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HOUSE OF COMMONS

Business and Trade Committee

Oral evidence: Post Office Horizon scandal: fast and fair redress, HC 341

Tuesday 19 November 2024

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Members present: Liam Byrne (Chair); Antonia Bance; John Cooper; Sarah Edwards; Alison Griffiths; Sonia Kumar; Gregor Poynton; Matt Western; Rosie Wrighting.

Questions 195-227

Witnesses

II: Mark Chesher, Partner, Addleshaw Goddard; Rob Francis, Partner, Dentons; Alan Watts, Partner, Herbert Smith Freehills.

Examination of witnesses

Witnesses: Mark Chesher, Rob Francis and Alan Watts.

Q195 **Chair:** Welcome to the second panel of this sitting in the Business and Trade Committee's inquiry into redress payments for the sub-postmasters. Thank you very much indeed for joining us. We are very grateful that you have spared the time to come and give evidence.

Let me start with what I think should be quite a simple question. Do you think the redress schemes are running fast enough?

Mark Chesher: I can speak to the GLO scheme, which I am assisting DBT on. I think it is running at a good pace; I think we could go faster.

Chair: "Not running fast enough, could go faster"?

Mark Chesher: Could go a bit faster.

Chair: Mr Watts?

Alan Watts: I help with HSS and OC1. HSS is not running fast enough at the moment. I think you mentioned about 1,600 currently outstanding claims. The number I have is about 1,800. The reason that it is not running fast enough—

Chair: Don't worry, we will come on to the reasons. I just wanted to get that first baseline question. You do not think that it is running fast enough; Mr Francis, do you think the redress systems are running fast enough?

Rob Francis: Good afternoon. I can only speak to the GLO scheme. I think there can always be further steps taken to speed the process up, but for the GLO scheme there have been 228 claims settled of the 306 submitted. So some progress has been made, but more can be done.

Q196 **Chair:** Mr Watts, the freedom-of-information request published earlier this year shows that Herbert Smith Freehills has received £163.6 million in legal fees. That was up to March 2024. Can you tell us how much in legal fees has been received in total from the Post Office and DBT in relation to the Horizon schemes?

Alan Watts: In relation to the Horizon shortfall scheme, the fees charged by Herbert Smith Freehills to date total £51 million, which I know is a very large sum of money.

Chair: Fifty-one million pounds.

Alan Watts: It might be helpful if I give some context to that. Obviously we have been working on the scheme for almost five years. That £51 million includes 370,000 hours of work. Eighty per cent of those hours of work run out of our low-cost centre in Belfast, and if you do the calculation, the average is £137 an hour. Again, I accept that that is a large sum of money, but I think it compares relatively favourably with the kind of fees that the claimant lawyers would be charging. I accept it is a huge sum of money, but it has involved a huge amount of work on the scheme over the last five years.

Q197 **Chair:** I think I am right in saying that if 2,454 cases have been resolved and the legal bill is £51 million, that implies that the legal cost per case is £20,782. Do you think that is a reasonable amount of money for the taxpayer to pay to settle one case?

Alan Watts: Again, you need to delve into the detail on that. I think it is actually 3,000 cases that have been resolved to date. What you also have to take into account is that that is not just assessing the cases but building the scheme in the first place—in particular, the work that was necessary and was done in building the principles and getting them approved both by Post Office and by BEIS, as it then was. Those principles have effectively been carried across and adopted by the other schemes as well. In that way, they set the precedent for the schemes going forward, and they were helpful in the way in which the other schemes were put together.

Chair: The published numbers that we have from the Department are 2,450 cases and a bill of £51 million. I come back to the question: despite all the set-up costs, is £21,000 a case reasonable for taxpayers to pay?

Alan Watts: I think that is for others to judge rather than me, Sir.

Chair: But I am asking you.

Alan Watts: I think, taking into account all of the work that was done, yes.

Chair: You think that is a reasonable amount of money.

Alan Watts: I think, taking into account the work that was done, yes.

Q198 Chair: In addition to the £51 million, it looks as though there is another £110 million of other cost. What was that £110 million for?

Alan Watts: There is also the GLO scheme. I think the cost in relation to that, to date, is about £13 million. The remainder of that number will include disbursements and VAT. It will also include the work that my firm did, which I did not do, in relation to the public inquiry. I can give you the breakdown of those costs. Not now, unfortunately—I do not have them at my fingertips—but I am more than happy to write subsequently and give you the breakdown of those costs, if that would be helpful.

Q199 Chair: It would be very helpful. Thank you.

Most legal firms will have billing targets as part of their business plans. What are your billing targets for the Post Office schemes next year?

Alan Watts: I do not have any billing targets for the Post Office schemes. The way the firm would work is that we set a budget as a firm, but we do not have targets for specific matters.

Q200 Chair: Mr Chesher, the last costs that we have in the public domain are £4.33 million for Addleshaw. I do not think that that number is up to date. What is the up-to-date number?

Mark Chesher: That figure is an estimate for our work on the entire project, and that is on the GLO. Our figure—I think you should have this, because it has been provided to me as well—for the GLO work to date is £1,675,000.

Q201 Chair: Okay. Do you have billing targets for this work next year?

Mark Chesher: No.

Q202 Chair: Mr Francis, the number that we have for Dentons is £2.52 million. Is that an accurate number for how much you have charged?

Rob Francis: No. The total that Dentons has charged to date is around £840,000. We also have some additional disbursements where we operate the independent panel on the GLO scheme, where we have senior KCs, forensic accountants and suchlike issuing binding decisions. That sum is separate.

Q203 Chair: Okay. I just want to get this straight. We have got the biggest miscarriage of justice in British legal history. We have got redress schemes that are running so slowly that people are dying before they get compensation. Each one of you has said that the schemes are running too slowly. We have got legal costs of something like £53 million, costing the taxpayer tens of thousands of pounds per case. The blunt question that I think the Committee has to ask is: are you not profiting from sub-postmasters' misery? Mr. Watts?

Alan Watts: No. Again, it is helpful to dive into the detail in relation to what is involved. First of all, the reason why I do not think the scheme is going quickly enough at the moment is that we were delayed in getting offers out on the original cohort of claims, which came in when the scheme opened in May 2020, because of the governance and the funding requirements of BEIS, as it then was. That meant that the first offer could not actually go out the door until March 2021, until all those matters were resolved. By December 2022, 95% of offers had gone, so I think that once we got started with the original cohort, the speed was—you can always be quicker, but I think that we were relatively satisfied with that.

We then slowed down. The scheme was closed for two years, until October 2022; it reopened, and applications were coming in at the rate of, I think, around 20 to 25 a month. It was not a huge number of applications, and they were being dealt with relatively

speedily. But then what happened was the ITV drama at the beginning of this year. In the three months after that drama aired, I think we got between 1,100 and 1,200 cases. At that stage, we just weren't prepared for that number of cases. We then started to build up the team again to try to get through those cases, but subsequently what happened was the suggestion of the £75,000 fixed-fee offer. That effectively meant that we were told to put on hold, I think, approximately 1,350 of those cases, because it was expected or anticipated that those postmasters might wish to accept that offer. There was therefore obviously no point in wasting money on assessing claims where the £75,000 may be accepted.

At the moment, we have approximately 450 cases where we think the £75,000 will not be accepted. We are working through those. A number of them are ready or close to going to offer. We think, assuming that the RFIs get answered in relatively good time, that we ought to be able to get offers out on all of those—subject to unforeseen circumstances—by the end of March next year.

Q204 Chair: Let me come back to this point. Most sub-postmasters listening to this session will be frankly horrified that we are spending, on average, £21,000 on a case. What do you think is a reasonable legal cost for each case?

Alan Watts: We are not spending £21,000 on a case at the moment. The way we try—

Chair: They will be looking at £51 million and dividing it by the number of cases, but we can argue the toss on that.

Alan Watts: No, we don't—

Chair: The question is this: what is a reasonable amount? What is the reasonable legal cost per case?

Alan Watts: What we are looking at, at the moment, is in relation to the 450 that we are looking to deal with, which are the most complex ones, because we anticipate that they will be over £75,000 and a number of them will be well in excess of £75,000. I think we have agreed with the Post Office that it will be £15,000 per case.

Chair: Fifteen thousand? Extraordinary.

Q205 Sarah Edwards: This question is for Rob Francis. As claims facilitators, Dentons were called in a previous session "a highly paid post box". You mentioned that you have billed for about £840,000. We understand that the contract is for £2.52 million; perhaps you can explain the difference, or whether they are different. But what is it that you are actually doing to progress claims through that scheme? Could you explain more about that role and comment on the fees that you have charged so far?

Rob Francis: Yes. In terms of our role, it is important to emphasise that we are an independent facilitator on the GLO scheme. In that sense, we are not advising DBT or Government on the specifics of an individual offer.

Our role, really, is twofold. The first element is to try to push along negotiations as quickly as possible, so we are chasing, making sure people are hitting deadlines and pushing both sides to try to resolve things quickly. The second side of it is that we have set up an independent panel. This is a range of people: senior KCs—we have four different KCs available—and senior forensic accountants. They can issue a binding decision if the individual parties cannot reach appropriate terms for the redress. As well as that, we have the appeal function that was mentioned earlier, whereby if either side feels unhappy with the binding decision, they can refer it to Sir Ross Cranston, a retired High Court judge, to issue a further decision. That is the role more broadly.

On the point about the comments that were made at the previous session, that is not a description that I would recognise. There are two points to that. The first is that we do operate an electronic portal. There are 492 claims in the GLO scheme, and we are using technology to be as efficient as possible. What happens is that the postmaster's solicitors can submit the claim through the portal, and there will be quite often a lot of evidence that goes with that. It will be uploaded to the portal, and then that generates an automatic alert. At that point, the advisers to the Government on the individual offers—Addleshaw Goddard, which Mr Cheshier is from—will consider that and put together an offer, so we are not the ones putting together the offer.

That portal is important. It provides a rapid process to get the claims to the people they need to get to. There are 492 of them, so there is a lot of information. The portal stores all the key documents in one location for the parties, but it also provides live updates to all the claimants' solicitors. Some of the firms are representing several hundred postmasters, and this gives them the ability to see in real time where each claim is at in relation to the deadlines, and we are using it to chase the parties as well.

Let me pick up the final point. You asked about our fees: the distinction is that when this went out to competitive tender, that figure was the figure set by the Government for the competitive tender. The amount that I gave was the amount that we have billed to date.

Q206 Sarah Edwards: To follow up on that, the experience of people seems very different from the description that you have just given of the different component parts, KCs and the like. Why do you think their experience feels as though it is simply a post box, and why do they not have that understanding of the process?

Rob Francis: The first thing I would say is that I fully recognise that the postmasters want this resolved as quickly as possible. It is an aim we share. As the independent facilitators, we are trying to push things through as quickly as possible, so I recognise the desire to get things through quickly.

There were specific examples of individuals in the previous session, and we went and had a look at those particular matters. I will not talk about individual cases, for obvious reasons, but we identified the issues on those two particular claims. An individual who was not from Dentons left an email address off an email, so there was a delay for that period. That was picked up and resolved. Over 300 claims have been submitted, so I do not think that those two particular instances represent the overall approach to the communication, but I recognise the intent and the feeling, as you have said, that we need to be moving as quickly as possible and pushing.

The role of Dentons is very much to push the parties. We are the ones that are butting heads. We are the ones that are issuing case management decisions. An important mechanism is the independent panel; if the parties cannot reach agreed terms, we have the ability to send it to senior KCs and senior forensic accountants to issue a binding decision that the Government then has to pay that sum. We are talking to the claimants all the time, so if it is something that the claimants want, we are very happy to move forward with that.

Q207 Sonia Kumar: Building on that point, where are the bottlenecks or the barriers in the system?

Rob Francis: I can only speak to the GLO scheme. Of the 492 claims in that particular scheme, 306 have been submitted, so not all of them are yet in the scheme. There is a good reason for that. The claimants' solicitors are working hard to progress their clients' claims as quickly as possible, but it took a significant period of time for the Post Office to get them the evidence they needed to do so. That has been resolved, but I am not involved with that at all. We do not deal with the Post Office at all, except for the platform. As I

understand it, that issue has been resolved, but it has a knock-on effect now that the claimants' solicitors need to put together the evidence. They need to get expert forensic accountancy and medical evidence, and then that is put together and submitted. I think we will see the rest of the claims come through—as I understand it from the claimants' lawyers, who we are talking to—by the end of the year. That is positive news, which we welcome.

The other area that we are really pushing—we have been pushing hard on this to Addleshaw Goddard and the Government, and to everyone we can talk to about it—is turning around the offers as quickly as possible. They have the 40-day period and they are meeting that for the first offer, but this is also about making sure that when the postmaster pushes back on that first offer for valid reasons, the second offer comes out as quickly as possible. I understand that the Government is now setting a target for that as well, which is welcome news.

Q208 **Antonia Bance:** Mr Chesher, claimant representatives have called your approach to evaluating expert evidence from sub-postmasters, such as psychiatric evidence, “overly forensic” in nature. How do you respond?

Mark Chesher: I recognise that it is frustrating that we sometimes make requests for further information on those expert reports. I know that James Hartley raised that at the last session. He gave the example of, I think, a two to three-page letter in relation to a medical expert report. I agree that it is a good example of our approach to requests for further information.

There are really three main points. First, the requests are directed at the medical expert who has been funded by the Department with taxpayer money to produce the report. Where we have questions, we want to make sure that that report has covered the basic information that we would expect to see to enable us to make an assessment of the severity of the personal injury and the appropriate treatment that DBT would fund, and to provide a prognosis so that we can assess other aspects of the claim. That goes to three heads of compensation. We are making those RFIs because we want to increase the offer, not downplay it.

On the non-pecuniary loss, personal injuries are assessed against something called the Judicial College guidelines, which require an assessment of six factors that we need to see covered in the expert report. That makes a big difference to the award. At the bottom end of the scale, the award is something like £2,000, and at the top end of the scale, it is £140,000. That is that element. Then there are the treatment costs. We are often looking at psychiatric injury, so it is CBT and other therapies.

Some of the other six factors that I mentioned also run into the pecuniary loss aspects of the claim—in particular, the past and future loss of earnings. It can have a massive effect on the award that we can offer, depending on what the evidence from the medical expert shows. I can certainly say that it is not trying to reduce the offer, and it is not intended to imply that the psychiatric injury was not caused by the Post Office; it is just trying to get the full information so that we can make the award. I can say that, in the vast majority of cases, DBT has accepted causation in relation to psychiatric injury.

Q209 **Antonia Bance:** The question was not just about psychiatric injury, though; it was about the culture of disbelieving sub-postmasters. I would appreciate your thoughts on the degree to which the GLO scheme provides for giving sub-postmasters the benefit of the doubt.

Mark Chesher: We do try to maximise the offers. We do try to give the benefit of the doubt. We assess that and we are looking at fairness across the board. We have to consider

fairness to the taxpayer and to the individual sub-postmasters, and consistency across the scheme so that similar injuries and similar losses are compensated in the same way.

I would add that we quite regularly now make offers in respect of heads of loss that are higher than what has been claimed. In some cases, we offer compensation for something that has not been claimed, because we have seen it in the evidence but it has not been picked up by the claimant lawyers, so we have made an offer on that head of loss.

Q210 Antonia Bance: In the previous panel, Minister Thomas said that he has made it clear that “we want claimants to be given the benefit of the doubt,” and that offers should be “as generous as possible”. Do you think you are fulfilling that?

Mark Chesher: I do. We work very hard to do that. We advise DBT and we consult with DBT. Ultimately, we are advising and they are deciding, but I think we are doing our best to be fair.

Q211 Antonia Bance: In the answer before the last one, you mentioned the importance of value for money for the taxpayer. Is that an overriding concern for your firm in this process?

Mark Chesher: It is a factor. I do not think it is an overriding concern. At the front and centre of everything we do is ensuring that the sub-postmasters are paid full and fair compensation, and that that is done as fast as we can.

Q212 Chair: The challenge that we have is that, when we look at the compensation number that has gone out the door, it is about £470 million. When we look at the total legal cost, it is about £270 million. So as of now, it is costing a fortune to get the redress payments to sub-postmasters.

Mark Chesher: I can comment only on the £1.675 million that my firm has billed on the GLO scheme.

Q213 Chair: The process that you have just described in answer to Antonia Bance sounds mind-blowingly complicated to me. How do you expect sub-postmasters, who have been to hell and back, to go through that process to get the redress payment they are entitled to?

Mark Chesher: In the GLO scheme they have the benefit of advisers who are assisting them through that process. That is the process that has been set up.

Q214 Chair: I know that. The question is: why has it been set up like this? Why is it not simpler? What we want to know as a Committee is what you would suggest to make it simpler and faster and make it reflect the Minister’s steer, which is that sub-postmasters ought to be given the benefit of the doubt, not sent off to get complicated medical assessments, often for people who might be dead.

Mark Chesher: The process was designed in consultation with the JFSA, as I understand it. I was not involved at the time, but this is the process that was set up in consultation with the JFSA.

Q215 Chair: But it is obviously not working. You all said at the beginning of this session that the redress schemes are running too slowly. The question again is, what would you do to make it simpler now?

Mark Chesher: It is very difficult to make it simpler. These are complicated claims. The GLO scheme is the only one that I can comment on at the moment. It is a very ambitious scheme that is moving fast compared with comparable schemes. I struggle to see, without a fundamental redesign, which would not necessarily speed anything up, how it can change

significantly. We are making good progress. As at 31 October, 295 offers have been made, 228 offers have been accepted and 221 claims have been paid out in full.

Q216 Chair: You don't think it can go any faster or be any simpler?

Mark Cheshier: I think it could go a little bit faster, but I don't think it could be substantially simpler. These are complicated claims. There is not a one-size-fits-all approach. I think James Hartley would agree with me that there is not a formula for this. I think he said that in the last session. These are complicated claims.

Q217 Gregor Poynton: Mr Cheshier, you said you are looking to increase the offer, not downplay it. In our last session, James Hartley at Freeths told us that 27% of first offers made to his clients were for less than half of what they initially claimed. That sounds like you are trying to write down offers. Are you?

Mark Cheshier: No, we are trying to reach a view on what the claims are worth and what is appropriate redress for the claimants, and advising DBT on the same.

Q218 Gregor Poynton: Following on from Antonia Bance's question, in terms of motivation, do you see it as your job to reduce the cost of the claims?

Mark Cheshier: No.

Q219 Gregor Poynton: Are you or your team incentivised in any way to reduce costs?

Mark Cheshier: No, absolutely not.

Q220 Matt Western: Mr Watts, Herbert Smith Freehills were involved in the battle alongside Womble Bond Dickinson in the original Bates litigation. You then went on to assist in the design of the Horizon shortfall scheme. It is a curious situation that you should have gone on to do that. In fact, the previous Minister, Kevin Hollinrake, said he was astonished by that. Why did you not recuse yourself?

Alan Watts: I have heard that and understand that comments have been made. I think that is partly based on a misunderstanding of our role on the GLO. In relation to the original GLO, as you said, Womble Bond Dickinson were the solicitors on the record that fought that litigation. That litigation went badly wrong from the Post Office perspective. I think it came to the correct outcome, but it was obviously not going the way Post Office wanted.

We were asked to advise on a strategic level. We were one of two firms that were approached in April 2019, as to whether we could advise on a strategic level and, in particular, how we could bring that litigation to an end. Our only role on the GLO was twofold. The first was in relation to an appeal on some points of law in relation to the common issues judgment. That was probably about 2% of what we did. That was largely driven by Post Office needing some clarity around some of the things that Lord Justice Fraser had found, because they were going to be pretty challenging to their ongoing operations. That was a very small part.

The large part of what we did was putting them in a position where they could settle the GLO. That very much involved looking at the claims brought by the postmasters and trying to evaluate those and what they might look like at the end of the proceedings, on the assumption that they would win. The challenge that we faced was that the details that had been given in relation to those claims were very sparse, because at that stage they were just looking at liability; they were not really looking at the amount they could recover. They had put in, effectively, just their estimate of their losses, so we did an awful lot of work trying to work out what their claims would be worth at the end of the proceedings, on the assumption that they would win, and that gave us the ability on behalf of Post Office to go to BEIS and say, "We think this is what they are likely to recover at the end of these

proceedings. Please give us authority to try to settle the proceedings up to this amount." That resulted in a mediation that went on for—I cannot remember whether it was 11 or 13 days, but quite a long time, and it involved two independent mediators helping us to come to a resolution.

We did come to a resolution, and as part of that resolution it was agreed that a scheme would be set up, because Sir Alan had indicated that he was aware of a number of other postmasters who had similar claims but had not felt able to join the GLO, and therefore he wanted a mechanism for these claims to be dealt with. At that stage, we did not really have very much insight as to how many of these claims there would be. I think Sir Alan at the time mentioned about 50 or 60, but I asked Post Office, "How many do you think there will be?" and nobody really had any idea. Part of the terms of the settlement agreement were effectively the bare bones of what became the Horizon shortfall scheme.

I think that our involvement with the settlement, the fact that we understood the way these claims may be put, and the fact that we had the legal knowledge of the issues that would impact these claims put us in a good position to be able to help with the scheme. There clearly wasn't any conflict, because our instruction on the GLO was to help Post Office to settle it, and our instruction on the Horizon shortfall scheme has been from the outset, and continues to be, to help Post Office deliver full and fair redress. That is what we have always been instructed to do, and that is what we have always tried to do.

Q221 Matt Western: Thank you for that. I understand the points you are making. I do not necessarily agree with them, but I am interested by them. To an outsider, it would seem that you had skin in the game: you were disposed to the client—the Post Office—in the first instance. At that time, what did the Minister say about your involvement in establishing this?

Alan Watts: I would have had no discussions with the Minister, so I wouldn't—

Q222 Matt Western: So they weren't involved. It was just—

Alan Watts: I can't answer that question. Maybe somebody at BEIS or somebody at Post Office could answer that question, but I was not involved, so I have no—

Q223 Matt Western: Who would it be in the Post Office, do you think?

Alan Watts: I don't know, I am afraid.

Q224 Sonia Kumar: Mr Watts, the Horizon shortfall scheme does not provide legal support funding for claimants prior to the outcome of the full assessment. Why design the scheme in such a way?

Alan Watts: I have heard this raised on a number of occasions. At the end of the day, obviously, the decision whether legal advice would be provided for was not mine. The only thing I can tell you to help you work that out is that one of the things that was clear from Sir Alan and those who were involved in the settlement of the GLO was that they would prefer something that did not need legal input—something that was simpler for postmasters to access and that meant they did not have to spend large sums of money on lawyers. That was one factor. As to other factors around costs and so on, I was not party to any of those discussions, so I don't know. It was not my decision; it would have been a decision taken by Post Office, I assume alongside BEIS.

The only thing that is worth adding is that postmasters do get the ability to get legal advice once they have received an offer, and that was the way the scheme was designed. It was designed to try to allow postmasters to bring claims without the need for legal advice, but once they had an offer they would have the ability to go and take legal advice. We felt that it was important for them to be able to have the offer explained to them. If they were to

accept the offer, they would be giving up rights, so it was important at that stage for them to have the ability to take legal advice.

It is interesting to note that, as I understand it, of those who did get an offer, only 8.4% actually took up the offer of legal advice at that stage. You would have to ask those people why they did not take up the offer of that legal advice, but I think that demonstrates that they did understand the offers and did not feel the need for legal advice at that stage. That might be an explanation as to why they were happy to proceed as they did.

Q225 Sonia Kumar: Did you consider at the time whether it was fair to insert complex legal terminology in settlement offers to sub-postmasters, many of whom would lack legal representation?

Alan Watts: Again, I understand where this question is coming from, because I have heard these comments made previously. Having heard the comments before, I thought, "Well, I should go back and look at what was done," and there are two things. The first thing that I looked at was the application form. I do not know whether members of the Committee have looked at it, but you can access it from the website. It is actually only five pages of questions, which I think are written in fairly non-legalese. The other issue that people have raised is about the RFIs.

You could try to make the application form simpler, but there is a balance to be had with asking for enough information on the application form. You have to ask things like, "Name of postmaster? Did you have a contract with Post Office? When did you run your post office? What shortfalls did you suffer? Was your contract terminated?" Those are basic questions that you have to ask to be able to work out what their claim is and what it would look like.

The RFI issue is more challenging because you are then trying to build on what they have already told you, and trying to work out what their claims are, because, as you said and we have pointed out, they are not getting legal advice and they are not lawyers—this is not their area. We worked alongside the independent panel to design the RFIs and to try to put them in language that we believed would be as straightforward as possible. It is never going to be that straightforward, because we are dealing with legal concepts, but we are trying to explain them in a way that people could understand.

We also tested that out. While eight of those on the independent panel are lawyers, eight are not lawyers. So we tested it with the panel, and we also tested it within Post Office, with people that are not lawyers but know postmasters and know how postmasters think. We tested those to see whether they thought that RFIs were clear enough for postmasters to be able to understand. That is the way in which we worked out the RFIs.

Obviously, depending on the heads of loss that you are claiming, you will get different sets of questions. If you are claiming shortfalls, you will have sets of questions in relation to those shortfalls: "How did you repay those shortfalls? How often did they occur? Is there anything else you can tell us about those shortfalls?" If they are claiming for loss of a business, you will have questions such as, "When did you buy your business? Can you remember how much it cost? What did you sell your business for?" Those are the kinds of questions, and they are put in that straightforward way. If it would be helpful to the Committee, I could probably send you an anonymised version of an RFI so that you could see it for yourselves. I do not know whether that would be helpful or not.

Chair: It would be very useful.

Alan Watts: But I am not saying that we are always right; there will have been occasions where we did overcomplicate it, but we were not trying to. I also understand the point that was made earlier—that obviously, for some of the postmasters, English will not necessarily

be their first language—and perhaps we should have done more in relation to giving them assistance. There is an email helpline and a phone helpline, which I think we ought to do more to encourage them to use—

Chair: We are not trying to relitigate the past, because Sir Wyn Williams is doing that for us all, but we are wrestling with Mr Chesher's testimony that he does not think that this process can be simplified or accelerated. We are therefore looking for things that we can do to improve it.

Q226 **Matt Western:** I have a final question, which really goes back to one of the Chair's first questions about billings. I guess this is a naive question based on my limited understanding of how law firms work, but you said that you had no idea what the billings would be related to this work for the coming year; how can you resource what you need to do if you have no idea? How are you estimating the need for this financial year with your business? Mr Chesher first, please.

Mark Chesher: Just to clarify, the question I was answering—I thought, anyway—was about whether I have any billing targets to reach, or whether I am incentivised to reach a billing target. I am not.

In terms of allocating resource, yes, we monitor what cases are coming in. We have regular dialogue with Freeths and the other major firms that are submitting claims, and we have scaled up appropriately. Since the last time I was before the Committee, in February, we have trebled the size of the team in reaction to knowing that more claims were coming in—the claims input has accelerated. We absolutely do that, and we track the 40 working days and work out how we allocate the cases and so on. That is all managed.

Matt Western: So that is for this financial year. Mr Watts?

Alan Watts: It is similar. As I said, we don't have budgets for this case. One of the advantages of using our low-cost centre in Belfast is our ability to flex up and down with the team. For example, when things were much quieter—when we were having only 20 or 25 applications a month—the team went down to a much smaller size: possibly 20 or 30 individuals. We have now built the team up to 80 people to try to deal with the number of cases we now have. That is how we manage to resource it, and the fact that we have a large low-cost centre in Belfast means that we are able to flex up and down relatively quickly.

Matt Western: You estimate it, don't you?

Alan Watts: Well, we have regular discussions with Post Office about what they see as the likely trajectory. They tell us what they think the cases are going to be, and then we try to build the team to meet the cases. At the moment, because the 1,350 cases are on hold, we are at a point at which, unless something happens, we will have to take people off the team because we can't have them sitting there doing nothing, so we do flex up and down. Ideally, you want to keep the same people doing the cases, because obviously the more cases they do, the more familiar they are with the issues and the quicker they can do them.

Rob Francis: Our role is very different. We do not have case advisers going through putting together offers. We do forecasting within our team, and we make sure we have a sufficiently large team in place to work on this. We work with legal project managers and other experts to make sure we have a big enough team. Certainly, I can say that we are turning things round on the day we get them, or shortly afterwards. For us, team size isn't an issue because we have a lot of extra capacity out there across the country that we can bring in to use on this.

Q227 Matt Western: So those forecast figures might be given to DBT via Post Office or directly?

Rob Francis: Our forecast is more about making sure we have a team in place ready to support the facilitation of the claims in the GLO scheme.

Chair: Thank you very much indeed. You have told us that none of you is very happy with how fast this redress scheme is going, that it is not clear that it can be made to go any faster, and that it is extremely expensive. That is extremely useful testimony to the Committee as we frame our recommendations. Thank you very much indeed for your time this afternoon, and for the candour of your evidence. That concludes this panel.

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