

MEDIATION SCHEME –

BIS SELECT COMMITTEE

DIFFICULT QUESTIONS (BOXES)

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1. COMPENSATION

How much will you pay out in compensation?

- This is not a compensation scheme. Important to make that clear.
- And there is no evidence of system wide problems with Horizon.
And no evidence has been offered thus far to suggest any miscarriages of justice.
- In a small number of cases where we have investigated **we could have done better as a business** in terms of things like the training and support we provided to postmasters.
- In some of those cases we have reached an agreement with an applicant.
- This can mean many things: we have written off some debts in some cases, for instance.
- This is a tiny number of cases – particularly when one considers the size of this business.
- But this is not a compensation scheme.

How much have you paid out?

- I can't give you exact figures because each case is confidential. And the Scheme is ongoing. But the amount which will go on financial settlements is in the thousands, not the millions.
- Overall, this process, over two and half years, has cost around £5m. That breaks down into areas such as set up costs, investigation costs etc .
- There is some provision within that for those cases where we may make small payments where we could have done better in certain areas.
- It is worth stressing again, though, that there is no evidence of Horizon not working as it should

Are you deciding not to mediate some cases because, as has been reported you told the Chair of the Working Group, the compensation claims are simply too high?

- This is not a Compensation Scheme - and there is no evidence Horizon has not worked as it should
- Every case is different and is treated on its merits
- When cases passed to CEDR from the WG, then Post Office – as a party to mediation – has to assess prospect of resolution. Applicant can do the same. That is how the scheme was established.
- If an Applicant has very high expectation of large financial pay out

when there is no evidence of any fault on PO's part, mediation is unlikely to offer resolution

- But Post Office has only declined to mediate five cases of the 41 recommended for mediation by the Working Group - ready and willing to take part in mediation in cases where justifiable

There has been nothing in your financial Report and Accounts about any of this. Does that not demonstrate that you have clearly made no provision for compensation because you decided you simply were not going to pay any?

- We report our Report and Accounts appropriately.
- This is not a compensation scheme. Where we reach a financial settlement that can be for a range of reasons.
- But mediation is not set up as a compensation scheme. I am satisfied with the provisions we have made in this area.

2. CRIMINAL CASES

Why won't you mediate criminal cases?

- This is a very difficult area.
- The first thing to say is that we take every case on a case by case basis.
- So it is self-evident that I don't rule out mediation in a case where there is a criminal conviction.
- But mediation cannot overturn a criminal conviction. No-one should be given that expectation.
- It is also the case that in criminal cases, legal avenues for appeal remain open. None of the criminal cases in the Scheme have gone down this route.
- But where MPs have approached us about cases in the Scheme where there are criminal convictions we have offered – should the applicant give their consent – to meet to go through the case and our investigation into it.
- **The offer remains open to do that.**

But you said you would?

- With respect, we didn't. Perhaps we didn't make it clear enough. But we were clear that mediation was not guaranteed.
- Mediation is by its nature a process of compromise. Each side must be willing to enter into it in that spirit.
- That is why each case must be judged on an individual basis.

But there could be miscarriages of justice here?

- We take our duty of disclosure very seriously
- No evidence so far that any conviction is unsafe
- Scheme does not affect anyone's legal rights

But are you ruling out mediation for criminal cases?

- Every case is different – treated individually
- Unless new evidence, prospect of resolution is unlikely in cases that have been decided by the Courts, but we have kept an open mind and considered cases individually

3. CULPABILITY

So something went wrong?

- We are not perfect. Show me a business or organisation which is.
- On the whole, we get it right. And if there are potential issues we approach with thoroughness and rigour.
- What this process has shown is that in a very small number of cases we could have done better.
- We could have provided better training and support, for instance.
- In the context of a business of our size, that is hardly surprising that sometimes things don't go as I would hope.
- But we listen and we learn. We have taken action. More, I think, than any other business would do.
- Whilst every case is important, we need to recognise these are a very small number of cases – 150 [applicants, with 136 admitted into the Scheme] over the last decade out of half a million people who have served in our branches in the last decade.
- And there is no evidence of a system wide problem with our software. If there was, we would know about it by now, from our customers and our clients.

4. REMOTE TAMPERING

Can Horizon be accessed remotely?

- Transaction data in branch accounts can't be changed remotely and there is no evidence of malicious tampering
- There is no functionality in Horizon for either a branch, PO or Fujitsu to edit, manipulate or remove transaction data once it has been recorded in a branch's accounts
- There is also no evidence at all of any malicious remote tampering

5. COST

How much has all this cost and how can it be justified?

- The Post Office is an incredibly important business to millions of people.
- If there is a doubt about our systems and processes, I have a duty to look into that.
- I have to have confidence in our systems on behalf of our people and our customers.
- This is a business on the up.
- So the money we have spent on this process is money well spent.
- In total it has cost around £6m so far. It is a lot of money, of course.
- But in the context of this billion pound business, a network of offices up and down the country, in each of your constituencies, I think that is a price worth paying.

How much public money has been spent on this Scheme so far and how much is the whole inquiry and Scheme likely to cost by the time it ends?

- We took responsible actions to get to bottom of very serious allegations
- PO has spent £5m in the last 2.5 years on this
- Allegations are so serious, the integrity of our computer system so fundamental

- We would have been, rightly, heavily criticised if we had not taken the allegations seriously
- James Arbuthnot (in 2012) gave PO credit for funding the Scheme, acknowledging government would not have done so

What's the breakdown of the £6 million spent – how much has gone on lawyers' fees?

- We have spent money to ensure independence and impartiality
- We have supported scheme applicants with funding
- Cannot provide details without breaching commercial confidentiality

6. PERSONAL/APOLOGY

Will you apologise?

- I am very sorry where people who have worked in Post Offices have, for whatever reason, faced challenges in their lives.
- I know that these are emotional stories. We have had cases of bankruptcy, families falling apart, homes lost and others.
- Of course I am sorry about those events. But it does not follow that the Post Office is responsible for those issues.

Your communications director said these were ‘lifestyle issues’ – not taking it seriously?

[Note: This was on Today programme. I said ‘we are sorry when people have faced lifestyle issues...’ Some MPs have suggested I said “Lifestyle choice”. I didn’t.]

- What he said was that we are very sorry when people have faced difficult issues in their lives – of course we are.
- But it doesn’t follow that the Post Office is responsible for those issues and challenge.

Will you turn down any bonus this year?

- The question presupposes fault. I am very proud of all we have done to address this issue.

Is it true that not only have Post Office actions led to people losing their jobs, being bankrupted and some going to prison, they have also been the cause of tragic suicides?

- No-one could be without sympathy – this is an emotive subject, and people have experienced very difficult times
- From my own experience, suicide often points to wider mental health issues.
- It does not follow that personal events are consequence of Horizon

What is your answer about at least 150 [136 in Scheme] people, many of whom had worked for you for many years and had led unblemished lives, suddenly deciding to turn to crime?

- Minority of cases involve criminal convictions
- PO prosecutions are brought where the circumstances warrant

7. TREATMENT OF MPS

You have treated MPs appallingly – you are arrogant and have shown no respect.

- This process came about thanks to an MP. I am incredibly grateful that he brought the issue to my attention.
- We have met several times over the course of the last two years, along with some of his [and your] colleagues
- We have written to all MPs who had a case in the Scheme to offer a meeting
- MPs helped to design the Scheme and welcomed its introduction
- We have written to all MPs who spoke in the Westminster Hall debate offering to meet to discuss the cases they raised
- So I do not agree that we have not treated MPs in the right way, though of course I am sorry they feel that way.

Is it not true that MPs, who were instrumental in establishing the Scheme, have simply been kept in the dark whilst you have broken all the commitments you made to them?

- The Scheme is working as agreed with MPs
- We have done what we said we would and discussed our decisions with MPs. We are sorry they do not agree with our approach.
- We can discuss with MPs the individual cases of their constituents, if their constituents consent

- Proposition in Nov last year to mediate all cases was carefully considered by Chief Executive and Board – but would deprive WG of its independent role and restrict our decisions regarding a voluntary process (mediation)
- RE suggestion to broaden scope of Scheme – important to us to maintain focus on Horizon given SS's initial report (took 1 year, no problems with Horizon, some with training and support)
- PO established Scheme in good faith
- JFSA were principal drivers of its design, establishment of WG and recommendation for Independent Chair
- PO has now completed investigation of all cases in the Scheme and no fault identified with Horizon
- No need to seek to change scope – it's designed to cover every issue raised by Applicants

8. SECOND SIGHT

Have you fallen out with Second Sight?

- Not at all.
- I am very grateful to Second Sight for all they have done and continue to do as part of this important process.
- Of course they have challenged us. They wouldn't be doing their job if they didn't.
- They are independent. That they are sitting alongside us today should not be taken to read that they are in our pocket – indeed their challenge has been forensic and proper.

Why won't you give them all they need?

- We have provided thousands of pages of information to Second Sight.
- They have pushed us, rightly, in the areas where they think appropriate.
- And where it is appropriate and relevant to the focus of the Scheme, we have been as open as possible.
- What we can't do is prove a negative. In the absence of evidence of a system problem in our systems – and there is no evidence – there is a danger of this becoming a never-ending inquiry.
- And that is no-one's interests.

Your own independent consultants claim that you are being obstructive and preventing them from gaining the information they need ?

- Horizon is a computer system used by 78,000 people and processes 6 million transactions daily: there is no evidence of a system wide problem.
- We all need confidence in that system – if a problem was found we would be transparent about putting it right
- We have provided Second Sight with hundreds of thousands of pages of information (often at their request)

What was your response to their 'part 2' report?

- August 2014 Part 2 report was sent as confidential document to some Applicants, their advisers and the PO
- PO was unable to endorse the report due to inaccuracies and omissions
- Within Second Sight report, several issues were said to need further investigation
- From 109 questions we've been asked as a result (some about very complex issues) we are not providing answers to 4:
 - For three questions, we don't have the info
 - One question is not understood
- Questions which are relevant to the Scheme are all being answered

We understand that you are saying to Second Sight that subpostmaster contracts are "out of scope" but how can this be when there are so many complaints about them?

- Scheme is to investigate individual complaints
- If an Applicant has raised an issue with their contract, we have addressed it
- But the inquiry is about Horizon – principles of contracts are outside the remit of SS as accountants

Second Sight say that you have changed their terms of engagement to narrow the scope of their investigations – is this true?

- No
- Scheme is to investigate individual complaints
- Scheme is operating as agreed between PO, JFSA, SS and with MPs
- No organisation can allow open-ended inquiries without limitation on time and scope
- PO subject to legal regulatory, commercial and compliance requirements scrutiny, employing other organisations e.g. auditors

You have clearly been trying to fetter the independence of Second Sight – you refused to endorse a much leaked confidential report designed to help people in the Scheme and are you not trying to prevent or at least heavily influence the final report they plan to publish in March?

- Independence and impartiality of Scheme
- We have worked on facts and substance – good and bad
- We would not have taken the approach and actions we have if we did not intend independence
- PO did not endorse the confidential document because it was inaccurate and it omitted information that is important for Applicants
- To correct inaccuracies and provide information SS omitted, we produced a document setting out our detailed position and this is also sent to Applicants

There is significant doubt that Post Office is truly revealing all the documents and evidence needed for these cases to be properly investigated and reviewed – is it true that documents have been and are still being destroyed?

- PO has taken great care not to destroy documents relevant to the Scheme
- Some cases date back many years
 - Retention policy is, generally, seven years
 - Some records going back further have been retrieved

What safeguards are in place to ensure that Second Sight can be confident that they are receiving all available material for each case to allow them to properly review? Post Office will be biased in their investigations.

- Independence/ impartiality of Scheme
- Scheme working as agreed
- Investigation process was agreed with JFSA and SS as part of the Scheme
- For every case there is a checklist of docs so that it can clearly be seen by SS, Applicants and their professional advisors exactly which docs have been searched for and retrieved

It seems that in many of the cases the conclusion being reached is that it is not actually possible to know where the money has gone – so how can you possibly keep asserting that there is no problem with Horizon? The truth is that the investigations are not revealing the cause of these losses at all.

- 2.5 years of investigation – no evidence in any of the cases that Horizon has not worked as it should
- Each case is different but there is clear evidence in many cases about the most likely cause of loss

In almost every case you are challenging Second Sight's findings and conclusions in some way – do you have no confidence in the consultants you appointed?

- Independence/ impartiality of Scheme
- PO and Applicant can comment on SS draft report

9. HORIZON

Has Horizon had bugs?

- This is a massive IT system.
- It deals with six million transactions a day. Xx billion a year.
- Like all systems it experiences issues from time to time.
- Where there have been issues we have been absolutely up front about them.
- And they have not impacted to the detriment of subpostmasters.
- From 2011 FOI. Post Office Ltd as a responsible business has undertaken regular and robust external audits of its IT systems which includes Horizon. During the past five years there have been 16 external audits and accreditations. Post Office Ltd undertakes monthly vulnerability scans and penetration tests are conducted annually, therefore there have been 65 scans and tests which we consider audits.

Where has the money gone?

- There are only two ways to explain how losses take place.
- One is criminal behaviour.
- The other is operational error.

- Losses cannot be hidden from Horizon. Subpostmasters have a choice when reconciling their accounts.
- [Bring in Angela]

10.THE SCHEME

Are you saying you will pull the plug?

- We have investigated all the cases. Second Sight are looking at our investigations. Some mediations have taken place, and some cases have been settled.
- We are committed to seeing the process through for the applicants.
- But at the same time, MPs who helped set up the scheme and welcomed it, have now withdrawn their support. The JFSA has said it is unhappy and has a legal firm working with it.
- I can't ignore that and must reflect on it.
- Clearly I have to make a judgement as chief executive, with my Board, as to whether the aims of the Scheme have been achieved.
- What I am clear about is that we have fully implemented the scheme as established with all necessary thoroughness and rigour.

Should there be a public inquiry?

- I see no reason to do so. But it is not a question for me.

This is taking too long?

- These are complex cases. Each is different
 - A third of cases have been are now closed / passed through the scheme
 - Important to allow sufficient time for people to come forward
 - Each stage of process taken longer than anticipated (Applicants, PO & SS)
 - We have conducted rigorous investigations & reviews
 - 136 reports on individual cases – each typically 20 pages with 80 pieces of evidence
 - Scheme does not affect anyone's legal rights

But the Scheme is satisfying no-one?

- A third of cases are now closed / passed through the scheme – no predetermined outcomes
- We agreed with SS, JFSA and MPs exactly what we would do and that is what we are doing
- We did not know what inquiry & investigation would find. Established Scheme with open mind & have done great deal to ensure impartiality (WG, Independent Chair)
- Listening to our critics and, in circumstances, we are considering how we move on

Why are you so secretive about it?

- We are not being secretive, we are upholding the necessary confidentiality of the scheme as it was established
- Even facing unsubstantiated allegations, we have not & will not breach applicant confidentiality, which protects personal sensitive info of Applicants, e.g. re ill-health
- Mediation (always, not just this Scheme) is a confidential process, and it is required by CEDR
 - When Sir Anthony Hooper wrote to the Minister for Postal Affairs (Dec 2014) he attached letter from CEDR re confidentiality (this is also in the House Library)

How does mediation work?

- Mediation is a two-stage process
 1. Investigation and independent review, shared with Applicant;
SS recommend whether to mediate or not
 2. WG face-to-face discussion and vote
- It was never agreed all cases would be mediated (per original documentation)
- Out of 41 cases recommended for mediation by WG, we have declined to mediate 5

Why won't you do what MPs have been asking for?

- To agree all cases should be mediated would deprive the WG of its important, independent vote
- We fund administration of entire Scheme and support Applicants to engage professional advisors to build their cases

But you take a legalistic approach and refuse to agree where Second Sight recommend mediation?

- Scheme working as agreed
- Impartiality of Scheme
- PO funds the Scheme because so keen to get to the bottom of complaints and difficult to see how else it could have been funded – but very careful to have impartiality built in

It is surely pointless having a mediation Scheme when Post Office refuses to mediate some of the most worrying cases, even when this is recommended by everyone else in the scheme working group?

- Third of cases now closed / passed through the scheme
- Declined mediation in 5 cases (out of 41 recommended by WG for mediation)
- We provide support funding for Applicants to engage professional advisors and build their cases

But James Arbuthnot MP says that you are objecting to mediation in 90 per cent of cases in the Working Group – even if they are proceeding to CEDR because you are out-voted. The Scheme documentation says mediation is “likely” in most cases – but haven’t you in fact been trying to prevent it behind closed doors?

- This is not correct
- Third of cases already closed/ passed through the scheme
- Declined mediation in only 5 cases (out of 41)

On what basis are you refusing to mediate cases that are recommended for it?

- For mediation to be successful there must be a reasonable prospect of resolution
- Where there is no evidence that Post Office is responsible for allegations in a complaint there is no reasonable prospect of resolution

Isn't it true that even in cases you are mediating you are continuing to bully postmasters, refusing compensation and even claiming that some of them still owe you money?

- Impartiality/ independence of Scheme – including independent mediator
- Reputable mediation experts ensure mediations are in line with best practice
- We cannot discuss cases without breaching confidentiality of Applicants and of the confidentiality agreement with CEDR (fundamental part of their Codes of Conduct)

But are you, in any cases, still chasing or going to chase alleged debts?

- Scheme is about resolving complaints
- I cannot provide details of outcomes of mediation for reasons of confidentiality

Why is there so much secrecy?

- No secrecy – confidentiality to protect people as agreed by all parties
- Confidentiality of mediation is not particular to this Scheme but is inherent in all mediations
- Confidentiality in line with CEDR's Code of Conduct and European Code of Conduct which UK providers must observe to maintain accreditation
- Independent, well-established and reputable mediation experts appointed to ensure mediations follow best practice

There might have been miscarriages of justice so how can anything that could reveal that be out of scope in this inquiry?

- Scheme is to investigate individual complaints
- Provided huge amount of information to SS about Horizon and business processes
- PO has taken steps through the Scheme with duty of disclosure firmly in mind

There are apparently hundreds more potential cases but you closed the Scheme last November so these postmasters have no opportunity to raise their complaint and get an independent review – surely that is wrong and unfair?

- Inquiry started in 2012 - there has been 2.5 years for people to come forward
- We encouraged people to come forward in 2012 and when the Scheme was established, as did JFSA
- Very few people have come forward outside of the Scheme

Many postmasters say they struggle to check discrepancies because there is no proper audit trail – why can you not give them a proper explanation when they query losses?

- Thousands of postmasters use Horizon successfully
- If branch shows discrepancies then branch has access to range of reports including line-by-line transactions of the day

If Horizon is working so well, why are you replacing it?

- Thousands of postmasters are using Horizon successfully
- Six million transactions a day
- Growing business with banks and other clients
- Would be unusual for any large organisation not to make continual upgrades and improvements

- We do so in the context of a digital revolution which is transforming people's lives – not surprising then that we would want to get the best system for our people and our customers

Some postmasters appear to have panicked and just agreed with Horizon's figures to ensure they could trade the next day – isn't it the case that the system itself was pressuring some people to falsely account?

- Thousands of postmasters use Horizon successfully
- SPMRs can accept discrepancy if they are responsible for it or can dispute it for investigation
- SPMRs do not have to accept Horizon balance in order to continue trading

Horizon was introduced over a decade ago – even with upgrading it is surely no longer fit for purpose – but what incentive do you have for improving the situation when your postmasters take all the risk?

- Postmasters are not responsible for all losses
- Balance of risk and reward, similar to franchisee
- Postmasters are independent business people
- Postmasters are not liable for losses beyond their control (e.g. external fraud) if they follow correct procedure

Some of your more rural Post Offices have problems with telephone lines and power and find themselves having to try to run Horizon on mobile technology – how can this possibly be secure and is not the case that system crashes and interruptions could cause losses for postmasters?

- Horizon is working as it should and is secure
- System is capable of handling power and telecom problems, a risk faced by all IT systems
- SS specifically looked into recovery process and found it worked

How old is some of the hardware? If postmasters need replacement hardware is it second hand?

- Horizon is working as it should
- Industry standard practice on replacement
- No evidence that suggests Horizon did not accurately record transactions processed by applicants

Is it not the case that there are still regular issues with Horizon, but many postmasters are understandably afraid to raise it?

- Open communications – with forums and channels that provide feedback
- Nothing to suggest postmasters are afraid to raise issues
- Horizon processes 6 million transactions a day
- Horizon used successfully in all our outlets (e.g. WH Smith, Tesco, Asda)

We have had information that there is a current issue involving mailing labels and that there is CCTV evidence about it. Do you know anything about that?

- Investigate issues raised with us
- Safeguard built into Horizon but we are looking into improving the process
- If pressed re allegation that postmasters are fraudulently 'reclaiming' money they are losing from the issue: we have repeatedly requested evidence but it has not yet been provided

11. TRAINING AND SUPPORT

Your training and support for postmasters has obviously been pretty woeful

- Thousands of postmasters operating successfully
- Provide comprehensive training and follow up support
- In a small number of cases, the standard expected was not provided – this is being addressed in the Scheme
- Continually improving training and support, with involvement of our people
- Created branch support scheme as a direct result of this issue

Your own helpline was providing instructions and advice that simply made things worse for people – in some cases doubling their losses. It is not surprising that some of them gave up on it is it?

- Helpline used by thousands of postmasters
- Call logs are retained – no evidence that wrong advice was provided

Postmasters were continually told that things would be put right by the system and it would correct itself, but this never happened - how could you then possibly justify the actions you took to punish these people?

- This is likely a reference to the processes within the system that are in place to enable review when, for example, someone has input the wrong figures – if any issues cannot be resolved they can be escalated to higher level of support (Field Support Advisors or other managerial)
- Thousands of postmasters operating Horizon successfully

You now appear to be running the risk of making things even worse for postmasters – have you not cut back severely on training and support and outsourced your helpline abroad?

- Continually improving training
- Have put in place branch forum as we said we would
- Forum reviewing training and support
- Using digital channels to expand and improve training further
- Our approach is to have efficient support processes for our customer facing colleagues and we'll continue to develop these – as every good customer facing business should

12. CRIMINAL INVESTIGATIONS AND PROSECUTIONS

Postmasters claim that you act as judge and jury – if there are any losses found at audit you have no interest in finding the cause because they have to pay them, isn't that true?

- This is not the case. It is always in Post Office interest to find cause of losses and to support postmasters to protect this money
- If losses are not made good, PO bears that loss
- Postmasters not responsible for all losses
- Only postmasters and their employees know what happens day-to-day in a branch

You send in your own investigations team if losses are found, with their powers to interview people under caution – how can this possibly be fair and without bias?

- Post Office has no special powers of investigation
- Interviews are compliant with PACE
- Cases must meet CPS Code

Why do your investigators not allow people legal representatives to be present when people are questioned?

- Post Office carries out investigations fairly
- Legal representation always allowed in interviews under caution
- All potentially criminal cases are thoroughly investigated

- Decisions about appropriate courses of action are taken on the basis of the available facts and evidence and their application to the relevant legal principles following review by specialist legal advisors
- This includes being satisfied that the case meets the Full Code Test in the CPS's Code for Crown Prosecutors (i.e. that there is both sufficient evidence to provide a realistic prospect of conviction, and that prosecution is required in the public interest)

You seem to rarely be able to prove theft so instead pressure people to admit to false accounting, which is much easier to do – do you not accept that some of your postmasters are simply not in a position to be able to refute that even though they have done nothing wrong?

- Thousands of postmasters operate Horizon successfully
- No reason for anyone to commit a criminal offence
- Prosecution subject to scrutiny of defence lawyers and ultimately the courts
- Falsifying accounts cannot be justified and destroys the audit trail making investigation difficult / impossible

There seems to be a ‘one size fits all’ attitude to prosecuting people with no account taken of the circumstances in which they have had to try to operate - is it not therefore highly likely that some postmasters will have found themselves victims of miscarriages of justice, either wrongfully prosecuted, wrongly convicted or put in a position where they plead guilty simply through fear?

- Prosecutions are very rare
- Every case is considered individually and subject to checks and balances
- Decisions on how to plead to a charge are not a matter for Post Office
- After 2.5 years of investigation we and SS have found no evidence of unsafe convictions
- In deciding whether to prosecute, PO and legal advisors consider whether the case meets the high standards of the CPS codes

- Defendant is entitled to legal advice
- PO takes duty of disclosure extremely seriously

Why did you start dropping prosecutions when the scandal about Horizon started to surface?

- Cases always continuously reviewed
- PO will not comment on specific individual cases
- PO keeps cases under continuous review all the way up to and during any trial to ensure it meets CPS Code for Crown Prosecutors

Is it not true that, because you go for false accounting and people are pressured to plead guilty because a lesser sentence is likely, that evidence about Horizon is actually therefore not tested much, if at all, in Court?

- Prosecutions are rare
- How an individual pleads to a charge is not a matter for Post Office
- All evidence is disclosed to defence and could be tested
- Evidence about Horizon has been tested in court

Some of the postmasters felt they were the only ones with problems with Horizon. Now it is clear that they are not – and there might in fact be hundreds more cases than we know about – should not every single criminal case be allowed an appeal? It is surely powerful new evidence that there are so many cases and that there have been serious glitches in the system, even if those glitches did not directly apply to these cases.

- There is no evidence in these cases – none at all - that Horizon has not worked as it should and Post Office cannot be asked to ignore this
- Every case is different and must be assessed on all of its facts and substance
- We need to recognise the context, whilst recognising every case is important – 150 cases with 136 still in the Scheme – spanning the last decade where we have run a network of over 11500 branches each year – each accounting weekly or monthly.

Would you agree that there should be no time bar for these cases?

- Legal rights of applicants are not affected by the Scheme
- Post Office also has legal rights
- Limitation periods firmly established in law

Would you welcome the Criminal Cases Review Commission examining these cases?

- The Scheme does not change anyone's legal rights
- No evidence by PO, SS or Applicant suggesting convictions are unsafe

- PO writes to everyone who has suggested they have evidence a conviction is unsafe asking them to disclose it – no such evidence has been brought forward

What is your reaction to the challenge that you should no longer have prosecution powers and investigations and prosecutions should be carried out by police and CPS?

- Statutory right to bring a private prosecution open under the Prosecution of Offences Act 1985
- Statutory right applying to every person and organisation in England and Wales
- Post Office is not unique in bringing its own prosecutions. In 2012 for instance, one in ten criminal prosecutions were brought by TV Licensing. 155,00 people were convicted. The RSPCA and local authorities bring criminal prosecutions.

13.CONTRACTS

Aren't the contract terms completely unfair?

- Thousands of postmasters operate successfully and have done for years
- Similar position to franchisees in other organisations
- Contract terms negotiated with National Federation of SPMRs which represents 80% of postmasters
- Balance of risk and reward – not responsible for all losses

But the contract goes back decades and was in place before Horizon was introduced – how can your contracts still be fit for purpose?

- Agreed and regularly reviewed with NFSP (represent 80% of independent postmasters – 6,100)
- Core principles remain and overwhelming majority of postmasters operate effectively within these terms as they have done for many years
- Broadly similar to franchise arrangements across UK
- Postmasters have responsibility for protecting PO money within the branch they control by following proper procedure, many of which required by law and compliance regulation
- Transactions and accounts are now computerised but this does not impact on the contract

Postmasters might well be independent business people but a lot of them are running village shops, not large companies but you don't even provide them with legal advice before they sign up to the contract – or even advise them to get some. How do you make sure they really know what they are signing up to?

- Postmasters are usually already running their own businesses
- Open to any postmaster to take legal advice
- In-depth appointment process
- Postmasters are free to take independent advice, as they are free to choose to enter into a contract with PO, or not

The British Franchise Association recommends that independent legal advice should always be taken before signing a franchise agreement – why does Post Office not comply with this best-practice recommendation?

- BFA recommendation is to franchisees (akin to SPMRs) not franchisors (akin to PO)
- Reasonable for PO to assume an independent business person entering into a contract will take legal advice if they think they need it

Is it true you don't even show the contract to postmasters before they have started working for you and they are only asked to sign an acknowledgement document agreeing to its terms?

- No this is not true
- Contract is available to postmasters throughout negotiation

- It is issued with the offer of appointment
- Common practice for new subpostmasters to sign an “Acknowledgement of Appointment” document, rather than the full contract – but this is done after the contract has been provided and people have had the opportunity to go through it and seek any advice they wish
- A postmaster is also always able to ask for a copy of the contract if s/he so wishes

But was this always the case? Aren't there cases where postmasters have never seen the contract?

- It has been our practice since 2001 to send out the contract with the offer of appointment following successful interview
- It is always open to a postmaster to ask for a copy of the contract

How can it be fair for postmasters to be responsible under the contract for losses caused by their staff including when these have been caused by genuine and innocent mistakes?

- Postmaster is responsible for running his/her branch and that includes the employment of staff
- Responsible for hiring assistants and for their training. Postmasters' assistants are not employees of Post Office
- Postmasters assure themselves that assistants they employ are suitable for the role – they interview them, seek references and do necessary checks

