

Update to our note to you of 4 July 2013 on the independent review of Post Office Limited's (POL's) computer system.

POL, BIS and James Arbuthnot have now all seen a copy of the report.

POL will make a statement welcoming the report at 6pm and we understand that the latest thinking from Mr Arbuthnot is that he will issue a press statement at the same time. We also understand that Justice for Sub-Postmasters is content with the terms of the POL statement but will not be co-signatory.

The report confirms that no systemic problems with the Horizon system were found but also found scope for Post Office Ltd (POL) to improve aspects of its support and training for subpostmasters.

POL has welcomed the report and committed to put in place additional measures to address historic issues, improve future processes and to work with subpostmaster representatives to examine potential changes in support measures for subpostmasters.

During his conversation with Jo Swinson this morning, James Arbuthnot agreed that the report was better than expected and acknowledged that it did not point to any wide-scale problems with the Horizon system.

However he believes that the Report provides evidence that some of the convictions of sub-postmasters who plead guilty to false accounting were unsafe and he would like the Government to intervene to offer some form of redress or to reopen these verdicts.

We would strongly reject the suggestion that it is the role of either POL or Government to intervene to reopen the cases of individual sub-postmasters as Mr Arbuthnot appeared to suggest.

He asked Jo Swinson to make a statement on the report in the House, and indicated that he was minded to apply for a UQ if not.

Jo Swinson advised James that she would not be making a statement and that doing so would not achieve the objectives he seeks because:

- the issues are not related to any Government action or policy decision but are wholly operational matters for Post Office Ltd in which Government has no role.
- no systemic problems with the Horizon system have been identified by the review.
- the number of subpostmasters who have experienced problems are a minute proportion of the tens of thousands of people successfully using the system across the network of over 11,500 branches on a daily basis

- Post Office Ltd has proposed measures to address some of the points about subpostmaster support and training raised in the Report
- Government cannot intervene in the legal process to review or appeal past convictions.

We understand that James will be having further discussions with Paula Vennells (POL Chief Executive) this afternoon. We expect that POL will be able to develop detailed proposals to meet JA's concerns about how the report will be taken forward although it will not be able to have fully worked up operational proposals today. POL will not however be able to provide any reassurance on the issue of the existing convictions.