



Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ
1st September 2022

Dear Permanent Secretary,

Engaging with the Post Office Horizon IT Inquiry and implementing change

On 23 May 2022 you wrote to me asking that, by the end of the parliamentary summer recess, I should provide you with a written response detailing the assurance, both internal and external, that the Post Office Board is putting in place to demonstrate what changes have been, or are in the process of being, made to Post Office's systems and processes so that they are fit for purpose. In your letter you rightly recognised that Post Office's ability to evidence these changes is a key objective for its current Board and management team. In particular, as we continue to engage with the Post Office Horizon IT Inquiry, that we are able to demonstrate that Post Office has taken the right actions since the Group Litigation Order and that where we can we have successfully put in place measures to prevent the same mistakes from happening again. Where measures take time to implement, either because they relate to more fundamental aspects of Post Office's operating model or its culture, we should still be able to demonstrate what has been done so far, and what plans we have to continue making progress in response to Justice Fraser's criticisms.

The purpose of this letter is therefore to satisfy your request, by setting out: the principal findings of the Common Issues Judgement (**CIJ**) and Horizon Issues Judgement (**HIJ**); discovery work on the CIJ and HIJ undertaken by Post Office; Post Office's realised, in-flight and planned responses to Justice Fraser's findings; and the assurances sought by Post Office in relation to these actions. I have set this letter out in three principal parts, covering each of the judgements separately and also POL's Cultural Change Programme.

The Common Issues Judgement

Principal Findings

In the CIJ in March 2019 Justice Fraser made significant findings about the contractual relationship between Post Office and operators of Post Offices, in particular the implied duty of good faith and other associated contractual terms which included principles such as fair dealing, transparency, cooperation, and trust and confidence. The judgement also made a number of critical comments about Post Office's past, current and perceived working practices. Together these raised fundamental questions for how Post Office both operates its business and manages its relationship with Postmasters.

The CIJ did not prescribe how the implied terms should be reflected in Post Office's

operational processes, though Post Office's objective since the judgement was handed down has been to make sure these are consistent with the implied terms and are aligned with the points made in criticisms. In doing so Post Office has had to apply judgement in planning and executing a range of changes in its business, including both bringing forward changes planned prior to the CIJ and making changes specifically in response to it.

Discovery Work Undertaken

Immediately following the CIJ, Post Office prioritised a contract review and restatement exercise to reflect the relational characteristics of the contract called out by Justice Fraser and to make sure that all new and existing Postmaster contracts included, or were restated to include, the implied terms he set out in his judgement. In addition, an end-to-end review of the findings listed in the judgement was carried out by Post Office and the output of this was shared with Norton Rose Fulbright (**NRF**), who undertook a gap analysis of these improvements against best practice. NRF's report, which was issued in June 2020, set out a series of recommendations to ensure Post Office's alignment with the CIJ. It also synthesised the findings of the judgement into nine themes which Post Office has used to order its catalogue of CIJ related activities. These themes are: onboarding; training; audit; shortfalls; loss prevention; transaction corrections and disputes; suspensions; terminations; and culture and communications.

Further to this report, in 2020 a project called 'Shine a Light' was initiated within the Historical Matters Business Unit in Post Office to review the CIJ and identify areas of potential improvement.

To supplement the NRF and 'Shine a Light' reviews, in early 2021 Post Office also commissioned Deloitte to assess the extent to which the business had moved towards its stated aim of '*putting Postmasters at the heart of the business*'. This Postmaster Journey report was published in March 2021 and identified a number of completed improvement actions as well as a series of further recommendations. Finally in June 2021 a stock report, issued by Post Office's Group Compliance function, was published which listed specific recommendations related to stock management processes which up to that point had not been considered in the same level of detail in other discovery work. Some of these recommendations were considered relevant to the CIJ.

Post Office considers that the NRF review, the 'Shine a Light' review, the Postmaster Journey Report and the stock report represent a comprehensive assessment of the business's position with respect to the CIJ, and that the recommendations put forward in these documents define the actions that need to be taken to evidence, with confidence, Post Office's conformance with the judgement. Post Office also recognises that no business is ever constant and since the last reports were released in mid-2021 it has continued to challenge systems and processes to make sure they are fit for purpose. Through this business as usual activity Post Office has identified further issues that need to be addressed, and it has either taken action or it has put in place clear plans to do so. Post Office has been in discussion with BEIS on these matters since the second half of 2021.

To track all improvements the Improvement delivery group (IDG) was set up in February 2021 to provide oversight at Group Executive level within Post Office overall improvement identified from the HIJ, CIJ as well as business as usual. It

has also made sure that all delivery milestones and improvements are assured to the appropriate level and second line oversight is in place, and that actions are tested as robust and effective. IDG is the principal means for reporting to the Post Office Board on these matters.

Summary of POL's Realised, In-Flight and Planned Responses

The reports and steps outlined in the preceding section have resulted in a catalogue of 447 CIJ related actions being identified by Post Office, which are tracked by the IDG and are categorised to aid oversight, delivery and assurance.

Category of CIJ Related Action	Number of Actions
Onboarding	[54]
Training	[67]
Audit	[36]
Shortfall	[62]
Loss Prevention	[32]
Transaction Corrections and Disputes	[44]
Suspensions	[17]
Terminations	[24]
Culture and Communications	[111]
Total	[447]

The principal form of categorisation used by Post Office is the colour impact ratings set out in the Deloitte Postmaster Journey report, which defines actions that: are needed to ensure Post Office's conformance with the CIJ; help to mitigate the *risk* of possible detriment, and therefore the *potential* for non-compliance with the CIJ; improve the experience of Postmasters and are consistent with the spirit of the CIJ; and would be beneficial to Postmasters and are consistent with Post Office's purpose. This methodology has been consistently applied by Post Office across the full catalogue of CIJ related actions helping to prioritise activity, allocate resources and funding and focus assurance work where the need is greatest.

Delivery against these is monitored closely and as reported to the Board on 12 July 2022, 407 actions were considered to be complete and 36 were still in active delivery, including 3 urgent-priority actions (6% of all actions in this category), 16 high-priority actions (12%), 15 medium-priority actions (7%) and 2 low priority actions (3%). All urgent-priority actions are related to the second phase of Postmaster detriment remediation where Post Office has identified areas where there is the risk of potential detriment, and the existence of detriment is still being established, or where detriment has been established and confirmation from BEIS on funding or sign-off from the Post Office Board on the approach to be taken, is still needed. Post Office expects 443 of the 447 actions to be complete before the end of March 2023 including all urgent-priority and 98% high-priority improvements.

Four actions are currently on hold. One of these is high-priority and relates to the re-platforming of Post Office's support tools, to give the business better insight into issues facing Postmasters across what are currently standalone systems. This

has been put on hold due to the complexity of an integration, as well as capacity and cost constraints, though while it is paused reporting at Group Executive has been improved to provide more comprehensive oversight at an aggregated level and locally Postmasters do also have access to new reporting accessible through Branch Hub. The three other actions on hold are within Post Office's Supply Chain and these have been paused pending delivery of the business's future stock management strategy. Progress against these may still take place in the future, though this will be subject to senior management agreement and the availability of sufficient funding..

Post Office's detriment remediation programme continues, with the aim to investigate areas where current practices adopted by the business may give rise to potential detriment, and therefore where it could be non-conformant with the CIJ. Where further actions are identified through this process – considered a possible outcome – they will be scored against the same colour impact rating method and be planned accordingly. There is presently no funding capacity within Post Office to remedy any issues that are identified in the future which means, subject to the nature and scale of any actions that are required or detriment that is established, additional support would be required from BEIS.

Finally, Post Office is also in active discussion with the National Federation of SubPostmasters (**NFSP**) to redefine the relationship between the two parties, in a manner that responds to the criticisms set out by Justice Fraser. Post Office is engaging openly in this process.

Overview of Selected CIJ Related Actions Completed by Post Office

A full list of the actions the business has undertaken is available on request, but for the purposes of this letter I have set out below a summary of some of the most important and impactful achievements.

- A restructuring that focuses the business on Postmasters, with better regular reporting on CIJ metrics to the Group Executive and Board;
- All automatic deductions from Postmaster remuneration have been stopped, unless these have otherwise been agreed with Postmasters;
- An independent appeal panel has been set up, including former Postmasters, to review disputed investigations, suspensions and terminations;
- A rigorous discrepancy investigation process is now in place that is straightforward, and includes processes to improve quality and consistency;
- A suite of clear policies have been introduced to ensure all Postmaster support practices are consistent with Post Office's duty of good faith; and
- Branch Hub has launched as a portal for Postmaster communications, trading data, chat help, e-forms, and other day-to-day operational support;
- New training, content and learning aids have been developed to support Postmasters better in how they run their branch and grow their businesses;
- New Postmaster onboarding is now simpler, with a single-point of contact, and with average time to onboard reducing from over a year to 5 months.

Post Office is already seeing benefits from these actions. As a result of

improvements made to investigations processes, also combined with changes made in response to the HIJ findings, we have seen a 185% increase in discrepancy cases as it has become easier to raise a dispute on Horizon, and we have also seen a 95% reduction in aged Transaction Corrections. In addition, suspension numbers have reduced significantly from 200 in FY18/19 pre CIJ to 25 within FY21/22 with only 10 to date this year. The launch of Branch Hub, which responds to findings in the CIJ and HIJ, has also been very positively received by Postmasters, and we continue to develop this platform to make it more accessible and to extend its functionality.

Assurances Sought by Post Office in Relation to These Actions

In addition to oversight of the delivery of CIJ related actions by IDG, Post Office has also commissioned five separate reviews from its' Internal Audit function (**IA**), supplemented by subject matter expertise from Deloitte. The aim of these reviews has been to provide an independent view of the actions that have been completed, with a particular focus on validating the delivery status of critical actions (i.e. urgent-priority and high-priority), to evidence the business's conformance with the CIJ. Given the large number of actions completed by Post Office these reviews have not assured *everything* that has been delivered however as reported to the 12 July 2022 Board meeting 78% of the 407 completed actions had been checked and of these only 19 had been highlighted as requiring further remediation. Of these 14 have now been validated and confirmed as closed.

In September 2021 NRF issued a review that included an assessment of the actions taken or that were planned by Post Office at that date, to provide an additional external opinion on whether Post Office was either conformant, or on a path to conformance, with the CIJ. As part of this NRF recognised that the business must exercise judgement in interpreting the findings and in how it changes its practices. NRF also acknowledged that Post Office's ambition was not to achieve a narrow measure of technical conformance with the CIJ but instead to go beyond this, and operate in a way that was consistent the spirit of the findings. This characterisation of Post Office's ambition informed NRF's approach.

The report considered 43 separate themes and sub-themes that were identified in the judgement and found that Post Office was either fully or substantively conformant in 24 of these, and on the path to substantive conformance in a further 10. For the remaining nine areas, Post Office needed to develop a path to substantive conformance on three and five were not scored as these either overlapped with other themes considered by NRF, NRF considered them to go beyond the scope of the CIJ or they were technical in nature and it was agreed that they would be addressed within the scope of the HIJ remediation work. The final theme was not rated because NRF concluded that the relevant CIJ criticism – related to individual Postmasters being able to negotiate their own terms with Post Office – did not require Post Office to take any further steps.

The three themes where NRF determined POL needed to develop a path to substantive conformance related to the need: for a wide-ranging contract reform programme, in response to Justice Fraser's criticism that Post Office's contracts were unnecessarily long and confusing; for a sustainable approach to the recovery of established losses, as although Post Office had mostly stopped recovering these (i.e. unless recovery had been agreed with a Postmaster), it still needed a clear recovery policy for when civil recoveries were restarted; and for Post Office to

finalise its discussions with the NFSP on the two parties' future relationship. Notwithstanding the contract review and restatement exercise actioned by POL immediately following the CIJ, POL has not yet undertaken a comprehensive contract reform programme given the complexity and distraction such an exercise would involve. However it remains a task that Post Office intends to look at in the future when circumstances are more supportive. The second has been progressed and a clear end-to-end process has now been agreed for civil recoveries, though actual recoveries have not yet restarted unless agreement to do so has been reached with a Postmaster. Subsequent to the CIJ any suspected criminal activity will be notified to relevant law enforcement agencies. Finally, the third is an active workstream which Post Office hopes to bring to a conclusion in the coming months.

Based on the NRF report, the progress Post Office has made against the catalogue of CIJ related actions, including since the NRF report was issued, as well as the findings of IA, by the end of March 2023 the business expects to be fully or substantively conformant against 40 of the 43 themes and sub-themes identified by NRF. It will also be on the path or have visibility of a path to substantive conformance in the rest.

The Horizon Issues Judgement

Principal Findings

In December 2019, Justice Fraser summarised his findings from the Judgement into 15 Horizon Issues. For clarity of understanding and to aid delivery, Post Office has grouped actions as a result of these issues into five key areas: accuracy and integrity of data; controls and measures to prevent / fix bugs and system development; remote access; availability of information and report writing; integrity of transaction data, branch trading statements, shortfalls and transaction corrections.

These findings are also consistent with certain implied duties and terms outlined in the CIJ, specifically to: provide a system which was reasonably fit for purpose, including adequate error repellency; properly and accurately effect, record, maintain and keep records of all transactions in Horizon; properly and accurately produce all relevant records, explain all relevant transactions, and any alleged or apparent shortfalls.

While the nature of the HIJ means that compliance with the issues identified by Justice Fraser is difficult to establish beyond doubt, without a challenge being taken to and a decision being passed down by the courts, Post Office has sought to take the steps it and its assurance partners consider necessary to comply. In doing so Post Office has had to look externally for expert advice but also, recognising that Horizon is a live trading system, prioritise changes so as to achieve an acceptable balance between the actions that need to be taken and the need to minimise disruption to Postmasters and to the operation of the Post Office branch network. The future replacement of the Horizon system with New Branch IT (**NBIT**) is a particularly relevant consideration in this planning and prioritisation as it provides Post Office with an opportunity to make more material changes versus today in terms of how its core IT system is developed, operated and assured.

Notwithstanding, Justice Fraser did also recognise that HNG-A, the version of Horizon that was operational at the time the judgement was passed, was far more

robust than the version that was operational in and before 2017 and he considered HNG-A to be relatively robust. He did not however specify which of the fifteen issues he identified pertained only to the pre-2017 Horizon system and therefore which ones still needed to be addressed and / or otherwise remedied by Post Office.

Discovery Work Undertaken

Since the HIJ, Post Office has committed itself to identify and remedy the issues which led to the HIJ findings, and it has set up a project led by a newly created and dedicated Horizon IT team which sits within Post Office IT (initially supported by KPMG's specialise IT team) to enable this. Since being established in November 2020 this team has undertaken an extensive gap analysis in respect of the HIJ findings to establish POL's current position against the judgement's themes, define a recommended target end-state and determine the actions that need to be taken to deliver that position. This has had a focus on: historical issues; characterising bugs, errors or defects; and defining 'robustness', and a series of outcomes and actions have been identified that have the intent to move Post Office towards a targeted position of substantive or sustained remediation against the issues raised in the judgement.

These categories mean that Post Office has either remedied an issue, subject to minor deficiencies or efficiency / effectiveness improvements (i.e. substantive remediation), or it has remedied an issue and has the capability to sustain that remedy into the future (i.e. sustained remediation). Both are considered by Post Office to represent a substantively conformant or conformant position against the HIJ.

As part of this workstream the Horizon IT team and KPMG have applied certain IT industry standards with a view to developing the maturity of the Horizon system and its surrounding management processes in a way which meets best practice expectations in terms of IT management, governance and controls. This goes beyond the specific findings of the HIJ.

Summary of POL's Realised, In-Flight and Planned Responses

The activities outlined in the preceding section have resulted in 79 actions being identified which link to the findings made in the HIJ. Like the CIJ related actions, these have been tracked by the IDG and categorised to aid oversight, delivery and assurance, and where possible Post Office has sought to take a consistent approach across both the CIJ and HIJ, though in certain areas this has been challenging given differences between the two judgements and the nature of the actions themselves.

So far outcomes have been delivered across two completed phases of remediation work, and a third phase commenced in Summer 2022. The first of these was focused on diagnosing the actions that needed to be taken, and delivering a number of 'fast fixes' on priority areas, and the second was targeted at substantively or sustainably remediating a number of the HIJ issues. The third phase is making further progress towards substantive or sustained remediation, prioritising those actions that Post Office considers most necessary for its conformance with Justice Fraser's findings in the HIJ while also being subject to the capacity and funding constraints the business faces. This phase does not therefore include all possible or desirable actions that Post Office could undertake.

Delivery against the outcomes is monitored closely and as reported to the Board meeting on 12 July 2022, 63 outcomes were considered to have been delivered with 16 still in-flight. At the conclusion of the second phase eight of the twelve HIJ issues had been substantively or sustainably remediated and the remaining seven were on a path to substantive remediation. Some but not all of these are expected to be substantively or sustainably remediated by the end of the third phase of the Horizon remediation work.

Overview of Selected HIJ Related Actions Completed by Post Office

The actions Post Office have delivered are aligned to the fifteen HIJ issues, and over the past eighteen months a considerable amount has been achieved by the Horizon IT team. This includes fundamental changes to how Horizon is operated and overseen, as well as other actions that benefit Postmasters and reduce the risk of errors being made. A full list actions completed is available on request, but for the purposes of this letter I have set out below a summary of some of the more important and impactful achievements.

- All historical Known Error Logs (KELs) have been checked and tested to ensure they are not in HNG-A and Post Office's defect management capability has also been significantly enhanced;
- Testing has been improved and it now happens earlier in the development cycle, including 1,300 regression test scripts and regular penetration testing to ensure changes are robust and the system is secure;
- Access protocols and supporting processes have been improved, making the system more secure and improving Post Office's visibility of who is accessing Horizon and for what purpose;
- A dispute button has been added to Horizon which gives Postmasters the opportunity to challenge a potential shortfall in branch accounts. The lack of this ability to challenge was a fundamental criticism in the HIJ;
- A 'Horizon Design Forum' has been established to review and prioritise Horizon system improvements. This is supported by a Postmaster working group which to date has sought input from >250 Postmasters;
- Over 200 IT controls related to Horizon have been consolidated and moved into a new compliance and risk management tool, which is now routinely attested by trained IT staff;
- More than 145 data and use journeys have been assessed and Transaction Corrections have been analysed to establish root causes, helping to identify areas where improvements to Horizon could be made; and
- The Horizon user interface has been tidied up to remove and relocate buttons, helping to reduce user error and the risk of Transaction Corrections. 40,000 redundant Horizon user IDs have also been deleted.

The third phase of the Horizon remediation work commenced in the Summer and includes: developing the front-end of the Branch Reporting Suite tool, with the aim to leverage Post Office's wider data investment plans to give Postmasters better access to information that allows greater self-investigation into potential discrepancies; adding Branch Hub onto the Horizon terminal, allowing all

Postmasters easy access to the Branch Hub portal using current Horizon infrastructure (i.e. instead of using their own devices); completing the rollout of the least privileged model, resulting in Fujitsu having the minimum remote access required to fulfil their service obligations; addressing recommendations around the maturity of how Post Office manages certain Horizon scripting languages; and selected improvements to the operation and interface of Horizon. Due to competing resource pressures, the need to minimise the disruption on the network caused by changes to Horizon, complexity of change and Post Office's constrained investment budget this phase does not include all possible or desirable actions that the business could undertake. Therefore while Post Office *does* expect to be in a conformant position in relation to the HIJ by the end of the current financial year, management expect there will be a tail of incomplete activity at this time that would otherwise strengthen the robustness of its disclosures to the Inquiry.

Data stewardship and data management activities that respond to certain aspects of the HIJ issues are being funded outside the Horizon remediation work as this is agnostic to a particular system enhancing POLs overall data maturity, subject to sufficient funding being available, the data governance team will initiate a schedule of activities to improve Post Office's data infrastructure and rollout new ways to manage and quality assure its data. This programme of complementary activities will be delivered in concert, to make sure changes that are implemented can be properly embedded in normal business operations. These activities may therefore be delivered to a different timetable than the rest of the third phase of remediation.

Assurances Sought by Post Office in Relation to These Actions

In addition to oversight of the delivery of HIJ related actions by IDG, Post Office has also commissioned two separate reviews from IA with the aim of validating what has been delivered in the first two phases of remediation work. The second report on the second phase was issued in June 2022 and had a rating of 'needs significant improvement', in recognition of certain missed milestones and the impact this slower than expected progress might have on Post Office being able to demonstrate a position of substantive or sustained remediation to the Inquiry across all HIJ issues. Notwithstanding, the report did corroborate what the Horizon IT team had delivered in the second phase as well as the challenges faced, and it also recognised progress since its first report. After the first phase, improvements had been recommended in relation to programme governance which IA identified had improved significantly including around deliverable tracking, progress monitoring and management reporting.

Post Office is also seeking external assurance from NRF to validate what has been delivered, and this will take place once phase three is complete. While this is expected to endorse Post Office's view that it is conformant against the HIJ, it is also likely to pick up on the outstanding backlog of activities which Post Office has not yet been able to action. An early draft report was prepared by NRF in Autumn 2021 and this was used to inform the final scope of the second phase.

Finally, as part of the third phase of remediation work, Post Office will be commissioning an independent audit of Fujitsu specifically to cover remote and privileged access and transaction integrity. This will be completed before the end of 2022 and the business expects it will be an important submission into the Inquiry given the central role this played in the Horizon Issues trial.

Post Office's Cultural Change Programme

Finally, we do absolutely recognise that we had systemic cultural issues at Post Office and that we must change the way we work comprehensively so that the issues as raised in the CIJ, can never happen again. Therefore, we have embarked on an extensive culture transformation programme with the aim of '*putting Postmasters at the heart of the business*' as our business simply does not exist without our Postmasters.

To drive this change Post Office has appointed a Director of Culture Change, Communications and Engagement to develop and execute a programme of cultural change led by the Group Executive (and the Senior Leadership Group) who are committed to changing behaviours and promoting the right relationship with Postmasters across the business. This responds to Justice Fraser's criticisms regarding Post Office's legacy and perceived working practices which stated *POL had a culture of secrecy and excessive confidentiality, acting oppressively towards Operators*.

The cornerstone of POL's transformation are the new 'Ways of Working' that will align all Post Office to our behaviours of 'working in partnership, as one team to deliver'. They guide everything we do at POL and have been, and will be, consistently and deeply embedded by connecting them to performance conversations, talent acquisition, training programmes and the introduction of a recognition programme.

As we believe that change must be owned by, and led from the top, all our Senior Leadership and Group Executive members have been through the first phase of our 'Leading to Serve' programme. It is now being extended more widely to include our Regional and Area Managers so that they are role modelling the ways of working and thus laying the foundation for lasting cultural change.

The business continues its activities with our colleagues to help foster understanding and conviction for this cultural change. All our back office Postmaster support teams have been through service mindset training, building the key skills of listening and empathy. In addition, we have and are putting in place several reinforcement mechanisms to embed the change including multiple training programmes to develop talent.

To encourage empathy and understanding, all staff have participated in Postmaster-oriented immersive learning activities. This includes the 'A week in the life of a Postmaster' programme in 2021; detailed training on the Group Litigation Order, to ensure consistent understanding of the judgements and changes Post Office is implementing; and aligning all senior managers to branches via the 'Postmaster Connect' initiative. This initiative aims to increase knowledge of branch operations, day-to-day operational issues and frustrations Postmasters face daily which in turn helps Post Office to identify ways to simplify and make operational efficiencies. Post Office has also strengthened its approach to whistleblowing and investigations, working with Protect, a leading UK whistleblowing charity, such that if there are reported concerns these are identified, triaged and investigated properly.

More formally, we have aligned all Postmaster facing teams under a single Group Executive member to break down silos and ensure consistency of interactions. And

through updated personal development plans and formal assessment conversations our progress will be monitored.

We fully recognise that effecting real and lasting results will take time and our initial cultural transformation initiative works towards a three-year roadmap with solid measurement mechanisms, such as annual engagement surveys, in place to check we are making the right progress with the right impact, emerging with an aligned leadership and colleagues as advocates of our new culture.

Summary

Since the CIJ and HIJ Post Office has sought to take a structured approach to responding to Justice Fraser's findings and over the past eighteen months a considerable amount of progress has been delivered. This progress has been or, by the time formal submissions are made to the Inquiry, will have been assured internally and externally, and where recommendations are put forward by IA or independent external parties Post Office will respond to these. Most importantly as Post Office has set itself high standards, to comply with the spirit and not just the word of the two judgements, it is confident that it will be able to make representations to the Inquiry that it has achieved substantial improvements to the management of the Horizon system, as operated today. Giving Post Office and our Postmasters a much higher level of confidence in the overall integrity of the system.

Notwithstanding this Post Office does not expect to have completed all possible or desirable actions in time for it making submissions to the Inquiry due to a number of factors, including the complexity of the change required and the capacity of the business to absorb this change, but also the funding required to deliver this and the constraints imposed by other demands on Post Office's constrained investment budget. These actions would be expected to improve error repellantcy and improve Postmasters' experience of using the system. It is possible that Post Office, and BEIS as its shareholder, may come under criticism from Sir Wyn Williams because of this.

Post Office also recognises that progress is never permanent, and it will therefore need to continue to be alive to the CIJ and HIJ findings in the future to make sure that the high standards delivered can be maintained. Part of this will be supported by the improvements being made to Post Office's culture, as well as in making sure appropriate controls are designed, implemented, supported and sustained across the organisation. But a critical part of this will also be enabled by NBIT and the replacement of Horizon, and the enhanced role Post Office will have in developing, operating and assuring this new system.

Yours sincerely,



GRO

Tim Parker
CHAIR POST OFFICE LIMITED