



Department for
Business, Energy
& Industrial Strategy

Paul Scully MP

Department for Business, Energy &
Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

Darren Jones MP
Chair, BEIS Select Committee
House of Commons
London
SW14 0AA

19 May 2021

Dear Darren,

POST OFFICE: HORIZON IT INQUIRY

Your Committee has always taken a strong interest in the Post Office and, in particular, issues relating to the Post Office Horizon IT system. I am writing to you in your role as the Chair of the Select Committee to provide an update on the Horizon IT Inquiry.

The Post Office Horizon IT Inquiry has made good progress since it was established in September 2020. Sir Wyn has gathered evidence from key parties and heard from many affected postmasters. I wrote to you last month about the gravity of the Court of Appeal judgment on 23 April. Following this judgment, Sir Wyn and I agree that the context of the Inquiry has changed. I have decided to convert the Inquiry to a statutory footing on 1 June 2021.

I have also agreed that Sir Wyn will have more time to undertake his work. The Inquiry is now expected to report in Autumn 2022, rather than Summer 2021.

Sir Wyn will have access to additional time and the powers arising from the Inquiry being placed on a statutory footing. He will be able to compel organisations to provide documents and witnesses to give evidence, under oath if needed.

Sir Wyn will be considering his next steps following the change, and I look forward to hearing details of his approach soon. The Inquiry will complete its planned engagements in May, but the Public Hearings that had been planned for June will be delayed. I have asked Sir Wyn to provide a progress update in Summer 2021 to make public a summary of progress to date and any initial findings.

As was always the intention, the Inquiry will determine what went wrong and what lessons must be learned to ensure something like this cannot happen again. However, in the light of the Court of Appeal judgment, there will be some changes to its Terms of Reference, also to take effect on 1 June. I have today notified the House of these changes in an Oral Statement and I have published a copy of the updated Terms of Reference in a Written Ministerial Statement, which you will find attached.

As I said in my oral statement earlier today, the Horizon saga has wrecked lives and livelihoods. Whilst we cannot undo the damage that has been done, but we can and must establish what went wrong at the Post Office, ensure that lessons are learned and that something like this is never allowed to happen again.

A handwritten signature in blue ink, appearing to read 'Paul Scully', with a stylized flourish at the end.

PAUL SCULLY MP
Minister for Small Business, Consumers & Labour Markets
Minister for London

Post Office Update WMS

Following the Prime Minister's commitment on 26 February 2020 and the Ministerial Statements of 10 June 2020 and 30 September 2020, the Post Office Horizon IT Inquiry was established as a non-statutory inquiry. In accordance with the terms of s.15 Inquiries Act, the government has now given notice to convert the Inquiry into a statutory inquiry under the Inquiries Act 2005 on 1st June 2021 and at the same time amend the Inquiry's terms of reference, as set out below.

Scope of the Inquiry

Government wants to be fully assured that through the Inquiry there is a public summary of the failings associated with Post Office Ltd's Horizon IT system. The Inquiry will draw on the findings made by Mr Justice Fraser from the *Bates and others v Post Office Limited* Group Litigation (in particular Judgment (No3) 'Common Issues' and Judgment (No 6) 'Horizon issues'), the judgments of the Court of Appeal (Criminal Division) in *R v Hamilton and others*, and other judgments in which convictions have been quashed. It will consider all other relevant evidence, listen to those that have been affected, understand what went wrong, and assess whether lessons have been learned and whether concrete changes have taken place, or are underway, at Post Office Ltd.

The Inquiry shall:

- A: Understand and acknowledge what went wrong in relation to Horizon, leading to the civil proceedings in *Bates and others v Post Office Limited* and the quashing of criminal convictions, by drawing from the judgments of Mr Justice Fraser in *Bates and others*, the judgments of the Court of Appeal (Criminal Division) in *R v Hamilton and others*, other judgments in which convictions have been quashed, affected postmasters' experiences and any other relevant evidence in order to identify what key lessons must be learned for the future.
- B: Build upon the findings of Mr Justice Fraser and the judgments of the criminal courts specified in A above by obtaining all available relevant evidence from Post Office Ltd, Fujitsu, BEIS and UKGI to establish a clear account of 1) the implementation and failings of Horizon over its lifecycle and 2) Post Office Ltd's use of information from Horizon when taking action against persons alleged to be responsible for shortfalls.
- C: Assess whether Post Office Ltd has learned the lessons from the criticisms made by Mr Justice Fraser in his judgments following the 'Common Issues' and 'Horizon Issues' trials and those identified by affected postmasters and has delivered or made good progress on the organisational and cultural changes necessary to ensure a similar case does not happen in the future.
- D: Assess whether the commitments made by Post Office Ltd within the mediation settlement – including the historical shortfall scheme – have been properly delivered.
- E: Assess whether the processes and information provided by Post Office Ltd to postmasters are sufficient:
 - i. to enable both parties to meet their contractual obligations
 - ii. to enable postmasters to run their businesses. This includes assessing whether Post Office Ltd's related processes such as recording and resolving postmaster queries, dispute handling, suspension and termination are fit for purpose. In addition, determine whether the quality of the service offer for postmasters and their relationship with Post Office Ltd has materially improved since the conclusions reached by Mr Justice Fraser.

F: Examine the historic and current governance and whistleblowing controls in place at Post Office Ltd, identify any relevant failings, and establish whether current controls are now sufficient to ensure that failing leading to the issues covered by this Inquiry do not happen again.

The Inquiry will consider only those matters set out in the preceding sections A-F. The Inquiry will not consider any issue which is outside the scope of the powers conferred upon the Inquiry by the Inquiries Act 2005. The Horizon group damages settlement (albeit the Inquiry may examine the events leading to the settlement), and/or the engagement or findings of any other supervisory or complaints mechanisms, including in the public sector, are outside the Inquiry's scope.

Governance

The Inquiry will be led by Sir Wyn Williams FLSW, as the Chair of the Inquiry. There will be an Inquiry Secretariat and Sir Wyn will be supported by up to 4 assessors. These assessors will support Sir Wyn Williams by providing advice on the sources, content and interpretation of evidence received as appropriate. They may also provide independent scrutiny and challenge in relation to emerging findings and recommendations.

Publication report date

The Inquiry should make any recommendations it sees fit, including actions that may, in its view, be appropriate as a result of its findings. The Inquiry will aim to submit its findings to the Secretary of State for Business, Energy and Industrial Strategy in Autumn 2022. The final report will be published by the Secretary of State and the government will respond in due course.