



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, Business, Energy and Industrial Strategy Committee
House of Commons
London SW1A 0AA

5 January 2022

Dear Darren,

POST OFFICE AND HORIZON INQUIRY HEARING 11 JANUARY 2022

Thank you for inviting me to come and give evidence to the BEIS Select Committee Post Office and Horizon Inquiry on 11 January. I welcome the opportunity to give evidence. Ahead of the hearing, I hope your Committee will find the following update helpful.

I have met a number of postmasters and have heard how their lives and the lives of their families have been affected by these events. No one who has heard these stories could fail to be moved by the impact that these events have had on individual postmasters' lives and their fight for justice over a number of years. This is why Government has taken steps to provide appropriate compensation and set up the Post Office Horizon IT Inquiry, which is tasked with understanding what went wrong and ensuring that such problems can never happen again.

Government is supporting two areas of compensation for affected sub-postmasters. The first is for those with quashed convictions, of whom there are 72 at the time of writing. Government is also supporting the Post Office's Historical Shortfall Scheme. I shall address each of these in turn.

Compensation for sub-postmasters with quashed convictions

Government is keen to see that all sub-postmasters whose convictions are overturned are fairly compensated as quickly as possible and will work with Post Office towards this goal. I can confirm that as part of this, postmasters who were prosecuted but not convicted, may also seek appropriate compensation from the Post Office.

The Post Office proposes to follow a process of Alternative Dispute Resolution to discuss and agree fair compensation settlements with individual sub-postmasters and their representatives. Government supports this approach as we believe it will lead to speedier delivery of compensation for sub-postmasters. Government will provide oversight of this process to ensure fairness to the taxpayer.

On 14 December, I announced that Government will fund Post Office so that it can pay such compensation. This is a major step in helping to resolve the issues created by the Horizon IT scandal. By providing this funding, Government is helping Post Office deliver the fair and swift compensation that postmasters with overturned convictions deserve.

This recent commitment follows the announcement on 22 July that Government would provide funding to allow the Post Office to make interim payments of up to £100k for each eligible postmaster with quashed convictions. I am pleased to report that the interim payments are progressing well. The Post Office has received 66 applications for interim payments. Of these, 62 offers have been made and of these 57 have been accepted and payments made. Payments made to date have all been for the maximum interim amount of £100,000.

The Post Office's Historical Shortfall Scheme

As part of the settlement following the *Bates et al v Post Office Ltd* High Court settlement, the Post Office agreed to set up the Historical Shortfall Scheme (HSS). The scheme was open to current and former postmasters who did not participate in the group litigation claim against the Post Office and did not have a criminal conviction, but who may have experienced and repaid Horizon shortfalls. The scheme received over 2,400 applications. This number was higher than the Post Office had anticipated when the scheme was established. The Post Office is committed to the successful delivery and timely completion of the scheme. However, the cost of the scheme is beyond what the business can afford. The Government announced on 22 March that it is therefore providing sufficient financial support to the Post Office to ensure that the scheme can proceed, based on current expectations of the likely cost.

The Post Office has paid around 30% of eligible claims to date. The Independent Panel has established its principles for the recommendations it will make, which will allow further offers to be made in the coming weeks. While many applications are expected to be resolved much sooner, Post Office expects the overwhelming majority will have been provided with offers, following the independent advisory panel's assessment, by the end of this year.

I look forward to discussing these points further with you on 11 January.

Yours sincerely,



PAUL SCULLY MP

Minister for Small Business, Consumers & Labour Markets
Minister for London