



**Sparrow**

**Weekly Steering Group**

**24<sup>th</sup> October 2013**

## Agenda



1. Specific agenda items
  1. Working Group – review TOR
  2. Timeline and Resource risk
2. Programme update:
  1. Work streams highlights
  2. High level plans
  3. Budget (no updates since last meeting)
  4. Risks (no updates since last meeting)
3. Next Meeting 29<sup>th</sup> October 11.00 am.

## Decisions for this meeting

2

## Public Commitments - work stream updates



Work stream	Update	Status
Initial Complaint Review and Mediation Scheme (Complete Cases)	<ul style="list-style-type: none"> <li>See slide 6 for update/information on Case Submissions</li> <li>No update: WG TOR will be progressed with Sir Anthony including the voting right issue.</li> <li>Compensation policy progressed by sub group. Actions to compete are identified, targeting version for w/e 8<sup>th</sup> Nov. This will then be presented at Steering.</li> <li>Preparing job descriptions/approach for PO Mediation roles (including decision making authority etc.) for Steering Board approval.</li> </ul>	Amber
Adjudication of future cases	<ul style="list-style-type: none"> <li>Paula discussed Hillsborough links with Sir Anthony.</li> <li>First WG meeting with Sir Anthony organised for Friday 25<sup>th</sup> October.</li> <li>Positive meeting Sir Anthony in preparation for first Working Group meeting - covered SS, voting, approach/decisions to date etc.</li> <li>Communications drafted including positive JFSA comment. Expect to release to the press on Tuesday 29<sup>th</sup> October.</li> </ul>	Green
Branch User forum	<ul style="list-style-type: none"> <li>Inaugural Forum will be mid November.</li> </ul>	Amber
		3

## Other work stream updates



Work stream	Update	Status
Legal (criminal cases)	<ul style="list-style-type: none"> <li>• No update: Case reviews continue with Cartwright King and expected to complete by the end of October.</li> <li>• Draft report from Brian Altman re future prosecutions received by Legal team on Weds. Prosecution policy meeting planned with a paper for either ARC, ExCo or Board meeting in November.</li> <li>• Current plan will update following QC steer.</li> </ul>	Green
Improvements & Culture change	<ul style="list-style-type: none"> <li>• Progressing "To Be" experiences for spmr life cycle. Exit process session held yesterday, others being planned.</li> <li>• Programme leadership team finalised the vision, behaviours and outcomes they as leaders should be looking for from their teams.</li> </ul>	Green
Communications	<ul style="list-style-type: none"> <li>• No update: analysis of current submissions vs. previous lists underway so that we understand MP communications required post 18<sup>th</sup> Nov (e.g. for spmr's that didn't apply to the scheme)</li> </ul>	Green
Technology	<ul style="list-style-type: none"> <li>• No update: Work continues to understand impact and get required clarifications on changes.</li> </ul>	Amber

## Legal Update – Case Review



Statistics as at 17/10/2013	Initial Sifts	Second sifts	Fully Reviewed	Disclosure Advised	Disclosure Provided	Discontinued
To date	301	74	35	15*	10*	4**

\* Disclosure was advised in the case of Thomas Brown but not made as the case was discontinued. Disclosure has been advised in Hutchings and Robinson but not yet made as the disclosure letter is with BAQC for approval. Disclosure will be required in the cases of King & Jewson and Williams (Persis) if these defendants are charged.

\*\* The cases of Patel (Jishaan), Brown (Thomas), Wyllie and Knight have been terminated.

## Summary of Mediation cases



### 64 Applications to date

28 to 5 Sept:	10
5 to 12 Sept:	10
12 to 20 Sept:	8
20 to 27 Sept:	2
27 to 3 Oct:	8
3 to 10 Oct:	8
10 to 17 Oct:	7
<b>17 to 24 Oct:</b>	<b>11</b>
24 to 30 Oct:	tbc
30 to 7 Nov:	tbc
7 to 14 Nov:	tbc
14 to 18 Nov:	tbc

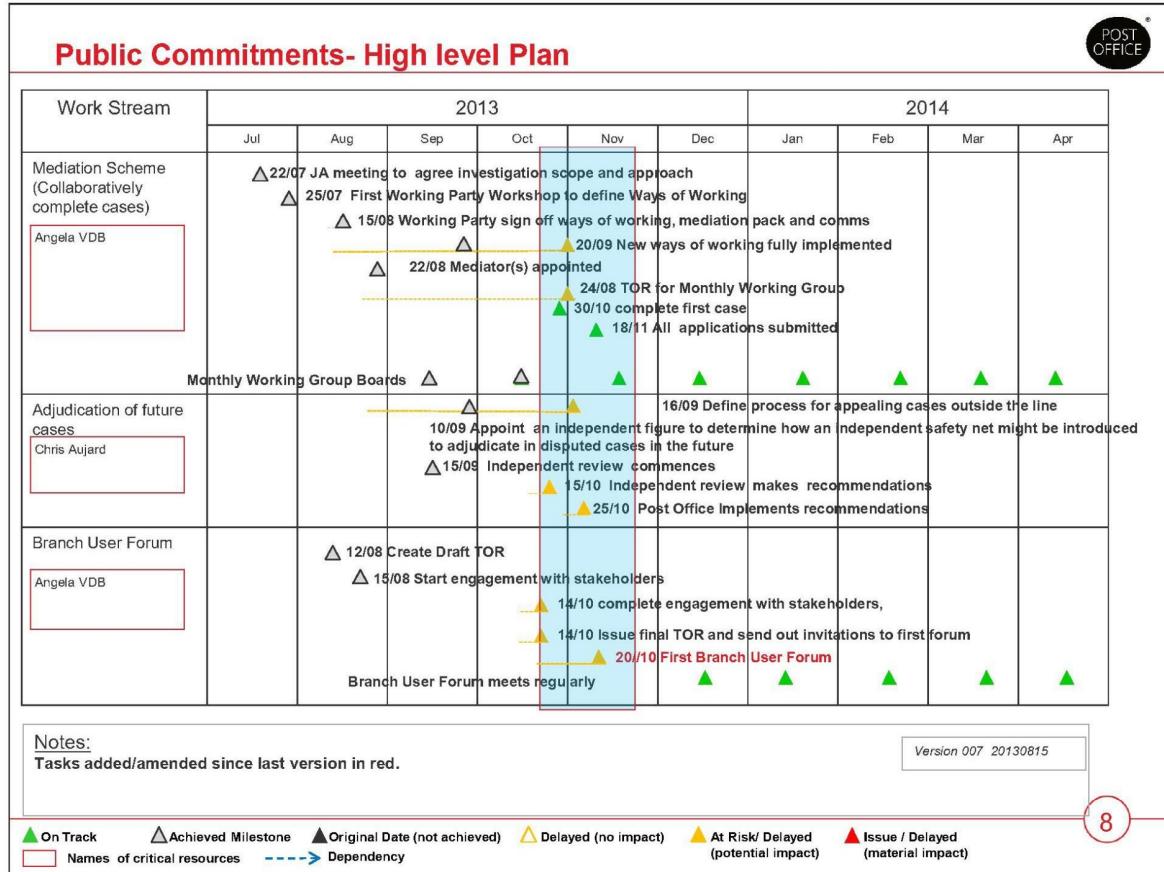
### Applications

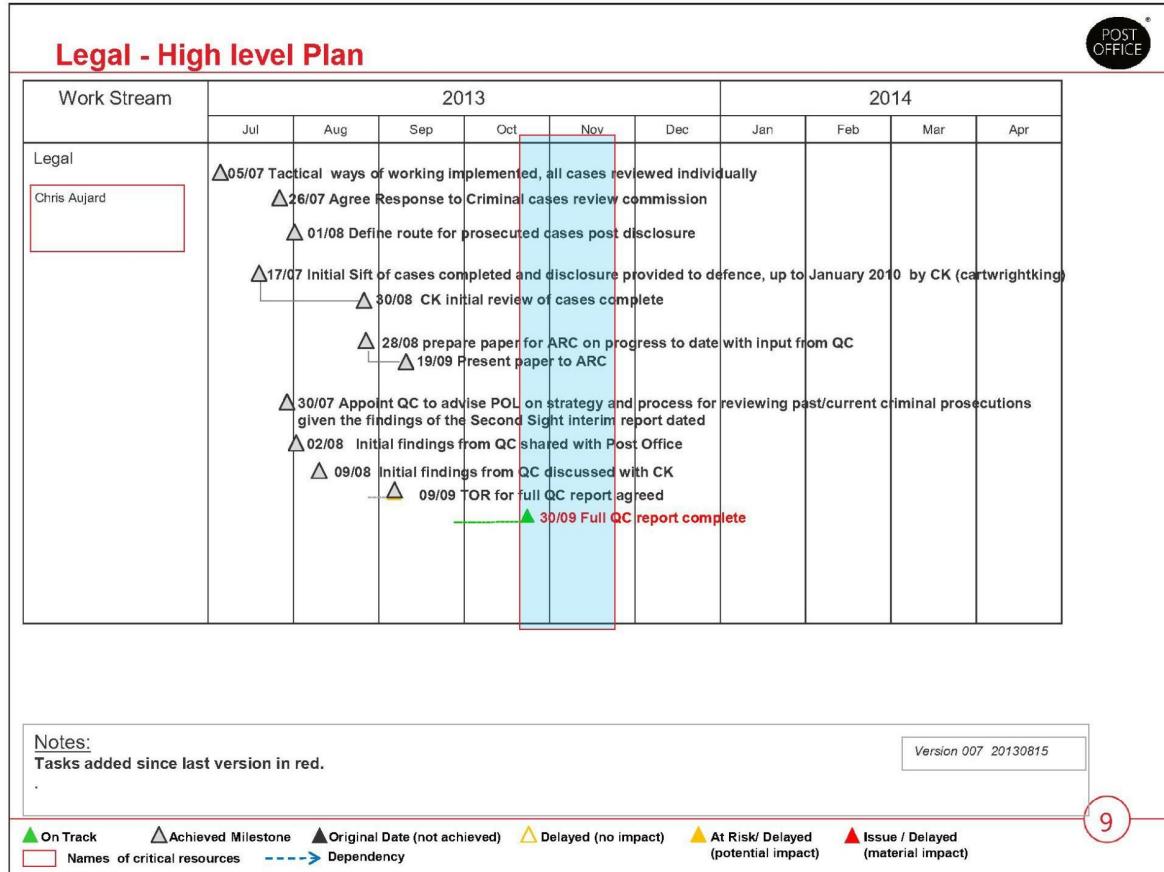
11	New applications this week
44	Acceptance letters and funding agreements sent to SPMR's.
3	Waiting for additional information to be supplied by SPMR
5	PO will continue to investigate SPMR's cases internally as they have not exhausted internal processes (1 to be agreed by WG)
1	Declined - in investigation/legal process (to be agreed at WG)

## Appendices



- High level milestones
  - Public commitments – slide 8
  - Legal – slide 9
  - Improvement – slide 10
  - Communications – slide 11
  - Technology – slide 12
- Budget
  - Overview – slide 13
  - Actual to August 2013 – slide 14
  - Planned to Mar 2014 – slide 15
- Risk
  - Risk map and descriptions – slides 17 to 18





**Improvements - High level Plan**

**Improvements Work Stream**

**2013**

**2014**

**Angela VDB**

**Culture Change**

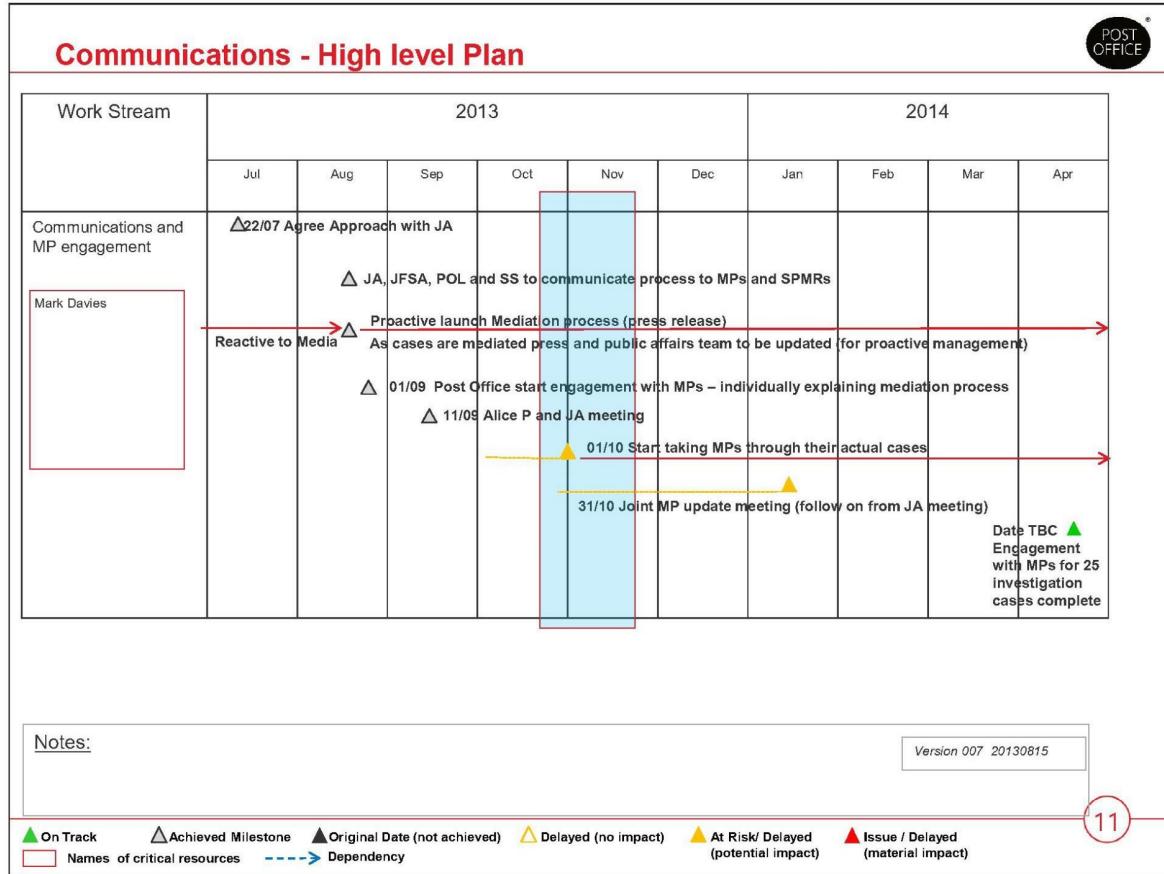
**Notes:**  
Tasks added since last version in red.

Version 007 20130815

10

**Legend:**

- On Track
- Achieved Milestone
- Original Date (not achieved)
- Delayed (no impact)
- At Risk/ Delayed (potential impact)
- Issue / Delayed (material impact)
- Names of critical resources
- Dependency



## Technology improvements- High level Plan



Work Stream	2013						2014			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Technology										
Improved guidance				30/07 Draft improved Subpostmaster guidance for Horizon communication line failure	15/08 Review guidance with NFSP					
Release 10 improvements						30/09 Issue guidance to branches				
Reporting improvements				20/09 Agree contents for Horizon release 10	30/09 Commercials agreed for Horizon release 10					
Improvements delivered through ref data			02/08 raise CR with Fujitsu		30/09 Agree commercial terms with Fujitsu	30/10 solution feasibility complete				
				31/10 Deliver changes (release 9 dependant)						

Notes:  
Draft status.

Version 007 20130815

12

▲ On Track    △ Achieved Milestone    ▲ Original Date (not achieved)    △ Delayed (no impact)    △ At Risk/ Delayed (potential impact)    △ Issue / Delayed (material impact)  
█ Names of critical resources    ----> Dependency

## Budget - Summary



### Budgeting assumptions/notes

1. Does not include cost for Post Office employees, unless backfill is required
2. Does not include any compensation costs, which is a potential outcome of mediation
3. Mediation costs are sensitive to the number of cases. Budgeting assumption is 75 cases.
4. Does not include the £310k spent from April 2012-July 2013 (incl VAT)
5. VAT costs are at 20%
6. All actuals include VAT
7. Does not include the cost of implementing the recommendations of the improvements projects

### Programme Forecast August 2013 - March 2014

Item	£k	incl VAT	Comments
Complete Cases (using Mediation)	962	1154	Costs associated with completing the cases. Assumption = 75 cases
Legal and Governance	334	401	Legal costs not specific to mediation, & governance costs (eg working party)
Improvement project	42	50	Cost for quick wins and gap analysis
Technology	50	60	Funding anticipated beyond the £100k Fujitsu funded costs
Total	1388	1665	

### Total Project costs April 2012 - March 2014 (incl VAT)

2012/13 April-March Actual	184
2013/14 April - July Actual	126
2013/14 Aug-March Forecast	1,665
Total	1,976

13

**Budget – Costs to Date (last FY and this FY to 1<sup>st</sup> August)****2012/13 Invoices received**

2nd Sight			Millnet			Kay Linnell			Total
Total	Invoice	amount	Total	Invoice	amount	Total	Invoice	amount	6
July	65	12.00	Jan	12566/900772	3.7	Jan	811	2.4	
Aug	66	14.00	Nov	12141	7.2	April	842	2.4	
sep	67	11.00	July	13000/900772	3.1	July	874	1.2	
oct	69	6.00							
Nov	72	17.40							
Dec	73	25.00							
Jan	74	26.88							
feb	75	25.90							
mar	76	25.80							

**2013/14 Invoiced to 1<sup>st</sup> August 2013**

2nd Sight			Millnet			Kay Linnell			Total
Total	Invoice	amount	Total	Invoice	amount	Total	Invoice	amount	126.29
Month	Invoice	amount	Month	Invoice	amount	Month	Invoice	amount	
April	77	25.39	July	13000/900772	3.1	April	842	2.4	
May	78	26.35				July	874	1.2	
June	80	24.97							
July	81	42.88							

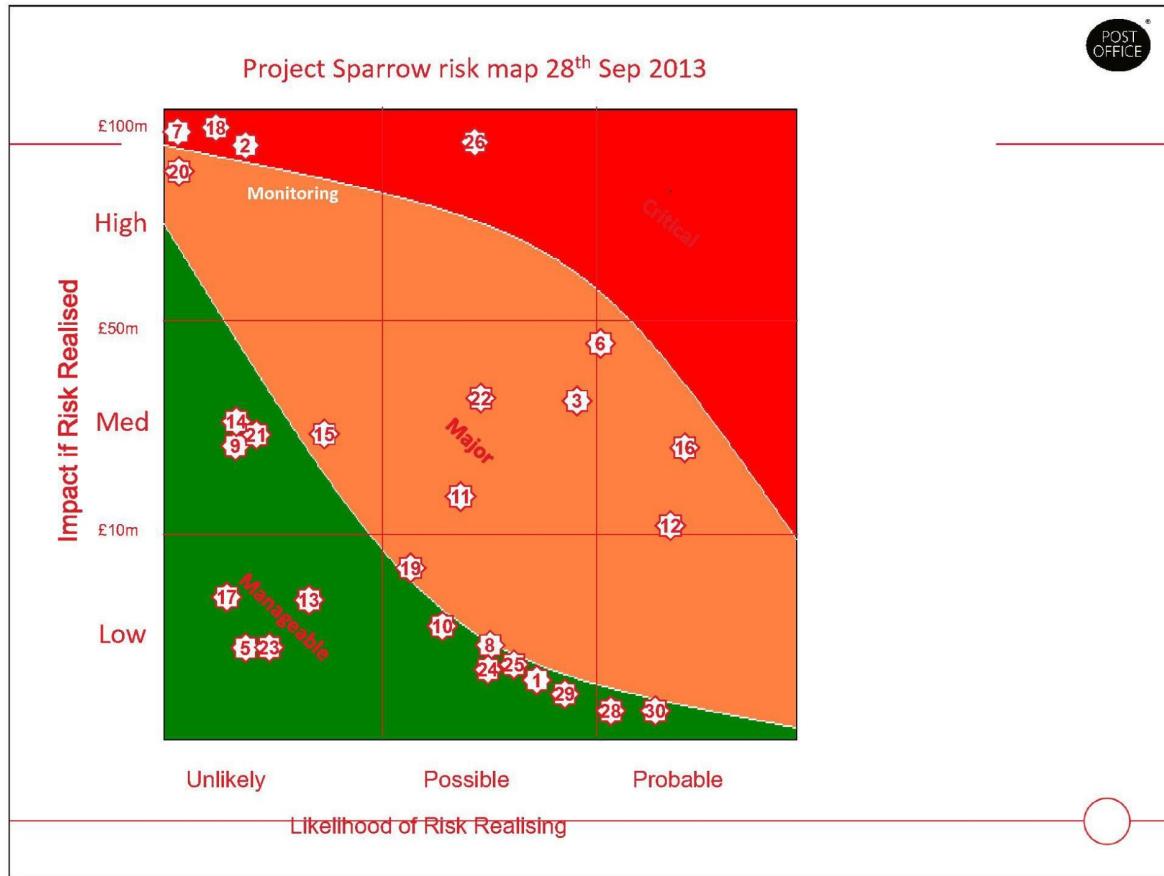
14

## Budget – Forecast (Aug 2013 – March 2014)



Item	£k	£k total net VAT	Inc VAT @ 20%	comment	Board Paper low	Board Paper high
<b>Complete Cases (using Mediation)</b>						
Second Sight	125			Assumed number of cases: 75 Second Sight at 25k per month (Aug-December)	100	150
Back fill for internal resources & external assistance	90			15k per month, 6 months		
Mediator(s)	225			Assumed 3k per case - will use a national company		
Mediator Expenses	50			travel, meeting rooms, training etc		
Legal support case preparation - BD	56			£750 per case assume all cases		
Legal support - case advice	28			£400 per case, assume all cases. £400 is their estimate for simple cases, but if we assume some will drop out this should average out.		
Legal support - mediation meeting	150			£2k per case - assume all cases - could recruit internal staff to reduce costs?		
Independent advisor for Subpostmasters	238			Per case: £1.5k case prep + £1k mediation meeting. Plus £50k contingency for more complex cases	350	550
<b>Total: Complete Cases (using Mediation)</b>	<b>962</b>	<b>1154</b>			<b>450</b>	<b>700</b>
<b>Legal and Governance</b>						
General External Legal Advice - BD	120			Advice on: preparing and agreeing mediation process and packs of information for SPMs. Engaging and briefing mediators, attending working group meetings (i.e. advising on rejecting cases; revising mediation process). Advising on Fujitsu related matters. £15K per month		
Case Review - CK	175			Includes QC, Bond Dickinson and Cartwright King	100	300
Kay Linneil/ Alan Bates	14			£2k per month (up to)	0	10
Independent Chair	25					
<b>Total: Legal and Governance</b>	<b>334</b>	<b>401</b>			<b>100</b>	<b>310</b>
<b>Improvement project</b>						
Back Fill for Gayle Peacock and Ann Allaker	42			Back fill for 5 people to conduct the gap analysis across the business groups	200	200
Contact Centre	0			assumed this can be done with current resources	40	40
FSC	0			assumed this can be done with current resources	100	100
<b>Total: Improvement project</b>	<b>42</b>	<b>50</b>			<b>340</b>	<b>340</b>
<b>Technology</b>						
Horizon improvements	50			Funding needed beyond the £100k Fujitsu funded costs	0	0
<b>Total: Technology</b>	<b>50</b>	<b>60</b>			<b>0</b>	<b>0</b>
<b>Total</b>	<b>1388</b>	<b>1665</b>			<b>890</b>	<b>1350</b>

15





## Risks

	Risk description		Risk description		Risk description
2	Risk that subsequent cases could question the validity and reliability of computer system/processes	3	The mediation process is independent and may make decisions with which we are uncomfortable	1	Risk that there are more cases in the pipeline
7	Risk that relationship with BIS is impacted, affecting future funding	6	Making decisions outside of policy	5	Risk that the integrity of the brand is damaged and clients/customer trust damaged
18	Risk that engagement for NTP is lower	11	Risk of compensation claims or re-opening of old cases	8	Risk that we are not co-ordinated in our response to subpostmasters etc
26	Risk of media 'bandwagon'	12	Risk of dissatisfied stakeholders even at the end of process	9	Risk the relationship with Fujitsu is damaged
		15	Key person reliance	10	Loss of confidence with existing/future clients
		16	Risk of increased bad debt/write off, fraud & theft.	13	Adverse impact to the relationship with NFSP
		19	Risk that general engagement of employees is damaged and results in people leaving	14	Risk that MPs may call for further action e.g. public inquiry
		20	Risk that potential franchisees lack confidence in system and are reluctant to engage in CTP	17	Risk that court can overturn previous cases
		22	Risk that ancillary systems & processes have related or similar issues as yet unquantified	21	Risk that POL can't afford to complete this process (conflict with cost savings agenda)
				23	Risk that customers question transaction made in branch
				24	Lack of confidence in SPMRs that POL commitment to sort out issues
				25	Risk that problems are exaggerated before researching them
				28	Risk that SPMRs with unexplained losses will refuse to provide service until investigation complete
				29	Risk of pressure on network support teams
				30	Risk that weaknesses in "as is" processes leads to increased pressure/cost on network

Note :

These will be refreshed at the end of each month following a review by risk owners.