

From: Callard, Richard Contractor (DGFinance-UKGI ED2) [GRO]
Sent: Thur 06/12/2018 10:26:47 AM (UTC)
To: Clarke, Stephen - UKGI [GRO]; Aldred, Tom - UKGI [GRO]; Watson, Richard - UKGI [GRO]; Callard, Richard - UKGI [GRO]; Thompson, Laura - UKGI [GRO]; Cooper, Tom - UKGI [GRO]
Subject: RE: Official Sensitive & Legally Privileged: NAO - POL litigation enquiries

Stephen – I think its fine as drafted ((although you have a “your” not a “you” in your last line – value add there).

What I am not sure about is whether we want to give a sense that the meeting wasn’t just about sparrow, but covered a variety of topics. Whilst the pre-briefing document would suggest that, we can confirm that that was indeed the case. I would be interested in Richard’s views on this, as it could be interpreted in different ways. On the one hand the fact that Sparrow was covered as part of a range of issues could mean that we weren’t taking it seriously, on the flip side it could explain why we don’t have any notes on this specific issue because it wasn’t the focus. Perhaps less is more in this case and we should leave well alone, I just remember NAO seemed to be interested in what was discussed at the meeting.

R

From: Clarke, Stephen - UKGI [GRO]
Sent: 06 December 2018 10:13
To: Aldred, Tom - UKGI [GRO]; Watson, Richard - UKGI [GRO]; Callard, Richard - UKGI [GRO]; Callard, Richard Contractor (DGFinance-UKGI ED2) [GRO]; Thompson, Laura - UKGI [GRO]; Cooper, Tom - UKGI [GRO]
Subject: Official Sensitive & Legally Privileged: NAO - POL litigation enquiries
Importance: High

All,

See my draft response to the NAO’s request on 28 November for “a copy of the advice provided to Baroness Neville-Rolfe following the review [by Tim Parker]” and to the NAO’s most recent email of 3 December. Please let me know by midday tomorrow if you have any suggestions. We have to submit before the end of the week.

James,

Many thanks for outlining your proposed response and for noting the need for caution around this live legal case.

After checking our records and with colleagues managing the shareholder relationship with POL at that time, I can confirm that the Chair’s review was never formally concluded because it was overtaken by events, namely the issue of the High Court claim against POL in April 2016. However, prior to this, the Chair did send a letter with his key interim findings to Baroness Neville Rolfe on 4 March 2016. I have attached the Chair’s letter and the accompanying advice from UKGI officials to BNR. Please note that this letter and the submission remain confidential and subject to legal privilege due to their continued relevance to the current high court claim and we would ask that they not be shared beyond the NAO.

I hope this is sufficient for your to conclude your response but please let us know if you require any further information.

Stephen Clarke | Post Office Shareholder Team

UK Government Investments

Corporate finance and governance in government.

1 Victoria Street | London | SW1H 0ET

T: [REDACTED] GRO
E: [REDACTED] GRO

From: OSBORNE, James [REDACTED] GRO
Sent: 03 December 2018 09:54
To: Clarke, Stephen - UKGI <[REDACTED] GRO>
Cc: EVANS, Helen S <[REDACTED] GRO>; SMYTH, Declan <[REDACTED] GRO>; Aldred, Tom - UKGI <[REDACTED] GRO>; Callard, Richard - UKGI <[REDACTED] GRO>; Watson, Richard - UKGI <[REDACTED] GRO>; Cooper, Tom - UKGI <[REDACTED] GRO>; Thompson, Laura - UKGI <[REDACTED] GRO>; Brammer, Jane (BEIS) <[REDACTED] GRO>; Maghrabi, Syed (Finance & Portfolio) <[REDACTED] GRO>; Beckett, Richard (BEIS) <[REDACTED] GRO>
Subject: RE: NAO - POL litigation enquiries

Stephen,

Thanks for response and committing to revert by the end of the week. Subject to review of the advice we intend that the main tenets of our response will be:

- We need to be cautious in our approach as this is a live legal case.
- We've discussed the case with UKGI to understand and confirm that appropriate governance is in place regarding the POL decisions to defend the litigation.
- We have limited our enquiries to understand the role of Government / UKGI as we do not have access rights to look into actions taken by POL in this case.

We will come back to you with any changes to this once we've reviewed the advice.

Kind regards

James

From: Clarke, Stephen - UKGI <[REDACTED] GRO>
Sent: 29 November 2018 14:17
To: OSBORNE, James <[REDACTED] GRO>
Cc: EVANS, Helen S <[REDACTED] GRO>; SMYTH, Declan <[REDACTED] GRO>; Aldred, Tom - UKGI <[REDACTED] GRO>; Callard, Richard - UKGI <[REDACTED] GRO>; Watson, Richard - UKGI <[REDACTED] GRO>; Cooper, Tom - UKGI <[REDACTED] GRO>; Thompson, Laura - UKGI <[REDACTED] GRO>; Brammer, Jane (BEIS) <[REDACTED] GRO>; Maghrabi, Syed (Finance & Portfolio) <[REDACTED] GRO>; Beckett, Richard (BEIS) <[REDACTED] GRO>
Subject: RE: NAO - POL litigation enquiries

EXTERNAL: This email originated from outside the NAO.

James,

Thanks for your email following up on last week's meeting. It was good to meet you both.

I have noted your request for a copy of advice provided to Baroness Neville-Rolfe following the review by POL's Chair. I am not aware of this advice so will need to check UKGI records and discuss with colleagues who were working on the

POL Shareholder team at that time. I'll revert as soon as I can but should be able to do so by the end of next week at the latest.

You have given us a broad outline of the areas that you intend to cover in your response to the correspondent but we're wondering if it's possible to give us any more detail on what you are intending to say?

Kind regards,

Stephen

Stephen Clarke | Post Office Shareholder Team

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Corporate finance and governance in government.

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T: [REDACTED] GRO
E: [REDACTED] GRO

From: OSBORNE, James [REDACTED] GRO
Sent: 28 November 2018 12:47
To: Clarke, Stephen - UKGI [REDACTED] GRO
Cc: EVANS, Helen S [REDACTED] GRO; SMYTH, Declan [REDACTED] GRO; Aldred, Tom - UKGI [REDACTED] GRO; Callard, Richard - UKGI [REDACTED] GRO; Watson, Richard - UKGI [REDACTED] GRO; Cooper, Tom - UKGI [REDACTED] GRO
Subject: RE: NAO - POL litigation enquiries

Stephen,

Thanks for meeting with us last week to discuss the correspondence on the POL case.

We have noted the governance arrangements between UKGI/BEIS and POL including representation on the POL Board and the subcommittee specifically dealing with this issue, engagement between NEDs and ministers and the review of this case performed by the POL chairman at Baroness Neville-Rolfe's request. We plan to respond to the correspondent outlining our engagement with UKGI on this topic, the context of the ongoing legal case and, at a high level, governance arrangements in place. On reflection, to support our response we would like to request a copy of the advice provided to Baroness Neville-Rolfe following the review. Based on our discussions last week, we felt that would be the clearest way for us to obtain evidence to underpin our response.

We will not share this piece of evidence as part of our response or reference it explicitly in the response we draft. Rather it would be to provide us with sufficient assurance to enable us to respond to the correspondence in the manner we have outlined.

Happy to discuss this request, and indeed we would be happy to come over to UKGI to review in hard copy. Grateful if you could let us know when this information could be made available as I appreciate it might not be immediately to hand. We have committed to get back to the correspondent in early December.

Kind regards

James

From: Clarke, Stephen - UKGI

Sent: 15 November 2018 15:08

To: 'SMYTH, Declan' <[REDACTED]>; EVANS, Helen S <[REDACTED]>; Adegun, Oluwatosin - UKGI <[REDACTED]>; Aldred, Tom - UKGI <[REDACTED]>

Cc: Thompson, Laura - UKGI <[REDACTED]>; Watson, Richard - UKGI <[REDACTED]>; Callard, Richard - UKGI <[REDACTED]>; zzMOD_Callard, Richard <[REDACTED]>; Brammer, Jane (BEIS) <[REDACTED]>; Maghrabi, Syed (Finance & Portfolio) <[REDACTED]>; Beckett, Richard (BEIS) <[REDACTED]>; Fox, Joshua - UKGI <[REDACTED]>

Subject: RE: NAO - POL litigation enquiries

Hi Declan,

Thanks for coming back to us on this. We'll be very happy to facilitate the meeting for you. Monday or Tuesday should be fine and presumably the sooner the better will be helpful for you given your deadlines. We'll come back to you shortly on precise timing - I'll ask our PAs to check what's possible in the relevant diaries, including whether Tuesday midday onwards is possible given James' other meetings at BEIS.

Regards,

Stephen

From: SMYTH, Declan <[REDACTED]>

Sent: 15 November 2018 14:18

To: Clarke, Stephen - UKGI <[REDACTED]>; EVANS, Helen S <[REDACTED]>; Adegun, Oluwatosin - UKGI <[REDACTED]>; Aldred, Tom - UKGI <[REDACTED]>

Cc: Thompson, Laura - UKGI <[REDACTED]>; Watson, Richard - UKGI <[REDACTED]>; Callard, Richard - UKGI <[REDACTED]>; zzMOD_Callard, Richard <[REDACTED]>; Brammer, Jane (BEIS) <[REDACTED]>; Maghrabi, Syed (Finance & Portfolio) <[REDACTED]>; Beckett, Richard (BEIS) <[REDACTED]>; Fox, Joshua - UKGI <[REDACTED]>

Subject: RE: NAO - POL litigation enquiries

I think an initial meeting would be helpful. Helen isn't around next week unfortunately but my director James would like to come if possible.

Availability is a bit tricky as I am out of the office Wednesday-Friday but can be very flexible on Monday and Tuesday. James is understandably very busy but will be at BEIS for other meetings on Tuesday morning and so should be able to attend a meeting starting at midday if that was possible?

Thanks,

Declan

From: Clarke, Stephen - UKGI <[REDACTED]>

Sent: 14 November 2018 16:30

To: SMYTH, Declan <[REDACTED]>; EVANS, Helen S <[REDACTED]>; Adegun, Oluwatosin - UKGI <[REDACTED]>; Aldred, Tom - UKGI <[REDACTED]>

Cc: Thompson, Laura - UKGI <[REDACTED]>; Watson, Richard - UKGI <[REDACTED]>; Callard, Richard - UKGI <[REDACTED]>; zzMOD_Callard, Richard <[REDACTED]>; Brammer, Jane (BEIS) <[REDACTED]>; Maghrabi, Syed (Finance & Portfolio) <[REDACTED]>; Beckett, Richard (BEIS) <[REDACTED]>; Fox, Joshua - UKGI <[REDACTED]>

Subject: RE: NAO - POL litigation enquiries

Hi Declan,

Many thanks for your understanding on this matter.

Sending the holding reply to the PAC to allow us time for a considered response is most welcome – perhaps end of next week would be realistic. On the question of how to respond, would an initial meeting with us early next week be helpful? We could convene a mixture of our current team and predecessors with historical knowledge to address your questions and could also explain in more detail the sensitivities around the legal case. We could then follow this up with any documents that might be helpful.

On the question of how the information will be used, thanks for offering to flag the live legal case in your holding response, it would indeed be helpful to flag this and the need to tread carefully so as not to prejudice the legal process. I think the concern here from our perspective would be that this enquiry has been triggered by a complaint from an unknown individual who may simply have read about the case in the newspaper but might equally be somebody with a direct interest in the case. If it were the latter then the PAC passing on our information to that individual would be a concern for us as it might potentially be used in court. A meeting would also give us the chance to discuss our concerns around this.

Let us know how you'd like us to proceed.

Kind regards,

Stephen

Stephen Clarke | Post Office Shareholder Team

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T: [REDACTED] GRO
E: [REDACTED] GRO

From: SMYTH, Declan [REDACTED] GRO
Sent: 14 November 2018 13:43
To: Clarke, Stephen - UKGI <[REDACTED] GRO>; EVANS, Helen S <[REDACTED] GRO>; Adegun, Oluwatosin - UKGI <[REDACTED] GRO>; Aldred, Tom - UKGI <[REDACTED] GRO>
Cc: Thompson, Laura - UKGI <[REDACTED] GRO>; Watson, Richard - UKGI <[REDACTED] GRO>; Callard, Richard - UKGI <[REDACTED] GRO>; zzMOD_Callard, Richard <[REDACTED] GRO>; Brammer, Jane (BEIS) <[REDACTED] GRO>
Subject: RE: NAO - POL litigation enquiries

Hi Stephen,

Thanks for your email. I appreciate your concerns around the legal case currently being heard and the challenge around the tight time-frame.

On your first point. We will need to provide an initial response to PAC by 21st November and a draft to our Private Office by the end of this week for review. We can send a holding reply indicating we have contacted UKGI/BEIS, are currently discussing and will provide a fuller response in due course. So, I think having next week as a provisional time for receipt of information seems reasonable and happy to agree an extension. I will speak to my manager and director to confirm that is the case.

On your second point. The PAC received an email from an individual outlining the case, expressing concern about the

use of public money to defend the current court case and asking PAC to consider looking into it. This was then forwarded to us for follow up. As we are not sufficiently familiar with the case and circumstances to provide a response we have raised the specific questions below to enable us to provide a reply to PAC on the concerns raised (where they relate to our remit around public spending, value for money and governance). These questions are not from the correspondent. I don't think we usually share correspondence and I wouldn't be comfortable doing that without consulting, in any case I don't think will add anything further as the questions are raised by us rather than the correspondent. The fact that the court case is ongoing, making this a delicate topic, is understood and we can make that situation and related concerns clear in our initial holding response to PAC.

I hope that helps provide clarity on those points but Helen or I would be happy to discuss if not.

Thanks,

Declan

From: Clarke, Stephen - UKGI <[REDACTED]>
Sent: 14 November 2018 10:04
To: SMYTH, Declan <[REDACTED]>; EVANS, Helen S <[REDACTED]>; Adegun, Oluwatosin - UKGI <[REDACTED]>; Aldred, Tom - UKGI <[REDACTED]>
Cc: Thompson, Laura - UKGI <[REDACTED]>; Watson, Richard - UKGI <[REDACTED]>; Callard, Richard - UKGI <[REDACTED]>; zzMOD_Callard, Richard <[REDACTED]>; Brammer, Jane (BEIS) <[REDACTED]>
Subject: RE: NAO - POL litigation enquiries

Hi Declan,

Many thanks for the additional information. Having discussed the practicalities with colleagues, there are a couple of challenges in fulfilling this request that we'd be grateful for your assistance with.

Firstly, we'd be grateful for an extension to this deadline (preferably until next week) to enable us to provide a full and considered response to all these questions. The historical nature of these questions (the dispute stretches back to 2012 and even the serving of the litigation on POL long predates any members of our team) will require us to conduct significant research and speak to colleagues who were working on this issue previously.

Secondly, we'd be grateful for further clarity over what has triggered the PAC to investigate this matter and how they intend to use the information provided. Perhaps we could have sight of the PAC's letter to you if this explains matters? The reason for our concern is that POL is currently defending this case in the courts (the trial commenced on 5 November), so we'd want to be reassured that any information we provide could not be used in any way that might prejudice this legal process. For example, in the past, some of the claimants have used indirect methods – eg FOI requests or via MPs – to 'fish' for information that might strengthen their legal case (disguised as simple information requests on specific issues without reference to the litigation or to the claimants).

I hope you can help us on these points.

Regards,

Stephen

Stephen Clarke | Post Office Shareholder Team

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Corporate finance and governance in government.

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T: [GRO]
E: [GRO]

From: SMYTH, Declan [GRO]
Sent: 13 November 2018 17:00
To: Clarke, Stephen - UKGI <[GRO]>; EVANS, Helen S <[GRO]>; Adegun, Oluwatosin - UKGI <[GRO]>; Aldred, Tom - UKGI <[GRO]>
Subject: RE: NAO - POL litigation enquiries

Hi Stephen,

The questions are the result of correspondence received by the NAO from PAC which related to POL's decision to legally pursue and prosecute some sub-postmasters and to defend the group litigation brought against it by a group of sub-postmasters.

Following the receipt of this correspondence, we have conducted our own preliminary enquiries online which have guided the questions. Particularly taking into account our remit in relation to public spending and value for money.

Thanks,
Declan

From: Clarke, Stephen - UKGI <[GRO]>
Sent: 13 November 2018 15:10
To: SMYTH, Declan <[GRO]>; EVANS, Helen S <[GRO]>; Adegun, Oluwatosin - UKGI <[GRO]>; Aldred, Tom - UKGI <[GRO]>
Subject: RE: NAO - POL litigation enquiries

Hi Declan,

Thanks for clarifying the questions that you need answers to and we'll do our best to meet your deadline. Could you also advise us on the source/origin of these questions please?

Regards,

Stephen

From: SMYTH, Declan [GRO]
Sent: 13 November 2018 14:39
To: EVANS, Helen S <[GRO]>; Adegun, Oluwatosin - UKGI <[GRO]>; Clarke, Stephen - UKGI <[GRO]>; Aldred, Tom - UKGI <[GRO]>
Subject: NAO - POL litigation enquiries

Hello all,

I'm following up on the call this morning between Tom and Helen, with our queries around the Post Office Limited (POL) litigation with sub-postmasters that is currently ongoing.

I've detailed our queries below, if it is possible for you to respond by the end of the tomorrow (Wednesday 14th) that would be appreciated as timelines are always tight around responding to correspondence.

- Can you clarify whether POL follow 'Managing Public Money'? As they operate under the Companies Act 2006 legislation they are not obliged to, but we are aware of similar bodies where framework agreements between themselves and their sponsoring departments require that they follow it.

- Through initial research we have an idea of events leading up to the litigation (shortfalls at sub postmaster level, pursuit and legal prosecution, mediation, group litigation) but it would be very helpful to have a high level timeline of events to make sure our understanding is correct. It would also be helpful to understand BEIS/UKGI oversight or engagement with POL over the course of these events and how BEIS/UKGI gained sufficient assurance that POL was operating in a way that represented value for money.

Specifically:

- What was UKGI/BEIS' involvement in the decision making process that POL went through in deciding to respond to the litigation?

Could you please provide the any supporting papers, such as board minutes, which evidence this?

- As part of our initial scoping we identified that, although the interim Second Sight report was available on the post office website, along with a report from POL concluding on this, we were unable to access the confidential final report via the post office website. We did however find a copy on a journalist website claiming to be the confidential final report. See here: <http://becarefulwhatyouwishfor.nickwallis.blogspot.com/2015/04/exclusive-second-sight-final-report-in.html>

- Please could we confirm that report is legitimate?
- Could you please inform us as to how BEIS/UKGI responded to the reports and whether any conclusions from those reports factored in to the decision making process to respond to the litigation?

- To what extent did BEIS/UKGI have oversight of the mediation scheme?

Kind Regards,
Declan

Declan Smyth | Audit Principal



National Audit Office, Yellow 1, 157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP
Telephone: **GRO** | www.nao.org.uk

Please note that I work part time and am normally in the office on Mondays, Tuesdays, Wednesdays and Thursdays

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