

Post Office Limited – Strictly Confidential

POLB(12)4th
POLB12/28-43

Post Office Limited
(company no. 2154540)

Minutes of the meeting of the Board of Directors
held at 148 Old Street, London EC1V 9HQ on 15th March 2012

Present:

Alice Perkins	Chairman, Post Office Ltd
Neil McCausland	Senior Independent Director, Post Office Ltd
Les Owen	Non Executive Director, Post Office Ltd
Paula Vennells	Managing Director, Post Office Ltd
Chris Day	Chief Financial Officer, Post Office Ltd

In attendance:

Alwen Lyons	Company Secretary, Post Office Ltd
Lesley Sewell	Interim Chief Operating Officer (item POLB 12/28)
Kevin Gilliland	Sales and Network Director (item POLB 12/29 & 30)
Nick Kennett	Financial Services Director (item POLB12/30 & 36)
Susan Crichton	Legal and Compliance Director (item POLB 12/39 & 40)
Sarah Hall	Financial Controller (item POLB 12/39)
Martin Lacey	Pensions Specialist (item POLB 12/39)

POLB12/28

INFRASTRUCTURE (IT AND PROCUREMENT)

- (a) Lesley Sewell explained the IT Strategy for the next 3 years which will support the wider business activity, procure circa 60 IT contracts and deliver the cost reduction challenge. The Board discussed the Strategy which involves the proposed introduction of a Service Integrator (SI) to manage IT providers. Les Owen asked if the SI would be allowed to provide any of the work towers in the framework of suppliers. (POL(12)28 Appendix 2). Lesley Sewell explained that the SI would only supply the service desk but no other tower;
- (b) Lesley Sewell emphasised that the business lacked the capability and maturity to manage the changes required to deliver the future IT infrastructure. This work was not a core competency and it made more sense to outsource. She stressed the importance of getting the SI contract terms correct and getting good governance in place to manage that contract;
- (c) Chris Day assured the Board that the SI and contracts would include efficiency targets which were already assumed in the budget;
- (d) Neil McCausland had suggested at a pre-meet that the SI approach be tested to give the Board some assurance that it was the best solution. Lesley Sewell reported that Berkeley Partnership had reviewed the SI strategy and were supportive of the approach agreeing that the SI would bring the required capabilities to the business;

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it was resolved that it would promote the success of the Company for Alice Perkins to remain a director of the Company notwithstanding her position and interest as a director of RMH and accordingly that such position and interest shall be authorised for the purposes of section 175 of the Act and in accordance with article 89 of the Articles of Association, and that such authorisation shall extend to any actual or potential conflict which may arise out of the matter so authorised;

the Board may notify Alice Perkins from time to time of any additional obligations or restrictions that it considers appropriate for her to observe in order to manage the conflict situation;

in respect of a matter to which this authority relates, Alice Perkins shall not be obliged to disclose to the Company any information in respect of which she owes a duty of confidentiality to a person other than the Company;

this authority may be terminated by the Board at any time;

subject to any duty of confidentiality, Alice Perkins shall be required to notify the Board as soon as reasonably practicable if there occurs any other material change of circumstances of which in her reasonable opinion the Board should be aware if it were considering granting or renewing any such authorisation;

it was noted that, pursuant to Article 89 and section 175(6) of the Act, the meeting was quorate without counting Alice Perkins and Alice Perkins did not vote on the foregoing resolution.

POLB12/41

ANY OTHER BUSINESS

- (a) Appointment of Yorkshire Bank as Bankers POLB(12)51
The Board approved the appointment of Yorkshire Bank;
- (b) the Chairman informed the Board that, following their recommendation to the Shareholder Executive, Virginia Holmes had been given Ministerial approval to become a POL Non-Executive Director and would join the Board in April;
- (c) the Chairman explained that she and the Company Secretary had met James Arbuthnot MP, at his request to discuss the Subpostmaster cases questioning the integrity of the Horizon system. The Chairman hoped that she could find a way to convince him and other MPs that the system was not at fault. This might mean looking at a further independent study of the issues.

ACTION:
Paula Vennells

POLB12/42

NOTING PAPERS

- (a) Significant Litigation Report (POLB(12)42) was noted.
- (b) Post Office Sealings (POLB(12)43) was noted.
- (c) Communication Action Group Minutes (POLB(12)44) were noted.
- (d) Olympics (POLB(12)45) was noted.
- (e) Privacy Compliance Strategy (POLB(12)46) was noted.
- (f) Verification of Telecoms Supplier (POLB(12)47) was noted.
- (g) Treasury – Authority Levels (POLB(12)48) was noted.

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ACTION:
Lesley Sewell

(h) RMG Price Changes (POLB(12)49) was noted.
(i) Horizon Update (POLB(12)50) was noted.
a) Lesley Sewell reported that a tactical review was underway to understand the single points of failure within the system. A more strategic review was also needed for re-visiting decisions made on critical back-up for system failures. Lesley Sewell would return to the Board with the outcome of the two reviews and the options available for the future.
b) the Chairman informed the Board that she and Paula Vennells were meeting with Duncan Tait (CEO Fujitsu) and Rod Vawdry (Vice chairman of Fujitsu) that evening.

POLB12/43

CLOSE

(a) There being no other business, the Chairman closed the meeting.

GRO