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Message

From: Mark R Davies GRO
on behalf of GRO
Sent: 03/07/2013 06:37:29
To: Alwen Lyons GRO
CC: Paula Vennells GRO Martin Edwards GRO
Subject: Re: JA meeting brief

I think it is too open and potentially defensive. I really feel we need to give him impression we are controlling the process and I fear this looks a bit open ended and puts ball in his court.

M

Sent from my iPhone

On 3 Jul 2013, at 07:33, "Alwen Lyons" GRO wrote:

> I think her approach could work depends how open he will be. But the risk is he takes control and we end up seeming defensive from the off
> Thanks
> Alwen
>
> Alwen Lyons
> Company Secretary
> GRO
>
> Sent from Blackberry
>
> ---
>
> **From**: Paula Vennells
> **Sent**: Wednesday, July 03, 2013 06:26 AM
> **To**: Martin Edwards; Mark R Davies
> **Cc**: Alwen Lyons
> **Subject**: Fwd: JA meeting brief
>
> Hi see note below from Alice. I am not sure that this is hard hitting enough for the opener? Don't want to go overboard as she is right to get him to open up. But I do think we should say that we are seriously concerned. "Position with SS not where we would like it to be" could be too Delphic? Or do you think JA will get it in one? P
>
> Sent from my iPad
>
> Begin forwarded message:
>
> > **From:** Alice Perkins GRO
> > **Date:** 3 July 2013 07:15:10 BST
> > **To:** "'Alwen.lyons GRO
> > **Cc:** "'paula.vennells GRO
> > **Subject: Re: JA meeting brief**
> >
> > As we are unlikely to have time for a pre-chat, can I suggest I open up by getting him to talk so we can see for ourselves what he is thinking? eg
> > "Thanks for seeing us
> > Want to understand where you are coming from

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Hope we can continue to work collaboratively as we have done to date to get the right resolution for spms and PO
Position with SS not where we would like it to be - interim report not complete and what there is will be delivered v late for a meeting on Monday
Please share with us your thoughts about where we are and what happens next."
Are you OK with this?
A

----- Original Message -----
From: Alice Perkins
Sent: Wednesday, July 03, 2013 06:54 AM
To: 'Alwen.lyons GRO
Cc: 'paula.vennells GRO
Subject: Re: JA meeting brief

I will be with you by 8 45 but not necessarily earlier.
A

----- Original Message -----
From: Alwen Lyons GRO
Sent: Wednesday, July 03, 2013 06:21 AM
To: Martin Edwards GRO
Cc: Alice Perkins; Paula Vennells GRO ; Susan Crichton GRO ; Mark R Davies GRO Hugh Flemington >; Rodric Williams ; Simon Baker
Subject: Re: JA meeting brief

I have copies for you both and will be at Portculis House at about 8.10 all being well with trains

Thanks
Alwen

Alwen Lyons
Company Secretary
GRO

On 3 Jul 2013, at 02:06, "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

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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

[KEY OBJECTIVES AND POINTS TO COVER AT THE MEETING Headline messages of reassurance: . We take sub-postmasters' concerns very seriously which is why we set up investigation in the first place. . No evidence of systemic failures in the system. But does highlight some important lessons on wider support processes. Many of these are historical issues which have already been addressed, but we're determined to continue making improvements (with input from a new user forum). . Important this is seen in context - 6 million transactions per day across 11,800 branches. More transactions per second (1,500) than this entire review. Inevitable that some issues will arise on a system of this scale, the important thing is that they are handled properly. Process and handling points: The Post Office is too important to too many people for confidence to be undermined unfairly. i. Gain an understanding of JA's intentions for media and Parliamentary handling in relation to the report - emphasising importance of an even-handed and proportionate approach which doesn't undermine public confidence in the Post Office. ii. Emphasise importance of drawing clear distinction between issues with computer system versus our wider support systems. To date no systemic problems found with computer - there can't be any

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confusion about this as otherwise would undermine customer and spmr confidence in Horizon. iii. Reiterate the importance we attach to this being a rigorous, credible and independent report, and therefore we (and Fujitsu) will be checking carefully for factual accuracy on Friday/over the weekend. Our expectation is that this will enable the report to be shared on Monday, but very tight turnaround so we'll need to re-consider timing in light of any fundamental differences of understanding. iv. Explain we'd like option to attend Monday's meeting as observers to ensure we have accurate record (avoiding discrepancies which emerged from last meeting). v. Propose that both sides share draft media statements and agree factual Q&A. vi. Explain that we would like to work with JFSA to progress remaining spot reviews and MP cases (where there is adequate evidence), with the aim of taking on board lessons learned as quickly as we can. We need to consider carefully what role SS should play in that process. Reassurance on JA's two points of concern/annoyance: . On prosecutions - since start of SS investigation we have not pursued a criminal conviction which relies solely on Horizon computer system evidence and we have also put on hold civil recovery proceedings in certain cases whilst we await final report. But we do still have duty to protect public money in other cases. . On the two 'exceptions' - we proactively disclosed to SS two systems exceptions (or 'anomalies') where spmrs' accounts have been affected. Our internal and system processes identified these cases, appropriate action has been taken and they did not lead to any disciplinary action against spmrs. No reason to believe this means there are other undiscovered issues. (We are sorry this information was not passed onto you at an earlier stage - if we had considered to materially change the investigation we would have flagged it directly, but it doesn't).]

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SPEAKING NOTES

Introductory points:

· Thank you for agreeing to meet us.

· SS provided us with an update following your call with them on Tuesday morning.

· Following that, would like to discuss with you:

a) Communications around the report and media/parliamentary handling

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

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

· 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.

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i) Communications around the report and media/parliamentary handling

· 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.)

· 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.

· 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.

· 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 this is the case, important that point is communicated clearly given some of the original allegations against the system - otherwise customer and agent confidence in the integrity of the system could be fundamentally undermined.

· 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.

· 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.

· 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.

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

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· SS propose to share with us the draft report on Friday. We will work urgently over the weekend to check for factual accuracy.

· 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.

· 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 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.]

· 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

· 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.

· 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.

· 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.

· 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.

· 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

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the process we have gone through, which you will accept has not been perfect.

· 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.

· 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

· 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.

· As you now, we also prepared an 'immunity agreement' with the JFSA to provide reassurance to spmrs thinking of submitting evidence to the process.

· 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

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

· 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

· 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).

· 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.

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· Absolutely no reason to believe this means there are other undiscovered issues.

· 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:

· The "62 branches exception" - 3 years old at the time of migrating branches from old Horizon the HNG:

o Affected 62 branches (13 Crowns; 12 Multiples; 37 Sub postmasters)

o Sub-postmaster branch losses ranged from £115.60 down to 8p

o 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.

o 17 sub-postmasters were adversely affected, i.e. had a loss attribute to their branch.

o Sub-postmasters notified in March 2011 and (where appropriate) reimbursed.

o Sub-postmasters who made a gain through the anomaly were not asked to refund this.

· The "14 branches exception"

o Financially impacted 14 branches (4 Crowns; 5 Multiples; 5 Sub-postmasters)

o 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.

o Raised by 2 sub postmasters affected by the exception.

o 1 sub postmasters and 4 multiple partners were adversely affected, i.e. had a loss attribute to their branch.

o We suspended attempts to recover known losses from affected sub-postmasters

o Letters to notified sub-postmasters will be sent out imminently

o 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.

o Action underway to modify the system to prevent any repeat of this exception

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Martin Edwards I Chief of Staff to the Chief Executive

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