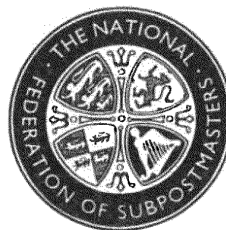


CIRCULATION: NATIONAL EXECUTIVE COUNCIL FOR AGENDA DISCUSSION PG NW 06 01

GT/LW PC NW 06 01

29 September 2009



NFSP

CIRCULATION: NATIONAL EXECUTIVE COUNCIL

Dear Executive Officer

RE: LEE CASTLETON - HORIZON

Please see the email below from ex Subpostmaster, Lee Castleton, which has already been forwarded to you. Both myself and my predecessor have in the past investigated the issue and corresponded with Mr Castleton regarding his belief that the system was not robust and failsafe. This issue has now been placed on the agenda for discussion at our forthcoming Executive Council meeting.

Yours sincerely

GRO

GEORGE THOMSON
General Secretary

Encl.

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FOR USE OF NATIONAL EXECUTIVE COUNCIL OFFICERS ONLY

NATIONAL FEDERATION OF SUBPOSTMASTERS

**REPORT OF A
MEETING OF THE
NATIONAL EXECUTIVE COUNCIL**

held on

5-7 October 2009

at

**STRATFORD VICTORIA HOTEL
STRATFORD UPON AVON**

- POL were so confident that their policy was going to be very successful that any subpostmaster requesting a quote for their own insurance would receive £50 cash back (however they would not get paid for selling to themselves). They were planning to be very aggressive with their marketing and believed the product would make serious inroads into the market.
- NC to find out how any information declared in an application was disseminated (if at all) within POL. ACTION
- There was some dissent regarding the exclusivity deal, however subpostmasters could still buy their insurance from whoever they chose and many who were using HLI (who had also made an offer to the Federation) could continue to do so.
- There followed considerable and sometimes heated discussion on the subject.
- Copies of the policy document to be circulated to the Executive Council. ACTION
- NC to find out if the 4% and 2% were paid based on the gross premium. ACTION
- DAVID MILNER proposed *"That the offer by Post Office Limited to contribute £80,000 to the Federation's income for supporting Post Office Limited's business insurance be accepted."* The motion was seconded and won at vote. DECISION
- Concerns were again expressed in relation to subpostmasters FAD codes not being captured and therefore not getting paid for policies they had sold.

(g) Lee Castleton - Horizon

- Historic case. Lee Castleton had never been a member of the Federation and had only attempted to join after he had got into trouble and was therefore rejected.
- General Secretary had received the documents relating to Horizon security that was used by POL in court cases, but it could not be shared with the Executive Council.
- * • Lee Castleton had taken POL to court, his expert witness was very flawed, hence the case was lost and the court awarded full costs to POL of approx. £300,000.
- Press had got involved over the past few weeks.
- Clarified that the Federation had to be very careful. Our job was to protect subpostmasters. It was important not to create a situation where hares were sent running by encouraging members to believe Horizon had faults.
- If POL customers believed the system was error ridden they would be reluctant to do business at a time when the contracts were desperately needed by the network.
- Over 37,000 subpostmasters and clerks had used the system since it's implementation. Billions of transactions had taken place. It was easy to blame Horizon when a shortage occurred.

- The simple fact was that Lee Castleton did not have a case. Both the current and the previous General Secretary had made that clear to him on numerous occasions after investigating the circumstances, however the case was yet again doing the rounds of the Executive Council.
- There followed considerable discussion on the subject.
- Though a couple of Executive Officers had some minor misgivings regarding Horizon, the vast majority were happy that it was accurate.
- Lee Castleton had wanted the Federation to back his court action that would have run into six figures. Stressed again he had never been a member and as such, it was requested that Executive Officers did not respond to his correspondence.
- If there had been systematic problems with Horizon over many years the Federation would have taken action as a whole. All the cases investigated in depth so far had proven the error was on the part of the subpostmaster or their staff.
- The General Secretary gave an undertaking that in cases where a member believed the problem was Horizon, he would raise the case with POL at the highest level. Executive Officers to notify such cases to Shoreham.

ACTION

(h) Other Negotiating Committee Matters

(i) AEI Programme

- Some members would have received letter saying they would be surveyed but were not guaranteed a kiosk.
- Initially 750 kiosks to be rolled out. All Crown Offices and W H Smith post office branches would have one. Remainder to be distributed throughout the network.
- If offices had DVLA check and send there was a good chance they would be offered a kiosk but not a guarantee. Also required a good spread geographically.
- Kiosk had large footprint at 1.7m wide and required 1.3m of floor space. Also required a Horizon terminal immediately adjacent to it or in front of it. It had a 1.5m turning circle to allow disabled access, which was proving to be a problem.
- If the Passport Agency came on board there would be a further roll out up to 2,200 kiosks and, as Crowns and W H Smith already had theirs, the roll out would all be to post offices.
- NC had approached POL with a few issues based on the retail space taken up by the kiosk, the length of time for the transaction, and made the point that the proposed payment should take those issues into account.
- The NC believed volume would build with possible work to be attracted from the Immigration Service and local councils.