Witness name: Tracy Marshall

Statement no.: WITN11610100

Dated: 22 August 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF TRACY LOUISE MARSHALL

ON BEHALF OF POST OFFICE LIMITED IN THE POST OFFICE HORIZON IT INQUIRY

I, Tracy Louise Marshall, of 100 Wood Street, London, EC2V 7ER, will say as follows:

A   Introduction

1.   I am the Retail Engagement Director within Post Office Limited ("**Post Office**") reporting to the Interim Chief Operating Officer and a member of the Post Office Leadership Team. My areas of responsibility cover Postmaster Onboarding, Postmaster Training and Postmaster Contract Teams, all of whom work closely with and support Postmasters on a day-to-day basis. My wider responsibilities include Postmaster engagement and ownership of Post Office's suite of Postmaster Policies.

2.   This witness statement has been prepared to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with matters set out in two requests made by the Inquiry under Rule 9 of the Inquiry Rules 2006:

(a)   Rule 9 Request 57 dated 12 June 2024 ("**R9(57)**"); and

(b)   Rule 9 Request 58 dated 2 July 2024 ("**R9(58)**").

In this witness statement I refer to R9(57) and R9(58) together as the "**Rule 9 Requests**".

3.   The Rule 9 Requests sought witness statements from individuals presently involved in the matters underlying questions set out in their respective annexes. In that capacity, I address in this witness statement the questions from the Rule 9 Requests set out in the table below:

Rule 9 Requests	Inquiry Questions	Witness statement section and paragraph references
R9(57)	Question 5	Section F, paragraphs 140-145
R9(57)	Questions 11-12	Section E, paragraphs 105-108
R9(57)	Questions 17-20	Section F, paragraphs 146-199
R9(58)	Section A, Questions 1-4	Section D, paragraphs 14-41
R9(58)	Section B, Questions 5-13	Section E, paragraphs 42-104
R9(58)	Section C, Questions 14-25	Section E, paragraphs 109-139

4.   I understand from Burges Salmon LLP and Fieldfisher LLP (together "**BSFf**"), who are assisting Post Office in relation to the Inquiry, that other

Post Office individuals will address the other questions set out in the Rule 9 Requests.

5. This witness statement is split into the following further sections (which include those referenced in the table above):

    (a)   Definitions;

    (b)   Key documents;

    (c)   Postmaster contracts;

    (d)   Induction and support for Postmasters and assistants (including training); and

    (e)   Suspension, reinstatement and termination of Postmasters.

6. To make clear which questions I am answering in each part of this witness statement, I have copied the relevant questions into the sub-headings of the sections of this witness statement that answer each question.

7. The facts and matters set out in this witness statement are complete and accurate to the best of my knowledge and belief.

8. Where my knowledge and belief has been materially informed by another person or by documents that I have reviewed, I acknowledge that person or those documents.

9. BSFf have assisted me in the preparation of this witness statement.

B   DEFINITIONS

10. I use the following defined terms in this witness statement, which I hope will assist the clarity of my evidence:

(a) The "**Network**" refers to the network of Postmaster businesses. As the Inquiry is aware, Postmaster businesses are independent businesses operating under a Post Office franchise contract. Post Office, as a corporate body, operates a network of over 11,600 branches, the majority of which, save for 114 Directly Managed Branches, are operated by self-employed, independent business people and companies ("**Postmasters**"[1]).

(b) "**Onboarding**" means the process undertaken by potential new applicants who are interested in acquiring a Post Office business. The Onboarding process begins when a prospective new Postmaster registers their interest in a Post Office opportunity and concludes when a contract is formally entered into between them and Post Office.

11. Further terms are defined in the body of this witness statement.

C   KEY DOCUMENTS

12. I have been asked by BSFf to state that I am not authorised by Post Office to waive any legal professional privilege that belongs to Post Office.

13. I understand that the Inquiry has asked for only key documents to be produced as exhibits to this witness statement. I have taken the approach

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[1] Sub-Postmasters and Sub-Postmistresses are both types of "Postmaster", but a Postmaster can be a limited company, partnership, or limited liability partnership, as well as an individual that contracts with Post Office as a postmaster in the Network.

of also including documents that I consider may assist the Inquiry in its understanding of my evidence.

D   POSTMASTER CONTRACTS (R9(58))

Question 1. Please provide the current SPM contract and set out in detail what relevant changes have been made to its terms and conditions since the findings of Fraser LJ in the CIJ or resulting from evidence arising in the Inquiry.

14.   Although this question pre-supposes that there is currently one, single, contract applicable to all Postmasters, there are numerous different contracts which govern Post Office's relationship with Postmasters. This reflects changes over time, the different types of branches and different circumstances in which they operate.

15.   The Standard Sub-Postmaster Contract is the oldest contract variant governing the relationship between Post Office and its Postmasters that is presently in use within the network (**POL00448049**). It was first introduced between 1991 and 1994 with the intention of moving Postmasters on to a more modern contract.

16.   In 2012 Post Office began to implement the Network Transformation Programme. The key aim of the programme was to redevelop the Network to make it sustainable for Post Office and its Postmasters against the backdrop of societal changes and decreasing levels of Government subsidy.

17.   As part of the programme, Post Office sought to increase branch profitability and reduce operational costs. It sought to achieve this by introducing two new operating models:

(a)   The "Local" model; and

(b)   The "Main" model.

18.   The Local model facilitated the integration of the branch into the Postmaster's wider retail business, usually by installing a Post Office counter with a Horizon terminal next to the Postmaster's retail till (a combi-counter) with the key aims of increasing the floor space for retail products, making staffing more efficient and reducing Postmasters' overall costs. Although Local branches provide a large proportion of Post Office products and services, the vast majority do not undertake more complex transactions such as driving licences and passport check and send services.

19.   The Main model provides the full range of Post Office products and services from a dedicated Post Office counter. However, usually at least one combi counter is installed to give flexibility to Postmasters to sell products and services from the retail side of the business, outside of normal trading hours, when the dedicated Post Office counter is closed.

20.   In 2012, Post Office wrote to branches informing Postmasters of the proposed introduction of the Network Transformation Programme and advising which model was likely to be appropriate for their individual branch.

21.   As a result of the Network Transformation Programme, Post Office
      introduced the Network Transformation Terms (the **"NT Terms"**[2]),
      comprising two different basic categories of contract: the "Local" contract
      (**POL00448064**) and the "Main" contract (**POL00448240**).[3]

22.   Although most of the provisions of the Local and Main contracts are the
      same, the material differences between them relate to:

      (a)   Postmaster remuneration;

      (b)   Initial funding to assist with the branch set up (including equipment);
            and

      (c)   Postmaster notice periods to terminate their contractual agreement
            (e.g. a Local contract stipulates six months' notice is required, and
            a Main contract stipulates twelve months' notice is required. This
            difference reflects the fact that as Main branches tend to be larger
            in footprint and offer the full range of products and services, it is
            likely to take longer to secure a replacement service in order to
            maintain customer services in the local area).

23.   The majority of Postmasters subsequently transferred to the NT Terms,
      however, a proportion of Postmasters did not to transfer to the NT Terms
      and remained as SPSO branches on the Standard Sub-Postmaster
      Contract (SPSO Individual – **POL00448241**; SPSO Partnership –

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[2] Referred to as the "Network Transformation Contract" in the Common Issues Judgment (at paragraph 18).
[3] Note there are also a small category of "Outreach Agreements". The Outreach Agreement relates to Outreach services, which are pursuant to the terms of a separate agreement. A Postmaster will operate a core branch under the provision of either the Standard Sub-Postmaster Contract or NT Terms, and the Outreach Agreement applies solely to the Postmaster's operation of the Outreach service.

POL00448242; SPSO Company – **POL00000261**; and SPSO Agreement – **POL00448244**).[4]

24. Post Office also have a group of contracts which apply to a Postmaster when they agree to operate a particular branch on a temporary basis (the Temporary Postmasters' Terms). These contracts are typically used where it is necessary for an interim Postmaster to be engaged in order to continue to provide services within the local community.

In particular, please identify where and when relevant changes have been made to:

(a) Make explicit the terms Fraser J found to be implied into the contract;

(b) Terms relating to contractual liability, remuneration of SPMs on suspension, termination and compensation for loss of office; and

(c) To remove the onerous or unusual terms identified in the Judgment.

25. Following the CIJ, Post Office carried out a "Contract Restatement Exercise", which involved updating the template NT Terms issued to new Postmasters to reflect the findings of Mr Justice Fraser (as he then was).

26. Post Office also produced a guide, the "Common Issues Judgment: Summary of effect on Postmaster contracts" (the **"Contract Restatement**

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[4] Part of the process to transfer to the NT Terms involved Postmasters submitting a business plan to demonstrate that they were able to operate the branch in accordance with the new operating terms (which involved moving from a fixed to variable remuneration structure). A small number of Postmasters were unsuccessful at this stage of the process, however Post Office invited them to consider alternative options, including: accept a leaver's payment of 26 months' pay; sell the premises; or find ways to make the business more sustainable and put forwar d an updated business plan.

Guide" (**POL00037518**)), which identifies and explains how the Common Issues Judgment (**"CIJ"**) clarified the meaning of the contracts and communicated this to existing Postmasters via its One Channel Communications tool (**POL00448051**). The One Channel article informed Postmasters that the CIJ made several legal findings that clarified how the contracts should be interpreted; of the terms that were found to be onerous or unusual and that should be removed; that the summary provided is not a contract variation; and that Post Office were reviewing whether there were improvements it could make to Postmaster contracts longer-term.

27. The Contract Restatement Guide summarises the words used by Fraser J and makes clear the Court's interpretation of the contracts. For example:

    i. *"It implies (adds) some **new terms** into the contracts. Most of these are additional obligations for Post Office Ltd. There are a small number of additional obligations that also apply to the Postmaster.*

    ii. *It **replaces** or **modifies** some existing terms. This mainly affects or restricts Post Office Ltd's rights under the contracts. In addition, the Judgment clarifies the meaning of the terms relating to the Postmaster's responsibility for losses.*

    iii. *It **removes** a small number of other terms. This affects or restricts Post Office Ltd's rights under the contracts."*

28. A summary of the implied terms added to the contracts is included in the Contract Restatement Guide. Examples of the implied terms include:

(a) General terms that mean obligations for both Post Office and the Postmaster, including:

i. *"to take reasonable care in performing its functions and/or exercising its functions within the relationship, particularly those which could affect the accounts (and therefore liability to alleged shortfalls)"; "to refrain from taking steps that would inhibit or prevent the other party from complying with its obligations under or by virtue of the contract"*; and

ii. *"to provide the other party with such reasonable co-operation as is necessary to the performance of that other party's obligations under or by virtue of the contract"* (page 3 of the Contract Restatement Guide).

(b) Terms that mean obligations for Post Office in relation to losses and shortfalls, including:

i. *"To provide adequate training and support, including through the provision of training materials, to the Postmaster, particularly if and when Post Office imposes new working practices or systems or requires the provision of new services"*;

ii. *"To provide a Horizon system which is reasonably fit for purpose, including any or adequate error repellency"*;

iii. *"To cooperate in seeking to identify the possible or likely causes of any apparent or alleged shortfalls and/or whether or not there was indeed any shortfall at all"*;

iv. *"To communicate, alternatively, not to conceal the extent to which the other Postmasters are experiencing problems relating to Horizon and the generation of discrepancies and alleged shortfalls"* (page 5 of the Contract Restatement Guide); and

(c) Terms that mean obligations for Post Office in relation to termination (page 7 of the Contract Restatement Guide).

(d) Terms requiring Post Office not to suspend the Postmaster:

i. *"Arbitrarily, irrationally or capriciously"*;

ii. *"Without reasonable and proper cause"*; and/or

iii. *"In circumstances where Post Office is itself in material breach of duty in respect of the matters which Post Office considers give it the right to suspend"* (page 6 of the Contract Restatement Guide).

(e) Post Office's right to withhold payment during suspension is removed from the contracts (page 6 of the Contract Restatement Guide). Postmasters now receive payment during suspension, as set out in the Postmaster Contract Suspension Policy (**POL00448254**).

(f)   The term in the contracts stating that the Postmaster acknowledges that he/she shall not be entitled to receive any compensation or other sums in the event of the termination or suspension of the contract or compensation for loss of office is removed (page 8 of the Contract Restatement Guide).

2. Please describe the process by which SPMs were notified of relevant changes to their contract following the CIJ.

29.   Although Post Office made efforts to communicate the clarifications to the meaning of its Postmaster contracts via its One Communication tool and took steps to brief Area Managers about the changes by way of FAQs to enable them to deal with any questions arising from Postmasters, it did not have a process in place to check that Postmasters had read and understood the Contract Restatement Guide.

30.   Following the CIJ, Post Office made the decision to amend the template NT Terms being issued to new Postmasters to reflect the Court's determination (as set out in the Contract Restatement Guide) and to focus on making operational improvements and positive changes to the way it works with Postmasters, before making widespread changes to its standard contractual terms. This was because Post Office assessed that operational improvements would have a greater beneficial impact for Postmasters and should, therefore, be prioritised.

31.   An example of these changes includes the introduction in summer 2020 of the Postmaster Support Guide (**POL00448077**), which sets out the range of support available to Postmasters and their staff and how and where they

can access it. The Postmaster Support Guide is updated annually to take account of any changes to processes, procedures and support available with the last update taking place in July 2023. The Postmaster Support Guide contains information on the following key areas:

(a)   General support (digital platforms such as Branch Hub and face-to-face support via Business Support Managers, Area Managers and Branch Assurance Advisors);

(b)   The various ways in which Postmasters and their teams can share feedback or raise complaints;

(c)   Training (including early days support);

(d)   Standards of customer service;

(e)   Managing cash, stock and branch balancing;

(f)   Branch security;

(g)   Remuneration (assistance with VAT, invoicing and details of the Remuneration Support Centre);

(h)   Accounting dispute resolution;

(i)   Contract performance;

(j)   Communications; and

(k)   An overview of Post Office's twelve Postmaster Policies.

32.   Post Office also introduced a suite of Postmaster Support Policies in 2021, designed to set out how Post Office teams will support Postmasters and

their staff in running Post Office branches. The Policies have the objective of *"ensuring that we are treating Postmasters and their staff fairly, transparently and professionally"* as set out in the Guide to the Postmaster Support Policies (**POL00448222**).

33.   In addition, improvements to the Onboarding process were made and the level of initial training and ongoing support to Postmasters was reviewed and improved, including the introduction of a new Operational Training Guide for Postmasters and their teams. Improvements were also made to the support provided to Postmasters in dealing with discrepancies in branch as well as to the processes for dealing with suspensions and contract terminations. A number of these changes made are referred to in this witness statement and in the witness statement of Melanie Park, Central Operations Director.

34.   Post Office has also updated and streamlined the way it provides support and information to Postmasters and their staff, including the key obligations for the Postmaster and for Post Office, by way of the following documents:

(a)   Key Obligations document for Local (**POL00448283**), Main (**POL00448284**) and SPSO branches (**POL00448285**). The document is designed to give Postmasters a high-level overview of each part of the contract with Post Office. The Key Obligations document explains the four parts of the contract:

i.   The Preface (which details the specific branch and is part of the contractual agreement) (**POL00448239**);

ii.   The Standard Conditions (which contain general legal terms) (**POL00448240**);

iii. The Operations Manual (as described at paragraph 34(b) and (c)); and

iv.   A Fees Booklet which sets out the remuneration structure for the branch.

(collectively, the **"Postmaster Contract"**)

(b)   In 2020, Post Office also reviewed and updated the Operations Manuals for both Local (**POL00448053**) and Main (**POL00448054**) branches, documents which form part of the Postmaster Contract. The structure of the manuals was simplified and references to redundant products and processes were removed. The Operations Manual is designed to provide Postmasters with key information and support that they will require for operating their branch and explains Post Office's requirements and instructions relating to accounting, security, cash funding, ordering of products, training and data protection issues (among others).

(c)   Post Office recognises that the Operations Manual is one of the key contractual documents for Postmasters, detailing operational processes and requirements and supporting them to run their branches on a day-to-day basis. However, the Operations Manual was tailored specifically for the Local and Main branches only and

not SPSO branches[5]. As such, the decision was taken to update the Operations Manual in the Autumn of 2023 to create one easily accessible digital version, relevant to all contract types and branches. Following this decision, a detailed scoping exercise was undertaken to understand what elements of the Operations Manual required updating, which parts were still relevant and any areas of duplication. The new version of the manual has been reviewed in detail by the Postmaster Experience Director who is a serving Postmaster. The National Federation of Sub Postmasters (**"NFSP"**) have also reviewed the document. Following this feedback, the Operations Manual was then shared with a Postmaster working party comprising approximately 30 Postmasters at a face-to-face event in June 2024 and feedback was provided, which was incorporated into a further iteration of the document. In July 2024 a further meeting was held with this group of Postmasters to update them on the changes made and further feedback was obtained at this point. The new version is due to be launched in September 2024 and will be available to view on Branch Hub (**POL00448361**).

35. During the time that Post Office has been working to improve its processes and operations – in particular its working relationship with Postmasters – it has been considering a widespread review and reform of all its Postmaster contracts to reflect its current operational practices and to ensure greater

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[5] Any new Postmasters joining to run an SPSO branch would be signposted to the Operational Training Guide and the materials available on Branch Hub, including the Postmaster Support Guide.

consistency in the way it contracts with Postmasters (the **"Contract Reform Project"**).

36. In July 2024 the Retail Engagement Team presented a proposal for the Contract Reform Project to the Strategic Executive Group (**"SEG"**)**,** which would involve:

   (a) Drafting a new contract template in modern and accessible language that reflects the improved and current operational practices;

   (b) Removing specific rights, obligations and/or terms that are no longer in use and/or are unnecessary (e.g. products that are no longer in use, or job titles that are now defunct); and

   (c) Amending specific terms to ensure they comply with applicable laws (e.g. freedom of information, data protection and confidentiality).

37. Following discussions with SEG, work has now commenced on the Contract Reform Project and a review of the contracts are underway. As part of the Project, Post Office will, in due course, engage with Postmasters and the NFSP to gain their input into, and feedback on the changes that Post Office propose to make.

Question 3. Please describe the process by which new SPMs joining the organisation are notified of the terms and conditions of their contract. If SPMs are provided with any accompanying documentation on joining relevant to their contract's terms and conditions (such as guidance), please

also provide these to the Inquiry by way of exhibits to URNs in the statements.

38.   Prospective new Postmasters are sent a copy of the Key Obligations at the very outset of their onboarding journey, along with the instructions on how to apply. As described above in paragraph 34(a), the Key Obligations document sets out in high level terms the Standard Conditions and other key contractual documents that form part of the Postmaster Contract with Post Office.

39.   New Postmasters receive their contractual documents during the final step of the Onboarding process. They are sent a cover email (**POL00448237**) and pack of information containing all the documentation for them to review prior to signing their contract with Post Office (**POL00448238**). Both the email and information pack encourage potential Postmasters to seek independent legal advice before signing the contract.

40.   The documentation sent via email includes:

(a)   Cover letter: which congratulates them on successfully completing their Onboarding application and outlines the next steps required, including the review and signing of the Postmaster Contract with Post Office;

(b)   Pack letter: this refers to the various documents (as set out below) that the potential Postmaster will need to review before completing and signing the contract.

(c) The contractual documents, which are attached to the email, include:

    i.   Preface;

    ii.   Standard Conditions;

    iii.   Operations Manual; and

    iv.   Fees Booklet.

(d) The pack letter states that the Postmaster Contract will be conditional, subject to a Valid Property Interest in the premises being obtained and, if applicable, the existing Postmaster resigning from their position. The letter also references the Preface to the contract which contains branch and operator specific information and which is required to be signed in duplicate before returning to Post Office.

Question 4. If applicable, please describe the process(es) that enable SPMs to negotiate the terms of their contract with Post Office. If no such process(es) exist, please explain why.

41. Postmasters are not able to negotiate the Standard Conditions of their contract with Post Office, on the basis that it would not be possible to administer such a large network of branches without standard processes in place. As Post Office provides a network of branches which sell or provide a range of services and products on behalf of its various clients, there is limited flexibility in terms of the processes and standards set out in the contract. Post Office requires standardisation across its Postmaster

contracts to enable it to introduce a new product or service without having to review and amend so many contracts.

E   INDUCTION AND ONGOING SUPPORT FOR POSTMASTERS AND ASSISTANTS (INCLUDING TRAINING) (R9(58)

Question 5. Please provide details of the training now given to SPMs, managers and assistants on the use and operation of Horizon. In responding to this question, please detail what relevant changes (if any) have been made to the provision of training following the findings of Fraser LJ or resulting from evidence arising in the Inquiry and set out when those were made. Please outline the training package for both existing and incoming SPMs, and include the following information in your responses:

(a) any relevant changes or improvements made in the provision of training;

(b) where, when and by whom training is now provided;

(c) the form, content and duration of training including in particular training on balancing; the process to be followed when shortages or discrepancies are identified; audits; transaction corrections, including when they are disputed; raising disputes and dispute resolution; and whistleblowing;

(d) what provision is made for additional training on Horizon; on what basis can additional training be provided;

(f) what provision is made for additional training when a branch experiences shortfalls, or if there are significant changes or modifications are made to Horizon;

(g) any bespoke training implemented because of Fraser LJ's findings or resulting from evidence arising in the Inquiry.

42.   Following the CIJ, Post Office has reviewed and made a number of changes to the training offered and made available to new and existing Postmasters and their staff.

43.   Before the CIJ, Post Office provided limited training formats to Postmasters and did not actively inform Postmasters that training was also available for Postmasters' staff.

44.   Post Office now offers a blended learning approach to operational branch training for new and existing Postmasters and their staff, seeking to ensure that they have the confidence and competency to begin operating a Post Office branch and that they can continue to access training once they are fully established in branch. A wealth of new training material has been developed and is now available. Training is more structured and offered in a variety of formats: e-Learning modules; classroom training; on-site training; and digital resources via Branch Hub and the Learning Management System (**"LMS"**).

45.   Branch Hub is a digital platform that provides information to help and support Postmasters and their staff on a day-to-day basis (**POL00448364**). Branch Hub also contains the Digital Service Desk to report IT issues.

46.   The LMS is a digital platform that hosts a range of training modules and information for Postmaster and their assistants. Postmasters and their assistants will be automatically registered on LMS during the Onboarding process. Once registered, Postmasters and their assistants are able to access the e-Learning modules and other training materials online. The LMS enables Postmasters and their assistants to manage their own learning journey; they are able to self-register for training (including classroom training) as and when is necessary (**POL00448288**).

47.   Since the CIJ, Post Office have introduced the following (between August 2019 and January 2022), which remain available today (**POL00448286**):

(a)   Monthly branch balancing (e-Learning);

(b)   ATM accounting (e-Learning and Work Aid);

(c)   Accepting and dispatching remittances (Work Aid);

(d)   Investigating discrepancies (half day classroom course and Work Aid);

(e)   Customer experience university (workbook and guide);

(f)   Branch Operational Training Catalogue (provides summary of all courses on offer);

(g)   Operational Training Guide (utilised in the classroom by delegates with digital versions available on Branch Hub and the LMS);

(h)   "How to" videos (available on Branch Hub and the Learning Management System); and

(i)   Vulnerable customers (distance learning pack).

48.   Post Office does not currently offer a stand-alone training session or module on whistleblowing, however, Postmasters and their assistants are provided with details of Post Office's whistleblowing service, Speak Up, in the Guide to the Postmaster Support Policies which is part of the Postmaster Support Guide and the Operations Manual. In addition, Postmasters have received a variety of materials on the Speak Up service for display in and around the branch and details of Post Office's Speak Up function are due to be added to Branch Hub soon.

49.   Post Office has also increased its investment in training resources, including the formation of a dedicated Training Team comprising:

(a)   Head of Postmaster Training & Delivery, who is responsible for the relationship between the Classroom Trainers, Onsite Trainers and the Postmaster, for the production and maintenance of e-Learning modules, operational guides and the work aids relevant to the learner journey (**POL00448046**). They are also responsible for the line management of the Regional Lead Training Managers, the Network Learning Design Manager and the Learning Technologies Manager;

(b)   Regional Lead Training Managers, responsible for the line management of the team leaders of Onsite Trainers and Classroom Trainers and for observing and monitoring Classroom Trainers on a regular basis;

(c)   14 Classroom Trainers, of which 10 are located in England, two in Scotland, one in Wales and one in Northern Ireland, are responsible for providing classroom training to new Postmasters after they have completed the required initial e-Learning modules. They will also provide further refresher classroom training to existing Postmasters and their assistants;

(d)   35 On-Site Trainers (currently in post, with the capacity for 40[6]), responsible for delivering a comprehensive package of training and delivering onsite support for up to six days to new branch teams. They will also assist the branch staff with the first cash delivery and monthly balancing procedure. In addition, Onsite Trainers support existing Postmasters and their teams as requested, where additional support is deemed necessary. The Onsite Trainers are supported by four Onsite Trainer Team Leaders;

(e)   Onsite Trainer Team Leaders, responsible for managing and observing a team of Onsite Trainers;

(f)   a Network Learning Design Manager, who is responsible for the design, production and maintenance of the branch compliance learning, distance learning packs, e-Learning modules, classroom courses, operational guides and other materials relevant to the learner journey; and

(g)   a Learning Technologies Manager, who is responsible for the effective deployment and ongoing maintenance of a Learning

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[6] Recruitment is ongoing for the remaining 5 posts.

Management System, and hosting digital learning content to Postmasters and their assistants.

Training for new Postmasters

50.   New Postmasters are offered training once they have signed their contract at the end of the Onboarding process.[7]

51.   The Onboarding process begins at the point the prospective new Postmaster responds to a vacancy on the Post Office website and completes an online form (**POL00448294**). The applicant's information is fed through to the Onboarding Team, who will send the applicant a link to an online application form. Applicants are asked to provide their personal details, company details, financial information, and to provide a copy of their CV and business plan on how they will fund the business. Applicants are given 28 days to complete the application form.

52.   The Onboarding Team will then review the applicant's details and carry out various background checks together with a financial assessment to ascertain whether the applicant's business plan is viable.

53.   Once the applicant has their business plan approved, they are invited to a Suitability Assessment (previously called the Postmaster interview). The Suitability Assessment is an opportunity for Post Office to get to know the applicant and answer any queries the applicant may have, as well as providing insight into how they would effectively manage and run a sustainable Post Office. An updated approach to Suitability Assessments

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[7] Across 2023/24 approximately 1517 delegates attended the initial classroom training course. This figure is made up of multiple delegates for many branches.

is due to be launched in September focusing on six key areas including 'leadership', 'customer service' and 'marketing and promotion' with the applicant being invited to present evidence to demonstrate their knowledge, experience and plans in relation to each area. Each of the six areas will be scored, with a total of 24 points available overall. The pass threshold for the Suitability Assessment will be 15 points.

54. If the applicant passes the background checks and is successful following the Suitability Assessment, the Onboarding Team will provide electronic copies of the Postmaster Contract for the new Postmaster to review and sign.

55. Following the completion of the Postmaster Contract, the Onboarding Team will pass the details of the new Postmaster to the Training Team. This phase of Postmaster training is referred to as "initial training".

56. Initial training is split into different stages. The first stage comprises e-Learning modules hosted by and accessed through the LMS, which can be completed by the new Postmaster and/or their designated assistants online in their own time. The modules are interactive and include training on basic products, services and transactions that can be done in branch, as well as other compliance related training such as Mails Integrity and Information Security and Data Protection. Each e-Learning module ends with a knowledge quiz, testing the new Postmaster's or assistant's knowledge of the module.

57. Postmasters are required to achieve a score of 100 per cent in the knowledge quiz in each e-Learning module before they are able to

progress to classroom-based training. If a delegate does not achieve 100 per cent in the knowledge quiz as part of e-Learning, they can take the test again and for as many times as they need to achieve the required pass mark.

58. Once the compliance modules are successfully completed and individuals have been vetted by Post Office they are provided with a Horizon ID known as a SMART ID. It is not possible to access or operate the Horizon system without a SMART ID.

59. Postmasters (and their assistants, if applicable) will either attend three days in classroom for preparation to run a Local branch, or four days in classroom for preparation to run a Main or Directly Managed branch. This additional day of classroom training is required for main and directly managed branches due to the fact that they offer more products such as DVLA and financial services.

60. These initial classroom training courses for new Postmasters and their assistants are structured as follows:

(a) Two-day Basic Transaction course, which consolidates the product and service knowledge gained from the e-Learning modules; introduces the Horizon system and customer conversations.

(b) One-day Back Office course, which provides training on key back-office processes including cash management; remittances (value consignments such as cash, coins and stock that are sent to and

received from branches); and daily, weekly and monthly balancing processes on the Horizon system.

(c)   An additional One-day Basic Transaction course (for Main branches and Directly Managed branches only) which covers transactions specific to these branches, including financial services and DVLA.

61.   The purpose of classroom training is to enable Postmasters and their assistants to practice transactions using the Horizon training system; build capability on completing transactions and processes; build confidence in talking to customers about Post Office's products and services; and receive face-to-face feedback and support from a Classroom Trainer (**POL00448248**).

62.   There are currently 15 classrooms across the UK, each fitted with Horizon terminals that can accommodate between six to eight delegates.

63.   The training aspires to replicate what happens within a branch. However there are certain transactions that cannot be completed in the classroom, for example, an Evri transaction. In these circumstances, the Training Team signpost Postmasters to the relevant information. These transactions will also be covered by the Onsite Trainer during the next stage of the learner journey.

64.   At the end of each classroom course delegates are required to complete a knowledge quiz comprising 20 questions. This is an open book quiz insofar as delegates can review documentation and forms during the quiz, as they would be able to do in a live branch environment. Although there is no pass

mark, any delegates who receive a score of less than 15 out of 20 are flagged to the Onsite Trainer as requiring further support during the initial six days of onsite training. The Onsite Trainer will ensure these areas of development are covered during their time in branch, and before the Postmaster is supported by the Business Support Manager (discussed below). However, it is rare that delegates do not achieve a score of 15 correct answers or higher.

65. Onsite training and support is delivered in branch during the initial six days of trading and builds on and embeds the knowledge received from the e-Learning and classroom sessions (**POL00448217**). Onsite training provides on-the-job training when new Postmasters and assistants start to complete live transactions for the first time and interact with customers. The key elements of onsite training includes:

(a) Six days of onsite support from a Post Office Onsite Trainer;

(b) Support in completing a Trading Period balance; and

(c) Branch-specific and tailored training for Postmasters and assistants, as required and in response to additional needs identified during onsite support.

66. The purpose of onsite training is to give a new Postmaster and their staff in person support in the setting up of their new branch; help to embed the learning when serving customers for the first time; provide in-branch training on products and services; provide support in completing daily back-office activities such as remittances and cash declarations; and provide

support during the first monthly branch balance. In the event that the first monthly balance does not coincide with the initial onsite training, arrangements will be made for an Onsite Trainer or a Business Support Manager to attend the branch on the day of the first monthly balance and support the Postmaster and their assistants as required.

67. During the first six days of the branch opening, the role of the Onsite Trainer is to support the Postmaster and their team and ensure that as many transactions and processes as possible are covered. A checklist is available on the Branch Contact File for the Onsite Trainer to use, which lists the areas to cover including specific transactions, back office processes and signposting the support that is available through Branch Hub and the Branch Support Centre. The Onsite Trainer will complete the form on the Branch Contact File, recording whether each item has been transacted, practiced or at the very least discussed. The Onsite Trainer will also record any areas of concern, and where further support may be required.

68. Following the onsite training, the Onsite Trainer hands over the branch to a Business Support Manager, who is assigned to the branch to provide support to the new Postmaster and their staff for the first six months. The Business Support Manager's role is to continue to support the new Postmaster and their team, consolidating and reinforcing the training delivered. In addition, the Business Support Manager will ensure the branch is complying with the necessary operational requirements, such as completion of daily cash declarations, monthly trading balances and management of cash holdings.

69.   If a requirement for further training is identified, either by the Business Support Manager or as a result of network monitoring activity, a request for a further training intervention can be raised. For example, if a branch is experiencing shortfalls or needs support with investigating discrepancies. The Training Team will then contact the Postmaster to understand their requirements and discuss additional training needs. This could include signposting to Work Aids or online e-Learning modules, agreement to provide further onsite support or attendance on a classroom course.

70.   Although the topics of discussion during the phone calls and visits to the branch by the Business Support Manager are led by the requirements of the Postmaster and their team, the main contact points typically include:

(a)   Phone call or visit six weeks prior to the branch opening/transferring (introductions, discussion around training plan, check on progress);

(b)   Phone call or visit two weeks prior to the branch opening/transferring (check on training progress; Operational Excellence[8] and the Operations Manual; check for SMART IDs);

(c)   Branch visit on day four, five or six on onsite training (discuss training progress, Branch Hub, sales and marketing, operational actions, any issues or feedback); and

(d)   Branch visit every four weeks (as a minimum) for the first six months (covering the topics above, but also including regulatory compliance, remuneration, checks that the branch is comfortable

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[8] Post Office's Operational Excellence Programme commenced in June 2023, with the aim of reviewing and improving the operational support provided to Postmasters during each stage of their journey with Post Office.

with daily, weekly and monthly accounting procedures as well as the review and dispute functionality, and conversations around overall branch performance).

71.   Business Support Managers are available to return to the branch should a Postmaster require further training or support beyond the initial six-month period in branch. The Business Support Manager will then request the additional training required where necessary.

72.   The Business Support Manager will also support the Postmaster in driving the overall profitability of the branch, discussing sales techniques, local marketing and staffing levels for example.

73.   Post Office have recently updated its Business Support Manager Handbook, which details the key principles that should be followed when supporting Postmasters during their first six months, which will be trained out to the team during August 2024.

74.   Post Office have identified that the incumbent Business Support Managers have been carrying out Postmaster Suitability Assessments which has redirected their focus away from providing the Postmaster with early days support following the onsite training. Post Office are aware this is an issue and are currently taking steps to move the Suitability Assessments work into the Onboarding Team, enabling Business Support Managers to focus entirely on providing early days support to new Postmasters. Post Office is also actively recruiting to fill the current vacancies within the Business Support Managers' team.

Training for existing Postmasters

75.   Post Office offers the same training options as described above to existing Postmasters and their assistants. Postmasters are responsible for their branch staff's continuous learning cycle. If a Postmaster considers that they or a member of their team needs initial training or refresher training on certain aspects of the branch operation they can access training materials on Branch Hub, self-register for training via the LMS, or contact their Area Manager to discuss the most suitable options. Postmasters and their staff can access the online, classroom and digital training content at any time.

76.   Post Office's refresher training includes courses such as the half day "Investigating Discrepancies" classroom course, which covers the importance of cash declarations, back-office reports, how to identify the common causes of discrepancies, how to correct a discrepancy and what do to if they need support with a discrepancy.

77.   The Operational Training Guide (Index - **POL00137308**)[9] is a fundamental tool for both new and existing Postmasters providing operational instructions for the day-to-day activities involved in running their branch. The Guide includes the following sections:

    i.   Getting started on Horizon (**POL00448121**);

    ii.   Security (**POL00448122**);

    iii.   Banking & Payment Exception Service (**POL00448123**);

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[9] The Operational Training Guide is split into 20 sections.

    iv.   Automated payments (**POL00448124**);

    v.   Inland mail (**POL00448125**);

    vi.   International mail – Royal Mail (**POL00448126**);

    vii.   International mail – Parcelforce Worldwide (**POL00448127**);

    viii.   Travel money (**POL00448128**);

    ix.   End of day activities (**POL00448129**);

    x.   Weekly accounting (**POL00448130**);

    xi.   Monthly accounting (**POL00448131**);

    xii.   Back office transactions (**POL00448132**);

    xiii.   Cash & stock management (**POL00448133**);

    xiv.   Postal orders (**POL00448134**);

    xv.   Money transfer services (**POL00448135**);

    xvi.   Passport Check and Send (**POL00448136**);

    xvii.   Financial services products (**POL00448137**); and

    xviii.   DVLA (**POL00448138**).

78.   The Operational Training Guide also includes useful information such as how to access Branch Hub, along with the contact information for Branch Support Centre and IT Helpdesk (**POL00448120**). The Operational Training Guide can be accessed at any time via Branch Hub.

79.   Information is also available on Branch Hub in the form of 'Knowledge Articles' which cover topics including help with weekly and monthly stock unit processes; help with IT issues; and help with transaction correction processes.

80.   Following the CIJ, Post Office has introduced further training content, including:

(a)   A series of "how to" videos available to view anytime on Branch Hub or the LMS (videos cover cash declaration – individual stock unit; ATM balance on Horizon; remitting in cash, among others) (**POL00448363**);

(b)   A digital "How to run your branch" guide, also available on Branch Hub; and

(c)   A new Investigating Discrepancy Work Aid.

81.   In the event a change or modification is made to the Horizon system or to any of Post Office's in branch processes and procedures, the Training Team will ensure all training materials are updated including the Operational Training Guide. Notification of any changes are sent to all branches via the weekly Branch Focus publication which is available to view on each Horizon terminal.

82.   A full breakdown of the training available to new and existing Postmasters and their assistants is provided in The Branch Operational Training Catalogue (**POL00448154**).

Question 6. Please provide details of any key guidance, policies, training or instructions given to those responsible for delivering training.

83. Members of the Training Team responsible for delivering training are trained internally. For example, Classroom Trainers who pass the interview process are required to undergo a structured training plan which involves observing a course delivered by an experienced Classroom Trainer, following which they will shadow that Trainer and partially deliver a classroom course alongside them. Once the new Classroom Trainer feels confident enough to do so, they will then lead a classroom course with an experienced Classroom Trainer present to ensure that the content is delivered correctly. When the new Classroom Trainer is confident to deliver a classroom course without supervision, a Regional Lead Training Manager will attend to observe them and sign them off for future delivery.

84. Once the new Classroom Trainer has completed their training they attend a regular one-to-one session with their Regional Lead Training Manager, undertake regular observations and take an open book competency test every quarter.

85. To streamline and enhance the quality of training provided to new and existing Postmaster and their staff, Post Office trainers have the option to work towards achieving 'Intermediate' or 'Advanced' levels of Postmaster training delivery via Post Office's Quality Assurance & Training Lead (QATL) Accreditation Framework. The 2-stage QATL Framework supports trainers to recognise any capability gaps or development areas. A summary of the requirements for each accreditation level are set out in the

Quality Assurance Training Lead Accreditation Framework (Personal Development Tool) guide (**POL00448215**).

86. Following the CIJ, Post Office introduced The Postmaster Training Policy (**POL00448106**), which is reviewed annually and formally approved by the Audit, Risk and Compliance Committee (ARC). Prior to submission to ARC, each policy is reviewed and agreed, in addition to feedback from the Postmaster Experience Director, a serving Postmaster working with Post Office.

87. The Postmaster Training Policy is given to all members of the Training Team, Business Support Managers and Area Managers and training records are maintained.

Question 7. Which department(s) hold responsibility for the policies and guidelines described above and who holds responsibility for the management and oversight of that department?

88. The Retail Engagement Director (currently me) is the owner of the Postmaster Training Policy and has overall accountability to the Post Office Board of Directors for the design and implementation of a comprehensive operational training package for Postmasters and their teams.

Question 8. Please provide details of the experience, expertise and qualifications of those currently responsible for delivering training (or, any minimum level that is required, if any).

89. There is no formal qualification required to become a trainer at Post Office, however, certain roles require previous knowledge or experience of Post

Office processes. For example, Classroom Trainers are required to have previous training experience and knowledge of the Horizon system and processes (either from a Directly Managed branch or a Post Office branch) (**POL00448045**). As part of the interview process, potential new Classroom Trainers are required to give a presentation on Horizon to demonstrate their level of knowledge and understanding of the Horizon system.

90.   Other roles, such as the Onsite Trainer Team Leader, require previous experience of training and previous experience of line management responsibility (**POL00448100**).

Question 10. Please provide any key reports, reviews or investigations (produced by POL or by an external firm on POL's behalf) which address the quality of training provided to SPMs, managers and assistants in relation to the use and operation of Horizon.

91.   In 2021 Post Office commissioned an external firm, Deloitte, to conduct an audit and review of the training function as part of its wider review of whether Post Office had moved towards its stated aim of putting Postmasters at the heart of the business (**POL00038115**). Deloitte's Final Report dated March 2021 observed that, *"since August 2019, a full review of PM [sic] training has been performed and significant changes made to eLearning and classroom content. In particular, additional eLearning and classroom courses have been introduced for complex / common problem area topics such as ATM, Lottery, Monthly Balancing and Investigating Discrepancies."* However, *"training for PMs [sic] is primarily focussed on products and common transactions… with limited coverage of the day-to-*

day operational running of a branch…common customer-related issues,
customer service, soft skills training…"[10] In addition, Deloitte observed that
the Operational Training Guide and Work Aids mainly provide operational
instructions. Deloitte noted that Post Office management *"are currently*
working on ways to digitise training to encourage PM uptake and improve
learning".[11]

92.   As a result of the Deloitte report, engagement across the Training Team
       and feedback from Postmasters more generally, Post Office implemented
       a number of improvements to the training provided. For example, further
       'How To' videos were introduced, and the LMS was upgraded to improve
       overall functionality, including introducing the ability to gain feedback from
       users. Steps were also taken to ensure a greater focus on training around
       cash management, ensuring that an Onsite Trainer or Business Support
       Manager was present to support Postmasters and their teams with the first
       cash delivery. The Onboarding classroom courses were also extended to
       enable more time for delegates to undertake practical sessions on a range
       of more complex transactions, and to explore how to deal with common
       customer related issues.

93.   The Head of Training and Delivery oversees and manages the work of the
       Regional Training Managers to ensure quality assurance across the
       Postmaster training function. The Head of Training and Delivery reports
       directly into me.

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[10] Deloitte report, page 53.
[11] Deloitte report, page 49.

***Question 11. Please provide details of any feedback sought or engagement
undertaken with SPMs, managers and/or assistants in relation to their
training on the use and operation of Horizon, and set out any relevant
changes made to the provision of training as a result of this engagement.***

94.   Post Office routinely requests feedback from Postmasters and assistants
       in relation to their training, and will make changes, if appropriate, to the
       provision of training as a result of this engagement.

95.   Feedback is sought from Postmasters and delegates at various stages of
       the training journey:

       (a)   Learning Management System Survey: to gather feedback on digital
              learning content and how easy the LMS is to navigate
              (**POL00448525** and **POL00448526**);

       (b)   Classroom survey: to gather feedback on the entire classroom
              experience (facilities, content/handouts and delivery)
              (**POL00448534**);

       (c)   Onsite Trainer survey: to gather feedback on the delivery of the
              onsite training support to new Postmasters (**POL00448533**); and

       (d)   Post Go-Live survey: to gather feedback from new Postmasters
              after the first two to three months of operating their branch. The
              survey is designed to ascertain from the Postmaster how well the
              full onboarding training (e-Learning, classroom and onsite) prepared
              them to run their branch (**POL00448535**).

96.   The Post Office Training Feedback Forms are all online forums and take approximately 10 minutes to complete. The Forms ask users to submit a rating between 0-10 to indicate levels of confidence in particular areas, including knowledge of products and services; completion of transactions for customers; and customer conversations. Although the surveys are sent at regular intervals, the response rate to the surveys remains poor.

97.   Post Office also have a feedback survey form which various internal teams can submit, such as Area Managers, to feedback directly to the Retail Training Team on the training content, ways of accessing training, the promotion of training and other opportunities for improvement (**POL00448532**).

98.   In addition, members of the Training Team regularly meet with Postmasters to discuss training and seek their feedback and any opportunities for improvement. Post Office have previously held co-creation sessions with Postmasters to seek feedback. For example as a result of one of these sessions, several improvements were implemented, including the extension of the initial classroom training courses by an additional day (up to three days for a Local branch and four days for a Main branch).

99.   Representatives from the Training Team are regularly in attendance at the Postmaster Experience Forum and other face-to-face or virtual Postmaster working groups. Representatives from the Training Team last met with Postmasters on 18 July 2024. The Training Team also attend meetings with the NFSP to gather feedback and to address specific training queries.

100. In June 2024 Post Office established a Feedback Committee to collate all feedback received on training, to analyse the feedback for patterns or trends, and to consider any requirements to enhance or change the way it engages with Postmasters post-training (**POL00448523**). The purpose of the Committee is to streamline how Post Office responds to feedback, and to ensure it is implementing changes where necessary. The Committee met for the first time on 27 June 2024. The minutes of the first meeting can be found at **POL00448524**.

Question 12. To what extent are SPMs expected to train their own managers and assistants on Horizon? Is any training on Horizon provided to managers and/or assistants directly by POL?

101. The training made available and provided to Postmasters' staff, and Postmasters' responsibilities to train their staff are described in context in paragraphs 75-82.

Question 13. Please set out what (if any) provision there is within POL for SPMs, managers and/or assistants to raise any issues about the provision or efficacy of Horizon training.

102. Postmasters and/or their assistants who wish to raise any issues about the provision or efficacy of Horizon training may do so via a number of channels, including:

(a) Business Support Manager;

(b) Area Manager;

(c) Branch Support Centre (**"BSC"**);

(d)   Branch Hub ("Feedback and complaints" button); and

(e)   Speak Up (for concerns or feedback in confidence, and anonymously if preferred).

103.   Any member of staff working in a branch can call the BSC to raise a complaint, or, using their SMART ID, log into Branch Hub and use the complaints function. The Speak Up service is also available to all working branches and, using the telephone number provided, assistants could use this service anonymously, without the knowledge of the Postmaster.

104.   Details of the Speak Up process are included in the Postmaster Support Guide and Operations Manual, as described in paragraphs 31 and 34(b) respectively.

CONTRACTUAL LIABILITY FOR SHORTFALLS (R9(57))

Question 11. Key policies and guidelines (applicable in any of the four countries of the UK) relating to the contractual liability of PMs and other end users for shortfalls shown by Horizon currently in force.

105.   The CIJ clarified a number of implied terms into the Postmaster contracts relevant to the liability of Postmasters and other users for shortfalls shown by Horizon.

106.   As explained above in paragraphs 25-28, the Contract Restatement Exercise sets out these terms, which are included in the Standard Sub-Postmaster Contract and NT Terms (Local and Main branch) and which state Post Office shall:

i. *"provide a Horizon system which is reasonably fit for purpose, including any or adequate error repellency;*

ii. *Properly and accurately to affect, record, maintain and keep records of all transactions effected using Horizon;*

iii. *Properly and accurately to produce all relevant records and/or to explain all relevant transactions and/or any alleged or apparent shortfalls attributed to the Postmaster[12]*

iv. *co-operate in seeking to identify the possible or likely causes of any apparent or alleged shortfalls and/or whether or not there was indeed any shortfall at all;*

v. *seek to identify the causes of any such apparent or alleged shortfalls, in any event;*

vi. *disclose possible causes of apparent or alleged shortfalls (and the cause thereof) to the Operator candidly, fully and frankly;*

vii. *make reasonable enquiry, undertake reasonable analysis and even-handed investigation, and give fair consideration to the facts and information available as the possible causes of the appearance of alleged or apparent shortfalls (and the cause thereof);*

viii. *communicate, alternatively not to conceal known problems, bugs or errors in or generated by Horizon that might have*

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[12] Note the term "operator" is also used to refer to Postmaster (see NT Terms (BLP1 Local) POL00448064).

*financial implications for the Operator and communicate,
alternatively not to conceal the extent to which other
operators are experiencing problems relating to Horizon and
the generation of discrepancies and alleged shortfalls;*

ix.   *properly, fully and fairly investigate any alleged or apparent
shortfalls."*

107.   In addition to the Postmaster contracts as referenced above, and for
completeness, the key policies and guidelines relating to the contractual
liability of Postmasters and other end users for shortfalls shown by Horizon
currently in force are the following:

(a)   Contract Restatement Guide, which provides a summary of the
effect of the CIJ on existing contracts (section 6 of the Guide: Losses
and Shortfalls, pp. 5-6). This document was published on the One
Communication channel on 29 July 2020. As part of this exercise in
responding to the Rule 9 Requests, the Retail Team have been
advised that, due to an archiving exercise, the document is no
longer held on Branch Hub and the Retail Team have arranged to
reinstate it so it can be readily accessed by Postmasters;

(b)   Operations Manual, which includes information on daily, weekly and
monthly accounting processes, and how to dispute a discrepancy or
transaction correction. This is currently a hard copy document sent
to the Postmaster as part of the Onboarding process and should be
stored in branch. The updated version due to be launched in

September 2024 will be an electronic version accessible to Postmasters via Branch Hub;

(c)   Operational Training Guide, which includes step by step instructions for how to complete weekly and monthly accounting processes, and dealing with discrepancies (including guidance on disputing a discrepancy or transaction correction). This is available to Postmasters on Branch Hub, under the Training tile, and on the LMS;

(d)   The Contract Performance Policy (**POL00448204**) which sets out that *"escalating/continuing discrepancies"* and *"branch accounting non-conformance*" may indicate a contract performance issue. This is an internal document, however a summary of the Policy can be found in section 13 of the Postmaster Support Guide, accessible via Branch Hub, in the "Helping Run Your Branch" section. Post Office are planning to reissue the Postmaster policies in a streamlined, external facing template.

(e)   The Postmaster Contract Termination Policy (**POL00448206**) which deals with serious breaches of contract, including *"where a shortfall of a significant value has been caused by the negligence, carelessness or error of the Postmaster, resulting in a loss to Post Office, and which have been fully investigated by Post Office."* This is an internal document, but a summary of the Policy can be found in section 13 of the Postmaster Support Guide, accessible via Branch Hub, in the "Helping Run Your Branch" section. Post Office

are planning to reissue the Postmaster policies in a streamlined, external facing template.

Question 12. Which department(s) hold responsibility for the policies and guidelines described above and who holds responsibility for the management and oversight of that department?

108. The Retail Engagement Director (currently me) has responsibility for this area, however any changes to the scope of the Postmaster Contract would go through SEG and the Post Office Board for approval. Any changes to the Postmaster Contract would be undertaken by an external law firm and approved by SEG and Post Office Board following consultation with NFSP.

ADVICE AND ASSISTANCE (R9(58))

Question 14. Please set out all the avenues available to SPMs, managers and/or assistants to raise queries or questions about Horizon. Is the Business Support Centre Helpline still the primary source of advice and assistance for SPMs in relation to Horizon?

109. The BSC is one of a number of sources of advice and assistance for Postmasters should they require support or assistance in relation to Horizon. Post Office currently provide several direct sources of support for Postmasters, including face-to-face support by Area Managers; telephone support from the Branch Support Centre, IT Digital Service Desk and Cash Management Desk; training materials; and digital support by way of Branch Hub, Horizon Help[13] and Branch Focus articles (sent weekly via the

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[13] A button on the Horizon terminal.

Horizon terminal). A summary of these sources of support can be found in the Postmaster Support Guide and is discussed at paragraph 127.

110.   The BSC is the first port of call for Postmasters should they experience an issue or if they do not know how to obtain the support they need.

111.   Depending on the issue, the BSC may escalate the matter to a different team for more specialist support.

112.   Should a Postmaster call the BSC with a complaint, the BSC will log the complaint and transfer the information across to the Issue Resolution Team who are responsible for responding to complaints.

113.   Training on how to contact the BSC is covered at various stages of the learner journey. During the initial classroom training course, the Classroom Trainer will refer to BSC on several occasions, signposting the support available should Postmasters and their teams require support on processing transactions, balancing or dealing with discrepancies. During the six days of onsite training support, the Onsite Trainer will also discuss the BSC, and this is documented as a specific area to cover on the Branch Contact File. In addition, details of how and when to contact the BSC are included in various sections of the Operational Training Guide, as well as the Postmaster Support Guide and Operations Manual.

Question 15. Please describe the current process an SPM, manager and/or assistant goes through when they raise a balancing issue and seek to assistance to resolve it.

114. As explained above in paragraphs 110-112, the BSC is the first line telephone support to Postmasters and/or their assistants in the event they require help with balancing enquiries or to review, resolve or dispute an accounting discrepancy.

115. When a Postmaster and/or their assistant contacts the BSC, the BSC Advisor will ask them a series of initial questions to attempt to identify the issue and support them as appropriate to try and resolve. As this process is managed by the Central Operations Team I cannot give detailed evidence as to the current process. However, I understand this process is explained in some detail in the first witness statement of Melanie Park at paragraphs 193 and 213.

Question 16. Please provide details of any key policies, guidance, training or instruction given to those responsible for operating the BSC since the findings of LJ Fraser. In particular, please confirm whether any training has been provided on the findings of LJ Fraser.

116. Following recruitment to the role, BSC Advisors are required to undergo three weeks of induction training. The induction training is a combination of e-Learning modules and classroom-based training (including Horizon training which is similar to the training that Postmasters receive), and includes:

(a) Basic telephone skills;

(b) Call handling modules;

(c) Dynamics 365;

(d) Branch processes;

(e) Training in how to process a variety of specific products and services;

(f) Horizon balancing scenario exercises; and

(g) Product exercises and knowledge checks.

117. The Post Office Horizon IT Inquiry is covered as part of induction training, where the context behind the Post Office Horizon scandal is shared, including by way of showing extracts of recordings of Tracy Felstead's witness testimony to the Inquiry. In addition, the Company wide training, titled Post Office Scandal Awareness, includes excerpts from the evidence given by Lisa Brennan, William David Graham, Karen Wilson, Harjinder Butoy, Noel Hughie Thomas and Lorraine Margery Williams.

118. The aim of the induction training is to ensure BSC Advisors reach a level of competency before progressing to more complex calls and scenarios. The BSC also runs a "coaching line" which provides additional support to BSC advisors. The coaching line is made up of eight more experienced staff who assist BSC Advisors dealing with all types of calls and respond to questions or queries from the Advisor in the event they are unsure or need to check a particular point before advising the Postmaster.

119. BSC Advisors do not use specific scripts during the calls. Rather, the Advisor seeks to identify the issue or problem through asking a number of questions and using the search function in Microsoft Dynamics to identify the relevant Knowledge Article (**POL00448257**) which provides step by

step instructions for the BSC Advisor to use to assist with the Postmaster's issue.

Question 17. Which department(s) hold responsibility for the policies and guidelines described above and who holds responsibility for the management and oversight of that department?

120. The BSC sits within Central Operations (led by the Central Operations Director, Melanie Park) and is managed by the Head of the BSC (**POL00448287**). Two Operations Managers report into the Head of the BSC, one of whom is responsible for the day-to-day operational delivery, and the second responsible for recruitment, training and delivering the quality framework. A team of approximately 50 Advisors is managed through four Team Leaders who report to the Operations Manager. There is a separate team of 15 advisors led by two Team Leaders who support specifically with enquiries related to PUDO services (parcel pick up and drop off services provided by third parties such as Evri and DPD).

Question 18. Please provide details of the experience, expertise and qualifications of those responsible for operating the Helpline (or, any minimum level that is required, if any).

121. There is no formal qualification required to become a BSC Advisor. However, the selection process is focussed on identifying applicants who are customer focussed, can demonstrate empathy and strong listening skills and have a passion for delivering the right outcomes. There are a set of standard questions used to interview applicants and, whilst these do not specifically call out empathy or strong listening skills, the competency-

based questions are aimed at eliciting evidence of these skills and behaviours. Once the Advisor is employed, Post Office have a strong training process that allows us to identify specific needs and address the same during the probation period. There is also the option to extend the probation period if that will support the Advisor to achieve the required level of competence. The key skills of empathy and listening are monitored as part of the quality assurance process (described in paragraph 122). The training described in paragraphs 116-119 should ensure each Advisor has the right technical skills to support their positive behavioural attributes.

Question 19. Please describe how (if at all) the advice provided by the Helpline is monitored, reviewed or checked for quality assurance purposes.

122. Calls to the BSC are regularly monitored for quality assurance purposes, and to ensure BSC Advisors receive any additional support they require. Currently, the Team Leader will monitor a minimum of four calls per month, per advisor. The Team Leader will listen to the duration of the call using a headset, and all monitored calls are recorded and retained for a minimum duration of 18 months. All calls are recorded through Puzzel (BSC contact centre platform) into EvaluAgent,[14] a third-party quality and performance improvement platform. Team leaders will select a sample of calls on a random basis and use the EvaluAgent software to assess the call and provide feedback both positive and developmental to the advisor.

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[14] Evaluagent are a third party partner of Puzzel (the company who Post Office engage to record the calls). Post Office use Evaluagent software to pull samples of calls from Puzzel to enable assessments to take place. Post Office pay for licences for each user.

***Question 20. Please describe how (if at all) the calls raised with the Helpline
are monitored, reviewed and/or checked to identify any potential issues in
branches, including in particular (a) shortfalls and (b) potential bugs, errors
or defects ('BEDs') in Horizon.***

123.   I cannot give any evidence from direct knowledge in relation to how calls
         with the BSC are monitored and/or reviewed to identify any potential issues
         in branches, including in particular shortfalls and potential BEDs in Horizon,
         as the operational aspects of the BSC falls under the remit of the Central
         Operations Director. However, I have been assisted by Post Office's
         Central Operations Team and my understanding is that during calls to the
         BSC, the Advisor will seek to identify whether the query or issue relates to
         what Post Office define as a 'Branch Impacting Problem' (**"BIP"**). BSC
         Advisors are trained to check whether the potential BIP has been reported
         previously and whether there is a relevant Knowledge Article that can
         assist them in resolving the issue. BSC Advisors are required to log all
         instances of BIPs, whether or not they have been reported previously,
         which they do so by completing the relevant section on the Microsoft
         Dynamics system. The data is then pulled onto a BIP Tracker document,
         which is managed by the IT Department, who seek to resolve the issues
         identified.

124.   My understanding is that as part of the BSC call monitoring process, as
         described above in paragraph 122, Team Leaders monitor that potential
         BIPs have been logged by the Advisor.

Question 21. To what extent (if at all) are branches proactively notified of BEDs or anticipated shortfalls in their branch accounts? If applicable, please explain the notification process, when such a situation would arise and how frequently this has occurred since the Horizon Issues Judgment.

125. As explained in relation to the previous question, I am unable to describe in detail the exact process followed to proactively notify branches of any potential BEDs or shortfalls in their branch accounts as this falls under the remit of the Central Operations Team.

126. Whilst this falls beyond the scope of my responsibilities as Retail Engagement Director, to assist the Inquiry, I have been informed that in the event of any system related issues, either on Post Office's systems or in relation to third party software, the relevant teams within Central Operations will be requested to carry out tasks in line with the IT Major Incident Management Standard Operating Procedure (**POL00337591**), which is managed by the Major Incident Manager allocated to that incident. Specific tasks involve making the necessary communications to impacted branches about what processes will be followed to rectify the issue. Regarding any defects or issues in relation to Horizon, I understand that these are set out in Knowledge Articles which are published on Branch Hub within 48 hours of the Horizon defect or issue being identified. I understand that the IT Major Incident Management Standard Operating Procedure is due for its annual review.

Question 22. Please provide details of any other sources of advice and assistance made available to SPMs, managers and assistants on the use and operation of Horizon since the findings of LJ Fraser.

127.   In addition to the BSC, Postmasters and their assistants can seek advice and assistance from the following sources:

(a) Face-to-face support by the Area Manager or Business Support Manager;

(b) Telephone support from the IT Digital Service Desk;

(c) Telephone support from the Cash Management Desk;

(d) Branch Hub, which contains the IT Digital Service Desk; and

(e) 'Branch Focus' articles sent to branches via the Horizon terminals and Knowledge Articles (available on Branch Hub to help Postmasters and their assistants troubleshoot common issues and to enhance knowledge about Post Office processes and services, including the transaction correction process, help with weekly and monthly accounting processes and help with IT issues).

128.   Post Office continually reviews the ways in which it supports Postmasters and their teams. In addition to the regular reviews of Postmaster feedback and complaints, Post Office will send an annual survey to all internal staff inviting comments and suggestions as to how it can continue to improve its services and support to Postmasters and their teams.

Question 23. Please provide any key reports, reviews or investigations (produced by POL or by an external firm on POL's behalf) which address the quality of the advice and assistance provided via the Helpline and any other avenues available (as set out in response to Q22 above) since the findings of LJ Fraser or resulting from evidence arising in the Inquiry.

129.   As set out above in paragraph 91, Post Office commissioned Deloitte in 2021 to carry out a review of the Postmaster journey. Deloitte identified that there was a lack of cultural and soft skills training provided to key support teams, which meant that Postmaster-facing support teams such as the BSC are not always equipped with the soft skills required to communicate with Postmasters in an effective and supportive way. In addition, Deloitte found that there was scope to establish consistent call quality monitoring processes.[15]

130.   Over the last three years, changes have been implemented to improve the quality and content of induction training for BSC Advisors. Historically, training was more focused on developing a working knowledge of transactions and other branch processes through attendance on a two-week classroom-based course, with little focus on the soft skills required when speaking with Postmasters and their teams. BSC Advisors now follow a nine-week structured induction process, starting with time in the classroom, progressing to deal with simple calls first and then calls of a more complex nature, following additional time in the classroom.

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[15] Deloitte report, page. 68.

131. The training involves much more focus on demonstrating empathy with the caller, understanding how they are feeling and building rapport with them. Specific modules are covered as part of the induction process covering areas such as 'overcoming objection', 'positive communication', 'questioning skills' and how to deal with emotional factors.

132. Similarly, improvements have been made to the way in which calls into BSC are monitored to ensure quality. Historically, the approach was based on a series of tick boxes to assess whether the Advisor had completed a specific set of actions, an approach that did not monitor the effectiveness of the soft skills and ultimately the Postmaster's potential satisfaction with the resolution. Now, quality assurance is based more on the behaviours exhibited by the BSC Advisor, including their overall confidence, whether they take ownership of the issue, and demonstrate positive communication with the caller. As explained previously, all calls are recorded and a sample of calls each month are reviewed by Team Leaders against an agreed matrix.

133. If there are any issues highlighted as part of the call monitoring process, several options are available to address them. One to one coaching by team leaders is the first step and a mentor process is also in place, where Advisors who are struggling to deliver the relevant customer experience (either due to lack of product knowledge or confidence) are allocated a coach who will work with them over a longer period of time to build a personal coaching plan that will develop the relevant skills/behaviours required. This could include additional coaching on a specific product, if a gap is identified.

Question 24. Please set out the means by which an SPM, manager and/or assistant can provide feedback of their experiences or using the Helpline and/or any other avenues of assistance (if applicable).

134. As set out in paragraph 31, Postmasters and their assistants can provide feedback or raise complaints via a number of channels, as detailed in the Postmaster Support Guide.

135. Following a Postmaster and/or their assistant contacting the BSC, an email will be sent to them inviting them to complete a customer satisfaction survey using the link provided in the email. Every completed survey will go into a draw to win a £200 One4All gift card with winners being contacted directly each month. This is designed to encourage participation in the survey. Although the survey has been in place for some time, it was relaunched in January 2024 via the weekly Postmaster email.

136. Survey results are monitored via the weekly and monthly Central Operations Dashboard. Postmaster satisfaction levels are currently trending consistently above 80 per cent with over 75 per cent of calls answered within our SLA of 60 seconds.

137. The Head of the BSC also attends the monthly Postmaster Experience Forum (chaired by the Postmaster Experience Director, who is a serving Postmaster) to receive feedback from Postmasters directly and discuss any future actions taken to improve the service.

Question 25. Please set out the measures POL has in place to ensure that SPMs, managers and assistants who contact POL for assistance with Horizon receive useful, tailored advice.

138.   BSC Advisors are trained to provide support and assistance that is relevant and tailored to the specific needs of the Postmaster and/or their assistants. As explained above, BSC Advisors do not use preprepared scripts during their calls with Postmasters and/or their assistants; rather, they will ask a range of questions based on the query and have access to Knowledge Articles and the BSC coaches (should they want to confirm their response before communicating this to the Postmaster, or if they are not sure of the correct answer) to ascertain whether the issue requires specialist support.

139.   In addition to the BSC, Post Office have a number of teams who are skilled and equipped to deal with specific issues that may have arisen as a result of a technical issue or operational issue. For example, in the case of accounting discrepancies, they will be directed to the Network Support & Resolution Team who will 'triage' the issue and who will ensure the Postmaster and/or their assistant receives the advice and support that is most relevant to them.

F   SUSPENSION,   REINSTATEMENT   AND   TERMINATION   OF POSTMASTERS (R9(57))

Question 5. The number of SPMs' whose contracts were suspended or terminated based on Horizon data since the Rule 9 start date, and the outcome.

140. Post Office does not hold a complete record of historical data in relation to Postmaster Suspensions, Reinstatements[16] or Terminations ("**SRT**"). Prior to financial year 2017/18, the Contracts Team was managed as two separate teams (North and South) with each team holding their own data. It may be possible that some additional data from pre-2017 exists that could be derived from a manual review of individual branch files. This would be a significant undertaking and I could not be confident that this would produce accurate figures.

141. The data for financial years 2017 to 2024 inclusive can be found in the table below at Figure 1. This shows the number of branches where there was a suspension and whether this led to termination or reinstatement. This figure does not identify the number of Postmasters, but the number of branches. Each Postmaster might have run more than one branch.

142. The numbers in brackets indicate the number of those suspensions, terminations or reinstatements which were based on Horizon data. This distinction has been recorded by Post Office since financial year 2019/2020.

143. For financial years 2017/18 and 2018/19, Post Office did not keep records that identified whether the SRT was based on Horizon data. The Head of Contract Management and Deployment has undertaken an analysis into the reason for suspension or termination in these cases and whether it is

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[16] Reinstatement refers to the period following suspension, or post termination decision on appeal where there is ongoing challenge but the termination has not been enacted.

likely or unlikely that they were based on Horizon data. I have included those figures in the table below:

Financial Year	Contract Suspensions (Branches)	Contract Terminations (leading from suspension)	Requested Notice to Leave during Suspension	Contract Reinstatements	In Progress	Contract Terminations (not leading from a suspension)
2017/2018	163 (137)*	125 (111)*	1 (1)*	37 (25)*	0 (0)	No Data
2018/2019	201 (158)*	143 (11) *	5 (3)*	53 (45) *	0 (0)	No Data
2019/2020	101 (91)	62 (55)	2 (2)	36 (35)	1(1) [17]	14 (0)
2020/2021	4 (2)	3 (2)	0 (0)	1 (0)	0(0)	22 (0)
2021/2022	25 (13)	17 (12)	0 (0)	6 (1)	2(0) [18]	3 (0)
2022/2023	33 (29)	11 (11)	12 (10)	9 (7)	1 (1)	3 (0)
2023/2024	17 (14)	3 (2)	6 (6)	4 (4)	4(2) [19]	1 (0)
2024/2025 (24/6/2024)	3 (3)	0 (0)	0 (0)	0 (0)	3 (3) [20]	0(0)

Figure 1 – Table of the contract suspensions, reinstatement and terminations from 2017 – 2024. Brackets based on a likely/unlikely analysis. Where there is an * the figures in brackets are the number of cases 'likely' based on Horizon data.

144.   As is evidenced by the table, the number of contract suspensions and terminations reduced after the 2019/20 financial year. In 2019 Post Office introduced new policies and procedures in this area, evidenced in the Postmaster Contract Suspension Policy (**POL00448254**) and Postmaster

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[17] Suspended GLO/Freeths claimant. There were 22 branch suspensions relating to 20 Postmasters (two of the Postmasters ran two branches each), all of whom were a claimant under GLO. These suspensions were ended through settlement agreements with each Postmaster. 19 Postmasters requested their contracts be ended through mutual agreement and one Postmaster (two branches) requested that their agreement be reinstated. The final claimant who asked that their contract be ended but, to date, has not entered into an agreement is this suspension. A call was recently held between HSF and Freeths. Freeths confirmed that there are no specific issues with the settlement offered or clauses in the draft deed which are of particular concern however the delay is caused by a broader, more general concern that, by signing the deed the suspended Postmaster will be giving up their rights against Post Office and, at present, they are not inclined to sign the deed. Ultimately, Freeths are hopeful of movement in the next couple of months.
[18] Both Postmasters have been arrested and charged with offences relating to financial crime .
[19]Two of these Postmasters have been arrested and charged with offences relating to financial crime. The other suspensions have been prolonged due to issues in arranging Postmaster meetings, one is now at a stage where the decision will be reviewed by external professional advisors.
[20] Relatively recent suspensions in process, all at a point of a meeting being undertaken with the Contract Advisor after review.

Contract Termination Policy (**POL004482006**). A key principle detailed within the policies is that decisions should only be taken where absolutely necessary and after all reasonable alternatives have been considered. Improvements in the decision-making processes, including the need to ensure Post Office investigate properly and thoroughly all of the facts, have moved us to a position where suspension is not the first and only option.

145. The ongoing trend of reduced numbers of terminations is the result of Post Office's adherence to the policies (as described below in paragraph 161) and its improvements to the way it provides support to Postmasters in cases where contract performance issues have arisen. It is also worth noting that as a result of the Covid-19 pandemic in 2020, there were fewer visits to branches, in turn, impacting the numbers of suspensions and terminations.

Questions 19. Which department(s) hold responsibility for making determinations in relation to the suspension, reinstatement or termination of Subpostmasters and any consequent appeals, and who holds responsibility for the management and oversight of that department?

Contract Advisors

146. The Contract Team are responsible for the determinations on SRT and the Head of Contract Management and Deployment has responsibility for this department. The Head of Contract Management and Deployment reports directly to me.

147.   Within this team, Contract Advisors are directly responsible for making determinations on SRT. There are currently four Contract Advisors and one current vacancy. The role of a Contract Advisor is to manage Postmaster conformance to their contractual obligations where other support activities have failed to remedy issues identified. Contract Advisors are required to understand the Postmaster contracts. They follow procedures to manage and resolve contractual breaches to meet the required standards. This may lead to the suspension and/or termination of a Postmaster's contract.

148.   Contract Advisors do not investigate branch discrepancies or deal with the recovery of sums outstanding in branch accounts.

149.   The role of Contract Advisors is separate to that of Area Managers, who handle the day-to-day commercial and operational relationship with the Postmaster.

150.   The Contract Advisor team used to sit under the same management as the Branch Assurance Team. However, in June 2023 Group Assurance identified that this might be perceived to give rise to a conflict of interest and Post Office has acted on that advice, moving the Contract Advisor team to sit under me in August 2023.

151.   I am aware of the Common Issues Judgment Assurance Review dated 31 July 2023 completed by colleagues from Group Assurance. This identified a number of recommendations. The Retail Team provide periodic updates to ARC on the status of recommendations and improvements implemented to date, including at the most recent ARC meeting which took place on 1 July 2024.

***Question 18. The experience, expertise and qualifications of those
responsible for making determinations in relation to the suspension,
reinstatement or termination of Subpostmasters and any consequent
appeals (or, any minimum level that is required, if any).***

Experience and Qualification

152.   There are no specific qualifications needed to be a Contract Advisor. The
        experience varies across the current team; however, the job description
        requires a track record of delivering results and improving performance
        within a complex multi-site environment, building relationships and
        communicating effectively with Postmasters (**POL00448198**).

153.   All of the current Contract Advisors had previous Post Office experience
        with knowledge of the business and an extensive understanding of branch
        operations. These roles are advertised externally and internally.

154.   Of the four current Contract Advisors:

        (a)   One advisor joined Post Office in 2005 as an Area Sales Manager
                before working as an Area Manager for nine years and now as a
                Contract Advisor. They do not have any formal qualifications but
                have a wealth of experience at Post Office, both in operations and
                in communicating and working with Postmasters.

        (b)   Another advisor joined Post Office in 2012 in the Network
                Transformation team and has worked in various roles in the
                business including Area Network Change Manager, Business
                Support Manager and now Contract Advisor. They do not have any

formal qualifications but have over 30 years' experience in retail and contract management.

(c)   Another advisor joined Post Office in 1981 and started the role of Contract Advisor in 2006. They have no formal qualifications but do hold almost 20 years' experience of performance management of Postmasters in line with their contractual obligations.

(d)   The fourth advisor joined Post Office more recently in 2016 and does not hold any formal qualifications. They are an active mental health ambassador which has transferable skills within their role as Contract Advisor when handling difficult conversations.

155.   The Head of Contract Management and Deployment has been employed by the Post Office since 2003, initially in an administrative role and has progressed through the business, taking on the role of Contract Advisor in 2011 and Contract Investigation and Resolution Manager (since re-titled to Head of Contract Management and Deployment) in September 2019. Although he has no formal qualifications, he has committed his career to Post Office and has extensive experience of the business and managing performance.

Question 17. Key guidance, training or instruction (applicable in any of the four countries of the United Kingdom) given to those responsible for making determinations in relation to the suspension, reinstatement or termination of Subpostmasters and any consequent appeals currently in force.

Induction and Training

156. The Contract Advisor Induction and Training Programme was designed by the Head of Contract Management and Deployment and sets out the induction training available for Contract Advisors upon starting the role (**POL00448194**). As part of this induction, Contract Advisors review the Postmaster contracts and the policies that underpin the work the Contract Team does. They also meet with other Contract Advisors who will provide practical guidance, support and act as a 'buddy' for a new starter. In addition, the Contract Advisor will review live examples of cases and understand how the information is to be recorded. The Head of Contract Management and Deployment will provide an overview of Postmaster contract types, the CIJ and the effect of the judgment on Postmaster contracts, as well as mandatory Post Office training which introduces new starters to the Inquiry and includes videos on the human impact. No legal training is provided to the Contract Advisors.

157. At the end of the first week, a review will be undertaken between the new starter and the Head of Contract Management and Deployment of the progress against the induction plan.

158. By week three, once the Contract Advisor has familiarised themselves with the Postmaster policies on SRT, they will be introduced to their own cases. They will also make contact with the Regional Manager for the areas they will cover to introduce themselves. Time will be spent with an Area Manager and, where possible, the Contract Advisors will attend some branches with them to gain a deeper understanding of branch operations.

159. It is the responsibility of the Head of Contract Management and Deployment to ensure that the induction of the Contract Advisor takes place and accurate records of each activity completed are kept, maintained and stored centrally. The Head of Contract Management and Deployment will determine when the Contract Advisor is ready to take on their own cases, against a specific checklist (see the Appendix to the Induction and Training plan), whilst initially continuing to be supported by another experienced Contract Advisor.

160. Contract Advisors have ongoing one-to-one conversations with the Head of Contract Management and Deployment and ad hoc training as identified by the Head of Contract Management and Deployment. For example, at the end of 2023, training was delivered to Contract Advisors on the role of POL Legal in relation to suspensions and terminations, and the process for determining the risk associated with Post Office taking a decision to terminate a Postmaster's agreement (**POL00448232**).

Guidance and Policies

161. Area Managers are generally the people within Post Office who contact a Contract Advisor, although anyone at Post Office e.g. the training team, the Network Provision Team or senior leadership can contact the Contract Advisors if they feel there is a conformance issue in branch that needs addressing. In the first instance, this is likely to be through a phone call to the Contract Advisors, followed up with an email. The Contract Advisor team then log a record on MS Dynamics.

162. The key guidance or instruction given to Contract Advisors on SRT is contained in the four Postmaster support policies:

(a)   Postmaster Contract Performance Policy v5.1 (28 June 2024);

(b)   Postmaster Contract Suspension Policy v5.2 (24 July 2024);

(c)   Postmaster Contract Termination Policy v5.1 (28 June 2024); and

(d)   Postmaster Contract Termination Decision Review Policy v3.1 (28 June 2024) (**POL00448205**).

163. These policies are reviewed annually and approved by the Risk and Compliance Committee (RCC) and ARC. They were all last approved by RCC and ARC in November 2023, with the next review scheduled for November 2024. The RCC consists of:

(a)   Group Chief Financial Officer (Chair) - Preetha McCann (interim)

(b)   Deputy Chief Executive Officer - Owen Woodley

(c)   Chief Transformation Officer - Chris Brocklesby

(d)   Retail Engagement Director (me)

(e)   Group Chief People Officer - Karen McEwan

(f)   Group General Counsel - Sarah Gray (interim)

(g)   Finance Director, Commercial - Max Jacobi

The following individuals shall be permanent invitees of the Committee:

(h)   Compliance Director - Jonathan Hill

(i)   Head of Risk

(j)   Head of Internal Audit

(k)   Financial Controller

(l)   Group Legal Director - Christian Spelzini (interim)

(m)   Group Assurance Director – Anshu Mathur.

(or those holding positions with responsibility for such roles, howsoever named).

164.   The RCC is a standing committee of SEG. The purpose of the RCC is to support the SEG in fulfilling their responsibilities in the effective oversight of risk management, internal control and assurance, and compliance in the Group. The RCC shall ensure the timely and appropriate reporting to the SEG, the ARC and the Board (as requested).

165.   The Contract Advisors are updated with any changes to the policies after each review.

166.   There is also the internal guide to the Postmaster support policies.

Monitoring Postmasters' Contract Performance

167.   In the event that a contract performance issue arises (where a Postmaster is not meeting operational requirements under the Postmaster Contract, for example, in relation to poor premises standards) the Contract Advisor will speak to the Postmaster and establish the circumstances and, as part of that, whether any further support may be needed to improve their contractual conformance.

168. If the conformance issues have not improved and further support and intervention is required, a meeting will be arranged with the Postmaster. The Postmaster is invited to bring a member of the NFSP, another Postmaster or a legal representative to the meeting who can speak on the Postmaster's behalf. If the Postmaster requested a representative from the CWU or another Trade Union, Post Office would facilitate this (**POL00448225**).

169. The Postmaster Contract Performance Policy advises how to deal with conformance issues that could escalate to an SRT position. Where reasonably possible, the Contract Advisor will resolve any contract conformance issues by supporting branches and working with branches and the relevant Area Manager. The procedures as detailed in the Postmaster Contract Performance Policy are intended to be used for serious breaches of contract and are usually a last resort once all other support mechanisms have been exhausted.

Suspension of the Contract

170. If the initial intervention is unsuccessful in improving contract performance, the Contract Advisor will follow the contract performances issues procedures as detailed in the Postmaster Contract Performance Policy to determine the appropriate next step. These may include:

(a) Written directions to the Postmaster identifying the breach in their contract and seeking a formal remedy; or

(b) Suspension.

171.   There are circumstances which necessitate a direct route to suspension, for example, an admission of misuse of Post Office funds.

172.   The Contract Advisor team has a record of which contract each Postmaster is appointed on, to identify if a contract breach has occurred.

173.   A letter is sent to the Postmaster setting out the suspension decision, the rationale for that decision, next steps, appointment of a temporary operator (if agreed) and the complaints or concerns procedure (**POL00448226**).

174.   The Postmaster Contract Suspension Policy sets out the principles behind the suspension process, including:

(a)   Carrying out an investigation;

(b)   Documenting the rationale behind a decision;

(c)   Considering alternative contractual action;

(d)   Informing Postmasters of the decision;

(e)   Paying fees during suspension; and

(f)   Arranging a temporary operator during the suspension period.

175.   The policy also sets out the circumstances in which it may be necessary to suspend a Postmaster's contract, for example to investigate the cause of a potential contractual breach issue (noting that there is no implication that there has been breach of contract or any predetermination as to the outcome of the investigation). Post Office, however, considers that suspensions should only occur when there is no other appropriate alternative.

176. The Contract Advisors make a recommendation to the Head of Contract Management and Deployment on suspension, who then makes the final decision. This decision is then reviewed at the next Postmaster Suspension Decision Governance Committee meeting (**POL00448228**). The members of the Postmaster Suspension Decision Governance Committee include:

(a) Head of Contract Management & Deployment (Chair; Non-Voting Member)

(b) Head of Assurance & Complex Investigations

(c) Head of Network Support & Resolution

(d) Retail Operations Director – Pete Marsh.

(e) Head of Postmaster Engagement

(f) Head of Group Assurance – Anshu Mathur.

(g) Head of Legal – Dispute Resolution (Non-Voting Member); and

(h) Head of Risk (Non-Voting Member).

177. To date, no decision has been overturned by the Postmaster Suspension Decision Governance Committee.

178. All contract suspension decisions will be reviewed by the Postmaster Suspensions Decisions Governance Committee, who sit on a monthly basis to ensure all decisions were taken in line with the relevant contract and Post Office policies.

Termination of the Contract

179.   The Postmaster Contract Termination Policy sets out Post Office's principles for the termination process, including:

(a)   Understanding termination rights;

(b)   Carrying out an investigation;

(c)   Documenting the rationale behind a decision;

(d)   Checking the contractual obligations are fulfilled;

(e)   Considering alternatives to termination;

(f)   Applying notice periods; and

(g)   Informing Postmasters of the decision.

180.   Before a Postmaster's contract is terminated, a meeting is held with two members of the Contract team and the Postmaster. The purpose of the meeting, as set out in a letter sent to the Postmaster, "*is to establish facts and to give you an opportunity to identify and answer any issues that have been identified. Post Office will use the content of this meeting, along with other areas of review, in determining next steps and this may include a decision to terminate your Agreement. With this in mind this is also an opportunity for you to raise any material issues that you need me to be aware of as well as the impact any decision by Post Office may have on you. I will then take the contents of the discussion into account in making a decision as to what will happen next*" (**POL00448227**). The letter informs the Postmaster that they have the option to bring legal representation or another representative (e.g. NFSP, a trade union representative, a friend

or a colleague – all who can speak on behalf of the Postmaster) and the fact that termination of the contract is in contemplation. Sometimes, Postmasters do not engage with this process. The Contract Team will make multiple efforts to engage with the Postmaster, however, if they are unable to do so, a decision will need to be reached based on the information available.

181. The meeting invite letter also recommends that the Postmaster seek their own legal advice.

182. The Contract Advisors build a decision rationale document which includes the background of the situation, a review of what has happened, and then sets out their rationale for the decision (i.e., termination by notice, termination with immediate effect, or no termination). This recommendation is reviewed by the Head of Contract Management and Deployment.

183. Since 5 August 2024, the recommendation of the Head of Contract Management and Deployment is then referred to the Postmaster Contract Termination Decision Committee (after it has been reviewed internally by Legal Services and externally by professional advisors). Prior to this date, the final decision was made by the Head of Contract Management and Deployment (once reviewed by Legal Services and professional advisors).

184. The Postmaster Contract Termination Decision Committee includes the Banking Director (Ross Borkett), the Postmaster Experience Director (Mark Eldridge), the Supply Chain Director (Russell Hancock) and Head of Legal – Dispute Resolution (Non-Voting Member); none of whom have

been previously involved in the termination process. The Head of Contract Management and Deployment is the Chair and non-voting member of this committee. The terms of reference for this committee can be found at **POL00448293** and an explanation of the purpose, duties and responsibilities of the committee can be found at **POL00448042**.

Appeal

185.   If a Postmaster, or its directors or partners, believe Post Office has failed in its obligations in relation to a contract termination decision, the Postmaster can ask for the decision to be appealed (this is referred to as a 'challenge' or 'review' by Post Office).

186.   If a termination decision is overturned, the Postmaster will be reinstated in their role.

187.   The Contract Termination Decision Review Policy sets out:

(a)   Notifying Postmasters of the right to have certain decisions reviewed;

(b)   Carrying out the review and investigation;

(c)   Documenting the rationale behind a decision;

(d)   Choosing the right decision option; and

(e)   Informing Postmasters of the decision.

188.   The Contract Termination Decision Review Panel (**POL00448233**) and the appointment of its members was set up by the Head of Contract Management and Deployment. Post Office appreciates the perceived

conflict in the appointment of this panel and is in the process of transferring responsibility for the appointment to ARC, which is expected to take place in October 2024.

189. The current Contract Termination Decision Review Panel is comprised of:

(a) One panel chair (a former Postmaster and Non-Voting Member)

(b) One former Postmaster

(c) Two Post Office Senior Leadership Group (SLG) Members. These are senior Post Office managers (Band 4 and above) who will have had no prior involvement in the contractual decisions being reviewed. These members sit on the panel on a rolling, timetabled basis around once every four or five months.

190. A diagram mapping the decision-making process for Postmaster Contract SRT decisions can be found at **POL00448195**. This shows which person, department or committee is responsible, accountable, consulted and informed about the SRT decision.

191. Since 2021 there have been 11 challenges to a decision to terminate (first decision review panel sat in July 2021). Nine decisions to terminate were upheld and two were overturned.

Question 20. Key reports, reviews, formal legal advice or investigations (produced by POL or by an external firm on POL's behalf) which address the quality of the decisions taken in relation to the suspension, reinstatement or termination of subPostmasters and any consequent appeals.

192. Since July 2023, Post Office has engaged with external professional advisors to risk assess each termination decision before confirming the decision. I understand from BSFf that Post Office has not waived any relevant legal professional privilege. Post Office is confident that all termination decisions to date have been appropriate and none of these decisions have been challenged.

193. Between August 2021 and July 2023, Post Office also sought to risk assess termination before confirming the decision (during that period, the assessment sometimes involved engagement with external professional advisors but was sometimes conducted internally).

194. These reviews were undertaken either internally by POL Legal (including using a secondee from DAC Beachcroft), through Womble Bond Dickinson (last used in September 2022) and once by Norton Rose Fulbright (in October 2022).

195. Four termination decisions taken by Post Office during that period had factors that contributed to some elevation of the perceived risk level. I provide some additional detail on those decisions below.

196. Two of the termination decisions related to the same Postmaster who had two branches. That Postmaster raised issues regarding an alleged lack of support and training from Post Office. Those matters were taken into account by the Contract Advisor but Post Office decided that it remained appropriate to terminate the contract and did so. The Postmaster challenged the termination decision, but Post Office's original decision was upheld by the Decision Review Panel.

197. Another termination decision involved a Postmaster whose contract had not, in fact, been countersigned by Post Office. Post Office nevertheless considered it was appropriate to terminate the contract and did so. That termination decision was not challenged by the Postmaster.

198. The final termination decision was linked to civil proceedings undertaken by the local council for activities on the retail side of the Postmaster's business. Following a review, the termination recommendation was revised to a reinstatement.

199. As detailed above, external advice helps us understand whether we have made a decision in line with CIJ principles. That feedback is considered when the initial decision to terminate a Postmaster's contract is made, a decision which is then ratified by the Postmaster Contract Termination Decision Committee, having reviewed all the background and facts.

Statement of Truth

I believe the content of this statement to be true.

GRO

Signature: ....

Date: ....
       22 August 2024

Index of Exhibits to the first witness statement of Tracy Louise Marshall on behalf of the Post Office Limited in response to Rule 9 Request 57 and Rule 9 Request 58

Number	Inquiry URN Number	Document Description	Control/Production Number
1.	POL00448049	SPMC.PDF	POL-BSFF-104-0000008
2.	POL00448064	BLP1_Standard_Conditions_V45_April_2021.docx	POL-BSFF-104-0000023
3.	POL00448240	BM3 Standard Conditions V3 December 2023.docx	POL-BSFF-104-0000199
4.	POL00448241	SPSO Individual Contract V3 December 2023.docx	POL-BSFF-104-0000200
5.	POL00448242	SPSO Partnership Contract V3 December 2023.docx	POL-BSFF-104-0000201
6.	POL00000261	SPSO Company Contract V3 December 2023.docx	VIS00001235
7.	POL00448244	SPSO Agreement Document V2 October 2020.docx	POL-BSFF-104-0000203
8.	POL00037518	Contract restatement summary.pdf	POL-0034453

9.	POL00448051	One article re contract restatement_010720.docx	POL-BSFF-104-0000010
10.	POL00448254	Postmaster Contract Suspension Policy V5.2.pdf	POL-BSFF-104-0000213
11.	POL00448077	Postmaster Support Guide_Updated July.pdf	POL-BSFF-104-0000036
12.	POL00448222	Guide to the postmaster support policies v4.0.pdf	POL-BSFF-104-0000181
13.	POL00448283	Local Agreement_Key Obligations Document V2.1_Final 11JUL24.pdf	POL-BSFF-104-0000242
14.	POL00448284	Main Agreement_Key Obligations Document v2.1_Final 11JUL24.pdf	POL-BSFF-104-0000243
15.	POL00448285	SPSO Agreement_Key Obligations Document V2.1_Final 11JUL24.pdf	POL-BSFF-104-0000244
16.	POL00448239	BM3 Preface V23 October 2020.docx	POL-BSFF-104-0000198
17.	POL00448053	Locals Operations.pdf	POL-BSFF-104-0000012
18.	POL00448054	Mains Operations (1).pdf	POL-BSFF-104-0000013

19.	POL00448361	OPERATION_MANUAL_202407262nddraft.pdf	POL-BSFF-116-0000010
20.	POL00448237	Main Cover Letter V6 December 2023.docx	POL-BSFF-104-0000196
21.	POL00448238	Main Pack Letter - Nov 23 V8.docx	POL-BSFF-104-0000197
22.	POL00448364	Screenshot 2024-08-07 094226.png	POL-BSFF-116-0000013
23.	POL00448288	Learning Catalogue Search Page.png	POL-BSFF-104-0000247
24.	POL00448286	Branch Learning updates since CIJ HIJ v1.0 Jan 2022.pdf	POL-BSFF-104-0000245
25.	POL00448046	JD Head of Training 24 1.0.docx	POL-BSFF-104-0000005
26.	POL00448294	Postmaster Onboarding Policy V4.1.pdf	POL-BSFF-104-0000253
27.	POL00448248	ClassroomTR.pdf	POL-BSFF-104-0000207
28.	POL00448217	BCF Onsite TR Page.pdf	POL-BSFF-104-0000176

29.	POL00137308	Ops Training Guide INDEX PAGE V4.0 July 2023 RE.pdf	POL-BSFF-104- 0000078
30.	POL00448121	Ops Training Guide Section 02 GETTING STARTED ON HORIZON V4.0 July 2023 RE.pdf	POL-BSFF-104- 0000080
31.	POL00448122	Ops Training Guide Section 03 SECURITY V4.0 July 2023 RE.pdf	POL-BSFF-104- 0000081
32.	POL00448123	Ops Training Guide Section 04 BANKING & PES V4.0 July 2023 RE.pdf	POL-BSFF-104- 0000082
33.	POL00448124	Ops Training Guide Section 05 AUTOMATED PAYMENTS V4.0 July 2023 RE.pdf	POL-BSFF-104- 0000083
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41.	POL00448132	Ops Training Guide Section 13 BACK OFFICE V4.0 July 2023 RE.pdf	POL-BSFF-104-0000091
42.	POL00448133	Ops Training Guide Section 14 CASH & STOCK MANAGEMENT V4.0 July 2023 RE.pdf	POL-BSFF-104-0000092
43.	POL00448134	Ops Training Guide Section 15 POSTAL ORDERS V4.0 May 2023 RE.pdf	POL-BSFF-104-0000093
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50.	POL00448154	Branch Ops Training Catalogue V10.0 Jun 2023 RE (1).pdf	POL-BSFF-104-0000113

51.	POL00448215	Quality Assurance Training Lead Accreditation Framework March 2024 V2.docx	POL-BSFF-104-0000174
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62.	POL00448524	Feedback Committee meeting minutes	POL-BSFF-123-0000003
63.	POL00448204	Postmaster Contract Performance Policy V5.1.pdf	POL-BSFF-104-0000163

64.	POL00448206	Postmaster Contract Termination Policy V5.1.pdf	POL-BSFF-104-0000165
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66.	POL00448287	BSC Organisational Chart.pdf	POL-BSFF-104-0000246
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71.	POL00448205	Postmaster Contract Termination Decision Review Policy V3.1.pdf	POL-BSFF-104-0000164
72.	POL00448225	A3 Invite to discuss contractual performance V4.0 14MAY24.pdf	POL-BSFF-104-0000184
73.	POL00448226	B1 Suspension of Operator V4.1_Final 14MAY24.pdf	POL-BSFF-104-0000185
74.	POL00448228	Postmaster Suspensions Decision Governance Commitee_ Terms of reference v1.pdf	POL-BSFF-104-0000187
75.	POL00448227	B5 Invite to Attend Meeting V3.0_Final 12APR24.pdf	POL-BSFF-104-0000186
76.	POL00448293	Postmaster Contract Termination Decision Commitee_ Terms of reference v1.1.pdf	POL-BSFF-104-0000252

77.	POL00448042	Postmaster Contract Termination Decision Committee_Overview_Update 06JUN24.pptx	POL-BSFF-104-0000001
78.	POL00448233	Contract Termination Decision Review Panel_Overview_08APR24.pptx	POL-BSFF-104-0000192
79.	POL00448195	Postmaster Contracts - Decision Making RACI v2.3 (1).pdf	POL-BSFF-104-0000154