

DRAFT LETTER TO JENNY WILLOTT

Thank you for your letter of 28 April, and for enclosing the letter from Alan Bates, from the Justice for Subpostmasters Alliance, dated 16 April. As you state, the matters raised in Mr Bates' letter are operational concerns which are my responsibility. I therefore welcome this opportunity to set the record straight.

Since the publication of the Second Sight interim report in July 2013, Post Office has worked collaboratively with JFSA and Second Sight to design and implement the Initial Complaint Review and Mediation Scheme. The Scheme documentation was agreed with all members of the Working Group, indeed JFSA published the material on their website.

The Post Office has remained committed to the aims of the Scheme. We appointed Sir Anthony Hooper as independent Chair of the Working Group and have devoted substantial time and resources to ensure its success.

As recently as 24 March 2014, we shared a platform with JFSA and Second Sight to communicate the progress that had been made under the Scheme and I was encouraged then by their commitment to progressing the Scheme.

Against that background Mr Bates' letter has come as a surprise and disappointment to me. Three aspects of the letter cause me particular concern:

1. Contrary to the Working Group's Terms of Reference, the content of the letter discloses outside the Working Group information which is confidential to the members of the Working Group.
2. It contains several factual inaccuracies and paints a picture which is inconsistent with both the current and historic position, not least Mr Bates' apparent general complaint that Post Office is somehow solely responsible for delays in the Scheme's progress. Indeed you should by now have received a letter from the Working Group Chair, Sir Anthony Hooper, correcting some of the inaccuracies.
3. Mr Bates has bypassed the Working Group to raise his concerns. This is particularly disappointing and contrary to the spirit of the Working Group.

I believe Post Office's commitment to the Scheme is demonstrated by the substantial resources we have committed to it, including:

- paying professional advisors to help each applicant complete the Case Questionnaire Review needed for the Scheme;
- appointing 22 investigators to work on the cases along with a dedicated programme team to support the Scheme; and
- paying Second Sight and JFSA's expenses to take part in the Working Group and paying Second Sight to investigate each case.

Whilst it has taken Post Office longer to progress investigations than we originally envisaged, out of the 77 detailed applications that we have received to date we have now completed investigations in 22 cases and are actively progressing the others.

Despite the progress that is being made, as the Scheme enters this critical next phase I do have some concerns about it more generally. In particular:

- a. I am worried about Second Sight's capacity and capability to investigate all cases. Their first draft report has been shared with Post Office for a second time on 8 May 2014 and I have asked my General Counsel to write expressing our dissatisfaction with the quality of the work.
- b. JFSA appear to be straying beyond the agreed terms of the Working Group. They have not acknowledged or taken responsibility for their disclosure of information that is confidential to the Working Group members, nor taken other steps to reassure the other members of the Working Group that they recognise the importance of its work and their adherence to rules designed to ensure its proper functioning.
- c. We are continuing to spend substantial sums of what is effectively public money on the Scheme, despite the fact that no evidence of systemic problems with the Horizon system has been identified during the almost two years since Second Sight began its work.

We have demonstrated a clear commitment to the Scheme throughout this process. We do not agree with the picture that Mr Bates has painted in his letter. The JFSA has been closely involved in the design and implementation of the mediation scheme and supported its adoption as a means of addressing the concerns about Horizon that have been raised by some sub-postmasters. The success of the mediation scheme is predicated on the support of all members, including the JFSA.

We have taken every effort to ensure that all the cases submitted to the mediation scheme are investigated as thoroughly and quickly as possible, and we remain committed to resolving all of the outstanding cases. However, in light of the concerns above and the slow progress of the scheme, it is incumbent on us to consider the alternative options for speeding up the path to some form of resolution. We will continue to keep your team at the Shareholder Executive closely involved in these deliberations.

Yours sincerely