



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 4 JUNE 2024 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 11:15 AM

Present:	Nigel Railton Ben Tidswell Lorna Gratton Saf Ismail Elliot Jacobs Brian Gaunt Simon Jeffreys Amanda Burton Andrew Darfoor Nick Read	Interim Chair (NRa) Senior Independent Director (BT) Non-Executive Director (LG) Non-Executive Director (SI) Non-Executive Director (EJ) Non-Executive Director (BG) Non-Executive Director (SJ) Non-Executive Director (AB) Non-Executive Director (AD) Group Chief Executive Officer (NR)
In attendance:	Rachel Scarrabelotti Owen Woodley Asha Patel Liam Carroll Chris Brocklesby Patrick Bell Simon Oldnall Tim Perkins Stuart Keeping Barbara Brannon Ross Borkett Diane Wills Dan O'Mahoney Chrysanthy Pispinis Simon Recaldin Kate Gallafent KC Oliver Carlyon Karen McEwan Nicola Marriott Laurence O'Neill Rebecca Barker Sarah Gray	Group Company Secretary (RS) Deputy CEO (Observer) (OW) Director of Strategic Financial Planning & Analysis (AP) Procurement Director (LC) Chief Transformation Officer (CB) Senior Legal Counsel (PB) Horizon and GLO IT Director (SO) People Director – Services (TP) Senior Managing Director, Teneo (SK) Product Portfolio Director - Retail & Lottery, Government & International Payments Services (BB) Banking Director (RB) Public Inquiry Director (DW) Inquiry Operations & Strategy Director (DO'M) Chief of Staff (CP) Remediation Unit Director (SR) Blackstone Chambers (KG) Partner, Fieldfisher (OC) Group Chief People Officer (KM) People Director – Partnering (NM) Head of Legal - HR/IR (LO'N) Head of Risk (RB) Interim Group General Counsel (SG)
Apologies:	Alisdair Cameron	Group Chief Finance Officer (AC)

Action

1.1 Meeting Chair, Welcome and Conflicts of Interest

A quorum being present, NRa opened the meeting. Given the very recent appointment of NRa, the Board agreed that BT preside as Chair of the meeting. The Chair called for the Directors to disclose any conflicts of interest. The Board noted EJ and SI's role as postmasters, EJ's declaration that from the meeting date he would also operate a Banking Hub and that EJ, SI and LG were potentially conflicted in relation to the Inquiry Phase 7 strategy matter. The Directors declared that they otherwise 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.



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

1.2 Officer Changes

TABLED and **NOTED** was a paper, 'Appointments to Board Committees'. The Board **RESOLVED** that the following appointments be and are hereby **APPROVED**:

- (i) NRa as a member and chair of the Company's Nominations Committee effective 24 May 2024;
- (ii) NRa as a member of the Company's Remuneration Committee effective 24 May 2024;
- (iii) NRa as a member of the Company's Remediation Committee effective 10 July 2024; and
- (iv) BG as interim Chair of the Company's Remediation Committee effective 10 July 2024.

ACTION The Board **NOTED** the intention for BT to be appointed to continue to support the Remediation Committee and RS advised that she would take this forward.

RS

1.3 Inquiry Confidentiality Undertakings

The Board noted that BB, LC, PB, SK, RB and TP did not have confidentiality undertakings accepted by the Inquiry in place, and that these individuals would need to be excused from the meeting should the need to discuss information confidential to the Inquiry arise.

2. Minutes and Matters Arising

Minutes

TABLED and **NOTED** were draft Minutes from the Board Meetings of 25 March 2024 and 29 April 2024. The Board **RESOLVED** that the Minutes of the Meetings held on 25 March 2024 and 29 April 2024, subject to an edit to the draft minutes of 29 April 2024 requested by SI, be **APPROVED** as a correct record of the Meetings and be signed by the Chair.

Matters Arising

The Board **NOTED** the action log and status of the actions shown.

There were no comments on the open nor ongoing items. In respect of items proposed for closure, key discussion points were as follows:

- SI queried whether item 1 ought to be closed. **ACTION** EJ noted the fall in volumes of international mail and that a plan remained outstanding to re-capture this market. The Chair requested that a new action be opened, and Board be provided with a plan for rebuilding this market;
- SI questioned whether item 3 ought to be closed. EJ shared his view that if the Company was proposing to provide evidence to support police investigations, then this should come to the Board first. The Chair noted that if there appeared to be criminal activity this generally needed to be reported through to the police and

OW/ N
O'Sullivan



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there were issues in some instances of requiring pre-reporting to the Board, for example in relation to suspicions of money laundering. In addition, the Chair noted that the proposed process would allow investigations to be conducted by the police, rather than the Company. **ACTION** The Chair requested that RS circulate the paper that was provided to the Board and the minute extract from the Board meeting of 31 October 2023 and that J Bartlett attend the July Board meeting to clarify the proposed position;

RS

S Gray/ J
Bartlett

- SI queried the proposed closure of item 4 advising that he felt that there had not been sufficient activities conducted in order to raise customer's awareness of the Company's new relationship with Monzo. LG pointed out however that Monzo customers did not wish to receive marketing materials so did not think that this action could be progressed further;
- AB questioned the status of 2 actions being the NBIT buy/ build and the roadmap of possible planned technology to be developed, both having been raised at the Board meeting of 25 March 2024. It was noted subsequently that the NBIT buy/ build had been to the IC for consideration in May and that the roadmap was due to come to the July 2024 Board meeting;
- AD asked about progress with the digital strategy. OW advised that a teach in had been provided to Board members and that this would be considered as part of the wider strategic review.

3. Committee Reports (verbal)

3.1 Remediation Committee

Key points advised by the Chair were as follows:

- the overriding theme of the Remediation Committee at present was uncertainty: the requirements from the Ministry of Justice in respect of claimants under the exoneration legislation were unknown and in relation to the HSS it was not known when an appeals process may be available nor the likely uptake and funding for the £75k minimum fixed sum offer to any Postmaster who had experienced a shortfall;
- in relation to overturned convictions it was not clear the extent to which claims would progress through the DBT Horizon Conviction Redress Scheme. The extent of disclosure requests and the manageability of this in relation to the new scheme were also unknown at present;
- finalising claims under the HSS could potentially have a long tail, although the proposed introduction of an appeals process and the £75k minimum fixed sum offer could assist to progress a number of cases;
- Mr L Castleton had threatened to issue proceedings against the Company for fraud
[REDACTED]
- a third party was due to be appointed by the Shareholder to review the information the Company had obtained in relation to the pre-Horizon Capture system and provide an opinion on Capture being a cause of Postmaster detriment;

SJ noted the potential impact of the above uncertainties on disclosures in the ARA. NRa queried whether there were some aspects of redress that might be resolved fairly quickly. The Chair replied that once the uncertainty was resolved some items could be resolved quite quickly however there were other aspects that may take some time to resolve such as in relation to HSS claims. If there was a change in government, possible approaches to the overall administration of the schemes may be reviewed.



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3.2 Audit, Risk and Compliance Committee

TABLED and **NOTED** was a paper, 'ARC Meeting – 21 May 2024'. Key points advised by SJ were as follows:

- there were a number of risks where the Company was operating outside of tolerance and ARC had requested that the concept of 'out of tolerance' be redefined;
- the role of the RCC had been considered and the need for this to function as an executive risk committee with papers focusing on management's analysis and progress to resolution of open issues;
- the ICO had issued a Practice Recommendation to the Company; SJ was uncomfortable and shared his view that the situation needed to be closely monitored. **ACTION** The paper on the ICO Publication Scheme was discussed with the Board requesting a preliminary note on the applicability of the publication scheme to the Company;
- On SPM, a Deep Dive had been requested at ARC for the Board. SJ requested that Board members reflect on whether this would still be required, following the updates due to be provided during the Board meeting;
- with pressure on the first line, there were some internal audit actions that were overdue. Deloitte were undertaking a privileged access management audit on Horizon however access arrangements with Fujitsu needed to be resolved. NR was exchanging correspondence with Fujitsu on this, and correspondence was also being exchanged by the Company's and Fujitsu's general counsel;
- good progress had been made in respect of data governance however there still remained significant work;
- the Company's relationship with POI had improved from a regulatory management perspective;
- SJ was discussing the position on the reporting of procurement risk exceptions between ARC and the Board with LC as there seemed to be some inconsistency. **ACTION** The Chair queried whether IA or an external needed to be engaged to conduct a review of procurement governance. SJ noted that there seemed to be issues with the first line consulting procurement. The Chair shared his view that there were issues however in the process including with controls and that this in turn led to further issues such as inadvertent overspend on contracts. NRa and SJ agreed that IA needed to undertake a review of procurement governance;
- an update on IR35 had been provided. There was discussion as to KPMG assisting with the HMRC claim and NR advised that he was working with KPMG on this. LG shared her view that there were cultural issues around the business accepting that the Company was a public corporation and their risk attitude in respect of IR35 and procurement issues;
- a review of the external audit process for FY22/23 had been undertaken and SJ had been introduced to the new proposed PwC audit partner.

S Gray

J Appel

3.3 Remuneration Committee

The Remuneration Committee met earlier in the day; key points advised by AB were as follows:

- proposed annual employee pay increases had been considered for non union grades. There was no increase proposed for SEG level employees;



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- the FY24/25 STIP and FY24/26 LTIP schemes had received Shareholder approval, meaning that all schemes were now approved at a Remuneration Committee and Shareholder level;
- amendments to the Remuneration Committee's Terms of Reference and the STIP and LTIP scheme rules had been ratified;
- revised levels of remuneration for the incoming POI Chair and NEDs were ratified;
- **ACTION** the results of the employee survey had been considered noting concerns raised in respect of leadership and communication. The survey results would be presented at the July Board meeting and the Board would need to be provided with an action plan.

K McEwan/ T
Perkins

3.4 Nominations Committee

The Nominations Committee having met earlier in the day, key points advised by the Chair were as follows:

- potential changes to the senior executive leadership team had been considered. GRO and the Committee had stressed to GRO NR that this role needed to be filled on an interim basis. The proposed COO, GC, and Chief Retail Officer roles had also been discussed, with the Committee requesting NR return to the Committee with a proposal focused on what could be actioned as a matter of urgency;
- with a new Board member required once the Chair (i.e. BT) stepped down, a Board skills review would be undertaken then the results of this used to inform recruitment. The SID role would be separated from the recruitment for a new NED;
- the Postmaster NED recruitment has been discussed and a longlist was to be provided to Greenpark;
- the Committee had approved the extension of certain roles within the POI team and agreed to a revision to the Committee's Terms of Reference in respect of consultation on proposed POI Board changes;
- in respect of the CFO position, noting the vacancy for this role on a permanent basis, the Committee had agreed that the proposal could be commenced. AB noted the potential remuneration approval required and that similarly this could not be sought until after the election. SJ noted that there would need to be some arrangements in place to assist through the ARA and year end process and thought that T Lee could do this. AD shared his view that he thought the gap would be at the strategic level.

3.5 Investment Committee

Key points advised by AD were as follows:

- the IC met on May 16 and focused on SPM. There were uncertainties in respect of this project across a number of issues including funding. Two external reviews had been completed in respect of the project and both concluded red ratings. The build/ buy point had been considered, although the build approach without the necessary inhouse expertise seemed flawed. NRa shared his view that the conversation on buy/ build was the wrong question and thought that the question was build/ build and then the question was whether to build internally or externally. There needed to be a number of conditions met for a successful internal build however such as a stable business, good governance and quick decision making. With the Company not fulfilling these conditions the view of NRa was that a third party should be commissioned to build. NRa advised that he saw



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3 options, firstly SPM could carry on as was, secondly a third party could be engaged to build the new system, and thirdly that Horizon could be brought in house. All of these options needed to be carefully considered;

- the dashboard reporting to the IC showed 17 red platinum projects. A number of these were outside appetite although there was a lack of clarity around the definition and terms were not used consistently throughout the business. AD noted issues in respect of the copper stop project including management of the contractor and communications.

The Chair noted that the paper on SPM included in the pack seemed surprisingly positive. AD replied that the release plan had been reviewed at IC and progress against this. Whilst SPM could continue on it was not certain that this was the right course and would lead to the end result the business wished to achieve.

4. CEO Report

TABLED and **NOTED** was the CEO report. Key points advised by NR were as follows:

- a number of People issues had emerged. There was an urgent need to provide stability of resource for the business in order to deliver for current Postmasters and on remediation matters. The employee survey results showed a decrease in the pride the senior leadership team felt in working for the business and an increase in stress. The strategic review however was felt to be a positive step forward in improving employee sentiment and experience;
- mails performance was mixed with uncertainty over IDS ownership and USO requirements. **ACTION** LG queried whether representations in respect of the proposed change in ownership of IDS would be made to the investment security unit. NR advised that that could be explored;
- NR had met with the Voice of the Postmaster Group last Tuesday and attended the NFSP Conference with Minister Hollinrake on 12 May. Concerns raised by Postmasters were around how the Company was going to rebuild the brand and protect Postmasters' businesses. OW noted an eagerness from both the Voice of the Postmaster and the NFSP to stand alongside the Company to press for change and it had been agreed that some joint working sessions would take place such as on governance to determine if there was anything we could jointly campaign for.

NR/ OW

ACTION SI requested data in relation to the performance of Parcels Online be provided to the Board as soon as possible. LG requested the revenue structuring for Parcels Online be provided as well and also queried the status of revenue sharing with Postmasters in relation to Parcels Online.

OW/ N
O'Sullivan

SJ queried progress on the engagement of media advisors. NR advised that a tender exercise would be conducted this month as the current advisors' contract was due to expire in September and further advised that interviews were being conducted for a permanent corporate affairs director. SJ noted the need for messaging to be prepared and circulated ahead of the commencement of Phase 7 in respect of how much had been achieved. NR advised that rule 9 requests for corporate witness statements on behalf of the Company had not been received as yet and that Phase 7 of the Inquiry was anticipated to start on 16 September, so corporate witness statements would likely not be required until 1 September.



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AB noted the group assurance update and the status of the CIJ and HIJ assurance reviews and queried the plan to improve the position. NR advised that he had Deep Dives on this scheduled for Friday and that he was meeting with A Mathur to discuss.

AB queried whether the strategic review would this cover Postmaster remuneration. NRA advised that it would.

ACTON SI requested that the results of the employee and Postmaster surveys be presented to the July Board.

K McEwan/ T
Perkins/ M
Roberts

Finance

5.1 Financial Performance Report

TABLED and **NOTED** was the P1 Financial Performance Overview. AP joined the meeting at 13:22 and spoke to the Report’s executive summary. There were questions and discussion on the POI home insurance and whether the forecast had been adjusted for this.

5.2 Working Capital Facility increased usage

TABLED and **NOTED** was a paper, ‘Working Capital Facility increased usage’. The Chair advised that he was uncomfortable with the proposal and noted that the buffer had only been approved for reduction in more time limited circumstances previously. **ACTION** AP advised that monies had been receipted from the Shareholder yesterday so she would check with Treasury as to whether the approval request to reduce the buffer was still required. The Chair advised that the Board could consider a reduction in the buffer for a more time limited period if required.

A Patel

The Board **RESOLVED** that the approval sought be and is hereby **DECLINED**.

5.3 FY24/25 GRO change spend prioritisation principles

TABLED and **NOTED** was a paper, ‘FY24/25 unallocated GRO change spend prioritisation principles’.

5.4 External Auditor tender exercise – outcome and appointment

TABLED and **NOTED** was a paper, ‘External auditor tender exercise – outcome and appointment’.

NOTING ARC’s RECOMMENDATION, the Board **RESOLVED** that PwC appointment as external auditors for the Company for a period of **GRO** with an option to extend for a **GRO** from the financial year ended 30 March 2025 be and is hereby **APPROVED**.

AP left the meeting at 13:26.

Contract and sourcing strategy matters

5.5 Horizon continuity of service update

TABLED and **NOTED** was a paper, ‘Horizon Contract Extension/ Horizon continuity of service update’.



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This paper was deferred for consideration until Agenda item 7.

5.6 Strategic Platform Modernisation Programme (SPMP) Assurance sourcing strategy

TABLED and **NOTED** was a paper, 'SPMP Assurance Support Partner Sourcing Strategy'.

The Board **RESOLVED**:

- (i) that the sourcing strategy as set out in the paper for selecting a provider of Assurance Support to the SPMP programme be and is hereby **APPROVED**;
- (ii) that authority be **DELEGATED** to the Strategic Executive Group to determine the contract award and finalise contract terms with a maximum contract value up to **GRO** be and is hereby **APPROVED**; and
- (iii) any authorised signatory be authorised to sign the resultant contract be and is hereby **APPROVED**.

5.7 Facilities Management and Security

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

- (i) 'Facilities Management & Security - Administrative Correction of Public Notices'; and
- (ii) 'Facilities Management & Security – Legal Risk Note'.

The Board **RESOLVED**:

- (i) The administrative correction to contract award notices as set out in the paper in relation to existing contracts with Kings Security and Atalian AML be and is hereby **APPROVED**;
- (ii) The variation of the Kings Security contract extension term from **GRO** **GRO** or the point at which the contract would exceed **GRO** whichever is the sooner, be and is hereby **APPROVED**;
- (iii) Any authorised signatory be authorised to sign the resultant variation in (ii) above.

5.8 Energy contract award

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

- (i) 'Energy Contract Award - CCS re-opt in for procurement of Gas and Electricity to the POL Estate'; and
- (ii) 'Energy contract award – Legal Risk Note'.

The Board **RESOLVED**:

- (i) The contract award to the existing evergreen CSS framework 'Supply of Energy 2' (RM6251) for a **GRO** with a maximum contract sum of **GRO** be and is hereby **APPROVED**;
- (ii) that authority be **DELEGATED** to the Strategic Executive Group to determine the contract award and finalise contract terms be and is hereby **APPROVED**; and
- (iii) any authorised signatory be authorised to sign the resultant contract be and is hereby **APPROVED**.



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5.9 Morson contract spend increase

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

- (i) 'Morson contract spend increase - Contingent Labour'; and
- (ii) 'Morson Contract – Legal Risk Note'.

Consideration of this paper was deferred to later in the meeting.

6. Strategic Review (Verbal)

TABLED and **NOTED** was a paper, 'Strategic Review: Update for the Board'.

SK joined the meeting at 13:35 and NRa introduced the session. Key discussion points were as follows:

- SK provided an overview of the proposed approach Teneo wished to take in respect of the strategic review, outlining the different roles of teams at Teneo and the 3 phases of the work model;
- SK outlined experience gained from the National Lottery strategic review conducted by Teneo. AD queried how much the growth experienced post review was from new products as opposed to existing products. NRa advised that the growth was predominately attributable to new products. AD queried further whether the review would look at existing products as well as new products for the future. SK confirmed that new and existing products would also be considered as part of the review;
- SK advised that at the end of the review a plan would be provided to execute against. It was key that the plan was easily understood, and employees were engaged on the plan in order to execute. NRa contributed that defining the key pillars for the review were very important along with how we aligned to execute. NRa shared his view that there were 3 key enablers – re-setting technology, re-designing the operating model and ensuring governance was in place throughout the business;
- SK emphasised the need for the review to be data led and NRa agreed that it was very important for this to be adopted as a philosophy for the review. There would be engagement with stakeholders throughout the process so that they were on board with the plan;
- BT queried the start line for the review given there were so many areas of the business that were not functioning. AB asked whether Teneo were making an assumption that the network requirements could be changed. SK advised that Teneo were not making any assumptions at present and in response to BT's query, advised that Teneo needed to understand pragmatically what could be achieved. NRa contributed that he thought the review exercise needed to start unconstrained then work through the cost of trade offs. AD advised that he was supportive of the idea of different scenarios being presented to the Board throughout the process. SK advised that phase 2 of the review would distil out choices that needed to be made. In addition, one of the criteria that would inform the plan was affordability and different scenarios would come back to the Board to choose between in phase 3;
- EJ queried who the review was being conducted for. NRa advised that it was the Board and spoke to the obligations of directors in respect of ensuring the strategic direction of the Company and the need for the Board to have a clear view on this;
- EJ noted the significant number of change programmes in flight at present and queried whether any of these would be paused during the review period. SK



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advised that ordinarily Teneo would discourage the pausing of activities during the review;

- EJ shared his view that the messaging in respect of the review needed to be very considered given the business was very delicate at the moment;
- AD queried the extent to which postal operations in other countries would be considered as part of the review. SK advised that Teneo had not planned on undertaking significant international benchmarking given the different operating model of the Company;
- NR noted the previous work undertaken by McKinsey which had not been executed in whole due to Covid and the Inquiry and shared his view that there had not been capacity or capability in the business the last few years to execute. SK agreed that it was important to understand how much change an organisation could take and NRa noted the need to prioritise and put in place the right structure and operating model in order to effect change;
- SK outlined the approach proposed for the strategy review at the Board strategy day;
- AD asked for further details about the team that would support SK on the review. SK outlined his team and their skills and advised that Teneo would consult with market experts as needed. LG queried what percentage of his time SK would devote to the review. SK advised that whilst the briefing materials stated 40%, it was more likely to be 60%;
- SJ queried what the plan would look like. SK advised that this would consist of a costed set of strategic initiatives with business plans underneath;
- SI asked what the plan was to engage with Postmasters in respect of the review. SK advised that Teneo were very keen to engage with Postmasters throughout the review and that he was in conversation with OW on this.

SK left the meeting at 14:28.

7. Transforming Technology

7.1 SPMP Update (spend and delivery to date)

TABLED and **NOTED** was a paper, 'SPMP Update Paper'.

CB joined the meeting at 14:30 with SG, SO, LC and PB. Key discussion points were as follows:

- CB spoke to the paper outlining progress since the last update to Board;
- SJ queried the spectrum of services available on the current release. CB advised that R2.1 still had limited functionality – whilst customers were purchasing a service via R2.1 this was only for a small sliver of services;
- CB noted that ongoing engagement with Postmasters had been well received, that the programme remained within budget, and that there had been good progress on recruitment;
- **ACTION** AD queried the position in relation to contractors outside IR35 working on the programme. CB advised that he had been liaising with KM on this and there were circa 35 contractors who needed to be converted. A decision needed to be taken on any rate increases and CB would discuss this with KM. AD advised that he would like to understand the cost implications of any proposed rate increases;
- CB noted next steps included upgrading the software in order to provide to an independent branch by the end of the summer and for banking through a PED which the team were looking to achieve in 2024;

C Brocklesby



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- SI referenced the recent articles in Computer Weekly and queried the mood in the team. CB outlined the 2 articles which had covered the potential Fujitsu contract extension and the IPA review. CB advised that the articles had not been well received and a number of questions had come in from Fujitsu and the banks;
- In relation to the IPA review, SJ asked CB whether he was confident that he could go through and answer all the points in the review satisfactorily. CB noted that the Company had funding for the programme until the end of June 2024 and that a business case had been submitted for funding to take the programme through to 2026. As part of this 2 reviews were undertaken including that of the IPA. The IPA team were not system building experts and gave the programme a red rating in CB's view due to the profile of the Company and the complexity of the programme. In terms of the 7 recommendations of the IPA, there were only 2 that CB thought those working on the programme could do something about being an improved integrated plan and reviewing risk appetite. The other review, being the Public Digital Review, had highlighted the need to obtain better digital expertise and better expertise on the government green book. SJ commented that the 2 reviews covered quite different ground to the Accenture report. CB agreed and advised that the IPA review was very top down;
- CB advised that funding for the programme was now signed off until December 2024 and that the team were working back from that to map out steps to secure programme funding in place beyond December;
- SJ queried how far through the build would be in December. CB advised that there would still be a significant build work remaining to be undertaken at this point.

Horizon continuity of service update

Key discussion points were as follows:

- SO spoke to the paper outlining the proposal for a 5-year exit plan for Fujitsu. SO advised that the Board were being asked to include in the strategy a stage where if NBIT was not completed within the term of the extension that the Company would put in place an alternative approach to supporting the Horizon platform to make sure that Fujitsu was still able to exit at the 5-year point. SJ queried what the alternative approach would constitute. SO advised that the Horizon platform could be brought inhouse or procurement undertaken for external support for the platform. SO estimated that it would be 18 months to 2 years when a decision would need to be taken on this point;
- EJ queried whether we should we not be working towards this scenario. CB advised that a high-level plan and cost to execute had been prepared however the team did not want to go down that path at present given the commitment Fujitsu were requesting;
- NRA queried whether there were any termination points in the proposed extension. SO replied that there were not, and CB contributed that there were core services that would be provided for the entire term however there were certain services that could be terminated;
- **ACTION** NRA queried the maximum cost for the contract extension. SO replied and advised that he would check the cost if all services aside from the core services were removed;
- SI queried why the extension was not proposed for 3 years given the programme build was tracking to complete in 2026. CB advised this was proposed in order to provide some contingency. SI tested this further and pointed out the risk of the Company being on a new platform yet still paying service fees to Fujitsu. CB reiterated the point in respect of seeking a contingency;

CB/SO



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- **ACTION** NRa queried whether we had tried to negotiate a break clause. OW advised that the team could take this away and look at a 5-year extension with a 3-year break right;
- SI noted that the communications on the extension needed to be executed with precision in relation to Postmasters and the public. CB advised that he understood this;
- LG queried whether options to contract directly for everything we could had been fully explored. SO advised that this had been discussed and that he had reached out to Oracle;
- **ACTION** NRa asked for a session with SO to discuss what owning the source code encompassed;
- **Legal Professional Privileged advice** PB outlined the work undertaken since the last Board meeting and shared external counsel's opinion
- SO advised that the intention was to present the proposed final extension arrangements with Fujitsu to the Board at the July Board meeting.

OW/CB/SO

SO

The Board **RESOLVED** that:

- (i) Subject to seeking a 3-year break provision, the proposed strategy for an extension of up to 5 years of the Horizon support contract with Fujitsu from 1 April 2025 until 31 March 2030 be and is hereby **APPROVED**; and
- (ii) The inclusion of a binding commitment to Fujitsu that an alternative approach to supporting the Horizon platform through commencement of a programme to insource/ re-procure elements be activated if there is not sufficient time within the term extension to fully migrate from Horizon to NBIT be and is hereby **APPROVED**.

CB, SO, SG and PB left the meeting at 15:10.

Morson Contract Spend Increase

T Perkins joined the meeting at 15:11. Key discussion points were as follows:

- The Chair advised that the Board needed confidence that there was a series of structures and controls in place in respect of contract management. SJ asked LC to outline the control that was missed that resulted in this issue. LC replied. The Chair asked if there was an error with the information that had gone to the Board. LC advised that the Board had been advised of the incorrect value of the contract. SJ asked LC to outline the controls that were in place. LC advised that there needed to be improved co-ordination between legal, procurement and the business and spoke through the processes that had been put in place and the checks in place via the CAF system as well as the manual checks that were conducted;
- LC noted that tracking spend against contracts was the responsibility of the business. OW shared his view that a contract management team needed to be established. EJ queried the percentage failure rate of contracts that exceeded contract value. LC advised that this was 1 – 2%;
- **ACTION** SJ advised that he would ask IA to conduct an exercise to identify which controls were in place and how these were missed in the case of this contract and others;

SJ/ J Appel



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- The Chair advised that it was not a satisfactory position for at each Board meeting for the Board to have reports of things that had gone wrong in terms of process and controls. SJ noted that last week ARC had been advised that there were no procurement breaches so there was some inconsistency in reporting;
- **ACTION** The Chair and NRa queried in which business units the issues were occurring. LC advised that this information had been published to ARC. The Chair suggested that IA perhaps start with this information. NRa agreed with OW's earlier point that a formal contract management function might be the answer; LC agreed advising his view that contract management was required rather than merely contract administration. The Chair further advised that he would like some assurance that this issue had been looked at holistically;
- **ACTION** LG advised that she had spoken to TP about the managed service provision of the contingent labour contract last week and had requested that when the contract was re-tendered that any IR35 risk be articulated and that this risk be reported back through ARC, then Board; SJ/ A Mathur
- AB raised a concern in respect of the number of contractors engaged and asked that the business start to reduce the number of contractors used. T Perkins

LC and TP left the meeting at 15:23.

8. Improving Branch Profitability

8.1 Banking Framework 4

BB and RB joined the meeting at 15:24.

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

- 'Banking Framework 4 (BF4)'; and
- 'Banking Framework 4 (BF4) – Legal Risk Note'.

Key discussion points were as follows:

- RB spoke to the Access to Cash regulations which were due to be published on 1 July 2024 along with the expectations as to which entities may be inside these;
- The Chair queried whether there was an any nervousness that the delay would allow the banks to chisel the commercial deal. RB shared his view that whilst he thought this would be attempted that the reality was that the banks would need us more and more following the introduction of the Access to Cash regulations. A key question would be how our network aligned to assist the banks' compliance with the draft regulations and how we could fill the gaps to ensure the best alignment;
- OW advised that we had not priced into the deal taking on any regulatory compliance for the banks;
- LG queried how the Company's network was not in alignment with the new regulations about geographical coverage. RB advised that in terms of geographical proximity, 2 of the same restrictions applied as per the Company's network requirements, however these geographical proximity requirements under the regulations were proposed to be measured differently;
- EJ queried whether there was a sense as to where the gaps might fall as against the current network and banking hubs. RB advised that the gaps may be present based on where the Company was closing branches. LG queried whether a banking hub could be established within a 3-month period. RB replied that a temporary one could be. LG queried whether we could offer to meet the



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regulatory obligations of the banks for a certain price. OW took the point however advised the difficulty in the Company having no rights to decide where banking hubs would be placed. Despite this OW advised that it could be considered progressing the negotiations on the basis of pricing in the cost of compliance with the regulations. RB advised that the team were starting a piece of work on this point. NRa contributed that if the Company did not lean in and support the banks with their requirements there would be a disruptor who would;

- RB noted that there was a lot of push back on the term of 5 years; OW noted that this requirement was being maintained at present.

BB and RB left the meeting at 15:35.

9. Rebuilding Trust

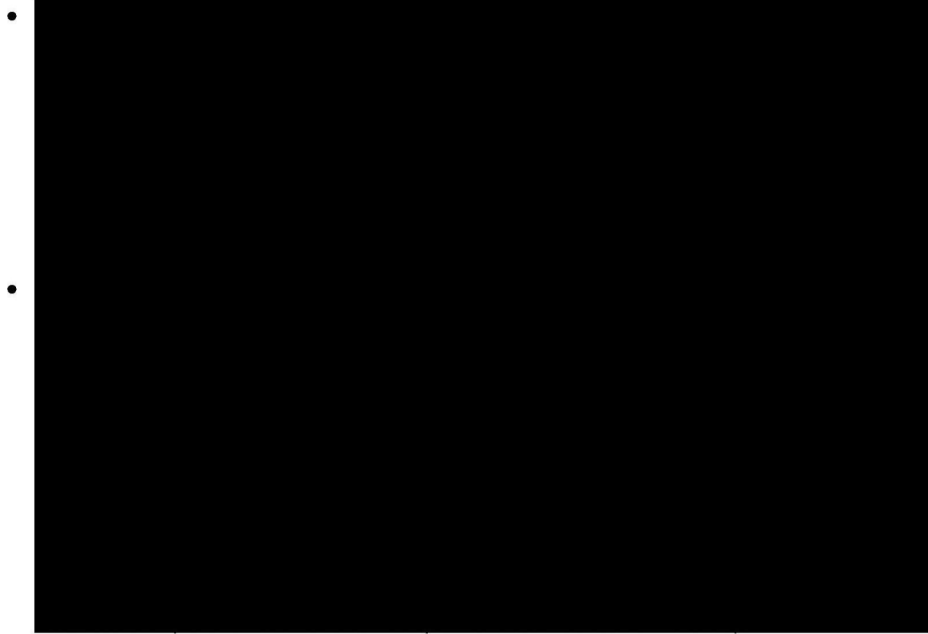
9.1 Inquiry Update

SR, DO'M, DW, KG and OC and CP joined the meeting at 15:40.

Legal Professional Privileged advice.

TABLED and NOTED was a paper, 'Post Office Horizon IT Inquiry: Update'. Key discussion points were as follows:

- DW updated on timing advising that Phases 5 and 6 were to be extended until 31 July 2024 and noted that there were some witness hearing dates yet to be confirmed, including in respect of B Foat and M Edwards. Phase 7 was not expected to start before 16 September 2024 and was likely to last for 4 to 6 weeks;



- DW advised that the Board had reserved to itself decisions in relation to the topics for closing submissions and requested delegated authority for NR, or OW if NR was not available, to approve the final topics for the Phases 5 and 6 closing submissions. The Chair suggested that given the revised timing that this matter be deferred for consideration to the July Board meeting.



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9.2 Phase 7 Strategy

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

- (i) 'Phase 7+ Strategy'; and
- (ii) 'Phase 7+ Strategy Appendices'.

Legal Professional Privileged advice.

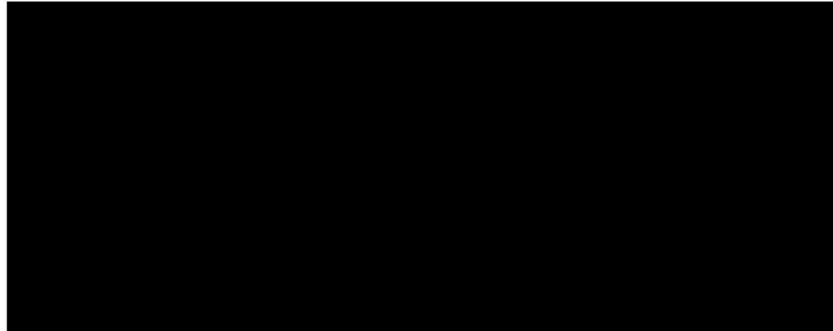
Key discussion points were as follows:

- DW spoke to the paper and the requests made in relation to sharing of the draft GT governance report. The Chair outlined why the draft GT governance report had not been released as yet including that there were some items that the Board thought were factually incorrect, that the report was not action oriented enough and that the recommendations in relation to structural changes were not thought to be plausible. There was no disagreement from the Board as to the findings in the draft report, it was more that the draft needed to be re-positioned so as to be most helpful. A revised draft was to hand. The Chair noted that the Board were due to discuss the revised draft report later in the afternoon, and, subject to that discussion, his expectation was that the Board would approve some sharing of the report. DW asked if the feedback that the Board had provided on the draft report could be shared also. The Chair agreed that it could, including that that could be taken from minutes;





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Given SI and EJ's earlier declaration of their conflict of interest, SI and EJ recused themselves and abstained from voting. The remaining Board members otherwise **RESOLVED** that the:

- (i) High-level Phase 7 strategic objectives as set out in the paper be and are hereby **APPROVED**; and
- (ii) approach to the corporate witness statement and proposed communications strategy as set out in the paper be and are hereby **APPROVED**.

9.3 Phases 5/6 Closing Submissions – delegation

TABLED and **NOTED** was a paper, 'Phase 5 & 6 – Closing Submissions Delegated Authority'. This item of business was deferred earlier in the meeting for consideration to the July 2024 Board meeting.

9.4 Remediation Unit (RU) Update

TABLED and **NOTED** was a paper, 'Remediation Unit (RU) Programme Update'. Key discussion points were as follows:

- SR advised that he was in the process of preparing his fifth witness statement for submission to the Inquiry in respect of remediation matters and spoke through the similar patterns that were now emerging through the data with graphs flatter than originally;
- SR outlined a Scottish appeal case where the Company had been criticised for the level of disclosure and the Company had subsequently agreed to waive legal professional privilege over circa 57 documents;
- **ACTION** In respect of HSF's contract, headroom was expected to remain until the end of July. SR advised that there was pressure to change supplier and that he would come back on alternative suppliers to HSF. The Chair asked for a clear recommendation on this issue to be brought to the Board;
- AD queried at what point the Board would have sight of those who wished to accept a voluntary redundancy as against redeployment across RU. The Chair advised that this was next on the Agenda and that SR would stay for this item.

SR

9.5 Overturned Convictions 2 (OC2) disclosure – Working at Risk

TABLED and **NOTED** was a paper, 'Overturned Convictions 2 (OC2) Disclosure – Working at Risk'.

SR spoke to the paper and the paper for Agenda item 9.6 advising that in relation to any case that passed through the mass exoneration legislation that the Company could have



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an obligation to provide disclosure. A contract was proposed with DBT in this regard in the same form as the GLO disclosure contract and approval was sought to enter into the same form of contract. The Chair noted that the indemnity that would be contained in the contract and the caps on liability were the same as previously approved by the Board in relation to the GLO and invited Board members to raise any issues.

The Board **RESOLVED**:

- (i) Entry by the Company into a OC2 disclosure contract in the same form as the GLO disclosure contract be with any authorised signatory of the Company authorised to sign be and is hereby **APPROVED**; and
- (ii) The Company be authorised to work at risk incurring costs up to a maximum value of **GRO** in relation to planning and providing the disclosure requirements for the OC2 cohort pending signing of the contract mentioned at (i) be and is hereby **APPROVED**.

9.6 Overturned Convictions 2 (OC2) Contract risk – data indemnity

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

- (i) ‘Overturned Convictions 2 (OC2) Contract risk– data indemnity’;
- (ii) ‘Appendix 1’; and
- (iii) ‘Appendix 2’.

This matter was considered with Agenda item 9.5, see above.

9.7 Postmaster advice service provider

TABLED and **NOTED** was a paper, ‘Postmaster advice service provider – Citizens Advice’.

The Chair queried whether there was still a need for this contract following the passing of the mass exoneration legislation. SR advised that occasional calls were still received and that these had peaked following the Mr Bates v The Post Office ITV programme. The Chair further queried whether the MoJ could fund this service now given it would mostly be for their benefit. SR advised the nature of the queries being received and shared his view that he thought it unlikely.

The Board **RESOLVED** that the direct award to Citizens Advice to provide independent advice to ex postmasters under a contract with a maximum value of £173,540.75 for a period of 11 months with any authorised signatory of the Company authorised to sign be and is hereby **APPROVED**.

CP left the meeting at 16:28.

10. People and Culture

10.1 Past Roles review (verbal)

LO’N, SG, KM and NM joined the meeting at 16:31.

Legal Professional Privileged advice.

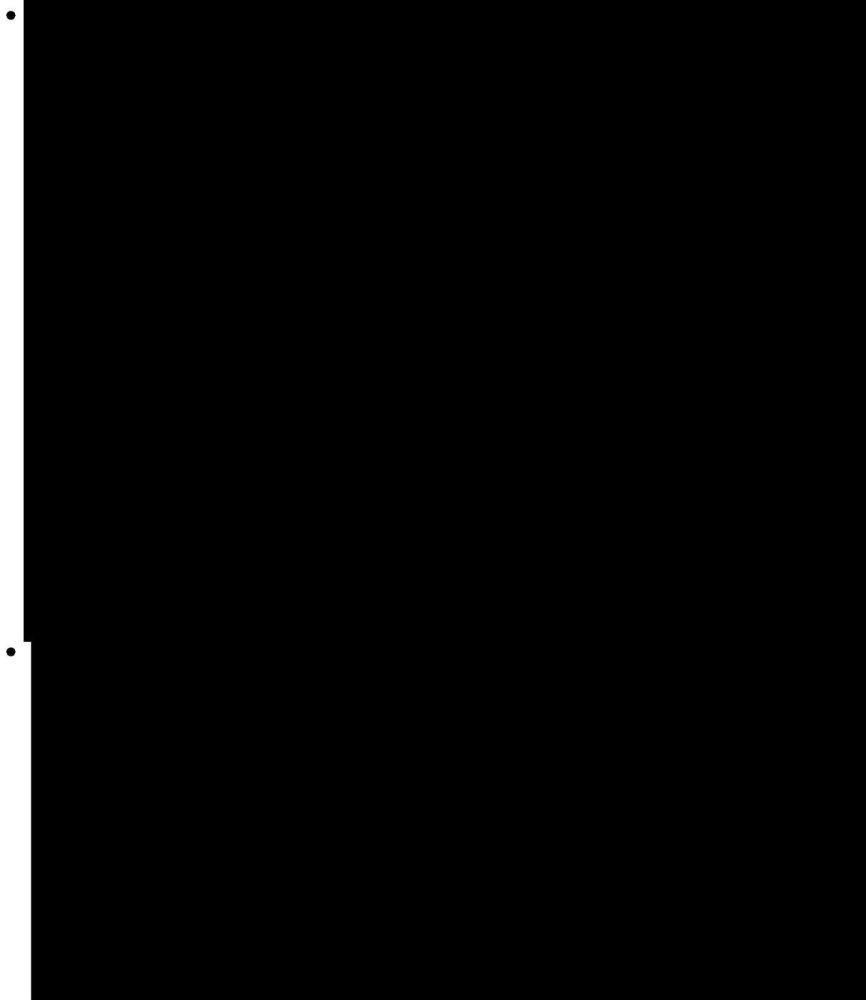
Key discussion points were as follows:

- AD asked for an update on the responses of the red Past Roles in respect of the expression of interest exercise. NM advised that of the 23 red Past Roles all had responded with 10 preferencing voluntary redundancy, 2 re-deployments, and the



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others wishing to stay in role. AD queried the redundancy entitlements of this group. NM replied that the majority of red Past Role individuals were entitled to 2 years redundancy plus payment in lieu of notice and that the team were working through in parallel what the re-organisation could look like;



- SI noted that whilst progress was being made on the Past Roles review generally expressed concern on timing and how quickly we could execute. The Chair advised that there had been learnings about how complicated these issues were, and NM needed to finish her work. NM spoke to timing for next steps advising that the team needed to understand what the revised structure needed to look like and was hopeful of being able to come back with a proposal in July. NM spoke to the preferencing exercise for all 108 employees in RU and advised that restructuring could potentially be required in order to deal with this population;
- NM noted the decision previously in respect of the category 1 individuals that they remain out of the business until they gave evidence. NM noted that B Foat and M Edwards continued to remain out of the business however the dates they were due to give evidence had been delayed. The Chair noted that it would be difficult to know if there would be a problem until they gave evidence. SI contributed that it would only likely be a short window until their evidence would be re-listed for hearing. OW advised that the circumstances of the 2 individuals would be



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considered and a decision made based on pre-existing employee policies. SI queried when the Board would receive an update on the approach to B Foat to which NM replied the weekly update.

DW, D'OM, KG, OC, L'ON, KM and NM left the meeting at 16:55.

10.2 Code of Business Standards

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

- (i) 'Code of Business Conduct update - Report';
- (ii) 'Updated version of the Code of Business Conduct';
- (iii) 'Short form version of the Code of Business Conduct'; and
- (iv) 'Existing version of the Code of Business Conduct'.

The Board **RESOLVED** that that revised form of Code of Business Conduct be and is hereby **APPROVED**.

11. Requests with Presentation

11.1 Risk appetite schedule

TABLED and **NOTED** was a paper, 'Risk appetite schedule'. RB joined the meeting at 16:57. Key discussion points were as follows:

- SJ advised that ARC were agreeable to the proposed changes to the Group Risk Appetite scale;
- **ACTION** SI noted the approved risk appetite statement areas and asked if Postmasters could be added to this. RB replied and advised that she would send SI further information setting out how Postmasters were incorporated;
- NRa noted the categories for risk appetite statements seemed reasonable at present however that these may require revision following the strategic review.

SG/ RB

The Board **RESOLVED** that the proposed changes to the Group Risk Appetite scale be and are hereby **APPROVED**.

12. Governance Items

12.1 Update on Grant Thornton Reports (verbal)

Key discussion points were as follows:

- The Chair noted that the revised draft GT Governance and Board Effectiveness Reviews had only just been received ahead of Board however the revised formats were improved;
- SJ advised that in his view there were still some things which GT had not amended which SJ felt were factually incorrect. The Chair took the point however shared his view that there were diminishing returns on further comments being provided;
- AB contributed that she thought quite a bit of the draft reports were fair. The Chair noted that the findings were not disagreed with;
- AD noted that the report was point in time and shared his view that the Board should focus on which recommendations they were going to adopt and what they were going to do about these. NRa agreed. **ACTION** AB suggested that the recommendations be placed in an action tracker and include the Board's response.

RS



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The Board RESOLVED:

- (i) The draft and final GT Reports (Remuneration, Governance and Board Effectiveness) be provided to the internal Inquiry team members and external BSFF and counsel members as set out in the paper;
- (ii) The draft and final GT Reports (Remuneration, Governance and Board Effectiveness) be provided to the Strategic Executive Group; and
- (iii) The draft and final GT Reports (Remuneration, Governance and Board Effectiveness) be provided to internal employees who would be assisting directly with advising on and implementing against the recommendations set out in the GT Reports.

12.2 Remuneration Committee ToR

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

- (i) 'Remuneration Committee Terms of Reference Review'; and
- (ii) 'Remuneration Committee ToR - Clean'.

The Board **RESOLVED** that the revised Terms of Reference for the Remuneration Committee in the form tabled be and are hereby **APPROVED**.

12.3 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items numbered 2248 - 2254 in the Register of Sealings.

12.4 Future Meeting Dates

The future meeting dates were **NOTED**.

12.5 Forward Agenda

The Forward Agenda was **NOTED**. NRa advised that he would not be able to attend the Remuneration Committee meeting on 23 July 2024.

13. Any Other Business

There being no other business the Chair declared the meeting closed.

14. Date of next scheduled meeting

8 July 2024 9:30 – 14:30.

15. Papers requested to be taken as read, no presentation

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

- (i) 'Health & Safety Monthly Report';
- (ii) 'Technology Dashboard';
- (iii) '2024 Employee Survey results/ Engagement Survey - Report'; and
- (iv) 'ICO Publication Scheme'.



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GRO

09/07/2024 17:52
Senior Independent Director

Voting Results for POL Board Minutes from 04.06.2024 (approved on 08.07.2024)

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

Vote Response	Count (%)
For	1 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

Voter Status

Name	Vote	Voted On
Tidswell, Ben	For	09/07/2024 17:52