



Department for
Business & Trade

Kevin Hollinrake MP
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Dear Calum,

Thank you for your open letter.

The ITV drama, Mr Bates vs. The Post Office, has brought an understanding of the Horizon scandal to a much broader audience. I do not accept that it has taken a television drama for Government to act with regards to postmasters affected by the scandal. As you know, Government has already paid out over £153 million to over 2,700 victims. As of 11 January, this includes over £33 million paid out to those with overturned convictions, £27 million to 478 claimants of the original 555 postmasters who took the Post Office to court, and £93 million paid out through the Horizon Shortfall Scheme. I am pleased that all 2,417 postmasters who claimed through the original Horizon Shortfall Scheme have now had offers of compensation and the Post Office is now dealing with late applications and with those cases where the initial offer was not accepted.

Government accepts that getting compensation to those impacted by the scandal has not been as swift as many would have hoped. In recognition of this, we made interim payments available to GLO members and those with overturned convictions while their full claims are being processed. To speed up the compensation process for people with overturned convictions who have smaller claims, we made an up-front settlement offer of £600,000. This is an optional, straightforward route to access swift compensation and I'm pleased that a number of people have already taken that offer up. Last week, I announced a similar measure in respect of the GLO scheme where people in that scheme can receive an up-front offer of £75,000. My main concern now is the slow pace at which criminal convictions related to Horizon are being overturned by the Courts. Last week I was pleased to announce that the Government intends to bring forward legislation to overturn the convictions of all those convicted in England or Wales on the basis of Post Office evidence during the Horizon scandal. We have more work to do on this solution but I am determined to move as quickly as we can and will provide an update to Parliament in due course.

You raise important questions around accountability. Government has set up a statutory inquiry into the Post Office Horizon scandal. Sir Wyn Williams is making good progress in exposing what went wrong and as you are aware, the Inquiry will look at failings by anyone, whether it's Post Office, Fujitsu, Government or indeed the NFSP. However we

must not pre-judge the Inquiry's outcome; collective and individual accountability for the scandal can only be considered when the Inquiry has reviewed all of the evidence.

I agree that it is important postmasters in the network today have confidence in the current Horizon system. There have been several iterations of the Horizon system since its introduction in 1999 and the current version was introduced from 2017. Post Office continue to make improvements to the system and will be moving away from Horizon to a new IT cloud-based system. Government recently announced that it is providing £103 million to help with the development of the replacement for the Horizon IT system and to ensure Horizon is maintained while that replacement is rolled out. Since the Group Litigation Order court case, Post Office has also improved the support they provide postmasters including recruiting 100 area managers to help provide advice and dedicated local support and advice to postmasters. If you have evidence or specific concerns raised by your members about the current Horizon system, I would encourage you to raise them with Post Office or to me directly.

While I understand the strength of feeling around the Horizon scandal, it is important to distinguish Post Office as an organisation from post offices across the UK and I am disappointed to hear that there are calls to boycott post offices who clearly played no part in the scandal. This is something I strongly discourage and I continue to champion post offices and postmasters across Parliament at every opportunity. Postmasters are pillars of our communities, not only providing vital services to millions of people, but acting as stewards of much-valued community hubs. I fully support and commend the NFSP in their efforts to support postmasters during this time.

I thank you for your suggestions related to changing the governance of the Post Office. As you know, since the Group Litigation Order court case, Government has taken steps to strengthen its oversight of the Post Office. This has included expanding the Department's Post Office Policy team that works closely with UK Government Investments (UKGI) in advising Ministers on holding the Post Office to account. Government has also strengthened and formalised the respective responsibilities of the Post Office, Government and UKGI through a Framework Document published in 2020. More recently, Post Office has made three appointments to replace Board Members whose terms ended last year and all three new appointments are highly experienced executives with a range of business expertise across the legal, financial services, insurance, asset management and pensions sectors. As such I do not agree that making radical changes to Post Office's governance is the right approach at this time.

I recognise the calls to better understand where money from Horizon-related discrepancies went. I will be raising this with Post Office to ask for an explanation on this issue and will update you in due course.

I acknowledge the NFSP's frustration on the Hard to Place issue. We have discussed this at length previously and Government's position is unchanged – the level of compensation offered to the Hard to Place cohort is a matter for Post Office. As I have said previously, I am sorry for the situation that Hard to Place postmasters are in but I also recognise Post Office's attempts to develop a more pragmatic and flexible approach to resolving this issue. On the issue you raised regarding outreach branches, Post Office operates as a commercial business and the company has the freedom to deliver the branch network within the parameters we set. As such this is a matter for the company and I would encourage you to raise your contractual concerns to the Post Office.

As I have said on many occasions, I firmly believe Post Office has a bright future and always welcome views on the post office network. I look forward to continuing discussing these and other important issues with you going forward.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kevin', with a stylized, cursive script.

KEVIN HOLLINRAKE MP

Minister for Enterprise, Markets and Small Business