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DRAFT – IN STRICTEST CONFIDENCE AND SUBJECT TO LEGAL PRIVILEGE 27/08/2019

GLO COMMUNICATIONS

MASTER Q&A v6 - REACTIVE

Litigation/ Trial outcome and next legal steps

Q. What is the Group Litigation about?

The litigation is part of a long-running dispute between Post Office and a group of mostly former postmasters who have made serious allegations about technical, operational and contractual matters. The Judge has ordered that the case is heard in a series of trials. The first trial (Common Issues Trial) was primarily about determining the legal construction of the contract between Post Office and postmasters and the second trial (Horizon Trial) was about technical matters concerning Post Office's Horizon computer system. Further hearings are scheduled through into 2020.

Q. What is the cost of the litigation so far and where is the money coming from?

[Use lines & position from 2018/2019 Report and Accounts if published.] The Court has and will continue to review costs of both Post Office and the claimants through the litigation, which is complex.

[The Post Office Board and Group Executive continue to keep the litigation under very close review. At the same time, the business has prioritised a programme of work to improve the ways in which we work with current postmasters, operating around 11,000 Post Office branches throughout the UK.]

Q. What are the main findings of the Horizon Issues Judgment?

[tbc – from found/ not found document to be agreed when Judgment received]

Q. Will you appeal the Horizon Issues Judgment?

[We are studying the Judgment in detail and considering next steps].

Q. Why doesn't Post Office settle these claims now?

[tbc – This is very complex litigation, the ultimate purpose of which is to resolve the individual claims, which span a period of around two decades. The matters involved are being examined by the Court in stages.

We worked hard prior to the litigation to address the allegations being made, including engaging in mediation in some individual cases. We believe the Court process now provides the best opportunity to resolve the issues.]

Q. What does this mean for cases where people have been prosecuted?

The Criminal Cases Review Commission is investigating a number of cases and it is not appropriate to comment whilst their work continues.

Q. How will the individual cases in the Group Litigation be decided?

This is a matter for the Courts. The case is complex and is being heard in stages, as a series of trials. The two trials held so far (Common Issues and Horizon Issues) do not determine liability or the individual claimants' cases, which have not yet been examined in detail. Further hearings in the litigation are scheduled through to 2020.

Q. What is the position regarding the Post Office seeking to appeal the Judgment from the first trial (Common Issues)?

Post Office sought permission to appeal from the Court of Appeal on 18 June 2019 [insert latest position at time of judgment]

Q. Is Post Office now anticipating many further claims?

The purpose of the Group Litigation is to resolve the cases of the individual claimants. [need to know from legal – what is the position re other claims 'registered' with Freeths but outside current GLO?]

The Group Litigation Order was advertised and promoted by the claimants' legal team for eight months, as specified by the Court. There are [555] claimants with complaints which span the past two decades, representing a very small proportion of people who have worked in our network using our systems during that time.

Postmaster Contracts

Q. What is happening to postmaster contracts, following the first (Common Issues) trial?

[The Judgment from the first trial made criticisms of Post Office which we take extremely seriously. We are making changes that focus on improving the ways in which we work together with our Postmasters.

This work is well underway. We've established our new field team and every Postmaster is now supported by an Area Manager. For new postmasters, we are providing a single point of contact through their application and 'onboarding' process and Branch Support Managers have been introduced to support new postmasters for up to six months to help embed their training and ensure postmasters and their teams are set up for success. Branch Support Managers will also provide ongoing support as required.

The new Branch Support Centre (which replaces NBSC) supports postmasters to help resolve day to day operational issues and enquiries - balancing and corrections, for example. Alongside closer working the IT Helpline team, we've introduced a tiered support system so that issues can be more quickly and effectively escalated, investigated and resolved. We are receiving good feedback from branches about the changes.

A new Loss Prevention team is helping to better protect postmasters from external crime and security threats, while also refining processes to help reduce human errors and help postmasters to run compliant businesses. We are also making changes which improve the quality and transparency of our audit process.]

We're working closely with postmasters themselves as we make these changes, to ensure they respond to their needs as well as those of the business, making branches simpler to operate and to prevent or reduce risks

[tbc – are the contracts themselves likely to change re wording etc or is this dependent on result of any appeal]??

Q. Does my contract need to change as a result of the findings of the second trial?

[We are studying the Judgment in detail. We will continue communicating with you about changes we're making in the business .

[It's important to understand the context of the litigation. Its purpose is to resolve a number of individual claims which span a period of around two decades].

Q. What has changed in the way branches are operated/ losses handled?

[We've established our new field team to build better relationships with branches and introduced the new Branch Support Centre (replacing NBSC) which works more closely alongside the IT Helpline team. We've introduced a tiered support system so that issues can be more quickly and effectively escalated, investigated and resolved. We are receiving good feedback from branches about the changes.

A new Loss Prevention team is helping to better protect postmasters from external crime and security threats, while also refining processes to help reduce human errors and help postmasters to run compliant businesses. We are also making changes which improve the quality and transparency of our audit process.]

[For new postmasters, we are providing a single point of contact through their application and 'onboarding' process and Branch Support Managers have been introduced to support new postmasters for up to six months to help embed their training and ensure postmasters and their teams are set up for success.]

[MORE INFO NEEDED HERE RE DISPUTE RESOLUTION/ TREATMENT OF DEBT ETC ETC]

Q. As a postmaster, am I still legally liable for the accuracy of my branch accounts?

[Both the Post Office and postmasters have responsibilities and obligations to each other. The improvements we're making in the ways in which we work with postmasters are focussed on providing better support.

[Accurate information from branches is essential to help us to do this. Because we cannot be present in every branch, it is only postmasters who can tell us how much cash and stock they are actually holding, for example. It is therefore very important that accurate cash declarations are made each day. This can help identify any discrepancies more easily and effectively. The monthly branch trading accounts must similarly be completed accurately.

If you have a balancing issue, or if you think there is an error in the branch, tell us quickly via the branch support centre. They can help you unravel the issue if it's obvious from the transaction log and they can instigate queries with clients where a mistake has been made to try to recover the situation.

[We are making significant improvements to the ways in which we work with you. Point to communications which have gone out eg Business Update]

Q. I now want indemnity against any losses – how can I get the assurance that I will not be held liable?

Postmasters are not responsible for shortfalls caused by Horizon.

It's very important that if you have a shortfall you are having difficulty investigating or explaining that you contact us as soon as possible. Contact the Branch Support Centre (formerly NBSC) xxxx.

If you have technical issues contact the [IT helpdesk on xxx].

We know how worrying it can be if you have a shortfall that you don't understand. We are making significant improvements to better support you [point to communications eg Business Update]

Q. I have past losses that I have not been able to explain – how can I have these investigated?

[tbc] Contact the Branch Support Centre who will assist in helping find the reason for a discrepancy. There is also a new team which can provide additional further support to investigate branch discrepancies if necessary.

Discrepancies that still remain unresolved are sent to Support Services Resolution Team. [can we expand process?]

Q. I have losses from years ago that I paid but I now believe they were caused by Horizon. How can I have this investigated?

[If you are disputing losses that you repaid you should contact us in writing explaining your issue and when it first arose. We will aim to respond as soon as possible [Insert contact address].

Postmaster training

Q What successes are the new 14 training centres seeing, what is their purpose?

[tbc- detail]

We've introduced dedicated field trainers and 14 training centres where regular workshops can be run, using Horizon terminals to reflect the real branch environment, focused on transactions and back office processes.

TBC Training will be available to the postmaster and their staff on an ongoing basis(give training success examples)

Q. I have staff who I think need extra Horizon training, how do I request this and is there a cost to me?

[tbc – Staff training is the responsibility of postmasters but we very much want to help you deliver this

We've introduced dedicated field trainers and 14 training centres where regular workshops can be run, using Horizon terminals to reflect the real branch environment, focused on transactions and back office processes

There is no cost to the Postmaster for training (tbc)

Training is not just available for new Postmasters and can be accessed by all postmasters and their teams if this is needed. Please contact ????? to discuss the training you feel would help with the operation of your branch]

Horizon robustness & reliability

Q. What does Horizon being generally robust/ not robust actually mean?

SUBJECT TO JUDGMENT: Judgment might provide a 'definition'?

[tbc: Robustness refers to the ability of a computer system to operate accurately and cope effectively with errors. Both independent expert witnesses in the trial agreed that Horizon is robust, and very much in line with comparable systems across t retail and financial services sectors].

Remote access

Q. What remote access is possible, why is it needed and how is it controlled?

SUBJECT TO JUDGMENT: BUT in all circumstances we will need brief, broad explanation of what it is and give context. If Judgment is critical eg of controls we need to include actions taken/ planned

[Fujitsu, as the supplier of Horizon, has remote access capabilities for maintenance and support purposes. Post Office has 'read only' access to enable, for example, work in back office reconciliation.]

[As part of continual improvements FJ have further strengthened processes and controls – can FJ confirm what controls there are eg audit trail, informing postmasters where branch accounts could be affected; also details of any strengthening completed/ planned]

Q. What is the risk of remote access being used maliciously?

SUBJECT TO JUDGEMENT:

[There's no evidence that there has ever been malicious tampering. Horizon is an electronic point of sale system which records and reconciles customer transactions]

Q. How can I be sure that my accounts have not been/ are not being changed remotely?

[In the rare and unlikely circumstances in which Fujitsu personnel might need to undertake work which could affect branch accounts, postmasters are contacted. Outline strengthened process? A secure audit trail is retained which shows the detail of any Fujitsu intervention and a record of the contact with you is also kept securely.]

Software bugs

Q. What is a bug, why do they occur, is it normal for IT systems to have bugs?

[A computer 'bug' is a fault in the software (computer programmes) of a computer system which causes an unintended result. Many computer bugs do not cause significant issues or problems and there are numerous effective ways of monitoring and fixing them – one of the reasons we receive regular 'software updates' on our mobile phones and other devices. No IT system is infallible and there is always the possibility of bugs. That is why effective countermeasures which prevent or detect and fix them are important and form a central part of the robustness of a system.

[Both independent experts, for the claimants and Post Office, on opposite sides of the litigation, agreed that Horizon is robust overall, comparing well with systems used by other retail and financial services companies each day.]

Q. What is the extent of bugs in Horizon?

SUBJECT TO JUDGMENT BUT IN ALL CIRCUMSTANCES THE SCALE OF THE SYSTEM TO BE UNDERLINED:

[General draft lines: We are confident in the overall robustness of the Horizon system and that it compares well with systems used by other retail and financial services companies every day. Both independent experts, for Post Office and the claimants, on opposite sides of the litigation confirmed this. It's also important to make clear that the products and services we provide every day for millions of customers are not affected by the litigation.

Horizon processes around 47 million transactions a week, more than [£60 billion] worth a year. These are reconciled every day, every month, every year, with the systems of major organisations including high street banks, utility companies and Government departments, giving confidence in the many products and services we provide.

Of course no system can ever be said to be perfect and we're working as hard as ever to make improvements.

[Insert detail of measures re further strengthening/ monitoring Can FJ confirm what checks are and how bugs are flagged.].

Q. What is the monitoring process for bugs?

[insert detail eg there are numerous, continual regular measures in place including technical measures such as proactive scanning, as well as analysis of reports from branches themselves. The measures in place are independently audited on a regular basis. We have continued to strengthen these measures - insert details of new bug fixing process? Can FJ provide detail how bugs are identified and handled and improve understanding – can FJ add in any details of where the measures and monitoring are being strengthened and what the new bug fixing process is]

Q. Where can I find published information about the various bugs so that I know what to look for in my branch?

[tbc – detail to come] We will notify you if there is a bug or technical issue that could affect your branch operation.

Approach needs to be confirmed with Ben Cooke

Q. How confident is the Post Office that bugs are picked up and fixed?

SUBJECT TO JUDGEMENT BUT IN ALL CIRCUMSTANCES WE SHOULD UNDERLINE SCALE OF SYSTEM ETC

[General draft lines: We are confident in the overall robustness of the Horizon system and that it compares well with systems used by other retail and financial services companies every day. Both independent experts, for Post Office and the claimants, on opposite sides of the litigation confirmed

this. It's also important to make clear that the products and services we provide every day for millions of customers are not affected by the litigation.

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Of course no system can ever be said to be perfect and we're working as hard as ever to make improvements.

[Insert detail of measures re further strengthening/ monitoring]

Q. How can I be sure that my branch accounts are not affected by bugs?

[tbc detail of main countermeasures & improvements. The vast majority of discrepancies are caused by human error. Working with postmasters, we're making further improvements to help reduce these – details.

[It's really important to identify any discrepancies in branch as quickly as possible. That's why accurate daily cash declarations are so important. If you have questions, concerns or are finding it difficult to understand a discrepancy please make sure you get in touch with the branch support centre as soon as you can. Contact details. If you have technical problems you should contact [details]. Both the branch support and technical teams work closely together and we've made changes which are enabling us to help you more quickly and effectively.]

Tbc – Ben Cooke

Q. Where can I find information about all the bugs identified during the trial/ in the Judgment?

[tbc. Bugs examined during the trial and outlined in the Judgment are all historical and were fixed. Need to reflect judgment here but could have a link to an outline of agreed bugs, when they were fixed and brief factual information]

Q. Will you now publish detail of all current bugs to the whole network – and keep doing so when new bugs arise?

[We are continuing to improve our communications as part of making it easier for postmasters to operate branches. If there are bugs or technical issues that could affect our branches we're making sure we are proactive with relevant information. Insert details of specific action/ process re this – Ben Cooke]

Q. What Horizon improvements postmasters working with POL and FJ on? Are the NFSP involved?

We have established a user group of branch operators, who we have actively involved in designing and prioritising some changes to Horizon which will make their lives simpler by reducing the risks some human errors can create. Fujitsu are delivering these changes and further changes as appropriate. We already have a series of initial Horizon changes that are in design and development for release to the network in October. Following this initial release, we have scheduled further

Horizon software release windows for every 6 weeks thereafter so that we can be ready to introduce more improvements as needed.

[need to expand detail of what these are]

Q. Who do I speak to if I think I have a technical problem at my branch?

[If you believe there is a technical problem with Horizon in your branch you should call the [IT helpline on xxxxx]. For other branch queries contact the [new Branch Support Centre on xxxx]. You can also contact [Field support – link to a list?] Refer to troubleshooting guide

Q. Who do I speak to if I have an idea on an improvement/ want to get involved in improvement work?

[tbc – field team?]

Relationship with Fujitsu

Q. Will Post Office continue to work with Fujitsu?

[Yes. We are continuing to work closely with Fujitsu including on improvements to the ways in which support postmasters. [Can we expand this to provide future ambitions?]

Q. Fujitsu and its witnesses in Court have been heavily criticised by the Judge, including about keeping important information from Post Office. How can you trust FJ now?

[tbc. We are considering the Judgment – which covers a very long period of time, during which there have been significant changes – in detail. Overall we have a strong and positive relationship with Fujitsu, with shared ambitions. Both Post Office and Fujitsu are working more closely with postmasters to better support them].

Business changes [‘new normal’]

Q. You’re now making changes – so how can you still defend the litigation?

[We have been continually improving, recognising the need to change the ways in which we work with our postmasters and improve our technology. Criticisms made by the Judge have brought some of this work into sharper focus.

[The purpose of the litigation is to resolve a number of individual claims which span a period of around two decades. The case is being heard in stages and the details of the individual cases have not yet been examined].

Q. What is the detail of all the various changes being made?

[Summary of key actions to be inserted – existing comms referenced eg Business Update]

Q. How is my branch affected by the changes?

[Point to communications eg Business Update]

Branch customers

Q. My branch's customers are asking if the system is safe – how can I reassure them?

It's really important to reassure our customers that the products and services we provide for them are not affected by the Group Litigation and that they can depend on our branches. And we can underline our confidence in the system. As both the independent experts for the Claimants and the Post Office, on opposite sides of the litigation confirm, Horizon compares well with systems used by other retail and financial services companies every day.

Horizon processes around 47 million transactions a week, more than £60 billion worth a year. These are reconciled every day, every, month, every year, with the systems of major organisations including high street banks, utility companies and Government departments, giving confidence in the many products and services we provide.

Q. What is Post Office doing to prevent loss of business to branches as a result of customers losing confidence?

[tbc] We are communicating widely to reassure our clients and customers. Our statement to the media [link] makes it clear that independent experts agree that Horizon is robust, and compares well with systems used by other retail and financial services companies every day.

Customers can continue to have confidence in the reliability of our branches.

Horizon processes around 47 million transactions a week, more than £60 billion worth a year. These are reconciled every day, every, month, every year, with the systems of major organisations including high street banks, utility companies and Government departments, giving confidence in the many products and services we provide.

The litigation involves a small proportion of mainly former postmasters with individual complaints spanning the past two decades so it is important to understand the context.]

QUESTIONS & ANSWERS FOR CLIENTS

Q. What is Post Office planning/ doing to reassure customers?

[We are communicating widely but proportionately. We are making the context of the Judgment clear – it is part of complex litigation involving a small proportion of mainly former postmasters with individual complaints on a range of matters.]

[Our statement to the media [link] makes it clear that independent experts, on both sides of the litigation, agree that Horizon is robust, comparing well with systems used by other retail and financial service companies every day.

[We are closely monitoring customer enquiries. Our customer research has not, to date, showed that the litigation has any significant effect on customer sentiment or behaviour regarding our brand and we are of course keeping this under close review.]

Q. What is the Post Office doing to improve its technology?

We're continuing to prioritise investment in technology. In 18/19 we completed a roll-out of new equipment to all our branches and transformed our back office systems. [insert details of actions to strengthen counter measures on identifying and preventing bugs and new bug fixing process etc] Working with postmasters and Fujitsu we have also rolled out some design changes to make our postmasters' lives easier and further reduce risks from human errors. We're continuing with this work on a regular basis.

We are also taking action to improve our training, communications and the ways in which we resolve enquiries from postmasters.

Q. Are any process changes being planned for the way we work together?

[tbc – any specific messages for clients? Anything we are doing on reconciliation?]

Q. Given the recent judgment why should I remain confident about the partnership/contractual relationship we have with POL?

[It's important to underline the context of the Judgment - it is part of complex litigation to resolve long-standing issues involving a small proportion of mainly former postmasters with individual complaints. The vast majority of our Post Office branches operate without problems. As confirmed by independent experts on both sides of the litigation, the Horizon system is robust and compares well with systems used by other retail and financial services companies every day.

[We take criticisms made of our business extremely seriously and we're continuing to improve the ways in which we work with postmasters to make it easier for them to operate their branches and build thriving businesses. We're improving training, support and communications alongside our technology infrastructure.]

QUESTIONS AND ANSWERS FOR CUSTOMERS

Q. Is my money safe with Post Office products and services?

[Yes. The products and services that we provide to customers are not affected by the Group Litigation. The litigation concerns a small proportion of mainly former postmasters with individual complaints concerning a range of complex matters.

Horizon processes around 47 million transactions a week, more than £60 billion worth a year. These are reconciled every day, every, month, every year, with the systems of major organisations including high street banks, utility companies and Government departments, giving confidence in the many products and services we provide.

Q. How can I trust Horizon for financial transactions?

Horizon processes around 47 million transactions a week, more than £60 billion worth a year. These are reconciled every day, every month, every year, with the systems of major organisations including high street banks, utility companies and Government departments, giving confidence in the many products and services we provide.