

POL TEAM HOLIDAY NOTE

There are a number of more major issues rumbling on at the moment which I summarise in this note. I don't cover issues I consider to be "business as usual" to save time!

Besides everyone in the core POL team leading on their issues as per below, Rob Faull leads on senior remuneration issues (and he is preparing a note for SROC on POL's pay proposals currently – Jo may ask about progress on this) and James Baugh leads on POL's working capital facility loan.

1. Funding and Strategy (incl. Network Transformation)

The current state of play on this is that POL and the NFSP are in discussions over how to deliver NTP fully and within the funding envelope while meeting sufficient of the NFSP asks to enable George to deliver continued NFSP support. Our latest update is that POL are confident there is a deal to be done and we should see progress on this in the next couple of weeks while I am away. **Tim** is the day-to-day lead on this and he will be remaining in touch regularly with POL and keeping HMT and Jo updated on developments. **Mike** is the lead on NFSP relationships. **Peter** has the latest data on NTP progress to date, which remains slower than it needs to be. The 1000th new branch is opening next week and Jo is (hopefully) visiting a new branch to mark this on Friday 6 Sept – **Peter** is leading on the visit.

2. RM Privatisation

With announcements on RM privatisation imminent, there is a lot of scope for POL issues to be raised (see separate bits below for specifics on individual issues). In particular, there is a debate on postal services in rural areas on Monday 2 Sept, which promises to raise all of these issues, and the unions will raise many of them in response to the Intention to Float Announcement. **Mike and Peter** lead on feeding into Ministerial briefings and public lines around this. **Tim** leads on detailed matters connected with separation and input into the POL-connected bits of the prospectus (which have improved greatly but may still require some tinkering to be politically acceptable).

3. Front Office for Government

The NFSP recently called (in a July briefing to all MPs) for a delay in privatisation on the basis that expected revenues from FOFG had not come through. There has actually been some good progress on this in recent weeks, with POL signing contracts with both UK Passports Office and the Government Digital Service this week (though new revenues will be a while away). We will be able to publicise both contracts from some point in w/c 2 Sept (with comms around the UKPO deal scheduled to coincide with the 1000th transformed branch opening next week (likely Friday – see above)). Work with DWP on the future of POCA is continuing with some slow progress also being made there – this is slower burn and should not cause huge issues while I am away (though we will need lines on it if raised by

CWU/NFSP/MPs in the context of RM stuff). **Katrina** leads on all FOOfG matters.

4. The Implementation Unit in Cabinet Office

Most likely in response to the NFSP briefing, Danny Alexander apparently expressed (unspecified) concerns about post office issues and asked the Implementation Unit to do a “Deep Dive”. The IU sits in Cabinet Office and is led by Will Cavendish (it used to be the PM’s Delivery Unit). Somewhat at a loss as to what the CST wanted the Deep Dive to look into, the IU has fastened upon NTP as being more interesting than FOOfG (which the NFSP majored on). They want to go out to talk to converted SPMs about the benefits or otherwise of NTP and how POL has rolled it out.

At this critical stage of discussions with the NFSP I am hugely concerned about the implications the NFSP could draw from this. We are briefing Jo early next week to chat to the CST on Tuesday to find out more about his concerns and how we can allay them. If we could move the IU’s focus away from NTP towards FOOfG it would be beneficial. My next preference would be to drop the idea of IU work altogether. If the CST really wants the IU to look at local implementation of NTP, I would want this de-linked from, and subsequent to, the agreement and announcement of the funding deal. The IU could then do some potentially valuable work to help us optimise NTP roll-out. **Mike** and **Tim** are leading on this.

4. Crown strikes

The last Crown strike around pay and franchising was on Tuesday though c290 of the 370 Crowns opened. No further strikes have yet been announced. Unite is supposedly balloting its members (ie managers) though this has not happened to date and any action on their part should therefore be after my return if it happens. If managers go out too it will be much more difficult to keep the branches open. But a positive vote from managers is less likely (while still perfectly possible!). **Mike** leads on stakeholder management and comms around this, supported by Peter. Both of them as well as **Tim** will have details on the underlying Crown transformation strategy.

5. Mutualisation

Today (30 August), POL announced a public engagement process to take on the Stakeholder Forum’s work in developing the public benefit purpose of a mutual. The CWU and Unite immediately announced they would be unwilling to engage for reasons related to the Crown strikes and privatisation (though they also said unflattering things about the culture in POL being inconsistent with the exercise. There may be press over this weekend and follow-up in the debate Jo is doing on Monday 2 Sept on rural postal services. We have agreed lines on this with comms and Jo’s office already. **Tim** leads on this.

6. VOA and local rates on ATMs

The Valuation Office Agency (VOA) is persisting with its attempt to make external ATMs separately chargeable for rates from their host retailer. POL is strongly resisting (as, we understand from POL, are the supermarkets, symbol groups, petrol stations etc). POL is engaged in robust legal correspondence with the VOA on this. Were the VOA to make ATMs rateable the liability would flow from Bank of Ireland to POL under their contract, and then from POL to sub-postmasters under theirs. We and CLG (sponsor of the VOA, albeit the VOA is very much independent) are in close touch and you and I are meeting the relevant CLG officials the week after I return. **Mike** leads on this.

7. Horizon (IT) issues

Issues may arise in relation to how POL is dealing with sub-postmasters who claim they were poorly treated after their Horizon terminals showed shortfalls. POL has been putting in place a review process and MPs have been encouraged to channel cases into it via James Arbuthnott MP. POL is seeking a suitably heavy-hitting but independent "grandee" to lead the review process. We have provided a couple of suggested names. **Mike** leads on this.