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## Minutes of Shareholder Executive Board

Wednesday 24 September 2014 at 15.00

<b>Members present:</b>	Robert Swannell (Chair) (RS) Claudia Arney (CA) Robin Lawther (RLa) Jeremy Pocklington (JP) Mark Russell (MR) Anthony Odgers (AO) Ceri Smith (CS) Roger Lowe (RLo)	<b>Attendees:</b>	Fiona-Jane Macgregor (FJM) Keith Morgan (KM)
		<b>Secretary:</b>	Kirun Patel (KP)
		<b>Apologies:</b>	Gerry Grimstone (GG)

### 1. Chairman's introduction and minutes from the last meeting

- 1.1. RS welcomed attendees and invited comments on the minutes. All actions were noted complete with the exception of the paper on ShEx deliverables, which will be circulated shortly and has been pushed back to reflect a number of changes within ShEx, such as significant changes to the transaction profile.
- 1.2. FJM noted a useful discussion had taken place with 3i, who assess risk based on key themes rather than project by project. A follow-up discussion on risk is planned with CDC. RS and MR both thanked the ShEx team for the quality of the risk registers.

### 2. CEO Report

#### Urenco

2.1.

2.2.

**IRRELEVANT**

2.3.

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Post Office Limited

- 2.4. AO stated network transformation was broadly on track. The environment is tougher with greater financial pressure than originally envisaged for two main reasons: the mails market is under pressure, and the Government move to digital services has decreased the Post Office's importance as the front office for Government.
- 2.5. The need for a strategic CFO was raised, although remuneration and the current CFO's 12 month notice period were raised as possible issues where Ministers would need to be convinced. MR noted Vince Cable has agreed to write to the Chief Secretary on pay. The proposed replacement CFO is ready to go, although RS cautioned that senior staff can lose patience quickly.
- 2.6. MR noted the intention to replace the CEO post-election. It was broadly noted that although the CEO and CFO are managing the organisation well, the Board is more ambitious.
- 2.7. FJM suggested that if the ShEx risk register was created in line with the 3i approach, i.e. according to key themes, the biggest issue for ShEx would be remuneration to which the Board strongly agreed.

Royal Mail

- 2.8. MR noted the Myners Review carried a high reputational risk for ShEx and was also requiring considerable time from both MR and RLo. It was noted the review had a good panel, including for example corporate financiers and an academic. A ShEx secretariat of staff unconnected to the transaction has been provided. It was noted the review was largely focussing on predictable areas so far.
- 2.9. ShEx had met with Vince Cable and explained the Myners review could realistically have a split panel, and there was the possibility of the report being critical of Ministers and officials. As the report will be made public, ShEx may suggest a private session between Myners and Cable to discuss finer details, before publication.

Distressed Situations

2.10.

**IRRELEVANT**

Work with Other Government Departments (OGDs) and new projects

- 2.11. MR described changes in the ShEx workload, particularly increasing work with OGDs (especially DfT and DECC), with realisation work falling away. DCMS

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and FCO had also requested assistance on the British Council and the BBC licence review.

2.12. CA and RS also challenged whether ShEx was taking on increased reputational risk and being overstretched, with limited control. AO clarified that some of the projects had required limited involvement, and ShEx was clear its involvement would only be as part of a joint team. MR reiterated ShEx should only accept projects where we can clearly add value.

2.13. MR clarified new work is presented at ExCo, and FJM also pointed out that a workflow planner and project list are maintained which summarise people resourcing and project timing. The Board was keen to see the project list in the Board papers (to replace new projects and completed work) [**ACTION – ShEx Board Secretary**].

2.14. RLa raised the importance of keeping track of what projects ShEx had rejected. CS seconded this by stating the importance of both projects rejected and projects completed for creating capacity.

~ KM joined the meeting ~

**3. Green Investment Bank (GIB) / British Business Bank (BBB)**

3.1.

3.2.

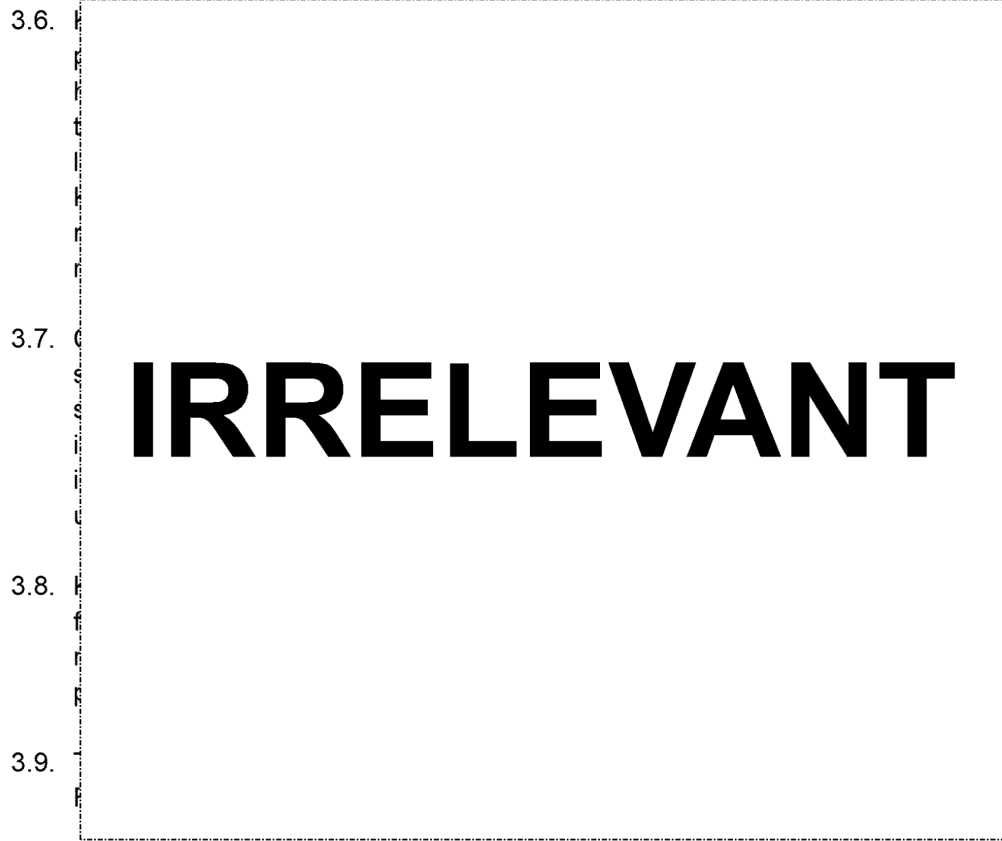
3.3.

**IRRELEVANT**

3.4.

3.5.

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~ KM left the meeting ~

#### 4. Future of the Public Data Group (PDG)



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4.5.

4.6.

**IRRELEVANT**

4.7.

## 5. Strategic Issues

- 5.1. MR suggested a likely growth in both corporate finance projects and governance work and suggested the increasing move to separate governance from the customer function was driving much of the DfT work.
- 5.2. The Board discussed the size of ShEx, with RS questioning how ShEx forecasts future work and why it is the current size of 65 professionals. MR suggested the nature of the group would change if the size exceeded 100 staff (although the workload could easily justify a larger group), and a smaller group would not be able to deliver for other stakeholders. JP commented that 65 is still considerably larger than had been initially envisaged.
- 5.3. CA highlighted that shape must also be considered alongside size. The Board acknowledged the ShEx people structure is very different to other areas across HMG and by nature of its profile is top-heavy, although not as top-heavy as had initially been envisaged. The Board agreed it was worth testing if the current model was appropriate given that many projects require a lot of senior attention.
- 5.4. CS also questioned whether ShEx is adding the most value by taking on the sponsor role. The Board stressed the importance of adding value in a focussed way, and MR explained why there is not currently a clear ShEx strategy on what work should be accepted or declined. AO added that this is difficult given the dynamic nature of ShEx projects and requests. RLo also stated work with DECC and DfT was largely as a consequence of close relationships with the PermSecs in both cases. JP highlighted the need to manage ShEx's reputation and risk when working with OGDs. It was agreed that ShEx would look into defining the work it carried out with a view to future planning [**ACTION – RJ**].
- 5.5. The growing agreement across Government that each Department should have its own commercial capability was noted, although it would be sub-optimal to build a 'mini-ShEx' in other Departments. MR highlighted the

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Corporate Finance Profession that was being developed in ShEx [**ACTION – Corporate Finance Profession to be presented at next Board**].

- 5.6. The Board also discussed the people and skills within ShEx, with AO commenting recruitment was a key constraint that defines ShEx's ability to take on new work. MR also noted that 'Corporate Finance' is a very broad term, and a number of specialisms lie within this. AO suggested technical and digital skills are lacking, although RLo cautioned too much specialism as a result of regular changes in the ShEx projects and portfolio.
- 5.7. MR raised his concern that few people outside of ShEx currently have a sufficient overview of ShEx and noted an paper was being put together, setting out our purpose and our work. [**ACTION – Introduction to ShEx paper to be presented at next Board**].
- 5.8. The Board discussed the position of ShEx amongst the political parties, noting the limited relationship with Labour to date. RS suggested a meeting with Peter Mandelson and Lord Adonis. [**ACTION – RS**]. CS noted there was generally a good level of dialogue between outgoing and incoming Ministers.
- 5.9. MR thanked FJM for her work on improving the Risk and Assurance Committee. MR informed the Board that Rachel James would be replacing FJM as COO.
- 5.10. Knowledge management was also raised as a current weakness within ShEx. There are a number of areas, such as recruitment, procurement of advisors and headhunters that could benefit from sharing of lessons learnt.

## 6. Forward Agenda

- 6.1. A calendar for the coming year should be included in future Board papers [**ACTION – ShEx Board Secretary**].
- 6.2. RS suggested an interest in looking more closely at NDA, to which the Board agreed.
- 6.3. CA proposed a closer look at the BBC in anticipation of any ShEx involvement in Governance issues.
- 6.4. RS also stated an intention to consider more closely self-evaluation of the Board and to develop an understanding of how to evaluate whether the Board is performing well.

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**7. AOB**

7.1. RS sought views of the Board on Caroline Thomson. The Board was supportive, with her different experience recognised as valuable. JP noted her commercial experience, although highlighted the potential reputational risk arising from her role at BBC that may attract comment. CA and CS also felt Vince Cable may be cautious. MR agreed to put her forward to Hancock and subsequently Cable. MR also agreed to call GG to obtain his views. **[ACTION – MR]**.

7.2. MR invited NEDs to the Chairs event to be held on 3 November.

<b>Matters arising</b>			
Update on existing actions			
<b>14/10</b>	Paper on ShEx deliverables to be brought to the September board meeting	FJM	Now planned for November board meeting
New Actions			
<b>14/11</b>	Project list to be included in the Board papers (to replace new projects and completed work)	JA	
<b>14/12</b>	Robin Lawther to support BBB during the transition	RLa	On-going
<b>14/13</b>	Rachel James to examine ShEx work with a view to future planning	RJ	To discuss at January board meeting
<b>14/14</b>	Corporate Finance Profession to be presented at next Board	RJ	
<b>14/15</b>	Introduction to ShEx paper to be presented at next Board	FJM	
<b>14/16</b>	Robert Swannell to meet with Peter Mandelson and Lord Adonis	RS	
<b>14/17</b>	Calendar for the coming year should be included in future Board papers	JA	
<b>14/18</b>	Mark Russell to call Gerry Grimstone RE: Caroline Thomson	MR	

**ShEx Board Secretary**

**[END]**