POL00116251

From: David Oliver

CC: Chris Aujard
Belinda Crowe
Martin Edwards
05/02/2013

To: Paula Vennells

Issue

Following our meeting yesterday Martin asked for a short note setting out the three options that we discussed to take forward the issue with Second Sight. The intention with all of the options is to deliver a successful mediation Scheme where applicants concerns are addressed in a timely fashion.

Summary

We identified three broad courses of action that might be taken to improve the ability of Post Office to successfully deliver the mediation Scheme in a timely fashion:

- **Plan A – clarification of Second Sight's engagement**
    - **Stage One** A discussion between you and James Arbuthnot to discuss whether James is willing to assist in confirming Second Sight's scope. In parallel a discussion between Alastair Marnoch (subject to availability) and Martin Edwards and Anthony Hooper to provide a safe forum for Tony to raise any concerns he has with the Post Office performance and also to open a channel for dialogue about Second Sight and their performance.
    - Both of the stage one discussions need to take place in the next week or so to allow stage two to be completed in advance of the MPs meeting tentatively scheduled for early/mid-March. The MPs meeting can then be used to publicly clarify the situation with all interested MPs.
    - **Stage Two** – A discussion between James and you and Second Sight to clarify with Second Sight their actual scope and the terms of their engagement by Post Office and thus ensure that they are focussed on delivering their reports on the cases.
    - **Pros/Cons** – This approach does risk destabilising the relationship with Second Sight and with the Working Group however this is outweighed by the benefits of putting the relationship with Second Sight on a clear and focussed footing.

- **Plan B – Bolstering of the capacity available to review the Post Office reports**
    - **Engagement of a professional accountancy firm such as Grant Thornton to support Second Sight.** To date Second Sight have not produced any reports and it is unclear whether they will meet their revised deadline of 27 February. The Second Sight team is currently three members of staff and will need to review around 140 reports, Post Office have a team

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of 22 investigators with dedicated quality assurance and legal support in place to deliver a similar volume of investigations to a similar timescale.
  - Under this option Second Sight would need to agree to sign an engagement letter from Post Office and accept that the accountancy firm were similarly engaged by Post Office to support them.
  - Second Sight are likely to be highly resistant to this approach so the successful clarification of their terms of engagement under Plan A would also be necessary here.
  - **Pros/Cons** – This approach has the benefit of trying to keep Second Sight engaged in the scheme and thus minimising the risk of them going to the press/MPs to complain about Post Office's conduct. It will though be very difficult to manage and will introduce a further point of friction into the system.

- **Plan C – Contingency plan to replace Second Sight if they refuse to work on the Scheme under Terms which Post Office find acceptable**

  - **Engagement of a professional accountancy firm such as Grant Thornton to replace Second Sight entirely.** It is possible that Second Sight will refuse to work under the proposed terms of engagement from Post Office and that they may attempt to insist terms that neither you or the Board can accept. In this scenario they may either walk away from the Scheme or Post Office may have to end their engagement.
  - Given the difficulties that have been encountered both with Second Sight's delivery (tone of engagement with Post Office staff/applicants and delays in delivery of reports) and with successfully getting them to sign up to a written set of terms of engagement it would be prudent to develop now a contingency plan to manage this risk.
  - Under this option Post Office would attempt to preserve the Working Group Structure – albeit without Second Sight as members – and continue to mediate the cases. To achieve this the successful opening of a trusted channel with Tony Hooper under Plan A will be key.
  - **Pros/Cons** – This approach has the benefit of clearly and cleanly redefining the relationship between Post Office and its independent external advisor and allowing Post Office to draw on a wider resource pool than Second Sight are able to provide. This approach is though substantially more risky in terms of reputational risk and public exposure with Second Sight highly likely to publicly criticise Post Office and the Scheme.

David Oliver

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