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Subject: [OFF:SEN] 7 October 2021 - Record of Interim Payments and HSS Monitoring Meetings

OFFICIAL:SENSITIVE

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Ben, and other POL colleagues,

Please see below a write up on the monitoring meetings last week.

Please do amend if there is anything I have missed or that isn't articulated correctly.

Cheers,

Josh

Interim Payments

Opening Remarks

- CC introduced the meeting. He stated BEIS was pleased regarding the work POL is doing in this space, that POL should be proud and that it is proceeding well. CC invited BF to provide the update.

POL Overview

- BF provided an overview of progress and noted the latest interim payment application numbers. He stated there remains good engagement and progress even with some of the more challenging law firms. Noted that as we near the end of the first 59 applications it seemed sensible to widen the scope of the meeting. He noted some of the good processes regarding interim payments should be transferred across to the full compensation discussions.
- On engagement with solicitors, BF praised HSF who he said are managing the relationship exceptionally well, and that his key message would be that there is overall better stakeholder management of these firms now.
- On the HMU programme review, BF stated a GE/Board paper is coming in due course. Work in progress but wanted to assure BEIS that it is nearing finalisation.
- CC thanked BF for the overview and provided an update on the full compensation business case, which has been approved by the BEIS Perm Sec and will shortly be issued to HMT. CC agreed with extending the scope of the meeting. CC invited questions from attendees.

General Discussion

- On bankruptcy issues, RM asked what's the process to resolve and about POL's contingency plans? He offered that officials could engage the Insolvency Service (IS) if it would be helpful? BF noted that there are differences between the bankruptcy regime and IVA arrangements and provided an update on POL's plans to resolve. If an agreement cant be reached between the applicant and Official Trustee, POL want to facilitate any education / knowledge sharing activities that could help get the Official Trustee comfortable. Given that the postmasters all have Official Trustees BF didn't see a need to engage the IS but if they can help e.g. with FAQs then he was content to be linked up.
- RW clarified the position with the two postmasters who have not put in an application, both of whom POL believe are still collecting evidence. One is represented by Alliant Law whose two other clients have put in an application.
- On the issue regarding a claimant escalating with their MP, POL flagged who the applicant was but was not aware of the name of the MP. BW noted that the Minister has received some correspondence. RW noted that this case is being progressed and has shared some briefing previously. **ACTION – POL to share update on the case with BEIS.**
- BW noted that another individual who was not convicted had approached the Department for an interim payment. BEIS have responded to with standard lines and referred to POL. All agreed it was responded to appropriately.
- On lessons learned, CC wanted to capture these and what worked well, and asked POL when this exercise could take place? BF agreed that it would be useful to undertake a project review but that it was more an issue of timing given the HMU reorg and POHIT Inquiry work. BF noted that POL's Internal Audit function is looking at HMU audits more generally and suggested the HMU reorg be finished first before this exercises is kicked off. CC agreed.
- The discussion moved onto the HMU reorg work more generally. BF noted a board paper was imminent and provided some of the key elements to the paper:
 - BF's first decision was to separate POHIT from the wider HMU work. Typically HMU is both looking at POL changes and addressing postmaster compensation. POHIT is focused just on POL so BF wanted to see that the HMU had the right focus on postmasters.
 - Success criteria and scope for each of the workstreams – not necessarily all the same. Want to get to an aligned understanding on what is driving success.
 - Codifying governance processes
 - Resource and cost. BF said that he is incredibly mindful of costs – all decisions will now have a section on cost implications and VfM. Making sure POL has the right people in the right roles, and what the right resource model should be with revised forecasts. Aiming for October Board but need to work with external partners on the revised financial position.
- CC said he was pleased POL are getting a grip of the HMU. He noted BEIS/UKGI still think improvements could be made on the legal costs front. BF noted this point and raised a number of activities he is in discussion with external partners on including the split of HSF Belfast to HSF London work; POL cost controls and the amount of POL and/or shareholder commissions. BF noted that HSF is central to the work so any changes need to be managed carefully. BF noted that POL has had two days of workshops with HSF to look at the issue.
- CC noted the risk of appointing HSF to the Inquiry. BF stated it was a POL Board decision but there is a VfM argument regarding the rates and HSF's familiarity with the material.
- On the full compensation business case, CC reiterated BEIS are now taking it through HMT. He noted that officials may need to demonstrate more of the negotiations strategy and governance arrangements for these discussions, and that we need to find a way to air the direction of travel with senior BEIS stakeholders (DG + Perm Sec) next week. BF noted the point and both he and RW stated POL are working flat out to make progress but needed to ensure internal alignment first. CC stated HMT meetings might not be immediate because of SR but there is a balance to be struck regarding speed and POL being able to enter meaningful negotiations as soon as possible. TC noted that there had been several discussions on this previously and that, conceptionally, UKGI was comfortable with a more involved role for the first settlements then making it a more mechanical process once principles are agreed. There was some further discussion around a different approach to assessing claims proposed by the DG and CC said that POL does not yet have the shareholder's buy-in for their proposed strategy and needed to share something more in writing. CC thanked POL colleagues for their hard work on these issues.
- RM suggested rearranging the weekly legal meeting to have a more substantive discussion on the governance paper next week. All agreed. **ACTION – RM to reorganise legal meeting for this week.**

Closing Remarks

- TC noted today's CACD judgment and the positive noted in which the judge said POL handled the cases. TC praised the work of the POL team. BEIS colleagues also agreed and flagged the relevant extract of the judgment to Ministers. BF echoed thanks to all incl. the UKGI/BEIS teams. BF said the team has worked very hard in extraordinary circumstances with particular praise to RW, GH and P&P as well.
- RW thanked colleagues for the praise. He noted that POL was in a good place regarding the processing of the criminal cases and that in the lessons learned POL are trying to use this as a gold star approach.
- CC thanked attendees and closed the meeting.

HSS*POL Overview*

- GH led the POL overview. As of today, POL has processed 24% of claims and progress is being made on V2.0 of the plan. Risks around panel capacity remain especially as we get into the Xmas period. GH stated that POL are already implementing some of the acceleration options especially for the pre-2005 cohort. He also noted the "SFO+" proposal will go to the Panel next week and then formally to HRC for approval thereafter. CL principles going to HRC next week. SFA is ahead of schedule. No real change on financial settlements. Costs are still being work through with HSF.

General Discussions

- On the CL principles, following a question from TC GH confirmed they are going to the HRC out of cycle and that CM is working on the quantification of the financial impact. RJ said she was doubtful that the quantification element will be ready in time but will following up with CM when he is back from leave next week.
- On the programme plan, TC asked when this would go to the HRC? GH confirmed it would be for the 28th October session. TC felt that given the importance of the topic this was a little late and asked if GH could explore with the HRC Chair bringing the session forward as soon as POL was ready to present. This was noted by GH. RJ stated that there were a number of related issues also in train, including HRC governance and what cases the HRC/BEIS wants to see pre and post Panel. There was then a general debate about this issue and some confusion regarding the recent HRC discussion. GH agreed to set up a meeting with the HRC Chair to discuss the programme plan and get clarity on what cases will be escalated and how they will be presented to the HRC/BEIS. **ACTION – GH to organise the meeting.**
- On the CL principles, RJ stated that it was good to see progress and that the next focus should be on the financial impact / modelling and the specific issue regarding operating expenses – this now needs an evidence based assumption. DS stated that on the operating expenses, POL is collating evidence from across the business with the aim of sharing with HSF. [RELEVANT] will be flagged as draft in the principles whilst the Panel consider a paper with that evidence. TC noted that this is a big decisions that will also impact OCC work. He stated that POL need to be methodical and structured about the way it approaches this issue. RW noted that POL were unpacking the information it has received but it is not straightforward and will revert to colleagues when they can. DS said POL are chiefly attempting to address two questions: firstly, will the Panel stick with the [RELEVANT] as a starting position? If the evidence points to a higher % then POL expect the Panel to be open to that; and secondly, there is the individual facts of the case so if the Panel sees these fact how would it plan to use its discretion?
- On the acceleration of cases, RJ noted the pre-2005 and SFO+ work and requested an update. On pre-2005, JA said there are 31 shortfall-only cases POL plan to resolve by mid-November. RJ asked if there is scope for bringing in CL cases? JA said there is the potential but need to look into the detail. RJ asked if the purpose of this exercise is to try and find a uniform approach to these cases then put a proposal to Panel? GH confirmed it is, though TC did note there will be a case-by-case element given it is dependent on what the claimant says. RJ noted that cases could be packaged together to increase throughput.
- On SFO+, DS noted that the proposal will go to Panel next week to check what cases they are comfortable bringing into the cohort. POL will also present a streamlined cover sheet to enable decisions more promptly. DS said POL are only sending c. 50 initially to Panel to elicit its views on the boundaries, with more cases to follow in due course depending on the steer. Once POL have Panel's view POL can develop criteria.
- The group discussed that the Panel had requested a further paper on interest regarding loss of earning for CL cases. TC noted that this work had largely already been done in previous papers, which was noted by DS. RJ requested that POL keep UKGI/BEIS in the loop if Panel have any specific questions.
- GH then answered a number of specific questions raised by UKGI by email prior to the meeting:
 - On publishing HSS data, GH stated that POL now plan to publish on the 28th October and every quarter thereafter that. BW noted the update and requested no further delays.

- o On disputes, GH stated that POL are pulling together parameters/guidance and have session with UKGI later today to discuss.
- o On v2.0 of the plan, GH stated that POL should be at 41% of cases offered by end of the year, but that the plan still needs to be worked through with the HRC.

Closing Remarks

- RJ thanked POL for the update. She reiterated the need to focus on getting a robust plan in place, especially around handling panel capacity and scoping out the split of the work between the two panels. DS noted that both panel are now sitting however there was some discussion on the target number of cases BF requested be taken offline. BF noted to the POL team that should targets be slipping the issue should be escalated asap.
- RJ thanked attendees and closed the meeting.

END

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