

## Post Office Board Agenda (CCRC meeting)

<b>Date:</b>	<b>Thursday 12 August 2021</b>	<b>Time</b>	<b>15:00 – 16:30 hrs</b>	<b>Location</b>	<b>Microsoft Teams Meeting/ Finsbury Dials</b>
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Present		Other Attendees	
• Ben Tidswell (in the chair)	• Zarin Patel (NED)	• Ben Foat (General Counsel)	• Veronica Branton (Company Secretary)
• Tom Cooper (NED)	• Alisdair Cameron (CFO)	• Rodric Williams (Head of Legal - Historical Matters)	• Nick Vamos (Peters & Peters Solicitors LLP)
		• Alan Watts (Herbert Smith Freehills)	

**Apologies:** Tim Parker (Chairman), Ken McCall (SID), Carla Stent (NED), Lisa Harrington (NED), Elliot Jacobs (NED), Saf Ismail (NED), Nick Read (CEO)

### Join Microsoft Teams Meeting

**GRO**

United Kingdom, London (Toll)

Conference ID: 320 102 417#

Agenda Item	Action Needed	Lead
1. <b>Welcome and Conflicts of Interest<sup>1</sup></b>	Noting	Chairman
2. <b>Governance - Historical Remediation Committee (“HRC”)</b>  The Board is asked to discuss (for subsequent approval by written resolution as appropriate) the: a. The Board is asked to <b>discuss</b> (for subsequent approval by written resolution as appropriate) the: i. HRC membership; ii. HRC Terms of Reference (“ToR”); iii. “decision-making tools” for criminal appeals referred to in paragraph 16 of the ToR, and <b>note</b> that the Delegated Authorities contemplate all “oppose” decisions going to the full Board; iv. financial limit on expenditure referred to in paragraph 30 of the ToR, which the Delegated Authorities propose at £5m. b. The Board is also asked to <b>discuss and agree</b> the mechanism for HRC reporting back on items requiring Board approval, including outside regularly scheduled meetings where necessary.	Discussion	All
3. <b>Criminal cases</b>  Latest CACD Update	Noting	Nick Vamos
4. <b>Overtured Convictions</b>  <u>Interim payments</u> – Board is asked to <b>approve</b> five further interim payments	Approval	Alan Watts

<sup>1</sup> The Minutes from the CCRC Meeting held on 05<sup>th</sup> August 2021 and action log will be carried over to the next scheduled CCRC Meeting.

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**Post Office Board Agenda (CCRC meeting)**

5.	<p><b>Historical Shortfall Scheme</b></p> <ul style="list-style-type: none"> <li>i. <u>Draft outcome letter structure</u> – Board asked to <b>approve</b> this approach be shared with Panel</li> <li>ii. <u>Draft explanations of Panel's recommendations to the respective Applicant</u> - Board asked to <b>approve</b> this approach be shared with Panel</li> <li>iii. <u>Draft updated shortfall only test case panel packs</u> - Board asked to <b>approve</b> this approach be shared with Panel</li> <li>iv. <u>Interest calculation methodology</u> – Board asked to <b>discuss and note</b> this approach which will be shared with Panel</li> <li>v. <u>Distress and inconvenience</u> – Board asked to <b>discuss and note</b> the change to the Terms of Reference</li> </ul>	Approval	Alan Watts
6.	<p><b>Any Other Business</b></p> <p>Dates for upcoming meetings and frequency of future meetings of the HRC.</p>	Noting	All

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## POST OFFICE LIMITED BOARD REPORT

<b>Title:</b>	Historical Remediation Committee protocols	<b>Meeting Date:</b>	12 <sup>th</sup> August 2021
<b>Author:</b>	Veronica Branton, Company Secretary	<b>Sponsor:</b>	Ben Foat, General Counsel

### Input Sought: Discussion

The Board is asked to discuss the draft Terms of Reference (ToR) and Delegated Authorities (DAs) for the Historical Remediation Committee (HRC) and its approach to reporting back to the Board and seeking approvals on decisions reserved to the Board.

### Previous Governance Oversight

- Drafts of documents reviewed internally and comments received from UKGI.

### Executive Summary

The Board meeting on 12<sup>th</sup> August 2021 has been convened as such in advance of the membership and ToR for the HRC being approved but will not be attended by all Board Members. Therefore, the proposal is to discuss the ToR and DAs, reflect any feedback on these, and seek approval from the full Board on these and the membership of the HRC by written resolution. UKGI provided comments on the initial drafts of the ToR and DAs and but we will seek their views and those of the BEIS SteerCo prior to seeking Board approval of the final versions.

### Terms of Reference and Delegated Authorities

Your comments are sought on the draft ToRs and DAs but in particular:

- Do these cover all the issues you think should be within the HRC's remit?
- Do you think the approvals reserved to the Board are appropriate?
- Do the decisions reserved to the BEIS SteerCo align with Shareholder requirements?

The decisions reserved to the Board are intended to be where a decision sets a precedent or has wider financial implications for the costs associated with historical matters. At the moment decisions on "oppose" cases have been reserved to the Board but a decision could be taken to delegate authority to the HRC to decide "oppose" cases where these meet established principles

### Reporting back to the Board and referring decisions to the Board

In addition to the normal reporting back mechanism to each scheduled Board meeting, the timelines for submissions to court and for meeting internally imposed deadlines means that some decisions reserved to the Board may be required by written resolution and in some instances an additional Board meeting may need to be convened. Ideally, the need for the latter should be minimised which is one reason for making sure you think the matters

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reserved to the Board for decision are right. More detail is included in the DAs on all decisions anticipated, including those that should not be required regularly, such as changes to the Independent Advisory Panel's (IAP) ToR or changes to the de minimis level for the HSS, but the table below sets out the regular decisions that are likely to be needed and where it is envisioned the approvals will sit.

<b>Decision</b>	<b>HRC</b>	<b>Board</b>	<b>BEIS SteerCo</b>
<b>HSS</b>			
Submission of cases to the IAP: - Test cases by cohort  - Subsequent cases that sit within a defined cohort for which principles have been established	Approve for recommendation to POL Board  Approve for recommendation to BEIS SteerCo	Approve for recommendation to BEIS SteerCo  -	Approve for recommendation to the IAP  Approve for recommendation to the IAP
Claim settlement offers proposed by IAP	Approve subject to prior consultation with BEIS SteerCo  Escalate any cases to the Board as required.	Approve any cases escalated to it by the HRC subject to prior consultation with BEIS SteerCo	To be consulted prior to the claim settlement being approved
Decisions establishing a precedent for how other HSS claims may be treated	Approve for recommendation to POL Board	Approve for recommendation to BEIS SteerCo	Approve for recommendation to the IAP
Approach to settlement offers rejected by claimants	Approve for recommendation to the Board	Approve subject to prior consultation with BEIS SteerCo	To be consulted prior to a decision being reached.
<b>Stamps Scheme</b>			
Consider claim outcomes recommended	Approve	-	-
Decisions which establish a precedent for how other Stamps Scheme claims may be treated.	Approve for recommendation to the Board	Approve	-

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Approach to settlement offers rejected by claimants	Approve for recommendation to the Board	Approve	
<b>Criminal cases</b>			
Simple Concede	Approve in accordance with decision-making tools approved by the Board	-	-
[Oppose – in accordance with established principles] <i>For discussion</i>	[Approve]	-	-
Oppose – matters not previously considered identified	Recommend to the Board	Approve	-
<b>Civil cases</b>			
Interim payments <sup>1</sup>	Approve	-	-
Decisions on compensation payments in overturned criminal cases and civil claims within the parameters of the policy <sup>2</sup> approved by the Board	Approve subject to prior consultation with BEIS/ UKGI	-	Consider recommendations from HRC. Any material concerns to be considered by HRC before a decision is taken.
Decisions which establish a precedent for how compensation may be awarded.	Recommend to the Board	Approve subject to prior consultation with BEIS/ UKGI	Consider recommendations from POL Board. Any material concerns to be considered by POL Board before a decision is taken.

<sup>1</sup> Shareholder consent to proceed would be required in any instances where a payment was proposed in respect of a crown court case only opposed on public interest grounds. BEIS would not fund any such payments.

<sup>2</sup> TBC.

**POST OFFICE LIMITED**  
**("the Company")**  
**Terms of Reference of the Historical Remediation Committee**

2.2

The Historical Remediation Committee (HRC) is a Committee of the Company Board ("the Board") from which it derives its authority and to which it reports at each scheduled meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

**A. PURPOSE**

1. The purpose of the HRC is to:
  - i) Oversee the administration of the Historical Shortfall Scheme (HSS); consider the principles that underpin how HSS claims are assessed for the consideration of the HSS Independent Advisory Panel (IAP); consider claim outcomes recommended by the IAP (including those recommending offers of financial compensation); recommend to the Board decisions on precedent setting matters; and consider any other matters escalated to the HRC for decision;
  - ii) Oversee the administration of the Stamps Scheme;
  - iii) Decide, in accordance with decision making tools approved by the Board, the Company's stance on appeals to the Court of Appeal (Criminal Division), Scottish Court of Appeal and Crown Court of convictions where Post Office acted as prosecutor;
  - iv) Oversee the management of claims for compensation made against the Company by those who have convictions overturned;
  - v) Oversee the implementation of measures to enable conformance with the Post Office Group Litigation "Common Issues" and "Horizon Issues" judgments and resolve any other outstanding Group Litigation issues;
  - vi) Oversee the processes in place for the management of litigation costs across all workstreams;
  - vii) Address such other matters as may from time to time be delegated to it by the Board.

**B. DUTIES AND RESPONSIBILITIES WITH REGARDS TO THE HISTORICAL SHORTFALL SCHEME (HSS)**

2. **Review** and constructively challenge reports, management information and financial information from the Historical Matters Business Unit (HMBU) and Legal Team on the management of the HSS and consider any recommendations and decisions sought.
3. **Review** and discuss inputs to and outcomes from the IAP on any matters requiring the Board's view or decision, following consultation with UKGI and the Shareholder<sup>1</sup>.
4. **Approve for recommendation to the Board** HSS decisions which materially affect scheme cost and/or timetable, set principles or establish precedent for how different types of claim may be assessed (e.g. quantified, part-quantified, unquantified, shortfall only), and how those claims may be treated within a settlement offer, prior to their submission to the BEIS SteerCo and the IAP.

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<sup>1</sup> A POL / BEIS HSS Operations Agreement is in place and this sets out HMG approval points during the HSS process. A BEIS SteerCo for the HSS has also been established.

## Post Office Limited

## Terms of Reference of the Historical Remediation Committee

5. **Approve for recommendation to the Board** test cases suitable for submission to the IAP, prior to their submission to the BEIS SteerCo and the IAP.
6. **Approve** settlement claim offers on receipt of recommendations from the IAP, prior to their submission to the BEIS SteerCo. Where further information is required from the IAP before a decision can be made the HRC's questions will be conveyed to the IAP for consideration.
7. **Approve for recommendation to the Board** the approach to be taken within the HSS to settlement offers which have been rejected by claimants, prior to their submission to the BEIS SteerCo.
8. **Approve for recommendation to the Board** the IAP's Case Assessment Guidelines and changes to these guidelines, which set out the key applicable legal principles outlined in the HSS Terms of Reference and Consequential Loss Principles and Guidance.
9. **Approve for recommendation to the Board** the principles for the assessment of different cohorts of claims, which are intended to assist the consistent treatment of cases by the IAP, in consultation with UKGI and the Shareholder, before final submission to the BEIS SteerCo for approval.
10. **Approve for recommendation to the Board** any changes to the HSS or IAP Terms of Reference, prior to their submission to the BEIS SteerCo.
11. **Escalate to the Board** any issue which the HRC considers requires the attention of the Board.

**C. DUTIES AND RESPONSIBILITIES WITH REGARDS TO THE STAMPS SCHEME**

12. **Review** and constructively challenge reports, management information and financial information from the Historical Matters Business Unit (HMBU) and Legal Team on the management of the HSS and consider any recommendations and decisions sought.
13. **Approve for recommendation to the Board** the principles that underpin how Stamps Scheme claims are assessed.
14. **Approve** claim outcomes recommended (including those recommending offers of financial settlement).
15. **Approve for recommendation to the Board** decisions which establish a precedent for how other Stamps Scheme claims may be treated.

**D. DUTIES AND RESPONSIBILITIES WITH REGARDS TO COURT OF APPEAL AND CROWN COURT CASES**

16. **Review** and constructively challenge reports, management information and financial information from the Historical Matters Business Unit and Legal Team on the management of cases from Potential Future Appellants (PFAs) received by the Court of Appeal, Scottish Court of Appeal or referred to the Crown Court by the Criminal Cases Review Commission (CCRC) and consider any recommendations or decisions sought.
17. **Approve** stance on cases or refer cases to the Board for decision on stance in accordance with the decision-making tools approved by the Board.

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Terms of Reference of the Historical Remediation Committee

18. **Approve for recommendation to the Board** any changes to the decision-making tools which guide how the stance on cases will be decided.

**D. DUTIES AND RESPONSIBILITIES WITH REGARDS TO THE ESTABLISHMENT OF COMPENSATION ARRANGEMENTS FOR OVERTURNED CRIMINAL CASES AND CIVIL CASES**

19. **Review** and constructively challenge reports from the Historical Matters Business Unit and Legal Team on legal, financial and operational advice on managing claims for compensation made against the Company by those who have convictions overturned.
20. **Approve for recommendation to the Board** the policy or parameters within which the HRC may approve compensation offers and/or payments, including the extent to which POL Board approval and BEIS/ UKGI approval may first be required.
21. **Approve for recommendation to the Board** decisions which establish a precedent in relation to such compensation payments, prior to their submission to BEIS.
22. **Approve for recommendation to the Board** decisions which fall outside the policy or parameters within which the HRC may make compensation offers and/or payments, prior to their submission to BEIS.
23. **Escalate to the Board** any issue which the HRC considers requires the attention of the Board.

**E. DUTIES AND RESPONSIBILITIES WITH REGARDS TO CONFORMANCE WITH THE COMMON ISSUES AND HORIZON ISSUES JUDGMENTS**

24. **Review** and constructively challenge reports, management information and financial information from the Historical Matters Business Unit, Legal Team and Post Office Limited BAU on work to ensure conformance with the Common Issues and Horizon Issues judgments and consider any recommendations and decisions sought.

**F. REPORTING RESPONSIBILITIES/ INFORMATION SHARING/ GOVERNANCE**

25. The Committee Chair shall **report** to each scheduled Board meeting on the nature and content of the Committee's discussion, recommendations and action to be taken.
26. **Report** to the Board whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed.
27. **Report** on its activities in the Company's annual report describing the work of the Committee.
28. **Report** to UKGI and the Shareholder in accordance with the Operations Agreement as shown at appendix 1 or as subsequently amended with the agreement of all parties.
29. **Approve for recommendation to the Board** any changes proposed to the delegated authority to the Historical Matters Committee.

**G. AUTHORITY**

30. The Committee shall have authority to appoint to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.

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Terms of Reference of the Historical Remediation Committee

**H. COMPOSITION AND GOVERNANCE**

***Membership***

31. The Committee Chair and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations Committee.
32. In the absence of the Chair of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
33. It shall consist of at least three members, including at least two independent non-executive directors and the BEIS Shareholder Representative.

***Quorum***

34. The quorum necessary for the transaction of business shall be two members.

***Committee Secretary***

35. The Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

***Frequency***

36. The Committee shall meet as often as required but at least [XX] times per year.

***Governance***

37. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
38. Notice of each meeting shall be given to all those entitled to participate at least two working days before the meeting.
39. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued not less than 2 days in advance of the meeting date.
40. Minutes of each meeting will be circulated to all members of the Committee.
41. The Committee Secretary shall provide current and new Committee members with any training, briefings or induction required under the supervision of the Chair.
42. Only members of the Committee have the right to attend Committee meetings. Others may be invited by the Chair to attend all or part of any meeting, as and when appropriate.
43. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretariat.

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Terms of Reference of the Historical Remediation Committee

44. If there should be disagreement between the Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved.

**I. ANNUAL REVIEW AND APPROVAL**

45. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these reviews will be recommended to the Board for approval (notwithstanding amendments approved by the Board whenever so required).

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board		1.0	

**POST OFFICE LIMITED****Appendix 1 – HSS POL/ BEIS Operations Agreement****HISTORICAL SHORTFALL SCHEME**  
**POL / BEIS HSS OPERATIONS AGREEMENT****Purpose**

1. The purpose of this document is to establish a common understanding, between Post Office Limited (**POL**) and the Department for Business, Energy & Industrial Strategy (**BEIS**), of the operation of the Historical Shortfall Scheme (**HSS**, or the **Scheme**).

**Roles of POL and BEIS**

2. The creation of the HSS was agreed as part of the settlement of the Post Office Group Litigation (referred to as the "GLO") in December 2019. Accordingly, both POL and BEIS and their respective agents will work to ensure that HSS is delivered successfully. In addition to resolving the claims that have been submitted to HSS, successful delivery of HSS will be an important milestone in resolving the issues raised by the Horizon IT system and restoring POL's reputation as a business of national importance.
3. Throughout the duration of the HSS:
  - POL has responsibility for the design, implementation, administration, management and oversight and reporting of the HSS;
  - BEIS has responsibility for agreeing key decisions related to the Scheme, limited to those that affect its cost, fairness for claimants, the Value for Money being achieved and any major legal risk, as well as the funding; and
  - POL and BEIS are both responsible for progressing claims through the HSS expeditiously and avoiding undue delay.
4. Approval points and responsibilities have been set out in the flowchart in **Annex A** to reflect how the above roles interact with the decisions to be made.

**Key Decision Points**

5. POL and BEIS have agreed that BEIS has a number of approval rights in relation to the operation of the HSS. These are:

***5.1 Case Assessment Guidance***

The Case Assessment Guidance is a detailed guidance document prepared by Herbert Smith Freehills (**HSF**), solicitors instructed on behalf of POL, which sets out in detail the key applicable legal principles outlined in the HSS Terms of Reference and Consequential Loss Principles and Guidance. It will be used by HSS case assessors (**Case Assessors**) in their assessment of applicants' claims to the HSS and in the recommendations they put forward for consideration by the HSS's Independent Advisory Panel (the **Panel**).

BEIS will have the right to approve the Case Assessment Guidance prior to it being issued to the Case Assessors and any substantive variations after any such approval has been given.

**POST OFFICE LIMITED****2.2****Appendix 1 – HSS POL/ BEIS Operations Agreement**

After any such approval has been given, it is proposed that the Case Assessment Guidance is provided to the Panel in advance of claims being put to the Panel for assessment and recommendation and the Panel is given an opportunity to comment on the legal analysis in the document. BEIS will have the right to provide input to POL's response to the Panel's comments.

*5.2 Guidelines for determination of claims by the Panel*

POL will instruct HSF to put cohorts of similar claims (i.e. grouped claims for the same heads of loss) (the **Cohort** or **Cohorts**) to the Panel with the objective of developing guidelines for the assessment of similar claims going forward (the **Guidelines**). The claims constituting any single Cohort (anticipated to be in the order of 15 to 25) will enable the Panel to develop Guidelines which can then be applied to as many similar claims within the HSS (to those in the Cohort) as is possible.

POL will instruct HSF to work with the Panel to identify the issues for which the Panel wishes to develop Guidelines. POL will list the issues raised by the Cohort which is proposed to be put to the Panel. BEIS will have approval rights over the list of issues before the Cohort is provided to the Panel. If the Panel requests further or alternative cases to be included in the Cohort, these shall also be subject to approval rights for BEIS before they are shared with the Panel.

Subject to the views of Panel, it is proposed that the Guidelines could cover issues such as the Panel's fairness discretion and quantum ranges for differing types of claimed loss.

The purpose of the proposed Guidelines is to assist in ensuring a consistent approach is taken from the outset for all like claims, to streamline the process of investigating claims and to give POL and BEIS oversight on the approaches the Panel may take on these matters, and their anticipated financial implications.

BEIS will not participate in Panel discussions to develop the Guidelines, though it will have the right to review the issues to be considered and approve any subsequent Guidelines derived by the Panel. Although it is recognised that the Guidelines are not inflexible and all claims will need to be assessed on their own facts, POL retains final approval over all offers made by POL to applicants, which right of approval extends to BEIS through this Operations Agreement.

*5.3 Determination of Precedent Setting Claims*

Some applicants' claims are likely to set a precedent for how similar applicants' claims should be treated by the Case Assessors and the Panel, and consequently will have implications for the overall cost of the HSS. It is envisaged that all claims which are initially put to the Panel for recommendation and assessment have the potential to set such precedents.

POL will notify BEIS as soon as practicable of all claims within each new Cohort (including by providing copies of the relevant application documents and case assessments) in advance of their being put to Panel for assessment and recommendation until such time as BEIS considers that a more targeted and streamlined approach is appropriate.

POL will provide updates to BEIS reporting on the recommendations made by the Panel with respect to any precedent cases and the likely cost implications to the overall Scheme.

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BEIS will have the right to approve any recommendation made by a Case Assessor to the Panel that is considered to set a precedent, including in respect to each Head of Loss, part quantified and unquantified claims. BEIS will retain the right to approve any offer made by POL to an applicant following a recommendation by the Panel.

Since it is expected that a number of applicants' claims may contribute to the setting of any given precedent, BEIS's approval rights will extend to all such applicants' claims.

A precedent setting case is considered to be any claim where a recommendation made by the Case Assessors or the Panel establishes a position regarding any given aspect of that claim or a position regarding the size of any offer made to an applicant that could be considered repercussive or determinative for one or some other applicants' claims.

As all initial cases in each Cohort have the potential to be precedent-setting, POL will work with BEIS to ensure that BEIS has visibility over all such cases and to provide BEIS with sufficient information, including as to the cost implications to the overall scheme of the precedent being set, with which to make an informed decision on the relevant cases or principles.

Once a critical mass of claims has been determined, POL will work with BEIS to agree which future claims should be treated as precedent setting (for example, a precedent setting case may be one where the recommendation, by either the Case Assessor or the Panel, is outside of a financial tolerance range to be agreed with BEIS). Subject to (1) agreement between POL and BEIS about the financial tolerance range, and (2) HSF's agreement that it can reasonably identify offers which fall inside and outside of that range, POL will procure HSF to identify any such case which falls outside of the financial tolerance range to BEIS, and BEIS will have the right to approve any such precedent-setting offer prior to it being made.

POL will work closely with BEIS during points 2.1 and 2.6 of the flow chart to consider and review precedent setting cases, and this will include such meetings as are required.

**5.4 Escalation and Mediation**

Since applicants to the HSS are not compelled to accept offers made to them by POL, POL has included a good faith meeting, an escalation meeting and a mediation stage into the design of the Scheme which an applicant can elect to pursue. POL will not make any increased offers to applicants at a good faith meeting, as the purpose of these meetings is to allow POL to explain to applicants the basis on which an offer has been made to them. BEIS does not have approval rights over these meetings. BEIS will however have the right to approve the parameters determining POL's negotiation position in relation to any escalation meeting or mediation meeting.

**Value for Money Analysis**

6. POL will provide BEIS with a Value for Money (**VfM**) analysis, updated from time to time, that demonstrates the merits of proceeding with the HSS instead of proceeding with any alternative options. Any anticipated increase in the expected overall cost of the HSS will require HMG approval and an updated VfM analysis.
7. It is understood that POL has provided BEIS with an initial estimate of £160m - £320m for settlement costs pursuant to the HSS. POL should provide BEIS as accurate a cost

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estimate as possible, with updated information as the Scheme progresses, to enable overall cost of the HSS to be monitored and assessed against that estimate regularly. Updated cost estimates will provide a detailed analysis of movements in the cost estimate to include changes in claim estimates, claims settlement experience, movements in claims from unquantified or partially quantified to quantified etc.

**Monitoring Arrangements**

8. POL and BEIS have agreed to the following monitoring arrangements:

***8.1 Monthly Monitoring Meeting***

POL will meet with BEIS's working level team monthly, or more frequently if required, to discuss progress made during the operation of the HSS, including provision of updated monitoring information to BEIS within an agreed reporting template. This will include but is not limited to:

- MI covering all applications to the Scheme including a split by where they sit within the various stages of the HSS;
- an up to date cashflow forecast;
- an up to date cost estimate for the HSS (including explanatory notes);
- any major changes to the risks / issues assessment reported at the quarterly Senior Responsible Officer meeting; and
- Information to monitor POL and BEIS's responsibilities under the Public Sector Equality Duty (PSED).

POL and BEIS will agree an initial cost estimate and a template for monitoring movements in the cost estimate prior to any settlement offers being made to claimants other than in relation to *de minimis* claims. This will include target ranges for the number of applications processed and together with the initial cost estimate will be used as a baseline for monitoring going forward. This will be updated from time to time.

It is recognised that that monitoring information may change from time to time as the Scheme develops and/or other priorities arise over the Scheme's lifecycle.

***8.2 Quarterly Senior Responsible Officer Meeting***

POL will meet with BEIS's senior HSS team on a quarterly basis, including the BEIS Senior Responsible Officer, to provide an update on Scheme progress and outlook for expected cashflows and costs. The information reported at this meeting will be the same as the information provided at the most recent Monthly Monitoring Meeting but also include an assessment of risks and issues affecting the Scheme. This meeting will be a stocktake for BEIS and will provide the opportunity for BEIS to pause the HSS if VfM can no longer be established or if there are serious operational issues with the HSS until such time that these issues are resolved.

9. Should BEIS take the decision to pause the scheme as above, BEIS and POL will agree an action plan to resolve the issues identified with the aim of restarting progress on the scheme (or an alternative scheme to replace the Scheme to resolve legitimate claims under the Scheme) as soon as BEIS and POL are confident that the issues have been addressed. Issues should be escalated via the appropriate channels within BEIS and POL when required

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**Appendix 1 – HSS POL/ BEIS Operations Agreement**

10. BEIS reserves the right to undertake an independent audit from time to time of settlement offers made through the Scheme to ensure operating parameters are being adhered to.

**Cost Sharing Arrangements**

11. The cost sharing arrangements regarding the funding of the costs to deliver the HSS will be set out in the relevant Funding Commitment Letter.

**Review Points**

12. The operation of the Key Decision Points and Monitoring Arrangements will be reviewed before the end of March 2021, June 2021, September 2021 and December 2021 and thereafter as required by POL or by BEIS.
13. Through these Review Points BEIS may request that the HSS be paused should material risks / issues be identified and appropriate remedial action be taken in a similar manner as noted in 8.2 and 9.
14. BEIS reserves the right, acting in good faith and with reasonable justification to withdraw its support for the Scheme at any point. This includes, but is not limited to, if BEIS considers the overall Scheme cost has or could unreasonably increase above the estimated ranges (as updated from time to time), if VfM can no longer be established or if there are serious operational issues with the HSS. Should this be the case, BEIS and POL will work together in good faith and expeditiously to find alternative means to resolve legitimate claims under the HSS. The right of BEIS to terminate the support for the Scheme is without prejudice to the funding commitment of BEIS contained in the funding commitment letter dated [ ] 2021.

**Other**

15. It is recognised between BEIS and POL that the HSS Operations Agreement is considered a 'live' document that will be updated from time to time as needed.
16. Any amendments must be approved by both POL and BEIS respectively.

Version 6.2 as at 25 February 2021

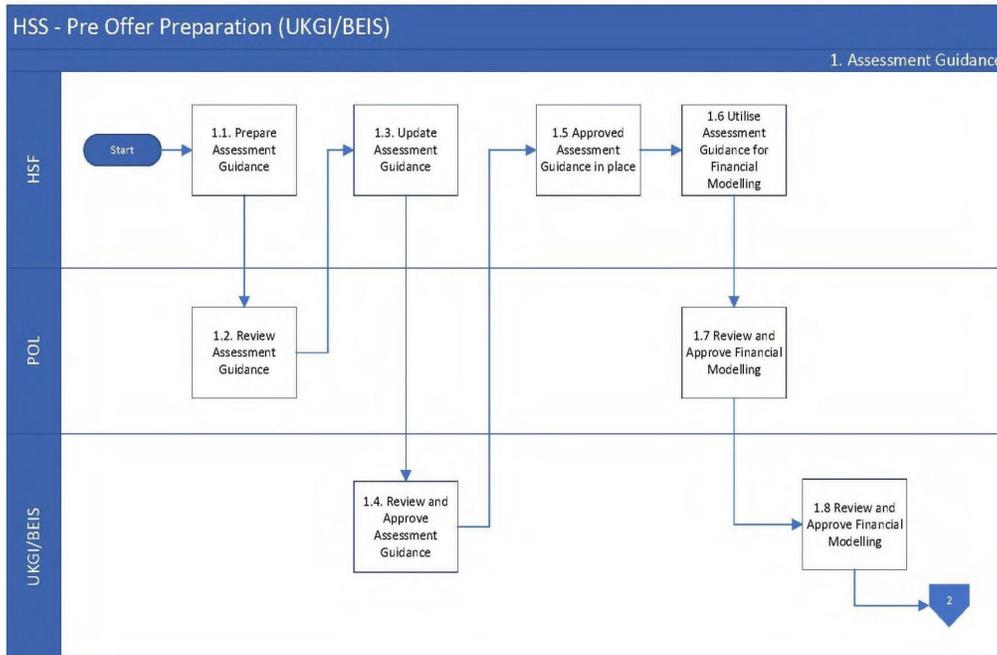
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**Appendix 1 – HSS POL/ BEIS Operations Agreement**

**17. ANNEX A: Flowchart of HSS Process - Maintained in separate PDF – BEIS Assessment v 1.0 19.02 (extracted below)**



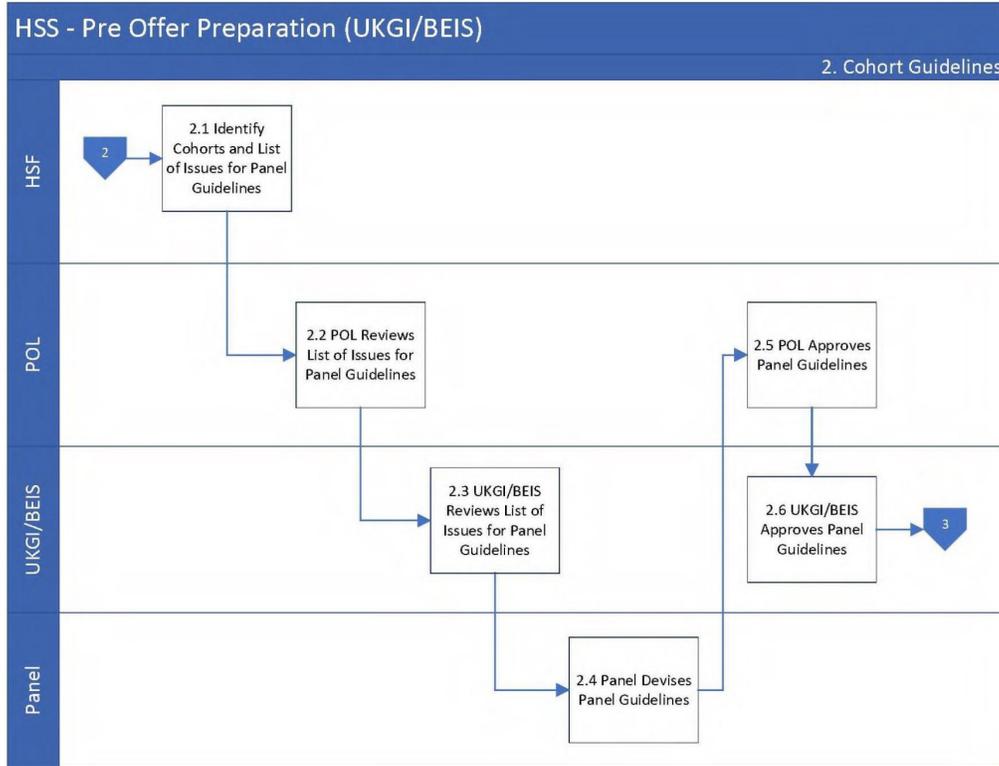
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**POST OFFICE LIMITED**

**Appendix 1 – HSS POL/ BEIS Operations Agreement**

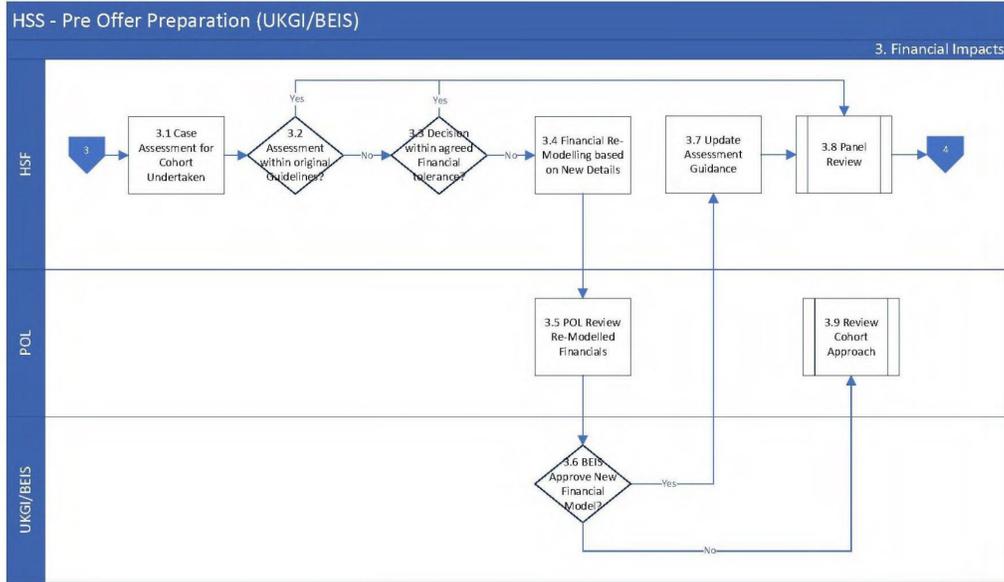
**2.2**



**POST OFFICE LIMITED**

**Appendix 1 – HSS POL/ BEIS Operations Agreement**

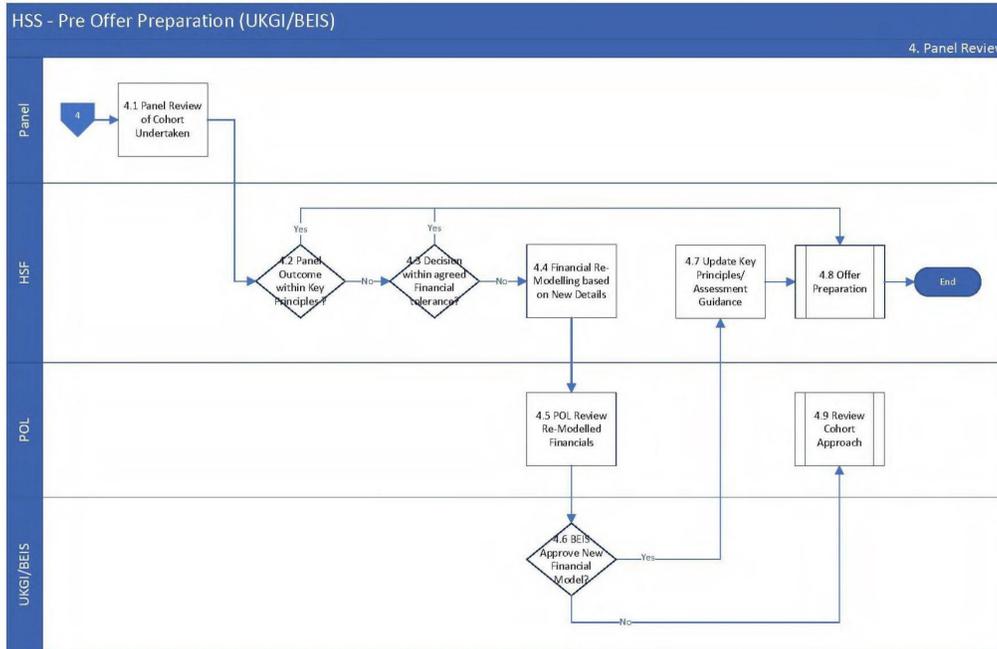
**2.2**



**POST OFFICE LIMITED**

**Appendix 1 – HSS POL/ BEIS Operations Agreement**

**2.2**



**Post Office Limited (POL)  
("the Company")  
Delegated Authorities**

**Key**

**Approve:** Final authorisation of a decision as worded under the Articles of Association and FD.  
**Approve for recommendation:** Authorisation to permit the request to be considered at the next governance stage.  
**Consent:** Permission is granted to proceed with a decision authorised by the Company as worded under the Articles of Association and FD.  
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**BEIS:** Department of Business, Energy & Industrial Strategy  
**HMBU:** Historical Matters Business Unit  
**HRC:** Historical Remediation Committee  
**IAP:** Independent Advisory Panel for the Historical Shortfalls Scheme (HSS)  
**FD:** Framework Document between BEIS (Shareholder), UKGI (Shareholder Representative) & POL  
**Article:** Refers to Articles of Association of the Company as effective from 1/4/2020. These should be consulted for further information prior to proceeding.

Decision	HMBU	HRC of POL Board	POL Board	Shareholder	Independent Advisory Panel (IAP)	Notes
N.b.: Spend authority. The POL Board reviews and approves the spend levels annually, including a spend authority for the CEO of up to £5m. The CEO may sub-delegate up to his spend limit and has delegated to the Chair of the Historical Matters Business Unit a spend limit of up to £5m. The Board approves the annual budget, including HMBU spend, for recommendation to the Shareholder.						
<b>1. Historical Shortfalls Scheme (HSS)</b>						
1.1 <b>Consider</b> the Case Assessment Guidance (setting in detail the key applicable legal principles outlined in the HSS Terms of Reference and Consequential Loss Principles and Guidance) and any material changes to the guidance.	Review the draft Case Assessment Guidance provided by Herbert Smith Freehills for recommendation to HRC	Review the draft Case Assessment Guidance provided by Herbert Smith Freehills for recommendation to BEIS SteerCo		Approve for submission to the IAP	Adopt	
1.2 Consider the principles that underpin how HSS claims are assessed by cohort (e.g. Heads of Loss) and any material changes to the principles for consideration by the HSS Independent Advisory Panel (IAP).	Review the draft Principles provided by Herbert Smith Freehills for recommendation to HRC	Approve for recommendation to POL Board	Approve for recommendation to BEIS SteerCo	Approve the principles for submission to the IAP If the SteerCo has material concerns about the proposed principles these shall be considered by the POL Board	Review and comment on the principles. Adopt Guidance subject to resolving any issues raised.	
1.3 Consider claim outcomes recommended by the IAP (including those recommending offers of financial settlement)	-	Approve subject to prior consultation with BEIS/ SteerCo	Consider and approve any cases escalated by HRC	Consider recommendations from HRC/ POL Board. Any material concerns to be considered by POL Board before a decision is taken.	Make claim offer following HRC/ POL Board/ BEIS SteerCo approval* * POL retains final approval over all offers made by POL to applicants, which right of approval extends to BEIS through the Operations Agreement.	
1.4 Decisions which establish a precedent for how other HSS claims may be treated.	Provide options/ recommendations to HRC (including cost implications to the Scheme overall)	Approve for recommendation to POL Board	Approve for recommendation to BEIS SteerCo	Approve for recommendation to the IAP. Where there are material concerns POL Board will be asked to review their recommendation.	Approve	
1.5 Provision of cases for consideration by the Independent Advisory Panel: Test cases by cohort	Provide options/ recommendations to HRC	Approve for recommendation to POL Board	Approve for recommendation to BEIS SteerCo	Approve for recommendation to the IAP. If there are material concerns POL Board	Review recommendations and advise POL Board of the approach it will take to the category of	

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Subsequent cases that sit within a defined cohort for which principles have been established.	Provide options/ recommendations to HRC	Approve for recommendation to BEIS SteerCo		will be asked to review their recommendation.  Approve for recommendation to the IAP. If there are material concerns POL Board will be asked to review their recommendation.	case illustrated by the test case.  Consider case and make recommendation on claim settlement.	
1.6 Approach to settlement offers rejected by claimants	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve for recommendation to BEIS SteerCo	Approve	-	
1.7 Changes to Terms of Reference for the Independent Advisory Panel	Provide recommendations to HRC	Approve for recommendation to the Board	Approve for recommendation to BEIS SteerCo	Approve	-	
<b>2. Stamps Scheme</b>						
2.1 Consider the principles that underpin how Stamps Scheme claims are assessed.	Provide options/ recommendations to HRC	Approve for recommendation to POL Board	Approve	-	-	
2.2 Consider claim outcomes recommended (including those recommending offers of financial settlement)	Provide options/ recommendations to HRC	Approve	Consider and approve any cases escalated by HRC	-	-	
2.3 Decisions which establish a precedent for how other Stamps Scheme claims may be treated.	Provide options/ recommendations to HRC	Approve for recommendation to POL Board	Approve	-	-	
2.4 Policy on treatment of Stamp Scheme claims (where the HMBU may take decisions or make recommendations and where matters should be escalated to the HRC/POL Board/ BEIS-UKGI SteerCo)	Produce draft policy for HRC	Approve for recommendation to POL Board	Approve	-	-	
2.5 Approach to settlement offers rejected by claimants	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve	-	-	

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<b>3. COURT OF APPEAL AND CROWN COURT CASES</b>						
3.1 Stance on cases which are within the parameters of the decision-making tools approved by the Board	Provide recommendations to HRC	Approve	-	To be briefed	-	
<b>3.2 Oppose cases</b>	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve	To be briefed	-	
3.3 Decisions on cases which set a precedent	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve	Consult	-	
3.4 Changes to Decision-making tools	Provide recommendations to HRC	Approve	-	To be briefed	-	
<b>4. COMPENSATION ARRANGEMENTS FOR OVERTURNED CRIMINAL CASES AND CIVIL CASES</b>						
4.1 Policy on treatment of compensation payments for overturned criminal cases and civil claims	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve subject to prior consultation with BEIS/ UKGI	Consider recommendations from POL Board. Any material concerns to be considered by POL Board before a decision is taken.	-	
4.2 Decisions which establish a precedent for how compensation may be awarded.	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve subject to prior consultation with BEIS/ UKGI	Consider recommendations from POL Board. Any material concerns to be considered by POL Board before a decision is taken.	-	
4.3 Decisions which fall outside the parameters of the policy within which the HRC may take decisions in relation to compensation payments in both criminal and civil cases.	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve subject to prior consultation with BEIS/ UKGI	Consider recommendations from POL Board. Any material concerns to be considered by POL Board before a decision is taken.	-	
4.4 Decisions on compensation payments in overturned criminal cases and civil claims within the parameters of the policy approved by the Board	Provide recommendations to HRC	Approve subject to prior consultation with BEIS/ UKGI	-	Consider recommendations from HRC. Any material concerns to be considered by HRC	-	

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				before a decision is taken.		
<b>5. CONFORMANCE WITH THE COMMON ISSUES AND HORIZON ISSUES JUDGMENTS</b>						
5.1 Recommendations and decisions on achieving conformance with the Common Issues and Horizon Issues judgments	Provide recommendations to HRC	Approve	To be briefed	To be briefed	-	
<b>6. GOVERNANCE</b>						
6.1 Changes to Delegated Authority to Historical Matters Committee	Provide recommendations to HRC	Approve for recommendation to POL Board	Approve	To be briefed	-	
6.2 Report to each scheduled POL Board meeting	Draft report	Approve for recommendation to POL Board	Review	-	-	
6.3 Report to BEIS/UKGI in accordance with the Operations Agreement	Draft report	Receive report	-	Receive report	-	

