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Justice For Subpostmasters Alliance

Mr Norman Lamb MP
Minister for Postal Affairs
Department for Business, Innovation & Skills
1 Victoria Street
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29 FEB 2012

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Dear Mr Lamb

I am writing to you on behalf of the Justice For Subpostmasters Alliance (JFSA), as I did with the former Minister for Postal Affairs during May 2010.

On that and subsequent occasions, I wrote to draw his attention to the plight of subpostmasters at the hands of Post Office Limited. The reference number 213102 was given to the correspondence and it will provide an outline of our concerns. During November 2010 I met with him at his office to raise many of the issues which have been causing devastation and distress in the subpostmaster community. Following the meeting I understand he queried a number of points with Post Office management and he seems to have taken them at their word.

I write to you on this occasion to request a meeting to discuss this matter further with you. As you will see from the previous correspondence, solicitors are now acting on behalf of a number of victims of Post Office Limited, but the law moves slowly and in the meantime many more subpostmasters will suffer. Whilst JFSA very much reflects the views of those who have fallen victim to the failures of the Post Office Limited Horizon system, I want to draw your attention to the enclosed survey which has just taken place. As you will see, it has been completed by serving subpostmasters, with their anonymity ensured to safeguard them from Post Office reprisals. I am sure you will find the results disturbing and in total conflict with the assurances given by Post Office Limited to your predecessor and no doubt to yourself if you were to raise our concerns with them.

Previously we offered to work with your department to assist with uncovering this major scandal, and I now extend that offer to you. In the meantime should you require any further information, please do not hesitate to ask.

I look forward to meeting with you in the near future.

GRO

Alan Bates
Chairman, Justice For Subpostmasters Alliance



Subpostmaster Survey

Post Office Limited has continually refused to acknowledge that any problems subpostmasters have experienced have ever been the fault of the POL Horizon computer system. Furthermore POL has refused to allow access to or answer questions about the accuracy of the system to substantiate their claim. So during February 2012, a short survey was undertaken of serving subpostmasters in order to gauge the extent of the losses from Post Office Limited's Horizon system.

The survey's existence was made known through a closed forum for subpostmasters and remained online for 8 days. To encourage frank and honest answers from a cross section of subpostmasters, no information was requested that would identify those responding.

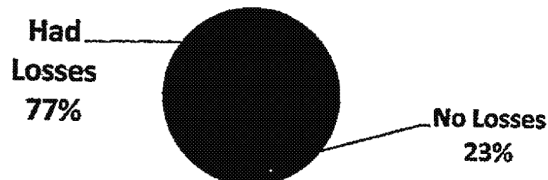
The survey used the free online version of SurveyMonkey, which only allows for 100 responses but does not include any analysis tools. The information submitted from all the responses was entered into an Excel spreadsheet which was then used to generate the results. The majority of the survey forms were fully completed, but occasionally a person did not complete every question. In such instances the dataset was amended to reflect the actual number of responses to that question.

The answers provided made it possible to establish how wide ranging the extent of the annual losses from the Horizon system probably are, as well as suggesting what is the order of cost to each subpostmaster. Of particular concern is the response to the first question, which has provided a revelation as to just how serious the problem really is, and how well POL is managing to hide the facts from being known.



Survey Results

Q - Do you have regular balance shortages that you have to put money in to address?



When this information is combined with the answer to:-

Q - If YES, what have you had to add over the last 12 months?

It suggests that the average office loss during the last 12 months was in the region of £1200.

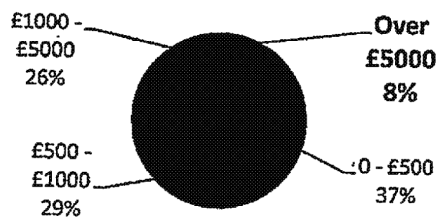
Therefore to estimate the income gained by Horizon through system declared losses, the following formula can be applied:-

$$\text{number of offices using Horizon} \times 1200 \times 0.77$$

Furthermore, this calculation can offer a total amount gained from Horizon declared losses since its inception by replacing each of the years' *number of offices using Horizon*, with the appropriate number since the initial launch of the system to 18,000 offices.

Then by using the declared stated loss figures it was found that the majority of losses were up to £500, but over a third of offices had suffered losses in the £000's during the past 12 months.

Average size of losses during the last 12 months



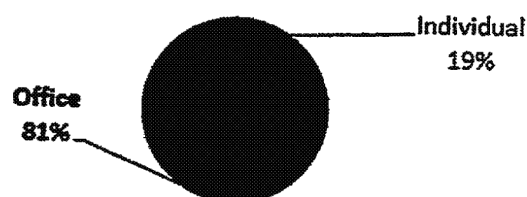


To ascertain as to whether there was any obvious trend in the way these losses were occurring due to the way an office operated, the following question was asked:-

Q - Do you use individual till balancing or office balancing?

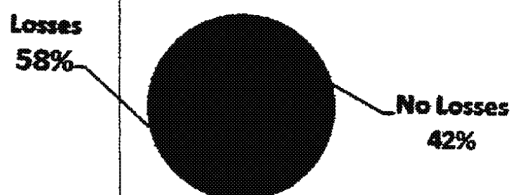
The 'Office' balancing is often perceived as being the easier to operate, as the stock is generally pooled, but it is thought to be more susceptible to error because of the pooling. This was clearly the most common balance in use.

Type of Balance Used

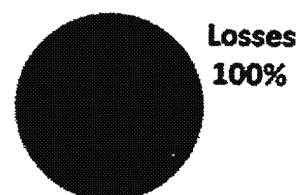


Yet when comparing the offices by type of balance, with those offices that have stated losses during the last 12 months, this was not found to be the case.

'Office' Balance with Losses during the last 12 months



'Individual' Unit Balance Losses



So by applying the results of these losses by type, to the question:-

Q - How many serving positions does your office have?

It became clear that of those undertaking 'Individual' balances and stating that they had suffered losses during the last 12 months, 50% were single terminal offices.



What does this survey really show?

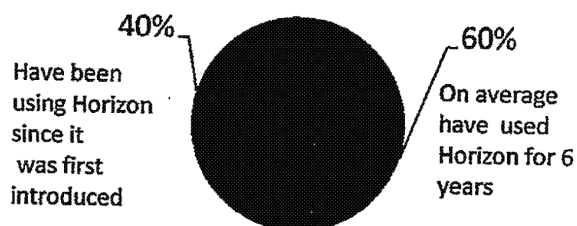
Just from this random sample it is abundantly clear that the majority of subpostoffices using Horizon are suffering losses. Problems with Horizon are not the exception, they are the norm.

Could these problems be due to lack of operator skill?

The experience of operating Horizon 'at the front end' is in abundance as the response to the following question showed.

Q - How many years have you been using Horizon?

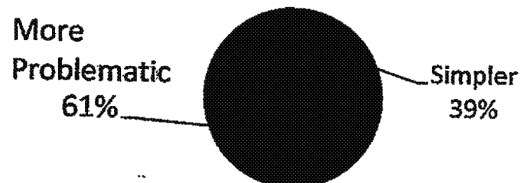
Years experience of using Horizon



By asking a further question of those who had used other methods before Horizon was installed, the result is a damning indictment of a system meant to improve a business. No truly commercial business would find such results acceptable, but Horizon being a government IT project has gone the way of so many others i.e. costing billions and not fit for purpose.

Q - If you were a serving postmaster before Horizon, have balancing problems become more problematic since Horizon or has Horizon made balancing simpler and more accurate?

Use of Horizon





Postmaster's Comments

Further to the survey, a box was added that would afford any of those who had experience prior to Horizon, the opportunity to add a short comment. A number did, and all of those comments are included below.

For information, contained within these comments are references to HOL which stands for Horizon Online, the latest version of Horizon rolled out over the last 18 months. The 'Richard Jackson' comment refers to a trade name of a standalone pc software package that subpostmasters could buy privately to produce POL balance returns prior to Horizon. Another similar product from that period was known as Capture, and POL would accept documentation from either of these systems.

"You would think that over the years, as you get more experienced, when only you and your wife operate the counters, that more often than not you would balance to a few pence on a daily basis. This NEVER happens. What we need to have is a forensic audit - with CCTV recordings of all transactions, HOL screens and payment and change. Over a day, on a multiple counter system, run by a professional audit team. Happy to eat my hat if they don't find anything untoward."

"Horizon lacks accounting reports"

"Although I haven't had regular problems I have an instance (of which I have full documentation) where Horizon 'lost' several postage transactions, all were either RSF or Intl SF and horizon printed labels and individual proof of posting but did not add them



into the overall total. Only picked up when ISF's didn't show on the Priority items postage printout."

"We haven't had any noticeable problems since the arrival of Horizon Online but under the old Horizon system we experienced problems whereby we would often encounter £100 shortages. I was able to rule out staff dishonesty as this was a problem that occurred on more than one occasion on days when staff were absent or on holiday. We also had two occasions where there were £1,000 gains that have never been explained. Fortunately for us the two £1,000 gains probably covered the many £100 shortages. As with any computer system I believe that Horizon is NOT infallible as POL tend to suggest, nor is it particularly robust as has been demonstrated by the more recent outages."

"Its quicker, but not more accurate."

"I cannot honestly say whether my regular smallish shortages are due to a technical/accounting error within Horizon or the design of Horizon making it too easy for user errors to be made without logical warnings at the time of entry or being able to trace them afterwards."

"I've had Horizon ever since being here but went to HOL in July 2010 and ever since had unexplained losses. Could it just be me? Maybe. Could it be HOL? Maybe. Can it be proved that there's problems with



HOL? Probably not. Once again, we seem to bear the brunt of issues....."

"I have not had problems personally with Horizon so far."

"Assuming we are talking about Horizon Online, then the balance procedure is more efficient and quicker. The differences that other Postmasters seem to have could be attributed to their lack of understanding of the system. The Helpdesk has, in my experience, always been helpful. Perhaps it's the way people ask the questions!!!"

"I have argued and stated the system has a problem. All I get is if I don't pay the short fall they will take it from my remuneration. Which they have on several occasions. I have incident that showed the system equipment to faulty and kept all the relevant information. My base unit was changed and shown to be faulty and yet they still charged me approx £1000 which I refused to pay and it was removed from my remuneration. I still have everything relating to this and the ref No from POL if it is any help."

"I have serious doubts about the accuracy of the system. My staff feel the same way. Overnight and over weekend changes seem to occur. I hate the way in which the Paystation accounting works - you never know where you are and there is no way of checking what has gone through."



"Cancellations/reversals procedure far too difficult and irregular as is the totalling procedure therefore difficult to keep track of the way the system is working and to have confidence in the end result."

"Since becoming a SPMR in 1995 POL's policy from a manual balance to an electronic balancing format has deteriorated. There is little to no controls when losses occur for the SPMR to investigate and even when no material loss is established POL still charge the SPMR for what they allege is a loss."

"I find that balancing is quicker and on the whole accurate but what I don't like is that during the week a shortage occurs which cannot be explained but can disappear when balancing on Wednesday. The access of daily transactions doesn't allow you to look over everything that you do every day."

"Used both Richard Jackson and the POL version to balance pre-horizon. Both software packages allowed you to 'see' where any errors were and make the necessary adjustments. Any adjustments made were carried through to a new balance figure so the effect of any adjustment was immediately available. You had control of the whole process unlike Horizon which largely functions as a Black Box. You do get used to Horizon but are never in control."

"Horizon is a strange system as there appears to be no way that you can find errors for missing amounts of cash. I have tried to do cash declarations on an hourly basis and try to balance this against



transactions but this has proved to be a difficult exercise. I truly believe that there is a fundamental problem with Horizon."

"Balancing is quicker, but if there is a problem there is very little you can do about it because of lack of evidence in paper form or on the system itself. It seems worrying that the transaction log facility only enables you to track transactions that have taken place in the last two months. I recently had a query from a customer about a transaction done in November 2011 and the system would not allow me to go that far back."

"Started in 1995. Couldn't believe the archaic 'big books', got Capture and never regretted it, we like Horizon but cannot understand it and think some more training is warranted. And pigs might fly!"

"Get me out of this insanity."

"The situation has gone so serious since HOL introduction with losses escalating that I am now selling up hoping to escape before bankrupted by POL."



In Conclusion

Whatever is the cause of all the problems with Horizon, whether it is the bugs in the system, the lack of training and support, the failure of management to be able to deal with these issues, the unwillingness of government to face its responsibilities or a combination of all. There is little doubt that at some level POL is fully aware of the extent of the issue, yet has taken the decision to stand firmly behind their continual denial that a single problem has ever occurred with Horizon.

If nothing else, this snapshot survey has highlighted the need for others to seriously question the standard one line response from POL that 'Horizon is robust'. It has to be asked why POL or government has never ever commissioned an independent survey of subpostmasters' views of Horizon after all these years of the system in operation. It could be conducted with anonymity assured by an external organization, and if POL are so convinced about the 'robustness', be used to support their claims.

