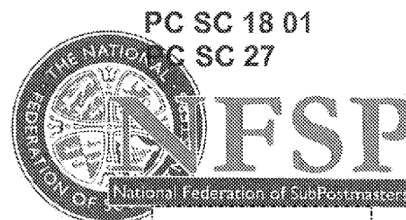


CIRCULATION: NATIONAL EXECUTIVE COUNCIL A3
X Ref:

MS/LW PC SC 18 01
X Ref: PC SC 27



PC SC 18 01
G SC 27

GRO

30 December 2004

CIRCULATION: NATIONAL EXECUTIVE COUNCIL

Telephone: **GRO**
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General Secretary: COLIN BAKER
Senior Assistant General Secretary
KEVIN DAVIS
Assistant General Secretary
MARILYN STODDART

Dear Executive Officer

DEBT RECOVERY

Please see enclosed correspondence regarding a revised debt recovery process, this will assist discussions at the Executive Council meeting.

Yours sincerely

GRO

MARILYN STODDART
Assistant General Secretary

Encl.

PC SC 18 01
PC SC 27

Colin Baker
General Secretary
National Federation of Sub Postmasters

GRO



15.12.04

Dear Colin,



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Further to our liaison meeting on 10th December 2004 I can confirm that we will consider your representations for an appeals process regarding mitigating circumstances on issued error notices.

As we discussed at the meeting we will be implementing the revised debt recovery process during January '05.

We will also be transferring the following work from the retail line to the Debt Recovery teams in Chesterfield:

- Recovery of funds for irregular encashment of girocheques
- Recovery of funds, where applicable, following the appeals process in Robbery and Burglary culpability cases.

For both of the above we will invoke deduction from remuneration if repayment is not forthcoming.

Additionally from February 2005 we will be amending the timescales for which an item may be held exceptionally in suspense (Liability for Losses Policy (for agency branches), v1.7 section 3 - Authority to hold losses refers) from 8 weeks to 4 weeks.

I will send you a copy of the People focus letter in which we will communicate the changes to subpostmasters in the New Year.

Kind Regards

GRO

Jennifer Robson
Debt Recovery Manager

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jennifer.robson

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Post Office Ltd
Registered in England and Wales number: 2154540
Registered Office **GRO**
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Version: Version 1.1
Date: 17 December 2004

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Abstract: Debt recovery –Agent's debt for Horizon related errors.

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Client Accounting and Cash Management,

GRO

Comments By: Preferably In advance of our POL/NFSP liaison meeting on 10
December 04

Distribution: Colin Baker, General Secretary
National Federation of Sub
Postmasters

1. PURPOSE/SUMMARY

This document has been prepared to propose changes to the debt recovery process in CACM for issued error notices.

The current process has been in operation now for 1 year and has generally settled down into business as usual.

In summary we intend to:

- Take out one of the two telephone reminders
- Rationalise the concurrence process

2. OBJECTIVE

The objective of our debt recovery process is to achieve a 100% success rate in proven charge errors brought to account and made good. The only exceptions will be where there has been a dispute that on investigation has been upheld or, as referenced in the Liability for losses policy, agreement has been given by the retail line representative to write off the loss to their profit and loss account.

The objectives of this new proposal are to improve the timescales for recovery of monies and support our drive to clear cases outstanding as we move into IMPACT S80 planned for summer 2005, and reduce the time spent in the Retail line on concurrences..

3. THE PROCESS

The diagram at Appendix A illustrates the debt recovery process for Horizon related errors as it is now

The diagram at Appendix B shows the changes we intend to deploy – the shaded boxes illustrate key changes. The process description for the revised process is as follows:

3.1.Box 1 -5. The process commences when following an analysis and investigation of the streams of transaction data received in CACM an error at the branch is identified. The error notice advises the subpostmaster of the results of the balance for the week in question in addition to the amount of the discrepancy to which the error notice relates. The debt recovery team (Agent's debt team 2) will despatch the error notice and the evidence to the branch after entering the relevant information on to the error notice database. For the branches managed as multiples a report is prepared for the appropriate nominee of those error notices despatched to his /her branches.

The approach covers both claims (amounts due to subpostmaster) and charges (amounts due from subpostmaster) However claims are not pursued beyond reminder.

3.2. Boxes 6 through to 18 cover the process where the sub postmaster may query or dispute the error. The error notice displays a

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phone number for disputes and queries, for example if a postmaster wishes to clarify the explanation on the error notice or would like to obtain more information.

If appropriate the subpostmaster will be asked to support the claim with evidence that the error notice should be cancelled.

There are 2 potential outcomes from this.

- I) If the query is resolved or the dispute upheld the case is closed (boxes 11 and 13) and the subpostmaster is advised.
- II) If the error notice is upheld and the subpostmaster does not bring it to account the case is referred to the reminder team after the error notice has been confirmed as valid (box 19.) – see inset box also on the process map.

3.3. Boxes 19 –29 cover the process for the telephone reminder to the sub postmaster asking him to bring the error notice to account (both charges and claims). There is an acknowledgement here also that the subpostmaster may wish to query or dispute the error notice. Again the outcome will be either that the dispute is upheld or the case is referred for recovery. The lower level detail of this process covers for eventualities where the postmaster is unavailable for whatever reason. In those instances a further “ first reminder” call will be made.

N.B. For the national multiples the contact will be as now via the agreed nominee for the branch.

3.4. Boxes 30—36. This part of the process covers the concurrence process, where appropriate, to deduct amounts that have not been brought to account from remuneration or for the hardship process to be invoked.

3.5 Boxes 37 –44. Once action has been agreed the amounts are recovered and the accounting completed.

N.B. Boxes 32&33 Concurrence requirements. As now the concurrence requirements are all cases for rural and multiples and >£300 for urban. However to minimise the impact in the retail line and speed up this part of the process we are introducing a “silence is assent” process. So, if Debt Recovery has not received a response to the concurrence request within 7 days the deduction from remuneration will go ahead. If an out of office indicator is flagged then Debt Recovery will approach the person named as cover for the RLM.

4. TIMELINE

The arrows at the top of the process map indicate approximate timescales.

PHASE3

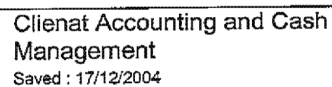
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Appendix A See next sheet

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