



## Update on measures

### Postmaster engagement (25% of total)

Each of the two focus areas would be weighted equally and worth 12.5%. They would be measured separately, and if the target achieved, could be achieved independently of each other.

Measure	Baseline	Target	Progress
<p>Delivery of a step change in Postmaster engagement through delivery of key milestones and metrics aligned as part of the Culture change programme. Measure the effectiveness through delivery of top priority areas identified from the feedback and ensure this represents a significant change by January 2022 vs. the existing feedback from the Postmaster Consultation with Quadrangle.</p> <p>Recommended measure - an improvement in:</p> <p>B1 “how would you describe your relationship with Post Office”; and</p> <p>B7 “how supported, or not, do you feel from Post Office? ”</p>	<p>B1 17%                      B7 – 25%</p>	<p>A 10% improvement on baseline on the two questions:                      B1 - How would you describe the relationship you have with Post Office? (B1 – subordinate vs. valued/equal partner) – from 17% to 18.7%</p> <p>B7 - How supported, or not, do you feel from Post Office? (B7 – unsupported vs. very supported) – from 25% to 27.5%</p>	<ul style="list-style-type: none"> <li>• Postmaster survey completed in Jan 2021</li> <li>• The top area identified were considered difficult to impact (i.e. increase PM remuneration), so recommendation to measure the next most important areas by two specific questions (B1 and B7)</li> <li>• Recommendation to measure quarterly to track progress up to Jan 2022</li> </ul>

## Horizon Inquiry (25% of total)

<p>Delivery of all the required information and support for the Horizon inquiry satisfying the requirements of Sir Wyn Williams, ensuring there is a clear measurable plan created to demonstrate action on improving the overall culture to be Postmaster centric and to ensure processes for Postmasters are addressed in line with recommendations from the inquiry. Any actions or plans must have been endorsed by the Inquiry and the Board.</p>	<ul style="list-style-type: none"> <li>• First batch of information has been explained in a summary document whilst we await agreed protocols for submission</li> <li>• Overall culture change plan (involving all colleagues, except DMB colleagues due to expected franchising plans and relevance for them) creation in progress in preparation for launch in early 2021</li> <li>• CIJ was reviewed legally for operational improvements and corrected. Second review of those changes now complete; third phase commenced to review the operational improvements that need to be made to enhance the PM experience</li> <li>• HIJ is similarly undergoing review including testing of all known issues and external IT-forensic auditing of those changes</li> <li>• POHIT Inquiry - not reported yet</li> <li>• Initial recommendations on culture change plan agreed</li> </ul>	<ul style="list-style-type: none"> <li>• All required evidence and information supplied on time, with confirmation from Sir Wyn and team that POL's performance supported and enabled the Inquiry to finish in line with expectations.</li> <li>• Deliverables and actions from culture change programme achieved with clear evidence to support this on improvements and overall symbols of change e.g. rhythms and routines, new ways of working, activities undertaken to bring our people closer to Postmasters etc.</li> <li>• Clear documented plan on all major operational process, with defined change plans in progress as per recommendations from the Judgements and Inquiry</li> <li>• Deliverables from these changes transitioned to BAU with appropriate controls in place</li> <li>• External sign-off of IT Audit on HIJ</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfying requests of Sir Wyn – on track</li> <li>• Deliverables and creation of actions – on track as referenced by Deloitte reports and current cultural change plans and the improvement delivery group plans</li> <li>• Clear documented plan – on track and in line with GLO conformance tracker and Improvement Delivery Group</li> <li>• Deliverables to BAU – too early to assess</li> <li>• External sign off on HIJ – KPMG audit on track</li> </ul>
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## SPM programme / exit Horizon

<p>Create a Board-approved SPM plan and business case to move off Horizon dependence (first version by 31 March 2021, final by 31 December 2021) and deliver a prototype to operate an “express” proposition fully outside Horizon by 31 January 2022 with ability to subsequently scale across the POL network</p>	<ul style="list-style-type: none"> <li>No plan or business case exists as a baseline today, while all current technology operates only on Horizon</li> </ul>	<ul style="list-style-type: none"> <li><b>Prototype “express” proposition in place by 31 January 2022</b></li> <li>Clear understanding and Board approval for the roadmap, major milestones, overall business case and overall programme cost to incrementally stand-up a core IT platform that eventually allows for the retirement of Horizon over the next 3-5 years</li> <li>A functional SPM module, which includes a retailer-facing device and new Postmaster interface, that allows Postmasters to process transactions from the “basic” and “express” propositions without the need of a Horizon terminal</li> <li>A roadmap and timeline for the rollout of that SPM module to 400 new or existing POL locations in order to meet the first business objectives of the Network Strategy</li> <li>Remco to assess whether the investment has been spent wisely.</li> </ul>	<ul style="list-style-type: none"> <li>Zdravko Mladenov has joined the business as Business Transformation Director.</li> <li>Roadmap approval – targeting Board approval on 3rd June so BEIS can complete their part by 31st August 2021, draft version completed however not being taken to Board on 30<sup>th</sup> March 2021 Board due to different cost options being created and pressure tested with GE before going to Board</li> <li>Overall business plan - On track.</li> <li>Number of branches live outside Horizon – targeting 1 live as early as Sep 21</li> <li>On track for 10 branches by Jan 22.</li> </ul>
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## Organisational design

Although very good progress has been made to date, we would like to recommend a change to this target (highlighted in yellow) as a result of the reduced funding available for tech enablement meaning we cannot achieve the headcount reductions associated, nor do we have the funding for the redundancy costs this year. Therefore we are reducing the number of FTE by from 350, to 280 (a 20% reduction) and adjusting one metric accordingly as shown below.

Reduction of <b>net 280</b> FTE between August 2020 (baseline) and January 2022. NB: This excludes any capability build for IT and Data and any FTE reductions made as a result of the DMB Programme) (subject to shareholder funding and sign off)	0 roles removed	Evidence of net reduction of <b>280</b> roles	246.6 roles removed to date. Made up of: <ul style="list-style-type: none"> <li>• T1 – 133.8 FTE (actual)</li> <li>• T2 – 82.8 (live)</li> <li>• Roles removed through leavers (not backfilled) - 30</li> <li>• Targeting further role removals with a very small T3 and T4</li> </ul>
Average of less than 6 direct reports per manager	5.8	On average, each manager has => 6 direct reports	Currently tracking at 5.9 direct reports per manager *
Less than 15% of the workforce as line managers	17%	<b>16 (from 15)%</b>	Currently tracking at 16.8% *
Maximum 90 examples of grade compression across the structure	120 examples	90 examples	Currently tracking at 98 examples *

\* Please note: T2 structures are stood up on 16/04 so we won't see the effects of the re-design on these figures until the May dashboard where they ought to considerably impact our progress here

## Next Steps

5. The committee is asked to NOTE the measurement and progress against the four Transformation Incentive Scheme metrics
6. The Committee is asked to APPROVE the adjustment to the organisational design measure.