



**POST OFFICE LIMITED BOARD MEETING**  
*Strictly Confidential*

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 31 OCTOBER 2023 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 09:00 AM**

<b>Present:</b>	Henry Staunton	Chairman ( <b>Chairman</b> )
	Lorna Gratton	Non-Executive Director ( <b>LG</b> )
	Saf Ismail	Non-Executive Director ( <b>SI</b> )
	Elliot Jacobs	Non-Executive Director ( <b>EJ</b> )
	Ben Tidswell	Senior Independent Director ( <b>BT</b> )
	Brian Gaunt	Non-Executive Director ( <b>BG</b> )
	Simon Jeffreys	Non-Executive Director ( <b>SJ</b> )
	Amanda Burton	Non-Executive Director ( <b>AB</b> )
	Andrew Darfoor	Non-Executive Director ( <b>AD</b> )
	Nick Read	Group Chief Executive Officer ( <b>NR</b> )
<b>In attendance:</b>	Rachel Scarrabelotti	Company Secretary ( <b>RS</b> )
	Owen Woodley	Deputy CEO (Observer) ( <b>OW</b> )
	Kathryn Sherratt	Interim CFO (Observer) ( <b>KS</b> )
	Asha Patel	Director of Strategic Financial Planning & Analysis ( <b>AP</b> )
	Chris Brocklesby	Chief Transformation Officer ( <b>CB</b> )
	Tim McInnes	Strategy and Transformation Director ( <b>TM</b> )
	Rebecca Greig	Managing Director, Accenture Technology Strategy & Advisory ( <b>RG</b> )
	Chris Rawlings	Managing Director, Accenture Strategy ( <b>CR</b> )
	Simon Recaldin	Remediation Unit Director ( <b>SR</b> )
	Ben Foat	Group General Counsel ( <b>BF</b> )
	Nick Vamos	Partner and Head of Business Crime, Peters & Peters Solicitors LLP ( <b>NV</b> )
	Diane Wills	Public Inquiry Director ( <b>DW</b> )
	Dionne Harvey	Head of IT Procurement ( <b>DH</b> )
	Sarah Gray	Group Legal Director ( <b>SG</b> )
	John Bartlett	Head of Assurance & Complex Investigations ( <b>JB</b> )
	Martin Hopcroft	Director of Health & Safety, Environment and Business Continuity ( <b>MH</b> )
	Richard Taylor	Group Corporate Affairs, Brand and Communications Director ( <b>RT</b> )
	Simon Marshall	Head of Brand ( <b>SM</b> )
	Martin Roberts	Group Chief Retail Director ( <b>MR</b> )
	Melanie Park	Central Operations Director ( <b>MP</b> )
	Laura Joseph	Customer Experience, Marketing & Digital Director ( <b>LJ</b> )
	Simon Oldnall	Horizon and GLO IT Director ( <b>SO</b> )
<b>Apologies:</b>	Alisdair Cameron	Group Chief Finance Officer ( <b>AC</b> )

**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 new conflicts of interest in the matters to be considered at the meeting in accordance with the



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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, directions 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**

The Board noted that DH, CR and RG 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 Meeting of 26 September 2023. Subject to the incorporation of comments by BT, AB and SJ, the Board **RESOLVED** that the Minutes of the Meeting held on 26 September 2023 be **APPROVED** as a correct record of the Meeting and be signed by the Chair.

The Board **NOTED** the action log and status of the actions shown. The Board **NOTED** the Grant Thornton Scope of Work. Points were raised in relation to the following actions:

- Item 24 - SI advised that he did not think that the response addressed SI's point. NR advised that he had worked with MR and local Postmasters would be invited to take up new Banking Hubs first and that a process had been put in place for offering Banking Hubs to the wider Postmasters population if local Postmasters were not interested or were unable to participate. NR further advised that SI's point in relation to improved Postmaster engagement on this issue had been considered and that the process had been improved accordingly. NR noted the key issue of finding the correct high street locations for Banking Hubs and that management would look to work with Cash Action UK on this. NR was due to meet with Cash Action UK the following week and would raise this point;
- Item 1 - LG queried progress given the original action had been raised some months ago. KS advised that her focus had been on the FY22/23 ARA and that product profitability was due to be presented to the Board early next year;
- LG noted that an item had been closed and removed from the action log in relation to a request by BT in March to share the Employee Survey results; these however had not been shared as yet. NR advised that he would be speaking to the Employee Pulse Survey results later in the meeting;

AD queried what the work on product profitability would seek to achieve. KS replied clarity as to costs allocation. EJ advised that from his perspective he wished to understand which products were profitable for both the Company and Postmasters. The Chairman referenced products, for example, fishing licences, which were not sufficiently profitable to warrant being built on NBIT, so the product profitability work would also assist in ensuring that the NBIT scope was correct.

**3. Committee Reports (verbal)**



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**3.1 Remediation Committee**

BT advised as follows:

- In respect of the criminal cases triage work, cases had been identified where the Company could concede, those that could be opposed, and those that were cases where it was not known whether we could concede or oppose. This information could come into the public domain shortly and could alter the narrative in respect of whether any of the convictions were safe. **ACTION** SJ queried preparedness to deal with potential media attention on this. NR took the point and advised that at the next Board meeting he would return with details of what management saw as the media term strategy on this point and as against the coming phases of the Inquiry. BG noted the position of the Advisory Committee as to the safety of convictions. BT advised that this position had been discussed by the Remediation Committee, however this was a matter for the Court of Appeal;
- The Board would be asked to consider the Malam case later in the meeting in relation to the economic duress of the Postmaster’s contract with the Company. **ACTION** AB queried the extent to which an audit had been undertaken of Postmaster contracts. NR advised that a set of contract variations had been prepared and that NR would share the details of these;
- The OC pecuniary principles had been approved by the Remediation Committee and the Independent Pecuniary Compensation Assessment Panel established;
- Progress continued on the HSS with the Shareholder setting a target of 95% of outcomes to be issued by the Company to late applications received on or before 31 March 2023 by December 2023. The establishment of a HSS appeal process remained under consideration by the Shareholder;
- In relation to Postmaster detriment, suspension payments, quality assurance issues had been resolved and payments were being issued again;
- Shareholder funding for Postmaster detriment, POL Process Review, was anticipated to be approved shortly.

NR/ RT

NR

**3.2 Audit, Risk and Compliance Committee**

Key discussion points were as follows:

- SJ noted that the FY22/23 ARA had a number of dependent parts that were moving, and ARC was working to keep these synchronised. The letter of support was one of these dependant parts and the drafting of this remained to be settled. The less supportive the letter of support then the greater the disclosures required in the ARA;
- Management would need to make a recommendation to the Board in respect of going concern and the Board would need to consider this and materiality issues;
- The Chairman queried whether there was a possibility that the final form letter of support might be acceptable to the Board however not sufficient for the auditors. SJ advised that he thought that was an unlikely scenario; if we were not provided with the letter of support, we wished then the Board would need a

**IRRELEVANT**

**IRRELEVANT**

KS

advised further that these points would be considered at the ARC meeting scheduled for the following week and that legal advice would be taken in terms of



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the wording and the pieces of evidence that could be relied on to demonstrate going concern. BT clarified that any legal review would not be able to advise on whether the Board was taking the correct decision; the legal advice would advise on whether the process the Board had been through in making the going concern assessment was correct, so almost a due diligence exercise on the information the Board had been provided with, and a legal view on whether this matched with the level of due diligence a director would be required to undertake in assessing for going concern;

- AB queried when the Board was likely to be provided with the draft ARA in its entirety. KS advised that Finance was aiming to issue this on 10 November in order to allow a period for comments of Board members to be incorporated ahead of ARC and Board at the end of November. KS referenced the weekly updates being provided to the Board on the status of the ARA and requested that Board members make KS aware of any other information they would like. **ACTION** KS undertook to schedule time with each Board member ahead of the November Board meeting to speak to the above issues, with BF to be in attendance as well;
- AB queried whether PwC had provided a draft of their audit opinion. KS replied that they had, and that the draft was being reviewed. SJ advised his expectation was that an

KS

**IRRELEVANT**

**IRRELEVANT**

- BG referenced the reduction in provisions in respect of the OC scheme and queried how this was likely to be perceived. KS advised that she thought that this needed to be considered and incorporated as part of the media strategy and that based on current timings it was likely that the ARA would be laid in Parliament and filed at Companies House in January 2024; and
- SJ asked KS to speak to the TB Cardew review. KS advised that TB Cardew had been engaged to review the draft ARA for tonal and voice consistency as well as to identify any inconsistencies with statements that the Company had made aside from the ARA. This review, along with the Deloitte assurance exercise, represented additional reviews as against last year.

### 3.3 Remuneration Committee

AB advised that the Remuneration Committee had not met since the last Board meeting in September, however an interim meeting was scheduled for the following Monday for the Remuneration Committee to consider the current draft DRR along with some other remuneration matters.

### 3.4 Nominations Committee

The Chairman advised that the Nominations Committee had similarly not met since the last Board meeting however in the meantime there had been conversations with each of the Directors to take their views on whether the SID to succeed BT should be appointed internally or recruited externally and the decision had been taken that the SID would be recruited for externally. The Chairman further advised that he was very conscious of Director's time commitments and the question of whether a further Non-Executive Director needed to be appointed had been raised. However, the view of the majority of the Board was not to increase Board size at present, although the Chairman would review this position if need be. SJ shared his view that chairing a committee as well as being a committee member of a further Board committee would be useful.



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**3.5 Investment Committee**

AD advised as follows:

- The Investment Committee had had its inaugural meeting yesterday. The main item of consideration was the receipt of an update from management and Accenture in relation to the SPM review;
- The Accenture review contained a number of key observations along with a number of recommendations in order to reset the programme;
- The Investment Committee were of the view that the Accenture review was thorough and well thought out. For management it would be important to ensure that the recommendations were implemented carefully on a reasonable time basis;
- Accenture's view was that the technology architecture was stable and modern with evidence of a number of deliveries already made. SJ queried whether the buy/ build question still remained. AD referenced Accenture's view that the

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- The Investment Committee had also considered the level of large projects in place, and it was estimated that 6-7 approvals would be coming to Board in relation to these. The Investment Committee would review these proposals ahead of Board and conduct post implementation review of these programs to assess whether they had delivered what they needed to;
- Going forward the Investment Committee would meet quarterly ahead of periodic Board meetings given the volume of large projects in place.

The Chairman queried whether an appropriate level of Non-Executive Director and management support was in place to support the Investment Committee. AD advised that he was satisfied on this point and OW noted the role of TM in overseeing the change process and approval of drawdowns.

**4. CEO Report**

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

- 'CEO report'; and
- 'Retail Peak Conference - Executive Summary'.

NR advised as follows:

- Despite macro head winds in retail more broadly, the business was performing quite well. We were up against budget and higher Postmaster generating products were delivering with the level of remuneration going to Postmasters encouraging. Staff costs were broadly under control;
- There was uncertainty as to what peak trading performance would look like, however industrial action from RMG was not anticipated this year. In light of the cost-of-living crisis and consumer sentiment, retailers were very nervous;
- The number of banking deposits was increasing, indicating consumers were looking to retain their cash. From a transactional level on banking however, consumers were withdrawing less and depositing less;
- Two Pulse surveys had been conducted. The Postmaster Pulse survey was due to conclude on 10 November, however to date there was an increase in responses as against last year. Progress appeared to have been made on 2 key metrics and that was encouraging. The second survey was the employee Pulse survey where there



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had also been a good response rate. There were 4 key areas tested and there had been an improvement in all metrics save for improving bureaucracy and strain. A metric where there had been a significant increase in sentiment was in respect of employees being held accountable. **ACTION AD** queried the strength of this sentiment across employee grades. **NR** advised that the results needed to be segmented and that **NR** would provide details. **NR** was pleased overall with the results of the employee Pulse survey given the difficulties at the Company the past few months;

NR

- The Postmaster Director recruitment process has been completed and M Eldridge would succeed H Cheetirala, commencing 1 December;
- In relation to the implementation of the Mails strategy, in branch sales of Evri and DPD products would be launched next week. The levels of engagement for the online platform had been lower than anticipated and thought was being given to investing more in marketing direct online. The Chairman noted the significance of this development and the progress that the Mails team had made. **ACTION BG** advised that he had spoken to N O'Sullivan last night and they had discussed whether:

OW/ N  
O'Sullivan**IRRELEVANT****IRRELEVANT**

**OW** advised that he would pick up this point with N O'Sullivan. **ACTION EJ** noted the diminished levels of international mail and queried the possibility of customs paperwork being completed ahead of customers coming into branch. **OW** advised that he would pick this up with N O'Sullivan.

OW/ N  
O'Sullivan

**ACTION EJ** referenced issues on SSKs in relation to the limitations on accepting returns and advised that he thought that this was to be corrected ahead of Christmas. **OW** replied that he was not aware of this and that he would need to check. **ACTION SI** raised a concern around the marketing of the banking proposition and queried whether issues with marketing would be perpetrated in relation to roll-out of other carriers in branch. **OW** replied that the team did what they could on marketing for banking within the confines of the budget and advised that he would ask L Joseph to pick up with **SI**. **NR** advised that given the limited marketing budget the focus had been more on local marketing;

OW

OW/ L Joseph

- The first ever meeting between management and the Inquiry secretariat was scheduled to take place next week. **NR** referenced the extensive section 21 request that had been recently received and that C Brocklesby was proposed to provide the corporate witness statement in response. **AB** queried whether C Brocklesby was the right person for this, given he was engaged as a contractor at present, had only been with the Company for a short time, and that this would divert his attention from SPM. **BT** queried who else in the business may be able to provide the witness statement. **EJ** advised that the issue was that individuals with the knowledge had exited the business. **OW** noted that **DW** was due to attend the meeting later and suggested that **DW** be invited to speak on these points.

**AD** queried progress with the BoI negotiations and noted the significant financial implications of the relationship. **OW** replied advising that he was confident that the negotiations would be concluded.

**ACTION SI** queried progress in relation to the Scottish forged notes. **OW** replied that **MR** was running a task force on this and would find out the status.

OW/ MR

**ACTION SI** queried anticipated volumes from the sale of Evri and DPD products in branch. **NR** advised that a national forecast of anticipated volumes could be shared.

OW/ N  
O'Sullivan



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**5. Finance**

**5.1 Financial Performance Report**

AP joined the meeting at 10:45.

**TABLED** and **NOTED** was the P6 Financial Performance Overview. Key discussion points were as follows:

- AP spoke to the headline results and drivers of this. Travel products had performed very well and there was also out performance on banking. Deposits had been impacted by lower transaction values however there was significant local marketing taking place in relation to banking. AP detailed the level of variable Postmaster remuneration and noted that staff costs were under budget however this trend was expected to reverse;
- AD queried the role of the GE OPEX committee and whether this committee was looking ahead to FY24/25. AP advised that the focus of the OPEX committee was very much on FY24/25. Finance were looking at a draft budget for FY24/25 and achieving costs savings remained a key priority. AD advised that he was not confident on the achievement of cost savings based on the materials provided. KS advised that savings had been achieved in other areas, however what was reported to the Board were savings in relation to the categories in respect of the bonus metric which management had committed to track against;
- AD queried who we benchmarked against and shared his view that a forward plan to track progress of cost savings was required. KS noted the work K McEwan was undertaking looking at operational design in order to address staff costs however it was difficult to tackle the non-staff cost base given fixed costs arising from contractual commitments. **ACTION** OW advised that details could be provided to the Board setting out anticipated categories of cost savings for FY24/25. LG advised that this would be helpful as LG was interested to see whether all cost savings that could be made without investment had been taken out; KS
- SJ queried the extent to which procurement issues contributed to the costs base. BG shared his view on the issue. KS advised that it came down to the Board's risk appetite. OW advised that there would be an update provided to the Board on culture in November and this would include a deep dive on the Swindon deal. BT advised that he was not sure that benefits were being fully maximised from the framework and queried whether external support could be sought on this. **ACTION** SJ advised that ARC could look at a deep dive on this along with recommendations as to how to make procurement more effective; KS
- EJ noted the significant decrease in the provision for branch discrepancies and queried whether it was thought that this would continue to improve. AP replied that the forecast indicated that this would remain in budget until a strategy was in place to deal with branch discrepancies.

AP left the meeting at 11:17.

**5.2 ARA and funding update (verbal)**

The Board referenced the earlier discussion in the ARC update on the status of the ARA and funding.

**6. Transforming Technology**



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**6.1 Strategic Platform Modernisation Programme (SPMP) Review**

CB, TM, RG, and CR joined the meeting at 11:34.

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

- (i) 'Strategic Platform Modernisation (SPM): Programme Diagnostic Review'; and
- (ii) 'SPMP Review – Appendix 1'.

Key discussion points were as follows:

- Accenture's summary of the review of the project was that whilst Accenture had concerns, if these could be addressed, Accenture was confident that the Company could achieve what they set out to;
- CR outlined Accenture's findings in relation to 9 main observations including in SPM scope, IT delivery capability, delivery methodology, governance, amendments to timelines and cost forecasts, data-driven reporting, culture, IT delivery and the combining of the NBIT and RTP teams. Board members raised queries in relation to the impacts of the delivery methodology used and whether this may have affected the integrity of the platform, the approach taken in relation to the resolution of defects, and the level of confidence in internal resource;

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In relation to Accenture's recommendations on governance the Chairman referenced the establishment of the Investment Committee and noted the reporting the Board anticipated receipting on progress as against the Accenture recommendations via the Investment Committee. OW detailed the new executive level SPM Steering Committee that had been established for SPM and CB advised that the rest of the governance forms would be built out over time.

AB noted the backdrop of the Inquiry and the culture of risk aversion, particularly in relation to SPM. CR agreed with this assessment; employees were more concerned and less inclined to take decisions. It was very important that the CIJ and HIJ recommendations were traced through to the new system.

RG and CR left the meeting at 12:30.

CB shared his views on the recommendations and findings. AD advised that he was not certain that a delivery partner was required. CB replied that he thought greater capability was required however this could be achieved partly through recruitment and then partly through engaging a third party such as Accenture to assist with some of the recommendations, for example in relation to delivery planning, however we needed to control the programme ourselves. SJ agreed that owning the programme was incredibly important and queried the roles to be recruited for. CB advised that there were two or three critical roles that needed to be recruited for including a delivery director and that Accenture could potentially fill these roles until March 2024. SJ noted the conflict however and the costs. CB agreed, however given the timing taken to recruit it was unlikely there would be internal resource in place until March 2024. SJ queried whether anything had emerged out of the review indicating certain activities could be stopped. CB



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replied no and spoke to the significant cuts to the team size. **ACTION** SJ queried the resources of the Shareholder and whether it would be possible to engage resources from the Shareholder on secondment for SPM. LG was not sure that resource would be available for secondment from the Shareholder however agreed to ask. LG noted a proficient technical resource from the Shareholder who could attend and observe meetings of the Investment Committee.

LG

SJ queried what changes were going to be made to SPM governance and what the SPM governance superstructure was going to look like. CB outlined the roles of the newly established Investment Committee and SPM Steering Committee, then detailed a SPM Programme Board that would be overseen by the programme director who would oversee all the activities and for a beneath this. SJ queried whether there was a second line for SPM and if so, what the assurance activities were. CB advised there would be an assurance manager on the programme who would prepare an assurance universe for SPM; this individual would be independent and would be responsible for preparing a dashboard of assurance activities that the SPM Steering Committee would review on a periodic basis.

AD referenced the Accenture recommendations and shared his view that management needed to be realistic about which recommendations they proposed to accept and implement. CB agreed with this.

CB and TM left the meeting at 12:47.

**7. Rebuilding Trust**

SR, DW and BF joined the meeting at 12:48.

**7.1 PFA Triage – case of Malam**

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

- (i) 'PFA triage: Clive Malam – decision on stance'; and
- (ii) 'Appendix 1 - PFA triage - MALAM Clive'.

NV joined the meeting at 12:51. Key discussion points were as follows:

- SR spoke to the paper advising that [REDACTED]
- BT noted that the Board had considered reviewing false accounting cases before and queried whether the Board should be considering reviewing these cases again. NV advised that [REDACTED]
- [REDACTED]

[REDACTED] NV left the meeting at 13:05.

The Board **RESOLVED** that the case of Mr C Malam be and is hereby **APPROVED** as a concede case and that the Remediation Unit be authorised to issue a concede letter to Mr C Malam on behalf of the Company.

NV left the meeting at 13:05. A short recess was taken, and the meeting resumed at 13:28.



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7.2 RU Update

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

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

Key discussion points were as follows:

- The Chairman queried the response from claimants in respect the optional £600k offer from HMG for OC. SR advised that he thought the announcement had been well received in that it would enable the issuing of payments to claimants quickly and without excessive legal fees. The period in which the offers were to remain open was unclear and the Minister had been applied to for clarity on this point;
- The Chairman noted that the Company continued to work at risk in relation to the GLO disclosure exercise;
- AD queried the level of RU legal fees that remained unpaid and as to why. SR spoke to the review and scrutinization process in respect of invoices and DW advised that costs in relation to disclosure remediation remained on hold;
- SR outlined progress made on tax top-up payments for HSS claimants and advised that it was anticipated that the tax top-up payments could be fully administered by 31 March 2024;
- SR noted the release of information to the Advisory Board in relation to the PFA work. This showed that there were 27 cases that had been identified as cases the Company could concede and also that there were cases that should not be overturned. EJ queried this approach. BF advised that [REDACTED]

7.3 OC Pecuniary Principles

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

- (i) 'Overturned Convictions (OC) Pecuniary Compensation Principles and Independent Assessment Process - Report';
- (ii) 'OC Pecuniary Compensation Assessment Process';
- (iii) 'OC Principles Underlying Offers of Pecuniary Compensation';
- (iv) 'Terms of Reference for the Independent Pecuniary Compensation Assessment Panel'; and
- (v) 'Referral Application Form to the Independent Pecuniary Compensation Assessment Panel'.

Following presentation of the paper from SR and an opportunity to ask questions, the Board **RESOLVED**:

- (i) The OC Pecuniary Compensation Assessment Process in the form tabled be and is hereby **APPROVED**;
- (ii) The OC Principles Underlying Offers of Pecuniary Compensation in the form tabled be and are hereby **APPROVED**;
- (iii) The Terms of Reference for the Independent Pecuniary Compensations Assessment Panel in the form tabled be and are hereby **APPROVED**;
- (iv) The Referral Application Form to the Independent Pecuniary Compensation Assessment Panel in the form tabled be and is hereby **APPROVED**; and
- (v) The Remediation Unit be authorised to issue items (i) – (iv) above to all OC claimant representative be and is hereby **APPROVED**.



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**7.4 Application of Conflicts Policy update**

Key discussion points were as follows:

- SR spoke to the process that was being worked through within the RU team. An independent committee had been established, and if employees were found to be conflicted, they would be offered alternate positions at the Company outside of RU, or, if no alternative positions were available, they would be exited;
- BF outlined [REDACTED]
- LG queried the size of the population under review. SR advised of the 160 employees in RU that there had been 40 interviews conducted. BF advised that [REDACTED] LG queried whether the reviews would have been completed ahead of the commencement of Phase 7 of the Inquiry. NR advised that they would be.

**7.5 Post Office Limited Process Review (PPR) Compensation**

**TABLED** and **NOTED** was a paper, 'PPR Compensation – Funding Commitment'.

SR spoke to the paper. AD noted that the funding proposed was up until 31 March 2026 and queried confidence levels to process applications ahead of this period expiring. SR advised that he was confident of processing all applications ahead of the funding period expiring.

The Board **RESOLVED**:

- (i) The Company's request for a funding commitment from the Shareholder for compensation payments in relation to the Post Office Limited Process Review compensation programme ('PPR') be and is hereby **APPROVED**;
- (ii) The form of the PPR funding commitment letter in the form tabled be and is hereby **APPROVED** however with authority delegated to the:
  - (a) Remediation Unit Director to settle any minor drafting amendments; and
  - (b) Remediation Committee to approve an operations agreement with the Shareholder in relation to the PPR; and
- (iii) Management be authorised to make an application seeking Shareholder approval for entry into the PPR funding commitment and associated commitment letter be and is hereby **APPROVED**.

BF left the meeting at 13:59.

**7.6 Inquiry Update**

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

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

DW advised as follows:

- In respect of the Inquiry timetable, a further update had been received from J Beer KC and the expectation was that Phase 4 of the Inquiry would run into next year with closing speeches at the beginning of February. Phases 5 and 6 would be combined, to commence in February through to April. Phase 7 would follow and was expected to be of short duration, with closing speeches in June. All the



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messaging was that the Inquiry was utterly committed to having the hearings completed by summer;

- A meeting had been scheduled with the Inquiry secretariat next week in response to the letter DW had referenced at the last Board. DW outlined what the Inquiry team wished to achieve from the meeting including building relationships, having POL employees leading in the meeting as opposed to BSFF to demonstrate POL control, and establishing if there were any further ways in which we could facilitate, for example, being sighted on upcoming rule 9 requests;
- Another issue with disclosure had arisen which had been advised to the Inquiry previously. It was anticipated that this point would come up in the disclosure hearing in January and further correspondence was being issued to the Inquiry on this today. BT queried whether the issue with disclosure identified could be an issue with the GLO disclosure also. DW replied that it could;
- Operating under threat of criminal sanctions was making working conditions very difficult. The Chairman shared his view and queried whether our KC was doing enough. NR advised that core participants could be giving the Inquiry a difficult time on disclosure, so the Inquiry's stance was understandable even if it was difficult.

**ACTION** BT referenced the conversation earlier in the meeting in respect of the corporate witness statement that CB had been asked to provide. DW clarified that CB did not need to provide this, however the Inquiry had asked for a senior member of management to provide the statement and there were limited people of sufficient seniority who were not conflicted. BT took the point however noted that this was a very critical time for CB in the business and queried the conflict point. DW advised that the Inquiry team had worked through an exercise of who might be called and the evidence they may give and their resulting conflicts so they could not be represented by BSFF who were preparing the corporate witness statement. BT accepted the point however asked that this be considered again and pointed out that this issue would be come up again so the overall approach should be considered.

DW

DW left the meeting at 14:18.

## 8. Procurement

### 8.1 Procurement Requests

KS noted the absence of L Carroll. DH and SO joined the meeting at 14:20.

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

- (i) 'Procurement Report';
- (ii) 'Legal Risk Note – Data Centre Operations and Central Network';
- (iii) 'Legal Risk Note – Peters and Peters'; and
- (iv) 'Legal Risk Note – KPMG Relativity modification'.

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

DH spoke to the paper noting the cessation of the Belfast Exit programme and the refresh of certain Belfast Data Centre infrastructure requested by Fujitsu. Discussion followed as to the risk of Fujitsu declining to proceed with an extension of the Data Centre Operations and Central Network Services, with DH advising that she perceived this as being minimal. AB queried the anticipated life of the capital upgrade items requested by Fujitsu. **ACTION** SO advised that the Oracle hardware upgrade would sustain operations until circa 2035,



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and the test environments for a further 2 – 3 years. AB queried further whether the costs would be accounted for over a number of years. KS advised that she would consider whether the costs could be capitalised.

KS

The Board **RESOLVED** to **APPROVE**:

- (i) Entry by the Company into a one-year extension commencing 1 April 2024 concluding 31 March 2025 with Fujitsu under the Horizon Agreement in respect of Data Centre Operations and Central Network Services and HNG-X Test Rigs;
- (ii) additional funding in the amount of £6.85m for the Data Centre Operations and Central Network Services and £1.33m for the HNG-X Test Rigs in respect of the extension in (i);
- (iii) the delegation of authority to the Group Executive, with the Group Executive in turn delegating to the IADG, to approve the drawdown of the additional funding referenced in (ii) above; and
- (iv) any authorised signatory of the Company be authorised to sign the resulting amendment to the Horizon Agreement in respect of the amendments referenced at (i) and (ii) above.

Peters & Peters

DH spoke to the paper outlining the proposed increase in quantum of the value of the directly awarded Peters and Peters contract to account for the provision of additional criminal law advice for the RU and subject matter expert advice for the Inquiry. In terms of compliance with the PCR 2015 Regulations, reliance on regulation 10(1)(d)(ii) was sought however additionally it was considered there was a low probability of challenge. SR detailed the items from a RU perspective that had contributed to the proposed increase being the CCRC case studies and the Scottish disclosure. There was discussion in respect of the hourly rates of Peters & Peters with BT sharing his view that he thought the hourly rates were reasonable and SR noting that cost controls were in place with Peters & Peters so that the RU team were notified in advance if monthly set costs were anticipated to be exceeded. **ACTION** LG queried whether the process controls in place for BAU spend as opposed to change spend were applicable to programmes and referenced an action from ARC in relation to this. KS advised that she would look into this.

KS

The Board **RESOLVED** that:

- (i) an increase in the directly award contract to Peters & Peters be increased in value from [IRRELEVANT] to a maximum value of [IRRELEVANT] for the provision of criminal advice to the RU and the provision of subject matter expert advice to the Inquiry team be and is hereby **APPROVED**;
- (ii) any authorised signatory of the Company be authorised to sign the resulting amendment to the Peters & Peters contract in respect of the amendment at (i) above be and is hereby **APPROVED**.

eDiscovery Services

DH spoke to the paper and the proposed increase in contract value. The Chairman noted that there had been issues with the professional services firm, however. SR referenced the sourcing strategy mentioned in the paper for a new contract to provide the required services until the conclusion of the Inquiry. SJ queried the status in relation to making recoveries for disclosure remediation issues. NR advised that invoices had not been paid at present.



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The Board **RESOLVED**:

- (i) that an increase in the KPMG eDiscovery service contract value from [IRRELEVANT] to a maximum of [IRRELEVANT] be and is hereby **APPROVED**;
- (ii) any authorised signatory of the Company be authorised to sign the resulting amendment to the KPMG eDiscovery contract in respect of the amendment at (i) be and is hereby **APPROVED**;
- (iii) the sourcing strategy for a new contract to provide eDiscovery services until the end of the Inquiry be and is hereby **APPROVED**;
- (iv) authority be delegated to the Group Executive to determine the contract award for the new eDiscovery services contract be and is hereby **APPROVED**; and
- (v) any authorised signatory of the Company be authorised to sign the resulting new eDiscovery services contract be and is hereby **APPROVED**.

External Audit

DH spoke to the paper. KS advised that the proposed sourcing strategy recognised that PwC's current engagement would come to an end this financial year so the proposed procurement approach to potentially engage a different external auditor needed to be commenced at this point. SJ and AB requested clarity as to the proposed sourcing strategy with AB noting the typical tender process that would be conducted to source an external auditor. KS detailed reasons as to why a restricted procedure was proposed and advised that no firms would be precluded from participating in the process. If at the conclusion of the restricted procedure, there were no tenders a direct award could be made.

The Board **RESOLVED** that the sourcing strategy for the procurement of external audit services as set out in the paper be and is hereby **APPROVED**.

Commercial Vehicle Maintenance Provider

DH spoke to the paper. BT queried the level of proposed headroom in the contract value. DH replied that this was linked to the end of service life on a number of the vehicles and that the contract value covered the purchase and modification of new vehicles. MR joined the meeting at 14:50 and advised that the procurement exercise had been quite difficult given the aging fleet however early indications from the current supplier were that they were performing well. EJ queried the costs of maintenance for the vehicles over the 4-year period seemed very high. MR replied that maintenance costs were higher for the fleet given the age of the vehicles. There was discussion as to the make-up of the contract value between maintenance costs and vehicle replacement.

**ACTION** Subject to KS circulating an email to the Board setting out further the costs for vehicle maintenance as opposed to costs for vehicle replacement, the Board **RESOLVED**:

KS

- (i) that the sourcing strategy to undertake the procurement for the provision of commercial vehicle maintenance and associated services with a maximum contract value up to [IRRELEVANT] and otherwise as set out in the paper be and is hereby **APPROVED**;
- (ii) authority be delegated to the Group Executive to determine the contract award for the commercial vehicle maintenance and associated services contract be and is hereby **APPROVED**; and
- (iii) any authorised signatory of the Company be authorised to sign the resulting commercial vehicle maintenance and associated services contract be and is hereby **APPROVED**.

SR, and SO left the meeting at 14:56.



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**8.2 Procurement Strategic Pipeline**

**TABLED** and **NOTED** was a paper, 'Strategic Procurement Pipeline September 2023 – August 2024'.

DH spoke to the paper. The Board **RESOLVED** that the proposed Strategic Procurement Pipeline for September 2023 – August 2024 as set out within Appendix A of the paper be and is hereby **APPROVED**. DH left the meeting at 14:57.

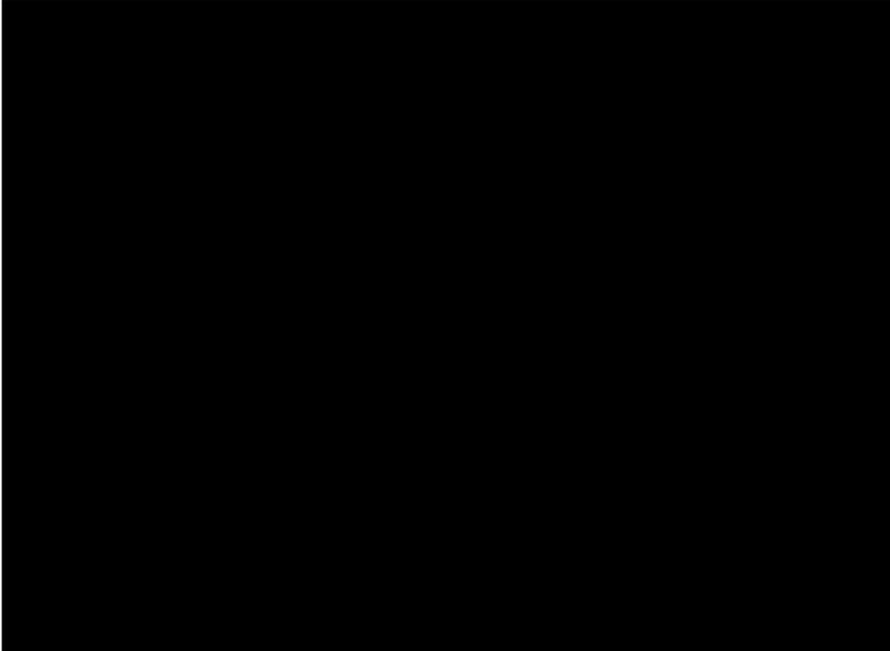
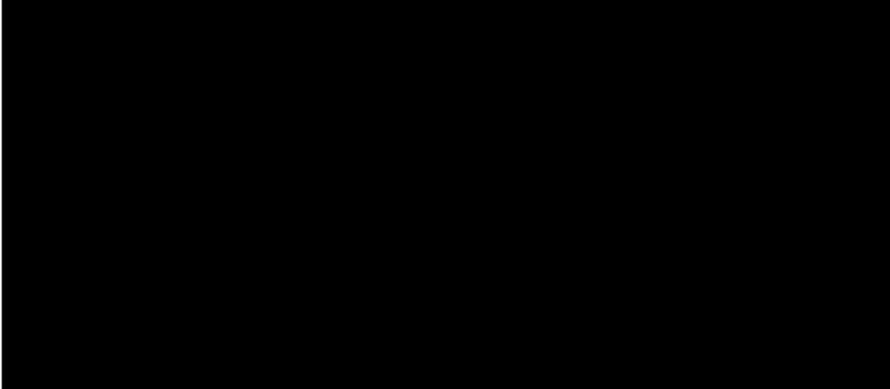
**9. Requests with Presentation**

**9.1 Disclosure of Evidence to Support Police Investigations**

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

- (i) 'Request for evidence release to Police Scotland and discussion of broader policy change - Report';
- (ii) 'Appendix 1 – Draft Witness Statement for Police Scotland'; and
- (iii) 'Appendix 2 – A&CI summary of Portree Case'.

BF, SG and JB joined the meeting at 14:58. Key discussion points were as follows:

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The Board **RESOLVED** that the provision of authority to the Assurance and Complex Investigations Unit to provide the information to Police Scotland as set out in the paper be and is hereby **APPROVED**.

BF, SG and JB left the meeting at 15:14.

**ACTION** BT suggested that it could be valuable for Postmasters to look at the policies and process in place and perhaps for a mock case to be run under these. LG suggested that the Postmaster director could participate.

**BF/ JB/ SG**

**10. Noting Items with Presentation**



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**10.1 Health & Safety Report**

**TABLED** and **NOTED** was a paper, 'Health & Safety Monthly Report'.

MH joined the meeting at 15:28. Key discussion points were as follows:

- MH noted that overall, Health and Safety performance was quite stable and that there were mitigations in place for most Health and Safety risks;
- MH noted that robberies were on a downward trend. SJ queried the extent to which there was a duty of care was owed to Postmasters in respect of robberies. MH replied that there was a duty of care owed to the extent that the Company provided Postmasters with security equipment to ensure that the equipment was suitable, and that Postmasters had received adequate training. AD noted the percentage of robberies that were unsuccessful. MH advised that successful and non-successful robberies were monitored, and the Health and Safety team responded to put in place proportionate measures. AD referenced a recent branch visit and the concern the Postmaster had expressed in relation to a robbery given a local bank branch had just closed and queried if there was more, we could be doing. NR advised that areas were kept under constant review and that there would be different risk assessments with different mitigations for different areas;
- MH outlined the people risk identified and the steps taken with Optima Health in relation to employee well-being;
- MH detailed the RAAC review that had been undertaken and the ongoing full assessment of the estate with our surveyors;
- MH noted the storms that were forecast and the need to make sure we made the right decisions in relation to this particularly in respect of flooding. Best practice in this regard continued to be shared on Branch Hub. AB queried when a Post Office was flooded what support was provided to Postmasters. MH replied and NR contributed that we were very good at assisting with mobilisation after an issue.

MH left the meeting at 15:42.

**10.2 Post Office Brand**

RT and SM joined the meeting at 15:44.

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

- (i) 'Post Office Brand';
- (ii) 'August 2023 - Brand Tracking metrics';
- (iii) 'Consumer Brand research - initial debrief'; and
- (iv) 'Book of Consumer Stories'.

Key discussion points were as follows:

- SM spoke to the paper outlining potential options and time frames for re-branding;
- The Chairman asked SM to detail further the comments in the paper around how the brand was perceived differently across different cohorts. SM replied, advising the different feelings held by each of the cohorts;
- AD raised the relevance of the Post Office to the next generation and shared his view that there needed to be focus and a strategy on how we achieved engagement with the next generation;



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- BT noted the potential timeframes for re-branding post the Inquiry; BT queried however the divorcing of the past from the brand given the associated nostalgia and history and the potential destruction of this;
- OW contributed that there were no funds available to rebrand at present and that there was remaining analysis to be undertaken on consumer propositions including how we might pursue SMEs. EJ noted the importance of not losing sight of the long-term value of the customer and agreed that work needed to be undertaken to engage the upcoming generations. EJ further noted the mechanisms the Company needed to have in place with Postmasters in order to achieve a level of uniformity in branding; that said the brand was the local Postmaster and this needed to be built into any requirements;
- **ACTION** The Chairman noted that the online aggregator could assist with attracting the younger generation. SM agreed and noted that the establishment of the online aggregator as an app could assist. SI agreed. OW advised that this would need to be costed and funds found;
- LG queried whether there were measures in place to track brand perception. SM replied that there were measures in place which were tracked on a monthly basis however not NPS. LG shared her view that it was unusual not to have NPS and thought that this would be of interest to Postmasters. OW contributed that we did not hold customer data to follow up with customers on their views, so we needed to find a better way to track customer perception;
- AB noted that the brand was wider than the name and needed to link intrinsically to value and culture.

OW/ CB

RT and SM left meeting at 16:05.

### 10.3 Technology Sub-Committee Dashboard

**TABLED** and **NOTED** was a paper, 'Technology Sub-Committee Dashboard'. CB joined the meeting at 16:06.

CB spoke to the form of the Dashboard and the revisions made including the addition of narrative. CB noted cyber security issues with colleagues accepting phishing emails and down-loading content and that there was currently education underway in relation to this. CB advised that a new defect had been found on Horizon that could result in Postmaster detriment; this had been fixed now and no instances of Postmaster detriment had been identified as yet. **ACTION** SI noted that there had been instances in some branches of one counter charging customers twice. CB advised that he would look at this. CB left the meeting at 16:10.

CB

### 10.4 Retail Dashboard

MR and MP joined the meeting at 16:13.

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

- (i) 'Retail Performance Dashboard – P6 Report'; and
- (ii) 'Retail Performance Dashboard'.

Key discussion points were as follows:

- MP spoke to the operational excellence programme that covered amongst other issues branch discrepancies and outlined the different initiatives that had been put in place and those that were being considered for example the provision of cash



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counters to Postmasters given the increased volumes of cash in the network. MR outlined the cost and NR advised that a suitable note counter could detect counterfeit notes also. LG noted that the investment in cash counters could have a quick re-payment period. EJ shared his view that the introduction of cash counters would improve the experience for the customer and benefit both the Postmaster and the Company;

- **ACTION** The circulation of Scottish counterfeit notes in the network was considered. SJ queried whether any patterns of use could be identified. MP advised that analysis was undertaken, and MP could look to share this;
- MP spoke to a review looking at how we could reward Postmasters with additional remuneration for robust back-office process. EJ agreed that Postmaster excellence should be the norm and thought that most Postmasters would agree with this approach. MR spoke to the recent review of Postmaster back-office processes and NR advised that the business case for improving Postmaster back-office processes was being reviewed. LG queried the timing for the introduction of additional Postmaster remuneration for the achievement of operational excellent. MP advised that if this was taken forward it would be in place for next financial year;
- In relation to branch discrepancies, MP outlined the circumstances in which the Company may look to recover;
- MP noted that some aspects of Postmaster training could be improved, and MR advised that a review of Postmaster training was underway in response to Postmaster views that they wished for training to be more classroom based, at times that suited Postmasters, and at venues that provided them with an opportunity to gather together;
- MP noted that the initiatives detailed could together have an impact on the branch discrepancy landscape.

MR left the meeting at 16:41.

**10.5 Christmas operational readiness**

LJ joined the meeting at 16:41.

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

- (i) 'Christmas Peak 2023 Project Plan and Marketing Update - Report'; and
- (ii) 'Christmas Marketing Plan'.

MP spoke to the paper outlining key activities in the lead up to peak, the daily reporting on KPIs that would be initiated shortly, and the material risks the team had identified. AD queried how we were assisting with the risk of parcels exceeding branch space constraints. MP noted procurement issues and advised that the possibility of parcels excess to space and solutions for this was being considered by the teams as part of the mail strategy rollout. EJ advised that carrier collection frequency was also an issue; BG shared his view that he would not be hopeful of collection frequency increasing. MP advised that there was a process in place to request an exceptional collection.

LJ spoke to the feedback received from Postmasters last year in relation to Christmas marketing materials and advised that in response the number of marketing materials for Postmasters to choose from had been reduced and that this in turn had been well received. The cost-of-living crisis continued to bite, and consumers did not expect to spend as much on the peripheries for Christmas, nor did people expect to finish their



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shopping until the week before Christmas, so heavier footfall may not be seen until later in December. The marketing team had been very conscious of the cost-of-living crisis and striking an appropriate note; crafting came through in the marketing materials which might also appeal to younger generations. AD queried whether the same decorations were used across the network. LJ advised that they were. AD further queried whether LJ sensed whether the marketing had been well received. LJ asked SI and EJ to respond. EJ replied that he thought the materials were well pitched felt modern.

The Board, LJ and MP moved to the proofing room to view the Christmas marketing materials.

**11. Governance Items**

**11.1 Board Evaluation – update on progress**

**TABLED** and **NOTED** was a paper, 'Board and Committee Evaluations 2023/24'. The Chairman spoke to the paper outlining the proposal for an external Board and Committee evaluation to be instructed for 2023/24 and asked for views of Board members as to whether an external party aside from Grant Thornton, who were engaged to undertake a governance review for the Company, should be appointed. The majority of Board members expressed their preference for an external party aside from Grant Thornton to be instructed.

**11.2 Sealings Report**

The Board **APPROVED** the affixing of the Common Seal of the Company to the document set out against item numbered 2223 in the Register of Sealings.

**11.3 Future Meeting Dates**

The future meeting dates were **NOTED**.

**11.4 Forward Agenda**

The Forward Agenda was **NOTED**.

**12. Any Other Business**

There being no other business the Chairman declared the meeting closed at 16:58.

**13. Date of next scheduled meeting**

28 November 2023 11:00 – 17:30.

**GRO**  
Chairman 01/12/2023 15:36

**Voting Results for POL Board Minutes from 31.10.2023 (approved on 28.11.2023)**

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

<b>Vote Response</b>	<b>Count (%)</b>
For	1 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

**Voter Status**

<b>Name</b>	<b>Vote</b>	<b>Voted On</b>
Staunton, Henry	For	01/12/2023 15:36