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Sent: Thur 04/07/2013 9:52:01 PM (UTC)
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Cc: Chris M Day [GRO]; Alwen Lyons [GRO]; Martin Edwards [GRO]; Mark R Davies [GRO]; Susan Crichton [GRO]; Lesley J Sewell [GRO]
Subject: Second Sight update 4/7/13

Dear all,

I wanted to send you a brief email to update you on where we are with the Second Sight (SS) investigation.

We have been engaging closely with SS throughout the week to understand the position they intend to take in the interim report and emphasise our concern that their findings must be even-handed and grounded in the facts. In line with our discussion on Monday's Board call, we understand that they have not found any evidence yet of systemic issues with the Horizon system (and it should be noted that this is based on a detailed review of their four "best" cases in terms of compelling evidence). However, as expected, they do intend to draw attention to wider failings in the training and support provided to sub-postmasters, with the implication that this was the root-cause of some of the problems related to Horizon.

We expect to receive a full draft of the report tomorrow morning, enabling us (and Fujitsu) to check for factual accuracy and consistency with the terms of reference before it is shared more widely with MPs on Monday evening. (We have made it clear that we reserve the right to review this timing in the event of any fundamental points of substance that remain unresolved by Monday). They shared with us today the introductory sections of the report, which give some cause for concern in relation to the overall professionalism of the drafting and the widespread use of subjective (and at times somewhat emotional) statements of opinion rather than more neutral or evidence-based insights. We have already provided initial feedback on these concerns, and are hopeful that they will take these on board. However, clearly this is a difficult and carefully balanced situation – we have to respect the independence of the report, and it is our firm view that it would not be credible or appropriate to take a more forceful approach in relation to the report at this stage (as we would be happy to explain in more detail over the telephone). There will therefore inevitably remain elements in the final draft which make for uncomfortable reading.

We are focussing heavily on our media and stakeholder handling strategy. To summarise very briefly, we have taken the view that the best way to minimise the reputational risks associated with the review and to do the right thing for the business and its people is to welcome the broad thrust of the report and commit to acting on its key finding in relation to the need for improvements in our support and training processes. This is entirely consistent with the broader imperative for cultural change across the organisation which the Board has discussed over recent months. We are preparing a proactive media statement which we plan to issue on Monday before the MPs meeting, which will enable us to get on the front foot in dealing with the issues raised in the report. Our thinking at this stage is that a central part of our response should be to announce the launch of a new user forum involving sub-postmasters, the JFSA and other stakeholders, with the remit of providing direct feedback into the business on areas for improvement in our training and support systems. The first priority of the forum will be to bring the Second Sight review to a rapid conclusion, but it will also have a permanent role beyond that.

Alongside this, we are also engaging carefully with relevant stakeholders:

- James Arbuthnot is a pivotal figure, as he has been chairing the Parliamentary input into the process on behalf of other MPs with constituency cases, and will be hosting the meeting on Monday at which the interim report is released. Alice and I had a constructive but at times challenging meeting with him yesterday to discuss handling, emphasising the importance of an even-handed approach which doesn't undermine public confidence in the Post Office. There nonetheless remains a significant risk that he will seek to raise the media profile of the report (and his role) on Monday. I have a further phone call with him scheduled tomorrow afternoon and we are staying in close contact with his office.
- I briefed Jo Swinson on the situation yesterday, and we are also staying in regular contact with her officials, not least given the possibility that the Government may be asked to make a statement in Parliament.
- Linked to this, we also plan to engage (either directly or via BIS) other members of the government with constituency cases who may be attending Monday's meeting of MPs, such as Oliver Letwin and Tessa Munt, with the aim of ensuring that they can help promote an even-handed discussion at the meeting.
- I had a very constructive telephone conversation with Alan Bates this evening (Mr Bates is the ex-sub-postmaster leading the JFSA campaign who was instrumental in starting this whole process). The call was helpful in reassuring him that we intend to take the key findings of the report seriously, and would like to work collaboratively with him in identifying process improvements.
- Finally, we will of course need to brief the NFSP and CWU on the situation, most likely on Monday.

We will share a draft of our proposed media statement with the Board over the weekend, and I will also email you with any further significant updates tomorrow. Please also do not hesitate to call me or one of the team if you would like further detail on any of the points noted above or would like to discuss our approach. This is an extremely challenging and complex issue and I would greatly value your input, although some of the nuances and details are best discussed over the phone rather than by email.

Kind regards,

Paula

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