

From: Cooper, Tom - UKGI
Sent: Mon, 13 May 2019 12:33:22 +0000
To: Creswell, Carl (Better Regulation Executive)
Cc: Aldred, Tom - UKGI; Beal, Eleanor (Advanced Manufacturing and Services); Watson, Craig (Advanced Manufacturing and Services); Vandini, Cecilia (Advanced Manufacturing and Services)
Subject: Re: OFF-SEN: Minister's questions for Perm Sec on POL
Attachments: image001.png, image002.jpg

Yes. I understand. I keep asking what she thinks she is missing - that would be helpful but I'm sure you know that already! It's quite difficult without a steer because it drives you towards saying "tell us everything just in case we want to know". And that isn't a good way to go.

Tom

Sent from my iPhone

On 13 May 2019, at 14:19, Creswell, Carl (Better Regulation Executive) GRO wrote:

Many thanks, Tom!

On the protocol, the question I'm pondering is whether there's a more proactive way of saying it in the Framework Agreement (i.e. what POL will tell us about, as well as what we can ask for). But also whether it's legitimate for us to be able to point to your work on it as a way of showing Kelly that we're responding to her concerns. It might sound a bit 'Yes Minister'y, but I'd quite like the answer not to be 'don't worry, we've got it covered' when she's clearly feeling a bit frustrated!

Carl.

<image001.png><image002.jpg> Carl Creswell
Director, Professional Business Services, Retail and Post
Tel: GRO
GRO
Orchard 2, 1 Victoria Street, London SW1H 0ET
www.gov.uk/beis | <https://twitter.com/beisgovuk>

From: Cooper, Tom - UKGI GRO
Sent: 13 May 2019 09:30
To: Creswell, Carl (Better Regulation Executive) GRO
Cc: Aldred, Tom - UKGI GRO; Beal, Eleanor (Advanced Manufacturing and Services) GRO; Watson, Craig (Advanced Manufacturing and Services) GRO; Vandini, Cecilia (Advanced Manufacturing and Services) GRO

Cecilia (Advanced Manufacturing and Services) [REDACTED] GRO
Subject: Re: OFF-SEN: Minister's questions for Perm Sec on POL

Ok. I'm speaking to the Chairman tomorrow and will ask if he could invite Kelly to attend part of a Board meeting or a Board dinner.

I think information sharing is already covered by the Framework Agreement. We have the right to any info we want basically. Stephen can confirm.

Tom

Sent from my iPhone

On 13 May 2019, at 09:39, Creswell, Carl (Better Regulation Executive)

[REDACTED] GRO [REDACTED] wrote:

All:

Thanks very much for pursuing this. My overall reaction is that we should try to take as much heat out of these issues ahead of the meeting with the Chair and interim CEO on Wednesday if we can.

So, on the information about the Board, I think we should try to get it up to Kelly before the meeting. I think it will relieve some of the pressure on us if we can show that we're responding to her question quickly. And ideally, we'll have been able to resolve the issue before her meeting with Alex so that he can just point back to the fact that it's been dealt with.

If we could engineer an invite from POL (at the meeting perhaps) for Kelly to speak to a future meeting of the Board on a one-off basis, that would be even better.

On the information-sharing protocol, my view is that the best position for us to reach is to be able to tell Kelly 'yes, we hear you – and as a result we're going to include a section on information-sharing in the Framework document that we're revising'. I get the impression that she wants access to information on a wide range of issues, not just the litigation, perhaps driven by feeling that she's having to justify decisions to MPs in situations where the others have more info than her. I suspect she may use the latest decision on the recusal as another example because it looks like she might have picked it up from outside sources rather than from POL/us?

In practice, I know POL seem happy to answer any questions we have and we certainly all try to give her advance warning where we can, but I think refusing to do anything practical on Kelly's ask will just cause us ongoing difficulties... Would the Framework document approach be feasible?

Thanks,
Carl.

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Carl Creswell
Director, Professional Business Services, Retail and Post
Tel: GRO
 GRO
Orchard 2, 1 Victoria Street, London SW1H 0ET
www.gov.uk/beis | <https://twitter.com/beisgovuk>

From: Cooper, Tom - UKGI < GRO>
Sent: 12 May 2019 07:02
To: Aldred, Tom - UKGI < GRO>; Beal, Eleanor
(Advanced Manufacturing and Services) < GRO>
Creswell, Carl (Better Regulation Executive)
< GRO>
Cc: Watson, Craig (Advanced Manufacturing and Services)
< GRO>; Vandini, Cecilia (Advanced
Manufacturing and Services) < GRO>
Subject: RE: OFF-SEN: Minister's questions for Perm Sec on POL

Tom

When do you need the note by?

Is this just a briefing for Alex?

On the information protocol question do we have any better
understanding about what the Minister feels she is missing?

Tom

From: Aldred, Tom - UKGI
Sent: 10 May 2019 15:04
To: Beal, Eleanor (Advanced Manufacturing and Services)
< GRO>; Creswell, Carl (Better Regulation
Executive) < GRO>; Cooper, Tom - UKGI
< GRO>
Cc: Watson, Craig (Advanced Manufacturing and Services)
< GRO>; Vandini, Cecilia (Advanced
Manufacturing and Services) < GRO>
Subject: OFF-SEN: Minister's questions for Perm Sec on POL

Tom, Carl
Copying Richard and Lucie for a legal perspective

Eleanor and I discussed how we brief the Perm Sec to respond to Kelly's questions (below). It looks likely that the meeting will take place in w/c 3 June, so we agreed it makes sense to wrap up the briefing with the Perm Sec's Quarterly Update, which is due around the same time. UKGI will take a lead in drafting this, and I'll share an outline next week.

I've drafted some short answers to Kelly's questions below and I'd welcome views and comments (am copying **Richard** and **Lucie** from UKGI legal). I agree with Eleanor's suggestion that Tom C could also provide a short note alongside, which gives his current assessment on the effectiveness of the Board. This can also draw on evidence from the recent Board Effectiveness Review (which was overall positive).

It would be helpful if Alex could also probe the minister on the root of her concerns about the Board's performance and its provision of information.

Perm Sec has asked for material to help him respond to the following questions from the minister:

- How the board is appointed.

The chair is a ministerial appointment, meaning that the minister selects from three 'appointable' candidates. Appointment of the other board members require ministerial consent. For all, the job description and pay requires ministerial approval and the shareholder NED would normally sit on the selection panel. Non Executive Directors are typically appointed for 3 years, with the possibility of a second 3 year term. The Chair is on his second and final term, and was exceptionally appointed for 4 years to give him time to carry out his strategy. The CEO and CFO also sit on the Board and are typically permanent appointments. However, they are currently both interims.
[Insert table of Board members, with appointment dates]

- How we can make changes to the board.

POL's Articles of Association entitle the shareholder to appoint or remove any Director at any time. A high bar should be passed to consider using these provisions and if we have serious concerns (we don't) about the Board, we should raise these with the Chair first.

- Further clarity on why she cannot attend the board meetings.

[Tom A to check within UKGI for precedents and to check legal situation]. Boards often have external speakers come to address them, and she could do this. It is also possible for her to attend the Board as an observer. However, the minister should be aware that there are risks to doing so. First, it could actually and be perceived to undercut the operational freedom of the Board. Second, it is likely to affect the dynamics of the Board's discussion and could suppress the kind of robust challenge and discussion that Boards are there to provide. Third, it would undermine the role of the shareholder NED who is acting as the shareholder's representative.

- Establishment of a protocol of information sharing with POL and a discussion of what this would look like.

We have wide-ranging powers to obtain the information we need and the issues we have had in the past have been due to the quality of the relationships (which are currently much improved). POL's Articles of Association entitle the shareholder to ask for any information it likes, which POL must comply with provided they are reasonable. POL are also required to provide information on financial, investment and network performance on a more frequent basis. A specific protocol has been agreed in relation to the litigation, because POL requested greater safeguards to protect legally privileged information. In addition, as a member of the Board, Tom C sees all Board papers.

We will be reiterating these provisions in the Framework Document that we are currently agreeing with POL.

- Discussion on the potential liabilities to the government once the litigation has concluded.

There is no clarity at all on the potential liability from the litigation. Previous discussions with POL indicate that an amount under £50m could be provided for from within POL's own reserves.

Eleanor, please add anything that I missed from our discussion.

Tom

Tom Aldred, Post Office Shareholder Team, UKGI
T: [REDACTED] GRO [REDACTED] I M: [REDACTED] GRO [REDACTED]

From: Beal, Eleanor (Advanced Manufacturing and Services)
[REDACTED]
GRO

Sent: 09 May 2019 10:50

To: Creswell, Carl (Better Regulation Executive)

GRO

[REDACTED]; Cooper, Tom - UKGI
Aldred, Tom - UKGI

Cc: Watson, Craig (Advanced Manufacturing and Services)
[REDACTED]
GRO [REDACTED]

Vandini, Cecilia (Advanced

Manufacturing and Services)

[REDACTED]
GRO

Subject: RE: OFF SEN: heads-up on conversation with Kelly on POL

Hi all,

Further to Carl's note, Perm Sec's office have asked that we provide info to Alex in advance of his meeting with Kelly – **Tom A**, let's discuss tomorrow how to approach collating and sharing this? Predominantly in areas that UKGI lead, but obviously all quite sensitive.

Background for Alex to meet Kelly on POL:

- How the board is appointed.
- How we can make changes to the board.
- Further clarity on why she cannot attend the board meetings.

- Establishment of a protocol of information sharing with POL and a discussion of what this would look like.
- Discussion on the potential liabilities to the government once the litigation has concluded.

Best,
Eleanor

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Eleanor Beal
Head of Post Office Policy and Sectors Briefing Hub
Tel: [REDACTED] GRO
[REDACTED]
1 Victoria Street, London SW1H 0ET
www.gov.uk/beis | <https://twitter.com/beisgovuk>

From: Creswell, Carl (Better Regulation Executive)
[REDACTED] GRO
Sent: 09 May 2019 09:56
To: Cooper, Tom - UKGI [REDACTED] GRO [REDACTED] Aldred, Tom - UKGI [REDACTED] GRO
Cc: Watson, Craig (Advanced Manufacturing and Services)
[REDACTED] GRO [REDACTED] Beal, Eleanor (Advanced Manufacturing and Services) [REDACTED] GRO [REDACTED] Vandini, Cecilia (Advanced Manufacturing and Services)
[REDACTED] GRO
Subject: OFF SEN: heads-up on conversation with Kelly on POL
Importance: High

Hi Tom and Tom,

I sat in on Kelly's meeting with John Redwood MP this week (to discuss the Wokingham franchise).

At the end of the meeting, she gave me an Eleanor her latest views on the Post Office, based on previous discussions. They won't be news to you, I suspect, but I wanted to share them with you directly – **but please respect the sensitivity and obviously don't share with POL!** We will need to work out what we can do to respond to them:

- **POL Board:** Kelly said that she was concerned that the Board doesn't seem to be working in a joined-up way (particularly after hearing that the change the legal approach was the result of "a coup"). She asked for background info on how the Board is

chosen, why she can't be on the board, lengths of terms, more info on members, etc.

- **Information-sharing protocol:** Kelly reiterated her belief that we should put in place a clear information-sharing protocol between BEIS and POL. I know we've been trying to head this off with the Forward Look and regular Al/Tim meetings, but she still seems to want something formal. Her main driver still seems to be that POL aren't being proactive in sharing info with us (rather than criticism that we aren't passing on the information we have).
- **Franchising:** Kelly said that she wants to see more detailed assessments of costs for franchising cases (e.g. exiting existing building leases early or taking advantage of them coming to an end).
- **Litigation:** she would like visibility on the potential liability for Government from the litigation if POL is unsuccessful.

We explained what we are doing to respond to issues that she's raised before (and the positive discussion I had with Al for my intro chat last week), but I think we need to try to make quick progress on these points because I don't think they're going to go away.

Kelly told us that she had already asked for a meeting with the Perm Sec to discuss her ongoing concerns. I gave Alex's office a heads-up and it looks likely that a meeting will take place in w/c 28 May.

I think we should try to give Kelly answers on these points ahead of the Select Committee and the subsequent meeting with Alex (so that he can point to progress made).

Eleanor will follow up with Tom A, but happy to have a chat too if helpful.

Thanks,
Carl.

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Carl Creswell
Director, Professional Business Services, Retail and Post
Tel: GRO
 GRO
Orchard 2, 1 Victoria Street, London SW1H 0ET
www.gov.uk/beis | <https://twitter.com/beisgovuk>

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