



Department for
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& Industrial Strategy

Kelly Tolhurst MP

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Tim Parker
Chair of Post Office Ltd
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20th March 2019

Dear Tim

Thank you for your recommendation and supporting evidence for appointing Al Cameron as interim Chief Executive between the departure of Paula Vennells in April 2019 and the appointment of a permanent successor. In addition, I thank you for your wider advice in your recent meeting with the Permanent Secretary, who has briefed me on this, and for your support for the strategic priorities set out by the Permanent Secretary in the Chair's Letter.

I am content to approve Al's appointment but please note that his remuneration as Interim CEO remains subject to the approval of the Chief Secretary to the Treasury. Should the retention payment element be approved, we would expect the retention payment to be subject to the discretion of the Board. In exercising your discretion, we would ask that you take account of Al's performance in the role of interim Chief Executive and his performance in achieving a smooth handover to the permanent Chief Executive if he is unsuccessful in securing the role.

With Al stepping up to Chief Executive, POL should appoint an interim CFO to help manage the business and avoid excessive concentration of responsibility in one person. The interim CFO should sit on POL's board to ensure that they can be effective in discharging their responsibilities. In addition, Al's current COO responsibilities should move to an existing member of the Executive Team. I am content to delegate this appointment to POL's Board to enable a swift transition and since the appointment will cover a relatively short time period. However, the remuneration for this role also remains subject to CST approval.

Like you, I am keen to appoint a new, permanent Chief Executive as soon as possible to give the Post Office the long-term term stability it needs. Therefore, I have asked my officials to expedite the recruitment process to ensure that a permanent Chief Executive is in place within six months and I would be grateful for Post Office's assistance in achieving this. In addition, I consider a diverse range of perspectives to be key in selecting an appropriate candidate and, therefore, I have asked my officials to arrange for an additional, independent member to sit on the selection panel. In the meantime, I am considering the proposed remuneration package for

the permanent Chief Executive, but I can confirm now that government will no longer allow the payment of allowances such as private medical cover, car allowance or cash in lieu of pension for any future appointments.

In the immediate term, I would like POL's leadership team to focus on more ambitious strategic plans to deal with future challenges, including work on making it more attractive for postmasters to run Post Offices and on exploring the scope for additional revenue generators beyond POL's core business so that POL may continue its journey towards financial self-sustainability for the benefit of stakeholders. The recent changes to the Banking Framework are an excellent example of the company's greater commercial focus and I hope that the revised fee structure currently being agreed with the high street banks will provide a significant boost to both POL's profitability and ability to invest in the business so that it is better placed to attract and incentivise postmasters. Finally, I know that you will want to study the recent judgment from the High Court in your current litigation and to take all appropriate actions in response.

As POL goes through this time of critical change, I would like to agree a more structured channel of communication to ensure that we work together to take advantage of the upcoming opportunities.



KELLY TOLHURST MP

Minister for Small Business, Consumers & Corporate Responsibility