

PS 14/7-14/15

POST OFFICE LTD

PROJECT SPARROW SUB-COMMITTEE

Minutes of a meeting of the Project Sparrow Sub-Committee of the Board
held at 148 Old Street, London EC1V 9HQ on Wednesday 30 April 2014

Present: Alice Perkins (AP) Chair
Alasdair Marnoch (AM) Non-Executive Director
Richard Callard (RC) Non-Executive Director
Paula Vennells (PV) CEO
Chris Aujard (CA) General Counsel

In Attendance: Alwen Lyons (AL) Company Secretary
Belinda Crowe (BC) Programme Director, Project Sparrow
Mark Davies (MD) Communications and Corporate Affairs
Director

PS 14/7 OPENING OF MEETING

A quorum being present, the Chair opened the meeting of the Project Sparrow Sub-Committee ("the Committee").

PS 14/8 RECENT CORRESPONDENCE

- (a) The Committee considered the correspondence between Alan Bates, Chairman, Justice for Subpostmasters Alliance, and Jenny Willott MP.

- Chris Aujard explained that Sir Anthony Hooper, the Independent
(b) Chairman of the Working Group, now had a copy of the Alan Bates letter and that the letter was due to be discussed at the Working Group meeting to be held later in the week. It was noted that the Post Office would have an opportunity at the meeting to rebut any erroneous comments in the letter.

- Mark Davies confirmed that a reactive statement had been prepared
(c) for use should Alan Bates circulate the letter further.

- ACTION:** It was agreed that the Business would update James Arbuthnot MP,
Belinda Crowe (d) who had a copy of the letter from Alan Bates, after the Working Group meeting.

- ACTION: CEO** It was also agreed that the CEO would consider whether she would
(e) respond to the letter after the Working Group had met.

PS 14/9 PUBLIC STATEMENTS MADE ABOUT THE INITIAL COMPLAINT REVIEW AND MEDIATION SCHEME ('THE SCHEME')

- (a) The Committee noted a paper on the Ministerial commitments made with regard to the Scheme.

PS 14/10 DISSEMINATION OF THE LINKLATERS ADVICE AND DELOITTE

REPORT

- (a) The Committee received a paper on the dissemination of the Linklaters advice and the Deloitte report from Chris Aujard.
- (b) Chris Aujard reported on a conversation that he had had with Gareth James, Deloitte Partner, after the Board meeting in which he explained the visibility of "Transaction Corrections" ("TCs") on the transaction log. Chris Aujard further explained that Gareth Jones thought the fact that the TCs were visible would enable his assurance work to be completed more quickly. Chris Aujard was asked to liaise with Deloitte to ascertain what level of assurance could be achieved in 1, 2 or 3 weeks and at what cost.

ACTION:
Chris Aujard

ACTION:
Chris Aujard

- (c) It was understood that pre 2010 assurance might be more difficult and take longer to attain, and the Committee discussed the use of the detailed logs provided for the Court cases as evidence for Deloitte.
- (d) It was agreed that the Linklaters paper was too long and that the language needed to be clearer so as to enable it to be understood and accepted by a layman should it be made available publically.

ACTION:
Belinda Crowe

- (e) The Committee agreed that the Linklaters advice and (the draft summary) Deloitte report would not be disseminated at this point but the Business would consider when it might want to use the documents and the contextual piece over the next months and return to the committee on this issue.

PS 14/11

EX GRATIA AND SETTLEMENT PAYMENTS UNDER THE SCHEME

- (a) The Committee were provided with advice on ex gratia scheme payments and a briefing on settlement payments and Conditional Fee Agreements ("CFAs") from Chris Aujard.
- (b) The Committee agreed that it was not appropriate to make ex gratia payments under the Scheme.
- (c) The Committee discussed the CFAs and the issue that some sub postmasters may be inflating their claims so as to cover their advisors' fees. The Business was asked to raise this matter at the Working Group and to make it clear that in the Post Office's view the Scheme had not been designed and should not be used as a mechanism for advisors to make money.

ACTION:
Belinda Crowe

PS 14/12

THE ROLE OF SECOND SIGHT

- (a) The Committee received a paper on the options to support Second Sight or reduce their role in supporting the Scheme.
- (b) Belinda Crowe explained that Anthony Hooper had indicated that he was broadly content with the Post Office investigation reports but had suggested the conclusions should be sharper and more assertive where appropriate. He had challenged the quality of all three of Second Sight's reports and had asked that they be re-written.

However, until he deems that they are not performing their role it will be difficult to dispense with them.

ACTION:
Chris Aujard

- (c) Belinda Crowe explained that Second Sight had committed to produce three reports for discussion at the 1 May Working Group, but had in fact only produced one such report. It was noted that their performance continued to be less than satisfactory.

ACTION:
Mark Davies

- (d) Mark Davies was asked to produce reactive communication line to be used in the event of Second Sight or JFSA decide "to walk away" from the Working Group.

PS 14/13

CLOSURE/ACCELERATED COMPLETION OF THE SCHEME

- (a) The Committee considered a paper on the options for the closure of the Scheme and for the acceleration of its completion.
- (b) Belinda Crowe explained that only 80 of the c140 cases in the Scheme had submitted a fully worked up case questionnaire response for investigation. She believed that if all applicants and their advisors could be given a deadline for submitting their case questionnaires the Business could complete the majority of the investigations by the summer.
- (c) The Committee agreed that, subject to a satisfactory outcome from the Deloitte assurance assessment, the Programme Team should develop an implementation plan based on Option 2 – that is, to continue to investigate cases but bring it within the control of the Post Office.
- (d) The Committee asked the Business whether enough resource was allocated to the Project. Belinda Crowe agreed to consider the resource after the Working Group meeting on the 1st May.

ACTION:
**Chris Aujard/
Belinda Crowe**

ACTION:
Belinda Crowe

PS14/14

DATE OF NEXT MEETING

The date of next meeting of the Committee to be agreed after the Working Group meeting on the 1st May.

PS 14/15

CLOSE

There being no further business, the meeting closed.

