From:	Batten Peter (ShEx)[/O=DTI/OU=DTIHQ/CN=RECIPIENTS/CN=PBATTEN]
Sent:	Fri 05/07/2013 2:12:32 PM (UTC)
To:	Whitehead Mike (ShEx) GRO Gibson Will (ShEx) GRO
Subject:	RE: Lines

Summary of the note

Narrative and summary of the Second Sight report

The Second Sight (SS) investigation has considered 47 cases referred via MPs, the JFSA, or made directly by ex-SPMs to SS.

SS broadened the scope of its report from an investigation into the core software element of Horizon to also consider issues such as the training of subpostmasters, POL's reaction to handling errors, and the level of support provided to subpostmasters.

SS appears to have further widened its remit to act as an arbitrator for aggrieved ex-SPMs. These attempts by SS to reach 'closure' between ex-SPMs and POL have not been successful.

SS has sought to handle the different elements of each claim as a 'spot review' to help identify trends between cases. They have so far prepared 29 spot reviews, but this report looks at just four. SS is implicitly critical of POL's engagement, noting that POL's responses are "long and highly technical", which SS notes has resulted in many ex-SPMs feeling "aggrieved and dissatisfied with what they see as POL's overly technical and apparently unsympathetic response." Again, this attempt at reconciliation – which cuts across court convictions – has overstepped SS's remit.

SS report that as part of the investigation POL voluntarily admitted to having identified two 'anomalies' that had affected 77 branches (0.65% of the network) and 12 branches (0.12% of the network) respectively. The report notes that POL took action to rectify these anomalies once they had been identified.

On the question of the core Horizon function, SS finds that the system achieves its intended purpose and concludes that they have "so far found no evidence of system wide (systemic) problems with the Horizon software." With regard to the wider aspect of operation, SS is more critical citing the large number of interfaces with linked systems (i.e. Camelot for lottery products), the complexity of some processes (i.e. resolving transaction corrections within the system), and the perceived lack of training.

And additional summary of the four cases if useful

Summary of the four spot reviews

(1) Relates to the loss of data connection to the Horizon terminal resulting in the failure for a transaction to complete, but for which the SPM charged the customer. SS note that "procedurally the SPM was at fault". SS judge that had the SPM correctly followed the procedure, this would have resulted in unacceptable customer experience.

(2) Relates to a claim by an ex-SPM that they witnessed POL employees remotely accessing live branch transactions. There are not clear records of events due to the time elapsed, but POL has suggested that the ex-SPM witnessed a test environment. SS has been unable to provide a definite opinion on the matter, noting "our enquiries are continuing".

(3) Relates to a claim that Horizon reversed a number of stock adjustments made by the ex-SPM. POL has responded that the function to generate automatic stock adjustments simply does not exist within the Horizon system. SS notes that the SPM "remains confused as to what really happened", and they have not been able to reach a firm conclusion on the case.

(4) Relates to an issue whereby SPMs whose retail outlets traded after the PO counter closed continued to sell lottery scratch cards, the sales of which needed to be 'remitted in' retrospectively. The ex-SPM claims this accounted for a £5,280 discrepancy, but the report fails to provide a narrative on the outstanding unaccounted £9,500 shortfall.

From: Whitehead Mike (ShEx)

Sent: 05 July 2013 14:43

To: Gibson Will (ShEx); Batten Peter (ShEx)

Subject: RE: Lines

Does there have to be an 's' on forward or am I being Essexist?

Mike Whitehead
Department for Business, Innovation and Skills
Shareholder Executive
Royal Mail and Postal Services
1 Victoria Street
London SW1H 0ET

GRO

From: Gibson Will (ShEx)

Sent: 05 July 2013 14:33

To: Batten Peter (ShEx); Whitehead Mike (ShEx)

Subject: Lines

Here is my starter for ten on our lines for the note:

- It is not appropriate for BIS to comment on the details of individual operational business issues for the Post Office such as those covered in this interim report.
- However, BIS welcomes the interim report's conclusion that there is no evidence of systemic problems with the Horizon software.
- BIS also welcomes the collaborative approach proposed by the Post Office and JFSA in working together to seek to improve business processes and training to avoid such issues going forwards.

Grateful for any thoughts.

Will Gibson | Executive Director | Shareholder Executive
BIS, 1 Victoria Street, London SW1H 0ET | **GRO** | v   **GRO**
www.gov.uk/government/organisations/the-shareholder-executive

PA: Karen Smith | **GRO** |

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