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Department for
Business, Energy
& Industrial Strategy

Date: 23 March 2018

Director General: Mark Russell

Lead Official: Richard Callard

Lead Official Telephone: GRO

Recipient	To Note / Comment	To Approve / Decide
Permanent Secretary		X

POST OFFICE – APPOINTMENT OF TOM COOPER TO POST OFFICE BOARD

Summary

- On 19 February the Secretary of State agreed to Tom Cooper's appointment to Post Office Limited's (POL) Board of Directors. This requires your consent to extend a Departmental indemnity to Tom, and also agree the terms of his appointment.
- In the absence of an agreed POL policy sponsor team and oversight protocol, you are also requested to approve the reporting regime for POL – proposed by UKGI below.

Timing

- Your consent is needed by 27th March, which is the planned date that Tom will formally join the Board.

Recommendations

- That you:
 - Agree to the terms of the indemnity, as noted in Annex A, and provide Tom with a signed copy;
 - Agree that you are content with the terms of appointment set out in Annex B; and
 - Agree the reporting regime set out below and note the longer-term intention to clarify responsibilities between UKGI and BEIS.

Advice

Indemnity

- BEIS is entitled, by its special share in POL, to appoint a non-executive director (NED) to sit on the Board of POL. This has traditionally been done by appointing an employee of the Shareholder Executive, and now UKGI to the role.
- While Tom is appointed to the Board to represent the Department's interests, his personal legal obligation, in carrying out the NED role, is to act in POL's best interest. The role carries considerable personal legal responsibilities, and consequently, considerable liabilities.

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7. As set out in both Managing Public Money and in the Civil Service Management Code, the Crown will generally accept responsibility for civil liabilities of a civil servant incurred in connection with his performance of the functions of a director. It is therefore normal practice for Government nominated NEDs to benefit from a Government indemnity issued by the owning Department. The proposed form of such indemnity is attached at Annex A. BEIS Legal and BEIS Finance are content with this indemnity. If this letter is acceptable, it will require your signature.

Terms of Appointment

8. Tom will be appointed by a letter from Post Office (Annex B). If you are content with its terms, it will be signed by Post Office and Tom.
9. The terms of the appointment reflect POL's standard NED terms, although we have carved out special arrangements to reflect Tom's role as a shareholder representative director. These seek to balance Tom's duties to the company with his duties to Government, and the potential conflict that can sometimes cause.
10. These new terms mean that he is able to disclose matters to Ministers and Officials (and other relevant governmental bodies where appropriate) that would otherwise be confidential, and is not required to disclose to POL matters that he has learned as part of his wider duties within Government, which may have relevance for POL. The wording is set out in para's [X] in Annex B.
11. Tom's role also differs from other NED's in that he is not remunerated for it.

13.

Division of Responsibility between BEIS and UKGI

14. As you aware UKGI and BEIS are having wider discussions about the division of responsibilities for BEIS assets between them. Currently UKGI retains responsibility across the board for POL, including policy matters. The identity of the BEIS policy sponsor for POL is still subject to discussion
15. We intend to work with the BEIS policy sponsor, once the identity of that person is settled, to establish a more formal POL-specific oversight protocol.
16. In the meantime, you are requested to approve a regime of meetings attended by Tom Cooper and the shareholder team from UKGI to update you and the Minister responsible for POL. The agenda would include discussing financial performance, key personnel issues, progress on key risks including litigation, network performance and compliance with the network access criteria, and key initiatives involving POL with BEIS or other departments. Meetings would take place at a minimum quarterly or on an ad hoc basis as required.

Annexes

A. Indemnity

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B. Terms of Appointment