

In Strictest Commercial Confidence

Post Office Limited
Minutes of the Network Transformation Programme Board
Room 107 – 21st November 2012

Present:

Kevin Gilliland	Network and Sales Director
Hugh Flemington	Legal - For Susan Crichton
Mark R Davies	Communications Director
Mervyn H Jones	Network & Commercial Director NFSP
Nick Kennett	Financial Services Director
Lesley J Sewell	Chief Information Officer
Neil Ennis	Programme Manager
Tracy Marshall	Deputy Programme Manager
Sue Barton	Strategy Director
Sharon Bull	Finance – For Chris Day
Jeremy Woodrow	Commercial – for Martin Moran
Alasdair Mcgregor	The Berkeley Partnership
Richard Weaver	Internal Communications

Apologies:

Chris M Day	Chief Financial Officer
Susan Crichton	HR & Corporate Services Director
Piers Virik	Strategic PMO Manager
Martin Moran	Commercial Director

To Note:

Board papers are not for wider circulation.
Papers relating to Policies may be circulated once the policy has been defined and agreed, in accordance with the Policy.

1. Programme Progress to date	
(a)	Neil explained to the Board that the delivery of programme targets for this year remained at significant risk however the NTP team and supporting teams remained fully focused on the task in hand. He explained that to date, 370 conversion to new models had already been delivered with 830 still required.
(b)	Neil explained our assumptions around delivery of the remaining 830 activities – 260 delivered through multiple partners, 100 through off site conversions and 470 through independent agents.
(c)	In terms of multiple partners, Neil explained that we were fairly confident on 130 of the required activities, less confident on 100 and unsure on the remaining 30. Conversations at strategic and operational level are on-going with many of our multiple partners with a view to obtaining permissions to proceed as quickly as possible. Martin McColls and One Stop continue to be our focus, with potential to deliver 80-100 and 55-60 conversions respectively.
(d)	Kevin then explained that the Coop have expressed an interest in converting all of their branches to the local or main model however the timing of these conversions will need to fit into Coops branch refurbishment programme. These conversions have not yet been hard wired into our plan however this could deliver up to an extra 60 this year.
(e)	

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	<p>f)</p> <p>g)</p> <p>h)</p>	<p>Neil explained that in terms of offsite conversions, 500 opportunities had now been advertised on our website. Interest in the new models has been very high with only one branch attracting no applicants at all. Around 180 opportunities had attracted only one applicant at this stage and for these branches, we are able to progress quickly, conducting the recruitment process at the same time as public consultation. To date, 80 branches are already moving to consultation.</p> <p>To achieve the number of independent conversions required, we need between 600 – 700 financial assessments submitted with 429 received to date. It was noted that a lot of work had already been undertaken with the Finance team to create greater flexibility and that this approach was supported by Kevin Gilliland and Chris Day.</p> <p>Kevin mentioned that a stretch target of 60 financial assessments received per week was in place and that we have been consistently hitting the minimum required number of 40 assessments per week with 55 received last week. He explained that these were encouraging signs however there was much work still to be done.</p> <p>Moving on to 'beat rate' tracker, Neil explained how key metrics were continuing to be reviewed every morning. He focused attention on two key metrics – financial assessments returned and contract signed and it was noted that work was on-going to improve the rate of returns in both these critical areas.</p>
<p>2. Scorecard</p>		
	<p>(a)</p> <p>b)</p> <p>c)</p> <p>d)</p>	<p>Neil explained that the programme was underspent year to date and was forecast to be underspent for the full year. The board noted that this was due to lower than anticipated staff costs and IT Project costs and a focus on on-site conversions.</p> <p>The positive branch performance statistics were noted by the Board particularly the over 100% cumulative increase in opening hours versus a target of 40%. It was also noted that customer satisfaction continues to be very high at over 90% for both models.</p> <p>The board noted that Operator satisfaction was also high at 75%. Nick enquired as to why the remaining 25% were dissatisfied and Neil explained that this largely due to the removal of fixed remuneration, the loss of some products for local branches and in some occasions, the requirement to offer PO products during the same hours as the retail business.</p> <p>In addition to the positive customer and operator research, Mark highlighted the fact that externally, the programme appeared to be gaining momentum with many positive messages coming through and greater advocacy for the new models,</p>
<p>3. Fujitsu Field Engineering Service Options</p>		
	<p>(a)</p> <p>b)</p> <p>c)</p>	<p>Neil took the Board through the various proposals and asked for feedback</p> <p>Neil clarified that the £350k - £400k was the total additional costs for Fujitsu support on an annual basis.</p> <p>The Board took the decision to proceed with option 4 – to extend the</p>

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<p>Action 051 Neil Ennis</p> <p>Action 052 Neil Ennis</p> <p>Action 053 Neil Ennis</p>	<p>d)</p>	<p>existing support service up to 20.00 hours on Monday to Friday whilst also implementing a Saturday service from 08.00 – 17.00/18.00.</p> <p>Implementation of the above approach was dependent upon confirmation being received that POL could cease or amend these new requirements with Fujitsu with a months' notice.</p> <p>Prior to implementing the service extension confirm that POL can cease or amend its requirements to Fujitsu with one months' notice.</p> <p>To confirm that the £350k - £400k is a fixed annual cost and is not subject to change when the number of main and local branches grows materially.</p> <p>Action Update: Confirmation received that this is a fixed cost</p> <p>Obtain metrics on how many Horizon issues currently occur, on what days (especially out of hours) and how many issues are dealt with without Fujitsu support intervention.</p>
<p>4. POEX Support Centre Opening Hours</p>		
<p>Action 054 Neil Ennis</p>	<p>(a)</p> <p>b)</p> <p>c)</p> <p>d)</p>	<p>Neil took the Board through the various proposals and asked for feedback</p> <p>The proposal to run a 4 week trial at an additional cost of £15k was rejected by the Board on the basis that this would not generate robust data on demand for services as customers would not know that the extended service was available. The Board agreed that 6 months was a more acceptable trial period.</p> <p>Additional data is required before a decision can be made. Jeremy suggested an analysis of IVR and this was supported by the Board. It was agreed that following analysis of demand, an updated proposal would be taken to the Programme Board.</p> <p>Sue Barton challenged whether any additional costs incurred here should be picked up from the Programme budget or from BAU. Lesley clarified the agreed position; that first year costs be picked up by the Programme, with on-going costs picked up as BAU.</p> <p>Explore possibility of analysing IVR in order to determine demand for POEX support services out of hours.</p>

