

From: Permanent Secretary[/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3109B3DC828545FFBF265AAB4 BEC9017-SECRETARY,]
Sent: Wed 29/09/2021 11:26:04 AM (UTC)
To: Desai, Meet - UKGI [GRO]; Submissions Distribution List [GRO]
Cc: Creswell, Carl (Services Directorate) [GRO]; Brooks-White (Jobshare) [GRO]; Beal, Eleanor (Services Directorate) [GRO]; Patel, Amisha (BEIS) [GRO]; Heath, Daniel (Finance) [GRO]; Richards, Nigel (Finance) [GRO]; Wones, Eleri (BEIS) [GRO]; Fidgeon, Kyla - UKGI [GRO]; Cooper, Tom - UKGI [GRO]; Emerson, Edward - UKGI [GRO]; Barnett, David - UKGI [GRO]; Permanent Secretary [GRO]
Subject: RE: OFF-SEN COMMERCIAL: Post Office Limited (POL) - funding delay from BEIS to POL

Hi Meet,

Sarah is happy with the approach and the submission.

Best Wishes,
Johanna



Department for
Business, Energy
& Industrial Strategy

Johanna Greco (*she/her*)
Private Secretary to the Permanent Secretary
1 Victoria Street, London, SW1H 0ET

GRO

From: Desai, Meet - UKGI [GRO]
Sent: 27 September 2021 18:55
To: Permanent Secretary [GRO]; Submissions Distribution List [GRO]
Cc: Creswell, Carl (Services Directorate) [GRO]; Brooks-White (Jobshare) [GRO]; Beal, Eleanor (Services Directorate) [GRO]; Patel, Amisha (BEIS) [GRO]; Heath, Daniel (Finance) [GRO]; Richards, Nigel (Finance) [GRO]; Wones, Eleri (BEIS) [GRO]; Fidgeon, Kyla - UKGI [GRO]; Tom - UKGI [GRO]; Emerson, Edward - UKGI [GRO]; Barnett,

David - UKGI <[redacted]> GRO

Subject: OFF-SEN COMMERCIAL: Post Office Limited (POL) - funding delay from BEIS to POL

Hi Johanna,

As trailed last week, please see attached a short submission recommending withholding funding to Post Office (POL) which is due on 1 October as it is still working through getting control on its litigation costs which feeds in to BEIS approving POL's annual budget. To be clear, POL are not expecting funding given funding was already withheld so the recommended decision should not come as a surprise to POL.

Please see below headlines from the submission and feel free to give me a call if you'd like further background.

Best,
Meet

Summary

1. As part of the Funding Agreement agreed to fund POL for 2021/22, Network Investment and Network Subsidy payments are due to be paid periodically in-year from BEIS to POL.
2. However, in the view of UKGI officials, there have not been adequate controls over POL's litigation costs and as a result, we have not recommended BEIS approve POL's annual 2021/22 budget. Consequently, BEIS withheld payment of the Network Subsidy (£12.5m) which was due to be paid on 1 July with Minister Scully informing POL (see Annex A).
3. Officials and POL have been working together to improve POL's litigation cost controls and forecasting for POL to present an improved 2021/22 budget that could be approved by POL's Board and BEIS. However, POL's progress in this matter is still ongoing and, on 1 October, a Network Investment payment of £64m and a further Network Subsidy payment of £12.5m are due.
4. It is recommended that you (Permanent Secretary) write to Nick Read (POL's CEO) to ask for a meeting to discuss POL's legal costs and what progress POL is making in managing and controlling them. A draft letter is in Annex B.

Recommendation

5. As POL have not presented a budget for review and approval, officials recommend that the payments due on 1 October are delayed indefinitely until BEIS are content with POL's litigation cost controls.
6. There are no immediate consequences to POL's service provision by withholding payment because POL currently have c.£200m of security headroom under the BEIS working capital facility. This means POL should be able to continue operating while this issue is resolved.
7. POL are looking to provide an improved budget as soon as possible and have been working hard with officials to improve litigation cost forecasting. Though POL are aiming to present an

updated budget for Board and shareholder review in the coming weeks, as outlined in paragraph 4, officials recommend asking to meet Nick Read and issuing the letter.

Timing

8. By close Wednesday 29 September requested.

Meet Desai

UK Government Investments

1 Victoria Street, London, SW1H 0ET

T: M:

www.ukgi.org.uk

Follow on 

This email and any files transmitted with it are intended solely for the use of the individual(s) to whom they are addressed. If you are not the intended recipient and have received this email in error, please notify the sender and delete the email. This footnote also confirms that our email communications may be monitored to ensure the secure and effective operation of our systems and for other lawful purposes, and that this email has been swept for malware and viruses.