



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD

**MINUTES OF A CCRC MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON THURSDAY 19
NOVEMBER 2020 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ BY CONFERENCE CALL AT 15.00 HRS¹**

Present:

Tim Parker	Chairman (TP)
Ken McCall	Senior Independent Director (KM)
Tom Cooper	Non-Executive Director (TC)
Carla Stent	Non-Executive Director (CS)
Zarin Patel	Non-Executive Director (ZP)
Lisa Harrington	Non-Executive Director (LH)
Nick Read	Group Chief Executive (NR)
Alisdair Cameron	Group Chief Finance Officer (AC)

In attendance:

Veronica Branton	Company Secretary (VB)
Ben Foat	Group General Counsel (BF)
Rodric Williams	Head of Legal – Dispute Resolution & Brand (RWI)
Richard Taylor	Group Corporate Affairs and Communications Director (RT)
Declan Salter	Historical Matters Business Unit Director (DS)
Richard Watson	General Counsel – UKGI (RW)
Alan Watts	Herbert Smith Freehills (AW) (Items 1. – 4.)
Sir David Calvert-Smith	QEB Hollis Whiteman (DCS) (Items 1. – 4.)
Zoe Johnson QC	QEB Hollis Whiteman (ZJ) (Items 1. – 4.)
Nick Vamos	Peters & Peters Solicitors LLP (NV) (Items 1. – 4.)
Brian Altman QC	2 Bedford Row (BA) (Items 1. – 4.)
Lucie Lambert	Deputy General Counsel – UKGI (LL)
Richard Bussell	Linklaters (RB) (Item 5.)

Apologies: N/A

**All participants joined via a Microsoft Teams Meeting Call*

Agenda Item**Action****1. Welcome and Conflicts of Interest**

A quorum being present, the Chairman opened the meeting. The Directors declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

2. Minutes and Matters Arising

The Board **APPROVED** the minutes of the Board meeting to discuss the CCRC cases held on 05th November 2020.

The Board **NOTED** the action log.

3. Update from Directions Hearing

[REDACTED] the CoA was keen to proceed with consideration of the cases promptly and had set aside the week beginning 22nd March 2021, with 2 days for the unopposed cases and 3 days for the opposed cases. POL would receive the first judgment around Easter 2021 and these would probably be

¹ Participation in the meeting was entirely via Microsoft Teams from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chairman's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.

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reserved judgments. The Court had read and understood the case materials in detail. The disclosure exercise needed to be completed by 21st February 2021. ZJ summarised the timetable, the other directions and what this meant for POL. An advocate would assist the court to provide an objective perspective.

Brian Altman informed the Board that a layer of complication had been added to the Court proceedings yesterday. Information had been disclosed to the Aria Grace appellants as part of the Post-conviction Disclosure Exercise (PCDE), including the advice from Cartwright King in relation to the Jenkin's advice on bugs. Flora Page, Junior Counsel at Aria Grace, had handed over that document to her brother who was a Telegraph journalist. The document was legally privileged and there was an implied undertaking that it should only be used for the purpose for which it had been disclosed. The legal team had a professional duty to inform the Court once it had become aware that the document had been sent to a third party as it was potentially a contempt of Court. The Court was investigating the matter. Ms Page was being represented by another barrister who argued that the matter should be dealt with by another court. The Director for Public Prosecutions had also been informed. In addition, Aria Grace Counsel, Paul Marshall, had sent legally privileged advice to the police and resent it, noting that it had been referred to in Court the previous day. He subsequently failed to appear in Court or be represented in Court to explain the matter. The CoA had ordered Mr Marshall to assist them by setting out what happened and why or to be represented in Court on 30th November 2020. The CoA now wanted POL to write to all parties to ask them to sign an undertaking on the terms of the disclosure of the PCDE information. This could affect the timetable if Aria Grace were reluctant to sign this undertaking. Aria Grace was a firm of commercial lawyers while the other firms representing the appellants were criminal law firms

[REDACTED]

A number of points were raised, including:

- [REDACTED]
- [REDACTED]
- [REDACTED]

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- David Calvert-Smith asked about the constitution of the Court and whether the CoA had been interested in POL/ Fujitsu relationship. Brain Altman described the constitution of the Court and noted that the POL/ Fujitsu relationship had not been a focus of the Court so far.

4. Timetable for further Board decisions

Nick Vamos noted that the timetable was clearer following the Directions Hearing on 18th November 2020. New grounds would need to be considered in March 2021.

Nick Vamos reported that the CCRC would be referring the outstanding 12 cases to the CoA in December 2020. Hudgell were representing an additional 49 appellants and 8 had just applied to the CCRC.

5. Funding / Historical Shortfall Scheme

Al Cameron reported that POL had been actively engaged with the BEIS and UKGI teams in discussing the funding issues. BEIS required a business case that could be appended to the submission to HM Treasury. AC summarised the position.

A number of points were raised, including:

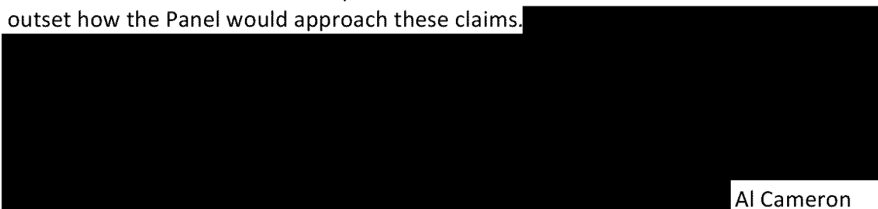
- Carla Stent asked about our controls over fraud and the fact we could not guarantee that there would not be instances of fraud. AC reported that we had robust controls on eligibility but we could receive exaggerated claims and we had caveated how much we could do to verify these. We would be making more subjective judgments than would be the case if we went to law
- Carla Stent asked how we would provide for the HSS in the accounts and whether it would be a contingent liability in 2019-20. Al Cameron reported that we had been expecting to provide for the claims costs from 2019/20 if we could make a sensible estimate. This would be a provision in 2019/20 rather than a contingent liability because of our decision to set up a Scheme which meant we knew that the costs would emerge. If the Government guaranteed the Scheme we would expect to be able to create a matching asset but expected PwC to say we would not be able to carry back that guarantee because we had not discussed that guarantee at the time
- Tom Cooper noted that BEIS had concerns about the fraud risk and discovering that we had paid money to individuals who should not have received it. They were also concerned that £300m would be spent if this sum was underwritten so the controls around how claims would be determined needed to be robust given that the main sanction for BEIS would be shutting the Scheme down which it would clearly wish to avoid. TC added that we would not wish to be in a position where we needed to make a £300m provision. Al Cameron explained that the question we had been asked was what the cap should be and £300m was the worst-case number. We should be seeking for the number to be lower but uncertainties around the estimates remained. We

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needed to keep reiterating that we weren't aiming to spend £300m and were trying to keep the costs down. We would ask Alan Watts to take a best view of the quantum.

PwC would ask us for a range of outcomes

- Tim Parker noted that the risk of fraud needed to be looked at from two perspectives: multiple small overclaims; and claims for large sums. It was hard to know how many of the former there could be but we needed controls around the large payments in particular
- Al Cameron noted that the sum involved would be over £50m so there was an issue of how BEIS should be involved in the decision-making process without undermining the independence of the Panel. Tom Cooper noted that while large claims would be an issue small claims would be problematic because of the absence of documentation and there could be tens of millions of pounds at stake so we would need to know from the outset how the Panel would approach these claims.



Al Cameron

noted that we could look at the Post Offices to which the claims related and carry out a sense test from this. Tim Parker noted that we must be able to employ some forensic expertise to support the Independent Panel's work. Declan Salter advised that we were producing an analysis of the shortfall claims where we held data so that we could produce averages against which to benchmark claims. We could also ask where the money had come from to made good the shortfall e.g. a bank account statement.

Tom Cooper explained the next steps at Government level. BEIS would ask HM Treasury for the funding to cover the claims. HM Treasury was taking a pragmatic approach so we hoped we should be able to start making HSS payments fairly soon. The slower scenario was that the funding request would have to go through a further process in BEIS. The spending review settlement should be reasonably positive for POL.

The Board **APPROVED** the business case for the Historical Shortfall Scheme for submission to BEIS.

6. Any Other Business

There being no further business the Chairman declared the meeting closed at 4.15 pm.

01/02/2021 19:18

CHAIRMAN