

Private & Confidential: June 11, 2014

## Horizon: Public Affairs Messaging

This looks at messaging that can be used with public affairs audiences ahead of any formal changes to the mediation group.

These messages are not necessarily ones that would be used with media. Therefore, they would not necessarily be used in conversations which might subsequently be leaked to journalists.

### The Horizon system works

- After investigating more than two years and costing, to date, £xxm, we have found no evidence of any serious failures in the Horizon IT system;
- What has been improved in recent years is user training and support;
- 68,000 subpostmasters successfully use this system every day;
- ;
- The PO has clear legal advice that it does not face any legal liability in relation to Horizon;
- This is the opposite of the usual story of: *'failed computer system costing taxpayer millions'*;
- It is in fact: *'working computer system is costing taxpayer millions.'*

### The mediation system doesn't work

- The working group established to run the mediation scheme appears to be dysfunctional;
- So far, after almost a year, of the 150 cases under consideration, only xx have been reviewed and xx have been sent to mediation;
- None of the cases sent to mediation have been concluded;
- It is our concern that the legal firms who have signed up many of the sub postmasters in dispute with the PO are delaying the process, in order to maximize their fees;
- In the meantime, the PO is having to finance the process to the tune of approximately [£500,000] a month;

- As things stand, it is expected to require at least another 18 months for the working group to finish its work, at a cost of approximately £12.5m;
- This is public money for which the PO is accountable;
- We are not advocating leaving genuine cases high-and-dry, but we feel it is now incumbent on us to set out the true cost of what is happening here.

**It is in everyone's interests to have this matter resolved as quickly as possible**

- Having reviewed the situation all the way up to Board level, we feel that the process needs to be speeded up and the costs reigned in;
- This means we are proposing to take a more robust stance which may alter how the scheme progresses [add details];
- Should the other parties to the Working Group refuse to continue on this basis, we may be forced to continue with our own review of the outstanding cases;
- This will doubtless lead to further protests from the JFSA and others but we feel that the current process needs to be reformed;
- There is the possibility that we could face a legal challenge / call for a Judicial Review. This is also a possibility if we continue the process in its current format. Should we face any kind of legal challenge, we will defend our position robustly;
- We remain committed to concluding the review of all cases as quickly and fairly as possible;
- At a time when the Government is still committed to saving money across Whitehall, this is money that is ready to be saved;
- A greater fear is that in a year's time the Public Accounts Committee, for example, could look at the scheme and say it was obvious that taxpayers' money was being wasted;
- Any potential political 'pain' resulting from protests about the proposed reform of the review process, would be small and should be more than offset by the medium-term economic gain.