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**Batten Peter (ShEx)**

**From:** Whitehead Mike (ShEx)  
**Sent:** 18 June 2012 08:57  
**To:** Batten Peter (ShEx)  
**Subject:** FW: Will Gibson meeting - feedback/ actions

**Attachments:** Arbuthnot Meeting PR position(4).doc



Arbuthnot Meeting  
PR position(...)

Attached is  
POL in strictest  
confidence  
S36 exemption?

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

GRO

-----Original Message-----

**From:** Gibson Will (ShEx)  
**Sent:** 15 June 2012 17:25  
**To:** Whitehead Mike (ShEx)  
**Subject:** Fw: Will Gibson meeting - feedback/ actions

Mike, to see.

----- Original Message -----

**From:** Alwen Lyons [mailto:[alwen.lyons@postoffice.co.uk](#)] **GRO**  
**Sent:** Friday, June 15, 2012 04:32 PM  
**To:** Gibson Will (ShEx)  
**Subject:** FW: Will Gibson meeting - feedback/ actions

Will

I understand Paula promised you a copy of the Arbuthnot meeting communications plan, so please find attached

Thanks  
Alwen

Alwen Lyons  
Company Secretary  
Post Office Ltd  
148 Old Street, LONDON, EC1V 9HQ

Tel: **GRO** / Mobile: **GRO** / Mobex: **GRO**  
**GRO**

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## **James Arbuthnot Meeting - PR and Stakeholder Plan - DRAFT**

### **1. Background**

Post Office Ltd's media response lines to queries / allegations about the Horizon system have been clear and along the following lines in italics;

*"The Post Office is fully confident that the Horizon computer system in its branches, and all the accounting processes around it, enable subpostmasters to account accurately for the transactions and balances they record.*

*"The system has been operating for over ten years. In that time thousands of subpostmasters will have used it in performing many millions of successful weekly and monthly financial reconciliations between the cash they have in the office and the transactions they have handled. The Horizon system has been rigorously tested and the National Federation of Subpostmasters, which represents subpostmasters throughout the country, has expressed its full confidence in the accuracy and robustness of the system.*

*The Post Office has a duty to the tax payer to ensure that individual branches properly and fully account for the Post Office funds in their possession."*

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### **2. General Background**

The Horizon system has been operating for over ten years. In that time over 20,000 different subpostmasters will have used it in performing many millions of successful financial reconciliations between the cash they have in the office and the transactions they have handled.

For the tiny fraction who have not been able to reconcile their cash and transactions, there are tried and tested systems of checking, auditing and following up to determine what has happened. For example, transactions might have been mis-keyed (writing 100 instead of 10), a clerk might have handed out too much change, a clerk may have forgotten to take the money for the transaction, there may even have

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been rare instances of fraud by a customer. These checking and auditing systems resolve virtually all discrepancies satisfactorily. These discrepancies are caused by the same kind of small day-to-day mistakes and human errors that any large bank or retailer would experience.

In an extremely small number of cases after all these checks have been undertaken, there remain significant missing sums that can't be accounted for. In such cases the Post Office may take action to end the subpostmaster's contract as public money is entrusted to the Post Office and it is vital that everything is fully accounted for. If significant money is missing - either as a result of lack of sufficient competence by the subpostmaster or their staff or, in extreme and very rare cases, as a result of dishonesty - it is not appropriate for that subpostmaster to continue to operate the branch, and the Post Office will seek to appoint someone new to take over.

There have been a limited number of cases where Court Action has been taken over missing sums of public money. In some of these cases, the subpostmaster has made allegations against the Horizon system that records their transactions. The Courts have consistently upheld the Post Office position that the Horizon system is accurate and reliable. When former subpostmasters have been convicted of false accounting and/or theft, it is, of course, the Courts that have convicted, not the Post Office. In some cases, the subpostmaster pleaded guilty; in others the Post Office had to provide robust evidence to support the Crown's case. A criminal court will only convict an individual if it considers that the evidence has shown, beyond reasonable doubt, that the individual is guilty of the offences with which they have been charged. The Post Office takes meticulous care to ensure that the Horizon computer system in branches nationwide is fully accurate. Tens of thousands of Post Office branches have used the system to reach financial reconciliations without difficulty.

- The Post Office is fully confident that the Horizon computer system in its branches, and all the accounting processes around it, are absolutely accurate and reliable.
- The Horizon system has been rigorously tested using independently-assured, robust procedures. The Horizon information security processes meet the relevant

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industry standards which apply to such organisations as banks and building societies.

- Subpostmasters are given fully appropriate training, typically including classroom training and further time on site under close supervision and guidance from a Post Office manager. Subpostmasters can also ring a dedicated helpline for advice.
- The Horizon system has operated successfully for over 10 years across the Post Office network, which currently stands at more than 11,500 branches.
- The National Federation of Subpostmasters, which vigorously represents the views and interests of subpostmasters around the entire country, has gone on record on a number of occasions to express its full confidence in the accuracy and robustness of the Horizon system.
- The Horizon system provides detailed records of every transaction, no matter how small or large, in any individual Post Office branch. Separate records of all key strokes in the system are stored in a tamper-proof way.

The Post Office handles large sums of public money as well as the money entrusted to it by the 20 million people who visit our branches each week. The Post Office rightly makes every effort and takes all reasonable steps to protect the money in its care

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### 3. Positioning given the James Arbuthnot meeting

These lines still stand as Post Office Ltd's overall position. There is no new evidence or information that would make Post Office adapt this position.

What we have had is an approach from a number of MP's who seek to respond to individual constituents that are expressing concern about the termination of their contract as subpostmasters by Post Office Ltd. We have met with these MP's and demonstrated the way the Post Office's accounting systems and contractual relationship with subpostmasters work. To take forward these meetings, and to assist the MP's in considering responses to those individual constituents that have expressed concern, we have arranged an independent firm to review a number of existing cases and to then meet with the MP concerned.

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On that basis our general response lines can be;

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**4. Specific lines in response to the Arbuthnot meeting (See draft Press Release too)**

A number of MP's have raised with Post Office Ltd a small number of specific individual cases where ex-subpostmasters in their constituencies have felt that their contracts to run a Post Office were terminated inappropriately by Post Office Ltd. These cases can involve a complex series of issues where the subpostmaster believes they were not at fault

In order to assist these MP's in responding to these cases, Post Office Ltd has commissioned an external reviewer to perform an independent review of a number of individual cases where there has been termination of the subpostmasters contract. They will make conclusions on the cases and feedback to the MP concerned. We would expect these reviews to have been completed by Christmas..

In undertaking these reviews, Post Office Ltd is seeking to provide clarity to the MP's concerned. Post Office Ltd remains fully confident about the robustness and integrity of its systems and processes.

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**5. Media Approach**

The above line should be supplemented by a series of Questions and Answers (being established with the external media team). Central amongst these Q's and A's is the stance that there is no new information that has come to light which would mean that Post Office Ltd would alter its general stance on the robustness of its systems. This activity is being done to look at the contract termination processes of a number of specific cases and in doing so it is intended to provide clarity on the situation to those who have expressed concern.

Given this stance - **in principle** we believe our media approach **should be reactive**.



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We need to strongly consider that going out proactively, could make this a major story. A proactive stance would alert all media to the matter and we could expect key national 'Post Office watchers' to pick this story up and make it a Horizon story given their track records in reporting on the Horizon system. It is not our intention to make this a story - our line is that there is no story. However, we have an in principle proposal with JA that the Post Office could put its' own release out with a quote from him. He has also indicated that the Times has shown interest.

We would like to understand more about the Times interest, however it is likely that JA will want to respond in some way to them. In this case our proposal is that JA provides a jointly agreed statement (including a quote from Paulala) to the Times but does not issue anything wider.

We also have an option to show support to the attending MP's by working with them to agree local, constituency based press.

Our approach should be discussed and agreed at Monday's meeting.

A targeted approach is proposed to brief / inform other stakeholders also.

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## 6. Stakeholders Approach

**BIS** - BIS stance has been to note and accept Post office Ltd's confidence in its systems. Will Gibson already made aware by Paula. We should provide our media lines to them in advance of the meeting, so they can issue similar points if asked. Action - Mike Granville

**NFSP** - They do not have concerns with the system and have publicly said so. Following receipt of Arbuthnot's statement, and subsequent finessing of our position, we should brief George Thomson and supply our media lines to them in advance of the meeting so they are in a position to respond if asked. Action - Kevin Gilliland

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**JFSA** - We should assume that Arbuthnot is keeping them informed given that his interest started with a meeting with them. As a self formed lobby group, direct contact with them by Post Office is not advised - our approach here is to deal with concerns from MP's. We should monitor their website for any comment and respond to any comment they make to the press. Action - Alana Renner / Mike Granville

**Shoosmiths solicitors** - Legal should contact Shoosmiths and make clear that the actions being taken with respect to MP's does not change in any way our legal stance towards cases being currently handled, nor our approach should Shoosmiths submit any future letters before claim. Contact should be made on Monday afternoon straight after the meeting. Action - Susan Crichton

**CWU (generally)** - Andy Furey has been supportive of the system to date. We should brief him personally as to the approach being taken on Monday. We should share with him any press position we make. Action - Kevin Gilliland

**CWU (subpostmaster section - Mark Barker)** - it is not clear the extent that individuals here have connections /sympathies with the JFSA - therefore no direct contact suggested - contact should be through Andy Furey.

**Consumer Focus** - Subpostmasters concerns about Horizon have not been an issue for Consumer Focus, there have been no consumer complaints about the system. We do not seek to involve them in this issue. Therefore we should brief on Monday afternoon - as we are clear that press statements may be going out - to explain the nature of the issue and emphasise that this is a subpostmaster issue not a customer one. Action - Mike Granville

**Fujitsu** - Lesley Sewell has already been in touch. Following finalising our media position, we should brief again and provide our response materials. It is not expected that Fujitsu would make any comment. Action - Lesley Sewell

**MP's in Arbuthnot Group** - These will be picked up in the meeting - we can offer in the meeting to meet any of them individually as part of our meeting position. Any other contact with these MP's will be a matter for Arbuthnot. Action - Simon Baker



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**MP's with Horizon cases (i.e. outside the Arbuthnot Group)**

- It is likely that we will have MP's outside the Arbuthnot Group, but who have cases of subpostmasters making allegations about Horizon, who will contact POL seeking the same kinds of information/review with respect to their cases. A standard response letter will be set up and a system of arranging meetings with such MP's that will parallel that for those in the Arbuthnot Group. Action - Simon Baker

**MP's generally** - We do not advise any specific contact to MP's generally about this issue. Our approach is that our reactive media lines should suffice. We have not changed our position. Action - Mike Granville

**Devolved Administration Representatives** - As with MP's generally. If individual MSP's, AM's, ASM's seek to claim cases in their constituencies and demand the same processes as Westminster MP's, our approach should be that the arrangements we have in place relate to cases raised by Westminster MP's consistent with Post Office matters being reserved to Westminster on a UK level. Action -Mike Granville

**National/Local Media that have shown past interest - e.g. BBC.** Approach is dependent on final media position agreed Monday afternoon. Our recommendation is not to go proactive and so draw attention to this if not needed. However, the compromise is detailed above. With a JA issuing a statement to the Times and the option of working at a local press level with the MP's. No wires.. Q and A's and statement will be available for any follow on interest. We should not offer interviews or talk about any individual cases. Action - Alana Renner/Ronan Kelleher

**Trade Press - Computer Weekly, Convenience Store etc.** Take reactive stance. Action - Alana Renner/Ronan Kelleher

**Multiple Partners (One Stop, WH Smiths, McColls, Co-op etc).** following Monday's meeting, if relevant, we should brief the largest multiples to explain the specific nature of the approach being taken. This should be done Monday afternoon once it is clear any media positioning. Action - Kevin Gilliland

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**Association of Convenience Stores.** We should not proactively brief. However, if there is significant media interest being shown, we should contact them to inform them of our position and press statement. Action Kevin Gilliland / Mike Granville

**Clients with accounting arrangement with POL.** If it is clear there will be significant media, account managers should brief Clients with emphasis that there is not change to the integrity of accounting systems. Action - Martin Moran /Nick Kennett (briefed by Simon Baker)

**Rural Shops Alliance.** We should not proactively brief. However, if there is significant media interest being shown, we should contact them to inform them of our position and press statement. Action - Mike Granville

**FoI enquiries position.** We should expect FoI enquiries with respect to this process and to any individual cases that are being looked at. The FoI team should be briefed and normal processes and timescales will be followed. Action - Susan Crichton

**Current legal cases underway.** Legal should contact parties to any cases as appropriate to make clear that this doesn't impact at all on cases that may be underway. Action - Susan Crichton

**Current termination cases underway.** Network Services Team should be briefed in advance and advised that this doesn't impact in any way on cases that are currently underway. Action - Angela van den Bogerd

**Internal Comms position.** It is not intended to do any widespread internal communications unless there is major media coverage about the issue. A simple line should be prepared if needed which will emphasise our faith in the system and that this is about responding to the concerns of MP's in specific cases. Action - Alana Renner/Richard Weaver

**Subpostmaster questions.** Responsive Q's and A's should be prepared to cover questions that come in from subpostmasters/ staff via internal channels - and a brief will need to be given to field managers to make sure that they can respond consistently to questions from

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subpostmasters in the field. Action - Alana Renner /Richard  
Weaver

