

1 Narrative and summary of the Second Sight report

- 1.1 The Second Sight (SS) investigation has considered 47 cases referred via MPs, the JFSA, or made directly by ex-SPMs to SS.
- 1.2 SS broadened the scope of its report from an investigation into the core software element of Horizon to also consider issues such as the training of subpostmasters, POL's reaction to handling errors, and the level of support provided to subpostmasters.
SS appears to have further widened its remit to act as an arbitrator for aggrieved ex-SPMs. These attempts by SS to reach 'closure' between ex-SPMs and POL have not been successful.
- 1.3 SS has sought to handle the different elements of each claim as a 'spot review' to help identify trends between cases. They have so far prepared 29 spot reviews, but this report looks at just four. SS is implicitly critical of POL's engagement, noting that POL's responses are "long and highly technical", which SS notes has resulted in many ex-SPMs feeling "aggrieved and dissatisfied with what they see as POL's overly technical and apparently unsympathetic response." Again, this attempt at reconciliation – which cuts across court convictions – has overstepped SS's remit.
- 1.4 SS report that as part of the investigation POL voluntarily admitted to having identified two 'anomalies' that had affected 77 branches (0.65% of the network) and 12 branches (0.12% of the network) respectively. The report notes that POL took action to rectify these anomalies once they had been identified.
- 1.5 On the question of the core Horizon function, SS finds that the system achieves its intended purpose and concludes that they have "so far found no evidence of system wide (systemic) problems with the Horizon software." Additionally, the report notes that the Horizon system, which involves over 65,000 users "operates smoothly for most subpostmasters and their staff" all of the time.
- 1.6 With regard to the wider aspect of operation, SS is more critical citing the large number of interfaces with linked systems (i.e. Camelot for lottery products), the complexity of some processes (i.e. resolving transaction corrections within the system), and the perceived lack of training.

2 Next steps

- 2.1 Though POL see the SS interim report as being unsatisfactory in many respects, their current thinking is to welcome the report and to commit to work with SS, JFSA, James Arbuthnot (JA) and other MPs in implementing changes and improvements (where not already done) in the Horizon training and support provided to SPMs and establishing a 'User Group Forum' as a channel to monitor and respond to SPM concerns about Horizon operating procedures.
- 2.2 SS are understood to be refining draft of report over the weekend.

- 2.3 Discussions between Paula Vennells (PV) and Alan Bates of JFSA (Justice for Subpostmasters Alliance) indicate that he is agreeable to signing up to a joint statement with POL (and ideally JA) welcoming the report, acknowledging that there is no evidence of systemic problems with Horizon and moving forward to establish a 'User Forum' to identify scope for improvements and continue with case investigation.
- 2.4 PV is having further discussions with JA on Fri afternoon to and seek to persuade him to sign up (and minimise handling issues) to the joint statement approach for the Monday SS meeting to report to MPs and JFSA. (Not seen as a certainty and so contact with him by Tessa Munt and/or Oliver Letwin may be helpful - POL can provide a pre-brief is required.)
- 2.5 Also helpful if Tessa Munt (and Oliver Letwin) could attend the SS Report meeting at HoC on 8 July (both have ex-SPM constituents whose cases have been submitted for SS investigation) to moderate MP response (e.g. proposal for Urgent Question/Ministerial Statement on 9 July). Therefore helpful if you have an opportunity to flag to Tessa over the weekend.
- 2.6 POL has commissioned external lawyers to review all cases where legal action against a SPM has been initiated by POL since separation or may be pending) in the light of the interim report findings.
- 2.7 POL giving consideration to JFSA proposal for establishing an independent 'Adjudicator' to consider SPM appeals in financial irregularity cases that are not resolved bilaterally between POL and SPM. (Issues around cost/funding to work through.)

3 Suggested lines to take

- It is not appropriate for BIS to comment on the details of individual operational business issues for the Post Office such as those covered in this interim report.
- However, BIS welcomes the interim report's conclusion that there is no evidence of systemic problems with the Horizon software.
- BIS also welcomes the collaborative approach proposed by the Post Office and JFSA in working together to seek to improve business processes and training to avoid such issues going forwards.

4 Summary of the four spot reviews

- 4.1 (1) Relates to the loss of data connection to the Horizon terminal resulting in the failure for a transaction to complete, but for which the SPM charged the customer. SS note that "procedurally the SPM was at fault". SS judge that had the SPM correctly followed the procedure, this would have resulted in unacceptable customer experience.
- 4.2 (2) Relates to a claim by an ex-SPM that they witnessed POL employees remotely accessing live branch transactions. There are not

clear records of events due to the time elapsed, but POL has suggested that the ex-SPM witnessed a test environment. SS has been unable to provide a definite opinion on the matter, noting “our enquiries are continuing”.

- 4.3 (3) Relates to a claim that Horizon reversed a number of stock adjustments made by the ex-SPM. POL has responded that the function to generate automatic stock adjustments simply does not exist within the Horizon system. SS notes that the SPM “remains confused as to what really happened”, and they have not been able to reach a firm conclusion on the case.
- 4.4 (4) Relates to an issue whereby SPMs whose retail outlets traded after the PO counter closed continued to sell lottery scratch cards, the sales of which needed to be ‘remitted in’ retrospectively. The ex-SPM claims this accounted for a £5,280 discrepancy, but the report fails to provide a narrative on the outstanding unaccounted £9,500 shortfall.

5 List of MPs who have referred constituents to Second Sight

James Arbuthnot
 Stephen Crabb
 Jonathan Djanogly
 Alan Duncan
 George Freeman
 Dai Havard
 Oliver Letwin
 Jonathan Lord
 Alan Meale
 George Osborne
 Mike Wood
 James Arbuthnot
 Andrew Tyrie
 Mark Lazarowicz
 Greg Knight
 John Woodcock
 Greg Knight
 Priti Patel
 Edward Leigh
 Damien Hinds
 Kevin Barron