

Post Office Board Agenda (CCRC meeting)

Date:	Thursday 24 June 2021	Time	15:00 – 17:00 hrs	Location	Microsoft Teams Meeting/ Finsbury Dials
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Present		Other Attendees	
• Tim Parker (Chairman)	• Zarin Patel (NED)	• Ben Foat (General Counsel)	• Richard Taylor (Group Corporate Affairs and Communications Director)
• Tom Cooper (NED)	• Carla Stent (NED)	• Rodric Williams (Head of Legal – Dispute Resolution & Brand)	• Veronica Branton (Company Secretary)
• Lisa Harrington (NED)	• Ken McCall (SID)	• Alan Watts (Herbert Smith Freehills)	• Declan Salter (Historical Matters Director)
• Elliot Jacobs (NED)	• Al Cameron (CFO) (15:00 – 16:00)	• Nick Vamos (Peters & Peters Solicitors LLP)	• Lucie Lambert (General Counsel, UKGI)
		• Simon Baker QC (2 Bedford Row)	• Jac Carey (2 Bedford Row)
		• Peter Staniland (Paralegal, Peters & Peters Solicitors LLP)	• Zoe Johnson QC (QEB Hollis Whiteman)

Apologies: Nick Read (CEO), Al Cameron (CFO) (16:00 onwards), Saf Ismail (NED)

Join Microsoft Teams Meeting**GRO**

United Kingdom, London (Toll)

Conference ID: 682 666 328#

Agenda Item		Action Needed	Lead
1.	Welcome and Conflicts of Interest	Noting	Chairman
2.	Minutes and Matters arising Minutes from 17 th June 2021	Approval	Chairman
3.	CACD cases	Approval	Nick Vamos
4.	HSS cases for the Independent Advisory Panel	Approval	Alan Watts
5.	Settlement paper for the Independent Advisory Panel	Approval	Alan Watts
6.	Surpluses paper for the Independent Advisory Panel	Approval	Alan Watts
7.	Any Other Business Historical Matters; Historical Shortfall Scheme; Options Paper	Noting	All

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POST OFFICE LIMITED BOARD MEETING

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2.1

MINUTES OF A CCRC MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON THURSDAY 17 JUNE 2021 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ BY CONFERENCE CALL AT 15.00 HRS¹

Present:

Tim Parker	Chairman (TP)
Ken McCall	Senior Independent Director (KM)
Tom Cooper	Non-Executive Director (TC)
Carla Stent	Non-Executive Director (CS)
Zarin Patel	Non-Executive Director (ZP)
Lisa Harrington	Non-Executive Director (LH)
Saf Ismail	Non-Executive Director (SI)
Alisdair Cameron	Group Chief Finance Officer (AC)
Nick Read	Group Chief Executive (NR)

In attendance:

Veronica Branton	Company Secretary (VB)
Ben Foat	Group General Counsel (BF)
Rodric Williams	Head of Legal – Historical Matters Legal (RW)
Lucie Lambert	General Counsel – UKGI (LL) (for AOB)
Alan Watts	Herbert Smith Freehills (AW)
Nick Vamos	Peters & Peters Solicitors LLP (NV)
Simon Baker QC	2 Bedford Row (SB)
Jac Carey	2 Bedford Row (JC)
Peter Staniland	Paralegal, Peters & Peters Solicitors LLP (PS)

Apologies: Elliot Jacobs (NED)**Agenda Item****Action****1. Welcome and Conflicts of Interest**

A quorum being present, the Chairman opened the meeting. The Directors declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

2. Minutes and Matters Arising

The Board **APPROVED** the minutes of the Board meeting to discuss the CCRC cases held on 10th June 2021.

The Board **NOTED** the action log.

3. Court of Appeal (Criminal Division) Cases

Tim Parker checked that Board Directors had read the case summaries and counsel's advice and were content to proceed on this basis which all directors confirmed.

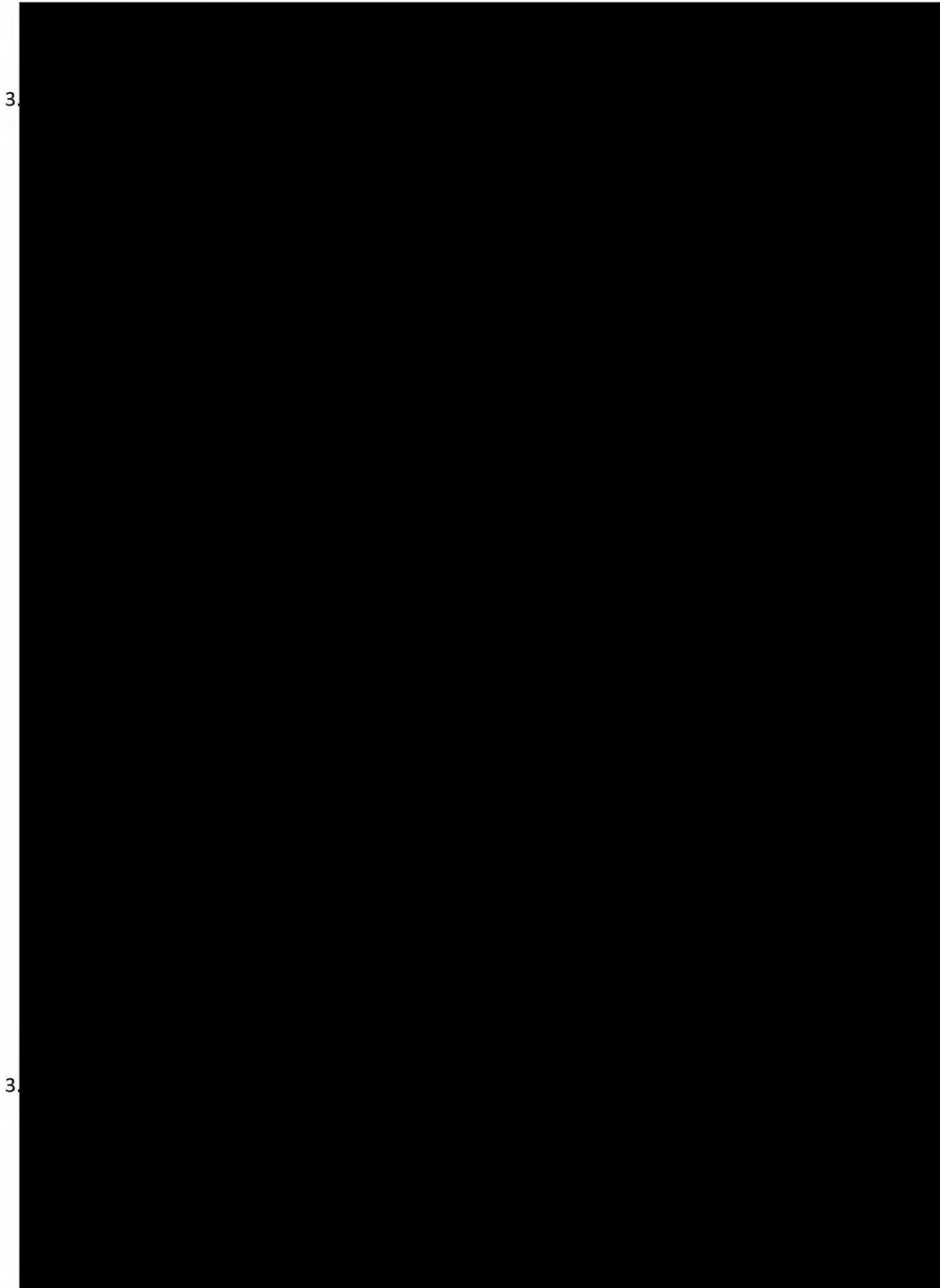
3.1 Cases for which insufficient information was available

¹ Participation in the meeting was entirely via Microsoft Teams from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chairman's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.



POST OFFICE LIMITED BOARD MEETING
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2.1





POST OFFICE LIMITED BOARD MEETING
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2.1

3.4

3.5

4.

Action: VB

To do: AW

To do: AW

Chairman

Date

Post Office Limited Board CCRC Actions as at 23.06.2021

REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/CLOSED
Board (CCRC) Meeting 24 September 2020					
8. Potential claims against Fujitsu		Alan Watts			Open
Board (CCRC) Meeting 18 March 2021					
5. Civil liability update		Alan Watts		Will come back to Board in 2-3 weeks' time.	Open and Ongoing
Board (CCRC) Meeting 29 April 2021					
5. Potential Future Appellants (PFAs): update on 40 new appeals and decision on extension for service of Respondent's Notices		Ben Foat			Open
Board (CCRC) Meeting 06 May 2021					
3. Improvement Delivery Group (IDG) Update and preparation for the Inquiry f)		Jeff Smyth	July Board meeting		Open
Board (CCRC) Meeting 13 May 2021					
3.1 Historical Shortfall Scheme: Decision-making		Declan Salter/ Alan Watts			Open

Post Office Limited Board CCRC Actions as at 23.06.2021

REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/CLOSED
a)					
3.1 Historical Shortfall Scheme: Decision-making b)	TC asked how we demonstrated the financial difference in settlement offers depending on which level of investigation was carried out. DS would provide more information and analysis for the Board on the "L123" proposals and noted that this was not a one-off decision for the Board.	Declan Salter		A paper is being drafted for the Board to review the approach to investigation procedures.	Open
3.1 Historical Shortfall Scheme: Decision-making d)		Alan Watts			Open
Board (CCRC) Meeting 25 May 2021					
3.2 William Michael Penney		Alan Watts			Open
3.6 Asif Latif a)		Alan Watts			Open
3.6 Asif Latif b)		Alan Watts			Open

Post Office Limited Board CCRC Actions as at 23.06.2021

REFERENCE	ACTION	ACTION OWNER	DUE DATE	STATUS	OPEN/CLOSED
Board (CCRC) Meeting 10 June 2021					
3.3 Standstill agreement		Alan Watts			Open
4. Tranche 2 and Tranche 3 Test cases		Alan Watts	July 2021	Draft paper being discussed internally and should be shared with the Board for the meeting on 1 st July 2021.	Open
Board (CCRC) Meeting 17 June 2021					
3.3 Planning for Board meeting on 24th June 2021	It was agreed that the Wendy Cousins case and the minutes of this discussion would be re-circulated to the Board.	Veronica Branton		Circulated to the Board on 17 th and 18 th June 2021.	To Close

Appendices:

A copy of the letter we send to HSS out-of-time application requests and a proposed comms about potentially not providing compensation to certain cases of overturned convictions.

Historical Shortfall Scheme: Wording for 'Hard Stop' Late Applications**Proposed wording:**

Dear

Thank you for your email/letter* (delete as appropriate) about the Historical Shortfall Scheme. We are sorry it has taken some time to provide a response but would like to assure you that your enquiry has been considered carefully.

The Scheme was open for 3 months and closed on 14 August 2020. In addition, we did allow 15 more weeks for Postmasters with exceptional circumstances to apply. However, this 'grace period' passed quite some time ago and in order to ensure that we are able to progress those applications within the scheme in a fair and timely manner, we are unable to accept any further applications into the Scheme.

We do recognise that this will likely be disappointing news for you but hope that you understand the reason for our decision and wish you all the best.

Kind regards,

Declan Salter
Director - Historical Shortfall Scheme

GRO

Previously agreed wording for info

Thank you for your email/letter (delete as appropriate) about the Historical Shortfall Scheme. We are sorry to advise you that we are unable to progress your enquiry/application (delete as appropriate) further as it was submitted after the closing date of 14 August 2020. While we allowed 15 more weeks for Postmasters with exceptional circumstances, this 'grace period' has passed too.

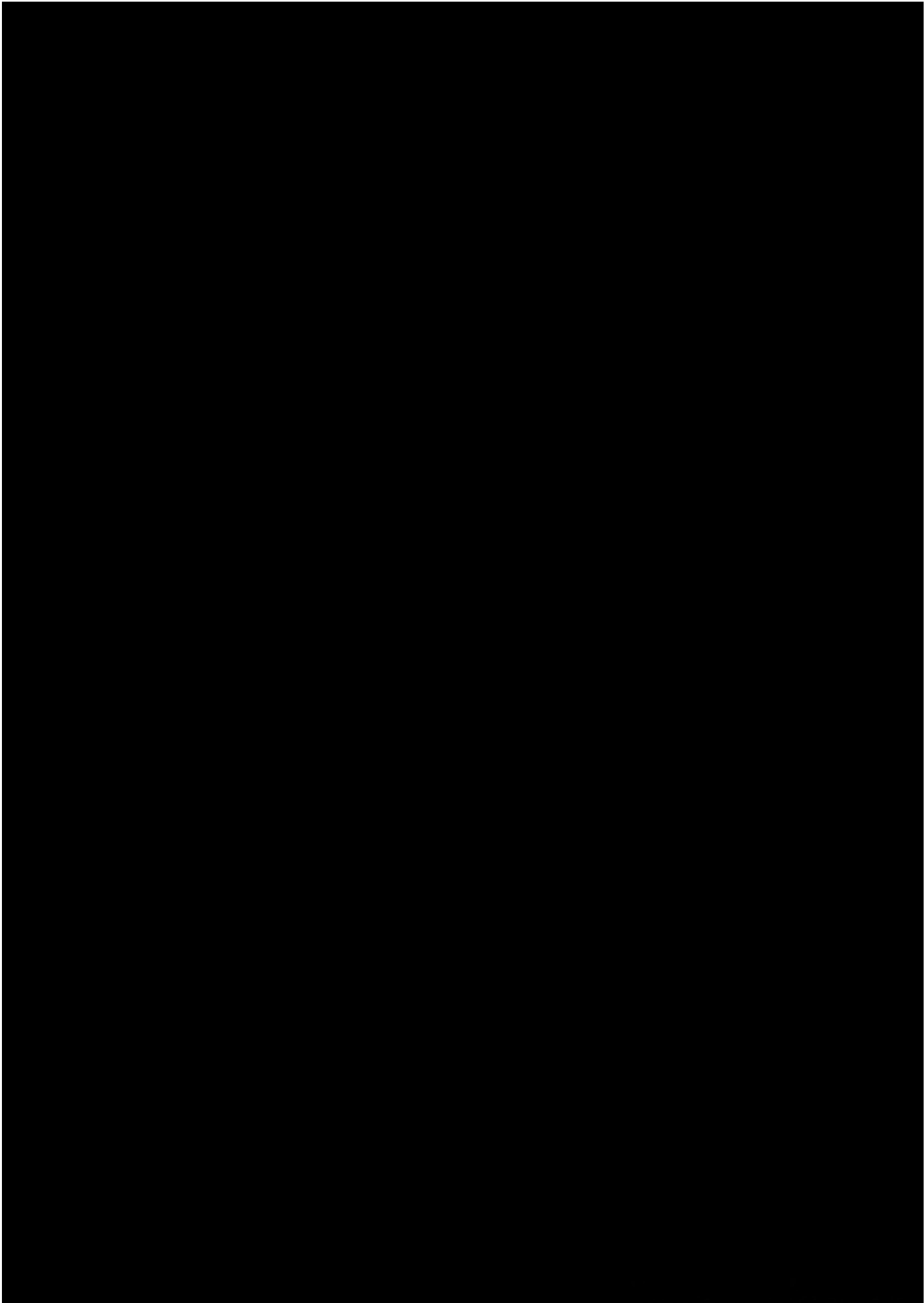
The Scheme website and public communications all gave the closing date and you were welcome to contact us if you were having difficulties meeting this date. The Post Office is committed to processing all claims as quickly and fairly as possible which is partly why we needed to set a final end date for applications.

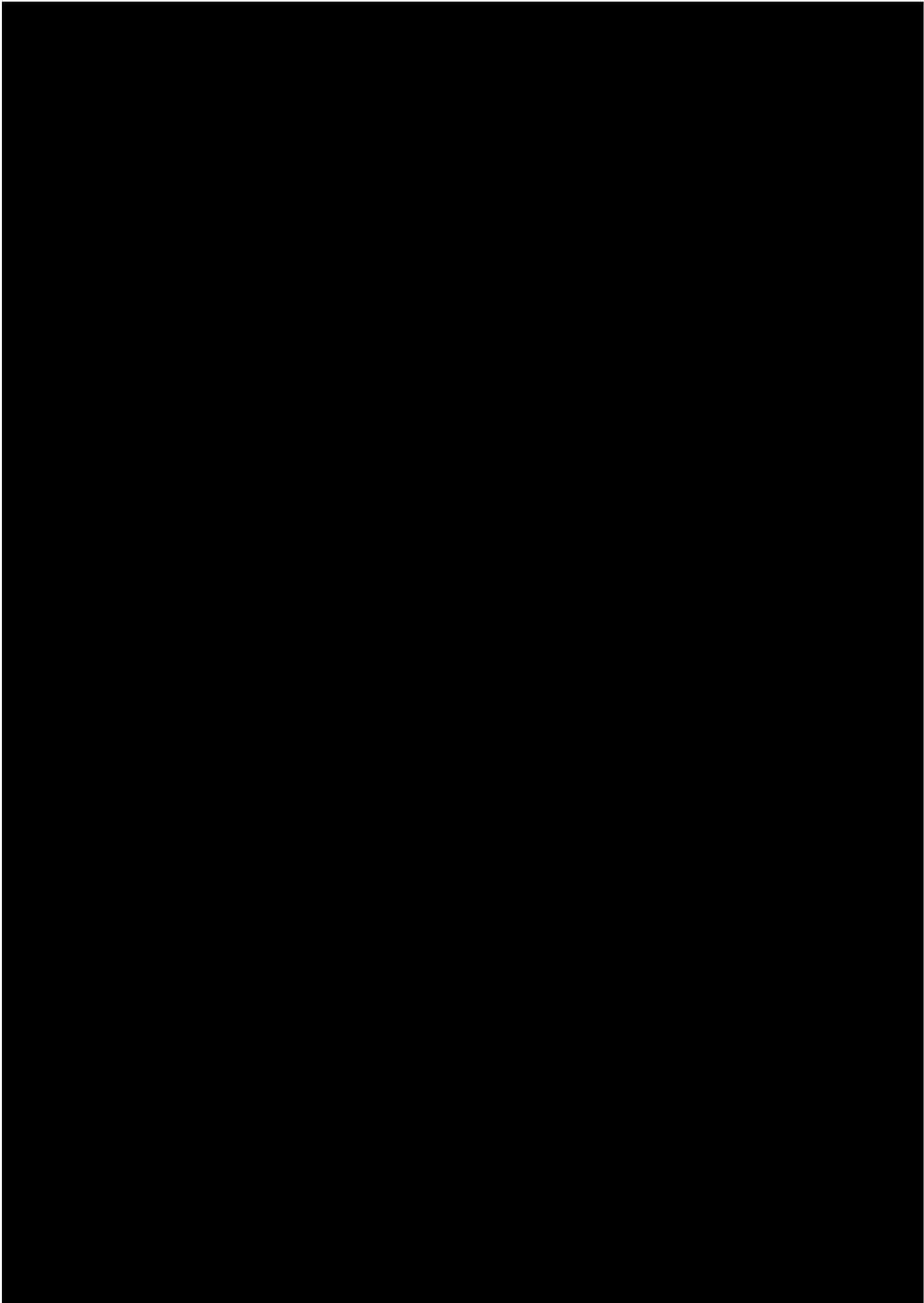
We recognise you may be disappointed about this although we hope you understand the reason for our decision, and we wish you all the best.

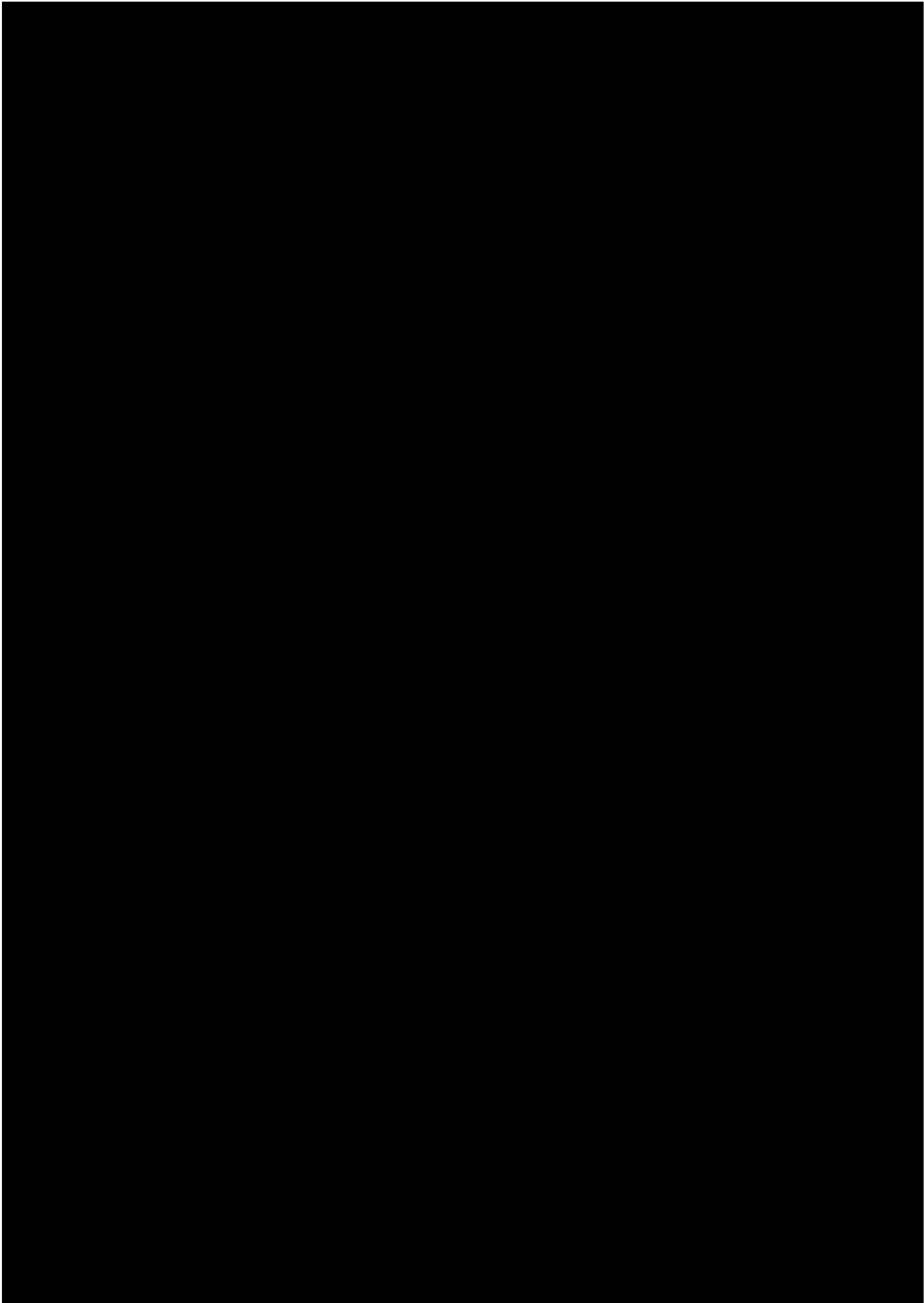
Draft reactive lines re no interim payment in some cases

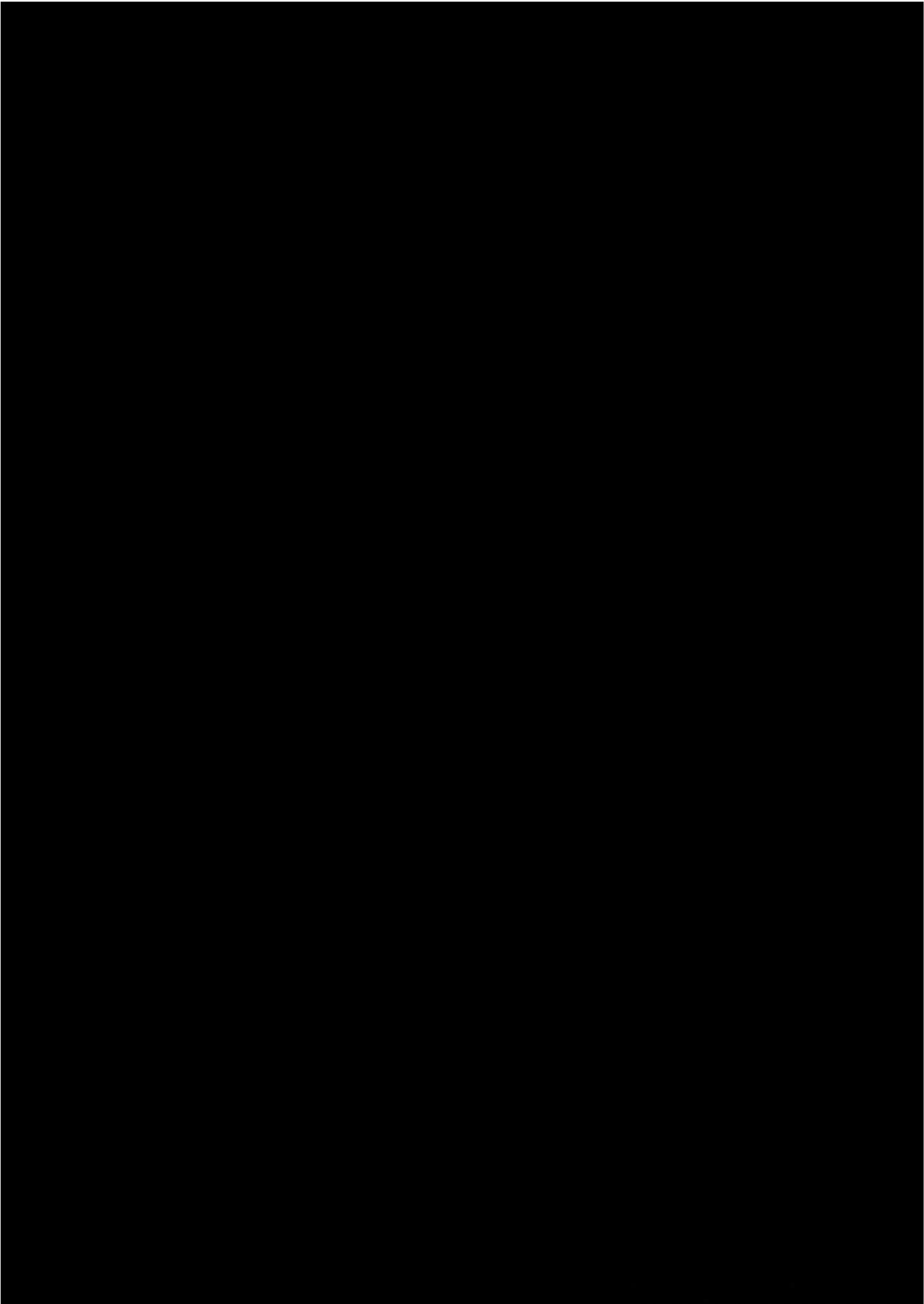
The Government has made funds available to Post Office to enable us to begin the process of making interim payments to affected individuals, as we continue to discuss the arrangements for full and final settlements. These interim payments do not affect people's rights to future compensation. As we have said before, we are in no doubt about the human cost of past failures and want fair compensation for people affected that reflects what has happened. Post Office does not have the financial resources for this and we are therefore continuing to work with Government to ensure that arrangements are made for full, appropriate compensation in current and future cases as quickly as possible.

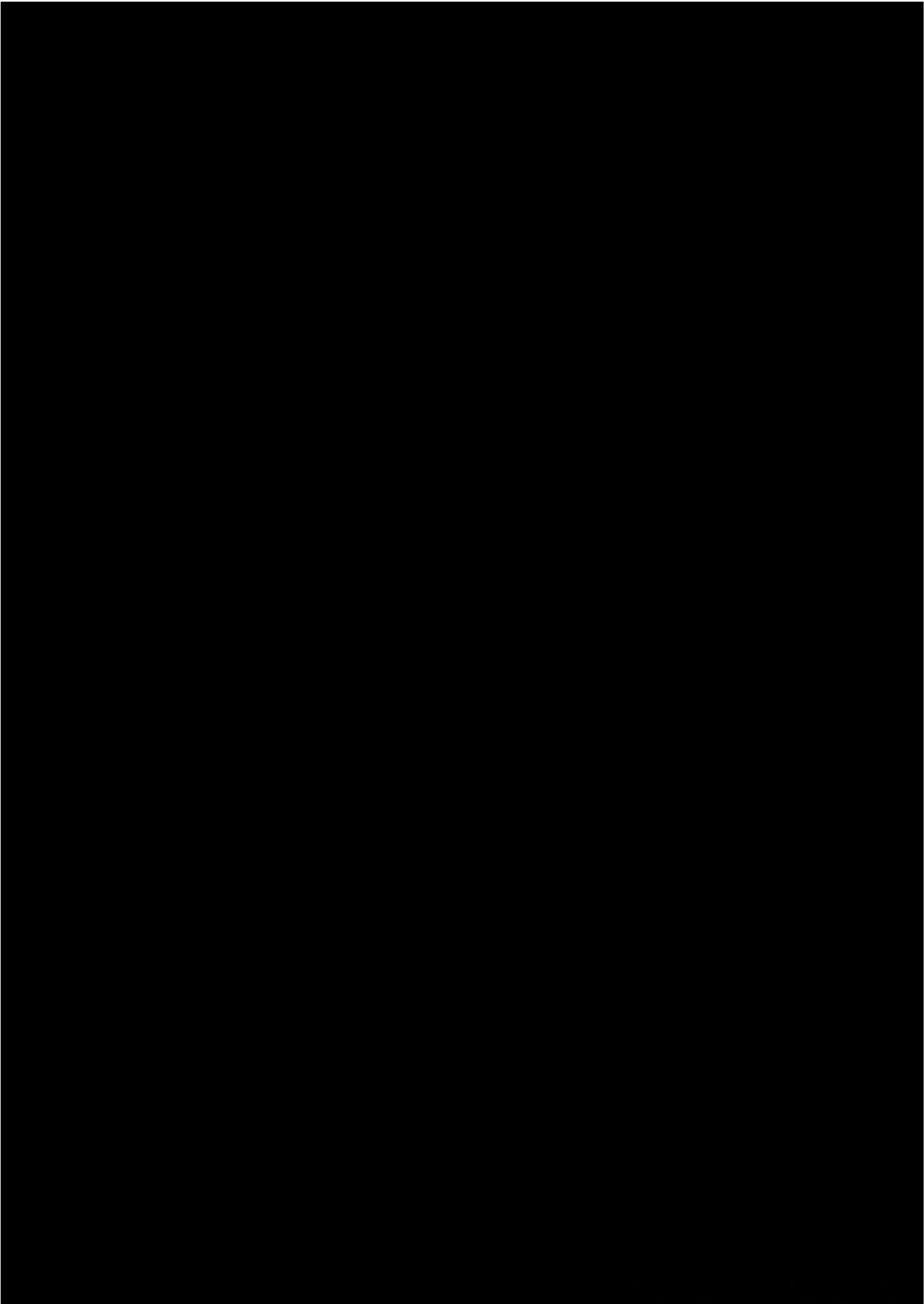
We never discuss individual cases.

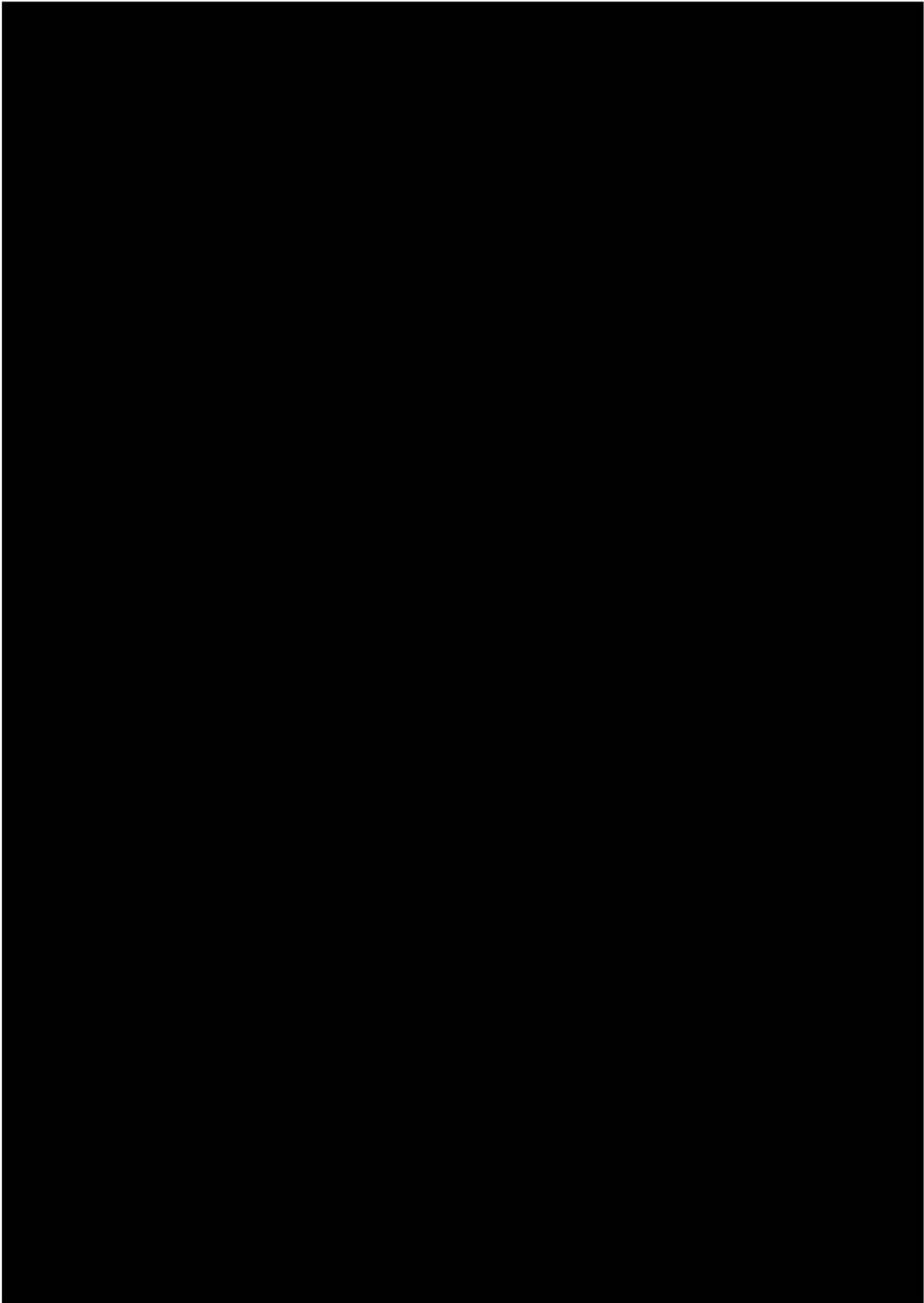


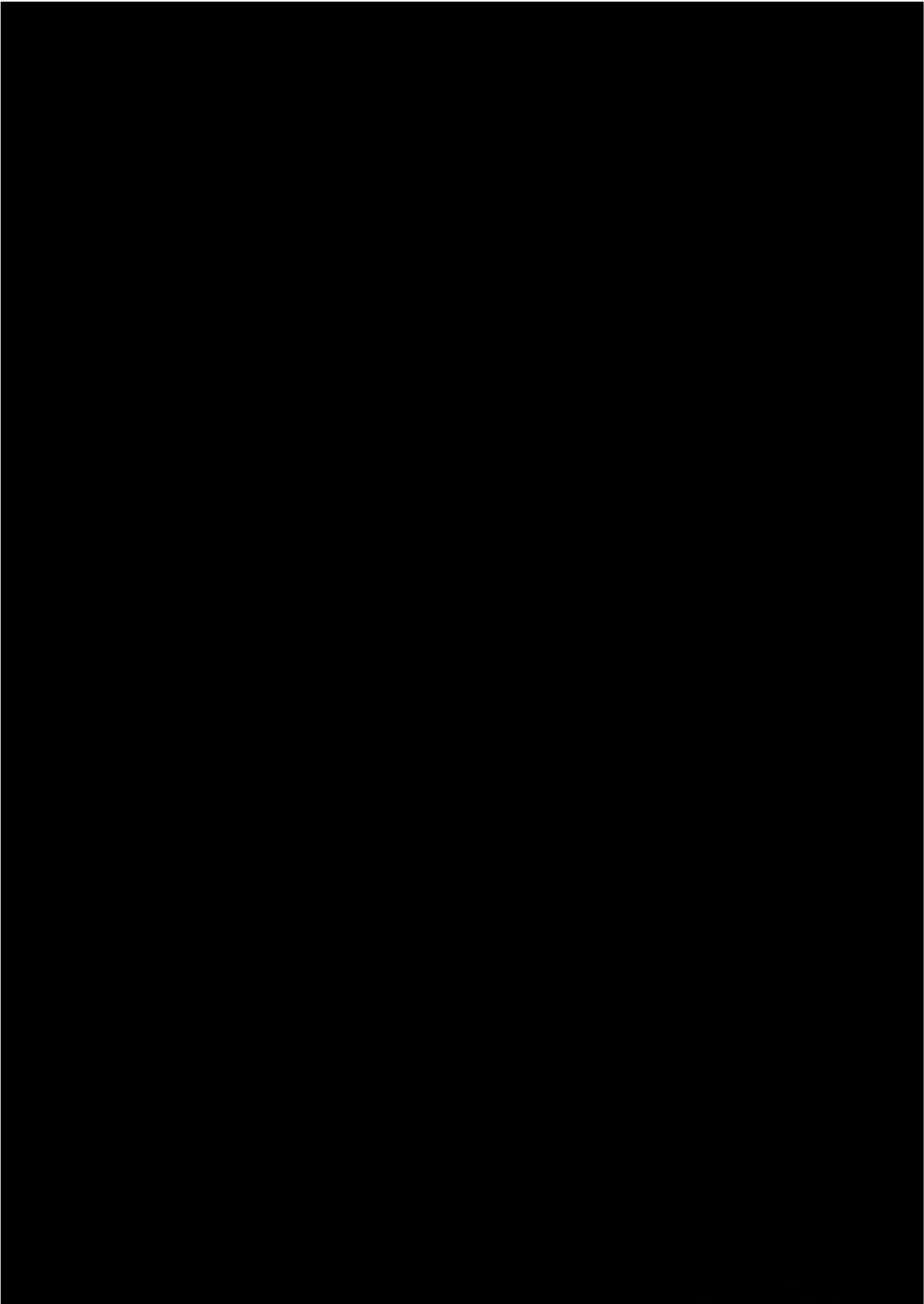


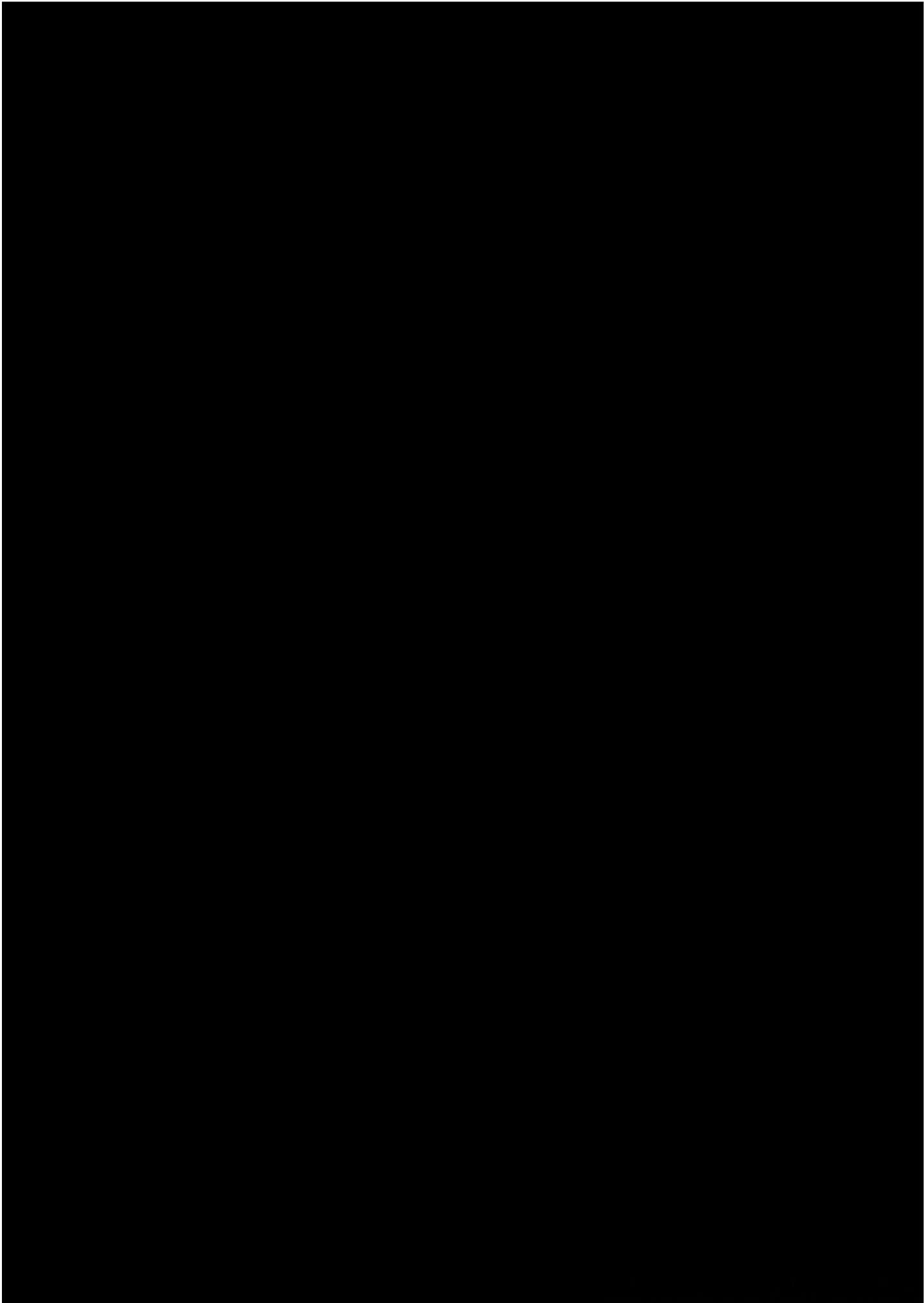


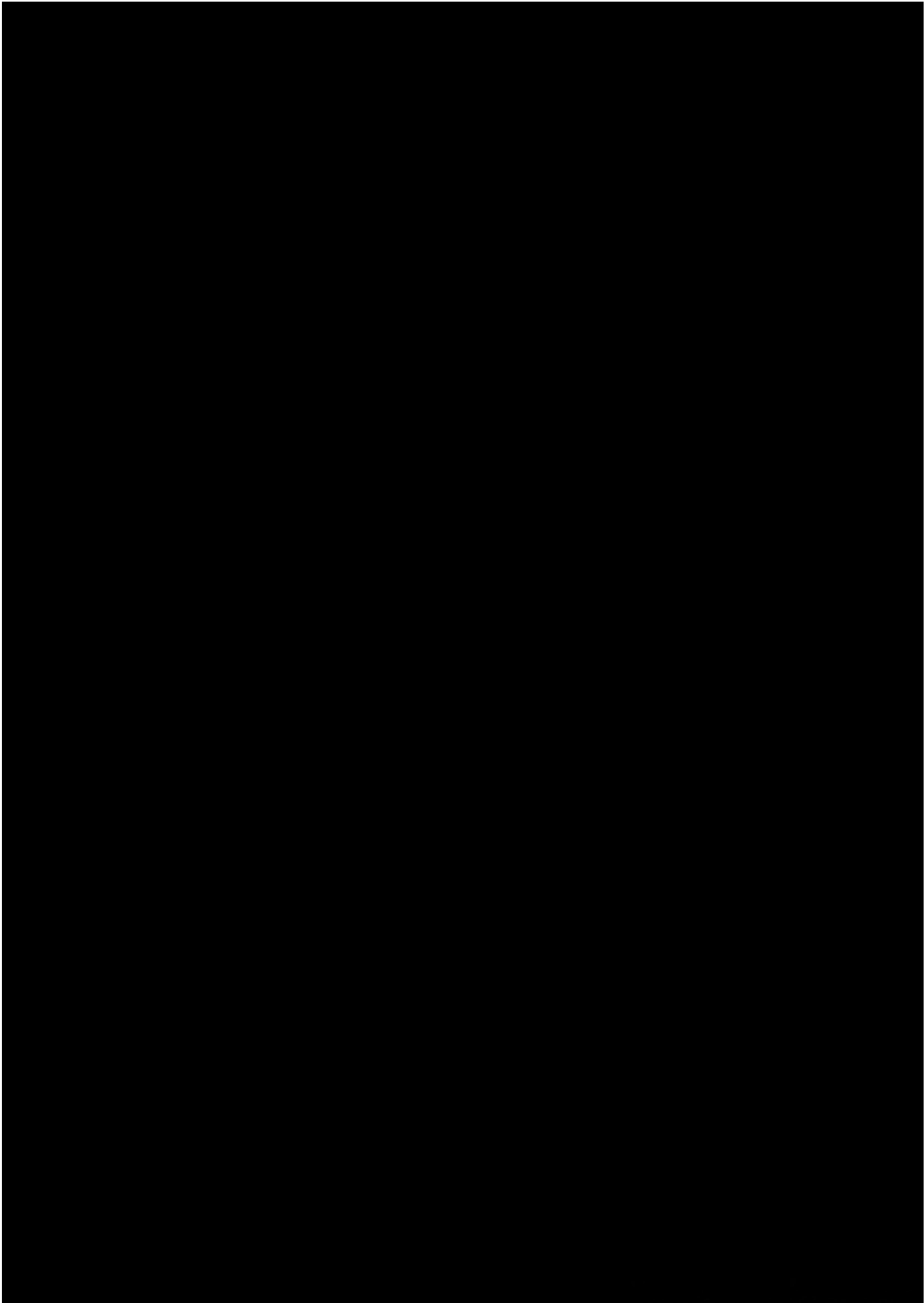


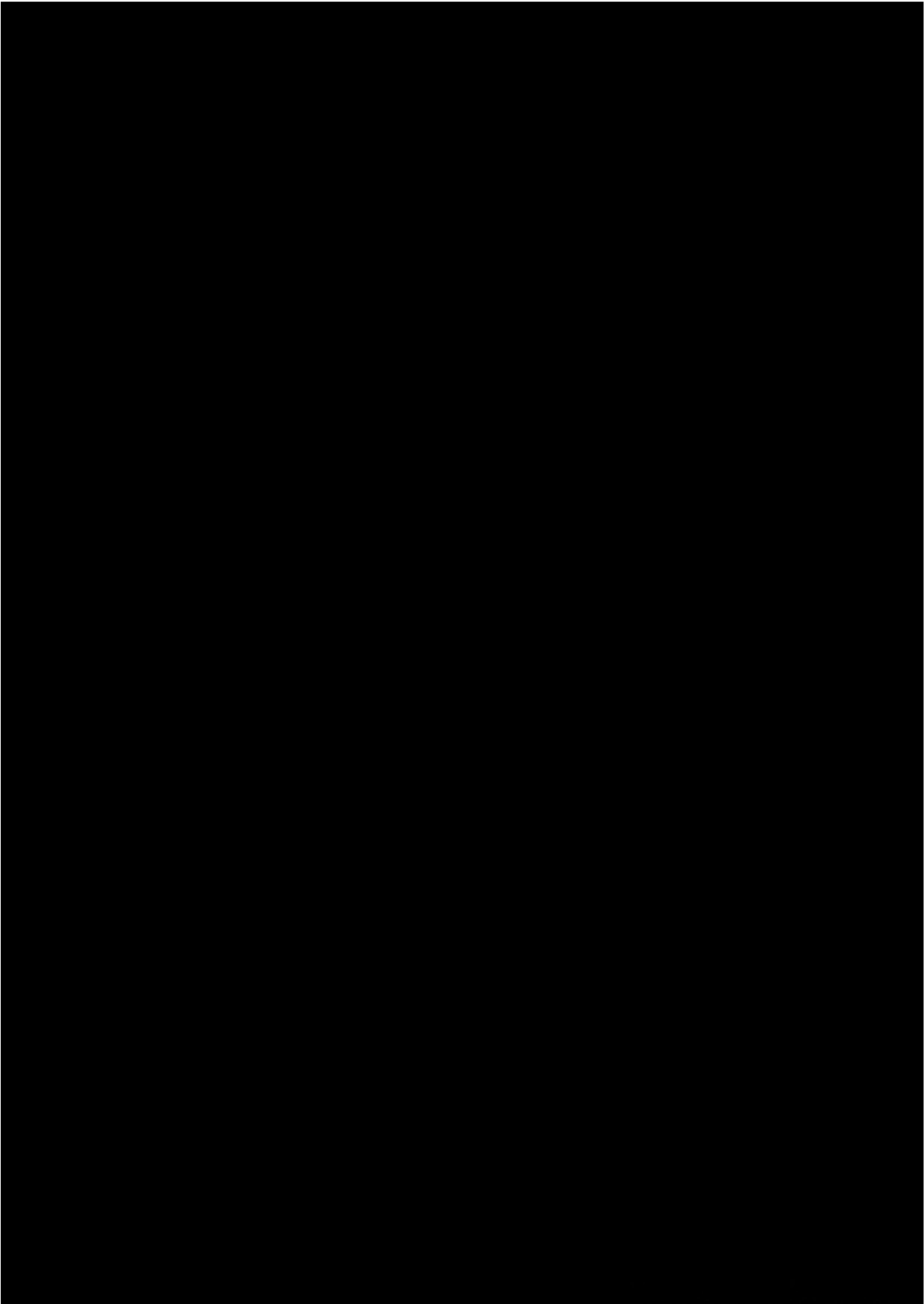


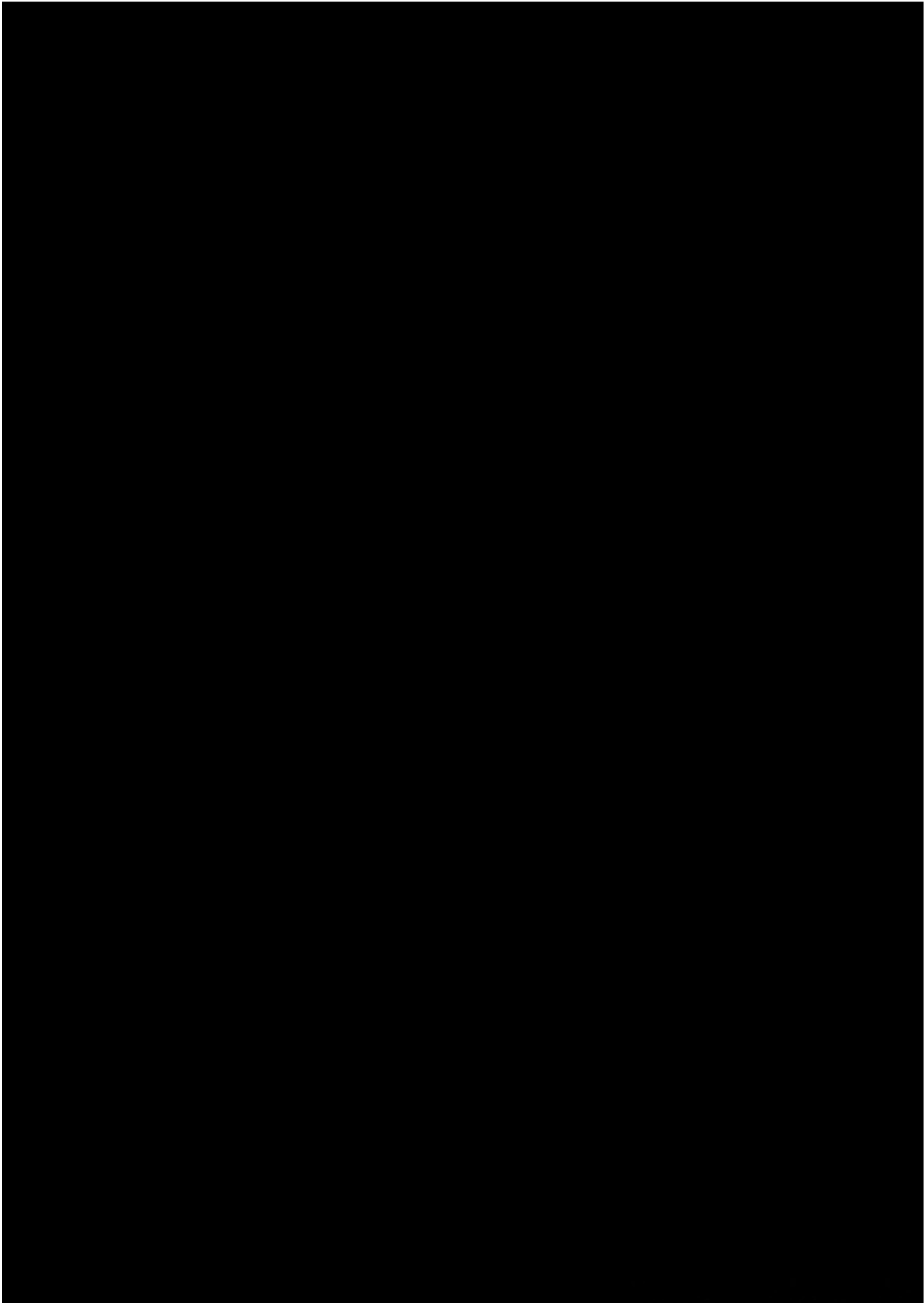


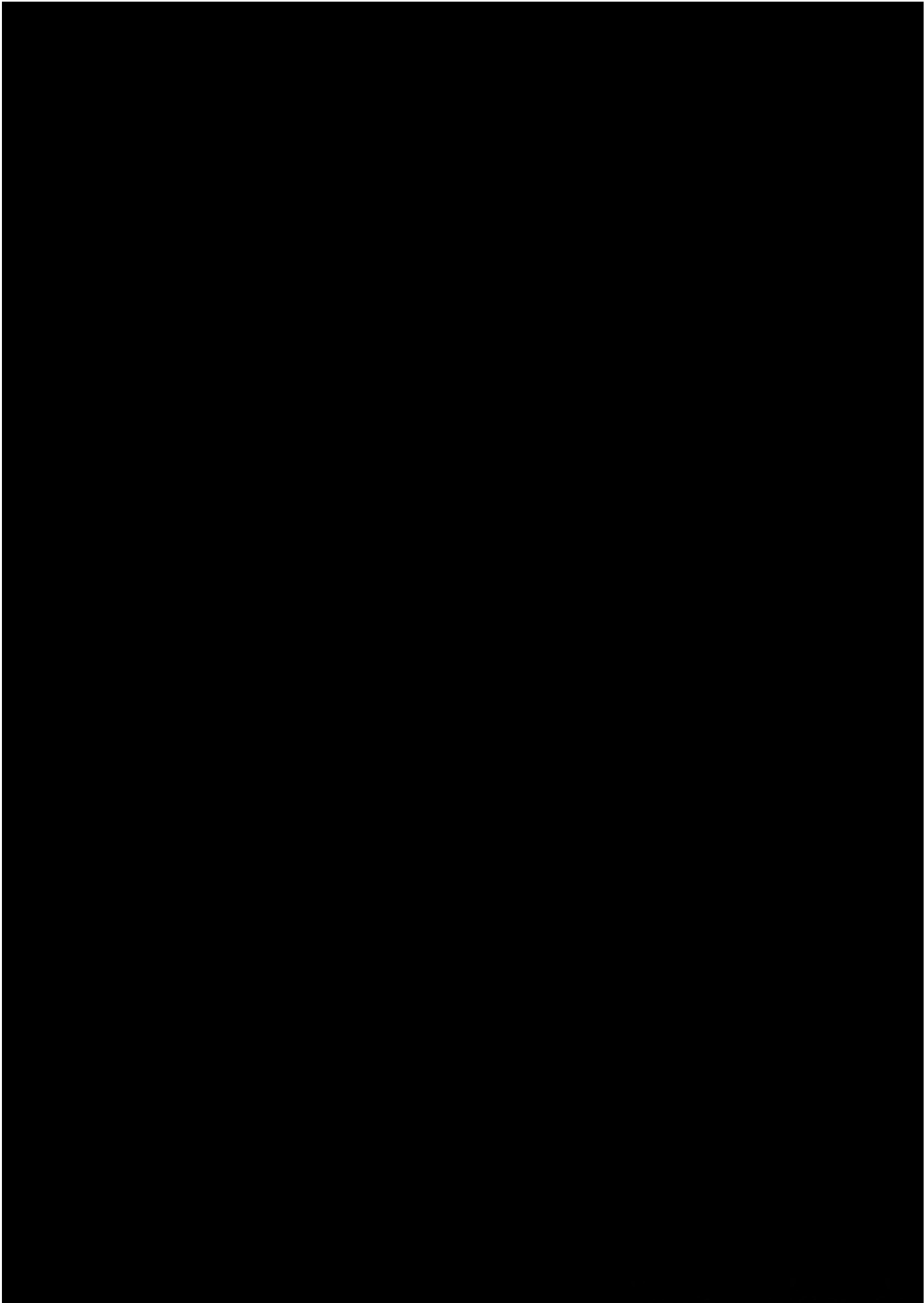


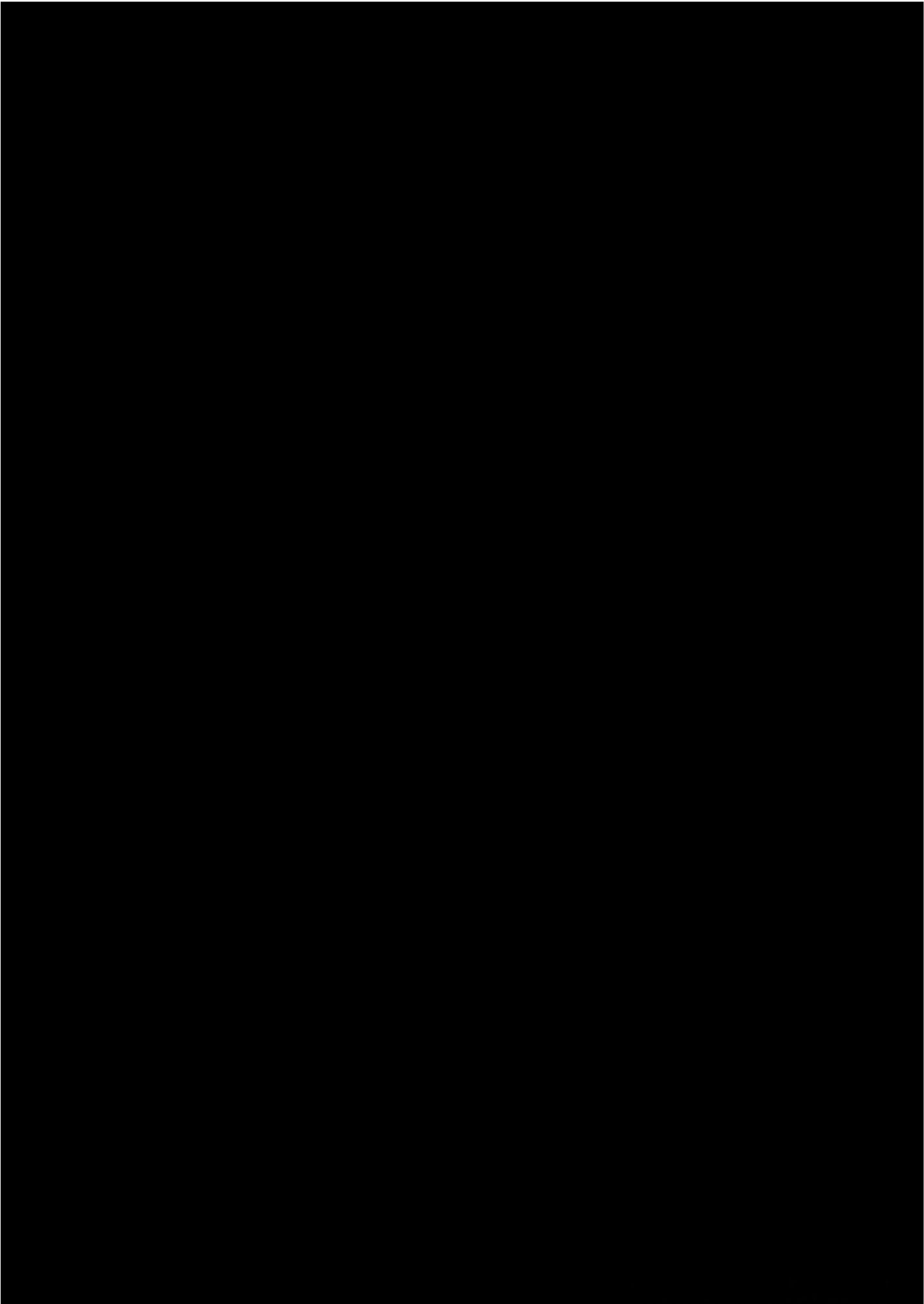


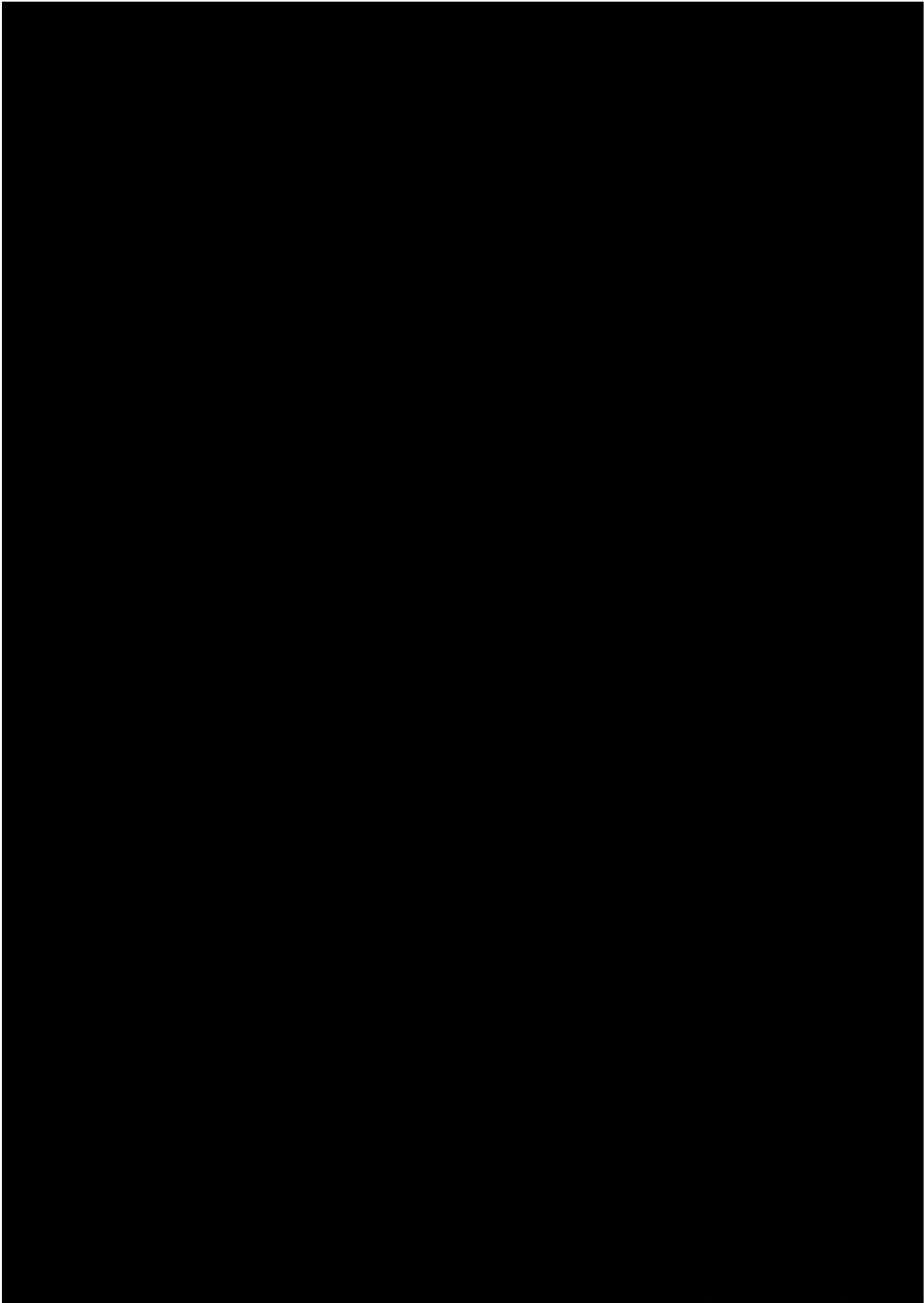


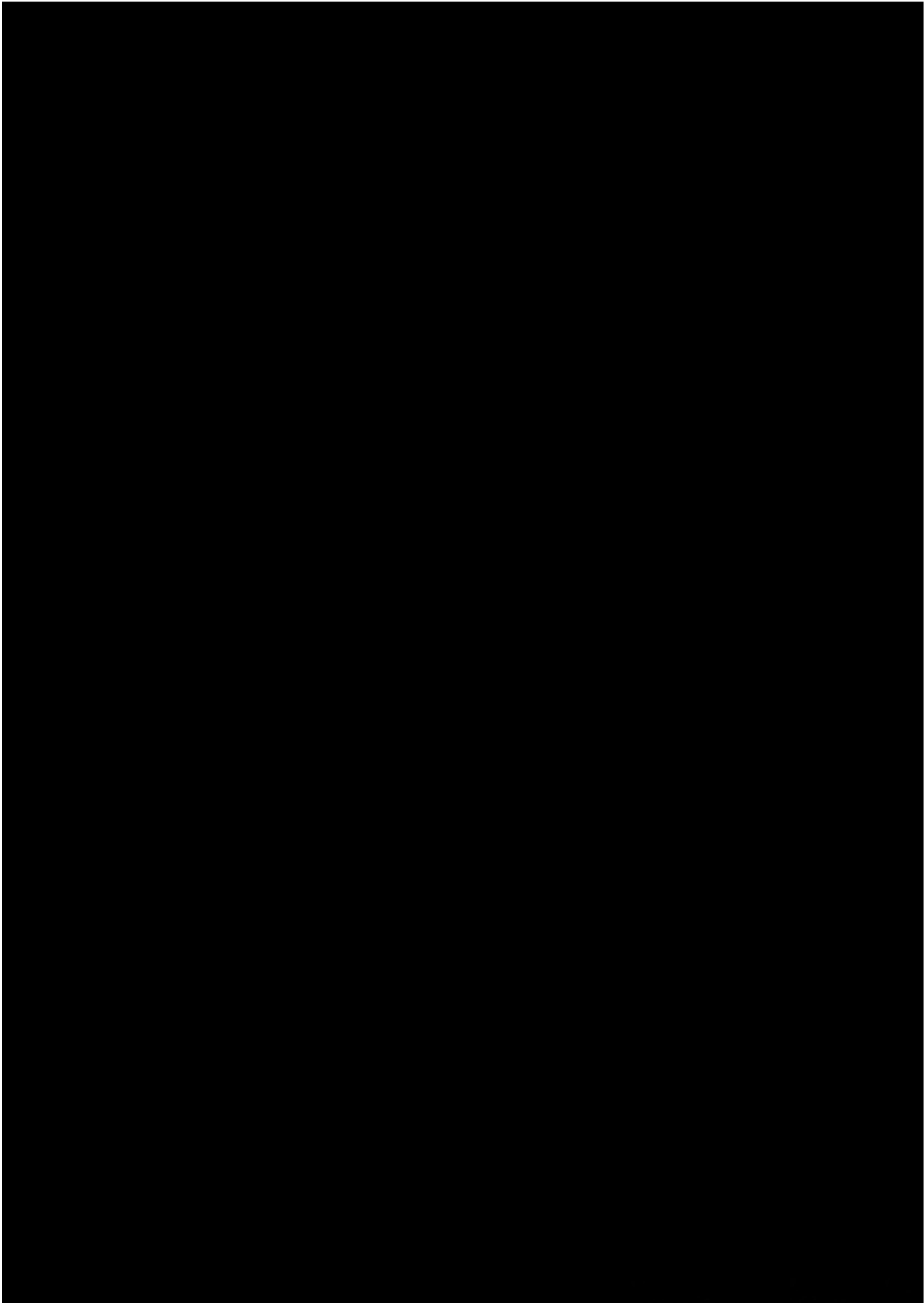


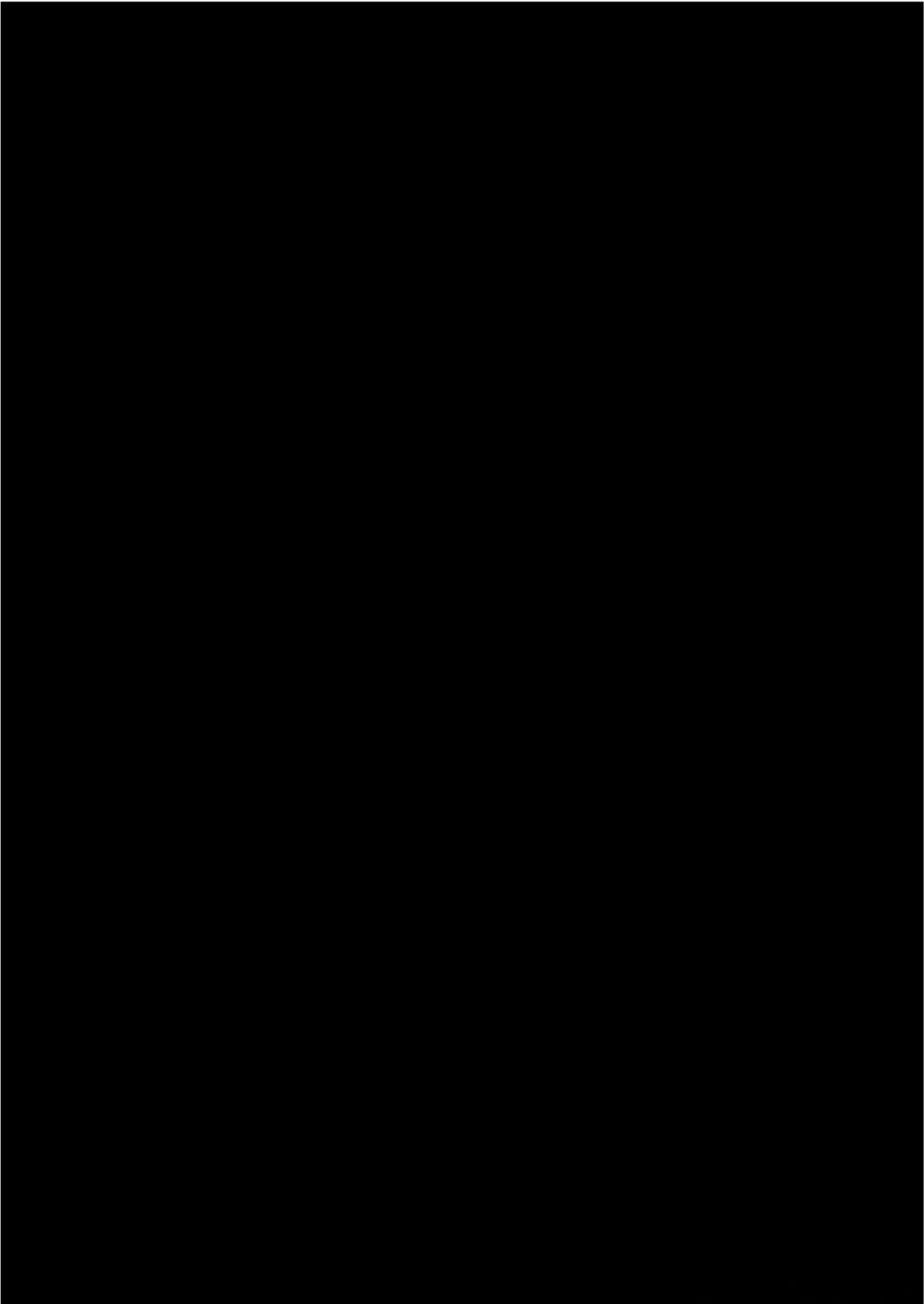


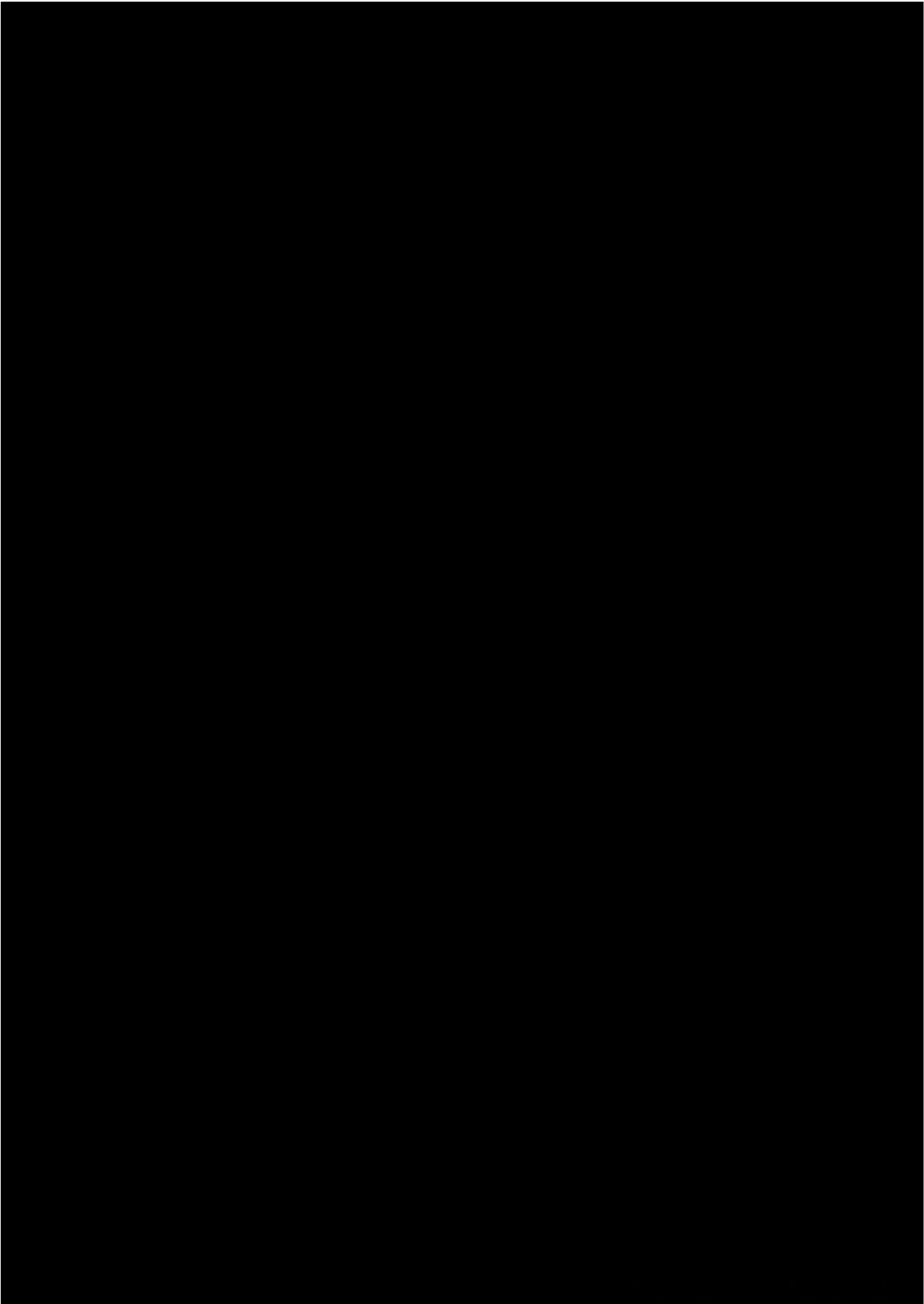


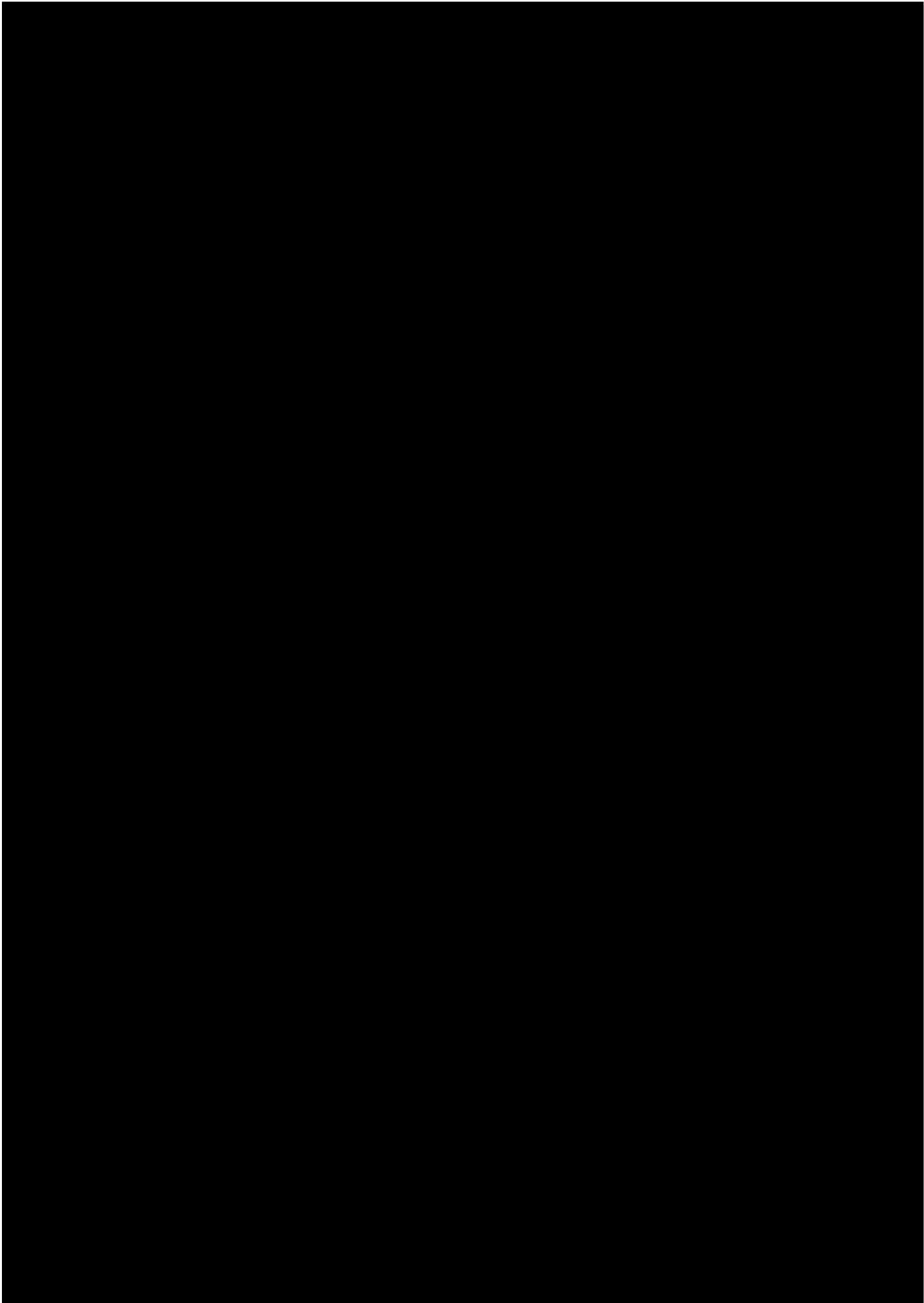


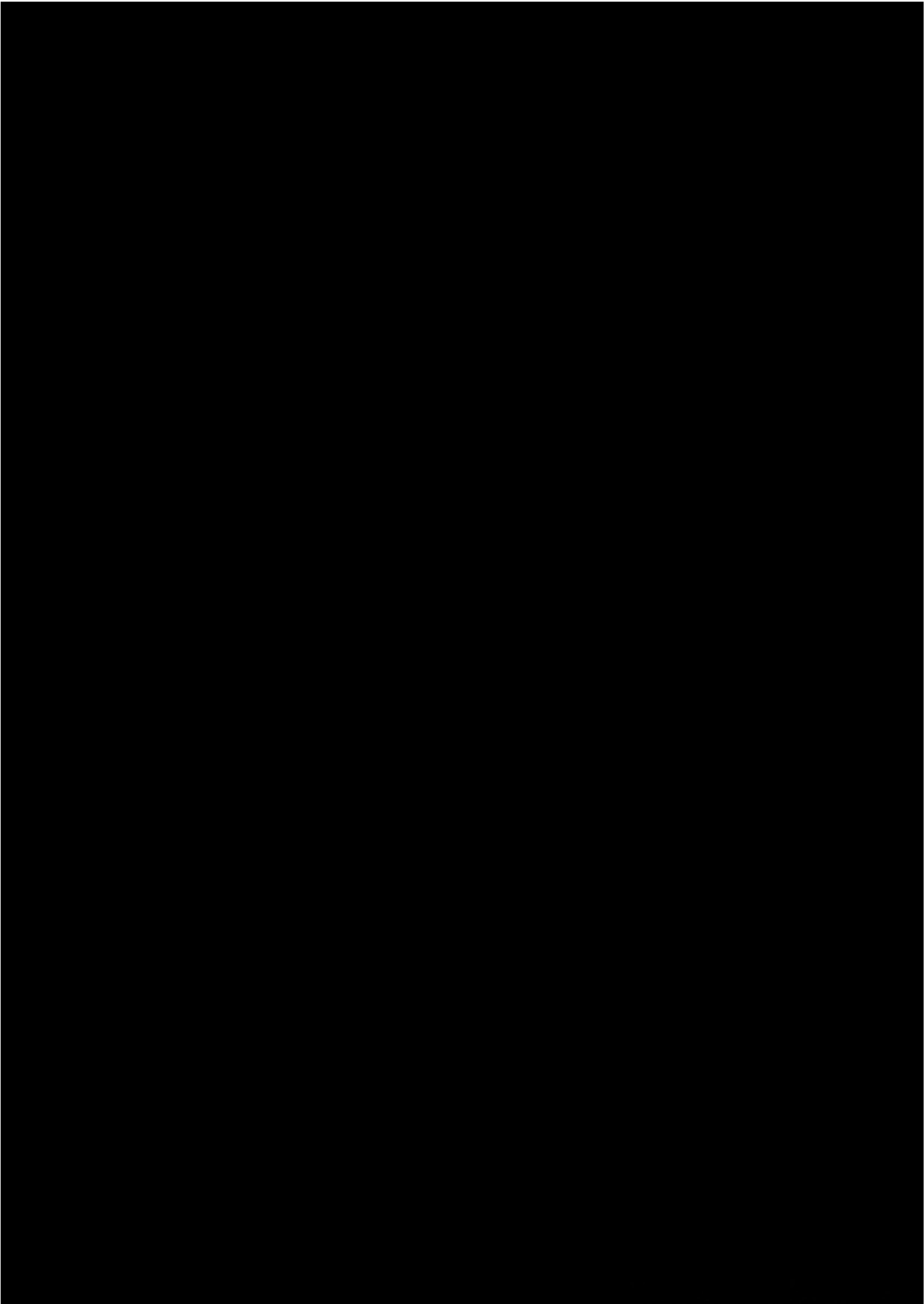


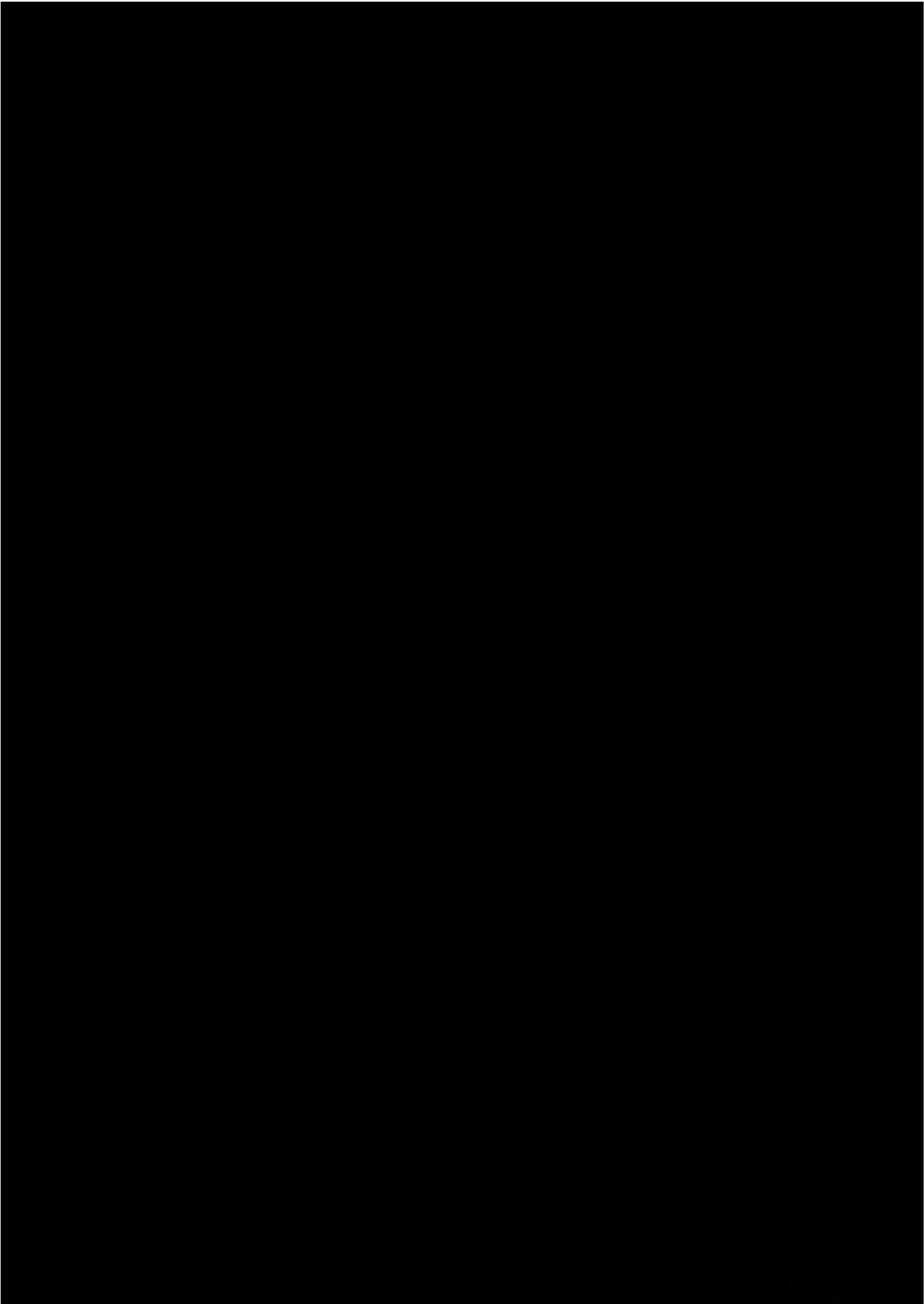


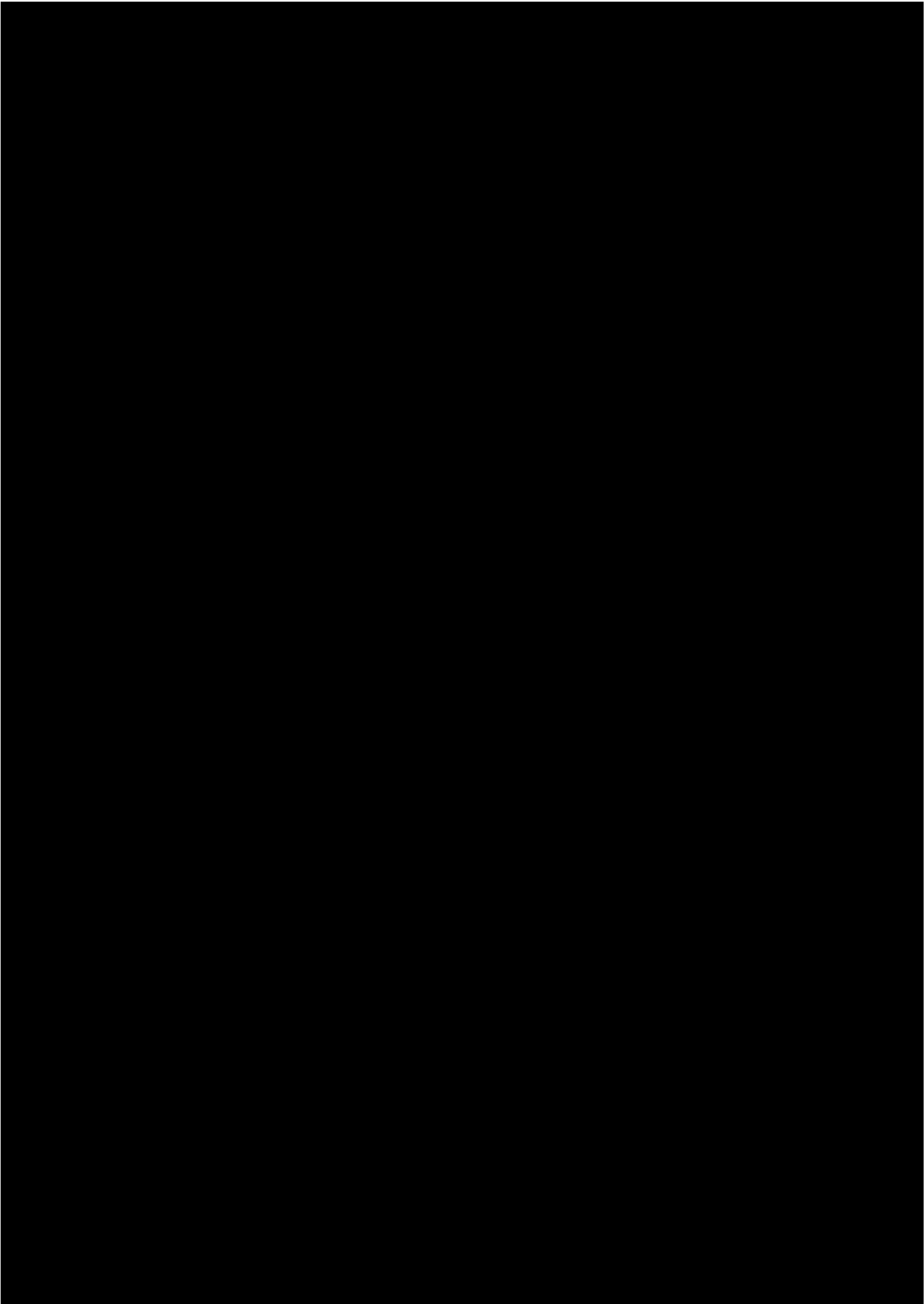


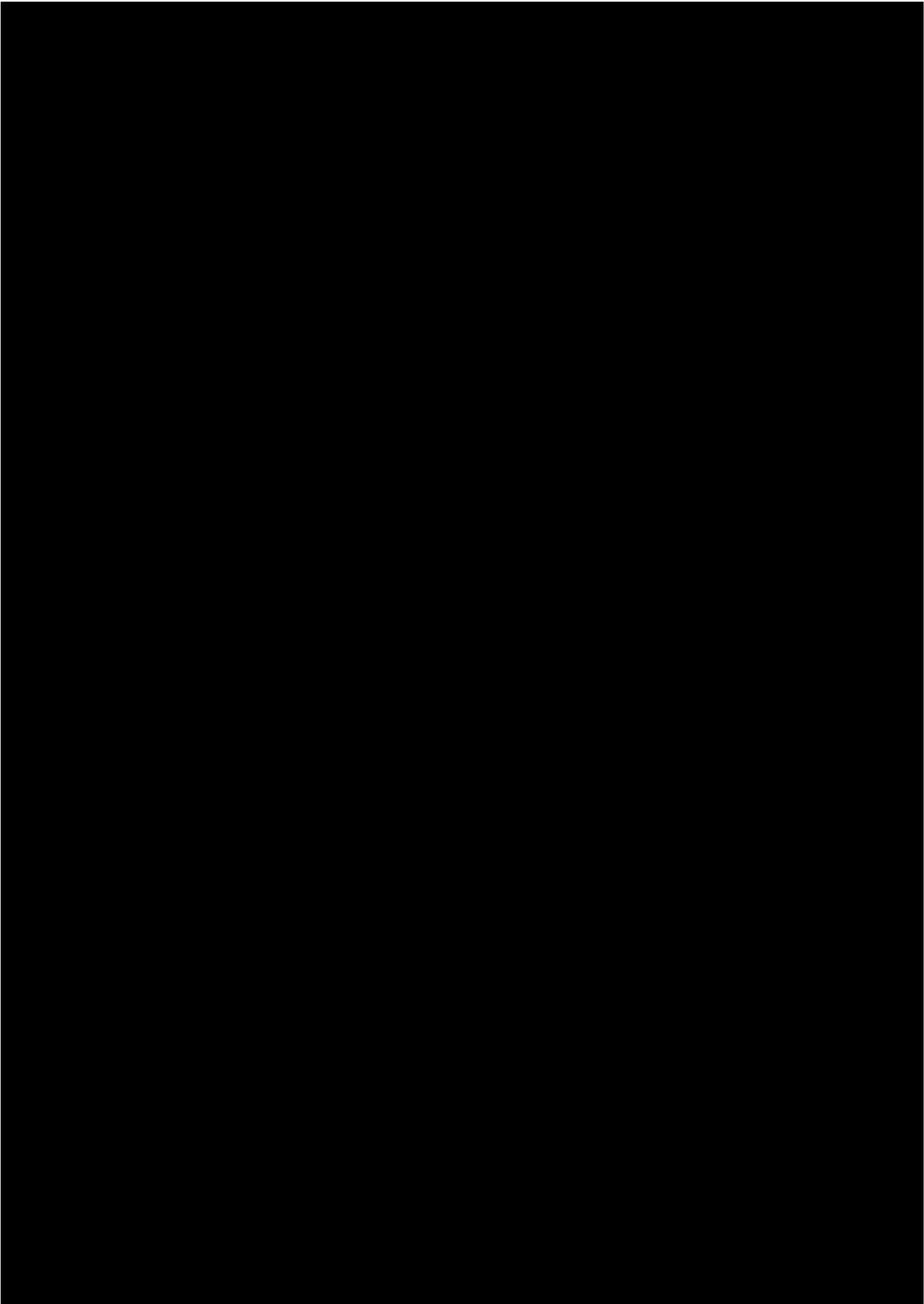


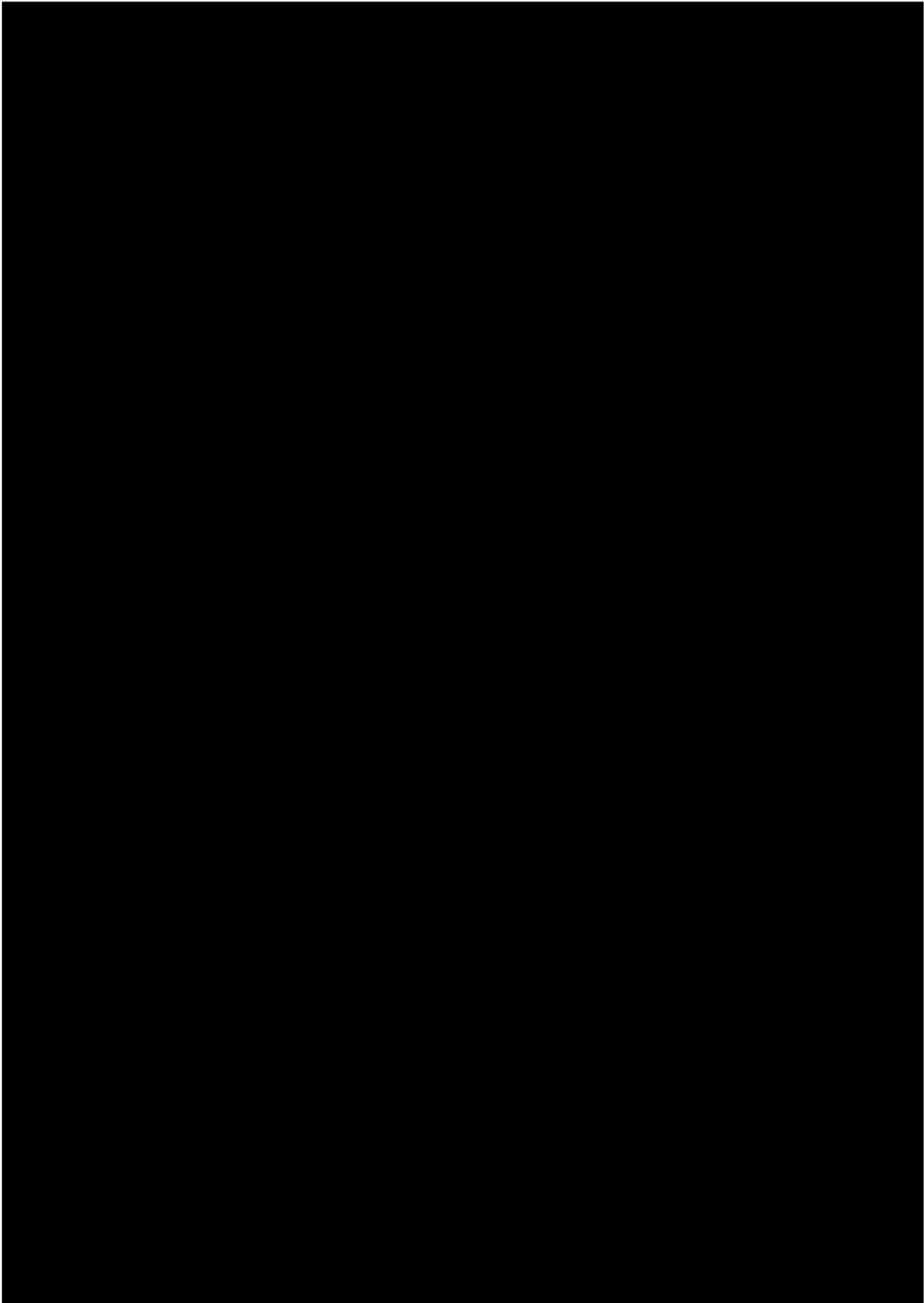


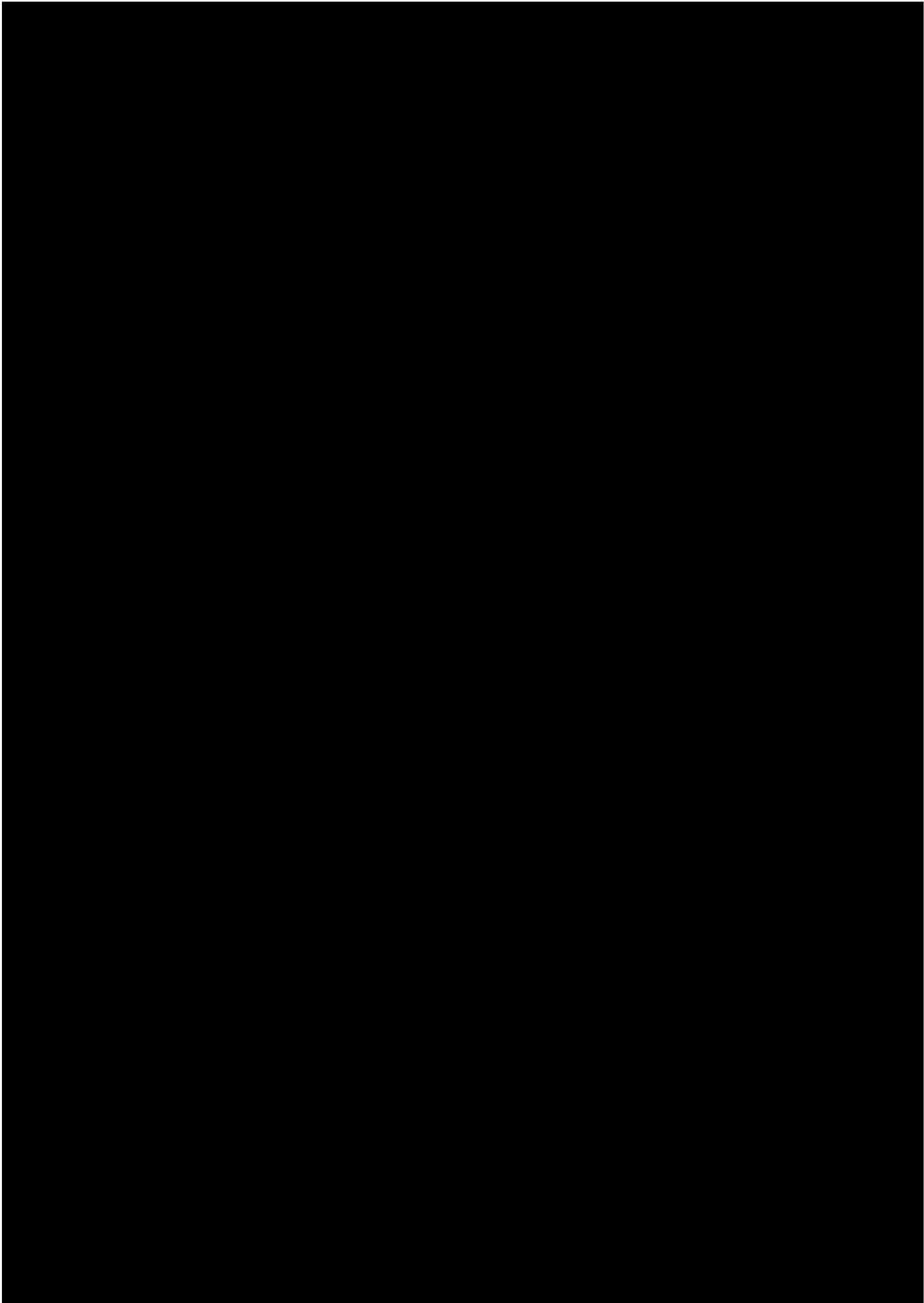


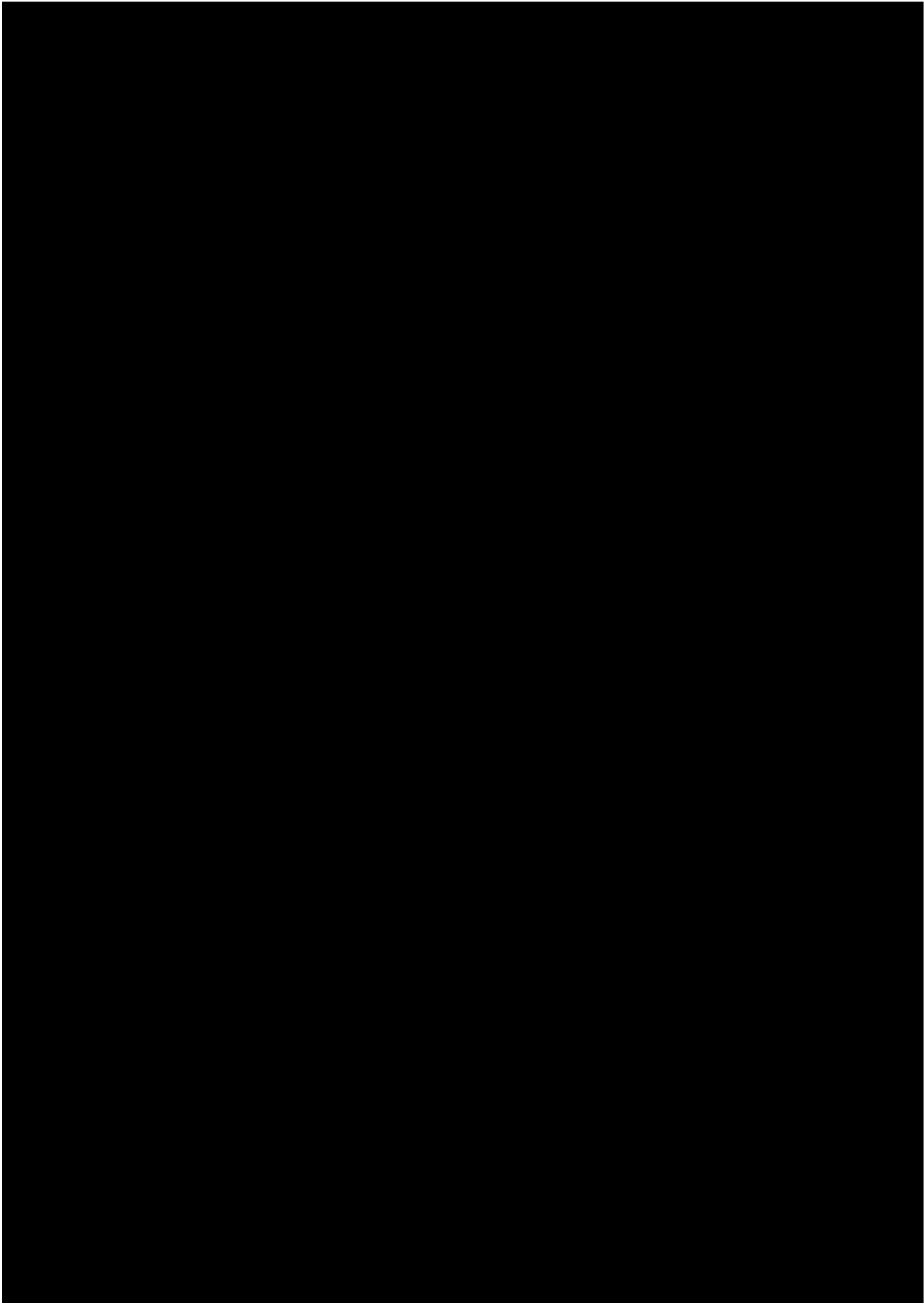


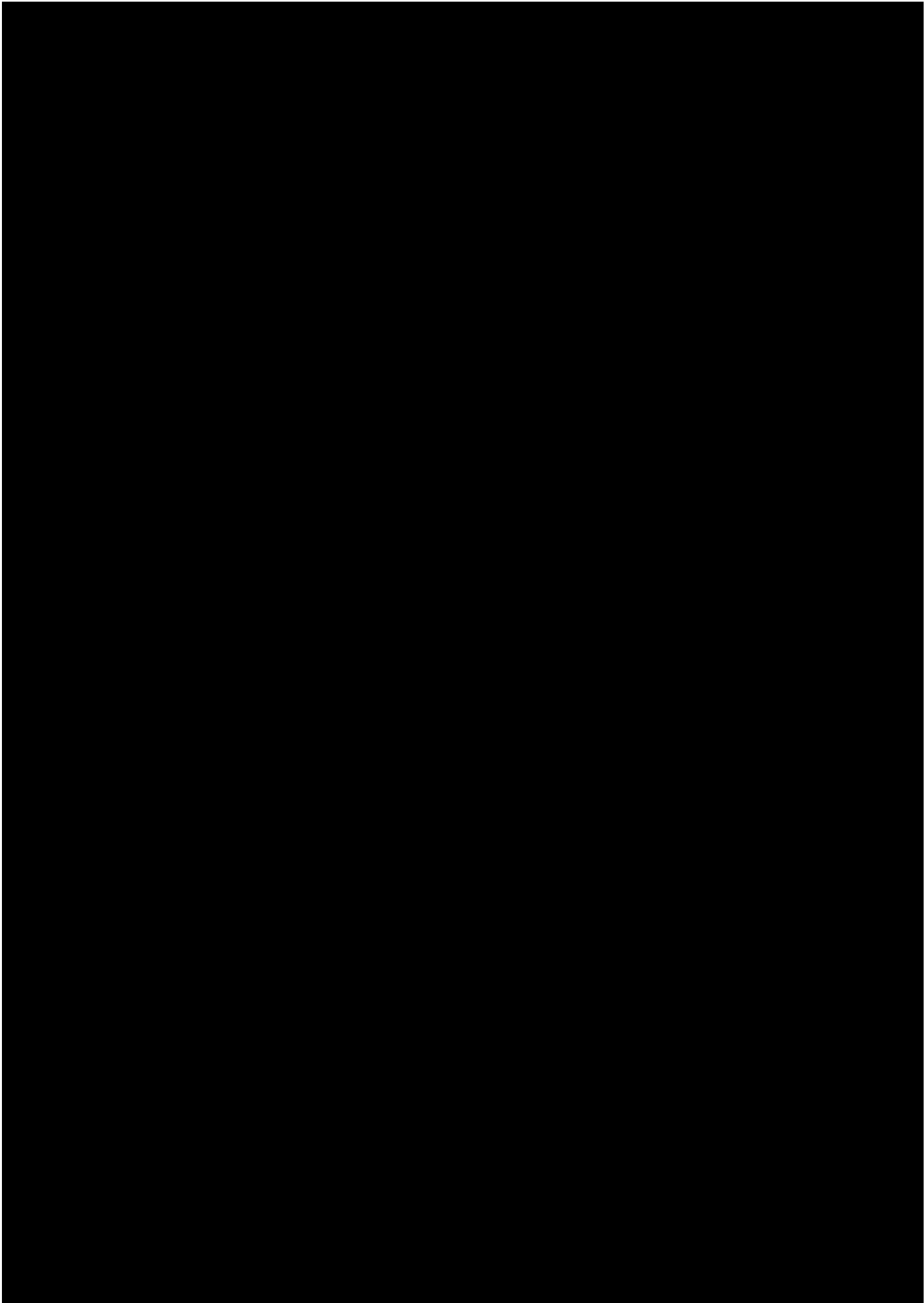


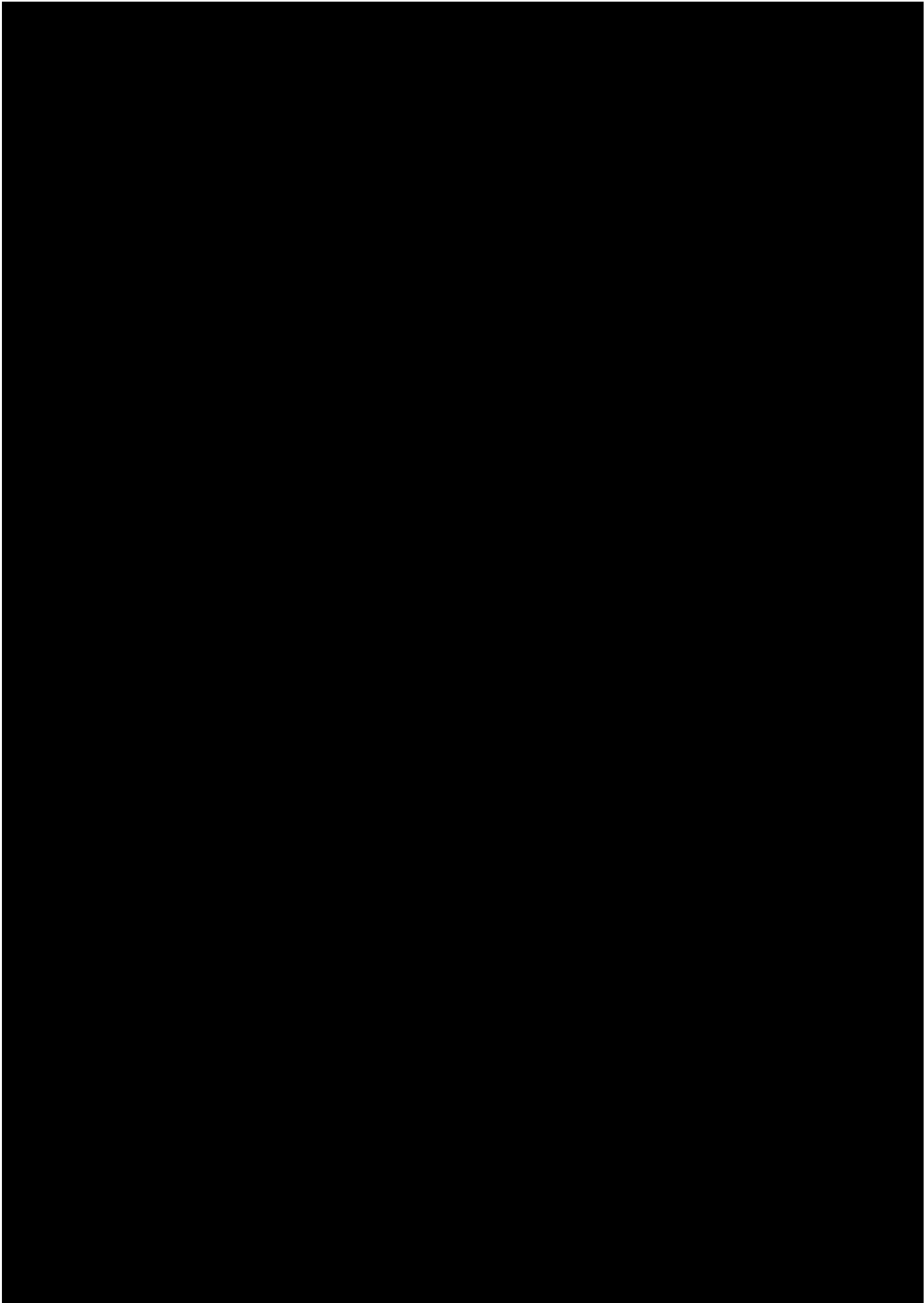


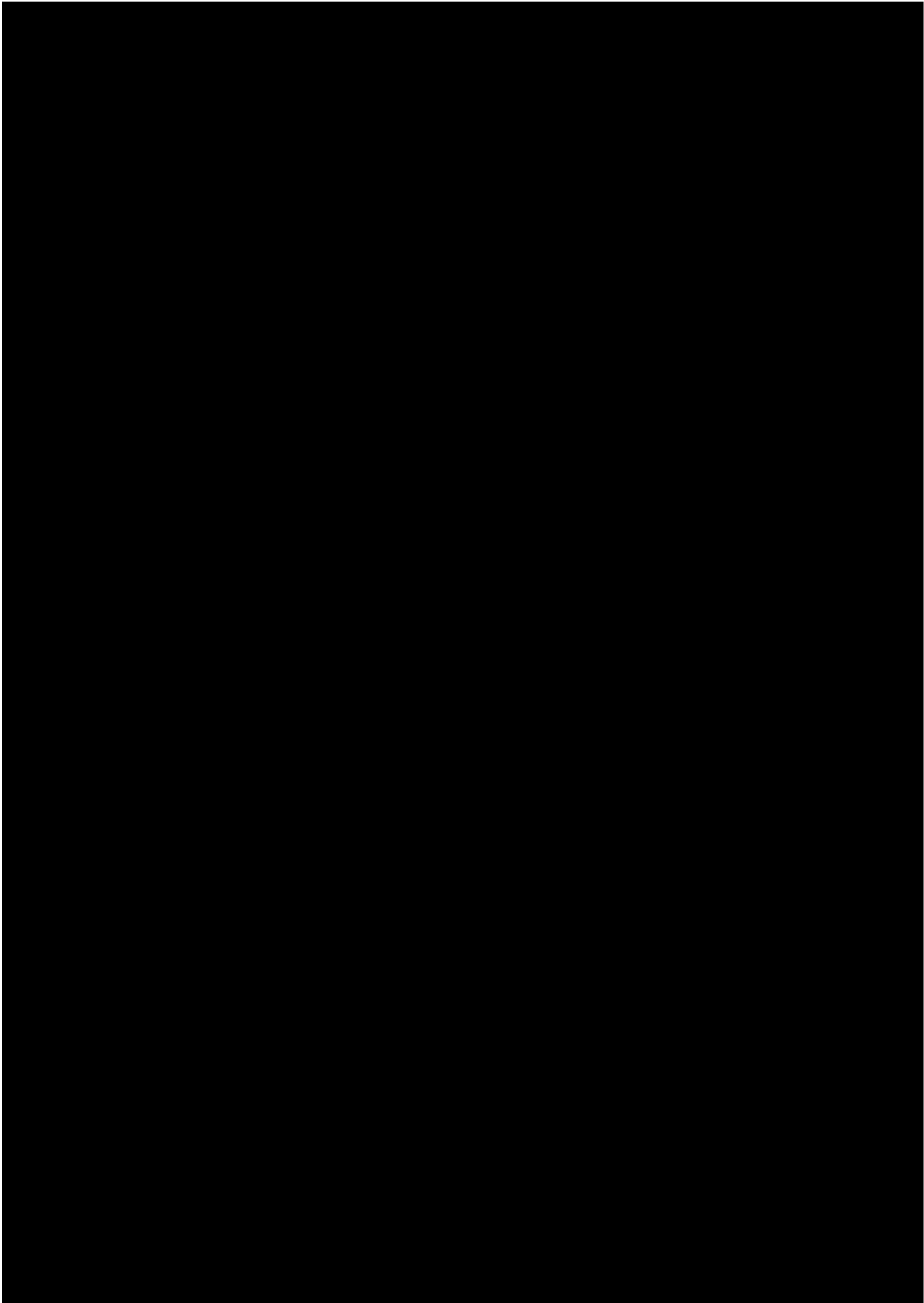


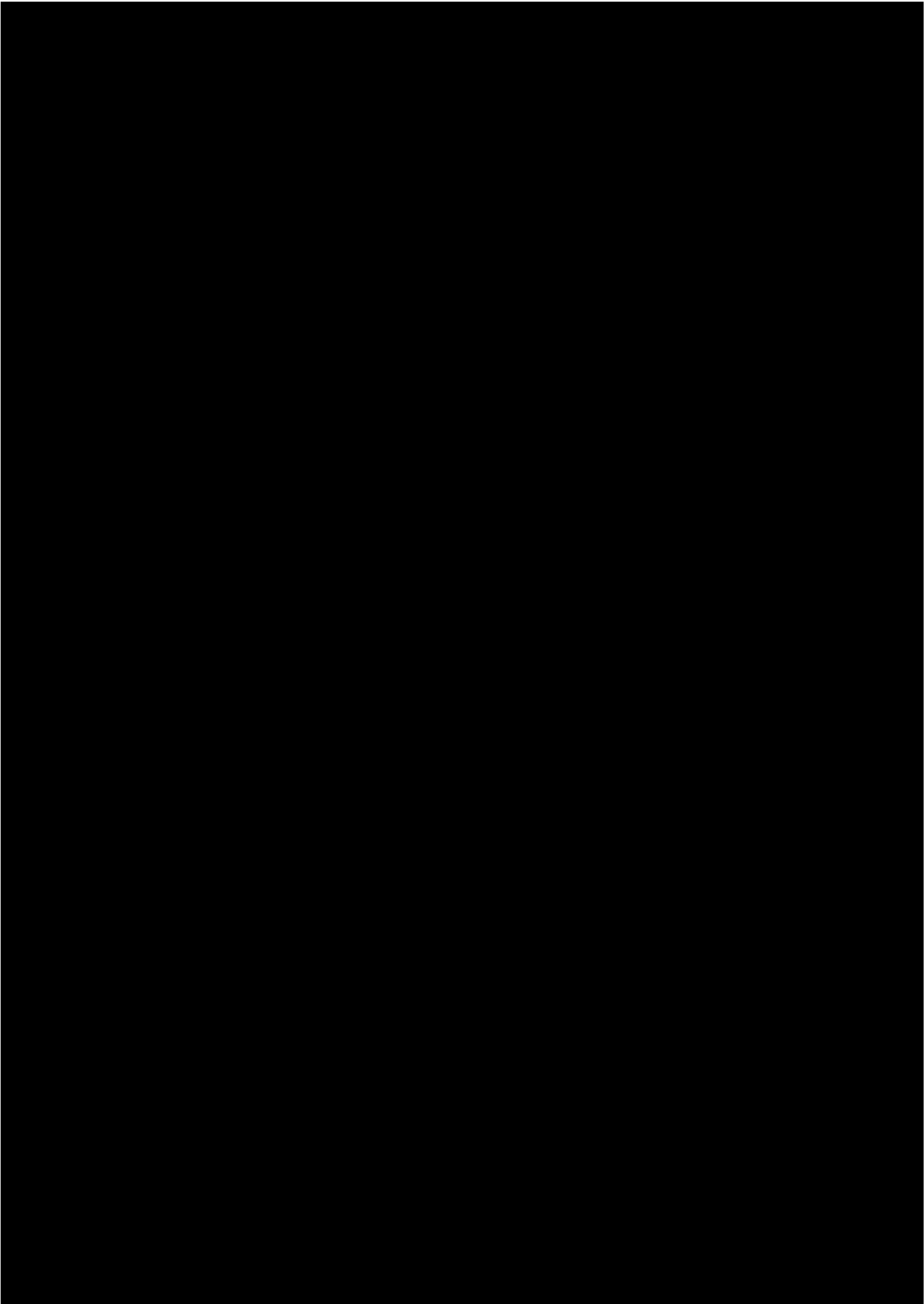


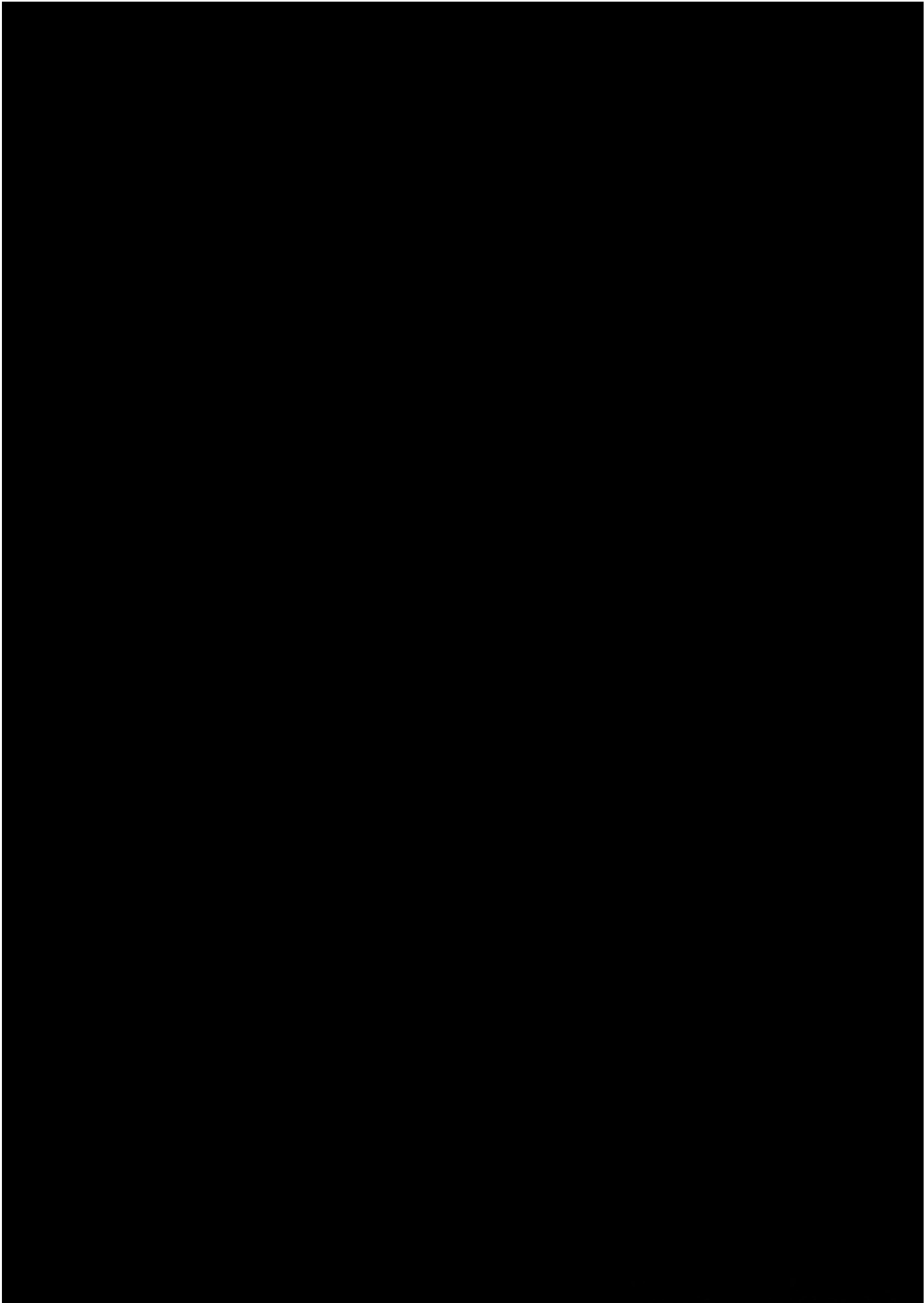


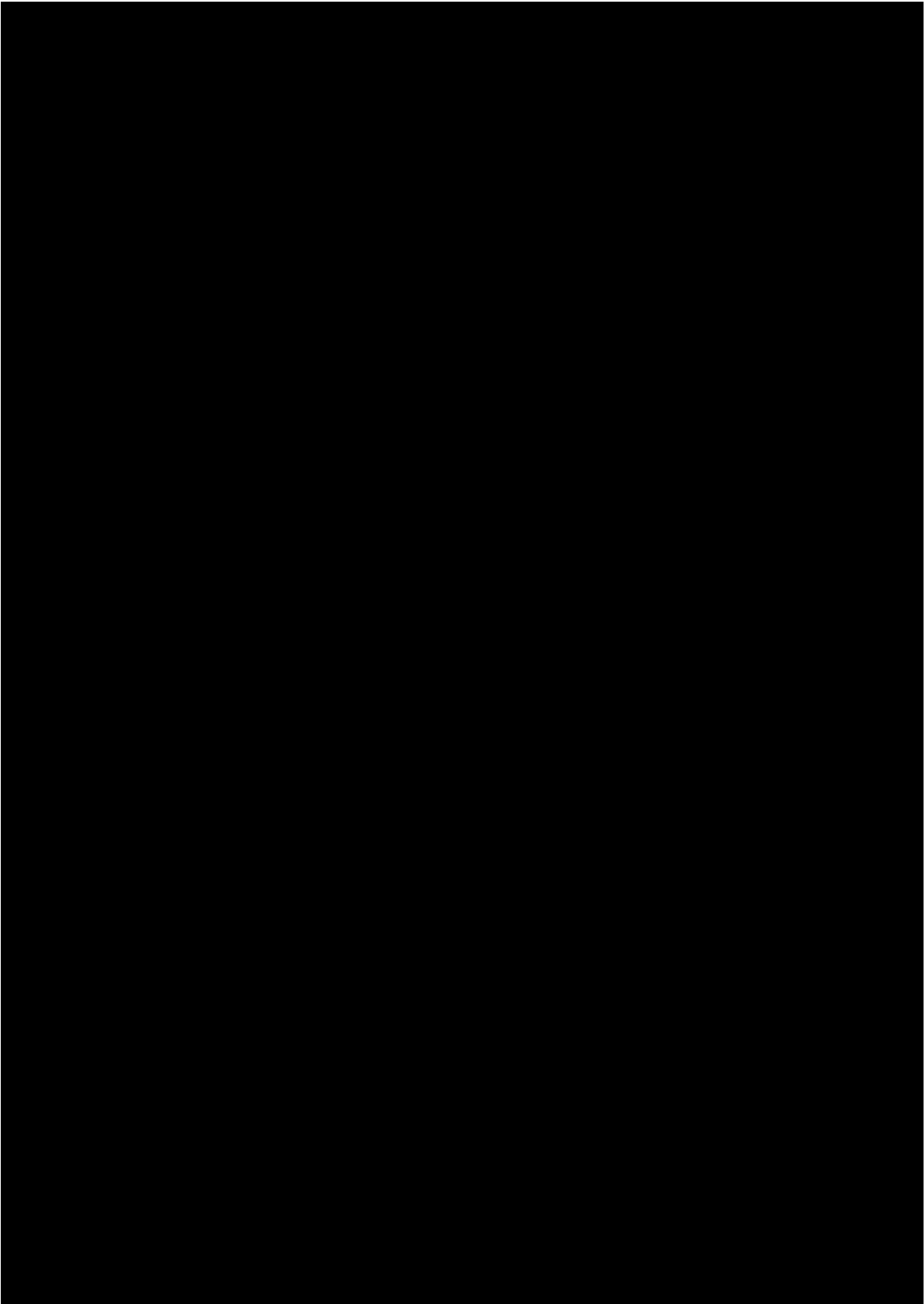


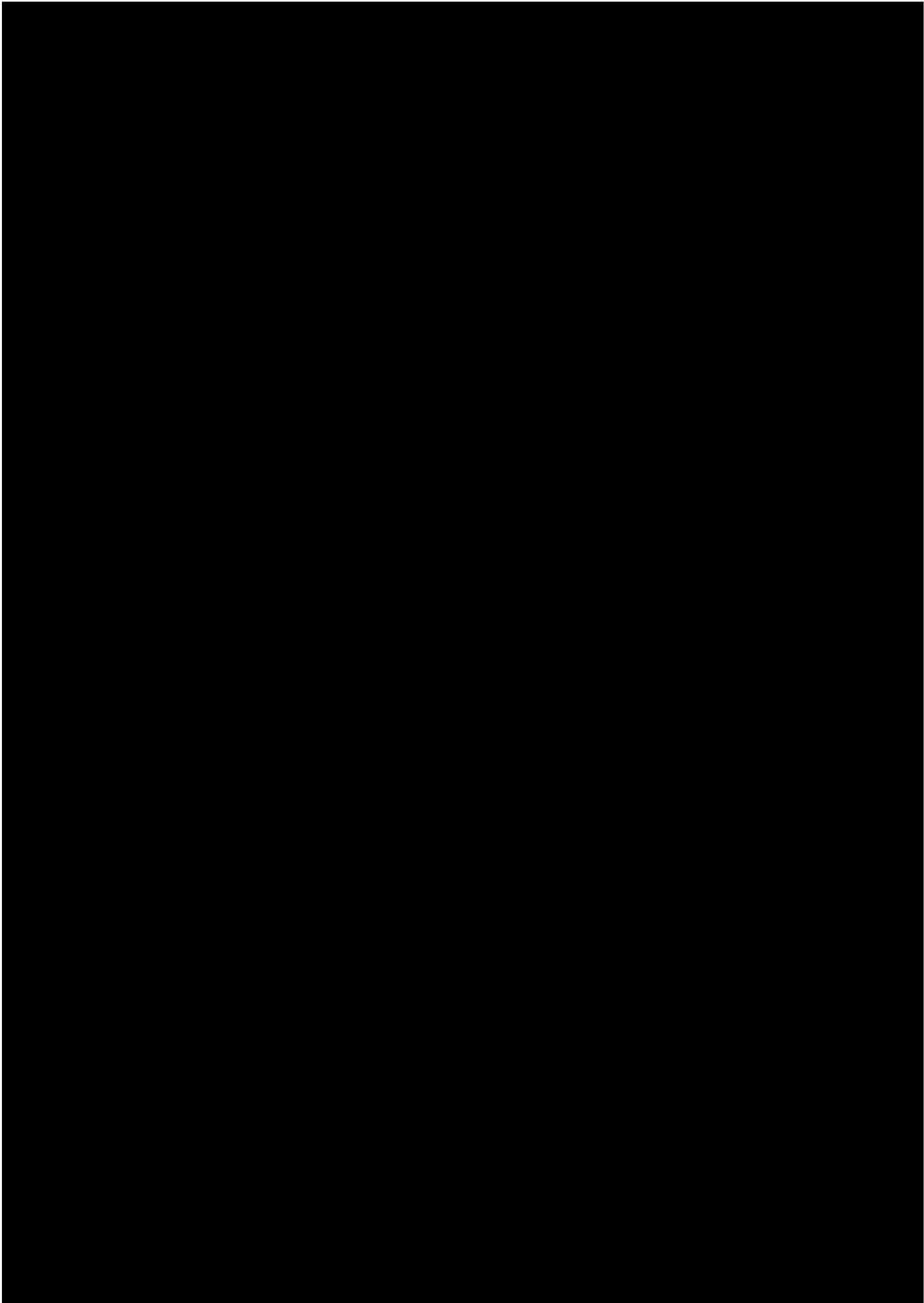


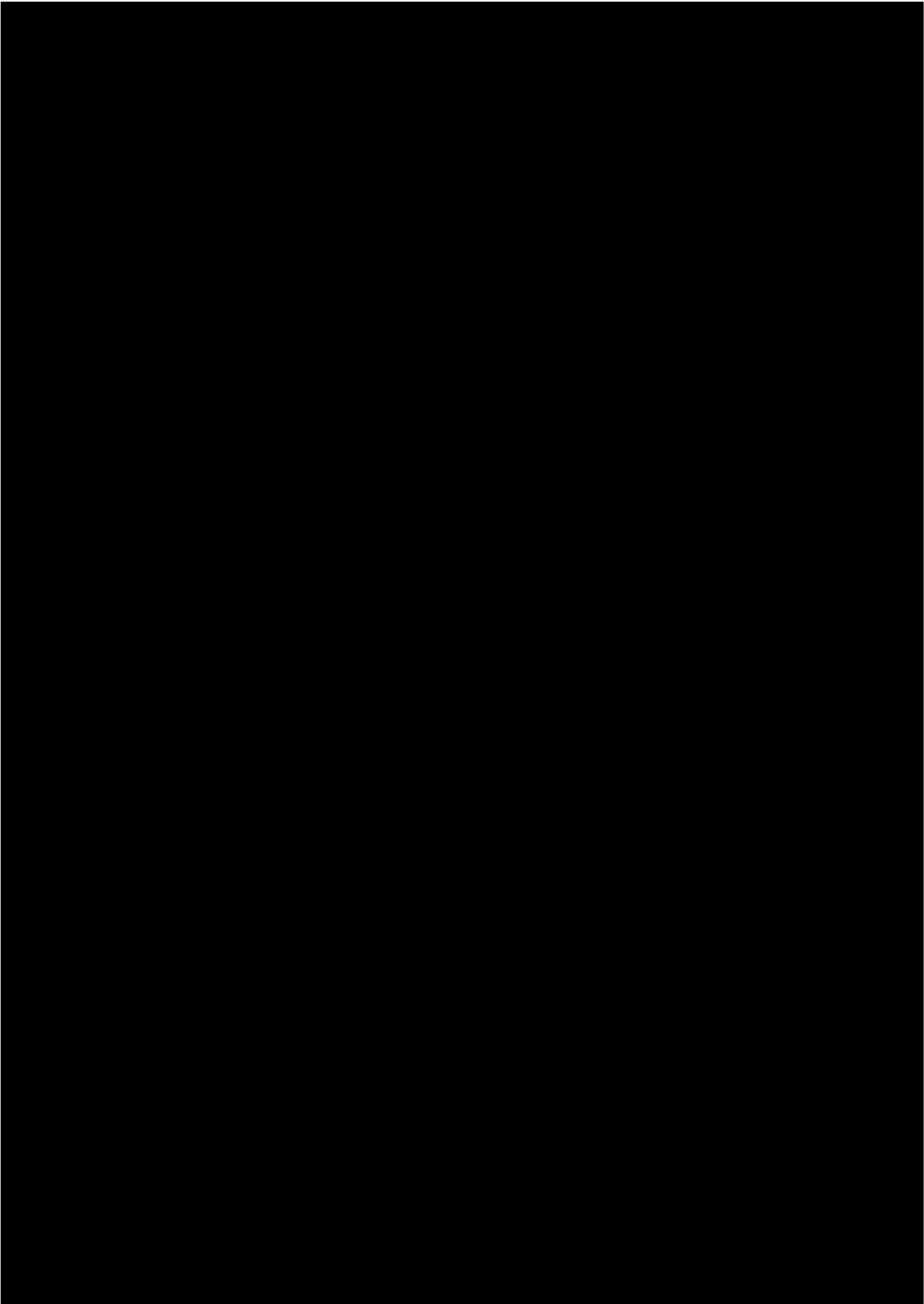


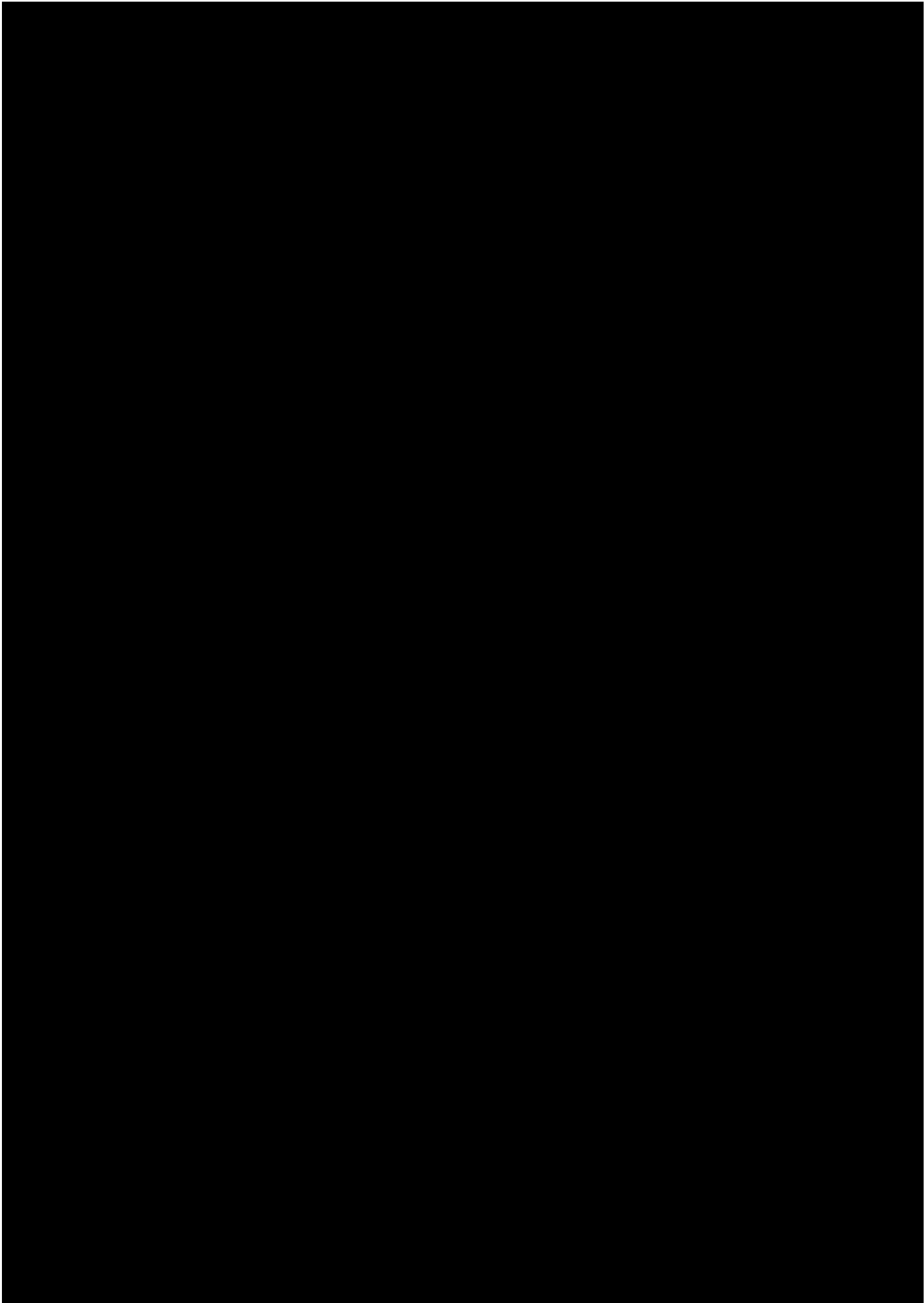


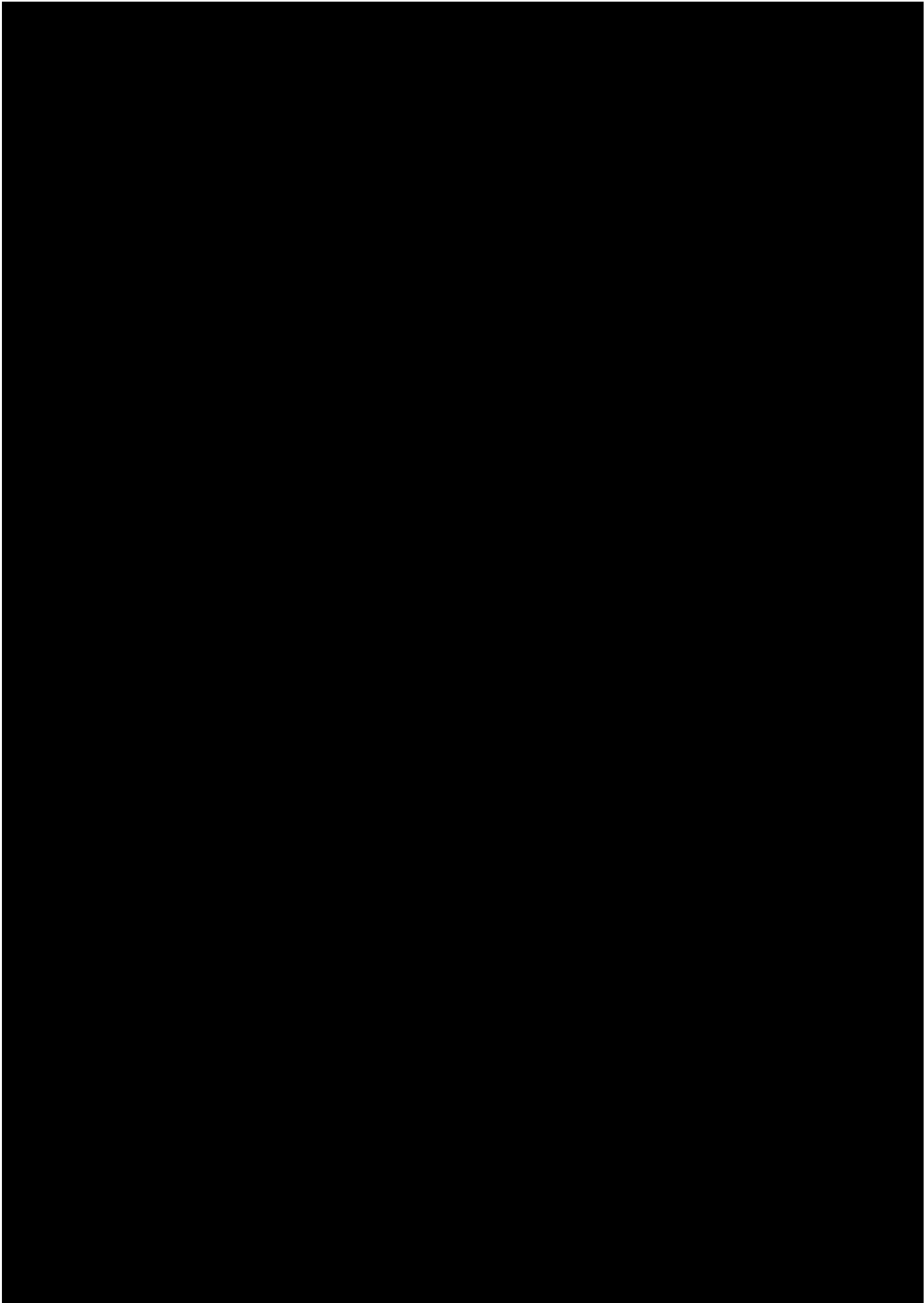


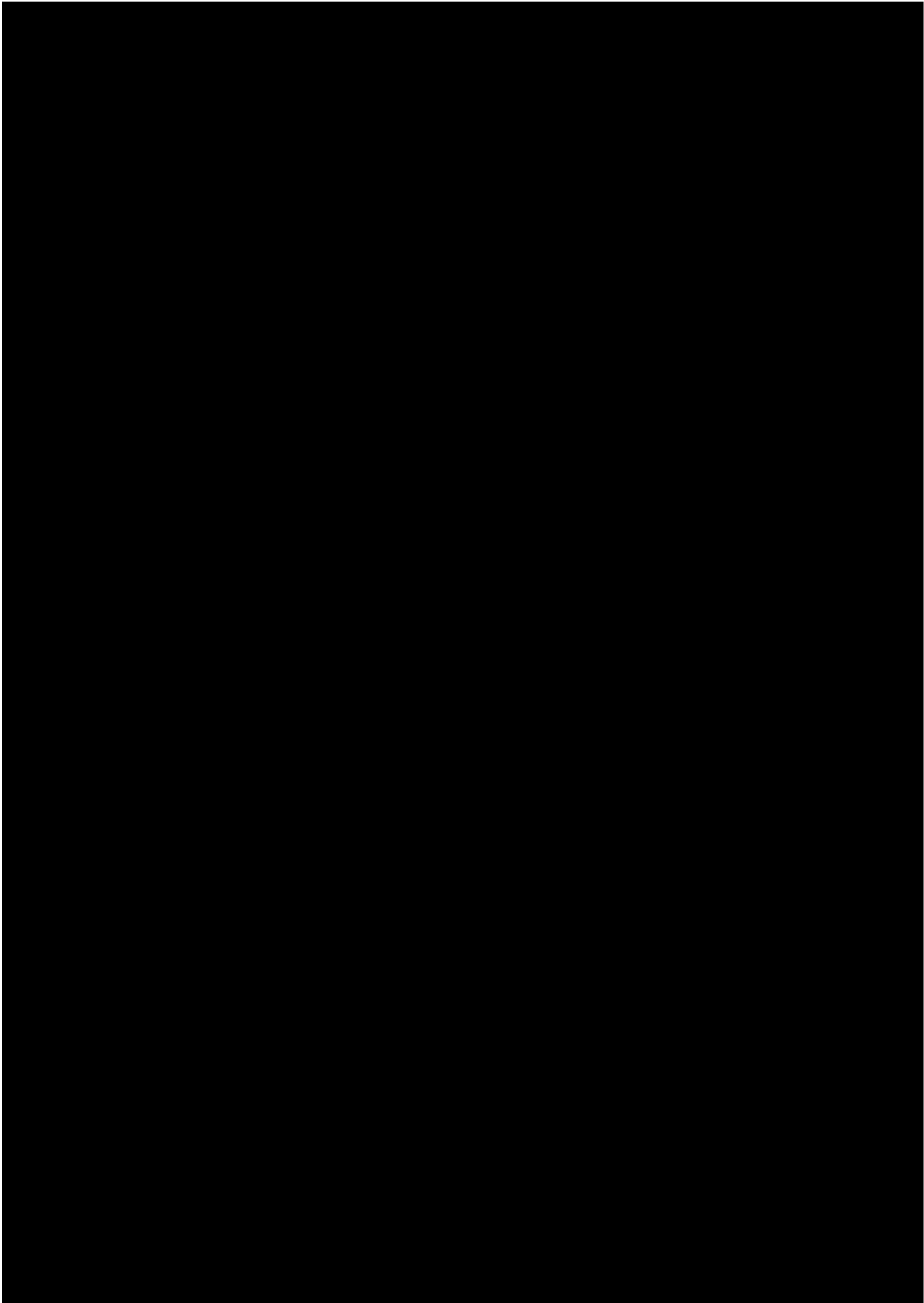


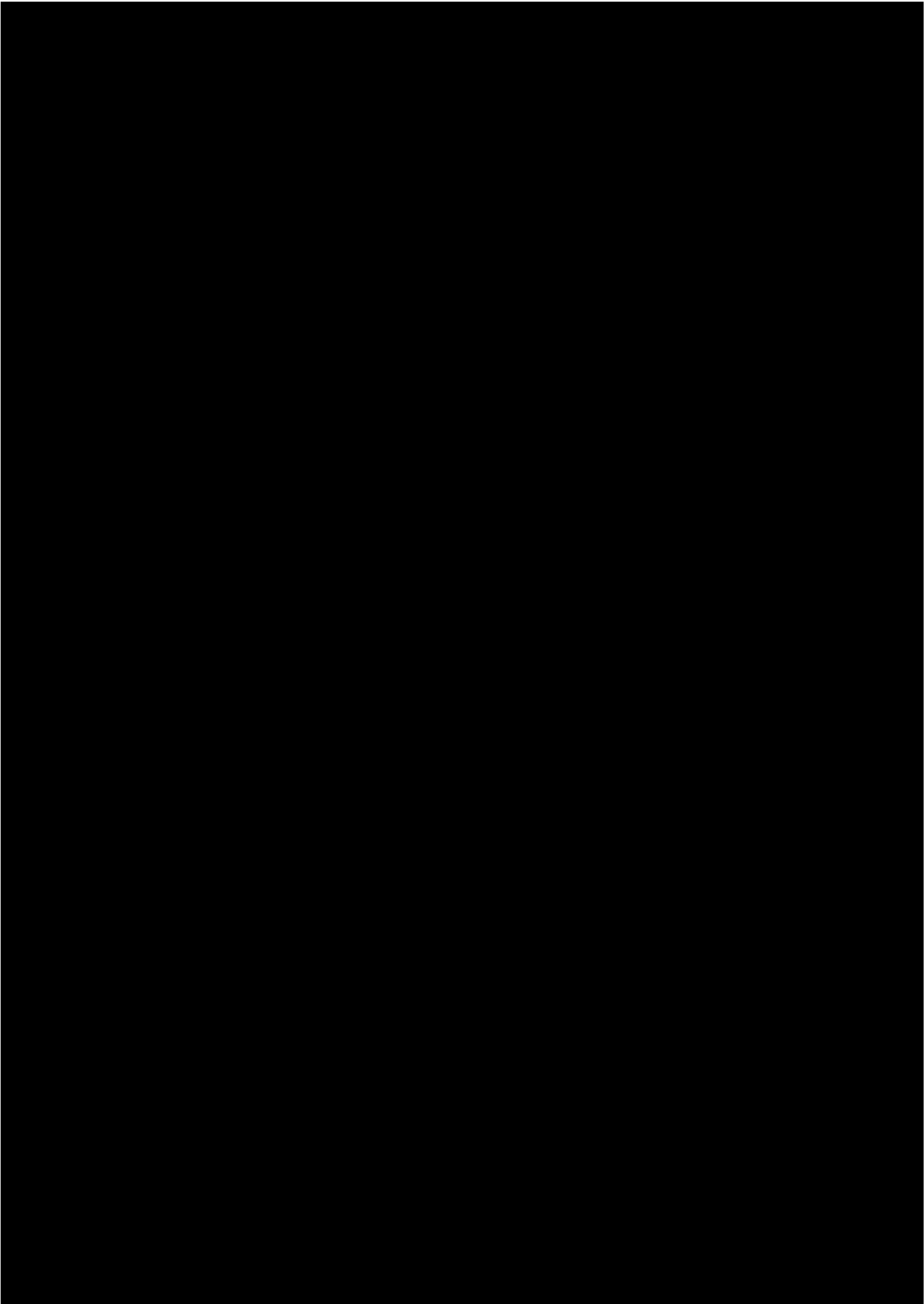


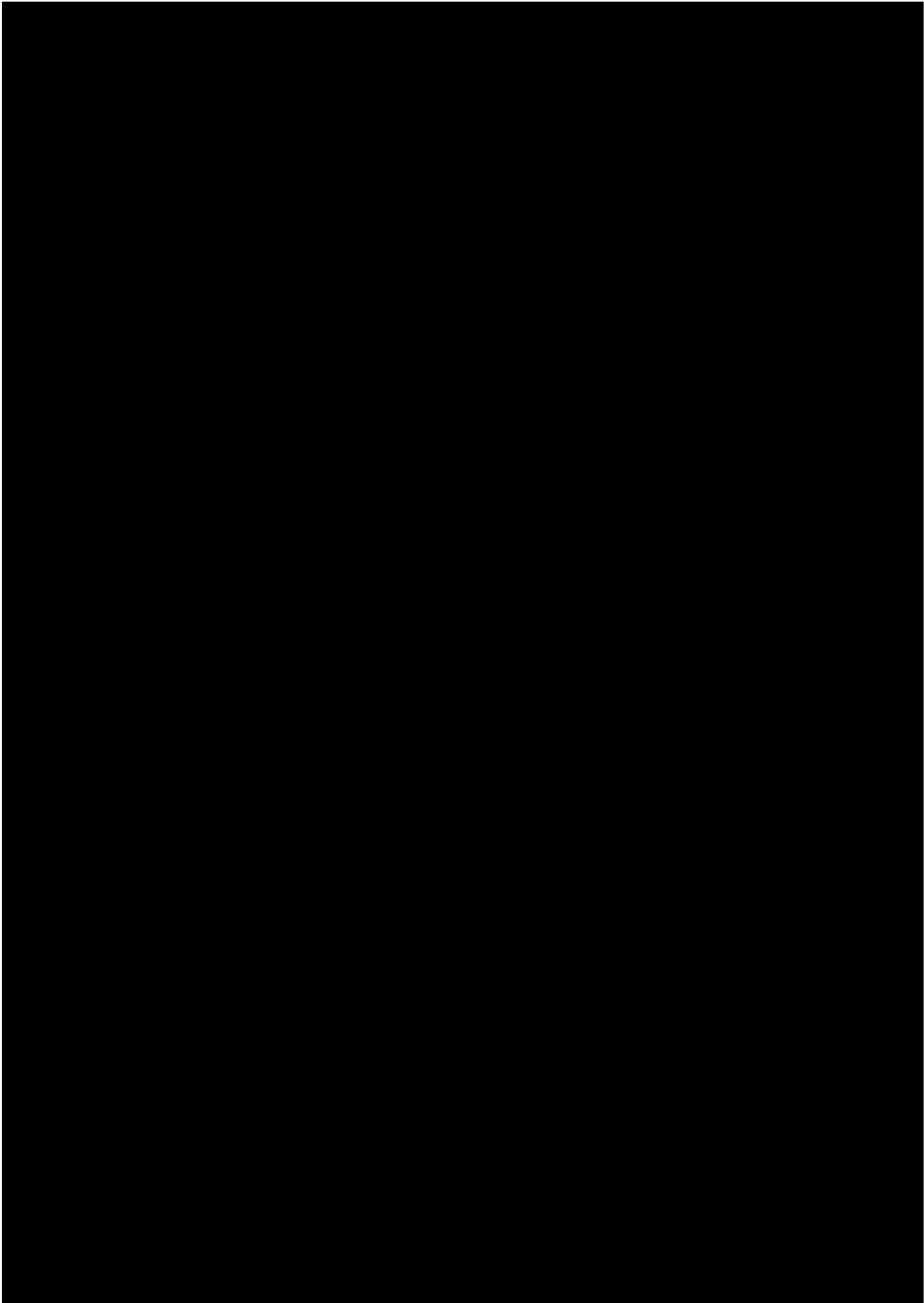


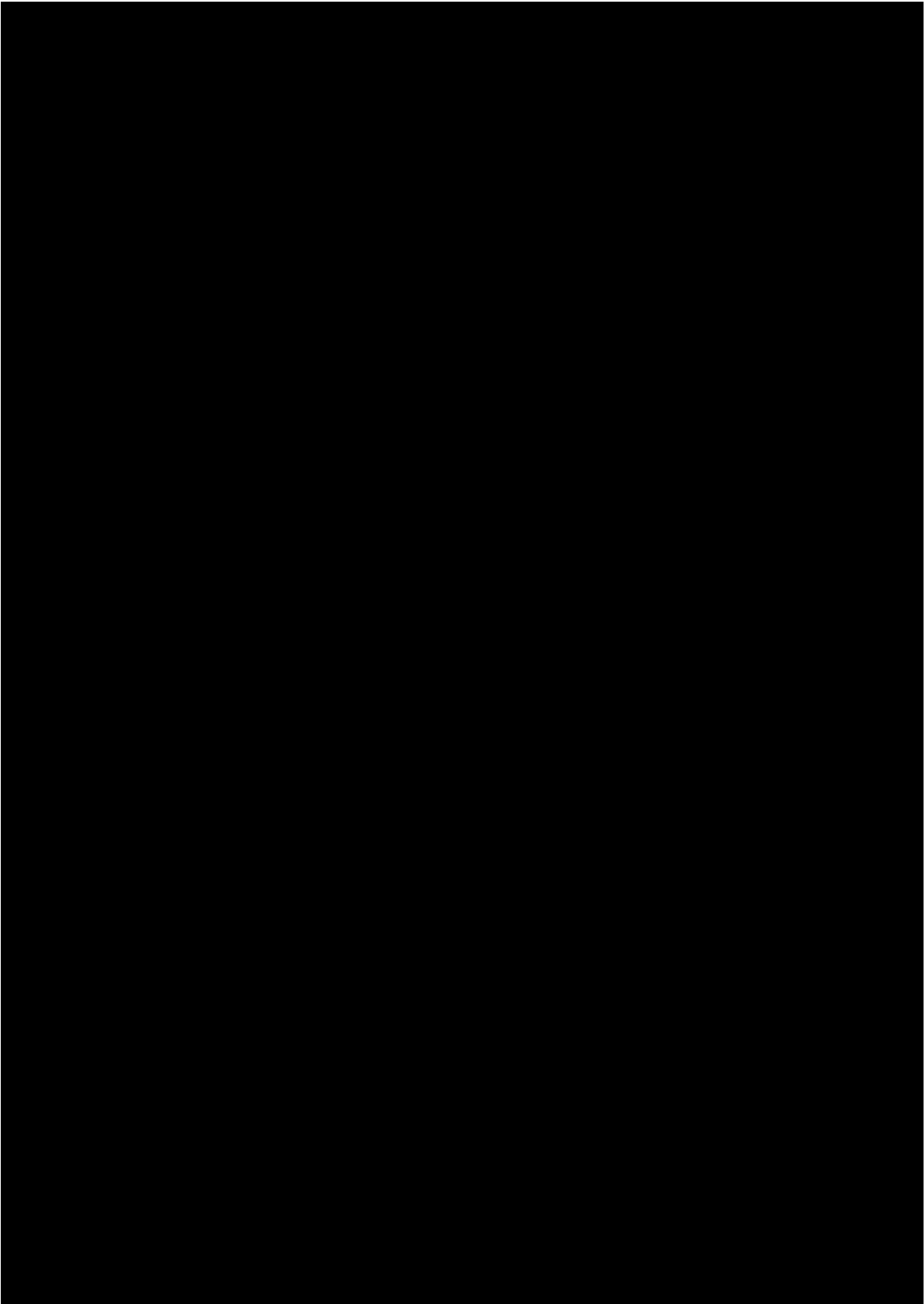


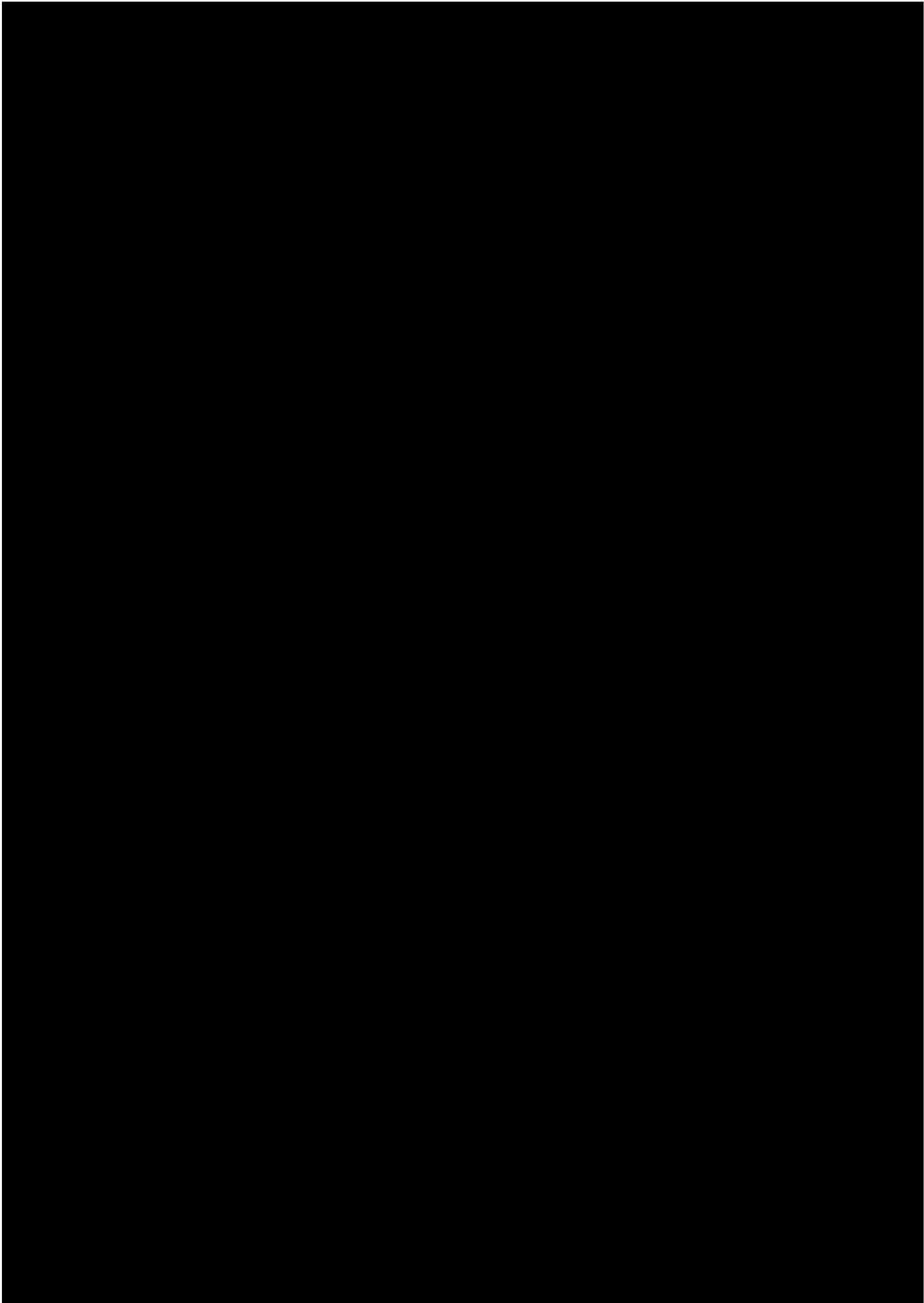


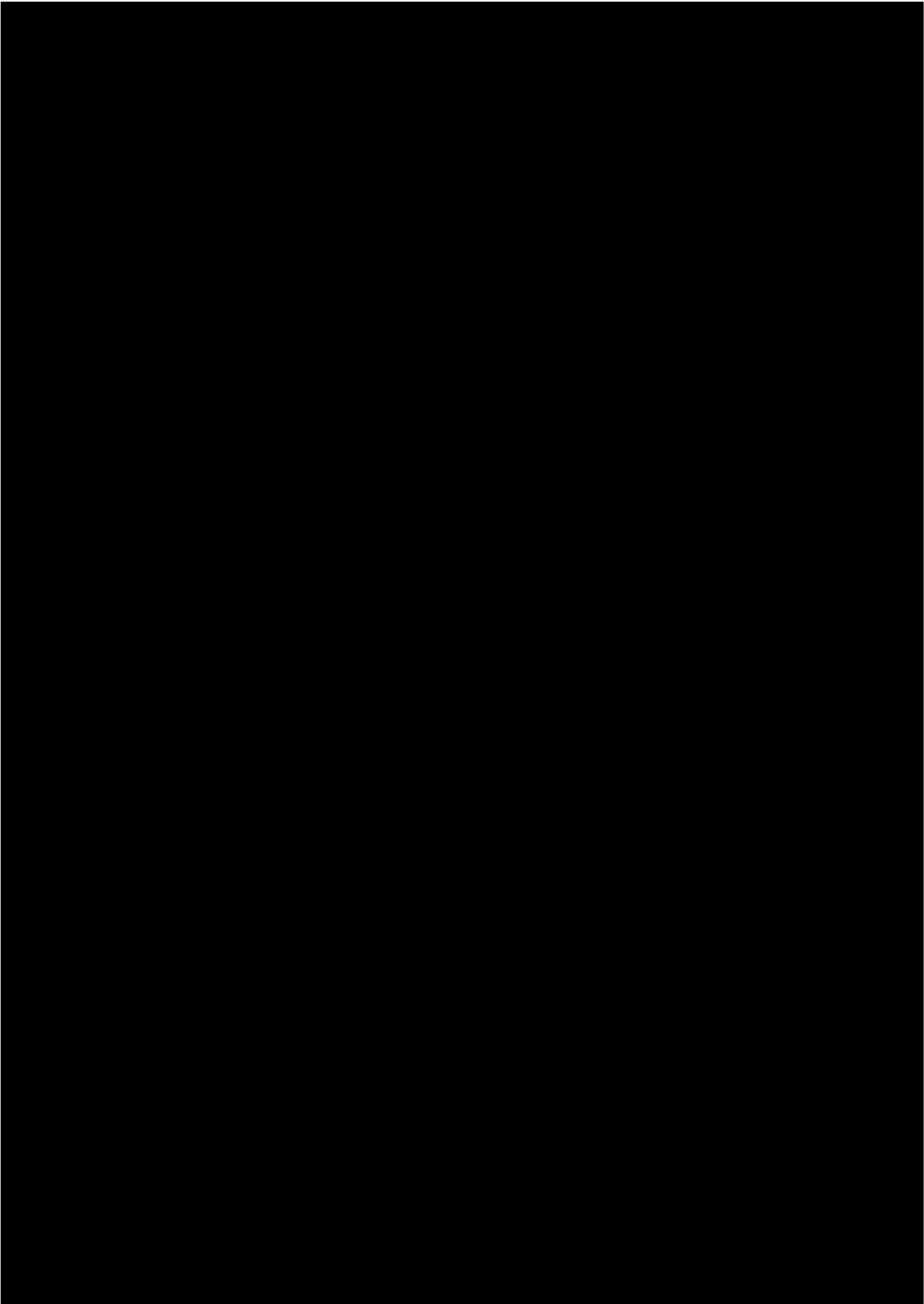


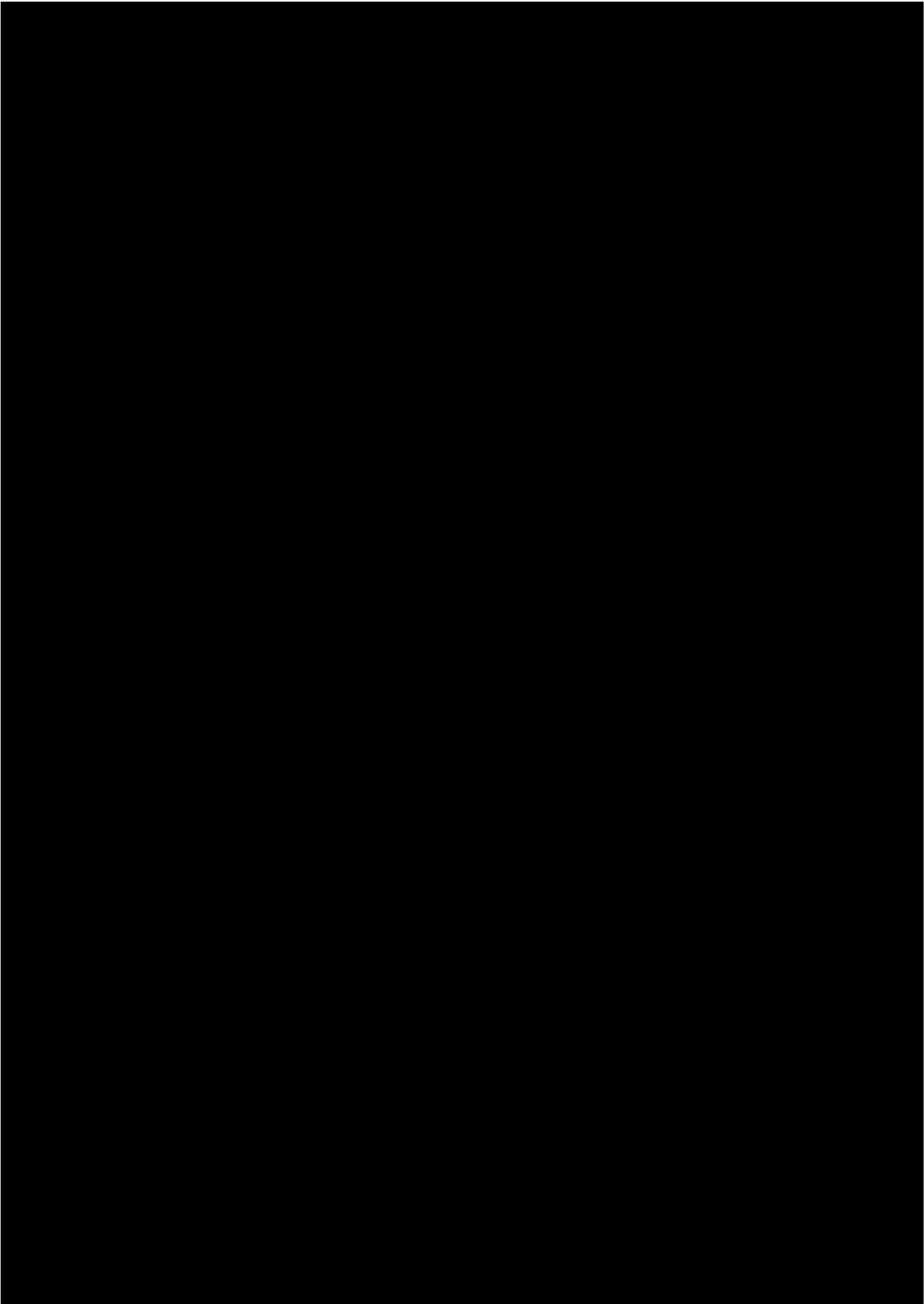


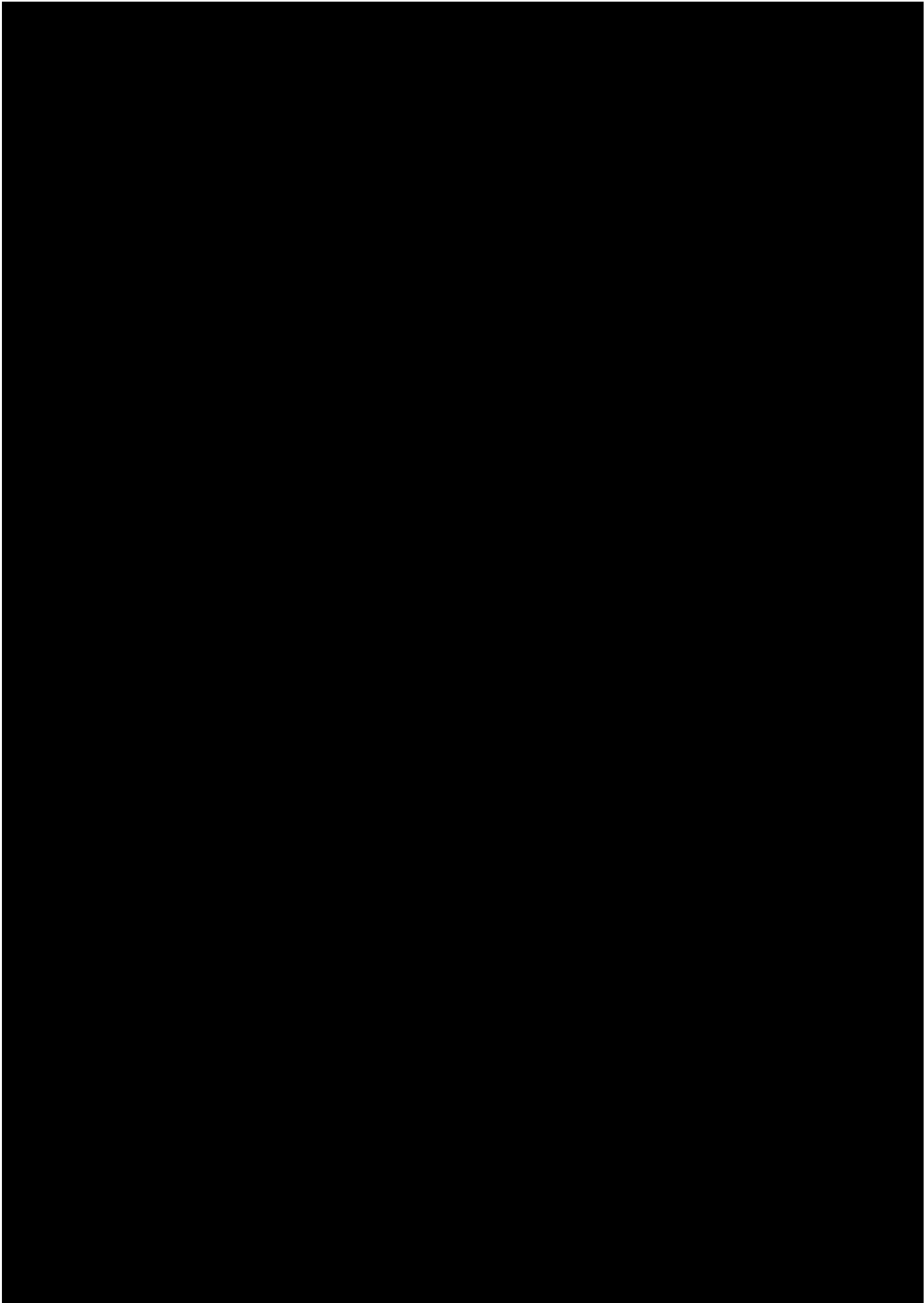


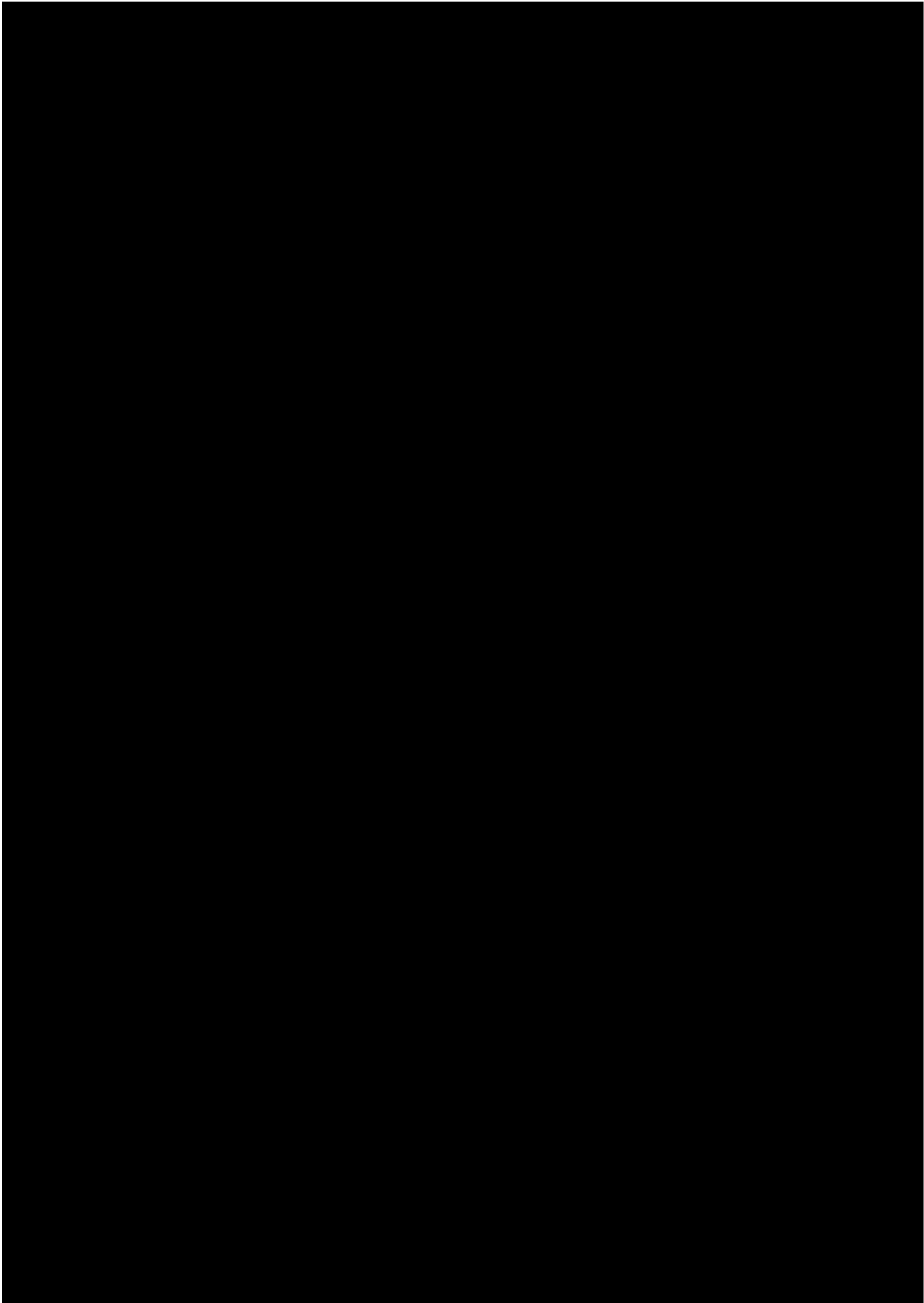


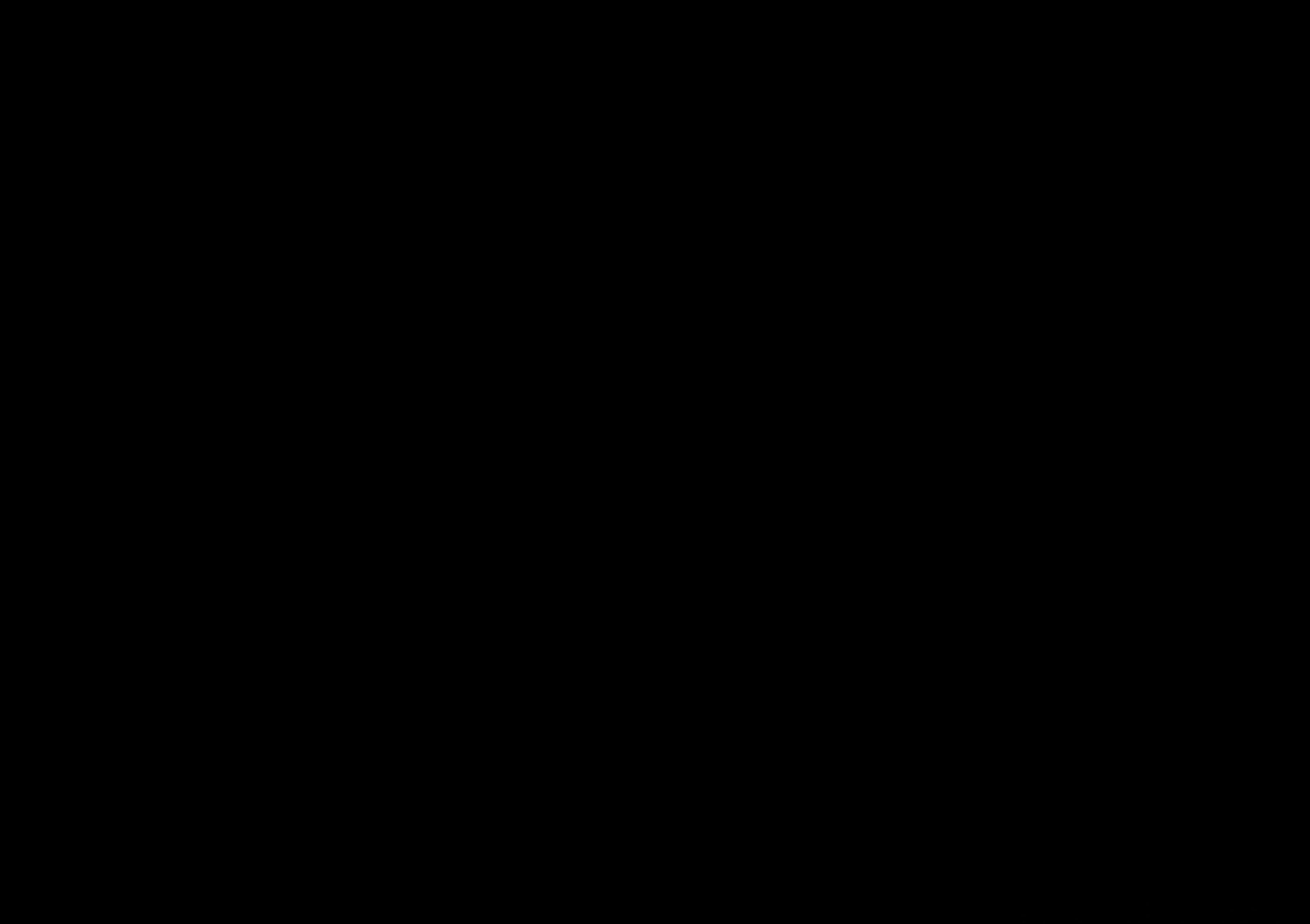


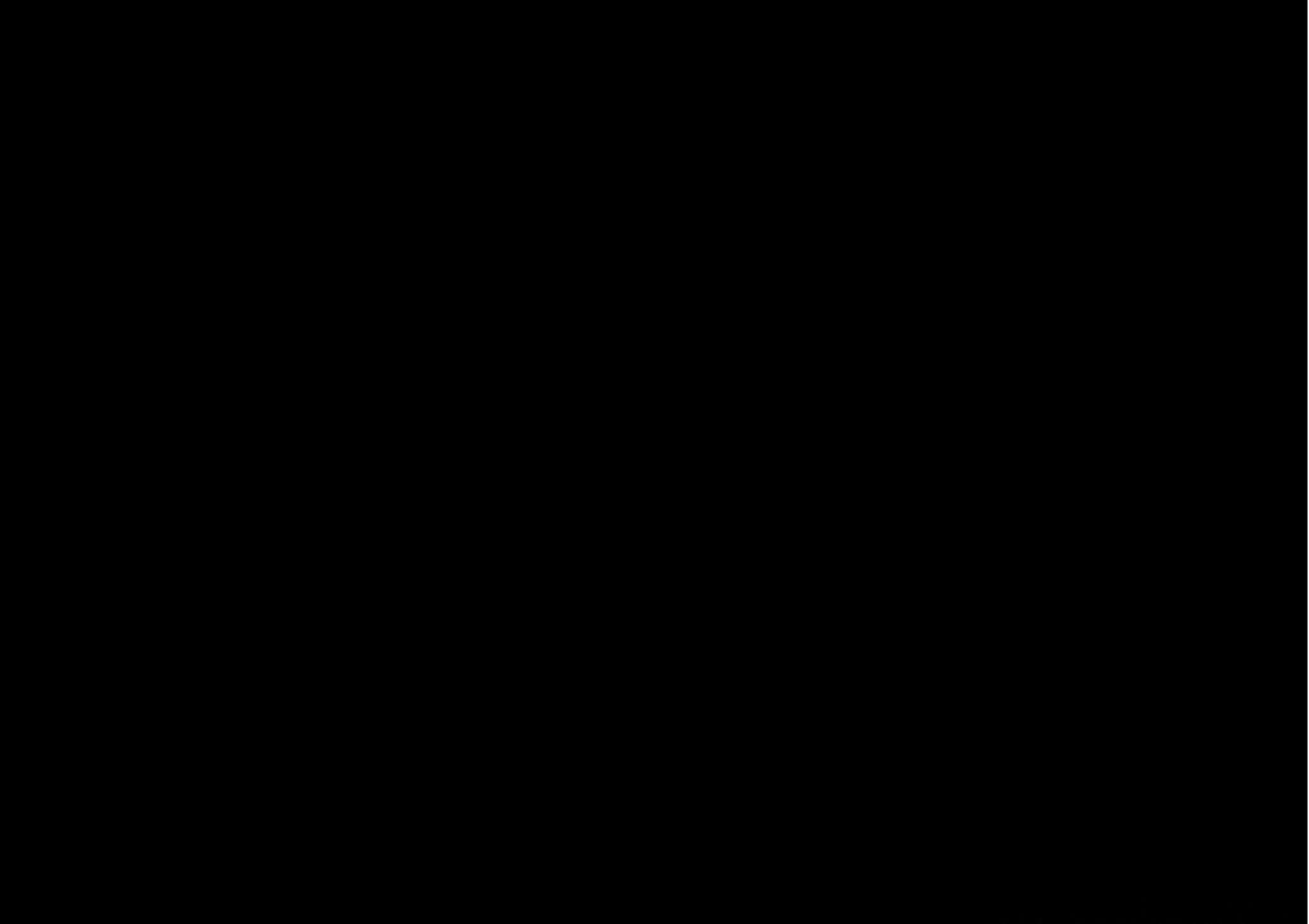


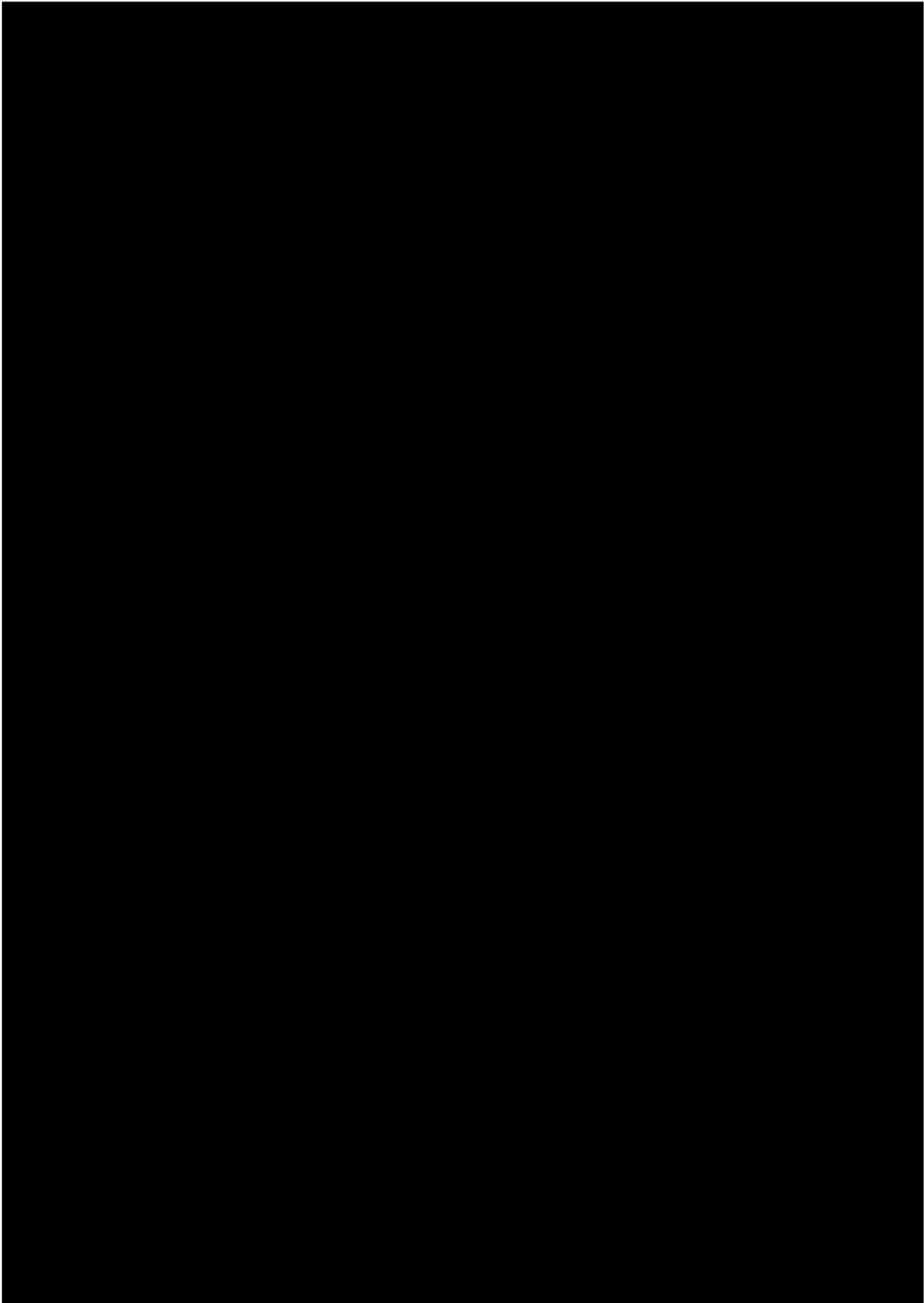


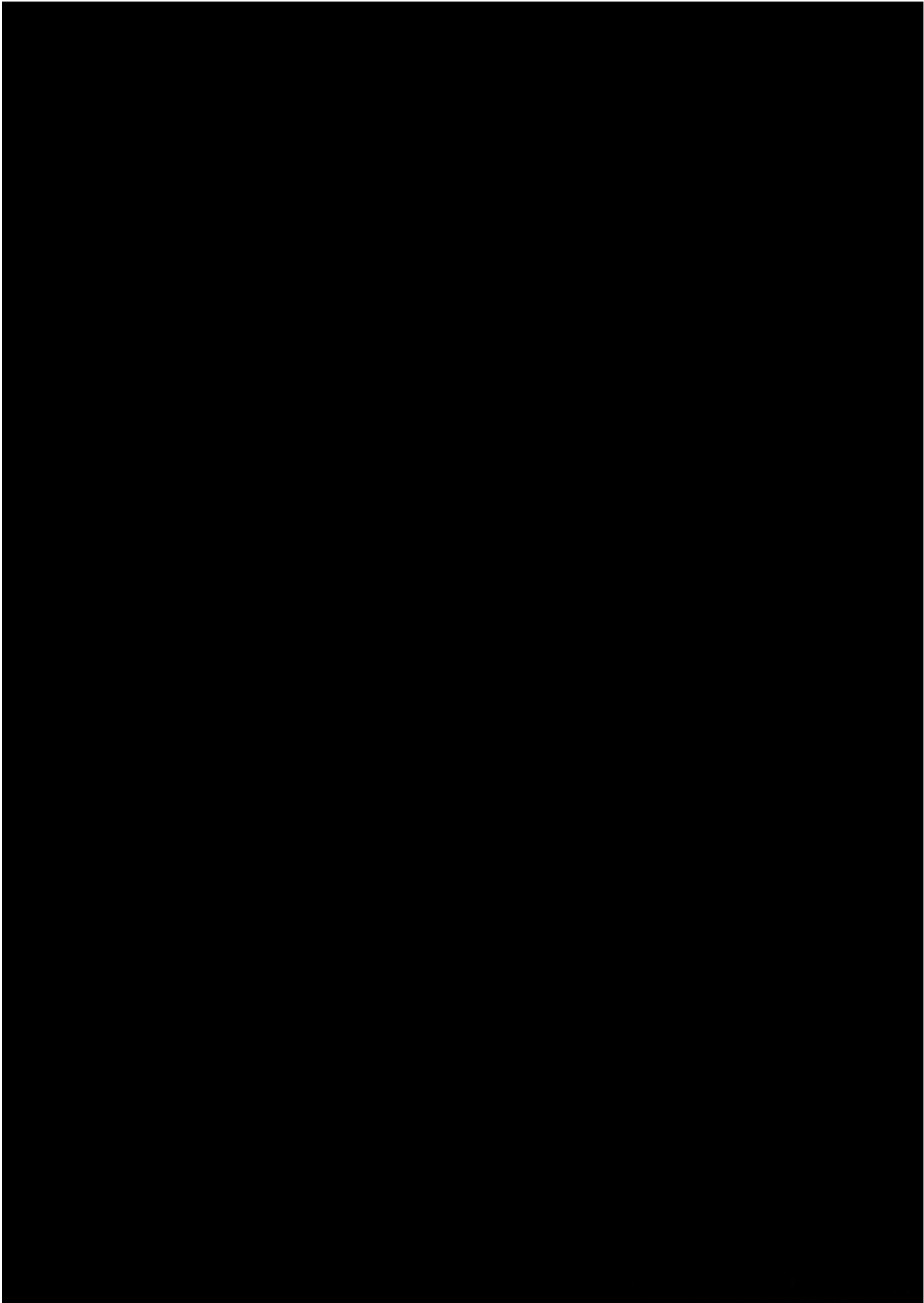


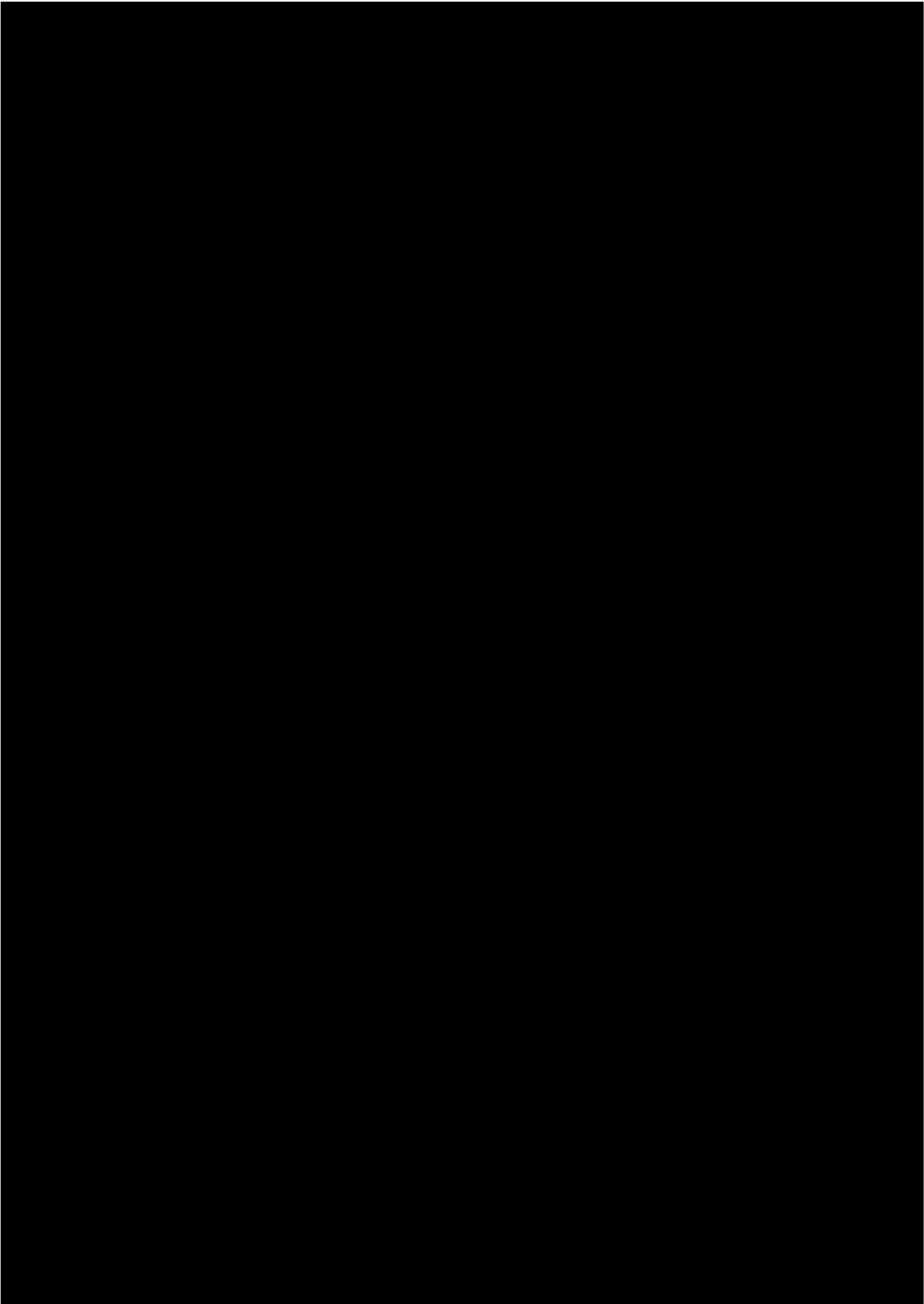


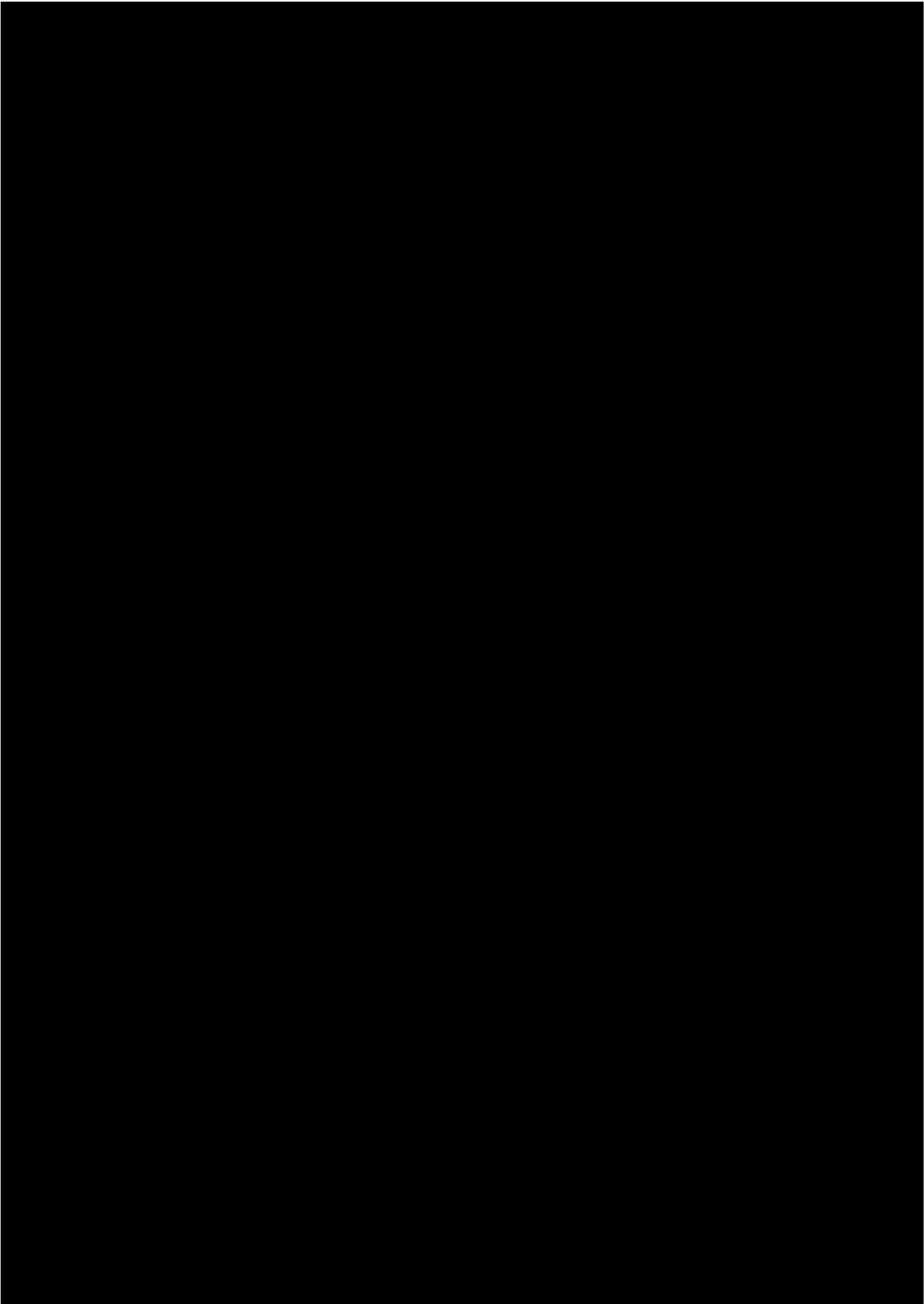


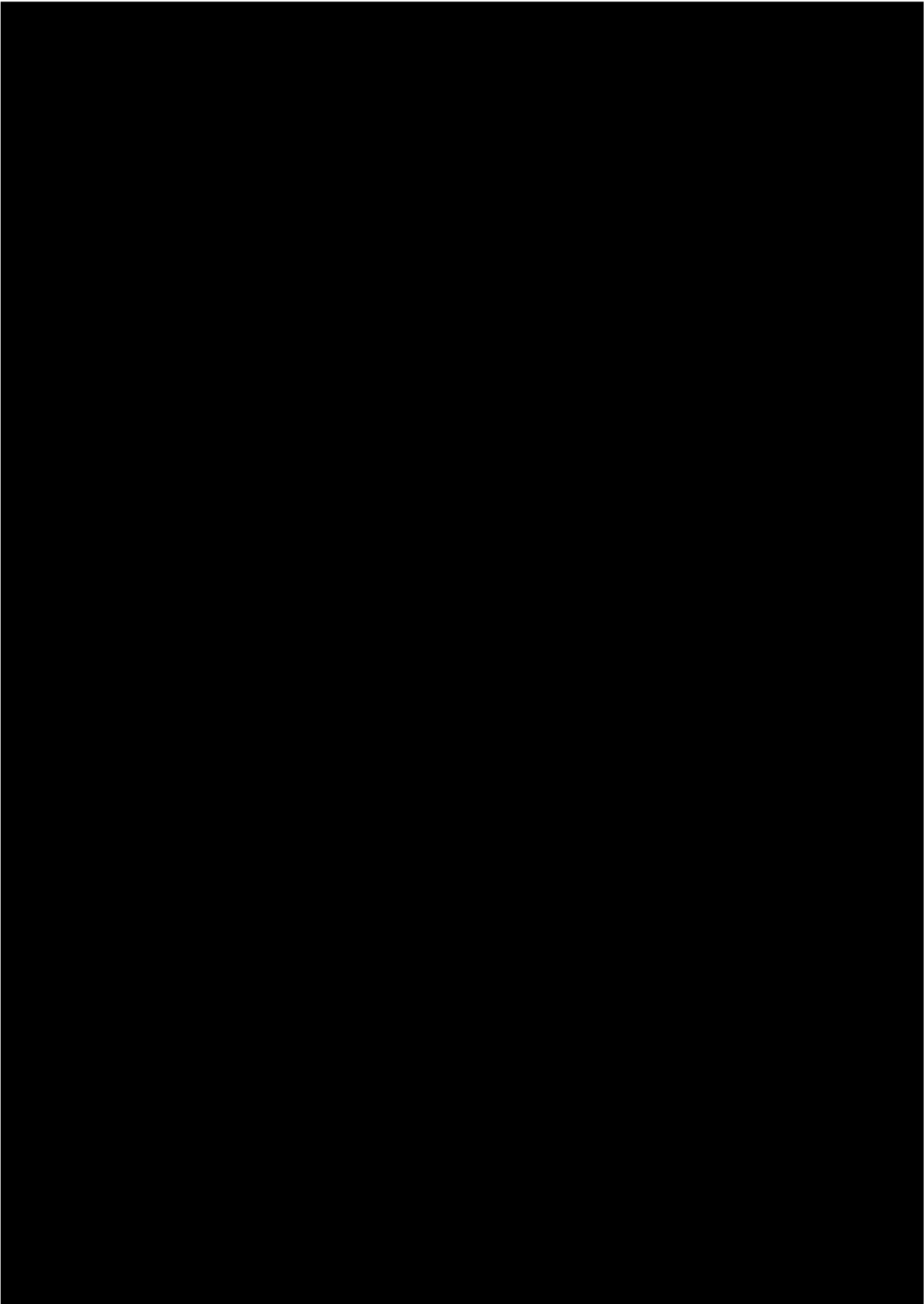


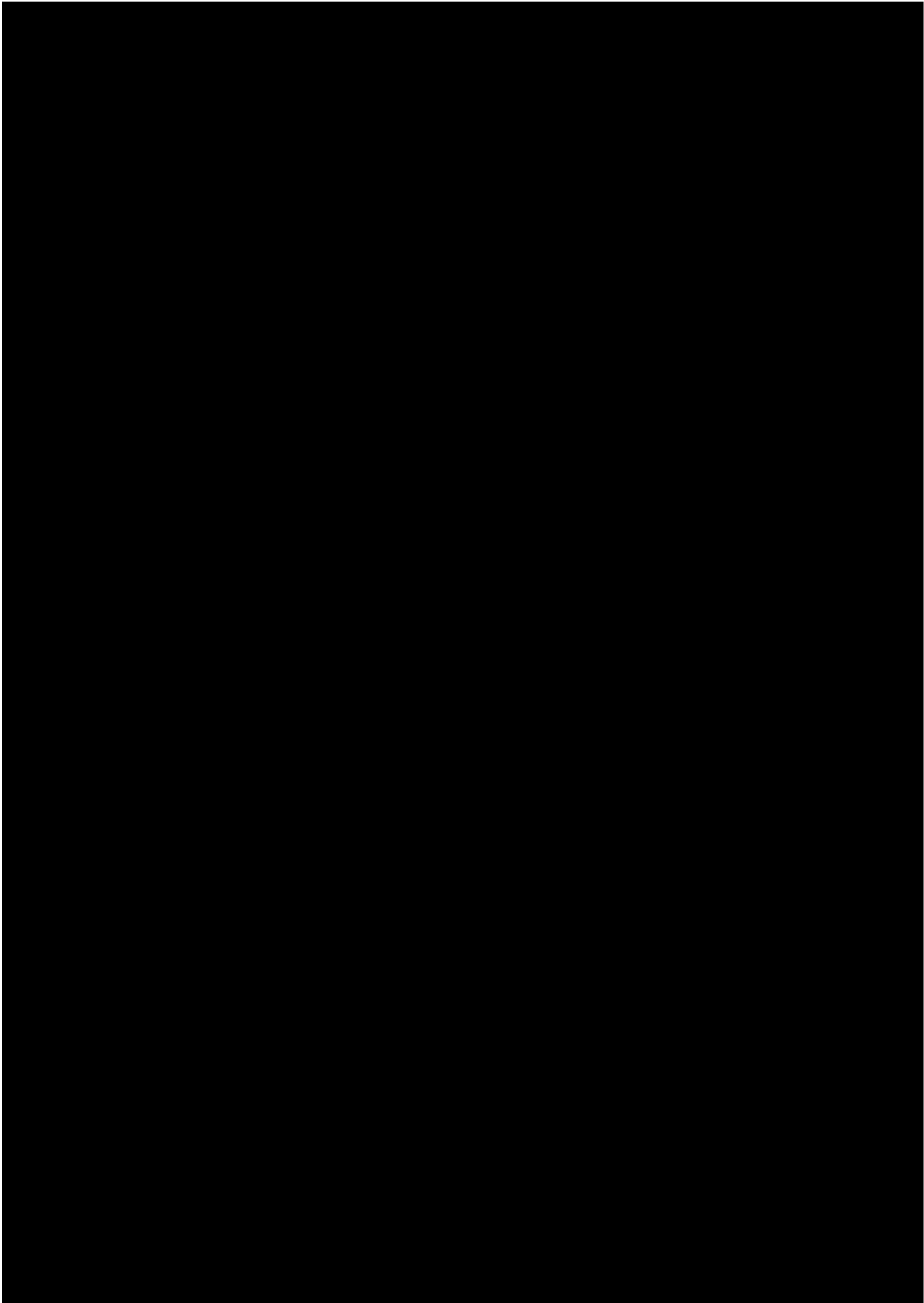


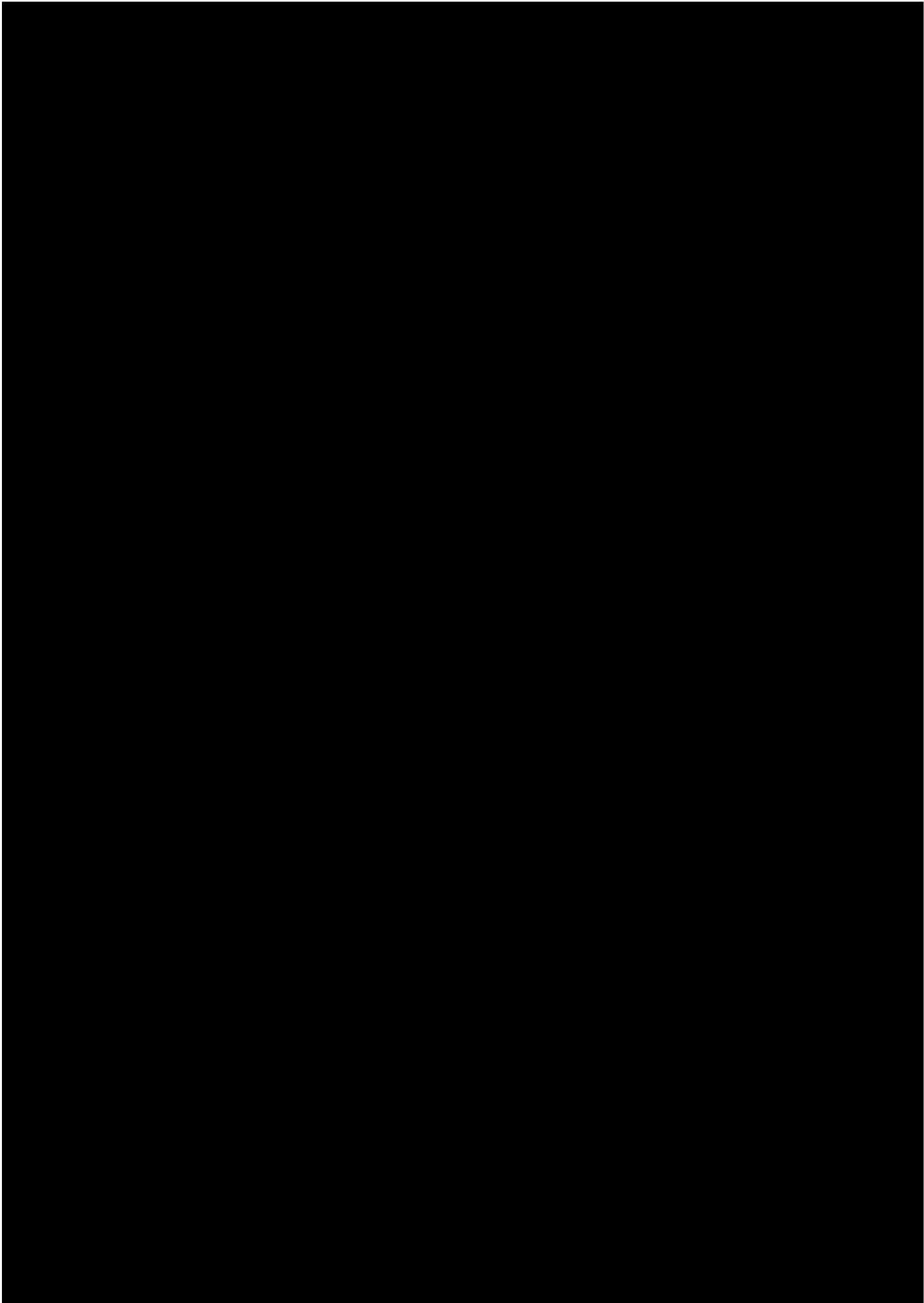


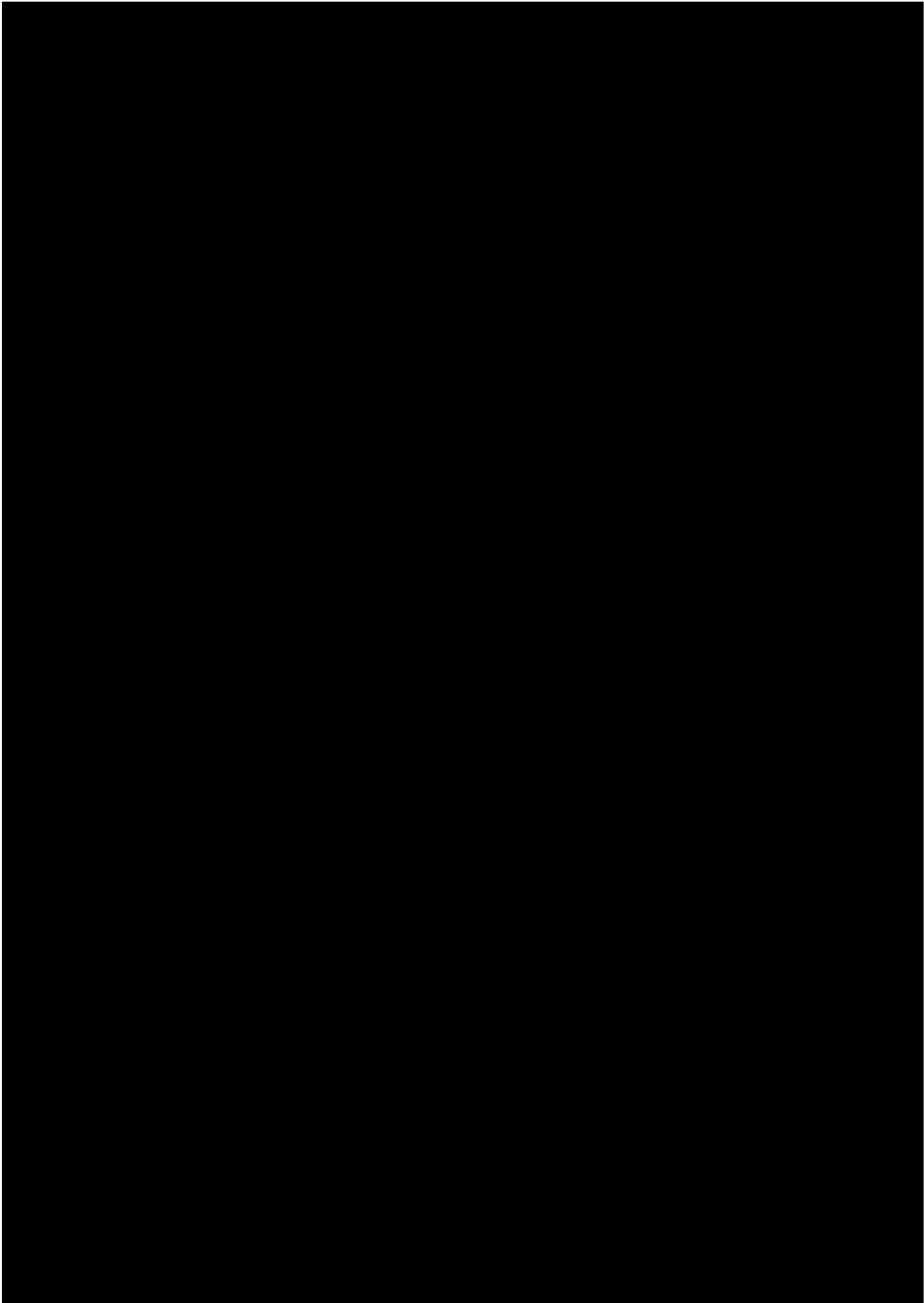


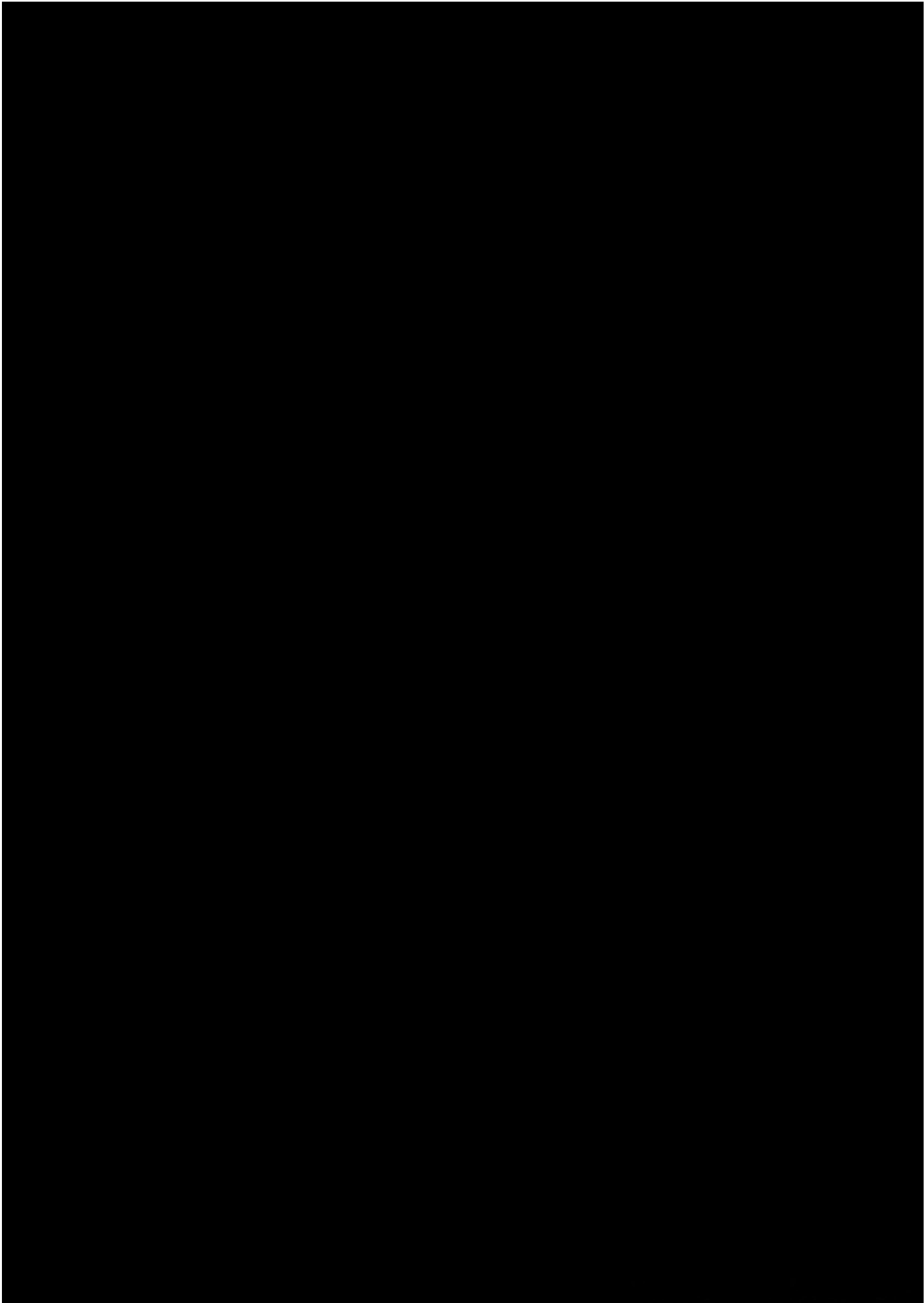


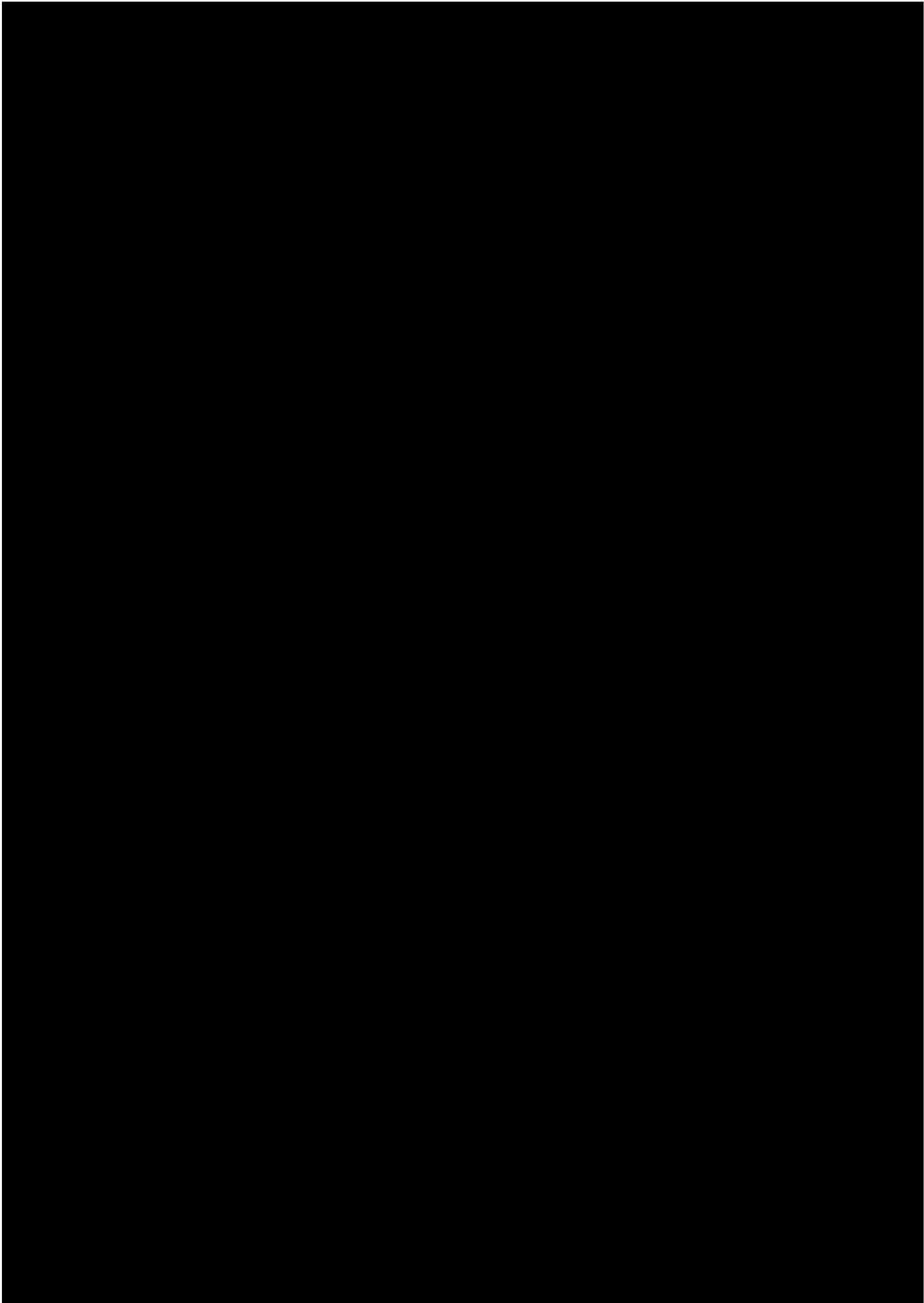


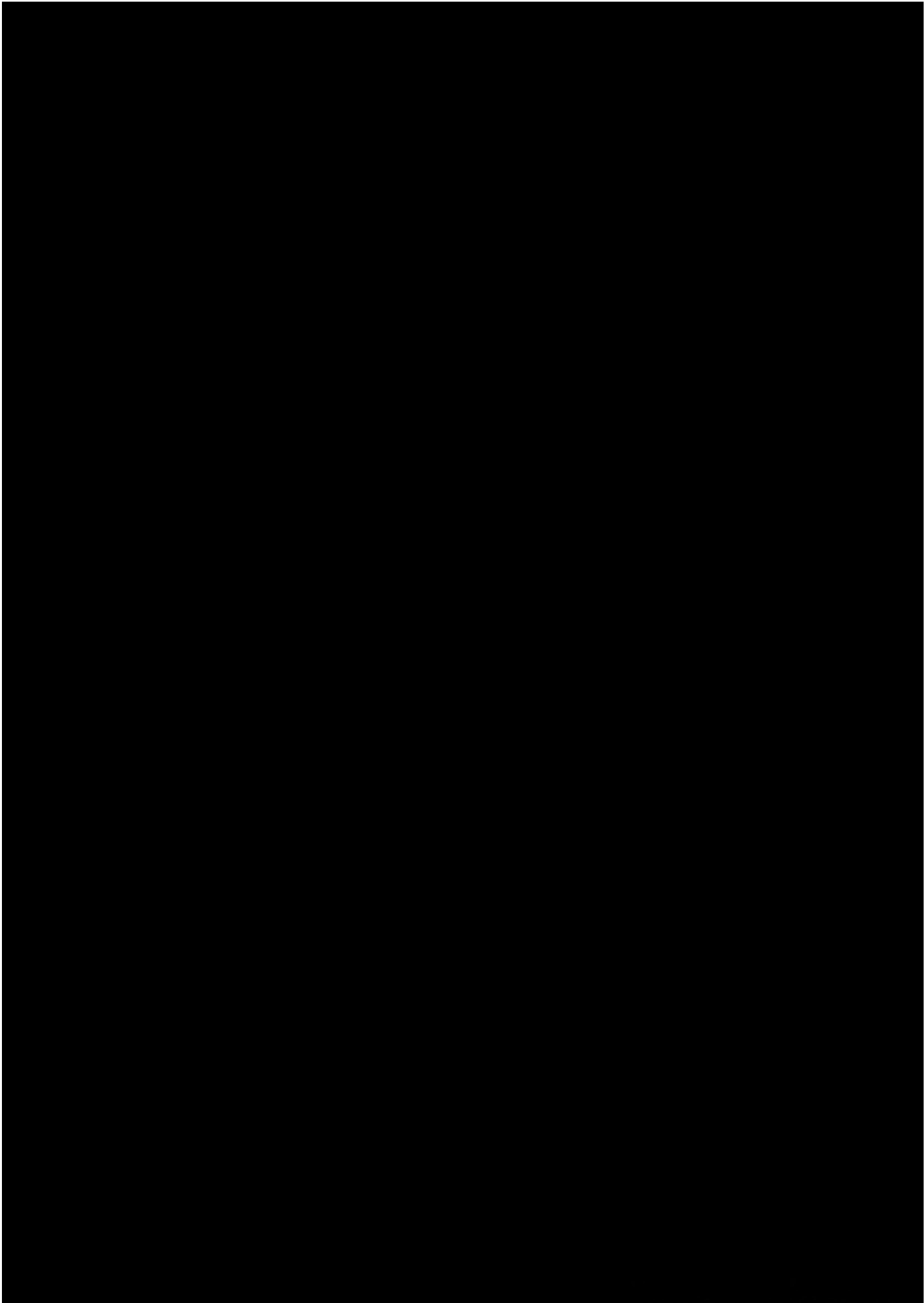


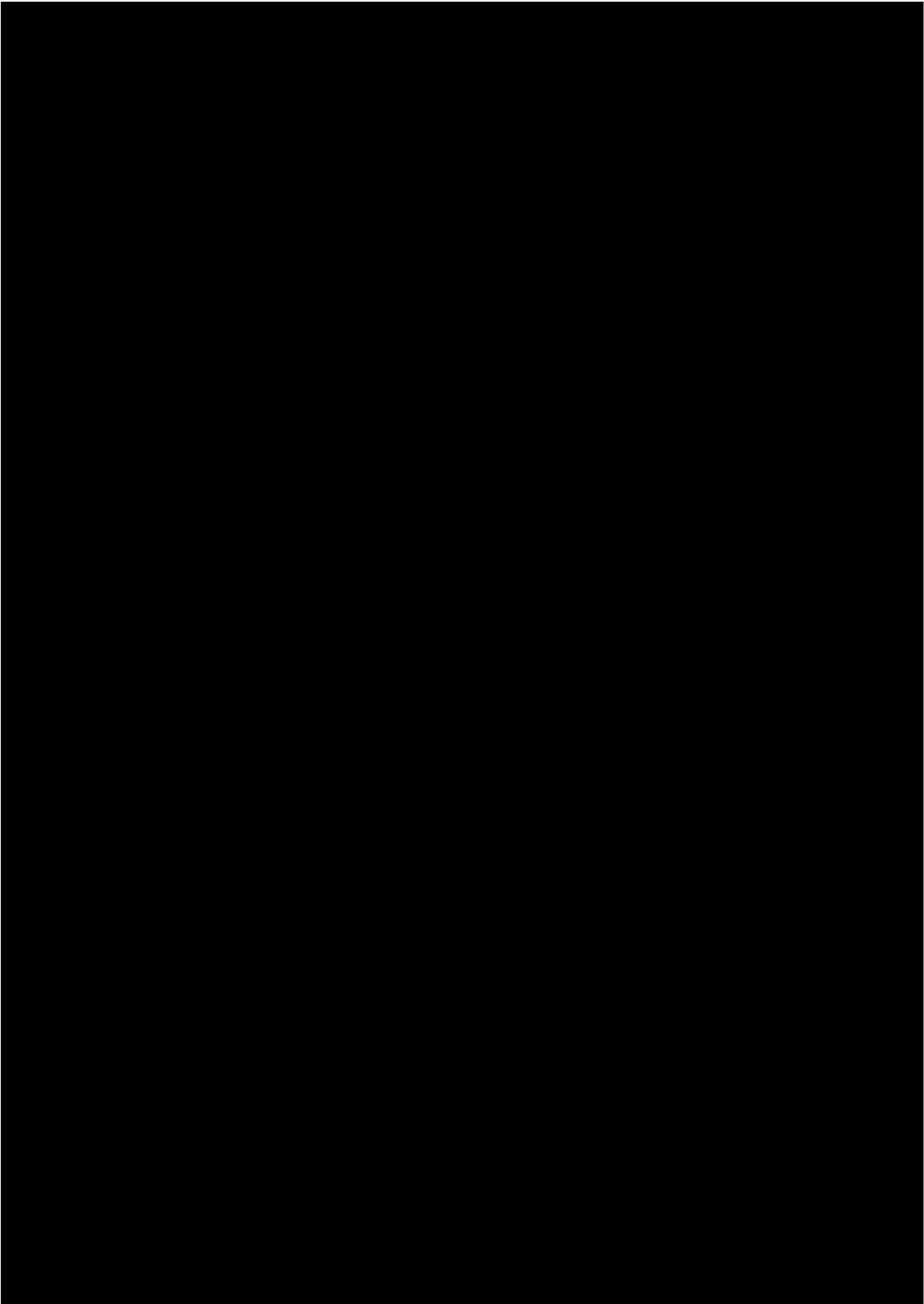


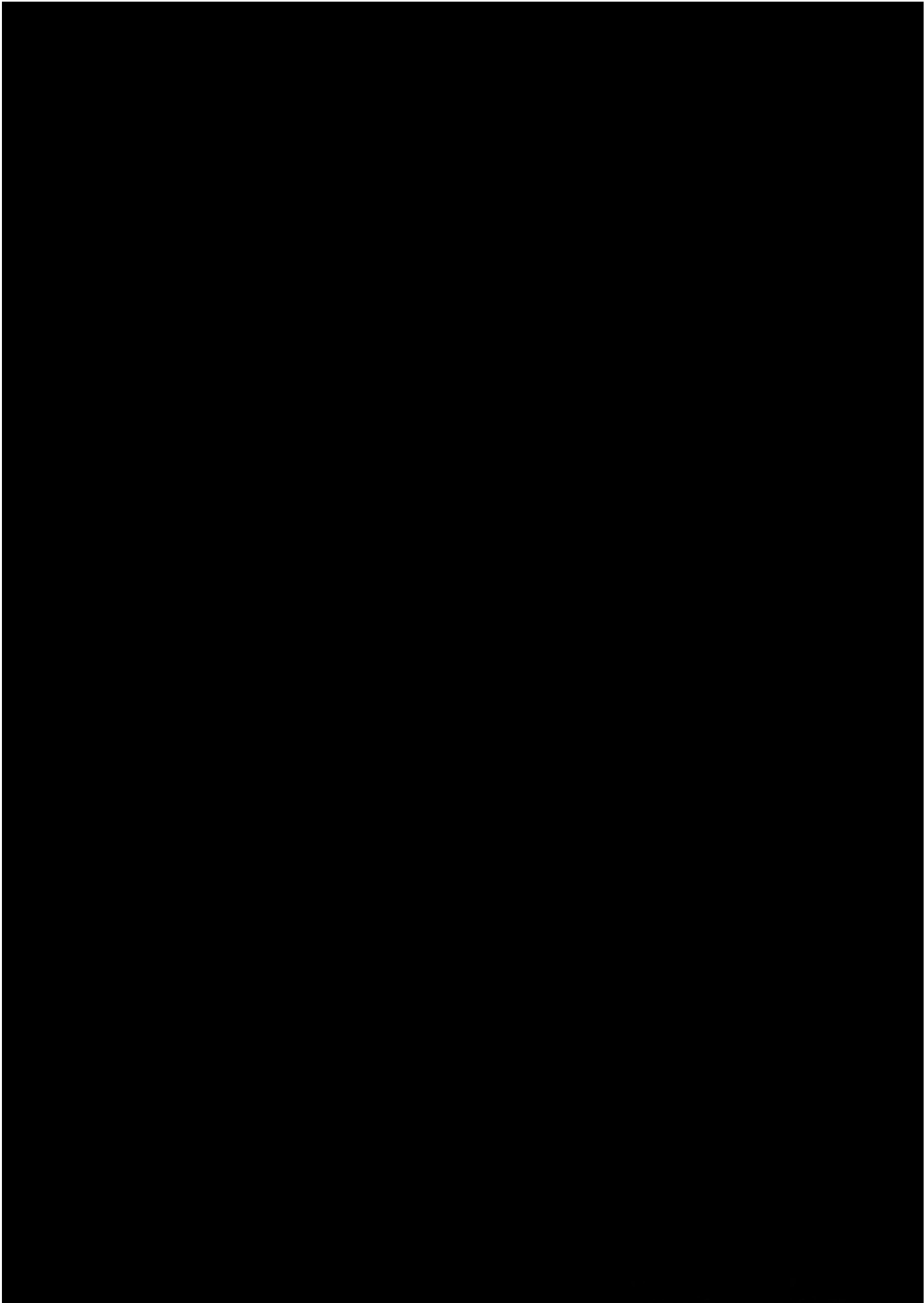


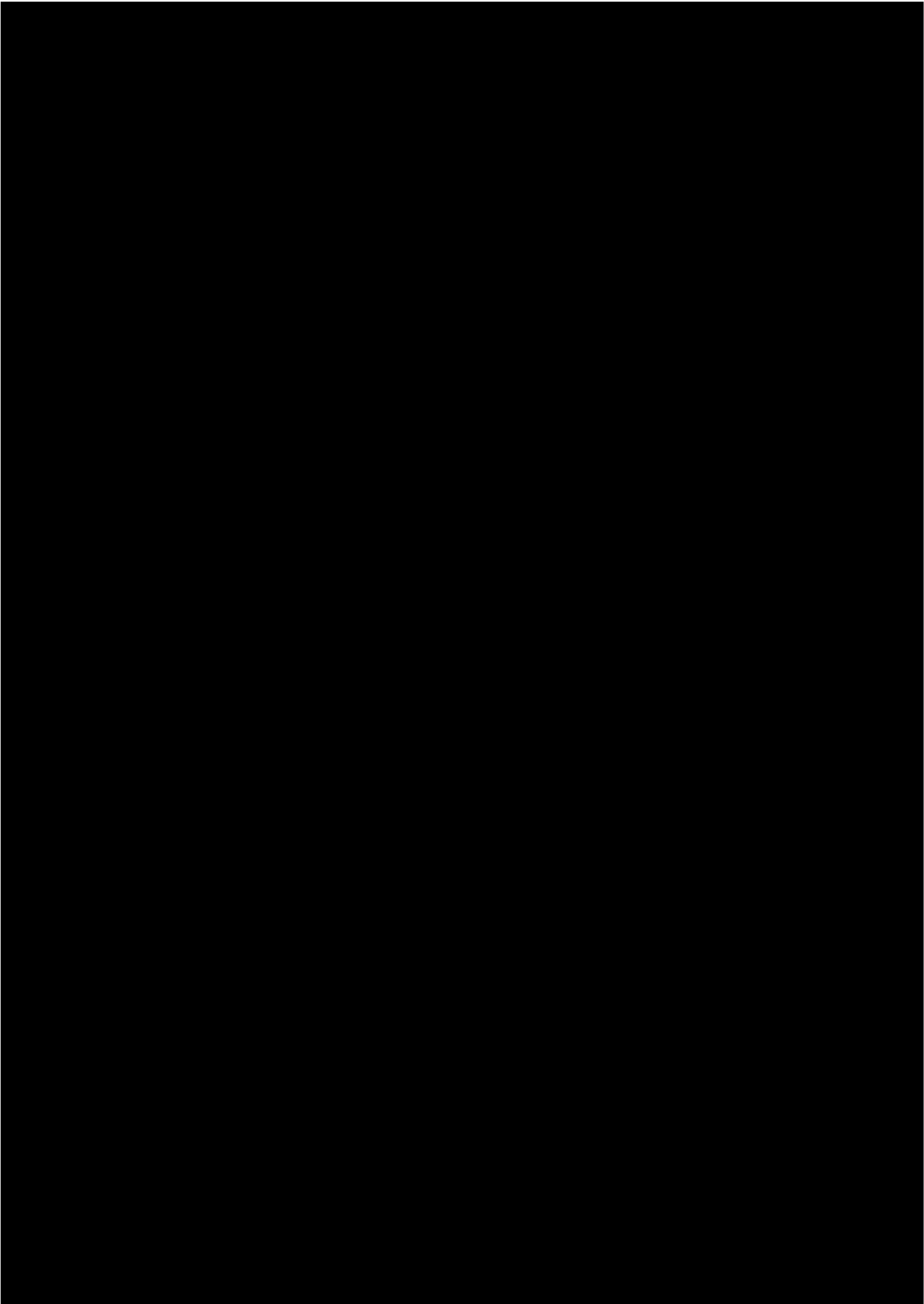


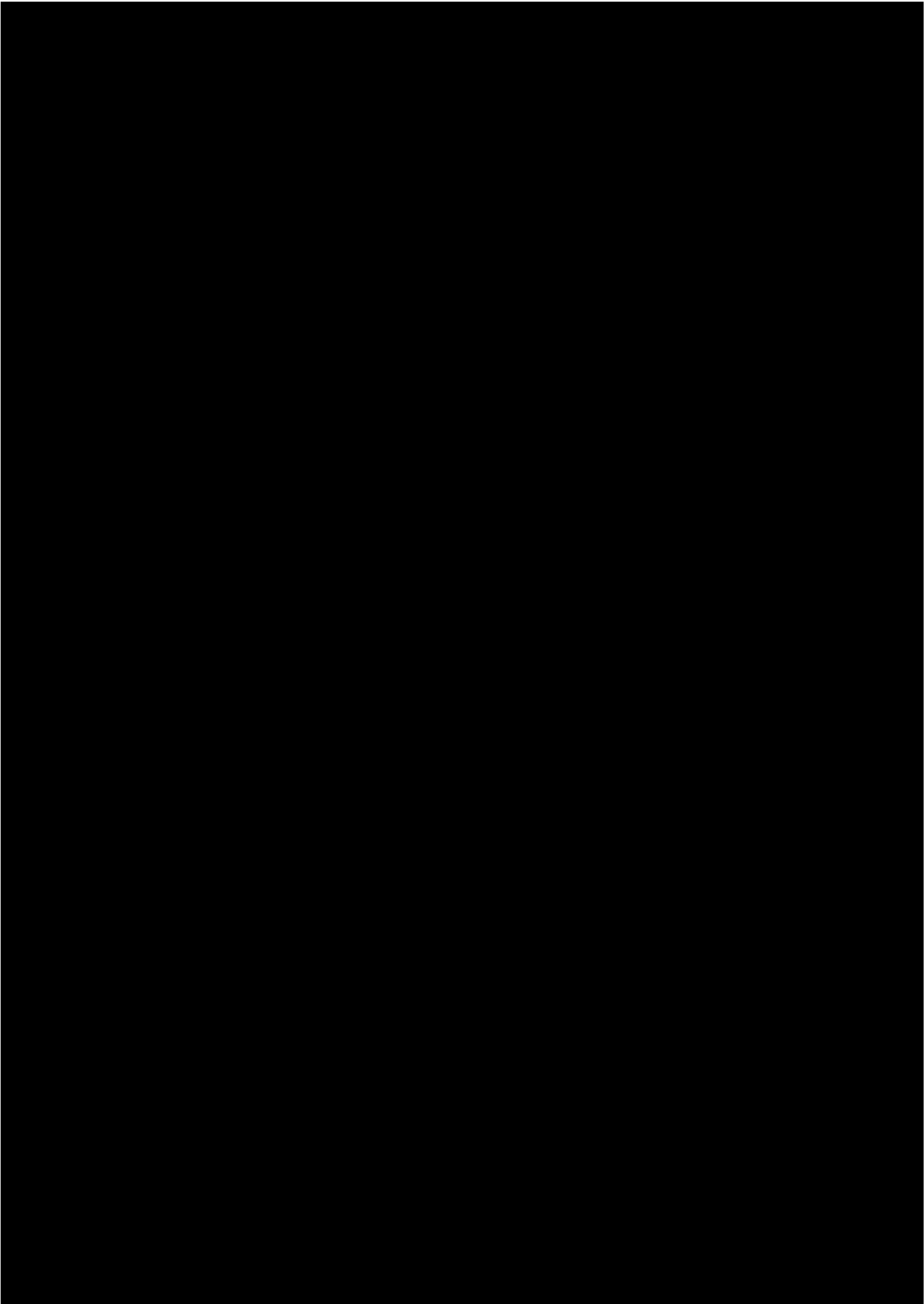


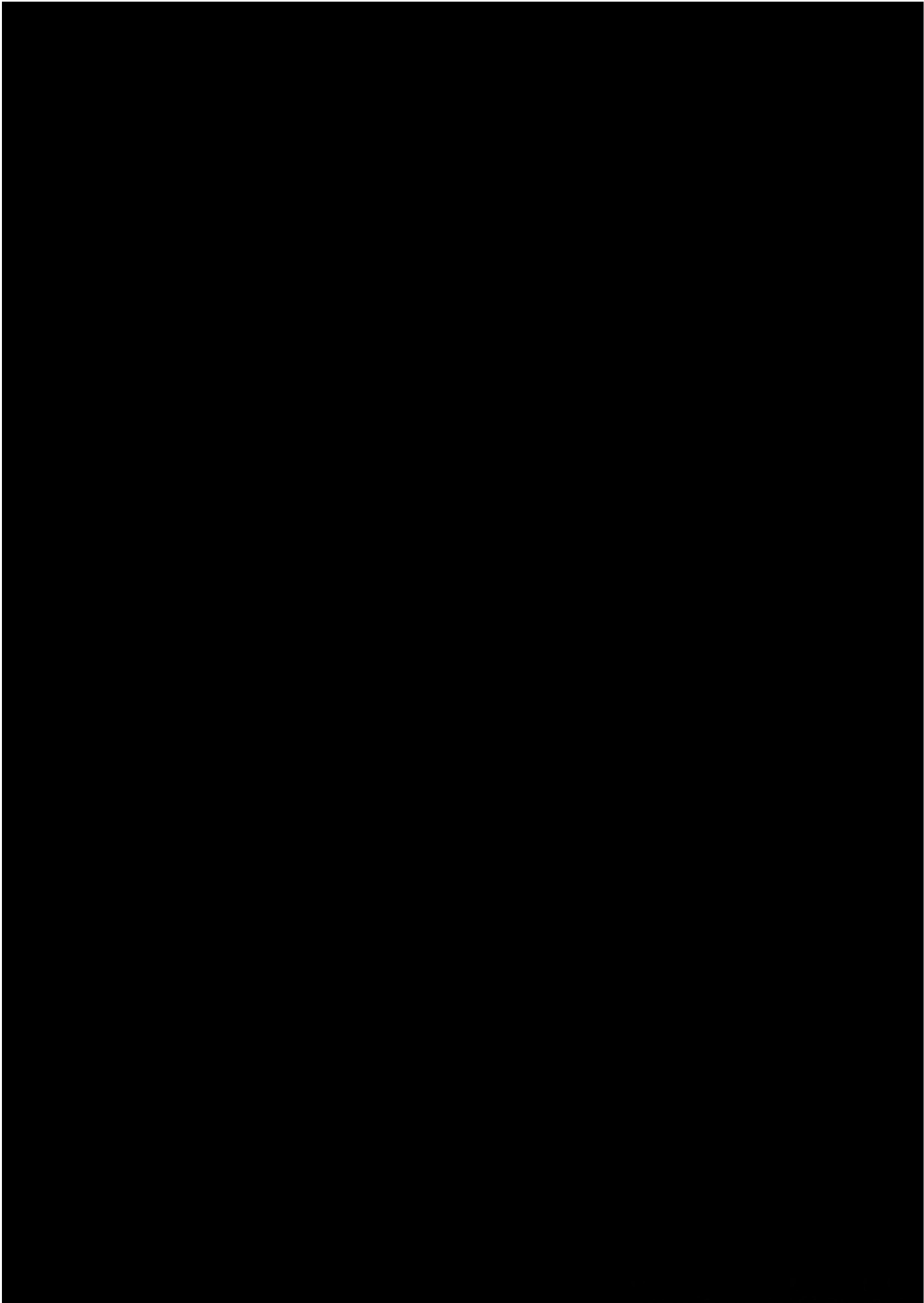


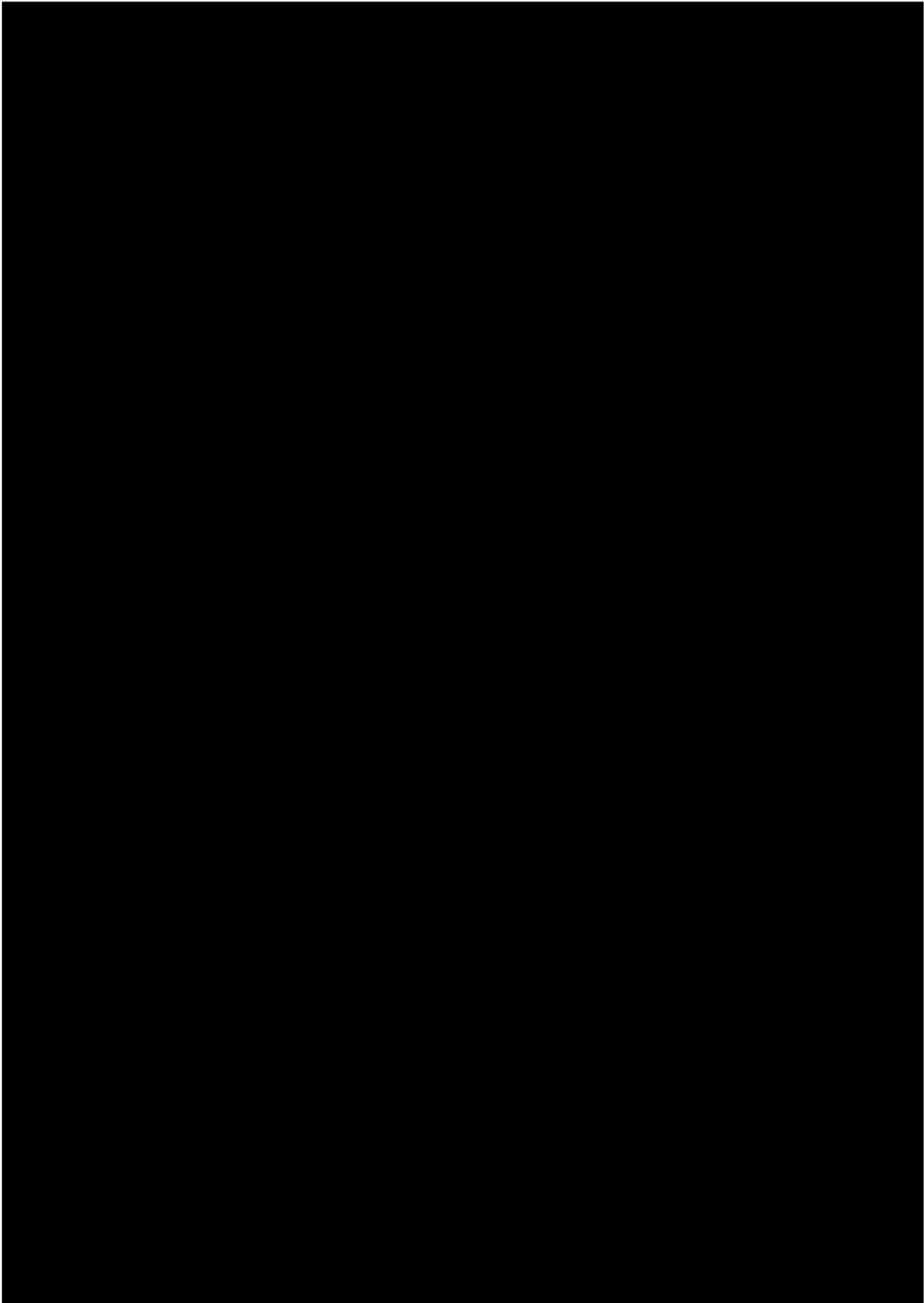


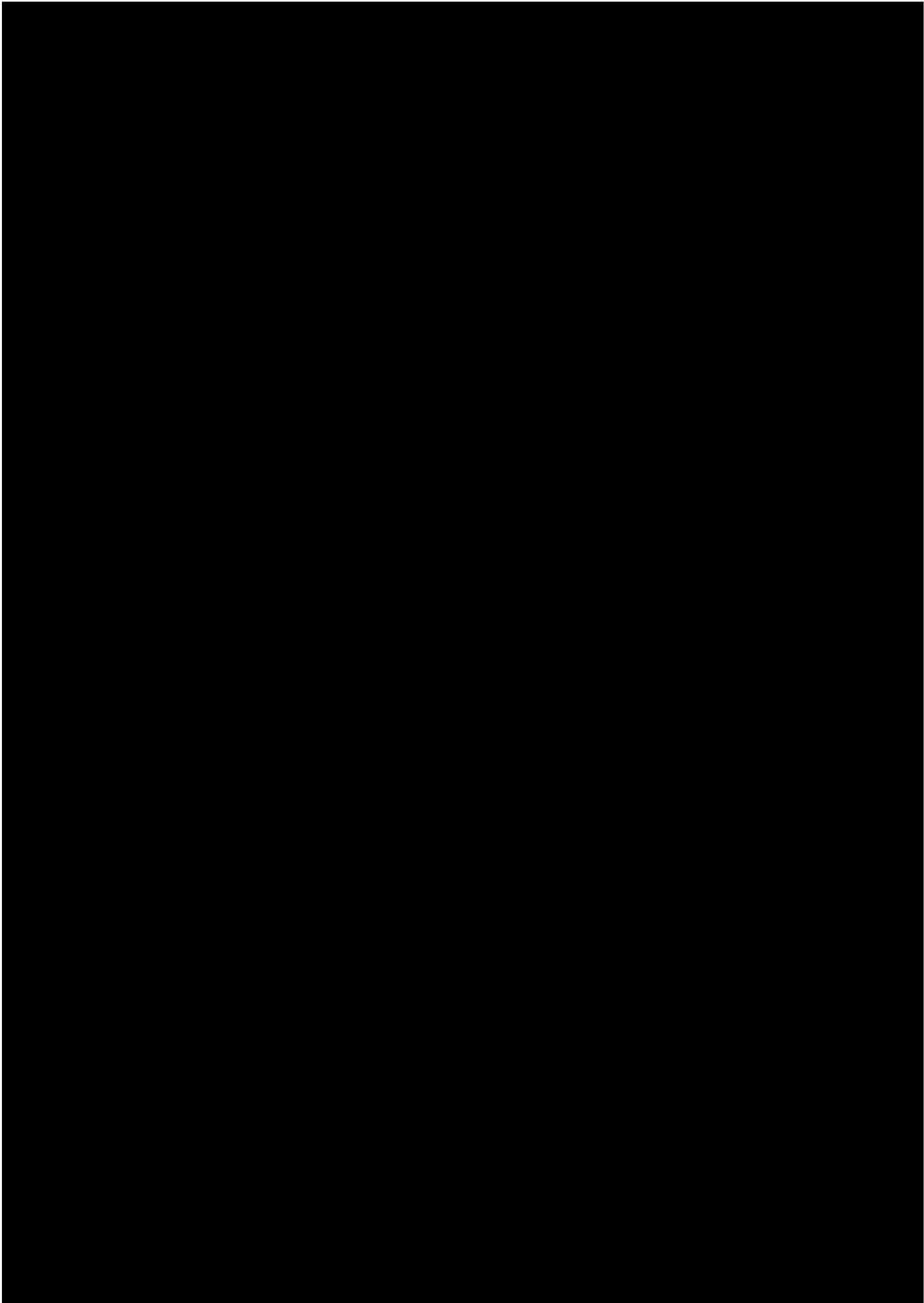


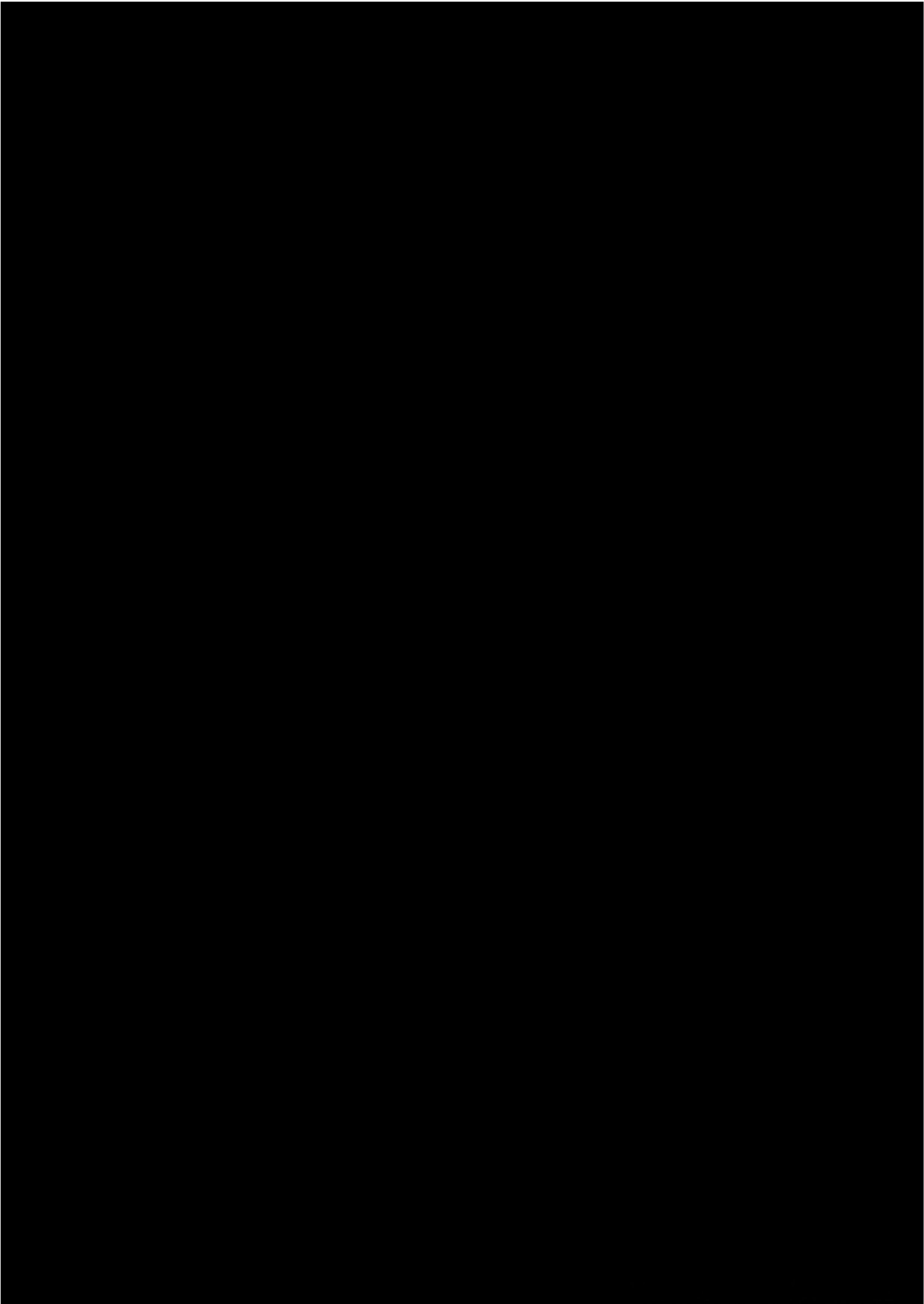


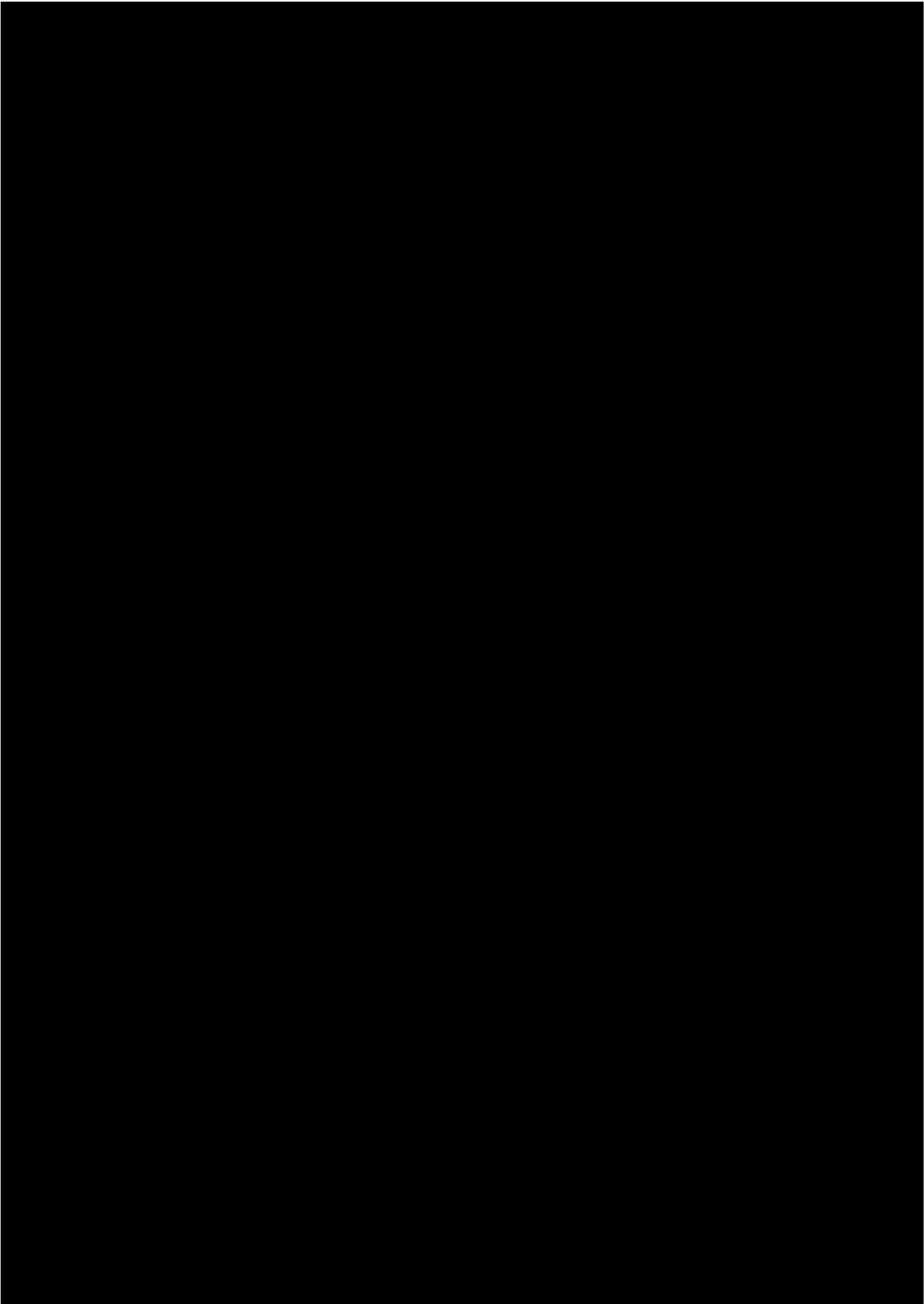


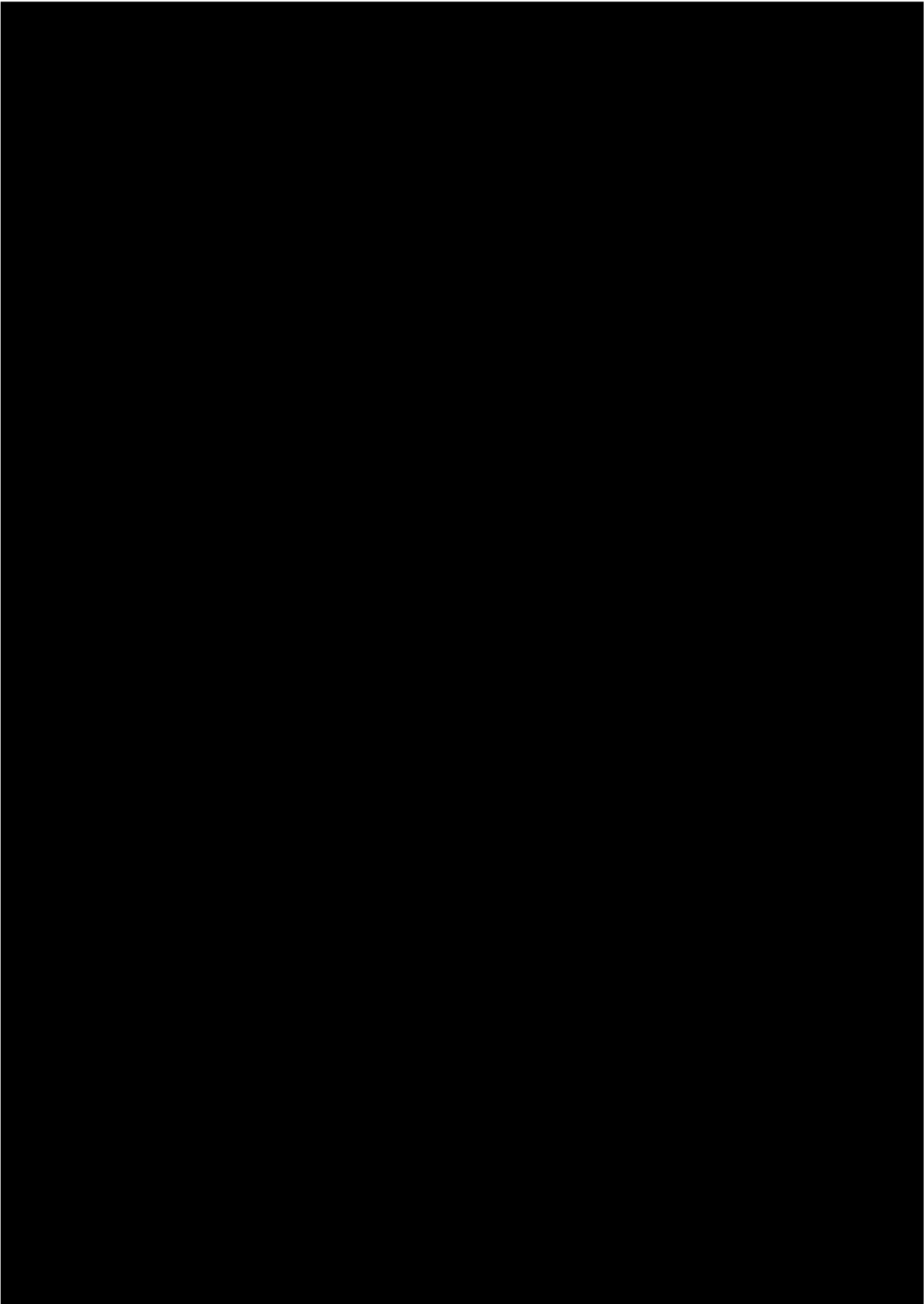


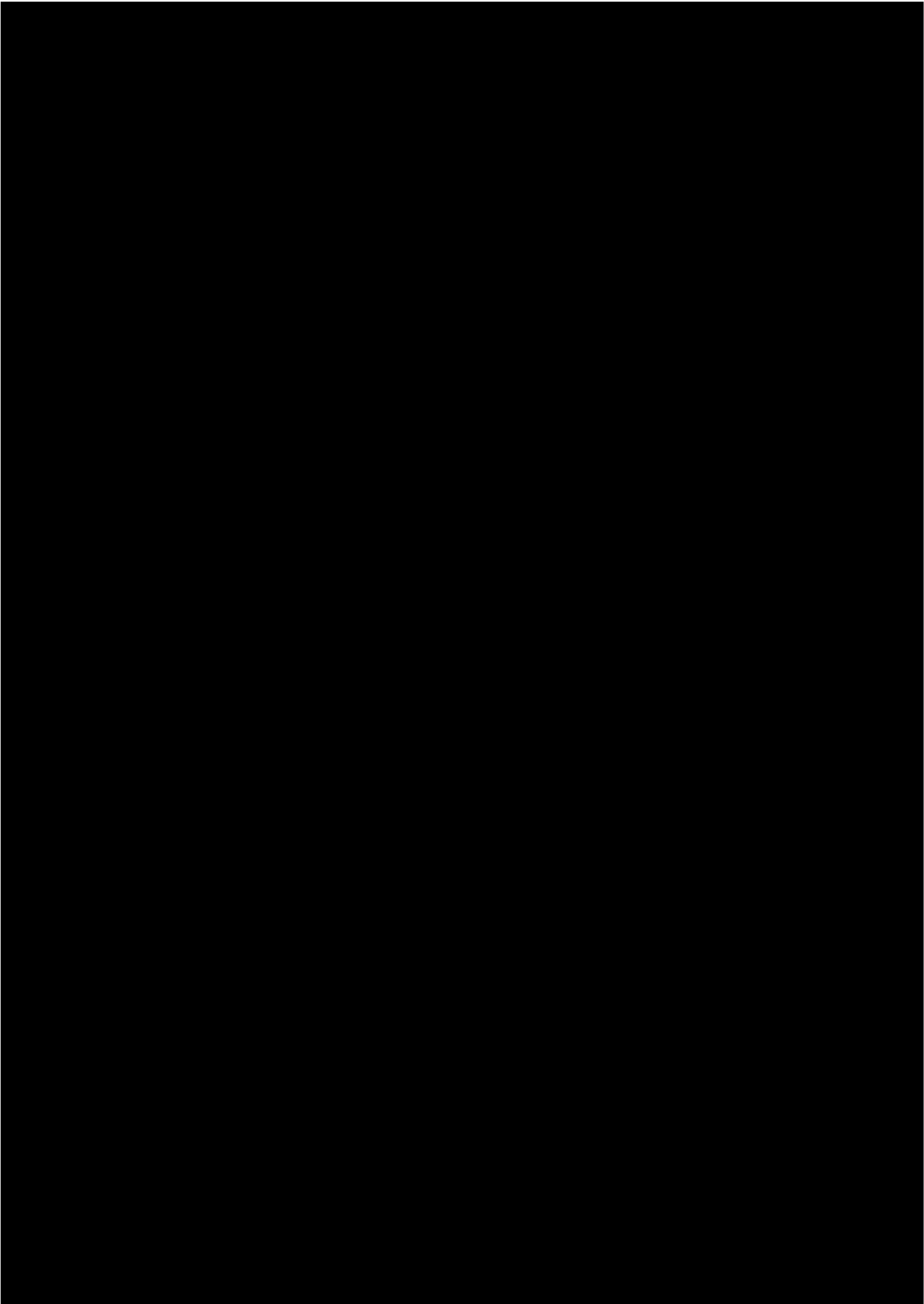


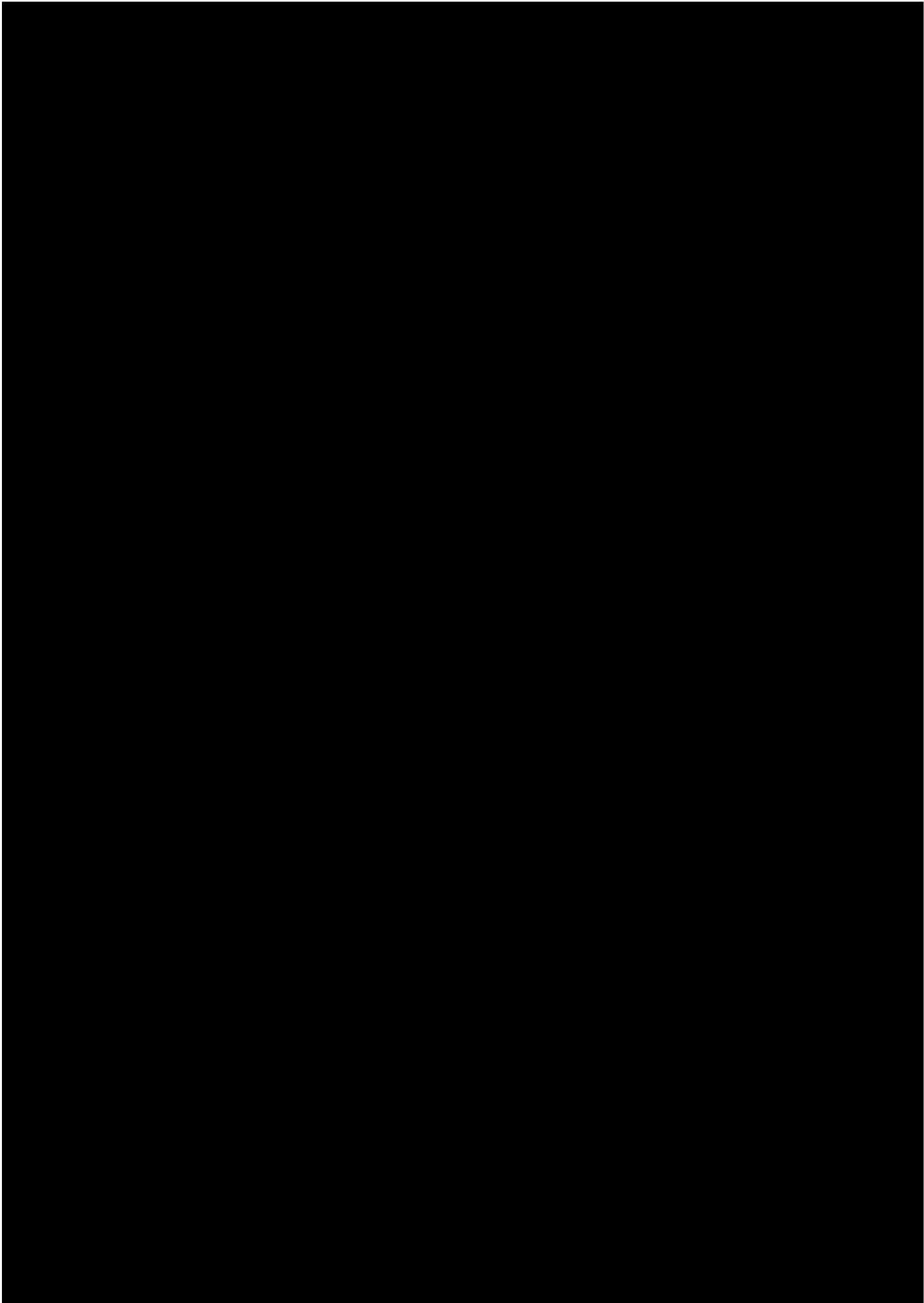


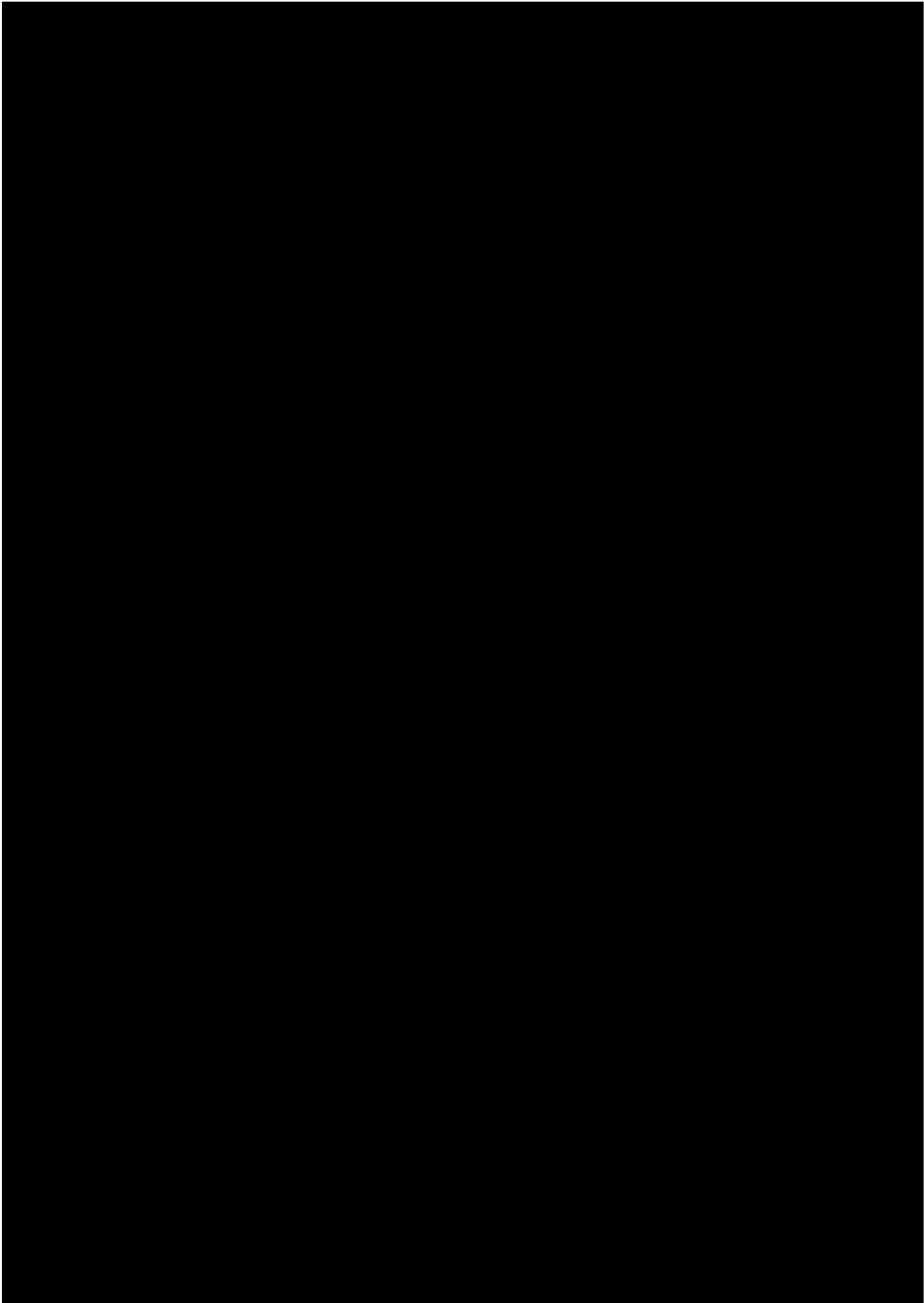


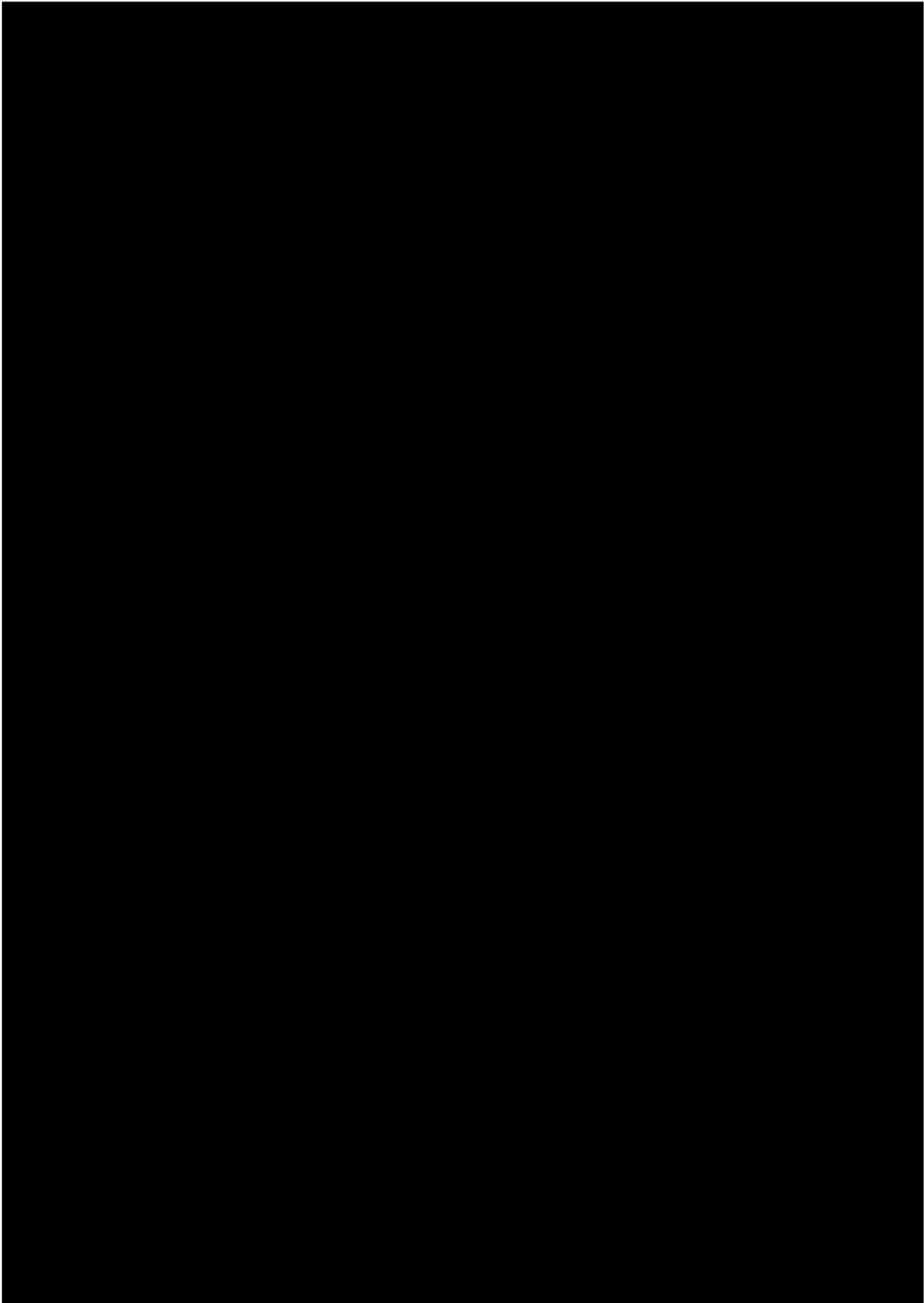


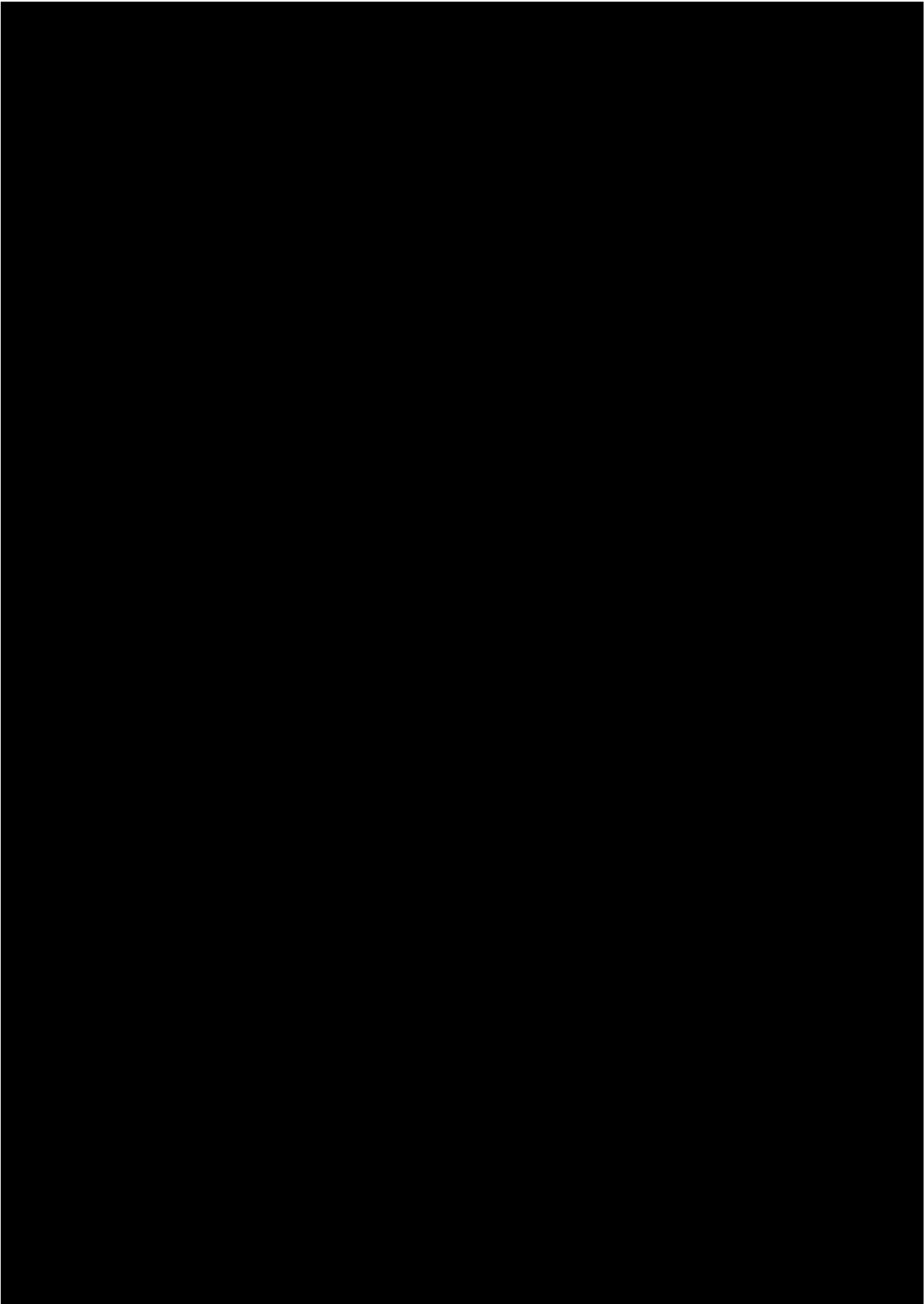


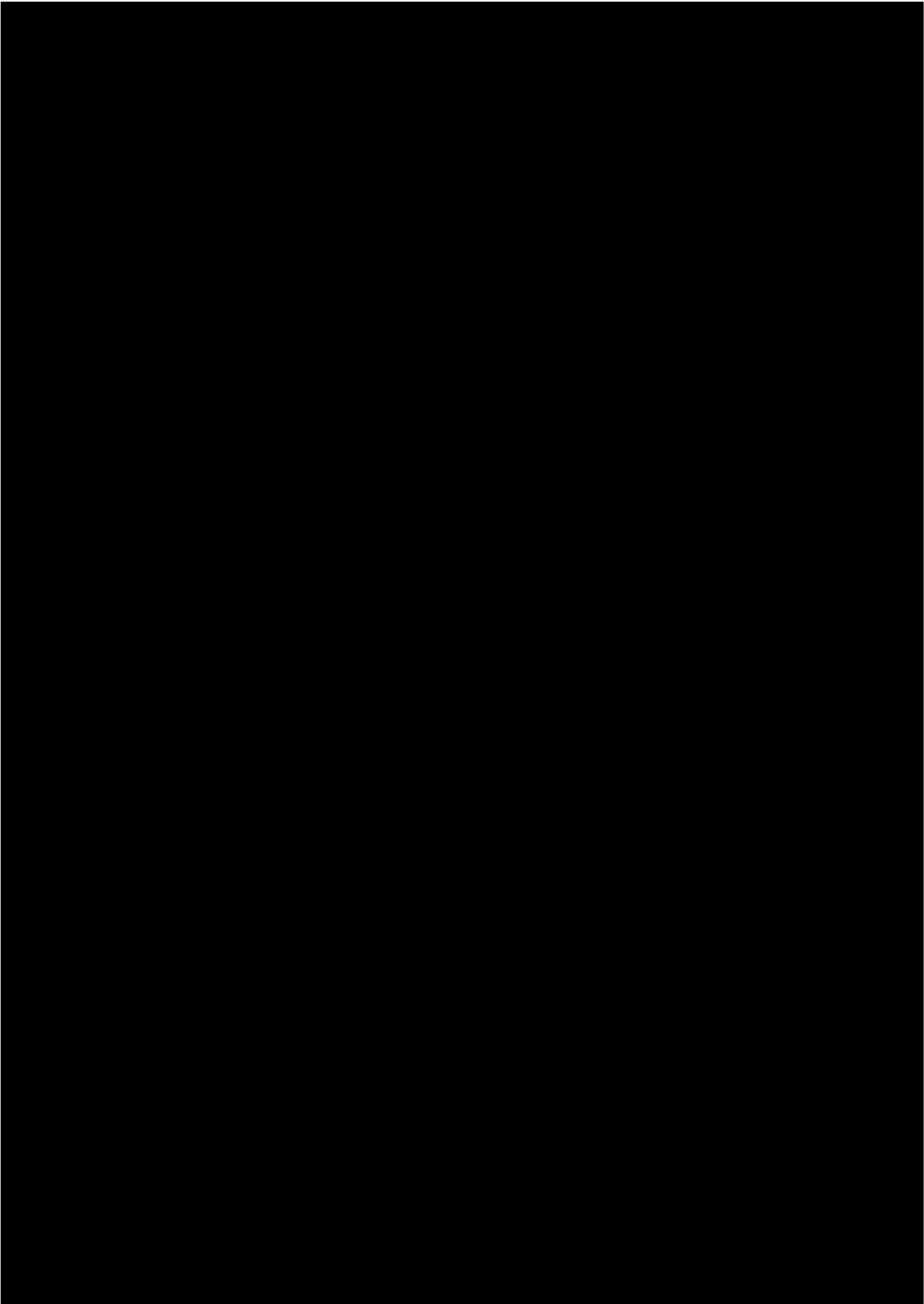


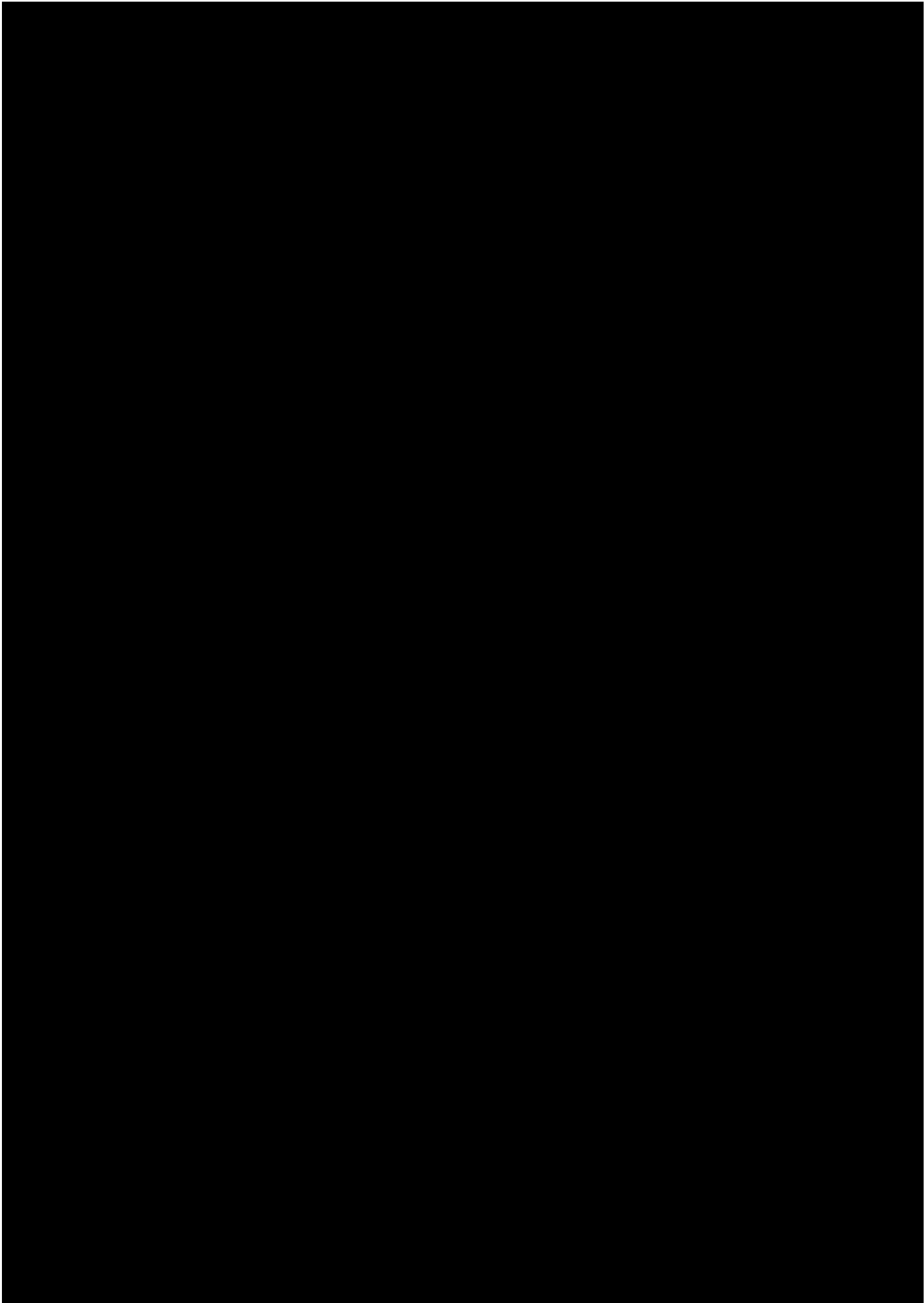


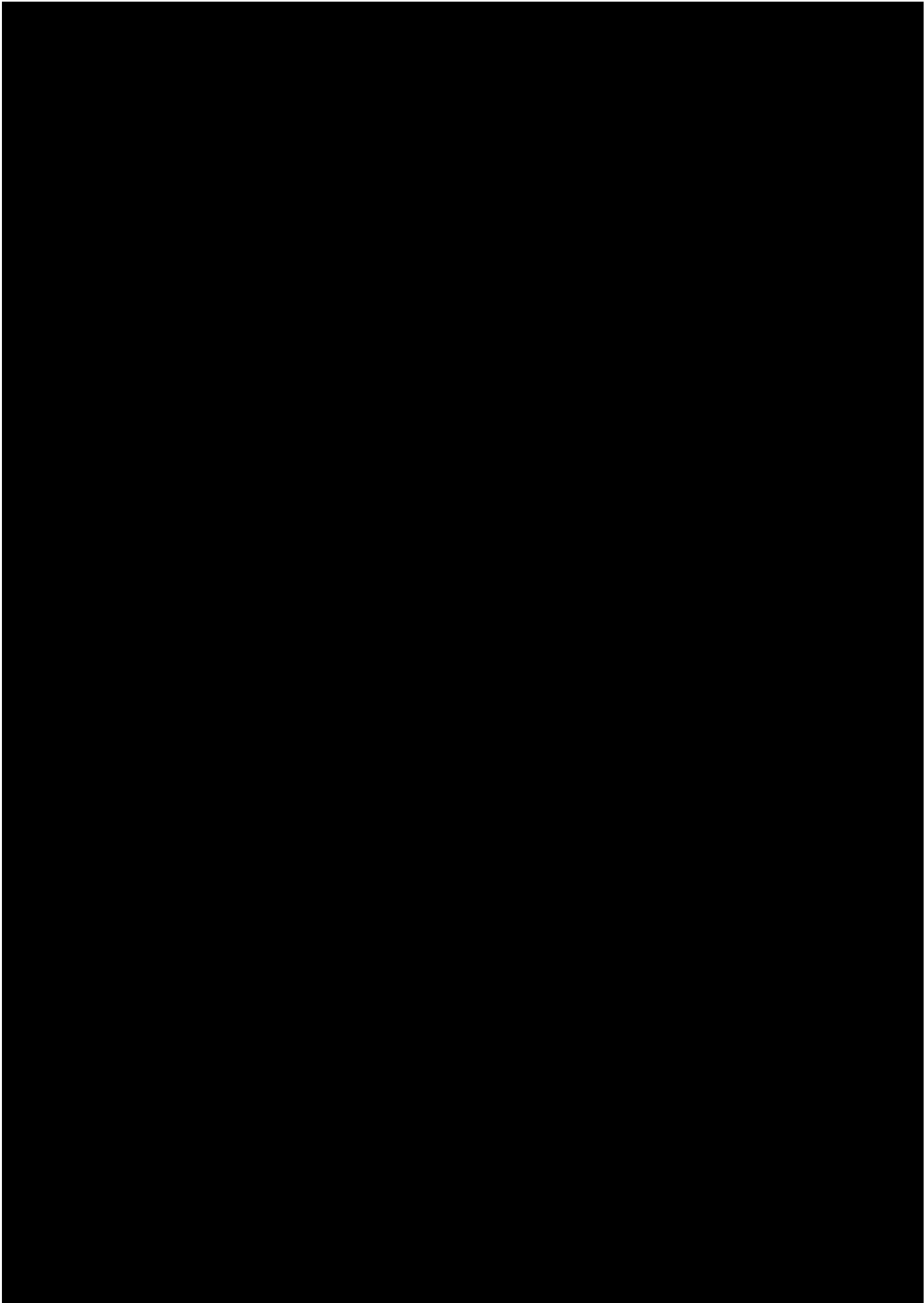


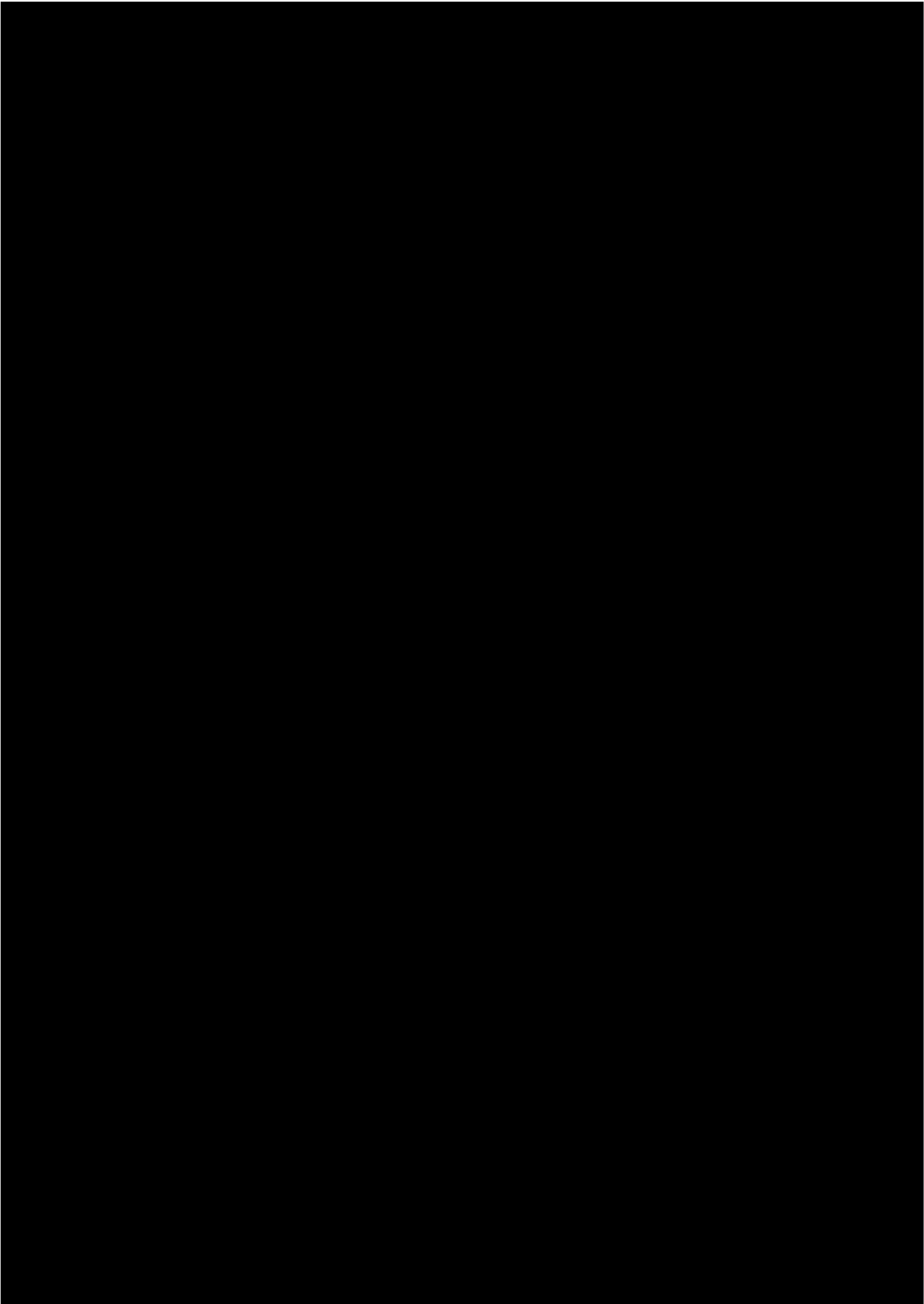


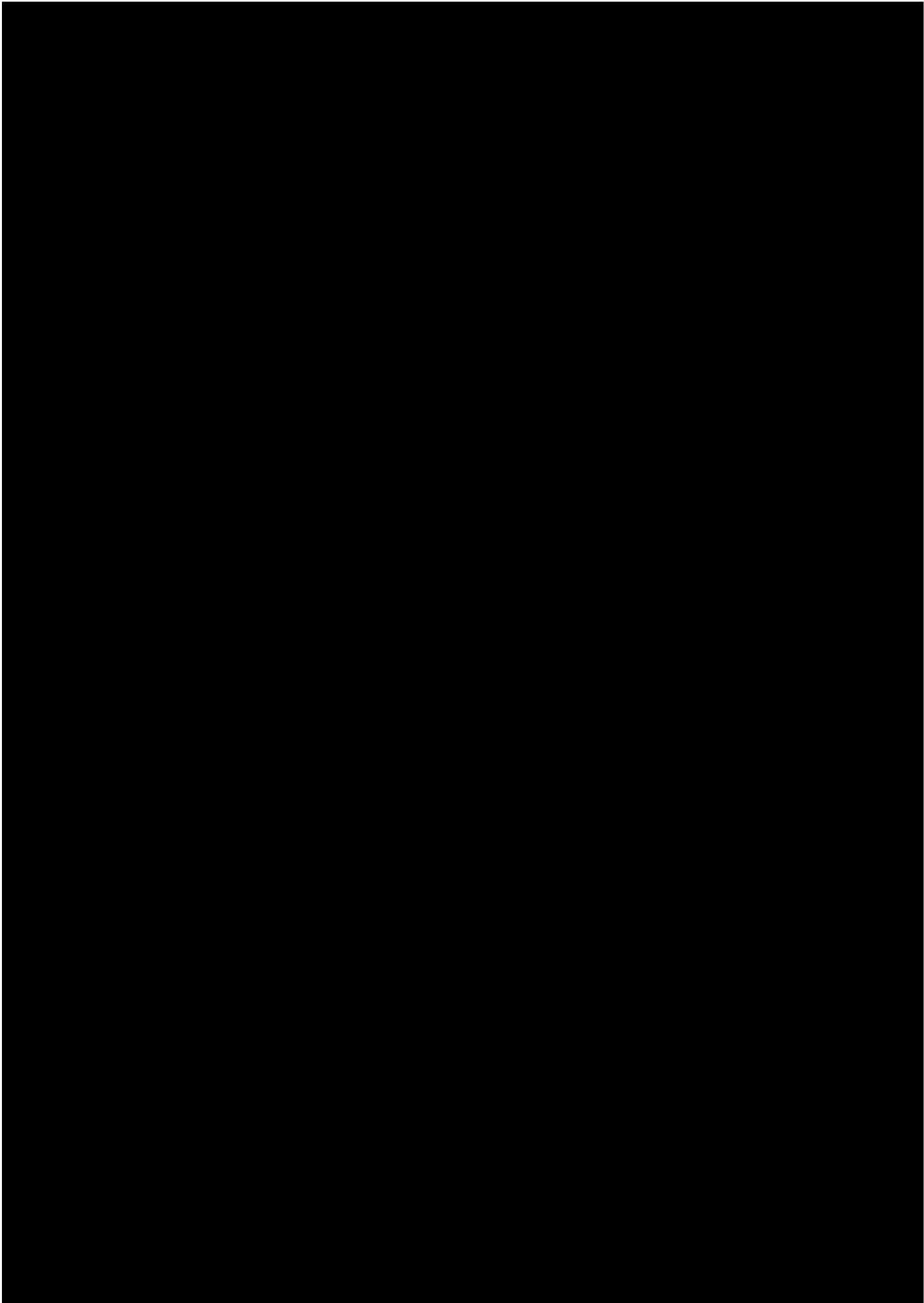


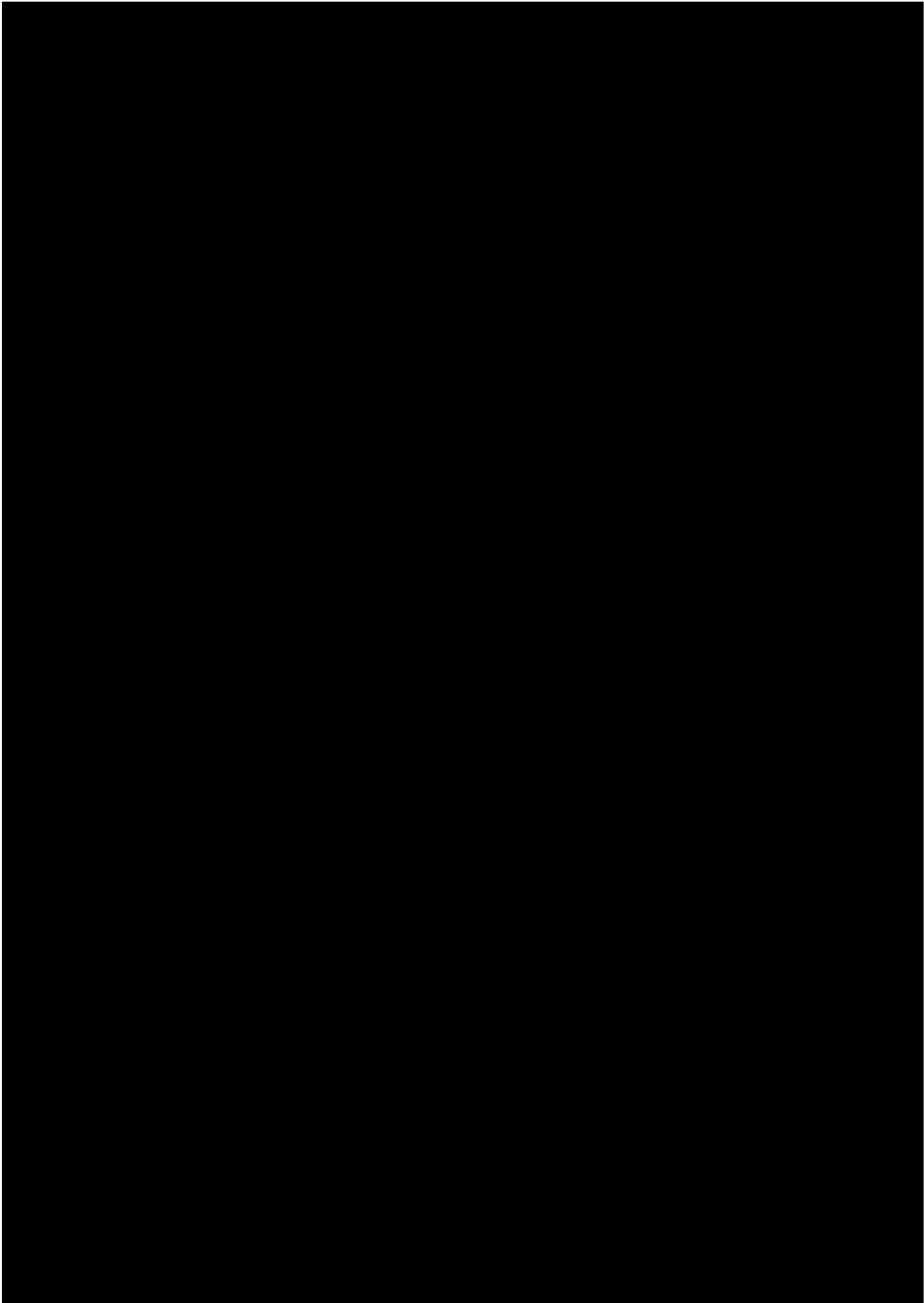


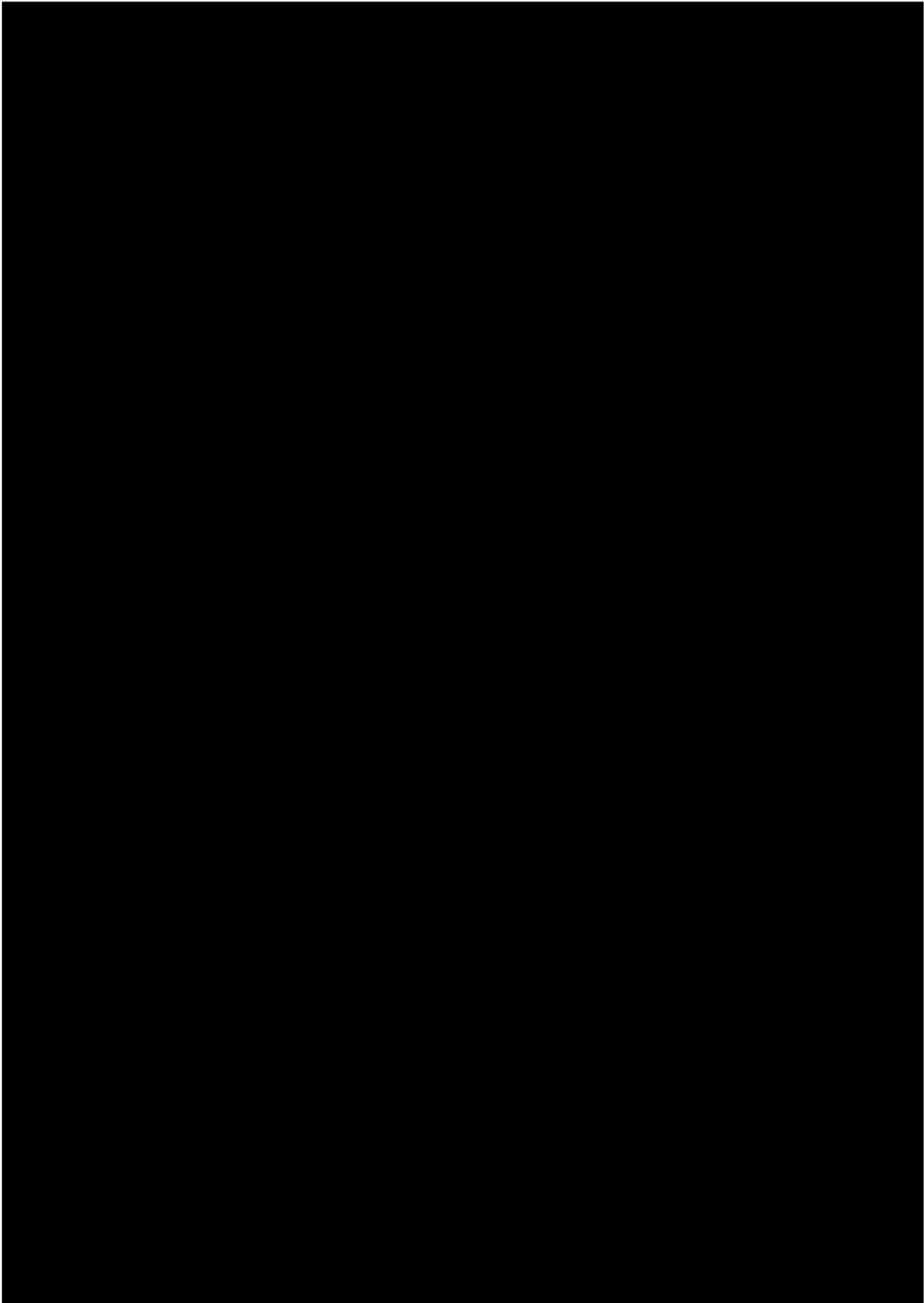


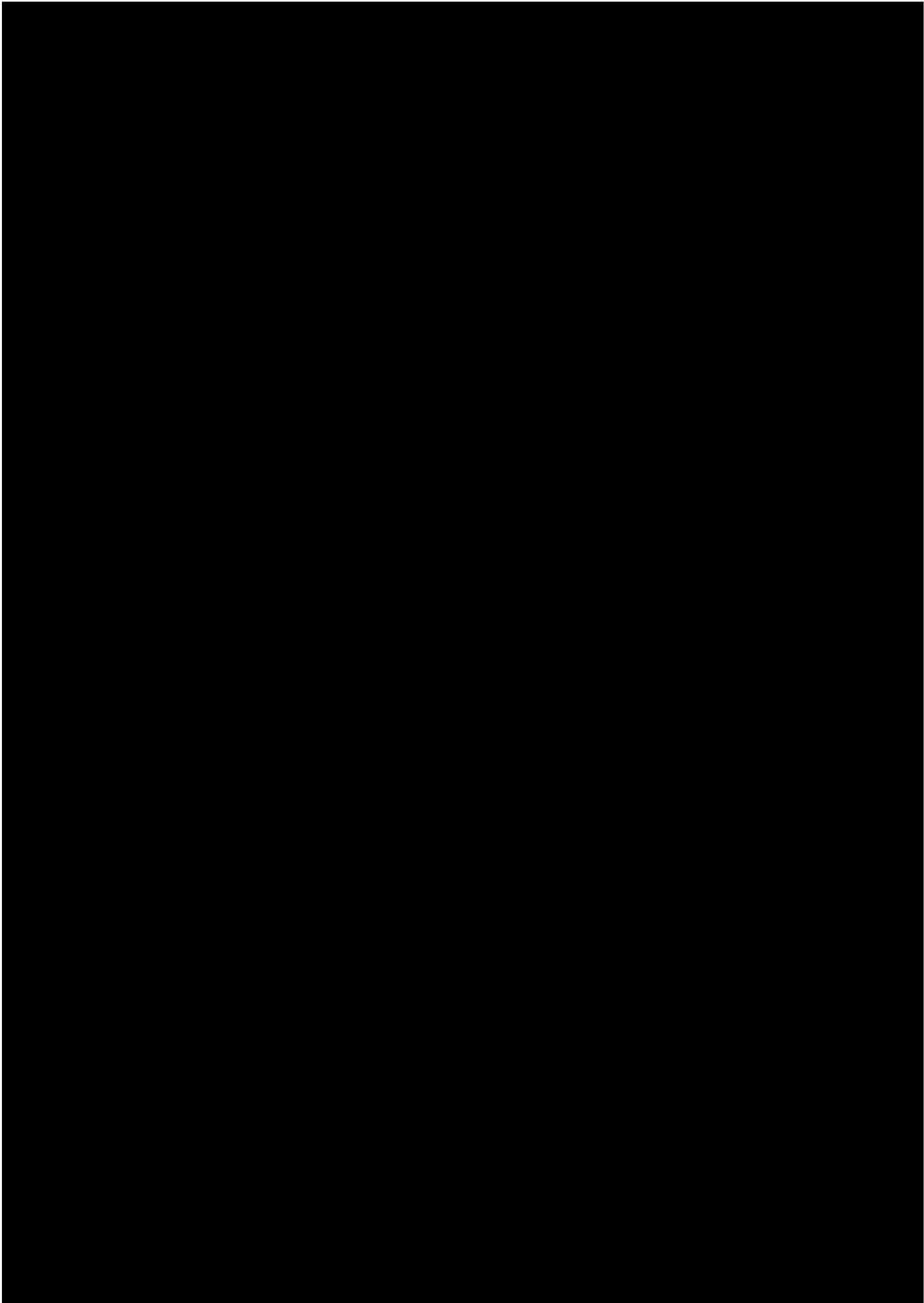


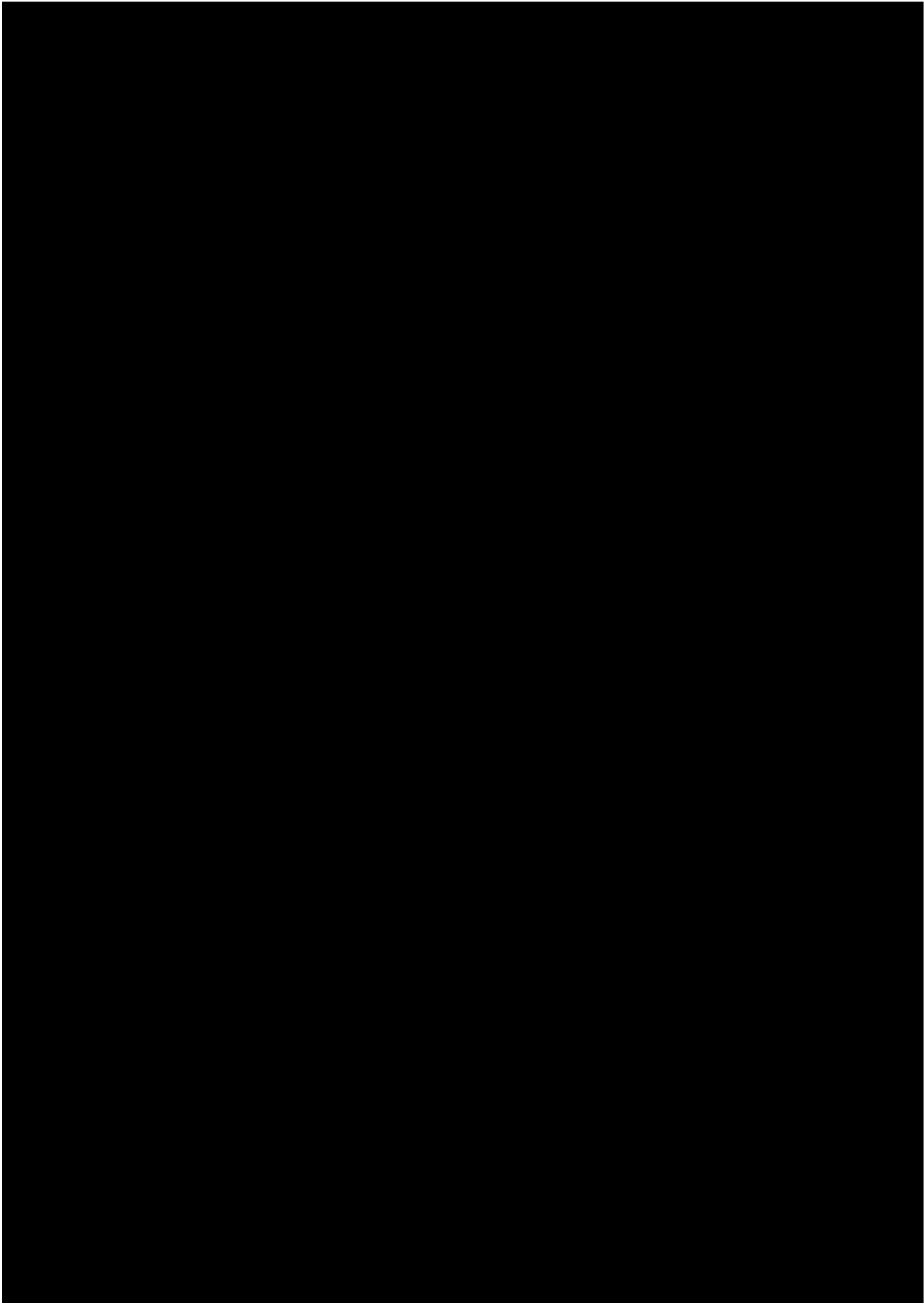


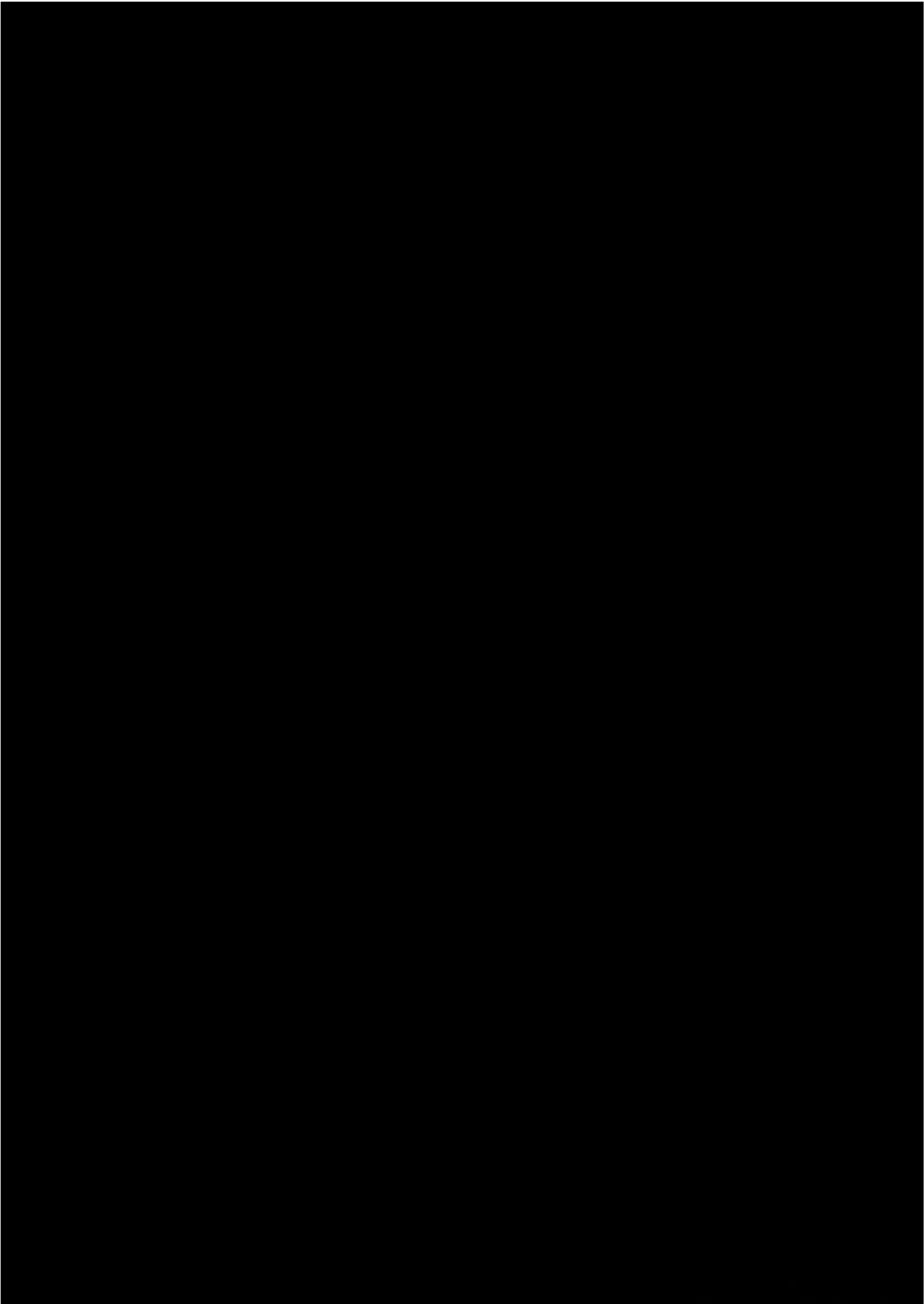


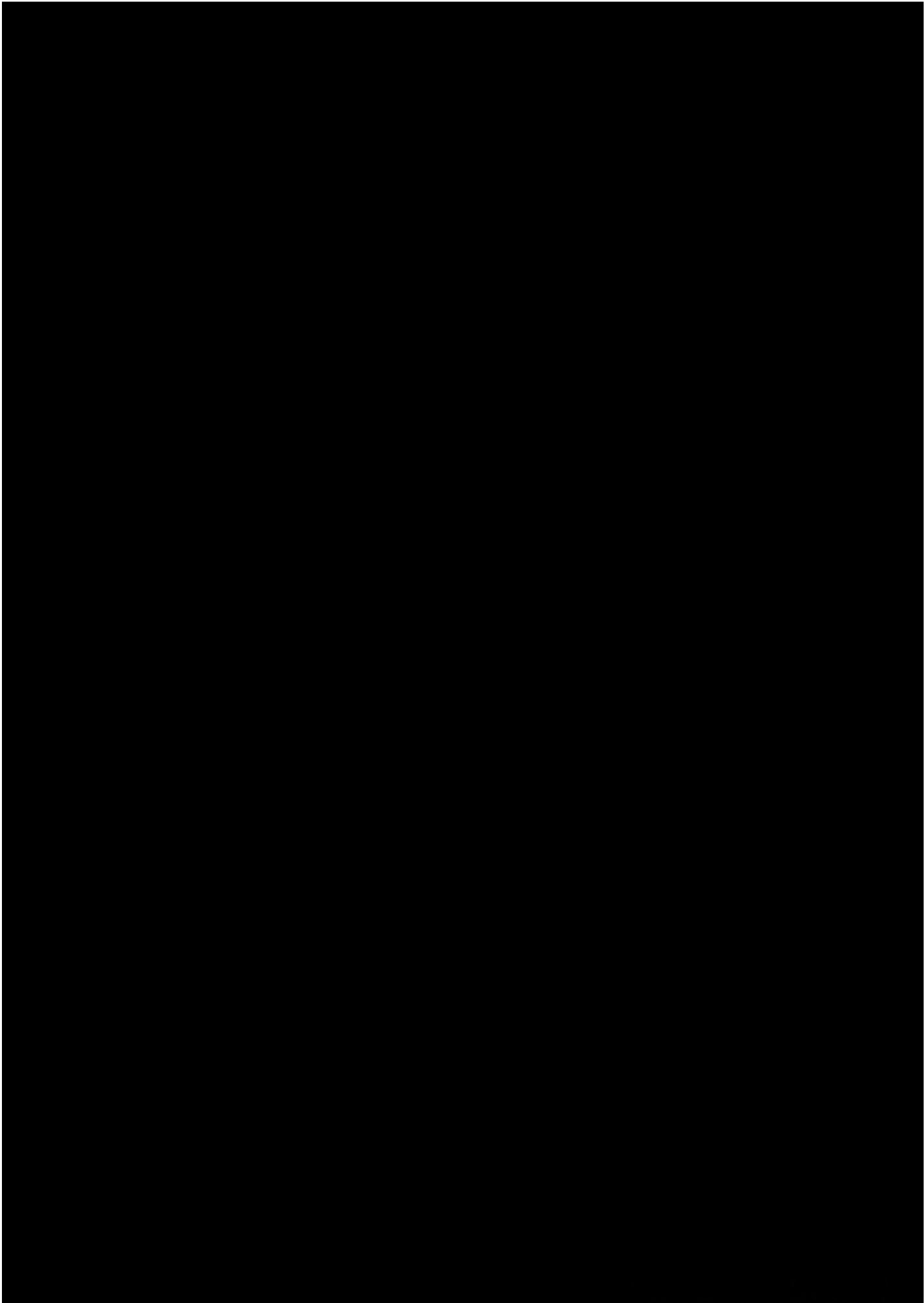


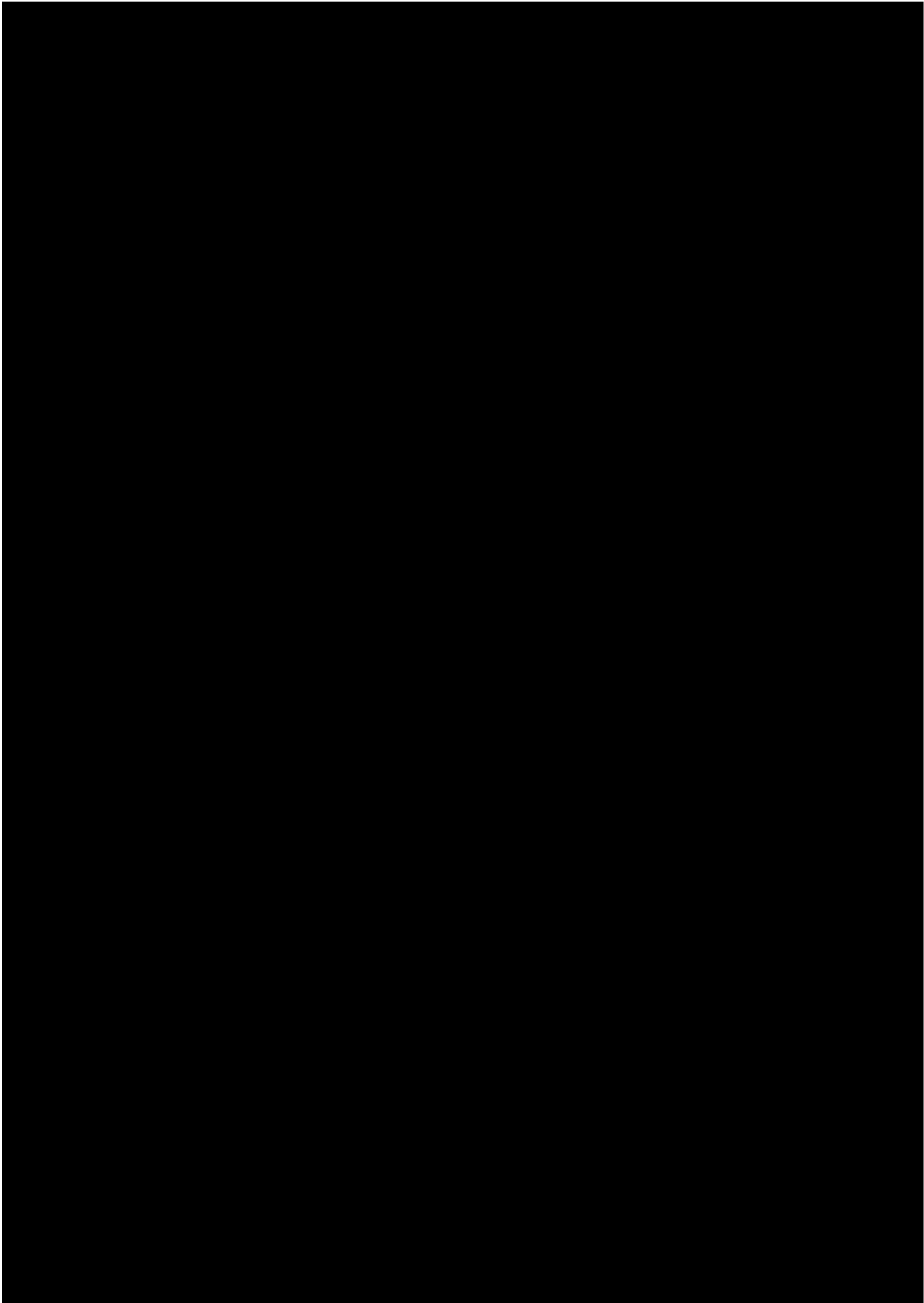


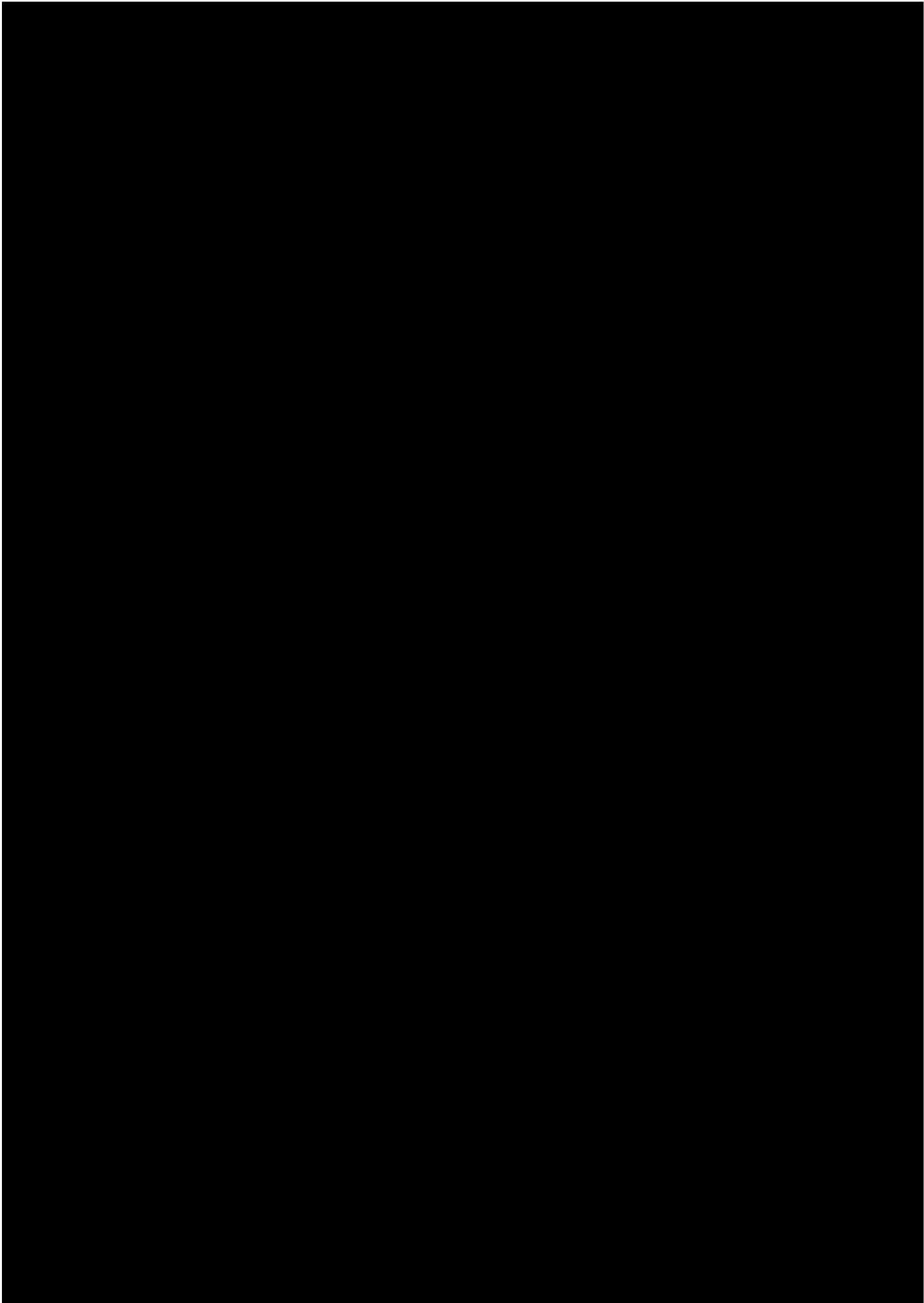


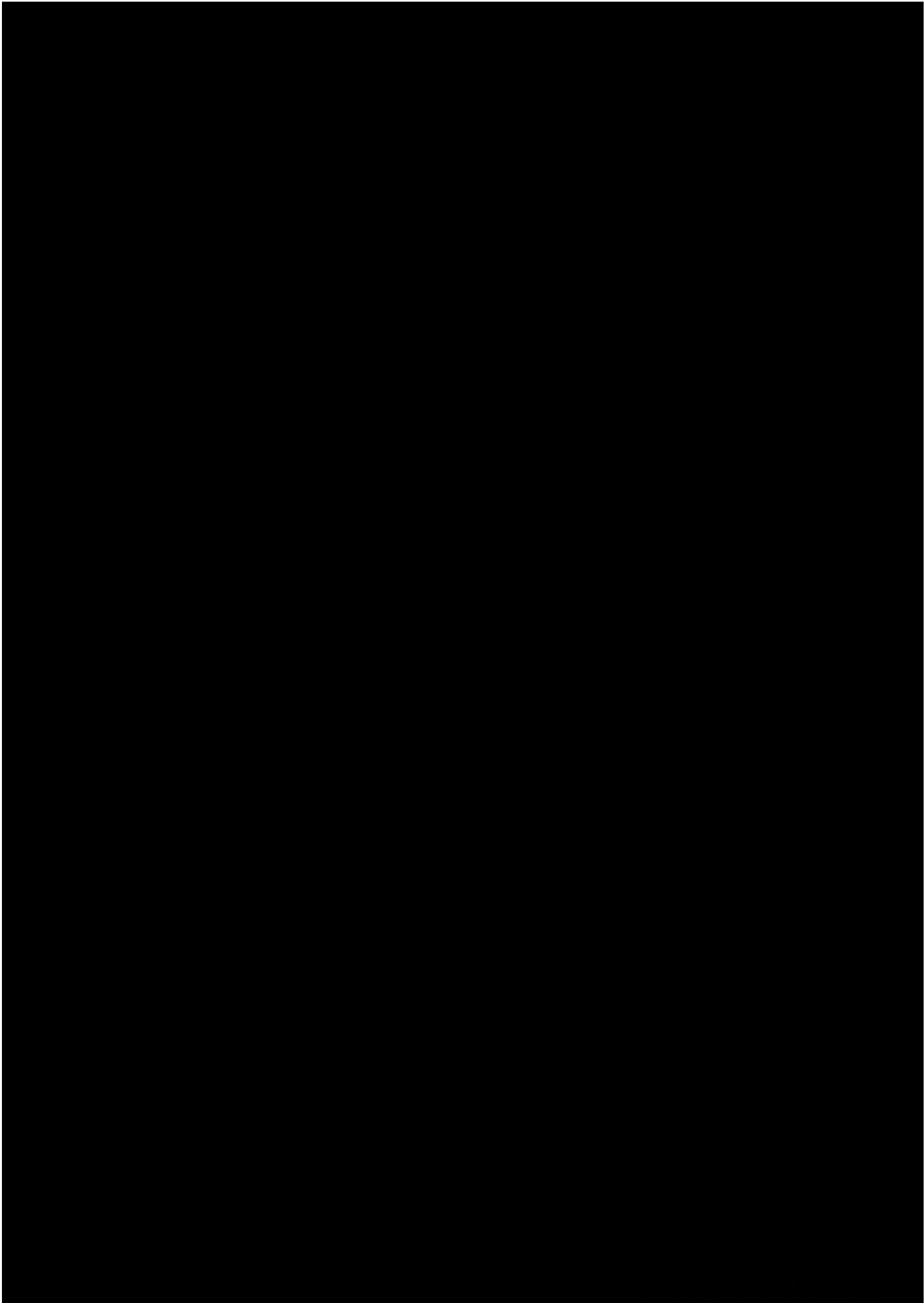


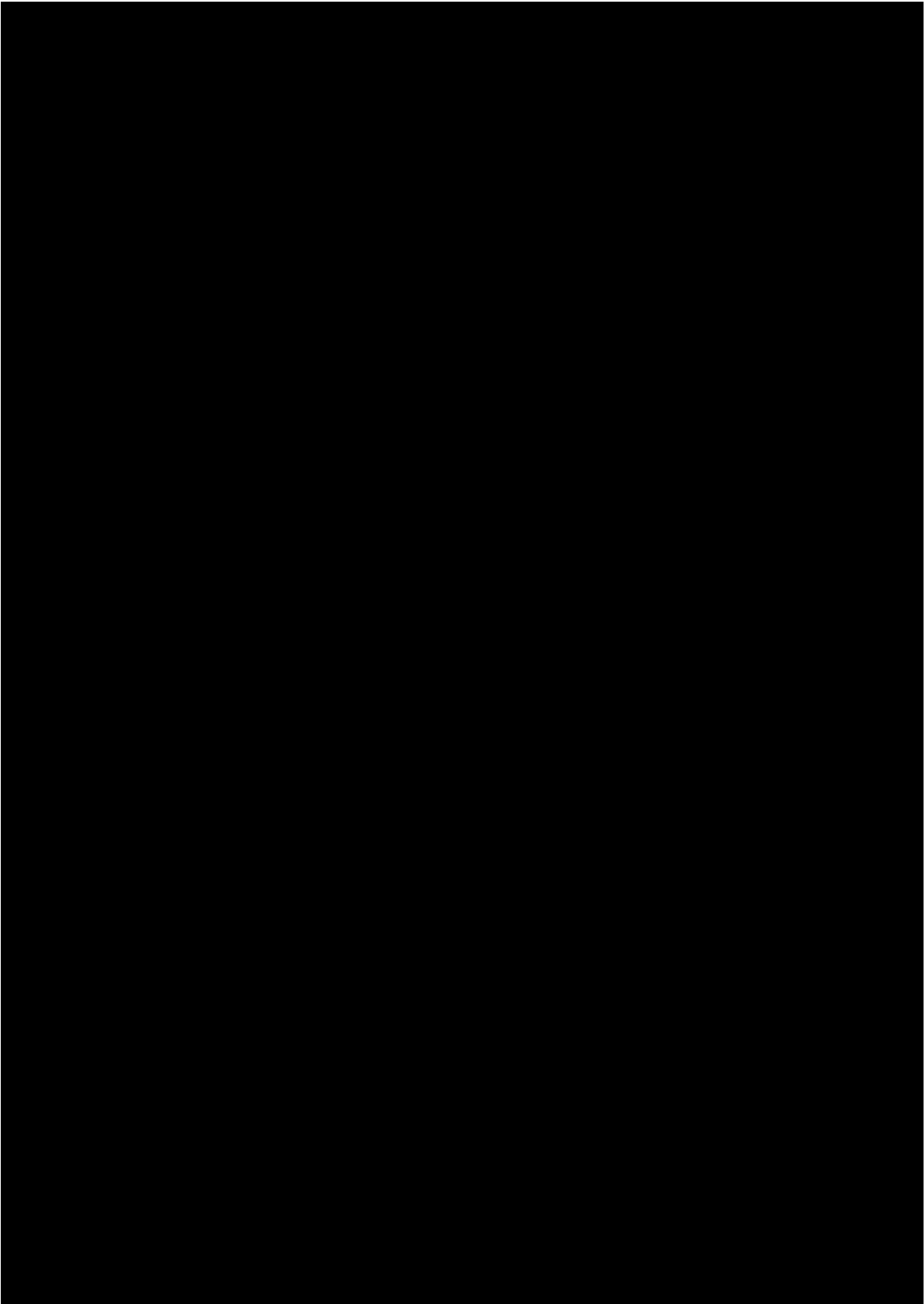


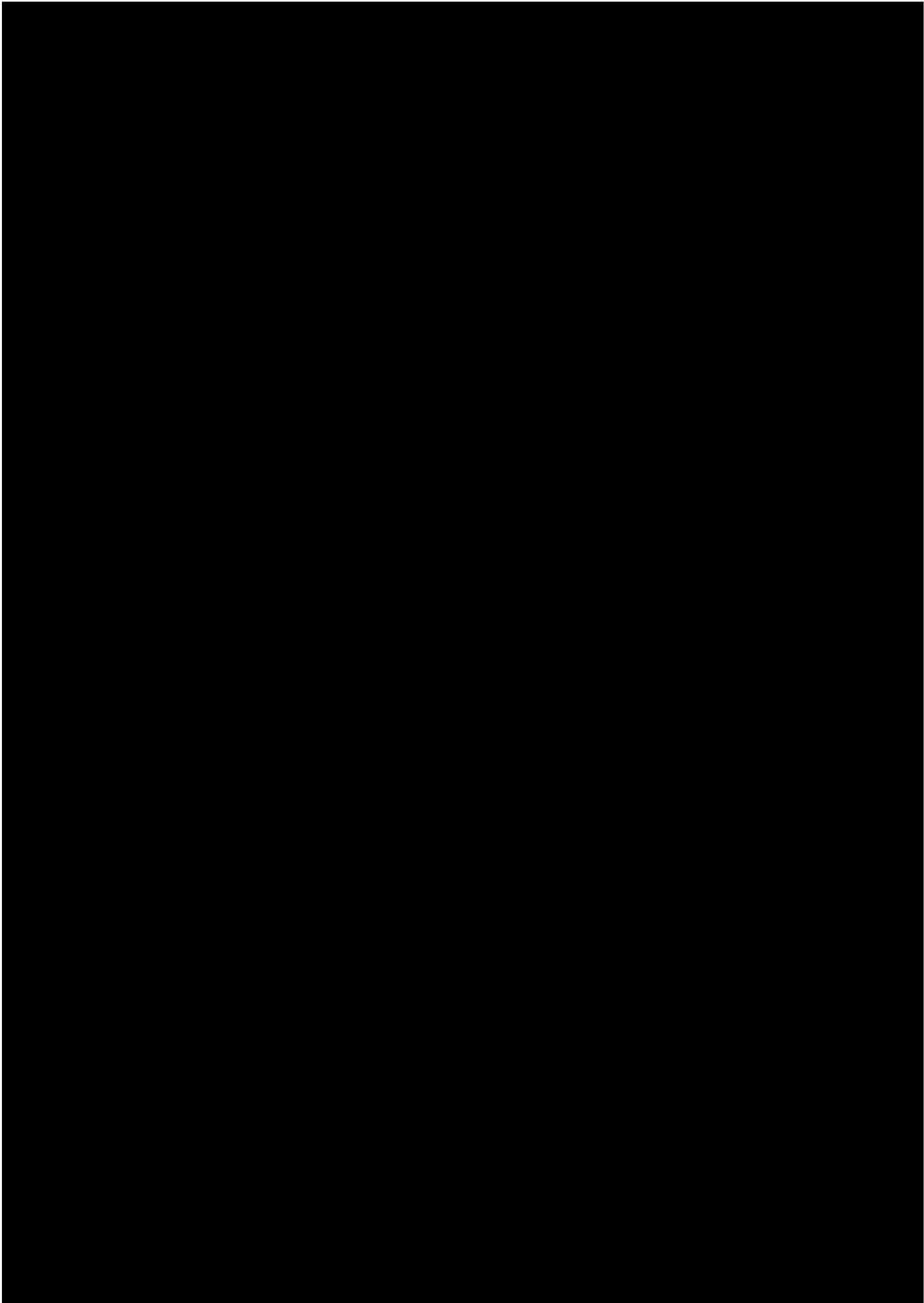


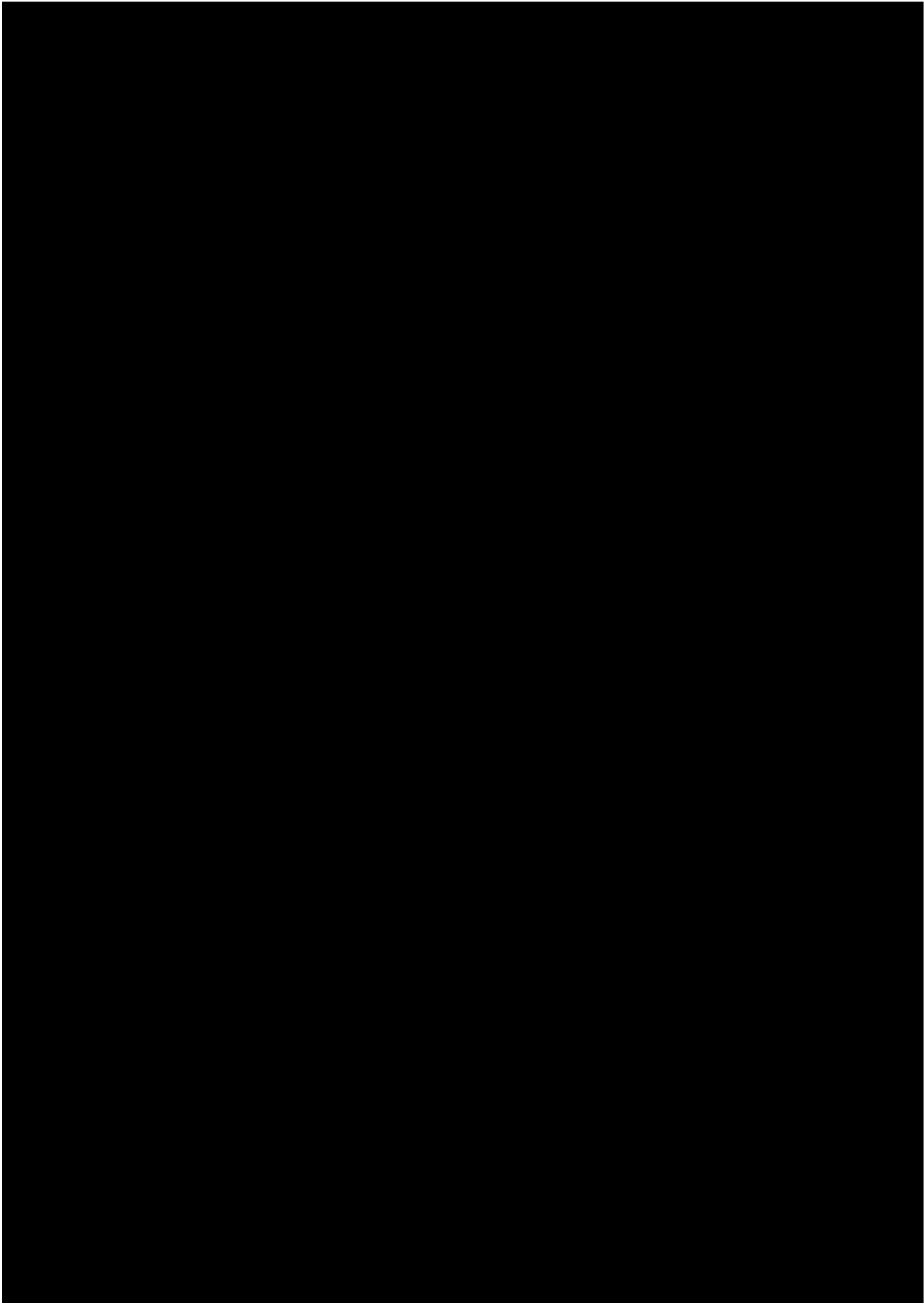


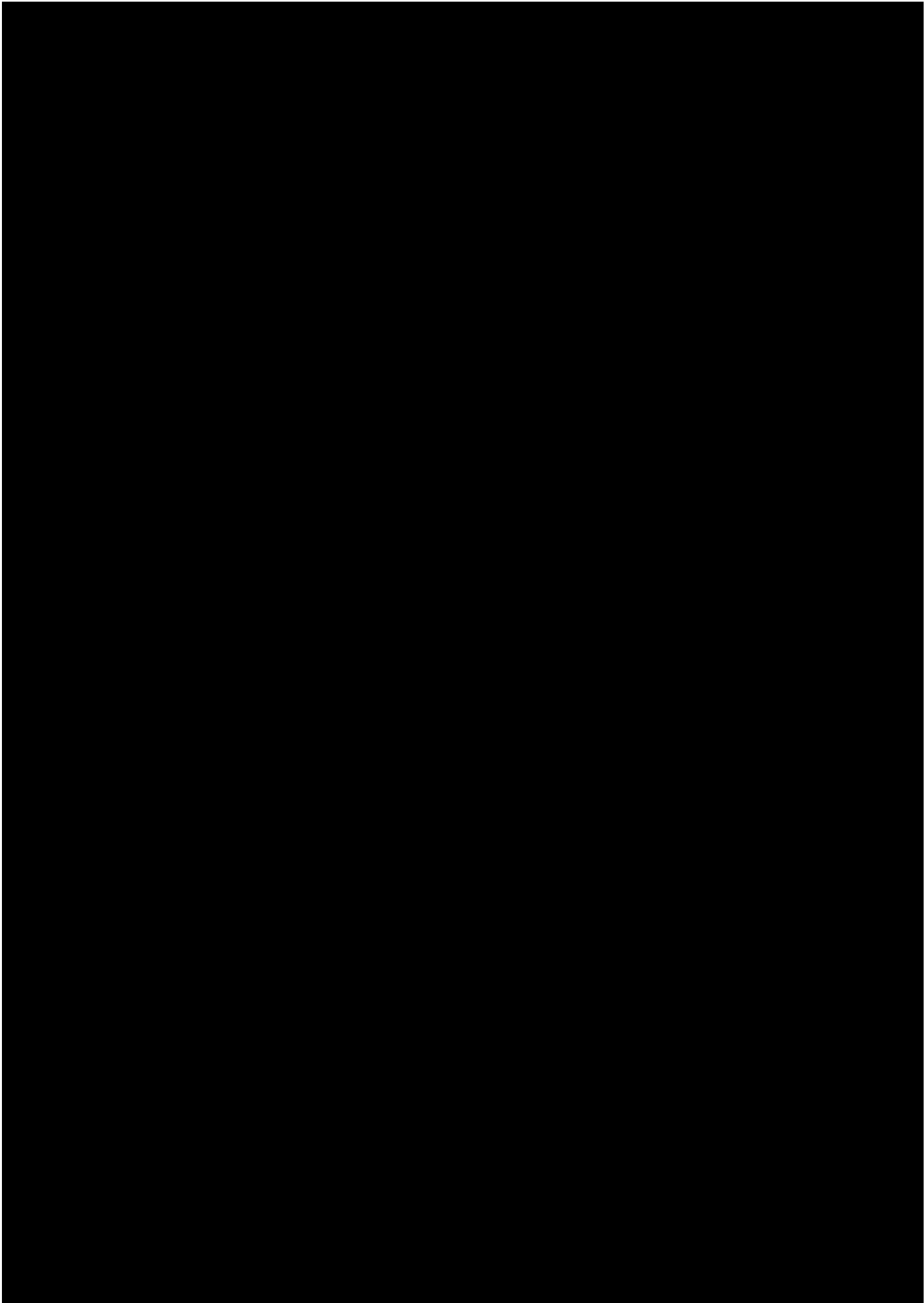


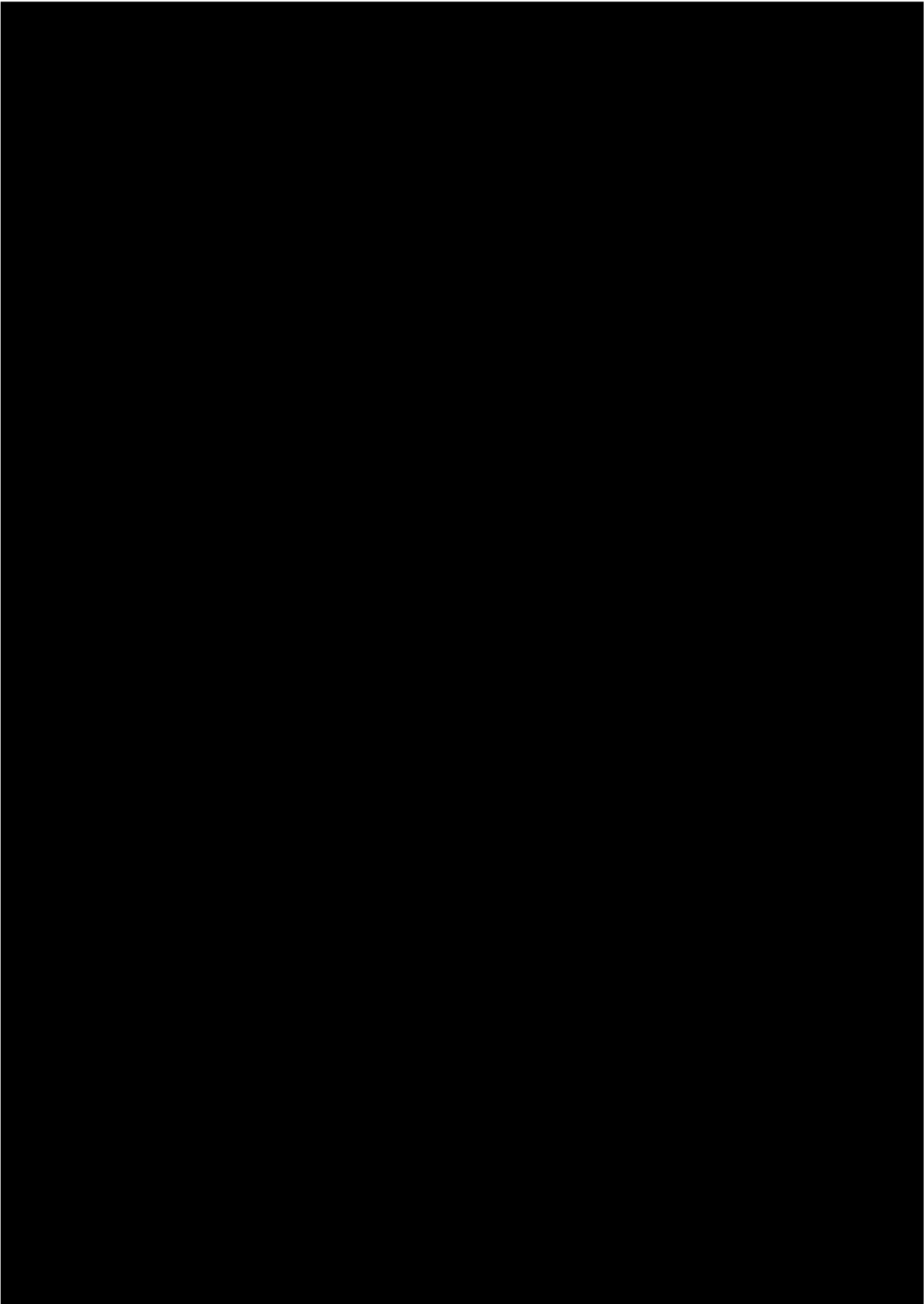


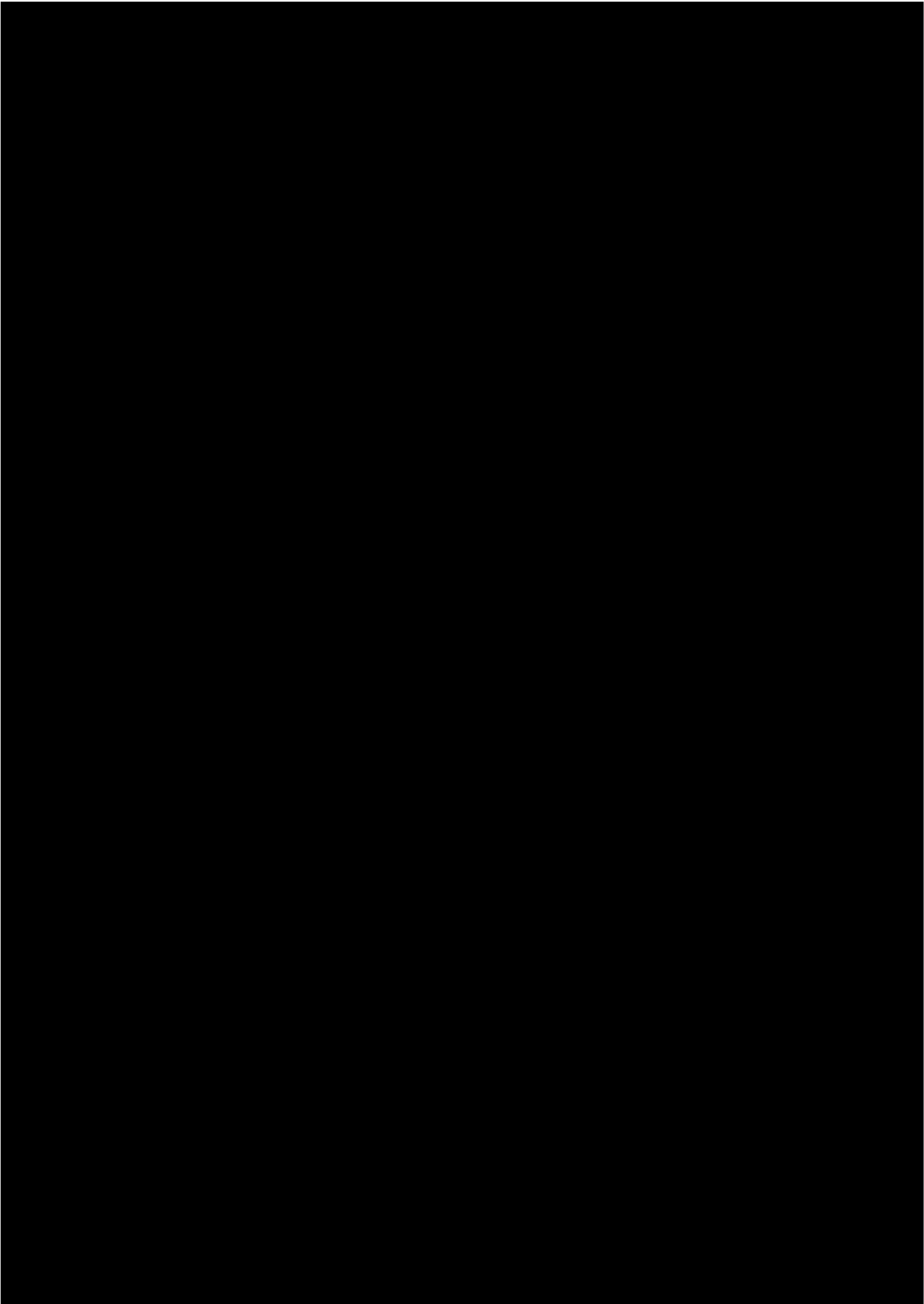


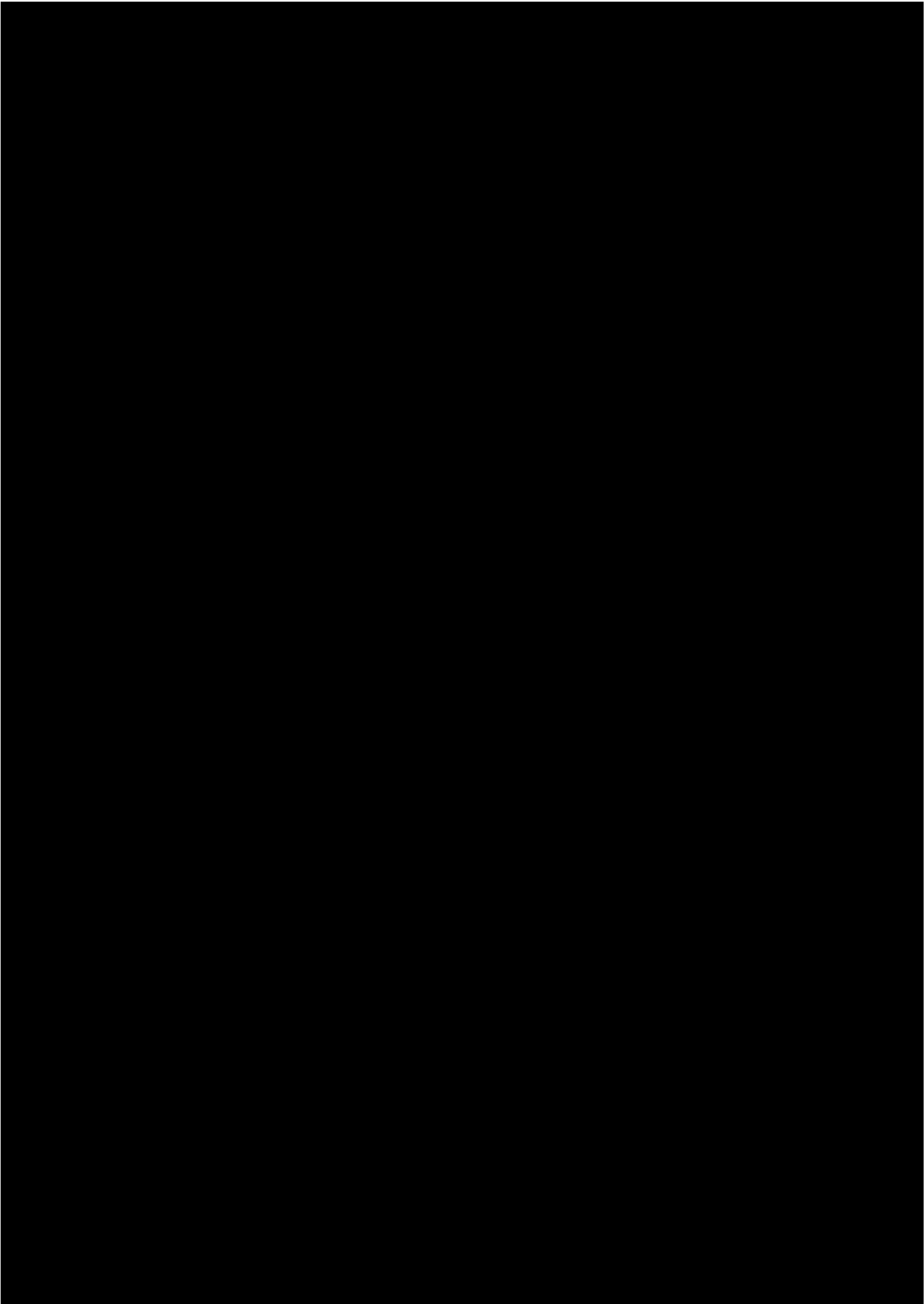


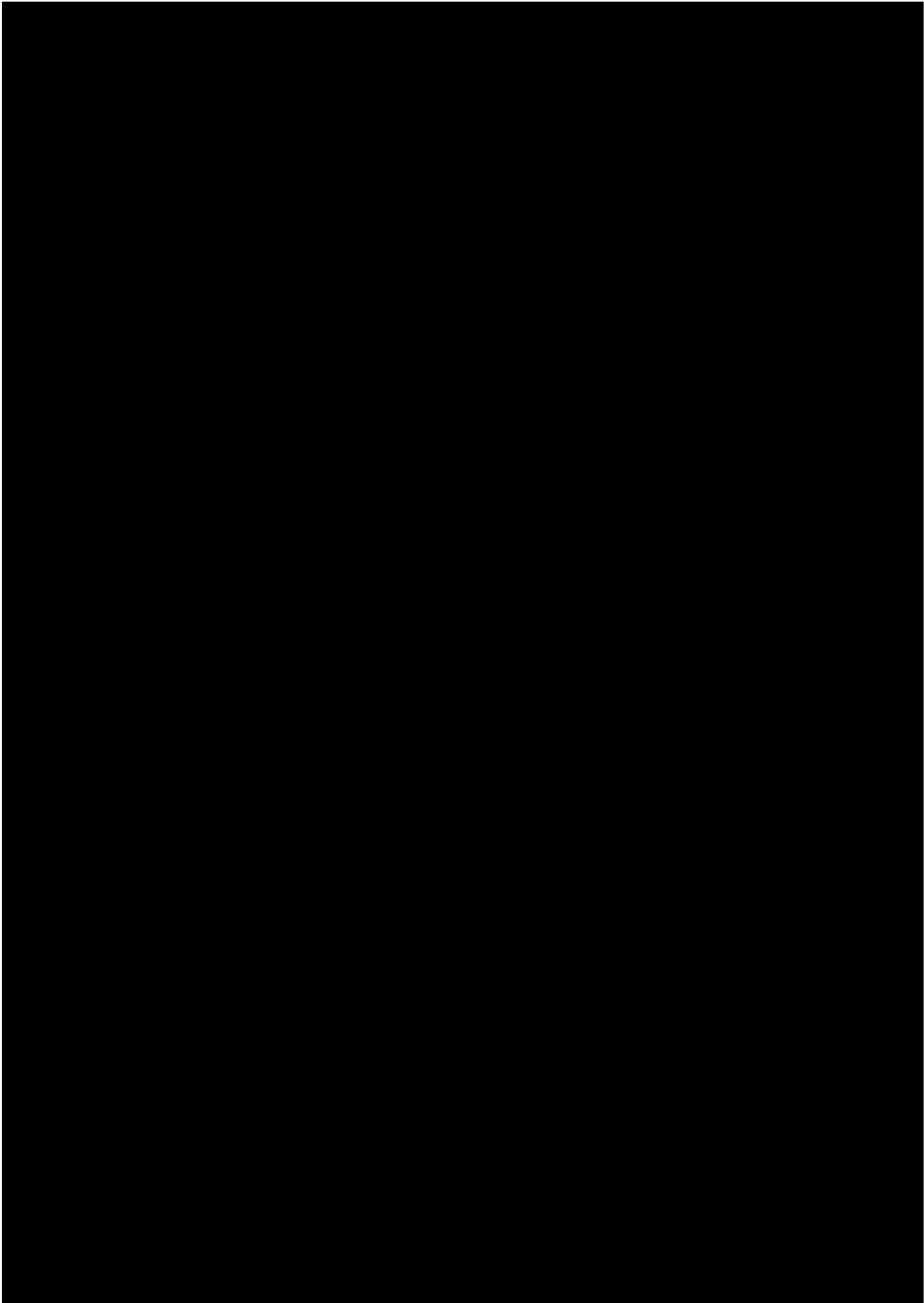


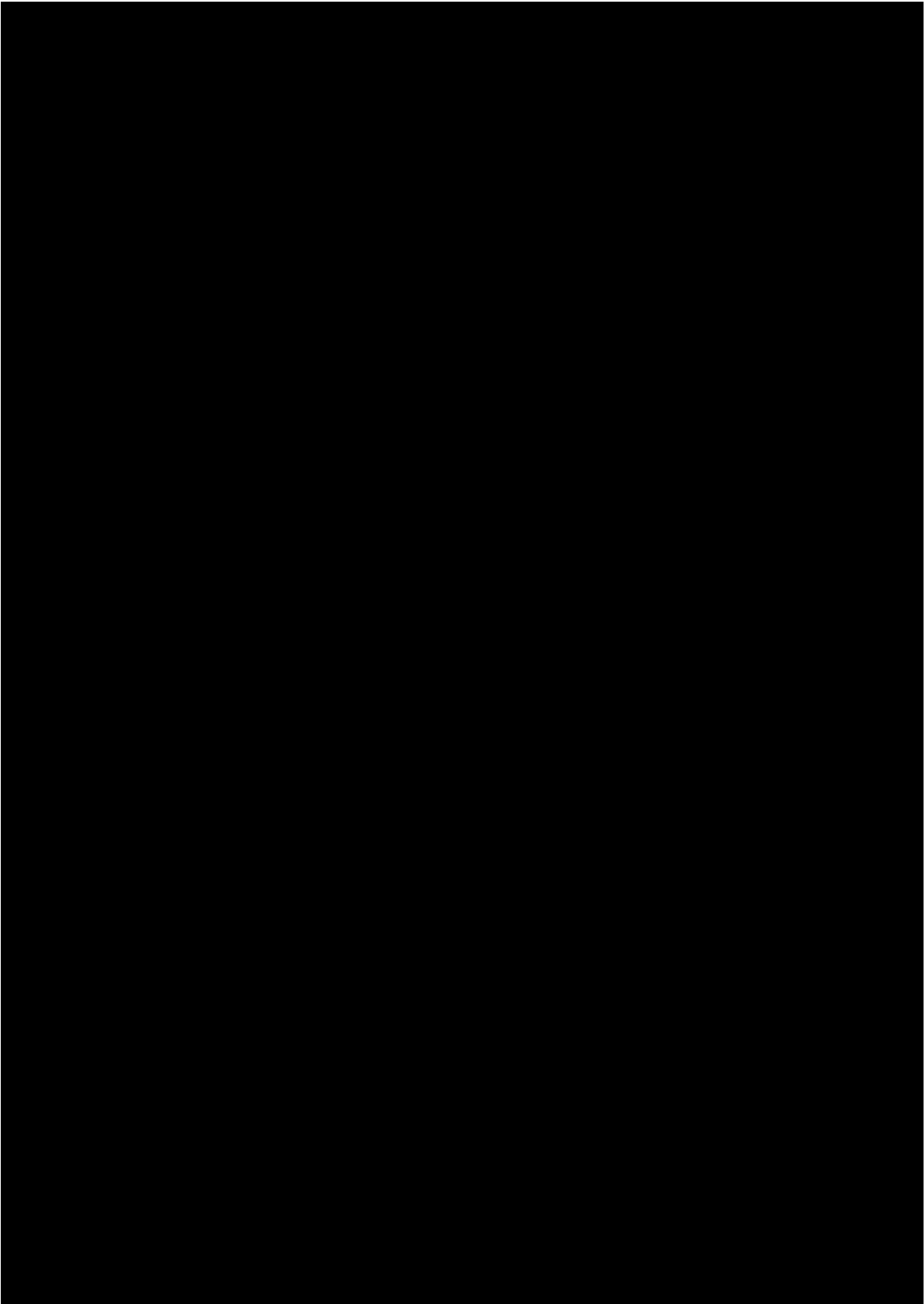


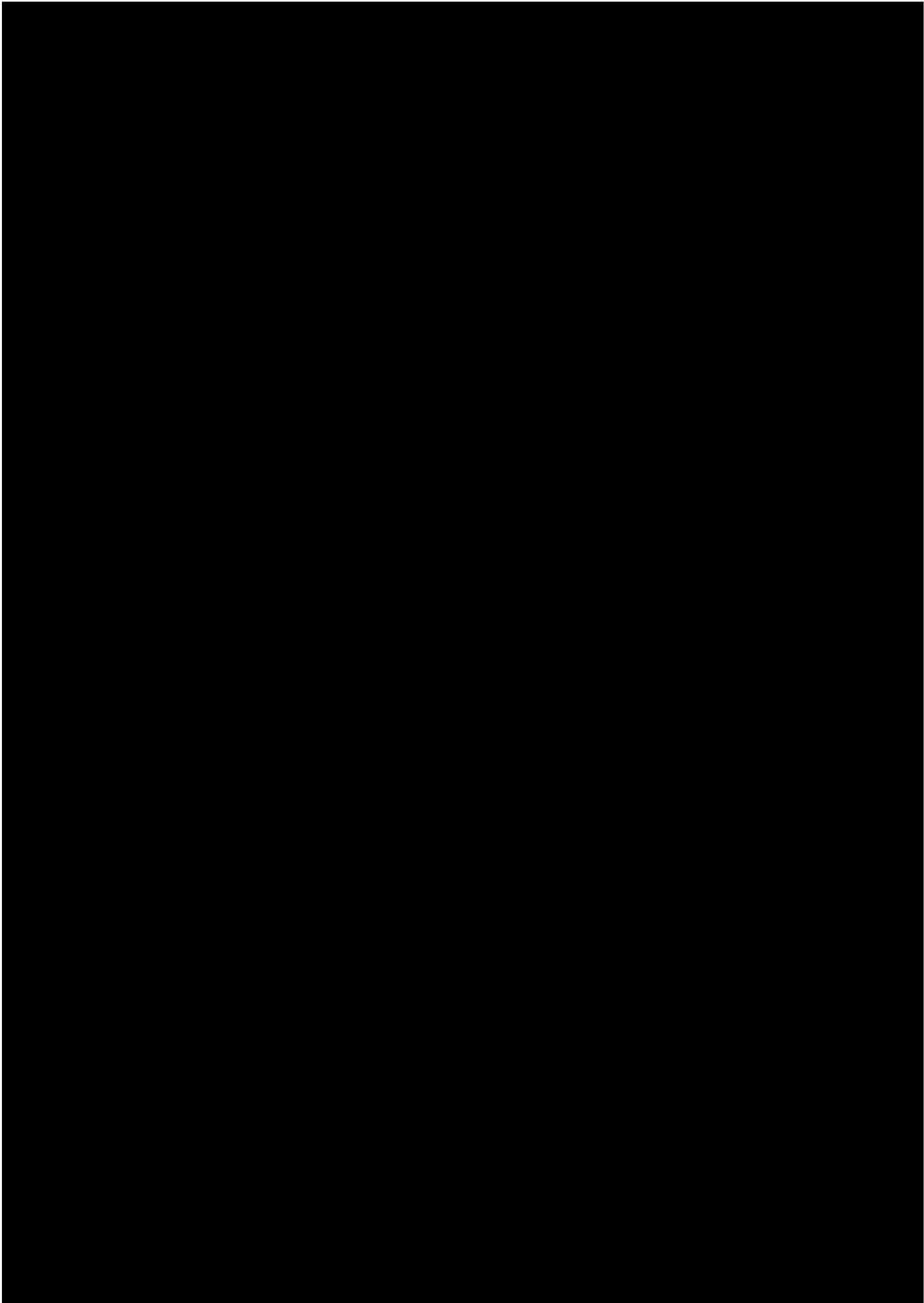


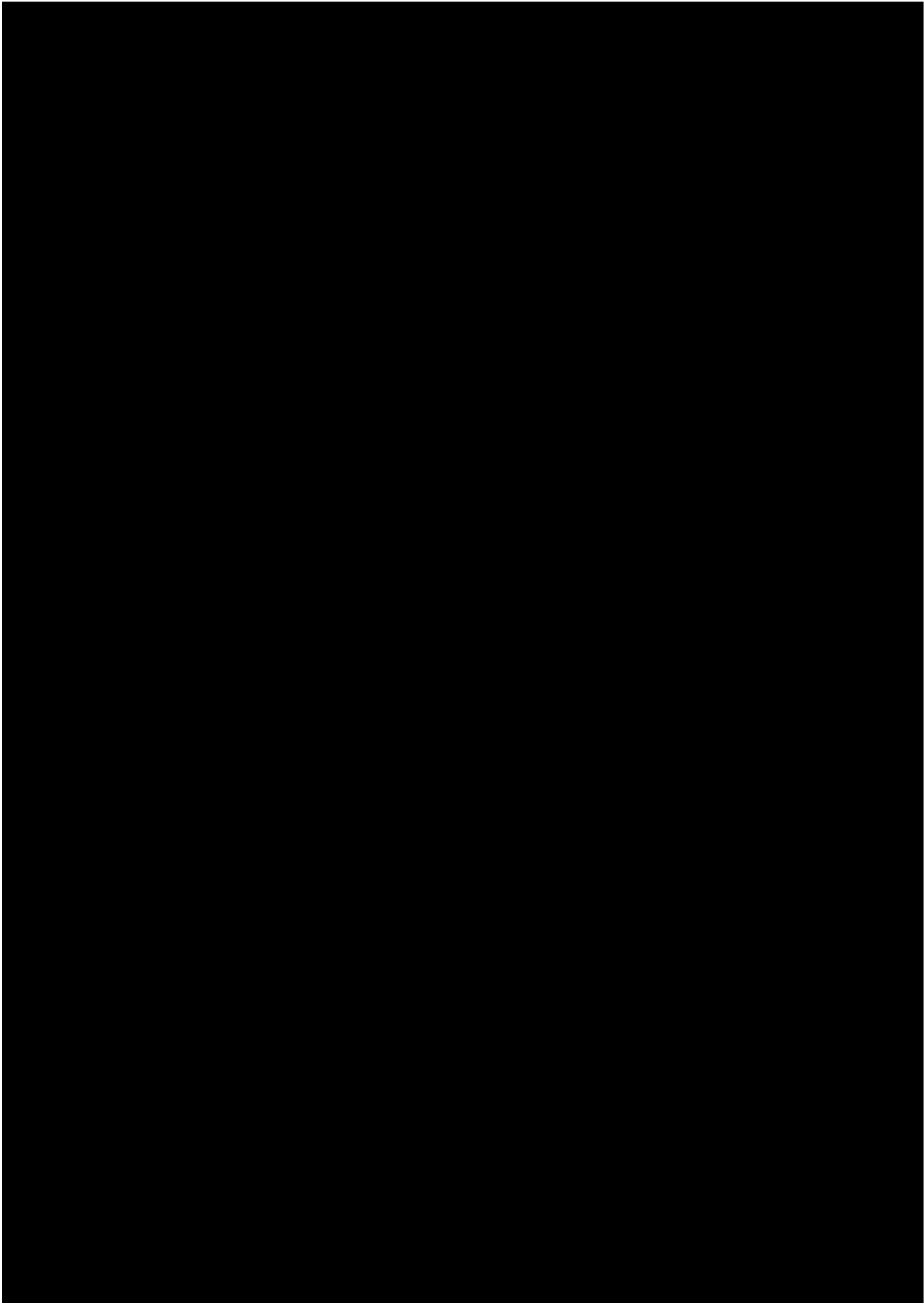


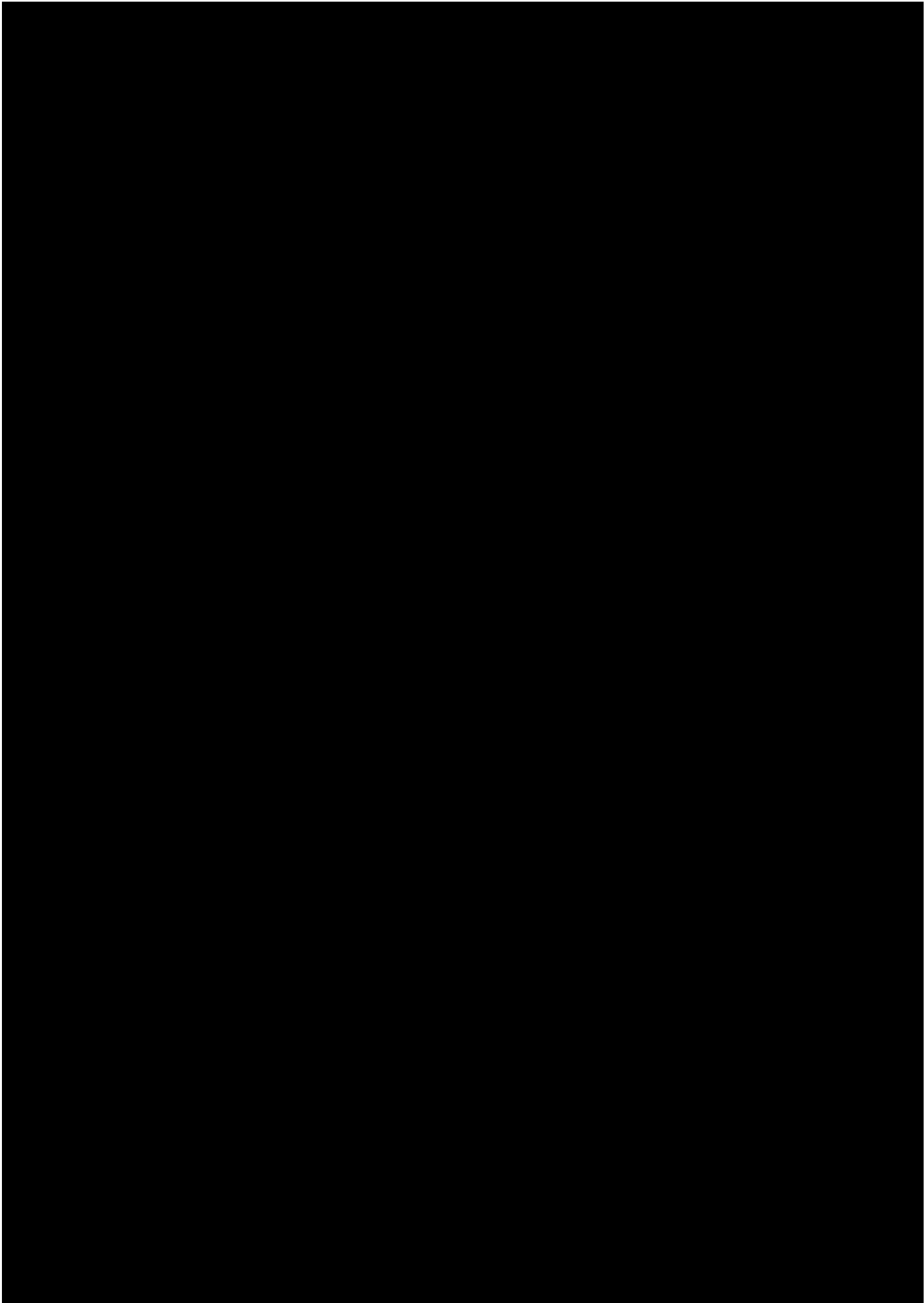


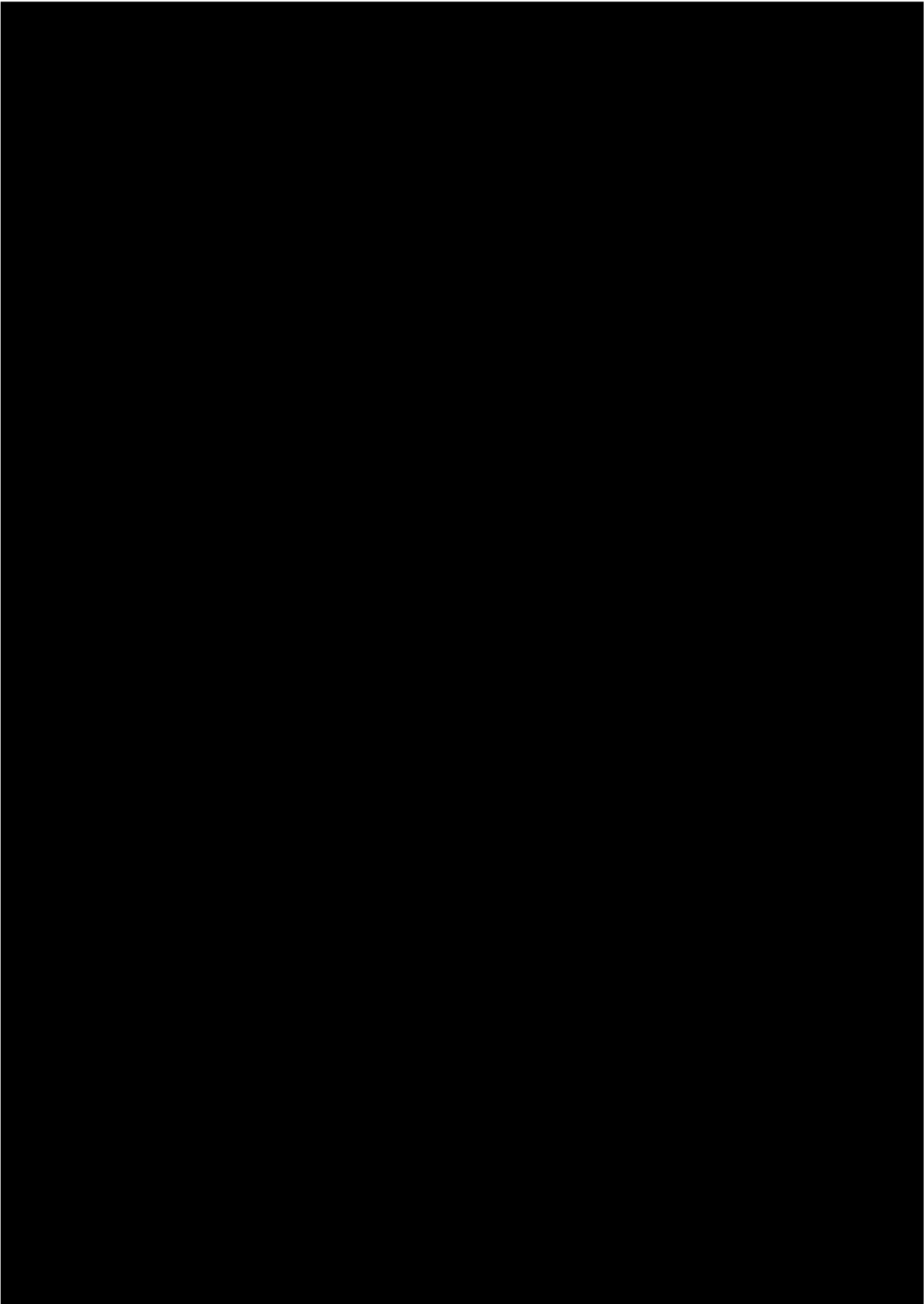


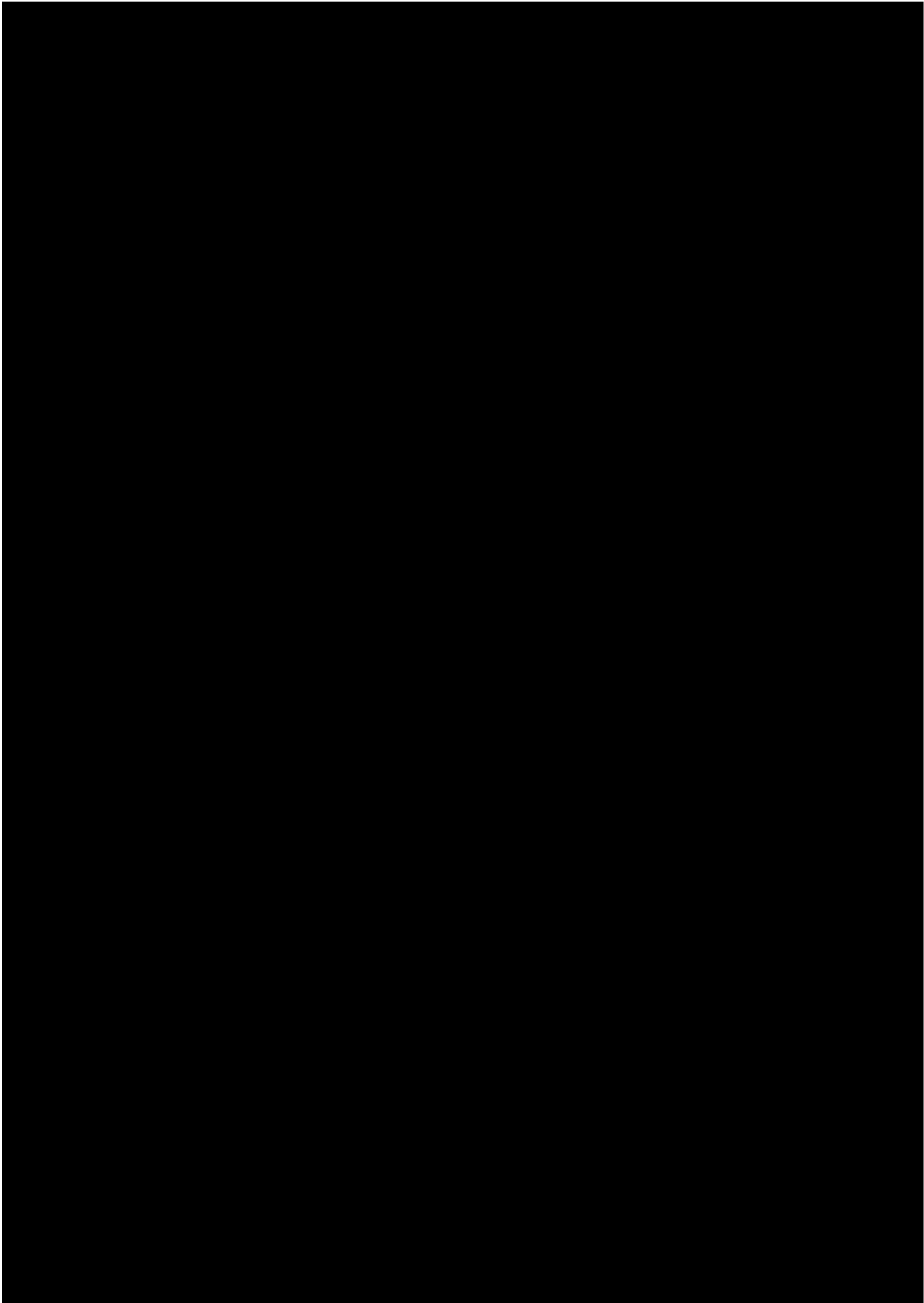


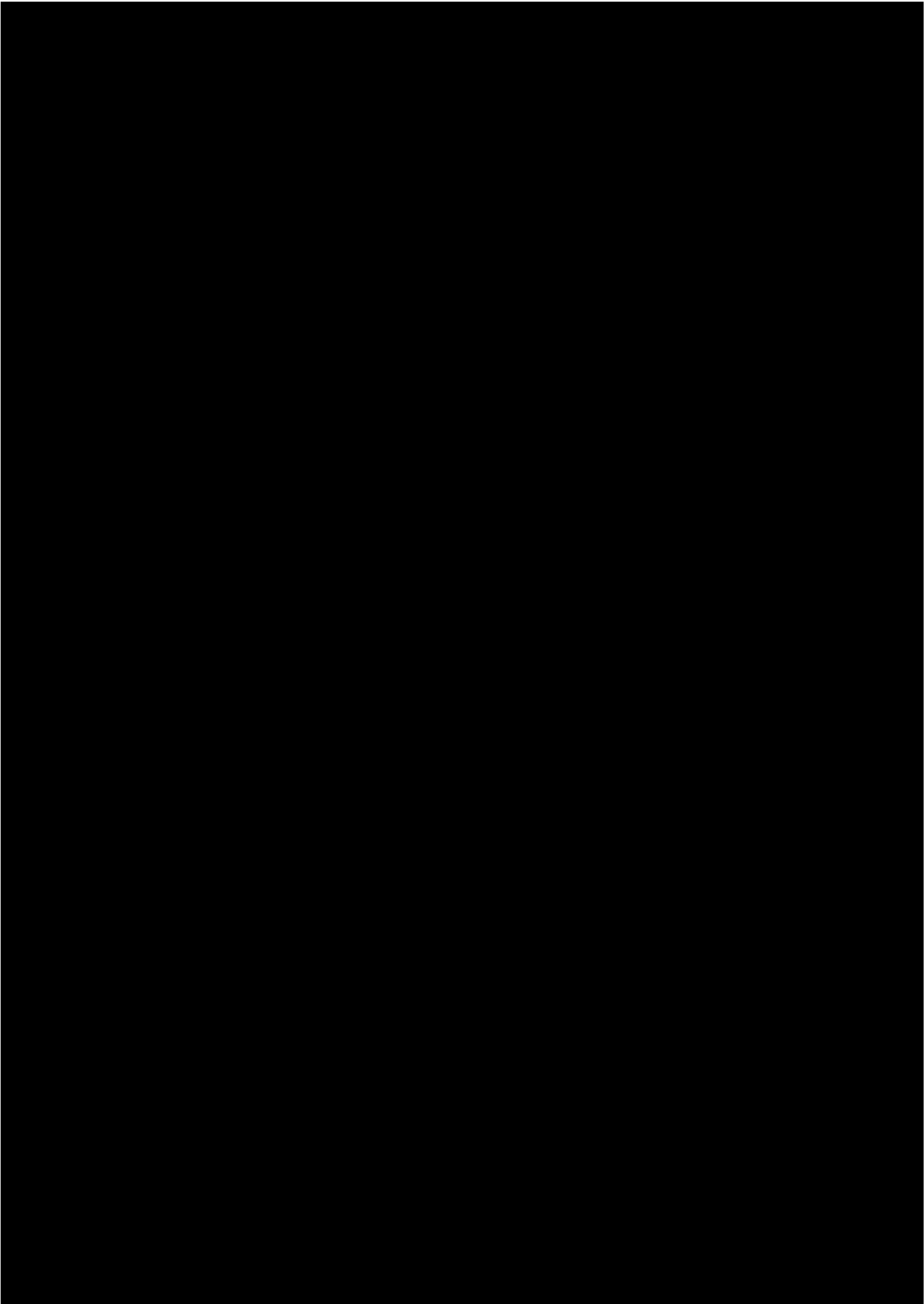


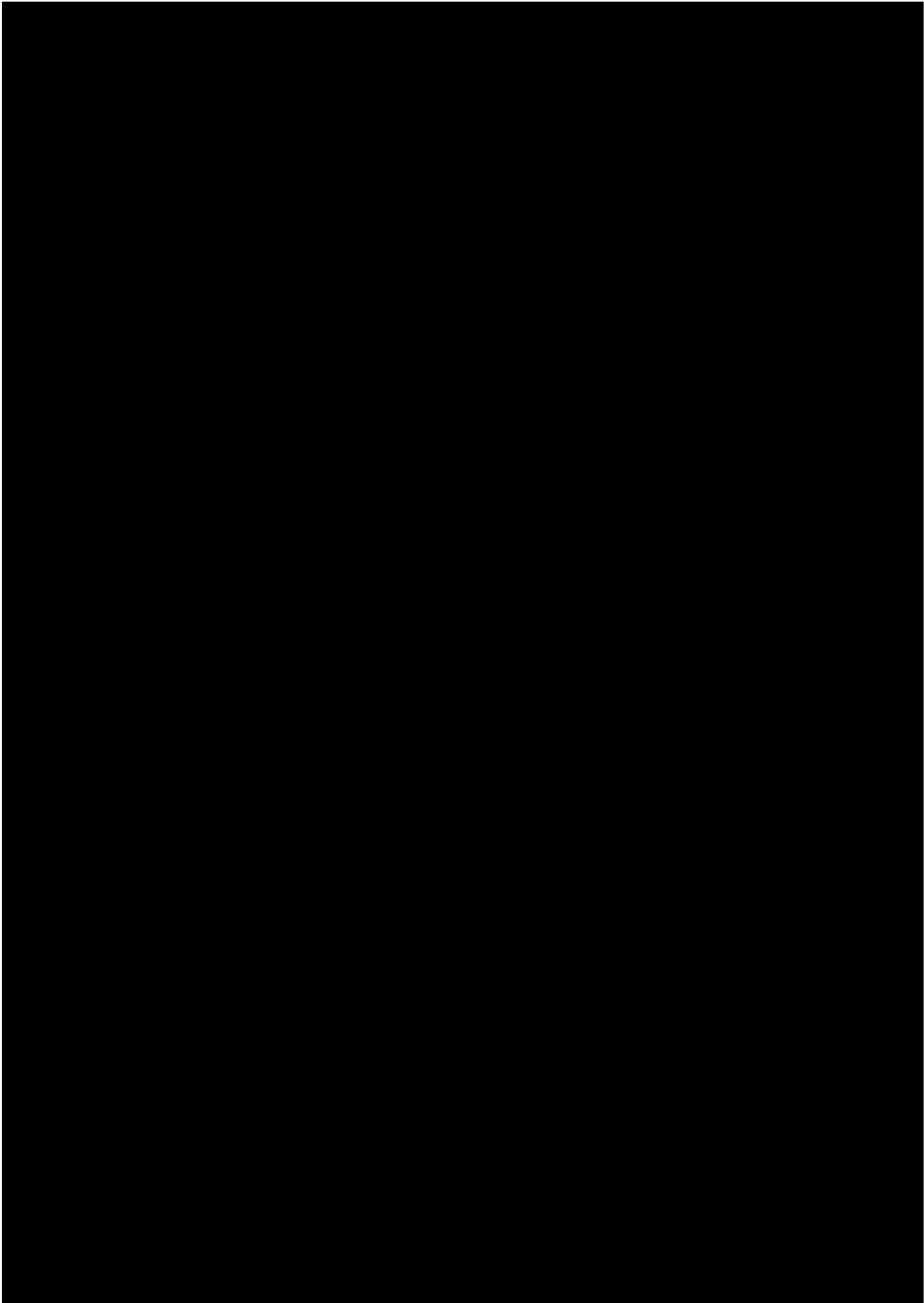


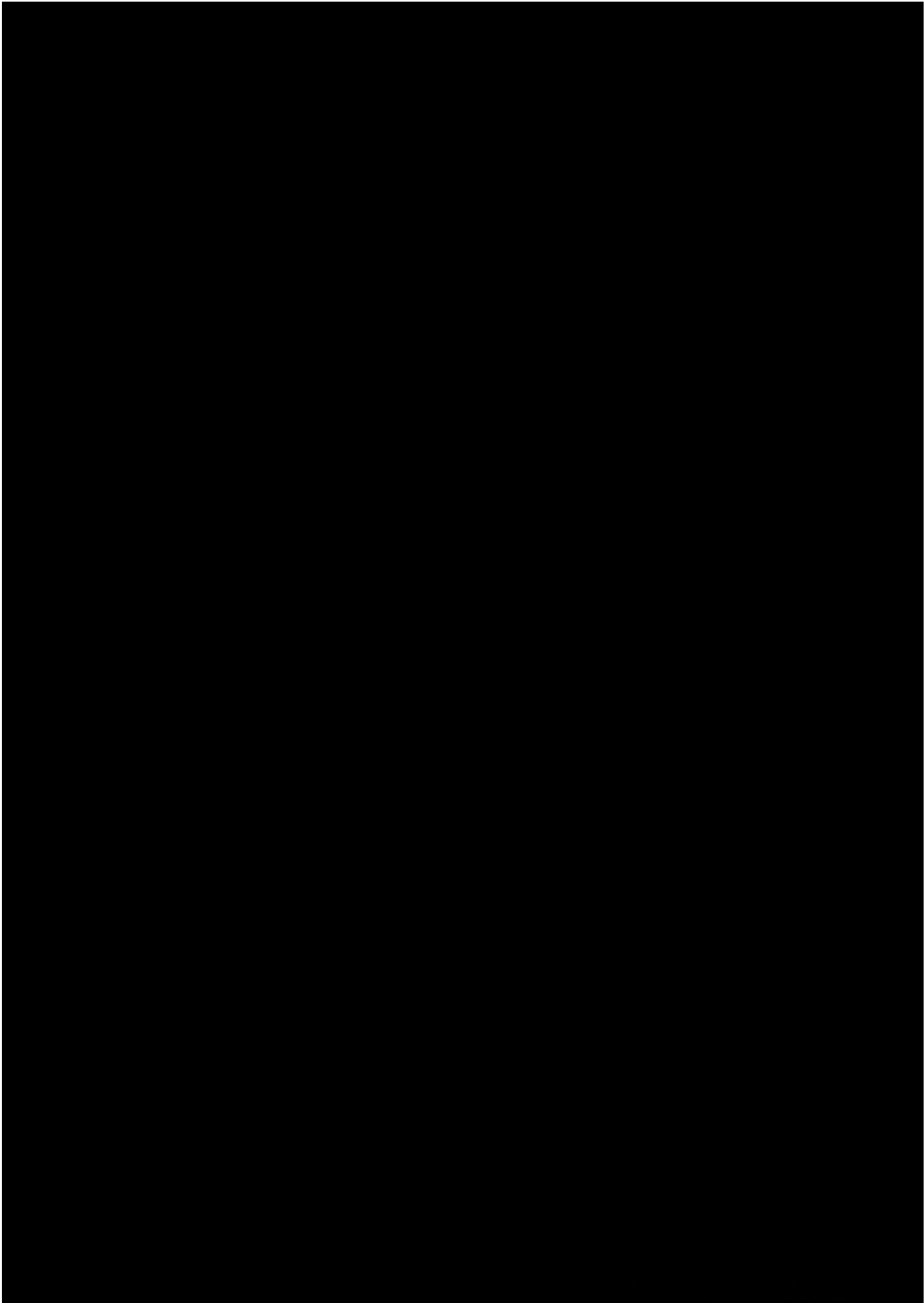


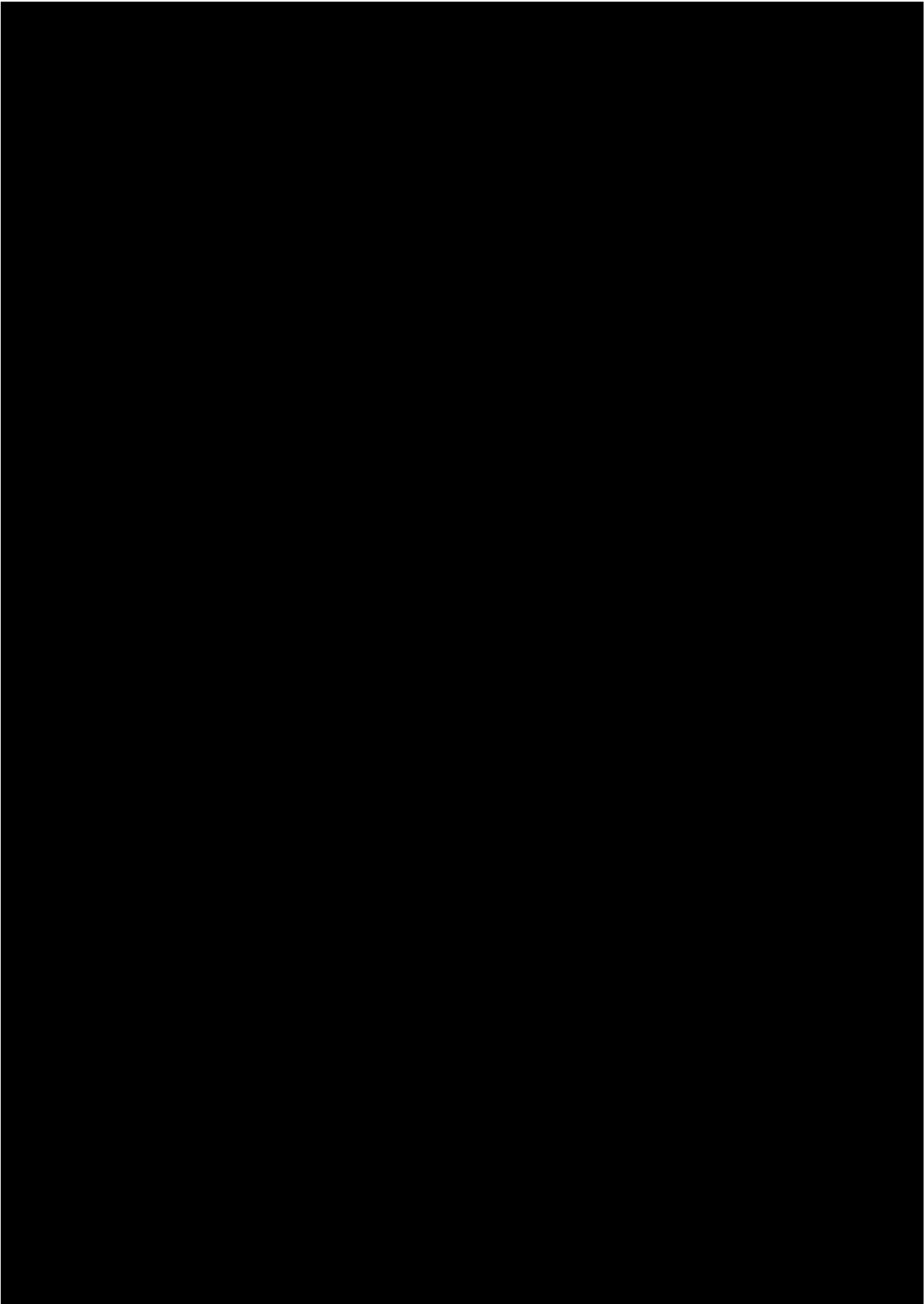


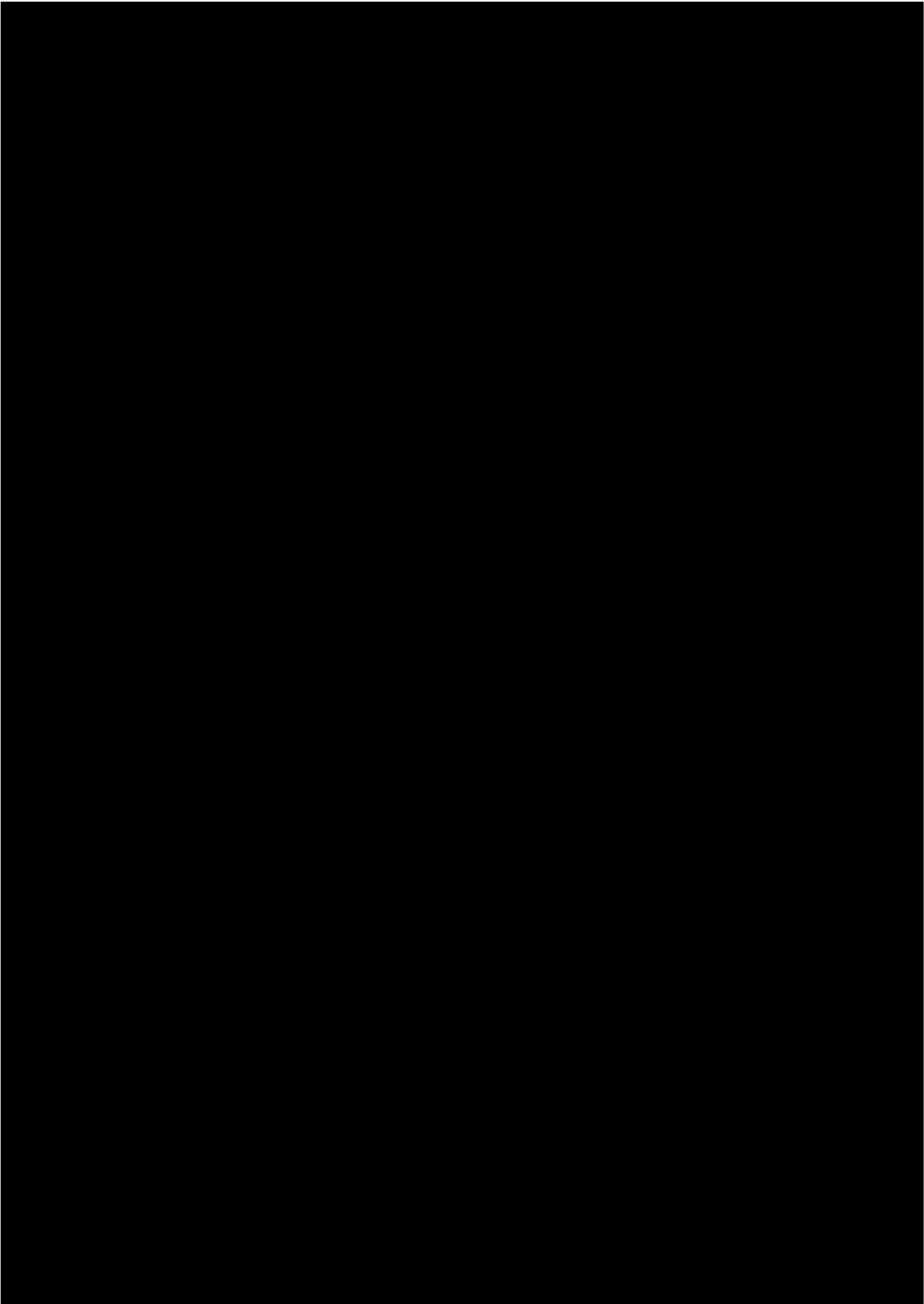


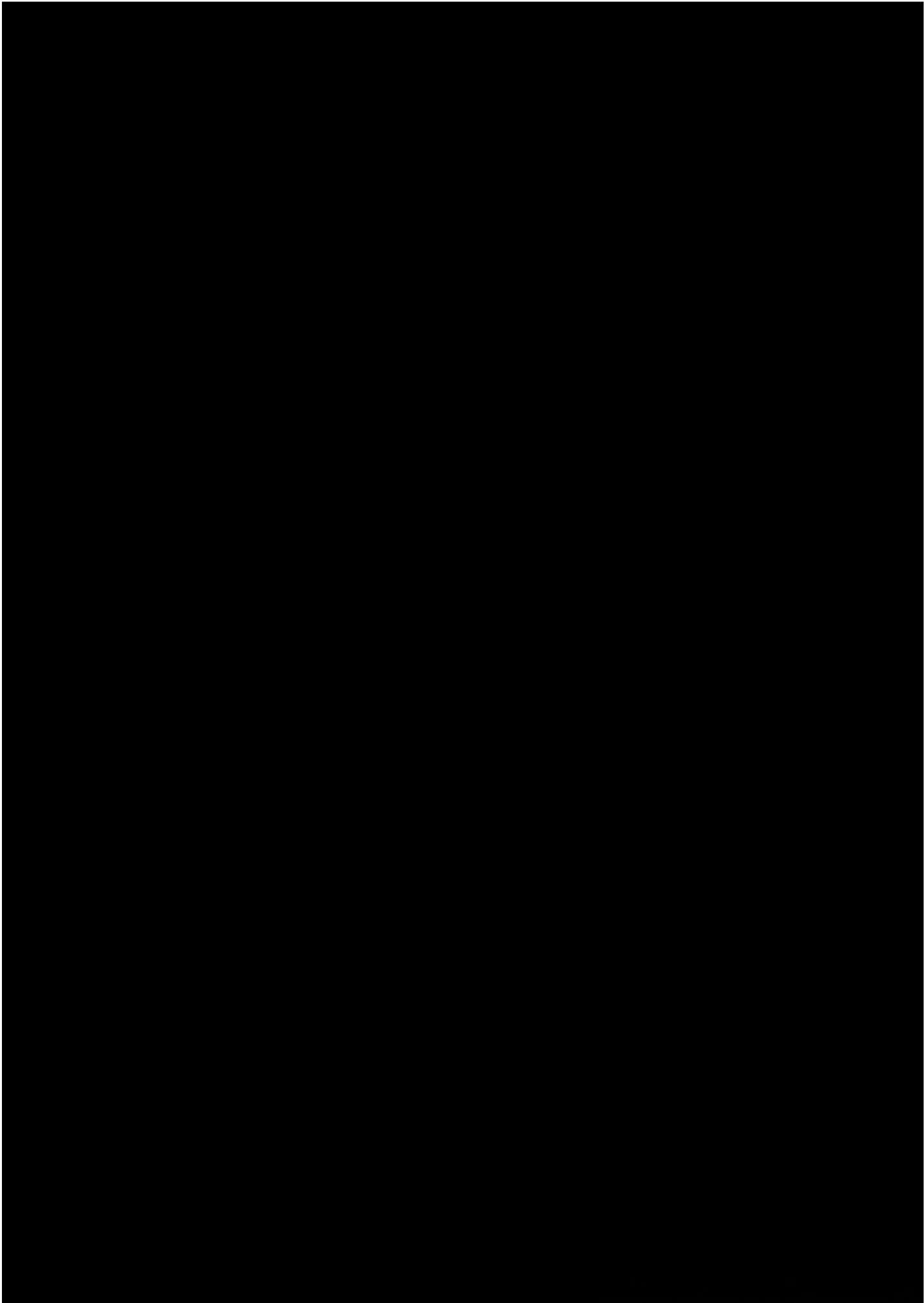


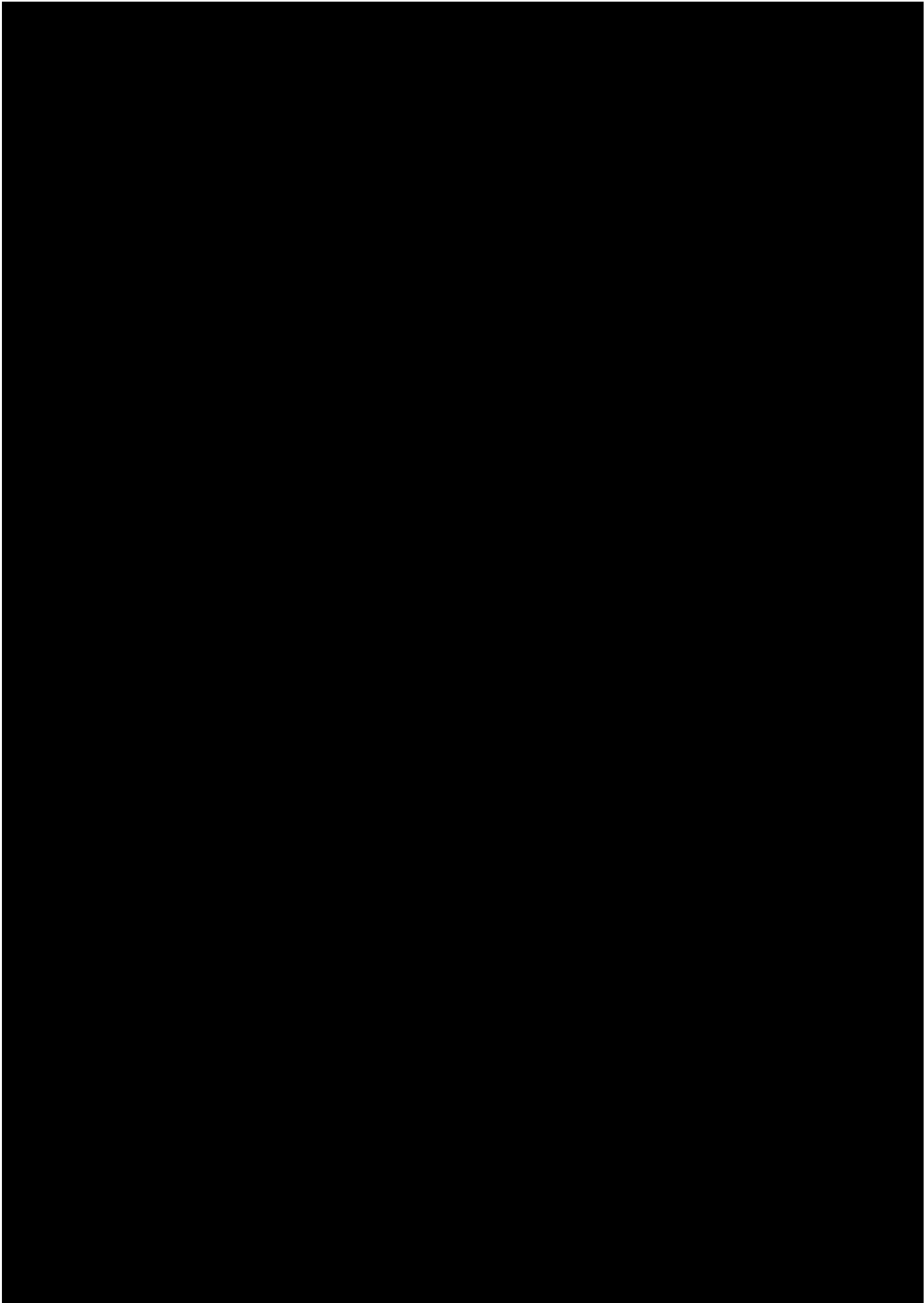


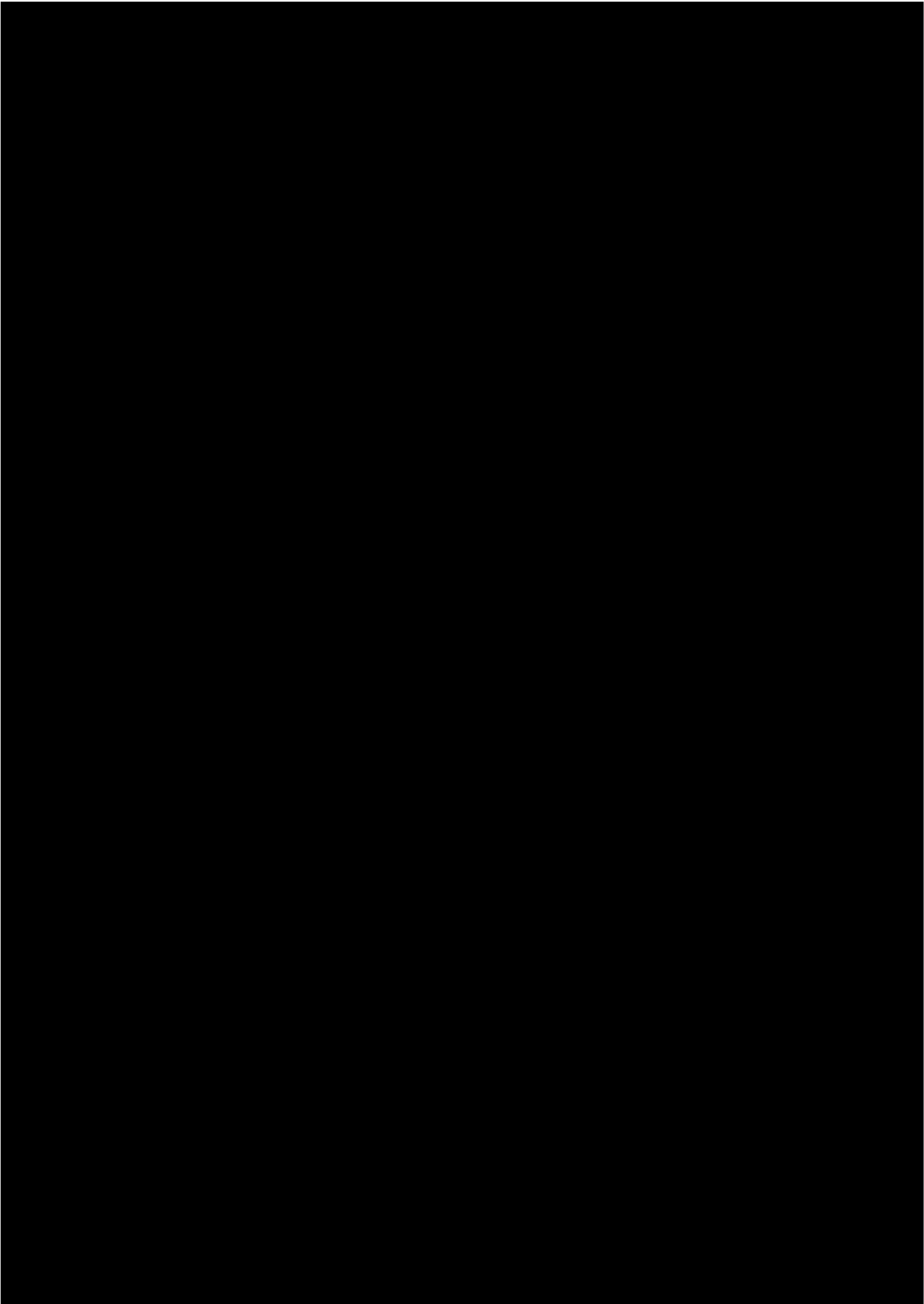


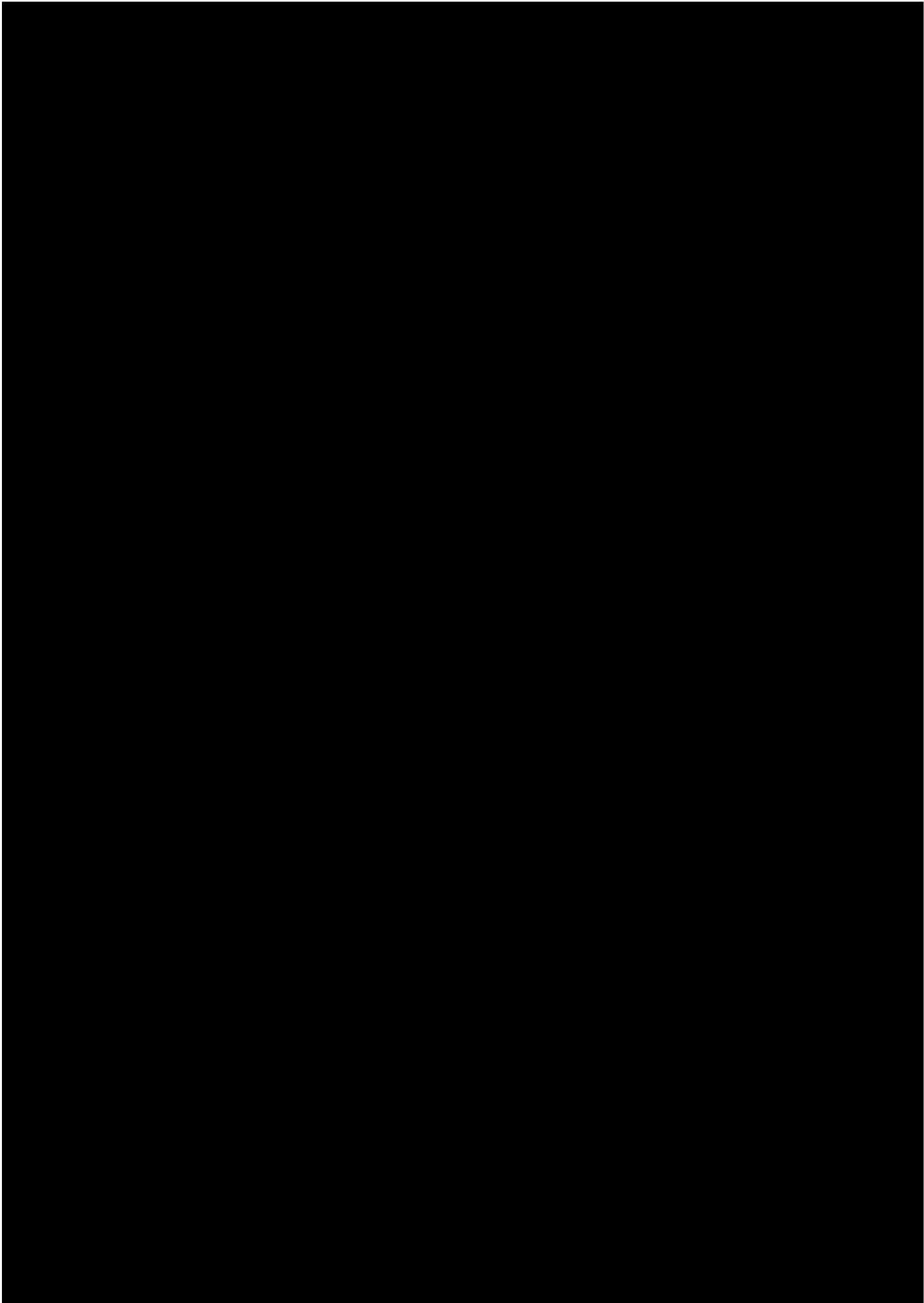


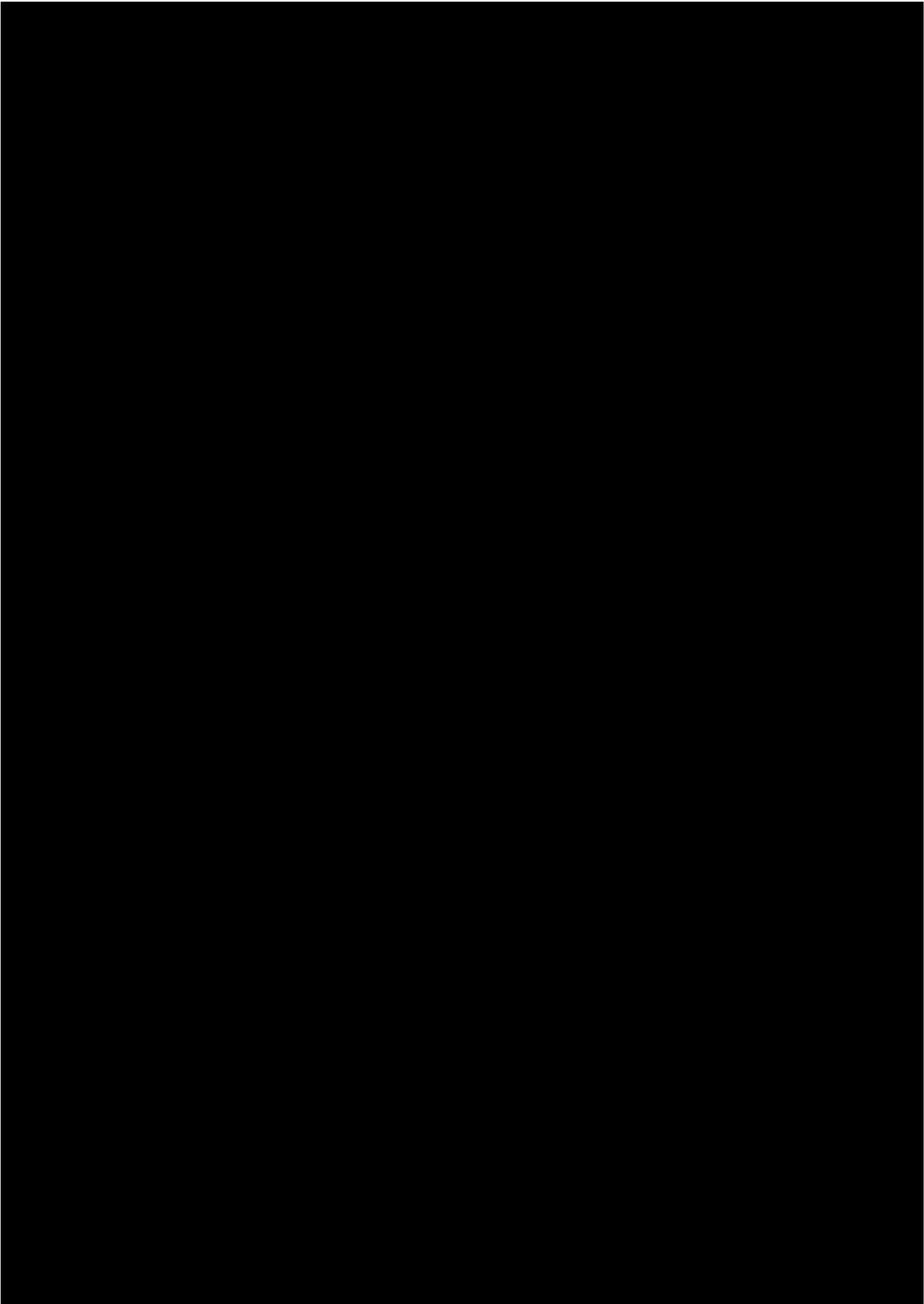


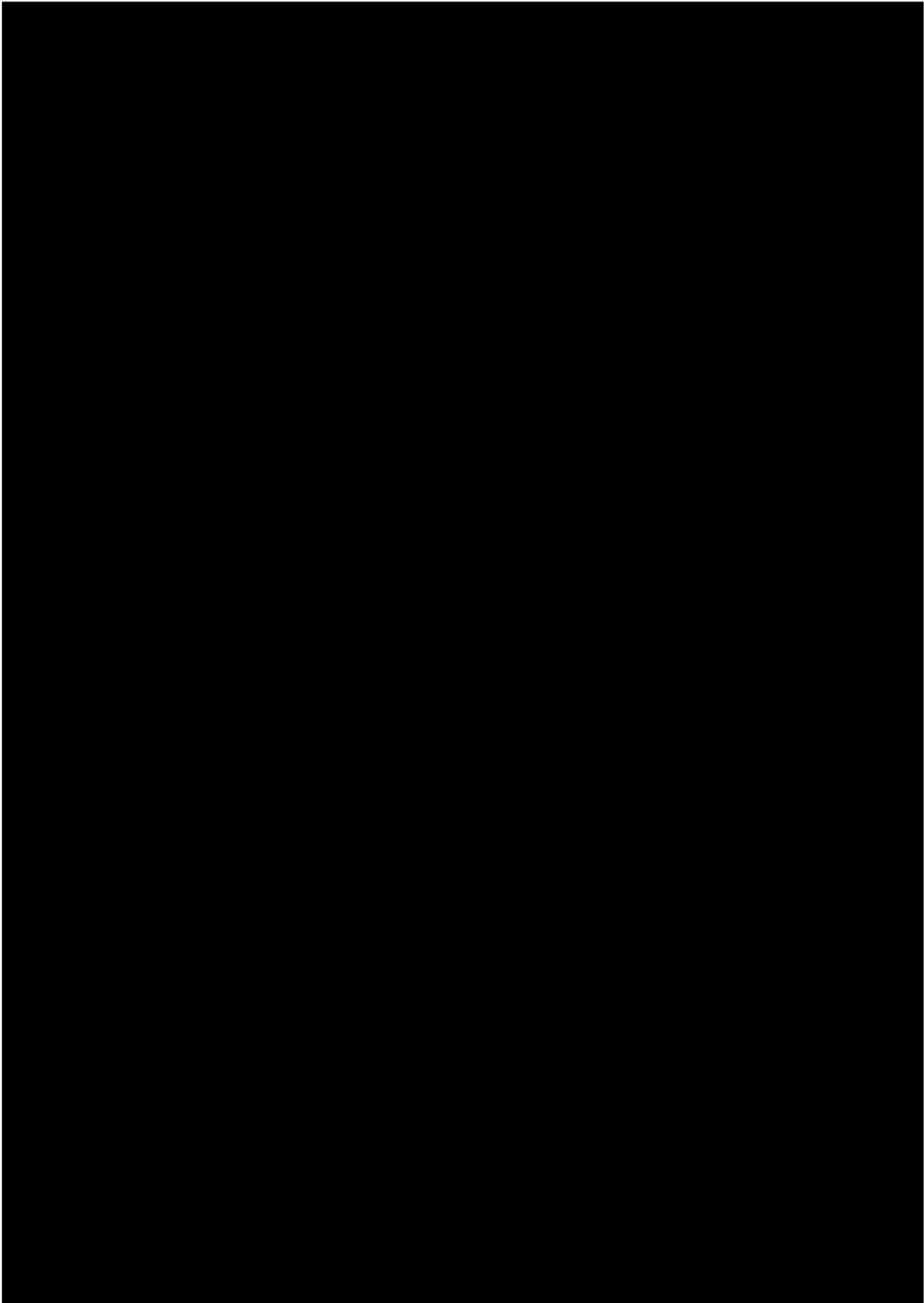


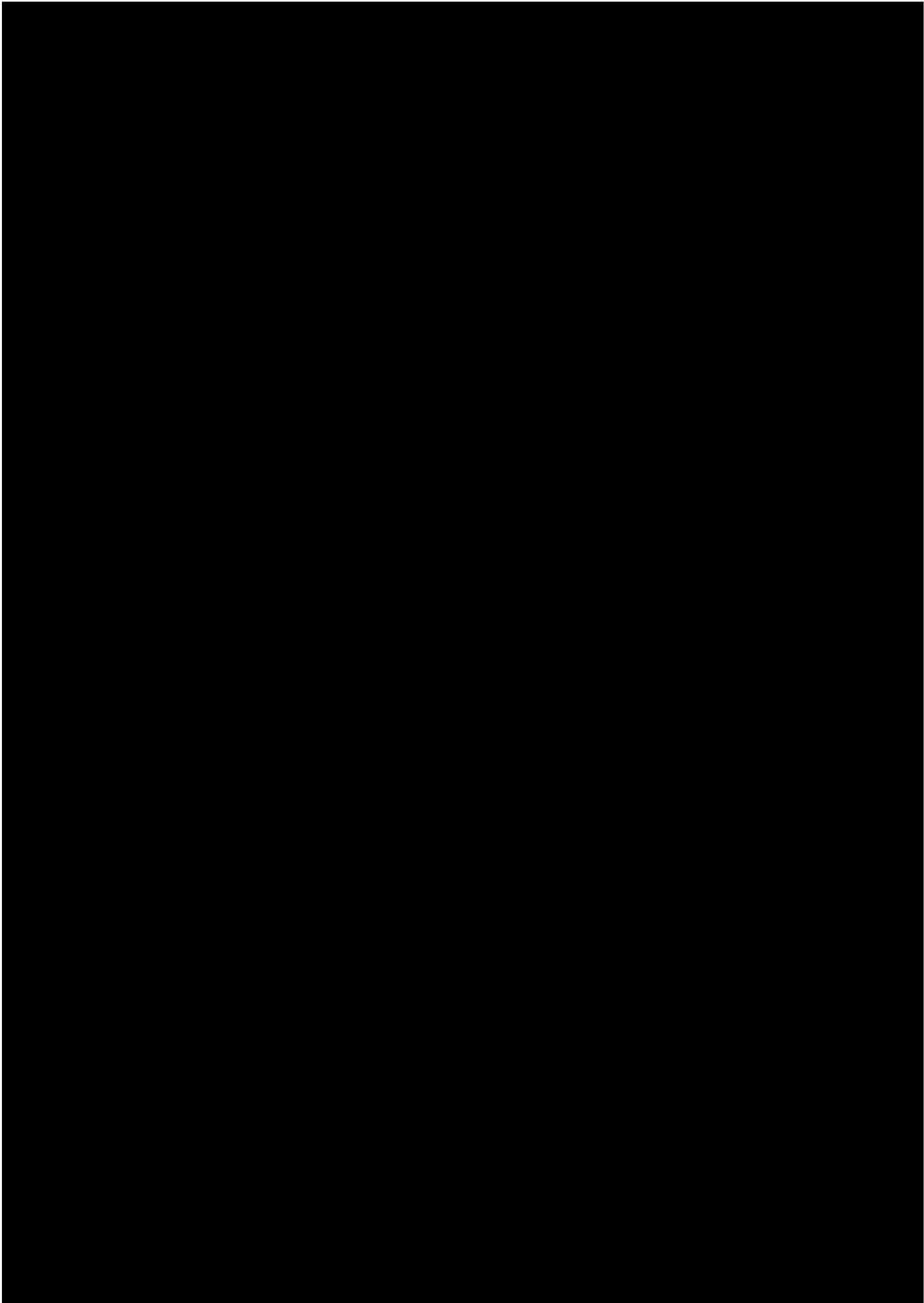


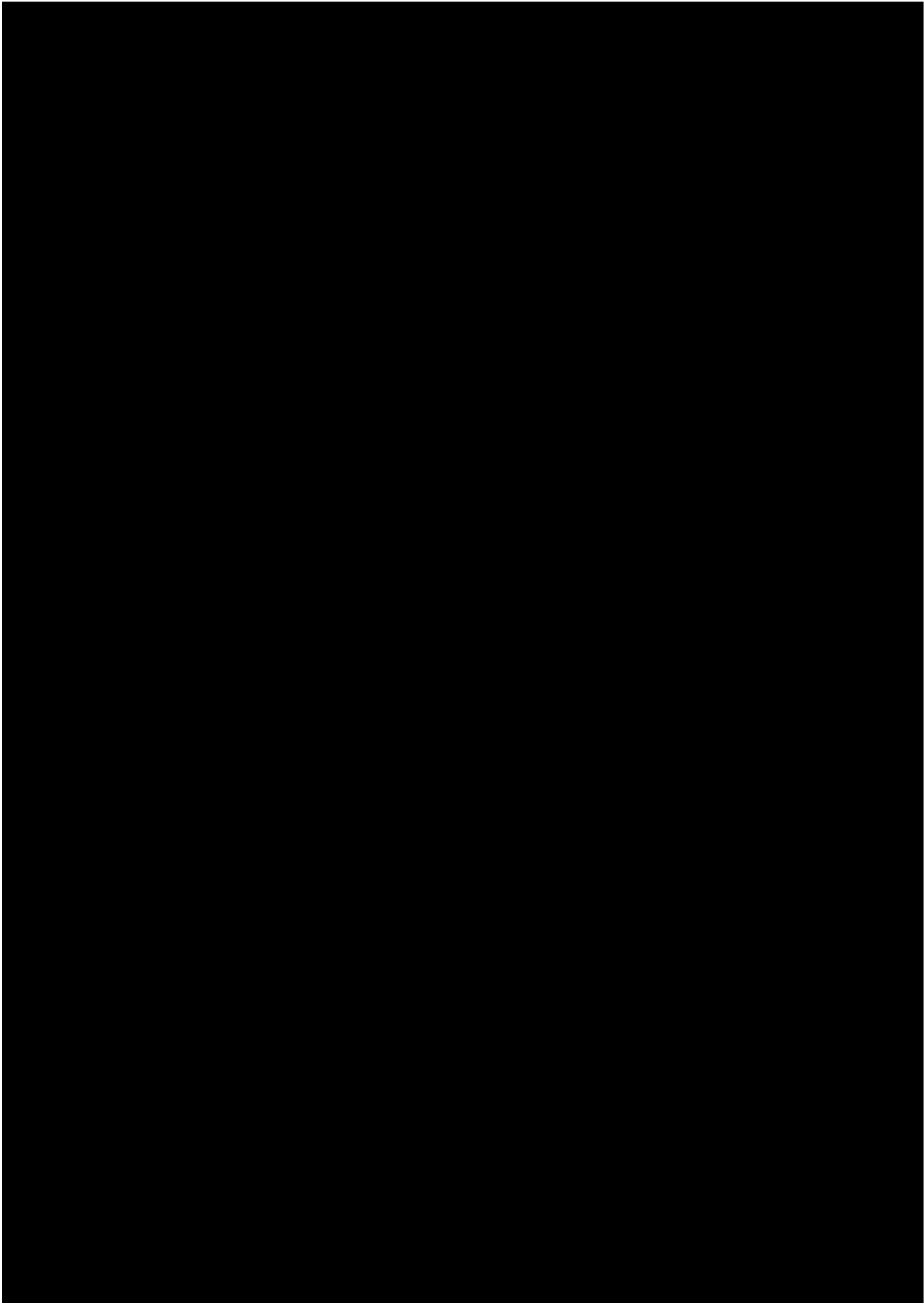


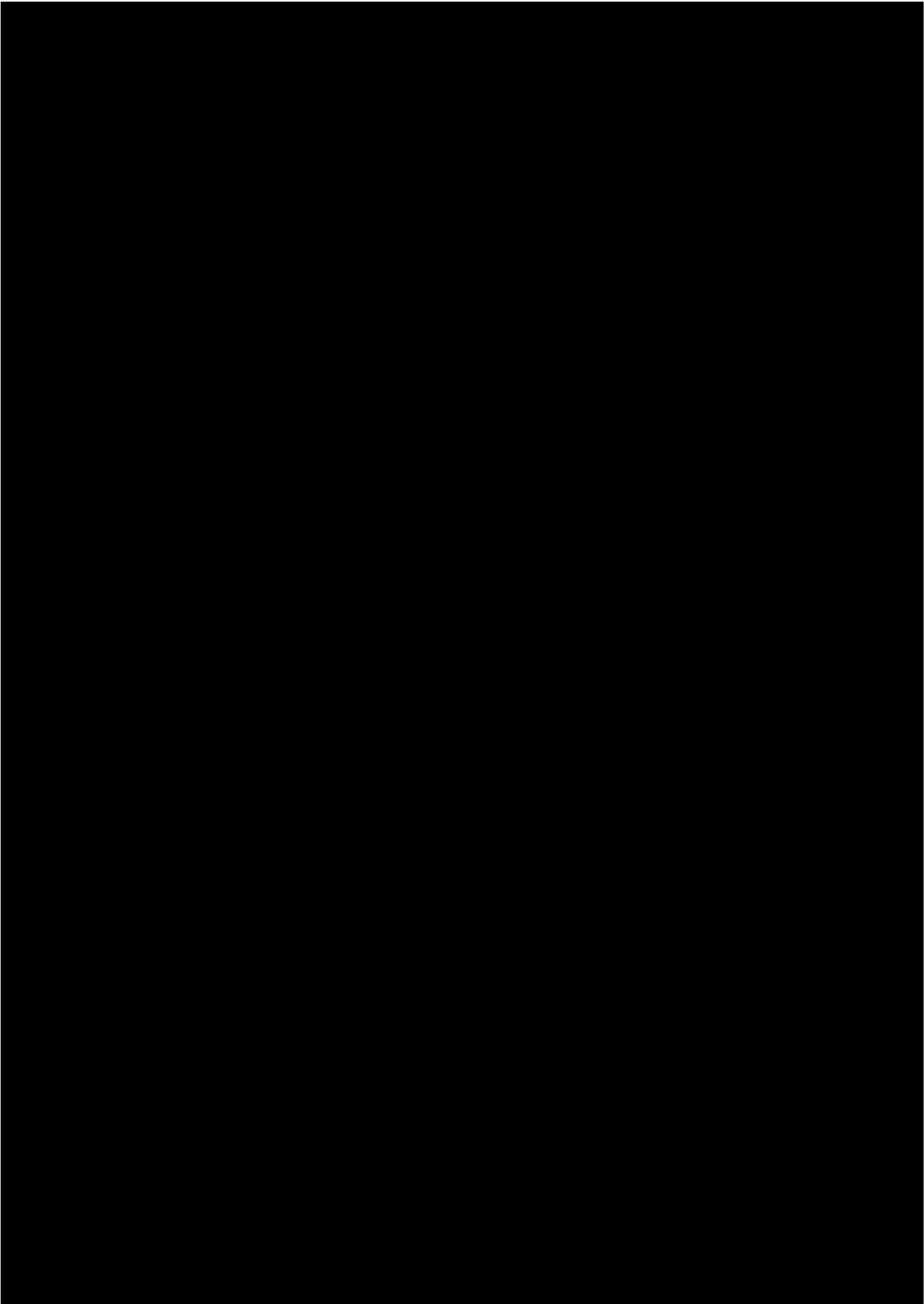


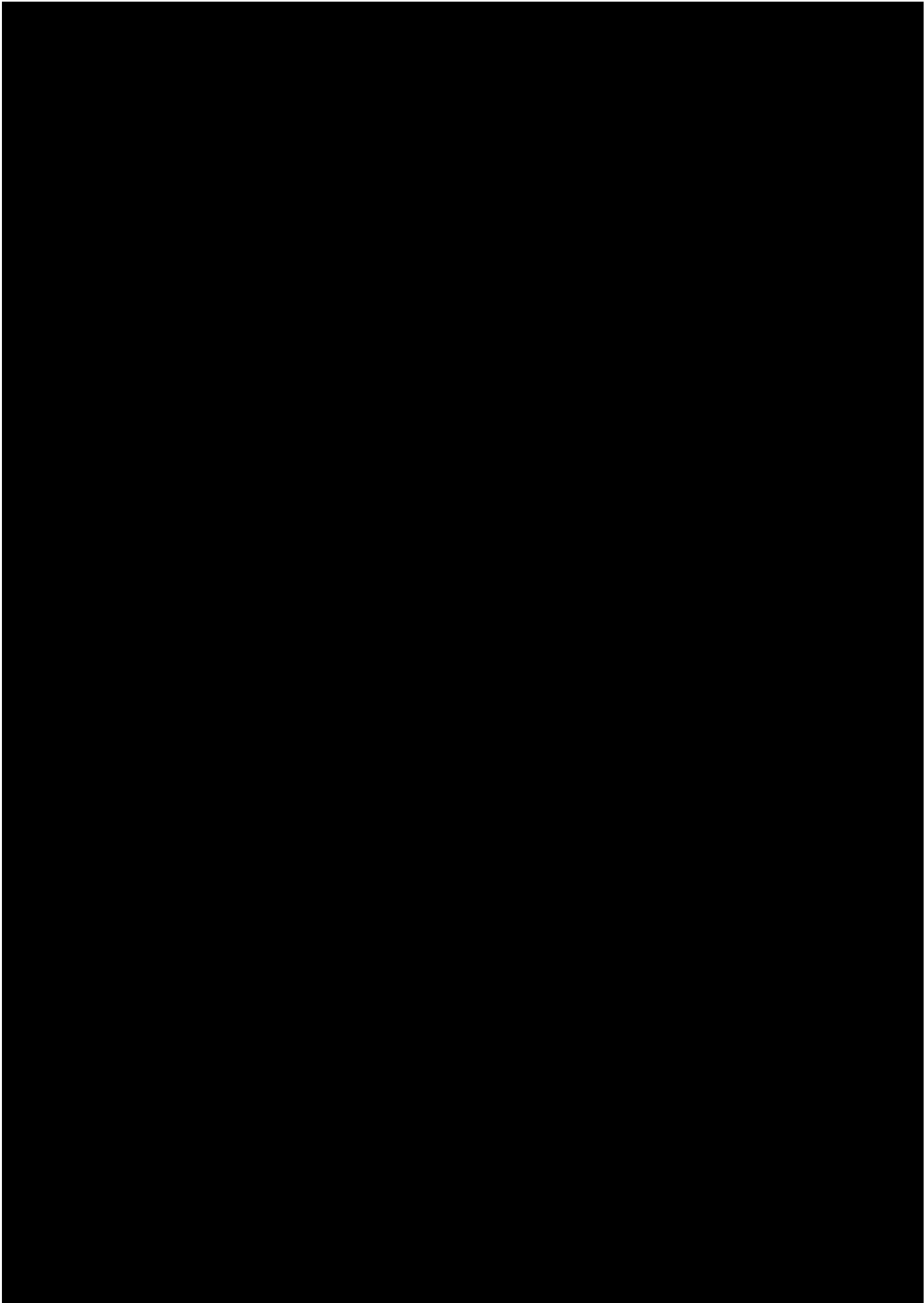


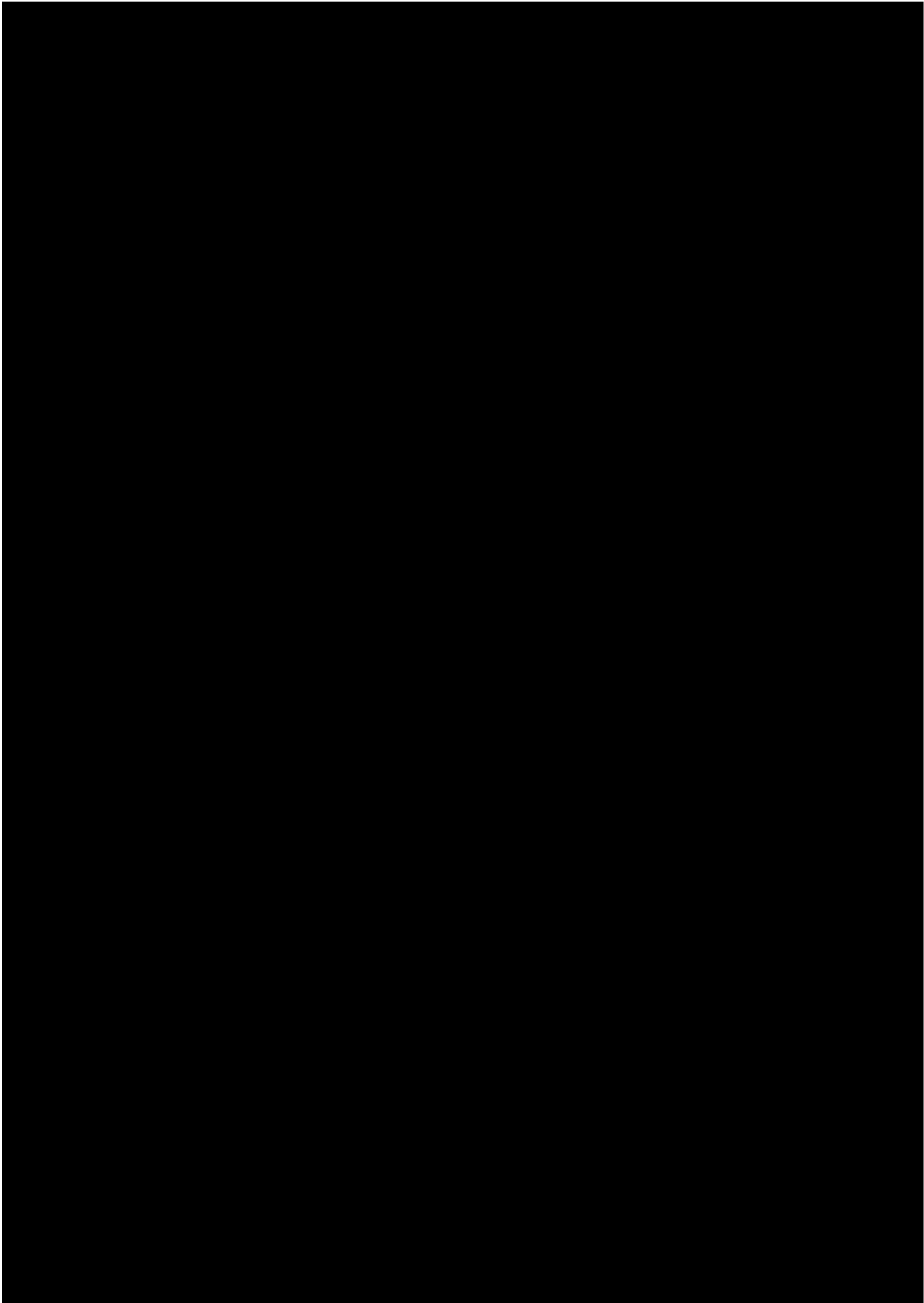


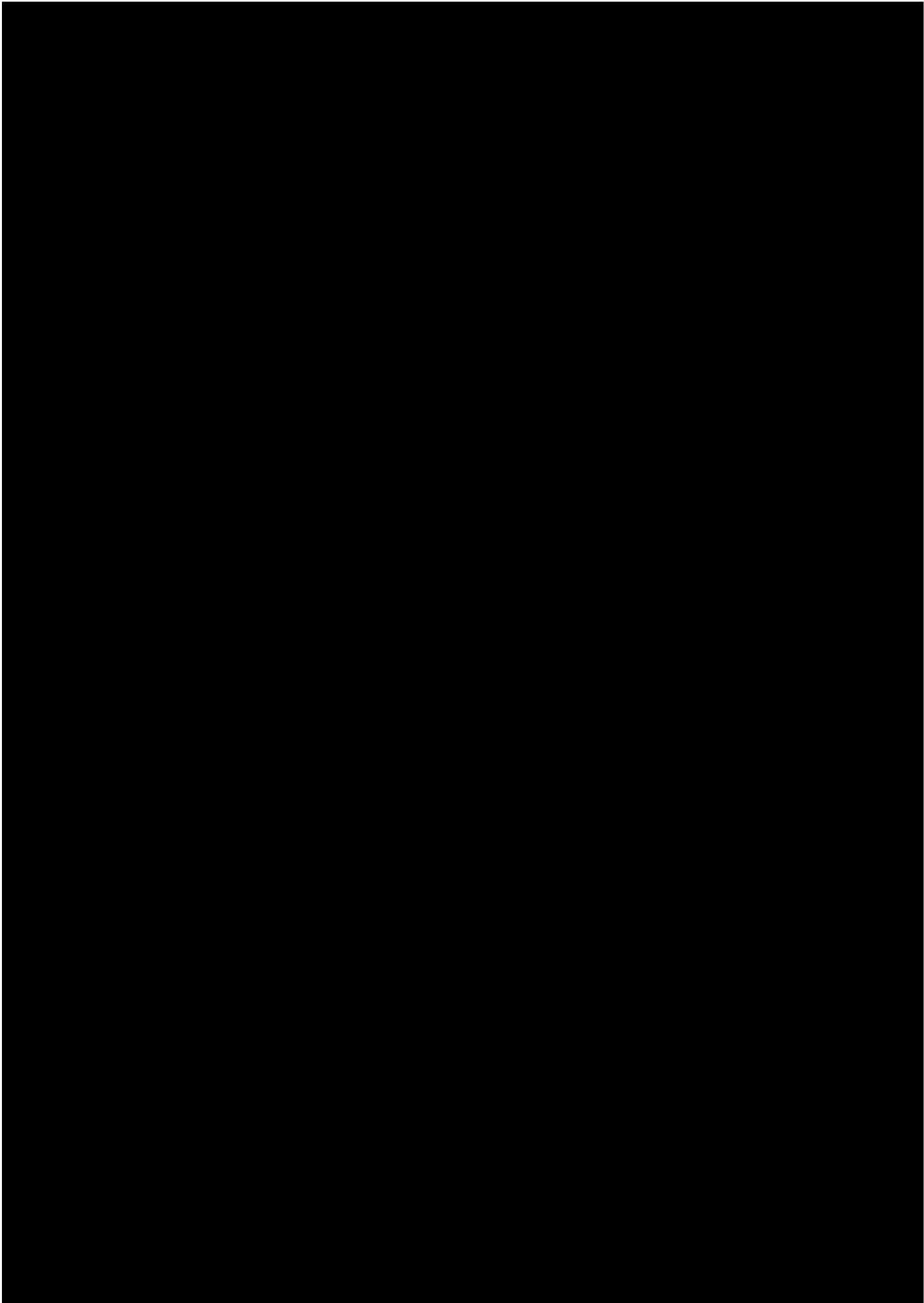


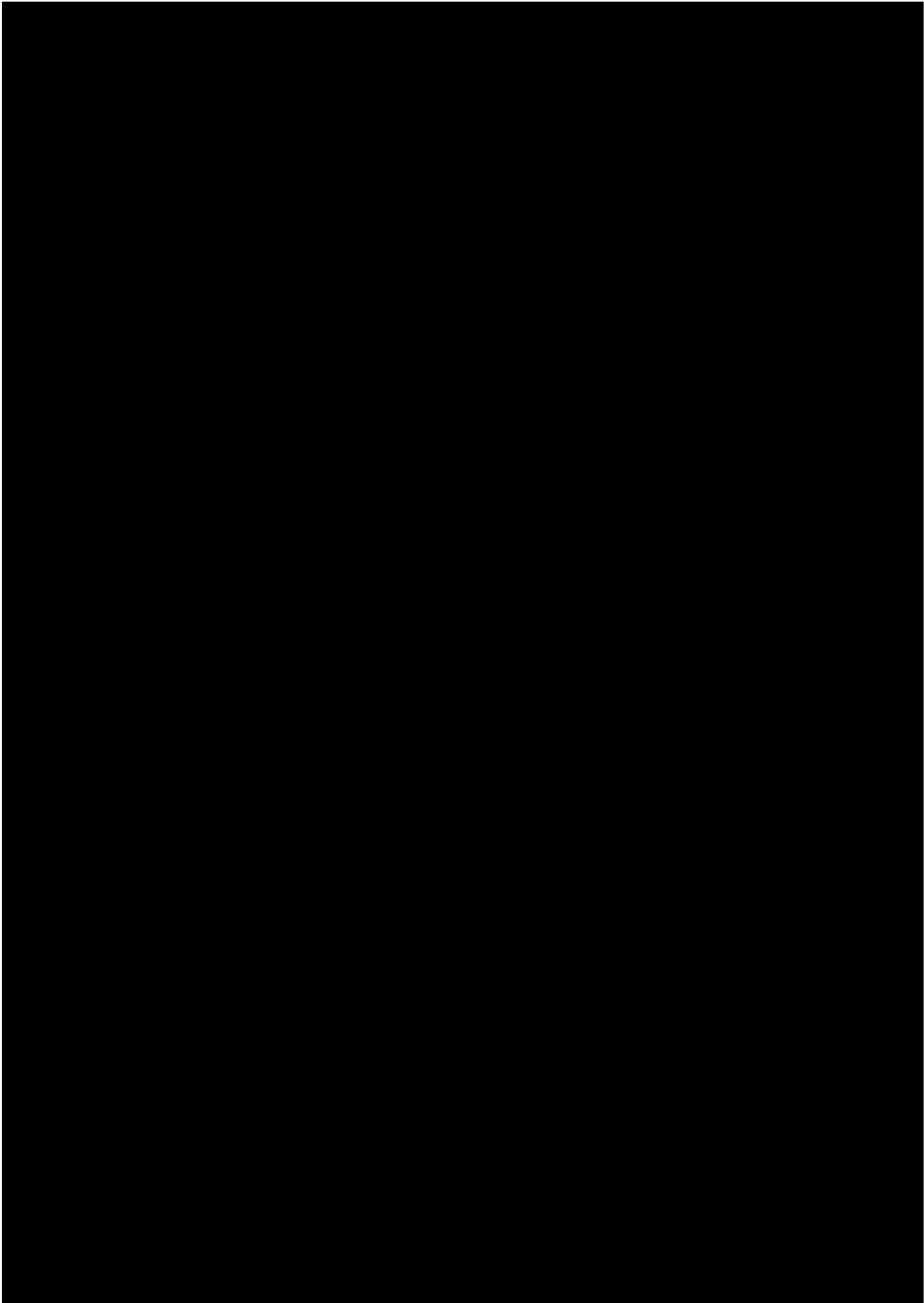


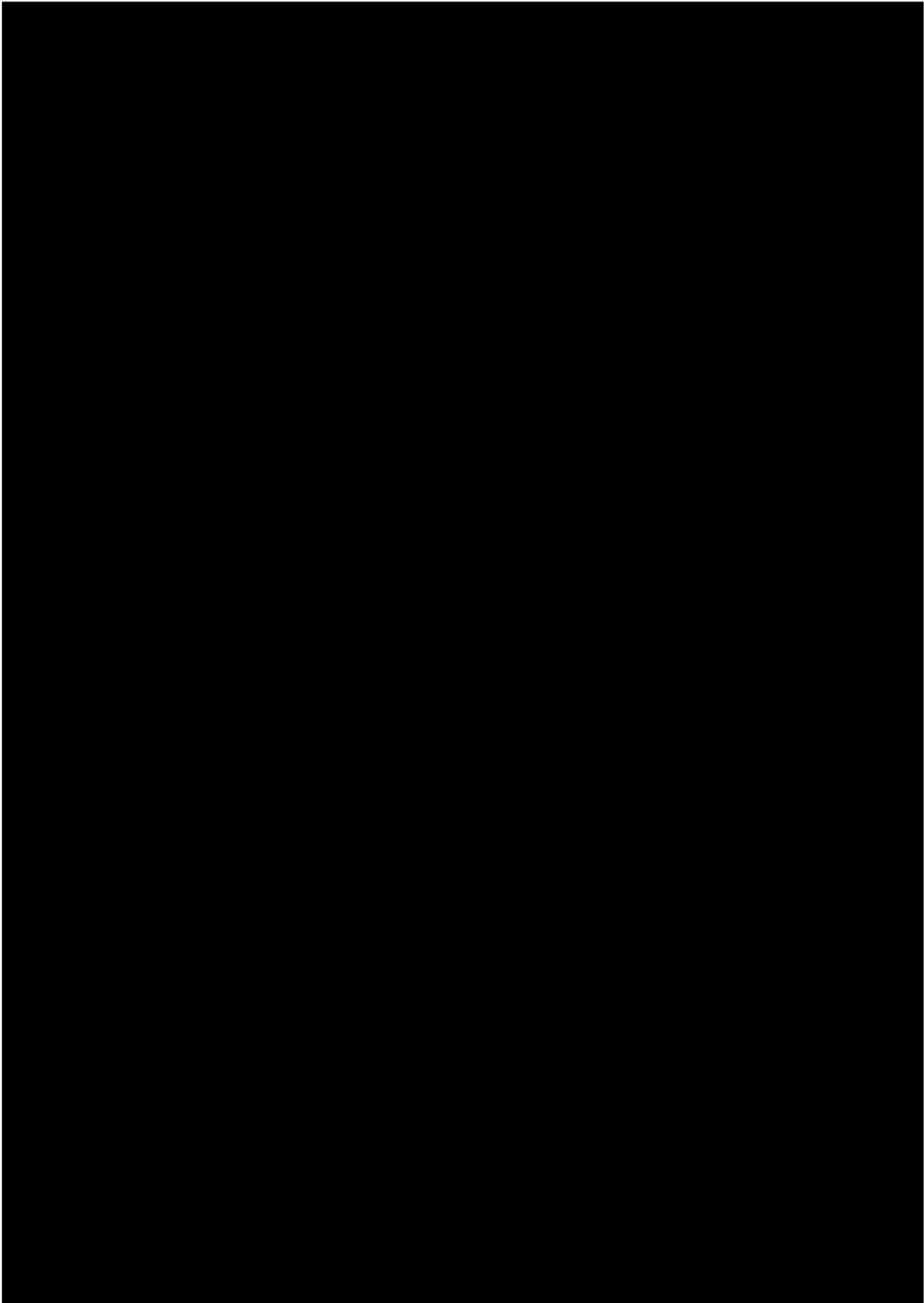


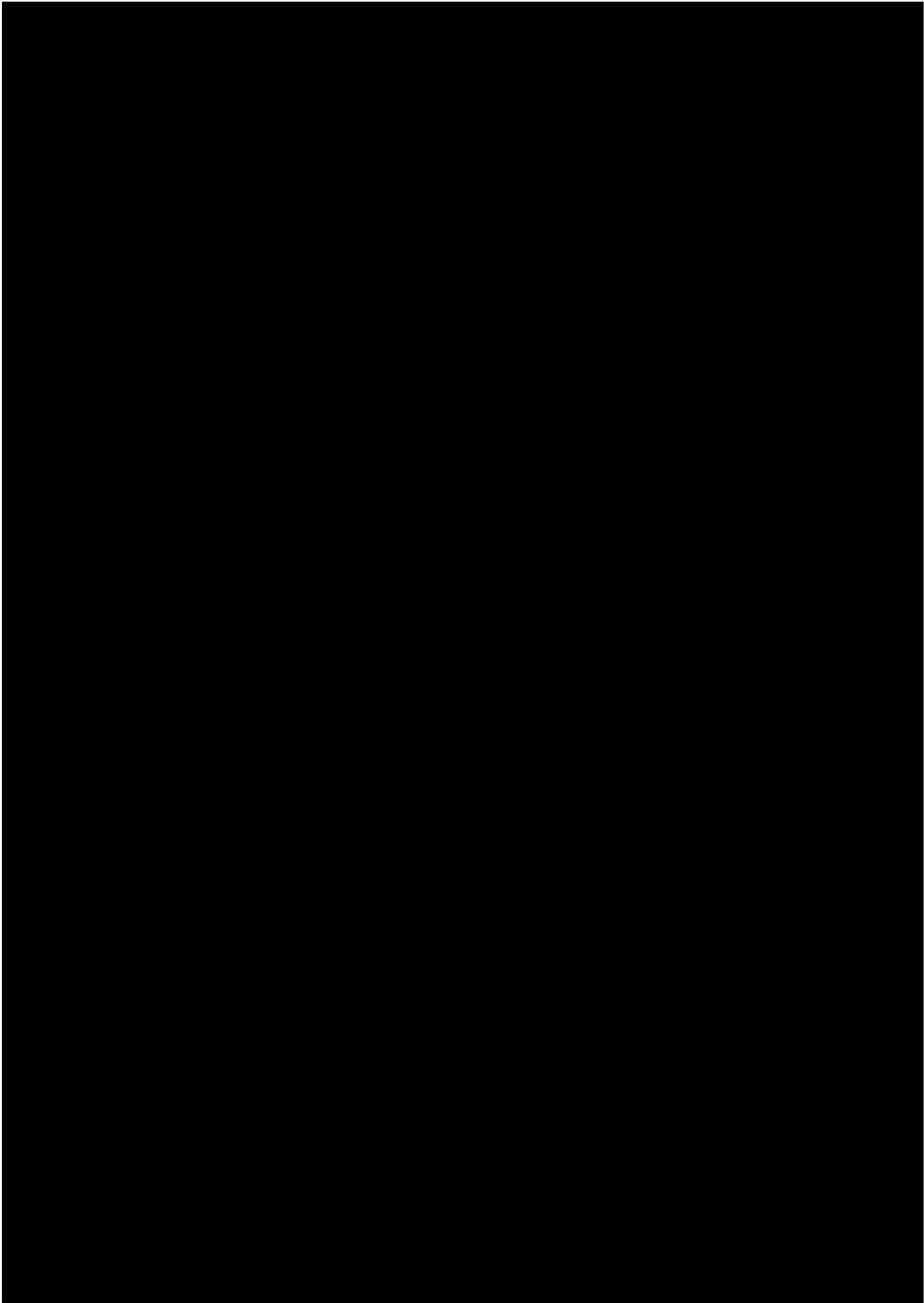


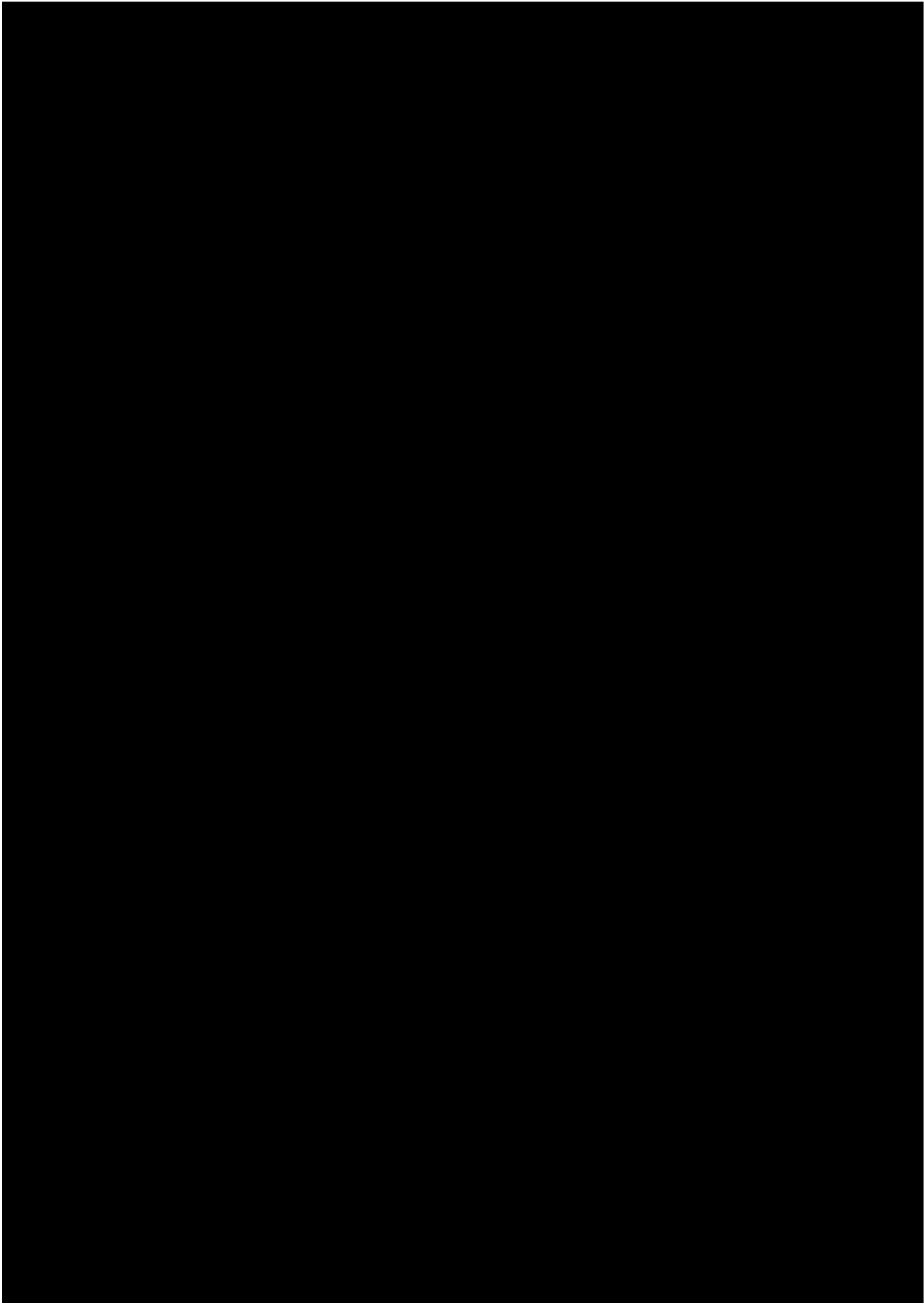


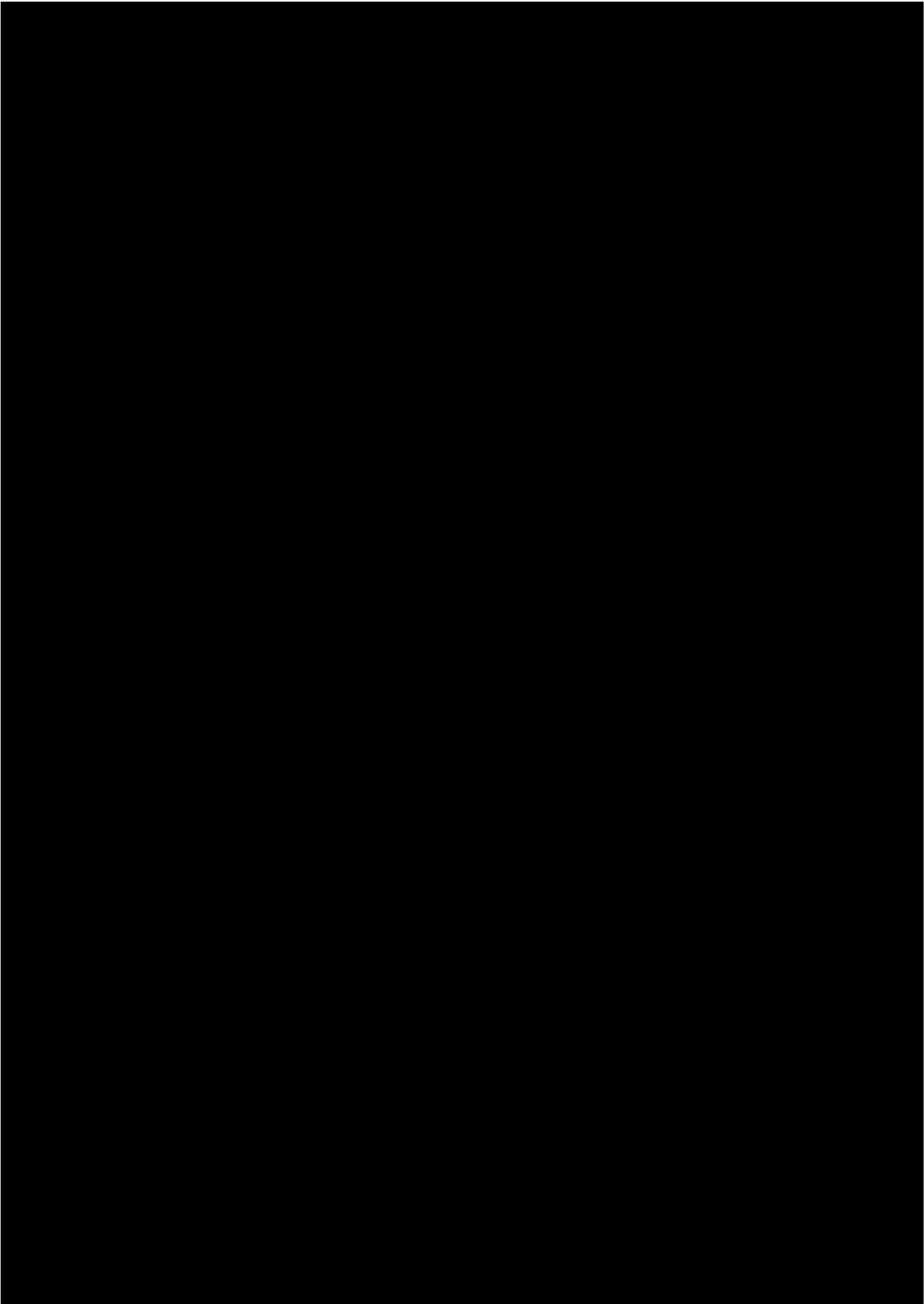


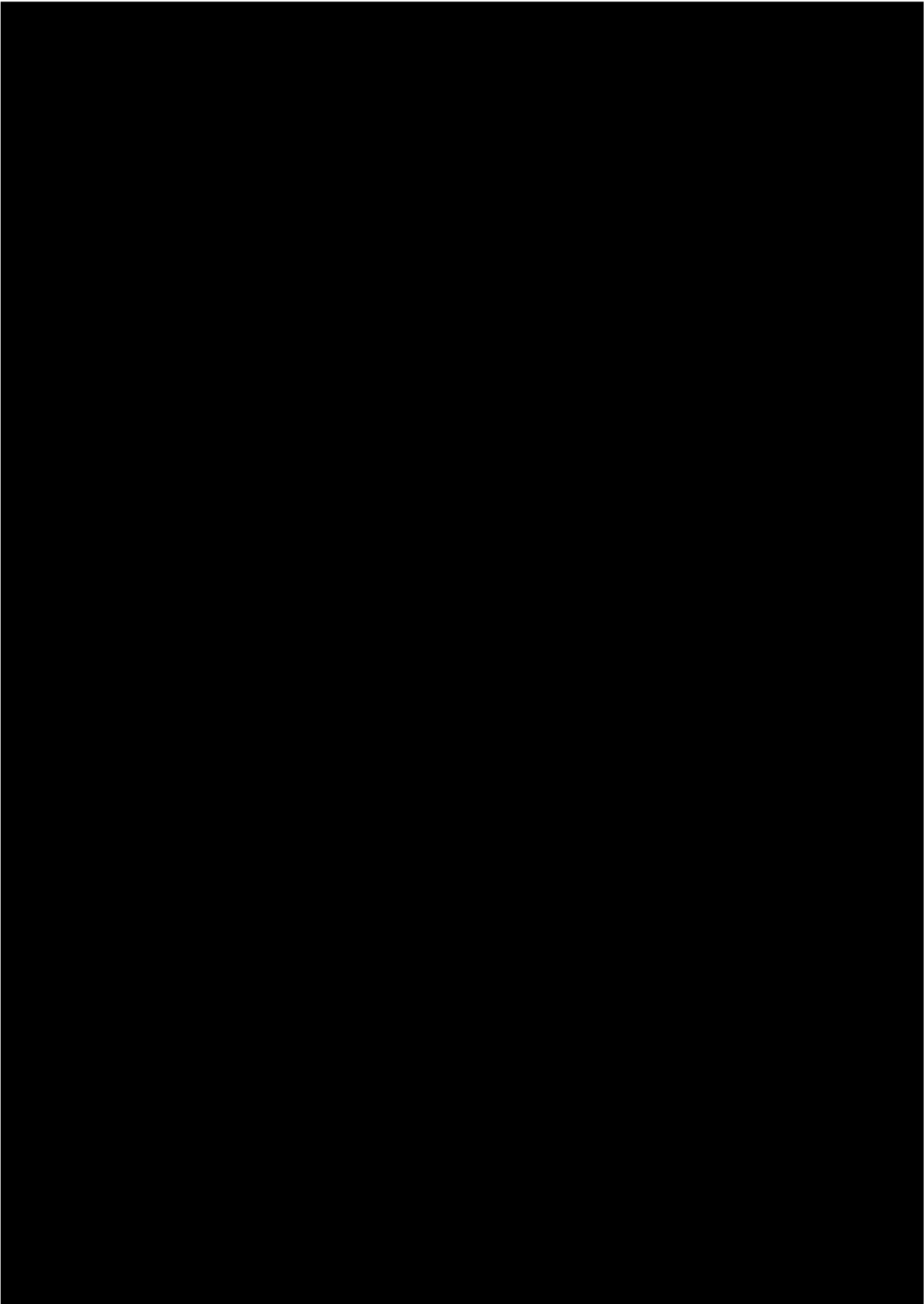


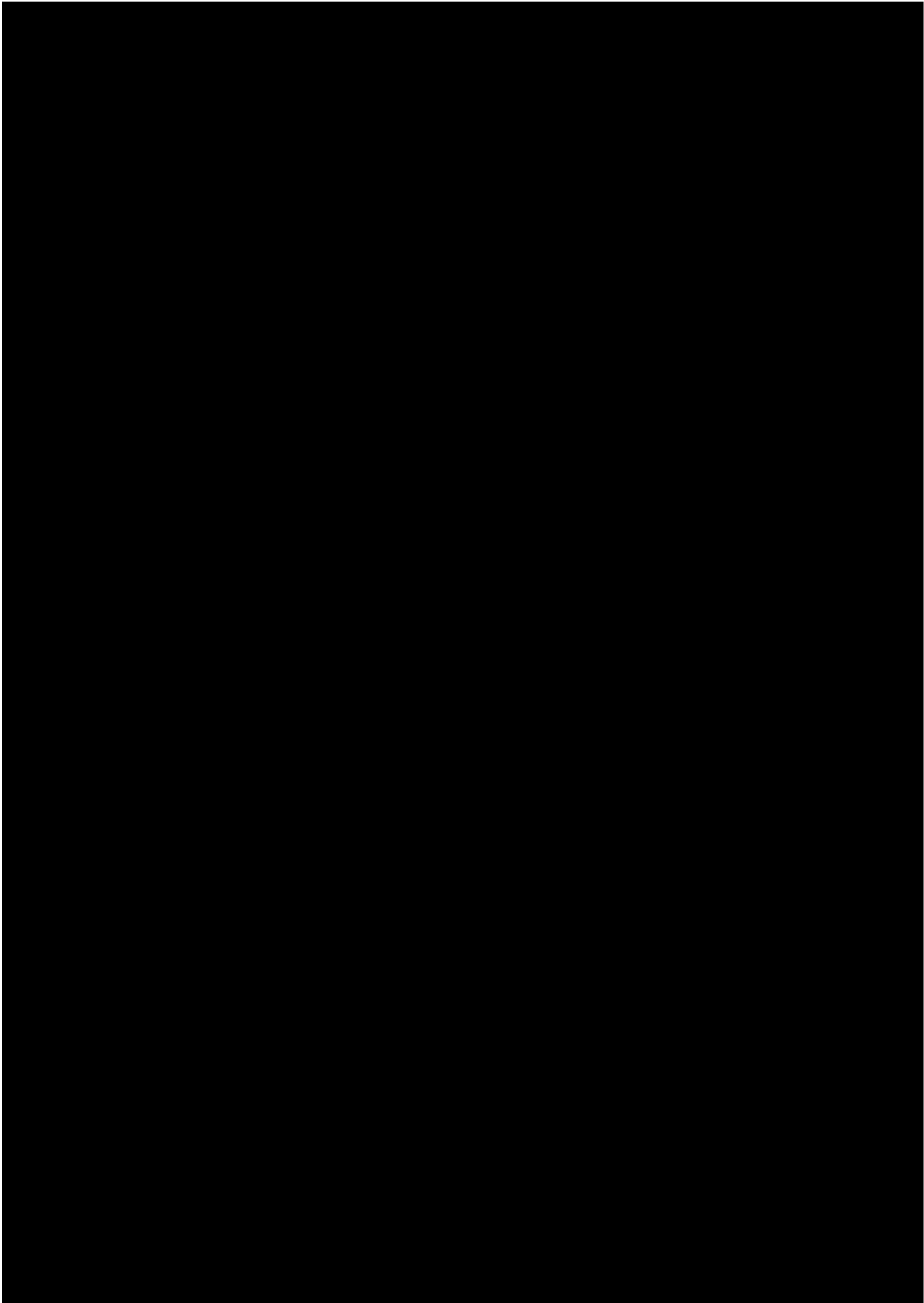


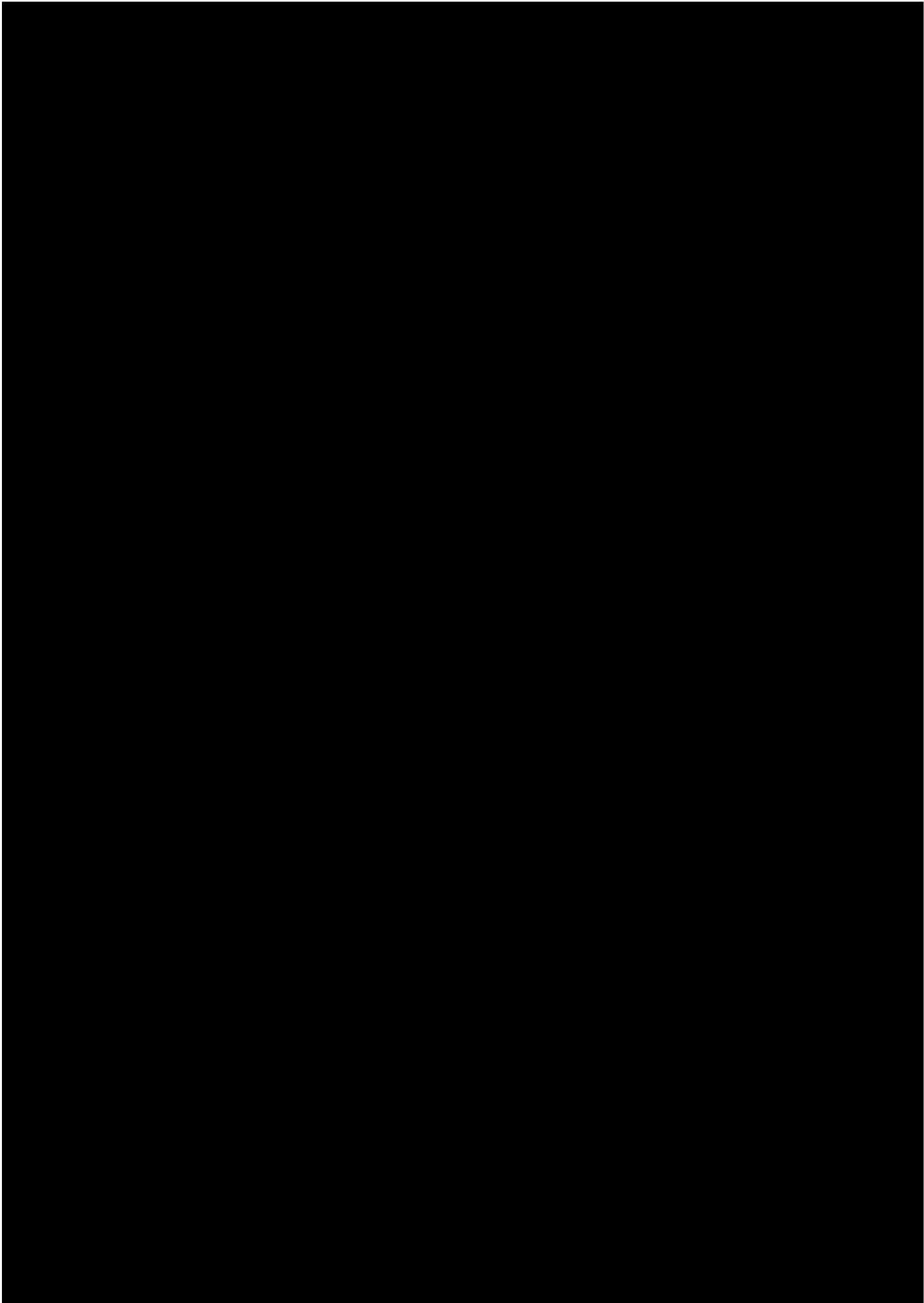


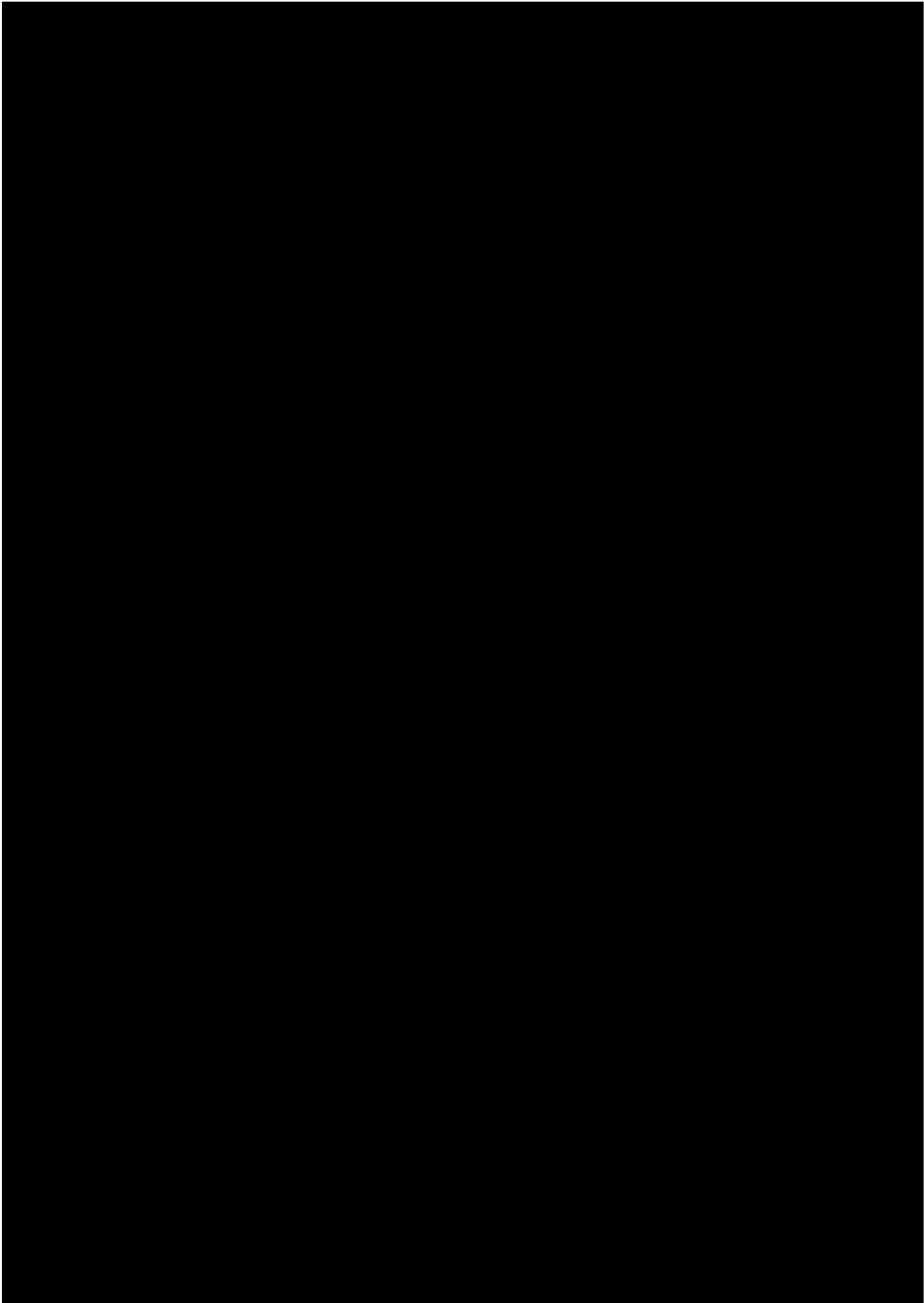


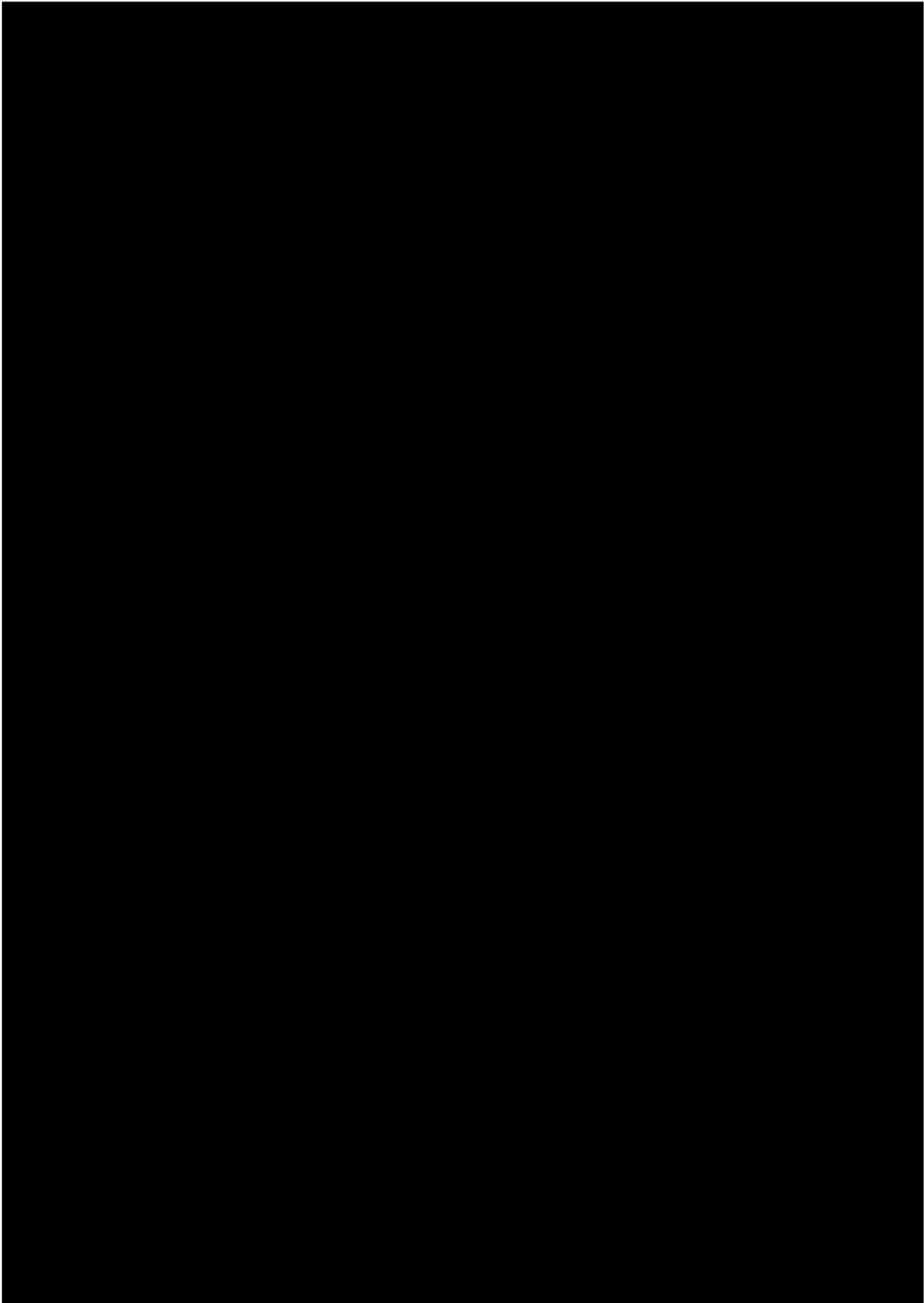


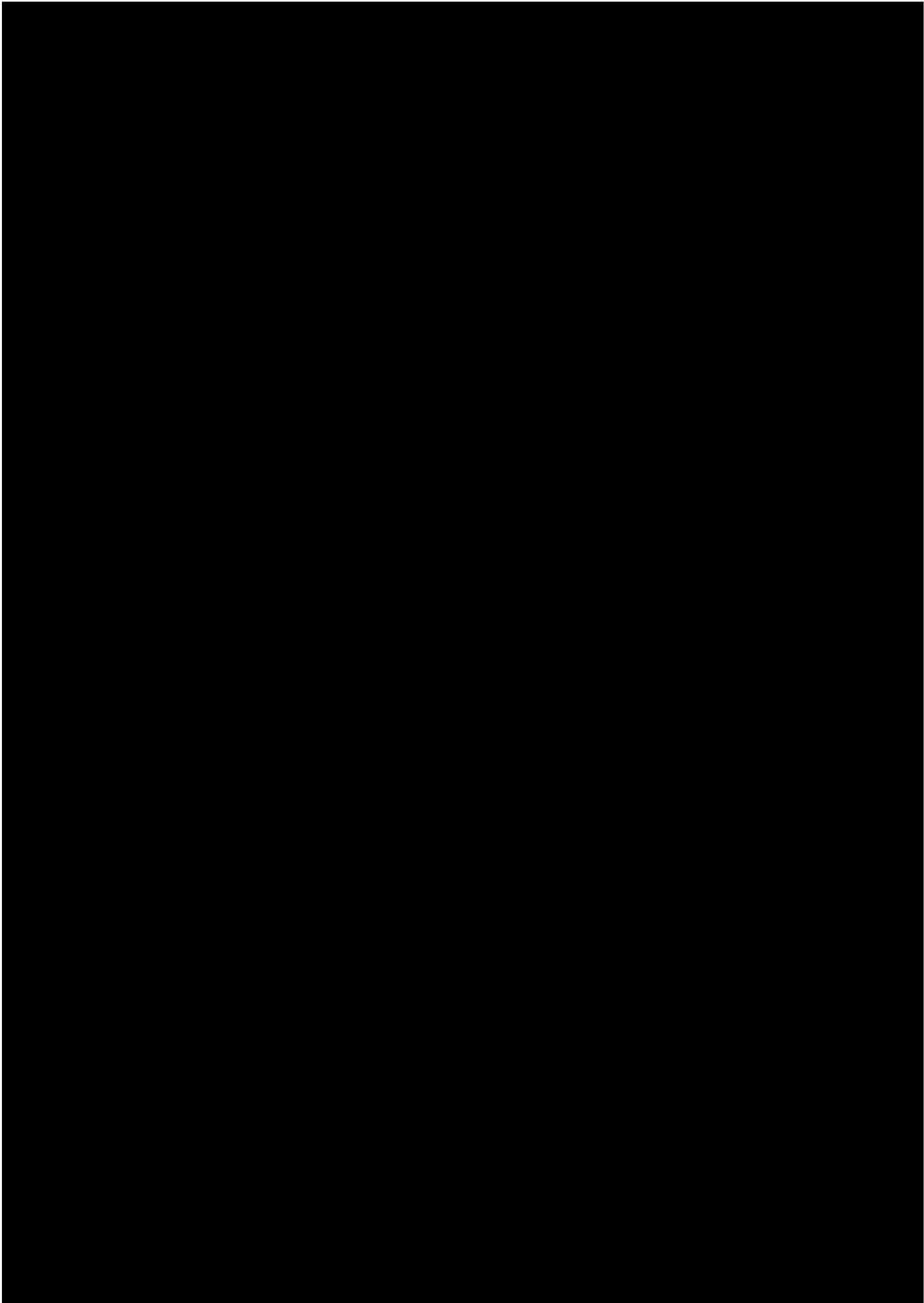


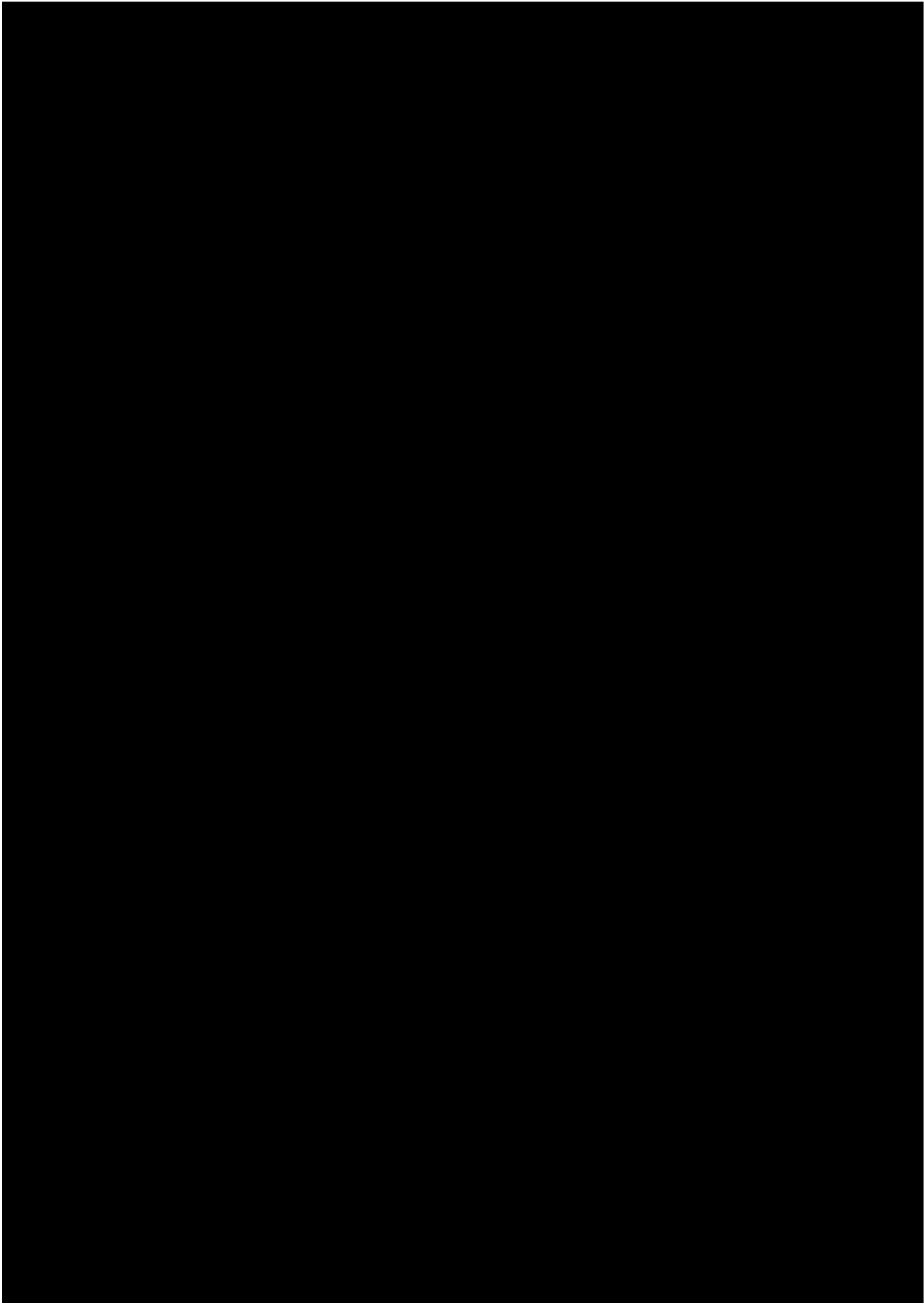


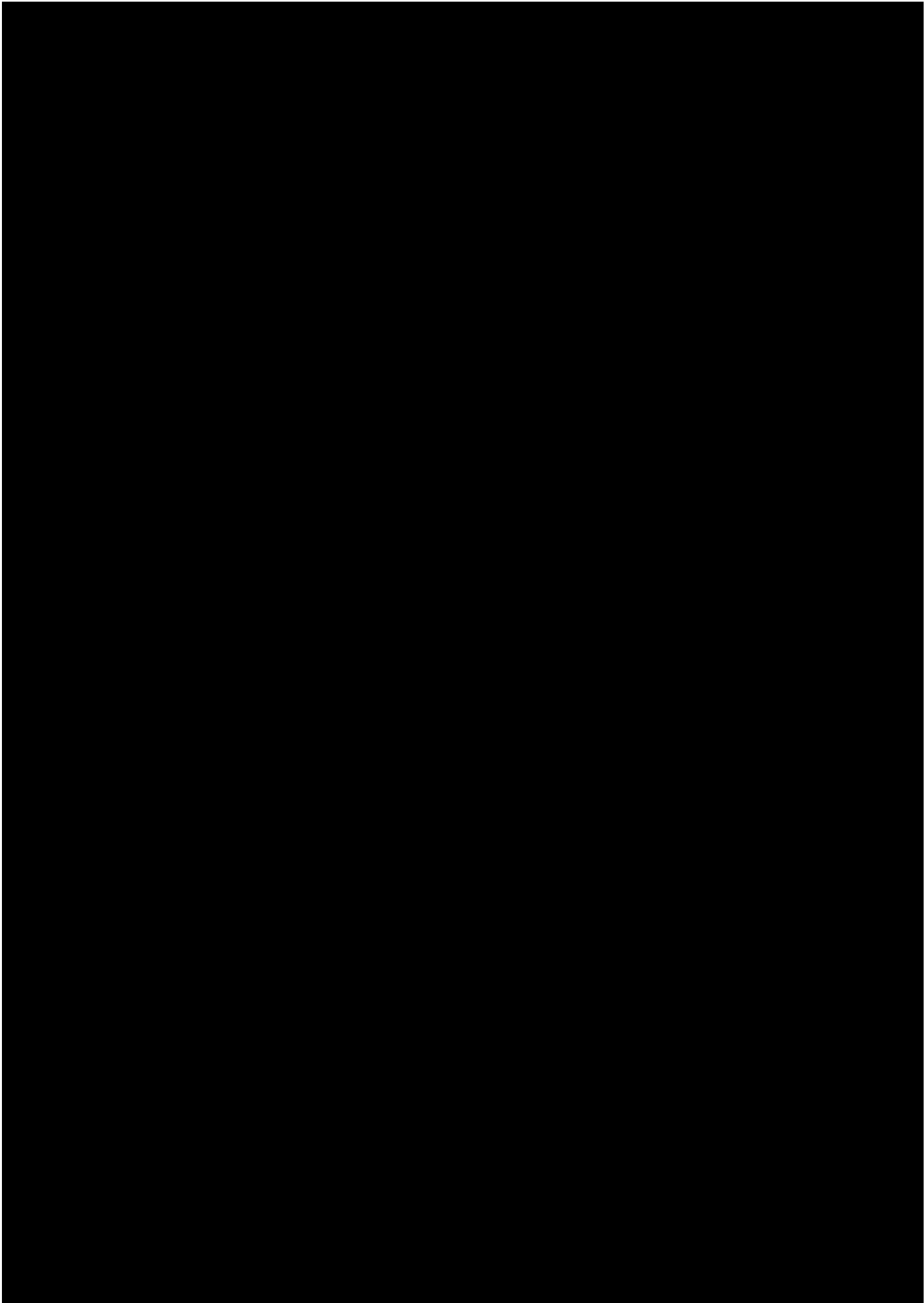


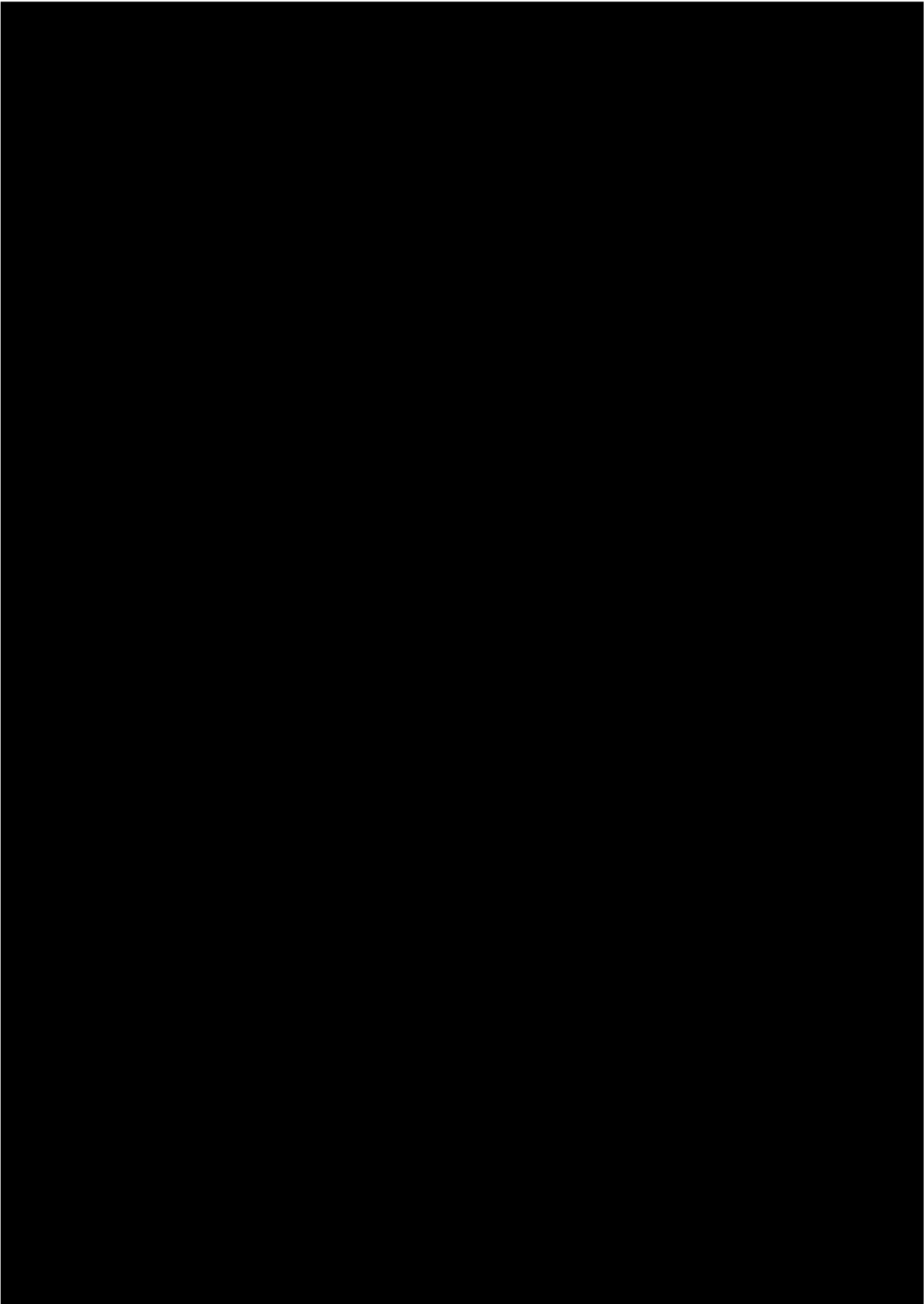


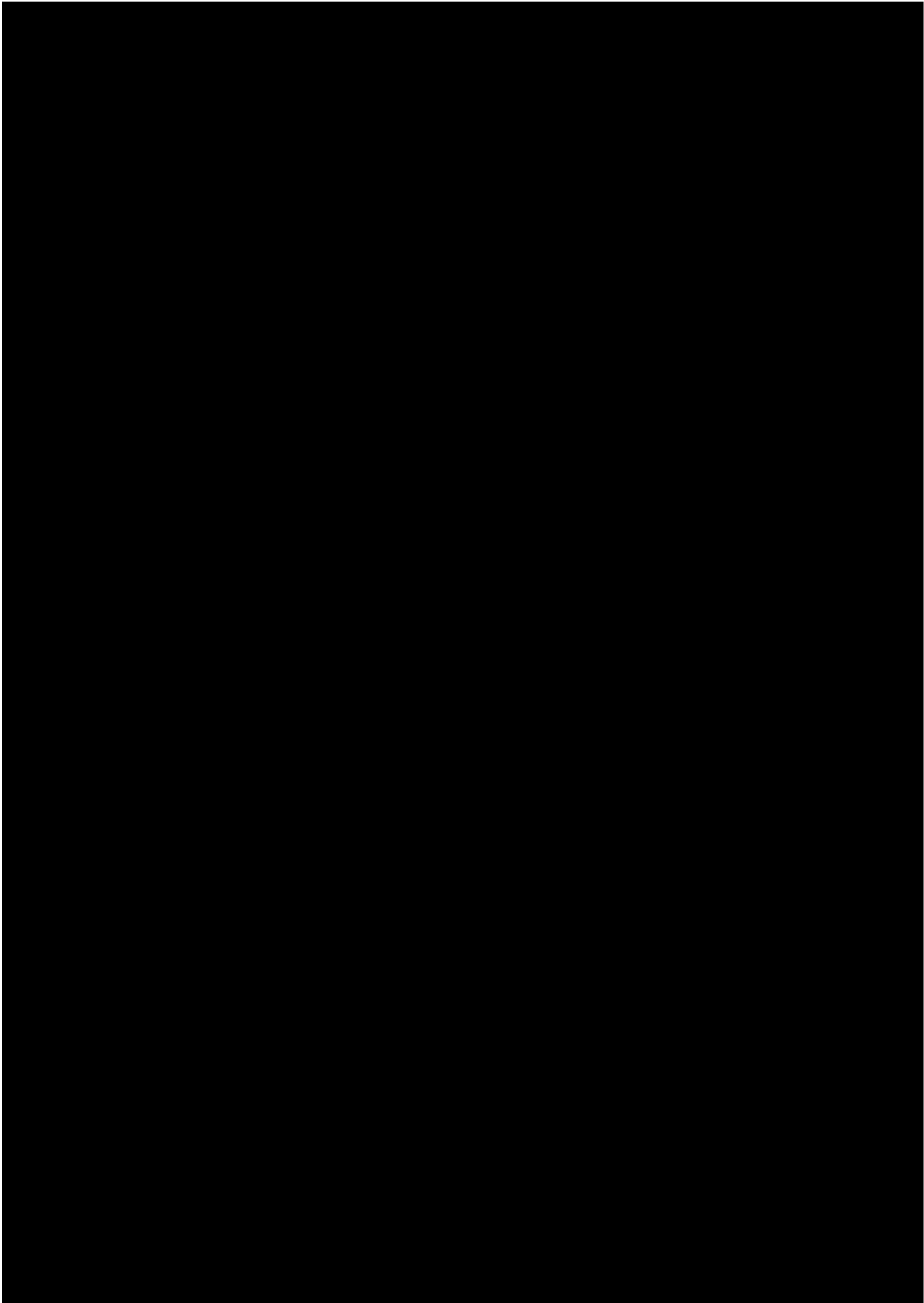


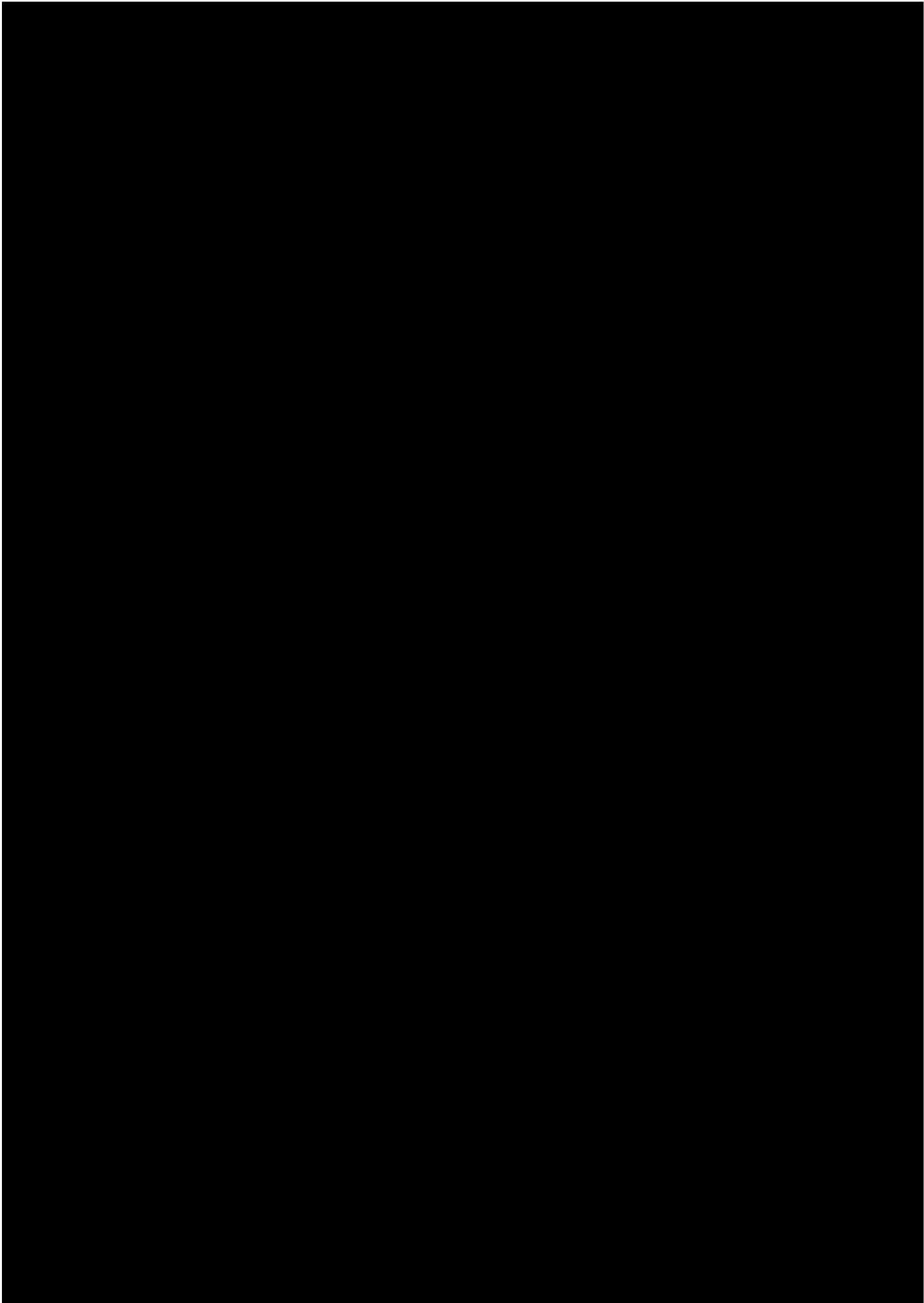


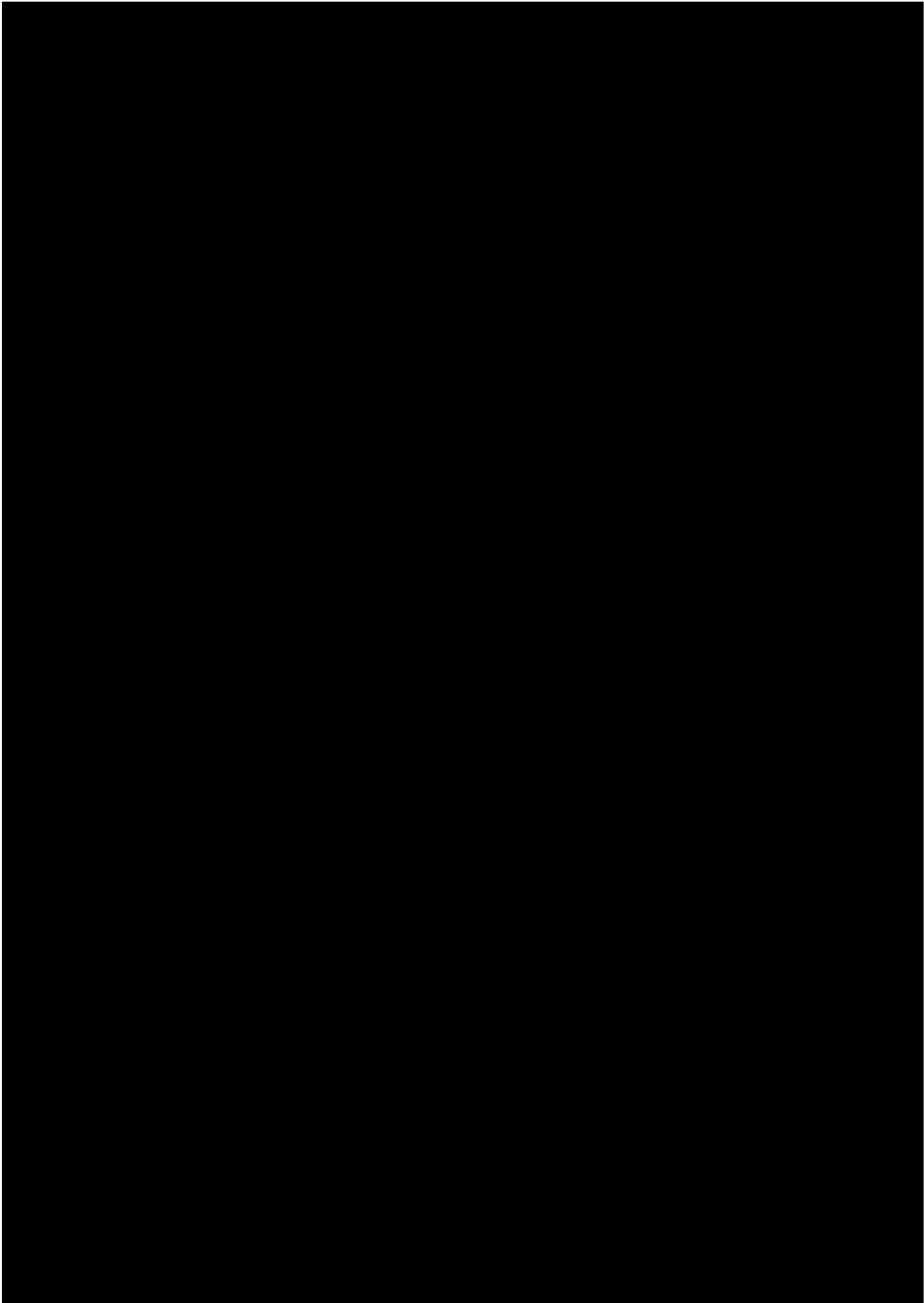


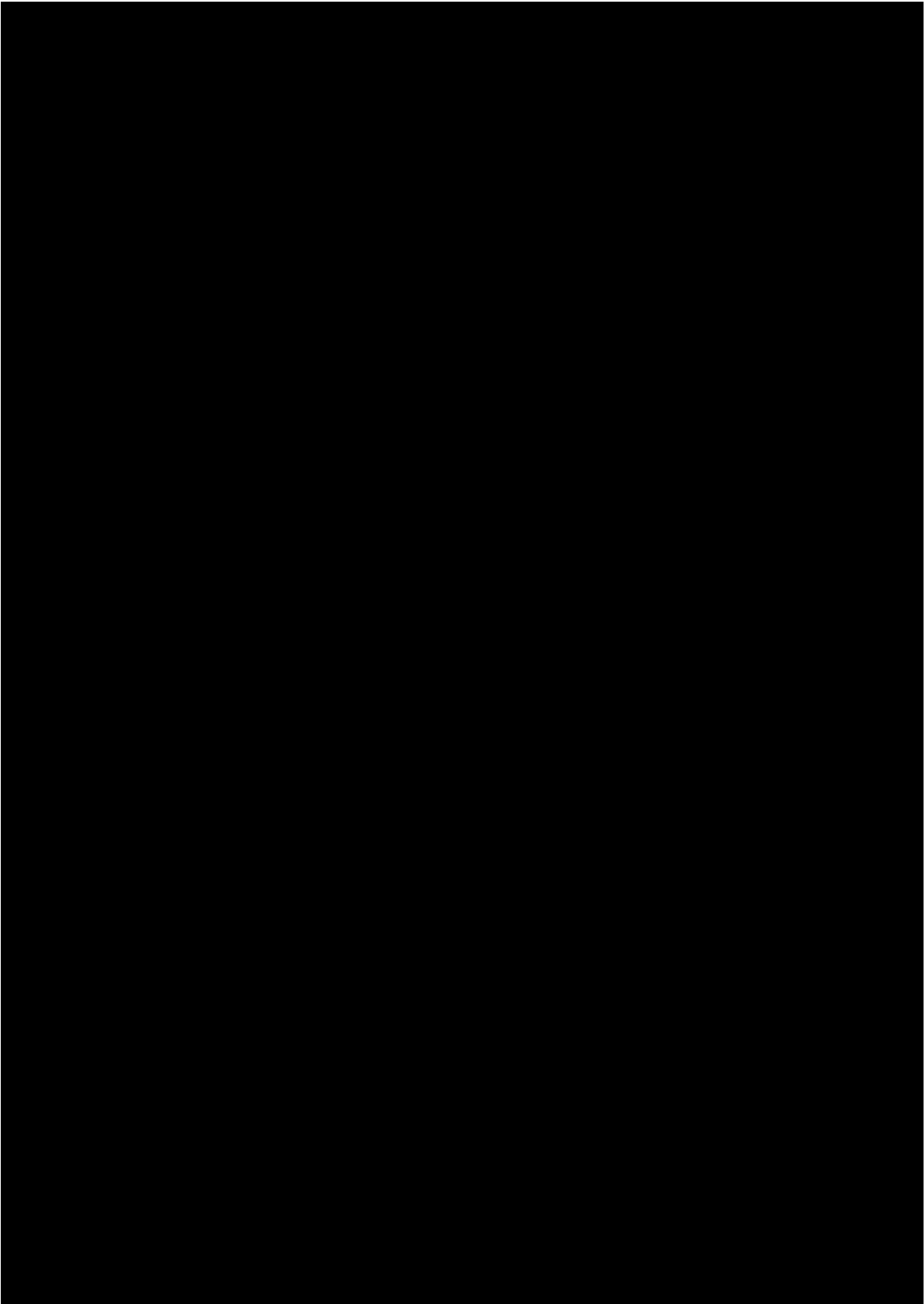


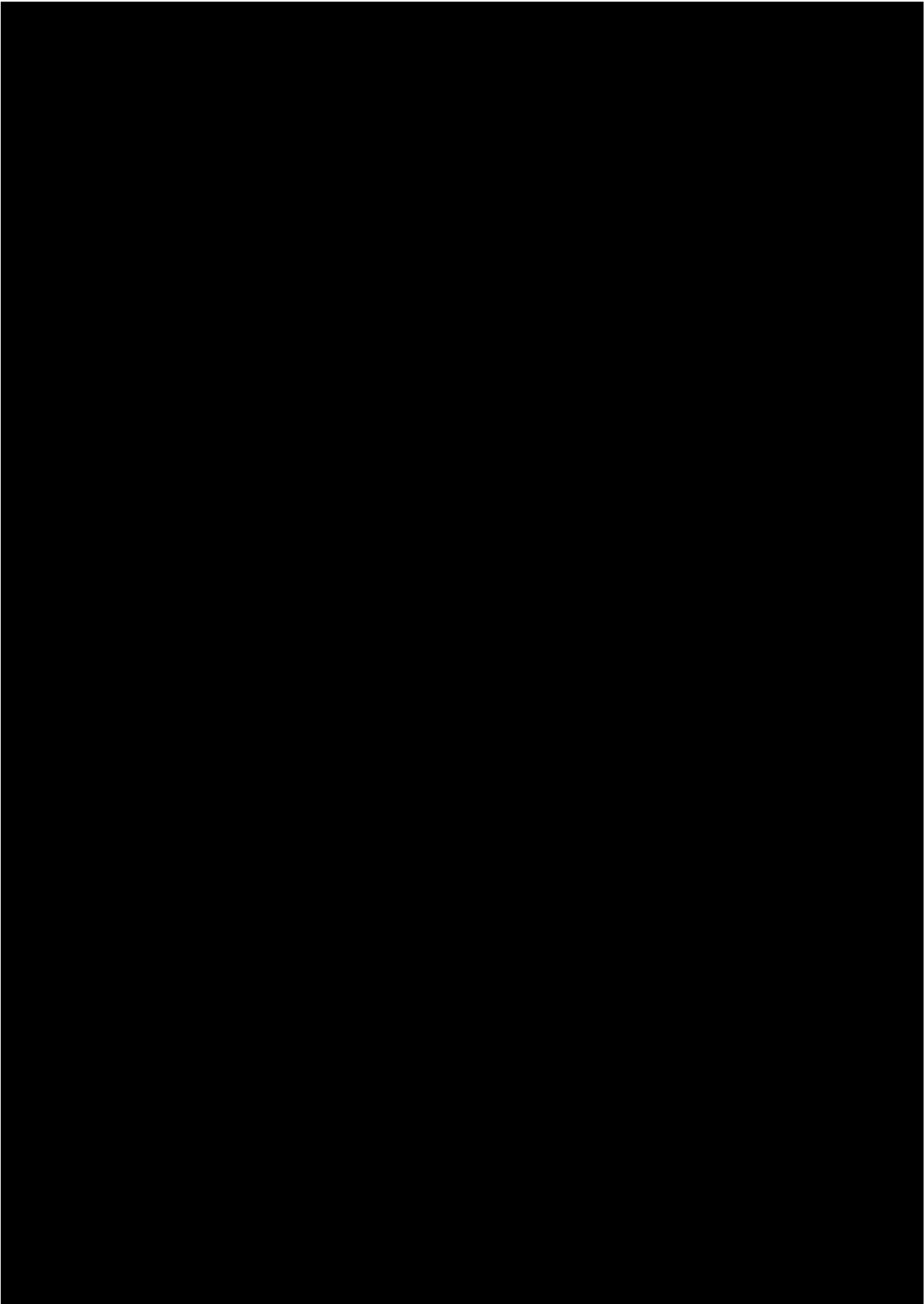


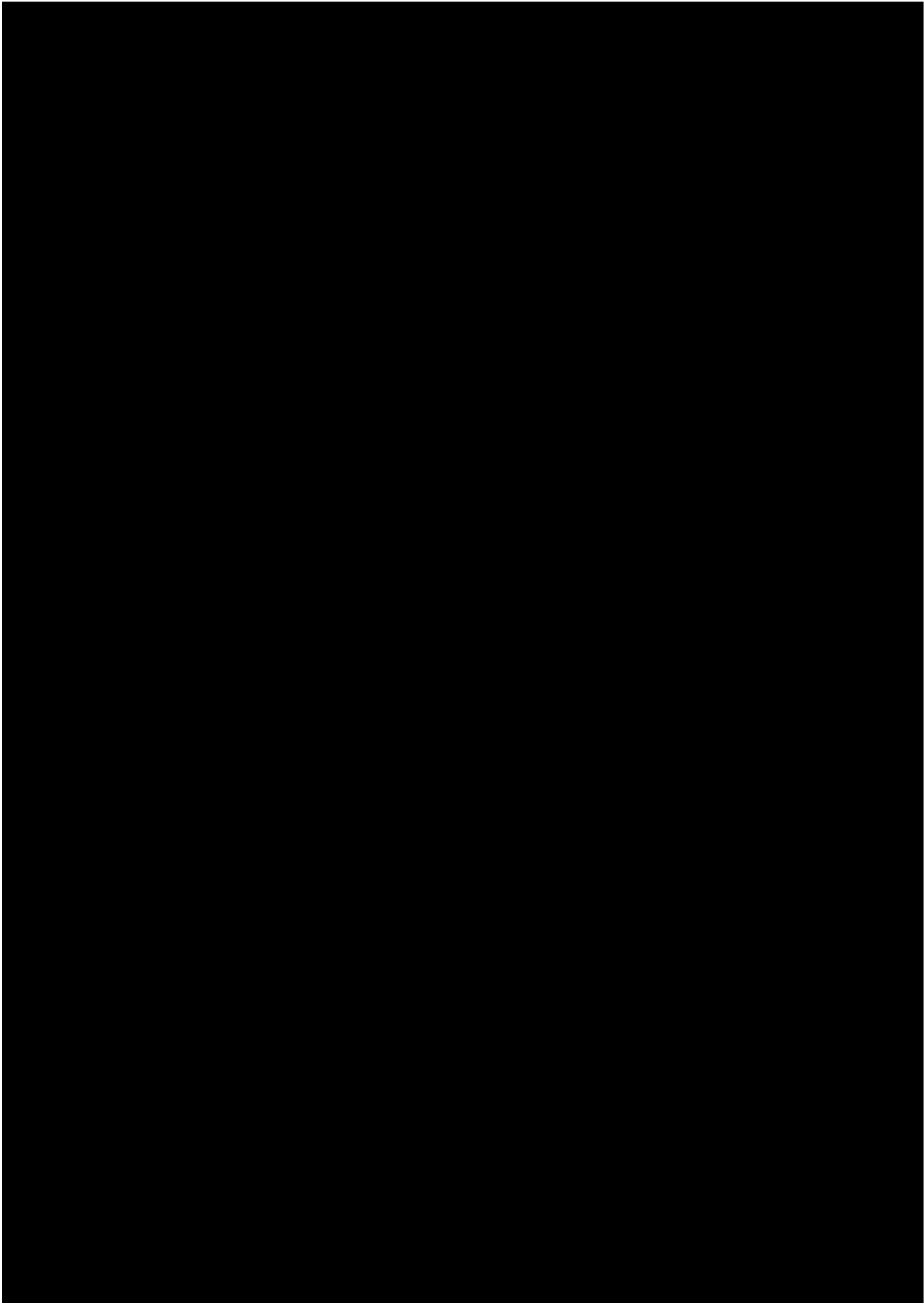


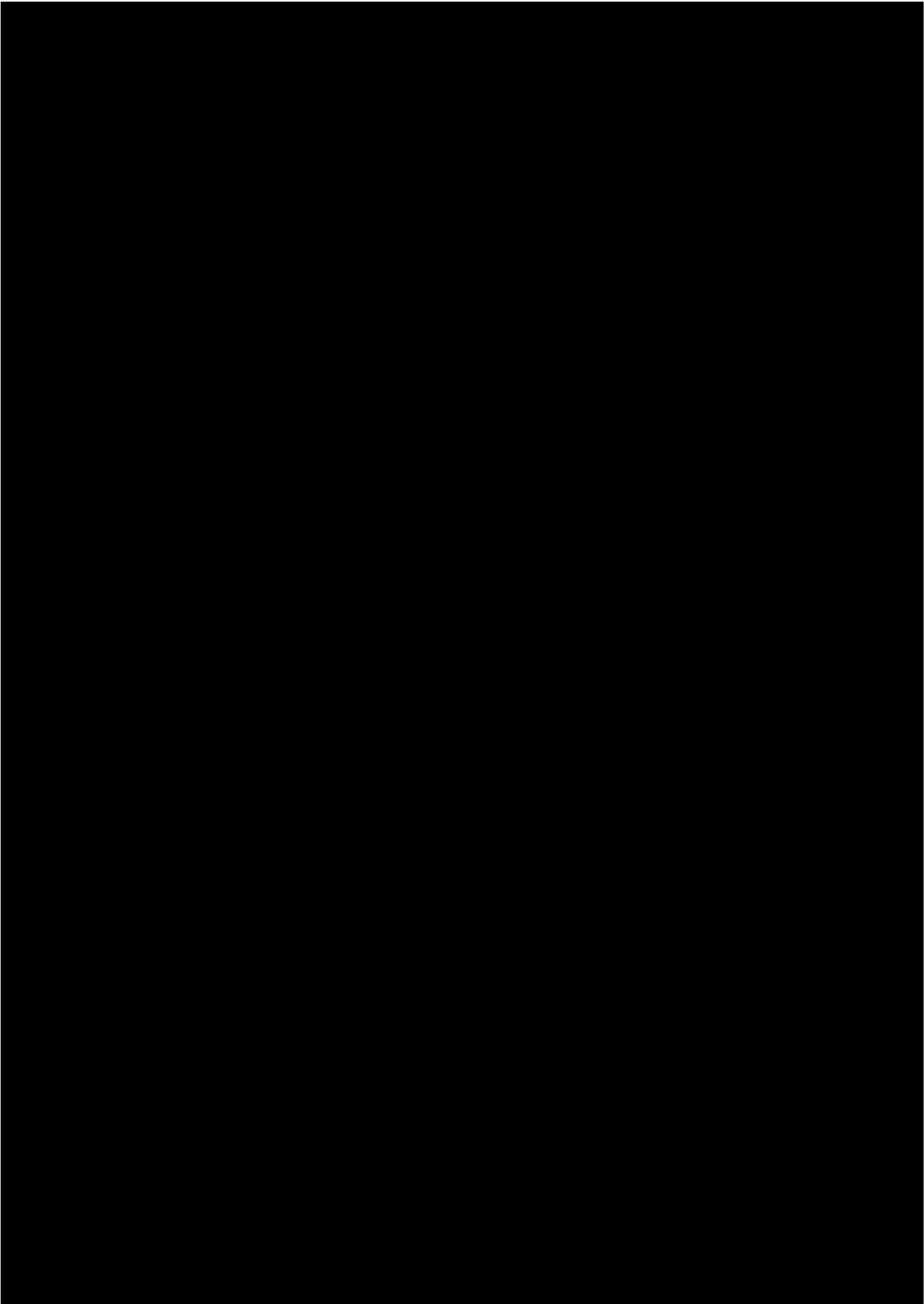


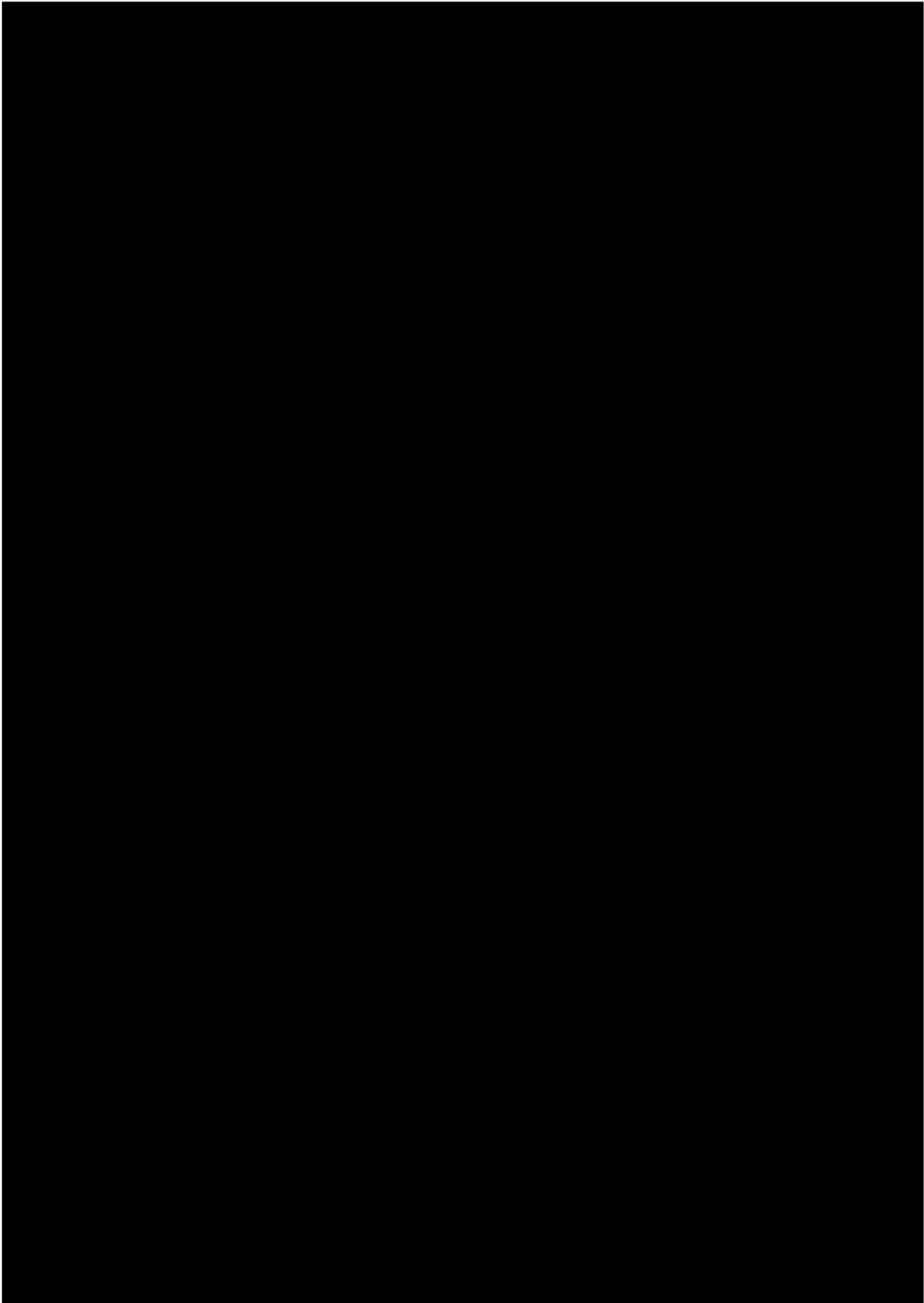


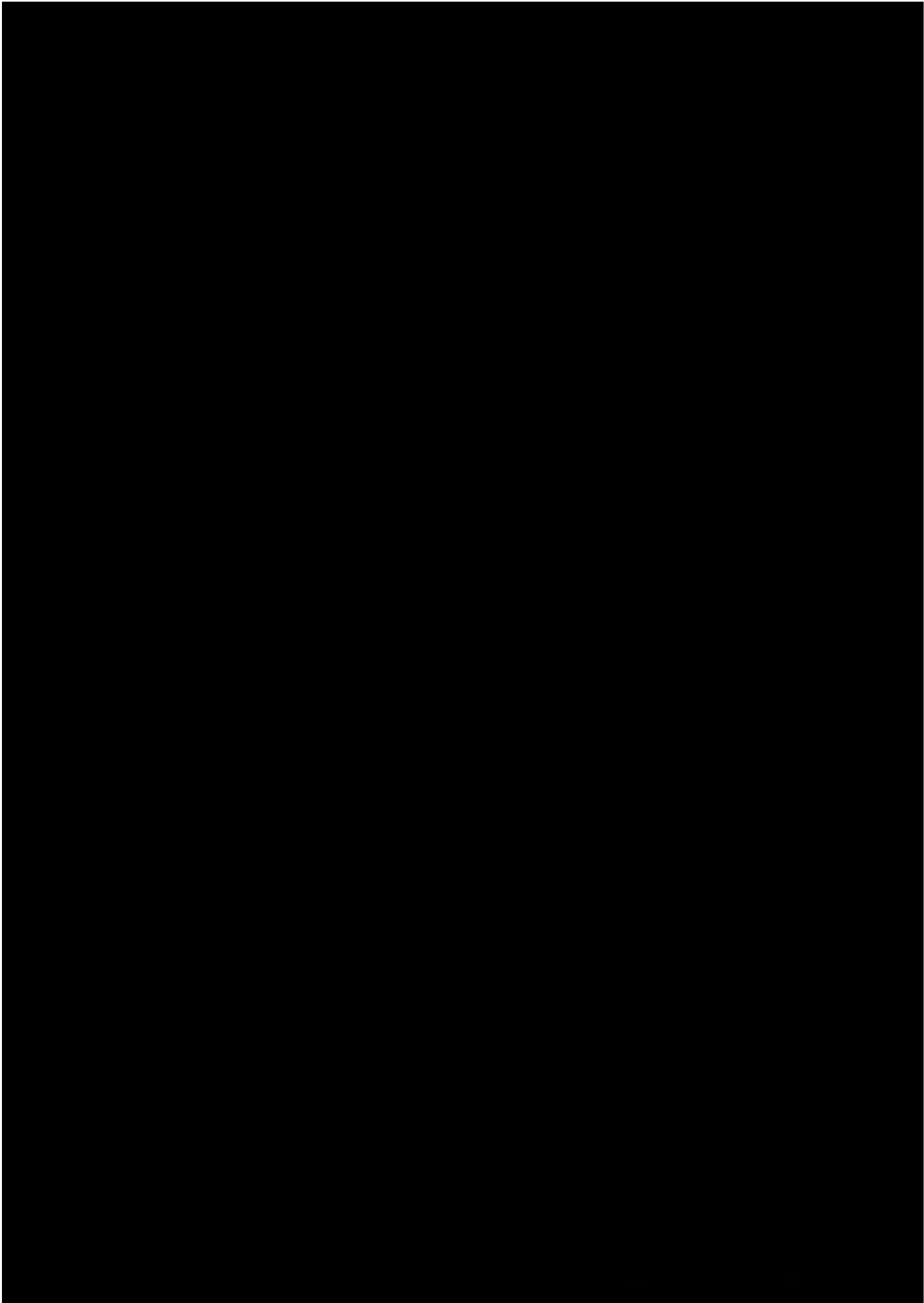


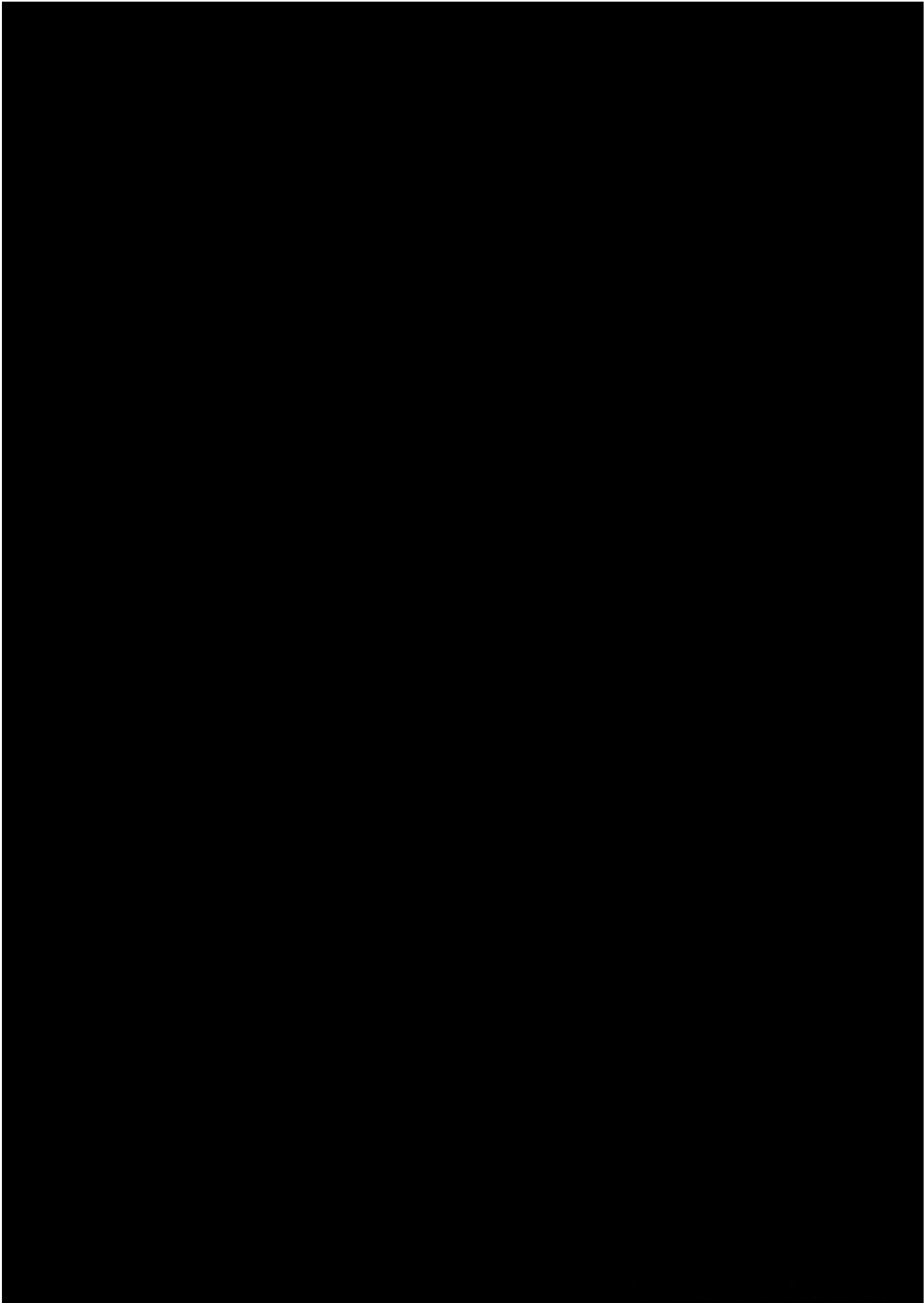


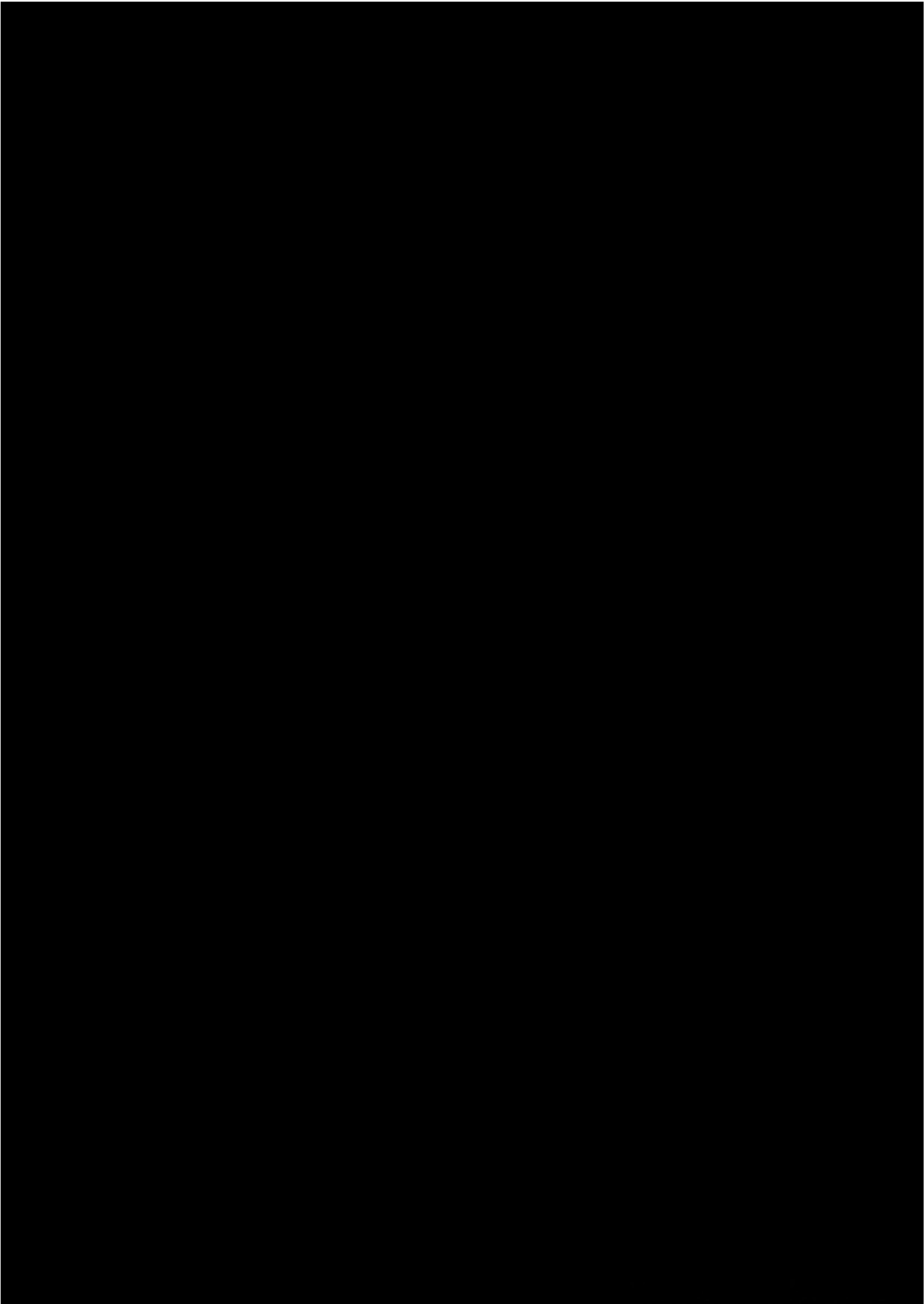


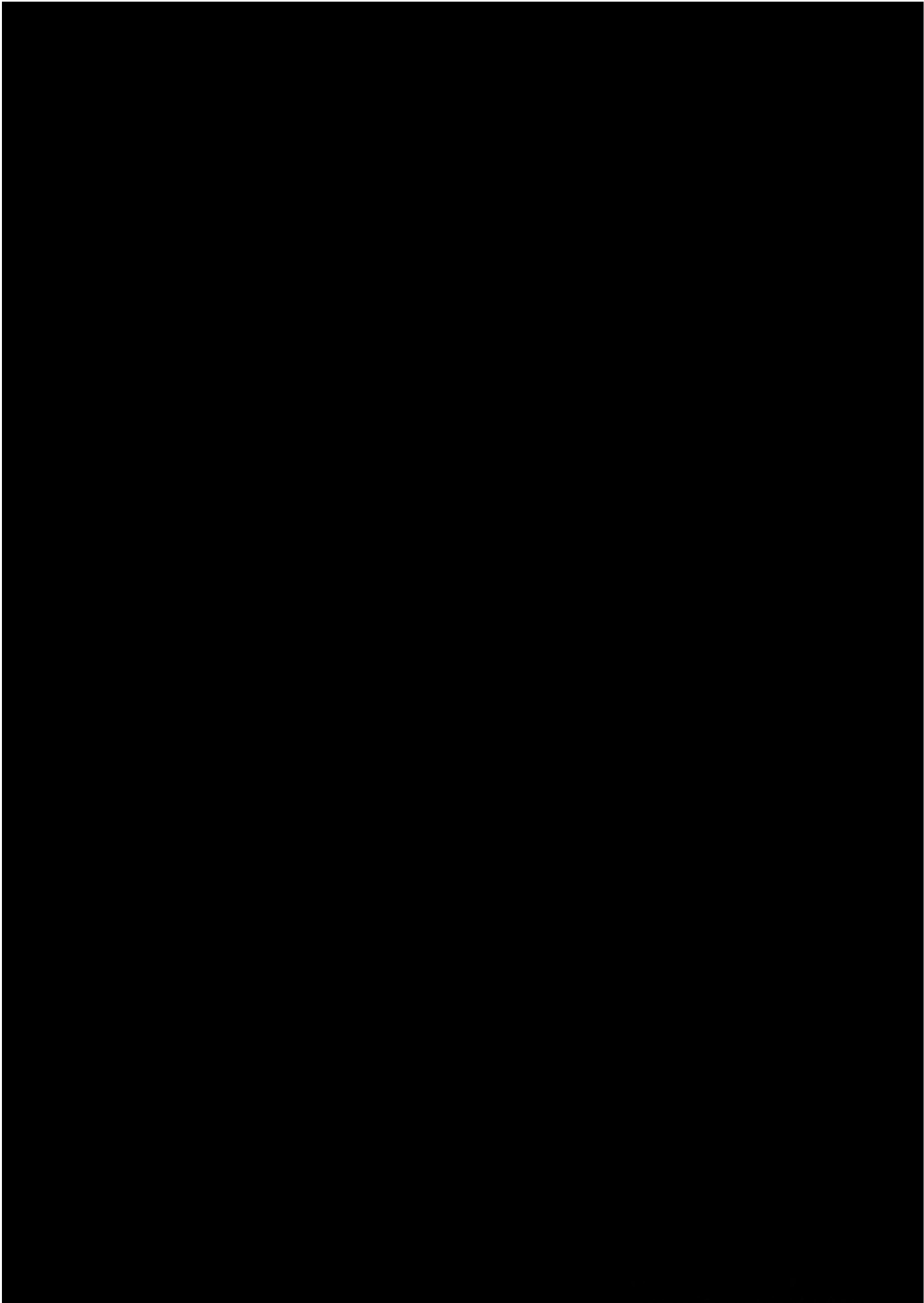


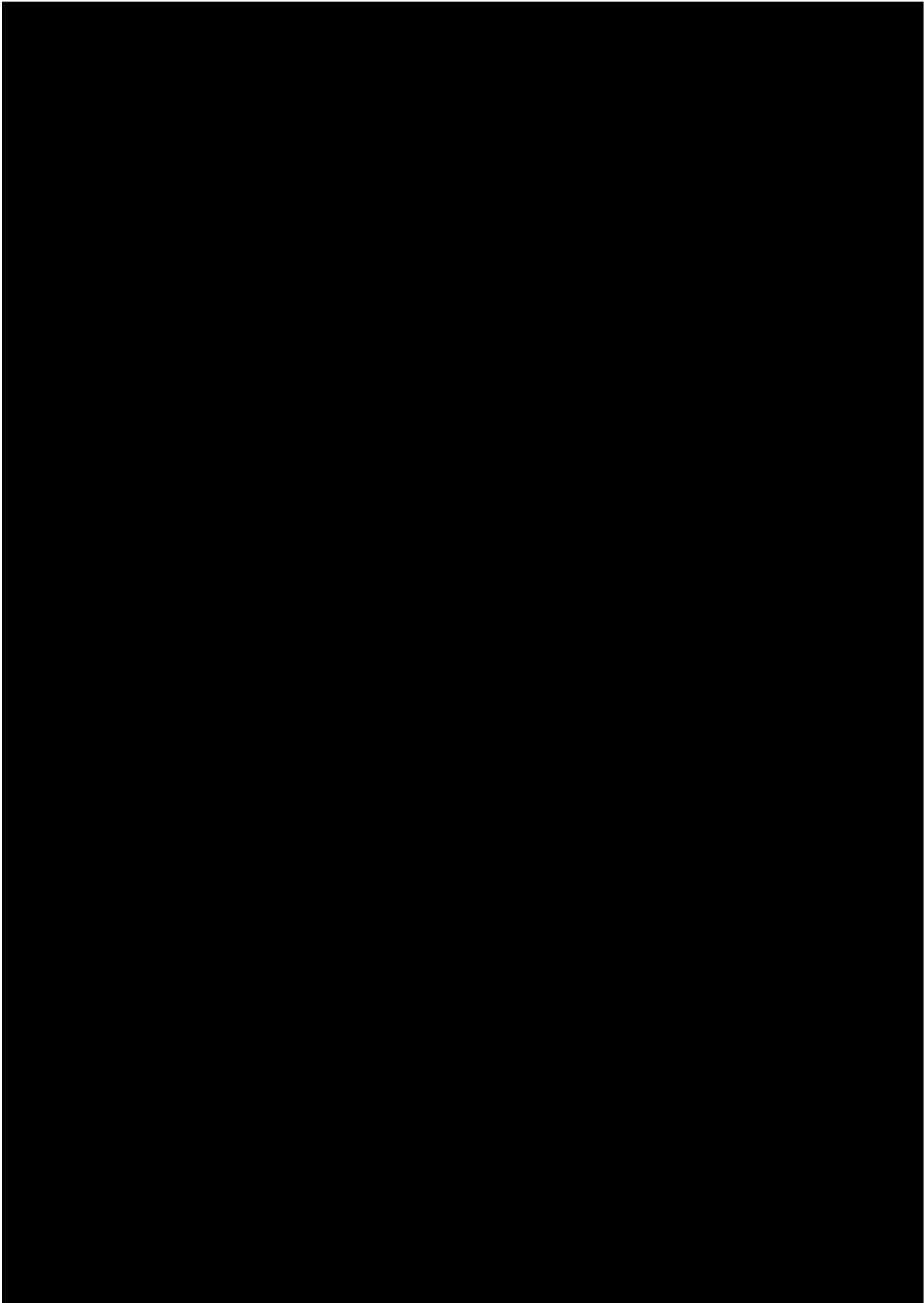


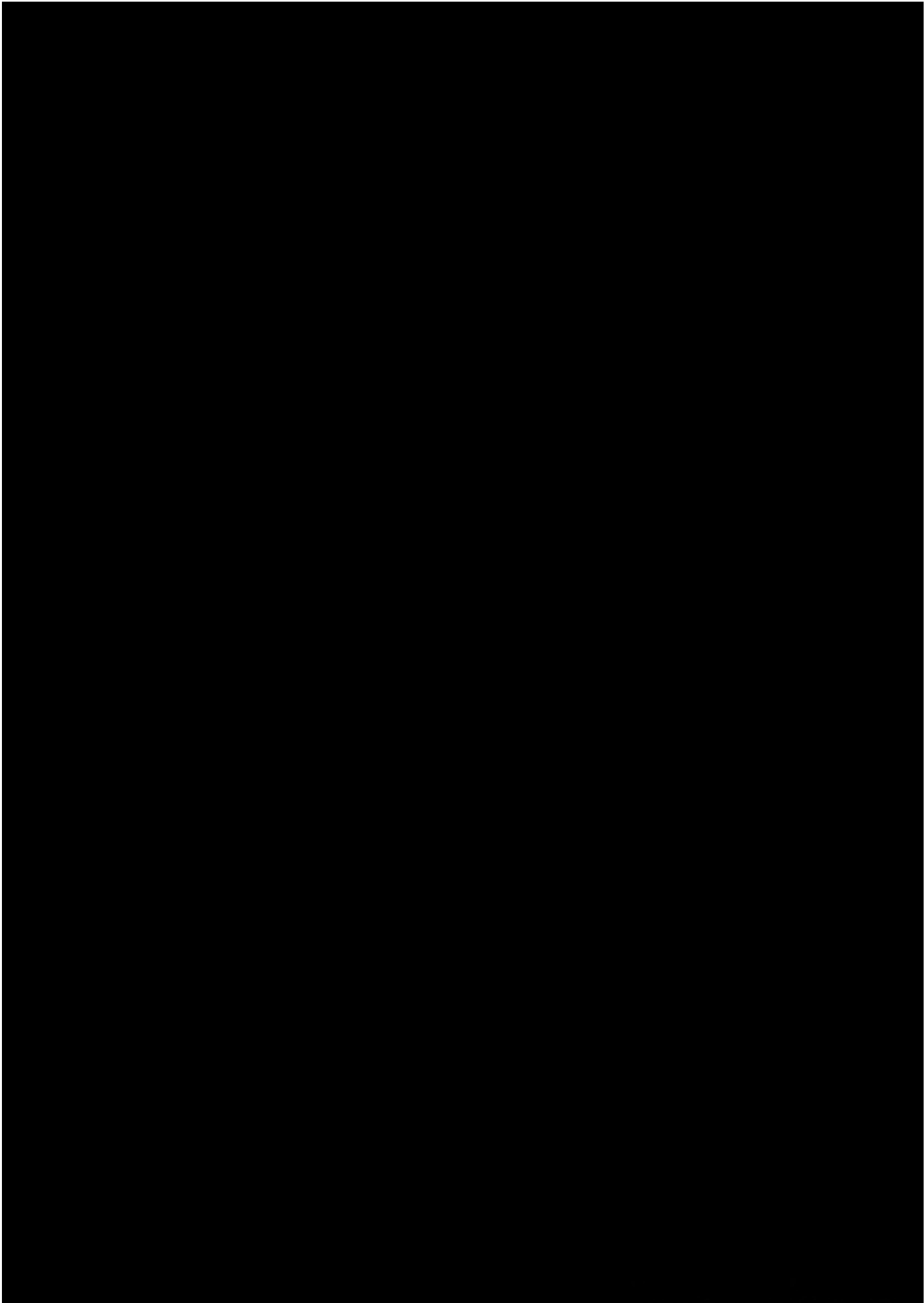


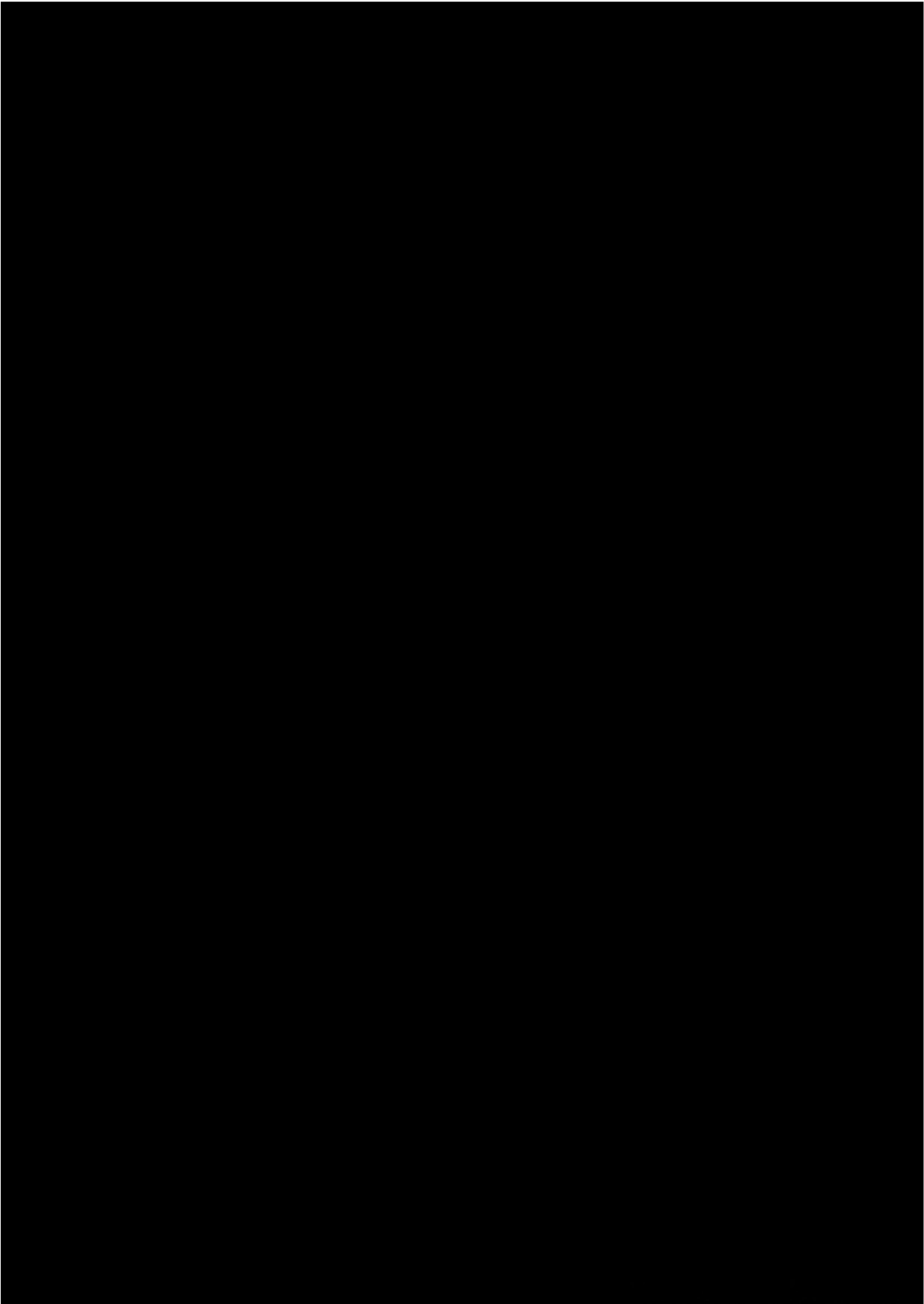


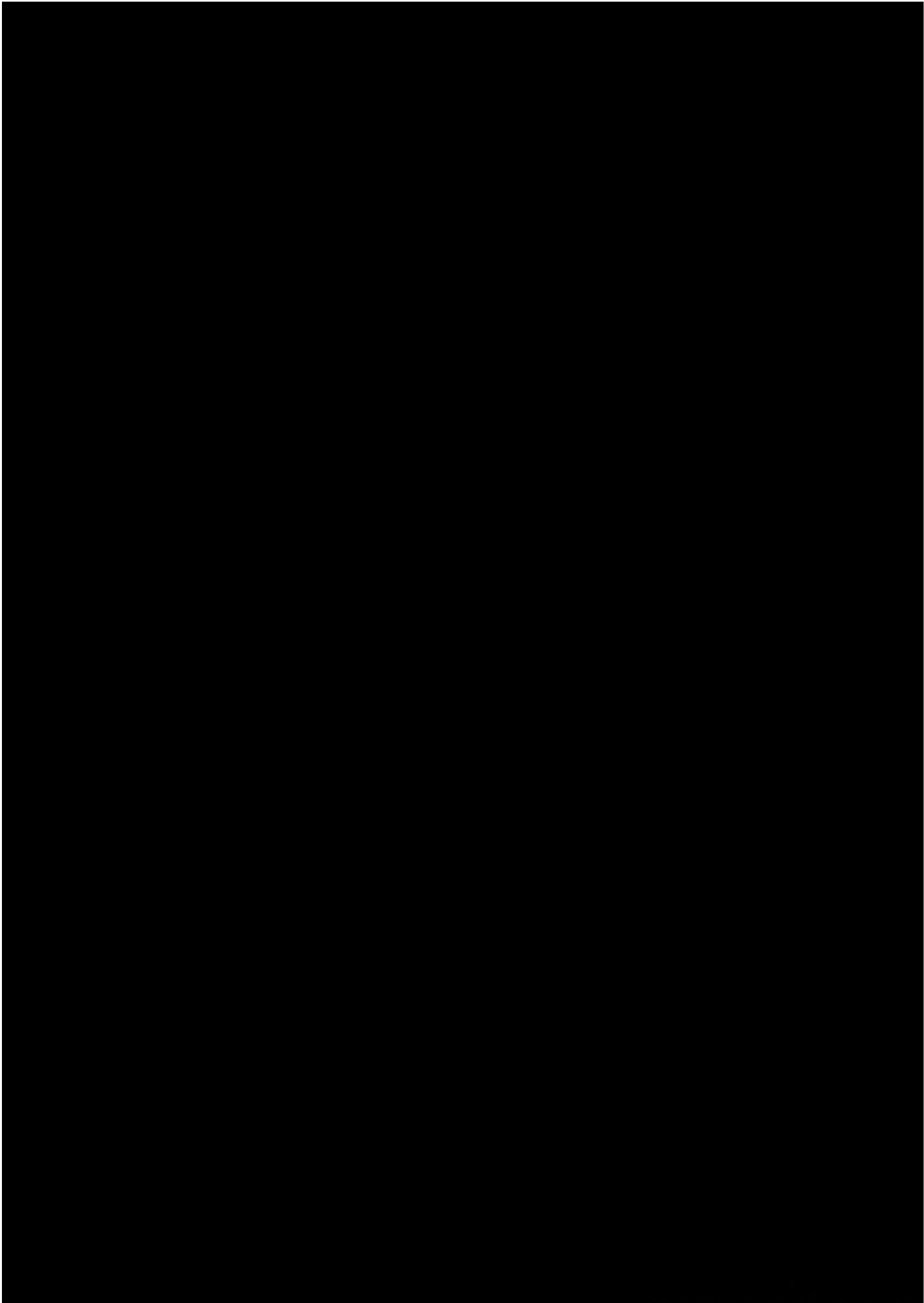


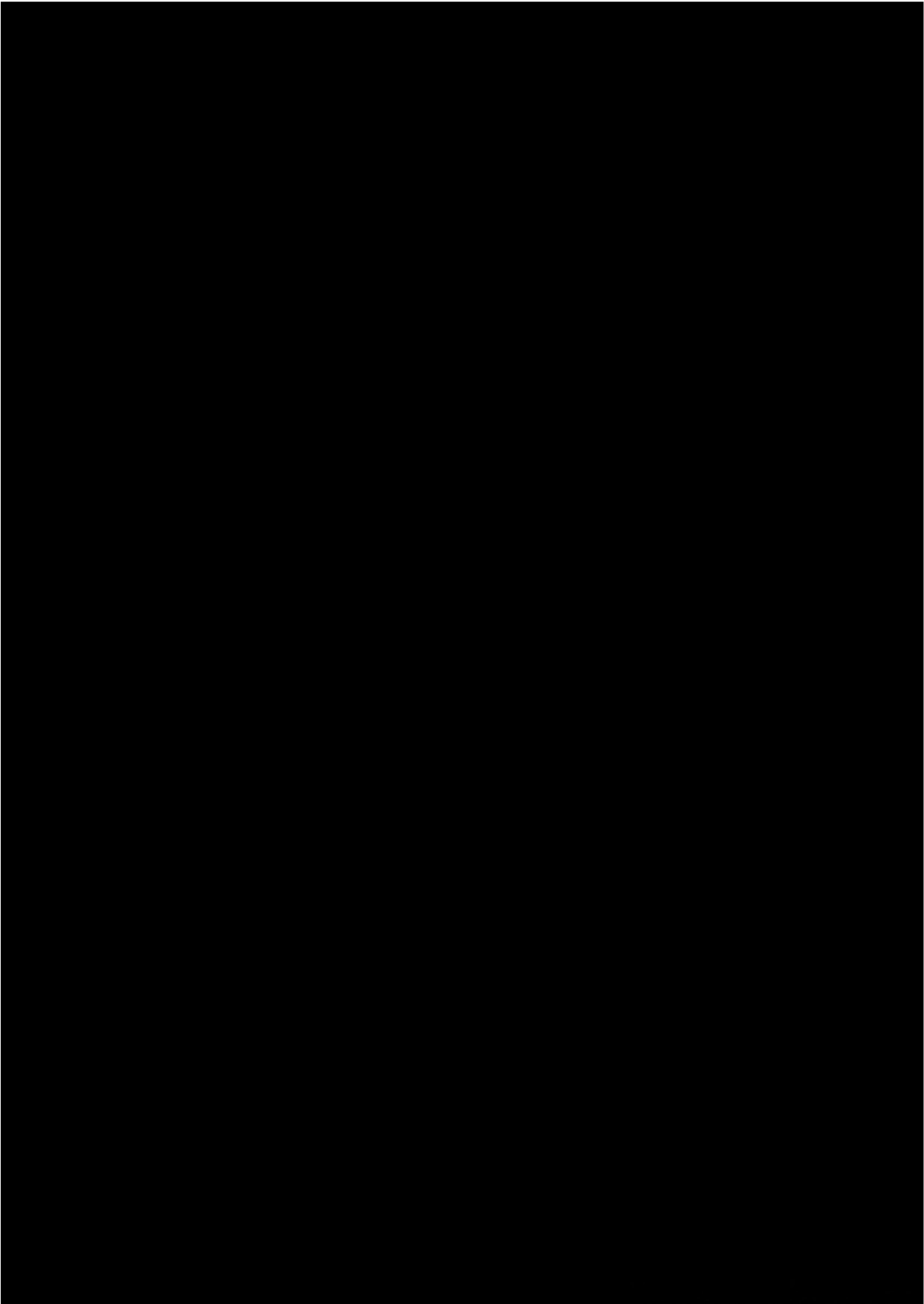


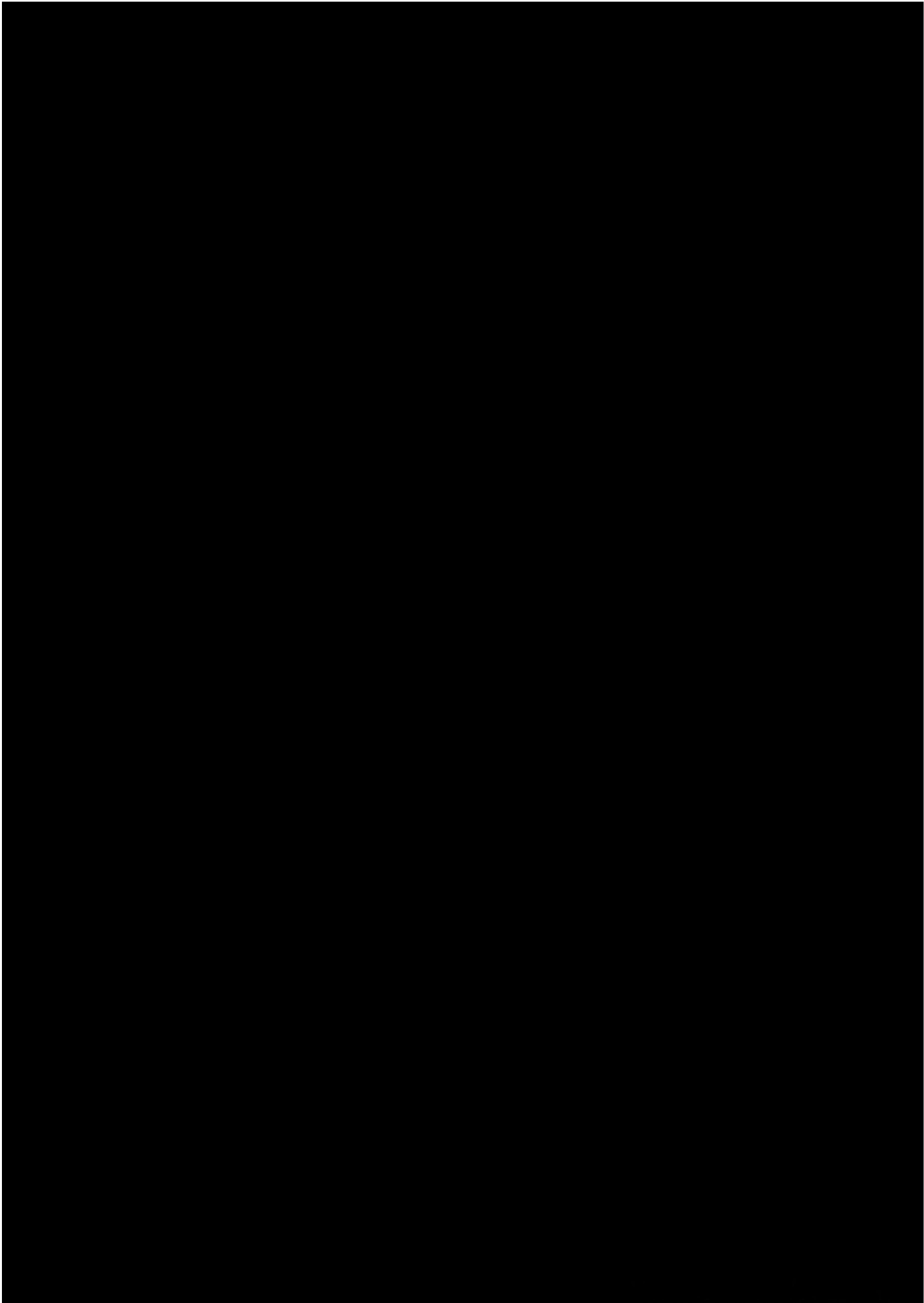


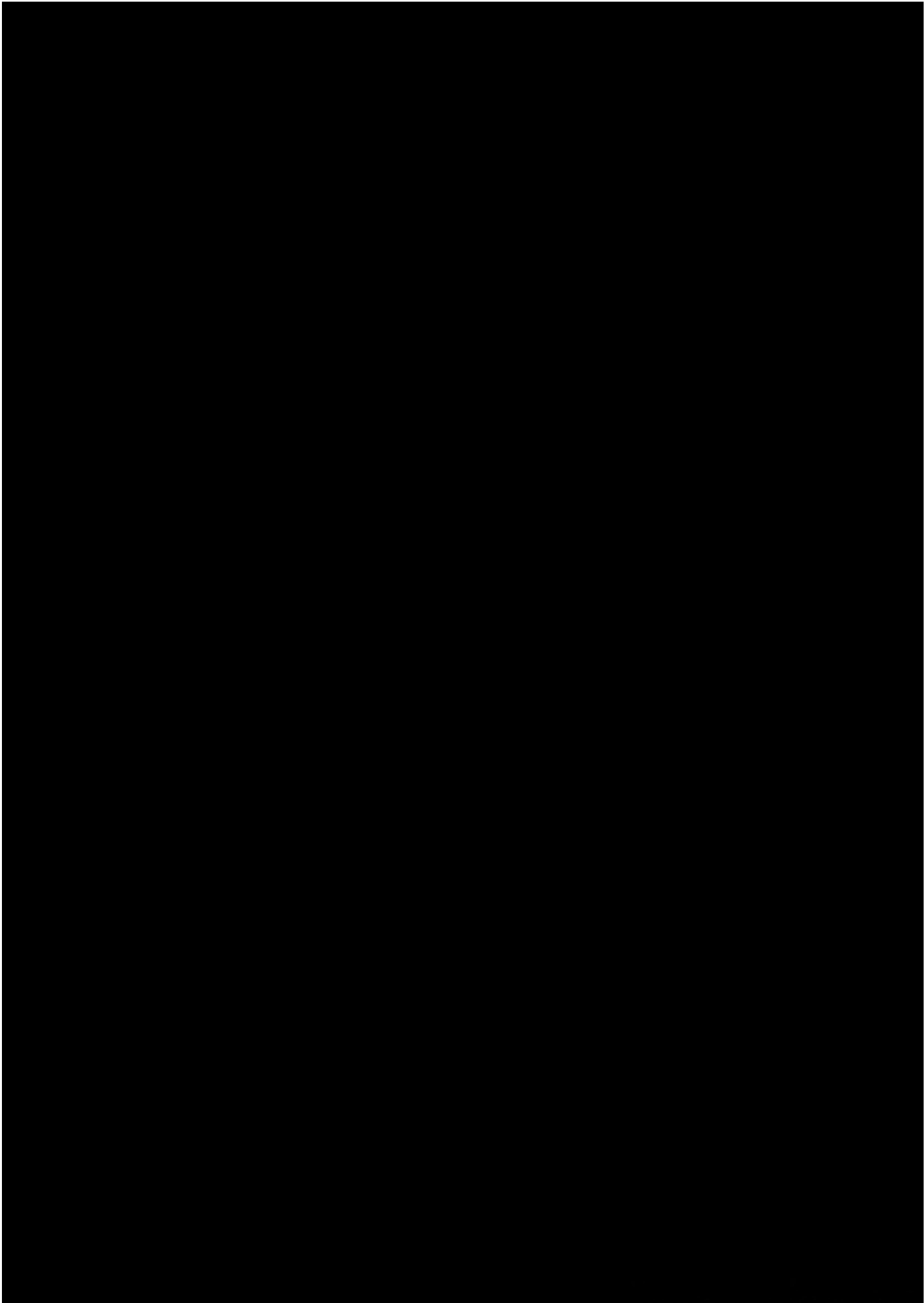


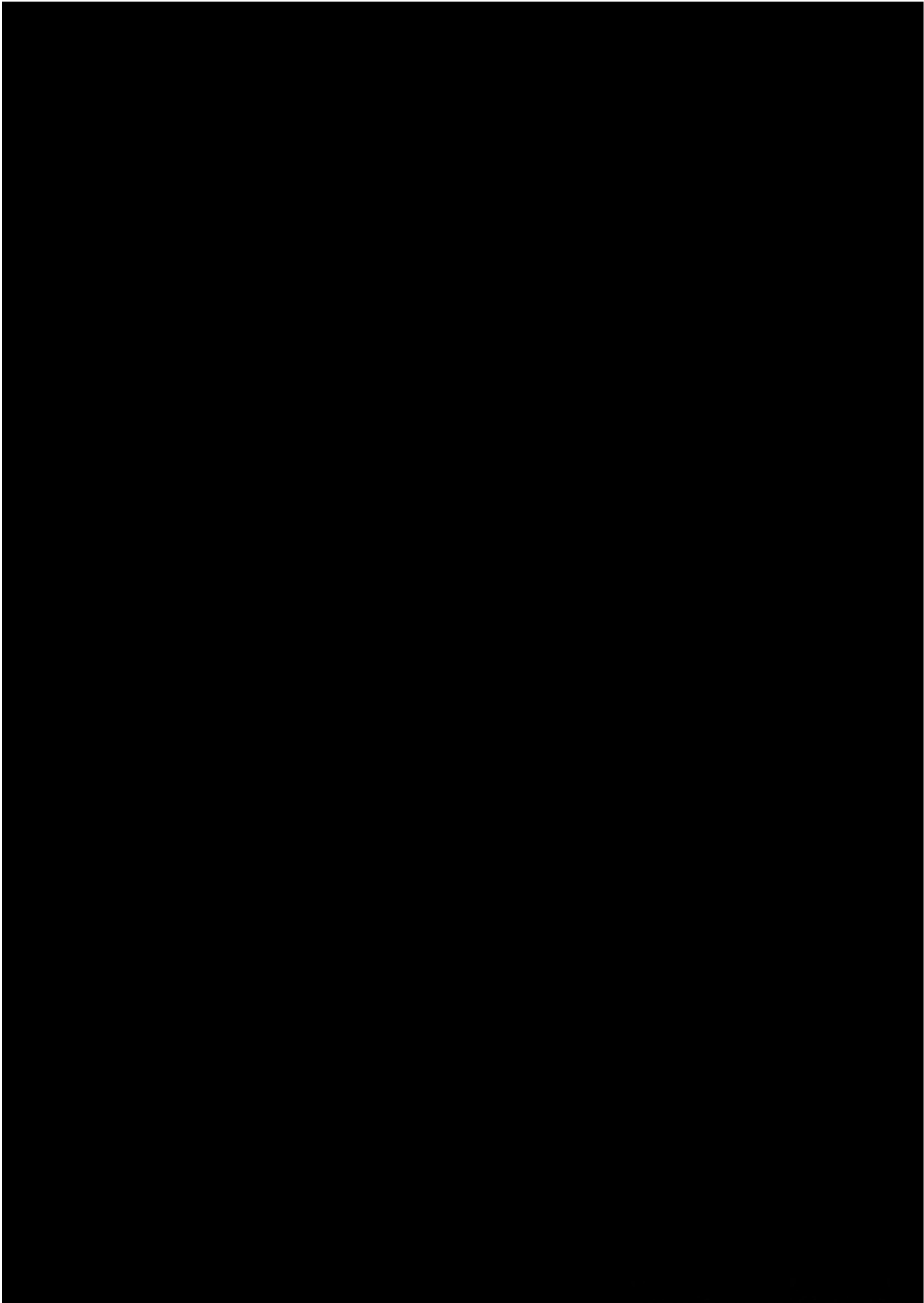


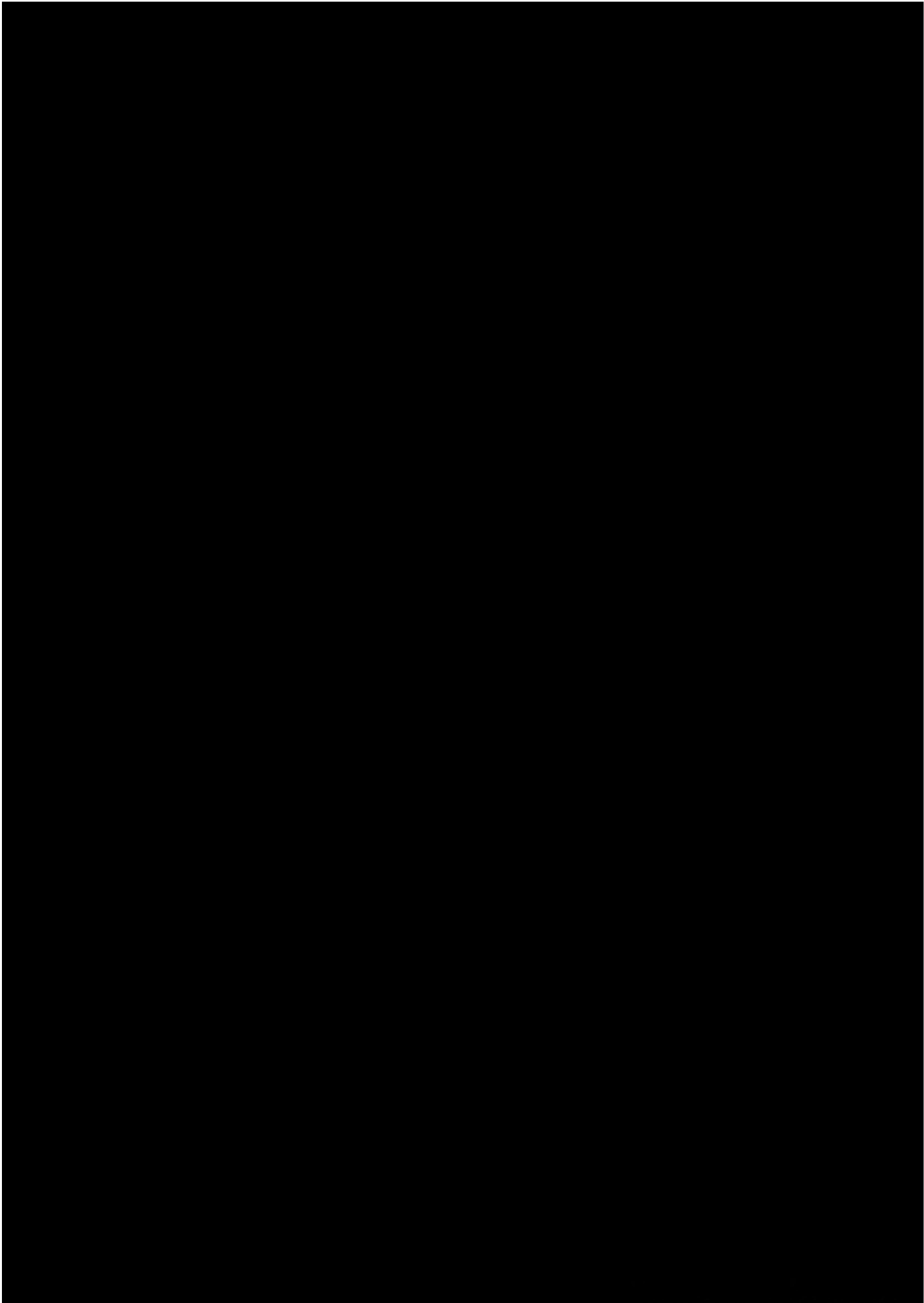


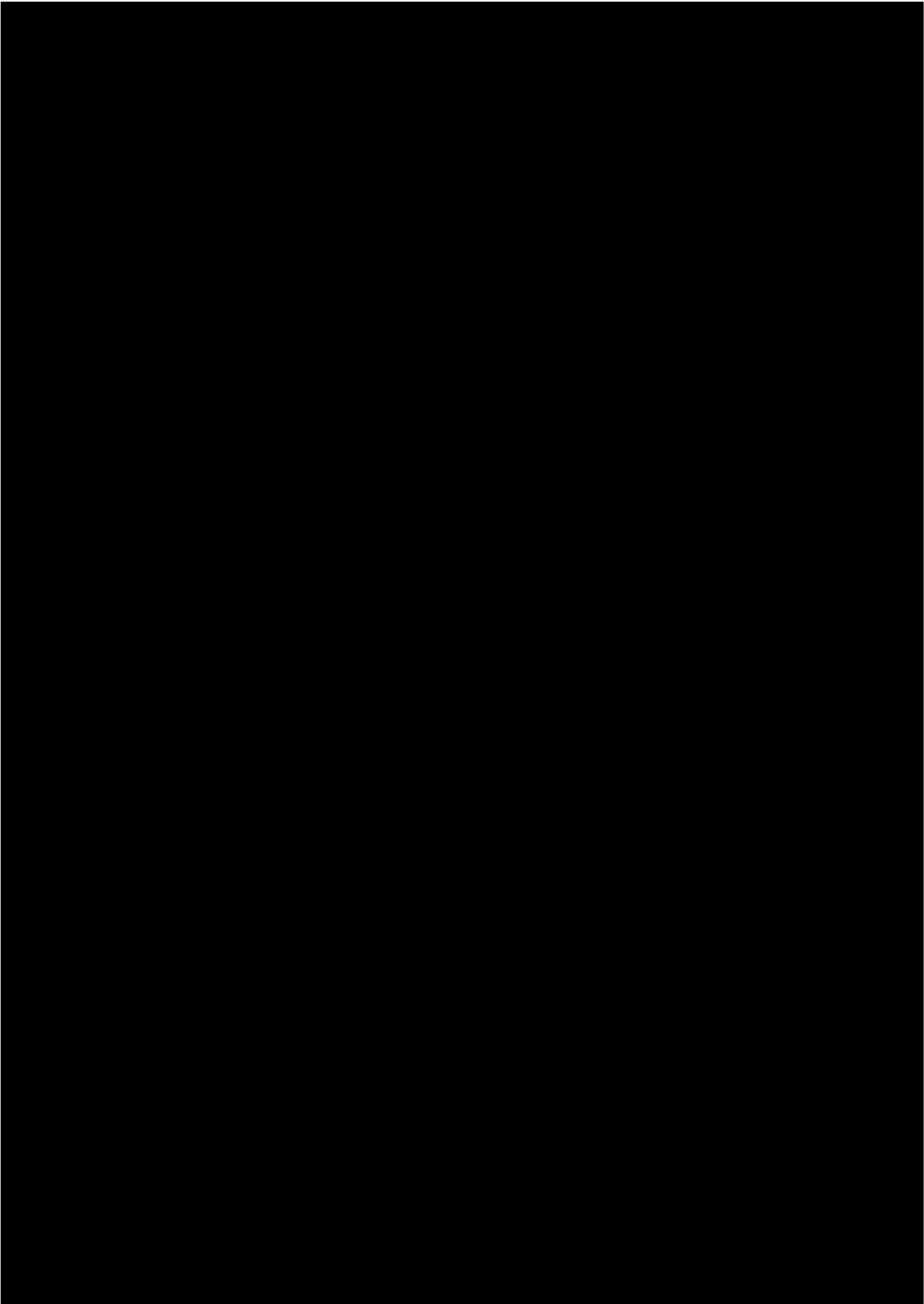


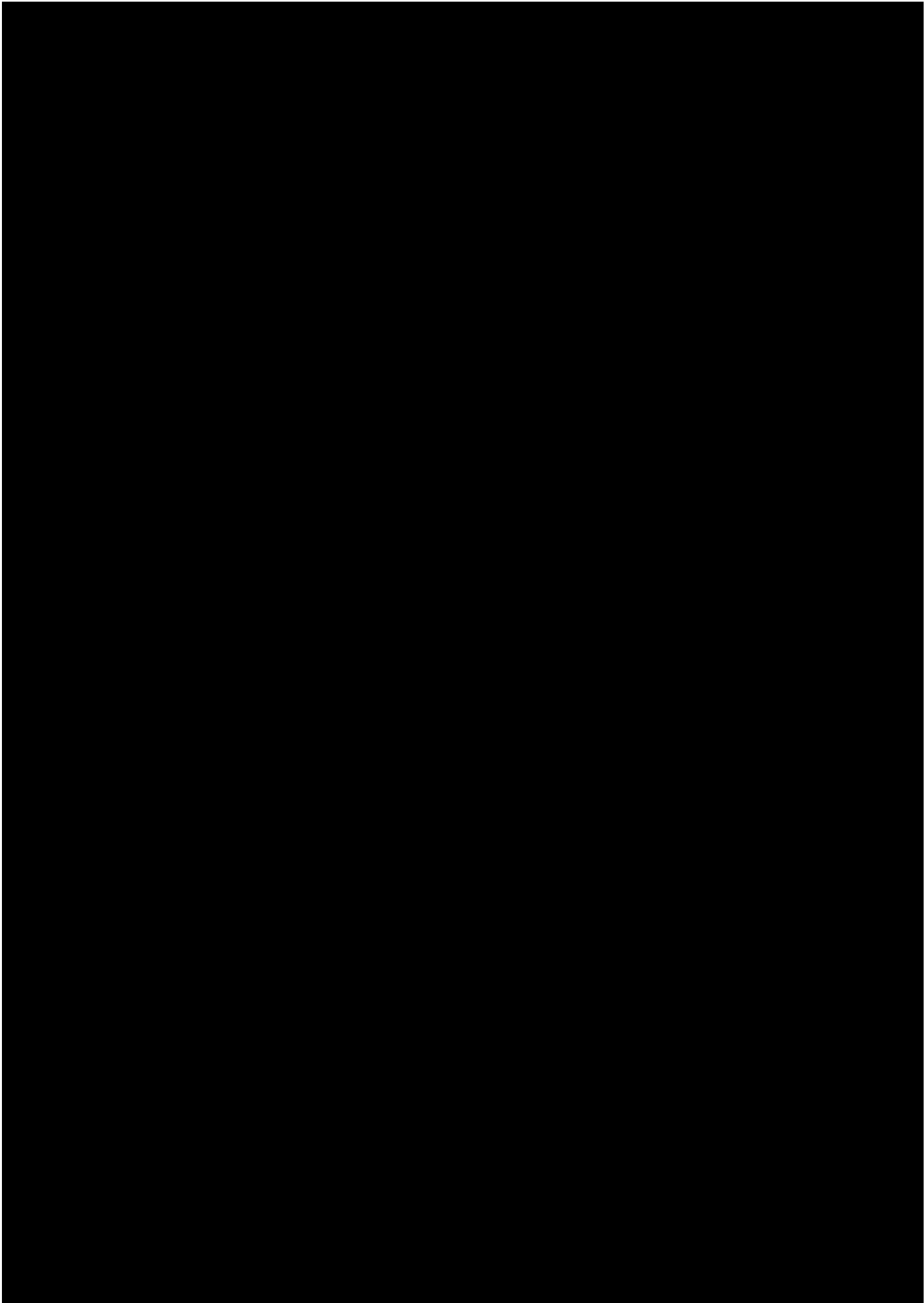


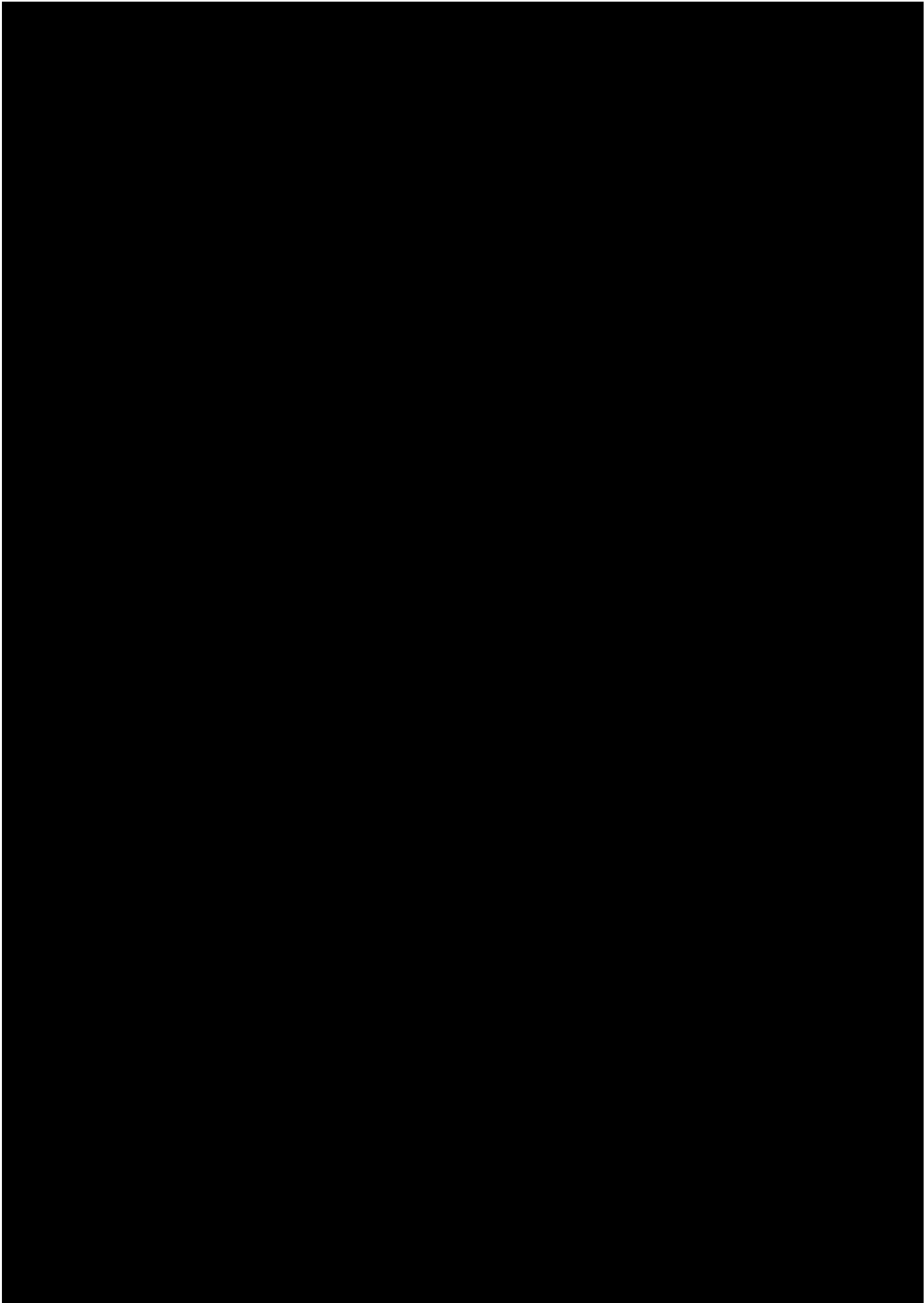


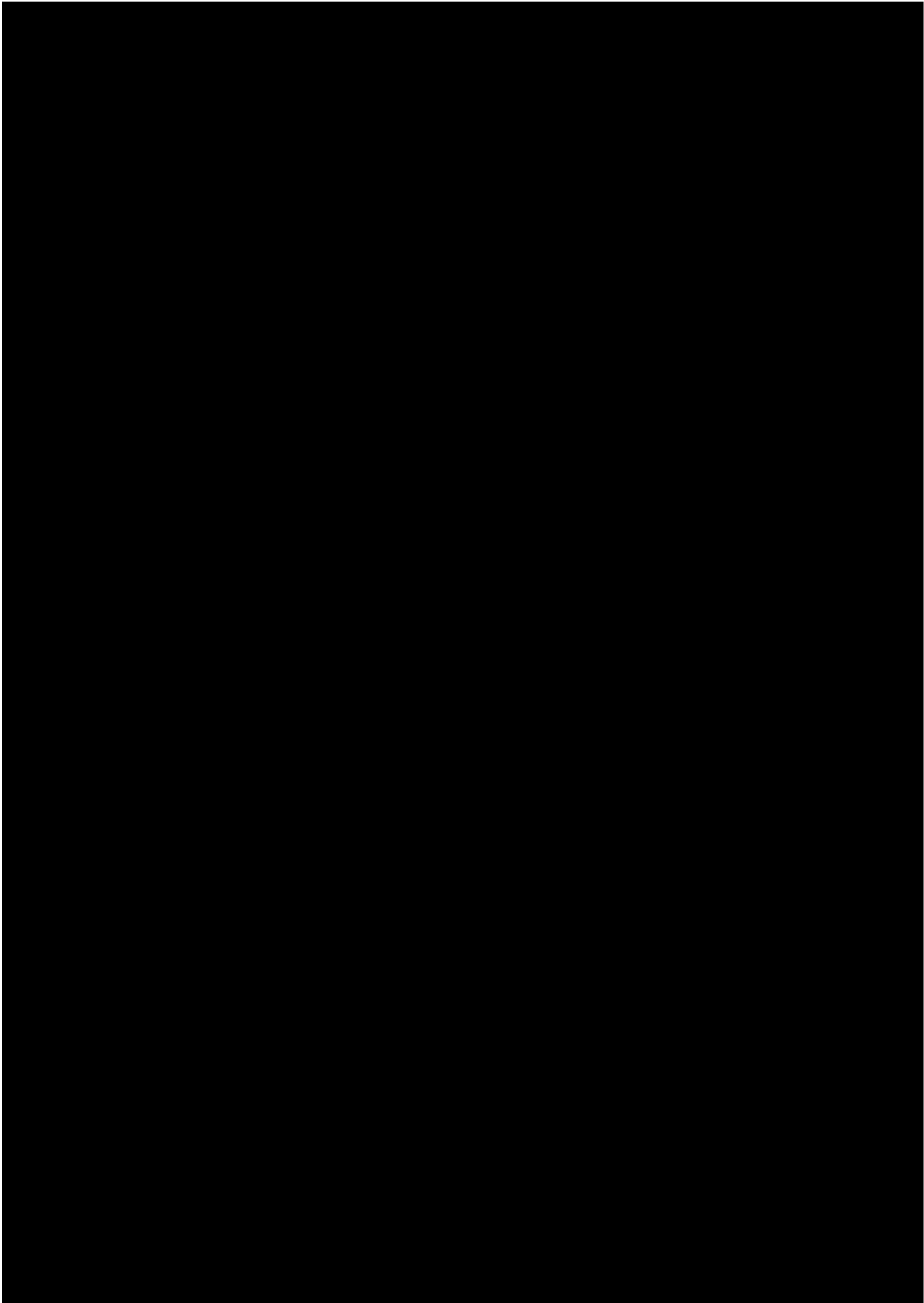


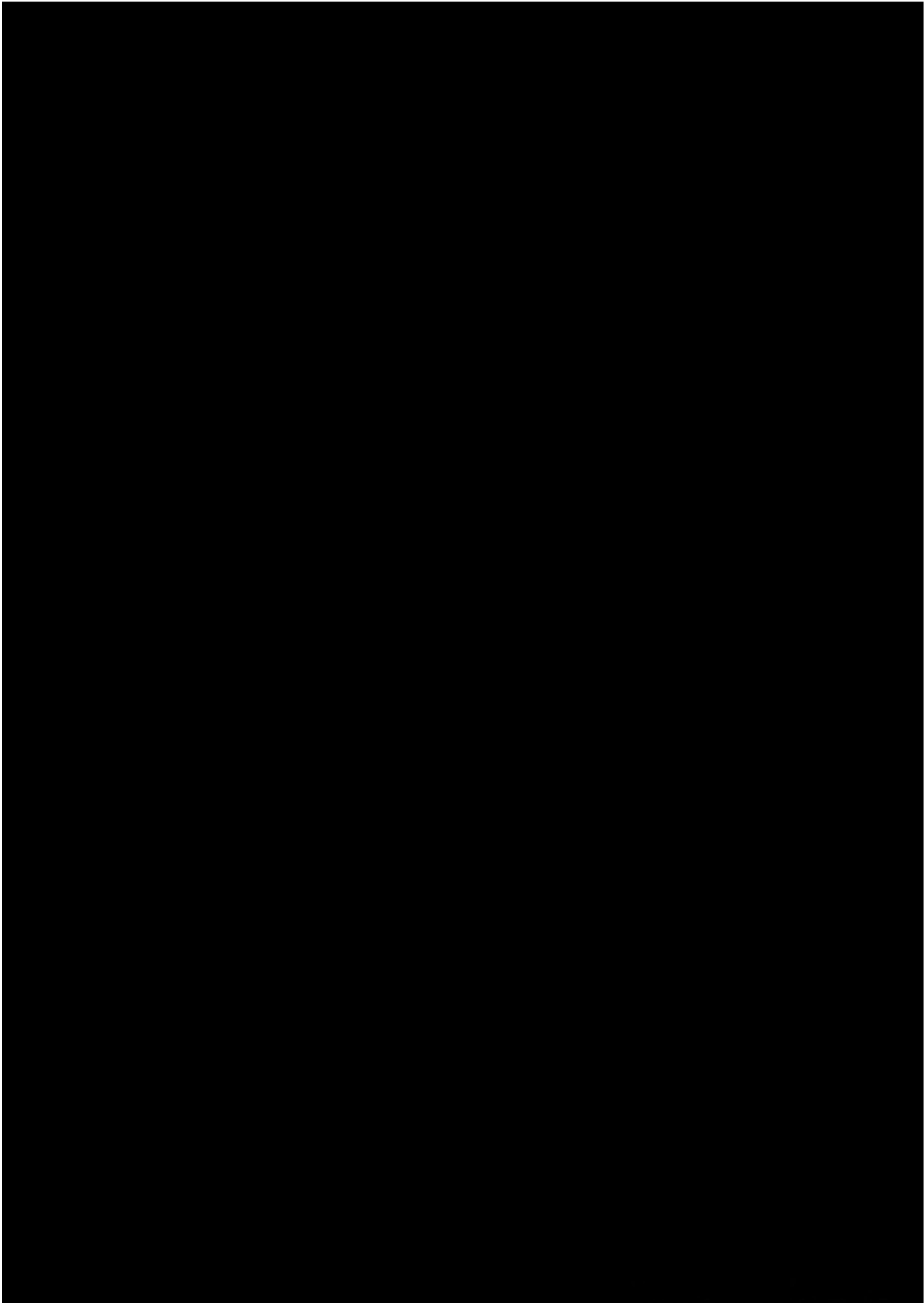


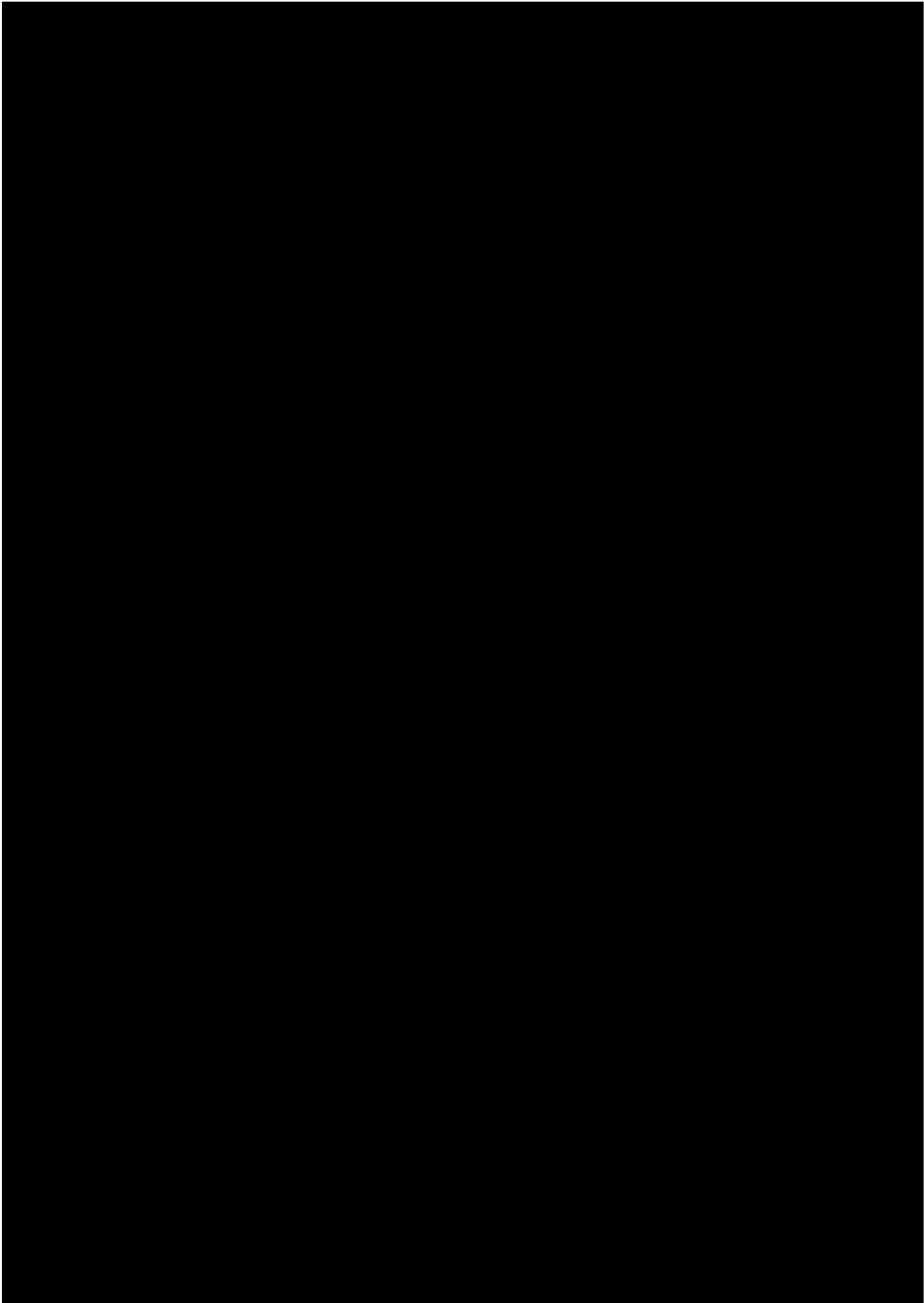


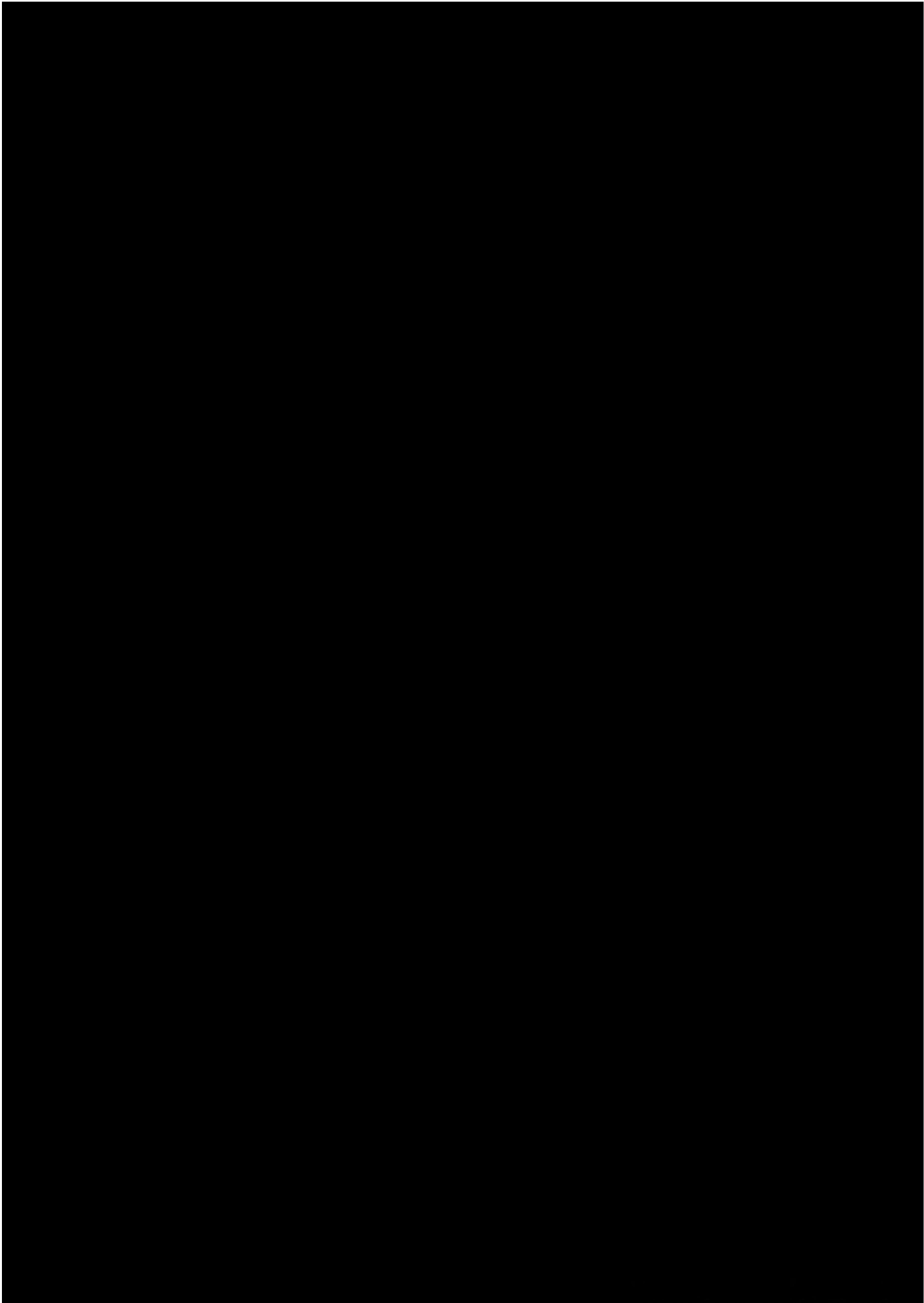


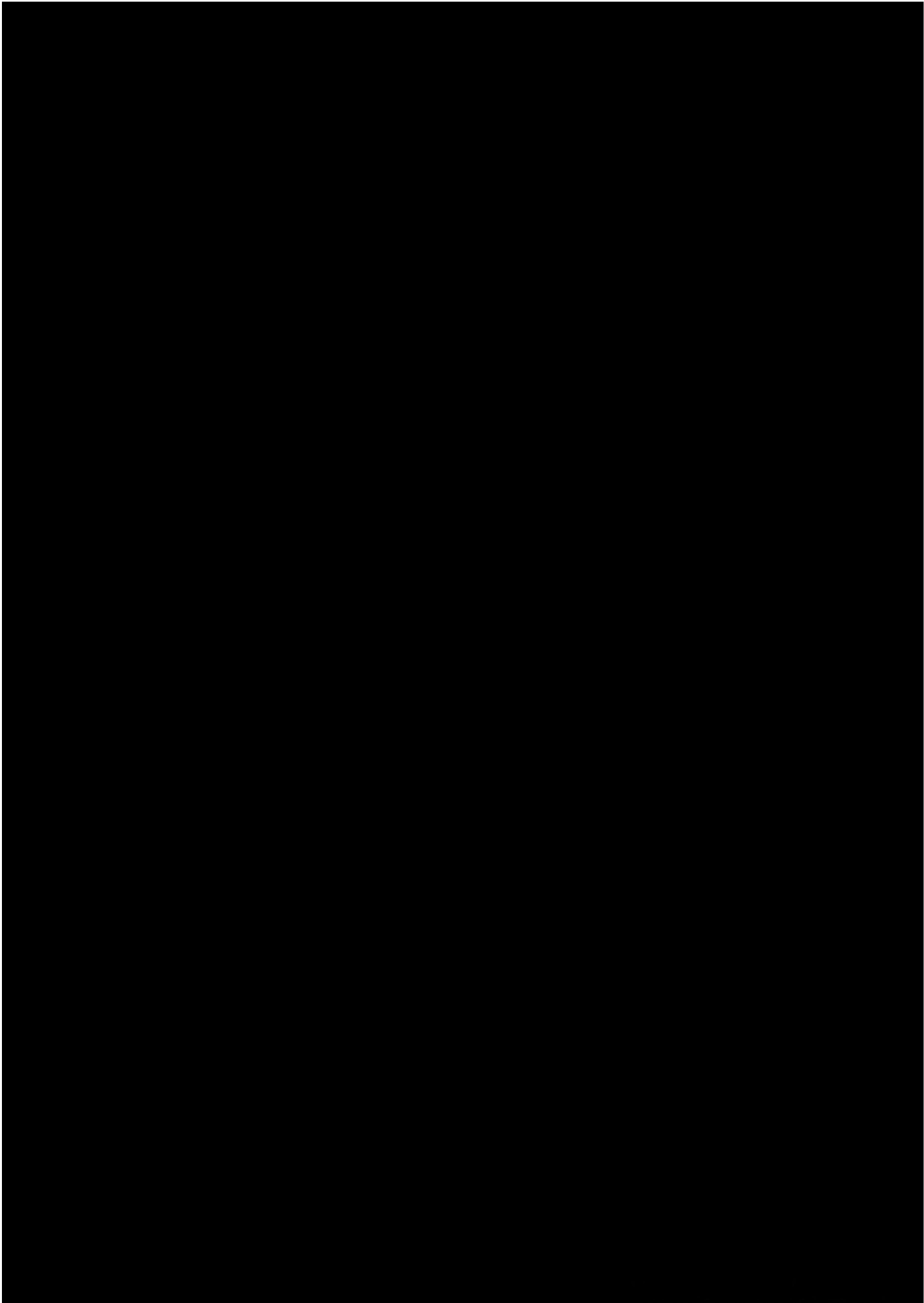


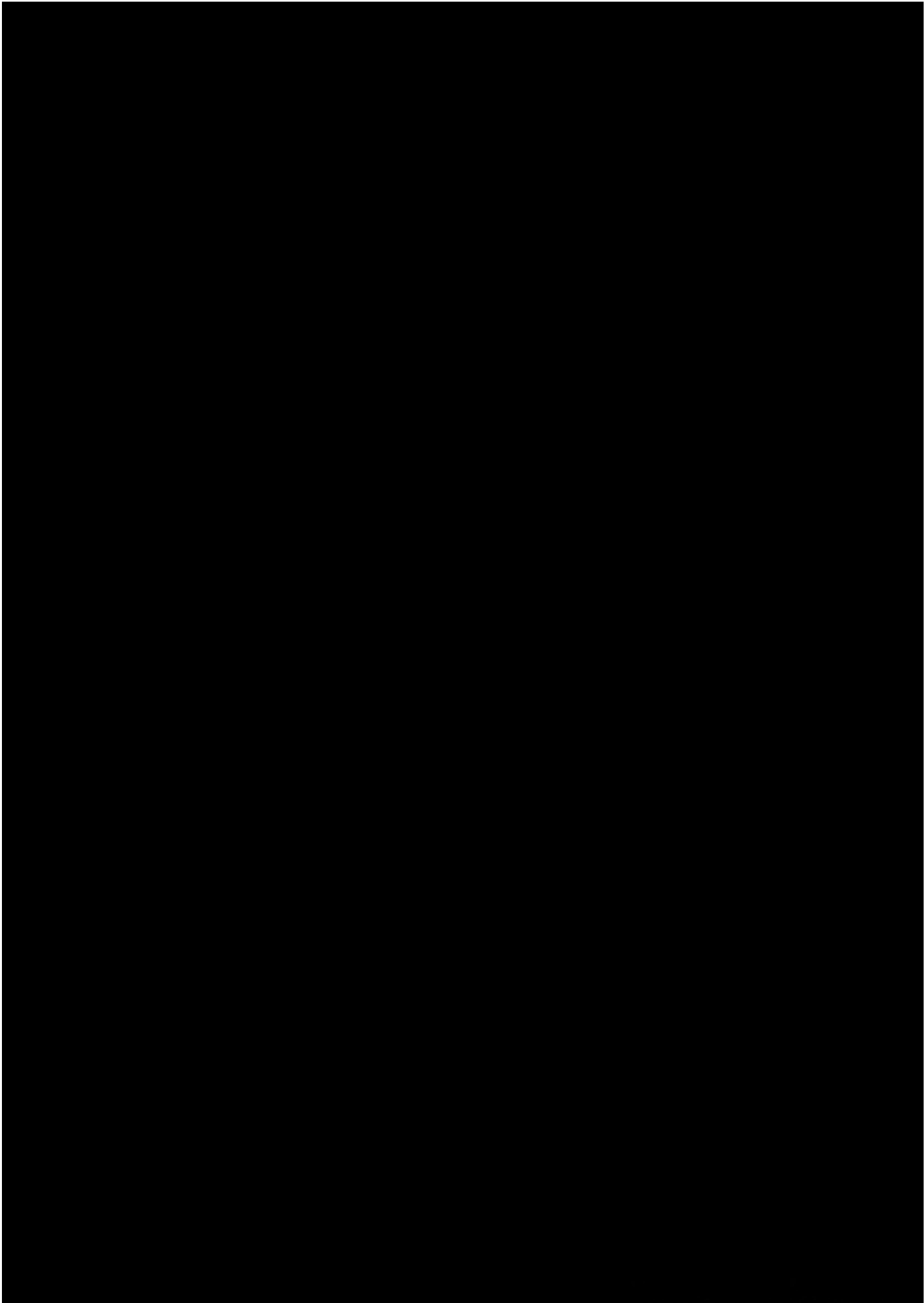


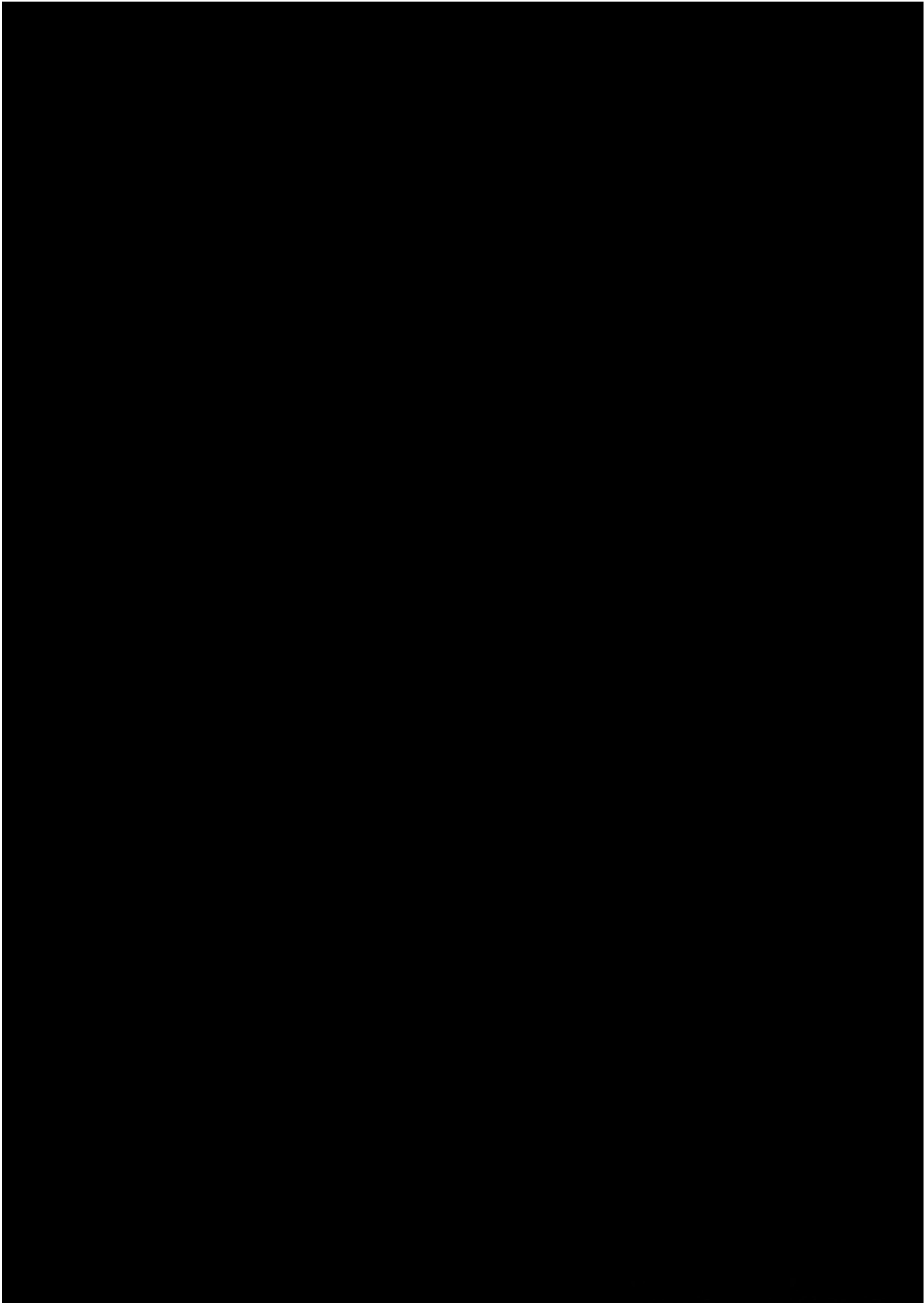


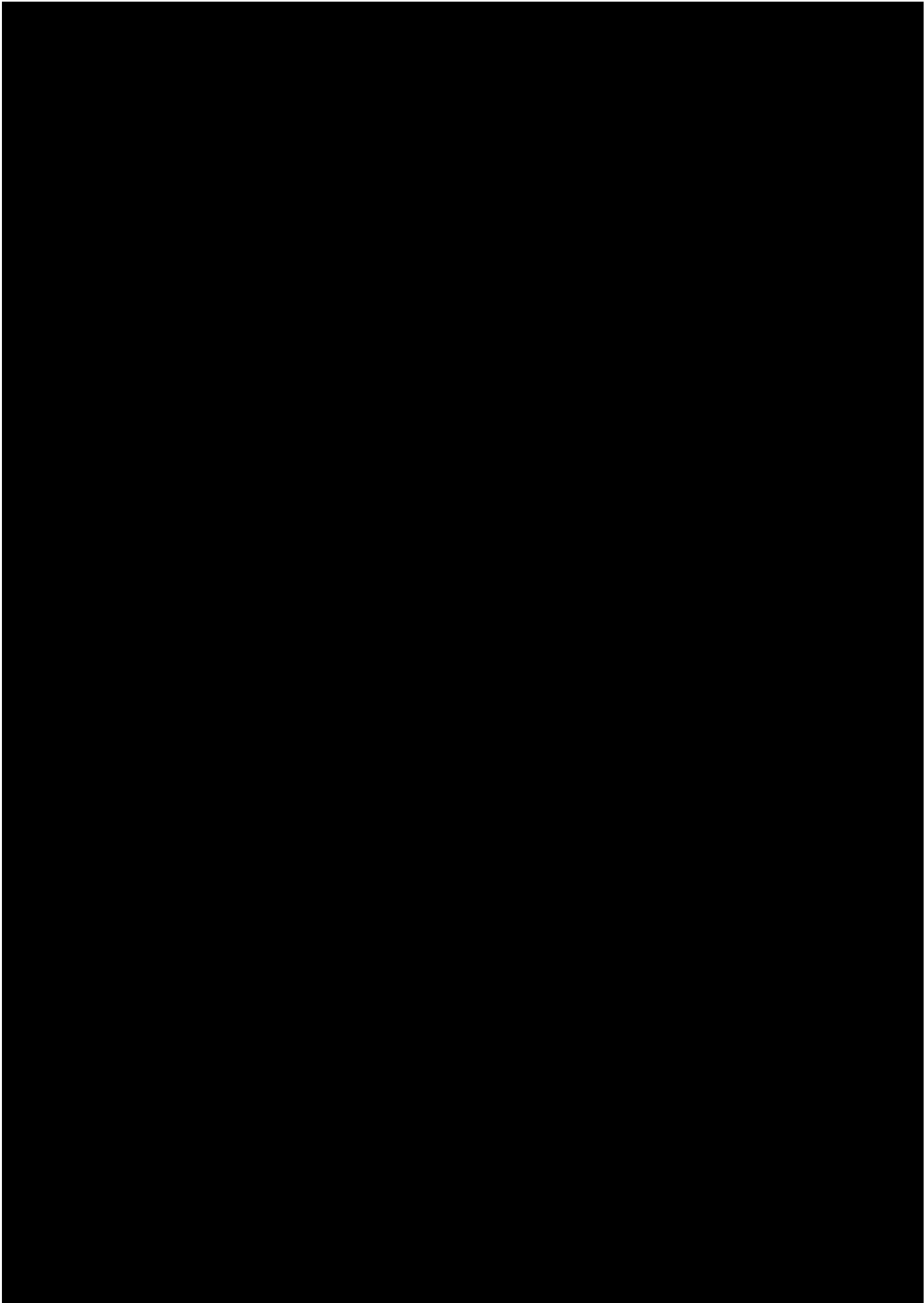


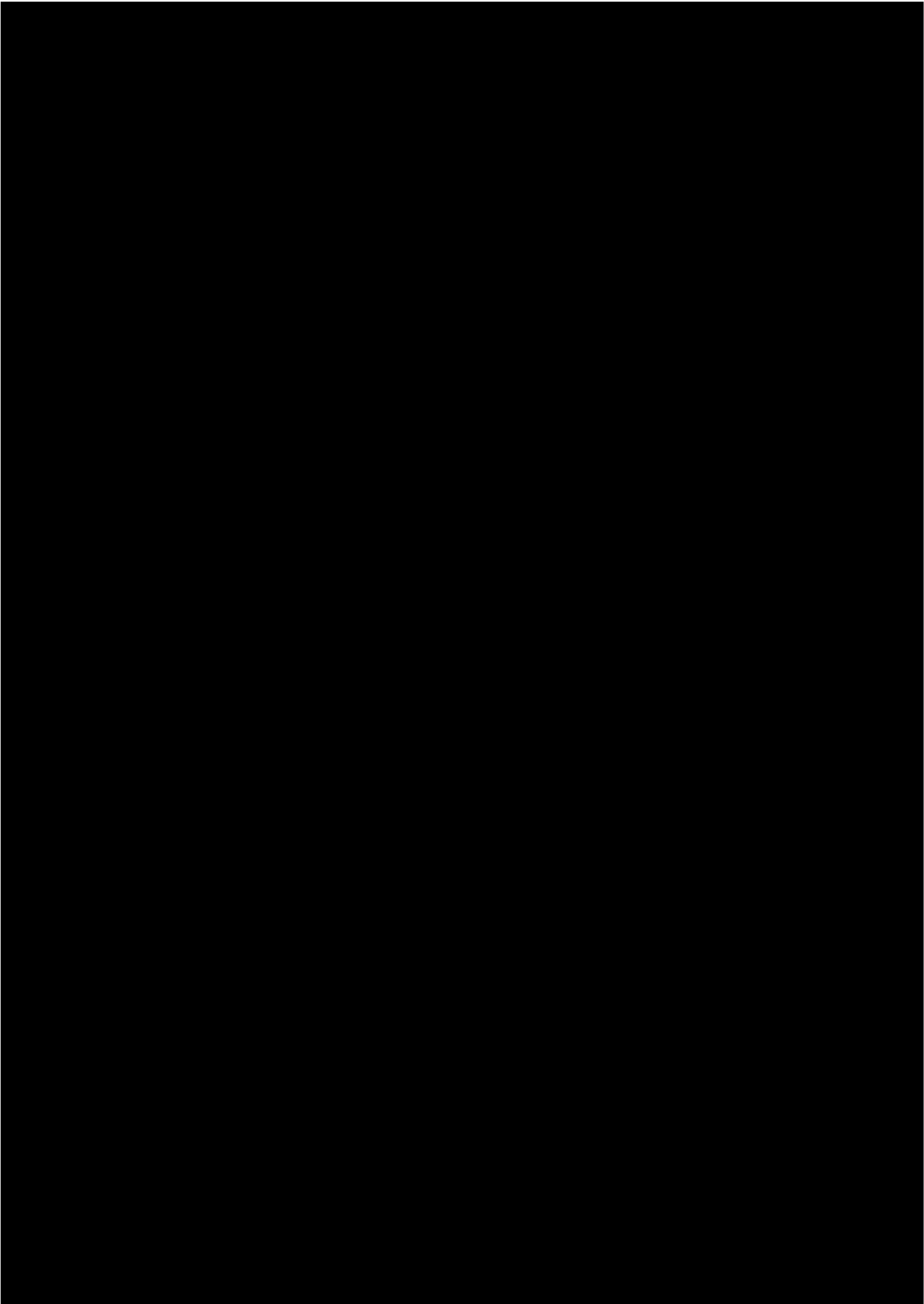


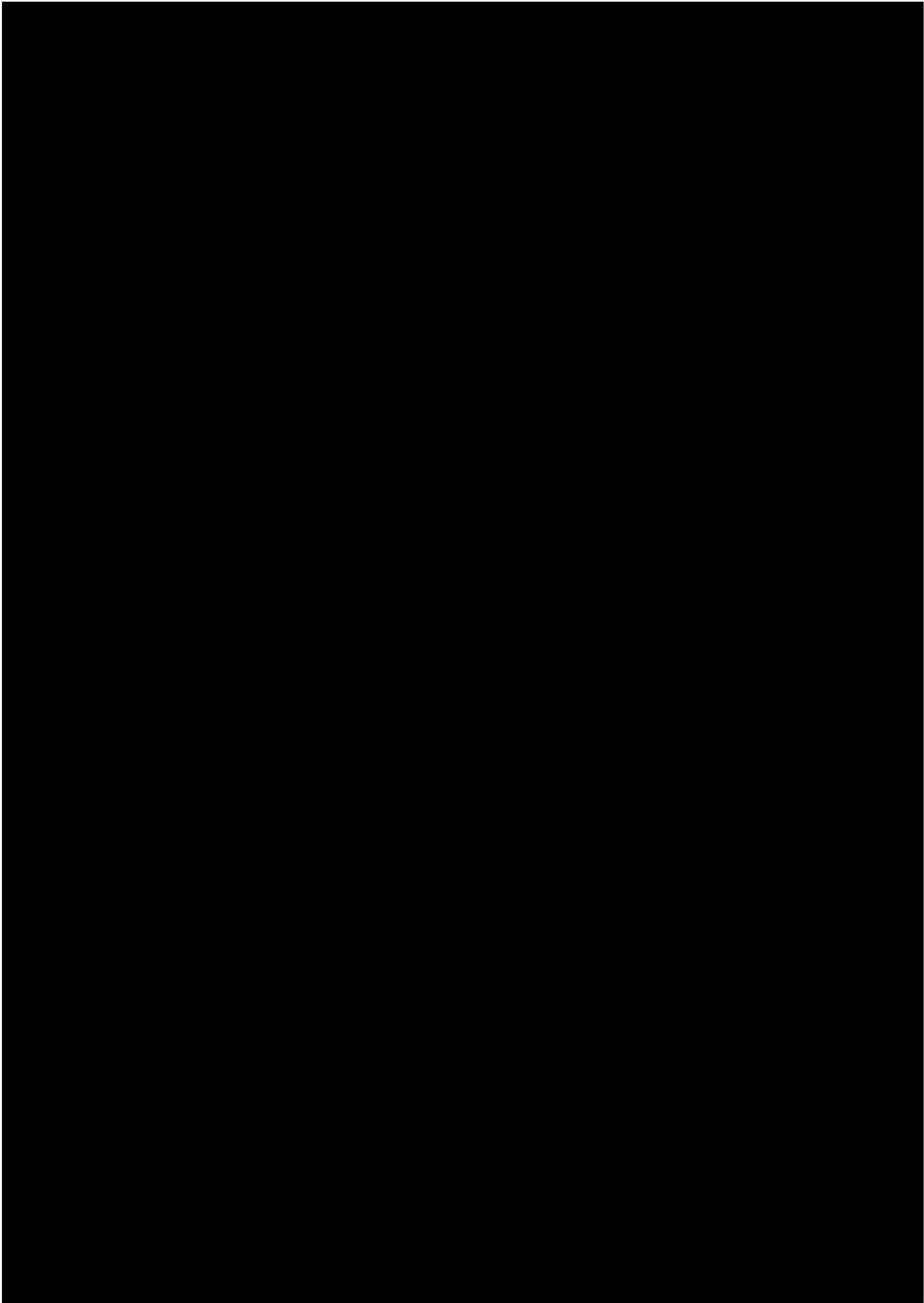


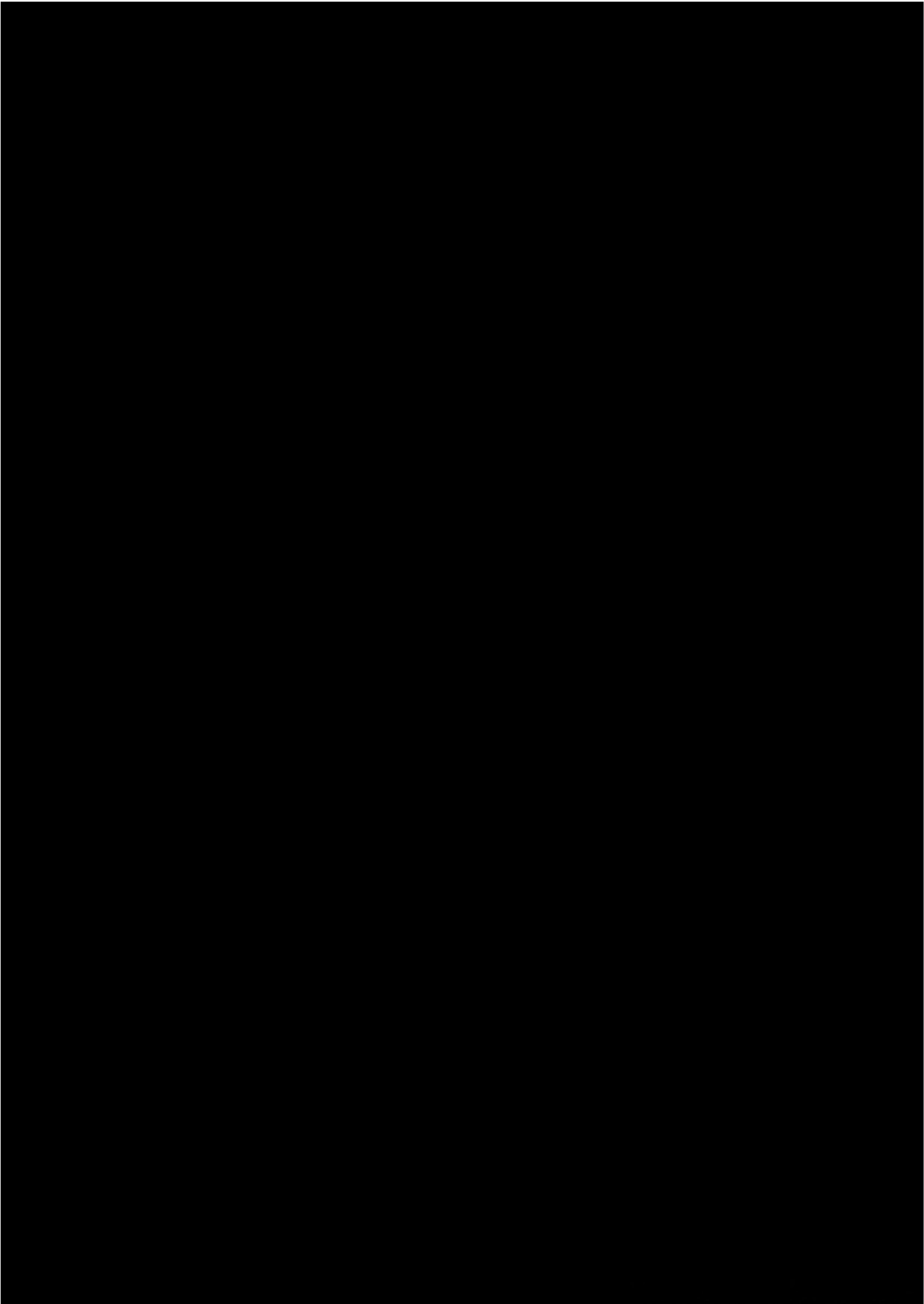


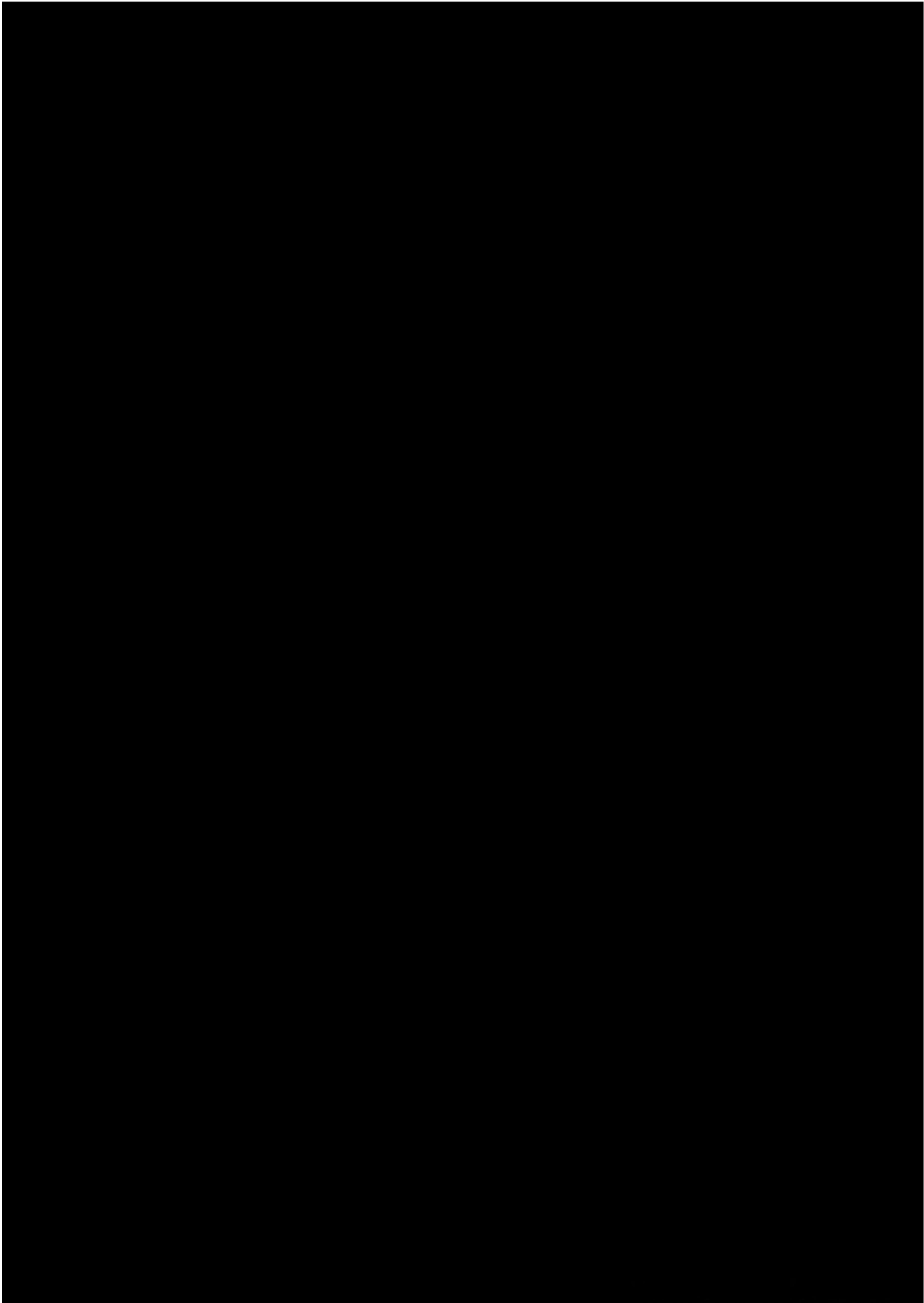


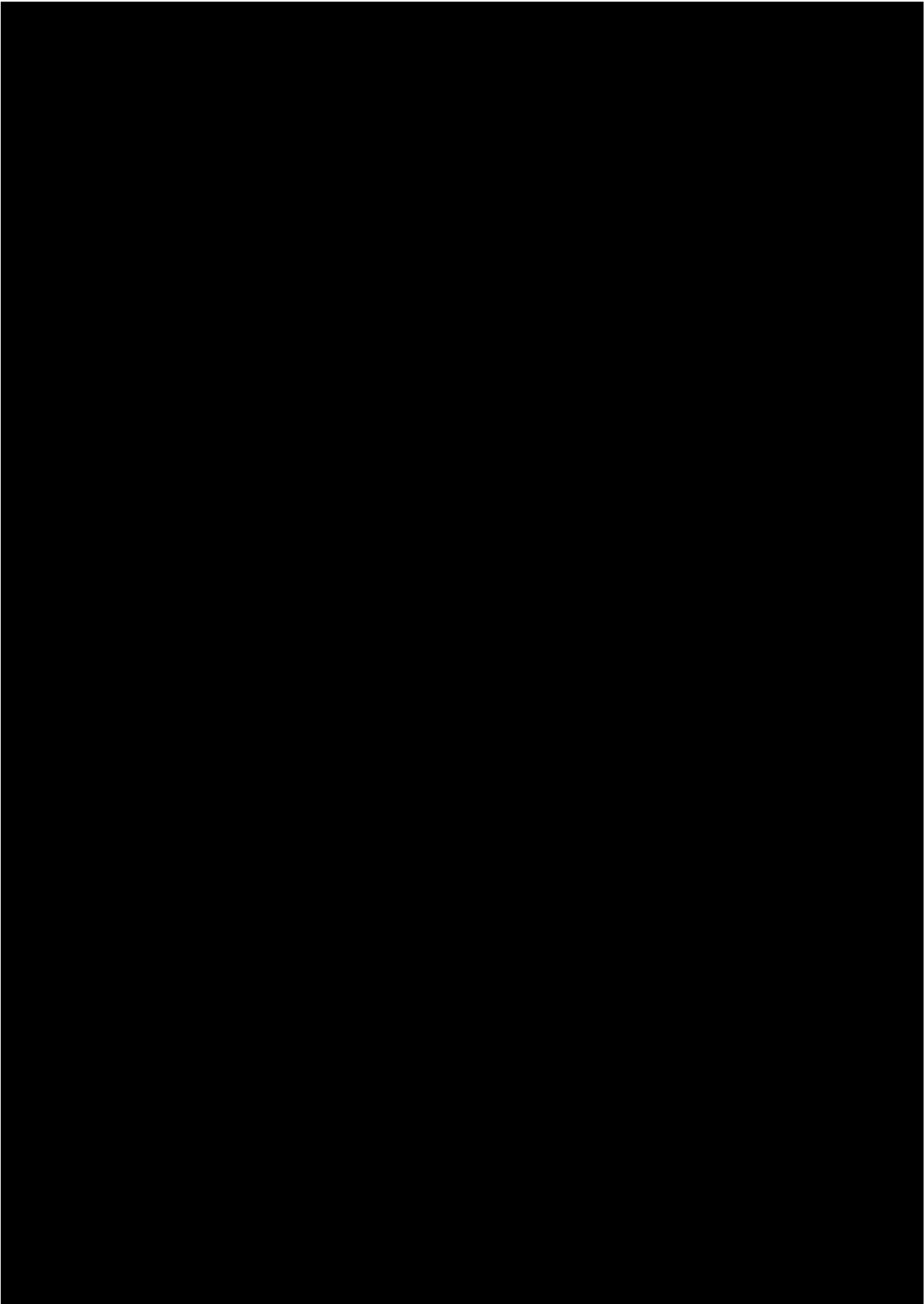


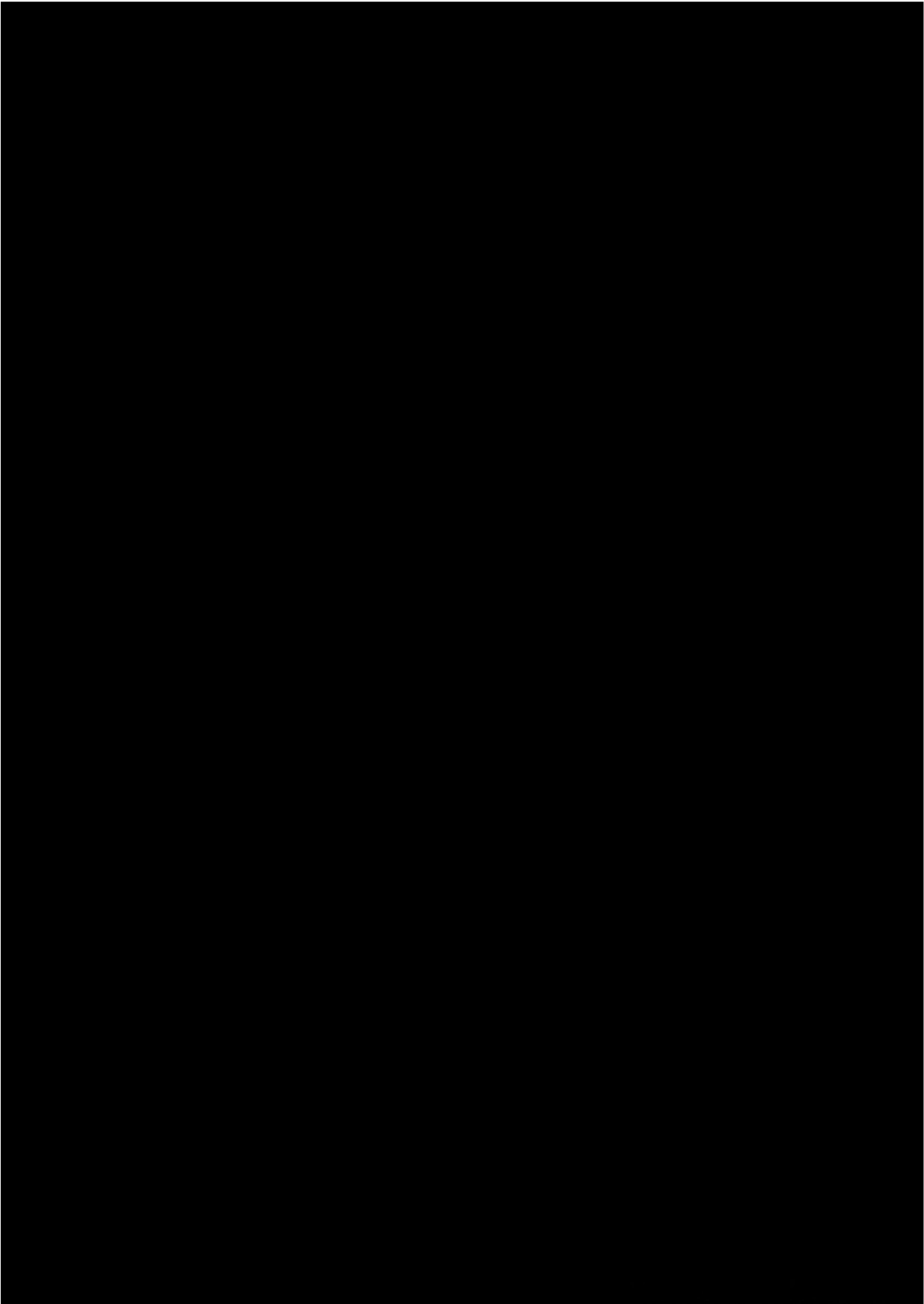


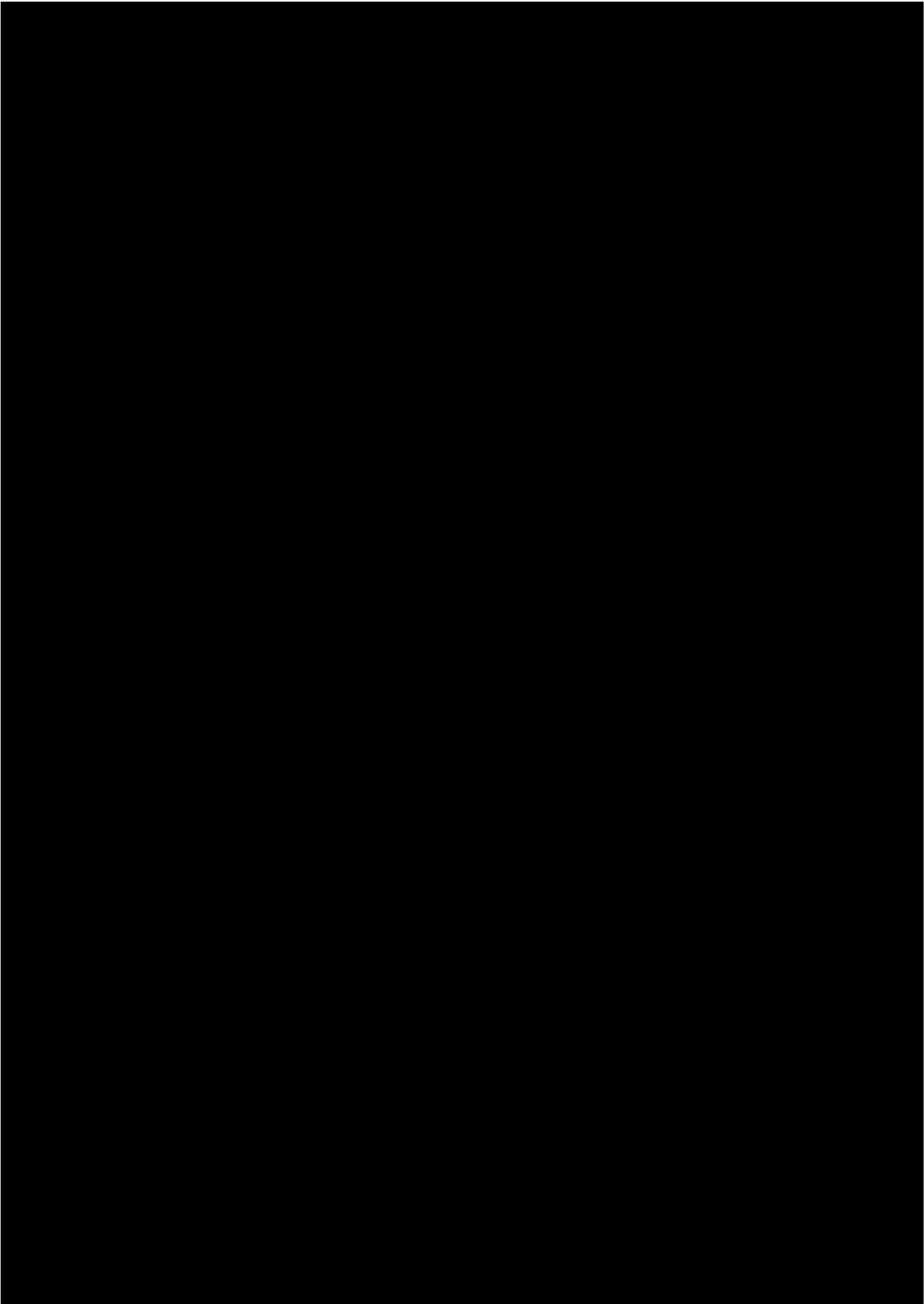


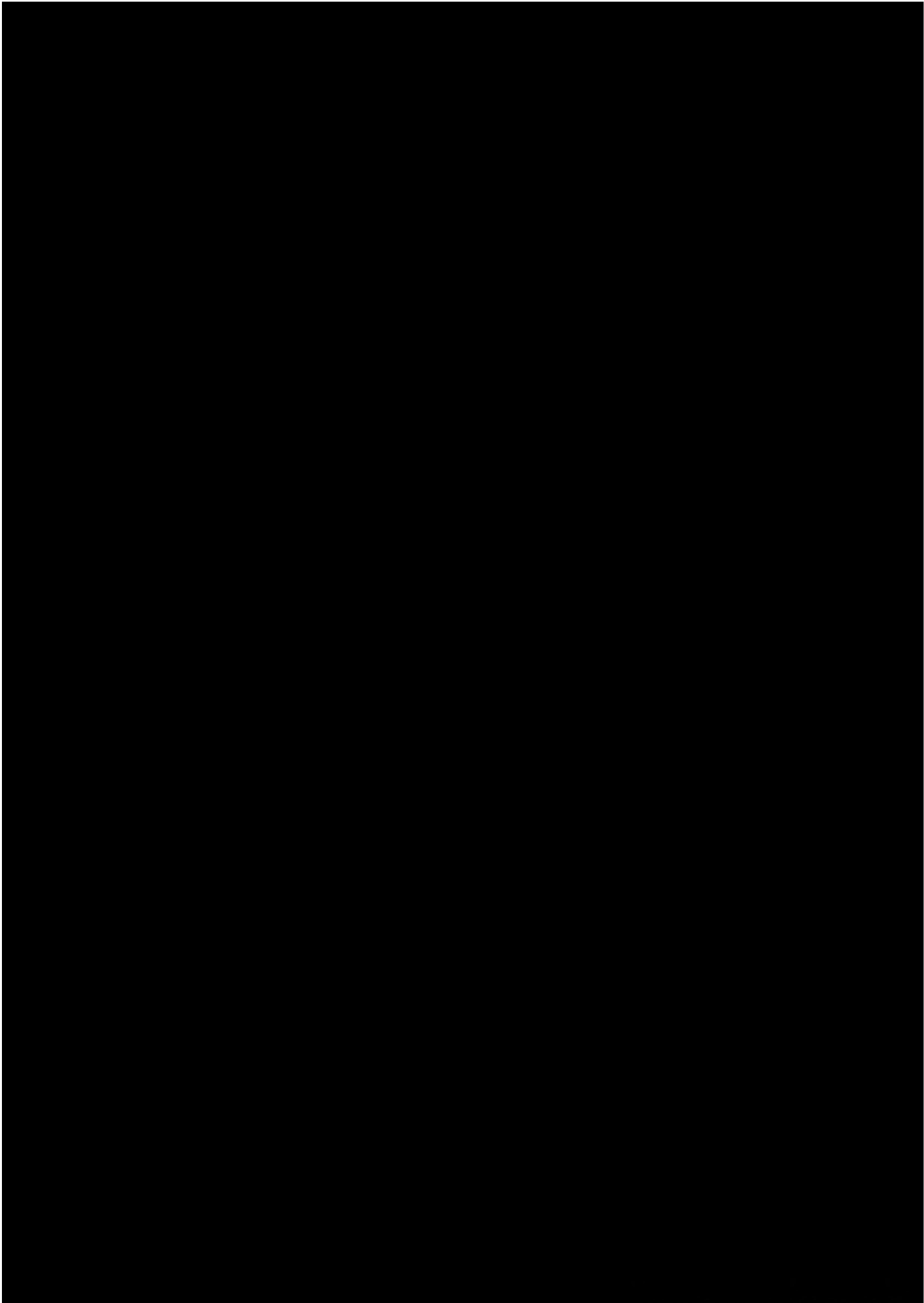


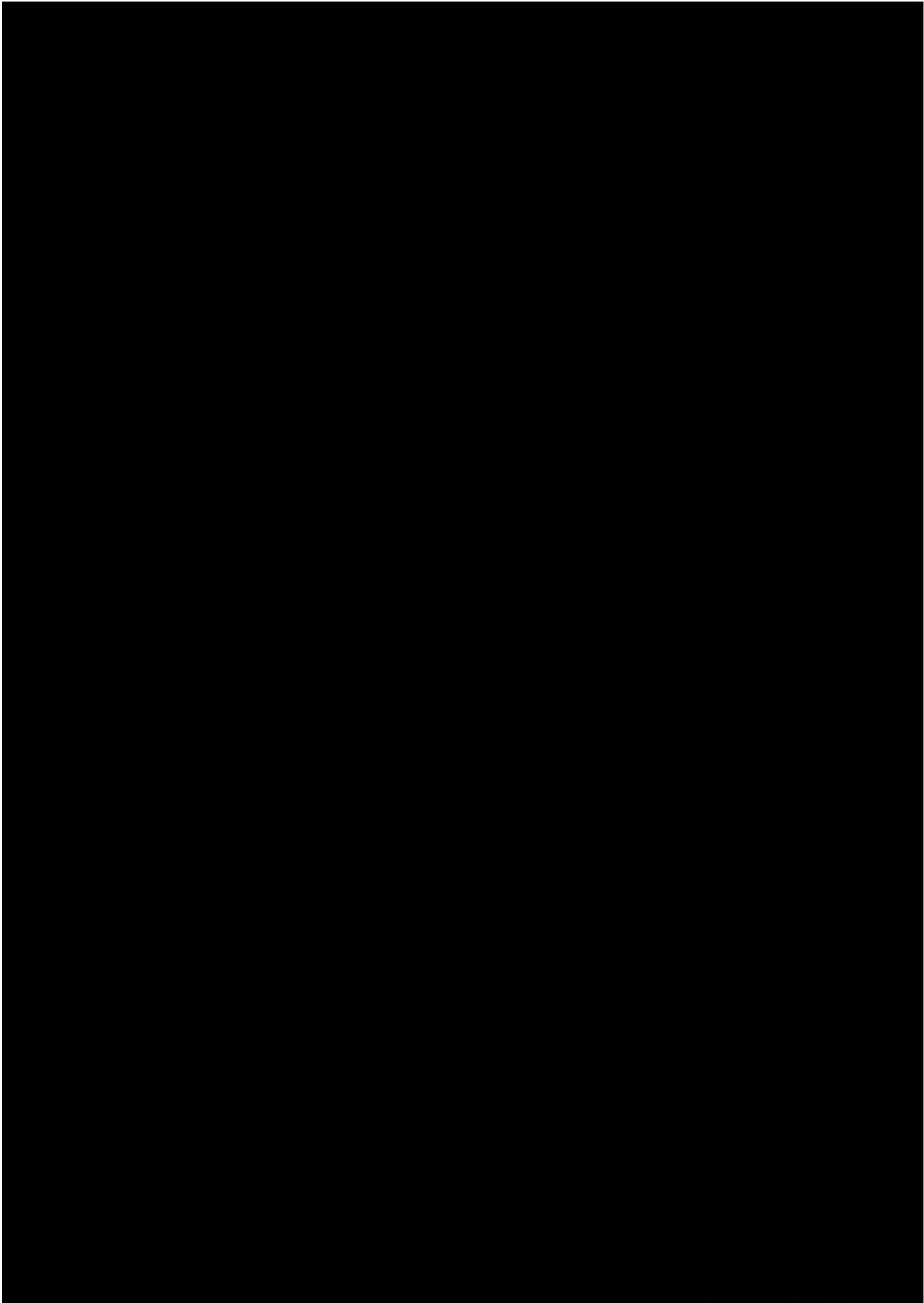


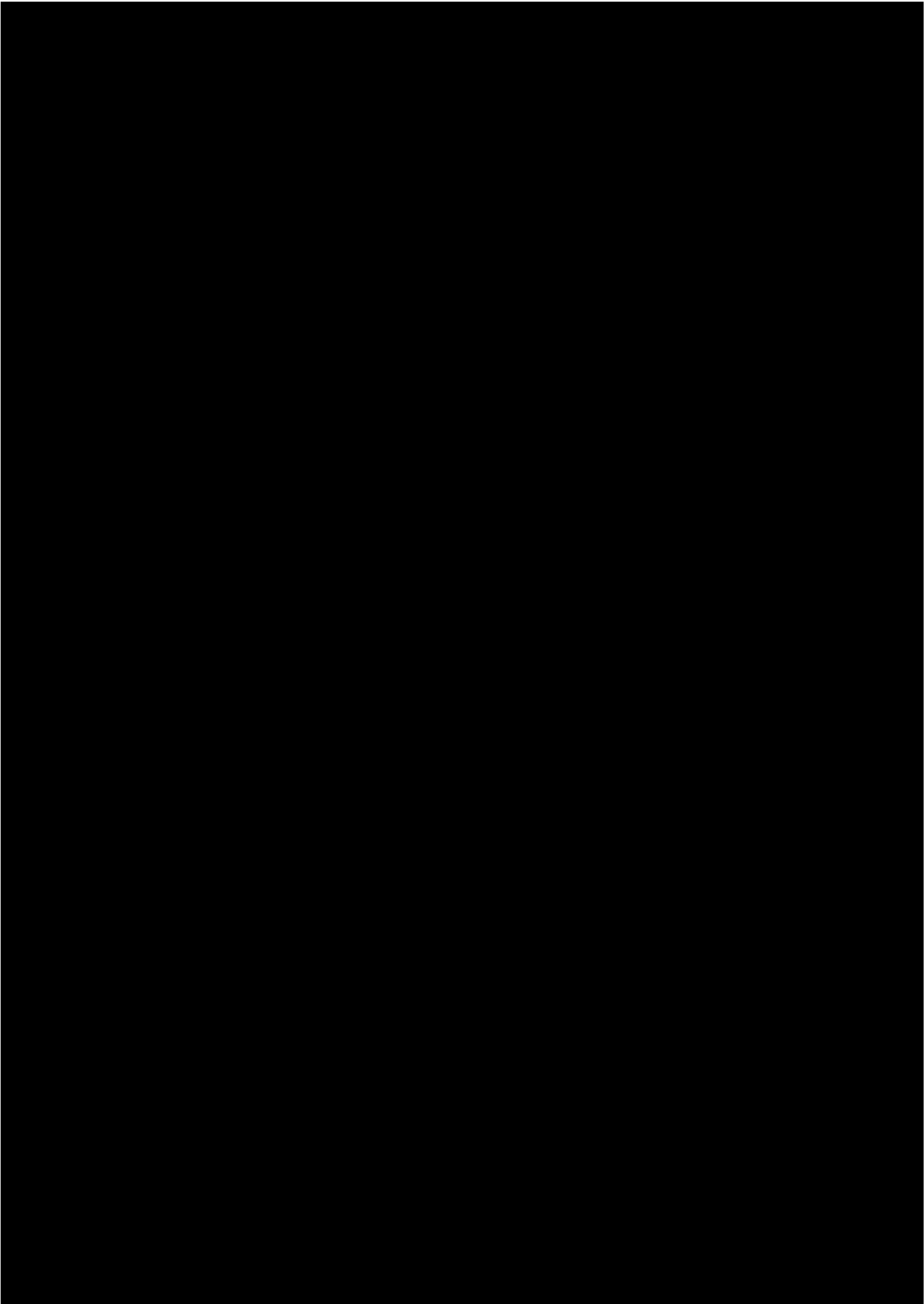


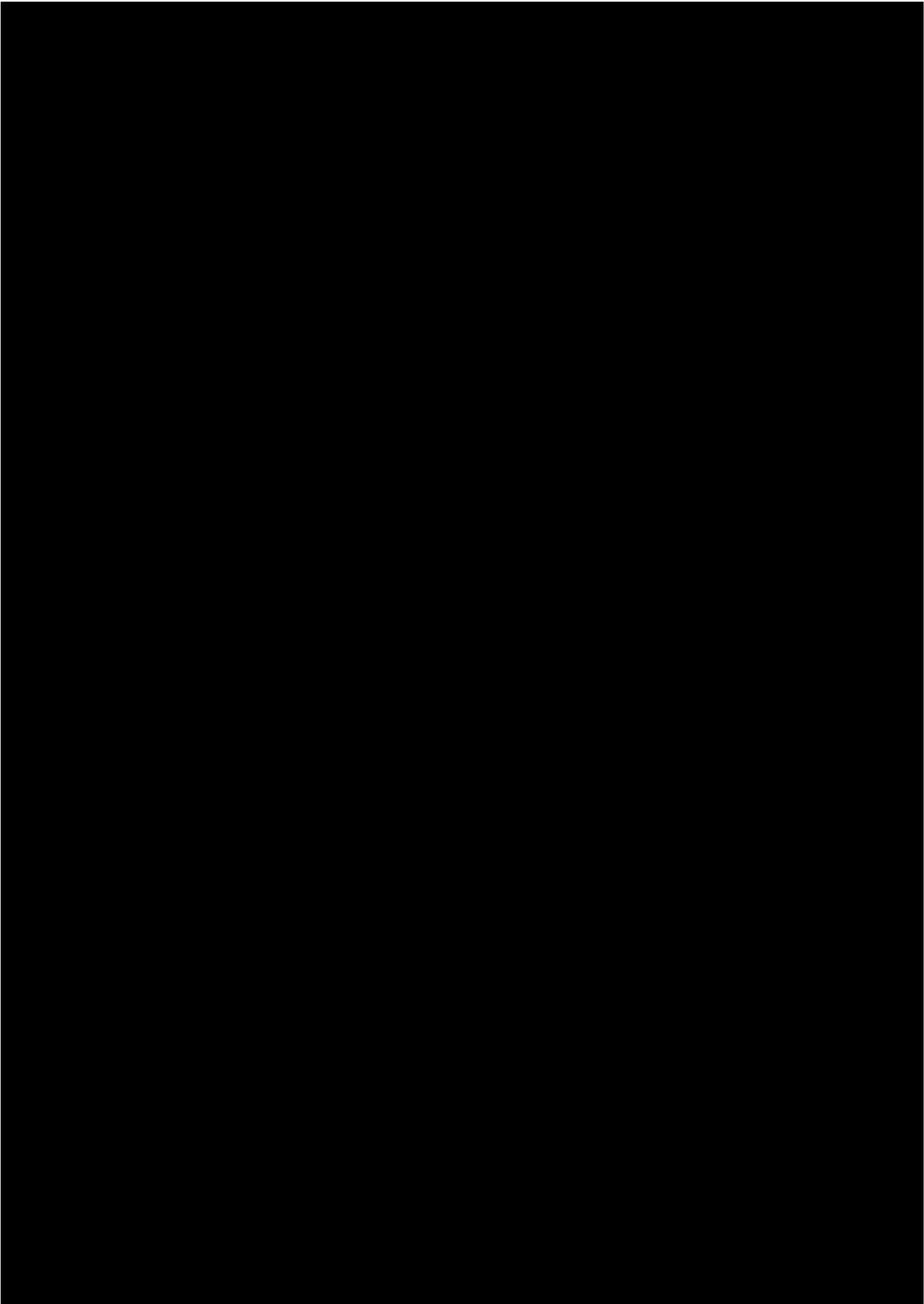


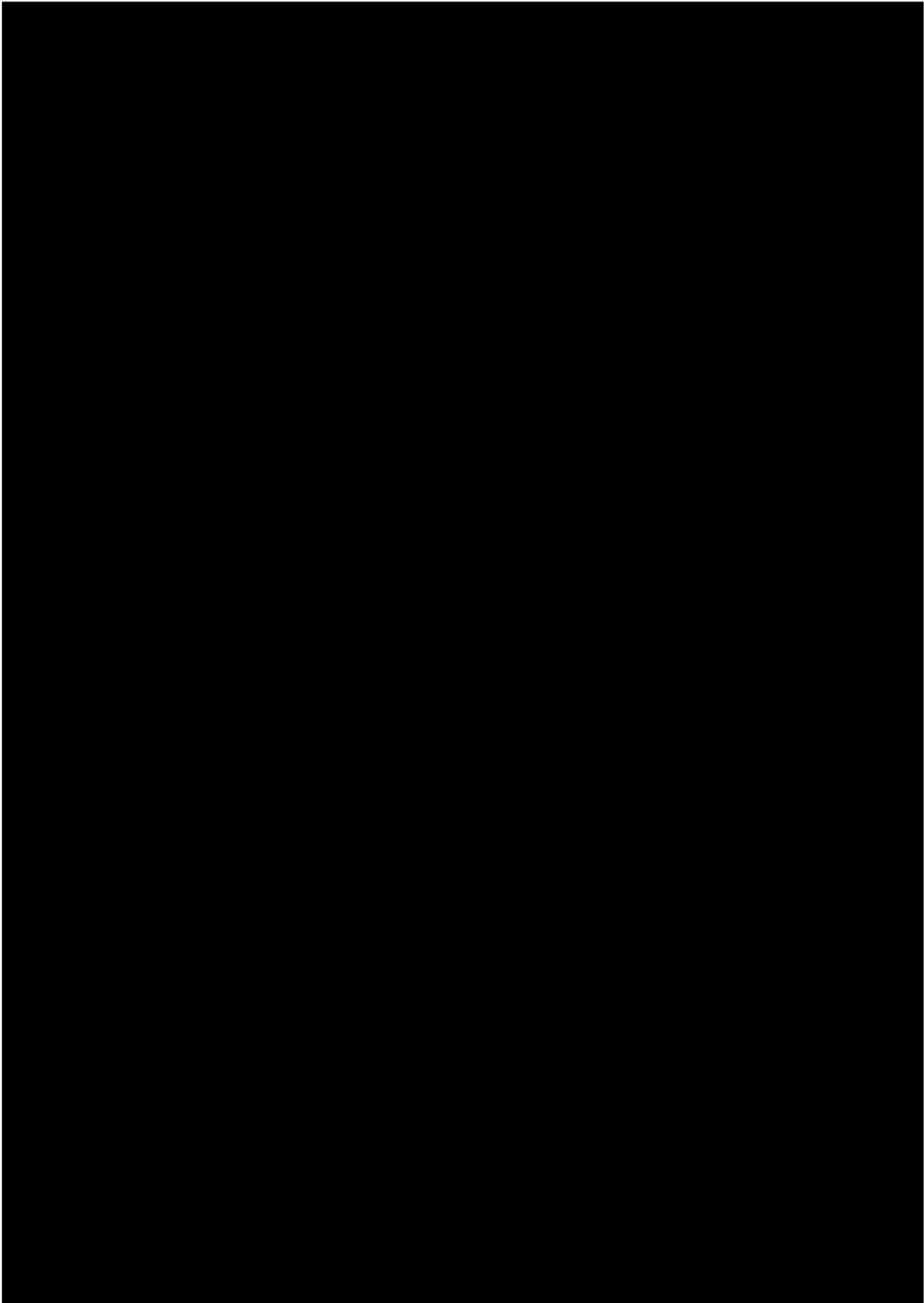


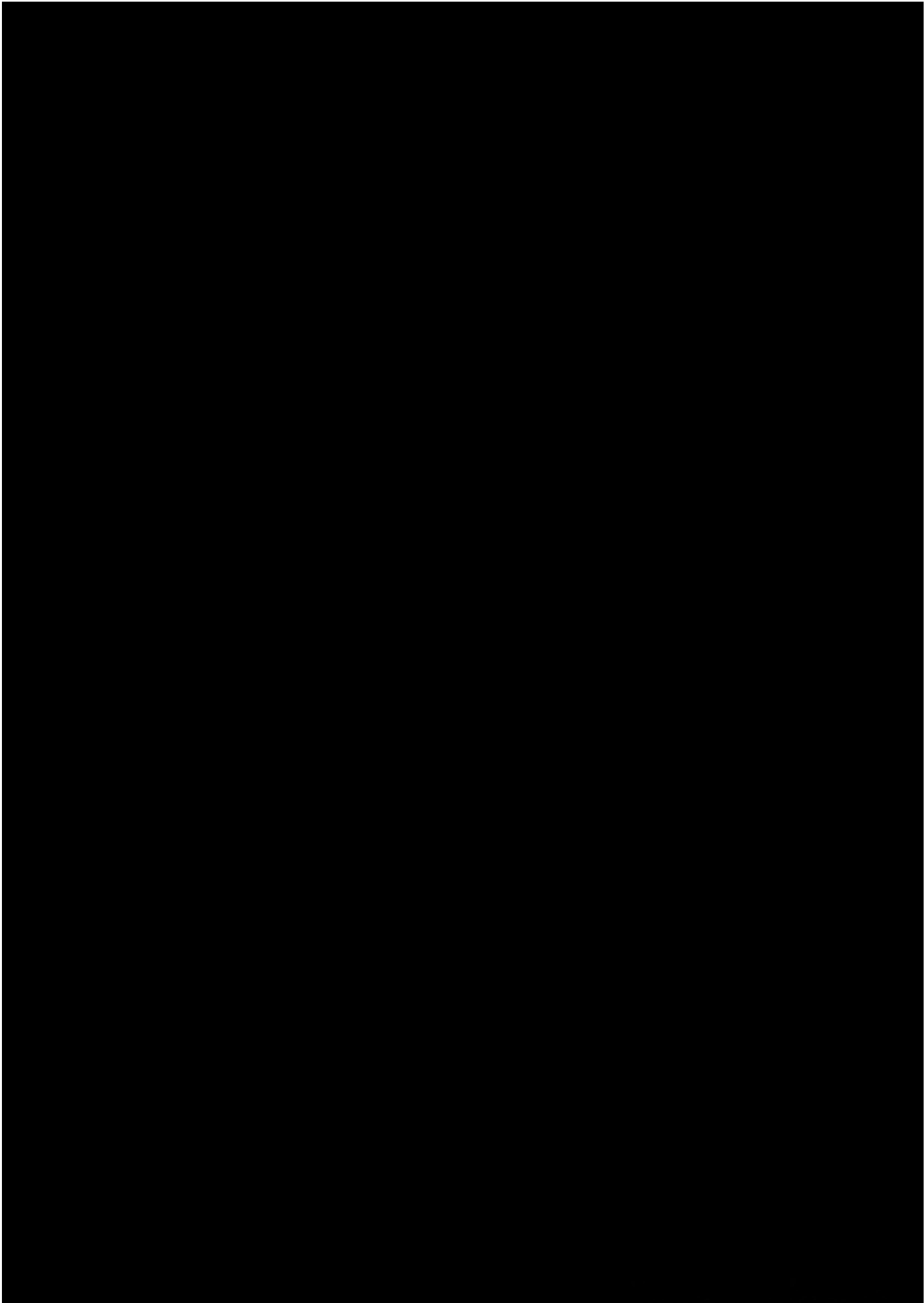


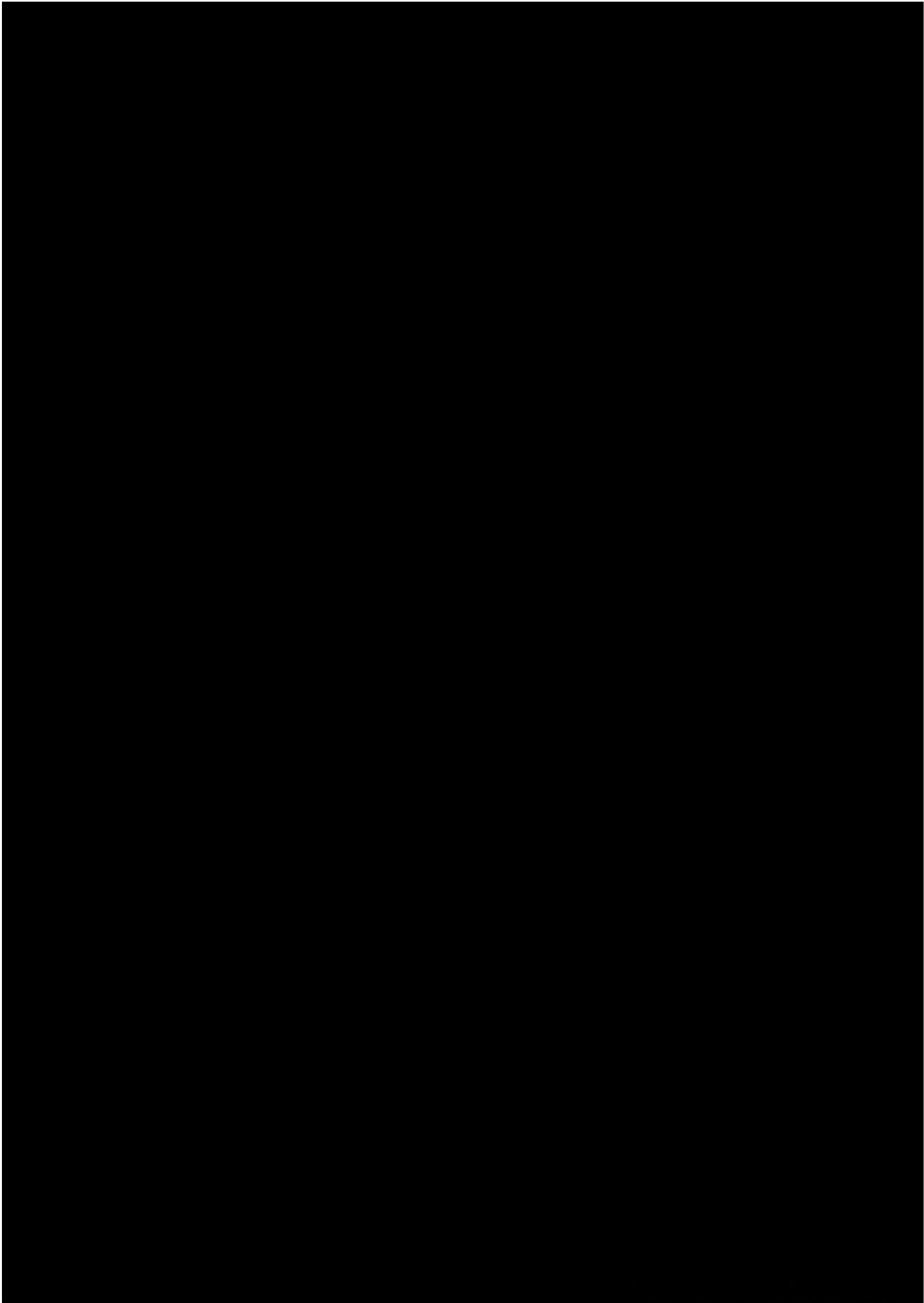


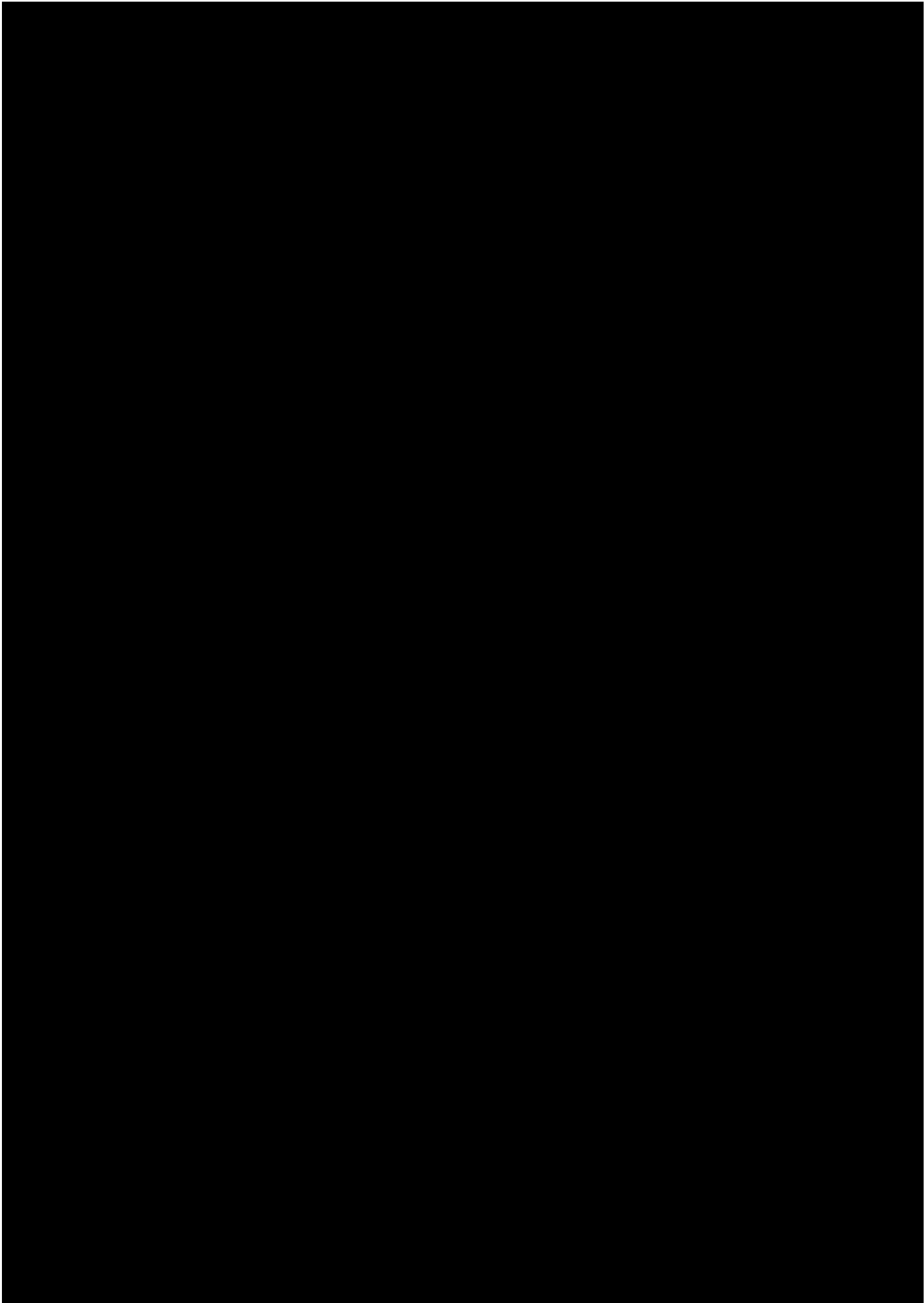


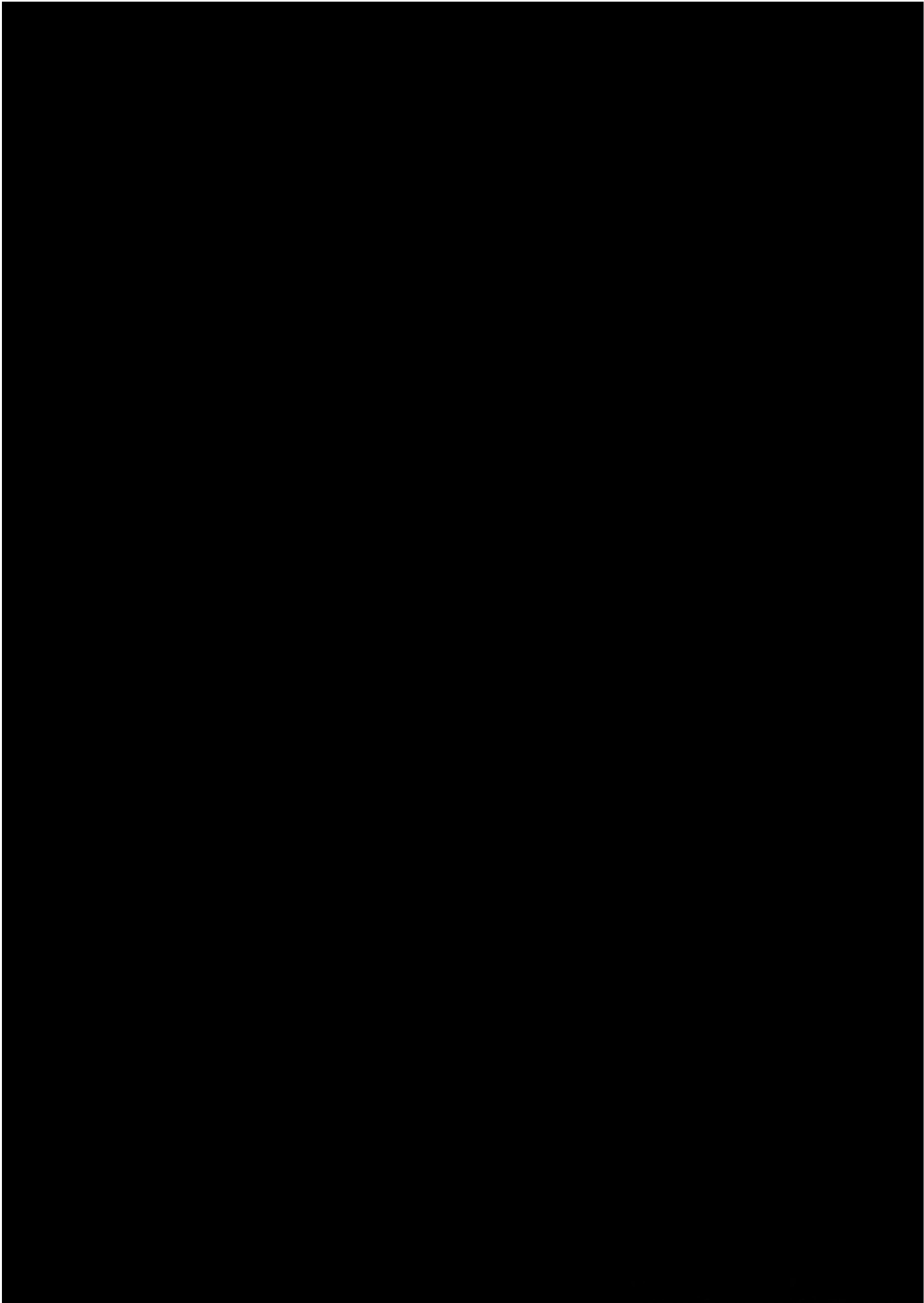


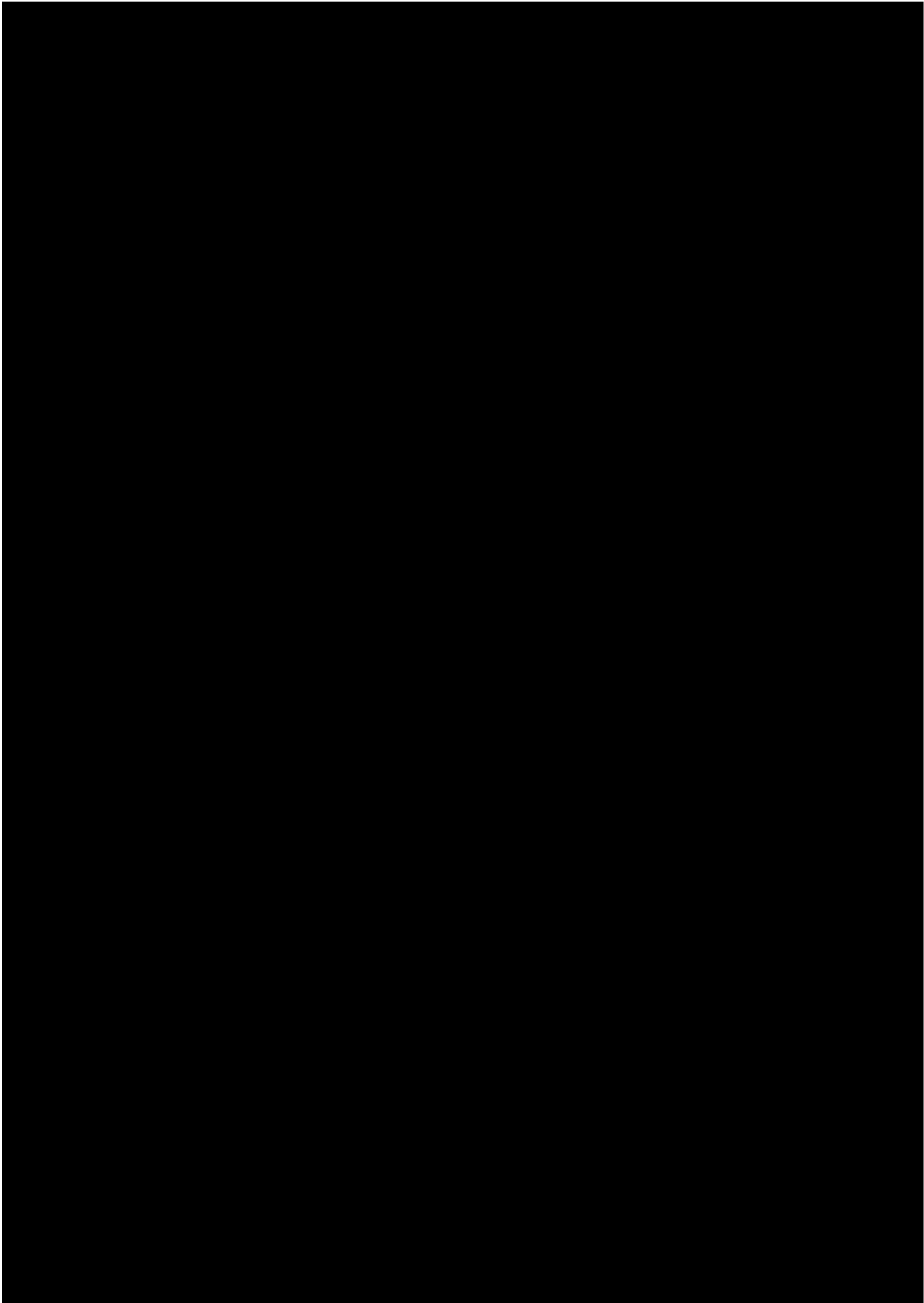


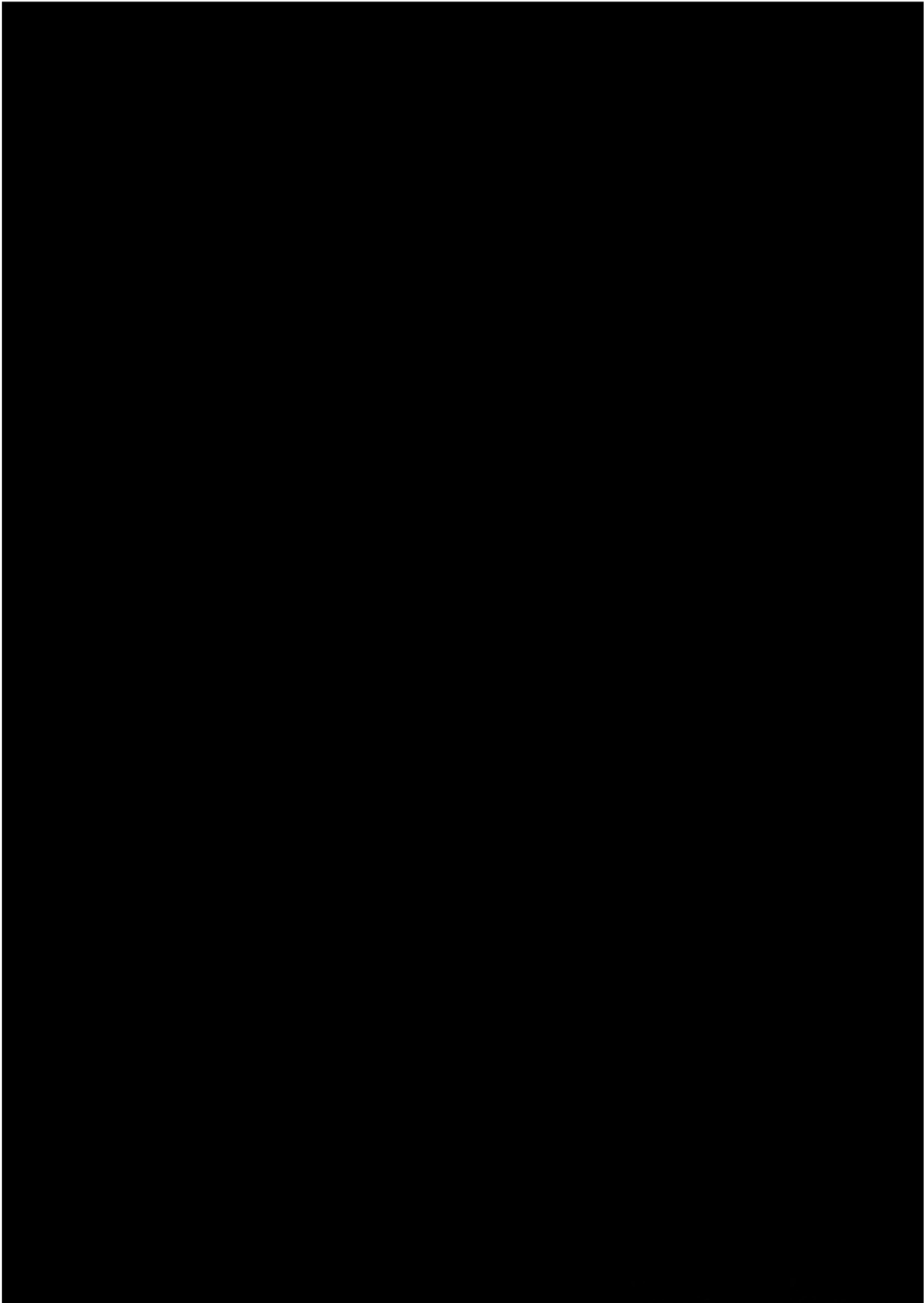


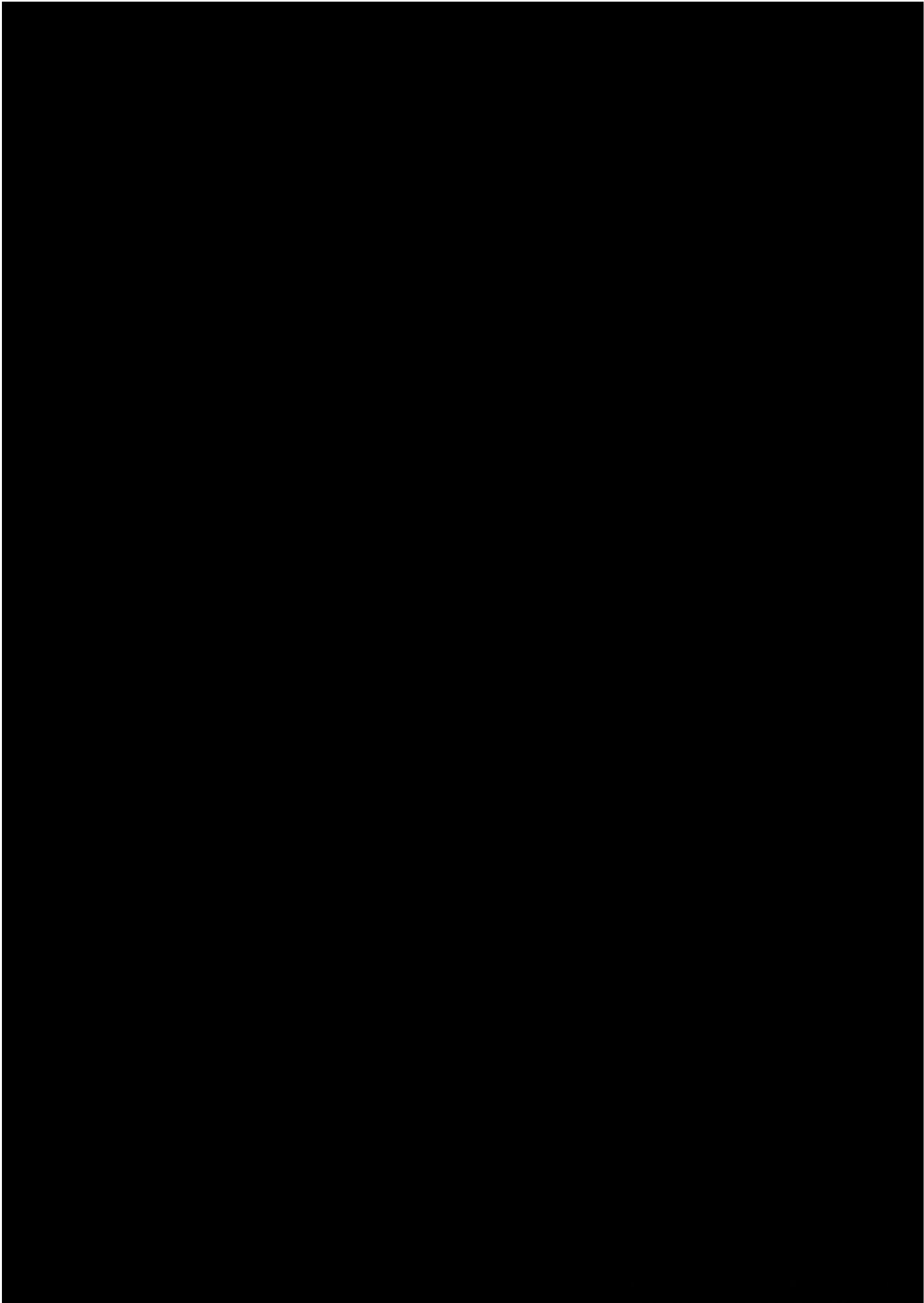


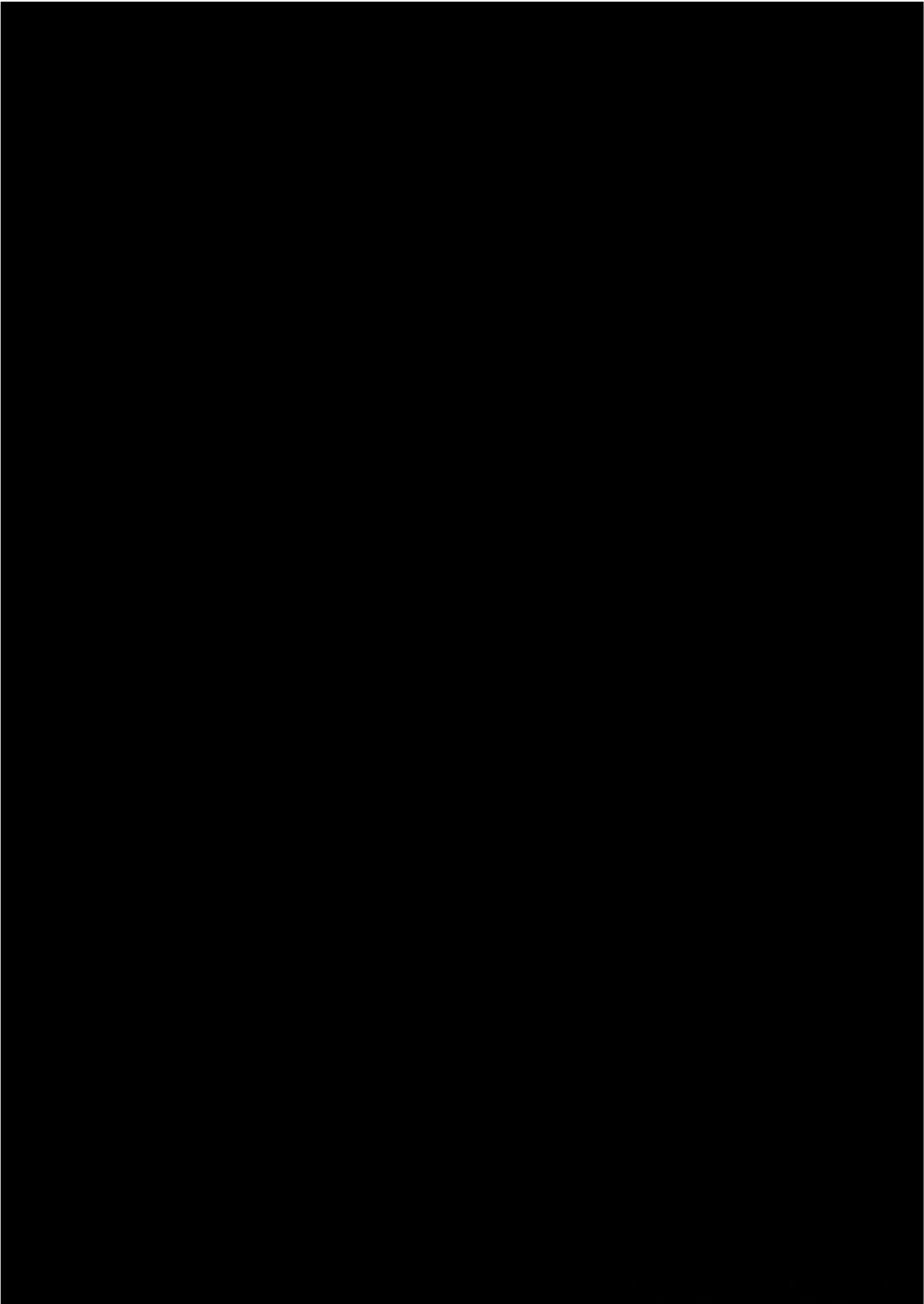


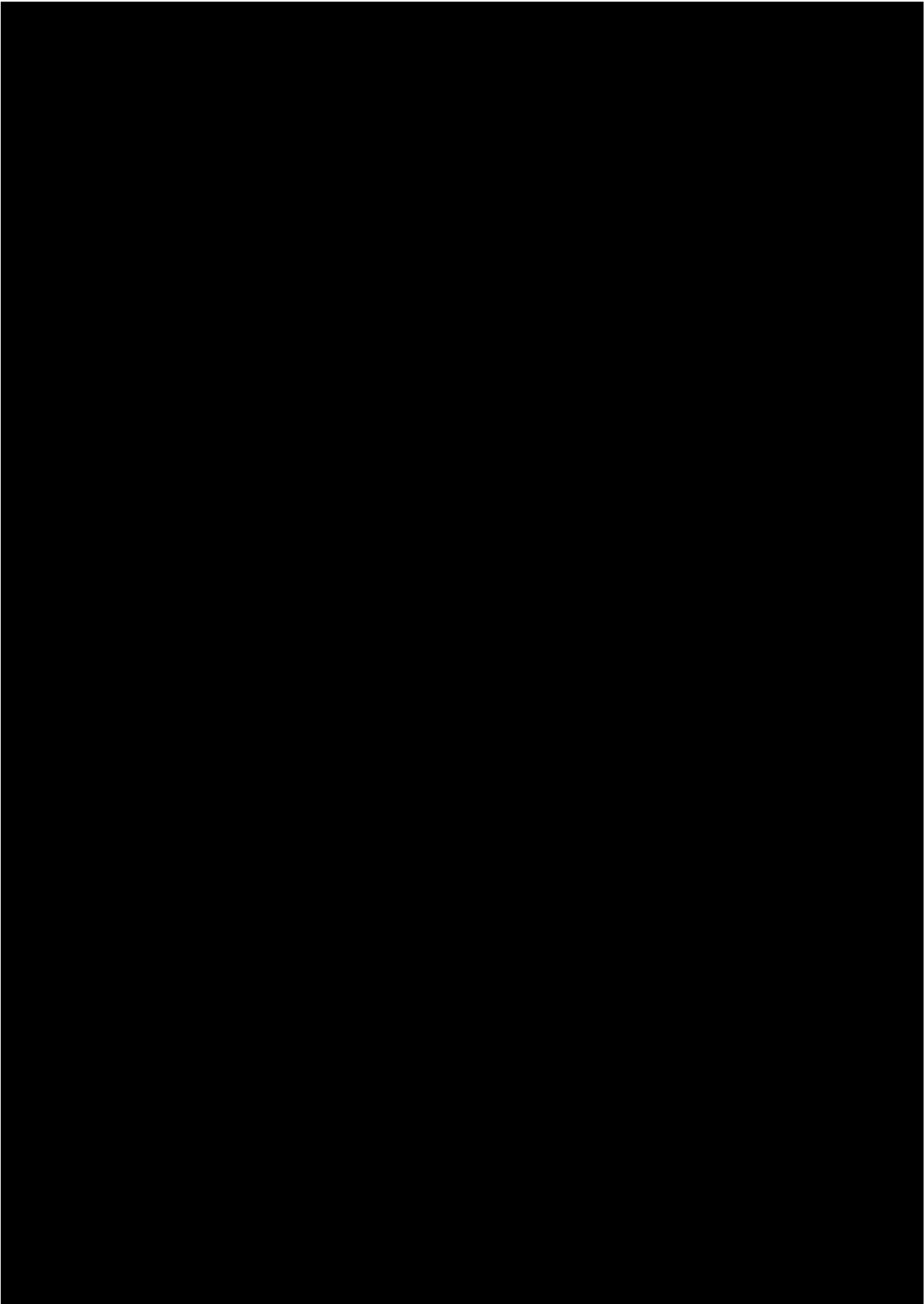


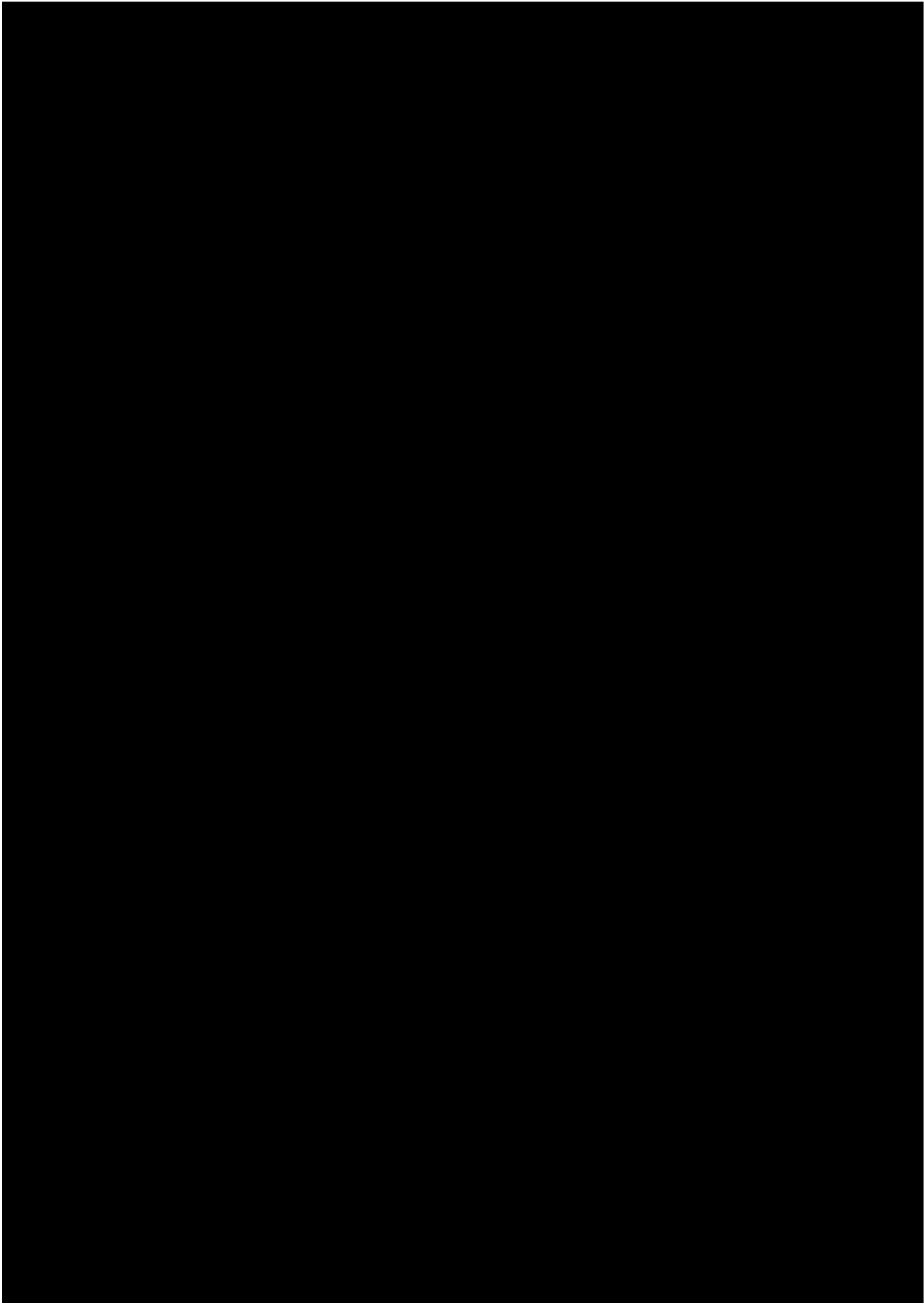


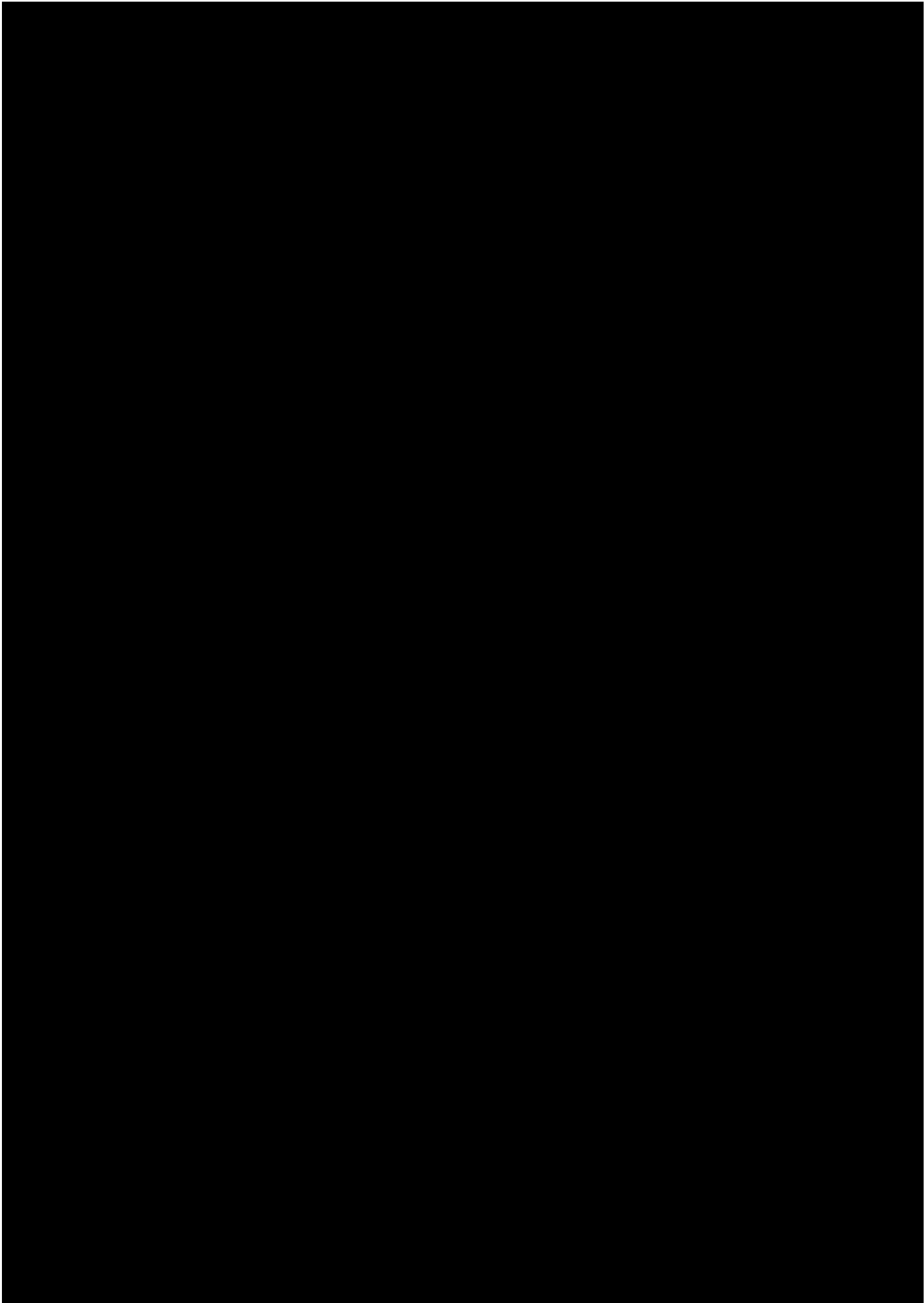


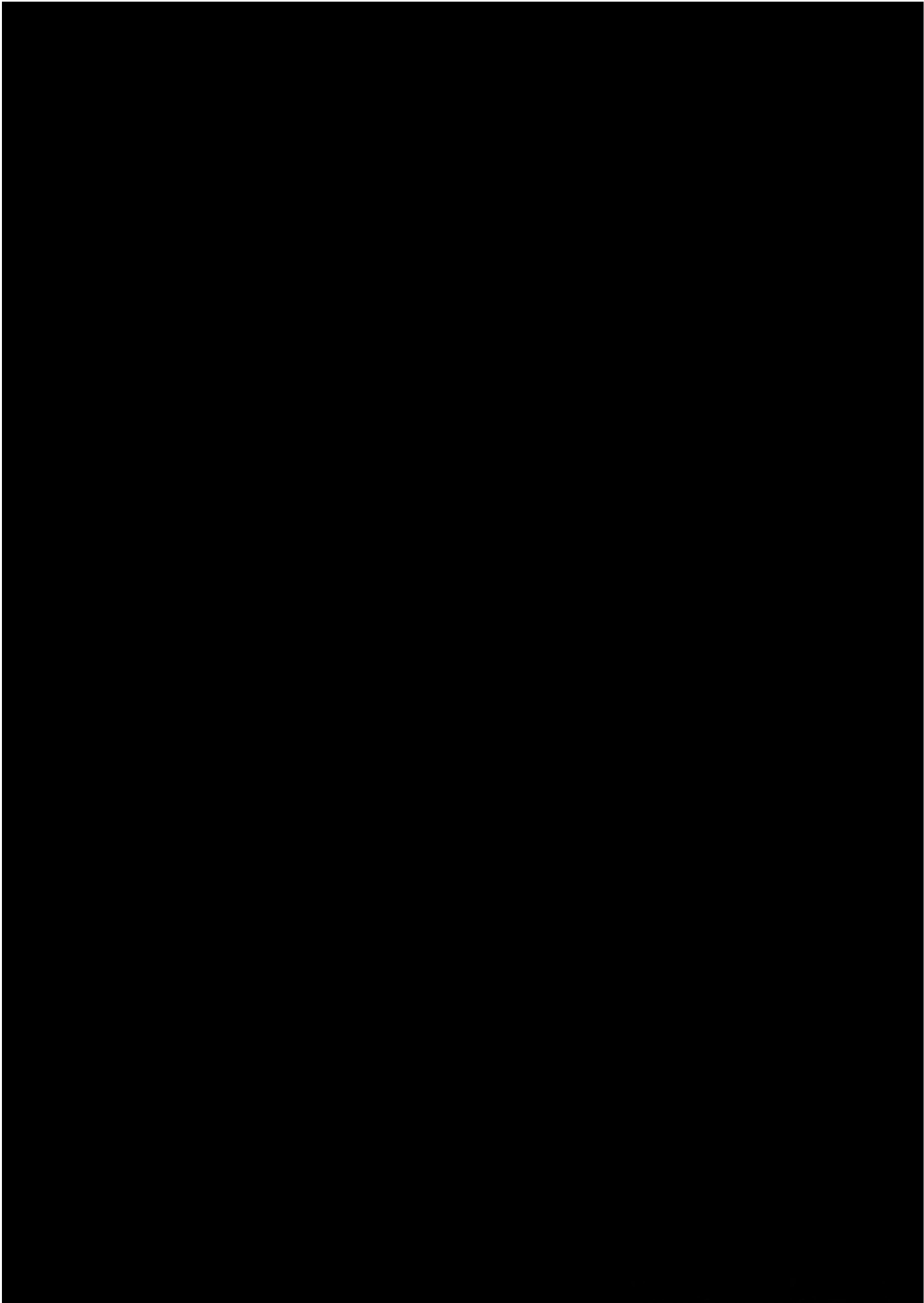


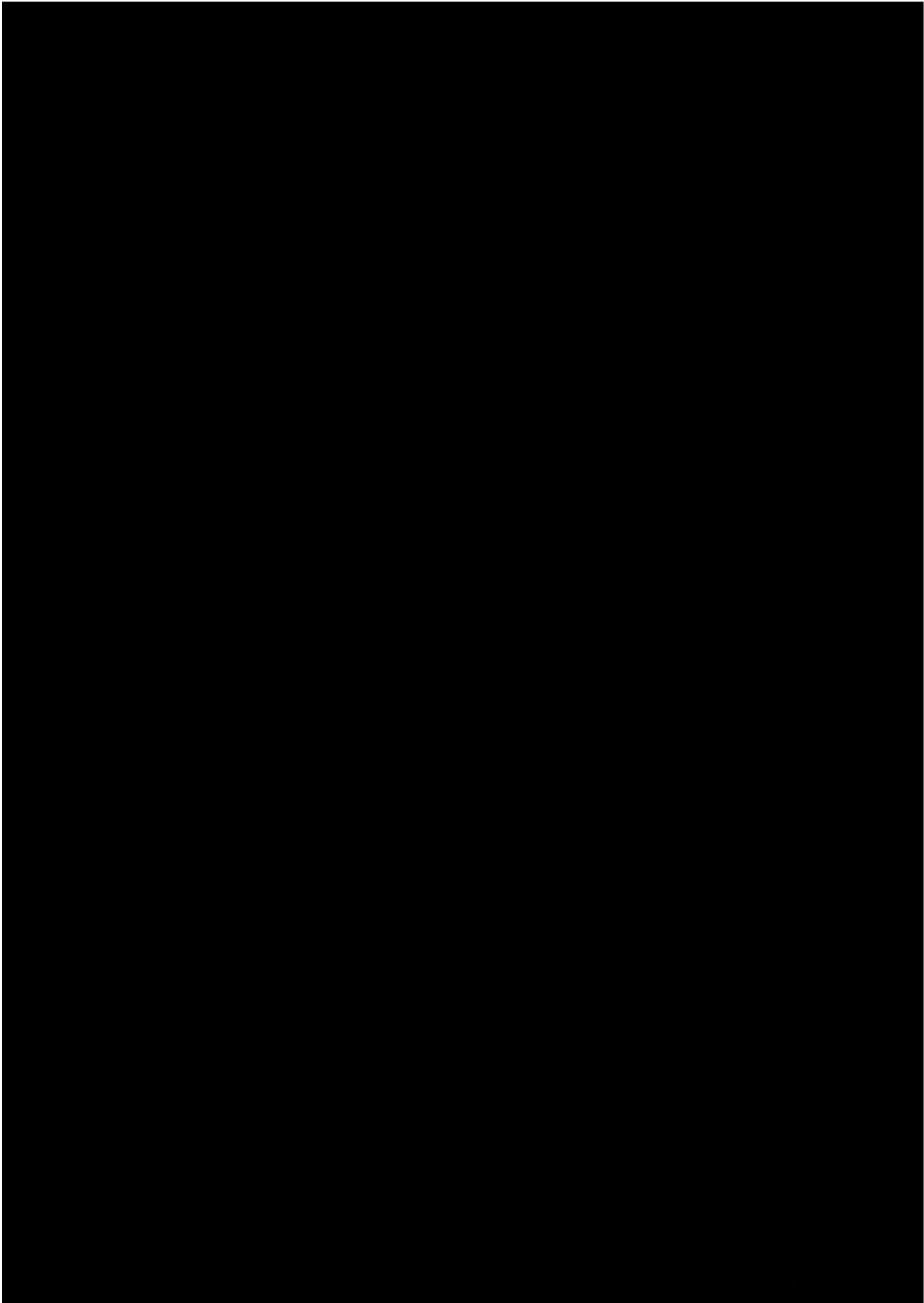


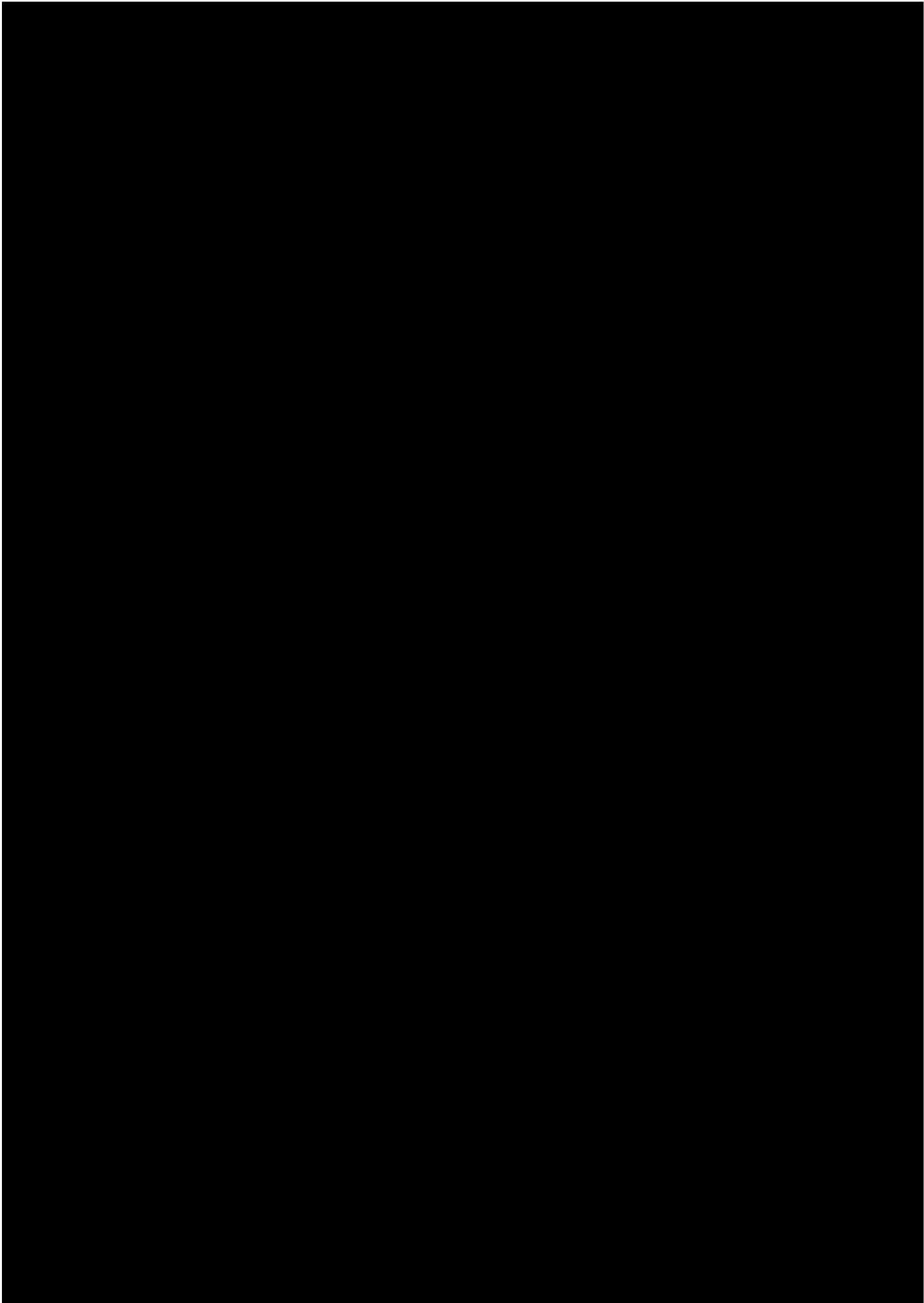


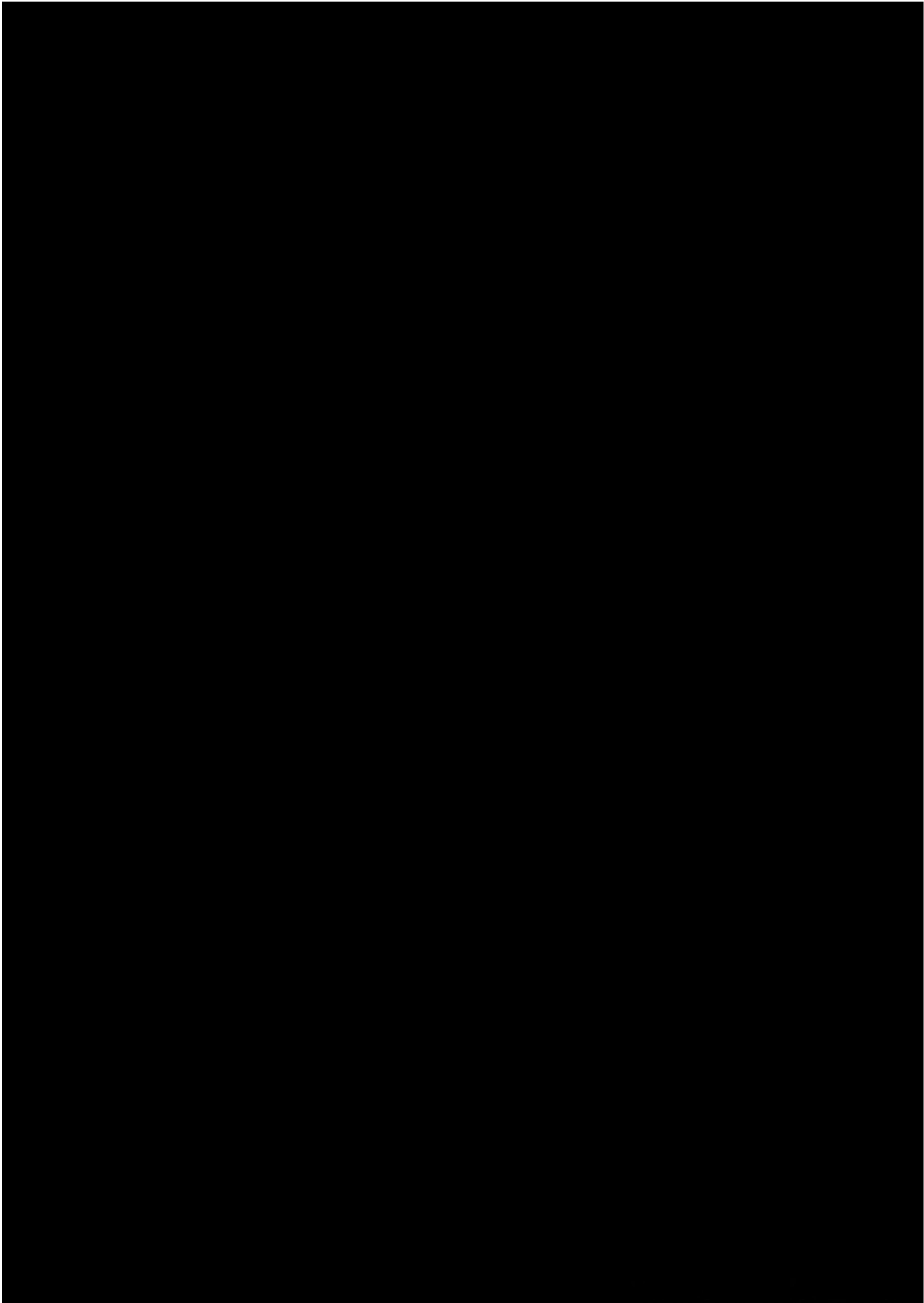


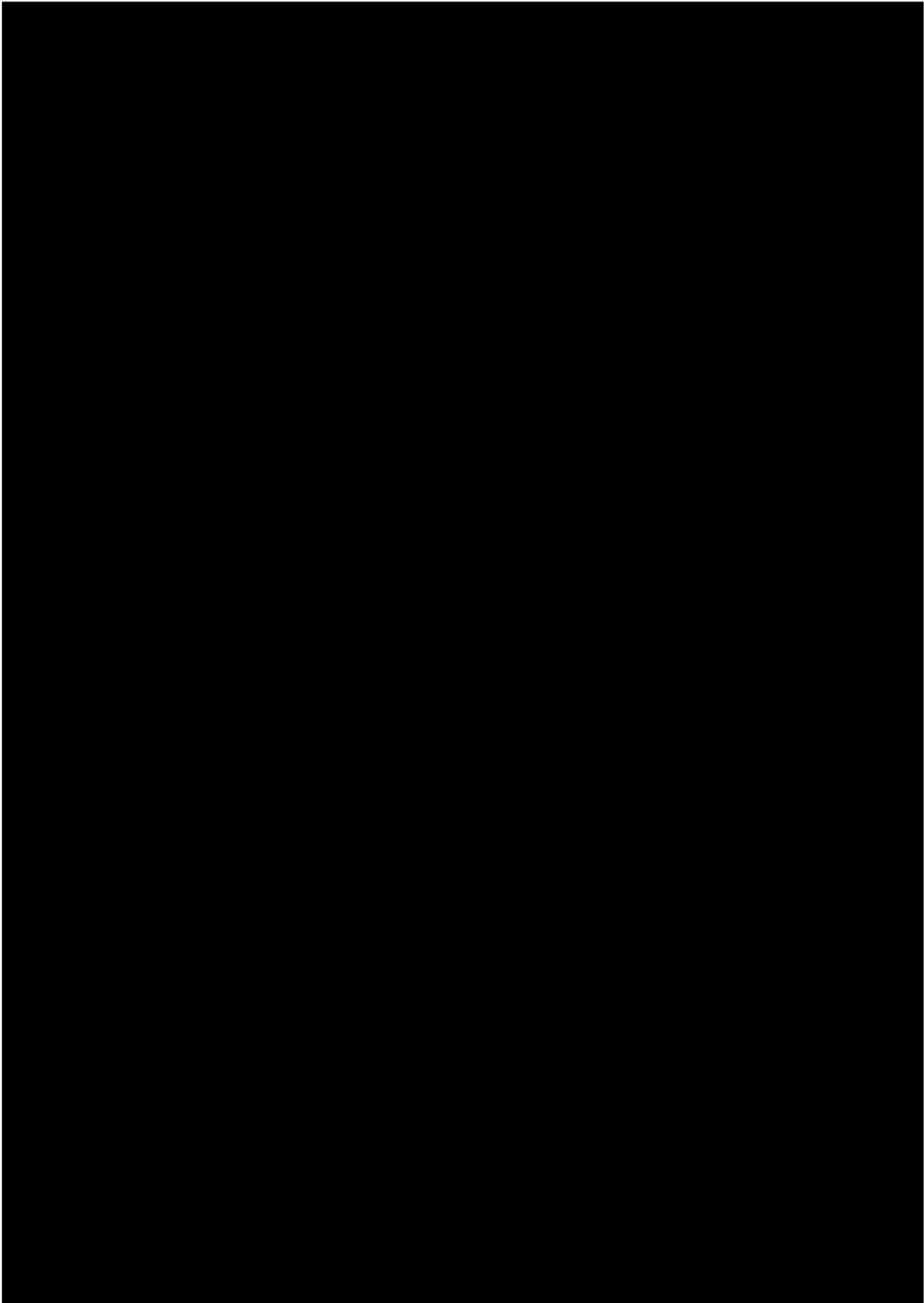


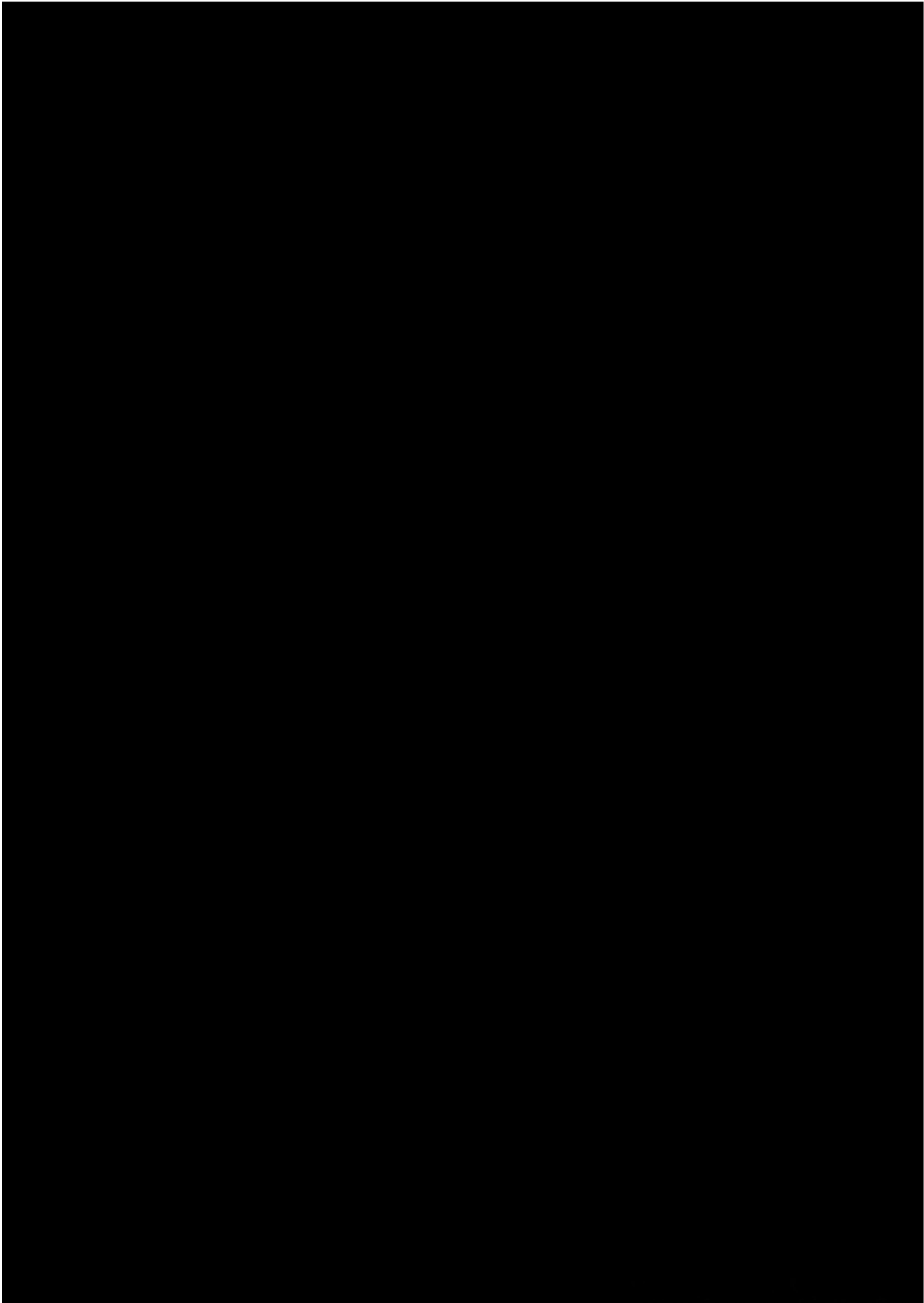


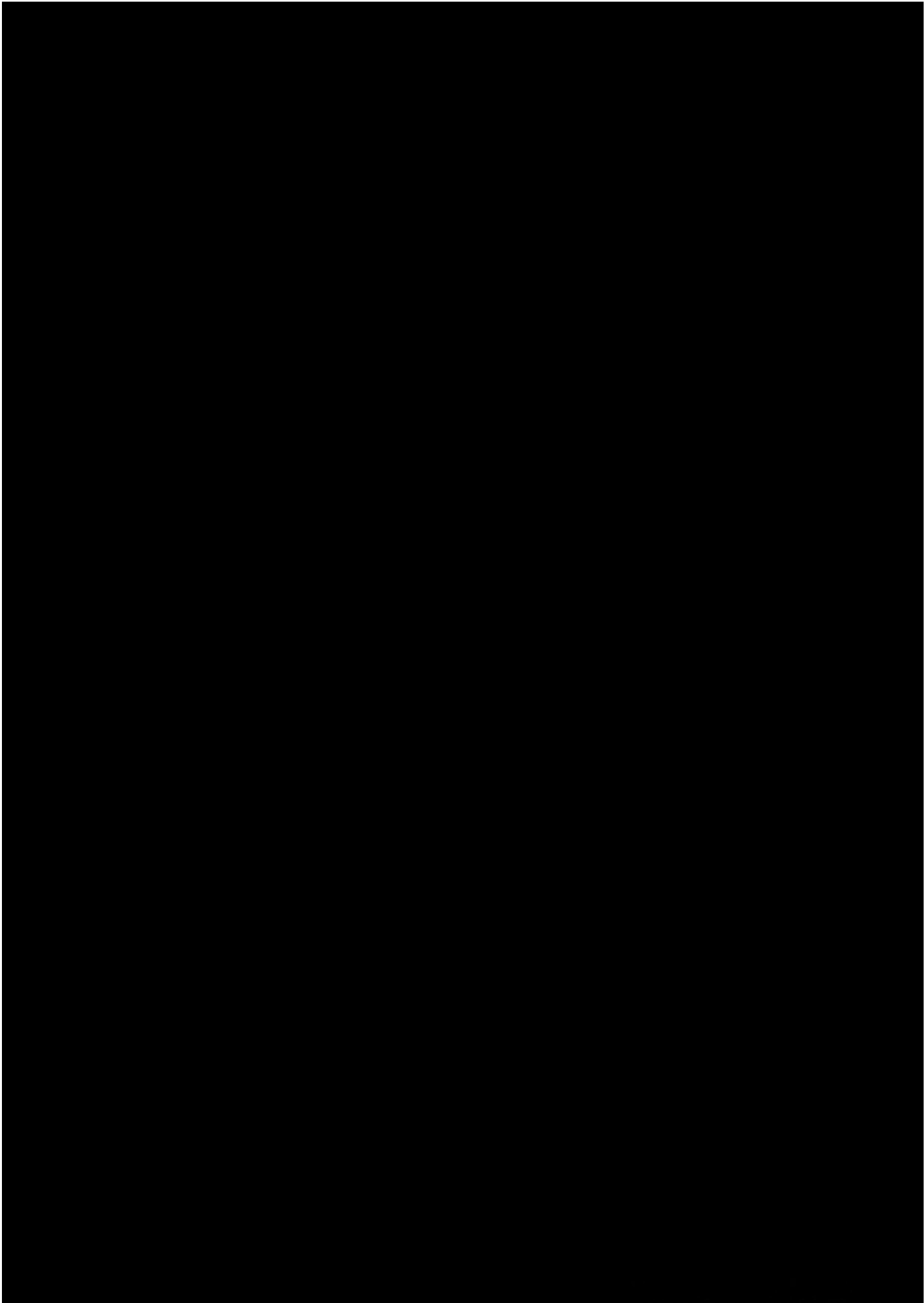


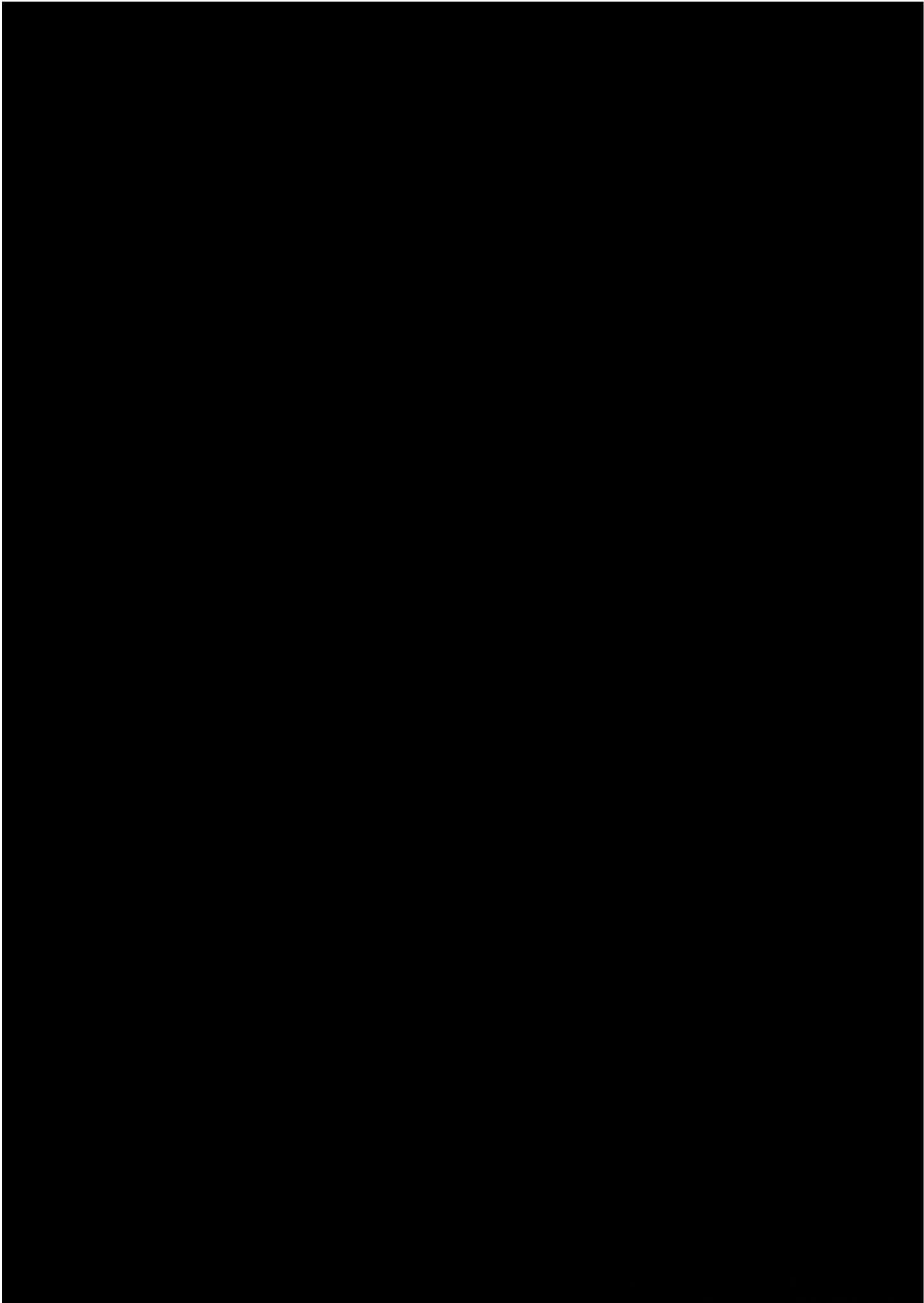


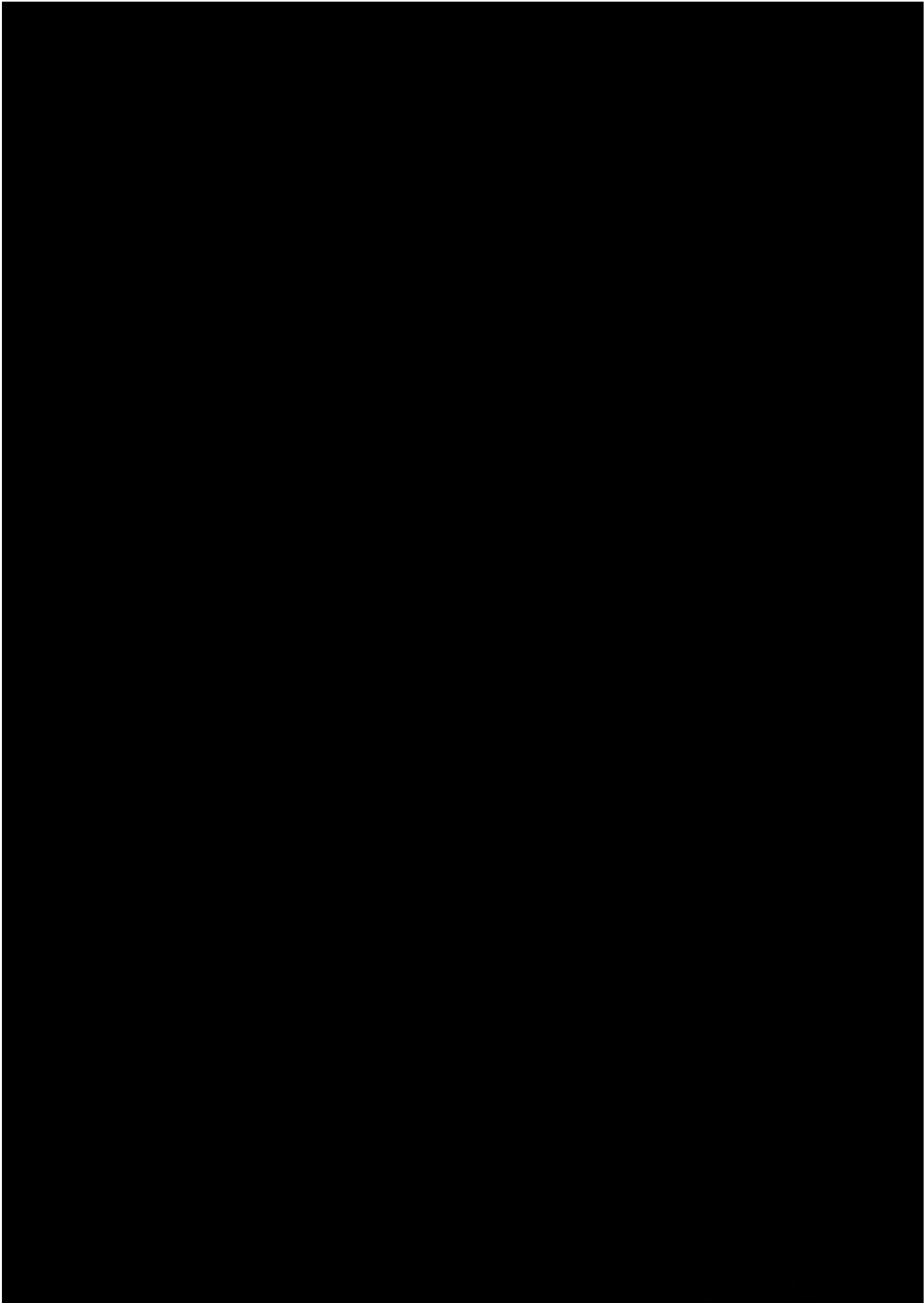


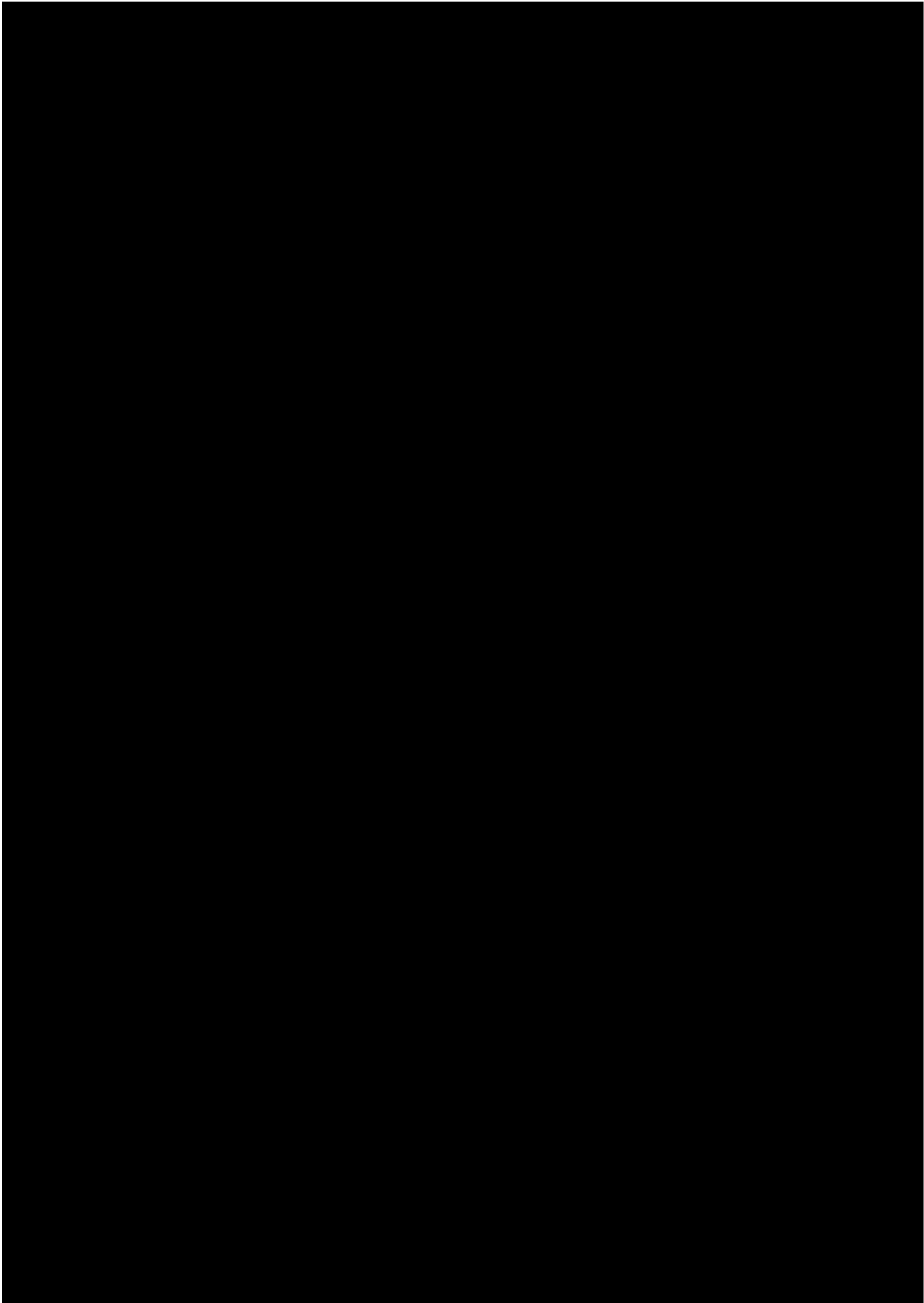


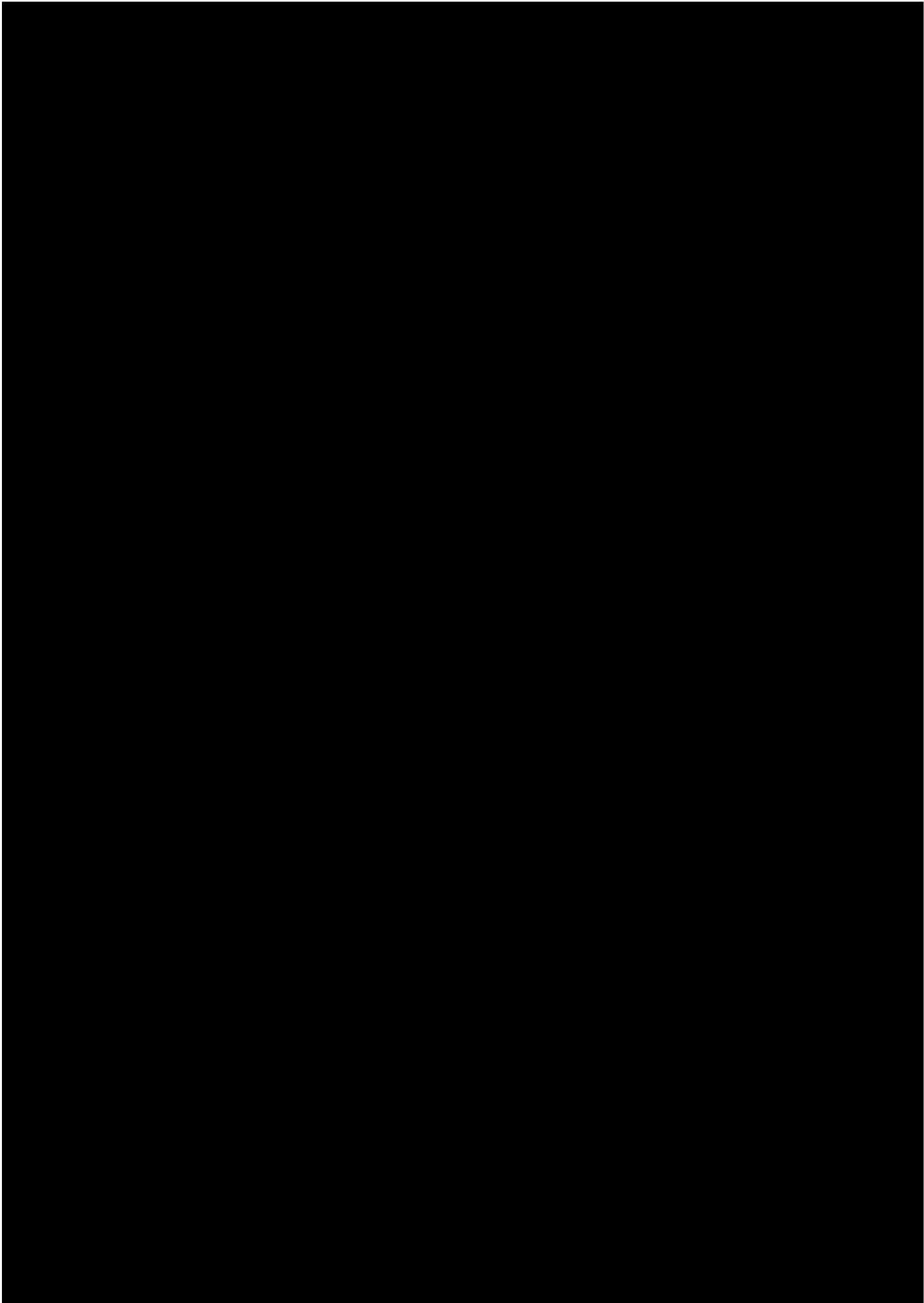


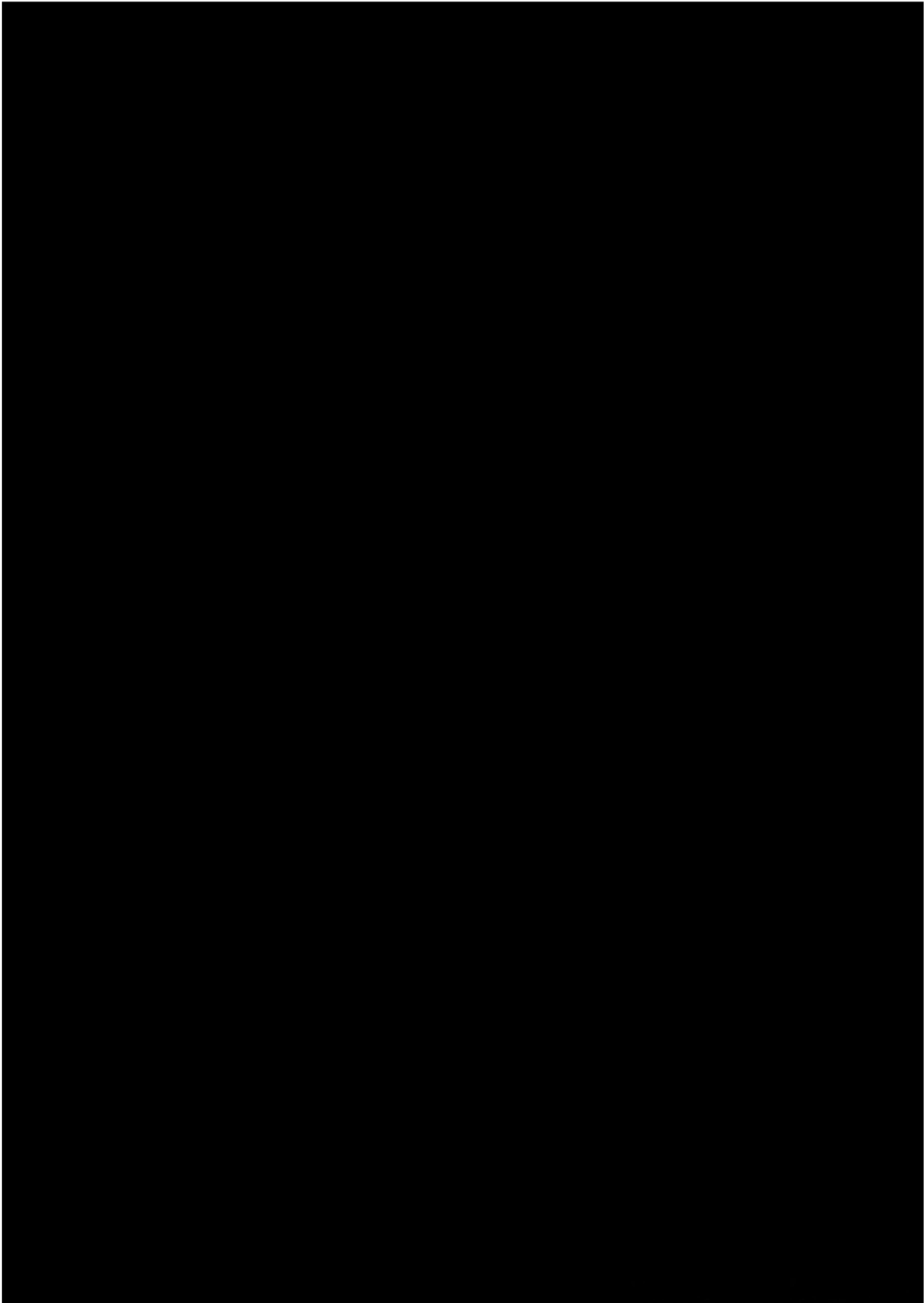


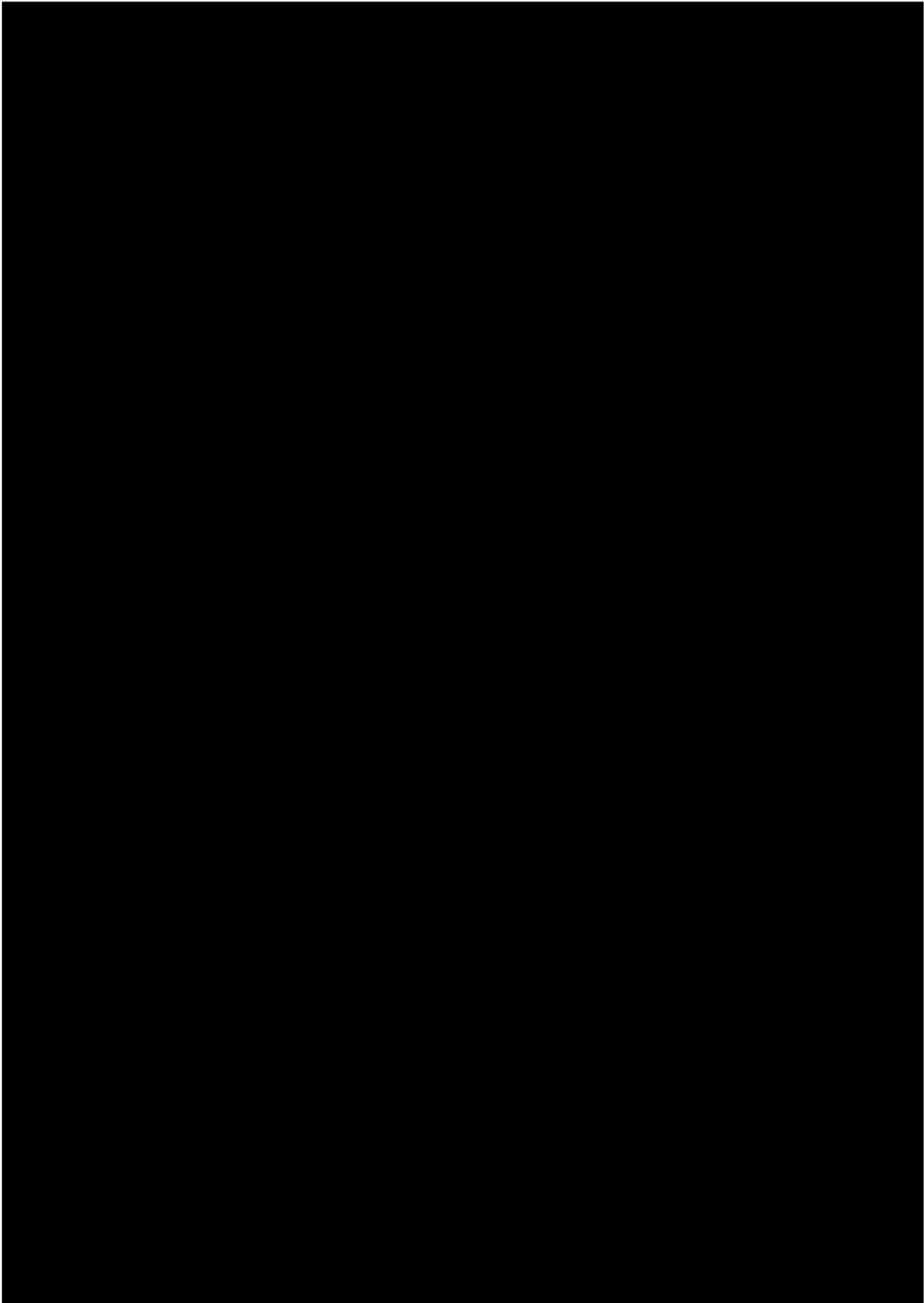


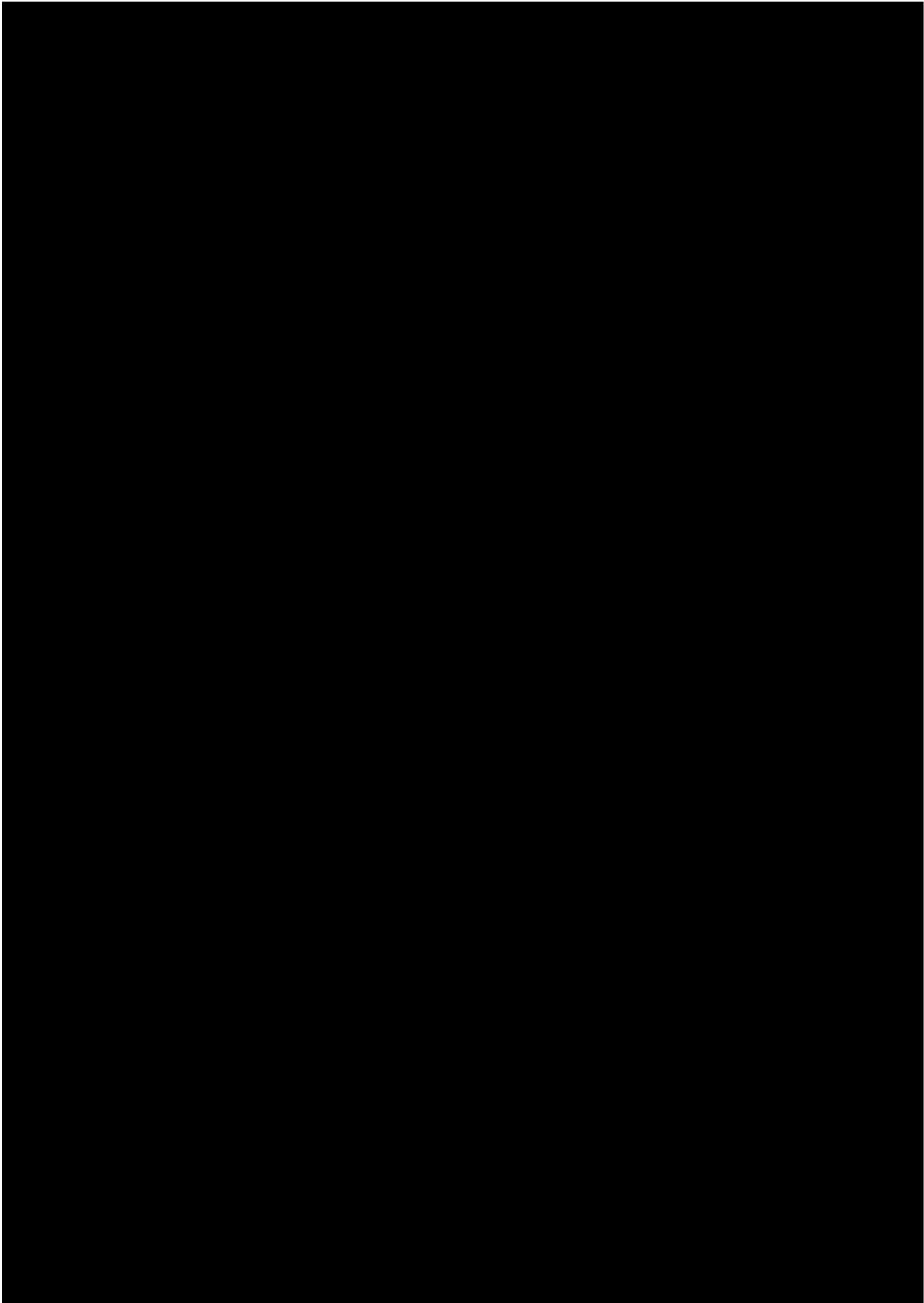


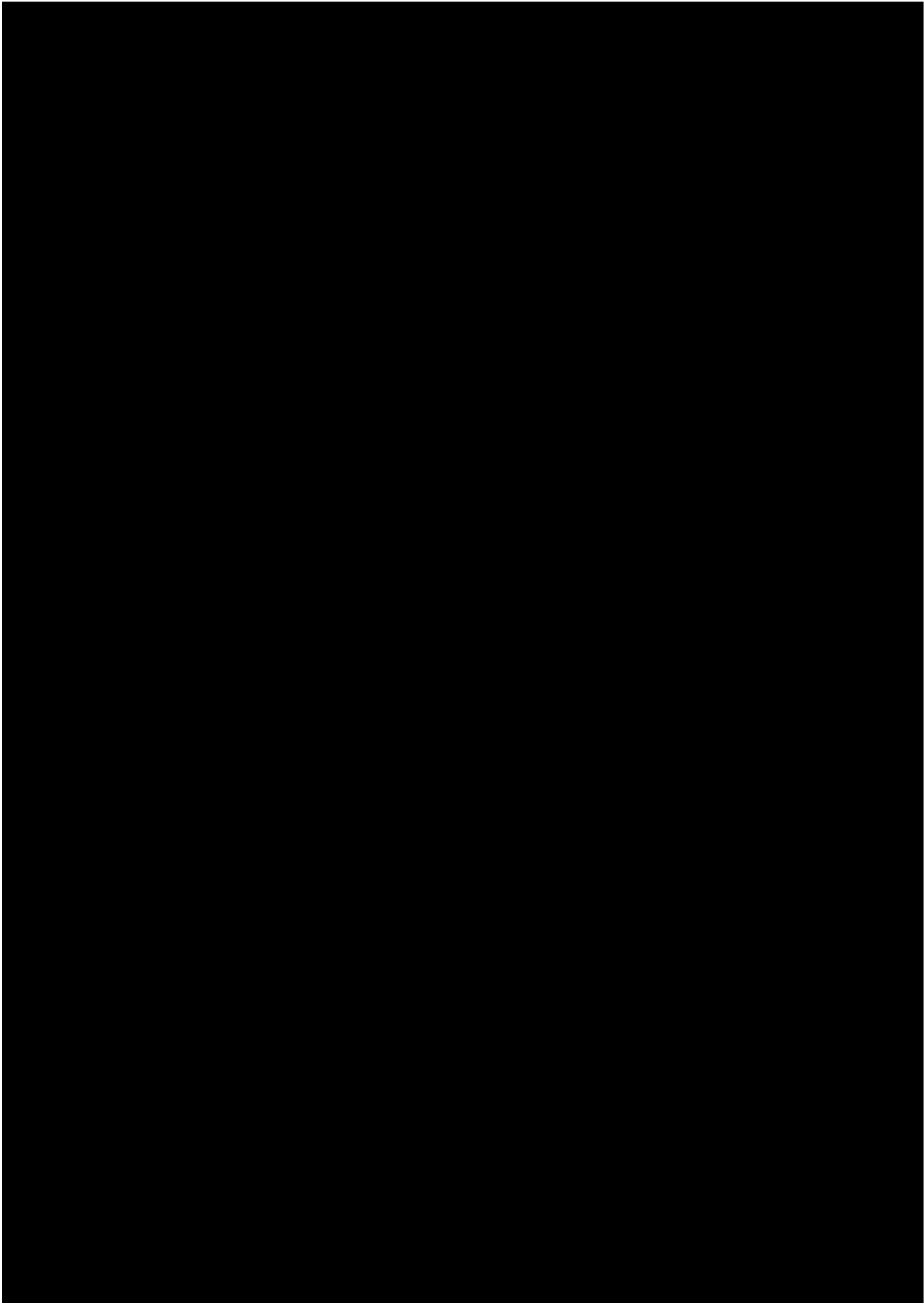


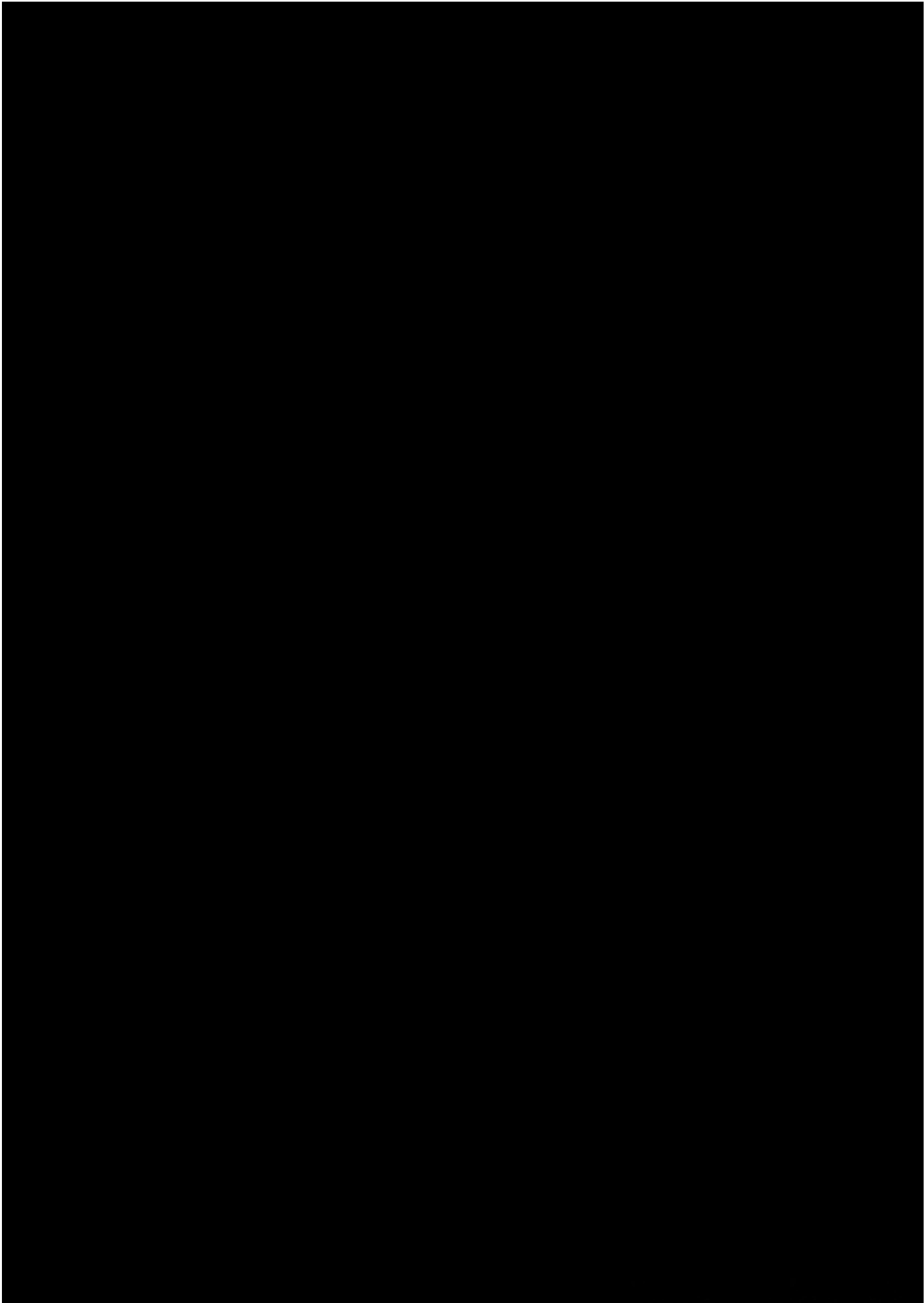


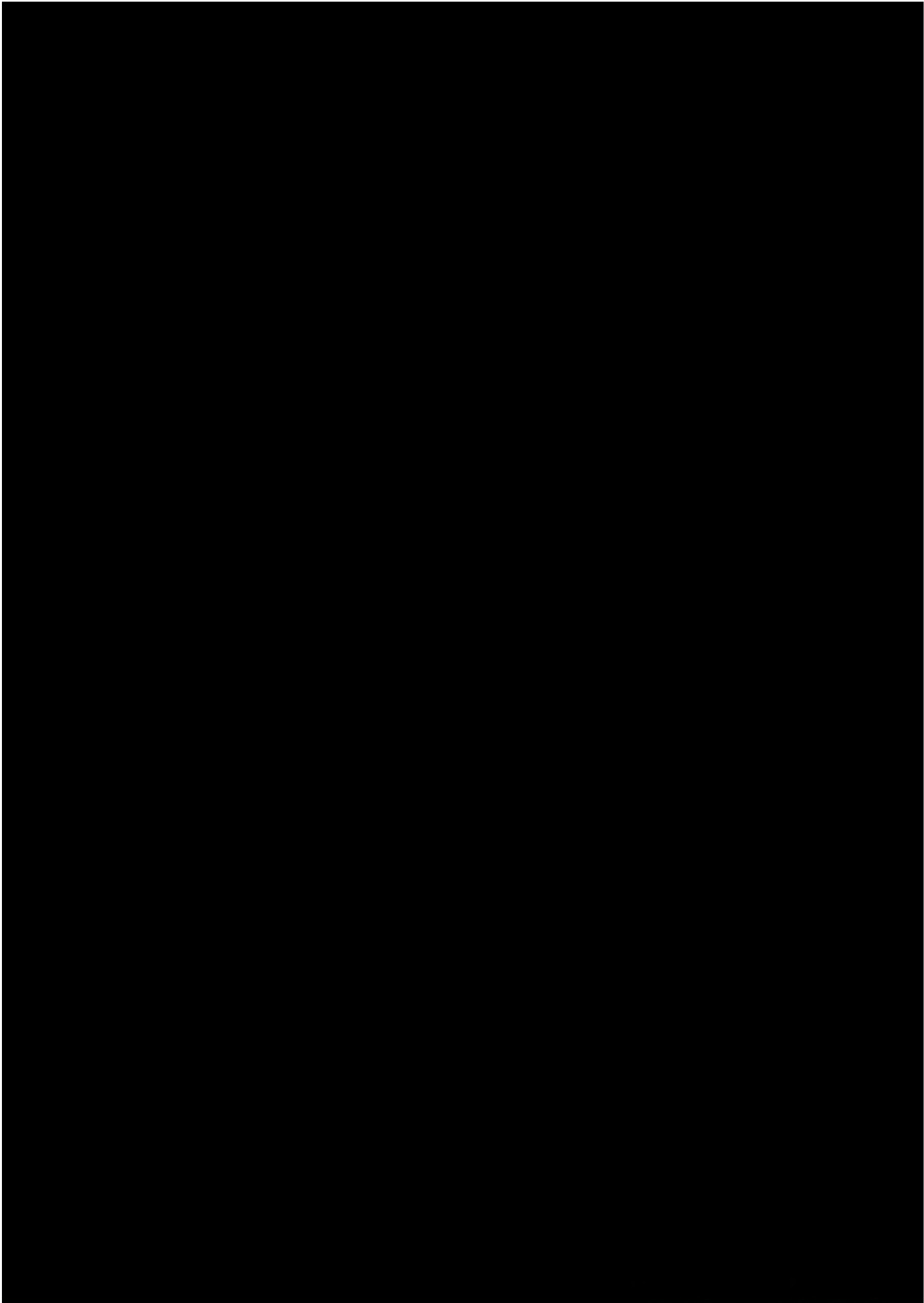


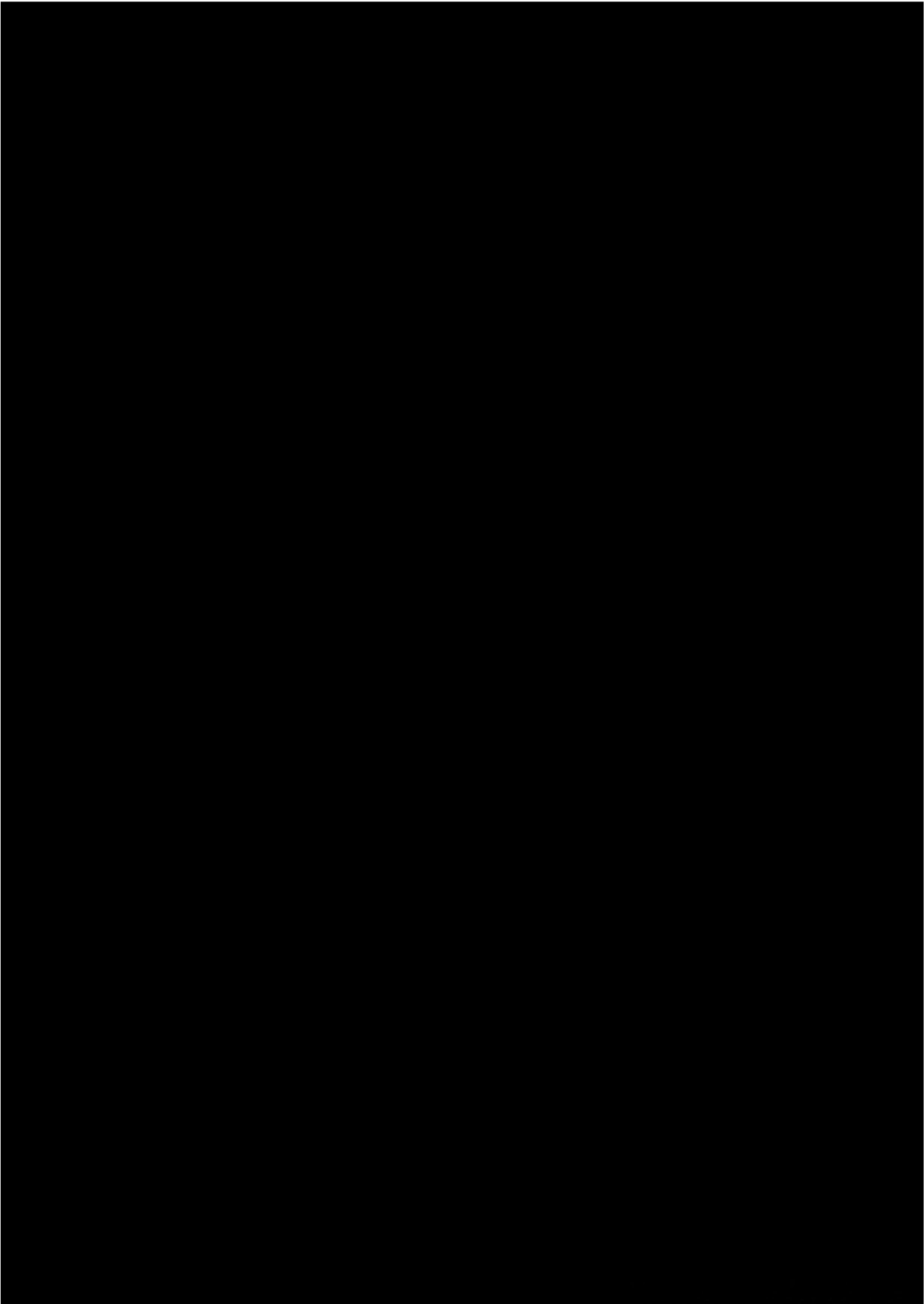


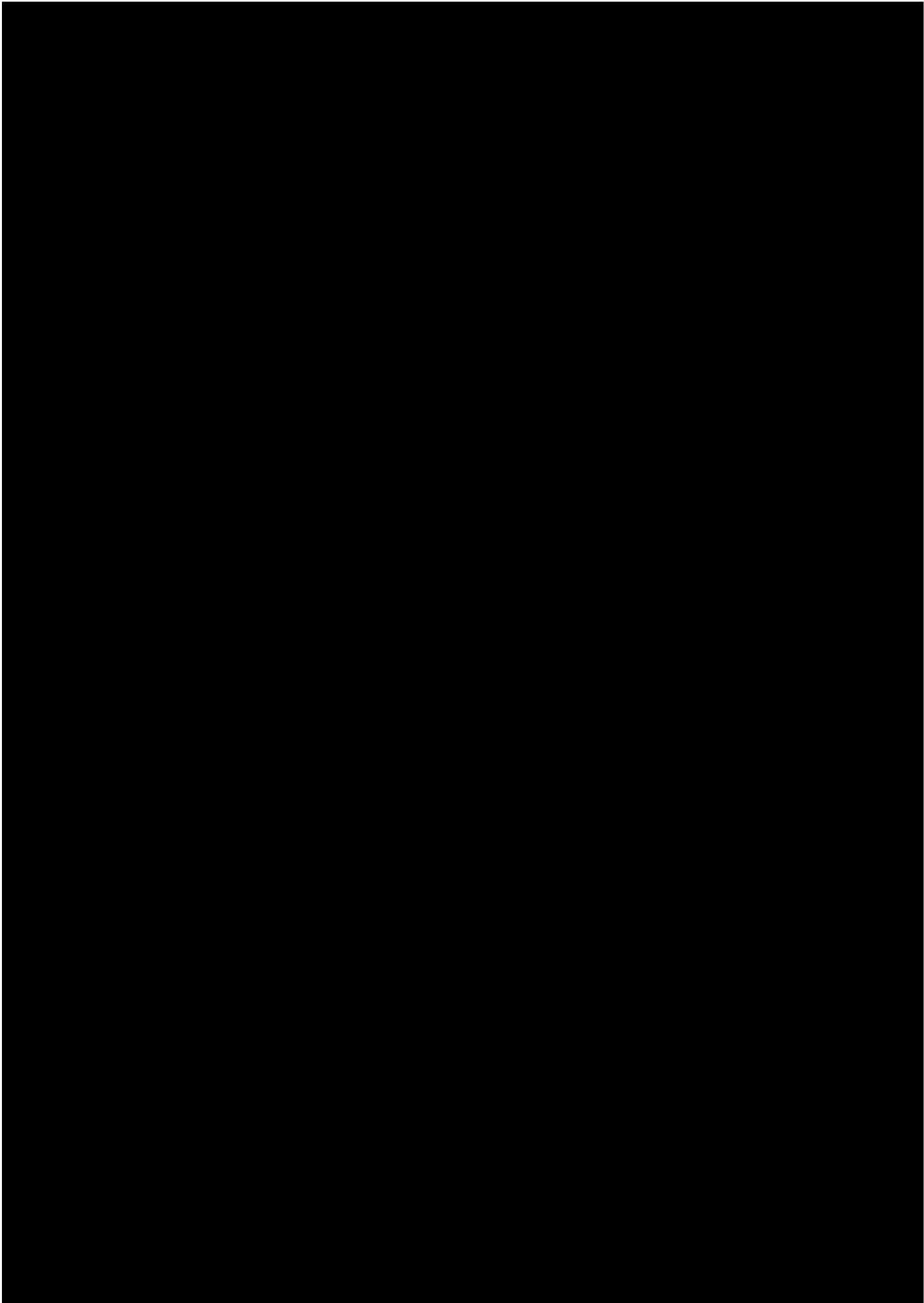


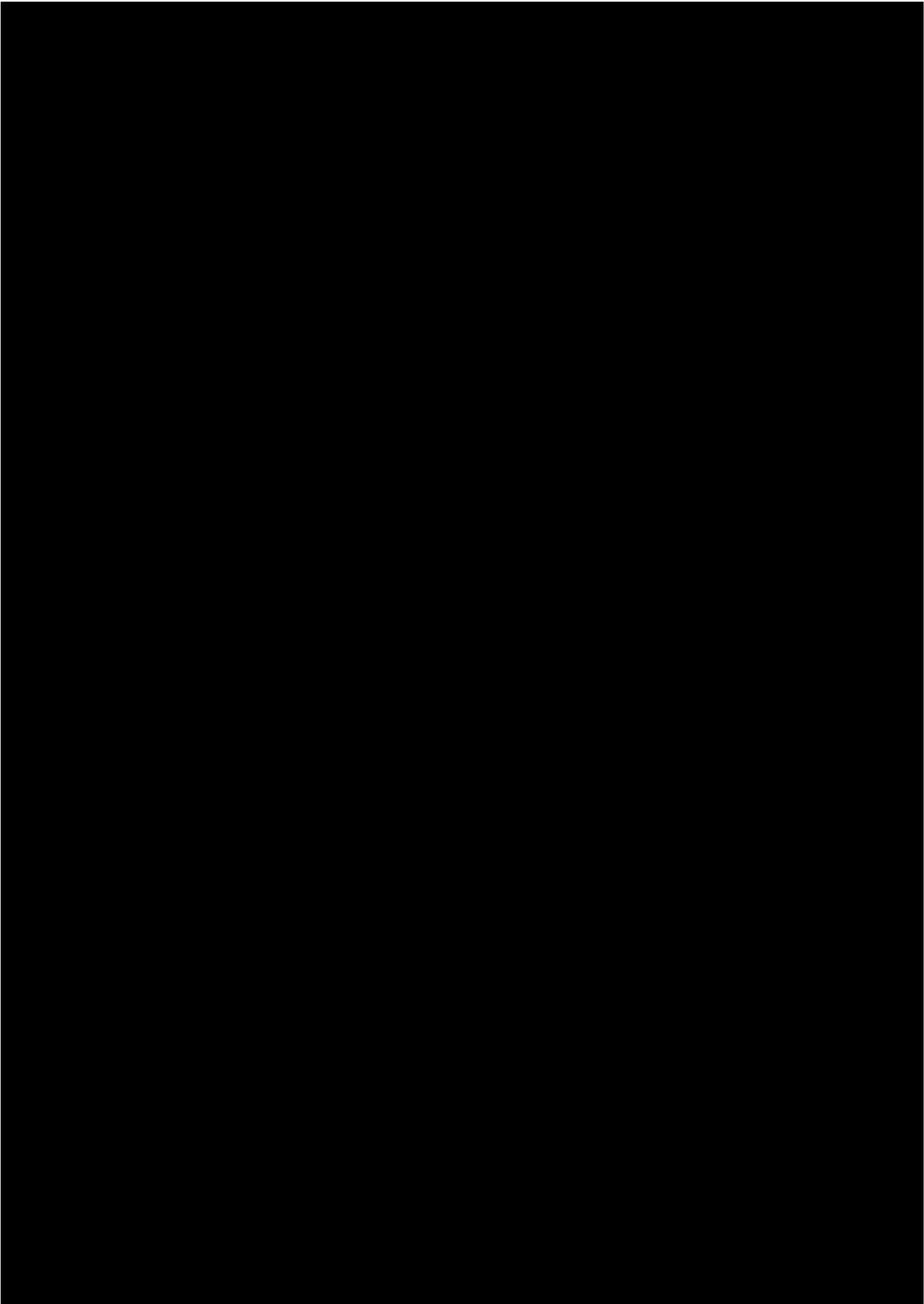


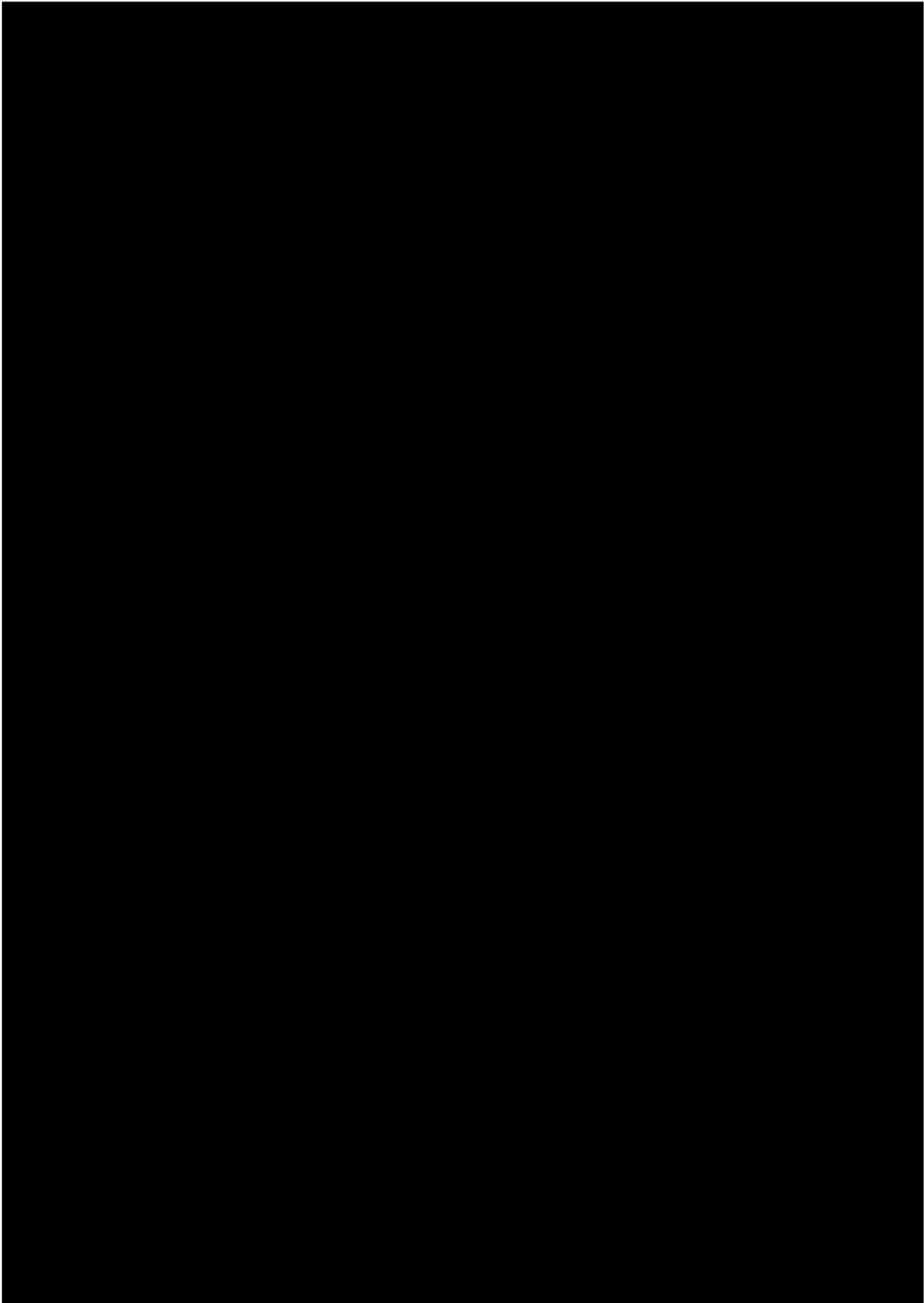


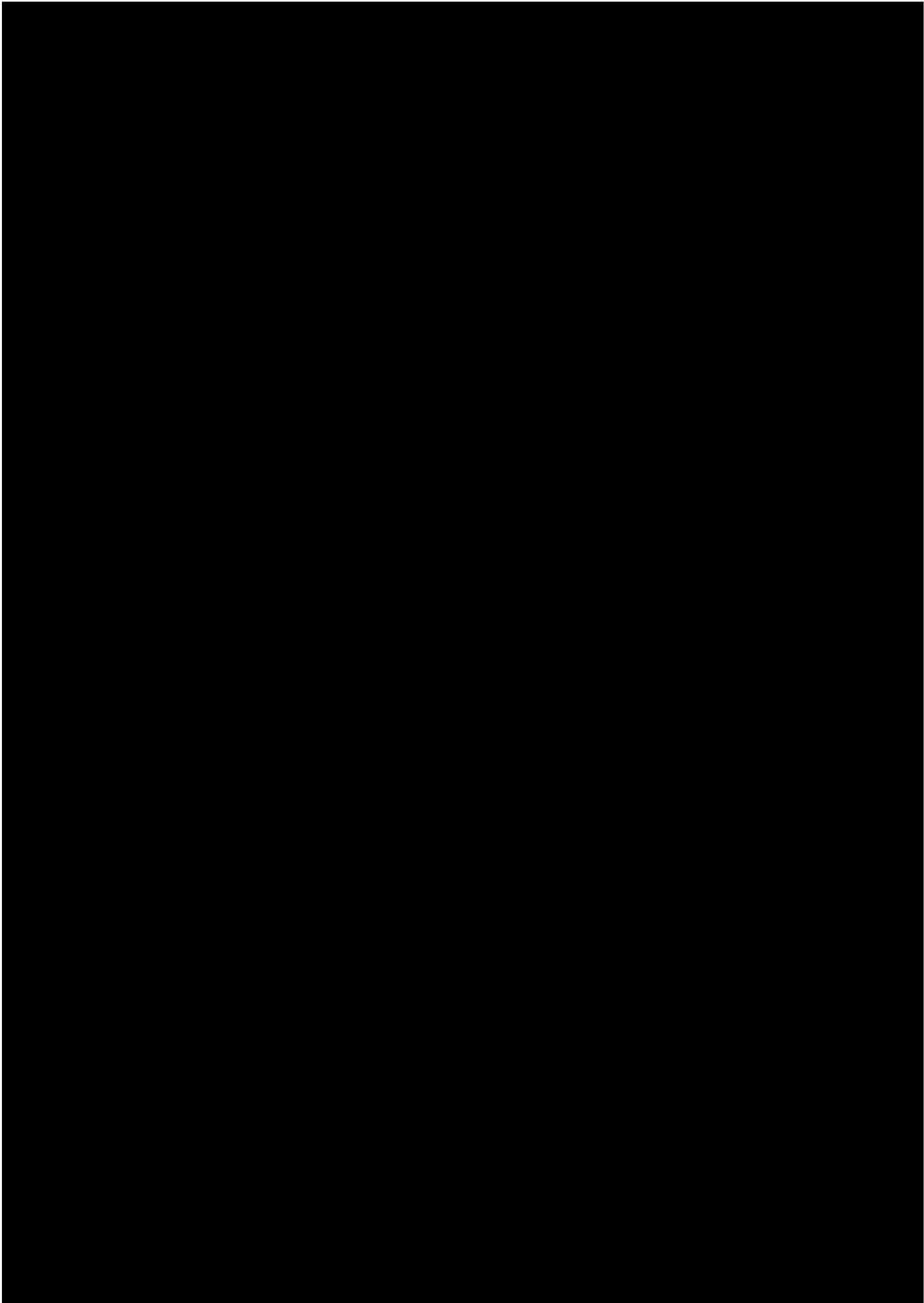


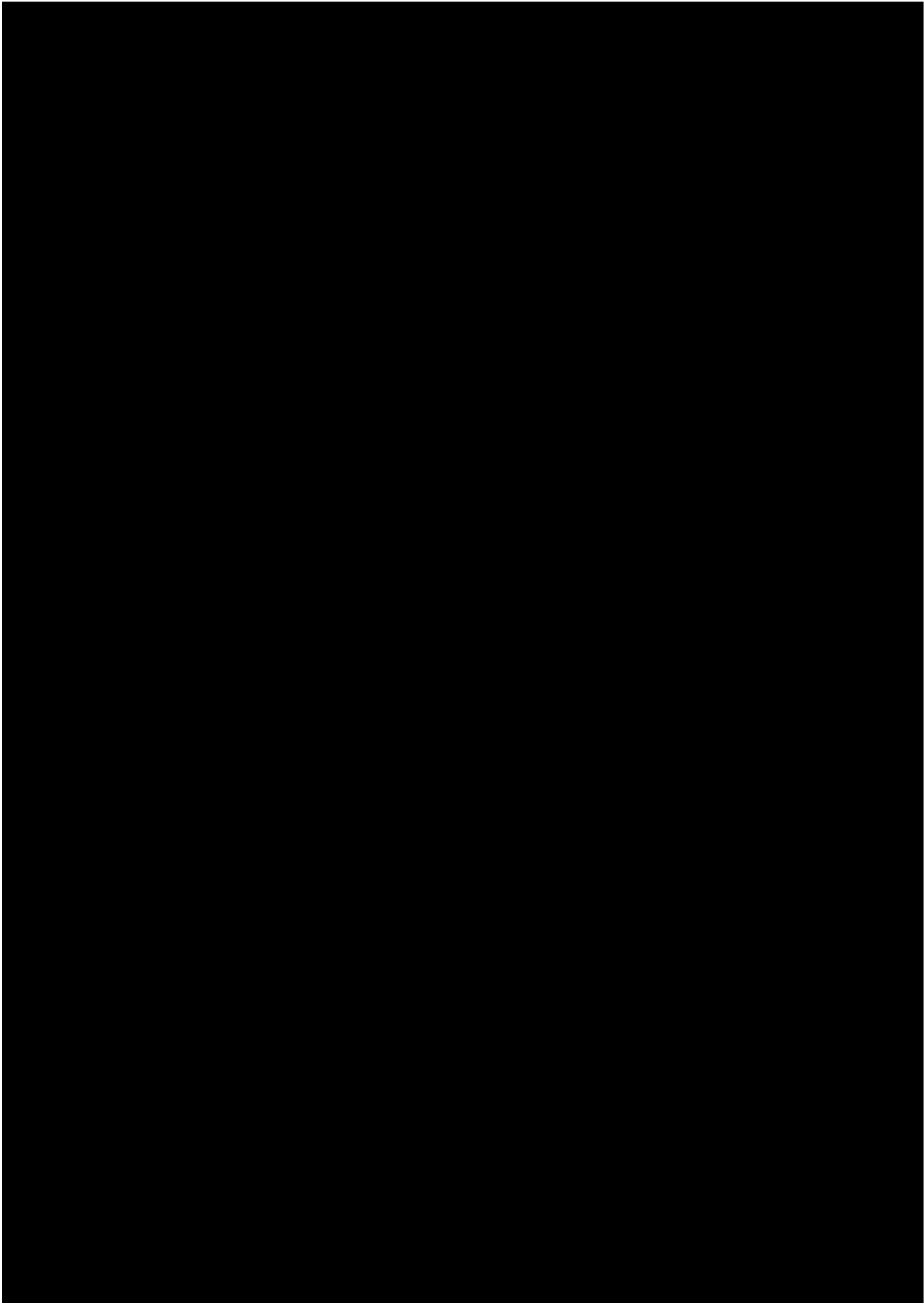


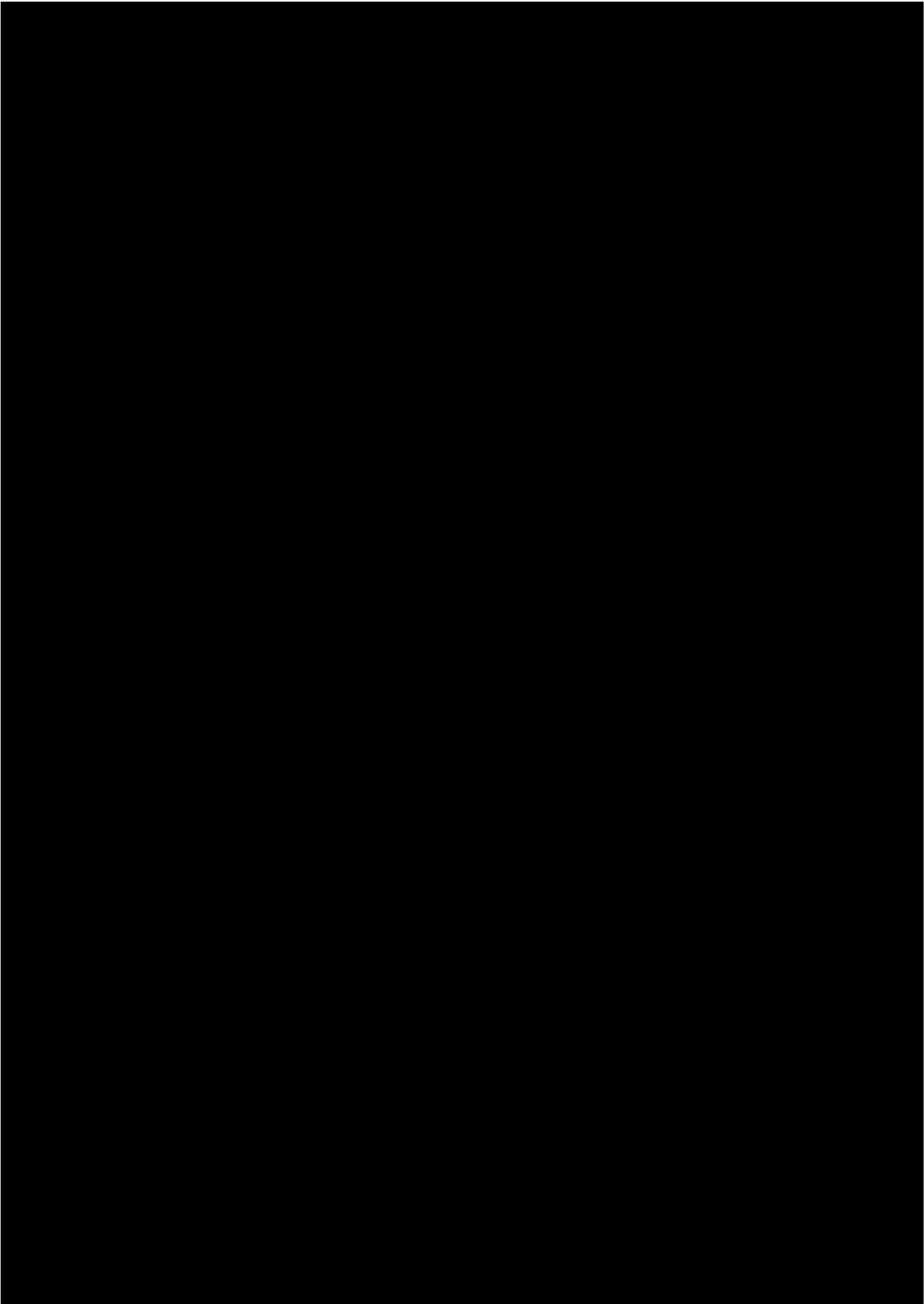


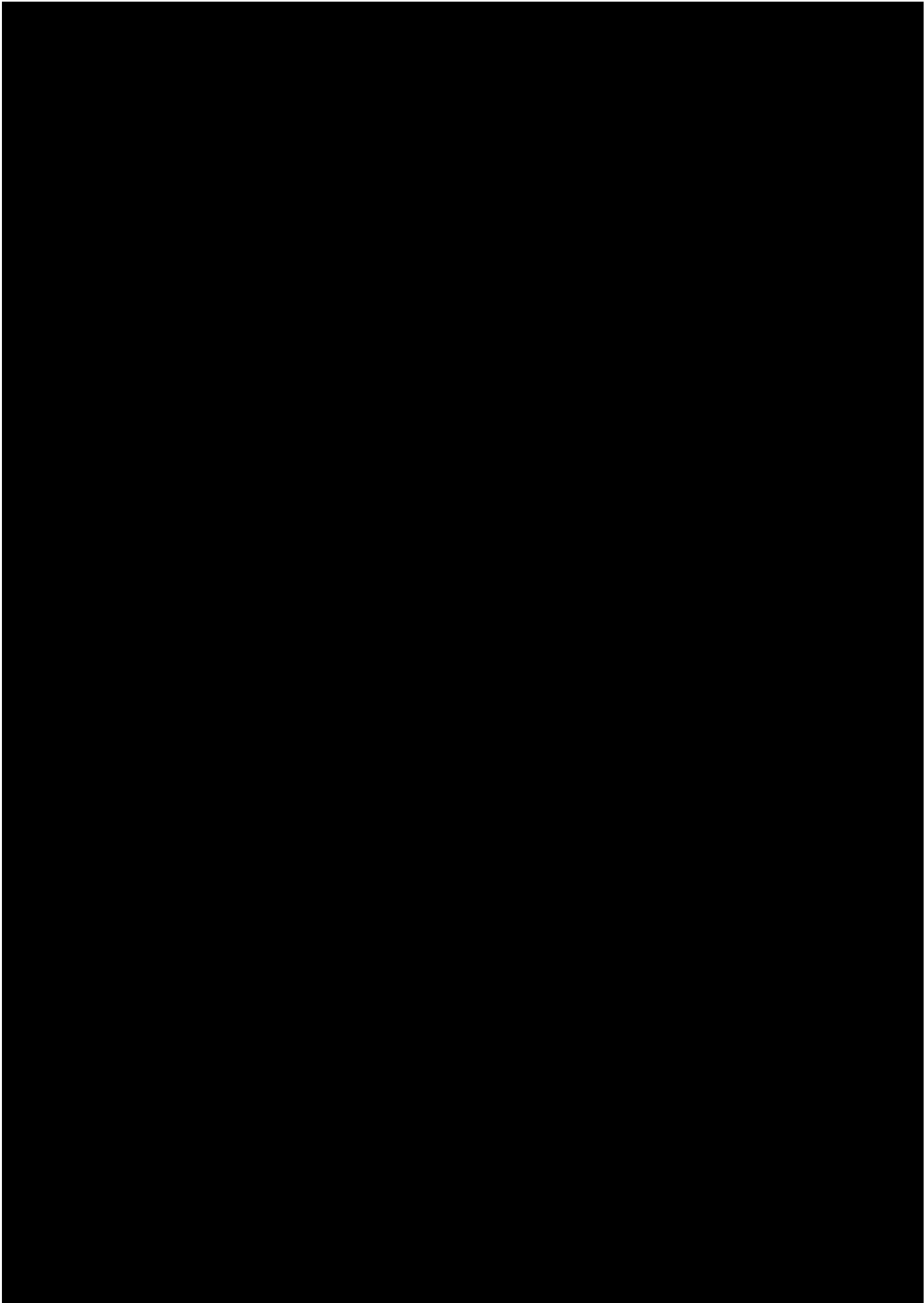


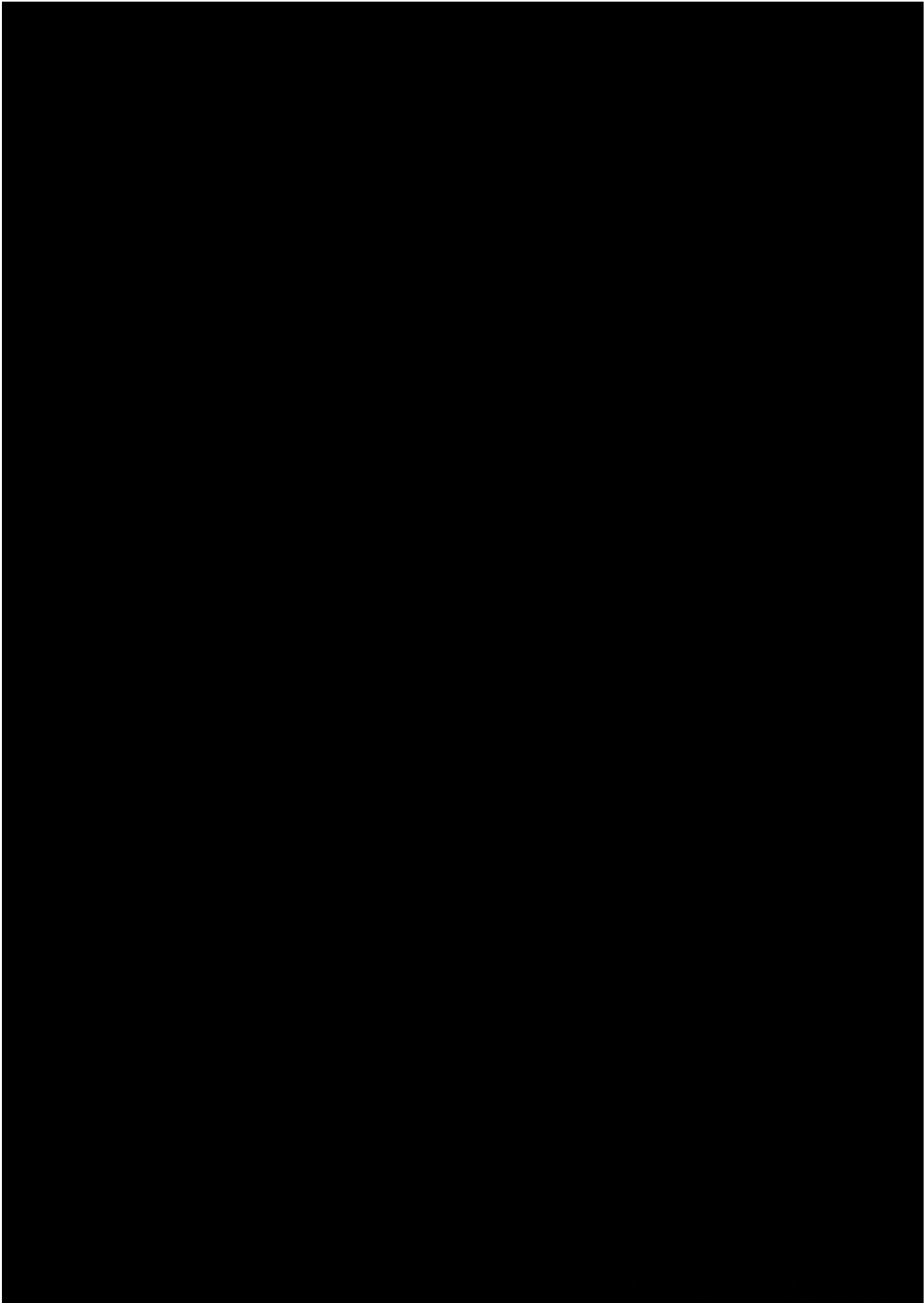


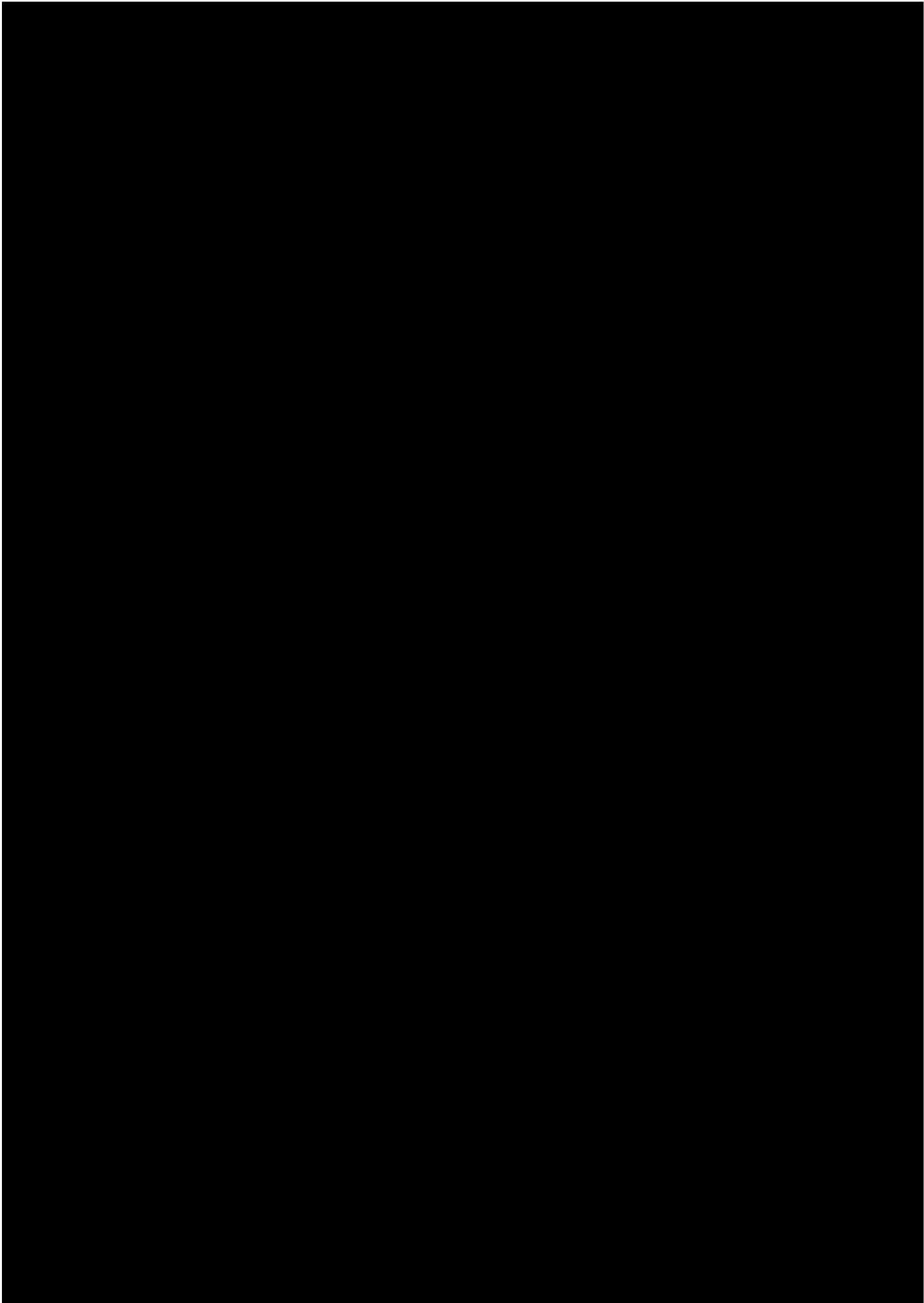


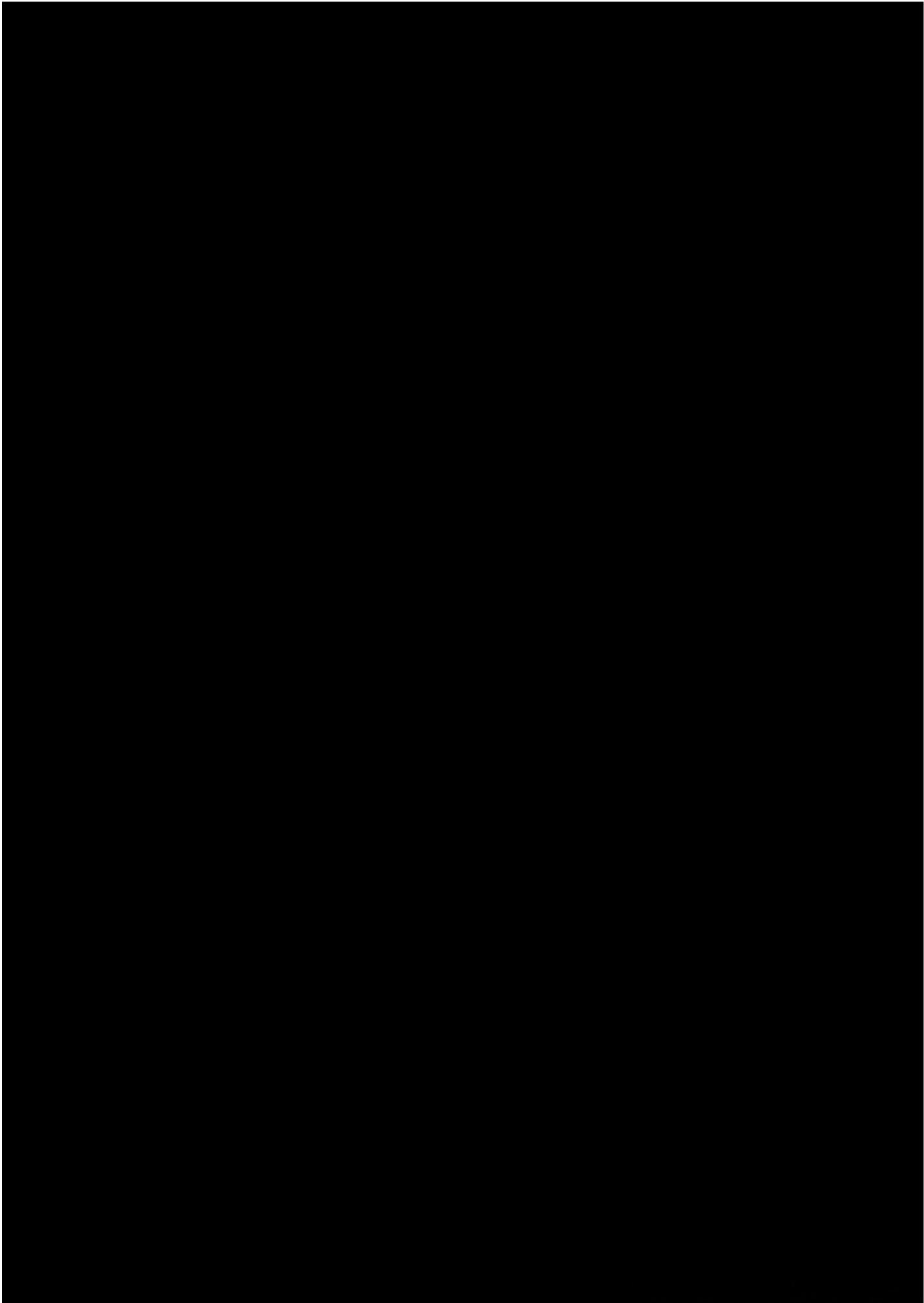


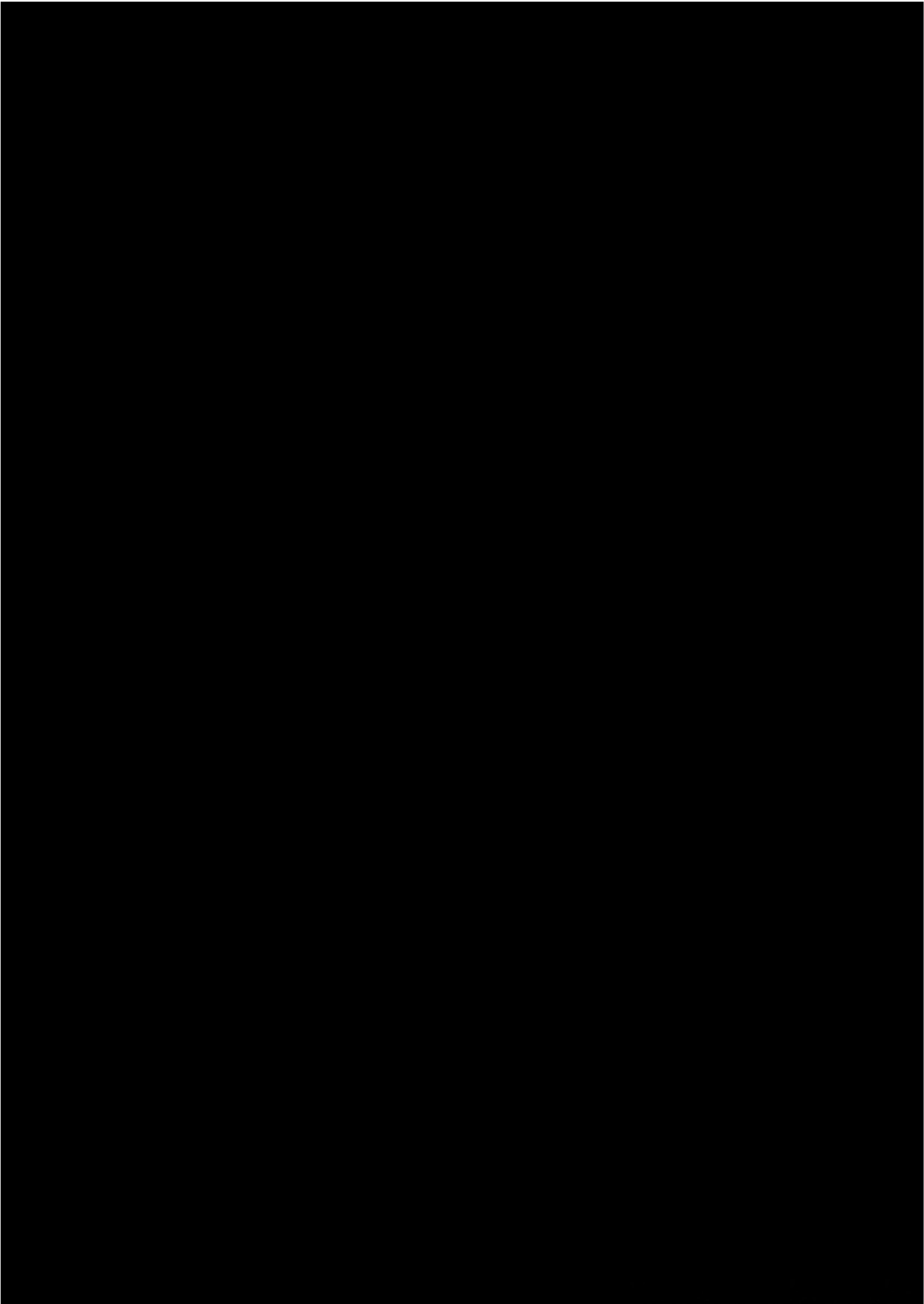


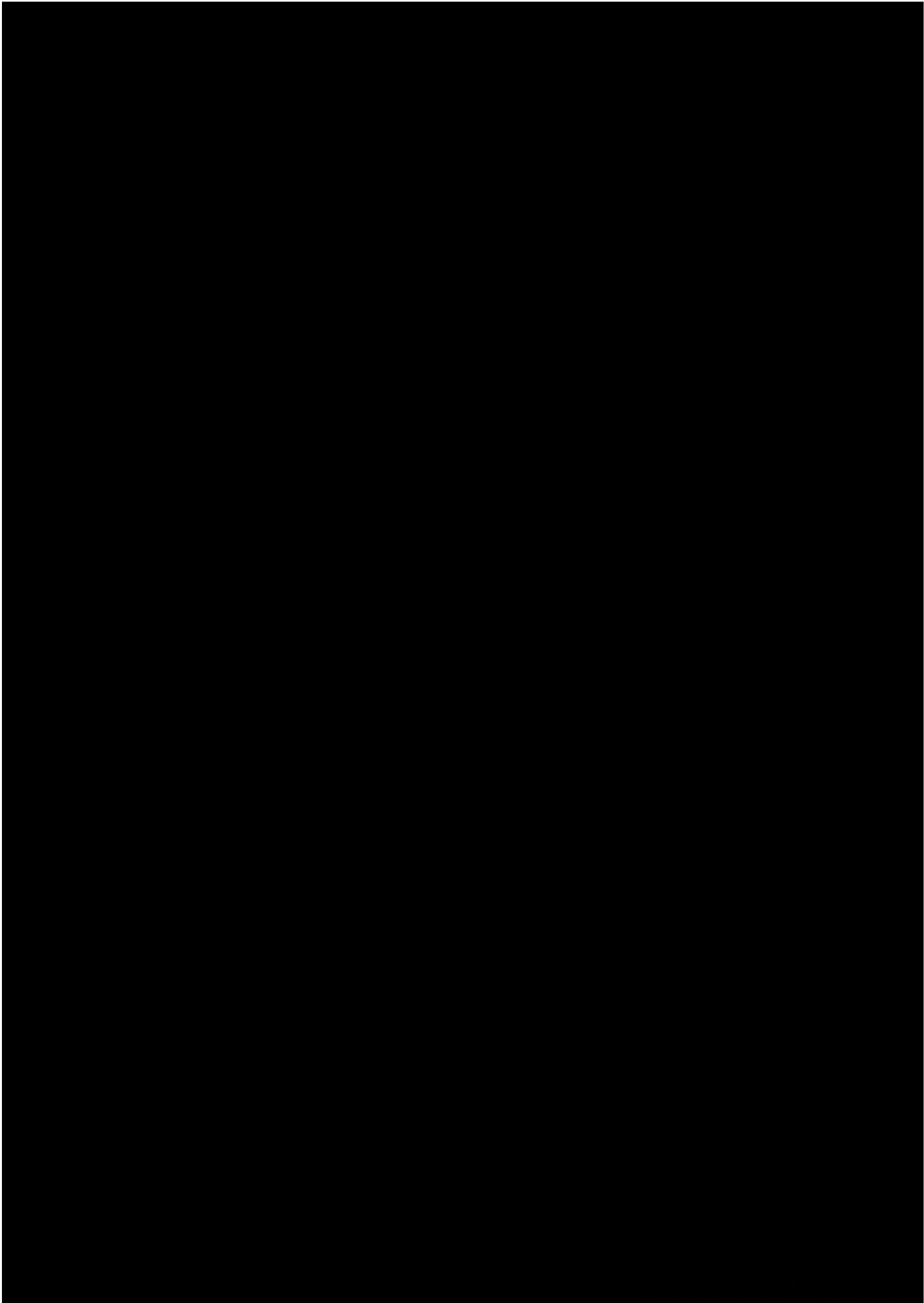


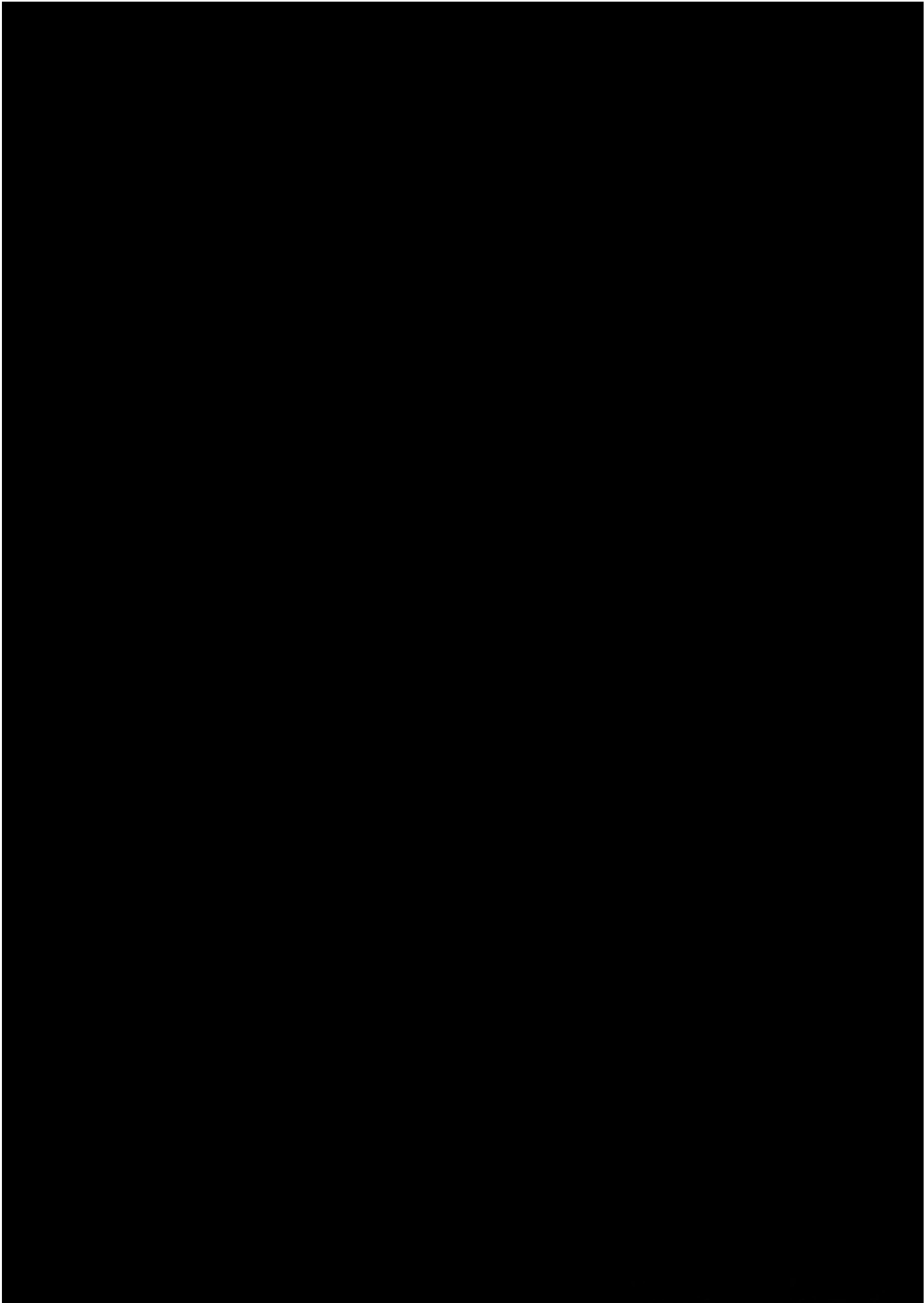


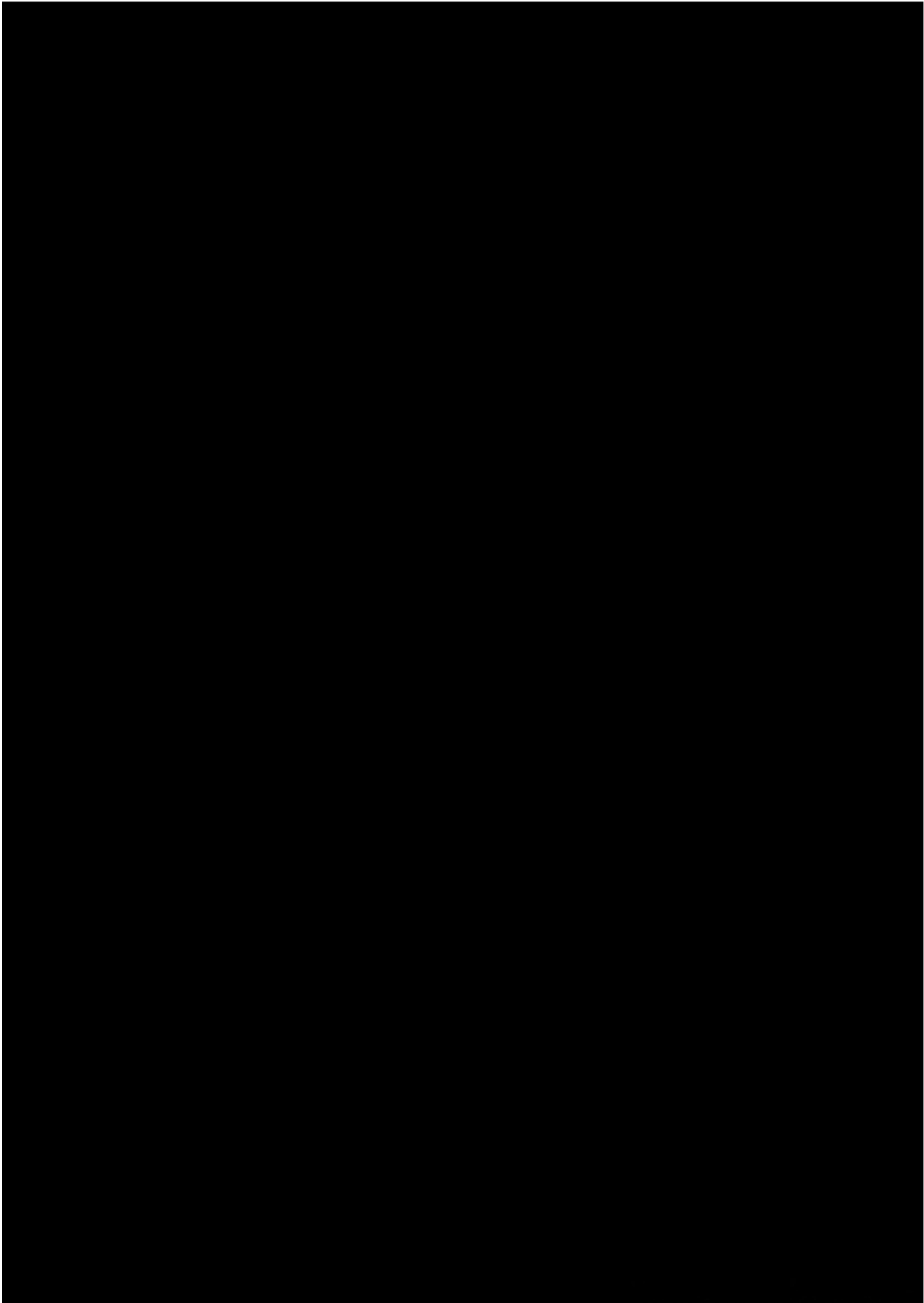


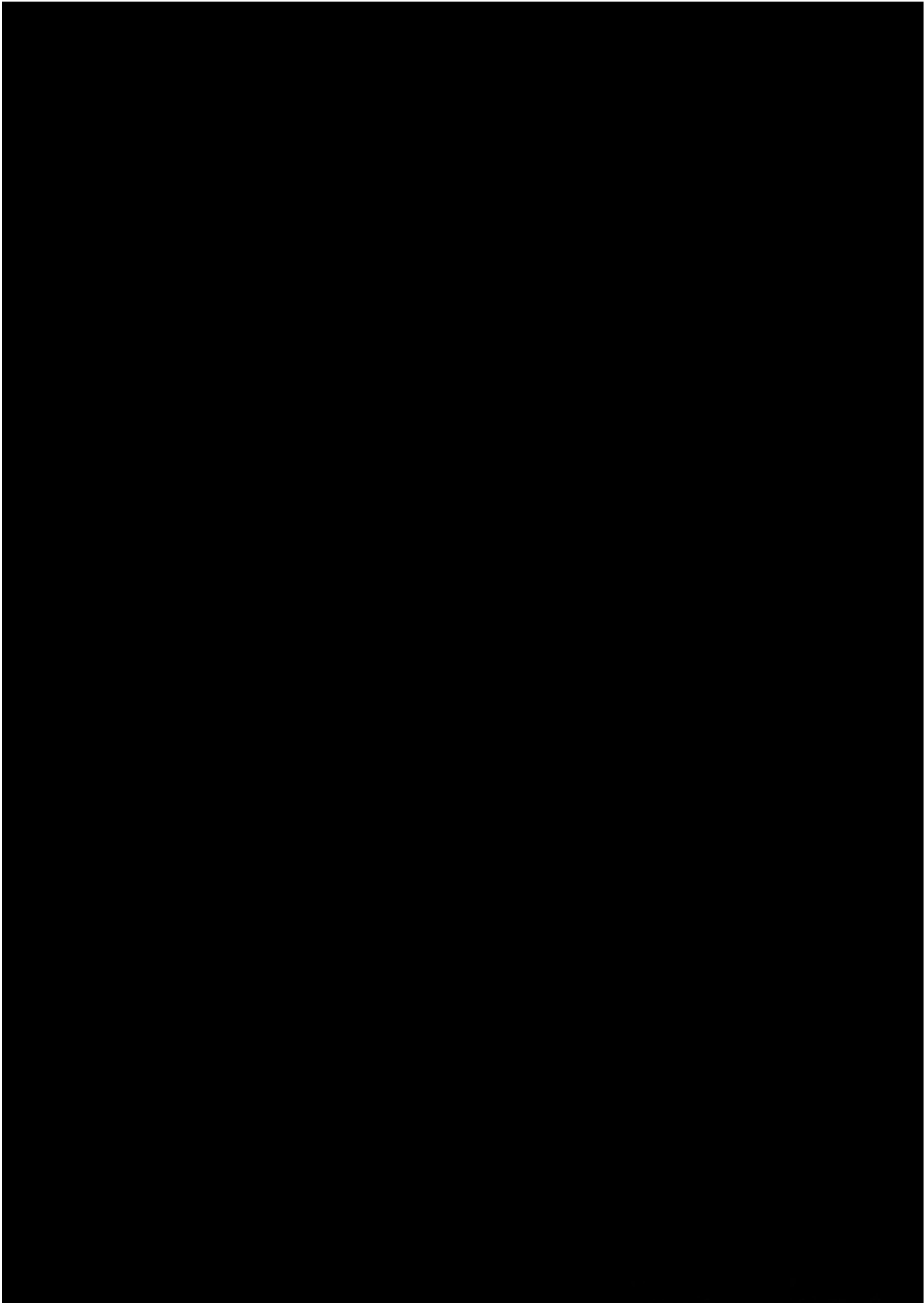


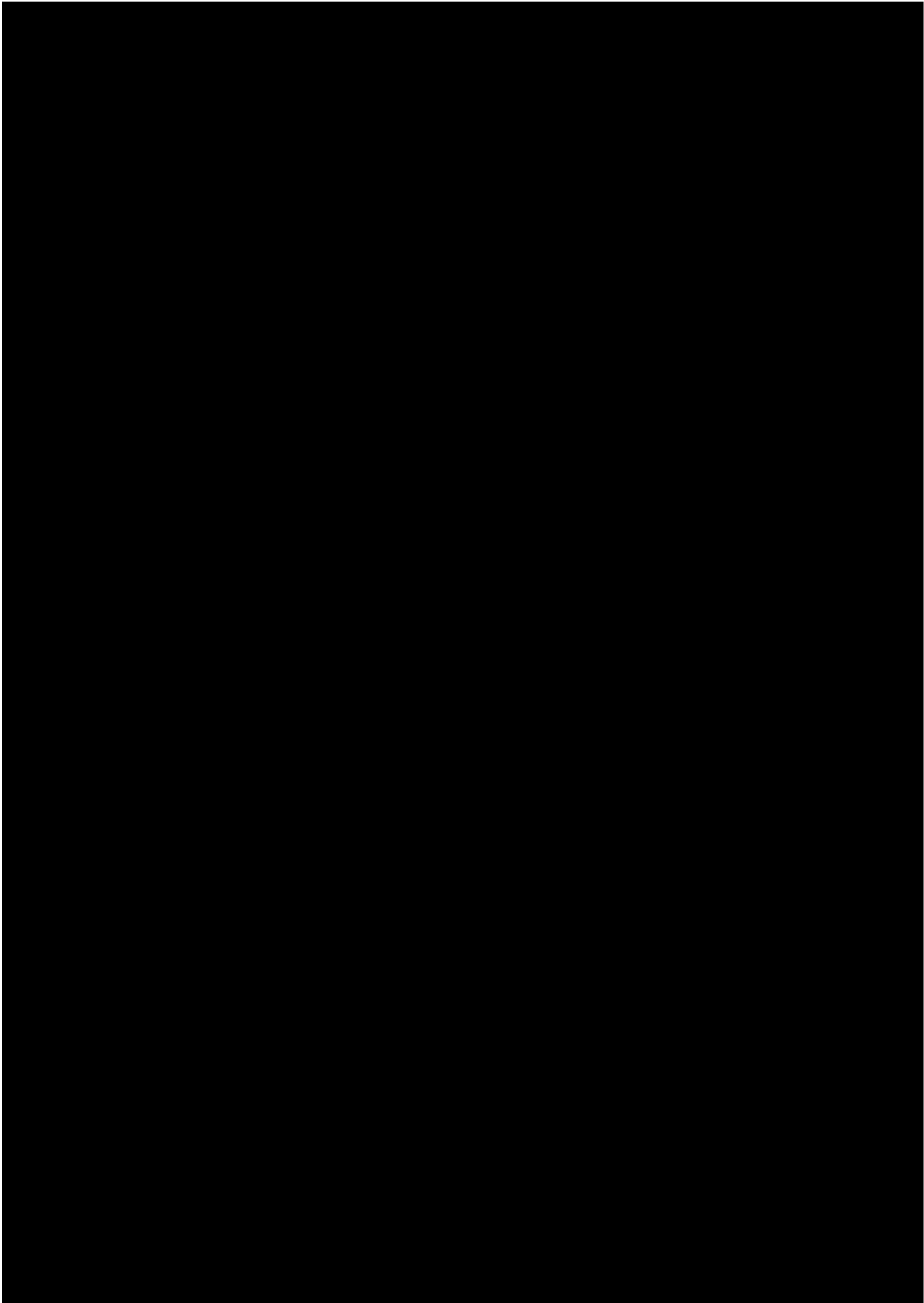


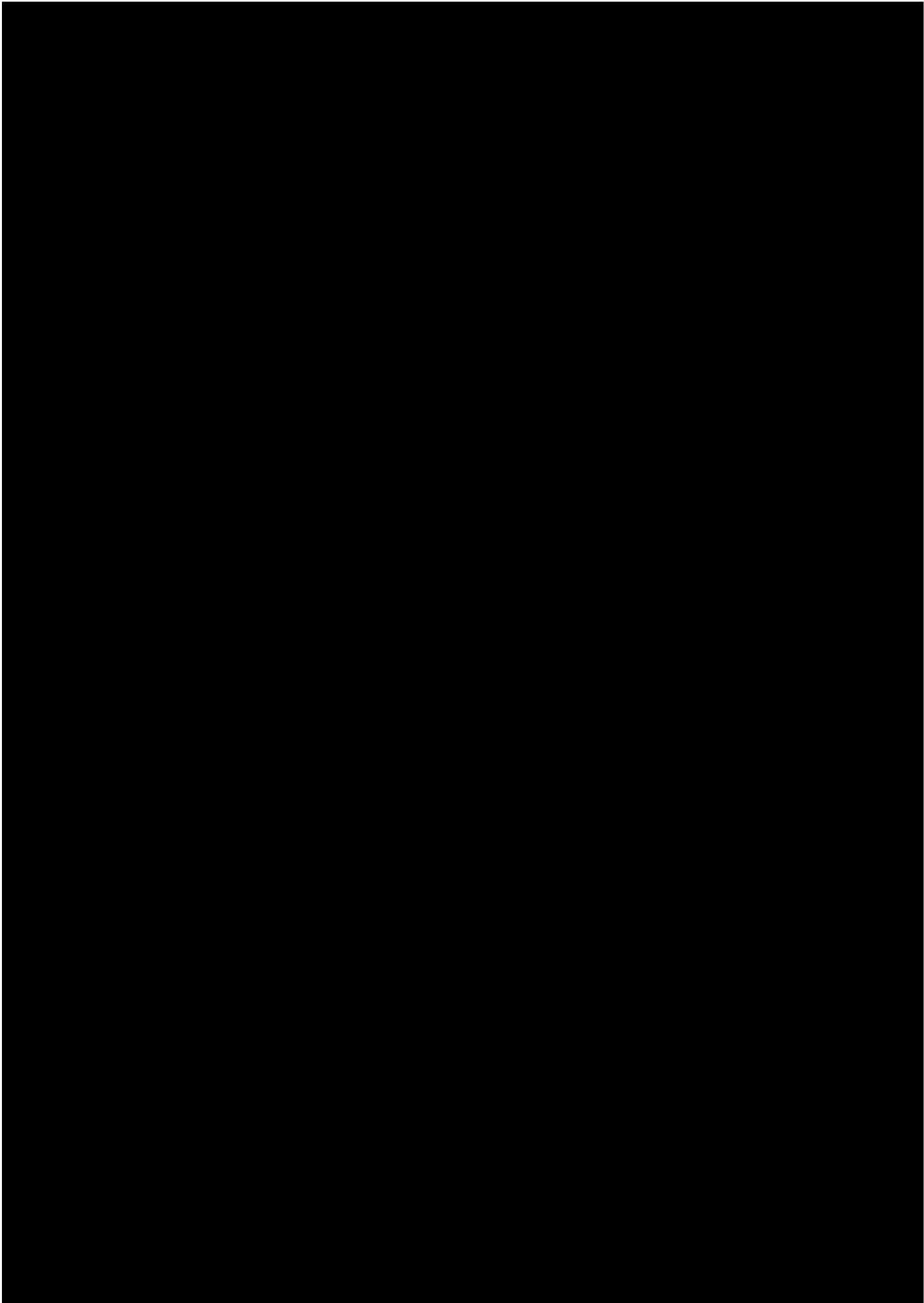


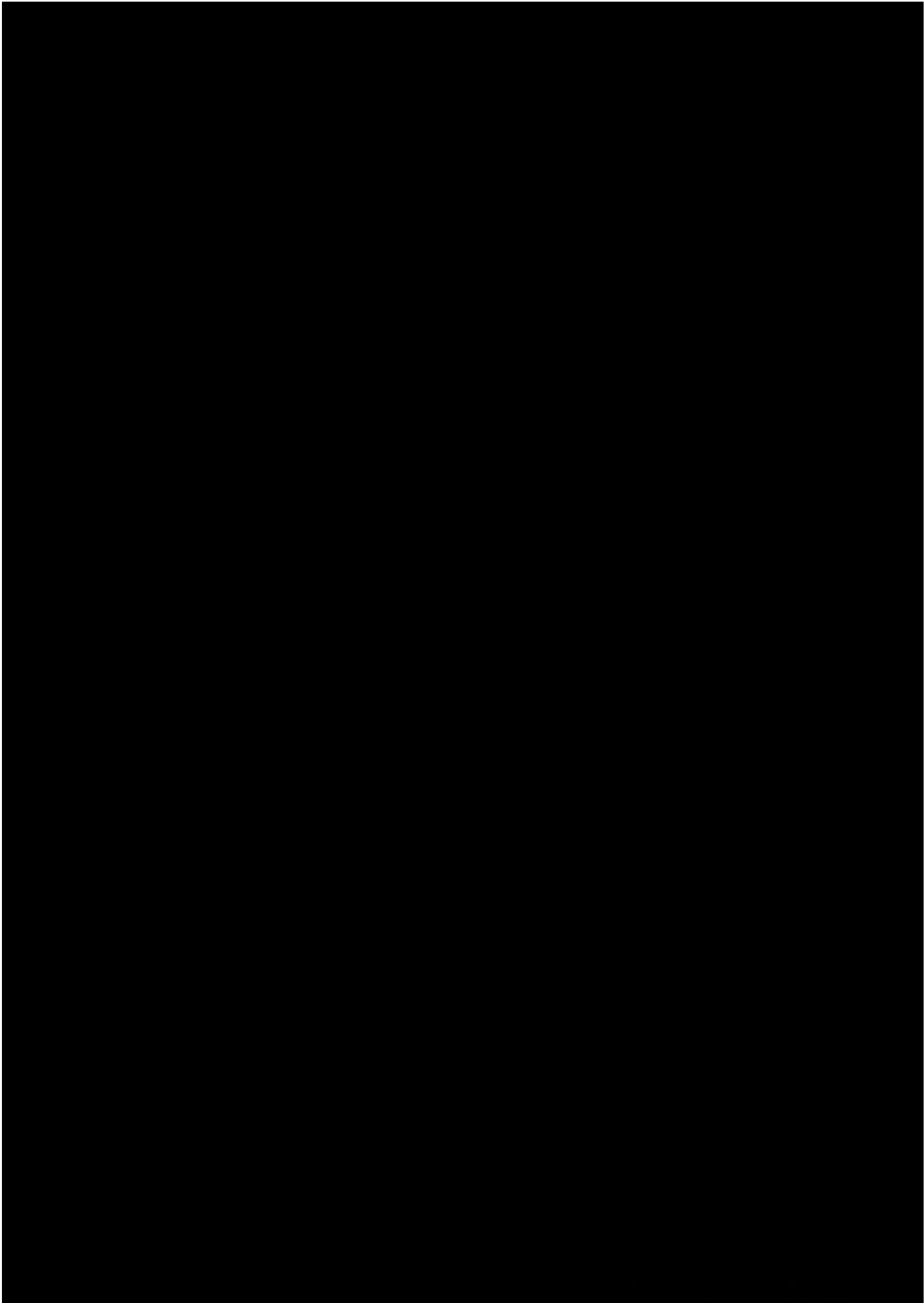


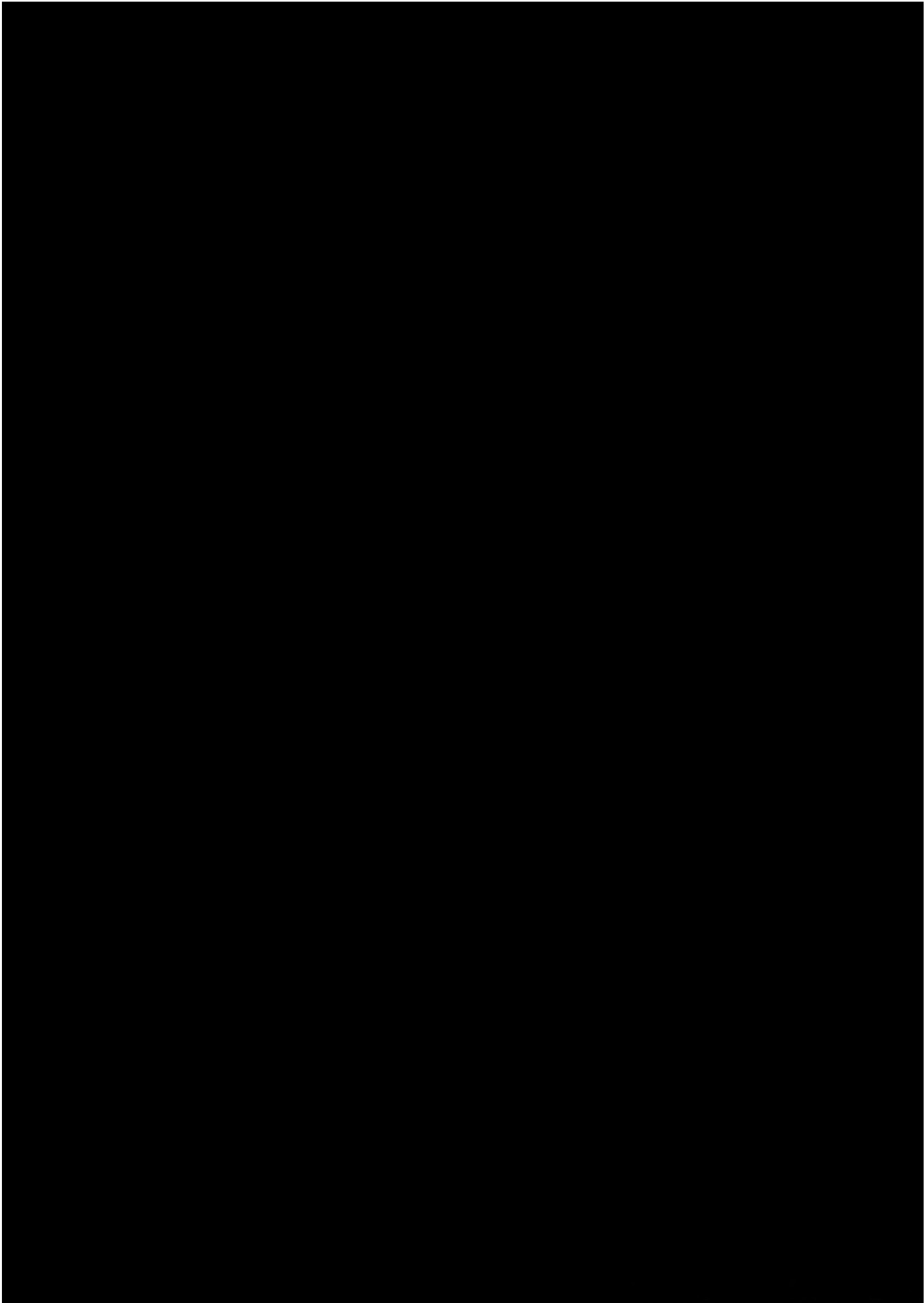


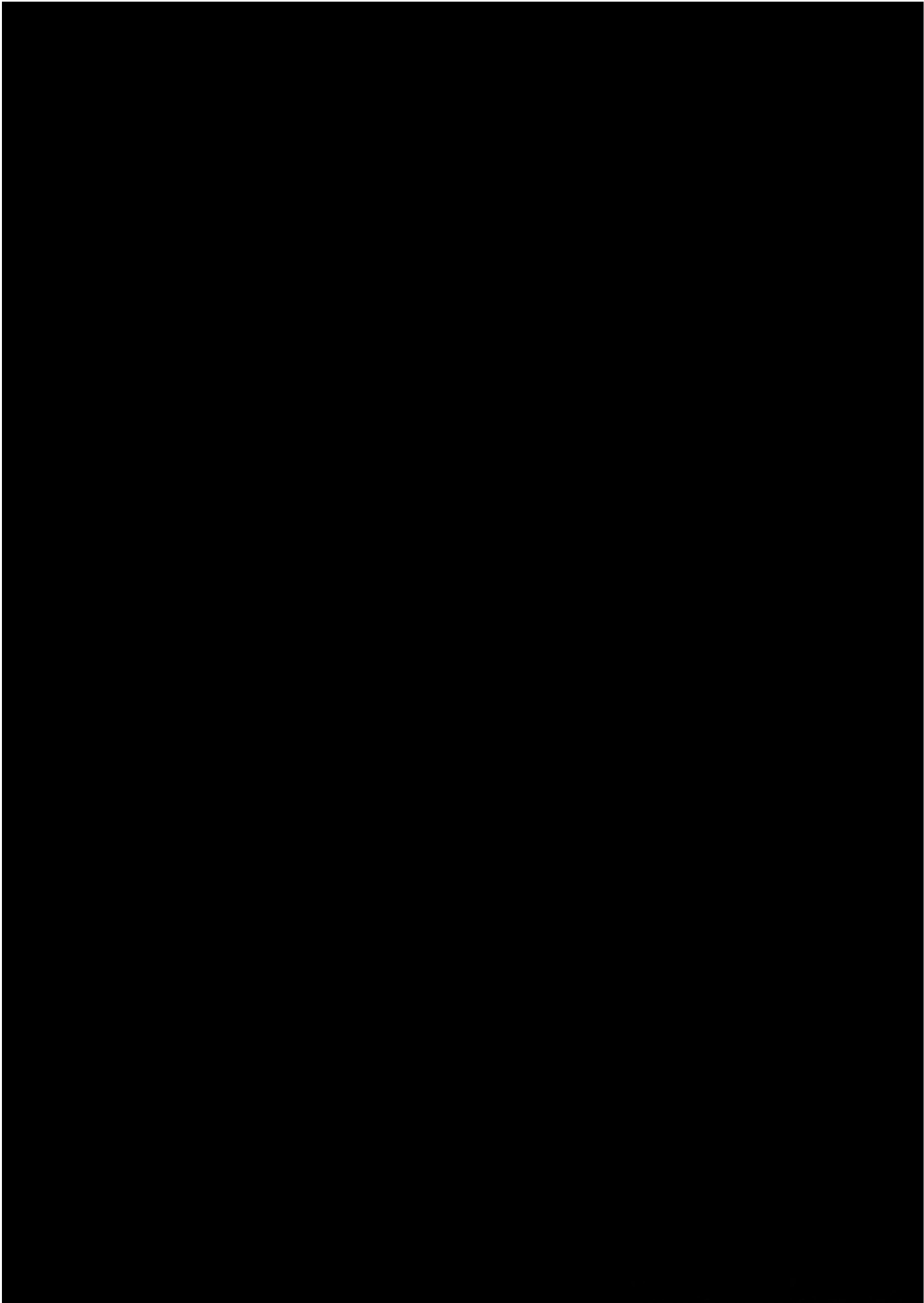


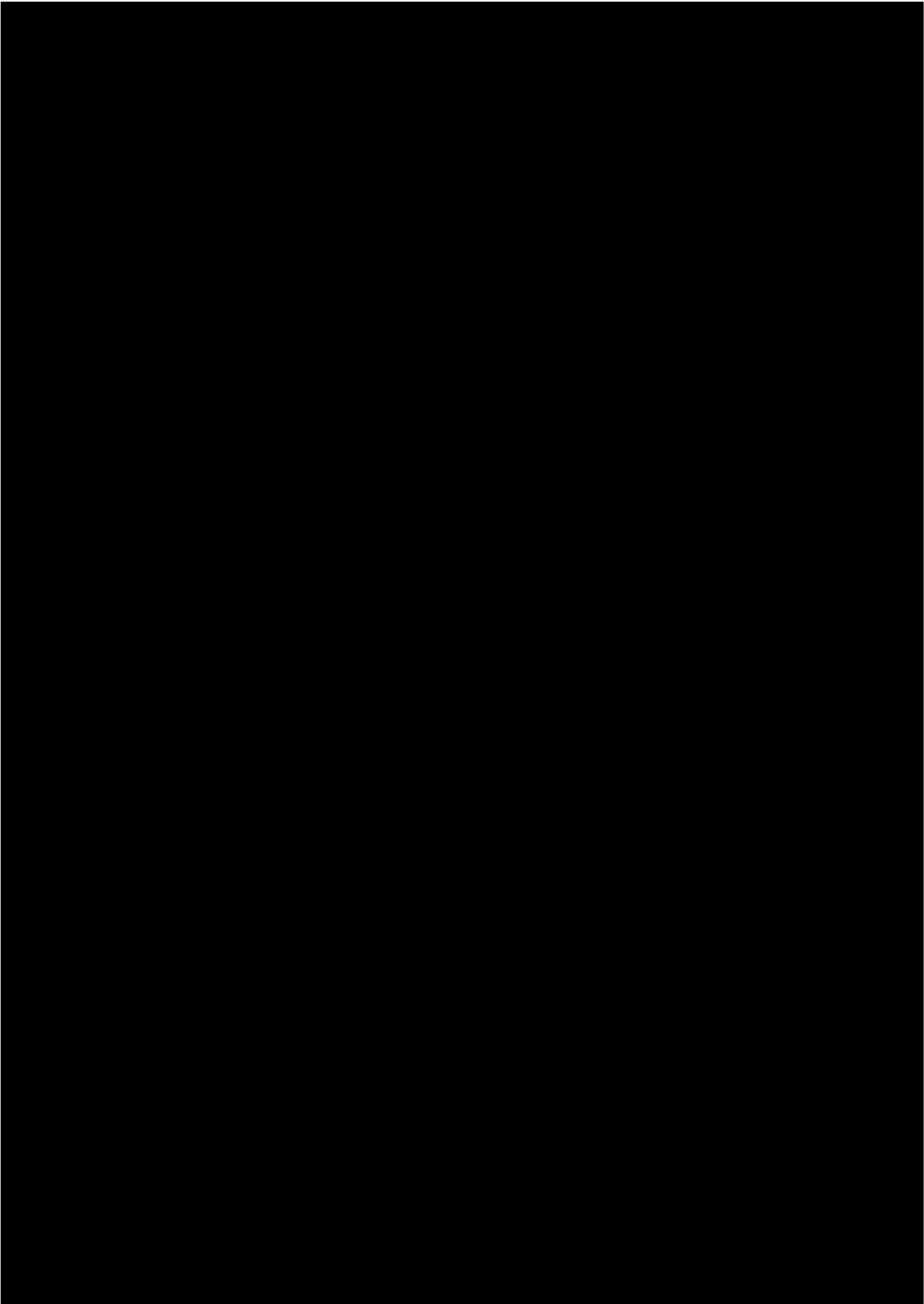


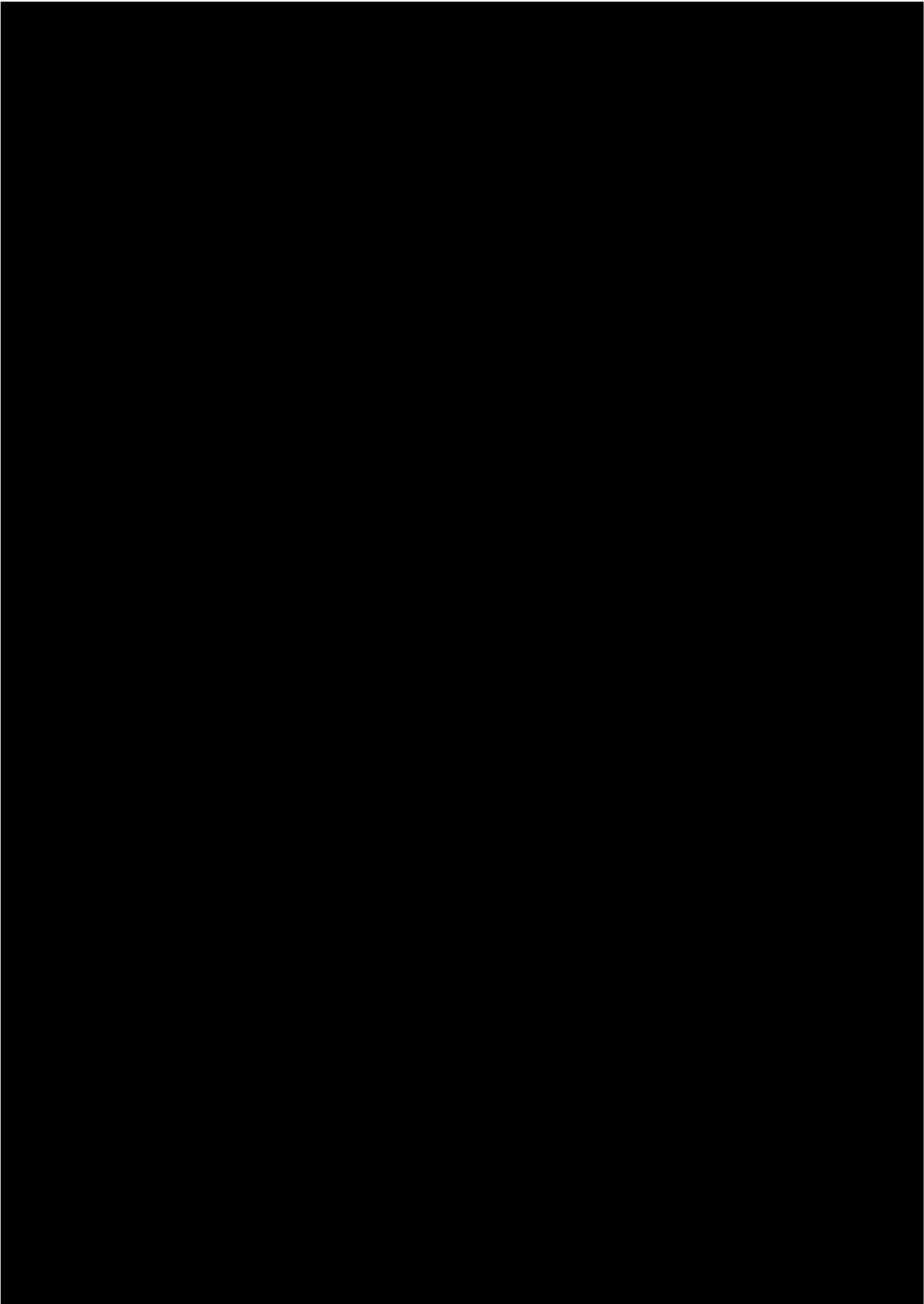


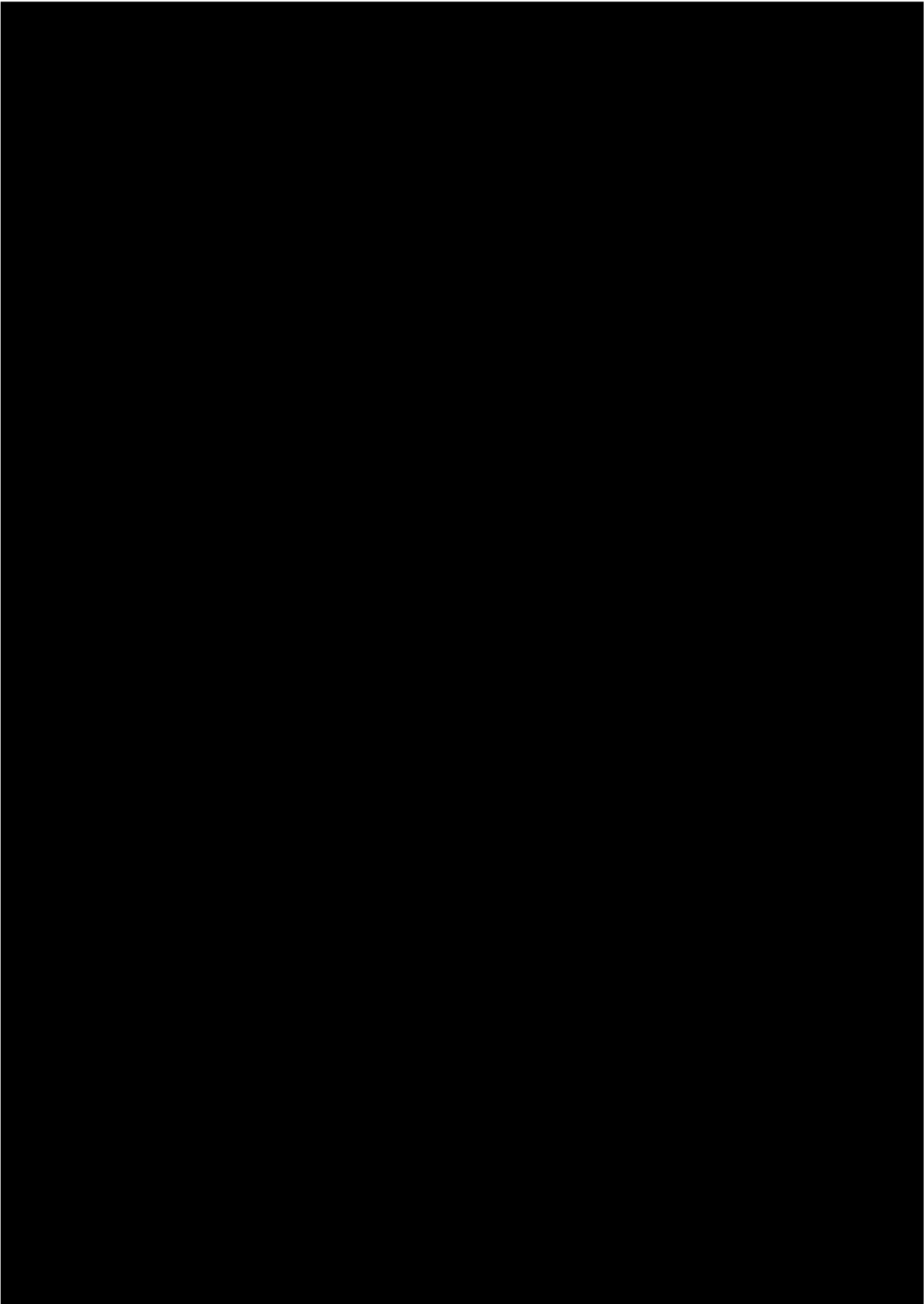


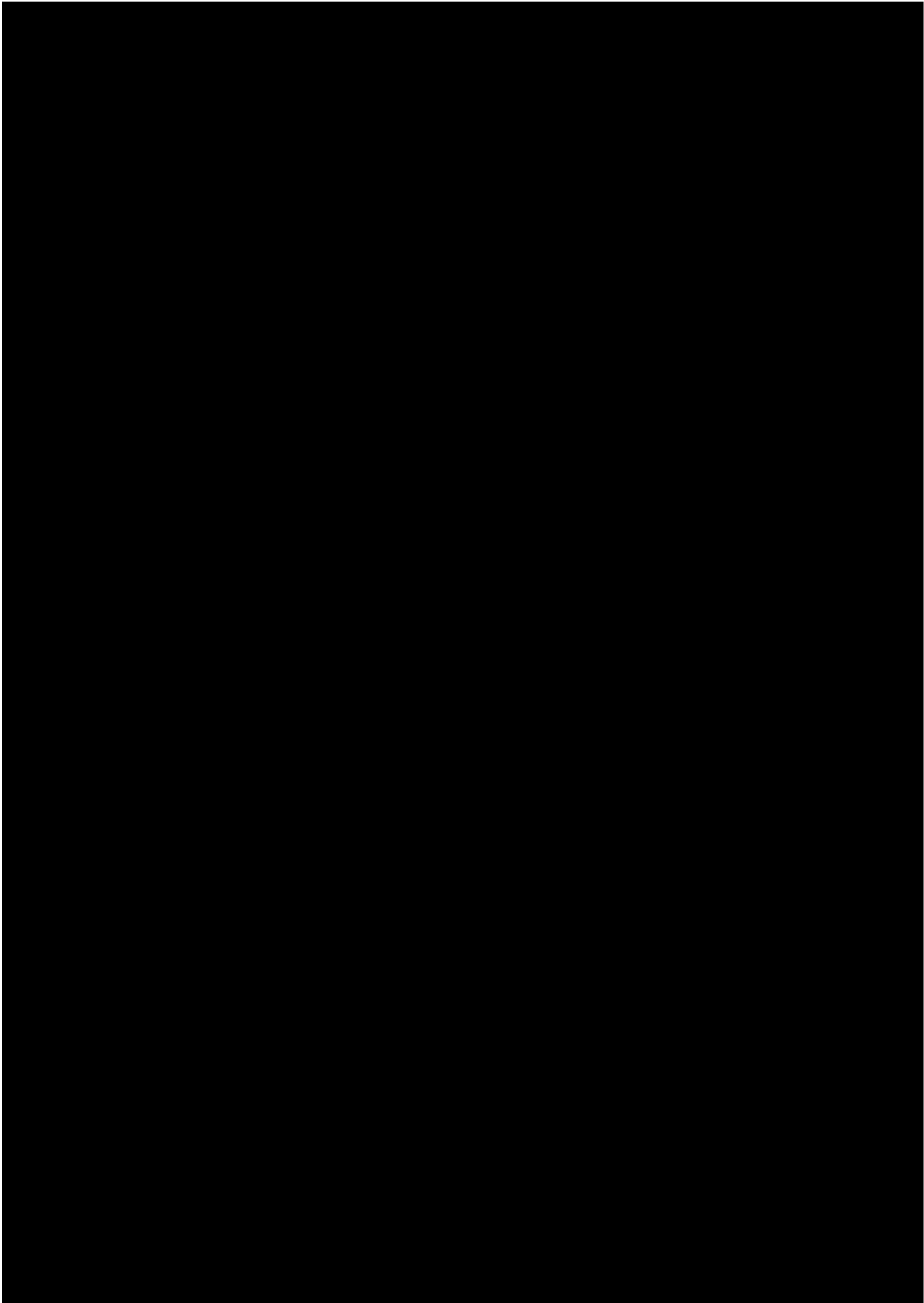


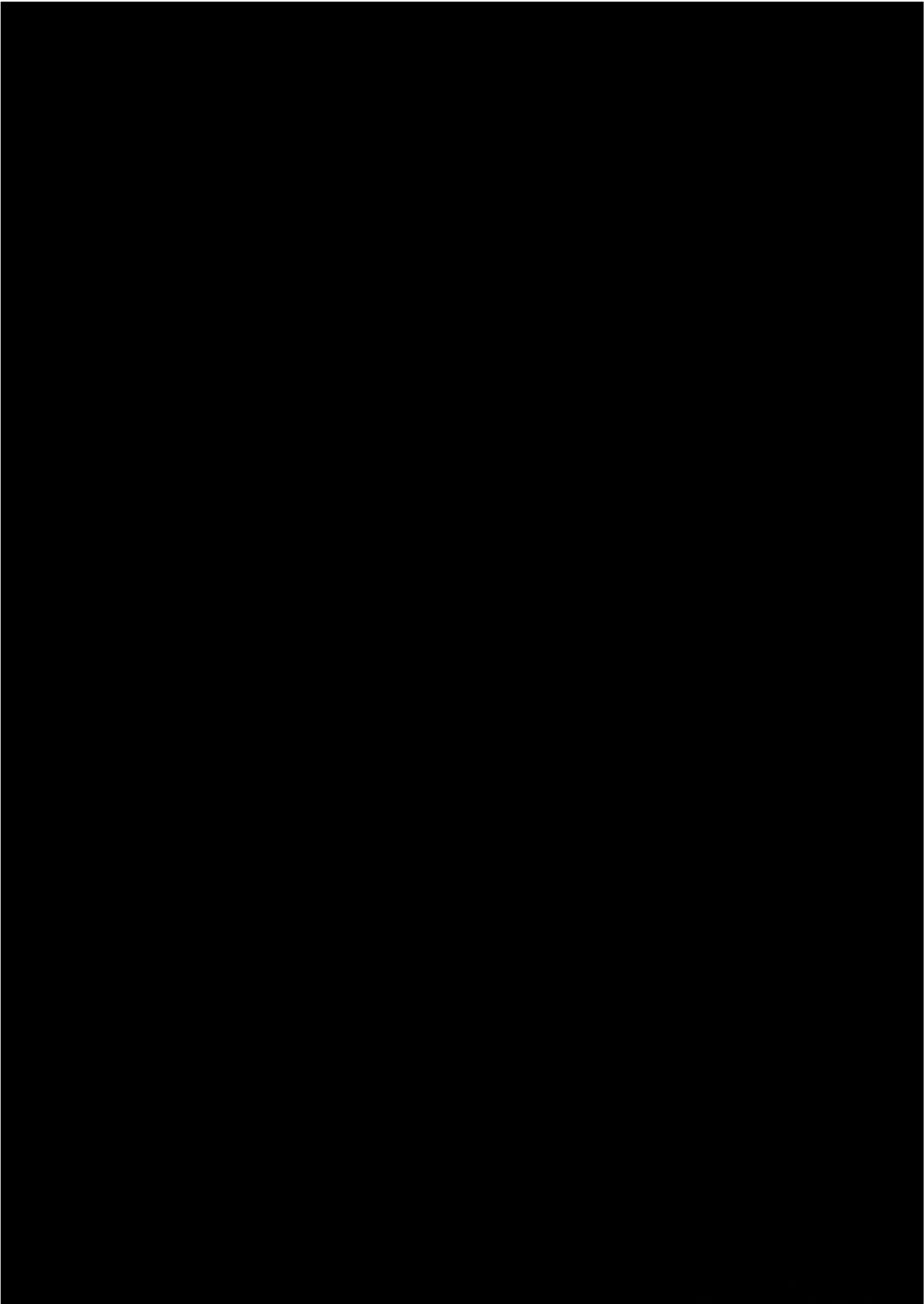


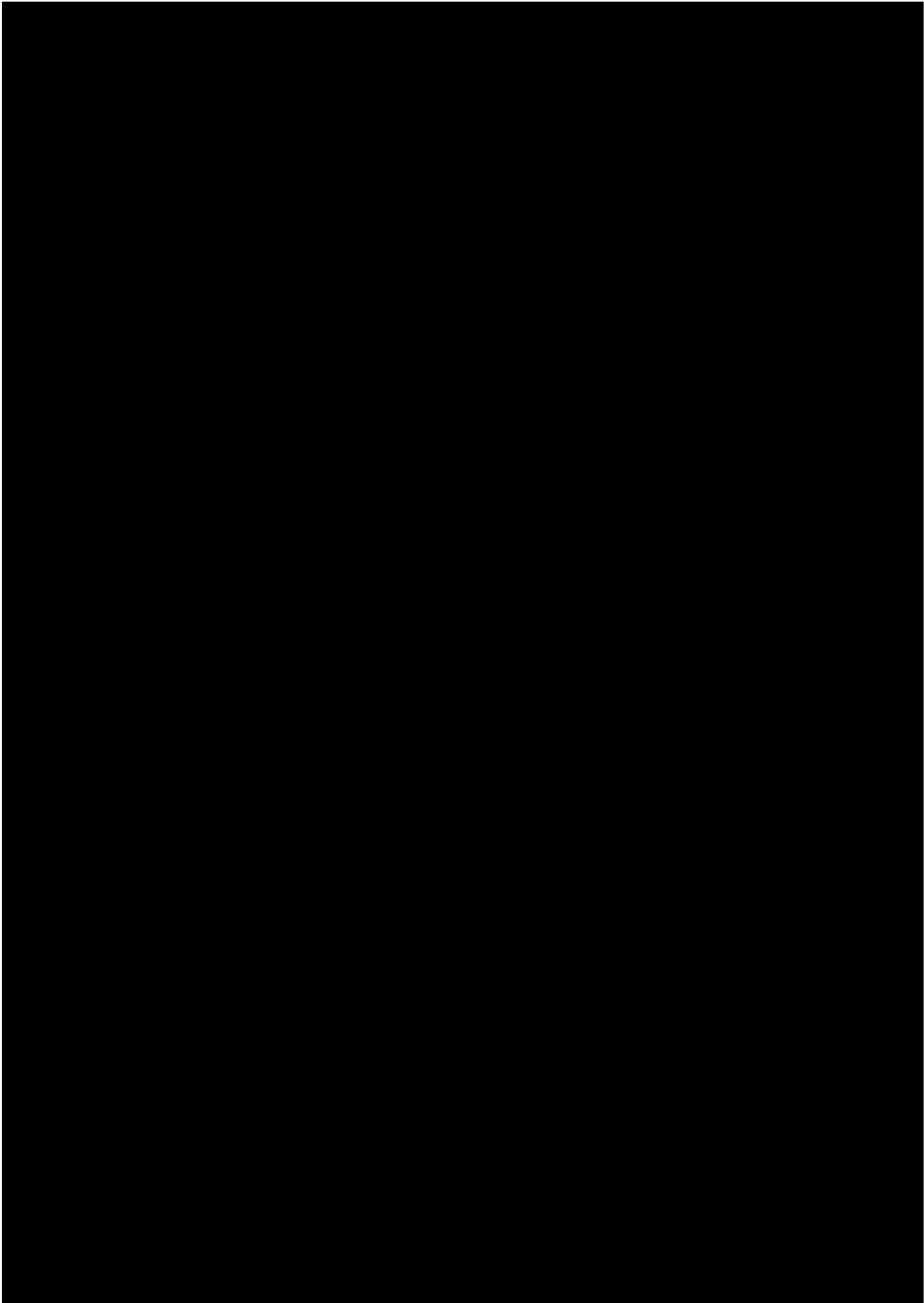


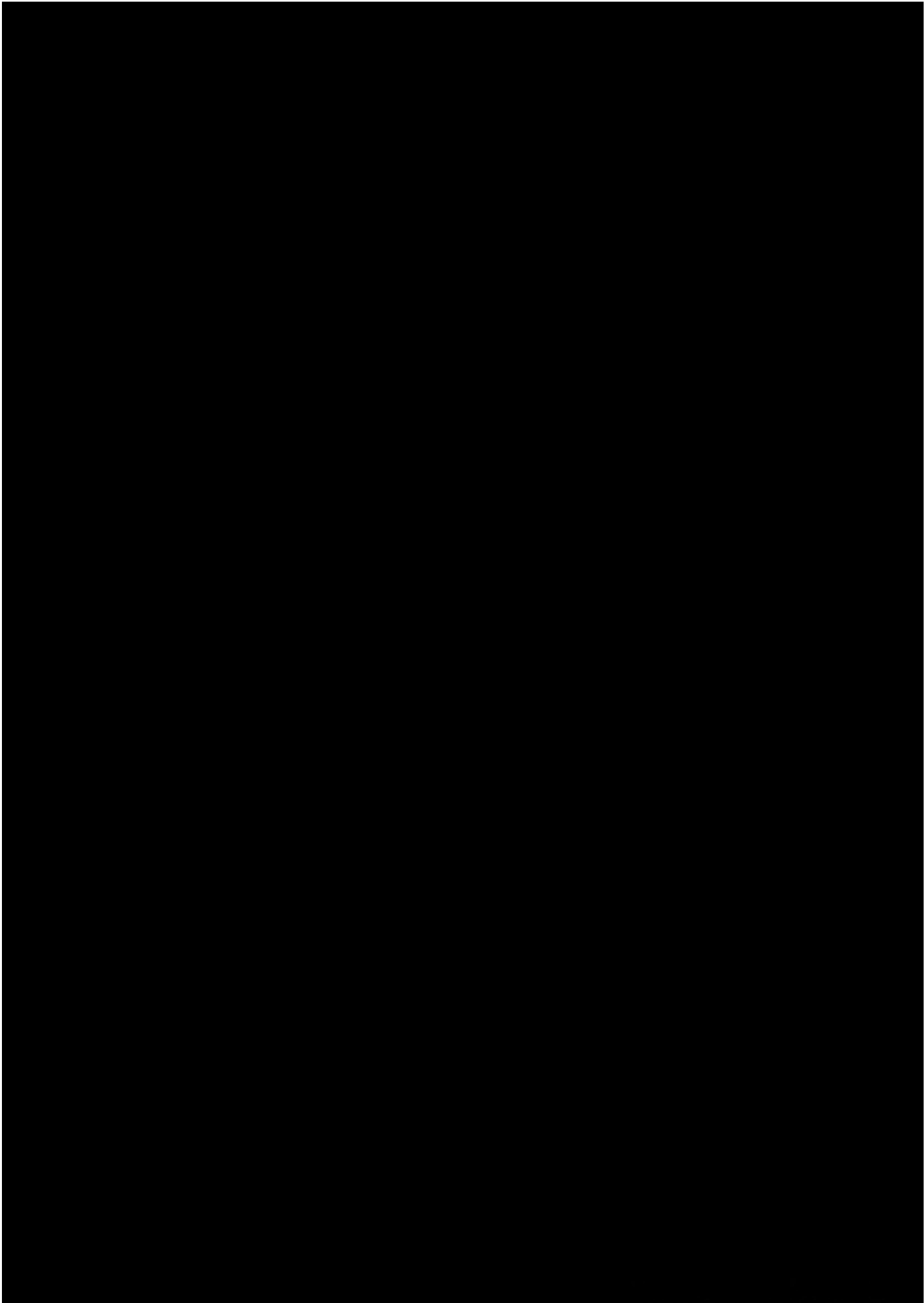


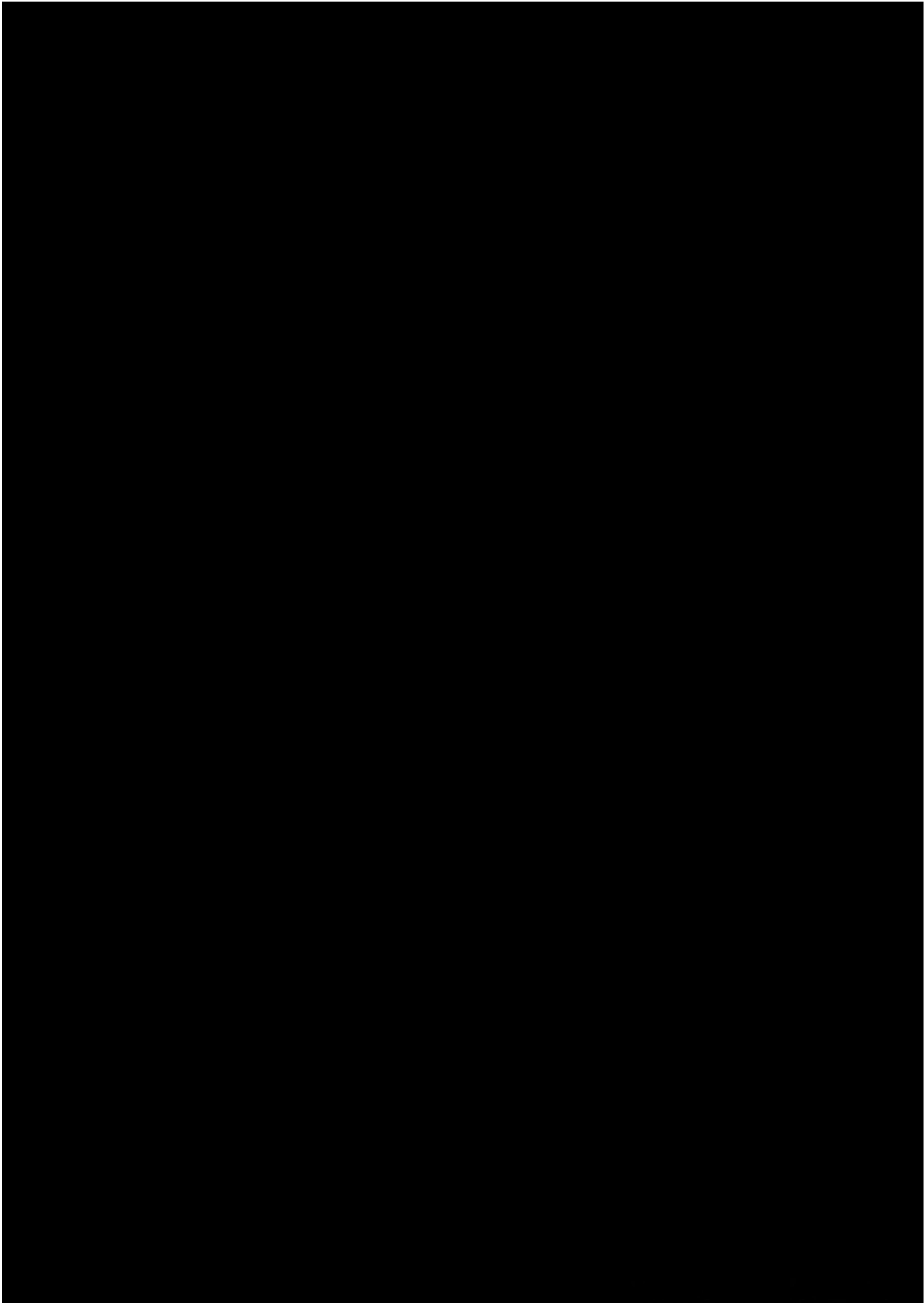


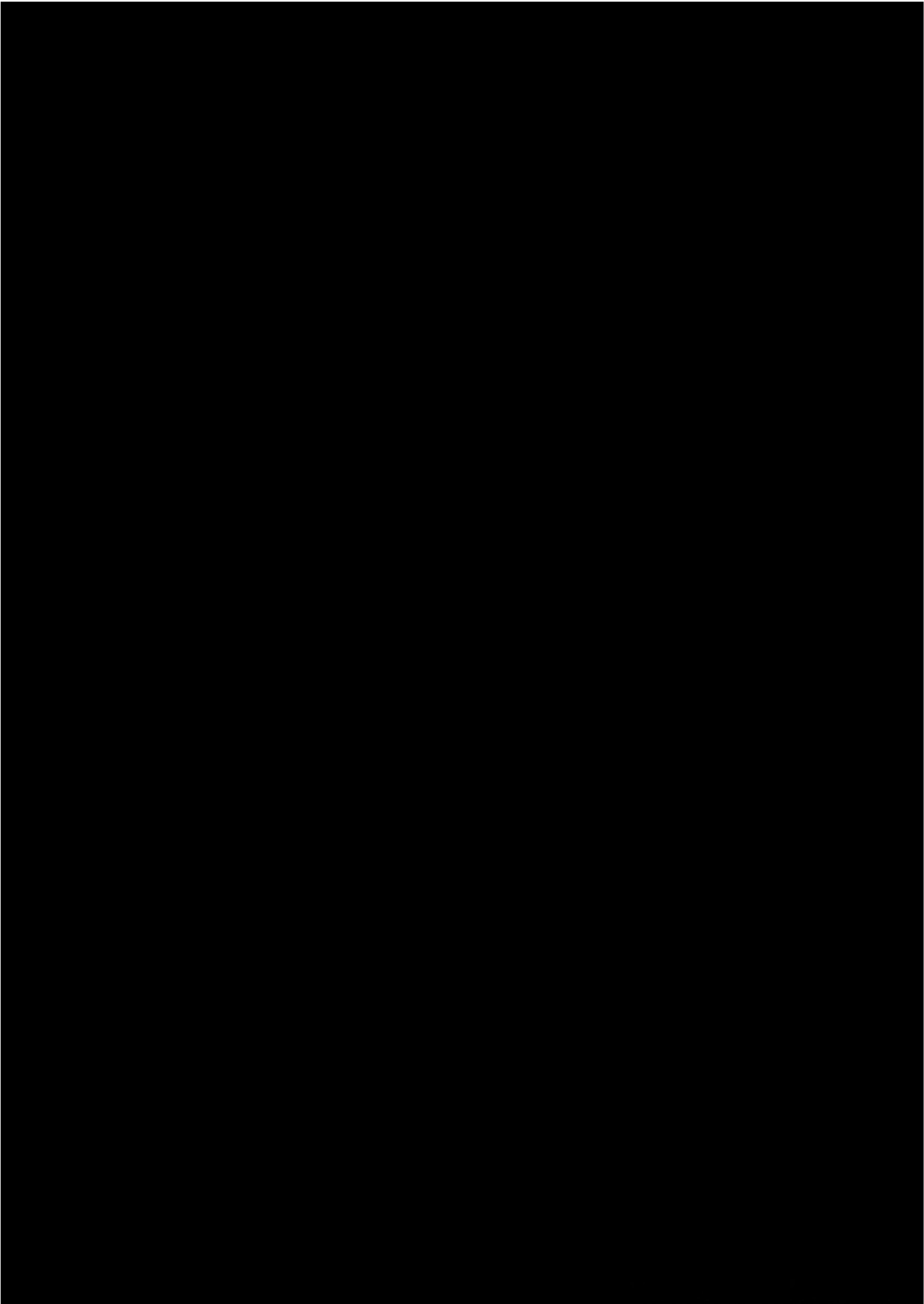


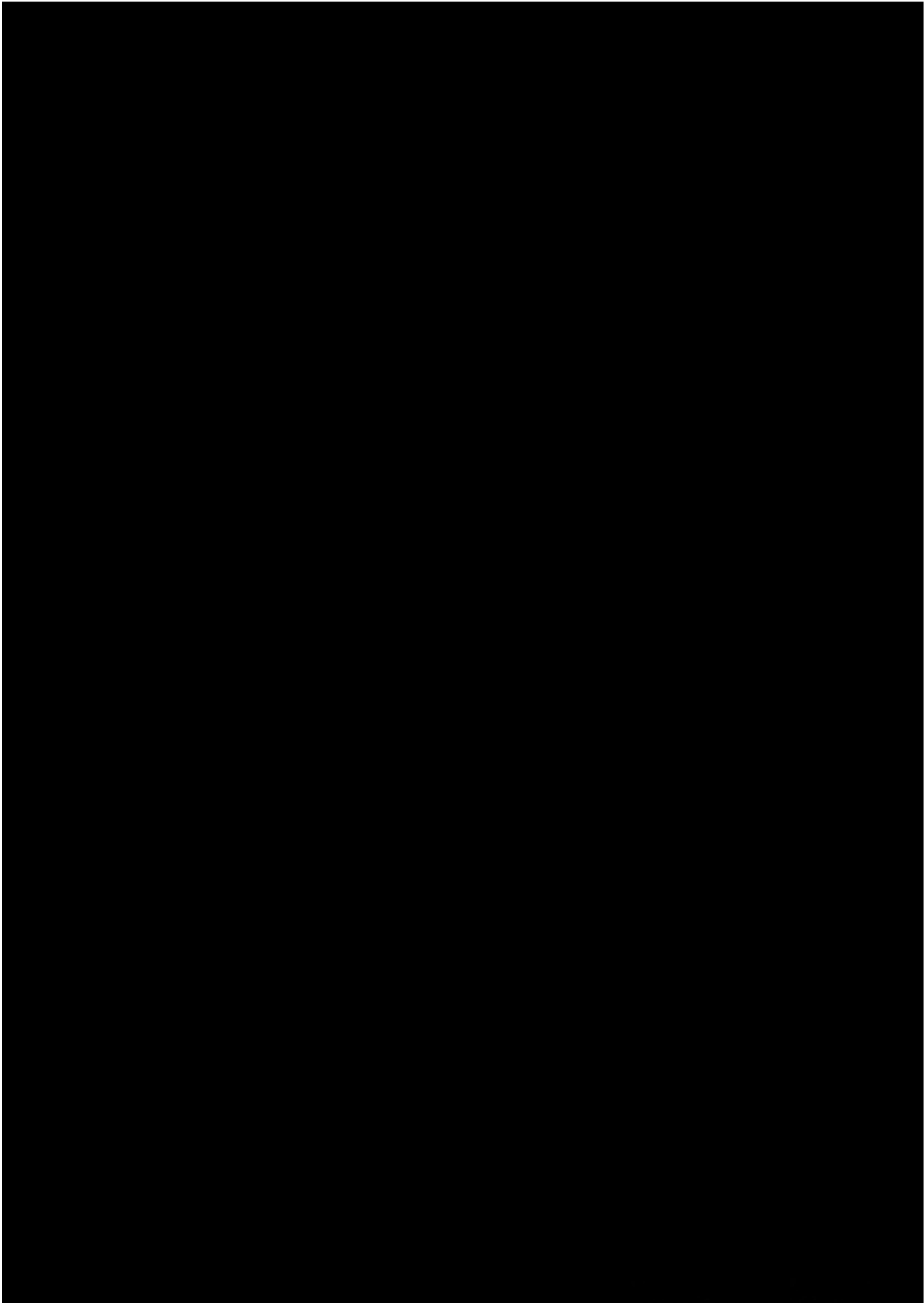


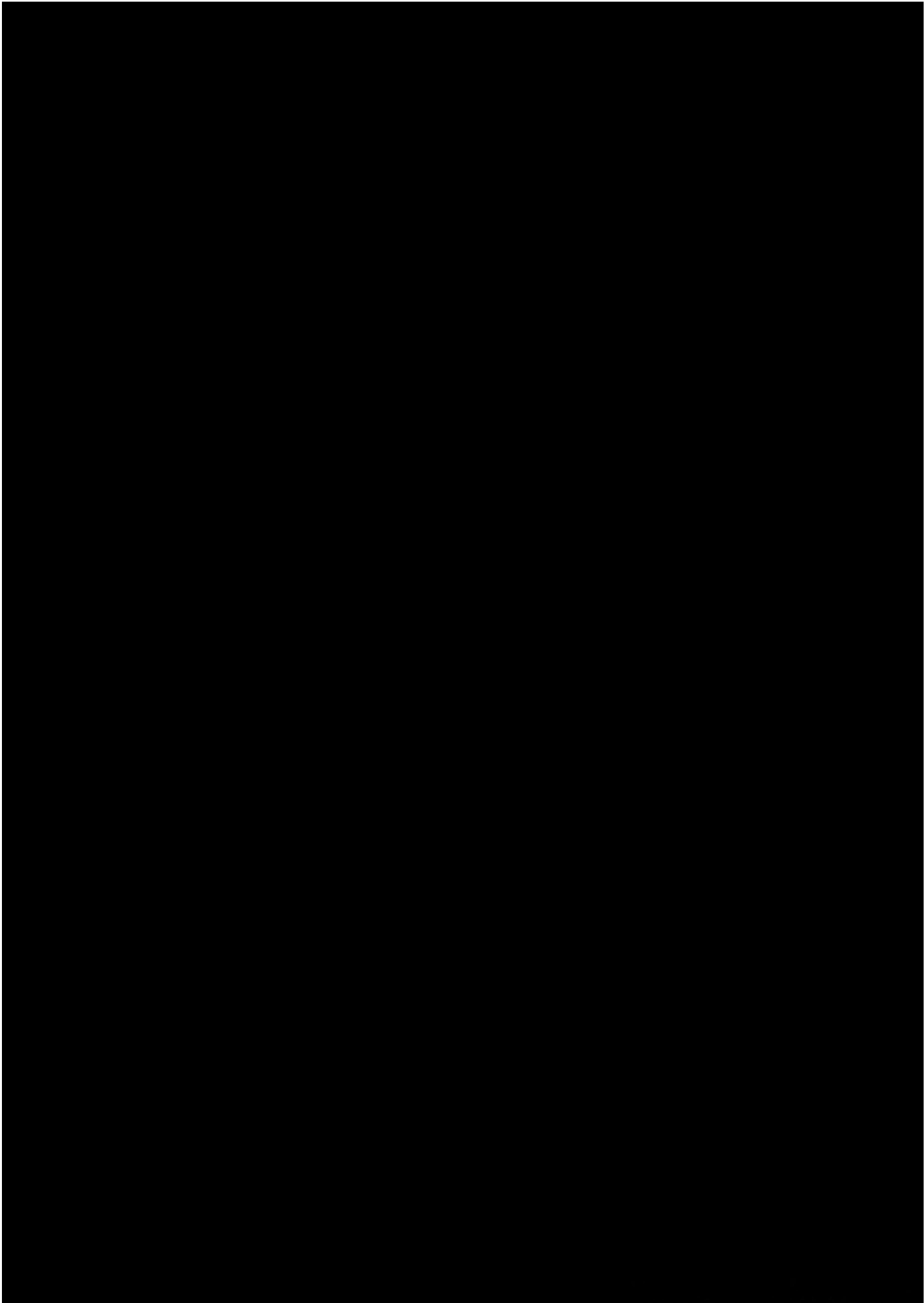


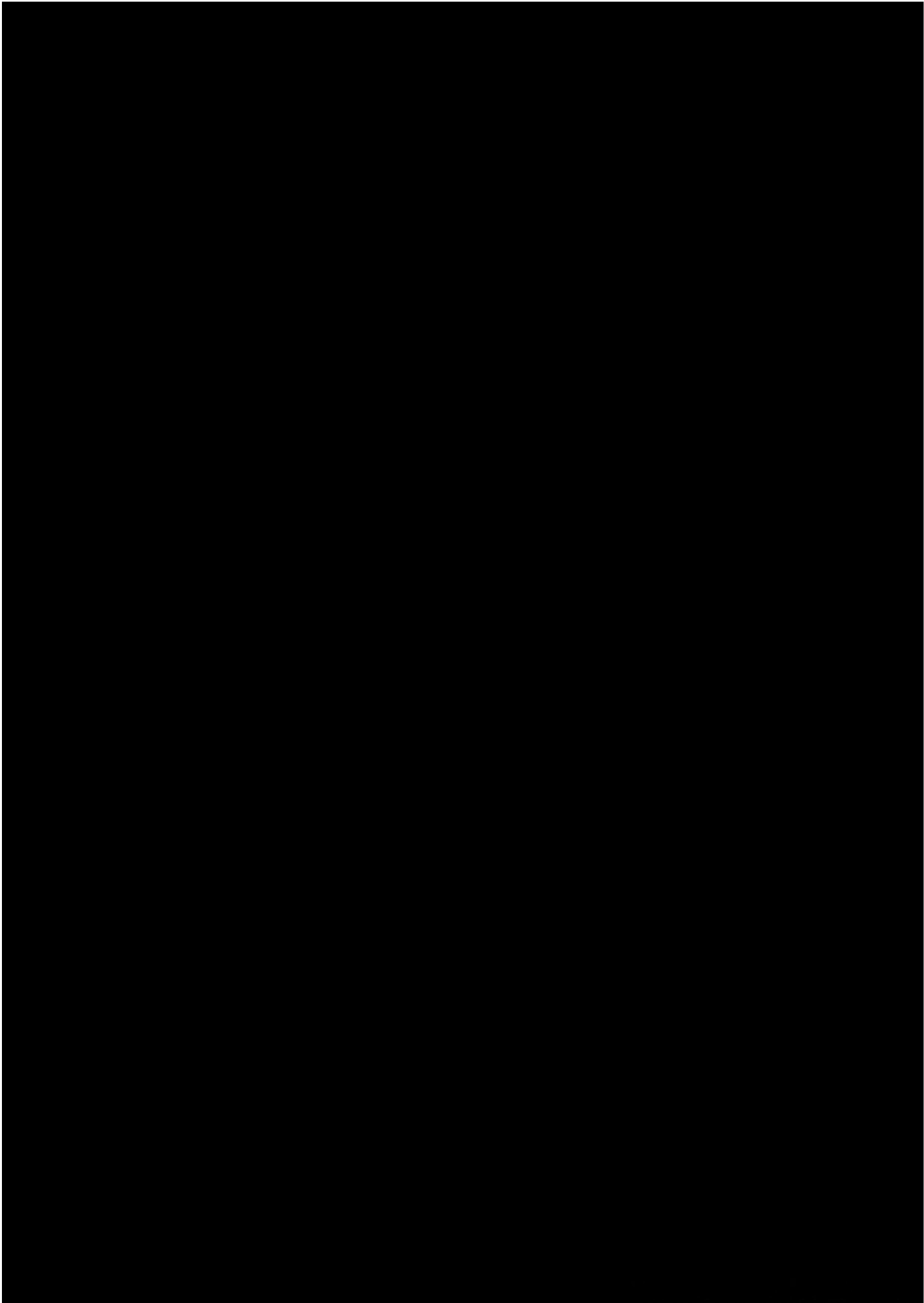


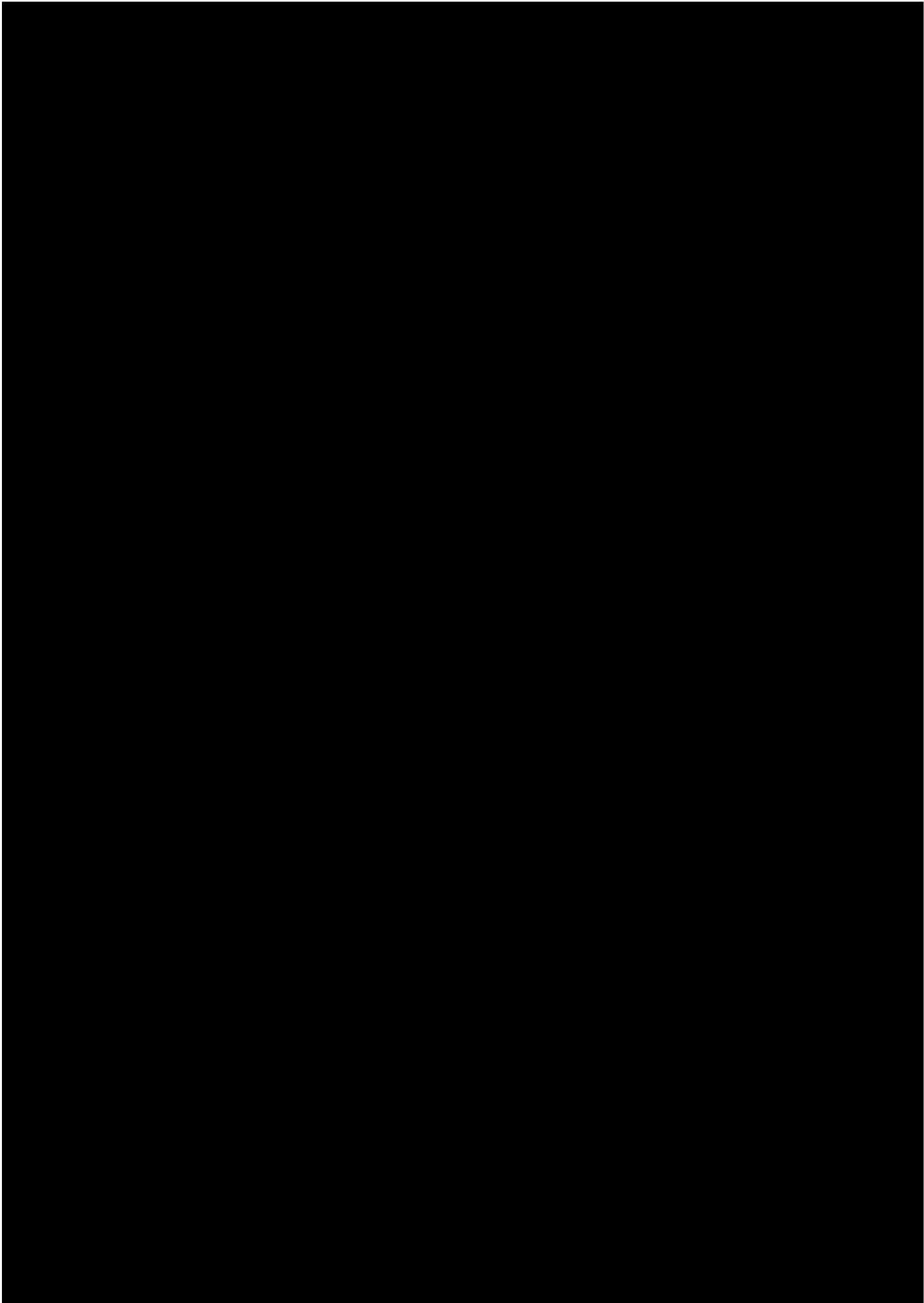


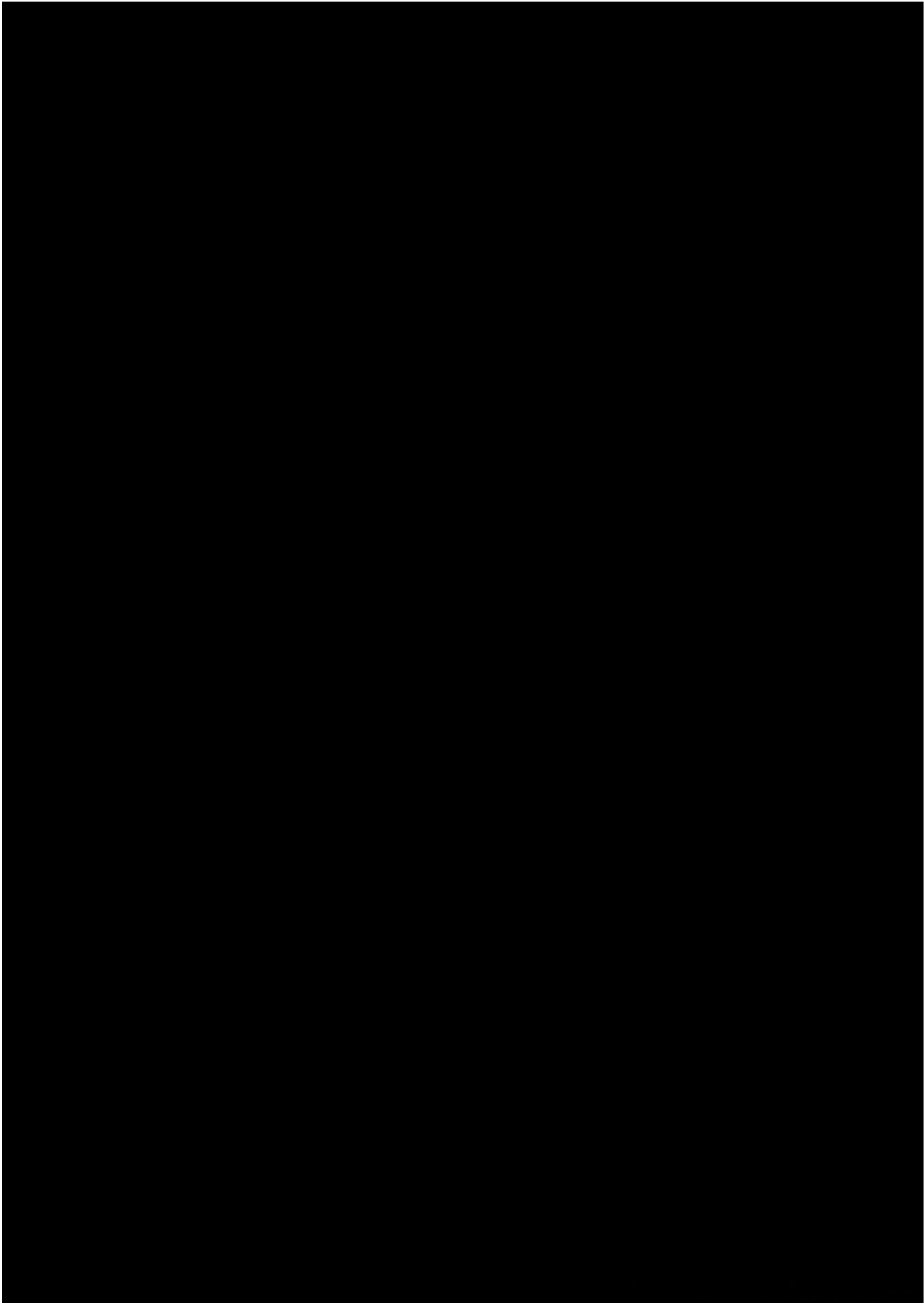


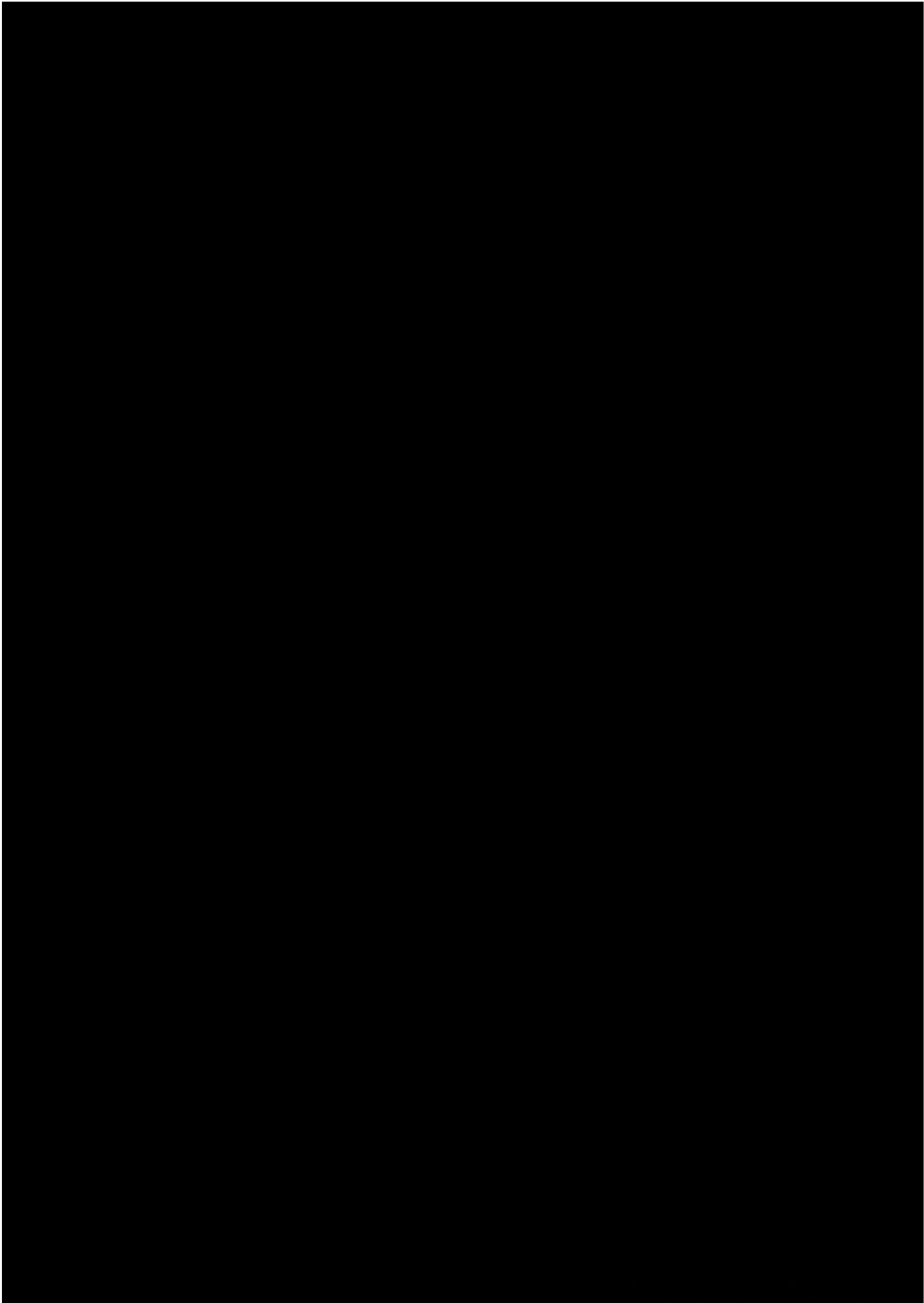


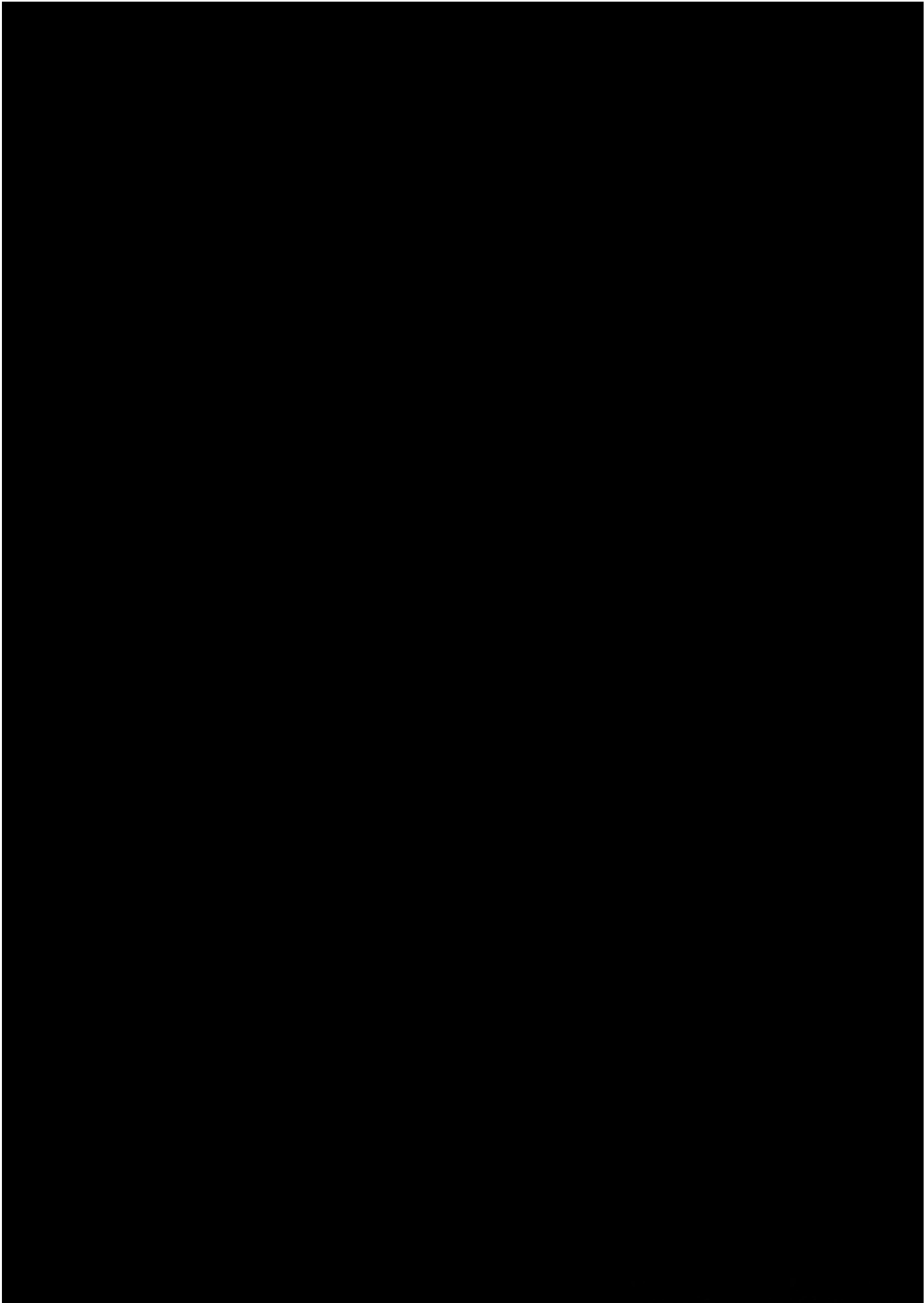


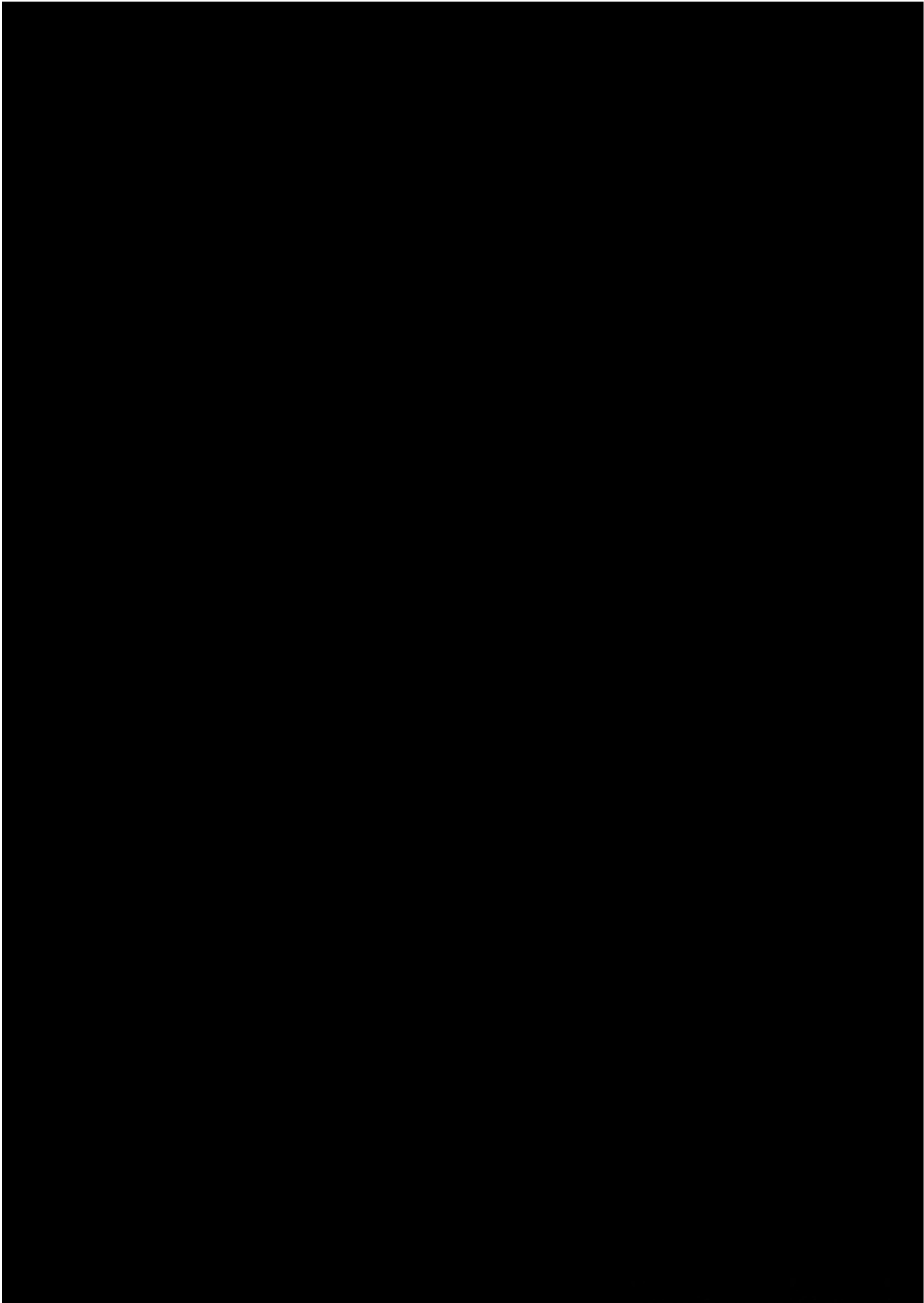


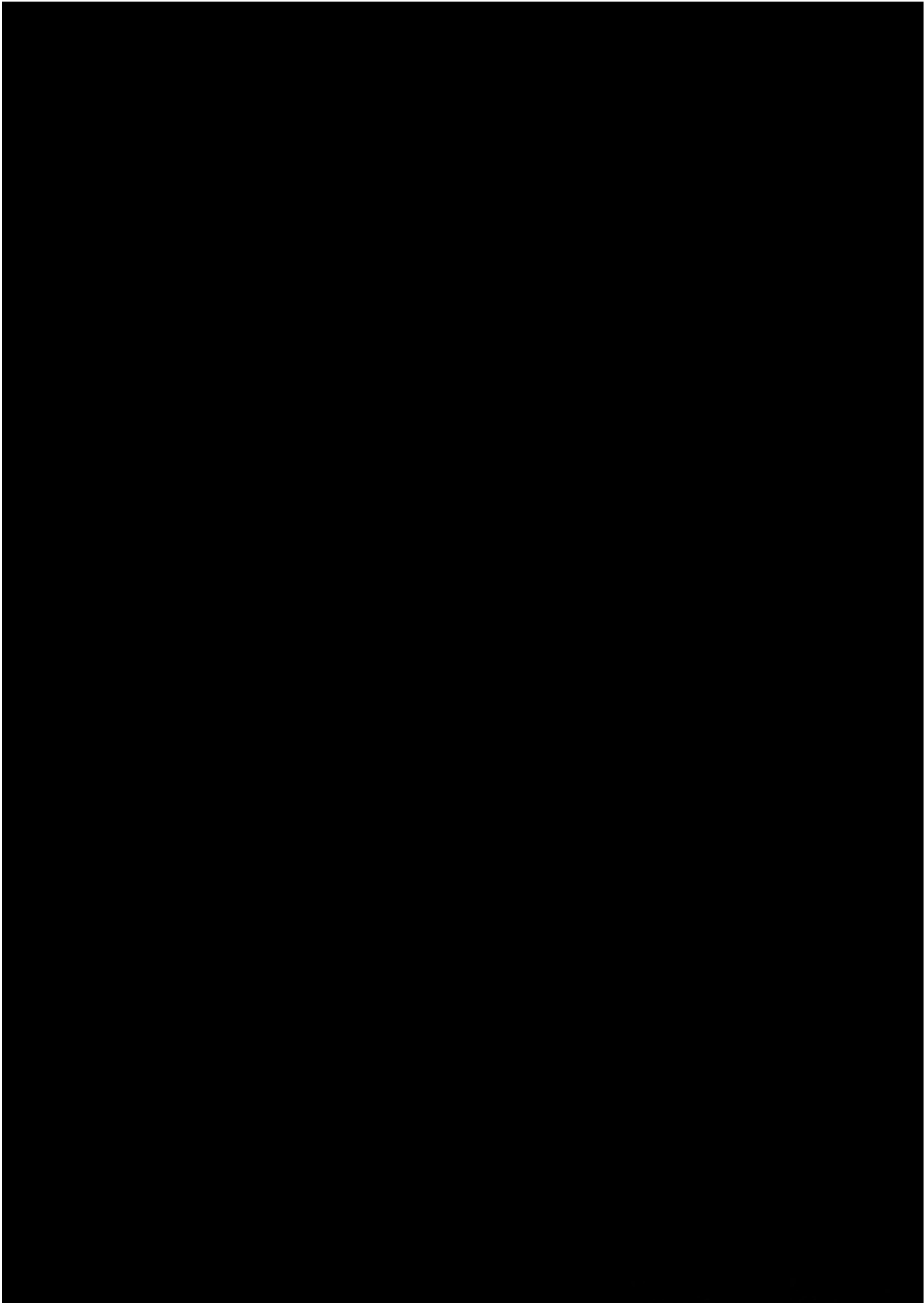


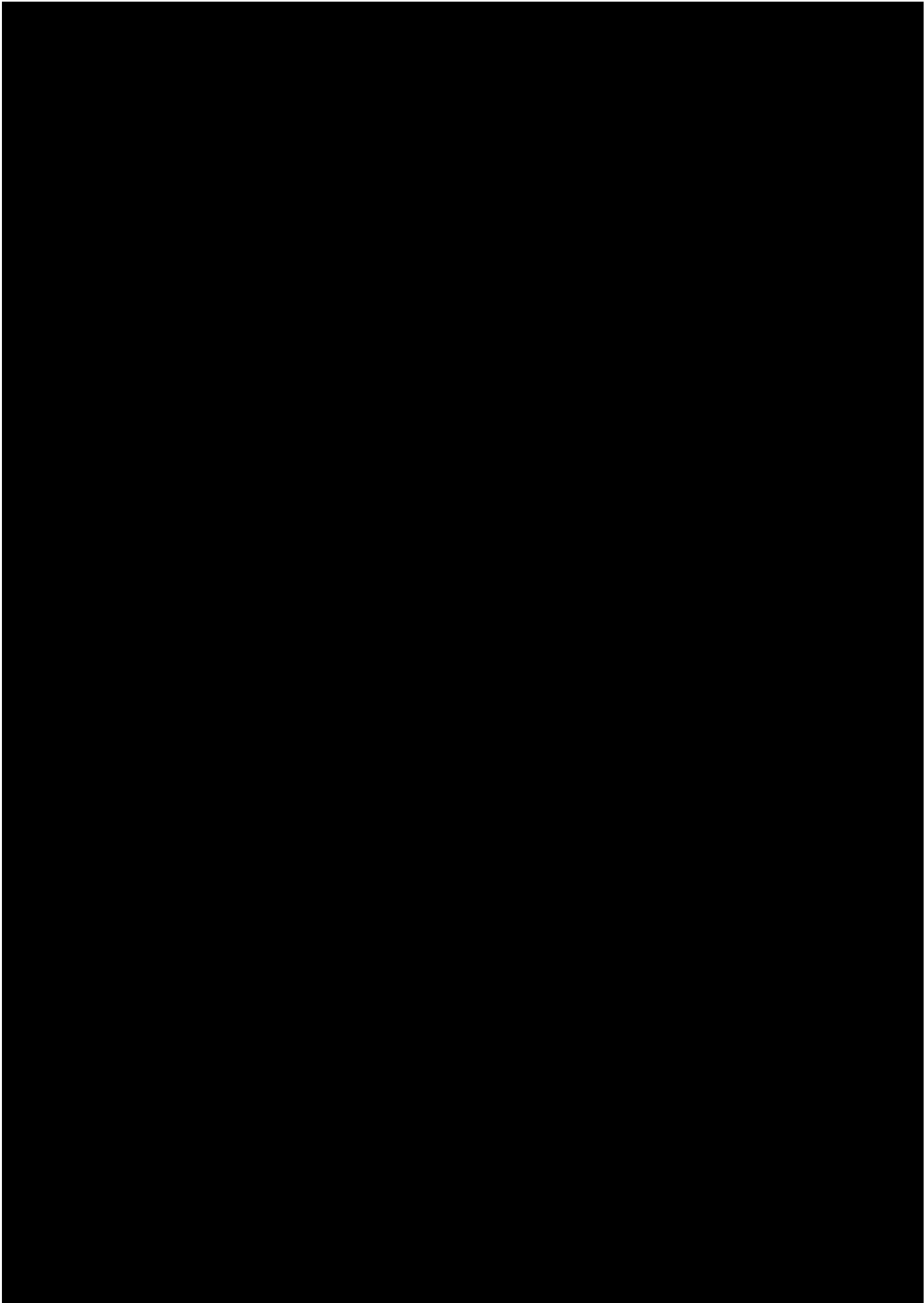


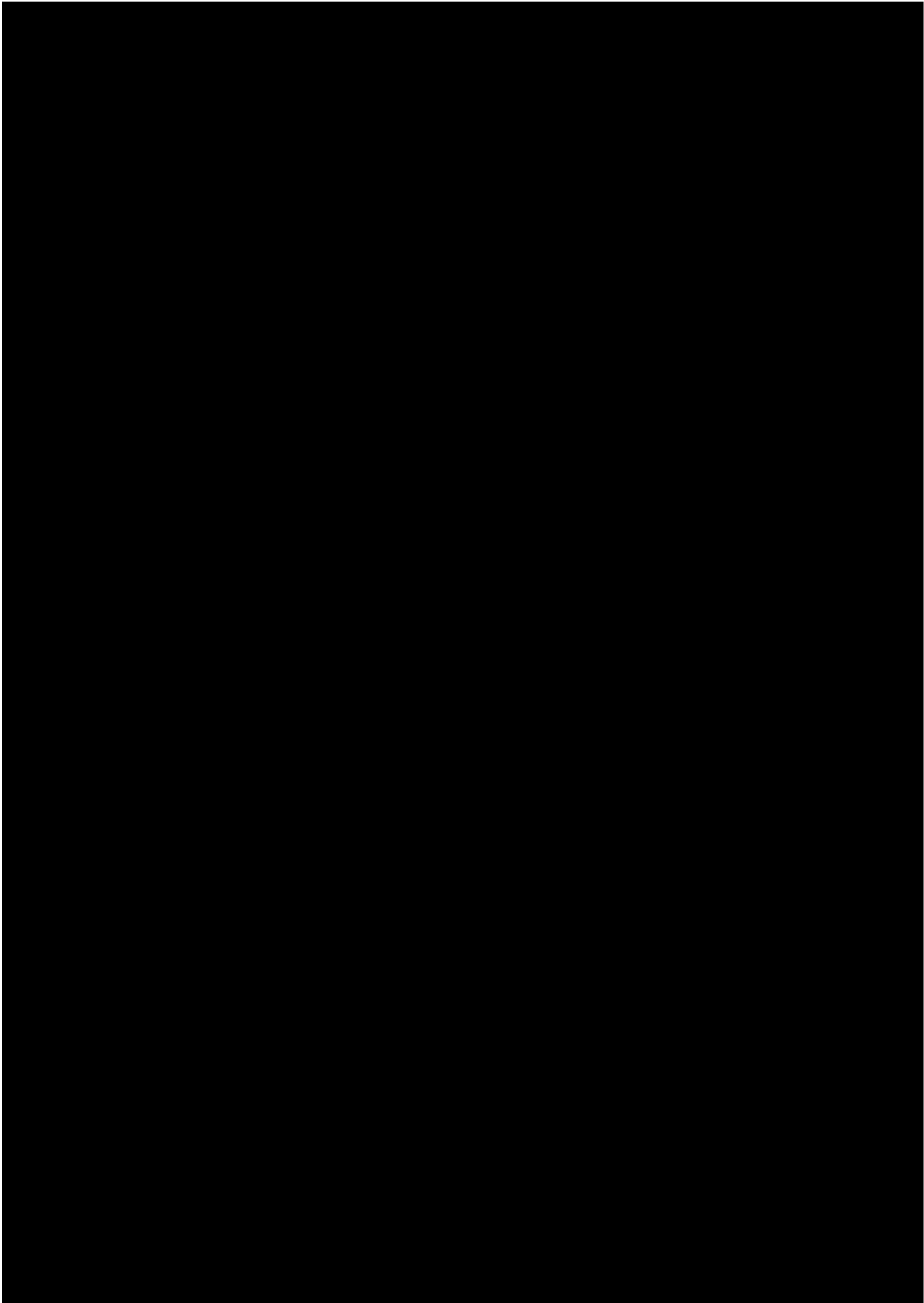


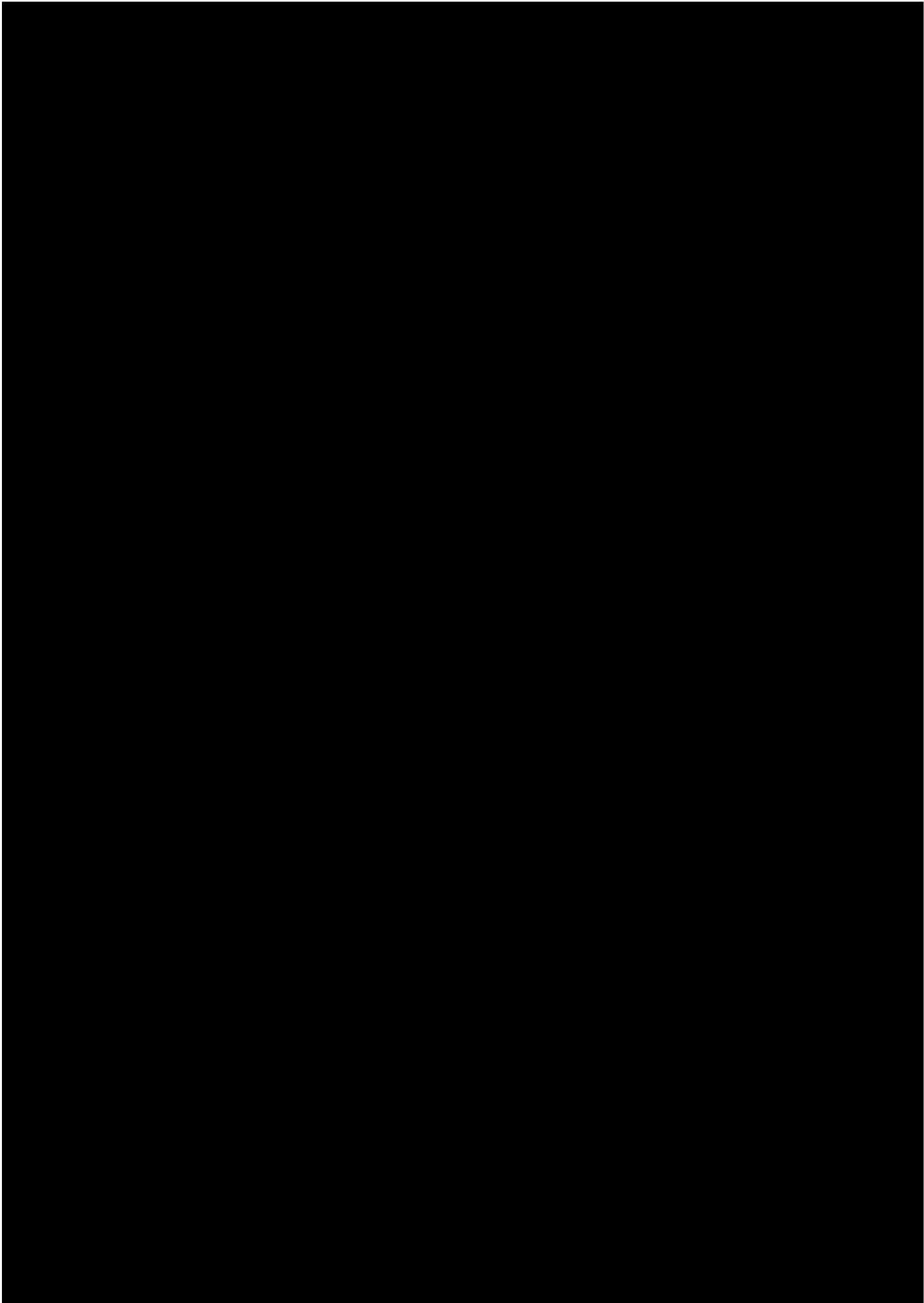


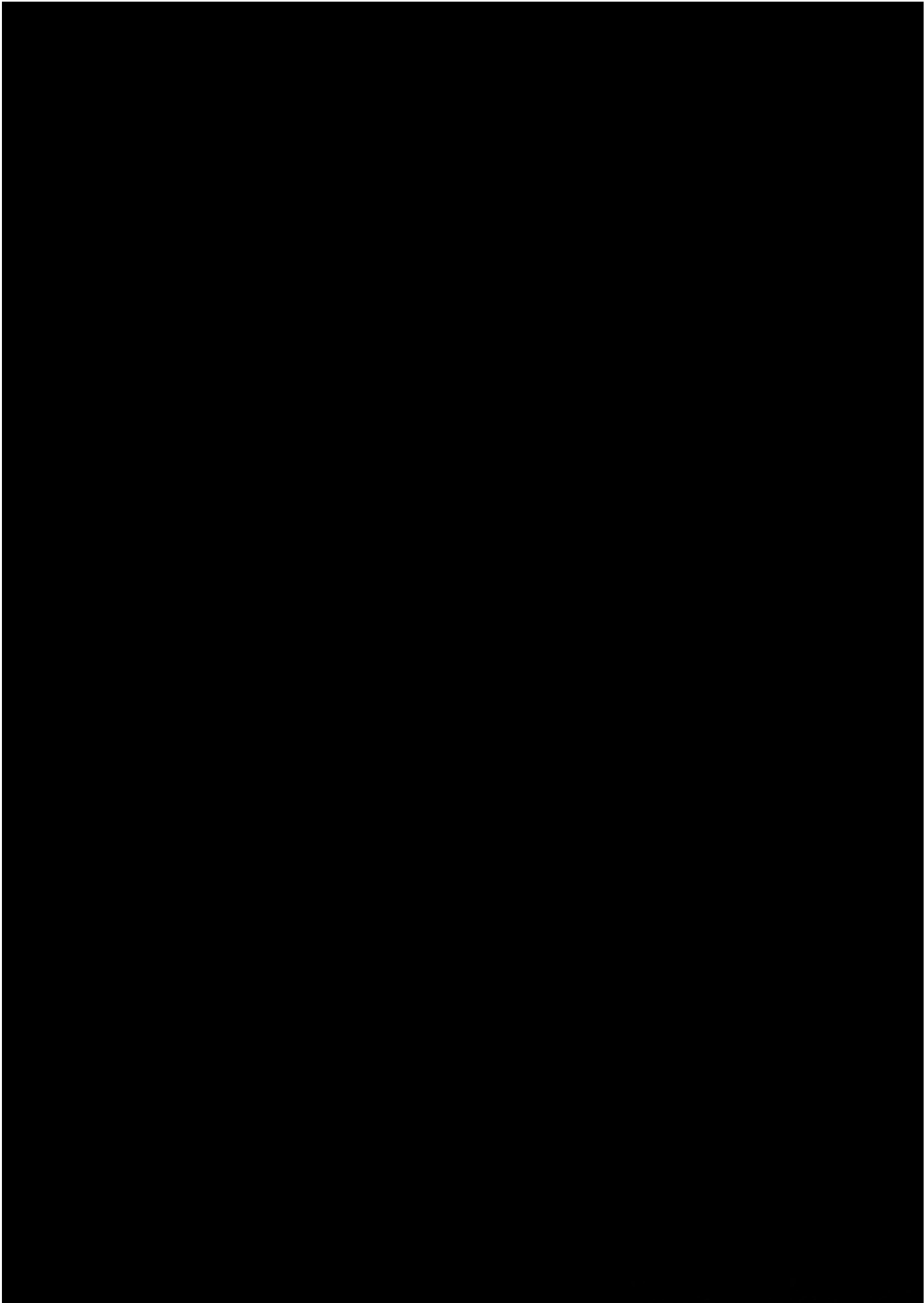


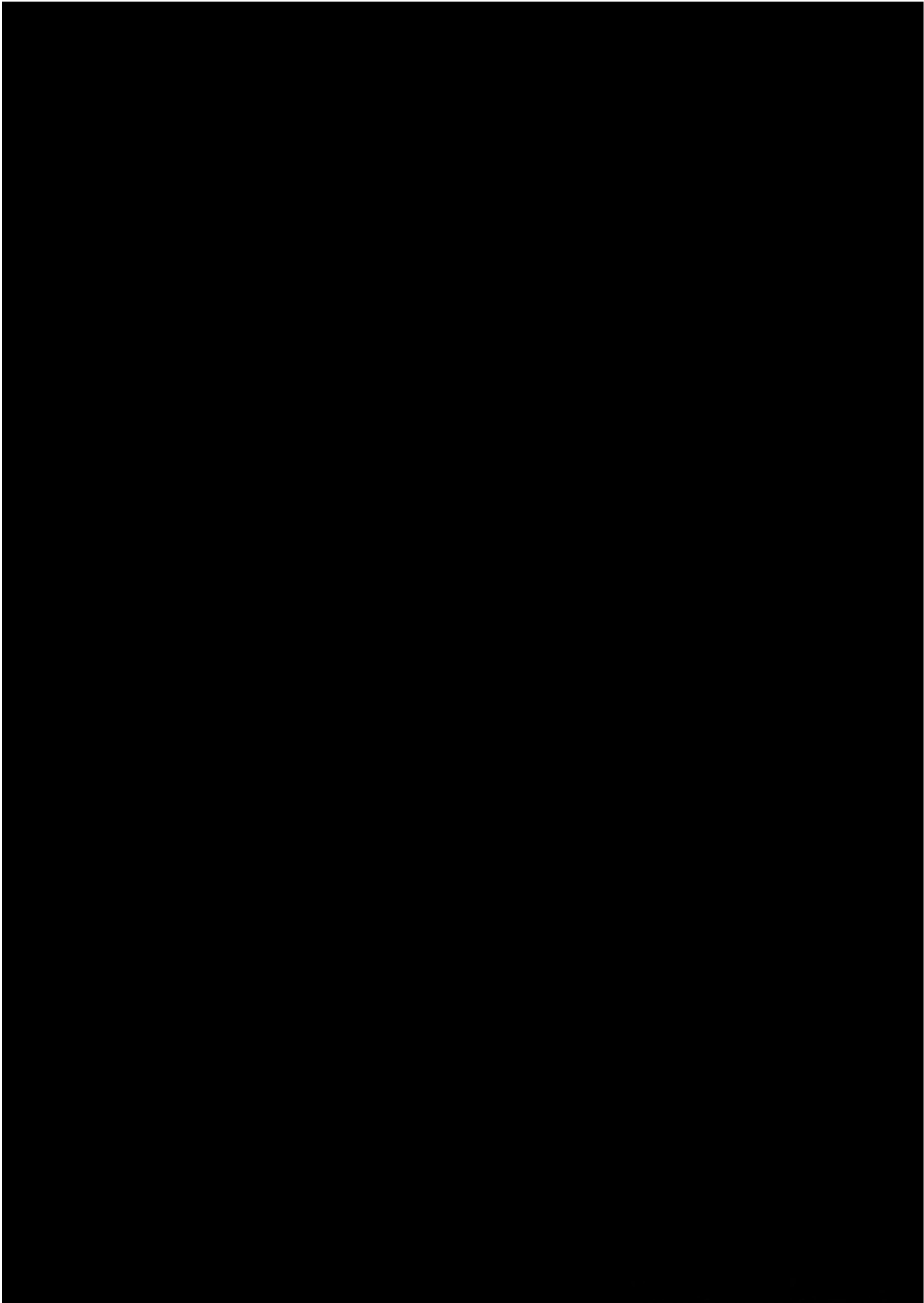


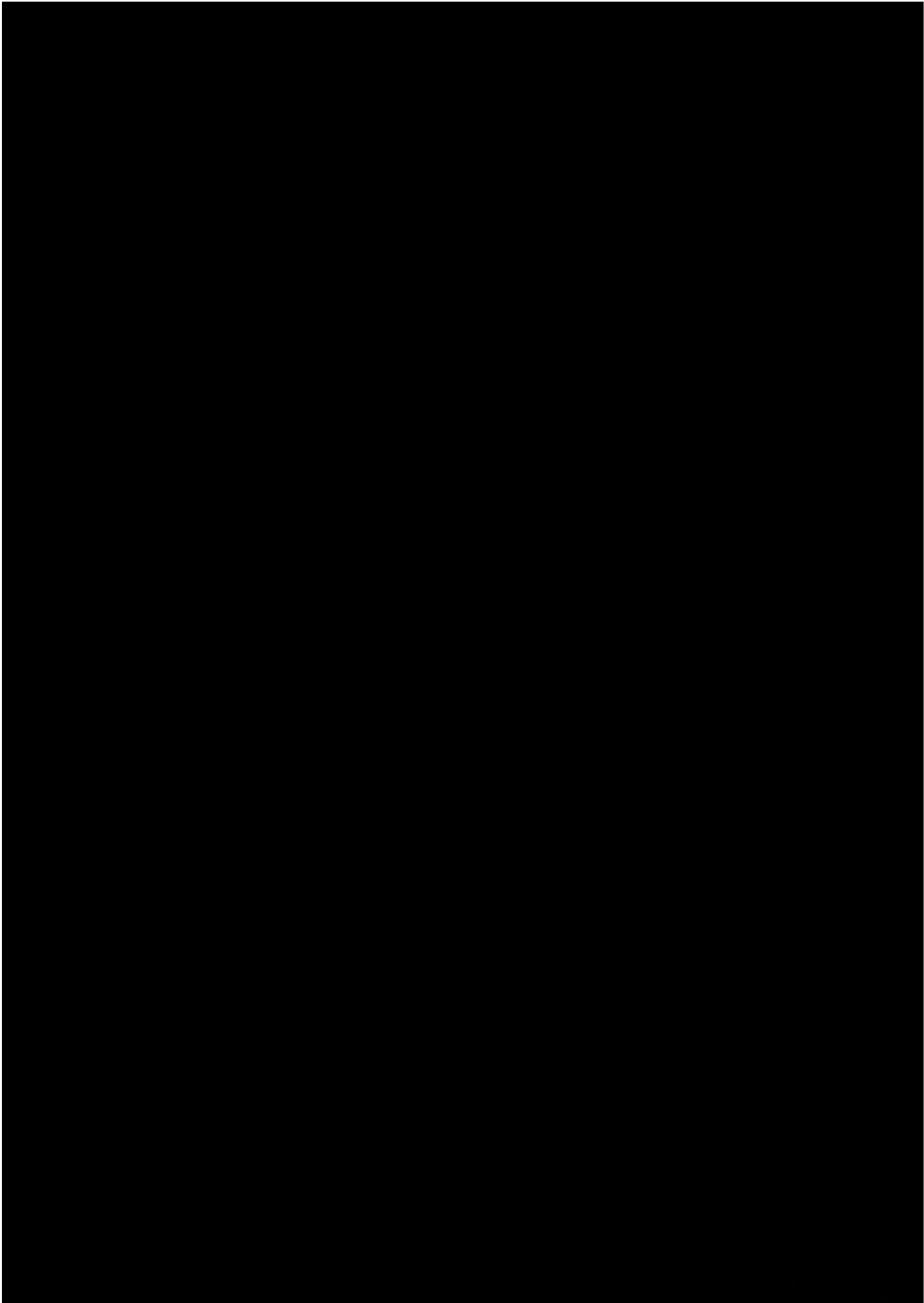


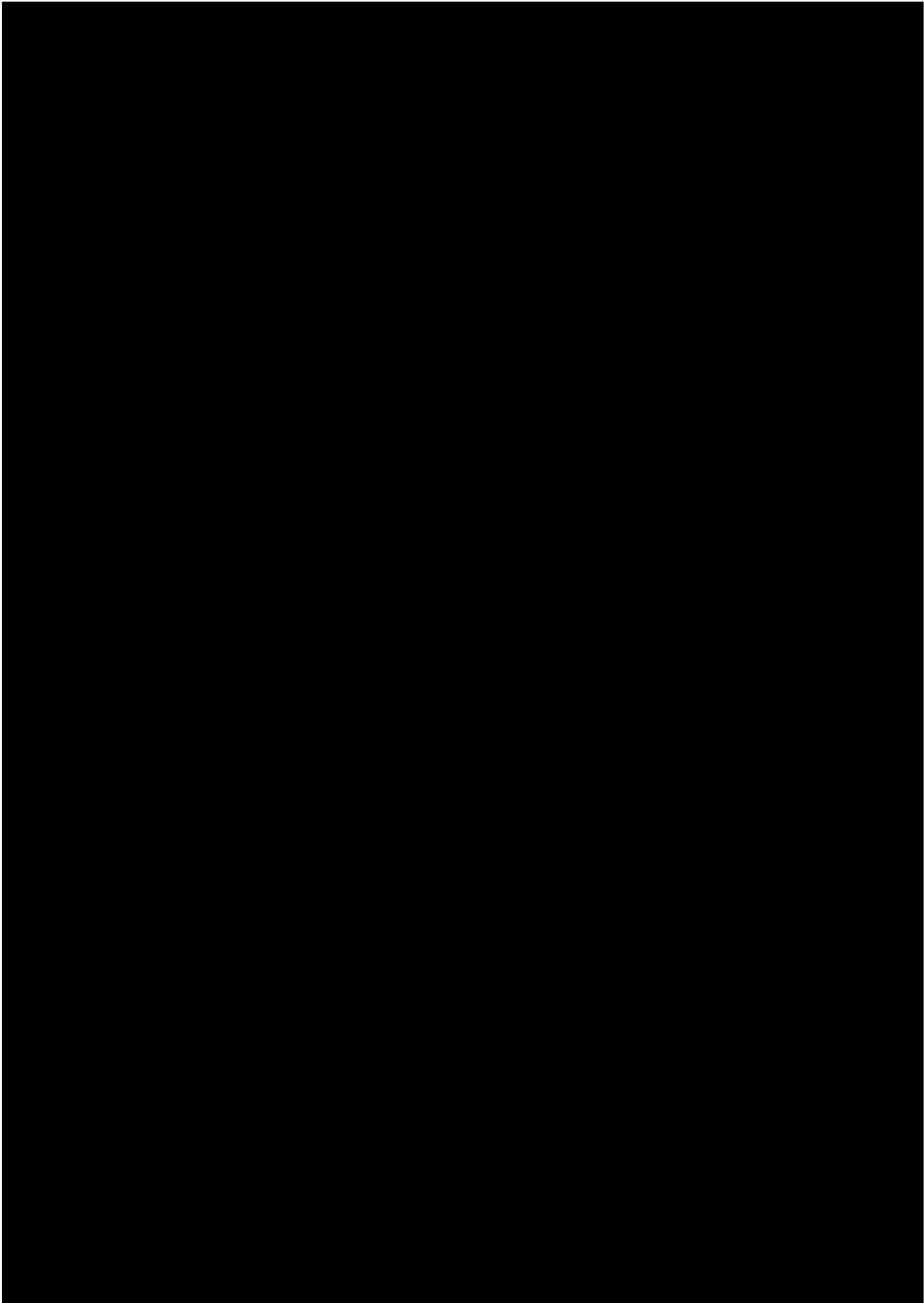


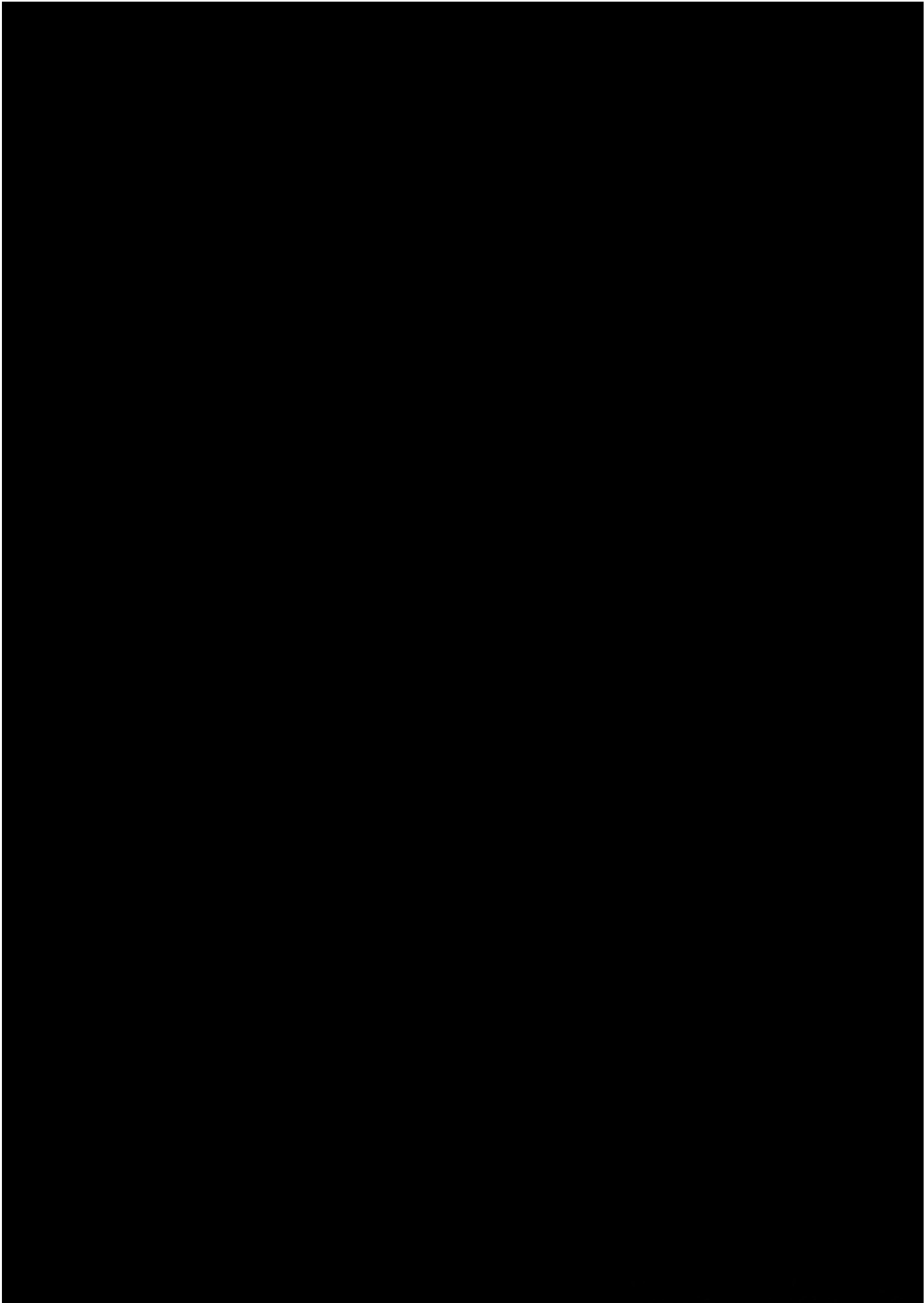


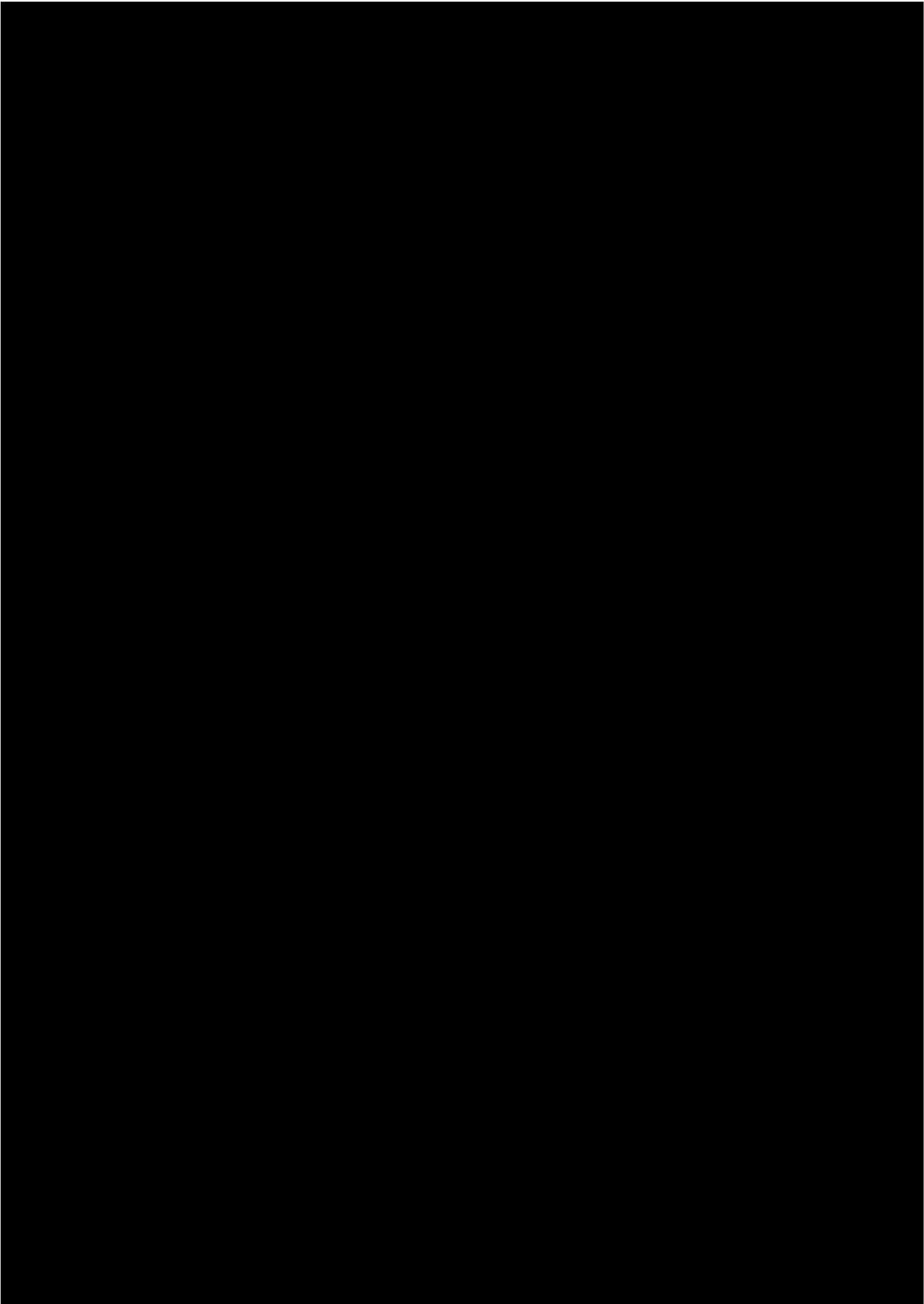


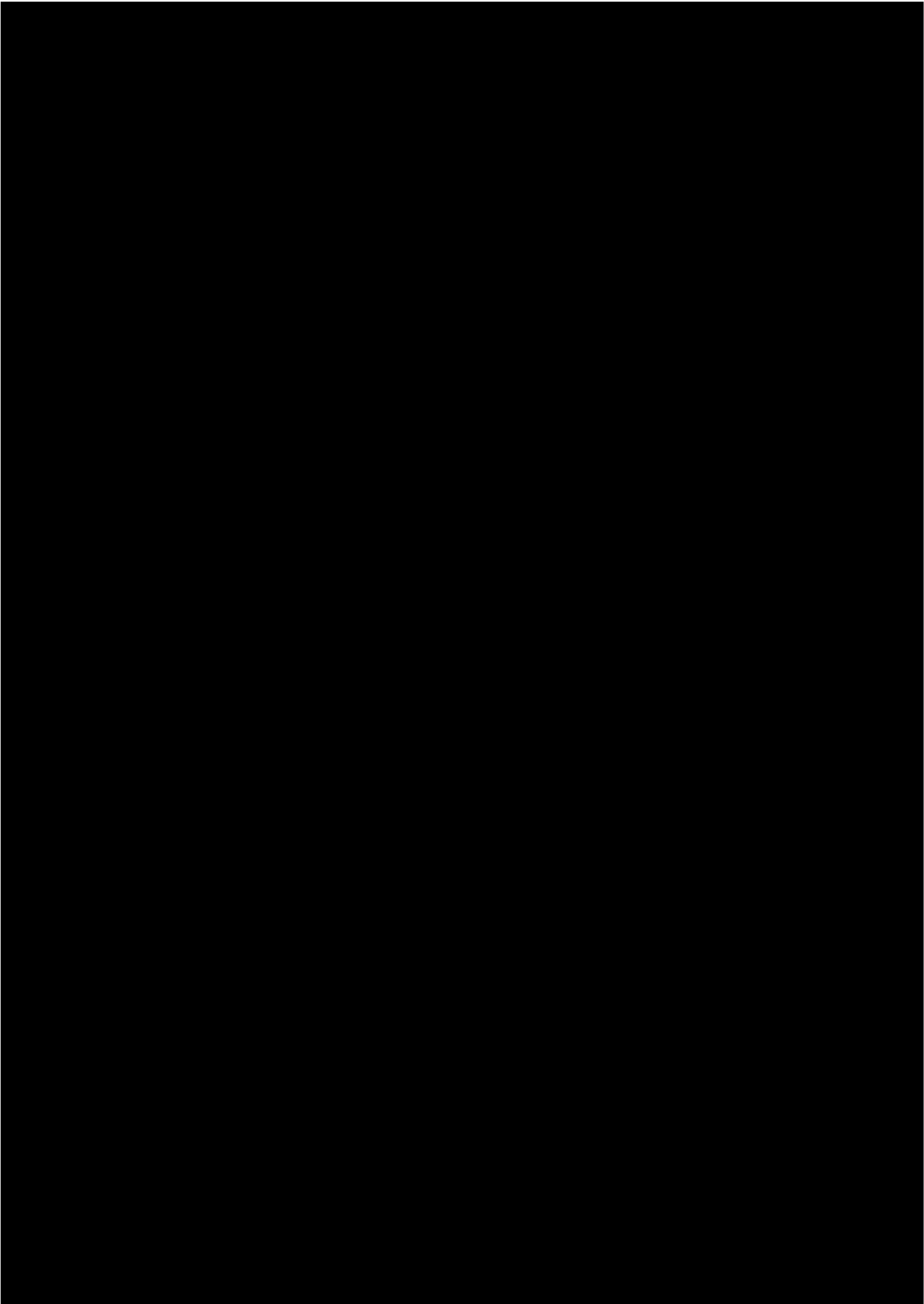


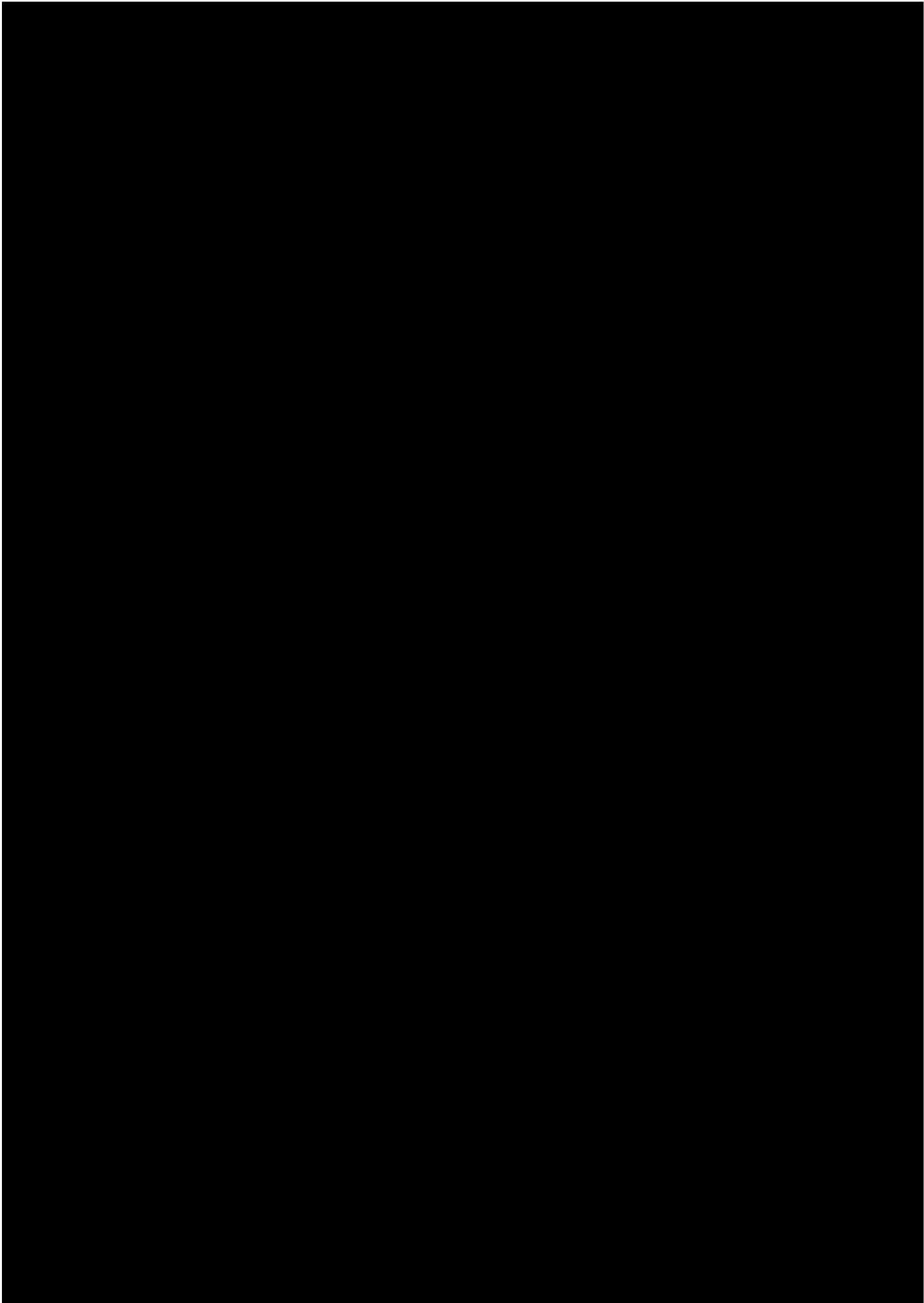


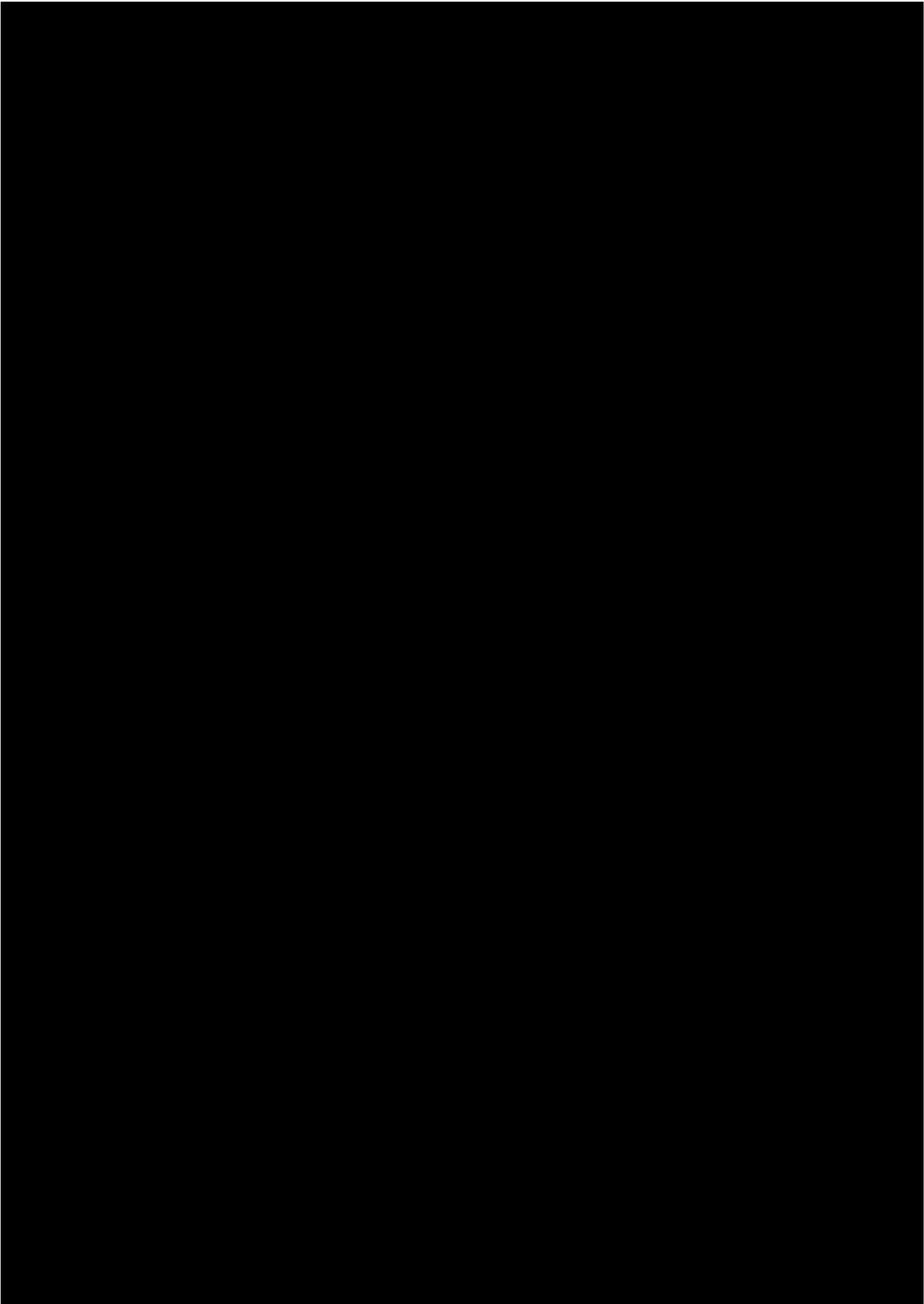


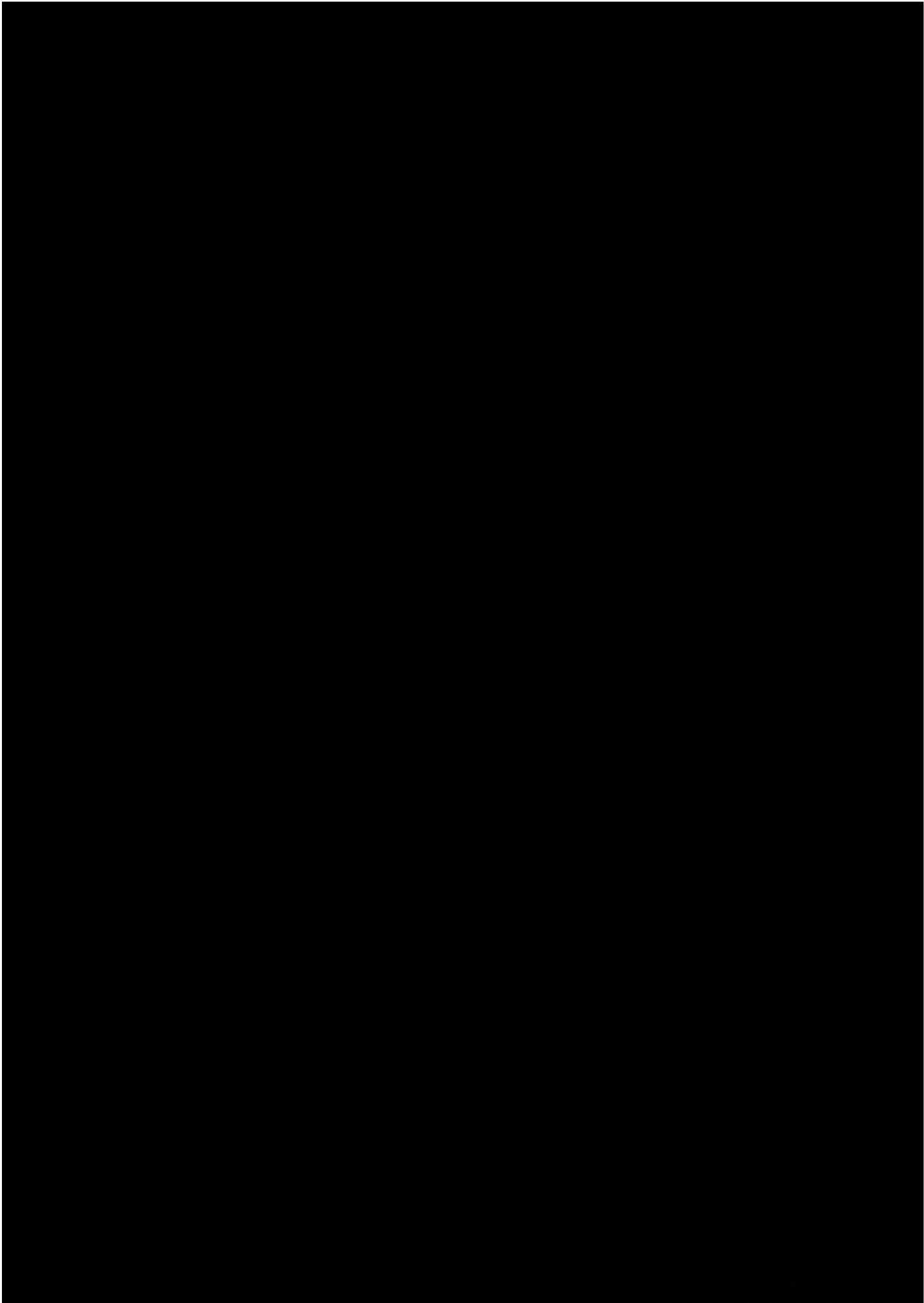


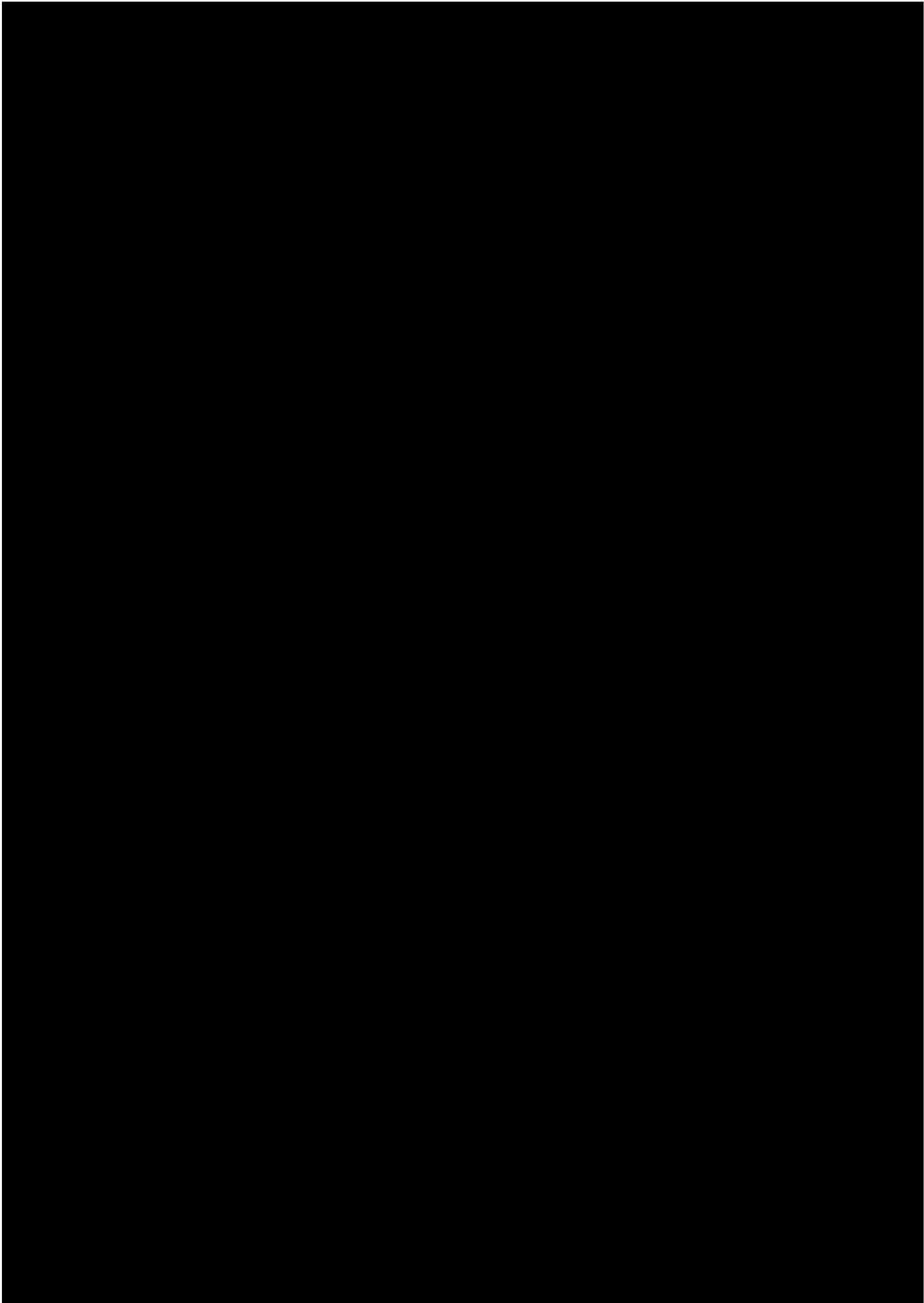


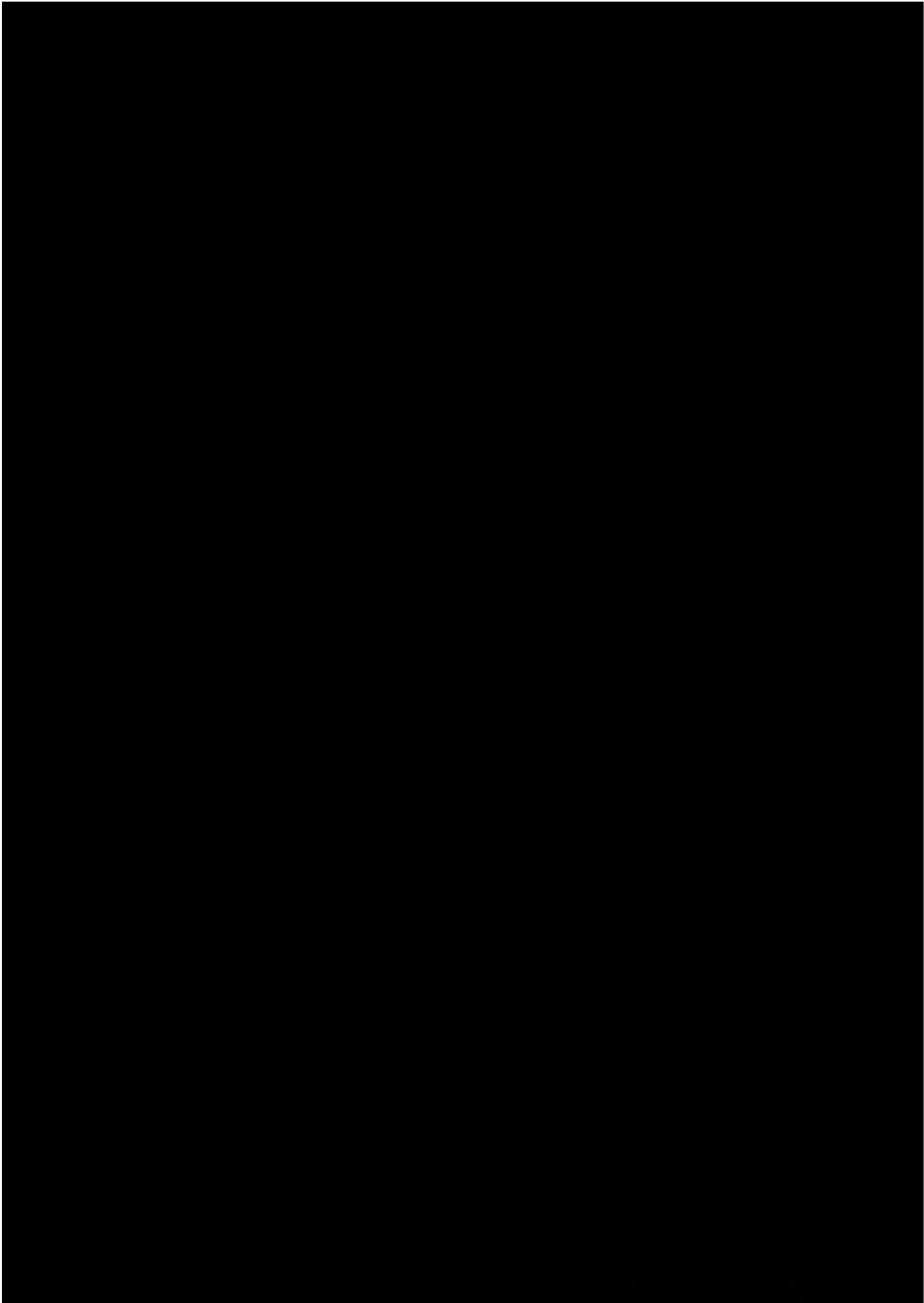


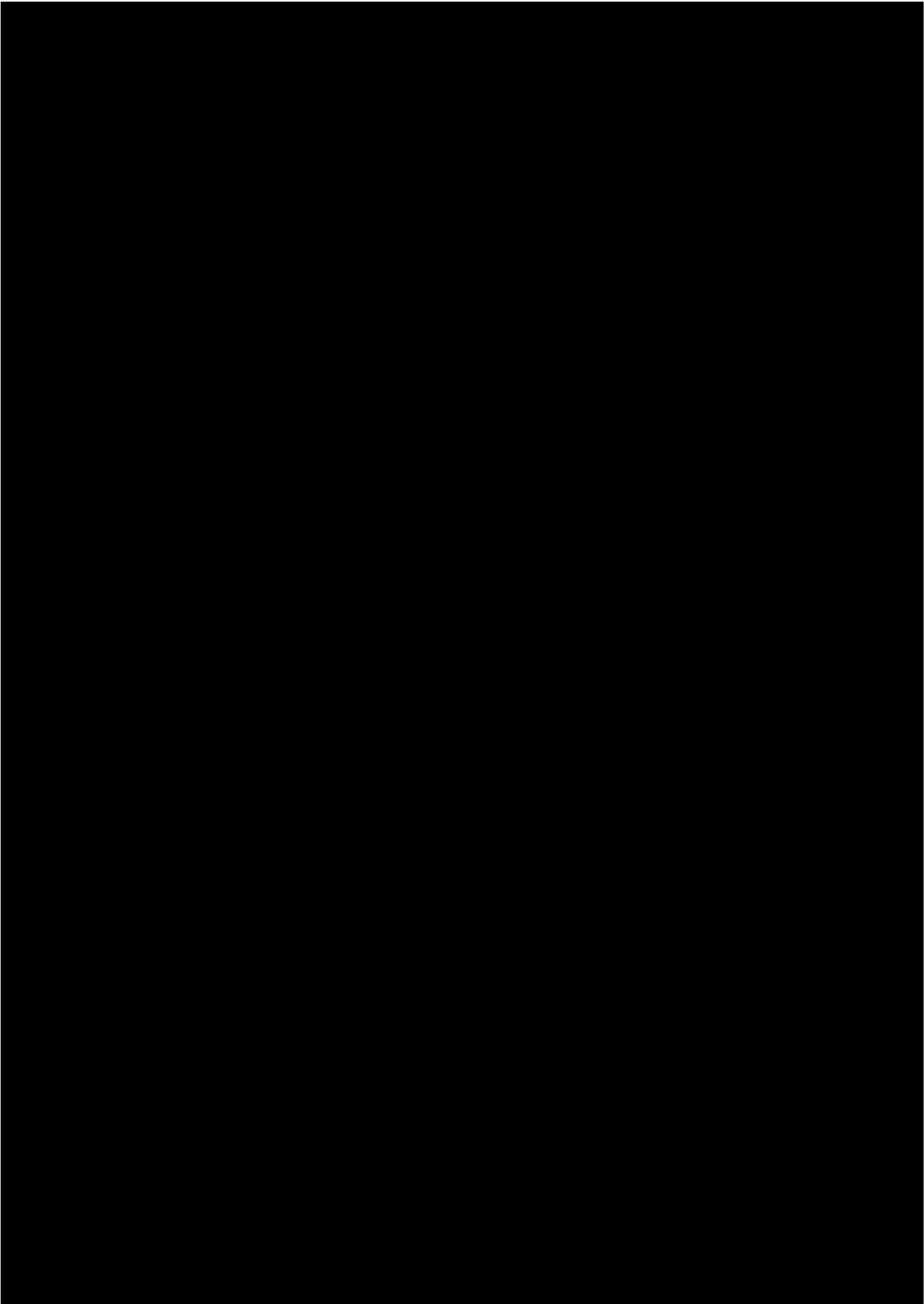


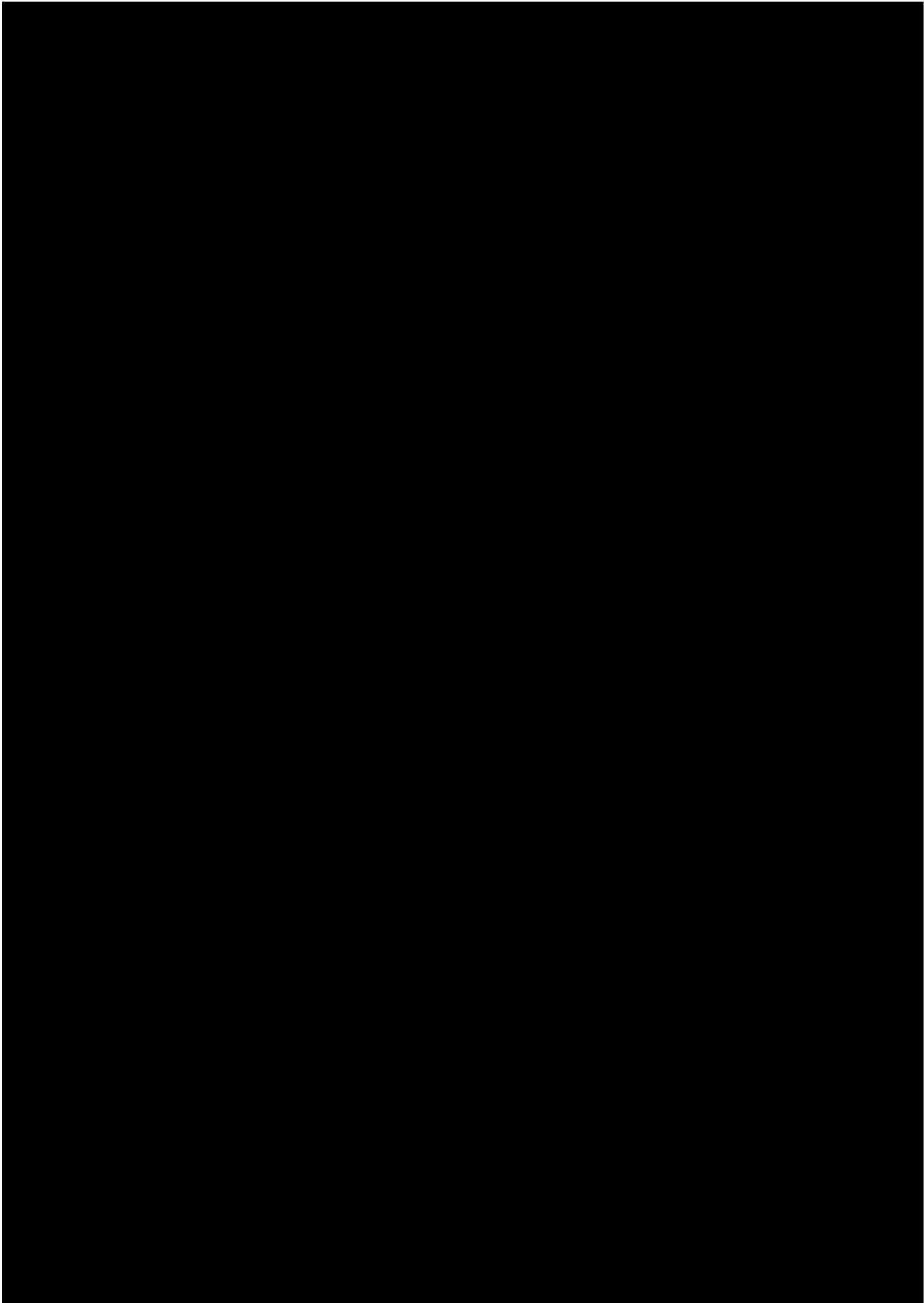


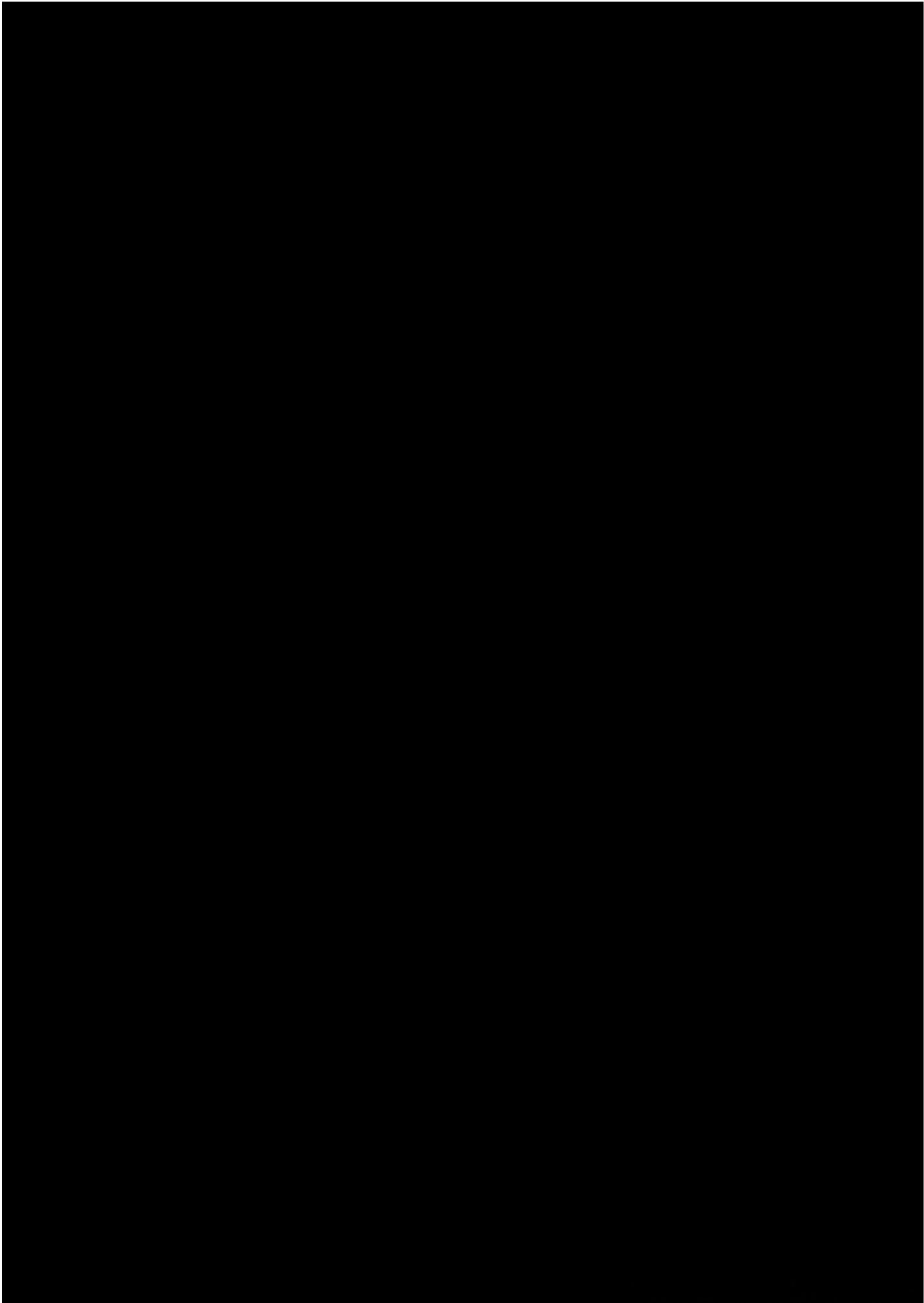


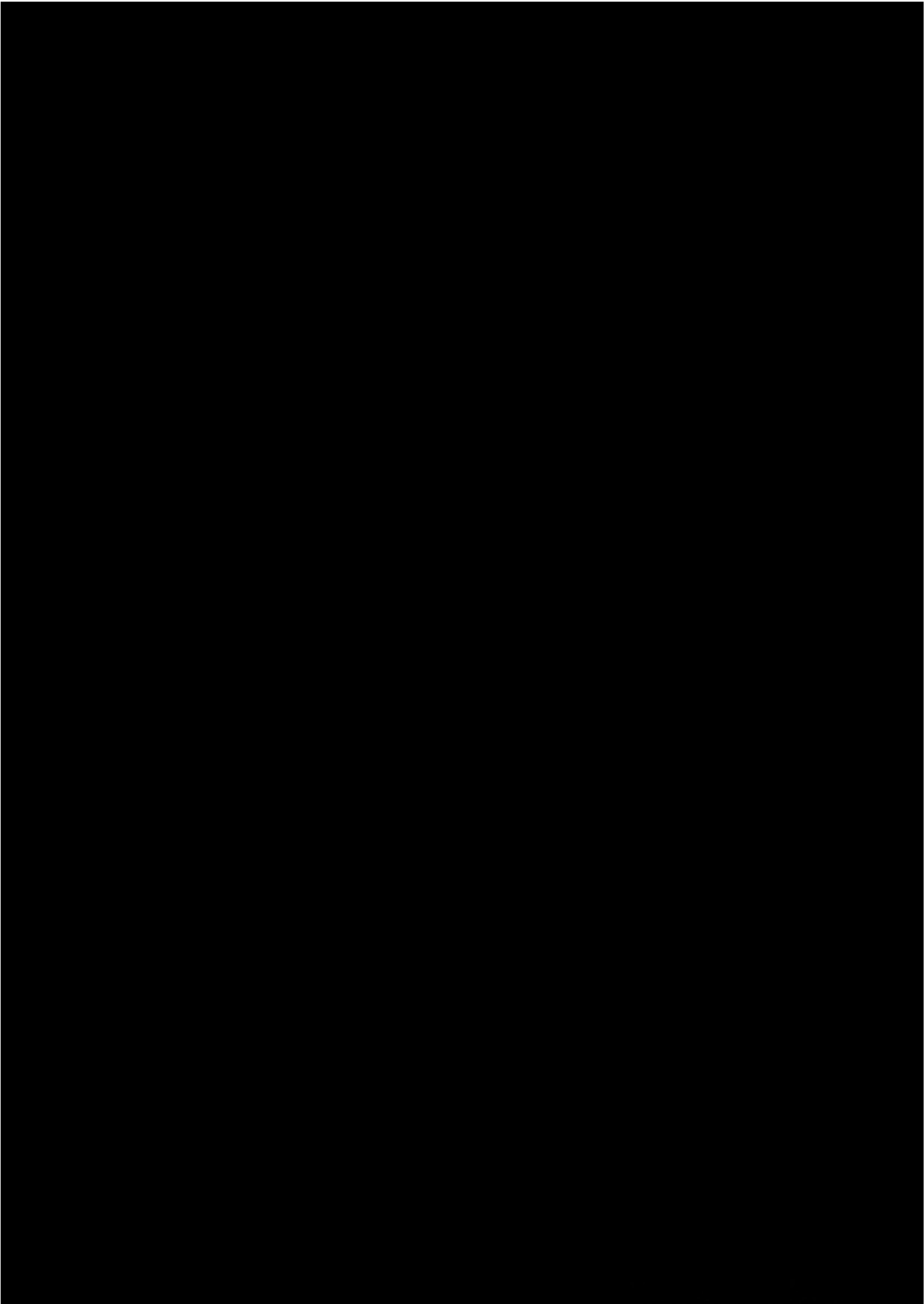


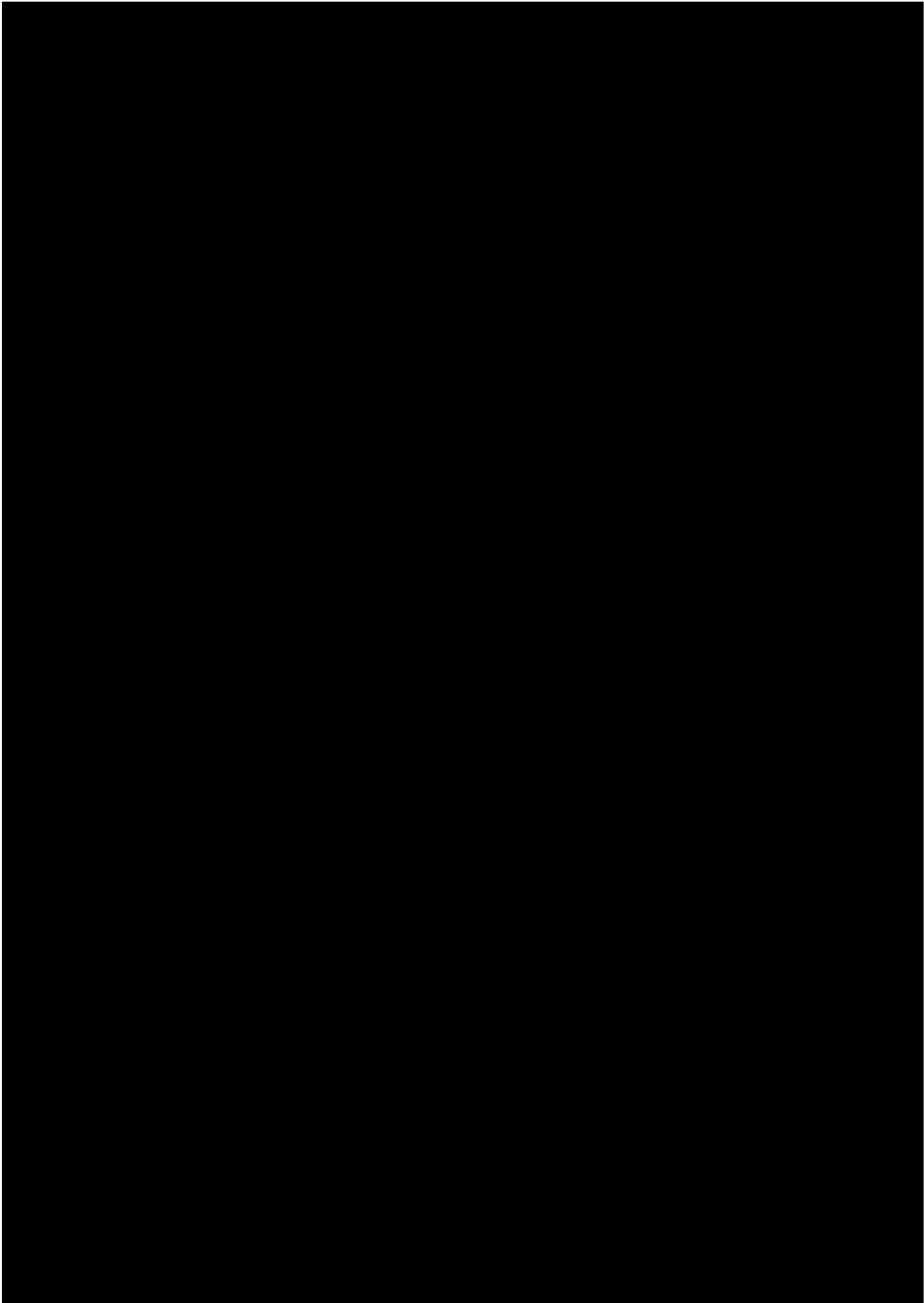


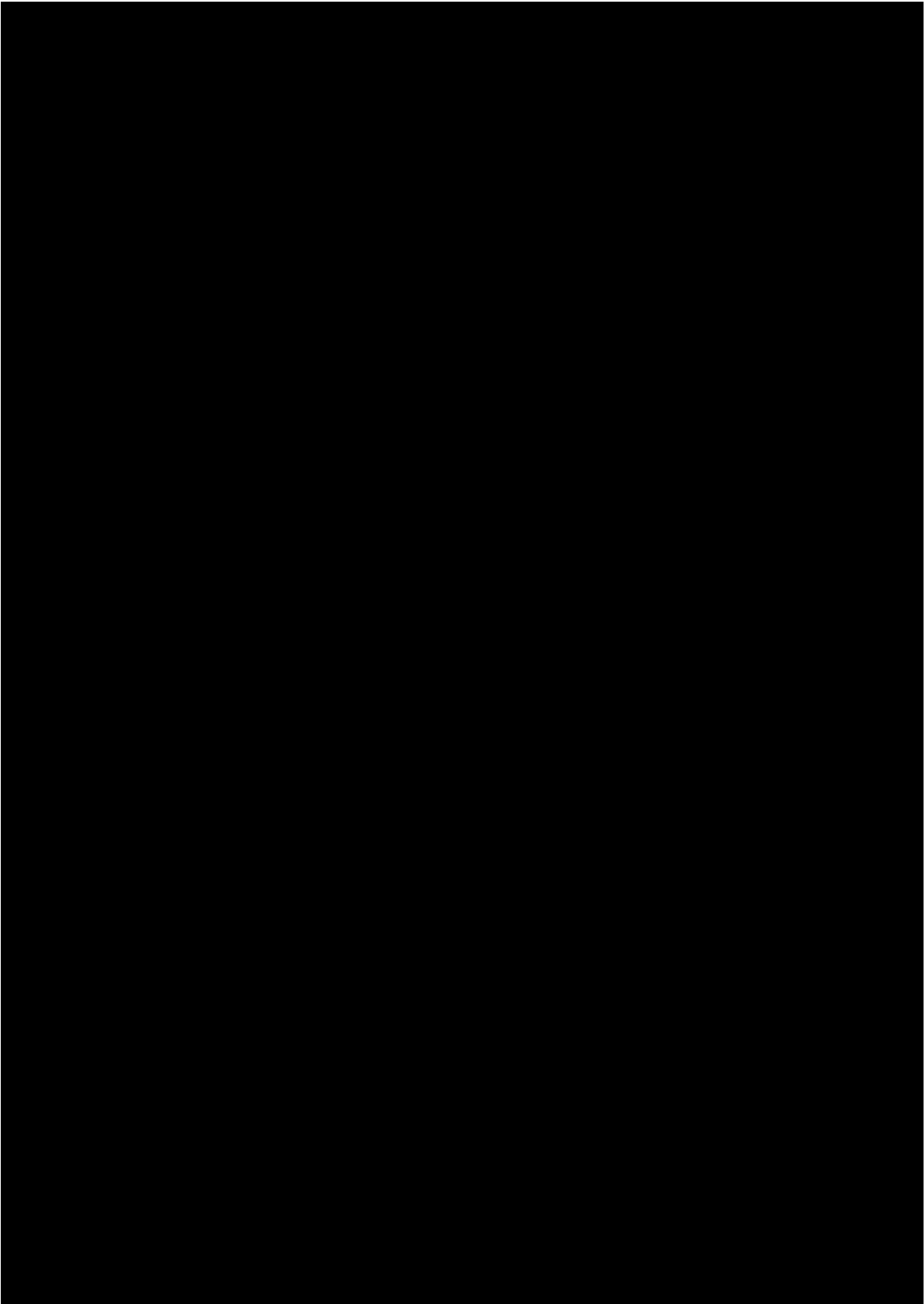


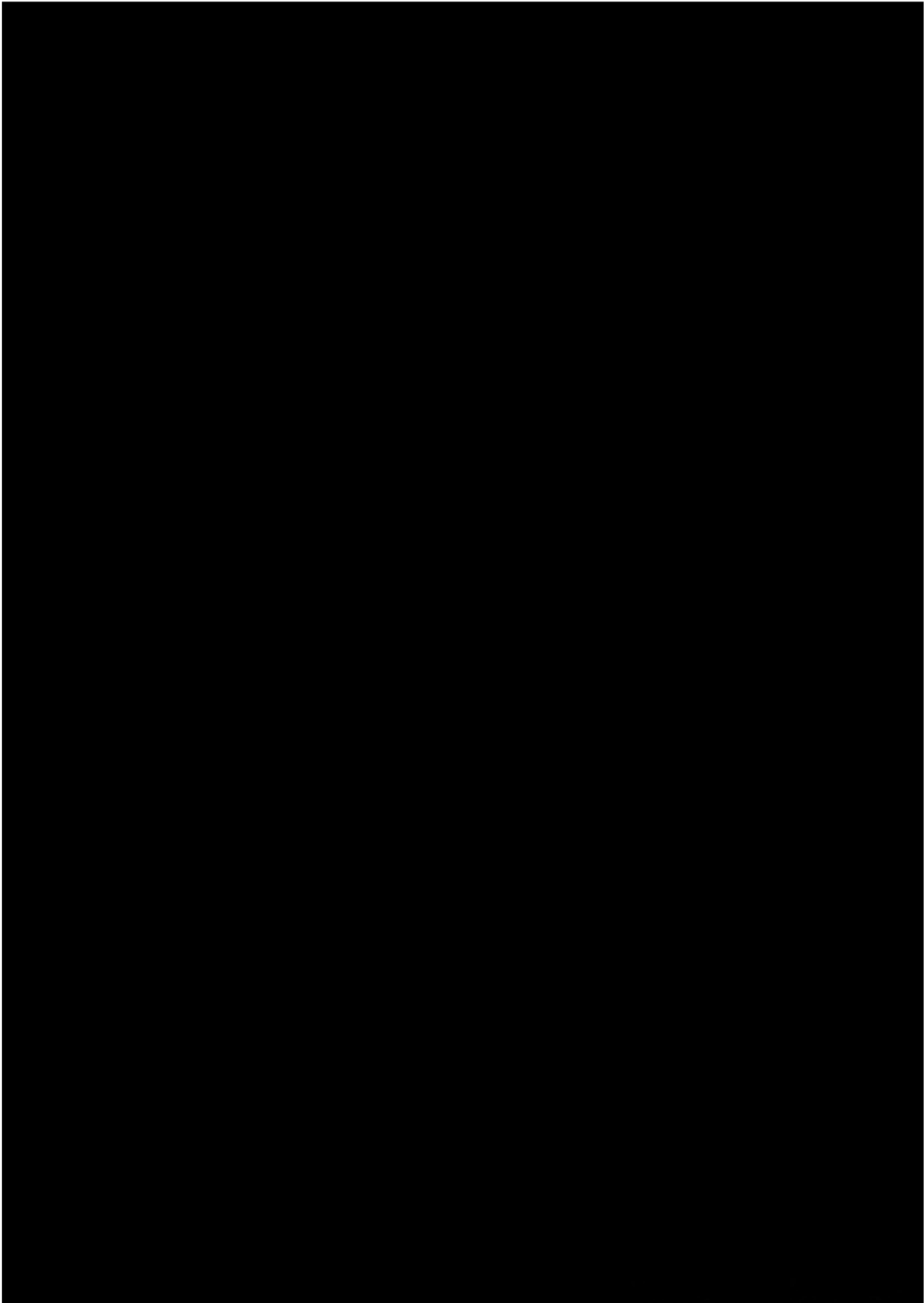


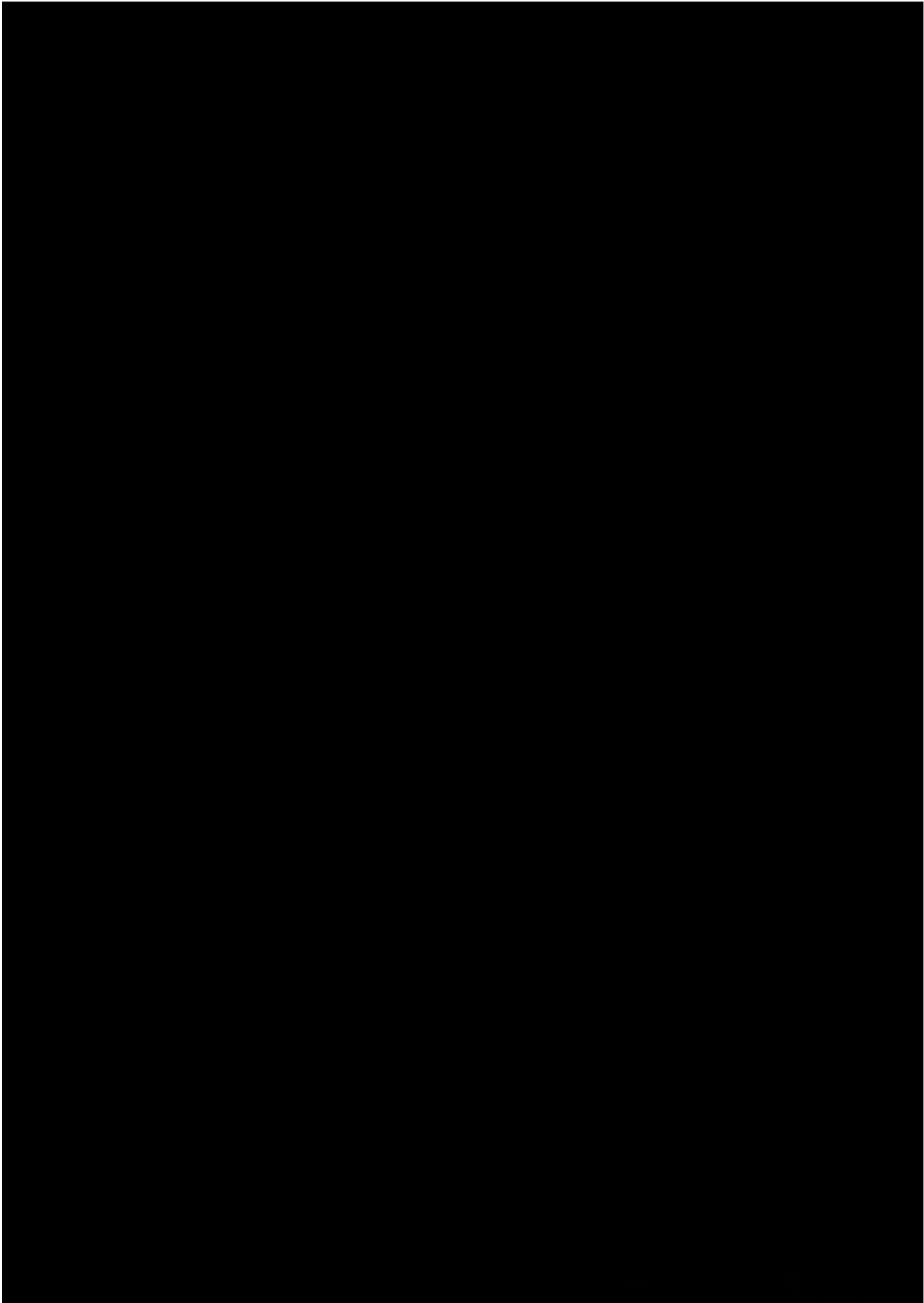


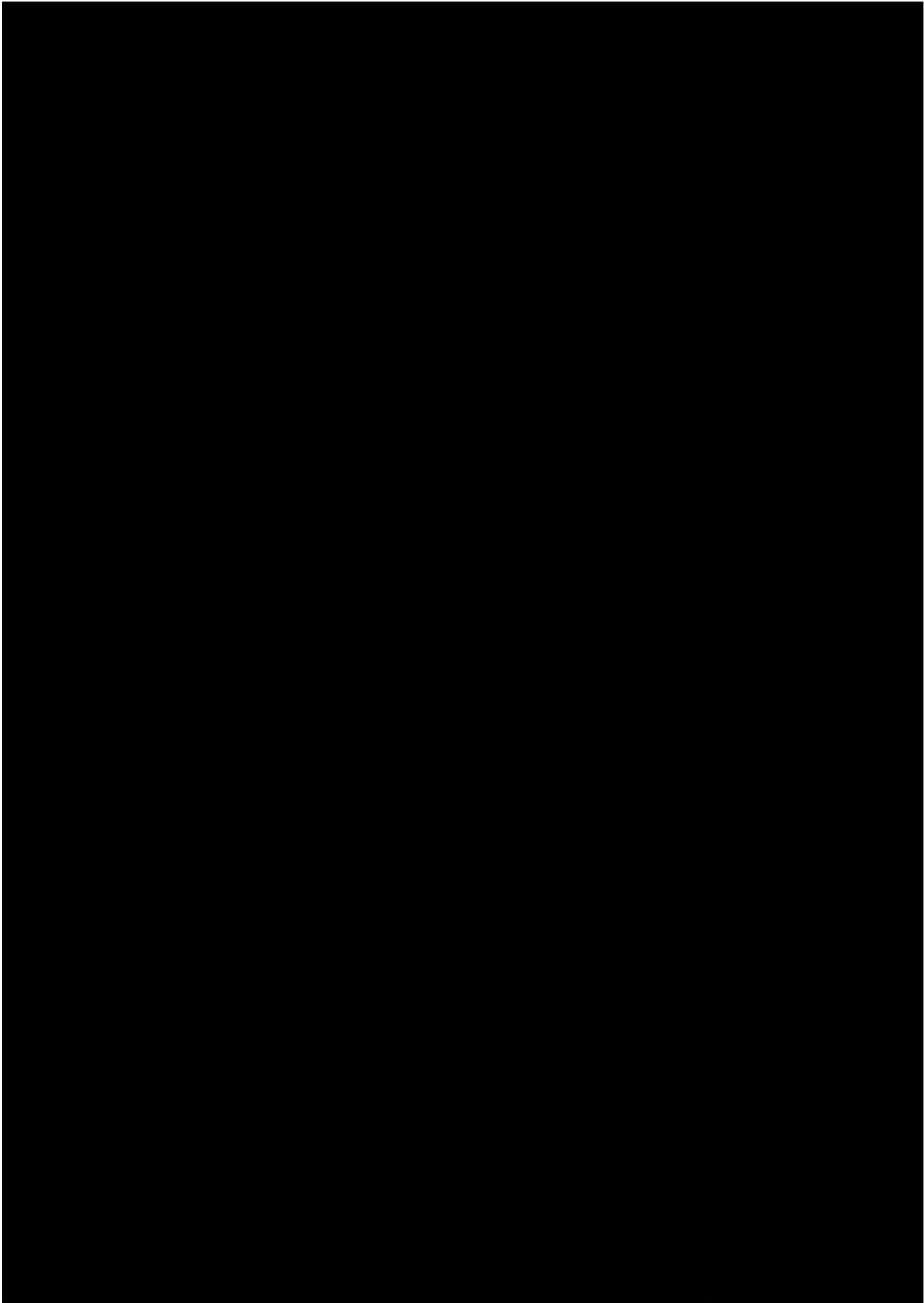


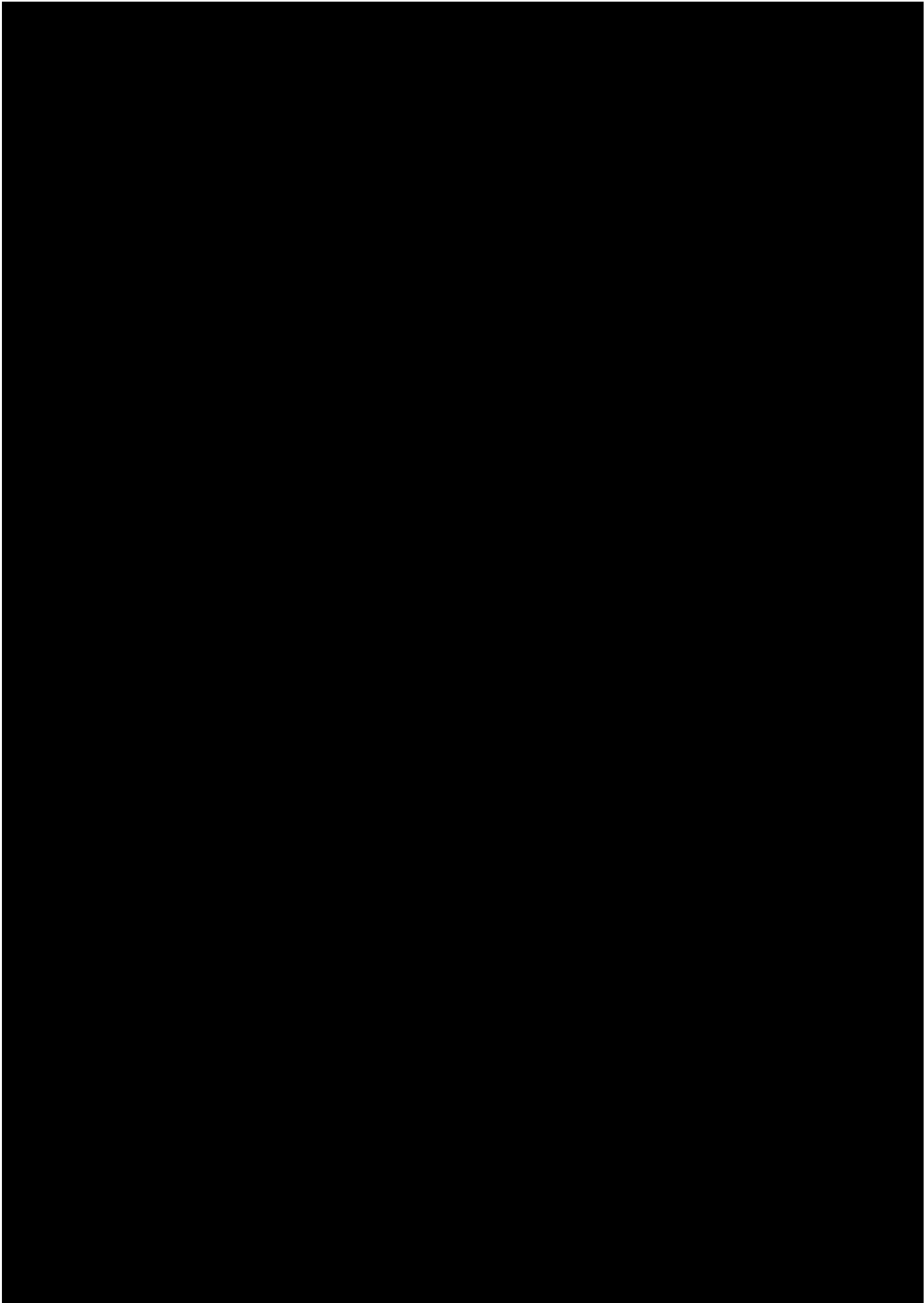


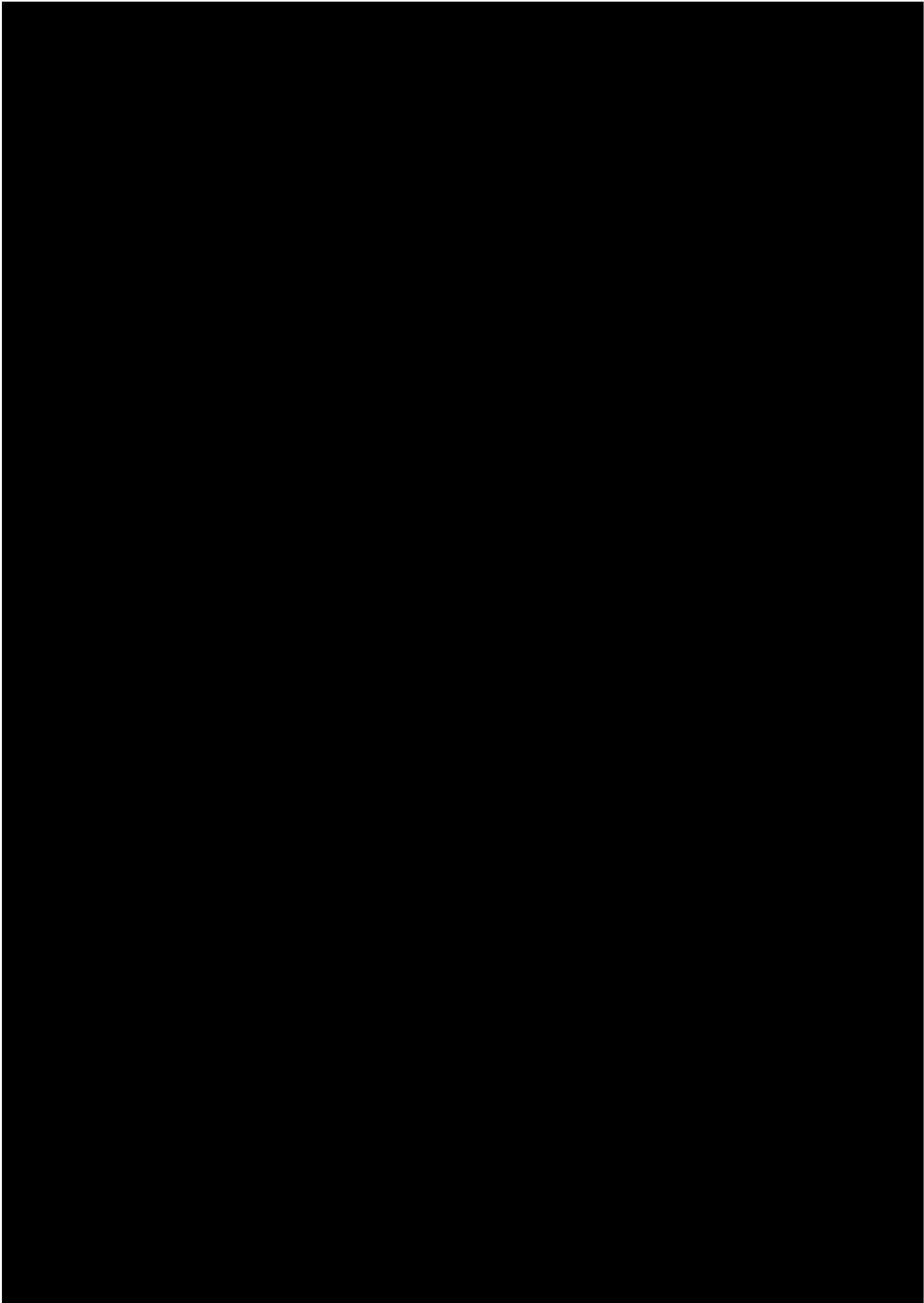


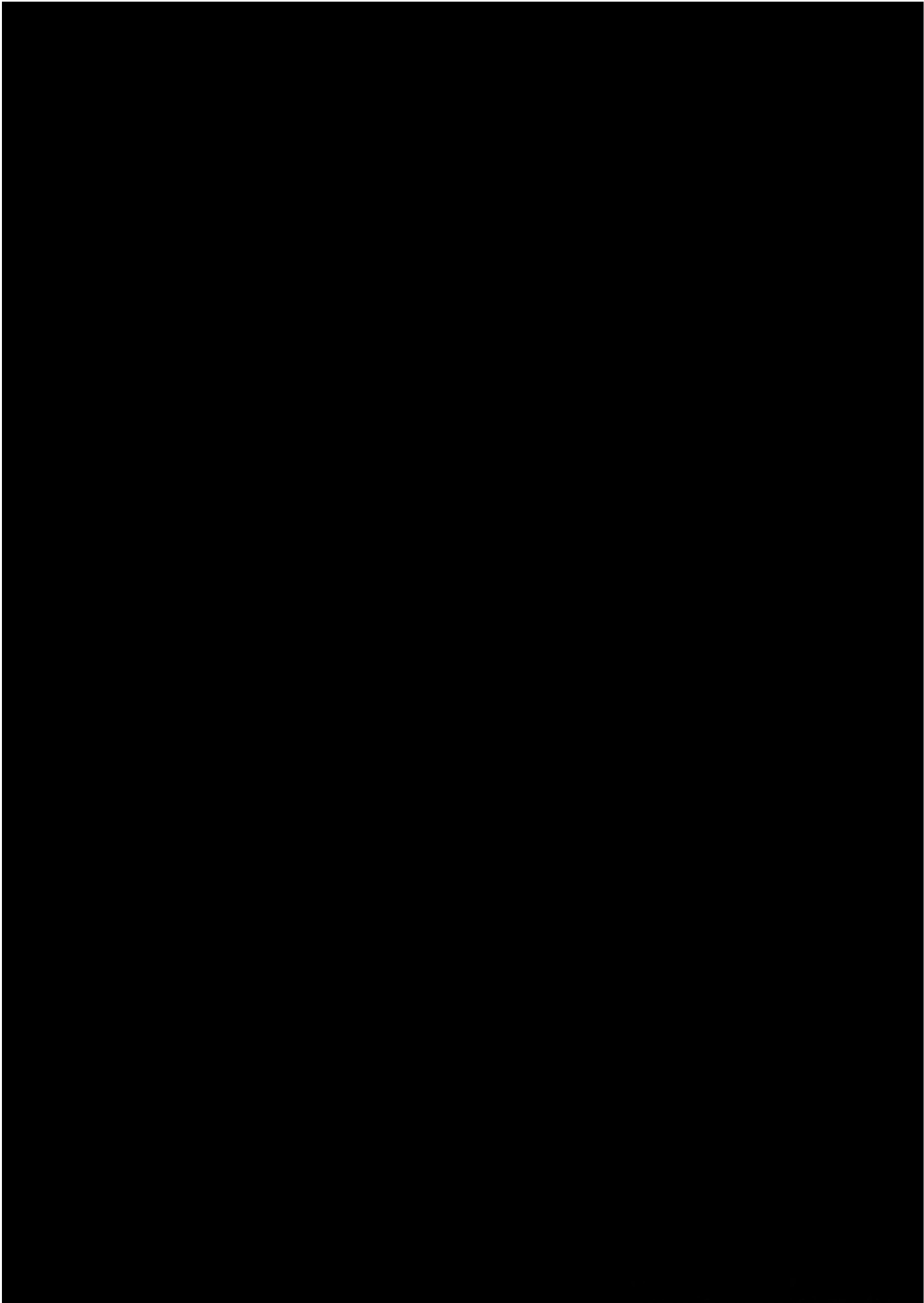


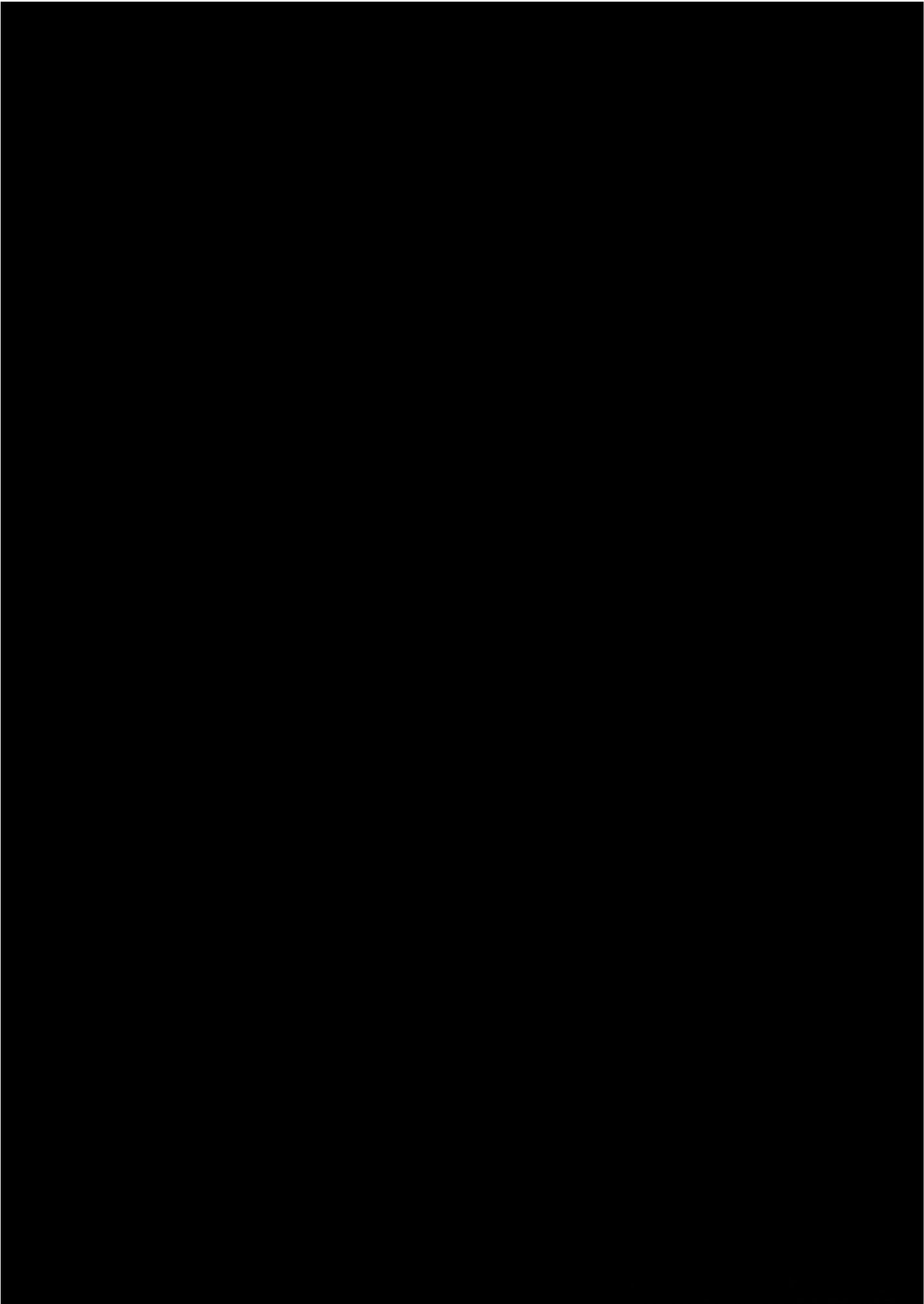


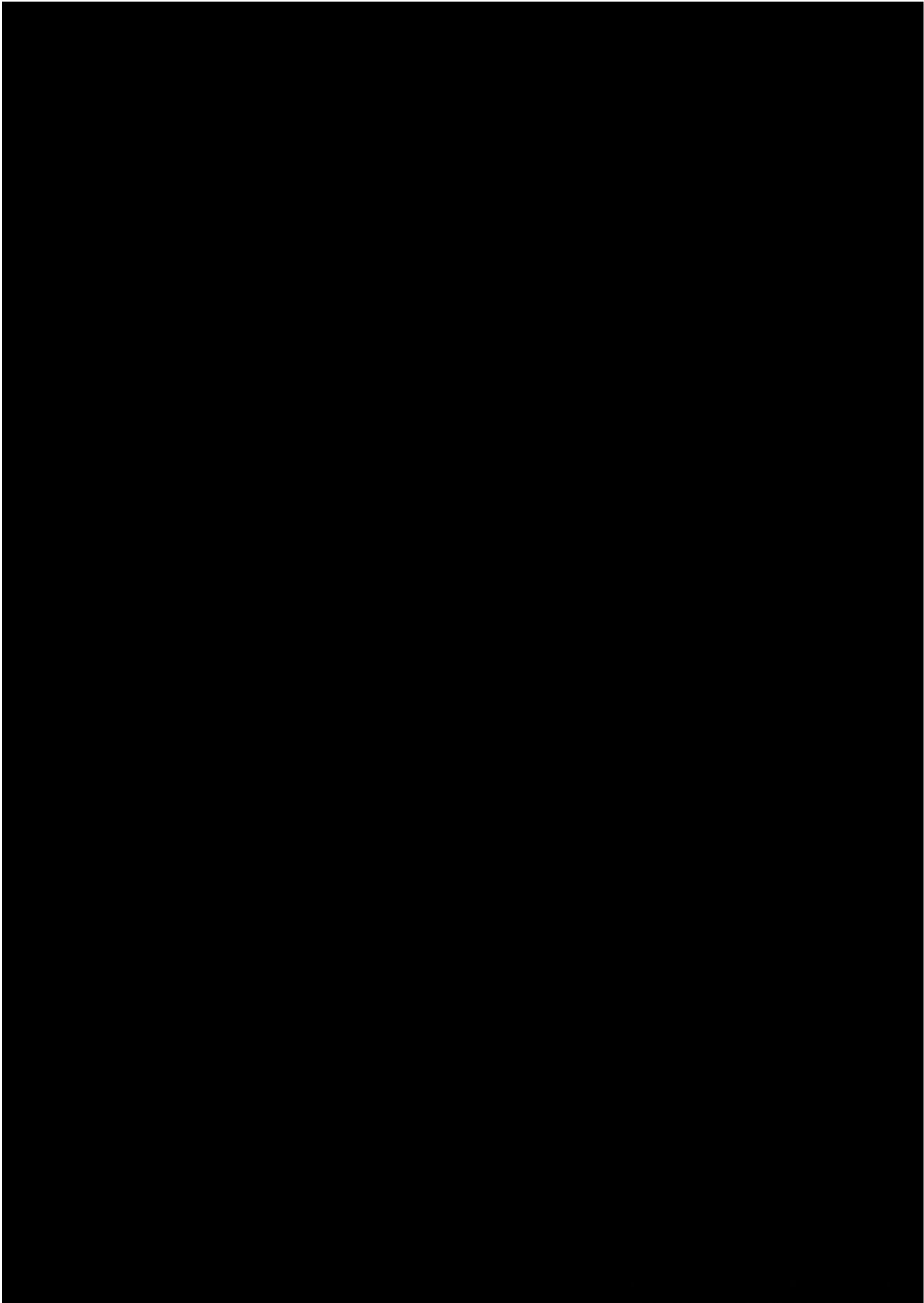


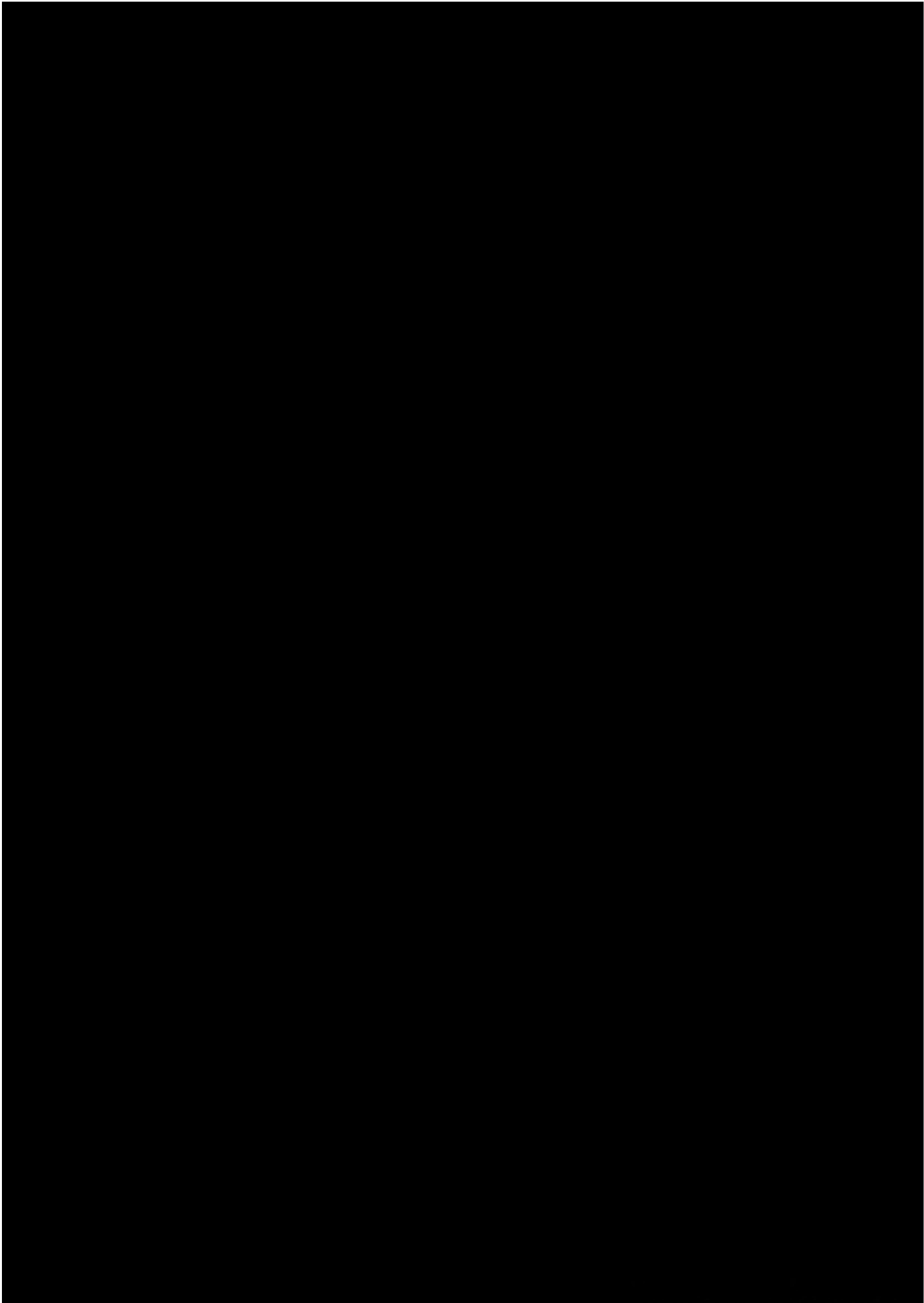


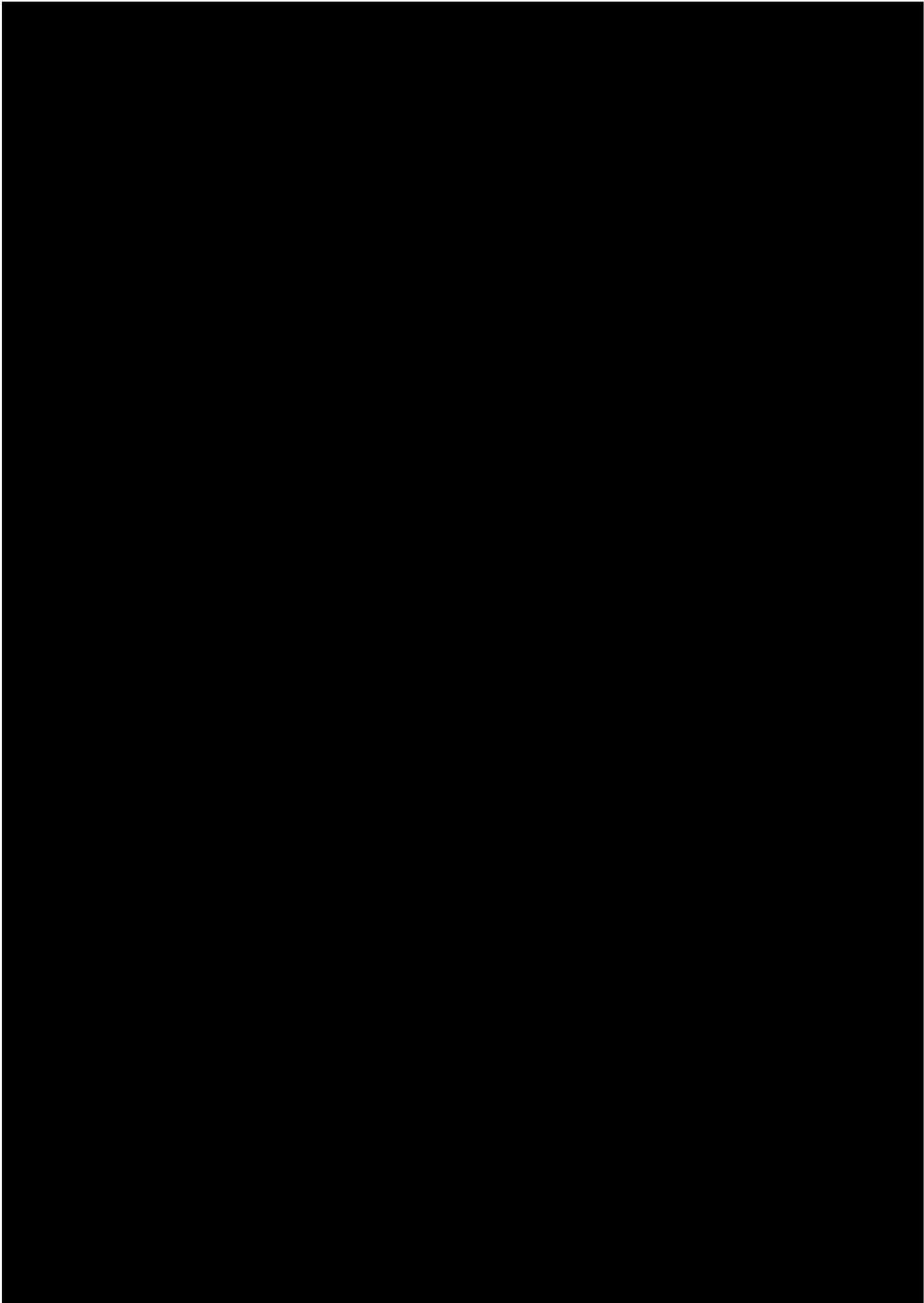


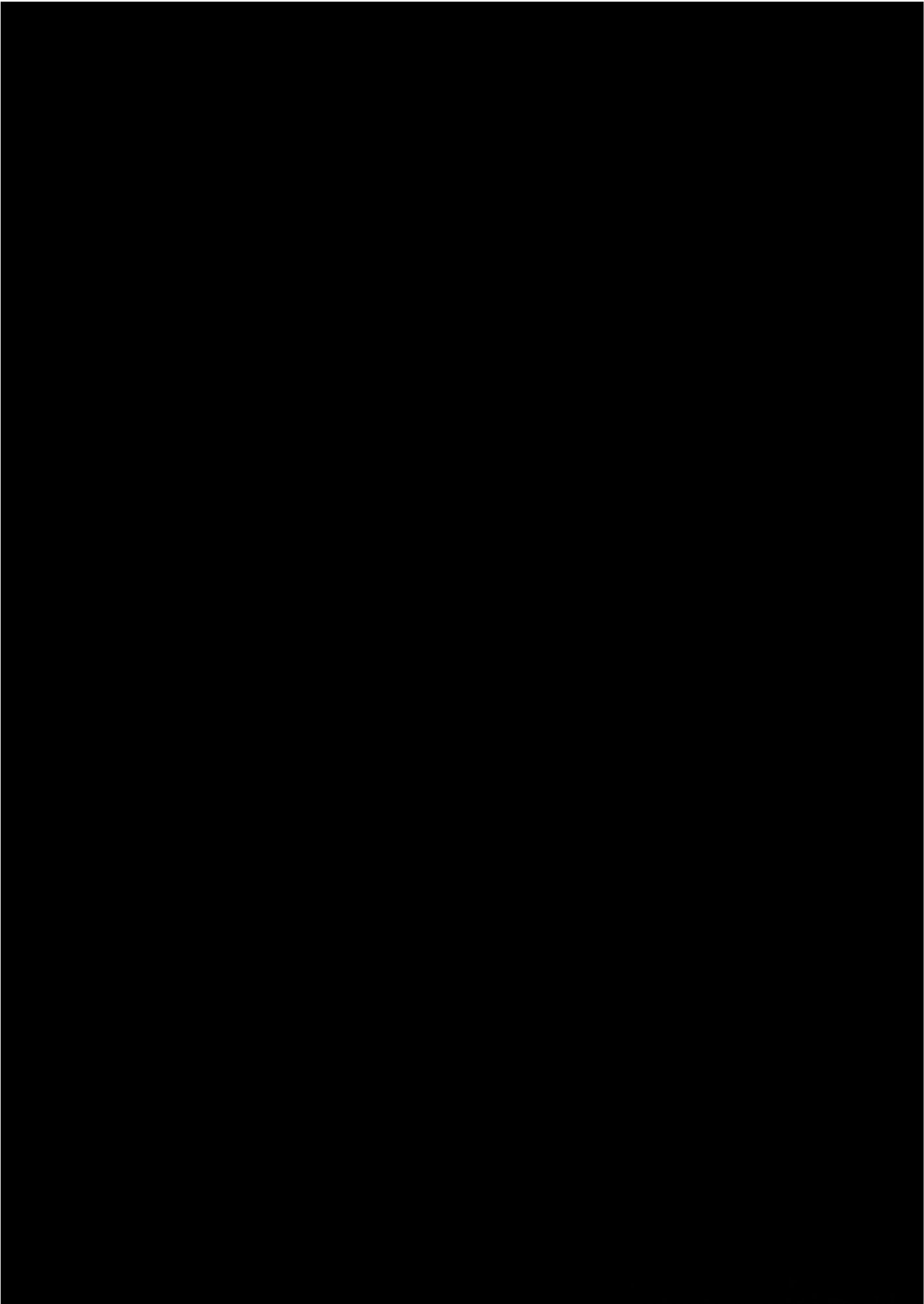


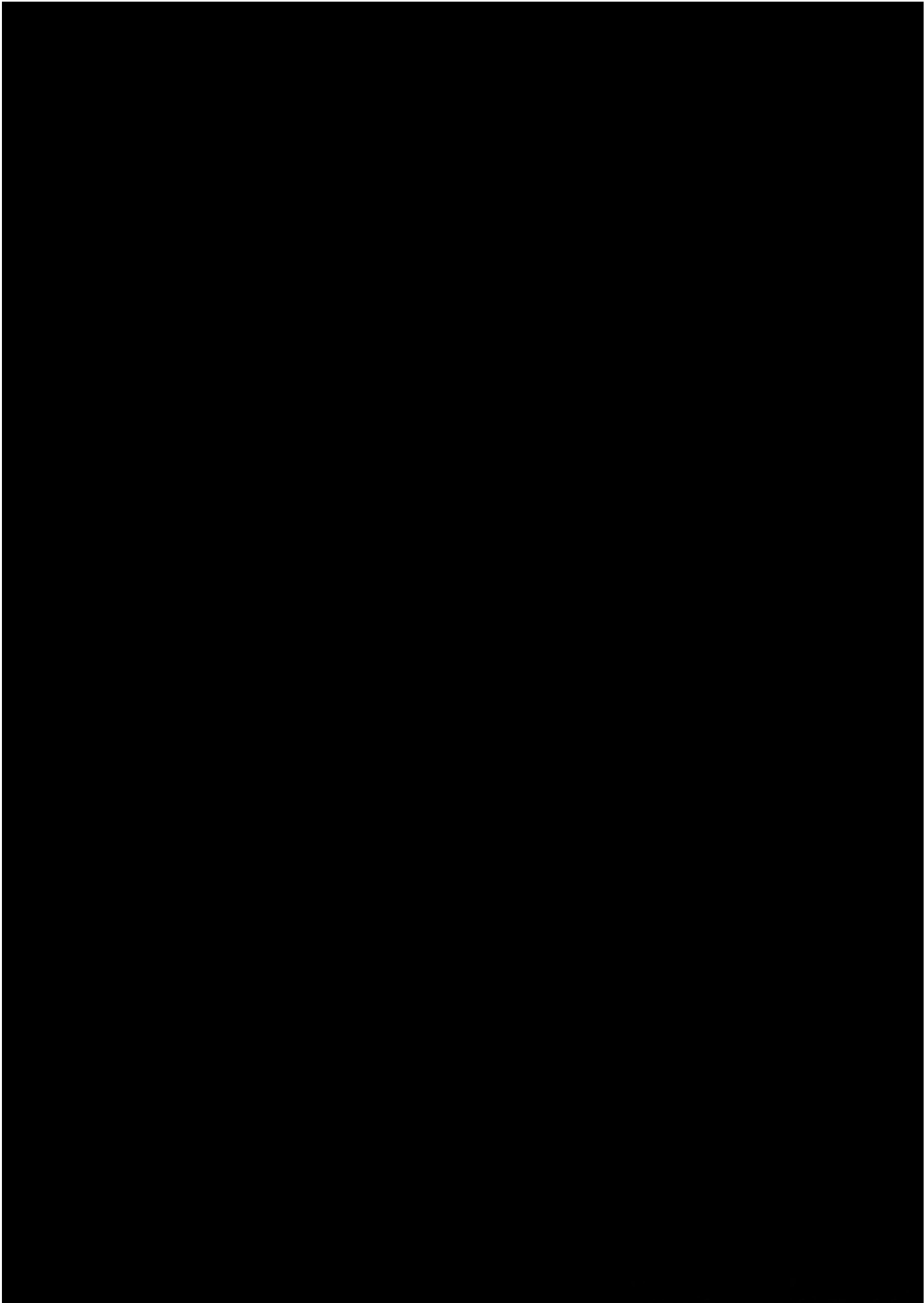


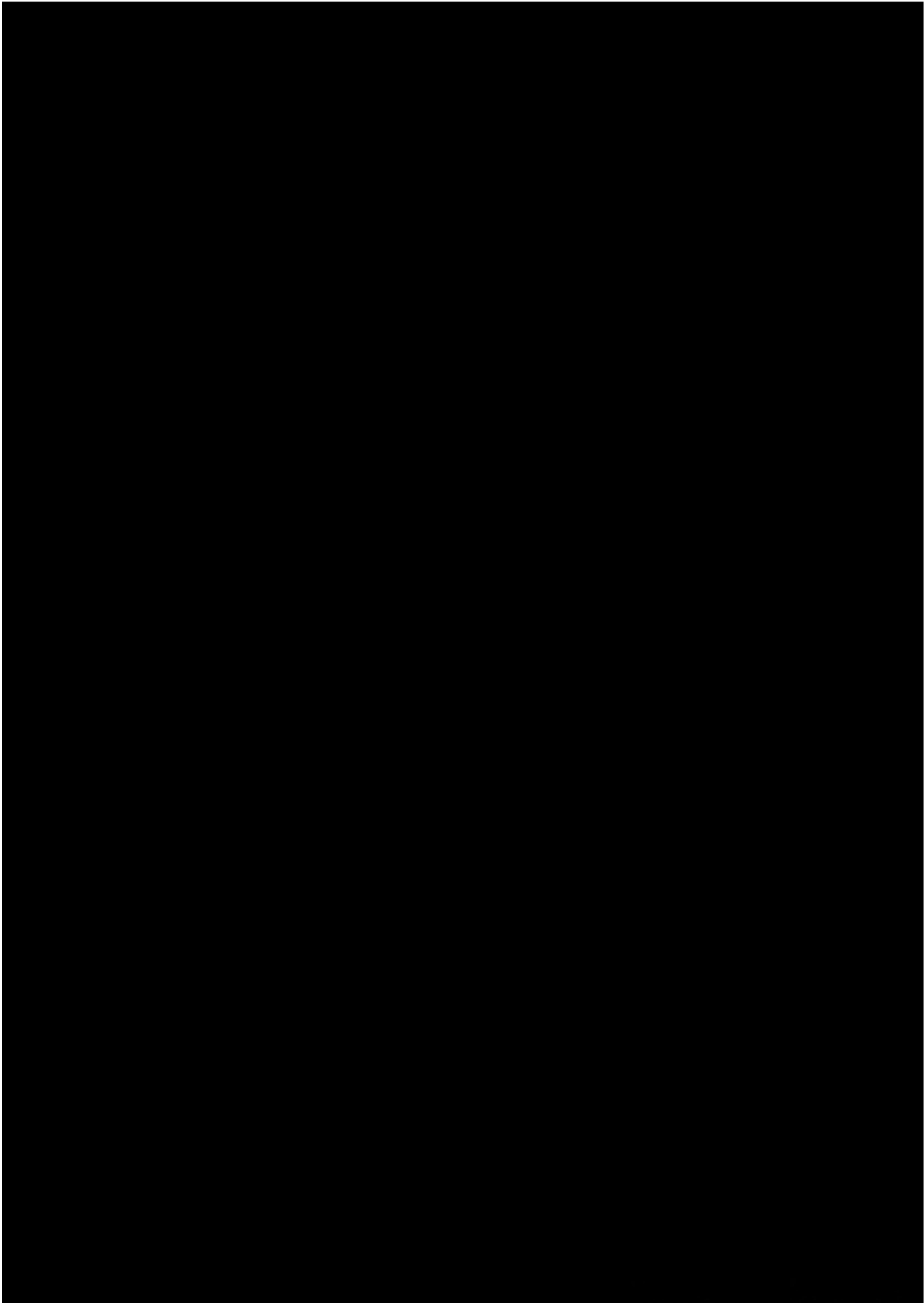


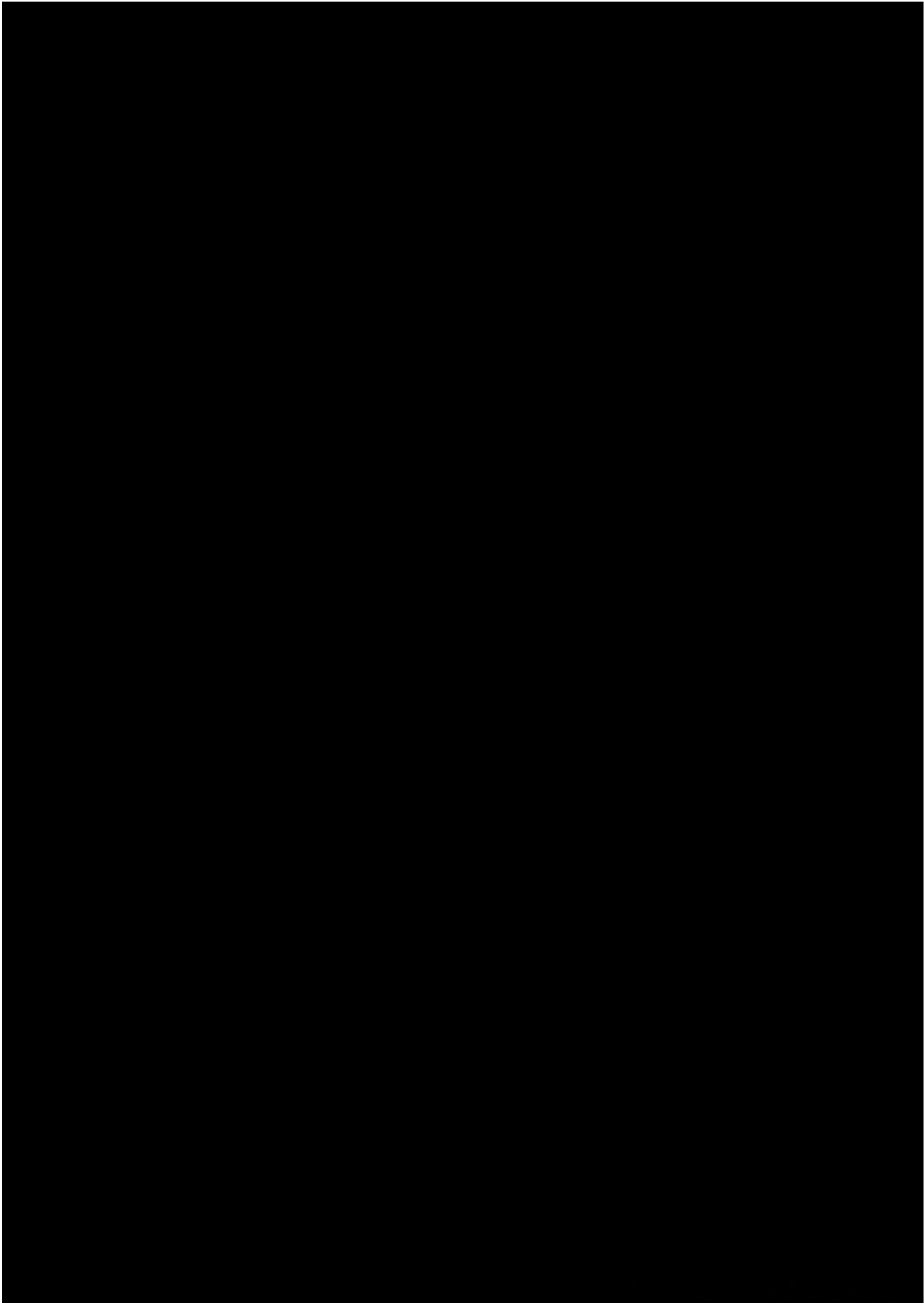


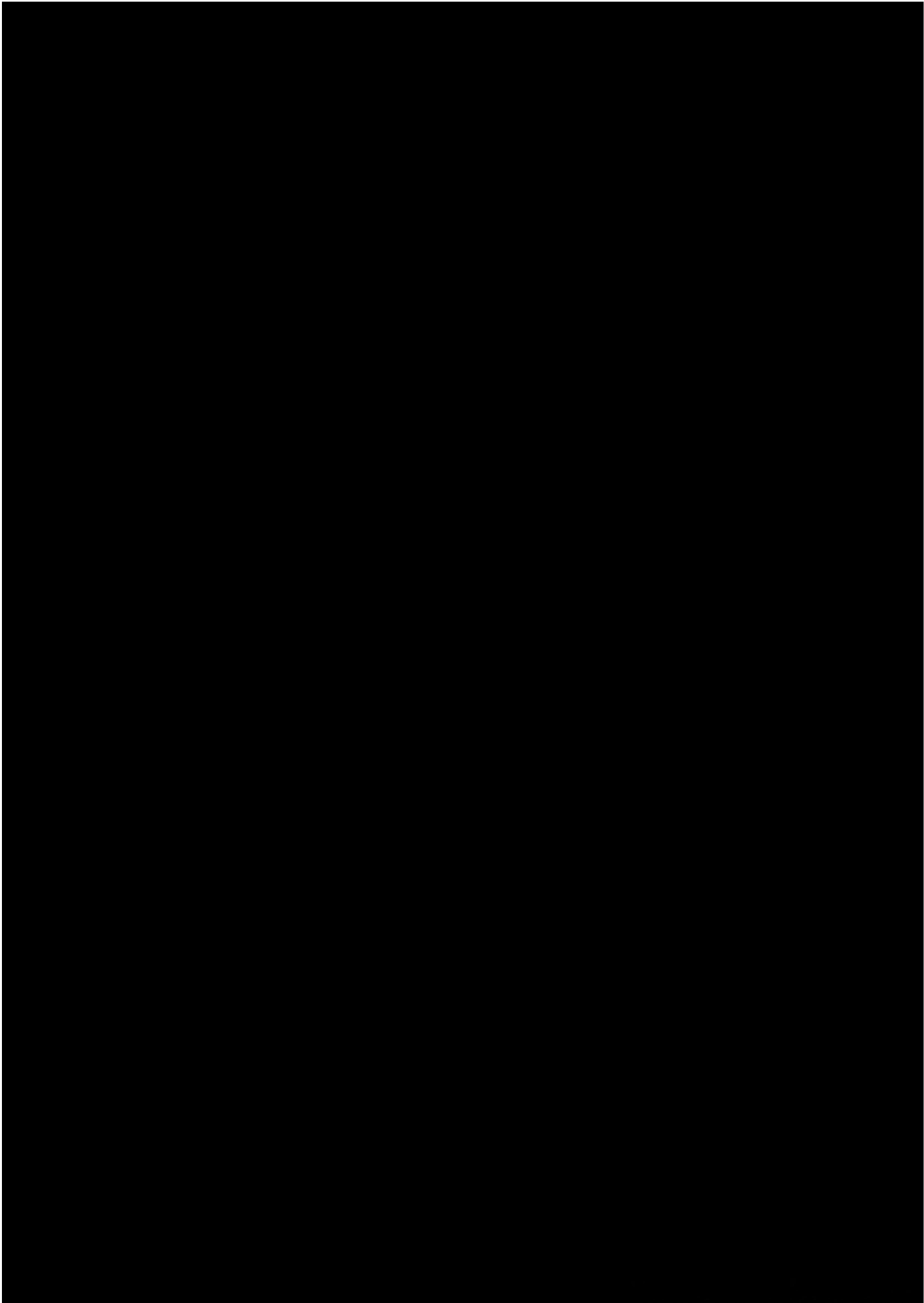


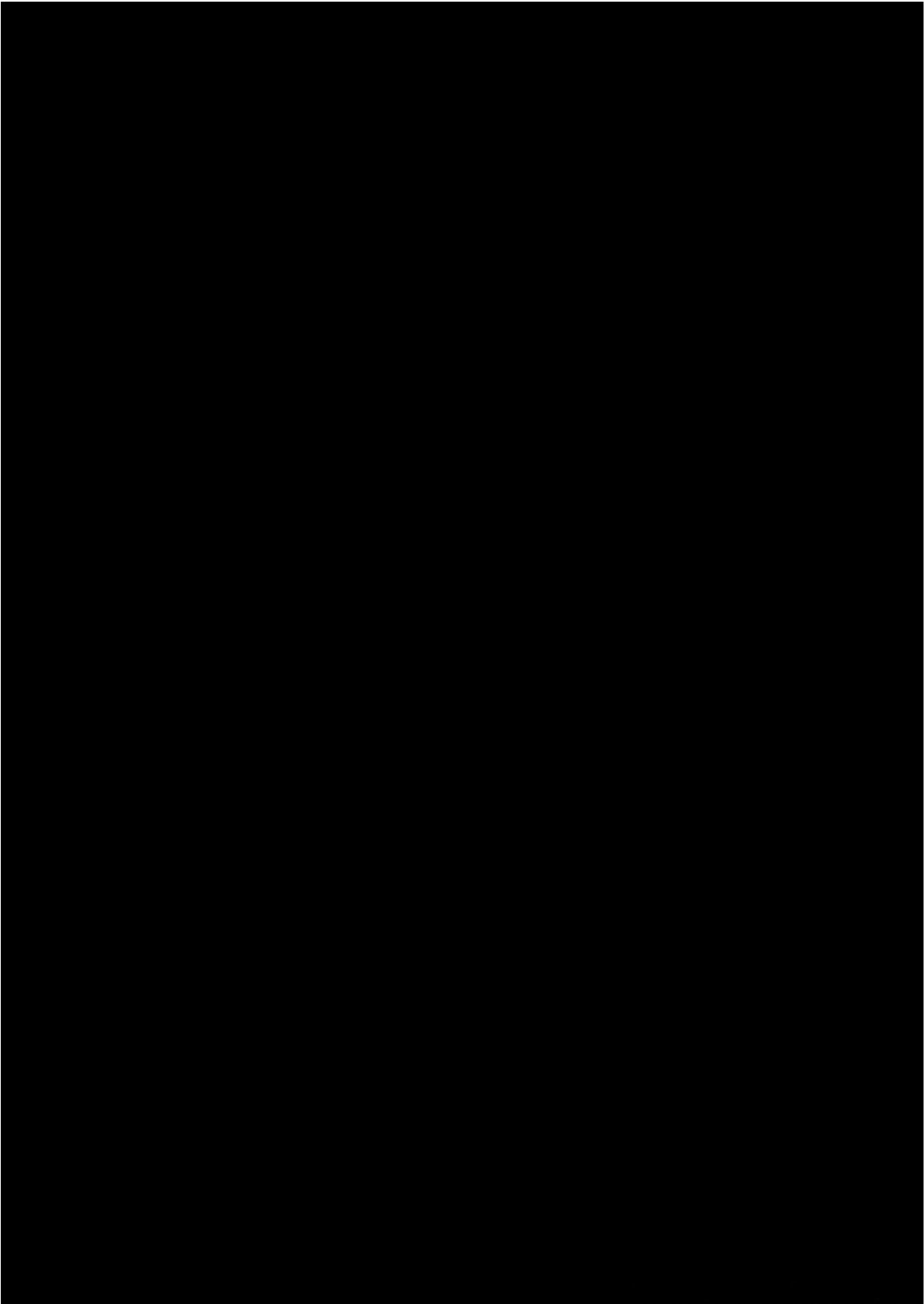


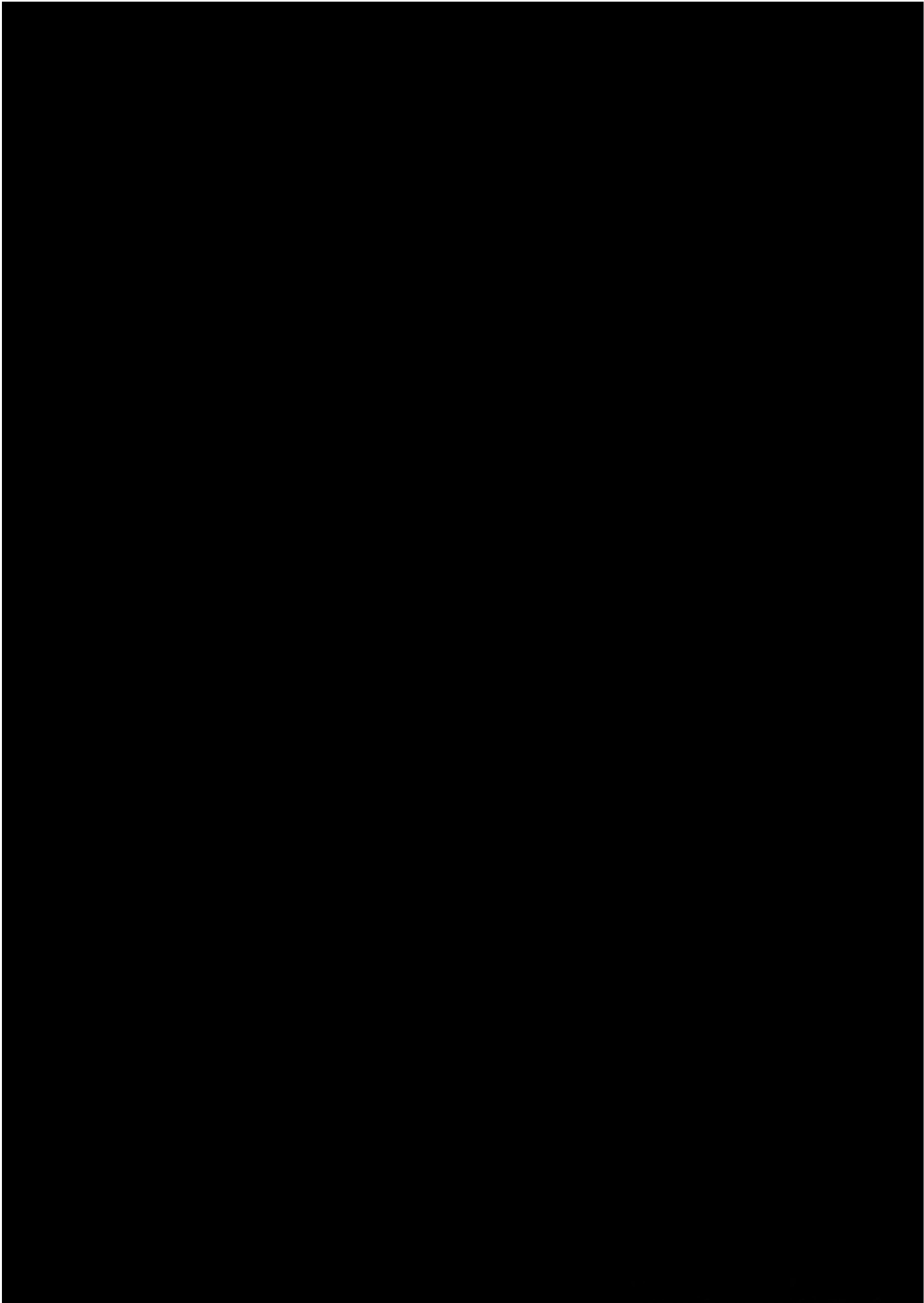


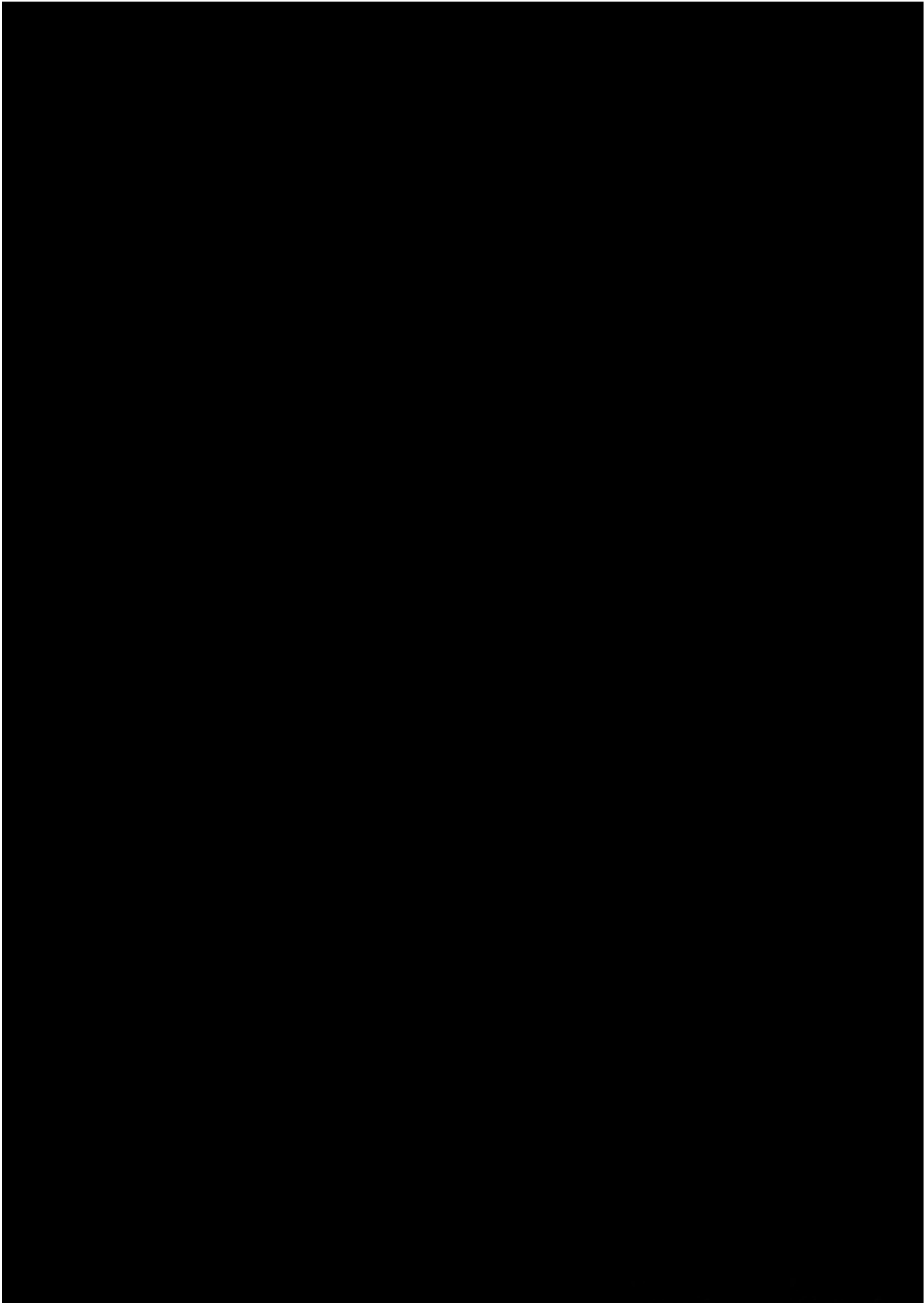


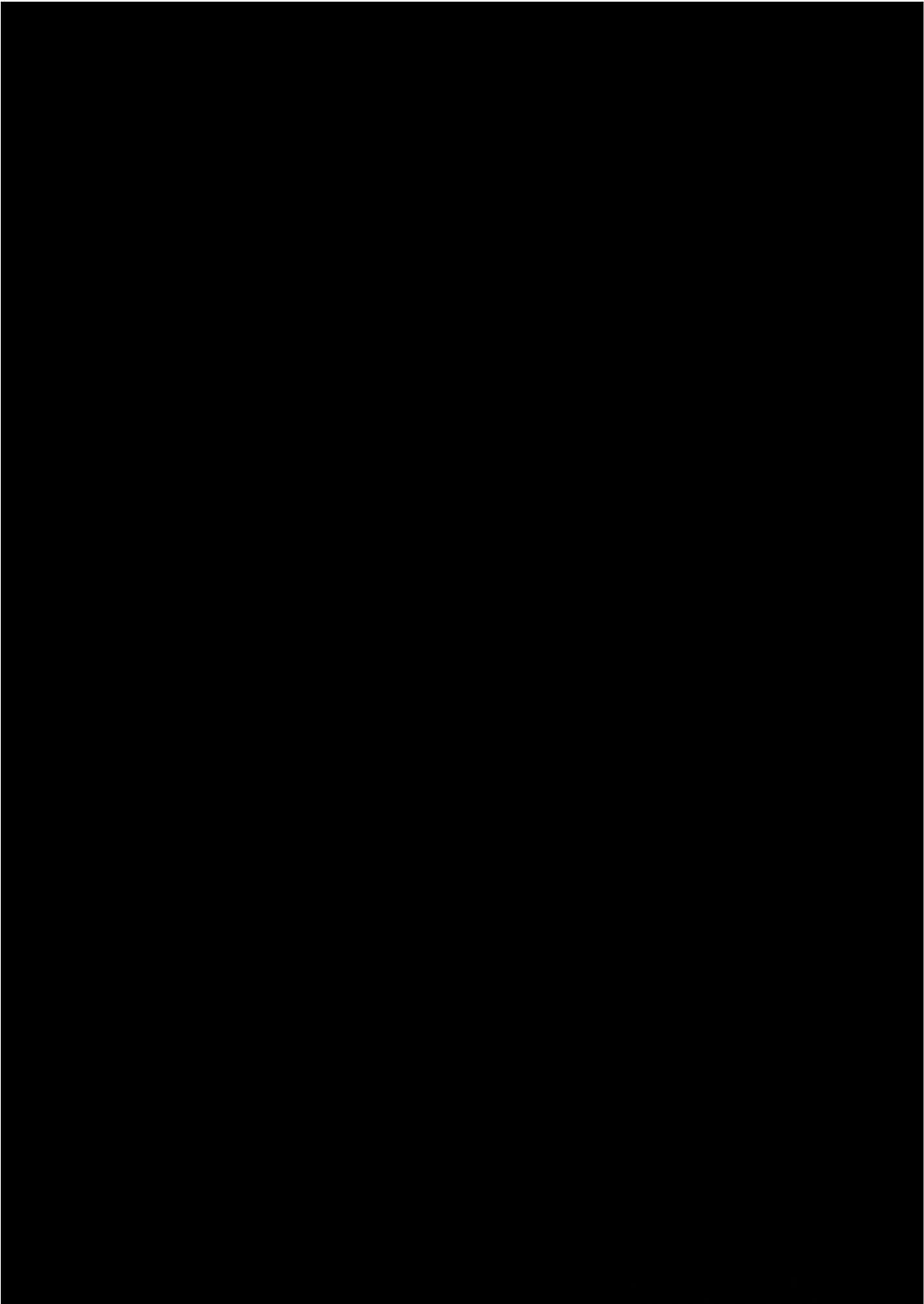


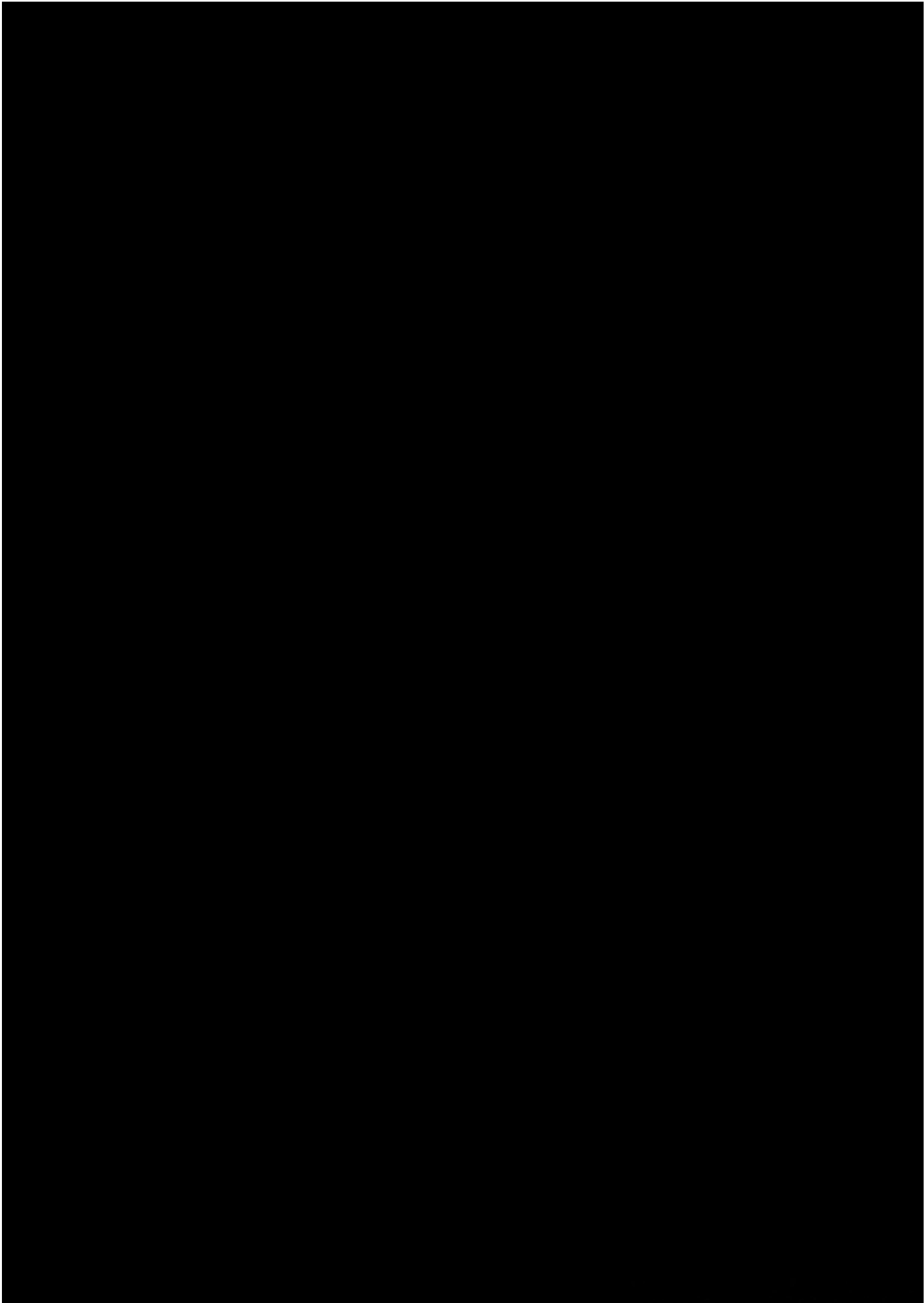


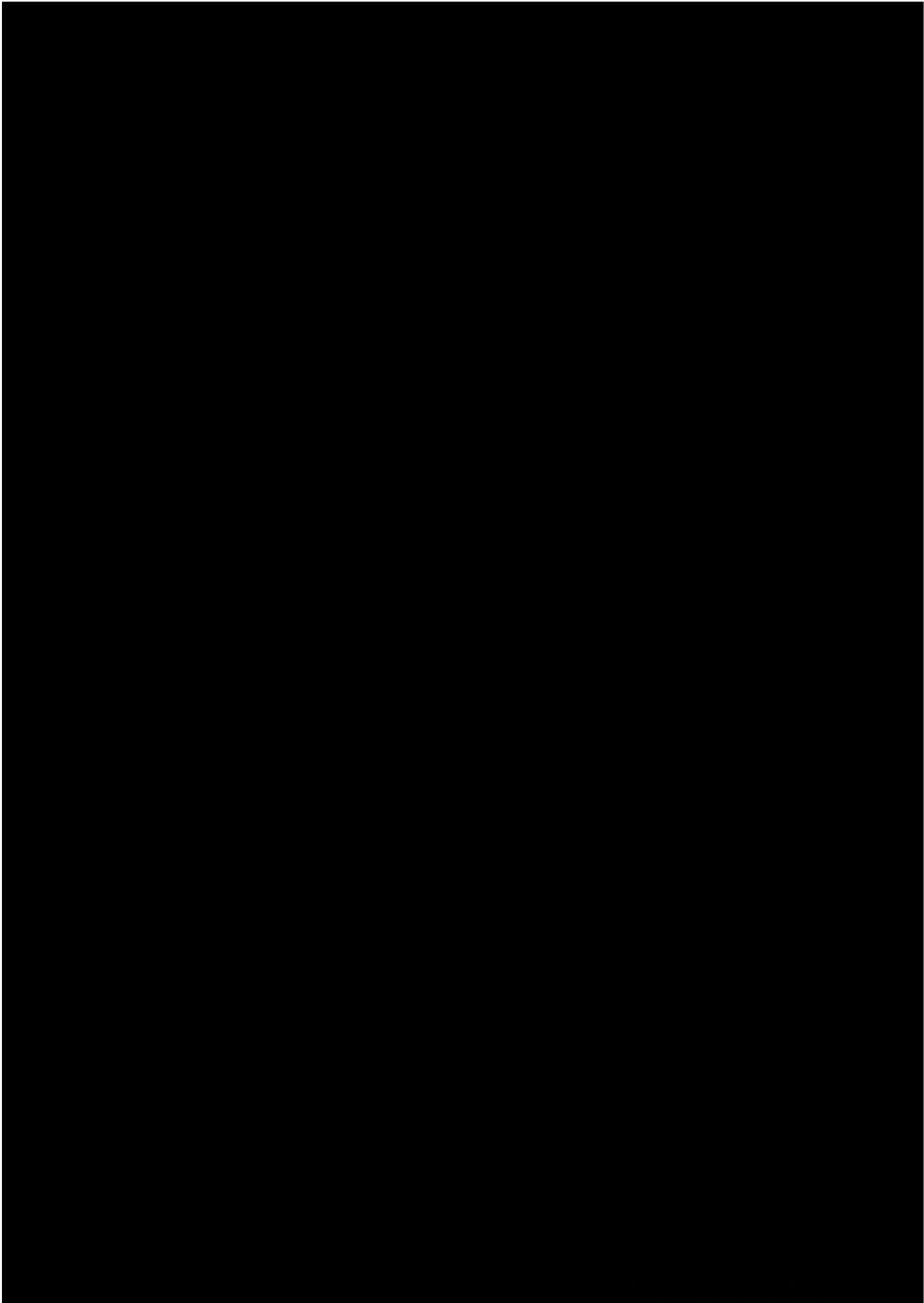


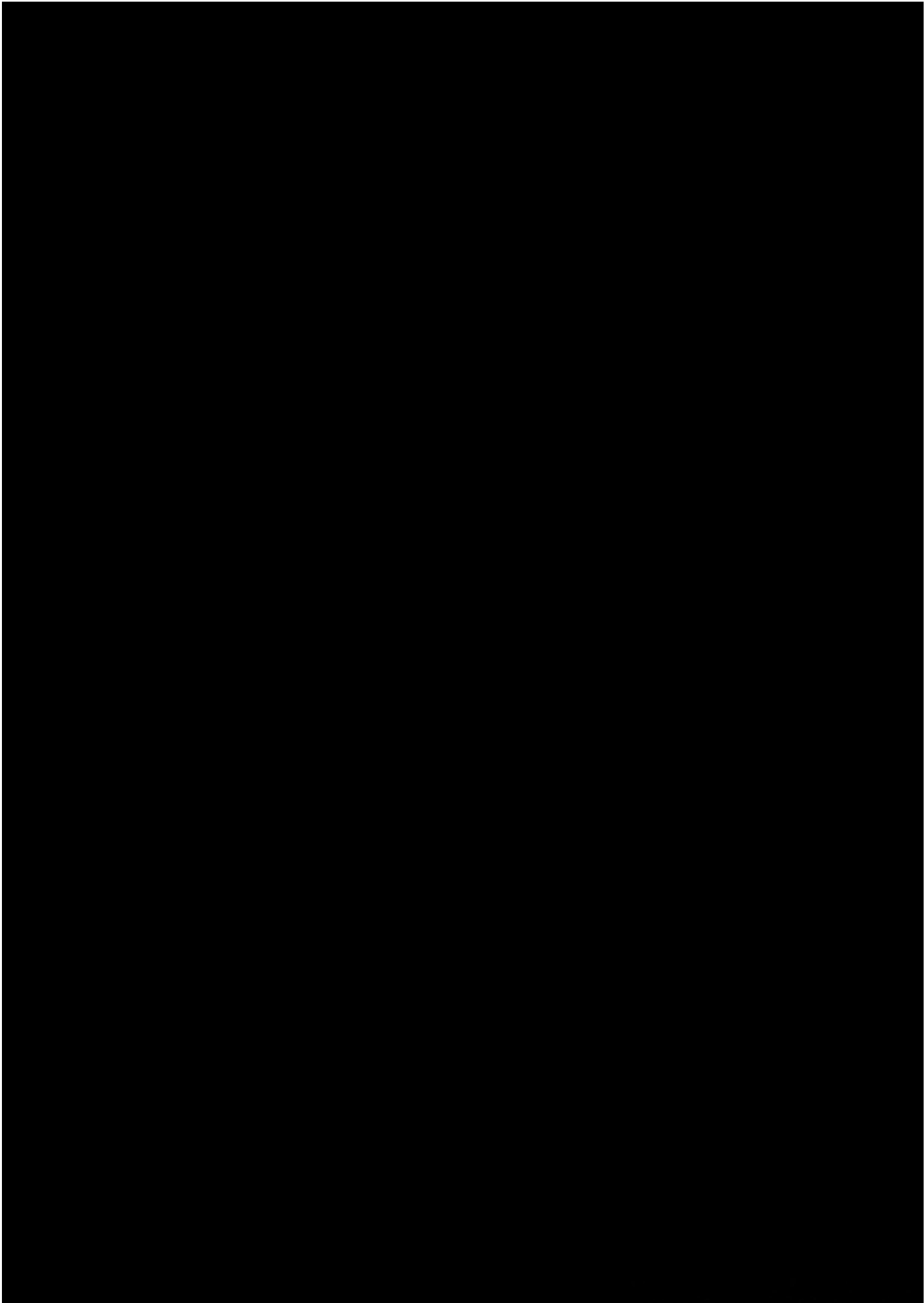














POST OFFICE LIMITED BOARD REPORT

Title:	Historical Shortfall Scheme – Options Paper	Meeting Date:	24 th June 2021
Author:	Declan Salter, Historical Matters Director	Sponsor:	Nick Read, Group CEO

June 2020

Input Sought:

To **Review** options for accelerating the Historical Shortfall Scheme.

To **agree** which options should be progressed

Executive Summary

The HSS is becoming clogged-up in process and it is imperative to unlock this such that the scheme remains alive to provide necessary redress for Postmasters; fairly and in a timely manner. As was agreed last week POL will have to balance timescales with sensible compromises such that we can be fair to Postmasters overall (as per the JR Judgment). Some of these decisions will reduce workload (and simultaneously reduce costs) and some will require additional or different resources (which might increase costs). Meanwhile the run-rate of administration and interest is currently **IRRELEVANT**. However, the priority must be to provide fair redress to PMs as swiftly as possible (and the current review of costs and budget will report separately).

Within the current process the scheme is forecast to have at best 95% of offers made in 2022; HM has been challenged to achieve this in this financial year. The Board is asked to consider adopting a reasonable approach to investigation (determined case-by-case) to support the PMs claim (to complete more cases in a shorter period of time); to allow HSF to use additional resources in London; and to consider raising the De Minimis level (including incidental items as well as Shortfalls).

In reality the Board needs to determine if the purpose of the Historical Shortfall Scheme is to resolve all claims *as made* (and further clarified where necessary by RFI and other means) or whether it is to determine every possible shortfall throughout the entire tenure of the Postmaster, whether claimed or not.

The Board is asked to **agree**:

1. An approach to investigation is followed that ensures an appropriate investigation is completed in order to complete more investigations in a shorter period of time;
2. The using additional HSF resource and/or HSF London (rather than HSF Belfast) to complete Legal Case Assessments in a shorter period – est **IRRELEVANT**
3. To raise the de minimis level to **IRRELEVANT** to enable at least an additional estimated 80 cases to be dealt with under de minimis, accepting the associated risks.

N.B. The Board will still have to return the issue surrounding the Removal of the Panel's cap to allow D&I Payments to be offered.

The main **risk** to the scheme remains the time delay in making offers to claimants with increased focus upon this issue both for POL in the media (and schemes generally) and the age-cohort of claimants seeking remediation.

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Background

Approach to Investigation

The Board previously decided on 13th May 2021 (at Board CCRC meeting) that all shortfall losses should be investigated 'fully', but then did not take a decision 25th May 2021 on whether to lift the cap placed upon the Independent Panel to be able to offer above an amount claimed. Without removal of the cap there is no value to investigating the claims beyond that claimed in their application. Carrying out a 'full' investigation has been interpreted as meaning looking at every single available data sources covering all periods within the PM tenure in order to identify all evidence that may contribute to decision-making. As this process takes much longer to complete than previously, the impact is a delay to completing investigations.

De Minimis Level

The principles for the Di Minimis level were previously agreed by Board 8th October 2020, taken through BEIS and Panel and 421 offers have been made to date, with a 96% accept rate. As more information has now emerged on the increased cost of processing claims through Scheme, along with delays offers being made, there is a commercial consideration to be made on a value-for-money basis to now increase the di minimis level to save money and to additionally accelerate more offers being made, particularly during the summer period, when no offers will otherwise be made due to test case principles being finalised by Panel.

Challenge

In discussions with CFO, the 18 month timeline to end Dec 2022 to make 95% of HSS offers was highlighted as an issue due to the long delay PMs will experience in receiving offers. Options were sought which would reduce the timeline to 9 months, achieving 95% instead by end March 2022

The primary options to accelerate timelines by the greatest amount fall into two categories:

Cases that go through the standard process: ensuring that each step of the process (Investigations, Legal Case Assessment) has capacity to progress more cases in a shorter timescale;

Cases that go through the de minimis process: increasing the de minimis level to enable a greater volume of cases are processed quickly and cheaply, rather than being put through the full process. In addition the De Minimis principle could be extended to include additional claimed amounts where the sum involved is less than the cost of investigation.

Accelerating cases that go through the standard process

Approach to investigations

HM had previously recommended (& commenced) investigating claims using a Level 1, 2 or 3 basis as follows:

L1: analysing the PMs account to see what repayments have been made (this identifies most of the claimed shortfalls);

L2: extends L1 to look then at all Transaction Corrections applied to the branch which should allow a further understanding of all adjustments to the branch;

L3: further using POL's NRQ data (and in extreme cases even requesting all ARQ data from Fujitsu and involves analysing all transactions in the branch to see if it is possible to determine anything further than L1 and L2.

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After the decision was taken to investigate all claims right through L1, L2 & L3, HM has invested by recruiting more people into the team but forecasts still indicates that this will double the scheme timeline and completion of initial offers to 95% of all applicants is unlikely before end December 2022, at very best.

Options to accelerate investigations

(N.B. Any option would have to be agreed by the Independent Advisory Panel)

The Board is asked to agree which one of the below approaches to investigation is acceptable (they are listed in time-impact order, with reverting to L123 being the fastest option and the only one that has to opportunity to complete all first offers by Spring next year).

1. Revert to the previously-applied position of L123 investigation to accelerate offers in order to be fair to the overall claimant group;
 - a. This would ensure an investigation that is focused on the shortfall applied for was investigated up to the level at which evidence to support it was found;
 - b. It would mean that if there were other shortfalls that the claimant has not claimed for, these may not be found and would therefore not be considered in the claim.
2. Determining on a case-by-case basis what is a reasonable level of investigation (HSF to work with POL to determine guidelines), both in terms of data sources to consult and the time periods the investigation should cover, which are then agreed with Panel. This approach is predicated on refining investigations by 'searching for the shortfall applied for', rather than 'searching for all shortfalls at any point in tenure':
 - a. This would enable 'tailoring' of investigation to what could reasonably be expected and in line with Panel expectations;
 - b. N.B. This would expedite some offers, but is likely not to expedite as much as L123, as investigation would continue through all data source/periods deemed 'reasonable', rather than stopping when an amount claimed was found.
3. Maintain the previously-agreed decision to do a 'Full' investigation approach, searching through all available data sources covering all periods during the PM tenures, regardless of which period a claim may specifically relate to
 - a. This would not offer an opportunity to accelerate offers and would therefore cause delay to PMs receiving offers
 - b. Due to the extended time to make offers, compensatory interest paid out across the claims would increase by c. £400k per month's delay (declining each month as claims are settled) [~£2m in total].
 - c. The result of the analysis of what further has been discovered through the full investigation undertaken to date is due to be available shortly and a pre-arranged meeting with UKGI is scheduled for 5th July
 - d. For the full investigations to continue the Board will need the Panel to lift the cap on shortfall claims.

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Option to accelerate Legal Case Assessment

To enable Legal Case Assessment to keep pace with an increased speed of Investigations, (assuming a change to the investigations approach, above) it is necessary for HSF capacity to be increased. As capacity at HSF Belfast peaks, it will



be necessary to use HSF London resource to progress more complex Legal Case Assessments. This will increase cost between [IRRELEVANT], depending on case numbers.

The Board is asked to agree the processing of more claims via HSF London and the increased cost of [IRRELEVANT] (but this would be more than offset by the savings in interest payments).

Option to increase De Minimis:

The current de minimis level was set at [REDACTED] based on an initial view of the commercial advantage of settling these lower-value claims, rather than putting them through the full process. [REDACTED]

[REDACTED] The de minimis level was agreed with Panel and reviewed with UKGI/BEIS.

Of the 421 offers made to date, 96% have been accepted by Postmasters, representing c.18% of claims that have now been successfully closed.

If the de minimis level was increased to [REDACTED] it is estimated an additional 80 cases could be progressed quickly, efficiently and at a cost saving – ensuring offers are made to a further c.4% of claimants. As each Shortfall-only claim between [IRRELEVANT] costs an extra [REDACTED] to administer there would be a cost-saving of [IRRELEVANT] on these and HM believes there is unlikely to be any significant saving in the claim award from investigation of such cases

The existing risk that was called out when Board agreed the previous de minimis level was that of paying out settlements that may be higher than investigation would evidence – but as the cost above would offset the value of this risk. As the principle of setting a de minimis level was previously agreed by Board (date), this would mean extending the same principle to these additional claims

Additional risks of increasing the level of de minimis are that it would be necessary for Panel to agree the new level and that changing the level may be seen as weakening the justification for the original level.

This approach is recommended as the financial benefit considerably exceeds the risk meanwhile satisfying more Postmasters and maintaining some momentum in the scheme, particularly during the period when test cases are being progressed during July/August

(N.B. A small number of cases have already had RFIs sent out, and/or investigation has commenced, so these have been excluded from the above numbers and will be addressed on a case-by-case basis as to whether they should be included in future or not). HM's proposal is that any further information obtained (by RFI or otherwise) be assessed and included if it is to the PMs advantage and all claimants in this group would receive their offer without deduction to the claimed amount, thus being fair to the entire cohort.

The Board is asked to agree the increase in the HSS Shortfall-Only de minimis level to £20k to enable offers to be accelerated.

N.N. In addition, HM has instructed HSF to review and re-classify incidental items claimed alongside quantified shortfalls where these are small in relation to the SF and less than the cost to investigate; such that these could be considered for future a DM cohort, again saving time and money with no detriment to PMs. (See below, Further Steps).

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Factors offsetting above costs

As above approaches will reduce the time by which offers will be made to claimants, there will be a consequential reduction in compensatory interest payments. The quantum of this cost saving would depend on the extent of the acceleration – for example, it is expected that for a six-month acceleration, this could be in excess of a £1m cost saving.

The time and cost savings are all our current best estimates and we will aim to continue to manage the scheme in the best interests of all Postmasters. It has not been possible to determine any significant trend from the current “full investigation” (as opposed to the previous L123) that would in general improve the validity of the claim made for Postmasters; in contrast the further investigation raises more questions than it answers.

Legal Advice

HSF has provided advice to the Board directly (to maintain privilege) which will be uploaded to Diligent.

Further Steps

The above primary options will make the most significant impact on reducing scheme timescales, but a number of other options (examples below) are being developed which could also contribute. As test cases progress through Panel, the greater clarity on how different elements of claims may be treated and enable validation of the below approaches, or highlight other opportunities and these will be reviewed with Board/Panel/BEIS/UKGI as appropriate:

1. Extending de minimis to include low-value consequential loss claims (e.g. those where consequential losses amount to less than 30% of Shortfalls claimed)
2. Reviewing categorisation of consequential loss Head of Loss, which may result in additional simple de minimis cases being identified that can be processed
3. Identifying low-value Shortfalls claims with a simple Distress & Inconvenience Head of Loss and asking Panel to adjudicate primarily on the D&I elements (requires Board approval).
4. Developing a principle of ‘Commercial Concedes’ where other factors may justify conceding claims on commercial grounds, rather than spending time and cost to process fully.

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