

Norman Lamb MP

Minister for Employment Relations,
Consumer and Postal Affairs

Stephen Hepburn MP
House of Commons
London
SW1A 0AA

Our ref: 285479

Your ref:

March 2012

Thank you for your letter of 24 February on behalf of your constituent, Mrs Carol Riddell of East Boldon Post Office, [GRO] [GRO] who has expressed concern about the Horizon computer system used across the post office network.

I should however first explain that issues relating to the integrity of the Horizon system and decisions and actions taken in the context of their contractual relationships with subpostmasters are operational matters and are therefore the responsibility of the management of Post Office Ltd (POL). The Government, as shareholder, does not play a role in these issues.

In your letter you set out Mrs Riddell's concerns that the financial discrepancies identified in audits at East Boldon Post Office were attributable to problems with the Post Office's Horizon computer system. I am advised that formally Mrs Riddell's husband is the designated subpostmaster at their branch but that Mrs Riddell has been managing the business for some time as [GRO]

POL is fully confident that the Horizon system used in all branches enables subpostmasters to account accurately for the transactions they undertake in their branches. The system has been operating for over 10 years. Over that time, some twenty thousand subpostmasters have performed many millions of successful weekly and monthly reconciliations between the cash they have in the office and the transactions they have handled. The Horizon system has been rigorously tested both in daily use and in external scrutiny and accreditation. The National Federation of Subpostmasters, which represents

subpostmasters across the country, has also expressed its full confidence in the accuracy and robustness of the system.

In the small fraction of cases where the subpostmaster has not been able to reconcile their cash and transactions, there are tried and tested systems of checking, auditing and following up to establish what has happened. These checks resolve virtually all discrepancies satisfactorily, identifying them as the small day to day mistakes and human errors which are typical in any banking or retail environment.

In the extremely small number of cases where missing sums cannot be accounted for and the amounts are significant, POL will make further investigations as to the cause. Large amounts of public money are entrusted to post offices and it is vital that all of it is fully accounted for. If significant money is missing as a result lack of sufficient competence by the subpostmaster or their staff, or, in very rare cases, as a result of dishonesty, POL may feel it necessary to suspend the subpostmaster in line with the provisions of their contract, as in Mr and Mrs Riddell's case, to review matters further. Following a period of suspension, Mr Riddell was formally reinstated as subpostmaster last November on the basis that changes to a number of management procedures and operational arrangements that POL had previously proposed, were immediately implemented and I understand that since then the financial discrepancy problems have ceased.

NORMAN LAMB MP