

OFFICIAL SENSITIVE: COMMERCIAL

To: Baroness Neville-Rolfe
From: Laura Thompson, Shareholder Executive **GRO**
Date: 4 September 2015

Subject: Post Office Horizon: next steps

Purpose: Further advice on handling the Post Office Limited (POL) Horizon matter, following the BBC Panorama programme and further correspondence from Andrew Bridgen MP, and ahead of your meeting with (now Lord) James Arbuthnot. We recommend that Government maintain the position as set out to No 10: that we continue to play matters down and resist calls for further independent inquiry.

Recommendation: That you **note** this update, **agree** the proposed response to Mr Bridgen (Annex A) and **agree** to send a short note to Oliver Letwin.

Timing: We suggest your letter to MPs issue next week (w/c 7 September).

Summary

1. On Friday 14 August you wrote to Andrew Bridgen MP and Kevan Jones MP to summarise the Government's position on the POL Horizon issue, following the meeting you chaired with them and POL in July. Last week Mr Bridgen responded to your letter, co-signed by both Mr Jones and Oliver Letwin MP, requesting a further meeting and suggesting that an independent businessperson should be appointed to investigate the matter.
2. The email from Mr Bridgen highlights two particular areas of concern from the BBC Panorama programme: the former Fujitsu employee who claimed that transactions can be remotely manipulated; and the statements from Second Sight. These two issues are discussed in more detail in Annex B, along with further detail on other matters raised in the Panorama programme.
3. We recommend that you respond to Mr Bridgen as proposed in Annex A, reiterating the Government's position that the correct channel for resolving individuals' concerns is either through mediation or through legal channels including the Criminal Cases Review Commission (CCRC). We suggest you remind Mr Bridgen that you have asked Tim Parker to give this matter his earliest consideration when he takes up his role next month, and that you are also meeting James Arbuthnot on 17 September, as Mr Bridgen suggested, after which you will consider if any further meetings would be appropriate.
4. It remains the case that no evidence has been put forward to demonstrate that any convictions are unsafe, or that issues with the Horizon system have caused losses to postmasters. The BBC Panorama programme contained no significant new issues or evidence that have not already been raised before and addressed

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by POL. As you heard when you met POL's CEO and General Counsel last month, POL have looked in depth at each individual case and at the issue as a whole – with the General Counsel herself having done this as recently as January this year when she joined the business – and found no evidence of unsafe convictions or systemic fault in Horizon.

5. The inclusion of Oliver Letwin as a signatory to Mr Bridgen's letter is a new development, and we recommend that Mr Letwin should be sent a copy of the note provided to Number 10 before the Panorama programme aired (Annex C), setting out the Government's position on the matter – this could be done by your office or you may prefer to send it yourself with a short personal cover note.
6. It remains our strong recommendation that Government resist calls for further independent inquiry. An inquiry (either judicial or by a businessperson) would serve only to prolong the issue, could interfere with the CCRC's independent process, and discourages applicants from seeking resolution through mediation. An independent investigator (such as Terry Leahy or Stuart Rose as suggested by Mr Bridgen) would have no powers to overturn convictions. Further inquiry is also unlikely to find the "smoking gun" or deliver the outcomes (i.e. large compensation payouts) that campaigners want, given that three years' worth of scrutiny has unearthed no evidence so far (despite the best efforts of investigators who are demonstrably hostile to POL). Government risks finding itself months or years down the line, with more public money spent, facing continued or increased criticism.
7. We recommend that Government should maintain the position that there are routes available to individuals with concerns, and that it is essential that individuals use those options. If campaigners believe they have evidence of miscarriages of justice or other wrongdoing then they should provide that evidence to the individuals affected or to the relevant authorities, such as the CCRC. Smears and vague accusations do not constitute evidence that POL have behaved improperly, and unless any such evidence emerges, we should hold firm in the position that individual cases are best resolved bilaterally between the individual and POL, by mediation or by legal means.

Annexes:

- A. Proposed response to MPs (and text of email received)
- B. Summary of accusations in Panorama and Post Office response
- C. Note provided to No 10

Copied to: Ministers' offices, SpAds, Perm Sec, Mark Russell, Anthony Odgers, Justin Manson, Patrick Kilgariff, ShEx POL team, Simon Creer, Claire French

Advice received from:

Finance	SpAds	Press	Legal	Analysts
No	Nick King	No	[Patrick Kilgariff]	No

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Annex A: Proposed response to MPs

Dear Andrew / Kevan / Oliver

Thank you for your email of 24 August regarding the Post Office Horizon system.

As I set out in my letter to you of 14 August, the Government has given this matter serious consideration, and I have asked Tim Parker, the new Chair of Post Office Limited, to ensure that when he takes up his role next month he gives this matter his earliest attention. Mr Parker has a strong background working in a range of complex organisations, both as a senior executive and as a Chair, and I am sure that his fresh pair of eyes will provide some further reassurance to you.

The Government hopes that all individuals offered mediation will give this opportunity full consideration whilst it is available to them, noting of course that if this is unsuccessful the individual still has the chance to pursue other legal routes for resolution of their case. Several cases have been resolved to date through mediation.

However, and as I have previously mentioned, aside from the mediation scheme, there are already additional independently assured processes in place to enable individuals to resolve their differences with Post Office Limited or seek redress. Individuals with Court judgements against them can apply to either the Court of Appeal or the Criminal Cases Review Commission – on the latter, I am aware some individuals have already done so. Post Office have confirmed publicly that they are complying fully with their legal duties and with the CCRC’s investigations. The Government cannot intervene in that independent legal process.

Post Office take the concerns raised on Panorama, and elsewhere, very seriously and investigate every allegation that is made. With regard to the specific points in your email in relation to remote access to transactions, no evidence has been advanced that Horizon has the possibility of remotely manipulating transactions in the manner implied, that is to say, without a clear audit trail being created.

Regarding Second Sight’s reports, I am not aware that the Post Office has presented a contradictory version of the reports. The reports produced by Second Sight have been released into the public domain and are available to all applicants, along with the Post Office’s response. I have read both Second Sight’s Final “Part Two” report and the Post Office’s response; and as you will know, Second Sight’s investigations considered not only the IT system but also wider issues. Where those investigations highlighted areas of concern, Post Office have committed to addressing them and making improvements, particularly around the training and support they provide to subpostmasters. Where problems have been identified in individual circumstances those are best resolved directly between the two parties involved, as I have set out above.

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You will be aware that, following your suggestion, I have arranged to meet James Arbuthnot later this month. I expect that discussion to touch on a range of points including some of the concerns you highlight. Following that meeting I will consider whether any further action, including a follow up meeting with you as you propose, might be appropriate.

Regards etc.

Text of email received from Andrew Bridgen MP

From: BRIDGEN, Andrew [REDACTED] **GRO**
Sent: 24 August 2015 12:50
To: Neville-Rolfe MPST
Cc: JONES, Kevan; LETWIN, Oliver
Subject: RE: Post Office - Horizon

Dear Lucy,

We write further to your letter dated 14th August 2015 regarding the Post Office Horizon software. In light of the subsequent BBC Panorama programme broadcast on the 17th August, all three of us representing those of our constituents who have been affected, now request a further meeting to discuss this matter.

There were several allegations in the broadcast which we feel need urgent attention -- the two principal issues being (1) the statement from the Fujitsu whistle blower that transactions could be remotely manipulated and (2) the statements by Second Sight which contradicted the version of the Second Sight report that the Post Office has presenting to Ministers, MPs and the media.

In light of these serious developments, we are convinced that the interests of our constituents require this matter to be independently investigated -- ideally by a private sector entrepreneur with experience of managing organisations of this scale. We would suggest someone with the standing of Sir Terry Leahy or Baron Rose of Monewden to undertake such a review.

We very much hope you will be willing to meet us to discuss this matter as soon as possible.

Kind Regards,

Andrew Bridgen MP

Kevan Jones MP

Oliver Letwin MP