

Chairman's Speech – 13th November 9am

1 | Introduction

1. Thank you for joining me today.
2. It's right that, for the first time, we have colleagues, postmasters and partners together on one call as we start a new chapter for Post Office.
3. As you know, I joined Post Office in May on the understanding that I would complete a Strategic Review of the business.
4. With the Review complete, I want to sketch out why we need to change; the vision for the future; and how we will deliver it.
5. And it is genuinely an exciting future.
6. Subject to Government funding, it will see us build a "New Deal for Postmasters" that I hope will start a new chapter in our relationship.
7. By increasing your total annual remuneration by a quarter of a billion pounds by 2030.
8. By transforming the service and support you receive from Post Office.
9. And by strengthening your voice across the entire organisation.
10. So that you, our postmasters, are genuinely at the heart of this business.
11. Today, I will walk you through this intent and the Executive Team will work through the detail with you in the coming weeks.

2 | Our Burning Platform

12. It almost goes without saying: we are a business in need of a fresh start – and urgently.
13. The last decade has seen UK high streets become more and more difficult for postmasters.
14. And at the recent Budget, we saw your costs rise with National Insurance Contributions, National Living Wage and business rates.
15. **Commercially**, we are facing challenges in our core markets that will get worse, not better.
16. Mails is a very competitive market and our Banking business, though thriving, cannot sustain us alone as cash use declines.
17. And there's no silver bullet or quick fix to plug that gap.
18. **Operationally**, we need to overhaul our technology.
19. We are also struggling against a high cost-base that other retailers would wince at.
20. And, if we are honest with ourselves, our operations are not set up to serve the evolving needs of our postmasters.
21. **Culturally**, as we've heard at the Inquiry, for too long postmasters were under-served and undervalued by a centre that didn't prioritise its frontline.

22. **And reputationally**, we have a long way to go to build trust with our postmasters and with the public.
23. But it's postmasters who bear the brunt of all this.
24. Your remuneration has lagged well behind inflation, while your costs continue to grow.
25. I hear your concerns about the future of your businesses, given the investment and hard work you have put in.
26. Today, nearly half of your branches are not profitable or only make a small profit from the Post Office business.
27. This is neither acceptable nor sustainable.
28. Without action, your profitability will continue to drop.
29. Without action, we'll see a growing reliance on government subsidy – which we *already* depend on – just to keep us going.
30. Without action, we cannot deliver the change that our postmasters deserve.
31. So: we need to turn a fresh page.
32. You might be wondering why this time is any different – we've had reviews before after all.
33. First, we **have a Government that is committed to securing a bright future for postmasters.**
34. Funding discussions are underway as part of the Spending Review process and I spoke to Business Secretary just last week.
35. And we also learned last week that Government intends to launch a consultation paper on the future of Post Office next year.
36. **Second, we have a number of new leaders** in place with the drive, experience and expertise to lead us through an ambitious transformation.
37. And, finally, we are approaching an important milestone as **the final phase of Sir Wyn's Inquiry hearings closes today.**
38. Add all these things together, this gives us permission to look ahead.

3 | The Vision: New Deal for Postmasters

39. So, what does that future look like in its end-state?
40. In short, **the Strategic Review has given us a Transformation Plan, through which we will deliver a New Deal for Postmasters** and Strategic Partners.
41. At the heart of this New Deal is a reversal of the roles, so that it will be postmasters who are at the centre.
42. We want to transform the support you receive and strengthen your voice across the organisation.
43. But we also need to put that in real terms for you by significantly improving your remuneration.

44. Subject to funding from Government, our Plan provides a route to add an additional quarter of a billion pounds annually to total remuneration by 2030, by dramatically increasing your share of revenues.
45. We know you need to see these benefits sooner rather than later.
46. That's why we want to move quickly to deliver a significant uplift in your annual remuneration by the end of the first year of the Plan.
47. This means you could expect up to £120m in additional remuneration from the next financial year.
48. I'm pleased to say that this could represent up to a 30% increase on your revenue share.
49. To deliver this New Deal, **we will move to a new model in which we operate as a support function for postmasters.**
50. So that our role is to provide a range of services that only the centre can provide.
51. Whether that's delivering UK-wide marketing campaigns, negotiating commercial terms with the banks, or rolling out new branch technology across the network.
52. And, in doing so, we can protect and grow Post Office's long legacy of community support and social purpose for the next generation.
53. From helping people to manage their daily lives to providing access for the digitally excluded and most vulnerable in our society.
54. At its heart, this new vision has three core ambitions for 2030 – the tests against which we will assess our success.
55. The first is **to transform our proposition to postmasters and Strategic Partners** by dramatically improving your remuneration and revenue share.
56. The **second is to achieve lasting financial stability for Post Office.**
57. And the third is **to deliver an enhanced service for communities** across the UK, by becoming a platform of choice for both Government and businesses.

4 | Transformation Plan & Delivery

58. So, how will we arrive at that new future for Post Office?
59. The Transformation Plan is a five-year journey, with five pillars that I will walk you through now.
60. First, **we will strengthen postmasters' offer to customers** by doubling down on our big market opportunities.
61. In banking, we will improve banking services in-branch and your role in delivering Banking Hubs.
62. We will also look at new products and our marketing investment to drive footfall to your branches and awareness of our products.
63. And we will transform our digital offering so that our online products can continue drive the bottom-line.

64. Let me be clear, Postmasters will enjoy the majority of revenues made online.
65. Second, **we will ensure our network is fit-for-purpose.**
66. We want to see a significant increase in the number of Banking Hubs – rising to 500 by 2030.
67. We will deliver a more consistent experience for customers when they visit a Post Office branch.
68. And, as part of our ambition to strengthen the network, we also need to have an honest conversation about the loss-making parts of our network and our Directly Managed Branches, while still meeting the current requirement for 11,500 branches.
69. Third, **we will transform our technology and data** to better serve postmasters and your customers.
70. This means a lower-risk, better-value new branch IT for postmasters.
71. We're discussing what this looks like with Government, but our intent is to deliver changes gradually, rather than in a 'big bang' moment.
72. This will allow us to reduce costs and bring forward the benefits for you.
73. We also want to prioritise new in-branch technology, hardware and automation.
74. This will reduce your costs and give customers the experience that they have come to expect from modern retailers.
75. Fourth, we will create **a new operating model for the business.**
76. In practice, this means we will right-size the central organisation and put talent and capability in the right places.
77. In doing so, we will embed our new culture and ensure we are properly set up to support you.
78. And we will also transform our data and systems so that we can be more efficient, transparent and accountable to postmasters.
79. And finally, **we want to enter into a new relationship with our postmasters** and Strategic Partners in a 'New Deal'.
80. Subject to funding from government, we want to add an additional quarter of a billion pounds annually to your total remuneration by 2030.
81. Beyond that, our ambition is to double average annual branch remuneration by 2030, with the right market and regulatory conditions.
82. We can do that by maximising our revenue streams, ensuring Value for Money for every pound spent, and working in lockstep with Government and postmasters.
83. In addition, we want to ensure you are properly supported every step of the way – from onboarding through to day-to-day support with your branches.
84. We will do this strengthening your voice in the business - with representation from the boardroom through to the frontline.

85. And I'm pleased these conversations have already started, as part of a new phase of partnership.

6 | Conclusion

86. Today, I have explained why standing still – doing nothing – is simply not an option; postmasters cannot afford to wait.

87. We are a business facing acute challenges – commercial, cultural and operational.

88. And I have set out why – with the final phase of Sir Wyn's Inquiry closing and a new Government – now is the right moment to take bold, urgent action.

89. For that reason, we have built our Transformation Plan for the next five years, through which we will deliver a New Deal for postmasters and Strategic Partners.

90. This will significantly increase annual remuneration, transform the support you receive and strengthen your voice in the business.

91. Our Plan comprises of five pillars that will result in wholesale and long-term positive change.

92. I appreciate many of you will want to understand this in greater detail.

93. For colleagues, Neil and his team will be walking you through further details of the Plan at next week's Townhall, along with a Q&A session.

94. For postmasters and Strategic Partners, we have started to engage with your representatives and will engage the wider population after Christmas.

95. No doubt many of you will want to focus on the busy peak trading period in the weeks ahead.

96. As I said earlier, the Autumn Budget gave us more clarity on our funding position for the months ahead.

97. With this, we can start delivering the early stages of our Plan, with some changes set to begin in the coming days.

98. In parallel, we will continue to work closely with Government on funding for the remainder of the Plan, with discussions already underway.

99. And we will continue to work with colleagues, postmasters and Strategic Partners, your representative bodies and the unions to refine our Plan further.

100. The Strategic Plan is a five-year ambition – this isn't about quick wins or easy fixes, but lasting change right across the business to embed the New Deal.

101. I am under no illusion: change of this scale is uncomfortable. It's hard, but it's achievable.

102. You have my commitment to treat everyone fairly and with respect, while still facing into the hard choices.

103. But I have every confidence that together we can turn the organisation and its culture around.

104. We can return Post Office to its 360-year history of public service, and I am committed to those values in leading the business through the changes that lie ahead.
105. I want to restore pride in working for a business with a legacy of service, rather than one of scandal.
106. Our postmasters, and the communities you serve day-in, day-out, deserve nothing less.
107. The task ahead of daunting, but I am excited about that new future for our postmasters.
108. Thank you for your time, thank you for listening.