

RESTRICTED – POLICY AND COMMERCIAL

To BIS Perm Sec
From Post Office Network Team
Date 23 September 2011

**Meeting with Alice Perkins, Chair - Post Office Ltd
15:00-15:30 Tuesday 27 September 2011**

Purpose

First formal meeting with Alice Perkins, the newly appointed Chairperson of Post Office Ltd (POL), to discuss the Government's strategic goals, and to explore her initial impressions of the company.

Attendees

Alice Perkins (POL)
Optional – Will Gibson (ShEx)

Your objectives

- To make clear the importance of POL's separation from Royal Mail, and the role of a strong, independent POL Board in achieving that.
- To offer reassurance that the appointment of the Senior Independent Director (SID) is on track.
- To gain an initial impression from Alice, of how she views the challenges and opportunities of the new role.

Alice Perkin's objectives

- This is the first of Alice's meeting with the BIS Executive team (Alice will be meeting both SoS and Edward Davey in October). She will be looking to gain a clear understanding of the Department's priorities.

Background

Alice was appointed Chair on **XXX**, and formally took office on **XXX**. She joins at a critical time for the company, which is in the process of negotiating key contracts with Royal Mail that will be vital to securing the future sustainability of the company. Alice will need to demonstrate clear and strong leadership to ensure that the interests of POL, often perceived as the junior partner to Royal Mail, are best reflected in the separation process.

As Chair, Alice has stated her intention to conduct a review of POL's Executive team to ensure that there is an appropriate mix of skills and experience to meet the challenges that the business faces in transforming its network, developing new services and winning contracts, eliminating Crown losses, and preparing the company for possible mutualisation.

CC list Cable MPST; Davey MPST; SPAD MPST; Susannah Storey; ShEx POL team; Josh Coe.

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AGENDA FOR MEETING – ISSUES TO RAISE AND POINTS TO MAKE**

	Points to draw from:
Executive team	<ul style="list-style-type: none"> I understand that you are to conduct a review of the Board and Executive team to identify what skills exist, and whether there are skills and knowledge gaps.
SID	<ul style="list-style-type: none"> Ministers are currently considering your recommendation that Neil McCausland be appointed SID. My officials have met Neil, and were impressed with his range of skills, and believe that he would be an asset for the company.
Separation	<ul style="list-style-type: none"> Separation will allow POL to focus on the challenges and opportunities that it faces. This separation should happen as soon as possible and certainly before the pension solution. But as Moya Greene and Donald Brydon said to Parliament, POL and Royal Mail will remain reliant on one another. It is therefore vital that the right commercial contracts between the two companies are delivered. These negotiations are occurring now.
Network transformation	<ul style="list-style-type: none"> The network is entering a critical phase as new operating models are developed, and the next year is particularly important. In October POL will be engaging with its agents on the new models, and framing these communications must be properly and fully planned. By 2015, over half the network will have moved to new operating models. POL has a good track record of successfully conducting large scale network changes, but we must not be complacent.
Government services	<ul style="list-style-type: none"> Government services form a key part of the Commercial Strategy that was instrumental in securing such a large and generous Spending Review settlement. There is already a lot of scrutiny on this aspect of the Commercial Strategy and this will only increase. It is fundamentally important that POL as an organisation understands that it be commercial to win Government contracts. The SMOTs experience shows that Government cannot simply award contracts to POL.

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Key commitments contained in the Policy Statement “Securing the Post Office Network in the Digital Age” (Nov. 2010)

- We recognise that the Post Office is more than a commercial entity and serves a distinct social purpose.
- We will ensure that post offices remain a valuable social and economic asset for our communities and businesses.
- There will be no programme of post office closures under this Government.
- The Post Office is not for sale.
- We will provide £1.34 billion for the Post Office to modernise the network and to safeguard its future, making it a stronger partner for Royal Mail.
- We want to see the Post Office become a genuine Front Office for Government at both the national and local level.
- We will support the expansion of accessible and affordable personal financial services available through the Post Office.
- We will support greater involvement of local authorities in planning and delivering local post office provision.
- We will create the opportunity for a mutually owned Post Office.
- The breakdown of payments to the Post Office will be as follows:
 - £180 million in the financial year 2011-12 (as we have already committed)
 - £410 million in the financial year 2012-13
 - £415 million in the financial year 2013-14
 - £330 million in the financial year 2014-15