

Annie's written notes

KB started reading from the script:

I'm sorry to be speaking to you under these circumstances. I understand that given the increased media scrutiny at the moment, these are difficult times for the Post Office. I'm speaking to you today, to tell that you that the government, as sole shareholder, is exercising our power, under the company's Articles to remove you as Chair of the Post Office Board.

KB noted that she was sorry it was coming at short notice- the media have gotten hold of the story and we've heard they will be breaking the story. SoS noted she wanted to speak to HS first but officials will send a more formal record of the decision shortly.

HS noted it was too late and was called by a reporter this morning to comment on the story. He noted how upset he was at this.

KB started to note how important culture is at the Post Office and concerns around HS behaviour have been raised.

HS then started to describe some of the events over the last four weeks, reflecting that the Post Office as an organisation is operating in an extremely challenging context.

Point at which transcript from audio starts

HS: It's so hard to change anything that requires a government civil servant where you get whistleblowed, and whatever whatever. There is a massive, massive problem here in terms in terms of trying to..in terms of... [sic] . At least we have training going a lot better, things are moving in certain directions but it's a handful. I've chaired some companies, a lot of companies very successfully but this ones a bit of a nightmare. We could have got through it but it needed UKGI to be on side and I didn't feel they were on side for a moment. I'm sure it was UKGI talking to journalists – that's what they think is important, not actually sorting out the business.

KB: I'm sorry to hear that, but why didn't you get in touch with me?

HS: Because I had a meeting only last week with chairman and chief executive of UKGI and I was going to tell them all of this. I know it's UKGI, I've never met you, you see. I've chaired so many companies you wouldn't believe, you would not believe, I'm working on this business 60 hours a week, whereas I could do Smiths despite I've turned Smith's into a international company with a share price more than quadrupled and I could do that on 15 hours a week. This is four times the time... and you just wouldn't know that half of it, Secretary of State.

KB: I do know the half of it – this is what the world is like today, within the public sector. What I did find out of the ordinary was that of all the arms length bodies I am responsible for, the Post Office was the one where I never heard from you directly, other ALB chairs (e.g. CMA, UKEF, BBB) would reach out to my office fairly frequently.

KB: Kevin Hollinrake did manage the relationship very well, but there didn't seem to be much interest in doing much more. You and I have not had the chance to build up a relationship which would have been more helpful at the moment the scenario turned from difficult to crisis.

KB: I have been given a very very high level overview of the governance issues that have led to the advice given to me about the decisions that I have now taken. But I did want to make sure you have

had a chance to make your views known as well. Given where we are and what I have just said, what would you like to see happen now?

HS: Right. What we need to do is – right it's a very difficult one with regards to the CEO, its very unstable. I said to Lorna that we need to have an adult conversation with him to say stay through the inquiry and we'll treat you as a good leaver – nail him down for 12 months. Of course she said "oh in the government its very difficult to offer good leaver status" – we have a crisis, it's not a big deal (to offer good leaver status), he might get an extra £100,000 that he wouldn't get if he wasn't a good leaver, but at least we nail him down for another year. The money he'd get for good leaver statement is more important than the sums involved. Nail the Chief Executive down.

HS: We must make do something about, make this organisation more postmaster-centric – I said we need to have an oversight committee chaired jointly by the two postmaster directors. We need to introduce a third postmaster – a director, so the message will get out to the network that the Post Office is changing, because trust me at the moment the view is terrible of the outer-network. It would really, Secretary of State, start this journey towards demutualisation. We don't say that, but that's what you need to do.

HS: The ~~SIP~~ SID process, it's 6 to 2, never mind what Lorna thinks, the fact is that when the facts change, you change your decision. We need to have to have an internal – if you met Darfoor, he's a class act, so I can quite see how everyone has got there. The fact that when we started out on a public journey it was a different world 2 months ago, it's been horrific the last 4 weeks. We need to get on the front foot and I think this postmaster-centric does that for you.

HS: There's this feeling within the British papers that all the postmasters are on the take and they're all guilty as charged. We wrote to the Lord Chancellor saying that was our view and actually Peters and Peters but that's not my opinion and I don't think that's the view of the majority of the board, but I think that UKGI inveigled into sending that letter but it's actually contrary to what the government ministers are trying to do. And in fact you'd be surprised about the sort of stuff that civil servants say about ministers. So, it's a mess, but the fact is that this view that the postmasters are guilty as charged has got to change, and we need a massive cultural shift in this organisation to do that. Most of the directors are on side, the UKGI director is not, but she couldn't run a bath, let alone run a company.

HS: That seems to be a problem, taking very tough business-like decisions in terms of culture to change it. And when we talk about culture, as Nick said, Lorna thinks it would just be a crusade for female diversity – it's not that it's the heart of how we operate the Post Office, this cultural shift. It's enormous what we need to do but I think it's possible.

HS: We need to have Andrew as the SID, the Chairman would put it through, we need to change the UKGI director, she doesn't get it at all. It's a battle that's winnable but by god it's going to be a battle.

KB: It certainly is, and there's so much that needs to be done. I'm very sorry that your tenure with the organisation has ended up this way, I know that the events of the last 4 weeks must have been particularly difficult not just for you but for the whole organisation – I'd go as far as to say traumatic.

KB: But the complaints that we have received are serious enough, I'm afraid Henry, they are serious enough for us, I'm afraid Henry, for us to have to intervene in this way. I don't know how you would want to frame this in the press so we can make sure that it isn't something particularly awful. If you would like some time to come up with a frame of words about ending your tenure.

HS: I would like it drafted by someone outside of UKGI – the truth is I obviously have a reputation of over 50 years Secretary of State with some very successful chairmanships so I don't want it – I was rung up by your people saying will I take the job on, I didn't apply for it, but it was time to give something back that's what I thought – I'm not doing it for the pay

KB: Sure

HS: I'm very jealous of my reputation so you need to understand that I would legally challenge any comments made in that regard. So I think it just needs to be, 'a lot has happened' ----- I don't know...I've told you what needs to be done in the Post Office and you can understand my passion for how it could have been sorted and why it may not get sorted and that's the most important thing. But in terms of my leaving I don't think you need to say a lot really – 'Henry's standing down'. – I don't need to give a reason.

KB: Well given the amount of media scrutiny I think it would be better for us to give reasons and come up with a form of words that work. Otherwise it would just be speculation and so on that will drive it.

KB: If I could ask, I've got my Private Secretaries on the line, if I could ask for your personal contact details I will get the office to draft a press release which you can have a look at and it should reflect the conversation we have just had and hopefully we can move swiftly before there is any sort of announcement in the papers.

HS: If there is anything on whistleblowing, I would contest it seriously.

KB: Okay that is understood, I would need to make sure that –

HS: My reputation is very important to me over many companies – I was asked to come and do this, I've brought it back as best I can. I'm beginning to repeat myself, but if you hand it over I will do it, let's hope it's a wording that you're happy with and I'm happy with – it shouldn't be difficult it should be quite straightforward, keep it straight and simple. There'll be enough crisis in the Post Office over the next few weeks that this will be small writing in footnotes in due course.

KB: Let me speak to my Private Secretaries on the line – Megan are you there? Or Annie? I think they can hear but they can't speak. I'll take your contact details myself because they will be able to log that. What is the fastest way to reach you, is it on your mobile?

HS: **GRO**

KB: What is your email address that we can send something to you fairly quickly?

HS: **GRO**

HS: Therefore I won't turn up to the board meeting on Monday or Tuesday

KB: Yes that is correct. I'm sorry that will need to be the case given the conversations we've had and what I expect the media are going to be doing. If it's any consolation, I doubt it will be, but I am very angry about the fact that this has leaked without doing this properly.

HS: It's appalling, appalling

KB: It is appalling, and I have noted what you have said about UKGI. I do think that they have been part of the problem.

HS: That's not just my view, that is the view of most of the board. I had a meeting, when I said I've got a meeting with the chairman, chief executive of UKGI. I said for governance purposes I've never held a meeting just with the directors that aren't from UKGI [hard to hear], but to give me a view on what was said and it was taken very badly by Lorna but actually its good governance. They just said you've got to tell them straight we support your strategy give us the tools and we can do the job was a summary of it. So there's some serious work to be done in terms of UKGI.

KB: Lets see where we can get to going forwards, but I am very sorry about having to make this call – I wish you well.

HS: Stuff happens. Thank you Secretary of State.

KB: Thank you, take care

HS: Thank you, goodbye.