

Post Office Ltd - Strictly Confidential

POLB(11)29

## POST OFFICE LIMITED BOARD

## Status Report

<u>REFERENCE</u>	<u>ACTION</u>	<u>BY WHOM</u>	<u>STATUS</u>
	<b><u>ACTIONS FROM PREVIOUS MEETING</u></b>		
9 May 2011 POLB11/09(b)	Provide an assessment of the likely loss of cash deposits when the Irish government removes its guarantee on deposits over Euro 100,000.	Martin Moran	Our customers are now protected up to £85,000, which is in line with all other UK banks (equivalent to the €100,000 in the European protection schemes). Despite the concerns about the Irish economy and Bol's capital raising challenge, we have not seen any evidence of loss of confidence by PO customers. We continue to grow our savings book. However, this is a situation that is monitored very carefully. We have requested customer numbers and balances for accounts over €100,000. Complete ( <i>see related action POLB11/26(b)</i> )
4 July 2011 POLB11/24(b)	Resignation papers for Mike Moores and David Smith to be completed and registered with Companies House.	Alwen Lyons	Complete
4 July 2011 POLB11/24(c)	FSA requirements for Board members, including the new Chairman, to be checked.	Susan Crichton (Paula Vennells)	FSA notification requirements only apply to the MD given POL's authorised representative status. Details of what needs to be notified to the FSA for the MD have been provided to Paula Vennells. Complete

Post Office Ltd - Strictly Confidential

4 July 2011 POLB11/25(a)	Health and Safety Report: Benchmarking statistics and commentary to be included in future reports.	Paula Vennells	Crown performance is benchmarked against industry sectors with similar activities, using RIDDORs per 1000 employees, from data provided by the Health and Safety Executive. Supply Chain RIDDORs per 1000 performance is benchmarked against a similar CViT organisation because of the relatively unusual nature of the activities. Benchmarking comparisons and commentary will be included in future reports. Complete
4 July 2011 POLB11/25(b)	Details to be provided to the Board at the next meeting on the Cash in Transit industry benchmarking.		

## Post Office Ltd - Strictly Confidential

4 July 2011 POLB11/26(b)	Irish Government Guarantee: Is there any evidence of customers reducing their balances to below the new threshold?	Martin Moran (Paula Vennells)	<p>There has been no evidence that the uncertainty over the financial condition of Ireland or the Euro, has resulted in Post Office customers reducing savings balances below the guarantee threshold of £85,000. While the changes in the profile below are not significant, we will continue to monitor the situation.</p> <table border="1"> <caption>Savings Balances &gt;£85,000 per customer</caption> <thead> <tr> <th>Date</th><th>Customers</th><th>Balances (£bn)</th><th>Av. Bal (£'000)</th></tr> </thead> <tbody> <tr> <td>08/03/2011</td><td>16,312</td><td>£2.30</td><td>£137.0</td></tr> <tr> <td>28/06/2011</td><td>16,136</td><td>£2.25</td><td>£138.3</td></tr> <tr> <td>01/09/2011</td><td>17,680</td><td>£2.42</td><td>£137.0</td></tr> </tbody> </table> <p>Over the same period the overall portfolio has grown to almost £14.0 billion:</p> <table border="1"> <caption>Savings Balances all customers</caption> <thead> <tr> <th>Date</th><th>Customers (m)</th><th>Balances (£bn)</th><th>Av. Bal (£'000)</th></tr> </thead> <tbody> <tr> <td>08/03/2011</td><td>1.12</td><td>£13.58</td><td>£12.1</td></tr> <tr> <td>28/06/2011</td><td>1.12</td><td>£13.15</td><td>£11.8</td></tr> <tr> <td>01/09/2011</td><td>1.18</td><td>£13.90</td><td>£11.8</td></tr> </tbody> </table> <p>Complete</p>	Date	Customers	Balances (£bn)	Av. Bal (£'000)	08/03/2011	16,312	£2.30	£137.0	28/06/2011	16,136	£2.25	£138.3	01/09/2011	17,680	£2.42	£137.0	Date	Customers (m)	Balances (£bn)	Av. Bal (£'000)	08/03/2011	1.12	£13.58	£12.1	28/06/2011	1.12	£13.15	£11.8	01/09/2011	1.18	£13.90	£11.8
Date	Customers	Balances (£bn)	Av. Bal (£'000)																																
08/03/2011	16,312	£2.30	£137.0																																
28/06/2011	16,136	£2.25	£138.3																																
01/09/2011	17,680	£2.42	£137.0																																
Date	Customers (m)	Balances (£bn)	Av. Bal (£'000)																																
08/03/2011	1.12	£13.58	£12.1																																
28/06/2011	1.12	£13.15	£11.8																																
01/09/2011	1.18	£13.90	£11.8																																
4 July 2011 POLB11/26(d)	Nick Kennett to be invited to the next Board meeting to give an overview of his first impressions of the Financial Services Business.	Nick Kennett (Paula Vennells)	Item on POL Board agenda 22/9/11 Complete																																

## Post Office Ltd - Strictly Confidential

4 July 2011 POLB11/27(b)	Matthew Lester to be provided with a matrix of all the pay negotiations across the Group. Jon Millidge to ask Peter Walls to undertake the exercise in time for the September Board.	Jon Millidge	See Appendix A & A1 Complete
4 July 2011 POLB11/27(c)	Chris Day (new CFO) to be formally appointed to the Board at the meeting after ensuring the FSA point was covered (POLB11/24(c)).	Alwen Lyons	Complete (subject to paperwork being finalised by 22/9)
4 July 2011 POLB11/27(d)	The new Director of Insurance for POFS (Rob Clarkson), would be invited to present a report on insurance at the October Board.	Alwen Lyons	Confirmed for Board on 1 <sup>st</sup> November Complete
4 July 2011 POLB11/27(g)	Consumer Credit Licence: letter to be sent to the OFT explaining we would stand behind all the customer protection in the Act until our new licence was in place.	Susan Crichton (Paula Vennells)	No action taken. POL's CCA licence was in fact renewed with effect from 4 July so that the gap between the old and new licence was minimal. The OFT raised no particular concerns about what had happened. Complete
4 July 2011 POLB11/27(h)	IT Audit & Control: It was confirmed that the E&Y SAS70 audit referenced other Group systems as well as Horizon. Jon Millidge to ensure Alex Smith is aware.	Jon Millidge	Complete
4 July 2011 POLB11/27(i)	IT Audit & Control: Paula to engage Fujitsu regarding compliance with SAS70 Audit.	Paula Vennells	Meeting held with CEO Europe (Duncan Tait, Mike Young and Paula) on 18 August. Good progress is being made and Fujitsu are investigating moving to SAS70. Follow up update will be given at the Board.
4 July 2011 POLB11/27(j)	Detailed technology paper to cover SAS70 Audit issues to be presented at the next POL Board meeting;	Mike Young (Paula Vennells)	Item on POL Board agenda 22/9/11 Complete

## Post Office Ltd - Strictly Confidential

4 July 2011 POLB11/27(k)	Network Transformation programme update to be given at the next Board Meeting.	Kevin Gilliland (Paula Vennells)	Item on POL Board agenda 22/9/11 Complete
4 July 2011 POLB11/27(l)	The Post Office Story: Paula to discuss with RM CEO possible issues with measuring the effect on colleague engagement and satisfaction as the new Group baseline is not due until September, and the POL programme will have been running for 6 months by then.	Paula Vennells	We ran a survey in June for the 850 attendees at the Birmingham event and have used this data to inform some of the Post Office story actions. We will survey all of Post Office (except agents) in September, as part of the RMG programme, to set the benchmark for the balanced scorecard and then again in March 2012 to measure progress. Complete
4 July 2011 POLB11/29(a)	Telephony: Customer Satisfaction information to be provided with competitor benchmarks.	Martin Moran (Paula Vennells)	See Appendix B Complete
4 July 2011 POLB11/29(b)	Telephony: Strategic paper to be presented to the Board in the Spring next year, including options to “build the business to sell” and a possible timeline for optimum profit.	Martin Moran (Paula Vennells)	c/f – date to be confirmed
4 July 2011 POLB11/30(b)	UKBA: The bid was complicated by Government asking for a Parent Company Guarantee in the procurement process. BIS are insistent that this guarantee should be in place until the RMG transaction. The Chairman explained that RMG would not be the parent company after March 2012 and suggested we challenge BIS’ understanding.	Martin Moran (Paula Vennells)	POL were given a “letter of comfort” from BIS to cover the Parent Company Guarantee issue. Complete
4 July 2011 POLB11/32(b)	State Aid it was <u>agreed</u> that POL Board could give approval to the full submission electronically as timescales to achieve submission before the EU Commission summer recess were very tight.	Susan Crichton (Paula Vennells)	Complete

## Post Office Ltd - Strictly Confidential

4 July 2011 POLB11/33(c)	Project Eagle: key messages to be provided to the Chairman for his meeting with Des Crowley next week.	Martin Moran (Paula Vennells)	Paper sent directly to Chairman. Complete
4 July 2011 POLB11/33(d)	Project Eagle: The new Financial Services Director and CFO need to be engaged with Project Eagle as soon as they start.	Martin Moran (Paula Vennells)	Complete
4 July 2011 POLB11/34(a)	RMG CEO needs to approve pay remit to ensure alignment with Group strategy.	Paula Vennells	Agreed. BAU process in place. Complete
4 July 2011 POLB11/35(a)	Resignation of Susan Crichton as Company Secretary, with effect from 4 July 2011 and appointment of Alwen Lyons as Company Secretary, with effect from 4 July 2011 to be registered with Companies House.	Alwen Lyons	Complete
4 July 2011 POLB11/35(b)	Future POL Board dates to be discussed with the new Chairman.	Alwen Lyons	POL Board dates scheduled until March 2013. Complete
4 July 2011 POLB11/35(c)	New Chairman to be appointed to the Board and elected as Chairman at the end of the September meeting.	Alwen Lyons	Item on POL Board agenda 22/9/11 Complete
4 July 2011 POLB11/36(a)	ATM: Competitor/market benchmarking information to be supplied to the Board	Martin Moran (Paula Vennells)	See Appendix C Complete