



Scenario Two – Continuity

2 June 2014

DRAFT NOT POLICY



Companies Act Section 172 – Directors Duties

In making decisions about the future direction of the Company Directors must have regard to Section 172 of the Companies Act – ahead of other factors like negative PR. S 172 is set out below for reference:

(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

(2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.

(3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.



Sparrow – communications approach – SOPHIE TO DRAFT NARRATIVE

Proposal: We continue administering the Scheme in the current manner, defending Post Office's interests as far as possible without causing the Working Group to break up.

Narrative: Subpostmasters are the lifeblood of our organisation and we want them to have faith in our systems and processes. As a responsible business the Post Office is committed to listening and learning from its people. As such in 2012, following allegations raised with us by some subpostmasters, we set up an inquiry into the Horizon computer system.

In the two years since the inquiry began there has been no evidence of deficiencies with the Horizon system. We have also commissioned Deloitte to examine the Horizon system further and received assurance around the integrity of the system, which deals with 68,000 transactions every day.

As part of our commitment to investigate cases raised with us by a small number of subpostmasters we set up a Mediation Scheme in order to offer an opportunity for them to have their cases heard. At the same time we launched a Branch Support Programme to find ways of improving the support we offer the subpostmaster community.



Sparrow – communications approach continued

We are working hard to ensure that any cases submitted to the scheme are processed as quickly as possible, and we remain committed to resolving all outstanding cases.

We will publish a report when all investigations have been completed.

If pressed on why taking so long? Post Office has employed a dedicated team to ensure that applications are processed as quickly as possible. Of the 150 cases put forward less than XX/XX per cent have completed the questionnaire required for their case to be considered. However, of the XX sent to PO we have completed our investigation for XX/XX per cent and forwarded them to 2nd Sight for their input.

We recognise that 2nd Sight have made a significant contribution to the scheme however, due to their limited resources despite their best efforts that have been unable to forward any/ have only forwarded XX case to the scheme.

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Now to summer
(May-Jul)Summer
(Jul-Aug)Summer-Christmas
(Sep-Dec)Run up to election
(Jan-May)2 yrs + then
end of scheme

Scheme

- Media a small number of cases (5)
- Most applicants disappointed
- At least 1 high profile media case
- SS produce poor quality reports in public domain

- Slow progress of the Scheme
- Strained WG relations
- Applicants expectation miss match to outcomes
- Series of mediations

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Media

- Potential for applicants or JFSA to go the media as not happy with result of mediation or did not go to mediation.
- Potential for year on follow up by media following story i.e. BBC National and regional plus national and regional print.

- Potential for applicants of JFSA to go the media as not happy with result of mediation or did not go to mediation.
- Potential for increased interest as more applicants are dissatisfied with outcome of mediation. This culmination could drive further national stories
- Potential for any comment in R&A to drive further interest

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- Potential for increased interest as more applicants are dissatisfied with outcome of mediation. This culmination could drive further national stories.
- As becomes apparent major compensation will not be paid potential for Fol on costs becomes more likely and risks further negative coverage on spend.

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- Potential for increased interest as more applicants are dissatisfied with outcome of mediation. This culmination could drive further national stories
- Award of IT&C Front Office contract could result in IT Media and others suggesting replacement as a result of issues with horizon – damaging ability to highlight benefits and result in further negative coverage.
- JFSA ramp up pressure on JS and call for select committee report.

- Likely that a number of media following the story i.e. BBC National and regional plus national and regional print will follow up as neither JFSA and SS not satisfied with the scheme and will go to media.