

Strictly Confidential

POST OFFICE LTD BOARD

Initial Complaints Review and Mediation Scheme: July Update Paper

1. Purpose

1.1. This paper:

- Sets out the progression of the cases under the Scheme and recent developments with the Working Group.
- Updates the Board on the implementation of the reforms to the Scheme's operation.

2. Current position on cases

2.1. There are 133 active cases remaining in the Scheme at present. Post Office have now resolved 13 cases prior to mediation. Second Sight have now produced eight Case Review Reports, three of which are with the parties for comment. Post Office have 70 cases under investigation and Second Sight have 23 cases to review. There are 31 CQRs still to reach the Working Group.

2.2. The Working Group has now approved two cases¹ for mediation and these are due to be mediated on 10 and 11 July. One case has not been recommended for mediation (with the Chair casting his deciding vote in favour of Post Office's position), although the applicant has not yet been notified and JFSA have now indicated that they wish to revisit the role of the Working Group in recommending cases for mediation (a change which Post Office will resist). This is due to be discussed at the next face to face meeting on 10 July.

3. Working Group

3.1. It is becoming clear that JFSA are increasingly uncomfortable with the decisions that are being made by the Working Group, given their role as a lobbying group. In the light of this the next face to face meeting on 10 July is likely to be long and potentially challenging.

4. Implementation

4.1. The programme team have taken forward the agreed implementation workstreams:

- **Second Sight Terms of Engagement.** Second Sight have now signed an engagement letter and are now operating under contract. In addition:

¹ One of which is the case which has previously been discussed with the Board which Post Office attempted to settle but the applicant rejected the offer, the other case Post Office have agreed to mediate but do not envisage making any financial settlement.

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- Second Sight have agreed to a compromise position not to act against Post Office for 15 months from the end of the agreement (an increase from their negotiating position of 12 months);
 - Second Sight have agreed to fortnightly case scheduling and review meetings; and
 - Post Office have instructed Second Sight to account for their time at a more granular level.
- **Case Deadlines.** Firm deadlines are now in place for professional advisors to submit all outstanding CQRs. The last CQR should be submitted to Second Sight no later than 31 August.
 - **Statement of legal position (as informed by Linklaters advice note).** The agreed approach is for Post Office to set out its legal position on a case by case basis, as appropriate. The first opportunity for us to do this will be in our mediation statement for the case to be mediated on 10 July. The mediation statement is confidential between the parties, however we anticipate that Post Office's position will become more widely known relatively quickly and the Communications team have handling plans in place.
 - **Old Cases.** It was always anticipated that there would be a small number of cases where there was insufficient new evidence to merit the case proceeding to mediation. Work is ongoing to identify cases where no, or insufficient, evidence exists.
 - **Criminal Cases.** No criminal cases have yet been considered by the Working Group. However, when the first such case is considered (expected to be soon) Post Office will propose that all decisions to mediate criminal cases be deferred, at least until such time as they have all been investigated and the appeal process has been exhausted.
 - **Bankruptcy.** JFSA have now agreed that bankrupt applicants will not be treated as a priority within the Scheme and have also agreed that no bankrupt case can proceed unless the rights to the claim have been assigned.

Chris Aujard

07 July 2014