
From: Callard, Richard - UKGI [/O=HMT/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=6988FBA346C64632AA2C6DDACEAC7D18-CALLARD, RICHARD (RC)]
Sent: Tue 10/05/2016 2:31:02 PM (UTC)
To: Adetimilehin, Olutobi - UKGI [GRO]
Subject: RE: Howard tomorrow

Yes, sorry, should have done that.

From: Adetimilehin, Olutobi - UKGI
Sent: 10 May 2016 15:29
To: Callard, Richard - UKGI [GRO]
Subject: RE: Howard tomorrow

Thanks, Richard.

I also said in the covering email that it is unlikely Howard raises POL. Could you please copy me on emails briefing Mark ahead of meetings with Howard, so I have it to hand.

Many thanks

Tobi

From: Callard, Richard - UKGI
Sent: 10 May 2016 15:01
To: Adetimilehin, Olutobi - UKGI [GRO]
Subject: FW: Howard tomorrow

Voila

From: Callard, Richard - UKGI
Sent: 10 May 2016 10:15
To: Russell, Mark - UKGI [GRO]
Cc: Roberts, Claire - UKGI [GRO]; Manson, Justin - UKGI [GRO]
Subject: Howard tomorrow

Mark

I understand you are meeting with Howard tomorrow for one of your regular catch ups. We have told Tobi that we don't think there is anything on the POL side of things for him to raise with you, but just in case he decides to move on to POL here are the hot topics:

Supply chain reforms

- POL told the unions yesterday that they were rationalising their cash management function, with the loss of 600 jobs and the closure of 9 cash distribution centres
- Staff will be told next week (unless this is leaked earlier by the union – there is a protocol in place where the union leadership is informed 7 days before staff)
- This is about POL slimming down its operation to the core function of supplying cash to its network in the most efficient way (retrenching from trying to cover high fixed costs by delivering cash for third parties like Primark – those contracts are just not profitable and POL can't compete).
- This action raises strike risk, more so when combined with the proposed closure of the pension scheme and the franchising of 40 Crown Offices. But it is necessary to strip further cost out of the business to reduce

reliance on the tax payer.

- We are liaising closely with POL to manage strike messaging, and ministers! POL are confident they can work around all but the most extreme of strikes (e.g. they can handle anything up to about 4 weeks of continuous industrial action)

Horizon issue #1

- Horizon is their front office system used on the tills. It suffered a disruption in service nationwide yesterday for an hour and a half, and this has been in the news today (although not in a high profile way).
- As part of contingency planning, POL had been testing its backup systems over the weekend, and ironically the system broke down as they moved back to their primary server, which was the thing that failed.
- Whilst unsatisfactory, this is an operational issue for the company. A full enquiry has now started and questions are being asked of their supplier Fujitsu.
- A report will be provided to the next ARC which is happening later this month, a brief note went to ministers (and Howard) to make them aware today.

Horizon issue #2

- As you know there has been a long running campaign about the integrity of the Horizon system, which POL has investigated, and which Tim Parker is separately investigating at the behest of Baroness Neville Rolfe.
- In both investigations the system has been given a clean bill of health, although POL could have handled things more sensitively in some instances.
- However, in recent developments, the campaign group (Justice for Subpostmasters Alliance (JFSA)) have launched a class action against POL, although they have yet to specify exactly what their case involves (there is little commonality across them).
- Our view is this is a fishing / sabre rattling exercise to see if POL blinks (which they won't), and to lodge a case before the statute of limitations kicks in for some claimants. However, it has been in the news raising the profile of this issue once again.
- Ministers have been kept informed (and Tim P personally briefed BNR a couple of weeks ago).
- In a strange way it does however make handling easier – we can simply now say that this is in the hands of the courts, which is where this should have always been.

Kind regards

Richard

Richard Callard | Executive Director

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