

Agenda



- 1. Actions from previous meetings
- 2. Achieved and key upcoming milestones
- 3. High level plan
- 4. Legal Update
- 5. Funding requirements
- 6. Options regarding Second Sight

Decisions for this meeting:

- 1. Approve new and changed milestones
- 2. Agree funding proposal for mediation process, including independent advisor support for subpostmasters
- 3. Agree potential approaches to limit second sight costs and involvement

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Actions from previous meetings



| Ref | Action Who | • | Due | Update | Status |
|--------|--|---------------|-------|--|----------|
| Action | ns from meeting 24/07/2013 | | | | |
| 1 | Change plan to align to our commitments; adjudication, working group, branch user form | Simon | 31/7 | | Complete |
| 2 | Add in a general comms section in the plan (not just mp engagement) | Simon | 31/7 | | Complete |
| 3 | Add in a "culture change" stream/sub group | Angela/Simon | 7/8 | Complete – Gayle to populate | complete |
| 4 | Set up weekly steering committee | Simon | 25/7 | | complete |
| 5 | Split process improvement part of the plan into the sub groups | Simon | 2/08 | | complete |
| 6 | Define process for subpostmasters to appeal outside the line | Susan/ Angela | 7/8 | | open |
| 7 | Add technical work stream into plan to track key IT improvements | Simon | 2/08 | | complete |
| Action | ns from meeting 26/07/2013 | | | | |
| 1 | Draft an e-mail to JA, providing an update of the workshop and a communication he can forward to the other MPs | Simon | 26/7 | Email sent to JA on 29/07/2013 | complete |
| 2 | Prepare draft costs for overall programme of work for discussion at next week's meeting | Simon | 01/08 | | complete |
| 3 | Include an update on the review of legal cases in future meetings | Simon | 01/08 | | complete |
| 4 | Find an independent Chair for the Monthly Oversight Board | Mark | 08/08 | | open |
| 5 | Prepare a strategy paper for MP engagement | Mark | 08/08 | | open |
| 6 | Arrange a risk workshop | Simon | 08/08 | Scheduled for 16 th August | complete |
| 7 | Prepare a proposal on how we contribute to sub postmasters expenses for mediation and funding an independent advisor | Simon | 01/08 | Included in slides deck | complete |

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Actions



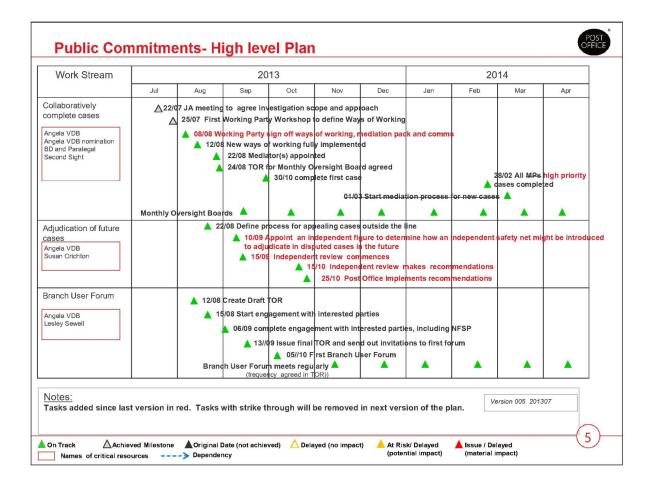
Milestones Completed (since last meeting)

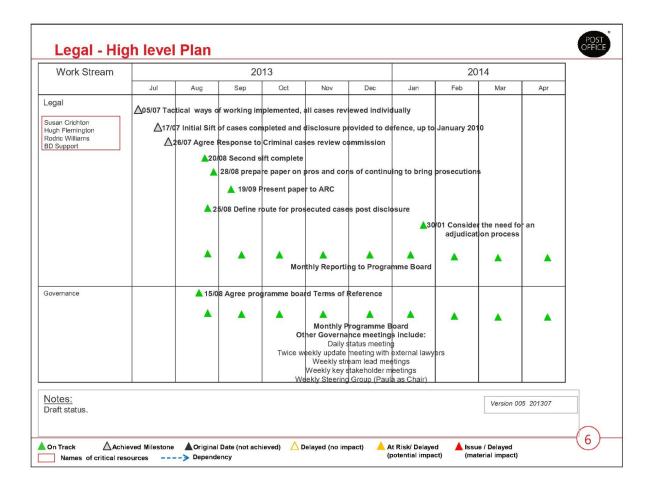
| Milestone | Who | Due |
|--|---------------|-------|
| First Working Party Workshop to define Ways of Working | Working Party | 25/07 |
| Agree Response to Criminal Cases Review Commission | Susan | 26/07 |
| Draft improved Subpostmaster guidance for Horizon communication line failure | Lesley | 30/07 |

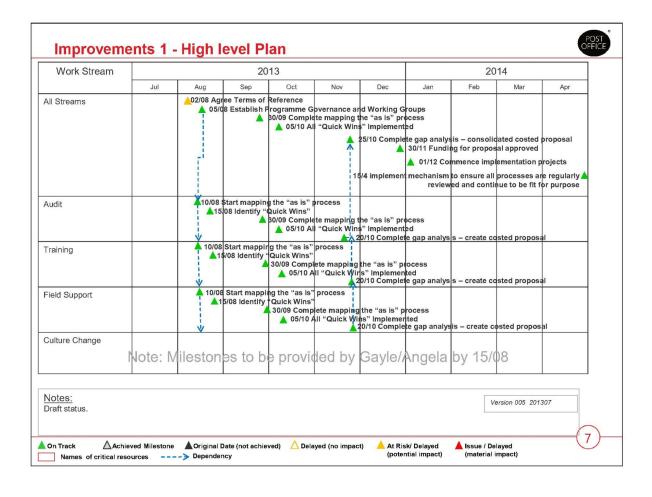
Key upcoming milestones

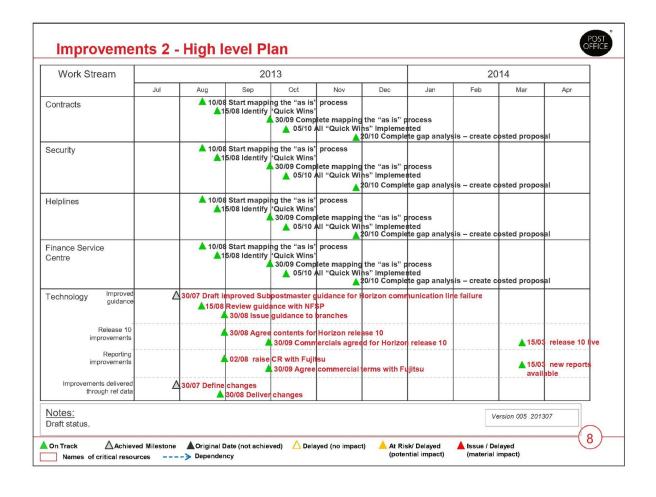
| Milestone | Who | Due |
|--|-----------------|-------|
| Sign off TOR for Process Improvement projects [may not be possible in Angela's absence] | Gayle Peacock | 2/8 |
| Create a mediation agreement – explaining the mediation process and the obligations on all parties | Andy Parsons | 2/8 |
| Create Branch User Forum TOR | Angela / Lesley | 12/08 |
| Select independent Mediator(s) | Susan | 22/08 |
| Prepare paper on pros and cons of continuing to bring prosecutions | Susan | 28/08 |
| Appoint independent Chair | Susan | 10/09 |

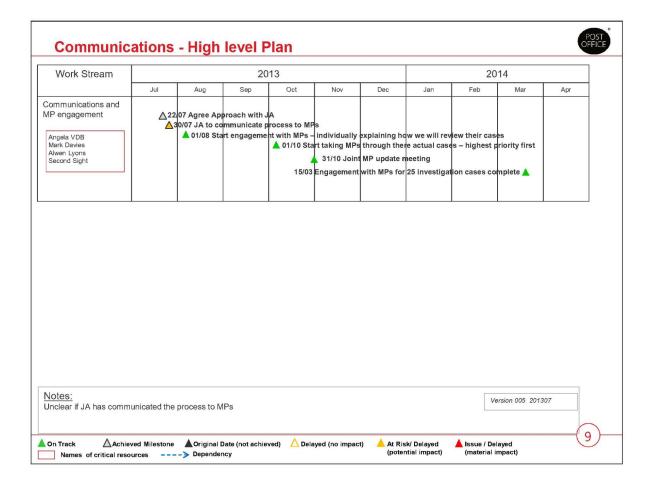
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Legal Update – Case Review



Cartwright King have sift reviewed 151 cases, including 19 from Scotland and Northern Ireland. Of those 19, 4 sift reviews are incomplete as we have insufficient information at present.

It is anticipated that there will be further files from Scotland and the RMG to add to the review process once they have been received.

They estimate that there should be less than 20 cases left to sift review.

Of the 151 cases which have been sift reviewed, 20 cases have had a full review and there are 10 further cases to review.

Further disclosure has been provided to the defence in 9 cases to date.

Funding – costs to date



To date the investigation to date has cost £260k, including VAT.

| | 2nd Sight | | | Millnet | | | Kay Linnel | I | Total |
|-------|-----------|--------|-------|--------------|--------|-------|------------|--------|----------|
| Total | | 240.69 | Total | | 14.00 | Total | | 4.8 | 259.4894 |
| 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 | | | | |
| oct | 69 | 6.00 | | | | | | | |
| Nov | 72 | 17.40 | | | | | | | |
| Dec | 73 | 25.00 | | | | | | | |
| Jan | 74 | 26.88 | | | | | | | |
| feb | 75 | 25.90 | | | | | | | |
| mar | 76 | 25.80 | | | | | | | |
| April | 77 | 25.39 | | | | | | | |
| May | 78 | 26.35 | | | | | | | |
| June | 80 | 24.97 | | | | | | | |

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Funding – expected future costs (exclusive of process improvement implementation)



| Item | £k | £k total | comment | | Board Paper low | Board Paper hgh |
|--|-----|----------|---|----|--------------------|--------------------|
| Complete Cases though Mediation | | | Assumed number of cases: | 75 | | |
| Produce case reviews (July-December) | 150 | | Second Sight at 25k per month | | 100 | 150 |
| Produce case reviews (Jan-March) | 45 | | Replacement at 15k per month | | | |
| Mediator | 300 | | Assumed 4k per case | | | |
| Mediator Expenses (meeting rooms etc) | 50 | | travel, meeting rooms, etc | | | |
| Independent advisor for Subpostmasters | 225 | | Assumed 3k per case (16 hours @ £175 per hour + £200 for expenses) | | 350 | 550 |
| Total cost to complete cases | | 770 | | | 450 | 700 |
| Legal | | | | | | |
| Cost of External Legal Advice | 200 | | Includes QC, Bond Dickinson and Cartwright King | | 100 | 300 |
| Independant Chair | 10 | | | | 0 | 10 |
| Total Legal Costs | | 210 | | | 100 | 310 |
| Process improvement | | | | | | |
| Process improvement workstreams | 200 | | Back fill for 5 people to conduct the gap analysis across the business groups | | 200 | 200 |
| Contact Centre | 40 | | Three people to do gap analysis in in contact centre | | 40 | 40 |
| FSC | 100 | | Two people in FSC to provide data on specific cases | | 100 | 100 |
| Total Process Improvement | | 340 | | | 340 | 340 |
| Total | | 1320 | | | 890 | 1350 |

Notes:

- 1. Process improvement costs are only high level estimates, more detailed and accurate estimates are expected mid-August
- 2. Does not include £100k Horizon improvement costs, which are being funded by Fujitsu/and or Service Management.
- 3. Mediation costs are sensitive to the number of cases to be mediated. Budgeting assumption is 75 cases. There is a risk that there could be as many as 130 cases.

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Budget for Subpostmaster support



- BD and JFSA have both provided their view on how much we should budget for Subpostmaster support and expenses.
 - · BD estimate £4k per case
 - · JFSA estimate £2k per case
- · Neither included travel expenses in their estimates
- As we look to move Second Sight away from the investigation more work will fall on the advisor to prepare the case, the quality of the advisor will help/hinder this process.

Recommendation:

- Subpostmasters receive upper limit of £2k per case. (obviously, we will only approve legitimate, invoiced costs).
- Post Office budgets the higher amount (£4k) to allow us to recruit higher calibre
 advisors if necessary and to cover the contingency that they take longer to
 prepare than estimated, or we receive more cases that estimated, and cover
 other expenses eg travel

| View of BD | | | View of JFSA | | | |
|----------------------------|------|---|----------------------|------|-------------------------|--|
| Daily rate | | A national firm (like Bond Dickinson, Shoosmiths or a regional branch of a big accountancy practice) will charge around £175 - £375 per hour | Daily Rate | 125 | based in legal aid rate | |
| | | | Hours in preparation | 16 | Kay Linnell's estimate | |
| | | | | 2000 | | |
| Hours - Preparing the case | | 4 to 16 hours in preparation (depending on complexity) and 4 hours in mediation meetings | | | | |
| Total | 4000 | | | | | |

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Second Sight Proposals



Objective

We have committed that Second Sight complete the review of the cases in the investigation (43). The investigation will now cover a larger number of cases beyond this. We need to find a way to allocate these new cases to an alternative party.

Ontions

- · Keep Second Sight to December, use a alternative organisation from January onwards
- Alternative organisation recruited now and works in parallel with Second Sight (Second Sight only doing the original cases)
- We adapt the independent advisor role into the role currently being performed by Second Sight (preparing case files)

Challenges

- · Gaining support from JA, JFSA (and maybe Second Sight)
- Expectations have been set with MPs that Second Sight will continue with the investigation to the end. (exerts from parliamentary debate below)

Proposal

- Start engaging with key stakeholders (including Second Sight) about engaging an additional
 company to initially support them (to cope with the anticipated increased work load). The new
 organisation would need to have Second Sight's approval
- · After the initial cases are completed the new organisation takes over.

...will set up a working party to complete the review of cases started by Second Sight, and will consider all 47 cases brought forward by the Justice for Subpostmasters Alliance

It is important that any further work is not only independent, but seen to be independent, and clearly the role of Second Sight in that is important The continued input of Second Sight is incredibly important, given its familiarity with the case so far and the fact that it enjoys the confidence of many of those involved.

Reference Material

- 1. Public Commitments
- 2. Governance bodies and working groups
- 3. Mediation process

Appendix – our public commitments



- 1. The creation of a working party to work collaboratively to complete the review of cases started by Second Sight last year. This would examine the themes identified by Second Sight and consider all cases brought forward by the JFSA and MPs, together with any new themes which emerge from these cases. The JFSA have been invited to join this working party.
- 2. A review chaired by an independent figure to determine how an independent safety net might be introduced to adjudicate in disputed cases in the future. Again the JFSA and other stakeholders will be invited to take part in this process.
- 3. A new Branch User Forum to provide a way for sub-postmasters and others to raise issues and insights around business processes, training and support, directly feeding into the organisation's thinking at the highest level. A key task for this forum will be to review support processes and training to ensure they meet the standards expected of the Post Office.

