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Susannah Hooper [GRO]; Paula Vennells [GRO]; Chris M Day [GRO]
Cc: Susan Crichton [GRO]; Kevin Gilliland [GRO]; Alwen Lyons [GRO]
From: Alwen Lyons [GRO]
Sent: Wed 28/08/2013 6:35:38 PM (UTC)
Subject: Board note from Paula as promised

Please find below a note from Paula as promised on Monday

Thanks
Alwen

Dear All

I promised you a note covering these areas, apologies for the length of the email but there is a lot to cover

Horizon - Announcement of independent mediation scheme for subpostmasters

We have established a mediation process, as outlined in the Board update paper, to enable each complaint against Horizon raised by subpostmasters to be reviewed on a case by case basis. Subpostmasters must register their case by 18th November and we are going to provide limited financial support for a professional advisor to assist them. This will restrict Second Sight's remit to the specific task of preparing an impartial evidence based report. We are planning to use a panel of independent mediators to enable a nationwide coverage. Their role will be to help the subpostmaster and Post Office find common ground and some form of resolution to the subpostmaster's complaint. They will not have the authority to impose a financial settlement or any other form of resolution on the parties.

We are firmly of the view that each case going through this process will need to be determined on a case by case basis. There are a range of outcomes, from an acceptance that that the subpostmaster was at fault and that no specific redress should will be required; to recognition that the Business could have more effective support which will feed in to the process re-engineering work now underway. There is the clear risk that in some cases the sub-postmaster will argue that financial compensation is appropriate, which again will have to be assessed carefully on a case by case basis. We will establish an approval mechanism to ensure that if any financial settlements are made they are correctly authorised and tracked. We certainly do not believe there are grounds for a blanket compensation scheme, and have not set up this process with this expectation.

It should also be noted that this initial scheme will come to a conclusion by end March 2014. We have worked together with JFSA and SS as a working group. We and they intend that collaborative approach will continue going forward, with the addition of an independent chair. Names and a draft ToR for the chair are already work in progress.

We have shared the mediation scheme with James Arbuthnot and he was happy to endorse this as a way forward.

Commenting on the mediation scheme he said: "I am very pleased indeed with the working group's proposed process. To my mind, it represents the very best chance all parties – individual subpostmasters and mistresses, and the Post Office have of ensuring the best outcome for everyone. It is fair, thorough, and independent."

I am also in the process, with the help of Alasdair and Alice, setting up a lessons learned review to understand what we could have done better in the independent review carried out by Second Sight, but also to understand how the Business responded to the Subpostmasters' challenges and whether our process for dealing with balance queries, suspensions, prosecutions etc. were fair. This review will report to me and Alwen will help facilitate the work for Richard Hatfield who has agreed to undertake the work finishing by mid October.

I will update the Board further at the next Board meeting.

Appointment of the new Chief Marketing and Commercial Officer

As you know we have been searching for a Chief Marketing and Commercial Officer. Following approval by the Nominations & Remuneration Committees, I am pleased to inform you that Martin George has been appointed to the role. In the spirit of no surprises, Martin has held a number of senior marketing roles and was at BA during the time of the allegations of fixing the price of the fuel surcharge. Appropriate due diligence was carried out to my satisfaction and to the satisfaction of the RemCom prior to appointment and full references have been taken (two by me personally). Martin is a strong marketing professional, who will be a great addition to the Post Office and bring additional strength to the ExCo.

Attached is a copy of the communication that has gone out to the Senior Leadership Team. ShEx have also been informed of the appointment:

"I am very pleased to be able to announce that Martin George will be joining the PO Executive Committee, reporting to me, as Chief Marketing and Commercial Officer. He will be taking up his new role on 23 September. Martin will be responsible for leading the Marketing, Mails, Telecoms, Government and Digital teams as well as taking the lead on the SME agenda.

Martin is a proven business leader with significant experience in brand marketing, commercial and general management; he is an accomplished marketing professional having worked in companies such as Boots, Cadbury, British Airways and BUPA. He has held both senior executive and main Board roles.

In terms of his career there are many highlights, to draw out just a few: at Cadbury Martin worked in Brand Management and won the National Marketing Award from the Institute of Marketing for a new product launch, whilst at BA he transformed the commercial model from "intermediary push" to "consumer pull" through a programme of product & service innovation as well as the introduction of ba.com. Martin is passionate about the consumer: as well as numerous service enhancements, he introduced BA miles to improve customer loyalty. He also led the commercial recovery of BA following the tragic events of 9/11. Whilst at BUPA he led the global initiative on Brand repositioning and transformed the ecommerce capability of the business,

I would like to extend my thanks to Paul Brown who has led the Commercial team on an interim basis and who will work closely with Martin during his induction period.

I am sure that you will join with me in giving a warm welcome to Martin when he joins us in September."

Industrial Action Update

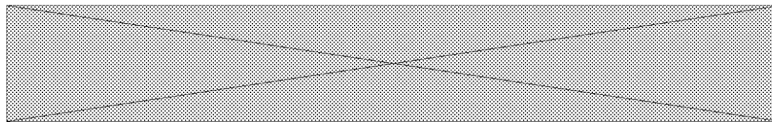
290 crown branches opened yesterday (managers were deployed) with 79 closed.

There has been very limited media coverage of the strike action with the Daily Express being the only national newspaper making reference to it. There has been no national TV broadcast coverage, though a small number of regional radio stations have covered the strikes.

Of the 19 branches in Scotland for whom we received notification of strike action on Monday (due to different local holiday arrangements in Scotland), 9 opened and 10 closed. There was limited coverage in the Scottish press and no significant coverage in the national press.

Over the course of the weekend approximately 60% of staff have taken strike action which is in line with recent strikes.

Paula



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