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Department for
Business, Energy
& Industrial Strategy

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Recipient	To Note / Comment	To Approve / Decide
Secretary of State		X
Minister Scully	X	
Special Advisors	X	
Permanent Secretary	X	

POST OFFICE LTD – POSTMASTER NED UPDATE

Summary

1. This note provides an update to POL's proposal for 1 – 2 Postmaster Non-Executive Director (NED) roles on their board and on the engagement POL has had with postmasters regarding their relationship model. The POL CEO, Nick Read, has written to Minister Scully requesting the Department's agreement in principle to the broad direction of travel. Officials are supportive of POL's proposal and we ask for the Secretary of State's approval for POL to announce their intentions to the postmaster community.

Timing

2. Routine – we request a decision next week, if possible, so POL can socialise this with the postmaster community.

Recommendation

3. That the Secretary of State **approves** the direction of travel on POL's proposal for postmaster representation at Board level and allow POL to announce the creation of a postmaster NED position(s) on the POL Board.

Background

4. On 30 June, Nick wrote to Minister Scully (**Annex A**) outlining POL's plans to consult with postmasters on the new engagement model over the Summer/Autumn. He also stated the desire of the POL Board to appoint 1 – 2 new NEDs from the postmaster community to represent postmasters at Board level.
5. This work has flowed out of the group litigation settlement in December 2019. In the Horizon litigation judgments, the way POL treated postmasters was criticised heavily; the judge stated that POL operated with "a culture of secrecy" and compared the organisation to treating postmasters like "mid-Victorian factory owners". POL committed in the settlement to "reset" its relationship with postmasters and review its engagement model in order for the business to better align itself with the views of postmasters and put them at the heart of the business.
6. Before and since the settlement Nick has been driving work to improve POL's relationship with postmasters. This includes accelerating the roll-out of increased remuneration for postmasters last year and implementing various operational changes e.g. the new Branch Hub to enable postmasters to run their branches more effectively.
7. The announcement of POL's plans to consult postmasters on the engagement model signals the next stage of this work. POL intend for this to take place over the Autumn



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with the goal of starting to implement changes before the New Year. Officials are supportive of this work and will update Ministers on the progress of the consultation.

Postmaster NEDs

8. Since the settlement, POL has been exploring options for a greater representation of postmasters' voice at senior levels within the organisation. Following several discussions at the board, the Group Executive team and the NEDs believe this could best be achieved through the creation of 1 – 2 NED positions on the POL Board for postmasters.
9. Officials share the Board's view and support this proposal. POL were strongly criticised for their treatment of postmasters in the recent Horizon court case; the appointment of postmaster NEDs to the board would signal a genuine change to the postmaster community of how serious POL takes their views and would give postmasters a voice on all major decisions that come to the board.
10. POL are firmly aware of the requirements such positions entail. The Articles are clear that any position on the POL Board needs to be approved by the shareholder, the BEIS Secretary of State, and are keen to work with Ministers and officials on the design of the appointment process and to take account of Ministerial views' on potential candidates.
11. Whilst the actual appointment is a number of months away, POL are keen to announce their intentions as soon as they know it has Ministerial support. Nick and other members of POLs senior management have started a series of 'roadshows' across the country where they will be outlining their postmaster engagement plans. With that in mind, Nick requested in his letter that Ministers signal their agreement to the direction of travel so POL could announce the intention to appoint a postmaster NED(s) following an agreed appointment process with Government.
12. Officials will ensure that at every stage Ministers are consulted, including prior to the launch of the campaign, and will work to ensure that the process is in line with the latest public appointment's guidance and that the right candidates are put forward by POL.

Secretary of State – Do you approve the direction of travel on POL's proposal for postmaster representation at Board level and for POL to announce the creation of a postmaster NED position(s) on the POL Board?

Next Steps

13. If Ministers agree with the above, we will inform Nick of BEIS' agreement to proceed and officials will work with the POL Board on the design of the appointment process. A draft letter in response to Nick's request can be seen at **Annex B**.
14. As shareholder, under the Articles, you need to give permission to the Chair to appoint the NEDs. The Chair will write to request this in due course once the proposal has been developed.
15. We will update and consult Ministers in due course.

Contributors

16. BEIS POL Policy colleagues and the BEIS Partnership Team have been consulted on this advice and are content with its contents.