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# Post Office Legal Department

## An Overview of the Legal & Regulatory Framework at Post Office

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## Structure

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- Introduction
- Scope
- Context
- POL's regulators
- POL's legal and regulatory framework
- High level overview of **recent** legal and regulatory requirements:
  - IDD
  - DPA/GDPR
  - Modern Slavery
  - AML
  - CFA
- Future steps to enhance controls

# Post Office's Legal & Regulatory Framework



## Scope

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- Hundreds of pieces of legislation and regulation
- Vast web of laws, regulations, contracts, licences, & disputes
- Purpose:
  - Outline material and most frequently encountered legislation and regulation.
  - Who is accountable (ownership of the risk) and responsible (those who need to comply or follow direction of the accountable owner) within POL.
  - Outline the basic controls that mitigate the risk and through which assurance can be given that the risk is being appropriately managed.
  - Necessarily high level but Legal would be pleased to provide deep dives into any topic.



# Post Office's Legal & Regulatory Framework

## Context

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### **Multi-line Business**

- Financial Services, Telecoms, Retail, Government Services, and Mails
- Perform Transactional, Advisory and Contentious Legal Work

### **Public Ownership**

- Additional obligations e.g Public Procurement Rules

### **Highly Unionised Workforce**

- Various collective bargaining agreements requiring IR and ER support

### **Importance of Brand**

- Strong and trusted brand. One of our biggest assets.

## **LEGAL FRAMEWORK / RISK = COMPLEX AND BROAD**



## Regulatory Oversight

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### Direct Regulators



### Indirect Regulators





## Legislative &amp; Regulatory Framework

## Red Category



Material Legislation / Regulation	Business Area	CEO Paula Vennells	FS & Telco Nick Kennett	Retail Kevin Gilliland	Strategy Martin Edwards	HR Martin Kirke	IT Rob Houghton	LRG/CoSec Jane MacLeod	Ops Al Cameron	Comms, Brand & Corporate Affairs Mark Davies
Companies Act 2006	CEO, LRG, Ops	A						A	A	
Data Protection Act 1998 & GDPR	All		R	R	R	R	R	A	R	R
Gross Negligence Manslaughter	Ops, Retail			R					A	
Health & Safety at Work Act 1974	Ops, HR, Retail			R		A			A	
IMD & Insurance Distribution Directive	FS, Retail		A	R						
Modern Slavery Act 2015	HR, Ops, Retail			R		A			R	
MLR 2017	FS, Retail, LRG		A	R				A		
Privacy and Electronic Communications Regulations 2003/Networks, ESI	LRG, FS, Tel		A					A		
2003/Networks, ESI Enterprise and Employment Act 2015	Ops, Brand								A	R
Senior Managers & Certification Regime	HR, FS		A			A				

## Legislative &amp; Regulatory Framework

## Amber Category



Material Legislation / Regulation	Business Area	CEO Paula Vennells	FS & Telco Nick Kennett	Retail Kevin Gilliland	Strategy Martin Edwards	HR Martin Kirke	IT Rob Houghton	LRG/CoSec Jane MacLeod	Ops Al Cameron	Comms, Brand & Corporate Affairs Mark Davies
Bribery Act 2010	All	R	R	R	R	R	R	A	R	R
Communications Act 2003	FS, Tel, Retail		A	R						
Competition Act 1998	All		A	A	R	R	R	R	R	R
Corporate Manslaughter and Corporate Homicide Act 2007	Ops								A	
Criminal Finances Act 2017	All		R	R	R	R	R	R	A	R
Digital Economy Act 2017	Retail, Ops, IT, FS, Tel, Brand		A	R			R		R	R
Enterprise Act 2002 (competition)	All		A	RA	R	R	R	R	R	R
Environmental Legislation and Regulations	Ops								A	
Environmental Protection Act 1990	Ops								A	
Equality Act 2010	All		R	R	R	A	R	R	R	R
Financial Services and Markets Act 2000/FCA Handbook	CEO, FS, Retail	A	A	R						
Freedom of Information Act 2000	LRG							A		
Intellectual Property Laws (various)	FS, Ret, Br, IT		R	R			R			A
Payment Services Regulations 2017	FS, Retail		R	A						
Public Interest Disclosure Act 1998 (whistleblowing)	All		R	R	R	R	R	A	R	R
Trade Unions and Labour Relations (Consolidation) Act 1992 (TULRCA)	HR					A				
Value Added Tax Act 1994	Ops								A	



## Legislative &amp; Regulatory Framework

## Green Category



Material Legislation / Regulation	Business Area	CEO Paula Vennells	FS & Telco Nick Kennett	Retail Kevin Gilliland	Strategy Martin Edwards	HR Martin Kirke	IT Rob Houghton	LRG/CoSec Jane MacLeod	Ops Al Cameron	Comms, Brand & Corporate Affairs Mark Davies
Business Rates	Ops								A	
Consumer Insurance (Disclosure and Representations) Act 2012	FS, Retail		A	R						
Employment Rights Act 1996	All		R	R	R	A	R	R	R	R
Energy Acts Directives and Regulations (various)	Ops								A	
Enterprise Act 2016 (pay cap)	All		R	R	R	A	R	R	R	R
FCA Conduct of Business Sourcebook (COBS/ICOBs)	CEO, FS, Retail	A	A	R						
Insurance Act 2015	FS, Retail		A	R						
Landlord and Tenant Acts	Ops								A	
Law of Property Acts; Land Registration Act 2002; 2003 Rules	Ops								A	
Ofcom's Conditions of Entitlement	FS, Retail, Brand		A	R						R
Postal Services Act 2011	FS, Retail, Strategy		A (p, orders)	A	R					
Public Contracts Regulations 2015	All		R	R	R	R	R	R	A	R
Reforming the Intermediaries Legislation (IR35)	HR					A				
Re-use of Public Sector Information Regulations	LRG							A		
The Consumer Rights Act 2015	Retail, FS		R	A						
The Payment Card Industry Data Security Standard	FS, Retail		R	A						
The Welsh Language (Wales) Measure 2011 and associated Regulations	Retail, FS, Brand		R	A						R
Town and Country Planning Act 1990 and various others	Ops								A	





Transfer of Undertakings (Protection of Employment) Regulations 2006	All		R	R	R	A	R	R	R	R
Treaty on the Functioning of the European Union - State Aid	Retail, LRG, Strategy, Ops			R	A			A	R	
Universal Postal Union Convention/CAA	Retail			A						



# Data Protection Act / GDPR

DPA regulates Data Controllers in respect of processing personal data. Data Controllers need to comply with 8 Principles. GDPR will come into effect 25 May 2018 and will enhance the DPA framework. ICO is the UK regulator of personal data.

GDPR new areas include:

- Obtaining consents
- Accountability & Evidence
- Data Protection by Design (PIA)
- Individual Rights
- Reporting of breaches
- Appointment of DPO

## Penalty of Non-Compliance

- DPA £500K fine; GDPR 4% annual global turnover; personal criminal liability on directors if breach with their consent, connivance, or neglect.

## Accountable and Responsible

- Jane MacLeod (A) and rest of GE (R)

## Controls

- IPA team, DPA and Information Policies, DPA clauses in contracts incl. house position, Data maps, records inventory, GDPR Steerco



# Modern Slavery Act

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Modern Slavery Act is aimed at tackling the global problem of slavery and human trafficking. The Act requires certain commercial organisations to publish a “slavery and human trafficking” statement for each financial year setting out steps (if any) it has taken to ensure that slavery and human trafficking is not taking place in its business or supply chain.

## Penalty of Non-Compliance

- SoS can seek to enforce the obligation by obtaining an injunction in the High Court. Adverse publicity and reputational damage likely.
- Personal criminal liability for individuals with the maximum sentence for modern slavery / human trafficking offences is life imprisonment.

## Accountable and Responsible

- Martin Kirke (A) and Al Cameron and Kevin Gilliland (R)

## Controls

- Modern Slavery Steerco chaired by John Whitefoot. Code of business standards and Whistleblowing policy have been updated. Procurement & Network processes have been updated. Statement was signed off by the RRC in May and ARC in June 2017. The 16/17 Statement to be presented to the Board on 31 October. Communication and training plan are also being developed.



## IDD – indirect application

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IDD applies to POMS but as a result of the MSA, ARA, and Distribution Agreement between POL and POMS, there are implications for POL. IDD aims to enhance consumer protection and competition.

By 23 February 2018, insurance intermediaries must provide the exact amount of fees payable by the customer, including the post contract fees a customer may incur during the life of a policy e.g commissions. There is a new product information document which is to replace the current policy summary. The insurance intermediary is responsible for distributing it and staff distributing products must undertake minimum of 15 hours of CPD. POL is impacted by those distribut in branch e.g Travel, Life.

### Penalty of Non-Compliance



### Accountable and Responsible (POL)

- Nick Kennett (A) and Kevin Gilliland (R) for IDD

### Controls







# Criminal Finances Act

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CFA comes into force on 30 September 2017 and introduces a new corporate offence of failing to prevent the facilitation of criminal UK or foreign tax evasion by an Associated Person. Associated Persons include employees, postmasters/agents, suppliers, contractors and consultants. It is a defence for the Post Office to show that it had reasonable procedures in place to prevent facilitation or that it was not reasonable to expect it to have such procedures. The HMRC guidance makes it clear that the Act is not intended to hold bodies to account for their customers or agents tax crimes but rather to require them not to turn a blind eye where their associated persons deliberately assists others to evade tax.

## Penalty of Non-Compliance

- Criminal corporate offence and potentially unlimited fine.

## Accountable and Responsible

- Al Cameron is [proposed] (A) and all GE (R)

## Controls

- Finance Crime Policy
- Law and Trends Forum identified this new Act and established a cross functional CFA working group to implement the requirements of the Act and in particular establish a “reasonable procedures” defence to the new corporate offence.
- New contractual obligations are imposed on postmasters, suppliers, contractors and further communication is planned for employees.



# Money Laundering Regulations

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MLR govern money services businesses, such as POL, due to it providing a currency exchange and money transmitting services. A board member or senior management must be appointed as the officer responsible for compliance with MLR 2017. POL must maintain up to date premises register with HMRC of all premises where regulated money services business is conducted. Fit and proper tests must be undertaken. POL must have adequate mechanisms for receipt, review, investigation and disclosure of SARs to NCA. POL must carry out customer due diligence (ID) to prevent ML or TF.

## Penalty of Non-Compliance

- Criminal offences including recklessly making a false or misleading statement in the context of ML. Directors and Officers can have financial penalties imposed on them and further sanctions (such as being prevented from holding a management role in the FS industry).

## Accountable and Responsible

- Nick Kennett and Jane MacLeod (A) and Kevin Gilliland (R)

## Controls

- AML and Financial Crime Policies
- Financial Crime Team
- Complete risk assessments carried out
- Annual Training to relevant stakeholders, employees and branch
- SARS
- Reporting to RCC and ARC



## Next Steps : Enhancement of Controls

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- POL is developing its three line of defence model and clarifying accountabilities and responsibilities across the organisation.
- Legal supports the business to manage legal risk through its legal policy, legal operating charter, legal business manuals, & regulatory developments tracker.
- Legal established the Law & Trends Forum this year which consists of cross functional representation to proactively manage emerging legislative and regulatory trends and risks.
- External Affairs Steering Group is being developed to ensure a coordinated and aligned approach on how POL should respond to public consultations.

Questions?

