



Sparrow
Weekly Steering Group
8th October 2013

Agenda



1. Specific agenda items
 1. Potential compensation considerations
2. Programme update:
 1. Work streams highlights
 2. High level plans
 3. Budget (no updates since last meeting)
 4. Risks
3. Next Meeting 17th October 11.00 am.

Decisions for this meeting

Public Commitments - work stream updates



Work stream	Update	Status
Initial Complaint Review and Mediation Scheme (Complete Cases)	See slide 6 for update/information on Case Submissions Common agreement reached on majority of Working Party TOR, the voting right issue will be resolved after the appointment of the independent chair.	
Adjudication of future cases	- Letter of instruction written for Sir Anthony. Letter sent to the Working Group for approval. - Communications being drafted ready for release. - Arranging October date for first meeting with Sir Anthony as Chair.	Green
Branch User forum	- Requests made for branch representatives, nominations started. - Meeting requests to be sent once representative chosen so that first forum is held in October.	

Other work stream updates



Work stream	Update	Status
Legal (criminal cases)	• Case reviews continue with Cartwright King and expected to complete by the end of October. • Meetings and addition information provided to Brian Altman who continues to work towards providing advice by 15th October. Current plan will updating following QC steer.	Green
Improvements & Culture change	• Quick wins implementations progressing but not all will complete in October (new milestones added). • The programme team reviewed information gathered from interviews with Post Office teams. Slides created to explain SPMR journey/experience. • Prepared approach and slides for Improvements Programme board next week.	Amber
Communications	• No updates since last week.	Green
Technology	• Further analysis work underway to understand impact and get required clarifications on changes – these will then be scheduled.	Amber

Legal Update – Case Review



Statistics as at 14/8/2013	Initial Sifts	Fully Reviewed	Disclosure recommended	Discontinued	Comments
To date	203	35	11	4	The cases of J Patel, Brown, Wylie and Knight have been terminated.
Remaining	TBC	TBC			It is understood that there may be an unknown number of RMG files yet to come from Scotland and Northern Ireland.

Summary of Mediation cases**38 Applications to date**

28 to 5 Sept: 10
5 to 12 Sept: 10
12 to 20 Sept: 9
20 to 27 Sept: 1
27 to 3 Oct: 8
3 to 10 Oct: tbc
10 to 17 Oct: tbc
17 to 24 Oct: tbc
24 to 30 Oct: tbc
30 to 7 Nov: tbc
7 to 14 Nov: tbc
14 to 18 Nov: tbc

Applications

31 Acceptance letters and funding agreements sent to SPMR's.
2 Waiting for additional information to be supplied by SPMR
4 PO will continue to investigate SPMR's cases internally as they have not exhausted internal processes.
1 Declined because they are still in the legal process

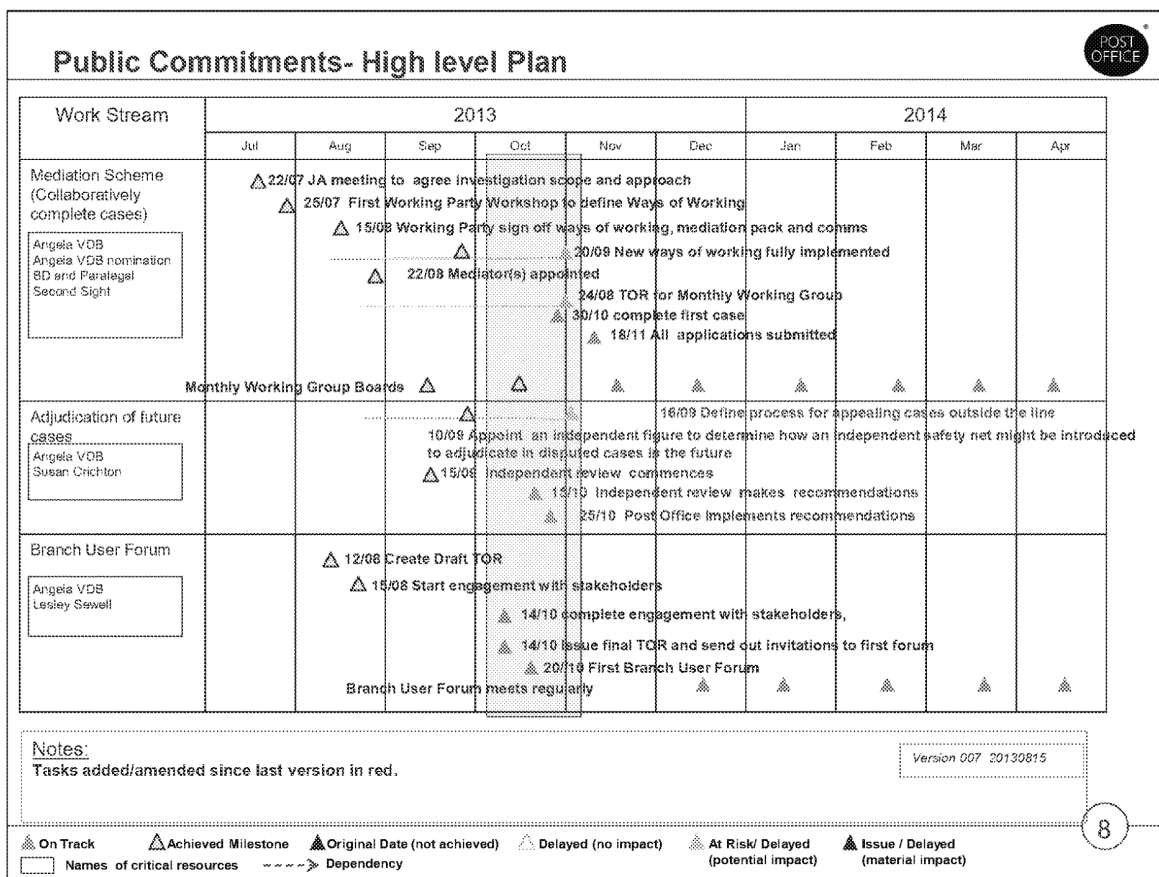
Submissions

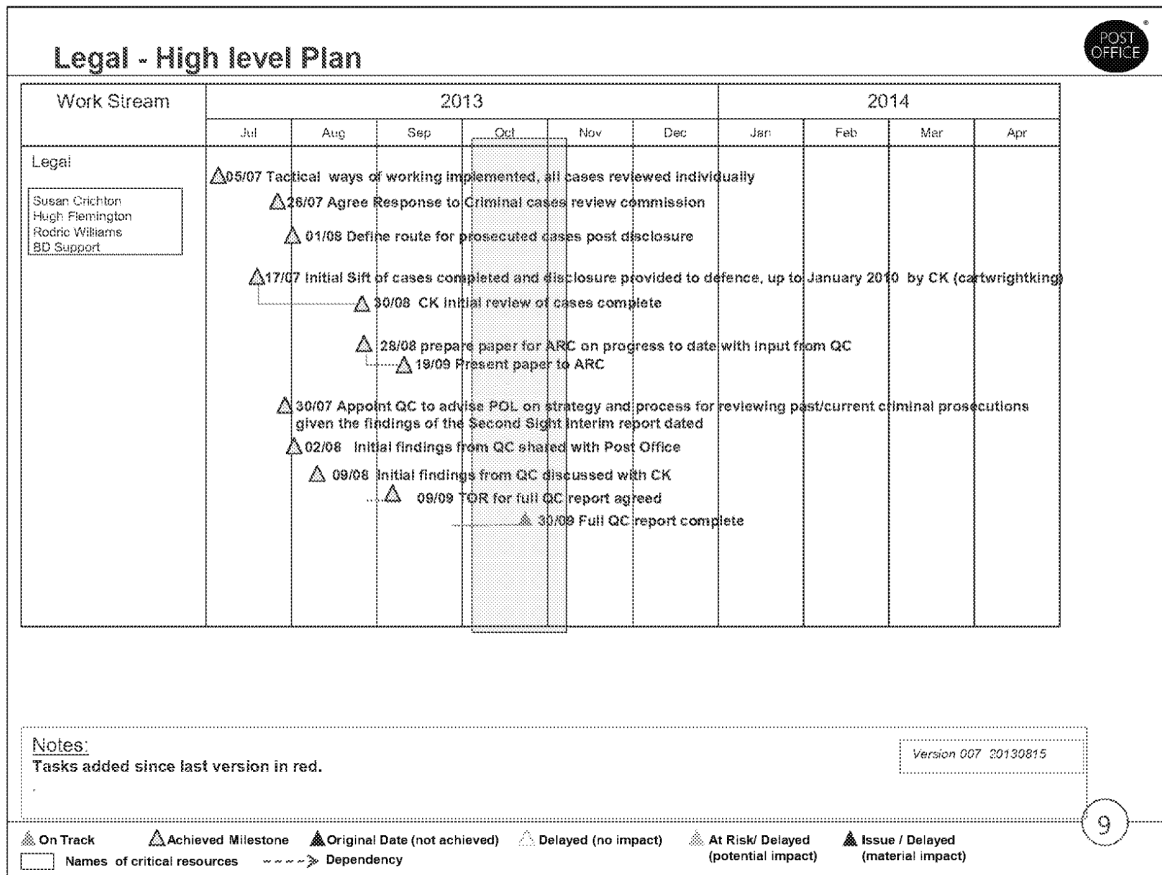
9 Funding agreements received back from SPMR's
0 Full case questionnaires submitted by SPMR's

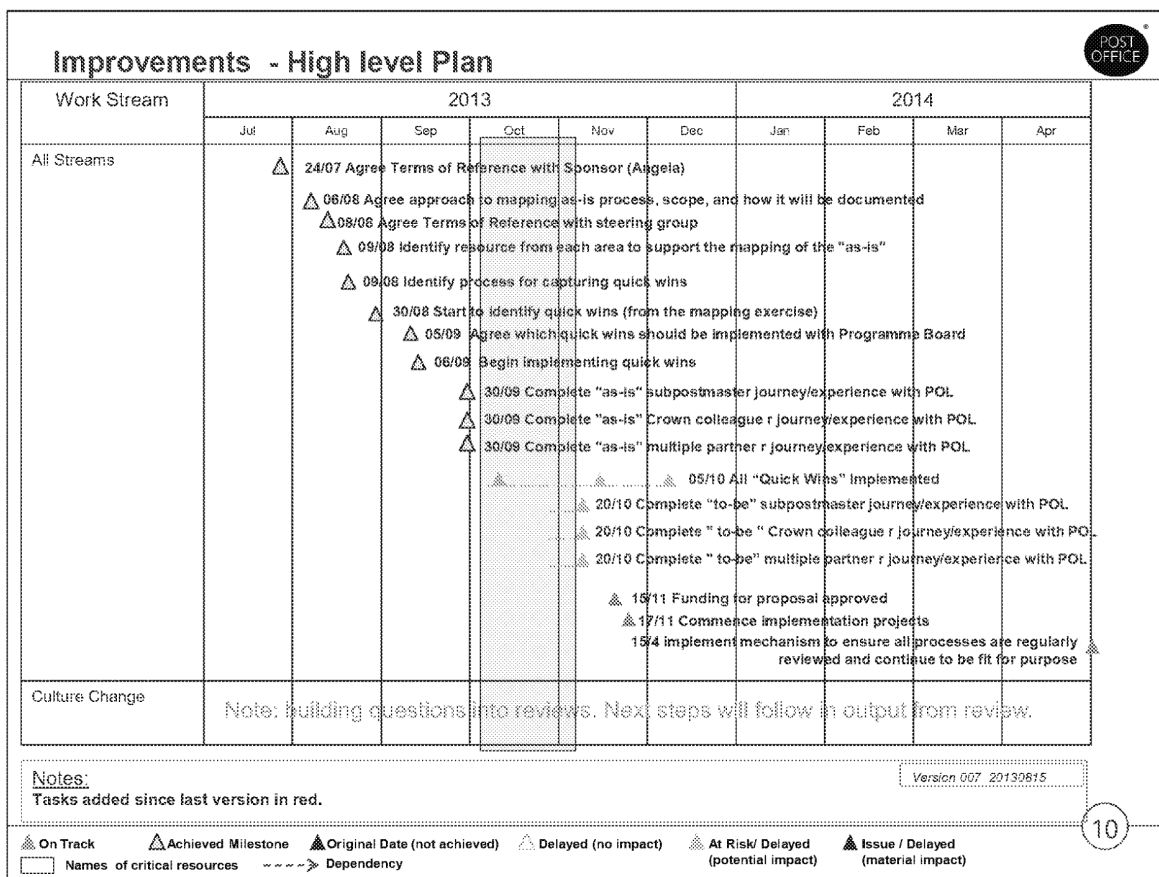
Appendices

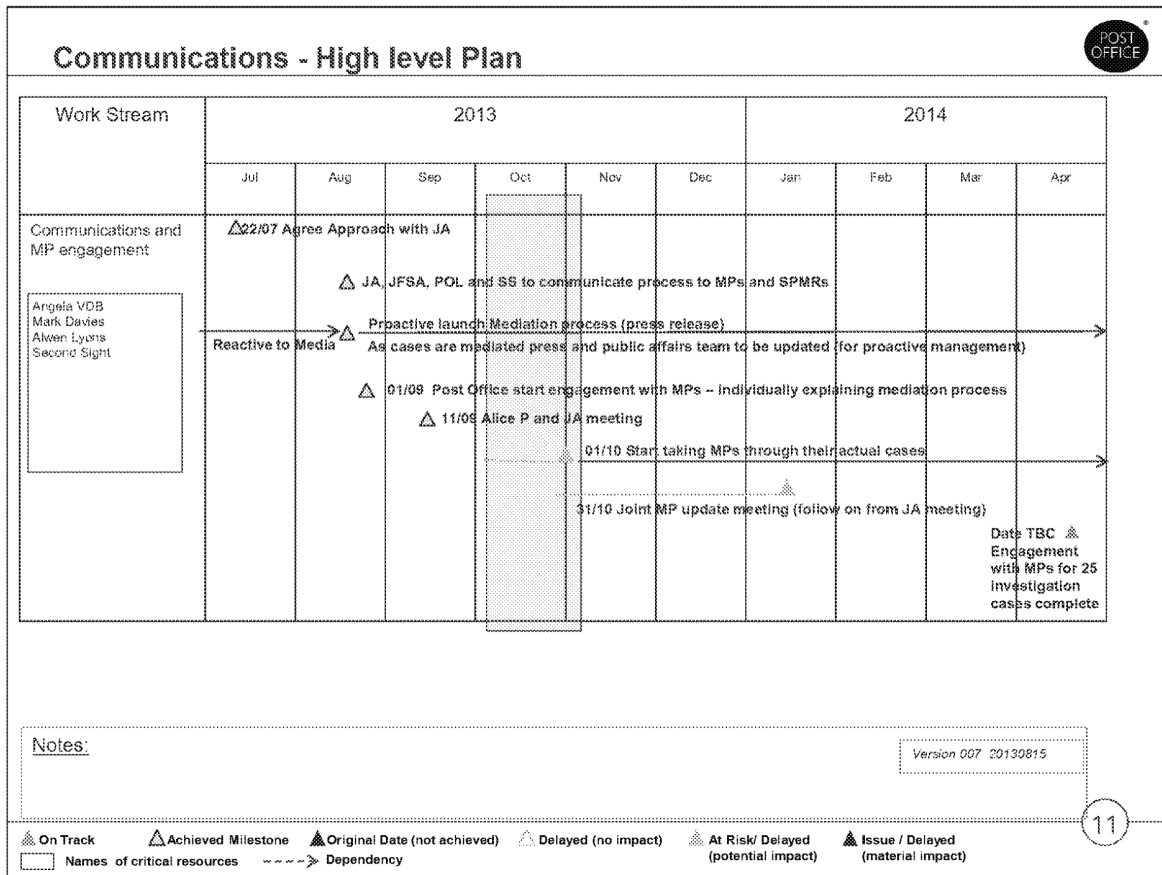


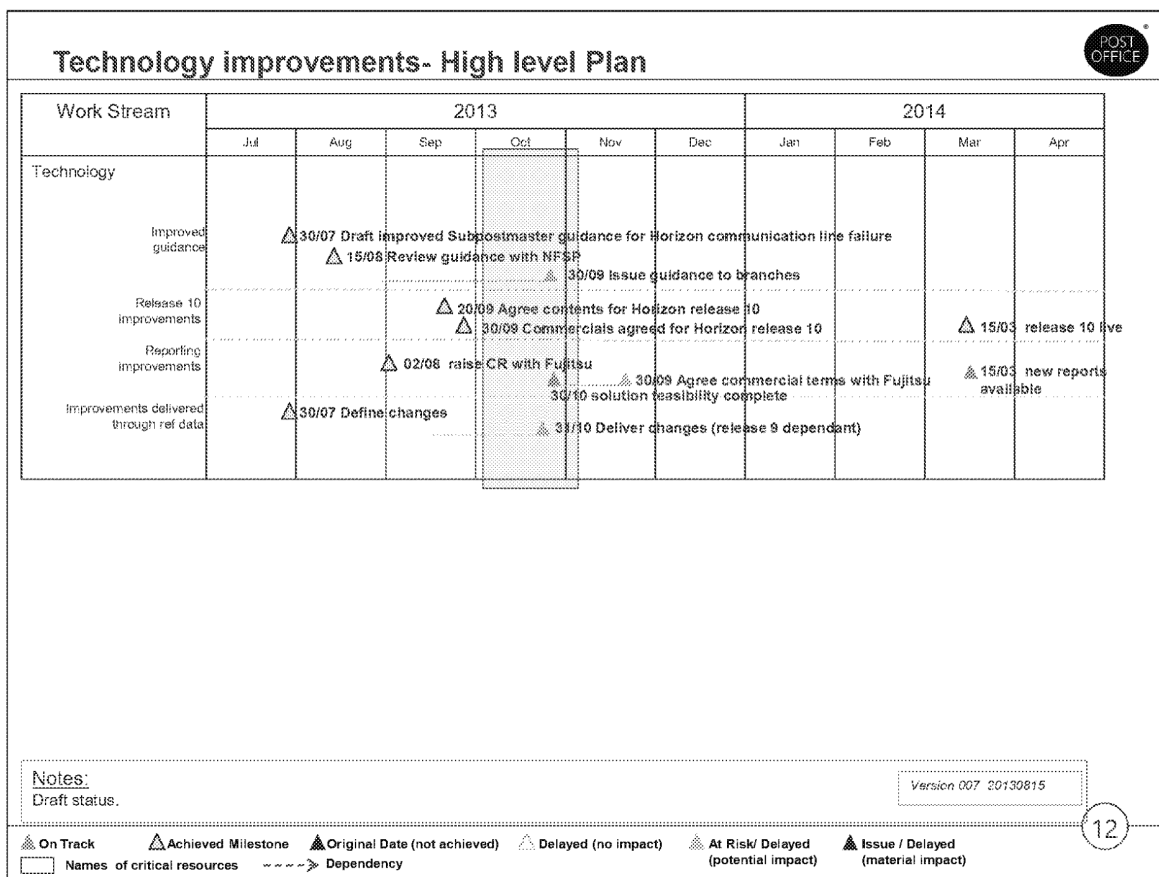
- High level milestones
 - Public commitments – slide 8
 - Legal – slide 9
 - Improvement – slide 10
 - Communications – slide 11
 - Technology – slide 12
- Budget
 - Overview – slide 13
 - Actual to August 2013 – slide 14
 - Planned to Mar 2014 – slide 15
- Risk
 - Risk map and descriptions – slides 17 to 18











Budget - Summary**Budgeting assumptions/notes**

1. Does not include cost for Post Office employees, unless backfill is required
2. Does not include any compensation costs, which is a potential outcome of mediation
3. Mediation costs are sensitive to the number of cases. Budgeting assumption is 75 cases.
4. Does not include the £310k spent from April 2012-July 2013 (incl VAT)
5. VAT costs are at 20%
6. All actuals include VAT
7. Does not include the cost of implementing the recommendations of the improvements projects

Programme Forecast August 2013 - March 2014

Item	£k	incl VAT	Comments
Complete Cases (using Mediation)	962	1154	Costs associated with completing the cases. Assumption = 75 cases
Legal and Governance	334	401	Legal costs not specific to mediation, & governance costs (eg working party)
Improvement project	42	50	Cost for quick wins and gap analysis
Technology	50	60	Funding anticipated beyond the £100k Fujitsu funded costs
Total	1388	1665	

Total Project costs April 2012 - March 2014 (incl VAT)

2012/13 April-March Actual	184
2013/14 April - July Actual	126
2013/14 Aug-March Forecast	1,665
Total	1,976

Budget – Costs to Date (last FY and this FY to 1st August)

2012/13 Invoices received

2nd Sight			Millnet			Kay Linnell			Total
Total			Total			Total			6
163.98			14.00						183.98
Month	Invoice	amount	Month	Invoice	amount	Month	Invoice	amount	
July	65	12.00	Jan	12566/900772	3.7	Jan	811	2.4	
Aug	66	14.00	Nov	12141	7.2	April	842	2.4	
sep	67	11.00	July	13000/900772	3.1	July	874	1.2	
oct	69	6.00							
Nov	72	17.40							
Dec	73	25.00							
Jan	74	26.88							
feb	75	25.90							
mar	76	25.80							

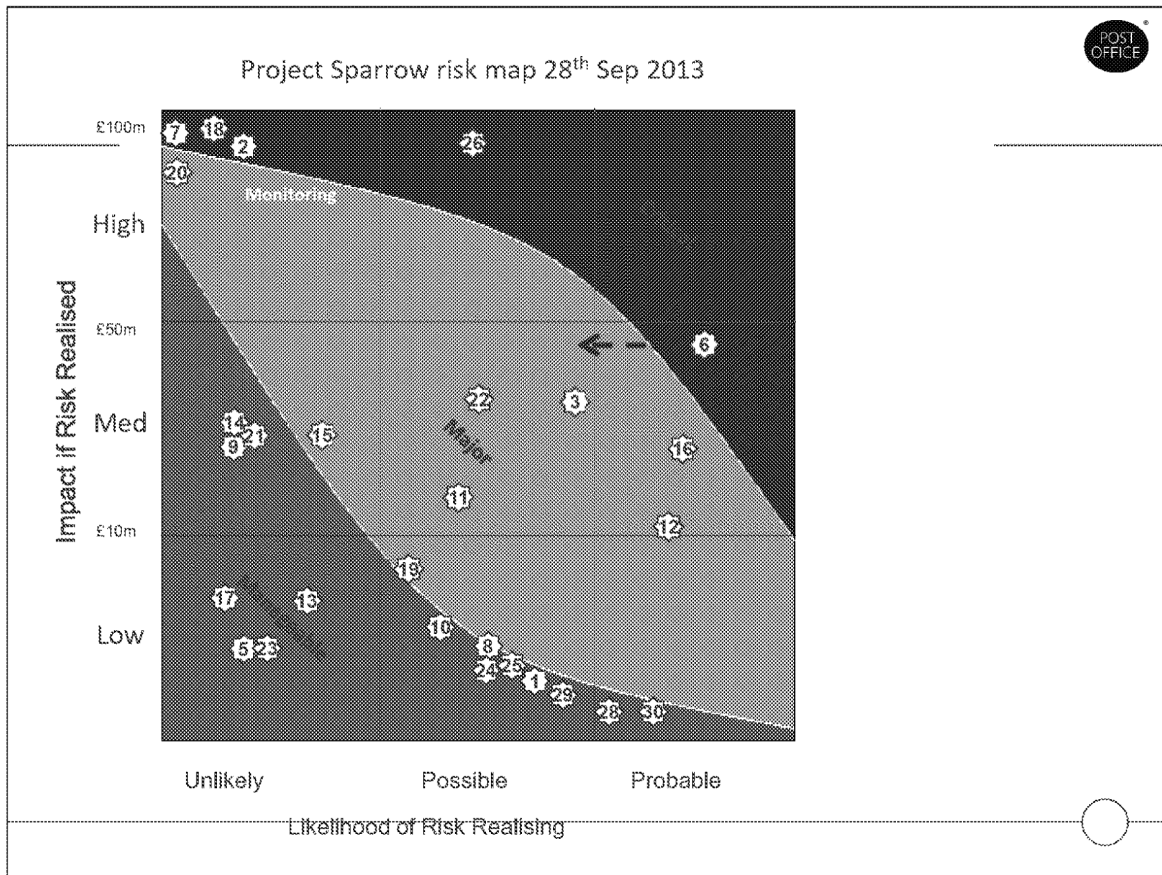
2013/14 Invoiced to 1st August 2013

2nd Sight			Millnet			Kay Linnell			Total
Total			Total			Total			3.6
119.59			3.10						126.29
Month	Invoice	amount	Month	Invoice	amount	Month	Invoice	amount	
April	77	25.39	July	13000/900772	3.1	April	842	2.4	
May	78	26.35				July	874	1.2	
June	80	24.97							
July	81	42.88							

Budget – Forecast (Aug 2013 – March 2014)



Item	£k	£k total net VAT	inc VAT @ 20%	comment	Board Paper low	Board Paper high
Complete Cases (using Mediation)				Assumed number of cases:	75	
Second Sight	125			Second Sight at 25k per month (Aug-December)	100	150
Back fill for internal resources & external assistance	90			15k per month, 6 months		
Mediator(s)	225			Assumed 3k per case - will use a national company		
Mediator Expenses	50			travel, meeting rooms, training etc		
Legal support case preparation - BD	56			£750 per case assume all cases		
Legal support - case advice	28			£400 per case. assume all cases. £400 is their estimate for simple cases, but if we assume some will drop out this should average out.		
Legal support - mediation meeting	150			£2k per case - assume all cases - could recruit internal staff to reduce costs?		
Independent advisor for Subpostmasters	238			Per case: £1.5k case prep + £1k mediation meeting. Plus £50k contingency for more complex cases	350	550
Total: Complete Cases (using Mediation)		962	1154		450	700
Legal and Governance						
General External Legal Advice - BD	120			Advice on: preparing and agreeing mediation process and packs of information for SPMRs. Engaging and briefing mediators, attending working group meetings (ie. advising on rejecting cases; revising mediation process). Advising on Fujitsu related matters. £15K per month		
Case Review - CK	175			Includes QC, Bond Dickinson and Cartwright King	100	300
Kay Linnell/ Alan Bates	14			£2k per month (up to)		
Independent Chair	25				0	10
Total: Legal and Governance		334	401		100	310
Improvement project						
Back Fill for Gayle Peacock and Ann Allaker	42			Back fill for 5 people to conduct the gap analysis across the business groups	200	200
Contact Centre	0			assumed this can be done with current resources	40	40
FSC	0			assumed this can be done with current resources	100	100
Total: Improvement project		42	50		340	340
Technology						
Horizon Improvements	50			Funding needed beyond the £100k Fujitsu funded costs	0	0
Total: Technology		50	60		0	0
Total		1388	1665		890	1350



	Key driver point
1	Risk that there are more cases in the pipeline
5	Risk that the integrity of the brand is damaged and clients/customer trust damaged
8	Risk that we are not co-ordinated in our response to subpoenas/etcs etc
9	Risk the relationship with Fujitsu is damaged
10	Loss of confidence with existing/future clients
13	Adverse impact to the relationship with NFSP
14	Risk that MPs may call for further action e.g. public inquiry
17	Risk that court can overturn previous cases
21	Risk that POL can't afford to complete this process (conflict with cost savings agenda)
23	Risk that customers question transaction made in branch
24	Lack of confidence in SPMs that POL commitment to sort out issues
25	Risk that problems are exaggerated before researching them
28	Risk that SPMs with unexplained losses will refuse to provide service until investigation complete
29	Risk of pressure on network support teams
40	Risk that weaknesses in "as is" processes leads to increased pressure/cost on network

(17)