



Chairman Briefing Session

2 June 2014

DRAFT NOT POLICY



What was asked for

Board asked for:

- Consideration to be given to what changes could be made within the existing Terms of Reference
- Whether the caseload could be “triaged” to allow the caseload to be minimised
- Steps to be taken to settle case M022

Sub Committee asked for the following:

- Following their agreement in principle to Post Office taking control of the Scheme that an implementation plan should be developed.
- That the Linklaters letter should be developed with Communications colleagues drawing on the further deloitte assurance work.

To address this we have provided:

- An update on the Current Scheme progress
- An examination of the opportunity to triage cases
- What Changes could be made within the existing Terms of Reference
- Our Recommended Option – Post Office Taking Control
- Two Further Scenarios to provide a counterpoint to the recommendation



Scheme Data

150 cases have entered the scheme. These cases have been classified according to whether they were criminal, whether the incidents referred to occurred pre-2007 and whether the applicant is a serving subpostmaster. A lot of the classification has necessarily been deduced from applicant statements and has not yet been verified. As such, over reliance on this data is used for illustrative purposes but should not be relied upon publicly.

Out of the 150 cases that have entered the scheme: DN CONFIRM CRIMINAL DATA FRIDAY

- 50 are criminal.
- 16 are currently serving as subpostmasters.
- 69 describe incidents that occurred prior to 2007.

Any attempt to “triage” data on this basis is likely to be rejected by the Working Group.

Out of the 70 cases that have been investigated to date:

- 30 of the 70 have raised core horizon issues
- 59 of the 70 have referenced branch operating issues (38 of these cases do not mention core horizon issues).
- 67 of the 70 have raised support issues (only 2 cases relate to support issues only).
- 20 cases are criminal.
- 38 refer to incidents that occurred prior to 2007.

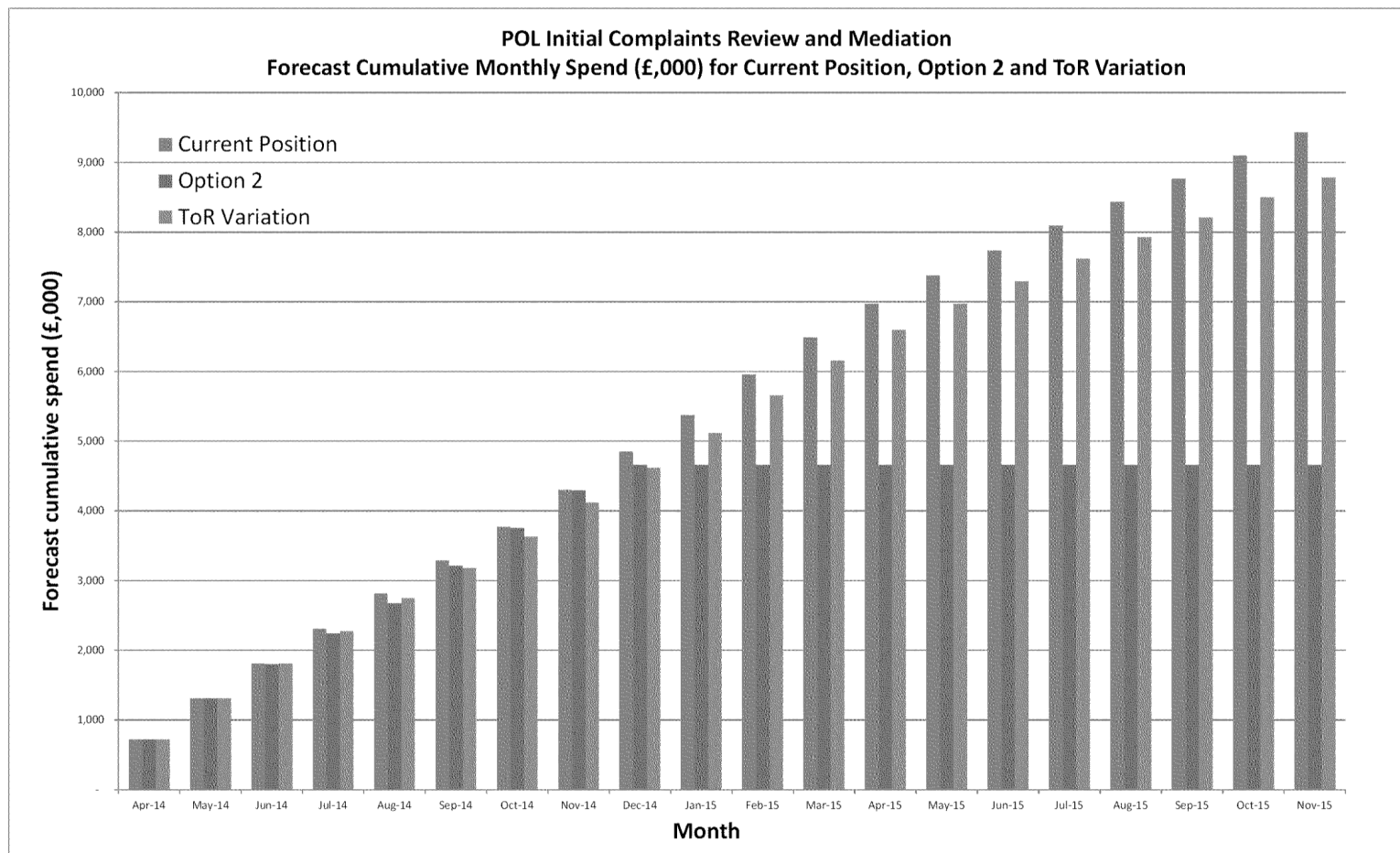
Of the 30 cases that have raised core horizon issues:

- 11 of these are criminal.
- 15 cases related to issues that occurred prior to 2007. 3 of these 15 are criminal cases.
- 7 of the cases are non-criminal and relates to issues that occurred after 2007.

Wide Horizon definition has been in use for a long period (since Second Sight’s original terms of reference) any triage on that basis is likely to be strongly resisted and lead to a break down in relations with the Working Group.



Forecast Cumulative Monthly Spend (to Nov '15)





Redefining the scheme within the ToR

Ministerial Commitments

- Working Party will consider all 47 cases brought forward by JFSA and MPs
- Independent figure will chair a review
- Independence of process
- Second Sight and JFSA Working Party
- Further work on cases must be independent
- Working Party must be independent
- Scheme open from 27th August – 18th November 2013
- Working Group is independent of Government and responsible for meeting interim report recommendations

Detail of the scheme as published

- There will be a Working Group
- Second Sight and JFSA will be members
- There will be an independent Chair
- Second Sight will recommend whether a case should be mediated
- Second Sight will investigate and provide a case review
- Applicants will receive a copy of the case review
- Mediation process will be independently administered
- Post Office will pay for a professional advisor to articulate the applicants's case and attend mediation.
- Scheme will take in Criminal cases
- Scheme will take in old cases





Redefining the scheme within the ToR

Working Group ToR (not published)

- WG will oversee Scheme
- Membership may change by agreement of WG but currently comprises PO, JFSA, SS and independent Chair
- SS will be investigator and advisor
- Scheme objectives to achieve mutual and final resolution of applicants concerns about Horizon and associated issues.
- Investigate proportionately and efficiently an applicant's claims
- Scheme must ensure value for money
- WG may modify operations and practices
- WG should ensure cases are completed in a timely manner
- Ensure all cases treated consistently
- Proceedings will be confidential
- SS are non voting, JFSA and POL are voting members, Chair has casting vote
- Only confidentiality is legally binding



Redefining the scheme within the ToR

Journey to the WG and Scheme

- Ministerial commitments following SS Report set out broad way ahead.
 - PO/JFSA/SS designed the Scheme and published details
 - WG established and agreed its ToRs (not published)
 - What changes could be made within existing ToRs?
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- Ministerial commitments relatively broad - some scope for change
 - Published Scheme but can be varied BY WG
 - Under TORs for WG PO would need agreement of WG to change - experience to date shows reluctance to do so

Therefore:

- if PO asks for change what happens if WG refuses?
- where does that leave us?
- would we be prepared to force the issue and break the WG?



What can we do within the Existing Terms of Reference?

Not a lot, without risking the Working Group imploding:

	Ministerial Commitments	Detail of the scheme as published	Working Group ToR	Cost	Time	Management overhead
<i>Tighten the focus of Second Sight role (e.g. lose job 1, lose pre-CQR stage, switch to piece rate)</i>	Yes	Yes	Yes	Save £40K / month? Pay £1,500 per case.	Saving 2 weeks / case (pre-Investigation) Investigation of all cases = 1 year +	Increase
Limit Second Sight role to advisor to WG and POL to investigate cases	Yes	No	No	Save £50K / month?	Saving 10 weeks / case (pre- and SS- investigation) Investigation of all cases = 5 months	Short term increase followed by long term decrease
<i>Replace Second Sight investigation role with external</i>	Yes	No	No	Additional £23K / month	Saving [X] weeks / case (pre- Investigation) Investigation of all cases = 30 weeks	Short term increase followed by long term decrease
Investigate every case before deciding approach to resolution (FOS?)	Yes	Yes	Yes	Minimal	Nil?	Decrease followed by spot increase at decision announcement
<i>Allow POL veto over Working Group decisions</i>	Yes	Yes	No	Minimal	<i>Avoid future WG decisions that negatively impact timeframes</i>	Decrease
Publish Deloitte / Linklaters piece	Yes	Yes	Yes	Small due to possible withdrawal of cases	Small due to possible withdrawal of cases	Short term increase followed by long term decrease



Recommendation

- Having completed the further analysis that the Board requested our recommendation remains that Post Office Take Control of the Scheme
- This option is examined in detail in the first of the Scenario packs



Annex – Tony Hooper

- The programme team have considered Tony Hooper's likely positioning in relation to the Scheme and any possible modifications.
- In summary the team believe:
 - a) That Tony will not remain as Chair of a radically modified Scheme if Post Office take Control.
 - b) That Tony will not assist Post Office if it looks to disband the Working Group and end Second Sight's engagement
 - c) That he is unlikely to take a public stance against Post Office .
 - d) That he believes that Post Office should accept that the Scheme will take around 18 months and that is normal for a Scheme of this type.
 - e) That as Chair he will maintain the Status Quo rather than managing conflict necessary to redesign the Scheme.