

Witness Name: Paul Inwood

Statement No.: WITN05780100

Dated: 15 May 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF PAUL INWOOD

I, Paul Inwood, will say as follows:-

Introduction

1. I am a former employee of Post Office Limited (POL) and held the position of Contracts and Policy Manager until 2018, when I left POL.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the “**Inquiry**”) with the matters set out in the Rule 9 Request dated 25 August 2022 and 6 April 2023 (the “**Request**”). I have been asked by the Inquiry to address both R9 requests in a single statement.

Background

3. I have been asked by the Inquiry to set out my roles within Post Office, my qualifications, what training I received and my career progression within Post office.
4. In respect of my roles within Post Office, I initially started as a Postal Officer; serving customers in a Crown Post Office branch. I then became an Assistant Branch Manager / Branch Manager, responsible for the day-to-day operation of a Crown Post Office branch. Thereafter I became an Area Manager (various job titles such as Business Development Manager, Retail Network Manager). This role entailed supporting Branch Managers and Sub-postmasters to improving key performance indicators e.g. sales, customer service, improving retail offer. Some of these roles involved

Crown Post Offices only, some Sub-postmaster branches, and some were mixed.

5. Between 2002 to 2004, I held the role, Contracts Manager for the Eastern side of South East England; managing contractual issues with Sub-postmasters and appointing Sub-postmasters.
6. Between 2005 to 2007, I held the role, Rural Development Manager / Concept Design Manager. This role entailed designing pilot concepts for providing Post Office services in rural areas.
7. Between 2007 to 2010, I held the role, Contracts Development Manager; developing contracts and contract changes for managing the relationship with Sub-postmasters.
8. Between 2011 to 2018, I held the role, Contracts and Policy Development Manager. This role involved developing contracts, contract changes and policies to support POL teams in managing the relationship with Sub-postmasters. Note that the scope of this role did not include POLs policy on prosecutions, as that was owned by legal services, nor did it include every aspect of POLs relationship with Postmasters
9. The role of Contracts Manager was concerned with appointing Sub-postmasters, and dealing with contractual issues that arose during a Sub-postmasters time with POL. The subsequent roles were concerned with the development of Sub-postmaster contracts and policies designed to assist people in POL manage some of the issues that arose during a Sub-postmasters time with POL. Prior to these roles, I cannot provide any accurate dates and have no means to check.
10. I confirm, I no longer work for POL, I left in 2018.
11. In respect of my qualifications, I have CSE, O and A levels and BTEC level 4 management.
12. In respect of what training I have received, I received Health and Safety, Sub-conscious bias , Horizon system user and Retail skills training.
13. Due to the amount of time that has since elapsed, I have no recollection of the dates of this training and no means by which to check these. The training events would have been very short periods of time spread out over a very long period of time.
14. In respect of my career progression within Post Office, I moved from a Postal Officer (counter clerk) role to junior management roles within the

Crown Post Office network. From there I undertook a number of middle management type roles, including Area Manager roles in the Crown Post Office and Agency Post Office network, as well as a 2-3 year spell as a Contracts Manager based in Maidstone. This was part of a team of Contracts Managers nationally, approximately 14 in number. From there I obtained my first Senior Manager role at Head Office, working in the rural strategy programme. After that, I was appointed to a role responsible for developing Sub-postmaster contracts, and that role was then combined with one responsible for Sub-postmaster policy i.e. guidance for POL teams in managing issues and events in a Sub-postmasters life time with POL.

Advice and assistance

15. As an Area Manager, my contact with Sub-postmasters, Managers and Assistant's working in a Post Office branch was face to face contact, supporting Sub-postmasters in improving our key performance indicators such as sales and customer service measures. As a Contracts Manager my contact was mainly remote , normally where a contractual issue had arisen, for example in cases of alleged negligence during a robbery or possible contract breach. I would meet prospective Sub-postmasters for interview. In subsequent roles, contact would be very limited and infrequent, and would normally be confined to instances where a Sub-postmaster had an issue or concern that required my expertise, for example taxation status, or in cases where I was hearing an appeal against summary termination of contract.
16. As an Area Manager and Contracts Manager I did provide Sub-postmasters and Post Office branches with advice and assistance on normally day to day matters affecting the operation of their business, that would not be appropriate for referral to the helpline as it required a particular expertise.
17. The issues would either be resolved by me, or I would ask the Sub-postmaster to contact the Helpline (as that was the most appropriate way to remedy the issue), or I would refer the matter to another team in POL who were best placed to help the Sub-postmaster. In some cases, where

appropriate, I would notify the NFSP the Sub-postmaster needed their assistance.

18. Difficulties involving the Horizon system were very rare, and it would be confined to me hearing that the equipment had some form of catastrophic failure and had caused the branch to close, for example after a power spike, or a flood. In these instances, I would escalate matters internally.
19. Any concerns I raised were dealt with appropriately.
20. There is no one I felt could have done more to assist or make things better for Sub-postmasters.

Training

21. Whilst managing the contracts of Sub-postmasters, to ensure that individuals felt confident with using Horizon, I would listen to what the Sub-postmaster was telling me in the context of the problem we were discussing, and if there was any red flag re competency or confidence in using Horizon I'd ask further questions to find out what the cause of the concern was and react accordingly, for example by contacting the training / support team.
22. If a Sub-postmaster had flagged up competency and / or confidence as an issue, I would talk to our training team and seek additional support for the Sub-postmaster on-site, and also discuss with the field support team.
23. I do not feel that any improvements could have been made to the training given to Sub-postmasters.

Resolution of Disputes

24. As a Contracts Manager, and subsequently as an Appeals Manager, I was involved in disputes between the Post Office and Sub-postmasters regarding alleged shortfalls of money..
25. The process by which disputes were raised and resolved, in the first instance, disputes / discrepancies could be challenged with POLs financial accounts team in Chesterfield, who would conduct an investigation and where appropriate issue an error notice, amending the initial discrepancy in whole or part.

26. In cases where that was not the case, upon receipt of the report from our audit team and / or security team, I would consider the report in the context of whether there had been any possible breach of contract by the Sub-postmaster. In the event where I believed that there was sufficient evidence to show that there had been a possible breach, I would issue the Sub-postmaster with the standard letter, explaining the charges, and providing them with the opportunity to attend for interview, or respond in writing. The Sub-postmaster would either attend, often accompanied by a friend / National Federation of Sub-postmasters (NFSP), or provide a written statement. I would then evaluate the evidence provided by POL and the Sub-postmaster / NFSP, to determine whether there had been a breach of contract based on the balance of probability.
27. In the event there had been a breach, I would determine what I adjudged to be the most appropriate outcome in the case and communicate that to the Sub-postmaster. .
28. As an Appeals Manager, I would simply re-hear the case, conduct my own investigation into events and call in any additional evidence required to determine the case.
29. With regards to specific dispute cases I was involved in, due to the passage of time I cannot recall specific details of the Sub-postmasters or POL personnel involved.
30. I am not aware of any contact or input from Fujitsu in the resolution of disputes. As far as I can recall, any disputes or discrepancies would be investigated by POLs Finance team in Chesterfield.
31. I have been asked to give my view on whether there could have been any improvement in this process. At the time no but given what I now know is in the public domain regarding the fallibility of the Horizon system, yes. In cases of a significant discrepancy the system should be interrogated to rule out a 'phantom' discrepancy before any contractual action is taken. I'm unsure who would be responsible for implementing this within the current business structure, or in previous structures.

Appointment of Subpostmasters

32. I have been asked to consider various documents in relation to policy, procedure, recruitment of Sub-postmasters and their contracts (POL00088903, POL00088900; POL00005671; POL00005670; POL00005765; POL00005583 and POL00005776).
33. The process for the selection and appointment of new Sub-postmasters, I believe that vacancies for Post Offices were advertised by POL on an external portal where interested parties could progress an application. Vacancies were advertised as either at, near, or at or near the existing premises. Which of these would depend on the circumstances of the vacancy e.g. whether the premises were being made available for continued use as a Post Office.
34. It was normal for Sub-postmasters to advertise their retail business, including the Post Office, using business transfer agents, or other means. My recollection is that most of the work in the recruitment process was undertaken by the agents HR team, and to a lesser extent POLs finance team. As a Contracts Manager I would have been involved at the interview stage only, completing an evidence based face to face interview, recording the evidence and reaching a decision on the application in conjunction with the Finance teams assessment. Sometimes I would be assisted by an Area Manager .
35. After the period I was a Contracts Manager, the recruitment process seemed to change a lot, however as I was no longer directly involved in this process I wasn't always aware of the details of such changes. Most of the impact of these changes appeared to affect HRSC, Finance, and the contracts team i.e. Contracts Managers and that teams administration. I am unfamiliar with most of the documents above, except those concerned with the appointment of temporary Sub-postmasters vacancies during Network Transformation, and Death in Service. My recollection is that these documents accurately set out how these issues should be managed within POL from the dates of the policy issue.
36. The Network Transformation (NT) Programme was designed to enable a large scale change of Post Office operating model from the traditional sub-postmaster model to either a Main Post Office or Local Post Office model. The programme provided for compensation payments for people opting to leave the network, and payments for moving to one of the new operating

models. As far as I can recall, it ran for 3 to 4 years up to me leaving POL in 2018. I was not employed within the Network Transformation Programme, however I was tasked with producing Sub-postmaster contracts to enable the roll out of the programme and the new Post Office operating models.

37. I cannot comment with any certainty with regards to the details of the appointment process, documentation and decision making for new Sub-postmasters in the Network Transformation Programme as I was not directly involved in that process. It was managed by HRSC, contracts teams and Finance. I am aware that on appointment, it was often the case that the new contract would be for one of the two new Post Office operating models ie Local or Main Post Office. I believe that which depended on the scale of the existing Post Office operation, proximity to other Post Offices, and according to a set of criteria determined by POL.

Contractual liability of Subpostmasters for shortfalls

38. I have been asked to consider the various policies and guidelines regarding recovery of shortfalls and losses, (POL00083939, POL00088904, POL00086845, POL00088867 POL00030562, POL00088525, POL00113670, POL00086868, POL00090357 and POL00088312).

39. My understanding of the contractual position as to the recoverability of Sub-postmasters for shortfalls or losses was that Sub-postmasters were liable for losses arising from their own carelessness, negligence or error, or for the same by their assistants, as set out in the relevant contracts.

40. My understanding was that employees working in Crown Post Offices were not required to make good shortfalls in their till, and that they were not personally liable for such shortfalls. Instead, they were subject to a performance management process linked to the amount and frequency of such shortfalls, and this would be managed by the Crown Post Office team and HR.

My role and the policies / practices in place relating to error notices, transaction corrections (TC's), transaction acknowledgements (TA's), branch discrepancies and "corrective action" taken against SPMs

41. My involvement in policies/practices in place relating to error notices, transaction corrections, transaction acknowledgements, branch discrepancies and correction action taken against sub-postmasters was as follows. During my role as a Contracts Manager, cases where procedural failings had been identified at audit, which in themselves would not warrant any suspension, but may necessitate some corrective action, for example additional training / support, and / or a warning letter reminding the Sub-postmaster of their contractual obligations. That would be the extent of my involvement with the issues described above; error notices, transaction corrections etc would be managed by POLs product and branch accounting team. I had no involvement or oversight of this.
42. I have been asked to consider various policy and guidelines in relation to recovery of loses and gains, debt recovery transaction correction process, correcting accounts process etc. (POL00083939; POL00088904; NFSP00000169; NFSP00000043; POL00085794; POL00030562; POL00083951; POL00083952; POL00039024; POL00039089; POL00001642; POL00113670 POL00086868; POL00090357 and POL00088312).
43. My role and contribution to the formation of any policies/guidance, governing error notices, transaction corrections, transaction acknowledgements and branch discrepancies was extremely limited as most of these processes were managed elsewhere in POL eg Finance. The only document above I am familiar with is the 2013 policy document that deals with in service debt. This policy was authored by me in consultation with various other parties in POL. Its purpose is clearly set out in the preface and my recollection is that it was an accurate reflection of POLs commercial aims at that time.
44. I am aware that an error notice was a notification to a Sub-postmaster that would correct an error in their accounts, either a positive or negative impact on the Post Office balance. A transaction correction was a digital i.e. Horizon version of an error notice.
45. I am not able to comment with any authority on circumstances in which error notices and transaction error were issued, who issued them, what options were open to Sub-postmasters, the process the Sub-postmaster was to follow if a deficiency or surplus was discovered etc and any of the other

matters surrounding error notices and transaction corrections as I was not directly involved in this area either in the design of the approach or its implementation.

46. I have been asked to explain what role the local suspense account played before its removal. I have been asked to consider various documents in relation to losses and gains policy, accounting loss policy, liability for losses policy, security policy and authority to hold losses (WITN03980100, POL00088904; POL00086845; POL00088867 and NFSP00000169).
47. I was not involved with suspense accounts or their removal, so cannot comment with any accuracy what was actually happening in POL, and how whatever changes were made affected those concerned. I am not aware of whether any or all of the approaches in the documents were properly deployed. I believe that suspense accounts enabled Sub-postmasters to hold discrepancies in suspense until it was clear whether an error notice or Transaction Correction would be received correcting some or all of the discrepancy, be that a loss or gain.
48. I have been asked if by October 2005, as set out in document Debt Recovery Process Under Branch Trading (POL00085794), the only option open to sub-postmasters who received a transaction correction, which they did not understand or wished to challenge was to call the NBSC helpline. I cannot accurately comment as this is not an area I was involved in or had any oversight of.
49. I have been asked if the sub-postmaster could not provide information at the time of the call to the helpline to show that the transaction correction was issued incorrectly the sub-postmaster was required to accept and settle centrally, whilst further investigations took place. I cannot accurately comment as this is not an area I was involved in or had any oversight of.
50. I have been asked if from October 2005 discrepancies identified by a sub-postmaster which they considered to be caused by a system error the only option available to them was to call the NBSC helpline and seek agreement of Product and Branch accounting to settle centrally whilst the matter was investigated. I cannot accurately comment as this is not an area I was involved in or had any oversight of.
51. I have been asked, if settling centrally signified acceptance of the debt liability as suggested in document, TC/Debt Recovery Review

(POL00001404). I cannot accurately comment as this is not an area I was involved in or had any oversight of.

52. I have been asked, apart from the application of a block on steps being taken to recover centrally settled debt, was there anything to distinguish a disputed debt from an undisputed debt. I cannot accurately comment as this is not an area I was involved in or had any oversight of.

53. I have been asked to consider if it was satisfactory that Sub-postmasters were required to settle centrally even where they disputed discrepancies/TC's/ TA's. I cannot accurately comment as this is not an area I was involved in or had any oversight of.

54. I have been asked if the process for challenging TC's, TA/s/ discrepancies meant that a deficiency or loss was assumed to have been caused by an error or wrongdoing on the part of a Sub-postmaster, unless they proved otherwise. I cannot accurately comment as this is not an area I was involved in or had any oversight of.

Corrective Action taken by Subpostmasters

55. I have been asked to consider the memo dated 15 February 2006 entitled "Corrective Action for agents – Process, Timescales and Letters" (POL00083945).

56. When I held the position, Contracts Manager I have no recollection of what steps would be taken when account errors which generated transactions corrections were identified. I had no detailed knowledge or oversight of how contracts teams were managing these issues in practice as I was not responsible for managing these teams.

57. I cannot comment on whether it was assumed that Sub -postmasters who were receiving frequent transaction corrections were those yet to embrace the changes and challenges the business faced and what support was provided to them as I was not involved in the management of these issues.

58. I have been asked to consider paragraph 3.4, Precautionary Suspension and Summary termination (POL00005933), in the absence of evidence of dishonest, what kind of material breach of the contract for services would justify such action. I cannot comment as I was not involved in the design or implementation of this approach.

59. I did not have any involvement in corrective action against employees in Crown office branches where accounting error or losses were identified ..

Suspension and termination

60. In my role as a Contracts Manager, up to 2004, I was involved in the suspension of Sub-postmasters, and involved in dealing with alleged material and non-material breaches of contract. Subsequent to that role, I was an Appeals Manager, hearing appeals against summary termination (I cannot recall the period of time in that role.) As far as I can recall, there were no significant changes in approach whilst I was in these roles. Further on, in my role as Contracts and Policy Development Manager, I authored POLs policy to support contracts teams involved in dealing with alleged breaches of contract. This change was implemented around 2014. The policy set out clear guidelines for contracts teams how to manage and document cases, and provided for a broader array of outcomes than existing approaches e.g. suspended termination of contract.

61. I have been asked to consider the various policy and guidance documents in relation to Subpostmasters contract termination and suspension (POL00088890; POL00088891; POL00084993; POL00086044; POL00089004; POL00084002; POL00005856; POL00075610; POL00086373; POL00088982; POL00005962; POL00086107; POL00086005; POL00085448; POL00086005; POL00086358; POL00086081; POL00086828; POL00086704; POL00087258; POL00087259; POL00005933; POL00086116; POL00086772; POL00086865; POL00088475; POL00087287; POL00087286; POL00087287; POL00087291; POL00087292; POL00087288 and POL00000325).

62. In terms of my involvement in relation to the formulation of any policies/guidance applicable to suspensions, termination and appeals. I was either involved in, or responsible for, the development of new approaches for dealing with alleged breaches of contract, and matters surrounding the consequences of such breaches, from around 2009 onwards. In some instances I would be asked to comment on related topics being managed by other teams, and in other cases I would receive

instructions from more Senior Managers to improve existing approaches in consultation with other key stakeholders at POL. The appeals policy and process were not within my remit so I would have had no involvement in that.

63. Depending on the size and nature of the discrepancy discovered at an audit, the contracts team would decide whether a suspension was warranted. At some stage this authority was removed and placed at a higher level within POL, however I cannot recall the exact timing of that change. The best estimate would be within the last 5 years of my time there.
64. The decision to suspend a Sub-postmaster was made by Contracts Advisor, however that was escalated by one or two tiers of management at one stage. I cannot recall the timing of that.
65. The decision to suspend was decided on the circumstances as described to them by the Lead Auditor. At some stage an informal financial threshold was introduced e.g. shortages of £1k or more, and as I said above at some point there was an escalation of decision making made.
66. The Sub-postmaster was informed of the suspension by the Lead Auditor and then in writing by the Contracts Advisor.
67. Sub-postmasters were given the chance to make representation about the suspension decision and explain the shortage to the Auditor, but beyond that I wasn't aware of any further formal opportunity.
68. Sub-postmasters were not remunerated for the period of their suspension.
69. In circumstances where a discrepancy and/or shortfall was identified the Contracts Advisor was responsible for deciding whether to terminate a Sub-postmasters contract. I recall some form of escalation of authority, but cannot recall when.
70. Before a decision was made whether or not to terminate a Sub-postmasters contract, an analysis of the information provided by the audit team, the Sub-postmaster, NFSP, and any other relevant information arising from their examination of the evidence, including any fact finding obtained from other parties was carried out. A balance sheet of evidence should have been drawn up to determine the outcome. Once a decision on culpability was made, the Contracts Advisor should have determined what

in their opinion was the most appropriate outcome, and explain in their written summary internally why they had discounted other options.

71. If it was decided not to terminate a contract, arrangements would be made for the Sub-postmaster to be notified of that, and reinstated. A formal handover would take place of the Post Office if a temporary Sub-postmaster had been appointed.
72. In the case of a material breach of the contract proven upon the balance of probability, that warranted summary termination.
73. I have been asked what was the policy governing a Sub-postmasters resignation to avoid summary termination. I cannot recall a generic 'policy' that spoke to the resignation in this context. The fact of that would be recorded in the Postmasters personal papers and at HRSC.
74. Sub-postmasters did not have a right to appeal against the decision to suspend them..
75. However, they did have the right to appeal against decisions to terminate their contracts. The appeal would be allocated to a Senior Manager on the national appeals panel, someone who had no prior involvement in the case. The case would then be reheard by the Appeals Manager with the appellant having the opportunity for a personal hearing supported by a friend / NFSP. Sub-postmasters retained their right of appeal during my time there. Operators of NT contracts did not have a right of appeal.
76. I have been asked to consider an email dated 2 November 2012 from Alan Lusher (POL00086048) and email dated 4 January 2013 from Alan Lusher (POL00086428) and what training was provided to those who conducted the appeal hearing. As I conducted appeal hearings, my recollection is that I had some basic training on hearing appeals, re the process and decision making.
77. When determining an appeal, all of the evidence in the case presented by POL and the appellant was considered.
78. I recall that Sub-postmasters had a right to make representations to POL generally, although I cannot recall any formal trigger for such an opportunity in the context of appeals.
79. In terms of any changes made to the Network Transformation Programme, the appeal mechanism did not appear in NT contracts. This is because there was a view in POL at the time that modern commercial contracts for

service would not have any such right i.e. appeals were a hallmark of a contract of service, in other words, employment.

80. As far as I'm aware once an appeal decision was made, it was final, however there may have been cases where further representations were made, I am not aware of any.

Recovery of Agent Debt

81. I have been asked to consider the various documents in relation to policy and guidelines for recovery of agent debt (POL00083939; POL00105418; POL00105417; POL00084977 POL00086338; POL00084995; POL00088897; POL00002086; POL00113670 POL00086868; POL00090357; POL00088312); POL00087471; POL00086615 and POL00043532

82. I authored the policy in 2013 dealing with debt recovery. Beyond that my only involvement would have been in responding to ad hoc enquiries regarding the contractual position in specific cases of debt recovery.

83. I cannot set out what involvement Contracts Manger/Contracts Advisors had in decision making relating to agent debt dealt by the Financial Services Centre (FSC) as I had no oversight of what contracts teams were doing to manage these issues.

84. I have been asked to explain the circumstances in which relief could be granted from accounting losses and / or debt could be written off by the Post Office. In addressing this, I have been asked to consider the various documents: (POL00088904; POL00086845; POL00088867; POL00030562; POL00030563; POL00087251 and POL00087252).

85. My recollection from time to time, Sub-postmasters would write to the Area Manager, or Contracts Advisor, or others in POL, asking for relief from their losses, and that such requests would be considered on their merits. The only occasion where I would have experienced this would be during my time as a Contracts Manager up until 2004. I cannot recall any specific cases or explain how they were managed in POL after that time.

86. I never had access to any data regarding how frequently a Sub-postmasters debt was written off so cannot comment.

Cases against Sub-postmasters

87. I have been asked what my recollection is of some criminal cases (Nichola Arch, Susan Hazzleton, Lisa Brennan, David Yates, Carl Page, David Blakey, Tahir Mahmood, Oyeteju Adedayo, Hughie Thomas, Suzanne Palmer, Janet Skinner, Jo Hamilton, Pauline Stonehouse, Susan Rudkin, Julian Wilson, Peter Holmes, Seema Misra, Allison Henderson, Alison Hall, Joan Bailey, Lynette Hutchings, Grant Allen, Khayyam Ishaq, Andela Sefton and Ann Neild) .I have no recollection. As a Contracts Manager we were advised that the civil aspect of a case was entirely separate to any criminal proceedings. It was extremely rare and unusual to receive any contact from legal services regarding the civil aspect.
88. In any of my roles within Post Office, I never played any part in criminal prosecutions. To my knowledge these were managed in legal services / POLs security team.
89. I have been asked if I have any recollection of civil action against Sub-postmansters (Aslam Ramtoola, GRO Kevin Palmer, Rachel Williams, Frank Holt, Susan McKnight, Tracey Etheridge, Katherine McAlerney, Keith Macaldowie, Lee Castleton and Julie Wolstenholme). I have no recollection of these civil cases.
90. I have been asked if there were any civil matters I had involvement in which are relevant to the matters being investigated by the inquiry (in particular bugs, error and defects in the Horizon system. If the reported systemic problems within the Horizon system were present in my position as a Contracts Manager and then later as an Appeals Manager, then it is quite possible that some or most of the cases of alleged breach of contract that I had heard as a Contracts Manager were affected by these bugs etc. Most of the cases of alleged breach resulted from audit shortages.
91. I have been asked if I have any concerns about any civil cases in which I was involved in, yes I do, for the reasons stated above. It is quite possible that I made unsafe decisions as a Contracts Manager based on flawed / incomplete evidence. I think that would apply to every Contracts Manager / Advisor during the period of time. At the time I had to make decisions based on the evidence before me, and there was no evidence that I had sight of that the Horizon system was flawed.

Policy of Family Transfers

92. I have been asked to consider the following documents, Agency Changes Communiqué – Family Transfers (POL00005769) and Family Transfers dated 30 October 2017 (POL00005840).
93. I authored the family transfer policy in 2017 in consultation with business stakeholders.
94. It was necessary to set out , *“If a Postmaster has had their contract terminated by POL; or the Postmaster has resigned to avoid summary termination, or they have served notice to terminate due to contractual action being taken by POL, then the Family Transfer request should be rejected”*, because the family transfer policy was a concession that POL had intended to be a supportive gesture to Sub-postmasters suffering some difficulty, for example ill health. It was not a contractual entitlement. It was not felt that termination or resignation to avoid that fell into that description.
95. I have been asked if the policy documents influenced by the transfer of contract at Post Office branch, The Grange from Suzanna Palmer (see paragraph 91 above) to Kevin Palmer (see paragraph 64 above). No it was not. I have no memory of these cases and I did not consider them or any other cases when formulating the 2017 policy document.

Knowledge of bugs, errors and defects in the Horizon System

96. I was not aware of any issues or problems with the Horizon system, except for rare catastrophic failures in the hardware, where a swap out would be required. In my role as a Contract Manager and as an Appeals Manager in all of the cases I managed where there were discrepancies in Sub-postmasters accounts, , I cannot recall one case where the Sub-postmaster had attributed the problem to Horizon
97. Where I was aware that there had been some catastrophic failure of the system, and there had then been some discrepancy at the branch that necessitated contractual action, I would have referred the matter to an internal team for further investigation.
98. During the final year of my service I had heard that it was possible for Fujitsu engineers to gain ‘back door’ access into the system without the

knowledge of Sub-postmasters. That did give me some cause for concern as I had previously heard a rebuttal to this internally. That aside I was not aware of any concerns regarding the robustness of the Horizon system. I had used the system myself on occasions, over a long period of time, and it appeared to work well. I had not seen any evidence that it was not working well. I had heard of a campaign by the Justice for Sub-postmasters group, however we were assured internally that the system was sound.

99. I have been asked to consider email from John Breeden to Angela Van-Den-Bogerd, Sue Huggins and Others dated 05/12/2010 (POL00091384) and asked how I became aware of this issue. I had heard a rumour internally that POL had a problem in this regard to the GLO, specifically that Fujitsu engineers could gain access remotely.

The Post Office Response to Second Sight

100. I have been asked to consider the following documents f POL00022167 and POL00040235 and explain my involvement in relation to the post offices response to the reports produced by Second Sight. To my recollection, I had no involvement in the reports produced by Second Sight

Other Matters

101. There are no other matters which I wish to bring to the attention of the Chair to the Inquiry.

Statement of Truth

I believe the content of this statement to be true.

Signed: **GRO**

Dated: 15 May 2023

Index to First Witness Statement of Paul Inwood

<u>No</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1	POL00088903	Brief summary of certain sections of the Subpostmasters contract dated 17 December 2004	POL-0085961
2	POL00088900	Template 'invitation to interview' letter with extract from SPM contract	POL-0085958
3	POL00005671	Agency Changes Communiqué – Subpostmaster Seminar Project – Pilot Activities dated 26 October 2005	POL00005671
4	POL00005670	Agency Recruitment Policy - version 0.2 dated October 2008	VIS00006738
5	POL00005765	Appointment of Temporary Postmaster Policy - final version , dated 2 February 2014	VIS00006833
6	POL00005583	Policy Document - Advertising Vacancies During Network Transformation dated 19 April 2015	VIS00006651
7	POL00005776	Death in Service dated 13 January 2016	VIS00006844
8	POL00083939	Losses at SPSO's: Guidelines on responsibilities and recovery arrangements"	POL-0080997
9	POL00088904	Losses and gains policy within the POCL agency network - version 1 dated 20 November 1998	POL-0085962
10	POL00086845	Post Office Ltd – Security Policy: Accounting losses policy for agency branches - Version 1, dated February	POL-0083903

		2003	
11	POL00088867	"Post Office Ltd – Security Policy: Liability for losses policy (for agency branches0 - version 1 dated 7, September 2003	POL-0085925
12	POL00030562	Post Office Ltd Losses policy – overarching (branches)" (version 9, effective date April 2006)	POL-0027044
13	POL00088525	Presentation on losses and gains policy dated 20 January 2011	POL-0085583
14	POL00113670	Operators' In Service Debt - Operators' Lifecycle Issue - Policy issue 8 dated 18 September 2013	POL-0112554
15	POL00086868	Operators' In Service Debt - Operators' Lifecycle Issue - Policy issue 8 dated 22 October 2013	POL-0083926
16	POL00090357	Policy document - postmasters' lifecycle issue, policy issue 8, version 2.0 dated 4 December 2014	POL-0087326
17	POL00088312	Policy document - postmasters' lifecycle issue, policy issue 8, version 3.0 dated April 2017	POL-0085370
18	NFSP00000169	Letter circulated to the National Executive Council enclosing correspondence regarding debt recovery process dated 17 December 2004	VIS00007617
19	NFSP00000043	The draft policy "Debt recovery – Horizon related errors" dated 18 November 2004,	VIS00007491
20	POL00085794	Debt Recovery Processes under	POL-0082852

		Branch Trading" (October 2005)	
21	POL00083951	Process for awaiting TC (Transaction Correction) – Multiples Version 1 dated 15 December 2005	POL-0027044
22	POL00083952	Process for awaiting TC (Transaction Correction) – Singletons Version 1 dated 15 December 2005	POL-0081009
23	POL00039024	Transaction Corrections Process Review for Agency Branches - version 6b (draft, October 2007)	POL00083952
24	POL00039089	Operating Level Agreement: Product & Branch Accounting, Network and Service Delivery - version 1.0 dated 29 March 2009	POL-0035506
25	POL00001642	Review of the Creation and Management of Transaction Corrections in POLFS to Correct Accounting Errors in Horizon - version 1.0 dated 10 February 2010	POL-0035571
26	WITN03980100	Witness statement of Susan Harding dated 4 October 2022	VIS00002656
27	POL00001404	TC/Debt Recovery Review – Key Feedback issues	WITN03980100
28	POL00083945	Agency Changes Communique memo - Corrective Action for agents – Process, Timescales and Letters dated 15 February 2006	VIS00002418
29	POL00088890	Postmaster Contract Termination Policy - version 3.0.	POL-0081003
30	POL00088891	Postmaster Guide to Policies - version 1.2	POL-0085948

31	POL00084993	Contract Advisor Process - Audit Discrepancy	POL-0085949
32	POL00086044	"Subpostmaster suspension	POL-0082051
33	POL00089004	Managing Agents Contracts - version 3 dated 1 January 2001	POL-0083102
34	POL00084002	Outlet Support – Audit Contact Points - version 2 dated September 2006	POL-0080965
35	POL00005856	Post Office Limited: Appeals Handbook dated 19 June 2008	POL-0081060
36	POL00075610	Agency Changes Communiqué – Deployment of Post office operating models in cases of summary termination and resignation to avoid summary termination dated 11 December 2009.	VIS00006924
37	POL00086373	The email dated 21 December 2009 re ACC 12/2009 deployment of Post Office	POL-0072173
38	POL00088982	Draft wording - Dealing with proven serious contract breaches: guidance for Contracts Advisors and Appeals Managers	POL00086373
39	POL00005962	Sub-postmaster Appeals Panel Process - version 1 dated 23 March 2011	POL-0080943
40	POL00086107	SOMR Appeals Process Flowchart V1 – dated 23 March 2011	VIS00007030
41	POL00086005	Agency Changes Communiqué – Policy and Process Amendments to	POL-0083165

		ACC 12/2009 (Deployment of Post Office operating models in cases of summary termination and resignation to avoid summary termination) dated 6 June 2011)	
42	POL00085448	Agency Changes Communiqué ACC - Company Operated Post Office branches: dealing with resignation of and applications from existing Operators dated 20 May 2011	POL-0083063
43	POL00086005	Agency Changes Communiqué ACC - Policy and Process Amendments to ACC 12/2009 (Deployment of Post Office operating models in cases of summary termination and resignation to avoid summary termination) dated 16 June 2011)	POL-0082506
44	POL00086358	Managing shortages at Audit: Process and Policy guidelines	POL-0083063
45	POL00086081	Flowchart - Managing Shortages at Audit:	POL-0083416
46	POL00086828	Subpostmaster Appeal Panel Process Review dated March 2012	POL-0083139
47	POL00086704	Agency Changes Communiqué (ACC) - Guidance to Post Office Ltd personnel dealing with requests from Post Office Ltd Operators to be accompanied by a friend at interview dated 25 June 2012.	POL-0083886
48	POL00087258	Email from Nigel Allen to Anita Bravata, Craig Tuthill and others re: FW: Horizon Challenge Cases - Process to be adopted - Take 2.	POL-0083762
49	POL00087259	Horizon Challenge Process Attachment dated 29 August 2012	POL-0084316

50	POL00005933	Precautionary Suspension Policy dated 7 October 2012	POL-0084317
51	POL00086116	"Guiding Principles for Suspension dated 2 November 2012	VIS00007001
52	POL00086772	Proposed Approach To Dealing With Subpostmaster Breaches - draft 1 dated 21 August 2013	POL-0083174
53	POL00086865	Policy Document - Contract Breach dated 4 February 2014.	POL-0083830
54	POL00088475	Policy Document – Contract Breach dated 7 April 2014	POL-0083923
55	POL00087287	Conduct Management New Model Agreements: Process and Policy Guidelines - version 3.56 dated 29 May 2014	POL-0085533
56	POL00087286	Email from Robert Findlay to John Breeden and others re: New Agreement Conduct Process.	POL-0084345
57	POL00087287	Conduct Management New Model Agreements: Process and Policy Guidelines"	POL-0084344
58	POL00087291	Managing shortages at Audit (Traditional Branches/NT Converters): Process and Policy Guidelines	POL-0084345
59	POL00087292	Traditional Conduct Process	POL-0084349
60	POL00087288	New Model Agreement Conduct/Performance	POL-0084350

61	POL00000325	Postmaster Support Policies: Termination Decision Review Policy - version 2.3 dated 30 March 2021	POL-0084346
62	POL00086048	Email dated 2 November 2012 from Alan Lusher to Laura Tarling, Mark Lawrence, Mark Right, Paul Inwood & Others – re 'Appeals Panel Refresher Training - Monday 26 November 2012'	VIS00001299
63	POL00086428	Email dated 4 January 2013 from Alan Lusher to Mark Wright, Paul Inwood, Sheila Mccann and others - re: Appeals Panel Refresher Training - Thursday 31st January - 11:00 to 16:30	POL-0083106
64	POL00083939	Losses at SPSO's: Guidelines on responsibilities and recovery arrangements issued 1998	POL-0083486
65	POL00105418	Email dated 6 November 2007 from Gayle Laverick to Lynn Hobbs, John Breedon re. Network Efficiencies	POL-0080997
66	POL00105417	Summary of discussion on Compliance, Conformance, Losses and Debt	POL-0104526
67	POL00084977	Former Subpostmaster End to End Debt Review - version 0.5 dated December 2009	POL-0104525
68	POL00086338	Presentation on "Former Agents Debt by Alison Bolsover	POL-0082035
69	POL00084995	Back Office Efficiency Programme: Debt Review Workshop Output - version 1.0, 13 October 2009	POL-0083396
70	POL00088897	Working agreement – "Finance Service	POL-0082053

		Centre and Network	
71	POL00002086	Fraud & Conformance Team Handover Document dated 3 March 2012, revised July 2012	POL-0085955
72	POL00087471	Former Agents Debt Management - version 1.0 dated 4 December 2014	VIS00003100
73	POL00086615	Email 2013 Email exchange dated 5 April 2013 between Jessica Madron, Jacqueline Witham, Paul Inwood, Ravi Chauhan regarding recovering SPM' debt.	POL-0084529
74	POL00043532	Email dated 12 February 2014 from Craig Tuthill to Angela Van-Den-Bogerd, Nick Beal and John Breeden re: MoneyGram Fraud	POL-0083673
75	POL00030563	appendix 5 "Process for seeking relief on losses – singletons"	POL-0040035
76	POL00087251	Email dated 12 February 2014 from Craig Tuthill to Angela Van-Den-Bogerd, Nick Beal and John Breeden re: MoneyGram Fraud	POL-0040035
77	POL00087252	Branch Write Off Process dated 5 December 2013	POL-0084310
78	POL00005769	"Agency Changes Communiqué" – "Family Transfers January 2011"	VIS00006837
79	POL00005840	Family Transfers dated 30 October 2017	VIS00006908
80	POL00091384	Email chain dated 5 December 2010 between John Breeden, Angela Van-Den-Bogerd, Sue Higgins and others RE: Follow up to BIS meeting	POL-0090406

		on JFSA	
81	POL00022167	Second Sight Mediation Briefing Report. Draft (V2) 30 July 2014: Reactive comments regarding subpostmaster contract	POL-0018646
82	POL00040235	Email dated 21 August 2014 from Belinda Crowe to Paul Inwood, Craig Tuthill RE: Fwd Part 2 Report	POL-0036717