



Business and Trade Committee

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

Tuesday 19 November 2024

Ordered by the House of Commons to be published on 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 96-194

Witnesses

I: Gareth Thomas MP, Minister for Services, Small Business and Exports, Department for Business and Trade; Heidi Alexander MP, Minister of State, Ministry of Justice; Carl Creswell, Director, Post Office and Business Engagement, Department for Business and Trade; Ed Lidington, Director, Courts, Criminal and Family Justice Directorate, Ministry of Justice.

Examination of witnesses

Witnesses: Gareth Thomas MP, Heidi Alexander MP, Carl Creswell and Ed Lidington.

Q96 Chair: Welcome to today's session of the Select Committee on Business and Trade. I am very grateful to Gareth Thomas and Heidi Alexander for joining us to give evidence in our second session on the Post Office redress schemes. Thank you very much for bringing two officials with you: Carl Creswell and Ed Lidington. You are very welcome.

As some of you will know, legal action is under way. We are therefore very grateful to Mr Speaker for granting the work of this Committee a sub judge waiver, which I will now read: "In December 2022, Mr Speaker exercised his discretion in respect of matters sub judge to allow reference to these proceedings, as they concern issues of national importance. That waiver is ongoing and applies not only to speeches made by Members on the Floor of the House, but to remarks by both Members and witnesses at today's oral evidence session. Nevertheless, Members are urged to exercise caution in what they say. Members are also urged to bear in mind that Sir Wyn Williams's Post Office Horizon IT inquiry is ongoing."

Heidi Alexander, perhaps I can start with you. You are a newish Minister coming into the Department. You are looking at the Horizon convictions redress scheme and other matters. Can you just start us off by telling us what you have found as you have looked at the redress schemes that are in place?

Heidi Alexander: Thank you, Chair, for inviting me. My responsibility in the Ministry of Justice relates to writing to individuals who need to be informed that their convictions have been quashed by the legislation. Minister Thomas in the Department for Business and Trade is responsible for the running of the various compensation schemes.

When I walked into the Department on 8 July, I was very quickly briefed by Ed and his team of officials about the work that he was doing to be able to ascertain the individuals who had had their convictions quashed. That has really been my focus: how we can swiftly identify those individuals and write to them if we need further information to ascertain whether they fall within the scope of the Act, making sure that we are communicating with them quickly. That has been the process that has been under way in the last couple of months, from a Ministry of Justice perspective.

Q97 Chair: Have you come in and basically observed a machine that runs smoothly, like clockwork?

Heidi Alexander: We did encounter some difficulties in July, in terms of discrepancies between the various datasets that we were using to identify individuals who had convictions that were in scope of the Act.

Q98 Chair: What kinds of discrepancies?

Heidi Alexander: It might help if I describe what the process has been to identify these individuals. So far, we have assessed 87% of the individual cases of which we are aware—

Q99 Chair: I am going to come back on the performance stats in a minute; I am just interested in the point you made about discrepancies in record keeping. Last night, you published new figures that show that the total number of convictions has gone up to 1,807. That is quite a big leap from the previous number, which was 1,491. I suppose the Committee is concerned about whether there is a comprehensive list of who has been prosecuted. When you came in as a Minister, was there one comprehensive list of who had been prosecuted, or not?

Heidi Alexander: We had been provided with information by the Post Office and by the Crown Prosecution Service. That equated to 936 individuals. Since that time, we have had a further 40 individuals self-identify, believing that they are in scope of the Act. On the information that the Post Office and the CPS provided to us, there were 27 cases in which not enough information was contained to identify whether there was a conviction in scope of the Act. The information that was provided to us by the Post Office and the CPS did not provide all the data that we needed—

Chair: It did not provide it?

Heidi Alexander: It did not. If you think back to the legislation that was passed, there were five conditions that had to be met in order for a conviction to be deemed in scope. They related to the date of the offence; the type of offence; the status of the individual as either employed by the Post Office or carrying on business in relation to the Post Office; whether an allegation had been made in relation to that activity; and whether Horizon was installed in the branch at the point at which the individual was charged with committing an offence.

To ensure that we knew that all five of those conditions had been met, we had to check multiple data sources, which included court records, the police national computer and, some of the time, HMRC and the Criminal Cases Review Commission, because we had to assure ourselves that those individuals had convictions that were in scope of the Act.

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In July, we identified some discrepancies between the police national computer and court records. Because court records are the definitive record of a criminal conviction, we chose to request all the court records, so that we could be sure that the individuals that we were writing to were in scope of the Act.

I should also say that at every stage of the process we have sought to limit the burden that we are placing upon individuals who have been affected by this miscarriage of justice. I realised that it would have added insult to injury to be constantly asking them for more information, so we have sought to do as much of the work as we can ourselves in the Ministry of Justice, but it has meant cross-checking multiple data sources that span many decades.

Q100 **Chair:** You say that some of the data was contradictory. Can you give us a flavour of the contradictions?

Heidi Alexander: On the police national computer, the date of the offence or the offence type might not have matched the court record. That was why we chose to request all the records from the courts.

Q101 **Chair:** It sounds as if there was not a single list of everyone who had been prosecuted. It sounds as if there was quite a big chunk of a list, but then you have basically had to patch data from several bits of the state to get the information you need.

Heidi Alexander: That is completely right. We have essentially been piecing together the bits of a jigsaw puzzle.

Chair: You have been piecing together the bits of a jigsaw puzzle.

Heidi Alexander: That is how I would characterise it, yes.

Q102 **Chair:** Do you think you now have all the pieces of the jigsaw puzzle on the table?

Heidi Alexander: It is possible that a further individual could come forward and say to us that they believe that they are in scope of the Act. We are confident that we are aware of the vast majority of people who have convictions that are in scope of the Act, but it is not impossible that somebody else could come forward who we are unaware of at the moment.

Q103 **Chair:** So you cannot tell the Committee today that you are 100% sure that everybody who should be on the radar is on the radar.

Heidi Alexander: I cannot at the moment. It is not inconceivable that somebody could come forward still, but I am confident that we are aware of the vast majority of people who have convictions that are in scope of the Act. As I said, we have so far assessed 87% of those cases.

Q104 **Chair:** I just want to double-check the numbers. As far as we understand it, a total of 1,103 individuals are either being considered or have been considered, across England, Wales, Scotland and Northern Ireland. Does that sound broadly right?

Heidi Alexander: The figure that I have is that 949 individual cases have been or are being considered. I can ask Ed to comment in detail on how we arrived at that figure.

Q105 **Chair:** Ed, does that 949 include Scotland and Northern Ireland?

Ed Lidington: No, that is only England and Wales.

Q106 **Chair:** And if we were to add Scotland and Northern Ireland?

Ed Lidington: Scotland and Northern Ireland are conducting that casework themselves. The figures I have for Scotland, from an update on 31 October, are that they were looking at 141 cases, of which 44 had been identified as out of scope and 31 had been identified as in scope of the Act; they were assessing the rest. Northern Ireland gave an update on 26 September, which the Committee may have seen: it suggested that they had identified 12 that were quashed and 14 that they were still considering.

Q107 **Chair:** That would basically take us to 1,103 or thereabouts. That is the number of cases that are in scope, and I think there are 565 people who have been identified as having one conviction quashed. Is that correct?

Heidi Alexander: The number that I have for England and Wales is 522.

Chair: That is obviously a much smaller number than 949.

Heidi Alexander: Correct. There are 145 individuals to whom we have written to ask for more information. We have also assessed 155 individuals in England and Wales and confirmed that they have no convictions that fall within the scope of the Act. I can break that 155 down if you are interested.

Q108 **Chair:** If there are 949 people you have identified as in scope of the scheme and only 565 who have been identified as having one conviction quashed, the question is when everybody is going to know that they have had their convictions quashed. What timescale have you set for your team?

Heidi Alexander: It is my understanding that we will have carried out all the assessments by early January on all the cases that we are aware of. There is a cohort of individuals whose convictions fall outside the scope of the Act. I can break that down further for you.

Q109 **Chair:** I am more interested in why there is a gap between the number of people that you have identified and the number of people who have had a conviction quashed, but you have basically told us today that you are working those through and that it is going to take you until January to get that done.

Heidi Alexander: There is a small number of cases that we are still working on, yes.

Q110 **Chair:** Let me ask about the claims paid, if we can bounce to that end of the process. Although 565 people have been identified as having a conviction quashed, in total only 183 claims have been paid, either interim or in full. The question to which we are keen to understand the answer is "If you take until January to assess everybody, how long will it then take to pay everybody?"

Heidi Alexander: I think that might be a question that Minister Thomas can answer.

Q111 **Chair:** Okay. Mr Thomas, can I start with your basic assessment of what you inherited when you came into the Department? When you looked at the redress schemes that were in place, what were your observations?

Gareth Thomas: I think it would be an understatement to say that there has been considerable criticism of the compensation process. Many of the sub-postmasters I have spoken to who were victims of the scandal have criticised the speed and, on occasion, the number of requests that they have received for extra information to help judge their claims. There have obviously also been criticisms of the extent of legal involvement and delays around the use of lawyers to judge claims.

Q112 **Chair:** You must have got all the civil servants and the Post Office people together when you were appointed. Once you had met and spoken to them, what were your observations? Has the Department for Business and Trade got a clockwork machine running

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the redress programmes? Did you think, "This is fantastic: we just have to run this machine and off it will go"?

Gareth Thomas: As you have just discussed with Heidi, we inherited the system after the last Parliament took the decision to overturn the convictions of all the sub-postmasters, but none of the details of the compensation process had been sorted out by the time of the election. That was left for us to sort out.

Chair: Just say that again: none of the redress schemes—

Gareth Thomas: On the process of giving compensation to all those who are identified as having had a conviction and as having had it overturned in the legislation we voted for in the last Parliament: a compensation scheme had not been set up for those individuals by the time of the general election. Those details have been left for us to sort out—not only to find out who those individuals are, but then to begin the process of getting compensation out to those individuals.

Q113 **Chair:** What about the other schemes that you inherited? How fit for purpose were they?

Gareth Thomas: On the overturned convictions scheme, we are making reasonable progress on getting redress out to the victims who are covered. On the GLO scheme, which I am sure we will come to, we are now confident, having talked to the claimants' lawyers, that by the end of March we will be able to get substantial redress out to all those claims that come in before Christmas.

If I am honest with you, Mr Byrne, the scheme I am most worried about is the Horizon shortfall scheme, for which there are still people coming forward even at this point. In a sense, that is a good thing—the victims of the scandal are having the confidence to come forward—but the number of people in that scheme who will need compensation is continuing to rise. That is one of the reasons why we introduced the fixed-sum payment of some £75,000 into the Horizon shortfall scheme: to try to help those people coming forward—who perhaps thought that their claims were at the relatively lower end, although still significant—to get quicker redress.

Q114 **Chair:** It sounds like a mixed picture: there were some schemes where there was not anything, some that were not working perfectly and some that you had more confidence in. Was it your basic analysis that the schemes were not running fast enough?

Gareth Thomas: My basic analysis is that we have to do more to get redress out the door more quickly.

Chair: I think you are saying that they are not running fast enough.

Gareth Thomas: Given the number of people who were yet to have compensation when we came into office, I absolutely want to speed up the process.

Chair: I will take that as a yes.

Q115 **Gregor Poynton:** We have touched quite a lot on England and Wales, so I thought I would touch a little bit on Scotland and Northern Ireland. How are you working with the Scottish Government and the Northern Ireland Department of Justice to ensure swift justice for the sub-postmasters?

Heidi Alexander: The Act introduced by the last Government, as you will know, did not include convictions that were imposed in Scotland. Justice is obviously a devolved matter, and the Government at the time took the decision for responsible Ministers to remain accountable for the decisions taken in their jurisdictions.

You will know that Scotland has historically had a separate legal jurisdiction to England and Wales, but we have been working very closely through our casework teams, and officials in the Ministry of Justice have supported the Scottish Government as they have progressed their legislation. We continue to support them in the implementation of the Act. Ed might like to say more, but it is my understanding that our casework team shared our casework guidance with the Executives in both Scotland and Northern Ireland and that there are regular meetings so that we can share best practice.

Q116 **Gregor Poynton:** Is there consistency in how that is being rolled out and in how people are being dealt with as a consequence?

Ed Lidington: There should be. We shared with them the casework guidance we had developed, to allow them to base theirs on it. Similarly, with the legislation for Scotland—because obviously Northern Ireland was included in our legislation—we shared all our instructions and legislation with them to allow them to develop that Act. The aim was consistency.

Q117 **Gregor Poynton:** Great. From what you have seen, do you have any specific concerns about what is happening in Scotland or Northern Ireland?

Heidi Alexander: Not to my knowledge.

Chair: Ed?

Ed Lidington: Not from my perspective, no.

Q118 **Chair:** Heidi, how many civil servants do you have working on this?

Heidi Alexander: Twenty-two.

Q119 **Chair:** Is that enough?

Heidi Alexander: I have asked that question. I asked it back in July. I also requested a weekly progress update as soon as I got into the role, because I recognised that this was going to be a massive priority. I am confident that the resource that we have dedicated to the casework function in the Ministry of Justice is enough at the moment. But as I explained earlier, it is a complicated process that involves checking multiple data sources, writing to individuals, getting responses back and considering that information.

We will not be closing down this process in the Ministry of Justice. If anyone did happen to self-identify later than January, we would ensure that the resource is there to swiftly make an assessment as to whether they fall within the scope of the Act.

Q120 **Chair:** If you had more people, could you deliver your January deadline earlier?

Heidi Alexander: No. There are certain things that we are waiting for. At the moment, the casework team is waiting for a return from the credit referencing agency Equifax. Some of the problems we have encountered are because we simply do not have addresses for 61 individuals. There have been lots of different routes that we have pursued to get those addresses. We are waiting for one of the returns to come back.

I do not believe that the number of staff we have allocated in the Ministry of Justice is the primary constraint. If it were a case of putting in more staff so we could do it quicker, I would not have hesitated to ask Ed to make those changes.

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Q121 **Chair:** If it looks as though you are in peril of missing the January deadline, will you put more staff on the job?

Heidi Alexander: If staffing proved to be the constraint, I would of course consider extra resources, but we have now assessed 822 of the 949 cases that we are aware of in England and Wales, so the vast majority of the work has been done. We are starting to come to the end of the road in finding addresses for the 61 individuals I talked about, but of course I would not hesitate to put more staff on the job if I thought it would speed up the process in any way.

Q122 **Chair:** So money is not a constraint on getting the job done?

Heidi Alexander: No. We have made it a priority in the Department.

Q123 **Chair:** Have we now confirmed that all individuals who may be in scope of the Act in Scotland and Northern Ireland have been identified, or are we still looking for people?

Heidi Alexander: Ed, do you want to pick that up?

Ed Lidington: The casework teams in Scotland and Northern Ireland are working with the prosecutors there to identify who those people are. Similarly to what we have done with the Post Office and CPS, they will have been given that list. They are also working with the Post Office to identify them. To the best of their knowledge, they have the people that they need, but as Minister Alexander said, there may be more people who come forward. So I think "Yes, for now" is the answer.

Q124 **Rosie Wrighting:** The Horizon shortfall scheme is the only scheme that does not offer paid legal advice when people are submitting a claim. Why do you not offer this help to claimants at the point of contact for the scheme?

Gareth Thomas: That is probably a question for me—[*Interruption.*]

Sitting suspended for Divisions in the House.

On resuming—

Q125 **Chair:** Gareth Thomas, Rosie Wrighting was just asking you about why, when you look at the HSS, there is no paid legal advice available up front—we have heard that big criticism during our inquiry. You said that you were not happy with how the HSS was working and that you were worried about that. Why is there not help up front with the HSS for claimants?

Gareth Thomas: Legal advice is available to people who choose to ask for a full assessment of their legal claim.

Chair: I think that help is available once the claim has gone in, no?

Gareth Thomas: Once they have put their claim in, absolutely.

Q126 **Chair:** The question is: why is it not available before they put the claim in?

Gareth Thomas: Our sense is that people will want to begin the process initially by making a judgment as to how big and wide their claim should be. Once they bring their claim forward, advice can be made available. What we have wanted to do as well, though, is to give another route for people to get swifter redress, so we have introduced a fixed-sum payment of £75,000, and there has been considerable interest. People essentially then have a choice of whether to opt for the fixed-sum payment or to have a full assessment of their claim.

Q127 **Chair:** The challenges you will know. Jill Donnison, who gave evidence to this Committee, was a good example. When she first applied to the scheme, without legal representation, she thought that the initial offer was fair but, of course, it was only when she acquired legal representation to get the claim right that she discovered that the claim to which she should have been entitled was much bigger.

There is a real peril here: first, people are so intimidated by the process that they do not dare go forward; and, secondly, when they are putting their applications in, they are not necessarily putting their best foot forward, so the offers that come back are unfair. We also heard clear evidence that the miasma of confusion at the beginning of the scheme was slowing the whole thing down. Again, I ask: why are we not looking at this anew and putting in place legal help, up front, before the claim goes in?

Gareth Thomas: We have looked at the Horizon shortfall scheme and at what we could do to speed the process up and to begin to address some of the questions that people have asked about the fairness of their offers through the scheme. The fixed-sum payment is an attempt to offer quicker redress for a significant number of people, but we also made a commitment shortly after we were elected to set up a Horizon shortfall scheme appeals process—I believe that that was one of the recommendations of this Committee in the last Parliament—which will provide another route for people to challenge, or to get a proper independent look at their claim going forward.

Q128 **Chair:** But the challenge is that people are now getting caught and mangled in the process, rather than getting the claim and its submission right up front. What is stopping you—I want to zero in on this—from providing legal aid or legal assistance when people are drawing together their claim at the very beginning of the process? What is stopping you?

Gareth Thomas: Mr Byrne, I am quite happy to look at any recommendations the Committee wants to bring forward in this regard. Our instinct has been that for victims of the Horizon shortfall scheme who want to avoid a longer process, the fixed-sum payment is a way to offer quicker redress. Every victim's experience has been very different. There are many people who do want their claims to be fully assessed. They do some of the initial preparation and thinking about their claim, they put that in, and then they get legal advice to help prepare their offer, if they want it. We are introducing a further independent check or route to make a judgment on whether people are being offered a full and fair settlement through setting up an appeals process.

Chair: Which we will come on to—but first, Alison Griffiths.

Q129 **Alison Griffiths:** To follow up on that, how do you think claimants can make that choice between these different schemes, and understand whether those schemes are fair, when they are without access to legal representation?

Gareth Thomas: To continue down the Horizon shortfall scheme, many victims will decide that they want a full assessment of their individual circumstances and the compensation they are entitled to; they are fully entitled to go down that route. They will give initial indications of what they think they suffered. They are then entitled to get legal support with their claim going forward, and their claim gets fully assessed as a result. If they are not happy with the offer provided, there will be an appeals process, which we are in the business of setting up, to provide that additional safeguard.

Q130 **Alison Griffiths:** The question that the Chairman and I are trying to ask is why we would not put that support and legal advice at the very beginning of the process to allow people to make a choice—that is, between the full £600,000 or £75,000—before submitting? They are not being able to access advice on which of those options is best suited to them. That is a long-winded question, but—

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Gareth Thomas: Just to be clear, under the Horizon shortfall scheme, there is the option of a fixed-sum payment of £75,000—

Q131 **Alison Griffiths:** Yes, but how would they know which to take?

Gareth Thomas: The offer of a fixed-sum payment of £600,000 is available under HCRS. That is a different scheme. Your eligibility for HCRS is determined by whether you have had a conviction that has been overturned by Parliament. As soon as someone receives a letter from the Ministry of Justice or one of the devolved Administrations, they become eligible for HCRS and potentially for a fixed-sum payment. They have access to legal advice—

Q132 **Chair:** Let us just stay focused on the HSS, because that is the line of questioning. I think what you are saying is that your ears are open to recommendations from the Committee about how we can improve legal support at that stage of the process. It sounds to me like you have not provided that at the moment because you do not think it is needed.

Gareth Thomas: Our sense has been that there is significant interest in the fixed-sum payment route. People can make a decision themselves as to whether they want to go down the route of taking the £75,000 or to have their claim fully assessed.

Carl Creswell: The origin of the Horizon shortfall scheme was obviously the settlement deed in December 2019 when the JFSA and their lawyers sat down with the Post Office. Through that settlement deed they were trying to design a process that was not full of lawyers, on the grounds that some of the claimants wanted speed and did not necessarily want lots of lawyers getting involved. More lawyers do not necessarily mean more speed.

Q133 **Chair:** We have, among late claims, 1,762 claims received and only 13% of those have had offers. I am not sure anyone on this Committee would say that that process is moving especially quickly, Mr Creswell.

Carl Creswell: I understand.

Q134 **Antonia Bance:** Staying with the Horizon shortfall scheme, the claimants, as we have established, are not getting the advice at this point, and are telling us that the application form is very complex. Can you tell us what you are doing to improve that part of the process?

Carl Creswell: That is a piece of feedback that we have heard strongly from the Committee and elsewhere. We have been working with the Post Office, who have taken steps to simplify the application form so that it is more user-friendly, in response to feedback that postmasters have provided to them. We have also tried to learn the lesson in relation to the application form for other schemes, including the Horizon convictions redress scheme that the Minister just mentioned.

Gareth Thomas: We have made it clear to the Post Office that they need to be working with us to help find solutions to the challenges around the Horizon shortfall scheme. We have encouraged the Post Office to write to anybody who they think might be a victim and who might be eligible for the Horizon shortfall scheme, so we are seeing more people applying to the scheme. That is part of the motivation to give a fixed-sum payment option to those whose claims are perhaps lower than some of those whose cases are more complex and have clearly suffered substantially worse harm.

Q135 **Chair:** Simon Recaldin told the Wyn Williams inquiry on 4 and 5 November that 47% of those going through the HSS found it hard to understand. Are you saying to the Committee that the process of the claims form is now simple enough, or does it require further work?

Gareth Thomas: We have certainly tried, as Mr Creswell set out, to encourage the Post Office to make it simpler. Four months in, I am very happy to listen to advice from the Committee and from the inquiry. We are having regular conversations with the claimants' lawyers directly to understand if they have concerns about the forms. They have certainly been very helpful in pointing out issues for us to address in other schemes, and we will continue to talk to them about the forms and what might be beyond—

Q136 **Chair:** So you are open to continuing to simplify the process?

Gareth Thomas: Absolutely.

Q137 **Sonia Kumar:** This is a question for Gareth Thomas. Dr Hudgell highlighted that there are large discrepancies between the first offer that has been given and the revised offer under the HSS, including that it went from £4,000 to £133,000. Is the scheme designed to reduce the cost rather than give claimants the offer that they are entitled to?

Gareth Thomas: We have been very clear that we want to make sure that people have the opportunity to get full and fair compensation, which is one of the reasons why—in part following the recommendation of this Committee in the last Parliament—we took the decision to introduce an appeals process to help claimants to have confidence that they have been able to go through the whole process and have got a full and fair settlement.

Equally, we have heard very clearly the criticism of the pace of compensation. The introduction of a fixed-sum payment of £75,000 is designed to give quicker access to fair compensation to those who do not, for whatever reason, want to go through a full claims process.

Q138 **Sonia Kumar:** Do you think there are any barriers to application that you might need to address for those who have disabilities, those who do not speak English, or those for whom English is a second language?

Gareth Thomas: I know from having met a series of victims of the scandal that many people have gone through considerable trauma because of the way they were treated by the Post Office. Many claimants speak to us about challenges with accessing the compensation process. We are trying as much as we can to simplify the process, to make it easier and to give people a quicker route to get compensation, but I would not want to come before the Committee and say that we are not open to further thinking—we absolutely are. That is one of the reasons why we have regular dialogue with the claimants' lawyers to discuss issues that they have picked up themselves, as they are dealing with things, and that they have picked up from their clients.

Q139 **Sonia Kumar:** How have you simplified the application process?

Carl Creswell: The £75,000 option that we have talked about a lot is a clear simplification. As we touched on earlier, work has gone on with the Post Office to improve the form and the guidance to make the application easier at the point of use.

The disparity between the offer and the final settlement when someone like Dr Hudgell has been involved illustrates the fact that there is legal support to help people who are unhappy with their first offer. Obviously, those first offers have come out of an independent panel, not from the Post Office, and that legal support helps ensure that the claimant has that conversation with the Post Office.

Gareth Thomas: One of the other concerns that we have heard is that with earlier iterations of the Horizon shortfall scheme, some people experienced a very adversarial process. We have made clear to the Post Office that, as much as possible, we want claimants to be given the benefit of the doubt and want the offers made to be as generous as possible.

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Q140 **Chair:** Have you communicated that preference for the benefit of the doubt to your lawyers?

Gareth Thomas: We have certainly made it clear to the people working for us on our schemes and we have also told the Post Office that directly.

Q141 **Chair:** Have Herbert Smith been instructed to give people the benefit of the doubt?

Gareth Thomas: We have encouraged the Post Office to look afresh at the support they are getting from lawyers. I have made it clear to the Post Office that they need to look at ways to speed up the process.

Q142 **Chair:** Have Herbert Smith been instructed by the Post Office, or by you, to give claimants the benefit of the doubt?

Carl Creswell: I can confirm that that is the case. The independent panel that operates within the Horizon shortfall scheme has also been given that instruction and it has the discretion and the urgency to provide the benefit of the doubt. That runs through the instructions for the HSS.

Chair: Very good. We will check with them that they have heard that message.

Q143 **Matt Western:** Minister, you rightly said that you want to speed up the process, which is clearly complex for many of the applicants, and that you are open to ideas. Would there be merit in having some sort of online calculator? I am thinking of pension credit and many other forms that the Government have introduced. It would simplify the process and give applicants some visibility of what the parameters might be in their particular case, rather than their having to go to lawyers or just accepting the £75,000.

Carl Creswell: The GLO scheme and the Horizon convictions redress scheme are both run from the DBT and we have published principles and bandings of indicative amounts for which a victim might be eligible when they apply for compensation. We included that within our published guidance partly to respond to concerns about a lack of transparency around what might be a fair outcome for the claimant. I acknowledge that that does not exist for the Horizon shortfall scheme but, in the schemes that the DBT is running, we have tried, with the support of the advisory board, to make that information clearer.

Q144 **Matt Western:** And that could be bespoke to the individual?

Carl Creswell: You are quite right that every individual claim is very much dependent on the individual circumstance; it is not the calculator that will take a person's individual circumstance and then turn it into a particular number. Rather, it gives broad indications by different heads of loss.

Q145 **Sarah Edwards:** Thank you, Minister Thomas, for that information. We have talked quite a lot about the speed and complexity of the process. We heard in previous sessions about how the assessment panel feels overstretched and unable to get through the cases quickly enough. It was cited previously that people have been waiting for 20 years to get to this moment. I recognise that we have made some progress, and these things are there, but what else is being done to get flow through the system to get those cases moving faster?

Gareth Thomas: There are a number of things we have done. The introduction of fixed-sum payments is one that we think will help significantly to speed up victims' access to fair redress, where it is appropriate. We have introduced a whole new compensation scheme following the decision of Parliament in the last Session to overturn the convictions of all those sub-postmasters who were sent to prison as a result of the Post Office—that compensation scheme was previously not in place. We have sought to learn lessons, as we have touched on, from some of the schemes that have been in operation for quite a long time to try and make the HCRS work better.

One of the criticisms in the past has been that people have been asked for information that they do not have access to. We try to make sure that that is not the experience victims face when they are going through the HCRS, and that they can be up front about what they do not know in terms of their circumstances so that we—the royal "we", as in the compensation process—do not put additional pressure on them to somehow come up with that information. We are trying to, in so far as we can in line with the principles of the scheme, give people the benefit of the doubt and to be as generous as we can in the offers that we bring forward.

Q146 **Sarah Edwards:** In our previous session, we heard about the potential delays being created or the obfuscation tactics that are used, so it is like a queue is being created for the assessment by the panel, rather than people going through a mediation process. Are you aware of that? Can you explain why that may be happening?

Gareth Thomas: Yes. On occasion, the criticism has been that requests for additional information have come quite late in the 40-day process.

Chair: Like on day 36, yes.

Gareth Thomas: That is a criticism we would accept, and we are looking at speeding that up. When we ask for additional information now, it is to try and give a more generous offer—that is the motivation—but I recognise that we need to do that earlier in the process to avoid creating these frustrations. That is an issue that claimants' lawyers have raised with us very directly, too, and we are looking at what we can do to speed things up.

Specifically on the GLO scheme, it is perhaps worth saying that we have moved additional staff directly into the Department to help with the assessment of those claims. We encouraged Addleshaw Goddard to put extra staff in, as well.

Q147 **Chair:** There are 1,400 outstanding claims on the HSS. Offers are being made by an independent panel, which is sitting twice a week and eight to 10 times a month. Neil Hudgell reckons it will take 18 months to get all the offers out. Is that your assessment?

Gareth Thomas: I certainly hope it is not, but as I said earlier, this is the compensation scheme I am most concerned about. We are talking actively to the Post Office about what can be done to speed the process up. It is one of the reasons why we are trying to take some of the pressure off the scheme by ensuring that the appeals process linked to the Horizon shortfall scheme is not run by the Post Office, but directly in-house and as a separately administered process.

Q148 **John Cooper:** Sticking with the HSS, you have talked about how it was originally designed in an adversarial manner. You have also talked about the danger of everybody lawyering up. We have strong evidence that an independent adjudicator would be welcomed—someone that could give case management directions throughout the process.

I believe that Sir Gary Hickinbottom fulfilled that role in the original overturned convictions scheme. Is this something you think might be helpful with the HSS to try and move this forward? Is it something that is being considered?

Gareth Thomas: If you will forgive me, this is a good moment to mention that Sir Gary Hickinbottom has just been appointed as the chair of the HCRS appeals process. He is again helping us to make sure the newest compensation scheme learns from some of the lessons of past ones. On HSS, there is an independent process.

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We think that the appeal process we are bringing in will also help to give more confidence to people that the process is working for them. As I indicated, we are talking to claimants' lawyers on a regular basis and looking at what we can do to improve the Horizon shortfall scheme—because it is the scheme I have the most concerns about at the moment.

Q149 **Matt Western:** Minister, a moment ago you mentioned requests for information and how, on many occasions, you are seeing these requests coming in around 36 days ahead of the 40-day cut-off, and then this resets. If we are trying to speed up the process, do you believe that there would be merit in having a reset of fewer than 40 days, otherwise this could become a systemic problem?

Chair: The GLO scheme in particular has been flagged to us as a significant problem.

Gareth Thomas: We are certainly aware that what has occasionally happened is that the requests for information have come late in the GLO process—after our first offer has been tabled. When a challenge process kicks in we are happy to be held to account, and 90% of challenges will be responded to within the 40-day process. I hope that this is an additional bit of accountability that will help hold our feet to the fire and meet the concerns of those in the GLO scheme.

We are being told by claimants' lawyers that most of those in the GLO scheme are expecting to put in claims by Christmas. As a result, we are reasonably confident that we will be able to get first offers, and therefore significant compensation, to all those who put claims in before Christmas by the end of March.

Q150 **Antonia Bance:** Gareth, we have just heard that you want claimants to be given the benefit of the doubt and that offers should be as generous as possible—also that you have instructed lawyers for the DBT and the Post Office to act on that basis. Yet, we are still being told by claimants and their lawyers, as recently as a couple of weeks ago, that the DBT is “overly forensic” in its approach to assessing cases. We had Minister Alexander say that continued requests for information were adding insult to injury for victims of this scandal. I would very much appreciate your comments on the perception of the DBT being overly forensic.

Gareth Thomas: We are certainly trying to avoid that perception. We are trying to be as generous as we can. The motivation behind requests for additional information is to enable us to make a more generous offer. We are depending on the scheme wherever we can—we are making interim payments and, where we have been told that there are particular issues around hardship, we have also been seeking to make hardship payments to ease the particular circumstances that people face. I am acutely aware of the trauma many sub-postmasters have gone through as a direct result of how they have been treated by the Post Office, so we actively want to make the process better wherever we can. We are genuinely open to any ideas that will make the process faster and fairer and reduce the stress for those bringing compensation claims forward.

Q151 **Antonia Bance:** I am sure we will pick this up in our report and in recommendations to you, but I think, having heard what we have said today and having heard the evidence from the session two weeks ago, some leadership could be applied internally in the Department and in the Post Office to ensure the instructions have been fully appreciated.

Gareth Thomas: Just to be clear, we have delivered that message in a significant way to the Post Office. One of the reasons why we have actively introduced fixed-sum payments is to try to make the process easier for a relatively large number of people. We meet on a regular basis with claimants' lawyers to understand ongoing cases, including particular cases and particular groups of cases, but we are always looking to improve.

Q152 **Rosie Wrighting:** In a previous session, Dentons have been described as a “highly paid post box”. What value do you believe they are adding to the GLO scheme?

Gareth Thomas: They are our independent advisers. They help independently assess the claims in order to move things forward, so they play an important role. In terms of the GLO process, we are hearing in the conversations we have had with claimants' lawyers that the vast majority of the remaining cases in the GLO group are likely to be put in by Christmas. We believe we will be able to make substantial offers and substantial payments—potentially interim payments, but none the less substantial—of compensation by the end of March.

Carl Creswell: I would add that I have appreciated Dentons' support in establishing and helping run the independent panel in the GLO scheme, and they also harry people and bang heads together to try to encourage pace within the system, in a similar way to Sir Gary Hickinbottom in the OC scheme, so Dentons does play a bit of a case management and encouragement role within the GLO scheme.

Q153 **Chair:** I will bring in Alison Griffiths shortly, but you have just, in the last couple of hours, published a PQ answer that shows that your legal costs for the GLO scheme specifically are £15,410,000. This is on a scheme that has issued £106,000,000 in redress payments—the implication is that £1 in every £7 is being spent on lawyers. That is why these questions are about whether there is a grip on the lawyers, and I wonder whether, right now, you think that legal bill is good value for money, given how much in redress payments has gone out the door?

Gareth Thomas: What I would say to you, Mr Byrne, is that we are working at pace to try to get more compensation out of the door to more victims more quickly, and we do need access to legal advice to help us do that. There is more we need to do, and we recognise that—some of the measures we have taken since we came into office are designed to help us do that, but to do that we will need legal support.

Q154 **Chair:** Does that ratio—£1 in £7 on lawyers, compared to redress payments—need to come down?

Carl Creswell: There is a factual point that is important to say about that £15.4 million: most of that is for the claimants' lawyers: £12.5 million of that £15.4 million is for some of the people that you saw who gave evidence two weeks ago. The spend on DBT-related lawyers is £2.9 million on the GLO, within the £15.4 million—so something like 5%, which we try to manage from an efficiency perspective. We are not trying to reduce the amount of money that goes to claimants' lawyers, because they need the support to engage with the schemes.

Q155 **Chair:** Arguably, if the scheme were simpler, the lawyers' bills might be lower.

Carl Creswell: Of course, but it is important that claimants get access to the support that they ask for.

Q156 **Alison Griffiths:** To go back to the request for further information and your statement that that is always done with the intention of improving offers, I want to know how many examples there are of occasions when you have actually reduced the offers made.

Chair: I appreciate that that might be something you want to write to us on.

Carl Creswell: I think that might be best. Normally, the RFI is there purposely to—

Gareth Thomas: To lift it up.

Carl Creswell: To increase an offer rather than the other way round.

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- Q157 **Alison Griffiths:** The question was really about the trust of participants in the scheme, because what we heard in the last evidence session was concern that giving more information was actually going to be detrimental. That is why I am asking the question whether it has been detrimental on any occasions.
- Gareth Thomas:** I would certainly hope not, but let me write to the Committee.
- Chair:** Feel free to follow up in writing.
- Gareth Thomas:** Actively, now, we want those requests for further information to help the claimants. We have a responsibility for public money, but the overriding imperative is to make sure that those people who we know have been victims of the Horizon scandal get as full and fair a settlement as is feasible.
- Q158 **Sarah Edwards:** Sir Alan and other individuals told us that they were quite unhappy with how their claims were progressing and that no claims have yet gone to Sir Ross Cranston. Could you explain why or what the process is that means that Sir Ross is able to look at a claim only at the end of the process?
- Gareth Thomas:** We were discussing earlier the merits of having someone independent who can look at claims, and Sir Ross is, at the end of the process, the independent person on the GLO scheme who can look at whether claims are being prepared in a fair way. We think it is right, on the GLO scheme, that we have him in place. There is a similar role for Sir Gary Hickinbottom now on the HCRS.
- On the GLO scheme more generally, as I have alluded to, from the conversations we have had with claimants' lawyers, we are expecting that the vast majority of the remaining cases will be with us by Christmas, and that as a result we will be able to make significant offers to those claimants and substantial redress will be paid by the end of March.
- Q159 **Chair:** But why have so few cases gone through Sir Ross?
- Carl Creswell:** Largely because they have been settled at either the initial offer phase or the challenge phase. At the moment, there are about 40 challenge cases within the 492, so less than 10% of the overall cohort are currently in the challenge phase. They are resolved at initial offers or at the challenge phase, or via the independent panel, albeit only four cases so far have gone to the first independent panel.
- Q160 **Chair:** But as you will know, there are lots of disputes about the fairness of the offers, and when we are looking at the role that Gary Hickinbottom plays in the scheme that he helps with, the question is why Ross Cranston is not given a similar role and similar powers, to try to bring forward a breakout of good will, to get these claims settled faster. You have some very, very high-profile cases still outstanding.
- Carl Creswell:** I am sure that Sir Ross will play a bigger role than he has hitherto, but we have found that the independent panel is a good source of support for claimants, once we can get to that point with claims going through—
- Q161 **Chair:** That is not what GLO claimants are telling us.
- Carl Creswell:** As I said, we have had only four cases go to the independent panel, so the sample size for commenting on that is quite small.
- Q162 **Chair:** But that is why the question is: shouldn't Ross be given a much bigger role, to try to broker settlements earlier?
- Carl Creswell:** The conversation we are having with Freeths and others is about whether Dentons can play a bigger role in that early stage.
- Q163 **Chair:** Do you think Dentons will do a better job than Sir Ross Cranston?
- Carl Creswell:** I think there is a question of balance between the two. We can have both Sir Ross doing his review role at the end—
- Q164 **Chair:** But he is not doing anything at the moment, because no cases have gone to him.
- Carl Creswell:** No, but I am sure that more will over the coming weeks.
- Q165 **Matt Western:** Mr Thomas, what specific instructions have you given to your lawyers to make sure that sub-postmasters are getting fair and fast offers, and what specific metrics are you applying to ensure that swift and fair process is being achieved?
- Gareth Thomas:** There is a set of published guidelines, as we have made clear already. We expect the teams looking at cases that are brought forward to work according to those principles. But as we have already discussed, where people believe they want to avoid a longer process and are confident that the fixed-sum payment is appropriate for their circumstances, we have wanted to offer that fixed-sum payment to reduce the pressures on those people and shorten the process going forward.
- But equally, we have been consistently clear that we want as full and fair a settlement as possible for people who are victims of probably the greatest miscarriage of justice we have seen in this country, as we all know. The additional challenge is to look at ways to speed the process up. That is what we are trying to work on now.
- Carl Creswell:** I would add that we recently had a meeting with the advisory board and the claimants' lawyers and asked them this question: "Are you comfortable that the settlement levels are fair?" The answer was that generally they felt that they were fair. The question was one of speed, which the Minister has mentioned is a priority. So we actively consulted the advisory board and the claimants' lawyers on this question of fairness.
- Q166 **Matt Western:** At the Wyn Williams inquiry, former Minister Kevin Hollinrake said it would be a mistake for Government to arm up with lawyers—an interesting observation for someone now in opposition as opposed to Government. Do you agree with him?
- Gareth Thomas:** "Arming up"? Absolutely, I would be very uncomfortable with that sort of phrase.
- Q167 **Matt Western:** I think it was armed up when you inherited it.
- Gareth Thomas:** I am not going to comment on what went before other than to say that what I have been clear about is that we want a faster compensation process, but one that still delivers full and fair settlements. There are people who have been deeply traumatised by this.
- Q168 **Chair:** We can tell you what happened before. The total legal bill for the taxpayer on lawyers for this miscarriage of justice is about £268 million.
- Gareth Thomas:** As I alluded to earlier, we are trying to take a number of steps to speed up the compensation process. Where we have concerns about the cost of legal advice, as we very much do with some of the lawyers the Post Office is currently using, we have been clear to make our concerns crystal clear to the Post Office going forward.

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Q169 **Chair:** Is the Post Office spending too much on lawyers?

Gareth Thomas: We have encouraged them to look again at how much they are paying and what they are asking lawyers to do, let me put it like that. Certainly, we think some of the tasks the lawyers are doing could be done in a less costly way.

Chair: That sounds like a yes.

Gareth Thomas: It probably is a yes, Mr Byrne.

Q170 **Matt Western:** It is striking, isn't it, that the original budget was £1.2 billion, although it has been increased, and that lawyers have cost £268 million? That is quite a striking proportion of the total budget.

Carl Creswell: The £1.8 billion that you mentioned—

Chair: It is £1.8 billion now, but it was £1.2 billion.

Carl Creswell: Understood, but the £1.8 billion does not include the legal fees for the Post Office or for Government.

Chair: So it is £1.2 billion plus £268 million?

Carl Creswell: It is outside the figure, yes.

Q171 **Sonia Kumar:** This question is for Minister Thomas. Sir Alan Bates is calling for all claims in the GLO scheme to be completed by March 2025. Will you put a deadline on completing the GLO scheme?

Gareth Thomas: I am reluctant to put a deadline on the GLO scheme, and indeed compensation schemes more generally, at the moment.

Chair: He is threatening to take you back to court.

Gareth Thomas: I will come back to the GLO scheme in just a second. I am thinking of the experience of one of my constituents who only narrowly avoided missing the original deadline for the HSS. We are still seeing people coming forward to claim for the Horizon shortfall scheme in particular, so I am wary of imposing a deadline at this point, particularly as the inquiry is still ongoing and as I think it is helping to give more victims the confidence to come forward and put in claims.

Specifically on the GLO scheme, as I have said, from the conversations we have had with the lawyers who are working with the remaining GLO claimants, they are confident that they will be putting in their full claims by Christmas, and we are confident that if they do so, we will be able to get substantial offers out to those claimants—and substantial redress out to those claimants, too—by the end of March. As I understand it, claimants' lawyers have said to you directly that they expect full resolution to take a bit longer, but we believe that we will none the less be able to get substantial amounts of redress out to the GLO claimants by the end of March.

Q172 **Sonia Kumar:** Can you give a timeframe from when someone has submitted an application to when it will be completed? If you cannot give a closing date of March, can you give a date from when the process will start and when it will close?

Gareth Thomas: On the GLO scheme, the accountability mechanism, if you like, against which the Department is judged is that we have to give 90% of first offers within 40 working days, and we are confident that we are meeting that at the moment. What we are also saying now is that if an offer is challenged, we will commit to getting 90% of responses to those challenges out within 40 days as well.

Q173 **Sonia Kumar:** Sir Alan has threatened further action if the deadline is not set. What will you do to avoid going to court?

Gareth Thomas: Whether or not someone goes to court is an individual decision for people; it is the responsibility of Government to try and make the compensation processes work as well as is feasible. We are talking regularly, as I have made clear, to the claimants' lawyers, both for the GLO scheme and more generally, to look at what we can do to speed up processes and get full and fair settlements out to people more quickly. As I say, for those claims on the GLO scheme that come in to us before Christmas—as we are being told that most of the remaining claims will do—we are confident that we will be able to get significant sums of redress out to those claimants by the end of March.

Q174 **Chair:** That is 209 claims still to be received. You are anticipating most of those in by Christmas. When you say a significant slice of that number will be settled by March, what is "significant" in your book?

Gareth Thomas: I am not saying—

Chair: I know that you do not want to put a target on it, but just give us a rough sense.

Gareth Thomas: If a first offer is made, but the individual victims are not happy with that first offer, we will none the less pay 80% of that first offer—which is my point about substantial redress by the end of March. We need to recognise that each claim has to be treated on its own merits, and we will do that going forward.

I think claimants' lawyers have wanted us to make sure that the process of responding to challenges is quicker, and we accept that that is something that we need to do. It is one of the areas for improvement going forwards, and partly the reason for wanting to, if you like, extend the 90% of responses within 40 working days to challenged offers, as well as first offers.

Q175 **John Cooper:** The Chancellor announced an increase to £1.8 billion, up £600 million, for the total compensation package. What was the thinking behind that? Was it an expectation of more claims or of more generous settlements?

Gareth Thomas: As I understand it, the amount of interest in fixed-sum payments, for example, had not been taken into account in previous estimates—certainly, the HCRS had not been taken into account in those estimates—and that is what led the Chancellor, in discussion with the OBR, to set the £1.8 billion figure. That is not a limit or a target; it is just an estimate at this point of what we think the compensation figures could be. But if we need to approach the Treasury again, we will be able to do so.

Carl Creswell: I might also add that this reflects Ministers asking the Post Office to write out to a wider cohort of people who could be eligible for the Horizon shortfall scheme. That has driven a larger number of people who are likely and expected to apply, together with, as you said, the overturning of convictions, rather than waiting for people to go through the court case, where we expect more people to come through as a result of the overturning.

Q176 **John Cooper:** Mr Creswell, if I understood you correctly, you said that the money for lawyers is not coming out of that package. Do you have any indication of what the total cost of external lawyers is likely to be? Have you done any work on that?

Carl Creswell: I do not have that figure here. The £1.8 billion includes the redress costs—so the money that goes to the claimants—and the cost of their lawyers' fees within that. The number that I mentioned earlier that is not included is the legal

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fees for the Post Office and the Department. We can have a look at what we have information-wise and share it with you. I think previously we have been publishing, on a quarterly basis, legal costs spent to date, but I will have a look to see whether we have any information on forecasts.

Q177 **John Cooper:** Thank you for that. Coming back to the adversarial nature of so much of this, it does seem like an old-school system where one side is trying to maximise its claim and the other side is trying to minimise. That is the classic model for court redress. But it appears that the Department is paying for claimants to access legal advice and expert advice, and then another group of, again, Government-paid, taxpayer-funded lawyers are disputing that. Do you think that that is a sensible use of taxpayers' money?

Gareth Thomas: I know there have been criticisms of the adversarial nature of the compensation process to date. We are certainly trying to make sure that is not the case going forward. We do need legal advisers to make sure that the scheme is run fairly and in line with the principles that we have published. In that regard, I welcome the opportunity provided by this Select Committee to be clear that we want to avoid the sense that it is an adversarial process. I hope in that way to confirm that, when requests for further information are being made, they are being made with the intention of trying to help people be given a more generous settlement, not a less generous settlement.

Q178 **Gregor Poynton:** This Committee recommended to the last Government that there should be binding timeframes for each stage of the process. I would be keen to get your take on that. What are the virtues and pitfalls? We have been talking a lot today about getting swift justice, and timeframes would allow for swift justice and for claimants to see and understand where they are in the process.

Gareth Thomas: The difficulty with binding timelines is that you risk excluding people. People who have perhaps been deeply traumatised by the process—as many of the victims of the Horizon scandal have been, as we all know—might feel that they could not put in a claim and that they might miss the deadline for putting in a claim. I speak from my own experience—

Gregor Poynton: Apologies—I meant that, once a claimant comes in, there are binding timeframes for each stage of the process.

Q179 **Chair:** Take the example of someone asking for further information at day 36 of a 40-day process: the clock stops, people send in answers to, sometimes, 150 questions, and then they wait forever and a day until the answer comes back from the Post Office. What we are saying is, why don't you time-bound each stage of the process? We are not saying that you should time-bound the whole end-to-end process, and we are not deterring new claims. We are saying that, at the moment, people are playing games in the process and we would like to put a stop to that.

Gareth Thomas: I would not want anybody to be playing games in the process either. I think we have tried to solve in a slightly different way the problem that you perceive: by essentially trying to find ways to speed up the process, be that through the fixed-sum payments or by working directly with claimants' lawyers on forms and the information that we ask on those forms.

We are also certainly trying to learn from the lessons of previous schemes in the way we have set up the most recent scheme for those who had their convictions overturned, by being clear to people up front that if they tell us what they don't know we will not ask for information in that space, to try to reduce stress and essentially avoid re-traumatising those people.

Q180 **Gregor Poynton:** Those who go for the fixed sum can see the process play out, but those who are going through a process and, as the Chair said, restarting, do not understand where they are in that process. They need some light at the end of the tunnel so that, as they go through that process, they know where they sit within it and what is reasonable to expect. I think they sometimes feel, "Should I be getting something back by now? Should I not? When will I need to give more information?" They are looking for that light at the end of the tunnel, so is there anything you can do to give them that confidence?

Gareth Thomas: The difficulty is that the most complex cases are often very different. I acutely recognise the need to try to speed up the process for people, particularly those who have been waiting for a very long time, so I am genuinely open to suggestions from the Committee as to what might be an additional way to give confidence to people going forward. We have tried—and are trying—to address, in a very direct way, the concerns that people have had in the past by working with claimants' lawyers, in what I hope will be a co-operative way going forward, to try to address some of the concerns that they articulate to us. As you have alluded to, the fixed-sum payments are an additional attempt to help a group of people get much quicker compensation much earlier in the process.

Q181 **Alison Griffiths:** Sub-postmasters have no confidence in the Post Office delivering redress. Do you think that the Post Office should be administering any of the redress schemes?

Gareth Thomas: I understand that concern. I suppose I have an answer in two parts. In terms of the situation now, the last thing we want to do is slow the process, which would be the risk if we just said, "Okay. We are going to take the Post Office completely out of the picture at this point." That would undoubtedly slow down the process. To ensure the process continues to move, we are trying to look at what else we can do to take some of the pressure off the Post Office. For example, we are actively looking at whether we might be able to bring the overturned convictions scheme in-house.

We are also, in a very direct way, planning for the Horizon shortfall scheme appeals process to be administered by the Department, separately from the Post Office. The Treasury has asked us to look at whether the Horizon shortfall scheme could come in-house in time. That is a very big ask, and if we did it straightaway it would undoubtedly delay getting payments out the door. But we are, in a very direct way, trying to ease the Post Office out of some of the work, and we have certainly encouraged the Post Office to operate in a different way going forward.

Q182 **Alison Griffiths:** Is there anything specific that you can do with them to improve the performance of what they continue to do?

Gareth Thomas: We have discussed the way in which the legal advice that they have accessed up to now operates, and whether there are changes that they can make there. We have encouraged them to write to anybody else who they think might be a victim of the scandal in order to encourage them to come forward, and we are talking to claimants' lawyers about what else we can do to make the Post Office-run Horizon shortfall scheme work better going forward.

Q183 **Alison Griffiths:** What has their advice been?

Gareth Thomas: As we have alluded to, there are things relating to the use of forms that are provided going forward. As I say, we have introduced a fixed-sum payment in the Horizon shortfall scheme to, in a very direct way, help speed up redress for those people when the Post Office has the responsibility for running that compensation scheme.

Carl Creswell: We are also getting some help from them for the design of the HSS appeals system, where the claimants' lawyers are saying that they want something simpler than the current dispute resolution process that the Post Office runs.

Q184 **Chair:** I do not quite understand this. Just 13% of the HSS late claims have been settled. When Nick Read went to the Wyn Williams inquiry on 9 to 11 October this year, he said that the Post Office should not be running HSS, and he thought Mr Recaldin

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would say the same. I do not understand how you think it can go slower by taking the Post Office out.

Gareth Thomas: As I made clear, we think that certainly, the appeals process we are setting up should not be run by the Post Office going forward. We are actively working with the Post Office to administer the fixed-sum payments, which we believe is certainly helping to speed up compensation getting out the door. We will work with the Post Office to see what other improvements we can make to the system. We are also directly looking at the issue of whether we could bring the whole Horizon shortfall scheme in-house. The Treasury has asked us to do that, but I think it is right that we start by looking at the appeals process, which is part of the Horizon shortfall scheme process but separately administered.

Q185 **Chair:** When has the Treasury asked you to finish that work by?

Carl Creswell: It has not set a deadline.

Q186 **Chair:** A couple of final questions, then. The chairman of the Post Office has just published a transformation plan. Thank you for the statement that you made to the House. Do you know how much the transformation plan will cost?

Gareth Thomas: We are working through the costs of that transformation plan with the Post Office, in-house and ultimately with the Treasury.

Q187 **Chair:** Will it be a bid to the comprehensive spending review from your Department?

Gareth Thomas: There will have to be elements of it that we bid for to the comprehensive spending review. Some of the other aspects of the transformation plan, such as the consultative council with sub-postmasters, which is a potentially very significant step in terms of changing the culture of the Post Office and the way it treats sub-postmasters, is not a spending review bid. They can actually do that now.

Q188 **Chair:** If you cannot source the money for the transformation plan, people say that the chairman, Mr Railton, will leave. Is that what you think?

Gareth Thomas: Certainly, up to now, we have had very good discussions with Mr Railton on his thinking about the future of the Post Office, and good conversations with his senior management team. I would expect those to continue.

Q189 **Chair:** The last question from me is on Project Phoenix. You will know about Project Phoenix and the ITV investigation into it. This is a case where the Post Office spent £865,000 investigating sub-postmasters' complaints about investigators. Do you think that was a good use of public money?

Carl Creswell: I think it is right that the Post Office looks at allegations of wrongdoing. I am not close enough to the detail of whether that figure is accurate or how much they spent, but we have been encouraging the Post Office for a while to respond to allegations that have been raised during the Horizon inquiry, to ensure that people who committed wrongs in the past no longer continue to work for the Post Office.

Q190 **Chair:** Will you give me a view then, perhaps in writing, about whether you think Project Phoenix was a good use of taxpayers' money?

Gareth Thomas: We will be happy to do that.

Q191 **Chair:** Do you think that the Post Office is still employing people who investigated sub-postmasters?

Gareth Thomas: We have discussed this issue with the Post Office. My belief is that the vast majority of those people who were involved in the investigations have left the Post Office.

Q192 **Chair:** As you and I know, the implication of that answer is that there are still some people working at the Post Office who were responsible for hounding the sub-postmasters. Do you think it is acceptable that they are still employed?

Gareth Thomas: This is one of the issues for the transformation plan. We have been absolutely clear with the new management that there must be a fundamental change in the culture of the Post Office going forward. They subscribe to that ambition. It must apply to all facets of the relationship with sub-postmasters, both for issues around pay and around investigations when there are discrepancies.

Q193 **Chair:** Do you think any of us can be confident that the culture has changed if these investigators are still on the Post Office books?

Gareth Thomas: There has to be a process of change within the Post Office. We are in only the very early stages of that process of change. We will continue to have very direct conversations with the chair, chief executive and senior management team of the Post Office about what the transformation means for the day-to-day operations and what has gone wrong in the past.

Q194 **Chair:** Do you think those investigators are likely to be still in post at the Post Office next year?

Gareth Thomas: I am not going to comment on individual employees, but I certainly hope that there is evidence of a substantial change in the way the Post Office operates going forward.

Chair: That concludes our questions. Thank you very much indeed both to you, Ministers, and to officials, for all that you are doing, and for taking so long to patiently answer our questions this afternoon.

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