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AUDIO TRANSCRIPTION

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2 HENRY STAUNTON: (audio begins) ... Change anything that
3 requires the government civil servant where we get
4 whistle-blowed and whatever, whatever. So you can -- it
5 is a massive, massive problem here in terms of trying
6 to -- at least you've got training going much better
7 now, things are moving in certain directions. But it's
8 a handful and, I've got to say, I've chaired some
9 companies, a lot of companies, very successfully but
10 this one's -- this one's a bit of a nightmare. But we
11 could have got through it but it needed UKGI to be on
12 side and I didn't feel they were on side for a moment.
13 And I'm sure that UKGI was talking to the journalist.
14 That's what they did before, not actually sorting out
15 the business.

16 KEMI BADENOCH: I know. I'm sorry to hear that but why
17 didn't you get in touch with me?

18 HENRY STAUNTON: Because I had an inkling only last week
19 with the Chairman and Chief Executive UKGI and was I was
20 going to tell them all this. I know it's UKGI but
21 I never met you, you see, and it's just -- but it's ...
22 I've chaired so many companies you would not
23 believe. I'm working on this business 60 hours a week,
24 whereas I can take Swiss, despite -- I chose Swiss as an
25 international company where the share price more than

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1 quadrupled and I ^{AL} could do that on 15 hours a week. This
2 is four times the time. You just wouldn't know the half
3 of it, Secretary of State.

4 KEMI BADENOCH: I do know, I do know. This is what --
5 this is what the world is like today within the public
6 sector. What I did find out of the ordinary was that of
7 all of the arm's length bodies that I'm responsible for,
8 the Post Office was the one where I never heard from you
9 directly. You know, the CMA, UCES(?), the British
10 Business Banks, the chairs of all of these organisations
11 would reach out to my office fairly frequently. And
12 Kevin Hollinrake did manage the relationship very well,
13 but there didn't seem to be any interest in doing much
14 more. So you and I haven't had a chance to build up a
15 relationship which would have probably been more helpful
16 at the moment the scenario turned from difficult to
17 crisis.

18 I've been given a very, very high level overview
19 of the government's issue that has led to the advice
20 given to me about the decisions which I now have taken,
21 but I want to make sure that you have had a chance to
22 make your views known as well. But, given where we are
23 and what I've just said, what would you like to see
24 happen now?

25 HENRY STAUNTON: Right. So what we need to do is actually

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1 I think -- it's a ^{AL}very difficult one with regard to the
2 CEO, who's very unstable and actually I said to
3 Lorna we need to have an adult conversation with him to
4 say, look, stay through the inquiry and we'll treat you
5 as a good leaver -- nail him down for 12 months. Well,
6 of course, she says, oh, well, in this government it's
7 very difficult to offer good leaver status. If we have
8 a crisis, it's not a big deal; he might get an extra
9 100,000 that he wouldn't get if he wasn't a good leaver
10 but at least we nail him down for a year and the money he
11 would get for good leaver status actually seems to be
12 more important to him than actually the sums involved.
13 So I think we need to nail the chief exec down.

14 We must do something about -- we must make this
15 organisation more postmaster-centric. I said we need to
16 have an oversight committee chaired jointly by the two
17 postmaster directors, we need to introduce a third
18 postmaster director, so the message will get out to the
19 network post the Post Office is changing. And, trust
20 me, at the moment it is terrible the view of the
21 Post Office out in the network. So have a third
22 postmaster.

23 We're really then, Secretary of State, starting
24 this journey towards de-mutualisation. We're not to say
25 that, but that's what you need to do. The SiD process,

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1 it's six for two. ^{AL} Never mind what Lorna thinks and the
2 fact that we've gone outside. The fact is when the
3 facts change, you change your decision. We need to have
4 an internal policy -- if you met Darfoor you'd recognise
5 this is a class act which ought to be asked so we can --
6 I can quite see why everyone's got there. And the fact
7 that we started out on a public journey -- it was a
8 different world two months ago. I mean, we were just --
9 you know, it's just been horrific the last four weeks. We
10 need to get on the front foot and I think that
11 postmaster-centric does that for you.

12 There's this feeling within the business -- Richard
13 Taylor said all the postmasters are on the take and
14 they're all guilty as charged, we wrote to the Lord
15 Chancellor saying that was our view, and that would be
16 Peters & Peters's. That's not my view and I don't think
17 it's the view of the majority of the board but I think
18 that UKGI and people sending that letter with (unclear)--
19 it was a very --it was actually contrary to what the
20 government ministers were trying to do and in fact you'd
21 be surprised the sort of things your civil servants say
22 about ministers.

23 So it's a mess. But the fact is "you are guilty
24 as charged, postmasters are on the take" it's got to
25 change and we need a massive cultural shift in this

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1 organisation to do^{AL} that. And most of the directors are
2 on side and the UKGI director is not. She couldn't --
3 she couldn't run a bath, let alone run a company. We've
4 got a big problem there. We need to take some very
5 tough business-like decisions in terms of culture to
6 change it. And when we talk about culture, as Nick
7 said, Lorna thinks it would just be a crusade for female
8 diversity. It's not that. It goes to the heart of how
9 we operate Post Office, this cultural shift. It's
10 enormous what we need to do but I think it's possible.

11 But I don't think it's -- you know, we need to
12 have Andrew as the SID. The Chairman would put it
13 through. I think you need to change the UKGI directors
14 and just get to the core. And it's a battle that's
15 winnable but, by God, it's going to be a battle.

16 KEMI BADENOCH: It certainly is and there is so much
17 that needs to be done and I'm very sorry that your
18 tenure with the organisation has ended up this way.
19 I know that the events of the last four weeks must have
20 been particularly difficult not just for you but the
21 whole organisation, you know, and I will go so far as to
22 say traumatic. But the complaints which we have
23 received are serious enough, I'm afraid, Henry -- they
24 are serious enough for us to have to intervene in this
25 way. I don't know how we would want to frame it within

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1 the press so that ^{AL} we can make sure that it isn't
2 something particularly awful. If you would like some
3 time to come up with a frame of words about ending your
4 tenure and the conversation --

5 HENRY STAUNTON: Well, I would -- I would like it drafted by
6 someone outside UKGI who's a true BIS. Obviously I have
7 a reputation built up over 50 years, Secretary of State,
8 and (unclear) successful chairmanship so I don't want it
9 -- I was rung up by your people to say will I take the
10 job on. I didn't go applying for it but it's time to put
11 something back. So, you know, I felt strongly -- that's
12 the reason I took it. I'm not doing it for the pay.

13 So I'm very jealous of my reputation, so I think
14 you need to understand that and I would legally
15 challenge any comments made in that regard. So I think
16 it just needs to be -- a lot has happened and we're
17 looking to -- I don't know. I said what needs to be
18 done at Post Office and I think you can understand my
19 passion for how it could have been sorted, it won't and
20 how it won't -- why it may not get sorted and that's the
21 most important thing.

22 But in terms of my leaving, I think -- I don't
23 think you need to say a lot, really. "Henry's standing
24 down". Why do you -- you don't need to give a reason.
25 I don't need to give a reason.

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1 KEMI BADENOCH: Well, ^{AL}given the amount of media
2 scrutiny, I think it will be better for us to give
3 reasons and come up with a form of words that work,
4 otherwise it will just be speculation and so on that
5 will drive it.

6 If I could ask -- I've got my Private Secretary on
7 the line. If I could ask for your personal contact
8 details, I will get the office to draft a press release
9 which you can have a look at and it should reflect the
10 conversation that we've just had and hopefully we can
11 swiftly before there's any sort of announcement in the
12 papers.

13 HENRY STAUNTON: Well, I think if there's anything on
14 whether this is on whistle-blowing, I would
15 contest it hugely.

16 KEMI BADENOCH: Okay, that is understood. I will need
17 to make sure that --

18 HENRY STAUNTON: My reputation is very important to me, as I
19 say, over many companies. And I was asked to come and
20 do this. I did it -- I brought it back as the best
21 I can. I just -- I'm beginning to repeat myself.
22 If you hand me over, I will do it and let's hope that
23 it's a wording that you're happy with and I'm happy
24 with. It shouldn't be difficult. It should be quite
25 straightforward. Please keep it straight and simple.

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1 And there will be ^{AL}enough -- there will be enough crisis
 2 in the Post Office in the next two weeks and this will
 3 be just a small item in a footnote in due course.

4 KEMI BADENOCH: Right. Let me just speak to my Private
 5 Secretary who should be on the line. Megan, are you
 6 there? Or Anne? It doesn't sound like -- oh, I think
 7 they can hear but they can't speak.

8 What I will do is I will take your contact details
 9 myself because they will be able to log that. What is
 10 the fastest way to reach you? Is it on your mobile?

11 HENRY STAUNTON: A mobile, which you've got, I think. Shall

12 I give it to you? It's GRO

13 KEMI BADENOCH: GRO

14 HENRY STAUNTON: GRO

15 KEMI BADENOCH: GRO And what is the
 16 email address that we can send something to you fairly
 17 quickly?

18 HENRY STAUNTON: GRO

19 GRO

20 KEMI BADENOCH: GRO

21 GRO All right. We shall --

22 HENRY STAUNTON: -- therefore, I won't turn up to the board
 23 meeting on Monday or Tuesday.

24 KEMI BADENOCH: Yes, that is correct.

25 HENRY STAUNTON: Fine.

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1 KEMI BADENOCH: I'm ^{AL} sorry but that will need to be the
2 case given the conversation we've had and what I suspect
3 the media are going to be doing. And if it's any
4 consolation at all, I doubt it will be, but I'm very
5 angry about the fact that this has been leaked without us
6 doing this properly and --

7 HENRY STAUNTON: Appalling. Appalling.

8 KEMI BADENOCH: It is appalling and I have noted what
9 you have said about UKGI. I do think that they have
10 been part of the problem and that is the next step.

11 HENRY STAUNTON: I don't want to bombard you, that is the
12 view of most of the board. I had a meeting -- when
13 I said I've got a meeting with the Chairman and Chief
14 Executive UKGI, I said for governance purposes I've
15 never held a meeting just with the directors that aren't
16 on UKGI but to give me a view on what was said and this
17 is then taken very badly by Lorna but actually it's good
18 governance. And they just said you've got to tell them
19 straight. We support your strategy, give us the tools,
20 and we can do the job was the sort of summary of it. So
21 there's some serious work to be done in terms of the
22 UKGI situation.

23 KEMI BADENOCH: Well, let's see where we can get to
24 going forward. But I'm very sorry to have to make this
25 call, Henry, and I really wish you well.

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1 HENRY STAUNTON: That's^{AL} okay. Stuff happens. Okay, thank
2 you, Secretary of State.

3 KEMI BADENOCH: Thank you. Take care.

4 HENRY STAUNTON: Thank you, bye-bye.

5 KEMI BADENOCH: Bye-bye.

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