

Glenda C Hansen

Subject: Supper with Paula (table booked for 6pm in Alice's name)
Location: Bistrot Bruno Loubet -The Zetter Hotel, St Johns Square 86-88 Clerkenwell Road EC1M 5RJ

Start: Mon 19/03/2012 18:00
End: Mon 19/03/2012 20:30

Recurrence: (none)

Meeting Status: Meeting organizer

Required Attendees: Alice Perkins; 'Alice Perkins'

1. Discuss James Arbuthnot Update - (meeting scheduled for 28th March Paula not in attendance)

Meeting on 28 March. - Paula ~~was~~ away.

Meeting held.

Fujita.

Lealey's etc.

Notes of the Meeting with James Arbuthnot, Alice Perkins and Alwen Lyons
March 13th 2012-03-14

1. JA started the meeting by explaining why he was concerned about the Horizon system and the support that sub-postmasters receive from the Business when they are faced with a discrepancy in their accounts. He told us about a recent meeting at which he and another 8 MPs had met some of the affected sub-postmaster and Shoosmiths their legal representatives.
2. AL explained the training and support given to sub-postmasters both in the class room before the start and in their offices, as well as follow up balance support and helpline advice.
AP agreed to look at the support we give to sub-postmasters especially around balancing to see if it could be more effective. Action Point
3. AP invited JA to visit the model office to see how Horizon works.
4. JA made a counter proposal offering to come to Old Street but accompanied by a computer expert possibly someone from Computer Weekly. He puts credence on Computer Weekly's opinion because of their involvement in the chinook helicopter crash enquiry, which successfully challenged the initial assumption of pilot error. He knows that Computer Weekly have also been 'sceptical about Horizon'.
5. AP explained that the system had been independently reviewed by several people including RM Internal audit and Deloitte (who had no relationship with the Business or Fujitsu). JA was not convinced that this had been done by IT experts.
6. AP offered to consider a further review of the system by an IT expert specifically looking at the integrity of the data and discrepancy errors thrown up in sub-postmaster's balances. Action Point
7. JA came back to the training which he did not think was adequate and introduced the issue that the sub-postmasters' contract was over 100 pages long, and was written in 1994 when the Horizon system was not in place and did not explain the process for making good errors clearly enough. He also suggested that the sub-postmasters did not get a copy of their contract until they had taken up their appointment by which time it was too late to understand the full commitment they were making.
Need to check if this is accurate. Action Point
8. AP asked if the issues being discussed were wider than Horizon. JA returned to the moment when a sub-postmaster has to make the decision on a misbalance, when they have to declare a shortage and make good, or settle centrally. In his mind this is the issue as the sub-postmaster has to choose to continue trading the following day.
9. AP promised to reflect on the meeting and invited JA to another meeting, possibly at Old Street. Action Point

10. In closing JA informed AP that there had been discussion about an adjournment debate on the topic.

A meeting is in the diary for 28th March but before then we need to:

- a) Put together a brief covering the facts about the issues JA raised eg contract and training. Kevin Gilliland
- b) Be ready to present our view on Computer Weekly and what are these views based on. Lesley Sewell
- c) Find out the views of the IT industry and the Govt on Computer Weekly (possibly ask Ian Watmore's new CIO) Lesley Sewell
- d) Consider who we might suggest as an independent IT consultant who could carry out a review, 2 or 3 possibilities so there is a choice. Lesley Sewell
- e) Is there something else we would suggest to counter this proposal All
- f) Find out if we invited JA in to the model office what could we show him about balancing and how a sub-postmaster can check their accounts during balancing. Kevin Gilliland

Summary of Issues affecting Sub-Postmasters

- Sub-post offices make up the vast majority of the Post Office Network. A sub-postmaster or sub-postmistress ("SPM") is a self employed manager of a sub-post office. They contract with Post Office Limited ("POL") to provide this service.
- Although SPM's are self-employed, many are under the mistaken impression that they are employed by the POL such is the control exercised by POL as to how they carry out their duties.
- Access Legal from Shoosmiths, a national law firm, have been contacted by almost 100 SPM's who have suffered losses they cannot explain, and have been subjected to disciplinary measures by POL. All are adamant that they or their staff have not stolen any money. They claim that the Horizon system, an electronic point-of-sale and accounting system that the POL require them to use, has caused the errors, or not enabled them to work out why the errors have appeared in the first place. They claim there has been no real investigation by POL as to the cause of the losses that have appeared – and SPMs are expected to pay it back regardless of how it was caused.
- POL is adamant that the Horizon system has no faults.

Horizon & the balancing of accounts

- All transactions in a sub-post office are processed through Horizon. At the end of a trading period (a 4 or 5 week period) an SPM must balance his accounts and send a declaration, plus any related receipts, checks, and cash to POL. The Horizon system will produce figures based on the transactions that have taken place as to what the cash and stock total at the sub-post office should be. The SPM will then have to count the stock and cash held to check it matches up.
- When an SPM has completed a cash and stock check and discovers that there is less cash or stock than Horizon believes there should be, the SPM must make good this loss if it was caused by his/her error or that of an employee. It is also the case that if the SPM has more cash than the Horizon system believes there should be, the SPM is entitled to take the surplus money from the system. At the Crown offices (the larger post offices run by POL) the managers do not have to repay these losses as they are written off by POL. *— Is this true? What is the rationale!*
- If the SPM is ever faced with a loss when balancing, the SPM is presented with two options on the Horizon system: "Settle Centrally" or "Make Good Loss". Settle centrally means that, according to POL, the loss can be investigated. However the description of this from SPMs is that it just means the loss will be taken from the SPM's remuneration either as a lump payment or in stages. If "make good loss" is selected, the SPM must make good the loss there and then out of his or her own pocket. One of these options must be selected, otherwise an SPM will not be able to trade the following day.
- Some of the SPMs have told Horizon that they have made good the losses when in fact they haven't. The reasons they do this vary, but are typically related to an inability to pay (often due to have made various repayments previously) and a desire to keep the post office open for their community.
- When doing the above, an SPM is committing false accounting, albeit not to enrich themselves, or deny POL what is rightfully theirs.
- When discrepancies are found at audit, a SPM will be suspended and all the accounts papers at the post office will be taken away for investigation. The SPM will not be allowed to go behind the post office counters in their shop. The losses at this stage have been between £6,000.00 and £150,000.00.

- The SPM then has a supposed chance to explain the losses, but without access to the papers or the post office system, the SPM's ability to do this is extremely limited. Typically the SPM's contract will be terminated and POL will request that any losses are repaid under the Contract.
- POL will ask an SPM to repay all losses that occur and as such there appears no distinction between losses that may be the fault of the SPM and those which may have been caused by something else. SPMs have no opportunity to investigate the reason for the loss, nor do POL seem inclined to do so either. It is far from clear whether when there is a loss in a sub post office, that POL has actually lost any money.
- If the loss is not repaid, POL will prosecute the SPM for false accounting. SPMs are typically advised by their legal advisors to plead guilty to false accounting, as in the above circumstances they will have committed it. Many will be charged with theft or fraud but these charges are typically dropped in these circumstances. SPMs have been imprisoned as a result of convictions for false accounting.

Other relevant issues

Interview – At interview for the position of SPM, most are not questioned about their accounting or computer-literacy skills. Very few of the SPMs had any experience or qualifications in accounting before taking on the role of SPM, although even those with accounting qualifications have struggled with Horizon. The SPMs are then expected to take over the full accounting and balancing procedures upon their appointment as SPM without even basic knowledge of the same.

Contract – The contract with POL is a standard form 100 page contract that was drawn up in 1994 when a paper-based accounting system, with a full paper audit trail, was used. SPMs are routinely not provided with this contract until they have purchase the sub-post office and completed the interview and training process. The SPMs are typically not made aware of the onerous sections of the contract, specifically those sections relating to repayment of losses, termination of the contract and lack of compensation for loss of office.

Training - POL provide training for SPMs on how to use the Horizon system which is undertaken prior to an SPM commencing their contract. This tends to vary between 2 days and two weeks. The training typically focuses on sales technique with very little focus on accounting skills. When an SPM starts they are typically accompanied by a trainer for their first week who shows them how to use the system, in their own post office. The majority of SPMs believe that their training was not adequate, in particular in relation to the accounting and balancing procedures and what to do if a loss occurs. Requests for further training are denied and there is no possibility for a SPM to obtain further training on the Horizon system without it being provided by POL. The support provided by the Helpline POL operate to assist SPMs is reported to be inadequate.

Faults with Horizon – It appears that there are numerous ways in which these losses could have occurred, whether it is as a result system errors, human errors when entering data, faults with cross system communication or electrical faults. The technical reasons why the errors are occurring is not the main issue that needs be addressed, instead it is that the Horizon system is does not allows SPMs to find where an error has occurred and rectify before having to repay losses.

National Federation of Sub-Postmasters – The NFSP are the trade association for SPM's. They negotiate with POL on behalf of SPMs and provide representation at disciplinary meetings. They state publicly that there are no issues with Horizon. Many SPMs report that they receive no useful assistance from the NFSP when they have accounting difficulties. The Communications Workers Union, the relevant union for POL employees, has recently set up a branch to assist and represent SPM's. This has been set up by former executive members of the NFSP. Many SPMs are now seeking assistance from the CWU as opposed to the NFSP.

Reputation key
Much cash around
There is a helpline available

① We do not like prosecuting Sub Postmasters

We are one of v. few public bodies who are allowed to bring our own prosecutions
Not something we take lightly - our lawyers want a v. high standard of proof.

[+ no-one would take lightly the decision to plead guilty to a criminal charge.]

We have taken a number of cases to the criminal court & we have never lost.

② We have commissioned a number of studies of the Horizon system - firm
internal audit through to Deloitte (don't audit RM, no n Fujitsu) - they have
looked at the integrity of the system from a management accounting perspective and
have upheld it.

③ Horizon records transactions in great detail and with total transparency -
so all the key strokes are recorded so we can reconstruct precisely what a
Sub-Postmaster has done.

50-100 cases → Showmans? - have to see this.

5 civil actions - 2 ops.

1 time expired.

2 been convicted of false accounting.

Yas may. of sub Postmasters cope well - Horizon supports them, training + free
~~the~~ ^{call} centre help at hand.

Glenda C Hansen

From: Alice Perkins [mailto:] GRO
Sent: 24 February 2012 11:33
To: Paula Vennells; Susan Crichton; Glenda C Hansen
Subject: Fw: Subpostmasters and the Post Office

From: ARBUTHNOT, James [mailto:] GRO
Sent: Friday, February 24, 2012 10:37 AM
To: Alice Perkins
Subject: RE: Subpostmasters and the Post Office

Dear Alice,

How very kind. Thank you. May I ask you to come to me please? I shall ask my office to be in touch to arrange this.

I am grateful to you.

Yours ever,
James

From: Alice Perkins [mailto:] GRO
Sent: 23 February 2012 18:49
To: ARBUTHNOT, James
Subject: Re: Subpostmasters and the Post Office

Dear James,
Thanks for your email below.
Of course, I would be happy to talk to you about this. I could come to you if you like or alternatively, you could come to our Head Office and see some of our new kit in our Model Office as well as talking about this.
What would you prefer? And what's your diary like?
Yours ever
Alice

From: ARBUTHNOT, James [mailto:] GRO
Sent: Thursday, February 23, 2012 09:57 AM
To: Alice Perkins
Subject: Subpostmasters and the Post Office

Dear Alice,

You may remember that when we last met at, I think, Ditchley Park I mentioned the issue of the Horizon computer system in use in Sub Post Offices throughout the country, and said I had a real concern about the way some of the sub-Post Masters in and outside my constituency had been treated. I have spoken to Orna Ni Chionna as well about this, and she may mention it to you.

13/03/2012

May I please come and see you about it? I know it is the position of the Post Office (supported by the National Federation of Sub Post Masters, though not by the Communications Workers Union) that there is nothing wrong with Horizon. I am deeply sceptical about this, and hope I can persuade you to look afresh at the matter, rather than accepting that there should be a closing of ranks round the computer.

I look forward to hearing from you.

Yours ever,

James

Office of the Rt Hon James Arbuthnot
MP for North East Hampshire
House of Commons
London SW1A 0AA

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BRIEFING NOTE ON THE CURRENT STATUS OF CLAIMS INVOLVING HORIZON

Overview

Post Office Ltd (POL) uses the Horizon system to provide support for its over the counter products and services throughout its network of 11,500 branches. POL continues to receive challenges to the Horizon system. It is commonly alleged that (a) Horizon contains inherent defects resulting in transactions being misstated and that the system creates losses which are not the result of genuine accounting errors and (b) the associated processes are insufficiently robust to enable subpostmasters to reconcile errors.

There are no reported cases where data stored on the Horizon system has been found to be an inaccurate record of actions taken in branch. There are currently five civil claims by former subpostmasters in respect of Horizon. Only one of these cases is the subject of actual litigation.

POL has rigorously tested the Horizon system, using independently assured processes and it has been found to be robust. Horizon has been in successful operation for in excess of 10 years across the Post Office® network (upgraded in 2010) and during that time in excess of 20,000 subpostmasters have used it to successfully perform millions of financial reconciliations. The National Federation of Subpostmasters has also expressed its full confidence in the accuracy and robustness of Horizon.

Information regarding the involvement of James Arbuthnot MP in this issue is set out in the Appendix to this document.

Challenges to the Horizon system

Subpostmasters have contractual liability for losses and are required to make good losses. It is a common tactic for subpostmasters who are accused of stealing from POL to assert in response that those losses are not genuine but are the result of an unspecified error with Horizon in order to avoid liability.

The Justice For Subpostmasters Alliance (JFSA), which was set up in 2009 to represent the interests of alleged "victims" of the Horizon system. The JFSA has been in communication with the Department for Business, Innovation and Skills regarding the operation of Horizon.

The integrity of Horizon has been the subject of considerable media interest, including two features in the BBC's "Inside Out" programme (aired in February 2011). Articles criticising Horizon have also appeared in Private Eye and Computer Weekly,

The integrity of Horizon has been the subject of legal challenge. In the case of Post Office Ltd v. Lee Castleton, the Court ruled that the losses claimed were real deficiencies and that the Horizon system provided irrefutable evidence that Mr Castleton had failed to properly manage the branch.

Horizon has also been the subject of a number of requests for information under the Freedom of Information Act.

Current (potential and live) litigation involving Horizon

There are currently five claims by former subpostmasters. These claims arise out of the termination of the subpostmasters' appointments following the identification of discrepancies between the branch accounts and the actual cash position in branch.

Each has made a claim for wrongful termination of contract based on (a) alleged failings in Post Office Ltd's internal processes (i.e. the mechanisms in place which enable subpostmasters to check discrepancies and a lack of adequacy training and support) and (b) inherent defects in the Horizon system. These allegations are also used to support claims for negligence, breach of duty and misfeasance in public office. Each claims damages in the sum of circa £150,000.

The number of potential cases remains unclear. Articles in the press suggest that Shoosmiths had consulted on 55 cases, with a further 150 cases pending.

Status of the current claims

Letters before action were received in respect of four of the five claims in August and September 2011. These claims remains at the pre-action stage (i.e. there are no live court proceedings) Post Office Ltd has responded robustly to the initial allegations made in each of those cases and liability has been strongly denied.

The approach to date has been to deny liability at a 'high level' rather than seek to respond to the claims on a point-by-point basis. This strategy has been based on the fact that the claims are so wide ranging that it is almost impossible to deal with them, and would be very expensive.

Two of the subpostmasters have already admitted to and been convicted of false accounting and, therefore, can have no claim for wrongful termination of contract in those circumstances. A third has admitted to false accounting (but was not convicted) and liability has been denied on the same basis. The fourth claim has been denied on the basis that it has been made out-of-time and, therefore, the subpostmaster is prevented under the Limitation Act from progressing the claim further. It may be that if one or more of the subpostmasters decides to continue to pursue their claim(s) it will be necessary for Post Office Ltd to respond on a substantive basis.

The last correspondence regarding these four claims was in December 2011. Since that date, Legal Services are not aware of any further steps having been taken in order to progress the claims.

In relation to the fifth claim, court proceedings were commenced in June 2011. Post Office Ltd succeeded in having the claim struck out. The subpostmaster subsequently applied for permission to appeal that decision, which was refused. The subpostmaster has the option of requesting that the refusal be reconsidered at an oral hearing. Post Office Ltd has yet to receive notification that a request has been made.

Prepared by Legal Services
12 March 2012

APPENDIX ONE

Involvement of James Arbuthnot MP – Conservative MP for North East Hampshire



James Arbuthnot was Opposition Chief Whip throughout the 1997 Parliament, who made a comeback as a Shadow Minister for two years, and finally opted for the more rarefied life of the committee corridor in 2005.

In June 2011, he became the first member of the current Parliament to announce that he would stand down at the next election.

Post Office related information

His constituency contains 19 Post Offices® including 1 Post Office Local – Bramley.

October 2007 – campaigned against Post Office® closures in Hampshire. There were 2 Post Office® closures in 2008 under the Network Change programme. There were also 2 Post Office® closures in 2005 under Urban Reinvention.

April 2009 – backed a report by the National Federation of Sub Postmasters (NSFP) calling for "*bold and decisive*" action to reverse the continued decline of the UK's post office network.

December 2009 – attended a meeting with senior Post Office Ltd officials to discuss the Horizon system following claims by subpostmasters in his constituency that losses were due to the system (Odiham and South Wanborough Post Office® branches). The functionality of the system was explained at a high level and Post Office Ltd was robust in its position on the integrity of the system.

A representative from the NFSP also attended and was also very supportive in terms of the integrity and robustness of Horizon.

Although the Post Office Ltd and the NFSP representatives were quite clear in terms of the system and processes, the general sense was that Mr Arbuthnot remained sceptical on this issue.

October 2011 – From James Arbuthnot's website:-

"James fights for local postmistress

James has been involved in a long-running campaign for fair treatment of Post Office staff following allegations of fraud. Private Eye No. 1298 reports the case of Jo Hamilton from South Warnborough, whose conviction for false accounting James continues to oppose. The magazine reports, 'James Arbuthnot, expresses a widely-held view when he says: "I find it very difficult to believe that all these sub-postmasters and sub-postmistresses are suddenly found to be dishonest, if the alternative is that it may be a public sector computer system which has gone wrong. We've heard of that before."

January 2012 - wrote to the Minister and Moya Greene on concerns over the closure of Odiham Post Office due to 'irregularities' and questioned the Horizon system.

The response (from Paula Vennells) explained that a temporary subpostmaster had been put in place at Odiham and that the branch had only been closed for a few days. She apologised for the inconvenience. She explained that Post Office Ltd could not go into the specifics of individual contractual cases and highlighted the huge volumes of transactions managed by the Horizon system and that Post Office Ltd had no reason to doubt the integrity of the system. This correspondence is included at the end of this brief.

27 February 2012 - we understand that Mr Arbuthnot chaired a meeting at Portcullis House to discuss the Horizon system, and presumably wider JFSA claims. Norman Lamb was invited, but BIS declined the invitation.

Post Office Ltd has not had any feedback from this meeting.

Historically, Post Office Ltd is aware of two cases in Mr Arbuthnot's constituency where there has been an allegation against the Horizon system - outlined below;

- South Warnborough. Josephine Hamilton's contract as a subpostmistress with the Post Office was terminated in 2006 after a loss of £36,644.89 was discovered during an audit at her branch in South Warnborough. She agreed to repay the money. She pleaded guilty to 14 charges of false accounting at her trial at Winchester Crown Court in February 2008. She was sentenced to 12 months community service and received a supervision order
- Odiham - Raised the case of Mr David Bristow, Subpostmaster at Odiham, who was claiming that the Horizon system was responsible for losses at the branch. The case of Odiham involved significant losses (£42K). Errors at the branch were fully investigated and there was nothing to indicate system problems. The termination of the Subpostmasters contract was progressed in January 2009 at which point he tendered his resignation and a temporary agent was put in place (Note: The most recent correspondence on Odiham - Jan 2012 - included at the appendix deals with a separate recent case against the temporary subpostmaster at Odiham Mr Paul Kemp.)

The most recent general development of which Post Office Ltd is aware is that JFSA has asked for a meeting with Norman Lamb - as the new Minister - to express their concerns

From: The Rt. Hon. James Arbuthnot, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

15 December 2011

R
23 DEC 2011

Ms Moya Greene
Chief Executive
Royal Mail
5th Floor
148 Old Street
London
EC1V 9HQ

Dear Ms Greene,

I have been contacted by a number of constituents living in Odiham in Hampshire who are most upset at the fact that their local post office has been closed, and a long-standing employee, Paul Kemp, has been dismissed due to 'irregularities'. I would be most grateful if you would look into these related matters as a matter of urgency.

I am most concerned on a number of fronts. First, my constituents tell me that this case appears to be a continuation of the problems that Post Office employees have been having with the software system that reconciled takings. I am aware of 34 individual employees throughout the country who feel they have been wrongly accused of fraud due to faults in this particular system, and am meeting with them in the New Year to discuss what action they plan on taking. You may recall that this case was brought to my attention in 2008, when the SubPostmistress from South Warnborough in Hampshire faced the same situation. It has not been rectified, a situation which does not bring credit to the Royal Mail.

I am also writing to the Minister to make him aware of this.

Furthermore, could you address for me the reason why this particular Post Office, in Odiham, is now closed? Constituents quite rightly state that it is the worst possible time of year for it to close - in the run-up to Christmas. Odiham is a hub for a number of surrounding small villages, and the Post Office there was well patronised.

I would be grateful for your thoughts on this.

Yours sincerely

GRO

The Rt Hon James Arbuthnot MP
MP for North East Hampshire
House of Commons
LONDON
SW1A 0AA

Our Ref: ECT 526/11

12 January 2012

Dear Mr Arbuthnot

Thank you for your letter of 15 December addressed to Moya Greene, Chief Executive, Royal Mail Group Ltd about Odiham Post Office[®]. As Network Director of Post Office Ltd, I wanted to reply to you direct.

I fully recognise how important having continued access to Post Office services is for our customers and I do understand your constituents' concerns about their local branch.

I am sure you will understand that I cannot go into specific detail about Mr Kemp's position as this is a contractual matter between us. However I can confirm that Mr Kemp is not a Post Office employee but has been operating Odiham Post Office on a temporary subpostmaster contract since 2009. Prior to that I understand that he worked in the branch as an employee of the former subpostmaster, so I do realise that Mr Kemp is well known in the local community.

Following the cessation of Mr Kemp's contract, the branch closed temporarily from 9-12 December whilst we found a replacement temporary subpostmaster to run the service. Unfortunately due to unforeseen circumstances, the branch closed again between 16-21 December but reopened on 22 December, since which time there have been no further service issues. I know how important the Post Office is to our customers, especially at Christmas, and I am very sorry for the inconvenience caused on this occasion.

Moving forward it remains our intention to retain Post Office services in Odiham and appoint a permanent subpostmaster. Our local field team are revisiting the area identifying parties interested in providing this service. In the meantime our temporary subpostmaster arrangements will continue, so that service in the area will be maintained.

Turning to/.....

Turning to your more general comments about the Horizon computer system, we handle large sums of public money, as well as the money entrusted to us by the 20 million people who visit our national network of over 11,500 branches each week. There are a very small number of previous subpostmasters, including Mrs Hamilton who used to run South Warnborough Post Office, who allege that financial discrepancies discovered at their branches were due in some way to the system. We do not accept these allegations and we are fully confident in the integrity and robustness of the system.

I do hope that the above information has clarified our position but if you have any further concerns about our service at Odiham then please let me know.

Yours sincerely,

Kevin Gilliland
Network and Sales Director

BRANCHES IN JAMES ARBUTHNOT'S CONSTITUENCY

Branch Name	Address1	Address2	Address3	Address4	Address5	Postcode	Type
Ancells Farm	18 Falkners Close			Fleet	Hampshire	GU51 2XF	SPSO
Bramley	Sherfield Road	Bramley	Tadley	Basingstoke	Hampshire	RG26 5AQ	POe2
Church Crookham	1 Ridgeway Parade	Church Crookham		Fleet	Hampshire	GU52 6NY	SPSO
Crandall	Pankridge Street			Farnham	Surrey	GU10 5QT	SPSO
Crookham Camp	20-22 Northfield Road		Church Crookham	Fleet	Hampshire	GU52 6ED	SPSO
Crookham Village	The Street	Crookham Village		Fleet	Hampshire	GU51 5SG	SPSO
Eversley Centre	Reading Road	Eversley Centre		Hook	Hampshire	RG27 0NB	SPSO
Fleet	229 Fleet Road			Fleet	Hampshire	GU51 3HH	MSP0
Hartley Wintney	The Row	High Street	Hartley Wintney	Hook	Hampshire	RG27 8NZ	SPSO
Hook	3 Grand Parade	Station Road		Hook	Hampshire	RG27 9HF	SPSO
Odiham	115 High Street	Odiham		Hook	Hampshire	RG29 1LA	SPSO
Pamber Heath	14 Silchester Road	Pamber Heath		Basingstoke	Hampshire	RG26 3EA	SPSO
Preston Candover	Preston Candover			Basingstoke	Hampshire	RG25 2DN	SPSO
Sherborne St John	1 Elm Road	Sherborne St John		Basingstoke	Hampshire	RG24 9HP	SPSO
Sherfield On Loddon	Reading Road	Sherfield On Loddon		Hook	Hampshire	RG27 0EX	SPSO
South Warnborough	Post Office	Alton Road	South Warnborough	Hook	Hampshire	RG29 1RS	ACPT
Tudor Drive	1-5 Elizabeth Parade	Tudor Drive		Yateley	Hampshire	GU46 6BY	SPSO
Upton Grey	Church Street	Upton Grey		Basingstoke	Hampshire	RG25 2RA	SPSO
Yateley	2 Harpton Parade	Yateley		Yateley	Hampshire	GU46 7SB	SPSO

11/11/11



1st Floor
148 Old Street
LONDON
EC1V 9HQ



Dear James Arbuthnot MP,

Modernisation in the Post Office network

In January, the previous Postal Services Minister Edward Davey wrote to you with news that the Post Office is about to embark upon a major modernisation journey. The Government funding package of £1.34bn (subject to EU State Aid approval) is the largest network investment and support programme in our history. It recognises the major social value that Post Offices bring to local communities and the importance of sustaining the network at around its current size. The 20 million people and half of the UK's small and medium size businesses who use the Post Office every week will benefit from longer opening hours in brighter, more modern retail environments.

Introducing new style Post Office branches

The investment is intended to see up to half of the UK branch network converted to new style main and local formats and we have enclosed a booklet that provides more information about these. This investment activity offers attractive opportunities for subpostmasters to grow their local business and any changes to their branch will be aligned with their plans using agreed communications and consultation processes.

Over 170 local and main branches have been established so far. The feedback to date suggests they are delivering high levels of customer satisfaction and are proving to be commercially viable to operate for Post Office Ltd and its subpostmasters. Feedback from customers, local stakeholders and subpostmasters at these pilot branches will inform the full UK roll-out that is planned to start this summer.

The remainder of the Post Office network will stay in its current format and will continue to be a vital part of the communities they serve. The Post Office is committed to maintaining the network at around its current size.

Finding out more about our investment programme

As the programme rolls out in the summer, individual Post Offices in your constituency may well begin to benefit from this investment. When this happens, we will be in touch with you again prior to any activity starting to ensure you are briefed on plans that impact your area. Meanwhile if you have any questions about the programme you can email us at network@postoffice.co.uk or find more information at postoffice.co.uk/network. We will also be offering briefings in Westminster, Holyrood, Senedd and Stormont later this Spring.

Yours sincerely

GRO

Paula Vennells
Chief Executive Officer, Post Office Ltd



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In Confidence

Further information as requested

- James Arbuthnot was made a Member of the Privy Council in 1998
- Odiham – There has been no suggestion of any allegations around the Horizon system with respect to the cessation of the contract of Mr Kemp. The cause of Post Office Ltd terminating his temporary contract related to 'compliance related issues' and there has been no subsequent criminal case started.
- The current position with Odiham is that it is open and being run by a temporary subpostmaster. There have been expressions of interest by individuals to take on the Post Office on a permanent basis – and the Post Office is proceeding with these. It remains our intention to retain Post Office services in Odiham and to appoint a permanent subpostmaster.
- In common with all other MP's, Mr Arbuthnot will have received a letter and booklet from Post Office Ltd last Friday (8 March) about Modernisation in the Post Office Network – a copy is attached.
- There is currently one Post Office Local in Mr Arbuthnot's constituency – a Post Office Local in Bramley. This branch converted to the new model in November 2011 and it is located in the One Stop Store in Bramley. It offers hours of opening for Post Office services of 0700 – 2200 for seven days a week.
- With respect to the future in Mr Arbuthnot's constituency, we cannot currently take a view about how many, or which, branches might receive investment and be converted to a 'Local' or a 'Mains' branch. The current process is to understand the individual subpostmaster's aspirations and then to discuss the position with him/her over the next few months. This would then inform any wider rollout of the new models which might occur from later in the summer onwards through to 2015. Post Office Ltd will however contact Mr Arbuthnot and offer to meet once propositions become clear and before any such wider roll out commences. We can of course emphasise our commitment to seek to maintain the network, to have no programme of closures- rather a programme of modernisation.
- A typical subpostmaster will receive the following training.
 - Initial 6 days classroom training, (with an extra two days for the branches that undertake DVLA, passport transactions) before taking over the branch
 - Onsite training for 6 days, following the transfer of the branch
 - Further onsite balance support training on Wednesday
 - Support call one month after transfer
 - Visit three months after transfer
 - Help by phone and online support available throughout

