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Alex Chisholm  
Permanent Under-Secretary of State  
Department for Business, Energy  
& Industrial Strategy  
1 Victoria Street  
London, SW1H 0ET

8 January 2019

*Dear Alex,*

This comes with my best wishes to you and colleagues at BEIS for a successful 2019 and is further to your letter of 3 January.

Thank you for your comments on the positive progress Post Office is making, which underpins our shared ambition to remove taxpayer subsidy beyond March 2021. I am grateful for Government's ongoing support.

2019 will be another significant year given the negotiations for the next Phase of the Banking Framework, contractual discussions with Bank of Ireland and Royal Mail, ongoing changes to our systems and outcomes from the Group Litigation Order (GLO).

We operate a single portfolio of large change projects, which form the basis of our reporting to the Board. As you know, our change funding comes from a combination of Post Office trading profit and Government transformation funds. The GLO work draws on shared (scarce) resources from this change budget; we have been transparent about these costs. I will ensure we make it clear that the source of funds for GLO work is Post Office, not Government. When this was brought to our attention in December we removed the £2.4m from our quarterly request. We will not include GLO spend in future funding requests and will confirm this quarterly, agreeing the wording with UKGI as requested.

Furthermore, to ensure that the distinction is absolute and consistent, I have asked Al Cameron, CFOO, to arrange for £2.3m to be returned to BEIS: the GLO was listed in our earlier reporting and we received funding from you of £2.3m for Q2.

If you have any questions, don't hesitate to get in touch.

With best wishes

**GRO**

Paula Vennells  
Group Chief Executive