

PROJECT SPARROW

Suggested lines to take in reply to approach from JA

- Surprised that you consider now the appropriate time to raise this issue with me
- However, since you have, I will make two observations
- First, I am aware that my Chief Executive has written to you with a decision of the organisation as a whole on the proposition you put to her at your meeting in the Commons on 17 November
- As the Post Office Chair, I will **simply say that I am entirely supportive of that decision**
- Second, I was **frankly dismayed** to hear from my colleagues that the way in which the meeting was Chaired apparently left some of your colleagues with the impression that **they could behave in a way that I consider to be pretty inappropriate**
- I very much hope that, in future, **you will be kind enough to show the same level of courtesy as my colleagues have always shown yours**

Background

1. At a meeting in the Commons on 17 November, MPs forcefully suggested that that POL pre-agree to mediate all cases in the Scheme where this is the recommendation of Second Sight. This was combined with a less than fully-veiled threat to turn to the media, presumably with accusations of bad faith on the part of POL, in the event that it did not do so.

2. Advice is now with the CEO to refuse this suggestion, not least since it would entail the mediation of criminal cases (on which we have advice in the strongest terms that to do so would subject POL to intolerable risk; advice which the Board has accepted). It would also necessarily entail the mediation of cases in which POL is not, on any reasonable view, responsible for the losses or other complaints it is alleged to be the cause of. To do so would also deprive the Working Group of its central purpose (as it is acknowledged to be by Sir Anthony Hooper). Lastly, it would commit POL to a very significant rise in spending on this project and continue to divert scarce resource away from some of the most central challenges facing POL as an organisation, to the ultimate detriment of its customers and bringing into focus the possibility of future criticism of wastefulness by Government and/or Parliament.

3. We are strongly of the view that POL should display the confidence it can and must have about how it has acquitted itself throughout the process. There is, quite simply, no reason for POL to be remotely defensive. Moreover, recent advice from Leading Counsel is clear that any the chances of a successful JR should be regarded as low, both in terms of anyone being given leave to mount a challenge and, even if leave were granted, in terms of the chances of any such challenge being successful. While JFSA/Applicants may contend that POL is subject to JR in this regard, we are confident that it is not.

4. The turbulence which we can expect following receipt of Paula's letter by Mr Arbuthnot is both manageable and may, indeed, be welcome on the basis that these developments are nothing more than the natural and expected product of the strategy adopted by the Board in relation to POL's approach to this issue over the Summer.

Conclusion

5. We are in better shape than ever:

- **we have spared no effort (and no resource) in addressing the concerns first expressed to POL in 2012 by James Arbuthnot;**
- we established a Scheme, largely designed by JFSA and Second Sight;
- POL appointed the Working Group's recommendation for the Independent Chair as suggested to it by JFSA;
- we pay, not only for the administration of the Scheme as a whole but also for professional advisers to assist applicants bring their complaints to us as effectively as possible;
- **we have, at all times, acted in good faith and in lines with the Terms of Reference;**
- **we, alone, have fulfilled the legally binding obligations agreed by all Parties to the Scheme;**
- **we have strongly expressed legal advice from Leading Counsel that the risk of a successful application and subsequent JR is low, since decisions relating to and/or under the Scheme have a private rather than public law character and should not therefore be susceptible to JR;**
- **we have our communications and handling plans in place;**
- we have nearly completed our re-investigation of all cases within the Scheme;
- **those which we have completed confirm that Horizon works as it should; and**
- **if any of the remaining cases buck this trend, we will obviously act accordingly, but it is reasonable to assume that they will not without being complacent.**

6. The Horizon issue is one which POL has absolutely been willing to deal with under the Scheme for the simple reason that the allegations call into question the reliability of the system which is the spine of the work undertaken by staff in 11,800 branches up and down the country and which supports 6.5 million transactions we perform every day for our customers (who are all someone's constituents).

7. But there must be limits. The tiny minority of subpostmaster making allegations and a small if vocal group of MPs, while deserving of respect and due process, cannot be allowed to pollute our public service mission and divert scarce resources as we continue to prove a negative.