

**Update on Project Sparrow – 20 November 2015**

Yesterday, through an approach from BBC Wales and an update to the JFSA website, Post Office became aware that Freeth's (a small to mid-sized national firm with a focus on private client work) has been, allegedly, instructed to act on behalf of "tens" of SPMRs in respect of the allegation that they have *"been wrongly punished for mis-accounting of theft due to [a] flawed computing system"*. This remains only a threat and until a formal 'letter of claim' is received, which would, if indeed it materialises, set out the factual and legal basis of the claim and the remedies sought, no formal response or work other than that of a preparatory nature can be done. The latter in mind, there was a call with Shex officials this morning. They appear unconcerned and will brief the Minister accordingly.

This is not the first 'threat' of a class action of this nature that the Post Office has received. Similar threats have been made by Shoosmiths (2011), Howe & Co (2012), Coomber Rich (2013) and Edwin Coe (2014). Only one of which (Shoosmiths) has materialised into anything more than a press release, statement or threat. Further, potential cost aside, a legal forum with its procedural structures and rules of actual evidence, could actually represent a good development.

Other recent developments of note include an allegation orchestrated by the CWU (which featured in a Computer Weekly article) that Horizon's "supporting processes" could lead to accounting errors and that this week, we formally lodged our dissatisfaction to the response received from the BBC too our complaint in respect of the Panorama Broadcast, escalating our complaint to the next stage of its complaints procedure. The critical point in respect of the Computer Weekly article is that any accounting error that did result from what can only happen, ultimately, from a user error would, as indeed has happened in the past, be picked up and remedied through our standard channels and reconciliation processes.

The other major piece of work running in parallel to the operation of the Scheme is the 'Chairman's review'. This is on track, though should the QC Jonathan swift and his junior Christopher Knight come to the conclusion that additional testing of the Horizon system is necessary or desirable, it is unlikely that such testing would be able to be undertaken before Christmas.

**Case Statistics**

<b>Applications to the Scheme</b>		<b>150</b>
Applications rejected (ineligible)		4
Cases resolved prior to entry into the Scheme		10
Cases accepted into the Scheme		136
No. of cases not suitable for mediation: 49	Cases POL found unsuitable for mediation	42
	Cases the WG found unsuitable for mediation	2
	Cases closed owing to a missing / ill applicant	4
<b>Residual</b>		<b>88</b>
No. of cases suitable for mediation: 88	Cases resolved during investigation	5
	Cases resolved prior to mediation meeting	2
	Cases resolved at mediation	18
	Cases not resolved at mediation	15
	Cases mediated but not yet concluded	2
	Cases with CEDR with a date for mediation agreed	24
	Cases referred to CEDR for mediation by POL which are unlikely be mediated	22
<b>Residual</b>		<b>0</b>

## Mediations

As at 20/11/2015, 35 mediations have taken place with 51% of these being resolved. A further 25 mediations are scheduled to take place between now and 1 February 2016, at which point, from an operational perspective at least, the Scheme will come to a close.

Of the 57 cases that resided with CEDR on 4 September 2015, only 6 failed to engage with CEDR to set a date for the mediation of their case to take place. Owing to a number of reasons including personal circumstance and external influence and pressure, a number more (16) have withdrawn their agreement to mediate. The full breakdown of these cases are set out below.

- 3 applicants confirmed they would not be engaging with CEDR and that they wished to withdraw from the Scheme (M037, M063 & M137);
- 1 applicant failed to engage with CEDR before the 4 September deadline and subsequently confirmed they wished to withdraw from the Scheme (M059);
- 15 applicants initially agreed dates for mediation with CEDR, but have subsequently confirmed they now wish to withdraw from the Scheme (M007, M013, M018, M024, M025, M026, M053, M067, M085, M090, M110, M113, M134, M144, M150);
- 2 applicants failed to engage with CEDR prior to 4 September deadline and have remained silent, despite our efforts (M062, M064); and
- 1 further applicant told us he had provided dates to his advisors, though it transpires this was inaccurate and we continue to try to secure a date (M108).

The March 2015 commitment aside, we would likely not have agreed to mediate almost if not all of these cases owing to their respective lack of merit.

## Ex Gratia payments

As at 20/11/2015, 35 cases have been resolved either through mediation or other routes (e.g. mid scheme, prior to mediation etc). Of these cases, 23 involved ex gratia payments, totalling £174,000. The range of payments made is £461 to £50,000.

## DSARs / CCRC

As at 20/11/2015, there have been:

- 20 cases referred to the CCRC, of which 16 are from Scheme applicants; and
- 45 DSARs (42 are from Scheme applicants). All of which are now closed, save for the electronic files held by Second Sight which were provided to Post Office today.

## Costs

At the end of Period 12 14/15, Sparrow had an aggregate spend of c.£7.4m since August 2013. We currently estimate 15/16 spend to be c.£3m.