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Ron Warmington & Ian Henderson
Second Sight Support Services Limited
(By email)

14 August 2014

Dear Sirs,

Second Sight's Draft Part Two Mediation Briefing Report (the "Draft Report")

Following the discussion about the Draft Report on Monday 11 August 2014, you asked Post Office to put its preliminary comments on the Draft Report in writing, so that there is an audit trail of the comments made and how they are treated in the Draft Report.

Post Office would stress again our disappointment that you were unwilling to sit down and go through the Draft Report with us in detail. Although Post Office is committed to progressing swiftly the completion of the Draft Report, the overriding aim of the final report must be to assist Applicants, Post Office, and (where relevant) a mediator, resolve the individual applications to the Scheme. We believe this is best achieved through a detailed discussion of the Draft Report, and again extend our invitation to meet with you for this purpose.

Post Office takes this very seriously. Only an objective, high quality and evidence based report can fulfil its purpose of assisting the resolution of Applicants' concerns, and supporting the objectives of the Scheme in a manner that ensures value for money to taxpayers. This was of course the basis on which Post Office agreed to your suggestion for a more thematic Report which could be referred to in the shorter, more focussed Case Reports.

To that end, the Report must be accurate, properly evidenced and as complete as it can be at this time. In Post Office's view the Draft Report does not achieve that objective. Whilst we understand that the Report may be added to over time, given the substantial money already invested in Second Sight's investigation, and the

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length of time it has been on-going (since 2012), Post Office reasonably and legitimately expects your investigations and analysis of the issues and evidence to have been further advanced, or at least more fully articulated and substantiated, than the Draft Report suggests.

You have requested only minor “factual comments” on the Draft Report. As was discussed, Post Office considers that the resolution of factual errors cannot be addressed without tackling the more substantive issues raised. For example, where Post Office has responded to specific questions asked of it by Second Sight, Post Office reasonably expects its responses to be duly considered and evidently reflected in the analysis and findings set out in the Draft Report. This is especially so where Second Sight disagrees with Post Office’s response, as it will enable Applicants and Post Office to consider the range and merits of the alternative views.

In order to provide the audit trail Second Sight has requested, Post Office’s initial, general comments on the Draft Report are set out below, with more detailed comments provided in the Appendix to this letter. To be absolutely clear, the comments that follow are in no way intended to fetter Second Sight’s independence. The aim of these comments is to support the production of a high quality report which will assist the resolution of an individual Applicant’s concerns, and therefore contribute to the success of the Scheme.

Many of these comments are similar to those Post Office has already made in numerous discussions and exchanges about Second Sight’s work. This raises a value-for-money issue, given the substantial time and cost incurred by Post Office in responding to specific Second Sight enquiries (often more than once) without any tangible acknowledgment that those responses have been considered.

“On-going” Enquiries

As it stands, the Draft Report references a number of themes where “enquiries are on-going”. It is hard to see how this can assist an Applicant who has raised a “thematic issue” and expects to find further information in the Draft Report which would be of use in resolving their application. For example, it could be that an Applicant may decline mediation, or resolution, until those “enquiries” have been completed.

At the very least, it is reasonable to expect Second Sight to clearly articulate the “thematic issue” discussed in the Draft Report; describe the method by which Second Sight investigated that issue; cite the number of instances when it has been referred to by Applicants and the number of cases where Second Sight has

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performed a detailed investigation; and provide an analysis of the evidence Second Sight has been provided with and considered.

That would give the Applicant, and Post Office, a clearer understanding of the “issue” as it might apply to them, which is essential if the Draft Report is to assist in resolving their application.

Evidence, analysis and context

The Draft Report appears to present and accept as “facts” allegations from Applicants, but often lacks supporting evidence, examples or statistics to substantiate the speculative conclusions it draws. The Draft Report does not even describe the overarching methodology used by Second Sight to examine the issues presented. Post Office considers that these are fundamental requirements for a report purporting to provide sound investigative analysis and conclusions.

Scope

The scope of Second Sight's investigation, and the matters which are within the scope of the Scheme, are matters “concerning Horizon and any associated issues”. This is made clear on the Application Form and in Second Sight's letter of engagement.

Furthermore, Second Sight are specifically engaged as qualified and experienced accountants. Matters such as the Subpostmaster contract and criminal, or indeed any other legal, matters are not reasonably related (or related at all) to issues concerning Horizon and any associated issues, and it is clearly inappropriate for Second Sight to comment on matters outside their professional expertise.

In the context of the Scheme, and the scope of Second Sight's investigation, the Subpostmaster's contract is relevant only to the extent that it is the benchmark against which, and the legal framework within which, the actions of Post Office and Applicants must be assessed. It is not a legitimate, or indeed useful, part of Second Sight's investigations for it to seek to test that benchmark, or alter that framework, so as to retrospectively impose obligations on Post Office (or indeed an Applicant) which it did not and does not have.

Any attempt by Second Sight to do so will inevitably result in them reaching conclusions outside of their expertise. Importantly, this is likely to impede rather than assist the resolution of Applicants' concerns, given the reliance Applicants are likely to place on Second Sight's conclusions.

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Conclusion

The attached Appendix contains our more detailed comments on the Draft Report. Please let us know how you propose to address those comments and the points raised in this letter before you provide your next draft of the report.

We look forward to hearing from you.

Yours sincerely

A rectangular box with a dashed border containing the letters "GRO" in a large, bold, sans-serif font.

GRO

Rodric Williams

Solicitor, Post Office Limited

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