



POST OFFICE LIMITED BOARD REPORT

Title:	Operational Improvement Plan	Meeting Date:	08 April 2020
Author:	Julie Thomas, Operations Director	Sponsor:	Al Cameron, Group Chief Finance Officer

Input Sought: Noting and Discussion

The Board is asked to:

- I. **NOTE** the progress made in updating Operational processes since the Common Issues Judgment in March 2019 and the forward plan.
- II. **NOTE** our current contractual position post-GLO and the recommendations to regularise the position during 20/21 and beyond.
- III. **NOTE** the current dispute process within new Operational processes and **DISCUSS** the work in progress to introduce independence to the decision making process.
- IV. **NOTE** the proposed governance structure for this work.

Previous Governance Oversight

- GE discussion – Contracts and Operations Modernisation 19 February 2020
- GE discussion – Contract decision paper 26 February 2020
- GE discussion – Post GLO Implementation Plan update 11 March 2020

Executive Summary

The Common Issues Judgment (CIJ) was highly critical of the way in which Post Office previously managed its relationships with Postmasters through its contracts. Specific issues related to shortfalls and discrepancies, which were routinely reclaimed via deductions from remuneration, with total reliance on the Branch Trading Statement; suspending Postmasters without payment for several months before reaching a decision on termination or reinstatement; and not providing sufficient training or ongoing support, including when branches had repeatedly called the contact centre for help. This report discusses actions taken to address these issues. [A tabular breakdown of the progress to date is associated in The Reading Room.](#)

The CIJ made various findings that re-interpret our branch agency contracts. This means our existing contracts and those used for new Postmasters no longer reflect the true position, creating uncertainty for both Post Office and Postmasters. This report recommends the short and long-term actions to address the contractual position with Postmasters.

The report also discusses discrepancy and contractual disputes. A Case Review Team has been established to manage the resolution of disputes that are not eligible for the Historical Shortfalls scheme, although the investigative process will mirror this. Allied to this is the need for independence in the event agreement cannot be reached. The proposal is for us to form a formal review board who would review the available facts and data to determine if the final decision was fair.

A Prove Case budget request for £1.17m will be governed as part of Post GLO Settlement Programme. This is to continue the remaining Operational improvement activities, including independent assurance for this, and the Contractual position work. A further £500k spend is requested to deliver ongoing Horizon fixes for any identified known errors or bugs as they arise.

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This will be governed by a newly formed branch resilience and IT release decision group within Business As Usual (BAU) processes.

Questions addressed

1. How far progressed is the work to review and update operational processes to address the findings of the Common Issues Judgment and what further actions are planned?
2. What actions must we take in relation to our branch agency contracts and related documentation in response to the Common Issues Judgment and what remaining risks does this leave?
3. How can we ensure our dispute resolution processes within BAU include independent oversight or assurance?
4. How does this work feed into the overall Stakeholder plan?

Report

Operational Processes

5. **Operational improvements** have been implemented in the past year related to on-boarding, classroom and field training, Area Manager and back office support, transaction corrections, discrepancy support and dispute, audit, investigations, suspensions, terminations and loss recovery. Key processes were documented, reviewed and changed where needed, with support from legal, to enable Post Office to operate within the terms of its contracts as re-interpreted by the Judgment and within the overall spirit of the Judgment.
6. Data is tracked across these processes and this indicates the improvements are embedding well with the Year To Date (YTD) results at February 2020 being 96.5% satisfaction for classroom and onsite training, 96% of assistance requests for balancing discrepancies resolved, our Loss position favourable to budget at £5.6m, suspensions averaging 9 per month YTD from 17 previously, and contract terminations at 76 YTD vs 97 prior year, although the more recent run rate would lead to an estimate of 56 p.a. going forward. **Appendix 1**
7. Work in progress includes updating key **Policies** relating to contract performance, loss recovery, suspension and termination, all aligned to the process improvement work. Once complete, the updated process and policy documentation will be sense-checked by a second legal firm, Norton Rose, in April 2020. This review will ensure the plan we put in place to improve our operational processes is aligned to the judgment and will highlight any gaps. It is important to note, the Common Issues Judgment made legal findings about the contracts and made certain criticisms of Post Office's past behaviours, but except in a few instances it was not specific about what we should do differently from an operational perspective. Following this second legal review, an **independent audit** will commence in September 2020, likely by KPMG or Grant Thornton (tbc). This will provide external assurance that the new Operational processes are being executed in the correct way. (£620k budget)
8. The main contention of both trials was the potential cause of discrepancies due to bugs in the Horizon system. A new process has been established to record all IT issues within

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branches that could lead to discrepancies. These are not bugs per se, but are issues such as screen freezes or transactions timing out, which could lead to a discrepancy if the branch completes the transaction with the customer before properly completing the Horizon steps. Examples of the current known errors are at **Appendix 2**. These issues are largely solvable but require an ongoing Continuous Improvement budget to resolve these via simple change requests to Fujitsu or other suppliers. (£500k Opex budget per annum)

9. In addition, the **Horizon Quick Wins** project identified a number of improvements to product flows and Horizon screens to remove the propensity for branches to make errors. The improvements launched so far, all of which were sense-checked with branches before being developed, have been well received by branches and the NFSP, and early indications are that the improvements are working. For example Banking miskeys relating to withdrawal and deposits have reduced from 43 to 16 errors per week, a 63% improvement.
10. Other than product errors, the main causes of discrepancy or transaction corrections relate to the **cash and stamps accounting** processes between Supply Chain and branches. Stamps are the most concerning as these hold no value for Post Office until they are sold, but for branches they become a cash value as soon as they are booked into the Horizon system. Thus, mistakes on booking these in could cause discrepancies. A short-term fix has been put in place to quickly identify the cause of a stock related branch discrepancy and offer a proactive intervention with the branch.
11. Cash discrepancies are largely generated by the cash centres as pouches are found with errors or with forged notes, generating a net £8.6m Transaction Corrections (TCs) per annum (£6.8m branch shortage, £15.4m branch gain). An initiative is currently being mobilised to move to single pass counting in the cash centres, removing the first step under camera conditions where discrepancies are isolated to a branch. It is hoped this initiative will remove the low-level disputes and thereby remove the 'noise' in the system. A pilot will test that any increase in losses being written off is within manageable levels and could be largely off-set by headcount savings within the process. A sample check will continue to be made in the cash centres as well as Loss Prevention and Supply Chain liaising closely on high risk branches.
12. However, a full end to end review is required of all cash and stock processes to highlight any remaining gaps. A longer-term aspiration would be to account for physical cash and stock off Horizon, so that the system is purely responsible for transaction accounting with this data driving client settlement and Agent Remuneration. This work is currently planned to commence in Q1 with a Discovery phase, with the actual work scheduled to commence in Q4 20/21. This work would fundamentally change the way we complete **Branch Trading statements** but is likely to take several years to construct an alternative accounting system, depending on the Horizon roadmap and wider Contract changes coming out of Contract Reform. (£500k budget required for 20/21).

Contractual Position (funding required £50k)

13. The Common Issues Judgment made various findings that reinterpret the branch agency contracts. This means our existing contracts and the template contracts used for new

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Postmasters no longer reflect the true position, creating uncertainty for both Post Office and Postmasters.

14. This uncertainty makes it more difficult for Post Office to take remedy action with current **Postmasters**, such as recovering losses or contract termination, without taking legal advice in each case. Additionally, there is a growing trend of disputes related to discrepancies which Post Office believes it is entitled to recover and fully complies with the judgment, but Postmasters are disputing these, using a broad Judgment and settlement argument as the reason they should not be held liable. It is very difficult for us to argue these cases without being able to refer to a document which sets out the post-Judgment position, particularly when the Postmaster is represented by CWU, or in some cases using Litigation specialists. **Appendix 3** outlines some of the more contentious contract decisions in progress currently.
15. It is therefore **recommended** that as an early priority, a general communication is sent to all Postmasters highlighting the impact of the Judgment on their contracts. This is anticipated to address the issue without entering into issuing a formal variation, which would inevitably create push-back, confusion for Postmasters and delay in getting clear advice to Postmasters who crave clarity. In the longer-term, if contracts are reviewed for wider network or proposition related changes, these must also reflect the Judgment, including Post Office's requirements for conformance with cash declarations and good operational controls. It is expected that an incentive to re-contract is likely to be needed to achieve a full re-contracting exercise, such as was accomplished during Network Transformation, so the activity needs to be run alongside future Network Blueprint work. (See paragraph 19, **Contract Reform**).
16. Our template Mains, Locals and Subpostmaster contracts have been updated for issuing to **new Postmasters** in order to reflect the Common Issues Judgment. These updates codify the Judgment findings and do not seek to mitigate or otherwise change the contract terms. Drafts have been produced and a final review is being completed by HSF. These are in the process of being shared with the NFSP for comment as the only recognised representative body for Postmasters. They will be launched alongside the planned communication for existing Postmasters. This would mean in the event of a dispute (paragraphs 20-22), the current contract with a clear and agreed interpretation of the meaning of the Judgment can be used in reference to the decision rationale.
17. Justice Fraser also commented on Post Office's historical processes for entering into the **traditional Subpostmaster contract ("SPMC") prior to mid-2006**, of which there are 1,157 not on NT contracts. 781 of these are on SPSO or MSPO contracts and of these, 177 branches have Conditions of Appointment in a form we could consider to be 'low risk' and could therefore reasonably be excluded from a re-contracting exercise. This leaves 604 branches on SPSO or MSPO contracts, which are required on an ongoing basis in the network, that either (i) do not have a signed Conditions of Appointment or (ii) the signed Conditions of Appointment are in a form which indicates the onboarding procedures for the Branch are at 'higher risk' of not having been sufficient. We are cautious about seeking to re-contract with this group in case of any wider business impacts and are taking further legal advice from Chris Jeans QC.

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18. Until this advice is received and a way forward can be developed, we are currently carrying a potential risk that our SPMC contracts cannot be enforced in these branches, creating uncertainty about Post Office's ability to reclaim losses, suspend, terminate or enforce the obligations on Postmasters by certain upstream clients. The operational view is that these risks are minimal as this group has to date shown no wilful non-conformance with Post Office's requirements. In extremis, Post Office can suspend on full remuneration or offer 12 months' notice with pay in lieu of notice in the event of a risk to funds. A future recommendation to deal with this outstanding risk group will be addressed in a further paper for GE in late April.
 19. A complete programme of **Contract Reform** is recommended but is felt to be a longer term aspiration at the point we are in a position to set the objective for this programme. This will require Post Office to be clear about the future of Horizon and whether we account and settle on or off this, our future strategic partner strategy and proposition. In the meantime, we are able to continue with the current contracts, with the clarification and updates to reflect the Judgment as referred to in paragraphs 14 and 15.

Dispute Processes

20. **Discrepancy disputes** can be raised via the Branch Support Centre for accounting discrepancies where a Tier 2 operator will investigate and attempt to resolve any issues found with our clients. These typically relate to miskey errors where a customer's account has been over-credited. Banks and payment services providers are happy to communicate with customers directly to recoup these funds. The contract work has confirmed that Postmasters are still responsible for errors by them or their assistants, so if after engaging with clients we are still unable to recover mistakes, Postmasters may remain liable. Until we can communicate the contractual position post-Judgment, disputes are currently recorded and held while we work through next steps. Additionally, a Horizon change is scheduled in April, which highlights the disputes process for branches making this easier and more transparent for branches. Current dispute levels are measured **Appendix 1**
21. **Contractual disputes** relate to an objection to Post Office seeking to suspend or terminate a contract or to pursue loss recovery for either current or former Postmasters. Aligned to the proposed Historical Shortfall Scheme, in November 2019 a Case Review team was established within Loss Prevention to quality assure any investigation for issues post 2018 (when the Horizon system was judged, in the Horizon Issues Judgment, to be relatively robust). This function will fully engage with the Postmaster to help them resolve any dispute by conducting face to face meetings and providing verbal and written explanations of the conclusion. The team will also be trained on trauma support to spot potential signs of distress at all stages of a claim and to escalate appropriately for additional support. The Case Review Team has successfully concluded 8 of 40 very complex cases. **Appendix 4.**
22. For both discrepancy and contractual disputes, an Independent review is needed. It is proposed that this will be a mixed representative group including NFSP, potentially a layperson from a related field, such as the Association for Convenience Stores, a Postmaster or retired Postmaster and Post Office. This would form a review board to assess the facts and data to determine if the decision was fair and whether Post Office and the Postmaster had acted 'in good faith'.

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Governance Structure

- 23. As previously agreed at GE (11th March 2020), governance and control over the above Operations activities will come under the Post GLO Settlement Programme, which is managed via a Steering Group consisting of Directors for Network & Franchising, Operations, Communications, Finance and Legal with Nick Read chairing, supported by the Programme Director. Regular updates from this group would be reported to GE and Board across Legal and Operational workstreams. **Appendix 5**
- 24. Additional oversight of the following areas will be provided via production of a dashboard owned by Operations covering the following:
 - a. Current disputes, their status, nature and outcome where available
 - b. Escalated disputes, their status, nature and outcomes where available
 - c. BAU (i.e. non-Historical Shortfall Scheme) settlements
 - d. Branch-related ongoing investigations which may escalate to dispute

All of this activity is to have clear links into the GLO Legal workstreams including the need for any decisions outside of agreed process or policy to come to the GE Level Steerco.

- 25. The Operational Governance for non-Programme activity comprises of monthly reporting to the Operations Leadership Group chaired by Al Cameron with progress reports and tracking KPIs provided by the Network Operations area. Spend is monitored via good governance practices and led by the Portfolio office.

Financial Impact

- 26. In 2019/20, £22m budget was requested to make a number of operational and support process changes to reflect the Common Issues Trial Judgment. This was jointly owned by Operations and Retail. The table at **Appendix 6** summarises the activities and forecast spend of £8.8m of £12m Opex and £6.6m of £9.9m Change. Underspend in Opex is largely due to Legal and Communications spend accounted for in the primary (£58m) GLO budget.
- 27. The bid for 2021/21 includes:

Post GLO Settlement Programme – Operations workstreams:

Activity	Detail	Funding required
Operational Improvements (Paragraphs 5-7)	<ul style="list-style-type: none"> • Independent Assurance of 2019/2020 work done to date, Gap Analysis, Internal Audit Review. • Embed GLO in contractual documentation/ policies • Operations Manual • Policies re: Loss/Suspension/Termination & Settlement/Loss Recovery • Training/Embedding 	£620k
Stamps/Stock – strategic (Paragraph 10)	Review back-office systems Cash and Stock/Stamps reconciliation	£500k
Contract Restatement (Paragraph 11-17)		£50k
Total		£1,170k

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Operations BAU

Activity	Detail	Funding required
Horizon Continuous Improvement (Paragraph 8)	Timely fixing of Known Errors	£500k
Stamps/Stock – tactical		TBC (Opex)
Total		£500k +

Risk Assessment, Mitigations & Legal Implications

Risk	Mitigation
There is a risk that our Operational processes are not fully compliant with the Judgment.	The second independent review by NRF to ensure the planned actions are appropriate and an external audit in September to test the execution of these changes are designed to assure Post Office that any gaps are understood and plans exist to address these.
There is a risk that branch losses will escalate with Postmasters referring to the judgment as a reason for them not being liable.	The recommended approach to contract re-statement will set out the reciprocal responsibility regarding losses and shortfalls for both parties. Loss levels are being tracked on a monthly basis and reported to the Operational Leadership Group. (Appendix 1)

Stakeholder Implications

28. Stakeholder interest in this issue has been limited to a narrow group with a direct interest in the case and the media. There has been little wider spill-over into more mainstream stakeholder, though there has been significant Parliamentary interest, both from MPs and Peers who have followed the trial and those championing the cause of claimants. In general, concern over this issue has not been conflated with the ongoing operation of Post Office or the services it provides through its network.
29. We have taken a pro-active approach with a limited number of stakeholders to address the issues raised by the trial and Nick Read was due to make a speech setting out a reset for the Post Office and its relationship with Postmasters but this was postponed due to Coronavirus. He was also due to appear in front of the BEIS Select Committee to discuss Horizon but this was also postponed.
30. **BEIS** – our responsible Department is taking a significant interest in how we plan to reset the relationship with Postmasters. On 12th March Nick Read had a positive meeting with the Permanent Secretary to talk through the changes we have made and the further changes to come. We still engage with the Department and UKGI on a wide range of issues and it is not felt that the issues raised in the trial have affected this relationship to any great extent.

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31. **Parliament** – we anticipate that the Select Committee appearance will be rescheduled and this will provide a good opportunity to set out how Post Office is taking the steps required to reset our relationship with Postmasters and ensure the mistakes which led to the GLO are not repeated. We anticipate that this will be well-received but still expect a robust session at the Committee. Beyond the Committee, we continue to be subject to a range of scrutiny from MPs and Peers with debates and questions to the government; we continue to work with BEIS to respond to these and brief Ministers and other Parliamentarians accordingly.
32. **Media** – we continue to receive media interest in the Horizon issue and expect this to continue, albeit it is receiving less coverage in the current news environment. The CCRC's referral of 39 cases to the appeal courts and continuing calls from campaigners for public inquiry are driving the main news agenda on the story. BBC's Panorama programme is temporarily postponed due to Covid-19 coverage but is completed and expected to be broadcast. In addition BBC R4 is planning a serialised documentary programme, currently for end of May start. Our media strategy continues to be centred on actions being taken to address all the issues that arose from the group litigation and the events that led to it, placing those events firmly in the past.
33. **Postmasters** - It is our experience, from both personal interactions and feedback from field teams that the vast majority of postmasters are paying little or no attention to the wider media and GLO environment and are continuing to operate their branches without any undue concern about Horizon or the impact of GLO. It is possible though that this will change once the Historic Shortfalls Scheme is launched as this will undoubtedly bring these issues to their attention directly.
34. The current Covid-19 communication activity is unearthing criticism of Post Office from Postmasters, leading to an overall concern about our relationship with them. A culture change programme is planned across Post Office and both the GLO findings and the current experiences will help shape the scope for this as well as the urgency within Post Office.

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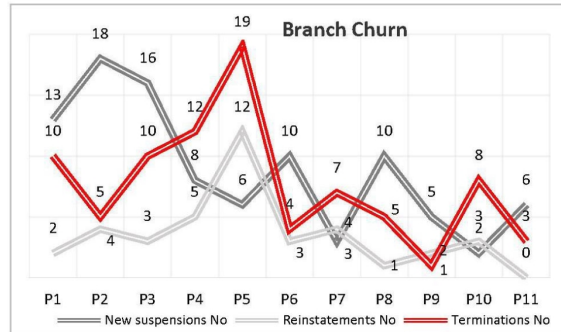
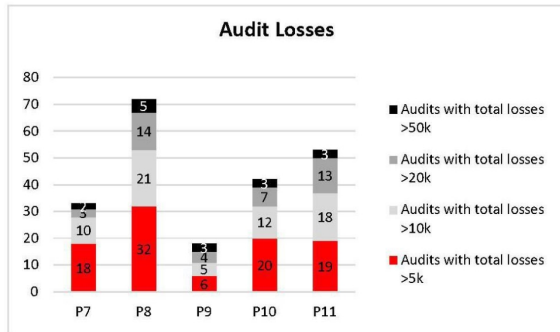
Next Steps

35. April 2020 - Prove plan for the Post GLO Settlement Programme will be presented in April, covering activities required to progress Operational Workstreams as above: Contract Restatement, Operations Improvements, Stamps/Stock – tactical
36. April 2020 - Post GLO Settlement Programme to mobilise, regular SteerCo sessions to be chaired by Nick Read - Operations workstreams sponsor: Julie Thomas.



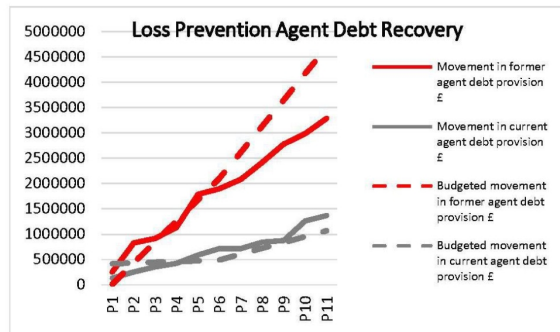
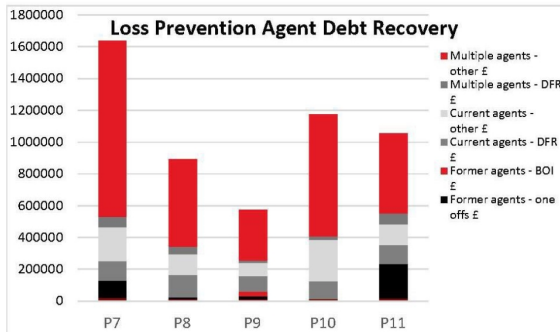
Appendix 1

Loss Prevention - Are we confident in the integrity and accuracy of cash and stock in the network and supply chain? Are we managing Postmaster contracts effectively?



- £15,554 average loss at risk based audit - High average loss at audit with high losses at Farnworth (£228k), Linacre (£114k), Felinfoel (£68k).
- £334k surplus cash returned through Branch Analysis - Branch Analysis calls returned significantly lower cash in the period, owing to focus on stock (0.6 FTE) and supporting the Case Review Team (1 FTE).
- 56 current suspensions - Increase in the number of live suspensions by 3.
- 6 new suspensions - Suspensions at Linacre (see above), Felinfoel (see above), Buglawton (inflated cash), Bentley (stock), Llanharan (misuse of funds, now terminated) and Seaton Burn (inflated cash, now terminated).
- 3 suspensions resolved - 3 terminations and 0 reinstatements. There are 9 pending reinstatements, but training/onboarding scheduling is preventing the reinstatements from being resolved.
- 81 days average suspension length - Slight increase in the average suspension length.

Loss Recovery - Are we minimising financial losses to POL and the network?



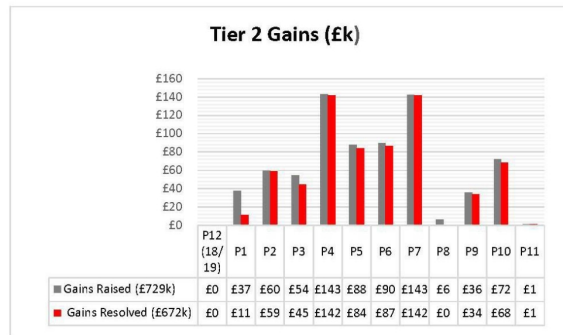
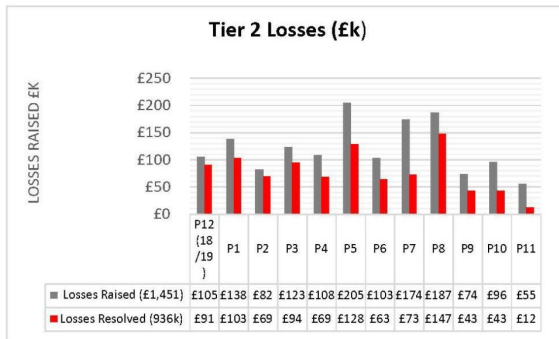
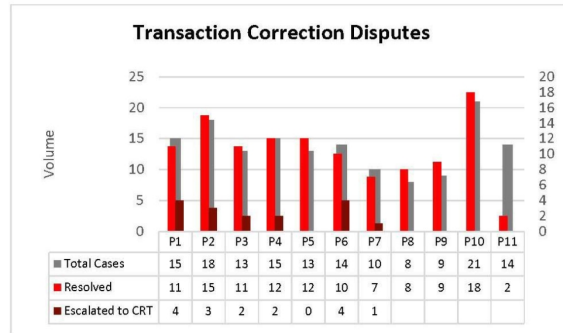
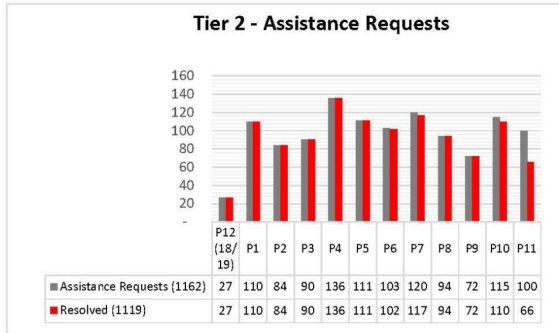
- £409k movement in total debt provisions - Former agent debt provision increased by £303k to £18.3m and current agent debt provision increased by £106k to £2.29m
- £1,057k recoveries - Recovery made of former agent debt at Greenlands (£151k, terminated earlier in FY) which improved former agent debt recovery performance - all other areas of debt recovery were fairly static on previous periods.

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Appendix 1 cont'd

Requests for assistance with balancing discrepancies and Transaction Correction disputes



Tier 2 support – 1,119 of 1,162 cases resolved/closed - 96% of Assistance Requests resolved. £936k Losses resolved, £672k Gains resolved

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Appendix 2

Known Errors with potential financial impact (correct at 10th March 2020)

	Description	Potential impact	Any additional information	No. branches reporting
1	In branches with replacement PIN pads as part of ongoing roll-out: an error message occurs on PIN pad and transaction is declined when Post Office Card Account (POCa) customer tries to change their PIN number for their POca card. This would only happen if for example the customer has received a replacement card and wants to change the PIN from the number supplied.	No financial impact. Customer can still withdraw their money if they use the supplied PIN.	NEW ISSUE. Solution being worked on and due to roll out in April.	2
2	When there is a complex basket with more than one payment method and cheques are accepted for one/some of the transactions in the basket but not all, the prompt to say cheque payment is not acceptable appears but can be cancelled through by the branch.	Could cause potential losses for unpaid cheques.	NEW ISSUE	1
3	Travel Money transaction automatically reverses to cash when branch recovers or tries to reverse the transaction, even though it was paid for on debit card.	Could lead to branch showing a cash gain. Customer's transaction may not go through.		1
4	Manual rem in of Travel Money only allows full values to be inputted - the decimal point is not included in this transaction.	A much larger amount of currency would appear when balancing or when remming [<i>Remittance</i>] in than the branch actually has. This is because without the decimal point, keying 500.00 as you would on a standard Horizon entry would appear as 50000, for example.		1
5	When a key is pressed on keyboard in branch, the relevant character or product occasionally appears on screen or in the basket multiple times.	The basket in branch could have multiple incorrect items entered into it that, if not noticed, could be settled to the customer or appear as a loss in branch.		1
6	Branch is forced to log off when remming in currency or cash.	Final rem in receipt is printed but not shown in branch's holdings. Could leave the branch showing a gain.	We are planning an update that will resolve this, currently planned for April.	2
7	Travel Money Card top up transaction crashes and when recovery is attempted the Horizon system crashes again and is in an unrecoverable recovery loop.	Horizon system can't be used and the customer will not have been credited but could have been charged if settled by debit card.		73



Appendix 3 Current Contractual decisions likely to lead to Dispute

Branch Name/Code	Suspension Date	Complexity	Value	Outcome
GRO	26 April 2018	[redacted] GRO [redacted] Postmaster raised questions during the course of suspension over the policy of suspension. Legal input sought. Question also raised over the need to remodel a branch on termination. Had the Postmaster been allowed to exit his agreement without the need to remodel (Main to Local) case may have been resolved earlier.	£nil	The Postmaster remains under investigation with a 2nd interview likely, however he has not been reported to the CPS nor charged with anything. Given this the proposal is to reinstate the Agreement - letter drafted and currently with WBD as to how the decision to reinstate is framed in light of the judgment.
	30 April 2019	[redacted] GRO [redacted] of Postmaster delayed dealing with case and meant dealing with the [redacted] GRO [redacted] of the Postmaster.	£48,405.64	Mutual decision taken between POL and Postmaster to terminated the agreement immediately.
	20 June 2019	Postmaster is an employee of [redacted] GRO [redacted] so legal advice sought in dealing with case. Further advice sought around liability of Postmaster in respect of shortfalls caused by assistants - this will be a common theme across a number of cases.	£39,864.78	Decision taken to reinstate - currently arranging training; Further decision need to be taken on shortfall - CIRT report completed.
	23 July 2019	Branches run by sisters (separate contracts). On the day of suspension Postmaster suggested they were [redacted] GRO [redacted] so legal advice sought. Subsequent issues with locating the whereabouts of the Postmaster at [redacted] GRO [redacted] and understanding how 'absent' a postmaster can be from a branch before they are unable to deploy the obligations of the contract.	£127,596.46	Ongoing suspension/investigation - decision taken to progress Pakefield independently of [redacted] GRO [redacted] Desire to terminate agreement at [redacted] GRO [redacted]
	16 September 2019	Relatively straightforward in that the Postmaster admitted using Post Office funds, however raised questions whether POL were in breach of contract as it was claimed he did it as Post Office fees didn't meet expectations from when the proposition was sold to him.	£67,337.36	Investigation found that Postmaster had borrowed money [redacted] GRO [redacted] prior to his appointment and any financial issues alleged to be caused by the Post Office. Agreement terminated.
	27 September 2019	Escalating discrepancies in branch. Following reinstatement both [redacted] GRO [redacted] and the Postmaster have been vocal about issues in branch. Shortfall has been investigated but is currently blocked.	£64,761.53	Postmaster reinstated and ongoing training support provided. It is likely that the Postmaster will apply to the scheme in respect of the shortfall.
	4 December 2019	Postmaster charged with money laundering offences. Agreement gives right to terminate if charged - wider question over whether it is right to terminate before conviction.	£21,561	Postmaster terminated.
	8 January 2020 - not a suspension (branch audit)	Audit corrected stock issues (stock not remitted in) in branch from the period between November 2018 and November 2019. Postmaster not present at time of the audit, although was spoken to by the Contract Advisor on the day. Adjustments led to a shortfall in branch [redacted] GRO [redacted] emailed [redacted] GRO [redacted] outlining the fact that this was not a financial loss to POL so the Postmaster should not be held liable. Also queried the fact the adjustments were made in his absence.	£8,957.61/ £3,556.49	Shortfall currently blocked; Intervention support arranged to provide training on stock processes
	Ongoing investigation	An investigation by the Post Office Ltd Security Team, highlighted evidence of stock manipulation whereby postage stamps were being reversed out which would have generated cash surpluses in the branches. The stock on hand values were then corrected in the account by the respective stock values being remitted back to the Stock Centre. From checks undertaken on a number of pouches returned from the three branches, it was evident that the stock values inside the pouches had been inflated. Transactions completed by a User ID belonging to a staff member. Email also received from [redacted] GRO [redacted] asking that POL report the matter to the Police and not the Postmaster as it is potentially a branch manager who has committed alleged fraud and not the Postmaster.	£166,316.05 across the three branches.	Transaction correction issued to each branch and settled centrally by the Postmaster: [redacted] GRO [redacted] [redacted] GRO [redacted]
	Ongoing investigation	As above, stock manipulation identified at branch. Postmaster is absentee and transactions were completed by a staff member.	£40,881.80	Transaction correction issued to the branch for £40,881.80. Postmaster has reported the matter to the police but is away in India at the moment for a back operation.
Total Value			£410,408.57	

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Appendix 4 Case Review Completions/Settlements since the Case Review Team formed in November 2019

Branch	Current or Former Postmaster	Brief Overview	Conclusion
GRO	CURRENT	A series of statements made in relation to his dissatisfaction with the PO, Horizon and previous issues.	Investigation completed. Discussed issues with Pmr who did not reference making a claim. No further issues and case closed.
	CURRENT	Losses of circa £29k. Pmr suspended and subsequently reinstated. Made allegations about Horizon errors during suspension and was repaying losses but then sent a series of emails contesting all losses since July 2017 and threatening litigation. Pmr stated he had [GRO] which this situation was compounding. Claimed POL forced him to repay shortfalls, provided inadequate training, provided faulty equipment, refused to investigate problems, caused consequential losses and was unresponsive to him.	Settlement Agreement worth £130,936.34 (payment of £87,453.34 and write off £43,483). Rationale reported extensively to board previously. Case closed.
	CURRENT	Pmr has settled a loss of £175.37 centrally and called to say that the loss is being investigated by the NFSP as she believes that Horizon caused the losses.	Investigation completed and confirmed that the shortfall should stand. Investigation explained to Pmr who has now paid the outstanding amount. Case closed.
	FORMER	Former Pmr, TC dispute from 18/10/2017 re outmoded currency.	Investigation completed and confirmed that POL were not clear in their comms. WBD advised POL to refund the £55.15 to Pmr. POL agreed, amount was paid. Case closed.
	FORMER	Former Pmr asking to check for discrepancies c.£1,500. He stated that he paid the final account but that for the last six or seven weeks before he left he was always putting in money when he balanced on a Wednesday.	Investigation completed and found that stock had not been booked in correctly. Credit TP6 for £530.50 issued to Pmrs late account, paid by BACS payment. Case closed.
	CURRENT	PMR is disputing lottery transactions and the advice that was provided to her via the helpline. PMR has requested transcripts and recordings of calls to the helpline.	Investigation completed and showed that the TC was correct to stand. Report shared with Pmr. Repayment in progress. Case closed.
	CURRENT	PMR was suspended on 19 February 2019 (before the CIT Judgment was handed down) as a result of [GRO]. He was not paid during suspension. The issues leading to his suspension were resolved, with evidence being provided to POL on 15 May 2019. He was informed he would be reinstated on 23 May 2019 but this could not be facilitated until 10 July 2019. The PMR is complaining about not being paid during his suspension and quotes a period of 24 weeks without pay. Claim is for £28,571.98.	Settlement Agreement approved by WBD, [GRO] process. [GRO] paid £18,200 and £2,503 written off. Amount was agreed between WBD and [GRO] taking into account GRO outcomes (pay on suspension, shortfalls etc) and delay in reinstating but discounting other amounts claimed for. Case closed.
	CURRENT	This relates to a cheque discrepancy of £2,497.92 and the SPM is claiming this is caused by a computer error. Post Office have already investigated the discrepancy and sent detailed findings to the SPM, however, the SPM has asked for Post Office to investigate the discrepancy again.	Full investigation completed and showed a number of POL failings. Results of investigation explained to Pmr and TC debt written off. Approved by [GRO] Case closed.

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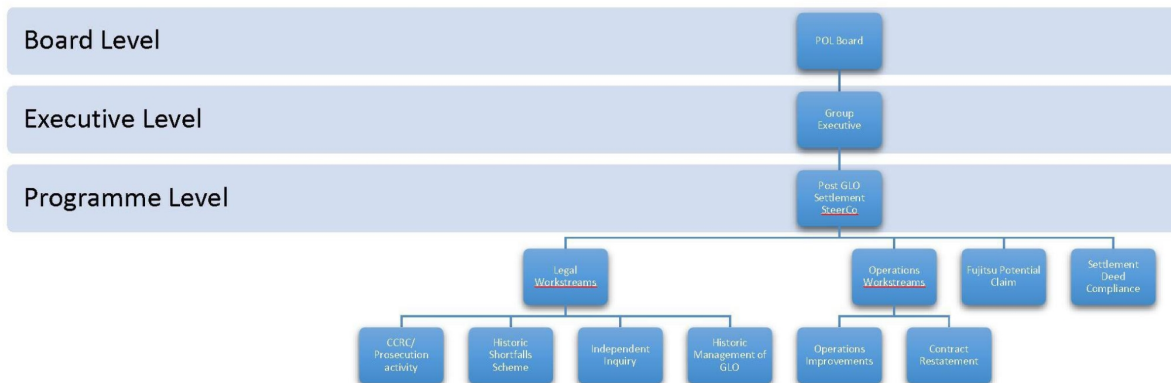
Strictly Confidential

10.2



Appendix 5

Post GLO Settlement Programme Governance structure



10.2



Appendix 6

2019/20 GLO activity and spend at P11 (February)

Spend and forecasts collated by Finance and presented each month to GE

£m						
Initiative	19/20	P10 YTD Actuals	FY Forecast*	Still Open	Comments	Progress
Opex						
Agents Remuneration – increased rates for Banking and Fixed pay	3.5	3.4	3.5	-	Increased agents remuneration for banking transactions implemented August 19, plus increased fixed payments.	Complete
Agents Remuneration for suspended Postmasters	1.5	0.8	1.2	0.3	Pay suspended Postmasters	Complete
Agents Remuneration – deep dive	0.5	0.4	0.5	-	Agreed and actioned; costs coming through	Complete
Legal work regarding policies and processes	2.0	(0.0)	(0.0)	2.0	Legal spend captured in GLO (£58m) budget	No spend against this budget
GLO Communications	0.5	-	-	0.5		No spend against this budget
Simpler business – training and engagement	1.2	0.7	0.9	0.3	Increase the size of the training team and developing new training materials	On Track
Impact on Change plan reprioritisation	0.5	0.5	0.5	-		Complete
BAU impact of process changes (placeholder)	2.3	2.0	2.2	0.1	BAU impact of process changes covers £1.253m Agents debt and circa £816k resource costs Complete Transaction Correction Disputes - Complete Tier 2 Balancing Support - Complete Puzzle call recording - Complete Analytical review of Loss Prevention Team processes and documents, defining and making required changes and embedding into BAU - On track	On Track for end March 20
Opex total	12.0	7.7	8.8	3.2		
Change						
Horizon changes (quick wins)	2.2	0.5	1.1	1.1	o Banking (1,200 TCs) – changes to reduce ability to make mistakes. (Jan 20) Complete o Bureau TCs (625 TCs) – colour coded selling and buying screens and segmentation of services to launch. (April 2020) On track o Cash remittances from branch improvements (5000 TCs) – confirmation prompt and ability to modify/correct cash and other declarations. (April 2020) On track o Making clear on a Branch Trading Statement that Postmasters have the ability to dispute the balance figure. Introducing a dedicated key (F1) to the support and dispute guides. (April 2020) On track	On Track for April 20
Branch hub initiatives	1.5	1.5	1.5	-	Q2 Acceleration of Branch Hub Sprints	Complete
Simpler Business – HoThousing to accelerate field structure benefits	3.0	2.3	2.9	0.1	Providing our Regional and Area Managers with the skills and tools required to build trusted relationships with our Postmasters and help them to improve their business performance. This in turn will create income for POL, reduces the risk of churn and improves engagement	On Track
Design of new processes (including loss prevention)	1.8	1.1	1.0	0.8	Design of new processes (including loss prevention) – Modernising the Loss Prevention function and introducing a Case Management system and Basic SAP Improvements giving the ability to recommence our loss recovery activity whilst doing this confidently within the findings of the GLO.	On Track for April 20
POL workforce changes (Restructures etc.)	1.0	-	-	1.0	Reclassified as part of wider of OE project.	No spend against this budget
Change total	9.5	5.4	6.6	2.9		
Total	21.5	13.1	15.4	6.1		

(Source: Financial Improvement and Analysis 18/3/20)

10.2