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To Angela Van Den Bogerd, Head of Network Services Cc Mike Young, Chief Operating Officer  
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Mike Granville, Head of Regulatory Relations Susan Crichton, Legal & Compliance Director  
Dave Pardoe, Senior Security Manager Chris Day, Chief Financial Officer  
Rebekah Mantle, Principal Lawyer Sue Huggins, General Manager Network  
Hugh Flemington, Head of Legal John Scott, Head of Security  
David Simpson, Press Office

From Rod Ismay, Head of Product & Branch Accounting 12 October 2011

**JFSA and Shoosmiths / Access Legal – Response to Challenges  
Regarding Horizon System  
Proposed Steering Group and Purpose**

**Purpose**

To define and manage a co-ordinated response plan which defends existing challenges and deters future challenges, in the most pragmatic and efficient manner.

**Background**

Throughout the last 10 years, the Horizon accounting system has been subject to a number of unfounded criticisms in the national press. It has also faced questions in the Houses of Parliament and allegations in court by former subpostmasters and their legal defence teams. Post Office has consistently won its prosecutions, and presiding judges have made statements which had been expected to deter further baseless allegations, however, the challenges continue to be made.

The situations have arisen in a minority of cases where POL has dismissed a subpostmaster for financial irregularities and the subpostmaster has claimed that it was the accounting records that were wrong due to IT issues, rather than that money had been stolen.

**Current Situation**

Shoosmiths (Access Legal) are acting for several former subpostmasters. These individuals come together in the JFSA (Justice For Subpostmasters Alliance). POL has now received commonly worded "Letters Before Action" from Shoosmiths on behalf of 4 former subpostmasters. These are precursors to claims for damages against POL. They request significant materials to be disclosed.

POL had around 20 cases which it wished to take to court, where the defence blamed Horizon. POL is confident that Horizon is not at fault, however, some of the predicted legal costs outweighed the debts being pursued. POL could not economically justify individual cases but to abandon such cases risked giving unwarranted credence to the jfsa's allegations.

The counter claims have now brought these to a head. POL now has to defend onerous requests from Shoosmiths and consider its response to all the cases above.

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**Live Actions and Content For First Steering Group**

1. Legal advice on POL's options for pragmatic response to the LBA's  
Rebekah
2. Allocation of Project Manager  
Lesley
3. Funding for Project Manager  
Rod
4. Clarity on data gathering underway (Security, P&BA, Network, IT) All
5. Reactive statement stance should Private Eye type coverage continue  
David
6. Learning from past cases including Ferndown  
Angela, Dave

**Key Risks To Note**

- Media – the challenges are gathering momentum and interest
- Resource and dependencies – onerous requests and dependencies on key individuals
- Capacity – impractical to support multiple legal actions in parallel
- Focus – resource distraction from strategic programme
- Literal response – risk of current fact gathering continuing at cost when not needed
- Sustainability - risk of “but what if” by future defendants, even when these cases are won
- Cost – expensive court cases and low likelihood of debt recovery, but POL must defend itself
- Perception – loss of confidence by potential new network partners and clients
- Records – missing files which could undermine our ability to proceed