



GLO | Organisational Design

August 2020

Case for Change

There is a pressing platform for change to pull out the GLO activity across the business and consolidate it into a single 'Historic Matters' business unit. There are three core reasons for this:

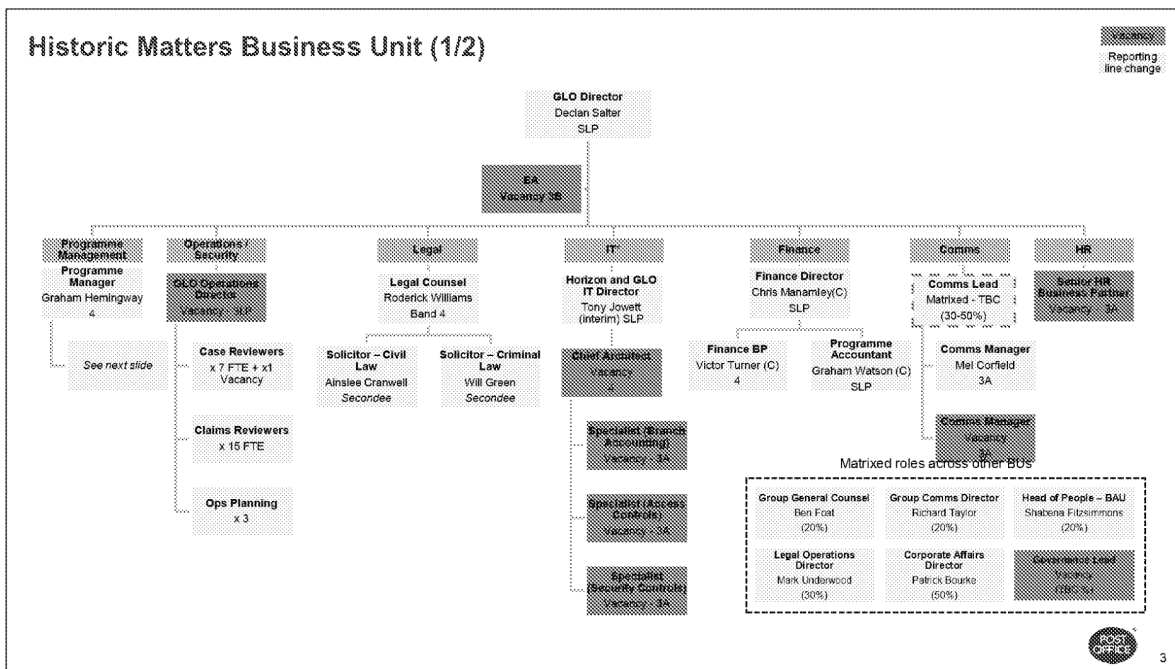
1. **Centralised View:** To consolidate the activity currently dispersed across the business under 'one roof', ensuring more efficient and proper project management, governance and operational support for the GLO and related projects from end-to-end.
2. **More Independent View:** To provide a more independent and detached view of the GLO and related projects than previously provided and allowing proper challenge to the business where necessary by splitting it out from the other GE function, with the GLO Director dual reporting to CEO and the Chairman of the Board to ensure this.
3. **Return to BAU Focus:** To allow colleagues working partly on the GLO (e.g. <75%) to return to their BAU roles with renewed focus, avoiding any competing or split priorities and for CEO and GE to run BAU and develop the business.
4. **External View:** to be established of BAU now and in further to ensure the culture and practices prevent this ever occurring again;

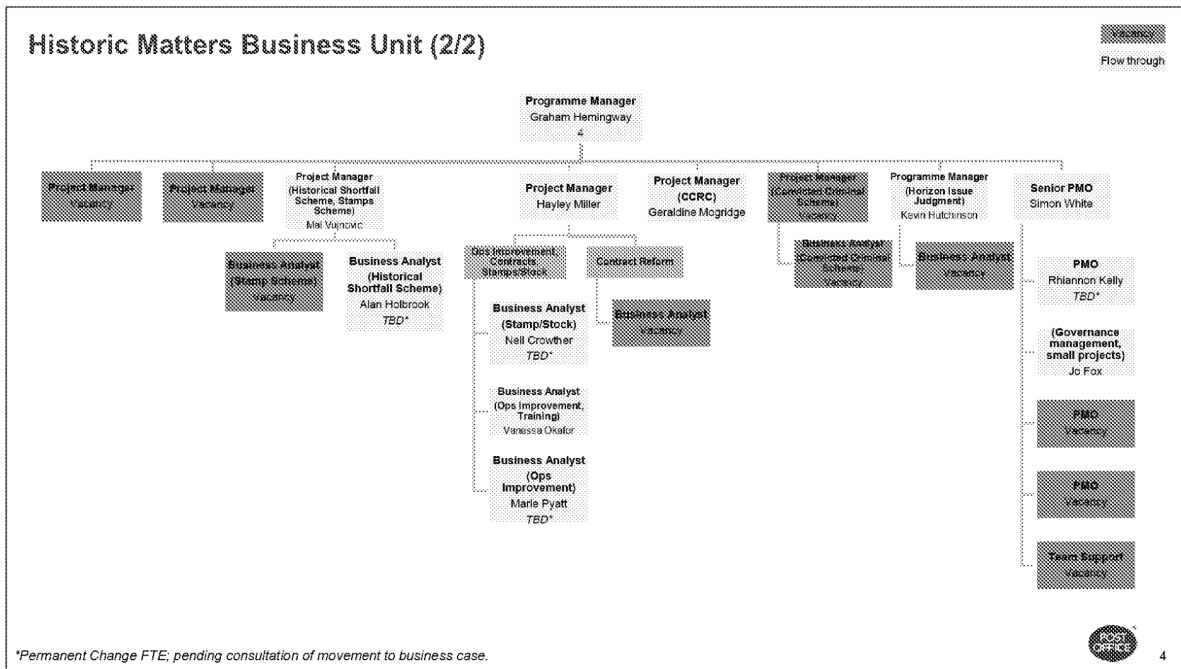
In light of this, some key principles follow:

- The scope is already agreed that all work relating to and of a result of the GLO and other judgements are to be included in the BU, including Stamps (~15 projects);
- Startling yet to be determined if HM or BAU;
- People currently working >75% of their time should transfer across; this to be managed and coordinated by POL OE to tie-in with other OE work already in plan; gaps to be identified and resourced
- Additional internal resources will still be required (as necessary) most notably Legal Counsel, Comms etc, but where it would be wholly inappropriate to have a different view than that POL generally it will remain part of BAU.
- This needs achieving within a wholly commercial perspective, to ensure fairness to PMs and the tax-payer



Historic Matters Business Unit (1/2)





High-Level Costing

The estimated fully-loaded staff cost of the GLO / Historic Matters business unit is **6.22m annualised**, with a further 0.33m annualised in part-time, matrixed costs from other functions.

GE Function	Workstream	Roles			Annualised Fully Loaded Cost			20/21 In Year Cost			Recruitment Costs*
		Existing Roles	New Roles	Net	Existing Roles	New Roles	Net	Existing Roles	New Roles	Net	
GLO	GLO – Leadership and Support	2.0	1	3.0	0.49 m	0.09 m	0.58 m	0.20 m	0.04 m	0.24 m	0.01 m
	GLO - Operations	26.6	1.0	27.6	1.65 m	0.12 m	1.77 m	0.65 m	0.05 m	0.70 m	0.01 m
	GLO - Programme Management	10.7	10.0	20.7	1.20 m	0.84 m	2.04 m	0.49 m	0.37 m	0.86 m	0.10 m
	GLO - Legal	1.0	2.0	3.0	0.17 m	0.29 m	0.46 m	0.06 m	0.16 m	0.22 m	0.03 m
	GLO - IT	-	5.0	5.0	-	0.74 m	0.74 m	-	0.31 m	0.31 m	0.09 m
	GLO - Comms	0.8	1.0	1.8	0.11 m	0.09 m	0.20 m	0.04 m	0.04 m	0.08 m	0.01 m
	GLO - Finance	3.0		3.0	0.34 m		0.34 m	0.17 m		0.17 m	0.05 m
	GLO - People	-	1.0	1.0	-	0.09 m	0.09 m	-	0.04 m	0.04 m	0.01 m
Total		43.1	22.0	65.1	3.96 m	2.26 m	6.22 m	1.62 m	1.00 m	2.62 m	0.31 m
Matrixed GLO	GLO - Matrixed	1.4	-	1.4	0.33 m	-	0.33 m	0.12 m	-	0.12 m	-
Total		44.5	22.0	66.5	4.29 m	2.26 m	6.55 m	1.75 m	1.00 m	2.75 m	0.31 m

Assumptions: -In-year assumes the structure is stood up on 15/09, with most new roles starting 30/10, in alignment with OE POM timelines.

- That the existing x2 Legal secondments are brought in-house.
- All new roles have 18% recruitment costs attached
- *5 matrixed roles are equivalent to 1.4 FTE in total, and costs assume relevant % of time / costs from each of five roles (see slide 3).
- *Comms Lead role FTE and costs reflected in 'GLO – Matrixed' line (see slide 3).
- Team Support in Programme Management counted in 'GLO – Support' line.



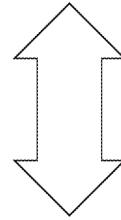
People Principles

- **Lift and Shift:** Any roles across the business that are already project funded by GLO should be 'lifted and shifted', such that reporting lines would change without any related changes to employees' terms and conditions.
 - If we are proposing that roles move into the Historic Matters business unit and they are not current project funded / fixed term, we may need to consult them on the change to terms and conditions. HR due diligence will be applied before reporting line changes, facilitated by OE.
 - Back-filling of transferees has already been absorbed or will be included in the other OE work and due diligence.
- **New Roles:** Any new roles in the business unit to be advertised on SuccessFactors for 1 week to encourage internal applications.
- **Alignment with OE:** Any People changes to occur in alignment with Tranche 1 timelines of OE's Post Office Operating Model (POM) changes, to ensure consistency in communications and ensure organisational changes are as smooth and seamless as possible for employees.
- **Internal Talent:** Where possible, to utilise internal talent and legacy knowledge, ensuring we leverage the existing skills, talent and experience in the business.
- **Developing Talent:** Related to the above, to develop and progress our talent working within this business unit, with a view to shape the future of the business in the longer term.
- **Change FTE:** Assumed that any Change resource will come over fully from the business unit and be fully embedded, rather than being matrixed in, and return to Change BU when no longer required, with HR implementing any change.



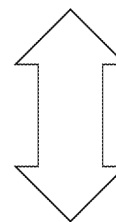
Governance and Key Roles

	Attendees	Purpose	Frequency
SteerCo	GLO Director (Chair), CEO, Programme Director, General Counsel, Operations/Security Director, Finance Director, Horizon Director, Communications Director	To update on progress, review and mitigate escalated risks, take decisions and manage budget	Fortnightly, more frequently (and ad hoc) if required
CEO	GLO Director	To update and confirm decisions	Monthly with weekly update (noting CEO attends SteerCo)
Board	GLO Director (and others as required)	To keep the Board fully informed and approve any scope or finance changes	All regular Board meetings and monthly report
Internal Audit		To test and confirm Financial management and assumptions	After budget established and ongoing as necessary



Governance and Key Roles

Name	Role	Key Responsibility
Declan Satter	GLO Director (Chair)	<ul style="list-style-type: none">To manage the overall Programme with all issues relating to Historic Matters at Post Office with an independent view as to fairness to Postmasters past and present and a commercial view on costs, mindful of all stakeholdersIndependent view on Post Office's current culture and operations to ensure that this is not allowed to occur again
Nick Read	CEO	Overall responsibility
Graham Hemingway	Programme Director	Oversee the management of all programme projects and people to deliver fully, fairly and efficiently
Roderick Williams	General Counsel (Deputy Chair)	Manage all aspects of the legal work, advising the Committee and company at all times of the advice received and instructions given
	Operations / Security Director	Responsible and manage all operational changes necessary in light of the Judgements and modern best practice
	Communications Director	Responsible for all internal and external communications, particularly the Government stakeholders, media and all past and present Postmasters
	Financial Director	Budget setting, control and management including monthly reporting
Tony Jowett	Horizon IT Director	To create Horizon-specific IT Capability such that Post Office can take full ownership of the management and control of our IT system
TBC	Secretariat	



Financial Governance

Establishment of this separate business unit will encompass a commercial FD to manage and control the overall budget and a Programme Accountant (with the relevant experience) to manage the finances of each project but principally the external resources (legal and consultancy); both reporting to the GLO Director. This revised budget presented here will be further scrutinised by the incoming FD and Programme Accountant.

As this unit does not generate income it will always be only a cost centre with no measurable investment case and clearly no internal rate of return or any other measure. This is work that has to be done and the responsibility is to manage the entirety including sensible, pragmatic commercial control to ensure fairness for Postmasters and with a proper regard to all stakeholders recognising that this is tax-payers' money.

The budget will always be a range, and the range will often remain unclear because the scope of work is continually moving and decisions by PO and (mainly) others will effect the volume and complexity. [For example the HSS will likely be in excess of 2,000 claims; a Judicial Review was served upon PO this week; other issues discovered as part of this remit to "Shine a light back on Post Office BAU now" has already and will undoubtedly continue to add additional work.]

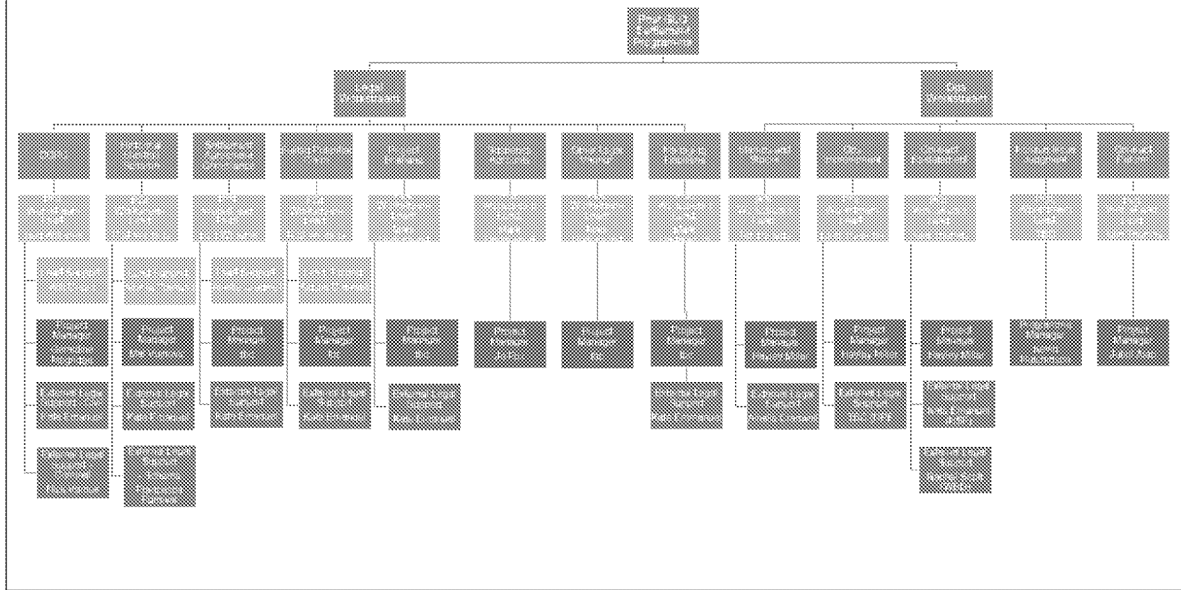
The final presentation of this budget will calendarize this per project and be reported upon each month for the Board and stakeholders, as required. There will always be a huge element of financial risk and a 10% - 20% variance range should be recognised. It will be tightly managed, reported and discussed regularly and open to internal and external audit as required.

PO's existing procedures will be followed for procurement but, for clarity, projects will not be subject to Investment Committee approval (as the work is not an investment and sits outside BAU).



Appendix

Programme Workstreams (1/3)



Programme Workstreams (2/3)

