

Witness Name: ALISDAIR CHARLES JOHN CAMERON

Statement No.: WITN09840100

Dated: 18 APRIL 2024

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF ALISDAIR JOHN CHARLES CAMERON

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I, **ALISDAIR JOHN CHARLES CAMERON**, will say as follows...

#### **INTRODUCTION**

1. I am an employee of Post Office Limited ("**POL**"). I have been employed by POL since January 2015 as Chief Financial Officer ("**CFO**") and from 2017-19 as Chief Financial and Operating Officer ("**CFOO**"). I held the position of Interim Chief Executive ("**Interim CEO**") from April 2019 to September 2019. During my employment with POL, I have also undertaken other roles and responsibilities at different times, which I set out in my statement. I have been on medical leave since 7 May 2023.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in its Rule 9 Request to me (the "**Request**"), dated 14 March 2024.

3. Except where I indicate to the contrary, the facts and matters contained in this witness statement are within my own knowledge. Where any information is not within my personal knowledge, I have identified the source of my information or the basis for my belief. The facts in this witness statement are true to the best of my knowledge and belief.
4. Given the passage of time, I have limited recollection of some topics covered by the Request. Where this is the case, this statement focuses on the content of various documents provided to me by the Inquiry. To the extent that those documents have assisted my recollection, I set out the URN of the relevant document.
5. I was assisted in preparing this statement by Bates Wells and Braithwaite LLP, my recognised legal representative in the Inquiry.

### **APOLOGY**

6. When I joined POL, the business was confidently communicating that it had found no evidence of faults with the Horizon IT system ("**Horizon**"), or that convictions of Postmasters had been unsafe. Nor had any convictions been appealed at that time. I am sorry that I accepted that Horizon was working effectively too easily at the time, and for the time that it took us to shift focus from the commercial performance of the business to the experience of Postmasters. It became clear to me in 2019 that Postmasters needed far greater support, and this demanded a culture shift in POL. In 2020 I understood that there had been miscarriages of justice which should never have been allowed to happen, and

which should have been rectified far earlier. I hope that this statement assists the Inquiry in its investigations into these vital matters.

## **BACKGROUND**

7. I have been asked to summarise my career and professional background.
8. I started work as a trainee accountant for Binder Hamlyn in September 1987. After qualifying as a Chartered Accountant, I remained in practice until 2002.
9. My employer was subject to a change of control on two occasions. As a result, I joined Arthur Andersen, becoming a partner in 1999. I became a partner of Deloitte and Touche following another transaction in 2002.
10. My duties during this period were to take part in, manage and then lead external audits, internal audits, risk management work and transaction support for customers. I also undertook some internal management roles for Arthur Andersen.
11. Later, in 2002, I left practice, becoming the Head of Internal Audit and Risk Management for Centrica plc. At the time, the Centrica group included the AA, OneTel, Goldfish Bank and energy companies in North America, Europe and the UK, including British Gas.
12. In 2004, I was appointed Group Financial Controller of Centrica plc, managing the production of the financial results and the external audit.

13. In 2006, I was appointed the Finance Director of British Gas Residential Energy. In 2010, I was appointed the Finance Director of the combined British Gas. In 2012, I was appointed the Managing Director of British Gas Energy, which provided energy to small and medium sized business customers in the UK. In 2013, I was appointed Director of Standards of Conduct for British Gas.
14. I have held Non-Executive ("**NED**") positions at the e-learning Foundation (2008-2012), Oxford University Hospitals (2009-2016) and Dover Harbour (2017-2022).
15. In January 2015, I was appointed CFO of POL, a position I still hold. I had a variety of executive accountabilities in this role (see below).

#### **Positions held at POL and roles and responsibilities**

16. From 2015 to 2023, my primary accountability as CFO was financial reporting and treasury management. In addition, I was accountable for Procurement and Safety. I also had periods of accountability for Strategy, Cash Logistics ("**Supply Chain**"), Change, Property, Operations, Management Information and IT. Other than Operations and IT I do not think that these roles had a direct bearing on matters of relevance to the Inquiry but I am, of course, happy to answer questions on this point.
17. My title changed in January 2017: I became CFOO until March 2019. Broadly, I was accountable for the functions that supported interactions with Subpostmasters ("**Postmasters**"), employees and in some cases third-party product owners ("**Clients**"). I was not accountable for the commercial and

contractual relationships with these groups, individual Postmasters or with the National Federation for Subpostmasters (“**NFSP**”).

18. My executive accountability for IT started in January 2015. It was a role designed to support the Chief Information Officer (“**CIO**”) and enable better liaison with the Board. The Board were aware that I brought no previous experience or expert understanding of IT. The CIO at the time that I joined was Lesley Sewell and her role was to lead the IT function.
19. Lesley Sewell resigned in 2015 and I brought in an interim CIO, Chris Broe and then a permanent replacement, Rob Houghton, who joined the business in April 2016. He was, as planned, promoted to the Group Executive (the “**GE**”) at the end of 2016, which marked the end of my accountability for IT.
20. In my personal objectives, which I agreed with Paula Vennells (CEO of POL 2012 – 2019) for the start of 2015 - 2016, I had no IT objectives. In the second half of 2015 - 2016 and 2016 – 2017, I did have IT objectives. These were focused on the challenges described later in this witness statement: lead team structure; separation from RMG (“**Royal Mail Group Ltd**”); decisions on the Fujitsu relationship; website stability; and a Back Office project. The working of Horizon was not referred to in my objectives.
21. From April 2019 I was Interim Chief Executive of POL then reverted to CFO in September 2019 when Nick Read joined as CEO.
22. Between 2019 and 2023 I had reducing accountabilities, handing over accountability for Operations in 2019 and again in 2020, Management

Information in 2021 and Supply Chain in 2022. I took on Internal Audit and Risk Management in 2019. Nick's preferred operating model was to have a separate Operations Director / Retail Director.

### **EXECUTIVE AND GOVERNANCE COMMITTEES**

23. When I joined POL in 2015, the governance structures looked appropriate to me and appeared to be functioning sensibly.

#### **The relationship with the Shareholder**

24. The Government ("**HMG**") via the Department for Business and Trade (previously the Department for Business, Energy and Industrial Strategy, BEIS) ("**the Department**" or "**the Shareholder**") has a 100% shareholding in POL. UK Government Investments ("**UKGI**") oversees this shareholding on behalf of the Department via a designated "**Shareholder Representative**", who holds a seat on the POL Board and its key Committees.

25. The most difficult area in POL's governance structure was often the relationship with the Shareholder. There can be an advantage in the alignment and closeness of the working relationship between a Shareholder, Board and Executive team. This seemed to be the case up to 2020 when improving the commercial performance, especially Trading Profit, was a clear priority.

26. Most major financial decisions are made as part of a broader negotiation between the Department and the Treasury ("**HMT**"). POL rarely gets to talk directly to HMT officials. Depending on the subject, internal HMG discussions

are with a variable combination of HMT, the Secretary of State and the relevant Minister, the Minister's policy team, the Permanent Secretary, the Department's Finance team and UKGI. Attempts to open better lines of communication, such as through a formal Quarterly Shareholder Meeting, have had limited success.

27. In my view, with a seat on the Board and its key Committees, UKGI should have a deep understanding of POL as a business, backed up by commercial experience. It should be vital in explaining the commercial business to the Department and HMT and communicating the Department's needs to POL. In my experience this has not worked effectively.

### **The Board and its Committees**

#### *The Board*

28. I have been a member of the Board of Directors of Post Office Limited (the "**Board**") and of the GE from January 2015 until the present day, although I have been on medical leave since 7 May 2023.
29. The Board was collectively responsible for setting POL's primary business objectives, establishing a proper governance framework and ensuring resources and leadership to achieve its stated objectives, as set out in the POL governing Board Terms of Reference and Schedule of Matters Reserved, 26 June 2015 (POL00362178) and as summarised in The POL Governance Induction Pack 14 April 2018 (POL00362224). POL must comply with the Companies Act and its Articles of Association.

30. The Terms of Reference and the Articles of Association changed from time to time but not significantly.
31. The Board was led by the Chairman (Tim Parker between 2015 and 2022) and included all of the NEDs, including the Shareholder Representative from UKGI, together with the CEO and the CFO. There was therefore a significant NED majority.
32. The Board typically had 7-8 standard meetings a year plus a 2-day Strategy away day. Extraordinary or Additional meetings were convened where appropriate, mostly in 2020-2022, as the Board managed POL's response to the Postmaster Group Litigation (“**GLO**”) and previous criminal convictions. Decisions could also be made by correspondence.
33. Overall Board members were focused on the commercial issues faced by the business, which was typically their background.
34. The introduction of the Postmaster Representative Directors was welcome and important, although it is a difficult role for the individuals: their unique perspectives are offered privately, and they generally need to accept collective decisions.
35. The Board and its Committees have, especially since 2019, committed very substantial amounts of time to issues associated with the matters relevant for the Inquiry. However, the bulk of this time has focused on managing the legal and compensation processes. Much less time has been spent on ensuring that Horizon and the processes around it are operating effectively.



36. Through much of my tenure, the Board was chaired by Tim Parker. Tim was an excellent commercial Chairman. He is extremely astute, as his business record demonstrates, he is instinctively supportive without ever being unable to challenge and he gave the Executive team more confidence to focus on commercial issues. In my view, his perspective on the Litigation felt less confident and tended to follow the legal advice.
37. During 2016 – 2017, I understood that Tim commissioned a Chairman’s Review, at the request of Baroness Neville-Rolfe, to investigate matters related to Postmaster complaints and the mediation scheme. I do not know how this work was reported, or how it was transitioned from the Chairman’s review into preparation for the GLO. The work was legally privileged, and my recollection is that it was not shared, even with the Board. However, I was later included in the work on the Suspense Accounts (see from paragraph 259). On reflection, the Board should have insisted on seeing and understanding this work as part of our preparation for the GLO.

#### *Sparrow Sub-Committee*

38. The responsibility for management of the initial complaint review and mediation scheme regarding complaints concerning Horizon reliability (codenamed “**Sparrow**”), the GLO, and the criminal convictions of Postmasters fell to different committees during different periods of time.
39. The Sparrow Sub-Committee was attended by the Chairman, CEO, NEDs and members of the Legal and Communications teams. I understood the purpose of the Sparrow Sub-Committee was to review the progress of the Mediation

Scheme. I attended the last meeting of the Sparrow Sub-Committee in February 2015 and have seen the papers for the previous meeting in January 2015. I discuss these meetings later in my statement (see from paragraph 150).

40. Shortly after I joined, the Sparrow Sub-Committee was disbanded and not directly replaced. I do not recall the reasons, although the Mediation Scheme was losing support from third parties and internally in POL around that time.

*GLO Sub-Committee and subsequent committees*

41. The Postmaster Litigation Advisory Board Sub-Committee, sometimes also referred to as the Board GLO Sub-Committee, also dealt with matters within the Inquiry's scope. I will refer to it as the "**GLO Sub-Committee**" in my statement.
42. The GLO Sub-Committee was formed in 2018, met four times between March and September 2018 and continued until its final meeting on 3 March 2020. It was chaired by the Chairman of POL. Its purpose was to receive legal advice on POL's defence of the GLO, with key decisions referred for final approval by the Board.
43. Its membership comprised the CEO (Paula Vennells, then Nick Read), the Shareholder Representative, the Senior Independent Director and myself, with the General Counsel (Jane MacLeod) in attendance in her role as Company Secretary until April 2019.
44. With hindsight, the GLO Sub-Committee struggled in the early period of meeting from lack of clear papers and issues such as minutes arriving late and

sporadically. One particular issue faced by the GLO Sub-Committee was in June 2019, when it was discovered that the Board had not been informed of the Claimant's schedules of information to support claim values (Draft Meeting Minutes of the Postmaster Litigation Subcommittee of POL 20 June 2019, POL00006752).

45. The GLO Sub-Committee was superseded by the Criminal Cases Review Commission ("**CCRC**") meetings which were convened many times between April 2020 and August 2021. My recollection is that this was not a committee but a series of meetings of the Board, chaired by the Chairman, with a specific focus. The meetings evolved to deal with various matters such as the appeals against the criminal convictions of Postmasters, compensation schemes and decisions of the Board regarding POL's duties as former prosecutor of Postmasters in earlier criminal cases.
46. This work was continued from August 2021 by the Historical Remediation Committee ("**HRC**") which was chaired by the then Senior Independent Director (Ben Tidswell) and whose membership comprised two other NEDs including the Shareholder Representative.
47. I could see the papers and had the right to attend HRC meetings. I only did so when I had a specific concern regarding the high-level legal or financial approaches, picked up from GE briefings or reading the papers.

*Audit, Risk and Compliance Committee*

48. Throughout my time at POL, I attended but was not a member of the Board's Audit, Risk and Compliance Committee ("**ARC**"). The ARC was chaired by and made up of NEDs, with a preference that the Chair and one other member would have financial experience. The number of meetings varied according to need, for example, how many discussions were required to finalise the Annual Report & Accounts ("**ARA**").
49. The focus of the ARC was the financial and risk management of POL. It would appoint and receive plans and reports from the external auditors (EY and later PWC), meeting them without management on a regular basis. It would review the ARA and discuss adjustments and disclosures with the business and the external auditors and make recommendations to the Board. It would agree the Internal Audit plan which was updated regularly (see for example Post Office, Minutes of a meeting of the Audit, Risk and Compliance Committee on 25 March 2015 POL00026719), meet the head of internal audit without management on a regular basis, review internal audit reports and assess the completeness of actions.
50. The ARC reviewed compliance with laws and regulations and POL's approach more generally, for example considering the 3 lines of defence identified by the Risk and Compliance Executive committee ("**RCC**") at a meeting on 1 May 2015 (Risk and Compliance committee meeting 1 May 2015, POL00227870).
51. The ARC would also approve policies, assess the financial reporting controls with a focus on maintaining and testing that those controls were operational and

valid (see, for example, the Audit Risk and Compliance Committee on 10 November 2015, POL00110251), and consider specific issues of concern.

52. The ARC had a relationship with the Department's Audit Committee.
53. The ARC saw minutes and would receive regular reports from the RCC (full detail on this committee below from paragraph 66) and updated the Board after each meeting.
54. Due to the size of POL as a business and the various areas of potential risk, the ARC also considered issues such as IT, Cyber-Security, Disaster Recovery, Business Continuity Planning and the Whistle-blowing processes. These are set out in detail in the Agendas and Minutes, but I do not directly reference them here as they are general background to the issues to be considered by the Inquiry.
55. Overall, I found that much of the work completed by the ARC and RCC was sensible and challenged key issues. Carla Stent, who was the Chair for much of this period, was diligent, hardworking, patient and considered.
56. However, with hindsight I feel that the ARC did not tackle the evidence underpinning the performance of Horizon nor meaningfully consider the potential outcomes for Postmasters if there were issues with shortfalls and balancing. Postmasters are rarely mentioned in the documents and are treated as a third-party rather than an integral part of the business.

57. Where issues were reviewed it was therefore through the lens of POL's own financial outcomes. For example, in the minutes from a meeting on 20 May 2015, the ARC focused on Postmaster debts and whether there was sufficient narrative on the costs of Sparrow, rather than whether these matters were being resolved satisfactorily (Post Office Limited Audit, Risk and Compliance Committee minutes of 20 May 2015, POL00021433).
58. During 2016 this pattern continues in the documented minutes from meetings, with limited or no focus on Horizon or Postmasters (POL Audit, Risk and Compliance Agenda 17 March 2016 POL00240662) and (Post Office Audit Risk and Compliance Agenda 19 May 2016, POL00103188).
59. It may have been the view of the ARC that issues of Horizon and Postmasters were being managed through the Chairman's Review and the preparation for the GLO. However, even if that was the case, the issues relevant to the Inquiry's terms of reference should have been embedded in the internal audit, risk management and ARC agendas.

*Pensions Committee*

60. In 2015, I attended Pensions Committee meetings which met to discuss the future of the Pension Schemes and meetings of the Financial Services Committee ("**FSC**"), both chaired by a NED. The purpose of the FSC was to provide oversight into the performance of our financial services businesses. I think that both were dissolved in September 2015, with most of their duties transferred to the ARC or to Post Office Management Services Limited ("**POMS**").

*Post Office Management Services Limited*

61. I was appointed to the Board of POMS on 31 March 2015 after being approved by the Financial Conduct Authority. POMS was the entity set up to manage the Insurance business, including its proposed acquisition of the Bank of Ireland's share in the joint venture that was managing Insurance up to that point. Subsequently, independent NEDs were appointed and I resigned from the POMS Board on 30 October 2015.

**The Group Executive and its Committees**

62. The Group Executive ("**GE**") is the most senior leadership team accountable to the Board for the day-to-day operations of POL, and for delivering performance measures against corporate objectives agreed with the Shareholder, as set out in the GE Terms of Reference 19 February 2015 (Terms of Reference for POL Group Executive, POL00362165). The GE was chaired by the CEO and comprised her/his senior team. The GE could also be referred to as the Executive Committee or ExCo. Most of the executives recruited into the GE had a consistently commercial background.

63. My recollection is that around 2015 or 2016, delegated authorities were changed. The GE team could only approve matters up to a value of £5 million, a relatively small amount given that contracts might be multi-year, whereas previously it had been £20 million. Delegated authorities were invested in individuals not committees, so the CEO held £5 million, the CFO £4 million, other GE members £2m and so on. As a result, any Commercial or Retail decision of more than £2 million had to be made by the CEO. This meant that

the GE was not formally delegated to and tended to discuss what the CEO determined that it should.

64. The structure of GE meetings varied over time. Typically, there would be a monthly decision-making meeting. Specific meetings were sometimes scheduled to review performance or strategy. From 2019, the GE also had tactical meetings that took place most Mondays to support the CEO's understanding of what was happening in the business.
65. The GE agendas focused on commercial matters and delivering the IT agenda, with verbal updates on Sparrow in 2015 and later the GLO.

*Risk and Compliance Committee of the GE*

66. The Risk & Compliance Committee ("**RCC**") of the GE met 5-6 times a year. It was chaired by the General Counsel until March 2019 and then by myself in my role as CFO. I was a member throughout. It was typically attended by senior colleagues from across the business, the Financial Controller, the Head of Internal Audit, the Head of Risk Management and the Head of Compliance.
67. The RCC's purpose was the Executive assessment of audit, control and compliance issues and performance. Unlike the ARC, it did not focus on the external audit or the approval of the Annual Report & Accounts. Typically, it operated ahead of ARC meetings to ensure that issues flagged to ARC had already received Executive attention.

*Operations*



68. POL's governance over operational performance varied over time. In 2019-2020, Operations was a formal Committee of the GE. At other times performance was managed by individual Executives, including myself, Dan Zinner and Martin Roberts.
69. Operations responsibilities included Support Services to provide effective back-office support to the POL branch network ("**the Network**") and central functions to enable Postmasters to run Post Offices as successfully as possible. There was a consolidated site at Chesterfield for Support Services which included customer helpline staff and Branch & Customer support teams as set out in the GE Agenda Monthly Update on 16 May 2016 (Group Executive Agenda Post Office re: Monthly Update (Report P12 Flash Results to GE) by lead Chris Broe / Angela Van Den Bogerd, Radha Davies, Kevin 16 May 2016, POL00154004).
70. The formal Operations Committee met 6 times in 2019-2020, focusing on the management – quality, service and cost – of treasury, cash, costs, IT, Network and Postmaster support, loss prevention and security.

*Improvement Delivery Group*

71. In February 2021, a GE Sub-Committee called the Improvement Delivery Group was formed, chaired by Dan Zinner, to ensure POL was delivering improvement actions resulting from the GLO.

## Reflections on Governance

72. I have commented on the various governance and leadership structures of POL at different times during my employment. By March 2023, the General Counsel wanted to appoint an independent third party to review POL's Governance as part of our work for the Inquiry.
73. My reservation in starting this work immediately was that, in my opinion, our governance was flawed, and it might be better to first try and fix key issues.
74. Nick Read asked myself, the General Counsel and the Strategy Director to share our views on the key issues by email, which we did between 23-26 March 2023 (Email RE: The robustness of our governance 26 March 2023 POL00423699).
75. My response set out my concerns relating to the Board, the lack of clear oversight of the Retail directorate, the absence of governance over the Horizon replacement, the lack of work being undertaken on how the end-to-end processes to manage the financial relationship with Postmasters would work after Horizon, and the lack of executive engagement and ownership of the agenda of the HRC.
76. A key lesson from Horizon and the Postmaster remediation activity was that 'Horizon' was not simply the operation of the software but the end-to-end processes that managed the relationship with Postmasters, needing better data, more transparency and clear, agreed processes and outcomes. No one was yet working on how to design this.

77. Colleagues did not dispute my views, rather suggesting their own priorities and additional topics. Nick indicated that his focus was the quality of his team and that decision-making should be better distributed across the business.
78. When I became ill in May 2023, the governance was therefore, in my view, less effective.

### **Chief Financial Officer Role in 2015**

79. From 2015-2018, Paula Vennells replaced a significant part of the Executive team that she had formed when the business became independent. Jane MacLeod (General Counsel) and I joined in early 2015, following lengthy recruitment processes which in my case had to be signed off by the Department and the Treasury.
80. I note Paula's explanation in the CEO's Report January 2015 (CEO's Report January 2015 - POL00219395) that the GE would now be operating more strategically. At the time she distinguished between the GE which met monthly to consider strategic issues and an Executive team meeting, focused on performance, which also included the Chief of Staff, the CIO, the Chief Marketing Officer and the Communications Director.
81. My understanding at the time of my appointment was that Paula wanted a CFO who would provide her with support in improving the business.
82. I was enormously excited to join POL. I wanted to work for a company that mattered, and Post Offices mattered enormously then as they do now. I wanted

to learn, to add value and to work with a team that had a real sense of urgency to improve the long-term sustainability of Post Offices.

83. It became clear to me after joining that POL faced a number of potential existential threats from the age and weakness of its IT, from its financial arrangements (including commercial challenges) and in protecting cash (see further from paragraph 92).
84. The core role of any CFO is to make sure the numbers are right. I understood that my most important value-add beyond that was to help improve the commercial performance of the business.
85. My first Finance Director roles had been in British Gas from 2006-2012 where I had been a part of a team that had improved the profitability of the businesses while also improving customer service and reducing customer losses. This required some material cost reductions as one part of a wider set of changes. Cost was an important element but only one element of that transformation.
86. As far as I can recall, when I was recruited to POL my understanding was that POL had some similar needs to British Gas. The commercial performance had to improve and reducing costs was an important element of that, but not the only element. I recall that there was already an existing cross-POL cost reduction programme underway when I joined, although it did not then report to the CFO.
87. In terms of my broader role, in 2015, I was also asked to take on executive accountability for IT and for Supply Chain. I explained that I had no IT

experience or expertise but was assured that the CIO would provide that. My role was to help manage the Board relationship and the non-technical side of the CIO's role. This included support with implementing an IT strategy to transition the business away from disparate legacy IT systems (CEO Report January 2015 POL00219395).

### **FINANCIAL SITUATION AT POL**

88. The financial situation at POL, its operational drivers and the evolving rules it has to follow have had and continue to have a profound impact on the matters being investigated by the Inquiry.

#### **Overview**

89. I described the financial situation of POL as a newly independent business in the NFSP Conference – key note speech Monday 15 April 2019 11am-11.45 (POL00270665) as follows: *“The business we inherited was failing and completely dependent on getting huge amounts of Government support every year - £400 million in our first year of independence alone. We were losing £115 million a year from our trading, the IT estate was large, expensive to run, old, insecure, vulnerable – and still inside Royal Mail. Our owned shops were deeply loss making and many of our agency outlets couldn't support the people who ran them and worked in them. Many had opening hours that were 9 - 5 Monday to Friday which was wrong for customers. Our culture within POL was too often that of a victim: everything was worse than it used to be, it was all someone else's fault and nothing could be done”.*

90. During the keynote speech, I also explained that “*until recently our accounts showed that if we bought an asset – a computer or property.... We had to write it off the day we bought it. Because our financial future was considered so insecure, no one could reasonably assume we would still exist in a few years’ time*” (POL00270665).
91. Although losses were reducing by 2015, the fundamental situation was the same. Our task was to use HMG money to improve the business. An independent Post Office should maintain a national network of Post Offices. By improving its performance, it should create enough profit from trading that it could pay for its maintenance and change programmes. This would be “*commercial sustainability*”, enabling reducing financial support from HMG.
92. From 2015, POL continued to face a number of existential threats, the outcome of which would determine the future of Post Offices. These drove management attention and focus in three key areas:
- IT. While the systems were considered to be operating effectively, they were also old, vulnerable, expensive to run and hard to change. IT management had to be separated from RMG through new third-party arrangements.
  - Financial arrangements. Significant HMG funding would continue to be needed to keep Post Offices operating and delivering the social purpose. Retaining support was dependent on funding being reduced over time: POL had to improve its commercial performance.

- Protecting cash. A significant amount of POL's business is conducted in cash, which has increasingly become a product in its own right. Ensuring that cash was used or recoverable was essential to POL's business model.

## IT

93. The IT landscape was a critical element of and threat to POL's financial position and survival following independence.
94. By the time I joined in 2015, the POL Board had concluded that its IT was old, under-invested and vulnerable. POL's IT had always been provided by RMG but following independence, new, separate third party support structures had to be put in place by March 2016.
95. There were a number of concerns regarding Horizon, the "*Front Office*" IT system. It was dependent on physical data centres which were old and needed continuous investment. It was time-consuming and expensive to change. The contract with the system's provider, Fujitsu, was very expensive. It was slow and expensive to extract data from it. At the same time, it was still understood to be operating effectively as set out in paragraph 146 below.
96. Recognising the vulnerabilities and the high costs of service, the Board had launched a series of material, competitive IT tenders, splitting the estate into Equipment, Networks, Back Office, an Integrator role and Front Office. These tenders were largely complete when I joined. Failing to deliver these IT system changes threatened POL's ability to trade and were my areas of IT focus, as the

Executive accountable for IT, in 2015 and 2016. Most of the contracts landed successfully, although the integrator role was later insourced. The separation from RMG was managed, just in time.

97. In 2015, the Equipment contract was won by Computacentre, the Network by Verizon, the Back Office systems by Accenture and the integrator role by ATOS.
98. POL appeared to have assumed that Fujitsu would win the Front Office contract as only Fujitsu knew how Horizon worked, it owned the intellectual property and Fujitsu owned and ran the data centres that supported it. However, Fujitsu withdrew from the tender, apparently on the grounds that they did not expect to win.
99. IBM won the Front Office award in 2015 and was contracted to create a more modern version of Horizon, independent of Fujitsu. However, we had concerns about the risks of Fujitsu's exit which were discussed in the Board Meeting on 28 January 2015 (Meeting minutes: minutes of Board meeting held on 28th January 2015, POL00021531). During this meeting the Board sought independent assurance of the new Front Office system's integrity and security.
100. The CIO and I identified early into agreeing the new Front Office contract with IBM that we could not confidently expect to complete the re-build of a Horizon equivalent with a new supplier by the time the Fujitsu contract ended in March 2017.
101. Michael Keegan from Fujitsu had also been issuing warnings over our ability to get the work done in time for Fujitsu's planned exit, and it was vital that POL



protected the continuity of operational service in the event that the new Front Office services were not ready in time. I therefore led the arrangements to secure an extension to the Fujitsu contract and between March and May 2015, I corresponded with Michael to agree a 1 year extension on the IT contract and 3 years on Telco. I acknowledged in this correspondence that we were in agreement with Fujitsu that we had no other practical alternatives. (Email from Alisdair Cameron to Michael Keegan and cc'd Steve Clayton and Ruth Phillips re: RE: Fujitsu and POL 15 May 2015, FUJ00175204).

102. On 20 May 2015, Michael Keegan was provided with a briefing paper before meeting me (Briefing for Meeting – Alisdair Cameron (Chief Financial Officer at Post Office) 20/05/15 V1.0 – By: Mark Phillips, FUJ00175206). I had requested that POL and Fujitsu work on the IT and Telco extension agreements together. My recollection is that I did this because our view was that Fujitsu were more willing to extend the Telco agreement, which is supported by the relative amount of detail in this paper.

103. On 21 May 2015 during a Board meeting, when the new contract with IBM for Front Office was agreed, we recommended that the Fujitsu contract be extended by 1 year to ensure operational continuity (Memorandum for POL Board from Lesley Sewell, Kevin Gilliland and Alisdair Cameron – Front Office Contract Award to IBM UK Ltd and Fujitsu Horizon 21 May 2015, POL00027278). However, the Board did not agree to the extension due to cost concerns and asked the Front Office steering group to explore options to reduce the capital investment.

104. It was also noted in a Memorandum for the Board on 29 June 2015, which recommended an extension to the Fujitsu contract to ensure continuity of service, that when the new IBM software was rolled out, any suggestion that branch accounting was not right would delay the implementation of the new system (Memorandum for the Board of Post Office Limited from Alisdair Cameron – Fujitsu Extension Option by Al Cameron 29 June 2015, POL00027309).
105. During a Board meeting on 7 July 2015, the Board was still reluctant to support the proposed extension to the Fujitsu contract, not least because the cost of the works to be done in the data centres (which housed Fujitsu's software) to ensure they could be maintained until March 2018 would be significant (POL meeting minutes RE Fujitsu contract extension with handwritten annotations 2 July 2015, POL00027239).
106. However, continuity of service in branches was POL's greatest concern and a plan that assumed (a) that a major IT programme would complete on time and (b) that service could be maintained without up-front investment was considered to be an unacceptable level of risk. The Board therefore resolved to extend Fujitsu's contract as a contingency against delays in implementing the new IBM contract.

### **Scrutiny of Horizon**

107. Rather than any particular scrutiny of Horizon, in my first few weeks at POL the Board received updates on Sparrow, branch improvements and there was discussion of the response to queries by forensic accountants Second Sight

Support Services Limited (“**Second Sight**”) (see further from paragraph 156). The engagement of the CCRC in respect of the past prosecutions and convictions of Postmasters was also a topic of discussion. These areas are set out in more detail in the minutes from those meetings on 28 January 2015 (Meeting minutes Board meeting 28 January 2015, POL00021531) and in the agenda for the meeting on 12 February 2015 (Post Office Ltd Group Executive Agenda, meeting to be held on 12th February 2015, POL00220849).

108. As set out in the POL GE Agenda for the meeting on 12 February 2015 (POL00220849), the branch improvements paper and Second Sight responses paper were reassuring, and shortfalls were concluded to be the result of Postmaster error. Horizon was considered to be robust, and there was no reason to question the convictions of Postmasters. However, with hindsight, it is deeply uncomfortable to see the ease with which Postmasters were found to be at fault when issues arose.

109. In the Post Office Limited – Post Office Board Agenda dated 25 March 2019 (POL00103479), there is a reference to “*Privileged Reading Room materials. Draft Deloitte report on Horizon (January 2018)*” and “*Summary of previous reviews.*” I do not recall seeing these documents or these references to them, which may have been prepared for the Chairman. I describe my involvement with Deloitte’s work from paragraph 259.

110. I continued to accept the premise that Horizon was fundamentally robust both because experienced Postmasters had expressed that view to me and because I did not see how, given the number of transactions flowing through the system,

systemic problems would not be operationally and financially overwhelming to the business. At the time I only interpreted Horizon to mean the software, and POL did not have a broader consideration of the processing and data issues which could leave a Postmaster with unexplained shortfalls.

111. With hindsight I would now conclude that insufficient scrutiny of Horizon was undertaken before finding Postmasters to be at fault for unresolved shortfalls. I also acknowledge that even as we sought to answer questions on the safe working of Horizon as it operated at that point, this does not mean it operated effectively in earlier periods. I also question the conclusion that Postmaster training was fundamentally sound. In 2017, when I was more involved in Operations, I attended a 2 day training course for new Postmasters and did not consider it to be a strong basis to support Postmasters. I later chased for improvements as a result of this.

### **Financial Arrangements**

112. POL is supported financially by HMG which provides: a borrowing facility to fund the cash held by Post Offices; Cash backed support through the Bank of England's Note Circulation Scheme; Investment Funding for material projects like Network Transformation and a broader change programme of multiple investments. HMG also provides Network Subsidy Payments to enable POL to retain unprofitable branches that were necessary to the social purpose.

113. The social purpose is captured in two critical metrics. The first is that while individual Post Offices will open and close over time, there should always be at

least 11,500 UK locations open. The definition of a Post Office location has changed over time.

114. Secondly, locations must be distributed across the UK and cannot be focused solely on high population areas. This is calculated according to a formula set by HMG, encompassing a number of measures.

115. POL cannot borrow from anyone other than HMG without specific permission, except for standard commercial undertakings such as leases.

116. The rules and definitions governing these agreements could and did change over time, often at the point at which new Funding agreements were put in place. The focus in 2015 and 2016 was to ensure that I and the Board properly understood the facilities and their rules and that there were processes in place to oversee them. The committed facilities were and remain critically important to POL's annual assessment of whether it is a Going Concern.

117. Government support was expected to reduce over time as POL's commercial performance improved. This was my core focus after ensuring that the financial reporting was becoming more robust. The Board decided to focus on our Trading Profit or EBITDAS. This focused the Executive on its own performance and could be derived from the audited ARA, making it less subjective.

118. Commercial improvement was driven in three areas: gross margin; Postmaster remuneration and POL's own costs.

119. Improvements in gross margin such as re-negotiating contracts with Clients were off-set by digital competition and the decline in Government services.
120. Postmaster remuneration is accounted for as a cost, POL's largest cost. The strategy was to reduce fixed pay elements, focusing on variable remuneration that also supported POL's income.
121. When I joined, POL was significantly missing the revenue targets in its original 3 Year Plan. The resulting shortfall in gross margin was substantially mitigated for POL by the fact that variable Postmaster Remuneration was also reduced. That helped POL meet its targets. The business model, treating Postmaster remuneration as a cost, creates a direct trade-off between POL's financial targets and Postmaster Remuneration, which was generally resolved in POL's short-term interests.
122. Reducing POL's own costs was a significant focus for management, often overseen by me, for several years.
123. Cutting the staff and non-staff costs of POL, as opposed to Postmaster remuneration, was an act that was supportive of Postmasters. Any Postmaster I have discussed this with over the years has considered POL to be too expensive and bureaucratic and wanted to see those costs cut, increasing their potential share of available profits.
124. Nonetheless, money could have been spent radically improving the management of Horizon and the management of shortfalls. Our focus on POL's commercial performance meant that this was not a priority.

## Protecting cash

125. Much of POL's business is conducted in cash and increasingly under agreement with the banks, the 'Banking Framework', enabling customers to pay in and withdraw cash.
126. Given the security risks, POL provides the cash, borrowing money from HMG, taking it in and out of Bank of England vaults and delivering it to and picking it up from Post Offices.
127. Postmasters are therefore trusted with very significant amounts of cash and POL's business model and ability to manage taxpayers' money is dependent on being able to determine how that money was used and to recover it if appropriate.
128. POL has a view of what cash, stamps and lottery tickets a Post Office should hold and asks Postmasters to regularly confirm the cash holdings they have by counting (cash declarations) and reconciling the information (balancing).
129. However, POL found it difficult to extract and interpret detailed information over a period of time from Horizon, had a limited competence in understanding how branches worked and felt that it could not know what had happened in a branch.
130. Accordingly, POL took the view that the Postmaster was accountable for what happened in the branch. If there was less cash than POL thought there should be ("*a shortfall*"), POL's position was that the Postmaster was accountable for that shortfall.

131. Postmasters were therefore asked to pay for the shortfalls in accordance with POL's view of their contracts. If unpaid, the balances were classified as debt. This was provided against – written off to the Profit and Loss account - after 60 days, but maintained as an amount owed by that Postmaster. A rising trend of unpaid shortfalls therefore hit the Profit and Loss account and EBITDAS very quickly.
132. My Operations priority from 2017 was to look for ways to stop that cost escalating. This would protect Trading Profit and the business model: POL trusts Postmasters with hundreds of millions of pounds every day and if it does not get the cash back from the Network, the business model fails.
133. To that end we sought to better identify branches with symptoms that suggested a shortfall might exist. We could then count the cash, believing that a shortfall was more likely to be resolved if it was found when smaller. However, we did not spend sufficient time scrutinising what might be the cause of the shortfall.
134. In 2019 and 2020 better work was done seeking to proactively identify branches that were not balancing for a period, or which had visible issues on their accounting for stamps.
135. My feelings remain that these more innovative ways of helping Postmasters not get into difficulty, rather than focusing on recovery after the event, could have been instituted many years earlier and created better ways of working and greater learnings. Unfortunately, the drive for profit meant that we focused on what was material to us, not what was material to a Postmaster.



136. With people changes and the pandemic, together with the uncontrolled introduction of a dispute button into Horizon after the GLO, improvements to the shortfall process went into reverse in 2021 and 2022, with the profit and loss account charges increasing.
137. In 2022 the Retail directorate considered that they were undertaking investigations into shortfalls which were not then leading to repayments by Postmasters and that some sort of legal clarity would be needed, perhaps triggered by deducting repayments from remuneration (Doc: POL\_GE\_Postmaster Losses 16 November 2022 POL00423917 and Doc: POL\_GE\_Postmaster Losses 25 January 2023 POL00423921)
138. On 24 January 2023, I summarised my views briefly to Nick Read and Ben Foat (Email Re: Losses 24 January 2023, POL00423698) listing the significant steps we would have to go through before we could feasibly reclaim shortfalls from Postmasters. In addition, even if those steps were completed satisfactorily, I did not believe that we could practically recover shortfalls from Postmasters through a legal process while we were still using Horizon, given its reputation.
139. We engaged EY to help us assess the position with investigations of shortfalls in branches. On 11 April 2023, I summarised my understanding of their work to that point; *“it does seem that the financial cost [of shortfalls] is driven by our inability to successfully complete investigations and not on our ability to collect established losses. Is that fair?”* (Email RE: Branch discrepancies – Findings and recommendations 11 April 2023, POL00423700)

140. There therefore remained a fundamental lack of clarity on the reasons for branch shortfalls, making any fair resolution impossible. It is my view that POL's business model cannot continue sustainably unless this is resolved whether using Horizon or its replacement.

### **POL's current financial position**

141. While the decision that POL must fund the costs of the Inquiry and compensation schemes was politically and emotionally logical, there is really no POL money that is separate from taxpayers' money.

142. POL is financially incentivised to pay compensation quickly and generously (HMG pays the compensation) but the processes to which it has to adhere to receive that payment are bureaucratic and complex, which slows compensation and increases its overall cost.

143. In accounting terms, where POL states that compensation will be payable, it converts a contingent liability into an actual liability. If it does so without having HMG funding in place, it cannot afford to pay for that liability and could be wrongfully trading, an offence which would change the basis on which the business can be run.

144. In a set of email exchanges between 12 and 16 May 2023 the relationship between funding and timing is set out (Email RE: "Question" 16 May 2023, POL00423920). I was arguing that the resulting delays are unacceptable.

145. I also drew attention to my concern about monthly deductions from Postmaster Remuneration to cover shortfalls, which had been agreed with Postmasters in earlier years during periods when proper investigations into the shortfalls had not been done: *“it took us so long to stop taking the payments. I cannot find an argument that I would be prepared to make in public or private that says we can hold on to the monies paid since 2019, unless we have done the same checks as we did for the small population still paying. And of course HSS [Horizon Shortfall Scheme] does not apply for this period”*.

### **MEDIATION (2015)**

146. In 2015, POL was confidently communicating the position that there was no evidence of any faults with Horizon, or unsafe convictions, nor had any convictions been appealed: *“To date, we have found no evidence, nor has any been advanced by either an Applicant or Second Sight of either faults with the Horizon system or unsafe convictions and no convictions have been appealed.”* (CEO’s Report Jan 2015, POL00219395).

147. While POL acknowledged that there were instances where it *“could have done more”* to assist applicants to the scheme, such as intervening earlier when it became clear branches were experiencing losses, POL was steadfast that it was the actions of the applicants themselves which had caused or contributed to the losses suffered (CEO’s Report Jan 2015, POL00219395).

148. My understanding at the time was that the Board had initiated the mediation scheme with good intentions and a significant amount of work had been done even though POL was unequivocal in its position as set out above. I therefore

accepted that the criminal trials had been fair: it did not occur to me that important material had been withheld from the defence during prosecutions.

149. The CCRC had requested papers on a number of prosecutions without, to my knowledge, feeling any need to intervene. It was not until Brian Altman QC (as he then was) stated that there might have been miscarriages of justice in 2020 that I changed my position.

150. I had little engagement with the Mediation Scheme when I joined POL, as it came to an end shortly after I joined as CFO. There was a Sparrow Sub-Committee meeting on 12 January 2015 which I did not attend, although I may have read the papers at the time, and I did attend its final meeting on 18 February 2015.

151. The 18 February 2015 meeting of the Sparrow Sub-committee discussed that the mediation scheme was failing and there was likely to be an unbridgeable gap between the parties.

152. The proposal of the Sparrow Sub-Committee was to continue to mediate and engage with Second Sight on individual cases, but end both the existing mediation scheme and the broader Second Sight engagement.

153. In email correspondence in March 2015 between myself, Alwen Lyons and others I agreed to support the proposed approach (Email from Alisdair Cameron to Alwen Lyons, Neil McCausland, Virginia Holmes and others cc Alice Perkins, Alasdair Marnoch, Richard Callard and others RE: Sparrow paper for the Board - Action required 3/3/15, POL00138860). I considered that it was possible that this decision to end the mediation scheme could “*trigger*” a reaction from

Parliament, the media or in the courts, however this was likely to be inevitable in any event and therefore should be faced.

154. One of the options put forward by the Communications Director (Mark Davies) in email correspondence in relation to the mediation scheme in January 2015 was that POL provide £5,000 funding to each applicant to the scheme which could be used for legal advice. I indicated that I was content to consider that option (Email from Paula Vennells to Mark R Davies, Alisdair Cameron, CC Gavin Lambert and others re: Sparrow - An idea at pace! 15 January 2015, POL00218860).

155. I do not recall that anything further happened in relation to this proposal, but the feeling that the gap between the parties was so great that it needed to be resolved in the courts was what I understood to be the guiding principle of POL's subsequent legal strategy.

### **SECOND SIGHT (2015) – SUSPENSE ACCOUNTS**

156. Suspense Accounts are a common accounting practice, creating an account on the balance sheet where unresolved transactions can be held while work is going on to resolve them. In my experience, credit balances (amounts due to someone) typically arose because a former customer could not be identified or located, making it impossible to pay them an amount due. After a period, that credit would be released as profit.

157. Such credit differences typically arose in POL where Horizon records created by branches showed an amount payable to a Client greater than the Client

believed it should be, or an amount due from a Client less than the Client believed it should be.

158. Of relevance to this and subsequent sections of my statement, Second Sight is a firm of independent forensic accountants and investigators appointed jointly by a small group of MPs and the Justice for Subpostmasters Alliance (“**JFSA**”) in 2012 to conduct an independent investigation into Horizon. They were contracted by POL who supported the appointment. Second Sight issued several reports in respect of their investigations. The key one for the purposes of my statement was the Briefing Report – Part 2 which was finalised on 9 April 2015 (see later from paragraph 178).

159. On 15 January 2015, very soon after I joined POL, I was asked by Chris Aujard, Interim General Counsel and others for urgent help to answer questions from Second Sight on the operation of POL’s Suspense Accounts (“**SAs**”).

160. I was provided more detail in email correspondence following a Working Group meeting of the Complaint and Mediation Scheme (Email from Rod Ismay to Peter Goodman Re: suspense accounts 15 January 2015, POL00351276). In summary, Second Sight were asking how much was absorbed into POL’s Profit & Loss account from suspense accounts each year, and how much of that related to money which was or could be properly due to Postmasters.

161. The following day, Chis Aujard sent me a separate request. He was seeking someone who was “*technically switched on re suspense accounts*” and who could “*handle themselves in front of an adversarial audience*”. Chris set out that he was “*concerned we give Second Sight no more information than is*

*necessary...*" (Email sent from Mark Underwood to Belinda Crowe and others, re Suspense Accounts on 19 January 2015, POL00040805).

162. I responded on the same day by email to confirm that Rod Ismay who led the FSC, was the right person to handle the queries from Second Sight.

163. I indicated that I was inclined to be open with Second Sight in response to their queries and that Rod should be adequately prepared to answer potentially hostile questions (reflecting the language of "*adversaria*" that Chris Aujard had used) (Email sent from Mark Underwood to Belinda Crowe and others re: Suspense Accounts, 19 January 2015, POL00040805).

164. Chris Aujard proposed a slightly slower timetable for POL to respond substantively to Second Sight's queries, while I was starting to get up to speed with the issues raised (Email from Chris Aujard to Ian Henderson cc Belinda Crowe, Tom Wechsler, rjw RE: Meeting with Finance Team 20 January 2015, POL00310758). This approach was approved by Paula (Email Belinda Crowe to Paula Vennells 20 January 2015, POL00109892).

165. Shortly after these discussions, I saw a draft response to Second Sight, which I was not dealing with directly. On 27 January 2015 I wrote to Chris Aujard and Jane MacLeod that the response needed to be more comprehensive and data driven (Email from Chris Aujard to Alisdair Cameron, CC Andrew Parsons and Tom Wechsler and others re: FW: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253], POL00220084). I also sought confirmation, which I received, that Second Sight were only interested in credit balances in SAs and not branch accounts, to ensure that we were answering the right questions. This

was an important clarification for me because shortfalls in most cases were recorded in branch accounts between POL and an individual branch, not in the SA.

166. In response to my comments, Andy Parsons from our external legal advisors, Bond Dickinson, replied to Chris Aujard that in his view providing too much information to Second Sight would “*encourage further fishing*”. I continued to provide my comments on the draft paper to improve our response to Second Sight’s queries (Emails between Paul Lorraine, Alisdair Cameron, Andrew Parsons and others 29 January 2015, POL00021829).

167. On 28 January 2015, following a discussion, Jane MacLeod wrote to me setting out a suggested strategic approach to the mediation scheme and Second Sight more broadly, including how to move forward. This correspondence demonstrates that the two of us were open at that time to providing funding for investigations, possibly to be carried out by Second Sight, to manage the reputational risk of proposals to end the mediation scheme (Email from Jane MacLeod re Sparrow 28 January 2015, POL00311251).

168. Chris Aujard sent the response to Second Sight on 30 January 2015, and it was copied to me on 2 February 2015.

169. I also provided comments on a note from Second Sight which listed their areas of focus. I said that we had to listen to their concerns but that we should seek a clear distinction between areas where Second Sight had evidence of an issue and those where they speculated could be an issue (Email chain including Tom



Wechsler, Alisdair Cameron, Avene O'Farrell and others 29 January 2015  
POL00150989).

170. I agreed to brief Paula Vennells following a meeting with Second Sight regarding SAs on 2 February 2015 before she went before the Select Committee for an evidence session on the mediation scheme on 3 February 2015.

171. On 9 February 2015 I was asked to provide comments on a draft paper for the Sparrow Sub-Committee by the Communications Director. My comments were that the tone of the paper was negative and could disconcert the Committee. I suggested allowing Second Sight to finish their work and to continue to work with them positively on the issue of SAs (Email from Mark R Davies to Alisdair Cameron cc'ing Jane MacLeod RE: Urgent - paper for sub committee 9 February 2015, POL00130857).

172. I continued to engage with the requests of Second Sight throughout February 2015, liaising with POL's FSC team and considering options such as following individual branch cases through to provide satisfactory answers to their queries (Email RE: Suspense - independent firm - scope & procedures drafts. Including Suspense - Scoping doc for Independent review and Suspense agreed upon procedures attachment 12 February 2015, POL00312064).

173. I also prepared a draft response to Second Sight for the team to work on following the meeting on 30 January 2015, enclosing data and with further explanation regarding SAs (Suspense Update to SS Letter from Alisdair

Cameron to Ian 12 February 2015, POL00312085). The final letter was sent on 13 February, suggesting a further meeting with Second Sight.

174. On 27 February 2015 Belinda Crowe, another departing member of the Legal team, reported back following a conversation with Second Sight (Email from Belinda Crowe to Alisdair Cameron and others re "catch up call with Second Sight" 27 February 2015, POL00102236).

175. Her note explains that Second Sight were grateful for my positive engagement, but that they still suggested that there were large sums of unattributable / unreconcilable money in an unstructured account at the end of each month. This does not reflect my recollection of the evidence we presented to Second Sight at the time; generally the evidence from our work was, I thought, reassuring in respect of the operation of SAs.

176. Throughout March and April 2015, there was continued correspondence between POL and Second Sight to try and resolve their outstanding queries. I was also asked to consider and approve wording around SAs for the Initial Complaint Review and Mediation Scheme End of term Report V.7 (POL00040932) dated 6 March 2015.

177. My overall recollection is that I had a final amicable meeting with Second Sight, which according to my diary took place on 4 March 2014, and the information provided in respect of SAs was reassuring to me and, I believed, to them.

178. However, on 13 March 2015, Mark Underwood from the Legal department emailed me and Rod Ismay stating that Second Sight had reported experiencing

difficulties obtaining access to evidence from POL, including detailed transactions relating to SAs. He highlighted particular paragraphs in the Second Sight draft report and asked for my comments on the same.

179. In response to this email chain (Email chain from Mark Underwood to Alisdair Cameron cc Rod Ismay, Belinda Crowe, Andrew Parsons RE: Second Sight's Part Two Report and assertions made in relation to Suspense accounts, 20 March 2015, POL00225156), I set out my understanding, suggesting what I believed to be more accurate wording in respect of the highlighted sections of the draft report and the position that had been reached. I agreed that some numerical data on aspects of the client accounts themselves were outstanding and confirmed that we could close this issue. I also pushed back at the idea that released credits to the SAs were "*substantial*" compared to the value of the transactions being processed.

180. I wrote to Second Sight on 23 March 2015 setting out POL's position in respect of SAs, in particular our conclusions that they were effectively controlled. I felt that based on the knowledge I had accumulated in the last few weeks, Second Sight should be satisfied from the information we had provided that there was no evidence that Postmaster credits were being released to POL's profit and loss account inappropriately at that time.

181. Second Sight responded on 27 March 2015 that the information provided by POL 9 months previously that all unmatched transactions were posted to a single SA "*was not correct*". My understanding was that this referred to individual client creditor accounts, where transactions were recorded to be

matched and processed. Unmatched items would initially be held there before being transferred to the main Suspense Account. Second Sight therefore felt more investigations were required of unmatched items in individual third-party client accounts and they might need to look further at the main Suspense Account (Email from Ian Henderson to Alisdair Cameron, Rod Ismay, Jane Macleod and others RE: Client Suspense Accounts – Confidential 27 March 2015, POL00313968).

182. I reiterated on 30 March 2015 that I found the evidence we had obtained to be reassuring.

183. On 10 April 2015, I received excerpts from Second Sight's Part 2 report from Mark Davies who characterised it as "*flawed and inaccurate.*" (Email from Mark R Davies to Alisdair Cameron, Re: Sparrow 10 April 2015, POL00102389). In respect of SAs, he summarised that the report claimed that POL was potentially profiting through money in SAs which could be due to Postmasters.

184. In response, I suggested a clarification: the large figures in SAs represented amounts due to Clients, and not amounts that were overdue, or unreconciled amounts which therefore could be due to Postmasters. The description in the Part 2 report was therefore misleading. We had already explained to Second Sight that the statistic which gave comfort was that neither account had any unreconciled balances which were over 6 months old, meaning that transactions had been resolved between POL and its Clients and customers.

185. In summary, I did not see grounds to be concerned about the operation of the Suspense Account or the Client Creditors. If there were unresolved credit

transactions due to Postmasters stuck in suspense, there would be a large balance of older items, however the two material accounts we investigated had no balances over 6 months old. There also was no evidence from the investigations undertaken by POL that significant credits were being released from SAs to Profit & Loss. I do not know whether that could have happened in earlier years, as I am not familiar with the way the SAs were operated before I joined POL.

186. I was surprised and upset by what I felt to be a gap between the conversations I had had with Second Sight, the data we had shared and their conclusions in Part 2 of the report. My position had been to be open with Second Sight and answer their questions properly, even though others at POL had concerns about their professionalism and the scope of their work. Following this experience however, I wondered if there had been a "*wilful misunderstanding*" (Email from Mark R Davies to Alisdair Cameron, Re: Sparrow 10 April 2015, POL00102389).

187. I had very little engagement with Second Sight thereafter in respect of SAs although I was involved in the later Deloitte reports (see from paragraph 259), which formed part of our preparation for the GLO.

188. I had no animus to Second Sight. On 9 February 2022, Tim McCormack (a former postmaster) wrote to the Inquiry and copied Nick Read, raising a concern about the reconciliation of cash received in our cash centres. I offered Tim McCormack the opportunity to visit a cash centre and go through our approach with the Head of Cash Logistics to reassure him. I agreed that he could bring Ron Warmington of Second Sight with him.

189. Following this visit, Tim McCormack copied the Inquiry into an email on 28 March 2022 which finished by thanking me for giving him and Second Sight the opportunity to visit the cash centre to “*see and hear for ourselves the progress that is being made.*” I therefore remained open to working with Second Sight.

190. I have always been conscious that they continue to argue that Postmaster credits had been siphoned into POL’s profit and loss account but I have never been clear of the evidence that they were relying on.

#### **EXECUTIVE AND LEADERSHIP (Second Sight)**

191. My emerging view across my first year at POL was that the competence of the Finance teams and the control environment were weaker than they should have been. There were people with operational capabilities undertaking financial roles. This was very substantially improved over time.

192. In the context of Second Sight, there was significant internal back-and-forth in correspondence as the POL teams worked through Second Sight’s requests. As I was new to the business, I was surprised that it had taken so long to provide the information Second Sight requested, and that the default position was to give as little evidence as possible.

193. The correspondence demonstrates that I generally pushed back at this, and used my role as CFO to engage with Second Sight in completing their investigations.

194. The sense I got was that there was a core group of people at POL who led the management of the mediation and Second Sight issues for Paula Vennells,

including Andrew Parsons, Belinda Crowe, Chris Aujard, Mark Davies, Angela van den Bogerd and over time, Jane MacLeod. They seemed convinced that Second Sight was acting beyond the scope of the work it had been hired to do. The position at POL was that Second Sight would seek evidence to support its hypotheses rather than drawing proofs from individual cases and then seeking to prove or disprove them.

195. Paula seemed open to the idea that we were taking too legalistic an approach in dealing with Second Sight (Email from Paula Vennells to Alisdair Cameron re: Mediation Scheme 30 January 2015, POL00109933). However, I don't recall us discussing it specifically and I assume that, ultimately, she agreed with her team's consensus above.

#### **OUTREACH BRANCH REMITTANCE ISSUE (2015)**

196. The Outreach Branch remittance issue was escalated following an article in Computer Weekly. In summary, the article had described a warning issued by the Communication Workers Union ("**CWU**") to members regarding issues in Horizon which had been sent by the POL IT Help Desk.

197. It described circumstances where it was possible for an operator error to duplicate a transaction between an Outreach branch and Central hub. Chris Broe, the Interim CIO, informed me that the issue was known about, was relatively rare and a change had been agreed to Horizon in order to mitigate operator errors likely to cause the problem.

198. We agreed the lack of escalation until that point was a concern. Chris was also determined that the Communications team discuss IT issues with him before they responded to journalists (Email from Alisdair Cameron to Neil Hayward, Jane MacLeod, Paula Vennells re Outreach Branch Remittances 12 November 2015, POL00153623).

199. I do not recall whether this correspondence was followed up or if any further actions were taken. I do not recall whether we made any investigations into the potential implications on Postmasters of this issue.

#### **HORIZON ISSUE IN (2016)**

200. On 9 May 2016 there was a failure of Horizon which meant that a significant number of branches were unable to enter transactions. As part of business continuity testing, Horizon had been operating for a short period on its secondary server and had on the previous day been brought back to its primary server. This test was intended to give confidence (or learn lessons) in case this was ever required after a server failure.

201. However, on the morning of 9 May 2016, the primary server failed, and a reboot of the primary server was required. This was resolved 90 minutes later, by approximately 10.30am, and there was no further disruption to service.

202. I provided a note to the GE on the same day summarising the issue, the next steps and the importance of ensuring there was no adverse impact for Postmasters such as if the outage led to incomplete or unbalanced transactions



(Email from Alisdair Cameron to Angela Van Den-Bogerd RE: Fwd: Horizon Issue – urgent 9 May 2016 POL00241349)

203. A NED (Tim Franklin) raised a concern to Paula Vennells that the note to the Board, which was sent late the same day, was unacceptably delayed and led to his being updated based on media reporting (and after being questioned about the issue by an external partner). I acknowledged this and set out the position in respect of incomplete transactions and how they would be managed, including that a full review of branch level transactions would be undertaken by the back-office team. Paula supported this approach and identified that there were lessons to be learned quickly as a result of the system failure (Email from Tim Franklin to Paula Vennells RE: Media coverage on Horizon system failure 9 May 2016, POL00241374).

204. The correspondence following this incident demonstrates the actions taken by POL. Chris Broe set out a Lessons Learned and Proposed Actions on 10 May 2016, including improved IT incident alerting, incident handling, future avoidance and business communications (Email from Chris Broe to Mark Davies, Paula Vennells, Kevin Gilliland and others re: Horizon Incident 9th May 2016 - Diagnosis, Lessons Learned and Actions 10 May 2016, POL00163019).

205. I raised our concerns with Fujitsu on 11 May 2016, given there had been a similar issue a couple of months previously and received a response from Regina Moran (Fujitsu relationship lead) reiterating Fujitsu's commitment to a successful strategic partnership with POL and confirming that the root cause would be shared as soon as it had been identified (Email from Regina Moran to

Alisdair Cameron, CC'ing Gavin Bell, Chris Broe, and another re: Update - doing a full investigation and working with Oracle 11 May 2016 FUJ00169083).

206. This was followed by a formal letter to Fujitsu written by the new CIO Rob Houghton on 12 May 2016 setting out POL's grave concerns regarding the events leading up to and the handling of the service incident. I was copied into this correspondence (Letter from Robert Houghton to Gavin Bell (Fujitsu) re: RE: Horizon service outage incident on 9th May 2016 ("Service Incident") 12 May 2016, FUJ00175319).

207. Following further internal correspondence, Paula was updated on 25 May 2016 as to progress in responding to the incident including POL's response to the risk of branch shortfalls as a result of the service disruption.

208. The correspondence demonstrates that POL took the incident seriously and learned lessons. We were proactive in making sure Postmasters were not out of pocket as a result of any unbalanced transactions caused by the incident.

209. As far as I can recall, there has been no similar service incident since, although business continuity testing of Horizon has been limited given its age and fragility.

### **INTERIM CEO 2019**

210. In late 2018, Paula Vennells told us that she was leaving POL. Her departure date would be April 2019. It was clear that the process to replace her would take longer than that and an Interim CEO would be required.

211. Appointing me as Interim CEO, as agreed between the Chairman and the Minister, was the simplest solution because I was already a member of the Board. I agreed to serve as Interim CEO and indicated that I would apply for the permanent role as did one other member of the management team. The role would be also advertised externally.

212. In practice, I increasingly started taking over the Interim CEO role from the beginning of March 2019 IRRELEVANT

213. The process to find a replacement, which would be determined by HMG, concluded in July 2019 and I was not successful. Nick Read, the new CEO, was quickly available and started in September 2019.

214. We had not found a CFO replacement, so I reverted to being CFO, a role I had never fully relinquished.

215. My reflections are that the outcome of the Common Issues Trial (“CIT”) and the pressure on POL to address the issues arising from that judgment meant that having an entirely new CEO with no previous involvement in the business was the right decision.

216. My time as Interim CEO was intense and busy. In a letter to Tim Parker on 20 March 2019 the Minister set out her expectations: respond to the GLO, make things more attractive for Postmasters and improve financial sustainability (Letter from Kelly Tolhurst MP to Tim Parker - Re: Appointment of Al Cameron as interim CEO 20 March 2019, UKGI00009385). On 9 July 2019 I received a letter from Alex Chisholm (Letter from Alex Chisholm to Alisdair Cameron re:

Accountable person: Instruction from BEIS permanent secretary to the CEO of Post Office Ltd on accountabilities and responsibilities 9 June 2019, UKGI00010163).

217. I provide fuller detail later in my statement of the actions I took in my role as Interim CEO in relation to matters investigated by the Inquiry (for example the GLO). From a governance perspective, my primary concern as CEO following the judgment in the CIT was to change our legal advisors. We appointed new General Counsel (Ben Foat), supported by a fresh external legal team from Herbert Smith Freehills (“**HSF**”). We also changed Leading Counsel for the final stages of the appeal against the CIT judgment. This led to a change in legal strategy and a move to settlement.

218. A key focus of my early tenure as Interim CEO, even before the CIT judgment, was improving support for Postmasters. This was the main focus of speeches I discussed with the senior leadership group and delivered on 15 April 2019 at the NFSP conference (POL00270665) in which I emphasised: “*We have to make it easier for Postmasters to make more money for less effort and in a better spirit of partnership.*” This focus was given extra momentum by the NFSP survey highlighting the risk of losing Postmasters which led my appearance at the Business Select Committee in May 2019.

219. We announced higher Postmaster Remuneration and a process to review it further, enabling a second increase later that year. This was enabled by the very significant increases in prices agreed for the Banking Framework.

220. During my tenure as Interim CEO, I also got involved in two more specific branch issues that are relevant to the Inquiry.

221. At the first individual branch, they had experienced a material shortfall. I asked the Operations team to investigate and it took a number of weeks. The reason, I was told, was that through a period when the Postmaster was ill, a series of temporary Postmasters had not been recording stamps in-and-out accurately.

222. Due to my concerns that the stamp recording issue could be a significant one, and not knowing at that stage how long I would be in role, or with POL, I reported the issue to Ben Foat, so the issue would not be lost. I informed Nick Read when he joined.

223. This was escalated and following an independent review led to the Stamps remediation scheme and improvements in the stamps processes. However, I remain concerned that the 'solution', scanning stamps in and out of branches and reconciling those movements to Supply Chain's records, was still not, in 2023, either delivered or planned within the Horizon replacement programme.

224. The second issue was that I was contacted in June 2019 by Tim McCormack, a former Postmaster, asking to speak to me. I cover this in more detail from paragraph 409 below.

## **BATES & OTHERS LITIGATION**

### **First Involvement**

225. On 18 February 2015, as the Mediation Scheme started to lose support, there was a suggestion, in the Sparrow Sub-Committee, that a legal case was being prepared against POL. During late 2015, 2016, I recall there being less attention focused on these issues by the GE and the Board: the Chairman's review was understood to be going on, although it was kept secret as legally privileged, even from the Board; work on SAs was not making progress; and I do not recall being much involved with the residual elements of Sparrow/Mediation.

226. In April 2016, a High Court claim was issued against POL by a group of Postmasters and a Group Litigation Order was subsequently issued by the Court to manage the claims in March 2017. Around 555 claimants joined the GLO and the Court ordered that the case would be heard through a number of trials to cover various issues. Of the trials that went ahead, the first, the CIT, sought to answer a number of questions about the contracts of Postmasters with POL. The second, the Horizon Issues Trial (HIT), covered questions relating to the robustness of Horizon, both at the time of the litigation and historical versions. Further trials were scheduled but never took place due to POL and the Claimants coming to a settlement agreement in December 2019.

### **Litigation 2017 – 2018**

227. I do not recall having much personal involvement in POL's strategy or management of the GLO until late September 2017, when Jane MacLeod was discussing the approach to the Case Management Conference ("**CMC**"), which was scheduled for October that year.

228. On 22 September 2017, in email correspondence Jane summarised some notes for a meeting arranged with Paula Vennells and the Shareholder Representative in advance of the upcoming CMC, which would set the legal direction for the case for the next 1 – 2 years (Email from Jane MacLeod to Avene Regan, cc Paula Vennells and Alisdair Cameron re Litigation- meeting with Tony Robinson, 22 September 2019, POL00250703).

229. Key questions to be decided in the litigation included whether Horizon was robust and whether Postmasters' contracts were "*fair*" and supported POL's operating practices.

230. Having reviewed these documents recently, I do not recall the question of the fairness of the contracts being debated internally. My recollection is that the GLO sub-committee later discussed the apparent gap between the legal approaches of each party: the Claimants sought a decision on fairness and POL remained focused on whether the contract was consistent with the law. However, I am not a lawyer and may have misunderstood this point.

231. Following the CMC, POL's general case management strategy was set out in a Steering Committee Briefing paper and agreed in October 2017 (Steering Group Briefing Paper: Update on case management strategy meeting 4 October 2017, POL00006462). POL's legal strategy remained largely unchanged after the CMC as no key additional information was brought to light.

232. In December 2017, Jane updated me and Paula that the Steering Group would be asked to consider at their upcoming meeting initiating settlement discussions for two particular groups of claimants. The advice was that there was financial

and tactical value in seeking to settle particular issues and demonstrating POL was willing to engage to narrow the issues (Email chain from Jane MacLeod to Andrew Parsons and Rodric Williams, Re: Postmaster Litigation 5 December 2017, POL00024292). However, I do not recall settlement discussions being progressed any further at that time.

233. Until the GLO Sub-Committee was formed in 2018, I do not recall having a formal role in POL's management of the proceedings. However, I was usually copied in to notes and invited to meetings by Paula and Jane as well as participating in Board meetings.

234. On 28 January 2018, Jane provided a fuller update in respect of the GLO which confirmed that there would be a first trial (CIT) for four weeks from November 2018 to determine the correct interpretation of the Postmaster contract and whether additional terms should be implied (Email chain between Jane MacLeod, Alisdair Cameron, Paula Vennells and others Re: Postmaster Litigation - Briefing notes for the Board, 28 January 2018, POL00024182). Four weeks had been set aside for a second trial in March 2019.

235. Jane also set out POL's proposed strategy including contingency and mitigation planning, the timetable for obtaining legal advice on the merits of POL's case (which was to be reviewed at key stages), and a proposed security for costs application. I was informed that two Silks had been briefed, David Cavender QC and Anthony de Garr Robinson QC (as each then was).

236. David Cavender QC was asked to consider how he would approach the claim if he was advising the claimants rather than POL and highlighted particular issues



to POL during this exercise including the reliability of Horizon, training of Postmasters, and SAs. We also considered the gross value of the claims, although at that stage the allegations were unsubstantiated and there were several variables to consider such as whether any of the individual claims were time-barred.

237. In my reply to the GLO update, I noted that settling the claim for a moderate amount would enable POL to move forward, and we should give this serious consideration.

238. In March 2018, the GLO Sub-Committee was set up and I was a member. The updates were provided to us orally. The first GLO Sub-Committee meeting in March was largely a procedural update as to the status of the GLO. During the May meeting we considered an opinion from our instructed Silk on the common issues, although I have not recently seen any minutes from this meeting setting this out.

239. In correspondence on 6 June 2018, Jane MacLeod updated us that a further CMC was scheduled for 5 June 2018 and that the claim had been valued by the Claimants at between £80-90 million (E mail from Jane MacLeod to Tim Parker; Ken McCall; Carla Stent; Tim Franklin, re: Postmaster Litigation - Confidential and subject to Legal Privilege - Do not Forward 1 June 2018, POL00103336).

240. During the summer of 2018, Jane and Angela Van Den Bogerd, who was supporting Jane, undertook a piece of work to assess the Claimants' challenges to the way in which the Postmaster contract was implemented ahead of the upcoming CIT.

241. My view was that we should use the time before the CIT to improve the contract for Postmasters where we felt it was weak. However, legal advice cautioned against clarifying the contract in any way in advance of the trial. Instead, substantial contingency work was undertaken to risk rate the different challenges to the contract, by impact and likelihood, assessed with reference to legal advice.

242. This was discussed at the GE on 18 July 2018, and again during a Board meeting on 31 July 2018 (Meeting minutes: minutes of Board meeting held on 31st July 2018, POL00021556) with higher impact ratings attributed to the challenges on causation of shortfalls and liability for losses, given these would lead to immediate financial impacts for POL in the event of an adverse judgment. Suspension pay was categorised as an operational issue. This work provided a clear view of where POL should focus its efforts when the CIT Judgment was subsequently published.

243. Also during the summer of 2018, there was correspondence between Jane MacLeod, Stephen Clarke (of UKGI) and me regarding a briefing with Permanent Secretary (Alex Chisholm) of the Department scheduled for 10 September 2018 (Email from Alisdair Cameron to Stephen Clarke RE: Post Office Group Litigation - SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD 5 July 2018 POL00255647).

244. We discussed particular areas of focus for the briefing including the issues at stake in the upcoming CIT, the implications of losing for POL, contingency

arrangements, and the issue of settlement. We also arranged a pre-meet with UKGI to go over the agenda prior to the briefing.

245. In September 2018 I received correspondence from Jane, copying various others from our legal advisors at Bond Dickinson, which started as a request for guidance about security for costs (Email chain from Jane MacLeod, Andrew Parsons, Rodric Williams and others Re: Postmaster Litigation - Security for Costs 16 September 2018 POL00024204). Our legal team had recommended POL make this application, which was due to be heard later that month.

246. However, the Claimant's legal advisors had served a request for a cross undertaking for damages, so if POL lost the CIT we would be required to indemnify the Claimants for the cost of providing the security. Paula Vennells and I had particular concerns about being asked to take this decision by our legal team, which risked public money, with "*little data and no notice*". The final decision was influenced by a desire not to back down at the first sign of a fight. Despite this being in line with the advice provided to us, Paula and I had concerns whether we had been advised well enough, and I felt that the Claimants had better advisors.

247. On 16 October 2018, Paula and I exchanged correspondence to prepare for the next day's meeting with the Permanent Secretary of the Department, copying the General Counsel and the Communications Director. Paula acknowledged the importance of using neutral and balanced language when communicating the risks associated with the litigation. Key areas included the focus on resolution, but it was noted that POL was not afraid to appeal if the judgment

was flawed and had strong legal support to do so. Contingency arrangements were in place for various potential outcomes of the CIT, and we had a plan to engage with the media and challenge examples of biased reporting.

248. In this correspondence, Paula acknowledged that Postmasters had undoubtedly "*suffered badly*". However, this was not because of Horizon but because they had got out of their depth, and suggested there was the opportunity to engage in mediation after the two trials were completed (Email from Alisdair Cameron to Paula Vennells, Jane MacLeod, Mark R Davies Re: Tomorrow's GLO Meeting 16 October 2018, POL00154340).

249. In my response to Paula's correspondence, I focused on the losses in the Network which had arisen as a result of POL's decision not to prosecute Postmasters until we could prove that Horizon was reliable. I noted that this had caused an increase in losses to POL, and a reduction in the recovery of shortfalls, in the past couple of years. However, POL was improving at identifying shortfalls earlier and sharing them with auditors and agents.

250. On 17 October 2017 the meeting took place for the Permanent Secretary to scrutinise POL's preparations for the upcoming trials and contingency plans, including potential implications for the business of adverse findings and a planned approach to settlement and communications.

251. I have now seen the Department briefing for the Permanent Secretary at that time, which notes that "*There is a consensus that it is not appropriate or feasible to settle in the short term but there will be a mediation window in March 2019.*" (BEIS Agenda: 'Post Office: Horizon Trial Contingency Planning' 17 October

2018 UKGI00008519). During this meeting, I believe the Permanent Secretary challenged POL on plans for mediation and the argument that we could not at this point settle the case. This is based entirely on my recollections as the minutes from this meeting are not clear (Draft read out note of POL meeting in HoC on 17th October 4-4:45pm 17 October 2018, UKGI00008554).

252. My recollection is that we felt that POL would never be able to recommend a settlement that would satisfy the Claimants, as there were individual claimants in the GLO who had already signed full and final settlements but had still chosen to become involved in the litigation. The shared view was that we needed to win or lose to resolve the complex issues raised, and our legal advice was that we had a strong legal claim and were likely to win.

253. The counter-argument was that if we didn't fight, we couldn't lose – and while another case might emerge in 2-3 years time, that could be settled too. We didn't follow that line of thought believing that only a win or a loss in court would enable a satisfactory solution for either party.

254. Later, I was accused of a cynical 'kick the can down the road' strategy when I said that POL could manage the costs of the litigation because we had deeper pockets. POL pursued a win or lose strategy because we thought we would win, and we also thought that we could only reach a resolution with a decisive verdict one way or the other. If we had wanted to 'kick the can down the road', we would have settled the case in 2018 and waited for any further cases to emerge later.

255. The outcomes of the meeting were increased information-sharing with the Department and a planned Cabinet paper on the strategic issues POL faced.
256. Generally, the correspondence from the beginning of the GLO, and POL's external communications strategy, demonstrates our intention to robustly defend the claim. The view was that of the huge number of transactions that were processed daily by Horizon, only a very small percentage of Postmasters who had used it had experienced issues of the kind alleged by the Claimants. This was reflected in our legal strategy (Email from Melanie Corfield to Mark R Davies, Rodric Williams, Ben Float and Bob Hammond RE: For action- F&O call on Thursday 2.15pm 21 November 2018, POL00259560).
257. By December 2018, POL was expecting to receive the CIT judgment mid-late January 2019. At this stage, POL's contingency planning included consideration of the potential for a decision to appeal the judgment. Proposals were set out in detail and the Chairman was responsible for the decision with Paula Vennells and myself, based on advice from POL's legal team.
258. General Counsel from UKGI had also asked to be briefed on how POL intended to reach any decision on whether to appeal the CIT judgment. We discussed producing an appeal matrix using our contingency planning as a guide to POL's response on each possible finding in the awaited judgment (Email from Jane MacLeod to Paula Vennells, Alisdair Cameron and CC Rodric Williams re: Board Report re Litigation CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD 17 December 2018 POL00260202).

### **Involvement in the Deloitte reports**

259. I have set out my earlier involvement in respect of POL's SAs and answering queries from Second Sight (see above from paragraph 156). The following section sets out the further work POL commissioned in respect of SAs from June 2016.

260. This work was never fully visible to me as it was conducted under legal privilege. I assumed its purpose was to provide a definitive answer to the concerns raised by Second Sight that the Suspense Account and any related Client Creditor accounts could have housed Postmasters' money before a release to the POL profit and loss account.

261. On 1 June 2016, Mark Underwood forwarded to Deloitte a note that I had sent him setting out the position in respect of SAs (Email from Mark Underwood to Mark Westbrook cc'd Patrick Bourke re: Private & Confidential: Subject to Legal Privilege 3 June 2016, POL00242323). In this correspondence I set out the importance that all concerns raised in respect of SAs should be investigated and issues rectified.

262. I suggested engaging Deloitte to investigate the balances at year-end 2015 and 2016 to check my conclusions and to identify explanations for any credits released to the POL Profit & Loss accounts to confirm that they did not belong to Postmasters. I also suggested that POL should review every client account to demonstrate that there were no material balances of unmatched items more than 6 months old (as previously discussed with Second Sight), and that unmatched credits cleared from the client accounts over the period went to an identified SA for resolution.

263. Most importantly, I recommended that Deloitte should confirm using transaction analysis that there was no systemic branch impact and that the SAs did in fact operate as I understood them to.

264. My email on 3 June 2016 (POL00242323) contains some important points. In particular, my note had not yet been checked for accuracy, and while it could draw conclusions on what was happening in 2016 it could not confirm how SAs had operated in 2005. I clarified that POL had not sought to state that it was impossible for a branch to ever be "*out of pocket*" but that POL had no reason to believe that as a result of the operation of the SAs Postmasters were systemically and unknowingly losing money, to POL's gain.

265. In early 2017, I was forwarded correspondence between our legal advisors and Angela Van Den Bogerd seeking my approval to sharing a Deloitte paper with them on the issue of SAs. On receipt of this, I immediately contacted General Counsel and indicated that I had not been aware that further work was being conducted in relation to SAs and asking to be copied into all ongoing correspondence as I, as CFO, held ultimate accountability for preparing POL's accounts (Email chain from Alisdair Cameron to Jane MacLeod re: Private & Confidential: Subject to Legal Privilege: Suspense Accounts 8 February 2017, POL00110592).

266. It appears to me now that the additional work was commissioned substantially later than my suggesting it in June 2016. I emphasised that I should be included in any meetings and copied into information exchanges to ensure that information provided was reliable.



267. Following this, on 22 March 2017, a note was sent on my behalf (by my PA) to members of the POL Finance team setting out a planned Deloitte investigation into SAs (Email chain from Ruth Phillips to Kay Wilson, Paul Smith and others re suspense account 22 March 2017, POL00247840).

268. Through 2017, I was kept apprised of the scoping of Deloitte's work and we discussed how many accounts they wanted to investigate.

269. In November 2017, a noting paper prepared by Bond Dickinson refers to two Deloitte reports prepared to investigate allegations made by the Claimants pertaining to the reliability of Horizon (Post Office Group Litigation Steering Group Meeting - Noting Paper: Deloitte Reports 3 November 2017, POL00024323). I don't recall this paper and I do not know if I saw it at the time. My recollection is that the formal GLO Sub-Committee was not in place until 2018 and I did not have such a meeting on 3 November 2017, according to my diary.

270. The Bond Dickinson paper notes that the first 'Main IT Report' dealt with allegations that discrepancies in branches were caused by bugs in Horizon. The second report covered allegations that POL operated SAs which held unattributable surpluses, which could be generated from branch accounts, which after a period were swept into POL's profits.

271. The paper notes that the second report had been reviewed by Mark Underwood and by our legal advisors. It summarises the report's conclusions that controls should be stronger and Deloitte "*should be able to establish*" if POL benefited in

the way alleged by the Claimants by reviewing branch transaction data. There was no confirmation that this next stage of work would be undertaken.

272. The paper notes that, once finalised, the second Deloitte report would be shared with me for comment. I do not recall ever seeing the Deloitte SA report or having any further discussion about it.

273. As far as I can recall, the Deloitte work on SAs was never completed. While it was overtaken by the litigation, we were not aware of any materially adverse findings.

274. Following concerns raised by Lord Arbuthnot in February 2020, KPMG were commissioned to investigate SAs again and the ARC considered a paper that summarised KPMG's findings: *"In summary...these suspense accounts should not result in Post Office pursuing Postmasters for sums it had or could eventually take to profit. This is because sums housed in suspense accounts are either not taken to a profit and loss account; or relate to unmatched transactions due to customers (not Postmasters); or relate to surpluses rather than shortfalls."* It did, for completeness, describe a way in which it was theoretically possible for it to happen (Doc\_ARC\_Current Operation of Suspense Accounts, 27 July 2020, POL00423922).

275. It was agreed that KPMG would provide a second report on the same issue but relating to the past which was reviewed in November by the ARC (Doc: ARC Committee Report, 24 November 2020, POL00030907). This reached similar conclusions to the July 2020 report, noting two possible exceptions.

### **Accounting treatment of the litigation**

276. As CFO of POL, I was engaged with the accounting treatment of the litigation.

277. In May 2016, I was involved in discussions with the ARC members and our external auditors whether POL should disclose the GLO claim in our accounts now that it had been formally lodged in the High Court (Email from Carla Stent to Alisdair Cameron and Tim Franklin CC'ing Peter McIver RE: Conversation with EY team relating to Post Office ARC meeting 26 May 2015 POL00241640). It was noted that the GLO was an unqualified claim which POL's management considered to be unjustified and intended to robustly defend.

278. Discussion of the accounting treatment of the litigation and what was appropriate disclosure in each year's accounts was debated several times. In particular, we discussed how we might value the claim (given that it had not yet been quantified by the Claimants) and whether there was a liability that needed to be provided for.

279. At a meeting of the ARC on 28 June 2016 (Post Office Limited Audit, Risk and Compliance Committee Minutes 28 June 2016, POL00021446), it was noted that following an estimate from the Claimants in their skeleton argument that their claims were worth up to £90 million, EY had recommended that POL disclose this figure in their accounts. Following a discussion, it was concluded that while the existing draft disclosure in the contingent liability note needed to be expanded, disclosure of the estimated claim value might not be a reliable reflection of the actual value of that claim, and POL's strong preference was not

to disclose the estimated figure. This was subsequently accepted by EY in July 2017 and the estimate was not referred to in their audit report.

280. In early July 2018, I sponsored a report which considered the accounting treatment of the GLO against IAS 37 (Post Office Group Litigation Report 1 July 2018, POL00120814). The report noted that, taking into account all available evidence including the advice of independent experts, our legal advisors and Leading Counsel, it was "*possible although not probable*" that a present obligation existed, making the GLO a contingent liability requiring disclosure. This report concluded that POL should disclose the claim in the 2017/18 annual report as a contingent liability under the definition in IAS 37.

281. Following this report, an internal panel at EY tested the arguments put forward in respect of the disclosure of the liability (Email from Alisdair Cameron to Jane Macleod RE: POL Contingent Liability Issue and Outstanding Items 16 July 2018, POL00255796).

282. In later email exchanges with EY, they confirmed that the claim was a contingent liability and did not need to be disclosed in their audit opinion. There was subsequent internal discussion with General Counsel regarding the appropriate wording for the disclosure of the claim as a contingent liability (Email from Jane MacLeod to Paula Vennells, Alisdair Cameron, Carla Stent and others re Postmaster Litigation - Disclosure in the ARA 27 July 2018, POL00255968).

283. A similar discussion took place during an ARC meeting on 29 May 2019 (Post Office Limited Audit and Risk Committee meeting Minutes of 29 May 2019,

POL00021447). Following this discussion, management agreed to support PWC (our new external auditors), to seek advice from Counsel why it was difficult to set down a reliable estimate of the claim's value.

284. In June 2019 as POL turned more to the possibility of settlement of the GLO, we considered that given the Claimants had still not fully quantified their claim, it remained impossible for POL to come up with an effective estimate for disclosure or provision in the annual report, although we could speculate on the potential range of settlement costs (Email Chain from Alisdair Cameron to Tim Parker, Ben Foat and Alan Watts re: FW: Letter from Kelly Tolhurst MP Re POL (May 2019) - Legally Privileged 2 June 2019, POL00103569).

285. It was also noted by the Shareholder Representative that it was important to be aware that disclosure in POL's accounts of speculative figures could have significant implications for the ultimate cost of settlement and cause concerns in the Department which POL would need to be able to address (Email from Thomas Cooper to Alisdair Cameron, Alan Watts and Ben Foat re: Legally Privileged - GLO sub-committee 5 June 2019, POL00276017).

### **Litigation 2019 – 2020**

286. In January and February 2019 my involvement in the GLO was limited. There was a meeting of the GLO Sub-Committee on 11 February 2019, and I was copied in on a note from Paula Vennells to various members of the GE expressing "*serious concerns*" about Fujitsu's witnesses, and over our understanding of the issues (Email from Paula Vennells to Rob Houghton, Jane

MacLeod, Rodric Williams and others RE: Fujitsu Call 11 February 2019, POL00176667) I do not recall seeing any further correspondence in this chain.

287. During March 2019 I was increasingly acting as the Interim CEO in Paula's absence and this was formally confirmed in April.

288. I therefore took a lead with the Executive team when we received the news on 8 March 2019 that POL had lost the CIT on all counts, that Mr Justice Fraser had found that the Postmaster contract was relational (which POL had disputed), and that he had therefore found various implied terms in that contract that POL had not been enforcing. The judgment was extremely critical of POL.

289. I was in correspondence with Jane MacLeod between 8 and 11 March 2019 and we agreed that a Board call should be set for 12 March 2019, which I had discussed with the Chairman (Email from Alisdair Cameron to Jane MacLeod in response to proposed email to Post Office Board following the judgement in the Common Issues Trial 8 March 2019, POL00267444). In this correspondence I also proposed the content of a note to be circulated to the Board ahead of the scheduled call. Initial areas of focus included the legal approach, operational reactions, IT, Agents, communications and stakeholder management as well as governance, funding and budget considerations (Email from Alisdair Cameron to Jane MacLeod RE: Board Call on the GLO – Legally privileged and confidential 11 March 2019, POL00154694).

### **Reaction to the Common Issues judgment**

290. My immediate concern when we received the CIT judgment was that we did not allow immediate reactions to develop into a crisis of confidence, especially among Postmasters. I was keen to ensure my colleagues remained focused on delivering the agreed contingency plan, and wrote to reassure that "*this is manageable if we manage it... so lets crack on, reassuring any wobblers as we go.*" (Email from Alisdair Cameron to Jane MacLeod, Mark R Davis, Melanie Corfield and others re GLO Decision and resulting actions required 8 March 2019, POL00136433).

291. This was also set out in my proposed wording to the Board, which I sent to Jane MacLeod on 11 March 2019 "*The Executive Team views such an extreme verdict as a potential crisis and the outcome will depend on how we manage the situation...*" (Email from Alisdair Cameron to Jane MacLeod RE: Board Call on the GLO - Legally privileged and confidential 11 March 2019, POL00154694).

292. On 15 March 2019, a standard email was sent on my behalf to Fujitsu which had been written to important third parties informing them of the nature of the judgment. I emphasised that POL was taking the strong criticisms from the judgment very seriously and would be taking action as necessary, including accelerating investigation of problems raised and stepping up training and support. I acknowledged in a further email that this was not appropriate for Fujitsu as we had already directly discussed the judgment with them (Email from Alisdair Cameron to Duncan Tait cc Rob Houghton RE: Post Office update – Group Litigation 15 February 2019, FUJ00171178).

293. A key area of managing the adverse outcome of the CIT was POL's external communications. On 12 and 13 March 2019, there were a series of emails between Mark Davies, myself and others, regarding the preparation of a statement for the media on the CIT judgment
294. Initially the expectation was that the media statement would come from me as interim CEO and I favoured wording that was open and demonstrated our intention to reflect seriously on the issues raised. In my draft wording, I used language such as "*we will not simply put up a defence, we will face up to the criticisms and take action*" (DRAFT OVERALL MEDIA STATEMENT — in strictest confidence, legally privileged — subject to legal advice, 15 March 2019, POL00267739). and (Email chain from Alisdair Cameron to Mark R Davies, Jane MacLeod cc'ing Melanie Corfield and others re: Draft media statement, 13 March 2019, POL00163485).
295. There was debate about the content of the statement internally, and it was decided that the statement would come from the Chairman as I was not yet announced as Interim CEO. He agreed the final version of the wording with Mark Davies and the tone was much more standard, for example "*the Judge's comments remind us that we must always continue to do better...We have taken his criticism on board.*"
296. I felt then and still believe that managing down the criticism, and the need to change, in the media statement following the CIT judgment was an opportunity lost to re-set views within POL and externally.



297. On 15 April 2019 I gave a speech to the NFSP in my role as Interim CEO. In internal discussions, I was advised to use language which aligned with the messaging already agreed in relation to the judgment and ultimately followed this counsel (Email from Jane MacLeod to Alisdair Cameron and others re STRICTLY CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE: Key note speech 11 April 2019, POL00270605).

### **Financial and operational issues raised by the CIT judgment**

298. On 22 March 2019 I sponsored a report on POL's Operational Responses to the GLO ("**Operational Responses report**") (POL Operational Responses to the GLO 22 March 2019, POL00269350). The Operational Responses report set up workstreams to deal with the impact of the CIT judgment and set out key questions to be addressed for each. Each workstream had executive owners.

299. The workstreams were as follows:

- Legal: enabling POL to make changes in line with the judgment that would stand the test of time, in areas such as contract variations, suspensions and the Branch Trading Statement.
- Operations: to deliver new processes. This would include a new process for managing differences in branch accounts with built-in transparency and independence. There would also be a programme to reduce errors. This was put into place quickly and in the CEO Report I noted that we were already changing the structure in Chesterfield where the Postmaster support centre

operated with a new team focused on disputes in branches (CEO Report - The GLO Author: Al Cameron, 30 April 2019, POL00273832).

- Agents (Postmasters): To identify the balance of remuneration, simplification, support and lower costs that would make the proposition of working as a Postmaster more attractive.
- Other workstreams included Communications; Stakeholders; IT/Horizon; Brand; and Financials.

300. I was responsible for managing stakeholders and observed that *“if Postmasters remained in BAU [business as usual] mode, largely reassured and pleased with changes, stakeholders will also relax.”* (POL Operational Responses to the GLO 22 March 2019 POL00269350). It was my belief that the key was to make progress with the Postmasters.

301. This paper also set out for the Board the need for cultural change, which would require a material shift in attitude and behaviour, including Branch Hub investment and improved training. To do so POL would need to be open to criticism and demonstrate willingness to change.

302. Financially, we signalled to the Board that supporting Postmasters would change the budget for 2019 - 2020, which was not approved until the 30 April 2019 Board and was still subject to UKGI confirmation. In total, approximately £22 million of additional spend was budgeted, with £12 million of additional operating costs, including £5 million of specific changes to Postmaster

remuneration (Meeting minutes: minutes of Board meeting held on 30th April 2019, POL00021565).

303. In June 2019, also reflecting the likely outcome of the Banking Framework negotiations, a Postmaster Remuneration increase worth £17 million per annum was announced (Letter from Al Cameron to Kelly Tolhurst MP re: follow up from meeting on 15 May 4 June 2019, UKGI00010232) with a further review to report in the Autumn.

304. A further financial implication of the CIT judgment was that while POL had to be able to recover taxpayer money that was used as cash in branches, it would now be harder to do so in practice (Email Chain from Alisdair Cameron to Tim Parker, Ben Foat and Alan Watts re: FW: Letter from Kelly Tolhurst MP Re POL (May 2019) – Legally Privileged 2 June 2019, POL00103569).

305. Reviewing the documents from that time, I am struck by how immediately I sought to see a change of position, attitude and operational behaviour at POL following the outcome of the CIT judgment, backed up financially. With hindsight, my sense is that the CIT judgment played into my existing frustrations such as the advice not to improve the contract while the litigation was going on, and I wanted to remedy the issues highlighted in the judgment effectively.

306. For example, Debbie Smith (Retail Director) had convinced me through 2018 that POL was not treating Postmasters as well as a retailer would treat staff in its shops, and we had started considering how to improve this position. In my role as interim CEO I began to prioritise making Postmasters jobs easier, supported by POL's improving finances. It is my view that, although it was an

adverse outcome, the CIT judgment allowed POL to utilise Trading Profit in 2019 – 2020 in a way that might not have attracted Board support previously.

### **Legal Strategy following CIT judgment**

307. As I have indicated, the CIT judgment was extremely critical of POL, including its approach to the litigation thus far. Part of my immediate reaction to the CIT judgment was that we had been badly served by our legal advice, given the adverse outcome. I wanted the advice POL received in future to be easier to challenge. However, despite the scale of the loss in the CIT, there was no immediate change to POL's proposed legal strategy.

308. Instead, very shortly after we received the CIT judgment, I received correspondence from Jane MacLeod setting out proposals including appealing the judgment and an application for Mr Justice Fraser (the Judge presiding over the GLO) to recuse himself (see further from paragraph 311) (Email chain from Alisdair Cameron to Jane MacLeod RE: Board sequencing 16 March 2019, POL00268475). Jane had brought in Lord Neuberger (former president of the Supreme Court) and Lord Grabiner QC (as he then was) to advise POL on these issues. I was uncomfortable that they came from the same chambers as David Cavender QC.

309. I was keen for some independent advice and we involved the firm Norton Rose Fulbright in discussions from that point to act as a check and balance to the decisions we were making (Email chain from Alisdair Cameron to Jane MacLeod RE: Board sequencing 16 March 2019, POL00268475). In April 2019 we stood down Norton Rose Fulbright and POL introduced Herbert Smith

(“**HSF**”) to act as our primary solicitors for the remainder of the GLO (CEO Report - The GLO Author: Al Cameron 30 April 2019 POL00273832).

310. We also had a change in General Counsel. Jane MacLeod left the business and Ben Foat (“**Ben**”) was appointed General Counsel in May 2019.

*Decision to make application for recusal of Mr Justice Fraser*

311. As early as 14 March 2019, our legal team sought advice from Lord Neuberger on a potential application by POL for Mr Justice Fraser to recuse himself from the remainder of the GLO (Email from Jane MacLeod to Jane MacLeod RE: Litigation Options 15 March 2019, POL00268060). POL received Lord Neuberger’s advice shortly thereafter, which was broadly that POL had good prospects in a recusal application (Advice by Lord Neuberger on the recusal application 14 March 2019 POL00025910). This advice was caveated: he had looked “*only very cursorily*” at the materials but expressed concerns that the CIT judgment was “*wrong in principle and unfair in practice*”.

312. The advice was shared with me by Jane who proposed that POL instruct Lord Grabiner QC to present the recusal application. Most of the following discussions were happening concurrently with discussions regarding an appeal of the CIT judgment (see from paragraph 329).

313. My recollections are that recusal was a new concept to me and an uncomfortable one, because it seemed radical, aggressive and played to the sense that POL was arrogant. The application also conflicted with my desire for

POL to be visibly open to change. I recall the Shareholder Representative felt similarly uncomfortable.

314. However, the legal advice was that the decision on recusal was urgent as arguments about unfairness had to be made in the recusal rather than forming part of any appeal of the CIT judgment. If we did not challenge quickly, POL would look like we had consented to the criticisms in the CIT judgment and Mr Justice Fraser's approach. We only had a number of days from receiving the CIT judgment and legal advice in which to make the decision (POL Board Meeting - Minutes of a call of the Board of Directors of POLTD 18 March 2019, POL00027594).

315. On 18 March and 20 March 2019 Jane MacLeod held conferences with Lord Grabiner QC to discuss the decision on a recusal application (Note of conferences on 18/3/2019 and 20/3/2019 with Lord Grabiner QC, POL00006397). Lord Grabiner is quoted as saying that the CIT judgment was "*unbelievable nonsense and demonstrated apparent bias*".

316. During the second Board dial-in on 20 March 2019, Jane summarised for the Board that "*there was no practical alternative.*" The legal advice was strong that POL should make a recusal application and not to do so would have a detrimental impact on not only the remaining trials but also would destabilise the business. Lord Neuberger had supported Lord Grabiner's view and "*thought that not taking the aggressive course (recusal) carried more risk than taking it from a legal basis.*" (POL Board Meeting - Minutes of a call of the Board of Directors of POLT 18 March 2019 POL00027594).

317. On 20 March 2019, following internal discussions, the Board met to decide whether to apply for Mr Justice Fraser to recuse himself as the judge presiding over the GLO. A report on this decision was prepared by myself and Jane in preparation for this decision (Post Office Limited The Board of Directors Discussion Paper – The Background to Recusal and other issues 20 March 2019, POL00103473). This paper set out three options for POL; to continue our original legal strategy of working through the trials scheduled with Mr Justice Fraser despite concerns following the CIT judgment; apply for recusal for the opportunity to continue the trials under a different judge; or seek settlement. The Chairman and Shareholder Representative were conflicted from voting in the decision on recusal but were present at the Board meeting.

318. During the final Board call, the Board discussed the legal advice we had received and that there would be an increased risk of an adverse outcome in future trials if Mr Justice Fraser continued to preside (Board call GLO 20 March 2019, POL00021563). The main argument of force against making the application was the near-term reputational impact and risk of further alienating Mr Justice Fraser if it was unsuccessful, although it was noted that his views were already pronounced in the CIT judgment. Norton Rose Fulbright attended to provide independent advice and concluded that while there were risks, the greater upside in making a recusal application outweighed them. My view was that the final decision was balanced. In the end however, the strength of the legal advice meant that the Board supported a resolution for a recusal application with Lord Grabiner QC to be instructed.

319. My recollection of these meetings is that we were very uncomfortable with having to make this decision. Personally, I recall being influenced by a suggestion at one of these meetings, which was not minuted, that, if upheld, Mr Justice Fraser's finding that the Postmaster contract was a relational contract would, over the next year or two, make it impossible for the Post Office to function because we could not operate individual contracts with implied terms with that number of Postmasters. It was my concern about the effect of the CIT judgment on POL's sustainability as a business that ultimately swayed me into following our legal advice and supporting an application for recusal.

320. It became evident in the weeks and months following the CIT judgment that the impact of a relational contract was not as feared, that each time POL would seek to enforce an element of the Postmaster contract the Postmaster would challenge the application of the individual contract in those circumstances, and this would be overwhelming for POL. Postmasters largely did not challenge the way POL implemented their contracts following the CIT judgment.

321. In the end the recusal application had been made less than a month after POL received the CIT judgment. Had we had more time and been able to consider this fully, I do not believe that we would have supported a recusal application.

322. On 21 March 2019, proposed wording was circulated for a press statement on POL's anticipated recusal application (Email from Mark R Davies to Jane MacLeod, Alisdair Cameron cc Mark Underwood, Patrick Bourke, Melanie Corfield RE: Statement 21 March 2019, POL00269061). I provided my comments on the proposed wording and pushed for the statement to focus on



POL's need to change rather than the anticipated strength of our defence. I also recognised that the advice from our legal advisors (both new and previous) was that recusal was both justified and necessary to protect Post Offices (Email from Cameron RE: Statement: legally privileged and strictly confidential 21 March 2019, POL00269063).

323. On 9 April 2019 Jane MacLeod updated us that the recusal application had been refused but, unexpectedly, POL's application for permission to appeal that decision was also refused (see further below from paragraph 329) (Email from Jane MacLeod to Alisdair Cameron, Thomas Cooper, CC Avene Regan and others re: Post Office - Recusal Application - confidential and subject to legal privilege - do not forward 9 April 2019, POL00359925). Subsequently the question became whether to appeal the CIT judgment to the Court of Appeal separately, or in conjunction with an appeal on the recusal decision.

324. In my response to Jane's update on the outcome of the recusal application, I pointed out that this assumed that POL was happy to appeal the recusal decision without further debate, and in particular the grounds for appeal of the CIT judgment and whether the two appeals would be joined needed discussion. (Email from Alisdair Cameron to Jane MacLeod re. Post Office - Recusal Application CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD 9 April 2019, POL00103490).

325. I raised my discomfort at the process in an update to the Chairman on 12 April 2019 (Email from Alisdair Cameron to Tim Parker re. Update 12 April 2019, POL00103495). In particular, I had become increasingly concerned that David

Cavender QC had reacted emotionally to the CIT judgment and was no longer able to give us the best advice in relation to the recusal appeal or POL's legal strategy more broadly.

326. The tension between the legal advice and the Board's concerns are partly evidenced in my Interim CEO report to the Board on 30 April. It was decided that POL would proceed with the recusal and CIT judgment appeals separately, against legal advice. (CEO Report - The GLO Author: Al Cameron 30 April 2019, POL00273832). My recollection is that this decision was motivated by concerns that the more controversial unfairness arguments in the recusal application could undermine the more conventional grounds for appealing the CIT judgment.

327. On 11 May 2019 Ben Foat notified us that POL had lost the recusal appeal argument (Email from Ben Foat to Alan Watts, Kirtsen Massey, CC Alisdair Cameron and others re: Group Litigation - recusal application - legally privileged and highly confidential 11 May 2019, POL00360195). On 13 May 2019 I wrote to the GLO Sub-Committee and HSF that "*recusal is finished*" and we should put together a team to settle the case (Email from Alisdair Cameron To Tim Parker, Thomas Cooper, Ken McCall & Ors RE: request for appeal on recusal 13 May 2019, POL00103539).

328. On 4 June 2019, as part of a broader discussion about the impact the litigation was having on POL's brand and in terms of cost, I recognised the damage that the efforts to recuse Mr Justice Fraser had caused and noted that POL was now focusing on changing the narrative (Email from Alisdair Cameron to Alan Watts,

Ben Foat cc'd Thomas Cooper re: Legally Privileged - GLO sub-committee 4 June 2019, POL00275995).

*Decision to appeal CIT judgment*

329. As set out above, many of the discussions regarding whether POL should appeal the CIT judgment were running concurrently to those regarding the recusal application and are contained in the same documents. However, for ease I have separated these issues in my statement.

330. On 15 March 2019 Jane MacLeod provided a note to me, the Shareholder Representative and the Chairman setting out advice from Lord Neuberger on a potential recusal application (Email from Alisdair Cameron to Thomas Cooper re. URGENT: Litigation Options - Confidential and Subject to Legal Privilege 15 March 2019, POL00103438). The Shareholder Representative replied that he was more comfortable with appeal than recusal, a view that I think was largely shared.

331. On 18 March 2019, during a call with the Board and Lord Neuberger to discuss legal advice in respect of the CIT judgment appeal (and recusal), we were informed that any appeal of the CIT judgment had to be submitted within 21 days, making it less urgent than the recusal issue although still pressing. (POL Board Meeting - Minutes of a call of the Board of Directors of POLTD 18 March 2019 POL00027594). During this meeting, Lord Neuberger presented options to the Board and arguments for not accepting the CIT judgment. In particular, in his view, Mr Justice Fraser had accepted evidence into the CIT which was not relevant. The Board put various questions to Lord Neuberger and it was

acknowledged that this was a difficult decision. POL wanted to be clear that even while appealing, the business was still committed to making operational changes and improvements.

332. On 20 March 2019, during the same Board call that the recusal application was discussed and approved, the Board agreed to seek permission to appeal the CIT judgment (call GLO 20 March 2019, POL00021563).

333. As set out above, the initial recusal application was refused on 9 April 2019 (Emails re recusal application 9 April 2019, POL00359925). On 14 April 2019 I received an update from Jane that the application to the Court of Appeal for permission to appeal the recusal decision had been filed. I was advised that POL should consider filing the appeal of the CIT judgment decision without approaching Mr Justice Fraser so that those appeals could be heard together by the Court of Appeal (Email chain including Jane MacLeod (POL); Ruth Cowley (Norton Rose Full Bright "NRFB"); Glen Hall (NRFB) & Others Re: Postmaster Litigation Update 14 April 2019, POL00270753).

334. During April 2019, POL's legal team and our advisors debated the grounds for appeal of the CIT judgment (Email from Andrew Parsons to Jane MacLeod c.c. Amy Prime, Ben Foat: Subject 'Catch Up 17 April 2019, POL00006513). I note that I was not copied into this correspondence and do not recall debating the potential grounds for appeal in detail other than as outlined in Board minutes.

335. However, following fuller discussion by the Board, and as above, POL decided against legal advice to separate the recusal appeal and the CIT judgment appeal on 30 April 2019 (CEO Report 30 April 2019, POL00273832).

336. Once the appeals had been separated, during May 2019 we focused on the nature of the CIT judgment appeal and whether the unfairness arguments or even a “*recusal lite*” argument should be included given the recusal application (and the application to the Court of Appeal for permission to appeal against the refusal of that application) had been unsuccessful. The Court of Appeal had made clear its criticisms of the recusal application and it was acknowledged that we needed to reassess our approach to the appeal against the CIT judgment to reflect this (Email from Ben Foat to Alan Watts, Kirtsen Massey, CC Alisdair Cameron and others re: Group Litigation - recusal application - legally privileged and highly confidential 11 May 2019, POL00360195).

337. During these discussions, I echoed the view of the Shareholder Representative that the current legal strategy was lining POL up for further criticism. I proposed urgent consideration of whether the appeal grounds should be narrowed to pure points of legal interpretation of the contract rather than echoing the unsuccessful unfairness arguments in the recusal application (Email from Alisdair Cameron to Thomas Cooper, Tim Parker, Shirine Khoury-Haq and others re: RE: Post Office trial 12 May 2019, UKGI00043848).

338. During POL’s consideration of the grounds of appeal of the CIT judgment, David Cavender QC continued to hold onto the original legal strategy including broad appeal grounds (Email from Alisdair Cameron To Tim Parker, Thomas Cooper, Ken McCall & Ors RE: request for appeal on recusal 23 May 2019, POL00103539). Following an observation from Ben Foat at a hearing in relation to POL’s application for permission to appeal the CIT judgment, where he described the relationship between Mr Justice Fraser and David Cavender QC

as “*strained*” and when POL’s application was subsequently refused (Email from Ben Foat to Alisdair Cameron re: Group Litigation- Legally Privileged – Highly Confidential on 23 May 2019 POL00275357), we decided to appoint a different silk (Helen Davies QC – as she then was) to lead a narrower and less combative appeal of the CIT judgment which better reflected POL’s adapted approach to the litigation. I was supportive of this narrower approach to the appeal (Email from Alisdair Cameron to Alan Watts, Kirsten Massey, Ben Foat and Others re GLO Pre Meet and Sub Committee – Legally Privileged and Confidential 7 June 2019, POL00103576).

339. The GLO Sub-Committee subsequently met on 12 June 2019 and approved grounds of appeal of the CIT judgment that had been reduced by Helen Davies QC from 55 to 8 pages. The appeal grounds removed the arguments relating to procedural unfairness and did not “*defend any clauses within the contract that we did not think defensible*” (Post Office Limited Minutes of Postmaster Litigation Subcommittee Held on 12 June 2019, POL00103595). This carefully reasoned approach felt much more comfortable and appropriate than the strategy put forward by the Silks instructed previously by POL.

340. On 27 June 2019, HSF informed us that following a restrictive order from Mr Justice Coulson which surprised Helen Davies QC in “*both content and tone*”, she was reconsidering whether POL might avoid the CIT judgment appeal application being heard by that Judge. I expressed concerns in response to this that we were not changing our approach but appeared to be “*doubling down*”. (Email Chain from Alisdair Cameron to Alan Watts and Ben Foat re: Privileged & Confidential 27 June 2019, POL00103599). The final hearing of the CIT

judgment appeal was heard by Mr Justice Coulson in November 2019 and was refused.

### **The Horizon Issues trial (HIT)**

341. As set out above, the second trial in the GLO was the HIT and was scheduled to start in March 2019. On 11 February 2019, Paula Vennells wrote to colleagues and copied me expressing “*serious concerns*” about Fujitsu’s witness statements, asking Jane MacLeod and Rob Houghton to have a “*frank*” phone call with Fujitsu, and seeking better clarity on our defence (Email from Paula Vennells to Rob Houghton, Jane MacLeod, Rodric Williams and others RE: Fujitsu Call 11 February 2019, POL00176667). This followed supplementary evidence submitted by the Claimants which set out new lines of argument. I do not recall seeing any replies to this correspondence.

342. On 21 February 2019 the GLO Sub-Committee minutes recorded that in the view of POL’s Silk, Anthony de Garr Robinson QC (“**Tony Robinson QC**” as he then was), Horizon was “*critically robust*” and that while POL was not seeking to prove that the system did not have any bugs, it accurately recorded data in most cases and that bugs identified to date could be explained (Meeting Minutes of the Group Litigation Subcommittee of POL 21 February 2019, POL00006753). This was part of a brief to the GLO Sub-Committee ahead of the start of the HIT.

343. As part of a discussion of the risks of the HIT, this meeting also covered remote access. Tony Robinson QC reported that the case on remote access from Fujitsu had changed over time, and while initially Fujitsu had said that remote access was not possible, the Deloitte investigatory audit had found that it was.

The Claimant's IT expert was arguing that the scope of remote access was even greater than currently stated, and the Court was likely to test this allegation fully. It was also confirmed that only Fujitsu could change data and there was no suggestion that PO had ever operated a policy to get Fujitsu to manipulate the branch data.

344. Reading this now, I am struck by the reference to a Deloitte audit, which I do not recall ever seeing. As noted in paragraph 37 my involvement in Deloitte's work was limited to Suspense Accounts. I do not remember noticing this reference at the time.

345. Generally, the discussion on remote access did not strike me as significant as my understanding was that the Claimants were fully aware that it was possible in preparations for the litigation: Jane MacLeod had flagged this on 28 November 2016 in emails that made it clear that the issue was being discussed with a QC and that the Claimants would be notified (Email Re: Postmaster Litigation : Remote access from draft letter to Freeths – LEGALLY PRIVILEGED – DO NOT FORWARD 28 November 2016 POL00357549).

346. On 7 March 2019, shortly before the HIT was due to begin, Jane wrote to confirm that both parties' experts had agreed that Horizon was "*relatively robust*" and therefore Mr Justice Fraser could not find otherwise (Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and Others re Post Office - Postmaster Litigation Confidential and Subject to Legal Privilege - Do Not Forward 7 March 2019, POL00103408).



347. However, despite the experts' conclusions we remained deeply anxious about the possible findings from the HIT, particularly given the conclusions that Mr Justice Fraser had reached about POL in the CIT judgment. During discussions of the CIT judgment, there was therefore a focus on the need to ensure POL had a clear view on the reliability of Horizon (Board call GLO 20 March 2019, POL00021563).

348. On 20 March 2019, Rod Williams from POL's legal team noted in a HIT update that during cross-examination the Claimants had been largely successful in demonstrating that POL's reliance on Horizon was "*overstated and blinkered*", that POL was withholding data which could assist in resolving branch accounting issues from Postmasters and that improvements to the system were "*overstated*" (Email from Alisdair Cameron to Rodric Williams, Jane MacLeod RE: Update on Horizon Issues Trial - Post Office Group Litigation 20 March 2019, POL00268869).

349. In my reply to this update, I stated that I did not disagree with some aspects of the findings and asked whether POL could demonstrate that even where criticisms are well-founded that did not mean Horizon generated the losses complained of. I considered whether we might accept some of the points made and emphasised that POL's strategy was to rectify some of the cultural underpinnings that still existed in relation to the issues. I was advised in response that the focus of the case was overall Horizon robustness and that evidence from witnesses should not be relevant given the trial was to be decided on expert evidence about technical issues (Email from Rodric Williams to Alisdair Cameron and Jane MacLeod, re: Update on Horizon Issues Trial -

Post Office Group Litigation - SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD 20 March 2019, POL00268881).

350. I took this on board and remained anxious about preserving the experts' "*relatively robust*" finding, suggesting on 3 June 2019 that the GLO Sub-Committee should consider the HIT strategy so Mr Justice Fraser did not go beyond the expert witness remit of this trial (Email from Alisdair Cameron to Ben Foat cc'd Veronica Branton and Alan Watts re: GLO Sub-Committee – Legally privileged 3 June 2019 POL00275871).

351. On 7 June 2019 Rod Williams reported that the Claimants' IT expert in cross-examination admitted that he was not aware of any instance where transaction data had been remotely deleted or edited, and that Fujitsu "*insertions into transaction data... were very rare, only done when necessary and carried out with great care*" (Email from Rodric Williams to Alisdair Cameron, Rob Houghton, Mark R Davies & others cc Catherine Hamilton, Mark Underwood, Angela Van-Den-Bogerd & others RE: Update on Horizon Issues Trial – Post Office Group Litigation 7 June 2019, POL00026043). This was helpful evidence to POL's case, although with hindsight I feel that we perhaps focused too greatly on good news rather than the overall direction of the HIT. The HIT was concluded on 2 July 2019 and we awaited the final judgment.

352. On 2 October 2019, before the HIT judgment was handed down (but after the trial had concluded) Ben Foat reported to Nick Read, myself, Alan Watts and Mark Davies that there had been a disclosure incident regarding Fujitsu's Known Error Logs ("**KELs**"). POL had relied upon Fujitsu's evidence that old

versions of the KELs were overwritten and no longer existed. However, Fujitsu had now reported that the relevant logs had been found (Email from Ben Foat to Nick Read, Alistair and Mark Davies cc: Shikha Hornsey, Rodric Williams, Sherrill Taggart, RE GLO – Disclosure Incident 2 October 2019, POL00026216). As a result, POL had given inaccurate information to the Court which could influence the verdict in HIT and change our perception of the case. It also brought into real question POL's credibility, particularly given we had already been criticised in respect of the approach to managing disclosure in the litigation.

353. I replied on 3 October 2019 in respect of the KELs disclosure incident emphasising my distress and that POL needed to tell the Court immediately. I also noted that this was the third time we had been misled by Fujitsu (Email chain from Alisdair Cameron to Ben Foat cc Nick Read and Mark R Davies Re: GLO Disclosure Incident re. KEL logs 3 October 2019, POL00112591). During a subsequent Board meeting to discuss the disclosure incident we considered whether this was likely to impact the experts' assessments of Horizon, and that it would need to be factored into POL's contingency planning.

354. On 22 October 2019, the GLO Sub-Committee met to consider a detailed update on changes since the contingency planning was first implemented for the HIT. This paper assumed a worst-case outcome, where Postmasters might refuse to open branches, and outlined possible responses from enhanced monitoring to preparing for "pop-up" Post Offices (PO GLO Board Sub-Committee Paper – Operations and GLO Contingency Planning Report 22 October 2019, POL00112645). While these measures never had to be

implemented, it reflects the sense of potential crisis as we awaited the outcome of the HIT judgment.

355. On 4 December 2019, Ben Foat sponsored a paper to provide a HIT Judgment Contingency Planning Update (Horizon Issues Trial Judgment Contingency Planning Update 4 December 2019, POL00129086). This paper was intended to provide reassurance that POL was prepared to respond to potential operational impacts following the HIT judgment and that these measures could be refined and adapted quickly to suit the outcome and reassure Postmasters. The paper also acknowledged the likely sources of historical claims including suspension pay, notice periods and repaying shortfalls. This contingency planning operated in conjunction with tactical meetings on settlement (see from paragraph 358).

356. On 9 December 2019, we received the embargoed HIT judgment, which found that the latest version of Horizon was relatively robust. However, the remainder of the judgment, including the conclusions on the robustness of historic versions of Horizon (Legacy), were adverse to POL and the Claimant's expert evidence had been preferred. Mr Justice Fraser concluded that there was a material risk that bugs in older versions of Horizon had caused shortfalls in branches.

357. As a result of the HIT judgment, Ben Foat noted that Horizon contingency planning should now be implemented as POL could expect to receive claims based on historical shortfalls, and analysis would need to begin in respect of Postmasters who had convictions on the basis of evidence of Horizon (Email chain between Ben Foat, Tim Parker, Tim Franklin and others RE: GLO - High

Level Review Embargoed Horizon Judgment - Section M 9 December 2019, POL00043341).

### **Mediation and settlement of the litigation**

358. Mediation had been considered as part of the litigation strategy at least from January 2019 where, during a meeting of the GLO Sub-Committee, it was reported that both sides in the claim had agreed that it was better to receive the CIT and Horizon judgments before entering into mediation. We considered during this meeting whether the Claimant group could be categorised for mediation purposes, for example to exclude those with a criminal conviction, or whose claim was out of time (Meeting Minutes of the Postmaster Litigation Subcommittee of POL 28 January 2019, POL00006756).

359. During the discussions on recusal, settlement was set out as one option however it was highlighted that Claimants who had already been through mediation were now part of the GLO, and settlement would not prevent further claims in the future. As set out in earlier sections, our legal advice at that time was to continue to robustly defend the claims (POL00103473).

360. However, following the refused recusal application appeal on 13 May 2019 I asked the GLO Sub-Committee to put together a settlement team (POL00103539). It had been my gut reaction to the CIT judgment that POL should change its legal strategy due to the scale of the loss and criticism we received. However, it took 2 months to make the necessary change to POL's legal team (see above paragraph 217).

361. On 24 May 2019, during internal correspondence I set out that if POL's only priority was to minimise negative brand impact, we should consider settling the GLO at that stage and create an independent process to manage historical issues. However, I acknowledged that step had potential consequences (Email from Patrick Bourke to Mark Davies re: Brand, press coverage and solutions 24 May 2019, POL00118056).
362. On 3 June 2019, I asked Ben Foat to add to the agenda for the upcoming GLO Sub-Committee meeting to "*Propose an approach to settlement (timing, approach, team, remit and governance).*" (Email from Alisdair Cameron to Ben Foat cc'd Veronica Branton and Alan Watts re: GLO SubCommittee - Legally privileged 3 June 2019 POL00275871). The following day I emphasised in a further note copying in the Shareholder Representative that settlement was now "*Plan A*" (Email from Alisdair Cameron to Alan Watts, Ben Foat cc'd Thomas Cooper re: Legally Privileged - GLO sub-committee 4 June 2019, POL00275995).
363. On 7 June 2019 I provided an update to the GLO Sub-Committee, noting that Alan Watts' plan for settlement was to go to mediation first, helping us to better gauge settlement and reassure Mr Justice Fraser that POL was keen to make progress (Email from Alisdair Cameron to Alan Watts, Kirsten Massey, Ben Foat and Others re GLO Pre Meet and Sub Committee - Legally Privileged and Confidential 7 June 2019 POL00103576). HSF led the settlement work, initially reporting to me and subsequently reporting to Nick Read. As Nick was CEO from September 2019, he worked with HSF on the final stages of the settlement, and I took a step back.

364. The nature of an emerging settlement was discussed by the GLO Sub-Committee on 17 September 2019 (Post Office Limited Postmaster Litigation Subcommittee Agenda & Minutes 17 September 2019, POL00026939). By this stage, POL's legal strategy was to focus fully on exploring settlement options, based on a review of advice on settlement from HSF. Our discussions were based on an informal understanding of how any settlement was likely to be attributed between the Claimants, their legal team and their funders. It was also acknowledged that HMG approval would be required before any settlement could be reached.
365. A formal settlement approach (and upper limit figure) was approved by the GLO Sub-Committee on 13 November (Meeting Minutes of the Postmaster Litigation Subcommittee of POL 13 November 2019, POL00006759) and the negotiated settlement (including Claimants legal costs) was approved on 10 December 2019. The settlement was not just financial but included agreement that POL would not appeal the HIT judgment and that Brian Altman QC (as he then was) would assess the CCRC cases (Postmaster Litigation Subcommittee Agenda 22 January 2020, POL00292587).
366. Following the agreed settlement on 10 December 2019, there was a debate with the Communications team regarding how we should answer the question about how POL funded the settlement (Email from Alisdair Cameron to Patrick Bourke, Nick Read and Ben Foat RE: Mediation 10 December 2019, POL00290109). This discussion centred around the issue of whether we could confirm that the settlement was not funded from HMG investment or the Network Subsidy. I

offered a narrow and a broader choice of wording, recognising that it was HMG money in any case.

### **The involvement and role of the Department and UKGI in the litigation**

367. From 11 March 2019 when we received the outcome of the CIT judgment, we noted the need to be communicating with the Department, as Shareholder (Email from Alisdair Cameron to Jane MacLeod RE: Board Call on the GLO - Legally privileged and confidential 11 March 2019, POL00154694).

368. On 16 March 2019, we had a call with the Department and UKGI to manage the outcome of the CIT judgment. During the meeting the Minister raised a number of concerns regarding the litigation thus far: including concerns that POL's legal advice to date was poor; that POL needed to share more information with the Department; and that she was worried about Postmaster remuneration levels. During the meeting the Chairman confirmed that POL would not seek more financial support as a result of the litigation, and that we were looking for a different person to lead the appeal of the CIT judgment to alleviate concerns regarding our legal advice.

369. UKGI and the Department sought to strike a balance for the Minister's statement following the CIT judgment. I was not copied into this note at the time (Email from Mpst Tolhurst (BEIS) to Tom Cooper (UKGI), Gavin Lambert cc William Holloway and others RE: POL discussion with SoS and Kelly Tolhurst 16 March 2019, UKGI00017593). Number 10 approved the Minister's final statement.



370. On 19 April 2019, Richard Watson, a UKGI lawyer, reached out to HSF copying the Chairman and myself seeking a discussion on the litigation so that the Department remained updated (Email from Richard Watson to Alisdair Cameron and others re Joining up 17 April 2019, POL00270909).

371. On 15 May 2019, I attended a meeting with the Minister (Email from Eleanor to Carl Creswell, Craig Watson, Cecilia Vandini re Note of Kelly/AI/Tim meeting on POL – 16 May 2019, UKGI00009777). The Minister had the opportunity to raise concerns including why legal counsel “*kept getting it wrong*”, costs of the litigation and reputational damage. We provided reassurance regarding POL’s new approach to the litigation. We set out that we would cost out different scenarios in POL’s 5-year plan for the July 2019 Board and would share with the Department. We emphasised POL’s commitment to improving relationships with Postmasters, although this would take time, and agreed that POL would work more closely with the Department in future to improve public communication with a better tone to admit mistakes and fallibility.

372. I followed up our commitment to better communicate with the Minister with the Shareholder Representative and a member of the Minister’s policy team the same day (Email chain from Carl Creswell to Thomas Cooper, Alisdair Cameron and Pauline Sullivan re: Supporting the Minister 16 May 2019, UKGI00017603).

373. As we received major updates in the litigation, such as permission to appeal the CIT judgment being refused by Mr Justice Fraser on 23 May 2019, we sought to keep the Department informed, although we had to follow the rules where the updates were embargoed (Email from Alisdair Cameron to Thomas Cooper, Tim

Parker & Ben Foat RE: Appeal hearing on common issues 23 May 2019, POL00103557).

374. On 2 June 2019, I sent a draft letter for the Chairman to send to the Minister, answering key questions in respect of the current status of the litigation, changes to litigation strategy following the appointment of the new legal team, possible settlement scenarios, an assessment of potential costs of the litigation, operational consequences and confirmation of POL's ability to fund any settlement (Email Chain from Alisdair Cameron to Tim Parker, Ben Foat and Alan Watts re: FW: Letter from Kelly Tolhurst MP Re POL (May 2019) - Legally Privileged 2 June 2019, POL00103569).

375. On 4 June 2019, I also sent a formal letter to the Minister focused on commercial matters (Letter from Al Cameron to Kelly Tolhurst MP re: follow up from meeting on 15 May 4 June 2019, UKGI00010232). This covered an increase in Postmaster remuneration; the franchising consultation process; asking her views on improving communication; and a number of commercial priorities.

376. In an email on 7 June 2019, I acknowledged the Minister's anxieties in respect of the litigation (Email from Alisdair Cameron to Alan Watts, Kirsten Massey, Ben Foat and Others re GLO Pre Meet and Sub Committee - Legally Privileged and Confidential 7 June 2019, POL00103576).

377. On 28 June 2019 I sent a further letter to the Minister, again with a largely commercial focus but confirming that we were now much more open to information sharing and thanking her for her support to date (Letter to Kelly

Tolhurst MP from AI Cameron re. follow up letter of 19<sup>th</sup> 28 June 2019, UKGI00010371).

378. The Minister replied to my letter on 5 July 2019. She recognised our openness to discussing new litigation strategies. She also confirmed that a Department representative would attend the subsequent GLO Sub-Committee meetings (Letter from Kelly Tolhurst MP to AI Cameron - Re: PoL Litigation and engagement with DWP 1 July 2019, UKGI00010369). Richard Watson from the Department attended the meetings from 17 September 2019.

379. After I moved back into the CFO role, responsibility for the relationship with the Minister moved to Nick Read.

### **Reflections on the litigation**

380. Over 2018 I had become increasingly convinced that POL needed to change the way we approached the business on several fronts. Most important was building a better, more open, more supportive and more rewarding relationship with Postmasters.

381. I felt that the litigation had made it harder for us to admit where we needed to do better and to change. The defence was often prioritised over the business.

382. I therefore reacted to the CIT judgment with a belief that we must change our culture and approach, openly acknowledging criticisms and being publicly determined to change. I was able to obtain Board agreement to investing in some of these objectives in 2019 – 2020.

383. The change of legal advisors was important and enabled the change of strategy to seeking settlement.

384. Following the judgments in 2019, I felt that decisions on how POL managed ongoing projects such as the previous criminal convictions, and improved operations, should not lie with those individuals who had presided over the trials. We were unlikely to reassure anyone that POL had changed if the membership of committees such as the GLO Sub-Committee remained unchanged. Similarly, while I agreed to continue to sponsor Operations until Nick Read found a successor, I recommended that different people should assess POL's operations and processes against the requirements of the judgments to ensure an adequate response to the GLO.

385. In November 2020 I prepared a paper "*What Went Wrong? A Draft for Discussion*" (19 November 2019, POL00175235). This was drafted for Nick because I was concerned that if we didn't articulate a view on what went wrong, promises that it could not happen again could seem hollow. I intended it as a purely personal view, addressing both what I had seen and what I thought had happened before I joined the business.

386. In the paper I set out my belief that at the heart of the issues experienced by POL was a culture which stopped us from dealing with Postmasters in a straightforward and acceptable way. This skewed POL's judgements about prosecutions and subsequent management of the litigation. On reflection, I still agree with the conclusions that I reached in this document today.

387. The paper was discussed with Nick Read, Richard Taylor (then Communications director) and Ben Foat and I believed helped to prompt some cultural challenge for the leadership team in early 2021. I had intended the paper to be a first draft to be built on by others to create a shared narrative for POL to test against in the future. I am not aware that ever happened.

388. With Nick's agreement, in 2020 I helped bring in Deloitte to provide an independent assessment of which operational objectives following the GLO we believed had been delivered and whether that could be proven to be the case. This proved to be a substantial piece of work with complex areas including the ongoing issues of proving Horizon worked and managing shortfalls in the Network.

### **PROSECUTION OF POSTMASTERS**

389. In my previous role within British Gas, at times prosecutions were sought against people who, we believed, stole electricity or gas. Getting the attention and support of the Police was sometimes difficult, depending on their other priorities.

390. Having an expert, in-house function at POL for prosecutions therefore seemed to me a sensible and pragmatic approach. I understood that POL had no specific powers and that any organisation could work in this way if it had the right skills.

391. A number of the criminal convictions based on Horizon were not prosecuted by POL, but by state prosecution authorities such as the CPS. This suggests that

POL acting as prosecutor was not a decisive factor in the miscarriages of justice. However, I do now believe that the separation of investigators and prosecutors is important, and POL should never again act as prosecutor.

392. Around November 2015, I asked POL's legal team for an updated Prosecutions Policy for the GE. I did this because there were apparently concerns expressed in the Network that a reduction in prosecutions was having an adverse impact (Email from Jane Macleod to Rodric William, John M Scott, Angela Van-Den-Bogerd and others RE: Prosecution policy 13 November 2015, POL00176615).

393. I do not recall the specific concerns expressed in the Network referred to by Jane MacLeod in her email but as CFO my sense was that the previous years of prosecutions had kept these losses relatively small, that they were growing and that if people did not have to pay for shortfalls, the financial stability of the business would be at risk.

394. The policy was subsequently presented to the Board and endorsed on 21 March 2016 (POL Minutes: Board Meeting held 21 March 2016, POL00027598). I do not recall being asked to provide specific input in relation to the policy.

395. While prosecutions had ceased as a result of Sparrow, the expectation was that they would be re-started when the legal processes were completed and POL identified expert witnesses that could testify robustly on our behalf in respect of the causes of shortfalls.

396. Later, in June 2017 I provided a standard update to the GE on issues getting focus within Operations, including the need for further safety equipment to

support Postmasters as more weapons were being used in robberies (Email chain from Ben Foat to Rodric Williams Re: Ops Board and Losses & Crime Group 27 June 2016, POL00249527).

397. I also sent on my note to Jane calling out the FSC's concern "*over the ability of legal to respond on the debt collection process.*" We had been trying to work out how to approach the legal work around debt collection where we considered there were amounts which Postmasters owed to us. These were being provided for as losses.

398. Following a meeting, I clarified my understanding on 27 June 2017 that: "*We should not attempt to prosecute any cases where the losses had arisen from or were identified via trading and Horizon rather than straight theft, until two things happen. First, we complete the Deloitte work on systems reliance. Secondly, the CCRC opine.*" (Email chain from Ben Foat to Rodric Williams Re: Ops Board and Losses & Crime Group, 27 June 2017, POL00249527).

399. I felt that our approach should be confirmed in a formal decision and asked the legal team to prepare a brief to discuss with Paula Vennells.

400. I also suggested we identify a suitable test case for a prosecution which relied on Horizon, and raised a perennial cost concern that if we were not going to use a specialist team that can undertake prosecutions, then it was not sensible financially to continue funding them.

401. On 2 August 2017 following a Board meeting one of the agreed actions noted that "*The CEO explained that the decision not to prosecute agents if they could*

*use the Horizon system as a defence would be reconsidered once Deloitte had completed their work on Horizon and could be used in court as an expert witness” (Status Report for Post Office Limited 2 August 2017, POL00103308).*

This demonstrates the settled position at that time was not to prosecute Postmasters until the conclusion of any litigation given the allegations were that Horizon was leading to shortfalls.

402. Between August and 27 October 2017, I initiated a dialogue with Mark Raymond who led the team that would undertake prosecutions on behalf of POL. I explained to him that any prosecutions were at least a year away and he set out some factors in response which he considered would be needed for a test case. He had raised possible cases for prosecution but acknowledged that due to the current Deloitte review of Horizon underway POL was not in a position to proceed with any prosecutions at that stage (Email from Mark Raymond to Alisdair Raymond and Mark Ellis RE: Cases suitable for prosecution 27 October 2017, POL00251125).

403. In paragraph 136 above, I explained that these issues are unresolved and by April 2023, losses were rising and not being properly investigated. I was very clear that we could not enforce recoveries without the right work being completed. My informal view was and is that POL should not pursue Postmasters for shortfalls through legal action while Horizon is in its current form.

## **RELATIONSHIPS WITH STAKEHOLDERS**

### **Postmasters**



404. In my executive roles I rarely got involved with issues faced by individual Postmasters, as the primary stakeholder relationship with POL was through the Network or Retail teams. The teams I was responsible for provided operational support and I tended to see that through the lens of collective statistics, control measures, efficiency and cost effectiveness. This was consistent with how I had overseen the running of a call centre in a previous job. However, there were a few individual scenarios that I was made aware of during my tenure which I set out below.

405. In July 2016, Paula Vennells asked myself and Rob Houghton for a report into the Dalmellington Error bug which was an issue raised in a blog by Tim McCormack. Jane MacLeod responded to Paula's request to reassure Paula that the matters Tim McCormack had raised were subject to review and that they were "*on top of this*" (Email from Rob Houghton to Gavin Bell and others Re: Dalmellington error in Horizon / problemswithpol 1 July 2016, POL00029993).

406. I was not copied on the rest of the correspondence following this, which I can now see was concluded with a clear explanation from Fujitsu that the problem was understood and had been resolved, and that monitoring checks had been made to identify any further issues for Postmasters. I am not aware that I was included in any further correspondence with Fujitsu discussing this potential bug.

407. On 30 October 2017, I was copied into correspondence relating to a sudden closure of a post office in Rutherglen, where concerns were raised that the

closure had been without consultation or proper warning. In the correspondence it was identified that the branch had to be closed following the suspension of the Postmaster when an audit identified a loss of £123,000 (Email from Mark R Davies to Linda Bonar, Ruth X Barker, Alice Cookson and others re: Save Rutherglen Post Office 30 October 2017, POL00163217). We discussed that better messaging was needed to explain closures to the public than “*operational reasons*”. I could understand public frustration and wondered if we could be more open to explain that we were investigating issues. However, I can now see that in later emails, into which I was not copied, the communications team advised that it was an extremely complex situation compounded by other events at nearby branches and therefore it was difficult to communicate fuller reasons to the public and media without legal implications. I do not recall having this information at the time.

408. In February 2018 I was copied by Paula Vennells into correspondence regarding a Postmaster complaint (Email from Paula Vennells to Alisdair Cameron and Debbie Smith re Seaton Post Office and Post Office Ltd 20 February 2018, POL00253502). In summary, the complaint was in relation to a nearby branch opening shortly after the Postmaster had newly opened his own branch, and he had concerns about the impact on trading. There was a further perceived lack of consultation in this scenario. In my response I focused less on the specifics of the issue, which were being handled, than POL’s issue with “*getting the human engagement bit wrong*”. I acknowledged the difficulties of asking junior employees to take on the burden of dealing with the human side of their work and suggested that POL as a business needed to give more in terms

of engagement, training and support through our field ops teams, with a clearer escalation to senior employees to assist.

409. Much later in June 2019, while I was interim CEO, I was contacted directly by Tim McCormack who flagged an issue being experienced in branches by Postmasters. I was grateful for this and against the strong advice of POL's Communications Director, I spoke with Tim McCormack about the issue. I did this because I felt it was important to engage with potential critics and as part of POL's determination to change in culture, and to view criticism as an opportunity to do better (Email from Mark R Davies to Melanie Corfield, Mark Underwood, Angela Van-Den-Bogerd RE: Fwd: Another Computer Error. Chain includes correspondence with Tim McCormack. 23 June 2019 POL00136417).

410. The issue that Tim McCormack raised was with Horizon and was being identified and managed locally in branches but had not been escalated or properly resolved. We were able to assist in communicating the issue and its solution to the Network transparently for resolution and Tim McCormack later thanked us for this approach (Email RE: "The error, Catch 22..." , 29 June 2019, POL00423915).

## **NFSP**

411. At the GE on 12 March 2015 and the Board meeting on 18 June 2015 (Post Office Limited Board meeting minutes -18<sup>th</sup> June 2015 re Agreement with NFSP, UKGI00017284), POL approved a new agreement with the NFSP whereby POL would provide most of the NFSP's funding. The agreement also included a clause that the NFSP could not criticise POL in public. It is clear to me that these facts

undermined NFSP's independence from POL in its representation of Postmasters.

412. This agreement was reached because of a concern that if the NFSP failed, as a trade representative, they would be replaced by a Union, possibly the CWU.

413. In the Operational Responses Report dated 22 March 2019 (POL00269350), I emphasised: *"We need an effective representative body for agents (Postmasters) that they can support. Can the NFSP evolve to fulfil that role, or will agents prefer to replace it? How can we help without undermining its confidence?"*

414. In early April 2019, I was working on a speech to give in my role as Interim CEO at the NFSP conference. As set out earlier in my statement (from paragraph 218), I was keen to use the opportunity to show Postmasters that we were listening to them, valued them and to explain what POL thought was important. In the final version of the speech I delivered, I asked the NFSP to *"become more truly representative"* and *"be open and challenging."* (NFSP conference – key note speech: Monday 15 April 2019, 11am - 11.45 POL00270665).

415. In the Board papers for 30 April 2019 (PO Board Agenda – 1.19 Wakefield 30 April 2019, POL00163556), I reported attending the NFSP conference. We had recently released the NFSP from the clause in our agreement preventing them criticising us in public. We had promised a deeper review of Postmaster remuneration at the Board meeting that October. We recognised that the conference had highlighted the extent to which Postmasters had felt neglected. I acknowledged that POL should not complain about the NFSP putting the

business and HMG under pressure to do more for them. This discussion and the Postmaster survey led to a Select Committee in 2019 and improved remuneration for Postmasters.

## **Media**

416. I have set out at various points during my statement where I was involved in discussions regarding POL's engagement with the media, particularly during the litigation and when I was interim CEO.

417. More generally, while I did not tend to seek out media contact, I occasionally answered questions on a particular Annual Report.

418. I recall undertaking at least one media training session as part of my role. I have been provided with a media training script from January 2019 (Post Office Media Training Scenario: Horizon 21 January 2019, POL00262341), although I do not have specific recollections about this session.

419. I occasionally received requests to speak to journalists but was advised not to by Nick Read and Richard Taylor.

## **Fujitsu**

420. As set out earlier in my statement (see from paragraph 98), when I joined POL, Fujitsu had withdrawn from the Front Office IT tender and would therefore be exiting the business, except for its ongoing support contract for our Telco business.

421. Part of the reasoning for appointing IBM to complete the Front Office project was their proposed “*collaborative and partnership approach to working with other suppliers...A stable and robust stock control and accounting platform that will mitigate against Sparrow scenarios in the future.*” (Memorandum for POL Board from Lesley Sewell, Kevin Gilliland and Alisdair Cameron - Front Office Contract Award to IBM UK Ltd and Fujitsu Horizon, 21 May 2015, POL00027278).

422. In entering the new contract with IBM, we had acknowledged internally that Fujitsu had been difficult colleagues; concerns had been raised previously about their levels of service. Further, we could have managed shortfalls better with more accessible data on branch transactions and sought to achieve with this a new Front Office system. Finally, and as set out earlier in my statement, it was accepted that Horizon, and the infrastructure on which it was built, was vulnerable (see paragraph 94).

423. Unfortunately, despite the clear motivations to implement a new Front Office system, over the next few months, the Interim CIO and I developed our assessment that the IBM replacement programme for Horizon was not credible, despite the enormous work that had gone into the procurement.

424. I therefore asked the Interim CIO to engage Fujitsu and see whether there was a way in which we could evolve the relationship: I could not see any practical alternative to keeping the Front Office systems running.

425. By November 2015, we had reached a consensus between Fujitsu (led by Regina Moran) and POL (led by me) to work together to reach an agreement for

Horizon to continue with a new functionality and expanded scope (Minutes of meeting at 20 Finsbury Street - Chris Broe, Alisdair Cameron, Gavin Bell, Nigel Shaw and Regina Moran 20 November 2015, FUJ00175270).

426. During a meeting on 20 November 2015, the minutes report that I raised the issue of Fujitsu remaining an independent witness in the litigation if they were to continue to be the provider of POL's Front Office services. I was reassured by a member of Fujitsu that an independent expert approach was in place. I do not have specific recollections of raising this and can refer only to the minutes recorded.

427. Subsequently, on 9 February 2016, the Board approved the termination of the IBM contract and the extension of the Horizon contract with Fujitsu.

428. I have explained that part of the motivation for POL moving to another Front Office service provider was difficulties we had in our relationship with Fujitsu. On 9 May 2016, before we had agreed to continue working with Fujitsu longer term, I complained to Regina Moran about the quality of their service, noting in particular issues with their response to a Postmaster remuneration issue and Horizon failure where we felt that Fujitsu had not demonstrated an understanding of the urgency or seriousness of the situation (Email from Regina Morgan to Alisdair Cameron, cc to Rob Houghton, Chris Boe and others Re: Service Horizon etc 9 May 2016, FUJ00175302). Regina Moran responded to my concerns briefly that a full review of the issue had been organised and she would revert further.

429. On 19 June 2016 I contacted Regina Moran again following a meeting with her to set out that there was a need for a “*radical recasting*” of POL’s relationship with Fujitsu across a range of issues including leadership, culture and cost (Email chain from Regina Moran to Gavin Bell re: Fwd: Follow Up 19 June 2016, FUJ00175336). I stated that POL was committed to the relationship with Fujitsu but emphasised that it needed to be sustainable, setting out a list of key priorities.

430. After this period, the ownership of the relationship with Fujitsu moved progressively to Rob Houghton and he led the next contractual evolution.

431. My general recollection from 2017 onwards is that the relationship with Fujitsu, especially once Regina Moran had moved on, did not develop as POL had hoped. We had envisaged a more modern partnership with Fujitsu enabling a digital transformation of Horizon, including a move to the cloud. It became apparent that they did not have the capability to deliver this objective.

432. During the litigation I was no longer the executive responsible for IT and did not oversee the Fujitsu relationship, which had moved to Rob Houghton. On 25 March 2019, the Board minutes refer to an IT error that had affected Horizon which was fixed overnight (Post Office Limited Board Meeting Minutes 25 March 2019, UKGI00017291). I do not have any further recollection of this incident or whether we were later informed of the root cause. I do not know whether POL liaised with Fujitsu at the time about this issue.

433. I do recall during my time as Interim CEO meeting with Duncan Tait (of Fujitsu) and that I asked him why Fujitsu witnesses seemed so unable to manage the



questions being posed to them in the litigation. This reflected Paula Vennell's concerns about Fujitsu's witnesses earlier that year (POL00176667). I do not recall Duncan Tait providing any response.

434. I do not recall any further discussions of bugs, errors and defects, prosecutions or expert evidence being part of my correspondence with Fujitsu. In the period when I was responsible for the relationship with Fujitsu (2015 and into 2016) I do not recall being aware of there being serious errors in Horizon. It is possible that they were discussed during the second contractual evolution (led by Rob Houghton) as, although I would have had sight of the Board papers, my role in this was more peripheral.

435. On 5 November 2019 I prepared a note to Nick Read before a meeting with Fujitsu to share my experiences (Email from Rodric Williams to Ben Foat, Sherrill Taggart, Jacqueline Scott and others Re: FW: Fujitsu decisions thoughts - legally privileged 5 November 2019, POL00288080). In it I summarised concerns, in particular that Fujitsu might think that POL did not have the capacity or will to exit the Horizon and Telco contracts. I acknowledged that POL would not now choose Fujitsu to provide Front Office systems as their technology and digital skills were "*lagging*". It had been pointed out that the individuals who had designed and understood Horizon were similarly aging and many were now retiring. I raised particular concerns over Fujitsu's "*performance*" during the litigation, referring to the evidence that had been provided and POL relied upon which later turned out to be inaccurate (see above from paragraph 352). I also suggested that a team from POL should go

to Japan for a serious discussion with Fujitsu about the future of the relationship with POL, and the timetable for an exit strategy. I do not believe this happened.

436. It is very clear that the level of scrutiny applied to Fujitsu's operation of Horizon was not sufficient. The existence of remote access, for example, demonstrates that POL simply didn't understand fully how Horizon worked.

## **CONCLUSIONS**

### **Ownership and the Future of POL**

437. It always seemed unlikely to me that the Post Office network could be owned by a financial investor. It has never looked profitable enough to fund dividends and it was hard to see political appetite for the required structural and governance changes.

438. However, a mutual ownership of Post Offices would enable Postmasters to own the Network. Postmasters are, as well as being the channel through which Post Office sells most of its product, its greatest cost in any given year. Lower Postmaster remuneration increases POL's profit and enables POL to hit its profit targets. "*Putting Postmasters First*" normally falls at this first hurdle.

439. My strong belief is that Postmasters need to own the Network. The cost will be considerable, the governance complex and the timing should align with the replacement of Horizon, with Postmasters offered new contracts.

440. The roll-out of a Horizon replacement will be extremely complex, crystallising any shortfalls in the Network. It will require a high degree of trust between POL and Postmasters, which is hard to envisage.

**Statement of Truth**

I believe the content of this statement to be true.

Signed:

DocuSigned by:  
**GRO**

Dated: 18 April 2024 | 12:53 BST

**Index to First Witness Statement of Alisdair John Charles Cameron**

<b><u>No.</u></b>	<b><u>URN</u></b>	<b><u>Document description</u></b>	<b><u>Control Number</u></b>
1.	POL00362178	POL governing Board Terms of Reference and Schedule of Matters Reserved (26 June 2015)	POL-BSFF-0190688
2.	POL00362224	POL Governance Induction Pack (April 2018)	POL-BSFF-0190734
3.	POL00006752	Draft Meeting Minutes of the Postmaster Litigation Subcommittee of POL (20/06/2019)	POL-0018010
4.	POL00026719	Post Office, Minutes of a meeting of the Audit, Risk and Compliance Committee (25/03/2015)	POL-0023360
5.	POL00227870	Risk and Compliance committee meeting (01/05/2015)	POL-BSFF-0065933
6.	POL00110251	Audit Risk and Compliance Committee - November 2015 (10/11/2015)	POL-0108070
7.	POL00021433	Post Office Limited Audit, Risk and Compliance Committee minutes of 20/05/2015 (20/05/2015)	POL-0018063
8.	POL00240662	POL Audit, Risk and Compliance Agenda (17/03/2016)	POL-BSFF-0078725
9.	POL00103188	Post Office Audit Risk and Compliance Agenda (19/05/2016)	POL-0102771

10.	POL00362165	Terms of Reference for POL Group Executive (19/02/2015)	POL-BSFF-0190675
11.	POL00154004	Group Executive Agenda Post Office re: Monthly Update (Report P12 Flash Results to GE) by lead Chris Broe / Angela Van Den Bogerd, Radha Davies, Kevin (16/05/2016)	POL-BSFF-0013109
12.	POL00423699	Email Subject: The robustness of our governance (26/03/2023)	POL-BSFF-0238490
13.	POL00219395	CEO's Report - January 2015 (01/01/2015)	POL-BSFF-0057458
14.	POL00270665	NFSP conference - key note speech: Monday 15 April, 11am - 11.45 (12/04/2019)	POL-BSFF-0108728
15.	POL00021531	Meeting minutes: minutes of Board meeting held on 28th January 2015 (28/01/2015)	POL0000064
16.	FUJ00175204	Email from Alisdair Cameron to Michael Keegan and cc'd Steve Clayton and Ruth Phillips re: RE: Fujitsu and POL (15/05/2015)	POINQ0181385F
17.	FUJ00175206	Briefing for Meeting - Alisdair Cameron (Chief Financial Officer at Post Office) 20/05/15 V1.0 - By: Mark Phillips (19/05/2015)	POINQ0181387F
18.	POL00027278	Memorandum for POL Board from Lesley Sewell, Kevin Gilliland and Alisdair Cameron - Front Office Contract Award to IBM UK	POL-0023919

		Ltd and Fujitsu Horizon (21/05/2015)	
19.	POL00027309	Memorandum for the Board of Post Office Limited from Alisdair Cameron - Fujitsu Extension Option by Al Cameron (29/06/2015)	POL-0023950
20.	POL00027239	POL meeting minutes RE Fujitsu contract extension with handwritten annotations. (02/07/2015)	POL-0023880
21.	POL00220849	Post Office Ltd Group Executive Agenda, meeting to be held on 12th February 2015 (12/02/2015)	POL-BSFF-0058912
22.	POL00103479	Post Office Limited - Post Office Board Agenda (25/03/2019)	POL-0103062
23.	POL00423917	Doc: POL_GE_Postmaster Losses 16 November 2022 (16/11/2022)	POL-BSFF-0238732
24.	POL00423921	Doc 03.00_POL_GE: GE Report, 25 January 2023 – no redactions (25/01/2023)	POL-BSFF-0238736
25.	POL00423698	Email Subject: Losses (24/01/2023)	POL-BSFF-0238489
26.	POL00423700	Email Subject: Branch Discrepancies – Findings and Recommendations (11/04/2023)	POL-BSFF-0238491
27.	POL00423920	Email "Question" – with redactions for privilege. (16/05/2023)	POL-BSFF-0238735

28.	POL00138860	Email from Alisdair Cameron to Alwen Lyons, Neil NcCausland, Viringa Holmes and others cc Alice Perkins, Alasdair Marnoch, Richard Callard and others RE: Sparrow paper for the Board - Action required (03/03/2015)	POL-BSFF-0001081
29.	POL00218860	Email from Paula Vennells to Mark R Davies, Alisdair Cameron, CC Gavin Lambert and others re: Sparrow - An idea at pace! (15/01/2015)	POL-BSFF-0056923
30.	POL00351276	Email from Rod Ismay to Peter Goodman Re: suspense accounts (15/01/2015)	POL-BSFF-0176997
31.	POL00040805	Email sent from Mark Underwood to Belinda Crowe and others, re Suspense Accounts (19/01/2015)	POL-0037287
32.	POL00310758	Email from Chris Aujard to Ian Henderson cc Belinda Crowe, Tom Wechsler, rjw RE: Meeting with Finance Team (20/01/2015)	POL-BSFF-0148808
33.	POL00109892	Email from Avene O'Farrell to Belinda Crowe and Alisdair Cameron, cc Chris Aujard and Gavin Lambert re Second Sight meeting with finance team to discuss suspense accounts (20/01/2015)	POL-0111104

34.	POL00220084	Email from Chris Aujard to Alisdair Cameron, CC Andrew Parsons and Tom Wechsler and others re: FW: Suspense accounts - legally privileged - urgent [BD-4A.FID20472253] (27/01/2015)	POL-BSFF-0058147
35.	POL00021829	Emails between Paul Lorraine, Alisdair Cameron, Andrew Parsons and others (29/01/2015)	POL-0018308
36.	POL00311251	Email from Jane MacLeod To: Jane MacLeod re Sparrow (28/01/2015)	POL-BSFF-0149301
37.	POL00150989	Email chain including Tom Wechsler (POL); Alisdair Cameron (POL); Avene O'Farrell & others Re: (29/01/2015)	POL-BSFF-0010101
38.	POL00130857	Email from Mark R Davies to Alisdair Cameron cc'ing Jane MacLeod RE: Urgent - paper for sub committee (09/02/2015)	POL-0124313
39.	POL00312064	Email RE: Suspense - independent firm - scope & procedures drafts. Including Suspense - Scoping doc for Independent review and Suspense agreed upon procedures attachment (12/02/2015)	POL-BSFF-0150114
40.	POL00312085	Suspense Update to SS Letter from Alisdair Cameron to Ian (12/02/2015)	POL-BSFF-0150135
41.	POL00102236	Email from Belinda Crowe to Alisdair Cameron, Mark	POL-0101819



		Davies, Jane MacLeod and others. Re: "Catch up call with Second Sight" (27/02/2015)	
42.	POL00040932	Initial Complaint Review and Mediation Scheme ( End of Term Report V.7 (06/03/2015)	POL-0037414
43.	POL00225156	Email chain from Mark Underwood to Alisdair Cameron cc Rod Ismay, Belinda Crowe, Andrew Parsons RE: Second Sight's Part Two Report and assertions made in relation to Suspense accounts (20/03/2015)	POL-BSFF-0063219
44.	POL00313968	Email from Ian Henderson to Alisdair Cameron, Rod Ismay, Jane Macleod and others RE: Client Suspense Accounts – Confidential (27/03/2015)	POL-BSFF-0152018
45.	POL00102389	Email from Mark R Davies to Alisdair Cameron, Re: Sparrow (10/04/2015)	POL-0101972
46.	POL00109933	Email from Paula Vennells to Alisdair Cameron re: Mediation Scheme (30/01/2015)	POL-0111120
47.	POL00153623	Email from Alisdair Cameron to Neil Hayward, Jane MacLeod and Paula Vennells Re: Outreach Branch Remittances (12/11/2015)	POL-BSFF-0012735
48.	POL00241349	Email from Alisdair Cameron to Angela Van-Den-Bogerd	POL-BSFF-0079412

		RE: Fwd: Horizon Issue – urgent (09/05/2016)	
49.	POL00241374	Email from Tim Franklin to Paula Vennells RE: Media coverage on Horizon system failure (09/05/2016)	POL-BSFF-0079437
50.	POL00163019	Email from Chris Broe to Mark Davies, Paula Vennells, Kevin Gilliland and others re: Horizon Incident 9th May 2016 - Diagnosis, Lessons Learned and Actions. (10/05/2016)	POL-0151371
51.	FUJ00169083	Email from Regina Moran to Alisdair Cameron, CC'ing Gavin Bell, Chris Broe, and another re: Update - doing a full investigation and working with Oracle. (11/05/2016)	POINQ0175264F
52.	FUJ00175319	Letter from Robert Houghton to Gavin Bell re: RE: Horizon service outage incident on 9th May 2016 (“Service Incident”) (12/05/2016)	POINQ0181500F
53.	UKGI00009385	Letter from Kelly Tolhurst MP to Tim Parker - Re: Appointment of Al Cameron as interim CEO (20/03/2019)	UKGI020193-001
54.	UKGI00010163	Letter from Alex Chisholm to Alisdair Cameron re: Accountable person: Instruction from BEIS permanent secretary to the CEO of Post Office Ltd on accountabilities and responsibilities (09/06/2019)	UKGI020971-001

55.	POL00250703	Email from Jane MacLeod to Avene Regan, cc Paula Vennells and Alisdair Cameron re Litigation-meeting with Tony Robinson (22/09/2017)	POL-BSFF-0088766
56.	POL00006462	Steering Group Briefing Paper: Update on case management strategy (04/10/2017)	POL-0017767
57.	POL00024292	Email chain from Jane MacLeod to Andrew Parsons and Rodric Williams, Re: Postmaster Litigation (05/12/2017)	POL-0020771
58.	POL00024182	Email chain between Jane MacLeod, Alisdair Cameron, Paula Vennells and others Re: Postmaster Litigation - Briefing notes for the Board. (28/01/2018)	POL-0020661
59.	POL00103336	Email from Jane MacLeod to Tim Parker; Ken McCall; Carla Stent; Tim Franklin, re: Postmaster Litigation - Confidential and subject to Legal Privilege - Do not Forward. (01/06/2018)	POL-0102919
60.	POL00021556	Meeting minutes: minutes of Board meeting held on 31st July 2018 (31/07/2018)	POL0000089
61.	POL00255647	Email from Alisdair Cameron to Stephen Clarke RE: Post Office Group Litigation - SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD (05/07/2018)	POL-BSFF-0093710

62.	POL00024204	Email chain from Jane MacLeod, Andrew Parsons, Rodric Williams and others Re: Postmaster Litigation - Security for Costs (16/09/2018)	POL-0020683
63.	POL00154340	Email from Alisdair Cameron to Paula Vennells, Jane MacLeod, Mark R Davies Re: Tomorrow's GLO Meeting (16/10/2018)	POL-BSFF-0013439
64.	UKGI00008519	BEIS Agenda: 'Post Office: Horizon Trial Contingency Planning' (17/10/2018)	UKGI019330-001
65.	UKGI00008554	Draft read out note of POL meeting in HoC on 17th October 4-4:45pm (17/10/2018)	UKGI019362-001
66.	POL00259560	Email from Melanie Corfield to Mark R Davies, Rodric Williams, Ben Float and Bob Hammond RE: For action-F&O call on Thursday 2.15pm (21/11/2018)	POL-BSFF-0097623
67.	POL00260202	Email from Jane MacLeod to Paula Vennells, Alisdair Cameron and CC Rodric Williams re: Board Report re Litigation CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD (17/12/2018)	POL-BSFF-0098265
68.	POL00242323	Email from Mark Underwood to Mark Westbrook cc'd Patrick Bourke re: Private &	POL-BSFF-0080386

		Confidential: Subject to Legal Privilege (03/06/2016)	
69.	POL00110592	Email chain from Alisdair Cameron to Jane MacLeod re: Private & Confidential: Subject to Legal Privilege: Suspense Accounts (08/02/2017)	POL-0108307
70.	POL00247840	Email chain from Ruth Phillips to Kay Wilson, Paul Smith and others re suspense account (22/03/2017)	POL-BSFF-0085903
71.	POL00024323	Post Office Group Litigation Steering Group Meeting - Noting Paper: Deloitte Reports (03/11/2017)	POL-0020802
72.	POL00423922	Doc: ARC_Current Operation of Suspense Accounts, 27 July 2020 (27/07/2020)	POL-BSFF-0238737
73.	POL00030907	Doc: ARC Committee Report, 24 November 2020 with redactions for privilege. (24/11/2020)	POL-BSFF-0238738
74.	POL00241640	Email from Carla Stent to Alisdair Cameron and Tim Franklin CC'ing Peter McIver RE: Conversation with EY team relating to Post Office ARC meeting (26/05/2016)	POL-BSFF-0079703
75.	POL00021446	Post Office Limited Audit, Risk and Compliance Committee Minutes of 28/06/2018 (28/06/2018)	POL-0018076

76.	POL00120814	Post Office Group Litigation Report (01/07/2018)	POL-0126427
77.	POL00255796	Email from Alisdair Cameron to jane Macleod RE: POL Contingent Liability Issue and Outstanding Items (16/07/2018)	POL-BSFF-0093859
78.	POL00255968	email from Jane MacLeod to Paula Vennells, Alisdair Cameron, Carla Stent and others re PostMaster Litigation - Disclosure in the ARA. (27/07/2018)	POL-BSFF-0094031
79.	POL00021447	Post Office Limited Audit and Risk Committee meeting Minutes of 29/05/2019 (29/05/2019)	POL-0018077
80.	POL00103569	Email Chain from Alisdair Cameron to Tim Parker, Ben Foat and Alan Watts re: FW: Letter from Kelly Tolhurst MP Re POL (May 2019) - Legally Privileged (02/06/2019)	POL-0103152
81.	POL00276017	Email from Thomas Cooper to Alisdair Cameron, Alan Watts and Ben Foat re: Legally Privileged - GLO sub-committee (05/06/2019)	POL-BSFF-0114080
82.	POL00176667	Email from Paula Vennells to ROb Houghton, Jane MacLeod, Rodric Williams and others RE: Fujitsu Call (11/02/2019)	POL-BSFF-0014730
83.	POL00267444	Email from Alisdair Cameron to Jane MacLeod in response to proposed email to Post Office Board following the	POL-BSFF-0105507

		judgement in the Common Issues Trial (08/03/2019)	
84.	POL00154694	Email from Alisdair Cameron to Jane MacLeod RE: Board Call on the GLO - Legally privileged and confidential (11/03/2019)	POL-BSFF-0013791
85.	POL00136433	Email from Alisdair Cameron to Jane MacLeod, Mark R Davis, Melanie Corfield and others re GLO Decision and resulting actions required (08/03/2019)	POL-0140886
86.	FUJ00171178	Email from Alisdair Cameron to Duncan Tait cc Rob Houghton RE: Post Office update - Group Litigation (15/03/2019)	POINQ0177359F
87.	POL00267739	DRAFT OVERALL MEDIA STATEMENT — in strictest confidence, legally privileged — subject to legal advice (15/03/2019)	POL-BSFF-0105802
88.	POL00163485	Email chain from Alisdair Cameron to Mark R Davies, Jane MacLeod cc'ing Melanie Corfield and others re: Draft media statement (13/03/2019)	POL-0151719
89.	POL00270605	Email from Jane MacLeod to Alisdair Cameron and others re STRICTLY CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE: Key note speech (11/04/2019)	POL-BSFF-0108668

90.	POL00269350	POL Operational Responses to the GLO (22/03/2019)	POL-BSFF-0107413
91.	POL00273832	CEO Report - The GLO Author: Al Cameron (30/04/2019)	POL-BSFF-0111895
92.	POL00021565	Meeting minutes: minutes of Board meeting held on 30th April 2019 (30/04/2019)	POL0000098
93.	UKGI00010232	Letter from Al Cameron to Kelly Tolhurst MP re: follow up from meeting on 15 May (04/06/2019)	UKGI021040-001
94.	POL00268475	Email chain from Alisdair Cameron to Jane MacLeod RE: Board sequencing (16/03/2019)	POL-BSFF-0106538
95.	POL00268060	Email from Jane MacLeod to Jane MacLeod RE: Litigation Options (15/03/2019)	POL-BSFF-0106123
96.	POL00025910	Advice by Lord Neuberger on the recusal application (14/03/2019)	POL-0022389
97.	POL00027594	POL Board Meeting - Minutes of a call of the Board of Directors of POLTD (18/03/2019)	POL-0024235
98.	POL00006397	Note of conferences on 18/3/2019 and 20/3/2019 with Lord Grabiner QC (20/03/2019)	POL-0017702
99.	POL00103473	Post Office Limited The Board of Directors Discussion Paper - The Background to	POL-0103056



		Recusal and other issues (20/03/2019)	
100.	POL00021563	Board call GLO 20 March 2019 (20/03/2019)	POL0000096
101.	POL00269061	Email from Mark R Davies to Jane MacLeod, Alisdair Cameron cc Mark Underwood, Patrick Bourke, Melanie Corfield RE: Statement (21/03/2019)	POL-BSFF- 0107124
102.	POL00269063	Email from Cameron RE: Statement: legally privileged and strictly confidential (21/03/2019)	POL-BSFF- 0107126
103.	POL00359925	Email from Jane MacLeod to Alisdair Cameron, Thomas Cooper, CC Avene Regan and others re: Post Office - Recusal Application - confidential and subject to legal privilege - do not forward (09/04/2019)	POL-BSFF- 0185646
104.	POL00103490	Email from Alisdair Cameron to Jane MacLeod re. Post Office - Recusal Application CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD (09/04/2019)	POL-0103073
105.	POL00103495	Email from Alisdair Cameron to Tim Parker re. Update (12/04/2019)	POL-0103078
106.	POL00360195	Email from Ben Foat to Alan Watts, Kirtsen Massey, CC Alisdair Cameron and others re: Group Litigation - recusal application - legally privileged	POL-BSFF- 0185916

		and highly confidential (11/05/2019)	
107.	POL00103539	Email from Alisdair Cameron To Tim Parker, Thomas Cooper, Ken McCall & Ors RE: request for appeal on recusal (13/05/2019)	POL-0103122
108.	POL00275995	Email from Alisdair Cameron to Alan Watts, Ben Foat cc'd Thomas Cooper re: Legally Privileged - GLO sub-committee (04/06/2019)	POL-BSFF-0114058
109.	POL00103438	Email from Alisdair Cameron to Thomas Cooper re. URGENT: Litigation Options - Confidential and Subject to Legal Privilege (15/03/2019)	POL-0103021
110.	POL00270753	Email chain including Jane MacLeod (POL); Ruth Cowley (Norton Rose Full Bright "NRFB"); Glen Hall (NRFB) & Others Re: Postmaster Litigation Update (14/04/2019)	POL-BSFF-0108816
111.	POL00006513	Email from Andrew Parsons to Jane MacLeod c.c. Amy Prime, Ben Foat: Subject 'Catch Up' (17/04/2019)	POL-0017818
112.	UKGI00043848	Email from Alisdair Cameron to Thomas Cooper, Tim Parker, Shirine Khoury-Haq and others re: RE: Post Office trial (12/05/2019)	UKGI052165-001
113.	POL00275357	Email from Ben Foat to Alisdair Cameron re: Group Litigation- Legally Privileged -	POL-BSFF-0113420

		Highly Confidential (23/05/2019)	
114.	POL00103576	Email from Alisdair Cameron to Alan Watts, Kirsten Massey, Ben Foat and Others re GLO Pre Meet and Sub Committee - Legally Privileged and Confidential (07/06/2019)	POL-0103159
115.	POL00103595	Post Office Limited Minutes of Postmaster Litigation Subcommittee Held on 12 June 2019 (12/06/2019)	POL-0103178
116.	POL00103599	Email Chain from Alisdair Cameron to Alan Watts and Ben Foat re: Privileged & Confidential (27/06/2019)	POL-0103182
117.	POL00006753	Meeting Minutes of the Group Litigation Subcommittee of POL (21/02/2019)	POL-0018011
118.	POL00357549	Email Subject: Postmaster Litigation – Remote Access: extract from draft Letter to Freeths – LEGALLY PRIVILEGED – DO NOT FORWARD (28/11/2016)	POL-BSFF-0183270
119.	POL00103408	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and Others re Post Office - Postmaster Litigation Confidential and Subject to Legal Privilege - Do Not Forward (07/03/2019)	POL-0102991
120.	POL00268869	Email from Alisdair Cameron to Rodric Williams, Jane MacLeod RE: Update on	POL-BSFF-0106932

		Horizon Issues Trial - Post Office Group Litigation (20/03/2019)	
121.	POL00268881	Email from Rodric Williams to Alisdair Cameron and Jane MacLeod, re: Update on Horizon Issues Trial - Post Office Group Litigation - SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD (20/03/2019)	POL-BSFF-0106944
122.	POL00275871	Email from Alisdair Cameron to Ben Foat cc'd Veronica Branton and Alan Watts re: GLO SubCommittee - Legally privileged (03/06/2019)	POL-BSFF-0113934
123.	POL00026043	Email from Rodric Williams to Alisdair Cameron, Rob Houghton, Mark R Davies & others cc Catherine Hamilton, Mark Underwood, Angela Van-Den-Bogerd & others RE: Update on Horizon Issues Trial - Post Office Group Litigation (07/06/2019)	POL-0022522
124.	POL00026216	Email from Ben Foat to Nick Read, Alisdair and Mark Davies cc: Shikha Hornsey, Rodric Williams, Sherrill Taggart, RE GLO - Disclosure Incident (02/10/2019)	POL-0022695
125.	POL00112591	Email chain from Alisdair Cameron to Ben Foat cc Nick Read and Mark R Davies Re: GLO-Disclosure Incident re. KEL logs (03/10/2019)	POL-0110061
126.	POL00112645	PO GLO Board Sub-Committee Paper -	POL-0110112

		Operations and GLO Contingency Planning Report (22/10/2019)	
127.	POL00129086	Horizon Issues Trial Judgment Contingency Planning Update (04/12/2019)	POL-0132243
128.	POL00043341	Email chain between Ben Foat, Tim Parker, Tim Franklin and others RE: GLO - High Level Review Embargoed Horizon Judgment - Section M (09/12/2019)	POL-0039823
129.	POL00006756	Meeting Minutes of the Postmaster Litigation Subcommittee of POL (28/01/2019)	POL-0018014
130.	POL00118056	Email from Patrick Bourke to Mark Davies re: Brand, press coverage and solutions (24/05/2019)	POL-0114743
131.	POL00026939	Post Office Limited Postmaster Litigation Subcommittee Agenda & Minutes (17/09/2019)	POL-0023580
132.	POL00006759	Meeting Minutes of the Postmaster Litigation Subcommittee of POL (13/11/2019)	POL-0018017
133.	POL00292587	Postmaster Litigation Subcommittee Agenda (22/01/2020)	POL-BSFF-0130650
134.	POL00290109	Email from Alisdair Cameron to Patrick Bourke, Nick Read and Ben Foat RE: Mediation (10/12/2019)	POL-BSFF-0128172

135.	UKGI00017593	Email from Mpst Tolhurst (BEIS) to Tom Cooper (UKGI), Gavin Lambert cc William Holloway and others RE: POL discussion with SoS and Kelly Tolhurst (16/03/2019)	UKGI027600-001
136.	POL00270909	Email from Richard Watson to Alisdair Cameron and others re Joining up (17/04/2019)	POL-BSFF-0108972
137.	UKGI00009777	Email from Eleanor to Carl Creswell, Craig Watson, Cecilia Vandini re Note of Kelly/AI/Tim meeting on POL - 15/5 (16/05/2019)	UKGI020585-001
138.	UKGI00017603	Email chain from Carl Creswell to Thomas Cooper, Alisdair Cameron and Pauline Sullivan re: Supporting the Minister (16/05/2019)	UKGI027610-001
139.	POL00103557	Email from Alisdair Cameron To Thomas Cooper, Tim Parker & Ben Foat RE: Appeal hearing on common issues (23/05/2019)	POL-0103140
140.	UKGI00010371	Letter to Kelly Tolhurst MP from Al Cameron re. follow up letter of 19 <sup>th</sup> (28/06/2019)	UKGI021179-001
141.	UKGI00010369	Letter from Kelly Tolhurst MP to Al Cameron - Re: PoL Litigation and engagement with DWP (01/07/2019)	UKGI021177-001
142.	POL00175235	What went wrong? A draft for discussion (19/11/2010)	POL-0170332

143.	POL00176615	Email from Jane Macleod to Rodric William, John M Scott, Angela Van-Den-Bogerd and others RE: Prosecution policy (13/11/2015)	POL-BSFF-0014678
144.	POL00027598	Post Office Ltd Minutes: Board Meeting held on 21st March 2016 (21/03/2016)	POL-0024239
145.	POL00249527	Email chain from Ben Foat to Rodric Williams Re: Ops Board and Losses & Crime Group (27/06/2017)	POL-BSFF-0087590
146.	POL00103308	Status Report for Post Office Limited. (02/08/2017)	POL-0102891
147.	POL00251125	Email from Mark Raymond to Alisdair Raymond and Mark Ellis RE: Cases suitable for prosecution (27/10/2017)	POL-BSFF-0089188
148.	POL00029993	Email from Rob Houghton to Gavin Bell and others Re: Dalmellington error in Horizon / problemwithpol (01/07/2016)	POL-0026475
149.	POL00163217	Email from Mark R Davies to Linda Bonar, Ruth X Barker, Alice Cookson and others re: Save Rutherglen Post Office (30/10/2017)	POL-0151537
150.	POL00253502	Email from Paula Vennells to Alisdair Cameron and Debbie Smith re Seaton Post Office and Post Office Ltd (20/02/2018)	POL-BSFF-0091565
151.	POL00136417	Email from Mark R Davies to Melanie Corfield, Mark	POL-0140870

		Underwood, Angela Van-Den-Bogerd RE: Fwd: Another Computer Error. Chain includes correspondence with Tim McCormack (23/06/2019)	
152.	POL00423915	Email "The error, Catch 22" – no redactions (29/07/2019)	POL-BSFF-0238730
153.	UKGI00017284	Post Office Limited Board meeting minutes - 18th June 2015 re Agreement with NFSP (18/06/2015)	UKGI028242-001
154.	POL00163556	PO Board Agenda – 1.19 Wakefield (30/04/2019)	POL-0151767
155.	POL00262341	Post Office Media Training Scenario: Horizon (21/01/2019)	POL-BSFF-0100404
156.	FUJ00175270	Minutes of meeting at 20 Finsbury Street - Chris Broe, Alisdair Cameron, Gavin Bell, Nigel Shaw and Regina Moran (20/11/2015)	POINQ0181451F
157.	FUJ00175302	Email from Regina Morgan to Alisdair Cameron, cc to Rob Houghton, Chris Boe and others Re: Service Horizon etc (09/05/2016)	POINQ0181483F
158.	FUJ00175336	Email chain from Regina Moran to Gavin Bell re: Fwd: Follow Up (19/06/2016)	POINQ0181517F
159.	UKGI00017291	Post Office Limited Board Meeting Minutes - 25th March 2019 (25/03/2019)	UKGI028249-001
160.	POL00288080	Email from Rodric Williams to Ben Foat, Sherrill Taggart, Jacqueline Scott and others	POL-BSFF-0126143



		Re: FW: Fujistu decisions thoughts - legally privileged (05/11/2019)	
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