



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 24 JANUARY 2023 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 10:00 AM

Present:	Henry Staunton Carla Stent Lisa Harrington Saf Ismail Elliot Jacobs Ben Tidswell Brian Gaunt Nick Read Alisdair Cameron	Chairman (Chairman) Non-Executive Director (CS) Non-Executive Director (LH) Non-Executive Director (SI) Non-Executive Director (EJ) Non-Executive Director (BT) Non-Executive Director (BG) Group Chief Executive Officer (NR) Group Chief Finance Officer (AC)
In attendance:	Rachel Scarrabelotti Roshana Arasaratnam Ben Foad Simon Recaldin Diane Wills Gemma Ludgate Kate Gallafent KC Zdravko Mladenov Jeff Smyth Liam Carroll Christian Spelzini Sarah Clayton Owen Woodley Chrysanthy Pispinis	Company Secretary (RS) UKGI - Observer (RA) Group General Counsel (BF) Historical Matters Director (SR) Historical Matters Legal Services and Public Inquiry Director (DW) Inquiry Operations and Strategy Director (GL) Blackstone Chambers – Inquiry Counsel (KGKC) Group Chief Digital and Information Officer (ZM) Enterprise Cloud & Data Transformation Director (JS) Procurement Director (LC) Head of Legal Corporate, Banking and FS (Csp) Head of Legal - IT & Procurement (SC) Group Chief Commercial Officer (OW) Commercial Strategy & Planning Director (CP)
Apologies:	Zarin Patel Tom Cooper	Senior Independent Director (ZP) Non-Executive Director (TC)

Action

1. Welcome, Officer Changes and Conflicts of Interest

A quorum being present, the Chairman opened the meeting. The Chairman called for the Directors to disclose any conflicts of interest. The Chairman advised the Board that he had been a partner at PwC previously and received an annuity from PwC. **ACTION** The balance of the Board noted this and requested that the Company Secretary be instructed to update the Director's Register of Interests in this regard. The Directors otherwise declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

RS

The Board acknowledged the attendance of RA as an observer at the meeting. As an observer, the Board were aware that all contributions made by RA to the meeting were observations only, and did not constitute advice, recommendations, directions or instructions. The Board confirmed that it would take due care not to be unduly influenced solely by a contribution made by RA and that it would reach its conclusion based on a balanced and diligent assessment of all the facts available to it.

2. Minutes and Matters Arising



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

TABLED and **NOTED** were draft Minutes from the Board Meeting of 6 December 2022. The Board **RESOLVED** that the Minutes of the Meeting held on 6 December 2022 be **APPROVED** as a correct record of the Meeting and be signed by the Chair.

The Board **NOTED** the action log and status of the actions shown, including the appended report, 'Equity, Diversity and Inclusion Commitments'.

3. Committee Reports (verbal)

3.1 Historical Remediation Committee

BT advised that there were 2 matters he wished to raise, requesting the substantive discussion be had however when SR joined the meeting:

Confidential: discussion of legally privileged advice

- [REDACTED]
- [REDACTED]

3.2 Audit, Risk and Compliance Committee

CS advised as follows:

- The Committee had approved the Tax Strategy, a number of Postmaster Policies and receipted the Annual AML Report;
- Deep Dives were presented on Identity and Strategic Partner Risk, with some strategic partners remaining under close watch;
- The PwC audit on the Banking Framework Agreement Banking had highlighted records management could be improved, and a concern had been raised regarding the use of shared logins. **ACTION** NR outlined the management meetings scheduled to further understand this issue and advised that an update would then be provided to the Board;
- The Integrated Assurance Plan for SPM had been considered;
- The Board needed to decide whether to proceed with publication of the ARA at this time. CS outlined the issue, options, and advised that the strong recommendation of the Committee and PwC was to proceed to publish. LH provided her perspective as Chair of the Remuneration Committee on the issue. AC replied that management had been in contact with the shareholder in December, and the shareholder was content for the Company to proceed to publish at our risk. The shareholder could always intervene if they had changed their view; AC would send a note to C Creswell on this today. **ACTION** LH requested a copy of the shareholder's response from December and queried whether the tone of the DRR needed to be revisited. AC advised that it was not possible to amend the DRR. **ACTION** LH requested a note be circulated to the Board on any impacts for NR personally as accountable officer. LH advised that if these two actions could be attended to LH would be comfortable to proceed to

**NR / M
Kearsley**

AC

BF/T McInnes



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

publishing. The Board **RESOLVED** to **APPROVE** management be authorised to proceed to lay the 21/22 ARA in Parliament and file at Companies House.

4. CEO Report

TABLED and **NOTED** was the CEO report.

NR spoke to the report. Key items of note were as follows:

- the proposed continuation of the strategic intent from FY22/23 into FY23/24;
- the impacts of the December RMG Industrial Action and recent cyber incident on the Company;
- a dividend from BOI was anticipated next month. The Board would need to consider this commercial relationship, set to expire in 2024, although there could be a decision required earlier than this;
- the current funding position, and the intention to request further funding from the shareholder following the next Board meeting;
- NR was to meet with the Minister for Postal Affairs Monday to discuss the network further. The goal was not numerical in terms of the network, it was to fulfil the access criteria, as NR had stated at the BEIS Select Committee. Whilst we would finish the year with 11, 500 branches in the purest sense, NR had stated publicly that Drop and Go's would be included in the network calculation and were a key part of our strategy going forward;
- the position in respect of the Company's own Industrial Action. Any increase in colleague pay should align with Public Sector Guidelines. NR would find it deeply difficult to offer more than a 5% increase when Postmaster remuneration was not expected to increase. Management were assessing whether to make an intervention for Postmasters now. Although the answer was likely no, consideration was being given as to whether to make targeted interventions to commercially sensitive branches. The intention was to review Postmaster remuneration formally in April, as against the RMG price rises, so we could assess impacts collectively;
- an NBIT Rollout Update had been due to come to the Board however was not sufficiently developed. ZM had done a good job on the build, and the training, however it was the rollout that concerned NR, given we were time constrained. LH emphasised that the change brought by NBIT would be business wide and affected everyone. NR replied that he thought there was broad understanding and acceptance of this. AC advised that he did not think that Retail or Commercial quite understood that for the next 2 years that all that the Company would be delivering was NBIT, and that management had not addressed as yet the diminution in resource for BAU. EJ agreed with this and thought that the sense of scale was not understood as yet. CS queried the right balance between external and internal expertise for the rollout and whether this was in place. NR replied that an external partner would be required;
- As a Board we needed to ask ourselves whether culturally we thought we were achieving enough. NR detailed his recent experience of meeting Mrs Henderson. Mrs Henderson was clear that her experience of recovering compensation had been very traumatic. NR had briefed J Davies on cultural changes that had been affected, however there was further focus required. NR requested that the Board keep close to this;
- Board Members were anticipated to be called to the Inquiry. NR requested that all Directors make sure they remained close with the work of the Inquiry and requested re-reading of the CIJ and HIJ.



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

In respect of IDG materials, BT observed was that the approach sometimes felt perfunctory, and queried the outcome if the same approach was adopted in relation to cultural transformation. Looking at IDG, was there a hole in the middle of this, what connected all these points culturally? BT shared his view that the Board needed to be very clear on what needed to be achieved culturally, rather than the Inquiry dictating this.

EJ raised the issue of Postmaster remuneration and the minimum pay increase for employees of public sector bodies. NR took the point, however pointed to the strategic imperative of securing additional funding from the shareholder, and the optics of increasing Postmaster remuneration simultaneously.

In respect of cultural change, CS shared her view that the Board needed to be really clear on what was required, and certain that our culture was correct ahead of taking action such as recovering Postmaster debt. SI contributed that the Board needed to be working backwards from where the Board wished the Company to be culturally, particularly in respect of the Company's checks and balances, and that the Board needed to ensure that best practices continued beyond the conclusion of the Inquiry.

EJ noted the annual survey conducted on Postmaster satisfaction and queried whether this would be conducted this year. LH replied that it would, as this was part of the data required for the Remuneration Committee to determine scheme outturns.

SI referenced page 43 of the CEO report and queried DXC not meeting their SLAs. **ACTION**
NR advised that he would ask ZM. SI queried page 42 of the report and queried why consultation with the CWU was required. NR replied that we did not have much choice, as we were unionised.

ZM

ACTION LH noted point 50 and the papers collectively in the Board pack, and requested a simple slide be produced to reflect the position on change spend. AC advised that this was part of the pack in the Reading Room, however AC could move this to be an appendix to the main Finance report.

AC

BG queried whether a procurement process for the mails aggregator was required. NR replied that it was and that this needed to be undertaken carefully. EJ queried the likely time period. CS advised that this could take up to 6 months. EJ queried whether the fact that our key service provider – RMG – was not operating at strength was an exceptional circumstance which would allow us to move to appoint a third-party provider. **ACTION** NR
NR took the point and agreed to look into this.

5. Finance

5.1 Financial Performance Report

TABLED and **NOTED** were the following papers:

- (i) 'P9 – Performance Overview'; and
- (ii) 'Period 9 (December) 22/23 Financial Performance Review – Supporting Slide Deck'.

The position on Postmaster losses was discussed, including the use of the dispute button, and the difficulty in obtaining subsequent Postmaster engagement with the service centre. Whilst the team undertaking investigations were exploring options to deduct from



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

Postmaster's remuneration where the Postmaster had engaged and accepted the alleged loss, management were uncomfortable with this proposal at present. CS queried solutions in relation to the use of the dispute button. AC advised that it was proposed that the loss did not move from an accounting perspective until the Postmaster had spoken to the service centre. **ACTION** SI queried whether a statement of account could be sent to Postmasters where there was an alleged loss, at the same time as the Postmaster's remuneration statement. SI felt this could provide a more proactive response from Postmasters and allow Area Managers to intervene. EJ agreed with this proposal. **ACTION** SI also requested out of hours service centre capability be introduced. EJ shared his view as to why Postmasters were not engaging with the service centre; this was for reasons of concerns around Company culture, and this needed to change. CS cautioned that the Board would need to be alive to ensuring that this process was improved and queried whether the cultural dynamics of this circumstance had been sufficiently corrected, and whether the process needed to be remodelled and rebranded to be more empathetic to Postmasters. EJ raised the possibility of the NFSP playing a role here, as independent support for the Postmaster. EJ referenced the significant amount of cash Postmasters were handling and that this increased the risk of error. EJ also noted that whilst Postmaster losses remained significant, monies were returned subsequently from third parties, such as banks, and this needed to be considered.

M Roberts

M Roberts

5.2 FY 22/23 Outturn (Verbal)

AC spoke to this item, advising the anticipated position at FY22/23 end.

5.3 Three Year Strategic Plan Update (Verbal)

AC outlined the risk of significant cost increases in respect of NBIT, the Inquiry, and Belfast fortification. Technology costs were being driven up by rising inflation. AC's expectation was that the funding request to the shareholder would be for an amount materially in excess of ~~IRRELEVANT~~. A recommendation would be brought to the Board in this respect at the March Board Meeting.

5.4 Spending Permissions

TABLED and **NOTED** was a report, 'Spending Permissions – Key Projects'.

AC spoke to the paper, advising that the shareholder had always indicated they would continue to support the Company as necessary via the provision of funding and letters of support. Management had signalled to the shareholder that on the basis of current forecasts the Company could breach security headroom next year. The shareholder had indicated that they wished for the Company to maintain the delivery of NBIT, full participation in the Inquiry, and 11,500 branches. It was proposed that a letter be issued to the shareholder following the Meeting to advise of the continued delivery of these items and the corresponding spend. CS queried whether we needed to request a date for a response from the shareholder. BT advised that to pass the legal test in respect of wrongful trading he did not think that we needed to ask this question at this point in time. BT reiterated the legal test and the possible outcomes and risks associated with providing a date for a response at this time. AC suggested that the letter state that following the next Board Meeting further correspondence in respect of funding would be issued to the shareholder, and that this could provide a date. RA advised that she had no objections to the proposed letter. **ACTION** In respect of any potential waiver regarding security

AC/ RA



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

headroom, RA requested that the mechanics of this be reviewed, so everyone was clear on sequencing.

The Board **RESOLVED**:

- (i) Recruitment and spend be continued in respect of vital projects be and is hereby **APPROVED**; and
- (ii) Management be authorised to issue correspondence to the shareholder to advise the shareholder to this effect.

6. Historical Matters

6.1 Inquiry Update

BF, GL, DW and KGKC joined the meeting at 11:56. RA left the Meeting at this time.

TABLED and **NOTED** were the following papers:

- (i) 'Post Office Horizon IT Inquiry: Update';
- (ii) 'Appendices to the Post Office Horizon IT Inquiry: Update'; and
- (iii) 'Briefing Note on the Inquiry's confidentiality undertakings'.

BF introduced the papers, as well as KGKC, DW and GL.

KGKC proceeded to provide an update to the Board. Key points were as follows:

- KGKC advised that she had been first instructed in respect of the Inquiry in October 2021. KGKC had been advised that there would be 3 months of hearings, and that these would be completed by June 2022. Subsequent to this, there had been a number of re-iterations of the Inquiry timetable. There was a current pause in Phase 3, which was not anticipated to complete until the end of May. Phase 4 was not expected to finish until the end of July, which made Phase 6 look probable for next year, with Phase 7 being completed by the summer of 2024;
- The considerable delays to the timetable were due to a number of factors including late disclosure requests and poor scheduling of witness time. The Inquiry was scrutinising evidence much more thoroughly than anticipated, including in relation to evidence provided by witnesses. This made it more difficult for counsel involved, as well as witnesses and the solicitors preparing;
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

- [REDACTED]
- [REDACTED]
- [REDACTED]

SR joined the Meeting at 12:44.

- NR's meeting with [REDACTED] and her experience of obtaining OHC compensation was discussed, including [REDACTED]'s very negative experience of the Company's external counsel. BT advised that the Company were moving to a remediation approach and working through a process to determine what our principals were. The problem would still remain however that the shareholder would request evidence in respect of each claim. SR agreed with this and referenced the public monies point. **ACTION** AC shared his view that we needed to formally request the shareholder to change their approach now. SR agreed with this, and thought that this request could be made in tandem with moving to the remediation approach;
- The Chair advised that he had had a session on the Inquiry with the shareholder who had suggested that the Company focus on the later Phases. The Chair did not think that this was the correct approach and asked KGKC for her view. KGKC advised that [REDACTED]

BF/ SR



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

KGKC advised that she would be pleased to update the Board at any time. The Chair thanked KGKC and KGKC left the meeting at 12:59.

6.2 Inquiry Budget

TABLED and **NOTED** was a report, 'Inquiry Cost Options'.

The Board noted that the recommendation was for an alternative firm to be instructed for Phase 5 onwards but with HSF to be retained for targeted strategic advice to mitigate the risk of discontinuity arising from changing law firm mid-way through the Inquiry.

BF spoke to the paper advising that whilst it was subject to further refinement it clearly conveyed the significant increase in cost, the reasons for which had been set out by KGKC in the immediately prior session and in previous papers provided to the Board.

BF referenced the need to make arrangements for alternative legal representation in relation to Phase 5 of the Inquiry because of HSF's risk of a future conflict in relation to Phase 5 of the Inquiry and advised that, given the possibility of this, Board approval was sought to authorise management to commence a tender process for an alternate firm. The Board noted this, as well as the potential cost savings associated with appointing an alternative firm for Phase 5 onwards and the chance to reset the legal partnership, as set out in the Paper.

BF advised that Board approval was also sought to delegate authority to the CFO to approve (1) Inquiry costs for the period up until the next Board Meeting and; (2) FTE costs for the life of the Inquiry Programme.

LH queried when the revised budget would be returned to the Board. BF advised that this would tie in with the 3-year plan and be returned to Board on 9 March.

The Board **RESOLVED**:

1. Management authorisation to commence a tender process for an alternate external law firm to HSF for Phases 5, 6 and 7 of the Inquiry be and is hereby **APPROVED**;
2. HSF be retained for targeted strategic issues arising in relation to Phases 5, 6 and 7 of the Inquiry; and
3. Authority be **DELEGATED** to the Company's CFO to approve Inquiry spend for the period up to the next Board Meeting and for FTE costs for the life of the Programme be and is hereby **APPROVED**.

DW and GL left the Meeting at 13:03.

6.3 HMU Budget

RA re-joined the Meeting at 13:04.

TABLED and **NOTED** was a report, 'Historical Matters - HMU Funding Request'.

SR spoke to the paper, providing the Board with an update on the current financial position of HMU, the continued cost challenges being conducted, and the potential opportunities to achieve cost efficiencies. Funding was requested for HMU activities for



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

the next 2 months, and the team would return to the next Board Meeting to request funding for activities for the FY23/24.

The Board **RESOLVED**:

- (i) the drawdown of funding for HSS Pre Offer delivery costs **£4.028m** including IVAT and Late Application costs be and is hereby **APPROVED**;
- (ii) the drawdown of funding for HSS Post Offer delivery costs **£791k** including IVAT and Late Application costs be and is hereby **APPROVED**; and
- (iii) the drawdown of funding for CCRC/DGA delivery costs **£1.7m** including IVAT be and is hereby **APPROVED**.

6.4 HMU Update

TABLED and **NOTED** were the following papers:

- (i) 'Historical Matters Programme Update'; and
- (ii) 'HMBU Finance Update'.

Key discussion points were as follows:

- In relation to overturned historical convictions, SR spoke to the potential future appellant triage review that was being conducted, which was due to conclude next month. So far, it appeared that 12% of cases were cases that the Company may be able to concede. Once the review exercise was complete, a decision would need to be taken as to how the results of the review exercise were utilised, for example, writing to the individuals and advising them. Despite a number of previous approaches, any such approach might not result in a significant number of new cases. BT suggested that management refer the review results to the CCRC and request the CCRC undertake any subsequent approaches. LH agreed with this;
- SR was of the view that we needed to start a conversation with the shareholder as to why the number of appellants was low and map out all the reviews and approaches that had taken place to encourage potential appellants to come forward. In respect of the path to obtaining compensation, remediation was more of an engaged process, so for those who would engage with us, it would be a better experience;
- SR advised, in respect of overturned historical convictions, that 2 of the Public Interest Only cases had been settled the previous day. SR was delighted with the outcome for Postmasters. There was one case in this category which remained outstanding. BT advised that there could be another case in the pipeline. Whilst there may be very little appetite to prosecute in the Crown Court, the Company had a duty to ensure that people who were guilty remained guilty. AC cautioned that if a decision was taken at HRC to prosecute, then this would need to be returned to the Board for consideration;
- In respect of Postmaster detriment suspension payments, correspondence had been issued last week to Postmasters.

6.5 GLO Disclosure

TABLED and **NOTED** was a report, 'GLO Disclosure'.

SR spoke to the paper. NR emphasised the management time and management bandwidth that would be required to facilitate this request. SR advised that the Board and management would need to stay close to this exercise to ensure consistency with our outcomes.



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

The Board **RESOLVED** that the provision of document disclosure and shortfall analysis in favour of the shareholder, required for individual cases within the GLO Ex-Gratia Payment Scheme, be and is hereby **APPROVED**, on the basis that such activity be fully funded by the shareholder.

SR and BF left the Meeting at 13:29. A short recess was taken.

7. Approval Requests

7.1 Belfast Data Centre Fortification

The Chairman reconvened the Meeting at 13:45 at which time ZM and JS joined.

TABLED and **NOTED** was a report, 'Belfast Data Centre Fortification'.

JS spoke to the paper. Key discussion points were as follows:

- In respect of the [RELEVANT] requested to compile contingent options if a Data Centre support contract extension with Fujitsu could not be obtained, LH queried who would be undertaking this work and what this work would provide us with; the cost seemed significant. JS replied, advising timeframes, that the work would need to be sourced externally via a non-compliant award, and how the requested [RELEVANT] had been calculated. LH advised that she was uncomfortable with the proposed level of spend and was concerned whether the exercise would deliver what we needed. JS replied that the outcome of the review would be a plan we management could then execute;
- CS advised that it would be useful to understand who the alternative service providers were and what their conditions would be. JS detailed alternative service providers that he had spoken to informally. CS queried why we didn't simply ask these firms to provide us with a proposal. JS advised that part of the work proposed would be providing an analysis on the market options. LH emphasised the importance of knowing that the alternative service provider could execute.

The Board **RESOLVED**:

- (i) Funding in the amount of [RELEVANT] capex for the Data Centre Fortification Project to deliver the scope presented at the Board Meeting of 27 September 2022 be and is hereby **APPROVED**;
- (ii) Funding in the amount of [RELEVANT] to compile contingent options should a Data Centre support contract extension with Fujitsu not be forthcoming be and is hereby **APPROVED**; and
- (iii) to delegate authority to GE (who in turn delegate authority to IADG), to approve drawdowns in relation to (i) and (ii) above.

7.2 Application Modernisation

TABLED and **NOTED** was a report, 'Application Modernisation'.

JS spoke to the paper. Key discussion points were as follows:

- EJ queried whether there was any risk on the cost. JS replied that there was, however the requested spend could accommodate 3 or 4 months of delay expense;



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

POL00448800
POL00448800

- LH questioned the level of governance around technical decisions. JS advised that there was a single SteerCo in place, which included decisions within delegated authority in relation to NBIT. LH advised that she was more concerned about the degree of oversight. ZM replied that both he and JS sat on the SteerCo and that there was robust oversight.

The Board **RESOLVED**:

- (i) Funding in the amount of [REDACTED] capex and [REDACTED] exceptional) with immediate drawdown for the Application Modernisation programme for February, March and April 2023 be and is hereby **APPROVED**;
- (ii) Funding in the amount of [REDACTED] for the Application Modernisation programme for the period May 2023 until September 2024 be and is hereby **APPROVED**;
- (iii) To delegate authority to GE (who in turn delegate authority to IADG), to approve drawdowns in relation to (ii) above.

7.3 Copper Stop Sell

TABLED and **NOTED** were the following papers:

- (i) 'Copper Stop Sell'; and
- (ii) 'Copper Stop Sell – Reading Room Appendices'.

ZM spoke to the paper, outlining the advantages and risks associated with each of the options as set out in the paper. Key discussion points were as follows:

- LH queried whether the proposed spend could be accommodated within the current change spend budget. AC replied that there would be overspend on change spend as against the current 3YP;
- BT advised that he was concerned about the expense of the proposal. LH replied that the proposed Opex component was due more to Verizon, who proposed a 2 visit instal. LH thought that only 1 visit was required, and that better pricing could be then achieved for this element;
- EJ queried whether Post Offices telephone numbers would be ported. ZM replied that they would be, and confirmed that new handsets would be provided;
- **ACTION** LH advised that a plan to retrieve this equipment if branches closed would need to be in place;
- EJ questioned whether an app could be created for contacting Postmasters to reduce the number of handsets. ZM advised that the feedback he had received was that Postmasters did not wish to be contacted on their mobiles.

M Roberts

The Board **RESOLVED**, subject to the Company being able to negotiate acceptable Opex charges for a 3-year extension of the current connectivity contract with Verizon, funding in the amount of [REDACTED] to transition the entire Company's estate to new fibre connection be and is hereby **APPROVED**.

7.4 SPMP Funding Request

TABLED and **NOTED** were the following papers:

- (i) 'SPMP February - May 2023 Funding drawdown';
- (ii) 'SPMP Appendix A - IADG Deliverables Progress Oct-Jan';
- (iii) 'SPMP Appendix B - Deliverables for February-May 2023';
- (iv) 'SPMP Appendix C - Financial Breakdowns'; and



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

(v) 'SteerCo Submission - SPM Drawdown Submission Feb-May'.

LH queried the timing for release 2, understanding that this had been January, however, was now March. NR advised that this had always been scheduled for March. EJ queried whether there were any versions planned for release between 2 and 3. ZM replied that there were not. BT asked about the switch from Android to Windows. ZM advised that whilst the decision had come with a cost, the switch meant NBIT was working a lot better.

The Board **RESOLVED** funding in the amount of **IRRELEVANT** capex and **IRRELEVANT** exceptional) with immediate drawdown for the SPM programme from February to May 2023 be and is hereby **APPROVED**.

ZM and JS left the Meeting at 14:29.

7.5 Procurement

LC joined the Meeting at 14:30.

TABLED and **NOTED** were the following papers:

- (i) 'Procurement Report';
- (ii) 'Procurement Report Appendix 1 - Commercial - Pay-out Services Secure Printing';
- (iii) 'Procurement Report Appendix 2 - Marketing - Creative Agency Services';
- (iv) 'Procurement Report Appendix 3 - Supply Chain - Cash Distribution Services';
- (v) 'Cash Distribution Services - Legal Risk Note'; and
- (vi) 'Cash Distribution Services – Procurement Risk Exception Note (PREN)'.

Supply Chain – Cash Distribution Services

LC spoke to the paper. NR detailed the recent Industrial Action, which comprised action short of a strike. This resulted in supply chain utilising G4S far more than was originally planned and was unforeseen. LC advised that there was only one other service provider aside from G4S and this supplier had stated that they would be unable to assist at this time. BT queried whether the legislation provided any flexibility in these circumstances. NR advised that it did not. The Board considered this factual matrix in making its decision.

The Board **RESOLVED**:

- (i) the non-compliant direct award to G4S for cash distribution services with a contract value of **IRRELEVANT** for the period 1 January 2022 until 31 March 2023 be and is hereby **APPROVED**;
- (ii) the delegation of authority to the Group Chief Retail Officer to finalise the terms of the contract be and is hereby **APPROVED**; and
- (iii) any two Directors, or a Director and the Company Secretary, be authorised to sign the resulting contract and any ancillary documents.

Commercial – Pay-out Services Secure Printing

LC spoke to the paper.

The Board **RESOLVED**:



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

- (i) an increase in spend under the contract with HH Global from [REDACTED] be and is hereby **APPROVED**; and
- (ii) any two Directors, or a Director and the Company Secretary, be authorised to sign the consequential amending contract and any ancillary documents.

Marketing – Creative Services Agency

LC spoke to the paper. EJ shared his view that the proposed contract spend was high. CS queried how we measured the return on these spends and whether there was a real benefit. AC replied that the work was effective, with many of the campaigns being conducted on social media. **ACTION** NR undertook to arrange for creative planning to be presented to the Board mid-year. NR clarified that whilst the maximum contract spend was [REDACTED] over the contract period, the committed spend was in the vicinity of [REDACTED] per annum.

The Board **RESOLVED** that a change in sourcing strategy for the above service, be and is hereby **APPROVED** on the following basis:

- (i) [REDACTED] **IRRELEVANT**
extensions);
- (ii) additional optional scope of retail design, group communications, and social media design and production; and
- (iii) an increase from total contract value of **IRRELEVANT**

LC left the Meeting at 14:35.

8. Approval Requests with no presentation

8.1 Payzone Integration

TABLED and **NOTED** were the following papers:

- (i) 'Payzone Integration Exploration'; and
- (ii) 'Payzone Integration Exploration – Legal Risk Note'.

OW and CP joined the Meeting at 14:37, and SC and Csp at 14:42.

Key discussion points were as follows:

- OW spoke to the paper, outlining the acquisition of Payzone and the current status of the entity. CP detailed the interface with NBIT, the need for the second device, and the resulting public procurement issues;
- LH queried the costs of maintaining benefits currently in place for Payzone employees. CP advised that these costs were included in the paper, and that benefits were being moderated at present;
- LH asked what the proposal was in relation to branding. CP replied that it was intended to maintain the existing branding for both Payzone and the Company;
- OW noted that given the issues at present that the business was facing, that if a decision was taken to integrate, the team would return with a plan on the timing for implementation;
- SI queried whether any savings were likely in terms of staff costs, and whether the integration would enable the acceleration of the network strategy. OW advised that he thought there could be an opportunity to reduce staff costs, however



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

analysis would need to be undertaken. In respect of the network strategy, CP replied that integration would assist to deliver the 2,000 Drop & Collects by 2025.

The Board **RESOLVED**:

- (i) the integration of Payzone Bill Payments Limited into Post Office Limited be and is hereby **APPROVED**; and
- (ii) management be authorised to make an application for shareholder approval for (i) above.

8.2 Payzone Letter of Support

TABLED and **NOTED** was a report, 'Payzone Letter of Support'.

BT commented that the proposed wording of the Letter of Support was quite wide. AC replied that PwC had been very firm on this. BT advised that he was concerned with the commitment in the proposed letter when the status of the entity was still under review. OW shared his view that Project Apollo had been a thorough investigation thus far into the contents of the entity.

The Board **RESOLVED**:

- (i) the provision of a Letter of Support in the form tabled from Post Office Limited to Payzone Bill Payments Limited be and is hereby **APPROVED**; and
- (ii) the delegation of authority to the Company's Chief Financial Officer to sign and issue the Letter of Support to Payzone Bill Payments Limited, with any such minor amendments as the Company's Chief Financial Officer in his absolute discretion thinks fit be and is hereby **APPROVED**.

OW, CP, Csp and SC left the Meeting at 14:52.

8.3 Projects Darwin and Bluebell

TABLED and **NOTED** were the following papers:

- (i) 'Project Bluebell - Supply Chain Change Programme';
- (ii) 'Project Darwin'; and
- (iii) 'Project Darwin - Legal Risk Note'.

AC spoke to the Project Darwin paper. EJ queried the proposed rent for the leaseback. LH replied, advising that the location was popular, particularly given access to the airport.

The Board **RESOLVED**:

- (i) entry into an agreement for the sale of Unit 4 Wheatstone Road, Swindon, SN3 5HG to Hadleigh Real Property Limited for an initial offer price in the vicinity of [RELEVANT] (subject to change during legal negotiations) and a leaseback term of 18 months with a rental spend of £1,616,149.50 over that term (the "Agreement For Sale") be and is hereby **IRRELEVANT**
- (ii) the delegation of authority to the Group Chief Retail Officer to finalise the terms of the Agreement for Sale and leaseback, in accordance with the heads of terms and risk analysis set out in the paper be and is hereby **APPROVED**;
- (iii) management be authorised to seek shareholder approval to:
 - a) enter into an agreement for the 18-month leaseback of Unit 4 Wheatstone Road, Swindon, SN3 5HG from



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

Hadleigh Real Property Limited following the sale of the property to them ('Lease'); and

- b) enter into a multi-year deal with a 3PL for outsourcing on the basis that the deal may exceed [RELEVANT]; and
- (iv) authorisation be provided to any 2 Directors, or any Director and the Company Secretary to execute the Agreement for Sale and Lease and any ancillary documents.

AC spoke to the Project Bluebell paper. EJ raised the issue of employee awareness of the proposal. NR replied that management would need to communicate the decision to colleagues.

The Board **RESOLVED**:

- (i) the sale and lease back of the London cash centre on a [RELEVANT] break, at a sale price of circa [RELEVANT] in line with the paper, and with authority otherwise delegated to GE to agree the final sale and lease back terms be and is hereby **APPROVED**; and
- (ii) the sale of Manchester Depot to co-locate with G4S at their site in Manchester on the basis of a minimum sale price of [RELEVANT] and in line with the paper, and with authority otherwise delegated to GE to agree the final sale terms and approve the lease terms with G4S, be and is hereby **APPROVED**.

8.4 Money Market Funds

TABLED and **NOTED** were the following papers:

- (i) 'Money Market Funds'; and
- (ii) 'Money Market Funds – Legal Risk Note'.

AC spoke to the paper.

The Board **RESOLVED**:

- (i) the opening of a Money Market Fund ("MMF") with HSBC and depositing of surplus funds from the Energy Bills Support Scheme ("EBSS") and the equivalent Northern Ireland Energy Scheme ("NIES") be and is hereby **APPROVED**;
- (ii) to delegate authority for 12 months from the date of the Meeting to the Company's Chief Financial Officer for opening additional MMFs provided they are in accordance with the Group Treasury policy;
- (iii) management be authorised to seek approval from the shareholder to open the MMFs; and
- (iv) that the surplus funds, referred to above, be deposited without notice to the relevant energy companies who are facilitating delivery of the EBSS and NIES.

9. Horizon Issues Judgment Phase 3

ZM joined the meeting at 14:58.

TABLED and **NOTED** were the following papers:

- (i) 'Horizon Issues Judgment (HIJ) Remediation update'; and
- (ii) 'Horizon Issues Judgment (HIJ) Remediation update – Appendices C & D for the Reading Room'.



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

The Chair advised that the Board were seeking assurance from management as to the progress of HIJ remediation. ZM introduced the paper and spoke to the remediation approach that had been adopted in relation to the 15 findings. The 15 findings could be grouped into 5 themes, and good progress had been made against 4 out of the 5 themes. However, 3 of the 15 findings related to data management. Given the Company's financial constraints, this theme remained to be progressed, although management were attempting to rapidly build a set of activities to enable at least an amber rating. As to the second question, whether Horizon was fit for purpose, there were many difficulties with this, including that there was no industry benchmark to measure this against. LH shared her view that it was not possible to fully assure an IT system.

BT queried how management would ensure focus on the HIJ remediation items that required prioritisation. NR replied that this scope would need to be defined in IDG and brought back to the Board for consideration. Additionally a better cadence of reporting to the Board in respect of the work of IDG needed to be achieved. RA requested that the shareholder be kept updated on progress in respect of the work of IDG. NR agreed and noted that it would be particularly important to communicate to the shareholder the decisions around what we had and had not completed due to our financial position.

ZM left the Meeting at 15:12.

10. Noting Papers with no Presentation

10.1 Health & Safety Report

TABLED and **NOTED** was a paper, 'Health & Safety Monthly Report'. AC noted that whilst there was not a higher incidence of robberies, the losses from the robberies perpetrated were higher, and these were being investigated by law enforcement agencies. EJ shared his view that incidents of aggression and assault against Postmasters and their staff were rising. This was not being measured as the vast majority of cases were not being reported. AC agreed and advised that management did not have a lot of data; practically Postmasters would call the Police directly for assistance, and the feedback had been that Postmasters did not wish to provide this data. SI shared his view that fuller data on this issue was required and queried whether reporting functionality could be introduced on Branch Hub. **ACTION** EJ requested that virtual training on dealing with situations of aggression and assault be provided to Postmasters and their staff, along with options to acquire body cameras, as a Postmaster cost. **ACTION** AC advised he would raise the feasibility of reporting via Branch Hub.

AC/ M
Hopcroft
AC

10.2 Common Issues Judgment (CIJ) Dashboard

TABLED and **NOTED** were the following papers:

- (i) 'CIJ Dashboard P9 Cover Paper'; and
- (ii) 'CIJ Dashboard P9'.

11. Noting and Governance Items

11.1 Board Evaluation

TABLED and **NOTED** was a paper, 'Board Evaluation 2021/22 – Progress against recommendations'. RS spoke briefly to the paper, advising that whilst progress had been



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

made as against some of the recommendations, that the issue of the role of the shareholder representative had not been resolved.

11.2 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items numbered 2163 – 2169 inclusive in the Seals Register.

11.3 Future Meeting Dates

The future meeting dates were **NOTED**.

11.4 Forward Agenda

The Forward Agenda was **NOTED**.

12. Any Other Business

This being CS's last Board Meeting ahead of stepping down, the Chair thanked CS for her service to the Board.

13. Date of next scheduled meeting

9 March 2023 9:30 – 12:30.

There being no further business the Chairman declared the meeting closed at 15:22.

GRO

Chairman

04/04/2023 20:56

Voting Results for Board Minutes from 24.01.2023 (approved on 28.03.2023)

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

Vote Response	Count (%)
For	1 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

Voter Status

Name	Vote	Voted On
Staunton, Henry	For	04/04/2023 20:56