

OFFICIAL-SENSITIVE: COMMERCIAL

To: Alex Chisholm

cc. Gavin Lambert

From: Carl Creswell

23 May 2019

Professional and Business Services, Retail and Post Office Directorate – Progress so far

Now that I have been in post for nearly two months, I wanted to give you my views on the opportunities and challenges and how we're getting on addressing them.

Post Office

2. The first area to cover is the Post Office. I can already see what you meant when you said that I could spend all my time on it! As we discussed recently, the long-term strategic question is what the future Post Office should look like, aiming for sustainability but not a wholly-commercial strategy at all costs. Our current approach is being scrutinised by the BEIS Select Committee and the Daily Mail and there's a wide range of politically-sensitive aspects for POL's work. I am keen to strike the right balance between handling the reactive tasks ably and creating the space to think long-term.

3. The Department's relationship with UKGI is also something that's going to need care. I'm not convinced that Kelly has complete confidence in how UKGI has been representing her on the POL Board. The POL Chair and CEO also seem slightly complacent to me and at risk of not hearing the Minister's concern about their judgement on issues like the litigation. I understand that Kelly would like to talk to you about her ongoing concerns so we will ensure you are well-briefed about what we are doing to try to address her concerns.

4. To help us look further ahead, I am enhancing our capacity by recruiting a new Deputy Director (Beth White). Beth joins us from the Better Regulation Executive, where she oversaw steps to improve our sponsorship relationship with the Regulatory Policy Committee, having previously worked with UKGI.

Retail

5. My DD recruitment will free up Craig Watson, who is a real asset to my Directorate, to respond to the opportunities for the retail sector. In recent days, we have talked about our long-term approach with Kelly Tolhurst, who has agreed to pitch the idea of creating a Government retail strategy to the Secretary of State. My view is that the Retail Sector Council has identified some important workstreams (from skills and the costs of Government policy for retailers through to the circular economy), but is unlikely to move quickly enough to meet the scale of short to medium-term challenges. As you know, the BEIS Select Committee has also criticised the Government's approach to the sector.

6. There seem to be a range of opportunities if we view retail through the Industrial Strategy lens, considering questions such as support for SMEs, influencing OGDs and greater use of AI and automation to boost productivity. We have also been discussing with HMT, who are keen to share evidence and hear our views about the long-term strategy (partly in reaction to the series of high-street retail shocks). We plan to set up an academic roundtable to bring together the evidence that we have assembled and to explore in more

OFFICIAL-SENSITIVE: COMMERCIAL

depth what the Government's role should be. Alongside this, we continue to develop our understanding of the unique policy needs of the consumer goods sector in a post-EU Exit context. Our priority continues to be assisting the retail and consumer goods sectors on EU Exit planning.

Professional and Business Services (PBS)

IRRELEVANT

CARL CRESWELL