



Options for the Scheme

Update

- PO met MPs (James Arbuthnot, Oliver Letwin, Mike Wood, Andrew Brigden) and JFSA (Alan Bates)
- Their demand – agree to mediate all cases where Second Sight recommend mediation
- Their threat – succumb to pressure and speak to the media
- Our response – will think about it



Challenges: Part I

- Breaches of confidentiality and media threats
- Non-participation of POL's main interlocutor (JFSA)
- Second Sight Reports – quality and default recommendation (mediate in almost all cases)
- Expectations gap – total claims in excess of £65m
- Appropriateness of mediation – cause of loss plain and/or criminal case



Challenges: Part II

- POL culpability assumed and embedded in public narrative
- Changing target – Horizon integrity established, new fronts opened
- Challenge to business model – SPM contract in particular
- Political prize sought is likely large scale scandal
- How to contain damage from spreading across Network



Current Position

Cases:

- Applicants - **150**
 - Cases closed - **11**
 - Cases resolved – **17**
 - Settlement total for those resolved: **£51,016**
 - Cases left (including the 6 passed to CEDR)- **122**
- Number of POL investigations now complete: **114**

Numbers:

- Scheme spend to date: **£3.4m**
- Forecast future spend: **£4.3m**
- Total forecast spend : **£7.7m**
- Potential spend already avoided through decisions taken (e.g. resolving prior to mediation) - **£462,050**
- Applicants outstanding debt to POL: **£1.3m**
- Claims against POL: **in excess of £65m**



Cases Closed

Cases Not Eligible for the scheme:
M009
M111
M122
M124

Cases resolved / closed: 26
Cases left: 122

Resolution	Case Ref:	Applicant name	Outstanding Debt	Debt written off as part of settlement?	Has Settled	PA Costs Incurred	Potential PA Costs Avoided (not exp)	Investigation Costs Incurred	Potential Investigation Costs Avoided	Mediation Costs Incurred	Potential Mediation Costs Saving
NOT RESOLVED Through Mediation	M009										
NOT RESOLVED PAZ, decided not to file PA against WIA decision	M005										
Resolved prior to scheme entry	M006										
Resolved prior to scheme entry	M007										
Resolved prior to scheme entry	M008										
NOT RESOLVED Through Mediation	M008										
NOT RESOLVED PAZ, decided not to file PA against WIA decision	M009										
Resolved prior to mediation	M010										
NOT RESOLVED Not approved by MedFor Mediation	M012										
Resolved at mediation	M016										
NOT RESOLVED Not approved by MedFor Mediation	M018										
Resolved at mediation	M019										
Resolved prior to scheme entry	M063										
Resolved prior to scheme entry	M104										
Resolved and scheme	M107										
Resolved prior to scheme entry	M112										
Resolved prior to scheme entry	M117										
Resolved prior to scheme entry	M125										
Resolved prior to mediation	M126										
NOT RESOLVED Through Mediation	M127										
Resolved prior to scheme entry	M136										
Resolved and scheme	M140										
Resolved prior to scheme entry	M145										
Resolved prior to scheme entry	M147										
Totals											
Spent incurred:											
Spent - PAZ:											
Spent - PAZ:											
Potential spend avoided											

GRO



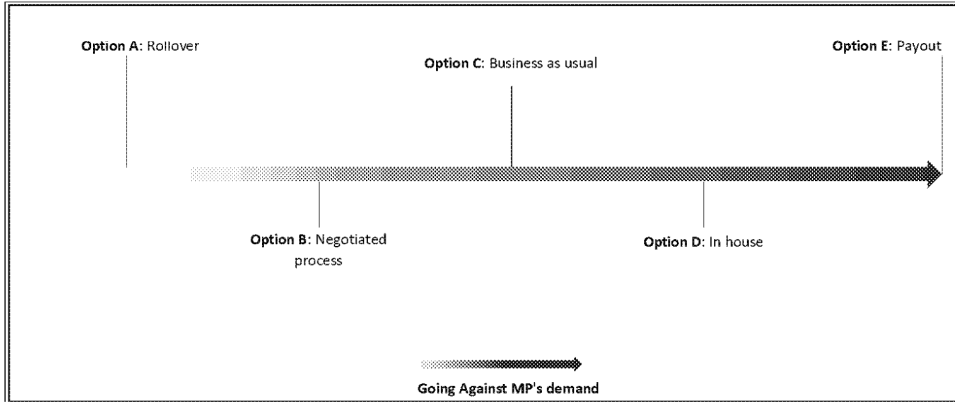
plus outstanding debt that could have otherwise been potentially written off as part of the mediation process

Moving forward: Options

- Time for a stocktake?
 - Open minded approach to options – nothing off the table
 - Full range considered on a graduated basis
 - Imperative to accept that there are no good outcomes
 - Question is nature, duration and cost of pain only



The Spectrum



Option A: Rollover

- All elements of current scheme
- WG apparatus and process maintained
- POL pre-agrees to mediate all cases, including criminal cases



Option B: Negotiated process

- Accept Rollover but negotiate caveats to limit risk/cost
- Seek to exclude criminal cases from mediation and/or
- Seek to introduce possibility of discussion (as opposed to formal mediation) in some or all cases



Option C: Business as usual

- Scheme continues unchanged – including all meetings, processes and apparatus
- POL approach and positions on cases maintained, mediations scheduled
- ToRs adhered to as per Board direction (Summer 2014)



Option D: In House

- Announce Scheme will be brought in house
- Final investigation complete (22/12) and mediate as desired
- Defend against any resulting litigation as BAU



Option E: Payout

- Offer all Scheme Applicants a payment (£ quantum ?)
- One time only in return for relinquishing of all/any claim against POL
- Defend any litigation from those that refuse as BAU



Associated Spend

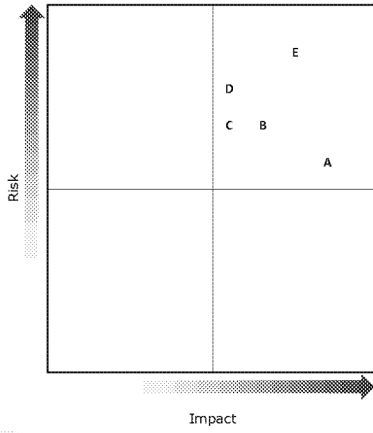
Scenario	Historical Spend (gone out the door)	Forecast Future Spend	Total Spend
A – Rollover	£3.4m	£6.2m	£9.6m
B - Negotiated process	£3.4m	£3.9m	£7.3m
C - BAU	£3.4m	£4.3m	£7.7m
D – In house	£3.4m	£2.4m	£5.8m
E – Payout	£3.4m	£0.9m	£4.3m

Notes: each scenario includes contingency spend for 25% of cases to proceed to litigation @£10k per case

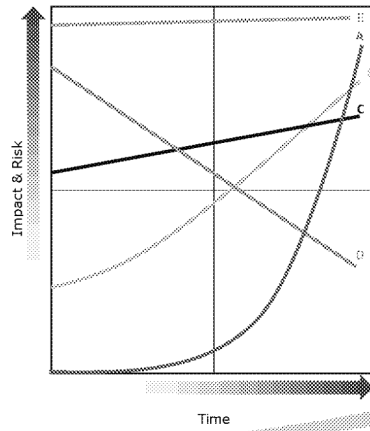


Impact & Risk Matrix

High level Risk / Impact Matrix Snapshot by Scenario



High level Impact and Risk over time Matrix by Scenario



- A: Rollover
- B: Negotiated process
- C: BAU
- D: In house
- E: Payout



Recommendation

- Carry on as we are:
 - We expected this – it's happening
 - Not pleasant but manageable
 - If we concede it will never end – we are beyond faults with Horizon
 - Concession puts the whole business at risk
 - We have the other SPMRs/staff and customers to consider



Handling - Assume BAU

- MPs:
 - Meet Oliver Letwin to explain our position – next week
 - Write and confirm we will not change our position – next week
 - ? *Do we send an interim response to JA? – end this week*
 - *Letter written with a view to publication*
 - *Robust 'have considered but not prepared to change'*
 - Copy letter to those MPs present and JFSA



Handling

- Chair
 - Explain POL's decision
 - Note: Chair not likely to respond to media but will not defend POL
 - If pressed, would be more anti than pro POL
- Working Group
 - Continue as usual
 - If JFSA leave we:
 - Issue statement of disappointment but carry on investigating
 - Consider the implications for the Scheme and will respond **when** we have carefully considered our position



BIS

- Update at official level – this week
- CEO update Minister 27 November
- Key messages:
 - Will support minister if raised politically
 - Acted in good faith at all times
 - No problem with Horizon
 - Cannot respond to threats
 - Never enough, threatens our business model
 - Can handle the media fallout



Media prep

- Short statement:
 - Disappointed some have decided to speak publicly
 - We will not comment /provide running commentary
 - We set up scheme in good faith – working as anticipated
 - Must be allowed to run its course
 - No fault with Horizon



What we can expect

- More FoI
- PQs
- Debates
- Leaks
- Unsubstantiated allegations
- Continued media speculation
- Poss legal challenge – individual/group/JR



BUT – WE CAN MANAGE THIS

- Not front page news
- Not a story with longevity
- We have acted in good faith
- More good news than bad news stories about PO
- No fault with Horizon
- No unsafe conviction



LONGER TERM

- Refreshing JR advice in light of:
 - where we are now
 - where we might be if MPs/JFSA go public – eg:
 - JFSA leave the Working group
 - Applicants withdraw en mass
 - Legal challenges (individuals attempt to sue rather than mediate)
- Ready to return to ExCo/subcommittee should it be possible/necessary to reconsider approach

