



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

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MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 06 DECEMBER 2022 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 13:00 PM

Present:	Henry Staunton	Chairman (Chairman) (via Teams)
	Tom Cooper	Non-Executive Director (TC)
	Zarin Patel	Senior Independent Director (ZP)
	Lisa Harrington	Non-Executive Director (LH)
	Saf Ismail	Non-Executive Director (SI)
	Elliot Jacobs	Non-Executive Director (EJ) (via Teams)
	Ben Tidswell	Non-Executive Director (BT)
	Brian Gaunt	Non-Executive Director (BG)
	Nick Read	Group Chief Executive Officer (NR)
	Alisdair Cameron	Group Chief Finance Officer (AC)
In attendance:	Rachel Scarrabelotti	Company Secretary (RS)
	Navin Batra	Strategic Financial Planning & Analysis Director (NB)
	Tim McInnes	Strategy and Transformation Director (TM)
	Zdravko Mladenov	Group Chief Digital and Information Officer (ZM)
	Gareth Clark	NBIT Director (GC)
	Anne-Marie Hearne	Head of NBIT Training and Information (AMH)
	Martin Roberts	Group Chief Retail Officer (MR)
	Martin Edwards	Network Strategy & Delivery Director (ME)
	Ben Foat	Group General Counsel (BF)
	Simon Recaldin	Historical Matters Director (SR)
	Martin Hopcroft	Director of Health & Safety, Environment and Business Continuity (MH)
Apologies:	Carla Stent	Non-Executive Director (CS)

Action**1. Welcome, Officer Changes and Conflicts of Interest**

A quorum being present, the meeting was opened.

It was **RESOLVED** that Henry Eric Staunton, having consented to act, be appointed as a Director of the Company with effect from 1 December 2022 and that the Company Secretary be instructed to file form AP1 with the Registrar of Companies.

It was **NOTED** that the shareholder of the Company had appointed Henry Eric Staunton as Chairman of the Board. It was **RESOLVED** that Henry Eric Staunton be appointed as Chairman of the Board. Given the new Chairman was attending the meeting via Teams, BT agreed to assist with facilitating the meeting.

BT called for the Directors to disclose any conflicts of interest. The Chairman declared a conflict of interest, being that his wife held 39, 523 ordinary shares in WH Smith plc, one of the key strategic partners of the Company. Following discussion, noting that the Chairman did not participate in the vote, it was **RESOLVED**:

- (i) The conflict of interest as disclosed by the Chairman be authorised on the basis of the following conditions:
Until such time as the Chairman's wife has divested of all her shares in WH Smith plc:
 - (a) the Chairman will be excluded from the receipt of information, the participation in discussion and/ or the making of decisions whether at



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- meetings of the Board or otherwise which directly impact WH Smith plc;
and
- (b) the Chairman is asked to provide the Company's Group General Counsel with notice prior to his wife divesting any shares in WH Smith plc, purchasing any additional share capital in WH Smith plc, and take into account any reasonable request by the Group General Counsel not to divest or purchase shares at that time;
- (ii) that the Company Secretary be directed to update the Company's Register of Director's Interests to include the conflict of interest and the conditions in respect of the authorisation of the conflict of interest.

The remaining Directors declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

2. Minutes and Matters Arising

TABLED and **NOTED** were draft Minutes from the Board Meeting of 1 November 2022. Subject to the making of an edit requested by SI, the Board **RESOLVED** that the Minutes of the Meeting held on 1 November 2022 be **APPROVED** as a correct record of the Meeting and be signed by the Chair.

The Board **NOTED** the action log and status of the actions shown. SI queried progress in relation to item 2 which had been marked as closed. **ACTION** BT requested that this item be re-opened and re-assigned to MR, with a view to resolution come January 2023. AC suggested that SI re-draft the action item and provide this to RS for inclusion in the action log.

MR/ SI

TABLED and **NOTED** was a report, 'NBIT – Customer Facing Screen Options'. NR observed that this was a cost issue balanced against a customer service issue. LH noted that a Postmaster might choose to pay for this option, although capability for this option would still then have to be built.

3. Committee Reports (verbal)

3.1 Remuneration Committee

LH updated the Board as follows:

- the Committees' Terms of Reference needed further revision and the item would be withdrawn from the Agenda today;
- The Committee had approved for recommendation to the Board an increase in the NED annual aggregate fee cap;
- Benchmarking had been considered;
- An EDI update had been provided and the Committee had requested details of action planning. **ACTION** NR would share the GE EDI commitments;
- STIP targets had been discussed, particularly in relation to HSS and IDG. The Committee were not comfortable to change targets mid-flight.

NR

3.2 Historical Remediation Committee

BT updated the Board as follows:



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- Decisions in relation to the OHC process, Detriment 2 and the outstanding balance issue were due later in the meeting;
- On HSS, progress remained steady, although the balance of cases remaining were complex and there was the issue of late applications to the scheme;
- On OHC, good progress was being made in respect of non-pecuniary settlements. There were some complex pecuniary claims;
- In relation to the public interest only cases, a mediation was scheduled for December and the team were hopeful of arriving at a commercial agreement there.

3.3 Nominations Committee

LH updated the Board as follows:

- The Committee has resolved that the Chairman be recommended for appointment as Chair and a member of the Nominations Committee, as well as a member of the Remuneration Committee;
- The Board and Committee Evaluation process for 22/23 had been considered, and an internal review process would be instigated with responses due by the end of December, given ZP's departure in early 2023;
- The NED recruitment process was progressing. The CEO Report had referenced potential challenges to attracting suitable candidates, and whilst a number of candidates had departed the process from the longlist, the Evaluation Panel were pleased with the calibre of applicants on the shortlist.

3.4 Audit, Risk and Compliance Committee

BT noted that CS was an apology to the meeting, however CS had provided BT with a summary of the ARC meeting of 5 December. BT spoke briefly to the note outlining key highlights. In relation to Project Pensions Assurance, it was **RESOLVED** that the ARC recommendation to the Board that Board delegate authority to the Group Executive to determine the most appropriate rollout of the communication and reduction in pension in cases of overpayment be and is hereby **APPROVED**.

4. CEO Report

Minister Hollinrake MP, C Creswell and assistant joined at 13:30.

TABLED and **NOTED** was the CEO report.

The Chairman welcomed the Minister and passed over to NR to present the CEO Report. NR spoke to the report advising that the Company had had a very good half year in terms of trade, and that the Company's travel and bill payments businesses had continued to perform well. The mails business was behind however, and we were seeing a tightening in consumer confidence, with a slowdown in banking and travel. The Company was losing approximately £250k a day in mails trading due to RMG industrial action, and this was anticipated to be significantly higher as December progressed and RMG industrial action continued. There was anxiety about the FCA deposit limit issue. With the slow-down in the mails trade a shortfall in our funding over the next few years was forecast. The Inquiry, extending now potentially into 2024, was going to cost the Company more, however we wished to support the Inquiry to the best of our ability. One of the implications of the Inquiry was in relation to the roll out of NBIT; the technology needed to



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work first time, the roll out exercise was vast, and the exercise was massively time bound. This compression of activity within a very short time frame would have many impacts.

BT noted that parts of the business were positive, however the Company had significant issues to face including the Inquiry and wider external factors. An issue of some urgency for the Board was determining the optimal size and shape of the network, which needed to be co-ordinated with BEIS and the Minister.

The Minister replied that as a constituency MP he was well aware of how important Post Office was to the community, particularly with other services being withdrawn such as banking. The Minister advised that he wished to understand the social value of the Post Office further, and that he was keen to work on the next 3YP to facilitate the network size and preserve the Company's commercial value. The Minister referenced the Energy Bill Relief Scheme and advised that he was hopeful that this would extend to the Post Office. The Minister advised that he appreciated the support given by Post Office in relation to resolving historical issues and in relation to the Inquiry.

SI detailed some of the headwinds for Postmasters including an anticipated increase in minimum wage, rising energy prices, RMG industrial action, and the FCA imposition of banking limits. Postmasters did not feel that there was any government assistance that was specifically for Postmasters; could Postmasters be permanently classified as vulnerable business status? The pandemic had demonstrated how important Post Offices were in the community. Many Postmasters were hanging on for peak December trading, however some may not be able to continue into the new year. The Minister replied that these were going to be difficult times, however he was hopeful Post office would see some benefit from an extension of the Energy Bill Support Scheme. In terms of limits on deposit payments, the Minister had written to HM Treasury suggesting that there should be a risk-based approach applied not a blanket approach. The Minister advised that he would be agreeable to receiving suggestions on how the work the government provided to Post Offices could be better.

LH referenced the strategic direction of the Company and that the Board was interested to understand early ideas on the BEIS policy review. The Minister replied that he was keen to work with Post Office on this and invited the Board to come to the Minister with recommendations. AC advised that there would be difficult and unpopular decisions to be made in the near future, such as closing rural branches that were loss making that sat outside the access criteria. ZP contributed that the Board needed to keep sight of the fact that the mails business was in structural decline and that in 5 to 10 years-time Post Office needed to be a different business which delivered a good income for Postmasters, as well as being commercially sustainable. BT advised that the Board would value the support and advice of the Minister; the Minister replied that he would be pleased to work with the Post Office to achieve what was necessary.

Minister Hollinrake MP, C Creswell and assistant left the meeting at 14:07.

BT called for questions on the CEO Report. ZP referenced the Employee Survey results and queried whether these could these be shared. NR spoke to the results, advising that he was due to work through these with J Davies, and that he was acutely aware that he would need to attend the Inquiry in September 2023 and advise of cultural changes at the Company.



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EJ referenced point 36 in relation to SSKs and queried what the approach was between now and the roll out of NBIT. EJ noted the value that could be extracted if customers could self-serve for returns using NBIT. NR replied that there was no further funding for SSKs, however we were exploring options for a prototype and funding via our partnership with WH Smith plc ('WHS'). EJ pointed out the risks associated with not progressing with the development of SSKs. LH queried, when negotiating with WHS, whether we had settled if any solution would be proprietary to them? NR replied that it could not be, however this part of the ongoing discussions with WHS.

TC noted the Metropolitan police investigation and queried whether this involved any current Fujitsu employees. BT suggested that TC ask BF.

5. Finance

5.1 Financial Performance Report

TABLED and **NOTED** was a report, 'P7 – Performance Overview'.

NB joined the meeting at 14:28.

AC spoke to the Report noting the financial impacts of the RMG strikes, and the analytical work and practical steps proposed in relation to reviewing Postmaster losses. LH noted that she had met with Z Partos earlier in the week, and that there was a need for the business to become more analytical and that this capability needed to be built internally. AC agreed with this, however advised that there was no funding available to develop this. TC referenced previous practices that had been undertaken by the Company in relation to reviewing Postmaster losses and queried why these were no longer undertaken. AC advised that there had been significant staff turnover in the relevant teams in Chesterfield. In addition, the pandemic had caused the business to pause different practical activities, however these had never been re-commenced, and remote working was not conducive to the collaboration required for these activities. NR contributed that recruiting to Chesterfield had been difficult however the Retail Operations Director was now in situ and would be assisting.

AC advised that the current forecast was that branch numbers would be below 11,500 if Drop and Go's were not included. TC noted that this was anticipated by BEIS.

In relation to Postmaster remuneration, the expectation of this increasing was deteriorating due to Mails trading. NR noted that the Postmaster variable remuneration rate was down for the first time this period, and this could be flat by the end of the year. In terms of any trading profit, the Board would need to think carefully about how this was distributed. TC shared his view that there was a significant issue here; with minimum wage increases set for April 2023 and the impact on Postmasters, yet the Company would be in discussion with BEIS at this time; increasing Postmaster remuneration at the same time as requesting funding would be a difficult position to maintain, however. AC replied that we were very clear at the Postmaster Business Update that a review of Postmaster remuneration would be undertaken again in Q4, and that any additional remuneration was likely to be in the form of a one-off payment; we were very conscious of BEIS' reaction. EJ shared his view as to the need for the Company to act promptly in relation to Postmaster remuneration in order to preserve branch numbers. BT observed that there were 2 parts to this issue, firstly, what was the correct quantum of any increase and secondly how any increase would be communicated to the shareholder.



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ACTION SI queried the position on the value of non-barcoded stamps in the network. AC advised that he would issue SI a note on this.

AC

BG referenced our relationship with RMG and thought that coming out of the Industrial Action RMG would be desperate to re-build their volume; this could present an opportunity for us, in helping RMG rebuild their business. NR took the point, however advised that the Post Office was the most expensive channel for RMG.

6. Three Year Strategic Plan

TM joined the meeting at 14:57.

TABLED and **NOTED** was a report, 'Three Year Strategic Plan/ 3YP Update'.

AC spoke to the paper advising that the approach to Phase 3 of HIJ, Copper Stop Sell, the NBIT roll out plan, and HMU and Inquiry spend, which comprised major building blocks for the 3YP, would be brought for consideration at the January Board. In terms of applying for additional funding, this could be sought in a less traditional way, given the usual process could take a significant amount of time, we may not receive the totality of the funding needed, and there could be conditions imposed. Given the funding requirements for any of the above items could get materially worse we would need to propose ranges, and the approach could be speaking to BEIS about funding in tranches and repurposing unapplied funding allocated for historical compensation schemes.

ZP emphasised the need for the draft 3YP to be credible and for the Board to have confidence it was executable. ZP shared her view as to the 2 major areas of risk, being firstly the Inquiry, and queried the must do activities of the Inquiry for example disclosure, and raised opportunities for savings in relation to engaging cheaper external legal resource. The second major area of risk as ZP saw it was in relation to NBIT where a well costed plan was crucial; the Board needed more oversight and to be sure that any funding ask was as robust as possible. TC advised that he was concerned about the timing for seeking additional funding; whilst we were in discussion with BEIS we could cross critical points of no return, and decisions could be required without clarity as to the funding available. TC further advised that an option could be to apply for emergency funding for NBIT and the Inquiry now to support activities for a 12-month period, and to raise the position on Postmaster remuneration. TC shared his view that he thought parts of BEIS could be receptive to this approach at this point in time. AC advised that in practice there would be activities we would not scale back on if it meant we were approaching security headroom such as the Inquiry and NBIT.

7. NBIT Training Deepdive

AMH, ZM, GC and MR joined the meeting at 15:35.

TABLED and **NOTED** was a report, 'Training for NBIT full-counter roll-out'.

EJ noted that the vast majority of the group of Postmasters that would require NBIT training were not otherwise skilled in IT and queried whether Postmasters could be involved in delivering the training as well, given their incisive practical knowledge. AMH replied that for the virtual training there was the intention to use Postmasters to assist to deliver the learning, and that the approach was very much designing and implementing the training for NBIT in collaboration with Postmasters.



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EJ advised that he had attended the Aldwych Post Office last week, and the feedback from the Postmaster there and staff was that the learnings had come when they were able to access the screen in the NBIT environment. GC replied that there would be an option for Postmasters to go into a simulated NBIT environment, and that the approach was not going to be training every single transactional journey; the feedback received was that once teams saw one transactional journey completed, they were comfortable.

NR advised that risk assessments were being undertaken via the area managers to assess which Postmasters would likely need more assistance than other. LH stressed that we could not underestimate the importance of Postmaster competency in relation to NBIT, and that she was supportive of pausing the go live to NBIT for Postmasters who had not demonstrated competency. LH noted that costings for the NBIT training programme would need to come back to the Board. LH noted the current training in place for new Postmasters in respect of Horizon, however commented that the sooner we could move training across for new Postmaster to NBIT the better. LH queried whether we had a date in mind for commencing training for new Postmasters solely on NBIT. AMH replied from April 2024.

BT referenced the action to be addressed in relation to NBIT training costs; this was not just the cost base, it was also information as to the difference in costs as against the NBIT training originally proposed. ZM advised that this information would be provided to the Board for the January meeting.

SI raised utilising the NFSP to assist in delivering the training and shared his view that providing access to simulated training for Postmasters as soon as possible would be valuable. SI queried the use of Area Managers to assess training needs. NR took the point, however advised that the purpose of this was to have a preliminary assessment as to what might be required.

SI emphasized the need to implement the training correctly the first time. AMH advised that a learning management system would be opened to all, and that Postmasters would be able to see how many of their team had undertaken the training ahead of the NBIT go live date for that branch. GC contributed that the feedback the team were getting was that the front office side of the journey was pretty intuitive, however some of the back-office processes were more difficult and represented more of a change so the training was aimed more at this aspect. EJ raised the issue of Postmasters who solely ran rural branches and who may not have a separate device for undertaking the training. GC replied that the training could be undertaken piecemeal and that the team were looking at additional device options. TC noted that a timetable for training implementation would have been a useful addition to the paper. TC queried how the team were collating feedback from Postmasters in relation of the proposed training. AMH advised the Aldwych branch training had consisted of providing training for every journey; the feedback was that the Postmaster and staff did not need training for every journey, so the team had reduced the number of journeys trained, which should position the team to moderate the level of training required. **ACTION** As to TC's comment in relation to a timetable for the training implementation, the team had this and this information could be shared.

ZM

AMH, GC, and ZM left the meeting at 16:02. LH left the meeting at 16:03.

8. Overall Network Strategy

ME joined the meeting at 16:05.



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TABLED and **NOTED** was a report, 'Accelerating the network strategy'.

Confidential: discussion of legally privileged advice

ME spoke to the first proposal in the paper, being to close a number of loss-making branches by March 2025, offsetting these with additional Drop & Collects. ME noted that if the proposal progressed it could receive a negative response from communities, and that additionally, no compensation would be offered to Postmasters. ZP queried this, noting that for HSS and OHC claims 26 months compensation was being provided. TC queried whether we would be bound by precedent applied in respect of other matters in the Company. ME outlined the legal advice received in relation to compensation and the public law point. ZP queried whether this proposal had been discussed with BEIS. AC advised that management would initiate a dialogue with the shareholder on this following the Board meeting. **ACTION** TC requested that a copy of the legal advice be distributed to the Board and shared his view that the shareholder may not be supportive of the approach.

ME

EJ advised that in relation to white space Evri had a distance of 0.5 miles; the revised proposed 0.25 miles distance for Post Offices equated to an approximate 3-minute walk and EJ was very concerned that this could be detrimental to the business of existing Post Offices. ME advised that the half mile distance between Post Offices was an informal policy we worked to, and that there was a difference between what Evri said on their website and what happened in practice – in practice it was a quarter of a mile. BT called on SI to contribute. SI advised that he agreed with EJ and reminded AC that in an earlier Board meeting when AC had asked Board members to call out red lines, SI had identified any change to the current white space of half a mile as a red line. AC queried that if we agreed with Postmasters that the savings from closing loss making branches and installing Drop and Collects in white space would be reinvested in Postmaster remuneration, would that assist, or what could be done to make this proposal workable for Postmasters. SI shared his view that any proposal to reduce down the half mile radius would be very noisy. EJ contributed that the solution to closing loss making branches was not a palatable one, so if we cut the radius, then we would need to look at providing a guaranteed minimum level of remuneration for Postmasters.

AC queried, when we undertook the modelling, if we did not reduce the half mile radius, how many rural branches could we close. ME replied that we would be unlikely to close more than 500 loss making branches by 2025; we were using Drop and Collects for churn in the network so we would likely have very little room to otherwise close loss-making branches. BT queried whether the team were confident we could roll out more than 1,500 Drop and Collects by 2025. ME advised that the team estimated capacity to deliver approximately 3,000 Drop and Collects, contingent however on other deals being completed. EJ commented that the problem was that the business was being run by completely the wrong metric of the 11,500 branches.

BT summarised the discussion, advising that the Board was supportive of closing loss making branches so long as the access criteria was not affected, and the half mile radius was not breached. BT further advised that the door to closing further loss-making branches was not closed, however management would need to bring proposals in relation to remuneration assurance for Postmasters. NR referenced the McColl's loss-making branches that were due to be closed early in the New Year and which would not be replaced; these would provide a test bed and assist to understand where political tension might lie.



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ME moved to introduce the second proposal in the paper, being, subject to funding, the resumption of the programme to franchise and close the 114 remaining DMBs. BT raised a comment provided by CS ahead of the meeting, pointing out that it could be difficult to secure external funding for this activity. TC advised that he was supportive, however advised that external funding should not be sought for this activity.

ME turned to speak to the third proposal in the paper being bringing the Hard to Place scheme to a conclusion, by offering Postmasters the option to exit on the basis of 12 months compensation. ME advised that Postmasters in the scheme were currently entitled to 26 months compensation if they exited. **ACTION** TC queried the legal position in relation to the proposal to offer reduced compensation of 12 months and requested a copy of the legal advice be circulated to the Board. BT shared his view that an alternative offer of 12 months compensation could be provided to Postmasters, and that this would act as a variation to the original offer. ME advised that the legal advice had stated t

ME

[REDACTED]

[REDACTED] TC advised that the shareholder may have qualms about this proposed approach.

ACTION BT summarised the discussion on branch closures, DMBs, and in relation to Hard to Place, requesting that the legal advice obtained be circulated to the Board, and that the matters come back to the Board in January. ME replied that leaving these matters to the January Board would be too late, given that we would need to correspond with Postmasters ahead of this. BT noted this and advised if that was the case then Board could consider these matters by way of written resolution.

ME

9. Historical Matters

9.1 Detriment 2 Approach and outstanding balance payments

TABLED and **NOTED** were the following papers:

- (i) Postmaster Detriment 2 – Approach and Decision on Outstanding balance payments/ Unreconciled Losses (Pot B); and
- (ii) Funding and Communications for Unreconciled Losses (Pot B).

Confidential: discussion of legally privileged advice

BT outlined the papers and advised that a phased funding and delivery approach to Detriment 2 had been agreed by the HRC. SR spoke to the papers, advising that the Board was similarly being requested to approve this approach to Detriment 2. SR detailed the proposed process for seeking funding in tranches for a few products at a time, with a phased disclosure exercise to follow for the correlating products, and current and previous Postmasters being notified. After the 14 products were worked through there would be another decision point – whether we needed to ask Postmasters if they were aware of any other products that could have detriment associated with them. The legal advice received

[REDACTED]

[REDACTED] SR advised that the team were looking at 5 additional products presently that might be added to the Detriment 2 list and that



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additional items for Detriment 2 may be deferred directly from the Inquiry to us. BT called for questions. ZP noted that the HRC had expressed discomfort about notifying Postmasters if funding was not in place. SR replied that notifications would not be issued until we had the funding for the corresponding product.

The Board **RESOLVED** that the phased funding and delivery approach to Detriment 2 be and is hereby **APPROVED**.

Confidential: discussion of legally privileged advice

In respect of outstanding balance payments, BT advised that this issue had been considered many times at the HRC. The quandary was that if we notified Postmasters and requested, they pause payments, were we inadvertently stimulating claims against an unfunded position. NR queried whether there had been any communications with the current 77 Postmasters who were repaying. SR replied that there had not been. SR noted that 13 of the 20 cases in this category that had been investigated had shown that the repayments were in order. AC noted that we had not investigated the balance of the other cases:

[REDACTED] AC

advised that he was not persuaded by the argument against pausing repayments and his view was that we needed to notify and speak to the Postmasters in question and investigate fully. NR agreed with AC's position. BT advised that there had never been a mechanism proposed that would allow the matter to be handled in a controlled way. AC queried whether there was an execution problem. SR replied that attempts had been made to initiate an individual by individual approach, but this had stalled.

[REDACTED]

ZP requested that the correspondence refer to reviewing accounting, rather than investigating.

SR queried whether the Board were comfortable about the potential crystallisation of liability. TC acknowledged this; any Postmaster who had ever made a payment to the Company could potentially make a claim. ZP queried whether this was not covered by HSS? TC replied that this was not clear. BT contributed that we could not use the measure of the payment as an indication of detriment – we needed to find the detriment. AC agreed that the potential liability point was a concern, however felt that this was not comparable as against the risk of continuing with the breach situation. **ACTION** TC requested that management distil out all the Postmasters who had made payments since the CIJ, and ZP asked that management determine how many current Postmasters had finished payment plans. **SR**

It was **RESOLVED** Management be directed to contact the 64 Postmasters currently repaying for whom investigations had not yet taken place, to advise them to pause payments whilst an investigation into the reason for the payments is carried out.

BT referenced the number of remaining issues on outstanding payments and queried whether the Board felt that the work being undertaken on Detriment 2 would be sufficient to resolve questions on outstanding balance payments. AC advised that these issues would need to be considered by Management.

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SI left the meeting at 17:30.

9.2 OHC Model

TABLED and **NOTED** was a report, 'Overturned Historical Convictions'.

It was **RESOLVED** that the HMBU adopt a remediation approach for the processing and settling of Overturned Historical Conviction Claims, with HSF initially continuing to deliver Non-Pecuniary Claims, and the Company developing the in-house capability to deliver Pecuniary claims from approximately March 2023 be and is hereby **APPROVED**.

9.3 HMU Update and Funding Requests

TABLED and **NOTED** were the following papers:

- (iii) 'Historical Matters Programme Update';
- (iv) 'HMBU Finance Update';
- (v) 'HSS Post-Offer Funding December 2022 and January 2023';
- (vi) 'HSS Pre-Offer Funding December 2022 and January 2023';
- (vii) 'Historical Matters HMU Funding Request Overturned Historic Convictions (OHC)'; and
- (viii) 'Historical Matters HMU Funding Request Disclosure Governance & Appeals (DGA/CCRC)'.

It was **RESOLVED**:

- (i) Funding for HSS Post Offer delivery costs in the amount of £678,000 for the period December 2022 and January 2023 be and are hereby **APPROVED**;
- (ii) Funding for HSS Pre-Offer delivery costs in the amount of £3.183m for the period December 2022 and January 2023 be and are hereby **APPROVED**;
- (iii) Funding for OHC claim settlement activities in the amount of £2.310m for the period November and December 2022, and January 2023 be and are hereby **APPROVED**;
- (iv) Authority be delegated to NR and AC to release funding for OHC claim settlement activities up to a maximum of £1.54m for the period February and March 2023 be and is hereby **APPROVED**;
- (v) Funding for DGA (CCRC) delivery costs in the amount of £1.589m for the period December 2022 until 24 January 2023 be and are hereby **APPROVED**.

ZP queried the periodicity of these requests, noting that they were very frequent. **ACTION** AC agreed with this and suggested that a 12-month budget for HMU spend be brought back to the Board in January. ZP advised that she was agreeable to this course of action and requested that the periodic Financial Performance Report note drawdowns as against the approved budget.

ACTION TC raised the deadline on applications to the HSS and whether additional funding would be sought for the period beyond March 2023; a decision on this would be required to be taken soon. SR replied that he thought we would need to request additional funding in relation to dissolved cases. BT requested that this be taken away by the team and returned for consideration by the Board.

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TABLED and **NOTED** were the following papers:

- (i) 'Post Office Horizon IT Inquiry: Update'; and
- (ii) 'Briefing Note on the Inquiry's confidentiality undertakings'.

AC advised that the Inquiry budget would be brought for consideration at the January Board meeting. In the meantime, management were requesting that the Board delegate authority to NR and AC to approve funding for Inquiry activities for the period November, December and January. BT queried the anticipated funding required to cover activities during this period. AC advised a maximum of £9m.

It was **RESOLVED** that the Board delegate authority to NR and AC to approve funding for Inquiry activities for November, December and January, up to a maximum spend of £9m.

BF outlined staff changes to the Inquiry team, to enable execution. BF reminded the Board of the Inquiry Compensation hearing scheduled for 8 December.

BF and SR left the meeting at 17:38.

10. Approval Requests**10.1 Head Office Premises**

TABLED and **NOTED** was a paper, 'Columbus (new Head Office workspace)'.

Following discussion, it was **RESOLVED**:

- (i) Entry into an Agreement for Lease with Pontegadea UK Limited in respect of premises at level 3, 100 Wood Street, London, for a 10-year lease term commencing 1 February 2022, with a 5-year break provision, with a maximum spend of £18, 227, 471 over the 10-year term be and is hereby **APPROVED**;
- (ii) To delegate authority to the Group Chief Retail Officer to finalise the terms of the Agreement for Lease and any ancillary documents, in accordance with the parameters set out in the paper; and
- (iii) To authorise any two Directors or a Director and the Company Secretary to execute the Agreement for Lease and any ancillary documents.

11. Approval Requests with no Presentation**11.1 Network Performance Report**

TABLED and **NOTED** were the following papers:

- (i) 'Post Office Network Report 2022 & PWC Assurance Audit – Cover Paper';
- (ii) 'Network Report 2022'; and
- (iii) 'PwC Branch Network Audit Progress Report'.

RS advised that the shareholder had requested an amendment to the draft Report, with additional information in relation to accessibility to be inserted. **ACTION** RS would send

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around the additional pages to the Board for comment. *RS circulated the additional information proposed to be inserted on 8 December with no objections raised.*

It was **RESOLVED** that the Network Performance Report be and is hereby **APPROVED** and that the Network Performance Report be sent for laying in Parliament on 15 December 2022 with published subsequently.

12. Noting Papers with Presentation**12.1 Health & Safety Report**

MH joined the meeting at 17:40.

TABLED and **NOTED** was a paper, 'Health & Safety Monthly Report'. MH spoke to the Report. EJ raised Health and Safety issues in branch in relation to additional mails volumes due to RMG industrial action and queried the advice being provided to Postmasters in relation to this. MH advised that conversation with RMG on this were ongoing. NR advised that the team would continue to review this. MH left the meeting at 17:47.

13. Noting Papers with no Presentation**13.1 Common Issues Judgement Dashboards**

TABLED and **NOTED** were the following papers:

- (i) 'Common Issues Judgment Dashboard P7 Cover Paper'; and
- (ii) 'Common Issues Judgment Dashboard P7'.

13.2 Payzone Integration – Exploratory Work

TABLED and **NOTED** was a paper, 'Payzone Integration Exploration'.

13.3 Corporate Social Responsibility Strategy

TABLED and **NOTED** were the following papers:

- (i) 'Corporate Social Responsibility Strategy - Cover Note; and
- (ii) 'Corporate Social Responsibility Strategy'.

14. Noting and Governance Items**14.1 Committee Memberships**

TABLED and **NOTED** was a paper, 'Appointments to Board Committees'.

Noting the recommendation of the Nominations Committee, and that the Chair did not vote, the Board **RESOLVED** that:

- (i) The Chair be appointed as a member and Chair of the Nominations Committee; and
- (ii) The Chair be appointed as a member of the Remuneration Committee;

with appointments commencing 1 December 2022.



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14.2 Remuneration Committee Terms of Reference

TABLED and **NOTED** was a paper, 'Committee Terms of Reference Review'. The paper was withdrawn.

14.3 NED Aggregate Fee Cap

TABLED and **NOTED** was a paper, 'NED Fees Cap Increase'. LH spoke to the paper, advising that the aggregate NED fee cap as set out in the Company's Articles of Association needed to be increased following the shareholder's decision on the Chair's remuneration. It was felt that now was not the right time to increase NED fees overall, however if the level of NED fees turned out to be an issue when finalising recruitment of the new ARC Chair, there would be some funds remaining from the proposed increase to apply to this. RS advised that the Special Resolution and amendment to the Company's Articles of Association would need to be filed at Companies House.

It was **RESOLVED**:

- (i) An increase in the aggregate cap on NED fees as set out in Article 50 of the Articles of Association of the Company from £400,000 to £470,000 be and is hereby **APPROVED**; and
- (ii) A special resolution in the form tabled be and is hereby **APPROVED** with the Company Secretary authorised to circulate the special resolution to the shareholder to request consent of the shareholder to request amendment to Article 50 of the Articles.

14.4 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items numbered 2140 – 2143 inclusive and 2162 in the Seals Register.

14.5 Future Meeting Dates

The future meeting dates were **NOTED**.

14.6 Forward Agenda

The Forward Agenda was **NOTED**.

15. Any Other Business

There being no further business the Chairman declared the meeting closed at 17:49.

16. Date of next scheduled meeting

Board Meeting 24 January 2023 10:00 – 15:00.

Chairman

Date