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Department for
Business, Energy
& Industrial Strategy

Meeting with Nick Read

17 October 2019

11:00 – 11:30

External attendees:

Nick Read, CEO, Post Office Limited (POL)

Internal attendees:

Kelly Tolhurst, Minister for Postal Services

Alex Chisholm, BEIS Permanent Secretary

Carl Creswell, Director, Professional Business Services, Retail and Post Directorate

Purpose of meeting and Handling:

This is your introductory meeting with the newly appointed CEO of Post Office Limited (POL). The meeting will have three main objectives:

1. To welcome Nick and set out your expectations for him as CEO and your ambitions for POL;
2. To hear his initial reflections and understand his thinking on the future direction for the Post Office as well as discussing how best to align with BEIS' long term vision work:
 - a. Provide update on long term vision work; and
 - b. Highlight that determining case for subsidy post 2021 is key a priority for the next few months.
3. Discussion on key live areas:
 - I. Latest update on litigation
 - II. An update on the information sharing agreement
 - III. Agent pay
 - IV. Update on NED appointments

Points to make:

Expectations of POL

- Explain that you are the Minister responsible for postal services and it is your objective to ensure a thriving Post Office network which serves the needs of communities, is sustainable and delivers value for money to the taxpayer.
- Since taking on the role, your key areas of interest have been:
 - the franchising programme – which gave rise to a great deal of parliamentary scrutiny;
 - the Horizon litigation;
 - Agent Pay, on which you have set up the working group between POL, National Federation of Sub Postmasters and other stakeholders. The next meeting of the working group is scheduled for 4 November; and

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- Wider governance improvements through a revised Framework document.
- Explain that as a part of your role you are required to promote and defend the Post Office in parliament (the current hot topic being Barclays' decision to opt out of the Banking Framework 2 agreement).

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

- You should ask Nick about his immediate reflections on the current operation of POL including what is going well and what could work better.
- Seek his reflections on future vision for POL as well as his ambitions for what he will achieve in his first 100-days and what he would like to achieve in POL's 5-year plan.
- You may wish to make the following points/ask questions:
 - that you are aware of the strategic challenges facing POL and potential impact of changing market conditions in the retail sector, financial services and digitisation of government services on POL's overall services and products offer.
 - **Ask Nick what his thoughts are on the direction of the overall services offer for the Post Office in the future to maximise opportunities and deal with emerging risks?**
 - That you are aware of the Post Office's interest in enhancing its digital strategy to enhance its competitiveness.
 - **Ask Nick about his views on this and what other opportunities he sees for the Post Office in the future?**
 - That you have observed that it's important that there is a strong positive culture from the top of the organisation, all the way down to the front-line agents, working towards a shared goal.
 - **Ask Nick what he sees as the success criteria for the post office in the longer term?'**
- Explain the importance of aligning Nick's future vision with the long-term vision that BEIS is leading. Share your initial thoughts on the long-term vision:
 - Explain that you have asked the policy team to address strategic questions on the future role of the post office. Emphasise that the aim of this work is to develop a clear aspiration for Government on the future post office. This would include looking at how the future objectives, role in delivery of Government priorities and leading to considerations on how Government supports the Post Office.
 - Explain that to champion the Post Office, you wrote to Government departments recently to raise POL's profile and emphasise that Post offices can be the best route to deliver Government policy. You are keen for further thinking on this to be done through the long-term vision work but welcome any ideas.
 - Officials have suggested to POL a series of strategy workshops at the end of October/early November. We are aiming to use these workshops to

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- structure joint working on the longer-term strategic issues, with further discussion at the Shareholder Meeting in November.
- **Ask Nick if he is content with this approach and has any other suggestions for how we align this work?**
 - You should also emphasise the need for POL and BEIS to work together particularly to understand POL's planning assumptions for the next 5-years so that BEIS, supported by UKGI, can consider a case for continued subsidy and a robust business case can be submitted to HMT, as part of next Spending Review.
 - Impress on Nick that Government ambition is for the Post Office to become more commercially sustainable and for it to reduce dependency on Government funding.
 - While the business increased profitability is to be praised, the success of the Post Office transformation will ultimately rely upon the ability of the Post Office to grow its customer base.

Key Areas of Concern (Background)

Litigation

- Note that following the POL Board call on Thursday 3 October, POL have communicated the disclosure issue to the Court and Claimants solicitors and that there has been no response as yet. The Board also agreed to request an audit from Fujitsu (FJ), checking that the representations made by FJ to the court are accurate, which will help to ensure that something like this does not happen again. UKGI colleagues expect to be able to give a further update for your box in week commencing the 14 October.
- Emphasise the need to be kept abreast of the ongoing litigation trials – Sparrow **Legal Privilege** which will have important financial, operational and reputational consequences for Post Office.
 - Updates on POL's mediation strategy on Sparrow litigation to be shared swiftly to enable us to consider any case for settlement
 - BEIS and POL communications must be 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.
 - That action continues to be taken across the business to ensure the Judge's criticisms are taken on board and that Government is kept updates as to how well the newly introduced measures to support postmasters are working.
 - Finally, you understand the judgement will be sent to the parties under an embargo basis. You are grateful for the Post Office offer to provide a summary and arrange an oral briefing immediately after the judgement is handed down.

Framework agreement

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- We have resolved the main outstanding issues on the framework document and hope to be able to agree a final draft soon, prior to seeking ministerial approval. Both sides have signed-off on the inclusion of robust information-sharing protocols.

Agent Pay

- Welcome the interim offer made in August. It is important to recognise that the relationship with postmasters requires changes beyond pay, and link this to the need for culture change at POL. You look forward to being updated regarding further actions on agent's remuneration following the next Board meeting on 28 October.
- Acknowledge the upcoming NFSP/POL working group meeting due to take place on 4 November. You expect full engagement in this and future working group meetings.
- You may wish to welcome the agent pay review and reiterate the importance of building further a culture of engagement with staff, agents and customer responsiveness.

Update on NED appointments

- UKGI have received formal request from POL to appoint two NEDs. UKGI are preparing the supporting documentation and will submit this for ministerial approval for your next box on 14 October.

Biographies:

	<p>Nick Read – Chief Executive</p> <p>Nick joined Post Office as Chief Executive Officer in September 2019. Nick was most recently Group CEO at Extra Energy and prior to that CEO at Nisa Retail Limited where he led the stabilisation and transformation of the business ahead of its sale to the Co-Op in 2018. Nick has over 25 years of consumer and commercial experience and has previously held senior roles at Tesco, Vodafone, HBOS, Lloyds Banking Group and Thomas Cook. In his earlier career, Nick was a Consumer and Retail Strategy Manager at Deloitte Consulting, a Purchasing Director for Aldi UK and spent 4 years as Captain of the 4th/7th Royal Dragoon Guard, H.M. Forces.</p>
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