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**Sparrow**

**Weekly Steering Group**

**19<sup>th</sup> August 2013**

# Agenda

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1. Specific Agenda items
  1. Branch User Forum
2. Programme update:
  2. Work streams highlights
  3. Budget (no updates for this meeting)
  4. Risks and Issues
  5. Actions
3. Next Meeting will be on Tuesday 3<sup>rd</sup> at 4pm.

## **Decisions for this meeting**

1. Agree Branch User forum TOR



## Work stream updates

Work stream	Update	Status
Complete Cases	<ul style="list-style-type: none"><li>• Mediation Pack agreed by Working Group</li><li>• The Working Group have agreed to extend the submission date to 18<sup>th</sup> November as the date for launch has been pushed back, so that SPMRs have enough time to submit their applications.</li><li>• The pack will be distributed to via JFSA, Shoosmiths, JA MPs, BIS MPs and those sent directly to the Post Office.</li><li>• Finding and agreeing a panel of independent advisors continues so that we can provide a mix of legal and accounting support for SPMRs with good geographical coverage.</li><li>• Planning for the 5<sup>th</sup> Sept training day for independent advisors and mediators is progressing.</li></ul>	Green
Adjudication of future cases	<ul style="list-style-type: none"><li>• Planning meeting with Brian Altman QC. The QC will provide an initial steer on the process for existing cases. This session will be the first step in helping us define a process for future cases.</li><li>• Current plan will be reviewed following QC steer.</li><li>• We are urgently working with our external firms to identify an independent expert to provide evidence on the Horizon system.</li></ul>	Amber
Branch User forum		Green



## Work stream updates

Work stream	Update	Status
Legal	See slide	?
Improvements & Culture change	See slide	Green
Communications	See slide	Green
Technology	See slide	Green



## Legal Update – Case Review

Statistics as at 14/8/2013	Initial Sifts	Fully Reviewed	Disclosure recommended	Discontinued	Comments
To date	155	27	9	4	The cases of J Patel, Brown, Wylie and Knight have been terminated. Samra has yet to be terminated.
Remaining	70	16			It is estimated that there are approximately 70 sift reviews left. This includes 37 RMG files from archive, yet to be received and in the region of 15 files from Northern Ireland. It is not yet clear how many cases will be cases will be received from Scotland



## Active cases

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Currently there are no active cases

## Communications update

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### **27<sup>th</sup> August 2013 (Mediation Announcement Day)**

- Press release issued at 10am
- MPs –
  - All MPs that raised a case (via POL or BIS) were emailed and called. They were provided with the mediation pack and letter for SPMRs as well as being offered a meeting with POL
- Internal Communications
  - Memoview announcing mediation process issued at 8.00am
  - Email to SLT
  - Email to all managers (Focus Online Special)
  - News item on Subspaceonline
  - Brief and Q&As to NBSC/POEX
  - Details in next issue of Branch Focus

### **Feedback**

- MPs - offices were happy with approach, no meetings requested as of yet.
- Press – limited pick up so far broadcast coverage on BBC South and BBC Wales. All coverage includes key messages.
- Internal – no feedback as of yet.



## Technology Change

- 5 Changes identified at this stage

Change	Improvement
1. Branch Ordering of Stock Enhancement	Improve navigation process and reduce time spent by the branch when ordering stock.
2. Certificate of Posting for multiple items	Reduced transaction time and printing costs
3. Postcode look up	Improved functionality
4. Passport Duplicates	Speeds up the process
5. Remittance Out button	Adding this to the end of day process to streamline activities.

- Workshops planned for next week to review Fujitsu analysis and options for delivery.
- Angela to sign-off on improvements.



## Changes to the plan

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- No milestone changes since last steering meeting.
- Final version of Mediation will be completed on Weds.
- TOR for Working Party will be completed this week.

## Appendices

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- High level milestones – slides xx to xx
- Budget – slides xx to xx
  - Overview
  - Planned
  - Actual (last updated 15<sup>th</sup> Aug)
- Risk and Issues – slides xx to xx



## Public Commitments- High level Plan

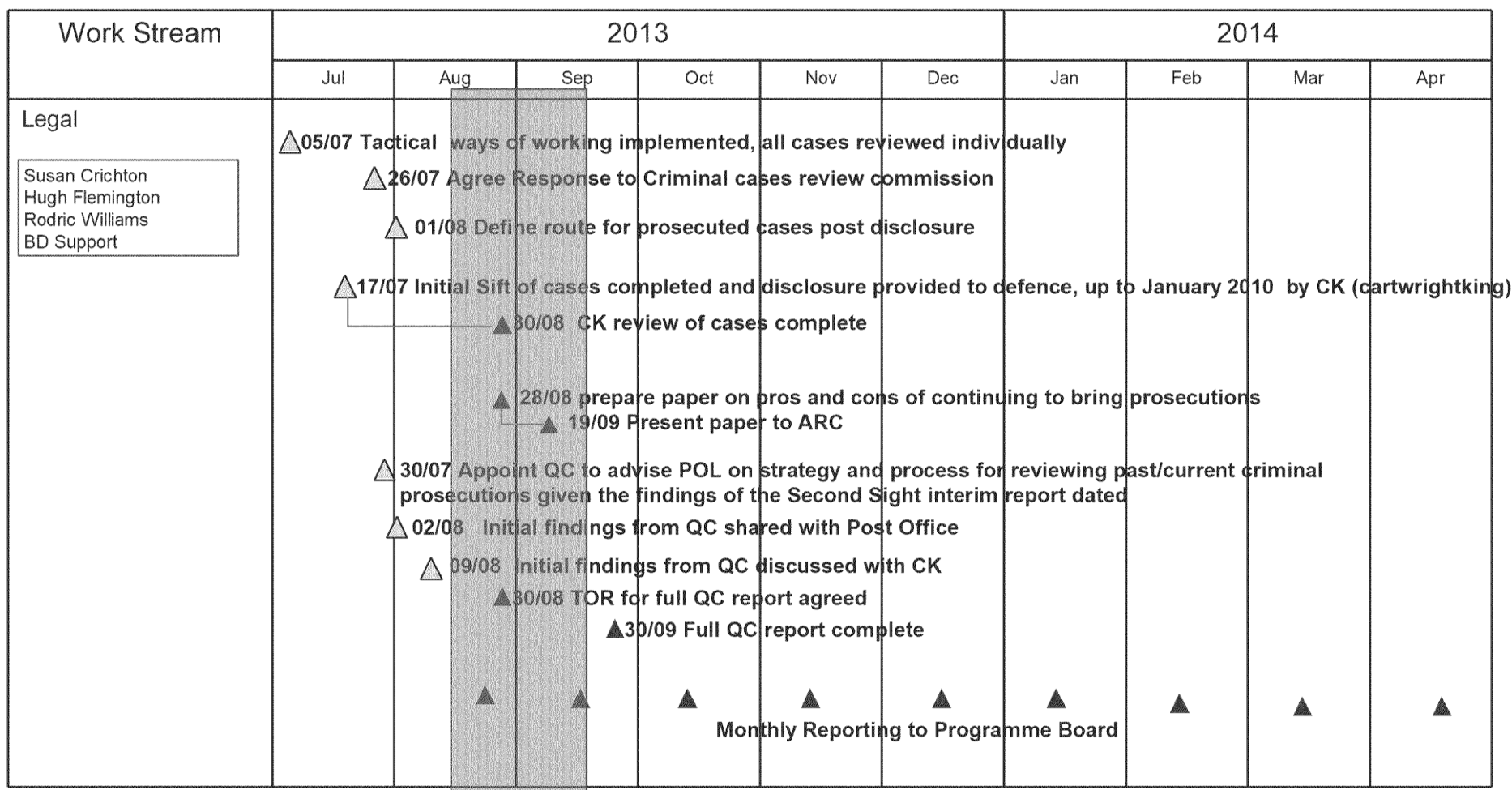
Work Stream	2013						2014			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Collaboratively complete cases <div>Angela VDB Angela VDB nomination BD and Paralegal Second Sight</div>	▲ 22/07 JA meeting to agree investigation scope and approach ▲ 25/07 First Working Party Workshop to define Ways of Working	▲ 15/08 Working Party sign off ways of working, mediation pack and comms ▲ 19/08 New ways of working fully implemented ▲ 22/08 Mediator(s) appointed ▲ 24/08 TOR for Monthly Oversight Board agreed	▲ 30/10 complete first case ▲ 18/11 All applications submitted							
Monthly Working Group Boards			▲	▲	▲	▲	▲	▲	▲	▲
Adjudication of future cases <div>Angela VDB Susan Crichton</div>			▲ 22/08 Define process for appealing cases outside the line ▲ 10/09 Appoint an independent figure to determine how an independent safety net might be introduced to adjudicate in disputed cases in the future ▲ 15/09 Independent review commences	▲ 15/10 Independent review makes recommendations ▲ 25/10 Post Office Implements recommendations						
Branch User Forum <div>Angela VDB Lesley Sewell</div>		▲ 12/08 Create Draft TOR ▲ 15/08 Start engagement with stakeholders ▲ 06/09 complete engagement with stakeholders,	▲ 13/09 Issue final TOR and send out invitations to first forum ▲ 05/10 First Branch User Forum ▲ Branch User Forum meets regularly (frequency agreed in TOR)							

## Notes:

Tasks added/amended since last version in red.

Version 007 20130815

## Legal - High level Plan



## Notes:

Tasks added since last version in red.

Version 007 20130815



## Improvements - High level Plan

Work Stream	2013						2014			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
All Streams	<p>△ 24/07 Agree Terms of Reference with Sponsor (Angela)</p> <p>△ 06/08 Agree approach to mapping as-is process, scope, and how it will be documented</p> <p>△ 08/08 Agree Terms of Reference with steering group</p> <p>△ 09/08 Identify resource from each area to support the mapping of the "as-is"</p> <p>△ 09/08 Identify process for capturing quick wins</p> <p>▲ 30/08 Start to identify quick wins (from the mapping exercise)</p> <p>▲ 05/09 Agree which quick wins should be implemented with Programme Board</p> <p>▲ 06/09 Begin implementing quick wins</p> <p>▲ 30/09 Complete "as-is" subpostmaster journey/experience with POL</p> <p>▲ 30/09 Complete "as-is" Crown colleague r journey/experience with POL</p> <p>▲ 30/09 Complete "as-is" multiple partner r journey/experience with POL</p> <p>▲ 05/10 All "Quick Wins" Implemented</p> <p>▲ 20/10 Complete "to-be" subpostmaster journey/experience with POL</p> <p>▲ 20/10 Complete "to-be" Crown colleague r journey/experience with POL</p> <p>▲ 20/10 Complete "to-be" multiple partner r journey/experience with POL</p> <p>▲ 15/11 Funding for proposal approved</p> <p>▲ 17/11 Commence implementation projects</p> <p>15/4 implement mechanism to ensure all processes are regularly reviewed and continue to be fit for purpose</p>									
Culture Change	Note: Milestones to be provided by Gayle/Angela by 15/08									

## Notes:

Tasks added since last version in red.

Version 007 20130815



# Communications - High level Plan

Work Stream	2013						2014			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Communications and MP engagement</b>  <div>           Angela VDB            Mark Davies            Alwen Lyons            Second Sight         </div>	▲22/07 Agree Approach with JA									
		▲ JA, JFSA, POL and SS to communicate process to MPs and SPMRs								
		Proactive launch Mediation process (press release)								
	Reactive to Media	As cases are mediated press and public affairs team to be updated (for proactive management)								
		▲01/09 Post Office start engagement with MPs – individually explaining mediation process								
			▲01/10 Start taking MPs through their actual cases							
				▲31/10 Joint MP update meeting (follow on from JA meeting)						
									Date TBC ▲ Engagement with MPs for 25 investigation cases complete	

## Notes:

Unclear if JA has communicated the process to MPs

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# Technology improvements- High level Plan

Work Stream	2013						2014			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Technology										
Improved guidance		▲ 30/07 Draft improved Subpostmaster guidance for Horizon communication line failure ▲ 15/08 Review guidance with NFSP ▲ 30/08 Issue guidance to branches								
Release 10 improvements			▲ 30/08 Agree contents for Horizon release 10 ▲ 30/09 Commercial agreed for Horizon release 10						▲ 15/03 release 10 live	
Reporting improvements			▲ 02/08 raise CR with Fujitsu ▲ 30/09 Agree commercial terms with Fujitsu						▲ 15/03 new reports available	
Improvements delivered through ref data		▲ 30/07 Define changes ▲ 30/08 Deliver changes								

Notes:  
Draft status.

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## Actions from previous meetings

Actions from meeting 24/07/2013					
6	Define process for subpostmasters to appeal outside the line	Susan/ Angela	23-Aug		open
Actions from meeting 01/08/2013					
3	Contents of Horizon changes to be shared with this group once agreed with the business units	Andy	30-Aug		in progress
Actions from meeting 08/08/2013					
1	Chris to talk to Sarah Hall about the treatment of costs	Chris	on going		in progress
Actions from meeting 15/08/2013					
1	All members to forward comments on the Working Party TOR to Susan by next Tuesday	All	20-Aug		new
2	Mark to draft a communication that will go to interested media before the launch	Mark	20-Aug		new
3	Andy to talk to Charles Colquhoun to determine our net risk position regarding compensation and update the budget forecast accordingly	Andy	29-Aug		new



## 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
<b>Total</b>	<b>1388</b>	<b>1665</b>	

### 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
<b>Total</b>	<b>1,976</b>



## Budget – Costs to Date (last FY and this FY to 1<sup>st</sup> August)

2012/13 Invoices received									
2nd Sight			Millnet			Kay Linnell			Total
Total		163.98	Total		14.00	Total		6	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		119.59	Total		3.10	Total		3.6	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							



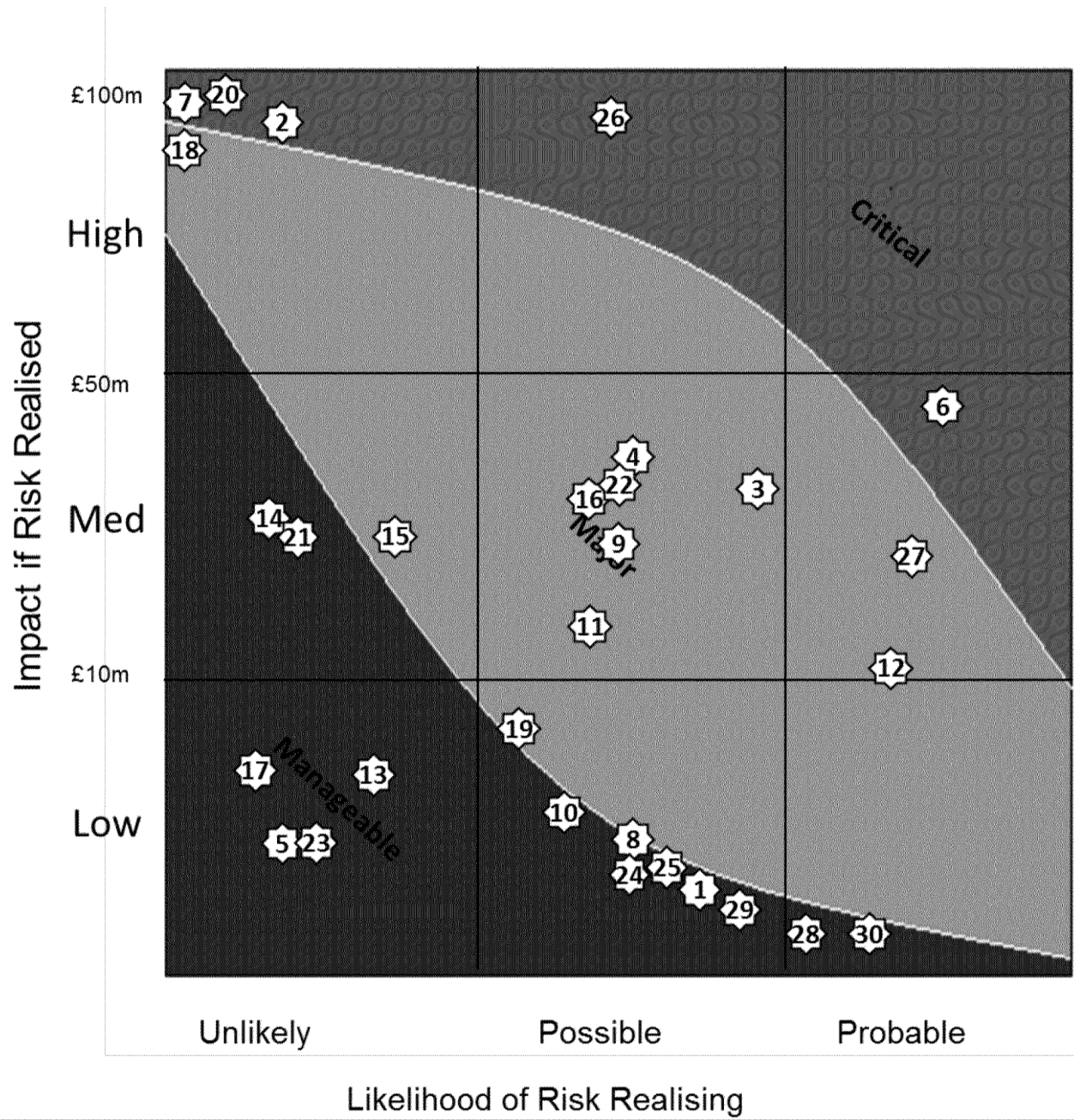


# Budget – Forecast (Aug 2013 – March 2014)

Item	£k	£k total net VAT	inc VAT @ 20%	comment	Board Paper low	Board Paper high
<b>Complete Cases (using Mediation)</b>				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
<b>Total: Complete Cases (using Mediation)</b>		<b>962</b>	<b>1154</b>		<b>450</b>	<b>700</b>
<b>Legal and Governance</b>						
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)		
Independant Chair	25				0	10
<b>Total Legal and Governance</b>		<b>334</b>	<b>401</b>		<b>100</b>	<b>310</b>
<b>Improvement project</b>						
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
<b>Total: Improvement project</b>		<b>42</b>	<b>50</b>		<b>340</b>	<b>340</b>
<b>Technology</b>						
Horizon improvements	50			Funding needed beyond the £100k Fujitsu funded costs	0	0
<b>Total: Technology</b>		<b>50</b>	<b>60</b>		<b>0</b>	<b>0</b>
<b>Total</b>		<b>1388</b>	<b>1665</b>		<b>890</b>	<b>1350</b>



# Risk map





# Risks

	Risk description
2	Risk that subsequent cases could question the validity and reliability of computer system/processes
6	Making decisions outside of policy
7	Risk that image with BIS is impacted, affecting future funding
20	Risk that potential franchisees lack confidence in system and are reluctant to engage in CTP
26	Risk of media 'bandwagon'

	Risk description
3	The mediation process is independent and may make decisions with which we are uncomfortable
4	Risk that resolution not achievable because stakeholder interests in conflict with POL objectives
9	Risk the relationship with Fujitsu is damaged
11	Risk of compensation claims or re-opening of old cases
12	Risk of dissatisfied stakeholders even at the end of process
15	Key person reliance
16	Risk of increased fraud/theft
18	Risk that engagement for NTP is lower
19	Risk that general engagement of employees is damaged and results in people leaving
22	Risk that ancillary systems & processes have related or similar issues as yet unquantified
27	Risk of increased bad debt/write-off

	Risk description
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 subpostmasters etc
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 SPMRs that POL commitment to sort out issues
25	Risk that problems are exaggerated before researching them
28	Risk that SPMRs with unexplained losses will refuse to provide service until investigation complete
29	Risk of pressure on network support teams
30	Risk that weaknesses in "as is" processes leads to increased pressure/cost on network



## Risks

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An initial risk workshop was run on the 15<sup>th</sup> August. At the workshop we identified the key risks, their likelihood and potential impact.

The next workshop will document how we monitor and mitigate these risks. Key risks will be tracked and presented at the weekly steering board.

Below are the risks highlighted in the board paper 26<sup>th</sup> July 2013:

- the reputational and brand risks that could emerge if we don't handle the overall resolution process carefully;
- the risk to NTP if concerns around how we treat sub-postmasters leads to lower take-up of the new models;
- the opportunity cost arising from the significant amount of senior management time that will be taken up in handling this process;
- the potential destabilising impact on the NFSP, who are feeling exposed to the whole issue because of accusations from some sup-postmasters that they failed to represent their interests; and
- the process re-engineering that may be required for our IT, training and support systems will add further complexity and risk to the existing transformation programme.

## Key milestones

Milestone due for completion since the last meeting

Milestone	Who	Due
Initial draft of Mediation pack (and two subsequent update versions) - - Complete	Susan	08/08
Working party agrees mediation pack – NOT Complete - this is taking longer than expected due to the iterative nature of the feedback from all parties. Now expected to complete 21/08	Working Party	08/08 Now 21/08

Key upcoming milestones

Milestone	Who	Due
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