
From: Tolhurst, Mpst (BEIS)
Sent: 24 May 2019 18:37
To: Beal, Eleanor (Advanced Manufacturing and Services)
Cc: Creswell, Carl (Better Regulation Executive); Watson, Craig (Advanced Manufacturing and Services); Vandini, Cecilia (Advanced Manufacturing and Services); Cooper, Tom - UKGI; Aldred, Tom - UKGI; Clark Spad, Mpst (BEIS); Permanent Secretary; Tolhurst, Mpst (BEIS); Wilson, William (BEIS); Clark, Mpst (BEIS)
Subject: RE: FAO Kelly: information on POL Board and governance

Follow Up Flag: Follow up
Flag Status: Completed

Hi Eleanor,

Thank you for sending this note, of which I have had a discussion with Kelly about and summarised the actions below. I also followed up with Carl who I know is seeing Tom C on Tuesday, where they can discuss next steps.

1. She would like to launch the recruitment campaign for the NED whose term expires in September early, in order to get a good candidate for the role. I would be grateful if this could be explored in order to have no gap between an outgoing and incoming board member.
2. She would like to explore putting another member of UKGI on the board, specifically one with legal background to have an overlooking role of the litigation cases.
3. She would like to write to the Chair and Interim CEO, following their meeting last week to ask that they provide the information promised on the impact assessment, risk management work and costs of the litigation. The letter should be strong and have a deadline for them to respond. She has asked for a draft by **4pm Tuesday 28th May**. Once we have received their reply, she would like to meet with them again to discuss.
4. She would like to seek the opinion of BEIS' NED who chairs the Audit and Risk Committee to gain his views on how he would handle the case. I would be grateful if our lawyers could approach him on Kelly's behalf.

Please let me know if the above is clear, I am happy to chat anytime next week.

I hope you all have a lovely bank holiday weekend!

Many thanks,
Jess



**Department for
Business, Energy
& Industrial Strategy**

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From: Beal, Eleanor (Advanced Manufacturing and Services) <GRO>
Sent: 14 May 2019 11:56
To: Tolhurst, Mpst (BEIS) <GRO>
Cc: Creswell, Carl (Better Regulation Executive) <GRO>; Watson, Craig (Advanced Manufacturing and Services) <GRO>; Vandini, Cecilia (Advanced Manufacturing and Services) <GRO>; Cooper, Tom - UKGI <GRO>; Aldred, Tom - UKGI

GRO

Subject: FAO Kelly: information on POL Board and governance

Dear Jess,

When Carl and I spoke with Kelly in the margins of her meeting with John Redwood on POL, she raised a few questions about POL's Board and governance. With thanks to Tom A and UKGI colleagues, see below for a short factual note for Kelly on these issues.

I understand a meeting between Kelly and the Perm Sec is being scheduled, at which they will discuss some of these issues. However, we thought best to share a brief update with Kelly as soon as possible. **Grateful if you can make sure she sees this ASAP, ideally in advance of her meeting with Tim/AI tomorrow** (although not expecting her to raise this there).

How the Board is appointed

The Chair is a ministerial appointment, meaning that the Minister selects from three 'appointable' candidates. The current chair, Tim Parker was appointed in October 2015, and re-appointed for a further four years in 2018.

Appointment of all other board members also requires ministerial consent, and the minister must approve the job description and remuneration. In addition, the shareholder Non Executive Director (NED; Tom Cooper) would normally sit on the selection panel.

NEDs are typically appointed for 3 years and can serve two terms. Tom Cooper was appointed as the shareholder NED in November 2017.

Two members of POL's executive team also sit on the Board: the CEO and CFO. These are both typically permanent appointments but are currently both interims. Please find below a list of current Board members and their appointment dates.

Role	Name	Start Date	Term Expires
Interim CEO	Alisdair Cameron	Appointed as CFOO 28/01/2015	N/A (Employee)
<i>Interim CFO</i>	<i>Awaiting appointment</i>	-	-
NED	Timothy Franklin	19/09/2012	19/09/2019
Chair	Timothy Parker	01/10/2015	31/09/2022
NED & SID	Ken McCall	21/01/2019	20/01/2022
NED	Carla Stent	21/01/2019	20/01/2022
NED	Shirine Khoury-Haq	24/05/2018	23/05/2021
UKGI NED	Tom Cooper	27/03/2018	N/A

**Afua Kyei has accepted the role as interim CFO but has not yet been appointed.*

How we can make changes to the board

The shareholder is entitled to appoint or remove any Director (board member) at any time. It would be good corporate practice to raise any serious concerns about the Board with the Chair first, and a high bar should be passed before using these provisions.

Further clarity on why the Minister has not been able to attend board meetings

It is possible for the Minister to attend the Board as an observer or an external speaker, and Baroness Neville-Rolfe attended a POL Board meeting when she was Minister for the Post Office. A Board dinner could also be a good opportunity for the Minister to meet Board members. We are happy to discuss these options with POL. We have informed POL that you would be keen to talk to the Board and suggest that you ask Tim and AI about this option when you see them on Wednesday.

While a one-off engagement would likely be welcomed by the Board, there are risks associated with regular attendance. It could affect the dynamics of board discussions, and create confusion around the Board's operational freedom and the Minister's distance from their decisions.

Establishment of a protocol of information sharing with POL

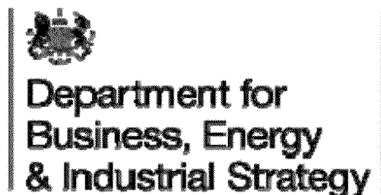
Following your request that we establish stronger information sharing arrangements with POL, we have considered options and would like to recommend that we set this out in the formal 'Shareholder Relationship Framework Document' between BEIS, UKGI and POL. The Framework Document is a long-term document that is intended (among other things) to set out (i) certain obligations with which POL is expected to comply and (ii) how the parties will interact with each other. The Framework Document is being finalised as part of Post Office's wider corporate restructuring project, which has been delayed due to POL's focus on the litigation case. We hope to complete this over the next few months and would be happy to discuss this with you in greater detail.

This approach would build on current arrangements, whereby 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 is 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. Including a specific commitment on information-sharing in the Framework Document will provide a strong foundation for the future. If you are happy with this, we would be comfortable with you mentioning this during your meeting on Wednesday.

At working level, we are continuing to work with Private Office to ensure that the Minister is kept up to date on developments with POL in a timely manner.

If you have any questions, please let us know.

Best,
Eleanor



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