



Department for
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Dear Tim

OFFICIAL SENSITIVE: COMMERCIAL

I appreciate you taking the time to meet with me on 15 May. It was helpful to discuss a breadth of topics across Post Office Limited and I am pleased that good progress continues to be made on the business's journey towards commercial sustainability. As Minister for Postal Services, I am committed to ensuring that the Post Office has a bright, long-term future.

When we met, we discussed the ongoing *Alan Bates and Others v Post Office Limited* litigation that is being conducted in the High Court pursuant to a Group Litigation Order. During the meeting I outlined my concerns about the implications of the trials for the business and its reputation. I have since noted the Judge's decision to refuse permission for Post Office Limited to appeal the judgment from the common issues trial and the decision to issue a costs order.

I am aware that Post Office Limited has appointed a new legal team to represent the business going forward. I would therefore like to ask that you write to me, drawing on the advice of your lawyers, with an update on your legal strategy in the light of the advice you're receiving from the new team.

Although the litigation is ongoing and may run for a considerable time, it is clear that it poses significant long-term risks to Post Office Limited, financial as well as reputational, and it is imperative that we are prepared for the potential outcomes and consequences, financial and operational. I would be grateful, therefore, if you and your lawyers could advise me and my team on the following topics:

- Current status of the litigation, particularly the Horizon trial and the appeal of the Common Issues trial;
- What changes to your litigation strategy have been made following the appointment of the new legal team;
- Scenarios as to how the litigation will play out and how it could be settled, including what settlement windows could exist during the trial timetable;
- Your assessment of the potential cost of the litigation, including a range of possible outcomes with rationale;
- Details of any other significant operational consequences arising from the litigation; and

- Confirmation of Post Office's ability to fund a settlement in the range referred to above without further taxpayer support.

Work must be undertaken now to assess the risks presented by the litigation and to mitigate them to whatever extent is possible. I for that reason ask that you undertake, and share with me, a full and detailed assessment of the risks, costs and any other impacts that could result from the litigation.

As agreed, I would also like to take you up on your offer to join a Board meeting and would be grateful if you could be in touch with my office to find a suitable date.

Finally, given the recent difficulties that the litigation has presented, I would welcome your assessment in your role as Chair of how effectively the Post Office Limited Board is operating at present.

I would be grateful if you could share the information requested by 13 June 2019 and that we can meet again shortly after to discuss these issues further.

Yours ever,



KELLY TOLHURST MP
Minister for Small Business, Consumers & Corporate Responsibility