

The purpose of the meeting was to brief the Minister and Permanent Secretary on the Postmaster Litigation and the following topics were covered:

- The status of the legal case and its resolution
- Operational impacts for POL and contingency planning
- Communications

The POL team explained that the upcoming Common issues trial in November is about the terms in the contract and POL's view, supported by the legal advice, is to continue to fight the claim. The second trial in March 2019 concerns the Horizon accounting system. The parties are under an obligation to consider mediation after the judgement in the Common issues trial to try and resolve or narrow the dispute. Unless the case can be settled there will need to be a third trial after May 2019 to consider the facts of individual claims.

The value of the claim has not been quantified. POL has calculated based on the costs being incurred by the fund backing the claimants that the minimum settlement that the claimants would seek is around £30m. But the potential claim value is much higher.

The Permanent Secretary pointed out that funding has not been allocated to this claim. POL said that for any settlement up to around £50m the cost could be borne by the company. Above that they would need to consider whether it could be funded by POL or request additional support from HMG.

The POL team was asked whether a loss on one or more of the more significant contractual points at issue in the November trial could have balance sheet implications for the company. The POL team said that it is unlikely that additional funding would be needed but said this would not be known until after the trial. The POL team pointed out that levels of losses due to fraud had increased to around £5m pa because POL is not prosecuting cases while the trial is ongoing. POL has increased resources towards spotting and auditing cases of potential fraud. POL is also considering additional investments (eg in CCTV) to reduce fraud.

The Permanent Secretary asked Pol to share its legal advice with the legal team so that the department could reach its own views on the merits of any potential settlement opportunity. He mentioned the Magnox case where there had been different views between the department and NDA about the merits of settlement and a shared understanding of the legal merits proved to be essential to reaching a common understanding between the parties. Paula Vennells gave an unqualified agreement to provide such information.

In relation to communications, it was generally understood that the case would attract attention and the upcoming case could give rise to PQs and UQs. It was agreed that the Minister's office and BEIS comms would have direct access to the team at POL through Mark Davies.

There was a general discussion about the Banking Framework and the re-pricing at the end of November. The Minister expressed strong support for POL's role in providing this essential service and her willingness to support POL in achieving a good outcome for the company.