

OFFICIAL SENSITIVE - COMMERCIAL



Department for  
Business, Energy  
& Industrial Strategy

Nick Read  
Chief Executive Officer  
Post Office Ltd  
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Finsbury Street  
London  
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29 September 2021

Dear Nick,

**POST OFFICE: BUDGET 2021/22**

I am writing to you regarding Post Office's 2021/22 budget which has yet to receive shareholder approval from BEIS.

I am aware that Network Investment and Network Subsidy payments of £64m and £12.5m are due to be paid to POL on 1 October. However, on account of the management and controls of POL's litigation costs not being adequate, I am unable to release the payments due until POL can demonstrate satisfactory control. Payments would be made by BEIS following a shareholder approved budget.

As you know, BEIS is fully supportive of the need to settle POL's historic liabilities as quickly and efficiently as possible. BEIS has already provided funding of up to £285m for settlements under the Historic Shortfall Scheme. In addition, my officials are also seeking funding of up to a further c.£780m for settling claims resulting from overturned criminal convictions. These amounts are in addition to BEIS' substantial funding of POL's business as usual activities.

In our discussion on 2 July, we discussed my department's continuing concerns about the management and control of Post Office's litigation costs. I understand that litigation costs (excluding settlements) which are accounted under the Historical Matters Business Unit is forecast to cost c.£62m for 2021/22 and c.£63m in total between 2022/23 to 2024/25. This follows expenditure of £52m in 2020/21. Whilst I understand progress is being made in getting these costs under control, I remain very concerned and would be grateful if we could meet so I may understand the current status of litigation cost control and the wider plan for budget approval. I would like to understand how you, as the accountable person for POL, are taking steps to establish that the legal costs being incurred will represent Value for Money for POL and the taxpayer.

I trust you understand my concerns and look forward to meeting. In the meantime, thank you for your continued cooperation with BEIS and UKGI officials.

Yours sincerely,

**Sarah Munby**  
Permanent Secretary for the  
Department for Business, Energy and Industrial Strategy (BEIS)