

In Strictest Confidence

Paula Vennells – Brief for meeting with Will Gibson August 2012

1. Network

NT - Latest Numbers Open – 195 Locals
31 Mains

5907 branches have responded to the estate survey:

1128 (19%)	Request to leave
2567 (43%)	Stay as is
2212 (38%)	Request to convert

On Crowns – activity continuing to plan. Latest developments;

- Further 5 tactical pilot branches to test elements of the Premier branch model implemented at the end of July, including staff training, mails migration to Post & Go kiosks and associated efficiencies of staff hour reduction (locations are The Galleries (Bristol), St Andrews Cross (Plymouth), High St (Croydon) and Clapham Common, Cambridge). Old Street Branch has also undergone changes similar to Birmingham creating additional space that was required following the introduction of the UKBA service.
- Birmingham phase 2 has gone live –encompassing further physical changes in branch, introduction of extended opening hours and creation of open plan travel desks.
- The VR exercise for 186 Crown branches closes 6 August. We are on track to release the required FTE but we won't have the definitive picture until after the final acceptances/rejections have been processed tomorrow.
- The next phase of VR i.e. the remaining 184 branches and the branch management community is on track to commence mid-August.
- Eagle has now been signed. The income from Eagle is a key component in the journey back to profit for the Crowns.

2. Consumer Focus

- Discussions on an MoU for the NT programme have led to a substantively agreed document covering consultation / communication / customer engagement for the differing types of change (onsite and offsite Locals and Mains) – but there are two unresolved points holding up agreement;
 - Consumer Focus wants the onsite Locals customer engagement to be explicitly regarded as a 'consultation'.
 - Consumer Focus want a feed of information on prospective individual cases before the Stage 2 meeting at which the subpostmaster substantially commits to the change (i.e. it wants information within a period where POL has given assurances to the agent that tentative discussions are wholly confidentially and material would not be passed to a third party)

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We are now escalating matters – initially to a meeting that Kevin Gilliland is having with Consumer Focus w/c 13 August – and then potentially to a Paula /Mike O'Connor meeting. We are working to ensure that these matters are resolved by the proposed MoU start date of 1 September.

- Consumer Focus has launched a consultation (alongside Citizens Advice) on the 'design principles for the 'Regulated Industries Unit' (the structure that Consumer Focus will create to take forward the Consumer role for regulated industries (postal, energy, water) once CF has been disbanded and folded into Citizens Advice). Paula has a meeting on this on 3 September with Mike O'Connor, Gillian Guy (Chief Exec Citizens Advice) and Tracey Webb (Consumer Advocacy – BIS). We are determining our approach – but an overall view is that POL is not a regulated industry as such and therefore this Regulated Industries Unit should not be placed in a monitoring role over it as though it were a regulated industry. There will be a recognised ongoing consumer network transformation role that should continue throughout the length of the NT programme. POL recognises the importance of good links between the Business and consumer representation bodies – and there will be reflection of this in the consumer role in the mutualisation discussions that are being taken forward separately. We will have to pursue a careful line in the consultation about this Regulated Industries Unit – avoiding creating any hostages to avoid a future of multiple, criss crossing consumer monitoring structures that our competitors don't face whilst also demonstrating that we recognise the value of consumer representation mechanisms. MG will be providing a separate brief to Paula prior to the 3 Sept meeting.

3. Update on Select Committee

- BIS Select Committee position. Following the report – BIS is now starting to draft a response which it would expect to send back to the committee mid September. Mike Whitehead /Peter Batten have met Mike Granville / Martin Humphreys on the approach to this response and they are currently liaising on the material needed. It is expected that resultant drafts can circulate within POL and BIS w/c 3 Sept.
- Given the Select Committee's comments on mutualisation, the response will need to make some reference that subject. I understand that Alice has spoken to Will setting out her view. BIS should not be tempted to say more than has already been said in the Government response to its consultation recognising that there will probably be some tension between the desire to show that POL is making progress and not committing to specifics before the POL Board has considered some of the mutualisation challenges in more detail on the basis of the work it has commissioned.
- Arbuthnot activity – arrangements have been made with James Arbuthnot's office to refer through cases suggested by MP's for review to him – which would then be sent to Second Sight. It is not yet clear how many cases will be involved but we believe that it currently remains in single figures (although it may yet grow).

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4. Front Office

- A monthly meeting was held on 30 July with BIS (which Will attended) with Martin Moran, Kevin Seller, Sally Meacham and Mike Granville. This covered the following;
 - DVLA – on track but no complacency. In heading towards an end September decision
 - On Local Government, - discussion on getting the right commercial / political balance. Important that we show progress at the Autumn events (the 25 Pathfinder review and Scottish review) alongside recognition that we must use marketing resource where it gets best return.
 - Running through the FooG 'pipeline' to indicate general progress.

Overall a positive meeting – but the BIS desire to more closely monitor FooG numbers is clear- they have suggested a detailed monthly 'dashboard' which we are currently considering

- Kevin Seller has sent a separate update to you on Universal Credit giving the latest picture

5. Financial Services / Eagle

Nick will have kept you up to date on Eagle and its signing. Overall, the processes for, and reaction to, this have worked as we and BIS would have desired. Clearly we are grateful for BIS for their constructive role in the process.

6. External Comms position

- Mark Davies has now met Will – useful meeting
- Media responses to the Select Committee report and Network Report were reasonable. The Network Report in particular now gives us an opportunity to build proactive comms using it as a reference point.- enabling a further proactive push in the Autumn (potential DVLA, half year, NT branches opening, build to Xmas)
- October will also see a further internal comms push with subpmrs around NT – emphasising the positive opportunities and increasing roll out.
- EAGLE media has gone well to date (from Friday announcement). Gold medal stamps media very positive.

7. Mutualisation

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- We have the first meeting of the POL Programme Board on 15 August. The Board will consider scoping papers on 4 work streams:
 - Culture
 - Policy
 - Finance
 - Governance

Once agreed by the Programme Board, the proposals will be presented to the Mutualisation Sub-Committee of the POL Board, although some work will be started in anticipation of approval by the Sub-Committee, especially in relation to finance (and the pros and cons of mutualisation) as this work has already been commissioned from Rothschild.

Specific points of interest for Will

Will is keen to understand the process for starting the work and keep the Minister updated. Whilst we are happy to keep ShEx updated informally, we are keen not to pre-empt decisions of the Programme Board and the Sub-Committee as our proposals may change as a result of input by either or both of those bodies. We have agreed to monthly meetings to keep ShEx informed of progress.

Will is aware of the creation of the Programme Board and we have discussed the possibility of a seat on the Board for ShEx. His input might be useful and we may want to invite him onto the Board in the future.

Stakeholder Forum

A briefing pack of proposals for next steps has been provided separately from Belinda

We have a meeting of expert advisors on 20 August. The aim is to make contact with members of the stakeholder forum as soon as possible after that meeting.

Will has offered to attend the meeting of experts and may make that offer to you. It may be useful to have him there to put the Government perspective on the forum although it is important that the forum is clearly POL led and owned.