

Post Office Limited: HMG division of responsibilities

The relationships between POL, BEIS and UKGI are set out in the [draft] framework document. BEIS is responsible for POL's overall strategy and performance, with the BEIS Secretary of State POL's Shareholder and the BEIS Permanent Secretary the Principle Accounting Officer. BEIS has a strong and positive relationship in with UKGI in achieving this that makes use of their expertise in corporate governance and corporate finance. This document sets out which part of HMG, including the different BEIS teams, leads on what, while recognising that nearly all matters will require co-operation and consultation across teams.

POL have two primary points of contact with government: the BEIS Post Office Policy team as the overall lead on Post Office matters and UKGI Post Office Shareholder Team, as the Shareholder Representative. BEIS finance and Partnerships teams primarily provide support to these teams, rather than dealing directly with POL. In brief,; BEIS leads on Government's long-term approach to POL and ensuring that POL's activity is consistent with government policy and UKGI leads on the organisational performance of POL in response to that strategic position.

Responsibilities

BEIS Post Office Policy Team is the policy sponsor, and has the goal of delivering Government's strategic ambition for POL. The Policy team is also responsible for advising Ministers and the Permanent Secretary on live issues, working closely with UKGI and working with other Government Departments to identify strategic opportunities to support the delivery of POL's social purpose and/or Government services. The BEIS Post Office Policy team leads on:

- Working with Ministers, and across Government and external stakeholders to develop HMG's long-term ambition for the Post Office to be a valuable institution, and sustainable at the national and local levels, via a stable network;
- Setting the overall clear and credible policy direction for POL, including delivering on POL's social purpose, and working with POL to reflect this in their long-term planning;
- Working with UKGI and POL to ensure that POL's strategy is aligned with Government's strategic position.
- Advising and supporting ministers and working with UKGI and POL in relation to policy issues (e.g. financial inclusion and banking facility, Postmasters pay and key engagement with stakeholders including the National Federation of Sub Postmasters, the management of closure/temporary closure of Post Offices)
- Work with UKGI and POL on developing all new funding cases, and ensure these are aligned to strategic priorities and represent value for money
- Facilitating POL's access to government and acting as a champion for POL's role in the delivery of Government services and objectives. This includes representing POL's policy interests across Government (e.g. HMRC tax changes);
- Working across Government advocating the Post Office's on-going role in delivering a social purpose and access to services needed by citizens in their local community – in line with national procurement rules.
- Ensuring that POL's activity is consistent with government policy, for example, delivering value for money, and responding to wider Government policy reviews (e.g. Access to Cash, Taylor)
- Providing timely content for briefing, debates and correspondence in relation to Post Office policy issues;

- Leading Government's input and response to relevant Select Committee reviews on the Post Office and contributing to related reviews.
- Relationship management of, and engagement with external stakeholders e.g. NSFP, CWU, ACS, Plunkett Foundation and RSA.
- Through the Director, be the Budget Holder for all funding provided to the Post Office, ensuring that cases support value for money for the taxpayer, and releasing allocated funding to POL payments have the appropriate due diligence, following advice from UKGI;

UKGI (Post Office Shareholder Team) acts as the Shareholder Representative. It shall:

1. Work with the department and POL to **establish and maintain appropriate corporate governance documents and systems**, ie up to date and fit for purpose governance documents, including FWD, Articles of Association, board ToRs, chair letter etc. This will include leading on POL's proposed corporate restructuring.
2. **Promote the strength of POL's governance systems which support organisational performance**, by providing high level challenge to POL (and its board), and advising ministers and BEIS, on:
 - a. compliance with its governance framework (as set out in its Framework Document, delegated authorities, and any other specified governance documents), and
 - b. the adequacy and strength of POL's reporting to the department on these issues.
3. **Assess and challenge POL's Strategic and Business Plans** from an owner's perspective, advising the BEIS policy team and ministers on the clarity of the objectives, the quality of the Plans and the financial, and where relevant commercial, strength underpinning it.
4. Provide **constructive challenge on major operational and business strategy decisions**, such as commercial negotiations, transactions and other major projects.
5. **Monitor and challenge POL as to its performance against its Plans** and advising BEIS policy team, Permanent Secretary and ministers accordingly, in terms of
 - a. Financial performance, including reviewing the Annual Report and Accounts
 - b. Investment programme
 - c. Network performance, including the Network Report
 - d. Reviewing requests for funding in accordance with the Funding Agreement
6. **Challenge POL Business Cases outside POL's executive delegations**, through our NED position on the POL board. Provide advice to the department and ministers on HMG approvals outside POL's executive delegations, working closely with BEIS Finance [and policy?].
7. Advise ministers and the BEIS policy team, representing views on the POL Litigation Sub-committee and engaging other OGDs, in relation to the **Horizon litigation case** and other legal issues
8. Promote and advise the department on the **effectiveness of POL's leadership**, specifically through:
 - a. promoting a high quality and diverse board, challenging the board's capability and effectiveness, and monitoring succession planning
 - b. advising the department and ministers on and implementing effective board composition, recruitment, remuneration and appointment processes
 - c. acting as the shareholder non-executive director on the POL board
 - d. giving a view on the POL's board level executive capability in relation to its responsibilities, and remuneration
9. **Act as Government shareholder representative on the POL board**, through:
 - a. providing an appropriately skilled board member to carry out the non-executive director role effectively, drawing on the support and analysis from the UKGI shareholder team
 - b. acting as an interlocutor between the department and the POL board

- c. attending board committees as appropriate (Remuneration Committee, the Audit and Risk Committee and GLO Committee)
 - d. provide a view to the department on the strength of the ALB board
10. **Provide timely content for briefing and correspondence** requests on key operational, legal and corporate governance issues
11. **Day to day administration of the £950m Working Capital Facility** (noting the intention to transfer this to BEIS finance when resource is available)

BEIS Partnerships Team will lead on:

- Providing support to UKGI and BEIS policy on corporate governance issues, including transfer of learning from other partner organisations
- Reviewing and advising on remuneration cases that are prepared by UKGI for the SCS Remuneration Panel
- Supporting UKGI on the board appointments process
- Keeping BEIS policy and UKGI informed on relevant central initiatives including those from Cabinet Office

BEIS Finance will lead on:

- Providing BEIS approval for relevant loan facilities and individual drawdown of funds from them
- Negotiating overall POL spending envelope with HMT with base case support from the BEIS and UKGI teams.
- Reviewing POL's financial performance for the purposes of Whole of Government Accounts (WGA) – This is POLs responsibility, but BEIS finance will provide oversight
- Understanding key risks from an Accounting Officer perspective relating to POL's financial processes and strength and/or future BEIS spending pressures