

Witness Name: Claire Watts

Statement No.: WITN05790100

Dated: 12 April 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF CLAIRE WATTS

I, CLAIRE WATTS, will say as follows...

1. I was employed by Post Office Ltd ('POL') from 1984 until 2006. During that time I held a number of roles. I started as a Postal Assistant, followed by Postal Officer, Visiting Officer, Retail Network Manager and Contracts Manager on a part time basis.
2. I didn't obtain any formal qualifications other than those from school.
3. I undertook various training courses relating to my roles over the years including counter clerk training, health and safety courses, trauma training which supported subpostmasters after robberies, various team building courses, time management and sales training, handling subpostmaster contracts and basic Horizon training. We did have training on how to deal with disciplinary matters as a Retail Network Manager in 1994 and I think it formed part of my Contracts Manager training when the role was created but I cannot be sure.

4. I started my career as a Postal Assistant in 1984, then was promoted to Postal Officer 1985, then I had a sideways move to Visiting Officer around 1990, was promoted to CM3 Retail Network Manager around 1994, then promoted to CM2 Retail Network Manager around 1999, then finally I was promoted to Contracts Manager around 2004. I cannot be certain of the exact dates. I worked a part time job share as Retail Network Manager and part time Contracts Manager 3 days per week.
5. In my role as Visiting Officer, I would act as a contact between POL/Area Manager and subpostmasters within our area dealing with general day-to-day enquiries and visiting branches once a year to check standards were being met. I would also attend after a branch robbery to assist the audit team and Area Manager. As a Retail Network Manager, I would also offer help and support on raising sales income, monitoring standards of customer service and performance to agencies i.e. banking partners, and also help with any customer complaints against the branch. I was also responsible for interviewing prospective subpostmasters and dealing with any disciplinary matters raised. Disciplinary matters would be mainly false accounting or where money was found to be missing from a branch or other contractual issues for example customer complaints or not opening the branch in accordance with agreed opening hours or where the decorative state of the branch fell below expectations. From what I can recall at that time, there was a set procedure that Retail Network Managers and later Contract Managers had to follow using standard letters to the subpostmaster which set out our concerns and what we required them to do. Some disciplinary matters would be dealt with by means of a warning letter for example if the decorative state

of the branch fell below the standards required we would write and give them time to improve to avoid suspending them or terminating their contract.

Should the issue re-occur then we would consider suspending and maybe terminating the contract should he fail to comply with our request. If the matter related to something more serious like a subpostmaster admitting to falsification of his accounts to hide a loss or he admitted theft of official money he would be advised of our concerns and suspended and invited to an interview with the Contracts Manager to discuss the evidence we had against him and to put forward reasons why his Contract should not be terminated. Depending on what he said would depend on whether his contract was terminated or he was re-instated. If the contract was to be terminated he would be given the right to appeal to a senior manager.

6. I provided help and support to subpostmasters along with the national Helplines and specific departments. I was often the person the subpostmasters would ask initially for help as many knew me from my branch visits and I would answer queries if I could or refer them to someone who could.
7. When issues were raised, I could escalate problems I couldn't help with to either specific departments who dealt with the issues raised, or I would seek advice from my Line Manager. If we were considering terminating a subpostmasters contract this would always be discussed with our line manager prior to being carried out. We had monthly one to one meetings to enable us to discuss such issues and check progress with our cases.
8. I don't recall having to deal with many Horizon issues. I wasn't experienced in using the Horizon system on a day-to-day basis and would often seek advice

from the Helpline and pass on information or get the Helpline to contact the Sub postmaster direct to assist. As a Contracts Manager I also had the option to send the local support Manager out to visit the branch to assist with any issues. Before I left POL, I did have a case which I inherited on promotion where a large loss had been authorised by the Area Services Manager (I think) to be held in the sub post office Suspense Account as the branch were disputing the reported loss being their fault. I didn't have to suspend or terminate any sub-postmaster contracts due to Horizon losses.

9. There were no steps that I thought should have been taken at the time that were not in the few issues I had dealings with.
10. I have been asked whether there was anyone who I felt could have done more to assist or make things better for sub-postmasters. No I can't think of anything. On the very few occasions that I made contact with the Horizon Helpline it was usually to do with advice on how to generally use the system, not to do with reported losses in sub-post offices.
11. As a Contracts Manager we would receive feedback on how the initial training of a new sub postmaster had gone from the Training Officer on branch takeover. I would make a courtesy call to new sub-postmasters to see how they were settling in and if there was any further support they needed.
12. If I was made aware of a subpostmaster having difficulties using the Horizon system, I could call on our Training Officers or local Support Manager to visit the branch in person or ask the Helpline to call the branch and assist. Often the Training Officer would arrange additional training with his team if the subpostmaster was struggling.

13. I have been asked to explain whether I thought any improvements could have been made to the training received by sub-postmasters. Looking back, I don't personally recall any major problems with subpostmasters using the Horizon system other than initial teething problems with day-to-day recording that were easily sorted. I do not think any improvements could have been made in hindsight. There were training officers in place to visit branches that were experiencing problems if the subpostmaster requested.
14. I have been asked to explain whether I was aware of any issues or problems with the Horizon system. I can only recall one case which I took over following my promotion to Contracts Manager whereby a sub post office had reported a large loss of maybe around £800 from memory. The Line Manager of the previous retail network manager had authorised this amount to be held in the office suspense account pending further enquiries. We did not know if this was due to a problem with the Horizon system or not at the time.
15. The information from the case above was included as part of a hand over of work/on-going matters with subpostmasters in the area when I became Contracts Manager. I can't recall whether the handover of this information was in a face-to-face meeting or by email but the previous manager handling any contractual issues would provide the relevant details to me. From memory, my day-to-day role included the interviewing of prospective subpostmasters, managing two support staff and managing any breaches of the subpostmasters contract that arose.
16. I would always listen to subpostmasters' concerns about any issues they were having and try to help accordingly. Thankfully, apart from the one case mentioned above, I didn't have cases involving large losses being reported as

part of suspected Horizon system faults. This means that if a post office reported a large loss of money from their branch the subpostmaster didn't suggest that this was due to a fault with the Horizon system. With the case mentioned above, I didn't have any further involvement during my time as Contracts Manager and as far as I can recall this particular case was passed on to my successor when I left the business. There was no suggestion at that time that the loss was due to a fault with the Horizon system specifically other than it was an un-explainable loss which the Head of Area or Area Sales Manager allowed them to hold in the office accounts. Some errors made in accounting paperwork sent to our agency partners like Alliance & Leicester could take weeks maybe longer to be found so the branch was authorised to hold this amount in their accounts.

17. During my time as a Retail Network Manager and Contracts Manager part of my role was to manage disputes between POL and subpostmasters concerning shortfalls of money. Following an audit where a large loss was discovered, the process was to write to the subpostmaster, notify him of why we were considering terminating his contract and suspend him from office pending further investigation. Once complete, he would be invited to attend an interview with myself (plus a notetaker usually another manager). The subpostmaster could be accompanied by a friend or representative from the National Federation of Subpostmasters as support if they wished. At this meeting we would put forward our findings and supporting evidence and the subpostmaster could put forward his reasons why his contract should not be terminated as a result. Sometimes the subpostmaster would admit to using official money to support their private retail business and sometimes they

would not come up with any explanation for the loss and simply ask for another chance to continue if they re-paid the missing money. The decision on whether to proceed with the termination would depend on what they said. If they admitted to stealing for example their contract would be terminated with a right to appeal to a senior manager. My father was a subpostmaster so I liked to think I had a good insight into what running a sub post office entailed and would never make a rash decision on their future regarding disciplinary matters.

18. In my experience, a shortfall of cash in sub-post offices often came to light via un-announced audit visits. The audit team had a schedule of visits to all post office branches to check their accounts depending on their size, I believe, so bigger branches with a high turnover would get more regular visits than very small rural branches. The audit team would also carry out visits if requested by the POID (Post Office Investigation Department). If a branch was audited and a large discrepancy discovered, the lead auditor would report the loss to me and to the Post Office Investigation Department and if the auditor thought the loss to be suspicious because of something the subpostmaster said or admitted or maybe by acting suspiciously for example by offering money from the back office or retail side to pay for a known shortfall in advance of the audit starting, then the subpostmaster would be suspended pending further investigations. As mentioned earlier, depending on the outcome of these investigations, the subpostmaster would be notified of our findings and be invited in to see me and shown the supporting evidence and could then put forward reasons why his contract for services should not be terminated. This was a standard procedure set by POL that all Contract Managers had to

follow along with the use of standard letters. A decision would be made by the Contract Manager, after discussion with my line manager on whether to go ahead with the termination of his contract for services or for reinstatement. If the contract was to be terminated, the subpostmaster could appeal my decision with higher management.

19. I cannot recall all the arguments subpostmasters put forward, but the main points were that they were sorry for the loss, that it was a simple oversight on their part. Some thought it was acceptable to borrow post office money and use it as a short-term loan that got discovered upon audit. I recall on a couple of occasions subpostmasters saying it was a staff member responsible for stealing to which they had no prior knowledge. There were no set criteria that I recall, the decision was based on the evidence we had available at the time. The initial decision to suspend was made by the Contracts Manager after discussion with the Audit Manager, Head of Area/Area Sales Manager and maybe the POID. After the contract was terminated the subpostmaster had the right to appeal to a senior manager within ten days I believe. I cannot recall who arranged the appeal requests, but I understood that any subpostmaster could appeal and there were no set criteria to apply. I don't recall many of my cases going to final appeal and therefore I am not aware of the detail behind why appeals were granted in the subpostmasters favour.

20. I was not aware of any contact name or input from Fujitsu in the resolution of any disputes within my area.

21. I have been asked to give my view on whether there could have been improvements to the dispute resolution process and to identify who would have been responsible for implementing those. I have no views regarding

improvements as I had no direct experience dealing with Fujitsu or Horizon related losses that I recall.

22. I have no other matters I wish the Chair of the Inquiry to be aware of.

STATEMENT OF TRUTH

I believe the content of this statement to be true.

Signed **GRO**

Dated 12-04-2023