

Post Office Board Agenda

Date:	1 November 2022	Time	10:00 – 14:25 hrs	Location	Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ
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Present		Other Attendees		
• Ben Tidswell (Chairman)	• Brian Gaunt (NED)	• Rachel Scarrabelotti (Company Secretary)	• Zdravko Mladenov (Group Chief Digital Information Officer)	
• Nick Read (CEO)	• Carla Stent (NED)	• Tim McInnes (Strategy and Transformation Director)	• Simon Recaldin (Historical Matters Director)	
• Saf Ismail (NED)	• Alisdair Cameron (CFO)	• Liam Carroll (Procurement Director)	• Fintan Canavan (Inquiry Director)	
• Tom Cooper (NED)	• Lisa Harrington (NED)	• Max Jacobi (Finance Director Retail)	• Ben Foat (Group General Counsel)	
• Zarin Patel (SID)	• Elliot Jacobs (NED)	• Navin Batra (Strategic Financial Planning & Analysis Director)	• Andrew Goddard (Head of Payments)	
		• Martin Kearsley (Product Portfolio Director - Banking, Payments and Transactional Products)		
Apologies: None				
Agenda Item		Action Requested	Lead	Timings
1.	Welcome and Conflicts of Interest	Noting	Chairman	
2.	Minutes (i) 27 September 2022 Matters Arising	Approval Noting	Chairman/ CoSec	10:00 – 10:05 hrs
3.	Committee reports (verbal) • Historical Remediation Committee • Nominations Committee	Noting	Chairman Lisa Harrington	10:05 – 10:15 hrs
4.	CEO Report	Noting & Input	Nick Read	10:15 – 10:45 hrs
5.	Finance • Financial Performance Report • FY22/23 Budget Review (Verbal Update)	Noting & Input	Al Cameron/ Max Jacobi/ Navin Batra	10:45 – 11:15 hrs
6.	Three Year Strategic Plan	Noting & Input	Al Cameron/ Tim McInnes/ Navin Batra/	11:15 – 11:25 hrs
7.	Revised Change Spend	Noting & Discussion	Al Cameron/ Tim McInnes/	11:25 – 11:55 hrs
8.	SPMP Deepdive including NBIT Roll-out	Noting & Discussion	Zdravko Mladenov	11:55 – 12:25 hrs
9.	Revised HMU/ Inquiry spend	Noting & Discussion	Ben Foat / Simon Recaldin/ Fintan Canavan	12:25 – 12:55 hrs
Break				12:55 – 13:10 hrs
10.	Historical Matters • HMU Update • Inquiry Update	Noting Noting	Ben Foat/ Simon Recaldin Fintan Canavan	13:10 – 13:40 hrs
11.	Approval Requests			13:40 – 14:10 hrs

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	<ul style="list-style-type: none"> • SPMP Device Funding Drawdown • External Auditor’s proposed fees and terms • FY21/22 ARA Publication and Filing • Postal Museum Loans • Procurement 	Approval Approval Approval Approval	Zdravko Mladenov Al Cameron Al Cameron Al Cameron Liam Carrol/ Andrew Goddard/ Martin Kearsley	
12.	Noting Papers with no Presentation			
	<ul style="list-style-type: none"> • Health and Safety Report • CIJ Dashboard 	Noting		
13.	Noting and Governance Items			14:10 – 14:25 hrs
	<ul style="list-style-type: none"> • Incoming Chair - Independence • Sealings Report • Future Meeting Dates • Forward Agenda 	Approval Approval Noting Noting		
14.	Any Other Business			
	<ul style="list-style-type: none"> • Feedback on papers 	Noting		
15.	Date of next scheduled meeting:	Noting	Chairman	
	Board Meeting – 6 December 2022 13:00 – 17:30 hrs			

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POST OFFICE LIMITED BOARD MEETING
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2.1

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 27 SEPTEMBER 2022 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 13:00 PM

Present:	Tim Parker	Chairman (TP)
	Carla Stent	Non-Executive Director (CS)
	Zarin Patel	Senior Independent Director (ZP)
	Lisa Harrington	Non-Executive Director (LH)
	Saf Ismail	Non-Executive Director (SI)
	Elliot Jacobs	Non-Executive Director (EJ)
	Ben Tidswell	Non-Executive Director (BT)
	Brian Gaunt	Non-Executive Director (BG)
	Nick Read	Group Chief Executive Officer (NR)
	Alisdair Cameron	Group Chief Finance Officer (AC)
In attendance:	Rachel Scarrabelotti	Company Secretary (RS)
	Roshana Arasaratnam	UKGI - Observer (RA)
	Owen Woodley	Group Chief Commercial Officer (OW)
	Max Jacobi	Finance Director – Retail (MJ)
	Navin Batra	Strategic Financial Planning & Analysis Director (NB)
	Tim McInnes	Strategy and Transformation Director (TM)
	Neill O'Sullivan	Managing Director - Parcels and Mails (NO)
	Zdravko Mladenov	Group Chief Digital and Information Officer (ZM)
	Ben Foat	Group General Counsel (BF)
	Simon Recaldin	Historical Matters Director (SR)
	Fintan Canavan	Inquiry Director (FC)
	Kate Gallafent KC	Blackstone Chambers – Inquiry Counsel (KG)
	Jeff Smyth	Enterprise Cloud & Data Transformation Director (JS)
Apologies:	Tom Cooper	Non-Executive Director (TC)

Action**1. 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 conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

The Board acknowledged the attendance of RA as an observer at the meeting. As an observer, the Board was aware that all contributions made by RA to 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 RA and that it would reach its conclusion based on a balanced and diligent assessment of all the facts available to it.

2. Minutes and Matters Arising

TABLED and **NOTED** were draft Minutes from the Board Meetings of 12 July 2022, 13 July 2022 and 18 August 2022. Subject to the incorporation of comments provided by LH on the draft Minutes of 12 and 13 July 2022, and the comments of SI on the draft Minutes of 18 August 2022, the Board **RESOLVED** that the Minutes of the Meetings held on 12 July



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2022, 13 July 2022 and 18 August 2022 be **APPROVED** as a correct record of those Meetings and be signed by the Chair.

The Board **NOTED** the action log and status of the actions shown. ZP queried whether the action log could be condensed to remove items that were semi-concluded or where there was no prospect of change in the near future. The Chair agreed with this and requested that a shorter list be compiled and provided for the next Board Meeting.

RS

TABLED and **NOTED** was a paper, 'ATM Banking Strategy Programme: Lessons Learnt and AEI Assurance Review'.

The Chair passed to NR and asked NR whether he wished to make any comments on the paper. NR advised that a Central Operations Director had been recruited who was due to join in October to assist the Retail team to manage all change that effected the network; there was confidence that this appointment would help. There had also been issues at the beginning of the year as to whether JS or ZM should be involved in which projects; this issue was now resolved and ZM was doing a great job. NR advised the Board that whilst some issues remained, that the executive team were making progress.

EJ contributed that he had had a conversation with TM following the 12 July 2022 Board Meeting and that he thought the revised paper tabled was much more accurate.

The Chair drew the Board's attention to the key themes and learnings that came out of the review. CS advised that she hoped we could take the lessons from this exercise, as it felt in some ways the project was a repetition of what had happened when change had been implemented previously. NR took the point however reiterated the new appointee who would be looking at the capacity of the network to absorb change at any one time. LH shared her experience from other organisations, who used a change counter, and advised that change projects in the network needed to be mapped out ahead of the rollout of NBIT. **ACTION** ZP agreed with this and requested that whether it was in 3- or 6-months' time, that M Roberts attend the Board to speak about the specifics of the NBIT roll-out in the network, to ensure that we were ahead of this. NR agreed with this approach.

M Roberts/
ZM

SI asked NR whether, on the findings of the review, we were going to communicate anything to the network. NR replied that he thought the November Postmaster conference could be the time to discuss this and that he knew there needed to be a degree of humility in the communication.

SI asked whether management had followed through with all the branches we had switched over to tablets, as SI still had some Postmaster's contacting SI to say that there were issues. SI asked whether EJ had heard of issues. EJ replied that he had not. SI emphasised that delays in implementation did not help Postmasters at all and that Postmasters needed to be appropriately sighted on upcoming changes in order to allow implementation in good time. The Chair agreed with this and advised that there needed to be tight control over the number of change projects affecting the network in flight at any one time.

The Chair noted a theme that had emerged from the review was that when we were rolling things out, we needed to be sure that we were receiving the right feedback, to ensure that we are refining the implementation as required. Sometimes we assumed that things were going better than what they were, and this was the value of having EJ and SI on the Board to provide their views on implementation. EJ advised that EJ and SI had been

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consulted ahead of the rollout of the ATMS however their recommendations had not been addressed. ZP commented that the Postmaster Director should have been involved in the pre-consultation also. EJ agreed with this in principle however pointed out that the Postmaster Director had only just joined at this time.

The Chair advised that an issue for some companies was the empowering of more junior people. People in this band were tasked with starting a program and found themselves between their manager and people who were telling them that what was proposed was not going to work. We needed to empower more junior people to speak up – this was very important as it was typically middle management who often knew the specifics. The Chair advised that he was unsure as to whether this was an issue at the Company.

SI advised that issues remained with some tablets, in that Postmaster's still needed to click on install certificates every time; this should have been resolved. NR replied that this could be a great case for the Central Operations Director when she joined next month; part of the problem was that we needed to remind ourselves to behave as a retailer. BG shared that from his experience of working in a retail environment that a strong operational team was key.

3. Committee Reports (verbal)**3.1 Remuneration Committee**

The Chair invited LH to provide an update on the work of the Remuneration Committee.

LH advised:

- Proposed rules in respect of the STIP and LTIP had been prepared which detailed eligibility and defined terms such as 'good leaver'. Rules around the STIP and LTIP had not been in place at the Company historically;
- Plans were underway to communicate the Future Pay Framework in respect of the 2022/23 STIP, 2022-25 LTIP, and 2021-24 LTIP. Malus and clawback were to be introduced into the schemes;
- In relation to some payments issued under the 21/22 STIP questions had arisen as to whether the correct approvals process had been followed. This issue was being considered with urgency.

3.2 Historical Remediation Committee

The Chair asked BT to provide an update on the work of the Historical Remediation Committee.

BT advised that the HMU and Inquiry update papers included in the Board pack were quite comprehensive, however drew the Board's attention to the following items:

- Late applications (being late applicants to the HSS scheme) had been sitting in abeyance for some time. Although not announced as yet, funding for this had been secured. As soon as the funding was announced, we would need to administer the applications quickly. The issue of late applications and the delay around these had become a significant issue at the Inquiry;
- On OHC, the issue there was finding the right alternate option to HSF. The HRC were trying to find an option that would be supported by all stakeholders. We had



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had a lot of good news on OHC however the HRC needed to tackle what OHC administration would look like in the next few months;

- In relation to detriment, the 14 workstreams remained ongoing. On the paused payments issue, there had been quite a debate as to whether we should be pausing payments for Postmaster's who are repaying debts. It was a very difficult issue as we didn't have the detail as yet in respect of the underlying issues and we needed to establish if/ how this related to detriment. However, the HMU team were starting to bring some of the categories together so we could move forward, including on the funding front;
- Good progress had been made in respect of HSS; although we may not hit the 95% stretch target for offers issued by the end of October.

The Chair called for questions. In relation to pause payments, AC requested that the Board set a time limit for when this matter would need to be returned to the Board for decision, delays could result in us being subjected to heavy criticism. There would simply come a point when we needed to act, and this was likely to be pre-Christmas. BT agreed with this and advised that the HRC was prompting the team to work hard on this issue, and that his expectation was that the HRC should receive additional information in October. BT shared his view that he did not think that we had sufficient information at present to make a decision. AC replied that he had some scepticism about whether the information would help us to move forward – even if we worked through all the individual pieces successfully the equation would still not add up – so the only way we could resolve this was by speaking to Postmasters. BT noted that there were 2 groups of Postmasters here; the first group was Postmasters who were paying monies back now. If we went back to go the CIJ the Company was criticised for taking the re-payments without having undertaken investigations. The second group of Postmasters were those who had paid back monies historically and we didn't know why. CS observed that this potentially sounded like another whole scheme. BT queried whether the underlying issue was shortfalls and if so whether we were really going to run another scheme for shortfalls. NR noted that the potential quantum was [REDACTED] and that the issue went back over 25 years; D Bickerton had shared his view with an analogy, if you reversed into a parked car then you would put a note with your details under the windscreen wiper – this is what we should be doing here. CS queried how many times we needed to go and ask the same population if there was an issue. BT replied that paused payments had a slightly different complexion, in that they spread horizontally across the business; we had been constructing vertically. If we could get the vertical pillars constructed that would give us a universe as currently, we did not have visibility. AC contributed that the fact that we were unfunded for a potential liability did not mean that the liability did not exist; we could only play the we don't have funding card for so long. AC shared his view that he thought that the HRC should bring the matter back to the Board for either the next Board Meeting in November or the final Board in December before the end of the year.

The Chair reminded the Board that their job was to articulate the problem – we needed to explain to government what the issue was. The second component was that as an organisation we needed to take a stance quite broadly that we wanted to compensate Postmasters for everything that has been unfairly and wrongfully done to them. The problem was that we were being criticised for non-payment of compensation. Given that the government was providing the funding we needed to make sure that we make it clear where responsibility sits. Despite best efforts to resolve historical matters the Company had to hear the continual theme of Postmasters not receiving compensation in good time.



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We have one shareholder however we have a single brand, and we have to be careful that that brand is not being unfairly discounted for decisions that we cannot take. BT pointed out here however that BEIS would say that we had not asked them for funding as yet. BT noted that the approach could be that we moved to investigate, as opposed to running another process to administer this. AC agreed that this was where we needed a decision. The Chair observed that we would reach a stage where a limit has to be declared. In an environment where there was an expectation on us to meet any claim we needed to signal when the limit was reached. NR advised that he thought that we are arriving towards this point.

3.3 Nominations Committee

The Chairman provided an update on the work of the Nominations Committee, advising that the Nominations Committee had noted that the Chairman was due to step down from the Board come 30 September 2022, and that the Committee had resolved to recommend to the Board the appointment of BT as Interim Chair of the Board for the period from 1 October until 30 November 2022.

Noting that BT did not participate in the decision, the Board **RESOLVED** that:

- (i) BT be and is hereby appointed as Interim Chairman of the Board of Directors for the period 1 October until 30 November 2022; and
- (ii) The Company Secretary be instructed to file form TM01 with the Registrar of Companies and update the Company's Register of Directors to reflect the Chairman stepping down from the Board 30 September 2022.

The Chairman further advised that the Committee had resolved to recommend to the Board a number of appointments to the Board's committees.

Noting that the Directors did not vote on their corresponding proposed appointments, the Board **RESOLVED** that:

- (i) LH be appointed as Interim Chair of the Nominations Committee for the period 1 October until 30 November 2022;
- (ii) BG be appointed as a member of the Remuneration Committee;
- (iii) EJ be appointed as a member of the Audit, Risk and Compliance Committee; and
- (iv) SI be appointed as a member of the Nominations Committee.

The Chairman also advised that the Committee had noted the external appointments of CS, LH, EJ and SI to other boards.

In addition to the above the Chairman advised that an update had been provided to the Committee on the recruitment of 3 new NEDs. There was an obvious diversity issue looming here with 3 women leaving the Board and it was very important in the recruitment to maintain a degree of diversity around the Board table.

The Chairman called for questions. There were no questions.

3.4 Audit, Risk and Compliance Committee



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The Chairman requested CS to update the Board on the work of the Audit, Risk and Compliance Committee.

CS advised:

- ARC had met earlier in the day. An interesting meeting had ensued: with limited funding there were a number of risks that we had to accept. The ARC would review the final 3YP and assess where that left the Company on risks, then write to the shareholder to advise them of the position. The shareholder was consistently issuing correspondence to us on best practice, for example in relation to [IRRELEVANT] [IRRELEVANT] however we were not in a financial position to be able to support this. Although we were [IRRELEVANT] [IRRELEVANT] [IRRELEVANT]
- On Postmaster losses the numbers were starting to creep up;
- The corporate insurance renewal levels had been approved, and in terms of cover we were holding level for cyber;
- In terms of the RMPP issue, the team had progressed the matter to a point where we could sign a MOU that was still within the financial envelope provided by the Board. If this needed to be exceeded the matter would come back to the Board;
- Some Postmaster and other Company policies had been considered and approved by ARC;
- Deloitte had been re-appointed as co-sourced IA;
- Correspondence had been received from the FRC querying how we had treated some matters in the accounts. A reply was being prepared to address the queries and the team had confidence in the response.

4. CEO Report

TABLED and **NOTED** was the CEO report.

The Chair invited NR to speak to the Report. NR advised as follows:

- we had made our first trading loss for the period, which was slightly alarming;
- Industrial Action was going to cause further operational dislocation, and we would be impacted in addition by the RMG strike action;
- The Industrial Action aligned with the cost-of-living crisis saw the Voice of the Postmaster group mobilising themselves. Correspondence had been received at 3 distinct times, the first of these being on 5 August when NR had received 100 emails that there were circa 550 Postmasters who had joined the Voice of the Postmaster. The last date of receiving a group of correspondence was on 14 September when Postmaster's pay statements became available. The Postmasters who reacted on 14 September were from branches who had a large amount of fixed income rather than variable pay, so would benefit the least from the raft of changes to Postmaster remuneration. NR advised that his response had been that the Company could not solve for macro-economic conditions. The issue of Postmaster remuneration would be considered carefully again ahead of the November Postmaster conference;
- In terms of a pay award, although originally, we had spoken about a [IRRELEVANT] this was more likely to be [IRRELEVANT] payment. This offer had been rejected by the CWU at present. This was a very difficult issue, when we were seeing our cost base rise;
- The new Minister for Postal Affairs had been announced yesterday and NR would meet with the new Minister in the next couple of weeks;

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- Combined with Her Majesty the Queen's death it had been quite difficult to get a handle on trade. All retailers seemed to be struggling with trade at present. If our Postmaster's are subjected to further rising costs, we have a difficult cocktail brewing ahead of peak;
- In relation to the 3YP, what we are trying to do is to bring some life to the challenges and the consequences that we are presented with. A list of anticipated decisions for Board had been prepared for the next few months; these calls were not easy, and the Board would need to discuss whether we had the capacity and the funding to make some of these decisions;
- Regarding the social purpose of the Post Office, we were looking to see whether we could achieve vulnerable business status with the government. C Creswell had pushed back on this initially, however. LH queried how an entity obtained vulnerable business status. NR advised that when he had spoken to C Creswell, he had asked what we needed to demonstrate. EJ referenced the pay outs currently being distributed by the Post Office. NR further advised that he had been clear with R Taylor that we needed to punch quite hard here.

NR paused and called for questions.

LH noted the update to publish the ARA in December and advised that we simply could not publish the DRR in the current context. AC confirmed that the Company were not going to publish the ARA until December.

NR advised that from a trading perspective we were in pretty good shape, and that the churn numbers were extraordinary, however we needed to understand why. It might be that our elderly Postmasters had no alternative and could not pass in their keys. The cost-of-living crisis was likely to hit them very hard with business rates and energy costs where they were. Management were looking to get under the skin of this issue to understand it; there was a concern as to whether we were just storing up a problem, as it did not feel right. SI queried whether management had spoken to any of these Postmasters? NR replied that he reviewed the Voice of the Postmaster correspondence and he thought that Postmasters were perhaps hanging on for the peak. EJ reflected that in the absence of selling their business, it was not the easiest exit for Postmasters who needed to wait for a break in their lease. ZP asked for confirmation that we did not know when the lease breaks were. NR advised that this was correct. We projected 500 branches of churn, and that has been revised down to 300 given we had had an extraordinary 6 months. EJ reflected that the recent remuneration announcements could assist Postmasters to hang on for a bit longer.

SI advised that he had found out about the additional banking hubs via another Postmaster. NR took the point however asked SI to please remember that we did not run the process and advised that we also knew nothing about the launch and that there had been no prior consultation with us. The challenge for us was how to roll these out and we needed to come up with a set of rules for the pipeline as to who could apply and how. A further challenge was getting the banks to recognise that we were the only 'gig in town' left to do this.

EJ advised that Postmasters were being very badly eroded online by RMG and shared his view that this was the biggest issue for Postmasters. EJ referenced the stamps that were being discontinued and advised that Post Offices were taking in all RMG stamps which involved considerable work however Postmasters were not being remunerated for it.



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SI noted a rise in the number of BRP cards to distribute in branch. NR queried why the numbers had risen at present. SI advised that he thought this could be attributed to students. **ACTION** NR advised that he would speak to M Roberts about this.

NR/ M
Roberts

ZP requested that NR provide an update on McColls, and also requested that during the discussion on the 3YP the Policy Review was considered. NR proceeded to provide an update on McColls including the number of Post Offices potentially to be closed and the possible timing.

EJ raised the issue of the limits banks were imposing on cash deposits and the difficulties Post Offices were experiencing as a result. NR advised that he had spoken to M Kearsley on this on Friday and provided assured that he was on this.

The Chair called for questions. There were no further questions.

5. Finance

5.1 Financial Performance Report

TABLED and **NOTED** was a report, 'August 2022 (P5) – Performance Overview'. MJ and NB joined the Meeting at 14:05.

AC spoke to the report, advising as follows:

- The Company had performed better than budget, largely because of FRES. However, we could see travel returns levelling off;
- The position on mails was ugly. The Chair queried what the feeling for September was. AC replied that this was difficult to assess with the additional bank holiday due to the Queen's death and industrial action. Despite this however, AC saw no grounds for thinking that the trend was incorrect, and AC was not confident about Christmas trading. LH queried whether we had any market context data. AC replied that it was the market definitely. BG noted that [REDACTED] as a business were tracking [RELEVANT]. AC shared his view that RMG appeared to be uniquely troubled. RMG were threatening to split the business into 2, selling off the international business and repatriating those funds to the shareholders, then leaving a UK business;
- a revised forecast was being prepared; we had been comfortably ahead of budget until this point;
- Our strategy on Postmaster losses needed to be reviewed. The Company had a policy and a process to recover losses from Postmasters; what we think we need to do in these situations is instigate the conduct of thorough investigations. Postmaster losses were becoming material for the Company and had the capacity to hurt Postmaster remuneration. In August Postmaster losses were [RELEVANT] we had budgeted [RELEVANT]. We had been hoping that we would not start actively disputing Postmaster losses until we were off Horizon however on these numbers we could not wait. We could have lots of tactical conversations and [REDACTED]

Management did not think that



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this was an issue that could wait. EJ queried whether there were any themes around the losses. AC advised that a common theme was a Postmaster distributing money and then recording it as zero. When we rolled out NBIT in 2024 we would go into branches and count everything on the day we did the change-over so nothing historical was carried into NBIT. SI queried who would do this. NR queried whether this needed to be an independent. EJ shared his view that this would not need external verification and could be completed with the Postmaster. AC advised that we would need to prepare over the next 12 months to undertake this activity;

- branch numbers were quite good, and it was mostly outreaches that had been closed.

The Chair asked if MJ or NB had any points they wished to contribute. NB advised that we presently had comfortable head room. MJ noted the volatility on mails however banking performance remained strong.

The Chair called for questions. ZP observed that the numbers on PUDO were tiny. MJ replied that this was due to delays and getting devices working. NR advised that management were on this.

5.2 Working Capital Facility Increase

TABLED and **NOTED** was a report, 'Working Capital Facility Increase for peak trading period FY22/23'.

AC spoke to the paper advising that, given conditions, the request was coming slightly early this year, as opposed to in previous years when the request was made around Christmas.

BT queried the nature of the approval sought; was it approval to reduce the buffer if and when required or was it approval to reduce the buffer now. AC replied that the reduction in the buffer from **IRRELEVANT** could be implemented now. With strike action and the impending peak management were attempting to make sure no Postmasters were carrying a really dangerous level of cash. SI queried whether management were monitoring this and assisting. AC replied that they were. SI queried whether reporting on this was undertaken. NR replied that it was, then the team reviewed the reporting and acted. EJ queried whether we were looking at recirculating our cash to the ATM networks. AC replied that we would like to do this, however it would cause an issue on the Bank of England facility, although this was something which we could likely resolve. SI commented that on the cash counting front he had been trialling some Glory counting machines and these were game changing. In addition, the new ATMs were phenomenal; customers liked the new machines, and these were much easier to fill.

The Chair called for questions. There were no questions.

The Board **RESOLVED** to **APPROVE** the delegation of authority to the Group Chief Financial Officer and the Group Financial Controller, to authorise temporary increases in the level of the **IRRELEVANT** Working Capital Facility for the period 27 September 2022 through 31 January 2023.

A short recess was taken between 14:25 – 14:31.



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6. Three Year Strategic Plan Overview and Risk Tolerance Considerations

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

- (i) 'Three Year Plan';
- (ii) 'Accelerating the Network Strategy';
- (iii) 'Mails 3YP';
- (iv) 'HMBU Cost Challenge'; and
- (v) 'Risk in the 3YP'.

TM joined the Meeting at 14:30.

AC outlined the paper, advising as follows:

- What was sought from the Board today was high level alignment on the challenges and an appreciation of the decisions to come. Decisions in relation to the 3YP would be sequenced over the 2 Board Meetings in November and December;
- We have seen quite clearly that the Company [REDACTED] if we keep going on as is, and there is no way we can finesse this. We need to tackle this head on and forcibly;
- To get more support from government we need to demonstrate self-help. We had made this point to the shareholder and the shareholder had in turn made this point back to us;
- Management still had more work to do – the paper represented a hypothesis not a plan;
- one of the things worth enforcing was that it was the security headroom rules that would make the Company no longer viable, that is, it is a cash measure fundamentally and that creates a simplicity about how we focus our efforts going forward. Postponing cash outflow will help. We are going to have to be sensible about this and we will take advantage of this where we can;
- the next 2 years look fundamentally differently to what we thought;
- on the basis of the submissions the business put in, in September, we would breach security headroom next year. The [REDACTED] and we would go [REDACTED] with this. We need to be careful however as the numbers are quite volatile – for example the security headroom in P5 looks quite good however this needs to be matched against the compensation payments that will need to go out. We will update on these quarterly;
- the change in mails is the biggest change;
- the HMU spend has gone up significantly, with the budget submission detailing an increase of [REDACTED] for HMU and the Inquiry;
- we were seeing higher costs on pay and inflation increasing materially;
- in relation to Postmaster remuneration, having falling Postmaster remuneration over the next few years did not feel right, so this has been increased although was not keeping pace with inflation;
- the paper set out a high-level hypothesis on how we could close this gap. AC spoke to each of the items including stopping Belfast Exit and the approach to NBIT. In relation to HMU the business submission was being challenged and we would have to insource things. On the Inquiry, the team has attempted to reduce the additional [REDACTED] spend forecast, however we do not think we will be able to



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unpick this entirely given the Inquiry is going to run for a longer period than first thought;

- NR queried what the Finance team thought the effect of interest rate rises on BOI would be, and whether the increases would be linear. MJ replied that whilst the increases were not linear, they were predictable;
- LH noted that whilst the 3YP required us to focus short term we needed to be looking beyond this as well, and there needed to be a growth angle to what we were doing if we could afford it. MJ replied that there was, however NBIT would limit what we could handle. LH replied that NBIT should not limit what we could sell online. EJ advised that he was indifferent to where products were sold, provided Postmaster could share in the reward. LH noted that there were going to be many customers who didn't go into store anymore, and we needed to think about this. EJ emphasised that we needed to think beyond the 3YP, and that we needed to make to selling products online, and not miss this opportunity;
- NR would be chairing a key steering group every 2 weeks tracking progress against the 3YP. In terms of vacancies, the ask was to bring hiring proposals including that of contractors to the steering group to see if any capacity could be created;
- AC was concerned about the November Postmaster conference as there was the expectation that we were going to make more announcements on Postmaster remuneration, however AC did not know where this money was going to come from. AC was also concerned that if we sought government assistance, yet went back a second time to help Postmasters, that that may not be well perceived by government;
- Taking [IRRELEVANT] out of operating costs over the next 3 years was very considerable. [IRRELEVANT] had been put aside for redundancies;
- The roll-out of NBIT was being discussed in earnest. Area managers in 2024 were not going to be able to do their day jobs, so there would be an impact on the call centres. We needed to work this through;
- We were going to need to have a lot of discipline and we needed to re-balance the relationship with Postmasters. NR agreed with this and the need to raise the bar on the relationship. This would involve moving to the use of Branch Hub rather than operating on a multi-channel basis, and requiring end of week balancing to be performed as we would simply not have the infrastructure to assist in a manual way;
- AC's view was that we were going to have to focus distributing remuneration to fewer and more viable Post Offices. In terms of the policy review, the assumption had been made that nothing would change over the course of the 3YP in this respect;
- AC shared his view that we would need to operate more pushily within the rules, for example by putting out 2,000 Drop and Go's in the next 2 years and closing a number of outreaches. This would be the first time we deliberately shut Post Offices and did not re-open them. [REDACTED] We will have to be prepared to face a lot of noise in communities and with Postmasters. Some of these things we could do in tandem with the roll-out of NBIT such as closing branches. NR advised that there were changes that the Retail team thought could be executed now;
- AC advised that we could [IRRELEVANT] and outsource supply chain entirely. We would need to build a case seeking funding from government to enable these activities.



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The Chairman observed that the immediacy of solving for the gap was inextricably linked to defining the shape of a viable network. Putting aside historical issues, there were problems we were grappling with, particularly in that as the business of our main partner RMG went down, so did ours. The inescapable solution was that we needed to reduce our cost base. This seemed to be premised on achieving 2 key elements, firstly whether we would be able to [IRRELEVANT] then secondly articulating the optimum size of the network. If government required a bigger network, then the shareholder would need to pay for that. We needed to run a commercial network; the current network was not sustainable. These are the self-help measures we could take. BG queried whether the Board was satisfied that a debate on the insurance business was called for. It was agreed that a discussion on the insurance business was required. The Chair cautioned that the Board needed to be very careful that we did not have a repeat of the sale of the telecoms business.

AC advised that the 3YP and accompanying decisions would be brought back to the Board in November, then in December, with approval then sought from the shareholder.

LH queried whether in the 3YP we were trying to intercept the policy review. NR replied that we were to a degree, and asked TM to speak to this, as there was a political overlay here. Before passing to TM NR spoke briefly to the timeframes for the policy review and shared his view that the shareholder was not exactly running at the exercise; no Chair had been appointed as yet. TM detailed phase 1 and phase 2 of the policy review and noted that the intent would be to consult from Spring next year, although the timetable had not been complied with to date, particularly in relation to the appointment of the Chair. There was a risk that once the Chair was appointed that they may wish to do things differently. In relation to the 3YP and funding options, BEIS would likely find it difficult to fund us, so we were looking at other options. LH observed that we would need to make some difficult decisions in respect of the 3YP ahead of the policy review. TM took the point however advised that this would create a catalyst for the necessary conversations.

AC advised that the issue that was adding a lot of urgency was NBIT; if we were going to close down [IRRELEVANT] counters it would be helpful if we didn't roll out NBIT to them.

EJ queried whether we were backing the [IRRELEVANT]
IRRELEVANT

AC advised that he did not propose to go into the supporting papers unless anyone wished to. There being no desire expressed to consider the supporting papers AC moved on to

IRRELEVANT

from the Board on the proposals and the calling out of any red lines. SI advised that a red line in his view was the potential to reduce the current 'white space' proximity rules by the introduction of a significant number of Drop & Collects. Postmasters had adhered to the rules for a number of years, so how would it look if this was changed now. AC replied that if we don't do this then we would be unable to realign the remuneration. TM queried whether it was format type that was the issue; for example, if a Postmaster had a main, then we would assume they wouldn't want a main introduced within the proximity or was it that they would not want a Drop & Collect. SI replied that they would not want either.



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LH raised the [RELEVANT] AC advised that it was [RELEVANT]
[RELEVANT] LH shared her view that she thought

IRRELEVANT

that it would be much better to shrink NBIT and have something functional. CS noted that she had IT concerns as well, particularly in relation to [RELEVANT] and the roll out of NBIT. AC advised that if we rolled out NBIT to the scale the Retail team would like it would cost another [RELEVANT] and the roll out would run over time. AC noted that there was a suggestion that the training could be prepared inhouse, however this had been pushed back on. EJ queried the [RELEVANT] AC replied that the proposal was that we were not going to spend significant sums of money over the next couple of years on [RELEVANT]

The discussion turned to HMU matters and AC noted that one of the difficult decisions to come was in relation to late applications and how this would be administered. BT queried how costs could be pushed down in relation to the Inquiry. NR advised that he was in dialogue with BF on this, and that the quality of the HSF team was not what we needed it to be. We needed something more operational to assist us in the next 15 months. This was a question that we knew we needed to answer.

ZP shared her view that when we spoke to BEIS as shareholder that we would need to use a different voice, cautioning them that we would not be a going concern if the mails trajectory continued. Once we have a plan, we needed to have a different conversation with Postmasters and that voice needed to change as well.

The Chairman drew the discussion to a close. TM, MJ and NB left the meeting at 15:27.

7. Mails 3YP

OW and NO joined the meeting at 15:28. A paper was provided in the meeting.

OW introduced the paper advising:

- the team were looking to get under the skin of the 3YP in relation to Mails;
- the boost in volumes for mails during covid had fallen away;
- when looking at [RELEVANT] what was very clear was that [RELEVANT] only going in one direction and that the [RELEVANT] was worsening as time went on. It was assumed that this pressure would continue for the foreseeable future. It was not only the [RELEVANT] however, there was an active risk to the investor, and they had restructured. There was a query whether [RELEVANT] [RELEVANT] Some of [RELEVANT] business was going to their competitors;
- the current circumstances raised whether we would need to take more actions on cost base in the 3YP and illustrated the importance of [RELEVANT] [RELEVANT]

BT queried whether we had any sense of what the government's interaction with RMG was. OW replied that we did not have any intelligence on this although we had asked. The scrutiny BEIS was applying was only 10 days old, however they would be worried about delivery of the USO. ZP queried whether the team could do some more work on war gaming. **ACTION** OW replied that the team had included some materials on this in the pack for the Board Strategy Day in July and that the team would need to come back on this.



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OW passed to NO. NO advised:

- he wished to look at the 3YP in terms of Mails and why that had changed in the latest version versus the previous submission;
- he would also speak about RMG and what the team were doing to sure up the relationship;
- the mails business was facing into some extreme challenges including the decline in mails post covid, migration to sales online away from in branch, disintermediation from RMG, and that falling away of the international market due to Brexit and customs declarations. Given these challenges the latest 3YP showed a different trading profit from mails;
- There were 3 key reasons, the first one being that we were working off the wrong baseline, there had been an assumption that levels post pandemic would remain however levels had dropped back down. ZP queried whether this was just because we were in an economic crisis; that is, if we looked at a 5-year period would this unwind. OW replied if the pandemic period was removed, then then trend looked pretty stable. We had flat lined for the outer period of the 3YP, and we thought that this was appropriate. The cost-of-living crisis may conclude earlier so the trading may not be as bad, however. BG referenced other businesses operating in this market, and, that whilst we were seeing trading ease off, other businesses were retaining earnings from the covid period, which suggested the issue is with RMG. NO agreed with this and advised that RMG were simply losing market share;
- Moving to the second reason, this was the extent of disintermediation by RMG, who were desperately trying to find ways to sell outside Post Office, for example by collecting from homes;
- The third reason was the change in international which had had a huge impact on our business particularly parcels. The mails team were currently looking at solutions with RMG to try to digitise the customs declaration;

The Chair referenced the incremental mail from non RMG sources and queried how much of the aggregator was built into the revised figures. OW advised that this was fully built in. We were trying to build a new business in this respect and the benefits would be from years 3 and 4. It was hard to escape the conclusion that in the short term that there was not much more we could do. It was very hard to model the travails of the current RMG who had fixed cost issues the same as us and they had not invested in automation.

ACTION OW noted that in the July Board Strategy papers the mails team had included numbers for the outer period, however this work would be revisited to understand what an Armageddon situation might look like.

OW/NO

The Chair queried, whether, given the USO, if government controlled the fortunes of RMG. The problem was that the fortunes of both the Post Office and RMG were driven by the same issues. BT shared his view that there must be war gaming going on within BEIS, as they were going to have to deal with this and the USO. AC advised that there had been high level discussions with RMG about putting the businesses back together, however the industrial issues had to be resolved. EJ shared his view was that the problem was that Joe Public thought that the Post Office was RMG. On strike days the Post Office was losing business as people thought that we were closed. NR replied that he thought that the Company was quite busy online in terms of communicating the message that we were open. EJ continued, that if the industrial action was ongoing, we needed a better strike strategy.



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The Chair provided an overview, advising that if we looked at this from a market perspective, that society was simply not very interested in letters, and that we had a very unhealthy market that relied on USO and a very ineffective method of distribution. We could be revolutionary and say that a big chunk of this activity is not needed and change that marketplace. The knock on of this would be what did we need the Post Office for and how would it make money. We needed to re-shape the Post Office so that it was **IRRELEVANT**. We needed to extrapolate forward and determine what was the shape of the Post Office in 5 years and then make the changes for this today. OW agreed with this and advised that the mails team were doubling down on implementing the strategy and would report back to the Board before the end of the year. EJ queried where the work in relation to the online aggregator was up to. NO provided an update advising that there had a lot of progress and that Parcels to Go were very interested. OW advised that the mails team would likely have a pretty good idea of where this was at by the end of the next month. BG queried the potential time for launch. NO advised that we still looking at Q3 next year and that the team were working on procurement. EJ exclaimed at this and queried whether we were going to lose a year in execution. OW replied that the mails team were going to implement as quickly as they could. LH and SI both expressed concern on the timeline.

The Chair called for further questions. There being no further questions OW and NO left the meeting at 15:59.

CS queried whether there were any aspects of the mails strategy could be brought to fruition prior to Christmas. NR advised that the GE would look at this Thursday. LH shared her view that she did not think that the online piece was that technical. BG advised that the proposed implementation period was a lot longer than he was expecting.

8. Belfast Exit

TABLED and **NOTED** was a paper, 'Belfast Exit Programme'. ZM and JS joined the Meeting at 16:02. The Chair spoke briefly to the paper and advised ZM and JS that they should take the paper as read.

JS outlined the paper. Key discussion points were as follows:

- CS noted that there was no fail over plan. We had not tested, and we needed to do this. CS referenced the scope that would need to continue in relation to NBIT, and that we needed to ensure that this was sured up;
- CS queried what our plan B was, if we didn't get there in 2025. CS advised that she would reluctantly support the proposal however CS had a number of concerns including the lack of fail over testing and engagement with Fujitsu. **ACTION** In response to CS's first concern in relation to the fail over plan, ZM advised that the team had commenced the fail over plan yesterday and should have an update on this at the next Board Meeting in November. In terms of how we were engaging with Fujitsu, Fujitsu had put in place mechanisms for retention through to 2025, however ZM thought that if by 2023 it did not look likely that we would be exited by 2025, that that could make a difference to Fujitsu and that we could have some further leeway with ZM;
- CS raised a further concern being the accounting treatment and that we would likely have a large write off on this investment and queried whether there would be public cost issues;

ZM



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- BT shared his view that he felt that we were getting the worst of every option here, unless it could be established that we can hit March 2025, and the team appeared reluctant to give this assurance. NR responded that ZM was not reluctant. AC advised that the de-risking of NBIT would be returned to the Board; proposals such as removing lottery from our product set were being worked on by ZM and the team;
- ZM advised that whilst difficult decisions would need to be made so as to deliver NBIT in March 2025, [RELEVANT] IRRELEVANT [RELEVANT] IRRELEVANT JS provided a breakdown on the [RELEVANT] being service fees for Fujitsu, as well as an upgrade for the centres. BT noted that the team were assuming that Fujitsu would continue to provide the services on the same basis that they were doing so currently. AC clarified that if we went to Fujitsu and asked them to extend beyond March 2025, if we assumed that they could be persuaded this would be a cost of [RELEVANT] then there would also be further capital investment in the data centres as they are so old, which we thought would be approximately [RELEVANT]. So, the spend would present [RELEVANT] for the first year, then [RELEVANT] for very year thereafter. BT advised that he was trying to balance these costs against the costs of AWS to complete; it seemed that we were being told it was too risky and expensive to remain and that seemed right, however the outer limit of AWS expenditure to complete was [RELEVANT]. The Chair pointed out that this amount had not been verified. BT noted this and advised that he did not think the Board had full visibility here. AC advised that if we continued with AWS there was no guarantee on cost or time so this would not obviate the risk of having to extend with Fujitsu;
- The Chair shared his view that we needed to look at the deliverables for March 2025 and ascertain what was the least risky way to get to that point. What concerned the Chair was our track record on previous projects. AC replied that NBIT was scheduled to commence roll out in February 2024, then to be fully rolled out in throughout the balance of 2024;
- EJ queried whether we would receive any funds back from AWS. JS advised that we would not, and that we needed a strong relationship with AWS to deliver the relevant scope for NBIT. LH noted that discontinuing the Belfast Exit would not be good news for AWS; their pitch had been that they would crack what Microsoft could not;
- **ACTION** ZP advised that she wished to have more clarity on the economics of the proposal and asked for a separate session on this. **ACTION** AC noted this, and that management would need to return with a roll out plan and committed to arranging sessions for these for the end of next month; **ZM**
ZM
- **ACTION** ZP queried whether we were sure that we were not giving our successors a problem on inflated operations costs and asked that management come back on this. The Chair agreed and noted that this represented a large element of our cost structure. The Chair advised that when we were imposing a large amount of change the benefits needed to be significant. ZM advised that we could not stay indefinitely on Horizon. LH contributed that we needed to take responsibility in house; **ZM**
- **ACTION** The Chair asked for further details as to the risks and outcomes associated with the options; bad decisions were sometimes made because the alternatives were not fully understood. AC agreed that when the matter was returned to the Board that the team would include this analysis. The Chair emphasised the importance of understanding the other options. **ZM**

The Board **RESOLVED**:



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- (i) the cessation of the Belfast Exit programme be and is hereby approved, save to [IRRELEVANT]
- (ii) the reinforcement of the legacy data centres be and is hereby approved;
- (iii) [IRRELEVANT] programme funding for October be and is hereby approved to enable programme activity to be wound down and Belfast fortification and components shared with NBIT to be implemented.

Fujitsu Contract Extension

TABLED and **NOTED** was a paper, 'Request for Delegated Authority to execute the final 1-year of the Fujitsu Horizon Services'.

JS spoke briefly to the paper, advising that an extension in respect of the data centre contracts with Fujitsu would be required also, and that this would be brought to the next Board meeting.

The Board **RESOLVED** that the following be and are hereby **APPROVED**:

- (i) The exercise by the Company of the final 1-year extension of the Fujitsu Horizon Services Agreement for the period 1 April 2024 – 31 March 2025;
- (ii) The issuing of notice to Fujitsu in respect of the extension; and
- (iii) Signing of the notice to Fujitsu by any Company Director or the Company Secretary.

SPMP Funding Request

TABLED and **NOTED** was a paper, 'SPMP Oct 22 – Jan 2023 drawdown'.

The Chair called for questions. LH queried whether there was anything different we could do on key employee risk. ZM replied that he had 3 FTE concentrating on this as well as external resource. LH queried when it would be possible to see the new counters. ZM replied that this would be possible shortly and Directors could view the new counters in the model branch.

The Board **RESOLVED** that the following be and are hereby **APPROVED**:

- (i) the programme funding of [IRRELEVANT] for the planned deliverables from October 2022 to January 2023 ([IRRELEVANT] Exceptional); and
- (ii) the programmes' end date be moved from 31 March 2024 to 31 March 2025 with a new set of key milestones.

ZM and JS left the meeting at 16:44.

9. Historical Matters

9.1 Historical Matters Unit Update

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

- (i) 'Historical Matters Programme Update';
- (ii) 'HMBU Finance Update';
- (iii) 'HSS Pre-Offer Funding October 2022'; and
- (iv) 'HSS Post-Offer Funding October 2022'.



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SR and BF joined the Meeting at 16:45.

SR proceeded to speak to the papers advising as follows:

- The total number of overturned historical convictions was now up to 81;
- On HSS the team had passed the 80% target of offers out by the end of August. The team were on a trajectory to deliver 95% of offers out by the end of October although this would be a stretch;
- The ENE process conducted before summer break was a success and delivered a good outcome. The process had seen good behaviours and had been very collaborative. The process had given us a template to implement against;
- On detriment 1, suspension payments, we were waiting for HM Treasury to make a decision;
- On OHC we were moving from a negotiation approach to the mediation approach;
- On detriment 2, outstanding balances, there remained a lot of work to be done;
- Pre-offer and Post-offer funding for October had been approved by way of delegated authority. Further funding approvals would be requested for November.

The Chair called for questions. EJ commented on the high calibre of the process and the HMU lead team.

9.2 Public Inquiry Update and Funding Request

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

- (i) 'Post Office Horizon IT Inquiry: Update';
- (ii) 'Briefing Note on the Inquiry's confidentiality undertakings'; and
- (iii) 'Horizon - Opening Statement'.

FC joined the Meeting at 16:53 and KG at 16:54.

9.3 Inquiry – Opening Statement

Confidential: to discuss legally privileged advice

BF provided an overview and that he would take the draft Opening Statement as read. BF introduced KG and advised that KG was in attendance to answer any questions on tone or specifics in relation to the draft Opening Statement.

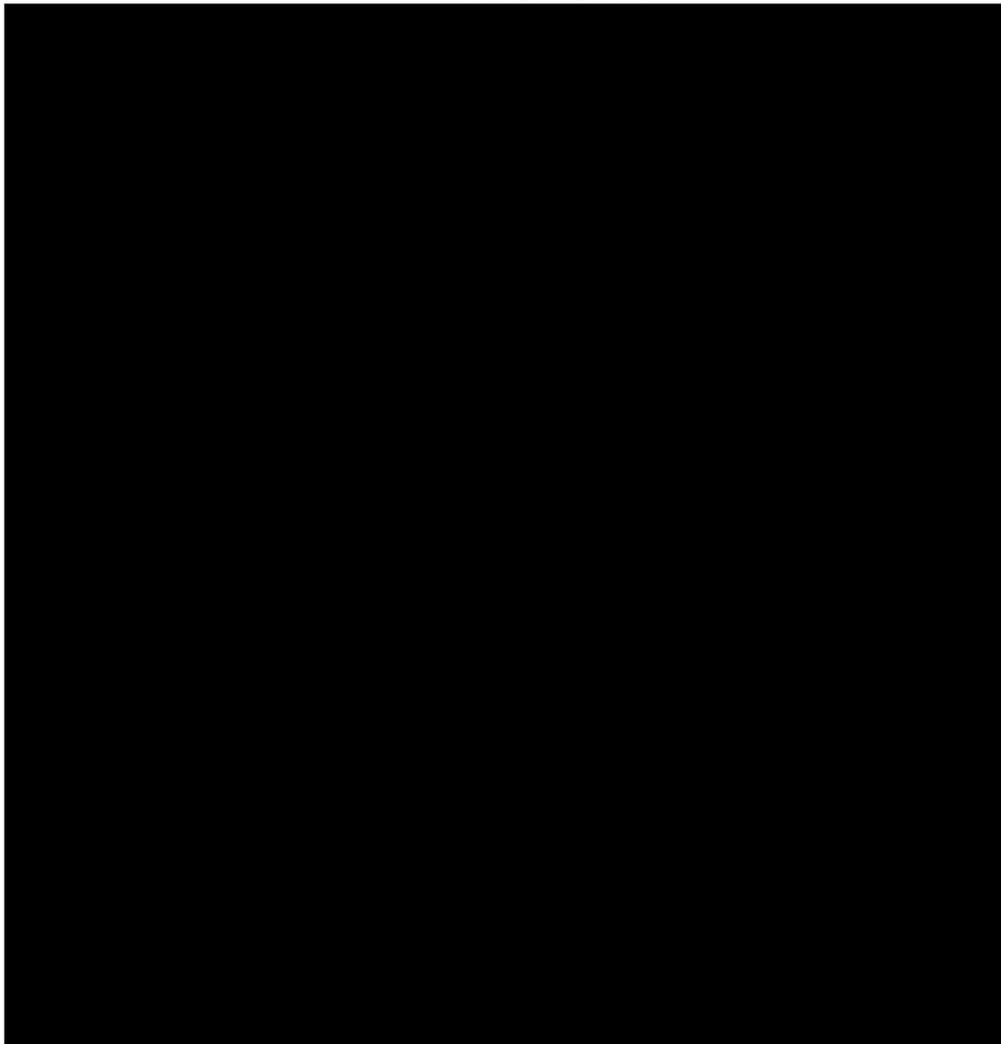
[Redacted]

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BF

SR

BF

The Board **RESOLVED**:

- (i) That the form of the Company's Opening Statement to the Inquiry and submission thereof in the form tabled be and is hereby **APPROVED**;
- (ii) to **DELEGATE** authority to the Company's Group General Counsel and Inquiry Director to make any minor amendments to the form of the Opening Statement tabled; and
- (iii) that funding in the amount of £1.8m funding for October be and is hereby **APPROVED**.

BF, KG and FC left the Meeting at 17:11.

10. Approval Requests

10.1 Procurement

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



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- (i) 'Procurement Report';
- (ii) 'Appendix A - CCS Procurement Gas and Electricity for POL Estate'; and
- (iii) 'Appendix B - SPMP Branch Point of Sale (POS) Equipment and Peripherals award'.

The Board **RESOLVED** that:

- (i) The award of a contract for Gas and Electricity Supply for DMB's, Secure Warehouses and Administration Centres for mainland UK via CCS Framework RM6011 – Supply of Energy and Ancillary Services on a 24-month contract commencing April 1 2023 with a total value for the call off in the vicinity of £7.96m be and is hereby retrospectively **APPROVED**;
- (ii) the form of the Electricity and Gas contract, being the standard form Crown Commercial Services Framework RM6011 – Supply of Energy and Ancillary Services contract (the 'Contract') be and is hereby retrospectively **APPROVED**; and
- (iii) any one executive Director and/ or the Company Secretary be authorised to sign the Contract.

11. Noting Papers with no Presentation

11.1 Health & Safety Report

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

ACTION EJ noted the revised approach in relation to Covid set out in the Report and queried whether this was going to be shared with Postmasters. AC advised that it would be. AC

11.2 POL Control Framework

TABLED and **NOTED** was a paper, 'DRAFT Internal Control Framework'.

CS spoke briefly to the paper advising that the paper had been considered by the ARC.

11.3 Improvement Development Group Update

TABLED and **NOTED** was a paper, 'IDG Update'.

11.4 Pensions – Augmentations to RMPP

TABLED and **NOTED** was a paper, 'Project (Pensions) Assurance – Post Office Section Royal Mail Pensions Plan (RMPP)'.

The Board **RESOLVED** to **APPROVE** any 2 executive Directors or an executive Director and the Company Secretary be authorised to execute the Memorandum of Understanding between the Company and Royal Mail Pensions Trustees Limited in the form provided.

11.5 Common Issues Judgement/ Horizon Issues Judgment Dashboard

TABLED and **NOTED** was a paper, 'Common Issues Judgment Dashboard P5'.



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11.6 Investigations

TABLED and **NOTED** was a paper, 'Post Office Investigations: Next Steps'.

The Chair called for questions. LH advised that she thought the approach was sensible however queried the tone of the paper. ZP advised that J Bartlett was very experienced and competent. BT agreed with this and shared his view that J Bartlett was the right person for this.

12. Noting and Governance Items

12.1 Officer Changes

TABLED and **NOTED** was a paper, 'Officer Changes'. This matter was dealt with previously in the Meeting during the Chair's update to the Board on the work of the Nominations Committee.

12.2 Committee Memberships

TABLED and **NOTED** was a paper, 'Appointments to Board Committees'. This matter was dealt with previously in the Meeting during the Chair's update to the Board on the work of the Nominations Committee.

12.3 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items number 2146 – 2155 inclusive in the Seals Register.

12.4 Future Meeting Dates

The future meeting dates were **NOTED**.

12.5 Forward Agenda

The Forward Agenda was **NOTED**.

13. Any Other Business

There being no other business the Chairman declared the meeting closed at 17:15.

14. Date of next scheduled meeting

1 November 2022 10:00 – 14:25.

Chairman

Date

Post Office Limited Board Actions as at 27.10.2022

Action No.	MINUTE REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/CLOSED
Board Meeting 29 March 2022						
1.	Annual Board and Committee Evaluation	EJ noted that there were some interesting divergencies between the executive and non-executive director scores. The Chair agreed with this and noted that scoring divergences were then different across different areas. The Chair requested that the Board discuss the Report at a future Board dinner.	Rachel Scarrabelotti		Update on 16/09/2022: Deferred to December Board Meeting.	To Close
2.	CEO Report c)	SI touched on software and shared the example of a Postmaster investing time in undertaking a customer transaction only to be told at the end of the transaction that the transaction was unsuccessful. SI advised that he had raised this with JS about 6 weeks ago. ACTION NR undertook to speak with JS on this.	Nick Read/ Jeff Smyth		Update on 16/09/2022: JS discussed requirements with SI and follow up actions were undertaken with product teams to review requests for change in Banking transaction journey, enhancements to Mails Drop & Go and Government DVLA look-up functionality. JS to follow-up with product teams to determine if they agree with priorities in overall backlog (and change funding is available). Update on 08/07/2022: JS met with SI to discuss a range of Horizon improvements that SI would like to see implemented. These include transaction changes to Banking Deposit journey, Mails Drop & Go – Auto-Top-up & SMS, MoneyGram exploitation of EasyID, DVLA Rates Look-up, Stamp Bar-Coding. JS to follow up to ensure these requests are included in demand backlog and to revert to SI with next steps by end July 2022.	Ongoing
Board Meeting 04 May 2022						

Post Office Limited Board Actions as at 27.10.2022

3.	2. FY 2022 - 2023 Budget a)	ZP suggested that once a quarter the Board engage in a deep dive on the 2022/23 Budget, so that if things weren't progressing as against the Budget the Board would have an opportunity to get ahead of this. ZP queried whether the focus of the Board would need to shift more to delivery. NR agreed with ZP's proposal in respect of initiating a quarterly review process.	Al Cameron/ Max Jacobi/ Navin Batra/ Rachel Scarrabelotti to add to Forward Plan		<u>08/09/2022</u> : This has been included in the Forward Plan for the Board meetings on 01 st November 2022 and 28 th March 2023. <u>This item will be closed on that basis.</u>	To close
4.	2. FY 2022 - 2023 Budget b)	NR contributed that on CIJ it was clear where we had made progress, however on HIJ this was much more of a judgement call, and that this was why J Smyth was being deployed to work on HIJ. TC responded that even if there was uncertainty this matter needed to come back to the Board. ACTION NR committed to bring this matter back to the Board.	Nick Read/ Rachel Scarrabelotti to add to Forward Plan/ Jeff Smyth	Sept Board December Board	Update on <u>16/09/2022</u> : Propose that we provide a noting paper to December Board that covers Phase 3 HIJ deliverables (which will be work in progress) and our overall status position versus HIJ findings, including planned NBIT carry-forward actions. <u>Update from JS on 08/07/2022</u> : I would propose that we update Board on overall HIJ progress in September (subject to other priorities and slot availability). We will be able to comment on areas where we have closure of an HIJ finding and the areas which are work-in-progress or consciously deferred for inclusion in NBIT scope.	Ongoing
Board Meeting 07 June 2022						
5.	2. Minutes and Matters Arising	ACTION ZM committed to updating the Board on the time and cost implications of the decision and to return with an update to the July Board Meeting.	Zdravko Mladenov	Sept Board November Board	<u>Update on 25/10/2022</u> : Completed as part of the paper for the October Board. <u>Update on 16/09/2022</u> : We will update in November due to congestion in the agenda in September. Verbal update to be provided in the regular SPMP item. <u>Update on 08/07/2022</u> : The update will be provided through the CEO Report, with a formal agenda item deep dive in Sept or	To close

Post Office Limited Board Actions as at 27.10.2022

					November as part of the regular SPMP update and slot.	
6.	4. CEO Report a)	ACTION NR detailed one measure that was being taken was separating out the IT helpdesk and bringing this back to ZM's team. A further update to the Board would be provided on this.	Nick Read/ Zdravko Mladenov	Sept-Board November Board	Update on 25/10/2022: This update has been postponed due to other priorities. We will aim to cover it as part of the CEO update. Update on 16/09/2022: We will update in November due to congestion in the agenda in September. Verbal update to be provided in the regular SPMP item. Update on 08/07/2022: The Board will be updated on the transfer of the IT Helpdesk to Technology via the CEO report in September. Prior to that, GE will review investment options for the Helpdesk, so a decision on any additional funding can be made prior to updating the Board.	To close
7.	5.1 Financial Performance Report b)	[Individual product profitability report] AC advised that last time this report was run it had shown that every product was profitable however margins varied considerably. ACTION AC advised that management had been refreshing this report and would bring this report back to the Board in July.	Al Cameron/ Navin Batra		21/10/2022: The team will need to come back to this in the New Year. The priorities around the 3YP is the key focus for now. 30/06/2022: Product profitability outcomes are being reviewed by the CEO and GE and will be circulated to the Board. Al will provide a brief, verbal summary on 12 th July.	Open
8.	5.1 Financial Performance Report d)	In terms of the Local Authority pay-outs, AC noted that whilst we could determine what the Postmaster remuneration was, the problem was that we didn't have sight of what Postmaster costs are. ACTION AC committed to reviewing this, with the local authority pay-outs.	Al Cameron/ Max Jacobi	December Board	Update on 25/10/2022: We are working with the Retail and Payments team and are on course to give an update to the December board.	Ongoing
9.	6. Joint presentation from the Network and SPM Teams: Deep dive into Drop	ACTION ZM advised that he would return to the Board with details on what the upcoming significant decisions for the Board on NBIT would	Zdravko Mladenov	November Board	Update on 25/10/2022: Completed as part of the paper for the October Board.	To Close

Post Office Limited Board Actions as at 27.10.2022

	& Collect and wider Horizon replacement c)	be.			Update on 16/09/2022: Delayed. Discussion ongoing with Chief Retail Officer. Update on 08/07/2022: The regular SPMP update will include a deep dive on outstanding decisions.	
Board Meeting 12 July 2022						
10.	3.4 Audit, Risk and Compliance Committee c)	Payzone represented a significant debtor for the Company, and it had been queried whether more of a provision was required for this. ACTION EJ questioned whether it was intended to move Pay Zone to NBIT. AC advised that management were working towards a conclusion on this and the general viability of the entity, and O Woodley was leading on this.	Owen Woodley		08/09/2022: A decision was made at the August SPM Steerco to use Payzone as the mechanism to deliver NBIT for Legacy Pre-pay/Bill Payments. Using a Payzone device for Bill Payment in-branch rather than building a solution into NBIT will help to de-risk the delivery of the overall NBIT programme whilst adding further retailer benefits (such as service provision out of core hours). In order to progress with this option, we are exploring the potential for integration of Payzone into POL - for which there may be compelling non-NBIT reasons too. This exploration will take 6 to 8 weeks and if it does not look feasible or sensible, we will support this NBIT solution via a contractual JV between the two entities instead. A separate noting paper on this will be going to the January board meeting. PZBP has created a 3-year plan that shows the business becoming cash generative by 24/25 and would enable PZBP to start repaying intercompany monies from that year. Clearly, this issue would be addressed much more quickly if integration proves feasible.	Ongoing

Post Office Limited Board Actions as at 27.10.2022

11.	4. CEO Report	BT queried the status of the NFSP Grant Fund Agreement. NR advised that the NFSP had not brought the agreement back as yet. ACTION NR agreed to update the Board and provide a note once the NFSP Grant Fund Agreement had been settled.	Nick Read/ Martin Roberts/ Shaun Kerrison		<u>29/08/2022</u> : The NFSP are now querying one last clause that relates to the VAT treatment of the grant payment. We are arranging a 4-way meeting with our respective tax and legal teams to get this resolved.	Open
12.	9. Appointment of External Auditors	It was RESOLVED that PwC be appointed as external auditors for the Company for the 2022/23 financial year, subject to the Board receiving a further recommendation from the Audit, Risk and Compliance Committee on PwC's fees, scope, and terms of engagement.	Tom Lee		<u>07/10/2022</u> : A paper will be submitted to the Board meeting on 01 st November 2022. <u>23/08/2022</u> : A paper is due to be submitted to Board in November, to outline the procurement route for retaining PwC for a further 2 years. Subject to Board agreement we'll then seek formal ARC approval for the FY22/23 reappointment of PwC.	To Close
Board Strategy Away Day 13 July 2022						
13.	Session II: Deciding the Way Forward on Mails and Strategic Commercial Considerations b)	ACTION TC asked for more detail on the working up of the projected market share. TC advised that this started at 2 – 3% then ramped up to 9%. CP advised that she did not currently have the numbers with her, however, would supply this detail to TC along with additional detail on the volume proposition.	Chrysanthy Pispinis/ Owen Woodley		<u>27/10/2022</u> : Follow – up session took place with UKGI on 16th August. Market share estimates are being refined as the strategic initiatives move from prove plans to detailed business cases, so further updates and refinements will go via usual PO change governance and business case approval.	To Close
14.	Session II: Deciding the Way Forward on Mails and Strategic Commercial Considerations d)	SI also raised the issue of bagging, and that the Company had never invested in paper bags. ACTION OW advised that the team would take this issue away and agreed that TCR was not the answer.	Owen Woodley		<u>27/10/2022</u> : We have recently re-launched bands and plastic bank note envelopes to branches that either have high cash returns of who have requested them through Branch Hub. Rubber bands are still an option as a lot of branches prefer these but they do now have a wider choice of supply from us.	To Close
15.	Session IV: Building a Resilient Network Equipped	The Chair asked whether there was a data base that existed holding information on each Post	Martin Roberts		<u>24/10/2022</u> : We have continued to update our branch-by-branch profitability model	To Close

Post Office Limited Board Actions as at 27.10.2022

	for the Decade Ahead	office as to how much we were making, staff and costs. If no data base existed could the area managers find this out and this seemed to be very basic question. ME replied that the information would be the Postmaster's personal data and we would need to persuade them to give this to us this; we had asked this question of Postmasters previously and they had not been forthcoming. The Chair advised that this information would be useful in order to assess different parts of the estate; we had asked this question 5 or 6 times and have not had this information. ACTION MR advised that the team would take this away and have a fresh look at it.			which enables us to understand how much each branch makes from both a POL and postmaster perspective. This is built using a combination of directly measurable data (i.e. POL income & remuneration), our workload modelling tool which has been tested with hundreds of different branches (used to evaluate staffing costs) and indirect assumptions around branch overheads (e.g. utilities & rent). We continue to refine all these assumptions and inputs on an ongoing basis, using area manager input where appropriate.	
Board Meeting 27 September 2022						
16.	2. Minutes and Matters Arising	ZP queried whether the action log could be condensed to remove items that were semi-concluded or where there was no prospect of change in the near future. The Chair agreed with this and requested that a shorter list be compiled and provided for the next Board Meeting.	Rachel Scarrabelotti		Completed. From the action log submitted to the Board meeting on 27 th September 2022, actions that were recommended for closure were removed in addition to actions numbered 11, 17, 34, 36 and 38.	To Close
17.	2. Minutes and Matters Arising	LH shared her experience from other organisations, who used a change Calendar, and advised that change projects in the network needed to be mapped out ahead of the rollout of NBIT. ACTION ZP agreed with this and requested that whether it was in 3- or 6-months' time, that M Roberts attend the Board to speak about the specifics of the NBIT roll-out in the network, to ensure that we were ahead of this. NR agreed with this approach.	Martin Roberts/ Zdravko Mladenov	January 2023 Board	<u>Update on 25/10/2022:</u> This is under preparation and intended for the January 2023 Board.	Open
18.	4. CEO Report	SI noted a rise in the number of BRP cards to distribute in branch. NR queried why the numbers had risen at present. SI advised that he thought this could be attributed to students.	Nick Read/ Martin Roberts			Open

Post Office Limited Board Actions as at 27.10.2022

		ACTION NR advised that he would speak to M Roberts about this.				
19.	7. Mails 3YP	ZP queried whether the team could do some more work on war gaming. ACTION OW replied that the team had included some materials on this in the pack for the Board Strategy Day in July and that the team would need to come back on this. [...] ACTION OW noted that in the July Board Strategy papers the mails team had included numbers for the outer period, however this work would be revisited to understand what an Armageddon situation might look like.	Owen Woodley/ Neill O'Sullivan	December 2022	The team will revert on the Mails Strategy and wargaming on the RMG situation at the December Board meeting.	Ongoing
20.	8. Belfast Exit a)	ACTION In response to CS's first concern in relation to the fail over plan, ZM advised that the team had commenced the fail over plan yesterday and should have an update on this at the next Board Meeting in November.	Zdravko Mladenov	January 2023 ARC	Update on 25/10/2022: Verbal update to be provided at the November Board. Formal paper to be submitted to ARC in January 2023.	To Close
21.	8. Belfast Exit b)	ACTION ZP advised that she wished to have more clarity on the economics of the proposal and asked for a separate session on this.	Zdravko Mladenov	January 2023 Board	Update on 25/10/2022: Completed as part of the paper for the October Board. Follow-up in January 2023.	To Close
22.	8. Belfast Exit c)	ACTION AC noted this, and that management would need to return with a roll out plan and committed to arranging sessions for these for the end of next month.	Zdravko Mladenov	January 2023 Board	Update on 25/10/2022: This is under preparation and intended for the January 2023 Board.	To Close
23.	8. Belfast Exit d)	ACTION ZP queried whether we were sure that we were not giving our successors a problem on inflated operations costs and asked that management come back on this.	Zdravko Mladenov	January 2023 Board	Update on 25/10/2022: Completed as part of the paper for the October Board. Follow-up in January 2023.	To Close
24.	8. Belfast Exit e)	ACTION The Chair asked for further details as to the risks and outcomes associated with the options; bad decisions were sometimes made because the alternatives were not fully understood. AC agreed that when the matter was returned to the Board that the team would include this analysis.	Zdravko Mladenov	January 2023 Board	Update on 25/10/2022: Completed as part of the paper for the October Board. Follow-up in January 2023.	To Close

Post Office Limited Board Actions as at 27.10.2022

25.	9.3 Inquiry – Opening Statement a)	BF advised that the other point was that we stated the Board and executives had spent significant time watching footage of the human impact hearings. ACTION BF knew that significant time had been invested in this activity however he would recirculate links to YouTube.	Ben Foat		Fintan Canavan checked the oral version of the opening statement to make sure it is reflected appropriately. The links were circulated to the Board on 21 st October 2022. Post Office Horizon IT Inquiry - YouTube – has a slight delay. The Inquiry has provided us with the below link to enable Core Participants to watch the live stream of the hearing: https://rts-av.zoom.us/j/93407725295?pwd=UDhuUGZlbnJlVzc0R29hdnI4ZlloOdz09 The passcode is .PY4EuWCKt	To Close
26.	9.3 Inquiry – Opening Statement b)	BT advised that the HMU team had made really good progress on this and that up to 97% of potential appellants had been contacted. ACTION KG asked [REDACTED]	Simon Recaldin		10/10/2022: Simon Recaldin and the POL legal team provided Kate Gallafent with [REDACTED]	To Close
27.	9.3 Inquiry – Opening Statement c)	ACTION LH advised that she would like to understand how other Board members could attend sessions at the Inquiry. BF advised that he would circulate details. KG advised that [REDACTED]	Ben Foat		Email circulated to Board members on 07 th October 2022 with details. Subject: Inquiry Hearing - POHIT - Opening Statements Next Week.	To Close
28.	11.1 Health & Safety Report	ACTION EJ noted the revised approach in relation to Covid set out in the Report and queried whether this was going to be shared with Postmasters. AC advised that it would be.	Al Cameron/ Martin Hopcroft/ Martin Roberts		Latest Board Report update: Government guidance advises that Covid 19 is now part of our everyday lives and will be for the foreseeable future. We took additional steps to adapt to this new normal and treat Covid 19 in the same way we would treat any other respiratory illness. We will monitor the rates of infection in POL and society and will remind colleagues to follow good practice.	To Close

Post Office Limited Board Actions as at 27.10.2022

					MH reaching out to Elliot and Saf to share our plan to communicate good practice as part of a Winter health campaign and signpost to a new 'health advice and guidance' resource developed by the Occupational Health provider.	
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POST OFFICE LIMITED BOARD REPORT

Title:	Chief Executive's Report	Meeting Date:	01 st November 2022
Author:	Nick Read, Group CEO	Sponsor:	N/A

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CEO Introduction

The financial half year is always a useful opportunity for reflection and this year, more so than in any of my previous 3 years, I find myself describing a very mixed picture.

Looking back, our H1 performance has been strong – even better than expected. I am delighted that we made a trading profit of [IRRELEVANT], which was well above budget and [IRRELEVANT] ahead of forecast. Despite our Mails business being [IRRELEVANT], particularly robust performances across our Banking, Payments and Travel businesses have more than offset this. Meanwhile, though Postmasters have felt the impact of weaker Mails trading, the diverse nature of their product portfolio, combined with our August package of support, means remuneration remains on track – and indeed is [IRRELEVANT] up on last year's H1. We have controlled our costs well across the business and, we are also starting to see tangible evidence of tighter legal cost management. Finally, our network numbers are also forecast to end October at over 11,680 – which is the highest figure in nearly eight years. Churn is also at its lowest level since Independence. Beyond our financial performance alone, we have also made significant progress in delivering on our strategic priorities for the year:

- **Improving Branch Profitability:** Our package of measures in August, featuring higher deposit rates, equated to an average increase in remuneration of 5% per branch. At the same time, we are focused on onboarding new Mails partners, including DHL most recently, as a means of diversifying our Mails offering and creating new revenue streams. Looking ahead, we are exploring how to ensure Post Offices are included in any extension of the Energy Bill Relief Scheme (EBRS) for SMEs, due to end in March 2023.
- **Transforming our technology:** Even as we continue to improve Horizon, we have successfully launched Release 1 of our pilot of our New Branch IT (NBIT), which covers drop capability. Piloted in our DMBs in Aldwych and St John's, this is a major milestone and initial feedback has been positive. While we should not overstate progress at this early stage, it is a significant milestone and, importantly, NBIT is now out and live in the network, receiving user feedback and completing real customer transactions.
- **Rebuilding Trust:** We are making good progress with the Historical Shortfall Scheme and are on track to have made 85% of offers by the end of October – and meet 95% of offers by the end of the calendar year. At the same time, we have made important progress with delivering full and final compensation to those with overturned historical convictions, having settled in two important cases that open the pathway to other cases.

In spite of a challenging retail landscape and turbulent economic conditions, together these achievements reflect a genuinely positive story for the business in H1 of which we can be proud.

Looking ahead to H2, the landscape is much less clear; there is an unusual dislocation between trends we have experienced to date this year and the trends we are facing into. Needless to say, the cost of living crisis – alongside wider turmoil – is casting a



considerable shadow of uncertainty that will, in all likelihood, mean dampened Christmas trading. With 19 strike days planned for Royal Mail before the end of the year, and likely more for Post Office, we can also expect significant disruption across the network – with potentially long-lasting effects on consumer behaviours. I spoke with Simon Thompson last week and he was unwavering in his determination to stand firm. RMG are prepared to dig in through the winter and we will need to work hard to protect and support our Postmasters in Mails. We are already seeing large customers desert RMG (and us) and I fear the early November strikes will be material for both businesses.

The recent start of Phase II of the Inquiry has also left me with two key reflections about the months ahead. First is the intense focus we can expect on our culture as a business – whether we have changed, but also how we have done so. Second, and no less important, will be the close scrutiny on rolling out our NBIT programme, given our historic failures to train and onboard Postmasters to use Horizon successfully. This sets a high expectation for both in a year's time – just as we reach the zenith of the Inquiry with phases 6 & 7. Both the Inquiry and its attending scrutiny on our business will demand considerable cross-organisation focus and resource over the next two years, having, inevitably, wider financial implications for our revised Three Year Plan.

It is against this backdrop that we will bring back our revised Three Year plan in December. A plan that will require shareholder approval in the New Year. This is a cause for concern. We know that the Spending Review settlement left no contingency nor flexibility to manage risk and set out a number of challenging conditions related to our network obligations, the delivery of SPM and the need to bring down legal costs. Despite good progress in all three of these areas, risk is starting to materialise. The Mails business will continue to deteriorate over the three year period at a faster trajectory than planned. Postmasters continue to suffer remuneration pressures, a cost of living crisis and wider cost inflation. NBIT is moving forwards but Inflation, costs, resourcing and scope challenges present difficult headwinds. The Inquiry, following costly delays, has now started phase II, but we can expect it to extend into 2024 with all the associated cost and increased delivery expectations.

Notwithstanding this I am committed to delivering a Three Year plan that shows how POL can operate within the funding envelope made available by BEIS in the Spending Review. It is however unlikely that this will be my recommended plan. The only way to meet this budget settlement is to make deep cuts to costs at a time when I, and the Inquiry, believe we need to be building capability, by exiting loss making post offices and by reducing our investments to the point that, in particular, our network obligations and technology resilience will be vulnerable. Clearly there will be much to debate in December.

REPORT

Finance

Financial Performance

- In P6, the business made a trading loss of [IRRELEVANT] better than budget. [IRRELEVANT] of the improvement was delivered by FRES, [IRRELEVANT] from lower costs, some from timing. We believe the FRES upside to be due to postponed travel and currency buy-backs with a falling pound. Mails remains the concern, [IRRELEVANT] below budget ([IRRELEVANT] YTD). Separately, we have started to accrue for the [IRRELEVANT] for wages from P6 (accrued for 1 month [IRRELEVANT]).
- In the year to date (YTD), trading profit is [IRRELEVANT] on budget. This includes the [IRRELEVANT] of one-off Postmaster remuneration, which includes the recent impact of higher deposit remuneration, effective as of September ([IRRELEVANT]) with annualised impact of [IRRELEVANT] and a higher pay settlement ([IRRELEVANT]).

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3. Remuneration fell below P6 budget by [IRRELEVANT], but is [IRRELEVANT] higher than budget YTD. Weak Mails trading has brought remuneration back to budget, other than for the one-off payments. Overall YTD remuneration is [IRRELEVANT] year-on-year.

Wider Updates

4. [IRRELEVANT]
5. Forecasts for H2 suggest that we will end the year [IRRELEVANT] above budget, primarily as a result of higher expectations from BoI. We are continuing to work through the forecasts, challenging the business to hold costs down. Given the uncertainties with Royal Mail, Christmas and costs for the Inquiry, we will not be in a position to consider higher Postmaster remuneration until the New Year.
6. We are working through the proposals to bring back the headroom deficit in the 3YP. The main stress points are the combined NBIT-Belfast Exit-Device 2 costs including a physical roll-out during an Inquiry and, the Inquiry itself.

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Commercial

Mails, Parcels & Retail

7. YTD (to W28) trading revenue is [IRRELEVANT] below budget while total volumes (excl. stamps) is [IRRELEVANT]. Label sales, which represent [IRRELEVANT] of income, have seen a - [IRRELEVANT] in volumes YoY driven by small parcels. We have recently seen a bigger shift from 1st class to 2nd class due to the cost of living and strike impacts. Special Delivery (SD) has also been impacted by strike action, with the penetration rate dropping from [IRRELEVANT].
8. Turning to PUDO, the network has expanded to 7,319 branches offering "Click & Collect" services for Amazon or DPD (or both). Amazon Returns trial has started well with strong customer demand. A further 1,000 branches will be deployed in Q4 2022/23, followed by a further 4,000 by end of Q1 2023/24. Meanwhile, DPD Ireland and DHL technical integration is progressing, with both expected to soft launch prior to Christmas.
9. Ongoing strike action by CWU is disrupting trading, with an impact on strike days of [IRRELEVANT]. The biggest operational risk is driven by RMG's inability to collect mail from all branches, albeit the top c.2,000 branches are being serviced when feasible through RM's strike contingency and SD is being prioritised. Consecutive days of Industrial Action are posing the biggest challenge with 20-30 branches having to stop trading due to space constraints.
10. Further strike dates have been confirmed, with 3 in October and 16 announced for November. RMG is planning short-term cost efficiencies through an estimated reduction of c.5,000 operational roles by next March and up to 10,000 by August. Major strike disruption is expected during peak. RMG's future appears uncertain, with parent company IDS Plc considering selling its profitable international division (GLS).
11. Looking ahead, we are progressing the business case to implement a solution for digital international customs data capture in branch in line with EU customs and regulation changes in March 2023. Finally, we are working with RMG to implement a Tracked 24/48 service in-branch in time for the new financial year.

Banking, Payments and Transactional Products

12. Banking continues its strong performance, with over [IRRELEVANT] moved through our branches in September – slightly less than August, impacted by the Queen's

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passing. Banking Hubs continue to develop well, with three on track go live before Christmas. We continue to assess the various 'waves' now coming through that will see a much higher number under contract into 2023. The Enhanced Post Office (EPO) concept is progressing well in discussions with the Operating Company.

13. Meanwhile, Payments revenue continues to exceed budget, with a major expansion of the successful voucher scheme now starting to bring higher footfall into branches.
14. Travel Money continues to perform well ahead of budget. Having resolved technical issues with Western Union, we have brought forward the go-live date for the roll-out of the new service, by the end of November, into a handful of DMBs. Wider roll-out will take place from January 2023.
15. Due to Security Service concerns over money laundering, the FCA has written to all banks to impose various deposit limits. The banks are unwilling to impose limits that will prevent their customers from trading easily. We have escalated this issue to MPs. UK Finance and bank senior staff are pressing for Ministerial briefings to ensure the access to cash angle is pushed hard. We are collating real consumer impact stories to provide data evidence.

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Platform Products

16. Overall platform products continue to outperform budget, with the Bank of Ireland (BoI) deal [IRRELEVANT] in the rising interest rate environment. August [IRRELEVANT] latest BoI forecast) and our forecast [IRRELEVANT] revenue.
17. In insurance, P5 and P6 were slightly behind forecast for Travel Insurance as the seasonal decline was greater than hoped, but P7 is running ahead of our more cautious H2 forecast. The Q3 Protection (Life Insurance) campaign has recovered well from the hiatus caused by withdrawal of advertising following the death of the Queen. The POI Board will sign off our plans for new consumer duty rules in October, as required by the FCA. We are making good progress on the regulatory programme to ensure we are compliant.
18. The interest rate and swap rate environment is creating uncertainty and challenges in the savings and mortgage market. We are in a cycle of regular re-pricing of both lending and savings products. Rising interest rates have generated increased commission forecasts.
19. Credit Card sales are slowing as Capital One's [IRRELEVANT] [IRRELEVANT] is constantly under review. We expect volatility of sales as it moves in and out of credit risk segments over the coming months.

Retail, Lottery & Government Services

20. Lottery is performing in line with budget ([IRRELEVANT]) and slightly above forecast with a small boost seen from EuroMillions. Total sales are [IRRELEVANT] with scratch cards continuing to underperform. Following initial engagement with Allwyn, we are reviewing technical and commercial options around the continuation of delivering these services. The L4 Lottery Licence transition coincides with our NBIT roadmap and timelines.



21. Gift Card trading performance is [IRRELEVANT] however the financial position is [IRRELEVANT] from Blackhawk related to removal of One4All exclusivity.
22. Government Services is [IRRELEVANT] as a result of strong product performance, led by DVLA. Although Passports are [IRRELEVANT] vs budget YTD, this has been offset by a strong performance in UK Visa & Immigration Secure Card Collect as the surge from international students has yielded record volumes in [IRRELEVANT] vs budget YTD. We continue market engagement with Crown Commercial Services around the scope of services to be included in the new Government Services framework.
23. Lottery full-year performance is dependent on rollovers in EuroMillions and Lotto draws in H2, but the cost of living crisis continues to have an impact on discretionary spend.

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Customer Experience

24. Our new "We Can Help With That" brand messaging launched internally with positive feedback and will launch externally on 7 November as part of Christmas peak. Christmas marketing activity launches on 7 November.
25. The "Let's Talk Mails" campaign engaging Area Managers has concluded, with visited branches having increased penetration across almost all measures, including Drop & Go and Special Delivery. Meanwhile, the "Cash in Travel" campaign with Postmasters is now live, offering a short-term increase in remuneration on Travel Money Card (Oct – November), fully funded by FRES.

Postmaster & Network

Network coverage and Drop & Collect roll-out

26. Network numbers grew from 11,600 to 11,632 in September, and we are forecasting to end October at over 11,680, the highest figure in nearly eight years. This strong position is driven by a combination of favourable churn levels and the acceleration of the Drop & Collect roll-out. As of 17th October, we had reached 70 D&C locations and we remain on track to deliver 100 by end October.
27. This progress puts us in a strong position to manage the expected increase in churn rates in Q4 (including 59 McColl's closures) and provides the headroom to start tackling loss-making branches as part of our broader network strategy.

Back Office Postmaster Service & Support

28. Branch Support Centre (BSC) service dropped in P5 with only 40% of calls answered within 60 seconds (vs target of 70%). This reflects the ongoing resourcing issues, coupled with high levels of sickness within the team. Five new starters will begin in October, with a further five starting in November. Postmaster satisfaction remains high however at 87.2%.
29. Plans are in place to ensure we provide the best service over the peak period. Emergency stock ordering calls will divert to the Bristol Cash centre by the end of October enabling BSC colleagues to focus on other more complex queries. An additional team of 11 experienced colleagues from within Retail will support with calls over this period.
30. Aged Open Items are down 29% on P5 at 3,184 as the team continue to manually clear cases created by the recent debit card issues. Performance on discrepancy investigations has also remained strong in P6, with 94% of cases resolved within SLA.

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Postmaster Engagement

31. Following the August business update, we have continued to monitor sentiment around remuneration improvements. During the weeks following the business update, there was a steady stream of Postmaster correspondence directly into me. 112 letters have been received, with the flow tailing off in recent weeks. The majority focus on key themes of the cost-of-living crisis, increased fuel costs and overall profitability of their branches.
32. Whilst there is some negative sentiment generated by a small group of Postmasters, and fuelled by both the NFSP and the newly formed Voice of Postmaster group, many Postmasters are more positive about the news – including Regional Forum members and Strategic Partners. Ongoing engagement with Postmasters continues via our Regional Forums, NFSP regional meetings and regular contact with 40 Postmaster 'influencers'.
33. The Voice of Postmaster group have become more organised over recent weeks and have established themselves as a 'constitution', appointing formal roles to members such as Chair and Vice Chair. They now have close to 700 members on their Facebook group. Martin Roberts, Tracy Marshall and Hithendra Cheetirala met with 8 members of the group on 3rd October to listen to their concerns, which largely revolve around the cost of living crisis, remuneration, the lack of communication from Post Office, and the NFSP.
34. The NFSP voiced their strong opposition to the meeting with representatives from the VOP group, citing this as a breach of Postmaster contracts. As such, they have invoked clause 31 of the Grant Funding Agreement, involving a three-stage escalation process. Following conversations with Calum Greenhow over recent days we are confident that this escalation process will go no further. Discussions are ongoing with the NFSP regarding the signing of the Grant Fund Agreement – one outstanding issue remains around the treatment of VAT.
35. In the meantime, we plan to engage Postmasters via a business update on 10th November. Due to the current business funding position, we will not be announcing improvements to remuneration, which will be disappointing for many Postmasters. A careful approach to communications and engagement is underway to manage Postmaster expectations in advance, agree core messaging for the update and manage feedback.

Wider Postmaster Engagement

36. New postmaster satisfaction with the onboarding journey has again improved and now stands at 82%. The average time taken to onboard a Postmaster has reduced slightly month-on-month to 148 days, a reduction of two weeks on the previous period. We have put in place a target to complete the overall onboarding journey (application to contract signature) in just 12 weeks.
37. The average time taken for Postmasters to submit their application and provide supporting documentation currently stands at 93 days alone. Work continues to review the support provided during this stage to enable reduced overall timescales.
38. Overall satisfaction with training support continues to score highly with just over 95% of Postmasters feeling confident after both their e-learning and classroom training.

Retail Field Teams

39. Our peak planning continues via a cross-functional working group, which will be shifting to daily stand-ups from mid-November. The sign-up process for



Christmas Helpers to support in branch or in the Customer Services Team has been communicated to the business.

40. The primary focus continues to be on ensuring that Postmasters and Partner branches are set up to maximise the Christmas opportunity. 7,080 visits have been carried out as part of our 'Let's Talk about Mails' campaign, providing sales coaching of Mails alongside product knowledge training. High volume branches will be revisited during October and November.
41. Supporting the PUDO programme remains a major focus for the field team, including tackling the remaining non-active Amazon devices and commencing the rollout of Amazon Returns in up to 1,000 branches pre-peak.
42. We are recruiting for new members to join our Regional Forums, which were set up so that Postmasters could raise day to day operational issues which impact the way they run their branches.

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Strategic Partnerships (SPs)

43. A challenging trading period for Strategic Partners throughout P6, **IRRELEVANT** **IRRELEVANT** driven by the impact of the ongoing industrial action and the Queen's Funeral. YTD SPs are: **IRRELEVANT** There is the risk of ongoing IA throughout October and November having a continued negative impact on the YTD position vs target.
44. McColls and OneStop both had negative performances for the period, meaning they are now just on target YTD. Our focus is therefore on getting traction with these partners to drive performance back up for H2. The trading issues in OneStop are predominantly driven by reduced hours/closures and the greater impact of mails due to their product proposition. This is being addressed in a joint retail action plan.
45. McColls are slow across the board with marked footfall decline being seen since entering administration. We are working with the Morrisons team to identify what interventions can be deployed. They are very receptive to this and will be introducing a joint Christmas marketing campaign to support performance. Good performance continues throughout all other partners with a strong YTD position, particularly WHS at **IRRELEVANT**.
46. In response to the investigation by the CMA of Morrisons' purchase of McColl's, Morrisons have now offered to divest 28 McColl's stores (20 have Post Office branches) to a purchaser or purchasers to be approved by CMA. The CMA is now consulting on these proposals and, should they be accepted, the deal will be cleared to proceed. Morrisons have a target of end October for settlement of the estate. A small team from POL continue to work under strict confidentiality provisions to understand the scale of the closure of unprofitable McColls stores. It is expected that up to c60 stores with PO branches may close and so guidance is being provided to Morrisons of the PR that will be required.
47. The Strategic Partner Forum was held at the end of the period with a focus on Christmas. A great session supported by the Mails and marketing teams means we have launched Christmas early this year.

Supply Chain

48. Cash processing returns hit a new peak of £575m in week 28, driven by the month end impact and recovery from industrial action. All work was processed in-house but required 7 days working. The average over the last 28 weeks is now at £454m and could exceed the revised forecast of £461m at year end. We

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utilised Nat West to process £45m during w/c 5th September when inflows hit £545m.

49. 88.2% of available deposits were processed on Day A in cash centres, which is - 10% points from last period, though productivity was slightly up and remains ahead of target.
50. Cash in Transit achieved QoS of 93.3% when adjusted for impact of industrial action – a decline of 2% on last period, with high volumes, the bank holiday and absences presenting challenges. Meanwhile, Cash Management call centre customer satisfaction was at 91.3% (vs 85.6% target) and 55.5% of calls were answered within 30 seconds (vs 80% target). Stock availability was at 99.2% (vs 96% target) and accuracy at 99.6% (vs. 99% target).

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Strategy & Transformation (HMU)

BEIS Policy Review

51. Work on the BEIS policy review continues and BEIS have now held their first workshop with us on their preliminary thinking around options for future network policy. This looked at a wide range of potential ideas to help guide their work and over the coming weeks we will be sharing our considered views on these – i.e. the benefits of each policy framework to POL, and the cost and time required to effect the required change.
52. An accelerated design workshop or 'Ignition Session' has been arranged with BEIS and UKGI, facilitated by KPMG, in early December that will help to build on this. BEIS have indicated that they plan to announce the review end-October / early-November and we will have an opportunity to comment on any public statement. An announcement also means we can start engaging with selected external stakeholders.

Change & Transformation

53. As part of the three year planning activity, a £75m challenge on change spend has been set, representing a [IRRELEVANT] forecast of [IRRELEVANT] (excluding HMU and Inquiry, Bex and NBIT). This was already 56% lower than our recommended plan that we put to BEIS in August 2021. The feasibility of achieving this target will be discussed at the Board, as will the risks associated with cuts at this level.
54. The latest business view of the 3YP change spend is [IRRELEVANT] (excl. HMU and Inquiry, BEx and NBIT) and this incorporates around £51m of the £75m challenge outlined above. Work is ongoing to identify further areas of savings and build alignment on these with the business. The latest view of the 3YP change spend, including all activity, is [IRRELEVANT].
55. At the end of P6, our YTD change spend for active projects was [IRRELEVANT] (excl. HMU Settlement), [IRRELEVANT] due to various movements across the portfolios. Many are delays rather than savings. P6 YTD incremental benefits for active projects was [IRRELEVANT].

Historical Matters Unit (HMU)

Criminal Appeal Cases

56. The number of overturned historical convictions is currently 81, comprising 64 overturned by the Court of Appeal Criminal Division (CACD) and 17 conceded at Southwark Crown Court. Within the Southwark cohort, one is a Crown Prosecution Service conviction.



57. The Criminal Cases Review Commission is considering 31 cases, including 27 Post Office-prosecuted cases that may have relied on Horizon data, 3 non-Post Office prosecuted cases and 1 case in which the identity of the prosecutor is unknown due to lack of papers.
58. One case is likely to be referred by the CCRC soon and Hudgell has informed Peters & Peters of an imminent appeal to the CACD. On initial review, we are likely to concede both.

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Historical Shortfall Scheme (HSS)

59. We are on course to meet the external target of 85% of offers by October end, however there is a challenge to meet the internal stretch target of 95%. All efforts are being made to meet this target, including the resolution of challenging populations such as Insolvency and Harassment. Given these the complexity, HRC have been advised that the stretch target is likely to be delivered by the end of November, still ahead of the external target of 90%.
60. The 5% of remaining cases are likely to be difficult and a review of all of these is currently underway to enable delivery in a timely manner. There are a number of key difficulties in these claims including Malicious Prosecutions and Assistant Convictions.
61. Funding for Late Applications to HSS has now been agreed with BEIS and we will now proceed to process these, subject to HSF agreeing to using the HSS processes with the Independent Advisory Panel continuing their role in recommending settlement amounts.

Overtaken Historical Convictions (OHC)

62. Work continues to ensure all claims are progressed as quickly as possible, in particular progressing the non-pecuniary claims, and are being settled in a timely fashion.
63. An update paper on the options for the OHC Compensation Process was presented to HRC on 30 September. This updates on the ongoing relationship with HSF, cost options, and principles on how the transition process from a negotiated to a remediated solution will operate. Further detail will be presented on 27 October.

Postmaster Detriment

64. On suspension payments, funding has yet to be confirmed by BEIS and will not be available until the Funding Commitment Letter and Operations Agreement are finalised. Linklaters are preparing the former in respect to unpaid suspension fees and associated consequential loss. The latter has been written and is in the feedback process with UKGI/BEIS. HMU have confirmed the remediation approach when Postmasters do not accept an offer and elect to submit an alternative consequential loss claim.
65. On outstanding balances, legal advice [REDACTED]
[REDACTED] HRC have asked for information on how the unreconciled balances arose, as well as for more detailed information on the position of those Postmasters currently making repayments. Funding conversations are ongoing with UKGI/BEIS and a productive meeting took place on the way forward. A further paper will be presented to HRC in October.

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Cost Challenge

66. A paper responding to the cost challenge to reduce costs by £35m against forecast, in the period to 31st March 2025, was presented to HRC on 30th September. All areas of HMU are challenged with reviewing processes, including, for example, consideration of a remediated approach to OHC claimants and processing Late Applications in-house.
67. Cost modelling on Claimant Volumes is also being undertaken to establish variable costs. To deliver the £35m will entail significant restructuring, changes to policies and a significantly adjusted risk appetite.

Inquiry

Phase II Hearings

68. We submitted our written submission on time and the expanded oral submissions were agreed, responding in part to the other Core Participants' (CPs) written submissions. An application was made by the SPM CPs to adjourn the start of the hearings. This was refused and the hearings began on 18th October with two days of evidence from the IT expert for the Inquiry.
69. As yet only one existing employee has been called to give evidence. To date, five current POL employees have been asked to prepare a witness statement relating to Phases 2-4. We continue to work with former employees to facilitate access to legal advice.
70. The Inquiry will sit four days per week. A schedule of the witnesses has been published and we are maintaining a Sharepoint with the witnesses and Post Office team attending each day. We share the same with GE and Board to facilitate attendance by them or their direct reports. We encourage attendance to assist in understanding the process but mainly to show that Post Office are engaged and listening.
71. A further date to update the Chair on progress against the compensation issues and targets has been set for the 8th December. In the meantime, HMU will continue to challenge BEIS/UKGI to work at greater pace to ensure progress is made across all key areas. A written submission to the Inquiry on Compensation has been filed by K Gallafent KC on behalf of POL.

Wider Updates

72. **Rule 9 requests:** To date, we have received 24 requests for documents. We continue to respond, and no suggestion of a section 21 notice to compel disclosure has arisen.
73. **Disclosure issues:** We are providing a second Interim Disclosure Statement to give further assurance of our compliance with the disclosure requests and to detail the data universe, hard copy repositories and our work to rationalise, search and retrieve all responsive material in response to R9 requests. We have also completed the review of files located in Winchester and have updated the Inquiry on the material disclosed (no further material related to Phase 2). There are 17,000 relevant files and a sample test of 500 files returned around 4% potentially responsive material but not related to Phase 2.
74. **Financial update and budget restrictions:** Funding remains an issue while we seek clarity on the extent of funding available. This should be resolved at December Board. Our preparation for future phases has been limited while the financial issues are resolved.



Technology (see separate Board Paper for SPM / NBIT update)

Core Service Performance

75. At the height of our printer issues, our focus was on reducing the volume of branches that are unable to trade for technical reasons (so called "Branch Downs"). In August, we peaked at 185 branch downs, with 95% of those due to our lack of printer stock.
76. We deployed a new, multi-pronged approach, including twice daily meetings with our suppliers and introducing a small "Branch Availability" unit to guide or support suppliers. At end of September, there were 30 branches unable to trade for Technology reasons, with 80% of incidents reported resolved within 48 hours.
77. 560 new printers have now been received and are being deployed to branches. This addresses c.30% of the backlog. With another 1000+ new printers expected in coming weeks, we confidently anticipate to close out remaining printer issues pre-peak trading.
78. From a high of c.150-180 branches down per day, we are now steadily under 30, which matches historic performance. Work is underway to assess how we can go below 20.
79. There were 5 Technology Major Incidents (MI) in September – a slight increase compared to August but lower than our monthly average. Four directly impacted branch services:
 - i. Due to issues with Credence, Lottery Transaction Acknowledgments were sent out with the wrong signage, sending Branches into a negative stock position;
 - ii. Security Industry Authority (SIA) transactions were unavailable due to issues in SIA's own data centre, external to Post Office;
 - iii. 487 branches were unable to process energy transactions through PlayStation devices due to a Worldline issue, external to Post Office;
 - iv. A mismatch of HMRC Branch Fit and Proper registrations due to data reporting issues in Arrow, another one of our legacy data systems;

IT Service Desk (ITSD) Performance

80. ITSD has now been in Technology for 3 months, having been moved across following major challenges with printers, branches unable to trade and low morale. Overall, the performance of ITSD is showing incremental improvements. We have seen call volumes decrease by 15% in September (vs August), and the first-time fix rate slightly improved to 36%. Team morale is slowly improving now that there are credible plans to remediate issues. Average wait times were slightly longer due to low numbers of agents taking calls (e.g. one Friday had nearly 50% sickness rate) and the increase in MIs outlined above.
81. Call volumes have dropped by 15% to c.8k, thanks to resolving printer issues (August: 9.4k; July: 12.4k; May: 10.5k), though the main drivers of demand related to Branch Hardware. Notably, 72% of calls in P6 were to log a new incident (vs. repeat callers), down 5% from our last update. Together with the decline in total calls, this suggests that incidents are being resolved at a higher quality and more quickly.
82. 72% of calls were answered, with 28% calls abandoned. Average wait time was c.10 mins, slightly more than previous months (c.8 mins). 72% of incidents



were raised via phone – a 5% drop from last month. 27% of Incidents were raised by Self-Service, which continues the positive increase of reporting via BranchHub (vs 18% last month). We still have challenges converting our network and colleagues to contact us via BranchHub or our Colleague portal.

83. The Service Desk remains materially down on headcount compared to the numbers needed to handle our call volumes and first-time fix goals. We have 16 agents taking calls but with rotas/holiday/sick we're averaging 12 each day. Attrition remains high, so rapid recruitment remains the critical component to improving service levels. We also need to make the role more commercially competitive to attract the right talent as we're in direct competition with a number of other local organisations.

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Cyber Security

84. Cyber-attacks remain on the rise, with many organisations announcing that they have been 'hit' this year, including SPAR and Yodel. We continue to operate on a heightened alert.
85. Throughout August and September, we introduced new Data Loss Prevention (DLP) policies for colleague email accounts. We also onboarded additional web application monitoring tools. This has led to improved visibility and maturity of our Cyber Security operations, but it meant an uplift trend in security incidents as a result of this visibility.
86. The total number of security incidents raised in September was 879. Most are closed, only two require further investigation. All other historic tickets are now closed. Average time to resolve security incidents was c.16hrs. While this is very high compared to industry, it reflects the fact that our Security Operations Centre does not operate 24 hours per day.
87. Some additional highlights from the Cyber Security space:
- i. Additional security resources have been shifted to supporting the NBIT programme, aiming at improving the overall security posture of the emerging platform. A team has been launched to pressure-test the cyber security of NBIT, operating independently and without the knowledge of the platform/programme it is testing.
 - ii. We are renewing our Cyber insurance policy. The costs are set to increase significantly, reflecting overall global risk levels. However, following engagement with brokers, we received positive feedback and hope to contain the cost increase.
 - iii. Our Ransomware programme has been launched. We expect to invest significant management time and resources in this programme.
 - iv. Work with Fujitsu continues to reduce its privileges to the Horizon Counter for support purposes. We entered Model Office Testing (one of the final gates) on 31st October.

Horizon Operations

88. The 2023 schedule for new Horizon Application Releases has been agreed and socialised to all parties, including a re-focus of the route to live tasks.
89. The team resumed Continual Service Improvement (CSI) activity, after a break while focus was on dealing with the counter printer issues. A number of ongoing and proposed improvements have been identified, and will be reported on a monthly basis.

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90. Elsewhere, a first draft of the Defects Dashboard is now completed and under broader review. Release of the current defects within recovery script project is now complete and can now be recorded in service now for full transparency.
91. On HIJ remediation, discussions on scope and funding for the final phase remain ongoing and are subject to review based on emerging Inquiry themes. Current anticipated scope is progressing with design work for candidate Horizon improvements, Branch Reporting Suite and enhanced Horizon Browser (to enable Branch Hub at the counter) well progressed. Work to commission audit of privileged and remote access, plus additional assurance on transactional integrity to commence later in October.
92. Horizon-to-NBIT Bridge: Data has been provided to the SPM / NBIT teams to assist with their design for the new counter application, including stats on access to Horizon Help pages, and analysis of 12 months' transactions by counter.

4

People

Organisational Design

93. In Retail, the Retail Operations Director joined on 26 September and the Central Operations Director joined on the 17 October. This means Retail's Leadership Team is complete.
94. In July 2022 we launched a policy for new contractor engagements. We had planned to review our existing contractor determination following the transition to a new managed service provider in December 2022. This was put on hold in line with the announcement of the off-payroll workers regulations repeal in September 2022, which was then reversed on 17 October 2022. This activity will be revisited.

Culture & Engagement

95. The Engagement survey has closed with a low participation rate of 36% due to a successful campaign by the CWU asking their members to boycott. Result dashboards will be available 21 November, at which point we will start action planning.
96. Workplace champions for the move from Finsbury Dials are in place and have attended several workshops for the new HQ design and our future Ways of Working.
97. The programme to support witnesses and their families in responding to the Post Office Inquiry continues with the support of Optima Health. This includes a dedicated helpline and workshops for witnesses, as well as line managers on they can support witnesses.

Talent, Diversity & Inclusion

98. We have provision for 100 "360 Feedback" assessments to take place across the leadership population, starting with GE. Executive coaching provision has also started for some top talent SLP members. A SLP talent review will take place in November to inform further decisions on investment in development to ensure we retain and develop talent.
99. The Remuneration Committee has approved a trial award of 2022/25 LTIP grants at 10% of salary for talent below SLG. Talent reviews will validate the Band 4 and 3A talent to be nominated for the award. The trial's success will be determined by the retention and performance of those involved. We intend to

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make awards in November 2022 with the awards maturing, subject to achieving LTIP targets, for payment in August 2025.

100. A Request for Proposal (RFP) has started to select a new recruitment partner to support our next graduate scheme. Plans are in place to introduce Commercial, Retail and Technology specific schemes to support with emerging talent and future operating models.
101. The Equity, Diversity & Inclusion Survey results were released on 19 October. Key themes and areas for improvement include recruitment process, career progression, improving communications and additional focus on disability.
102. We are progressing well on our ethnic minority representation within the organisation – apart from at GE. Gender balance needs more focus and we'll be introducing fast track development programmes to support this. We've partnered with Diversity in Retail and will trial participating in their Ethnic Future Leader and Female Future Leader programmes.

Wider Updates

103. **Reward & Recognition:** Turnover remains below 10% YTD and the payment of bonuses in August to 1,350 colleagues did not trigger an elevated level of exits. There is an increase in requests for colleagues seeking ad hoc pay adjustments (in the population above union grades) against the backdrop of no pay change for 2+ years. Total Reward Statements will be issued to the bonus eligible population in November 2022.
104. **CWU Pay Dispute:** The CWU mandate period to take industrial action expired on 28 September. We have received notification that they intend to undertake a new ballot to enable them to call further strikes in December. Our strategy is to try to ensure that CWU does not receive a further strike mandate from their members by reiterating that our 5% plus £500 lump sum pay offer is our best and final offer and strikes will not be effective in changing that. We will attend further ACAS talks with CWU to try to breakthrough in talks.
105. **POL Board:** The Non-Executive Director advert for the 3 roles is live on the Government opportunities website. Meanwhile, Green Park are carrying out the search with the shortlist expected around 14 November 2022
106. **Project Assurance** – The Trustee has entered into discussions regarding their costs for the correction exercise. We have offered £450k in line with the 2015 Administration Agreement. The Trustee has spent materially ahead of that – c£2.5m and growing – and cost negotiations are underway, running to 30th November 2022.



**POST OFFICE LIMITED
BOARD REPORT**

Title:	P6 – Performance Overview	Meeting Date:	1 st November 2022
Author:	Navin Batra – Strategic Financial Planning & Analysis Director	Sponsor:	Al Cameron – Group Chief Finance Officer

5.1

Input Sought

The Board is asked to discuss and note the P6 performance.

Executive Summary

The purpose of this paper is to summarise our Period 6 financial performance, with further details and analysis provided in the reading room slide-deck.

POL traded at a small loss overall in P6 but remained ahead of budget largely due a higher FRES profit share and lower overheads.

Report

IRRELEVANT

1. Mails trading revenue was **IRRELEVANT**, with continued shortfalls on Labels and International. Total Mails P6 revenue was down (14%) YoY vs (11%) in P5. The pressure from cost of living issues and RMG industrial action pushed most lines below budget for the month, with Special Delivery down year-on-year for the first time:

IRRELEVANT

5.1

2. Travel Money Revenue was **IRRELEVANT** than budget for POL and Postmasters. FRES profit share was **IRRELEVANT** driven by delayed summer travel and a high level of buy backs following a weaker pound.
3. The energy payout rebate scheme delivered **IRRELEVANT** revenue upside vs budget.
4. Balances on Postmaster accounts increased by **IRRELEVANT**. The debt provision has increased by **IRRELEVANT** in P6, taking YTD losses to **IRRELEVANT** over budget.
5. First Advantage (FADV) is delaying its adoption of our Digital Identity solution, now scheduled for December. FADV is seeking to extend its current contract with POL for in-branch verification by six months until September 23, **IRRELEVANT** this year.
6. YTD Trading Profit is **IRRELEVANT** of which our FRES profit share is driving **IRRELEVANT**. This includes **IRRELEVANT** of unbudgeted one-off payments to Postmaster rem with the higher deposit rates and a higher pay rise working through H2 results.
7. YTD Cost of Sales are **IRRELEVANT** of which **IRRELEVANT** relates to higher card processing costs driven by travel recovery. Overheads are **IRRELEVANT** favourable with unfilled staff vacancies in H1, lower marketing spend, and delayed project opex. This is forecast to reverse in H2.
8. YoY Trading Profit is **IRRELEVANT** YTD, with Banking growth and Travel recovery more than offsetting Mails trading decline. YoY PM Rem has **IRRELEVANT** in total YTD, helped by the agreed top ups and Travel recovery. YTD Variable Remuneration currently stands at 50% of variable revenue, compared to 47% in the prior year. However, the weak Mails performance means that Postmaster rem is flat to budget YTD without one-offs.
9. The open network rose to 11,634 branches in September. There are 48 Drop & Collect branches now live in the network. This is scheduled to grow to 100 by the end of October.
10. Change spend was **IRRELEVANT** budget, whilst settlements paid of **IRRELEVANT** than budget due to delays in receiving responses from claimants. Interest of **IRRELEVANT** in period was **IRRELEVANT**.
11. Security Headroom of **IRRELEVANT** our forecast. Client payables were **IRRELEVANT** higher than forecast, of which **IRRELEVANT** related to uncashed Council Tax Payout prepayments. We also had c. £20m higher payables across other areas such as expense accruals, Postmaster payables and Other payables, £23m lower HSS settlements in cash, £4m better Trading and £2m lower Change spend. These are predominantly timing related, especially Payout payables and HSS settlements which will be required to be paid out in future periods. The Energy Bill Support Scheme is now starting, for which POL is being prefunded by c. £90m each month. This will temporarily boost Security Headroom over the next 6-9 months.



POST OFFICE LIMITED BOARD REPORT

Title:	Closing the 3YP Gap	Meeting Date:	1 November 2022
Author:	Navin Batra, Strategic Financial Planning & Analysis Director	Sponsor:	Al Cameron, Group Chief Finance Officer

Input Sought

The purpose of this paper is update the Board on our progress in closing the Security Headroom (SH) gap that was apparent in our draft 3YP. The Board is asked to comment on the issues and questions raised.

We will revert at the December Board on further progress made and the implications for the 3YP.

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Background

Our draft 3YP showed IRRELEVANT We set out a hypothesis that we would seek to improve our cashflow over the next two and half years by IRRELEVANT if we are able to borrow to reduce our costs.

Our financial performance shows a SH outcome far better than our forecasts. We believe that this "better than forecast" performance is due to timing differences that will continue throughout 2022-23: local authority payouts; the new energy payouts; and rising creditors that sit outside the formula. We assume that these reverse after this financial year. We will continue to explore working capital to test this and to identify how we might postpone payments to creditors in future.

Negative SH is no longer a breach of our contract with HMG but something that requires correction. However, we will need more support from HMG, whether borrowing, re-purposing compensation or direct funding. It is evident that any such support will be dependent on our demonstrating the maximum self-help.

Where are we?

We provide an update below against the initial hypothesis. None of these numbers are final or agreed by the Executive and there remains a great deal of work to do. This is getting intense focus and there is real progress in some areas.

The numbers do, however indicate that this is looking more difficult than we thought, especially in relation to the full roll-out of NBIT and to the costs of the Inquiry. We will continue to update this as we review, challenge and push, with the aim of bringing an updated 3YP view to the Board in December for review and approval.



Updated view of Gap closure plans



1. The like-for-like technical cost of delivering NBIT has not substantially changed. However, there are three areas of pressure. We need to fund the roll-out across the PO network of a second, Payzone device to deliver bill pay. Secondly, we need to finalise the estimated cost of staying in Belfast to March 2025, migrating specific areas to the NBIT cloud.

Thirdly and most materially, we believe that we will require a physical roll-out across 2024 that will be more intensive, demanding and expensive than the minimum the programme could deliver and planned to deliver. For example, it will not be acceptable for us to follow a standard big programme approach of "yes there are errors but we will fix them later." We are currently debating training approaches but we may require a substantial face to face element.

As noted above, the roll-out has not been agreed and we are debating some 40 questions. The numbers are necessarily vague and uncertain. However, my placeholder



around scope changes. A paper from Zdravko is included in the Board pack.



2. Reduce Other change spend: An initial challenge was set to reduce our change spend by **IRRELEVANT** (excludes HMU, NBIT and Belfast Exit) to **IRRELEVANT**. A separate paper from Tim McInnes is included on the agenda. Substantial savings are available - **IRRELEVANT** - with substantial risks attached. More work is required to get to £75m.

3. Reverse increases in historical costs: We had asked HMU and Inquiry teams to revert to their previous forecasts, saving £35m on HM costs and £12m on the Inquiry. A separate paper on HM costs is attached. The team under Simon has responded strongly and agreed a plan with HRC for the first £15m of savings. Re-working OHC, restructuring the team and moving to a different model are ideas to close the gap. Some of these ideas are likely to slow the delivery of compensation to an extent that may be unacceptable.

On the Inquiry, we are not yet presenting a paper. The Inquiry team is facing a much longer Inquiry with additional hearings on compensation. Instinctively it believes that it would be appropriate to spend over £60-67m against an earlier forecast of £34m and a 3YP submission of £46m. This would include some £30m with HSF.

The team is currently challenging back to ensure that we have put HSF under price pressure (it reduced its price for late applicants from £15m to £7m), that easier work is moved to cheaper lawyers and the extent to which we can focus our effort on more recent issues. However, this is not easy: our reputation is determined by how well we support the Inquiry.

4. The business is currently working through plans to improve our trading without being more optimistic (£25m) and reduce our costs. £55m of cost benefit is assumed for this 3YP period, gross of £20m of redundancy costs. The Executive is undertaking a first review on 4 November. Capturing this benefit, as with change spend, requires immediate delivery.
5. Challenge headroom management. We believe that we can now proceed with providing a **IRRELEVANT**.
6. Postmaster balances. We have agreed as part of the NBIT roll-out that we will, on the day of transition, count the cash, stamps and lottery stock with the Postmaster. Those counted balances will be the opening balances on NBIT and will give us a fighting chance of demonstrating that NBIT is working and that differences can be explained.

The consequence is that we will therefore crystallise the net impact of all the differences on Horizon, in many cases going back years. We therefore have to determine how those balances will be treated. It is important that this conversation happens privately and is not shared with Postmasters. We are therefore exploring this issue and whether any amounts written off provide an opportunity to move on from unknown detriment.



POST OFFICE LIMITED BOARD REPORT

Title:	3YP - Revised Change Spend	Meeting Date:	1 November 2022
Author:	Tim McInnes, Strategy and Transformation Director	Sponsor:	Tim McInnes, Strategy and Transformation Director

Input Sought: Discussion

Executive Summary

- As part of the current three year planning process a challenge has been set to reduce our change spend by [IRRELEVANT]. This paper provides an update on the progress we have made against this challenge in recent weeks, ahead of recommending a final position to the Board in December.
- To date we have agreement or line of sight on [IRRELEVANT] and while we will do what we can to make more progress over the next 4 weeks achieving the target total will require some very difficult trade-offs. The risks posed by the proposed cuts are severe and in a number of cases we will not have a robust mitigation strategy in the event unfavourable circumstances materialise (i.e. we will have no contingency or flexibility to reallocate funding). The Shareholder and wider stakeholders have an interest in this and we will be engaging actively with the former ahead of the December Board.

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Note: All financials in this paper save for Paragraph 5 refer to the July 4+8 change spend forecast as this is when the challenge was set. Other Board papers presented today (e.g. NBIT) refer to our current view of expected spend.

Report

- In response to the draft three year plan developed over the Summer and as part of POL's proposal to close the [IRRELEVANT] Security Headroom gap that resulted from this, a £75m challenge was allocated to change spend (excl. HMU, Inquiry, NBIT and BEx, which were either the subject of other challenges or were considered exempt). This represented a 46% pressure against the change spend position outlined in our July 4+8 forecast.

IRRELEVANT



IRRELEVANT

4. For context it is worth noting that the [IRRELEVANT] change spend position outlined in the July 4+8 forecast was: (i) [IRRELEVANT] than our August 2021 plan, which formed the basis of our original funding submission to BEIS; and (ii) [IRRELEVANT] than our FY22/23 Budget, almost entirely due to a [IRRELEVANT] increase in non-Bex and non-NBIT technology spend.
5. There have been three material increases in / risks to the change forecast on a like-for-like basis since the July 4+8 related to: (i) HMG policy on IR35; (ii) remediation spend associated with HIJ; and (iii) reduced asset sale proceeds resulting from softer real estate market conditions. We currently believe these could have a cumulative impact of [IRRELEVANT]

Financial Impact

6. Since the last Board we have engaged extensively with the business to try and identify savings against the £75m challenge and to date we have agreed savings totalling [IRRELEVANT] of the target. We have line of sight to a further [IRRELEVANT] savings, taking the total to [IRRELEVANT] though these have not yet been agreed by the relevant business sponsors.



Challenge by Project: Target, Realised and 'Line of Sight'	July 4+8 Forecast	Total Change Challenge	Change Challenge Realised	Further 'Line of Sight'
PED Replacement	13	6	6	-
Hard to Place	10	5	3	3
'Fire Fighting' Contingency	11	5	5	6
Property Compliance / Security	5	5	3	1
Technology Back Office	10	5	5	-
Post Office Operating Model	5	4	5	-
POL Data Platform	3	3	2	-
Organisational Effectiveness	3	3	3	-
Network Maintenance	7	3	2	1
Central Change Team	5	3	-	1
Copper Stop Sell ¹	10	3	3	-
Technology Risk and Resilience	6	3	3	-
Counter Printers	5	3	3	-
Accenture Contract	3	3	3	-
ATMs	8	2	-	0
PUDO	4	2	1	-
HM Ops Remediation	9	2	-	-
Project Eagle	3	1	-	-
People Placeholder	4	1	1	-
Horizon Issues Judgement	4	1	-	-
Total Allocated Challenge	127	63	47	11
Smaller Projects	36	12	4	6
Total Challenge	163	75	51	17

(1) Discussions with Verizon ongoing but material risk remains against the £10m 4+8 forecast for complete roll-out



Challenge by Area: 4+8 Forecast and Spend Remaining at £51-68m Challenge	4+8 Forecast	£51m Challenge	£68m Challenge
Business Transformation Unit	9	6	6
Commercial Products	29	25	24
Finance & Procurement	0	0	0
Legal and Historical Matters	2	2	2
Organisational Effectiveness	13	4	4
Postmaster & Network	23	19	12
Shared Services ¹	5	0	(6)
Supply Chain ²	2	(3)	(5)
Technology	81	58	58
Total	163	111	95

(1) Includes Fire Fighting Contingency, Central Change Team, HTP Central Provision
(2) Includes £26m property sales in all three scenarios

7. We continue to work with the business to agree 'line of sight' savings and to identify further reductions however based on recent discussions – particularly with the Commercial and Retail teams – we believe that it will particularly challenging to realise the full £75m target while also operating within acceptable risk parameters.
8. To achieve a target of £75m we would need to look at a range of further options including: **IRRELEVANT** which would require SoS endorsement; approaching Fujitsu to **IRRELEVANT** or making cuts to other investments which have either already been scaled back very materially since our original plans were developed (e.g. Branch Hub) or which would have a certain impact on our commercial position, creating a new 'gap' in trading (e.g. ATMs, PUDO).

7

Risk Assessment, Mitigations & Legal Implications

9. The **IRRELEVANT** savings agreed or identified above are not risk free, particularly in light of the prioritisation that has already taken place against our original proposal to BEIS in Autumn 2021 (against which Interpath recognised the impact cuts would be likely to have on our risk profile, and our ability to respond to unforeseen challenges). Detailed below is a summary of the *incremental* risks triggered by the **IRRELEVANT** identified so far, noting that only the more material risks have been highlighted for the Board's consideration.
 - **'Fire Fighting Contingency':** We have removed the entirety of our unallocated contingency of **IRRELEVANT** which was established to manage risks in projects that were cut back earlier in the year. This means POL will have no flexibility to respond to unplanned or unforeseen activity or any cost risks that do crystallise, which presents challenges given the complexity of what remains and the tightness of our funding;
 - **Technology Back Office / R&R / Counter Printers:** Cuts will require a more urgent prioritisation of 'must do' and reactive investment in technology with no, or very limited, flexibility to address critical failures in the network or our wider infrastructure. In particular we have no allocation for colleague IT and we would not be able to respond to a repeat of the recent challenge with printer failures, which has seen significant numbers of temporary branch closures;
 - **Copper Stop Sell:** Assumes that Openreach misses its copper switch-out targets and that many branches will move to fibre post Mar-25 or we are able to negotiate a



deferred cost with Verizon (or an alternative supplier), increasing network run costs. In this scenario we may then trigger risk in NBIT, since given bandwidth constraints the new system may not function well in branches that have not switched to fibre. Verizon are currently signalling an all-in cost of ca.£25m for the network, of which we have only £7m still in the forecast. If Openreach targets are met and / or we cannot agree a deferred payment structure we will not have funding to convert connectivity and branches will wither cease trading or move to costly 4G / Satellite connectivity (3-10x cost per branch vs. current connectivity). This is not budgeted for in the P&L;

- **PED Replacement:** Current devices are end of support in Dec-2023 with no scope for break-support after that date, so all funding in the forecast is spares management. PCI-DSS accreditation expires in Apr-26 so all devices also will need replacing by then and we expect a process to take up to 18 months from inception starting in early FY24/25. Funding for this rollout will have to come after March 2025, raising VfM challenges regarding duplicated cost and compounding the impact on Postmasters who by then will already have seen disruption from NBIT and Copper Stop Sell;
- **Network Maintenance:** Saving is achieved by opening fewer Mains / Locals and more Locals / D&C as we are already assuming Postmasters co-fund 50% investment (note contributions at or above these levels are untested). This is likely to have a long-term trading impact as we will not be replacing branches that are profitable for us though Network numbers *should* still be met. Trading risk is not included in the P&L forecasts;
- **Property Compliance / Security:** Move to a more reactive approach to maintenance and defer as much activity as possible to after Mar-25, with risk to compliance if unforeseen circumstances arise. This will impact the colleague and customer experience of our DMSs and Supply Chain locations. Also plan to cut back on wider security investment, especially fogging which is reduced by 66% (which may be difficult to realise in a challenging economic climate were crime levels to rise);
- **POL Data Platform:** Legacy infrastructure has some sustaining spend but is assumed to not be retired, exposing us to critical failure risk if that sustaining spend is insufficient. This also results in £1m unbudgeted opex per year to keep these systems online. Also limits operational insight as well as efficiencies being delivered. Lack of wider data management investment potentially impacts POL's Inquiry position;
- **PUDO:** Devices are assumed to not be replaced at end of life and also fewer new carriers will be onboarded, to allow cuts to be realised and some funding to be released to support the wider Board approved plan. Probable impact on trading performance from failed devices if we are unable to use spares management to keep sites online;
- **Hard to Place:** This is not a commercial model to exit branches and it does not offer VfM, so IRRELEVANT This is possible under the SoS's funding letter however it would trigger strong reaction from affected Postmasters / NFSP. Some risk this is drawn into the Inquiry, but considered limited;

7

- **IRRELEVANT**



- **Automation:** We are proposing to take out all spend to develop automation / refit, impacting SSKs which NCR will not support from Dec-22/Mar-23 and resulting in devices gradually failing and triggering an unbudgeted increases in operating costs. There is a longer term impact on our wider Mails strategy and Postmaster profitability.
10. In many of the areas outlined above POL does not have immediate mitigations outside taking a more risk-based approach to prioritisation, as we have no access to contingency or recourse to external funds beyond HMG. Risks against the £335m settlement were outlined to Interpath, UKGI and BEIS earlier this year and they will be aware that many risks flagged then have crystallised. We will continue to engagement on our risk position.
 11. With the exception of certain areas of the £75m challenge that relate to the Inquiry – e.g. HIJ, POL Data Platform and Data Management – we do not believe that there are any immediate legal implications resulting from the proposed challenge. If some risks highted do crystallise – e.g. on compliance and technology resilience – this may change, though POL will at all times plan and prepare on the basis that any such risks will be appropriately managed. In addition risks related to the network – including but not just those arising in Retail – d

IRRELEVANT

IRRELEVANT

7

Stakeholder Implications

12. The reduced change forecast has a materially higher risk profile than our existing forecast, and this should be a consideration for our Shareholder in four areas: (i) in network, where we may not be able to meet network obligations in the event churn increases, branches are disconnected / go offline, or we cannot identify new locations for low cost formats; (ii) in technology, where our infrastructure will be less resilient and more vulnerable to failures and / or cyber threats which, outside network risks, may have reputational impacts; (iii) in commercial, where have no capacity to invest at a time when our two key markets will be changing rapidly, causing our trading position to erode; and (iv) in funding, where the lack of contingency or flexibility means if any risks do crystallise – a situation far more probable than in March – we will have no option but to seek additional funding from HMG.
13. There are also implications for other stakeholders linked to points (i) to (iv) above, including Postmasters, commercial counterparties including Royal Mail and the High Street Banks, as well as other external parties (e.g. with Postmaster, colleague or Parliamentary interests). More widely a lack of investment is likely to become increasingly visible to these groups over the next two years and they then be more likely to lobby for change in our plans or change their own behaviours (e.g. causing higher churn, accelerated disintermediation or a desire to find alternatives to using the Post Office network).

Next Steps & Timelines

14. A recommended three year plan will be presented to the Board in December, and our final change plan will form part of this. Between now and that session we will explore scope for further savings, to get closer to the £75m target, and we also aim to improve the maturity of our understanding of the risks these cuts present us.
15. If the Board has any views to share on the challenges set out in this paper – including but not limited to those that have been agreed with the business so far – we would welcome the opportunity to discuss these.



POST OFFICE LIMITED BOARD REPORT

Title:	Strategic Platform Modernisation (SPMP) update	Meeting Date:	1 November 2022
Author:	Zdravko Mladenov, Group Chief Digital Information Officer	Sponsor:	Zdravko Mladenov, Group Chief Digital Information Officer

Input Sought: Discussion

Executive Summary

The SPMP programme is progressing well, with close to 100 Drop & Collect branches and two full-counter prototypes locations live. The current timetable to complete is March 2025 with 3-month contingency, with the programme pushing to increase that to 6 months.

However, the total costs to complete the programme have increased by £32m on a like-for-like basis, primarily due to hardware cost and training cost increases. A further £29m of additional scope is recommended by GE for inclusion in order to de-risk Horizon exit, while reflecting the lessons from HIJ and the ongoing Inquiry.

After mitigations, the recommendation is for an increase of £45.5m inside the 3-year envelope. Should the programme remain in its original cost envelope, it will be able to do so, but will require difficult trade-offs.

The Board requested to revisit the original business case and examine whether exiting Horizon continues to make financial sense for POL. The answer remains strongly affirmative, but the detail will be formally shared at the January 2023 Board.

Report

The report covers the following six questions:

- Progress update:** What is the status of the NBIT platform in the Drop & Collect format and in Release 1 of the NBIT full counter?
- Current timetable to complete:** What is the current timetable for the rest of the SPMP programme?
- Total cost to complete:** What are the pressures (e.g., inflation, new scope) on the total cost to complete the programme?
- Programme funding recommendation:** In light of the cost pressures and scope increases, what is the programme's funding recommendation?
- Staying inside original cost envelope:** How can the programme remain inside the original cost envelope, while still meeting the desired contingency buffer of 6 months?
- Re-affirming the business case:** Do we believe the business case for exiting Horizon has changed?

Confidential

1



1. What is the status of the NBIT platform in the Drop & Collect format and in Release 1 of the NBIT full counter?

The platform has been operating for 12 months now and is live in 79 Drop & Collect locations as 24 October 2022. Between 21 and 50 more locations will open before Christmas peak trading. There have been no major incidents with the D&C platform.

As planned, Release 1 of the NBIT counter went live in the DMB branch in Aldwych, London on 3 Oct 2022 and in St. Johns, Leeds on 17 Oct 2022. This very early Minimum Viable Proposition version is serving successfully live Mails customer and identified a number of improvement areas, as expected for a prototype. The quality of the hardware and the intuitiveness of the user interface have been very well received by the DMB agents.

Other than resolving any material outstanding bugs, all engineering work is now focused on Release 2 of the NBIT Full Counter, which will be on Windows, will focus on Mails and Banking products, will offer back office and cash management functionality and – critically – will also process live payments in branch.

2. What is the current timetable for the rest of the SPMP programme?

The programme replanned its activity to complete no later than March 2025 and the new timetable was agreed by the Board in Sept 2022. The new timetable addresses previous delays due to:

- **Android to Windows operating system switch**, the decision for which took longer and generated unexpectedly high levels of re-work;
- **Legacy Pre-Paid Bill Pay Technology**: the delay in establishing a path for leveraging capability for Legacy Pre-Paid bill payment solutions;
- **Ingenico/ Worldpay involvement**: the delays by Ingenico/Worldpay in supporting the Payments stream of NBIT;
- **National Lottery**: the uncertainty about the National Lottery contract and the technology needed to support it.

Appendix 1 shows detailed planned milestones and the three main releases (Oct 2022, Mar 2022, Oct 2023), with the last one triggering the start of a slow migration, which would accelerate immediately after Christmas 2023.

The timetable includes 3 months contingency time. The programme has already taken the necessary steps towards extending this buffer to 6 months (e.g., leveraging Payzone technology more), but has not formally replanned again. It will confirm the details to the Board in Jan 2023.



3. What are the pressures (e.g., inflation, new scope) on the total cost to complete for the programme?

The original business case included approximately £36m in contingency provision for the possibility of having to extend the programme end date from March 2024 to March 2025. The cost of that extension is actually only approximately £15m, but other cost pressures have more than erased the remaining contingency. The cost pressures on a like-for-like basis total £32m, in addition to the remaining £21m contingency.

These cost pressures are outlined below, with already undertaken mitigation actions as footnotes:

- **Hardware cost** increases, also due to inflationary pressures and adverse exchange rate effects [estimated £24.9m]¹;
- **Training costs increases:** the original business case did not go far enough in projecting the costs of preparing Postmasters; the current scope also includes a Learning Management System (LMS) [estimated £12.1m];
- Cost due to the change and the delay in the change in the decision on **operating system** [estimated £3.2m];
- **External assurance spend:** the original business case did not cover the costs of 3rd line of defence and subsequently prescribed additional external assurance [estimated >£2.6m]²;
- Unexpected cost of **product journey discovery work** due to lack of in-house understanding how transactions and processes work in Horizon [estimated £4.1]³;
- **Recruitment delays** and backfills with third-party resource [estimated £4.9m so far]⁴;

In addition, the programme is facing a number of scope increases, compared to the original business case:

- A. Payzone Technology / Second Device:** Leveraging Payzone's technology as means of de-risking the technical delivery of the legacy pre-paid bill payment functionality for the NBIT Counter, as well as facilitating an expanded scope of the Drop & Collect proposition, in line with the broader, new Network Strategy [estimated £11.7m];
- B. Cyber Security:** Additional investment in 'fortifying' the AWS-facing footprint of the NBIT application, required due to the cancellation of CAPEX investment and OPEX personnel in the Cyber Security function of Post Office [estimated £2.5-£3m];

¹ Run a competitive tender to ensure that POL receives the best possible value for money for devices. The awarded contract includes a price guarantee for 12 months and the programme is planning to order all required full counter devices and peripherals within the 12 months window.

² In light of the lessons learned from HIJ and the developments in the ongoing Parliament Inquiry into Horizon, even this increased scope likely will require at least further consideration, if not further increase.

³ Revised the way the team is operating and constructed to maximise the progress against increased complexity. We have also reprioritised capacity to ensure timescales are maintained.

⁴ Approaching a range of potential suppliers and also capitalising on the POL change to its central supplier. In the meantime, the programme continues to use larger IT provider resources to fill critical vacancies.



- C. Postmaster Training:** Increasing the frequency and availability of in-person-in-branch training, in addition to online modules and classrooms [estimated >£2m];
- D. Retail Network Support:** Additional support to reinforce and/or backfill existing BAU resources (e.g., Area Managers) for key roll out activities [estimated £7.5m, but re-assessment in progress];
- E. Cash and Stock Audit on Migration Day:** Conducting an independent verification on migration day of the stock and cash position of each branch, before entering those formally as the starting NBIT balance [estimated >£5m];

4. In light of the cost pressures and scope increases, what is the programme’s funding recommendation?

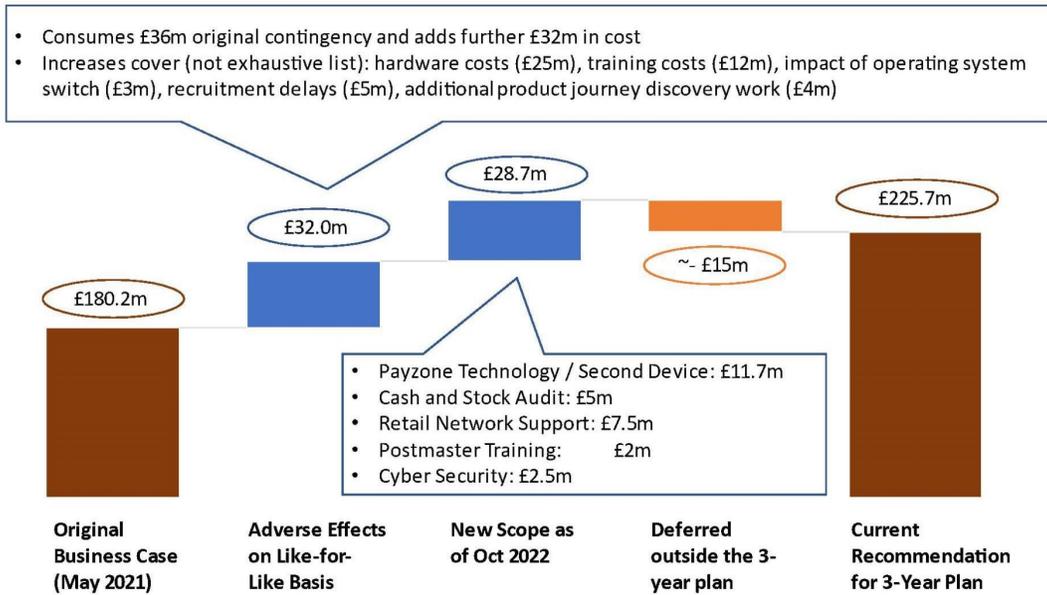
The programme can be completed within its original 3-Year Plan allocation, but that requires making cuts to respond to the range of cost pressures and scope increases. The details of these cuts are covered in paragraph 5.

The programme’s current recommendation is for a new funding envelope of £240.7m. Out of this envelope, approximately £15m will be covered in FY25/26, due to the postponing payment for select hardware components (see footnote – paragraph 5). The remaining £225.7m represent an increase of £45.5m over the current 3-year plan allocation.

8

The chart below outlines the ‘bridge’ from the original funding envelope:

Post Office Limited - Document Classification: INTERNAL





5. How can the programme remain inside the original cost envelope, while still meeting the desired contingency buffer of 6 months?

In order to achieve the new timetable, account for the cost pressures and scope increases and still remain within the original cost envelope, a number of difficult compromises will have to be made. Those are outlined below⁵:

- **Technical Delivery:** Transfer to third-party offshore only resourcing (as opposed to many onshore); we are also assuming we can fill remaining vacancies by Dec 2022 – estimated savings of £4.4m;
- **Postmaster Data:** No provision of a Data Vault for Postmasters to store data electronically; Postmaster will continue to print like today – estimated savings of £1.9m;
- **Cyber security:** Do not invest further in cyber security reinforcement (see paragraph 3B) – estimated savings of £2.5m;
- **Cash and Stock Management:** Reducing to a minimum the changes in branch management process for the launch of migration – estimated savings of £1.7m;
- **Business Acceptance Testing:** Removal of external support for the business as part of the user testing process, i.e., BAU resources will be seconded into the programme without backfill – estimated savings of £2.0m;
- **Training:** Removal of in-person training - all training now assumed online (see paragraph 3C) – estimated savings of £2.1m⁶;
- **Postmaster Communications:** Removal of additional third-party support for communication and engagement materials as part of deployment preparation; those are to be conducted by in-house resource – estimated savings of £2.1m;
- **Deployment / Service / Support:** Use of a remote support team + existing BAU resources to complete all pre-migration activities (e.g., physical site surveys or early visits by the implementation managers / area managers); physical in-person support to Postmasters limited to only on the branch's migration day unless exceptional circumstances arise; reduction of additional service and support agents to reinforce in-house Branch Support Centre (BSC) - see paragraph 3D; total estimated savings of £12.1m;
- **Cash and Stock Audit:** Do not complete a cash and stock audit on migration day (see paragraph 3E) – estimated savings of £5m;

⁵ Does not list already made decisions: (1) Removal of National Lottery from the main counter scope; (2) No compensation provisioned for closing branches for several hours of trading during migration – compensation likely only if migration takes longer than planned; (3) Deferral of £15m cash payments for a subset of hardware to outside the 3-Year-Plan period; (4) Transfer of £2.3m for SSK development to the Mails Automation programme.

⁶ Further training cuts are possible up to approx. £12m estimated savings, but those are not recommended.



- **Branch Remediation:** No funds provided for remediation of in-branch physical environments as a result of migration – estimated savings of £1.0m;
- **Third party assurance:** Limiting the scope of third-party external assurance to the originally planned levels - estimated savings of £2.8m at this stage.

6. Do we believe the business case for exiting Horizon has changed?

While staying with Horizon is not possible as a medium or long term solution, it is possible to 'sweat the asset' longer than its planned 30-year life as of 2025. Initial modelling suggests that the financial profile of staying with Horizon remains vastly inferior to moving to NBIT, even in scenarios where NBIT is delayed. The detail, including a comparison of the 'steady state' costs to operate, will be formally shared with the Board in the January 2023 session.

Financial Impact

7. There is no financial impact from the activity outlined in this paper yet, since the programme can remain inside the original 3-Year plan envelope with various offsetting increases and decreases, thus preserving an overall net neutral financial position for POL. However, note that the recommendation by the programme and the Group Executive is to increase the programme funding envelope by £45.5m inside the 3-year plan.

8

Risk Assessment, Mitigations & Legal Implications

8. While there is an extensive risk register, it is not covered in this paper. There are no known legal implications to consider.

Stakeholder Implications

9. The following paper is likely to become visible to BEIS via UKGI. The programme is presenting at the BEIS Investment Committee on 1 December 2022, and expects to be directed to complete a rigorous further government-specific assurance ("Gateway Review") in 2023, in addition to the existing assurance schedule.

Next Steps & Timelines

10. The programme will be returning in front of Board in January with the regular status and funding update. It will include video material from the operation of the NBIT counter in Aldwych. The programme also expects to present in January the updated overall assurance strategy as requested by Board. Lastly, the programme will support the Chief Retail Officer presenting to the Board the rollout strategy for NBIT and the implications on BAU operations.



Appendix 1: SPMP milestones

Key Programme Milestones

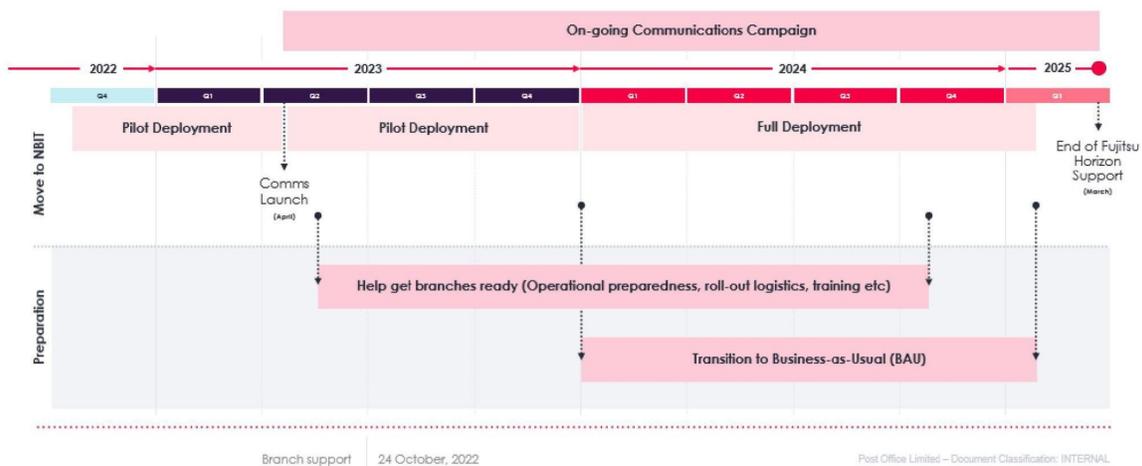
Key Milestone	Date	Description
R1 live in branch	29 September 2022 (open for NEDs on 3 Oct 2022)	Similar product set to Drop & Collect on full counter hardware and software; on Android
R2 live in branch	March 2023	All Mails and Banking products, including cash management; most branch management functionality
R3 live in branch	October 2023	All remaining products and branch management functionality
Start full rollout	February 2024	Migration of all branches from Horizon to NBIT
Complete rollout	Pre-peak trading 2024	Last Horizon branch migrated onto NBIT
Contingency period	February - March 2025	Allowance for any stragglers to migrate, preparation for transition to BAU
Close of programme	March 2025	SPM Programme closes, all activity goes to BAU

Release 1 (R1) on Android, which is a similar product set to Drop & Collect, but operates on the Full Counter hardware and POL EPOS software. Release 2 (R2), which has all Mails and Banking products and most branch management (POL EPOS) functionality, and Release 3 (R3), which has all remaining products and branch management functionality.

8



NBIT Programme





Three Year Plan HMBU Cost Challenge Update

01 November 2022

STRICTLY CONFIDENTIAL

1 Summary - HMBU has been given a £34.6m cost challenge



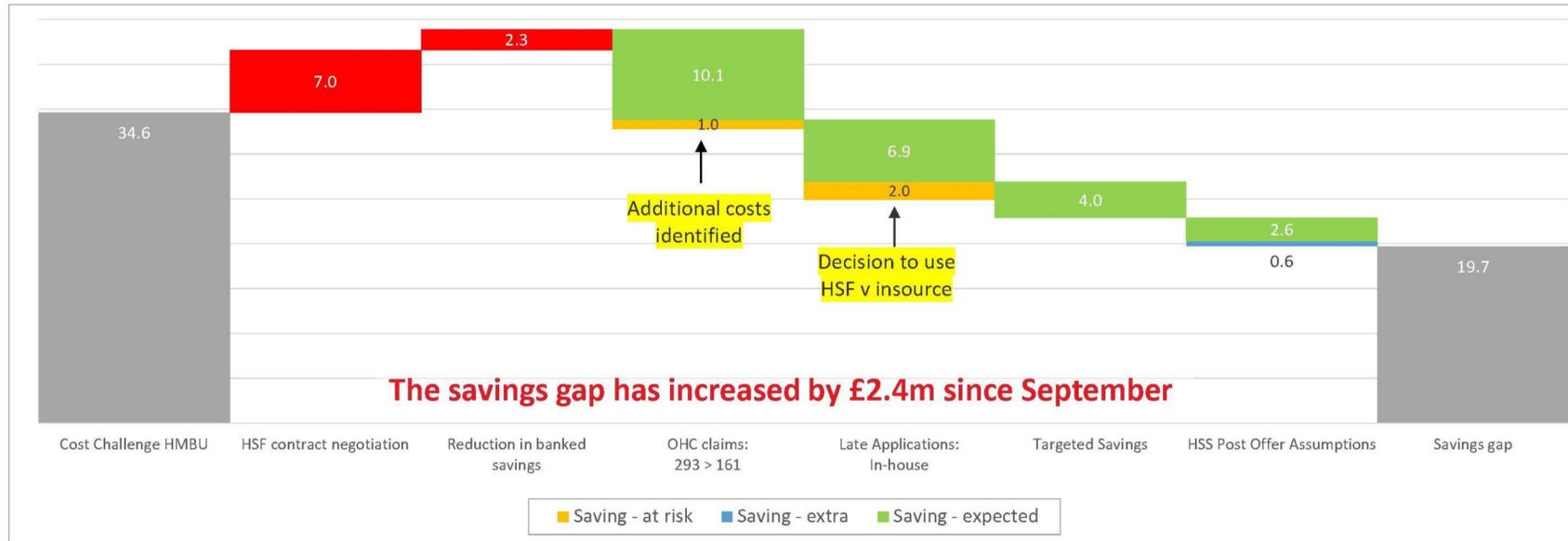
1. The HMC Terms of Reference states HMBU must 'Manage the Budget in consideration of all stakeholders'
2. The HMBU team's work to date in managing workstreams in flight is showing an underspend on existing funding envelopes of £525m (HSS £125m; OHC £400m). While much of this will be down to forecast volumes reducing much is also down to the way cases are being managed e.g. HSS post offer
3. Stakeholder feedback over the course of this year appears positive as targets are being achieved with little adverse external feedback
4. Since the original budget was set, additional activities have been added to HMBU's scope increasing costs by £17.4m over the budget period. It is common for remediation project overhead costs to rise as their scope increases
5. HMBU is six months (17%) through the three-year budget period, yet has already spent £22.8m (30%) of the original £76.2m budget
6. To maintain 30 months of spend within the remaining £53.4m budget there is currently £19.7m (37%) of savings to find. This challenge increases to £23.7m (44%) if the unidentified targeted savings of £4m cannot be found
7. The majority of the saving would have to be achieved in FY 2023/24 meaning savings need to be identified and delivered over the same period that HSS Late Applications, OHC, Remediation Pot A and most likely Remediation Pot B will all be in flight.
8. To save external legal costs, remediation activity is being insourced. Severe cuts to the HMBU resource (legal, project, operations and finance) currently being set up to complete this work could undermine the effectiveness of the remediation work with reputational consequences
9. There is activity to negotiate a material rebate from HSF and to reduce their charges relating to non value added activity and better use of KPMG's data management system – this could provide material savings across HMBU and the Inquiry cost centres but at this stage the outcome is not certain
10. Given the speed at which HMBU was set up and the urgency with which it has had to tackle tasks there is undoubtedly efficiency and organisational savings that can be made. An HMBU Programme is being set up to identify the opportunities and drive them through without adversely impacting on the successful outcome of the key workstreams. However, it is likely that the magnitude of savings found will only cover the unidentified targeted savings of £4m and not make a material difference to the remaining £19.7m cost gap

2 HMBU Cost Challenge – £14.9m of net savings have been agreed by changing the remediation approach to OHC and HSS Late Applications



In response to the £34.6m cost challenge, a view of incremental costs and realistic savings options were shared with POL Board on 27 September with a remaining savings gap of £17.3m

- Below is our current view of status: Savings still expected, two savings have reduced, one has increased

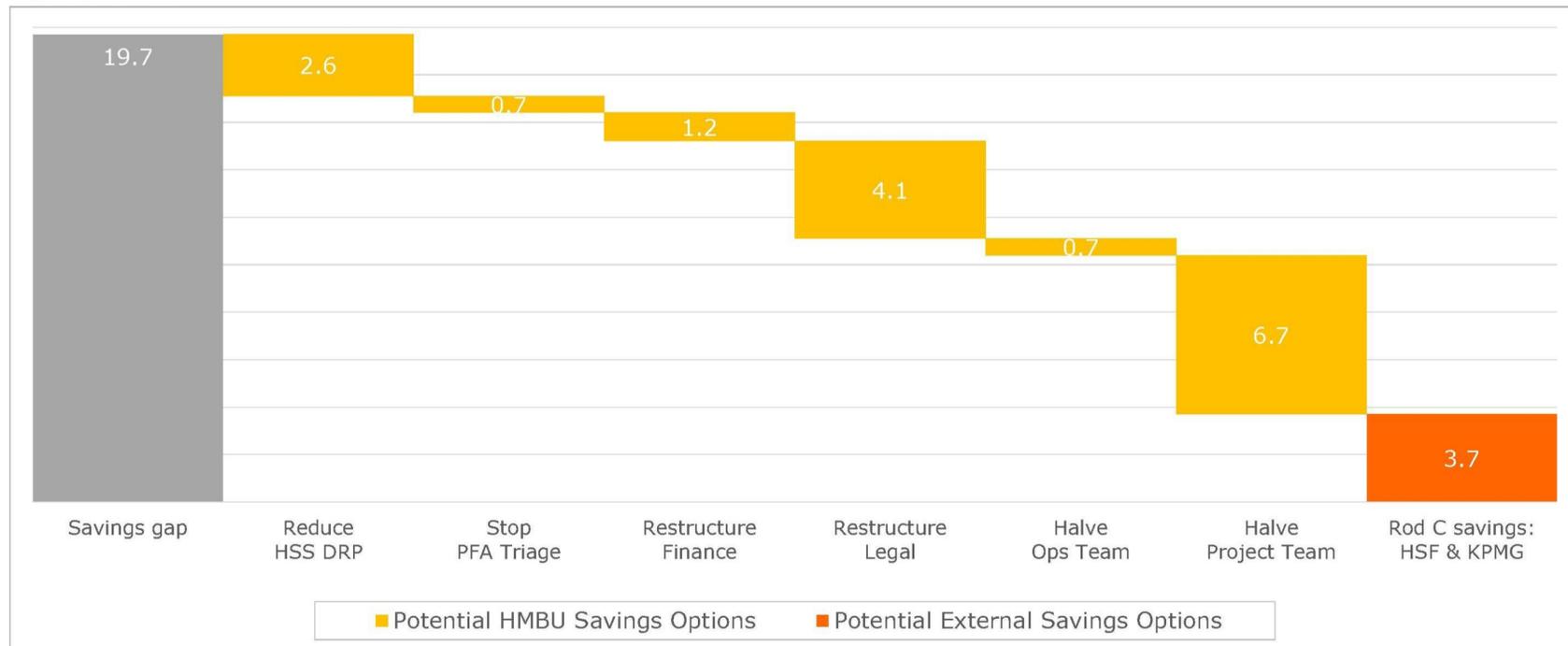


3 HMBU Cost Challenge – HMBU has identified a way to bridge the balance of £19.7m, the risks are summarised on the following slide.



A number of significant interventions could be taken to close the remaining savings gap of £19.7m.

HMBU will explore ways to delivery all or part of these options, including a restructure of the team, without compromising the delivery of its key objectives



POL Board Meeting-01/11/22

4 Savings Gap Options



HMBU have a savings gap of £19.7m. Interventions that could close this gap include:

#	Cost Save Item	Assumptions	Risk	Saving																
1	Reduce HSS DRP & Post Offer by 75%	<ul style="list-style-type: none"> Reduce DRT by 3 FTE Number of Mediations reduced by 25% Arbitrations reduced to 3 at the end in FY24/25 <table border="1"> <thead> <tr> <th></th> <th>Current</th> <th>Proposed</th> <th>Saving</th> </tr> </thead> <tbody> <tr> <td>FY22/23</td> <td>3.9</td> <td>3.3</td> <td>0.6</td> </tr> <tr> <td>FY23/24</td> <td>4.6</td> <td>3.2</td> <td>1.4</td> </tr> <tr> <td>FY24/25</td> <td>4.2</td> <td>3.6</td> <td>0.6</td> </tr> </tbody> </table>		Current	Proposed	Saving	FY22/23	3.9	3.3	0.6	FY23/24	4.6	3.2	1.4	FY24/25	4.2	3.6	0.6	<ul style="list-style-type: none"> Reputational Resolution process will be elongated More disputes than forecast - additional settlement costs 	£2.6m
	Current	Proposed	Saving																	
FY22/23	3.9	3.3	0.6																	
FY23/24	4.6	3.2	1.4																	
FY24/25	4.2	3.6	0.6																	
2	Stop PFA Triage	<ul style="list-style-type: none"> Removed from Oct-22 onwards 	<ul style="list-style-type: none"> Reputational – this has commenced so difficult external message if we now stopped. HRC 13/10 opined Triage should stay. Costs may reduce if volumes reduce. 	£0.7m																
3	Restructure Finance	<ul style="list-style-type: none"> Remove costs of Finance team 	<ul style="list-style-type: none"> Loss of Financial Governance and cost control New ownership required for provisions modelling and reporting to BEIS / UKGI / External Audit 	£1.2m																
4	Restructure Legal	<ul style="list-style-type: none"> Remove 9 existing roles Remove the 12 Legal Vacancies 	<ul style="list-style-type: none"> Greater legal risk Complete reliance on external legal advice at increased cost Loss of ability to do Detriment 1 & 2 in-house – CL assessment 	£4.1m																
5	Halve the Ops Team	<ul style="list-style-type: none"> Team only included to the end of FY23/24 in forecast. Require at least 3 months notice + consultation. First savings Apr-23. 	<ul style="list-style-type: none"> Saving reduced by redundancy costs, not included Loss of ability to deliver Detriment 1 & 2 or would take twice the time and funding may run out Impact on processing Late Applications 	£0.7m																
6	Halve the Project Team	<ul style="list-style-type: none"> Current Total 41 FTE @£13.4m Loss of resource across Prog Managers, PMs, PMOs, and BA roles 	<ul style="list-style-type: none"> Impact and delay on HMBU performance: <ul style="list-style-type: none"> Impact on HSS progress Delay to Late Applicants Impact on OHC delivery Severe delays to Detriment 1 delivery Loss of ability to deliver Detriment 2 	£6.7m																
7	Rod C HSF and KPMG savings	<ul style="list-style-type: none"> The balance of cost savings required can be met by the Rod C initiatives See subsequent slide for further details 	<ul style="list-style-type: none"> Ability to deliver the potential savings given the time left on HSS and the insourcing of OHC 	£3.7m																



Inquiry Cost Options

1st November 2022

SUBJECT TO CONFIDENTIALITY UNDERTAKINGS – NOT FOR FURTHER
CIRCULATION

1. Executive summary



- The purpose of this presentation is to provide management's current view of the likely total cost of the Inquiry programme and the options available.
- There have been material changes to the Inquiry over its 2+ year history that necessitate budget reassessment.
- **Proposed recommendation:** hybrid option 1(B) in which we continue with HSF (solicitors on record), utilising more fully HSF's lower-cost resources in Belfast and potentially Johannesburg together with onboarding a cheaper law firm for discrete areas (e.g. witness preparation for non-material witnesses); and potentially obtaining an overall discount (up to £3m). Furthermore, management recommends that Post Office notify BEIS of the factors in Slide 3 and that further specific funding is required to enable Post Office to properly support the Inquiry without which it will be necessary for Post Office to advise Sir Wyn that it will not be able to provide all the support that it considers appropriate to enable the Inquiry to meet its terms of reference and ways of working.
- Management considers the risks involved in changing solicitors of record (option 2) **at this time** would be significant and the potential savings to be insufficient to justify such a decision. That said, it provides a cheaper cost model and Board has to make this decision in a broader context. It is therefore right that Board consider this option but noting the risks of transition and failing to properly manage the Inquiry appropriately.
- Whilst we will enhance cost controls over third party suppliers, Post Office neither has control of this programme or the ability to significant influence its approach. Sir Wyn has relatively wide discretion and is ultimately in control of the Inquiry's progress and timeline as indicated by slide 3.
- Providing funding to POL to support the statutory inquiry is clearly distinguishable from funding Post Office to engage in litigation for which there have previously been historical public policy reasons. King's Counsel, HSF and Post Office Legal all recommend corresponding with BEIS in respect of securing further funding.
- **Next steps:** We will be continuing to assess the feasibility of both the hybrid option and the 'alternative supplier' option in the next fortnight and will update Board in early November prior to the 3-Year review so that this can be aligned to the Board review and approval of the 3 year plan on 6 December.



2. Budget history and context

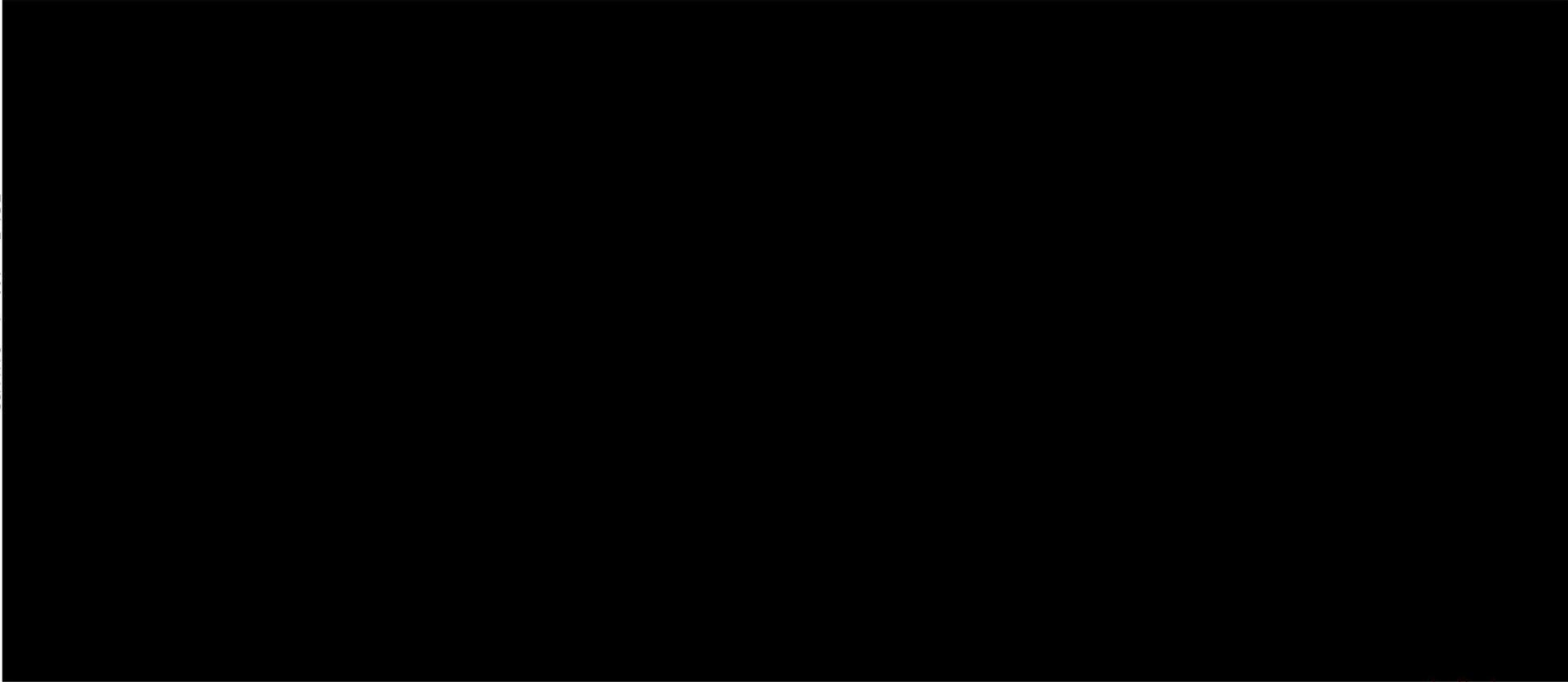
The Post Office Horizon IT Inquiry was first established as a **non**-statutory inquiry in September 2020. It was expected to last 4-5 months.

During its two-year + life to date, there have been significant changes to scope, timeline and scale of participation:

- The Inquiry converted from non-statutory to a statutory footing
- Months of Human Impact sessions were added
- The List of Issues expanded from 179 to 218
- The Inquiry jurisdiction was expanded to include comparison between Scottish, Welsh and Northern Irish devolved matters
- Scope was expanded to include compensation which in turn resulted in 2-day compensation hearing; progress report and a further compensation hearing listed on 8 December
- The commencement of the evidence phase of the Inquiry was significant delayed (though replaced with other matters)
- The number of hearing dates was increased
- The timeline expanded to more than triple the expected timeline.

Additionally, this programme has borne the cost of locating, assessing and digitizing relevant hard copy materials from POL's physical locations in readiness for disclosure and witness preparation. Whilst this has come with significant cost (£m), it may be possible to subsequently leverage this in terms of managing historical records for Post Office going forward.

3. Cost options – Recommendations Summary



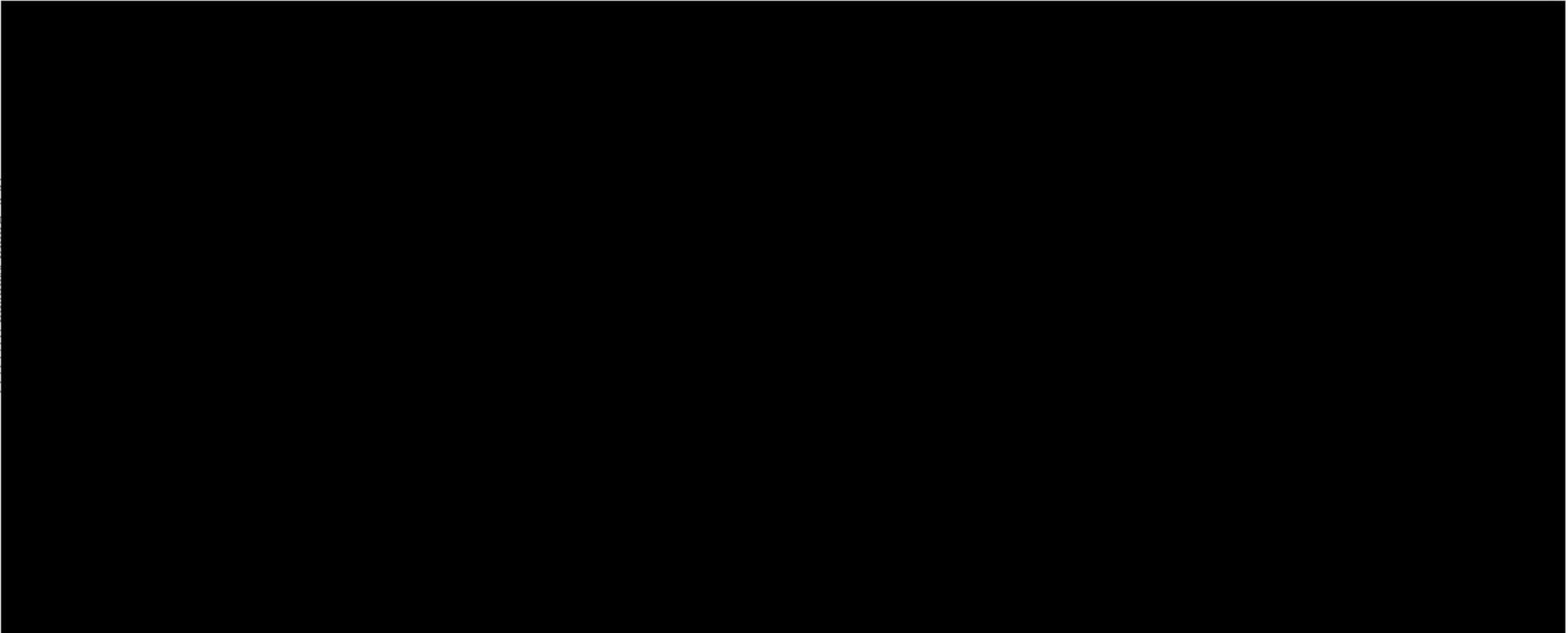
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4A. Mandatory and non-mandatory core legal work



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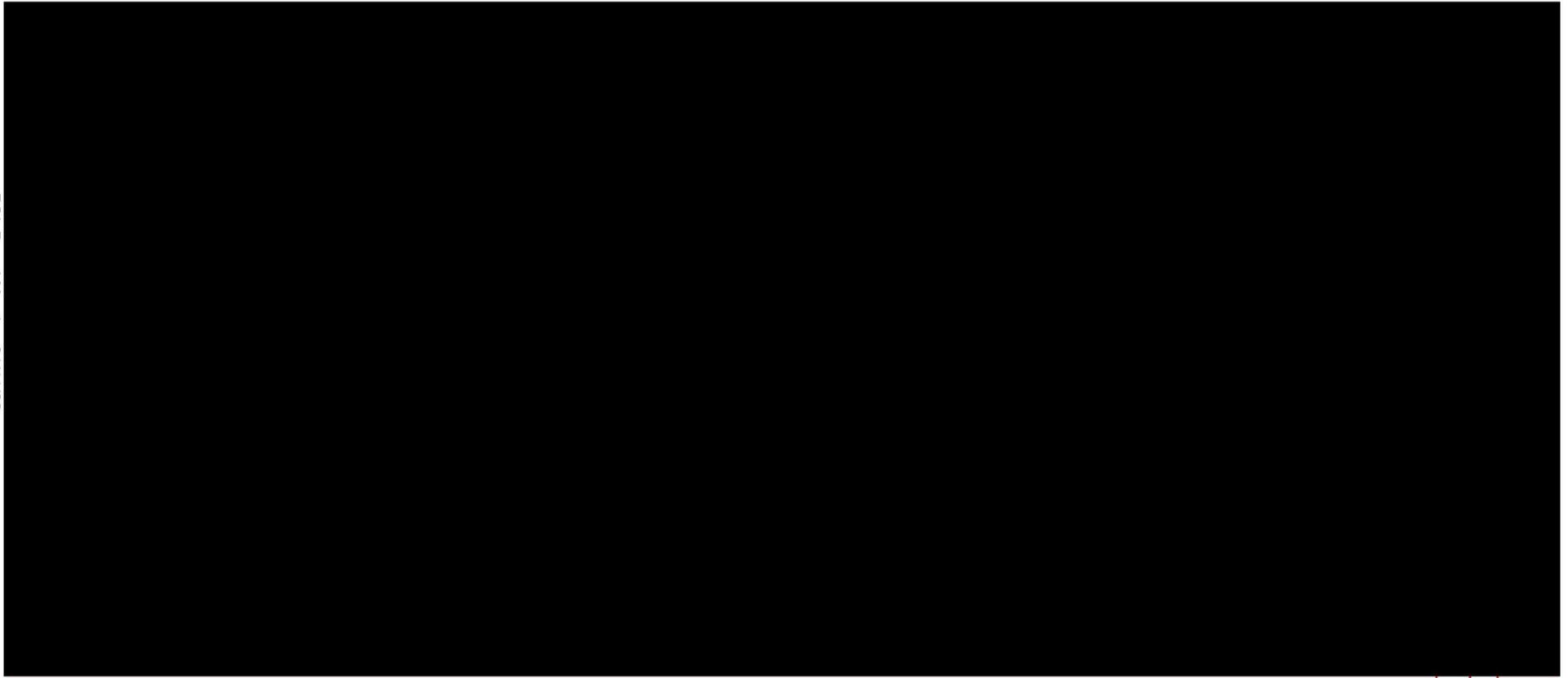
4B. Mandatory and non-mandatory core legal work

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Work Activity	Mandatory (Y/N)	Option 1 (A)	Option 1 (B)	Option 2	Forecast Calculation / Resource Model	Risks and explanatory narrative, where needed	Scale of opportunity for saving £
						<p>NOTE: There is a risk for Option 2 / any option that involves an alternative law firm as we have not approached any to confirm availability, scope of work or rates. Will also be inherent risk in new firm getting up to speed during busy period and handover fees (provided for in complete model).</p>	
Collation of data (r.9 scope; 218, RT, other core participants, etc) for each witness preparation	Y - necessary to respond adequately to r.9 witness statement requests	1714003	849792	1028402	<p>Opt 1: Assumes 15 non-senior witnesses @£80k each + (9% VAT) (assumes none are covered by D&O) = £1308000; plus 4 senior witnesses (broad range) @ £320k each + (9% VAT) less assumed 55% D&O cover = £627840; plus 8 senior witnesses (narrower range) @ £200k each + (9% VAT) less assumed 55% D&O cover = £784800; total = £2720640</p> <p>Counsel costs represent approx 10% of this witness preparation (see separate counsel line) The remainder is split is 70% collation of data; 20% witness statement support; 10% oral hearing support</p> <p>Opt1b: Assumes 15 non-senior witnesses @£37.5k each + (9% VAT) (assumes none are covered by D&O) = £613125; plus 4 senior witnesses (broad range) @ £187.5k each + (9% VAT) less assumed 55% D&O cover = £367875; plus 8 senior witnesses (narrower range) @ £93.75k each + (9% VAT) less assumed 55% D&O cover = £367875; total = £1348876</p>	<p>The number of witness called is within the purview of the Inquiry and costs may therefore increase or decrease.</p> <p>For all options, 55% D&O recovery reflects the likelihood that some legal support will be deemed personal rather than corporate; also it is likely that high HSF costs will be challenged by the insurer.</p> <p>Opt1b: GE/Senior witnesses (x12) (Likely to fall in Phases 6-7) Nick Read, Al Cameron, Amanda Jones, Jeff Smyth, Ben Foot, Dan Zinner/Tim McInnes, Simon Oldnall, Tracey Marshall, Joe Welch, Rachel Scarrabelotti, Simon Recaldin We would expect D&O cover to come in to effect for a majority of these witnesses and recover 55% of the witness cost.</p>	685601
Witness statement preparation (initial speaking to witnesses; engaging with collation; drafting witness statement)	Y - needed to comply with r.9 witness statement requests (split between material witnesses x4 HSF and non-material witnesses x ? Alt prov)	489715	242798	293829	<p>Counsel costs represent approx 10% of this witness preparation (see separate counsel line) The remainder is split is 70% collation of data; 20% witness statement support; 10% oral hearing support</p>	<p>Phase 2 has 11 former witnesses all benefitting from D&O cover. It is unlikely that later phases will have that number but we can expect a reasonable number and if they are former witnesses not covered by D&O they will avail of the £20,000 (plus Vat) cover but existing staff would need to come under a more structured approach and narrowing the pool of legal support gains knowledge and therefore savings.</p>	195886
Oral hearing witness preparation (review of further r9 request; oral wit prep) - HSF	Y - needed to comply with requests for oral witness evidence (split between material witnesses x4 HSF and non-material witnesses x ? - option for alt model)	244858	121399	146915	<p>Opt 2: Assumed approx. 40% reduction in Opt1 (noting that counsel element will not be reduced)</p> <p>Counsel costs represent approx 10% of Opt1 witness preparation (see separate counsel line) The remainder is split is 70% collation of data; 20% witness statement support; 10%</p>	<p>An assumed £20k cover rule would reduce the cost further (Note: OPTION FOR CONSIDERATION - not included in figures).</p>	97943
Preparation for, and attendance at hearings - HSF	Y - necessary to support Counsel (can streamline attendance as long as can still facilitate proper engagement with Inquiry and support to Counsel)	866419	866419	519851	<p>Opt1&b: assume 181 hearing days @ an average £460/hr x 8 hours attendance + (9% VAT) = £726027; plus 4 solicitors x 10 preparation days @ an average £460/hour x 7 hours for closing submissions + (9% VAT) = £140392; total = £866419</p> <p>Opt 2: assumes 40% reduction in Opt1 costs by moving to an alternative legal firm</p>	<p>Attendance by POL legal every day not hard charged; can streamline HSF attendance as long as can still facilitate proper support for Counsel and engagement with Inquiry.</p>	346568



4C. Mandatory and non-mandatory core legal work



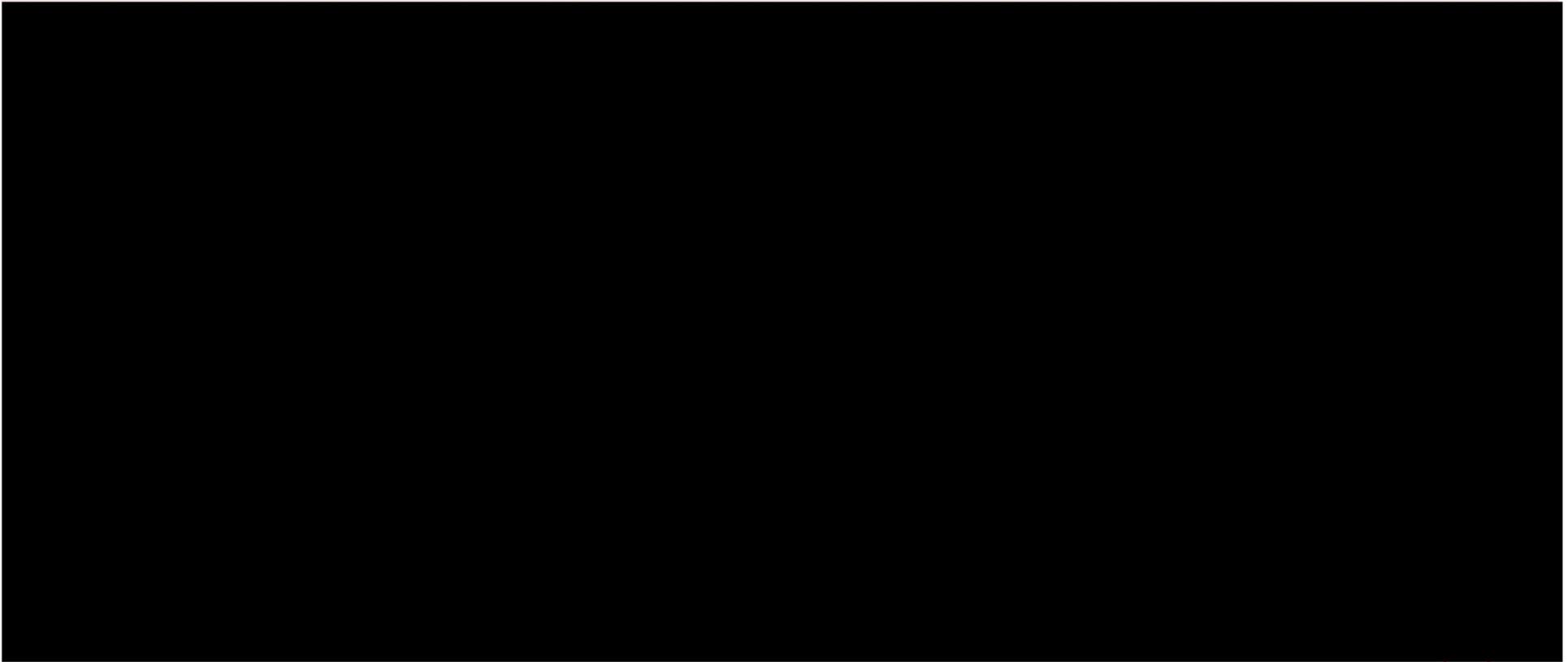
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5. Lifetime costs options summary





6a. HSF costs ladder: option 1(A)



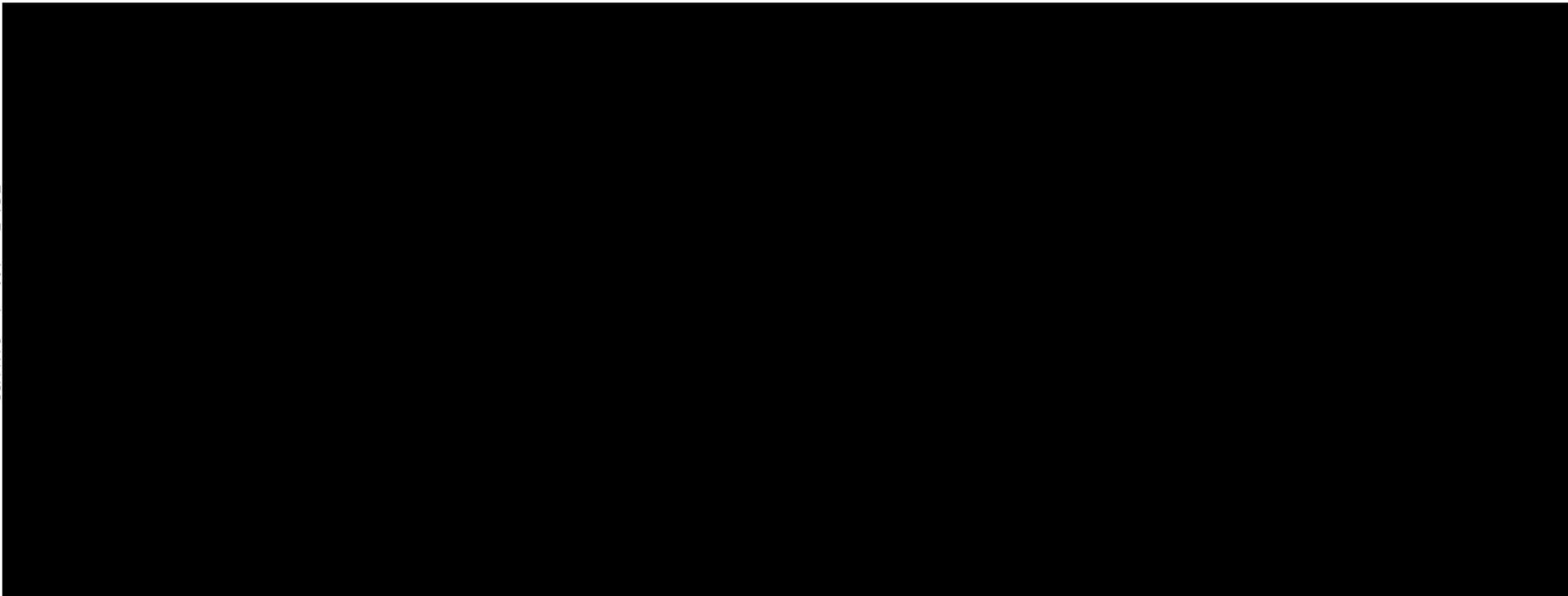
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6b. HSF costs ladder: option 1(B)





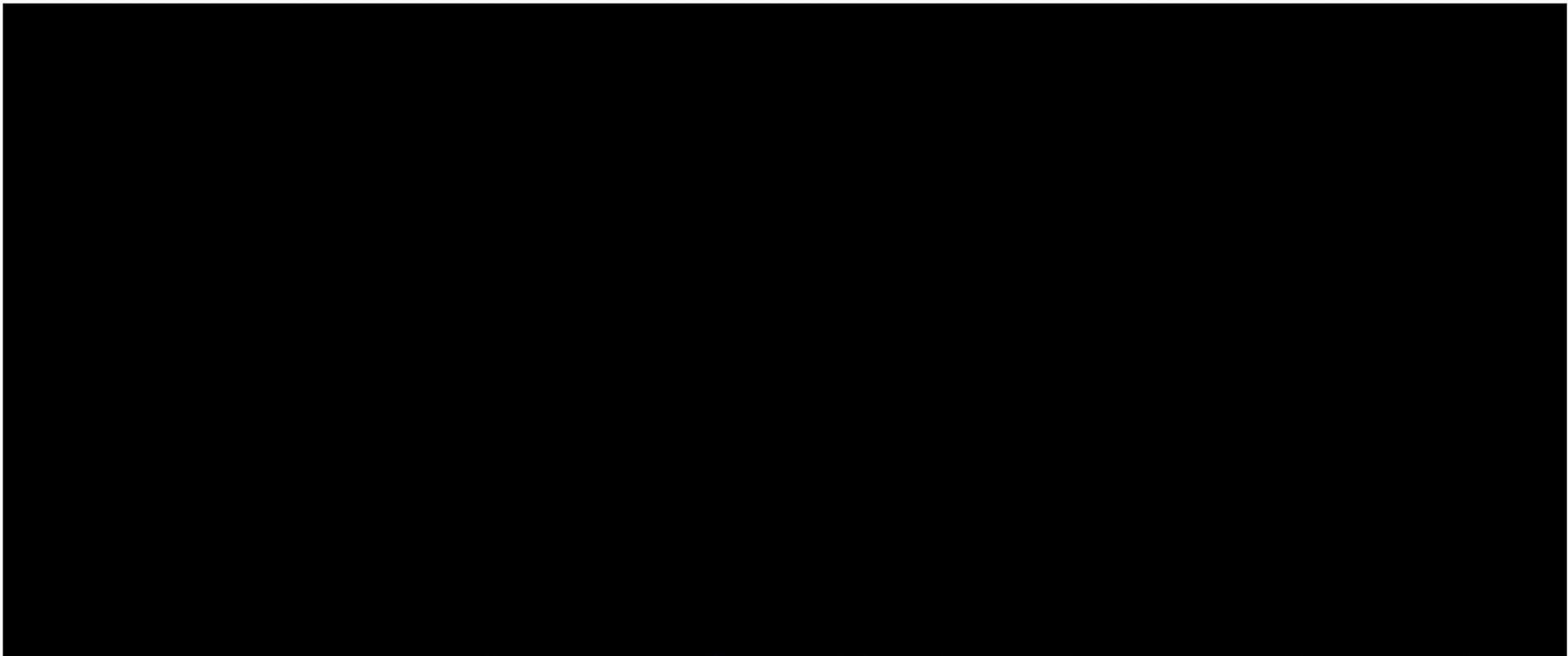
6c. Alternative solicitor costs ladder: option 2



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7. Options (3-7) were evaluated, but deemed not feasible





Appendix A.

- Number of hearing days
- Alternative solicitor panel rates



Hearing days (common to all options)

No of Hearing Days	Days	Phase	Status
Oct	14	Phase 2	Confirmed
Nov	12	Phase 2	Confirmed
Dec	7	Phase 2	Confirmed
Jan	9	Phase 3	Confirmed
Feb	11	Phase 3	Confirmed
Mar	8	Phase 3	Confirmed
April	16	Phase 4	TBC
May	16	Phase 4	TBC
June	16	Phase 5	TBC
July	16	Phase 5	TBC
Aug	0		TBC
Sept	16	Phase 6	TBC
Oct	16	Phase 6	TBC
Nov	16	Phase 7	TBC
Dec	8	Phase 7	TBC
Total Days	181		

Rates

- Kate Gallafent KC (£425 p/h)
- Potential additional KC (£425 p/h)
- Simon Henderson (£400 p/h)
- Jenny MacLeod (£250 p/h)
- Sophie (£125 p/h)

Inquiry Time Table 30 Sept 2022

Phase 1 - Human Impact Hearings	See archive for London, Cardiff, Leeds, Glasgow and Belfast hearings held in February – May 2022.	
Issues of Compensation Hearings	See archive for hearings held on 6 July and 13 July.	
Opening statements from Core Participants' legal representatives	International Dispute Resolution Centre, London 11 - 14 October 2022 Provisional timetable	4 Days - Oct
Phase 2 - Horizon IT System: procurement, design, pilot, roll out and modifications	International Dispute Resolution Centre, London 18 October - 2 December 2022 Provisional timetable	10 Days - Oct 16 Days - Nov 2 Days - Dec
One day hearing on matters relating to compensation	International Dispute Resolution Centre, London 08-Dec-22	1 Days -Dec
Phase 3 - Operation: training, assistance, resolution of disputes, knowledge and rectification of errors in the system	International Dispute Resolution Centre, London <i>Provisional dates:</i> 13 to 16 December 2022 10 to 20 January 2023 14 February to 10 March 2023	4 Days - Dec 9 Days - Jan 11 days Feb 8 Days Mar
Phase 4 - Action against Sub-postmasters and others: policy making, audits and investigations, civil and criminal proceedings, knowledge of and responsibility for failures in investigation and disclosure	London: exact dates TBA	32 Days
Phase 5 - Redress: access to justice, Second Sight, Complaint Review and Mediation Scheme, conduct of the group litigation, responding to the scandal and compensation schemes	London: exact dates TBA	32 Days
Phase 6 - Governance: monitoring of Horizon, contractual arrangements, internal and external audit, technical competence, stakeholder engagement, oversight and whistleblowing	London: exact dates TBA	32 Days
Phase 7 - Current practice and procedure and recommendations for the future	London: exact dates TBA	24 Days



Alternative solicitor panel rates

POL PANEL 2019: RATES AND REBATES						
FIRM	GRADE	Hourly Rates (excl VAT)		Daily Rates (excl VAT)		Average Hourly Rate across UK
		London	Out of London	London	Out of London	
ASHFORDS LLP	Partner/Legal Director	£235	£235	£1,880	£1,880	£169.00
	Senior Associate/Of Counsel	£190	£190	£1,520	£1,520	
	Associate	£165	£165	£1,320	£1,320	
	Junior Associate	£145	£145	£1,160	£1,160	
	Legal Executive/Trainee/Other	£110	£110	£880	£880	
DAC BEACHCROFT LLP	Partner/Legal Director	£250	£230	£2,000	£1,840	£189.50
	Senior Associate/Of Counsel	£230	£200	£1,840	£1,600	
	Associate	£210	£180	£1,680	£1,440	
	Junior Associate	£180	£150	£1,440	£1,200	
	Legal Executive/Trainee/Other	£140	£125	£1,120	£1,000	
LINKLATERS LLP	Partner/Legal Director	£910	N/A	£7,280	N/A	£546.00
	Senior Associate/Of Counsel	£675	N/A	£5,400	N/A	
	Associate	£500	N/A	£4,000	N/A	
	Junior Associate	£400	N/A	£3,200	N/A	
	Legal Executive/Trainee/Other	£245	N/A	£1,960	N/A	
NORTON ROSE FULBRIGHT LLP	Partner/Legal Director	£424	£260	£3,392	£2,080	£248.80
	Senior Associate/Of Counsel	£385	£230	£3,080	£1,840	
	Associate	£336	£190	£2,688	£1,520	
	Junior Associate	£263	£155	£2,104	£1,240	
	Legal Executive/Trainee/Other	£165	£80	£1,320	£640	
PINSENT MASONS LLP	Partner/Legal Director	Strategic Work London £401	Strategic Work Out of London £380	Strategic Work London £3,208	Strategic Work Out of London £3,040	£255.87
	Senior Associate/Of Counsel	£354	£334	£2,832	£2,672	
	Associate	£264	£249	£2,112	£1,992	
	Junior Associate	£224	£220	£1,792	£1,760	
	Legal Executive/Trainee/Other	£128	£124	£1,024	£992	
WOMBLE BOND DICKINSON (UK) LLP	Partner/Legal Director	£336	£280	£2,688	£2,240	£199.40
	Senior Associate/Of Counsel	£224	£224	£1,792	£1,792	
	Associate	£188	£188	£1,504	£1,504	
	Junior Associate	£163	£163	£1,304	£1,304	
	Legal Executive/Trainee/Other	£114	£114	£912	£912	

Alternative solicitor rates
£189.50 average hourly rate

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POST OFFICE LIMITED BOARD REPORT

Title:	Historical Matters Programme Update	Meeting Date:	1 November 2022
Author:	Simon Recaldin, Historical Matters Director	Sponsor:	Ben Foat, Group General Counsel

Input Sought: Noting

- To note the updates below on the activities being undertaken on Historical Matters (HM) workstreams.
- To note HMFM approved funding of £1.727m (inc iVAT) Historical Shortfall Scheme running costs for the month of November 2022.
- To note HMFM approved funding of £402k (inc iVAT) HSS Post Offer running costs in November 2022.

Executive Summary

The Strategic priorities for HMU are outlined below with a fuller Operational Summary of HMU Workstreams detailed later in this update.

Criminal Appeal Cases

1. The total number of overturned historical convictions is currently 81. This comprises 64 overturned by the CACD and 17 conceded at Southwark Crown Court. Within the cohort of Southwark cases, one is a CPS conviction.
2. The CCRC is currently considering 31 cases which includes 27 POL-prosecuted cases which may have relied on Horizon data, 3 non-POL prosecuted cases and 1 case in which the identity of the prosecutor is unknown due to lack of papers.
3. One case is likely to be referred by the CCRC very soon and Hudgell has informed P&P of an imminent appeal to the CACD. On initial review, POL is likely to concede both appeals.

10.1

Historical Shortfall Scheme (HSS)

4. The end of October external target of 85% of offers is on course to be met, however there is a challenge to meet the internal stretch target of 95%, but all efforts are being made to meet this stretch target, including the resolution of challenging populations such as Insolvency and Harassment. Given these challenges and the cases being more complex, HRC have been advised that the 95% stretch target is more likely to be delivered by the end of November still ahead of the external target of 90%.
5. The 5% of remaining cases are likely to be difficult and a review of all of these is currently underway to enable the development of a plan for delivery in a timely manner. There are a number of key difficulties in these claims including Malicious Prosecutions, Assistant Convictions.
6. Funding for Late Applications to the Historical Shortfall Scheme has now been agreed with BEIS and POL will now proceed to process these subject to HSF agreeing to using the HSS processes, with the Independent Advisory Panel continuing their role in recommending settlement amounts.



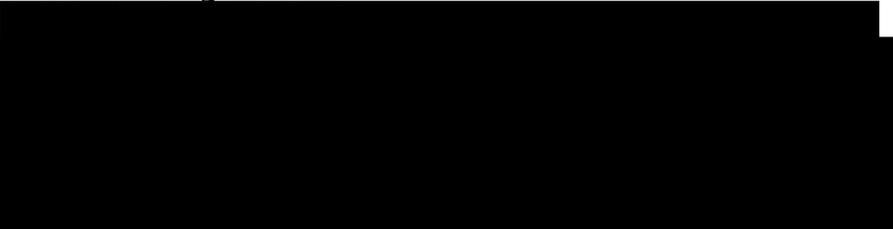
Overturned Historical Convictions (OHC)

7. Work continues to ensure all claims are progressed as quickly as possible, in particular progressing the non-pecuniary claims that have now been received and are being settled in a timely fashion.
8. An update paper on the options for the OHC Compensation Process, was presented to HRC on 30 September. This updates on the ongoing relationship with HSF, cost options, and principles on how the transition process from a negotiated to a remediated solution will operate. Further detail will be presented on 27 October.

Post-Master Detriment – Suspension Payments

9. Funding has yet to be confirmed by BEIS and will not be available until the Funding Commitment Letter and Operations Agreement are finalised. Linklaters are preparing the Funding Commitment letter in respect to unpaid suspension fees and associated consequential loss (funding request A).
10. The Operations Agreement has been written and is currently in the feedback process with UKGI/BEIS.
11. HMU have confirmed the remediation approach when PM's do not accept an offer and elect to submit an alternative Consequential Loss Claim.

Post-Master Detriment – Outstanding Balances

12. Legal advice is that 

Inquiry update

13. A written submission to the Inquiry on Compensation has been filed by K Gallafent KC on behalf of POL.
14. HMU have contributed to the inquiry submissions which will be made in the week of 11th October. We have been able to demonstrate progress in a number of the areas previously flagged by Sir Wyn though disappointingly, we will not be able to confirm that funding is in place for the suspensions' remediation work.
15. Sir Wyn Williams has announced that he has scheduled an additional one-day hearing on 8th December, to allow all participants to provide detailed updates on progress in relation to compensation. HMU will continue to challenge BEIS/UKGI to work at greater pace to ensure progress is made across all key areas.

10.1

Cost Challenge

16. A paper responding to the Cost Challenge to reduce HMU Costs by £35m against forecast, in the period to 31st March 2025, was presented to HRC on 30th September.
17. All areas of HMU are challenged with reviewing processes including consideration of a remediated approach to OHC Claimants and processing Late Applications in house, for example.
18. Cost modelling on Claimant Volumes is also being undertaken to establish variable costs
19. To deliver a Cost Challenge of £35m across HMU will entail significant restructuring, change of policies and a significantly adjusted risk appetite.



Workstream Operational Updates

Criminal cases: Appeals in the pipeline

20. The SCCRC is currently considering 10 cases prosecuted by Crown Office and Procurator Fiscal Service ('COPFS') in Scotland that may have relied on Horizon data Decisions are expected in September on whether they will be referred for appeal. COPFS would be the Respondent to the appeal.
21. The Public Prosecution Service of Northern Ireland ('PPSNI') is the Respondent in two appeals at the Court of Appeal in Northern Ireland. The preliminary hearing took place on 12 September 2022. PPSNI have until 3 October 2022 to notify the appellants' solicitors as to whether PPSNI will consent or object to the appeals. The next hearing date is on 10 October 2022.
22. Although POL will not be the Respondent to these appeals, POL/P&P are in regular contact with COPFS and DWP to monitor progress and offer assistance.

Overtaken Historical Convictions (OHC)

23. Key strategic points are:
 - i. Following the mediation on 9 September 2022, POL have entered into full and final settlement with Ms Hamilton (9 September 2022) and Ms Henderson (13 September 2022) with respect to both their pecuniary and non-pecuniary damages.
 - ii. Following Sir Wyn Williams' recommendation in the context of the Horizon IT Inquiry that POL's decision not to offer interim payment to the Public Interest Only cases should have independent oversight, HSF and POL Legal have put forward a proposal



iii.

- One claimant (Carl Page) has returned a signed agreement and POL are arranging payment. All other claimants have indicated they accept the offer and so signed agreements are now awaited.
- iv. Hudgell Solicitors are now advancing, in tranches, the non-pecuniary claims of their clients who did not participate in the ENE along with supporting evidence (including a medical report where appropriate).
- v. Following consent from Hudgell Solicitors, HSF have written to the remaining claimant solicitors seeking confidentiality undertakings to enable the release of a redacted version of Lord Dyson's Evaluation to assist them in formulating their claims

10.1



for non-pecuniary damages in the way Hudgell Solicitors' clients have done. Aliant Law are the first solicitors to have returned their clients' undertakings.

Status of Interim Payments (at 26 September 2022)

24. **80** (out of **81**) applications have been made with £100k interim payments made in **75** cases, £75k in **1** case and **3** applications were declined. **1** applicant has been made an offer but is yet to accept. **1** applicant has indicated he does not intend to make an application

Postmaster Detriment – Suspension payments

25. Programme and Process Assurances are underway with Deloitte and are progressing to plan. A final Programme Assurance has been provided with no areas of concern noted with the report largely green with some areas of yellow (potential improvement identified). A



26. Suspension Data assurance is undergoing further QA checks as it has come to light that some (a minority) Postmasters may have received retrospective suspension remuneration and so cohorts are being reviewed to ensure that no duplicate payments are made.
27. The legal case assessment team is being stood up with two LCA's recruited and a further LCA to join the team in November. Further authority has now been given to recruit additional resource and it is hoped that the adverts for this will go live next week.

Postmaster Detriment - Outstanding Balances

28. Work has continued on the now 14 products / processes which have been identified that may have given rise to detriment. From these areas, 3 have been confirmed as actual detriment (not large), 3 as potential detriment and 3 with no detriment. The other 5 items continue to be investigated and are expected to be completed by the end of November.
29. To provide further understanding of the issue and, as per a HRC request, a detailed review of 10 Outstanding Balances which are currently being paid by postmasters is being completed with a summary of findings available shortly. In cases where we can see the type of transactions that create the outstanding balances (eg ATM, FX), it is often impossible to determine if the balance created is Postmaster detriment unless we speak to the PM. The outcome of these investigations will be presented to HRC in October.
30. Meetings continue with BEIS to refine the ask and to support the building of a Business Case in order to secure funding. It is likely that the Business Case will address the overall outstanding balance issue but ask for funding in steps for known items of detriment/potential detriment that POL is aware of with the caveat that further 'simple' business cases will be presented if/when more detriment is identified.

10.1

Historical Shortfall Scheme (HSS)

31. **HSS Post Offer** – The Dispute Resolution Team (DRT) is now taking on a broader range of tasks than originally anticipated which would have otherwise been outsourced to more costly resource, including participating in Good Faith Meetings (GFM) and interacting with



applicants throughout the process to facilitate favourable outcomes. This has led to 44 disputing applicants (23%) changing their response to 'accept' and exiting the dispute process having received a satisfactory outcome, saving the cost and time involved in continuing the dispute process.

32. In addition, an approach has now been agreed with UKGI/BEIS to manage claims immediately prior to mediation, which will be implemented on a pilot 'test case' basis subject to HRC (Board sub-committee) approval and similarly during the mediation process itself.

Stamp Scheme (SS)

33. The scheme is now 100% complete in terms of offers sent; of 181 eligible claimants, 179 have received an offer, and 2 a suspension letter. Five claims remain at dispute resolution stage but all are being progressed. Project closure activities have commenced ahead of the resolution of the final claim.



POST OFFICE LIMITED BOARD REPORT

Title:	Post Office Horizon IT Inquiry: Update	Meeting Date:	01 November 2022
Author:	Fintan Canavan: Inquiry Director Kevin Hutchinson: Inquiry Programme Manager	Sponsor:	Ben Foat: Group General Counsel

Input Sought: Noting

Board is requested to:

- **Note** the key developments that have taken place in the Inquiry programme since the last update was provided, including as set out in Appendix 1.
- **Note** the current key strategic and operational considerations relating to the Inquiry programme, and the impact that financial considerations are having on POL's preparations.
- **Note** the financial update and assurance activities being undertaken in relation to the Inquiry programme.

Executive Summary

1. **POL's opening statement:** POL's written opening statement was submitted on time on 4 October. Core Participants' (**CPs**) oral opening statements were heard from 11 to 14 October. POL's oral opening statement was delivered on 14 October. It was the last opening statement to be heard.
2. **Application for an adjournment to Phase 2 due to POL's ongoing disclosure of hardcopy material:** The oral opening statements week began with an urgent application by Counsel for Postmaster CPs to adjourn Phase 2 until POL's disclosure of all hardcopy documents relating to Phase 2 had been confirmed as complete. The Chair determined that Phase 2 would not be adjourned, noting that the Phases were "not hermetically sealed" and that any new evidence could be considered in later Phases. On 22 September 2022, the Inquiry asked POL to submit by 18 October a second interim disclosure statement relating to POL's work to date to identify, review and disclose hardcopy documents and the work that is outstanding. The statement was submitted on 18 October.
3. **Update from the Inquiry regarding the Phase 2 hearings:** The Inquiry has published a schedule for Phase 2 oral witnesses (see Appendix 2). It includes one current POL employee, Bob Booth, scheduled for 15 November. All CPs will have the opportunity to propose questions to be put to oral witnesses. The Inquiry's IT expert, Charles Cipione of Alix Partners, will give oral evidence in two sessions: Mr Cipione's first evidence session was on 18 October and was a walk-through of Part 1 of his expert report on the nature and purpose of the Legacy Horizon system. No new lines of evidence were advanced in the session and it completed a day earlier than had been scheduled by the Inquiry.
4. **Preparations for Phases 2 and 3:** We have managed our preparation for Phase 2-3 in line with budget constraints, focussing on priority areas.
5. **Employee witnesses:** To date, we are aware of seven current POL employees who have been asked to prepare a witness statement relating to Phases 2-4. We have been notified of 16 former Post Office-group personnel who have received a request from the Inquiry for a witness statement.

10.2

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6. **Rule 9 requests:** POL has to date received 25 Rule 9 requests for documents. Only Rule 9(24) is outstanding, which has a deadline of 4 November.
7. **Assurance activities:** A workshop was held on 23 September to review end-to-end process maps for key activities: witness statements and hearings preparation, document review and disclosure, and document identification and collation. Members of the Compliance second line assurance team were present to aid their immersion and understanding as part of assessments taking place throughout September and October.
8. **Financial update and budget restrictions:** We came to Board in July and secured funding of £5.5m for Q2. The September Board approved £1.8m in further funding for October. Following the September Board, the final Q2 position was finalised as an overspend of £1.9m, comprising additional document review and 218 narrative, and actual spend from July-September being applied in September. The programme is developing options for the remaining Inquiry delivery and budget. Meetings are progressing with the General Counsel and Chief Financial Officer, after which options will be presented to Board.
9. **Confidentiality undertakings briefing note:** The latest version of the POL Inquiry team's briefing note on the confidentiality undertakings that have been signed by POL colleagues is contained in the Reading Room.

Report

A. Key developments and updates obtained from the Inquiry

GC Strategic overview

1. Based on the opening submissions it would appear that the primary issue which caused these historical issues was corporate governance failure with secondary failures within the legal system and IT. Following the opening hearings, phase 2 commenced with significant evidence about the design and implementation failure of horizon. It is therefore essential to the strategic vision that POL continues its focus on the opportunity in phases 6 and 7 to set out the improvements made to corporate governance, whistleblowing & investigations, and CIJ & HIJ compliance, but also that the design and roll out of NBIT learns the lessons from the historical issues such that they cannot be repeated again. An updated plan on the organisation design of the Inquiry continues together with a focus on challenging the Inquiry budget.

10.2

POL's opening statement

2. Following Board approval, POL submitted its written opening statement by the 4 October deadline. POL's oral opening statement, which included additional elaboration, was heard on 14 October. It was the last of those scheduled.
3. The oral opening statements were preceded by an urgent application by Counsel for Postmaster CPs to adjourn Phase 2 until POL's disclosure of all hardcopy documents relating to Phase 2 had been confirmed as complete. The application arose after the Inquiry had shared with CPs POL's correspondence with it relating to POL's challenges in identifying and reviewing all potentially relevant documents from the vast amount of hardcopy material. The application to adjourn was rejected by the Chair. He did not criticise POL, but he did confirm that he would continue to monitor disclosure and would not hesitate to take any step necessary to ensure CPs' full compliance with their ongoing disclosure obligations.
4. Relatedly, on 22 September 2022, the Inquiry asked POL to submit by 18 October a second interim disclosure statement setting out POL's work to date to identify, review and disclose

2

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hardcopy documents, the work that is outstanding, and a list of POL's hardcopy repositories. The statement was submitted on 18 October.

Update from the Inquiry regarding the Phase 2 hearings

5. Appendix 2 shows the Inquiry's schedule for Phase 2 oral evidence and includes a link to Inquiry YouTube channel, which carries a live feed with a short delay.
6. One current POL employee, Bob Booth, is scheduled to give oral evidence on 15 November. He will receive legal support to re-familiarise himself with his written evidence and relevant documents and be advised on how the process for giving oral evidence will run.
7. Our Counsel team is drafting appropriate "Rule 10" questions that may be put to oral witnesses if the Inquiry approves. These points of clarification should be submitted 14 days in advance of the witness' scheduled appearance. The Chair has asked CPs with common interests to discuss questions between themselves to avoid duplication.
8. The POL Inquiry team will be circulating summaries of the Phase 2 evidence.

Rule 9 requests for documents

9. Since the last Board Report, POL has received five new Rule 9 requests:
 - **Rule 9(21)**, requesting specific documents relating to Phase 2 by 26 September 2022. Technical issues with the Inquiry's document transfer platform led to an extension to 29 September. POL submitted its response by this revised deadline.
 - **Rule 9(22)**, requesting documents relating to the prosecution of Ms Alison Hall by 29 September 2022. POL submitted its response by the deadline.
 - **Rule 9(23)**, requesting various historic Board minutes and schedules by 7 October 2022. POL submitted its response by the deadline.
 - **Rule 9 (24)**, requesting a list of the names, job titles and last known contact details of all persons who worked in the Network Business Support Centre or as Horizon Field Support Officers between 2000 and 2012 by 4 November. Our response to the request is being progressed.
 - **Rule 9(25)**, requesting two sets of documents from historic Board meetings by 18 October. POL submitted its response by the deadline.
10. POL has responded to all other Rule 9 requests, subject to retrospective review of recently unearthed materials. POL continues to provide supplementary disclosures to the Inquiry.

10.2

Disclosure

11. Following the application to adjourn Phase 2, we have completed reviews of hardcopy material in Winchester (no further Phase 2 documents found and limited Phase 3) and have commenced a review of material scanned to POL's Omnidox platform (a sample of 500 files had a response rate of only 3%). POL submitted on 18 October a second interim disclosure statement setting out in significant detail the status of POL's work to identify, review and disclose relevant hardcopy material that it holds.
12. The Inquiry continues to upload POL documents to the Provider of Documents workspace for POL to propose commercial sensitivity redactions before the documents are disclosed to other Core Participants. Most recently, the POL Inquiry team has reviewed a tranche of 1,192 documents within a two-week timeframe set by the Inquiry. We expect to receive for review two further tranches of a similar size imminently.
13. The document review is carried out in accordance with a set of Guiding Principles, developed with input from the Commercial Strategy & Planning Team and approved by

3

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Inquiry SteerCo. The process remains under review to ensure that POL can respond to high volume uploads within tight timeframes. This is likely to involve revisiting the Guiding Principles to ensure the right balance between risk/proportionality and available resources.

B. Key strategic considerations

Preparation for Phases 2 and 3

- 14. The Inquiry continues to disclose witness statements and documents relating to Phase 2. POL’s Counsel team are reviewing the statements to propose questions for witnesses. HSF has been instructed to assist with this work on Phase 2 with some restrictions on the breadth of work streams to control cost. We are working with HSF and Counsel to concentrate on the priority areas in Phase 2.
- 15. The Inquiry’s IT expert, Charles Cipione of Alix Partners, will give oral evidence in two sessions in Phase 2. On 18 October, he addressed Part 1 of his report, providing an overview of the Horizon system, including its purpose and design. On 17 and 18 November, he will address Part 2, providing his analysis. POL’s Counsel team are considering whether POL may wish to propose questions for Mr Cipione’s second session. POL has not yet engaged its own IT expert(s).

16. [Redacted]

17. [Redacted]

C. Key operational considerations

10.2

Support for current employees who receive a Rule 9 request

- 18. We are aware of seven current POL employees who have been asked to prepare a witness statement relating to Phases 2–4. There may be other employees who have been asked to prepare statements but have chosen not to approach POL for support.
 - a. One of the employees is on long term sick leave. HSF is engaging with the Inquiry to discuss options in relation to this individual.
 - b. Four of the employees are being supported by HSF. Two of the statements have been submitted to the Inquiry, deadlines for the remaining two are 20 and 25 October.
 - c. One of the employees is being supported by another law firm rather than HSF due to a potential conflict of interest between POL and the individual, after adverse comments were made by Postmasters about the individual during the Human Impact hearings.
 - d. One employee took the decision to prepare and submit their witness statement without legal support. The POL Inquiry team has made them aware they can ask for assistance with obtaining legal representation at any stage, if they change their mind.
- 19. Only one current POL employee, Bob Booth, has been scheduled to provide oral evidence in Phase 2, on 15 November. The POL Inquiry team, HSF and Counsel are providing support in his preparation to re-familiarise himself with his written evidence and relevant documents, and to understand how the process for giving oral evidence will run.



20. The POL Inquiry team has met with GEs, GE-1s and managers from across the business to brief them on the evidence-giving process and the assistance available, so that they can provide appropriate support to members of their teams who may be asked to give evidence.

Support for former employees and Executives who receive a Rule 9 request

21. POL and HSF have been contacted by 16 former Post Office-group personnel who have received a Rule 9 request for a witness statement. Where former employees are interested in legal representation, the POL Inquiry team and HSF have engaged with D&O liability insurers to confirm coverage for their legal costs. The POL Inquiry team continues to provide support through the process.

D. Assurance work and financial update

Operational processes

22. The programme has conducted an end-to-end process-mapping exercise across our key activities: witness statements and hearings preparation, document review and disclosure, and document identification and collation.
23. A workshop was held on 23 September to take these process maps from draft to publication. Members of the Compliance second line assurance team were present to aid their immersion and understanding.
24. The programme is sharing all relevant materials with the second line assurance team as part of its health review throughout October.

Financial update

25. We came to Board in July and secured funding of £5.5m for Q2.
26. The September Board approved £1.8m in further funding for October.
27. Following the September Board, the final Q2 position was finalised as an overspend of £1.9m, comprising additional document review and 218 narrative, and actual spend from July-September being applied in September.
28. The programme is developing options for the remaining Inquiry delivery and budget. Meetings are progressing with the General Counsel and Chief Financial Officer, after which options will be presented to Board.

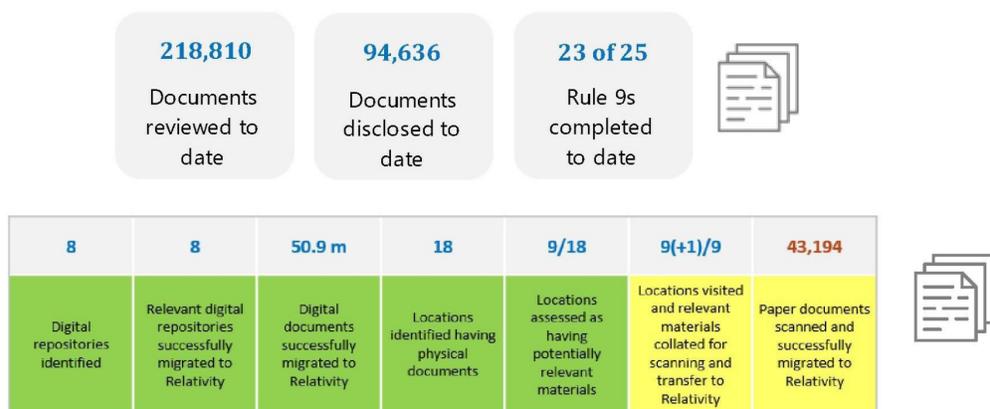
10.2



Appendix 1 Programme dashboard

The following summary dashboards provide management information on Inquiry disclosures; resourcing; progress in assuring and migrating digital and hardcopy documents; and progress on actions against issues arising from oral hearings, external witness statements and media publications.

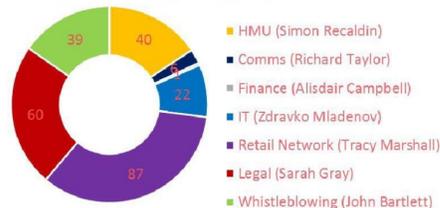
Document Collation and Submission Dashboard as at 13 October 2022



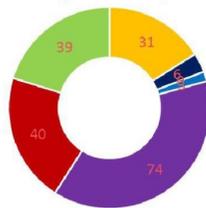
Response Tracker Dashboard as at 13 October 2022

10.2

Allocations to date (255 cases)



Discharged to date (193 cases)



	255	36	5	21	193
Action points identified to date	Open actions being progressed by owners	Ready to be sent to GE/GE-1 delegate for case closure approval.	Sent to GE/GE-1 delegate and awaiting case closure approval	Discharged Cases	



Appendix 2

Inquiry's indicative schedule of Phase 2 oral witnesses

YouTube link: [Post Office Horizon IT Inquiry - YouTube](#) – has a slight delay.

Indicative Timeline – Phase 2

Date	Witness
Evidence Week 1 – Introduction to Horizon	
18 and 19 October	Charles Cipione
20 October <i>(witness 2 may be heard on 20 and/or 21 October)</i>	John Roberts [WITN03390100] Paul Rich
21 October	Peter Copping [WITN03970100]
Evidence Week 2 – Procurement and Executive Decisions	
25 October	Keith Todd
26 October	Anthony Oppenheim [WITN03770100]
27 October <i>(witness 2 may be heard on 27 and/or 28 October)</i>	Terrence Austin [WITN04190100] John Bennett
28 October	David Miller
Evidence Week 3 – Corporate Knowledge	
1 November <i>(witness 2 may be heard on 1st and/or 2nd November)</i>	Mike Coombs Stuart Sweetman
2 November <i>(witness may be heard on 2nd and/or 3rd November)</i>	Jeremy Folkes
3 November	Jan Holmes
4 November	Ruth Reid Jonathan Evans
Evidence Week 4 – Technical Issues	
8 November	Alan D'Alvarez [WITN04800100] Graham Allen [WITN04780100]
9 November <i>(witness 2 may be heard on 9 and/or 10 November)</i>	John Simkins [WITN04110100] Mark Ascott [WITN04760100]
10 November	Mark Jarosz [WITN04810100] Peter Jeram [WITN04180100]
11 November	Peter Jobson [WITN04820100] Philip Boardman [WITN04790100]

10.2

Evidence Week 5 – Technical Issues (continued)	
15 November <i>(witness 2 may be heard on 15 and/or 16 November)</i>	Bob Booth John Meagher
16 November	Andrew Simpkins
17 and 18 November	Charles Cipione
Evidence Week 6 – Government and Unions	
22 November	Colin Baker John Peberdy
23 November	David Sibbick [WITN03350100]
24 November	Stephen Byers



POST OFFICE LIMITED BOARD REPORT

Title:	SPMP Device Funding Drawdown	Meeting Date:	01 November 2022
Author:	Gareth Clark, Strategic Platform Modernisation Product Director	Sponsor:	Zdravko Mladenov, Group Chief Digital Information Officer

Input Sought: Decision

The Board is requested to:

- Approve the Strategic Platform Modernisation Programme (SPMP) to purchase full counter devices worth up to £48.3M.

Previous Governance Oversight

- The Device Requirements were approved by the SPM programme Board on 17 Feb 22.
- The Device Strategy was approved by the SPM Device Governance forum on 18 March 22.
- The SPM device procurement contract will be awarded to Specialist Computer Centre (SCC) - with the Hewlett Packard (HP) as the Original Equipment Manufacturer (OEM) by 31 Oct 22 after approval by GE on 17 August 22.
- SPMP Steering Committee agreed to this paper during its meeting on 21 Oct 2022.

Questions addressed

- What devices are being Purchased?
- How many Devices will be purchased?
- How will the devices be purchased?
- Will purchasing in tranches cost Post Office more than a single bulk buy?
- What is the total forecast spend on full counter devices?
- What is the proposed device drawdown plan?
- What are the risks to the Device Drawdown Plan?

Report

What devices are being Purchased?

1. The SPM Programme is purchasing the following devices to deploy NBIT to branches and replace the existing Horizon platform:
 - a. main counter terminal or Point of Sale (POS) terminal (base unit and screen)
 - b. slip and receipt printer
 - c. keyboard and mouse
 - d. barcode scanner
 - e. magnetic strip reader
2. There is more detail on the devices in Annex A.

11.1



How many Devices will be purchased?

3. The current Networks strategy for Post office is to have no more than 21,000 full counters. The SPM programme has forecast funding for 21,000 bundles of devices with an additional 5% for spares.
4. If the decision is taken to reduce counter numbers to below 21,000 the SPMP team will adjust device bundle orders accordingly as long as the decision to reduce the total number of counters has been taken and communicated to the team by Sept 23.

How will the devices be purchased?

5. The full counter devices will be purchased in tranches which align with the migration plan and make full use of the 12 months price guarantee in the devices contract. This is detailed in a device drawdown plan. The reason for this approach is:
 - a. It ensures POL gets devices at the **best possible price**.
 - b. It allows us to keep **storage costs to a minimum** whilst still providing some flexibility to increase migration numbers if necessary.
 - c. It ensures that the large volumes of devices are **not delivered until the Implementation partner is on contract** and able to manage on POL’s behalf.

Will purchasing in tranches cost Post Office more than a single bulk buy?

6. The winning bidder has offered PSot Office a 1% discount independent of the number of devices it orders.

What is the forecast total spend on devices?

7. **The total forecast spend on full counter devices is £48.3m.** This value is based on the replacement of 21,000 counters with the core equipment listed above.

What is the proposed device drawdown plan?

8. The full device drawdown plan, which will be affected by any changes in the SPM programme, is detailed below:

11.1

When we need	Description of need	No. of Devices	Order Date	Cost £
Feb-22	Development, test, training, and support increases plus Model Office, Postmaster Demos and pilot site devices.	140	Nov-22	307,687.80
Jun-23	Live deployment	3,000	Dec-22	6,593,310.00
Sep-23	Live Deployment	6,000	Mar-23	13,186,620.00
Feb-24	Live Deployment	6,000	Aug-23	13,186,620.00
May-24	Live deployment	5,800	Oct-23	12,747,066.00
May-24	Spares	1,050	Oct-23	2,307,658.50
	Totals	21,990		48,328,962.30



9. This plan is predicated on the purchase of 21,000 bundles of devices with an additional 5% for spares. The NBIT team will inform the SPMP Programme Board and Steering Committee of planned orders one month before the order date. This will allow other teams, especially the Retail team, to confirm that the total order volume (21,00 device plus 5%) is still correct and give opportunity to reduce order volume in line with counter reductions, if required.

What are the risks to the Device Drawdown Plan?

10. **Delay to approval of the device drawdown plan.** There is a risk that a delay in approving the device drawdown plan, will delay the delivery of the second bulk order of device bundles which will need to be placed in Nov 22 to ensure delivery in Feb 23.
11. **There is a global shortage of semi-conductors/components** that are used in most devices, coupled with haulage delays, therefore there is a risk to production and availability of devices POL will need. To mitigate this risk, the team intend to place orders for devices, after the first 2 pre-agreed orders, 6 months before they are required to ensure delivery is made in good time to meet the deployment schedule.
12. **The counter reduction initiative being run by Networks does not deliver a reduction of counters to 21,000.** The SPM programme have requested funding based on a network of 21,000 counters plus 5% spares. At present there are 23,500 counters in use, which if not reduced, will all need to be replaced. This could increase the funding required by SPM.
13. **There is a risk that SPM programme delays generate additional storage charges** for devices ordered 6 months before they are needed. With a programme of the size and complexity of SPM delays are possible. The cost and reputation damage of proceeding to deployment with an incomplete system will far outweigh any additional costs incurred for storage of devices for longer than planned. This risk has been mitigated in the device competition as no storage coast will be charged for the first 12 months.



Appendix A – SPM Devices

1. The new POS terminals will be an all-in-one unit with an optional height adjustable stand or on a desk stand which can be tilted. The combined touch screen will be a 15.6" screen.
2. The universally disliked combined slip and receipt printer will be replaced with a separate thermal receipt printer and two label printers, one with blank labels for special delivery labels and non-RMG carrier postage labels, and one for pre-printed Monarch's Head labels. To prevent the additional printers taking up more valuable counter space, an ergonomically designed stacking system is included in the core device cost and will be available for any counter where this is required.
3. The bespoke Horizon keyboard will be replaced by an optional slimline, but standard, QWERTY keyboard and a standard mouse. The NBIT application will use touchscreen commands but the keyboard and mouse can be selected by Postmasters who feel more comfortable with keyboard input.
4. The barcode scanner will be wired as standard with a 2m lead to allow a long reach.
5. The magnetic strip reader will be attached to the screen as it is in branch today.

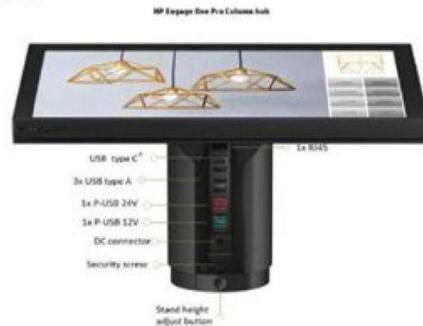


POS unit on height adjustable stand



Ergonomic stand to hold printers and POS

The base POS terminal offering is the HP Engage One Pro with a 15.6" integrated screen as below:



11.1



Zebra - ZD621 Label Printer



428K7AA HP 3.5mm Headset



HP 299U7AA Engage Receipt Printer



HP Wired Desktop 320MK Mouse and Keyboard



HP 1RL97AA Engage 2D Scanner and Stand

11.1



POST OFFICE LIMITED BOARD REPORT

Title:	External Auditor Appointment Fee and Scope	Report Date:	1 November 2022
Author:	Tom Lee, Group Financial Controller	Sponsor:	Alisdair Cameron, Group Chief Financial Officer

Input Sought: Approval

The Board is asked to APPROVE PwC's proposed fees for the 2022/23 financial year and the acceptance of the scope and general extent of the engagement.

Previous Governance Oversight

- The Audit Risk and Compliance Committee ("ARC") recommend to the Board on 12 July 2022 that PwC be retained as POL External Auditors for the next financial year.
- Reappointment approved by POL Board on 12 July 2022, subject to the Board receiving a further recommendation from the Audit, Risk and Compliance Committee on PwC's fees, scope, and terms of engagement.
- 2-year contract extension agreed by GE on 12 October 2022
- Circulated to ARC by written resolution on 21 October 2022 for approval for recommendation to the Board.

Executive Summary

PwC have performed the external financial audit for the Post Office Limited group of companies ("POL") for the past four years. In August 2022 PwC concluded their audit of the financial year ended 27 March 2022 ("FY21/22"), which was the final year covered within the initial four-year engagement terms which ended on 3 October 2022.

At the July 2022 ARC it was approved that PwC should be retained as the external auditor of the Group, subject to POL being able to procure their services for an additional period.

Contract period and terms:

A paper was taken to GE on 12 October 2022 recommending the extension of the PwC contract for an additional [IRRELEVANT]. This was approved. The extension will be in the form of a contract modification to the initial four-year contract, which was agreed under a government CCS framework. Thus the terms by which PwC are engaged will remain unchanged, subject to changes in laws and regulations which will be reflected in the variation. A procurement exercise will be undertaken in September 2023 to find a supplier for the financial year ended [IRRELEVANT] onwards.

Fee:

PwC have quoted a fee of c. [IRRELEVANT] for the FY22/23 audit, being an increase of [IRRELEVANT] on the FY21/22 audit, and a reduction of [IRRELEVANT] from the FY20/21 audit. The net year on year increase is driven by increased hourly charge out rates of [IRRELEVANT], in line with increases seen across the professional services sector, reduced recurring audit hours driven by efficiencies in the audit and the addition of one-off costs for the implementation of a new auditing standard, ISA 315. The fee is in line with our expectations.

11.2



Commercial Position:

In 2018 POL undertook a compliant procurement exercise via a CCS framework which resulted in a contract being awarded to PwC for the provision of external audit services. This contract was due to expire on 1 October 2022 but has been compliantly extended by four months to allow contract negotiations with PwC for an extension to the current agreement to be concluded and for the necessary POL governance approvals to be obtained.

A move away from PwC to a new provider would have a significant operational impact. As a result of the outcome of the Group Litigation Order (GLO), POL finds itself in a very complex position from an accounting perspective. This position is further complicated by changes in government funding periods and the impact on financial statements is significantly more complicated than it has hitherto been. PwC fully understand these complexities, but a new supplier would need significant knowledge transfer. Given these complications POL would not be seen as an attractive proposition for audit firms and there is the distinct possibility of few or no bids being received if the service was tendered. It is quite likely that PwC would also review their position in a way they would not if an extension to the current agreement was granted.

It is Procurement's view supported by Legal that [REDACTED]

It is proposed that a procurement exercise is undertaken in September of 2023 in order to appoint a supplier in good time for them to enter the audit cycle at an appropriate moment, probably during the Summer of 2024. The timing of this exercise would further mitigate against the likelihood of a challenge to the proposed extension.

It should be noted that the complexities which we perceive to make the audit an unattractive (or expensive) proposition for a potential supplier will likely still remain at the time of the proposed tender in September 2023. Time may alleviate some of the concerns, such as progression with HSS and the Inquiry, but it may also create new concerns such as entering a new phase of funding negotiations. As such the proposal to delay the tender is focused around delaying the potential issues of procuring a supplier and delaying the cost impacts of changing supplier, as opposed to resolving them.

11.2

The Procurement recommendation is to extend the current contract for a period of two years.

Request:

The Board is asked to APPROVE PwC's proposed fees for the 2022/23 financial year and the acceptance of the scope and general extent of the engagement.



POST OFFICE LIMITED BOARD REPORT

Title:	FY21/22 ARA filing	Meeting Date:	1 November 2022
Author:	Tom Lee, Group Financial Controller	Sponsor:	Alisdair Cameron, Group Chief Financial Officer

Input Sought: Decision

The Board is asked to approve the laying of the Annual Report and Accounts ("ARA") at Parliament and filing with Companies House in December 2022, for the financial year ended 27 March 2022 ("FY21/22").

Executive Summary

The FY21/22 ARA was signed on 17 August 2022. The decision was taken by the Board to delay the laying of the ARA at Parliament and filing at Companies House until later in the year, prior to the 31 December 2022 filing deadline. Whilst there is no requirement to review the signed ARA ahead of filing, given the significant judgements included within the ARA and in line with the discussion in August, this paper provides a brief overview of the primary judgement, being the Going Concern ("GC") position, and explains why the significant estimates made remain valid for the purpose of filing.

Report

1. The FY21/22 ARA was signed on 17 August 2022 following ARC and Board approval. The decision was taken by the Board to delay the laying of the ARA at Parliament and filing at Companies House until December 2022.
2. Due to parliamentary recess dates (rising on 22 December 2022) and timeframes for laying accounts, POL have a deadline of 1 December 2022 to provide the ARA to BEIS to ensure it can be laid on 15 December 2022 and subsequently filed with Companies House before the 31 December 2022 deadline.
3. Given the deadlines, management are seeking Board approval to provide the ARA to BEIS at the beginning of December 2022 and to arrange laying on 15 December with filing at Companies House thereafter.
4. The report outlines why management believe filing the ARA in December, without reopening them, is reasonable.

Requirements for filing:

5. There is no requirement to revisit or reopen the ARA ahead of filing. It would be unusual to reopen a set of financial statements once signed except in the situation of clear and obvious error identification. Companies may choose to reopen for optional reasons, but this is exceptionally rare.
6. The positions stated within the ARA, including the significant judgements and estimates, are as at the time of signing and not at the time of filing.

11.3



7. If the ARA were reopened there would be a substantial amount of work to be undertaken both internally and by PwC. Given the complexities around POL's going concern ("GC") position, the directors would require an updated Letter of Comfort from BEIS, which is a time-consuming process. It is highly likely that if the ARA were reopened the ARA would be filed late.
8. Although there is no requirement to revisit the judgments and estimates made, the below outlines the latest views, for full transparency prior to Board approval for filing.

Going Concern:

9.

IRRELEVANT
10. SH remains the primary constraint however the following points should be taken into consideration, all of which lessen the weighting that should be placed on SH for the purposes of GC assessment:
 - a. Event of default – the BEIS contract was amended prior to signing the FY21/22 ARA such that a breach in SH is no longer an immediate event of default. Instead, POL can work with BEIS to plan a remedy. Breaches forecasted are in individual months with SH bouncing back thereafter, as such remediation will naturally occur in the forecasts.
 - b. Cross default – the amendment noted above significantly reduces the risk of a cross default with other third parties, including IRRELEVANT. Historically, cross default was the primary concern as it would trigger a worsening of the liquidity position with payments being expedited and funding reduced.
 - c. Levers – the lowest point in the forecasts is a breach of IRRELEVANT in the upside model. During this period POL will be incurring significant change spend IRRELEVANT in P1-P9 FY23/24), as such delays in spend or renegotiated payment terms could be sought. SH is a point in time assessment, being period end, and therefore should it be required, payments could be delayed creating additional buffer. Work is currently ongoing around supplier payment terms to identify where additional headroom could be generated.
 - d. Government support – SH is a BEIS lending covenant. BEIS can waive this covenant, as they have done in the past. It does not represent actual liquidity. It would be a peculiar situation whereby a Shareholder, particularly one who has publicly stated its intention to provide ongoing support, elects not to waive a covenant which would put their subsidiary into financial difficulties, especially to the extent whereby they are no longer a GC.

11.3

Other significant judgements and estimates:

11. Historical Shortfall Scheme ("HSS") – the provisioning model continues to be refreshed and the overall range of possible outcomes remains relatively consistent with the provision as at the time of signing.
12. Overturned Historical Convictions ("OHC") – if the provision were to be calculated now it would be significantly reduced as a result of HMRC's decision to make compensation payments tax exempt and P&P providing revised estimates of expected claim numbers. However, this does not call into question the position reported at the time of signing.
13. Postmaster Remediation – no change to the provisioning since signing.

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POST OFFICE LIMITED BOARD REPORT

Title:	The Postal Museum loans	Meeting Date:	1 November 2022
Author:	Tom Lee, Group Financial Controller	Sponsor:	Alisdair Cameron, Group Chief Financial Officer

Input Sought: Approval

The Board is asked to review the proposal regarding the repayment plan for the outstanding [IRRELEVANT] loan due from The Postal Museum ("TPM") and agree delegated authority to Nick Read to approve this proposal subject to agreement of final terms and legal review.

Previous Governance Oversight

In December 2020, a letter of comfort was provided to the Trustees of Postal Heritage Trust (PHT) following Board approval. The letter stated that POL had no intention to exercise its right under default provisions of the Loan Agreement to require immediate repayment of the Loan within the next twelve months and that POL would like to reach a position acceptable to all parties that could allow PHT to continue to operate on a going concern basis.

Executive Summary

The Post Office Limited ("POL") is owed c. [IRRELEVANT] from TPM in defaulted loans (capital only) dating back to 2013. Repayment was due to commence in 2018, however having received no repayments POL has, for several years, been in negotiations with TPM and The Royal Mail Group plc ("RMG") regarding recovery of funds. Until recently no viable options have been agreed on by all parties. The latest proposal would result in the capital element of the loans being repaid to POL, with [IRRELEVANT] repaid upfront by RMG on behalf of TPM and the remaining [IRRELEVANT] repaid by TPM over 10 years. Repayment of the [IRRELEVANT] would be by way of deduction from POL's annual contracted [IRRELEVANT] payment to TPM which constitutes [IRRELEVANT] for provision of archive services and c. [IRRELEVANT] by way of donation. POL would also be required to give up its security over the Calthorpe House lease.

11.4

Management believe, subject to terms being agreed by all parties and provision of certain information and satisfactory reviews, that the proposal should be accepted. This is the only option presented to date that a) all parties have principally agreed on and b) would result in POL recovering the loan capital over a reasonable time frame. Given RMG's financial difficulties and the expectation that they would make an upfront payment, it would be prudent to seek agreement and cashflows in a timely manner. By agreeing to this POL would secure future access to the archive services, which are required, and would prevent future risk of default as POL would own the cashflows. The possible downside scenario would be in a situation whereby TPM ceases trading, as POL would have no security over TPM assets, having given up security over the Calthorpe House lease. However, in such a scenario we envisage the Deed of Donation requiring POL to pay [IRRELEVANT] would also be extinguished and as such future cashflow liabilities would be released.

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Report

1. In 2012, the Post Office Limited ("POL") provided a [IRRELEVANT] loan to The Postal Heritage Trust, trading as The Postal Museum ("TPM"). Repayments were due to commence in 2018, capital and interest, however TPM have made no repayments to date. POL retains [IRRELEVANT] being the capital and interest to c. FY18/19 on the balance sheet as a receivable but provides against all other interest accrued. TPM have a similar arrangement with Royal Mail Group plc ("RMG"), with a [IRRELEVANT] capital loan remaining outstanding which has not been repaid. POL and RMG hold a floating charge over the Calthorpe House lease [IRRELEVANT] with RMG being the security trustee.
2. POL entered into two additional agreements with subsidiaries of the TPM in 2013, being i) a 'Donation Deed' which was entered into jointly with RMG and requires a [IRRELEVANT] donation to be paid by POL to the TPM group annually until 2039 and ii) an 'Archiving Services Agreement' which enables POL to store its archives at TPM until 2040, with the cost being c. [IRRELEVANT] per annum plus inflationary increases. The cost of archiving is deducted from the donation i.e. POL currently pays c. [IRRELEVANT] for archiving services and c. [IRRELEVANT] as a donation annually. An onerous contract is currently recognised in respect of the Donation Deed.
3. POL and RMG have been in discussion with TPM for several years regarding recoverability of the loans. Until recently TPM have maintained the stance that the balances cannot be repaid in full within a reasonable timeframe, and as such various options have been reviewed, such as partial repayment and reassignment of the 999 year lease TPM own over Calthorpe House. Agreement could not be reached between all parties on any of the alternative options and this position is not expected to change, as such the alternatives are not discussed further within this report.
4. Recently, headway has been made in negotiations with TPM and RMG. The proposal presented to POL and for which we seek Board approval, is a repayment of [IRRELEVANT] loan balance, writing off any interest accrued. The payment would be made up of an upfront payment of [IRRELEVANT] by RMG on behalf of TPM, with the remaining c. [IRRELEVANT] repaid by TPM over 10 years by way of reduction of donations paid by POL annually. In exchange for agreeing to the repayment, POL will be required to give up its security over the Calthorpe House lease, which will transfer to RMG to satisfy the release of their loan. RMG is expected to grant TPM a new [IRRELEVANT] [IRRELEVANT]

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Financial impact

5. A summary of existing and proposed repayments terms is provided below:

	Capital	Accrued Interest to October 2022	Repayment period	Repayment - Year 0	Repayment p.a. to end of term
Initial/existing agreement	IRRELEVANT				
Proposed agreement					

It should be noted that reaching a [IRRELEVANT] repayment proposal with TPM rather than a [IRRELEVANT] proposal has involved some difficult conversations, which have forced a change in the TPM reserves policy (see section 7 below for further detail).

Risk Assessment, Mitigations & Legal Implications

6. The primary drivers behind this are:

- Recoverability – this is the only scenario discussed to date which would result in POL recovering the full capital balance. All other options involved partial payment, payment over extended periods ([IRRELEVANT]) or complex arrangements around leases, which would not guarantee a return. RMG has recently conducted an independent review, which has concluded that ‘TPM is a well-run business’.
- Timing – it has taken c. 3 years to get to this position, with all other options being rejected as mutual agreement between parties could not be reached. The agreement involves a sizable payment ([IRRELEVANT] of the loan balance) from RMG. Given the current financial difficulties which RMG appear to be facing, obtaining timely agreement and upfront payment would appear to be prudent. RMG have not yet agreed to this position formally and should delays occur they may reconsider their position.
- Future default – by giving up the security over the Calthorpe House lease it would appear to worsen POL’s security position should future default occur. However, given the TPM repayments are by way of reduction in POL’s donations, which would be reflected in a revised Deed of Donation, default cannot occur thus POL effectively guarantees the cashflows.
- Archive services – POL is required under the Public Records Acts to preserve certain information and documentation. By agreeing to this revised loan arrangement and enabling TPM to continue trading we retain the rights to use these archive services. Alternative archive service providers have been explored previously, however, given that for 85% of documents in archive it is unclear whether they are held for POL or RMG, Secretary of State approval

11.4



would be required to change provider. We do not know the extent of services required and therefore the time and costs of moving to an alternative provider are unknown. Further legal and financial analysis would be required to establish this.

- Cease trading – should TPM cease trading in future, it is expected that the remaining loan would become irrecoverable. By agreeing to net off the loan repayments against the annual [IRRELEVANT] payment made by POL and removing the charge over the lease there would be no security by which the outstanding loan could be recovered. However, in such a scenario we also anticipate that POL would be released from its requirements to make the annual donation and as such would be released from the future cashflow commitments which would be c. [IRRELEVANT] when considering the net impact of the loan deductions. In such a scenario the result may therefore not be a major concern for POL as these cashflows would be freed up for future years. Note that alternative archives services would be required, and as mentioned above, the costs of these services are unknown.

Next steps and timelines

7. These terms are not yet finalised, however they are expected to remain substantially unchanged assuming all parties can agree and sign within a reasonable timescale. Managements view is that the terms should be accepted, subject to the following being finalised and deemed satisfactory:
 - Liquidity - TPM to provide financial forecasts to POL and RMG to evidence their financial viability over the 10 year period. Initial forecasts show that TPM can afford the cashflow reductions albeit their cashflows reserves would be reduced from 7 months minimum to 4 months and they may need to reduce capital investments plus repairs and maintenance should major issues arise.
 - Cease trading - clarity is required from TPM on the position and implications should they cease trading. We await finalised details, however the assumed impact on POL is discussed below.
 - Charity Commission ("CC") and National Lottery Heritage Fund ("HLF") consent – In order for the Calthorpe House lease to be transferred, consent will be required from the CC given the transfer to a connected person and HLF will need to release their charge over the lease.
 - Legal and tax advice – to be finalised in respect of the proposed agreement by all parties.
 - RMG – similar to POL, Board approval is being sought over these terms.

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POST OFFICE LIMITED BOARD REPORT

Title:	Procurement Report	Meeting Date:	01 November 2022
Author:	Liam Carroll, Procurement Director	Sponsor:	Alisdair Cameron, Group Chief Finance Officer

Input Sought: Decision

Review and approval of the papers set out within the appendices.

Executive Summary

Security Payout Contract

1. We have identified a problem with energy pay-out work. Please refer to the paper and materials at Appendix 1.

Sourcing Strategies for Approval:

Deployment Services for NBIT System to Branches

2. The Board is requested to approve a compliant competitive procurement be conducted via the Crown Commercial Services Technology Services framework to select a supplier to provide deployment services for NBIT.
3. The deployment partner contract will commence in February 2023 to allow the partner to participate in the NBIT pilots and advise on the optimal rollout plan. The likely value will be in the region of [IRRELEVANT] depending on the final requirements, (which will be outcome based). Please refer to the paper at Appendix 2.

Software Reseller Sourcing Strategy

4. The Board is requested to approve a compliant competitive procurement be conducted via the Crown Commercial Services TePAS Framework to select a supplier to provide a Software Reseller Services to Post Office. This service is currently provided by SCC Ltd and expires in April 2023.
5. The total value of contacts is up to a maximum of [IRRELEVANT] over the [IRRELEVANT] period, with a limited minimum commitment to spend of [IRRELEVANT] per annum. The final maximum value of the reseller contract will be determined by individual vendor contracts. Each individual software contract will be approved under its own eCAF. The sourcing strategy is contained at Appendix 3.

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POST OFFICE LIMITED BOARD REPORT

Title:	Procurement Report Appendix 1 - Security Payout Contract	Meeting Date:	01 November 2022
Author:	Liam Carroll – Procurement Director / Andrew Goddard - Head of Payments	Sponsor:	Owen Woodley, Group Chief Commercial Officer

Input Sought: Decision

Board is requested to:

- Approve a direct award for the Security Payout services to Zunoma with a contract value of £1.6m comprising:
 - Energy Payout scheme is £1.4m, (exclusive of VAT and expenses)
 - Other Payout schemes £200k, (exclusive of VAT and expenses)
 for a contract period 01 September 2022 until 30 June 2023.

Executive Summary

1. To continue making payouts to customers under the Warm Home Discount Scheme and meet our contractual obligations with utility companies Post Office needs to continue using the current Payout Services provider Zunoma, see Procurement Risk Exception note at appendix 1.
2. This proposal was approved by GE on 19th October 2022. GE has requested that an investigation into the circumstances surrounding the use of Zunoma for the Energy Payout service is undertaken and the findings reported to ARC once conclusion is reached.

Report

3. Zunoma (previously Smith & Ouzman), have been operating as POL's security print provider since the commencement of Payouts in 2006.
4. The original contract was created in June 2018 and backdated to 2015. The contract expired in July 2019. The contract had a rolling annual provision whereby Zunoma needed to be informed of the continuation of services three months prior to the renewal date, this did not happen.
5. Zunoma holds a portal where our clients upload customers information in order for the payouts to be dealt with. The Energy Payouts were put through the Zunoma contract as this was seen by the Business as a continuation of a BAU service.
6. The Energy Payouts Scheme sits under the Warm Home Discount Scheme.

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Financial Impact

7. Alternatively, we can stop working with the current supplier, Zunoma, whilst we compliantly reprocure this service. This would mean ceasing the current service causing disruption to the most vulnerable customers, and breaching contracts we have in place with utility companies such as British Gas for Payout schemes.

Risk Assessment, Mitigations & Legal Implications

8. The direct award of the contract to Zunoma would not be compliant with the Public Contract Regulations. It is Procurement's view that we are unlikely to receive a challenge to this direct award. It is unclear what a challenger would gain by pursuing a costly High Court litigation when the most likely remedy given by the court would be a declaration of ineffectiveness. This would necessitate a re-procurement of impacted services by Post Office that the challenger would have no guarantee of winning. The challenger could seek damages, but this would require them to convince the court that, but for the relevant PCR breach found by the court, they would likely have won the procurement. This would be a high bar to get over.
9. It is proposed that a procurement exercise is undertaken to bring this service into compliance, this exercise would further mitigate against the likelihood of a challenge to the proposed extension

Stakeholder Implications

10. Postmasters are also paid a remuneration from the payout scheme, so disruption to the Energy Payout services would also mean a disruption to this. The reputational damage to POL would be significant, we would also be in breach of our contracts with the utility companies as we would be unable to provide the services.

Next Steps & Timelines

11. Subject to Board approving the direct award to Zunoma:
 - Place a contract with Zunoma for the Energy Payout service by 15 November
 - Run a procurement exercise for Payout services and have a supplier in place for any new contracts by the end of January 2023
 - Report findings of the circumstances surrounding the use of Zunoma for the Energy Payout service to ARC for their meeting on 5 December

11.5



POST OFFICE LIMITED BOARD REPORT

Title:	Procurement Report Appendix 2 - Deployment Services for NBIT System to Branches Sourcing Strategy	Meeting Date:	01 November 2022
Author:	Chris Duddy, Procurement	Sponsor:	Zdravko Mladenov, Group Chief Digital Information Officer

Input Sought: Approval

Board is requested to:

- Approve a procurement be conducted via the CCS Technology Service 3 Lot 2 (Transition and Transformation) framework to select a supplier to provide deployment services for NBIT
- Length of contract will be for **IRRELEVANT** with the ability to extend for **IRRELEVANT** to allow for any delays in the NBIT rollout plan. The anticipated rollout is **IRRELEVANT** starting in January 2024. The deployment partner contract will commence in February 2023 to allow the partner to participate in the pilots and advise on the optimal rollout plan
- The likely value will be in the region of **IRRELEVANT** depending on the requirements, (which will be outcome based) and which are still being developed, and the final contracted scope, contract signature is expected to be in February 2023
- Delegate contract award and finalising the terms of contract to GE
- Authorise any 2 Directors or any Director and the Company Secretary to execute the contract

Report

- POL has the ambition to have built and deployed NBIT prior to the 2024 Christmas peak. To achieve this POL needs to secure the services of a third party to deploy this system, with the new NBIT application installed onto the new branch devices, across circa 21,000 counters. This is a major and highly complex programme that must succeed. Whilst the rollout will be carefully planned and not linear, at a macro level 21,500 counters transformed in 12 months is c. 80-100 per day. The plans are currently being refined, but ideally the partner would be onboarded asap so that it can support the pilot releases and help hone processes ready for the full rollout.
- POL needs to contract for programme management and engineering services across the UK alongside a capability to provide help and advice for postmasters to negotiate the process of transition. Removal and disposal of existing equipment is also in scope **IRRELEVANT**
- The successful bidder will be responsible for hardware logistics (taking receipt of equipment from the reseller), NBIT application and operating system software installation, transportation and physical installation and commissioning of the counter terminal hardware bundles to the Post Office Site.
- It is not yet confirmed whether additional services will be required from the successful bidder (such as stocktake, audit or transition support from Horizon to NBIT) however,

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this contract will be capable of supporting such activities if required. Finalisation of requirements will be agreed before the tender is issued.

- It should be noted that training and enduring support (post hyper-care) is not included in this contract. The successful bidder will be expected to work closely with internal POL teams and DXC, the incumbent end user computing (EUC) partner.
- There is considerable process work underway in the programme, not least of which are the hand-offs to the EUC provider and other lines of demarcation
- POL also must ensure that the postmasters are properly, carefully and empathetically migrated onto the new system and the role of the implementation partner (the proposed "go-to" resource for branch support) needs to be carefully defined
- The third party will need to be able to provide a blend of delivery and pastoral expertise

Sourcing Strategy

- Following informal market feedback (see Appendix A) from recognised providers (CDW, Insight, Verizon, DXC, Accenture and SCC) and analysis of available sourcing routes, CCS framework Technology Service 3 Lot 2 is the most pragmatic, based on a combination of broad supply market reach, cost, time and underlying robustness of the pre agreed terms and conditions
- In general, the market proposed Competitive Dialogue (CD) given the need to work collaboratively to refine requirements and a solution. However, the market recognised the need to move quickly given the status of the Fujitsu contract and because of competing pressures for the resource that will be needed.
- Alternative routes (frameworks) were reviewed, but only CCS Framework Technology Services 3, Lot 2 had the right mix and reach (127 companies on the framework) of providers and a reasonably robust set of standard terms. At 4-5 months, it will be quicker than CD (8-12 months), will consume less SME time and will be cheaper and is therefore the recommended route. The comparative analysis is summarised in the table below.

Procurement Approach	Pros	Cons
Competitive Dialogue	<ul style="list-style-type: none"> • Allows extensive and detailed solutioning and negotiation and can start the process now with an SQ. • Ensures best price • Facilitates a fit for purpose contract • Compliant with PCR • Solutions can be evolved during dialogue and can draw on provider capability to do so, which will help POL decide whether to separate the IP and Delivery work 	<ul style="list-style-type: none"> • Time and resource hungry esp. on POL business people • Normally would take 6-9 months to complete • Costly
Competitive Procedure with Negotiation <small>This procedure is very similar to CD, so most of the aspects above apply</small>	<ul style="list-style-type: none"> • Negotiations based on multiple tenders • contracts can be awarded without negotiations 	<ul style="list-style-type: none"> • Negotiations are designed to improve tenders not pure dialogue solutioning • Cannot negotiate on the final tender • Need to publish minimum requirements and award criteria up front
CCS Technology Services 3 Lot 2	<ul style="list-style-type: none"> • Framework of 127 suppliers all of which will need to be invited to bid • Is a competition, so broad market reach • Opportunity to add pre-agreed schedules depending on the need, plus further changes to add robustness • Changes to terms will be less onerous reducing any compliance risk and associated legal costs. Terms are reasonably comprehensive especially compared to HTE • 4-5 months process 	<ul style="list-style-type: none"> • Will require an SQ type process to reduce to a manageable number of viable bidders • We will need a full set of requirements and evaluation criteria, which may erode any time benefits • Doesn't provide the level of delivery assurance as CD • Previous use for EUC could be considered sub-optimal • Key terms around acceptance, agile methodology and other obligations will need to be introduced
HTE ICT Solutions 2019	<ul style="list-style-type: none"> • Already consists of resellers that POL uses regularly inc. SCC which has one the devices contract • Framework it's and it's are pre-defined • Relatively quick to contract (but not exceptionally), 3-4 months 	<ul style="list-style-type: none"> • Limited to the resellers on the framework (DXC not a member) • Will require extensive changes to the base terms to ensure delivery • Cannot start until requirements are set • Using HTE evaluation criteria as a base will be challenging • Extensive and material changes to the framework terms may raise an unacceptable compliance risk
Restricted Procedure	<ul style="list-style-type: none"> • Opens the entirety of a market to POL • Can select a short list via a capability assessment (SQ) • Allows some engagement with bidders prior to issuing RFPs • Allows use of POL legal templates • 4-5 months to execute 	<ul style="list-style-type: none"> • Significant exercise to reduce bidders to a manageable number • No negotiation • POL template terms (P3) will need considerable building out
Direct Award	<ul style="list-style-type: none"> • Potentially quickest, but in reality unlikely to save much time 	<ul style="list-style-type: none"> • Uncompetitive pricing • Non compliant, will require POL Board approval • What is the basis of the supplier selection • Would attract punitive damages if POL found in breach and the award would be set aside

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- The intent is to procure services from one provider which will enter into sub-contracts with others – POL does not currently have the experience or resource to manage multiple contracts as well as multiple internal providers. POL will intensively manage the lead supplier with dedicated resources from within the programme.
 - The requirements will be designed to allow POL to award the Implementation Partner services separately from the delivery resources should it wish to do so. Requirements finalisation is a critical path activity. Likewise, elements can be descoped if necessary.
 - The high-level award criteria are proposed to be 70% solution, 30% price.

Expected Outcomes

Broadly, the sourcing strategy is designed to deliver:

- A contract with a leading service provider that provides POL with the best chance of deploying the new EPOS system to time, quality and budget, against a contractually enforceable implementation plan
- The removal, disposal and replacement of the existing Horizon equipment
- The commissioning of the system in branch
- A support capability provided to postmasters to ensure any local challenges are addressed and overcome in a professional and timely manner.



Appendix A – Summary of Market Insight

Post Office Limited - Document Classification: INTERNAL

Market Insight - Headlines

Topic	Market Feedback
Market Interest	Very high, this is seen as the premier rollout of any UK customer and the ultimate reference deal
Feasibility	Very challenging, few have really deployed at the rate POL needs given the complexity and scale. Concerns about dependencies on POL especially training. Plus there is a finite engineering resource in the UK the services of which will need to be secured early
Requirements and solution	Requirements require careful honing in conjunction with a short list of providers
Implementation Manager Role	Responsibilities and points of demarcation need to be carefully laid out
Separate Implementation Partner from Installation Provider	Overall, the view is to keep these together to reduce risk (and maximise revenue), however some advice was to keep the IP roles in house, using area managers and/or a cadre of contractors
Risk	The market is acutely aware of the lack of a safety net under the "cliff edge" POL faces and this will deter a number of possible providers, and that ideally the application build would be accelerated. There is a general feeling that speed is of the essence
Brand	Some representatives are concerned about perceived toxicity and the risk of a repeat of the past issues; again this will be a deterrent. (One provider was quite clear that this could easily derail any opportunity qualification)
Procurement Procedure	60% of the providers would advocate CD due to complexity and uncertainty, but also recognise that this is time and resource consuming. Frameworks (HTE, Kent CC and TS 3 Lot 2) were suggested as a fall back for expediency, but acknowledge that there are limitations, as we have found on the EPOS Buy procurement

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POST OFFICE LIMITED BOARD REPORT

Title:	Procurement Report Appendix 3 - Software Reseller Sourcing Strategy	Meeting Date:	01 November 2022
Author:	Alistair Price, Procurement	Sponsor:	Zdravko Mladenov, Business Transformation Unit Director

Input Sought: Approval

Board is requested to approve

- a procurement be conducted via a competition under the Crown Commercial Services TePAS Framework to select a supplier to provide Software Reseller Services to Post Office
- Length of contracts to be 36-month term with no optional extension
- The total value of contracts is up to a maximum of £45.5m over the 36-month period, with a limited minimum commitment to spend of £5m per annum. The final maximum value of the reseller contract will be determined by individual vendor contracts. Delegate contract award and finalising the terms of the contract to GE;
- Authorise any 2 Directors or any Director and the Company Secretary to execute the contract.

Background

As Post Office Limited (POL) purchases increasing varieties and numbers of software products and services we require continuation of an over-arching contract with a generic reseller that provides access to software swiftly and compliantly without the need for individual competitions for each of the 300 plus vendors used by POL. This service is currently provided by SCC Ltd until April 2023.

Executive Summary

This document seeks approval of the recommended sourcing strategy for the procurement of a Software Reseller for POL to enact numerous software vendor procurements through. This will enable procurement of specific vendors technology without the requirement of constant competition and provide services and support on billing, tooling, licence metrics and purchase.

There will be a minimum commitment to spend £5m per annum through this reseller route. POL is committed to numerous software vendor contracts that will be purchased via this reseller. As most software vendors operate on three-year contracts it is expected that most contracts will be enacted via this route during the reseller contract.

The total estimated spend is between £40m-£45.5m and will be reviewed constantly by IT Vendor management.

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The proposed contract will request the resellers relationship with the following major vendors. These will be assessed as part of the competition:

- IRRELEVANT

The relative spend and value of each vendor will vary over the length of the contract. It is anticipated that AWS, Service Now and Microsoft will increase while other providers such as IronScales, Mimecast and Recorded Futures will decrease.

Questions Addressed

1. What are the sourcing options?

- 1) FTS Restricted Procedure i.e. two-step process: 1. Qualifying, 2. RFP
- 2) CCS Framework – Tech products & Associated Services (TePAS)
- 3) Health Trust Europe Framework – COMIT2
- 4) Individual procurements via framework or Tender

2. What is the sourcing recommendation?

Options 1,2 and 3 are viable routes for the Reseller procurement. The procurement recommendation is option 2 – run a competitive process via the Lot 3 of the CCS TePAS Framework due to the experience and capabilities of the suppliers.

3. What are the procurement risks?

The following procurement risks have been identified. Although they pose a level of risk, these are minimal and IT stakeholders have accepted these:

- It remains difficult to find a reseller who has a relationship with the estimated 100,000 software vendors.
- The scope will include AWS and Microsoft Azure spend. Whilst consumption estimates have been agreed with Cloud office, there is a risk these costs will increase over the contract period.
- POL has no Software Asset management system so monitoring of Software use and licencing is a manual process.
- Handover of reseller services is likely to be a complex task given SCC Ltd involvement with POL over five years.

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Next Steps

Subject to Board approval to launch a premarket engagement exercise w/c 08 November 2022.



POST OFFICE LIMITED BOARD REPORT

Title:	Health & Safety Monthly Report	Meeting Date:	1 st November 2022
Author:	Martin Hopcroft, Director of H&S, Environment and Business Continuity	Sponsor:	Al Cameron, Group Chief Finance Officer

Input Sought: Noting

The Board is asked to note the contents of the report.

Executive Summary

There has been an improvement in safety performance during 2022/23 and a reduction of accidents when compared to 21/22 (20 vs 27). Whilst we have seen accidents reduce in Quarter 2 by 33% (8 vs 12 in Q1) we are not complacent. We share learnings from incident investigations and best practice and continue to develop our people. Robberies remain in line with forecast and we are seeing less Supply Chain CVIT and ATM incidents across the industry. Areas of ongoing focus include; progressing a plan to strengthen our response to customer abuse and aggression; a security campaign in the run up to the festive period including a 'Darker Nights' communication focusing on support and guidance against robbery, abuse, aggression and violence; rolling out Alcohol Breath Testing to CVIT depots following a successful pilot; providing wellbeing and mental health support to colleagues during these uncertain times and bespoke support for potential witnesses who may be required to respond to the PO Inquiry.

Report

1. In Appendix 1, we summarise KPI performance over the last few years. We have included a comparison at P12 with the previous 3 years, together with latest data for P6 (22/23) which shows a reduction in accidents and lost time accidents to date compared to P6 YTD (21/22).
2. In Directly Managed Branches (DMBs), accident causation is mainly due to falls indoors, with a marked reduction in those due to striking against objects or equipment, including bumping into or stepping onto objects. We continue to strengthen hearts and minds culture in DMBs by training safety champions and sharing good practice adopted by Supply Chain.
3. Government guidance advises that Covid 19 is now part of our everyday lives and will be for the foreseeable future. We took additional steps to adapt to this new normal and treat Covid 19 in the same way we would treat any other respiratory illness. We will monitor the rates of infection in POL and society and will remind colleagues to follow good practice.
4. Robberies remain in line with forecast (7 vs 6), although marginally up on last year, with FYF expected to outturn at c.91 incidents, marginally lower than the 3yr average 98 per annum. IRRELEVANT
IRRELEVANT and Security Managers are conducting unannounced visits. There has been a 29% reduction in abuse / aggressive behaviour related incidents reported (22 vs 31 and average 35). In P6 there were 0 CVIT robbery related incidents and there

12.1



were 0 ATM attacks. Industry ATM incidents remain down on pre-Covid level and significant decrease to c11 per month over the last 3 months compared to c60 per month pre Covid.

5. Following the HSE review to the threat of violence, robbery and abuse against colleagues, the H&S, Retail and Security teams attended a workshop on 12th October to review recommendations, consider solutions and progress an action plan. Actions include reviewing the Harassment by Customer policy, clarity on zero tolerance, improving training, simplifying and encouraging incident reporting. We are leading an inter-bank group (IBG) initiative to benchmark best practice and improve training further over the coming months.
6. We have reviewed the Supply Chain Safety Plan and are progressing a number of initiatives including; Alcohol Breath Testing roll-out from 17th October; enhancing the role of the Safety Champion; rolling out a lighter secure cash box (Cennox) to depots with very high risk routes and; an Occupational Health review of physical and mental fatigue in CVIT.
7. Post Office property is statutory compliant and overall risk is low. All statutory and non-statutory inspections are being undertaken and remedials are on track. The 3-year network PAT test programme is progressing well with no risks of fire or electrocution being identified. This years' network signage surveys have identified no serious issues and external fire risk assessments and fire door inspections are taking place to form the estate fire door register.
8. We continue to provide wellbeing support to our colleagues. Mental Health First Aiders are receiving refresher training in November and together with People Partners, they will provide support and raise awareness of our wellbeing resources over the coming months. Mental health related absence has reduced in P6 (Sep) and currently accounts for 20% (25%) of all absences and 31% (38%) of days lost. There were 67 absences / 799 days in P6 vs 76 absences / 952 days in P5. Overall sick absence remained at 3.55% in P6 (Sep) and has reduced to 3.79% YTD (3.86%), mainly due to a decrease in Supply Chain absence.

Financial Impact

9. The financial impact of the above initiatives has been evaluated / budgets confirmed

Risk Assessment, Mitigations & Legal Implications

10. Our highest risks include; violence and abuse aimed at postmasters and employees. The security and health and safety teams will continue to strengthen mitigation; the potential change to our risk profile due to increasing levels of cash in the Network.

12.1

Stakeholder Implications

11. Training should be provided to new directors and, where required, directors, management and colleagues of Group subsidiaries.
12. Information – directors should consider the H&S information that flows to the Board to support directors, subsidiary directors and management teams carrying out their duties.

Next Steps & Timelines - Safety Sub-Committee is held 6 weekly with the next meeting scheduled 25th October 2022. PO Board and GE reports will include updates, recommendations and decisions made by the Committee.



Appendix 1

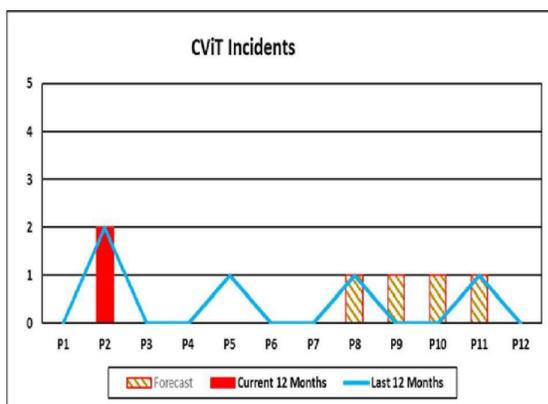
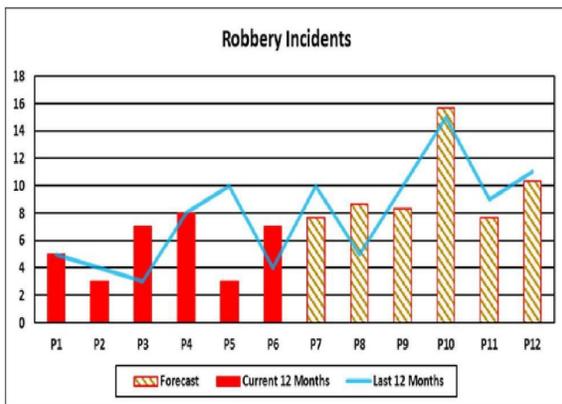
Safety Board Dashboard

Accidents P6 (22/23) and Security P6 (22/23)

Health & Safety 4yr Performance

Year/KPI	18/19	19/20	20/21	21/22	21/22	22/23
	P12 YTD	P12 YTD	P12 YTD	P12 YTD	P6 YTD	P6 YTD
All accidents	81	70	40	50	24	20
All accidents / 1000 employees	16.9	18.6	11.8	15.2	7.3	6.0
DMB	16.7	21.0	22.7	26.9	14.1	12.72
Support	3.4	7.5	0.7	2.1	0.0	0.0
Supply Chain	42.0	33.8	15.3	23.5	10.5	8.8
Lost Time related accidents	15	10	5	16	6	7
Lost Time related accidents / 1000 employees	3.1	2.6	1.5	4.9	1.8	2.1
LTIFR (lost time accidents/100,000hrs)	0.184	0.150	0.083	0.281	0.212	0.242
Days lost due to accidents	245	214	28	484	247	211
Days lost / 1000 employees	51	57	8	147	75	63
LTR (Accident days lost/100,000 hrs)	3.0	3.2	0.5	8.5	8.7	7.3
Days lost due to robbery (assault and trauma)	280	105	16	23	2	135
LTR (Total days lost/100,000hrs inc. trauma)	6.4	4.8	0.7	8.5	8.8	12.0
RIDDORS (Employee)	7	2	3	6	2	3

NOTE: It should be noted that one single lost time accident increases LTIFR markedly by approx. 0.477 in POL per month, LTIFR is the number of incidents / 100,000hrs and should always be read alongside the Lost Time Rate (LTR) which is the number of lost days / 100,000 hrs and an indication of the seriousness of the accident.



12.1



POST OFFICE LIMITED BOARD REPORT

Title:	CIJ Dashboard	Meeting Date:	1 st November 2022
Author:	Jo Milton, Senior Operational Improvement Manager	Sponsor:	Martin Roberts, Group Chief Retail Officer

Input Sought: Noting

The Board are asked to note the Common Issues Judgment (CIJ) Dashboard containing performance data for Period 6 (to 25th September 2022).

Executive Summary

The CIJ dashboard is created each month and provides an overview of our performance against key metrics relating to our interactions with postmasters throughout their lifecycle. From a governance perspective it is important that our Group Executive and Post Office Board have oversight of this performance and crucially, are aware of any specific areas requiring further work to enhance performance, as well as improvements in train or planned, to remediate.

The purpose of this board report is to provide a summary of the key improvements underway to address performance issues in those areas with an amber or red RAG status. The RAG status for each area can be seen in Appendix One with corresponding planned improvements shown in Appendix Two. The CIJ dashboard itself, containing detailed information for each of the policy areas, can be found in the reading room.

Report

1. The following improvements are either underway or planned across those areas with either an amber or red RAG status. Progress against delivery of such improvements is monitored on an ongoing basis by the Retail team.

Training and Onboarding

2. We are aiming to increase views of training material online (P6 was 616 compared to P5 1013) by launching a new Branch Hub learning site that is more intuitive and easier to navigate for postmasters. We will communicate this improvement and other Learning Management System resources to postmasters as well as internal stakeholders who have regular contact with branches and can advocate use of the new tools available.
3. The Onboarding journey duration (application link sent to contract signed) was 148 days in P6 and our aim is to shorten this. A joint Retail and Finance working group has been established to review each stage of the financial assessment process, one element of the journey that takes applicants a significant amount of time to complete. We also have plugged a resource gap by offering vacant roles to six support advisors.
4. Refresher training classroom courses were only at 39% capacity in P6. This is an increase from P5 of 3% and we hope to increase more by promoting these sessions, via Regional Training Leads, Area Managers and links on the new Branch Hub learning site.

12.2



Postmaster Complaints

5. Recently the % of cases resolved within 10 days has reduced to 72% (the target is 82%) due to aged cases sitting within the IT Service Desk. Recruitment is underway to increase resource to clear the backlog.

Cash Management

6. The percentage of successful cash declarations has consistently been at around 88% this year and focus is on increasing this. Further communications to postmasters detailing the operational benefits of completing on a daily basis are planned and we are engaging Tellermate with a view to securing a significantly discounted rate on note counters, for postmasters.

Discrepancies and Postmaster Accounts

7. The volume of discrepancies reported by postmasters remains steady for the year, but is still high at c. 5000 a month, with a steadily increasing value. Work is underway to explore options to reduce this number including initiatives to improve the review/dispute process on Horizon. Improving the frequency of cash declaration completions (see above) will also assist us here.
8. As recovery of postmaster investigated losses has reduced, the amount that is provisioned for these losses is increasing and stood at £23m at the end of P6. The process for recovery of established losses is currently being reviewed and a project team is being stood up to explore actions to enable more effective recovery of losses. This will be in cases where thorough investigations have taken place and the discrepancies can, on the balance of probability, be shown to be as a result of postmaster error. In addition, we are working to notify postmasters of their account information via Branch Hub.

Accounting Dispute Resolution

9. The volume and value of discrepancies that are sent for investigation is increasing year on year (P6 sees a 47% increase in volume on last year). We are encouraging postmasters to learn how to investigate themselves and introducing a new investigations tool on the Branch Reporting Suite on Branch Hub.

Network Monitoring

10. Network monitoring cases are lower than usual due to resourcing issues, but this will begin to upturn as there are two new colleagues currently in training who will be starting imminently.

12.2



Appendices

Appendix 1 - Board CIJ Dashboard RAG Status Period 6

Area	Metric	Performance	Area	Metric	Performance	
Training and Onboarding	Onboarding satisfaction	On track →	Transaction Corrections	Volume, value and reason of issued transaction corrections	On track ↑	
	Onboarding duration	Needs work →		Discrepancies and Postmaster Accounts	Volume and value of reported discrepancies	Needs work ↓
	Confidence after training	On track →	Amount provisioned for postmaster balances		Needs work →	
	Confidence after go live (available soon)	On track →	Accounting Dispute Resolution		Volume and value of discrepancies received for investigation	Needs work →
	Number of views of training videos and collateral	Needs work →			Average days to resolve	On Track ↑
	% capacity filled in refresher training sessions	Off track →	Network Monitoring and Audit Support	Investigated cases root cause	Needs work →	
Number of complaints received	On track ↑	Number of Network Monitoring cases		Needs work →		
Postmaster Complaints	% resolved within 10 days	Off track →	The 4 Contract policies	Number of audit activities	On track →	
	Top 5 themes	On track →		Number of suspensions, with reasons and number of reinstatements	On track →	
Cash Management	Volume and value of outward cash discrepancies	On track ↑	The 4 Contract policies	Number of terminations, with reasons	On track →	
	Volume, value of shortages, surpluses and counterfeit notes	On track →		Decision reviews and outcomes	On track →	
	Number of requests to view CCTV footage by Postmasters	On track →				
	Percentage of successful cash declarations	Needs work ↑				

* This performance summary is work in progress. The RAG status may change in future as we continue work to clearly define targets for each of these key metrics.

Appendix 2 - What actions are being implemented to improve performance

Area	Metric	RAG	Improvements planned or in place
Training and Onboarding	Number of views of training videos and collateral	Needs work	<ul style="list-style-type: none"> New Branch Hub learning site to be launched on 24th October and will be promoted via communications. This new site will host existing content but will also introduce new videos/guides. Continuation of promotion of BH and LMS resources to internal PO stakeholders who have regular contact with branches
Training and Onboarding	Onboarding Time (days)	Needs work	<ul style="list-style-type: none"> Joint Retail and Finance working group in place to review each stage of the FA process and recommend improvements. Offers to be made to 4 onboarding support advisors shortly, plugging the resource gap.
Training and Onboarding	% capacity filled in training sessions	Off track	<ul style="list-style-type: none"> Working toward trialling removal of split between non-onboarding and onboarding classrooms in Q4. Regional Training Leads are attending Regional Manager meetings each month to advocate classroom courses with their teams Area Managers and BSMs to promote both eLearning and classroom courses New Branch Hub learning site will promote link to the classroom registration form on front page
Postmaster Complaints	% resolved within 10 days	Off track	<ul style="list-style-type: none"> Recruitment activity underway at the IT Digital Service Desk to increase available resource allowing the high volumes of aged cases to be gradually cleared.
Cash management	Percentage of successful cash declarations	Needs work	<ul style="list-style-type: none"> Further communications campaigns being explored, and consideration also being given as to whether we 'mandate' completion, or possibly provide more note counters to assist postmasters.
Discrepancies and Postmaster Accounts	Volume and value of reported discrepancies	Needs work	<ul style="list-style-type: none"> Working with the CISO for Retail and Controls to improve review/dispute process on Horizon.
Discrepancies and Postmaster Accounts	Amount provisioned for postmaster balances	Needs work	<ul style="list-style-type: none"> Established loss GE subgroup being arranged to review process and agree whether any changes should be made to enable greater recovery of losses. We are working with Branch Hub to improve the way account information is shared with Postmaster.
Accounting Dispute Resolution	Volume and value of discrepancies received for investigation and Investigated cases root cause	Needs work	<ul style="list-style-type: none"> Development work deployed into Dynamics to track incoming volume by 'product type'. This now provides a balanced view of incoming vs resolved which enables better root cause analysis.
Network Monitoring and Audit Support	Number of Network Monitoring cases	Needs work	<ul style="list-style-type: none"> Two new team members currently in training

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POST OFFICE LIMITED BOARD REPORT

Title:	Independence of incoming Chair	Meeting Date:	01 November 2022
Author:	Cordelia Hagan, Company Secretariat Administrator	Sponsor:	Rachel Scarrabelotti, Group Company Secretary

Input Sought: Decision

The Board is asked to:

- i. decide whether, pursuant to Provisions 9 and 10 of the 2018 UK Corporate Governance Code, Mr Staunton can be considered independent upon appointment as Chair notwithstanding Post Office's business relationship with WH Smith Plc; and
- ii. agree a form of language for the explanation of Mr Staunton's independence or non-independence. The suggested wording is set out in Appendix 1.

Executive Summary

After a formal selection process and liaison with the Department for Business, Energy and Industrial Strategy (BEIS), Mr Henry Staunton was identified as a preferred successor to the former Post Office Limited (POL) Chair, Tim Parker. The Shareholder provided written notice to the Company of its decision to appoint Mr Henry Staunton as Chair of the Company on 23 August 2022.

It is proposed that Mr Staunton will be appointed as a Non-Executive Director and Chair of the POL Board with effect from 1st December 2022. Mr Staunton is currently the Chair of WH Smith plc and will retire from the board of WH Smith plc on 30 November 2022.

The Shareholder Relationship Framework Document provides that POL should seek to comply with the principles and provisions of the 2018 UK Corporate Governance Code (the '**Code**'). Provision 9 of the Code states that, 'the chair should be independent on appointment when assessed against the circumstances set out in Provision 10...'

One of the circumstances likely to impair Mr Staunton's independence as set out Provision 10 of the Code includes '...whether a director...has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company'.

It is for the Board to decide whether Mr Staunton is independent from the executive management team and the company to enable him to challenge and hold executive management to account considering all relevant facts and circumstances.

Provision 10 of the Code states that 'where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided'.

Accordingly, the Board should assess Mr Staunton's independence as the Board will need to provide a clear explanation for its conclusion and minute this explanation. Moreover, where the Board considers the Chair to be independent on appointment, the Pensions and Lifetime Savings Association Stewardship and Voting Guidelines (2022) suggests 'detailed and

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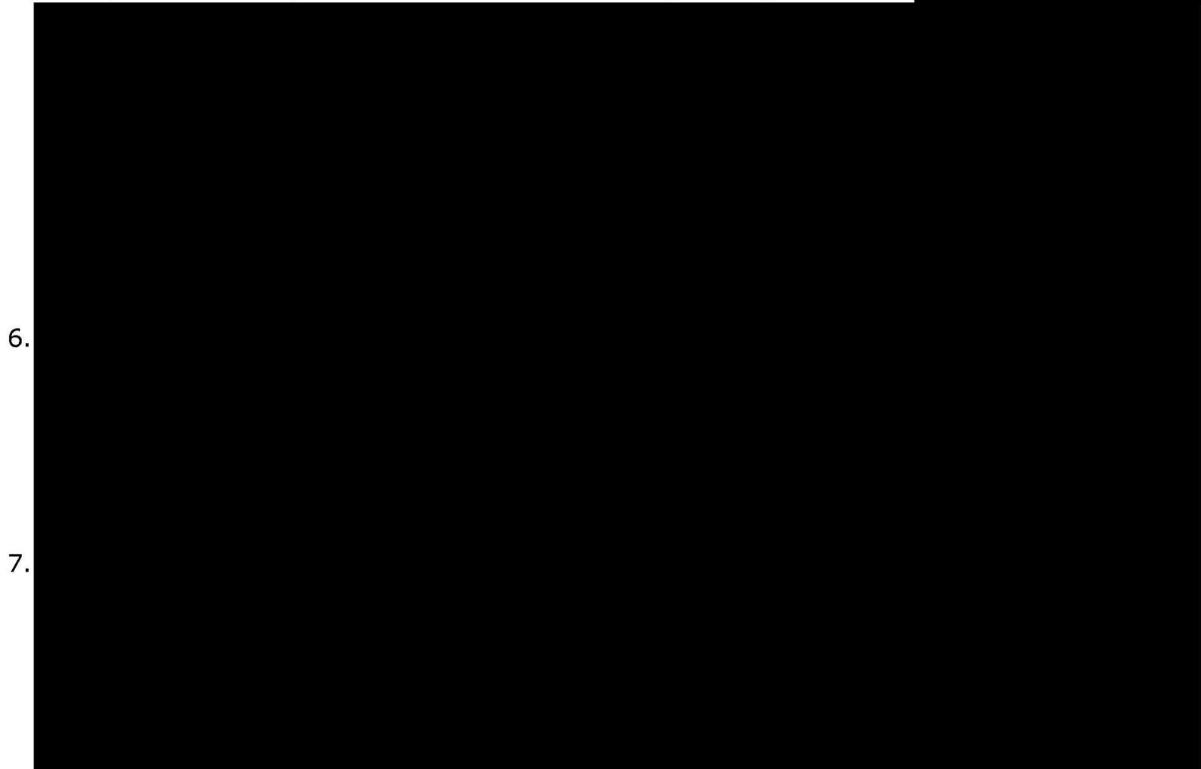
considered explanations around Director independence' should include 'why the company considers that the director remains independent despite the existence of any factors which may impair independence'.

Questions addressed

1. What criteria are used to assess whether Mr Staunton is independent?
2. How does Mr Staunton perform against the relevant criteria?
3. If the Board determine that Mr Staunton is not independent what statements need to be made by POL to ensure it continues to comply with the Code?

Report

4. Independence in the context of the UK Corporate Governance Code refers to a director being independent from the executive management such that the director is able to use their skills and experience to exercise objective judgment, provide effective challenge within the Board and adequately hold the executive management to account. There may be concerns that Mr Staunton may not hold the executive to account to the extent that POL and WH Smith's business relationship may be affected.
5. Legal advice sought from Norton Rose Fulbright suggested that



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8.

9.

10.

11. The Code operates on a “comply or explain” approach meaning that POL can comply with the provisions in the Code or explain any non-compliance.
12. As such, any departure from Provisions 9 and 10 of the Code arising from the circumstances of Mr Staunton’s appointment should be clearly detailed in POL’s annual report and accounts.

Risk Assessment, Mitigations & Legal Implications

13. As the Board is already aware, POL are currently in phase 2 of the Statutory Public Inquiry. This has attracted significant media attention and the level of scrutiny for POL may be heightened when Mr Staunton joins POL as Chair. There could be media commentary on whether the relationship with WH Smith will affect Mr Staunton’s ability to hold executive management to account. There may also be observations regarding the balance of the POL Board and board diversity.
14. POL should consider these potential effects to its reputation as a result of this appointment and its conclusion regarding Mr Staunton’s independence or non-independence should form part of its explanation if there are incoming inquiries.

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Stakeholder Implications

15. The Board should also consider that Post Office’s other strategic partners may have concerns regarding Mr Staunton’s appointment.



Appendix 1

Depending on the Board's decision as to Mr Staunton's independence or non-independence, please see the suggesting form of words for both cases below:

Explanation of Mr Staunton's independence

The Board of Directors have determined that Mr Staunton will be independent upon appointment to the Post Office Limited Board. In making their decision, the Directors concluded that Post Office's business relationship with WH Smith will not affect Mr Staunton's independence, objective judgement, and his ability to hold executive management to account. Furthermore, WH Smith is only one of Post Office's strategic partners and the Board have determined that there are no other circumstances or relationships that can be considered to impair Mr Staunton's independence upon appointment.

Moreover, Mr Staunton has extensive experience in leading and contributing to Boards and holding executive management teams to account both as a Chair and a non-executive director. As well as being the Chair of WH Smith plc, Mr Staunton most recent roles include being Chair of Capital & Counties Properties Plc and Exeter University Business School.

Mr Staunton will be stepping down from his role as Chair of WH Smith plc on 30th November 2022 and will be joining the Post Office Limited Board on 1 December 2022. As such, there will be no period of overlap in conducting these two appointments.

Explanation of Mr Staunton's non-independence

The Directors have decided that Mr Staunton will not be independent upon appointment due to Post Office's material business relationship with WH Smith. The Board nevertheless maintains that Mr Staunton is a suitable appointee to Chair the Board. In coming to this conclusion, the Board determined that despite his non-independence Mr Staunton possesses the skills, knowledge and experience relevant to the success of Post Office. Mr Staunton has considerable experience in the retail sector, being the key sector in which Post Office operates, as well as experience in leading and contributing to Boards, both as a Chair and a non-executive director. As well as being the Chair of WH Smith plc, Mr Staunton's most recent roles include being Chair of Capital & Counties Properties Plc and Exeter University Business School.

Mr Staunton will be stepping down from his role as Chair of WH Smith plc on 30th November 2022 and will be joining the Post Office Limited Board on 1 December 2022. As such, there will be no overlap between these two roles.



POST OFFICE LIMITED BOARD REPORT

Title:	Sealings Report	Meeting Date:	01 st November 2022
Author:	Rubia Khanom, Company Secretariat Administrator	Sponsor:	Rachel Scarrabelotti, Company Secretary

Input Sought: Approval

The Directors are invited to consider the Register of Sealings and to approve the affixing of the Common Seal of the Company to the documents set out against items numbered 2156, and 2158 – 2161 inclusive in the Register of Sealings.

Executive Summary

For the Directors to resolve that the affixing of the Common Seal of the Company to the documents set out against items numbered 2156, and 2158 – 2161 inclusive in the Sealings Register are hereby confirmed.



Date Created
24/10/2022

Post Office Limited
Register of Sealings

Company Number
2154540

Seal Number / File Ref.	Date of Sealing	Date of Authority	Description of Document	Persons Attesting To Document	Destination of Document
2156 / DS1 Form	28/09/2022	26/09/2022	DS1 Form relating to GRO (Property Title No. DU93456) - Cancellation of entries relating to a registered charge which was first registered by the Lender Post Office Limited on 07.08.2015. Deed prepared by Womble Bond Dickinson, approved by Group Legal Director Sarah Gray and electronically signed by a Director and Company Secretary.	Alisdair Cameron, Director and Rachel Scarrabelotti, Group Company Secretary	Womble Bond Dickinson and Kirsty O'Connor, Senior Legal Counsel
2158 / Settlement Agreement	05/10/2022	03/10/2022	Dilapidations Settlement Agreement relating to 27 Northgate Street Bath BA1 1AJ between: Imperial Tobacco Pension Trustees Limited (Company Number 00237979) and Imperial Investments Limited (company number 02085046) both of 121 Winterstoke Road, Bristol, BS3 2LL (the Landlord) and; Post Office Limited (company Number 02154540) with registered office at Finsbury Dials 20 Finsbury Street, London EC2Y 9AQ (the Tenant).	Rachel Scarrabelotti, Company Secretary	Karima Karger, Legal and Womble Bond Dickinson
2159 / Underlease	20/10/2022	17/10/2022	Underlease relating to property at Ground Floor Shop, 15 Carfax, Horsham RH12 1ER between Post Office Limited (Company number: 02154540) whose registered office is at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ (Landlord) and St. Catherine's Hospice Limited (Company number: 01525404) whose registered office is at Malthouse Road, Crawley, West Sussex, RH10 6BH (Tenant).	Rachel Scarrabelotti, Company Secretary & Alisdair Cameron, Director	Karima Karger (Legal) and Womble Bond Dickinson
2160 / Licence for alterations	20/10/2022	17/10/2022	Licence for alterations relating to an underlease of ground floor shop, 15 Carfax, Horsham RH12 1ER between Post Office Limited (Company number: 02154540) whose registered office is at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ (Landlord) and St. Catherine's Hospice Limited (Company number: 01525404) whose registered office is at Malthouse Road, Crawley, West Sussex RH10 6BH (Tenant).	Rachel Scarrabelotti, Company Secretary and Alisdair Cameron, Director	Karima Karger (Legal) and Womble Bond Dickinson
2161 / Licence to Underlet	20/10/2022	17/10/2022	Licence to Underlet relating to ground floor, 15 Carfax, Horsham RH12 1DY between Bernard John Mullen of 15 Carfax, Horsham, West Sussex, RH12 1DY (Landlord); and Post Office Limited with company number 02154540, whose registered office is at Finsbury Dials, 20 Finsbury Street, London, EC2Y 9AQ (Tenant); and St Catherine's Hospice Limited with company number 01525404, whose registered office is at Malthouse Road, Crawley, West Sussex, RH10 6BH (Undertenant)	Rachel Scarrabelotti, Company Secretary and Alisdair Cameron (Director)	Karima Karger (Legal) and Womble Bond Dickinson

POL Board Meeting-01/11/22

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POST OFFICE LIMITED BOARD REPORT

Title:	Future Meeting Dates	Meeting Date:	01 st November 2022
Author:	Rubia Khanom, Company Secretariat Administrator	Sponsor:	Rachel Scarrabelotti, Company Secretary

Input Sought: Noting

The Directors are requested to note the future meetings dates scheduled in respect of Post Office Limited Board and Committee meetings.

2022

Date	Time	Meeting
Tuesday 01 November 2022	10:00 – 15:30	Board
Thursday 10 November 2022	08:30 – 10:30	Historical Remediation Committee ¹
Monday 21 November 2022	09:30 – 11:30	Historical Remediation Committee ²
Monday 05 December 2022	15:00 – 17:30	ARC
Tuesday 06 December 2022	10:00 – 11:00	Nominations Committee
Tuesday 06 December 2022	11:00 – 12:30	Remuneration Committee
Tuesday 06 December 2022	13:00 – 17:30	Board
Thursday 15 December 2022	08:30 – 10:30	Historical Remediation Committee ³

2023

Date	Time	Meeting
Monday 23 January ⁴ 2023	14:30 – 17:00	ARC
Tuesday 24 January 2023	10:00 – 15:00	Board
Tuesday 28 February 2023	09:30 – 12:30	Additional Board to discuss the initial review of the 2023/24 budget
Tuesday 28 February 2023	13:00 – 14:00	Nominations Committee

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¹ Occurs every 2 weeks on Thursday effective 06/01/2022 from 08:30 – 10:30

² Due to NED diary clashes, the meeting on Thursday 24th November has been moved to 21st November.

³ As per previous emails, we are looking to change the December HRC meetings. Meetings scheduled on the 8th and 22nd December will be collapsed into one meeting to be held on the 15th December.

⁴ In January 2023 and January 2024, there is an Internal Audit session from 17:00 – 17:30.

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Tuesday	28 February	2023	14:00 – 15:30	Remuneration Committee
Tuesday	28 March	2023	10:00 – 12:30	ARC
Tuesday	28 March	2023	13:00 – 17:30	Board
Tuesday	16 May	2023	09:00 – 11:30	ARC
Tuesday	06 June	2023	09:30 – 10:30	Nominations Committee
Tuesday	06 June	2023	10:30 – 12:00	Remuneration Committee
Tuesday	06 June	2023	12:30 – 17:30	Board
Monday	10 July	2023	14:30 – 17:00	ARC
Tuesday	11 July	2023	09:30 – 14:00	Board
Tuesday	11 July	2023	14:45 – 18:00	Board Strategy Away Day - 1
Wednesday	12 July	2023	08:30 – 17:00	Board Strategy Away Day - 2
Monday	25 September	2023	14:30 – 17:00	ARC
Tuesday	26 September	2023	09:30 – 10:30	Nominations Committee
Tuesday	26 September	2023	10:30 – 12:00	Remuneration Committee
Tuesday	26 September	2023	12:30 – 17:30	Board
Tuesday	31 October	2023	10:00 – 15:00	Board
Monday	27 November ⁵	2023	14:30 – 17:00	ARC
Tuesday	28 November	2023	10:00 – 11:00	Nominations Committee
Tuesday	28 November	2023	11:00 – 12:30	Remuneration Committee
Tuesday	28 November	2023	13:00 – 17:30	Board

2024

Date			Time	Meeting
Monday	29 January ⁶	2024	14:00 – 17:00	ARC
Tuesday	30 January	2024	10:00 – 15:00	Board
Tuesday	20 February	2024	09:30 – 12:30	Additional Board to discuss the initial review of the 2024/25 budget
Tuesday	20 February	2024	13:00 – 14:00	Nominations Committee
Tuesday	20 February	2024	14:00 – 15:30	Remuneration Committee
Tuesday	26 March	2024	10:00 – 12:30	ARC
Tuesday	26 March	2024	13:00 – 17:30	Board

13.3

⁵ In November 2023, there is an External Audit session from 13:30 – 14:00.

⁶ In January 2023 and January 2024, there is an Internal Audit session from 17:00 – 17:30

Post Office Limited Board Governance Map & Forward Plan 2022/23 (n.b. Items are shaded where the item or date is tentative)												
Item	Origin of Request	Owner	Action Required	29/03/22	07/06/22	12/07/22	27/09/22	01/11/22	06/12/22	24/01/23	28/03/23	Notes
STANDING ITEMS FOR PRESENTATION												
Welcome and Conflicts of Interest	Companies Act 2006 s.177	Chair	Noting	X	X	X	X	X	X	X	X	
Minutes from previous meeting	Terms of Reference	Company Secretary	Approval	X	X	X	X	X	X	X	X	
Matters Arising	N/A	Company Secretary	Noting	X	X	X	X	X	X	X	X	
Committee reports (verbal)	Terms of Reference	Committee Chairs	Noting	X	X	X	X	X	X	X	X	
CEO report	Terms of Reference	CEO	Noting & discussion	X	X	X	X	X	X	X	X	
Financial Performance Report (including Change Spend)	Terms of Reference	CFO	Noting & discussion	X	X	X	X	X	X	X	X	
STANDING ITEMS FOR NOTING (NO PRESENTATION)												
Health & Safety Report	Terms of Reference	CFO	Noting	X	X	X	X	X	X	X	X	Scheduled as a discussion item bi-annually, including violence and robberies reporting. The Director of Health and Safety, Environment and Business Continuity attends for these items.
Historical Matters: HMU and Public Inquiry	Terms of Reference	HMU and Inquiry Executive Sponsor	Noting	X	X	X	X	X	X	X	X	
Governance Items: Forward Plan, Sealings, Meeting Dates	Terms of Reference	Company Secretary	Noting	X	X	X	X	X	X	X	X	
Approvals: spend over £5m; procurement risk exceptions	Terms of Reference	Executive Team	Noting	X	X	X						The strategic procurement is scheduled as a discussion item periodically and this item is attended by the Director of Procurement.
CYCLICAL ITEMS: (annual unless otherwise stated in notes column)												
Budget and performance against strategic plan	Terms of Reference	CFO	Approval for submission to Shareholder	X						X	X	Draft considered in January and final draft approved in March for submission to the Shareholder.
Three-year plan (to tie in with Government Spending review)	Terms of Reference	CFO	Approval for submission to Shareholder									Draft approved for submission to the Shareholder in August 2021.
Quarterly Deep Dive 2022/23 Budget	Board Request - Board Meeting of 04/05/22	CFO	Discussion					X			X	
Annual Report and Accounts	Terms of Reference	ARC Chair/ CFO	Approval			X						FY year end 31 March, deadline for filing 31 December but must first be laid in Parliament.
Dedicated strategy sessions	Terms of Reference	Executive Team	Discussion and Approval of recommendations									Scheduled for 13 July.
Network Performance Report	Terms of Reference	Network Strategy Delivery Director	Approval					X				Usually each September/ October. The Report has to be laid in Parliament.
Governance Report (terms of reference review; register of interests; matters reserved and delegated authorities)	Terms of Reference	Company Secretary	Approval	X							X	
Board and Committee Evaluations	Terms of Reference	Company Secretary	Discussion and Approval of recommended actions	X				X (Board Review - Progress against Recommendations)			X	The Board and Committee Evaluations should be externally facilitated every third year to comply with the UK Corporate Governance Code and Public Sector guidance on corporate governance.
Modern Slavery Act Statement	Terms of Reference	Head of Customer Experience Strategy & Deployment / Retail & Franchise Network Director	Approval			X				X		The statement and recommended actions are discussed in detail at the ARC so Board discussion is usually minimal. The next approval will be required in July 2023.
People Strategy (including culture)	Terms of Reference	Group Chief People Officer	Discussion									

Item	Origin of Request	Owner	Action Required	29/03/22	07/06/22	12/07/22	27/09/22	01/11/22	06/12/22	24/01/23	28/03/23	Notes
Succession Planning (Including succession below Board and GE level)	Nominations Committee Evaluation & Board Action from 12 July 2022	Group Chief People Officer	Discussion						X			Board discussion every 6 months (November and May).
ESG	Terms of Reference		Discussion						X			To be scheduled.
Group Risk Policy	Terms of Reference	Chief Financial Officer	Approval	X					X			RCC on 13th September, GE on 14th September, ARC on 26th September and Board on 27th September
Corporate Social Responsibility Strategy	Marie Molloy Email 13/10/2022	Head of Corporate Responsibility & Social Impact & Group Corporate Affairs, Brand and Communications Director	Noting						X			Marie agreed with Al Cameron this would be removed from the RCC and ARC forward planner as it did not align with the ToR. Richard Taylor and Mark Cazaly were advised this would go to GE and Board instead. Annual Item.
Communications and Stakeholder Strategy	Terms of Reference	Group Corporate Affairs, Brand and Communications Director	Noting									To be scheduled.
ITEMS SCHEDULED												
Operational/ Network												
Darwin Paper	Approved by GE on 04/05/2022	CFO/ Programme Manager/ Supply Chain Director	Approval (no presentation)			X						
Property Strategy	S Norris email 26/05/22	CFO/ Director of Supply Chain/ Head of Property	Discussion									GE - 06th July. No longer requires Board discussion.
Project Assurance - Augmentations to RMPP	David Scothern Email 11/08/2022	Head of Legal HR/IR, Group Reward Director, Interim Group Chief People Officer	Noting and Approval				X					
PO Control Framework Direction of travel/next steps	Anshu Mathur	Interim Group Compliance Director	Approval				X					RCC on 13th September, GE on 14th September, ARC on 26th September and Board on 27th September.
Mails strategy implementation update	Chrysanthy Pispinis	Commercial Strategy & Planning Director	Noting / Discussion (30 mins)						X			GE Tactical - 23rd November
Mails Strategy	Board Request - Board Meeting of 29/03/22	CCO/ Managing Director Parcels and Mails	Decision			X						Board requested item be brought to the June Meeting. Deferred to July meeting
Technology												
Assurance Framework for the Strategic Platform Modernisation Programme	Zdravko Mladenov email 30/05/22	Business Transformation Director	GE Decision, RCC & ARC (noting with presentation), Board (noting without presentation)							X		To be confirmed. Updated Proposal: GE on 14th December 2022, RCC on 10th January 2023, ARC on 23rd January, Board on 24th January.
SPMP Deep Dive	Board Action from 07 June 2022	Group Chief Digital Information Officer	Discussion					X				To be confirmed.
SPM (decision on EPOS build/ buy)	Referred to in paper to Board on 28 July 2021	Business Transformation Director	Decision	X			X					To be confirmed.
Belfast Exit Programme	Jeff Smyth Email from 25/10/2022	Enterprise Cloud & Data Transformation Director	Decision						X			
Belfast Exit Funding	Email from Bim Famotbe on 06/06/2022	Jeff Smyth, Enterprise Cloud & Data Transformation Director	Decision			X						
Joint presentation from the network and SPM Teams	Action in response to June Board discussion	Business Transformation Director	Discussion		X							Moved to June 2022.
Commercial												

Item	Origin of Request	Owner	Action Required	29/03/22	07/06/22	12/07/22	27/09/22	01/11/22	06/12/22	24/01/23	28/03/23	Notes
Payzone Integration Exploration	Board Action from 12 July 2022	CCO/ Commercial Strategy & Planning Director	Noting					X				
Update on Mails Strategy	Board Request – Board Meeting of 29/03/22	CCO/ Managing Director Parcels and Mails	Discussion	X		X						Request raised at POL Board Meeting 29 March 2022. Deferred until July Board Meeting.
Postmaster/ Customer/ other Stakeholders												
Investigations paper	John Bartlett	John Bartlett	Discussion				X					GE - 06th July
Improvement Development Group Update	Updates were previously received at Board (CCRC) meetings	COO	Discussion	X		X	X					The session also links to a suggestion from Al Cameron at the September 2021 meeting to have a conversation on how we evidence to the Public Inquiry that the historical errors cannot be repeated.
Corporate Governance and Internal Decision Making Forums	Phase 6 of the Inquiry	Group General Counsel, Company Secretary	Noting						X			GE Approval - 16 November 2022