

Witness Name: Carl Creswell

Statement No.: WITN11730100

Dated: 2 October 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF CARL CRESWELL

I, Carl Creswell, will say as follows.

INTRODUCTION

1. I am Director, Post Office Policy and Business Engagement, in the Department for Business and Trade. In this statement I refer to that Department and its predecessors as **“the Department”**. I have prepared this ‘corporate’ statement on behalf of the Department in response to the Inquiry’s request for evidence dated 26 July 2024 and its supplementary request of 31 July 2024 (together, **“the Rule 9 request”**), in order to assist the Post Office Horizon IT Inquiry in relation to the Department’s role in providing redress for those affected by the Horizon scandal.

2. I have been employed by the Civil Service since September 1998. My previous Senior Civil Service roles include being Director for Better Regulation. As a Deputy Director, I was responsible for helping to establish the Competition and Markets Authority (CMA) and the Institute for Apprenticeships and Technical Education (IfATE). My experience has included sponsoring the CMA, IfATE, Acas and Citizens Advice.

3. I became the Department's Director responsible for Post Office policy in April 2019 and established an expanded policy team to support me. Prior to 2018, advice to Ministers on policy towards the Post Office had been provided by UK Government Investments ("**UKGI**"). Further detail on the evolution of Post Office governance has been supplied to the Inquiry within Gareth Davies's first and second witness statements (**WITN11020100** and **WITN11020200**). Initially I was also responsible for the Department's relationships with several sectors of the economy, including retail and professional and business services.

4. Over time my work has focussed increasingly on Post Office matters. I am the appointed Senior Responsible Owner ("**SRO**") for Horizon-related redress within the Department. My only other responsibilities now are as joint Director responsible for a Business Engagement Unit that supports Ministers and the Permanent Secretary. I estimate that Post Office policy responsibilities take up around 80% of my time. Those responsibilities include:
 - (i) The Department's policy relating to the Post Office, including the Government's network targets for the Post Office and its requirements for subsidy and investment;

- (ii) All matters relating to Horizon redress for postmasters, including supervision and funding of Post Office's delivery of the schemes described below and direct management of the Department's schemes;
 - (iii) The Department's role as a Core Participant in the Inquiry, including the submission of evidence.
- 5. My team and I work in partnership with UKGI on oversight of the Post Office's business. UKGI also played a prominent role in the early phase of Horizon redress, but progressively withdrew from that in 2022 and 2023 as the Department's own capacity grew. I now have around 70 staff working on Post Office matters. This number has grown substantially since the Department took direct responsibility for delivery of some redress schemes.
- 6. Although the Rule 9 request is focused on the Group Litigation Order scheme ("**the GLO scheme**") and the Horizon Convictions Redress Scheme ("**HCRS**"), these being the schemes created and administered by the Department, I have also taken the opportunity to address in this statement the Department's overall involvement in and approach to redress in the wake of the Horizon scandal.
- 7. I have prepared this statement with extensive support of Departmental officials, the Government Legal Department and counsel. Its contents are true to the best of my knowledge and belief. I am authorised by the Secretary of State for Business and Trade to make it.
- 8. All figures are accurate as at close of business of 30 August unless otherwise stated. For simplicity, throughout this statement the term "postmaster" is used

for those receiving or applying for redress. Most of these individuals are postmasters or former postmasters, but some are postmasters' assistants or have similar related roles.

BACKGROUND

9. The Department recognises that the appalling effects of the scandal on its many innocent victims will be long lasting, and some can never be reversed.

Ministers intend:

- (i) To establish, through the Inquiry, the full truth of what happened;
- (ii) Based on the Inquiry's findings and recommendations, to take steps to ensure that similar events can never happen in future; and
- (iii) To provide financial redress to postmasters that is full and fair, whilst recognising that no amount of money will turn back time.

10. The Department recognises that it has political responsibility for the response to the scandal. Furthermore, much of the cost of remedying the scandal is being financed from public funds. The Department has therefore been closely involved in making decisions on redress, even for schemes delivered by the Post Office. I describe in more detail below the Department's involvement in the various schemes.

11. The independent Horizon Compensation Advisory Board, established in January 2023, provides advice to Ministers on policy issues affecting the schemes. Its Terms of Reference (which are being expanded to include the HCRS) preclude it from becoming involved in individual cases. It meets every

six weeks. Reports are published within a few days of each meeting on gov.uk [Horizon Compensation Advisory Board website (**BEIS0001026**); Terms of Reference (**BEIS0001027**); report of relevant meetings - of 29 August 2024 (**BEIS0001028**); 17 June 2024 (**BEIS0001029**); 7 May 2024 (**BEIS0001030**); 25 March 2024 (**BEIS0001031**); 28 February 2024 (**BEIS0001032**); 22 February 2024 (**BEIS0001033**); 10 January 2024 (**BEIS0001034**); Future Approach to Compensation Report (**RLIT0000288**)]. The members of the Horizon Compensation Advisory Board are:

- Professor Christopher Hodges (Chair) – an expert in Alternative Dispute Resolution;
 - Former MPs, the Rt Hon the Lord (James) Arbuthnot of Edrom and the Rt Hon the Lord Beamish (Kevan Jones), both long-term Parliamentary campaigners for the postmasters; and
 - Professor Richard Moorhead – an expert in legal ethics who is leading Exeter University’s project on the scandal.
12. A Programme Board, including senior officials from across the Department, HM Treasury and a senior official involved in another Government redress scheme, is responsible for ensuring consistency across the various Horizon redress schemes, including those run by the Post Office. The Programme Board is supported by underpinning project boards that scrutinise the individual schemes – see paragraphs 53, 63, 120 and 212.

13. Significant policy recommendations from the boards are put to Ministers for decision, taking advice where appropriate from the Advisory Board. Where necessary, collective agreement is sought across Government.

ORIGINS AND EVOLUTION OF THE VARIOUS COMPENSATION AND REDRESS

SCHEMES

14. As the Inquiry knows, the programme by which redress is delivered has evolved over time, with new schemes created that build on existing schemes. As is obvious, and as I address in more detail below, it would with hindsight have been better if a single centrally-designed and administered redress scheme had been instituted at the outset.

The High Court settlement

15. The December 2019 GLO settlement resulted in a payment of £42.75 million to compensate the 555 GLO postmasters (plus £15 million legal costs). However, this was a negotiated commercial settlement and most of the settlement payment went to the company which funded the litigation rather than to the postmasters who had brought it and for whose losses the compensation was intended to provide redress. The remainder – which the Department understands to be about £11 million – was distributed between postmasters by the postmasters' steering committee, supported by their legal advisors, Freeths. The Department understands that this was done based on a formula relating to assessed need.

HSS

16. Under the terms of the settlement, the Post Office also agreed to set up a group to consider whether and how to address shortfalls attributed to postmasters. This became the Historical Shortfall Scheme, later renamed as the Horizon Shortfall Scheme (“HSS”). The HSS was intended to be independently funded and administered by the Post Office itself, in their initial expectation that around 200 people would be eligible. In the event, twelve times that number applied for the scheme before November 2020, meaning that the Post Office could no longer afford the liability. The Department therefore stepped in to fund costs exceeding the £87 million provided by the Company, and to oversee delivery of the scheme.

Redress for Overturned Convictions (“OC”)

17. The first court decision to overturn criminal convictions was made in December 2020. In July 2021 the Post Office established interim payments of £100,000 (funded by the Department) to alleviate immediate financial pressures for exonerated individuals. The Post Office also established arrangements (funded and overseen by the Department) to negotiate redress with those who had been exonerated.
18. In the light of uncertainty about the appropriate level of redress for non-pecuniary losses, the Post Office (with the Department’s strong encouragement) agreed with postmasters’ legal advisors to commission an Early Neutral Evaluation (“ENE”). Lord Dyson was jointly instructed by Post Office and postmasters’ lawyers; his fees were paid by the Post Office. He

conducted this evaluation in July 2022 based on a group of ten cases and produced guidance on the treatment of non-pecuniary losses. Subsequently, the Department encouraged the Post Office to increase interim payments from £100,000 to £163,000, and to pay the increased amount quickly.

19. In 2023, principles for pecuniary losses were developed with input from claimants' legal representatives and the Department. Drawing on these principles, redress arrangements for overturned convictions were developed into a remediation scheme.
20. At the Department's request, interim payments were increased to £200,000 in July 2024 to bring them into line with those being offered in the HCRS.

GLO

21. After the launch of the HSS, the JFSA campaigned to secure redress for GLO claimants comparable to that paid to their peers in the HSS. Ministers had great sympathy with the aims of this campaign. However, because the GLO litigants had agreed with POL that the settlement agreement was "full and final", it was not easy to find a legal basis by which the Department could apply public funds to top up the payments made to GLO litigants pursuant to the GLO settlement agreement.
22. In March 2022 it was concluded that temporary powers in the Appropriation Acts would offer a proper legal route to make additional payments, allowing Ministers to announce the GLO scheme.

23. In September 2022, an informal consultation on the scheme was published on the gov.uk website in the form of a letter from the Postal Affairs Minister to GLO members, dated September 2022 (**BEIS0000892**). Respondents were invited to provide their views on their preferred option for scheme delivery and their preferred choice of body to deliver the scheme. Out of 44 respondents who specified their delivery preference, 39 identified the Department (rather than the Post Office) as their preferred choice to deliver the scheme. A summary of responses and key trends was published on gov.uk in December 2022 [Informal consultation on the design and delivery of the Group Litigation Order GLO scheme, (**RLIT0000357**)].
24. In accordance with postmasters' wishes, Ministers decided that this scheme should be operated by the Department rather than the Post Office. The Post Office is not involved in the scheme's governance, or in decisions on individual cases. Its only role in the scheme is in disclosing information held in its files.

HCRS

25. By 2023 it had become clear that many innocent convicted postmasters had not been and would not be exonerated in an appropriately timely manner through the established criminal appeal framework. The Advisory Board raised concerns about this, set out in their letter and accompanying paper of 14 December 2023 to the Lord Chancellor (**BEIS0000893**) and (**BEIS0000894**) . In light of their concerns, Ministers decided to introduce primary legislation to exonerate convicted postmasters.

26. Parliament legislated on a cross-party basis to enact the Post Office (Horizon System) Offences Act 2024, which received Royal Assent on 24 May 2024. The Act overturned postmasters' convictions *en masse* in England, Wales and Northern Ireland. Similar legislation was enacted in Scotland. The Department launched the HCRS in July 2024 to provide financial redress to this group.

Improvements to the schemes

27. Over time, the Department has regularly engaged with stakeholders – principally affected postmasters and their legal representatives – to find ways to improve the design and implementation of the various schemes. Changes agreed by Ministers have included:

Engaging postmasters' representatives in scheme design

- 27.1 The GLO scheme was designed in discussion with the JFSA and their legal representatives (who were funded for that purpose by the Department). Their input was instrumental in shaping the scheme's principles – and particularly its process. Likewise, the HCRS was developed in light of feedback on the GLO scheme (and the Post Office-administered redress process for Overturned Convictions), in close consultation with postmasters' legal representatives.

An independent and transparent Advisory Board

- 27.2 The Horizon Compensation Advisory Board was established in January 2023 to provide Ministers with advice on delivery of the GLO scheme. Its remit was expanded in March 2023 to include oversight of the HSS

and OC. It is being further expanded to include delivery of the HCRS. Reports of its meetings are typically published on gov.uk within a few days. The Board's advice has assisted in making improvements to the schemes.

Assessing legal costs by means of a tariff

27.3 Having decided to provide support for postmasters' legal costs in the GLO scheme, the Department chose to do so via a tariff agreed with law firms through mediation prior to the scheme's launch (see paragraph 133). This took the issue of costs off the table and enabled the parties to focus exclusively on the content of claims rather than fees. The HCRS has also implemented a tariff, agreed with claimants' legal representatives.

Fixed Sum Offers

27.4 The optional fixed sum offers of £600,000 on OC and HCRS and £75,000 on the GLO scheme and HSS have enabled smaller claims to be resolved quickly and reduced the stress for these postmasters in engaging with the full claim process. They have also allowed effort to be focussed on the larger claims. So far, 52 OC postmasters and 150 GLO scheme postmasters have taken this route. See paragraphs 56, 64, 83 and 191.

Interim payment policies

27.5 All schemes offer interim payments either reactively to alleviate hardship or proactively. These policies enable redress to go to postmasters in advance of their full claims being settled. See paragraphs 57, 64, 79 and 189189.

Top-ups on claim submission

27.6 To encourage early submission of OC pecuniary claims, the Department announced that interim redress payments would be topped up to £450,000 upon receipt of a full pecuniary claim. HCRS will take the same approach upon submission of a full claim. In the GLO scheme postmasters' redress is topped up to £50,000 at the same stage.

Target for issue of initial GLO offers

27.7 In December 2023 the Department committed to a target of making a first offer to 90% of postmasters who have submitted a full claim within 40 working days. It is currently achieving this target. More details are at paragraph 122.

Benefits disregard

27.8 To better address the financial hardship affecting individuals impacted by the Horizon scandal, the Department worked with DWP to introduce a benefits disregard for all Post Office redress schemes. This disregard came into force in July 2023. This means that payments received by postmasters no longer count towards the capital limit for means-tested

benefits and pension credits and therefore do not affect their eligibility to claim for them.

Neutralising the impact of taxation on redress

27.9 In June 2023, the Department announced additional payments to HSS postmasters to ensure that they did not face additional tax liabilities as a result of their redress. Payments under other schemes have been exempted from tax. See paragraph 36.

Changes in the GLO scheme's Principles and Guidance in respect of the bandings used for some heads of loss

27.10 This stemmed from media comments which prompted advice to Ministers from the Advisory Board (Advisory Board report of fourth meeting, dated 29 March 2023, **RLIT0000297**). See further at paragraph 169.

Additional interim payments

27.11 The Department agreed to make additional interim payments to any acquitted GLO scheme postmaster who had not already received more than the interim redress paid to those who were convicted, agreed following the Inquiry's previous hearings on compensation. See paragraph 80.

Regular reports on progress

- 27.12 Regular reports on progress and pinch-points in each scheme have been commissioned by the Department from Sir Gary Hickinbottom (OC pecuniary claims), Dentons (GLO) and Post Office (OC non-pecuniary and HSS) in response to a discussion between the Minister and the Advisory Board [Advisory Board report of eleventh meeting, dated 22 February 2024, **RLIT0000272**] . The reports for July [July 2024 report on GLO Compensation Scheme progress (**RLIT0000358**); July 2024 report on HSS Scheme progress, (**BEIS0000835**); July 2024 report on OC progress - non-pecuniary (**BEIS0000833**); and July 2024 report on OC progress – pecuniary, BEIS0000834] have been published on gov.uk and on the Post Office website.
28. The Advisory Board was consulted on many of these changes, and in some cases suggested them.
29. In May 2024 the Horizon Compensation Advisory Board published a paper reflecting on the lessons of Horizon for future redress schemes [Future approach to compensation report, Horizon Compensation Advisory Board paper,(**RLIT0000288**)]. In July 2024 the National Audit Office published a report following a review of recent Government redress schemes: “Lessons learned: Government compensation schemes” [National Audit Office government compensation schemes report,(**RLIT0000366**)] The Department welcomes both reports and is considering their findings.

GENERAL ISSUES

The Post Office's role

30. As noted above, the GLO settlement agreement required the Post Office to establish a group to consider whether and how to address shortfalls attributed to postmasters, and this was the genesis of the HSS. The Department is not aware of any suggestion at that stage that this scheme should not be delivered by the Post Office.
31. However, when designing the GLO scheme the Department consulted with postmasters on their preferred choice of body to deliver the scheme. It accepted clear representations from postmasters and their legal representatives that that scheme should be delivered by the Department. That approach has also been followed for the HCRS.
32. Some stakeholders have suggested that the Department or some other body should take over delivery of the HSS and OC schemes. The Department is concerned that this might delay the delivery of redress under those schemes.
33. The Department considered a recommendation from the Horizon Compensation Advisory Board that it should create a route to appeal against HSS awards which is independent of the Post Office. On 9 September 2024, Ministers announced their intent to establish this appeals process, delivered by the Department's Horizon Redress Unit.

Consistency between schemes

34. The Department has focused on ensuring redress to postmasters in similar circumstances is consistent, regardless of the scheme under which they fall. All schemes are designed so that redress is either agreed bilaterally or decided by independent panels, including senior legal, accounting, retail and medical experts as appropriate.
35. The processes of the schemes differ, reflecting the different circumstances of the postmasters affected. However, the Department is satisfied that all schemes are producing outcomes which are as consistent as is practicable.
36. There are some modest technical differences between schemes. Most notably, there are differences of tax treatment. The impact on redress of tax rules only came to the fore after delivery of the first Horizon scheme (the HSS) was well under way. The GLO scheme, OC and HCRS payments were exempted from income tax and other taxes. Because it would have been difficult retrospectively to exempt HSS payments from tax, the Post Office therefore makes top-up payments which have a similar effect. Further details are set out in the Department's response to the Inquiry's Interim Report [DBT response to the Post Office Horizon IT inquiry's first interim report, dated 26 October 2023, (RLIT0000359)] .

Pace of redress

37. The table below shows the progression of redress payments over the years.

Year	Cumulative redress paid (£ million)
------	-------------------------------------

	High Court settlement	HSS	OC	GLO Scheme	HCRS	Total
2019-20	ca.11.0†					11.0
2020-21		0.4	0.0			0.4
2021-22		7.0	6.5			13.5
2022-23		60.9	12.8	19.0		92.7
2023-24		57.7	25.8	26.7		110.2
2024-25‡		36.7	16.4	51.7	3.4	108.2
Total	11.0	162.6*	61.6	97.4	3.4	336.0

All amounts except the High Court settlement include support for claimants' legal costs including VAT, but exclude the legal and other costs of the Department and the Post Office.

All amounts paid or financed by the Department except where marked.

* Includes £86.7 million financed from the Post Office's own resources.

† Settlement payment from Post Office (not financed by the Department) less amount paid to the funders of the legal action. Exact figure unknown as the Department and Post Office were not party to the agreement between the JFSA and their funders.

‡ up to 30 Aug 2024.

38. Data on progress are published monthly on gov.uk [Financial redress data website (**BEIS0001035**) as of 30 August 2024 (**BEIS0001036**) as of 31 July 2024 (**BEIS0001037**) as of 28 June 2024 (**BEIS0001038**) as of 31 May (**BEIS0001039**) as of 24 April 2024 (**BEIS0001040**) as of 31 March 2024 (**BEIS0001041**); as of 1 March 2024 (**BEIS0001042**) as of 1 February 2024 (**BEIS0001043**) as of 11 January 2024 (**BEIS0001044**) GLO scheme data as of 30 April 2024 (**BEIS0001045**) GLO data as of 14 March 2024 (**BEIS0001046**) GLO data as of 23 February 2024 (**BEIS0001047**)]. An extract from the most recent table is below. It shows the numbers of final claims received and settled under each scheme, as of 30 August 2024.

Scheme	Claims received	Offers made	Offers accepted	Claims paid
HSS before deadline	2,417	2,417	2,071	2,069
HSS late claims	1,662	334	224	211

OC	73	62	57	57
GLO	263	253	207	201
HCRS	-	-	-	-
Total	4,415	3,066	2,559	2,538

39. It shows that 58% of the full claims received have now been settled. Over recent months this figure has been declining because the number of new HSS claims received (stimulated by the ITV drama *Mr Bates vs the Post Office*) has exceeded the number of new settlements being reached.
40. There will be more claims to come, including:
- (i) About 900 from those people whose convictions were overturned by the 2024 Act and are now eligible for the HCRS, which was launched on 30 July 2024;
 - (ii) 229 from those in the GLO scheme who have not yet submitted a full claim;
 - (iii) An unknown number under the HSS, which is still open for applications and which saw a surge of applications following the ITV drama *Mr Bates vs the Post Office*.
41. The Department recognises some postmasters have been suffering the effects of this scandal for two decades or more. Even following the High Court's judgments, the pace of redress has been too slow for some claimants for a variety of reasons set out in the following paragraphs.
42. The scale of the scandal's impacts has only emerged gradually since the judgments were handed down. It is now known that at least 5,000 postmasters were affected, when at the time of the High Court judgment the number

involved was envisaged to be much smaller. The Department was aware of 555 High Court litigants and initially informed by the Post Office that around 200 postmasters were expected to be eligible for the HSS, increased by the Post Office in July 2020 to 500 postmasters expected to be eligible for the HSS. It is not clear how many postmasters were expected at that time to have convictions overturned but the number would not have exceeded an estimate of 650 made in 2021.

43. On the Post Office's assumption that many HSS claims would be relatively simple, the HSS was set up in the expectation that postmasters would submit their own applications. In reality, many claims were more complex than the Post Office had assumed. The Post Office's legal team and independent panel had to do significant work to develop principles to assess claims consistently and work with postmasters to clarify their claims, adding significantly to the time taken.
44. Once it became clear in around November 2020 that the Post Office could not afford to fund the HSS from its own resources, Government took around four months to resolve the approach to funding. Further information is provided in paragraph 18 of the Department's written submissions on compensation provided to the Inquiry on 31 May 2022 [BEIS Submissions on Compensation, dated 31 May 2022 (**BEIS0000899**)].
45. After the GLO postmasters agreed to a full and final settlement in the High Court case, neither the Post Office nor the Department was under any legal liability to pay further redress to those who were not convicted. Once it became clear that the redress which unconvicted GLO postmasters had received

through the High Court settlement was substantially less than that provided under the HSS to postmasters in similar circumstances, Ministers recognised the Department's moral responsibility to address this. However, the Department lacked any clear statutory powers to provide additional redress (or to finance the Post Office to do so). It took some time to identify the option of using the Supply and Appropriation Acts to provide such authority – see paragraph 21. That option has now been superseded by the passage of specific primary legislation – the Post Office (Horizon System) Compensation Act 2024.

46. While OC claims for non-pecuniary losses were often submitted and settled quickly after Lord Dyson's Early Neutral Evaluation (July 2022), submission and assessment of pecuniary claims was much slower despite encouragement from the Post Office and the Department. Before the underlying legal principles for financial losses had been established, pecuniary cases were settled through a negotiation process and this resulted in long delays between submission of claims and settlement, with the first claim settled in September 2022. However, even after the principles were established following the ENE and the lead cases settled, the pace of submission of pecuniary claims to the OC has been relatively slow. This may be, in part, due to stress on claimants involved in developing such claims, in conjunction with the need to compile an evidence base which may date back many years, and where it may be challenging to access records and provide such information after so much time has passed.

47. The Department began to consider making a fixed sum offer within the GLO scheme in summer 2023, but no announcement was made until January 2024.
48. In some instances, settlement of claims has been delayed by disputes around legal costs. Following the announcement that a £600,000 fixed sum offer would be available to OC claimants, it was not possible to reach settlement or make payments to claimants until Post Office had reached agreement regarding their legal costs for these claims. There remain disputes regarding legal costs, though these can be referred to the Independent Assessor Panel where agreement can be reached, following the appointment of Sir Gary Hickinbottom as Chair of the Panel in April 2024. It is unusual that such disputes would result in delays to settlement or redress being paid to claimants as this payment usually takes place before legal costs are settled.
49. The preparation of claims for the GLO scheme has taken longer than the Department had anticipated. In part, the Department underestimated the complexity of the disclosures which Post Office would be required to make, which had an unexpectedly long delivery time. Furthermore, preparation of forensic accountants' expert reports is taking much longer than anticipated. The Department is working with postmasters' lawyers to establish what can be done to accelerate this.
50. The Department has taken a number of steps to increase the pace of redress across schemes, working with the Post Office in respect of the HSS and OC:
 - (i) Making substantial fixed offers across all schemes for those who wish to take them;

- (ii) Where appropriate, making partial payments as soon as any aspect of a claim is agreed, even if final settlements are likely to take additional time;
- (iii) Offering interim and hardship payments wherever appropriate;
- (iv) Working with postmasters' lawyers to enable and encourage them to submit claims as rapidly as possible;
- (v) Setting a target of 40 working days for the Department to make an offer from receipt of a full GLO or HCRS claim. The target is being achieved in 90% of GLO cases. No full HCRS claims have yet been received.

THE HORIZON SHORTFALL SCHEME

51. As I observe above, the terms of settlement in the GLO litigation required the Post Office to establish a group to decide on its approach to the shortfalls attributed to postmasters. This led to the establishment of the HSS as a redress scheme for postmasters who had not been amongst the litigants. In line with standard requirements for major Post Office expenditure, the settlement envelope proposed by the Post Office was approved by the Department, with financial and technical advice from UKGI and the consent of HM Treasury.
52. As the November 2020 deadline for applications to the HSS approached, it became plain to the Department that, because the number of applications greatly exceeded Post Office's original estimate, the company would not be able to afford it as expected. At that point the Post Office applied for funding from the Department on the grounds that the scheme's cost would exceed the

resources available. The Department and UKGI scrutinised this proposal, including the scheme's affordability to the Post Office, in discussion with HM Treasury. It was agreed that the Post Office would make available additional funding for the scheme through the sale of its telecoms business, taking its total contribution to about £87 million, and that Government would fund the remainder. Ministers announced this in March 2021.

53. Because any cost of the scheme above £87 million would fall on the taxpayer, as a condition of funding, the Department took a role in governance of the scheme from February 2021. It formed an HSS Steering Committee, whose members were officials from the Department, UKGI and HM Treasury. Its Terms of Reference are exhibited [HSS Steering Group Terms of Reference, **(BEIS0000900)**] . The committee is responsible for decisions including the establishment of principles on which awards would be based. Its role is set out in an Operations Agreement with the Post Office [HSS Operations Agreement with Post Office **(UKGI00017881)**]. It has usually been able to reach decisions on cases within a week of proposals being submitted. UKGI provided valuable support on financial, legal and analytical issues, particularly in supporting the Department to challenge the legal principles which the Post Office was developing for the HSS.
54. As the scheme has developed, Post Office has been given greater autonomy in respect of decisions on individual cases, although decisions in cases meeting specified "exceptional case criteria" are still approved by the Department. In no case has any offer been made at a level lower than that recommended by the scheme's independent panel.

55. The Department monitors the scheme and its impact through management information provided by the Post Office and monthly monitoring meetings with the Post Office and through feedback from postmasters, their lawyers and other stakeholders.
56. Proposals for changes to the scheme may be made by either the Post Office or the Department and are determined through the scheme's governance structures, with recommendations on significant decisions made to Ministers and, where appropriate, HM Treasury. Examples that the Department has instigated include:
- The option for postmasters to receive a fixed sum payment of £75,000 to settle their claim on a full and final basis.
 - The provision of top-up payments to ensure that the amount of redress is not unduly reduced by tax.
57. There has been extensive engagement with Post Office on these measures before implementation. The Department has also worked collaboratively with the Post Office on other interventions, including:
- The provision of additional funding to allow late applications to be considered, without examining the reasons for the lateness.
 - The introduction of hardship and interim payments to assist claimants facing difficult personal or financial circumstances.
58. The Department has accepted the recommendation of the Inquiry's Interim Report that it and the Post Office should set a closure date for applications to

the HSS, though no date has yet been set. When a date is confirmed, the Post Office will write to all past and present postmasters who are not involved in one of the other Horizon schemes (around 24,000 postmasters) to invite any further applications ahead of the closure date. The Department is considering other means of publicising the end date for applications.

59. The Department acknowledges the criticisms of the HSS, including the lack of availability of guidance in relation to consequential losses at the beginning of the scheme and the lack of professional support to make a claim, which may have affected the framing of some claims and therefore the outcomes to those claims. The Horizon Compensation Advisory Board, taking into consideration these criticisms, recommended that these issues be addressed by providing a route for appeals for postmasters who had previously settled, that would operate independently from the Post Office's HSS process.
60. On 9 September 2024, the Minister announced that the Board's recommendation had been accepted. This appeals process will enable claimants who have settled their claim under the HSS to have their case re-assessed. It will be delivered by the Department, which will apply the lessons learned from redress schemes to date to ensure that the process is easy for postmasters to engage with and that outcomes are delivered at pace. Further details will be announced in the coming months. There will be no obligation for postmasters to appeal their settlement and no doubt many will be content that their claims have been resolved fairly.

OVERTURNED CONVICTIONS

61. When the Courts overturned the first group of Horizon-related convictions in December 2020, the Post Office needed to address redress claims for malicious prosecution on the part of people with overturned convictions. Given the number of convictions which had resulted from prosecutions during the Horizon era it was apparent that the potential total liability could be very large.
62. In light of the pressure on the Post Office's resources from the HSS, as described above, it was apparent that the Department would need to finance these additional liabilities through public funds. As in the HSS, the Department and UKGI took on roles in the governance of both individual cases and scheme policy, as well as monitoring progress and considering stakeholder views. The Department initially had approval over all offers. It now approves only those which meet defined exceptional case criteria. These are set out in an Operations Agreement with the Post Office [Overturned Convictions Operations Agreement with Post Office (**BEIS0000902**)].
63. The scheme is subject to the strategic direction of the Department's Horizon Redress Overturned Convictions ("**HROC**") Board (formerly Post Office Overturned Convictions (POC) Board), which was established in August 2021. Its Terms of Reference are exhibited [HROC Board Terms of Reference, (**BEIS0000903**)] . The purpose of this Board is to provide overall strategic direction from the Department's perspective to ensure successful delivery of the Overturned Convictions scheme. This includes approving the principles, ensuring Post Office implement agreed processes and criteria for payments, overseeing redress offers and ensuring these are delivered in line with funding

letters, signing off changes to principles, ensuring appropriate assurance of Post Office decisions is undertaken, and maintaining oversight of overall delivery performance of the scheme. Its members are Departmental staff (including myself as the SRO for the programme and representatives of the Department's Legal and Finance teams) and HM Treasury officials. In the early phases, Board membership included a Non-Executive Director of the Department, and UKGI's shareholder representative on the Post Office Board as an observer. Where appropriate, the Board can choose to escalate issues to the relevant Minister.

64. OC decisions which the Department has instigated or agreed include:

- The July 2021 announcement that interim payments of £100,000 would be made to individuals as their convictions were overturned. The Department pressed for this figure to be increased to £163,000 in October 2022 following Lord Dyson's Early Neutral Evaluation process, and the Department decided to increase the amount again in July 2024 to £200,000 to bring the interim payment amount in line with that offered on the HCRS.
- The announcement of full funding for the scheme in December 2021.
- The offer to all eligible OC postmasters, announced in September 2023, of the option to settle their claims on a full and final basis for a total fixed sum of £600,000 inclusive of interest, instead of making a claim for their individual losses. This decision was instigated by the Department.

65. The Department approved the overall change for OC to become a 'remediation process', supporting the following actions: the appointment of retired Court of Appeal judge Sir Gary Hickinbottom to chair an independent panel to assess the pecuniary losses of those postmasters with overturned convictions where disputes arise, and to ensure that there are no undue delays in the process leading to the settlement of pecuniary claims. Sir Gary has also taken on a case management role for the OC scheme. This is intended to expedite offers being made and settlement being reached.

GLO SCHEME

Commencement

66. On 10 February 2023, the Department opened registration for the GLO scheme. Postmasters' legal advisors (and any unrepresented postmasters) were invited to fill out a Registration Form and return it to the Department. The registration form was a short document which requested basic personal details, the name of the postmaster's legal representative and identifying information to enable the Post Office to begin work on disclosure.
67. The scheme operates according to Alternative Dispute Resolution principles. In March 2023 the Department appointed Dentons as the scheme's Claim Facilitators and Addleshaw Goddard as the Department's legal advisors. Their roles are described more fully below.
68. On 23 March 2023, the Department opened the scheme and invited full claims to be submitted onto the Dentons Direct platform.

Eligibility criteria

69. Section 2 of the published document 'GLO Compensation Scheme Guidance and Principles' [GLO compensation scheme Guidance and Principles – v2, **(BEIS0001048)**] outlines eligibility criteria; the previous version of this document is [GLO compensation scheme Guidance and Principles, **RLIT0000280**].
70. The Guidance and Principles require that in order to be eligible for the GLO Scheme,
- “2.1.2 You must have been a postmaster in the action *Alan Bates and Others v Post Office Ltd* pursued under a Group Litigation Order in 2016 and a party to the Settlement Agreement dated 10th December 2019 with Post Office Limited (“the 2019 Settlement”).
- 2.1.3. Your application and time with Post Office must not involve or relate to any criminal conviction(s); claims from convicted postmasters will be processed by Post Office once the conviction has been overturned. Please note, if you were prosecuted but not convicted, or you received a caution, you are eligible for the Scheme.”
71. Redress may be claimed by the estates of deceased postmasters who would have been eligible.

Application process

72. Section 3 of the published document 'GLO Compensation Scheme Guidance and Principles' [GLO compensation scheme Guidance and Principles – v2, (RLIT0000280)] outlines the application process. All the relevant claim forms and guidance can be found on gov.uk [GLO Registration Form,(BEIS0001049) ; GLO Compensation Scheme application form,(BEIS0001050)] .
73. Postmasters' legal advisors were invited to present all losses in the application form and to submit it onto the Dentons Direct platform, alongside all relevant information and evidence. Postmasters were encouraged to explain in as much detail as possible the particular loss being claimed, the specific amount, how the loss was caused by a Horizon shortfall and any steps the postmaster took to attempt to reduce the loss. The Department recognised in its communications that, given the length of time which had passed, "there would be an absence of evidence".
74. Any postmaster choosing not to have legal representation would be granted access to the Dentons Direct platform to submit their application. However, all claims in the scheme have been made by legal representatives.
75. The Department also recognised that some GLO members might find it difficult to engage in this process. The guidance therefore outlined that postmasters could simply submit their Schedule of Claimant Information used for the High Court case in order to receive an offer from the Scheme.

Communication

76. The GLO Scheme was developed by the Department in discussion with the JFSA and Freeths, both of whom already had established contacts with the great majority of GLO members. The Department understands that the JFSA circulated regular updates to members about these discussions. Ministers wrote letters to all GLO postmasters:
- On 2 September 2022 (**BEIS0001026**) to seek their views about options for design of the scheme;
 - On 7 December 2022 [Minister Hollinrake letter to postmasters, (**RLIT0000284**)] to inform them of the outcome of that consultation and encourage them to appoint a lawyer and begin developing their claims; and
 - On 23 March 2023 [GLO scheme letter to postmasters, (**RLIT0000283**)] to inform them that the scheme was open to receive claims.
77. These letters were transmitted to GLO members with the help of the JFSA and Freeths. They were also placed on the Department's website and amplified by Parliamentary announcements – see for example Hansard record Horizon Compensation debate March 2023, (**RLIT0000360**) .
78. Communication with postmasters in respect of initial interim payments was via Freeths. Following the scheme launch, communication with postmasters about individual claims has been made via their legal representatives. (All GLO postmasters were legally represented in applying to the scheme.)

Interim and top-up interim payments

79. From August 2022, Freeths delivered initial interim payments to GLO postmasters on behalf of the Department. A £19.5 million total was shared pro rata to the individuals' shares of the High Court settlement (described in paragraph 15 above). To receive these payments, GLO postmasters were required to engage Freeths (who had been their legal representatives during the High Court case). Payments were made without further application.
80. In April 2023 the Department made additional interim payments to any acquitted GLO postmaster who had not already received more than the interim redress paid to those in the OC who had their conviction overturned, topping up the interim redress to £100,000. This followed discussions with postmasters' legal representatives; no further application was required.
81. The Department has also made further interim payments to other GLO postmasters suffering particular hardship – for instance a risk of bankruptcy or loss of a home. Such payments have been based on request from their legal advisors, based on whatever evidence they have been able to provide. The Department has made 96 such further interim payments since January 2024. Further information is at paragraph 149.
82. Finally, where a postmaster has challenged the Department's initial offer in response to a full claim, the Department has made an interim payment of 80% of that offer without further application.

Fixed sum offer process

83. On 12 January 2024, the Department announced the introduction of a Fixed Sum offer of £75,000, which mirrored the previously announced approach on the Overturned Conviction scheme (see paragraph 64). The relevant claim form for this offer Fixed sum offer claim form (**BEIS0001051**) was published on gov.uk on 26 January 2024 and was circulated to the postmasters' legal representatives in parallel. This route does not require any disclosure from Post Office or any expert evidence.
84. To take advantage of this offer, the postmaster's legal advisor submits the Fixed Sum Application form to Dentons. Addleshaw Goddard prepares an offer of £75,000 less previous interim payments, which the Department checks and approves. The offer letter does not contain any assessment by head of loss. It lists the deductions of previous payments and offers the remaining total.
85. The postmaster's legal advisor receives the offer and the postmaster submits a signed offer letter in reply before payment is made. There is no challenge or appeal under this option.

Full assessment process

86. The process and form for applying for a fully assessed claim were first published on the gov.uk website on 23 March 2023, including a question and answer page [The GLO Compensation Scheme - questions and answers, dated 23 March 2023; updated 29 November 2023 (**BEIS0001053**) updated 7 February 2024 (**BEIS0001054**) updated 5 April 2024 (**BEIS0001055**); updated 7 June 2024 (**BEIS0001056**)].

87. Recognising the mental health damage which has been caused by the scandal, paragraph 1.2.5 of the scheme Guidance and Principles (**BEIS0001048**) state that “If you feel that you are unable to engage with this [full application] process, you can simply submit your documentation from the High Court, including your [Statement of Claimant Information], to the Scheme. This may not produce the optimum outcome but will still allow your claim to be considered.” No postmaster has yet chosen to take this approach.
88. The full application process requires at a minimum a fully completed application form, which is completed by the postmaster’s legal advisor, plus any expert evidence reports as agreed with the Department (see paragraph 136 below). Post Office Limited provides disclosure which may include a Shortfall Analysis which is a summary of the data of shortfalls and any repayments recorded on the Horizon system. All documentation involved in the claim is submitted to Dentons. On receipt of these documents, Addleshaw Goddard, review the paperwork and consider if any Requests for Information (“**RFIs**”) are required in order for a full assessment of the claim to be made. If the postmaster has not already received interim payments to the value of £50,000 then their redress will be topped up to that level on submission of a complete claim.
89. RFIs submitted to postmasters’ legal advisors vary from case to case but can typically relate to requests for any supporting documents that are referenced in the claim that have not been included in the bundle, clarification of facts or provision of information such as durations of leases. The Department has

encouraged Addleshaw Goddard to make RFIs by phone where possible to expedite the RFI process and avoid unnecessary legal costs on both sides.

90. In the case of RFIs to the Post Office, requests are typically for a Shortfall Analysis, confirmation of the date that the Horizon system was installed or replaced, or for details of the reason for branch closure (particularly where this happened after the postmaster left the branch). The Department or Addleshaw Goddard may ask the Post Office for clarification of facts in the Shortfall Analysis if the wording is unclear or if there is unfamiliar terminology in any Post Office disclosure documents.
91. The scheme's Claim Facilitators, Dentons, are responsible for promoting settlements between the parties, but do not themselves assess claims and therefore do not issue RFIs, although they may communicate an RFI request from the Independent Panel or Reviewer or chase a response to an RFI.
92. Addleshaw Goddard then review the claim in line with the scheme's Guidance and Principles and submit a recommendation to the Department as to the redress to which the postmaster is entitled. The Department reviews the recommendation and asks questions as necessary, before approving or amending the offer. For the avoidance of doubt, it is the Department, not Addleshaw Goddard, that is the decision maker.

Full assessment: offer letter

93. The offer letter from Addleshaw Goddard to the claimant's legal representative details the amount offered, overall and broken down by head of loss, as well as detailing any deductions for previous payments. A detailed explanation of

the assessment is contained in an annex to the offer letter for fully assessed claims.

94. The terms and conditions on which the offer is made are stated in the letter and the postmaster is required to sign below these terms on the offer letter to accept. The standard conditions are set out in the example GLO offer letter [Example GLO offer letter (**BEIS0000904**)].
95. From time to time there may be a need to amend these standard conditions in respect of particular claimants. Where revisions are required, they are agreed with the claimant's legal representative.

Full assessment: response to offer

96. The postmaster may choose to accept the offer in full or challenge any elements of it that they are unhappy with. If accepting in full, the postmaster signs the offer letter and their legal advisor returns it to the Department together with a request for payment.
97. If challenging the offer or any element of it, the legal advisor writes to Dentons and Addleshaw Goddard explaining which heads of loss are challenged, and on what grounds. At this stage the Department tops up previous interim payments to 80% of the offer.

Full assessment: reviews and appeals

98. Rather than an award followed by a review or appeal, the process is based on the principles of alternative dispute resolution. In many cases, the Department's initial offer has been accepted by the postmaster. If the

postmaster instead chooses to challenge the offer, the Department considers the challenge and may make a revised offer. Where necessary, discussions between lawyers for the Department and the postmaster follow. These are facilitated by Dentons where required.

99. Only if Dentons reach the view that redress will not be agreed bilaterally in this way do they put the case to the GLO Independent Panel, which comprises a KC, an accountant and a retail or medical expert as decided by Dentons based on the facts of the case. Following its first discussion the Panel makes a non-binding assessment which will inform further discussion between the parties. If they still cannot reach agreement, the Panel makes a final assessment. The Panel's Terms of Reference are exhibited [Terms of Reference of the GLO Scheme Independent Panel (**BEIS0000905**)].
100. To date, 195 cases have been agreed bilaterally: only two have been heard by a first Panel. A further 30 offers remain under consideration by postmasters or in discussion between the parties. It is not possible to consider trends in Panel cases in the absence of a larger sample.
101. If either party believes that there has been a manifest error, procedural irregularity or substantive error of principle in the Independent Panel's final assessment of the claim, or if the Panel's final assessment is substantially inconsistent with the Guidance and Principles, they may refer the case to the Independent Reviewer, Sir Ross Cranston, whose decision is final. The Reviewer's Terms of Reference are exhibited [Terms of Reference of the GLO Scheme Independent Reviewer, (**RLIT0000287**)]. So far, no cases have been so referred.

102. The Reviewer's Terms of Reference require him to:

“assess whether the Independent Panel's final assessment:

- was substantially inconsistent with the Guidance and Principles
- reflects a manifest error, procedural irregularity or a substantive error of principle.”

Payment

103. Every week, each legal advisor sends a single Transfer of Funds Request (TFR) to the Department for the total value of all redress payments accepted by their clients in that week. This TFR must be accompanied by a document detailing the individual redress payments included within the TFR, including the individual's name, GLO reference number, payment type (e.g. interim or final), and date of acceptance. The Department reviews the above documents and processes payment via BACS.

104. The Department aims to process payments within a week of receiving a TFR. It estimates that payments will be completed within ten working days of TFR submission. Including the time taken for postmaster representatives to submit a TFR, the Department aims to make payments to postmasters' representatives within 21 days of receipt of the signed Offer Acceptance Form and Terms. If payment is made outside that period, the Department will recalculate the interest due in accordance with the Scheme Guidance and Principles.

105. The Department can expedite payment for hardship requests that are urgent.

Taxation

106. Government enacted secondary legislation on 18 March 2023, the effect of which is that no income tax, capital gains tax or national insurance contributions will be payable by any party in respect of any payment as part of the GLO scheme [The Post Office Horizon Compensation and Infected Blood Interim Compensation Payment Schemes (Tax Exemptions and Relief) Regulations 2023 (**BEIS0000906**)]. Legislation was also enacted from 9 October 2023 to relieve payments from inheritance tax [The Post Office Horizon Shortfall Scheme and Group Litigation Order Compensation Payments (Inheritance Tax Relief) Regulations 2023 (**BEIS0000907**)]. Both measures were retrospectively applied from 1 August 2022.
107. Legislation was introduced in the Finance Bill 2023 to provide an exemption from corporation tax on redress payments made under the GLO scheme, and an exemption for any onward payment of that redress to an individual. The measure has a retrospective effect so applied from 8 August 2022 when the first payment through GLO to a corporate was made.
108. As a result, HMRC has not collected and will not collect any tax on any payments made under the GLO Scheme.

Bankruptcy

109. As the Inquiry is aware, the Department held the view that none of the GLO scheme redress payable to bankrupt postmasters should be diverted to

insolvency practitioners to meet their costs and creditors. Most insolvency practitioners (including the Official Receiver) accepted this position, which was endorsed in the opinion provided to the Inquiry by Catherine Addy KC. However, Moore UK, which was the trustee in bankruptcy in respect of 16 GLO bankrupt postmasters, did not agree.

110. Having failed to reach agreement with Moore UK and following consultation with affected postmasters, on 9 December 2022 the Department agreed to enter a settlement with Moore UK which set out how much of the interim compensation should go to creditors. This agreement was made on the basis that the department reserved its position with respect to final payments under the scheme. Payments to Moore UK and GLO claimants were made on 21 December 2022. These interim compensation payments were enough to clear the debts of all but 9 GLO claimants.
111. On 2 May 2023, following the Opinion provided by Ms Addy KC, the Department asked Moore UK to confirm if they agreed with the Opinion, or if not, to confirm whether they were willing to apply for a direction under section 303 (2) of the Insolvency Act 1986. It was the view of the Department that section 303 (2) gave the trustee of a bankrupt's estate clear standing to seek a direction from the court, as opposed to the Department who was not a party to any of the bankruptcies. On 19 June, Moore UK confirmed that they would not waive their right to final compensation made under the scheme, and that they would speak to the solicitors acting for the bankrupt individuals to discuss a proposal to resolve the issue. On 1 August, Moore UK confirmed they would

not seek an application to Court for a direction but would consent to the Department doing so.

112. Following the recommendation in the Inquiry's interim report in July 2023, the Department therefore agreed to apply for directions from the court itself pursuant to section 303 of the Insolvency Act 1986. On 2 August, the Department agreed with Moore UK that each party would bear its own costs of the action. Claimants were notified on 17 August in writing of the Department's decision to take this step and were updated as the case progressed. On 6 September, the Department asked one postmaster affected by Moore UK's stance to be named as an interested party without the need to participate in proceedings themselves. The application was made on 16 October 2023. The Department asked for it to be expedited.
113. In advance of the hearing, with the agreement of postmasters' legal representatives, the Department issued provisional offers so that those postmasters who had submitted claims could consider the Department's position in the meantime. Further interim payments were also made against the personal losses to alleviate financial hardship.
114. Following the application by the Department, the High Court declared (in a judgment of HHJ Cawson KC handed down on 5 July 2024) [Full Palmer Judgment – SSBT and Abdulali & Anor [2024] EWHC 1722 (Ch), (**BEIS0000908**)] and [Palmer Approved Order, dated 5 July 2024, (**BEIS0000909**)] that in respect of postmasters who were declared bankrupt prior to the announcement of the GLO Scheme:

- any redress received by GLO Scheme postmasters did not, at the commencement of their bankruptcy, exist as and does not constitute 'property' within the meaning of section 436 of the Insolvency Act 1986 ("the Act");
- did not form part of the 'bankrupt's estate' within the meaning of section 283(1) of the Act; and
- did not vest in the Joint Trustees in Bankruptcy pursuant to section 306 of the Act.

115. This judgment aligns with the position of the Department, the advice provided to the Inquiry by Ms Addy KC and the position taken by all other affected Insolvency Practitioners. As a result, any *ex gratia* payment made pursuant to the GLO Scheme after 5 July 2024 will be after-acquired property within the meaning of section 307(2)(c) of the Act and will not form part of the 'bankrupt's estate' of the postmaster within the meaning of section 283(1) of the Act.

116. Claimants were notified by the Department of this outcome on 5 July 2024. Where the Department had made a provisional offer, this was converted into a formal offer by 12 July. The remaining claims will be provided with a formal offer in the usual way when a full claim is submitted.

117. A Q&A document is being prepared for postmasters and their legal advisors to provide clarification on the judgment and how annulments can be taken forwards if the postmaster wishes to do so, as the department remains committed to paying the reasonable legal costs of these where the bankruptcy was caused by Horizon shortfalls.

Administration and oversight

118. The Department is responsible for administering the scheme. It receives recommendations on individual cases from its legal advisors, Addleshaw Goddard. Following the Department's review of those recommendations, Addleshaw Goddard makes offers to postmasters' lawyers on behalf of the Department.
119. Dentons are the GLO scheme's Alternative Dispute Resolution experts. They provide the portal on which postmasters' legal advisors submit claims; where necessary they facilitate bilateral discussion of disputed offers; and they support the Independent Panel and Reviewer in their work (described above).
120. Governance of the scheme falls to a Steering Group made up of Departmental officials, which I chair as the SRO. Terms of Reference are exhibited [GLO Steering Group Terms of Reference (**BEIS0000910**)].
121. Decisions on individual offers are made by me as the SRO or, for certain cases, my deputy. Cases which meet defined exceptional case criteria must also be approved by the Department's finance and legal teams; where they may be novel, contentious or repercussive they must also be approved by Treasury officials.

Performance targets

122. During the Second Reading of the Post Office (Horizon System) Compensation Bill on 19 December 2023, the Minister announced that the

Department had set the target of making 90% of initial offers within 40 working days from receipt of a full claim.

123. In measuring its performance against this target, the Department regards a “full claim” as a claim which the Department, with advice from its legal advisors, considers does not need any further evidence for every element of the claim to be assessed. Should the Department consider further evidence is needed in order to make a full assessment, the 40-working-day target will not start until such time as the required evidence is received from the postmaster or any other source. The Department regularly engages postmasters’ legal advisors to ensure that they have a clear understanding of the information which the Department needs in order to assess claims. At close of business on 6 September 2024 six requests for further information were in the hands of postmasters’ lawyers. Of these, two were for claims where an initial offer had already been made whilst four related to claims that were not yet considered complete. Addleshaw Goddard were considering a further 32 claims to determine whether they were complete. The oldest of these has been with Addleshaw Goddard for 28 working days. If it is determined that a claim was complete on receipt, the 40-day target begins from the day on which it was received, not the day on which it was determined to be complete.
124. The Department began publicly reporting against this target as part of its monthly data publication from February 2024 onwards [Financial redress data website, (**BEIS0001035**) as of 30 August 2024, (**BEIS0001036**) as of 31 July 2024 (**BEIS0001037**) as of 28 June 2024 (**BEIS0001038**) as of 31 May (**BEIS0001039**) as of 24 April 2024 (**BEIS0001040**) as of 31 March 2024

(BEIS0001041) as of 1 March 2024 (BEIS0001042) as of 1 February 2024, (BEIS0001043) GLO scheme data as of 30 April 2024 (BEIS0001045) GLO data as of 14 March 2024 (BEIS0001046) GLO data as of 23 February 2024 (BEIS0001047)], once retrospective data going back to the launch of the scheme had been collated and verified.

125. As of 1 February 2024, 70% of postmasters had received their first offer within 40 working days of submitting a full claim because the initial assessment of some complex cases had raised issues that required policy positions to be developed. Performance gradually improved, and the 90% target was first achieved as of 24 April 2024. Performance has further improved due to the introduction of the Fixed Sum Offer. Performance in respect of complex cases has also improved due to the resolution of the initial policy questions.
126. In each monthly publication since 30 April 2024, the Department has met or exceeded the target, with no initial offer taking longer than 60 days.

Reviews of administration and performance

127. Ministers, supported by the Advisory Board, have been and remain highly engaged in scrutinising officials on the administration and performance of the scheme, and they review progress on a very regular basis. Officials' work is informed by correspondence and meetings with GLO scheme postmasters' legal advisors and other supporters, Parliamentarians (including the Business and Trade Select Committee), proceedings in the Inquiry, comment in the media and some GLO members themselves. Review is also supported by periodic advice from specialists in other parts of Government, including the

Government Legal Department, the Government Actuary's Department and the Government Internal Audit Agency.

128. This process of review has led to the improvements to the scheme which are included in the list at paragraph 27 above.
129. The Department expects to continue to make improvements to the GLO scheme. The first challenges to offers have been received in recent months. The Department, with the advice of Addleshaw Goddard and in discussion with Dentons, is considering comments from postmasters' legal representatives on what improvements to this element of the process can be made. In the coming months the Department will also receive and respond to feedback from the first cases which go to the GLO Independent Panel.

Accessibility of the process

130. The Department designed the scheme in discussion with the JFSA and Freeths. Although the HSS had been designed to ensure that claims could be prepared by postmasters themselves, without legal assistance, the Department decided to take a different course because it seemed likely that the GLO scheme claims would typically be larger and more complex than those for the HSS.
131. The Department was also of course aware that the GLO scheme postmasters had been legally represented for the purposes of the High Court case and had developed claims in that context with lawyers' assistance. (No such preparation had been done for HSS postmasters.) Whilst the claims developed for that purpose were by no means complete – for instance they

did not generally consider the quantum of redress, and (to minimise costs) few postmasters had medical assessments – they provided a helpful starting point for the development of claims for the purposes of the scheme.

132. Informal discussion between individuals familiar with the two schemes' processes suggests that the quality of claims received for the GLO has, understandably, been significantly higher than the quality of HSS claims. This has had consequences for the schemes' respective timelines. In the GLO scheme, the involvement of lawyers means that claims take a long time to prepare but can be responded to quickly. By contrast, the Department understands from discussions with the Post Office that HSS claims have required a great deal of preparatory work by the Post Office's lawyers and panel before they have been ready for consideration, so whilst claims may be submitted more quickly, their determination has been slower.
133. At the outset of the scheme, the Department agreed to meet postmasters' reasonable legal costs – including the costs of expert evidence – by means of a tariff agreed with the firms representing significant numbers of postmasters (Freeths, Howe and Co and Hudgells Solicitors). The agreed tariff was published on gov.uk in February 2023 [GLO tariff of reasonable legal costs, (RLIT0000281)]. The Department and Ministers encouraged all postmasters to instruct a lawyer to assist with their claim and support them through the process.
134. The costs tariff stated:

“The Government strongly welcomes the commitment of these legal advisors not to seek fees from their clients in addition to its support for reasonable costs. **It strongly advises claimants not to engage any lawyer who asks for payment, either during the claims process or when redress is paid,** as this may mean that eventual redress would be reduced by legal costs which the claimant would not be able to recover.” [Emphasis in original].

135. Only two postmasters have legal advisors who have not agreed to this principle: these cases are a matter of concern to the Department.
136. During the design of the scheme, the Department accepted representations that to achieve fair outcomes postmasters would need to have access to expert reports from forensic accountants and/or doctors. The tariff of legal costs includes provision for the funding of such evidence. This funding requires case-by-case approval from the Department. It is for postmasters and their lawyers to decide whether to seek funding for expert evidence.
137. The Department has approved funding for forensic accountancy evidence in 340 cases and funding for medical expert evidence in 327. It declined funding in 51 cases (in which the Department accepted the claimed loss without the need for further evidence). The Department has set itself a target of responding to such requests within 15 working days. This target has been met in 688 of these 718 cases. In no case did the time taken exceed 31 working days.

138. Since the tariff was agreed, there have been some limited changes in the scheme. For instance, the introduction of the £75,000 fixed sum offer will have substantially reduced the cost to postmasters' lawyers involved in developing such claims. Other changes (such as unanticipated work with bankrupt claimants) will have tended to increase costs. The Department has had some representations from postmasters' lawyers to the effect that some specific increases should be reflected in amendments to the tariff. The Department had paused consideration of these requests pending the agreement of a parallel tariff for the HCRS. Now that has been secured, the Department is returning to this issue in discussion with postmasters' legal advisors.
139. The quality of claims being submitted by legal advisors has on the whole been adequate to enable fair assessments since initial teething problems were resolved. The Department's conclusion is that the tariff arrangements are sufficient to provide postmasters with high quality legal representation, subject to further consideration of the specific issues referred to in the preceding paragraph.
140. All registered postmasters took legal advice in submitting their claims, although one applicant for a fixed offer subsequently decided to represent themselves.
141. An equalities impact assessment was conducted ahead of the launch of the scheme to ensure accessibility issues were identified. If a postmaster needed reasonable adjustments in order to access the scheme's processes, the Department would accommodate those. Dentons would help identify where there may be barriers to completing claims and advise the Department

accordingly (for example, where a postmaster prefers postal applications or correspondence, this would be facilitated by Dentons). The Department ensured publications on gov.uk were available in an accessible format and provided a postal address for applications where there were postmasters with no access to the internet.

142. Because all postmasters making applications to the GLO scheme have been legally represented it is not possible directly to assess the impact of legal advice on applications.
143. The tariff of support for reasonable legal costs included allowance for the costs of taking cases to dispute resolution or the independent Panel. Dentons would support postmasters who chose not to instruct a lawyer, though this has not yet been required by any postmaster.

Waiting times

Eligibility

144. As this scheme is for a closed cohort, eligibility is verified against the list of the original 555 postmasters, excluding those who had a Horizon related conviction. Eligibility is assessed at the point of registration and the majority of postmasters were registered for the scheme in 2023. Eligibility for later registrations is carried out within minutes and is usually completed on the same day.

Interim payments

145. Initial interim payments were paid ahead of the formal launch of the scheme. To receive a payment, postmasters had to give a straightforward instruction to Freeths at the Department's cost. Freeths would then communicate the fact of that instruction to the Department.
146. The Department does not retain information concerning the dates on which Freeths informed it that it had been instructed by the various postmasters, and so it cannot confirm the average length of time between notification and interim payment. However, the payments were announced on 30 June 2022. The first interim payments were made by the Department on 7 August 2022. By 12 September 2022, 399 payments totalling £15.3 million had been made.
147. Delays in postmasters receiving their interim payment related to those who chose not to instruct Freeths or who were unable to do so. Some related to the estates of deceased postmasters were delayed where probate had not been granted, either because the postmaster had passed away relatively recently or because the executors chose not to seek grant of probate because the estate was small. All of these have now been resolved.
148. Other delays to interim payments arose where postmasters had capacity issues, were in an Individual Voluntary Arrangement or bankruptcy, or were dissolved companies. All but one of these cases has now been resolved. The remaining case is a company which has since been wound up. The Department continues to work with Freeths to resolve this final case.

149. Claimants can request further payment if they are facing hardship, financial or otherwise, and their interim payment has not been sufficient to alleviate that hardship. There are no defined criteria in any scheme for what qualifies as a 'hardship,' given the need for flexibility in individual circumstances. The most urgent requests have been for those who are at immediate risk of eviction, risk of bankruptcy or those who have serious health issues. Less urgent requests that have been accepted include postmasters who have outstanding debts to pay, cost of living struggles, to alleviate stress or anxiety, or to repay family members who have lent money to the postmaster.
150. Requests are assessed on a case-by-case basis, using the evidence provided to justify the amounts and minimise the risk of overpayment. Requests have only been rejected if the postmaster's submission does not provide evidence of losses exceeding the requested payment.
151. Interim payments for therapy or medical treatment are also automatically approved on receipt of a medical report that supports the need for treatment and where the expert's professional opinion is that on balance of probabilities the injury was caused or worsened due to events related to Horizon.
152. On receipt of a full claim, the postmaster's interim payment is topped up to £50,000 if they have not already received this amount in previous payments.
153. If an offer is formally challenged, the postmaster enters the dispute resolution process and 80% of the offer is paid.

Average waiting times

154. The time between submission of a complete application and payment to the postmaster's legal representative includes:
- The Department's consideration of the application and issue of its initial offer (for which the target is to issue 90% of offers within 40 working days);
 - The postmaster's consideration of the offer and response to the offer letter indicating acceptance, which the Department requests within 28 days; and
 - The Department's payment process, which the Department aims to complete within 21 days.
155. The average period to complete all these processes is 37 days for a fixed sum offer and 62 days for an individually assessed one. There is no target set for this period because part of it is under the control of the postmaster and not the Department.
156. Final redress may be delayed pending grant of probate if a postmaster sadly dies during the scheme process.

Trends and complaints

157. No complaints about the scheme have been made through the Department's formal complaints procedure.

158. There has been extensive stakeholder comment about the scheme. The main issues raised have concerned:

- the pace of disclosure by the Post Office;
- the time taken to deliver redress; and
- the use of “bands” in the scheme’s Guidance and Principles.

Disclosure from the Post Office

159. Some information essential to claims – for example, details of remuneration, dates of dismissal and detailed Horizon accounting records – is held only by the Post Office. The Department understands that the information is held in multiple forms and locations and requires redaction to remove the details of third parties (for instance, the bank account details of Post Office customers). Both paper and computer records are involved.

160. Disclosure did not begin as rapidly as it should have because in developing the scheme the Department underestimated the complexity of the task and its cost to the Post Office. Discussions with postmasters’ legal advisors and the Post Office about disclosure had begun by November 2022. The categories of documents to be disclosed were agreed with Post Office in March 2023 but improvements were made over summer 2023 on presentation and format of disclosure taking on board feedback from postmasters’ legal advisors (explained further below). The Post Office deployed a team of over 50 people for about a year, completing all disclosure work (subject to any remaining follow-up enquiries from claimants’ lawyers) in June 2024.

161. The Post Office GLO disclosure team has now been largely stood down and only handles *ad hoc* requests for shortfall analysis from the Department or any requests for further information that may be submitted by legal representatives.
162. The Department recognises that it should have agreed disclosure arrangements and associated funding with the Post Office at an earlier point. Once the process began, disclosure was completed by prioritising cases in an order that was submitted by legal representatives. Post Office provided regular updates to the Department about its delivery plan which originally forecast completing disclosure in July or August 2024. As above, Post Office completed its disclosure in June 2024. The plan included weekly disclosure and shortfall analysis targets, which were consistently met from about September 2023 onwards.
163. The Department understands that the Post Office has received 28 Requests for Information seeking additional or clarified disclosure, and has responded to 24 of these within a 15 working day target agreed with the Department.

Time taken to deliver redress

164. The Department shares the frustration of postmasters and others at the current overall pace of the scheme, which is largely driven by the rate at which applications are being received. The Department has received 238 full applications, and in recent months they have continued to arrive at a rate of about 20 per month. The Department is working with postmasters' lawyers to identify what it can do to increase this rate. It understands that the time taken

to produce expert forensic accounting reports has been a critical factor, but that process is now nearing completion.

165. Aside from fixed sum cases, the majority of applications are supported by these forensic accountancy reports. The July 2024 report on the GLO scheme produced by Dentons in August 2024 stated that:

“Many of the moderate and complex claims require expert evidence from forensic accountants and/or medical experts. Certain claimant legal representatives initially reported delays of several months in obtaining expert reports. This was said to be due to:

- there being a limited number of forensic accountants, in particular, who will agree to produce expert reports for the standard level of fee permitted by the Department; and
- those experts not having enough capacity to undertake the volume of work required.

Our understanding is that the pinch point around the ability to obtain expert evidence in a timely manner is decreasing, with a good number of required expert reports having been instructed (and some completed)”

166. The Department agrees with this assessment. It notes that the tariff permits claimants’ lawyers to request funding above the standard amount provided for

in the tariff. The Department has agreed such requests on 60 occasions and has not rejected any.

167. A pilot scheme has been agreed by the Department and Freeths for the submission of less deeply evidenced forensic accountancy reports that can be prepared more quickly. The first four claims submitted under this arrangement have been approved straightforwardly. The Department would like to see more cases submitted under these arrangements to reduce the delays caused by the preparation of accountancy reports. However, it understands that some postmasters are reluctant to submit less than full evidence.

168. The Department has received feedback that postmasters and their representatives would like more timely responses to challenges to offers, requests for additional interim payments and other requests from postmasters' legal advisors. The Department accepts this feedback and is improving its monitoring of the progress of claims to ensure that it gives responses at all stages of the process which are as prompt as possible.

Use of "bands" in the scheme's Guidance and Principles

169. The GLO Guidance and Principles (**BEIS0001048**) sets out bands for redress in respect of reputational damage; harassment; and distress and inconvenience. Paragraph 1.1.3 of the amended version published on 29 November 2023 states that:

"These bands and ranges are not limits on what can be claimed under the Scheme. They should instead be used as an indicative guide for you, your lawyers and the Independent Panel (as

defined below). The Scheme expects there will be some cases where the facts of the case demand awards significantly higher than the upper figure for the top band. Each case will be looked at in the round and decided on its merits, guided by considerations of fairness. If you cannot agree the amount of redress bilaterally with the Department, it will be decided by the Independent Panel.”

170. The descriptions of the bands were set in the light of information provided by Freeths, reflecting the knowledge which they had acquired during the High Court case of the impacts typically experienced by GLO postmasters. The values associated with each band were set by the Department. They reflected awards which had been made by the HSS independent panel for similar losses to ensure consistency with the HSS (a key objective for the GLO Scheme). Those awards were in turn quantified in the light of past awards by the courts in similar circumstances.

171. In the light of some concerns expressed in the media, the Advisory Board reviewed the use of bands in the scheme. The Board's conclusions and recommendations were published in the report of its fourth meeting RLIT0000263

The Board recommended that

“the scheme’s Guidance and Principles should be revised to make clear that:

- the bands were not limits but indicative guidance to postmasters, their lawyers and the Independent Panel

- each case would be decided on its merits
- the figures for each band were derived from decisions made by the HSS Independent Panel on HSS cases where there was good reason to expect cases were generally less serious. The more serious cases were likely to still be going through dispute resolution. The GLO Compensation Scheme expects to find some cases where the facts of the case would demand awards significantly higher than the upper figure for the top band.
- if a postmaster's redress cannot be agreed through the Alternative Dispute Resolution process, they have the right to have it considered by the Independent Panel including a KC and other experts
- as for other aspects of redress, where the Principles and Guidance set out bands, decisions would be taken by the Independent Panel based on the facts of each case looked at "in the round" and guided by considerations of fairness"

172. These recommendations were fully implemented (and are reflected in the extract above from the Guidance and Principles).

173. In the view of the Department the bands provide helpful guidance to postmasters, lawyers and officials about likely redress under these heads of loss, clarifying postmasters' expectations and ensuring consistency between cases. They are no more than guidance: in some cases, redress has been agreed which substantially exceeds the top of the highest band.

Case-specific issues

174. Individual issues can slow down the progress of any particular case. This can range from the provision of further evidence that the Department considers it needs in order to review the claim to disagreements between the Department and the postmaster's legal representatives on points of principle. Some of these issues may also require legal representatives to have further engagement with postmasters.
175. The report on scheme progress prepared by Dentons (**BEIS0001032**) provides further information.

Horizon Convictions Redress Scheme (HCRS)

Convictions overturned by legislation

176. The Horizon scandal is the most widespread miscarriage of justice in British history. The Courts have overturned 111 convictions for Horizon-related offences. But given the relatively low numbers of postmasters who were coming forward to appeal, Ministers recognised that many victims had lost faith in the justice system and wanted no further involvement with it. The length of time since the original convictions also meant that in many cases there was little or no evidence to help postmasters appeal their cases. Because of these unprecedented circumstances, Parliament enacted the Post Office (Horizon System) Offences Act 2024, which quashed convictions in England, Wales and Northern Ireland which met specified criteria. The Post Office (Horizon System) Offences (Scotland) Act 2024 made similar provision for offences in Scotland.

177. The Department has established the HCRS to provide financial redress to postmasters across the UK who had their wrongful convictions quashed by these Acts. The scheme is being delivered by the Department's Horizon Redress Unit.

Commencement date

178. The HCRS was launched on 30 July 2024.

Communication

179. To ensure that potential applicants are aware of the scheme, the Ministry of Justice (England and Wales), the Scottish Government Justice Directorate (Scotland) and the Northern Ireland Executive Department of Justice (Northern Ireland) have been working to identify those who have had their convictions overturned. They are writing to those in scope of the legislation to confirm that their conviction has been quashed and to direct them to the gov.uk pages to register for HCRS.

180. An open letter was published in May 2024 and an updated letter in July 2024 to update those affected on the timelines for receiving letters. The July letter pointed towards the HCRS as a way to 'self-identify' ahead of receiving a letter.

181. On the launch of the scheme, a Written Ministerial Statement asked those affected to self-identify via the gov.uk website. On the same day the Department published a registration form and guidance materials online.

182. Links to the HCRS registration page were shared via legal representatives who are representing postmasters, the media and the Horizon Compensation Advisory Board.
183. The Department is communicating primarily via email with applicants to the scheme or with their lawyers if legally represented.
184. The Department has encouraged those who have not received a letter but believe that they are eligible to register for the HCRS scheme in the Minister's announcement to the House of Commons; in a Press Notice [HCRS Press Notice, dated 30 July 2024 **RLIT0000361**]; and in published guidance (Registration details for the Horizon Convictions Redress Scheme, **RLIT0000313**).

Eligibility criteria

185. Those whose convictions have been quashed by the Post Office (Horizon System) Offences Act 2024 (**BEIS0000911**) or Post Office (Horizon System) Offences (Scotland) Act 2024 (**BEIS0000912**) are eligible for the scheme. The scheme is UK-wide.

Application process

186. All the steps to apply for the scheme are set out on gov.uk [Guidance Horizon Convictions Redress Scheme (HCRS): applying for financial redress, **RLIT0000307**].
187. In summary:

- An individual registers for the scheme via the gov.uk page (**RLIT0000313**). An individual may register either having received a letter from the relevant justice authority that their conviction has been quashed or because they think their conviction is in scope of the legislation but they have not received a letter.
- A legal advisor may also register on behalf of someone whom they are representing. A personal representative may register on behalf of someone who is incapacitated or deceased.
- The Department co-ordinates with the relevant justice authority to confirm whether the person's conviction has been quashed by the legislation. If so, the Department confirms that they are eligible for the scheme. If not already legally represented, the Department encourages the postmaster to seek legal advice and shares the scheme's legal costs framework [Horizon Convictions Redress Scheme (HCRS): legal cost framework, (**RLIT0000362**)].
- The Department asks for ID documents to verify the postmaster's identity.

188. The latter stages of process for financial redress are set out below, covering preliminary payment, fixed sum, detailed assessment and dispute resolution.

Interim payments and top-up interim payments

189. Once a postmaster has been confirmed eligible for the scheme and their identification has been verified, they are entitled to receive a £200,000

preliminary payment. The form [Horizon Convictions Redress Scheme: Preliminary payment application form, (BEIS0000913)] is available online and is sent to the postmaster at the same time as requesting their ID documents so the payment can be paid promptly. The form is submitted to the Department via email. The form asks the postmaster to complete a fraud safeguarding measure (signed declaration) and to provide their bank details and any information about bankruptcy or Individual Voluntary Arrangement (IVA).

190. Once a postmaster has put forward a fully substantiated claim for assessment, they are eligible for a payment of £250,000 on top of the preliminary payment of £200,000. This will be paid upon submission of the full assessment application form alongside supporting evidence.

Fixed sum payments

191. A postmaster can choose between the fixed sum of £600,000 or to have a fully assessed claim. The Department is encouraging postmasters to seek legal advice on this decision by prompting all unrepresented postmasters to consider engaging a solicitor (which the Department funds according to the scheme's legal costs framework). The Department also encourages the applicant to refer to the documents available online (e.g. assessment framework) or individually to them (e.g. disclosure from the Post Office or HMRC, see paragraph 195). The process for accepting the fixed sum is to submit the form, which is available online [Horizon Convictions Redress Scheme: Fixed Settlement Application Form, (BEIS0000914)], to the Department via email.

192. Once a £600,000 fixed sum is accepted, the Department will send a settlement deed to formalise the position before payment is made. The £600,000 is paid with the original preliminary payment deducted. There is no appeals process for this option, and once the fixed sum is accepted the postmaster cannot opt for the detailed assessment at a later stage.
193. As of 6 September, three postmasters had accepted the £600,000 fixed payment.

Disclosure of relevant information and documentation

194. The Department has published the HCRS assessment framework [Horizon Convictions Redress Scheme (HCRS): assessment framework, (RLIT0000363)] online. It sets out the principles against which an application for full assessment will be assessed.
195. Post Office will provide disclosure for those who held a direct contract with the Post Office. The approach to disclosure builds on lessons learned from the GLO scheme. The company will provide a disclosure package which will include information such as their contract with the Post Office, their remuneration, their rights under the Royal Mail Colleague Share plan, and other relevant information which is still held. Postmasters will be given access to a secure online portal to access this information when their preliminary payment is made. More information can be requested, which the Department will facilitate.
196. Claimants can also request their historical earnings information from HMRC, where the Department has agreed a bespoke process with a turnaround time

of 10 working days. This information is used for assessing loss of earnings due to the conviction.

Full assessment

197. The process for applying for a detailed assessment is set out online [Horizon Convictions Redress Scheme (HCRS): request a detailed assessment, **RLIT0000310**]. The full assessment application form is available at the same link. The application form asks for a detailed account of the damages suffered due to the conviction and any supporting documentary evidence which the postmaster still holds to support their application. The Department's aim is that a full assessment of the application can be made at the earliest possible opportunity. The form covers both pecuniary and non-pecuniary losses.
198. The Department is funding legal advice to support with the application as well as provision for expert evidence, according to the legal costs framework (see paragraph 207). As above, it also encourages postmasters to review their disclosure from the Post Office and HMRC to support their application.
199. The Department has not yet processed any detailed assessment applications.

Challenges and appeals

200. As in the GLO, the scheme is based on the principles of alternative dispute resolution. The scheme's processes are set out online (**RLIT0000307**). As no claims have yet been assessed, none has reached dispute resolution. The Department will make an initial offer, which can be either accepted or challenged. If challenged, there may be further discussions, provision of

further evidence or explanation by either party, and the Department may make a revised offer.

201. If agreement cannot be reached bilaterally, there are two stages of alternative dispute resolution:

- Stage 1 – facilitated discussions. The external firm will facilitate discussions between the parties.
- Stage 2 – Independent Panel. A panel will be put in place with legal, retail, accountancy and medical expertise. Depending on the dispute at hand, one or more experts will form the Panel to determine the dispute.

Third-party assessors / reviewers

202. The Department has procured an external law firm via open tender, Addleshaw Goddard, to advise on claims for detailed assessment. Addleshaw Goddard will be responsible for the initial assessment of the claim according to the assessment framework established by the Department (**RLIT0000363**) The Department will review their advice and ask questions as necessary, before approving or amending the offer. No claims for detailed assessment have yet been submitted.

203. The Department has procured Dentons also by open competition to support the scheme's alternative dispute resolution process.

Accepting an offer

204. If a postmaster accepts their offer, they will be asked to sign a settlement deed to formalise this. Their claim in the scheme will then be closed.

Taxation

205. HCRS is exempt from UK income tax, capital gains tax and National Insurance contributions, and is relieved from Inheritance Tax under The Horizon Convictions Redress Scheme and Horizon Shortfall Scheme Fixed Sum Award (Tax Exemptions and Relief) Regulations 2024 (**BEIS0000915**) ; and The Social Security (Contributions) (Amendment No. 4) Regulations 2024 (**BEIS0000916**) .

Bankruptcy

206. The Department sought legal advice on the position of whether payments pursuant to the HCRS scheme vest in the bankruptcy estate for postmasters who were made bankrupt and have been discharged. Its position is that these sums do not vest in the bankruptcy estate and, so long as the postmaster's bankruptcy has been discharged before their conviction was quashed (Royal Assent of the legislation), no parts of the redress should be paid to creditors. This position is agreed with the Insolvency Service in England, Wales, Northern Ireland and Scotland. If a bankruptcy has not been discharged prior to Royal Assent, then the trustee in bankruptcy can claim an interest in the redress in accordance with the Insolvency Act 1986. Depending on the individual's circumstances, they may seek an annulment. The HCRS also

pays for financial losses incurred if the prosecution and conviction caused the individual to go bankrupt.

Legal advice

207. The scheme pays for legal fees according to a framework (**RLIT0000362**).
208. Nine firms have agreed to work within the framework and not deduct their costs from their client's redress.
209. If someone registers with the scheme without representation, the Department will encourage them to seek legal representation and direct them to the legal costs framework, which includes contact details of law firms which are signed up to the framework.
210. It is open to other law firms to join the framework.

Administration and oversight

211. The Department is responsible for delivery of the scheme. Addleshaw Goddard will provide legal advice to the Department on fully assessed claims. The Department will make offers to the postmasters having reviewed this advice.
212. Governance of the scheme falls to a Board, which I chair as the SRO for the scheme. Members are officials of the Department and HM Treasury.
213. Significant policy recommendations from these boards are put to Ministers for decision, taking advice where appropriate from the Advisory Board. Where necessary, collective Government agreement is sought.

214. No decisions on individual cases have been made yet.

Performance targets and trends

215. The HCRS is subject to the same target as the GLO scheme, aiming to deliver first offers within 40 working days in response to 90% of complete claims. No complete claims have yet been received.

216. The Department has contractual targets with its suppliers, including Addleshaw Goddard, for the services they are providing to the Department.

Reviews of administration and performance

217. The administration and performance of the scheme are kept under continuing review by Ministers, who will receive regular updates via officials. They may also receive feedback from the Advisory Board. Despite the early stage, the Department has already received feedback from claimant legal representatives and the Advisory Board both in meetings and writing, which has informed development of the scheme and its policies.

218. The performance and administration of the schemes are reviewed on an ongoing basis. Internal management information packs will be generated monthly, providing detailed data on key metrics such as claims received, offers made, offers accepted and claims paid.

Redress bands

219. The HCRS assessment framework sets out indicative bands for non-pecuniary damages. The Department's view is that use of these bands is a fair and

effective way to award redress: given the similarities in cohort between the 'Overturned Convictions' and HCRS, the Department's aim is to achieve similar outcomes between similar cases.

220. As the Department's assessment framework sets out, pecuniary damages are highly dependent on the facts of the individual case. The actual loss suffered must be assessed in each case and circumstances can vary significantly. Bands for pecuniary losses are therefore inappropriate.

Anticipated timeframe

221. As of 6 September, the Ministry of Justice had sent letters to 178 individuals to confirm that their conviction has been overturned. The Department had received 270 registration forms. Not all of the individuals registering have yet received letters from the Ministry of Justice, but the numbers of letters and registrations are increasingly weekly.
222. The Department does not yet have final figures for how many people are in scope of the legislation or know how many will apply to the scheme. There is no deadline to register with the scheme and so its end date is unknown.

Statement of Truth

I believe the content of this statement to be true.

Signed:

C. Creswell

Dated:

02/10/24

Index to First Witness Statement of Carl Creswell

No.	Document Description	URN	Control Number
01	Gareth Davies first witness statement	WITN11020100	WITN11020100
02	Gareth Davies second witness statement	WITN11020200	WITN11020200
03	Horizon Compensation Advisory Board – gov.uk website	BEIS0001026	BEIS0001026
04	Horizon Compensation Advisory Board – Terms of Reference	BEIS0001027	BEIS0001027
05	Horizon Compensation Advisory Board- report of sixteenth meeting, 29 August 2024	BEIS0001028	BEIS0001028
06	Horizon Compensation Advisory Board- report of fifteenth meeting, 17 June 2024	BEIS0001029	BEIS0001029
07	Horizon Compensation Advisory Board- report of fourteenth meeting, 7 May 2024	BEIS0001030	BEIS0001030
08	Horizon Compensation Advisory Board- report of thirteenth meeting, 25 March 2024	BEIS0001031	BEIS0001031
09	Horizon Compensation Advisory Board-report of twelfth meeting, 28 February 2024	BEIS0001032	BEIS0001032
10	Horizon Compensation Advisory Board- report of eleventh meeting, 22 February 2024	BEIS0001033	BEIS0001033
11	Horizon Compensation Advisory Board- report of tenth meeting, 10 January 2024	BEIS0001034	BEIS0001034
12	Future approach to compensation report, Horizon	RLIT0000288	RLIT0000288

	Compensation Advisory Board paper		
13	Postal Affairs Minister letter to GLO members, dated September 2022	BEIS0000892	BEIS0000892
14	Informal consultation on the design and delivery of the Group Litigation Order GLO scheme	RLIT0000357	RLIT0000357
15	Advisory Board letter to Lord Chancellor, dated 14 December 2023	BEIS0000893	BEIS0000893
16	Accompanying paper to Advisory Board Letter of 14 December 2023	BEIS0000894	BEIS0000894
17	Advisory Board report of fourth meeting, dated 29 March 2023	RLIT0000297	RLIT0000297
18	Advisory Board report of eleventh meeting, dated 22 February 2024	RLIT0000272	RLIT0000272
19	July 2024 report on GLO Compensation Scheme progress	RLIT0000358	RLIT0000358
20	July 2024 report on HSS Scheme progress	BEIS0000835	BEIS0000835
21	July 2024 report on OC progress - non-pecuniary	BEIS0000833	BEIS0000833
22	July 2024 report on OC progress - pecuniary	BEIS0000834	BEIS0000834
23	National Audit Office government compensation schemes report	RLIT0000366	RLIT0000366
24	DBT response to the Post Office Horizon IT inquiry's first interim report, dated 26 October 2023	RLIT0000359	RLIT0000359
25	Post Office Horizon financial redress data – gov.uk	BEIS0001035	BEIS0001035

26	Post Office Horizon financial redress data as of 30 August 2024	BEIS0001036	BEIS0001036
27	Post Office Horizon financial redress data as of 31 July 2024	BEIS0001037	BEIS0001037
28	Post Office Horizon financial redress data as of 28 June 2024	BEIS0001038	BEIS0001038
29	Post Office Horizon financial redress data as of 31 May 2024	BEIS0001039	BEIS0001039
30	Post Office Horizon financial redress data as of 24 April 2024	BEIS0001040	BEIS0001040
31	Post Office Horizon financial redress data as of 31 March 2024	BEIS0001041	BEIS0001041
32	Post Office Horizon financial redress data as of 1 March 2024	BEIS0001042	BEIS0001042
33	Post Office Horizon financial redress data as of 1 February 2024	BEIS0001043	BEIS0001043
34	Post Office Horizon financial redress data as of 11 January 2024	BEIS0001044	BEIS0001044
35	Group Litigation Order (GLO) scheme data as of 30 April 2024	BEIS0001045	BEIS0001045
36	Group Litigation Order (GLO) scheme delivery target as of 14 March 2024	BEIS0001046	BEIS0001046
37	Group Litigation Order (GLO) claim data as of 23 February 2024	BEIS0001047	BEIS0001047
38	BEIS Submissions on Compensation, dated 31 May 2022	BEIS0000899	BEIS0000899
39	HSS Steering Group Terms of Reference	BEIS0000900	BEIS0000900

40	HSS Operations Agreement with Post Office	UKGI00017881	UKGI00017881
41	Overtured Convictions Operations Agreement with Post Office	BEIS0000902	BEIS0000902
42	Horizon Redress Overtured Convictions (HROC) Board Terms of Reference	BEIS0000903	BEIS0000903
43	GLO compensation scheme Guidance and Principles – v2	BEIS0001048	BEIS0001048
44	GLO compensation scheme Guidance and Principles	RLIT0000280	RLIT0000280
45	GLO Registration Form	BEIS0001049	BEIS0001049
46	GLO Compensation Scheme Application Form	BEIS0001050	BEIS0001050
47	Minister Hollinrake letter to postmasters, dated 7 December 2022	RLIT0000284	RLIT0000284
48	GLO scheme letter to postmasters, dated 23 March 2023	RLIT0000283	RLIT0000283
49	Hansard record Horizon Compensation debate March 2023	RLIT0000360	RLIT0000360
50	Fixed sum offer claim form	BEIS0001051	BEIS0001051
51	The GLO Compensation Scheme - questions and answers, dated 23 March 2023	BEIS0001052	BEIS0001052
52	The GLO Compensation Scheme- questions and answers, updated 29 November 2023	BEIS0001053	BEIS0001053
53	The GLO Compensation Scheme - questions and answers, updated 7 February 2024	BEIS0001054	BEIS0001054

54	The GLO Compensation Scheme - questions and answers, updated 5 April 2024	BEIS0001055	BEIS0001055
55	The GLO Compensation Scheme - questions and answers, updated 7 June 2024	BEIS0001056	BEIS0001056
56	Example GLO offer letter	BEIS0000904	BEIS0000904
57	Terms of Reference of the GLO Scheme Independent Panel	BEIS0000905	BEIS0000905
58	Terms of Reference of the GLO Scheme Independent Reviewer	RLIT0000287	RLIT0000287
59	The Post Office Horizon Compensation and Infected Blood Interim Compensation Payment Schemes (Tax Exemptions and Relief) Regulations 2023	BEIS0000906	BEIS0000906
60	The Post Office Horizon Shortfall Scheme and Group Litigation Order Compensation Payments (Inheritance Tax Relief) Regulations 2023	BEIS0000907	BEIS0000907
61	Full Palmer Judgment – SSBT and Abdulali & Anor [2024] EWHC 1722 (Ch)	BEIS0000908	BEIS0000908
62	Palmer Approved Order, dated 5 July 2024	BEIS0000909	BEIS0000909
63	GLO Steering Group Terms of Reference	BEIS0000910	BEIS0000910
64	GLO tariff of reasonable legal costs	RLIT0000281	RLIT0000281
65	HCRS Press Notice, dated 30 July 2024	RLIT0000361	RLIT0000361
66	Registration details for the Horizon Convictions Redress Scheme	RLIT0000313	RLIT0000313

67	Post Office (Horizon System) Offences Act 2024	BEIS0000911	BEIS0000911
68	Post Office (Horizon System) Offences (Scotland) Act 2024	BEIS0000912	BEIS0000912
69	Guidance Horizon Convictions Redress Scheme (HCRS): applying for financial redress	RLIT0000307	RLIT0000307
70	Horizon Convictions Redress Scheme (HCRS): legal cost framework	RLIT0000362	RLIT0000362
71	Horizon Convictions Redress Scheme: Preliminary payment application form	BEIS0000913	BEIS0000913
72	Horizon Convictions Redress Scheme: Fixed Settlement Application Form	BEIS0000914	BEIS0000914
73	Horizon Convictions Redress Scheme (HCRS): assessment framework	RLIT0000363	RLIT0000363
74	Horizon Convictions Redress Scheme (HCRS): request a detailed assessment	RLIT0000310	RLIT0000310
75	The Horizon Convictions Redress Scheme and Horizon Shortfall Scheme Fixed Sum Award (Tax Exemptions and Relief) Regulations 2024	BEIS0000915	BEIS0000915
76	The Social Security (Contributions) (Amendment No. 4) Regulations 2024	BEIS0000916	BEIS0000916