

## Agenda for Shareholder Executive Board Meeting

Wednesday 15 January 2014 (15.00 – 18.00)

Item	Indicative timing	Agenda item	Papers
1.		Apologies for absence, Chairman's welcome and introduction, minutes from last meeting, declarations	-
2.	45 mins	<b>GRO</b>	
		▪ Post Office strategic plan update	(14)01
		<b>GRO</b>	
3.		<b>GRO</b>	
4.			
5.			
6.			
7.			

[3h 00 mins total]



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## Minutes of Shareholder Executive Board

Wednesday 13 November 2013 at 15.00

<b>Members present:</b>	Patrick O’Sullivan (Chair) (POS) Claudia Arney (CA) Gerry Grimstone (GG) Jeremy Pocklington (JP) Tony Watson (TW) Roger Lowe (RL) Ken McCallum (KMC) Anthony Odgers (AO) Mark Russell (MR) Ceri Smith (CS)	<b>Attendees:</b> None  <b>Secretary:</b> Peter Batten  <b>Apologies:</b> Lord Carter
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1. Apologies for absence, Chair’s welcome and introduction, minutes from last meeting, declarations of interest

**GRO**

2. Chief Executive’s Report

**IRRELEVANT**

- 2.3. AO gave an explanation of the new Post Office Ltd strategy, which is nearing agreement. It will see a £640 million funding commitment to cover the period 2015-18, subject to State Aid approval, which will see the network continue to be maintained at its current size and geographical reach, while also providing for its modernisation. The new funding also sees around a third of the network designated as ‘Community’ branches, which are those that are uncommercial, but which provide a valuable social service to the community.

**IRRELEVANT**

2.5. MR also noted the work of the recently established Risk Assurance Committee, which is providing robust challenge to ShEx portfolio teams.

**IRRELEVANT**

**3. Royal Mail**

**GRO**

# GRO

Matters arising			
Action ref.	Action point	Action officer	Status
13/11	Update on Post Office Ltd commercial strategy.	AO	An update is provided in the CEO report of the January papers.
IRRELEVANT		IRRELEVANT	
GRO			
IRRELEVANT			

New actions

# GRO

ShEx Board Secretary

## Chief Executive's Report – ShEx Board 15 January 2014 (14)01

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### Board action: To note

This paper updates the Board on current key areas of work in ShEx.

### 1 Forward look and key priorities in 2014

***The Autumn Statement 2013 (5 December) announced an increased target for the sale of corporate and financial assets from £10 billion to £20 billion between 2014 and 2020. Following the successful Royal Mail transaction, ShEx will play a central role in realising this ambition. In addition, we have a number of key projects to focus on in our portfolio companies during 2014.***

#### Key privatisation opportunities

**GRO**

#### Major portfolio projects

**GRO**

2 Green Investment Bank

**IRRELEVANT**

Investment & funding update

**IRRELEVANT**

Recent investments

**IRRELEVANT**

Enterprise and Regulatory Reform Bill

**IRRELEVANT**

State Aid

**IRRELEVANT**

Staff & Remuneration

**IRRELEVANT**

Attracting external finance into GIB

**IRRELEVANT**

### 3 Post Office strategic plan update

***After eight months of discussions, the company reached agreement with the National Federation of Subpostmasters (NFSP) in late November in relation to the structure of an amended Network Transformation strategy. This enabled the Department to move forward with a new funding agreement which was announced in Parliament by Jo Swinson MP on 27 November. This new £640 million funding covers the period April 2015 to March 2018 and will support the completion of the Network Transformation programme (i.e. started in October 2012) and should also enable Post Office Limited (POL) to reach a position of financial sustainability***

#### Future strategy

- 3.1 POL has developed a new strategic plan covering the period 2013/14 to 2019/20. This plan, called "Vision 2020" is a continuation of the company's existing strategy, with a focus on delivering a financially sustainable POL that is less reliant on HMG funding. It also ensures that POL is able to continue to meet the Government's objectives which include maintaining a network of at least 11,500 branches and continuing to meet the access criteria that see, for example, over 90% of the national population within one mile of post office.
- 3.2 This strategy will be achieved through a large-scale transformation and modernisation of the post office network, growth of revenues in established and new markets, and through driving change and efficiency in day-to-day operations.
- 3.3 £640 million funding was recently secured for the three-year period from 2015/16 to 2017/18. A State Aid notification will be made in 2014 to ensure that an approval is received before the existing funding agreement comes to an end in March 2015. This funding is in addition to the £1.34 billion agreement reached in 2010 for the period 2011/12 to 2014/15, and enables the completion of all transformational strategic initiatives.
- 3.4 While further funding will still be needed for the final two years of the "Vision 2020" plan (i.e. 2018/19 and 2019/20), it is expected that any future commitment will be made on a different (e.g. more contractual and targeted) basis to the current and new agreements.

#### Network Transformation

**IRRELEVANT**



**IRRELEVANT**

**4     Business Bank**

**Governance**

**IRRELEVANT**

**Performance**

**IRRELEVANT**

**IRRELEVANT**

Autumn Statement

**IRRELEVANT**

Investment sign-off

**IRRELEVANT**

Next steps

**IRRELEVANT**

**IRRELEVANT**

5 Nuclear Decommissioning Authority

Governance

**IRRELEVANT**

Sellafield contract review

**IRRELEVANT**

**IRRELEVANT**

Sellafield performance

**IRRELEVANT**

Public Accounts Committee

**IRRELEVANT**

Wider estate

**IRRELEVANT**

Forward look

- |               |                                 |
|---------------|---------------------------------|
| ▪ 20 January  | - NDA attending DECC Board      |
| ▪ 12 February | - Quarterly governance meeting  |
| ▪ March       | - DECC ExCo visit to Sellafield |

6 Spectrum

**IRRELEVANT**

Progress

**IRRELEVANT**

Background

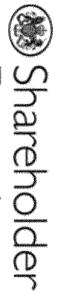
**IRRELEVANT**

7 Staff survey results

*Strong levels of staff engagement within ShEx, which scores very well compared to other directorates across BIS. However, pay and benefits score poorly.*

**IRRELEVANT**

END



Shareholder  
Executive  
HM Government

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**ShEx Operating Model – ShEx Board 15 January 2014 (14)02**



## Our operating model

SHEX BOARD  
15<sup>th</sup> January 2014

## Overview

# GRO

# GRO



ShEx Risk and Assurance Committee

**GRO**

**GRO**

## Workforce Planner

# GRO

## ShEx Learning & Development Strategy

# GRO

## Corporate Finance Profession across Govt (1)

**GRO**

## Corporate Finance Profession across Govt (2)

**GRO**

## Remaining products

**GRO**

ShEx Board to note that:

**IRRELEVANT**

**1**     Update on negotiations

**IRRELEVANT**

**2**     German elections

**IRRELEVANT**

**IRRELEVANT**

3 Key outstanding issues

Financial tramlines

**IRRELEVANT**

Buyer criteria

**IRRELEVANT**

Shareholding restrictions

**IRRELEVANT**

Post-sale structure

**IRRELEVANT**



**IRRELEVANT**

ETC

**IRRELEVANT**

4 Update on Transaction

Company preparations

**IRRELEVANT**

Buyers

**IRRELEVANT**

IPO

**IRRELEVANT**

Valuation

**IRRELEVANT**

5 Timetable

**IRRELEVANT**

HMG clearance

**IRRELEVANT**

**IRRELEVANT**

6 Dutch Parliamentary process

**IRRELEVANT**

7 Future Decision Points

**IRRELEVANT**

**Student Loans sales – ShEx Board 15 January 2014 (14)04**

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ShEx Board to note that:

▪

**IRRELEVANT**

**1 Mortgage Style Student Loans**

**Background**

**IRRELEVANT**

**IRRELEVANT**

**2**     Assessment of MS Sale against sale objectives

**IRRELEVANT**

Securing Value for Money for the taxpayer

**IRRELEVANT**

Ensure borrowers continue to be treated in accordance with their loan terms and conditions, and in-line with regulation and best practice on the fair treatment of borrowers.

**IRRELEVANT**

Ensuring successful execution

**IRRELEVANT**

Minimising the administration burden on SLC and BIS

**IRRELEVANT**

**3     Pre-Browne Income Contingent Loans (ICR)**

Background and current status

**IRRELEVANT**

**IRRELEVANT**

**4** **Risks and mitigations**

**IRRELEVANT**

**5** **Key objectives**

**IRRELEVANT**

**IRRELEVANT**

**6      Communications Strategy**

*Media interest in the MS sale*

**IRRELEVANT**



**IRRELEVANT**

Communications strategy for the ICR sale

**IRRELEVANT**

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<sup>1</sup> Providing reassurance to borrowers; emphasising VfM to taxpayers; confirming contribution to reduction of PSND; countering incorrect reporting; and, minimising any adverse impact on SLC/HMRC operations or HE policy.

ICR Loans Monestisation Project Risk Register	Updated: 22/11/2013
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Description of Risk (cause and effect i.e. 'due to x there is a risk that y..)	Impact of Risk	Mitigating Actions/Countermeasures (including owners)	Status/Progress/ Comments (including dates)	Probability (1-5)	Impact	Risk Score (Prob*Impact)
GRO						

GRO

3	3	9
3	4	12
2	4	8
2	5	10

**GRO**

3

9

3

9

4

8

5

10

**GRO**



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**Engagement with OGDs – ShEx Board 15 January 2014 (14)05**

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**MINISTRY OF DEFENCE**

**GRO**

DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT

Summary:

**GRO**

Project context:

**IRRELEVANT**

Role ShEx is playing:

**GRO**

Current status:

**GRO**

**Identified risks:**

**GRO**

**Likely future shape of the relevant projects for ShEx team:**

**GRO**



DEPARTMENT FOR ENERGY AND CLIMATE CHANGE

ShEx activity:

**GRO**

Project context:

**GRO**

Identified risks:

**GRO**

DEPARTMENT FOR TRANSPORT

Eurostar – potential disposal

**IRRELEVANT**

Highways Agency – reform

**IRRELEVANT**

Network Rail – potential reform

**IRRELEVANT**

NATS – advice on HMG 49% stake

**IRRELEVANT**

Other potential projects

**GRO**

**Portfolio Unit – ShEx Board 15 January 2014 (14)06**

ShEx Board to note that:

1. This paper sets out the portfolio companies where ShEx is involved, and the key activities and issues expected in the near future.

<b>GRO</b>				
Portfolio Company	Director	Revenue	ShEx Role	Upcoming Activities / Issues
<b>IRRELEVANT</b>				
Post Office	Anthony Odgers	£1,234m (2014)	Executive role	<ul style="list-style-type: none"> <li>▪ Delivery of network transformation plan, and crown transformation plan</li> <li>▪ Next steps towards possible mutualisation</li> </ul>
<b>IRRELEVANT</b>				

Portfolio Company	Director	Revenue	ShEx Role	Upcoming Activities / Issues
IRRELEVANT				

Portfolio Company	Director	Revenue	ShEx Role	Upcoming Activities / Issues
IRRELEVANT				

Portfolio Company	Director	Revenue	ShEx Role	Upcoming Activities / Issues
IRRELEVANT				