

The Post Office Horizon IT Inquiry

Call for Evidence

Closing date: 23 February 2021



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Any enquiries regarding this publication should be sent to us at:
POSecretariat@postofficehorizoninquiry.org.uk

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Foreword from the Chair

Since my first Statement of Approach was published on 5 November, I have continued with a series of preliminary meetings with very senior personnel from Post Office Limited and had a meeting with the Chief Executive Officer of Fujitsu Services Limited as well as representatives of the Communication Workers Union and the National Federation of Subpostmasters and from the Department for Business, Energy and Industrial Strategy. They have all assured me of their willingness to ensure that those organisations co-operate fully with the Inquiry. I have no reason at this stage to doubt what they have told me.

During this same period the Inquiry secretariat and I have been working closely together to develop systems for handling what I expect to be large volumes of written material. I am very conscious that it is necessary that all those who wish to contribute to the work of the Inquiry will have confidence in its ability to handle such material in accordance with the law and, when appropriate, in accordance with the wishes of individuals and organisations who provide the information.

We have now reached the stage where I have finalised the processes which will be adopted for handling written evidence. I have also reached conclusions about the timing of the publication of such evidence. The Secretariat and I are satisfied that we will be able to arrange sufficient oral sessions to accommodate those who wish to share their experiences of the Horizon system and to question those who have relevant information about the operation of Horizon, historically, and all that has flowed from its use both in the past and currently. Detailed information relating to these issues is set out in documents which I will make public today.

Against this background I am now able to launch the Call for Evidence. This is, self-evidently, a crucial moment in the life of the Inquiry. This now provides the opportunity for all those who have assured me that they and their organisations will co-operate fully with the Inquiry to demonstrate that commitment.

At first sight the contents of this Call for Evidence may seem daunting. In the pages that follow there are several topics upon which the Inquiry seeks evidence, and many questions are raised to which the Inquiry would like answers. However, I stress that I do not expect an answer to every question posed from every person who responds. Individuals should feel free to answer those questions or provide evidence in relation to topics about which they feel most strongly or about which they have a significant contribution to make. A response may be wide-ranging; it may be confined to a particular topic or topics. Both types of response are equally welcome.

I look forward to receiving a large volume of evidence over the coming weeks and months. All those who respond and provide evidence can be certain that I will be analysing and assessing every word written or spoken with a view to fulfilling the Inquiry's terms of reference. There is much work to be done but I remain confident that with the help of contributors who may have very different perspectives of the last 20 years I can achieve the goals which I have set myself.

Wyn Williams FLSW

Background

In 1999, Post Office Limited (POL) transitioned its branch network to electronic point of sale systems, implementing Horizon software and hardware into their post office branches. Subpostmasters and subpostmistresses (postmasters) over the lifecycle of Horizon experienced discrepancies and shortfalls in their branch transaction data and accounting. Disputes between POL and postmasters have occurred over the last two decades, and the lack of satisfactory resolution of the Horizon issues, the suspension and termination of postmasters' contracts with POL, and the prosecution and conviction of postmasters led ultimately to the launch of successful group litigation against POL. The Judgments in two trials relating to 'Common Issues' (No.3) and 'Horizon issues' (No.6) detail the nature of the contractual relationship between POL and postmasters, the IT system Horizon and data management issues which impacted on the lives and livelihoods of many postmasters. The litigation was settled, and the Settlement Agreement details obligations for POL and the postmasters who are party to the settlement.

The Inquiry is tasked with ensuring there is a public summary of the failings that occurred, which were associated with Horizon and other issues that are set out in the terms of reference. The Inquiry will draw on the findings made by Mr Justice Fraser from the Bates v Post Office Group Litigation, in particular Judgment (No.3) 'Common Issues' and Judgment (No.6) 'Horizon Issues' and other evidence, listen to those that have been affected, understand what went wrong, assess whether lessons have been learned and that concrete changes have taken place, or are underway, at POL.

About this Call for Evidence

Who is this for?

The Inquiry would welcome views from those involved in and affected by the POL's IT system, Horizon. This is including, but not limited to, current and former postmasters, current and former staff from POL, Fujitsu Services Limited (Fujitsu), the Department for Business, Energy and Industrial Strategy (BEIS), UK Government Investments (UKGI) and other relevant third parties who may have information that is relevant to and within the scope of the Inquiry.

The Inquiry expects and welcomes interested parties to provide evidence on the questions they consider to be relevant to them. This Call for Evidence covers a wide range of past, present and future issues and the Inquiry does not expect that all respondents will provide evidence on each question.

Where questions are designed to be answered by a particular stakeholder(s), this will be signposted in the relevant question section and in the relevant question itself, where appropriate. The Inquiry, however, welcomes evidence from anyone who considers that their evidence is relevant.

How to respond?

This Call for Evidence will remain open for 12 weeks closing on 23rd February 2021. You may submit written responses:

- **Online:** beis.gov.uk/citizenspace.com/business-frameworks/post-office-inquiry-cfe

Alternatively, you may wish to send responses to:

- CallforEvidence@postofficehorizoninquiry.org.uk

Please reply using email or the online survey where possible. However, you also have the option to post your response. Please note that there may be a delay in receiving and acknowledging responses that are posted.

- **Postal address:**

The Post Office Horizon Inquiry

1 Victoria Street

Westminster

London,

SW1H 0ET.

About You

In your response, please indicate if you are happy for your response to be published, with or without your name attributed, and whether you are responding as:

- Commercial organisation
- Government
- Trade union or other representative organisation
- Member of the public
- Other (please provide details)

Optional questions:

- What is your name?
- What is your email address?
- If you are replying on behalf of an organisation or organisations, what is the organisation's name?
- Would you like to be contacted when the Call for Evidence response is published?
- How did you hear about this Call for Evidence?

The Questions of the Call for Evidence

The Inquiry welcomes evidence on a combination of past, present and future issues relating to the Inquiry's terms of reference.

This consultation predominantly seeks information in writing as a response to the questions asked. However, there is an opportunity in the final question to provide any further information and supplementary materials, which you consider to be relevant. Please attach this additional information with your emailed answer or post it with your answers. For the online survey, you will have the option to attach additional materials as part of the final question.

The questions in this Call for Evidence are set out below and organised in sections. Please answer where you can.

Human Impact & Cost and Wider engagement

The Inquiry understands that many individuals have been impacted by the Horizon system and the associated events. We would like to hear from these individuals, including but not limited to: current and former postmasters, employees of POL, relevant third parties (e.g., contractors and/or those who have represented postmasters' interests, or who have been involved in mediation and/or dispute management processes with POL) and the family or friends of anyone who has been affected by the Horizon matter.

For question 1, this Call for Evidence invites you to submit a written statement, with your account of the impacts and costs that the Horizon system and associated events caused. Participants may wish to consider the following when submitting a written statement:

- How the events relating to the Horizon have impacted you (for example your family, livelihood, finances, reputation within the community and well-being)
 - Whether support was available to you from a relevant organisation (POL, Fujitsu, BEIS, UKGI) when raising concerns - please state the organisation you are writing about
 - The experience of raising and recording a dispute or discrepancy in a branch account
 - Whether policies and procedures were available for you to escalate concerns, and whether these were clear
 - Whether any action you took was influenced by wider organisational structures, policies and processes, or practices
 - Anything further that you consider relevant
1. What impact did the operation and management of the Horizon IT system have, and what effects were personally experienced as a result?

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In May 2021, the Inquiry will hear from BEIS, UKGI, Fujitsu and POL. Sir Wyn will invite and pose questions to senior personnel in these organisations in order to understand the operating assumptions, institutional settings, and organisational culture at play. The aim of these sessions is to understand which decisions were taken by these organisations and why. The Inquiry will also seek to establish if the organisations have taken adequate steps to ensure the events do not occur again.

The Inquiry welcomes you to submit questions you would like Sir Wyn to consider at these sessions, or points you consider important for the Inquiry to explore. The questions that are submitted will be reviewed by Sir Wyn, and those selected will be raised at the relevant session(s). The selection process for these questions will be detailed in a further Statement of Approach which will be published in 2021 prior to 'Stage 2 Hearings' commencing.

2. Which themes, issues or question(s) should the Inquiry consider exploring at the open sessions 'Stage 2: Hearing from organisations'?

The 'Stage 2: Hearing from organisations' sessions are open to the public to attend. If you would like to attend a session as a spectator, please indicate this on the Inquiry's Expression of Interest form by 12 March 2021: beisgovuk.citizenspace.com/business-frameworks/post-office-horizon-it-inquiry-public-hearing-sess/

Horizon Issues

The following questions build on the Horizon Issues (No.6) Judgment following the 2019 Group Litigation, which examines the IT system used by POL.

We expect that POL, postmasters and Fujitsu will have evidence to provide in relation to the following questions, however anyone is welcome to respond.

3. POL, working with Fujitsu, have introduced the Horizon Knowledge Based Faults ("KBFs"). Does this new process assist in the identification of technical issues in Horizon raised by postmasters, and if so, how does this compare to the previous process?
4. If a branch account dispute or discrepancy cannot be settled between a postmaster and POL, when is the ARQ data (core audit data from the core audit data store) referred to? What is the process, and is this data disclosed to postmasters?
5. Manually issued transactions occur in the operation of branch accounting, through either transaction corrections or transaction acknowledgements. Are safeguards or quality controls processes in place at POL to identify and address the risk of human error impacting branch accounts?
6. To 'balance' a discrepancy Fujitsu may insert transactions, which do not require acceptance or acknowledgement by a postmaster before the transaction forms part of the branch's data. Are postmasters being advised when such transactions take place and, if so, how?
7. What are the access permissions currently given to Fujitsu and POL personnel who access or amend Horizon transaction and reference data? Do these permissions ensure the integrity of branch account data is maintained? If so, how?

8. Mr Justice Fraser in the Horizon Issues (No.6) Judgment concluded that Fujitsu was “often far too ready [...] to ascribe possible user error bias to the effect of bugs, errors and defects that caused impact to branch accounts”. Are measures being taken by Fujitsu and POL to address this bias when working with bugs, errors, and defects in Horizon? If yes, please describe these. If no measures have been put in place, please advise why not?

Common Issues

The following questions build on the Common Issues (No.3) Judgment, which examines the contractual arrangements between POL and postmasters.

We expect that POL and postmasters will have evidence to provide in relation to the following questions, however anyone is welcome to respond.

9. When are postmasters first made aware of their contractual terms and conditions?
10. Following the Common Issues (No.3) Judgment, what changes, if any, have been made to new and existing postmasters’ contractual terms and conditions? How do the new terms and conditions compare with the previous versions?
11. What is the ‘2020 Contract Reinstatement Exercise’ and how has this impacted the contractual terms and conditions for new and existing postmasters?
- A. Did any engagement take place between POL and postmasters during the development of the ‘2020 Contract Reinstatement Exercise’?
- B. What guidance on interpreting the contractual clauses, if any, have postmasters received?
12. Has the ‘2020 Contract Management Restructure’ at POL improved the speed and consistency of suspension, termination, and reinstatement cases?
13. Have new processes been implemented by POL to resolve suspension cases? How do these compare to the previous process?

The Service Offer

The following questions relate to the terms of reference and explore POL’s processes and the impact of these on postmasters and their branches.

We expect that POL and postmasters will have evidence to provide in relation to the following questions, however anyone is welcome to respond.

Management of shortfalls or disputes in branch accounts

14. Has the process of raising and recording disputes in branch accounts been modified for postmasters since the Horizon and Common Issues Judgments? If so, how does this compare to the previous process?

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Branch Monitoring and Branch Auditing

15. Are postmasters and their representatives aware of and being consulted on, the development of the Branch Monitoring and Audit Policy?
16. When issues are identified in the branch network, what impact has the introduction of the Branch Analysis Team and subsequent support visits (“SPEAR visits”) and/or the support calls had on the branch audit process? Do these new processes assist postmasters in the management of discrepancies or shortfalls in their branch accounts?
17. When a branch audit is undertaken what, if any, impact do the newly implemented opening and closing scripts, the Audit Rationale Document, and quality assurance process have on postmasters?
18. Is there a process for receiving post-audit feedback from postmasters? If yes, how does this compare to the previous process?

Cash management: cash, stock, and currency discrepancies

19. Do POL’s current cash management policies and practices have an impact on postmasters and their branch accounting?

Dispute Management

The following questions relate to the historic and current dispute management systems set up by POL with the aim of addressing disputes between POL and postmasters.

We expect that POL, postmasters and third-party professional advisers to POL (e.g., lawyers, mediators, accounting professionals etc) will have evidence to provide in relation to the following questions, however, anyone is welcome to respond.

20. POL set up a Mediation Scheme in 2013. What were postmasters’ experiences of this?
21. How have dispute management policies and procedures been updated in the period from 2015, up to and preceding conclusion of the Settlement Agreement in December 2019?
22. What are the current dispute management policies and practices at POL, and how would postmasters describe their experience of this? (This excludes issues on the Historical Shortfall Group (HSG) which is covered in a separate section ‘The Settlement Agreement’).

Whistleblowing and Governance

The following questions relate to whistleblowing and governance procedures, policies and processes at POL, Fujitsu, BEIS & UKGI.

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We expect that POL, Fujitsu, BEIS and UKGI will provide evidence in relation to the following questions, however anyone is welcome to respond.

Whistleblowing

23. What is POL's policy on whistleblowing?
24. Is anonymity protected in POL's whistleblowing processes?
25. Whether in relation to Horizon or generally, has anyone suffered any detriment when engaging with POL's whistleblowing policy and processes?
26. What is Fujitsu's policy on whistleblowing?
27. Is anonymity protected in Fujitsu's whistleblowing processes?
28. Whether in relation to Horizon or generally, has anyone suffered any detriment when engaging with Fujitsu's whistleblowing policy and processes?
29. Do BEIS and UKGI have a whistleblowing policy and processes which cover POL as an arm's length body (ALB)?
30. Is anonymity protected in BEIS' and UKGI's whistleblowing processes for disclosures relating to ALBs?
31. Whether in relation to Horizon or the governance of ALBs generally, has anyone suffered any detriment when engaging with BEIS' and UKGI's whistleblowing processes?

Governance

Government has introduced new measures to establish closer monitoring of POL. These measures include the following:

- A framework document which establishes clearly defined responsibility and accountability for POL and BEIS;
 - Quarterly Ministerial working group meetings with Nick Read, CEO of POL along with regular meetings with the CEO and Chair at POL;
 - More frequent shareholders meetings; and
 - Expansion of the BEIS policy team which works closely with UKGI in holding POL to account at official level.
32. Do these measures go far enough in producing effective oversight and governance of POL?

The Settlement Agreement

The following questions relate to the terms of reference and explore whether POL has delivered its commitments and obligations as set out in the Settlement Agreement, also known as the Settlement Deed.

Some areas in Schedules 5 and 6 of the Settlement Agreement are dealt with in the Horizon Issues, Common Issues, Service Offer, or the Dispute Management sections.

We expect that POL and postmasters will provide evidence in relation to the following questions. However, anyone is welcome to respond.

Schedule 5: The Plan for Improvements

Training

33. What training has been introduced under the plan for improvements, and what uptake has there been by postmasters?
34. How are postmasters made aware of training opportunities?

Branch support model

35. What further support is available to a new postmaster from a business support manager after the initial 6-month period?
36. What handover process, if any, exists between a business support manager and area manager?
37. Has a named area manager been allocated to every postmaster, and how often are area managers required to visit branches?
38. What are the new quality controls for Transaction Corrections? How do these compare with the previous controls?
39. Have the 'Transaction Correction Disputes Team' produced any internal guidance or policies? If so, have postmasters been engaged?

Branch loss

40. How many Tier 1 and Tier 2 Case Handlers are employed, what are their roles and how do they engage with postmasters in managing branch account issues?
41. How many Loss Prevention Case Workers are currently employed? What are their roles, and how do they engage with postmasters?
42. Are procedures in place for resolving Tier 2 disputes, and what happens if disputes are not resolved at the Tier 2 stage?

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Schedule 6: The Historic Shortfall Group (HSG)

The Historic Shortfall Group (HSG) also commonly referred to as “the Historical Shortfall Scheme”, or “the Scheme”.

Mediation

43. Has POL established a cost effective and accessible mediation scheme? If so, is this to the satisfaction of Charles Flint QC and Stephen Ruttle QC?
44. Who is eligible for the HSG scheme? Are there any arrangements for postmasters who fall outside of the HSG scheme?
45. Are postmasters who have been convicted able to access the scheme? What is the position regarding those postmasters who, for whatever reason, have not applied to join the scheme within 3 months? Are they unable to access it?
46. What steps did POL take to inform current and former postmasters of the existence of HSG?
47. Have the terms of reference in schedule 6 of the Settlement Agreement been supplemented or amended?
48. What procedures are in place for the ‘evaluation’ and ‘investigation’ of cases? Has any written guidance been produced?
49. Have the HSG published rules and/or guidance for the ‘Good Faith Meetings’ and for the ‘Escalation Meetings’?
50. Who from senior management in POL has been appointed to chair the HSG Escalation meetings? Will anyone else sit in on this meeting?

Obligations of the Post Office Limited in the Settlement Agreement

51. Since signing the Settlement Agreement, has POL complied with its obligation not to sue, pursue, or proceed against any of the claimants for fraud or any other matter connected with the litigation?
52. Have apologies been issued by POL to any claimant who was prosecuted and/or convicted by POL, and their conviction overturned as a result of either: a) actions or omissions by the Post Office or b) findings or observations made in the Common Issues Judgment or Horizon Issues Judgment?
53. Where a claimant who was convicted obtains permission to appeal, has POL taken advice from a leading criminal barrister as to what position POL should take in relation to the appeal?
54. Have representatives of POL met with a group comprising 3 members of the claimant group on at least a quarterly basis up to December 2020?

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55. Has POL used reasonable endeavours to resolve any outstanding issues with serving claimants (including suspended postmasters) as swiftly as practicable following the identification of those issues by the claimants?
56. Has POL considered, in good faith, any request made by any former claimant for a letter of reference?
57. If any of the claimants are subject to ongoing bankruptcy or insolvency proceedings, has POL withdrawn any claim it has made for unpaid shortfalls arising between 2000 and 10 December 2019 (the date of the Settlement Agreement)?
58. Has POL paid the claimants' solicitors the Support Fund Costs?
59. Has POL paid the cash settlement of:
- £9.5million for legal costs and disbursements;
 - £42 million damages; and
 - £0.75million to the support fund?

Additional Information for the Inquiry's consideration

60. Please provide any further information and supplementary documents which you consider to be relevant to this Call for Evidence. This can be attached with your response to the questions above.

Frequently Asked Questions (FAQs)

I have a piece of evidence you should be aware of but can't attach it to the Call for Evidence response. How else can I send it you?

You can send it to CallforEvidence@postofficehorizoninquiry.org.uk or by post to The Post Office Horizon IT Inquiry, 1 Victoria Street, London SW1H 0ET

Will any cost incurred in postage of documents be reimbursed by the Inquiry?

The Inquiry will not cover costs of responses to the Call for Evidence.

What will the information I provide be used for?

The responses provided to the Call for Evidence will be analysed to explore common themes and issues and will inform the final report.

Can I change or withdraw the information I provide?

If you wish to amend the evidence you have provided, or if you wish to withdraw your response, please write to: CallforEvidence@postofficehorizoninquiry.org.uk

If you have submitted a response on Citizen Space, you will receive a response ID. Please quote this in your correspondence with the Call for Evidence email inbox.

An amendment or withdrawal cannot be guaranteed but the Inquiry may consider requests.

I would like to participate in the Inquiry, but I am bound by a non-disclosure agreement. How can I take part without breaching the agreement? Is there protection that I can rely on?

The Inquiry welcomes information relevant to its terms of reference from anyone. However, it is important that anyone who is bound by a non-disclosure agreement complies with its terms unless they have written confirmation that confidentiality obligations have been waived.

Annex A: Supporting materials and information handling

The Inquiry's Terms of Reference can be located at:

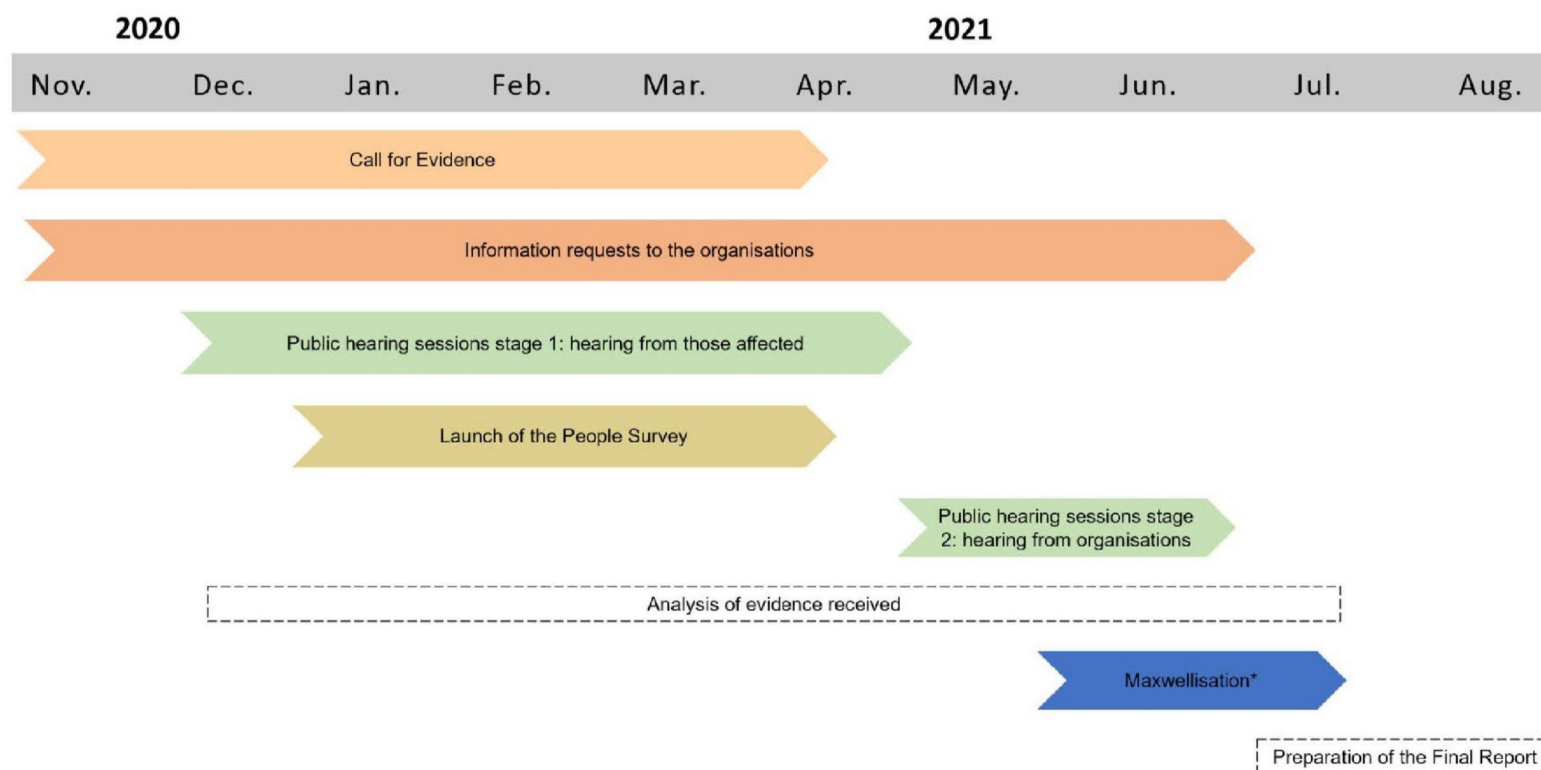
www.gov.uk/government/publications/post-office-horizon-it-inquiry-2020/terms-of-reference

The Inquiry's information handling protocol and information publication approach are detailed in the Statement of Approach 002. The Privacy Notice is set out in the Statement of Approach 001. Both of these documents are available on the Inquiry's website at:

www.gov.uk/government/publications/post-office-horizon-it-inquiry-2020

Annex B: Engagement timeline

The Inquiry's Engagement Timeline



*Maxwellisation: The practice whereby a person (or organisation) who faces criticism in a public report is given an opportunity to respond to such criticism prior to publication of the report. This is done either by providing the person (or organisation) with passages of the draft report or a summary of the proposed criticism.

This publication is available from: www.gov.uk/government/consultations/post-office-horizon-it-inquiry-call-for-evidence

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