

Nick Read speech to Seniors Leaders Meeting Resilience, Managing Ambiguity & Relevance of our Purpose

Introduction – the year in context

1. Thank you all very much for coming.
2. I know how busy you all are because I see it at the office and in branches day in, day out.
3. It has become something of a tradition that I start the new Financial Year by taking stock and giving you my reflections on the year that's been and the one ahead of us.
4. I certainly find it helpful to pause, draw breath, and reflect from time to time.
5. And, over the course of the next 30 minutes when we have the opportunity to do so together, I hope you will too.
6. As I prepared these remarks, I thought long and hard about what they said about this business.
7. What characteristics, what notable attributes, have this company and the people who work in and alongside it displayed over the last 12 months?
8. And what, if anything, do these tell us about what lies ahead in the immediate and medium term future?
9. What follows is my answer to those questions.
10. Let's start by being frank – this is not an easy time for anyone.
11. Barely had the clouds of Covid-19 dissipated, then Putin invaded Ukraine and energy costs shot up and, with them, the rate of inflation - reaching levels we haven't seen in this country since the early 1980s.

12. This means that people are effectively becoming poorer as the pound in their pocket buys less and less.
13. And, as we know, inflation always hits those least able to shoulder the additional burden the most.
14. This is affecting our Postmasters as never before – not only in having to navigate these challenges themselves but also in witnessing, first hand, the increasing hardship facing their customers and communities.
15. I absolutely recognise that this is a tough place to be and I can't thank them enough for their continued dedication and the care and kindness they display to those around them.
16. We should, and we must, endeavour to ensure they are properly remunerated for their hard work because the dedicated service they offer cannot be praised solely on the basis of good will.
17. Once again, post offices are revealing their true value at a time of national stress.
18. Just as we did throughout the pandemic, we are providing vital support to people in all four nations of the United Kingdom.
19. Maintaining people's ability to access basic services like:
20. Getting hold of their own money when all the banks have left town or depositing their small business takings somewhere convenient;
21. Or receiving the support from Government they are entitled to as they struggle to afford the eye-watering cost of keeping their families warm;
22. Or keeping in touch with the friends and family who rally around when no-one else seems to care very much.
23. Never has our Purpose - we are here, in person, for the people who rely on us – been so relevant, so important, as it has been in the early part of this decade.

24. And make no mistake – there simply is no other business in the UK that can do what we do.
25. I am proud that we are a truly national business.
26. A business which has, for decades and decades, been part of the fabric of communities the length and breadth of the United Kingdom.
27. We should be immeasurably proud, then, of the resilience you and our Postmaster colleagues have displayed over the course of the last 12 months.

Resilience – a Post Office strength

28. And that is why **resilience** is the first characteristic of our business that I want to highlight.
29. Because beyond the severe headwinds all sectors of the economy are facing our business and our Postmasters have had to endure additional challenges.
30. Challenges like the 18 days of Industrial Action affecting Royal Mail, decimating confidence in the UK's postal system at the most important trading period of the year.
31. A loss of confidence so deep that it even provoked a House of Commons Select Committee investigation.
32. If industrial action before Christmas was not enough, in the New Year the cyber-attack against Royal Mail presented a new challenge which, almost unbelievably, knocked out international mail in this country for weeks on end.
33. Some days, I confess to wondering what on earth would happen next?
34. In short – it has been and remains really tough out there.
35. And yet....
36. And yet, we are still here.

37. More than that, we are still making strong progress to realise our Intent to 2025.
38. Instead of being deflated and allowing these challenges to overwhelm us, we are driven by a quiet but unmistakable determination to bounce back stronger as macro trading conditions improve.
39. Let me give you some examples.
40. The market challenges we have been facing in mails have been emerging over recent years and have been exacerbated by the challenges of industrial action and cyber-attacks affecting Royal Mail.
41. Make no mistake Royal Mail had already begun to display a very clear willingness to set aside the niceties of our shared heritage where it made cold commercial sense to do so.
42. Our Postmasters rightly identified this emerging pattern early on.
43. Now, don't misunderstand me – that is a legitimate path for them to take, as hard as it might be to swallow from a more emotional perspective.
44. And just as legitimately, Post Office has set in motion its own new strategy, making full use of the non-exclusive arrangements we concluded with Royal Mail in the second Mails Distribution Agreement to offer our valuable network of branches to a much wider range of carriers.
45. Our network is now in daily use by truly global players such as DPD, DHL and Amazon, all of whom individually dwarf Royal Mail in size and potential reach in many markets.
46. And we are trialling even deeper integration now with Evri.
47. After some 350 years we are selling in branches directly end-to-end products not fulfilled by Royal Mail.

48. Our mails strategy is coming more and more into fruition.
49. We are developing exciting news partnerships, increasing customer choice and growing important new streams of revenue to secure our long term leading stake in the mails market.
50. We will announce the next stages of our strategy at our event with Postmasters on Thursday 11 May.
51. So I ask the question - is this the behaviour of a company overwhelmed by circumstances or a company which understands the importance of forging its own path and owning its own future ?
52. Let me give another example.
53. The very words 'Post Office' quite rightly bring the image of your local branch to mind.
54. I say quite rightly because the Post Office, its name, the essence and value of its brand, has been built over generations and generations of dedicated service to the public by our Postmasters and Postmistresses.
55. Their efforts, and no-one else's, are enabling us to trade successfully in digital markets.
56. And, what a year it has been on that score.
57. While there is no doubt that people are feeling a very significant pinch, there is also no doubt that what they are prepared to spend money on is experiences generally and travel in particular.
58. Perhaps due to pent up demand from the pandemic, or just the innate desire to escape some poor British weather, our travel services in foreign exchange and insurance have enjoyed their best ever year.
59. Foreign exchange sales up 140% year on year; travel insurance sales up 106%.
60. Our partnership with Yoti, a global leader in digital identity services, also continues to bear fruit.

61. Last year, we became the first organisation to be accredited to provide digital identity verification for the Right to Work and Right to Rent schemes operated by the Home Office through our EasyID product.
62. We have trialled EasyID for age verification at automated check outs at one of the country's biggest supermarkets, showing the breadth in the range of applications this new product can address.
63. With Government now taking steps to place digital identity verification on the same level as traditional, paper-based, systems this is a market which is set to grow significantly over the next decade.
64. By combining world-class technology with one of the country's best known brands, we are again demonstrating our ability to move with the times and meet the needs of today's customers.
65. A diversified portfolio including online services is making a lot of sense right now, when the high street is suffering.
66. And, recognising that this online success is only made possible by the hard graft of Postmasters in the real world, we have rewarded our postmasters accordingly.
67. The one-off uplift in remuneration announced last August to help Postmasters face into the cost of living crisis was, in the most part, possible because of the success of these digital services.
68. It is right as we seek to realise our Intent as a modern and successful franchise retailer that we do all we can to share these benefits with Postmasters.
69. So I ask the question again – are these signs of a company short of ideas and living on borrowed time or a company able to leverage its assets, executing plans in online markets with confidence and agility?
70. Let me give you one more example.

71. As you all know, under my watch, the Post Office has been absolutely clear that it must make full reparation for the harm it caused in what has become known as the Horizon IT scandal.
72. Right from the very beginning, we have said that we will move as quickly as we can to do that.
73. We also called for those who brought the Group Litigation Order, with whom we settled in good faith not knowing that their funders were taking the vast majority of the money, to be properly compensated long before anyone else.
74. I am therefore delighted that Government launched a compensation scheme for their benefit just last month.
75. Within the constraints imposed by Government as the guardian of the relevant funds and due process, we have made the swiftest possible progress under both the Historical Shortfall Scheme and with Overturned Historic Convictions for which we are responsible for administering and paying legal costs.
76. Over 99% of offers valued at over £97.5 million have been made under the HSS, ahead of forecasts, and in line with the commitment I made to the BEIS Select Committee back in January 2022.
77. In the considerably more complex OHC scheme, we have reached full and final settlements in four cases and recently shared the principles which will govern the relevant calculations with all future cases with their legal representatives.
78. This should permit a significant acceleration in the resolution of all future cases.
79. In the meantime, we have ensured that all those involved are in receipt or have been offered a substantial interim payments of at least £163,000 to ensure that they face no further hardship pending complete resolution, with over £18 million paid out in compensation so far.

80. We also continue to take every step possible - working with the Criminal Cases Review Commission and Citizens Advice - to encourage more potential claimants to come forward, and continue to look at ways to encourage people to come forward.
81. And so I ask the question once more: are these the actions of a business cowed by its past and reluctant to face up to its responsibilities?
82. Or the actions of a business which knows full well that those to whom it caused harm deserve nothing less?
83. I know the answer. You know the answer. We should and we must ensure that everyone affected by this scandal receive all the compensation they are entitled to.
84. That means working with third parties to ensure that everybody whose conviction relates to evidence that relied on Horizon should be encouraged to bring their case to the Appeal courts.
85. That means working with the Government to ensure due and fair process has been applied to the tax treatment of HSS offers so that claimants are rightly compensated fully.
86. That means working harder to agree and accelerate the remaining compensation due for suspension or other detriment.
87. Overall, this is a business whose people display an extraordinary level of resilience day in, day out to do what is right for our Postmasters, our customers and all those affected by the Horizon IT scandal.
88. I see colleagues who are energised by the opportunities which emerge in difficult times.
89. Who are committed to being accountable and doing the right thing.
90. And who are proud to evolve a better Post Office for the next generation.

Dealing with ambiguity

91. Let me now turn to the second characteristic which I think has been displayed in abundance by all of our people across the last 12 months.
92. And, in many ways, the manifestation of this characteristic has been even more striking because it is extremely difficult to display.
93. Pick up any serious book about leadership and management and it will tell you that the ability to **deal with ambiguity** is one of the attributes most prized by the world's employers.
94. And, rare though it may be, here at Post Office, it seems as though we have turned it into a foundational skill.
95. Because, let's face it, we are not short of uncertainty.
96. At the root of that uncertainty is our financial position.
97. Plain and simple.
98. We do not have enough money to do all the things that are expected of us in the here and now while simultaneously doing all the things we think we need to do to for the medium and longer term.
99. We started the first year of a three year spending settlement with an allocation from Government which came in substantially lower than we had asked for.
100. That is despite our bid being externally and independently verified at the request of Government.
101. So we knew from the get-go that the next three years would be exceedingly challenging.
102. What we did not know then, of course, was quite how challenging trading conditions would become.

103. Neither had we foreseen the consequence of the Government's decision that today's Post Office should shoulder the legal and administrative costs for yesterday's failures.
104. With the Inquiry timeline being stretched still further – and, to be clear, Sir Wyn should take as long as he needs – the costs of engaging properly with that process continue to rise almost exponentially.
105. As I have said before, the figure stands at some £350m and rising over a three year period.
106. As I have said before this is particularly painful for many of today's Postmasters who are effectively having to contribute to pay for the mistakes of the past.
107. And, as so often, the cost of IT Transformation – in our case replacing Horizon – is also on an upwards trajectory, not least as we have to keep Horizon going until 100% ready to switch it off.
108. So the financial underpinning of the business is under considerable stress.
109. The situation has not been improved by what I think most people observed as a rather chaotic year in Government.
110. What our sole Shareholder the Government does and does not do has an enormous impact on us.
111. Yet, whatever the reasons, the Post Office has not had the benefit of a great deal of strategic policy attention in Government over the last few years either.
112. Don't get me wrong – we have had a huge amount of attention from Government in relation to the GLO over recent years, quite understandably – but we have to look back to 2012 for the most recent expression of Government's overarching policy towards the Post Office.
113. But for us, the show goes on as they say – we have to run the Post Office for today's Postmasters and their communities, even as we seek to resolve the past.

114. And we have, ever since 2012, diligently fulfilled the two principal requirements then made of us, and which have recently been reaffirmed by Government
115. A rather arbitrarily arrived at 11,500 outlets trading nationwide, meeting a much more sensible and important set of geographic access criteria.
116. I do not need to tell you that a financially constrained backdrop in which policy direction has not evolved for a decade does not immediately recommend itself as fertile ground from which to grow and thrive.
117. When the context in which you operate is so uncertain, there is a tendency towards treading water.
118. Expending lots of energy, becoming increasingly fatigued, but ultimately staying largely in the same place.
119. Well, we have been determined to avoid that response.
120. I will not shy away from stressing the importance of an adequate funding settlement in the long-run.
121. In the lead up to – and after – the 2024 General Election, I will be at the forefront of articulating, not only the need for financial certainty and strength, but the community and social benefit which stems from an adequately funded Post Office.
122. When post offices succeed, the country succeeds.
123. So I will work with our hardworking postmasters to make the case for a comprehensive funding settlement which will enable our business to thrive.
124. A settlement which will allow Postmasters to succeed and our business to flourish.

Our Purpose enables Post Office to remain relevant whilst implementing change

125. Instead, drawing strength and inspiration from our Purpose, we have continued to make progress advancing the business , and staying relevant in the interests of our customers, our Postmasters, and ultimately the UK as a whole.
126. Let me turn to some of the ways in which we have demonstrated that.
127. This year we commissioned *London Economics* to measure the Post Office's social and economic value.
128. The last major piece of similar research pre-dated the introduction of the Banking Framework arrangements in 2017.
129. Since then, it has become ever clearer that the Post Office Network is part of the UK's national infrastructure, not least in helping small businesses to thrive.
130. The national picture is impressive – our economic impact exceeds that of London's Heathrow Airport.
131. Our social impact shows that, for every £1 we receive in subsidy from Government, we generate £16.50 in return.
132. We matter a great deal to the country, and I remind the Government of this at every opportunity.
133. And recognising that the financial circle cannot be squared, we have persuaded Government to give us some limited but important flexibility in relation to the requirement to have 11,500 trading outlets nationwide.
134. We have introduced a new, lighter, branch format – Drop & Collect – enabling us to meet previously unmet demand for mass returns mails services in urban areas so that we protect important volume as competition keeps chipping away at our revenues.

135. We have agreed with Government that these new branches will count towards our 11,500 requirement, which provides us with some much needed flexibility.
136. With 250 Drop & Collect formats now open they will – over the course of this next year – be a factor in our ability to sustain 11,500 branches.
137. However, we also made it crystal clear that we remain committed to the access criteria which guarantee the availability of a full service branch within 3 miles for 99% of the population and 1 mile for 95% of us.
138. The Drop and Collect format branches will not – repeat not - therefore count against that second and important requirement.
139. So, while the composition of the network may be changing, through the accessibility criteria most people’s daily experience of it should not.
140. Yes there will be change.
141. Put simply we will not be able to sustain Outreach branches that only serve one or two customers a session.
142. And we are currently reviewing how we will realise our longer term vision for a fully franchised network to help create a simpler, more cost effective business.
143. Throughout we will ensure that all six access criteria are consistently met – applying to urban and rural areas – so that a full-service post office is still close by.
144. These changes to the size and shape of the network will help us to compete better with rival networks and be more consistent with how customers live their lives and can readily meet their essential needs.
145. In making them, we are demonstrating that it is possible to evolve our network so that it meets both our commercial aspirations and our social purpose.
146. That is good for our longer term future, and represents an important step in the right direction.

147. Our cash and banking business has also been a success story since its introduction in 2017, when we agreed a standardised service with all of the UK's principal banks.
148. These services have enabled millions of people and small business to continue to access free-to-use cash services despite over 5,500 bank branch closures since 2015.
149. And they continue to go from strength to strength as we witness the acceleration in banks' closure programmes since the pandemic.
150. Now, thanks to the representations we and others have made to Government, people's right to access their cash locally and for free will soon be guaranteed in legislation.
151. When many people are rediscovering the usefulness of cash as a budgeting tool, this is a major win for people and small businesses.
152. But it is also a major win for the post offices who are and want to be here, in person, for those who rely on us.
153. And to those who say that our post offices are no substitute for a bank branch, well, we have an answer to that too.
154. More than any other organisation, we have brought the concept of Banking Hubs to life.
155. Premises in locations with no banks where, in addition to the cash services we already provide, customers also have access to representatives of their own bank to perform more complex transactions or obtain financial advice.
156. The rollout of these Hubs has, until recently, been painfully slow as the banks learn to work with others in finding shared solutions to shared problems.
157. Despite this ambiguity, we are now at last seeing a pick up – and long may it continue – because we are ready to operate as many as are required to fill the gaps left by the banks themselves.

158. I am confident that Banking Hubs will be a common sight on the High Streets of the future and an important part of our future business.
159. And I am proud that we are the first, and currently the only, organisation with the capability, scale, and systems to operate them.
160. Of course, many of our commercial services show how essential our Purpose is to the benefit of the UK.
161. For example, in partnership with energy providers and our Postmasters we have ensured that everyone, regardless of their circumstances, was able to access vital Government support with their energy bills.
162. Helping millions avoid the horrendous choice between heating and eating.
163. The same collaborative approach enabled us to win the Government contract to get vital energy support payments to people in Northern Ireland.
164. We not only got redeemable vouchers to every eligible household in Northern Ireland in a 11 week period, but we also got them cashed or banked over the same period.
165. This was a great effort and demonstrated that there is simply no other business in the UK capable of proving support to communities at this scale so quickly.
166. Yet too often our role in providing such vital Government services is overlooked.
167. As a Government owned network present in every community of the UK, backed by a successful digital customer proposition, Post Office should be the preferred choice.

168. Too often, it appears to me, that the pursuit of procurement purity is undermining the fast and effective face-to-face delivery that many people need – and which Post Office time and again proves only it can deliver.
169. Government should look to Post Office to help meet new opportunities, perhaps most notably in supporting the acceleration of digital ID.
170. Looking inwardly now, the prevailing uncertainty and need to manage ambiguity has not had any adverse impact on our determination to make further progress on our culture and operational change programmes.
171. In the last 12 months, we have continued to place Postmasters at the heart of our cultural transformation, ensuring that we address their concerns where possible.
172. Chief among those is invariably remuneration.
173. Last August, I announced a one-off payment for all branches – thanks to the success of our digital products - to help with the rising cost of living.
174. At the end of last month, we made a further announcement of a 20% rise in remuneration for banking transactions for the financial year ahead.
175. Together with the Royal Mail tariff changes this is an overall substantial increase of some £26m or a rise of 7% in total remuneration.
176. In addition to co-operating fully with the Inquiry and making compensation payments quickly, we continue to make changes in the way we support Postmasters in the here and now.
177. We have restructured our network team to improve support for Postmasters and their branch operations.
178. We increased the number of regions from nine to 12, to enable closer focus, and introduced a North and South geographical split, each managed by an accountable Retail Director.

179. We understand the importance of having the right leadership in place in order to ensure that area managers can give their very best in supporting Postmasters.
180. All of the changes we are making are reflected in successive editions of our Postmaster guide which, since 2020, sets out commitments to Postmasters and the support we provide to them.
181. Of course, all our Postmasters depend on IT to run their post offices.
182. In addition to continuing to make improvements to Horizon wherever we can, we are making steady progress towards our ultimate objective of replacing it all together.
183. The new system is being designed in collaboration with Postmasters to ensure it absolutely meets their needs.
184. Pilots involving the earliest prototype, known as Release or 'R' 1, have met with very positive feedback.
185. We rightly expect there to be intense scrutiny by Postmasters and others about the success of the replacement to Horizon.
186. Let me make one point clear. Like any computer system there will be bugs and errors. We will not shy away from that fact.
187. What we will do is be transparent about any bugs, their potential impacts and the solutions so that everybody can have confidence in the new system.
188. The thread that holds all of these positive developments together is our determination to make progress, despite trading conditions, despite financial constraints, and despite the uncertainty all around us.
189. So, if the two characteristics I have observed across all parts of the business over the last year are resilience and an ability to navigate ambiguity successfully, to what do I attribute this?
190. There are, of course, many factors at play.

191. Nonetheless, boil it right down, and I think an answer does emerge.
192. And the answer bodes very well for the future.
193. There are two things, I think, driving us more than any other.
194. And the first is YOU - the people that work for Post Office Limited
195. The second, of course, those people working day in and day out as Postmasters.
196. You have all shown extraordinary levels of resilience across the last 12 months.
197. In doing so, we have worked hard together to understand what more we can do to support Postmasters.
198. Our campaign to preserve Government support for energy bills is a great example.
199. As part of that campaign, I repeatedly engaged with Ministers from our own Department and from Treasury, month in month out.
200. But Postmasters played a central part too, with over 2,000 of them writing to their MPs also making the case alongside us.
201. And while I realise that the level of support Government ultimately announced leaves a great deal to be desired, it could have chosen to focus exclusively on particular sectors like hospitality, with Postmasters being left out altogether.
202. We are, fundamentally, a vital piece of the country's infrastructure and it is high time this was more fully recognised.
203. So what is powering you, powering us, to continue to make progress ?
204. It's a question worth asking.
205. Because I am pretty sure that what is driving you is not actually new partnerships with the likes of Evri.

206. I don't think it's the success of our platform products.
207. Or even the progress made to test early releases of our New Branch IT.
208. No. I think it's more fundamental than that.
209. More applicable and relevant to all of us than that.
210. I think, at its core, it is our Purpose.
211. It's our Purpose which drove us to partner with the Trussell Trust for the second year in a row.
212. To raise £340,000 for them so that they, in turn, could help those struggling to feed their families and to make ends meet.
213. It's our Purpose which led us to join forces with British Gas to deliver advice to customers to help them reduce their energy bills in 58 communities across the country in four months.
214. These pop-ups have been hugely popular and for good reason: because they address issues people really need help with.
215. We are here, in person, for the people who rely on us
216. There is something about this phrase which binds and motivates us all.
217. Something which enables all of us to know the direction of travel even when we don't have a map.
218. Something which drives us forwards even in the face of the toughest of headwinds.
219. When all is said and done, all of us are here because we want to be.
220. Because there is something about the Post Office and its Purpose which appeals to a deeper sense of service and duty in all of us.

- 221. Helping communities through the pandemic or with the worries of the cost of living on the ground.
- 222. Or looking for new ways to make that vital support a bit better every day.
- 223. It unites us.

Conclusion – Journey to realise our Intent to 2025

- 224. I began by describing aspects of the gloom that we are all experiencing at present.
- 225. And there is no doubt that these are tough times. But there is a risk that the gloom obscures another reality.
- 226. And that reality is that, despite the gloom, together with Postmasters you have demonstrated extraordinary levels of resilience in the face of these challenges.
- 227. Despite the gloom, you have quietly, but very definitely, continued to lay important foundations for this organisation's future success.
- 228. It is two years since I set out our Intent to 2025.
- 229. We are halfway on that journey.
- 230. In that time we have realised much of that Intent.
- 231. New carriers in the mails market.
- 232. New digital products like EasyID.
- 233. New formats like Drop & Collect and Banking Hubs
- 234. As well as deeper support for our Postmasters.
- 235. These all are testament to our resilience to get important projects done even when it's tough.

236. They are also testament to how we handle ambiguity.
237. Will Post Office be a modern and sustainable franchise retailer by 2025?
238. As I said last year, it will take longer than I would like.
239. We need to have resolved the past fully and Sir Wyn may not report until 2025.
240. We have to urge Government, that, in the long-term, Post Office matters and needs clearer policy direction.
241. Our research with London Economics makes that economic and social case plain.
242. And we have to secure routes to sustainable funding that enable our Postmasters to be profitable in this fast changing retail market – sharing the benefits of all that makes Post Office a great business.
243. I am exceedingly proud of what you have done. And I will continue to do all I can to make sure your efforts bear fruit. Thank you.

ENDS