

STRICTLY CONFIDENTIAL AND PRIVILEGED

POST OFFICE LTD BOARD

PROJECT SPARROW

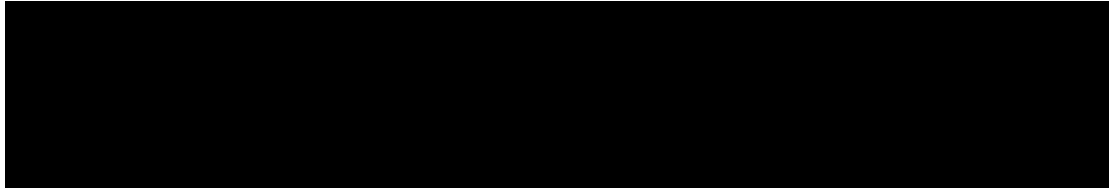
1. Purpose

- 1.1 Update the Board on progress against the list of actions included in the Horizon Update paper sent to the board on 27th July 2013.

2. Background

In the update paper we said that we would aim to have completed the following by the end of August 2013:-

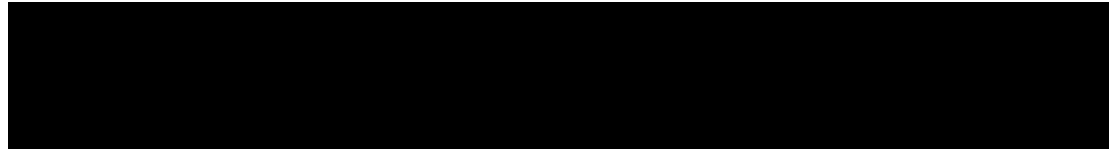
2.1



2.2

- 2.3 started engagement with key individual MPs on how we will be taking forward their cases;

2.4



2.5

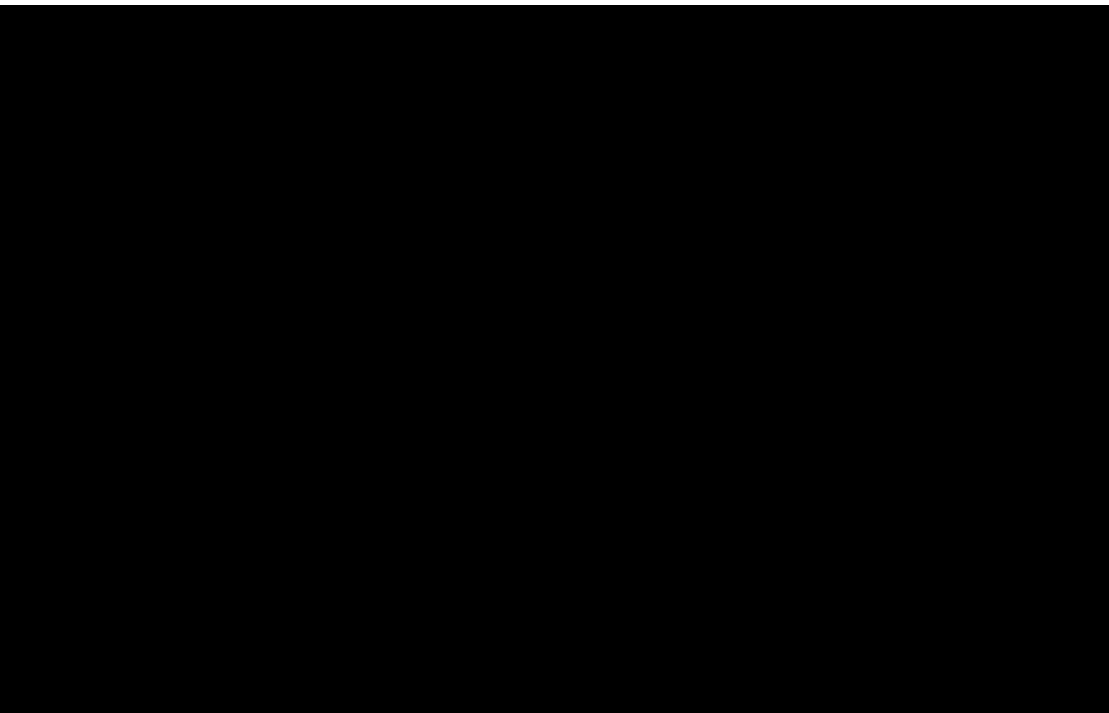
- 2.6 identified 'quick wins' in relation to process improvements for sub-postmaster training and support, and started mapping the approach for longer-term improvements; and

- 2.7 established the terms of reference for the Branch User Forum.

All of the above actions are complete (details below) other than 2.5 which is in progress with a full review to be completed by the end of October.

3. Current Activities already underway

3.1



3.2

3.3

3.4



3.5 One of our public commitments was to appoint an independent Chair for the working party, a candidate brief and job description has been prepared. Paula Vennells and Alasdair Marnoch are to meet with a candidate on 24th September.


3.6 Alice Perkins met with James Arbuthnot on 11th September that meeting went well, he was happy with our plans and said that given the progress that had been made he would recommend to the MPs that a meeting in October would not be required and that it should be postponed until the New Year.

4. Ways of Working/ Second Site

4.1



4.2

4.3  and they have also agreed in principle, that provided the Post Office team is operating effectively, that they will hand over the investigation on a date to be agreed. It will be key to keep James Arbuthnot, MPs and the JFSA aligned in order to achieve this.

5. MP Engagement

5.1 All the MPs who have expressed an interest in this issue were contacted on 27th August (launch of the Mediation scheme) and our communications team have offered to meet and discuss the scheme and individual cases, no one has taken this offer up so far.

6. Criminal Case Review

6.1



6.2

6.3

6.4

6.5

7. Improvement Process

- 7.1 Defining the “As is” process work is on track to be completed by 30th Sept. From the 80 gaps/issues recorded so far there are common themes emerging: Training; Comms; Processes; Products; Horizon; Support; Ownership; Systems; Ownership and Leadership.
- 7.2 There are 26 quick wins that have been identified and whilst these are low level issues fixing these will have a positive impact on in-branch users and will reduce effort/duplication with the support/central functions. The relevant business owners have taken ownership of these quick wins and started to deploy/implement from 9th Sept onwards.
- 7.3 Stakeholder input/engagement continues with the project on track to complete the recommended future state by 20th Oct.

8. Branch Users Forum

- 8.1 The purpose of the Branch User Forum is to provide a way for sub-postmasters and others to raise issues and insights around business processes, training and support directly feeding into the organisation’s thinking at the highest level. The forum is a forward looking mechanism to ensure the business processes and approaches are fit for purpose for users and are in keeping with Post Office behaviours and values.
- 8.2 The Branch User Forum terms of reference have been established.
- 8.3 It is intended to issue a communication to the network to raise awareness of the Branch User Forum and invite Subpostmasters and staff to put themselves forward to become Forum members with a view to holding the inaugural Branch User Forum in early/mid October

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9. Next Steps

9.1 Interview and appoint (subject to agreement on fees) the Independent Chair of the Working Group. Once this appointment has been made it will be necessary to finalise the terms of reference for the Working Group and plan for meetings.

9.2

9.3 Continue to engage with MPs.

9.4

9.5

9.6 Implementation of process improvements in support the Post Office gives its subpostmasters.

9.7 Continue to monitor costs of programme (see appendix A).

10. Risks

10.1 Continued risk to reputation and brand if the mediation process is not successful, i.e. insufficient cases are reviewed, it should be noticed that media interest has been more balanced since the announcement of the mediation process.

10.2 Risk to NTP if concerns as to how subpostmasters are treated leads to lower take up of new models.

10.3 Potential of destabilising relationship with NFSP mitigated by Angela Van Den Bogerd who has regular meetings to keep them informed and they will be invited to take part in the Branch User Forum.

10.4 The process re-engineering that will be required for the IT training and support systems which may in the short term add further complexity and risk to the existing transformation programme.

10.5 The costs of the programme may over-run as the budget has been based on 75 cases going through the full mediation process and there may be more than that, in addition the criminal costs are front loaded as the main bulk of the reviews have been completed.

11. Recommendations

The Board is asked to note the update.

Susan Crichton
18 September 2013

