
From: Thompson Laura (Shareholder Executive)
Sent: 14 August 2015 14:29
To: Neville-Rolfe MPST; SpAd Javid MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: URGENT: Post Office Horizon No.10 note

Andrew

Thank you very much for passing on – all of the Minister’s changes are fine from our point of view.

Thanks

Laura

Laura Thompson | Assistant Director | Shareholder Executive

GRO

From: Neville-Rolfe MPST
Sent: 14 August 2015 14:12
To: Thompson Laura (Shareholder Executive); SpAd Javid MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: URGENT: Post Office Horizon No.10 note

Laura,

Baroness Neville-Rolfe has made some further revisions to the note which I have highlighted in red.

Kind regards

Andrew Smith

Government has faced calls to launch an independent inquiry into Post Office’s Horizon IT system and the way that Post Office has handled cases where money has gone missing from branches. We anticipate a BBC Panorama programme on Monday 17 August will repeat allegations of miscarriages of justice by Post Office, and may result in further calls for Government to intervene. This note provides an update on the Government’s position.

2. Andrew Bridgen MP has raised this issue in Parliament, supported by other MPs with constituents involved in this matter, in an adjournment debate on 29 June and also at PMQs on 1 July. On both those occasions Government resisted calls to launch an inquiry while emphasising the importance of resolving this issue. Since then, Baroness Neville-Rolfe has met with Andrew Bridgen and Kevan Jones MP (Lab, North Durham) to hear their concerns and has raised these with Post Office directly. The Minister has also asked incoming Chairman of Post Office Tim Parker to take a fresh look at this issue when he takes up his role in October.

3. We recommend Government continue to resist calls for a judicial inquiry:

- a. Despite three years of scrutiny by forensic accountants and Post Office’s own investigations there remains no evidence of systemic issues with the IT system.
- b. Many of the allegations raised against Post Office have been mischaracterised by campaigners and the media, and indeed in Parliament.

c. Post Office have gone further than most commercial organisations would in attempting to resolve this issue, including forming a working group with the campaigners, overseen by a former Court of Appeal judge, in order to design the mediation scheme. However they cannot respond publicly to the most serious allegations while they still respect individuals' confidentiality.

d. Existing routes to resolution, including mediation, appeal or litigation, remain available to individuals – it would be wrong to create a new quasi-judicial process while these options have not been exhausted (or even attempted, in the case of appeal or litigation). The Criminal Cases Review Commission (CCRC) has received 20 applications on this matter. It is reviewing those cases but is unlikely to come to any decision whether or not to refer the case to the Court of Appeal before the end of the year at the earliest.

e. Absent any evidence of wrongdoing by Post Office, there is no need for a judicial inquiry.

4. IN THESE CIRCUMSTANCES IT FEELS BEST TO PLAY MATTERS DOWN RATHER THAN AGGRESSIVELY TO REFUTE THE VARIOUS ALLEGATIONS. EQUALLY BY maintaining that Government sees no need for an inquiry, ambiguity is removed and applicants can be clear on the options available: mediation and/or legal action. This COULD help bring cases to resolution as swiftly as possible. ALTHOUGH SOME WILL NO DOUBT WAIT FOR THE RESULTS OF THE CCRC PROCESS

Lines to take

- *The issues raised are an operational matter for Post Office Limited and subpostmasters*

If pressed:

- *There are options available for resolution. Government encourages mediation, but individuals can still pursue other routes to resolution through the courts*
- *While there is no evidence of wrongdoing by Post Office, Government sees no need for a judicial inquiry.*

Background

5. Concerns were raised by campaigners and a small group of MPs in 2012 that systemic flaws in the Horizon IT system were causing accounting losses. Subpostmasters, who operate branches as contractors (not employees), are liable for branch losses including if caused by negligence or carelessness. A subpostmaster with excessive losses can have their contract terminated, and can face prosecution if there have been instances of false accounting and/or theft.
6. Post Office responded to these allegations BY (OMIT in a fair and transparent way,) commissioning independent scrutiny of Horizon, and setting up a mediation scheme for individuals to raise concerns and seek resolution, established in collaboration with campaigners and MPs.
7. After more than three years, the forensic accountants (Second Sight) appointed to scrutinise Horizon produced no evidence of systemic (i.e. constantly recurring) flaws. Second Sight did identify some issues specific to individual circumstances, although many of these were unrelated to the IT system., Post Office is making improvements to address those points and have resolved some of those specific cases to the individuals' satisfaction. To reiterate, neither Second Sight nor Post Office's own investigations have found systemic flaws with the Horizon system.
8. Absent any system-wide "smoking gun", campaigners have broadened the scope of investigations to focus increasingly on prosecutions, claiming there have been miscarriages of justice with subpostmasters wrongly accused and convicted. Formerly constructive relationships between Post Office and campaigners have broken down as it has become clear that the scheme is not delivering what campaigners want, namely, large compensation payouts. Applicants are increasingly declining (or seeking to "defer") mediation in the hope of a judicial inquiry.
9. There is a large amount of misinformed or inaccurate comment on this matter, including in the media and in Parliament. Many individual cases involve difficult or sad stories, and appear compelling; the Post Office has little opportunity to respond as it has committed to maintaining individuals' confidentiality, even when facing intense (and in many cases unfounded) criticism.
10. The intensity of criticism, and the work of campaigners, has given many applicants unrealistic expectations of both the nature of mediation as a process and the likely outcomes. Post Office estimate the total amount of money lost in branches for all applicants at £1.3 million (this is money *owed to Post Office*). The total amount of compensation *claimed by applicants* is over £65 million. One applicant is seeking £13 million in compensation.
11. IT HAS TO BE ACKNOWLEDGED THAT THE BEHAVIOUR OF SECOND SIGHT IS DISTURBING. (OMIT While purportedly independent,) Second Sight appear to side against the Post Office, and indeed have done so publicly on social media and to some extent when giving evidence to the BIS Select Committee. They are also due to appear on Panorama next week.
12. Second Sight have also recently written to Ministers claiming that their work has been misrepresented and does in fact demonstrate that Horizon is flawed (this letter has been shared with and publicised by campaigners). However, the matters they identify as "systemic flaws" appear to actually be operational issues in specific circumstances, often unrelated to the IT system but described as "the Horizon experience". These are best resolved directly between Post Office and the individual (through mediation or the courts) –options which remain open to the subpostmasters affected.
13. ON THE OTHER SIDE , the National Federation of Subpostmasters (NFSP), who represent c.6,000 subpostmasters, are supportive of Post Office's position and have publicly expressed scepticism at the motives of the campaign against Post Office and some individuals' claims.

Status

14. In total, 136 applicants were accepted into the mediation scheme, mostly former subpostmasters. In context, Post Office has over 11,500 branches across the UK and estimate that around 500,000 individuals have used the Horizon system since its roll-out in 2000.
15. To date, 26 of the 136 cases have been resolved, either through mediation or directly between Post Office and the individual; 43 applicants have criminal convictions (usually false accounting / theft) received prior to

entering the scheme and these cases are unsuitable for mediation (which cannot overturn a conviction). In the majority of the remaining cases mediation has been offered but has not taken place, probably due to stalling tactics.

Options for resolution

16. Mediation remains an option for many, although Post Office are unwilling to keep the offer open in perpetuity and applicants have until early September to accept the offer.
17. Mediation is conducted by an independent mediator from the Centre for Effective Dispute Resolution (CEDR) and Post Office pay the costs of mediation, the reasonable expenses of the applicant and their representatives, and contribute to the applicant's independent legal advice.
18. If mediation is not successful, or if the applicant chooses not to mediate, they retain their existing legal rights such as seeking damages through litigation or pursuing a class action. To date no applicant has pursued a civil claim against Post Office.
19. Mediation cannot overturn a criminal conviction but an individual can appeal the Court's judgement (although no applicant has done so to date). They can also raise their case with the Criminal Cases Review Commission (CCRC). These are the right avenues for applicants to pursue potential miscarriages of justice and around 20 have submitted applications to the CCRC.
20. A Government or judicial inquiry would seem inappropriate when these options exist and have not been exhausted (or indeed explored at all in some cases). A Government investigation would be unlikely to find the "smoking gun" campaigners are seeking or provide large compensation payouts, given the amount of scrutiny this issue has received, thus risking accusations that Government too is part of the "conspiracy". So, unless there is evidence of wrongdoing on the part of Post Office, there is no need for Government to intervene.

(OMIT PARA - By maintaining that Government sees no need for another inquiry, ambiguity is removed and applicants can be clear on the options available to them: mediation and/or legal action This would help all involved bring cases to resolution as swiftly as possible.)

From: Thompson Laura (Shareholder Executive)
Sent: 14 August 2015 11:28
To: Neville-Rolfe MPST; SpAd Javid MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: URGENT: Post Office Horizon No.10 note

Harriet, Andrew

We spoke, thanks for providing the Minister's comments. Please see attached revised note with amendments in track – we have predominantly amended the front page although there are a couple of small tweaks flowing through into the back half.

We discussed that it does remain the case that no evidence has been brought forward that demonstrates any systemic flaws with the IT system, despite the fact that some campaigners are taking issue with that statement. That is not to say that evidence could not emerge at a later date, but we can only work with the information we have to hand, and there have been considerable efforts to surface any issues by not only of Second Sight but also through Post Office's own investigations and the independent auditing that all IT systems go through.

However we understand the Minister's concerns and I have amended the wording of the note, as well as removing that line from the LTT section.

We discussed that you and Rob would take forward clearing this note again with the Minister and with SpAds if at all possible. We should aim to get the note out today if we can because there is a chance that Panorama will be pre-briefed into the Sundays or for Monday morning broadcast.

In terms of issuing the letters to Warmington and Bridgen/Jones, it would be ideal if those could be choreographed with the note going over to No 10 but on the basis that the Minister and SpAds are content with both of those, they could go before this is agreed if needed.

Obviously I am around for the rest of the day to make any further changes the Minister would like.

Thanks

Laura

Laura Thompson | Assistant Director | Shareholder Executive

GRO

From: Neville-Rolfe MPST

Sent: 14 August 2015 10:38

To: Thompson Laura (Shareholder Executive); SpAd Javid MPST

Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)

Subject: URGENT: Post Office Horizon No.10 note

Hi Laura

I've just had a call from BNR and unfortunately she is not content with the note to No.10. She feels we have gone backwards and that the note doesn't reflect the conversations she's had with officials or the good Bridgen letter. To address her points, could the note be revised as follows:

1. At the very beginning, start by talking about the Panorama programme – i.e. couch this as an update in light of the upcoming programme
2. Then say what happened in Parliament (George Freeman debate and PMQ response)
3. Then say what we've done since (i.e. met Bridgen, asked Tim Parker to take a fresh look, written to Bridgen etc)
4. Mention that cases are going to CCRC and when this will conclude

If the initial section can be revised in that way, the Minister is broadly content with the lines and the later detail. However, the line *Despite three years of independent scrutiny no systemic issues found with the IT system* is not one she is comfortable with given Second Sight and others are now taking issue with this statement. Please could this line be revised to be more neutral and name Second Sight e.g. Second Sight undertook a three year investigation which has not found systemic issues with the IT system. Please could it also say what Government has done re independent scrutiny – mention the working group and the judge.

With huge apologies for the horrible deadline, please could you send a revised version by **12.30 today**?

Give me a call if any worries – I'm on **GRO** for today only.

Many thanks

Harriet



Department
for Business
Innovation & Skills

Harriet Smith

Senior Private Secretary to Baroness Neville-Rolfe

GRO

Department for Business, Innovation and Skills, 1 Victoria Street, London, SW1H 0ET

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From: Thompson Laura (Shareholder Executive)
Sent: 13 August 2015 11:18
To: SpAd Javid MPST; Neville-Rolfe MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: Post Office Horizon: Letters from Baroness Neville-Rolfe to MPs and to Second Sight

Rob

As discussed, here is a revised note. You will see that we had to make a few changes – in order to deal with the Second Sight issue we had to go over two pages, so the note now has the initial summary section in larger font, plus the remainder as background etc. which now includes the points Nick raised.

If Nick has a chance to review this again that would be great – I spoke to Andrew earlier and we need to ensure that this goes to BNR as soon as possible as we will need to send the note tomorrow at the latest.

I also just wanted to highlight the point that Salma was keen we only used the single “this is an operational matter” line with press – we think this is the right call for press over the weekend etc, but we recommend that we keep the “if pressed” lines available in case we do need to use them at any point in the future. Can you make sure that both SpAds are agreed on the approach here?

Of course, do let me know if you need anything else on this.

Thanks

Laura

Laura Thompson | Assistant Director | Shareholder Executive

GRO

From: SpAd Javid MPST
Sent: 12 August 2015 13:14
To: Thompson Laura (Shareholder Executive); Neville-Rolfe MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: Post Office Horizon: Letters from Baroness Neville-Rolfe to MPs and to Second Sight

Laura,

Many thanks for this note – Nick has now seen. I’ve made his changes and added comments in the attached document.

He has also asked that the note deals with the second sight issue – can we add something in on that too please?

Thanks,
Rob



Robert Jones
Private Secretary to the Special Advisers | MPST

GRO

GRO

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From: Thompson Laura (Shareholder Executive)
Sent: 10 August 2015 14:26
To: SpAd Javid MPST; Neville-Rolfe MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: Post Office Horizon: Letters from Baroness Neville-Rolfe to MPs and to Second Sight

Andrew, Rob

Please also see attached note intended for No 10 and any other Departments with an interest. I'd be grateful for views from SpAds/Ministers, and from copy recipients (press/legal) too. Happy to discuss of course.

Thanks

Laura

Laura Thompson | Assistant Director | Shareholder Executive

GRO

From: Thompson Laura (Shareholder Executive)
Sent: 10 August 2015 14:03
To: SpAd Javid MPST; Neville-Rolfe MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: RE: Post Office Horizon: Letters from Baroness Neville-Rolfe to MPs and to Second Sight

Andrew

We spoke and you passed on that the Minister would like the letter to Second Sight to be shorter, and more nuanced around the IT system itself. A revised version is attached for the Minister and SpAds to consider (a lot of this is just moved around rather than new drafting). Very happy to take on further comments of course.

I will also shortly send up our proposed note for No 10.

Thanks

Laura

Laura Thompson | Assistant Director | Shareholder Executive

GRO

From: Thompson Laura (Shareholder Executive)
Sent: 06 August 2015 13:05
To: SpAd Javid MPST; Neville-Rolfe MPST
Cc: Callard Richard (ShEx); Odgers Anthony (ShEx); Kilgarriff Patrick (LEGAL B); French Claire (Communications); Rogers Ashley (Communications)
Subject: Post Office Horizon: Letters from Baroness Neville-Rolfe to MPs and to Second Sight
Importance: High

Rob, Harriet, Andrew

Please find attached two draft letters about Post Office Horizon, to be sent from Baroness Neville-Rolfe to MPs (Andrew Bridgen and Kevan Jones) and to Second Sight (Ron Warmington).

The chain of Mr Warmington's correspondence is attached. The letter to MPs is designed to follow up from the Minister's meeting with them and Post Office last month.

We discussed with the Minister and with SpAds that these letters will in all likelihood end up in the public domain so we need to ensure they are drafted correctly. In terms of timing, we need to consider the Panorama programme which is now likely to air on Monday 17 August – I suggest these letters should go before then. But we will also need to make sure our note to No 10 (which I will try and send up today) has landed.

In the interests of time I am sending to Ministers and SpAds together – would it be possible Rob for Nick/Salma to take a look at this quickly? Also welcome any thoughts from press office or legal.

Happy to discuss of course.

Thanks

Laura

Laura Thompson | Assistant Director, Post Office Network Team | Shareholder Executive
BIS, 1 Victoria Street, London SW1H 0ET | GRO

GRO

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