
From: Nikolaou Sophia (MPST)
Sent: 02 August 2017 15:23
To: James MPST
Cc: Nikolaou Sophia (MPST)
Subject: [OFFICIAL-SENSITIVE] Sophia's Handover
Attachments: RE: IAIR London Event - Ministerial Invitation ; Sophia's Handover Documents.7z; Sophia's Handover.docx; LOG.xlsx

CLASSIFICATION: OFFICIAL-SENSITIVE

Hi,

Below are the current live issues in the policy area. For an extended overview I would recommend arranging a time to meet with the relevant Deputy Directors in each area:

1. BUSINESS FRAMEWORKS: CORPORATE GOVERNANCE

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2. BUSINESS FRAMEWORKS: CORPORATE GOVERNANCE: PARTICIPATION AND EQUALITY AND DIVERSITY BOARDS

IRRELEVANT

*"They [the female broadcasters] are all looking at each other now saying: 'how did we let this happen?'
"I suspect they let it happen because they weren't doing much about it."*

The Gender Pay Gap is a **DfE lead**. As Sir Philip Hampton's comments were specifically relating to Gender Pay Gap Issue.

IRRELEVANT

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3. BUSINESS FRAMEWORKS: CORPORATE RESPONSIBILITY

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4. BUSINESS FRAMEWORKS:

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5. BUSINESS FRAMEWORKS:

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7. UKGI: POST OFFICE/POL

Richard Callard – Executive Director, Post Office and Green Investment Bank Shareholder Teams,

GRO

Nick Parker – Assistant Director,

GRO

Tim McInnes – Assistant Director

GRO

James Baugh –

GRO

Sophia→POL

The Post Office Limited (POL – people will generally refer to it as this) is dealt with by UKGI. They are a separate company to Royal Mail and do separate things – they provide the front of office service for post (in addition to a number of other things).

Live Issue: Funding

Richard Callard – Executive Director, Post Office and Green Investment Bank Shareholder Teams,

GRO

Tim McInnes – Assistant Director,

GRO

Sophia→POL

Margot and Glenn Hall met with HMT CST Liz Truss on the **12 July** to discuss POL funding. Following that discussion, joint advice was sent to our SofS and Liz Truss. SofS and Liz Truss subsequently met to discuss the funding. Following this meeting, SofS and Liz Truss exchanged letters (attached). These letters confirm that BEIS and HMT have confirmed the £210m funding amount for the Post office Limited. However, conversations between our SofS and Liz Truss regarding whether the funding will come out of the BEIS budget or will be funding from across government (and be included in the HMT Autumn Statement) are ongoing. **It is my understanding that, based on a steer for SofS Office, UKGI/Post Office Limited is not to be made aware that HMT and BEIS Ministers are yet to agree the source of the funding.**

The funding will run for three years, starting 2018. It is set into three parts:

- Network Subsidy – the Government committed to keeping open rural Post Offices if they were the ‘last shop in the village’. Therefore we provide subsidy, as many of them are loss making.

- Network Investment – This is to provide a fund to improve the infrastructure of the network. This includes IT Investment and Central costs.
- Commercial Loan Facility – POL may not necessarily use this, but want an additional fund available. HMG have imposed the rule that they cannot borrow money in the usual way companies do, but as this is such a large company they feel they should be able to access loan features.

SofS has written to Tim Parker (POL CEO) confirming that the funding **amount** has been agreed - letter attached. However no public announcement of the funding can be made until the **source** of the funding (BEIS or HMT) has been agreed/finalised.

Reaching agreement over the source of the funding is now between SofS and Liz Truss. Both SofS and Liz Truss are on holiday over recess. Therefore, they are unlikely to resume discussions regarding the source of the POL funding until **September**.

Sahar should be kept across POL funding – particularly given links that the funding has with the forthcoming Autumn statement.

Next Steps – August: I put the 3 letters referred to above (and attached) in to Margot **for info**. She has now come back on letters (2 August) with comments. This includes a request for a meeting to be set up between her and POL board member after Party Conference. This meeting will therefore need to be arranged, however, it may be wise to wait until after the **source** of the POL funding has been confirmed. Best to seek Sahar's steer on this as she is across the handling difficulties of this policy.

Please note when feeding Margot's comments back to Richard Callard that, to my knowledge, UKGI is **not aware** that the source of the POL funding is yet to be agreed.

Live Issue: Consultation

Richard Callard – Executive Director, Post Office and Green Investment Bank Shareholder Teams,

GRO

Michael Dollin –

GRO

Nick Parker – Assistant Director,

GRO

Sophia→POL

Michael Dollin was previously the policy lead on the Post Office Consultation however, as of 10 August 2017, he will have left the team. Richard Callard is the best point of contact for the time-being.

Before Christmas UKGI carried out a Government Consultation to ask certain questions about the Post Office, what it could do better etc. The consultation was focussed on network provision and access requirements. The UKGI team now have a final draft of the government response to the consultation. The publication of the government response to the consultation was delayed by Purdah and the delay in a decision on funding.

Due to handling risks, the UKGI team have given the steer that the consultation should be published **in parallel** with any announcement on POL funding. This is because there is a concern that, by not publishing the response to the consultation, we will be accused of ignoring the responses received during the consultation.

We will need to seek WR clearance in order to publish the consultation document. I have spoken to EDS regarding whether we can WR to publish the consultation document whilst the source of the POL funding is still being decided. EDS have advised that we would be able to write round as long as we include the following in the subject line of the write round letter '**[SUBJECT TO FINAL AGREEMENT BETWEEN BEIS AND HMT]**'.

I spoke with Lydia (SofS Office) and Steve (SpAds Office) re. the merits of writing round on the consultation whilst the source of POL funding is being finalised. We agreed that having write round clearance to publish the consultation document would help prevent unnecessary hold up on publically announcing POL funding (the consultation needs to be published in parallel with any announcement on funding). Lydia raised handling issues with HMT as the write round would go through HMT. Lydia said that she would discuss these handling concerns with **Jacob**.

Next steps – August/September: If the source of the funding is agreed before recess, we will need to facilitate the team in getting the consultation to Write Round quickly so that we can publish the consultation at the same time as we make an announcement on funding.

I have commissioned officials to pull together a submission which includes the most up-to-date version of the consultation document and the write round letters which Margot will need to sign. Given that Margot is duty Minister next week, I have commissioned the submission for **10am on Monday 7 August**.

The submission will need to go through SpAds, particularly given possible HMT handling issues mentioned above.

It may be that SpAds give the steer that we shouldn't write round on the consultation document during recess and/or until the source of the POL funding has been agreed. If this is the case, you will need to **not put the submission to Margot**. You can then put the submission to Margot once the source of the POL funding has been agreed between BEIS SofS and HMT CST with a view to publish the consultation document in parallel with a public announcement on funding.

Horizon:

Richard Callard – Executive Director, Post Office and Green Investment Bank Shareholder Teams,

GRO

****Sophia→POL****

This is the name of the computer system used in Post Offices. There is currently a group action at the High Court regarding issues that have led to dismissals and criminal convictions – they have been accused (and some proven in court or even provided a guilty plea) of theft. A group of ex-subpostmasters believe they were sacked/convicted due to an issue with the system, rather than theft. The High Court agreed they could bring about a class action (group) suit, and gave them 6 months (from the 26th Jan) to conclude applications of who could be included within the 'group'.

Next Steps – Post recess: there has been no further movement on this since March 2017. It is worth asking Richard Callard for an update on the issue after recess as this is when the High court has finished accepting applications to the class action law suit

Strike Action:

Richard Callard – Executive Director, Post Office and Green Investment Bank Shareholder Teams,

GRO

****Sophia→POL****

The main Union, CWU, have held a number of strike days due to the franchising of certain Post Office branches. There are a small number of Crown Branches left (approx. 260) that are run by POL. The company have implemented a programme to franchise the Crowns – especially those that are loss making. This would mean they will move to be hosted in another shop (independent or something like a Spa or WH Smiths). This only affects a small number of employees and branches – 260 out of 11,600. It is also bringing these branches in line with the majority of the network, which is already in this format.

The last strike was before Christmas, but if there are further announcements there is likely to be further Industrial Action. Margot has had a number of meetings/calls with Dave Ward (CWU) who says he wants to improve communications with POL, using Margot as a mediator. As this is an operational matter, we should not get involved, as POL are operationally independent. This means any media surrounding the issue should take the same stance. Margot has a good relationship with Dave Ward – they have exchanged text messages previously. However, she is still able to take a hard stance with him if she disagrees with him, or he asking something against the Government's position.

According to Richard Callard, the CWU is making noises about holding a consultative ballot on the pay deal struck by POL. This is non-binding, but will inevitably be negative with regard to the company. The UKGI team is not clear on the timescales for the ballot yet but will continue to monitor the situation.

Next steps – no immediate action required

UKGI POL Forward Look:

Richard and I were due to have a 1-1 w/c 31/07. As it was my final week, I did not meet with him however, Richard has flagged the following:

- Ministerial approval for remuneration – always difficult every year and provokes a lot of interest. I need to take you through that.
- Overall comms – we need to coordinate how we announce funding, which will also encompass the response to the consultation, Network Report (which last year was subject to significant delay), release of the Company accounts, and generally how do we get across the message that POL is performing much better now than the public tends to give it credit
- Need to ensure that the minister is aware of the difficult handling aspects of the strategy. These were flagged in the slides, and we have shared them with the Minister previously, but I want to make sure they have been clocked
- Financial inclusion – we are pushing the business to raise awareness of POL's offering on that front, but it might benefit from a bit of ministerial pressure
- Verify – Conservative manifesto was clear that it wanted to increase the online ID verification service, which POL is the market leader of. But Government is slow to roll it out and Ministerial pressure might pressure may help get things moving faster, for POL's benefit
- General update on where official discussions are on funding, state aid applications etc
- Unions – the CWU is making noises about holding a consultative ballot on the pay deal struck by the business. This is non-binding, but will inevitably be negative with regard to the company – not clear on timescales as yet.

Next steps – August/September: following a finalised decision on funding, it will be worth meeting with Richard to discuss the points that he raised above. I have attached his original e-mail 'RE Post Office Catch Up' so that you can respond to him directly.

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10. BOX WORK and FOLDERS

Margot came back on a number of submissions that were in her weekend box. All of the hard copy submissions are in the 'To Feedback' section of the 'In Train Submissions'. The e-mail chains that you will need to feedback on are all in inbox my folder **marked 'Box'**. You can then file the email threads into the relevant policy folders in the inbox.

All the hard copies of submissions and diary advice that I have are in folders in my drawer. A quick guide to what's in there is as follows (I've labelled all the folders for ease):

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
7. UKGI/POL
- 8.
- 9.
- 10.

IRRELEVANT

IRRELEVANT

After Purdah, I started a running excel list of what submissions are currently in the box/need to be fed back to officials. I have attached the spreadsheet to this email for your reference.

Hope this helps!

Many thanks and all the very best!!
Sophia

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