



Commercial – In Confidence

Minutes of Shareholder Executive Board

Wednesday 12 September 2012 at 15.00

Members present:	Patrick O’Sullivan (Chair) (PO’S) Claudia Arney (CA) Gerry Grimstone (GG) Jeremy Pocklington (JP) Tony Watson (TW) Stephen Lovegrove (SL) Anthony Odgers (AO) Mark Russell (MR)	Attendees:	Rachel James (Item 2) (RJ) Oliver Griffiths (Item 4) (OG)
		Secretary:	Peter Batten
		Apologies:	Lord Carter

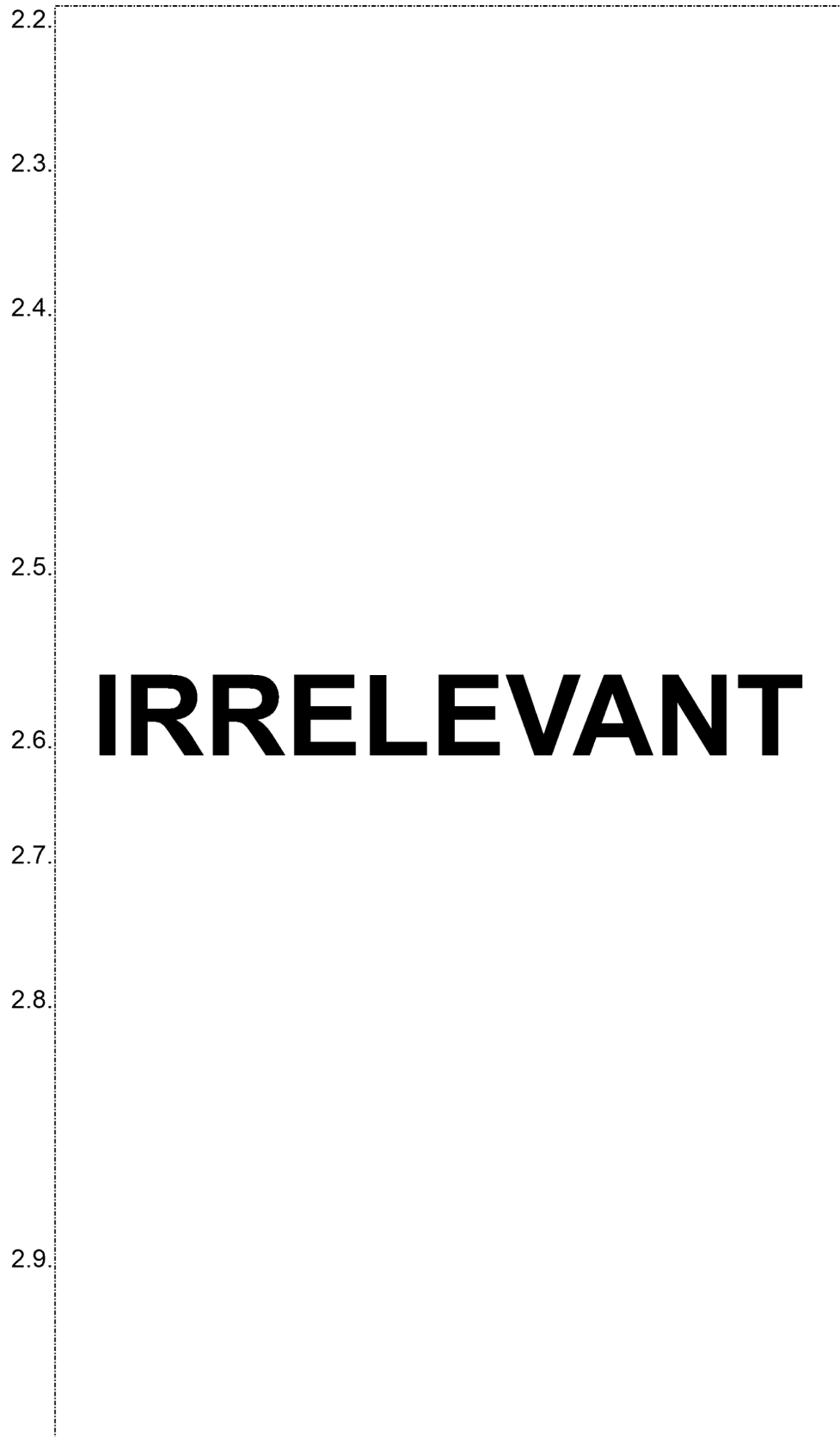
1. Apologies for absence, Chair’s welcome and introduction, minutes from last meeting, declarations of interest

- 1.1. PO’S welcomed the Board, noting Lord Carter’s apology. The minutes of July’s meeting were discussed. The recruitment of the new IE Director, Ken McCallum (KMC), who will join the Board, was confirmed. CA suggested that the composition of the Board should be evaluated to ensure compliance with the Combined Code.
- 1.2. Board actions were discussed, with AO providing an oral update about GIB governance, noting that the GIB CRO provides an independent check on investments at the moment. **[action] Once governance matters have been agreed with the GIB ARC and incoming CEO, AO will submit a paper to the Board.** (Update included in CEO report).
- 1.3. SL explained that he was due to meet Lord Browne at the end of September. Other actions were noted pending their discussion later in the meeting.

2. Chief Executive’s Report

2.1

IRRELEVANT



2.10

2.11

2.12

2.13

IRRELEVANT

3. Cabinet Office Commercial Models

- 3.1. SL provided an overview of the Cabinet Office (CO) work, which is in response to the Minister for the Cabinet Office's aim for a structured, employee-led outsourcing of non-essential Government functions, such as shared services. SL noted that there has been open engagement between ShEx officials and Ed Welsh (CO lead official).
- 3.2. PO'S was interested to understand how this work impacted on BIS policy with regard to Post Office Ltd (POL). SL assured the Board that despite CO interest in POL, there was no threat to ShEx policy ownership.
- 3.3. CA was concerned about the impact on the ShEx brand, and noted the possible confusion among portfolio assets caused by CO involvement. GG was concerned that the establishment of this group outside of ShEx was a challenge to ShEx's cross-Government role.
- 3.4. TW was also interested to learn about ShEx's involvement in the GPU. MR noted that ShEx sits on the GPU Steering Board, but that without the anticipated major disposals of Government property assets, there had been no role for ShEx. The Board noted ShEx's technical ability in this area through the nearly-completed disposal of c. £500m of Royal Mail Pension Plan property assets.

4. Green Investment Bank

4.1

4.2

4.3

IRRELEVANT

4.4

4.5

5. Royal Mail

5.1. SL presented the Royal Mail (RM) paper, noting the need to focus on the company's revised business plan and Chairman. SL noted that the revised business plan was supported by higher than expected revenues, but was not as ambitious with regard to modernisation.

5.2. SL noted that the figures are undergoing rigorous scrutiny, and ShEx will be keen to ensure the business plan appropriately challenges and stretches the company. **[action]** The Board requested an update detailing the findings of this scrutiny process. (See CEO update, also RL to attend November Board).

5.3. SL noted that the RM Board preference has been for a full IPO as the only acceptable option. SL explained that this was not a view held by ShEx, and that officials were working on a range of disposal scenarios, including where a disposal is not possible. Under such circumstances it was noted that the continuing modernisation would be a priority.

- 5.4. TW was interested to understand the role of ShEx should there be a full disposal. SL noted that ShEx would retain a shareholder role as long as the Government was a shareholder. This role would cease once all shares had been disposed. However, Government would remain involved in the sector as a result of postal regulation.
- 5.5. Changing the focus of the discussion, PO'S noted that it was apparent that Donald Bryden (DB) had not notified Smiths of his Sage appointment, and that given DB's recent illness there is pressing need to resolve the concerns expressed by the ShEx Board in July.
- 5.6. SL described the range of issues thrown up by DB's current position. The Board was of the view, both, that he should be asked to drop a Chair role as soon as possible, and that a replacement for David Currie should be appointed with a view to be able to fill in as Chair should that ever prove necessary. **[action]** SL to brief the Board following discussion with DB. (Completed, see CEO update).
- 5.7. **[action]** The Board also requested that an external review (possibly by Barclays) to assess the skills of the Board and to identify any skills gaps, which would be common practice as a company prepares for a transaction. (Update on progress to be given at November Board).
- 5.8. SL thanked the Board for a helpful discussion

6. Any other business

- 6.1. PO'S thanked the members for their contributions and closed the meeting.

ShEx Board Secretary
September 2012

7. Actions

Completed actions				
Minute ref.	Action point	Action officer	Due date	Status
	IRRELEVANT			
	Paper detailing GIB governance and accountability	Anthony Odgers	Sept 2012	Oral report at Sept Board, with update in paper (12)20.
	IRRELEVANT			
2.13				
2.13				
2.8				
5.2				
5.6				
5.7	- Commission an external review of RM Board to map skills and identify gaps.			

Outstanding actions				
Agenda Item	Action point	Action officer	Due date	Status
3.2	IRRELEVANT			
4.2				