

Message

From: Henry Staunton [GRO]
on behalf of Henry Staunton [GRO]
Sent: 03/12/2023 21:04:34
To: Nick Read [GRO]
Subject: Re: ARA Update - 1/12/2023

Post Office Limited - Document Classification: INTERNAL

Nick ,

A lot there for Karen to help with . It sounds as if you would like a bit more thinking time but if you want to speak before Christmas just shout .

Henry

PS CONFIDENTIALLY I heard the word " Entitlement " mentioned by Karen wrt management's expectations on bonuses etc and picked Karen up on it in the RemCo . I mentioned that accrued bonus type payments had been cut (by up to 50 %) just to look good and management were " entitled " to expect fairer treatment . I do not think there is a sense of entitlement by Owen or you and I do like the thought of the " entitlement " word sticking . It would not be helpful and it would be best not to retreat . Please discuss the next time we speak .

Sent from Outlook for iOS

From: Nick Read [GRO]
Sent: Saturday, December 2, 2023 4:32 pm
To: Henry Staunton [GRO]
Subject: RE: ARA Update - 1/12/2023

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Thank you Henry. That is probably wise...there are one or two moving parts which require some thought. Karen, I think will be good. She is getting to grips with the risk aversion, entitlement, and the Govt peculiarities...this is needed. I think she will inspire confidence and pragmatism when it comes to Sycamore, Rose1, Remco, culture change and some of the issues we need addressing in the immediate term, including getting a contract agreed for Chris Brocklesby.

Nick

Nick Read
Group CEO

EA: [GRO]

100 Wood Street
London EC2V 7AN

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From: Henry Staunton [GRO] >
Sent: 02 December 2023 16:20
To: Nick Read [GRO] >
Subject: Re: ARA Update - 1/12/2023

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Nick ,
It was delicate and I am not oblivious of the PM NEDs errors . However , I do not think you and I were given a cast iron hand to play .
Happy to make myself available and I will come in to the office . There are some big decisions to make - and if you need the thinking time over the holidays that is not unreasonable.
Henry

Sent from [Outlook for iOS](#)

From: Nick Read [GRO] >
Sent: Saturday, December 2, 2023 11:00:38 AM
To: Henry Staunton [GRO] >
Subject: Re: ARA Update - 1/12/2023

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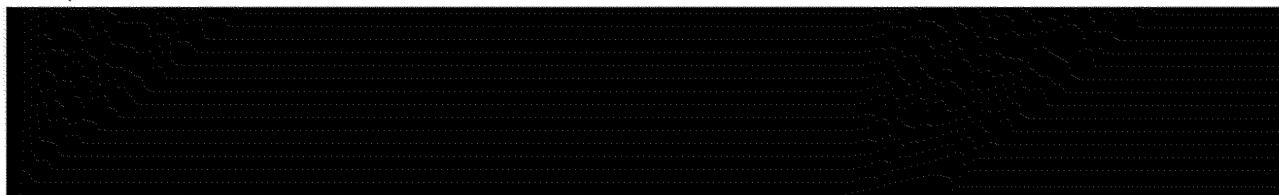
Thank you for going to all the trouble to position this very delicate situation, Henry.
When the dust settles, once the ARA is signed and laid and we assess its impact, we should discuss how we want to take a range of matters forward... I hope this can be before Christmas.
I do appreciate the time you have put into this at very short notice.
Nick

From: Henry Staunton [GRO] >
Sent: Saturday, December 2, 2023 12:09:21 AM
To: Nick Read [GRO] >
Subject: Re: ARA Update - 1/12/2023

Post Office Limited - Document Classification: INTERNAL

Nick ,
I have reread Foats summary of findings .
Can I first say that I spent hours last weekend on all this . I came into the office first thing on Monday to clear it up . I sat like a lemon in my office for three hours and nobody briefed me on the update following the legal advice on Sunday .
Foat never popped in at all over Monday and Tuesday , and then I received your note at the close of platy on Friday .
Foat expects me to spend another weekend on this clearly . I have asked Eliot what time he has tomorrow (I travel back on Sunday) and I will ask Foat to make himself available .
The summary note from Foat makes three recommendations :

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-
-



Incredible language but I will not be talking to Elliot about Foat [REDACTED] suitability to be a Director etc etc . The PM Directors are most unhappy with PO treatment of Post Masters saying that not much has changed over the years . I think that is unfair but am shaken when I read the language in the Summary of Findings .

I was also not happy with wasting those hours on Monday .

Someone needs to get a grip on the way Legal operate .

It is past midnight and i will sleep on how I think we should take this forward .

I have never had a Legal Counsel in whose judgement I have so little faith - and I have been on 20 plus PLC Boards .

Best ,

Henry

Sent from [Outlook for iOS](#)

From: Nick Read <[REDACTED] GRO >
Sent: Friday, December 1, 2023 5:11:15 PM
To: Henry Staunton; [REDACTED] GRO >
Subject: FW: ARA Update - 1/12/2023

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Evening Henry,

Just following up on Tom's note. I think there may have been some confusion around the third party transaction position. I understand the team thought you were briefing Elliot last Friday on the Investigation and outcome – which was why Ben volunteered to join the call. It would help if you could do this and of course Ben is happy to support/lead. I don't think this is something I should get involved in given his Board status.

Let me know how we might help.

Thank you

Nick

Nick Read

Group CEO

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From: Tom Lee <[REDACTED] GRO >
Sent: 01 December 2023 16:58
To: Henry Staunton; [REDACTED] GRO >; Benjamin Tidswell <[REDACTED] GRO >; Brian Gaunt <[REDACTED] GRO >; Saf ismail <[REDACTED] GRO >; Elliot Jacobs <[REDACTED] GRO >; Amanda Burton <[REDACTED] GRO >; Alisdair Cameron <[REDACTED] GRO >; Nick Read <[REDACTED] GRO >; Simon Jeffreys <[REDACTED] GRO >; Lorna Gratton <[REDACTED] GRO >; Andrew Darfoor <[REDACTED] GRO >
Cc: Rubia Khanom <[REDACTED] GRO >; Kathryn Sherratt <[REDACTED] GRO >; Owen Woodley <[REDACTED] GRO >; Daniel Ward <[REDACTED] GRO >; Rachel Scarrabelotti <[REDACTED] GRO >

<[REDACTED] GRO >; Ben Foat <[REDACTED] GRO >

Subject: ARA Update - 1/12/2023

Post Office Limited - Document Classification: INTERNAL

Dear Board members,

Please find below this week's ARA update:

- Laying and filing – per Boards request, a laying date of 14/12/23 has been confirmed with DBT which would enable filing on 15/12/23. The laying slot won't be confirmed by No. 10 until 8/12/23 therefore there is a possibility this could get moved into January (limited risk).
- IR35 – we received an email from HMRC this afternoon regarding IR35. The email doesn't state their position, however it does stipulate they will seek to provide a letter outlining next steps within 2 weeks. This could pose a risk to signing date. Management are considering next steps and will seek to minimise the risk to signing.
- Related Party Transactions – an updated note has been drafted and agreed with PwC, now incorporating transactions with key management personnel.
- Funding:
 - CMA clearance on the £149m Inquiry and Remediation Matters funding was received on Wednesday. Management are working with DBT on the associated funding commitment letter.
 - Formal HMT approval of the £103m SPMP funding remains outstanding. Management are liaising with DBT to obtain this ahead of CMA approval which is anticipated by 8/12/23.

Thanks
Tom**Tom Lee**
Group Financial ControllerCentral Finance
No 1 Future Walk,
Chesterfield, S49 1PFpostoffice.co.uk**From:** Tom Lee**Sent:** 18 November 2023 00:21**To:** Henry Staunton <[REDACTED] GRO >; Benjamin Tidswell

<[REDACTED] GRO >; Brian Gaunt <[REDACTED] GRO >; Saf ismail <[REDACTED] GRO >

<[REDACTED] GRO >; Elliot Jacobs <[REDACTED] GRO >; Amanda Burton <[REDACTED] GRO >

<[REDACTED] GRO >; Alisdair Cameron <[REDACTED] GRO >; Nick Read

<[REDACTED] GRO >; Simon Jeffreys <[REDACTED] GRO >; Lorna Gratton <[REDACTED] GRO >

<[REDACTED] GRO >; Andrew Darfoor <[REDACTED] GRO >

Cc: Rubia Khanom <[REDACTED] GRO >; Kathryn Sherratt <[REDACTED] GRO >; Owen

Woodley <[REDACTED] GRO>; Daniel Ward <[REDACTED] GRO>; Rachel Scarrabelotti
<[REDACTED] GRO>; Ben Foat <[REDACTED] GRO>
Subject: ARA Update - 17/11/2023

Dear Board members,

Please find below this week's ARA update:

- Signing remains on track for 11/12/23 subject to funding progressing as expected.
- ARA – drafting well progressed with final comments having been received from a number of stakeholders over the past few days, including Board, UKGI and DBT. Comments were received from an external Copywrite and TB Cardew today and are under review also.
- Accounting – all significant accounting judgments and estimates have been made for recommendation to ARC on 27/11/23. This includes the final Remediation Matters accounting item in respect of PPR, with a non-adjusting Post Balance Sheet Event disclosed.
- Going Concern – decision remains consistent, with the ARA prepared on a going concern basis. Progress has been made on the Letter of Support with finalised wording expected to be agreed early next week.
- Funding – progress made on other funding matters with wording for the Security Headroom waiver (including Working Capital Facility usage) agreed with DBT and expected to be signed early next week and extensions provided for HSS and SRR payout funding out to 31/3/25. HMT have also approved the £150m of Inquiry and Remediation Matters funding for operational matters, albeit the request for additional contingency has not been granted. Management are working with DBT on this latter item, with updates to the Letter of Support expected given latest forecasts indicate the contingency will be required.
- Legal advice – [REDACTED]
- Approvals – ARC and Board papers are expected to be circulated by Wednesday 22/11/23, including the updated ARA and the PwC audit report. A Board sub-committee has been diarised for the morning of 11/12/23 to approve the final ARA for signing, subject to Board approval of the sub-committee being established and being granted delegated authority.

I'd like to thank individuals for the time afforded this week to discuss Going Concern and other significant matters, and for providing comments on the ARA. Please do let me know if you have any questions.

Thanks
Tom

Tom Lee
Group Financial Controller

Central Finance
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From: Tom Lee

Sent: 10 November 2023 17:22

To: Henry Staunton <GRO>; Benjamin Tidswell <GRO>; Brian Gaunt <GRO>; Saf ismail <GRO>; Elliot Jacobs <GRO>; Amanda Burton <GRO>; Alisdair Cameron <GRO>; Nick Read <GRO>; Simon Jeffreys <GRO>; Lorna Gratton <GRO>; Andrew Darfoor <GRO>; Kathryn Sherratt <GRO>; Owen Woodley <GRO>; Daniel Ward <GRO>; Rachel Scarrabelotti <GRO>; Ben Foat <GRO>

Cc: Rubia Khanom <GRO>; Kathryn Sherratt <GRO>; Owen Woodley <GRO>; Daniel Ward <GRO>; Rachel Scarrabelotti <GRO>; Ben Foat <GRO>

Subject: ARA Update - 10/11/2023

Dear Board members,

Please find below this week's ARA update and also please find attached a number of documents for review (as referenced below).

- Overall position remains positive and following discussion at ARC on 7/11 we are aiming to sign on 11/12.
- ARA - latest draft is attached for your review. This version has also been circulated to GE for review and discussion on 15/11 ahead of a recommendation to ARC on 27/11. The front cover includes a list of items to note, including where items require update or may change ahead of signing. If you have any comments on the ARA please can you provide these ahead of 15/11 to ensure sufficient time to make amendments ahead of a version being circulated to RC for approval.
- Going Concern – ARC recommended on 7/11, based on management's assessment, that the accounts be prepared on a going concern basis. There is a material uncertainty over the going concern position relating to the reliance placed on continued government support in the absence of guarantees. There are a number of hurdles to overcome in order to provide the support required however these are progressing well, including: waivers over Security Headroom and Government Borrowing Facilities usage – waivers agreed and working through ministerial approval currently; Extensions to HSS and SRR funding to 31 March 2025 – expected to be forthcoming w/c 13/11; Funding for SPMP plus Inquiry and Remediation Matters running costs – progressing in line with expectations; Overarching Letter of Support – wording almost finalised, expect to be confirmed by c. 20/11 and signed early December (latest version attached for reference).
- Board member briefings – over the next couple of weeks all Board members, excluding those on Audit Committee, have a session in diaries with Post Office finance and legal to discuss Going Concern and Wrongful Trading in more detail ahead of the Board meeting on 28/11 to approve the ARA (subject to any final amendments and potential delegation to a sub-committee).
- Deloitte have completed their review activities over the front half of the ARA. This work involved agreement of management identified metrics back to underlying support. It is not an overarching review of the ARA and does not consider completeness of disclosures or test any items audited by PwC. A copy of the report is attached for reference.
- One material accounting item remains open, in relation to Remediation Matters, with management aiming to close this out over the coming week.

If you have any comments on the ARA or other items please feed these back to myself and Daniel Ward by 15/11.

Thanks
Tom

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Group Financial Controller

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From: Tom Lee
Sent: 03 November 2023 17:06
To: Henry Staunton <[REDACTED]>; Benjamin Tidswell <[REDACTED]>; Brian Gaunt <[REDACTED]>; Saf ismail <[REDACTED]>; Elliot Jacobs <[REDACTED]>; Amanda Burton <[REDACTED]>; Alisdair Cameron <[REDACTED]>; Nick Read <[REDACTED]>; Simon Jeffreys <[REDACTED]>; Lorna Gratton <[REDACTED]>; Andrew Darfoor <[REDACTED]>
Cc: Rubia Khanom <[REDACTED]>; Kathryn Sherratt <[REDACTED]>; Owen Woodley <[REDACTED]>; Daniel Ward <[REDACTED]>; Rachel Scarrabelotti <[REDACTED]>
Subject: ARA Update - 03/11/2023

Dear Board members,

Please find below this week's ARA update.

- Overall position is that we are on track for signing in December (aiming for w/c 11/12) however there is still a lot to do to ensure this can occur, with significant reliance on DBT delivering on funding, waivers and a Letter of Support.
- ARA was reviewed by GE on 1/11 and has been circulated to ARC for review and discussion on 7/11.
- The ARC on 7/11 is focused on an initial review of the ARA, discussion and confirmation around preparing the ARA on a Going Concern basis and the key accounting judgments and estimates.
- PwC audit is progressing well, with the focus currently on the significant provisions and Going Concern.
- Deloitte have completed the majority of their review activities over front half metrics / statements with an interim report to be reviewed at ARC next week and a final report due to be issued on 10/11.
- Wrongful Trading advice will be refreshed and provided to Board as part of the ARA approval process on 28/11.
- Given the complexity and judgement involved in the going concern position briefing sessions have / are going in the diary for all Board members ahead of the meeting on 28/11.

Thanks
Tom

Tom Lee
Group Financial Controller

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postoffice.co.uk**From:** Tom Lee**Sent:** 27 October 2023 20:35**To:** Henry Staunton <[REDACTED]>; Benjamin Tidswell

<[REDACTED]>; Brian Gaunt <[REDACTED]>; Saf ismail <[REDACTED]>

<[REDACTED]>; Elliot Jacobs <[REDACTED]>; Amanda Burton <[REDACTED]>

<[REDACTED]>; Alisdair Cameron <[REDACTED]>; Nick Read

<[REDACTED]>; Simon Jeffreys <[REDACTED]>; Lorna Gratton <[REDACTED]>

<[REDACTED]>; Andrew Darfoor <[REDACTED]>

Cc: Rubia Khanom <[REDACTED]>; Kathryn Sherratt <[REDACTED]>; Owen

Woodley <[REDACTED]>; Daniel Ward <[REDACTED]>; Rachel Scarrabelotti

<[REDACTED]>

Subject: ARA Update - 27/10/2023

Dear Board members,

Please find below this week's ARA update.

- ARA - draft well progressed and circulated to GE today for review and discussion on 1/11/23. Same draft will be circulated to ARC on Monday for review and discussion on 7/11/23.
- Deloitte review - activity well underway but delays are being experienced primarily on the review of Remuneration Committee sections. Delays are impacting the review of c.150 of the 211 metrics identified, with the delay driven by the need to redact information from evidence before sharing with Deloitte.
- Going Concern – disclosures drafted and assessment performed with a paper being circulated to ARC for review on 7/11/23. Decisions are required on levels of assurance needed to enable signing.
- Letter of Support – updated letter received from DBT today and circulated to GE. This will form part of the ARC Going Concern review on 7/11/23. The level of assurance provided by the letter is a key item for discussion, given the level of reliance that Board will need to place on this for the overall Going Concern assessment and the language used by DBT in the letter i.e. no certainties or guarantees offered.
- Waivers – final drafting being agreed. DBT appear willing to provide a signed waiver in advance of ARA signing, with appropriate mechanics built into the letter to enable it to be drawn down on if / when required over a predefined period.

Thanks

Tom

Tom Lee

Group Financial Controller

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From: Tom Lee

Sent: 20 October 2023 17:45

To: Henry Staunton [GRO]; Benjamin Tidswell

[GRO] > Brian Gaunt [GRO]; Saf ismail [GRO]

[GRO] > Elliot Jacobs [GRO]; Amanda Burton [GRO]

[GRO] > Alisdair Cameron < [GRO] > Nick Read

[GRO] > Simon Jeffreys [GRO]; Lorna Gratton [GRO]

[GRO] > Andrew Darfoor [GRO]

Cc: Rubia Khanom < [GRO] > Kathryn Sherratt < [GRO] > Owen

Woodley < [GRO] > Daniel Ward < [GRO] > Rachel Scarrabelotti

[GRO] >

Subject: ARA Update - 20/10/23

Dear Board members,

Please find below this week's ARA update.

- The ARA is well progressed, with updated sections received from all parties. We intend to circulate an updated version for GE and ARC review on 27/10 and 31/10 respectively, along with supporting papers.
- Formal going concern assessment is underway and will be shared with PwC for review next week. This captures latest forecasts and funding status.
- Letter of Support – updated version received from DBT yesterday (19/10) and currently being reviewed by management. Further discussions will be required to get the requisite level of support.
- Waivers – waivers for security headroom and usage of the working capital facility are substantially agreed. The discussion is now around when / if these should be signed ahead of ARA signing, given the forecast breaches have been pushed back (potential breach still forecast for December 23). Managements view is that signing of these would signal DBT's intent to support the Group and therefore would support the Going Concern position.
- Deloitte review activities over specific front half sections are fully underway and a status update will be brought to ARC on 7/11.
- Remediation Matter provisions have been to RC and will be discussed with ARC chair on 24/10, ahead of discussion at ARC on 7/11.

Thanks

Tom

Tom Lee

Group Financial Controller

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From: Tom Lee

Sent: 13 October 2023 17:14

To: Henry Staunton; GRO; Benjamin Tidswell
<GRO>; Brian Gaunt; GRO; Saf ismail; GRO
<GRO>; Elliot Jacobs; GRO; Amanda Burton; GRO
<GRO>; Alisdair Cameron <GRO>; Nick Read
<GRO>; Simon Jeffreys; GRO; Lorna Gratton; GRO
<GRO>; Andrew Darfoor; GRO
Cc: Rubia Khanom <GRO>; Kathryn Sherratt <GRO>; Owen
Woodley <GRO>; Daniel Ward <GRO>; Rachel Scarrabelotti
<GRO>

Subject: ARA Update - 13/10/23

Dear Board Members,

Please find below this week's ARA update.

- Updated ARA sections, reflecting initial review comments, have been received from most teams. Key sections to receive updates on are the CEO and Chairman statements, so we can reflect the overall messaging in the remainder of the document.
- GE meeting held on 11/10 to discuss the initial draft ARA, expectations of GE and next steps. Next version of ARA due to go to GE on 27/10 for discussion on 1/11.
- Draft ARA to be sent to UKGI and PwC for initial review early next week.
- Deloitte review is now underway for all sections requested. Remuneration Committee section remains the biggest risk (excluding ED&I which is well progressed) with a vast amount of data to be verified.
- Revised Letter of Support drafted and shared with UKGI, DBT and PwC. Meeting scheduled with DBT 17/10 to discuss. Asim to agree wording ahead of Arc on 7/11
- Provision estimates for Remediation Matters areas are going to HRC on 18/10 for review and approval ahead of going to ARC on 7/11.

Thanks
Tom

Tom Lee
Group Financial Controller

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From: Rachel Scarrabelotti <[REDACTED]>
Sent: 09 October 2023 19:54
To: Henry Staunton <[REDACTED]>; Benjamin Tidswell <[REDACTED]>; Saf ismail <[REDACTED]>;
 [REDACTED] <[REDACTED]>; Elliot Jacobs <[REDACTED]>; Amanda Burton <[REDACTED]>;
 [REDACTED] <[REDACTED]>; Alisdair Cameron <[REDACTED]>; Nick Read <[REDACTED]>;
 [REDACTED] <[REDACTED]>; Simon Jeffreys <[REDACTED]>; Lorna Gratton <[REDACTED]>;
 [REDACTED] <[REDACTED]>; Andrew Darfoor <[REDACTED]>;
Cc: Rubia Khanom <[REDACTED]>; Kathryn Sherratt <[REDACTED]>; Owen Woodley <[REDACTED]>;
 Tom Lee <[REDACTED]>; Daniel Ward <[REDACTED]>;
Subject: ARA Update

Dear Board Members,

Please find below a brief update prepared by Tom Lee regarding the status of the Post Office Limited Annual Report and Accounts ("ARA") for the year ended 26 March 23:

- A first draft of the ARA is substantially complete and has been through initial management reviews. This version contains all the main sections except the CEO statement which is being redrafted and excludes the Going Concern assessment. This version has been circulated to GE for review and discussion on 11/10/23 which shall include a discussion of comparing our current proposed disclosures against how much we need/wish to disclose given the agreement at September ARC around what our reporting requirements are.
- Overall tone of document being sought is matter of fact approach, being neither triumphalist about our successes nor unduly self-flagellating about our mistakes – past and present. External consultants are lined up to perform a review of the document from the external lens in due course. Details being confirmed.
- Deloitte have begun their review procedures which are designed to provide additional comfort over the front half of the ARA and supplement the formal external audit work performed by PwC. We intend their work on the RemCo report to commence at the end of this week; with a focus on the financial information. Review of other sections has begun.
- The Letter of Support from DBT, which will form a key component of the Going Concern assessment, is being drafted, with comments received from DBT last week and is now with Post Office management to redraft and review. We are aiming to have wording finalised in time for the 7th November ARC. which means the letter of support has to be finalised across parties by 31 October such that ARC has sufficient time to consider the proposed ARA disclosures and letter of support in tandem.
- The underlying accounting is progressing with decisions on impairment and Remediation Matters provisions expected to be finalised ahead of 7th November ARC. Going Concern is also targeted for then, however the complexities may push this beyond that date; which given the point above is not where we wish to be and if in that position, will need to be discussed at ARC on 7 November.

The intention is to provide weekly updates to members of Board and GE on the status of the ARA, subject to there being progress or risks to report on.

Best,

Rachel