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Business, Innovation and Skills Committee

Royal Mail Privatisation

First Report of Session 2014–15

Report, together with formal minutes relating to the report

Volume I

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Business, Innovation and Skills Committee

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Contents

Report

Page

1 Background **5**

2 Objectives of the Sale **6**

3 Offer price **8**
Background 8
The Process 8
Risks 9
Demand for Shares 11
"Froth" 13
Level of discount 15
Conclusion 17

4 Priority Investors **19**

5 Royal Mail Assets **24**

6 Government Advisers **27**
Lazard and Value for Money 29
Perceptions of conflicts of interest 30

Conclusions and recommendations **31**

Formal Minutes **34**

Witnesses **34**

Published written evidence **36**

Unpublished evidence **36**

List of Reports from the Committee during the current Parliament **37**

1 Background

1. On 10 July 2013, following Royal Assent to the Postal Services Act 2011, the Secretary of State for Business, Innovation and Skills announced the Government's decision to privatise Royal Mail through an Initial Public Offering (IPO) on the London Stock Exchange.

2. On 27 September 2013, the Government published the offer for sale of shares in Royal Mail Plc, together with the Prospectus. The Offer Price was set at 330p per share. Conditional dealing began on 11 October and listing of the shares and unconditional dealing started on 15 October 2013. This valued the company at flotation at £3.3 billion.

3. The share price at the close of the first day of trading was 455p, up 124p. Since then the share price has risen to a high of 618p. At the time we considered this Report, the share price was 477p. In the same period, the FTSE rose by around 4%.

4. As this was the most significant privatisation for many years, we decided to monitor the effectiveness of the Department, in terms of the privatisation process and value for money to the taxpayer. We held a series of evidence sessions which followed the performance of both the Department and Royal Mail in the privatisation process. The first was with the Secretary of State, prior to the flotation. We then took evidence from a panel banks, including Lazard, the Government's financial adviser, and UBS and Goldman Sachs, who worked as the Government's Global Coordinators (Glocos). Following that session, we took evidence from the Secretary of State and Michael Fallon MP, the Minister in charge of the privatisation, on 20 November.

5. On 1 April 2014, the National Audit Office published its assessment of the privatisation process. Following publication of that report, we recalled Ministers, the Shareholder Executive and Lazard (the Government's advisors) to discuss the privatisation in light of the NAO's conclusions.[1]

1 National Audit Office, *The Privatisation of Royal Mail*, HC (2013-14) 1182

2 Objectives of the Sale

7. On 25 April 2013, Michael Fallon MP, Minister of State, Business, Innovation and Skills, set out the initial details of the Government's programme for the privatisation of Royal Mail. This statement included the Government's objectives for the sale:

> We have put in place objectives for the sale which have been published today on the gov.uk website. These objectives set out that we will sustain the universal postal service for the benefit of all users by securing Royal Mail's future through the introduction of private sector capital and associated disciplines.[2]

8. He said that the objectives would be achieved through:

- Delivering a sale of shares in Royal Mail within this Parliament;
- Creating an employee share scheme that, as Parliament has decided, will lead to at least 10% of the company in employee ownership, to drive stronger staff engagement; and
- Delivering a financial outcome for the taxpayer, which when considered in the context of the overarching policy objective, represents overall value for money.[3]

9. In oral evidence (October 2013), the Secretary of State added to that list:

> One of the major objectives of this flotation is to try to obtain a long-term, secure, responsible, institutional investor base. That is primarily what this is about, and indeed we worked hard to sample views in that sector. This is about long-term, stable, secure investment.[4]

10. In written evidence the Secretary of State confirmed that Value for Money would be "central to our strategy" as the sale progressed. He went to define Value for Money in the following terms:

> Delivering value for money is about more than just the level of proceeds received on day one. Our long-term strategy to safeguard the universal service and deliver value for money for the taxpayer involves not only getting good value for the initial stake sold but also getting good value for the residual stake held by Government (30% of the Company assuming exercising in full the Over-allotment Option), and leaving Royal Mail in a

2 http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm130425/wmstext/130425m0001.htm#13042544000002

3 http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm130425/wmstext/130425m0001.htm#13042544000002

4 Q2

> strong, sustainable position capable of accessing the capital markets in the future.[5]

He said that the assessment of value for money, would be a "broad" test but that it started with "the proceeds now and in the medium to long-term".[6]

11. Following publication of the National Audit Office Report on the privatisation, the Secretary of State said that the Government's objectives had been achieved:

> The NAO report reached the important conclusion that we had successfully achieved our objectives. Under this Government, we have taken a loss-making public enterprise and turned it into a highly successful, respected public company.[7]

12. However, the NAO Report included a significant qualification in its conclusion:

> We consider that in order to achieve its main objective, the Department took a cautious approach to a number of issues which, taken together, resulted in the shares being priced at a level which was substantially below that at which they started trading.[8]

13. The NAO describes the subsequent return to the taxpayer in the following terms:

> The strong share price increase of 38 per cent on the first day of trading and the trading range throughout the first five months indicates that Royal Mail's shares are worth much more than this process was able to extract.[9]

It should be noted that the Government retains a 30% shareholding in Royal Mail, and that shareholding has therefore increased in value.

14. **It is clear that the Government met its objectives in terms of delivering a privatised Royal Mail with an employee share scheme. However, it is not clear whether value for money was achieved and whether Ministers obtained the appropriate return to the taxpayer. We agree with the National Audit Office that the Government met its primary objective. On the basis of the performance of the share price to date, it appears that the taxpayer has missed out on significant value.**

5 http://www.parliament.uk/documents/commons-committees/business-innovation-and-skills/2013-18-10-Vince-Cable-to-Adrian-Bailey-BIS-Inquiry-into-Royal-Mail-Privitisation.pdf.pdf

6 Q5

7 HC Deb, 1 April 2014, col 728

8 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, Summary, page 10, para 17

9 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, summary, page 10, para 18

3 Offer price

Background

15. As has been noted by the press, politicians and the National Audit Office, the performance of Royal Mail shares—both on the day of flotation and beyond—has been significantly above the 330p share price set by Ministers. This has prompted a lengthy debate as to whether the Ministers agreed on a price which was too low. The answer to that debate would have a significant bearing on whether or not the Government extracted an appropriate financial return for the taxpayer.

16. Our evidence sessions concentrated on how Ministers came to decide on that price, the factors affecting it and whether the advice they were given was accurate and in the best interests of the taxpayer. In coming to a decision on the share price, Ministers were advised by the Shareholder Executive (part of the Department for Business, Innovation and Skills) and by Lazard, who the Shareholder Executive appointed to be the Department's financial adviser. In addition, Goldman Sachs and UBS were appointed as the Global Coordinators to identify demand from institutional investors. We therefore also questioned these organisations on the advice that they gave. We also took evidence from a range of banks which were unsuccessful in bidding for those roles.

The Process

17. In written evidence to us, the Secretary of State set out the process by which the price was set:

> Our Global Coordinators (Goldman Sachs and UBS, together the "GloCos") recommended this price range following an exhaustive process culminating in a final price range recommendation provided ahead of the publication of the Prospectus. Our independent advisor (Lazard) endorsed the price range.[10]

18. When he came before us in October 2013, the Secretary of State explained that "various tests" were applied to fix the price range of 260p to 330p, which included:

- A long-term process of consultation with the big, long-term institutional investors;
- Metrics out in the market; and
- Comparable situations including Belgium and Austria.[11]

10 http://www.parliament.uk/documents/commons-committees/business-innovation-and-skills/2013-18-10-Vince-Cable-to-Adrian-Bailey-BIS-Inquiry-into-Royal-Mail-Privitisation.pdf.pdf

11 Q6

19. The consultation with those long-term institutional investors took the form of "pilot fishing" in which the Global Coordinators sought to identify key investors who could ensure sufficient demand to "cover the book of shares to be sold".[12] At the start of that process, the Secretary of State told us that the demand indications were "generally in the lower part of the price range" (260p to 330p) and that "some were lower still".[13] Subsequent advice from the GloCos gave a more positive outlook and they advised that the top end of the range could be achieved. The final demand indications from the GloCos, resulted in the share price being set at 330p.[14]

Risks

20. Although Ministers raised the possible price range for shares, the Government also highlighted two key risks as dampeners in terms of share price: the potential for a strike by the Communication Workers Union (CWU) and the possible default by the US Government. The prospectus highlighted the risk of industrial relations in the following terms:

> There is no way of reliably quantifying the financial impact (including the ongoing impact) for the Group of any industrial action with any certainty before the event. National industrial action, or the threat of national industrial action, affecting UKPIL could also have a material adverse effect on the success of the Offer and, if it occurs after Admission, could cause the price of Ordinary Shares to fall significantly.[15]

21. When the Global Coordinators gave evidence they also highlighted the potential of an industrial dispute as a key factor in the determination of the price. Goldman Sachs said that feedback it had received was that "industrial relations were a concern",[16] and that it "certainly impacted the price that people were prepared to pay".[17] UBS agreed:

> "From September [2013] it was the major risk factor in respect of the price and the achievability of the deal",[18]

22. According to the Secretary of State:

> IR position meant that there were some potential investors who stated that they were not willing to invest at all and many others who focused on the business and financial implications of strike action".[19]

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12 http://www.parliament.uk/documents/commons-committees/business-innovation-and-skills/2013-18-10-Vince-Cable-to-Adrian-Bailey-BIS-Inquiry-into-Royal-Mail-Privitisation.pdf.pdf

13 Ibid

14 Ibid

15 Royal Mail Prospectus, Summary, page 13

16 Q166

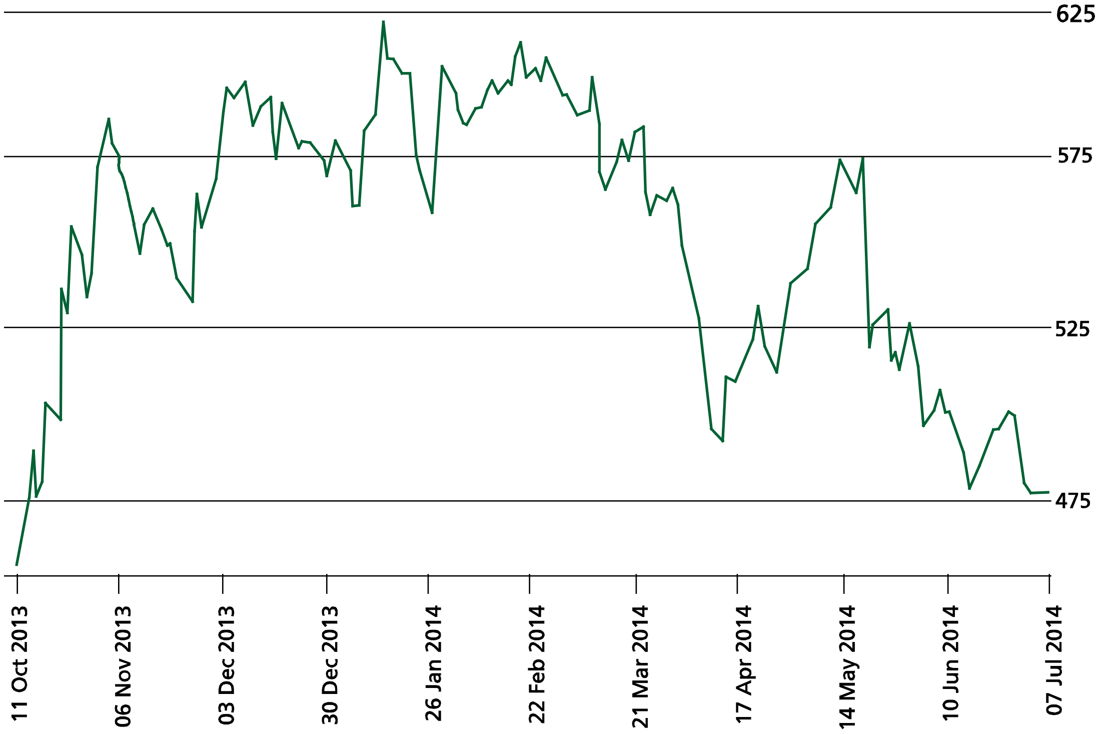
17 Q167

18 Q169

23. Mr Fallon told us that he had met with the unions at regular intervals between 2012 and 2013 and "very intensely through the summer of 2013". He argued that it was clear from those meetings that the Unions had "had absolutely no interest in lifting the threat of strike action or in settling the pay deal". This led him to conclude that "there was no prospect of it being settled and being settled before privatisation".[20]

24. The Secretary of State told us that his Department had estimated that any strike would have cost Royal Mail around £30 million and that "after two weeks, the profits of the company would have been wiped out".[21] However, he acknowledged that the recent history of industrial relations was not particularly bad and that "relatively few" days had been lost to industrial action over the past 2 years.[22]

25. The performance of the share price before and after the settlement of the dispute does not appear to reflect the level of concern held by Ministers:



26. When questioned on whether it would have been better to have delayed the IPO until the dispute had been resolved, UBS said that it had considered this carefully:

> Ideally, we would have done an IPO when the pay and pensions discussions had concluded favourably, but the feedback that we got was that it was

19 http://www.parliament.uk/documents/commons-committees/business-innovation-and-skills/2013-18-10-Vince-Cable-to-Adrian-Bailey-BIS-Inquiry-into-Royal-Mail-Privitisation.pdf.pdf

20 Q397

21 Q396

22 Q395

> unlikely that was going to happen, even if we delayed until the following spring.[23]

However, Michael Fallon confirmed that he did not have discussions with the Global Coordinators about delaying the IPO because:

> It was very clear to us by August that there was no point in waiting for a deal. There was no real prospect of any deal and nor was there really any interest or incentive, actually, on the side of the union to reach such an agreement before the IPO was launched.[24]

27. **Ministers placed great emphasis on the negative aspects of the industrial relations between Royal Mail and the Communications Workers Union, and in particular on the threat of strike action. While this was a significant factor for investors, we believe that the Government over-emphasised the risk. The share price before, during and after the Union's acceptance of a pay deal demonstrates that industrial relations were less of an issue for the market than they were for Government.**

Demand for Shares

28. Notwithstanding the threat of strike action, demand for shares grew in the run-up to the flotation. Increased demand became apparent in both the institutional share offer (which represented 70% of shares available) and the retail share offer (the remaining 30%).

29. In its Report, the NAO highlighted the fact that there was a high level of demand for both the Institutional Offer and the Retail Offer. In respect of the former, the NAO said that demand "accelerated rapidly":

> By the end of the first day of book-building the total demand from all institutional shareholders was 3.6 times the number of shares available for institutions at the top of the price range, increasing to 24 times at the final price by the end of the process.[25]

30. The NAO Report also noted that while retail demand grew slowly for the first five days it also increased rapidly during the final two days of the book building period:

> By the end of the book-building period on 8 October, the value of retail demand was seven times the number of shares available for individuals, and was sufficient to have purchased the entire 60 per cent being sold at 330 pence per share.[26]

23 Q179

24 Q339

25 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 38, para 4.4

26 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 40, para 4.5

The NAO further noted unlike the privatisations of the 1990s, the Government did not use this excess retail demand to put upwards price pressure on the institutional investors.[27] The Secretary of State, however, did not agree that demand could have been used to increase the share price on offer:

> The very strong unequivocal advice we received was that, if we had attempted to push the price beyond £3.30, the upper end of the range, there was a very high possibility that a large number of the people who had hitherto expressed interest would simply walk away from the transaction. That was the advice we received and accepted.[28]

31. This position was repeated by William Rucker, from the Shareholder executive. He said there was "no evidence" that there was enough demand in excess of £3.30, to raise the price.[29] When asked if all of the over-demand would disappear above 3.30, Michael Fallon replied "Absolutely".[30]

32. Both Mr Fallon and Mr Rucker used the experience of Facebook as a reason for not relying on demand as an indicator of price:

> **Michael Fallon**: We do not yet know whether the price was too low. What was really important here was to protect the six-day-a-week service and minimise the risk to the taxpayer that the taxpayer would have had to step in and finance this company if the price had flopped and the company had been unable to return to the capital markets, like Facebook.[31]

> **William Rucker:** If I just take an example, Facebook was 25 times oversubscribed—more heavily over-subscribed than Royal Mail—and within three months the share price had fallen 50%. The direct linkage between the level of over-subscription and subsequent share price performance is not there. The other thing to bear in mind is in a lot of the orders that go into the books to try to assess how much the thing is over-subscribed by, there is a heavy element of gaming. The three biggest orders were $1 billion each. That would have represented 20% of the company. Those institutions had no expectation of ever receiving anything like that quantum of stock.[32]

33. When questioned in the House on the share price on flotation the Secretary of State repeated his position that there was no demand above the 330p share price:

> A more aggressive approach to pricing would have introduced significantly greater risk. The advice that we received in this respect was unambiguous. There was no confidence that a sufficient number of buyers would offer a

27 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 40, para 4.5

28 Q 407

29 Q 420

30 Q421

31 Q368

32 Q300

> significantly higher price. A failed transaction and the retention of Royal Mail in public ownership would have been a very poor outcome for the taxpayer, as the NAO report confirms.[33]

34. The NAO did note the importance of a successful flotation, but it also called into question the return on the sale. It concluded that the process of identifying investor demand at a set price delivered a level of certainty in demand but at the cost of conceding price tension to the priority investors.[34] It went on to state that the process limited the options to obtain a better price in light of increased demand:

> Once book-building starts, bidders are competing to buy shares and at this point may have incentives to reveal higher levels of demand. But by announcing that it is willing to sell within the price range, the seller has effectively capped the price at the top of the range: there is no mechanism and only a limited incentive for bidders to reveal anything about demand at higher prices.[35]

35. **The level of the upper limit set for the potential price of shares gave investors a price above which they had no incentive to declare an interest. The Government's advisers must have been aware of this but failed to gauge demand at higher price levels. The fact that many long-term investors bought shares later at a far higher price is evidence to us that there was demand for Royal Mail shares at a higher price. We therefore do not accept the Ministers' assertion that the demand for shares would have disappeared at an offer price above 330p. The fact that both Ministers and officials have refused to acknowledge any level of demand for a higher price is, to say the least, disappointing.**

"Froth"

36. The concerns raised by Ministers about demand for shares at a higher price was not reflected by the performance of the shares, either on the day of flotation or since that day. When questioned shortly after the flotation, on the sharp increase in the share price, the Secretary of State dismissed it as merely the "froth" which often arose in the "immediate aftermath of an IPO".[36] He restated this view on the BBC on 11 October:

> You get an enormous amount of froth and speculation in the aftermath of a big IPO of this kind.[37]

His advice was to "totally ignore the froth that will arise in the immediate aftermath".[38]

33 HC Deb, 1 April 2014, col 725

34 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 36, para 3.29

35 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 41, para 4.8

36 Q17

37 http://www.bbc.co.uk/news/business-24488144

38 Q 17

37. On the 20 November, the banks were questioned on "froth" and whether they could put a price on it. Citi believed that it would take time to assess whether this was "froth" or whether the share price was "the fundamental value".[39] Goldman Sachs agreed, stating that the "sustainability" of the share price level would be proved over time. In a similar vein, Deutsche argued that it was "much too early to say where the stock will eventually settle".[40] UBS said that it was "not unusual to see those sorts of price rises" but went on to state that "the bulk of views were around £3.30".[41] JP Morgan said that the "huge profile" around the privatisation meant that there would be "a lot more volatility around this particular deal than perhaps other ones".[42]

38. The only dissenting voice was that of Panmure Gordon, who dismissed the Secretary of State's argument:

> I do not think it is froth. These shares have been trading on the market for nearly six weeks and several hundred million shares have traded hands. Today's value of the company is the value that the market attributes to it, and the markets generally are fairly efficient. This is not froth.[43]

39. While the banks gave their opinions on the current and future value of Royal Mail they were unable to shed any light on a definition for "froth". We therefore asked the Secretary of State to explain the term in more detail. He said that froth was a way of describing the "irrational exuberance" of the market, as argued by Robet Shiller:

> The simple point he is trying to make is that in these markets you get momentum up and down and the price of these assets/shares diverge enormously from underlying value for quite prolonged periods of time. That is a rather formal way of describing what I described as "froth".

He went on to argue that while there were "some people who believe that stock markets are efficient, in the language of economics", he did not. In his view, the markets are "extremely volatile and often highly irrational".[44]

40. When asked what the value of shares would be without the "froth", the Secretary of State gave the following response:

> Circumstances change. The valuation of shares reflects the information that is available at the time, and that is based on fundamentals, which are going to change. As Mark Russell said earlier, the whole purpose of this exercise was to improve the performance of this company by allowing it to invest, and that would raise its value. At some point, that will be captured in the share price.

39 Q189

40 Q189

41 Q188

42 Q189

43 Q189

44 Q360

> It would be utterly foolish for me to start predicting price or predicting turning points.[45]

41. In his first appearance, the Secretary of State described "froth" in the context of the "immediate aftermath". When he returned to us in November, the Secretary of State extended the timescale:

> It would be useful to start reflecting on this three to six months out or possibly a year.[46]

This time frame is far longer than "immediate aftermath" of the flotation to which the Secretary of State first referred. The long-term value of Royal Mail shares will be affected by a wide range of factors, many of which have been discussed at length by our witnesses. However, those longer-term influences are of little relevance in answering the question of why the share price rose so markedly on the day of the flotation and in the subsequent weeks and months.

42. The Secretary of State noted that the **valuation of shares reflected the information that is available at the time. He also argued that "froth" had, in some way artificially inflated the share price. Unfortunately, he was unable to provide us with a meaningful explanation of its impact on the share price in terms of time and value**. The Secretary of State's initial use of the term referred to the "immediate aftermath" of the flotation. This was subsequently extended to months and then possibly years. As a result we do not find the argument of "froth" as a credible response to the significant increase in the share price.

Level of discount

43. A different explanation for the rise in the share price is the practice of discounting in an IPO. Discounting is an established process in which the share price is set at a value lower than the true value to ensure a successful flotation. Royal Mail was no different, and Mr Fallon pointed out to us that the Government "expected [the share price] to go for a premium on the first day".[47] However, as our witnesses pointed out, discounting is more of an art than a science. In any IPO there can be a debate over whether the subsequent rise in the share price after an IPO reflects an appropriate level of discount, or indicates that the shares were under-priced.

44. When they came before us, the representatives of the banks gave a range of discount rates they would expect for IPOs. Citi and JP Morgan believed that a discount of 10–15% would be "reasonable", in particular in terms of the first day's trading.[48] Goldman Sachs noted that "20% of the IPOs that have been executed globally this year have gone up by

45 Q353

46 Q352

47 Q389

48 Q157

more than 30% on the first day of trading".[49] Deutsche said that in respect of Royal Mail, it had quoted a discount of between 5% and 10%.[50]

45. UBS also highlighted the fact that volatility of the market was also a factor in considering share price. As examples it highlighted a number of recent UK IPOs:

> Four of them are trading above 60% more than their IPO price; two of them more than 25%; and two of them are down 20%".[51]

46. Michael Fallon also emphasised the volatility in the share price of IPOs:

> Of the 43 major flotations in the last four years, 21 of them fell below the offer price on the very first day. 23 of them in fact are still below the offer price. Four of the six large flotations since Christmas are below their offer price at the moment. Floating a company successfully is not a particularly easy thing to do. Most flotations that are successful involve some kind of premium on the first day, and Royal Mail was no exception.[52]

47. In its Report, the NAO compared the flotation of Royal Mail to other UK flotations over the past 3 years and found that:

> Royal Mail's 38 per cent share price increase on its first day is greater than that of recent IPOs on the main UK market. Based on data for recent UK IPOs, Royal Mail performed much more strongly on the first day than the IPOs that preceded it.[53]

48. It went on to note that this was not a short term rise and that the price increase and the trading range throughout the subsequent five months indicated that:

> Royal Mail's shares are worth much more than this process was able to extract.[54]

49. Despite this, Ministers, Lazard and the Shareholder Executive all refuted the suggestion that the share price was set to low. When challenged on the share price, Mr Fallon asserted that he had "not seen any evidence that the shares were undervalued at the time of flotation",[55] and disputed the assertion that a 38% rise in the share price was evidence of any undervalue.[56] Equally, William Rucker declared "I do not accept that we were wrong".[57]

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49 Q158

50 Q158

51 Q157

52 Q387

53 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 45, para 4.15

54 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, Summary, page 10, para 18

55 Q387

56 Q387

57 Q423

50. **It is accepted that all IPOs will be floated at a discount, with the share price expected to rise when shares are traded. This is important because a fall in the share price on flotation would inhibit the company from raising further investment. However, the rise in Royal Mail shares in the immediate aftermath was significantly higher than the normal percentage increases described by the banks.**

Conclusion

51. Our scrutiny of the possible failings in the share price have been met by a blanket refusal from Ministers, officials and advisors to acknowledge any shortcomings in the process. The following extract is a helpful summary of the arguments:

> **Mr Binley:** Can I question you on that, Mr Rucker? I feel desperately sorry for the Secretary of State and for the Minister of State, because I think that both the civil servants and particularly the book-builders let these good people down. All the evidence that came from those two sources was evidence of fear. That was the prime motive that you two groups of people were operating on. Let me put this point: Michael Fallon said that he had not any evidence that shares were undervalued on the day, a quote that you made earlier on in this particular set of questions. Yet when the Secretary of State went back to the book-builders about price on Thursday 3 October, those shares were already 10 times over-subscribed. On the next day when those discussions were still taking place, Friday 4 October, they were over 15 times over-subscribed. Are you genuinely telling me that all of that over-subscription would have fallen away if those shares had been priced at higher than £3.30? 15 times over-subscribed according to the book on 4 October, and nobody would have paid more than £3.30 with that level of demand in the market. Are you really telling me that?
>
> ***Michael Fallon***: Absolutely.
>
> **Mr Binley:** Do not advise my company, Mr Rucker. I find that remark amazing.
>
> ***Michael Fallon***: Can we just answer this, Mr Binley? Facebook was over-subscribed 25 times. It fell 10% on the first day of trading. There is no link between over-subscription and the actual price.
>
> **Mr Binley:** In the marketplace there is no link? Mr Fallon, in a marketplace there is no link between the number of customers and the value of the price of the goods?
>
> ***Michael Fallon***: Why do you think Facebook then fell 10% on the first day?
>
> **Mr Binley:** I have no idea about Facebook and we are not talking about Facebook. We are talking about this particular offer and, at the end of the day, all of the evidence suggests to me that you were motivated by a fear of failure. I understand that; I am happy with that viewpoint, but at least the general public needs to know that that is the motivation. By all accounts, the

taxpayer lost between £1.1 billion and £1.2 billion. Whatever you say about supporting your argument, you were wrong. The very fact that it sold at the price it did and the way the shares moved thereafter prove that you were wrong. Are you going to admit that, so that at least the taxpayers can have some satisfaction in knowing that the advisers have learned a lesson?

William Rucker: I do not accept that we were wrong.[58]

52. **We conclude that the Department underestimated the market value of Royal Mail and that the sustained increase in the performance of Royal Mail shares points to a pricing decision that was too influenced by perceived risks and fear of failure rather than maximising value for money for the taxpayer.**

58 QQ421-423

4 Priority Investors

53. A key objective highlighted by the Secretary of State was to ensure that Royal Mail would be owned by long term investors. In October 2013, he told us that he was working to ensure that this was achieved:

> We are talking about pension funds and insurance companies that hold the savings of millions of people, and we have been very clear that that is the kind of relationship we want to have; that is long-termism. That is what the Kay Report was all about; those are the institutions we were talking about. That is where the investment will go.[59]

54. These companies were described by the Secretary of State as "long-term institutional investors who will help the Mail through a long period of adjustment and hopefully successful business",[60] rather than "some fly-by-night operator who wants a quick buck".[61] William Rucker, from the Shareholder Executive expanded on the type of investor that the Government was looking for:

> They are a mixture of different types of investors, but they were all people we categorise as long-term investors. Those were people who were prepared to see this company through what could have been a troublesome time in the event of a strike or other actions.[62]

55. James Robertson from UBS set out its role in attracting such investors:

> It was an objective of the Shareholder Executive to make sure that we placed the stock in the hands of long-term blue-chip investors who understood the company well and would be supportive of future sell-downs to maximise value there, not necessarily just to provide stock to people who might sell it to provide liquidity afterwards".[63]

He went on to assert that the investors who received shares from the Glocos were "exactly the sorts of long-term blue-chip investors the company should be very pleased to have on their shareholder register".[64] However, as the NAO Report pointed out, of the 20 largest shareholders at the date of the IPO:

— four had increased their stake, of which two had doubled their stake;

— seven had sold all of their allocated shares; and

59 Q3

60 Q2

61 Q84

62 Q313

63 Q151

64 Q152

— four had reduced their stake by over half.[65]

56. By the end of January 2014, six priority investors remained among the largest shareholders. Looking at the overall shareholding of the priority investors, the NAO found that:

> In aggregate, [the original priority] shareholders held 12 per cent of the shares outstanding, just over half the 22 per cent allocated to the 16 priority investors at IPO". [66]

57. Despite the ambition of the Secretary of State for long-termism, a significant proportion of the investors identified as being long term sold shortly after flotation. According to the NAO, the Department considered the possibility of seeking binding agreements from a group of 'cornerstone' investors but rejected this because it would have reduced the sale price of the shares.[67] Mr Rucker explained:

> If you ask an investor to lock themselves up for a lengthy period of time, there is likely to be a consequence in terms of the price it is willing to pay for the share.[68]

58. The Secretary of State said that the investors "did not have to pass some kind of exam to qualify and they certainly did not have to sign any kind of contractual agreement" in order to be a priority investor.[69] Mr Fallon put the status of the agreement between the investors and the Government in more stark terms:

> There was no agreement—gentleman's or otherwise—on the holding of Royal Mail shares by priority investors.[70]

59. During our evidence sessions we asked our witnesses to identify the priority investors. However, at the time, the Secretary of State refused to name them. When pressed, he said that he was "given legal advice to respect commercial confidentiality, and the corollary of that is we would be sued if we did not".[71] The Secretary of State told us that the investors were asked if they were willing have their identities divulged but that they wanted their commercial confidentiality to be respected.[72] Despite this position, the Secretary of State published the list the following day.

60. The list of these investors was published by the Department the next day , and shortly after, the Department published the investors initial share allocations:

65 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 45, para 4.18

66 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 45, para 4.19

67 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 36, para 3.29

68 Q490

69 Q499

70 HC DEB 29 Apr 2014 : Column 629W

71 Q520

72 Q526

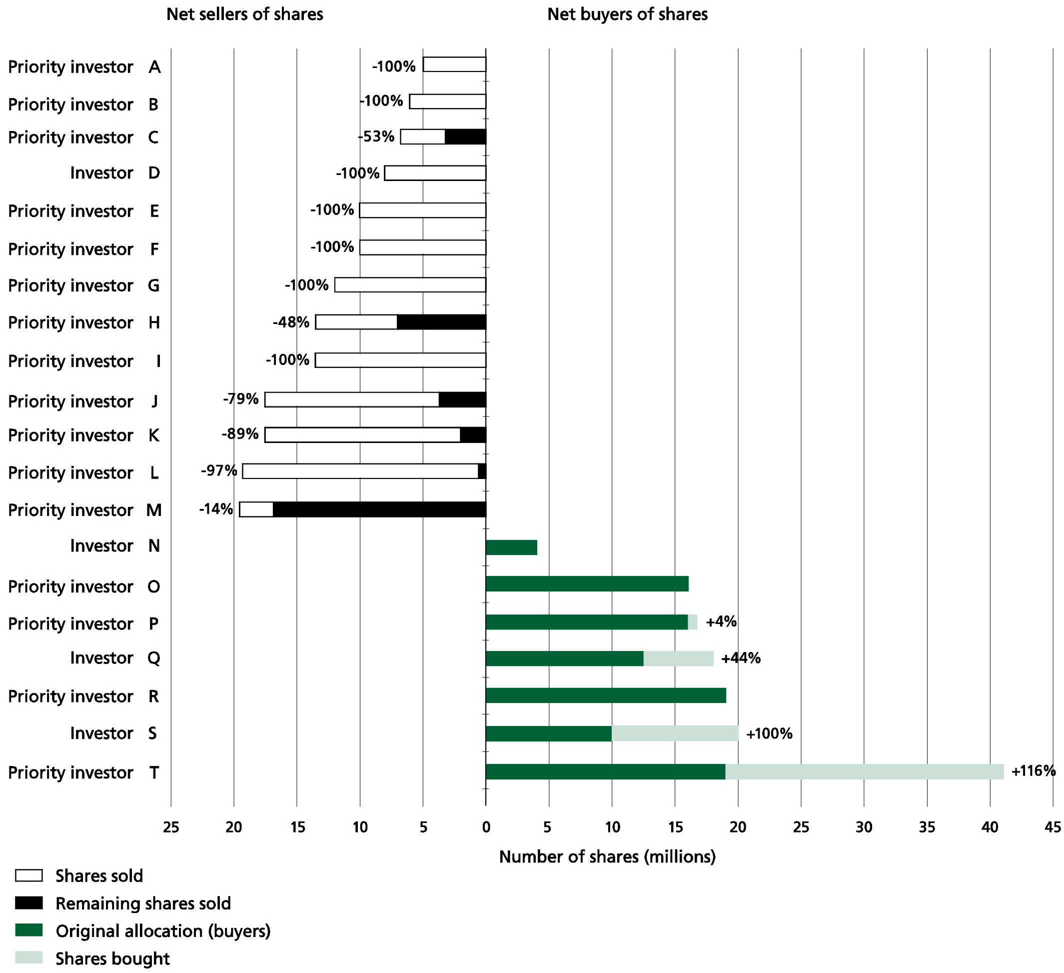
Institution	Allocation no. of shares	Allocation % of shares in the company
Threadneedle Asset Management Ltd	19,500,000	1.95%
BlackRock Investment Management (UK) Ltd	19,250,000	1.93%
GIC Private Ltd	19,000,000	1.90%
Lansdowne Partners	19,000,000	1.90%
Capital Research Global Investors	17,500,000	1.75%
Fidelity Worldwide	17,500,000	1.75%
Abu Dhabi Investment Authority	16,000,000	1.60%
Kuwait Investment Office	16,000,000	1.60%
Schroders	13,500,000	1.35%
Standard Life	13,500,000	1.35%
Och Ziff Capital Management	12,000,000	1.20%
Henderson Global Investors	10,000,000	1.00%
Soros Fund Management	10,000,000	1.00%
JP Morgan Asset Management	6,750,000	0.68%
Lazard Asset Management	6,000,000	0.60%
Third Point	5,000,000	0.50%
Shareholding total	220,500,000	22.05%[73]

61. In its Report, the NAO found that by October 2013, four of the investors had increased their stake, (of which two had doubled); but that seven had sold all of their allocated shares; and a further four had reduced their stake by over half (see below):

73 Ev 77

Change in shareholdings of the 20 largest institutional shareholders at IPO

Many of the priority investors sold their holdings within the first few weeks of trading but some increased their holdings



Notes

1 Shows the changes to the holding of the 20 institutions with the hoghest allocations at pricing. At IPO there were four institutions tied in position 20, but only one was included in the analysis.

2 The analysis may understate holdings where institutions hold shares through multiple funds.

62. Unfortunately, matching the NAO list to the Government's list is not straight forward and in the time available to us we have not been able to identify which companies sold most or all of their shares.

63. **We agree that it is sensible to identify, in advance, companies which are committed to investing in an IPO. However, we fail to see the benefit to the taxpayer of embarking on a policy of identifying long-term investors without either a criterion on which to judge them or any undertaking given by investors to support Royal Mail in the medium or long-term. The current ownership of Royal Mail by long-term investors has little to do with Secretary of State's actions. Unlike those preferred investors who bought cheaply and sold quickly at a profit, if the current investors are long-term, many of them may have bought at a price far higher than the one set by the Government.**

64. **We welcome publication of the list of priority investors. However, we are disappointed with the handling of this by the Secretary of State. Twenty-four hours**

before publication, the Secretary of State told us that such action would result in legal action against his department. We find the speed of this U-turn surprising.

65. ***The Government's publication of the names and allocations of the preferred investors only provides one part of the picture. We recommend that the Government update that list to include information on which investors sold their shareholding, when they sold and the share price of Royal Mail at that time.***

5 Royal Mail Assets

66. The Royal Mail prospectus referred to a number of asset sales which would be included in the sale of the company. Three sites in London were highlighted as "surplus". They were:

— a 14 acre site in Nine Elms, South London which was used formerly as the location of the Group's South London Mail Centre;

— a site of over eight acres that forms part of land owned by the Group at Mount Pleasant in central London; and

— a one acre site adjacent to Paddington main line railway station in central west London.[74]

The Department valued these sites together at around £200 million. When he spoke in the House on 1 April, the Secretary of State stood by that valuation:

> I made it clear that an independent valuation of those sites confirmed the authenticity of what was proposed. It was in the prospectus, and nobody has subsequently challenged that.[75]

67. In the run-up to the flotation a number of newspaper articles were published which questioned the government's valuation:

> *The Guardian* (12 September 2013): The Mount Pleasant depot, so big it takes a good 10 minutes to circumnavigate on foot, is itself a symbol of the assets potentially on offer to purchasers of the Royal Mail. It is located in an area that remained relatively down at heel for decades but now has home prices averaging £500,000. The Royal Mail last year announced a plan to sell off up to half the five-hectare complex, bringing in a potential £1bn. The company has already made £120m selling a smaller site in the West End of London, operations from which have been absorbed into a revamped Mount Pleasant.
>
> *Telegraph* (1 October 2013): The 13-acre site of the former Nine Elms mail centre is expected to be sold for redevelopment. The proceeds, which could reach £500m, according to one fund manager, compare with a £2.6bn valuation for the entire company if the shares are priced at the bottom end of the range announced last week.
>
> *Telegraph* (4 October 2013): Earlier this week The Telegraph disclosed that Royal Mail was likely to sell the 13-acre site of a former postal depot in Nine Elms in central London. Along with smaller sites in Paddington and Kings Cross, the proceeds could be as much as £500m, one fund manager said. This

74 Royal Mail Prospectus, page 109.

75 HC Deb, 1 April 2014, col 733

> compares with a value for the entire company of between £2.6bn and £3.3bn, depending on the price at which its shares are sold in the flotation later this month.

68. In its Report, the NAO also pointed out that the surplus sites were part of analysts' Reports on the value of Royal Mail. The NAO highlighted the fact that equity research carried out by UBS argued that the surplus sites had a "hidden value" worth £330 million to £830 million. It concluded that: "the basis on which Royal Mail was sold did not fully recover the value of these sites".[76]

69. Mark Russell disputed the NAO's assertion that the value of the surplus assets were not fully reflected: "We would say we believe they were". However, he acknowledged that it was "difficult to prove it either way".[77] Despite that, he restated his belief that there was not any evidence for the view that it was undervalued.[78]

70. The accurate valuation of such property is complex. For that reason the NAO had previously recommended that surplus assets be removed from public companies prior to privatisation.[79] Where that was not possible, it recommended that:

> Arrangements to clawback a share of sale proceeds if assets cannot be satisfactorily removed; clawback can also be applied to operational sites which might become surplus in future.[80]

71. However, neither option was taken up by the Department. Mark Russell said that removing the surplus property from the sale was considered but rejected on the basis that it would have "almost certainly reopened the state aid settlement". [81] The State Aid agreement with the EU in 2012, covered the Government's restructuring of Royal Mail. According to the NAO, the proceeds from the sale of surplus property was "part of Royal Mail's own contribution to the cost of its restructuring (set out in its restructuring plan), and was an important element in the European Commission's decision to clear the State Aid".[82]

72. Mark Russell also said that claw-back provisions were not inserted because he believed that it:

> Confuses or can potentially depress the equity value of the business, because people will associate or try to attach values to that claw-back that might never actually materialise. They will deduct it straight away".[83]

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76 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 17, para 2.4

77 Q441

78 Q456

79 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 17, para 2.4

80 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 17, para 2.4

81 Q439

82 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 17, para 2.4

83 Q450

This position was taken on the advice of “financial advisers and our lawyers”.[84]

73. **We note the conclusion of the NAO that the Government has not extracted the full value of the surplus assets owned by Royal Mail. What is more disturbing is that the Government ignored established NAO recommendations either to remove such assets from the privatisation process or to insert claw-back provisions on the future sale of the properties. The absence of claw-back provisions means that the taxpayer will not reap any benefit should the Department’s valuation be proved to be wrong.**

84 Q445

6 Government Advisers

74. There are a number of key players in the privatisation process: Ministers, the Shareholder Executive (which is part of the Department for Business, Innovation and Skills), Lazard (the Government's independent advisers) and the Global Coordinators UBS and Goldman Sachs.

75. In evidence, the Secretary of State told us that the Shareholder Executive took the lead for the Department:

> The Shareholder Executive, which is an important part of my Department, has been managing this whole process. They have been leading the conversations. They rely on external advice, which I have indicated, but they are the key players within Government.[85]

That external advice was provided by Lazard, who were appointed as the Government's financial advisers for the sale, and who were selected through a Government procurement process which was overseen by the Shareholder Executive, alongside the Treasury.[86]

76. Concerns were raised by the NAO that having appointed Lazard, the Department became "dependent on the professional judgement of its advisers with respect to valuation".[87] The NAO also raised concerns about the level of responsibility delegated to Lazard:

> The Department delegated a comprehensive range of responsibilities to Lazard & Co, including: a review of strategic options; arranging the selection process for the syndicate; capital structure advice; an independent valuation of the Royal Mail business; and advice on pricing and oversight of the syndicate's allocation of shares.[88]

77. The Secretary of State acknowledged the range of expertise supplied by Lazard and the Shareholder Executive but tried to assure us that final responsibility remained with Ministers: "We had the independent advisers and, in the final analysis, Ministers were required to approve and pass judgment on those decisions".[89] This was echoed by Michael Fallon, who acknowledged that Ministers relied on advice but asserted that both he and the Secretary of State challenged it "throughout the process".[90]

78. In supplementary evidence the Secretary of State sought to clarify the lines of responsibility restating the position that Secretaries of State have "overriding responsibility

85 Q 28

86 Q463

87 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 28, para 3.11

88 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 27, para 3.6

89 Q462

90 Q463

for what happens in their departments". However, in his subsequent paragraphs he appears to try to distance himself from that responsibility;

> The institutional investors were not identified by ministers, but by the financial advisers to the transaction. The advisers were in turn not selected by ministers, but by a competitive procurement (separately for the Global Coordinators and the Government's independent adviser) operated by the department's Shareholder Executive, according to Government Procurement rules.
>
> Both Mr Fallon, who oversaw the privatisation process and I had opportunities to challenge the key decisions, notably on price and did so. But in the final analysis, we endorsed them. And on value for money, responsibility lies with the Accounting Officer, the Permanent Secretary, who gave unambiguous advice that the transaction did represent value for money for the taxpayer. Therefore, we both believe that in the circumstances in which the sale occurred, without the benefit of hindsight, the judgements were correct.

79. The NAO, however, doubted the ability of the Department to challenge and interrogate recommendations made by independent advisers. It recommended that "Departments should examine ways to reduce reliance on professional advisers for judgments affecting taxpayer value". The Secretary of State did not believe that there was a "lack of expertise" inside Government and that the Shareholder Executive was "full of very highly skilled people who understand these things and have a background in financial markets".[91]

80. The National Audit Office say that the appointment of a multidisciplinary team of professional advisers was appropriate, given the scale and complexity of the transaction, but it questioned the extent to which the Department relied upon external advice. It concluded that "Departments should examine ways to reduce reliance on professional advisers".

81. Mark Russell acknowledged that there were limitations to what the Shareholder Executive could to—in particular speaking directly to investors—and that there were "skills in a massive exercise like this that you have to use experts for". However, he acknowledged that the NAO's view that the Department needed to have the skills to be able to challenge the advice was "a fair comment". But he went on to argue that the opinions of experts were challenged "not just the Shareholder Executive and other members of the Business Department; it was Ministers as well".

82. A key part of the work of the advisers was the valuation of the company. In evidence to us Mark Russell, confirmed to us that in advance, no formal valuation of Royal Mail was undertaken by the Shareholder Executive:

91 Q466

> No, we did not; we felt advisers were best-placed to do that, but we reviewed those models for assumptions. In many ways, our own valuation would be somewhat irrelevant. We would be in particular relying upon the Lazard valuation.[92]

83. **It should be of concern to Ministers that the NAO concluded that they were too dependent on the professional judgement of its advisers, and that such a reliance on external advisers should be reduced. We do not believe that Ministers were well-served by their Departmental officials, the independent adviser or by the Shareholder Executive. Their blanket refusal to acknowledge a single mistake in spite of a critical auditor's report does little to inspire confidence in their organisations.**

84. ***We recommend that the Shareholder Executive should be required to undertake a detailed valuation of any proposed sale so that the Shareholder Executive, Government and select Committees have a baseline against which to subsequently judge valuations made by independent advisers;***

Lazard and Value for Money

85. The NAO also concluded that the terms of Lazard's involvement did not give sufficient prominence to value for money:

> In this instance, the Department delegated a wide range of responsibilities to its independent corporate finance adviser and aligned its incentives with the policy objective of achieving a sale. The taxpayer interest was not clearly prioritised within the structure of the independent adviser's role.[93]

86. The Secretary of State acknowledged that his interaction with Lazard was "fairly limited" but he insisted that value for money was "central to their terms of reference". William Rucker asserted that the NAO conclusion referred to the absence an incentive fee, which was in contrast to the book runners all of which had "incentive fees".[94]

87. **The NAO is clear in its recommendation that "the taxpayer interest was not clearly prioritised within the structure of the independent adviser's role". We do not believe that this refers solely to an incentive payment structure. Prioritising value for money should not be motivated by financial incentives, it should be a central aim of all of those involved in the sale of public assets. That value for money was not a clear priority in Lazard's contract is unacceptable.**

92 Q247

93 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 28, para 3.7

94 Q465

Perceptions of conflicts of interest

88. In its Report, the NAO noted that the banks involved in privatisation of Royal Mail were subject to "an overarching duty to pay due regard to the interests of their customers and treat them fairly, and to manage conflicts of interest fairly".[95] As we noted earlier in our Report, Lazard Asset Management was one of the Government's 'preferred investors'. In evidence to the Committee of Public Accounts on 30 April 2014, Mr Rucker explained that he was unaware of the fact that LAM was on a list of investors talking to Royal Mail. When he became aware of this, he told the Shareholder Executive that: Lazard should "have no input whatsoever into any discussion about allocations for LAM".[96] However, Mr Rucker acknowledged that there was a "question of perception" about Lazard advising on the price of Royal Mail and its investment arm buying Royal Mail Shares.[97] UBS and Goldman Sachs were also questioned at that session on potential conflicts of interest between their role in determining the price of Royal Mail and the commission received from trading those shares on behalf of clients. Both banks explained that as large equity traders many, if not all of the preferred investors would be their clients. They also acknowledged that higher volumes of shares traded would give the two banks greater fee revenue than they received from the Government for their advisory role.

89. Both banks were clear that they had policies in place to manage conflicts of interest between different arms of the banks. However, they acknowledged "the existence of potential conflicts" in institutions having these two roles.

90. ***While we have no evidence of inappropriate behaviour by those companies employed by the Government, it is clear to us that any perception of financial advantage must be removed from the privatisation process. Therefore we recommend that the Department give serious consideration to excluding any company involved in the selection of preferred investors, as a preferred investor, even if the appropriate "Chinese walls" remain intact.***

95 National Audit Office, The Privatisation of Royal Mail, HC (2013-14) 1182, page 27, para 3.8

96 Oral evidence taken before the Committee of Public Accounts on 30 April 2014, HC (2013-14) 1221, Q158

97 Oral evidence taken before the Committee of Public Accounts on 30 April 2014, HC (2013-14) 1221, Q159

Conclusions and recommendations

Objectives of the Sale

1. It is clear that the Government met its objectives in terms of delivering a privatised Royal Mail with an employee share scheme. However, it is not clear whether value for money was achieved and whether Ministers obtained the appropriate return to the taxpayer. We agree with the National Audit Office that the Government met its primary objective. On the basis of the performance of the share price to date, it appears that the taxpayer has missed out on significant value. (Paragraph 14)

Offer Price

2. Ministers placed great emphasis on the negative aspects of the industrial relations between Royal Mail and the Communications Workers Union, and in particular on the threat of strike action. While this was a significant factor for investors, we believe that the Government over-emphasised the risk. The share price before, during and after the Union's acceptance of a pay deal demonstrates that industrial relations were less of an issue for the market than they were for Government. (Paragraph 27)

Demand for Shares

3. The level of the upper limit set for the potential price of shares gave investors a price above which they had no incentive to declare an interest. The Government's advisers must have been aware of this but failed to gauge demand at higher price levels. The fact that many long-term investors bought shares later at a far higher price is evidence to us that there was demand for Royal Mail shares at a higher price. We therefore do not accept the Ministers' assertion that the demand for shares would have disappeared at an offer price above 330p. The fact that both Ministers and officials have refused to acknowledge any level of demand for a higher price is, to say the least, disappointing. (Paragraph 35)

"Froth"

4. The Secretary of State noted that the valuation of shares reflected the information that is available at the time. He also argued that "froth" had, in some way artificially inflated the share price. Unfortunately, he was unable to provide us with a meaningful explanation of its impact on the share price in terms of time and value. The Secretary of State's initial use of the term referred to the "immediate aftermath" of the flotation. This was subsequently extended to months and then possibly years. As a result we do not find the argument of "froth" as a credible response to the significant increase in the share price. (Paragraph 42)

Level of Discount

5. It is accepted that all IPOs will be floated at a discount, with the share price expected to rise when shares are traded. This is important because a fall in the share price on flotation would inhibit the company from raising further investment. However, the rise in Royal Mail shares in the immediate aftermath was significantly higher than the normal percentage increases described by the banks. (Paragraph 50)

6. We conclude that the Department underestimated the market value of Royal Mail and that the sustained increase in the performance of Royal Mail shares points to a pricing decision that was too influenced by perceived risks and fear of failure rather than maximising value for money for the taxpayer. (Paragraph 52)

Priority Investors

7. We agree that it is sensible to identify, in advance, companies which are committed to investing in an IPO. However, we fail to see the benefit to the taxpayer of embarking on a policy of identifying long-term investors without either a criterion on which to judge them or any undertaking given by investors to support Royal Mail in the medium or long-term. The current ownership of Royal Mail by long-term investors has little to do with Secretary of State's actions. Unlike those preferred investors who bought cheaply and sold quickly at a profit, if the current investors are long-term, many of them may have bought at a price far higher than the one set by the Government. (Paragraph 63)

8. We welcome publication of the list of priority investors. However, we are disappointed with the handling of this by the Secretary of State. Twenty-four hours before publication, the Secretary of State told us that such action would result in legal action against his department. We find the speed of this U-turn surprising. (Paragraph 64)

9. The Government's publication of the names and allocations of the preferred investors only provides one part of the picture. We recommend that the Government update that list to include information on which investors sold their shareholding, when they sold and the share price of Royal Mail at that time. (Paragraph 65)

Royal Mail Assets

10. We note the conclusion of the NAO that the Government has not extracted the full value of the surplus assets owned by Royal Mail. What is more disturbing is that the Government ignored established NAO recommendations either to remove such assets from the privatisation process or to insert claw-back provisions on the future sale of the properties. The absence of claw-back provisions means that the taxpayer will not reap any benefit should the Department's valuation be proved to be wrong. (Paragraph 73)

Government Advisers

11. It should be of concern to Ministers that the NAO concluded that they were too dependent on the professional judgement of its advisers, and that such a reliance on external advisers should be reduced. We do not believe that Ministers were well-served by their Departmental officials, the independent adviser or by the Shareholder Executive. Their blanket refusal to acknowledge a single mistake in spite of a critical auditor's report does little to inspire confidence in their organisations. (Paragraph 83)

12. We recommend that the Shareholder Executive should be required to undertake a detailed valuation of any proposed sale so that the Shareholder Executive, Government and select Committees have a baseline against which to subsequently judge valuations made by independent advisers; (Paragraph 84)

Lazard and Value for Money

13. The NAO is clear in its recommendation that "the taxpayer interest was not clearly prioritised within the structure of the independent adviser's role". We do not believe that this refers solely to an incentive payment structure. Prioritising value for money should not be motivated by financial incentives, it should be a central aim of all of those involved in the sale of public assets. That value for money was not a clear priority in Lazard's contract is unacceptable. (Paragraph 87)

Perceptions of Conflicts of Interest

14. While we have no evidence of inappropriate behaviour by those companies employed by the Government, it is clear to us that any perception of financial advantage must be removed from the privatisation process. Therefore we recommend that the Department give serious consideration to excluding any company involved in the selection of preferred investors, as a preferred investor, even if the appropriate "Chinese walls" remain intact. (Paragraph 90)

Formal Minutes

Tuesday 8 July 2014

Members present:

Mr Adrian Bailey, in the Chair

Mr William Bain
Mr Brian Binley
Paul Blomfield
Mike Crockart
Rebecca Harris
Ann McKechin
Robin Walker
Nadhim Zahawi

Draft Report (*Royal Mail Privatisation*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 90 read and agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report (in addition to that ordered to be reported for publishing on 12 November 2013 and 8 July 2014).

[Adjourned till Tuesday 15 July at 10.00 am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/bis.

Wednesday 9 October 2013	*Question number*
Rt Hon Vince Cable MP, Secretary of State for Business, Innovation and Skills	Q1-117
Wednesday 20 November 2013	
John Mayne, Managing Director, UK Client Coverage, JP Morgan, Ben Story, Head of UK Investment Banking and Broking, Citi, Gert Zonneveld, Managing Director, Co-Head of Research, Panmure Gordon, James Agnew, Chairman of UK Corporate Broking, Deutsche Bank, James Robertson, Managing Director, UBS, and Richard Cormack, Managing Director, Co-Head of Equity Capital Markets, Goldman Sachs	Q118-232
Wednesday 27 November 2013	
Rt Hon Vince Cable MP, Secretary of State for Business, Innovation and Skills, Rt Hon Michael Fallon, Minister of State for Business and Energy, Department for Business, Innovation and Skills, Mark Russell, Chief Executive, Shareholder Executive, and William Rucker, Chief Executive, Lazard & Co Ltd	Q233-382
Tuesday 29 April 2014	
Rt Hon Vince Cable MP, Secretary of State for Business, Innovation and Skills, Rt Hon Michael Fallon, Minister of State for Business and Energy, Department for Business, Innovation and Skills, Mark Russell, Chief Executive, Shareholder Executive, and William Rucker, Chief Executive, Lazard London	Q383-527

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/bis. INQ numbers are generated by the evidence processing system and so may not be complete.

1 Action With Communities in Rural England (ACRE) (RMP0002)
2 Communication Workers Union (RMP0005)
3 Consumer Futures (Formerly Consumer Focus) (RMP0009)
4 David Stubbs (RMP0013)
5 Department for Business, Innovation and Skills (RMP0012)
6 Dr Richard Wilson (RMP0010)
7 Institute of Directors (RMP0003)
8 John Thwaites (RMP0001)
9 National Federation of Subpostmasters (NFSP) (RMP0004)
10 Post Office Limited (RMP0008)
11 Professor R J Barry Jones (RMP0015)
12 Royal Mail Group (RMP0007)
13 Save Our Royal Mail (RMP0006)
14 T Martin Blaiklock (RMP0014)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/bis.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2014–15

First Report	Royal Mail Privatisation	HC 539

Session 2013–14

First Report	Women in the Workplace	HC 342-I/II/III(*Cm 8701*)
Second Report/First Joint Report	Scrutiny of Arms Exports and Arms Control (2013): Scrutiny of the Government's UK Strategic Export Controls Annual Report 2011 published in July 2012, the Government's Quarterly Reports from October 2011 to September 2012, and the Government's policies on arms exports and international arms control issues	HC 205
Third Report	The Kay Review of UK Equity Markets and Long-term Decision Making	HC 603(HC 762)
Fourth Report	Consultation on a Statutory Code for Pub Companies	HC 314
Fifth Report	Open Access	HC 99-I/II(HC 833)
Sixth Report	Draft Consumer Rights Bill	HC 697-I/II/III
Seventh Report	Payday Loans	HC 789

Session 2012–13

First Report	The Hargreaves Review of Intellectual Property: Where Next?	HC 367-I/II(HC 579)
Second Report/First Joint Report	Scrutiny of Arms Export Controls (2012): UK Strategic Export Controls Annual Report 2010, Quarterly Reports for 2010 and January to September 2011, the Government's review of arms exports to the Middle East and North Africa, and wider arms control issues	HC 419
Third Report	Post Office Network Transformation	HC 84(HC 678)
Fourth Report	Overseas Students and Net Migration	HC 425(*Cm 8557*)
Fifth Report	Apprenticeships	HC-I/II/III(HC 899)
Sixth Report	The Insolvency Service	HC 675 (HC 1115)
Seventh Report	Too Little, Too Late: Committee's observations on the Government Response to the Report on Overseas Students and Net Migration	HC 1015(*Cm 8622*)
Eighth Report	Pre-appointment hearing of the Government's preferred candidate for the post of Groceries Code	HC 1011

	Adjudicator	
Ninth Report	Local Enterprise Partnerships	HC 598

Session 2010–12

First Report	The New Local Enterprise Partnerships: An Initial Assessment	HC 434 (HC 809)
Second Report	Sheffield Forgemasters	HC 484 (HC 843)
Third Report	Government Assistance to Industry	HC 561
Fourth Report / First Joint Report	Scrutiny of Arms Export Controls (2011): UK Strategic Export Controls Annual Report 2009, Quarterly Reports for 2010,licensing policy and review of export control legislation	HC 686
Fifth Report	Government Assistance to Industry: Government Response to the Committee's Third Report of Session 2010–11	HC 1038
Sixth Report	Is Kraft working for Cadbury?	HC 871
Seventh Report	Rebalancing the Economy: Trade and Investment	HC 735 (HC 1545)
Eighth Report	Trade and Investment: China	HC 1421 (HC 1568)
Ninth Report	Time to bring on the referee? The Government's proposed Adjudicator for the Groceries Code	HC 1224-I
Tenth Report	Pub Companies	HC 1369-I/II *(Cm 8222)*
Eleventh Report	Time to bring on the referee? The Government's proposed Adjudicator for the Groceries Code: Government Response to the Committee's Ninth Report of Session 2010-12	HC 1546
Twelfth Report	Government reform of Higher Education	HC 885-I/II/III (HC 286)
Thirteenth Report	Pre-Appointment Hearing: Appointment of Director of the Office for Fair Access	HC 1811
Fourteenth Report	Debt Management	HC 1649 (HC 301)
Fifteenth Report	Stamp Prices	HC 1841-I/II