

Board meeting 26 February - Speaking note for Paula

Reached a critical time in the life of scheme as set out in the paper

- Expectations gap increasing
- costs higher than anticipated
- concerns about SS capacity

Now the scheme has closed, we have a full team of investigators in place and have completed a significant number of investigations we are clearer on how the scheme is shaping up and a better idea of the challenges.

Having done our assessment, it was important to take the views of SS and Tony Hooper to get their assessment. Chris and I met SS and then Tony on Monday. Both meetings went well, and both SS and Tony acknowledged my concerns about costs and timescales.

At both meetings I reiterated my expectations when we started, in particular in relation to compensation payments where I had anticipated that there may be cases where Post Office would make some kind of 'token' payment and perhaps an apology but neither I, nor the Board, nor ShEx could countenance the sort of sums that were now being claimed.

In terms of timings, and how we might complete the scheme more quickly, we discussed a number of ideas from changing the design of the scheme to bringing in one of the big accountancy firms to take on the Second Sight investigative work leaving them to focus on their thematic report.

Second Sight's assessment of the present position was:

- their back of the envelope assessment of the possible compensation figure is between £25-50m. Whilst some advisors are clearly 'trying it on', there were a number of cases involving criminal prosecutions where claims could be significant.
- they were unlikely to be able to meet their 1 month deadlines for producing reports on individual cases (and the prospect of around 140 cases heading their way, and only 2 of them compared to our team of 22 investigators, is daunting)
- because of the volume of work they do not think the Scheme will end in October (ie. within a year)
- there will be some cases where the result is inconclusive because of a lack of an audit trail to 'prove' a case either way.
- bringing in more/different resource is not the answer because it would take time to bring new people up to speed
- some applicants were expecting the scheme to fail but wanted to use it to find out more about Post Office processes with a possible view to court action.

There were some areas where SS felt we could help speed up the process:

- arranging a 'dry run' mediation - greater clarity about what the mediators are looking for would help them write their reports
- some sort of triage system to group cases around similar themes

Overall I felt that SS were ready for, and would welcome, some strong leadership and structure around managing the caseload.

Tony's assessment of the present position was:

- SS were resource challenged and would be unlikely to meet the agreed timescales
- SS were trying to be objective but faced the challenge of having to make a decision in the absence of a full audit trail and they would need to do so even if their conclusion is that they cannot come up with a firm answer as to who was 'at fault'.
- although mediation has many benefits, looking at the wide range of claims being made, it may not be the best option and would typically be used before all the facts relating to every case are fully known
- in terms of compensation, some of the claims presented paint a distressing picture and should the evidence show PO had not acted properly the quantum of compensation could be considerable.
- Tony's strong advice was that we have not yet seen the first reports from SS. They are due this week and their generic report is due shortly after. We should not take any precipitous action for the next few weeks until we have the first reports – and review the position then.

Next steps

As per Tony's advice, awaiting SS reports before making any changes but we:

- are considering and assessing a range of options for reconfiguring the Scheme.
These include:
 - triaging cases to deal with different types in a different way – e.g: early settlement on obvious and lower value applications, dealing with 'criminal cases differently etc.
 - holding cases or groups of cases until all have been investigated so that they can be reviewed and mediated together
 - mediating cases before investigation
 - replacing mediation with, for example, adjudication
- will meet with SS and Tony again within the next couple of weeks to explore the worked up options
- invite Tony to undertake a 'deep dive' into our processes so that he has a better understanding of the business and how it works (we have already done something similar with him in relation to our debt recovery processes which he found helpful)
- arrange a session with Second Sight and the mediators to help them understand how their reports will be used.