



POST OFFICE LIMITED BOARD REPORT

Title:	TB Cardew Contract - PR Services	Meeting Date:	25 th March 2024
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Input Sought: Decision

Board is asked to:

- Approve an increase to the value and Public Relations Services being provided by TB Cardew under their existing contract with POL.
- To facilitate the additional spend and provision of additional services to approve a modification to the existing contract under Regulation 72(1)(b)
- Authorise any 2 Directors or any Director and the Company Secretary to execute the contract modification

Executive Summary

As a result of events that have occurred since the start of 2024 POL has required a substantial increase in services from Cardew, these include:

- the increased public scrutiny that has arisen and the knock-on impact this has had on POL's brand; and
- Cardew backfilling the vacancy left by POL's departing director of communications,

The existing contract has an ostensible cap of £730,800 over its full 4-year maximum term with a monthly retainer of £15,225 and spend until the end of January 2024 of £415,000.

This increase in services has meant a surge in activity under the Agreement that POL estimates will result in incurring an additional £80,000 per calendar month in fees. This will mean that the value of the existing contract will be exceeded in May of 2024. It is POL's intention to procure a replacement provider of the services to commence in September 2024 using the CCS dynamic purchasing system RM6124. To give itself time to achieve this, POL intends to modify the current contract to add the additional services and to bring it to an end when the new provider of the Services is appointed. It is important that we monitor spend and services closely to ensure that we do not exceed the value or scope of the modified contract.

Report

1. The current contract was procured through the CCS Framework in 2021 and went live 01 January 2022 with an anticipated spend of £730,800 over the 4 years term.
2. The scope of the contract provides a number of services to POL under a £15,225 per month retainer and these services will continue to be required including:
 - 2.1. Provide strategic communications advice to senior leaders across the business and tactical delivery with targeted media enabling POL to land POL key messages with journalists and securing positive media coverage for Post Office. The agency will also provide POL advice for dealing with reactive issues that could negatively impact the reputation of the Post Office and will provide advice on how to handle any crisis communications scenarios.

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- 2.2. In addition, the agency will provide specialist financial PR promoting POL cash and banking services and retail trade press PR promoting the changes POL are making to the business to best support Postmasters to run profitable businesses and overall support the Post Office in securing media coverage which complements POL's ambitious strategy to 2025.
 - 2.3. Strategic communications counsel to be provided to the most senior leaders at the Post Office including the Chief Executive and other members of the Group Executive level and to members of the Communications directorate. Both on proactive and reactive issues that could potentially impact the reputation of the Post Office in the media.
 - 2.4. Influence financial journalists at national media outlets to deliver a national financial PR audience strategy in relation to the Post Office's cash and banking services and demonstrate the strategy via successful media and broadcast coverage.
 - 2.5. Influence retail trade journalists to deliver a retail trade press engagement strategy and demonstrate the strategy via successful media coverage.
 - 2.6. Tactical delivery of 'priority' stories in national media, broadcast (TV and radio) and trade publications every quarter. Working closely with the Communications directorate and colleagues across the different parts of the Post Office business, to proactively deliver 'priority' stories which help demonstrate the transformation of the Post Office in line with its strategy to 2025.
 - 2.7. Tactical delivery of 'drumbeat' stories in national media, broadcast and trade publications every quarter. Working closely with the Communications directorate and colleagues across the different parts of the Post Office business, to proactively deliver 'drumbeat' stories which ensure the Post Office continues to appear regularly in the media.
 - 2.8. Write / edit press releases and produce accompanying documents such as Q & As.
 - 2.9. Secure thought leadership pieces in national media and trade press. Draft and secure thought leadership pieces on a range of topics related to the Post Office business.
3. To allow for the additional services we intend to modify the contract under Regulation 72(1)(b) to increase the value by £365,400, this will allow time for POL to run a compliant procurement exercise to put a new contract in place whilst ensuring continuity of service.

Risk Assessment, Mitigations & Legal Implications

4. We consider there to be good arguments in support the modification of the existing contract under Regulation 72(1)(b), Cardew has unique know-how of POL's business operations and its public relations response to matters relating to the Horizon scandal. Although public relations firm could develop this know-how, the requirement for the Additional Services occurred suddenly and another provider would not have time to develop that know how for the period from April 2024 to September 2024. A legal risk note has been uploaded to the reading room.

Stakeholder Implications

5. POL will run a procurement exercise which will then have sufficient head room to enable POL to manage any future unexpected spend in PR. The new contract will cover the current BAU services and any further surge requirements. The current contract will terminate once the new contract is in place.