

POL catch up - 16/11/2022**Attendees**

BEIS: Sarah Munby; Carl Cresswell; Tom Taylor; David Bickerton; Rebecca Stockbridge; Eleanor brooks; Nicol Brydon (PO)

UKGI: Tom Cooper; Roshana Arasaratnam; Charles Donald

Actions

No	Item	Lead	Detail	Progress?
1.	Policy Review - ToR	BEIS Policy	Consider ToR to ensure we have room for manoeuvre	Complete – Tor doesn't prevent but original ministerial steers were narrow and focussed on policy framework
2.	Policy Review - acceleration	BEIS Policy	Consider if we can accelerate anything in Policy review space	Advised that review isn't best route per above
3.	'Radical' Solutions	UKGI	Set out what longer term/'radical' solutions could look like (disintermediation; POL newco etc.)	
4.	Fixed budget	BEIS Policy/Finance & UKGI	Set out what it looks like if POL remain within existing budgets (inc scrutiny of gap)	
5.	Short Term/Immediate £	BEIS finance/policy	How can we support POL in short term. eg. can we make use of admin £; if so, how and what are trade-offs.	
6.	Board Contingency	UKGI	Develop contingency plan for board resignations and losing top team	
7.	Process	PO/BEIS Policy	How to convene these and build towards decisions etc.	Reconvene w/c 28 th ahead of POL board to discuss items 4-6
8.	CEO Pay handling	UKGI (w/input from BEIS policy)	Handling options for SoS - needed urgently.	

1. POL finances

a. *Background to pol finances (based off slides)*

- Situation has deteriorated:
 - o We have to consider what's fundamentally behind the finance issues – symptom of something bigger
 - o Business isn't viable currently – Q is whether we continue plastering over or attempt something more radical
- Ran through slides and the various issues that have coalesced: Historical; Belfast exit; Horizon replacement; Inquiry costs (risen from 20m to 60m in 6 months).
- Inquiry somewhat spooked POL in terms of need to respond comprehensively and £ associated
- Pol have explored self-help, they've cut some contingency
- POL provided numbers need to be taken with pinch of salt - gap could be smaller than currently proposed (Eg. They're still predicting poor performance at a level inconsistent with comparators)

b. *Discussion*

- Ministers would reject out of hand request for significant support – eg 200m (consistent /CST and AS)
- Human dynamic is key, mgmt team is very precarious
 - o POL board/directors won't be willing to stand in front of inquiry if they don't get the £ they think they need to fix issues
- Short term solution is needed to at least get us to POL policy review.
- Cost of delivering services are significant, to get to viable model you need low cost branches and highly digitised service
 - o Reality is POL unlikely able to deliver this – better building something new (PoL Newco etc.)
- TT questioned whether we would rationally invest in new IT system if this is a business/business model we think isn't viable
 - o TC noted practically we have little choice as Fujitsu are unwilling to support current system
- Policy review lined up for summer consultation and mainly focussed on our asks of POL. Question is filling the short term gap to buy time.
- Pol have little room for manoeuvre given the lumps figures noted at start (Belfast, inquiry etc.) are fairly immovable

c. *Solutions/Ideas*

IRRELEVANT

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- Could we persuade Fujitsu to support longer and/or make some sort of comp £ gesture (legally or politically pushed?)
 - o Legal route not viable given statute of limitations
 - o Support from Fujitsu on compensation £ doesn't help unless HMT allow trade offs (comp funded via reserves)

IRRELEVANT

2. POL Pay

a. *Background*

- Overall view was a need to turn the NR pay decision around - Incentive strategies will be needed
- Careful handling required until all options are exhausted – ie don't tell POL
- This makes the counterfactual very real in terms of contingency for board – underlines need to identify a team that could step-in and/or what the contingency is
- Changing SoS's mind won't be easy – ie he's made principled decisions
- SoS has track record on ALB/CEO high earners and will be difficult to shift
- There is need to strengthen team and if possible keep team together – Nick needs good team underneath him (also helps contingency)

b. *Solutions/ideas*

- Will need to write options down – SoS preference
- Henry S could be right person to get in to discuss w/SoS
- Could pursue higher risk strategy and tell POL/Nick R
- Could test with SpAds (political team previously haven't been that bothered about prospect of NR leaving)
- Could take very seriously - thanking SoS for readout, outlining and doing the next steps – show him what the contingency plan is
- Could seek to leverage KH – unclear his position here and he is due to meet NR soon
- Could we talk to head-hunters to add colour to next steps for SoS
 - o Risky talking to outsiders, we essentially know the situation and not too much more value to be gained
- Could we use comms angle given SoS allergic to bad news stories