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Message

From: Paula Vennells [GRO]
on behalf of Paula Vennells < GRO > [paula.vennells[GRO]
Sent: 03/07/2013 07:40:46
To: Martin Edwards [GRO]
CC: Paula Vennells [GRO]; Mark R Davies [GRO]; Alwen Lyons [GRO]; Lesley J Sewell [GRO]; Susan Crichton [GRO]
Subject: Re: JA meeting brief

Yes to share and yes to a letter post-meeting - had exactly the same thought. Worth drafting one in readiness? P

Sent from my iPhone

On 3 Jul 2013, at 08:00, "Martin Edwards" < GRO > wrote:

> Thanks.
>
> I think sharing with BIS would be helpful - I know they would certainly appreciate it. I'll just re-read to check for any issues which could be misinterpreted or unhelpful to our position, but otherwise I'll forward around 8.30 unless anyone objects before then.
>
> I'll defer to Susan and Alwen on SS, but presumably a bespoke letter drawing on some of the points in the brief would be the safest approach if we need something in writing.
>
> And I'll send to ExCo on your behalf Paula (presumably you mean now rather than holding off until after the meeting?).
>
> Martin
>
> Martin Edwards
> Chief of Staff to the Chief Executive
> Post Office
> GRO
>
> On 3 Jul 2013, at 07:21, "Paula Vennells" <paula.vennells[GRO]> wrote:
>
>> A thought, four actually. You may already be ahead of me :
>>
>> 1) this could be shared with BIS as background briefing to my call with JS later today.
>>
>> 2) it puts the whole issue into context, which as we discussed yesterday, needs to be brought out in the SS report. Is there merit in sharing with SS, so they understand how seriously we take the issue of proportionality and related reporting? Also with our lawyers who will be reviewing their report over the weekend.
>>
>> 3) Share with the Board but after the JA meeting - Alwen, Alice and I will discuss, post. JA.
>>
>> 4) it should be sent to the ExCo please with a covering note from Martin on my behalf, explaining briefly what is happening and to be kept P&C.
>>
>> Thanks Paula

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Sent from my iPad

On 3 Jul 2013, at 02:04, "Martin Edwards" <GRO> wrote:

Alice, Paula

With many thanks to Susan, Alwen, Mark and everyone else involved, here's the briefing note for the meeting with JA (attached as both a Word doc and PDF, and also pasted in the email below in case easier to read on blackberry. I think Alwen will try to bring printed copies if she has time).

Also attaching a more detailed factual background brief in case needed, which is what we're developing as our main fact base for reference throughout this process. It includes details of the 4 cases under review by SS in the interim report and also a summary of the cases pertaining to JA and OL's constituencies.

I mentioned a website earlier which provides guidance on the proper process for independent enquiries, including in relation to 'Salmon letters' – have referenced the key read-across in the brief, but here's the link if anyone wants to read up on this in more detail:

http://publicinquiries.org/holding_a_hearing/fairness_to_witnesses

Best wishes for the meeting,
Martin

Briefing for meeting with James Arbuthnot, 3 July 2013

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SPEAKING NOTES

Introductory points:

- <!--[if !supportLists]--><![endif]-->Thank you for agreeing to meet us.
- <!--[if !supportLists]--><![endif]-->SS provided us with an update following your call with them on Tuesday morning.
- <!--[if !supportLists]--><![endif]-->Following that, would like to discuss with you:
    a) <!--[if !supportLists]--><![endif]-->Communications around the report and media/parliamentary handling
    b) <!--[if !supportLists]--><![endif]-->The approach to the report itself and Monday's meeting
    c) <!--[if !supportLists]--><![endif]-->The approach beyond next Monday to close down other MPs' cases and learn lessons
- <!--[if !supportLists]--><![endif]-->But first point to reiterate is that **we take this whole process extremely seriously indeed**. That is why we set up the independent investigation in the first place. It is **important we get to the truth and learn lessons where appropriate**.

i) Communications around the report and media/parliamentary handling

- <!--[if !supportLists]--><![endif]-->Would be useful to understand your plans for communicating the report to the media and Parliament. (Second Sight's read-out of your conversation gave us some areas for concern.)
- <!--[if !supportLists]--><![endif]-->The single most important principle from our point of view is that the report and the associated communications must be rigorous and completed grounded in the facts. **The Post Office is too important a business to thousands of sub-postmasters and millions of customers (and taxpayers) across the country for confidence to be undermined unfairly.**
- <!--[if !supportLists]--><![endif]-->From the SS update we have been made aware of the potential for different interpretations on the definition of Horizon. Whilst we both agree that the wider system is part of the review (as defined in the ToR) we consider that **the report and communications should clearly distinguish between the 'computer system' and the wider support processes**.
- <!--[if !supportLists]--><![endif]-->From what we have been told by SS so far, there is **no evidence in the interim report to support any suggestion of systemic failures** with the Horizon system (and this is based on the four "best" cases from all those under review).
- <!--[if !supportLists]--><![endif]-->If this is the case, **important that point is communicated clearly** given some of the original allegations

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against the system - otherwise customer and agent confidence in the integrity of the system could be fundamentally undermined.

- <!--[if !supportLists]--><![endif]-->This is not to belittle the importance of the overall user experience for spmrs. It is essential that we continue to improve our wider systems of support and training for agents, and we are grateful for some of the additional insights generated by this investigation to date. **Many of these process issues are historical and have already been rectified through improved guidance to staff and training for spmrs – but where further changes need to be made we will absolutely act on them**. Will come back to how we propose to engage JFSA and spmrs and identifying further process improvements.

- <!--[if !supportLists]--><![endif]-->We're concerned to hear that you may have lined up an interview with the BBC in advance of the report being shared. Keen to understand your thinking here.

- <!--[if !supportLists]--><![endif]-->We will let you know our handling plan in relation to the media, and share statements. We would be grateful if you were able to do the same. You will appreciate the danger of the media exaggerating the report and our need firmly to defend our reputation.

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ii) The approach to the report itself and Monday's meeting

- <!--[if !supportLists]--><![endif]-->SS propose to share with us the draft report on Friday. **We will work urgently over the weekend to check for factual accuracy.**

- <!--[if !supportLists]--><![endif]-->Clearly this issue has significant bearing on our main supplier for Horizon, Fujitsu. They will therefore also be asked for their views on the facts contained in the report before publication.

- <!--[if !supportLists]--><![endif]-->Our hope and expectation is that this fact checking and consultation can be completed in time to allow the report to be shared with MPs on Monday afternoon – **but obviously an extremely tight turnaround, so we will need to review the situation on Monday**. If there remain fundamental concerns around factual points, it would be better for the report to be delayed rather than misleading statements to be issued.

- <!--[if !supportLists]--><![endif]-->[If needed: **none of this undermines the independence of the SS investigation – on the contrary, our aim is to protect its credibility and rigour**. Also has parallels with the statutory process for public enquiries – Inquiries Act 2005 recognises the need for 'Salmon letters' to give appropriate warning to any person or organisation about whom criticism could be inferred from an enquiry.]

- <!--[if !supportLists]--><![endif]-->In terms of the meeting itself, we understand that the JFSA and their lawyers will be in attendance alongside the invited MPs. As both the commissioner and subject of the report, **we would appreciate it if you could also give us the option of sending observer representatives**. Most likely to involve one employee and one external lawyer. Will help us to ensure we have a clear and accurate read-out of the meeting and that we can follow-up on any queries or action points as appropriate.

iii) The approach beyond next Monday to close down other MPs' cases and learn lessons

- <!--[if !supportLists]--><![endif]-->Clearly we recognise that the interim report does not cover all the cases put to Second Sight. We agreed on this approach and we also recognise the need to complete the review of the other cases put to Second Sight by the JFSA and MPs.

- <!--[if !supportLists]--><![endif]-->**We'd like to work with JFSA to continue this work but we do have concerns about the process. It has taken too long, and we have to have regard for the appropriate use of public money.**

- <!--[if !supportLists]--><![endif]-->Need to stress as well that, in Second Sight's view, in around half of the cases from MPs there is insufficient evidence on which to investigate, despite requests for further information to be submitted.

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- <!--[if !supportLists]--><![endif]-->So we suggest a refined approach for the remainder of the cases. **We want to set up a user group** (chaired by CIO) which would meet regularly **to learn from experiences of spmrs and to provide a forum for continual improvement**.

- <!--[if !supportLists]--><![endif]-->We suggest that this would include JFSA and for the immediate period the forum could (potentially) also include Second Sight and have as its priority the completion of the reviews of the cases put to it. This approach might be more effective than the process we have gone through, which you will accept has not been perfect.

- <!--[if !supportLists]--><![endif]-->Once the cases put to us have been reviewed by the group and a conclusion or conclusions reached, the forum would continue as a structure through which we can continue to refine and improve our processes.

- <!--[if !supportLists]--><![endif]-->We would hope that the JFSA would continue to be a part of this, along with other interested parties such as the NFSP.

Additional point if needed

Depending on the tone of the meeting, it may be appropriate to address head on JA's apparent annoyance at the issues around prosecutions and the systems 'exceptions'.

Current prosecutions

- <!--[if !supportLists]--><![endif]-->Since the start of the SS investigation we have not pursued a criminal conviction which relies solely on Horizon computer system evidence. We have also put on hold civil recovery proceedings in certain cases whilst we await final report.

- <!--[if !supportLists]--><![endif]-->As you now, we also prepared an 'immunity agreement' with the JFSA to provide reassurance to spmrs thinking of submitting evidence to the process.

- <!--[if !supportLists]--><![endif]-->But in cases where it is clear that Horizon system isn't the issue, we have a duty to take appropriate action to safeguard public money. For criminal prosecutions we treat each matter on a case by case basis, with a detailed investigation and legal review (generally involving external lawyers).

Historical convictions

- <!--[if !supportLists]--><![endif]-->Nothing has emerged from the interim findings given to us by SS which would point to specific convictions being unsafe. Cases have been through the judicial

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process and the Court considers all relevant evidence not just that relating to the Horizon computer system.

- <!--[if !supportLists]--><![endif]-->In the event that any person considers that there has been a miscarriage of justice they have the right to apply to the Court of Appeal to have their conviction reviewed.

System exceptions

- <!--[if !supportLists]--><![endif]-->We know of two systems exceptions (anomalies) under the current Horizon system where spmrs' accounts have been affected, and both were voluntary communicated to SS (although not directly related to the cases under review).

- <!--[if !supportLists]--><![endif]-->Key point to note is that in both cases our processes picked up these issues, appropriate remedial action has been taken and they did not lead to any disciplinary action against the affected spmrs.

- <!--[if !supportLists]--><![endif]-->Absolutely no reason to believe this means there are other undiscovered issues.

- <!--[if !supportLists]--><![endif]-->We are sorry this information was not passed onto you at an earlier stage – if we had considered these cases to materially change the investigation we would have flagged them directly to you, but in our firm view they don't.

Further detail on the two cases if required:

- <!--[if !supportLists]--><![endif]-->The **"62 branches exception"** - 3 years old at the time of migrating branches from old Horizon the HNG:

    - <!--[if !supportLists]--><![endif]-->Affected 62 branches (13 Crowns; 12 Multiples; 37 Sub postmasters)

    - <!--[if !supportLists]--><![endif]-->Sub-postmaster branch losses ranged from £115.60 down to 8p

    - <!--[if !supportLists]--><![endif]-->Identified by Horizon's built-in checks and balances which are designed to flag up these types of discrepancies. Appropriate action taken to rectify issue.

    - <!--[if !supportLists]--><![endif]-->17 sub-postmasters were adversely affected, i.e. had a loss attribute to their branch.

    - <!--[if !supportLists]--><![endif]-->Sub-postmasters notified in March 2011 and (where appropriate) reimbursed.

    - <!--[if !supportLists]--><![endif]-->Sub-postmasters who made a gain through the anomaly were not asked to refund this.

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- <!--[if !supportLists]--><![endif]-->The "**14 branches exception**"
    - <!--[if !supportLists]--><![endif]-->Financially impacted 14 branches (4 Crowns; 5 Multiples; 5 Sub-postmasters)
    - <!--[if !supportLists]--><![endif]-->Concerns an error where historic accounting entries in the 2010/11 financial year were replicated in accounts for 2011/12 and 2012/13, only showing up a year later.
    - <!--[if !supportLists]--><![endif]-->Raised by 2 sub postmasters affected by the exception.
    - <!--[if !supportLists]--><![endif]-->1 sub postmasters and 4 multiple partners were adversely affected, i.e. had a loss attribute to their branch.
    - <!--[if !supportLists]--><![endif]-->We suspended attempts to recover known losses from affected sub-postmasters
    - <!--[if !supportLists]--><![endif]-->Letters to notified sub-postmasters will be sent out imminently
    - <!--[if !supportLists]--><![endif]-->The worst loss to a branch would have been £9,799.88. This was one of the first cases notified, so no recovery action was progressed. Other losses ranged from £113.14 down to a penny.
    - <!--[if !supportLists]--><![endif]-->Action underway to modify the system to prevent any repeat of this exception

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