
From: David Oliver1[david.oliver1[GRO]]
Sent: Tue 06/05/2014 11:03:56 AM (UTC)
To: Sophie Bialaszewski[sophie.bialaszewski[GRO]]; Mark R Davies[mark.r.davies[GRO]]; Belinda Crowe[belinda.crowe[GRO]]
Subject: RE: JA Handling Plan.doc
Attachment: Willott DO comments.docx

Sophie, Mark,

Attached is the draft response from TH to the minister which he drafted himself. I have filled in the data gaps and restricted my comments to the necessary – I will show Chris but shout if any points you would like me to make to him/comments you think we should be making.

Separately Martin Edwards has just been up he needs some answers to the questions below for Paula ahead of seeing Alice and BIS (my drafts are in red below) :

- Should she (and Chris) now be meeting TH again? She was keen to be able to tell Alice this afternoon that this is being scheduled.

Would advise waiting until after M022 has landed with us at least in draft. (want to check this with Chris but would welcome views as to whether the AB letter is a sufficient hook)

- What are the next steps for the response to JA?

Think the short email recommended the handling plan asking James to pause pending setting up a meeting needs to issue to stop him sending the letters regardless.

- How much have we spent on Sparrow to date and what are the current forward projections? (She wants this for her meeting with BIS later today to substantiate the point about appropriate use of public funds).

TBC

- On the note which went to the sub-committee, why is case MO22 still 10 weeks away from mediation?
- Second Sight to submit revised report to the WG by 8 May, with 24 hours for WG to review for style only.
- On 12 May draft report to issue to applicant and Post Office for comment.
- W/C 19 May SS to review the comments.
- WG to take decision on mediating the case (only if Post Office and Second Sight disagree).
- The process then allows a month to arrange and hold the actual mediation day (not all in our control as this is reliant on applicant availability and the availability of their advisor).

D

David Oliver
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From: Sophie Bialaszewski
Sent: 06 May 2014 11:24
To: David Oliver1; Mark R Davies; Belinda Crowe
Subject: RE: JA Handling Plan.doc

Thanks Belinda I have amended the plan.

What I think we need is a timeline of events to make the sequencing of what we want to do clear to all. So far I think we have:

- 9th May: M022 report from SS lands with POL
- 12th May: POL feeds back on M022 and report will be sent to applicant by the WG
- 20th May: subcommittee meeting

What we need to factor into the above is:

JA meeting with Paula (We need to get the above script cleared by Mark and Chris before it goes to Paula?)

WG response to Jenny (this is happening this week and David is drafting?)

Paula response to Jenny (if needed)

Paula meeting with Shex

David, it would be good to pick the above up this afternoon? Are you free about 2ish?
Sophie

Sophie Bialaszewski | Public Affairs Manager

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From: Belinda Crowe
Sent: 05 May 2014 08:47
To: David Oliver1
Cc: Mark R Davies; Sophie Bialaszewski
Subject: Re: JA Handling Plan.doc

Sorry for long email but I've cut and paste the word doc into email as its easier to edit on iPad.

Re letter to Jenny, need to get a copy of what Tony plans to say (David I have emailed you and Tony separately about this) we need this before any discussion with JA.

Re the idea of using this decision to close the Scheme via the Jenny letter, I don't think the timing's right but we should signal we are reviewing. I think Paula is discussing this with ShEx next week in any event.

Re JA handling plan-cut and paste from Sophie/David's word doc.

I have just added a bit about positioning re SS. Its aimed at trying to get JA to understand that whilst they *may* have

been the right people to do the first bit, they seem to be out of their depth on the Scheme because of volume and also expectations. They are a small firm and appear to be struggling. I think overall the positioning should be that we need to keep the situation under review.

With apologies for having messed up the structure below. it doesn't quite work now but I think you will get the drift. Chris will need to agree what goes in the script but I think Paula needs to have the plan on Tuesday and agree it so we can stop JA issuing Paula's letter at least until she has had a chance to speak to him.

Best wishes

Belinda

Current Situation

- JFSA letter to Minister and subsequent letter to Paula and SAH
- 1st May Working Group meeting (harder line taken by JFSA)
- SS have only, so far, completed one report that is almost ready for decision on mediation and the Scheme has been running since August 2013.
- PO have 12 cases that are now with SS for investigation (need adjust this figure as should be higher)
- Legal and technical assurance

Tactics:

- No formal letter of response
- Email James asking him not to send out letter until he has met with Paula - stress important need to have a confidential conversation
- Paula's office to arrange a meeting with James Arbuthnot

Key messages:

Scheme is too slow and process too cumbersome

Lack of SS capacity to complete cases in a timely manner

JFSA working outside of WG by writing to Minister (undermines confidence and trust especially as the letter did not reflect the correct position)

Real concerns if AB is right that many applicants have signed CFAs

[Legal advice and Deloitte assurance underway]

POL Board considering options - good practice to review, not meeting objectives or expectations

Script

- The original SS inquiry was to investigate Horizon. SS looked onto it for a year and found no systemic problems.
- POL acknowledged that there were some circumstances where it could have provided more training and support. We announced what we are doing to address that, and that work continues.
- Of the 47 cases that came forward in the original SS investigation they only managed to look into 10, and only four to a level of detail to be included in their report. CHECK
- Even before SS reported, we were concerned with their delays, and quality of their report which contained a number of assertions not supported by fact.
- However, we agreed - perhaps wrongly - to SS's continued involvement.
- Scheme designed to continue Second Sight's work to investigate all cases already received and any others that were put forward.
- POL agreed also to involve JFSA which we have done in good faith.

HOWEVER:

we now have real concerns about the pace of progress and, in particular Second Sight's capacity.

In your letter you asked about 'the investigators report in late March'. I assume you mean the SS generic report.

Although Ron said at the MP's meeting of ??? that Second Sight have produced a generic report (exact words?) they have not. They tabled an early partial draft of the report at the 1 April Working Group meeting – it was noted in the minutes that the report was at far too early a stage in its development to be discussed by the Working Group. And as they have also only completed 1 investigation report they have to focus on the applications if we are to complete the scheme.

Whilst it is true that it has taken Post Office longer to progress investigations

POL has now received 77 detailed applications and completed investigations in a total of 22 cases with 42 currently under investigation at various stages

POL sent their first investigation report to SS on 29 Nov. Since then SS have produced four reports the first three were discussed by the Working Group on 7 March and were sent back for restructuring and rewriting as they had not addressed key issues.

They have now produced one report and a mediators fact brief about Horizon which POL wrote for them. On the fact brief, apart from a bit of reordering the only bits SS added where assertions and non evidence based opinion which the WG agreed should be removed.

SS seem to be struggling. There is only three of them. Expectations are high among JFSA, spmrs MPs etc. that they will find something significant and they haven't. But if they produce a report which is critical of POL without evidence, POL will, rightly, make that point.

They are looking well beyond Horizon to find something wrong - POL cannot allow the Scheme to stray into areas beyond horizon.

Their stance is they'll keep investigating until they get to the truth. That seems to be something wrong with what PO has done.

They are going back to applicants with questions when PO is already contributing to the cost of a professional advisor to make the applicants case.

SS are not a big professional services firm. They do not have a bench deep enough for a Scheme this size and the capacity for this type of work. They need help extracting themselves from this without losing face.

So we need to review in light of where we now are:

We have sought both legal and technical advice and assurance

We are confident there are no systemic issues with the Horizon system and indeed no evidence has been found by SS or any other party

We have done all that has been asked of us, however, I am concerned about:

Second Sight: poor quality reports and capacity to deliver

JFSA: continue to work outside of the Working Group, surprised and disappointed they wrote to the Minister (factually incorrect)

Public Money: We still have seen no evidence of problems with Horizon. We have to be mindful as guardians of public money. We aim to follow HMT guidance on managing public money which allows for schemes such as this to be established but requires it to be reviewed and if it is not working efficiently for it to be revised.

Conditional Fee Arrangements (CFAs): We are deeply concerned about this. It creates an expectation gap which is increasingly unrealistic and this is not a scheme designed for enabling advisors to make money. Post Office already contributing to advisor costs but will not be mediating on advisor fees (not sure whether we can say that-need to check with Rod)

You also said you were concerned 'this entire matter has the potential to run away from our control'.

I am concerned that this matter is getting out of my control therefore the Board is actively considering options for the future of the Scheme in light of our assessment of progress so far.

It would be inappropriate for me to discuss the options at this stage but I will be in touch when I have a clearer idea of how best to proceed.

Best wishes
Belinda

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On 2 May 2014, at 18:08, "David Oliver1" <david.oliver1 GRO> wrote:

Sophie,

As requested. Have made a few tweaks as well. I like the idea of closing the Scheme via the letter as it gives a clear decision mechanism and also lets us get our side of the story out first and in detail.

D

David Oliver
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From: Mark R Davies
Sent: 02 May 2014 17:03
To: Sophie Bialaszewski
Cc: Belinda Crowe; Mark R Davies; David Oliver1
Subject: Re: JA Handling Plan.doc

Thanks. This looks good.

Re the PO report, I increasingly wonder whether this becomes our response to Jenny W and the JFSA letter. In other words:

- JFSA write to JW
- JW refers to PO
- PO responds with a letter which sits on top of report along lines of that I did yesterday with Linklaters letter, pledges to complete investigations but closes the WG and Scheme

Views?

Mark

Sent from my iPad

On 2 May 2014, at 16:21, "Sophie Bialaszewski" <sophie.bialaszewski@GRO> wrote:

Hi All,

As discussed here is a very quick draft of handling plan. David, please can you fill in the gaps and send back to Mark and Belinda for comment.

Thanks

Sophie

<JA Handling Plan.doc>

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