

Post Office Limited – Strictly Confidential

POLB 13(7th)
POLB 13/51-13/55

POST OFFICE LIMITED
(Company no. 2154540)
(the 'Company')

Minutes of a Board meeting held on 1st July 2013
held by conference call

Present:

Alice Perkins	Chairman
Neil McCausland	Senior Independent Director
Tim Franklin	Non-Executive Director
Virginia Holmes	Non-Executive Director
Alasdair Marnoch	Non-Executive Director
Susannah Storey	Non-Executive Director
Paula Vennells	Chief Executive Officer
Chris Day	Chief Financial Officer

In Attendance:

Alwen Lyons	Company Secretary
Mark Davies	Communications Director
Sue Barton	Strategy Director
Kevin Gilliland	Network and Sales Director

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INTRODUCTION

- (a) A quorum being present, the Chairman opened the meeting.

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HORIZON

- (a) The CEO apologised for the short notice in keeping the Board updated but explained that issues had arisen over the last couple of days. She gave an update on the Horizon review which was being undertaken by Second Sight and their interim report which was to be presented at a meeting of MPs on the 8th July. The investigation to date had found no systemic issues with the Horizon computer system but had highlighted areas for improvement in support areas such as training.
- (b) The CEO explained that the Horizon, like any large computer system, would occasionally have anomalies and two were known over recent years. The Business had dealt with these anomalies to ensure no sub postmaster was out of pocket and these anomalies had not affected any of the cases which Second Sight had reviewed. Second Sight had been told of these anomalies and they would include them in their report.

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- (c) The CEO was concerned that the report from the independent forensic accountants was not as factual as expected and could lead to loose language at the MP meeting.

ACTION:
CEO/
Mark Davies

- (d) The Board asked the Business to challenge Second Sight to ensure changes were made to the report where possible and asked the Business to prepare their communication to combat any inaccuracies.

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MUTUALISATION TIMELINE

- (a) Sue Barton reported that all the changes discussed at the Board Awayday had been incorporated into the mutualisation timeline and that it would clearly show that the strategic plan milestones referred to the year-end dates for 2013-2020. It had been agreed with BIS that the report would timeline would be an internal document not for publication.

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2013/20 STRATEGIC PLAN – CURRENT STATUS

- (a) Sue Barton gave an update on the NFSP sessions underway where she and Kevin Gilliland had shared the strategic plan. It was clear that their main concern was the enhanced compensation although the NFSP understood that there was no headroom in the plan for additional payments.

- (b) The Chairman explained that the Secretary of State had agreed to a meeting and was now getting involved in the process and that she and the CEO were meeting him and the Minister on the 11th July. He understands the scheduled approach but wants the Business to consider a 'cliff' to incentivise the sub postmasters to convert or lose the opportunity for investment. Sue Barton explained that this would not persuade Sub postmasters to move until the date of the 'cliff' as they would want to retain their Core Tier Payment for as long as possible.

- (c) The Board discussed the need to move at pace to defend the position especially in the mails market, and whether the move to network expansion could be the solution. Sue Barton explained that although the advantage of Network expansion was speed and cost, the increasing the network could cannibalise the work from existing branches and make them even less viable.

ACTION: Sue Barton

- (d) Sue Barton was asked to develop an option which incorporated the idea of a 'cliff' as suggested by the Secretary of State but ensuring that there were levers to ensure sub postmasters were incentives to leave early. This was to be presented to the Board before the

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meeting with SoS on the 11th July

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CLOSE

There being no further business the meeting was closed

Neil McCausland