

Witness Name: Colin Burston  
Statement No.: WITN09450100  
Dated: 05 October 2023

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF COLIN BURSTON

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I, Colin Burston will say as follows:

#### Introduction

1. I am a former employee of Post Office Limited and held the position of Contract Advisor prior to my retirement in 2019.
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 2023 (the “**Request**”). I have been asked to set out a summary of my career and qualifications prior to joining Post Office Ltd. The request also asked that I address a further 41 questions within my statement.

#### Background

3. Prior to joining Post Office Limited I can confirm that after leaving school I held various positions within organisations namely, Bristol City Council, Bristol Omnibus and C

Reed Ltd. I have 5 'O levels' and the roles undertaken at these organisations were Accounts Clerk, Bus Conductor and Furniture Remover.

4. In respect of Post Office Limited. I can confirm I joined as a Postman in 1977 and progressed to various roles Counter Clerk, Branch Manager, Business Service Manager, Retail Network Manager, hybrid role of Performance Advisor/Contract Manager, Contract and Service Manager until the role changed in 2006 to Contract Advisor.
5. Counter Clerk, I worked in various Crown Post Offices from 1980 until 1984 when I was promoted to Branch Manager.
6. Branch Manager, from 1984 until 1999 I managed various Post Office Crown Post Offices. I was responsible for all aspects of running a Post Office branch from recruitment, quality of service, branch losses and gains, discipline, customer service and the wellbeing of staff.
7. Business Service Manager, from 1999 until 2000. This team was set up to design processes to assist in the smooth roll out of Horizon in branches. My specific input in the role was to look at the processes designed and give feedback from an operational viewpoint, based on my experience of counter and back-office operation in branch.
8. Retail Network Manager, I was asked to cover this role in 2000 on a temporary basis to cover long-term sick absence. My responsibilities included recruitment of subpostmasters (SPMs), helping SPMs who were having problems balancing under the manual system and with the introduction of Horizon supporting their first balance. I would also be there for intervention visits if requested by a Subpostmaster (SPM)

for various reasons including problems with customers, general problems where additional training was requested and dealing with cases of sick absence and death in service. Following a business reorganisation circa 2001, my role changed to a hybrid one of Performance Advisor and Contract Manager. The role of Performance advisor was similar in responsibilities to that of the Retail Network Manager. The Contract Manager responsibilities are covered below paragraph 9.

9. Contract and Service Manager, I am not sure of the date, but it was around 2004 that there was a change of roles, and I had a team of 2 Intervention Managers reporting to me, these were Simon Smith and Jon Lewis. I would deal with all aspects of the Contract for Services. If there was a problem at a branch the Intervention Managers would carry out any visits to branches which were required. The Intervention Managers would also assist me with recruitment interviews. In 2006 the role changed again to Contract Advisor, and I was responsible for approximately 1000 sub-Post Office branches dealing in all contractual matters including recruitment, holiday pay (substitution payment), issues around opening hours, resignations, customer complaints, additional training, outstanding debt, failure to comply with business standards and suspensions. I eventually retired in September 2019 from the Post Office following heart surgery.

10. I have been asked what my role entailed regarding the drafting of the terms of the SPM contract, my role in advising the Post Office on changes to the SPM contract, my role in determining when a SPM contract would be suspended and terminated and my engagement with a SPM to explain the terms of their contract. In my role as Contract Advisor, I had no input into drafting the terms of the SPM contract or advising the Post Office on changes to the SPM contract. My role would be to

determine whether a SPM had breached their contract following any issues raised from other Post Office departments, customer complaints or audits. In determining if a SPM should be suspended or have their contract terminated a case summary would need to be completed giving the rationale for any recommendation which would need to be agreed and signed off by the Head of Contracts South in my case. At recruitment interviews a brief synopsis of the Contract for Services would be explained and the applicant if successful advised to read the Contract for Services for themselves to fully understand the scope of the contract and what their responsibility would be to ensure that their Post Office branch was operating within the Contract for Services.

### **Contractual Liability of SPMs for Shortfalls**

11. I have been asked to review the contractual liability of SPMs, my understanding of such and have reviewed the following documents which were provided to me prior to responding to these questions. POL00088904, Losses & Gains policy within POCL agency network, in particular paragraph 3.1. POL00086845, Post Office Ltd, Security Policy: Accounting losses policy for agency branches, particularly sections 1 and 3. POL00088867 Security Policy: liability for losses policy for agency branches in particular sections 1 and 3. POL00030562 Post Office Ltd Losses Policy – overarching (branches) in particular section 2. My understanding of the contractual responsibility of SPMs for shortfalls has always remained the same as in the Contract for Services Section 12 paragraph 12, Document POL00083780 refers; extract from Post Office Counters Ltd., Subpostmasters Contract POL00003858 it says your Contract for Services states the SPM is responsible for all losses caused through his own negligence, carelessness or

error and also for losses of all kinds caused by his Assistants. Deficiencies due to such losses must be made good without delay.

12. I have been asked how the responsibility of employees for losses within the Crown Offices differed from the responsibility of SPMs. I have reviewed documents POL00083982 Losses in the crown Network and POL00088124 Losses and Gains Policy Crown Office Network and have responded based primarily from my time as a Branch Manager in Crown branches and my role as a Contract Advisor. The main difference between the Crown Office network and SPMs was that Crown office staff who were directly employed by the Post Office would be subject to the Code of Conduct for losses and gains where SPMs were subject to their Contract for Services and responsible individually for losses and gains.

13. I have been asked what my understanding of the circumstances in which a SPM's Contract for Services would be suspended and terminated following the identification of losses and what discretion, if any, did individual contracts advisors have. This is addressed in paragraphs 13 and 14. My understanding was that unexplained losses as well as admissions of using Post Office Ltd cash would be subject to suspension pending investigation into the loss. There was an element of discretion if the loss could be explained but this would need to be agreed with the Head of Contracts who would need to understand the rationale behind the reason not to suspend.

14. Reasons for termination would include admissions of using Post Office Ltd cash for their own use, security breaches that the SPM was not prepared to address, running prohibited businesses from their premises and any other issues that

clearly breached the Contract for Services. The Contract Advisor would have the opportunity for discretion if the issue could be addressed but they would need concurrence from the Head of Contracts to apply discretion. There was no document rather a discussion via telephone or email between Contract Advisor and Head of Contracts.

15. I have been asked to describe the procedure followed when deciding as to whether to suspend/terminate a SPM's contract. The procedure would be to complete a Case Decision Summary document considering any comments from the SPM at the audit or during the Reason to Urge discussion (the meeting following suspension). At the meeting the SPM could be accompanied by a friend who must be a Royal Mail employee, a registered Sub Office Assistant or a SPM who also may be a representative of the National Federation of Subpostmasters. The document would include the rationale behind the recommendation and the document would also have imbedded all relevant documents, letters audit reports and the transcript of the Reason to Urge meeting so that the Head of Contracts could see the reasons behind the recommendation. The Head of Contracts would then if they agreed with my recommendation, concur and sign off the document or come back with questions before they finalised a decision.

16. I have been asked to describe any appeal process available to SPM's whose contract had been terminated. There is an appeal process where a SPM can appeal against the decision to terminate their Contract for Services. There was a panel of senior managers who were not connected to the case but were fully trained appeals managers who would revisit the case and invite the SPM in for

a discussion and they would then decide whether the decision was correct or not. If they did not agree with the termination recommendation the decision would be overturned and the SPM reinstated.

17. I have been asked what input a Contract Advisor had whether an investigation into potential criminality was conducted by the security team or whether a case was taken forward as a debt recovery matter and whether this changed over time during my time served as a Contract Advisor. If an issue was flagged to the Contract Advisor from various teams, they would look at the type of issue and their involvement would primarily be to flag to the Financial Service Centre in Chesterfield, the Network Team or Security Team. Other than this signposting the Contract Advisor would not be involved in deciding course of action in terms of criminal investigation. In terms of debt recovery while the SPM was still in post the Contract Advisor would agree a timeline for repayment. If a SPM's contract for services had been terminated, then the Financial Service Centre would deal with debt recovery, not the Contract Advisor.

### **Prosecution of Joan Bailey**

18. I have been asked to set out my recollection of this case and to review documents that may potentially be helpful on providing a response to the matter of the investigation I have referred to documents which have assisted me in my response on both the body of this witness statement and the index. I was not involved with the security investigation undertaken by Stephen Bradshaw Security Manager. The Contract for Services was with Mr. Bailey and my dealings were only with him as such. It was only later that I found out that Mrs.

Bailey had received a caution I believe on the grounds that she had falsified the branch accounts.

### **Audit of Howey Post Office**

19. I have been asked to describe the circumstances of when I first became aware of Joan Bailey's case and the circumstance that I was made aware of the loss at audit and to outline by whom the audit was undertaken and any other details in regard the audit and the loss. My response is outlined in paragraphs 19-21. I was made aware on the day of the audit that Mrs. Bailey had said that she had been inflating the cash to hide mounting losses. I received an email from Post Office Security on 6 January 2011, document POL00055917 stating that a new case had been raised but it was much later that I found out that Mrs. Bailey had received a caution, but I cannot remember how I found out.
20. As the usual course of action would be to receive a telephone call if an issue was discovered during audit, I am presuming that I did receive a telephone call from Judy Balderson, Field Support Advisor on 5 January 2011 in which she said there would be a large loss at Howey Post Office.
21. Judy Balderson, Field Support Advisor, telephoned on the day of the audit, 5 January 2011 to say that the audited shortage was £13,044.23 but she was unable to give a final figure as an engineer was in Howey Post Office fixing a problem with the luggable kit used in the satellite branches. Mrs. Bailey had said to Judy Balderson that she had been covering losses by inflating the cash and that Mr. Bailey had been unaware of what she had been doing as she completed the balance at Howey Post Office.

### **Suspension/Termination of Mr. Bailey's Contract**

22. I have been asked questions in regard the suspension/ termination of Mr. Bailey, what documents and oral information I had been provided, whether I discussed this with anyone and my reasons for suspending Mr. Bailey, my understanding of the terms of Mr. Bailey's suspension and what explanation, if any I had given to Mr. Bailey. This is addressed in paragraphs 22-24. As stated previously Judy Balderson Field Support Advisor telephoned on day of audit, 5 January 2011 to say there would be a large loss at Howey Post Office. I immediately telephoned the Head of Contracts to report that there was a large loss at the branch and the decision was taken to precautionary suspend Mr. Bailey's Contract for Services. The loss could not be explained, and further investigation would be required. The decision was also taken to protect Mr. Bailey against any further losses.

23. Having examined document POL00061533 I discussed whether Mr. Bailey would be willing to make his premises available for a temporary SPM to run the branch to maintain service. This document was a standard letter sent out from the Network Admin Team.

24. As part of the discussion above he would have been informed that he would be precautionary suspended pending further investigation into the loss. I cannot recollect what else was said or what documentation was recorded as the Inquiry Team have been unable to provide me with a copy of the case summary that I would have completed at the time.

25. I have been asked my reasons for considering the summary termination of Mr. Bailey's contract and what information I had received prior to writing to Mr. Bailey a letter dated 13 January 2011, POL00061533 (pages 4-6). There were

several material breaches to the Contract for Services including Section 1 paragraph 5, Section 12 paragraphs 4,5,6,7 and 12. I would have received the audit report POL00055918 and the breaches were identified from this report.

26. I have been asked to consider a memo from Judy Balderson, Field Support Advisor received on 17 January 2011, POL00062294 and my understanding and my responses to this. I believe I would have added the memo to the case decision document but without sight of this document I cannot confirm that this was the case. Judy Balderson Field Support Advisor informed me on the day of the audit that an engineer was on site as there was a problem with the luggable kit used at the satellite branches, Hundred House and Llanbadarn Fynydd and that she would have to return to complete that part of the audit. The follow up audit showed a surplus of £42.18. It is not unusual to have a surplus as well as shortages and there is no explanation why there was a surplus. Transaction corrections could take weeks to come back from the Post Office Financial Centre in Chesterfield and it would appear from the copy of the memo, that the Baileys were hoping that they would receive a surplus transaction correction, but I cannot confirm that they were actually thinking this. Section 12 paragraph 4 of the Contract for Services states that the SPM must ensure that accounts of all stock and cash entrusted to him by Post Office Ltd are kept in the form prescribed by Post Office Ltd. He must immediately produce these accounts and the whole of the Post Office cash and stock for inspection whenever so requested by a person duly authorized by Post Office Ltd. Again, I can only surmise that Judy Balderson was referring to this.

27. I have been asked for my recollection of what was discussed with Mr. Bailey at the interview on 2 February 2011, POL00061533 (page 7). Without the

transcript of the interview or copy of the tape which has not so far been provided to me despite requesting this on several occasions I cannot recall what was discussed but it would have been recorded.

28. I have been asked to consider the letter I sent to Mr. Bailey on 21 February 2011, POL00061533 (pages 10-11) and to consider my reasons for not terminating Mr. Bailey's contract, whether I discussed this with anyone, my views on the fact Mr. Bailey remained liable for the debt and whether my views have since changed. As stated above I have not been given a copy of the Conduct Case Summary where my rationale would have been recorded and then sent to the Head of Contracts for concurrence and sign off if it was agreed to reinstate Mr. Bailey. Working within the parameters of the Contract for Services the debt remained and Mr. Bailey was responsible for making all losses good Section 12 paragraph 12 of the Contract for Services refer. I was working within the guidelines set by senior managers and POL legal team. Given the outcome of the Horizon court case I would hope that the Contract for Services has now been revised.

29. I have been asked to review document POL00061533, a response from Mr. Bailey dated 15 March 2011 (pages 17, 18), my opinion of the comments within the letter on the handling of Mr. Bailey's case and whether my opinion had since changed. Contract Advisors had to try to resolve conduct cases within 6 weeks, but it was not always possible to do this. This case started on 05 January 2011 and was concluded with the letter of reinstatement dated 21 February 2011. Contract Advisors dealt with several complex cases as well as the recruitment of prospective SPMs which involved a lot of travel going to buildings where you could interview prospective SPMs. This was also the case with conduct cases,

so timelines were always tight. I firmly believe that in this case I turned around Mr. Bailey's case in a reasonable timescale.

30. I have been asked to consider why the Post Office view Mr. Bailey's resignation as one to avoid summary termination of his contract, what influence if any did access to the discretionary fund have in this decision and with the benefit of hindsight, how, if at all would my response be different. As a Contract Advisor we were required to use standard letters that were agreed by senior managers and POL legal team. At the time Mr. Bailey resigned he was still suspended, and the advice given I presume was that this was a resignation to avoid termination. I cannot confirm this as I have not had sight of the decision case summary. There was no influence regarding access to the discretionary fund which was administered by Post Office Ltd and the National Federation of Subpostmasters. As stated, these were standard letters which had been produced by senior managers and agreed with POL legal team.

31. I have been asked to consider the following in regard the letter I sent to Mr. Bailey on 21 March 2011 POL00061533 (pages 21, 22). What actions had I taken as to ensure due process was followed as agreed with the National Federation of SPMs, what merit did I place on Mr. Bailey's opinion that he had been let down by Post Office and with the benefit of hindsight, how, if at all would my response be different. In my letter to Mr. Bailey, I confirmed that all due process had been followed which had been agreed with the National Federation of Subpostmasters. I can understand that Mr. Bailey felt let down but as I said all due process was followed. Unless there has been a change in the SPMs contract the response would have been the same, working within the parameters of the agreed processes.

32. I have been asked about the details of contact with Mrs. Joan Bailey and referred to document POL00056387, Transcript of Joan Bailey's interview. Whether there was any record of when this took place and what was discussed and how I responded to the account by Mrs. Bailey. Looking at my letter dated 13 January 2011, POL00061533 (pages 4-7) it appears that the meeting was with Mr. Bailey and Mrs. Bailey accompanied him in the capacity of a 'friend' which was held in Swansea Mail Centre but without the case summary and the transcript of the discussion I cannot say what was said at this meeting.

33. I have been asked what was discussed with Joan Bailey on the telephone on 18 March 2011, POL00061533 (pages 23 -24) refers and what I discussed and whether I made any record of this conversation. Without sight of the case decision document, I cannot say or recall what was said during the phone conversation, or if it was me that had the conversation with Mrs. Bailey.

34. I have been asked to consider what my response was to the letter sent by Mrs. Bailey on 28 March 2011, POL00061533 (pages 23-24). As above without access to the case decision document I cannot recall what if any response was made to this letter from Mrs. Bailey.

35. I have been asked what my involvement was in the case following Mr. Bailey's resignation, POL00069057 (pages 18-23). My only involvement was to reply to Kish Brown in the Former Agents Team that Mr. Bailey had resigned. The Former Agents Team were responsible for recovering outstanding debt.

36. I have been asked for my response, if any, to the fact that Mrs. Bailey was dealt with by way of a caution. My role as a Contract Advisor was to ensure that Post Office branches were operated within the Contract for Services, and I was not

directly involved with the investigation by the Security and Investigation Team and any action taken against Mrs. Bailey would be down to any decisions made by the Security and Investigation team.

**R v Joan Bailey**

37. I have been asked what contact I had with the other Post Office employees involved in the investigation and if at any stage I had concerns about the way in which Post Office was managing the investigation and if so, did I raise my concerns. Additionally, at any stage whether I considered whether the losses identified at the branch might be the result of errors with Horizon and if so whether I have any concerns about the contractual liability of Mr. Bailey for the losses. My responses to these questions are in paragraphs 37-39. My only contact in this case would have been with Judy Balderson Field Support Advisor regarding the audit at Howey Post Office on 5 January 2011. There would have been little if any involvement with Stephen Bradshaw's investigation as this was a matter solely for the Security and Investigation Team, I was only involved with breaches of the SPMs Contract for Services. There was no contact with Jamail Singh.

38. I was not involved with this investigation as stated above this was solely a matter dealt with by Security and Investigation.

39. I was not involved with the prosecution of Mrs. Bailey my role was solely to address matters with Mr. Bailey around breaches to his Contract for Services.

40. I have been asked whether prior to my involvement in the case of Joan Bailey I had any previous experience of SPMs attributing losses to errors with Horizon. I can recollect occasions where SPMs did consider Horizon to be the cause of losses in

their branch. These issues were usually raised by the SPM through contacting the helpline at National Business Support Centre. If issues were raised directly with me, then I would check what action they had taken and if their issues had not been resolved satisfactorily, I would email the Resolution Manager, Andrew Winn at Financial Service Centre to investigate further and respond to the SPM directly.

### **General**

41. I have been asked to what extent if any, did I consider a challenge to the integrity of Horizon in one case to be relevant to other ongoing or future cases. I cannot really say as any challenge to Horizon would have been flagged by the SPM to the National Business Support Centre (Helpline) who would have forwarded the issue to the appropriate department. On occasions where the SPM raised issues with me, I would enlist the support of the Resolution Manager at Finance Service Centre. I am not able to comment further on this.

42. I have been asked to what extent if any, do I consider the investigation into bugs, errors and defects in Horizon was sufficiently carried out by POL, and information regarding these sufficiently passed to POL from Fujitsu and to detail my reasons on this. I am unable to comment on these questions, as they were outside my scope and area of expertise and knowledge. I was not privy to the investigations and dealings between POL and Fujitsu teams into the Horizon system.

43. I have been asked to what extent do I consider I had sufficient information regarding bugs, errors and defects in Horizon, who provided this detail and if no provision who should have provided this. As above, I am unable to offer up any comment on this for the reasons outlined above at paragraph 42.

44. I have been asked how I became aware that it was possible to remotely access Horizon transaction data. I was not aware that Fujitsu could access transaction data. I understood that checks could be run in response to issues raised by POL/ SPMs.
45. I have been asked that with the benefit of hindsight, what, if any, changes to the conduct of investigation by POL have since or should been made. As an employee of POL, I would follow processes/ policy that had been written and agreed by senior management and POL legal. I would hope that lessons had been learnt and processes and policies now written to ensure that the findings of the Horizon court cases are incorporated and implemented.
46. My final question asks whether there are any other matters that I consider the Chair of the Inquiry should be aware of. I have tried to answer the questions posed on the case regarding Mr. Bailey's suspension by referring to the documents provided and by recollecting the standard way I would have dealt with cases and actions I would have taken. I have no recollection of this case and any specifics relating to it. The main documents that I would have inputted into have not been presented to me. I have requested a copy of the Decision Case Summary that I would have completed from start to finish including senior manager sign off of my recommendation in Mr. Bailey's case. I have also requested a copy of the transcript of the Reasons to Urge discussion with Mr. Bailey or a copy of the tape but unfortunately the Inquiry Team have been unable to provide me with these documents, which would no doubt have assisted me in providing more detail to some of the questions.

**Statement of Truth**

I believe the content of this statement to be true.

Signed: **GRO**

Dated: 05 October 2023

**Index to First Witness Statement of Colin Burston WITN09450100**

<b>No.</b>	<b>URN</b>	<b>Document Description</b>	<b>Control</b>
1	POL00088904	Losses and Gains policy within the POCL agency network (version 1, 20 November 1998)	POL-0085962
2	POL00086845	Post Office Ltd – Security Policy; Accounting losses policy for agency branches (version 1 February 2003)	POL-0083903
3	POL00088867	Post Office Ltd – Security Policy: Liability for losses policy (for agency branches) (version 1.7 September 2003)	POL-0085925
4	POL00030562	Post Office Ltd Losses policy-overarching (branches) (version 9, effective date April 2006)	POL-0027044
5	POL00083780	Section 12 paragraph 12 (Subpostmasters Contract)	POL-0080343

6	POL00003858	Post Office Ltd. Subpostmasters Contract	VIS00004872
7	POL00083982	Losses in Crown Network (estimated to have been produced in early 2008)	POL-0081040
8	POL00088124	Losses & Gains Policy Crown office Network V1.0	POL-0085182
9	POL00055917	Email from Post Office Security dated 06/01/2011 re New Case Raised	POL-0052396
10	POL00061533	Letter from C Burston to Laurence Bailey dated 21 March 2011	POL-0058012
11	POL00062294	Memo from Judy Balderson, Field Support Advisor, received 17 January 2011	POL-0058773

12	POL00056387	Transcript of Joan Bailey's interview with Security Manager	POL-0052866
13	POL00069057	Joan Bailey case study. Howey PO Branch – Mediation Scheme Write Off Authority – Lawrence G Bailey Documents	POL-0065536
14	POL00055918	Audit of Howey PO from Judy Balderson to Mr. C Burston	POL-0052397