

At the meeting on 27 November you asked for an early update on two issues:

1. The possible costs of Project Sparrow, extrapolating from the £9m to show how many cases this covers and a worst case scenario for all costs
2. A note on the Second Sight contract and protection for the Business (e.g NDA provision)

In addition to the above, the Board asked for advice on a number of other issues, which will be provided in due course.

1. Costs

Costs fall into two categories, viz.: a) the cost of running the Scheme and b) the costs associated with compensation etc.

- a) There has been no material change to the cost of running the Scheme. Accordingly, what follows relates to the potential value of claims arising from the applications we have received to date.
- b) At the Board meeting we said that the value of the claims, taken from the applications we have received so far, is in the region of £9m but that not all applications included a monetary value and that some of the amounts claimed were clearly highly speculative. In any event, these initial applications were short and had been designed solely for the purpose of enabling the Working Group to make a decision about whether an applicant can “proceed” onto the Scheme and receive funding to engage a professional advisor. Following this step, a full Case Questionnaire is then submitted which sets out the detail of the applicant’s case. One consequence of this process is that the applications are made, and amounts are claimed, without the benefit of professional advice.

At the time of writing we have received only 11 Case Questionnaires. Although they give more detail, they do not necessarily specify the amounts the applicant is expecting to receive for, for example, ‘pain and suffering’ although the forms do provide an opportunity to include that information; by way of example, only 7 of the 11 Questionnaires received to date quantify the claims. Clearly extrapolating from such a very small number of Questionnaires, each with wildly disparate figures (ranging from £2.5k to £800k) gives rise to a high degree of statistical uncertainty

and it is not therefore possible to calculate with any degree of precision the aggregate value of claims that might ultimately be made against the Post Office.

That said, we have in the attached table endeavoured to analyse the data so far. In particular you will see from line 2 of the table that we have extrapolated from full Case Questionnaires a 'guestimate' of the potential full value of the claims, which amounts to circa £20m (a figure of low statistical significance). You will also see from the Notes box that we have excluded the figure from one application, as the amount of £5.2m claimed (which we believe to be highly speculative) within it would significantly distort the already speculative estimates. By way of contrast, applying our own compensation criteria we believe that these claims, in the event that they turn out to be fully supported by the evidence and proceed through to mediation, would amount to circa £5m. Clearly, we will, on a regular basis, be refining our estimates as more information becomes available.

It should be noted that all our figures assume that all criminal convictions are safe. However, as requested by the Board, a separate exercise is being undertaken to consider the financial, and other, impact should that assumption be incorrect.

2. Second Sight

The contractual arrangements with Second Sight are set out in the Terms of Reference for the independent review and various historic email exchanges relating to more detailed arrangements and costs. As the role of Second Sight, and the nature of their work in relation to the Mediation Scheme, has now changed, and has become more clearly defined, we will, in the very near future, be putting in place new contractual arrangements. These will also cover costs and proper protection for the Post Office, including an express prohibition on the ability to use or profit from information or knowledge obtained through Second Sight's work with Post Office on this matter.

Chris Aujard/Belinda Crowe