

**From:** Swil, Jonathan  
**Sent:** 27 May 2014 19:13  
**To:** Band, Christa  
**Subject:** FW: Project Zebra - Draft full report  
**Attachments:** Horizon Desktop Review of Assurance May 2014.pdf; RE: Further questions

**Importance:** High

Christa

Chris Aujurd spoke to me about this – the full Deloitte report.

He has described Deloitte as going off-piste on this and that it went through 10 drafts. It does not as far as he said (and I can tell from the summary) say what they wanted it to say. It is a desktop report – a full “end-to-end” test of the system is, apparently, never going to happen; too complex, too costly – which basically seems to say that if the assurance documentation Deloitte reviewed is implemented properly, then the system should work and be fit for purpose. That leaves a big unsatisfying if, so I’m not sure how useful the report in its current form is (not to mention it is drafted in what I would describe as IT/management speak so in a sense it is difficult to understand what it says at all – we could help with that if they want, although I understand Rodric will be commenting on it in that regard). In fact, the conclusions on pp 4-5 may not even go as far as Chris told me the report does – they say in some respects the assurance work appears deficient.

Chris wants us to think overnight how we can use the report to, or otherwise, get to where we need to be to send out the positioning letter we drafted. I said it may be that we can push Deloitte to say just enough to get over the threshold at which the conclusions and reasoning in our letter are valid and defensible even if we can’t get to the sort of categorical position we did in our first draft. What do you think? Working out where that threshold lies (if there is one) is probably not straightforward but perhaps the way to do it is to synthesize in a few sentences the key conclusions from Deloitte, put it into the letter, see what it looks like and how much further there is to go and then test with Deloitte whether they can get there. A copy of our draft is attached for reference.

Alternatively, we could rely more heavily on the legal position alone which, regardless of what Second Sight and Deloitte say, is strong in any event and say that that is the starting point (not the functionality of Horizon) so that the facts of a particular case will have to be special to remove it from the clear basis on which POL is entitled to recover losses. That leads to my next point.

Chris seemed to be annoyed (not necessarily with us) about what Deloitte have done (or not done) but also mentioned that it was our clear recommendation to the board that lead to this (you’ll recall that was the issue over which he thought he would lose his job and was keen for us to water down our view), so we may need to be careful not to downplay the importance of the Deloitte report or suggest not relying on it, if that is an option we might otherwise suggest to them. He might say what was the point of it and why did we suggest it etc. (the answer would be, we weren’t involved in briefing them and had no involvement in overseeing what they were doing, nor did we pre-judge or know what conclusion they would reach etc. but I’m not sure we can say that).

Unbeknownst to me (and I assume you) Chris and others are, separately, having an all day meeting here tomorrow to brainstorm political issues regarding changing the scheme. I was going to say at least one of us should go down to say hello but Chris has said he will be in around 10-1030am and would like us to come down to discuss this point then. Of course, that may not suit you, but I am free and will go even if you can’t, perhaps with the benefit of any views you have on this in the meantime.

Also, he has asked us to think about a separate issue which the board has raised. If they allow a case to go to mediation (apparently one has now been sent for mediation, but the details of the mediation are yet to be determined) will that seriously impact their ability to terminate the scheme, if that’s what they decide to do. I said my initial thought was, leaving aside any JR issues, which we have not properly investigated, it wouldn’t help politically in trying to maintain a sense of consistency and fairness for all scheme applicants (not to mention non-applicant SPMRs) but it wouldn’t be catastrophic – they already have a tough sell and will cop flak if they change course materially with the scheme so that sort of step alone shouldn’t be determinative of a good or bad outcome. The bottom line though is if they could hold off the mediation until after a decision about the scheme is made and announced that would definitely be better.

He would like to discuss that tomorrow as well.

Jonathan

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**From:** [redacted] **GRO** **On Behalf Of** Chris Aujard  
**Sent:** 27 May 2014 16:13  
**To:** gajames [redacted] **GRO**  
**Cc:** Swil, Jonathan; Rodric Williams; iwhite [redacted] **GRO**; Julie George; Lesley J Sewell; markwestbrook [redacted] **GRO**  
**Subject:** RE: Project Zebra - Draft full report

Hello

Please see attached signed document.

Kind regards

[redacted] **GRO**

[redacted] **GRO** | PA to General Counsel

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