

Message

From: Scott, Joshua - UKGI [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=0224934F23B1444386FD031B130603A8-SCOTT, JOSH]
Sent: 25/06/2020 11:31:54
To: Mark Underwood [GRO]; McInnes, Tim - UKGI [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=fb3e3d611915411fb710055d524f1f02-Tim.McInnes]
CC: Ben Foat [GRO]
Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity
Attachments: 20200529 - Liabilities Funding Conceptsv3.pptx; 20200604 Post Office Ltd. Liabilities Funding Concept Paper.docx

Hi Mark,

Sounds good to me – please see attached the presentation slide we used.

If you could reflect any changes in language in the word doc too that would be great.

Cheers,

Josh


Joshua Scott | Analyst

UK Government Investments

1 Victoria Street, London, SW1H 0ET

T: [GRO] M: [GRO]

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Follow on 

From: Mark Underwood [GRO]
Sent: 25 June 2020 12:22
To: McInnes, Tim - UKGI [GRO]
Cc: Scott, Joshua - UKGI [GRO]; Ben Foat [GRO]
Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Thanks Tim – understood.

Would it be possible to be provide with the 'source' versions of the 3 structure diagrams included within the concept paper. With your permission, I would like to include them in the POL Board Paper but tweak some of the language used – nothing material but, for example changing "POL Litigation Executive" to "Historical Issues General Executive".

Mark



Mark Underwood

Legal, Compliance & Governance Operations Director

Ground Floor
 20 Finsbury Street
 London EC2Y 9AQ

Mobile number: [GRO]

From: McInnes, Tim - UKGI [mailto: [REDACTED] GRO]
Sent: 24 June 2020 11:02
To: Mark Underwood [REDACTED] GRO
Cc: Scott, Joshua - UKGI [REDACTED] GRO; Ben Foat [REDACTED] GRO
Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Mark,

Josh pointed out that my email below might suggest BEIS only considered the external option. That's not the case, and apologies for any confusion. We did look at the internal structure, but people took this as a given (noting that while it would free up management time it would still 'distract' at Board level). The discussion was mostly around the second option, as it's more complex.

Cheers!

Tim

Tim McInnes | Executive Director

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T: [REDACTED] GRO M: [REDACTED] GRO

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Follow on 

From: McInnes, Tim - UKGI
Sent: 24 June 2020 09:06
To: Mark Underwood [REDACTED] GRO >
Cc: Scott, Joshua - UKGI [REDACTED] GRO; Ben Foat [REDACTED] GRO
Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Mark,

On your first question there was no clear preference. In a perfect world I think people saw the merits in the NewCo approach, albeit they noted the handling risks of POL being perceived to be ridding itself of the liabilities/accountability, but they also noted that we don't live in a perfect world and the complexities of setting up a NewCo might be tricky (i.e. at best it would take longer). BEIS Finance were interested in where the costs of operating the NewCo would land (we said that was something we would need to work out but, compared to any compensation, it probably gets lost in the rounding).

On funding, BEIS do understand this though as is typical in government we will need to keep telling them (at all levels, so something to note for Nick and Tim I think). I know it's tricky but the sooner we can have some views on what the potential exposures look like size-wise the better as we will have a clearer message. I would probably say HMT didn't appreciate the funding challenge though we've now made that clear to them (again, their reaction is always going to hinge on how much).

On your point about this being a high level paper, that's really up to you. Between you and me (and those on cc), and hearing Nick earlier in the week wanting to do something about this in the very short term, I think it's pretty clear which

option is preferable and I don't think detailed analysis is required to make that recommendation. But then I don't sit on the Board or earn the big bucks.

Hope that's useful.

Give me a call if you want to talk.

Thanks,

Tim

Tim McInnes | Executive Director

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1 Victoria Street, London, SW1H 0ET

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Follow on 

From: Mark Underwood [GRO]

Sent: 24 June 2020 07:26

To: McInnes, Tim - UKGI [GRO]

Cc: Scott, Joshua - UKGI [GRO] Ben Foat [GRO]

Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Thanks Tim,

Owing to governance routes at Post Office, although the Post Office July Board does not take place until 28 July, the paper needs to flow through the GE meeting of 15 July first. Papers are due for that meeting on 10 July but are reviewed by various senior stakeholders beforehand – the deadline for which would typically be 6 July.

As such, I am looking to try to finalise a draft this week, ahead of Di (Ben's PA) scheduling separate meetings with yourselves, Carl Cresswell and Carla Stent (The Chair of our Audit & Risk Committee) next week. Di should be in contact regarding these meetings today, but owing to the timeframes, I just wanted to flag that the paper will be high level. It should however be of sufficient detail to allow the POL Board make a decision regarding which option they wish to pursue.

Could I ask whether:

- HMT & BEIS, at first blush of course, expressed a preference between an internal restructure/ ring-fence within the existing POL group or the creation of a separate legal entity outside of the POL Group?
- HMT & BEIS recognised that POL would not be able to continue to finance these matters - particularly in the financial exposure risks crystallise (individually or as a collective) – and that a new funding mechanism would need to be agreed?

Many thanks

Mark

Mark Underwood

Legal, Compliance & Governance Operations Director



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London EC2Y 9AQ

Mobile number: **GRO**

From: McInnes, Tim - UKGI [mailto:**GRO**]
Sent: 23 June 2020 06:56
To: Mark Underwood **GRO**
Cc: Scott, Joshua - UKGI **GRO**
Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Mark,

You're right to chase, sorry for the delay.

From our side the substance of what we are saying is no different to when we last shared the note with you, but what we would ask for is that in anything POL prepares you set out very clearly what the strengths and weaknesses of each option is (to you, as well as to HMG and we can help you on this part) and also the criteria you would use to appraise the options (a similar point to the strengths and weaknesses I know, but slightly different all the same).

We would expect to receive a proposal from you (say in two weeks' time) regarding your recommended option which, although we would be expecting to engage with you as this is developed, will let BEIS formally consider what course of action you want to take.

From our conversations with BEIS and HMT there were no showstoppers but as with all these things the devil is usually in the detail. And on this point, for the moment, don't get yourself bogged down in a funding solution since both options will very likely require something a little different and outside the normal course subsidy we have historically provided to the business.

I've attached the final version of the note for completeness.

Thanks,

Tim

Tim McInnes | Executive Director

UK Government Investments

1 Victoria Street, London, SW1H 0ET

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Follow on

From: Mark Underwood **GRO**
Sent: 23 June 2020 06:47
To: McInnes, Tim - UKGI **GRO**

Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Hi Tim – how did your meeting with Tom go? Apologies for chasing but I am keen to begin drafting the POL Board Paper, so would be very grateful if you are able to share your thoughts this morning?

Kind Regards

Mark



Mark Underwood

Legal, Compliance & Governance Operations Director

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Mobile number: [REDACTED] GRO

From: McInnes, Tim - UKGI [mailto:[REDACTED] GRO]

Sent: 22 June 2020 11:55

To: Mark Underwood [REDACTED] GRO

Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Mark,

We have a chat with Tom this afternoon and we will be sending you something shortly after that.

Thanks,

Tim

Tim McInnes | Executive Director

UK Government Investments

1 Victoria Street, London, SW1H 0ET

T: [REDACTED] GRO **M:** [REDACTED] GRO

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Follow on [REDACTED]

From: Mark Underwood [REDACTED] GRO >

Sent: 22 June 2020 11:24

To: McInnes, Tim - UKGI <[REDACTED] GRO>

Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Hi Tim,

I hope you had a nice weekend. Apologies if I have missed it but I do not think we have received the paper / thoughts referenced below just yet.

If you are able to share these today, I would be grateful.

Kind Regards

Mark



Mark Underwood

Legal, Compliance & Governance Operations Director

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Mobile number: GRO

From: McInnes, Tim - UKGI [mailto:GRO]
Sent: 18 June 2020 13:47
To: Mark UnderwoodGRO
Cc: Cooper, Tom - UKGIGRO; Ben FoatGRO; Scott, Joshua - UKGI
GRO
Subject: RE: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-Fencing Vs Separate Legal Entity

Mark,

We have now spoken to BEIS and HMT (the latter just this morning). I need to bring my thoughts together but I hope to come back to you tomorrow if that's ok.

Thanks,

Tim

Tim McInnes | Executive Director

UK Government Investments

1 Victoria Street, London, SW1H 0ET

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Follow on 

From: Mark UnderwoodGRO
Sent: 18 June 2020 13:20
To: McInnes, Tim - UKGIGRO
Cc: Cooper, Tom - UKGIGRO; Ben FoatGRO; Scott, Joshua - UKGI
GRO
Subject: Managing Liabilities Arising from GLO Related Matters and Project Starling: Options Available to POL - Ring-

Fencing Vs Separate Legal Entity

Importance: High

Hi Tim,

I hope you are well.

Towards the end of our helpful meeting last week, you mentioned that you intended to socialise the concept paper amongst BEIS and HMT this week. Have you had any feedback just yet?

As you will appreciate, the timings for pulling together a draft paper for the July Board are tight (I would like be able to socialise a near final version amongst key stakeholders, such as yourselves, from 1 July) and as such, I would be very grateful if you are able to share any views which may have been expressed – even if preliminary?

Kind Regards

Mark



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