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Department for  
Business, Energy  
& Industrial Strategy

## Introductory meeting with Nick Read, CEO of Post Office Limited

4.30pm, Monday 30<sup>th</sup> September, 8N

### External attendee:

*Nick Read, CEO, Post Office Limited (POL)*

### Purpose of meeting and Handling:

The objectives of this meeting are to:

- welcome Nick Read and set out your expectations of him as POL's accounting officer;
- gauge Nick's initial reflections on POL and his future aspirations.
- confirm immediate priorities including litigation strategy and agent pay and raise the Long-term vision work that officials are working on; and

You may also wish to touch on future payments of GE bonuses, further to your engagement with Tim Parker and Ken McCall on the subject.

### Points to make:

#### Expectations of POL

- Nick as the accountable officer for POL, must take personal responsibility for running the organisation in accordance with the principles of regularity, propriety, value for money and feasibility set out in Managing Public Money.
- As a Public Corporation, operating in commercial markets, POL needs to take investment and other financial decisions in accordance with common business principles and practices.
- The goal is for POL to become commercially sustainable. Acknowledge steps taken by POL so far to towards this. This includes transforming the business from a trading loss of £115m in 2012 – 13 to a trading profit of £60m in 2018-19 and reducing reliance on government subsidy from £415 million in 2013-14 to £50 million in 2020-21. Obviously, POL also operates against a very political backdrop.
- Also acknowledge recent achievements:
  - offering refunds at the original price paid on currency purchased for Thomas Cook holidays subsequently cancelled because of its collapse; and
  - Kelly Tolhurst will be pleased with progress that is being made on Framework Document. Encourage POL to conclude this swiftly. This is an important signal to our Minister that governance and information sharing arrangements are clear across Government and POL.

#### Nick Read's initial reflections on POL's operation and future aspirations

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- Ask Nick about his immediate reflections on the future vision for POL and seek what he is trying to achieve in his 100-day plan.
  - Acknowledge that we know he attended his first POL Board as CEO on Tuesday 24 September;
  - Ask his views so far on POL's 5-year plan; and
  - Seek his reflections on changes in POL's senior leadership team and wider culture change. You may wish to reiterate the point you made to the Chair about future GE bonus payments, although you are due to speak to him.

#### Confirmation of priorities

- Relying on Nick to support the Chair in achieving Ministerial goals for the Post Office, including on culture.
  - Press that you would like to see progress on the strategic priorities listed in your letter to Tim Parker in January 2019, particularly on:

#### **Litigation**

- Emphasise that the judgement of the first trial and the verdict associated with the failed bid to recuse the Judge were damning about the approach and culture of the Post Office, and this needs to be reflected in both how the company approaches the ongoing trials and how it treats the litigants with regard to any potential settlement, but also, in how the company behaves towards its agents.
- Emphasise the importance of ensuring that BEIS/UKGI are kept abreast of the latest developments on Sparrow litigation, particularly that:
  - Updates on POL's mediation strategy on Sparrow litigation are shared swiftly to enable us to consider any case for settlement – this is needed even if POL propose to self-fund; and
  - BEIS and POL communications are aligned in preparation for the imminent Horizon judgment. POL should maximise this opportunity by striking the right balance in its communications to signal a change in its litigation approach since the failed recusal attempt.

#### **Agent Pay**

- Welcome the interim offer made in August. Important to recognise that the relationship with postmasters requires changes beyond pay, and link this to the need for culture change at POL.

#### **Company strategy and funding post 2021**

- We know that you are working on your 100-day plan and taking account of initial POL work to design its five-year plan. This will need to dovetail with BEIS's long-term vision work and also take account of the possibility that Government subsidy will end in 2020/21.

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- There are challenges that need to be addressed, such as changes to key commercial and Government service contracts, and changes in the retail and postal sectors. There are also opportunities that can be grasped, that can support the offer the Post Office makes to its customers and financial sustainability. The recent purchase of Payzone is one such example.

### Long Term Vision

- The BEIS policy team (with UKGI) are working on a longer-term vision particularly to develop options on the post 2021 funding package. This is in the context of known pressures (e.g. agent pay and loss-making branches) but also in light of on-going and longer terms issues relating to network and workforce and delivery of the 'social purpose'.
- Emphasise the need for POL and BEIS to work together to ensure that the Post Office so that POL are able to contribute into the development of BEIS' long-term vision, but also, that BEIS supports the development of the 5-year plan to ensure that these come together, and assumptions in the 5-year plan match BEIS's thinking.
- Thank POL for their involvement in this and encourage continued engagement to ensure strategic alignment on longer term work.

### **Relevant context:**

You are to meet Nick Read again on the 17<sup>th</sup> October, at Nick's introductory meeting with the Post Office Minister, Kelly Tolhurst.

### **Biography:**

#### **Nick Read – Post Office Ltd Chief Executive**

<b>GRO</b>	Nick joined Post Office as Chief Executive Officer in 16 <sup>th</sup> September 2019.
	<b>GRO</b>