

Department for
Business, Energy
& Industrial Strategy

Date: 3 July 2019

Director General: Gavin Lambert

Lead Official: Eleanor Beal / Carl Creswell

Lead Official Telephone: GRO

Recipient	To Note / Comment	To Approve / Decide
Kelly Tolhurst MP (Minister)		X
Permanent Secretary	X	
Special Advisers	X	

OFFICIAL SENSITIVE
GOVERNMENT'S LONG-TERM VISION FOR POST OFFICE LIMITED

Summary

- 1) The BEIS Post Office Policy team intends to undertake a project to refresh the Government's vision for the future of Post Office Limited (POL). The Government has been clear and consistent in its long-term support for POL, alongside challenging the business on key issues. There has not been a Government statement on its vision for the Post Office since 2010. We believe that underpinning Government's overall approach to POL with a clear long-term strategy, looking ahead to ~2030, would enable us to: better influence and address key questions about POL's future; ensure a consistent, principled approach to emerging policy issues; demonstrate thought leadership; and provide a foundation for strong, cross-Government support. With your initial steers, the BEIS policy team will undertake work to develop the vision over the summer.

Timing

- 2) Routine - for initial Ministerial input prior to Summer Recess to allow officials to undertake more detailed work over the summer.

Recommendations

- 3) That you **agree** that officials should proceed with work to establish Government's long-term policy vision for the Post Office.
- 4) That you **agree** to meet with officials to provide your initial input on the scope of, and approach to, this work.

Background

- 5) The BEIS Post Office Policy team intends to refresh the Government's policy vision for the future of the Post Office and would like to meet with the Minister to take her initial views on the proposal outlined in this submission before undertaking work to develop this over the summer.
- 6) Rationale. The Government has been clear and consistent in its long-term support for POL and the role it plays in communities across the UK. However, Government has not set out a long-term approach to the business since 2010 (see Annex A).



Department for
Business, Energy
& Industrial Strategy

Having a clear vision would put us in a stronger position to respond to emerging issues.

- 7) As Minister, you have been clear with officials that the Post Office needs to be a relevant brand for the future that operates sustainably. You have also promoted the key role that BEIS has to play as POL's champion across Government, including at last week's BEIS Select Committee. At the same time, you have raised some concerns about POL's governance and handling of key strategic issues, such as the ongoing litigation.
- 8) Externally, there has been increasing public and parliamentary scrutiny of POL's operations and Government's approach to the business as sole shareholder. This has been exemplified by the Select Committee's Inquiry and the Daily Mail's "Save our Local Post Offices" Campaign.
- 9) As you know, the BEIS Post Office Policy team was established in August 2018 and has recently expanded to ensure clear policy leadership within BEIS. With POL soon to appoint a permanent Chief Executive Officer and a likely Spending Review in the coming year, we would like to take swift action now to develop the Government's long-term approach to POL. This will put us in a better position to influence the longer-term strategic planning that POL has started and enable us to champion the interests of POL across Government.
- 10) We **recommend** that the BEIS Post Office Policy team, consulting UKGI as the shareholder representative, lead the development of the Government's long-term vision for POL. Underpinning Government's approach with a clear long-term strategy would:
 - a) Enable us to set out a clear Government vision for POL's future and address key questions surrounding it (for example, the quantum and nature of any post-2021 subsidy to POL, dividend policy, ownership and business model) and ensure that Government supports the business towards long-term sustainability;
 - b) Ensure that Government approach is consistent with the long-term strategic work POL is undertaking, providing the business with the necessary support and challenge;
 - c) Ensure that Government's response to emerging policy issues is proactive, consistent and underpinned by a long-term ambition and clear principles;
 - d) Demonstrate that Government is taking a leadership role in POL's future;
 - e) Provide a foundation to garner strong, cross-Government support for POL.
- 11) Scope. A long-term vision would look ahead to ~2030, with an immediate focus on the next five years. Priority areas would include:
 - a) Approach to funding, commercial sustainability and business model;
 - b) Ensuring sustainability of the network and positive workforce relations;
 - c) Defining and delivering on POL's social purpose agenda and its role in communities;
 - d) Alignment of POL's activities with Government's wider objectives;
 - e) Championing POL's role in the delivery of government and other services.



Department for
Business, Energy
& Industrial Strategy

- 12) Approach. We would like to meet with you before Summer Recess to take your steers on our proposed approach. We would then undertake strategy development work over the summer period. This work will align with BEIS's broader approach to partner bodies and be undertaken in stages. This will enable us to adapt to a changing political environment as necessary. The Policy team will also ensure that the development of Government's vision feeds into POL's own strategy work and vice versa.
- 13) *Initial scoping*: The team proposes to: undertake background research (for example, mapping relevant stakeholders, existing policy and approach to POL in BEIS and OGDs); develop the detailed scope for the vision and a clear workplan to deliver it;
- 14) *Vision development*: Officials will work over the summer to develop a draft vision for the Post Office, undertaking engagement with key internal and external stakeholders and further research and analysis.
- 15) Other activities. This will happen alongside the BEIS Policy team's ongoing work to strengthen our policy approach to POL. For example, the team will take forward actions from the POL/NFSP working group in parallel, such as increasing our role as a champion for POL across Government; and the ongoing Select Committee Review.

Media Handling

- 16) At this stage, the work is internally-facing so no media handling is required. However, we can discuss the option of making announcements related to this work.

Contributors

- 17) This note is not considered to contain financial, legal, communications or parliamentary considerations, so BEIS Finance, Legal, Communications and Parliamentary Unit colleagues have not been consulted.