

**From:** "Minister HOLLINRAKE (TRADE)" <GRO>  
**Sent:** Mon 22/05/2023 2:33:45 PM (UTC)  
**To:** "Briant, Will (BSG - Business Resilience)" <GRO> "Baird, Ed (Business Sectors - Services Directorate)" <GRO> "Stockbridge, Rebecca (BEIS)" <GRO> "Brooks-White (Jobshare)" <GRO> "Bickerton, David (Business Sectors DG Office)" <GRO> Gratton, Lorna - UKGI" <GRO>  
**Cc:** "Creswell, Carl (Business Sectors - Services Directorate)" <GRO> perm.sec <GRO> CT\_Hollinrake <GRO>  
**Subject:** Readout - Minister Hollinrake & POL Chair 22.05.2023

Hi team,

Thank you for preparing the briefing for this meeting. Please find below my readout.

**Details:** 11:30-12:00, Minister Hollinrake's meeting room, OAB

**Attendees:**

Minister Hollinrake (KH)

Henry Staunton, Chair of Post Office Limited (HS)

Lorna Gratton, Director, UKGI (LG)

David Bickerton, Director General, DBT (DB)

Cora Sweet, Private Secretary

**MEETING STARTS**

- HS expressed how disappointed he was regarding the bonus payment issue (the sub-metric which referred to the Inquiry). He has confidence in Amanda Burton as the new RemCo Chair, and values her judgement. She has produced her report, which the Board have had sight of today. Amanda is satisfied that the decision to introduce the sub-metric wasn't an unreasonable one to take, given that the Inquiry was at that time non-statutory, the shareholder was involved throughout and there was appropriate governance. In HS's view, the wording which said that Sir Wyn approved it was a huge mistake and he is baffled that it went through so many clearances without being picked up on.
- HS said that going forward, it is important that this kind of thing doesn't happen again. HS has confidence in Amanda Burton and also the new shareholder NED, LG.
- HS said that it took integrity for Nick Read (NR) to pay his bonus back, as it wasn't his failure.
- HS outlined what he views as the main challenges – Royal Mail is in big difficulty, and POL is in a precarious position right now. There is a problem of morale among management and staff. HS said he feels challenged and needs help.
- KH said he understands why the management team feel like they're facing difficult problems. KH saw from going to the NFSP Annual Conference last week that morale amongst postmasters in the network isn't great. KH said he thinks it's important for CEOs to take responsibility for issues that arise when they are in charge, even if they were not directly at fault, this was the approach KH took when he was a CEO. KH will read Amanda's report with great interest.
- KH said NR was right to hand his bonus back, and asked what the rest of the management team are thinking of doing. HS said that many of them feel they earned that bonus as they met the metric. NR has spoken to the SMT to say 'If I were you, I'd hand it back', and HS will do the same, but ultimately it's up to them.
- DB asked if the sub-metric would still exist going forwards. LG confirmed that RemCo will come back to KH on this and other remuneration decisions. KH said he would like to take the sub-metric out, and he feels the SMT should hand back their bonus.
- KH said when he took a UQ on this in Parliament there was a lot of criticism of the management team which seems to be getting louder.
- DB said that this most recent issue was the third time that mistakes had been made at POL related to senior management compensation. The review which DBT is commissioning will look into whether there are more deep-rooted issues here.
- HS said it's not accurate that there is a systemic issue here around SMT pay.
- KH mentioned that HS asked previously to effectively double NR's pay. KH said that he was not willing to agree to this as not only is POL is publicly owned, but it is also under huge financial pressure. KH asked HS if this

request came from NR? HS said that isn't the case.

- KH explained that HMT want to see POL in a stabilised position, and part of that is lowering central costs. KH questioned whether this is consistent with appointing a new COO, and asked HS for his views.
- HS acknowledged that the legal costs are out of control and he wants to see this tackled. His view on hiring a COO is that some commercial colleagues could be taken out which would make it more cost effective. He thinks NR has so much to deal with across the piece and the Inquiry is taking up so much of his time, so having a COO in place would help with that. HS acknowledged that central costs are too high. KH said it's the CEO's role to control costs in the organisation.
- HS said there is an element of risk here in cutting legal resource during the Inquiry, but we should not be afraid of taking risks. KH agreed there needs to be some risk appetite here. KH said that (not before the next general election) he is willing to take risks e.g. moving away from the commitment to maintaining 11,500 branches. KH said that cutting central costs would set the direction of travel for POL and help morale in the network.
- KH asked about NR's leadership, given morale is low. HS said that in his view NR is a good leader who is holding the ship together, despite being challenged on many fronts.
- KH asked for views on the rest of the management team. LG said there was room for improvement, and HS agreed. LG expressed concern about the ability of the CEO to have tough management conversations. HS said he doesn't agree, but does think NR can be coached on this.
- DB explained that DBT is doing an internal review into the future of POL, and is looking at the possibility of separating out the payment of compensation into a separate body. HS said that this would give the CEO more bandwidth to focus on BAU. LG said in theory this is a good idea but it would create issues for the Department and in practice it's difficult to set up contractual agreements for disclosure (this is a current issue for GLO). KH said it would improve the relationship between POL and the network, and help with the perception of independence.

KH concluded by saying that the Department is keen to support HS, and acknowledge the challenges he faces.

**MEETING ENDS**

**Cora Sweet** | Private Secretary to Kevin Hollinrake MP, Minister for Enterprise, Markets and Small Business  
**Department for Business and Trade** | Tel: GRO | E-mail: GRO