

Witness Name: Robert Swannell
Statement No: WITN10800100
Dated: 14 June 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ROBERT SWANNELL

I, **ROBERT WILLIAM ASHBURNHAM SWANNELL**, will say as follows:

1. I am the former Chair of the Shareholder Executive (“ShEx”), later UK Government Investments (“UKGI”).
2. This statement is made to assist the Post Office Horizon IT Inquiry (the “Inquiry”) with matters set out in the Rule 9 Request (the “Request”) dated 9 May 2024.
3. The contents of this witness statement are true to the best of my knowledge and belief. I have referred to various documents in this statement. Where I have referred to information from other sources, I believe that information to be true. The matters referred to in this statement took place up to 10 years ago, and I have been assisted in my recollection of events by contemporaneous documentation. I have sought to clarify where I directly recall an event and where I have relied to a large extent on the documents provided to me.
4. In making this statement, I have been assisted by Eversheds Sutherland (International) LLP, the recognised legal representative for UKGI, a Core Participant

(as defined in paragraph 5(a) of the Inquiry's Protocol on Witness Statements) in the Inquiry.

5. I wish to start my witness statement by acknowledging the pain and suffering of so many Sub-postmasters. This has been a catastrophic failure by many people and organisations. When I first became fully aware of the facts and judgments that had led to this position, I was appalled. From the visceral moment in March 2019 when I first appreciated how misguided POL's stance had been, I have been determined to do everything I can to ensure that a tragedy like this can never happen again by learning the lessons from it and learning them well. I describe the actions taken in this statement to make sure that is the case. Finally, I should say that, from the lessons already learned, referred to later in this statement, it is plain that there are matters that UKGI could have done better and for that I offer my unreserved apologies.

6. In my final Report as Chair of UKGI in 2021 I said:

"We will ensure that, where there are lessons to be learned relevant to UKGI's role with respect to The Post Office and the Horizon IT matters we will learn and act upon them. The many people deeply affected by this tragic set of events deserve no less. In the meantime, we are making sure we give every possible assistance to the statutory inquiry being led by Sir Wyn Williams."

7. I could make that pledge three years ago because, by then, UKGI had already commenced a major lessons learned exercise, which I describe below and which

is reflected in the Opening Statement presented to this Inquiry. This statement, and my appearance at the Inquiry, is my part in fulfilling that pledge.

Background

8. I began my career by qualifying as a chartered accountant with Peat Marwick Mitchell (now KPMG), before being Called to the Bar and completing pupillage, specialising in tax and company law. Between 1977 and 2010, I spent more than 30 years in investment banking with Schroders/Citigroup. I specialised in giving financial and strategic advice to Boards on some of their most difficult, existential moments, take-overs, mergers, reconstructions etc. From 1999 onward, I sat on several listed company Boards, including appointments as senior non-executive director on the Boards of both 3i Group PLC and The British Land Company PLC. I was the Chairman of the HMV Group PLC between 2009 and 2011, and between January 2011 and September 2017, I was the Chairman of Marks and Spencer Group PLC.

9. Alongside these commercial appointments, I held various appointments in education and the charitable sector, for example, I chaired the governing body of a major school and I also founded and chaired a significant educational charity. In addition, I had two roles in the public sector. I was a member of the Regulatory Decisions Committee of the Financial Services Authority (as it then was) from 2001-2005, and from 1999-2008, I was a member of the Industrial Development Advisory Board of what is now the Department for Business and Trade.

10. I was appointed as a non-executive director (“NED”) of ShEx in November 2013¹ and attended my first Board meeting in January 2014 (see minutes UKGI00016732). I was subsequently appointed Chairman of ShEx on 18 September 2014² and chaired my first ShEx Board on 24 September 2014 (UKGI00016719). I left UKGI (as ShEx had by that point become) in 2021 after completing 7 years in the post, attending my last Board meeting on 22 September 2021 (see minutes UKGI00045948).
11. Since leaving UKGI, I continued to sit on the Board of the Investor Forum, a company set up by the major fund managers/asset owners in the UK market to be their vehicle for collective engagement with listed PLCs on subjects of governance and strategy; I was a founding Director and stepped down from this Board after three terms in January 2024. I am an Advisory Board Member/Senior Advisor to Citi in Europe. I also remain a member of The Takeover Appeal Board, the ultimate appeal body for the conduct of takeover bids in the UK.

My Appointment to ShEx Board

12. As I set out above, I joined ShEx in January 2014 as a NED. My contract as NED required a time commitment of half a day per week. When I became Chair of ShEx in September 2014, my time commitment changed to three days per month. When I became Chairman of UKGI in 2016, my time commitment remained at three days per month. This was subsequently increased to a commitment of five days per

¹ Letter of appointment as a NED of ShEx (UKGI00045895) and (UKGI00045954)

² Letter of appointment as Chairman of ShEx (UKGI00045949) and letter of appointment as Chairman of UKGI (UKGI00045955)

month in 2018³, and remained so until I left UKGI in 2021; my remuneration as Chair remained unchanged throughout my term. I spent much more time working for UKGI than my contracted hours; I would estimate at least 50% more. In addition to membership/Chairing of the ShEx/UKGI Board, I attended all the UKGI Board Committee meetings held during my term as Chair, either as a member or as an attendee/observer: This included the Nominations Committee, Audit & Risk Committee, Transactions and Remuneration Committees. There were no ShEx Board Committees because ShEX did not have a fiduciary Board.

13. My work on the Board of ShEx/UKGI was not my only Board appointment at that time. As I have set out above, I also sat on the Boards of a number of other organisations whilst a member of the ShEx/UKGI Board of which, the Chairmanship of Marks and Spencer was the most prominent. I nevertheless felt completely comfortable that I had sufficient time to devote to each of my various roles and I was never told otherwise by any organisation.

14. When I joined the Board of ShEx, I had no knowledge of the Horizon IT system ("Horizon"), or the complaints that were being made by Sub-postmasters concerning the integrity of Horizon. I did not know when I joined the ShEx Board that Royal Mail Group had investigated, brought prosecutions, or obtained convictions against Sub-postmasters, although that was something of which I later became aware. I cannot now be sure when exactly I first knew about the prosecutions, but 2016 is likely the earliest I would have known. I never knew who within Royal Mail was responsible for these matters, nor do I now. Also, at the point

³ Signed appointment letter as Chair of UKGI, dated 28 August 2018 (UKGI00045953)

of joining, I did not know about the Helen Rose report, nor Simon Clarke's advices of 15 July 2013 or 2 August 2013, all of which were documents of which I only became aware through following this Inquiry and in responding to this Request. I was also not aware of Deloitte's 'Project Zebra' report on joining ShEx, and did not become aware of it until the work done by UKGI in 2020 and 2021, as part of the 2021 UKGI Lessons Learned Review.

15. Similarly, I had no knowledge of the 'Swift Review' or Deloitte's 'Bramble Report' until the work done for the 2021 UKGI Lessons Learned Review, which is covered in detail below.

ShEx

16. At the time I joined ShEx, it was a part of the Department of Business, Innovation and Skills ("BIS"). Over the years, this Department has changed its functions and name from BIS to the Department for Business, Energy and Industrial Strategy ("BEIS") and is now the Department for Business and Department for Business and Trade ("DBT"). For ease of reference, I shall refer to this Department as DBT throughout this statement.
17. The purpose of ShEx was to improve the Government's performance as a shareholder of publicly owned businesses, not only those businesses originating from within DBT, but also from many other Government Departments, for example, The Royal Mint for which the relevant Department is His Majesty's Treasury ("HMT"). In addition to its function overseeing the Government-owned businesses, it also had a role in providing specialist corporate finance advice to Government

departments which included advising on asset sales, launch aid and broader forms of assistance, rescue aid and other interventions and other significant Government projects.

18. In May 2015, the Chancellor of the Exchequer announced that ShEx would be brought together with UK Financial Investments (“UKFI”) to form UK Government Investments. UKFI was the body set up at the time of the global financial crisis in November 2008, to manage the banking assets that came into HMG ownership at that time, largely comprising the assets of Northern Rock and Bradford & Bingley, along with large shareholdings in Lloyds Banking Group and Royal Bank of Scotland (now NatWest).

19. This brought together two quite distinct organisations, initially operating with a ‘shadow board’ until 1 April 2016, when ShEx formally joined with UKFI to form UKGI, as set out in the Board mandate ([UKGI00045923](#)). UKGI was, and is, a private limited company owned by HMT, which took over the functions of ShEx and UKFI. Although the merger was not formally completed until 1 April 2016, the two organisations began to evolve into UKGI from the time that the decision to merge was announced, and this was exemplified by my attendance at the UKFI Board from the announcement. The working relationship between the two organisations was excellent from the outset, right from the point of the decision to merge. The ‘UKGI transition update’ paper considered by the ShEx Board on 1 July 2015 (UKGI00016734 pp.30-40) gives a helpful description of this merger with UKFI, the process by which it happened and the objectives of the newly formed UKGI. The first Board of UKGI was in January 2016, and I was formally appointed Chair of UKGI in February 2016.

20. The activities and projects of ShEX and UKGI evolved over time, and, of course, the merger itself marked a major change in the scale of its corporate finance activities. During my time at UKGI, the organisation took on many new mandates and roles, including, for example: shareholder roles at Defence Equipment and Support (“DE&S”) (an important Ministry of Defence (“MOD”) Arm’s Length Body (“ALB”)) and the Government Property Agency, setting up the British Business Bank, analysing and advising on HMG’s contingent liabilities, and leading the negotiations with pharmaceutical companies for vaccines during the Covid-19 pandemic. At the time I left UKGI, it acted as shareholder for 20 major ALBs. These were:

- a. in finance, British Business Bank, UKEF, Royal Mint, UKGIP, Reclaim Fund Limited, NatWest Group and UK Asset Realisation;
- b. in communications, Channel 4, Post Office Limited and OneWeb;
- c. in transport, NATS and Highways England;
- d. in nuclear, Urenco, NDA and NNL;
- e. in defence, DE&S and AWE;
- f. in property and land, HM Land Registry, Ordnance Survey and Government Property Agency.

Background and purpose of the ShEx Advisory Board

21. As ShEx was part of a Government department and not a company, its Board operated in an advisory, as opposed to fiduciary, capacity. This changed with the

formation of UKGI as a limited company, at which point the Board operated as a fiduciary board.

22. Neither the Board of ShEx, nor of UKGI, had any executive responsibility for the conduct of the operations of ShEx/UKGI.

23. The ShEx Board's Terms of Reference, which are appended to my contract (see paragraph 10), set out amongst other matters, the ShEx Board's purpose, authority, and interaction with ShEx executive, along with the role of ShEx Chair, membership of Board and requirements for meetings. Further information on ShEx's history and responsibilities is also set out in the First Witness Statement of Charles Donald dated 6 February 2024 ("**Donald 1**"), in particular paragraphs 6 to 11, which I have read and agree with in respect of the period of the time for which I held positions on the ShEx Board.

UKGI Board

24. The UKGI Board approved its Terms of Reference at its first meeting on 27 January 2016 (UKGI00016724). The key objectives of UKGI set out in the framework document with HMT were: (i) to prepare and execute all significant corporate asset sales by the UK Government; (ii) to advise on all major UK Government financial interventions into corporate structures; (iii) to act as shareholder for those ALBs that are structured to allow a meaningful shareholder function and for other UK Government assets facing complex transformations (especially if governance is at the heart of a model change); and (iv) to advise on major UK Government negotiations with corporates. The roles and responsibilities of UKGI and its Board

are set out in more detail in the UKGI Framework Document⁴ dated 2016 ([UKGI00045938](#)).

25. It should be noted that UKGI was a small organisation with a staff of no more than 150 for most of the period in question. It is unique in the public sector, in that around one half of its staff are career civil servants, and the other half are recruited or seconded from the private sector. As set out in the 'UKGI transition update' paper July 2015, UKGI is generally only tasked with taking on a shareholder role where there is significant complexity involved ([UKGI00016734](#) pp.31-32). Indeed, entities that were in 'steady state' were routinely handed back to sponsoring departments for the shareholder role (examples being Companies House, The Met Office and Nuclear Liabilities Fund).

Role of Chairman

26. The role and responsibilities of the Chair of ShEx/UKGI are detailed in the Chairman's Terms of Reference, which were approved at the UKGI Board on 19 May 2016 (see minutes [UKGI00016758](#)). The Terms of Reference provide that the Chairman is to "*promote the highest standards of corporate governance...which is meaningful, relevant and understood throughout the business so that we all do the right thing the right way*" and to be accountable to ShEx's/UKGI's stakeholders for the effectiveness of the Board ([UKGI00016771](#), p.44). The Terms of Reference also explain that the Board is accountable to the Chancellor of the Exchequer and, through the Chancellor of the Exchequer, to Parliament. The other Directors

⁴ See, in particular, paragraph 6.8.

reported to me in their roles as Directors, but Mark Russell also had the responsibility for UKGI as Accounting Officer. In addition, I would expect that the two Permanent Secretaries who sat on the UKGI Board had separate reporting lines within their departments.

27. The draft UKGI Framework Document (UKGI00045938) discussed by the UKGI Board on 27 January 2016 (UKGI00016724) records that the Chair: (i) was *“responsible for ensuring that policies and actions support the responsible Ministers and where relevant other Ministers’ wider strategic policies and that the Board’s affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout UKGI”*; and (ii) had leadership responsibilities pertaining to the Board, including formulating the Board’s strategy, enabling the Board in reaching decisions, to take proper account of guidance provided by the responsible Minister or the department, promoting the efficient and effective use of staff and other resources, delivering high standards of regularity and propriety, and representing the views of the Board to the general public.
28. It was my task as Chair to ensure that we had a properly qualified Board, working together with the right culture to provide oversight and challenge to the activities of the executive, with an appropriate strategy and risk processes in place and people (and a culture), to support that strategy and those processes. I had no responsibility for the day to day running of UKGI, nor for executing any of its projects and neither did any of the other NEDs. I make this distinction a number of times in this witness statement, in response to specific questions about my actions or the work of UKGI.

29. It is notable, that at the very first UKGI Board meeting in January 2016, UKGI's values were discussed and agreed by the Board. This was because observing our values was at the heart of our culture. Employees were widely consulted on these values, and the core values that were ultimately agreed upon included: being professional and acting with integrity; being collegiate and committed to improvement; being open and honest in our communications; and focussed on outcomes. When I set out the role of the Board in plain language for our Board Mandate, first agreed in May 2016 and renewed each year (UKGI00045923), these values were emphasised. That Board Mandate set out how Directors should behave in observing UKGI's values. It included requirements for Board members to make their considered views known, even if critical or expressing an opposing view, and to do so in a way that encouraged constructive discussion. The Board Mandate also provided that the Chair was responsible for ensuring the Board had a culture where openness is encouraged, and disagreement is tolerated and valued.
30. I can confirm that these values were observed consistently at the Board during my time as Chair.
31. I regarded these values as crucial in an organisation like UKGI, where Executives were often working under great pressure on highly complex tasks and where it is vital for anyone who felt out of their depth, frightened or unsure, or who had made a mistake, to feel able, indeed encouraged, to raise their hand and ask for support. In addition, a very special culture was vital in recruiting staff from the private sector.

32. Notwithstanding that the role of Chair of UKGI was a non-executive one, it would be impossible to chair UKGI (or indeed any entity) without understanding what is going on in the company and gauging the culture and mood of the organisation. In this respect, I had certain routines to meet key executives and individuals within the company and beyond on a regular basis. For example, I would meet the CEO of UKGI every fortnight for an hour to discuss whatever was on our minds. These were relatively informal meetings, and we did not produce agendas or keep minutes. Similarly, I regularly met the (executive) Directors/SCS2⁵ of UKGI every 6-8 weeks, which helped me assess the performance of the CEO, as well as providing me with detail on projects that would arise at the Board and so help me guide the agenda of the Board. I would also meet the Deputy Chairman (Sir James Leigh-Pemberton) and the Senior Independent Director (Jane Guyett) regularly on a 4-6 week cycle. These two very seasoned NEDs/Chairs also spent a great deal of time with the UKGI Executives so they could alert me to any worries they picked up. Both would tell me, candidly, of any issues that I might not have handled well or had failed to notice at the Board. I mentored certain UKGI Executives and was also attached to one asset (Urenco) in the way that all NEDs were attached to one or more projects or assets on the basis of a specification agreed at the March 2016 UKGI Board (see minutes (UKGI00016745) and board paper ([UKGI00016755](#) pp.29-30)). This was to help apply the experience of NEDs to assist and mentor the executives of UKGI responsible for those assets, but it was explicitly not for the NEDs to take an

⁵ At UKGI, the most Senior Executive was the CEO. Beneath the CEO would be 'Directors' (SCS2 or equivalent), 'Executive Directors' (SCS1 or equivalent) and 'Assistant Directors' (Grade 6 or equivalent) and then 'Managers' (Grade 7 or equivalent).

executive role. During my time at ShEx/UKGI, the NED assigned to POL was Jane Guyett, the Senior Independent Director and Chair of ARC.

33. In addition to these, and other, regular meetings, I spoke to ShEx / UKGI executives on an ad hoc basis about a variety of matters. I used to attend Portfolio Reviews and Risk Reviews from time to time, to observe how they were being conducted by the Executive Team, as did all the NEDs. The papers for one meeting of the UKGI Risk and Assurance Committee that I attended specifically on POL held on 19 April 2017 (UKGI00020606), are typical of the preparation for such a meeting. The paper and accompanying slides are entirely focussed on the business and strategy and funding of POL. There is no reference to Horizon / SPM issues and the litigation. I cannot recall if there was any reference to Horizon / SPM issues at the meeting itself but would not expect there to have been, given the focus of the contemporaneous documents.
34. Before every Board meeting, the Board would invite the newest recruits to the organisation to come and speak to the NEDs collectively. These new recruits were asked to talk about what had brought them to UKGI, what they hoped to achieve, their previous experience, what had surprised them on arrival (both good and bad), their sense of the culture and their inclusion, and anything else on their minds. This allowed me invariably to talk about UKGI, its culture, and the importance of individuals speaking up if they had concerns or were uncertain about anything.
35. Finally I would quite often address “huddles” of ShEx / UKGI executives. These huddles were informal gatherings of the whole office, called on an ad hoc basis to

give information of relevance to the team. I would often talk about what was on the Board's agenda and would invariably talk about culture and openness.

ShEx/UKGI Boards

36. When I joined the ShEx advisory Board, it had a NED Chair (Patrick O'Sullivan), four additional NEDs and four Executive Directors (including the CEO, Mark Russell).

37. When ShEx and UKFI merged, so did the two Boards. The Board of the new UKGI comprised all of the Non-Executive members of the ShEx Advisory Board and three members of the UKFI Board, and also included the permanent secretary of DBT and the Second Permanent Secretary to HMT. Upon formation in 2016, the Board of UKGI comprised:
 - a. Chair (myself),
 - b. Sir James Leigh-Pemberton (former Executive Chair of UKFI and Deputy Chair of UKGI),
 - c. Jane Guyett (former NED of UKFI and later appointed Senior Independent Director of UKGI),
 - d. Lord Gadhia (former UKFI NED),
 - e. Robin Lawther (former ShEx NED),
 - f. Caroline Thompson (former ShEx NED),
 - g. Sir John Kingman (second permanent secretary of HMT),
 - h. Sir Martin Donnelly (permanent secretary of DBT) and
 - i. Mark Russell (the ShEx and subsequently UKGI CEO).

38. Simon Palley, an experienced private equity/venture capital professional, was appointed for a three-year term in 2016. In 2019, Andy Duff and Clare Hollingsworth, both highly seasoned Board members and Chairs, joined as NEDs when Simon Palley stepped down. Otherwise, the Board was unaltered in all my time as Chair from 2015/2016 to 2021.

Board Committees

39. Given the status of ShEx being based within a department with no corporate structure and its Board being advisory in nature, the Board of ShEx did not have committees. A Risk and Assurance Committee was constituted in 2013 as an extension of the Executive Committee (“ExCo”) to assist ExCo monitor corporate governance, risk management and control systems within ShEx (see Terms of Reference ([UKGI00045874](#)) and minutes of ShEx Board meeting dated 15 January 2014 (UKGI00016731)).

40. When ShEx became UKGI in 2016, the following committees were constituted to support the UKGI Board as is normal in any company with strong governance: the Nominations Committee, the Audit and Risk Committee, the Transactions Committee and the Remuneration Committee. These committees received their authority from, and reported to, the UKGI Board. Further information on the roles and responsibilities of these committees is set out in the terms of reference of each, as referred to in the ShEx Board meeting dated 27 January 2016 (UKGI00016753).

Operation of the Board and Oversight of POL

41. The Board of UKGI met at least 8 times per year, sometimes more. Prior to that, the Board of ShEx met 6 times a year. From 2016 onward, in addition to the provisions of the Framework Document and the Board Terms of Reference, the purpose and role of the UKGI Board was codified in a Board Mandate which was discussed and agreed each year with a different set of key issues for the Board to focus on for the following year. The mandate was intended to serve as a granular tool for both what the Board was doing and how it should do it, and the culture that we wanted in the UKGI Board. It also explicitly set out what the Board did not do; in particular, it should not undertake executive roles.
42. The way I managed the Board as Chair was, to a large extent, guided by the risk register and so the Board's focus would predominantly be on those assets presenting the most risk at any given time. From my first ShEx Board meeting on 15 January 2014, before becoming Chair, the minutes show that I was very focussed on risk to ensure that the Board was focussed on the key issues and adding value (UKGI00016732).
43. It is important to understand that the entities which UKGI (and before that, ShEx) is asked to take on are the Government's most challenging and high-profile assets. For this reason, I am not surprised at the times when POL was not shown in the top 10 projects or indeed the top highest risks. That is not to say that any organisation in the UKGI portfolio was ever 'off the radar', but we exercised oversight of UKGI by the guidance of the risk register and the risks attached to assets at any given time. This is starkly seen in the change of attitude of the UKGI Board to POL after

the March 2019 Common Issues Judgment when POL became the most acute focus of the Board.

44. Taking a risk-centred approach requires the risk register to accurately reflect the risk posed and from my early days on the Board, the ShEx Board took steps to improve its understanding and treatment of risk. In May 2014, at my suggestion, the ShEx Board requested that consideration of risk registers was brought forward to be considered earlier in Board meetings and that the risk register should include reputational risk (item 7) (UKGI00016717).

45. At the ShEx Board meeting on 16 July 2014, the new risk registers were discussed and the minutes record that I explained to the Board that it was key that the registers should be used to challenge the shareholder teams as to their understanding of identifying relevant risks (UKGI00016718). I also offered to arrange a meeting with 3i, where I had been a Senior Independent Director, to learn from their risk processes given that they held major shareholding in scores of underlying entities; this meeting took place and feedback was provided at the September 2014 Board meeting (UKGI00016719).

46. It is important to understand what the UKGI Board did and did not do. It would neither be feasible or desirable for an entity like UKGI, which has shareholder roles for many entities, to deal with the day to day-to-day governance matters of each of those entities. That is the task of the executives of UKGI and the wider Board of the entity itself. As to operational matters of those entities, those were and are a matter for the executive of the relevant entity.

47. The reason why we were so careful in interpreting our role set out in the Framework Document through the creation of the Board Mandate, was to avoid any confusion as between the Board and the Executive. In addition, it would be easy for the Board of an entity like UKGI with a wide range of activities and underlying entities, to be imprecise in its work if it did not have a very clear idea of where it could add value. The Board Mandate is an unusual document for any Board in this respect, but it guided us in our work. I felt it was particularly important for a newly formed company to have real clarity of roles. As set out in the Board Mandate (UKGI00045923), the Board recognised that it *“cannot, and should not, be involved in the day-to-day exercise of the various activities of [UKGI] and nor to take operational decisions”*; rather, the Board’s responsibilities included *“[e]nsuring that adequate controls and processes are in place for the proper exercise of the senior management’s day-to-day responsibilities”*, *“approving the overall strategy and objectives of UKGI”*, and approving the risk register (at least annually).
48. Our thinking on the role of the Board evolved over time, as can be seen from my paper ‘UKGI Board review – follow up’, dated 6 February 2018, for the February 2018 UKGI Board (UKGI00016797 p.34). This document did not represent a sudden change of emphasis but more, it records a synthesis of how the work of the UKGI Board had operated and evolved since its formation in April 2016.
49. My February 2018 Board Paper (UKGI00016797 p.34) also set out a revised agenda structure for Board meetings to allow the Board to achieve its goals. This structure mandated that each Board meeting would include a CEO Report, a people report, a CFO update, a risk register showing any material changes from previously,

project reviews of projects where delivery and reputational risk is high, new mandates for approval, department relationship reviews, summary of transaction committee work, horizon scanning and strategy (mandating that once each year there would be a paper on overall strategy and objectives for forthcoming year and agreement of budget and an annual assessment of performance against strategy and objectives).

50. This new Board format was to apply with effect from May 2018. This was not a revolution but more a codification of what the Board expected for it to be able to add value. The emphasis on the risk register is crucial in allowing the Board to focus on the riskiest assets or roles. This is the process through which the Board got its information relating to POL or any other asset where UKGI acted as shareholder.

51. So far as the processes in place for the Executive to monitor the performance of the portfolio assets, there were two principal fora for this:

- a. First, there was a Portfolio review process. This developed over my time as Chair. Accounts of how this process worked and developed can be found in Board papers in February and September 2018 (UKGI00016799) and (UKGI00016802). These papers describe the way in which challenge was to be given to the UKGI teams directly involved in the asset by the Senior Executives of UKGI. NEDs were encouraged to attend these meetings, particularly where an asset to which they were attached was to be discussed. These processes were the backdrop for the production of the Portfolio Dashboard which was appended to each Board pack. The Dashboard was principally a tool for the

CEO and COO, to monitor the work of the Executive Directors in the execution of their work as shareholder, and have a ready set of information on the strategic issues affecting each asset.

- b. The second forum was the risk reviews. The processes for the risk reviews were the responsibility of the Audit and Risk Committee (“ARC”), chaired by Jane Guyett. This was first discussed by the UKGI ARC Board at its first meeting in January 2016 (UKGI00016669) and then again in May 2016 (UKGI00016675). In essence the Portfolio Reviews were about interrogating the delivery of the strategy and policy, whereas the Risk Reviews were about assessing risks in the delivery of that strategy and to UKGI, and their mitigation.

52. Bringing together the elements referenced above, the way in which the UKGI Board exercised its oversight in relation to POL was as follows:

- a. Through the CEO’s regular report to the Board which would always reference the most pressing or difficult issues;
- b. Through the risk register which after April 2018, was a standing item at the front of every Board Meeting and which had previously been included in Board papers from 2014;
- c. Through the Dashboard which was a composite reflection of the Portfolio and its reviews;
- d. Through attendance by NEDs (including me) of Risk Reviews and Portfolio Reviews; and
- e. Through NEDs assignment to Projects and Portfolio Assets.

Government's interest in POL

53. The Request asks me a number of questions in relation to the Government's interest in POL. I cannot offer any meaningful comment on this, since my meetings with Ministers and DBT officials were very few. I had no meetings of any consequence about POL with Ministers, and no direct conversations about Horizon / SPMs. Apart from my annual meetings with the Permanent Secretary to DBT (described below) and his attendance at the UKGI Board, I had no conversations with any DBT officials with responsibility for POL, nor would I have expected to do so since this was the responsibility of the UKGI executives. In relation to details of ownership and governance structures in place in respect of POL, I would refer the Inquiry to the contents of **Donald 1**.
54. Throughout my time at ShEx / UKGI, POL existed as a Public Non-Financial Corporation ("Public Corporation"), which was wholly owned by the Secretary of State for DBT. Public Corporations operate at arm's length from Ministers and HMG. They have their own board and executive who are responsible for the management and oversight of the company. They are referred to as ALBs.
55. I believe that ALBs have an important part to play in the governance of state assets. It allows HMG to set policy and objectives and appoint a Board of suitably qualified people to achieve those objectives. Clarity of purpose can be achieved through a framework document and Chairman's letter. Oversight on good governance can be achieved through the role of HMG as shareholder with the framework document, articles of the entity, and through representation on the relevant Board. The most

important tools for HMG in this arrangement are approval of the key Board appointments and ensuring that the Chair and CEO are rigorously and regularly assessed against their objectives.

56. I am asked a series of questions about the extent of the responsibilities for POL of DBT and the Secretary of State. In my role as Chair of UKGI, I only focused on UKGI's role in relation to POL and I have insufficient visibility on the role of the Secretary of State, Ministers or officials at DBT to offer any useful view. As I have explained at paragraph 53 above, apart from the Permanent Secretary I have never met with DBT officials dealing directly with POL, and have only met with two DBT Ministers, each, for one short meeting. In saying this, I need to make it clear again that, in the conduct of the operations of UKGI in respect of its governance of portfolio entities, interactions with Ministers was a matter for the Executive Directors, not for me, as Chair of UKGI, or any other NED of UKGI. The only reason I ever met a Minister (normally once a year) was to discuss the work of ShEx / UKGI itself in the round as the responsible department for ShEx (DBT) and UKGI (HMT). It was in this context I met two DBT Ministers in my time at ShEx / UKGI, and then with the Economic Secretary to the Treasury ("EST") of HMT, approximately once a year when UKGI came within HMT's ambit.

57. So far as the relative roles of ShEx / UKGI and DBT are concerned, the position was unusual in my early days as Chair, because ShEx / UKGI handled the policy role as well as shareholder role. These roles were otherwise invariably split with the relevant Department having the policy role and UKGI having the shareholder role. When UKGI became a separate entity owned by HMT, the DBT-UKGI MOU

(UKGI00045946) redefined the split of responsibilities with DBT focussing on policy and UKGI on the shareholder role. This position was finally set out in a revised MOU in 2019 (UKGI00013078). My recollection of the detail surrounding the transition of the policy role from ShEx / UKGI to DBT is limited, however I have reviewed the account set out in **Donald 1** (paragraphs 33-37) and **Donald 2** (paragraph 55) and would refer the Inquiry to those paragraphs.

58. I have no knowledge of, and so cannot assist with, the background to the Government's position that operational and/or contractual matters were a matter for POL and not Government. This was a matter that I assume was discussed and agreed by the UKGI Executives with DBT, but was not a UKGI Board matter, and it was never discussed by me as Chairman or the Board collectively, until the Lessons Learned Review in 2021.

Relationship between ShEx and POL/strategy of oversight

59. So far as those that had responsibility within ShEx / UKGI for oversight of POL, I was not involved in the operational details of the management of this asset and cannot say whether I met all the ShEx / UKGI team working on POL; that was the responsibility of Mark Russell, the CEO.

60. When I joined ShEx, the UKGI Executive who was responsible for oversight at POL was Richard Callard, an Executive Director. Richard was supported in this role by Anthony Odgers, a Director of UKGI, and then by Justin Manson, a Director who also held roles as the Deputy CEO and Interim CEO of UKGI. Richard was followed

in the role by Tom Cooper, a Director of UKGI. Richard reported successively to Anthony Odgers, and then to Justin Manson (as Deputy CEO) who both in turn, reported to Mark Russell (CEO). In Tom Cooper's case, he reported directly to the CEO, successively Mark Russell, Justin Manson (as interim CEO) and then Charles Donald, the current CEO.

61. Whilst I met once a year with the Chair of POL, I would not describe this as part of an oversight role. It was explicitly intended to get feedback on UKGI performance in its role as shareholder. Of course, during the meetings other subjects were covered and from time to time, I passed on thoughts or advice, as I set out in detail below.
62. The rights and powers to fulfil ShEx's / UKGI's remit were covered by being part of DBT when ShEx existed and then through the MOU with DBT, after 2016. I had no involvement in the detail of this MOU, which was an operational matter for the Executive team.
63. I am not best placed to comment on all the detail of ShEx's / UKGI's day to day execution of its mandate in relation to POL. My role as Chair of the Board of ShEx and then UKGI, was to ensure through the ShEx / UKGI Board, that ShEx and then UKGI, had proper processes in place to deal effectively with each of the portfolio assets and, based on the risk register, undertake deep dives in relation to matters that were shown as particularly high risk. It was also the role of the Board to be sure that any new role taken on by UKGI was sufficiently clear in its objectives to

have the greatest chance of success; that said, it was not always possible to clarify the mandate to such an extent that it was clearly within UKGI's risk tolerance.

64. The process' that UKGI had in place to ensure the proper supervision and monitoring of its roles are described in paragraphs 51 to 52 above. The principal means were through Portfolio Reviews, Risk Reviews and through deep dives at the Board.

65. A more informal monitoring took place as result of the assigning of a UKGI NED to most assets/projects, which, as I have explained in the case of POL, was the Senior Independent Director, Jane Guyett. In addition, from time to time, the UKGI team would report on whether the governance processes were properly in place for all UKGI Assets. I refer to one such review dated 3 September 2018 ([UKGI00016802 pp.110-118](#)). It will be seen that this includes a checklist of important governance tools. There is another example of this at the February 2018 meeting (UKGI00016797).

66. On external oversight, UKGI had a Board formed of highly experienced independent NEDs who I regarded as both challenging and supportive in the right mix. In addition, there were two very experienced Permanent/Second Permanent Secretaries on the UKGI Board from HMT and DBT, and in addition Alex Chisholm, previously Permanent Secretary of DBT and then Permanent Secretary of Cabinet Office, was a Board Observer after he moved from DBT to the Cabinet Office. The CEO and the Deputy CEO (when there was one briefly) were the only Executive Directors on the UKGI Board. I believe that the UKGI Board was as assiduous as

any I have seen in its holding to account of the UKGI Executive Directors. Furthermore, I believe the Executive Directors relished the challenge they received and were open to criticism and new ideas, and were never defensive, in line with UKGI's values.

67. In addition, the UKGI Executive would report to HMT on a quarterly basis about the business of UKGI set against its objectives and strategy. This presentation would normally be shared with the Board in advance. I refer to an illustrative quarterly presentation dated 15 November 2016 (UKGI00016759). I would meet the Second Permanent Secretary of HMT, the UKGI Board member, approximately twice each year and in addition, would also normally meet the Permanent Secretary of HMT each year as well as the Cabinet Secretary (at least up until Lord Heywood stepped down). Finally, I had regular meetings with HMT Ministers (approximately once a year), most frequently with the EST. There was normally no agenda for the meetings with the EST. It would be a relatively informal meeting to discuss any issues of concern to the Minister or me.
68. So far as the governance structures of the POL Board were concerned, this was not something that the UKGI Board considered in detail. That was the role of the Executive. It had processes in place to ensure that this work was undertaken by the Executives of UKGI responsible for this, and this was reported to the UKGI Board. A good example of such a report is that of 7 February 2018 to the February 2018 Board (UKGI00016797).
69. ShEx oversaw POL and its operations in the way a shareholder would ordinarily do so, that is to say, through the Articles of Association and later Framework

Document, through a Chairman's letter, and through the role on the shareholder NED on the POL Board. UKGI Executives on the shareholder team received monthly Board packs of information and had regular meetings with POL to discuss this information, but this was not something in which I, or the Board, was involved.

70. I have also referred at paragraph 65 to the governance checklist (an illustration dated September 2018) through which UKGI interacted with POL and all its other portfolio assets.

71. I do not believe that ShEx had any role over contractual and personnel management at POL, save that the POL Articles of Association required the Secretary of State's consent in relation to the approval of certain appointments.

72. Insofar as ShEx / UKGI had any oversight of POL's investigation and response to the allegations made by Sub-postmasters concerning the Horizon IT system, such oversight would be a matter for the ShEx / UKGI Executive, as was any matter to do with the day-to-day governance/shareholder duties of the individual portfolio companies. This was not a matter for me as Chair of UKGI, unless the matter was specifically brought to the Board for a deep dive either at the request of the Board, or through normal reporting by the CEO.

73. Similarly, I am asked about the principles of governance for POL which again, was not a direct responsibility of the UKGI Board, but of the Executive and was interrogated through the portfolio reviews. This was then fed for information to the

UKGI Board through the Risk Register and the Dashboard, although as I have explained, the latter document was primarily for the use of the executive.

74. So far as the Board of UKGI was concerned, we operated as though we were subject to the same standards of Governance through the FRC Corporate Governance Code as applies to listed companies, save that our processes for the recruitment of Board members was necessarily shaped by the rules applicable to public entities. All Board appointments needed the approval of Ministers and required an Appointment Panel with an independent member. As a result, the role of the Nominations Committee was different from a normal PLC. To preserve the important engagement of all Directors, I tried as far as I could, to include the whole Board in the process of Board recruitment, the discussion of the required skills and experience of new NEDs, and at least keep them fully informed.

Conversations relating to Horizon / SPM issues

75. I am asked to provide an account of all material conversations with POL, ShEx, UKGI, DBT or wider, as it related to POL including, but not limited to, the Horizon IT system, complaints by SPMs, past convictions of SPMs, the Mediation Scheme, the role of Second Sight, the Swift Review, the Group Litigation Order (“GLO”), and the Common Issues Judgment.
76. I am asked to discuss how often I met with representatives of ShEx / UKGI to discuss matters relating to POL. I have set out my normal interactions with ShEx / UKGI personnel. These were extensive and frequent. It is beyond my powers of

recall to record all such interactions, except where there is written material. I do believe, however, that the frequency of Board Meetings and disclosure of what was, or was not reported there, gives a reliable picture of information I possessed at any given time.

77. For clarity at the outset, I would note that my meetings with representatives of DBT, POL, or wider Government were infrequent because it was not my role to execute the business of UKGI. I never met with any DBT official in relation to POL other than as noted below. In general terms, I would meet people in these categories as follows:

- a. I met the Chairs of all UKGI assets once a year, or sometimes more frequently. In relation to POL, this was Alice Perkins, and subsequently, Tim Parker. The prime purpose of these meetings was to get feedback on UKGI and its people. This information, and that of the Permanent Secretaries and Ministers, was fed into the Annual Review of UKGI's performance. Apart from the Chair, I never met any other Executive or Non-Executive representative of POL in my ShEx / UKGI capacity.
- b. I met the Permanent Secretaries of all Departments with which UKGI was engaged as client, once a year. Again, the purpose was to get feedback on UKGI and its people. In this context, I met the Permanent Secretaries of DBT as sponsoring department of POL, principally Martin Donnelly and then Alex Chisholm and, at the end of my term, Sarah Munby. They were all NEDs of UKGI and all attended UKGI Board meetings. The other departments with

which ShEx / UKGI was principally engaged were HMT, MOD, Transport, Education and Department for Digital, Culture, Media and Sport (“DCMS”) and so I met the Permanent Secretary of each of those Departments each year.

- c. I met the Permanent / Second Permanent Secretaries of the sponsoring Departments of first ShEx and then UKGI, DBT and HMT respectively, mostly to discuss the performance of UKGI. This was normally twice each year and in the case of UKGI / HMT would also include an annual meeting with the Permanent Secretary each year as well as a, generally, twice yearly meeting with the Second Permanent Secretary, who sat on the UKGI Board.
- d. I met Ministers infrequently, perhaps an annual meeting with Minister of the two sponsoring departments, DBT for ShEx and HMT for UKGI.

78. In the following paragraphs, I have done my best to give as accurate account of all the requested interactions in chronological order. I also address when these matters became a priority for me and the UKGI Board and our actions at that point.

79. On 3 July 2014, I met Michael Fallon, then a Minister in DBT. This was an introduction in the context of my taking over as Chair of ShEx. It was a 30-minute meeting and I have no record of what was discussed, and no longer have any recollection of this meeting. I think it is unlikely that POL or Horizon was discussed, not least because I had no knowledge of the Horizon issues at that time.

80. On 3 September 2014, I attended a meeting with Martin Donnelly, the Permanent Secretary at DBT. I have been unable to locate any notes from this meeting and have no recollection of it. It was just before I became Chair of ShEx, so I suspect it too, was purely introductory. Martin became a NED of UKGI on its formation in 2016.

81. On 21 January 2015, I attended a meeting with Martin Donnelly. I have been unable to locate any notes from this meeting, but from the timing of the meeting, I think it is very likely that it was related to the Student Loans Company where there was a specific issue at large at that time. I think it is unlikely anything about POL was discussed and I can find no evidence to suggest that I had anything to discuss with him on that topic.

Meeting with Alice Perkins

82. On 8 April 2015, I met the outgoing Chair of POL, Alice Perkins, who was due to leave the business in July 2015 (see cover email UKGI00045532). In preparing this statement, I have reviewed the briefing paper and note that there is no reference to Horizon within the briefing (UKGI00045533). I do not have any record of my meeting with Alice, but I think it is unlikely we would have discussed Horizon. In the course of preparing this statement, I have seen an email I wrote to Alice Perkins after the meeting on 9 April 2015 (UKGI00045947). It is very short and simply thanks her for her time and for sharing her thoughts on a range of topics. I say that I will follow up to get her leaving perspectives. I imagine I meant her perspectives on POL and ShEx, but can't be certain. A meeting was arranged by

me for July 2015, but Alice was unable to make it; the meeting was cancelled and was not rearranged.

83. On 17 December 2015, I attended a meeting with the then Secretary of State for Business Innovation and Skills, Sajid Javid MP at DBT. Ahead of the meeting, I received a written briefing from Rachel James at ShEx (UKGI00045897). The briefing covered the restatement of POLs accounts following an accounting error. It also included information about possible privatisation of POL, upon which ShEx had recently been asked to advise by Mr Javid. In preparing this statement, I have seen a readout of the meeting produced by George Thompson, Mr Javid's Private Secretary (UKGI00045898). I can see that POL was discussed during our meeting, but only in relation to Mr Javid's willingness to explore different ownership models for POL, and the future of the business. Horizon is not referred to in the read out and I have no recollection of it being raised.

Developing knowledge of Horizon IT issues

84. As I have set out above, the first meeting of the UKGI Board took place on 27 January 2016 (UKGI00016724).
85. Having reviewed the documents that have been provided to me by UKGI, while there were references to Horizon and SPM issues in supporting documentation provided to the Board, I have only been able to identify four sets of UKGI Board minutes which record discussion of Horizon and SPM issues; each of these discussions took place after the Common Issues judgment in the GLO was handed

down on 15 March 2019. This accords with my recollection. I have not been able to identify any reference to Horizon in Board minutes or Board papers whilst I was at ShEx.

86. There was no reference to Horizon / SPMs in any CEO Report to the Board of UKGI or in any risk register until 2019. This is considered in greater detail below.
87. The first reference I have been able to find to 'Horizon', appears in the 'ShEx Dashboard' within the pack produced for the UKGI Board meeting on 27 January 2016 (UKGI00020145). As may be seen at that stage, "*minimising HMG and POL's financial and reputational exposure to the alleged Horizon IT issues*" was noted as one of the priorities in relation to POL.
88. The Dashboard represented a summary of what was going on at each of the portfolio assets and the strategic highlights, and as such did include brief references to Horizon; it was included in every Board Pack as an item for information. It was not the tool that drove discussion/matters to be discussed at the Board. The Board was clear that the principal tool relevant to us was the risk register. I would have regarded it as inconceivable that an item of deep concern for delivery of the asset's strategy, or that might affect UKGI's reputation, would not feature on the risk register. I do not recall any Board member picking up this one line in the Portfolio Pack, and cannot recall any Board discussion at this time as to what the "*alleged Horizon IT issues*" mentioned in the Dashboard were.
89. On 1 April 2016, ShEx and UKFI merged to create UKGI.

90. The UKGI ARC met on 19 May 2016 (UKGI00016675). As noted previously, ARC was responsible for the review of UKGI's risk processes whereas the UKGI Board looked at specific risks/projects in more detail. The minutes of the June 2016 UKGI ARC Meeting (UKGI00016667) clearly sets out the respective roles of the ARC and UKGI Board, and an action was shown for the Terms of Reference of the Board and the ARC, to reflect this split of responsibilities.
91. On 19 July 2016, I met the new Chairman of POL, Tim Parker, for one of my regular annual meetings with asset chairs. I have known Mr Parker since the 1980s. I would describe our relationship as an open one, and so I felt able to speak to him freely and frankly. Ahead of the meeting, I was provided with a briefing by the shareholder team at ShEx (UKGI00020297). In addition to such a briefing, I would usually hold a meeting with members of the shareholder team to better understand the brief and also to enable me to ask any questions I may have had, and glean any pertinent background information from the team. It was also a good way for me to get to know more junior team members. I can see from my diary that I had a scheduled briefing meeting set up by Laura Thompson on 13 July 2016, and it looks as though each of Richard Callard, Justin Manson and Tim McInnes were involved. I have no recollection of this briefing meeting.
92. The final item of the three-page briefing document referred to Horizon and the connected litigation as a topic which Mr Parker might raise during our meeting. The reference to the issue in the briefing for the meeting says that legal action is being brought against POL in respect of its IT system Horizon and claims that it "*wrongfully prosecuted/sacked a small number of agents*". The note included an

explanation that Mr Parker had undertaken to carry out a review of the matter for the minister. I now understand that the review mentioned was in fact a reference to the "*Swift Review*"; however, at the time, I was not aware of the review beyond what was set out in the briefing note.

93. Following my meeting with Mr Parker, I sent an email to Justin Manson and Mark Russell, in which I provided a summary of the meeting (UKGI00045899). My email does not refer to any discussion of Horizon or Mr Parker's review, and I do not now recall whether they were discussed; I believe that had Horizon or Mr Parker's review been discussed in any detail, I would have recorded that discussion within my note. The note was written immediately after my meeting, so I would expect it to be complete and accurate. I did however refer to Mr Parker's appraisal of Richard Callard's performance on the POL Board, as the UKGI NED, which I took to be reassuring from a UKGI perspective. This was, after all, the purpose of the meeting. It does not surprise me that Horizon was not discussed given its lack of prominence in my briefing. As the briefing and my note of the meeting make clear, Mr Parker was mostly concerned with getting his business plan agreed and approved.
94. On 26 October 2016, I attended a meeting with Alex Chisholm, the newly appointed Permanent Secretary at DBT. Mr Chisholm was also a member of the Board of UKGI, having been appointed as a NED at the September 2016 meeting of the UKGI Board (item 6) along with Charles Roxburgh, the Second Permanent Secretary to HMT (UKGI00016770). I have reviewed the briefing note produced for me ahead of the meeting with Mr Chisholm (UKGI00045901), and I note that the briefing made no reference to POL within the list of current UKGI priorities. As set

out in the list of potential discussion topics, the principal purpose of my meetings with the Permanent Secretaries was principally to seek feedback on the departments view of the relationship and performance of UKGI. I have been unable to locate any notes I made following the meeting, and I have no recollection of what was discussed.

95. On 13 April 2017, I attended a meeting with Alex Chisholm. I have reviewed a briefing provided to me by Richard Callard (UKGI00045936). Mr Callard's briefing was primarily concerned with the difficulties which had been encountered in relation to agreeing a funding agreement for POL with Government. The briefing did not refer to Horizon or related matters. Having seen the briefing whilst preparing this statement, I seem to recall a particular issue that needed to be discussed concerned an impression that the then Secretary of State or Minister had, that Richard Callard was too close to POL in the rather fraught discussions on funding; however, given the passage of time, my recollection is unclear and I have not located any notes I may have made following this meeting.

96. On 30 March 2017, I met Tim Parker. I note that there is no reference to Horizon in the briefing with which I was provided (UKGI00045935). The meeting was almost all about funding. Immediately after the meeting, I sent a very short email to Mark Russell and Justin Manson (UKGI00045934). My note records Mr Parker's appreciation of Richard Callard's work and his performance as a NED of POL "*giving appropriate challenge and advocacy*".

97. On 8 November 2017, I met Tim Parker. Unfortunately, I have not located any written briefings in relation to the meeting, however, following the meeting, I once more sent an email to Mark Russell and Rachel Mortimer, to summarise the details of the meeting (UKGI00020798). I can see from my note that, for the first time in one of our meetings, Mr Parker did raise the Horizon litigation as one of his worries, although it appears from my note, that he was more concerned about the time commitment required of him to POL duties under his contract as Chairman. I note the reference to “600 stranded schemes” in my note; for clarity, I now understand that this was not a reference to anything concerning Horizon, but rather, it referred to Sub-postmasters who were regarded as ‘*stranded or hard to place*’ as part of the Network Transformation process (UKGI00045944).

98. Although I cannot now recall how I felt after the meeting, I do not appear to have formed the impression that the Horizon litigation called for any particular action on my part or on the part of the UKGI Board. If the matter had been raised in more strident terms, I would have recorded it. I do not think that I was satisfied or dissatisfied with Mr Parker’s oversight of POL and handing of the GLO proceedings at this point as, first, it was not a detailed conversation that we had and, second, it was not part of my role as chair of UKGI to hold Mr Parker to account as Chair of POL. My principal task at these meetings was to find out how the Chair of POL thought UKGI was performing in our role as shareholder of POL, so that I could objectively report that to the Board. In that regard, Mr Parker communicated to me that he was happy with the support provided by UKGI in general and once more praised Mr Callard, in particular.

99. At the February 2018 Board, I presented my paper “*UKGI Board review – follow up*” (item 5) on the role of the Board (UKGI00016797). I have covered this paper and the proposed changes to the UKGI Board agenda and board packs in detail earlier in this statement.
100. During the February 2018 meeting, the Board considered a presentation titled ‘UKGI Portfolio Management: Process, governance and documentation’. (UKGI00016797). The Board agreed an updated set of processes for UKGI portfolio management and risk evaluation (UKGI00016799). The Board pack also contained a clear description of the Board processes for governance, which included that the Board should review the risk heat map at each Board (UKGI00016797).
101. The Board pack for the UKGI Board meeting on 16 May 2018 (UKGI00016783) shows the new format of Board Pack with the more prominent risk register shown in its new position, at the start of the Board pack. I note that there is no reference to Horizon in the entry for POL. The dashboard appended to that Board pack for information (UKGI00016783) has a short reference to Horizon, however, as I have already explained, this Dashboard was a paper attached to every Board Pack which was of interest to NEDs but was not the tool that drove the Board agenda and debate. I do not recall any discussion of Horizon.
102. On 11 September 2018, I once again met Mr Parker. My briefing for this meeting contained an update ahead of the impending trial in the GLO, which had been listed for November 2018 (UKGI00008374). By this time, I was aware of the litigation and the impending trial date through internal discussions with UKGI colleagues. The briefing referred to the fact that UKGI had “*not yet been satisfied that [POL] has*

done enough to identify, assess and manage the risks” relating to the Horizon litigation. As I recall, this was a reference to UKGI’s view on the adequacy of POL’s contingency planning in the litigation and to the absence of responsive provision of information by POL to UKGI. This dissatisfaction had followed from UKGI becoming more involved in the course of the litigation as a learning from the Magnox Lessons Learned Review. This had led to UKGI team being more intrusive but which it was understood POL considered as “*undue interference*” (UKGI00008374).

103. I think it useful at this point to describe briefly, UKGI’s Magnox Litigation Lessons Learned Review. This stemmed from a situation where the Nuclear Decommissioning Authority (“NDA”) had been judged to have had carried out an improper procurement for a very large, complex task in decommissioning Magnox Nuclear reactors. Contrary to all of the external and NDA legal advice, at the end of a very expensive trial in 2016, the High Court held that the NDA had acted improperly, and the result was a very substantial award of damages to the disappointed claimant bidder for the contract. A non-statutory inquiry was commissioned, led by Steve Holliday, who reported in March 2021. Although UKGI’s role was relatively tangential in this issue and UKGI professes no expertise in major procurements, I was determined that UKGI should learn any relevant lessons. A thorough process was undertaken by UKGI, and a Lessons Learned Report was received by the Board in September 2017. These lessons, which included a recommendation of Government being made aware of and approving key steps in substantial litigation, were already being applied to the POL situation in 2018 (notwithstanding that the Non-Statutory Inquiry had yet to publish its report).

104. I have noted that my email following the meeting with Tim Parker to Mark Russell and Robert Razzell of 14 September 2018, makes no reference to Horizon (UKGI00045945). The meeting note does make the first reference to Tim Parker being unhappy at how “*executive*” the UKGI team had become. I suspect, but cannot be sure, that the intervention of which Mr Parker disapproved was this more interventionist stance on the litigation. However, as I have explained above and as can be seen from the discussion of Tom Cooper’s approach in my email, the underlying purpose of these meetings was to understand any particular issues in the relationship between POL and UKGI, and not to delve into any operational matters concerning UKGI assets (unless, of course, somebody had told me to do something about it).

105. At this point in the litigation, I do not think I had a particular view on POL’s handling of matters to do with Horizon and the conduct of the GLO, save that I understood there to be a degree of frustration on the part of the UKGI team. I do not recall any specific conversations which caused me to be aware of this frustration, but rather it was something which I picked up from my discussions with Tom Cooper, the shareholder NED. At this stage, I had still not been provided with anything substantive to consider concerning POL, the GLO and the issues surrounding Horizon more generally. I cannot provide any view on my feelings at the time of the adequacy of UKGI’s handling of the issues because, as I have explained, I was not sighted on the detail of those issues.

106. In the Board Pack prepared for the November 2018 meeting of the UKGI Board on 29 November 2018, I note that the overall risk attributed to POL within the Risk

Register Review was reduced due *“to improved performance”*. (UKGI00045959). There is no reference to Horizon in the risk register. The risk register shows POL as a medium reputational risk for UKGI, which was below the rating for 13 other UKGI assets (UKGI00045957). It is shown as ‘Red/Amber’ for delivery because of the commercial and strategic risks to navigate (UKGI00045957). I note that the UKGI Dashboard does refer to the civil litigation and records the start of the trial in November 2018 as a new item (UKGI00045956). The traffic lights in the Dashboard all show green and orange.

107. The Board pack for the UKGI Board meeting on 29 January 2019 (UKGI00016800) contains the usual paper on the risk register. There is no reference in the body of the note to a change in risk of POL, but the reputational risk is increased in the heat map. There is also an entry in the risk register (though not highlighted as a change in red) stating: *“There is an ongoing POL litigation which could potentially generate a high level of negative coverage”*; (UKGI00016800 p.61). I believe that this was the first reference to the GLO within the risk register. I also note that the Dashboard included as usual, as an item for information in the same Board pack refers to potential risk of adverse judgment in the GLO (UKGI00016800).

108. The Board Meeting on 29 January 2019 (UKGI00016800), was a most unusual one and was conducted differently to any normal Board Meeting. I had arranged to take the whole UKGI Board up to Sellafield in Cumbria to see the site and meet the NDA and Sellafield Boards. NDA had, for obvious reasons, been the most highly rated asset for risk for most of my time as Chair. It was a huge and complex undertaking and I wanted the Board, who had spent so much time talking and worrying about it, to see it in all its vast scale. The focus of this meeting was, unsurprisingly, the NDA,

but there was also a major item on UKGI's expanding work with MOD. Unusually, the Risk Paper was attached for information only. I can't be certain why that was the case, but suspect that it was because of the choreography of an unusually sited Board and agenda. I should also clarify that it does not surprise me either that a single line referencing civil litigation in the 30-page Dashboard provided "*For Information Only*", did not lead to any discussion.

109. In March 2019 Alice Perkins, the now former Chair of POL, was engaged by UKGI to undertake a Board effectiveness review of the UKGI Board. UKGI undertook a Board Effectiveness Review each year. Previously, these had been undertaken by the UKGI Company Secretary, but I felt it was appropriate that we should be challenged by an external party (UKGI00045551). An external board review at least every three years is standard practice for good governance. I did not have a close relationship with Alice Perkins, although I had been impressed by her effectiveness in difficult circumstances, as a NED at Littlewoods many years previously, when I had been the investment banking adviser to the company. She had also left POL with a good reputation as far as I was aware. She was, at this time, working as a coach to Boards and in executing Board Evaluations. She is direct and I thought she was someone who would deliver clear messages where improvement of the UKGI Board was needed, if that were the case. I always think Board Effectiveness Reviews are a good opportunity for Boards to be self-critical and improve. As I noted prior to her instruction in an email to Jane Guyett, dated 19 October 2018 at 17:01 hrs (UKGI00045551). Ms Perkins was well placed to undertake such a review due to her extensive experience of both business, including some particularly challenging Boards, and of government (UKGI00045551). She was experienced in

conducting Board Reviews and was also at that time engaged on an evaluation for another Board within the UKGI ambit. Whilst it is certainly correct that cost was a consideration of her instruction, her experience was impressive and her appointment was discussed with the Senior Independent Director, the Chief Executive, and ultimately, the whole Board. Ms Perkins' instruction was approved by the Board at a meeting on 29 November 2018 (item 14) (UKGI00016807).

GLO Judgment and UKGI response

110. On 15 March 2019 (20:11hrs) I received an email from Mark Russell whilst I was on holiday in Portugal, forwarding a note from UKGI General Counsel, Richard Watson (UKGI00009278 pp.5-6). Richard Watson's note summarised the findings of the judgment handed down that day in the Horizon GLO, and highlighted the criticism levelled at POL by Mr Justice Fraser. It also identified potential risks to UKGI raised by the judgment.

111. Mark Russell referred to parallels between this judgment and the Magnox litigation. My initial thoughts expressed in my response were that "*it did not look at all good*", and my first instinct that evening was also to seek to understand whether UKGI had fully applied the lessons learned following the Magnox litigation. My feeling was that the matter had, at best, been mishandled by POL. The result was completely counter to all POL's confidence in the strength of its case that I had heard informally over years before.

112. In my reply to Mark Russell the same day at 21:24hrs (UKGI00009278 pp.4-5), I indicated that UKGI would need to consider whether it had properly applied the lessons learned from the Magnox litigation to the conduct of the GLO. I have referred to this matter and UKGI's response in paragraph 103 above.
113. On 19 March 2019, I received a further email concerning the GLO judgment from Mr Russell, this time forwarding an email in which Mr Watson set out his assessment of the steps identified following the Magnox litigation to mitigate the failings in that case. Mr Watson explained that he considered that the lessons from the Magnox review had been learnt in UKGI's approach to the GLO (UKGI00009278 p.1). This is consistent with Tom Cooper's more interventionist approach, covered in my note in the meeting with Tim Parker in September 2018 (UKGI00045945).
114. The receipt of these emails in March 2019, represented a turning point for me and for UKGI and its Board. From this point onward, POL and the issues surrounding the Horizon IT system became a top priority for the UKGI Board and also for me as chair. When I read the judgment (I can't recall exactly when), I noted that the language used by the judge was excoriating. Although I am not a practising lawyer and had no detail of the grounds for seeking recusal, I was surprised by the recusal application and the advice from eminent lawyers supporting this approach; to me such an approach seemed to lack common sense.

115. A meeting of the UKGI Board took place on 21 March 2019, where a discussion surrounding the POL litigation took place. This was only a brief discussion because the impact of the recent judgment had not yet been properly assessed.
116. At the next UKGI Board meeting on 23 May 2019, the UKGI CEO provided a report to the Board (item 6) about the GLO and the outcome of POL's appeal against the failed application for Fraser J, to recuse himself from the case (UKGI00009838). To the best of my recollection, this was the first time that a substantive discussion of Horizon or GLO took place at the UKGI Board.
117. I note that the Board felt that it may be necessary to "*consider wider changes that would effect a change of culture that had led to this position*". It was clear that 'culture' was a major issue for POL, and this was a view shared by experienced Board members at UKGI. The reference in the minutes was to a sweeping change to the way which the Post Office treated its relationships with its Sub-postmasters. I also note that the lawyers involved in the case (both internal and external) were being replaced, a matter on which I believe Mr Cooper had been closely involved. I have been asked about the Board's discussion at this meeting, however I cannot now recall anything further about what, if anything, was discussed beyond that which is recorded in the minutes themselves. What was agreed was that the matter would be discussed in full at the next UKGI Board.
118. At the UKGI Board on 23 May 2019 (UKGI00009838), Alice Perkins presented a summary of her findings in her Board evaluation of the UKGI Board, which she had completed on 16 April 2019 (item 5) (UKGI00017188). This was a valuable review

that led to greater effectiveness of the Board, in particular by reducing the number of Executives around the table at any time. This change was a bit bruising for the (executive) Directors who, though not members of the Board, had hitherto attended all of each meeting. However, in my view, it made for better dynamics to have these (executive) Directors present only for subjects of relevance to them. To compensate for less time meeting UKGI executives at the Board, NEDs were instead encouraged by the Board to attend Risk Reviews and Portfolio Reviews.

119. On 12 June 2019, I met Tim Parker. I have seen an email exchange with Tom Cooper that shows I was briefed by phone at 08.30hrs on the morning of 12 June 2019 (UKGI00045951). I have no recollection at all of this briefing. My note of the meeting, which I sent to Mark Russell and Robert Razzell on 16 June 2019, summarises our discussion which, in significant part, focussed on the litigation (UKGI00010190). The first item that we discussed was the Horizon litigation. As the note records, at this stage, Tim Parker did not appear to have fully appreciated the significance of the issue for Ministers / BEIS, which I emphasised to him during the meeting. The note records that I asked him about what lessons could be learned, and it seems that I felt he was somewhat unclear in his response. My comment about the meeting with the Minister, Kelly Tolhurst, being important was intended to alert him to be very well prepared.

120. Tim Parker also commented upon the UKGI NED, Tom Cooper, acknowledging his input. He was generally positive, but appeared to consider that UKGI was too involved with the business and that it was not UKGI's role to compensate for inadequacies in the POL executive team and go "*tramping about the business*". My

response to Mr Parker was that it was incumbent on any NED to probe effectively and the same would be true in the private sector with a private equity owner; Mr Parker had been part of CVC, the private equity business, and I knew he would understand this analogy. It is significant to note that the role of the shareholder changes when the underlying company has effectively betrayed the trust that its shareholder has put in it; any company in such a position can expect a completely different relationship with the shareholder, and this explains the change in cadence of meeting and attitude taken by me, and by UKGI generally, following the judgment. I wanted Tim Parker to be clear on this point.

121. On 9 July 2019, I chaired a meeting of the UKGI Board. As can be seen from the minutes, POL was the first substantive item of business, during which there was a detailed discussion of the litigation (UKGI00016810). The Board paper (UKGI00016809) was extensive, and this was the first occasion on which I had seen a detailed timeline of the litigation and references to the Second Sight Reports and the Swift Review. It is notable that the lessons learned from the Magnox review were appended as Annex B to the Board paper. It is clear from the minutes that the Executive were challenged on whether the lessons had been applied, and they confirmed they had. It is also recorded that the Board queried the Dashboard traffic lights and the Executive agreed they should change. There was also a discussion on the difficulty of challenging the opinions of lawyers as a lay person NED.

122. The consideration of POL at this Board meeting was a 'deep dive' where, following the discussion, a series of action points were set out, including scheduling a further

major discussion in September 2019, with a set of agenda items for that paper, and also a review of litigation across the whole UKGI portfolio.

123. By this stage, I was aware that a working group had been established between BEIS, HMT and UKGI to oversee the settlement process. I saw this as positive step given how my confidence in POL's approach to the litigation had been fundamentally shaken by the March judgment (and its tone) and, as I saw it, the recusal fiasco. In addition, as referenced above, the UKGI Board put in train a number of actions to be completed before the next Board meeting, reflecting the urgency and significance that the Board wanted to be applied to those issues, both in respect of POL and also in respect of other UKGI entities.

124. On 4 September 2019, I had a short meeting with Alex Chisholm (UKGI00024178). We discussed the Horizon litigation in the context of POL remuneration and Mr Chisholm explained that he thought that POL's position of seeking full bonus payments lacked judgement in the face of the GLO judgment. I fully understood the point made by Mr Chisholm, and I believe I agreed with his position, but I cannot now find any written material to support this. I also understood that for the POL directors who had had no part in the Horizon issues, it was a bitter pill, but one that they would have to swallow. Alex Chisholm acknowledged that Tom Cooper, the shareholder NED on the POL Board, had made a positive contribution since his appointment, particularly from a commercial perspective, and it was agreed that he and Tom Cooper would meet with Tim Parker to discuss the key issues that were facing POL (UKGI00045565). I see that in my note of the meeting, I record that Alex Chisholm as having said, in the context of us discussing the MOU between UKGI

and DBT, that “*they had been inconsistent in their approach, for example too hands off on POL*”, which I understood to be a reference to the approach by DBT towards POL (UKGI00024178). I cannot now recollect any further detail about the conversation or what prompted the comment by Alex Chisholm, beyond what is recorded in my note.

125. On 17 September 2019 the UKGI Board received an update on POL from Tom Cooper (UKGI00016817). He reported that POL had accepted that settlement of the GLO should be pursued and that preparations were therefore underway for a potential mediation. By this stage, UKGI and BEIS had already established a Working Group with HMT to discuss the necessary preparations from a government perspective, which included the need to be able to obtain approval for any settlement that required funding from the Treasury. I was pleased that this approach had been adopted by POL and with the level of information provided in the update; prior to this, my confidence in POL and their handling of the GLO had been shattered.
126. The Board also received a litigation summary dated 9 September 2019, drafted by Richard Watson, UKGI’s General Counsel (UKGI00016817 p.33) which included a summary of the GLO. This paper also referenced all litigation across the UKGI portfolio. The paper noted that Richard Watson now sat on the POL Board litigation sub-committee as an observer and that Nigel Boardman (BEIS Board member and ARAC Chair) was providing some additional assurance to BEIS Ministers on POL’s litigation strategy (UKGI00016817 p.35). This structural change was consistent with the Magnox lessons learned.

127. At the UKGI Board on 17 September 2019, the Board received and discussed an update on POL. It is clear to me from the minutes of the meeting, that UKGI Board members had some doubts about whether POL had fully grasped the need/opportunity for change (UKGI00016815 pp.3-4). It suggested that key areas POL might address, included the siloed nature of the business, continuing the improvement with Sub-postmasters, digital identity, commercial agility and its internal talent pool. It was apparent that the Board saw the best way to address this was through DBT and UKGI meeting with the Chair of POL to discuss, and then setting out the necessary actions clearly in the Chair's letter.
128. On 11 December 2019, Richard Watson produced a paper for the UKGI Board concerning the settlement of the GLO, noting that the settlement was a positive outcome for all parties (UKGI00045568). Following receipt of this paper, I emailed Richard Watson on 11 December 2019 (14:46) to thank him for the paper (UKGI00045569). I acknowledged that the settlement figure had been significantly less than some of the larger and more alarming estimates, by which I meant the estimate of £100 million given to me by Tim Parker in June 2019. It appears from my email, that what I considered most pleasing about a settlement having been achieved was that it would mark a change of direction and reset the culture and relationship between POL and the Sub-postmasters, that I believed was necessary after years of conflict and disagreement. It was in that context that I referred to the positive comment made by Alan Bates following the settlement of the litigation; this seemed to me a consequential change in relations.

Independent advice and establishing future best practice

129. Following the settlement of the litigation, my mind quickly turned to the lessons that I felt UKGI could, and should, learn from being engaged in such significant and complex litigation, particularly in light of the fact that the Magnox lessons had already been usefully applied. On 16 December 2019, I therefore emailed Jason Manson, UKGI's Interim Chief Executive, asking whether a team could be stood up quickly, to analyse the potential lessons and consider what could have been done differently (UKGI00025454). Mr Manson responded very shortly afterwards and agreed with the approach that I had suggested, including the involvement of an external adviser who could provide challenge and external experience that I felt would enhance the quality of the team's discussions.
130. With Mr Manson's agreement, I therefore contacted Robert Webb KC and asked him whether he would be willing to assist. I have known Robert Webb for many years; he was not only leading counsel but had extensive experience of difficult legal issues as Head of Legal at British Airways and Rolls Royce, and then as Chairman of Autonomy. His emails in response, dated 22 December 2019 and 23 December 2019, demonstrated to me that he would bring a valuable perspective to the review (UKGI00045571). I also contacted Christopher Saul, formerly the Senior Partner at Slaughter & May, to ask if he too would participate in our review.
131. On 14 January 2020, I scheduled a meeting at UKGI's offices and invited Robert Webb and Christopher Saul to attend (UKGI00045574). As I explained in my email to them, dated 8 January 2020, the purpose of this meeting was to discuss how Chairs, NEDs and Boards could make the best decisions when faced with complex

and potentially very consequential litigation. Following the meeting, Christopher Saul sent me a Disputes and Litigation Checklist (UKGI00025771), which was intended to reflect the points raised during our meeting (UKGI00011077). Following the meeting, I also asked Richard Watson to review and revise the protocol that UKGI had developed following the Magnox litigation involving the NDA, to reflect the recent discussions and to build on what we now considered to be best practice in light of our Magnox experience. I intended to present the updated protocol to the UKGI Board (UKGI00016820 pp.68-69). Mr Watson also provided comments on the Disputes and Litigation Checklist, as did Robert Webb and Justin Manson, as can be seen from within the same email string.

132. At the UKGI Board on 29 January 2020, the CEO, as the first item of his report, provided the Board with an update in light of the settlement of the GLO (item 5 of the minutes) (UKGI00016819). The Board considered Richard Watson's paper on disputes and litigation protocols, dated 21 January 2020, which asked the Board to note and agree the draft 'UKGI – Disputes and Litigation Protocol guidance' (UKGI00045974) It was explained to the Board (item 12 of the minutes) that this guidance note had been informed by the meeting with Robert Webb QC and Christopher Saul (UKGI00016819). I note that this was the first Board meeting following the settlement of the GLO; it was important to me that the development of the litigation protocol and commencement of the wider lessons learned review were in train as soon as possible.
133. On 3 March 2020, I had a meeting with Tim Parker (see email update to Justin Manson and Robert Razzell (UKGI00018737)). He was unequivocally positive

about the contribution of Tom Cooper, the UKGI NED, particularly concerning his work on the settlement of the GLO. Mr Parker asked me for my advice on what I thought POL should do. As my note shows, my view was that POL should use the situation to change the culture and reset the relationship with Sub-postmasters, and that they “*should do the right thing*” in relation to those who had suffered criminal convictions and were subsequently exonerated. I would occasionally be asked for my advice in meetings with the chairs of assets, and, unless there was a good reason for not doing so, I would offer my views when they were sought. We also discussed how Boards approach litigation risk, something which the UKGI Board had recently considered when developing its guidance on disputes and litigation protocols. Mr Parker also reflected on POL’s conduct of the GLO proceedings and whether settlement should have been considered earlier, but he also noted that it may have been difficult to settle any earlier given the legal advice which had been received and the need, as a public corporation, for POL to consider value for money. I do not now recall the discussion beyond the contents of my note.

134. At the April 2020 Board, it is noted in the minutes (UKGI00016822) that the Board received an update about the on-going challenges for POL and agreed to discuss this in greater detail at a future meeting. The same was noted at the Board in the minutes of the May 2020 Board (UKGI00045952).
135. In July 2020, the UKGI Board considered an in-depth review of POL, covering litigation, leadership, COVID, funding, strategy, governance and investments (UKGI00045385). This Board Paper states that the UKGI NED on POL Board pushed for changes in the internal and external legal teams and a mindset change,

that led to the December 2019 settlement. The paper was for discussion and there was no major ask of the Board beyond acting as a sounding board for Tom Cooper on strategic areas, including litigation and for me, to continue to have occasional meetings with the Chair.

136. I am asked what steps UKGI took to learn lessons arising from, or related to the outcome of the GLO. I have already described the work with Robert Webb KC and Christopher Saul to compile a Litigation Protocol.

137. In September 2020 I discussed with Sir James Leigh-Pemberton, Deputy Chair, and Jane Guyett, Senior Independent Director, my intention that UKGI should commence a detailed and rigorous lessons learned exercise, and that work should begin as soon as possible. My intention was that the exercise should mirror the one undertaken in relation to Magnox and be led by UKGI's General Counsel. James Leigh-Pemberton and Jane Guyett confirmed that they considered it appropriate that I should be one of the two NEDs responsible for overseeing the work (UKGI00045975), and I remained closely involved up to the point of my departure. The proposal to conduct an internal lessons learned exercise was approved by the Board and we were determined to ensure that it was both rigorous and extensive.

138. The Board maintained a close involvement, including through the establishment of a Board working group, and there was a specially convened Board meeting on 4 May 2021, to review the progress made by UKGI's General Counsel at that stage, and to ensure that the work was being conducted in the thorough and self-critical way we considered to be essential. We placed particular emphasis on the issues of culture, whistleblowing and the combination of UKGI's shareholder and policy

roles prior to the separation in 2018, and made clear that we expected these issues to be carefully addressed. A draft preliminary report, marked 'confidential and legally privileged', was presented by UKGI's General Counsel to, and discussed by, the Board at my penultimate Board meeting in July 2021 ('the Draft Internal Review') and I have exhibited a copy to this statement (UKGI00048173). The Draft Internal Review made clear that it was based on the material that was available at that stage and that the conclusions expressed were inevitably preliminary in nature. However, even at that early stage, it was possible to identify a number of key themes in relation to lessons learned and a number of respects in which, on reflection, UKGI could and should have more effectively discharged its corporate governance responsibilities.

139. My view, which was shared by the Board as a whole, was that the Draft Internal Review met the standards of thoroughness and self-critical rigour that we had set. There were obvious limitations to the exercise – it had been conducted at an early stage and it was largely limited to documents in the possession of UKGI – but it was detailed and analytical and, in our view, it accurately identified a number of fundamental issues that went to the heart of the problems highlighted by Fraser J's judgments. As a Board we were particularly concerned to ensure that detailed consideration was given to the operation of UKGI's governance structures and that the relevant lessons should be identified quickly, so that remedial action could be taken. In general terms, we considered that the Draft Internal Review met those objectives and whilst there would inevitably be much more evidence to come, including the accounts of those directly involved in the material events, we felt that the Draft Internal Review provided UKGI with a sound, rigorous starting point.

140. I understand that the lessons learned work that I had initiated in September 2020, continued after my departure and ultimately fed into the production of the detailed UKGI Opening Statement presented to this Inquiry in October 2022. I was not involved in the production of the Opening Statement, but I am pleased to see that it reflected the same key lessons learned themes that had been identified in the Draft Internal Review, namely: (i) ALB independence and Board composition; (ii) whistleblowing; (iii) culture; (iv) litigation oversight; and (v) dual policy/shareholder role. I am very pleased that UKGI was able to provide such a detailed and reflective Opening Statement at the outset of the Inquiry, and that the prompt commencement of an internal lessons learned exercise contributed to that process.

141. At the UKGI Board in January 2021 (UKGI00045387), a substantial paper was presented for discussion to the UKGI Board about the Historic Shortfall Scheme (“HSS”). There was also an oral update on the review I have described above and the then non-statutory inquiry. The minutes record that, in relation to the HSS, the Board wished to be updated at each future UKGI Board. In relation to the review referenced, it was noted that Sir James Leigh-Pemberton and Jane Guyett would join the review team. It was also clear that the legal team was under a lot of pressure as a consequence of the requirements of the then non-statutory inquiry, and the Board advised that this work for the inquiry had to take priority.

142. At the Board Meeting in March 2021 (UKGI00045392)⁶, there was a verbal update on the HSS scheme.
143. My final meeting with Tim Parker took place on 29 April 2021 (UKGI00019087). I see from the briefing with which I was provided, that the meeting took place shortly after the Court of Appeal quashed the convictions of a number of Sub-postmasters (UKGI00044394). Much of the meeting concerned a discussion about culture, which I considered lay at the heart of the POL Horizon problem and which Mr Parker clearly felt was an issue too. Mr Parker told me that POL was genuinely seeking to improve the relationship between POL and the Sub-postmasters.
144. My note of the meeting records another positive assessment of the UKGI NED by Mr Parker, although, again, Mr Parker raised his complaint of over-managing by UKGI. I see that I told him, once more, that the private sector would be no different and that trust needed to be earned back. In my view, given what had happened at POL, Mr Parker should have expected nothing less from UKGI.
145. At a UKGI Board meeting on 26 May 2021, it was noted that the inquiry was now converted to a statutory inquiry, and that UKGI would now need to reassess its resourcing to cope with this.
146. My final Board meeting as Chair of UKGI was on 22 September 2021. The minutes note under the section on the risk register, that there was a brief discussion about

⁶ The relevant parts of the documents referenced in paragraphs 141 and 142 are redacted, as they contain un-waived POL privileged material.

the HSS and the need for the UKGI to be properly staffed given the work of the Inquiry.

Reflections

147. I have been asked to consider whether there was anything during my time at ShEx and UKGI which I would have done differently.
148. I should start by saying that I have read carefully UKGI's Opening Statement to the Inquiry. As mentioned above, I had no part in its production. I do however, endorse the points made in its 'Reflections and Lessons Learned' sections and I recognise that many of these reflections and lessons learned were covered in the 2021 Draft Lessons Learned Review and derived from it. For my own part, as one of the members of the working group concerned with the production of the Draft Lessons Learned Review, my starting point for my reflections must be to endorse and adopt the reflections and learnings of that review. I therefore do not intend to cover again each of these lessons learned but rather to focus on my own personal position or perspective and things that I might have done differently.
149. I now understand that the POL prosecutions of Sub-postmasters had almost entirely ceased by the time I became Chair of ShEx/UKGI in September 2014. I had had no knowledge of Horizon, SPM prosecutions or the SPMs arguments when prosecutions stopped in, I believe, 2015. I do not believe that this subject was ever discussed at the ShEx Board in that period or even mentioned in any paper seen by the ShEx Board. So, unfortunately, during my time as Chair (from September

2014) I do not believe that anything I or the Board of ShEx/UKGI could have done would, even with hindsight, have made any difference in this respect.

150. The following section sets out some further reflections, focussing upon on my own actions and those of the UKGI Board, for which I was responsible as Chair.

151. Having considered very carefully the way in which we constructed our governance structures for UKGI and its Board, and the culture of openness and challenge at the Board, I do not believe that there is anything further that I or the UKGI Board could have done on the information made available to it. From the first moment in March 2019 that I and the UKGI Board first appreciated how misguided POL had been in its defence of the SPMs' case I believe that the UKGI Board was as engaged and effective as it possibly could have been. From that point I believe we did everything we could to ensure the right steps were taken and that lessons were learned.

152. I think the below points are important.

153. First, what is clear is that, at least with the benefit of hindsight, the UKGI Board did not have the accurate or sufficient information on which to reach its judgement. The reasons for that and the lessons to be learned (or re-learned in the case of major litigation) were set in the Draft 2021 Lessons Learned Review and are, to a considerable extent, in turn repeated in UKGI's Opening Statement.

154. Second, litigation and the issues around the Horizon litigation is very rare, and its facts were both complex and unique. In my judgement, Boards of any description

are generally not well equipped to handle these rare, complex, specialist issues; few NEDs, even those with a legal background have experience of this sort of litigation. However, in this case and perhaps unusually, the Board of UKGI had ensured that there was a full lessons-learned process from the flawed Magnox procurement process and the subsequent litigation. Many of these lessons were applied to the POL case but, because of the timing of the Magnox litigation, these learnings were identified quite late in the progress of the GLO in 2018 and 2019, and therefore their application was more limited than I now believe would be the case.

155. In addition, after the GLO was settled in December 2019 I organised further discussion of this subject with Chris Saul and Robert Webb KC leading to the litigation checklist and the litigation protocol guidance being approved by the UKGI Board in January 2020. If these two learnings had been applied to the case earlier, then UKGI might have been able to take a more assertive position on the litigation, and the matter might have been flagged more clearly, and earlier, in the UKGI risk register. On balance, however, I think the Magnox lessons were broadly applied to positive effect in the GLO once they had been proactively identified by UKGI following the Magnox case.

156. Finally, I have reflected on whether I could or should have looked beyond the absence of formal risk register warning or reference within the CEO's report or similar. I find this difficult, as this would have required me to somehow independently have uncovered the flaws in POLs handling of the SPMs case before the judgment in March 2019, despite the fact that the POL Board had apparently

not done so. That said, the SPM actions and the GLO were on my radar as the briefings for my meetings with the Chair of POL show and there were also brief references to the litigation in the Dashboard. As part of the briefings for POL Chair meetings, or more informally, I could have interrogated the UKGI team dealing with POL more assertively about the SPMs case/litigation. I could even have questioned the POL Chair at my Annual Meeting, despite that not being the purpose of these meetings. Of course, with the benefit of hindsight, I wish I had done so.

157. In applying hindsight, I should also say that my limited formal awareness of these issues together with largely reassuring informal conversations over the years (e.g. the Sub-postmasters own Federation supported POL etc) never alerted me to the scale of the Sub-postmaster case and the GLO until I read the judgement of Mr Justice Fraser in March 2019.
158. The first time I believe that I ever started to feel some disquiet about POL's stance was from Tom Cooper, the UKGI Shareholder NED, perhaps in the latter half of 2018, particularly around his concerns about POL's lack of contingency planning and about the difficulties surrounding provision of information as part of the application of UKGI's Magnox learnings. I cannot recall any specific conversations or point to any documents at this time (other than the briefing for my meeting with Tim Parker in September 2018), but I do remember feeling Tom Cooper was unhappy with POL in this late 2018 period. With hindsight, perhaps this should have alerted me to ask further questions.
159. We now know the scale of the tragedy and the explicit knowledge of Horizon failings of some of those involved at that time. I suspect (though can't point to any written

expression of this) that it would have seemed barely credible to me then, on the basis of what I had been told, that the many SPMs convicted of crimes in the UK Courts could have been the subject of a vast miscarriage of justice based on flawed evidence when this possibility was so strongly and consistently refuted by POL. This could be considered a failure of my imagination; but to imagine such a scenario, one would have had to imagine something that had never happened on such a scale in all of British legal history.

160. My immediate, visceral reaction to the unexpected loss by POL of the Common Issues trial in March 2019 shows what my response would have been if I had fully understood that POL's litigation case and its strategy (and the underlying evidence) was so deeply flawed. It took me an hour at 9.00pm on a Friday while I was on leave to respond to the news and start asking pointed questions.

161. With all the benefit of hindsight and the huge volume of information now available, I believe that the SPM actions and GLO could, perhaps should, have featured more clearly on the UKGI risk register earlier than January 2019. This probably could and should have been so even if, as was believed and constantly asserted by POL, the action was very likely to be won by POL the impact if that wasn't true was clearly high. Earlier signalling of the scale of the GLO as a major risk would likely have led to more direct enquiry by the UKGI Board of the type seen after the Common Issues Judgment in March 2019. Given that the UKGI Board included two permanent secretaries and a third permanent secretary as observer (DBT, HMT and Cabinet Office) this might have led to serious re-evaluation at the highest levels in relevant HMG departments with possible effects on the conduct of the litigation.

View on DBT oversight

162. I do not feel able to comment upon the extent to which DBT, the Ministers or Secretaries of State fulfilled any roles they had to oversee the operations of POL. As I have explained above, I had only two meetings with DBT Ministers in my 7 years in post and no other direct communications. Likewise, I met the DBT permanent secretary about once a year and saw him/her at UKGI Board meetings, but I had no meetings with DBT officials dealing with POL.

Potential Recommendations

163. I have been asked to comment upon potential recommendations on governance.

164. There is a risk when things go wrong in the governance of organisations that the response is to rip up the existing structures in the belief that this will put things right. It is more important, in my view, to assess how best to ensure that the changes put in place are done within structures that best ensure similar mistakes are never made again and that there is a clear institutional memory to facilitate this. A complete change in the system of governance and the structures within which institutional memory is retained is only likely to make the lessons learned more difficult to apply, because so much will have changed around it and this will subvert the clear focus on learning lessons and applying them. For example, the Magnox lessons learned clearly made a difference to UKGI's conduct with POL, even if it was late in the day.

165. The Post Office is an ALB. It is controlled by HMG as shareholder but is given freedom to operate, within limits, through the governance of a properly qualified Board, appointed by HMG. Ministers and civil servants apply policy to the ALB and civil servants/UKGI act as shareholder exercising all the rights of a shareholder, normally under the terms of a framework agreement and other instruments like a chairman's letter and through a seat on the POL Board. This allows the HMG shareholder to monitor the performance of the Board and the entity and intervene where required.
166. It is arm's length because that is judged to be the best way for an organisation with a quasi-commercial mandate to operate within HMG orbit. Many other models of governance have been tried for such bodies over time. The only realistic alternative to an ALB structure is to bring the body back within the core civil service departments. In my experience and view, boards and executives perform best when given freedom to operate, albeit within clear objectives and parameters.
167. The most effective control of any arm's length body is through very clear policy objectives and through framework documents and agreed strategic plans and agreed objectives/priorities that set out very clearly the way in which the body is to operate at arm's length and how its governance should work. The key practical and effective way for HMG to ensure the success of this arrangement is through the thoughtful and systematic appointment of the Chair, CEO, and Board members combined with ensuring excellent governance to ensure that the Chair, CEO and Board are properly and regularly assessed. It is, in my view, entirely appropriate that Ministers should have the final say in these appointments since they, as

Ministers, will ultimately be held accountable to Parliament for the performance of these ALBs.

168. “Arm’s length” doesn’t mean that the length of the arm is static and in appropriate circumstances the length of the arm should shorten considerably, as happened in 2018 and 2019 as the UKGI executive’s concerns about the conduct of the SPM litigation grew.

169. This Inquiry will no doubt set out some important conclusions about governance (including curiosity), culture and the oversight of complex litigation. I believe that it is important that these lessons should be applied to, broadly, the current governance framework for ALBs. It is a system that works effectively in the private sector in many different forms and there is no reason to suggest the same is not true in the public sector, so long as the appointments system works well. I believe this has the best chance of ensuring that institutional memory allows the lessons to be seared into the memory and culture of the institutions responsible for the governance of HMG’s ALBs. In my view the most important lesson to be learned is how to properly train Boards and their members to ensure continual curiosity, and to develop a culture to allow that curiosity to make a difference in Board effectiveness.

STATEMENT OF TRUTH

I believe the ~~content~~ content of this statement to be true.

Signed: GRO

Dated: 11th JUNE 2024

Index to First Witness Statement of ROBERT SWANNELL

No.	Document Description	Inquiry URN	Inquiry Control number
1.	Robert Swannell's letter of appointment as a NED of ShEx	UKGI00045895	UKGI056860-001
2.	UKGI minutes of ShEx Board meeting dated 15 January 2014	UKGI00016732	UKGI011544-001
3.	Robert Swannell's letter of appointment as Chair of ShEx	UKGI00045949	UKGI056914-001
4.	UKGI minutes of ShEx Board meeting dated 24 September 2014	UKGI00016719	UKGI011531-001
5.	Minutes of UKGI Board meeting dated 22 September 2021	UKGI00045948	UKGI056913-001
6.	Robert Swannell's appointment letter as ShEx NED dated 15 November 2013	UKGI00045954	UKGI056919-001
7.	Robert Swannell's signed appointment letter as Chair of ShEx dated 25 September 2014	UKGI00045955	UKGI056920-001

8.	Robert Swannell's signed appointment letter dated 28 August 2018	UKGI00045953	UKGI056918-001
9.	UKGI Board Mandate dated May 2016	UKGI00045923	UKGI056888-001
10.	UKGI minutes and papers of ShEx board meeting dated 1 July 2015	UKGI00016734	UKGI011546-001
11.	Minutes of UKGI Board meeting dated 27 January 2016	UKGI00016724	UKGI011536-001
12.	UKGI Shareholder Executive Board Meeting Agenda and Meeting Minutes held on 27 January 2016	UKGI00016753	UKGI011565-001
13.	UKGI Framework Document dated 2016	UKGI00045938	UKGI056903-001
14.	Minutes of UKGI Board meeting dated 19 May 2016	UKGI00016758	UKGI011570-001
15.	UKGI minutes and papers of UKGI Board meeting dated 19 May 2016	UKGI00016771	UKGI011583-001
16.	UKGI minutes of UKGI Board meeting dated 22 March 2016	UKGI00016745	UKGI011557-001
17.	Minutes and papers of UKGI Board meeting	UKGI00016755	UKGI011567-001

	dated 22 March 2016		
18.	UKGI Risk and Assurance Committee cover paper dated 19 April 2017	UKGI00020606	UKGI029501-001
19.	Terms of Reference - ShEx Risk and Assurance Committee dated 12 May 2014	UKGI00045874	UKGI056842-001
20.	Agenda and Minutes for Shareholder Executive Board Meeting held on 15 January 2014	UKGI00016731	UKGI011543-001
21.	Minutes of Shareholder Executive Board for meeting held on 21 May 2014	UKGI00016717	UKGI011529-001
22.	Minutes of Shareholder Executive Board held on 16 July 2014	UKGI00016718	UKGI011530-001
23.	UKGI Board Meeting Minutes held on 24 January 2018 (includes Robert Swannell's UKGI Board paper dated 6 February 2018)	UKGI00016797	UKGI011609-001
24.	Minutes and papers of UKGI Board meeting dated 13	UKGI00016802	UKGI011614-001

	September 2018 (includes UKGI Board paper dated 3 September 2018)		
25.	UKGI Meeting Minutes of the Board of Directors dated 20 February 2018	UKGI00016799	UKGI011611-001
26.	UKGI Agenda and Papers for a meeting of the Audit and Risk Committee held on 27 January 2016	UKGI00016669	UKGI011481-001
27.	UKGI Agenda and Minutes for a meeting of the Audit and Risk Committee held on 19 May 2016	UKGI00016675	UKGI011487-001
28.	Memorandum of understanding between DBT and UKGI - 2016	UKGI00045946	UKGI056911-001
29.	Memorandum of Understanding between BEIS and UKGI with annexes - 2019	UKGI00013078	UKGI023872-001
30.	Quarterly presentation to HMT by UKGI dated November 2016	UKGI00016759	UKGI011571-001
31.	Email from Karen Smith to Robert Swannell, CC. Barbara Smith. Re. Briefing on	UKGI00045532	UKGI053051-001

	Post Office Limited (POL) Chair – Alice Perkins		
32.	Briefing for Robert Swannell ahead of meeting with Alice Perkins dated 25 March 2015	UKGI00045533	UKGI053052-001
33.	Email from Robert Swannell to Alice Perkins dated 9 April 2015	UKGI00045947	UKGI056912-001
34.	Briefing for Robert Swannell for meeting with Sajid Javid dated 17 December 2015	UKGI00045897	UKGI056862-001
35.	Readout of meeting between Robert Swannell and Sajid Javid dated 17 December 2015	UKGI00045898	UKGI056863-001
36.	Shareholder Executive HM Government - ShEx Dashboard January 2016	UKGI00020145	UKGI029040-001
37.	UKGI Agenda, Minutes and Papers for a meeting of the Audit and Risk Committee held on 16 June 2016	UKGI00016667	UKGI011479-001
38.	Briefing for Robert Swannell meeting with Tim Parker, Chairman, Post	UKGI00020297	UKGI029192-001

	Office Limited dated 6 July 2016		
39.	Email from Robert Swannell to Justin Manson and Mark Russell dated 19 July 2016	UKGI00045899	UKGI056864-001
40.	UKGI Minutes of meeting of the Board of Directors dated 28 September 2016	UKGI00016770	UKGI011582-001
41.	Briefing for Robert Swannell ahead of 26 October 2016 meeting with Alex Chisholm dated 5 October 2016	UKGI00045901	UKGI056866-001
42.	Briefing for Robert Swannell ahead of 13 April 2017 meeting with Alex Chisholm dated 11 April 2017	UKGI00045936	UKGI056901-001
43.	Briefing note for Robert Swannell ahead of 30 March 2017 meeting with Tim Parker dated 30 March 2017	UKGI00045935	UKGI056900-001
44.	Briefing note for Tim Parker ahead of 30 March meeting with Robert Swannell dated 30 March 2017	POL00154182	POL-0143664
45.	Email from Robert Swannell to Mark Russell and Justin	UKGI00045934	UKGI056899-001

	Manson dated 30 March 2017		
46.	Email from Robert Swannell to Mark Russell and Rachel Mortimer dated 8 November 2017	UKGI00020798	UKGI029693-001
47.	Stranded Postmasters Note	UKGI00045944	UKGI056909-001
48.	UKGI Board Meeting - Meeting Minutes, Agenda and Papers - 16 May 2018	UKGI00016783	UKGI011595-001
49.	Briefing for Robert Swannell ahead of 11 September 2018 meeting with Tim Parker	UKGI00008374	UKGI019186-001
50.	Email from Robert Swannell to Mark Russell and Robert Razzell dated 14 September 2018	UKGI00045945	UKGI056910-001
51.	UKGI Risk Register Review from 29 November 2018 board papers	UKGI00045959	UKGI056924-001
52.	UKGI Risk Register from 29 November 2018 board papers	UKGI00045957	UKGI056922-001
53.	UKGI Dashboard from 29 November 2018 board papers	UKGI00045956	UKGI056921-001

54.	Minutes and papers of UKGI Board meeting dated 29 January 2019	UKGI00016800	UKGI011612-001
55.	Email from Robert Swannell to Jane Guyett dated 19 October 2018	UKGI00045551	UKGI053076-001
56.	Minutes of UKGI Board meeting dated 29 November 2018	UKGI00016807	UKGI011619-001
57.	Email from Mark Russell to Richard Swannell dated 15 March 2019	UKGI00009278	UKGI020086-001
58.	UK Government Investments Limited Minutes of a meeting of the Board of Directors dated 23 May 2019	UKGI00009838	UKGI020646-001
59.	UKGI Board Evaluation statement from Alice Perkins	UKGI00017188	UKGI012000-001
60.	Note of Robert Swannell's meeting with Tim Parker 12 June 2019 dated 17 June 2019	UKGI00010190	UKGI020998-001
61.	Email between Robert Swannell and Tom Cooper dated 12 June 2019	UKGI00045951	UKGI056916-001

62.	Minutes of UKGI Board of directors meeting held on 9 July 2019	UKGI00016810	UKGI011622-001
63.	Board paper titled 'UKGI Project Review – Post Office' dated 29 June 2019	UKGI00016809	UKGI011621-001
64.	Email from Robert Swannell to Mark Russell and Robert Razzell dated 7 September 2019	UKGI00024178	UKGI033073-001
65.	Emails between Robert Swannell and Clare Hollingsworth dated 24 September 2019	UKGI00045565	UKGI053090-001
66.	Minutes of UKGI Board meeting dated 17 September 2019	UKGI00016815	UKGI011627-001
67.	Minutes of UKGI Board meeting and consolidated papers dated 17 September 2019	UKGI00016817	UKGI011629-001
68.	Paper for circulation on settlement of the GLO dated 11 December 2019	UKGI00045568	UKGI053092-001
69.	Email from Richard Swannell to Richard Watson	UKGI00045569	UKGI053093-001

	dated 11 December 2019		
70.	Email from Robert Swannell to Jason Manson dated 16 December 2019	UKGI00025454	UKGI034349-001
71.	Emails from Robert Webb KC to Robert Swannell dated 22 and 23 December 2019	UKGI00045571	UKGI053095-001
72.	Emails from Robert Swannell to Robert Webb KC and Christopher Saul dated 14 January 2020	UKGI00045574	UKGI053098-001
73.	Disputes and Litigation Checklist draft by Christopher Saul dated 14 January 2020	UKGI00025771	UKGI034666-001
74.	Emails between Robert Swannell, Robert Webb KC and Christopher Saul dated 20 January 2020	UKGI00011077	UKGI021885-001
75.	Minutes of UKGI Board meeting dated January 2020	UKGI00016820	UKGI011632-001
76.	Minutes of UKGI Board meeting dated 29 January 2020	UKGI00016819	UKGI012000-001
77.	Richard Watson's paper on the litigation protocol,	UKGI00045974	UKGI056928-001

	dated 21 January 2020 which asked the Board to note and agree the draft 'UKGI – Disputes and Litigation Protocol guidance"		
78.	Email from Justin Manson to Tom Cooper re: Fwd: Meeting with Tim Parker Chair of POL dated 3 March 2020	UKGI00018737	VIS00012136
79.	Minutes of UKGI Board meeting dated 28 April 2020	UKGI00016822	UKGI011634-001
80.	Minutes of UKGI Board meeting dated 20 May 2020	UKGI00045952	UKGI056917-001
81.	Minutes and Papers of UKGI Board dated July 2020	UKGI00045385	UKGI054372-001
82.	Email chain between Robert Swannell, Sir James Leigh-Pemberton and Jane Guyett re Lessons learned review dated 11 September 2020 to 13 September 2020	UKGI00045975	UKGI056929-001
83.	UKGI Lessons Learned Internal Review dated June 2021	UKGI00048173	UKGI056930-001

84.	Minutes of UKGI Board meeting dated 21 January 2021	UKGI00045387	UKGI054374-001
85.	Minutes of UKGI Board meeting dated 31 March 2021	UKGI00045392	UKGI054379-001
86.	Email from Robert Razzell UKGI to Tom Cooper UKGI RE: POL Tim Parker dated 4 May 2021	UKGI00019087	VIS00012486
87.	Briefing for annual meeting between Robert Swannell and Tim Parker dated 29 April 2021	UKGI00044394	UKGI053149-001