



Business and Trade Committee

House of Commons, London SW1A 0AA

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Henry Staunton
Chairman, Post Office Ltd,
100 Wood Street
London EC2V 7ER

18 August 2023

Dear Mr Staunton

Thank you for your letter dated 16th August and your acknowledgement that waiting for the Department's review of your governance delayed your response to us.

Regrettably, the information and explanations you provide are unlikely to enable the Committee to complete its consideration of these matters. I am writing to ask that you further respond to the Committee's questions, as clarified and amplified below, in order to facilitate the Committee's work.

The Committee will consider your replies in September and decide whether and when further oral evidence is required and from whom. I would be grateful for your reply to this letter to be submitted no later than 31 August. On this occasion I am disapplying the Committee's leave to witnesses to self-publish evidence submitted to us.

Bonus repayment

The Committee's follow-up to your oral evidence in June asked for consideration of whether 100% of the bonus relating to the overall Inquiry metric (as opposed to any target or sub-metric) should be returned by those who had received it. Your submission of 28 August letter states that the Post Office does not intend to seek further repayment of bonus on the basis of the findings of DBT's independent review of senior remuneration governance which you summarise as "there was a justifiable basis for the award to be made against the Inquiry metric as a whole, including the specific sub-metric on Inquiry Support" and you add that, due to "... mistakes at the Post Office and the Department which led to [the sub-metric's] misreporting in the [Post Office's Annual Report and Accounts, 2021-22], it was appropriate the Post Office apologise and that current employees in receipt of a payment against that sub-metric should choose to return it voluntarily)".

However, the Department's findings are more nuanced than your supplementary evidence indicates, finding that:

"1.15 Because there is more than one way in which to interpret the Inquiry Support Target, we consider that there was a justifiable basis on which RemCo could decide that it had been achieved and there was therefore a justifiable basis on which to make the award that RemCo approved in relation to the Inquiry Metric."

But also:

“1.16 POL is not able to evidence the basis on which RemCo awarded bonuses under the TIS, including the Inquiry Support Target, because there are no written records of the rationale for its decision and the recollections of those involved are inconclusive. This means that it is practically impossible to ascertain the basis for RemCo’s decision in respect of the Inquiry Support Target.”

And therefore: on a different interpretation of the sub-metric

“... the Inquiry Support Target could not be achieved because the Inquiry had not finished and the decision to determine the Inquiry Support Target as having been achieved would not be reasonable or justifiable and the recommendation presented to RemCo would be incorrect”.

Q1 Will you now consider clawing back the bonus paid in relation to the overall Inquiry metric on the grounds of the “clear governance” failings identified by the DBT review and the change in the inquiry’s status imposing obvious legal and ethical obligations on Post Office executives to engage fully with a statutory public inquiry?

Q2 Please provide a copy of the communication to current Post Office employees in receipt of a bonus payment against the Inquiry Support target/sub-metric which informed them of the option and appropriacy of choosing to return this payment voluntarily.

Metric ownership

You have declined to provide details of the member of your staff at the Post Office who was the ‘metric owner’ in relation to the Inquiry Support Target. Whilst the Committee does not intend to place undue focus or pressure on any one person, especially if relatively junior, the existence of individual ‘metric owners’ was highlighted by the Post Office presumably to provide assurance and build confidence in the process. We wish to be able to test that process (and to that end your description of the owners’ status and roles is helpful). However, well-being, welfare and support issues for such employees can be managed, perhaps by the Committee receiving this evidence in private and asking questions by way of correspondence. Your reference to Freedom of Information legislation, and related practice, is not relevant to proceedings of Parliament and its committees.

Q3 Please supply, in confidence, the names and position titles of the sub-metric owners for the Inquiry metric, including the Inquiry Support Target; and a copy of the appropriate guidance for this function.

Q4 If there are or were senior, board-level, champions or advocates of specified metrics or sub-metrics, please provide those names and position titles.

DBT review of senior remuneration governance

I refer above to the independent review of Post Office senior remuneration governance commissioned by the Department from Simmons & Simmons—and my surprise at your characterisation of its findings as vindication. I note its serious criticisms that the POL Remuneration Committee did not keep sufficient written documentation, including of crucial discussions and that its members seem to have largely forgotten what was, and wasn't, discussed and, when memories do emerge, they conflict on fundamental points. I will now propose to the Committee that it consider the independent review in detail and whether further written evidence, and/or oral hearings, are required in due course.

Yours sincerely,

A handwritten signature in cursive script that reads "Darren Jones".

DARREN JONES MP
Chair of the Business and Trade Committee