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The Rt Hon James Arbuthnot MP  
House of Commons  
LONDON  
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14 May 2014

PRIVATE AND CONFIDENTIAL

Dear James

Thank you for your letter of 1 May. I too share your concerns about the progress of the Mediation Scheme, and appreciate that other MPs may become increasingly concerned the longer it is before we can update them.

I can assure you we remain determined to investigate cases as quickly as possible, which is why we have committed substantial resources to support the Scheme, including paying professional advisers to help the applicants, appointing 22 investigators alongside our dedicated programme team, and paying Second Sight to review each investigation. We are making progress: of the 137 sub-postmasters who initially applied for the Scheme, 70 have now submitted the more detailed information which is required for the next stage of the process, and of these the Post Office has already completed 22 investigations with the others currently underway.

However, the fact remains that every stage in the process is taking longer than originally envisaged. Second Sight have only just submitted their first case review this week - a significant milestone, but one which also highlights the substantial volume of work still to be completed. Furthermore, my understanding is that Second Sight's interim report on thematic issues, originally intended for March, is yet to be completed. But given the slow progress of their case reviews, a thematic report should not be the focus of their efforts at this stage. Indeed, the content of any thematic report is dependent on the facts and evidence derived from investigating these cases, and therefore it would be premature to produce and release such a report before more progress had been made on the investigations.

There is one other issue which I would like to take this opportunity to address. I am aware that you have received a copy of some correspondence between Alan Bates and Jenny Willott MP. It is worth noting that the Working Group Chair has felt that he should write to the Minister addressing the points made in Mr Bates' letter. I too have outlined to the Minister my concerns with the letter, which I believe risks undermining the proper operation of the Working Group (and, in turn, the Scheme itself). In particular:

1. Contrary to the Working Group's Terms of Reference, the content of the letter discloses information that is confidential to the Working Group.

[www.postoffice.co.uk](http://www.postoffice.co.uk)

2. It contains several factual inaccuracies and paints a picture which is inconsistent with both the current and historic position. For example, the Post Office had produced 20 reports for the Working Group's consideration at the date Mr Bates wrote, rather than none as he suggests.
3. The fact that Mr Bates has bypassed the structure of the Working Group to raise concerns is disappointing and, in my view, contrary to the spirit of the Working Group.

This clearly remains a complex and challenging programme, and we need to focus on how best to resolve the cases in as swift and orderly fashion as possible. I am very happy to keep you updated and would also welcome the opportunity to discuss some of the issues outlined above in more detail if that would be useful. As part of that discussion we can consider how best to provide further updates on the Scheme to other interested parties at this delicate stage of proceedings. I have some reservations about your suggestion of sharing our previous correspondence on this matter, as I believe it may be counter-productive at this stage given the subtleties and sensitivities at stake. We can consider the alternative options for managing expectations about the next steps when we meet.

Yours sincerely

The logo consists of the letters 'GRO' in a bold, black, sans-serif font, enclosed within a thin black rectangular border.

Paula Vennells  
Chief Executive