



Government Legal Department

Post Office Horizon IT Inquiry
1 Victoria Street
Westminster
London
SW1H 0ET

By email only: Solicitor@postofficehorizoninquiry.org.uk

Litigation Group
102 Petty France
Westminster
London
SW1H 9GL

T 020 7210 3000

DX 123243, Westminster 12 www.gov.uk/gld

Your ref: BEISR901

Our ref: Z2013328/JBY/JD3

12 July 2022

Dear Sir / Madam

Post Office Horizon Inquiry – Core Participant: BEIS Compensation to Litigants in the Group Litigation

We refer to the Chair's request on 8 July 2022 for further information in relation to the operation and methodology of the recently announced Interim Compensation Scheme for Group Litigation Order (GLO) claimants.

We are happy to respond to the Chair's request, and are also taking this opportunity to share information about decisions taken to date on the Department's proposed approach to shaping a swift and *fairex gratia* compensation scheme for that group.

We will continue to keep the Inquiry updated with information about interim payments and development of the overall compensation scheme as it becomes available.

Interim compensation scheme

Minister Scully announced to Parliament on 30 June 2022 that

"The Government intend to make an interim payment of compensation to eligible members of the GLO who are not already covered by other compensation support, totalling £19.5 million. Together with the share of the December 2019 settlement, which we understand was distributed to the GLO postmasters, that brings the total level of compensation to around £30 million. Postmasters will be contacted in the coming weeks to submit an application, and we aim to distribute funds within a few weeks of receiving that application."

There are already compensation arrangements – including for interim payments – for postmasters with overturned convictions for Horizon-related offences. These arrangements apply to postmasters who were members of the GLO alongside their non-GLO peers. Minister Scully's announcement therefore relates only to postmasters who were not convicted of such offences.

Gary Howard - Head of Division

Emma Parker - Deputy Director, Team Leader Planning, Infrastructure & Environment



Rapid interim compensation has been a key request of the Justice for Subpostmasters Alliance (JFSA) and of many parliamentarians. The Government is acutely aware of the hardships many postmasters are continuing to face and Ministers are very keen to see interim payments made as quickly as possible.

The Government understands that the claims of the GLO litigants range from a few thousand to a million pounds or more. In such circumstances interim compensation based on standard amounts would not work – a standard sum would either be so low as to be insignificant for people with larger claims, or much higher than the final compensation received by those who experienced smaller losses.

It would in principle be possible to assess each individual's interim compensation on its merits. However Ministers are very keen to see payments made as quickly as possible, and any such assessment would take a considerable amount of time – which would undermine the purpose of making interim payments.

Accordingly, at the JFSA's suggestion, the £19.5 million total will be distributed to eligible individuals pro rata to their shares of the 2019 High Court settlement in the *Bates and others v Post Office Ltd* case. The method of calculating those shares was determined in the GLO proceedings pursuant to an agreed mechanism involving a preliminary assessment by Freeths as to the circumstances of each claim. That methodology has been selected as the only available approach which will distribute interim compensation rapidly and fairly.

The Department has contracted with Freeths to deliver these payments. Freeths has asked each GLO member to provide confirmation of their identity and their bank details for the purpose of making this payment to them. Once that is done, payment should be made to each within a few weeks in line with the already established methodology.

Development of overall compensation scheme

Under the same contract, Freeths is providing the Department with information which will help inform the development of arrangements for final compensation payments. The information will include how the distribution of the High Court settlement was made (without disclosing details which would identify particular GLO members), why the chosen approaches were selected and the characteristics of the GLO group. Only Freeths can provide that information.

Drawing on the information provided by Freeths and the JFSA, and the Department's knowledge of the HSS and OHC compensation approaches, the Department will design options for a proposed scheme for GLO members. Ministers have previously undertaken to consult informally with GLO members on the terms of that scheme. The Department has invited legal representatives who are known to be active on Horizon matters to round-table discussions, which will take place before that informal consultation (see correspondence **enclosed**). If any firms who have not received an invitation wish to be included in that conversation, they should contact the Department. In these discussions Freeths will not be representing Government but – like all other law firms involved – those clients who have instructed them.

Delivery of overall compensation

The Government does not want GLO members to be faced with a time-consuming and stressful process of applying for fresh compensation. It recognises that they have already put substantial effort into developing claims in the course of initiating their civil litigation against the Post Office in 2016. Government intends, so far as possible, that this information should be reused by claimants' legal advisers when applying to the new scheme.

Without compromising fairness and the delivery of just outcomes, the Government aims for losses described in this way to be presented in a relatively standardised manner. This should make it quicker and easier for Government to process them, reducing administration costs and so, most importantly, reduce the time needed to deliver these payments.

To support this approach, Minister Scully also announced on 30 June that members of the group will be able to claim reasonable legal fees incurred as a result of participating in the compensation scheme. Amongst other things, that compensation will cover the reasonable cost of making an application to the scheme. The Government's contract with Freeths described above does not cover any part of this delivery phase.

Compensation cover for legal costs will be available regardless of which firm the claimant chooses to instruct to represent them in connection with the delivery of compensation.

Some GLO members may have suffered losses since the 2019 settlement. Consequently, information may be required which did not form part of their High Court claims. If such information is required, the Government will aim to make the process for providing this information as straightforward as possible.

Please contact us if you have any queries. The Department otherwise looks forward to the opportunity to make oral submissions at tomorrow's hearing.

Yours sincerely



Mark Colautti
For the Treasury Solicitor

D [Redacted]
F [Redacted]
E [Redacted]

Encl.