

Dear Ms Willott,

Thank you for your letter of XX April, and for enclosing the letter from Alan Bates, from the Justice for Subpostmasters Alliance, dated 16th April. As you state, the matters raised in Mr Bates' letter are operational concerns which are my responsibility. I therefore welcome this opportunity to set the record straight.—

Since the publication of the Second Sight interim report in July 2013, Post Office has worked collaboratively with JFSA and Second Sight to design and implement the Initial Complaint Review and Mediation Scheme. The Scheme documentation was agreed with all members of the Working Group, indeed JFSA published the material on their website.

The Post Office has remained committed to the aims of the Scheme. We have appointed Sir Anthony Hooper as independent Chair of the Working Group and devoted substantial time and resources to ensure its success.

As recently as 24 March 2014, we shared a platform with JFSA and Second Sight to communicate the progress that had been made under the Scheme and I was encouraged then by their commitment to allowing the Scheme to run

Against that background Mr Bates' letter has come as a shock and a disappointment to me.— Three aspects of the letter cause me particular concern:

1. Contrary to the Working Group's Terms of Reference, the content of the letter discloses outside the Working Group information which breaches the confidentiality to the members of the Working Group.
2. It contains several factual inaccuracies and paints a picture which is inconsistent with both the current and historic position, not least Mr Bates' apparent general complaint that Post Office is somehow solely responsible for delay in the Scheme's progress. Indeed you should by now have received a letter from the Working Group Chair, Sir Anthony Hooper, correcting some of the inaccuracies.
3. Mr Bates has bypassed the Working Group to raise his concerns. This is particularly disappointing and contrary to the spirit leads me to question the good faith I had expected from all members of the Working Group.

The I believe Post Office's commitment to the Scheme can be demonstrated by the substantial resources we have committed to it, including:

- a. paying professional advisors to help each applicant complete the Case Questionnaire Review needed for the Scheme.
- b. appointing 22 investigators to work on the cases along with a dedicated programme team to support the Scheme.
- c. paying Second Sight and JFSA to take part in the Working Group and paying Second Sight to investigate each case.

Whilst it ~~is~~ has taken Post Office longer to progress investigations than we originally envisaged, ~~we~~ have now:

- a. received 77 detailed applications
- b. completed investigations in 22 cases
- c. produced 16 reports and submitted them to the Working Group
- d. 42 cases currently under investigation.

~~Despite the progress that is being made~~ Nevertheless, as the Scheme enters this critical phase, I do have some concerns about it more generally. In particular:

- a. I am worried about Second Sight's capacity and capability to investigate all cases. Their first draft report has been shared with Post Office for a second time on 8 May 2014 and I have asked my General Counsel to write expressing our dissatisfaction with the quality of the work.
- b. JFSA continue to operate outside of the Working Group ~~and~~ They have not acknowledged or taken responsibility for their disclosure of information that is confidential to the Working Group members, nor taken other steps to reassure the other members of the Working Group they recognise the importance of its work and their adherence to rules designed to ensure its proper functioning. ~~showed no remorse for the breach of confidentiality.~~
- c. We still have seen no evidence of problems with Horizon but we continue to spend substantial sums of money on the Scheme. In line with HMT guidance on managing public money we must be prudent in our use of public funds and I am monitoring this issue carefully.

Post Office has displayed a strong commitment to the Scheme over a prolonged period of time ~~and we~~ do not agree recognise with the picture that Mr Bates has painted in his letter. The JFSA has been closely involved in the design and implementation of the mediation scheme and has supported the adoption of the Scheme as a means of addressing SPMRs' concerns about Horizon. this way of working from day one. The success of the mediation scheme is predicated on the support of all members - including JFSA.

Post Office has been working hard to ensure that any cases submitted to the mediation scheme are investigated as thoroughly as possible, and we remain committed to resolving all outstanding cases. This remains our primary concern. But, in light of Mr Bates' letter, I have asked ~~to~~ the Board to consider Post Office's position in relation to the Scheme over the coming days.

Yours sincerely

PV