POL00458015

POL Board Meeting

The Board meeting will take place in 'Alder' and 'Pine' (the linked meeting rooms at 100 Wood Street).

31/10/2023 09:00 AM - 05:00 PM

Agenda Topic — Page

Agenda with Page Numbers 1

Agenda with Attendees and Time Slots 3

1. Welcome and Conflicts of Interest, Inquiry Undertakings
2. Minutes and Matters Arising 5
   - 2.1 Minutes from 26 September 2023 5
   - 2.2 Action Log 34
3. Committee reports (verbal)
4. CEO Report 64
5. Finance 80
   - 5.1 Financial Performance Report 80
   - 5.2 ARA and funding update (verbal)
6. Transforming Technology 89
   - 6.1 SPMP Review 89
7. Rebuilding Trust 106
   - 7.1 RU Update 106
   - 7.2 OC Pecuniary Principles 112
   - 7.3 Application of Conflicts Policy update (verbal)
   - 7.4 PFA Triage – case of Malam 116
   - 7.5 PPR Compensation 122

POL00458015

	7.6	Inquiry Update	127
8.	Procurement		139
	8.1	Procurement Requests	139
	8.2	Procurement Strategic Pipeline	147
9.	Requests with Presentation		153
	9.1	Disclosure of Evidence to Support Police Investigations	153
10.	Noting Items with Presentation		158
	10.1	Health & Safety Report	158
	10.2	Post Office Brand	163
	10.3	Technology Sub-Committee Dashboard	170
	10.4	Retail Dashboard	174
	10.5	Christmas operational readiness	182
11.	Governance Items		188
	11.1	Board Evaluation – update on progress	188
	11.2	Sealings Report	189
	11.3	Future Meeting Dates	191
	11.4	Forward Agenda	193
12.	Any Other Business		

POL00458015

Post Office Limited
Meeting of the Board of Directors
Agenda

Date:	31 October 2023	Time	9:00 – 17:00 hrs	Location	100 Wood Street, London EC2V 7ER

Present		Other Attendees as per Agenda items	
• Henry Staunton (Chairman)	• Nick Read (CEO)	• Rachel Scarrabelotti (Company Secretary)	• John Bartlett (Head of Assurance & Complex Investigations)
• Ben Tidswell (SID)	• Simon Jeffreys (NED)	• Kathryn Sherratt (Interim CFO) (Observer) (for duration)	• Simon Recaldin (Remediation Unit Director)
• Saf Ismail (NED)	• Elliot Jacobs (NED)	• Owen Woodley (Deputy CEO) (Observer) (for duration)	• Diane Wills (Inquiry Director)
• Lorna Gratton (NED)	• Amanda Burton (NED)	• Martin Roberts (Group Chief Retail Director)	• Tim McInnes (Strategy and Transformation Director)
• Brian Gaunt (NED)	• Andrew Darfoor (NED)	• Chris Brocklesby (Chief Transformation Officer)	• Dionne Harvey (Head of IT Procurement)*
Apologies: Al Cameron		• Ben Foat (Group General Counsel)	• Martin Hopcroft (Director of Health & Safety)
		• Asha Patel (FP&A Director)	• Sarah Gray (Group Legal Director)
		• Mel Parks (Central Operations Director)	• Laura Joseph (Customer Experience, Marketing & Digital Director)
		• Richard Taylor (Group Corporate Affairs, Brand and Communications Director)	• Simon Marshall (Head of Brand)
		• Chris Rawlings (Managing Director, Accenture Strategy)*	• Rebecca Greig (Managing Director, Accenture Technology Strategy & Advisory)*

NB: All Board Members and Attendees listed above have Confidentiality Undertakings accepted by the Inquiry in place, save those marked with an *. Should the need to discuss confidential information in respect of the Inquiry arise, individuals without a Confidentiality Undertaking in place will need to be excused for the duration of the discussion.

Agenda Item		Action Requested	Lead	Timings
1.	**Welcome and Conflicts of Interest** **Inquiry Undertakings**	Noting Noting	Chairman	9:00 – 9:05 hrs
2.	**Minutes** 26 September 2023 **Matters Arising**	Approval Noting	Chairman/ CoSec	9:05 – 9:10 hrs
3.	**Committee reports (verbal)** • Remediation Committee • Audit, Risk and Compliance Committee • Remuneration Committee • Nominations Committee • Investment Committee	Noting	Chairman/ Committee Chairs	9:10 – 9:40 hrs
4.	**CEO Report**	Noting & Input	N Read	9:40 – 10:20 hrs
5.	**Finance** • Financial Performance Report • ARA and funding update (verbal)	Noting & Input Noting & Input	K Sherratt / A Patel/	10:20 – 11:00 hrs

POL00458015

Post Office Limited
Meeting of the Board of Directors
Agenda

6.	**Transforming Technology** • SPMP Review	Noting & Input	C Brocklesby/ T McInnes/ R Greig/ C Rawlings	11:00 – 12:00 hrs
7.	**Rebuilding Trust** • RU Update • OC Pecuniary Principles • Application of Conflicts Policy update (verbal) • PFA Triage – case of Malam • PPR Compensation • Inquiry Update	 Noting Approval Noting Approval Approval Noting	S Recaldin/ B Foat D Wills	12:00 – 13:00 hrs
Break				13:00 – 13:15 hrs
8.	**Procurement** • Requests • Strategic Pipeline	 Approval Approval	D Harvey	13:15 – 13:30 hrs
9.	**Requests with Presentation**			
	• Disclosure of Evidence to Support Police Investigations	Approval	B Foat/ S Gray/ J Bartlett	13:30 – 13:50 hrs
10.	**Noting Items with Presentation**			
	• Health & Safety Report	Noting & Discussion	M Hopcroft	13:50 – 14:10 hrs
	• Post Office Brand	Noting & Discussion	R Taylor/ S Marshall	14:10 – 14:30 hrs
	• Technology Sub-Committee Dashboard	Noting	C Brocklesby	14:30 – 14:40 hrs
	• Retail Dashboard	Noting & Discussion	M Roberts/ T Marshall/ M Parks	14:40 – 15:00 hrs
	• Christmas operational readiness	Noting & Discussion	M Parks/ L Joseph	15:00 – 15:30 hrs
11.	**Governance Items**			15:30– 15:450 hrs
	• Board Evaluation – update on progress • Sealings Report • Future Meeting Dates • Forward Agenda	Noting & Discussion Approval Noting Noting	CoSec CoSec CoSec CoSec	
12.	**Any Other Business** • Feedback on papers	 Noting		15:450 – 16:00 hrs
13.	**Date of next scheduled meeting:** 28 November 2023 11:00 – 17:30	Noting	Chairman	

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 26 SEPTEMBER 2023 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 11:00 AM

Present:	Henry Staunton	Chairman **(Chairman)**
	Lorna Gratton	Non-Executive Director **(LG)**
	Saf Ismail	Non-Executive Director **(SI)**
	Elliot Jacobs	Non-Executive Director **(EJ)**
	Ben Tidswell	Senior Independent Director **(BT)**
	Brian Gaunt	Non-Executive Director **(BG)**
	Simon Jeffreys	Non-Executive Director **(SJ)**
	Amanda Burton	Non-Executive Director **(AB)**
	Andrew Darfoor	Non-Executive Director **(AD)**
	Nick Read	Group Chief Executive Officer **(NR)**
In attendance:	Rachel Scarrabelotti	Company Secretary **(RS)**
	Owen Woodley	Deputy CEO (Observer) **(OW)**
	Kathryn Sherratt	Interim CFO (Observer) **(KS)**
	Asha Patel	Financial Planning and Analysis Director **(AP)**
	Tim McInnes	Strategy and Transformation Director **(TM)**
	Tom Lee	Group Financial Controller **(TL)**
	Christian Spelzini	Head of Legal - Corporate, Banking and Financial Services **(CS)**
	Chris Brocklesby	Chief Transformation Officer **(CB)**
	Ben Foat	Group General Counsel **(BF)**
	Diane Wills	Public Inquiry Director **(DW)**
	Gemma Ludgate	Inquiry Operations Director **(GL)**
	Simon Recaldin	Remediation Unit Director **(SR)**
	Liam Carroll	Procurement Director **(LC)**
	Zdravko Mladenov	Group Chief Digital and Information Officer **(ZM)**
Apologies:	Alisdair Cameron	Group Chief Finance Officer **(AC)**

Action

1. Welcome and Conflicts of Interest, Inquiry Undertakings

Welcome and Conflicts of Interest

A quorum being present, the Chairman opened the meeting. The Chairman called for the Directors to disclose any conflicts of interest. The Directors declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

The Board acknowledged the attendance of OW and KS as observers at the meeting. AS observers, the Board was aware that all contributions made by OW and KS to the meeting were observations only, and did not constitute advice, recommendations, directors or instructions. The Board confirmed that it would take due care not to be unduly influenced solely by a contribution made by OW or KS and that it would reach its conclusions based on a balanced and diligent assessment of all the facts available to it.

Inquiry Confidentiality Undertakings

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

The Board noted that TL and LC did not have confidentiality undertakings accepted by the Inquiry in place, and that these individuals would need to be excused from the meeting should the need to discuss information confidential to the Inquiry arise.

2. Minutes and Matters Arising

TABLED and **NOTED** were draft Minutes from the Board Meetings of 5 July 2023, 11 July 2023, 11 July 2023 (Strategy Away Day 1), 12 July 2023 (Strategy Away Day 2) and 17 August 2023. The Board **RESOLVED** that the Minutes of the Meetings held on 5 July 2023, 11 July 2023, 11 July 2023 (Strategy Away Day 1), 12 July 2023 (Strategy Away Day 2) and 17 August 2023 be **APPROVED** as a correct record of the Meetings and be signed by the Chair.

The Board **NOTED** the action log and status of the actions shown.

3. Committee Reports (verbal)

3.1 Remediation Committee

BT advised as follows:

- The Secretary of State had announced the provision of additional funding to the Company to make an up-front offer of £600,000 in full and final settlement to Postmasters who had had their Horizon related convictions overturned. BT outlined the percentage of potential claimants who might accept;
- In relation to Criminal cases there were 5 appeals referred by the CCRC in the Crown Court 2 of which the Board had decided to concede and 3 of which awaited a decision on stance. BT shared his view that there may be more of these cases and that the Board would need to consider compensation;
- Disclosure issues in relation to criminal appeals in Scotland were of concern;
- An appeals case had arisen that was not a Horizon case, however counsel were still advising that [redacted] BT advised that it was unclear whether this was an isolated aberrant case; the case would be brought to the October Board meeting for the Board to determine the approach. In response to SJ's queries BT outlined the PFA Triage exercise that was being undertaken.

Discussion followed in relation to ensuring the Company's policies and processes in relation to Postmasters were fit for purpose, with NR detailing the work undertaken in this respect post the CIJ. KS spoke to the challenge around branch discrepancies and addressing these sensitively, advising of the loss provisioned each month for these. OW advised that M Roberts was currently working through options as to how to commence path clearing activities ahead of SPM rollout including the conduct of branch assurance visits.

There was discussion as to how the Inquiry was progressing. NR noted ongoing disclosure issues, that the Inquiry team remained under intense pressure, and the ongoing attendance at the Inquiry by senior members of the business. **ACTION** SI requested that the Inquiry hearing timetable be circulated to Board members so Board members could similarly attend. **RS**

3.2 Audit, Risk and Compliance Committee

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

SJ advised as follows:

- The papers submitted to ARC indicated a potential deterioration in the first line management of risk. A question had been raised in this regard with management. The Company was outside of risk appetite and tolerance, and it appeared that mitigations were reducing;
- Insurance renewal levels for the Company had been approved. It was encouraging to see Lockton's providing assurance that the proposed levels of cover were appropriate;
- A response was still awaited from HMRC in respect of the IR35 matter;
- In relation to the external audit process, a very tight timetable was being worked to and an additional ARC meeting was likely to be scheduled for the end of October/ beginning of November with the ARA provisionally to be signed 11 December. SJ noted the observance by the Company of the UK Corporate Governance Code requirements and the need for an appropriate level of transparency;
- A recommendation to the Board had been agreed that PwC be e-appointed as the Company's external auditors FY23/24.

A discussion followed, initiated by the Chairman, in relation to the potential deterioration of the first line in relation to risk management, whether controls were sufficiently robust and whether adequate managerial capabilities were in place. OW advised that he was newly appointed as acting Chair of the RCC and agreed that improved risk reporting was required in respect of detailing significant risks and that there was confusion in the business as to the roles of the first, second and third lines of defence. OW noted the prevailing culture and the impact of this on employees' approach to risk. At the Chairman's request, OW agreed to attend ARC as an observer going forward.

There was discussion in respect of the timing for payments under the FY22/23 STIP scheme with AB and OW noting the impacts and sentiments on employees of the delay. Given the external audit process had not been concluded, however, no payments would be made at this time.

3.3 Remuneration Committee

AB advised as follows:

- The Remuneration Committee meeting from earlier in the day had focused on governance matters including progress against the Simmons & Simmons recommendations and the recommendations contained in the A Burton report. The Remuneration Committee's Terms of Reference had been revised to take into account recommendations in the reports, and these would be returned to the Board for consideration. A remuneration authorities table had been prepared, which would be published to Diligent to assist Remuneration Committee members and management;
- Correspondence had been prepared for issue to the Shareholder seeking approval in relation to outstanding schemes and matters; and
- The metrics for the LTIP 23/26 had been considered and the shareholder was due to be consulted on shareholder value, so elements could be reflected in the LTIP 23/26.

3.4 Nominations Committee

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

The Chairman advised that the Committee had met earlier in the day and the principal item of business had been considering the recruitment process and timings for the incoming Postmaster Non-Executive Directors. The Chairman noted the importance of maintaining a level of continuity on the Board given the number of new Directors who had recently joined, however advised that this needed to be balanced against the expectations of Postmasters. The Chairman advised that the Nominations Committee had taken a decision that one Postmaster Non-Executive Director would step down from the Board in June 2024 and that the other Postmaster Non-Executive Director, subject to Shareholder approval, would step down in June 2025. The process in relation to the recruitment of the Postmaster Non-Executive Directors needed to be returned to the Nominations Committee for consideration. EJ queried the criteria for which Postmaster Non-Executive Director would stay on; the Chairman replied that this was being examined. AB noted the knowledge the Postmaster Non-Executive Directors had built up and queried opportunities for the Postmaster Non-Executive Director who stepped down from the Board in June 2024 to continue to contribute. The Chairman advised that K McEwan had raised the provision of mentoring.

4. CEO Report

TABLED and **NOTED** was the CEO report. Key discussion points were as follows:

- NR spoke of the need to establish operational stability given the difficulties over the summer;
- NR advised that trading remained solid and that he was hopeful of strong Christmas trading, especially in light of the level of operational preparedness. Consumer confidence had improved; the relationship that customers had with their local Post Offices as opposed to the Company continued to endure;
- NR noted the increase in employee sickness and absence and advised that stress related absence was an issue;
- NR spoke to the number of employees who could be required to give evidence in some form to the Inquiry and detailed the work being undertaken in relation to Project Phoenix;
- NR advised that commercially it was a very significant time for the business with the fulfilment of the mails strategy being worked through, the establishment of a number of banking hubs and shortly entering into negotiations in respect of Banking Framework Agreement 4. **ACTION** NR noted that Monzo had recently joined the current Banking Framework. EJ saw this as very positive and queried when Monzo would go live in branch. OW undertook to find out; **OW**
- NR spoke to changes to the Group Executive and the appointment of the Chief of Staff who was looking at the Company's operating model, governance fora and RACI.

ACTION AB noted the impact of the Inquiry on employees and queried whether other organisations who had been through statutory inquiries could be contacted to share their learnings of the support they had provided to their employees. NR took the point however advised that most statutory inquiries were not in operational businesses, however NR would look to this approach and any learnings that could be extracted. **NR**

ACTION In relation to the operation of banking hubs, SI referenced the current process of approaching Postmasters local to the intended banking hub first to establish if they were interested in running the banking hub. SI queried, if the local Postmasters were not interested, what was the approach after that on offering the opportunity to other Postmasters. NR advised he would ask M Roberts to respond on this point. **M Roberts**

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

SI shared his experience of receiving correspondence that a Drop and Collect was opening 0.5 miles away from one of his branches and advised that he had not received a courtesy call ahead of this. SI shared his view that the process did not feel collaborative. NR took SI's point in relation to Postmaster engagement.

SI queried whether an approach had been settled in relation to the counterfeit Scottish notes. NR advised that he was due to meet with RBS shortly however in the meantime the only kit we had for this was located at the cash centres. **ACTION** EJ queried how a Postmaster would know that they had accepted a counterfeit note. KS advised that she would pass this query to M Roberts. **M Roberts**

ACTION SI noted the RMG failed collections from Christmas 2 years ago and queried contingency planning for this ahead of Christmas trading. NR advised his expectation that this would be part of the Christmas operational planning and that he would take this up with M Roberts. **M Roberts**

EJ queried whether analysis had been completed in respect of the impact of the Drop and Collect rollout on local branches. EJ referenced the Evri rollout and whilst he was very supportive, was concerned about potential volumes ahead of Christmas. OW advised that approximately 300 – 350 branches had been identified as potentially becoming inundated; if this occurred services could be switched off. EJ replied that he would like to look at this the other way and how the demand could be fulfilled. That's said, EJ shared his concern that Evri were not completing on their SLA currently.

ACTION EJ noted that the ATM rollout was behind budget as it was behind schedule. EJ queried whether the rollout was likely to exceed budget. NR advised that he would check on this. **O Woodley**

ACTION In relation to PUDO, SI advised that it remained difficult to differentiate between acceptance and collection and stickers could assist with this. **O Woodley**

SJ noted that there was a lot of positive news in relation to the Company however queried what more could be done to get this into the public domain. SJ further queried whether the right support was in place. NR replied that it was difficult as the press wished predominately to speak to us about the Inquiry, compensation and remediation. Our trade press was quite good however and NR was not uncomfortable about the level of support provided. BT queried whether internally and externally we needed to remind people of the positive work that was undertaken, for example, in relation to restorative justice and that this was a different Post Office, particularly as against the prosecutions phase of the Inquiry. NR agreed and advised that he had spoken to R Taylor about this.

AD noted the recent graduates who had joined and queried what steps were being taken to develop diverse talent so as to ensure a diverse talent pipeline was established. NR advised that OW would speak to this.

SI asked about ongoing work to identify individuals who remained in the business who had worked previously on matters that were now under remediation. NR spoke to this; if any allegations of misconduct were made then investigations would be undertaken. OW advised that a panel had been convened of OW and K McEwan to look at these cases.

5. Finance

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

5.1 Financial Performance Report

TABLED and **NOTED** was the P5 Financial Performance Overview.

TM and AP joined the meeting at 12:46. Key discussion points were as follows:

- AP outlined P5 financial results including the level of Postmaster remuneration and spoke through reasons influencing performance;
- AD noted the strong performance year to date however queried what was driving higher costs which could potentially erode trading profit. AP replied that many of the cost challenges were timing differences and expected in the second half of the year; there was a risk that some of these would not be achieved so the budget may not be met. Currently the Company was within the annual budget, however. KS outlined the establishment of a new Group Executive Sub-Committee, the Opex Committee that would assist management to sight proposed cost increases that were not in the budget;
- Following a query from EJ, the reasons for performance in relation to Western Union were discussed as well as the anticipated trajectory for Travel;
- LG noted the change in forecast for the potential security headroom breach and queried what had driven the change in forecast. AP replied, referencing reduced spending on SPM. Discussion followed as to the need for a security headroom waiver still to be in place for December;
- The Board provided positive feedback on the revised form of reporting.

AP left the meeting at 13:09.

5.2 Funding and Going Concern Update

TABLED and **NOTED** were the following papers:

(i) 'DBT Funding Update'; and
(ii) 'Linklaters Advice'.

Key discussion points were as follows:

- TM outlined the process and progress of the funding submission, noting the split in the funding request for interim funding for SPM and the Inquiry, the briefing sessions held with the Shareholder, and the due diligence undertaken with Interpath. AD queried the quantum of the increase in Inquiry and Remediation Unit spend. TM replied. A second funding application in relation to SPM was anticipated for early 2024 following the outcome of the Accenture review. **ACTION** Discussion followed in relation to providing the Shareholder with a demonstration of R2. TM advised that he would take this point away; **TM**
- BT queried whether the accounts could be approved on a going concern basis when only part of the funding required would be receipted for SPM. KS replied that the interim funding request would cover costs up until March 2024 and that a high-quality letter of support would be required from the Shareholder. BT queried further that the going concern period was up until the end of March 2025 however and not all the current funding requests for SPM went up to this period. TM replied, advising that the interim funding request would cover SPM costs until March 2024 with contingency for up until June 2024 as well as costs to meet contractual obligations. KS advised that all of these factors would be captured in the disclosures;

POL00458015

- Following discussion, the Board reached the conclusion the Company was not wrongfully trading.

5.3 Increase in Working Capital Facility Usage

TABLED and **NOTED** was a paper, 'Working Capital Facility Increase for peak trading period FY23/24'.

KS spoke to the paper. BT queried whether the length of period for the temporary increase was longer than previously sought. KS advised that it was the same period as applied for previously. LG questioned the potential wider utilisation purposes of the Working Capital Facility. TM advised that the potential wider utilisation was more about alignment with the security headroom waiver, as opposed to use of the buffer.

The Board **RESOLVED** to **APPROVE** temporary increases in the utilisation level of the £950m DBT Working Capital Facility from £750m to £850m for the period 1 November 2022 through to 31 March 2024.

6. Transforming Technology

6.1 SPMP Review - Update and Observations (Verbal)

CB joined the meeting at 13:50. Key discussion points were as follows:

- CB noted the progress that had been made on SPMP from a technological perspective and advised that RTP had been combined with NBIT and together they were now SPMP. SPMP was being run as a business change programme not just an IT programme; this gave CB some comfort that the programme would deliver for Postmasters;
- CB noted the approach taken to NBIT was based on modern methodologies as opposed to the approach taken historically of outsourcing; this represented a significant change in approach;
- Employees and contractors on the programme had been through some difficult times in the past weeks with different team members leaving given revised resourcing plans. More Company employees on the programme were required and it was imperative to make sure that the team were motivated and understood what needed to be achieved and how. Given previous issues the culture was very risk adverse; it was very difficult however to run a programme of the size of SPMP if every decision was pushed up. Skills gaps and the ability to attract new employees onto the SPMP was considered;
- The progress and possible outcome of the Accenture review was discussed;
- BT queried CB's assessment as to the suitability of the build to match business requirements and noted the concern that had been raised that aspects of the current system were becoming replicated on the new, and it was not always clear why. CB noted the significant amount of time that had been spent with Postmasters to check the requirements prior to and during build, shared his view that the overall scope was clear, and advised that opportunities to improve the efficiency of the flow of transactions were being taken when identified;
- CB advised that a new SPMP sub-committee of the Group Executive had been formed, chaired by OW, meeting fortnightly. Programme fora beneath this was being reviewed to ensure coherent governance;
- CB noted a communications plan was being reviewed in relation to SPMP and emphasised the importance of engendering an open sense of communication.

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

6.2 SPMP Funding Request

TABLED and **NOTED** were the following papers:

(i) 'Strategic Platform Modernisation Programme (SPMP) Funding Request'; and
(ii) 'Appendix 1 - Shareholder and Board Briefing Summary'.

Key discussion points were as follows:

- TM spoke to the paper advising that the funding request was reflective of the reduction in SPMP spend, with costs to be reduced across all areas, however still achieving the milestone of R2 in 5 branches by March 2024, which would set up a trajectory to extend R2 into 50 locations by the end of 2025;
- EJ queried the number of counters referenced in the paper, which was less than the current level. TM replied that even if the number of branches did not change, the under-utilised counters would be removed;
- Attracting talent onto the SPMP was discussed; CB shared his view that the right talent existed within the market, and we had partners so it could be a multi-pronged approach;
- LG queried whether there were any elements of spend between now and March 2024 that could wait. CB replied, outlining the support required for the 2 – 5 branches where R2 would be live and retention costs to retain knowledge. TM advised that there would also be training costs for the Postmasters and their staff in branch in respect of R2;
- AB queried the proposal to pause on the development of Drop and Collect. TM advised that the scope of SPMP had been refocused however there was still some proposed work to invest in Drop and Collect. AB queried the impact on revenue if further investment in Drop and Collect was not progressed at this time. TM replied that forecast income was predicated on the current Drop and Collect proposition. SI queried what an enhanced Drop and Collect would compose. TM replied that this would contain an enhanced mail proposition;
- EJ referenced contractual commitments for hardware and noted that some hardware had already been delivered. CB advised that the team were undertaking analysis to establish if any of the kit could be used now. EJ queried whether three was a risk that the kit may not be fresh and up to date when SPMP was deployed. CB replied that there was a risk, however we could resell if we needed to;
- AD queried the status of the service contracts with Fujitsu. CB advised that it was intended to come to the October Board seeking approval for both contracts to be extended out until March 2025.

The Board **RESOLVED** that:

(i) Funding in the amount of £26.6m for the continuation of SPMP for the period from 27 September 2023 up until 31 March 2024 be and is hereby **APPROVED**; and
(ii) Authority be delegated to the Group Executive, who in turn delegated to the Investment and Approvals Delivery Group, to authorise the drawdown of the funds mentioned in (i) be and is hereby **APPROVED**.

TM and CB left the meeting at 14:37.

7. Ethos Programme

TABLED and **NOTED** was a paper, 'Ethos Programme'.

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

Key discussion points were as follows:

- OW spoke to the paper noting:
  - the criticisms made in the CIJ in relation to the culture of the Company;
  - how with the Inquiry there was a level of paralysis in relation to decision making;
  - there were concerns that under performance was not addressed and conversely that we were not able to provide reward in order to hold onto our best people;
  - issues around whether we had become short termist;
  - the use of consultants and contractors and whether we had become too reliant on third party assistance;
  - a significant amount of progress had been achieved since the CIJ and HIJ however perhaps not cohesively, and with too much of a view to the Inquiry; rather than the Inquiry being a beneficiary;
  - culture had been owned by the People team not the executive and the executive needed to own culture. 5 work streams were being set up, one of which was focused on the executive. One of the other work streams was on governance and ethical decision making;
- BT expressed support for the programme however queried whether OW was adequately resourced. OW replied, advising that there were no plans to build a large team for the programme and noted the role of T Perkins. BT suggested that firm like KPMG could provide a secondee perhaps if one was needed, or there were small boutique firms that could provide support;
- OW noted that the programme may identify employees who did not meet the benchmarks and the Board needed to be ready for this;
- AD shared his perspective that it was very difficult to have a scorecard in place to measure organisational culture and queried what would need to be seen in order to demonstrate change. OW advised that this was an area where third party assistance may be required;
- LG queried how support would be provided to employees to make behavioural changes. OW advised that external support was being considered for this and the running of leadership programmes to embed cultural changes.

8. Rebuilding Trust

8.1 Inquiry Update

SR, GL and DW joined the meeting at 14:54. u

TABLED and **NOTED** were the following papers:

(i) 'Post Office Horizon IT Inquiry: Update'; and
(ii) 'Post Office Horizon IT Inquiry – Appendices'.

Key discussion points were as follows:

- DW outlined the current position in relation to disclosure and the status of the response to the current disclosure request, where a further extension may need to be applied for. DW spoke to the risks at play. A further hearing in January 2025 on disclosure was anticipated. DW outlined the materials emanating from the back-up tapes and advised that the team had notified the Inquiry. At the opening of the Inquiry hearings earlier in the day Sir Wyn had considered adjourning for 3 months and sharing all the Company's correspondence on disclosure with core participants. Sir Wyn had decided not to, however. There were circa 5 million

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

documents to be reviewed. SJ queried whether were we making full use of technology. DW replied that we were [redacted]

- BT queried how the Inquiry was processing all the disclosed documents. DW advised that she was not clear on this however spoke to a possible adjournment of the commencement of Phase 5 of the Inquiry;
- LG queried whether the back-up tapes could have been reviewed earlier if additional investment had been made. DW replied that she did not think so as the material was vast; the team had kept the Inquiry informed throughout the process;
- DW referenced the next Agenda item and advised that funding was sought for disclosure remediation costs. The current focus was to keep all disclosure providers working however no invoices were being approved for payment without DW and GL signing off;
- SJ queried the level of resource within the team. DW replied that it was a very difficult working environment however there were some good people who had joined the Inquiry team;
- [redacted]

BF joined the meeting at 15:10.

8.2 Inquiry Funding Request

TABLED and **NOTED** were the following papers:

(i) 'Post Office Horizon IT (POHIT) Inquiry Funding Paper'; and
(ii) 'Inquiry Financial Spend – Supporting Pack'.

GL spoke to the paper. Discussion followed in relation to the risks and assumptions, and the main cost drivers. AB queried whether the Company's ownership structure was in part influencing the approach of the Inquiry; if the Company were privately owned it would not be able to sustain these costs. AB further queried the reasonableness of requests. DW advised that it was apparent that counsel to the Inquiry had a mean understanding of how major disclosure exercises operated. BSFf were [redacted] NR queried whether there was there an opportunity for the Shareholder as sponsor to raise this. BT suggested that the Inquiry be advised as to the costs so far of participating in the Inquiry and agreed with comments of other Board members that there was no optionality in the funding request; the most important thing was that we fully participated in order for the Inquiry to be proceeded with and concluded.

The Board **RESOLVED** that:

(i) Additional funding in the amount of £30m taking FY23/24 costs to £74.2m for the continuation of the Inquiry programme for the activities set out in the paper for the period from 1 October 2023 up until 31 March 2024 be and is hereby **APPROVED**; and
(ii) Authority be delegated to the Group Executive, who in turn delegated to the Historical Matters Funding Meeting, to authorise the drawdown of the funds mentioned in (i) be and is hereby **APPROVED**.

8.3 RU Update

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

TABLED and **NOTED** were the following papers:

(i) 'Remediation Unit Programme Update'; and
(ii) 'RU Finance Update'.

Key discussion points were as follows:

- SR spoke to the Secretary of State's announcement in relation to the up-front offer of £600,000 in full and final settlement to Postmasters who had had their Horizon related convictions overturned and the operationalising of this. SR advised of issues that were emerging in relation to the offer, including challenges from claimants' lawyers as to the lack of consultation and alleged breach of privacy. SJ queried the distribution of potential overturned conviction claims. SR advised that 50% of claimants may be within the £600,000 settlement vicinity. LG outlined the potential reduction in the amount of the offer over time to account for anticipated legal costs;
- SR advised that there were 4 offers remaining to be made on HSS and 2 were due to be issued by the end of the week, with the remaining 2 offers to be issued in October. Discussions had gone quiet with the Shareholder as to whether a HSS appeals process would be established; SR advised that the Advisory Board would likely prompt on this, as well as SR.

8.4 RU Scope and funding request

TABLED and **NOTED** was a paper, 'Remediation Unit Scope and Funding Request'.

Following discussion, the Board **RESOLVED**:

(i) Additional funding in the amount of £4.5m taking FY23/24 costs to £38m for the continuation of the Remediation Unit for the activities set out in the paper for the period from 1 October 2023 up until 31 March 2024 be and is hereby **APPROVED;**
(ii) Authority be delegated to the Group Executive, who in turn delegated to the Historical Matters Funding Meeting, to authorise the drawdown of the funds mentioned in (i) be and is hereby **APPROVED**;
(iii) To **NOTE** additional funding of £6.8m is forecast for FY24/25 as a result of an increase in scope and extension of costs across several Remediation Unit projects.

8.5 GLO Disclosure Contract

TABLED and **NOTED** was a paper, 'GLO Disclosure Contract'.

SR spoke to the paper, outlining the form of contract. **ACTION** KS requested that L Carroll be sighted on the contract. **SR**

DW and BF left the meeting at 15:39.

9. Procurement Requests

LC joined the meeting at 15:40 with D Harvey.

TABLED and **NOTED** were the following papers:

(i) 'Procurement Report';
(ii) 'Legal Risk Note – HSF Legal Services';

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

(iii) 'Legal Risk Note – PwC Extension'; and
(iv) 'Legal Risk Note – CODE RAPP Contract'.

HSF
LC spoke to the paper, outlining the engagement history, and advising that the legal market was not overly litigious, so it was thought that the possibility of challenge was low. AD queried implications if the proposal was not approved. GL replied.

The Board **RESOLVED**:
(i) The continuation in respect of a contract with HSF for a further period of 2 years from 27 September 2023 for the provision of legal services in respect of the Remediation Unit for the activities as set out in the paper up to a maximum total contract value of £12m be and is hereby **APPROVED**;
(ii) The continuation in respect of a contract with HSF for a further period of 2 years from 27 September 2023 for the provision of legal services in respect of the Inquiry for the activities as set out in the paper up to a maximum total contract value of £27m be and is hereby **APPROVED**; and
(iii) Any authorised signatory of the Company be authorised to sign the resulting contracts and any ancillary documents in relation to (i) and (ii) above.

GL and SR left the meeting at 15:45.

PwC
LC spoke to the paper noting the decision ARC had taken to recommend to the Board the re-appointment of PwC as the Company's external auditors FY23/24.

The Board **RESOLVED**:
(i) The reappointment of PwC as the Company's external auditors for FY23/24 with a maximum cost of £1.125m be and is hereby **APPROVED**; and
(ii) The existing contract in place between the Company and PwC be otherwise modified on the basis as set out in the paper; and
(iii) Any authorised signatory of the Company be authorised to sign the resulting contracts and any ancillary documents in relation to (i) and (ii) above.

CODE
LC spoke to the paper advising that the proposed cost increase was not committed, however would place head room into the contract should it be required.

The Board **RESOLVED**:
(i) An increase in the CODE contract value of £1.8m over the contract term taking the maximum contract value from £4.86m to £6.66m be and is hereby **APPROVED**; and
(ii) Any authorised signatory of the Company be authorised to sign the resulting contract variation and any ancillary documents in relation to (i) above.

ID Services
LC spoke to the paper. The Board **RESOLVED** that the sourcing strategy for the procurement of an identity services supplier on the basis set out in the paper be and is hereby **APPROVED**.

LC left the meeting at 15:48.

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

10. Requests with Presentation

10.1 Copper Stop Sell

TABLED and **NOTED** were the following papers:
(i) 'Copper Stop Sell'; and
(ii) 'Copper to Fibre Presentation'.

ZM joined the meeting at 15:50. Key discussion points were as follows:

- ZM reminded the Board of the content of the paper that came on this issue in July, seeking additional funding to account for increased cabling costs. The request for additional funding had been revised down to £3.8m and the cost of telephones was now proposed to be at the Company's expense;
- AD queried whether there were likely to be issues with taking access. ZM advised that the contractors were only paid when the work was completed;
- LG queried the timing for the programme to be completed. ZM replied December 2025. LG further queried how the programme could be sequenced if branches were closed ahead of conversion to fibre. ZM advised that there was full flexibility on the sequencing;
- ZM advised that the programme was part of a wider community plan with Postmasters. In terms of communication details for branches, SI advised that a complete data set was required for projects going forward. ZM agreed and advised that data from this programme would feed into an overall operational excellence programme;
- **ACTION** SI queried whether the Wi-Fi which would accompany the conversion to fibre would be made available to the Postmaster. ZM replied that a decision had not been taken on this as yet however would revert with timing for the decision; **C Brocklesby/ Z Mladenov**
- EJ provided feedback that he thought the pre-call to Postmasters in relation to the programme was very good and that this would contribute to the programme being better executed and improved engagement with Postmasters over the course of the programme.

ZM left the meeting at 16:02.

10.2 Payzone Loan Agreement

TABLED and **NOTED** were the following papers:
(i) 'Payzone Credit Facilities Agreement - Report';
(ii) 'Payzone Credit Facilities Agreement – Legal Risk Note';
(iii) 'Project Apollo Report and Appendices'; and
(iv) 'Payzone Integration Exploration Report'.

TL and CS joined the meeting at 16:02. KS spoke to the paper. BT queried the 2% interest rate which did not reflect a commercial rate. TL advised that the interest rate had been set using the rate from DBT of 1.2% then building this up to 2%.

The Board **RESOLVED**:
(i) Entry into a Credit Facilities Agreement between the Company and Payzone Bill Payments for an amount not exceeding £21m (Facility A) and not exceeding £4m (Facility B) up until 31 March 2027 be and is hereby **APPROVED**;

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

(ii) The delegation of authority to the Group CEO and the Interim CFO to finalise the terms of the Credit Facilities Agreement, in line with the parameters as set out in the paper, be and is hereby **APPROVED**;
(iii) Any authorised signatory of the Company be authorised to sign the resulting Credit Facilities Agreement and any ancillary documents.

11. Noting Items with Presentation

11.1 Board Strategy Away Day – Next Steps

TABLED and **NOTED** were the following papers:
(i) 'Board Strategy Away Day – Next Steps';
(ii) 'London Economics – The Economic and Social Value of Post Office';
(iii) 'DBT Strategic Review - Policy Options Analysis - Part 1';
(iv) 'DBT Strategic Review - Policy Options Analysis - Part 2';
(v) 'Project Blueprint - 2019 McKinsey Organisational Design Analysis'; and
(vi) 'Supporting Commercial and Network Reading Materials'.

TM joined the meeting at 16:03 and outlined how actions arising from the Board Strategy Away Days would be reported back to the Board over the next 6 months. TM drew Board members attention to the London Economics report and the McKinsey paper, although the McKinsey paper had been prepared pre-pandemic.

TM left the meeting at 16:09.

12. Noting Items with no Presentation

12.1 Health & Safety Report

TABLED and **NOTED** was a paper, 'Health & Safety Monthly Report'. **ACTION** The Chairman raised a concern around in branch robberies given increases in cash banking. EJ highlighted the increased risk of abuse to Postmasters and their staff and noted other retailers were working on additional safety measures for their staff. KS advised that she would take these points away. **KS/ M Hopcroft**

12.2 OPEX Reductions Programme

TABLED and **NOTED** was a paper, 'Opex Reduction Programme'.

12.3 Project Starling

TABLED and **NOTED** were the following papers:
(i) 'Project Starling - Postmaster Status Report'; and
(ii) 'Project Starling – Appendices'.

13. Governance Items

13.1 Establishment of Investment Committee

TABLED and **NOTED** were the following papers:
(i) 'Investment Committee Report';
(ii) 'Investment Committee Terms of References'; and

POL00458015

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

(iii) 'Post Office Limited Matters Reserved to the Board'.

The Board **RESOLVED**:

(i) The establishment of the Investment Committee as a standing sub-committee of the Board be and is hereby **APPROVED**;

(ii) The Investment Committee's Terms of reference in the form tabled be and are hereby **APPROVED**;

(iii) The appointment of A Darfoor as Chair of the Investment Committee and L Gratton and E Jacobs as members of the Investment Committee effective 26 September 2023 be and are hereby **APPROVED**; and

(iv) Consequential amendments to the Matters Reserved to the Board in the form tabled be and are hereby **APPROVED**.

13.2 SID Role

TABLED and **NOTED** was a paper, 'Senior Independent Director role'.

13.3 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items numbered 2201 – 2222 in the Register of Sealings.

13.4 Future Meeting Dates

The future meeting dates were **NOTED.**

13.5 Forward Agenda

The Forward Agenda was **NOTED**. **ACTION** EJ requested that an update Christmas operational preparedness be added to the October Agenda. **M Roberts**

14. Any Other Business

Feedback on papers

LG requested that the Board papers be released slightly earlier, even if this meant issuing them piecemeal.

There being no other business the Chairman declared the meeting closed at approximately 16:45.

15. Date of next scheduled meeting

31 October 2023 9:00 – 17:00.

---------- ----------

Chairman Date

POL00458015

Post Office Limited Board Actions as at 20.10.2023

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/CLOSED
	Board Meeting 07 June 2022					
1.	**5.1 Financial Performance Report** **b)**	[Individual product profitability report] AC advised that last time this report was run it had shown that every product was profitable however margins varied considerably. ACTION AC advised that management had been refreshing this report and would bring this report back to the Board in July.	~~Al Cameron/~~ Asha Patel/ Kathryn Sherratt	**~~September 2023~~** **~~October 2023~~** **February 2024**	30/06/2022: Product profitability outcomes are being reviewed by the CEO and GE and will be circulated to the Board. Al will provide a brief, verbal summary on 12th July. 21/10/2022: The team will need to come back to this in the New Year. The priorities around the 3YP is the key focus for now. 17/03/2023: We will update the product profitability position in April for 2022-23 draft actuals and 2023-24 budgets and share them at June Board. 10/05/2023: Added to the Forward Planner for July 2023. 06/06/2023 Board Meeting: KS advised that she would consider item 1 and requested that this item be re-assigned to KS in AC's absence. LG advised that she had understood action item 1 had been raised in the context of NBIT, to see what products would remain profitable over what time.	**Open**
	Board Meeting 24 January 2023					
2.	**5.4 Spending Permissions**	ACTION In respect of any potential waiver regarding security headroom, RA requested that the mechanics of this be reviewed, so everyone was clear on sequencing.	Rachel Scarrabelotti/ Al Cameron/ Tim McInnes/ Tom Lee	**July 2023**	~~17/03/2023: Will be submitted to June Board.~~ ~~10/05/2023: Added to the Forward Planner for July 2023.~~ 31/07/2023: Discussions with DBT and UKGI on the waiver process are active and ongoing, including on the mechanics of	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					the steps required to ensure any waiver is in place prior to the point at which it is required. 12/09/2023: The waiver is currently being drafted between DBT and POL legal. The mechanics of how it will work, reporting requirements placed on POL as part of the waiver and the length of the waiver are under discussion. 11/10/2023: The Security Headroom waiver is substantially agreed with DBT and we expect to have it finalised and signed, assuming required at that point in time, ahead of the November Board meeting. 19/10/2023: The core elements of the security headroom waiver have been drafted and agreed, as have the mechanics. Timing of when / if to implement the waiver is under discussion and will be reflected in the final form.	
3.	**10.1 Health & Safety Report**	Board Meeting – 24th January 2023: ACTION EJ requested that virtual training on dealing with situations of aggression and assault be provided to Postmasters and their staff, along with options to acquire body cameras, as a Postmaster cost. Board Meeting - 11th July 2023: EJ noted previous conversations around Postmasters and their staff wearing cameras and advised that shop theft was high at present. The Chairman asked that this matter be returned for consideration at the next Board.	Martin Hopcroft		26/05/2023: Guidance and training documents will be hosted on Branch Hub, signposted from the incident reporting webpage referred to in 10.1 below. We are leading an Inter-Bank H&S group to share best practice and to source suitable online video based training and benchmarking partners. We have approached Kings Security to scope and cost a local SD card version of a body camera for Postmasters and how these can be purchased. Will arrange a meeting with EJ and SI to share further details when received.	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					06/06/2023 Board Meeting: EJ advised that the activities set out in items 6 and 7 remained to be completed so requested that these actions remain open. 30/06/2023: Branch Hub reporting tool launched and communicated via channels. We continue to work with partners and the Inter-bank group to benchmark tools and identify or develop suitable video training and will scope and enhance current guidance and training for Postmasters and staff. This will take some more time and will require additional budget. Security and Kings have identified a SD version of body camera suitable for retail use and are waiting to meet the supplier. We will engage EJ, SI and HC to demonstrate and work on enhanced training solution. 18/09/2023: Branch Hub reporting tool launched and communicated via channels. Data captured will be analysed with any trends, conclusions and action reported in the monthly PO Board H&S reports. We continue to work with partners and the Inter-bank group to benchmark tools and identify or develop suitable video training and will scope and enhance current guidance and training for Postmasters and staff. This will take some more time and will require additional budget. Security and Kings have identified an SD version of body camera suitable for retail use. We have a meeting planned on 22nd September to share details with EJ, SI and HC. Martin will	

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					attend October Board and can discuss further, if required. 20/10/2023: A full response on POL accessing discounts for security related equipment (e.g. body cameras) and the challenges POL faces, will be provided on 31st October 2023.	
	Board Meeting 28 March 2023					
4.	**3.1 Committee Reports (verbal): Historical Remediation Committee**	ACTION In respect of the pecuniary principles, AC requested that the Board be engaged on these ahead of final consideration.	Simon Recaldin/ Neil McDaid	July 2023	[redacted]	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					[redacted]	
	Board Meeting 06 June 2023					
5.	**4. CEO Report a)**	ACTION AB queried whether the Board had considered changing the brand, to separate from the past but also to represent what we wanted to become. EJ contributed that the brand colours were an issue and contributed to an association with RMG. AB noted that whilst changing the brand was an enormous undertaking, questioned whether the brand stood for what the Board wanted to build. The Chair requested that an action be assigned, and this matter be returned to Board later in the year;	Richard Taylor/ Simon Marshall	**31 October 2023**	22/06/2023: Yes, desktop exercise completed on opportunity to change brand, e.g. build new one for platform products; as well as risks and opportunities with greater distinction from Royal Mail. Full analysis and recommendations to be prepared for Board discussion for 26 September / 31 October Board meeting. 11/10/2023: On the Monthly GE agenda for 11th October 2023 and Board agenda for 31st October 2023.	**To close**
6.	**8.1 Inquiry Update a)**	ACTION AB queried the contents of the terms of reference for Grant Thornton. DW advised that these could be circulated to the Board.	~~Diane Wills/ Joyce Abai/~~ Rachel Scarrabelotti/ Chrysanthy Pispinis		30/06/2023: The ToRs for Grant Thornton are not yet finalised, although we hope they will be fairly soon. Once completed, a copy of the final version will be circulated to Board. 14/06/2023: Inquiry SteerCo has approved a pause to Grant Thornton's (GT) appointment as POL's independent governance expert, and the conduct of GT's governance review. [redacted]	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					[redacted] 12/09/2023: This issue is returning to the Inquiry Steerco w/c 18th September for a decision on the way forward, so Diane will be able to provide an update at the next Board meeting. 19/10/2023: The Grant Thornton TORs have been uploaded to the Reading Room.	
	Additional Board Meeting 05 July 2023					
7.	**2. Speak-Up c)**	BT agreed that the approach could be a review of the NBIT allegations to work out which parts were conduct and warranted further investigation. ACTION BF [redacted] JB agreed with this also and advised that he would commence preparing a Terms of Reference.	Ben Foat/ John Bartlett		12/09/2023: External lawyers have [redacted] Awaiting authority to proceed and can then seek funds (c£163k) from the OpEx committee. 11/10/2023: On 11/10/2023, we submitted a bid for c£183k plus VAT to OpEx to fund a 12-week external investigation in to two heads of concerns relating to issues within the NBIT project team. This has Owen's and Ben F's support. Awaiting OpEx's decision. Externals are on stand-by.	**Open**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

	Board Meeting 11 July 2023					
8.	**4.3 Remuneration Committee**	ACTION The metrics for the LTIP 23-26 remained to be finalised. AB requested that over the course of the Board Strategy Days that the Board consider activities that could be incentivised for the 23-26 period.	Board Members		Amanda Burton has discussed some options with Nick and Nick will consider some recommendations.	**Open**
9.	**6. Financial Performance Report a)**	ACTION SI queried the opportunity to re-distribute the proceeds from the online aggregator and to work with Postmasters on this, so that Postmasters embraced the online aggregator. NR advised that a conversation on this would need to be had with the Board and the Shareholder.	Nick Read/ Martin Roberts		31/08/2023: No decision has been taken on redistribution. The soft launch of the aggregator is underway – still premature to have a conversation about profit share. 19/10/2023: We have committed publicly to share the "majority" of profits from the online platform with postmasters. Proposals on the distribution mechanism for this profit share will be finalised in March, taking into account the size of the overall year 1 profits and how many branches are directly participating in acceptance of parcels from the online platform.	**To close**
10.	**7. Transforming Technology: Horizon Replacement Update a)**	ACTION LG noted that staying on Horizon for longer would push out the payback period for NBIT and requested details of the delta;	Zdravko Mladenov	**October 2023**	14/09/2023: An updated position and greater detail will be provided in the October Board as part of the wider NBIT discussion. 12/10/2023: This action will be covered as part of the NBIT discussion in the October Board and informed by the Accenture diagnostic. Subject to the question being satisfactorily answered in October, propose to close prior to the November Board.	**To close**
11.	**7. Transforming Technology: Horizon Replacement Update b)**	ACTION BT queried how accurate the costs estimated for cash counts in branch at the time of NBIT migration were and what analysis had been undertaken. ZM advised that further	Zdravko Mladenov/ Mel	~~**January** **2024**~~	14/09/2023: This action is in progress. 12/10/2023: This action remains in progress. It's worth reflecting that the cash count process is being pushed out	**Open**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

		analysis could be undertaken;			12+ months under the new timelines, thus giving a lot more time to respond to this query. Given that, changing the due date to just '2024' might make sense.	
12.	**7. Transforming Technology: Horizon Replacement Update c)**	ACTION BT queried whether analysis could be undertaken to understand the revenue and profit loss to the business of removing less strategically important products from the NBIT rollout.	~~Zdravko Mladenov/~~ Barbara Brannon/ Asha Patel	**February 2024**	14/09/2023: The revenue and profit information is available for distribution. It will be included in the next NBIT scope discussion with the Board, which will likely be after the NBIT Diagnostic from Accenture is completed in October 2023. 12/10/2023: The information exists, but is not owned by the Post Office Technology team. Propose to transition this action to Barbara Brannon (Commercial) and Asha Patel (product profitability analysis). 20/10/2023: Product profitability is analyzed and reported annually to the Board. The next report is scheduled for February 2024. This will provide a clear view of income and Postmaster Remuneration which would be lost from any interim or permanent removal of a product, albeit that market share may not be recoverable; along with central overhead costs which would not be met. Following previous reviews of profitability / overall value a number of products have been removed from NBIT scope under a commercial product simplification process (leaving only products that contribute directly to POL and Postmaster profitability), and exits have been completed by October 23 or are in active progress eg: Lottery. Work is also underway to identify products which can be hosted and	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					supported on a mobile "second device" and whether this represents an alternative to the NBIT counter position or an additional "value add" for out of hours transactions eg: prepaid utilities, simple mails.	
13.	**7. Transforming Technology: Horizon Replacement Update d)**	EJ noted that stamps could be printed on SSKs at present and shared his view that some sort of automation for selling stamps by way of the Postmaster printing these as required would be the way forward. ZM thought this could be achieved subject to contractual arrangements and undertook to come back on this point with options.	Zdravko Mladenov	**December 2023**	14/09/2023: Similarly, to the above (action 7. Transforming Technology: Horizon Replacement Update c), as part of the next NBIT scope discussion with the Board, the team will offer options to the stamp stock management. 12/10/2023: This action remains in progress.	**Open**
14.	**7. Transforming Technology: Horizon Replacement Update e)**	ACTION The Chair asked that ZM meet with EJ and SI to assess whether there were any other items within the NBIT proposed product mix that could potentially be removed	~~Zdravko Mladenov/~~ Kelly Goodwin	~~**December 2023**~~ **2024**	14/09/2023: The NBIT team plans to have the engagement with EJ and SI on this topic in late October/early November, after the NBIT Diagnostic is completed. The results will be reported to the Board in December 2023/January 2024. 12/10/2023: Propose to move this action to Kelly Goodwin. It's worth reflecting that the timeline for developing other products has moved out indefinitely, thus giving a lot more time to respond to this query. Given that, changing the due date to just '2024' might make sense.	**Open**
15.	**7. Transforming Technology: Horizon Replacement Update f)**	ACTION ZM undertook to come back with a plan in relation to this option. NR asked that this process be tested in Q4.	~~Zdravko Mladenov/~~ Jeff Smyth	**January 2024**	14/09/2023: This action is in progress. 12/10/2023: This action remains in progress. Propose to move this action to Jeff Smyth as it relates to the viability of the insourcing Horizon option.	**Open**
16.	**11.3 RMU Update a)**	ACTION the RMU were reviewing issues of strategic importance ahead of Phase 5 of the Inquiry and SR would report back to the Board on	Simon Recaldin		20/10/2023: Consideration being given to the requirements on RU for Phase 5 and will be having detailed conversations with	**Open**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

		the proposed approach.			the Inquiry team in due course. Meeting held between RU Governance Team and BSFf on 18th October to discuss disclosure requirements and access to a number of Sharepoint sites and repositories has been granted to them to enable them to consider the best approach to Phase 5.	
17.	**11.3 RMU Update b)**	ACTION restorative justice meetings continued, and SR would be returning to Board to request additional funding for a wider restorative justice program.	Simon Recaldin		20/10/2023: Paper on next steps and funding request being presented to HMC on 24th October for current RJ process and wider program plan being considered.	**Open**
	Additional Board Meeting 17 August 2023					
18.	**2. Transforming Technology: RTP Funding Request**	ACTION LG requested that there be pre-engagement with UKGI in respect of the RTP funding drawdown that was anticipated to be brought to the September Board meeting.	Tim McInnes		11/10/2023: This can be closed. We have been engaging frequently with UKGI on the SPMP funding drawdown (RTP is folded into SPMP).	**To close**
19.	**3. 1 HSS Fatality Claims – Case Assessment Principles and Guidance b)**	ACTION AB advised that Postmasters were an integral part of the brand so far as local communities were concerned so thought that we needed to consider this issue through the lens of caring for the brand and brand issues. The Chairman commented that he thought employees would be very supportive of additional support for Postmasters and asked NR to look at this.	Nick Read		18/09/2023: I have recently written to Minister Hollinrake on restorative justice more broadly and on establishing the equivalent of a 'hardship fund' so that we can meet specific small financial needs. We have suggested an average cost of approximately £3000 for postmaster victims and their wider families – we are awaiting a response.	**Open**
20.	**3.2 Application of Conflicts Policy**	ACTION AB queried the proposed approach to employees who had served historically in certain areas of the business and were employed currently in the remediation unit. NR advised that he would speak to SR on this.	Simon Recaldin/ Nick Read/ Evelyn Hocking	**31 October 2023**	14/09/2023: RU are progressing the agreed actions in respect of the Conflicts Policy. A small working group has been established to track progress, recognising the extremely sensitive nature of this subject, and conversations are beginning with relevant colleagues in line with People and Legal guidelines. The RU Director has arranged a meeting with the Group Reward Director to ensure visibility	**Open**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					and consistency across POL. Board will be further updated in October. 20/10/2023: Meeting with Group Reward Director held, with ongoing discussions being held with RU colleagues. Update to be presented to GE on 08th November.	
	Board Meeting 26 September 2023					
21.	**3.1 Remediation Committee**	ACTION SI requested that the Inquiry hearing timetable be circulated to Board members so Board members could similarly attend.	Rachel Scarrabelotti		An email was circulated to Board Members on Thursday 28th September with details of the Inquiry's Phase 4 hearing timetable. Please send your availability/requested dates to attend to: inquiryhearings GRO	**To close**
22.	**4. CEO Report** **a)**	ACTION NR noted that Monzo had recently joined the current Banking Framework. EJ saw this as very positive and queried when Monzo would go live in branch. OW undertook to find out	Owen Woodley		19/10/2023: Monzo have confirmed they plan to join the framework – we are waiting for their signature on the contract which is expected very soon. They have commenced the integration work to connect to our systems and the expected go-live will be early next year – potentially Feb 2024. This will be confirmed once all integration work is scheduled.	**To close**
23.	**4. CEO Report** **b)**	ACTION AB noted the impact of the Inquiry on employees and queried whether other organisations who had been through statutory inquiries could be contacted to share their learnings of the support they had provided to their employees. NR took the point however advised that most statutory inquiries were not in operational businesses, however NR would look to this approach and any learnings that could be extracted.	Nick Read			**Open**
24.	**4. CEO Report** **c)**	ACTION In relation to the operation of banking hubs, SI referenced the current process of	Martin Roberts		19/10/2023: That is correct, we have now adapted the selection process so that in	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

		approaching Postmasters local to the intended banking hub first to establish if they were interested in running the banking hub. SI queried, if the local Postmasters were not interested, what was the approach after that on offering the opportunity to other Postmasters. NR advised he would ask M Roberts to respond on this point.			the first instance the closest 3 Postmasters can apply. If none apply or are successful, we then advertise the opportunity to all Postmasters. The opportunity is advertised on the Request a Post Office website and all Postmasters who has pre-registered interest in running a hub are written to about the opportunity. We go through the same shortlisting process to assess applications and on the same basis as local Postmasters – the bar is set consistently for all Postmasters	
25.	**4. CEO Report d)**	ACTION EJ queried how a Postmaster would know that they had accepted a counterfeit note. KS advised that she would pass this query to M Roberts.	Martin Roberts		19/10/2023: For those branches that have a note counter or other counterfeit detection they should be able to pick this up in branch. For those that don't and those that are more sophisticated forgeries, then they'll be picked up on return to our cash centres and the Postmaster/ Branch is then notified.	**To close**
26.	**4. CEO Report e)**	ACTION SI noted the RMG failed collections from Christmas 2 years ago and queried contingency planning for this ahead of Christmas trading. NR advised his expectation that this would be part of the Christmas operational planning and that he would take this up with M Roberts.	Martin Roberts		19/10/2023: Post Office and Royal Mail (RM) are currently running volume forecasts and will assign additional visits based on these forecasts and resource availability. These plans will be shared with the Network mid-November and exceptions agreed. It should be noted that the last 3 years have been heavily impacted by Covid and Industrial Action and whilst RM are flagging a risk of Xmas resource availability, we expect a significant improvement in service level. The BAU escalation process will remain in place supported by weekly peak Ops calls	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					with RM and Parcel Force Worldwide during November which then switch to daily during December enabling issues to be raised directly with the senior managers responsible.	
27.	**4. CEO Report f)**	ACTION EJ noted that the ATM rollout was behind budget as it was behind schedule. EJ queried whether the rollout was likely to exceed budget. NR advised that he would check on this.	Owen Woodley	**November 2023**	This will be covered in more detail at November Board where we will provide a full update on the ATM programme. The 3-month delay alone will cause only a small increase in rollout cost. This is minimal as we are charged by our supplier per installation – so much of the existing cost is simply delayed, but there is an extension of programme management cost although this is still within the limits of the approved business case for that element. However, the overall ATM programme is costing more than originally assumed, driven mainly by the high interest rate environment and high inflation costs in our supplier contracts. We will provide the full detail in November's update.	**To close**
28.	**4. CEO Report g)**	ACTION In relation to PUDO, SI advised that it remained difficult to differentiate between acceptance and collection and stickers could assist with this.	Owen Woodley		19/10/2023: A sticker solution was considered as part of the initial solution design (coloured stickers for branches to place on customer collections) however, the stakeholder group at the time chose not to fund it, in part because the margins are so tight on PUDO volume and we choose to share a high proportion with Postmasters. To date we feel that our metrics do not suggest we have an urgent / major issue in this area. I suspect this is because	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

					acceptance is instantly segregated at the point of handling from the customer vs. customer collection that is handled from the driver + customer collections have the PO address on the label and labels already have clear indicators. Having said this, drop-off parcels do have more room for error and we agree that without parent and child scanning, a colour code system (Evri blue bags and yellow Amazon stickers etc.) would assist branches and also support space management at branches. To date PMs have found suitable solutions for these problems themselves but we of course will continue to monitor this very closely, provide support where appropriate to branches and review this more formally once we have delivered EVRI PUDO rollout, Multi Carrier Buy In Branch and improved carrier pickup reliability (which are the current key focus areas for Mails Transformation and Operations team). The idea will continue to be one of the options we consider / perhaps even trial as part of operational improvements but I would say the action is closed for now.	
29.	**5.2 Funding and Going Concern Update**	ACTION Discussion followed in relation to providing the Shareholder with a demonstration of R2. TM advised that he would take this point away.	Tim McInnes		A demonstration of R2 was provided to the Shareholder at Wood Street on Thursday 12th October 2023.	**To close**
30.	**8.5 GLO Disclosure Contract**	ACTION KS requested that L Carroll be sighted on the contract.	Simon Recaldin		Action complete.	**To close**

POL00458015

Post Office Limited Board Actions as at 20.10.2023

31.	**10.1 Copper Stop Sell**	ACTION SI queried whether the Wi-Fi which would accompany the conversion to fibre would be made available to the Postmaster. ZM replied that a decision had not been taken on this as yet however would revert with timing for the decision.	~~Chris Brocklesby/~~ Zdravko Mladenov/ Paula Jenner	**December 2023**	12/10/2023: This action is in progress and targeting a Board update before the end of the calendar year. Given that, changing the due date to December 2023 might make sense. Please assign the action to Zdravko Mladenov / Paula Jenner.	**Open**
32.	**12.1 Health & Safety Report**	ACTION The Chairman raised a concern around in branch robberies given increases in cash banking. EJ highlighted the increased risk of abuse to Postmasters and their staff and noted other retailers were working on additional safety measures for their staff. KS advised that she would take these points away.	Kathryn Sherratt / Martin Hopcroft		20/10/2023: Trend for robberies and associated injuries continues downward. MH will provide an update in the H&S report with discussion at Board on 31st Oct. Reported incidents of abuse and aggression show a slight reduction on last year (171 YTD vs 177 at the same point) and are currently reporting below average. New self-help guidance and support is held on the Branch Hub site together with a tool to report low level incidents of abuse. There is a focus on Abuse, Aggression & Violence guidance as part of the Darker Nights Campaign: *Don't leave Security out in the cold*. We continue to work closely with the industry to benchmark good practice, including use of technology, which we will share with Postmasters via Branch Hub and Area Managers. This action will be closed following the discussion at Board on 31st October 2023.	**To close**
33.	**13.5 Forward Agenda**	ACTION EJ requested that an update Christmas operational preparedness be added to the October Agenda.	Martin Roberts		Christmas operational readiness is on the Board agenda for 31st October 2023.	**To close**

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Chief Executive's Report	**Meeting Date:**	31st October 2023
Author:	Nick Read, Group CEO	**Sponsor:**	N/A

CEO Narrative

- Since September Board, we have maintained positive momentum despite turbulent market conditions. In H1 we were ahead of budget from both a revenue and income perspective. While we expect this outperformance to continue throughout H2, we will closely monitor costs as the revenue mix skews towards less profitable products.
- More widely, consumer confidence, a key driver of retail performance, remains volatile as the cost-of-living crisis exerts pressure for many consumers. The rising costs of heating homes and fuel, surging mortgage and rents, alongside a slowing job market and the uncertainties posed by the Middle East and Ukraine conflicts further contribute to this unease.
- This is resulting in a reduction in discretionary spending, particularly in categories that are important to our Mails business such as clothing and footwear. At the same time, we can see a return to dependence on cash, albeit that smaller amounts are being withdrawn in our branches.
- As a result, UK retail footfall weakened in September as shoppers limited spend ahead of Christmas and we are seeing this reflected in our customer sessions, which stand at 9.6 million on average per week in the year-to-date (YTD), -1% YoY. We are keeping a close eye on these trends, which will likely impact Post Office performance as we lead into the Christmas Peak.
- In many ways, this wider turbulence reflects the uncertainty we are currently navigating within the business too as we continue to progress conversations with our Shareholder regarding our funding position. Working closely with DBT and HMT officials, business cases for Remediation Matters and Inquiry funding, as well as interim funding cover for SPMP, have now been submitted and are progressing through various approval processes within HM Government.
- Of critical importance in the next few weeks while these approvals are secured is the need to align on an appropriate Letter of Support from HM Government, as well as supporting documents such as extensions to funding letters for Remediation Matters, in order to enable us to sign and file our Annual Report and Accounts for FY22/23 before the end of the calendar year.
- While the filing of our ARA will mark an important milestone in the funding process, it will not mark the end. With the Accenture review of SPMP now drawing to a close under our new Chief Transformation Officer, Chris Brocklesby, we will soon need to turn our attention to securing alignment with both DBT and HMT about the longer-term trajectory of SPMP, ahead of submitting a fuller business case for funding in the New Year.
- The funding process is also surfacing a number of strategic questions for the business that will stretch well beyond the next 12 months. With this in mind, I attended both the Conservative and Labour Party conferences in October, supported by the Public Affairs team, where we were able to engage a range of Ministers, Shadow Ministers and Parliamentarians branches.

Strictly Confidential

POL00458015

- As expectation builds around the next General Election, particularly after recent by-election results, I am mindful of the need to engage with Shadow Departments about Post Office in order to set up meaningful dialogue about the business, the challenges we are facing today, and where we are likely headed tomorrow – a programme of work that will be increasingly important.

REPORT

Finance

Financial Performance

1. At the top line, in month P6 revenue of £63m was £1m above budget (+3% vs. last year). This included an additional £1m profit share in Home Insurance, offset by a £0.9m revenue adjustment to bring pricing over the last 6 months in line with new Evri, DPD and Amazon contracts. Excluding this adjustment, Mails trading was in line with budget.
2. Robust YTD trading has generated total revenues of £417m, £11m ahead of budget and 1% growth on prior year. This outperformance is expected to continue throughout the second half of the year, however with the shift in mix skewing towards higher Postmaster Remuneration products (e.g. Special Delivery) and increased costs relating to generating this revenue, this will not necessarily translate proportionately to trading profit.
3. Stronger performance in high Postmaster Remuneration generating products, as well as implementation of higher banking rates, have benefited variable remuneration with £174m generated in H1. This is £2m above budget and £8m above prior year, accounting for 51% of variable revenue – a +2% on prior year. Fixed remuneration payments in H1 of £23m were -£2m vs. budget, though this is likely a timing difference that is caught up in Q4.
4. Staff Costs were slightly under budget in month and -£3m vs budget YTD, largely driven by savings from not implementing externally benchmarked pay increases in CIO. Whilst P6 headcount is 64 FTE below budget, these savings have been partially offset by increases in overtime and contractor costs, highlighting the challenge of recruiting permanent staff. Non-staff Costs were+ £2m on budget in month largely due to a one-off Lottery exit scratch card provision being recognised, although YTD non-staff costs are -£2m vs budget.
5. Overall, this has translated to a trading loss of (£5.6m) in the month, £1.1m better than budget; and year-to-date a trading loss of (£3.4m), £19.4m ahead of budget. Whilst this is a positive result in H1, latest forecasts suggest these gains are expected to reverse in H2 through unmet cost saving challenges and unbudgeted cost increases. Achieving the cost saving challenge continues to be a focus of the GE and OpEx sub-committee.
6. Security Headroom of £67m at the end of P6 was £12m lower than forecast, largely due to lower banking client payables which are being adversely impacted by limits on cash deposits. Our latest forecast pushes back the initial breach from December 2023 to March 2024, predominantly due to the deferred change particularly on NBIT programmes; however, Security Headroom in December currently stands at just £19m and is

Strictly Confidential

POL00458015

vulnerable to working capital swings around Christmas– re-emphasising the need to secure a waiver.

7. Although there are upcoming challenges to manage, especially with RM price rises and meeting the agreed cost savings, overall this has been an encouraging performance in H1.

Annual Report and Accounts (ARA)

8. Progress continues against the timetable shared with Board and ARC to facilitate signing mid-December with the major dependency being resolution of the funding/letter of support. Meanwhile, PwC has commenced the second stage of their audit and received a draft ARA to commence their review, while Deloitte has commenced their work, working with section owners of the ARA to verify the evidence supporting the figurework in the first half.

9. GE received the ARA for their first review and discussed the report on 11 October and are due to discuss the ARA again on 1 November. UKGI has also received the draft ARA and are reviewing. DBT and UKGI will receive an updated ARA in early November to review.

10. It has been made clear to DBT that we require a finalised form of words for the letter of support by 27 October, such that the letter can accompany the version of the ARA to be circulated to GE for their second review on 1 November and for submission and discussion at Audit Committee on 7 November.

Commercial

Mails and Parcels

11. P6 income was on budget, with an over-performance by Special Delivery and Stamps offsetting the poorer performance in labels. Overall Royal Mail income was down £0.7m, offset by non-Royal Mail income, up by £0.8m YoY for the first time.

12. Special Delivery volume was +57% to budget and +8% YoY, better than the +0.1% trend due to the delay in the launch of in-branch sales of Tracked 24/48 to Q4. We are exploring opportunities to re-balance our commercials with Royal Mail due to the risk of cannibalisation of more profitable products. Meanwhile, Stamps income was +23% to budget and +25% YoY, as customers bought forward stamps before the October tariff increases. Despite Second Class prices not increasing, buy-forward was equal across First Class and Second Class, which is expected to dampen performance in P7 and P8.

13. The domestic online acceptance ratio continues to grow and stood at 27.8% at the end of P6, up 0.5 percentage points on P5, boosted by Tracked 24/48 acceptance and the Royal Mail online pricing differential.

14. International volume remains muted, down 8% on budget in P6, and down 30% YoY. Income was -7% to budget and -1% YoY due to higher pricing and ICDC additional income. We are working to mitigate the risk of longer processing times during peak from ICDC transactions with a Digital/App solution.

15. Non-Royal Mail PUDO volume growth continued, running at c.445k items/week at the end of P6, driven by further branch rollouts. Amazon Returns is now in 6.3k branches; DPD collection, returns and acceptance in

POL00458015

c.4k branches; and Evri collection, returns and acceptance in 940 branches. The Evri contract is now signed and the DPD contract is expected to be signed ahead of peak to enable the launch of Evri and DPD buy-in branch on Horizon before peak.

16. Parcels Online is seeing growth, although sales remain relatively small as expected. We are ramping up our digital marketing programme to optimise and improve site visibility, carrier choice and network reach to increase sales. We are also assessing options to offer RM Tracked services on our Parcels Online platform.

17. Ofcom has announced a new review of the Universal Service Obligation (USO) due to significant shifts in postal demand and the "growing public debate" about the sustainability of the USO. We plan to engage with the consultation to ensure the impact of potential options on the network is modelled and understood.

Cash and Banking

18. Banking revenue was +£0.3m vs. budget in P6, delivering £18.3m in-period. Withdrawals came in on budget and deposits were +£0.1m, with a further £0.2m of over-performance driven by our Banking Hub activities. YoY Banking revenue was +£6.2m and +£0.9m YTD against budget.

19. Average deposit values have continued to edge downwards month-on-month (c.5-10% by value over the last year), impacted by a mix of deposit limits and the cost-of-living crisis. Against this complex backdrop, we are forecasting that deposit growth will be slower through H2, despite over 600 bank closures so far this year. We are taking action through our Retail team to inform customers about our cash services in-branch to deliver budget. This will be bolstered with the launch of our Trussell Trust campaign in November.

20. Two temporary Banking Hubs went live, bringing the total to 10 so far. Further hub announcements were made by LINK and we are on track to exceed 100 announcements by Christmas. Meanwhile, our Enhanced Banking Office (EBO) pilots have received very positive feedback from Cash Access UK. We have now signed a contract to further develop the concept and have a pipeline of 40 further branches to review.

21. We are on target to install 100 Teller Cash Recyclers (TCRs) into our busiest branches by October, with 90 TCRs implemented to date. Postmaster feedback is excellent. We are over halfway through the replacement of our 1400 ATMs with new devices and the programme is scheduled to complete in June 2024.

22. Banking Framework 4 (BF4) kick-off held with the CEOs of the six largest financial institutions with (non-commercial) negotiations commencing in November. We plan to present to Board on BF4 in November and January.

Financial Services, International Money and Payments

23. P6 revenue was £1.5m, +11% vs. budget, with good trading in Travel (Money and Insurance) and additional profit share in Home Insurance. P6 Trading Profit was +21% vs. budget to £10.3m. FRES profit share was also +£0.4m vs. budget. YTD Financial services trading profit is 10%, or +£5m vs. budget, but -2.5% (£1.5m) YoY.

POL00458015

24. Bank of Ireland negotiations are on-going. The outcome of these discussions is the biggest opportunity for the current year results, as well as the next five-year period. Meanwhile, International Money Transfer continues to grow volume and optimise Western Union branch selection alongside material contract discussions. A 12-month extension to the Moneygram contract is in effect, in line with our legal and compliance risk tolerance.

Retail & Lottery, Government and Identity Services

25. Retail & Lottery revenue was +1% vs. budget YTD driven by revenue growth in Gift cards, offsetting reduced income and increased costs from Lottery exit.

26. Government Services revenue is -2% vs. budget but +18% YOY driven by improved DVLA incomes and strong growth in UKVI volumes, +59% YoY. DVLA has approached PO about extending the agreement past March 2024 but has commenced a public tender for International Driving Permits (IDP). These developments require a scope change within the NBIT programme in order to make a bid process viable.

27. We have submitted commercial proposals to HMPO outlining the revised basis of a long-term service for Passport Check and Send, however engagement has been delayed by HMPO's ongoing strategy review.

28. Identity Services revenue was +£0.4m vs. budget at £2.8m YTD. There has been strong growth in tablet In-Branch Verification (IBV) transactions after migration from the legacy service and switch-on of Government Digital Service (GDS). A new identity verification tender is expected from the Office of Public Guardians (OPG).

Postmaster & Network

Delivering our network strategy

29. Network coverage remains strong with 11,723 branches trading in September, and our 400th Drop & Collect branch opened. Our continuous improvement programme to address loss-making branches remains on track, with over £1m annualised benefits delivered YTD.

30. We are taking the first steps to exit the remaining 114 Directly Managed Branches (DMBs): Sheffield (which was hosted in a Wilko) closed on 2 October, and Antrim is set to close on 15 November. We are supporting nearby branches to absorb the additional business, while also advertising for new Locals to provide additional capacity. More announcements are planned in November.

31. We are accelerating work to develop new mails self-serve solutions - which we view as critical to the long-term sustainability of our larger branches - and will update the Board on the proposed delivery plan in November.

'Hard to Place' (HTP) Branches

32. We are progressing our plans to resolve the remaining 128 HTP branches which had opted to leave under the previous Network Transformation Programme. In March we offered these branches two main options: either stay in the network on their existing contracts (meaning they retain a substantial fixed remuneration payment) or leave without waiting for a replacement but with a lower exit payment worth 12 months' remuneration.

POL00458015

33. The deadline for responses was 30 September, with 84% opting to exit the network and 16% opting to stay on their existing contract. There are seven outstanding responses which we are chasing through the field team. We are now working with the branches who opted to leave to agree an exit date prior to April 2025.

34. The NFSP is still lobbying for higher unconditional exit payments, which we do not believe would be appropriate or fair for other Postmasters outside of this group. 44 Postmasters sent a templated letter requesting that we re-negotiate their exit terms with the NFSP. We are meeting with the NFSP again this month to clarify the legal position (which they are questioning) and to re-state why we believe our approach is fair and balanced.

Central Operations

35. BSC call performance remained above SLA for the third period in succession with 78% of calls answered within 60 seconds (target 70%). 97% of all calls were answered (target 95%), with a Postmaster waiting on average 56 seconds to speak with a member of the team. Meanwhile, aged reconciling items increased 4% on P5, with 2,437 open at period end (target 2,400). Analysis is underway to understand root cause behind an increase in cheque accounting items which represented the largest increase to position.

36. Investigations SLA performance improved, with 73% of cases resolved within 20 days (target 70%). New additional resource will focus on the aged cases, while progress continues on the balance of discrepancy cases awaiting triage, down 9% vs. P5.

Postmaster Engagement

37. The Postmaster Pulse survey launched on 12 October for one month, providing Postmasters (excluding SPs) with an opportunity to share how supported they feel and how they view the relationship with Post Office overall. This half-year check-in tests the overall mood of the network and assesses whether changes made as a result of previous feedback have yet made a difference. We aim to share early feedback with Postmasters at the National Postmaster Conference on 21 November in Bristol.

38. We have almost completed the recruitment process for the new Postmaster Experience Director role, a two-year fixed term role for a serving Postmaster to work with us on an advisory capacity from November. NomCo approval has also been given to recruit two new Postmaster NEDs, following the expiry of the current three-year term for Saf and Elliot in June 2024. A further paper will be submitted to NomCo at the end of November for approval, in advance of submission to Secretary of State.

39. Our onboarding and training metrics continue to trend positively overall, at over 80% in P6. Onboarding has reduced over recent months, and now stands at 120 days on average, with the aim to improve this further to 110 days by the end of the financial year.

Retail Field Teams

40. During September, the field team completed 3,368 branch visits, of which 1,604 were Commercial Excellence visits focused on key Mails areas in preparation for Peak. For Travel, branches that were previously visited continue to perform +11% YoY vs. non visited branches, with Travel Insurance single policies performing +5% and annual policies +2%.

Strictly Confidential

POL00458015

Banking performance is +5% in visited branches vs. non visited.1,266 Operational Excellence visits were completed, focused on branches with training needs. A new package of support materials has been created to enable more effective visits from the field team.

41. Our 'Retail Peak Conference' took place on the 28 September, bringing together 240+ colleagues to reflect on our H1 business performance and strategies for the upcoming Christmas peak. It was a successful event, receiving excellent post-event survey feedback with every metric improving vs. the same event last year. An impressive average score of 9.2/10 was achieved for how prepared the team feels for Christmas.

Strategic Partnerships (SPs)

42. We are on target to achieve 5,700 PUDO access points in Strategic Partner branches by the end of October, with Amazon in 80%, DPD in 60% and Evri in almost 30% of the estate. A further 600 branches have been identified for roll out of Evri next year.

43. Our improving relationship with SPs meant we supported four of their conferences and trade shows in September. It was the first time WHS had invited POL to its conference, and the first time a Post Office award was presented for 'Best Post Office Branch' – a great recognition of the partner's trust and commitment to Post Office. Meanwhile, our collaboration with Morrisons is seeing early rewards from our Mails incentive, with the highest SD penetration rate of the year at 18.2%, +7% vs the YTD average.

44. We continue to see a positive impact of signing framework agreements with partners, with Mid Counties opening two new locations this month and a further three new locations planned this financial year. It is also planning a further 15 Drop & Collect branches this year, having already opened 11 since March.

Supply Chain

45. Weekly average inflows were £430m a week and flat vs. P5. All available inbound cash deposits were processed on Day A in cash centres YTD – ahead of target; and productivity in Cash centres continues to track ahead of target at 13.3 pouches an hour (target 12.2). CIT achieved Quality of Service of 98% (target 95%) which is above the current run rate (96%). Call Centre grade of service improved to 57% vs. 48% in P5. Customer satisfaction continued to exceed target at 90% (target: 85.6%).

46. We have signed the Stock centre outsourcing contract and continue to support colleagues. Performance and attendance have not slipped since the announcement, with both pick accuracy and productivity measures ahead of target. The Manchester CIT move to the G4S site has gone well with excellent service offered to Postmasters.

Customer Experience

47. The redesign and migration of the postoffice.co.uk website is scheduled to complete in December 2023. The new Post Office Travel App is in final stages of development and testing, with launch scheduled for November 2023 to support travel peak in 2024.

48. Marketing activity has started for Parcels Online, across web, search, social and email. International Money Transfer marketing activity in collaboration with Western Union and MoneyGram has been agreed and will launch in

Strictly Confidential

POL00458015

early November. Lastly, the production and distribution of Christmas in-branch merchandising is in progress, on schedule to launch on 6th November.

Strategy & Transformation

DBT Funding

49. POL and DBT are working on a critical path that should allow for the FY22/23 ARA to be signed in mid-December. The RM/Inquiry funding request has been approved by the DBT Investment Committee (IC) and (at the time of drafting) is awaiting approval the Treasury Approval Process (TAP). Meanwhile, the SPMP funding request has been approved by the DBT IC, subject to DBT CFO clearance, and will be heard at the HMT TAP Panel in mid-November. Both business cases have been referred to the Subsidy Advice Unit (SAU) of the Competition and Markets Authority, with a response expected in early December.

50. As part of the SPMP workstream, DBT commissioned Interpath to provide an independent view on the SPMP forecasts. While Interpath raised some challenges on the availability of robust forecasts, particularly on the new SPMP monthly run-rate spend (given the speed of cuts POL has implemented in recent weeks), it was broadly supportive of our request.

51. On 20 October, DBT laid a Written Ministerial Statement (WMS) announcing the RM/Inquiry and SPMP funding and we expect the SAU to release short 'transparency statements' in late October to note receipt of these referrals. A more comprehensive release will be published once the SAU have reached a final position on their advice.

52. In mid-October, we welcomed Secretary of State Kemi Badenoch to the Aldwych DMB, following a branch visit in Saffron Walden the week before. The intention of this was to see a branch in operation and to get a better understanding of Horizon and our plans to replace it with NBIT, ahead of her receiving POL's funding request at the end of the month (i.e. after the DBT Investment Committee but before the HMT TAP Panel). She was engaged, and importantly she appears to understand our need to replace Horizon, and our need to maintain a functioning relationship with Fujitsu until NBIT has been deployed.

53. Work on documentation continues in parallel and at the time of drafting we expect a Letter of Support, Security Headroom waiver (and Working Capital Facility purpose amendment), and necessary RM funding extension letters to be in final form by October end.

Change Spend

54. At the end of September, our YTD change spend for active projects was £126.7m (excl. HMU Settlement), £42.4m below our interim budget, mainly due to reprofiling of spend on Horizon replacement and Technology projects. P6 YTD Incremental Change benefits for active projects was £7.8m, £1.4m above budget due to various movements in recurring costs and revenue growth activities across the portfolios.

Remediation Matters Unit (RMU)

GLO Compensation Scheme

55. POL continues to complete the 379 DSARs that have been submitted by Freeths in relation to their clients' claims within the GLO. The Information

POL00458015

Rights team continue to keep the ICO updated on progress. Freeths and POL have agreed that the scope of the DSAR can be reduced to meet the agreed GLO Disclosure process, with Freeths reserving the right to reinstate full DSARs should they believe this is required. We expect to confirm the approach shortly. A Redaction User Guide has been created with input from the Information Rights team and training has been delivered to both teams to ensure consistency and quality.

56. With the approval of both RC and Board, POL continues to work at risk in this area. The focus of both POL and DBT is to get the contract signed by the end of October. A key outstanding issue is the Data Protection indemnity on a non-mutual basis. This risk will need to be managed through POL governance to determine whether it can be accepted. Additionally, DBT remains reluctant to formally acknowledge additional costs which may be required due to the work already completed on the DSARs and the additional costs required due to the complexity of the work being completed which was not initially fully understood. POL sought assurance via a Letter of Comfort from DBT, however they have advised that they do not intend to seek the required sign-off from HMT. DBT have instead offered a form of words to provide assurance that the additional costs would be covered. This would not be legally binding, and the associated risks would therefore need to be accepted by RC.

Overturned Convictions (OC)

57. On 18 September, HMG announced measures to enable an upfront, optional £600k offer, for Full and Final settlement of overturned convictions. The policy decision represents a significant and positive development in POL's ability to swiftly settle claims, however, the announcement is just the start of this process. Details of the initiative are still to be finalised by HMG, and a significant amount of effort will be required to reach a final position. Additionally, POL is also aware that certain elements are being referred by DBT to the Advisory Board (AB) and, potentially, final HM Treasury approval required, which may result in a longer than anticipated timeline.
58. In parallel with the upfront offer discussions, POL has continued to finalise the assessed claims process (for claims in excess of £600k). Two of the Law Firms have nominated a chair for the Independent Assessment (IA) Panel, and POL have confirmed no objections in principle. Additionally, POL has put forward proposals for two further panel members to the Representative Law Firms for review and feedback. Pecuniary Principles are close to being finalised by POL/HMG, which is anticipated to bring the internal drafting to a conclusion. It is likely however, that IA determination will be required, prior to final versions being agreed.
59. RU continues the Operational processing of submitted Non-Pecuniary and Pecuniary claims (per report section) although, short term, the upfront offer announcement has the potential to be a distraction for Law Firms and Claimants, whilst details are confirmed.
60. A further appeals hearing was held on 27 September, resulting in five further overturned convictions. POL offered no evidence in three cases and two were overturned on the basis of Public Interest Only (PIO). Two cases

POL00458015

were also overturned in Scotland on 29 September, bringing the total number of overturned cases to 93.

Criminal

61. A further appeals hearing was held at the Crown Court on 27 September, resulting in five further overturned convictions. POL offered no evidence in three cases and two were overturned on the basis of Public Interest Only (PIO). Two cases were also overturned in Scotland on 29 September, bringing the total number of overturned cases to 93.

Wider Updates

62. **Taxation**: Progress continues on setting up the Tax Top-Up (TTU) process, with an expectation that Governance sign off will be completed in October. The TTU compensation funding agreement for £29m has now been received. The Operational cost agreement for £0.86 million is not expected to be signed until November when DBT have resolved the subsidy control arrangements, and as such POL will be working at risk until this is complete.

63. **Postmaster Detriment:** Suspension payments have remained on pause while we investigate the options for restarting the SRR process. We now have a proposed way forward to recommence the process which has been through governance in early October. We are waiting final confirmation from DBT/HMRC to make future SRR payments tax exempt so that we can make this change before relaunching the process. The proposal is to top-up Postmasters to who have already been paid or accepted offers in the same way as the HSS Scheme to cover any higher rate tax liability.

64. **Outstanding Balances**: A presentation has been made to the senior RU team to the proposed approach for POL Process Review (Pot B). The proposal is based on releasing details of actual and potential areas of detriment to Postmasters on a phased basis. The proposal also considered a possible alternative approach to see if it is possible to shorten the delivery period. This will be discussed at HMC shortly. Final confirmation of Government funding is not now expected until the end of November.

65. **FY23/24 Budget & 3YP:** At P6 RU is £1.8m under budget YTD due mainly to the timing of legal spend, external assurance costs and the ENE Hearing in OC. However, a significant number of these costs are expected to crystalise in Q3, catching up to the budgeted position. RU faces several financial risks going into H2 FY23/24 through disclosure, late applications and increased scope in criminal case review work. In addition, there are further handling costs for the HSS Tax adjustments.

Inquiry

This section contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.

Data and Disclosure

66. At the Disclosure Hearing on 5 September, Sir Wyn said a further disclosure hearing will be held between 8 and 19 January 2024. Preparation is underway for witness statements. Meanwhile, following the 5 September disclosure hearing, work continues on disclosure remediation and

POL00458015

assurance. There are two urgent ongoing reviews in relation to criminal case studies and the only remaining Rule 9 request.

67. A review of the Chesterfield back-up tapes revealed a large number of new and responsive documents relevant to witnesses in Phase 4. HSF and P&P are using search terms to identify documents for witnesses in the order they are due to give evidence.

68. BSFf are reviewing the disclosure process to include a full structural review looking at the identification, preservation and collection of all potentially relevant material with support from POL and Innovo. At the same time, the Programme, Group Assurance and Risk are reviewing the process in place once a Rule 9 / s.21 is received to confirm an agreed RACI, ensure POL's control points, and understand where risks remain for escalation.

Inquiry Phases 4 and 5

69. Phase 4 hearings re-commenced last month focussing on civil proceedings by POL and criminal prosecution case studies. POL have been notified of two additional weeks of Phase 4 evidence in January relating to prosecutions in Northern Ireland and Scotland, and the role of Fujitsu in supporting criminal prosecutions.

70. Much of the work being undertaken for Phase 5 has focused on progressing the response to the s.21 notice issued by the Inquiry on 21 July 2023. Meanwhile, the Inquiry have issued three Rule 9 request letters to former employee witnesses relating to Phase 5.

Independent Governance Review

71. BSFf advised [redacted] ISC decided to proceed with Grant Thornton's instruction on the adjusted basis, and the contract for the governance review was signed 12 October.

LCG

Legal

72. **Project Assurance**: POL's request for permission to make a settlement payment to the Trustee of the RMPP is with HMT for consideration. If HMT permission is granted mediation will take place on 29 November (delayed from 8 Sept).

73. **Managing Public Money**: UKGI have recently stated that they want POL to comply more rigidly with public sector pay and spend controls (including expecting POL to seek HMT consents for settlement agreements where the offer is more than statutory or contractual). This subject is on GE agenda for 25 October.

Assurance & Complex Investigations (AC&I)

74. **Willow 2 (re SPMP):** Chris Brocklesby is to oversee this investigation (total cost of c£183k plus VAT,) with Grant Thornton and Pinsents acting as investigators and legal advisors respectively. The Willow 1 report is being prepared and Zdravko Mladenov has been informed there is evidence undermining the allegation and so no further action is required.

POL00458015

75. **Project May:** Four former RMG/ POL staff were approached as potential witnesses to comment on the document. Only one replied and he stated he had no knowledge of the document nor of identity codes. A final report has been produced and we are seeking to pass the report and underlying documents to the external Monitor but there are challenges around Data Protection to resolve. Progress with Phase 2 is anticipated now that a senior sponsor has been found (CPO), although funding is needed (c£170k plus VAT). Phase 2 is a follow-up piece of work to establish whether race or other protected characteristics are evident in decisions in historic investigations.

Compliance

76. **GLO Disclosure Scheme**: POL has targets on the number of disclosures relating to individual claimants to be achieved on a weekly basis, currently 14. However, due to issues with staffing and the volume of documentation, POL cannot currently meet those targets. There is ongoing discussion between Freeths, DBT and POL regarding [redacted] In terms of next steps, the GLO team are undertaking several activities to increase output, including enhanced and increased training and assessing the efficiency of current processes.

77. **Re-Indexing Project**: There is an ongoing exercise to ensure that the indexes held on archived hard copy data is fit for purpose and allows for responsive materials to be identified. Feedback to date is positive with error rates running at 0% on high-risk boxes and at between 0.95-3% on those boxes unlikely to be responsive to RU needs. Progress is on track with agreed timelines, though challenges include identifying internal employees with sufficient knowledge of archived information to assess the completeness of the indexes and the costs associated with moving bulk boxes around the country. There is a risk that disclosure documents could be discovered after the relevant phase of the Inquiry. Looking forward, updated Indices are provided on a daily and weekly basis to legal teams internally and externally to determine if new materials are responsive to Inquiry/RM needs.

78. **FOIA**: A meeting has been set up with Peters & Peters to determine [redacted]

Company Secretary

79. We have finalised our plan for addressing the recommendations in the DBT Simmons & Simmons and Amanda Burton reviews. The Chairman wrote to Minister Hollinrake on 28 September enclosing the plan and highlighting the key steps we were taking to provide more transparent and effective treatment of senior-level remuneration. We will review progress against the plan at each meeting of RemCo to ensure we remain on track.

80. We have now signed the contract with Grant Thornton and agreed the Scope of Work for the corporate governance review, which has now started.

Strictly Confidential

POL00458015

This will examine our corporate governance practices and procedures and any known gaps or self-identified improvement opportunities and make recommendations on areas for improvement. While the final report is due in January, GT will provide an earlier draft report on our governance structures, processes and systems in relation to remuneration.

Technology

Core Service Performance

81. The average daily number of branches unable to trade at the start of the business day slightly increased to 7 from 5 last period. There has been a significant collaborative effort by our Technology partner DXC, IT Service Desk and 2nd Line Operations to fix first time or quickly attend branches the same day that they are reported but we were impacted by a number of branch telephone lines being ceased which took time to re-enable.
82. Aged incidents (which are tickets that have been open for longer than 5 days) have reduced to an average below 200 for the first time since the desk moved to IT Operations. For comparison, one year ago the number of aged tickets was 2,000.
83. There were four Major Incidents in P6. All incidents raised impacted on colleague services with no impact on branch trading. The longest incident lasted 26 hours where all users of the Dynamics case management system were unable to access or log new support request cases for branches due to a Microsoft incident.
84. There were 5,666 calls to the IT Service Desk in P6, +1.5% vs. P5, with an answer rate of 93%, while there was a decrease on abandoned calls from 9% in August to 6% in September. Overall phone wait times continue to decrease with the average being 1 minute 16 seconds (our lowest ever wait time). The service desk is now at full capacity and Postmaster satisfaction remains high with a score of 4.2/5.
85. There were 24 new problems opened in September with 13 closed. Problems of note included Wi-Fi issues experienced at Wood Street, affecting business wide communications and office-based staff/GE members from working effectively.

Cyber Security

86. In P6, there were 579 cybersecurity incidents, with an average time to close of 6 hours. These incidents were a mix of different types of cyber-attacks and were all closed without any POL impact. There were no major cyber incidents in this month.
87. The cybersecurity team continues to expand its logging and monitoring of the growing areas within the business. This means that the team can collect more data about the organization's IT systems and networks, which in turn helps the team to detect and respond to cybersecurity incidents more quickly and effectively.
88. The ISO 27001 audit has commenced which supports our ongoing certification and compliance activities. The Prove Plan Phase of the Cyber Security Maturity Programme continues at pace with initiatives progressing well and the majority coming to a successful closure. We are also commencing a cyber benchmarking review with our audit partners, Deloitte, which will ensure our funding request is accurate.

POL00458015

Branch Hub

89. We had a highly successful Q2 for Branch Hub 2.0, with the platform receiving 250,000 visits, +60% YoY. Branch Hub is currently deployed on nearly 10K Horizon counter terminals and should be live on all terminals by the end of October.

90. Alongside rolling out Branch Hub on Horizon, Branch Hub has launched a suite of remuneration features including a remuneration calculator and access to remuneration booklets. We have also released a 'Copper to Fibre' page on Branch Hub, providing a single place for Postmasters to view the scope of the transition for their respective branch(es), agreed / targeted dates for engineer visits and service activation, access to FAQs and contact details for further support. Conversations are also ongoing about the future ownership and management of the platform.

Horizon Live Services & Fujitsu Contract

91. Fujitsu service remains stable with no major issues for live services. Demand for Fujitsu change resources remains a challenge. However, prioritisation of requests and delivery management processes are improving the clarity on counter application changes. We are now starting to see an uptick in demand for Horizon change including the upcoming next generation SSKs activity and this will need to be carefully programmed.

92. Work is ongoing to establish the reusability of NBIT devices to supplement stocks of Horizon counter devices. The prove plan is to be submitted to IADG in October. Meanwhile, discussions to extend support to 2025 for Belfast Data centres and the core network are well progressed and have been approved for onward submission to Board.

SPMP / NBIT

93. Deployment of Release 2 to two DMBs is on track and continues to progress to the late October go-live milestone. In order to streamline the initial deployment, it has been rescoped to a Mails only design with Banking functionality to be deployed later.

94. Over the last month, the programme has supported the Accenture Diagnostic Review, delivering requested programme artefacts along with many hours of direct interviews with key personnel across the programme. In parallel, the SPM Programme has rapidly downsized and is in the process of reorganising into a single programme with a narrower focus to deliver Mails, Stamps and Banking capability to 50 branches.

People

Culture, Wellbeing and Engagement

95. Pulse Surveys will be completed by 22nd October. Once all results have been gathered, a report will be provided to understand the organisational view of colleagues in November. Early insight indicates overall engagement has dropped slightly, though there have been increases in the sentiment that people are held accountable for their performance and behaviours, along with increased motivation to do the best job they can. We will provide a Q2 update on our 'You Said, We Did' action plan. Planning will then commence for the full survey in February 2024.

96. Meanwhile, 'Leading to Serve' is now at its final stage with Module 2 being rolled out at a regional level in October and November. Next steps include

POL00458015

conversations with potential leadership development suppliers to develop a bespoke leadership programme. Post Office Managers programme replicates the learning from Leading to Serve and consists of 9 x1 day courses for Band 4 and below.

97. A combined recognition and reward platform was launched in September, allowing colleagues better access to discounts, wellbeing resources and employee benefits. In the first week over 50% of colleagues used the new platform, with over 1,000 recognition e-cards sent and over £39,000 spent on the new discount portal.

Reward

98. Three 'live' incentive plans were approved at the Remuneration Committee on 26 September. LTIP FY21/24, LTIP FY22/25 and STIP FY23/24 were all approved for communication to in-scope colleagues. These schemes are long-overdue so getting these communicated is now a priority. The Reward team are working with the GE to finalise LTIP FY23/26 design, ahead of Remco approval and launch.

99. The conclusion of this scheme would bring POL fully up to date with all required incentive scheme approvals and communications. Attention will turn to designing the schemes for 2024 in late October / early November, with a view to getting approval to launch the schemes at the start of the new financial year.

Organisational Design

100. The SPM programme has now collapsed into a single structure with one point of accountability. The top-level SPM Target Operating Model has been defined and work is underway to transition. This will happen in two stages, using existing contractors and backfilling behind them with perm resources with a higher level of capability. Our BAU Technology TOM is also now defined, with work underway to understand the impact of delivery, including proposed exit plan for senior resources impacted.

Talent, Diversity & Inclusion

101. In Talent Acquisition, we are focusing on diversity and inclusion in the process and updating language accordingly. We have identified a c.40% reduction in budgeted spend through improved use of job boards and licences. Planning is also underway to look at sponsorships to improve diverse candidates and increase the talent pool for Technology.

102. In terms of new talent, 15 Graduates joined the Business on 18th September on a 20-month scheme. They are split across: Retail (x3); Commercial (x3); Tech (x9). Placements will be 6 months and then they will rotate within their Function. Meanwhile, following the success of the pilot Mentoring Programme over the summer the official programme has been launched. We have received over 40 responses and training is scheduled for both Mentors and Mentees in November, with more to be scheduled for early 2024.

103. For existing talent, GE-1 and GE-2 Talent & Succession Planning activity is underway across the business. Immediate priorities for this year focus on supporting line managers with having improved development conversations. Work has started on a design for a career development framework to improve career development visibility at POL. The 2024 compliance calendar has also been agreed and we are introducing a

POL00458015

minimum standard for all mandatory training to be completed to achieve a '3' rating in PDRs.

104. Linked to this, mid-year reviews are currently taking place across the business. To drive behavioural improvements we have introduced a feedback tool to capture comments for SLP and GE members on of their Ways of Working. This report will provide average ratings and will form the basis for discussion between the line manager and senior leaders in their mid-year review.

105. Meanwhile, in Diversity and Inclusion Grant Thornton have completed their inclusion maturity audit. A GE workshop will be held in November to define the ED&I ambition and support GE with their commitments moving forwards. The audit results and roadmap will be shared with GE and communicated in November. We continue to nominate colleagues to attend the Diversity in Retail Female and Ethnic Future Leaders programmes.

Wider Updates & Key Issues

106. **Industrial Relations:** Negotiations are ongoing to modernise Collective Engagement Framework with Unite. The first meeting for the pay review process is due at October end.

107. **HR working group**: Payzone integration is ready for final sign off, including TUPE preparation and costs, scoping of the new integrated organisation and a People Plan.

Conclusion

In September I remarked that the business needed a period of operational stability, for the Shareholder to stop behaving like a policeman and start acting as a Shareholder (visible support, less interference etc) and for trading to remain resilient. To a large extent this has occurred. There is a noticeable change in tone and manner from the Shareholder, which is to be welcomed. The business has shown resilience – in all channels – despite the obvious macro headwinds and poor performance across UK Retail, especially fashion, home and in grocery, more generally. Operationally we continue to accelerate our mails strategy with a more formal launch of sales in branch and parcels online, imminent. Feedback from Postmasters in our pulse surveys suggests the relationship and overall support we provide, is strengthening. Perhaps the biggest concern is internal morale. The senior leadership team (top 80) have unsurprisingly struggled with the media carnage, reputational damage and lack of clarity around reward. This remains unsettling and potentially very damaging, not just for retention, but in their leadership, more specifically. As I said in September this remains a challenge which the Board needs to face into.

POL00458015

Cover Page

Title:	P6 – Financial Performance Overview	Meeting Date:	Board, 31st October 2023
Author:	Asha Patel – Strategic Financial Planning & Analysis Director	Sponsor:	Kathryn Sherratt, Interim CFO

Input Sought: Noting

The purpose of this slide deck is to provide details and analysis on the Period 6 financial performance.

The Board are asked to note the P6 performance.

POL00458015

Executive Summary (1/3)

1

Total Revenue and Trading Profit

- P6 revenue of £62.9m was £1.4m above budget with outperformance across multiple areas including a £1m additional Home Insurance profit share, offset by a (£0.9m) retrospective revenue adjustment on new contract signing with Evri.
- YTD, H1 revenue of £416.7m was **£10.9m above budget and 1% growth on prior year**. The delayed launch of Tracked 24/48 products has benefitted Special Delivery, with a partially offsetting impact within Labels and Acceptance; Travel products have traded strongly in H1; Banking has outperformed budget through Banking Hub recharges partially offset by deposit values being adversely impacted by deposit limit regulations.
- This has translated to a **Trading Loss of (£5.6m) in P6 and (£3.2m) YTD**, £19.4m ahead of a budgeted loss but £19.8m lower than prior year. **Whilst we have performed well against budget so far, these YTD gains are currently forecast to be offset in H2 through unmet cost saving challenges and unbudgeted cost increases forecast to hit in H2 and so we must continue to remain thoughtful on our spending decisions if we are to maintain a positive position.**

2

Mails Revenue

- P6 Mails revenue of £21.3m was £0.9m under budget largely due to a (£0.9m) negative retrospective revenue adjustment on new contract signing with Evri. The continued overperformance in Special Delivery, largely due to the delayed launch of RM Tracked products, has been fully offset by underperformance in Labels and Acceptance – the first month we have seen a complete closing of the gap. Whilst H1 Mails revenue of £146.0m is a 5% decline year on year, it is less than expected with revenue £2.3m over budget.
- **As Mails revenues continue to trade well, we expect to see a higher revenue outturn full year. However, with the shift in mix skewing towards higher PM Rem products (Special Delivery and Stamps), this will not necessarily drop through proportionately as higher trading profit.**

3

Banking Revenue

- P6 Banking revenue of £18.3m was £0.3m ahead of budget with £0.2m from additional Banking Hub recharges and £0.1m outperformance on deposits; withdrawals being on budget is an encouraging sign following a trend of underperformance in the year so far. YTD this has translated to H1 revenues of £123.4m, £0.9m above budget and 5% growth on prior year largely driven by additional banking hub recharges being offset by lower withdrawals and on budget performance on deposits.
- **Deposit revenues continue to be impacted by deposit limits (with lower ATV's only partially offset by higher volumes), but we are reviewing options around localised marketing to target increasing volumes further in H2 to improve this outlook.**

4

Platform Products (FS, INS, TM, MT)

- P6 Insurance revenue of £5.6m was £1.2m higher than budget due a one-off Home Insurance profit share, and higher online Travel Insurance sales. We continue to be in the top 2 position in search engine optimisation. H1 Insurance revenue of £32.2m is £2.8m ahead of budget, and **Travel Insurance continues to trend well, which might provide some further upside, but on a much smaller Winter travel peak than seen in the Summer.**
- Strong Travel performance in H1 has generated YTD £1.5m revenue outperformance within Travel money and £2.0m outperformance in FRES profit share (also boosted by FRES cost savings). **We are expecting a further c. £0.4m upside to budget in the remainder of H2.**
- **Our Bank of Ireland Mortgages, Savings, Loans incentive is likely to be at the lower end of our previous ranges based on the current interest rate outlook.**

POL00458015

Executive Summary (2/3)

5

Other Revenue

- P6 Government Services revenue of £2.7m was £0.1m over budget due to outperformance in UKVI (International Driving Permits). YTD, H1 revenue of £14.8m is £0.3m below budget due to lower DVLA rates from new contract, and lower Passport volumes, being partially offset by strong UKVI trading. **The H2 outlook is brighter, with an improving Passport market surfacing and UKVI volumes performing above expectations due to an influx in working visas.**
- P6 Payment Services revenue was in line with budget but YTD £1.7m above budget due to re-issuing of expired energy vouchers earlier in the year. **YoY revenue is down 5% in H1 due to prior year Council Tax revenue, and we expect this decline to widen further in H2 due to EBSS revenue in prior year.**

6

Postmaster Remuneration (PM Rem)

- P6 Variable PM Rem of £26.8m was £0.6m higher than budget largely due to better revenue performance in higher rem generating Mails products such as Special Delivery and Stamps; **YTD, this is £174m, 51% of variable revenue**; £1.8m above budget largely due outperformance on Mails and Travel Money, and £8.1m above prior year due to banking rate increases implemented. **We expect the favourable gains made from Mails and Travel in H1 to remain for the full year.**
- H1 Fixed PM Rem of £22.6m is £1.9m below budget and £12.2m under prior year due in part to the £6m one-offs and top ups in the prior year. **The H1 underspend in Fixed Rem is being forecasted to be caught up in Q4.**

7

Staff costs and Headcount

- P6 Staff Costs of £16.3m were £0.3m under budget; YTD H1 of £97.0m are £2.8m under budget, of which £1.4m relates to unutilised salary increase provision within IT. Savings from being 64 FTE heads under budget for the year have been partially offset by increase in contractor and overtime costs, along with Remediation Unit GLO costs which are expected to be recharged to DBT and higher run-rate on Banking staff than budgeted.
- **From the latest 6+6 forecast, full year staff costs are expected to be £1.8m higher than budget from a combination of unmet cost saving challenges and unbudgeted cost increases – these are being reviewed by Opex Committee and will be reassessed as part of the next forecast update.**

8

Non-staff costs

- P6 Non-Staff Costs of **£23.0m were £1.7m over budget** (H1: £127.1m, £2.2m under budget) with £2m lottery scratchcard exit provision recognised in month.
- Against forecast P6 non-staff costs were £0.3m under forecast, however excluding the lottery provision, they would have been £2.1m under forecast from £0.7m underspend across Commercial areas, £0.4m timing differences in Customer Experience, £0.4m underspend and timing in IT, £0.3m underspend in Postmaster and £0.3m from delayed Property programme spend. **As part of the 6+6 we have re-emphasized the need to improve forecasting accuracy across the business in order to make informed decisions.**
- **The favourable H1 budget variance of £2.2m is not expected to be maintained with a combination of not meeting all of the cost saving challenges which were more backloaded in the budget (due to needing implementation first before in-year benefit could be realised) as well as unbudgeted cost increases forecast to hit in H2. These continue to be reviewed.**

POL00458015

Executive Summary (3/3)

9 **Performance against agreed cost savings and trading improvements**

- The latest 6+6 forecast expects £8.5m of the £15.9m agreed cost savings to be unmet including the stretch on reducing branch discrepancies, unmet benefits from DMB exits and lottery exit provision being classified as opex. These are partially offset by £3.5m of exceeded agreed cost savings within the same categories, taking us to **a forecast net £4.9m below the budget.**
- This said, the 6+6 has equally identified £6.9m of genuine savings/underspend from other categories outside of the £15.9m challenge. **There is ongoing work in refining this view and gaining further clarification of the fungibility of the agreed cost saving challenge.**

10 **Open Branch network**

- The network increased by 7 branches in September to finish at 11,723 branches, one of the highest counts we're reported in over a decade.
- With 32 closures in the month, **consciously shifting away from loss making and poorly used branches, there has been a directed focus towards Drop & Collect openings** (39 opening in month); **The network is forecasted to rise slightly just ahead of peak period driven by further Drop & Collect openings ahead of the peak period.**
- Whilst churn has been higher than the past two years, it is in line with pre-21/22, and lower than forecast – with a stable network expected in the outlook going forward.

11 **Investment and Change Spend**

- In month P6 Change Spend of £32.6m is £6.4m lower than forecasted last month, largely due to £2m of Inquiry cost that has not materialised in period, £1m of KPMG cost timing within RTP and £3m of smaller variances across multiple projects in Property, Supply Chain, CIO and ATMs.
- **YTD spend in H1 of £126.7m is £42.4m below budget (expected to flow through as a full-year impact) with the bulk of deferred spend across 'Replacement of Horizon' and 'Other' change programmes – partly us trying to preserve cash and de-risk the December SH breach date (including re-baselined assumptions for NBIT programmes), partly delay to some change activity.** This is offset by Remediation & POHIT Inquiry which is YTD £7m over budget but expecting full year costs to finish c. £40m over budget.

12 **Security Headroom**

- At the end of P6 Security Headroom of £67m was £12m lower than forecast, largely due to lower banking client payables which are being adversely impacted by limits on cash deposits. In P7 we are expecting a temporary increase in SH in P7, in line with forecast, with £57.5m of DBT funding received in early October and £29m FRES dividend to be received later in the month.
- **The 6+6 SH forecast shows no significant change from previous month with first breach in Mar-24 (P12); however, Dec-23 (P9) SH currently stands at just £15m and is vulnerable to working capital swings around the Christmas holiday – re-emphasising the ongoing work in securing a waiver.**

POL00458015

Scorecard

POL Scorecard - FY23/24			Period 6						3-Month Rolling Average	12-Month Rolling Average	Trend Line (Prior Year & YTD)
	Area	Unit	Actual	Budget	% Variance to Budget	RAG to Budget	Variance to Prior Year	RAG to Prior Year	Actual	Actual	
KPIs											
Trading Profit	POL	£m	(5.6)	(6.7)	16%		-6547%		(0.7)	2.3	
Total Postmaster Rem (excl. merch commission)	POL	£m	30.5	30.4	0%		2%		33.1	32.9	
Total PM Rem % Revenue	POL	%	48%	49%	(1pp)		(1pp)		48%	46%	
Variable PM Rem % of Variable Revenue (YTD)	POL	%	51%	52%	(1pp)		2pp		51%	50%	
Total PM Rem % Cost	POL	%	43%	43%	0pp		(3pp)		45%	45%	
Change Spend (excl. RU and SOA)	POL	£m	28.5	41.5	-31%		246%		23.5	14.8	
Security Headroom	POL	£m	67	42	60%		-74%		129	285	
Number of Branches	POL	#	11,723	11,699	0%		1%		11,719	11,688	
FTE	POL	#	3,426	3,490	-2%		6%		3,391	3,328	
Mails Labels Volumes	Commercial	#	7,396k	8,263k	-10%		-19%		7,903k	9,055k	
Banking Deposit Volumes	Commercial	#	4,993k	4,871k	3%		9%		5,416k	5,363k	
Deposit ATVs	Commercial	£	444	465	-5%		-10%		449	462	
Travel Money Sales Volumes	Commercial	#	754k	688k	10%		4%		858k	628k	
Travel Insurance Sales Volumes	Commercial	#	69k	69k	0%		1%		104k	78k	
BoE Base Rate	Commercial	%	5.3%	4.0%	1.3pp		3.0pp		5.2%	4.1%	
Cash Returned & Processed	Retail	£m	432.5	430.0	1%		-6%		437.6	431.7	
(Increase)/decrease in PM discrepancy provisions	Retail	£k	(501)	(957)	-48%		158%		(581)	(753)	
Transaction Corrections	Retail	#	11,700	13,065	-10%		-9%		12,715	11,727	
Major Incidents	IT	#	3	7	-57%		-40%		5	6	
Incidents	IT	#	4,406	4,800	-8%		-15%		4,497	4,730	
Branch Down Volumes	IT	#	346	450	-23%		-59%		354	474	

pp = percentage points

POL00458015

Trading Profit

P6 revenue of £62.9m was £1.4m ahead of budget and 3% growth on prior year. This was driven by outperformance across multiple areas including a £1m additional Home Insurance profit share, offset by a (£0.9m) retrospective revenue adjustment on new contract signing with Evri. Overheads of £39.3m were £1.4m adverse to budget, predominantly from bringing forward Lottery scratchcard exit provision recognised in month. Trading loss of £5.6m was £1.1m ahead of budget. Whilst this is a strong in year performance so far, these YTD gains are expected to be offset by higher costs and unmet cost saving challenges in future months.

	Period 6							YTD				
	Actual	Budget	5+7 Forecast	Variance to budget	Variance to 5+7	YoY	YoY %	Actual	Budget	Variance	YoY	YoY %
Mails - RM	21.3	20.9	21.3	0.4	(0.0)	(0.7)	(3%)	143.0	139.1	3.9	(9.4)	(6%)
Mails - Non RM	(0.0)	1.3	0.7	(1.3)	(0.7)	(0.2)	(113%)	3.0	4.7	(1.7)	2.2	300%
Retail/Lottery & Gift Cards	2.1	2.0	2.0	0.0	0.0	(0.2)	(7%)	13.8	13.5	0.3	(0.8)	(5%)
Government Services	2.7	2.6	2.6	0.1	0.1	0.6	30%	14.8	15.1	(0.3)	2.3	18%
Banking Services	18.3	18.0	18.2	0.3	0.1	1.0	5%	123.4	122.5	0.9	6.2	5%
ATMs	1.9	2.1	2.1	(0.1)	(0.1)	(0.0)	(2%)	13.2	13.1	0.1	(0.0)	(0%)
Money Transfer	3.0	2.9	2.9	0.1	0.1	0.5	21%	19.1	19.3	(0.2)	2.7	16%
Travel Money	3.4	3.1	3.3	0.2	0.1	0.2	7%	21.7	20.2	1.5	1.6	8%
Payment Services & Payzone	1.9	2.0	1.8	(0.0)	0.1	(0.6)	(23%)	14.7	12.9	1.7	(0.8)	(5%)
Voucher Encashment	0.2	0.1	0.2	0.1	0.0	(0.1)	(40%)	1.0	0.7	0.3	(2.1)	(67%)
Mortgages, Savings & Loans	1.3	1.3	1.3	0.0	0.0	0.0	0%	7.5	7.5	0.0	0.0	0%
Credit Cards	0.1	0.2	0.2	(0.0)	(0.0)	(0.1)	(42%)	1.2	1.2	(0.0)	(0.7)	(36%)
PO Insurance	5.6	4.4	5.6	1.2	0.0	1.9	50%	32.2	29.5	2.8	3.2	11%
Identity Services	0.3	0.3	0.3	0.0	0.0	(0.2)	(32%)	2.8	2.4	0.4	(0.5)	(16%)
Supply Chain/Other	0.8	0.6	0.6	0.2	0.2	(0.2)	(20%)	5.2	4.1	1.1	(1.2)	(19%)
Total Revenue	**62.9**	**61.6**	**62.9**	**1.4**	**0.0**	**1.9**	**3%**	**416.7**	**405.7**	**10.9**	**2.6**	**1%**
Cost of Sales	(2.1)	(2.8)	(2.7)	0.7	0.6	1.4	(41%)	(15.2)	(16.5)	1.3	7.4	(33%)
Postmaster Rem Variable Costs	(26.8)	(26.2)	(26.8)	(0.6)	0.0	(1.7)	7%	(174.0)	(172.2)	(1.8)	(8.1)	5%
Postmaster Rem Fixed and Other Costs	(3.7)	(4.2)	(3.8)	0.6	0.2	1.0	(21%)	(22.6)	(24.6)	1.9	12.2	(35%)
Merchant Commission	(0.2)	(0.3)	(0.3)	0.1	0.1	0.1	(26%)	(1.5)	(1.5)	(0.1)	(0.1)	4%
FRES	3.5	3.1	2.9	0.4	0.6	(0.3)	(8%)	17.3	15.3	2.0	(3.1)	(15%)
POCA Other Income	0.0	0.0	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0	(0.7)	(100%)
Gross Margin	**33.7**	**31.2**	**32.2**	**2.5**	**1.5**	**2.4**	**8%**	**220.6**	**206.3**	**14.4**	**10.3**	**5%**
Staff Costs	(16.3)	(16.6)	(16.5)	0.3	0.3	(1.8)	13%	(97.0)	(99.8)	2.8	(10.5)	12%
Non Staff Costs	(23.0)	(21.3)	(23.4)	(1.7)	0.3	(6.2)	37%	(127.1)	(129.2)	2.2	(19.7)	18%
Total Overheads	**(39.3)**	**(37.9)**	**(39.9)**	**(1.4)**	**0.6**	**(8.0)**	**26%**	**(224.0)**	**(229.0)**	**5.0**	**(30.1)**	**16%**
Trading Profit	**(5.6)**	**(6.7)**	**(7.7)**	**1.1**	**2.0**	**(5.6)**	**(8,266%)**	**(3.4)**	**(22.7)**	**19.4**	**(19.8)**	**(120%)**

6

POL00458015

Budgeted Cost Savings and Trading Improvements

The latest 6+6 forecast expects £8.5m of the £15.9m agreed cost savings to be unmet including the stretch on reducing branch discrepancies, unmet benefits from DMB exits and lottery exit provision being classified as opex. These are partially offset by £3.5m of exceeded agreed cost savings within the same categories, taking us to a forecast net £4.9m below the budget. The 6+6 has equally identified £6.9m of genuine savings/underspend from other categories outside of the £15.9m challenge.

GE Sponsor	£'m	FY 6+6 Forecast	FY Budget	Variance
	Agreed Cost savings			
Owen	Commercial	1.7	2.8	(1.1)
Martin	Customer Experience	0.4	0.4	-
Martin	Retail - DMB Exits	0.2	1.7	(1.5)
Martin	Retail - Branch Discrepancies Reduction	-	1.0	(1.0)
Martin	Retail - Other	2.0	3.3	(1.3)
Chris	IT	3.2	3.2	(0.0)
Kathryn	Finance	1.1	1.1	-
Karen	People	1.3	1.3	(0.0)
Ben	Legal, Compliance & Governance	0.3	0.3	-
Richard	Communications	0.9	0.9	-
	Total Cost Savings	**10.9**	**15.9**	**(4.9)**
	Agreed Trading Improvements			
Owen	FRES	4.4	2.0	2.4
Owen	Insurance	3.0	1.0	2.0
Owen	Government Services	0.8	1.0	(0.2)
	Total Trading Improvements	**8.2**	**4.0**	**4.2**
	Total Cost & Trading	**19.2**	**19.9**	**(0.7)**

Split:	Exceeded	Unmet	Net
	0.9	(2.0)	(1.1)
	-	-	-
	-	(1.5)	(1.5)
	-	(1.0)	(1.0)
	-	(1.3)	(1.3)
	1.9	(1.9)	(0.0)
	0.5	(0.5)	-
	0.2	(0.2)	(0.0)
	-	-	-
	-	-	-
	3.5	**(8.5)**	**(4.9)**

- **Commercial –** exceeded savings on mails staff costs of £0.9m, more than offset by Lottery exit provision which has been put back into Trading Profit.
- **Retail** – delay in DMB exits and removal of Q4 branch discrepancy stretch.
- **IT** – £1.3m savings on staff costs and £0.6m on Security, partially offset by (£0.9m) unbudgeted roles, (£0.7m) opex investments, (£0.3m) on DXC, licences, and small change.
- **Finance** – £0.5m cut to insurance fees included in budget has been removed from forecast as approval has not been given by ARC. This has been offset by exceeding staff savings from vacancies.
- **People** - unmet People savings from FTE reduction, LinkedIn reduction and scope reduction of leadership development, offset by savings in Q4 from self-insure income protection.

POL00458015

Investment & Change Spend

In month P6 Change Spend of £32.6m is £6.4m lower than forecasted last month, largely due to £2m of Inquiry cost that has not materialised in period, £1m of KPMG cost timing within RTP and £3m of smaller variances across multiple projects in Property, Supply Chain, CIO and ATMs. YTD spend in H1 of £126.7m is £42.4m below budget with the bulk of deferred spend across 'Replacement of Horizon' and 'Other' change programmes – partly us trying to preserve cash and de-risk the December SH breach date (including re-baselined assumptions for NBIT programmes), partly delay to some change activity. This is offset by Remediation & POHIT Inquiry which is YTD £7m over budget but expecting full year costs to finish c. £40m over budget.

	Period 06					YTD					FY23/24	
Project Groupings	**Actual**	**Budget**	**5+7 Forecast**	**Vs Budget**	**Vs 5+7 Forecast**	**Actual**	**Budget**	**5+7 Forecast**	**Vs Budget**	**Vs 5+7 Forecast**	**Budget**	**5+7 Forecast**
Other Change Spend	10.8	25.7	13.5	(14.9)	(2.8)	36.1	72.5	38.9	(36.4)	(2.8)	144.5	126.2
Proceeds from Sale Of Assets	(7.9)	(0.1)	(7.5)	(7.8)	(0.4)	(33.5)	(33.1)	(33.1)	(0.4)	(0.4)	(33.1)	(33.4)
Other Change Spend incl. Proceeds from Sale of Assets	**2.9**	**25.6**	**6.1**	**(22.7)**	**(3.2)**	**2.6**	**39.4**	**5.8**	**(36.8)**	**(3.2)**	**111.4**	**92.7**
Remediation	3.3	2.6	3.5	0.7	(0.2)	17.4	19.2	17.6	(1.8)	(0.2)	33.5	37.9
POHIT Inquiry	8.7	4.8	10.8	3.9	(2.1)	33.6	24.8	35.8	8.9	(2.1)	39.9	74.2
Remediation & POHIT Inquiry	**12.0**	**7.4**	**14.4**	**4.7**	**(2.3)**	**51.0**	**44.0**	**53.4**	**7.1**	**(2.3)**	**73.3**	**112.1**
Strategic Technology Programme	18.0	13.0	17.7	5.0	0.3	64.6	74.9	64.3	(10.3)	0.3	151.7	88.2
Retail Transformation Programme	(0.6)	0.5	0.4	(1.1)	(1.1)	5.3	2.8	6.3	2.5	(1.1)	5.8	8.0
Operational Excellence	-	-	-	-	-	-	-	-	-	-	-	3.9
Horizon Extension	0.3	2.3	0.5	(2.0)	(0.1)	3.2	8.0	3.3	(4.9)	(0.1)	15.3	18.6
Replacement of Horizon	**17.7**	**15.8**	**18.6**	**1.9**	**(0.9)**	**73.0**	**85.7**	**74.0**	**(12.7)**	**(0.9)**	**172.9**	**118.6**
Total Change Spend	**32.6**	**48.8**	**39.0**	**(16.2)**	**(6.4)**	**126.7**	**169.1**	**133.1**	**(42.4)**	**(6.4)**	**357.6**	**323.5**

Other Change Spend incl. Proceeds from Sale of Asset P6 Variance to Forecast of (£3.2m):

- **Proceeds from Sale Of Assets (£0.4m):** Sale achieved, and proceeds received in month, variance is being investigated.
- **Other Change Spend (£2.8):** mainly driven from various small variances in Property Projects, phasing in Supply Chain projects, CIO Programmes variances driven by forecast error and project spend being reported under Strategic Technology Programme & ATM Banking activity slowing down while awaiting further funds approval.

Remediation & POHIT Inquiry P6 Variance to Forecast of (£2.3m):

- **Remediation Unit (£0.2m):** partly due to interim payment recalculation savings and higher independent panel costs for Historical Shortfall Scheme and partly due to independent reviewer and internal resourcing underspend for Overturned Historical Prosecutions.
- **Inquiry (£2.1m):** underspend due to backup tapes & file transfer costs that did not materialise in the period, costs to be rephased over next few periods.

Replacement of Horizon P6 Variance to Forecast of (£0.9m):

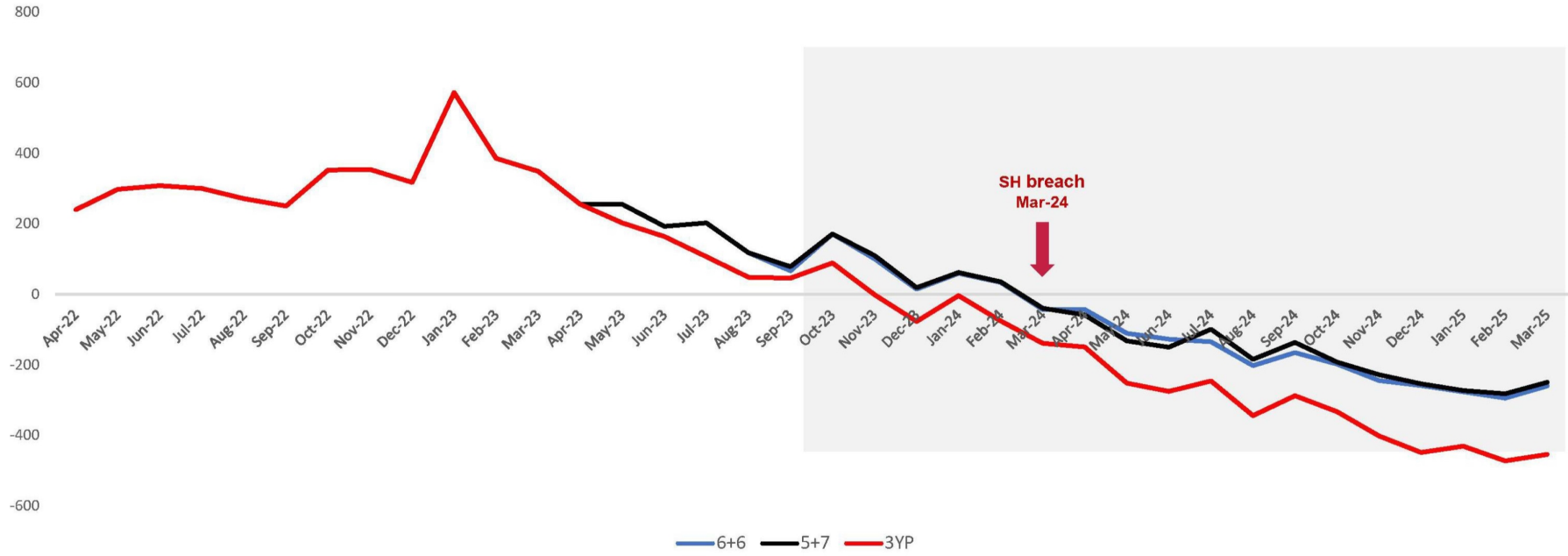
- **Retail Transformation Programme (£1.1.m):** Outstanding KPMG costs was not able to be posted due budgetary restrictions related to committed purchase order, catch up for good receipting to correct this issue will take place in next period.
- **Strategic Technology Programme £0.3m:** spend related to IDAM project currently under CIO projects.

POL00458015

Security Headroom

No significant change in 6+6 forecast from 5+7 with breach still expected in P12, and very low headroom position forecast for P9. We are still forecasting a breach for all of FY24/25, although this forecast does not include any additional NBIT or RMU funding which is currently in discussion.

Funding Assumptions	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	2 Year TOTAL
Network Subsidy	-	£25.0m	£12.5m	£12.5m	£12.5m	£12.5m	£12.5m	£12.5m	**£100.0m**
Investment Funding	-	£45.0m	£45.0m	-	£10.0m	-	£10.0m	-	**£110.0m**
Total Funding Assumed	**-**	**£70.0m**	**£57.5m**	**£12.5m**	**£22.5m**	**£12.5m**	**£22.5m**	**£12.5m**	**£210.0m**



9

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Strategic Platform Modernisation (SPM): Programme Diagnostic Review	**Meeting Date:**	31st October 2023
Author:	Helen Bussey, Programme Manager – Strategy & Transformation	**Sponsor:**	Chris Brocklesby: Chief Transformation Officer

Input Sought: Noting

The Board is asked to note:

i. the context and background of the Strategic Platform Modernisation (**'SPM'**) Programme Diagnostic Review (**'the Review'**);
ii. the approach and methodology adopted by Accenture in completing the Review;
iii. the Accenture findings, observations and recommendations from the Review, as set out in the Board Pre-Read Report Summary included under Appendix 1

Executive Summary

1. A diagnostic review of SPMP was commissioned by POL's CEO to commence in August 2023 following delays to Release 2 of the New Branch IT system, along with significant timeline extensions and cost overruns against the original business case.
2. The Review was undertaken by Accenture and the final report has now been provided to POL, outlining findings and observations, together with a recommendation to reset the programme, along with thirty-two (32) key summary recommendations for consideration.
3. Verbal update provided to the Group Executive on 18th October 2023.
4. Board Investment Committee on 30th October 2023.

Report

Context and purpose of the Review:

5. The SPMP was set up to develop and deploy a replacement to the Horizon IT system, POL's point-of-sale branch and back-office administration technology platform that has been operated by Fujitsu since the late 1990s. The new system, developed internally by POL, is known as New Branch IT **(NBIT)**.
6. Whilst the SPMP has made considerable progress; delivering a live service and pilot and progressing the Horizon replacement objectives further than any attempt prior to 2021, considerable challenges have arisen. These challenges have led to delays to Release 2 of NBIT, an extension of around eighteen (~18) months to the overall programme timeline and a fourfold increase in programme cost forecasts compared to the original business case.
7. Recognising these delivery and cost challenges, POL's CEO initiated some initial remediation activities including bringing in further IT transformation skills and leadership and commissioning a diagnostic review of SPMP and NBIT.
8. The purpose of the Review was to provide internal and external comfort regarding the quality of work undertaken to date and clarity as to the steps to be taken across all areas

POL00458015

of the programme to ensure SPMP and NBIT are on a trajectory to achieve POL's stated objectives.

Approach:

9. An independently resourced Accenture team (separate to the team working on the programme) was commissioned to undertake the Review over a seven-week period, commencing 29 August 2023 and concluding 13 October 2023, including one week of mobilisation activity.
10. Following the initial mobilisation week, a four-week assessment period followed, comprising of interviews, review of artefacts and live content, along with the issue of a survey to the newly consolidated SPMP.
11. This was followed by a two-week reporting period during which recommendations and mitigating actions were aligned to the key observations and findings and the results documented in the final report and shared with POL.

Assurance framework / Accenture methodology:

12. The assurance framework adopted for the Review was based on Accenture's Programme Diagnostic Accelerator and supported by Accenture's Delivery Methodology as well as industry standard maturity frameworks and quality assurance tools.
13. The Review comprised assessment of Five Level 1 capabilities or 'Towers': Strategy, Governance, People, Solution and Implementation. Against each Level 1 capability, a set of Level 2 and Level 3 capabilities were defined to guide the Review. These capabilities are based on those required for successful programme delivery according to Accenture or industry standard frameworks.
14. Findings and observations were documented and a Red, Amber, Green (**'RAG'**) rating applied to each level 3 capability and the key areas for intervention identified. An overall diagnostic RAG rating for level 2 capabilities was subsequently derived based on both the level 3 capabilities and the detailed observations documented.
15. The recommendations subsequently provided by Accenture are based on any Level 2 or Level 3 capability requiring intervention and prioritisation suggested based on Accenture's anticipated impact, leading to the thirty-two (32) summary recommendations outlined.

Scope:

16. The SPMP was operating, until recently, as two separate programmes, the Strategic Transformation Programme **(STP)** and the Retail Transformation Programme **(RTP)** and is currently being restructured back into a single SPMP and the whole programme has been in scope for the Review.

Interviews:

17. Accenture shared with POL a list of the key roles they would expect to see in a programme of this size and complexity and requested that POL provide the names of the individuals interviewed as part of the Review.
18. During the interviews, further potential interviewees were proposed by participants and, as a result, a total of eighty-nine (89) individuals were engaged from across the business, including GE members, programme leadership, technical delivery, product management,

POL00458015

architecture, change management, assurance, security, retail operations and third-party suppliers.

19. A total of one hundred and sixty-six (166) interviews were conducted.

Artefact and live content reviews:

20. In addition to interviews, Post Office provided around five hundred (500) programme and POL artefacts for review, in response to a list of key artefacts identified by Accenture.
21. At Accenture's request, live content within programme tools such as Confluence, Jira, and Service Now was also captured and fed into the Review.

Survey:

22. A survey was also issued to all remaining members of the SPMP team (around 200 people), including the former RTP and STP teams, to ensure those individuals involved in the programme who were not interviewed had an opportunity to express their views on key areas of the programme.
23. Ninety-one (91) individuals responded to the survey, anonymously, and the results of the survey were incorporated into the overall findings and observations.

Next Steps & Timelines

24. POL and SPMP Leadership to review the recommendations, agree on the way forward and develop an appropriate programme reset plan.
25. A further update will be provided to Board in November 2023.

Appendix 1

Strategic Platform Modernisation (SPM) Programme Diagnostic - Board Pre-Read Report Summary

Confidential

POL00458015



POL00458015

SPM Diagnostic – Executive Summary

POL00458015

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Post Office Limited (POL) commissioned an independent diagnostic review of its **Strategic Platform Modernisation (SPM) Programme in Autumn 2023**, given significant delays and cost overruns.

The diagnostic has found that:

- **The purpose of the SPM programme (to replace the Horizon platform) is sound,** removing functional and commercial dependence on an end-of-life core system whilst providing a flexible platform to enable future retail initiatives. There is some misalignment amongst stakeholders regarding the specific scope of the programme, which is being addressed
- **The technology architecture is fit for purpose,** based on modern technologies that will scale to support future products and services, however some critical remediation activities have been identified. **The technical build is well underway, with a live service (Drop & Collect) and an NBIT Pilot already delivered and well received** by both the business and Postmasters
- **However, SPM is suffering in delivery execution and, without a change in course, will fail:**
  - POL does not have the required internal experience to lead and deliver a large-scale IT transformation like SPM (despite assigning some capable colleagues to the programme)
  - The current delivery model is not channelling POL's capability in a way that will deliver the programme at pace
  - Delivery team morale is low – people don't feel equipped to deliver a programme of this importance

Based on the findings of this diagnostic and Accenture's experience we recommend resetting the programme to:

> **Clarify vision and revalidate current scope** – through scope guiding principles clearly linked back to the overall programme vision
> **Engage an experienced IT and Change Transformation delivery support partner** – to provide the external expertise to close identified gaps whilst building POL's internal capability
> **Agree delivery method, organisation and governance** – with clear business sponsorship and streamlined forums
> **Re-plan and re-cost the programme to the next logical stage** – including a t-shirt sized estimate based on the chosen delivery model and method
> **Embed data-driven management and decisioning** – from GE, through SteerCo and delegated to lower levels to allow the programme to move at pace
> **Re-energise your teams and stakeholders** – cascade a consistent vision and plan, address ways of working, and maintain comms across and beyond the programme
> **Implement tech remediation plan** – with consistent standards across environments, security and modern engineering approaches
> **Embed business change and support into programme** – empower teams to identify, design and deliver the right interventions for stakeholders and BAU

Copyright © 2023 Accenture. All rights reserved.

POL00458015

KEY OBSERVATIONS

EXECUTIVE SUMMARY

THE PROGRAMME HAS SOME GOOD FOUNDATIONS BUT SIGNIFICANT CHALLENGES EXIST

- **A** **Robust scope guiding principles are not in place** leading to inconsistent scope translation from the vision
- **B** Post Office is playing the 'integrator' role internally despite **limited complex IT delivery capability**
- **C** **Delivery methodology is not fit-for-purpose** constraining ability to deliver the solution and manage business change with confidence
- **D** **Governance has been ineffective** given some unclear accountabilities and inconsistent adherence to RACI
- **E** **Frequent amendments to timelines and cost forecasts** have led to concerns around delivery confidence
- **F** **Limited data-driven reporting on programme progress** has prevented the ability to detect issues early
- **G** **Culture has been a key blocker for overall success** impacting team morale and impeding collaboration
- **H** Tech solution has been **built on a modern and stable architecture but requires some critical remediation** and consistent rollout
- **I** **Change and deployment teams have been brought together** but it is not yet clear how they will be embedded into delivery

Copyright © 2023 Accenture. All rights reserved.

POL00458015

KEY RECOMMENDATIONS

EXECUTIVE SUMMARY

WE RECOMMEND "RESETTING" THE PROGRAMME TO ADDRESS THE KEY OBSERVATIONS

KEY OBSERVATIONS	KEY RECOMMENDATIONS
A **Robust scope guiding principles are not in place** leading to inconsistent scope translation from the vision	**Clarify vision and revalidate current scope** – through scope guiding principles clearly linked back to the overall programme vision
B Post Office is playing the 'integrator' role internally despite **limited complex IT delivery capability**	**Engage an experienced IT and Change Transformation Delivery Support Partner** – to provide the external expertise to close identified gaps whilst building POL's internal capability
C **Delivery methodology is not fit-for-purpose** constraining ability to deliver the solution and manage business change with confidence	**Agree delivery method, organisation and governance** – with clear business sponsorship and streamlined forums
D **Governance has been ineffective** given some unclear accountabilities and inconsistent adherence to RACI	
E **Frequent amendments to timelines and cost forecasts** have led to concerns around delivery confidence	**Re-plan and re-cost the programme to next logical stage** – including a t-shirt sized estimate based on the chosen delivery model and method
F **Limited data-driven reporting on programme progress** has prevented the ability to detect issues early	**Embed data-driven management and decisioning** – from GE, through SteerCo and delegated to lower levels to allow the programme to move at pace
G **Culture has been a key blocker for overall success** impacting team morale and impeding collaboration	**Re-energise your teams and stakeholders** – cascade a consistent vision and plan, address ways of working, and maintain comms across and beyond the programme
H Tech solution has been **built on a modern and stable architecture but requires some critical remediation** and consistent rollout	**Implement tech remediation plan** – with consistent standards across environments, security and modern engineering approaches
I **Change and deployment teams have been brought together** but it is not yet clear how they will be embedded into delivery	**Embed business change and support into programme** – empower teams to identify, design and deliver the right interventions for stakeholders and BAU

Copyright © 2023 Accenture. All rights reserved.

POL00458015

Appendix

A Approach & Methodology

B Recommendations Summary Detail

POL00458015

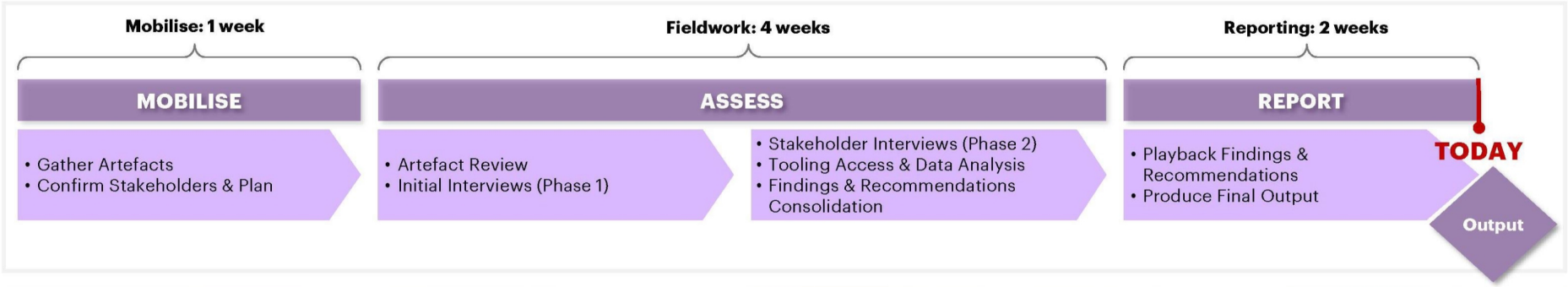
A | Approach & Methodology

Copyright © 2023 Accenture. All rights reserved.

POL00458015

SCOPE & APPROACH

OVER SEVEN WEEKS, WE HAVE INTERVIEWED A CROSS SECTION OF THE SPM POPULATION AND ASSESSED A WIDE RANGE OF ARTEFACTS TO INFORM THIS DIAGNOSTIC REVIEW



STRATEGY
GOVERNANCE
PEOPLE
SOLUTION
IMPLEMENTATION

166	89	c.500	91
Interviews Conducted	Individuals Engaged*	Artefacts Reviewed**	Survey Responses

*Across GE, STP/RTP leadership, business change, 3rd parties, and technical delivery. **Includes artefacts provided by POL, additional interviewee material, and live content within programme tools, e.g., JIRA, Confluence and ServiceNow.

Copyright © 2023 Accenture. All rights reserved.

POL00458015

SOURCE LIST

DETAILED VIEW OF STAKEHOLDERS ENGAGED AND ARTEFACTS REVIEWED THROUGH THE DIAGNOSTIC REVIEW

We have engaged a broad group of stakeholders of all levels working across the SPM Programme

This includes:

- General Executive
- Programme Leadership
- Programme Management
- Technical Delivery
- Engineering
- Architecture
- Product Management
- Commercial
- Stakeholder Engagement
- Change Management
- Assurance
- Security
- Retail Operations

89 INTERVIEWEES*

- Abigail McGeever
- Ajay Patel
- Amit Dandekar
- Andrew Kingham
- Andy McAllister
- Anne-Marie Hearne
- Barry Johns
- Ben Marsh
- Ben Owens
- Brian Jones
- Chris Darriet-Jones
- Christo Caratossidis
- Claire Hurrell
- Clare Mapes
- Colin Moore
- Dan Perrin
- Daniel Wood
- David Gemmell
- David Steed
- Davyd Nash
- Dipesh Chandegra
- Ed Harris
- Ed Spencer
- Emily Robinson
- Emma Jones
- Fiona Burns
- Gareth Clark
- George Cross
- Greg Lewis
- Hema Kanani
- Ian Bilclough
- Jane Kidd
- Jeff Mak
- Karen Cleary
- Kate Kay
- Kathryn Sherratt
- Kathryn Wearne
- Kelly Goodwin
- Kelly Metcalfe
- Lauren Brogden
- Lee Hosford
- Liam Carroll
- Luke Bailey
- Mark Elmslie
- Mark Nash
- Marnus Marx
- Martin Roberts
- Matt Walton
- Mayuresh Sane
- Mel Park
- Melissa Gribben
- Michelle Stainsby
- Mike Braithwaite
- Natalie Cross
- Natasha Gowardun
- Nick Ravenscroft
- Nicola Marriott
- Nik Gill
- Nikki Savekar
- Nirmal Radhakrishnan
- Owen Woodley
- Paul Minchell
- Pete Marsh
- Phil Newton
- Praveen Bhujade
- Reuan Williams
- Rob Guest
- Rob Wilkins
- Ryan Allan
- Ryan Jones
- Richard James
- Rob Fry
- Sam Jeyakumar
- Samantha Swann
- Sarah Gray
- Shelley Genery
- Simon Pearson
- Sophie Drury
- Steve Hepburn
- Steve McFarlane
- Steve Young
- Stuart Banfield
- Sue Saikia
- Thomas Maddern
- Tim McInnes
- Vinay Swali
- Will Jenkins
- Yogesha Ramanna
- Zdravko Mladenov

c.500 ARTEFACTS

Alongside interviews, an extensive list of artefacts were provided by Post Office for review as part of the engagement. The review has additionally included live content captured within programme tools such as Confluence, Jira, and Service Now

*Interviewees based on a list provided by POL, following a role-based ask from the diagnostic team. Also includes additional interviewees identified during the diagnostic review. Every effort has been made to engage the appropriate subject-matter experts and gather insights from a representative group across all areas and levels but, due to timescales, it was not feasible to interview every stakeholder across STP/RTP within SPM.

Copyright © 2023 Accenture. All rights reserved.

POL00458015

DIAGNOSTIC METHODOLOGY

AN END-TO-END REVIEW ACROSS THE FIVE MAJOR CAPABILITIES REQUIRED FOR SUCCESSFUL DELIVERY

- Using a Level 1-3 framework, **detailed observations** have been captured following **quantitative** (artefact and data analysis) and **qualitative review** (interviews, surveys)
- Each Level 3 has received a diagnostic RAG from which an overall Level 2 **diagnostic RAG has been derived**
- Where a **capability requires intervention**, recommendations, have been captured (see appendix) and form the **basis for the summary recommendations** outlined

STRATEGY	GOVERNANCE	PEOPLE	SOLUTION	IMPLEMENTATION
LEVEL 2 CAPABILITY	**LEVEL 2 CAPABILITY**	**LEVEL 2 CAPABILITY**	**LEVEL 2 CAPABILITY**	**LEVEL 2 CAPABILITY**
1.1 Strategic Intent	2.1 Planning	3.1 Change Strategy	4.1 Operations Capability	5.1 Design
1.2 Business Case Economics	2.2 Reporting, KPIs & Metrics	3.2 Change Execution	4.2 Solution Architecture	5.2 Build
1.3 Stakeholder Alignment	2.3 Prog Organisation, Authorities & Forums	3.3 Stakeholder Engagement & Comms	4.3 DevSecOps & Environments	5.3 Testing
1.4 Scope & Requirements	2.4 Change Control	3.4 Culture & Behaviours	4.4 Non-Functional Requirements	5.4 Release Mgmt. & Deployment
1.5 Sequencing & Prioritisation	2.5 Commercial & Contract Management	3.5 Skills & Competencies	4.5 Data	5.5 Conversion
1.6 Delivery Model	2.6 Resource Management	3.6 Learning & Training	4.6 Code	5.6 Post Go Live Support
1.7 Target Operating Model	2.7 Vendor Management		4.7 Infrastructure	5.7 Service Introduction

NOTE: See Appendix for further detail on the diagnostic methodology.

Copyright © 2023 Accenture. All rights reserved.

POL00458015

SUMMARY OBSERVATIONS RAG RATING

14 "LEVEL 2" CAPABILITIES ASSESSED AS RED - WHERE SIGNIFICANT INTERVENTION IS RECOMMENDED

LEVEL 2 CAPABILITY RAG RATING

STRATEGY	GOVERNANCE	PEOPLE	SOLUTION	IMPLEMENTATION
LEVEL 2 CAPABILITY	LEVEL 2 CAPABILITY	LEVEL 2 CAPABILITY	LEVEL 2 CAPABILITY	LEVEL 2 CAPABILITY
1.1 Strategic Intent	2.1 Planning	3.1 Change Strategy	4.1 Operations Capability	5.1 Design
1.2 Business Case Economics	2.2 Reporting, KPIs & Metrics	3.2 Change Execution	4.2 Solution Architecture	5.2 Build
1.3 Stakeholder Alignment	2.3 Prog Organisation, Authorities & Forums	3.3 Stakeholder Engagement & Comms	4.3 DevSecOps & Environments	5.3 Testing
1.4 Scope & Requirements	2.4 Change Control	3.4 Culture & Behaviors	4.4 Non-Functional Requirements	5.4 Release Mgmt. & Deployment
1.5 Sequencing & Prioritisation	2.5 Commercial & Contract Management	3.5 Skills & Competencies	4.5 Data	5.5 Conversion
1.6 Delivery Model	2.6 Resource Management	3.6 Learning & Training	4.6 Code	5.6 Post Go Live Support
1.7 Target Operating Model	2.7 Vendor Management		4.7 Infrastructure	5.7 Service Introduction

NOTE: See Appendix for observations per Level 1 capability and the diagnostic methodology.

RAG Definitions Significant interventions recommended | Moderate interventions recommended | Limited or no interventions recommended

Copyright © 2023 Accenture. All rights reserved.

POL00458015

B | Recommendations Summary Detail

Copyright © 2023 Accenture. All rights reserved.

POL00458015

RECOMMENDATIONS SUMMARY

EXECUTIVE SUMMARY

THE KEY RECOMMENDATIONS ARE AN AGGREGATION OF SPECIFIC ACTIVITIES

KEY RECOMMENDATIONS / **SUMMARY RECOMMENDATIONS**

KEY RECOMMENDATIONS	SUMMARY RECOMMENDATIONS							
Clarify vision & revalidate scope	1) Set up Reset Team	2) Develop Scope Guiding Principles	3) Clarify Horizon Replacement Scope	4) Communicate Final Build vs. Buy Decision				
Engage delivery partner	5) Evaluate Prog. Delivery & Support Model*	6) Select & Onboard Delivery Support Partner**	7) Refine Vendor Management Approach					
Delivery method, org & governance	8) Operationalise Programme Org Structure	9) Define RACI	10) Review Delivery Methodologies	11) Redefine Workforce Strategy	12) Embed Processes & Tools	13) Rationalise Forums & Ceremonies	14) Improve Technology & Change Planning	15) Re-establish Solution Change Controls
Re-plan & re-cost the programme	16) Revise E2E Programme Plan	17) Re-baseline Programme Delivery Costs	18) Re-baseline Benefits & Future TCO					
Data-driven management & decisioning	19) Embed Data-led Insights & Reporting	20) Test & Iterate Assurance Approach	21) Establish Benefits & Cost Management					
Re-energise teams & stakeholders	32) Interim Prog. Communication	22) Identify & Agree Programme Ways of Working	23) Programme Kick-off					
Implement tech remediation plan	24) Estimate & Prioritise Remediation Plan†	25) Deliver Remediation Items†	26) Establish the Platform Engineering Team	27) Introduce Hardening Sprints				
Embed business change & support into programme	28) Consolidate & Refresh Change Strategy & Plan	29) Reset Comms & Engagement Delivery	30) Design TOM	31) Integrate Deployment Support Approach				

*Delivery Model decision impacts subsequent recommendations. **If applicable. †Some of these activities are currently progressing as part of 'Build Better' initiative.

POST OFFICE Actions Key ☐ Action TBC

Copyright © 2023 Accenture. All rights reserved. 13

POL00458015

RECOMMENDATIONS SUMMARY DETAIL

EXECUTIVE SUMMARY

THE KEY RECOMMENDATIONS ARE AN AGGREGATION OF SPECIFIC ACTIVITIES

SUMMARY RECOMMENDATIONS

KEY RECOMMENDATIONS

Clarify vision & revalidate scope	1) Set up Reset Team: Formation of programme team to own and embed the programme reset	2) Develop Scope Guiding Principles: Re-establish strategic direction (incl. success metrics) and reset scope guiding principles	3) Clarify Horizon Replacement Scope: Identify and communicate 'like-for-like' vs. process improvement scope for horizon replacement, ensuring clear traceability from vision to implementation (e.g., HIJ/CIJ)	4) Communicate Final Build vs. Buy Decision: Agree path forward for Build vs. Buy decision and establish auditable documentation as necessary			
Engage delivery partner	5) Evaluate Programme Delivery & Support Model*: Agree suitability and approach to onboarding a 3rd party delivery support provider to substitute and/or expand existing capabilities. Includes designing TOM principles	6) Select & Onboard Delivery Support Partner**: Complete selection process and onboard relevant delivery support provider. Ensure that they inform overall delivery approach	7) Refine Vendor Management Approach: Re-establish clear vendor management process (e.g., include contract clauses to ensure knowledge transfer)				
Delivery method, org & governance	8) Operationalise Programme Org Structure: Complete on-going programme org structure discussions and set up roles	9) Define RACI: Agree RACI and ensure accountabilities are adhered to across the programme (e.g., structures of escalation)	10) Review Delivery Methodologies: Agree programme wide delivery methodology (e.g., version of Agile) and how it will be adapted for programme needs & POL (e.g., waterfall)	11) Redefine Workforce Strategy: Understand existing programme capability, map to programme requirements and define resource management plan	12) Embed Processes & Tools: Agree, adapt and embed appropriate processes and supporting tools to manage programme delivery and solution development consistently and effectively across delivery lifecycle	13) Rationalise Forums & Ceremonies: Refine forums and ceremonies in line with agreed delivery approach, programme processes, org structure and RACI	14) Improve Technology & Change Planning: Revise integrated tech and change planning approach (incl. clear estimation, forecasting and dependency mapping)	15) Re-establish Solution Change Controls: Re-establish programme change management processes (e.g., TDA, including refinement of low-level designs)
Re-plan & re-cost the programme	16) Revise E2E Programme Plan: Revise, estimate and integrate tech and change plans across scope, timeline, delivery stage gates etc.	17) Re-baseline Programme Delivery Costs: Re-baseline programme costs, based on scope, E2E programme plan and agreed delivery methodology	18) Re-baseline Benefits & Future TCO: Calculate holistic benefits (e.g., efficiency gains, CSAT etc.), link at high level to delivery stage gates and re-estimate future total cost of ownership					
Data-driven management & decisioning	19) Embed Data-led Insights & Reporting: Agree and embed proposed programme Assurance approach (e.g., Assurance Universe). Iterate and refine as needed	20) Test & Iterate Assurance Approach: Review and update KPIs & processes to consistently track and report delivery progress in line with programme vision	21) Establish Benefits & Cost Management: Re-establish programme cost monitoring and extend/embed ongoing benefits management					
Re-energise teams & stakeholders	32) Interim Programme Communication: Communicate an update to all internal stakeholders on the programme direction following the diagnostic	22) Identify & Agree Programme Ways of Working: Identify and agree desired top-line programme behaviours and ways of working to be embedded and enforced within teams e.g., to encourage transparency, collaboration and empowerment	23) Programme Kick-off: Kick-off programme (e.g., through an away day) with relevant stakeholders to energise and motivate for programme restart					
Implement tech remediation plan	24) Estimate & Prioritise Remediation Plan†: Develop a prioritised plan to address identified issues by estimating required resources, costs, and timeframes	25) Deliver Remediation Items†: Deliver the Build Better remediation recommendations, plus newly identified recommendations, in a consistent, mandated way across all delivery squads	26) Establish the Platform Engineering Team: Setup a team that creates, standardises and maintains the underlying platform and tooling that supports engineering	27) Introduce Hardening Sprints: Include ongoing effort (& budget) to stabilise the code base at regular intervals				
Embed business change & support into programme	28) Consolidate & Refresh Change Strategy & Plan: Validate and update change strategy for the E2E programme and execute activities in line with revised tech delivery timelines incl. change impact, comms, learning	29) Reset Comms & Engagement Delivery: Re-define programme comms and engagement strategy for all impacted stakeholders (in and outside the programme)	30) Design TOM: Complete development of holistic and integrated BAU target operating model, including Horizon transition state planning	31) Integrate Deployment Support Approach: Integrate current business and tech related deployment support plans and teams e.g., ROC – Retail Operations Centre – previously defined in RTP				

*Delivery Model decision impacts subsequent recommendations. **If applicable. †Some of these activities are currently progressing as part of 'Build Better' initiative.

Copyright © 2023 Accenture. All rights reserved.

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Remediation Unit Programme Update	**Meeting Date:**	31 October 2023
Author:	Simon Recaldin, Remediation Unit Director	**Sponsor:**	Simon Recaldin, Remediation Unit Director

Input Sought: Noting - **Board is asked to Note:**

The key strategic issues highlighted in the Executive Summary below:

- The Government announcement on an optional £600k payment in Overturned Convictions (OC) cases,
- The progress made in standing up the Tax top-up scheme in Horizon Shortfall Scheme (HSS),
- Progress within the Group Litigation Order (GLO) workstream and the contract deliberations.

Executive Summary

OC (Overturned Convictions): On the 18 September, His Majesty's Government (HMG) announced measures to enable an upfront, optional £600k offer, for Full and Final settlement of overturned convictions. The policy decision represents a significant and positive development in POLs ability to swiftly settle claims, however, the announcement is the start of this process. Details of the initiative are still to be finalised by HMG, and a significant amount of effort will still be required to reach a final position. Additionally, POL is also aware that certain elements are being referred by DBT to the Advisory Board (AB) and, potentially, final HM Treasury approval required, which may result in a longer than anticipated timeline.

In parallel with the upfront offer discussions, POL has continued to finalise the assessed claims process (for claims in excess of £600k). Two of the Law Firms have nominated a chair for the Independent Assessment (IA) Panel, and POL have confirmed no objections in principle. Additionally, POL has put forward proposals for two further panel members to the Representative Law Firms for review and feedback. Pecuniary Principles are close to being finalised by POL/HMG, which is anticipated to bring the internal drafting to a conclusion. It is likely however, that IA determination will be required, prior to final versions being agreed.

RU continues the Operational processing of submitted Non-Pecuniary and Pecuniary claims (per report section) although, short term, the upfront offer announcement has the potential to be a distraction for Law Firms and Claimants, whilst details are confirmed.

Regards the appeals workstream; a further appeals hearing was held on 27 September 2023, resulting in 5 further overturned convictions. POL offered no evidence in 3 cases and 2 were overturned on the basis of public interest only (PIO). Two cases were also overturned in Scotland on 29 September. This makes 93 overturned cases in total.

Taxation: Progress continues on setting up the Tax Top-Up (TTU) process, with an expectation that Governance sign off will be completed in October. The TTU compensation funding

Strictly Confidential

agreement for £29m has now been received. The Operational cost agreement for £0.86 million is not expected to be signed until November 2023 when DBT have resolved the subsidy control arrangements, and as such POL will be working at risk until this is complete.

GLO Progress: POL continues to complete the 379 Data Subject Access Requests (DSARs) that have been submitted by Freeths in relation to their clients' claims within the GLO Compensation Scheme. The Information Rights team continue to keep the Information Commissioner's Office (ICO) updated on progress. A meeting was held between Freeths and POL on 31 August, where it was agreed that the scope of the DSAR can be reduced to meet the agreed GLO Disclosure process, with Freeths reserving the right to reinstate full DSARs should they believe this is required. POL has put this agreement in writing to Freeths who have very recently responded and, bar a few minor points, POL are dealing with and expect to confirm the approach very shortly. A Redaction User Guide has been created by the GLO team with input from the Information Rights team and bitesize training has been rolled out across both teams to ensure consistency and quality.

With the approval of both RC and Board, POL continues to work at risk in this area. The focus of both POL and DBT is to get the contract signed by the end of October. A key outstanding issue is the Data Protection indemnity on a non-mutual basis. This risk will need to be managed through POL governance to determine whether it can be accepted. Additionally, DBT remain reluctant to formally acknowledge additional costs which may be required due to the work already completed on the DSARs along with the additional costs required due to the complexity of the work being completed which was not initially fully understood. POL sought assurance via a Letter of Comfort from DBT, however this will not be provided as it would require His Majesty's Treasury (HMT) sign off and DBT have advised that they do not intend to take this step. DBT have instead offered a form of words from Carl Creswell to provide assurance that the additional costs would be covered. This would not be legally binding and the associated risks would therefore need to be accepted by RC.

Recruitment is ongoing for the Claims Review Advisor vacancies who are required to commence work on shortfall analysis. A further 6 roles are subject to authorisation and once in place recruitment can start to fill the final vacancies. Continuing to incur further expenses under an as yet unsigned contract, without committed funding, or at the very least, a formal acknowledgement of a firm intention to make such a commitment (e.g. by a comfort letter) exposes POL to wrongful trading risks given its current financial position. This is even more pertinent noting that the POL's annual reports and accounts are due soon, in which POL ought to show that it has sufficient funding/income to meet its current and contingent liabilities as they fall due.

Criminal: POL offered no evidence in 5 appeals at the Crown Court at Southwark on Wednesday 27 September 2023. 3 were straight concede cases and 2 were conceded on the basis that it was not in the public interest to have a retrial.

In Scotland, the Crown indicated that they intended to concede 2 of the 6 cases referred by the Scottish Criminal Cases Review Commission (SCCRC). POL were not the prosecutors in Scotland and therefore have played no part in this decision. English Counsel has [redacted] At a preliminary hearing on 29 September 2023 those 2 convictions were overturned.

POL00458015

Post-Master Detriment – Suspension Payments
Suspension payments have remained on pause while we investigate the options for restarting the Suspension Renumeration Review (SRR) process. We now have a proposed way forward to recommence the process which has been through governance in early October. We are waiting final confirmation from DBT/HMRC to make future SRR payments tax exempt so that we can make this change before relaunching the process. The proposal is to top-up postmasters to who have already been paid or accepted offers in the same way as the HSS Scheme to cover any higher rate tax liability.

Post-Master Detriment – Outstanding Balances
A presentation has been made to the senior RU team to the proposed approach for POL Process Review (Pot B). The proposal is based on releasing details of actual and potential areas of detriment to postmasters on a phased basis. The proposal also considered a possible alternative approach to see if it is possible to shorten the delivery period. This will be discussed at HMC shortly. Final confirmation of Government funding is not now expected until the end of November.

Report

Criminal cases: Appeals in the pipeline

1. As of 29 September 2023, the total number of overturned has increased to 93; this figure includes one CPS prosecuted case, two cases in Northern Ireland and two cases in Scotland. Of these, 5 cases were conceded by POL on the basis that it was not in the public interest to have a retrial.
2. There remain 2 contested appeals in the Court of Appeal.
3. There is 1 contested appeal in Northern Ireland and we are awaiting a substantive hearing date.
4. There are currently 29 cases under review by the Criminal Cases Review Commission (CCRC). No response to the case of *R v M* has been received as yet. POL Legal are considering options to engage with them regarding referrals going forward.

Criminal: MET Police

5. The MET Police attended Wood Street on 20 September 2023 at POL's invitation to seize material as agreed with POL Legal under production orders and the agreed waiver. POL provided the MET with all the material previously provided in native format as requested. There remains a small pool of family members that are outside the agreed waiver which is being worked through in order that it can be provided lawfully.

Criminal: Potential Future Appellant(s) (PFA) Triage

6. 26 Concede letters have now been sent. In one case, the son of a deceased concede case has indicated to POL that he does not wish to appeal his mother's conviction because he worked in the Post Office with her and saw her taking money. Subsequently, the PM's daughter has indicated that she wishes to appeal on behalf of her mother and has indicated that there is perhaps a rift between the family members.
7. Senior Counsel continue to review the "ambiguous cases".
8. A new type of case has been identified from the PFA Triage where Counsel has advised [redacted] This is not a Horizon shortfall case as per the decision in *Hamilton* but relates to the economic duress of the postmaster's contract with

Post Office. The case will be before Board on 31 October 2023. POL Legal are [redacted]

Overturned Convictions (OC)

Upfront £600k payment update:

9. As noted above, certain details of the recent HMG announcement of the upfront payment option have yet to be finalised. Consequentially, this results in operational and reputational risks regards POLs delivery of the initiative, largely stemming from the following items:
   i. HMG is still considering discrete policy points in relation to withdrawal and a reduced offer if it is not accepted within a defined period,
   ii. The HMG current position is that Public Interest (PIO) cases are ineligible for the upfront offer,
   iii. Legal Fees, for assessment and advice on the upfront offer, has yet to be formally communicated and agreed with the Claimant Law firms,
   iv. HMG have stated that the upfront offer does not represent a "floor" for all claims, and therefore does not enable further interim or "top up" payments to be made above the current £163k.

Public Interest Only (PIO) claims:

10. The current treatment strategy regards the PIO claims continues to present challenges, specifically:
    i. The 2 recent overturns are currently ineligible for the £600k upfront offer and the 2 fully settled claims received values materially under that amount (£200k & £250k).
    ii. Previous settlement and offers have been arrived at using Mediation, incurring significant Legal fees and extended timescales,
11. The HMG announcement is likely to bring external attention to the above matters potentially resulting in significant adverse publicity.

Assessed claim process (claims over £600k):

12. The position on the earnings-related principles is close to being finalised by POL/HMG, which is anticipated to bring the internal principles development to a conclusion. The Principles as drafted may not be fully agreed by the Representative Law Firms and IA determination is likely to be required, prior to final versions being agreed.

HSS

13. Attention remains focussed on issuing offers for the remaining 4 original HSS claims by end October 2023, with 2 of these offers expected by end September.
14. On late applications as of 21 September 2023:

No. of Claims Received	No. of Eligibility Checks Completed	No. of Ineligible Claims	No. of RFIs Issued	No. of Offers Issued	No. of Acceptances
324	315	50	57	168	110

   a. DBT has set targets for POL, the first of which is that by end December 2023, POL will have issued outcomes in response to 228 (95%) of the 240 late applications logged on or before 31 March 2023. As at 15 September 2023, POL is at 75%, having issued 150 Offers and 25 ineligible letters from that particular set of 240 claims.

POL00458015

15. On the Dispute Resolution process:

No. of Disputes received	No. of HSS active disputes / queries	No. of Late apps active disputes / queries	No. of GFMs booked / held	No. of Escalation meetings booked / held	No. of disputes resolved
488	313	26	170	20	149

a. To date 488 cases have been disputed or queried within the Dispute Resolution Process, of which 149 (31%) have been resolved. Of the resolved cases 51% accepted a revised offer and 49% accepted the original HSS offer. As part of the Dispute Resolution Process 170 Good Faith Meetings have been held or are scheduled, together with 20 Escalation Meetings. To date we have held 1 Mediation meeting, which resulted in the PM subsequently accepting a revised offer.

GLO

16. While the contract is negotiated, our key focus is on setting up the POL GLO team to deliver this project – a team of 57 is projected to support the gathering of claimant data, providing analysis to support Horizon shortfall claims, data redaction and assurance. A data sharing agreement has been put in place to enable the transfer of data between POL and DBT.
17. Shortfall Claims have been provided by claimant reps other than Freeths. As the DSAR scope has verbally been reduced by Freeths, resource has been reallocated and shortfall analysis has resumed.
18. Freeths generally continue not to engage with the DBT claims process. In the few where they are, they have instead provided only information from the original GLO claim forms, increasing the risk of some shortfalls being overlooked.
19. Freeths have requested that PI compensation is increased in line with inflation. This has a potential read across to HSS late applications and the HSS Dispute Resolution Process. POL awaits DBT update on this issue.

Postmaster Detriment – Suspension Payments

20. As SRR is still on hold there has been little movement in the statistics over the past month. A few hardship payments have been made, having been approved through HMC Governance. We now have a proposed way forward to recommence the process which has been through governance in early October and subject to Operational Risk and RC approval and the tax top up issue being resolved with government we anticipate an October restart.

Postmaster Detriment – POL Process Review (PPR)

21. As we come to the launch of PPR, we are looking at options to stop the review of potential areas of detriment under the RU banner. We believe that this will be an ongoing process and should migrate to BAU as a business improvement team at some point. There are currently eight 'new' areas with the potential for detriment and consideration is being given to which should be in-scope of RU.
22. Investigation is now complete on the 19 (previously 14) products / processes so far identified which may have given rise to detriment. In summary, three areas have been identified with Detriment, seven with Potential for Detriment[1] and nine with No Detriment.

[1]Categorisation of three areas with Potential for Detriment and five with No Detriment are subject to legal review and governance.

POL00458015

23. As part of the work to date, 65 recommendations have been raised to BAU business to improve current processes and controls. Five of these are in areas of actual or potential detriment, three of which are still an issue in BAU today. These recommendations are in relation to FX BAU, Paystation and Electronic Top-Ups/Vouchers. Focus is on ensuring they receive the appropriate attention, we have engaged with the Retail Engagement team to get traction on them, in particular on the issues that are still live and in relation to updates of training material. These areas need to be addressed before we can undertake any remediation process.

Finance Update

2023/24 Budget & 3YP

24. At P6 RU is £1.8m under budget YTD due mainly to the timing of legal spend, external assurance costs and the ENE Hearing in OC. However, a significant number of these costs are expected to crystalise in Q3, catching up to the budgeted position. RU faces a number of financial risks going into H2 23/24 through disclosure, late applications and increased scope in criminal case review work. In addition to this there are further handling costs for the HSS Tax adjustments.
25. In September, a paper was approved by POL Board for additional £4.5m in funding in 23/24 for RU to cover these risks and increases in scope, in addition to £6.8m further spend in 24/25.
26. The latest September forecast has been included in the request to HMT from DBT for the funding of both compensation payments and the above handling costs.

Legal Fees

27. The inclusion of Legal Fees reporting came from an Internal Audit report recommendation based on both RU and the Inquiry where in February 2023 where there were £9.5m of unpaid invoices, with £7.3m awaiting a PO, equating to 76%. IA recommended GE should be sighted of outstanding amounts, including invoiced amounts without a PO.
28. At 23 September 2023 the unpaid invoices amount is down at £2.3m and all invoices have a PO showing the significant progress and improvements made in RU around the handling and processing of legal fees including an improved process of review and challenge.

Strictly Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Overturned Convictions Pecuniary Compensation Principles and Independent Assessment Process	**Meeting Date:**	31 October 2023
Author:	Neil McDaid – Head of OC Nicola Munden – Head of Legal, OC	**Sponsor:**	Simon Recaldin – Remediation Unit Director

Legally Privileged and Strictly Confidential

Input Sought: Approval

Board is requested to approve:

i. OC Pecuniary Compensation Assessment Process ("Process")
ii. OC Principles ("OC Principles") Underlying Offers of Pecuniary Compensation
iii. Terms of Reference ("ToR") for the Independent Pecuniary Compensation Assessment Panel
iv. Referral Application Form to the Independent Pecuniary Compensation Assessment Panel
v. the issuance of the above to all OC claimant representatives

[redacted]

Executive Summary

[redacted]

POL00458015

[redacted]

Report

1. [redacted]

2.

3.

4.

POL00458015

5. [redacted]

6.

Financial Impact

7. [redacted]

8.

Risk Assessment, Mitigations & Legal Implications

9. [redacted]

10.

11.

Legally Privileged and Strictly Confidential

POL00458015

[redacted]

Stakeholder Implications

12. [redacted]

13.

14.

Next Steps & Timelines

15. [redacted]

16.

17.

Appendices:

The following documents can be found in the Reading Room:

i. OC Pecuniary Compensation Assessment Process ("Process"); and
ii. OC Principles ("OC Principles") Underlying Offers of Pecuniary Compensation; and
iii. Terms of Reference ("ToR") for the Independent Pecuniary Compensation Assessment Panel; and
iv. Referral Application Form to the Independent Pecuniary Compensation Assessment Panel.

[1] N.B. The final version of the OC Principles as at 20/10/23 awaits approval by DBT's POC, however, it is anticipated that this approval should be in place prior to the POL Board meeting on 31/10/23.

Legally Privileged and Strictly Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	PFA triage: Clive Malam – decision on stance	**Meeting Date:**	31 October 2023
Author:	Nick Vamos (P&P) / Ken Kyriacou (Head of CCRC)	**Sponsor:**	Simon Recaldin (RU Director)

Input Sought: Decision and Noting

Board is asked to:

[redacted]

Executive Summary

[redacted]

[redacted]

Strictly Confidential

POL00458015

[redacted]

Report

1. [redacted]
2.
3.
4.

[redacted]2

POL00458015

5. [redacted]

6. [redacted]

7. [redacted]

[redacted]

8. [redacted]

9. [redacted]

10. [redacted]

[3] For example, Susan Rudkin.

POL00458015

[redacted]

[redacted]

11. [redacted]

12. [redacted]

13. [redacted]

[redacted]

14. [redacted]

15. [redacted]

16. [redacted]

POL00458015

[redacted]

17. [redacted]

18.

19.

[redacted]

20. [redacted]

21.

22.

[redacted]

POL00458015

[redacted]

Financial Impact

23. [redacted]

24.

25.

Risk Assessment, Mitigations & Legal Implications

26. [redacted]

Stakeholder Implications

27. [redacted]

Next Steps & Timelines

28. [redacted]

Appendix 1

Appendix 1 – PFA Triage Advice, Clive Malam (see document uploaded to the Reading Room)

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	PPR Compensation – Funding Commitment	**Meeting Date:**	31 October 2023
Author:	Nigel Clibbens, Head of Strategy and Detriment	**Sponsor:**	Simon Recaldin, Remediation Unit director

Input Sought: Decision

(Legally Privileged and Confidential)
The Board is asked to APPROVE:

i. [redacted]

ii.

iii.

Previous Governance Oversight

HMC: For noting, on 17/10/2023;
RC: For noting, on 18/10/2023;
GE: For noting, on 18/10/2023.

Executive Summary

[redacted]

Report

1. [redacted]

Legally Privileged and Strictly Confidential

POL00458015

2. [redacted]

3.

4.

Financial Impact

5. [redacted]

Risk Assessment, Mitigations & Legal Implications

6. [redacted]

7.

8.

9.

10.

Legally Privileged and Strictly Confidential

POL00458015

11. [redacted]

Stakeholder Implications

12. [redacted]

Next Steps & Timelines

13. [redacted]
14. [redacted]
15. [redacted]
16. [redacted]
17. [redacted]
18. [redacted]

Legally Privileged and Strictly Confidential

POL00458015

Appendix 1

Draft commitment letter

To the Board of Directors
Post Office Limited
100 Wood Street
LONDON
EC2Y 7ER

[Date] October 2023

Dear Sir/Madam

[redacted]

Legally Privileged and Strictly Confidential

POL00458015



Yours faithfully

[SIGNED BY DBT]

Legally Privileged and Strictly Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Post Office Horizon IT Inquiry: Update	**Meeting Date:**	31 October 2023
Author:	Diane Wills: Inquiry Director Gemma Ludgate: Inquiry Operations and Strategy Director		
	SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – NOT FOR FURTHER CIRCULATION **This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry**		

Input Sought: Noting

SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE

Board is requested to note:

i. Directions issued by Sir Wyn on 15 September following the disclosure hearing held 5 September 2023.

ii. [redacted]

iii. Progress on Phase 4 hearings, and preparation for Phase 5.

iv. Fujitsu corporate statement

v. Latest information on Inquiry timetable

[redacted]

Legally Privileged & Strictly Confidential

POL00458015

SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – not for further circulation - This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.

Executive Summary

Further to the disclosure hearing held on 5 September 2023, Sir Wyn Williams issued a statement and directions on 15 September stating that evidence provided on 5 September suggested that the process failures were, primarily at least, those of KPMG and HSF albeit that Mr Canavan and Mrs Wills accepted that Post Office must take ultimate responsibility for the failure to disclose relevant documents in its possession or under its control. Sir Wyn directed that a further disclosure hearing be held on a date to be fixed between 8 and 19 January 2024. Further details from the directions were shared with Board in the briefing note dated and circulated 21 September 2023. Please see Appendix 3 in the reading room.

The Inquiry Programme continue to meet regularly with HSF, P&P and KPMG (with the support of BSFf) [redacted]

Report: Part I: Data and Disclosure

1. [redacted]

2. [redacted]

3. [redacted]

4.

Legally Privileged & Strictly Confidential

POL00458015

SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – not for further circulation - This document contains information which is confidential to the Inquiry.
It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.

5. [redacted]

6. [redacted]

7. [redacted]

8. [redacted]

9. [redacted]

10. [redacted]

11. [redacted]

12. [redacted]

Legally Privileged & Strictly Confidential

POL00458015

SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – not for further circulation - This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.

[redacted]

13. [redacted]

Report: Part II

Phase 4

14. Phase 4 hearings re-commenced on 19 September with a focus on civil proceedings and criminal policies. Following non-sitting weeks 23 and 30 October 2023, Phase 4 hearings will re-commence on 7 November until 21 December 2023 and focus on criminal prosecution case studies. We have now been notified of two additional weeks of Phase 4 evidence in January relating to i) prosecutions in Northern Ireland and Scotland; and ii) the role of Fujitsu Services Limited in supporting criminal prosecutions.

15. [redacted]

16.

POL00458015

SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – not for further circulation - This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.

[redacted]

Phase 5

17. [redacted]

18. The Inquiry have issued three Rule 9 request letters to former employee witnesses relating to Phase 5 matters. We understand that the Inquiry will send further Phase 5 Rule 9 requests in the next couple of weeks. BSFf is working with the POL Inquiry team to [redacted]

Phases 6 and 7

19. On 10 October 2023, we received a Rule 9 request (R9(48) for a Corporate Statement relating to Phases 6 and 7. The request relates to Phases 6 (Governance) and 7 (Current Practice and Recommendations for the Future) of the Inquiry. More specifically the request relates to:
    - Fujitsu's contractual obligations;
    - how these changed over time;
    - how POL monitored performance and enforced obligations;
    - whether POL considered obligations to be met at the time;
    - whether POL still considers that obligations were met; and,
    - how current practice differs from historic practice

    The statement is due on 21 November 2023. The Inquiry Legal Team are working with BSFf to [redacted]

Rule 9 Requests/ s21 Requests

20. At the time of writing, POL has received 47 Rule 9 requests for documents, a Rule 9 request for a corporate statement and documents and ten section 21 notices. Details on s.21 notices and Rule 9s are set out in the reading room.

Timetable

21. Counsel to the Inquiry, Jason Beer KC has informally indicated a proposed timetable for the Inquiry going forward. The aim is that Phase 5 will commence in February, following a short break when Phase 4 ends in January. Phase 5 is likely to be blended with Phase 6 and will run until the end of April (with a break for Easter). Phase 7 will commence in May, with the suggestion that this will and is currently expected to be short (only a week). There will then be a break of a month with closing submissions to take place in June. This information remains confidential until the timetable is published.

POL00458015

SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – not for further circulation - This document contains information which is confidential to the Inquiry. It must not be discussed or shared with anyone who does not hold a confidentiality undertaking accepted by the Inquiry.

Confidentiality Undertakings Review

22. The POL Inquiry team are continuing its confidentiality undertaking review to assess any undertakings which do not facilitate POL's participation in, or assistance to, the Inquiry. This follows new guidance issued by the Inquiry which narrowed POL's previous understanding of the position. It is likely that a number of undertakings will need to be withdrawn for colleagues on the basis that they use the information for general business readiness rather than anything directly linked to the Inquiry.
23. Separately, the Inquiry team is still awaiting the Inquiry's response to the revised Memorandum of Understanding (MoU) which was sent to it on 15 September 2023. The MoU governs the practicalities that sit underneath the confidentiality undertakings with the aim of simplifying, where possible, the operation of the Inquiry's confidentiality undertaking regime between POL and the Inquiry.

Independent Governance Review

24. [redacted]
25. ISC decided to proceed with Grant Thornton's instruction but on this adjusted basis (i.e BAU and not for the purpose of the Inquiry, although a decision may be taken to share the recommendations with the Inquiry.) A Scope of Work has been agreed with Grant Thornton and the contract has now been finalised and signed. POL's Chief of Staff and Company Secretary are leading on this work and will report progress to GE and the Board.

Finance

26. At P5 the Inquiry was £4.2m overspent against budget YTD (June Budget) due to the disclosure issues and subsequent remediation efforts.
27. In September, POL Board approved an additional £30m in funding in 23/24 for the Inquiry team to [redacted]
28. Including the above the latest view of the lifetime spend of the Inquiry has now risen to an estimated £140m having previously been £103m. The current lifetime spend of the Inquiry by end August 2023 is £75m.

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Procurement Report	**Meeting Date:**	31 October 2023
Author:	Dionne Harvey, Head of IT Procurement (on behalf of the Procurement Director)	**Sponsor:**	Kathryn Sherratt, Interim Group Chief Finance Officer

Input Sought: Decision

There are six specific issues which require Board approval:

1. **Horizon Data Centre Operations and Central Network Services plus HNG-X Test Rigs –** Approve a one-year extension of the Data Centre Operations (DC Ops) and Central Network (CN) Services, plus HNG-X Test Rigs, to be co-terminus with the contract end date of 31 March 2025. These Services are critical to ensure continuity of service for the Horizon Application and Services used in branch.

2. **Peters & Peters –** Approve an increase in the value from £3.8M to £12.4M for the direct award previously agreed by GE and Board to Peters and Peters for criminal law advice to the Remediation Unit in respect of prosecutions, convictions and appeals and to provide subject matter expert advice to POL's Inquiry Team.

3. **eDiscovery Services –** Approve an increase in value from £4.8M to £5.3M for the KPMG eDiscovery services contract in support of the Remediation Unit and the Inquiry and approve the sourcing strategy for a new contract to provide the required services until the end of the Inquiry.

4. **External Audit –** Approve the sourcing strategy to undertake the procurement for the provision of Externa Audit Services.

5. **Commercial Vehicle Maintenance Provider -** Approve the sourcing strategy to undertake the procurement for the provision of Commercial Vehicle Maintenance and Associated Services.

6. **Strategic Procurement Pipeline -** approve the Strategic Procurement Pipeline for September 2023 – August 2024 as set out within Appendix A.

Executive Summary

Report – Horizon Data Centre Operations and Central Network Services plus HNG-X Test Rigs

Board is requested to approve a one-year extension of the Data Centre Operations (DC Ops) and Central Network (CN) Services, plus HNG-X Test Rigs, to be co-terminus with the contract end date of 31 March 2025. These Services are critical to ensure continuity of service for the Horizon Application and Services used in branch. This approach was endorsed by GE at their meeting on 11 October 2023.

Approval is sought on the following approach:

POL00458015

- Modify the Horizon Agreement to extend DC Ops and CN Services for a further one year (01 April 24 - 31 March 25) totalling £31.97m; the additional funding of £6.85m required will be baked into the 24/25 Opex Budget and requested via a DC Fortification Program Change Request to be presented to IADG.
- Extend the HNG-X Test Rig environments for a further 1 year (1 April 24 to 31 March 25) totalling £4.19m; the additional funding of £1.33m to be requested via a DC Fortification Program Change Request to be presented to IADG.
- Provide full delegation to IADG for the remaining Capex drawdown. NB: The increased amount has been requested within the funding paper presented to DBT.

The DC Ops and CN Services were removed from the scope of the overall extension of the Fujitsu Services contract with POL in 2021 with the expectation that these Services would be no longer required upon the successful completion of the Belfast Exit/Pivot to Cloud Programme and would expire naturally on 31 March 2023. Following the decision in November 2022 to halt work on the Belfast Exit Programme it became necessary to extend these services to support the continued use of the Belfast Data Centres.

This contract modification is the second extension to the term of these services until 31 March 2025 (The first was executed in March 2023 under CCN1732). These Services will subsequently terminate in line with all other Horizon Services on the 31 March 2025. Test Rigs were previously extended under CCN1731 and approved at IADG. POL has reached agreement with Fujitsu for the extension of the DC Ops and CN Services for a second term of one year until 31st March 2025.

- This agreement is contingent on POL committing to the delivery on some additional work packages within the existing DC Fortification Programme (Oracle Hardware Upgrade and Test environments). These work packages further mitigate the operational risk presented by a number of Data Centre components (hardware and software) that are EOSL.
- The provision of the HNG-X Test Infrastructure is agreed by the parties to be extended and such services to be coterminous with the DC Ops and CN Services.
- Discussions on the future of the Contract as a whole remain ongoing, and a further paper will be provided to the Board advising of the risks and options beyond 2025.

Financial Impact

7. See below a financial breakdown of all associated costs which have an assumed Retail Price Index (RPI) of 9% baked in:

    - The RPI % will be finalised in January '24 based on the December '23 figure.
    - The Opex figures for 24/25 are the same as 23/24, with the exception of the RPI uplift.
    - The additional Capex funding will be requested of IADG via a DC Fortification Change Request following Board approval.

POL00458015

1 year Extension: DC Ops & CN Services (£m)	Total Cost to POL (incl iVAT & S&T Levy)	Approved in Budget	New Approval Required
Opex Cost	18.36	18.36	**0.00**
Assumed Opex Indexation of 9%	1.67	-	**1.67**
TOTAL Opex	**20.03**	**18.36**	**1.67**
Capex Cost	10.57	6.75	**3.82**
Assumed Capex Indexation of 9%	0.81	-	**0.81**
TOTAL Capex	**11.38**	**6.75**	**4.63**
Total Exceptional Cost (Indexation n/a)	**0.56**	-	**0.56**
Total DC OP & CN Services Cost	**31.97**	**25.12**	**6.85**

1 year Extension: Test Rigs (£m)	Total Cost to POL (incl iVAT & S&T Levy)	Amount Approved	New Approval Required
Capex Cost	3.85	2.85	**1.00**
Assumed Capex Indexation of 9%	0.34	-	**0.34**
TOTAL Test Rigs Cost	**4.19**	**2.85**	**1.33**

Total Cost (both extensions)	**36.16**	**27.97**	**8.19**

Risk Assessment, Mitigations & Legal Implications

A substantial amount of the datacentre infrastructure in Belfast is end of service life and requires significant investment to maintain until Horizon is replaced by NBIT. Steps continue to be taken to address the risks via capital investment under the DC Fortification Programme.

These Services are being extended via a PCR 2015 Regulation 72(1)(b) compliant modification. The legal risks associated with this modification, particularly with regard to the Public Contracts Regulations 2015 are addressed in a separate legal Risk Note.

Stakeholder Implications

Should Board not agree to extend these Services, POL will formally enter exit for Data Centre Service provision and will need to make alternative provision for support. Any interruption of support presents a significant risk to continuity of service which may lead to Branches being unable to trade as of 01 April 2024.

Board is asked to authorise any 2 Directors or any Director and the Company Secretary to execute the contractual changes.

Report – Peters & Peters

On 28 June 2023 GE agreed the direct award of this contract to Peters and Peters (P&P) for £3.8M which was subsequently confirmed by Board on 10 July 2023.

Following further review of the legal costs, Board is requested to approve and endorse to Board an increase in value from £3.8M to £12.4M for the compliant direct award to P&P, for criminal law advice to the Remediation Unit in respect of prosecutions, convictions and appeals and to provide subject matter expert advice to POL's Inquiry Team. This approach was endorsed by GE at their meeting on 11 October 2023.

P&P have provided criminal law advice to both the HMU and the Inquiry on a range of matters following the Group Litigation Order (GLO), specifically the Common Issues Trial of March 2019.

POL00458015

A paper on the GLO Post Settlement Programme was tabled for discussion at GE in January of 2020 which included a refence to the appointment of P&P, however, there is no evidence that PCR issues were considered, spend under this initial contract has reached some £17.8M.

To address this matter a new contract has been drawn up between POL and P&P which is currently being finalised. The proposed procurement route is a Direct Award, relying on Regulation 10(1)(d)(ii) of the PCR 2015, which allows a direct award for legal representation in preparation of judicial proceedings before the courts, tribunals or public authorities.

The value of the proposed new contract with P&P has increased from £3.4M to £12.4m, (£9m for RU and £3.4m for Inquiry), as a result of the additional requirements identified by RU since Board's approval of the previous contract award in July 2023, the additional requirements are:

- RU - a) Scotland Disclosure (£1m), b) Met Police Disclosure (£1m), c) CCRC cases (£3m) and d) contingency (£1.2m), which together with the original forecast of £2.8m brings the RU total to £9m.
- Inquiry - an additional £2.4m has been added to cover an additional £1.4m to the forecast for future spend and an additional £1m requirement largely for disclosure remediation. Together with the previous forecast of £1m this brings the Inquiry total to £3.4m

Financial Impact

The current spend to date with P&P is £17.8m. This new award has a forecasted spend of £12.4m (£9m for RU and £3.4m for the Inquiry) over a 2-year term.

Risk Assessment, Mitigations & Legal Implications

POL is seeking to rely on PCR 2015 Regulation 10(1)(d)(ii) of PCR 2015 which allows a direct award for legal representation in preparation of judicial proceedings before the courts, tribunals, or public authorities.

A separate legal risk note was produced for the June GE meeting and has been updated.

Additionally, it is considered a low probability that other law firms would seek to challenge the award of this contract as potential competitors will be well versed in the sensitivities of such initiatives as the Inquiry and the Historical Shortfall Scheme and, in a reverse situation, would expect to be able to maintain continuity without fear of challenge from the market.

Stakeholder Implications

Both the RU and the Inquiry Team consider it essential to continue with the incumbent, as it would be disruptive to change POL's counsel at this stage whilst the various schemes are in flight and the actions of the Common Issues Judgement have not been completed. Not renewing with P&P would cause significant operational and practical issues to POL including adversely impacting POL's ability to support the later stages of the Inquiry.

Board is asked to authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

POL00458015

Report – eDiscovery Services

Board is requested to approve an increase in value from £4.8M to £5.3M for the KPMG eDiscovery services contract in support of the Remediation Unit and the Inquiry and approve the sourcing strategy for a new contract to provide the required services until the end of the Inquiry. This approach was endorsed by GE at their meeting on 11 October 2023.

KPMG has provided eDiscovery services to the Remediation Unit and the Inquiry since January 2021. Due to factors outside of POL's control, estimates on the consumption rates, and therefore cost, of these services has been difficult to forecast. Financial headroom is currently expected to run out by December 2023, therefore, it is proposed to compliantly modify the contract value by £0.5m, as permitted under Regulation 72(1)(c) of PCR, to provide sufficient time to award a new compliant contract.

In January 2021 a compliant call-off was made for KPMG's eDiscovery service from the G-Cloud 12 Framework, valued at £3.6m over a four-year period (two years plus two optional one-year extensions). By mid-2022 the contract expenditure was approaching £2m and it was clear that demand was going to outstrip the contract value during 2023; also, that a PCR Regulation 72 amendment was unlikely to be sufficient to meet the business need. It was therefore agreed to award a new contract. Final spend on this contract was £2.7M to November 2022.

In November 2022 a new compliant call-off was made from the G-Cloud 12 Framework. valued at £4.8m over a four-year period (two years plus two optional one-year extensions). Again, the spend against the contract to date is much higher than the contract value anticipated; £2.8m in nine months from November 2022 and projected to exhaust the value of the current contract by December 2023.

It should be noted that the reason overruns in the cost estimates for two successive contracts have been almost entirely due to the change and increase in nature of information requests flowing from the Inquiry which POL has no option but to comply with.

It is proposed therefore, firstly, to modify the current contract by £0.5m, taking the contract value from £4.8m to £5.3m, citing Regulation 72(1)(c) of PCR 2015 which, in essence, covers changes due to unforeseen circumstances. This is justified by the significant change in demand that has been made as a result of requests from the Inquiry. The purpose of this modification is to allow sufficient time for the reprocurement of the services.

No permitted contract modification would be sufficient to meet the anticipated service requirement through to the end of the Inquiry therefore it is the procurement recommendation that a new contract be compliantly sourced via the CCS G-Cloud 13 Framework. The value of the new contract is estimated by the business at £4.5m, to which will be added a 50% contingency, giving a total proposed contract value of £6.75m.

Board is asked to delegate execution of the contract modification, new contract award, finalising contract terms, to GE and authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

Confidential

POL00458015

Financial Impact

The value of the contracts are/will be as follows:-

Date	Value	Comments
November 2022	£4.8m	Will be exceeded circa December 2023 on current projection
November 2023	£0.5m	Reg 72 modification to allow time for new contract award
December 2023	£6.75m	New compliant G-Cloud 13 contract award
Total	**£12.05m**	

Risk Assessment, Mitigations & Legal Implications

The current contract has been compliantly awarded and the proposed modification under Regulation 72(1)(c) of PCR 2015 is considered justified given the unpredictable nature of requests flowing from the Inquiry. A separate legal risk note has been produced.

The proposed new contract will also be compliantly awarded using the CCS G-Cloud 13 Framework.

Report – External Audit

Board is requested to approve the sourcing strategy for the procurement of external audit services. POL is required to put in place a new External Audit Contract before 01 October 2024, when the current arrangement with PwC expires. This approach was endorsed by GE at their meeting on 11 October 2023.

In 2018 POL undertook a compliant procurement exercise via a CCS framework which resulted in a contract being awarded to PwC for the provision of external audit services. The initial term of the contract was for four years which was compliantly extended in October 2022 for a further two years. GE and Board endorsed the reappointment of PwC as POL's External Auditors for 23/24 and a further modification to the value of the contract at their meeting on 13 and 26 September 2023. To mitigate the risk from the further modification it was agreed by GE and Board that we would commence the procurement exercise for a new External Audit provider in October 2023.

The Post Office audit has become more complicated due to accounting complexities arising from the Group Litigation Order, remediation, and the inquiry. Matters are further complicated by POL's Going Concern status, which is complex and means the level of judgement and risk for any auditor working with us is significantly higher than usual which may limit the number of suppliers who wish to bid for POL's external audit services.

We propose to run an FTS Restricted Procedure as opposed to utilising a CCS framework the main advantage of this approach is that where no tenders, no suitable tenders, no requests to participate or no suitable requests to participate have been submitted in response to an a Restricted Procedure, provided that the initial conditions of the contract are not substantially altered POL will be able to make a direct award to an appropriate supplier under Regulation 32(2)(a) of the PCR 2015. The contract award will be for an initial four-year term with the ability to extend by two further twelve-month periods with a value of £10M over the six-year period.

Board is asked to delegate contract award, finalising contract terms to GE and authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

POL00458015

Financial Impact

The total contract value is forecast at £10M over the six-year term of the contract. POL will seek a fixed price covering the first two years of the contract but due to the way audit fees are typically structured it may prove difficult to fix anything beyond the first year. Once the Inquiry and Remediation activities are completed it may be that the audit simplifies and therefore pricing stabilises.

Risk Assessment, Mitigations & Legal Implications

A compliant FTS procurement will be executed and there are no known PCR2015 risks at the outset of the procurement. There is a risk of no bids, but the strategy has been designed to cater for that possibility.

Stakeholder Implications

Sufficient time has been allowed in order to run the exercise and appoint a supplier at a convenient point in the audit cycle.

Report – Commercial Vehicle Maintenance Provider

Board is requested to approve the sourcing strategy to undertake the procurement for the provision of Commercial Vehicle Maintenance and Associated Services. The recommendation is to carry out a Procurement via the Crown Commercial Services Framework RM6268 - Fleet Management and enter into a contract for a 4-year term with an estimated total contract value of £33.5m. This approach was endorsed by GE at their meeting on 11 October 2023.

Post Office operates a fleet of 260no. Commercial Vehicles. These are made up of a combination of Cash and Valuables in Transit (CViT) Vehicles and Mobile Post Office vehicles (MPO). The business has a requirement for a supplier to provide maintenance to its fleet of Commercial Vehicles and provide associated services, including, but not limited to Management of Commercial Vehicle Conversions. This contract is required to ensure that we are able to support Postmaster requirements, comply with our statutory and legal requirements and manage road risk.

The previous supplier of Commercial Fleet Vehicle Maintenance services to Supply Chain were Rivus Fleet Solutions, (Rivus). On July the 11 2023 a notice of intention to cease to deliver the contracted services from 29 September 2023 was received by Post Office.

Consequently, Board approved the Procurement plan to execute a direct award to Fraikin Ltd to let a contract for a one year term for a maximum estimated total contract value of £2.45M using Regulation 32(2)(c) which allows for direct contract awards insofar as is strictly necessary, where for reasons of extreme urgency brought about by events unforeseeable by the contracting authority occur. This contract will expire in September 2024.

A further competition procedure under CCS Framework RM6268 is recommended as Post Office technical and commercial requirements are clear and in-scope for this framework.

POL00458015

The CCS Framework is relevant having only commenced in May 2023, allows for a shorter Procurement programme when compared to a Restricted FTS procedure and contains most of the significant operators in the industry.

In addition, by using a framework, we benefit from preferred rates between suppliers, pre-agreed terms and conditions, pre-vetted and qualified suppliers. Four years is the maximum period permissible for a Framework Call Off and is agreed, by Fleet, as a suitable term.

Board is asked to delegate contract award, finalising contract terms to GE and authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

Financial Impact

The estimated total contract value is £33.5m. This is calculated on the basis of the existing £2.45m/year for maintenance increasing with inflation year-on-year at a rate of 6% per year. Over 4 years this would be an expected spend of £11.4m. The additional contract value allows sufficient headroom for the replacement, on a purchase and conversion or lease basis, of those vehicles which are due to reach the end of their life during the course of the contract, as well as any other significant project works (e.g., vehicle refurbishment, rectification of safety issues).

Risk Assessment, Mitigations & Legal Implications

A compliant procurement exercise will be executed and there are no known PCR 2015 risks at the outset of the procurement.

Stakeholder Implications

Having recently developed contract documents (including specifications) for the purposes of the Fraikin Procurement, it is not anticipated that the requirements will change significantly.

Report – Strategic Procurement Pipeline

Board is requested to approve the Strategic Procurement Pipeline set out within Appendix A.

The attached slides at Appendix A set out the key procurement activities both in flight, and those which are in preparation for publication to the market with a value threshold of >£5m over the term of the contract and as such will require Board approval.

The Board will note the wide variation in activities listed. These range from low value, high volume commodities contracts to high value, low commitment contracts providing a compliant basis for future awards and/or variable commitment.

Sourcing strategy papers setting out routes to market, a recommendation and risks and issues will be referred to Board following GE review.

Detailed award criteria and evaluation scoring are usually finalised just prior to the issuing of the procurement documentation. Visibility of high-level award criteria can be supplied to Board as part of the monthly progress report with material variations requiring further governance.

POL00458015

Post Office Limited - Document Classification: INTERNAL

Strategic Procurement Pipeline September 2023 – August 2024

October 2023

POL00458015

Post Office Limited - Document Classification: INTERNAL

Pending Strategic Procurement

- The attached slides set out the key procurement activities both in flight, and those which are in preparation for publication to the market with a value threshold of >£5m over the term of the contract and as such will require Board approval.
- The Board will note the wide variation in activities listed. These range from low value, high volume commodities contracts to high value, low commitment contracts providing a compliant basis for future awards and/or variable commitment.
- Future Sourcing strategy papers setting out routes to market, a recommendation and risks and issues will be referred to Board following GE review.
- Detailed award criteria and evaluation scoring are usually finalised just prior to the issuing of the procurement documentation. Visibility of high-level award criteria can be supplied to Board as part of the monthly progress report with material variations requiring further governance.

POL00458015

IT Strategic Procurements

Current Supplier	Service	Contract Start Date	Minimum Term	Compliant Extension	Final Contract End Date	Value	Procurement Duration (in months, consecutive)	Comments
SCC	Microsoft Enterprise Agreement (C101052)	01/05/2021	3 years	None	30/04/2024	£12m	3 months	To be reprocured under the Software Reseller contract (SCC) approved value of £45.5m over the 3 year term.
Fujitsu	Horizon Services Agreement (C100147)	28/07/1999	26 years	None	31/03/2025	£2339m	12-15 months	CEO/CTO discussions tabled re a potential extension due to NBIT delays – Key extension principles to be agreed. Consider external SME for negotiation & Exit whilst leveraging trusted POL internal SME's. Procurement risk increases by each Modification particularly in light of recent Pre-Market Engagement on DC Ops.. Procurement advice is to go to procure via competitive dialogue. Strategy/funding re upgrade of Oracle database or move to Oracle Cloud Infrastructure (OCI). Managing Service risks is also a key consideration due to the EOSL hardware & software.
	Data Centre Ops and CN Service	28/07/1999	1 year	None	31/03/2024	£16.5m pa	3 months	DC Ops & CNS to be extended by 1 year to be co-terminus with the Contract end date; Modification to a contract in accordance with Regulation 72 (1) (b) of the Public Contracts Regulations 2015. Associated Capex Investment required. October GE & Board Paper in progress.
	HNG-X Test Rigs Environments		1 year	None	31/03/2024	£2.6m pa	3 months	Test Rigs to be extended by 1 year to be co-terminus with the Contract end date. Associated Capex Investment required. October GE & Board Paper in progress.
Accenture	Back Office Towe Services including CDP (C100139)	01/02/2016	9 years	None	01/02/2025	£230m	12 months	Procurement is necessary as legal's view is [redacted] Prove Plan for BO Services is approved & funded; planning will consider disaggregation of Services. CFS ownership in question (IT or Finance). CDP Prove Plan in draft. CFS is supported via SAP until Sept '2027 (ECC6) – option to move to SAP Hana or explore alternatives.
Digital Capabilities Framework	Digital Capabilities Framework (5 Lots)	28/01/2021	3 years	N/A	27/01/2024	£40m	4 months	Replacement Framework to be shaped with stakeholders and re-tendered to provide Lots to meet current business needs. Replan underway
Insight	Call Off Contract for Self-Serve Kiosks (C100107) via NCR	31/01/2021	12 years	1 year	31/03/2026	£17.9m	4 months	Business Case due at October GE & Board requesting funding to purchase new hardware to replace the existing estate & ongoing support. New requirements will be via a lease model. Procurement Sourcing Strategy in draft.
WorldLine	Paystation Service(Hardware & Support) (C100129)	22/03/2005	18 years	None	12/12/2023	£18.75m	6 months	Extension required due to delays with NBIT Second Device. which WL are supportive of. 12 month auto-renewal is available; POL have already paid WL to make the Service Fibre compatible . Alignment to the NBIT Second Device is critical.

POL00458015

SPMP Strategic Procurements

Current Supplier	Service	Contract Start Date	Minimum Term	Compliant Extension	Final Contract End Date	Value	Procurement duration	Comments
New Supplier	Software development and support partners	TBC - Q1/24	4 years	1 year+1 year	2/12/29	£45M	Procurement 6-12 months	Replacement tender for NBIT software development and continued BAU support
New Supplier	Training Vendor	TBC - Q3/24	2 years	1 year+1 year	12/2027	£10m-20m	Procurement 6-12 months	Requirements, route to market and value are not yet defined.
New Supplier	Assurance Partner Tender (Cash and Stock Counting)	TBC - Q3/24	2 years	1 year+1 year	12/2027	£5-10m	Procurement 6-12 months	Requirements, route to market and value are not yet defined.
New Supplier	Implementation Partner Tender	TBC - Q3/24	2 years	1 year+1 year	12/2027	£10-48m	Procurement 6-12 months OR Competitive Dialogue – 12-18 months	Requirements are not yet finalised. Route to market is unknown as a result. If Frameworks do not provide suitable routes to market, a competitive dialogue process may be considered as the optimal route.

POL00458015

Retail Strategic Procurements

Current Supplier	Service	Contract Start Date	Minimum Term Date	Compliant Extension	Final Contract End Date	Value	Procurement Duration (in months, consecutive)	Comments
UK Fuels Ltd	Fuel Cards and Associated Services for the Supply Chain Commercial Fleet.	01/02/2021	3 years	N/A	31/01/2024	£3,265,338	6 months	GE and Board approval of sourcing strategy in July 23 for an £8m, 4 Year agreement. Procurement underway and will return to GE for contract award approval.
Rivus Fleet Solutions/Fraikin Ltd	Commercial Fleet Maintenance and New Vehicles and Conversion services	07/07/2017	7 Years	N/A	30/06/2024	£11,500,000	6 months	Following notification from Rivus Fleet Solutions of withdrawal from the Market, a 12 month contract was awarded to Fraikin in September 2023 under Reg. 32 with a value of £2.45m for Fleet Maintenance. Sourcing strategy to be approved GE and Board in October 23 for up to £33.5m Fleet Maintenance with option to include Vehicle Purchase, Lease & Conversion services
Kinto Mobility Services Ltd	Company Cars for Job Need and Perq schemes	22/05/2017	7 years	N/A	22/05/2024	£12,600,000	6 months	GE and Board approved of sourcing strategy in March 23. Procurement live in October and will return to GE for contract award approval
Insafe Ltd	Branch Cash Safes plus locks, key lockers etc for Retail Network	06/06/2018	5 years	5 years	31/03/2024	£13,100,000	6 months	GE Approval of historic spend to extend the contract value to £13.1m. GE and Board approval of sourcing strategy in July 23. Procurement underway and will return to GE for contract award approval.
Kesslers, Benchmark and ITAB	Shop-Fit & Signage Manufacture, Deliver and Install for Retail Network	01/04/2023	1 years	N/A	31/03/2024	£2,000,000	6 months	Contracts were put in place under Reg32 Emergency procedures to replace previous provider, Futurama following their liquidation. GE and Board approval in July 23 for replacement contracts with a value of up to £15m (which will also include additional services of CAD, Conceptual Design, Ergonomics, Productivity Surveys and Branch Surveys). Procurement live October and will return to GE for contract award approval
Post Office Ltd	National Stock Centre Operation.	N/A	N/A	N/A	01/05/2024	N/A	12 months	Outsourced Service to commence in August 2024 following completion of Procurement. Contracted on basis of 10year contract with value of £56.8m GE, Board and DBT approved sourcing strategy. GE approved contract award Sept 23.
Digi Europe Ltd	Scales and ancillary equipment	01/07/2019	5 years	3 years	30/06/2024	£1,100,000	6 months	Based on spend during initial term, there is a requirement to re-procure at the end of the initial term. Value of replacement contract potentially to exceed £5m. GE and Board approval of sourcing strategy required. November 23.

POL00458015

Commercial Strategic Procurements

Current supplier	Service	Contract Start Date	Minimum Term	Compliant Extension	Final Contract End Date	Value	Procurement Duration (months)	Comments
VOCALINK LIMITED	Link Network Services	02/04/2019	NA	rolling contact	31/03/2025	£24,000,000	3-6	Contract compliance legal review previously approved direct awarded using Regulation 32(2)(b) of the PCR 2015. Potentially need new legal review if a new contract is required.
TBC	In Branch Verification(IBV) Identity Services	TBC	2 years	1 year+ 1 year	TBC	£12,500,000	3-6	G cloud procurement - sourcing strategy to GE (recommendation approved) for Board Sept 23. Will then undertake G Cloud exercise for recommendation of award to GE & Board in October 23

Network Strategy and Delivery Strategic Procurements

Current supplier	Service	Start Date	Minimum Term	Compliant Extension	Final Contract End Date	Value	Procurement duration (months)	Comments
Krow/Mission grp	Provision of creative agency services including production and studio	01/09/2023	2 years	1year+ 1 year +1 year	30/10/2028	£25,000,000	12	Contract is being finalised with the new supplier and will be in place by end Oct 2023
TBC	Fulfilment services to customers/ staff and postmasters	TBC	3 years	1 year+1 year	TBC	£20,000,000	12	SQ live – FTS negotiated procurement underway.
Code	Database management, hosting, campaign management, bespoke data solutions	16/12/2020	2 years	1 year+1 year	15/12/2024	£6,660,000	6	New procurement to be undertaken asap - sourcing options strategically to be evaluated and taken to GE and board for approval in November

Finance Professional Services Procurements

Current supplier	Service	Start Date	Minimum Term	Compliant Extension	Final Contract End Date	Value	Procurement duration (months)	Comments
PRICE WATERHOUSE COOPERS	External audit	18/03/2019	2 years	1year + 1 year	01/10/2024	£6,000,000	6	Contract was modified in October 2022 under Reg 72 to extend the duration for a further 2 years to October 2024. Sourcing strategy for re-procurement sent to GE and Board for review at their October meeting. Proposal is to run a Restricted FTS process.

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Request for evidence release to Police Scotland and discussion of broader policy change	**Meeting Date:**	31st October 2023
Author:	Sarah I Gray, Group Legal Director John Bartlett, Head of Assurance & Complex Investigations (A&CI)	**Sponsor:**	Ben Foat, Group General Counsel

Input Sought

The Board is asked to 1) **approve** in line with policy to pass evidence to Police Scotland; and 2) for Board to **discuss** the pros and cons of a policy change which would allow a more confident handling of Horizon data and its provision to law enforcement.

Executive Summary

- POL's current Investigation Policy ("**Policy**"), Cooperation with Law Enforcement Policy, and Legal Play Book requires Board sign-off to permit the passing of HNGA Horizon evidence to the police to support their investigations where POL may be the victim of a crime;

- In line with this Policy, Board sign-off is sought for the passing of evidence to Police Scotland relating to the potential criminal case and circumstances [redacted];

- Following the implementation of robust processes and the hiring of highly experienced staff, a change to the current Policy and Play Book is recommended. This would remove the necessity for Board approval prior to the provision of evidence to the police where POL suspects that they have been a victim of crime and allow more efficient sharing of evidence with police.

Questions addressed

- Should Board support a request to be made for their approval in line with current policy for A&CI to provide Police Scotland with evidence relating to a suspected criminal offence committed against POL at the Portree Post Office.

- Why POL should be more confident in providing Horizon data to law enforcement in their criminal investigations where POL is suspected of being the victim of a crime.

Confidential

POL00458015

Report

1. *Cooperation with Law Enforcement Policy (CLEP) and Legal Play Book*

1.1. The current Group Investigation Policy was written during the long hiatus from 2015 to 2023 where POL did not conduct investigations nor proactively pass evidence to police. This Policy identifies at 1.3 Core Principles, including proactively reporting matters to law enforcement and the manner of the provision of information and for what purpose it may be shared.

1.2. Policy minimum control standards requires that the Group Legal Director makes the decision to report a potential crime against POL to law enforcement. Tool 2 of the Legal Play Book is a flow chart which lays out how data intended to be shared is categorised by risk and how it may be provided to law enforcement.

1.3. Where the evidence is not Legacy Horizon or HNGX and where there is no reason to believe the data to be provided is unreliable or inaccurate, corroborative evidence should be sought. Where none can be discovered in POL's control, the evidence is to be considered Medium Risk.

1.4. Point 3 of Tool 2 describes how the provision of Medium Risk data to law enforcement must be managed: "*The data must not be provided unless POL is legally compelled to provide it or the Board approves its voluntary disclosure.*"

1.5. This has now resulted in A&CI having to seek Board approval to produce a witness statement to police which contains HNGA (the most reliable version of Horizon) data so as to provide evidence to support a police investigation which POL requested.

1.6. The statement must be reviewed by in-house criminal counsel prior to release to law enforcement.

1.7. There are at least 10 current A&CI cases where we will need to pass evidence to law enforcement agencies which are currently investigating potential offences committed against POL or are awaiting statements to commence investigations (a total of c£4.5m in losses). Most will require Board sign-off under the current policy.

2. The Portree Case

2.1. [redacted]

2.2. [redacted]

2.3. [redacted]

2.4. [redacted]

2.5. [redacted]

3. *Confidence in using HNGA Horizon data*

3.1. The CLEP and the Legal Play Book reflect what the SLC and A&CI consider to be an overly cautious approach to governing how POL provides law enforcement evidential

[redacted]

[2] See Appendix 2 for the full statement.

[3] A fuller, 4 page, summary by A&CI of this case can be found in Appendix 2

POL00458015

standard information. This is particularly true when it is to support police investigations into matters where POL may be the victim of a crime. This comes from a time prior to A&CI being formed, from when POL did not have a strategic relationship with law enforcement, nor did POL have the intent to support LEAs.

3.2. In the last year, A&CI has built upon the rigorous processes applied in Dispute Resolution that should give GE and Board confidence in providing evidence to police in a nimbler fashion.

3.3. Dispute Resolution teams check to see whether there are training gaps, technical issues, or bugs/errors which may explain shortfalls. This is then checked by A&CI when A&CI take carriage of the case. The Portree statement is an example of how A&CI break down the information to a granular level so that it can be understood by the police, prosecution, any suspect of the police investigation and then ultimately for a jury. This is a very transparent and open process which avoids POL jargon and is aimed to lay out the information clearly for the police. The statement is then reviewed by the in-house criminal lawyer.

3.4. The police then have an opportunity (and on-going duty) to check the reliability of the data, as will the public prosecutors if the police seek their permission to prosecute. Ultimately, given the publicity surrounding the "Horizon Scandal" we can be confident that defence lawyers will seek to test the reliability of the Horizon data used in the Crown's prosecution. Due to these layers of scrutiny, it is felt that we should be more confident in presenting this data as we are able to rely on this "relatively robust"[4] data or withdraw it if this testing identifies issues.

3.5. We laid out in section 1 the process that must be followed to release evidence to police where the complaint to police (but ultimately not the whole case) relies on Horizon data alone. It is A&CI's view that this is an overly cumbersome and risk-averse process.

3.6. A&CI are in the process of updating the investigations policy, the CLEP and the Play Book. A&CI will be recommending a more efficient, streamlined, devolved and confident approach to sharing evidence with law enforcement without Board involvement and invite Board to discuss this in advance of the new draft papers later in the year.

3.7. On 18th October 2023, GE discussed this paper and supported it being passed on to Board for consideration.

[4] Horizon Issues Judgement 964

POL00458015

Appendix 1 – Draft Witness Statement for Police Scotland (uploaded to the Reading Room)

Appendix 2 – A&CI summary of Portree Case (uploaded to the Reading Room)

Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Health & Safety Monthly Report	**Meeting Date:**	31st October 2023
Author:	Martin Hopcroft, Director of H&S, Environment and Business Continuity.	**Sponsor:**	Kathryn Sherratt, Interim Chief Finance Officer

Input Sought: Noting

The Board is asked to note and discuss the contents of the report.

Executive Summary

A People risk has been registered due to the level of work-related stress reported in some business areas. Stressors include excessive workload due to insufficient resource and the pressure of responding to the Inquiry on top of the day job. Whilst colleagues have been signposted to appropriate occupational health support, including bespoke support for witnesses, we are mindful with the Inquiry progressing, things may continue to be challenging. The People, H&S and Inquiry teams are reviewing and strengthening overall support and members of the Group Executive are having conversations with their teams to understand the challenges and adjust, where necessary.

We are responding to the recent property risk identified in the industry and related to the deterioration of RAAC (Reinforced Autoclaved Aerated Concrete). However, we have very thorough maintenance and inspection regimes, and leaks are identified and repaired as soon as reasonably practicable. Whilst we believe the risk in our estate is low, we are undertaking a full assessment of our properties with our FM partners.

Overall, we continue to see a low number of accidents reported, following on from the improvement in safety performance seen during 2022/23. There has been a small increase of minor accidents, all of which are investigated with learnings and best practice shared with colleagues. We continue to develop our people across the business. There is a favourable trend against expected levels of security incidents for this time of year. Robberies, ATM and CViT attacks remain in a good position. Areas of ongoing focus include; progressing a plan to strengthen our response to customer abuse and aggression; updating generic and individual risk assessments and refreshing health and safety training across the business.

Report

1. Appendix 1 we summarise KPI performance for the last four years. YTD accidents reported at P6 are slightly higher than they were at this point in 22/23 (24 vs 20). YTD lost time related accidents are level (7 vs 7) with an additional 2 assaults reported by DMB.

2. Over the past couple of years, accident causation in DMBs has been mainly due to falls indoors, however, we have seen a marked reduction this year. Whilst accidents due to striking against objects or equipment, including bumping into or stepping onto objects reduced in 22/23 we note a recent increase this year. We will continue to strengthen safety culture in DMBs, adopting good practice, including use of safety champions, improved reporting and applying learnings from accident and near miss investigations.

Strictly Confidential

POL00458015

3. The H&S Team are progressing a programme of Individual Risk Assessments, as approved by Safety Board; following completion of business driver risk assessments. Workplace, DSE and Lone Worker risk assessments are being rolled out to business areas during Q3.

4. Robberies during P6 (Sep) were down against expected level (2 vs 5), and down when compared to last year (6). Year to date there have been 23 robberies vs 32 expected levels and 32 last year. Reported abuse shows reductions on last year with 171 YTD vs 177 at the same point last year. Also favourable against expected levels at 181, 29 reported incidents during the period, 27 last month, down on the average (35). New self-help guidance and support is held on the Branch Hub site. Network campaigns focused on security procedures & best practice, including a week's drive conducting security health checks providing support and guidance. Darker Nights Campaign: Don't leave Security out in the cold to be launched network wide at the end of October with focus on Personal Safety, Benefit of Hindsight, Customer Abuse, Suspicious Activity, Road Safety and ATM Crime. The Grapevine competition is being run through Sep/Oct to encourage an increase in branch registrations.

5. A new reporting tool to capture low level abuse has been launched by Security and the H&S team on Branch Hub. New guidance, support and training products will be signposted and the extra intelligence will enable a greater understanding of customer profile. Data has started to flow, and may identify product areas associated with abusive customers. As data builds, Security and H&S will analyse and use to target support and share with product teams. We continue to work with partners and the Inter-bank group to benchmark tools, to identify suitable video training and enhance guidance for branches.

6. In P6 there were 0 PO CViT robbery related incidents and 1 PO ATM attack. There were 12 industry ATM attacks, (3 force, 1 gas, 1 drag out, 6 cutting, 1 other). POL continues to deploy gas suppression and the new ATMs are resistant to both gas and soft/solid explosives. ATM trackers have been deployed in the higher risk areas to mitigate ram raid/rip out attacks.

7. We have reviewed the Supply Chain Safety Plan and are progressing a number of initiatives including; reviewing the robbery risk assessment and cross pavement risk profiling data; enhancing the Safety Champion role; implementing recommendations from the OH Musculoskeletal and fatigue review in CViT. The new Grapevine process to provide immediate support to company car drivers following a breakdown to ensure they are safe has been tested and implemented.

8. Our Head of Property has instructed our Facility Management partners, Atalian Servest and BNP to urgently review all Post Office buildings for the presence of RAAC in the fabric. RAAC was used in construction between 1950 – 1990 and is mainly found in external flat roof panels. There are numerous reasons for failure, including roofs overloaded by plant, which can cause sagging and pooling water, this can promote corrosion and deterioration. An intrusive inspection may be needed as RAAC can be quite difficult to determine when covered in render/paint. If found, then we will look to mitigate any issues. However, we have very thorough maintenance and inspection regimes, therefore leaks are identified and repaired as soon as reasonably practicable, we believe the risk in our estate is low. The Property and H&S teams are working closely together to ensure our buildings are safe and

POL00458015

compliant, with particular focus on updating premises Site Log Books, fire management and ventilation at Wood St, Future Walk and Supply Chain sites.

9. A 'people risk' for mental wellbeing has been recorded due to an increase in 'at work' stress reported in some business areas. Stressors include excessive workload due to insufficient resource; the pressure of responding to the Inquiry on top of the day job; alongside additional external pressures colleagues may have to deal with e.g. cost of living. Our Occupational Health partner, Optima Health, continues to support our people and their lead Wellbeing Consultant is providing support to Group Executive who are working with their teams to review priorities to relieve pressure in the system. With the Inquiry progressing things may continue to be challenging and the People, H&S and Inquiry teams are working together to review the level of support in place for witnesses and will strengthen this due to the heightened level of pressure and anxiety being felt by those involved.

10. We continue to provide wellbeing support to all colleagues, have stood up the annual flu jab programme and are developing our Mental Health First Aid network including training an additional 24 and providing refresher training for existing MHFAs. Whilst the volume of mental health related absences increased in September (P6), the total number of days recorded remained level. Mental health related absence in P6 accounted for 22% (17%) of all absences recorded and 31% (31%) of all sick days reported. There were 86 Mental Health related absences incurring 857 days in P6 compared to 61 incurring 849 days in P5 and 63 incurring 707 days in P4. Overall sick absence increased slightly to 3.71% in P6 (September) from 3.52% in P5 (August) and 3.31% in P4 (July).

11. We have launched an online Wellbeing resource with content suitable for Postmasters, their owners and staff. We will support quarterly campaigns and work closely with the Retail teams and NFSP to signpost and help to raise awareness of the new resource.

Financial Impact

12. The financial impact of the above initiatives has been evaluated / budgets confirmed.

Risk Assessment, Mitigations & Legal Implications

13. Our highest risks include; violence and abuse aimed at postmasters and employees. The security and health and safety teams will continue to strengthen mitigation; the potential change to our risk profile due to increasing levels of cash in the network and; the growing impact on colleague mental health, either directly or indirectly, due to workload and the Inquiry.

Stakeholder Implications

14. Training should be provided to new directors and, where required, directors, management and colleagues of Group subsidiaries.
15. Information – directors should consider the H&S information that flows to the Board to support directors, subsidiary directors and management teams carrying out their duties.

Next Steps & Timelines

Safety Sub-Committee is held bi-monthly, with next meeting scheduled 6th November 2023. Board and GE H&S reports will include updates, recommendations and decisions made by the Sub-Committee.

POL00458015

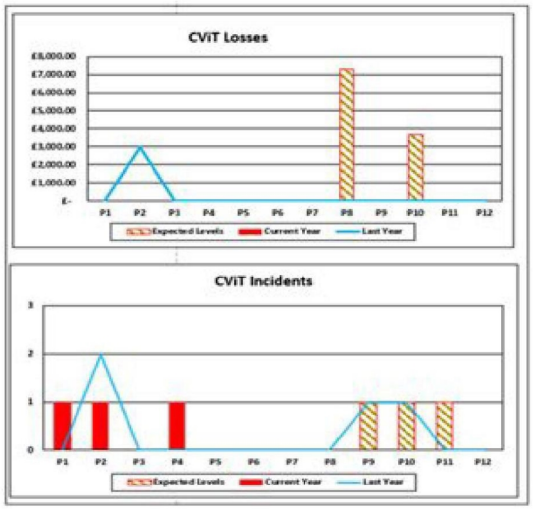
Appendix - Safety Board Dashboard

Accidents P6 (23/24) and Security P6 (23/24)

Health & Safety 4yr Performance

Year/KPI	19/20	20/21	21/22	22/23	22/23	23/24
	P12 YTD	P12 YTD	P12 YTD	P12 YTD	P6 YTD	P6 YTD
All accidents	70	40	50	41	20	24
All accidents / 1000 employees DMB Support Supply Chain	18.6 21.0 7.5 33.8	11.8 22.7 0.7 15.3	15.2 26.9 2.1 23.5	12.1 23.5 0.6 20.1	6.0 12.7 0.0 8.8	6.8 14.7 0.6 9.9
Lost Time related accidents	10	5	16	10	7	7
Lost Time related accidents / 1000 employees	2.6	1.5	4.9	2.9	2.1	1.9
*LTIFR (lost time accidents/100,000hrs)	0.150	0.083	0.281	0.169	0.242	0.232
Days lost due to accidents	214	28	484	328	211	93
Days lost / 1000 employees	57	8	147	97	63	26
*LTR (Accident days lost/100,000 hrs)	3.2	0.5	8.5	5.5	7.3	3.1
Days lost due to robbery (assault and trauma)	105	16	23	255	135	0
*LTR (Total days lost/100,000hr inc trauma)	4.8	0.7	8.9	9.9	12.0	3.1
RIDDORS (Employee)	2	3	6	4	2	4

NOTE: Whilst the number of days lost following an incident (assault / trauma) rose in 22/23 when compared to 21/22 (255 vs 23), this was due to one incident with a resulting long-term absence. NOTE: **It should be noted that one single lost time accident increases LTIFR markedly by approx. 0.200 per month, LTIFR is the number of incidents / 100,000hrs and should always be read alongside the Lost Time Rate (LTR) which is the number of lost days / 100,000 hrs and an indication of the seriousness of the accident.*

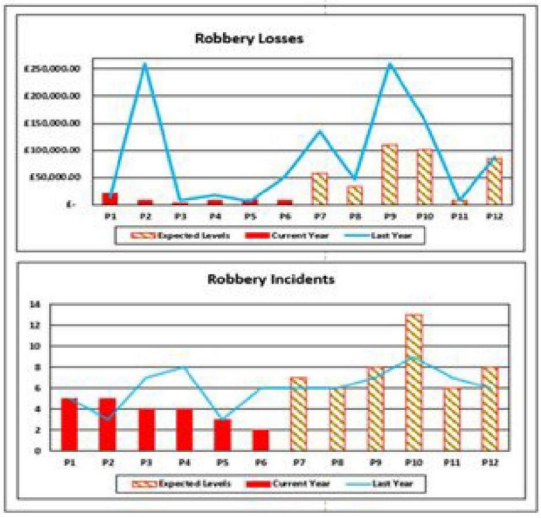


Commentary
Period CViT robberies 0
YTD 3

- 147 CViT cross pavement observations conducted during the month.
- Vigilance and correct wearing of helmets was good, however there were a couple of failures to wear body armour and bodycams in London & Sheffield.
- **Industry CViT attacks continue to be low.** It is expected industry CViT attacks will outturn around 34 by YE vs pre-pandemic levels of 198.
- 2 Industry CViT robberies in the period. G4S an ATM replen in GMP and a CiT in Merseyside.
- 17 Industry CViT robberies YTD
  - 3 GMP, 3 Merseyside, 3 West Mids,
  - 12 CIT, 4 Burg, 1 depot burg
- Seasonal Security Message released as part of Q3 focus of **Safety on the Road** in advance of the planned TTL Training.

Strictly Confidential

POL00458015

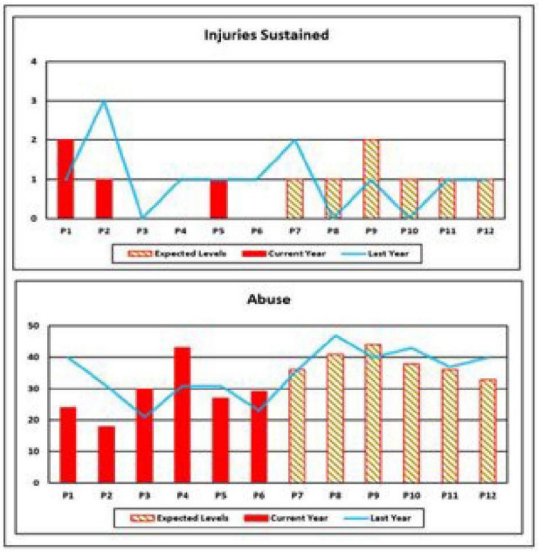


Commentary
Period

- Robberies were down vs expected levels for this time of year (2 vs 5), and down vs last yr (6)
- Of the 2 incidents, 1 was attempted vs 1 suffering a loss (Clutton).
  - Last year, we suffered 6, - 4 of which were successful with £51k losses, whereas this year they were £7k

YTD

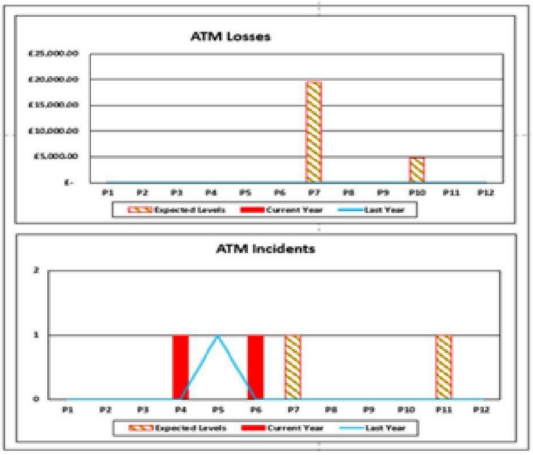
- 23 robberies vs 32 expected YTD, 32 last year.
- £55k loss vs £154k expected YTD, £355k last year
- 51% of robberies unsuccessful YTD, an improvement on last year same point at 24%
- Fewer weapons noted. YTD 74% weapon enabled (6 no weapons, 7 blade, 7 firearms, 3 blunt) vs 88% last year.
- 218 security visits conducted providing bespoke security support & guidance
- Retail robberies reported, 3 vs 1 last month, the average is c. 1 to 2 per month



Commentary
Period 0 injuries.
YTD 4 injuries YTD, down on last year, 7 and equaling expected levels.

Abuse & Aggression

- Reported abuse shows reductions on last year with 171 YTD vs 177 at the same point last year. Also favourable against expected levels at 181,
- 29 reported incidents during the period, 27 last month, down on the average (35).
- New self-help guidance and support is held on the Branch Hub site.
- Focus on Abuse, Aggression & Violence guidance as part of the Darker Nights Campaign: **Don't leave Security out in the cold.**



Commentary
Period 1 low level ATM attack using a crowbar (no loss)
YTD 2 vs expected levels of 4

- Industry ATM crime continues to be low. It is expected industry attacks will outturn around 150 by YE vs pre-pandemic levels of 326. 75 YTD, of which Cardtronics suffered 47%, Tesco 19%, NoteMachine 15%, Sainsburys 11%
- 12 industry ATM attacks in the period (13 Aug)
  - 5 Tesco, 3 Cardtronics, 2 Sainsburys, 1 Note Machine, 1 Barclays
  - 6 cutting, 3 force, 1 gas, 1 drag out, 1 other
  - POL continues to deploy gas suppression, and the new ATMs are resistant to both gas and soft/solid explosives
- ATM trackers have been deployed in the higher risk areas to mitigate ram raid/rip out attacks.
- Particular focus on ATM incidents as part of the Darker Nights Campaign: Don't leave Security out in the cold.

Strictly Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Post Office Brand	**Meeting Date:**	31st October 2023
Author:	Simon Marshall, Head of Brand	**Sponsor:**	Richard Taylor, Group Corporate Affairs, Brand and Communications Director

Input Sought: Discussion

For noting: Insight into the consumer brand, including the effect of the Horizon scandal, strategic brand risks and challenges, and consideration for rebranding strategies. The reports and insights referenced in the footnotes have been uploaded to the Reading Room.

Executive Summary

In the June Board meeting, questions arose about rebranding Post Office, especially in light of the Horizon scandal, but also in relation to brand confusion with Royal Mail. Acknowledging the complexity of a rebrand, the Board sought clarity on the brand's alignment with its vision. This paper addresses these queries, supported by insight, to facilitate further Board discussion.

Despite facing challenges over the years ranging from prolonged digital disruption to early-stage reputational fallout from the Horizon scandal, the Post Office brand remains resilient. However, the Inquiry and future media attention, such as the 2024/2025 ITV drama, pose new challenges. These risks are exacerbated by consumer perceptions of a stagnating brand. Although rebranding is a significant venture, the full ramifications of forthcoming events will become clearer through sustained research to inform future brand strategy consideration.

Horizon Scandal – Consumer Insight

1. **Consumer Awareness Levels:** Since 2021, we've tracked consumer awareness of the Horizon scandal. While it hasn't notably impacted brand trust[1], prompted awareness[2] did see fluctuations. It rose from an average of 44% before February 2022 to 57% at the Inquiry's start, eventually reverting to 44% in February 2023. Spontaneous awareness experienced similar trends, peaking after the BBC Panorama screening before falling back.
2. **Impact of Media and Events**: A comparison of charts in Appendices 1 and 2 reveals that media coverage leads to spikes in our metrics. Notably, these spikes correspond to the human impact aspect of the Horizon scandal, as evidenced by the first phase of the public Inquiry and the BBC Panorama episode. Comparatively, subsequent, more 'technical' or process-oriented Inquiry phases have not elicited the same level of public engagement or impact. This is likely due to these phases receiving less media attention.
3. **Commercial and Behavioural Impact**: Existing consumer awareness, mainly news-driven, hasn't visibly impacted trading to date. While purchase consideration remains unclear due to the challenge of tracking lost sales intent, periodic research on claimed future behaviour due to scandal awareness indicates a 26-32% negative response[3].

[1] See chart in Appendix 1: Trusted Brand vs Treats Postmasters Fairly (July 2021 – August 2023)
[2] See chart in Appendix 2: Public Aware of The Post Office Horizon Scandal (July 2021 – August 2023)
[3] Appendix 3: Likelihood of Horizon Scandal Awareness Impacting Post Office Usage

POL00458015

4. **Unaffected Brand Trust and Revenue – Hypotheses**: Whilst perplexing, several nuanced factors may be shielding brand trust and revenue from the Horizon scandal's impact to date. Post Office brand trust mainly exists with postmasters rather than POL, while 'doomscrolling' and 'scandal fatigue' could also be diluting public interest. IT-centric headlines may lack the appeal to engage a broad audience, and a prevailing distrust in public institutions may also play a role. Additionally, complex consumer decision-making, convenience, and the lack of alternatives, e.g., bank closures, could be limiting factors.

Horizon Scandal – Outlook and Challenges

5. **Upcoming Risks**: Whilst traditional news hasn't markedly impacted our brand, the forthcoming ITV drama 'Mr Bates vs The Post Office' may have a different impact. Its focus on the human element could deepen emotional engagement and widen its reach.
6. **Potential Impact Scenarios**: Heightened public awareness could produce a cascading effect with varying levels of severity. For example, among others:
    a. **Minimal Impact**: Limited harm to public trust may occur, though corporate reputation could face slight challenges, affecting postmaster engagement, recruitment, staff morale, and commercial relationships.
    b. **Moderate Impact**: A significant shift in public perception could temporarily reduce consumer trust, affecting some product categories and sales channels.
    c. **High Impact**: In an extreme scenario, a dramatic change in public opinion could lead to substantial trust loss, impacting revenue for some product categories and a broader range of stakeholders and have implications for current priorities.
    d. **Long-Term Consequences**: Impacts like increased customer churn at product renewals may emerge over time. Competitors could exploit this, raising our promotional costs and necessitating additional incentives to meet targets, financially affecting both Post Office and its commercial clients.

General Consumer Brand Insights

7. **Key Brand Pillars**: Our brand stands on five core pillars: Expert postmasters, local accessibility, essential products & services, dependable presence, and institutional trust. These pillars, while not necessarily brand growth drivers, are foundational.
8. **Public Perception as a National Institution**: Consumers do not merely view Post Office as a 'brand'. Instead, it holds a place in the public consciousness akin to national institutions like the NHS or BBC. Both Post Office and its postmasters are often seen more as 'public servants' committed to community service than as commercial entities.
9. **Competitive Landscape**: Unlike a single competitor, Post Office operates in multiple categories against various competitors. The direct-to-consumer approach by partners like Royal Mail adds another layer of competition. At a brand level, our competition manifests in the constant evolution of consumer expectations and behaviours.
10. **Core brand metrics**[4]: Since standardising our brand tracking methodology in June 2021, metrics have remained largely static, with minimal fluctuations that mirror historical data. Brand trust is a crucial metric for commercial sustainability and averages 72%, outperforming many well-known brands, likely due to our longevity, customer relationships with postmasters and associations with Royal Mail and government services. Whilst not directly contributing to commercial growth, metrics that align with our social purpose score highly, averaging 79%.

[4] August 2023 Brand Tracking metrics

11. Despite these strong figures, full product awareness and consideration is low, with only 41% of consumers feeling well-informed, particularly in the Financial Services and Insurance (FS&I) sectors[5], where consideration drops further, and usage is around 1-2%.
12. **Consumer Perceptions**: In-depth qualitative research initiated in October 2022[6] brings to light three polarising themes:
    a. **Theme 1 – essential but losing relevancy**: Post Office is celebrated as a vital 'life admin hub,' offering a myriad of services. Conversely, there's a perception that the brand is 'out of touch with modern life,' especially among middle-aged/young adults.
    b. **Theme 2 – community asset but muddled**: Post Office is revered as a key community hub and vital connector between people and organisations. However, inconsistent service and confusion with Royal Mail create a 'muddled' brand identity.
    c. **Theme 3 – loved but dated**: The brand is cherished as 'living history,' stirring a sense of nostalgia, but is threatened by a perception of being a 'dusty relic,' often reflected in criticisms about messy branches, long queues, and irrelevant services.
13. **Brand perceptions by generational cohort:**
    a. **Gen Z (c. ages 11 to 26):** While they have limited engagement with Post Office, their view is generally positive. Our brand serves a one-dimensional functional need: returning and sending parcels. They express limited nostalgia but recognise and respect its importance to older generations.
    b. **Millennials (c. age 27 to 42):** This cohort respects Post Office but finds its relevance increasingly limited. Their fast-paced lives make the perceived inefficiency of our services less appealing. They harbour fond memories but see us losing significance due to their preference for digital services.
    c. **Gen X (c. ages 43 to 58)**: This group has a stronger connection to Post Office, reminiscing about the brand's role during key life milestones. Despite this, their comfort with digital technology means the brand lacks modern-day relevance for them. They do, however, express sentimentality of us fading from view.
    d. **Baby Boomers (c. ages 59 to 74+)**: Post Office plays a significant role in their daily lives. They have the deepest connection to the brand, and their views are largely positive, with any negativity focusing on less competitive pricing and the threat of closures. Covid-19 drove some within this cohort towards digital alternatives.
14. **Fragmented product portfolio:** Analysis shows our brand is chiefly linked to postage and parcels in consumers' minds, with other products lingering on the periphery. This arrangement illustrates a fragmented, unclear, and disjointed view and suggests a potential 'glass ceiling' limiting our ability to grow authentically in areas like FS&I.

Strategic Brand Risks & Challenges

15. Over the long term, our insights indicate that diminishing consumer relevance represents a more enduring brand challenge in comparison to the Horizon scandal. While the scandal is indeed worrying and significant, it represents a critical juncture, whereas consumer relevance is an ongoing issue and less likely to recede. The full extent of any resulting damage from the scandal will remain uncertain until the ITV drama is broadcast, along with subsequent documentaries, journalist coverage, and the Inquiry reports its findings.
16. **Social Purpose vs Commercial Business:** Balancing societal expectations with business imperatives presents a complex challenge. The perception of us as a 'national institution'

[5] See chart in Appendix 4: Funnel Metrics (August 2023)
[6] Post Office Consumer Brand Research Debrief and Post Office Book of Consumer Stories (November 2022)

POL00458015

does bestow a level of trust and respect but can also lead to consumer complacency. This mindset, where people assume that Post Office will 'always be there,' undermines the sense of urgency to engage with our services. It weakens customer loyalty, which is essential for long-term sustainability in increasingly competitive markets.

17. **Complacency Risk:** Our brand metrics remain stable, which, on the surface, is encouraging. However, it's important not to equate stability with unwavering strength. Stability could be a result of brand inertia, or it could even be influenced by external factors such as brand confusion with Royal Mail. Given our brand ecosystem's complexity, taking these metrics at face value would be short-sighted.
18. **Franchising and Licensing Trade-offs:** While these strategies have diversified our offerings and reduced operational costs, they introduce brand compromise:
    a. **Brand fragmentation:** Licensing out our brand poses challenges in maintaining a unified customer experience. The extent to which brand values and customer experience are integrated into these offerings often vary, thereby affecting customer perception and loyalty.
    b. **Complex service routes:** The dispersion of customer service across multiple third-party providers creates customer friction and risks diluting brand equity.
19. **Product Relevance:** While partnerships have expanded our product range, this diversification has often led to functional but not compelling offerings. The market increasingly values innovation and customisation—elements that are largely absent from some parts of our current portfolio. This lack of differentiation limits our ability to create strong brand advocacy and puts us at a competitive disadvantage.
20. **Transactional vs Relational:** Post Office has historically been a transactional brand, offering services that are increasingly segmented in their challenges and opportunities. Our parcel services face intense price competition but remain relevant due to the shift towards online shopping. Conversely, our everyday banking services are experiencing growth due to the closure of bank branches but face the long-term challenge of a transition towards a cashless society. This places Post Office in a difficult position, bridging the gap between a declining physical world and an emerging digital future. While this role is valued for its 'duty of care' to the less digitally savvy segments of society, it complicates our ability to transition from a transactional to a more relational brand, especially when consumer perceptions are still anchored to our traditional, transactional offerings.
21. **Brand Confusion with Royal Mail:** Our brands have a deeply rooted historical association, which leads 72% of the public to incorrectly believe we are the same entity. This conflation can have detrimental effects, as seen by the drop in brand trust in December 2022, which was attributed to Royal Mail's industrial action. While consumer education could clarify the distinction, this poses its own risks. Highlighting our separateness may cause price-sensitive customers to seek cheaper alternatives directly from Royal Mail, further eroding our customer base.
22. **Generational Gaps**: Our services resonate more with older demographics like Baby Boomers, while other generations prioritise speed and digital convenience. As the older cohorts naturally decline in numbers, emerging generations like Alpha and Beta may find little relevance or connection with us, raising concerns about our future customer base.
23. **Digital Transformation**: The digital age presents both an opportunity and a challenge. Embracing digital transformation for customer experience, e.g., online queuing systems that reduce in-branch wait times, may improve customer perceptions. However, moving towards a digital-first world threatens our historically transactional, physical-service-based business model.

POL00458015

24. **No single customer view**: The absence of comprehensive customer data at the branch level hinders our ability to understand, engage with, and ultimately retain customers. This data gap limits our capacity for targeted marketing, personalised service, and loyalty programme development, all of which are integral for brand growth.
25. **USP erosion**: Our key brand pillars have traditionally been grounded in 'reliability,' a critical but increasingly insufficient aspect of brand trust. Customers now demand innovation and personalised experiences, areas where we currently fall short. Other threats include postmaster churn leading to less experienced operators, further branch closures, attrition of government services, difficulty meeting expectations for digital innovation, and a decline in trust due to subpar product or customer service experiences.

Rebranding Strategies and Considerations

26. While declining brand relevance alone wouldn't typically warrant a rebrand, the reputational challenges posed by the Horizon scandal amplify the need for thorough analysis and considered action. Our brand is currently at a critical juncture, akin to the 'ordeal' stage in Joseph Campbell's Hero's Journey framework. Navigating this phase carefully could pave the way for a narrative of genuine redemption and renewal.
27. Timing a rebrand in the aftermath of a brand crisis is a delicate matter. Acting too quickly could be perceived as a superficial attempt to 'whitewash' past issues, while delaying action may miss a vital period during which public interest is heightened, sacrificing the opportunity for meaningful engagement and constructive narrative shaping.
28. **Typical Rebranding Scenarios:** Given the current financial and operational constraints, the scope for a comprehensive rebrand seems limited in the immediate term. However, post-assessment of the 2024 impact, several strategies could merit further exploration:
    a. **Wholesale Rebrand:** This entails a full rebranding and renaming exercise, demanding significant time, change, and investment. While potentially effective, it also carries inherent risks and requires long-term stakeholder commitment. (e.g., British Telecom / BT, Norwich Union / Aviva)
    b. **Brand Refresh:** This would maintain the 'Post Office' name but introduce a new visual identity. While cosmetic, this could catalyse future transformations and rekindle public engagement. (e.g., Nationwide – 2023)
    c. **Brand Transitioning:** This involves a change of brand architecture to a 'House of Brands' structure. It addresses corporate reputation and brand fragmentation, prioritising Financial Services and Insurance (FS&I) as a growth area while creating a new model for future sustainable growth. (e.g., Facebook / Meta)
29. **Financial Implications:** Although exact costs for each rebranding strategy remain nebulous, any path forward would undeniably necessitate considerable investment and bring about its own set of risks.

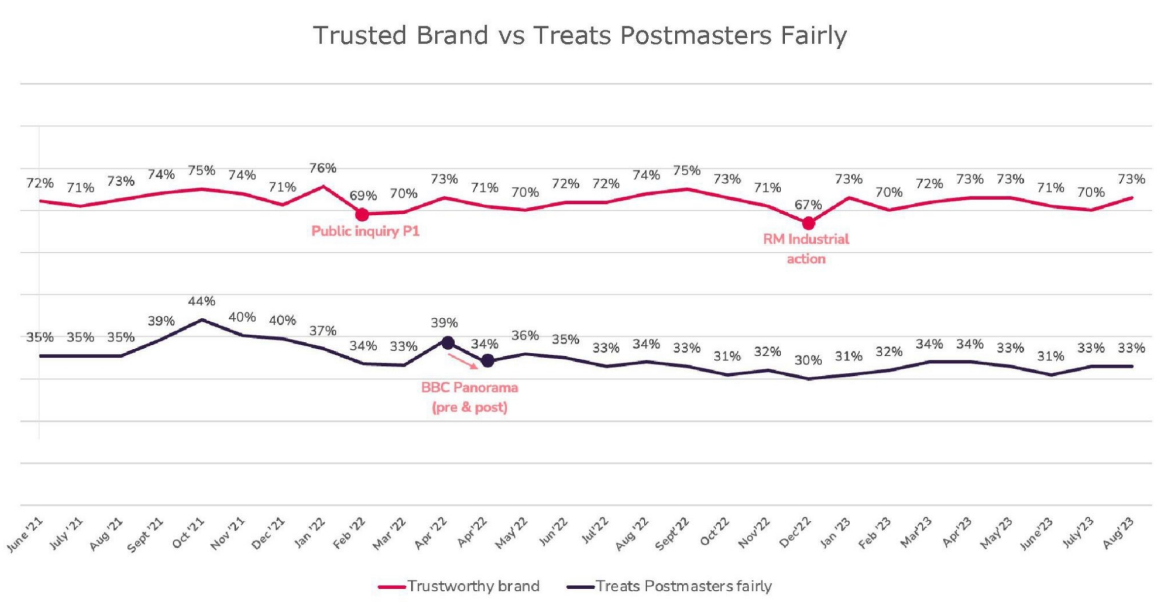
Next Steps

30. A question posed during the June 2023 Board meeting encapsulates the essence of our brand's strategic crossroads: Does the brand reflect what the Board envisions for the future? While we recognise that substantial change entails an exhaustive review and significant commitment, we seek further Board input to clarify the collective vision for the brand the Board wants to create, enabling us to align with its objectives.
31. In the coming months, we will provide a further update that outlines the broader risks identified, the mitigation strategies in development, and the plans we are putting in place to address the enduring impact of the Horizon scandal for 2024 and beyond.

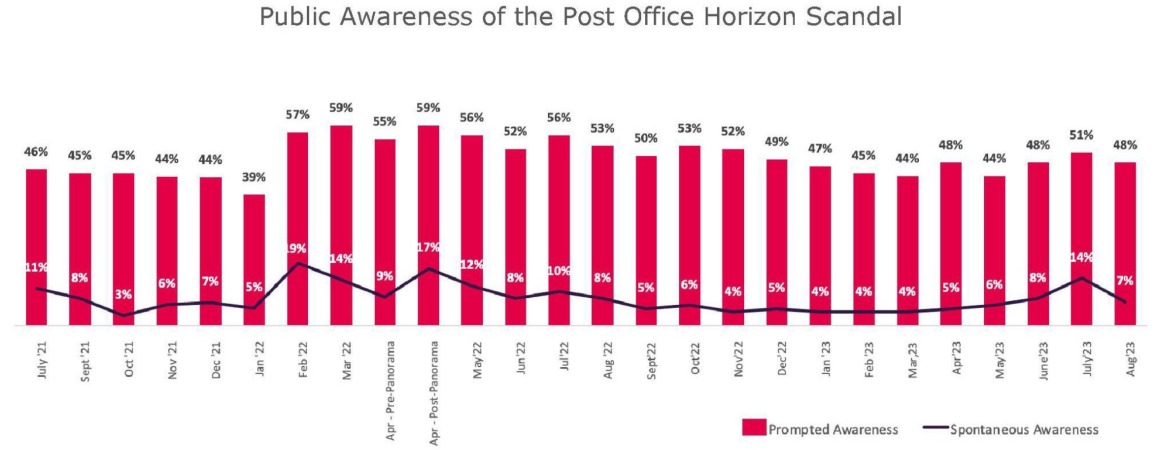
Confidential

POL00458015

Appendix 1



Appendix 2

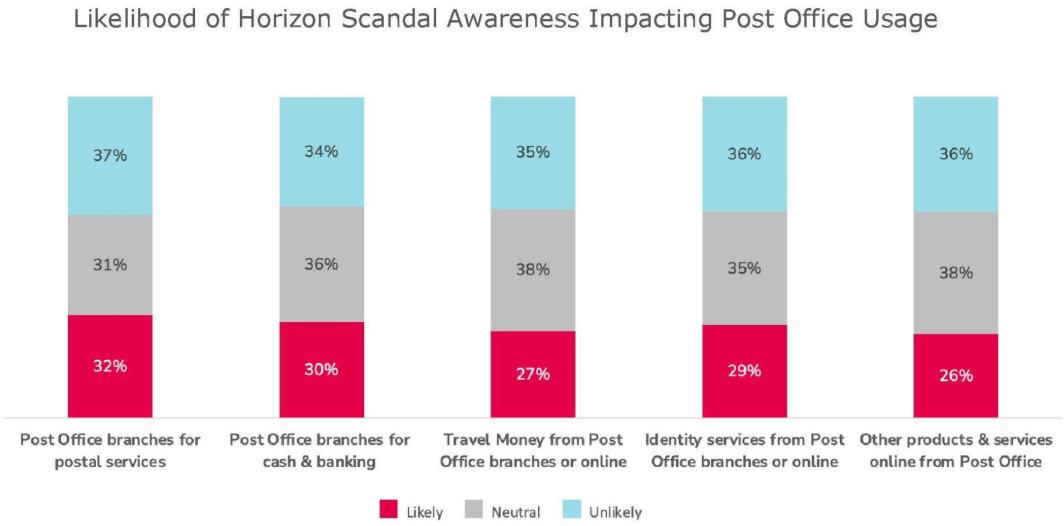


Source: Appendix 1 & 2: Post Office Brand Tracker, August 2023. UK Nationally Representative Sample Base: c.2,000.

Confidential

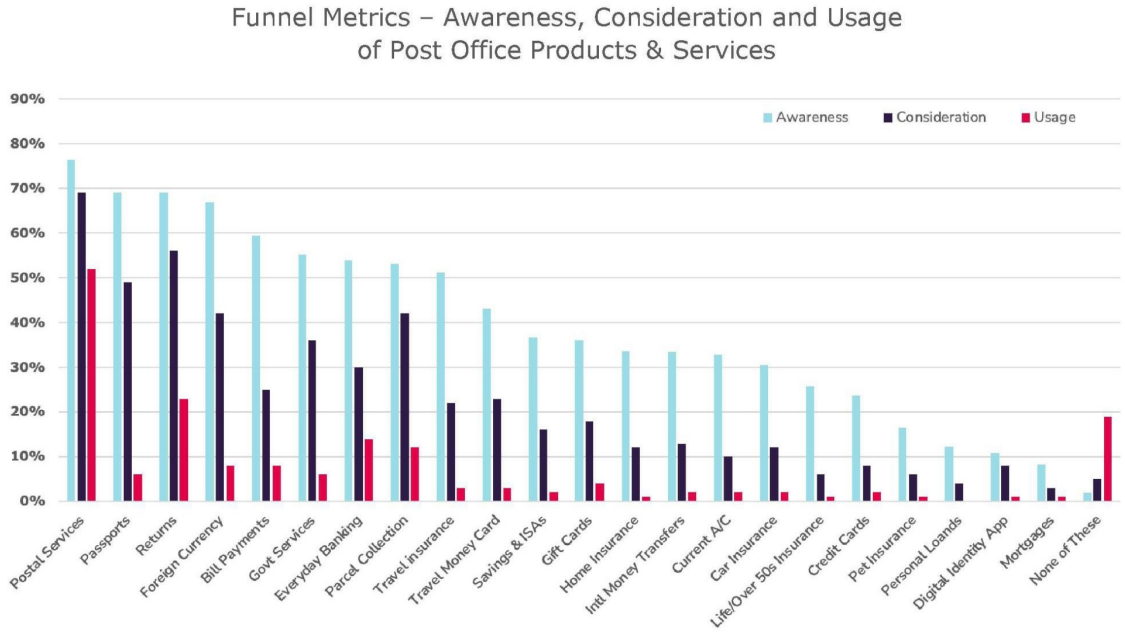
POL00458015

Appendix 3



Source: Appendix 3: Post Office Brand Tracker, June 2022. Base: 1449 (those aware of the scandal/news stories).

Appendix 4



Source: Appendix 4: Post Office Brand Tracker, August 2023. UK Nationally Representative Sample Base: c.2,000.

Confidential

POL00458015

Post Office Technology

Technology Dashboard



POST OFFICE®

POL00458015

IT Operations & Key Projects

IT operations – branch

Comments: A good period for branch service with no major incidents in September. There has been a slight increase in IT incidents raised due to challenges with PUDO device connectivity which has now been resolved. The number of average branches down at start of day has increased versus previous months (although still below 12 month average) due to a small number of phone lines being accidentally cancelled as part of a cost saving exercise..

	Jun-23	Jul-23	Aug-23	Sep-23	12 month average
# major IT branch incidents Raised / Resolved	6 6	7 7	3 3	0 0	3.9 3.9
# IT branch incidents (non-major), K Raised / Resolved	3.9 4	3.9 3.8	3.6 3.6	3.6 3.5	3.8 4
% Horizon uptime	99%	99%	99%	100%	99%
# average branches down (start of day)	8	7	5	9	12
# branches down for over a week	9	4	5	3	12
# formal complaints (closed incidents for which Postmaster wants to raise a formal complaint on its handling)	8	8	8	9	12

IT operations – colleague and back office

Comments: There were three major colleague IT incidents in September; 1) a Verizon incident preventing effective call routing in call centres which lasted 44 minutes, 2) a Microsoft Dynamics incident preventing (call centre) colleagues from being able to log new cases or work on existing cases which lasted 26 hours, 3) a Credence incident affecting an application's availability which lasted 15 minutes. The increase in volume of IT tickets raised was anticipated after summer and is in line with that seen in previous years.

	Jun-23	Jul-23	Aug-23	Sep-23	12 month average
# major colleague IT incidents Raised / Resolved	0 0	0 0	1 1	3 3	2.3 2.3
# IT colleague incidents (non-major), K Raised / Resolved	0.9 0.9	0.8 0.8	0.8 0.8	0.9 0.8	0.9 0.9

Transaction corrections (TCs)

Comments: TCs are down in September versus August with the volume in August having been unusually high. One driver of the increase in TCs in August was stock TCs. There were 1009 in August, approximately 4x normal volume. This increase in August was due to a) non-barcoded stock not being returned and b) a significant increase in obsolete stock. TCs for stock returned to normal volumes in September.

	Jun -23	Jul - 23	Aug - 23	Sep - 23	12 month average
# transaction corrections by financial period (K) [1]	8.3	12.9	13.6	11.7	11.7

1 TC reporting is done as per financial periods that runs in a 4,4,5 pattern (in weeks) across the year

Key projects (outside of SPM) with any red RAGs

Project	RAG	Update
PCI compliance		• Status reverted to amber following review of programme strategy which has led to a scope revision changing a) costs and b) timelines
Branch Hub 2.0		• Status red due to a) lack of funding available within the change budget beyond FY23/24 and the need to agree a support model • Branch Hub delivery remains on track with Branch Hub on Horizon being rolled out to the entire network throughout October

POL00458015

Cybersecurity, Risks and Change Management

Cybersecurity

Comments: We are now reporting AWS vulnerabilities reflecting our new approach to assurance especially on the SPM Programme.. These are now scheduled for remediation in Release 2.1 and 2.2. There were no Branch incidents in the period.

	Jun-23	Jul-23	Aug-23	Sep-23	12 month average
# high security incidents Colleague / Branch	14 / 1	25 / 0	56 / 0	22 / 0	36 / 0
# open pen test findings Critical / High	18 / 38	18 / 36	17 / 36	17 / 42	9 / 41
# AWS vulnerabilities (SPM – Prod)[1] Critical / High	349 / 4120	359 / 4210	385 / 3897	391 / 4132	N / A
# AWS vulnerabilities (BAU – Prod)[1] Critical / High	N / A – data not collected by environment in previous months			65 / 629	N / A

1 Review of AWS vulnerability reporting after environment clean-up exercise expected to result in a decline in figures

Risks

Comments: No new intermediate Technology risks this month. There have been no very high intermediate Technology risks since the downgrading of Copper Stop Sell risk from 'very high' to 'high' in Jun-23. We are refreshing the technology risks in time for our report for ARC in January.

# intermediate Technology risks	Jun-23	Jul-23	Aug-23	Sep-23	6 month average
Very high	0	0	0	0	0
High	8	9	10	10	9
Medium	3	3	3	3	3

Horizon change and defect management

Comments: This month one new defect with the potential to have a financial impact on branches was discovered in testing and raised, although no branches have yet raised it as an issue. This defect relates to APADC transactions. Transactions are currently recovered in the opposite order to the order in which they were added to the basket. Requirements are being gathered for Fujitsu to deliver a fix. Separately, there has been an increase in the number of changes made to reference data and APADC; This is a reflection of an increased number of business change requests. The continued use of this change route brings risks around introducing defects into Horizon; we are looking to improve the controls and management processes around APADC / reference data changes..

Change management

	Jun-23	Jul-23	Aug-23	Sep-23	12 month average
# changes made to reference data and APADC (Automated Payments Advanced Data Capture)	206	278	288	366	255
# FJ implemented platform changes	62	80	88	66	74

Remote access

	Jun-23	Jul-23	Aug-23	Sep-23	12 month average
# uses of FJ's account for ops processes (privileged access)	6	5	2	2	3
# uses of emergency account by FJ for system changes[1]	0	0	0	2	5
# FJ remote access investigations into issues with a particular counter / branch	82	101	88	47	94

Defect management

		Jun-23	Jul-23	Aug-23	Sep-23	12 month average
# defects Raised / Resolved	Potential fin. impact	0 / 0	0 / 1	0 / 1	1 / 0	2 / 1
	No fin. impact	2 / 0	2 / 0	0 / 6	1 / 0	12 / 12
	Criticality score >30/58	1	1	1	1	2
Open defects with potential fin. impact[2]	Under Investigation	1	1	1	1	1
	Fix being developed	6	1	1	1	2
	Fix awaiting deploy		5	1	1	3
	In closure process	6	5	8	8	5

1 Number of uses of the 'break glass' account used when Fujitsu are doing changes / updates / maintenance to the system; sometimes these are out of hours (e.g., the regular executor is off shift) 2 Average is 4 month average

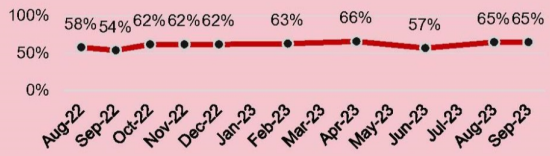
POL00458015

People & SPM

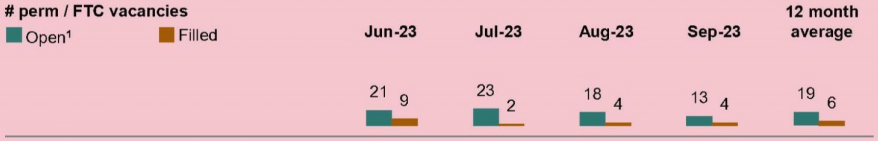
People

Comments: Morale has taken a significant hit in Technology over recent months, with concerns around funding cuts and uncertainty relating to SPM triggering a number of resignations. The recent survey of those on SPM programme as part of the ongoing review exercise highlighted a need to take urgent action to motivate those in the programme..

Workforce satisfaction trend over time (score calculated from bimonthly Technology barometer)



 # perm / FTC vacancies



% contractors of total resources²



% YTD training budget spent (note that this figure can go up and down as budget is released throughout the year)



1 Open vacancies average is 5 month average

2 Average this month is 11 month average

SPM

Metrics TBD

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Retail Performance Dashboard	**Meeting Date:**	31st October 2023
Author:	Tracy Marshall, Retail Engagement Director Mel Park, Central Operations Director	**Sponsor:**	Martin Roberts, Group Chief Retail Officer

Input Sought: Noting

Board is requested to note the Retail Performance Dashboard containing performance data for Period 6 (to 24th September 2023).

Executive Summary

From a governance perspective it is important that our Group Executive and Post Office Board have oversight of our performance and, crucially, are aware of any specific areas requiring further work to enhance performance, as well as improvements in train or planned, to remediate.

The purpose of this report is to provide a summary of the key points to note regarding performance in P6, with a primary focus on those areas with a 'red' RAG status and requiring further improvement. The report details improvements underway or planned, with progress against delivery of such improvements monitored on an ongoing basis by the Retail team. Against each improvement opportunity or action, an accountable owner is identified who will drive each activity forward to completion, as well as a planned completion date.

The key metrics are shown in table format, with current performance, YTD average and a year-on-year comparison, and this can be seen in Appendix One with corresponding planned improvements shown in Appendix Two. The Retail Performance dashboard itself, containing detailed information for each of the policy areas, can be found in the reading room.

Whilst a number of the metrics continue to be amber and red, and recognising the significant process and behavioural improvements required to move them to green, paragraph nine highlights the promising outputs of the Operational Excellence visits to date. At a total network level we are seeing a steady decline in the volume and value of discrepancies of both those settled in branch and those reviewed or disputed. In addition, the Network Reconciliation Team have worked hard to reduce the outstanding banking reconciling items from circa. 1300 to circa, 690 and aged open cash and 3rd party reconciling items from circa. 2,350 to circa. 1750, although there is still work to do to bring them both below target.

The dashboard for P6 and associated improvement actions has already been reviewed by the Retail Committee.

Confidential

POL00458015

Report

Cash Management

1. The volume of counterfeit notes being received into the network is a cause for concern at present, with the Scottish £20, an exceptional counterfeit which is very hard to spot even under UV light, being prevalent across Scotland as well as England and Wales. We have communicated to postmasters several times over recent months regarding this issue, with handy hints and tips as to how to spot counterfeits in branch, including the checking of serial numbers. There continues to be engagement with NatWest at a senior level to discuss potential solutions to the issue at hand.

2. At present, Post Office are not passing losses generated by Scottish £20 notes back to branches. All associated processes are now mapped out and this will assist us in developing a policy to articulate our overall approach, which is work in progress. Given the sophistication of the counterfeit notes in circulation and the volume of notes passing through our branches, it is clear that postmasters are not adequately equipped to identify them quickly and easily in branch. Whilst some branches have suitable note counters to be able to detect counterfeits, many don't, and therefore rely on manual checking.

3. A Counterfeit Banknote Taskforce, led by Martin Roberts, has been established in order to coordinate potential interventions into one activity plan. The taskforce comprises members from Commercial, Retail and Treasury who will deliver activity to bring the issue back under control and will report regularly to GE on progress. The key focus for this group is to secure funding (both internal and external) to provide note counters, with the appropriate maintenance support model, to the highest volume cash branches (c3700 branches account for 80% of the cash movement). This will not only enable the identification of counterfeit notes during the customer deposit process but also enable faster and more accurate back office cash processes. A recent time and motion study found the use of note counters to be nearly 3 times faster than manual counting.

Transaction Corrections, Discrepancies and Postmaster Accounts and Accounting Dispute Resolution

4. Metrics reported on the dashboard under the headings of i) Transaction Corrections (year to period 6 we have issued circa. 59k gross value £34m), ii) Discrepancies and Postmaster accounts (year to period 6 Review or Dispute has been used circa. 4k times with a gross value of circa. £18.2m and 26k discrepancies with a gross value of £9.8m has been settled in branch), and iii) Accounting Dispute Resolution (there are 789 cases currently under investigation and 1600 cases awaiting triage) have been consistently reported as Red or Amber over recent months.

POL00458015

5. These metrics all contribute to the business' overall position on postmaster losses, for which the year to period 6 charge is £6.1m (£0.5m adverse to budget) and the amount provisioned for postmaster balances currently totals £32m (£14m current postmasters and £18m former postmaster).

6. The Operational Excellence Programme (previously BDIP) is now well established providing much needed programmatic governance over the various workstreams.

7. Workstreams within the Programme represent the main areas of the Postmaster journey, where process improvements have been identified to support a reduction in the overall value and volume of discrepancies, enable a more robust contract management framework and deliver a timely and consistent investigation and resolution of losses.

8. Many of the improvements identified as part of the Programme are being delivered within BAU resource, some of which are listed below:

   - Review and update of the Operating Manual
   - Area Manager Operational Excellence visits
   - Update of back office operational risk model
   - Improvements to the MI to allow insight driven action

9. Our Area Managers have performed 5,000 Operational Excellence visits to 3,774 branches and the data is highlighting early signs these visits are making a difference (see bullet points below). We will continue to validate the data and monitor the branches post their visit to ensure the improvement is sustained.
   - In the 30 days after receiving a visit the percentage of cash declarations by branches had increased by 3.8%
   - In the 8 weeks after receiving a visit the number of instances of excess cash had reduced slightly by 2% however, the average value had decreased by 11%
   - In the 2 periods after receiving a visit the volume of discrepancies raised via Review or Dispute had reduced 34% and the absolute value had reduced 24%
   - In the 2 periods after receiving a visit the volume of discrepancies settled in branch had increased 7% but the absolute value had reduced 34%

10. A budget transfer of £0.3m from CIO into Retail was approved in July this year, to increase resource in the Network Support Team and work through the back log of open discrepancy investigations and those awaiting triage. All offers have been made and start dates agreed. The backlog of open investigations has reduced from over 1100 in period 2 down to circa 790 in period 6, and whilst the number of cases awaiting triage has reduced since the start of the year, the additional resource will be focused on working through these cases.

11. In addition, we have highlighted further improvements that will be delivered within existing BAU activities in the next couple of months, namely:

    - Provide more direction, upskilling and robust data to the Area Manager Operational Excellence visits with a view to identifying and delivering more targeted interventions that can be tracked and reported on

POL00458015

- Increase the scope of the Branch Assurance visits to provide a data led focus on operational excellence, as well as assuring cash and stock values. Ensure an appropriate intervention is delivered that will be tracked and reported on
- Assessment of the support model provided to Postmasters in the first 6 months of their tenure, including face to face and remote monitoring, agreed KPI review and consistent sign off process.
- Support the subsequent releases of NBiT by delivering a full health assessment to pilot branches and providing interventions and assurance visits as required to ensure they are fit to support the roll out.

12. As a further element of the Programme, the results of a training intervention being delivered by Tesco will be tracked. In a recent restructure Tesco removed their Post Office Field team and transferred their responsibilities to the existing Retail Field Team. Branch operational compliance has declined significantly since this support was removed and so they are about to deliver an online training intervention to over 440 branch colleagues across 87 branches. We will monitor the pre and post KPI's for these branches in order to determine the success of the intervention and we will provide an assurance visit to a sample of these branches to ensure the training is improving the cash and stock accuracy.

13. Since the Operational Excellence Programme commenced in June 2023 a number of network wide initiatives have either been approved or are being explored, as noted below:
    - Opportunity to provide note counters as detailed in paragraph 3 (year to date cash transaction correction volume is c35k (60%) with a value of £16.1m (50%).
    - Approval of Auto Stock Rem in, pilot due to land April 2024 (year to date stock transaction correction volume is c3.2k (6%) with a value of £0.2m (1%).
    - Proposal to include payment for performing robust back office processes in the monthly Postmaster Remuneration from April 2024.
    - Request by GE to review options to recover losses within an agreed set of circumstances.

    These initiatives, along with the exit of lottery at the end of January 2024 (year to date transaction correction volume 12k (21%) and value £3.3m (10%) will have a significant impact on the discrepancy landscape across the whole network in the latter half of this financial year and the first half of 24/25.

14. The Operational Excellence Programme will focus on landing the big network wide projects as detailed in paragraph 13 and ensuring the process improvement activity detailed in paragraphs 8,11 and 12 is delivered and impact tracked to ensure we remain on the right trajectory and provide confidence that this is receiving the right level of focus and scrutiny. Once all of this activity has landed and is embedded in branches towards the latter half of 2024/25, we will review the resulting discrepancy landscape and propose further interventions with an associated funding requests as appropriate.

15. Given the scale of the current issue with discrepancies and postmaster losses, it is important to manage expectations regarding the speed at which we will see improvements to the operational metrics. This is as much about cultural change for PO and postmasters as it is about process change, and we know this will take time to embed.

POL00458015

Postmaster Contracts

16. The average duration of suspensions for open cases currently stands at 262, significantly lower than the P4 figure of 321 but higher than the YTD average of 258. This is a result of several positive improvements to SLAs being implemented, including a new two-week legal assurance review. Although there has been positive progress here, this is well above the target of 90 days that we have set ourselves and will be working to achieve as far as possible moving forward. We have also now agreed an SLA of 20 days for discrepancy investigations undertaken by Network Support and Resolution, with an aspiration that these will actually be completed with 10 days, therefore helping to drive down the overall time-frame.

17. The Postmaster Suspensions Decision Governance Committee continues to provide a greater focus on suspension cases and any case moving over the 90-day timescale is now reviewed by this group to determine whether it is proper to continue with the suspension or reinstate.

18. It should be noted that our averages include branches where the postmaster has been arrested; cases where we are dependent on the outcome of a police investigation. In these cases, Retail are being supported by the Assurance and Complex Investigations team to engage with police forces to expedite the outcome.

Next Steps

19. We will continue to submit the dashboard for GE noting each month.

POL00458015

Appendices

Appendix 1 – Retail Performance Dashboard Summary Period 6

Area	Metric	P6 Performance	YTD average (adjusted for 5-week periods if applicable)	Compared to P6 last year
Onboarding and Training	Onboarding satisfaction	83% ➡	83%	82%
	Onboarding duration	120 days ⬆	138 days	148 days
	Confidence after e-learning	97% ⬆	97%	96%
	Confidence after classroom training	98% ⬆	95%	95%
	Branches engaging with training	2217 ⬇	2036	N/A
	% capacity filled in refresher training sessions	52% ⬆	48%	39%
Postmaster Complaints	Number of complaints received	387 ⬇	332*	349
	% resolved within 10 days – 82%	89% ⬆	89%	79%
Cash Management	Volume of outward cash discrepancies	16 ⬇	18*	8
	Volume of inward surpluses	4786 ⬆	4137*	4947
	Volume of inward shortages	3722 ⬆	3882*	4790
	Volume of inward counterfeit notes	893 ⬆	1124*	1386
	% of pouches containing discrepancies	9.2% ⬆	8.8%	10.6%
	Percentage of successful cash declarations	89.5% ⬇	88.8%	88.2%
Transaction Corrections	Volume of total transaction corrections	11700 ⬆	10824*	12827
	Total value of transaction corrections	£5.04m ⬆	£7.71m*	£6m
	Volume of cash remittance transaction corrections	7230 ⬆	6058*	7900
	Volume of aged open items	1750 ⬇	2014	3180
Discrepancies and Postmaster Accounts	Volume of total reported discrepancies	4787 ⬆	4589*	4905
	Value of total reported discrepancies (not net)	£3.9m ⬆	£4.5m*	£5m
	Volume of Review or Dispute discrepancies	603 ⬆	626*	601
	Value of Review or Dispute discrepancies (not net)	£2.6m ⬆	£3m*	£3.3m
	Increase in amount provisioned for postmaster balances	£0.5m ⬇	£0.72m*	£0.3m
Accounting Dispute Resolution	Volume of discrepancies received for investigation	402 ⬆	417*	409
	Volume of investigated discrepancies completed	414 ⬆	383*	331
	Open investigations	789 ⬇	693*	488
	Average days to resolve	21 ⬆	28	4
	Open Postmaster Account Support cases	2200 ⬆	2662	N/A
Network Monitoring/ Branch Assurance Support	Number of Network Monitoring cases	160 ⬇	192*	227
	Number of branch assurance activities	27 ⬇	46*	53
Contracts	Number of suspensions	1	2*	1
	Average suspension duration (cases closed this period)	264 ⬆	223 (closed cases since P12)	N/A
	Average suspension duration (open cases)	262 ⬆	258	N/A
	Number of terminations	3	2*	4
	Decision reviews	3	1*	0
	% Decision reviews upheld (cumulative)	95%	96%	100%

* This data is adjusted to reflect either 4- or 5-week periods

Arrows show performance against last period

Confidential

POL00458015

Appendix 2 - Summary of the key improvements planned

Area	Metric	Improvements planned or in place	Status	Planned completion date	Owner
Postmaster Onboarding	Onboarding satisfaction	• **Implement text message alerts** – SMS messages will be sent as regular communication throughout the journey of incoming and outgoing postmasters.	In progress	November 2023	Tracy Marshall
	Onboarding duration	• **Complete recruitment to fill 3 vacancies** – vacancies are fully recruited and awaiting start date.	In progress	October 2023	Tracy Marshall
Postmaster Training	Confidence after e-learning	• **Analysis of data and feedback** – The L&D team completed the analysis and established that despite low confidence scores on occasions, the rating of the quality of the training was still high.	Complete	Complete	Tracy Marshall
	Branches engaging with training	• **Support Area Manager training promotion initiative** – The technology team provided data on the number of AMs / RMs who have used the learning management system and provided a list of branches (circa 350) who were sent conformance messaging around mails segregation, yet did not progress to reading the messages or going through any of the training content available to them. This was sent on 14th September for AMs/RMs to use to promote training.	Complete	Complete	Tracy Marshall
	% capacity filled in training sessions	• **Create a system to enable documented reviews of waitlist clearing** – A dedicated team member has been made temporarily available to service the weekly management of the classroom training waitlist over a 3 month period, following which the benefits of having a dedicated person to perform this role will be reviewed.	Complete	Complete	Tracy Marshall
		• **Fill 5 classroom trainer vacancies** – Four new starters are now fully accredited and the requirement of a fifth vacancy is under review.	Complete	Complete	Tracy Marshall
		• **Deliver Training Information Surgeries to Area/Regional Managers** – Productive meeting with regional managers took place, where the current learning offer was promoted, and the different channels available to access the training content were explained. Lee Taylor to advise on actions to be taken.	Complete	Complete	Tracy Marshall
Cash Management	Volume of inward counterfeit notes	• **Process to be agreed and mapped for dealing with counterfeit notes** – The "as is" process has now been documented, and a further meeting is scheduled for 3rd October to map out the recommended process to agree going forward.	In progress	October 2023	Russell Hancock
		• **Postmaster support** – a communication was sent to postmasters to point to guidance in Branch Focus on what to check for when receiving Royal Bank of Scotland £20 and £50 notes to aid counterfeit identification.	Complete	Complete	Russell Hancock
		• **Set up Counterfeit Banknote Taskforce** – set up a cross function team, including representatives from Commercial, Retail and Treasury, to bring Governance and structure to the planned improvements.	In progress	October 2023	Martin Roberts
	Percentage of successful cash declarations	• **Note counters as part of Branch Discrepancy Improvement Plan** – The provision of note counters will be reviewed as part of the Operational Excellence Pilot (funding for 50 approved), along with the training required to ensure a behavioural change in their use. Checking large deposits prior to accepting them is key to detecting counterfeits, as well as using them to improve the accuracy of cash returned to the cash centres.	Planning	May 2024	Mel Park
Transaction Corrections	Volume and value of total transaction corrections	• **Create a joint action plan with NFSP** – regular NFSP meetings to discuss transaction errors and possible mitigations and solutions will generate an action plan. Last meeting held in September – next one will be 23rd October.	In progress	December 2023	Mel Park
		• **Postmaster support** - a communication will be sent to postmasters to give hints and tips for Camelot accounting to drive down errors. Best practice information for scratch card accounting was provided to the AM's for the Operational Excellence visits which will be scratch card related this month and a supporting video has been produced.	In progress	September 2023	Mel Park
		• **Analyse and deliver data on banking mis-key transaction corrections** – Data analysis will be completed and provided to the Operational Excellence initiative to enable AMs to talk to branches that have had banking mis-keys about how to prevent these in future.	In progress	October 2023	Mel Park
	Volume of cash remittance transaction corrections	• **Operational Excellence visits** – Operational Excellence week (4th Sep) happened, where Area Managers drove conformance in branch by focusing on various areas, including volumes of cash remittance transaction corrections.	Complete	Complete	Mel Park

Continued on next page

Confidential

POL00458015

Area	Metric	Improvements planned or in place	Status	Planned completion date	Owner
Transaction Corrections (cont.)	Volume of aged items	• **Training to take place on key focus areas** – refresher training was given on areas where the most open items are, in order to focus on resolution. Will continue with recent new starters.	Complete	Complete	Mel Park
		• **Analyse and deliver data on cheque accounting transaction corrections** – Data analysis will be completed and provided to the Operational Excellence initiative to enable AMs to talk to branches about best practice for cheque accounting – planned for November.	In progress	October 2023	Mel Park
Discrepancies and Postmaster Accounts	Volume of total reported discrepancies	• **Plan to review root causes with the business** – The cause analysis has been shared with BDIP and Training to feed into Operational Excellence, which should focus on accurate cash declarations.	In progress	Ongoing	Mel Park
	Volume of Review or Dispute discrepancies	• **Decision to be made on whether to make secondary improvements to Horizon around the Review or Dispute process** - still awaiting decision.	Awaiting update	TBC	Mel Park
Accounting Dispute Resolution	Volume of discrepancies received for investigation	• **Strategic Partner Process** – new discrepancy support process with Tesco / One Stop & Morrisons is live. Due to low volumes, this is extended until end December to embed sufficiently.	In progress	December 2023	Mel Park
	Volume of investigated discrepancies completed	• **Additional Resource** – The 2A role has been filled internally from the existing team and offers have been made to fill all other vacancies – completion date amended to October by which time we will know if the remaining positions have been accepted.	In progress	October 2023	Mel Park
	Open investigations	• Recruitment – as above	In progress	October 2023	Mel Park
	Average days to resolve	• Recruitment – as above	In progress	October 2023	Mel Park
	Open Postmaster Account Support cases	• Recruitment – as above. Aged Position Team also in place to support reduction of volumes.	In progress	October 2023	Mel Park
Network Monitoring	Number of Network Monitoring cases	• **Improve and increase span of branch monitoring metrics** – Lite model of the new risk indicator is complete and in use on a trial basis for learnings and working through new ways of working and early results. Results so far are positive and the Operational Excellence programme will use this tool to work with the 200 pilot branches.	Complete	Complete	Mel Park
		• **Work with Branch Assurance to increase support reach** – collaboration with Branch Assurance to provide location specific information on branches that require support visits. This will enable more effective tailored reach in areas that a Branch Assurance Advisor is visiting, making better use of their time.	In progress	November 2023	Mel Park
		• **Increase resource for a temporary period** – 2 secondments to commence to increase resource for the next 6 months.	Complete	Complete	Mel Park
Contracts	Average suspension duration (open and closed cases)	• **Review the contract suspension process to determine any areas that cause delays. Aim is for a 90-day maximum time for a postmaster to be suspended** - Following agreed reductions in SLAs for legal assurance, the remaining piece of work to complete the process improvement has now been agreed - a SLA for discrepancy investigations undertaken by Network Support & Resolution of 20 days, with an aspiration that that they will be completed in 10 days.	Complete	Complete	Tracy Marshall

Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Christmas Peak 2023 Project Plan and Marketing Update	**Meeting Date:**	31st October 2023
Author:	Melanie Park, Central Operations Director Laura Joseph, Director Customer Experience, Marketing & Digital	**Sponsor:**	Martin Roberts, Group Chief Retail Officer

Input Sought: For noting

Board is asked to **note** the:

- **Key dates** highlighted in the Christmas Peak 2023 project plan.
- **Risks to successful delivery and actions to mitigate** the risks.
- Christmas Peak 2023 **Marketing plan**.

Executive Summary

Following presentation of the Outline Project Plan and Christmas Marketing plan to GE in August, this paper shares the confirmed timeline and key dates for Christmas 2023 and presents the high-level risks and associated mitigation identified by the Working Group and Steering Committee.

In addition, the paper outlines the marketing plan (full presentation available in the reading room), where customer insights and key feedback from last year has been used to develop an integrated strategy and plan, to drive awareness, consideration and conversion of relevant products and services, demonstrating how we can help people have a more meaningful Christmas.

Report

Outline Christmas 2023 Project Plan

1. Each individual function has a detailed timeline to deliver Christmas 2023, however key dates to note are highlighted in the timeline below.



Confidential

POL00458015

2. Whilst many of the risks to delivering a successful Christmas are consistent each year, this year we are confident that industrial action is unlikely to disrupt operations. However, the ongoing cost of living crisis will continue to put pressure on the retail environment. The success of POL's mails and parcels roll out strategy means there will be a very different operational landscape in many branches this Christmas due to the increased number of carriers and products. The Mails Team continue to work closely with the Retail Team to ensure branches are set up to deliver a successful Christmas. Circa 400 branches have been identified as having low storage capacity and high forecast parcel volume, and each will receive a visit from their Area Manager to discuss the best operational solution. A PUDO Services: Operational Guidance Hints and Tips was published on the 28th September and was referenced in Martin's Postmaster email on 21st September. The full list of risks captured for Christmas 2023 and the associated mitigating controls are detailed in the Risk Assessment section of this paper.
3. One of the key enablers to closely monitoring performance throughout the peak period is the daily Christmas KPI Dashboard (see Appendix 1). Daily reporting will commence on Monday 13th November 2023 (last years' start date was 14th November) and a cross functional KPI review meeting will meet 3 times a week (Monday/Wednesday/Friday) at 10.30 am, to ensure the Mails performance information is up to date, starting from week commencing 13th November. This review meeting will become daily if required i.e. for business continuity. Last year the daily reporting ceased on 31st of December 2023 to cover the period between Christmas and New Year. This year production of the dashboard will cease on Saturday 23rd December and a lighter version reporting will be delivered from the 24th December to the 31st December, to allow the teams to focus on production of the post Christmas Trading, GE and Board reports
4. Post Office did not issue a Christmas Trading Statement in January 2023 however a statement was issued in the preceding 2 years. The Christmas 2023 plan will work towards the timely production of the Christmas 2023 Trading Statement, with the publishing date to be agreed early in the New Year.
5. Period 9 closes on Sunday 24th December and the P9 CEO Report and Period Performance Report will be produced as per the business-as-usual process. The Christmas Review Board Report will follow the current report format guidelines and be presented to GE on 17th January 2024 (paper deadline 12th January 2024) and the Board meeting on 30th January 2024 (paper deadline 22nd January 2024).
6. The date for the cross functional Christmas business review will be held on 24th January to allow for a detailed review of the complete Peak Period including the start of January which is always a busy parcel returns period.
7. Branches receiving proactive SSK maintenance visits and additional monitoring have been confirmed (See Appendix 2) and maintenance visits started at the beginning of September and will continue until Mid-November.

Marketing Plan

8. Insight informs us that people consider spending time with family as the most important aspect of Christmas (95% of respondents to a You Gov 2022 survey). In addition, 8 in 10 parents worry that they don't have the money or time to make Christmas magical.

POL00458015

9. Feedback from Postmasters, including what worked well and what didn't last year, has also been recognised including:
   - Reducing the number of point-of-sale marketing assets, from 39 to 28.
   - More effective methods to communicate any changes to last posting dates, using QR codes in leaflets, blank posters, and timely social media posts.
10. Recognising these and other insights and feedback has helped inform the following key campaign elements:
   - Our brand positioning, 'we can help with that', will be located next to our logo instead of a stamp, to give greater prominence to the message and how we can help.
   - We've developed a range of gift-wrap designs, and using realistic photography that illustrates meaningful Christmas scenarios.
   - Messaging will promote relevant products, including mails, banking, international money transfers and Gift Cards and how we can help.
   - We'll use a range of channels from in-branch, emails, website, and social media. In addition, press and radio activity will update people on last posting dates, international customs, and RM Tracked 24/48.
   - We'll continue to track customer sentiment, including spend levels and attitudes towards Christmas.
11. The Choose Your Campaign portal was open until 3rd September. 2,028 branches ordered merchandising they preferred. This included 948 strategic partner branches. This was an increase of 530 branches compared to the Summer Travel campaign.
12. The warehouse completed the Christmas show material pick on Thursday 19th October and these should be delivered by Wednesday 25th October, 12 days ahead of Perfect Day.
13. The full marketing plan is detailed in the additional PowerPoint presentation published with this paper in the reading room.

Financial Impact

The table details the marketing budget for 2023:

Channel	2023 Budget	2022 Budget
Branch point-of-sale	£200k	£190k
Social media	£65k	£10k
Public relations	£25k	£25k
Total	**£290k ex VAT**	**£225k ex VAT**

POL00458015

Risk Assessment, Mitigations & Legal Implications

The table below highlights the risks and mitigations the working group has identified for Christmas 2023:

Area	Title	Description	Mitigation Plan
Retail	Christmas Helpers	Ensure Christmas Helpers no longer transact on a branch Horizon terminal when supporting at Xmas.	Clear and concise comms and guidance required around not transacting on horizon terminal and how best to support when out in branches.
Mails	Space In Branch	Risk of space in some branches given the unknown volumes expected from some of the new mails carriers.	PUDO Services Operational Hints and Tips shared with postmasters, as well as advance sight/estimates of expected parcel volumes
Mails	Last Posting Date	Last posting dates may vary across different carriers	Marketing collateral for RM dates to include QR code link to website where last posting dates can be updated. Marketing to come up with solution for in branch POS for non-RM last posting dates. Last posting dates for RM & Evri have been confirmed tbc for DPD.
Mails	Roll out of PUDO sales in branch	The deadline to deliver, test and roll out the technical solution before change freeze is tight	Steps have been taken to improve the deliverability of this plan: • Extra test resources prioritised onto the project • Project & test team working in at City Towers to improve collaboration • Temporary postponement of maintenance to Horizon test environments • Dual running of BAT and UAT alongside the SV&I testing
Mails	Segregation	Multicarrier sales increase risk of mis-segregation	Ensure current operational processes can be maintained over peak and continue to closely monitor compliance Engagement with NFSP to agree proposal to support seg checks.
Mails	SSK	Since the cyber attack last year SSK's can no longer transact international parcels	Posters and standees to inform customers ICDC digital journey to help reduce time at the counter Clear communication in Xmas Helpers guidance to assist with directing customers to the right counter
Gift Cards	Gift Cards	This year Christmas eve which is typically the highest day of sales for gift cards, falls on a Sunday a lower footfall day	Advance notice of Christmas Eve on Sunday and impact to branch opening times will be highlighted on the website. Gift card sales will be closely monitored in the week leading up to Christmas
Supply Chain	Stock Distribution	Greater overlap between the value and POS distributions will place pressure on resource availability.	Advance booking of warehouse agency staff to support with picking, packing and distribution
Supply Chain	Stock packaging	POS material in new formats can lead to less than adequate packaging options and damaged material when landing in branches.	Worked with marketing to have early sight of the product range and potential ordering combinations to purchase the appropriate consumables.
IT	IT Incidents	Potential for IT incidents impacting ability for branches to trade or sell specific products (ICDC in Christmas 2022)	Enhanced IT support plans will be in place and a change freeze implemented early December
Business	Cost of living crisis	Continuing economic uncertainty and Cost of living crisis could impact on consumer spending and general business activity	This will continue to be closely monitored and managed across the Commercial and Retail teams.
Business	Strike Action	Transport Strikes, Royal mail strikes, CWU strikes - Winter of discontent, Bill payments	Strike action is a much lower likelihood this year with pay agreements from the CWU in place now. Contingency plans exist should industrial action happen

POL00458015

Appendix 1 – Daily Christmas KPI Dashboard



	Period 3					YTD				
	Actual	Budget	Variance	YoY	YoY %	Actual	Budget	Variance	YoY	YoY %
Mails - RM	21.9	21.8	0.1	(1.6)	(7%)	72.5	71.6	0.8	(6.6)	(8%)
Mails - Non RM	0.5	0.6	(0.1)	0.3	189%	1.3	1.4	(0.1)	1.0	297%
Retail/Lottery & Gift Cards	1.9	2.0	(0.1)	(0.3)	(12%)	6.8	6.5	0.3	(0.1)	(1%)
Government Services	2.7	2.2	0.5	1.0	56%	7.2	7.6	(0.4)	0.8	12%
Banking Services	18.9	18.2	0.7	0.8	4%	62.3	62.2	0.1	2.2	4%
ATMs	2.0	2.0	0.0	0.1	4%	6.7	6.5	0.2	0.1	2%
International Money Transfer	3.0	3.1	(0.1)	0.3	11%	9.5	9.8	(0.3)	1.1	14%
Travel Money	3.6	3.1	0.4	0.4	14%	10.3	9.4	1.0	1.0	11%
Payment Services & Payzone	2.2	1.9	0.3	(0.0)	(1%)	8.2	6.6	1.5	1.0	13%
Voucher Encashment	0.1	0.1	0.0	(0.4)	(73%)	0.5	0.4	0.1	(1.4)	(75%)
Mortgages, Savings & Loans	1.3	1.3	0.0	0.0	0%	3.8	3.8	0.0	0.0	0%
Credit Cards	0.2	0.2	0.0	(0.1)	(40%)	0.7	0.6	0.0	(0.3)	(34%)
PO Insurance	5.0	5.1	(0.1)	0.4	9%	14.7	15.0	(0.3)	(1.7)	(10%)
Identity Services	0.4	0.4	0.1	(0.0)	(3%)	1.4	1.2	0.2	(0.2)	(14%)
Supply Chain/Other	0.9	0.7	0.3	0.0	2%	2.6	2.2	0.4	(0.5)	(17%)
Total Revenue	64.7	62.7	2.0	1.0	2%	208.4	204.8	3.6	(3.7)	(2%)

POL00458015

Appendix 2 – SSK Support Branch List

CurrFAD	Branch Name	Stream	NCR Proactive Maintenance (15 branches)
009013	High Street (10)	DMB	Y
009323	St Johns	DMB	Y
555227	Nottingham	WHS	Y
013201	Birmingham	DMB	Y
453420	Liverpool	WHS	Y
029008	Brixton	DMB	Y
005343	Sunderland City	DMB	Y
003422	Manchester	DMB	Y
471511	Bristol	WHS	Y
005008	Clapham Common	DMB	Y
501329	Newcastle Upon Tyne	WHS	Y
347504	Bath	WHS	Y
121012	Bromley	WHS	Y
010109	Milton Keynes	DMB	Y
011704	Belfast City	DMB	Y

CurrFAD	Branch Name	Stream	VIP Cover 50
015207	Derby City	GM4	Y
203116	Colchester	WHS	Y
619519	Exeter	GM4	Y
208005	Camden	GM4	Y
034907	Eastbourne	WHS	Y
009912	Horsham	WHS	Y
012311	Grimsby	DMB	Y
019001	Battersea	GM4	Y
133134	Luton	WHS	Y
356320	Huddersfield	GM4	Y
054011	Regent Street St. James's	GM4	Y
030003	The City of London	DMB	Y
005925	Bexhill-on-Sea	DMB	Y
010033	St Peters Street	DMB	Y
349320	Halifax	WHS	Y
268939	Reading	WHS	Y
584246	Solihull	WHS	Y
005432	Hyde	DMB	Y
361546	Winchester	WHS	Y
281020	Harrow	WHS	Y
004003	Houndsditch	DMB	Y
009432	Stockport	DMB	Y
026329	South Shields	DMB	Y
014137	Oxford	DMB	Y

CurrFAD	Branch Name	Stream	VIP Cover 50
009013	High Street (10)	DMB	Y
009323	St Johns	DMB	Y
555227	Nottingham	WHS	Y
013201	Birmingham	DMB	Y
453420	Liverpool	WHS	Y
029008	Brixton	DMB	Y
005343	Sunderland City	DMB	Y
018002	Poplar	GM4	Y
003422	Manchester	DMB	Y
014323	The Markets	DMB	Y
471511	Bristol	WHS	Y
558136	Norwich	WHS	Y
005008	Clapham Common	DMB	Y
331434	St Helens	GM4	Y
501329	Newcastle Upon Tyne	WHS	Y
347504	Bath	WHS	Y
121012	Bromley	WHS	Y
014523	Gloucester	DMB	Y
496217	Leicester	WHS	Y
010109	Milton Keynes	DMB	Y
008946	Windsor	DMB	Y
565611	Cardiff	WHS	Y
011704	Belfast City	DMB	Y
391349	York	WHS	Y
008113	Cambridge City	DMB	Y
006007	London Bridge	DMB	Y

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Board and Committee Evaluations 2023/24	**Meeting Date:**	31 October 2023
Author:	Rachel Scarrabelotti, Group Company Secretary	**Sponsor:**	Henry Staunton, Chairman

Input Sought: Discussion and Decision

Report

In line with provision 21[1] of the UK Corporate Governance Code 2018 the Chairman is considering commissioning an externally facilitated Board evaluation. Internal Board and Committee evaluations were conducted for financial years 21/22 and 22/23, with the last external Board evaluation conducted 3 years ago.

Whilst under Matters Reserved for the Board authority has been delegated to the Nominations Committee to approve the appointment of external facilitators for Board and Committee evaluations, the Chairman would like to take the views of Board members as to the commissioning of an externally facilitated Board evaluation, and the potential external facilitators, in light of the recent reviews of aspects of the Company's governance as set out in the A Burton Report and the Simmons & Simmons Report, and also given the commencement of the Grant Thornton governance review.

In terms of potential external facilitators the Board has a number of options:

(i) The Board may wish to consider appointing Grant Thornton to conduct the Board and Committee evaluation process for FY23/24. Given Grant Thornton are already engaged on the governance review it is likely that time and cost efficiencies could be achieved should they be appointed. Additionally appointing Grant Thornton would avoid a further external party evaluating aspects of the Company's governance;

(ii) The Board may wish to consider appointing an external facilitator separate from Grant Thornton. Options include appointing a boutique firm such as Indigo Governance, Board Excellence, or Condign Board Consulting, who specialise in conducting Board Effectiveness reviews or appointing a larger firm with specialist corporate governance expertise to facilitate the review.

---

1 Provision 21 of the UK Corporate Governance Code 2018 states that:

"There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the company or individual directors."

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Sealings Report	**Meeting Date:**	31st October 2023
Author:	Rubia Khanom, Company Secretariat Administrator	**Sponsor:**	Rachel Scarrabelotti, Company Secretary

Input Sought: Approval

The Directors are invited to consider the Register of Sealings and to approve the affixing of the Common Seal of the Company to the document set out against item numbered 2223 in the Register of Sealings.

Executive Summary

For the Directors to resolve that the affixing of the Common Seal of the Company to the document set out against item numbered 2223 in the Sealings Register is hereby confirmed.

Strictly Confidential

POL00458015

Date Created
20/10/2023

Post Office Limited
Register of Sealings

Company Number
2154540

Seal Number / File Ref.	Date of Sealing	Date of Authority	Description of Document	Persons Attesting To Document	Destination of Document
2223	12/10/2023	03/10/2023	Land Registry form RX4 - Application to withdraw a Restriction placed on GRO The original restriction was placed on the Property at the request of the Royal Mail Group Limited ("RMG") in an effort to secure monies it understood were owed to Post Office Limited by one of their postmasters, Siobhan Sayer, who is one of the registered proprietors of the Property. Following the registration of the restriction Ms Sayer pleaded guilty to one count of fraud in relation to the apparent loss to Post Office of £18,997.00. This conviction has now been overturned by the appeal courts and the sum of £18,997 is now not owed to Post Office or RMG. In light of this, the registered restriction has no legal basis to be in place and therefore needs to be withdrawn.	Rachel Scarrabelotti, Group Company Secretary	Kombeh Secka, Legal

Strictly Confidential

POL00458015

POST OFFICE LIMITED
BOARD REPORT

Title:	Future Meeting Dates	**Meeting Date:**	31st October 2023
Author:	Rubia Khanom, Company Secretariat Administrator	**Sponsor:**	Rachel Scarrabelotti, Company Secretary

Input Sought: Noting

The Directors are requested to note the future meetings dates scheduled in respect of Post Office Limited Board and Committee meetings.

2023

Date			Time	Meeting
Monday	30 October	2023	15:00 – 16:00	Investment Committee Meeting
Monday	30 October	2023	16:30 – 17:30	Succession Planning Meeting
Tuesday	31 October	2023	09:00 – 17:00	Board
Wednesday	01 November	2023	08:30 – 10:30	Historical Remediation Committee[1]
Tuesday	07 November	2023	15:30 – 17:00	Additional ARC
Monday	27 November[2]	2023	14:30 – 17:00	ARC
Tuesday	28 November	2023	09:00 – 09:30	Nominations Committee
Tuesday	28 November	2023	09:30 – 10:45	Remuneration Committee
Tuesday	28 November	2023	11:00 – 17:30	Board

2024

Date			Time	Meeting
Monday	29 January[3]	2024	14:00 – 17:00	ARC
Tuesday	30 January	2024	09:00 – 17:00	Board
Tuesday	27 February	2024	09:00 – 12:30	Additional Board to discuss the initial review of the 2024/25 budget
Tuesday	27 February	2024	13:00 – 13:30	Nominations Committee

[1] As mentioned in Di's email, the HRC Meetings will be moved from a Thursday to a Wednesday to accommodate diaries. Occurs every 2 weeks on Wednesday effective 22/03/2023 from 08:30 – 10:30.
[2] In November 2023, there is an External Audit session from 13:30 – 14:00.
[3] In January 2023 and January 2024, there is an Internal Audit session from 17:00 – 17:30

POL00458015

Tuesday	27 February	2024	13:30 – 15:00	Remuneration Committee
Monday	25 March	2024	10:00 – 12:30	ARC
Monday	25 March	2024	13:00 – 17:30	Board
Tuesday	21 May	2024	09:00 – 12:00	ARC
Tuesday	04 June	2024	09:00 – 09:30	Nominations Committee
Tuesday	04 June	2024	09:30 – 11:00	Remuneration Committee
Tuesday	04 June	2024	11:15 – 17:00	Board
Monday	08 July	2024	14:30 – 17:30	ARC
Tuesday	09 July	2024	09:00 – 14:00	Board
Tuesday	09 July	2024	14:30 – 18:00	Board Strategy Away Day - 1
Wednesday	10 July	2024	08:30 – 17:30	Board Strategy Away Day - 2
Monday	23 September	2024	14:00 – 17:00	ARC
Tuesday	24 September	2024	09:00 – 09:30	Nominations Committee
Tuesday	24 September	2024	09:30 – 11:00	Remuneration Committee
Tuesday	24 September	2024	11:15 – 17:30	Board
Tuesday	29 October	2024	09:00 – 17:00	Board
Monday	25 November	2024	14:00 – 17:00	ARC
Tuesday	26 November	2024	09:00 – 09:30	Nominations Committee
Tuesday	26 November	2024	09:30 – 11:00	Remuneration Committee
Tuesday	26 November	2024	11:15 – 17:30	Board

2025

Date			Time	Meeting
Monday	27 January	2025	14:00 – 17:00	ARC
Tuesday	28 January	2025	09:00 – 17:00	Board
Tuesday	25 February	2025	09:00 – 12:00	Board
Tuesday	25 February	2025	12:30 – 13:00	Nominations Committee
Tuesday	25 February	2025	13:00 – 14:30	Remuneration Committee
Tuesday	25 March	2025	09:00 – 12:00	ARC
Tuesday	25 March	2025	12:15 – 17:30	Board

Strictly Confidential

POL00458015

Post Office Limited
Board Governance Map & Forward Plan 2023/24 (n.b. items are shaded where the item or date is tentative)

Item	Origin of Request	Owner	Action Required	06/06/2023	11/07/23	11/07/2023 & 12/07/2023 Strategy Sessions	26/09/2023	31/10/2023	28/11/2023	30/01/2024	20/02/2024 - Additional	26/03/2024	Notes
STANDING ITEMS FOR PRESENTATION													
Welcome and Conflicts of Interest	Companies Act 2006 s.177	Chair	Noting	X	X	X	X	X	X	X	X	X	
Minutes from previous meeting	Terms of Reference	Company Secretary	Approval	X	X	N/A	X	X	X	X	N/A	X	
Matters Arising	N/A	Company Secretary	Noting	X	X	N/A	X	X	X	X	N/A	X	
Committee reports (verbal)	Terms of Reference	Committee Chairs	Noting	X	X	N/A	X	X	X	X	N/A	X	
CEO report	Terms of Reference	CEO	Noting & discussion	X	X	N/A	X	X	X	X	N/A	X	
Financial Performance Report (including Change Spend)	Terms of Reference	CFO	Noting & discussion	X	X	N/A	X	X	X	X	N/A	X	
STANDING ITEMS FOR NOTING (NO PRESENTATION)													
Health & Safety Report	Terms of Reference	CFO	Noting	**X**	X	N/A	X	**X**	X	X	N/A	X	**Scheduled as a discussion item bi-annually or annually, including violence and robberies reporting. The Director of Health and Safety, Environment and Business Continuity attends for these items.**
Retail Performance Dashboard	Board Paper - 24/01/2022 confirming future submissions	Senior Operational Improvement Manager & Chief Retail Officer	Noting	-	X	-	-	X (Moved from September)	X	-	-	X	Retail Performance Dashboard sent for noting only in March, June, September, and November.
Remediation Matters: RU and Public Inquiry	Terms of Reference	RU and Inquiry Executive Sponsor	Noting	X	X	N/A	X (Remediation Unit Scope/Cost Increase)	X (Application of Conflicts Policy paper, PFA Triage case of Clive Malam - 30mins)	X (OC Pecuniary Principles)	X	N/A	X	
Governance items: Forward Plan, Sealings, Meeting Dates	Terms of Reference	Company Secretary	Noting	X	X	N/A	X	X	X	X	N/A	X	
Approvals: spend over £5m; procurement risk exceptions	Terms of Reference	Executive Team	Noting	X	X	N/A	X	**X (Procurement Strategic Pipeline)**	X	X	N/A	X	**The strategic procurement is scheduled as a discussion item periodically and this item is attended by the Director of Procurement.**
CYCLICAL ITEMS: (annual unless otherwise stated in notes column)													
Budget and performance against strategic plan	Terms of Reference	CFO	Approval for submission to Shareholder								X	X	Additional Board on 20/02/2024 to discuss the initial review of the 2024/25 budget. Final draft approved in March for submission to the Shareholder.
Three-year plan (to tie in with Government Spending review)	Terms of Reference	CFO	Approval for submission to Shareholder								X		To be scheduled.
Annual Report and Accounts	Terms of Reference	ARC Chair/ CFO	Approval		X			X (Only GE - 11th October)	X (GE, ARC and Board)				FY year end 31 March, deadline for filing 31 December but must first be laid in Parliament.
Network Performance Report	Terms of Reference	Network Strategy Delivery Director	Approval					X					Usually each September or October. The Report has to be laid in Parliament.
Governance Report (terms of reference review; register of interests; matters reserved and delegated authorities)	Terms of Reference	Company Secretary	Approval									X	

POL00458015

Tab 11.4 Forward Agenda

Item	Origin of Request	Owner	Action Required	06/06/2023	11/07/23	11/07/2023 & 12/07/2023 Strategy Sessions	26/09/2023	31/10/2023	28/11/2023	30/01/2024	20/02/2024 - Additional	26/03/2024	Notes
Board and Committee Evaluations	Terms of Reference	Company Secretary	Discussion and Approval of recommended actions					X (Update on progress)				X	The Board and Committee Evaluations should be externally facilitated every third year to comply with the UK Corporate Governance Code and Public Sector guidance on corporate governance.
Code of Business Standards	Terms of Reference	Reena Chohan (People and Policy Compliance Manager) and Janene Mellor (Senior Employee Relations Manager)	Approval - No Presentation	X								X	
Modern Slavery Act Statement	Terms of Reference	Head of Customer Experience Strategy & Deployment / Retail & Franchise Network Director	Approval		X								The statement and recommended actions are discussed in detail at the ARC so Board discussion is usually minimal. The next approval will be required in July 2023.
Group Investigations & Co-operation with Law Enforcement Policy		Group Legal Director	Approval (following RCC and ARC approval)									X (TBC)	On hold since September 2021.
People Strategy (including culture)	Terms of Reference	Group Chief People Officer	Discussion										To be scheduled.
Succession Planning (including succession below Board and GE level)	Nominations Committee Evaluation & Board Action from 12 July 2022	Group Chief People Officer	Discussion				X (See Note)					X	Board discussion every 6 months. September 2023: This has not been added to the Board agenda for 26th September 2023 as a separate Succession Planning session has been scheduled on 30th October 2023, ahead of the October Board dinner and Board meeting.
ESG	Terms of Reference		Discussion										To be scheduled.
Group Risk Policy	Terms of Reference	Chief Financial Officer	Approval						X (Annual Review)				
Corporate Social Responsibility Strategy	Marie Molloy Email 13/10/2022	Head of Corporate Responsibility & Social Impact & Group Corporate Affairs, Brand and Communications Director	Noting (either 10 minute slot or for noting with no presentation)						X				Marie agreed with Al Cameron this would be removed from the RCC and ARC forward planner as it did not align with the ToR. Richard Taylor and Mark Cazaly were advised this would go to GE and Board instead. Annual Item.
Communications and Stakeholder Strategy	Terms of Reference	Group Corporate Affairs, Brand and Communications Director	Noting										To be scheduled.
ITEMS SCHEDULED													
Operational/ Network													
Project Darwin	Stephen Faulkner-Atkinson Email 01/06/2023	Stephen Faulkner-Atkinson (Programme Manager) & Russell Hancock (Supply Chain Director)	Funding Drawdown/ Approval		X								
Finance													
Product Profitability Position	POL Board Action - 07 June 2022	Al Cameron (Group CFO) / Asha Patel (FP&A Director)							X				
Review of Business Performance Metrics and KPIs	Board Strategy Away Day - Next Steps Paper from 26th September 2023	Al Cameron (Group CFO) / Tim McInnes (Strategy and Transformation Director)										X	Review of Business Performance Metrics and KPIs in response to the Board's interest in how we measure performance outside profitability, as well as an assessment of new longer-term commercial opportunities in Platform Products.

POL00458015

Item	Origin of Request	Owner	Action Required	06/06/2023	11/07/23	11/07/2023 & 12/07/2023 Strategy Sessions	26/09/2023	31/10/2023	28/11/2023	30/01/2024	20/02/2024 - Additional	26/03/2024	Notes
Potential Waiver regarding Security Headroom	POL Board Action - 24 January 2023	Al Cameron (Group CFO) / Tim McInnes (Strategy and Transformation Director)			X								
Technology													
Assurance Framework for the Strategic Platform Modernisation Programme	Zdravko Mladenov email 30/05/22	Zdravko Mladenov (Group Chief Digital Information Officer)	GE Decision, RCC & ARC (noting with presentation), Board (noting without presentation)										To be confirmed.
PCI DSS Programme	Email from Louise Lomax on 21/11/2022	Jeff Smyth (Enterprise Cloud & Data Transformation Director)	Approval - additional funding in excess of £2M		X								Approvals to be agreed with IADG first. Will then come to GE and Board.
SPMP Draw Down Submission	Email from Shelley Genery on 26/04/2023	Zdravko Mladenov (Group Chief Digital Information Officer)	Approval	X			X						
SPMP Review	Email from Helen Bussey on 18/08/2023	Tim McInnes (Strategy and Transformation Director)					X (Interim Update)	X					
PED Replacement Project	Email from Arti Khanna on 02/05/2023	Zdravko Mladenov (Group Chief Digital Information Officer)	Approval		X								
Copper Stop Sell	Email from Dominic Norman on 31/05/2023	Zdravko Mladenov, Group Chief Digital Information Officer	Funding Approval		X		X						Project Manager: Dominic Norman
American Express Agreement	Emails from Emma Hunter on 04/08/2023 and 05/09/2023	Zdravko Mladenov, Group Chief Digital Information Officer						X (Monthly GE only)					
Fujitsu Data Centre	Email from Dionne Harvey on 11/08/2023	Simon Oldnall (Horizon and GLO IT Director), Jeff Smyth (Enterprise Cloud & Data Transformation Director)	Approval - Further 1 year extension to 31st March 2025					X (During Procurement update)					
Technology Dashboard	POL Board Action - 09 March 2023	Zdravko Mladenov (Group Chief Digital Information Officer)	Noting					X					A Technology Dashboard will be presented periodically once NBIT rollout begins.
Microsoft Enterprise Agreement Renewal	Email from Praveen Pai on 23/10/2023	Chris Brocklesby (Chief Transformation Officer)	Approval							X			
Commercial													
POL/POMS Contractual Documents - Master Services Agreement (POL & POI) - Master Distribution Agreement (POL & POI) - Appointed Representative Agreement (POL & POI) - Multi Principals Agreement ([POI & BoI (UK) & Capital One (Europe)] & POL)	Email from Sarah Koniarski on 23/11/2022	Paul Dashwood (Head of Commercial Contract Management)	Noting		X								
Post Office Insurance – Outsourcer Consolidation – Webhelp Contract Approval	Email from Russell Tavener on 02/05/2023	Owen Woodley (Deputy CEO)	Aprpoval with no presentation				(Went to additional Board on 17/08/2023)						
Payzone Loan Agreement	Email from Kathy Togher on 29/06/2023	Kathy Togher (Project Manager - Commercial)	Approval				X		X (Payzone integration)	X (Payzone integration)			
Bank of Ireland FS Joint Venture Agreement	Email from Ed Dutton on 10/08/2023	Owen Woodley (Deputy CEO)	Approval - 20 mins						X				

POL00458015

Item	Origin of Request	Owner	Action Required	06/06/2023	11/07/23	11/07/2023 & 12/07/2023 Strategy Sessions	26/09/2023	31/10/2023	28/11/2023	30/01/2024	20/02/2024 - Additional	26/03/2024	Notes
Commercial Contracts – PUDO/ Mails Update	Email from Barbara Brannon on 06/09/2023	Owen Woodley (Deputy CEO)	Noting						X				This will set out the conclusion of the contracting processes for Parcels 2 Go, Evri and DPD
Mails Strategy - Immersion Session	POL Board Action - 28 March 2023	Owen Woodley (Deputy CEO) / Neill O'Sullivan (Managing Director Parcels and Mails)				X							21/06/2023: Will be covered in Strategy Session. Owen has also offered separate deepdive sessions if Board Members would like this.
Combined Strategy - Next Generation Mails Automation and Second Device	Emails from Stacey Collins on 29/08/2023 and 19/10/2033	Martin Edwards (Network Strategy & Delivery Director) and Martin Roberts (Chief Retail Officer)	Approval - 10mins					X (Monthly GE only)	X				Approval of the Business Case and the self-funding solution detailed therein, and to provide delegated authority to IADG to approve funding following GE and Board.
ATM Contract/ Spend approval	Email from Ross Borkett on 14/09/2023	Ross Borkett (Head of Banking)	Approval/ Decision						X				
Banking Framework 4	Email from Barbara Brannon on 26/09/2023	Martin Kearsley (Product Portfolio Director - Banking, Payments and Transactional Products)	Discussion/ Approval						X (deal approach, market context and emerging deal)	X (agree our negotiating strategy and commercial envelope for negotiation)		X (Interim Update)	Final deal sign off at Board Meeting on 04th June 2024.
Yoti sub-Contract/ GDS One Login contract	Email from Elinor Hull (Identity Services Director) on 05/06/2023	Owen Woodley (Deputy CEO)/ Elinor Hull (Identity Services Director)	Approval		X								
Briefing on changing to Agent status for Banking services / Briefing on changing to Agent status for Banking services	Email Exchange between Rachel Scarrabelotti and Martin Kearsely 17/01/2023	Martin Kearsley (Product Portfolio Director - Banking, Payments and Transactional Products)	Decision										
Postmaster/ Customer/ other Stakeholders													
Inquiry SteerCo Terms of Reference and managing potential conflicts of interest in the Inquiry Steerco's decision-making	Email from Tom Crawford on 26/05/2023	Diane Wills, Historical Matters Legal Services and Public Inquiry Director	Decision		X								
Plan for HIJ/ Phase 3	RCC Action 27/06/2023	Simon Oldnall (Horizon and GLO IT Director)											RCC ACTION from 27/06/2023: The Chair requested SO consider clear metrics that show the progress being made and the impact the changes have brought in relation to HIJ.
SME opportunity for POL	Board Strategy Away Day - Next Steps Paper from 26th September 2023	Martin Roberts (Chief Retail Officer)							X				An outline of the known SME opportunity for POL across product areas, and the planned activities to build a strategy for improving our SME proposition by the Spring. This builds on discussions in July on how we can do more with small business customers.
Overview of our Retail Plan	Board Strategy Away Day - Next Steps Paper from 26th September 2023	Martin Roberts (Chief Retail Officer)							X				An overview of our Retail Plan which sets out all planned changes happening to support Postmasters and how we manage and prioritise deployment of this pipeline of change.
Authorised Signatories List (Addition of Deputy Company Secretary)	Email from Rachel Scarrabelotti on 30/06/2023	Rachel Scarrabelotti, Group Company Secretary	Decision						X				
Extending the waiver of privilege (Rebuilding Trust section)	Email from Hollie Waugh on 06/07/2023	Diane Wills, Historical Matters Legal Services and Public Inquiry Director	Decision				(Went to additional Board on 17/08/2023)						
Ethos Programme (culture transformation)	Email from Helen Bussey on 18/08/2023	Owen Woodley, Deputy CEO	Discussion				X		X (circa 1 hour)				

POL00458015

Item	Origin of Request	Owner	Action Required	06/06/2023	11/07/23	11/07/2023 & 12/07/2023 Strategy Sessions	26/09/2023	31/10/2023	28/11/2023	30/01/2024	20/02/2024 - Additional	26/03/2024	Notes
Post Office Brand	POL Board Action 06/06/2023	Richard Taylor, Group Corporate Affairs, Brand and Communications Director	Discussion					X					
External Policy Review	Board Strategy Away Day - Next Steps Paper from 26th September 2023	Tim McInnes (Strategy and Transformation Director)								X			26/09/2023: An update on the external policy review work being commissioned by POL, that will inform discussions with DBT on their policy position as well as wider pre-election engagement activity. Work on this external review has now commenced.