sections, there are several observations that demonstrate support levels are not consistent, or delivered in a way to maximise impact:</p> <ul style="list-style-type: none"> Despite the improvements in the last 18 months to the on boarding training process, PM training is still primarily focussed on products and common transactions with limited direct PM training around areas such as how to grow or improve business performance only provided to a limited number of branches. (Ref ON5) The Branch Insight Tool (BIT) pulls together all the back-office information on a branch and compiles it for ease of use by AMs. PMs do not have access to this tool and as such must request any information directly from the AM. Due to limited AM capacity, MI is usually only shared when they visit PMs, and therefore since Tier 3 branches are visited much less frequently (every 6 months) when compared to the tier 1 and tier 2 branches, there is less opportunity for them to receive relevant insight data. (Ref BC4, BC5, BI8) To date, there is no self-service function for PMs to access their branch MI, and as a result all MI must be requested directly through the AMs. This limits the ability of a PM to easily make informed decisions to grow their business and thus limits POL's ability to meet strategic objectives. (See Section 2.4) While AM job descriptions include a focus on supporting PMs to grow their business, the approach taken by AMs differs significantly. Of the AMs spoken to, not all were aware of this wider role but were focussed only on query and issue resolution. (Ref BI8) <p>It is also understood that in relation to training there are a number of improvements underway, and consideration of delivery methods is in progress to make training as flexible and innovative as possible (ON27).</p> <p>Recommendations Recommendations with regards to specific findings are made in the detailed finding section of the report. In summary, POL should provide more consistent proactive support to their PMs to support them in building their businesses. This would include better access, utilisation and sharing of insights and MI (See Section 2.4). Additionally, further training for PMs is needed which should be targeted to what would be the most valuable to them based on their input and feedback. Both points in relation to MI and training were incorporated into the hothousing programme which significantly grew branches and it is therefore recommended that the hothousing programme is restarted.</p> <p>Such proactive support in areas as diverse as customer services, managing teams, sales and marketing is typically seen in wider retail/franchise businesses and therefore could be positively leveraged in POL too.</p>

Roadmap

3.1 Prioritised Roadmap

Introduction to the Roadmap

The following pages set out our suggested roadmap for the implementation of the recommended actions identified. The roadmap sets out groups of activities against different topic areas, which focus on questions about the Postmaster Journey from the PM and POL perspective as set out in the table on the right.

The required actions to address the recommendations made in this report have been organised into three 'lanes' to indicate the time period in which we believe the action should be completed. We have 59 findings, with recommendations relating to each divided into the following categories: :

- **ASAP** - To be implemented as soon as possible, with completion by May 2021. Ahead of the submission of evidence for the inquiry¹.
- **Short Term** - To be implemented in the near future, after the ASAP improvements, by August 2021. Before the expected release date of the Inquiry¹ report.
- **Medium Term** - To be implemented over the course of FY21/22, with completion reached before March 2022.

Where recommendations are by their nature more complex and require a longer-term action, we have used an arrow box to indicate that they will remain a work in progress beyond March 2022.

There are several findings that need to be addressed over a longer time scale. These include some of the low priority findings that are not expected to commence until the end of the roadmap activity as well as longer term improvements, such as the move away from the Horizon system and the implementation of a full IT and data strategy, which will continue beyond this period. Relevant 'owners' have been identified for each action, and group of actions, on the following basis:

- **Accountable Owner** – the individual (at GE level for Governance findings and GE-1 level for all others) with responsibility for ensuring that the action is completed.
- **Responsible Owner** – the individual who has functional responsibility for developing the solution and completing the action.

For each action, or set of actions, we have included a single accountable owner to ensure that there is clarity, even when activities may straddle more than one Business area. Having this single accountable owner is key to ensuring that the set of recommendations is addressed fully and to avoid issues 'falling between the cracks.'

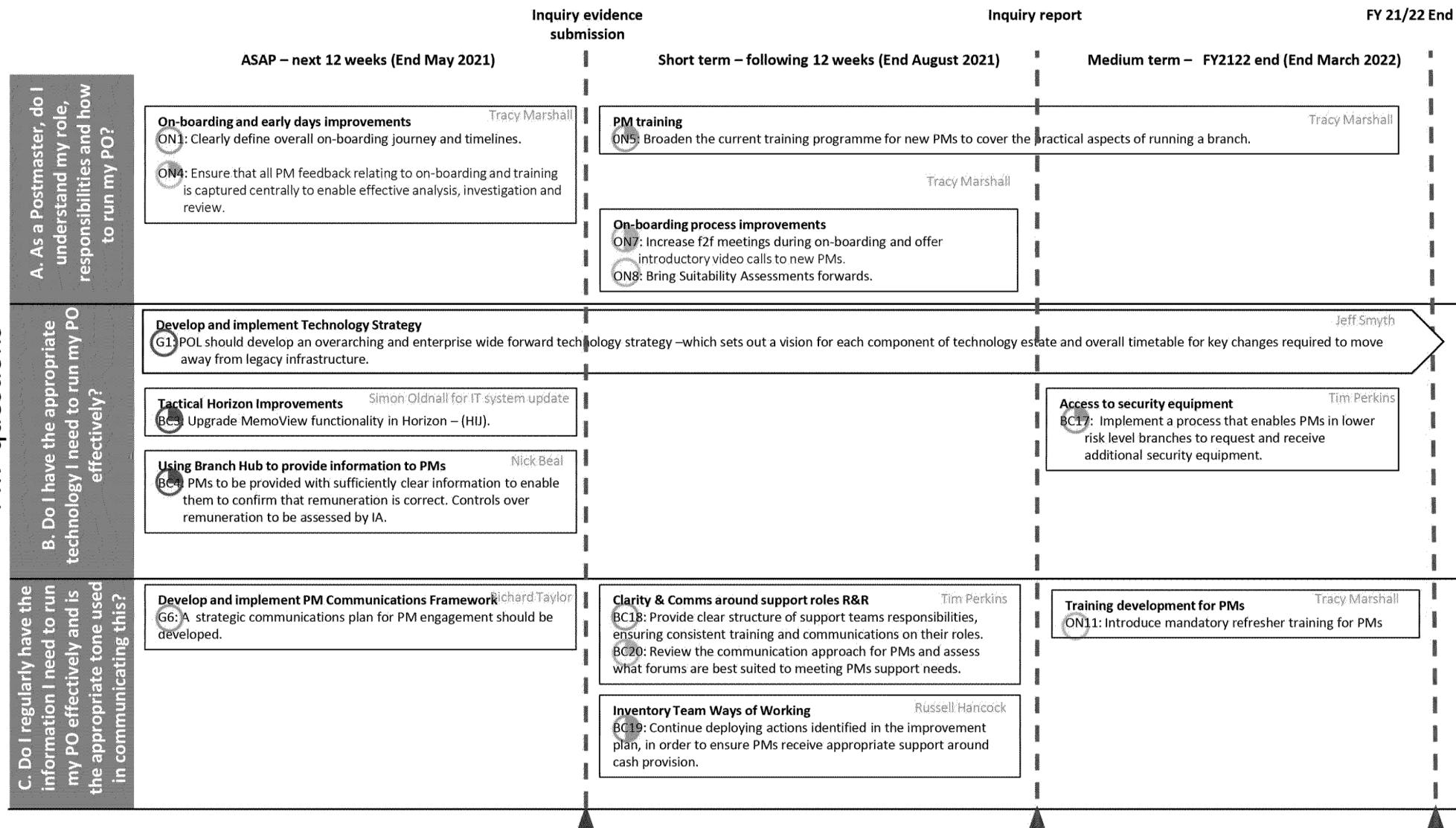
Ref.	PM focussed questions
A.	Do I understand my role, responsibilities and how to run my Post Office (PO)?
B.	Do I have the appropriate technology I need to run my PO effectively?
C.	Do I regularly have the information I need to run my PO effectively and is the appropriate tone used in communicating this?
D.	Do I feel POL supports me to adequately run my PO?
E.	If I have an issue, am I clear who to contact and am I confident it will be resolved?
F.	When I stop being a PM, how do I end my relationship with POL?
Ref.	POL focussed questions
G.	How do we ensure that all of our people put PMs at the heart of our decision making and that they are supported to do this?
H.	How do we ensure that we are delivering satisfactorily for PMs?
I.	At POL, is technology used effectively to support our interactions with PMs?
J.	At POL, are we set up to support PMs in the most effective way?

This roadmap has been developed to prioritise urgent and high-risk areas of activity around PM detriment. **This work did not take into account cost or resourcing implications and POL will need to consider these further in finalising implementation plans.** Meeting the timescales suggested will require investment and focus of the organisation both in the short term e.g., through the shifting of resources to urgent and high priority areas, and over a sustained period to genuinely drive change, particularly given that some elements of this, particularly shifting culture and addressing the technology debt, will take time.

Our Recommended actions - The Roadmap includes recommended actions that have been identified by us as sensible ways to address the issue identified in the relevant finding. We recognise that when assessing the actions, Post Office Limited (POL) may identify an alternative approach to address the issue, to a similar or better level, and is within the spirit of the action identified by us – which is fine and to be expected in some instances.

Guide to the roadmap - the roadmap combines recommendations from multiple findings to address specific themes. Each box groups a cluster of actions that logically sit together and the position of the box indicates the period when the recommended action is expected to be completed. The circles provide an estimate of progress to date and the overall accountable owner for the activity within the box is shown in the top right.

3.1 Prioritised Roadmap (continued)



3.1 Prioritised Roadmap (continued)

PM questions

- D. Do I feel POL supports me to adequately run my PO?
- E. If I have an issue, am I clear who to contact and am I confident it will be resolved?
- F. When I stop being a PM, how do I end my relationship with POL?

ASAP – next 12 weeks (End May 2021)

Inquiry evidence submission

Short term – following 12 weeks (End August 2021)

Frequency of PM Support

BC5: Continue to adjust the tiering system so that it is based on PM support-focused metrics. Consider transparently communicating the system to PMs.

Inquiry report

Medium term – FY2122 end (End March 2022)

Andy Kingham

On-boarding performance metrics

ON4: Ensure there is a process to analyse and investigate PM Feedback survey results, and review existing processes to drive continual improvements to on-boarding and training.

ON5: Update the performance metrics of the on-boarding team to include KPI's around quality, experience or satisfaction measures.

Tracy Marshall

Implement appeals and escalation framework processes

Andy Kingham
O4: Implement appeals policy for local and mains contracts (HIJ).
O5: Introduction objective independent PM & POL rep or panel to review termination and suspension decisions.

Assess detriment for ATM reconciliation

Martin Kearsley
B1: Assess PM detriment from ATM reconciliation issues identified by BOL and ensure that there is no further detriment to PMs.

Improving dispute resolution processes

Tim Perkins
B4: Agree and finalise the disputes resolution procedures and clearly communicate the dispute process to PM's.
B5: Agree and finalise the Complaints Handling policy and procedures.
B6: Develop SLA's for Issue Resolution related activities to ensure effective monitoring can take place.

Cash supply and discrepancies

Russell Hancock
BC1: Implement SLAs around how long Post Office has to identify a cash discrepancy and how long a PM has to query it.
BC2: Adjust the CCTV retention period, aligning to the investigation period.

Develop consistent process for loss reclamations

Tim Perkins
BC15: Agree a set of processes for recovering established losses, as per POL's vision and risk tolerance.

Exit interviews

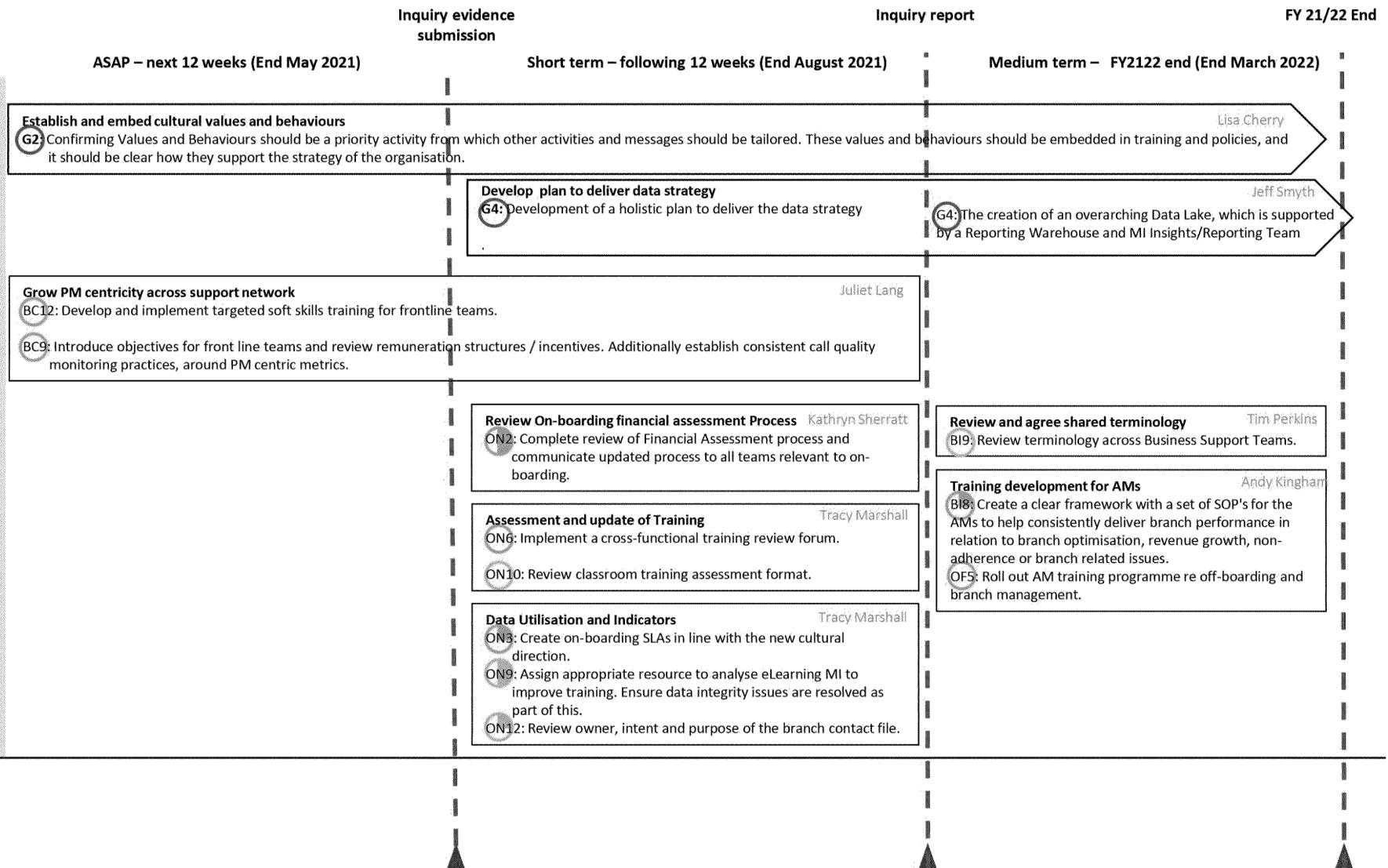
Andy Kingham
OF4: Introduce process to conduct exit interviews with PMs.

Recognising PMs for their service

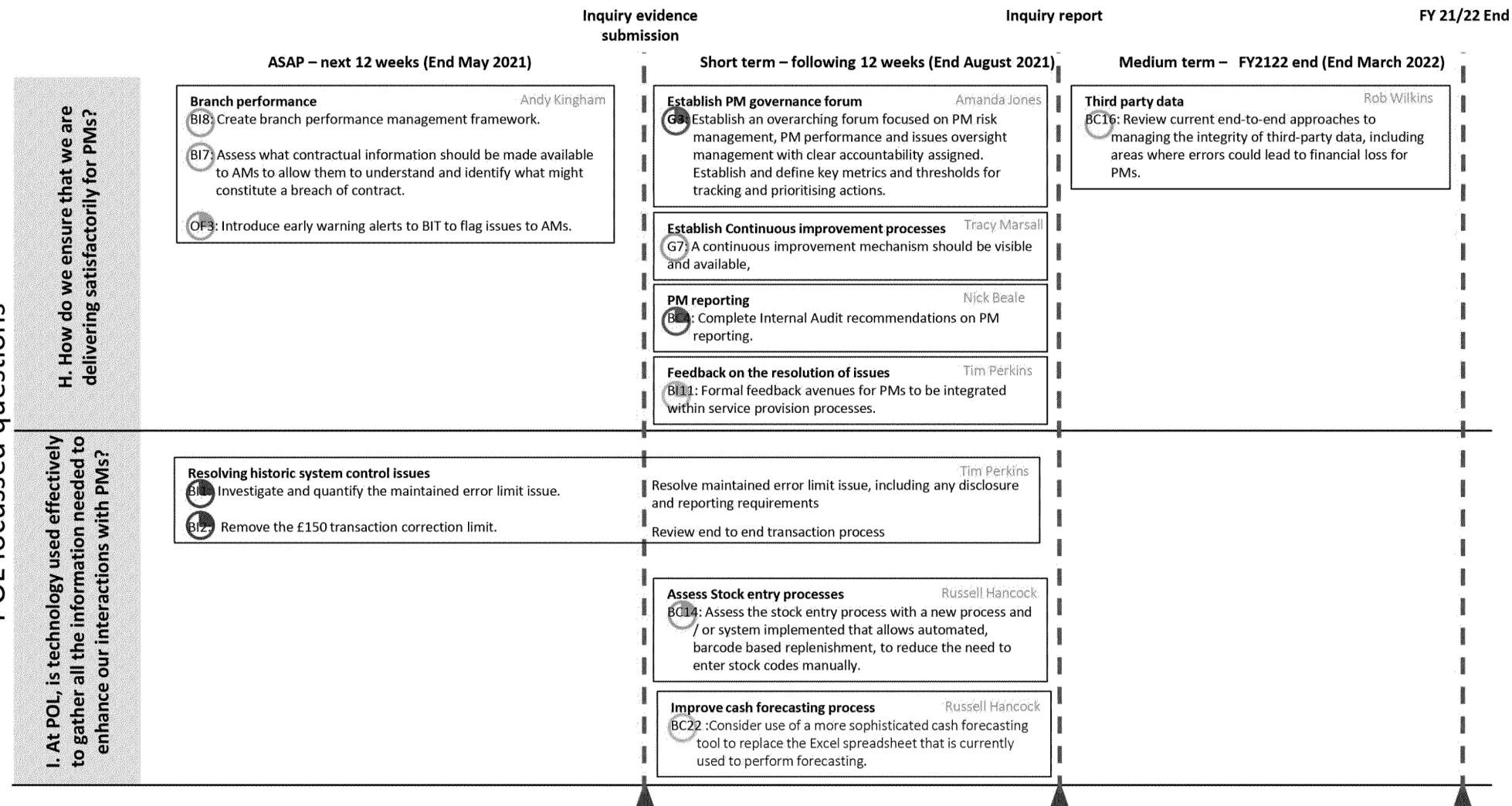
Andy Kingham
OF6: Ensure that there is a process in place to thank all outgoing PMs.

3.1 Prioritised Roadmap (continued)

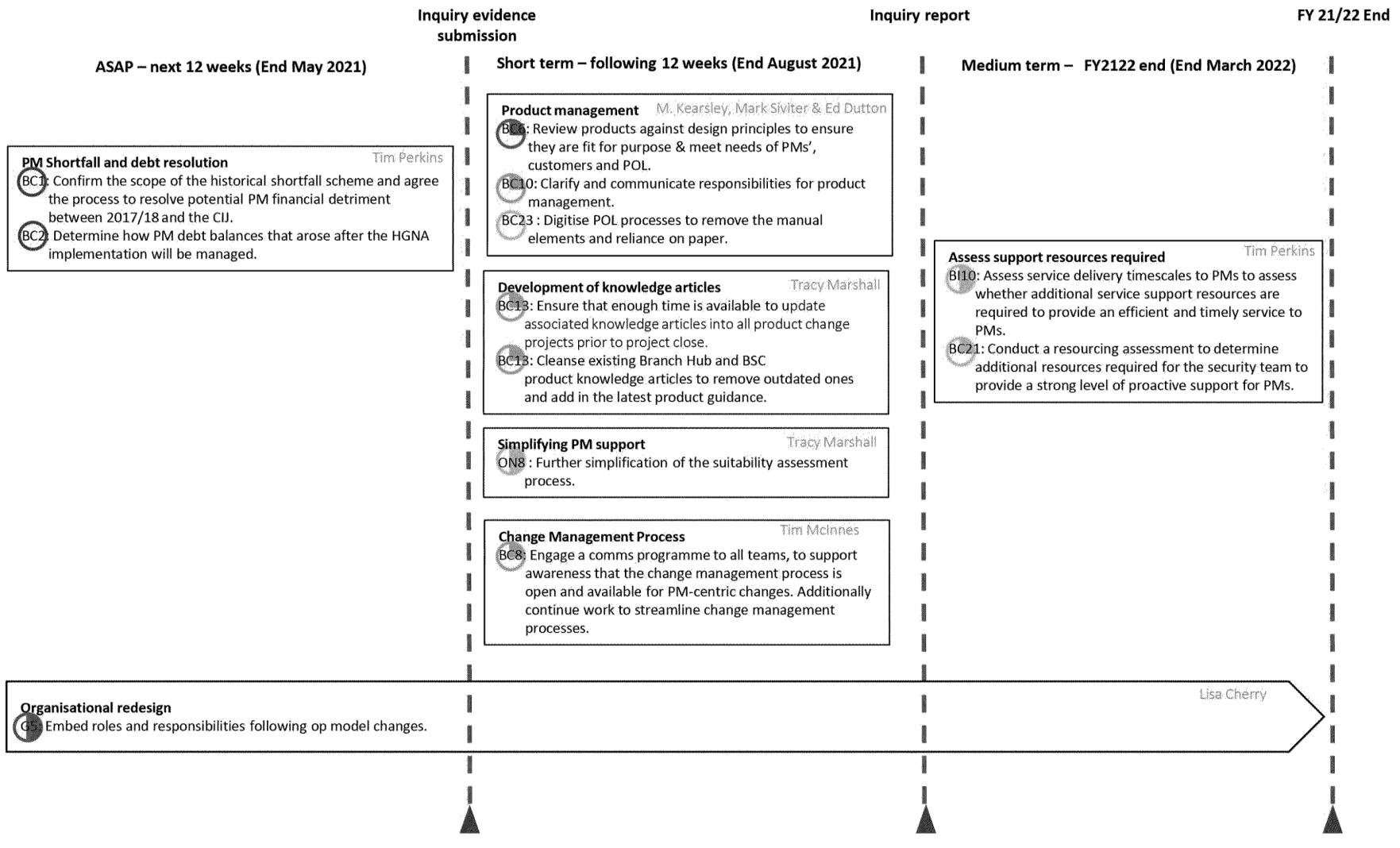
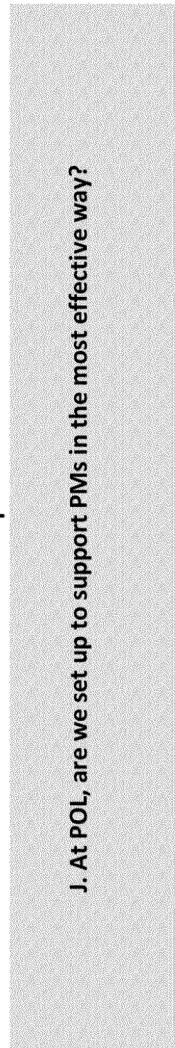
G. How do we ensure that all of our people put PMs at the heart of our decision making and that they are supported to do this?



3.1 Prioritised Roadmap (continued)



3.1 Prioritised Roadmap (continued)



Deloitte.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that may exist or all improvements that might be made. Any recommendations made for improvements should be assessed by you for their full impact before they are implemented.

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Deloitte LLP

London

March 2021

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