

Witness Name: Alan Ronald Cook
Statement No.: WITN00190100
Dated: 15 December 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ALAN RONALD COOK

I, Alan Ronald Cook, will say as follows:

Introduction

1. I am a former employee of Post Office Ltd ("**POL**") and held the position of Managing Director ("**MD**") between 1 March 2006 and mid-February 2010. Prior to 1 March 2006, I held the position of Independent Non-Executive Director ("**NED**") on the POL Board between 23 February 2005 and 28 February 2006.
2. This witness statement has been prepared in response to a request made by the Post Office Horizon IT Inquiry (the "**Inquiry**") pursuant to Rule 9 of the Inquiry Rules, dated 21 September 2023 (the "**Request**") and a Letter from the Inquiry dated 5 December 2023 requesting further information (the "**Second Request**"). The facts in this witness statement are true, complete and accurate to the best of my knowledge and belief.
3. My recollection of the period in question is as one would expect, in that my memories are not particularly clear. That said, I have studied the documents provided to me by the Inquiry and they have prompted my memory to some degree. The Request identified 59

questions, and the Second Request identified a further 3 questions to be addressed and I have done so to the best of my ability in this statement.

4. I have been assisted in preparing this witness statement by my legal representatives, Farrer & Co LLP.

Background and early career

5. I have been asked to set out a summary of my career and qualifications until joining Post Office Limited (“**POL**”). I have had a long and varied career working in both the public and private sectors, mostly with a focus on financial services. Starting work after school, I worked my way up to executive level and have held Chief Executive Officer (“**CEO**”) and Non-Executive Director (“**NED**”) positions at a number of organisations.
6. I joined Prudential Assurance Company (“the **Prudential**”) on 7 September 1970 having left school at the age of 16. I completed the Chartered Insurance Institute examinations at the age of 21 and subsequently became a Chartered Insurer. In 2005 I was elected a Fellow of the Chartered Management Institute. I was employed by the Prudential for 31 years and performed a range of roles of increasing seniority across all functions and lines of business until September 2002. This included a 3-year assignment to the USA as Senior Vice President of Jackson National Life, a Prudential subsidiary. My final role at Prudential was Chief Operating Officer for UK and Europe. From September 2002 to February 2006, I was Chief Executive Officer of National Savings and Investments (NS&I).
7. I have been asked to describe what experience I had in respect of managing or overseeing (a) a large IT system such as the Horizon IT System (“**Horizon**”) and (b) a company involved in the prosecution of criminal offences prior to joining POL.
8. During the latter part of my career, I held senior positions in organisations that had large scale IT systems. For example, between October 1999 and September 2002, I had

responsibility for all operational matters in Prudential UK which included oversight of 'PruTech'. This was a joint venture company between Prudential and Accenture, who were responsible for supplying and running much of the technology used for the business undertaken by Prudential. The CEO of 'PruTech' was supplied by Accenture and reported directly to me. As CEO of NS&I, I had ultimate responsibility for the technology support supplied by Siemens Business Services who reported in to NS&I through one of my direct reports. That said, whilst I had oversight of IT and was involved in technology to an extent, it was always as a chief user, rather than as a technician. My involvement was, for the most part, dealing with contractual and commercial issues, rather than technical issues.

9. I had no previous experience working for an organisation that was involved in prosecuting criminal offences.

Joining POL as a NED

10. I have been asked to set out the background to my appointment as NED of POL on 23 February 2005, including any application and interview process.

11. My working relationship with POL began when I first joined NS&I, as POL was the primary distribution channel for NS&I products. The relationship between the two organisations, however, was poor. Each side felt that the other was not fully committed to the relationship. NS&I products had historically been sold exclusively through the Post Office but at that time, NS&I had also started to roll out its own online sales, partly because it felt that the Post Office wasn't giving NS&I products enough priority, but also because this was seen as meeting a developing customer need.

12. I made it a priority to establish a strong relationship with David Mills, the CEO of POL at the time. The relationship strengthened quite quickly, and I always felt that it was

because of that improved relationship with Mr Mills that Sir Mike Hodgkinson, POL Chairman, approached me and asked if I would be prepared to join the POL Board as a NED. I understand that I was approached because the POL Board had decided that further independence on the Board would be desirable.

13. I have been asked to provide a summary of the roles I held at POL. I became a NED on the POL Board in February 2005. I do not recall the exact date.
14. As far as I am aware, I do not think POL ran a full recruitment process. I was initially concerned that there might be a conflict of interest given that POL was a distributor for NS&I, but POL were very keen to have me on the Board, as were the NS&I Executive team who saw it as an opportunity to further strengthen the relationship between the organisations. The CEO of Bank of Ireland ("**BOI**") was already on the Board and BOI was partnering with POL to deliver products as part of the expanding POL financial services proposition. On that basis, I accepted the invitation to join the POL Board, conscious of the need to ensure that I would act as a NED of POL and not just as a representative of NS&I. I received no remuneration from POL for being a NED and there was no change to my NS&I remuneration. However, as set out above, the position was beneficial for both POL and NS&I and enabled me to strengthen the relationship between the two organisations.
15. I have been asked to explain whether the possibility of me becoming MD of POL in the future was discussed prior to me becoming a NED on its Board. At no stage before, or during the process of joining the POL Board was the possibility of me becoming Managing Director of POL in the future discussed.
16. The time commitment sought from me during my time as NED was about 2 days per month, although that was difficult to quantify because there was other contact as a result of my role as the CEO of NS&I. There was undoubtedly a level of synergy between the two roles. By today's corporate governance standards, 2 days per

month is probably a little below average. The Bank of England guidelines in Financial Services today will typically look for a base commitment of 3 days for a standard NED role with no other Committee Chairmanship responsibilities.

17. I have been asked to list all other directorships I held whilst a NED. I held no other directorships while I was a NED on the POL Board.

18. I have been asked to describe the nature of my role as NED of POL. POL was the first time I had been a NED, but I was nevertheless very clear that I had statutory responsibilities as a Director of POL and a duty to challenge management on any aspect of the business and their proposed approach to both the running of the business and the direction in which POL was being taken.

19. Whilst I sought to engage myself across the business as a whole, it did, however, strike me that the primary contribution the Board wanted me to make was centered on my extensive experience in retail financial services and how POL could further develop its own offering.

POL Corporate Structure and the POL Board

20. I have been asked to explain POL's corporate structure upon my appointment as NED. POL was a legal entity in its own right but a wholly owned subsidiary of the Royal Mail Group (RMG). At that time, RMG was solely owned by HM Government and oversight was conducted by the Department of Trade and Industry at the time (which then became the Department for Business Industrial Strategy, then the Department for Business, Enterprise and Regulatory Reform). RMG was made up of four businesses, including POL. POL was the most politically sensitive as it was rooted in the communities it served and had a social obligation, in a sense, to maintain post offices in villages around the country. HM Government was very aware of the importance of post offices to communities, to the extent that during my tenure

as MD and in response to my proposals to close certain branches to cut costs, HM Government introduced an annual "Social Network Payment" to keep open those branches that were not financially viable.

21. I have been asked to summarise the corporate structure of POL in relation to Royal Mail and identify who was responsible for decision making. Ultimate accountability for POL lay with the RMG Board. However, the RMG Board was keen to devolve as much power and autonomy as was reasonable. POL did not have the "normal" committees you might expect to see in an organisation, for example, an Audit Committee or a Remuneration Committee. Those committees sat at RMG level. The lack of a POL Audit Committee, did, in retrospect, create some ambiguity over how certain monitoring activities were undertaken. Later in this statement I detail my experience with the Horizon system at an executive level, how complaints about Horizon were dealt with and my knowledge of prosecutions and proceedings.

22. I have been asked to summarise how the POL Board operated when I joined POL as NED. During my time as a NED on the POL Board, the Board met approximately every two months, although I have not been provided with copies of minutes of Board meetings held between 23 February 2005 and 17 August 2005, so I cannot say for certain. Sir Mike Hodgkinson was Chairman of POL (and Deputy Chairman of RMG), at the time and his leadership style was professional, friendly and open. It was possible to challenge views expressed by other Board members without causing offence. I understand that the agenda was determined by the POL CEO and the Chairman. As a NED I had no input into agenda setting. Attendance at the Board meetings comprised of the POL Chairman, POL CEO, RMG Chairman, HR Director, Finance Director, Banking and Financial Services Director, Chief Operating Officer, Marketing and Sales Director and two NEDs, including myself and the CEO of BOI. There was a Risk and Compliance Committee (about which I detail more at

paragraphs 58-67) that I understood met quarterly, however I do not recall attending one of these meetings whilst I was NED. I did not, and do not have access to the reports that were regularly submitted to the Risk and Compliance Committee when I was a NED nor am I aware who submitted them.

23. I have been asked to consider, with hindsight, whether the level of IT expertise amongst the members of the Board was adequate to maintain appropriate governance. No member of the Board was an IT professional, however I felt at the time that the level of IT expertise amongst the members was adequate to maintain appropriate governance. It is the case nowadays that the Bank of England insists that new fintech bank Boards have a NED who is an IT professional. With hindsight I can see how this could also be beneficial, from a governance perspective to other large organisations (outside of regulated industries), particularly those organisations that have a high dependency on IT systems, like POL and Horizon.

POL Corporate Governance

24. I have been asked whether I considered POL's corporate governance to be effective when I joined the company. Initially, I found the operation of the POL Board to be professional and efficient. However, over time, I came to realise that the Board's scope was not as broad as I would have expected. As set out in paragraph 48, there were aspects of governance that were overseen at RMG Board level that, as a 'POL only' NED, I did not have sight of. For example, the financial year end audit undertaken by the external auditors.

Reporting lines

25. I have been asked to summarise the nature and extent of any reporting lines between the POL executive management team or the POL Board and Royal Mail and the Department for Business Enterprise and Regulatory Reform and/or Department for Business, Innovation and Skills.

26. During my time as a NED, I understood that the POL CEO reported directly to the RMG Chairman. The POL Finance, Legal, HR and IT Directors reported to the POL CEO but also had reporting responsibility to their counterpart Senior Executive in RMG. As a NED, I was not well sighted as to the nature and formality of the links between RMG and the sponsoring government department. I certainly received updates at our Board meetings on the outcome of discussions with government departments, but I cannot characterise the nature of, or attendance at those conversations.

Knowledge of Horizon as NED

27. I have been asked what knowledge I had of Horizon when I joined POL as a NED. When I joined POL as a NED, I had no prior knowledge of Horizon. As part of my NED induction, I visited a number of different types of Post Office branch and saw the system in operation in a branch setting. I also met with, and received briefings from, individuals in Head Office responsible for the running of the system. As a result, I felt that I had gained a good understanding of the system on a broad scale, both in terms of functionality and the high numbers of concurrent users. I recall asking about reliability in terms of system availability and accuracy. Availability seemed to be good and I was assured at the time that there no critical bugs or defects. I would consider a critical bug to be a bug that has an adverse impact on customers, or system users (i.e. Post Office staff), or that causes a loss of system availability. A critical bug, in my view, would render a system unusable until it is fixed. One thing that did stand out to

me, however, was the all-encompassing nature of the system and the very large dependency the business had on it being constantly available and working reliably.

28. I have been asked to set out the detail of any briefing I received on the contract between POL and Fujitsu relating to Horizon. As part of my induction, I was also given a briefing on the Horizon contract between POL and Fujitsu relating to Horizon. Therefore, I had an awareness of the contract. The POL Board often discussed specific contractual issues that were relevant to the Board, including those relating to the Horizon contract with Fujitsu.

29. I have been asked to consider page 22 of **Annex to Second Supplement Agreement [POL00090428]**, the contract between POL and ICL Pathway Limited and can only assume that this is an agreement governing the provision of the Horizon system to POL. Page 22 sets out "*Part D – TIP Interface – Accounting Integrity*" and sets out three criteria to be met by 14 January 2000:

"(i) during the period from 3rd October 1999 until 14th January 2000 the percentage of Cash Accounts received by POCL across the TIP interface containing Cash Account Discrepancies shall not exceed 0.6 per cent, of all such Cash Accounts;

(ii) during the period from 3rd October 1999 until 14th January 2000 no Cash Account Discrepancy shall arise as a result of a cause previously reported to POCL as having been remedied;

(iii) all new causes of Cash Account Discrepancies identified after the date of this Agreement shall have been properly analysed by the Contractor and suitable rectification plans therefor submitted to POCL in reasonable detail within ten days of the Contract becoming aware of such Cash Account Discrepancy."

I was not directly aware of this clause, or that POL had a contractual right to take action if cash discrepancies went above a certain percentage or number. In any

event, this clause relates to a period of time in late 1999 to early 2000, which was long before I joined POL as a NED in 2005.

I have been asked to consider the **POCL and ICL Pathway Third Supplemental Agreement [FUJ00118186]** between Post Office Counters Ltd and ICL Pathway Limited and again assume that it is an agreement governing the provision of the Horizon system to POL. I have considered Clause 5.3 in particular, which states that:

5.3 The Contractor shall from the date of this Agreement until the end of the TIP Integrity Checking Period make available to POCL promptly upon request appropriate experts to explain to POCL the Contractor's analysis of all root causes of Cash Account Discrepancies and the measures which the Contractor shall have implemented in order to prevent the recurrence of any Cash Account Discrepancies which would not have been detected by the Accounting Integrity Control Release.

I can confirm that I was not directly aware of this clause, but I would have assumed, at the time, that a clause like this was present in the contract. I cannot recall such a situation being escalated to me during my time with POL.

30. I have been asked to set out what steps I took, if any, to increase my knowledge of Horizon. I consider that my NED induction training on both the operation of Horizon and the contractual position with Fujitsu was sufficient to contribute adequately as a NED on the POL Board. When I was appointed MD of POL then I undertook much greater familiarisation that went as far as being 'counter trained' which resulted in me working at a counter in a Crown Post Office for a whole day.

Board oversight of Horizon as a NED

31. I have considered Post Office Limited Board Minutes of 23/02/2005 **[POL00021487]** (“**23 February 2005 Minutes**”); POL Board Meeting Minutes **[POL00032147]** (“**17 August 2005 Minutes**”); Post Office Limited Board Meeting Minutes **[POL00021489]** (“**19 October 2005 Minutes**”); Meeting minutes: minutes of the Board meeting held at Bank of Ireland **[POL00021490]** (“**14 December 2005 Minutes**”) and Meeting minutes: Boarding meeting minutes held at 148 Old Street in London **[POL00021491]** (“**9 February 2006 Minutes**”). These minutes cover Board meetings held during the period from 23 February 2005 to 9 February 2006 when I was a NED at POL. I do not recall how often the Board met, however based on these minutes (if they are a full set), the Board met roughly every two to three months.
32. I have been asked to set out to what extent the POL Board, prior to my appointment as MD, would discuss the Horizon system; actual or alleged integrity issues in Horizon or the actual or possible existence of BEDs; SPMs difficulties in balancing their branch accounts; RMG or POL’s investigation of the cause of shortfalls in branch accounts when POL or RMG prosecuted or brought proceedings against SPMs or other staff; and RMG/POL’s prosecutorial function and whether it fulfilled it appropriately.
33. As set out in those minutes **[POL00021487]**, **[POL00032147]**, **[POL00021489]**, **[POL00021490]** and **[POL00021491]** and based on my recollection, the Board discussed Horizon substantively three times in these meetings. Two of those conversations related to the business case for the proposed ‘Horizon Next Generation’. The third conversation, whilst not entirely related to Horizon, related to the proposed IMPACT programme and authority was given to proceed. IMPACT was an abbreviation for “Improved Accounting” and I set out further detail about this at paragraph 37. I do not recall, nor do the minutes show that there were conversations

or discussions about actual or alleged integrity issues in Horizon. Personally, I was unaware that there was any actual or potential issue at that time.

34. There was no report of, or discussion about, sub-postmasters' ("**SPMs**") difficulties in balancing their accounts, nor was there discussion about RMG or POL's investigation of the cause of shortfalls in branch accounts, prosecutions or proceedings against SPMs or other staff, or RMG or POL's prosecutorial function.

35. I have been asked to consider an entry in the 23 February 2005 Minutes [**POL00021487**] at POLB05/08 which details the Board's discussion about "Horizon – Next Generation" as set out earlier in paragraph 33. The minutes state that:

"Assurance was provided to the Board that the new system would have at least a similar standard of current capability."

36. This was the first POL Board meeting I had attended. It was clear to me during the course of the meeting that an objective of the "Horizon – Next Generation" project was to address the high cost of running the system and improve performance in terms of speed and reliability. At the time, Horizon took so long to run overnight that sometimes it would not be ready for post office staff, in some or all of the branches, to use the following morning at opening time. These issues needed to be remedied and they were the focus of this project. Any functional enhancements would have been best tackled as separate projects, as when introducing performance improvements into a system, it makes sense to minimise functional change at the same time. This is because the testing of performance changes becomes much easier and therefore more reliable, if new functionality is not being tested at the same time.

37. I have been asked to consider the entries at POLB05/16 of the 23 February 2005 Minutes [**POL00021487**] and POLB05/79 of the 17 August 2005 Minutes [**POL00032147**] in respect of the IMPACT programme. I have been asked about my

knowledge of the IMPACT programme at this time. I recall that there was an update on the IMPACT programme at that meeting, but I had no further knowledge of that programme at the time, other than the information contained in that update. As set out in the 17 August 2005 Minutes **[POL00032147]**, the objective of the IMPACT programme was to save costs, replace obsolete back-office systems, improve branch and client accounting, improve debt recovery, save time in branches and improve stock control.

38. I have been asked to set out what Peter Corbett said about "*concern regarding debt recovery*". I understood this to mean that was a function of the system that was being changed and upgraded. It was naturally a sensitive area and as detailed in the minutes he went on to set out "*measures to mitigate these risks.../...communication to branches, and stakeholder management*". I have been asked to what extent the Board considered the consequences to SPMs of removing their ability to roll over into a new trading period with a disputed discrepancy held in a suspense account. I do not recall there being any reference to this, nor do the minutes show that was discussed. I can see now, having studied the documents and with the benefit of hindsight, that this functional change was significant, however I do not recall being aware of, or discussing it.

39. I have been asked to consider the entry at POLB 05/104 of the 19 October 2005 Minutes **[POL00021489]** and set out what the Board was told about legacy Horizon and Horizon Online/Next Generation, in particular what was said about "*improved availability*" and "*cost-effective service management*". The minutes show that the Board discussed the "Horizon Proposition" on 19 October 2005. Part of that presentation set out key features of the proposal, including "*improved availability*" and "*cost-effective service management*". My recollection is that those features would be a consequence of the enhanced reliability of the "Next Generation" system i.e., system

availability in branches would be higher and less effort would be required in service management to maintain that level of availability.

40. I have been asked to consider the 9 February 2006 Minutes **[POL00021491]** at POLB06/26(c) and explain what the Board was told, and what questions it asked, about the perceived need to roll out software to enable network improvement. In that Board meeting, there was a discussion about network resilience, including that *“Software to enable network improvements was now in [the] advanced stages of testing and was on track for deployment in April”*. I recall this conversation as it was the first occasion on which I was made aware that prolonged downtime, in certain branches, had been a problem. My impression had previously been one of greater reliability. The Board were assured that whilst there had been problems, they had been limited to a relatively small number of branches and the number of affected branches was continuing on a downward trend (As per the 9 February 2006 Minutes **[POL00021491]**, *“Prolonged loss of network connectivity in individual branches continued on a downward trend”*). After that discussion, my view was that it was important for these network improvements to be safely implemented in April 2006 as planned.

Views on responsibilities of Board whilst a NED

41. I have been asked to summarise my views on the responsibilities of a Board of directors in the operation of a company solely owned by HM Government, on respect of oversight of criminal prosecutions; oversight of civil litigation; oversight of the Company's IT; oversight of accounting systems and oversight of compliance with the Race Relations Act 1978 and the Equality Act 2010, it is typical for a Board's Audit Committee to receive regular management reports and internal and external audit reports in order to satisfy itself that adequate controls are in place and that performance is acceptable. As set out in paragraph 21, POL did not have a dedicated

Audit Committee as this was positioned at the RMG level and that Audit Committee reported directly to the RMG Board. In that sense, the POL Board was not provided with a complete view, but the RMG Board, as the parent, would, and should, have had the opportunity to satisfy itself through the operation of both the POL Board and the RMG Audit Committee. During my time as a NED, I was given limited visibility of reporting to the RMG Audit Committee, but I was assured it was received and monitored at Group level. It is the case that there was discussion about the Horizon system at the POL Board, but that discussion was purely in the context of the commercial and contractual relationships with suppliers of technology.

42. I have been asked whether I was ever told that there were no systemic issues with Horizon or problem with integrity prior to February 2009. I do not recall being told at any time, whilst a NED, that there were or were not, systemic issues with Horizon or problems with integrity.

POL's role in prosecuting postmasters at the time of joining POL as NED

43. I have been asked to set out what I knew of POL's role in prosecuting postmasters, managers and counter assistants for theft and false accounting when I was appointed as NED. At the time of my appointment as NED, I was unaware of POL's power to prosecute SPMs, managers and counter assistants for theft and false accounting. It therefore follows that while I was NED at POL, I had no knowledge that POL was prosecuting SPMs and I did not consider what risks and/or compliance issues could arise from POL engaging in these activities.

44. I have been asked to explain to what extent the Board and/or its subcommittees discussed POL's role in prosecuting or bringing civil proceedings using data from Horizon. I do not recall the Board or any of its sub-committees discussing POL's role in prosecuting or bringing civil proceedings using data from Horizon.

Appointment to MD

45. I have been asked to describe the background to my appointment as MD, including any application process I went through. During my time as a NED on the POL Board, I was approached by Allan Leighton (Chairman) and subsequently Adam Crozier (Group CEO of RMG) to discuss my interest in taking on the role of Managing Director of POL. I would be replacing the current CEO of POL, David Mills. I do not believe that anyone else had been approached for the position at that time, although I cannot say that with complete certainty. I was initially unsure and, in particular, sought clarification as to why the job title would change from CEO to MD. My concern was that they envisaged a "less separate" existence for POL than had been the case in the recent past, and therefore I wondered if I would be held accountable for the success, or otherwise, of the business without having full control of the necessary levers. Over time, this proved to be correct and I discuss this further at paragraph 99 in relation to my departure from POL.

46. In discussions over a number of weeks, I was persuaded that I would have sufficient control of POL but the Chairman and CEO of RMG were keen for RMG to be run as a more cohesive Group. I could see that this was not an unreasonable aspiration on the part of RMG. I therefore accepted the role of MD with the understanding that I would have full accountability and responsibility for the POL business but that I would be dependent on RMG for delivery, or oversight, of certain central functions. For example, HR, Legal, Finance and IT.

47. I have also been asked what my responsibilities were in respect of Horizon and POL's use of Horizon data to prosecute or bring proceedings against SPMs and employees. In respect of Horizon, I understood that I had full accountability for the system even though some aspects of that accountability were influenced, or even run, by RMG. For

example, the Group IT Director at RMG had ultimate accountability for the Horizon system as parts of it were run on the RMG platform, through the RMG network and for certain aspects, out of the same computer centre. The person in charge of Horizon at POL also reported to that Group IT Director.

48. I have been asked whether there had been any changes to POL's corporate structure, or my knowledge of Horizon, from the time I joined POL until February 2009. During my time as MD of POL, whilst there were no significant changes to the POL corporate structure, Legal and Finance oversight, in particular, at the RMG level was increasing. I took some comfort from that professional oversight in terms of the professional standards that were being exercised in those functions, regardless of whether the individuals were in POL or the central functions themselves. After my appointment to MD, I received further Horizon briefings on a periodic basis and also had regular meetings with the POL Operations Director, who reported to me.

49. I have been asked why the POL Board minutes do not include reference to BEDs in the Horizon system and why the Board did not discuss BEDs in the Horizon system. During my time as NED (and MD), the Board did not discuss BEDs (bugs, errors and defects) in the Horizon system. The Board were unaware of any BEDs in the Horizon system that were contributing to or causing fraud losses at that time and therefore they were not discussed at Board level.

50. I have been asked why I think the Board failed to adequately oversee Horizon and/or POL's use of its data to prosecute or bring civil proceedings. The level of oversight of Horizon whilst I was NED and MD was broadly in line with my experience at other organisations. I do believe with the benefit of hindsight, however, that there was a potential failure in monitoring the key financial reconciliations, particularly in respect of losses. This monitoring should have been happening both within POL and RMG's Finance departments and also picked up in annual external audits. Based on my high-

level knowledge of the system, I cannot understand why there weren't reconciliation differences at a system level, if money was going missing. Perhaps the system was not picking up the reconciliations correctly, but I cannot say for certain. This resulted in a delay in recognising that there was in fact, a problem. Had the problem been identified earlier, it would have prompted a detailed analysis of the Horizon system.

Horizon oversight as MD

51. I have been asked to set out how my paper on the Horizon Replacement project was prepared and how I satisfied myself on the "Background" and "Benefits" section. The Horizon Replacement project was well underway when I became MD of POL. The **Royal Mail Holdings PLC Board Report re: Replacement of Horizon (2006)** [RMG00000043] was prepared on my behalf, and signed off by me, within several weeks of my taking office. The purpose of the paper was to seek approval for the next phase of funding. My induction meetings had already demonstrated to me that POL faced serious cost challenges and this project was set to make a significant contribution to reducing those costs. As the focus of the business case was cost reduction and there were limited functional enhancements, my primary focus was on ensuring that the proposed cost savings were actually achievable.

52. I have been asked to what extent I turned my mind to whether Horizon was robust and/or reliable. Based on the information presented to me at my induction meetings, I approached the paper with the presumption that the system was currently operating effectively. I did, however, express a concern that there would be limited opportunity to introduce functional changes to the system during the implementation. I was assured that the system was sufficiently functionally robust and that there was time to focus on the running cost of the system.

53. I have been asked to set out to what extent the POL Board, following my appointment as MD, would discuss the Horizon system; actual or alleged integrity issues in Horizon

or the actual or possible existence of BEDs; SPMs difficulties in balancing their branch accounts; RMG or POL's investigation of the cause of shortfalls in branch accounts when POL or RMG prosecuted or brought proceedings against SPMs or other staff; and RMG/POL's prosecutorial function and whether it fulfilled it appropriately.

54. Based on the minutes provided to me, from the time of my appointment as MD until February 2009, Horizon was discussed by the Board at every Board meeting, however often briefly and always in relation to commercials and contracts. As set out in paragraph 49, the Board did not discuss actual or alleged integrity issues in Horizon, or the existence of BEDs, because it was the Board's understanding that there were no BEDs in the Horizon system that were contributing to fraud losses at that time. It follows that there was no discussion about RMG or POL's prosecution of SPMs or RMG/POL's prosecutorial function more widely.

55. I have been asked to what extent the Board considered the effect on SPMs of the removal of the ability to post disputed discrepancies to a suspense account and roll into a new trading period. As set out in paragraph 38, I do not recall, during my time as MD, there being any reference to the consequences to SPMs of removing their ability to roll over into a new trading period with a disputed discrepancy held in a suspense account, nor do the minutes show that was discussed. I can see now, having studied the documents and with the benefit of hindsight, that this functional change was significant, however I do not recall being aware of, or discussing it.

56. I have been asked whether, when formulating my strategic plan for POL, to what extent I considered the Horizon system or POL's role in prosecuting SPMs or employees. I attended my first POL Board meeting as MD on 20 April 2006 and in this meeting, I set out my approach for developing a strategic plan for POL in **POL –**

Minutes of the Meeting of the Board – POLB06/41 [POL00032210]. This discussion was focused on how we proposed to go about developing the plan for the business over the coming five years. My ingoing presumption, as set out earlier in this statement, was that given the level of investment in Horizon to date, it would continue as the main counter-based system. That said, an annual financial allowance would need to be made for ongoing system maintenance, running costs and enhancements to improve efficiency and service levels. These demands would be driven by the proposed future plans for the business, once they had been formulated and agreed. In this Board meeting, there was no discussion of POL's role in prosecuting SPMs or employees.

57. I have been asked to what extent I considered the adequacy and/or integrity of Horizon when advising the RMG Board on whether to contract for Horizon Online. I prepared and presented a further paper to the Board about the replacement of Horizon in August 2006 (Replacement of Horizon Report by Alan Cook August 2006 **[RMG0000042]**). This proposal was based on my firm belief at the time, that Horizon was the preferred strategic platform for the business, provided we could establish a lower cost base for the system. My proposal would achieve that lower cost base. There was no suggestion or expectation to or from the POL Board that Horizon could be unsuitable for that purpose and based on my knowledge at the time, it was presumed that it was adequate and that there were no integrity issues.

Risk and Compliance Committee

58. I have been asked about my role as a member of the Risk and Compliance Committee. I was a member of the Risk and Compliance Committee when I was Managing Director of POL, and the documents reflect this. I may also have attended when I was a NED, but I cannot recall exactly.

59. I have been asked what oversight the Risk and Compliance Committee had over the prosecution of SPMs. I have also been asked what steps I took, as a member of the Risk and Compliance committee, to satisfy myself that POL acted in compliance with its legal obligations in bringing prosecutions and civil proceedings against SPMs, and whether I think these steps were adequate or effective. To the best of my knowledge, the Risk and Compliance Committee was not given any information or reporting, nor did it have any oversight of the prosecution of SPMs. As a result, I did not take any steps, as a member of the Risk and Compliance Committee, to ensure that POL was acting in compliance with its legal obligations in relation to those prosecutions and civil proceedings against SPMs. I was not aware that they were taking place.

60. The Committee met on 6 September 2006 and one of the agenda items was "Investigation Activity", led by David Pardoe [POL00021421]. This activity related to investigations into cash shortfalls and discrepancies. I have been asked to describe the role and responsibilities of David Pardoe. I cannot remember David Pardoe specifically, although I note that he is listed as Secretariat in the minutes. However, on the basis that he also contributed to the meeting, I presume he was part of the Investigations team.

61. I have been asked to explain what the Committee discussed regarding "Fraud and Control", and whether it related to alleged fraud by SPMs or POL staff when balancing. There is a reference in the actions to "*Fraud and control*" [POL00021421], which I believe was in relation to customer fraud. However, there was also discussion about branch procedures designed to minimise potential customer fraud, although I cannot recall what branch non-conformance was referenced.

62. I have been asked to explain the nature of the "Investigation Activity" and "Branch Audit Activity" reports, including the frequency of these updates. My recollection is that the *Investigation Activity* and *Branch Audit Activity* [POL00021421] reports were

produced monthly for the Head of the Network and quarterly for the Risk and Compliance Committee in line with the frequency of committee meetings. I have been asked to expand on the following sentence in the Branch Audit Activity Period 4 Report **[POL00021491]** - *“The key factor appeared to be the targeting of audit resource on branches that had not responded to a request to return surplus cash”* – and whether anything was discussed about the extent of the surplus cash not returned or whether the surplus was disputed. I believe that the point being made was whilst it was desirable to audit a purely random selection of branches, that should also be supplemented with a focus on branches that had not responded to a request to return surplus cash. The discussion was simply about identifying branches that were to be audited and there was no discussion of the extent of cash not returned, or indeed whether any surplus was disputed.

63. I have been asked about the discussion about the action identified in the minutes at 0905 **[POL00021421]** – *“Arrange for a presentation re: IMPACT/POLFS to Risk & Compliance Committee – what went well and what could have gone better”*. This was, in my view, a ‘best-practice’ routine request. Post implementation reviews should be undertaken at the end of all significant projects as they are a key way of deriving learning and improving performance on future projects. It was right that this should have happened in respect of the IMPACT project.

64. I have been asked to describe the discussion at 0909 **[POL00021421]** – *“Confirm with Head of Security that appropriate links exists with specialist Police Units on relevant matters.”*. I do not remember the detail of this conversation, however in the early part of my appointment I was constantly seeking reassurance as to how the business is run and this is an example of my approach in that regard.

65. I have considered the minutes of a Risk and Compliance Committee on 26 March 2008 **[POL00021422]**, which was attended by John Scott. I have been asked to

describe Mr Scott's role and responsibilities and why he attended Risk and Compliance Committee meetings. I cannot recall his precise responsibilities, but he had detailed information on SPM losses and so was asked to attend the meeting to present the Losses report.

66. An action out of this meeting was *"Scope the possibility of splitting the types of former Subpostmaster losses to provide greater clarity between fraud losses and other"*. I have been asked what the purpose and outcome of this was. That was an important point – fraud was only one potential reason for losses. Human error and insufficient system training, for example, could be other potential reasons. Therefore, a breakdown between fraud and 'other' was a sensible suggestion and would have achieved a better understanding of the scope and scale of the challenge.

67. As a general point, all organisations experience fraud to a degree. That said, not all organisations have the ability to prosecute. To be frank, I never considered whether POL had prosecutorial powers at this time. There was never any discussion about what happened after fraud was discovered.

Complaint re Hardwick Post Office

68. I have been asked to consider an email chain relating to Hardwick Post Office in September 2008 **[POL00142293]**, and in particular whether I recall these complaints and how they were resolved. I do not recall this complaint but I have studied **[POL00142293]** and it is very clear to me that this complaint relates to a networking and communications issue where a telephone line failure was seriously affecting availability at this particular branch. The basis of this complaint is also, for the most part, about the support service this SPM received from Fujitsu, which is of course distinct from POL.

69. I have been asked to what extent I was concerned by the allegation that “*Adam at Fujitsu Services...advised that the Horizon system was very fragile and subject to failure if there were frequent power cuts and storms in the area*”. It is clear that this reference to fragility, taken alongside the reference to power cuts and adverse weather relates to network connectivity (a physical hardware issue particular to that Branch and its environment), rather than system integrity or accuracy. Of course, what the SPM suffered was unacceptable. However, from what I can see, the complaint appears to have been handled accordingly, with compensation being offered in line with the agreement with the Federation of SPMs.

Complaint of Mr Bilkhu (August 2008)

70. I have been asked to consider the papers relating to the complaint of Mr Bilkhu **[POL0001304]** and **[POL00106935]** and describe my knowledge of Mr Bilkhu’s allegations about the Horizon system. I note the letter from Phillipa Wright to Mr Bilkhu dated 20 August 2008 in which she states that she is “*the National Consultation Manager with responsibilities for managing the correspondence for Alan Cook*”.

71. However, it is clear that Mr Bilkhu’s earlier letter dated 9 June 2008 was in fact addressed to Adam Crozier, CEO of RMG. At that time, complaints directed at Adam Crozier and me were passed to the same team. That was the agreed procedure. I suspect that Ms Wright’s introductory statement referring to me was included inadvertently, as in the majority of cases, complaints were addressed to me.

72. That said, as I explain later in paragraph 79, I worked closely with the Complaints team, and it is entirely possible that they shared the contents of Mr Bilkhu’s letter with me. I have been asked if this complaint caused me to investigate the robustness of the Horizon system. Unfortunately, I am unable to recollect if that was the case. If I did

see this correspondence, it did not cause me to investigate the robustness of the Horizon system.

February 2009 onwards

73. As a general point, I note that the Request identifies February 2009 as a significant date, however I do not know, or recall why this is the case.

Corporate Structure

74. I have been asked to set out any changes to the POL corporate structure and/or the executive decision-making structure following February 2009. During 2009, there was a progressive move to make POL feel more like a business unit within RMG rather than a separate company. I recall, although I have not been supplied with minutes to confirm, that increasingly, decisions needed to go the RMG Board (of which I acknowledge I was also a member) however none of the POL Executive Leadership team were Directors of RMG.

75. I have been asked why Paula Vennells, Michael Young, David Glynn, Gary Hockey Morley and Deborah Moore resigned as Executive Directors of POL on 31 October 2009. I do not recall them stepping down from the Board, nor do I recall this specific date. As set out in paragraph 74, there was a move to make POL feel more like a business unit with RMG, and the resignations of these executive directors effectively rendered the POL Board disbanded. It was not a sudden event, rather part of a long-running activity to re-structure. It is important to note that whilst they stepped down from the POL Board, they did not leave POL and continued to be active members of the POL Executive Management team.

Allegations of BEDs the Porteous Letter and The Computer Weekly Article

76. I have been asked when I first became aware of allegations of BEDs or a lack of integrity in the Horizon system. I first became aware of such allegations in early May 2009. I received a letter from Robert Porteus [POL00027890] (the "Porteous Letter") on 7 May 2009 (although the letter is dated 30 April 2009). The Porteous Letter enclosed correspondence from Brian Binley MP, on behalf of a constituent Rebecca Thomson and concerning the accounting system at POL.

77. Ms Thomson was a reporter for Computer Weekly and as set out in the correspondence enclosed with the Porteous Letter [POL00027890] she said she had *"spoken to several current and former sub-post masters, who say that random flaws in the IT are causing deficits in their weekly accounts, sometimes of thousands of pounds at a time. Their complaint is that, instead of listening to their problems and investigating the software or equipment, the Post Office is making them pay back this money without any investigation as to what is going wrong. Neither they, nor I, have any way of proving that it is the IT that is causing the deficits."*

78. I have been asked to set out what my thoughts were when I read the Porteous Letter [POL00027890], and if it was the first time I had heard of a collection of SPMs complaining that the Horizon system caused discrepancies that led to shortfalls in branch accounts. My initial reaction was naturally one of concern. This was the first time I became aware of POL's power to prosecute SPMs, and the first time it was highlighted to me that a number of SPMs were making a similar complaint. It did not, however, occur to me that the Horizon system was performing incorrectly. If that was the case, I feel like I would have been aware of corresponding unreconciled cash or debtors on the IT system. My main concern was that POL could have contributed to the issue of cash discrepancies and reconciliations because it had provided SPMs with a system (Horizon) that was too complex or complicated, or that POL's

procedures for using the system or training guides were flawed in some way. I was aware that some SPMs had commented on the system and its complexity.

79. I have been asked to describe the steps I took in response to the Porteous Letter **[POL00027890]**. I indicated to Michele Graves, Executive Correspondence Manager, that I would like the matter thoroughly investigated. Ms Graves handled complaints on my behalf and used to sit near my desk, because I liked to stay in touch with the MD complaints addressed to me personally. I have been asked to what extent I considered that the allegations about the robustness of the Horizon system ought to be investigated. Whilst I requested that an investigation was undertaken, I must however acknowledge that my request was still in relation to the contents of the Porteous Letter and now with the benefit of hindsight, I think my request should have been framed as an investigation of the system more widely. Andy McLean, Head of Service Delivery, was involved in the investigation and I thought highly of him. I was assured at that time that the Horizon system was functioning normally, although it was concerning to me that the Porteous Letter **[POL00027890]** referenced a number of separate cases. I do not recall the detailed outcome of Mr McLean's investigation, nor have I been provided with any documents relating to the investigation by the Inquiry.

80. On 7 May 2009, Michele Graves wrote to Andy McLean **[POL00114930]** and indicated that she was *"keen that we have a robust response"*. I have been asked to consider this comment and whether it was necessary. I considered the term "robust" to mean "thorough". In other words, a response that was supported by proper investigation. I agreed with Ms Graves' approach in that regard and as set out in paragraph 79, this was in line with my wish for there to be a proper investigation into this matter, due to the nature of the concerns that had been raised.

81. I have been asked to consider a comment made by Paul Inwood, Contracts Development Adviser, in correspondence with Jessica Madron (Legal Services) on 8

May 2009 **[POL00114930]**, in which he stated: *“In many respects, Horizon is a sophisticated calculator, and operates on the principle of GIGO – garbage in, garbage out. It is no more likely that, with 100% accurate input, Horizon produces inaccurate outputs than a calculator would, which is extremely unlikely.”*

82. Whilst Mr Inwood’s response is not particularly well-worded, I believe that the sentiment behind it reflected the view of POL at the time - that errors in Horizon were unlikely to be the cause of any cash discrepancies.
83. I did not formally raise the details of the complaints in the Porteous Letter with the Board as a whole, but Paula Vennells (in her capacity as Network Director) and Mike Young (Andy McLean’s manager) were fully aware and supportive of POL’s response. Unfortunately, I do not recall exactly what POL’s response to the complaint was, nor have I been provided with any documents related to that response.
84. Ms Thomson subsequently published an article – Bankruptcy, prosecution and disrupted livelihoods – Postmasters tell their story; reported by Rebecca Thomson **[POL00041564]** (the “**Computer Weekly Article**”) - in Computer Weekly on 11 May 2009 on the subject.
85. I was shocked and disappointed to read the Computer Weekly Article **[POL00041564]**. However, I was also initially unsure of the article’s accuracy. At that time, POL had been receiving much negative press in relation to the Post Office Closure Programme for some time. Much of that coverage was, in my opinion, inaccurate and unfair but I had accepted that it was inevitably part of the job. The Computer Weekly Article **[POL00041564]** at first sight, felt like more of the same. Clearly, with the benefit of hindsight, it was not. It is also important to note that at the time, I did not connect the Computer Weekly Article to the complaint raised in the

Porteous Letter. I did not make that link until I studied the documents provided to me by the Inquiry.

The Jordan Letter

86. I received a letter from Amy Jordan (Private Secretary to Stephen Ladyman MP) [POL00027891] (the “Jordan Letter”) on 18 August 2009, although the letter is dated 4 August 2009. The Jordan Letter enclosed correspondence from Dr Stephen Ladyman MP, on behalf of a constituent “*concerning the problems he has experience(sic) with the post office accounting system*”.

87. I have been asked what steps I took in response to the Jordan Letter. I do not recall how this specific complaint was handled, however the standard procedure at the time would have been that steps were taken to check the accounts for the Branch in question. I am assuming that POL replied to this complaint however I have not seen a copy of any reply. I do not recall discussing it with members of the POL Board or the senior management team. I have been asked if I was concerned with the frequency of complains regarding the Horizon system. Whilst I was concerned about the cases raised in the Porteous Letter [POL00027890], the Jordan Letter [POL00027891] and the Computer Weekly Article [POL00041564], at that stage, it did not feel like the frequency of complaints in relation to Horizon was high, relative to the overall volume of complaints POL was receiving.

88. When I joined POL as MD, I committed to staying close to the SPM and Branch community. In fulfilling this commitment, I undertook regular branch visits, typically visiting branches three Fridays per month. Each of these day visits were undertaken in different geographical areas. On each of those days, I would visit up to five branches. During my time in office, I visited around 250 branches. My branch visits were quite detailed, and I discussed things like the level of support POL was offering to the SPMs and Branch staff. Around the time of the Computer Weekly Article

[POL00041564], I specifically raised the issue of Horizon capability with many of them and received no adverse comments. I also regularly attended NSFP regional annual dinners and spent time socially with many SPMs. At no time during those visits, nor at those dinners or social events, did any SPM or Branch Manager ever raise concerns with me about their ability to reconcile their accounts on Horizon.

89. There were limited allegations made about the Horizon system whilst I was MD of POL. Only Ms Thomson's article (as set out in paragraphs 76-79) and two individual MP complaints – the Jordan letter as set out in paragraphs 86-87 and the Newmark Question as set out in paragraphs 93-95 - were received during my appointment. Whilst I cannot put them in proportion, it is important to note that around this time, POL was receiving a significant volume of complaints about branch closures. Of the volume of complaints coming in, these were a very small proportion.

90. Sometime after this complaint was brought to my attention, George Thomson (Head of the National Federation of Sub Postmasters) mentioned during an informal conversation that a group of SPMs had formed an 'Action Group' about the accuracy of the Horizon accounting system. This was the first time I had understood that SPMs were raising a collective complaint. He told me that he did not agree with what they were saying and felt that POL should 'stand its ground'. I cannot remember exactly when that was, but I do recall that it followed my decision to resign so it must have been around October or November 2009.

91. I have been asked to explain what POL's external and internal communication strategy was in respect of allegations made against the Horizon system whilst I was MD. These events began in late April 2009, and I left POL in February 2010. As such, no formal communications strategy was formulated before prior to my departure because the situation facing the business was not fully apparent at that time. No formal independent review of the Horizon IT system was arranged during my time in

office, because it was not yet apparent to POL that there was a potential systemic issue.

92. I have been asked whether I considered it appropriate to consider the safety of POL's prosecutorial policies and/or past convictions in the face of repeated concerns raised by SPMs and MPs. As set out in paragraph 78, whilst the Computer Weekly Article made me aware of POL's ability to prosecute, I did not believe that POL was receiving repeated concerns raised by SPMs and did not therefore consider it necessary to consider POL's prosecution policies. In addition, I have since learned that the annual rate of prosecutions brought by POL in the seven years prior to my appointment (i.e. since 1999) had remained steady during that time, and continued to remain steady during my time in office and thereafter. It did not feel, at the time, that POL had a crisis on its hands.

The Newmark Question

93. On or around October 2009, I was asked to respond to Brooks Newmark MP in relation to a Parliamentary Question that he had raised in a Parliamentary session. As a general point, it was not uncommon for Parliamentary Questions to be directed at POL. I do not recall this particular question, however, I have studied Letter from Alan Cook to Brooks Newmark MP concerning PQ asked about errors in Horizon system [UKGI00000028] provided to me by the Inquiry.

94. The question posed by Mr Newmark MP was as follows:

"To ask the Minister of State, Department for Business, Innovation and Skills, whether he has received reports of errors in the Post Office Horizon system which have led to Postmasters or Postmistresses being falsely accused of fraud; and if he will make a statement".

95. I have been asked what sources of information I relied on to draft this letter and how I satisfied myself that it was accurate. As set out in paragraph 79, I worked closely with the members of the Complaints team that handled complaints addressed to me. As was standard process, this response would have been drafted by a member of that team and shared with me for approval. I mainly reviewed draft responses for overall tone and positioning, in the assumption that any specific facts or information set out were accurate and that the author of the response had sourced that information from the appropriate part of the business. I trusted the Complaints team members to do that work and speak to the relevant people.

Horizon Online rollout

96. I have been asked about the extent of my involvement in the rollout of Horizon Online and the reason the pilot was paused. I do not recall any detail about the Horizon Online project, nor do I recognise its name. I have not been provided with any documents to consider in relation to it.

The Smith Letter

97. I have been asked to consider a collection of correspondence between myself, Richard Stephenson (Director of Commercial Public Relations), Michele Graves and others entitled "*Re: J Smith letter - re draft for approval*" dated October 2009 **[POL00158368]**, in particular an email from me to Mary Fagan dated 15 October 2009 in which I say "*My instincts tell that, in a recession, subbies with their hands in the till choose to blame the technology when they are found to be short of cash.*" I have been asked to consider to what extent did these stated instincts affect my approach to allegations made by SPMs about the integrity of Horizon or my belief that those allegations were credible. Whilst in hindsight I can see that this is a regrettable statement in this email chain I was informally conveying an instinctive impression to

colleagues. I can say wholeheartedly that the instinct expressed in this email at this point did not, in fact, affect my approach to any allegations that I became aware of. From my perspective any case, allegation, or complaint that was raised by SPMs about the integrity of Horizon was to be dealt with as a legitimate complaint and investigated thoroughly.

Horizon Integrity

98. I have been asked to consider a collection of correspondence between Dave Posnett, Adam Martin and Michele Graves entitled "*Horizon Integrity*", in particular an email from Dave Posnett to Sue Lowther and another dated 20 October 2009 **[POL00141142]**. In particular, I am asked to what extent I agree with the statement that "*Alan Cook [was] asking for more robust defence of Horizon*". I have not seen this correspondence prior to receiving a copy from the Inquiry and note that I was not copied to these emails at the time, nor do I recognise all of the names in the recipient list. At times, staff members would mention my name in order to instill a sense of urgency and as a way of moving things forward. That did not necessarily mean I was aware of the work they were doing or how they were representing my position. That is what appears to be happening in this correspondence.

Resignation from POL

99. I have been asked to explain why I resigned from POL. My decision to resign from POL was driven by two factors. Firstly, I was finding the role very demanding and was spending a lot of time away from my family. I decided that ending my Executive career and developing a non-Executive career would give me a better work life balance.

100. Secondly, I found that the relationship between RMG and POL created challenges for me and over time I felt increasingly less empowered than I had originally expected or

hoped. As set out in paragraphs 74 and 75, under the control of RMG, POL was effectively structured as one of four different business units, and I felt like more of a “business unit head” rather than Managing Director in that regard. As a result, I was not enjoying the role as much as I did when I first took office.

101. I gave notice of my resignation to Adam Crozier around late October or early November of 2009 and it was accepted. I was, however, asked to keep it confidential until it was officially announced to my top team in early January 2010.

102. I should stress, that when ‘looking down’ through POL, I found the role to be very fulfilling. The Post Office is an amazing institution full of people at every level that want to do right by their customers. I was proud to be the MD of POL. For the avoidance of doubt, my resignation had nothing to do with the relatively few complaints we had received or investigated with Horizon and at the time of leaving, I had no realisation or expectation of the problems that would later emerge.

My professional career after POL

103. I have been asked to summarise my professional career since leaving POL.

Following my departure from POL in February 2010, I joined the board of a series of organisations in both the UK and Ireland as an Independent NED or Non-Executive Chairman. I was engaged on part-time contracts in respect of each of these roles, typically for a fixed term of between 3 to 6 years. The time commitment required was variable, ranging from 30 to 100 days per annum. Most of these roles were paid, but I was sometimes engaged pro bono.

104. At times during this period, when I was holding a number of different positions, I was effectively working full-time, although not working as many hours as I had been whilst at POL. However, in recent years I have progressively scaled back on my time commitment as those fixed-term engagements ended. On 31 August 2023, I retired

from my last paid role and now consider myself fully retired. I still sit on the Board of my local Further Education College, Milton Keynes College, in a pro bono capacity.

Reflections

105. I have been asked to reflect on my time at POL and consider if there was anything I would have handled differently, with hindsight, in relation to the Horizon system. As set out earlier in my statement, I did not alert the Board or RMG to the issues with Horizon because, plainly, it was not apparent to me that there was an issue to escalate. Financial internal and external audits did not identify a systemic issue. Such audits typically test the financial reconciliations performed in main operational systems and, in my experience, this is where any discrepancies of the nature being experienced in Horizon could have been picked up. In any event, and as set out in paragraph 41, those audits were overseen at RMG Board level. As set out in paragraph 89, until early 2010 there were, on balance, a small number of concerns being brought to POL's attention which I immediately asked to be thoroughly investigated and was satisfied with the investigation outcome. These issues were also happening in a relatively small number of branches and not to the remainder of the network of 14,300 branches that existed when I joined POL.

106. It is a matter of deep regret to me that I did not recognise that the early issues raised in 2009 were an indication of a systemic issue before I left POL in February 2010. What is difficult to comprehend is how these issues did not become apparent earlier, now that it is clear for just how long the errors had been occurring. If I had seen symptoms of a systemic issue emerging, I would have immediately suspended all debt recovery processes and instituted an independent review of Horizon. It will be source of constant regret to me that I did not identify that it was a systemic issue.

Statement of Truth

I believe the content of this statement to be true.

Signed: _____ **GRO** _____

Dated: 15-Dec-2023 | 01:22 PST

Index to First Witness Statement of Alan Cook

No.	URN	Document	Control Number
1	POL00090428	Annex to Second Supplement Agreement	POL-0087397
2	FUJ00118186	POCL and ICL Pathway Third Supplemental Agreement	POINQ0124350F
	POL00021487	Post Office Limited Board Minutes of 23/02/2005	POL0000020
2	POL00032147	POL Board Meeting Minutes	POL-0029082
3	POL00021489	Post Office Limited Board Meeting Minutes	POL0000022
4	POL00021490	Meeting minutes: minutes of the Board meeting held at Bank of Ireland	POL0000023
5	POL00021491	Meeting minutes: Boarding meeting minutes held at 148 Old Street in London	POL0000024
6	RMG00000043	Royal Mail Holdings PLC Board Report re: Replacement of Horizon (2006)	VIS00009024
7	POL00032210	POL – Minutes of the Meeting of the Board	POL-0029145
8	RMG00000042	Replacement of Horizon Report by Alan Cook August 2006	VIS00009023
9	POL00021421	Risk and Compliance Committee Minutes of 06/09/2006	POL-0018051

10	POL00021422	Risk and Compliance Committee Minutes of 26/03/2008	POL-0018052
11	POL00142293	Email chain between Lynn Hobbs, Michele Graves, Andy McLean and others entitled "Re: Horizon helpdesk failure - Hardwick Post Office"	POL-0143547
12	POL0001304	Documents consisting of 'tab 3' – possibly part of a wider bundle – relating to Bowburn Post Office	VIS00002318
13	POL00106935	Particulars of faults with the Horizon System – R S Bilkhu – for the Bowburn PO	POL-0105243
14	POL00027890	Letter from Robert Porteus to Alan Cook (POL) RE: Instructions from Pat McFadden to look into Rebecca Thomson's Horizon Investigation (Reporter – Computer Weekly)	POL-0024531
15	POL00114930	Email from Michele Graves to Valerie Stanley Re: Letter from BERR Re challenge to horizon Integrity	POL-113918
16	POL00041564	Bankruptcy, prosecution and disrupted livelihoods – Postmasters tell their story; reported by Rebecca Thomson – Article	POL-0038046
17	POL00027891	Letter from Amy Jordan (Private Secretary to Stephen Ladyman MP) to Alan Cook (POL) RE: Constituent removed as Postmaster due to Horizon deficit	POL-0024532
18	UKGI00000028	Letter from Alan Cook to Brooks Newmark MP concerning PQ asked about errors in Horizon system	VIS00000989
19	POL00158368	Email chain between Richard Stephenson, Michele Graves, Alan Cook and others entitled "Re: J Smith letter - re draft for approval"	No control number provided
20	POL00141142	Email chain between Dave Posnett, Adam Martin and Michele Graves entitled "Horizon Integrity" attaching Case Study 1 and 2	POL-0142530

