

**Edward Davey MP**

Minister for Employment Relations,  
Consumer and Postal Affairs

Mary Glindon MP  
House of Commons  
London  
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Thank you for your letter 3 August, enclosing correspondence from your constituent, Mr Peter Holmes of [GRO], about problems he experienced with Post Office Ltd. I apologise for the delay in replying.

Under the postal sector reforms introduced in 2001 by the previous Government, Royal Mail (which includes Post Office Ltd (POL)) was given greater commercial freedom, as the management and unions had requested, and Government has assumed an arm's length role as a shareholder in a public limited company. Subject to agreeing its strategic plan with us, the Board can structure the business as it decides best to meet the challenges of market development and changing customer needs.

The issues raised by Mr Holmes are operational and contractual matters for POL and the Government does not have any role in the day to day operations of the post office network. I understand that POL continue to express full confidence in the integrity and robustness of the Horizon system which has been operating for 10 years and typically processes 230 million transactions a month from over 30,000 counter positions in nearly 12,000 post office branches.

The integrity of Horizon is built on tamper proof logs, real time back ups, and absence of 'backdoors' so that all data entry or acceptance is at branch level and is tagged against the log-on ID of the user. I also understand that Horizon creates a separate audit file of every transaction done with every record written to the log having a unique incrementing sequence number. This is retained remotely for seven years and cannot be altered in any way. Therefore, in any legal case relating to the

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system or allegations that data was missing, this audit log can be produced to identify exactly what was recorded onto the system in the branch concerned at the time concerned. Help lines are available. If an error occurs through a user mistake – there is a full system in place for investigation and error resolution. If there is a local disconnection of the system at a branch for any reason, IT controls detect the outages and raise recover alerts to the branch to check and update the accounts.

In cases of suspension and termination of contract, subpostmasters are contractually entitled to be accompanied at appeal hearings by a National Federation of SubPostmasters' representative or friend. Appeals are heard by a senior POL manager not previously involved in the case and legal avenues are also available if the subpostmaster continues to feel his contract has been wrongly terminated.

I have however recently met with representatives of the Justice for Subpostmasters Alliance to listen to their concerns and my officials are following up with Post Office Ltd some of the points made.

**EDWARD DAVEY**