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Department for Business, Innovation and Skills
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14 October 2014

I am writing regarding the recent media attention relating to the Mediation Scheme. This followed the disclosure of a report in relation to the Scheme prepared by Second Sight. Although the media coverage was minimal, I thought you might find it helpful if I provided you with further background as well as brief update on the Scheme.

To that end, I attach a note prepared by Post Office's General Counsel, our lead member on the Working Group.

As you are aware, the Scheme is overseen by a working group with an independent Chair. Given the group's independence, Post Office has always maintained that the Scheme should be allowed to run its course and the business of the Working Group should remain confidential in line with its Terms of Reference. Indeed our ability to challenge other stakeholders who do not respect that confidentiality is undermined if we ourselves have not done so. The attached note has therefore been drafted with the confidentiality of the Working Group in mind.

You will see from the note that we face a number of challenges relating to the Scheme. Whilst we will continue to manage the impact on our stakeholders, it is inevitable that there will be some public 'noise' as the Scheme progresses. And as Chris highlights, after over two years' investigation Second Sight have not found a systemic problem with Horizon and we believe this will continue to be the case.

We will need to stand behind the extensive work we and Second Sight have undertaken investigating every case and defend our approach on the basis that we have acted impartially throughout and in good faith. In particular, when deciding whether or not to mediate a case, we must continue to be mindful of the need to properly protect both taxpayers' and Post Office funds.

I am very happy to brief you when we meet in a few weeks' time and my team will continue to keep your office briefed when any significant issues arise.

Yours sincerely,

Paula Vennells
Chief Executive