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## **Post Office Limited (POL) Quarterly Shareholder Meeting (QSM)**

**On 10 January 2023 at 14:00pm**

Held as a hybrid meeting via Microsoft Teams, and at POL and UKGI offices

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| <b>In attendance:</b> | Carl Creswell, BEIS Director (Chair) (CC)<br>Nick Read, POL CEO (NR)<br>Alisdair Cameron, POL CFO (AC)<br>Simon Recaldin, POL Director of Historical Matters Unit (SR)<br>Jane Davies, POL Chief People Officer (JD)<br>Navin Batra, POL Director (NB)<br>Martin Roberts, POL (MR)<br>Ben Foat, POL (BF)<br>Tim McInnes, POL (TM)<br>Zdravko Mladenov (ZM)<br>Eleanor Brooks, BEIS Deputy Director (EB)<br>Tom Cooper, UKGI Director, Shareholder NED (TC)<br>Roshana Arasaratnam, UKGI Executive Director (RA)<br>Rob Mackie, UKGI Executive Director (RM)<br>Lily Putt, UKGI Minute taker (LP) |
| <b>Apologies:</b>     | Henry Staunton, POL Chair  |

### **1. Introductions**

- CC welcomed all the attendees to the first POL QSM of 2023.
- JD introduced herself, having recently joined POL as Chief People Officer (CPO), replacing Angela Williams.
- It was also noted Simon Jeffery is due to join the POL Board after the departure of Carla Stent.

### **2. Actions from the last meeting and updates**

- It was agreed Action 1 is now complete, as introductory meetings have taken place between the new portfolio Ministers and key POL leadership.
- On Action 2, it was agreed that UKGI will wait until after the January POL Board has taken place before responding to Tim Parker's letter.
- Action 3 was confirmed as ongoing as BEIS and POL continue to work through the postmaster detriment Pot B funding proposal. AC noted POL have received a letter from HMRC regarding the tax treatment of funds POL receives from BEIS to fund compensation payments. AC explained this was outside of the OHC exemption. EB asked for POL to share the HMRC letter with UKGI and BEIS.

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- An update on Action 4 was provided by ZM who confirmed that there will be a further business case in due course, and this will be covered in detail later in the meeting.

### 3. Financial Performance update

#### *Christmas trading*

- AC presented the figures for Christmas trading, which showed a challenging month on the Mails side during December driven by the Royal Mail Group industrial action, with losses greater than anticipated. Banking was impacted, in part because of the new deposit limits that had been introduced following the FCA action, but was not hit as badly as Mails. However, the figures showed payment services are still doing well despite the current issues with inflation and strikes. Ongoing positive activity in travel, with lots of summer bookings. However, it was noted this is slightly overshadowed by the challenges on mails, cost of living, and industrial actions. This may lead to a decrease in the year and could leave postmasters facing a loss. An update on postmaster remuneration was given, which showed a predicted flat rate, and was noted as potentially difficult.

#### *Full year forecast and impact on Postmasters*

- MR highlighted that issues with postmaster remuneration are significantly impacting the outlook for 22/23 with a growing concern over the impact on the stability of branches.
- NR expressed how significant the difficult December trading statistics are, and the importance to monitor these numbers going forward. Looking at last year's numbers, branches display as being stable. However, looking at the industrial outlook it was highlighted that it is difficult to interpret how much of this is a structural decline, how much is a result of cyclical issues such as the strikes, and how much POL may be able to recover.
- MR mentioned having visited many branches, the peak trade was impacted and has affected their retail with over 7-10% down due to the industrial actions.
- CC confirmed the helpful summary, and added that inflation may also be impacting these areas. CC highlighted that POL must talk to BEIS and UKGI before any further funding is announced for postmasters, given the wider discussions about the future pressures.

#### *Three Year Plan (3YP) timetable and funding*

- AC confirmed that at the next POL board (24 Jan), the following areas of the 3YP will be covered: NBIT Business Case, NBIT Rollout, Historical matters including Inquiry and HMT Budget, BEX, CSS, HIJ and potentially PayZone integration. POL have a deep dive session in the diaries for this week (w/c 9 Jan) on the 3YP. POL are focusing on keeping NBIT within costings and not exceeding the allocated budget. The January POL Board has a large agenda, but AC is currently planning to discuss the above areas of the 3YP with the full and consolidated 3YP including a range of outcomes and contingencies to the February POL Board.
- CC thanked AC and POL colleagues for all the work towards the 3YP.
- CC found the letter that NR had sent to the BEIS Perm Sec in December in relation to finances very helpful and noted the plan to progress the 3YP. The meeting with HMT today (10 Jan 2023) was noted on this topic. BEIS and UKGI are pressing on with what HMG can do to help and support on this within the financial year. There are avenues being explored to identify ways they can assist. BEIS and UKGI will keep in touch with POL as they continue to work on this topic.
- CC asked if POL were able to progress with the remuneration issues noted within the existing funding envelope.
- **NEW ACTION: POL must talk to BEIS and UKGI before any further funding is announced to postmasters.**
- AC closed this agenda item, highlighting that the 3YP was progressing.

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**4. Historical Matters Unit***Remediation Model – next steps*

- POL - Good progress has been made with Non-Pecuniary (NP) claims. Triaging of historic prosecutions is close to finished (hope to complete it this month) and has identified 12% of cases as Horizon related, which suggests a further 80 cases, but POL thinks not all postmasters will come forward. Next steps are focusing on how they push these forward. AC confirmed they're reaching out where appropriate to the CCRC.
- POL – Focus is on continuing to work through the OHC process. It was identified that the unique cases may need more support and to be handled in a sensitive manner. NR will also need to have an appropriate briefing for the upcoming Inquiry hearings in April.
- EB said that she had already discussed with Simon the idea of holding a session with key Horizon MPs to take them through POL's triage work once this was complete.
- POL – To help with refining the OHC pecuniary principles four cases are being worked through this month.
- CC thanked POL for the update and for the £63k top up payments made before Christmas. With another Inquiry hearing in April, agreed that POL and BEIS should share, where appropriate, actions taken to address issues raised by Sir Wyn.
- BEIS/UKGI agreed to keep POL updated with any requests for further information from Ministers on the proposed remediation model.
- CC thanked all for their work on the Historical Shortfall Scheme (HSS).
- AC asked how POL and HMG can ensure both organisations have a shared understanding of the facts ahead of drafting submissions to the POL Horizon IT Inquiry.
- CC noted that it has not always been possible to share full statements in advance but agreed focus should be on providing the Inquiry with correct and consistent information, including in the upcoming April Inquiry session.
- SR understood this reflection from CC, and stressed the importance of improving this for the next time round. Meetings had been held between BEIS/UKGI and POL to enable improved ways of working, including the point above.
- BF agreed that it was important to improve the ways of working, including having regular meetings.

**5. Strategic Platform Modernisation Programme (SPMP) / New Branch IT (NBIT)**

- ZM noted POL have been making progress on the second release, which should roll out the new model into more branches. The timetable for this is expected to be April and confirmed they are on track to achieve this launch date. However, to achieve this goal the team will need to carry on working weekends. There has also been a knock on impact on funding which is increasing uncertainty around the current funding. The upcoming BEIS Gateway Review will be a big input to the final decisions made.
- CC thanked ZM and team for all their work and undergoing the BEIS Gateway Review. He recognised that it was looking unlikely that POL would be ready to take the business case to the upcoming PIC in February but confirmed POL should continue with the Gateway Review. BEIS will continue to communicate with POL on this.
- ZM – Offered UKGI and BEIS colleagues a meeting to review the plan for SPMP governance approvals.
- **NEW ACTION: POL to organise a meeting with UKGI and BEIS to review the plan for SPMP governance approvals.**

**6. Strategic risks and mitigations**

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- POL flagged the risk dashboard summary provided in the pack. CC mentioned the meeting between the POL ARC Chair and the BEIS ARC Chair should be helpful.

**7. Issues of note as required, including interaction with policy guidance**

- CC thanked POL, on behalf of BEIS, for the role that they have agreed to play in helping deliver energy payments in Northern Ireland. MR Confirmed that he had recently met with the team in POL to examine the implementation plan.
- CC asked how far POL have progressed with the increasing numbers of losses being identified within branches by current postmasters.
- AC mentioned they are seeing a rapid increase in losses including shortfalls of cash in branches. POL need to conduct a proper investigation and demonstrate whether the postmasters are accountable. However, it is difficult to conduct a proper investigation based on the Horizon data, and also POL are not in a position to ask for the relevant money back in the current climate. It was noted as not a good time to prosecute postmasters due to the current historical cases, but this is seeing a rapid rise in losses for POL. MR's team are working on putting a new system in place.
- MR noted a helpful summary from AC and added that in particular the view and dispute buttons on the system are causing problems. Getting in contact with postmasters was highlighted as difficult, and they're not always available when contacted. POL noted they can do more in engagement with postmasters. It is on the agenda for the next POL Board.
- AC raised that there are other solutions rather than going to the police. If postmasters are responsible and don't pay the money back, there is an option to take it off their remuneration. Any solutions as to how any shortfalls that postmasters are accountable for can be recouped from postmasters, aside from remuneration, were noted as preferable.
- POL – In cases where there is fraud, these could be tested in a civil jurisdiction. A paper on this was noted as being worked on currently and would be raised to HMG in due course.
- TC noted it would cause problems if money was deducted from postmaster remuneration without an investigation.
- AC confirmed no one is suggesting this. Noted a key issue is that the investigations are not currently being conducted in the most suitable way. MR's solution is a forensic process.
- POL noted that where full investigations are done quite often POL does get the repayment. The issue is that the investigation has to be good enough and that it is independent. However, the problem is that the data is not sufficient to do an investigation in many cases.
- NR noted that ultimately those who steal from POL will be prosecuted.
- CC thanked POL for their work to date on this issue and pressed the importance of resolving it.

**8. AOB**

- There was no other business, and the Chair concluded the meeting.



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## Upcoming POL QSM for 2023

- Thurs 9<sup>th</sup> March, 14:30 – 16:00
- Thurs 8<sup>th</sup> June, 14:30 – 16:00
- Thurs 14<sup>th</sup> Sept, 14:30 – 16:00
- Thurs 14<sup>th</sup> Dec, 14:30 – 16:00

## Actions:

| Actions Log |  |          |         |
|-------------|--|----------|---------|
| Action      |  | Owner    | Status  |
| 1           | BEIS to confirm final ministerial portfolio allocations and then organise introductory meetings between new portfolio ministers and POL  | BEIS     | Closed  |
| 2           | UKGI to respond to Tim Parker's Letter on the work that POL has done to transform the cultural and process aspects of the business in response to the Inquiry. <ul style="list-style-type: none"> <li>• Update 10 Jan 2023 – UKGI to respond to Tim Parker's letter after the POL Board in Jan.</li> </ul>   | UKGI     | Ongoing |
| 3           | Postmaster Detriment Pot B - POL to work with BEIS on funding proposal <ul style="list-style-type: none"> <li>• Update 10 Jan 2023 – POL to respond to BEIS/ UKGI with a letter setting out the next steps following the Pot A funding approval of <span style="border: 1px dashed black; padding: 2px;">IRRELEVANT</span></li> <li>• POL to share the relevant letter received from HMRC with BEIS and UKGI.</li> </ul> | BEIS/POL | Ongoing |
| 4           | Technology Rollout – POL to outline steps taken to ensure that costs are kept to a minimum. <ul style="list-style-type: none"> <li>• Update 10 Jan 2023 – POL to provide the UKGI to respond to Tim Parker's letter after the POL Board in Jan.</li> </ul>   | POL      | Ongoing |
| 5           | POL must talk to BEIS and UKGI before any further funding is announced for postmasters.  | POL      | NEW     |
| 5           | POL to organise a meeting with UKGI and BEIS to review the plan for SPMP governance approvals.   | POL      | NEW     |