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**POST OFFICE LTD BOARD SUB COMMITTEE
30th April 2014**

The role of Second Sight in supporting the Scheme

1. Purpose

- 1.1. As requested by the Board Sub-Committee on the Initial Complaints Review and Mediation Scheme (the Scheme) on 9th April 2014 this paper outlines the role of Second Sight in supporting the Scheme to date and considers options to support them or reduce their role. Likely stakeholder views are reflected to inform the analysis.

2. Background and current position

- 2.1. The background to this issue, and the concerns about Second Sight's engagement in the Scheme, has been set out a number of times in the past and is not, therefore, rehearsed again here.
- 2.2. Even were we to have no concerns about the manner in which Second Sight are performing their role, their resource is limited to three people and therefore it is unlikely that they could clear the c140 cases in the Scheme within a reasonable timeframe.

3. Analysis and Options

- 3.1. Whilst Second Sight clearly enjoy the support of JFSA and a number of MPs, in particular the Rt Hon James Arbuthnot MP, and the Minister has committed to Second Sight's ongoing involvement, albeit before the actual Scheme was announced. However, it is increasing evident that their ongoing involvement in the Scheme, at least in terms of fulfilling their current role is unsatisfactory.
- 3.2. Three alternative options (with the high level pros and cons set out in more detail in **Annex 1**) have been considered:
- i. Provide additional support for Second Sight to enable them to fulfil their role as it is presently
 - ii. Limiting Second Sight's role to a place on the Working Group, removing their involvement in investigating cases
 - iii. Terminate Second Sight's engagement.

(i) Provide additional support

- 3.3. Informal discussions with a possible alternative and internationally renowned professional services provider have highlighted that the commercial issue arising in

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respect of liability and professional indemnity make this an unworkable solution. In essence, no professional services provider would work alongside another organisation in this way.

(ii) Limit Second Sight's role to a place on the Working Group

- 3.4. There are variations on this option depending on the extent to which it would be desirable to allow Second Sight to have a more active role:
- i. Second Sight continue to be members of the Working Group and provide a general challenge function to the findings of the investigation reports
 - ii. As above but also allowing Second Sight to compile a report, possibly their so called 'thematic report', at the conclusion of the Scheme.
- 3.5. Neither of these options are likely to be workable. Based on the evidence of their approach to date it is unlikely that they would engage objectively with the results of investigations undertaken by others and could result in joint JFSA and second sight causing further questions to be asked as now and thus limit the benefits of removing them from the investigation process.
- 3.6. Allowing Second sight to produce a further report at the end of the Scheme allows Second Sight again to look more at the wider issues beyond Horizon and risks reopening matters that the investigation of individual cases may have closed down.
- 3.7. In relation to this option, and option (iii) below, consideration would need to be given to whether and how what is currently Second Sight's 'investigation' role is performed. The options include removing that part of the Scheme process and limiting the investigation stage to the Post Office's investigation, or engaging an alternative professional services provider to fulfil the role. A very initial assessment of the cost of the latter option is that it would be of the order of £1m, depending on the exact scope of the task but consideration of that option is dependent on a decision about the future shape of the Scheme.

(iii) Terminate Second Sight's engagement

- 3.8. Experience to date suggests that Second Sight do not have the expertise, capacity or impartiality required to fulfil the role needed to support the Working Group. The evidence suggests that their continued involvement in any way short of what it is now is likely to continue to be challenging to manage and frustrate the aim of bring the scheme to a satisfactory conclusion.

4. Conclusion

- 4.1. As stated in 3.1 above, Second sight enjoy the support of a number of key stakeholders and their removal from the Scheme will require careful handling and is likely to be opposed. However, the Linklaters assessment of Second Sight's work so far (as previously discussed with the Board) and their question about whether Second

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Sight actually have the expertise to do the work to a satisfactory standard cannot be ignored. The challenges of altering Second Sight's role or terminating their engagement, have to be balanced against the cost of keeping them engaged in light of a compelling assessment that they are not able to fulfil a meaningful role in relation to the Scheme.

- 4.2. It is almost certain that, particularly because JFSA's support for Second Sight any action which affects Second Sight's involvement in the Scheme could well result in the JFSA leaving the Working Group. This paper deals solely with Second Sight but any final decision on how to proceed in relation to Second Sight must be considered in the broader context of the future of the Scheme and the extent to which it is decided to retain the Scheme close to its current form.

5. Recommendation

- 5.1. That Second Sight's engagement is terminated, subject to a final decision on the future of the Scheme.

Chris Aujard

30 April 2014

Strictly Confidential**Annex 1****Option 1: Provide additional support for Second Sight to enable them to fulfil their role as it is presently**

Pros	Cons
• Would address capacity and capability issues, and potentially speed up the time taken to complete the Scheme • Continues Second Sight involvement therefore staying true to the Ministerial commitments • Subject to Second Sight's reaction, would satisfy stakeholders who consider only Second Sight have the knowledge and independence to investigate claims.	• Commercial/liability issues for alternative providers makes it unlikely that a another professional service provider would be willing to engage. • Would increase the cost of delivering the Scheme – paying two investigation teams instead of one • Any change to current arrangements will be considered to be Post Office interference. • Second Sight are unlikely to be satisfied with results which do not accord with their own assessment.

1.1. Option 2: Limit Second Sight's role to a place on the Working Group

Pros	Cons
• Allows Post Office to take control of the "flow" of cases through the Scheme. • Continued involvement of second Sight remains consistent with Ministerial commitments. • Limits Second Sight inappropriate engagement (and therefore influence) with applicants and their advisors. • Creates opportunity (if desirable) to bring in a professional services provider.	• Inconsistent with Post Office public commitments and agreements made with JFSA and Second Sight when designing the Scheme. • Could be viewed as Post Office interference/fettering Second Sight's independence. • Second Sight may adopt an adversarial role on the Working Group • There will still be cost for second sight's engagement and the management overhead in managing the Second Sight relationship will remain (albeit to a lesser extent).

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Strictly Confidential**Option 3: Terminate Second Sight's engagement**

Pros	Cons
• Significantly streamlines the process to allow faster resolution • Enables Post Office to manage engagement with applicants and their professional advisers • Will enable completion of the Scheme to be accelerated, reducing Scheme operating costs and senior management overheads • Creates opportunity (if desirable) to bring in a professional services provider.	• Inconsistent with Ministerial commitments about Second Sight's involvement. • Any change to current arrangements will be considered to be Post Office interference/whitewash. • Will attract adverse publicity. • Will lead to conflict with JFSA and Second Sight, may alienate the Working Group Chair (if not properly handled) • May result in parliamentary activity (e.g debate/PQs therefore involving the Minister.