





Business, Innovation and Skills Committee

House of Commons, 14 Tothill, London SW1H 9TH

Tel: GRO Fax: GRO Email: GRO Website: www.parliament.uk

Rt Hon Vince Cable
Secretary of State for Business, Innovation and Skills

17 March 2015

Dear Secretary of State,

Post Office mediation scheme

As you will be aware, on 3 February 2015, the Business, Innovation and Skills Committee heard evidence on the Post Office mediation scheme. During this session, we were concerned to hear that the mediation scheme is not operating in the manner envisaged when it was established.

I was pleased to hear that since our evidence session Post Office has agreed to take most cases forward to mediation. However, I have a number of specific concerns regarding Post Office's approach to the mediation process, which I expect the Government to be actively involved in addressing in order to ensure they do not cause further issues in the future:

- During our evidence session, Post Office assured us that individuals who had previously pleaded guilty to charges arising from information provided by Horizon were eligible for mediation. The letter sent by Post Office to Jo Swinson MP on 9 March would appear to contradict the evidence given to the Committee on this matter, and we wish to have clarification on this.
- On the basis of the evidence we received, we were not convinced that Post Office was engaging as constructively as it could be with the mediation process. We heard suggestions that Post Office has adopted an overly legalistic approach to mediation, contrary to the spirit of the scheme.
- Beyond the mediation scheme, it seems that there is considerable scope for Post Office to be more proactive in providing support to sub-postmasters when accounting errors arise in the first instance. There are deficiencies in the support on offer to staff at present as outlined in evidence to us. We would expect to see mechanisms to be in



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place to investigate the cause of errors at the time of the error occurring, rather than after charges have been brought

- We believe that your Department should have a copy of Second Sight's final thematic report on the operation of the Horizon system.

I hope you will confirm to the Committee that you will be actively engaged in investigating these concerns.

We were especially concerned that there had been such a lamentable lack of information provided to Second Sight. As an independent investigator, Second Sight should have been given ready access to the documentation it considered necessary to carry out its work. We would have expected there to be a clear presumption of timely information disclosure to the independent investigators in order to aid their review. On those occasions where Post Office Limited wished to withhold information, we would expect the reasons why to be clearly set out.

It is my understanding that, now their investigations have concluded, Second Sight are expected to destroy the documents they hold following their investigations. In PMQs on 11 March, the Prime Minister recognised that this was a potentially serious issue. In order to ensure an effective audit trail is maintained, copies of these documents should be lodged with BIS in case they are needed in future.

It is regrettable that the relationship between sub-postmasters and Post Office has been damaged as a result of these issues. We expect Post Office to be actively engaged in trying to re-build these relationships, and your Department has a role in ensuring that this is done. We urge you to pay particular attention to the number of cases which are considered to have reached a satisfactory outcome upon completing the mediation process, and to update the House on this matter, in order to monitor the outcome of this scheme.

We understand that some of the cases being considered may be complex. I hope that, with your influence being brought to bear upon Post Office, the cases at hand may be directed towards a constructive resolution.

Yours sincerely

GRO

. Adrian Bailey MP

Chair of the Business, Innovation and Skills Committee