
From: Ben Foat [GRO]
Sent: Tue 27/06/2017 10:25:32 AM (UTC)
To: Rodric Williams [GRO]
Subject: Re: Ops Board and Losses & Crime Group

Hi Rod

Happy to discuss.

I haven't been given a time but I suggest that we turn this around in a week even if in draft form.

I'm not sure what Al is asking for is a big piece of work. It's basically a note that sets out the position that we agreed yesterday as to why we aren't going to take prosecutions forward at this juncture which to some extent is a historical decision based on the risks / issues already articulated. What he's asking for is that we make a formal decision. (or we set it out in writing). At a high level you could spend an hour writing out the reasons and then get your externals to finalise.

As I said we can get BD and Cartwright to support this work. Who are the people o should reach out to? It's been requested by the CFO and deals with substantially losses so it's a priority from my perspective.

On the broader issue of your capacity , it would be helpful for me to understand what work are you doing without any external support (external panel review etc). If we get externals on most things then you can sit over this coordinating and giving oversight - rather than "doing". Moreover, on some of the tasks (terms of reference for external law firm panel you could have delegated to Sarah or Paralegal- it's a basic exercise and then just reviewed it to bring it up to an appropriate level. This should allow you more capacity.

The comment about bottleneck is your own comment taken from yesterday to Al. Let's pick up how best to position these things going forward in your 1:1.

Kind regards
Ben

Ben Foat
Legal Director
Post Office
Mobile: [GRO]

From: Rodric Williams [GRO]
Sent: Tuesday, June 27, 2017 11:09 am
Subject: RE: Ops Board and Losses & Crime Group
To: Ben Foat [GRO]

Hi – of course, but when is it required?

To set expectations, this is a big piece of work. It goes to whether we should be prosecuting (something which no other UK business does routinely), and will require revisiting a decision that was made (informally I believe) several years ago and the rationale for it, then updating the position which now cuts across a number of otherwise separate work streams/areas in a sensitive environment.

I will need help from both BD and Cartwright King for this, but even then I am worried about my capacity when I am

also trying to formalise the debt work (where I see the cause of the bottleneck being a total absence of process rather than me!), get my arms around the ASA work and Brand work, move the CCRC investigations forward (which will be busy over the next month dealing with Grant Thornton), finalise our defence in the Group Litigation, and keep on top of the functional management and ad hoc matters that keep coming in (e.g. the miskey recovery question).

All of these matters involve very different areas of law and application, and some can be quite complex, so it's not easy to flip easily between them.

Can I please ask you for some help on how best to manage / prioritise these? Would it be possible to pull in someone who has worked for us before (e.g. Elisa Lukas from BD) to help with the ad hoc stuff to get us over a hump?

Rod

From: Ben Foat
Sent: 27 June 2017 10:15
To: Rodric Williams <Rodric Williams <[redacted] GRO>>
Subject: FW: Ops Board and Losses & Crime Group

Rod

Can you do a briefing note on this area.

We need to set out the context of these losses and the rationale / risks of not pursuing the prosecutions at this time. The questions that need to be answered including:

1. the time limit of bring a prosecution;
2. the different reasons for not pursuing prosecutions e.g likely stay of proceedings pending outcome of GLO etc.
3. what categories of loss could be pursued (straight forward theft –no involvement on Horizon) and what shouldn't be pursued
4. whether the prosecutions team help with the civil investigations that need resource (albeit not unnecessarily under PACE standards)

etc

If you need to obtain BD / Beachcrofts support then please do but we need to turn this around asap. Given your confirmation of being a bottleneck yesterday, I'm keen to turn this around quickly!

Kind regards
Ben



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Experience**

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Legal Director

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From: Alisdair Cameron

Sent: 27 June 2017 09:24

To: Ben Foat <[redacted] GRO >

Cc: Stuart Nesbit <[redacted] GRO >; Jane MacLeod <[redacted] GRO >; Ruth Phillips <[redacted] GRO >; Mark Ellis <[redacted] GRO >

Subject: Re: Ops Board and Losses & Crime Group

Thanks. The guidance yesterday was that we should not attempt to prosecute any cases where the losses had arisen from or were identified via trading and Horizon rather than a straight theft, until two things happen. Firstly we complete the Deloitte work on systems reliance. Secondly the CCRC opine. The former is fine and I gather we are close. The second I want us to make as a formal judgment with Paula engaged because it is a big deal, with an open timetable and a strong sense that this is now costing us blood.

My preference would be to do the Deloitte work and then seek a prosecution relying on Horizon in a single sympathetic case - admission, good evidence, not too sympathetic a postmaster, not part of the GLO etc. And then we will know.

In the meantime I have a specialist team setting up prosecutions that will never happen. We can get them doing other stuff for now but I need to lay them off if the prospects aren't there?

Ruth, can you set something up for Jane, Ben, me, Paula. Ben if you want others there just add. Thanks Al

Sent from my iPad

On 27 Jun 2017, at 07:24, Ben Foat <[REDACTED]> wrote:

Thanks Stuart - I'm working with Rod and Michelle on the process.

Kind regards
Ben

Ben Foat
Legal Director
Post Office
Mobile: [REDACTED]

From: Stuart Nesbit
Sent: Monday, June 26, 2017 10:28:16 PM
To: Jane MacLeod; Alisdair Cameron
Cc: Ben Foat
Subject: RE: Ops Board and Losses & Crime Group

Hi Jane,

This was discussed with Rodric and Michelle in my team and we are working to get to the bottom of what information is required on both sides. It was also discussed at a meeting we had earlier today on the debt collection process and I am confident that we will get a solution in place that we can work with.

Ben – happy to talk further once we have all the requirements established.

Thanks
Stuart

From: Jane MacLeod
Sent: 21 June 2017 15:15
To: Alisdair Cameron <[REDACTED]>
Cc: Stuart Nesbit <[REDACTED]>; Ben Foat <[REDACTED]>
Subject: RE: Ops Board and Losses & Crime Group

Al,

Thanks for the heads up – Ben was aware that this had been raised as an issue.

My understanding is that the legal work in relation to debt collection is outsourced to Bond Dickinson, so we need to understand the issues in order to work with BD to get them resolved, and make sure there is a workable process with proper accountabilities for business v legal decisions.

Stuart - please liaise with Ben on this.

Jane.

**Jane MacLeod**

Group Director of Legal, Risk & Governance
Ground Floor

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LONDON

EC2Y 9AQ

Mobile number: **GRO**

From: Alisdair Cameron

Sent: 21 June 2017 08:44

To: Jane MacLeod

Cc: Stuart Nesbit

GRO

Subject: FW: Ops Board and Losses & Crime Group

Jane, as a heads up, the FSC team is concerned about the ability of legal to respond on the debt collection process – feel they are getting stuck. No need for you to do anything, we will supply the detail and try and work with the team to agree SLAs but just wanted you to be aware. Thanks Al

From: Alisdair Cameron

Sent: 21 June 2017 08:40

To: Alwen Lyons; Jane MacLeod; Kevin Gilliland; Mark R Davies; Martin Edwards; Martin Kirke; Nicholas Kennett; Paula Vennells; Rob Houghton

Cc: Amanda Radford; Angela Van-Den-Bogerd; Barbara Brannon; Mark Ellis; Russell Hancock; Stuart Nesbit

Subject: Ops Board and Losses & Crime Group

FYI A heads up on the main things discussed at these meetings that are additional to things we have covered in GE like ATM performance and branch losses/cash. The points below are being specifically and separately raised with the relevant parts of the business:

- (1) We have a significant emerging issue around the number of £50 notes being deposited by FRES. These are not wanted anywhere, we don't have a physical solution, cash in bond has gone up c. £150m and the Bank of England doesn't want them either... We are getting close to and in one case breached our insurance limit in London East. This can't continue forever and we are going to be incurring substantially greater costs trunking the stuff around. I have asked the team to work out both a physical solution for what we have and also raise it with FRES for the ongoing issue.
- (2) We are seeing £50m a week more cash being REM'd in from branches than we used to/expected. We are doing root cause but one hypothesis is that this is business banking. Russell is building a business case to take on more people in the cash centres to process it – we don't have enough headroom to hold it in the cash centres.
- (3) A couple of products are getting more issues. NBSC calls on travel money card are up from 1,679 to 2,342 a month. Drop & GO transaction corrections are increasing every month from c. 900 to c. 1,500.
- (4) **IRRELEVANT** have not paid a debt of c. £50k a month for three months in a row – we are flagging as we have started to provide for it.
- (5) We are building a new set of measures and KPIs for HRSC, working with HR and for NBSC.
- (6) We are doing work to understand better agent complaints about cash, transaction corrections on inward REMs and balancing questions.

- (7) We are shifting the Supply Chain service focus from Quality of service to cash availability and trading.
- (8) We have seen a sharp increase in robberies and burglaries involving weapons – up from 10 to 27 in the first two months of this year vs last year. We are working on additional options on security for high risk branches. In the open plan world, fogging seems the most effective. We may start offering these at a cost to the agent rather than doing-and-paying.

Thanks, happy to discuss AI



Alisdair Cameron

Chief Financial & Operating Officer

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GRO