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Dear Tim,

POSTMASTER COMPENSATION

Thank you for your letter of 22 April regarding resolving historical matters and providing closure for affected postmasters.

The Horizon scandal has had a terrible impact on many postmasters and their families, and I am determined that my department and I continue to work at pace to provide appropriate compensation to those who have been affected.

Following the anniversary of the first 39 cases being overturned by the Court of Appeal, there is rightly a focus on compensation for those with overturned convictions. I am pleased that we have been able to agree interim payments of up to £100,000 and that these payments are being made quickly. That over £6.5 million has been paid in compensation so far is an important start.

I agree that we must quickly resolve the full compensation that is due. I recognise your concerns that the initial two cases are progressing slowly, and it is important that a way through the current hurdles is found swiftly. I have asked my officials to continue to work actively with your team and your lawyers to ensure that this happens. However, I would stress that BEIS has been responsive to the multiple requests by Post Office for negotiating mandates and is reliant on proposals developed by the Post Office and its legal team. In order to be fair to all, including the taxpayer who is funding these costs, we do need to consider what is appropriate for each case and use appropriate principles and approaches that have been considered by legal experts.

We acknowledge that the recent discussion with QCs have not provided the clear consensus and guidance we had been hoping for, but I understand that further proposals to take the initial and subsequent cases forward are being developed. I hope that these will provide a way forward for the next phase. My officials believe these proposals are constructive, are capable of dealing with many of the issues that have slowed progress recently and are ready to support the development of these proposals. To help with this, I would encourage you to ensure that your team discloses the required materials to the claimants' solicitors and engages the full range of legal representatives, in order to allow us to progress rapidly to the subsequent groups of cases once we have reached a resolution on these first two cases.

With regards to the Historical Shortfall Scheme, I was pleased to hear that Post Office had exceeded its target for 50% of offers to be made by the end of March. This will help with achieving targets throughout this year. Managing cases in dispute is clearly a priority to successfully delivering the Scheme. I understand that Post Office is still developing its plans for the Dispute Resolution Process and we will respond to them as soon as we receive them. As with HSS cases generally, BEIS is seeking a role only in cases that meet certain exception criteria to ensure the process is able to move forward in a timely manner.

One point you make in your letter relates to the costs of running the HSS where you say that there is a big opportunity to reduce costs if BEIS and UKGI take faster decisions, and delegate more often to Post Office. We feel strongly that this does not describe accurately the way HSS has operated, where we have been expressing concerns about the costs of the HSS since the Summer of 2020. We believe we have been very responsive in the decision-making process and have made many suggestions for improvements, some of which have been taken up. The costs of HSS are high, partly for structural reasons (the need for an independent panel for example), partly because the value of many of the claims is low (leading to high costs of delivery relative to claim values) but also because of the level of fees agreed with HSF, Post Office's high degree of dependency on HSF and poor controls over HSF's activity. We have seen improved focus on controlling HSF recently and are working with the team at Post Office to use our influence to obtain further reductions in their costs.

Finally, on compensation to those who were in the Group Litigation Order, I welcome your offer of assistance in this development phase. My officials are already in contact with yours and I appreciate Post Office continuing to input ideas and relevant information into this phase.

I would ask that Post Office continues to work proactively with my officials prior to our having a meeting when diaries allow.

Yours sincerely,

PAUL SCULLY MP
Minister for Small Business, Consumers & Labour Markets
Minister for London