

From: Razzell, Robert - UKGI
Sent: Tue, 4 May 2021 07:37:39 +0000
To: Cooper, Tom - UKGI
Subject: FW: POL - Tim Parker

FYI

From: Robert Swannell <[REDACTED] GRO>
Sent: 04 May 2021 07:24
To: Donald, Charles - UKGI <[REDACTED] GRO>; Razzell, Robert - UKGI
[REDACTED] GRO
Subject: POL - Tim Parker

Dear Charles and Rob,

This is just to record my 50 minute conversation on Thursday, 29th April with Tim Parker, the Chairman of POL. Its worth mentioning at the start the very positive message he gave about Tom who he says deserves a great deal of respect for his intellect, acumen and sheer hard work in the cause of POL. The following points were discussed.

1. We didn't discuss in detail the long chain of events that had led to the current outcome. We did however talk at some length about culture and what they were doing to change this at POL. I observed that it was my view that this issue, in its many guises, lay at the heart of the problem. He started by saying that the seeds of the dysfunctional relationship with post masters lay in the public sector mindset of the past. Back in the Royal Mail days there was a military approach to dealing with post masters which was that, far from seeing them as partners, it was regarded as part of their duty "to stop anyone nicking our money". This mindset suggested that if there was a problem at a post-office it was the post-masters fault. He said that the CEO and Team were putting enormous effort into changing this mindset and getting a proper relationship with post masters. The move to have post masters on the Board was part of this but only one small part. They were genuinely trying to reset the relationship with post-masters, genuinely engaging and consulting and coming up with deeds not words. He thought they really were making progress here. I acknowledged that this was a large subject but that purpose/culture and values were an integral part of developing and executing a coherent strategy. [Charles, as we discussed this issue needs to be woven into the POL portfolio work].
2. He said that they had had 60 Board meetings in the last year but that in his view the Board had managed to stay cohesive through a hugely challenging time. He described it as now as two separate businesses the normal Post Office business and the resolution of the historic cases. He said this was placing extraordinary stresses on the organisation and its capacity.
3. On the historic litigation he appeared to suggest that the recent outcome in Court had some benefit in that it meant that there was greater certainty in how they

dealt with any case where Horizon had been in point. He briefly said that while he understood why BEIS wouldn't wish to manage the Historic Shortfall Scheme it was very uncomfortable given the sums of public money involved. He did however think they were making progress in this.

4. On the enquiry he also seemed almost surprisingly sanguine about the outcome on the basis that the changes they had, and were, putting in place would show a substantial change and in his view make any chance of something like this ever happening again very remote indeed. He felt that real progress had been made and that, if asked, the biggest anxiety for post masters at present was their concern over the new Royal Mail agreement.
5. On the business outside the litigation he said that they had performed relatively well through COVID with mails/parcels benefiting to make up for reduced cash transit and hugely reduced travel. He thought their current year budget was challenging but achievable assuming here was some reawakening of travel.
6. On bench strength he acknowledged that, aside from the CEO, there was a good deal of room for improvement. The team was not fantastic. We briefly discussed the position of the CFO with which Tom is very familiar. He wants a pragmatic outcome on this but also understands the political realities. I asked him about the calibre of his top HR person and their team. Apparently the HR Director is away on maternity leave but the interim is competent, in his view. He worries about keeping the CEO motivated but thinks he is safe at present as he will want to see through the changes being made.
7. On Tom and the team and UKGI's contribution, he was notably positive about Tom's contribution. He said he had earned real respect for his intellect, acumen and sheer hard work on behalf of POL. He had made a substantial contribution on many issues. He suggested that Tom's team lacked the same experience and this sometimes led to frustrations at POL; this was in the context of a bit of a complaint about over-managing POL. I pushed back immediately on this and said he wouldn't expect anything differently at a private equity house if it had suffered the issues that POL has had. I said trust had to be earned back. He acknowledged this and said he understood it was a difficult balance.
8. Looking to the future he wondered if there was a whole government view on what POL could do for the nation given the scale of its network. He said he would like our help in understanding this although he recognised that this was not an issue for now. The area where he would particularly like our help is on resolving the personnel issues and in trying to ensure that required investment in POL was not diverted to pay for the historic litigation.
9. On other issues he referenced the employment issues currently before the employment tribunal. We didn't discuss it in detail but he acknowledged that there were difficult decisions to be made and the outcome was uncertain.

With best wishes

Robert