

**From:** Beal, Eleanor (Advanced Manufacturing and Services) **GRO**

**Sent:** Thur 16/05/2019 11:59:07 AM (UTC)

**To:** Creswell, Carl (Better Regulation Executive) **GRO**; Watson, Craig (Advanced Manufacturing and Services) **GRO**; Vandini, Cecilia (Advanced Manufacturing and Services) **GRO**; Wilson, William (BEIS) **GRO**; UKGI POL Team **GRO**

**Subject:** Note of Kelly/Al/Tim meeting on POL - 15/5

Dear all,

Carl, Tom A, Tom C and I joined Kelly's meeting with Tim Parker and Al Cameron last night. What was meant to be 30 minutes turned out to be 90 minutes (!), so lots of ground was covered. Key points pulled out below with actions in bold.

### Litigation

- Kelly's top concern. She challenged POL on why their legal counsel 'seem to keep getting it wrong'. They explained their planned changes in the approach: removing internal legal Director, appointing new litigators and likely a new QC, taking a "more conciliatory approach" and focusing on realistic wins. In the long run, they accept there will be financial cost, but recognise the need to limit reputational damage;
- Kelly pushed on the potential cost of the litigation. POL intend to cost different possible scenarios for the litigation outcome as part of the five-year financial planning they are undertaking to take to July Board. They agreed to share this working with BEIS. I don't think this fully reassured Kelly, but good that they had a plan to address the costings. They estimate that ballpark cost estimates of £50-100M could be covered from POL cashflow.

### Reputation and postmaster relations

- Kelly fed back that she perceives there to be lots of negativity around POL at the moment. She's concerned that the litigation has already damaged their reputation;
- POL said they want a more positive relationship with postmasters and they are keen to change the tone, working more in partnership. Recognise this will take time. They are considering reversing the pay cut that came with the first wave of simplification.

### Comms strategy

- Kelly pushed POL to work with BEIS (offering our policy and comms expertise) to improve their public lines over the coming months. This should focus on changing the tone, admitting mistakes and fallibility. POL were comfortable with this;
- **Policy team to work with POL on this.**

### POCa

- POL reiterated their concerns about the replacement scheme: (1) that it needs to serve a v.vulnerable population and the tender should take account of this; (2) postmasters may see its removal as an attack;
- Kelly asked that BEIS Officials attend POL's meeting with Amber Rudd on Monday (**I'll pick this up with Jess**) and was keen that we take stock of what else BEIS could/should do to support afterwards. She mentioned potentially needing to escalate to SoS;
- *Note: we are working closely with DWP and plan to feed in to the procurement tender development process to push for it to clearly reflect the point about a vulnerable people and also about network reach (as Kelly raised this in her letter to Baroness Buscombe).*

### HMRC

- Kelly noted her support for POL on the issue of AML branch registration charges. Said unlikely to be able to

impact it at this stage, but she is keen to make noise to (1) make clear that the handling was not good; (2) raise the profile of POL in Government. Noted that SoS is aware of the issue;

- *Note: we are arranging an SCS meeting with HMRC next week and will then take stock and advise on what action would be most appropriate for KT to take.*

### Wokingham franchising

- Kelly talked through John Redwood's concerns. She was satisfied that the information POL had provided in advance of the meeting was sufficient to address this. POL offered to send senior representation to meet with John again, if it would help;
- Carl and I agreed that we can draft a letter back to John from Kelly at this point, making use of the info POL have provided. This can include the offer of a meeting with POL. **I'll check with Jess that she's happy with this approach and then draft the letter.**

### Board dinner

- Tim invited Kelly to attend a Board dinner. She agreed and POL will share some possible dates. She also said she'd like to join a Board meeting at some point.

### Budget 19/20

- POL noted their expectation to be in profit next year and AI referred to the prospect of 'embarrassingly large' profits in 20/21.

### Verify

- Tim and AI focused quite a bit on Verify as a potential area for growth in HMG service delivery. Suggested that Government should tender for a single supplier, with network reach and public trust as key criteria. POL confident that they would win this contract;
- *Note: this has come up before and seems like a clear candidate for us to test out our beefed up role as the internal champion for POL across Government – I'd be keen to discuss how to take forward.*

### Long-term planning

For us to note as part of long-term strategy thinking, a few points Kelly made:

- The need for branches to balance delivery of POL services with other income and the potential long-term impact of declining HMG services;
- For the future, KT keen to "make the Post Office relevant for today" and "a relevant brand for the future";
- In the context of the Verify discussion, KT articulated BEIS Policy's role in acting as a champion for POL across Government, identifying opportunities for them to support service delivery earlier.

Welcome any questions or feedback and happy to discuss any of this further.

Thanks,  
Eleanor



Department for  
Business, Energy  
& Industrial Strategy

Eleanor Beal  
Head of Post Office Policy and Sectors Briefing Hub

Tel: **GRO**

**GRO**

1 Victoria Street, London SW1H 0ET

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