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POST OFFICE HORIZON IT SYSTEM

Post Office Ltd (POL) introduced the Horizon IT system throughout the network (c50, 000 counter positions) in 2000. The Government provided c£500m to fund it. Horizon provides an automated accounting system which records every transaction effected over every post office counter position across the network.

Under their contracts with POL, subpostmasters (spms) are wholly responsible for safe custody of all cash, stamps and other post office stock with face value and this responsibility extends to the actions of all staff they employ. Since Horizon's introduction, there has been a small trickle of cases referred to Ministers from or on behalf of former spms who have had their contracts terminated by POL for financial 'discrepancies or shortages' (falling within the range of theft, false accounting or negligence) who have claimed that there are systemic faults with Horizon which have caused the losses rather than theft or other financial malpractice by themselves or members of their staff/family.

POL has consistently defended Horizon on the basis that the system has been in place for over 10 years; in a typical month Horizon conducts around 80 million customer sessions with 230 million transactions across the system. This is delivered through around 35,000 counter positions in nearly 12,000 Post Offices which perform weekly and monthly accounting balances. Around £175m per day is settled to over 700 client companies who use POL – a substantial flow of data to and from organisations with regularly audited accounts. Over its extensive period of operation the system has proved robust.

POL cites the cases identified by ex-spms where there is some kind of allegation in respect of Horizon as being a miniscule proportion of the many millions of accounting events that subpostmasters have undertaken since 2000. POL believes that if there were any systematic integrity issues within the system they would have been evident over the past 10 years. Both the NFSP and CWU have expressed full confidence in the system.

Accordingly POL has consistently and publicly expressed full confidence in the robustness, integrity and accuracy of Horizon and long resisted periodic calls from former spms for an independent review/audit of the integrity of the system. A lobbying campaign group 'Justice for Subpostmasters Alliance '(JFSA) was established in 2009 and claims a membership of around 100 members but details only 14 specific cases. The JFSA Chairman, Alan Bates, met Ed Davey in October 2010 and Norman Lamb in June 2012 to voice their concerns about Horizon.

In 2010, the JFSA 'sponsored' the initiation of legal action against POL by 5 former spms alleging wrongful termination of contract based on failings in POL's internal processes and the Horizon system. This legal process has proceeded extremely slowly with the solicitors acting for the claimants very dilatory in progressing them. Against this background, ED and NL adopted an essentially 'listening' mode emphasising that Government had no role in operational and contractual issues raised by the JFSA.

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Shortly ahead of NL meeting the JFSA, there was a significant new development following a meeting between POL and a small group of MPs who have ex subpostmaster constituents claiming to be victims of faults with Horizon. The MP group was led by James Arbuthnot and included Oliver Letwin, Mike Wood, Annette Brooke, Tessa Munt, Andrew Bridgen + 3 MPs' (Graham Stuart, Jonathan Djanogly, Edward Garnier) researchers. At a meeting on 18 June, POL agreed to commission an independent external review of a small number of individual cases.

It was agreed that this review would be conducted by a firm of forensic accountants, with cases being selected and put forward for review by James Arbuthnot MP who agreed with POL that he would act as the conduit for cases referred by fellow MPs so that the choice was made independently of POL. However as POL are keeping an arm's length distance from the review, we do not have a clear indication of how many cases have been/will be put forward for review and what the expected timescale for the results is.

In response to any enquiries to Ministers/the Dept about individual cases being put forward for review, the replies explain that any cases should be referred to James Arbuthnot MP for consideration through their constituency MP.