
From: Minister HOLLINRAKE (DBT)[/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3F131AB4A1E443368F392D196C626FAE-5B2AC667-8A]
Sent: Thur 29/02/2024 11:37:26 AM (UTC)
To: Asha BALACHANDRAN2 (DBT); GRO; Ed BAIRD (DBT); GRO
Subject: Nick Read Readout 29/02

Readout below:

Attendees

Nick Read (POL CEO)
Kathryn Sheratt (Interim POL CFO)
Tim McInnes (Transformation Director POL)
Lorna Gratton (UKGI)
Carl Cresswell (DBT Director)
Jamie Lucas (PS)

STARTS

Nick: pleased with our session and felt a bit like the rug got pulled from beneath us.

Kevin: fair to say, at a certain point in time have to take the gloves off and try to manage the info. I think the select committee were weak with him, apart from Anthony Higginbottom. Sorry it was so messy. keen to support in anyway we can, to make sure we get passed this. Hope he's discredited. Anything else you think we need to do to make it easier?

Nick: look to Lorna on this

Lorna: need as much support as you can get from Ben Tidswell to try and get the board functioning properly. We need to try and find a way through the project pineapple memo.

Nick: we'll have a board meeting tomorrow and will see where we can get to. postmaster NEDs may use tomorrow as oppo to criticise on funding and anti-postmaster sentiment. Need to avoid tomorrow morning being a proper road crash.

Kathryn: had a bit of a flavour of it on Monday, they think it did not do enough for postmasters. Elliot mentions where the investment for the future of the business and postmaster rem is front and centre, costs are rising, and this has been a theme of theirs for quite a while.

Nick: This goes back to whether the postmaster directors are playing a role of a director, or of a trade union rep. I don't know where that is going to go. They are extremely exposed as a result of project pineapple. Not sure how to patch this up. In a slight stand off,

Lorna: they are not in a good place and aren't operating in a way appropriate for the business.

Nick: how can they ensure their own self-interest doesn't cut across their role in supporting POL as a business.

Kevin: keen to support anyway we can.

Nick: want to try to create an environment where we don't create a drama.

Kevin: these are businesspeople and i think that if i felt i had a business that was in terminal decline, I'd be pretty worried as well. they are bound to look for solutions, radical ones, but what can we do to try to spread a picture to the network that there is a more positive future. the more you can indicate there is a sustainable future to this the better. We can all see with what's happened over the last few weeks there is an appetite for change here and articulate it to your advantage, to set a new perspective.

Nick: its a reasonable question, bottom line is if they step back what do they want? innovation, fit for purpose product range, a bigger proportion of rem to go to postmasters. Is the investment government is putting into the business going to POL or postmasters. Sale of the telco business that went to fund the inquiry work. Getting over those hurdles is massively difficult.

Kathryn: it's the postmaster proposition that we need to work on. we've got building blocks I think, but haven't brought it all together. More of a postmaster proposition wrapper that might actually be more helpful.

Nick: we don't have any leavers.

Kathryn: need to frame it correctly with what we've got.

Lorna: need to show that you are providing REM and being able to bring their costs down, show the money that we've got is being invested.

Tim: they talk about automation, customer facing screens, we've got money for cash counters. NBIT is an enabler but us saying that won't be accepted now.

Kevin: we are going to get a better deal at the banking framework and cut costs at the centre. If you told me I'm going to buy a counting machine, i'd probably say I'm still going to go bust. We need meat on the plans.

Tim: it's what are we trying to deliver for them and what is the evidence.

Kevin: need to articulate that it is your absolute focus and more of the cash will go down to postmasters. this is also a moment of opportunity.

Carl: bit of a point about getting to the end of the inquiry and compensation.

Lorna: appeal stuff will make it go on along.

Kevin: GLO scheme obviously a DBT scheme, there's an appeal mechanism is in that. If we do one on HSS I'd squeeze it into the GLO one. There are calls for the whole thing to be taken out of POLS hands. Need to be pragmatic. OC2 will come to us in DBT

Nick: you'll have no pushback from me at taking that away. The only way they will start to be rebuild is if it is ringfenced and removed.

Carl: HSS appeals and OC2 should be DBT run. OC1 (ongoing claims and HSS) should probably stay with post office.

Nick: take it away as it is?

Simon: ring fence it and just change the report.

Carl: afraid its post office people doing it. that's the issue.

Simon: Ring fence the contractors.

Carl: it would not align with the government cost structure to bring in expensive contractors.

Carl: this needs to be thought about.

Simon: They do sit within the post office.

Kevin: lets park this for now. It could be a good story for the future of the network.

Kevin: in terms of other messaging, the mutualisation has died down a bit.

Nick: met them on Monday. VOTP etc. Their main point was about future of post office and representation of postmasters. We are going to see some governance work done by Grant Thornton in a few weeks' time.

Lorna: I don't think postmaster oversight of the board is worth it, I think there's good mileage for more postmaster input in the retail part of the business.

Nick: then you get into the NFSP debate. We've tried to redesign relationship with them, but it isn't really working.

Lorna: you've got your postmaster director in the building now and whether there is scope to do more around that. I'm thinking about something more formal, with accountability. with some kind of action focused back and forth.

Kevin: I think it's worth exploring, other thing it sounds radical - mutualisation, VOTP pitched it to us, if you went to the network and said we've got this strategy to deliver more revenue to the postmasters and we aren't against mutualisation would that be popular.

Nick: I got raised eyebrows when i raised mutualisation with the dept.

Tim: The last report said in principle mutualisation was a good idea, but people need to want to own post office.

Nick: *until we have a healthy business* we are going nowhere. We can move deck chairs around.

Lorna: you can use the report to

Kevin: not going to happen before the election, of course. I wouldn't have a problem with announcing

a review of mutualisation.

Carl: build it into the third phase of the review

Kevin: think it would be a relatively positive message.

Lorna: doing the policy review through the lens of the police review.

Kevin: central costs.

Kathryn: business plan being pulled together, going to board tomorrow. form that we are also going to build 25/26. in process of reducing our headcount.

Kevin: can i see some numbers on this

Kathryn: reducing contractors from 373 to 160. and at Swindon.

Tim: Swindon is our retail distribution centre

Kathryn: reducing our DMBs. Want to do more though and working out how to fund that. Have done some OD work this year???????

Kevin: costs and the centre is important to me and postmasters. in terms of conversation with postmasters. people want to see the large chains of directors thinned out.

Kathryn: Karen has all sorts of ideas on this and plans are afoot and waiting for the team to be in place.

Lorna: you're holding money in the account for inquiry cost overruns]

Kathryn: *nods*

Kevin: headcount by salary is needed.

Kathryn: want it by 5 years and come march we'll have 25/26. What I want to do is have a 3/5 year business plan view.

Lorna: we can do two rounds of business plan advice to you.

Kevin: it's vital.

Kevin: political element to this is making the network sustainable, but we need to visualise it by being able to say what we are doing on central costs and shouting about other things.

Lorna: you're open to loans?

Tim: hesitant due to the nature of loans

£ figure/where the shortfalls went

Tim: how much money did people pay in, based on offers made for shortfalls on HSS and OC it's £36m (claims processed, not ones not yet processed). We are working out

Tim: there is a variety of ways in which a transaction can be classified. Stamp example.

They are preparing a paper on this.

ENDS

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