

From: Adegun, Oluwatosin - UKGI
Sent: Thu, 10 Oct 2019 07:13:21 +0000
To: Cooper, Tom - UKGI
Subject: Re: Readout - Perm Sec meeting with Nick Read, 30th Sept

Thanks Tom

Sent from my iPhone

On 10 Oct 2019, at 00:21, Cooper, Tom - UKGI <[REDACTED]> wrote:

In case you haven't seen this already.

Tom

Sent from my iPhone

Begin forwarded message:

From: Permanent Secretary <[REDACTED]>
Date: 2 October 2019 at 10:54:57 CEST
To: "Bhargava, Pranita (BEIS)" <[REDACTED]>
"White, Beth (Professional Business Services, Retail & Post Directorate)" <[REDACTED]>, "Aldred, Tom - UKGI" <[REDACTED]>, "Cooper, Tom - UKGI" <[REDACTED]>
Cc: "Creswell, Carl (Professional Business Services, Retail & Post Directorate)" <[REDACTED]>, "Munby, Sarah (BEIS)" <[REDACTED]>, "Tolhurst (Private Office)" <[REDACTED]>, "SpAds Office (Private Office)" <[REDACTED]>, Permanent Secretary <[REDACTED]>
Subject: Readout - Perm Sec meeting with Nick Read, 30th Sept

OFFICIAL-SENSITIVE: COMMERCIAL

Good morning all,

Please see readout from Monday's meeting between Perm Sec and Nick Read, to be found below my signature.

Many thanks to everyone who contributed to the briefing and thanks in particular to UKGI colleagues for pulling together a very helpful quarterly update.

Best wishes,

Oliver

Oliver Page | Private Secretary to Alex Chisholm, Permanent Secretary

E: Oliver.Page **GRO** T: **GRO** M: **GRO**

Department for Business, Energy and Industrial Strategy

Meeting Note: Permanent Secretary / Nick Read – 30th September 2019

The Perm Sec met with Nick Read on 30th September for an introductory meeting, with Carl Creswell also in attendance.

Alex and Nick had an open and frank discussion about areas of concern and the challenges that lie ahead for POL. Alex outlined his expectations of Nick as CEO and POL more widely, including the importance of POL living up to a public standard, Nick's responsibilities as Accounting Officer, and using the litigation judgment as an opportunity to accelerate much-needed change. Nick appeared 'all ears' and responded positively to Alex's comments.

Nick's initial reflections

Alex asked Nick to share some of his initial reflections from his first few weeks, in particular around problem areas and challenges.

- Nick reflected first that there appears to be a certain lack of direction and lack of clarity over prioritisation within POL. This was likely due in part, Nick claimed, to POL holding off on taking decisions in anticipation of his arrival.
- Nick mentioned further points around the need to better manage finances (especially internal visibility) and improve capability in certain areas, particularly around scoping and delivering change.
- Other observations:
 - POL is a product-siloed business – need to drive more harmonisation.
 - 'Litigation overhang' weighs on the minds of staff.
 - Need to deliver for postmasters – reset the relationship.
 - Struck by the loyalty and enthusiasm of staff working for POL.

Outline of 100-day plan

Nick stressed that his overarching aim was to make POL fit for purpose for the next 5-10 years. He welcomed BEIS's policy work on its long-term vision and said he was keen that POL and BEIS's work are aligned. Nick listed the following key components for his 100-day plan:

- Establish clear purpose / vision – mentioned feedback from colleagues on 'lack of clarity' around mission.
- Strategic clarity – POL must be clear on what businesses it is in and in what guise. Little bit of trying to do everything at the moment.
- Change prioritisation – what horses do we want to back?
- Organisational development

BEIS expectations and immediate priorities

Alex set out his expectations of Nick as CEO of POL, introducing the Nolan principles and guidance on managing public money.

Recognising Nick's lack of experience in this area, Alex stressed that he should lean on BEIS for this if ever unsure, especially for anything that is 'novel, contentious or repercussive'.

Alex also took the opportunity to share some negative observations from recent times.

- Litigation
 - Alex gave his view on how POL had handled the litigation, recounting that POL were initially very confident and seemingly dismissive of BEIS concerns – recusal attempt was not a good call.
 - The judgment was very critical of both POL's culture and the way they had conducted the litigation – the main thing was to show that POL has since taken on board findings and taking steps to reset relationship with postmasters.
 - This is not 'win some / lose some' but rather need to think hard about what it says about the organisation and its culture. Alex recommended that Nick use this as an opportunity to accelerate change. He might also wish to refer to the Glass Door initiative and measure staff reactions to change.
 - Alex stressed that there is likely to be anger and indignation in the event of a negative judgment so POL should try to get ahead of this. Nick agreed and acknowledged need for robust handling and to show that POL as an organisation is moving in the right direction.
- Bonuses
 - POL recommendation of 100% did not reflect well on group – left Alex with sense that POL team viewing judgment as not their responsibility.

- Alex mentioned the potential fallout in press, if POL had taken decision to issue 100% bonuses.
- Succession-planning
 - Alex commented that previous POL succession plans had not been strong enough; Nick would wish to ensure stronger plans were in place for the future.

Other areas of discussion

- Alex referenced BEIS work on POL strategy / vision, noting that we are going to try to be clearer on what we want from the business. He admitted that engagement had perhaps been inconsistent in the past.
- Alex highlighted the wider public, political and social interest in POL – Post Offices as ‘last ones standing’ with other businesses busy exiting high street.
- Alex noted the positive direction of POL financials – subsidies have been going down and broadly 80% of the way there. Big positives around the franchising programme and resetting relationship with banks but thinking to be done about certain products e.g. telco. Nick agreed with this.
- Nick also mentioned a concern he has about the resilience of one retailer.
- Ways of working between POL, BEIS and UKGI.
 - UKGI represents the Government’s shareholder interest in assets – they have expertise in corporate finance / banking and ensure aligned approach across Govt.
 - BEIS manage policy, vision and advise Ministers on the issues of interest from politicians.
 - UKGI and BEIS working on ‘framework document’ which will reflect triangular relationship and include stronger provisions on information-sharing.

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