

From: Watson, Richard - UKGI
Sent: Fri, 6 Dec 2019 10:18:30 +0000
To: Ben Foat
Cc: Cooper, Tom - UKGI; Watts, Alan; Emanuel, Catherine
Subject: RE: GLO - Mediation Update - LEGALLY PRIVILEGED AND
CONFIDENTIAL

Thanks Ben. Call when you get the chance.

Kind regards

Richard

Richard Watson|General Counsel
UK Government Investments

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From: Ben Foat <[GRO]>
Sent: 06 December 2019 10:17
To: Watson, Richard - UKGI <[GRO]>
Cc: Cooper, Tom - UKGI <[GRO]>; Watts, Alan <[GRO]>;
Emanuel, Catherine <Catherine.Emanuel@[GRO]>
Subject: RE: GLO - Mediation Update - LEGALLY PRIVILEGED AND CONFIDENTIAL

Thanks Richard. We are going on a call with the mediators but will call you after that possibly 30 mins time.

Kind regards
Ben



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From: Watson, Richard - UKGI <[REDACTED]@ukgi.org.uk>
Sent: Friday, December 6, 2019 10:13:02 AM
To: Ben Foat <[REDACTED]@ukgi.org.uk>
Cc: Cooper, Tom - UKGI <[REDACTED]@ukgi.org.uk>; Watts, Alan <[REDACTED]@ukgi.org.uk>; Emanuel, Catherine <[REDACTED]@ukgi.org.uk>
Subject: RE: GLO - Mediation Update - LEGALLY PRIVILEGED AND CONFIDENTIAL

Thanks Ben. I thought as much but just wanted to double check.

I would still appreciate a quick call from you, Kate or Alan, in the next hour or so if possible, to clarify a couple of queries regarding the status of the settlement vis a vis the convicted claimants.

Kind regards

Richard

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W: <https://www.ukgi.org.uk/>

From: Ben Foat <[REDACTED]@ukgi.org.uk>
Sent: 06 December 2019 10:09
To: Watson, Richard - UKGI <[REDACTED]@ukgi.org.uk>
Cc: Cooper, Tom - UKGI <[REDACTED]@ukgi.org.uk>; Watts, Alan <[REDACTED]@ukgi.org.uk>; Emanuel, Catherine <[REDACTED]@ukgi.org.uk>
Subject: RE: GLO - Mediation Update - LEGALLY PRIVILEGED AND CONFIDENTIAL

Morning Richard

Thanks for your email. The potential budget of [REDACTED] does include the proposed historic shortfall group. Of course, we don't know what the volume but have made assumptions [REDACTED]

Hope that helps.

Kind regards
Ben



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From: Watson, Richard - UKGI <[GRO]>
Sent: Friday, December 6, 2019 9:32:19 AM
To: Ben Foat <[GRO]>
Cc: Cooper, Tom - UKGI <[GRO]>; Watts, Alan <[GRO]>; Emanuel, Catherine <[GRO]>
Subject: RE: GLO - Mediation Update - LEGALLY PRIVILEGED AND CONFIDENTIAL

Ben

Thanks for this. I have recently texted asking for a quick chat. The issue I wanted to understand better was the relationship between the potential budget of [REDACTED] for future claims which you kindly set out below and the proposed historic shortfall group to deal with any shortfalls which arose between 2000 and the effective date of the settlement deed. Is there a separate estimated budget for that historic shortfall group or is that covered by the [REDACTED] estimate?

Kind regards

Richard

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From: Ben Foat <[GRO]>
Sent: 05 December 2019 11:54
To: Watson, Richard - UKGI <[GRO]>
Cc: Cooper, Tom - UKGI <[GRO]>; Nick Read <[GRO]>; Patrick Bourke <[GRO]>; Watts, Alan <[GRO]>; Emanuel, Catherine <[GRO]>; Rodric Williams <[GRO]>; andrew.parsons <[GRO]>
Subject: GLO - Mediation Update - LEGALLY PRIVILEGED AND CONFIDENTIAL

Hi Richard

Thanks for your email.

As you appreciate we will not be able to accurately predict how many claims will be made and the merits until they are in fact made. The team are still working through a more scientific analysis which we will provide in due course. The settlement of these proceedings is of course distinct from these future claims.

At a headline level, we may want to consider a potential budget of [REDACTED] for the future claims although these numbers need subsequent verification. The methodology for these numbers is based on the following assumptions:

- [illegible]

This assumes 100% liability and no discount over evidential or time bar issues. However, it does not take into account the operational costs of managing the above process. We intend to establish a mediation scheme for the above claims which ultimately can be resolved by arbitration rather than court proceedings. The above exposure does not take into account the separate compensation for the convicted claimants who manage to have their convictions overturned. HSF previously advised that if all 61 convicted claimants had their convictions overturned there could be a further exposure of [REDACTED] due to the stigma claims on top of the above range.

[REDACTED]

Finally, Post Office has just made an offer £45m (plus the £5.5m which Post Office was ordered to pay in costs following the CIJ which was already approved). Their previous offer was £65m plus £5.5m for the CIJ costs. We are awaiting to hear back.

Shall we have a call now to take you and Tom through the non-financial elements of the settlement as summarised in my note last night and the above numbers and methodology.

Kind regards
Ben



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From: Watson, Richard - UKGI <[REDACTED] GRO>
Sent: Thursday, December 5, 2019 9:54:53 AM
To: Ben Foat <[REDACTED] GRO>
Cc: Cooper, Tom - UKGI <[REDACTED] GRO>; Nick Read
<[REDACTED] GRO>; Patrick Bourke <[REDACTED] GRO>; Watts,
Alan <[REDACTED] GRO>; Emanuel, Catherine <[REDACTED] GRO>; Rodric
Williams <[REDACTED] GRO>
Subject: RE: GLO - Mediation and General Update - DO NOT FORWARD - EMBARGOED
JUDGMENT REFERENCED - LEGALLY PRIVILEGED AND CONFIDENTIAL

Ben

Thanks.

[REDACTED]

Kind regards

Richard

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From: Ben Foat <[REDACTED]>
Sent: 04 December 2019 22:30
To: Watson, Richard - UKGI <[REDACTED]>
Cc: Cooper, Tom - UKGI <[REDACTED]>; Nick Read <[REDACTED]>; Patrick Bourke <[REDACTED]>; Watts, Alan <[REDACTED]>; Emanuel, Catherine <[REDACTED]>; Rodric Williams <[REDACTED]>
Subject: FW: GLO - Mediation and General Update - DO NOT FORWARD - EMBARGOED JUDGMENT REFERENCED - LEGALLY PRIVILEGED AND CONFIDENTIAL

Hi Richard

I have sent Tom Cooper an email updating him on the mediation and other matters earlier this evening. Below sets out our update in respect of the mediation. We suggest a call with Tom and yourself tomorrow to take you through the details.

Mediation Update- Settlement Deed

As indicated in my previous email, the parties have focused on the non-financial aspects of the settlement over the last two days. Attached is the draft settlement agreement which is still a work in progress. Broadly, the non-financial aspects of the settlement include:

- **Agreed joint statement** by the parties which recognises the past experience of the claimants and our desire to learn the lessons and improve our relationship with postmasters as well as noting that the parties have engaged with each other in good faith in this mediation process
- POL's approach in respect of the **convicted claimants** and its undertaking to comply with its ongoing duties. This points out that although the proceedings are comprehensively settled Post Office has not made any payment to or of the benefit of the convicted claimant. Post Office undertakes to take advice from a leading criminal barrister and as a minimum to act upon and follow the legal advice it receives in respect of what position it should take if a convicted claimant obtains permission to appeal. If the convicted claimant's conviction was overturned as a result of the breaches by Post Office of which complaint is made in the action, Post Office will issue an apology. We make it clear that there is no admission to liability or wrong doing by virtue of this agreement.
- POL's support in respect of claimants who wish to **exit the business** post settlement
- POL to withdraw proof of debt or claim in respect of **insolvent claimants** as part of the settlement
- A support programme for claimant SPM and SPM in similar position of the claimants including **mental health support** for claimants
- POL to consult claimant group on the change process and for them to have some form of **consultancy role** advising the business, which could include input to consideration of the future of the Post Office, but no right to determine issues or make decisions. This gives rise to the creation of a "Idea Sharing Group" of which Post Office would listen and consider on a quarterly basis for no less than 12 months post settlement.

- POL would also set up a **historic shortfall group** to deal with any shortfalls which arose between 2000 and the effective date of the settlement deed with an internal escalation and ultimately arbitration as a resolution forum (rather than the public court process)
- POL not the enforce SPM debts pending implementation of the settlement agreement
- Emergency funding for hardship cases which is to be taken out of the funds of the settlement and administered by the claimant group.
- POL agrees to consider the giving of a bibliographical reference to postmasters which confirms the duration of their tenure and there appointment as a postmaster with the confirmation that they are agents and not employees.
- Claimants solicitors and funders not to solicit new claims

Given the amount of detail, could I suggest that we take you and Tom through these points tomorrow over the phone. We are bound to have some down time tomorrow in between offers.

Public Announcement – Mediation Outcome

Patrick has flagged to me that there could be a question from the shareholder as to whether it would be feasible to have the mediation settlement subject to HMG approval. This suggestion would be very difficult for a number of reasons:

- There would be a very high risk that it would derail the mediation process in two ways:
 - The parties have embarked on a process in good faith that each side had the authority to mediate and seek to resolve the matter on agreed terms. For Post Office to now advise on Day 6 of the mediation that any agreement would then be subject to further approval by the HMG risks being seen as having not operated in good faith.
 - If there is a further hurdle for the Claimants to clear to achieve settlement, tactically they may wish to not proceed to their best and final offers in the mediation because there is either a further round of negotiation with the government or they may think they can secure a greater financial settlement from HMG. I am not speaking to the accuracy of that assertion but the risk around that perception.
- It may not be in HMG interests to be seen publicly as making this decision.

Happy to discuss tomorrow on our proposed call.

Do let me know when is convenient time to contact Tom and yourself tomorrow (probably around lunch time is best if that's possible).

Kind regards
Ben



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