

Witness Name: Rt Hon. Kelly Tolhurst MP

Statement No.: WITN10930100

Dated: 19 June 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF RT HON. KELLY TOLHURST MP

I, Kelly Tolhurst, formerly Parliamentary Under-Secretary at the Department for Business, Energy and Industrial Strategy will say as follows.

INTRODUCTION

1. I have served as the Member of Parliament for Rochester and Strood since 7 May 2015. At the time of writing this statement I am standing for re-election at the general election on 4 July 2024, as the Prospective Parliamentary Candidate for the Conservatives.
2. I was born and have lived in the constituency of Rochester and Strood all my life. After leaving school, I worked for large food producers in London before establishing and running a marine business for 17 years. During this time, I trained as a Marine Surveyor.

3. I was elected to Medway Council in 2011, representing the Rochester West Ward. I was elected as an MP in May 2015.

4. I served as the Assistant Whip to HM Treasury from 9 January 2018 to 19 July 2018. I then served as Parliamentary Under-Secretary for the Department for Business, Energy, and Industrial Strategy (“**BEIS**” or “**the Department**”) from 19 July 2018 to 13 February 2020 responsible for Small Businesses, Consumers and Corporate Responsibility. It was during this time that I became involved with the issues this Inquiry is concerned with. My appointment to BEIS as Parliamentary Under-Secretary was my first Ministerial appointment.

5. After my time in BEIS, I was then briefly appointed to the Department for Transport as the Parliamentary Under-Secretary. I went on to serve as Parliamentary Under-Secretary (Housing, Communities and Local Government) at the Ministry of Housing, Communities and Local Government between 8 September 2020 to 16 January 2021. From 1 July 2022 to 7 September 2022, I was the Deputy Chief Whip in the House of Commons. From 7 September 2022 to 27 October 2022, I served as the Minister of State at the Department for Education. I have been serving from the backbenches since the end of October 2022.

6. I make this statement in response to the Inquiry's request for evidence dated 9 May 2024 (“the Rule 9 request”). I have prepared it with the support of the Government Legal Department and counsel. I have been dependent on others putting documents before me to assist with the chronology of events I set out in this statement, but any views expressed are my own. I would be very happy to clarify or expand upon the evidence set out in this statement should it assist the Inquiry.

7. The Horizon scandal and the impact on the sub-postmasters and sub-postmistresses (“**SPMs**”) affected and their families has been life changing with severe and horrific consequences for those individuals. No words can make up for the personal suffering of the SPMs and their families. I am personally appalled that the suffering of those individuals was at the hands of a Government-owned company over a long period of time, which still remains unresolved for many today. It is now clear, particularly in hindsight with the information which is now available in the public domain, that the structure in which the Post Office operated as a private company owned by Government was not right. It is of great personal sadness to me that my determination during my time as a Junior Minister to get to the facts and the details of what the Post Office were doing, the challenge I gave and questions which I asked were not enough to expose the miscarriage of justice which we now know has taken place at the expense of innocent people.

8. I have structured this statement in two sections. The first section contains a detailed chronological account based on the documents I have had sight of and my own recollections and observations. In the second section, I respond to the specific questions set out in the Rule 9 request in sequential order, adopting the same numbering, to the extent I have not already provided a response in the first section. At the end of that second section I set out some reflections about what went wrong and some suggested lessons to be learned.

SECTION 1: CHRONOLOGICAL ACCOUNT

9. As the Junior Minister accountable for Small Businesses, Consumers and Corporate Responsibility, I had a broad policy portfolio. I was responsible for labour markets, the retail sector, retail energy markets, product safety, Companies House, the Insolvency Service, Postal Services, Competition and Markets Authority, HM Land Registry and Ordnance Survey. I recall that particularly time-consuming areas of my work included a big product recall of the Whirlpool washing machine, work in tackling late payments for small to medium sized businesses,

work on the Corporate Governance Code, and dealing with national minimum wage enforcement and reported abuses within the fast fashion sector. I recall that after I moved on from BEIS, the portfolio was split up with Lord Callanan taking over responsibility for corporate governance and the CMA and Paul Scully MP taking the smaller brief including Postal Services. I recall being sent home on the first weekend after my appointment with probably 50-odd submissions on the various policy areas to get on top of. It was a very busy portfolio.

10. As is typical for Ministers, I had a private office in the Department and was assisted a small number of private secretaries who were civil servants. They would arrange my diary, prepare paperwork for my Ministerial box, and would coordinate the management of correspondence. I would receive a large volume of correspondence and I trusted my private secretaries to deal with that correspondence as appropriate; sometimes they would direct it straight to me, sometimes they would deal with it on my behalf, and other times they would refer it to officials for analysis and advice. Often correspondence would be provided along with a draft response from officials for me to consider.
11. As well as private secretaries, the Department was assisted by a number of officials, also civil servants, who were subject matter experts in particular policy areas. Those officials would draft submissions ahead of meetings, debates, Parliamentary Questions and so forth. In respect of the Postal Services part of my portfolio those individuals worked within UKGI. It was UKGI officials that prepared the relevant advice as experts on postal affairs. I was also assisted by the BEIS Post Office policy team which was established in August 2018. Officials within that team provided advice, separately from UKGI, in respect of issues arising on postal matters.
12. The breadth of a Minister's portfolio is such that they have to, to a greater or lesser extent, rely on the advice of officials and make decisions on the basis of it. Ministers expect the advice given to be competent, accurate and reliable, honestly given and on the basis that objectivity has been applied in the analysis of the facts.

13. When I arrived in post as Parliamentary Under-Secretary at BEIS I was briefed on my entire policy portfolio. I was provided a briefing on postal affairs soon after I started and would have received something akin to a Day One Briefing Pack for each policy area, although I do not have copies of those documents now. I remember that the key policy areas within the postal affairs brief were POL's financial performance, efforts to increase and diversify the retail offer of post offices, and major upgrades to its other IT systems (not Horizon), the cash management system (POLSAP), and digital ID verification. As part of that briefing, I was provided with some outline information regarding the Horizon IT system issues.

14. I understood at that time that a civil claim was being brought by a number of SPMs in relation to accounting losses suffered in branch as a result of the Horizon IT system. I understood that SPMs were alleging that there were widespread problems with the system and that POL denied this. I knew that several SPMs had been convicted for accounting losses.

15. I do not remember the Horizon IT system being raised by my officials as an issue to consider in any detail until 16 August 2018, when I was provided with a number of briefing documents in relation to the Post Office Horizon group litigation¹. The documents were drafted for the attention of the Permanent Secretary, Alex Chisholm, and sent to him on 10 August 2018. That email was forwarded to my private office on 16 August, and I can see that Annex 1 to 5 were apparently sent under cover of that email.

16. UKGI00018266 is a document provided to me by the Inquiry. It is a submission drafted by Mark Russell of UKGI entitled "*Horizon Litigation Update*" and dated 10

¹ UKGI00008342

August 2018. The submission explains the contents of Annexes 1 to 5 which were attached to the 10 August email sent to Alex Chisholm.

17. At paragraph 8 of that submission, it is recorded that *“following the agreement of the Protocol, POL’s Legal Counsel provided an initial background briefing on the litigation (Annex 3), including their QC’s view on the merits of the case”*. I did not receive this Annex 3 at the time and have not seen it since.

18. The document goes on to say that POL’s Legal Counsel *“has since provided a further update (Annex 4) following discussion of the case at POL’s last board meeting on 31 July. For ease of reference in Annex 4 UKGI has highlighted in yellow any information that is new and worthy of note. These briefings do not yet address contingency planning, but Tom Cooper has asked POL’s Legal Counsel to focus on this in the run-up to the November 2019 hearing, particularly the question of how POL would handle the business implications of losing, and to provide you with a paper addressing these issues in advance of the 10 September briefing session”*.

19. I understand that Annex 4 is document UKGI00008345. That document addresses procedural issues and the timetable for the Commons Issues and Horizon Issues trials. I can see that the document contained some of POL’s thoughts on settlement options and contingency planning². I do not recall considering those points at the time and, re-reading them now, I can see that there were no developed plans in place.

² UKGI00008345 at paragraphs 5 and 6.

20. As to the other annexes, Annex 1 was the Information Sharing Protocol³ and Annex 2 was the On-Boarding Protocol⁴. I do recall receiving those documents at the time, but I do not remember reflecting on them. The Inquiry has provided me with document UKGI00008347 entitled "*Proposed Agenda and Attendees*". This may be Annex 5, created in anticipation of a meeting on 10 September 2018.
21. It is recorded at paragraph 11 of the 10 August 2018 submission to Alex Chisholm⁵ that an "*Oral briefing from POL's Legal Counsel*" was scheduled for 10 September. It was recorded that at that meeting, "*POL's Legal Counsel, Jane MacLeod, Chair Tim Parker, and CEO Paula Vennells... will brief you on the key issues at stake, as well as on the financial, reputational and operational implications (which could be considerable) of an adverse ruling at November's "Common Issues Trial" and/or at the "Horizon Trial" in March 2019 and POL's contingency plans for dealing with these risks. This will be an excellent opportunity for you and the Minister to exercise Shareholder scrutiny and seek reassurance on any issues of concern*".
22. To the best of my knowledge, the meeting did not go ahead on 10 September 2018, but was instead re-scheduled for 17 October 2018. My private office arranged my diary and things were often subject to change at the last minute. I did not always know the reason why.

³ BEIS0000079

⁴ UKGI00008348

⁵ UKGI00018266

23. The only background information I derived from the documents provided to me on 16 August was that “*the independent investigations by Second Sight [that] found no evidence of flaws in the Horizon IT system*”⁶.
24. I do not recall any advice being given at that time regarding the risks of the litigation. I was not given the impression that POL were anxious about the litigation, or that there was any particular risk involved with the litigation over and above the inherent risk associated with any legal dispute. I was not asked to consider strategy or options for resolving these issues. I understood POL and the SPMs were coming towards the end of a long process which had started well before I came into the Ministerial role, and I was not asked to provide input on that process.
25. It was obvious, however, from this point in time that the litigation would be an important part of the postal affairs brief and I did not feel that the information provided to me in August 2018 gave me with the information necessary to provide effective leadership from within BEIS in respect of the litigation. I was just beginning to be briefed and I did not know at the time what information to ask POL for. I wanted to be in a position where I understood the detail and could make informed and considered judgments on these matters when required.
26. I would say that this is typical of my working practices. I would describe myself as someone who is interested in the detail and concerned to have all of the relevant information, as far as possible, before taking a decision.

⁶ UKGI00018266 at paragraph 12.

27. For that reason, I requested further information, and I was provided with the short further document entitled "*Briefing for Kelly Tolhurst MP, Postmaster Litigation*"⁷. The document itself is undated. I do not recall exactly when I received it, but I am sure it was provided after 16 August 2018 and before the meeting with POL took place on 17 October 2018. It is a top-level summary document drafted by UKGI. I return to it below.
28. On 3 September 2018, I met Paula Vennells, POL's CEO. I was provided with a briefing for that meeting by UKGI on 31 August 2018⁸. It was very much an introductory meeting. I can see that the briefing noted that UKGI were concerned that POL had not "*done enough to prepare for the potential business, reputational and financial implications of losing*"⁹. I note that only 5 minutes had been allocated for discussion of the litigation, whereas 20 minutes was for discussion of POL's financial performance, business transformation and growth. I do not recall any discussion of contingency plans at that meeting.
29. The Inquiry has provided me with a note of that meeting as authored by Nick Parker of UKGI¹⁰. I do not believe I saw this document at the time, and I cannot now confirm the accuracy of the text in bold, which says I "*did not specifically request sight of POL's contingency plan in advance of the 17 October meeting as briefed*". I note Mr Aldred recorded that Ms Vennells had passed on the advice of POL's leading counsel that, in summary, "*POL will likely lose on some contract clauses but not on the highest impact ones*". Whilst I do not now recall the detail of the point made, that fits with my understanding at the time. I remember having

⁷ POL00111100

⁸ UKGI00008369; UKGI00008370

⁹ UKGI00008370

¹⁰ UKGI00021355

the general impression that the POL had confidence in its overall defence to the claim.

30. I do agree with Mr Aldred's note that I "*emphasised the need to provide plenty of detail and [Paula Vennells] said POL would be in a much better position to do so after further briefings from their QCs and hopefully more information on the claims*"¹¹. This fits with my memory of dealings with POL during my time at BEIS. POL always seemed willing to answer questions when asked, but I did find that they were sometimes difficult about what information they would volunteer. There was never a refusal to provide information if it was requested, but I did feel that details were not always forthcoming in a proactive way. This troubled me, because I did not necessarily know the right questions to ask at every stage and felt very reliant on POL to bring potential problems to my attention. This was a theme that arose on many occasions and culminated in an updated new Sharing Protocol being established in July 2019, which I turn to below.

31. I note also what Nick Parker writes in the first paragraph, "*Paula frequently confirmed that challenge from HMG is good, but also asked that HMG ensures the positive developments in Post Office are made clear and that HMG continues to stress the important role that Post Office plays in communities up and down the country*". Reading this comment now, I do feel that POL was more interested in the Department challenging POL for the 'appearance' of challenge rather than sincerely listening and changing course in response. I got the impression that POL expected the Department to be positive about POL regardless of the scrutiny that the Minister or Department wished to apply.

¹¹ UKGI00021355

32. The further briefing I received from BEIS officials for this meeting, mentioned above,¹² sets out at the first bullet point that the *“litigation follows a number of years during which Post Office sought to understand the concerns of postmasters and address their issues. While many of the claims alleged faults with the Horizon computer system, to date no evidence of systemic problems have emerged, rather there is a pattern of operational errors in branch, as well as, in specific cases, where Post Office could have done more to support postmasters”*. In the second bullet point it is recorded that *“litigation was commenced in early 2017 and involved claims by 561 postmasters. The specific details of their claims have not been provided, and we do not have any details as to the possible quantum of damages that they may seek”*. The document set out that *“we are developing contingency plans to address these risks and will discuss these in more detail at the meeting on 17 October”*.
33. My general impression at this point in time was that POL did not consider there was serious problem with the Horizon system, albeit there may have been occasional bugs or errors in the system affecting individual SPMs. I understood POL thought there was a possibility that the court may find against them on various contractual points or in respect of those occasional bugs or errors, but did not think they would lose on anything significant.
34. I do remember at this early stage being concerned that POL were perhaps over-confident. I do not pretend that I had any particular foresight into what would happen in the group litigation. I am not a lawyer and I have no experience of legal claims. Rather I saw this as a David and Goliath situation. My instinct was that the court, faced with a case which could be seen as the ‘little guy’ going up against a large corporate institution, would be sympathetic towards the ‘little guy’. This was just a gut feeling rather than being based on any specific concern about POL’s case. I recall mentioning this in the 17 October 2018 meeting. It is, I think, recorded

¹² POL00111100

in the note of the meeting where it states I said something along the lines of, “*odds against us being a case of big against [small]*”¹³.

35. On 11 October 2018 I received a briefing authored by POL for the 17 October meeting¹⁴. The briefing was extensive, although section 2 setting out the background to the litigation was relatively short. I did not understand this to be a meeting about litigation strategy or the merits of the claim. It was really just a meeting about what was happening in the litigation.
36. I do remember in particular what was written at paragraph 2.3 of the briefing: “*Post Office appointed independent forensic accountants Second Sight to perform a ‘top down’ examination of Horizon. Second Sight issued a report in July 2013 which concluded there was no evidence of system-wide (systemic) problems with the Horizon software but identified some areas where Post Office could have done more to support individual postmasters*”. Brief details of the Complaint Review and Mediation Scheme were also provided. I remember being reassured by this. I understood ‘*no evidence of system-wide (systemic) problems*’ to mean that there were no fundamental flaws in the system that could affect SPMs more widely, although there may have been one-off issues arising from user error or occasional bugs.
37. POL’s contingency plans were set out in the briefing document¹⁵. I was in no position to scrutinise the substance of those plans. I was concerned about POL’s potential liability arising from an adverse judgment or settlement of the claim. I

¹³ UKGI00008554

¹⁴ POL00022976; POL00111218

¹⁵ POL00022976 at paragraph 5 and Appendices C to E D

wanted to know if POL would be able to satisfy a judgment or pay out the claim¹⁶. It was imperative that BEIS were fully informed of these matters as they directly impacted on the taxpayer, due to the subsidy given by Government to POL.

38. My overwhelming concern at that time was that a judgment against POL or settlement of the claim would not cause POL a financial crisis. I was very focussed on keeping Post Office going as a valued service. This is why it was so important to me that I was provided with information on POL's financial position so that proper planning could take place.
39. Frustratingly, POL were not willing or perhaps not able to provide any concrete advice on their liability at the meeting. I was informed by way of a post-meeting note that that *"for any settlement up to around £50m the cost could be borne by the company. Above that they would need to consider whether it could be funded by POL or request additional support form HMG"*¹⁷. I wanted more information about the arrangements that would be put in place for POL's financial liability, and this is something that I followed up the following month. My understanding was that POL were not giving me an estimate of its potential liability because then it would become a known liability disclosable to POL's auditors which may expose it to a risk of trading when potentially insolvent. Whilst I understood that, I would expect POL to be able to give me some clear information even if it was not an official figure.
40. POL's thoughts in respect of settlement of the claims were also set out in the briefing documents¹⁸. I recall those matters being discussed at the meeting. The

¹⁶ UKGI00008554

¹⁷ UKGI00008597

¹⁸ POL00022976 at paragraph 7

strong impression I received was that POL was eager for the court to hand down a judgment which established the facts in order to bring an end to the matter. POL's concern, as I understood it, was that if it settled the group claim without some form of judgment on the core facts and issues then there was a risk of more claims being brought in the future and challenges to the accuracy of Horizon would continue.

41. Indeed, this is what is reflected in the briefing document¹⁹:

“(ii) A settlement is only binding on the parties to the action. While it is usual that the terms of a settlement are confidential, the fact of a settlement is unlikely to remain confidential. This is likely to be construed by the media and followers as a capitulation by Post Office, and is therefore likely to give rise to further claims by other former or current agents who believe they have been wrongly treated. (iii) Settlement will not resolve the questions posed by the claimants as to the correct interpretation of Post Office’s obligations under the contract or the robustness of Horizon. This would mean that agents will continued to challenge the veracity of data from Horizon which is relied on by Post Office in recovering losses, and will at least perpetuate the current issues Post Office faces whereby branch losses are increasing significantly. It is unlikely that, absent litigation funding, any single agent would be able to afford the necessary legal costs to have the Horizon issues fully determined; whereas the current group litigation structure and funding allows those issues to be addressed”.

¹⁹ POL00022976 at paragraph 7.2(ii) and (iii)

42. I was keen for the legal team at BEIS to consider the issue of settlement and for a Departmental view to be formed. I asked for access at the meeting to POL's legal advice so that work could be done (and the meeting note records that my Permanent Secretary made the request)²⁰ and on 31 October 2018 my private office chased POL for access to that advice²¹. I think that this is perhaps another example of POL being willing to provide information when specifically asked but not being completely transparent and forthcoming with documentation on a voluntary basis.
43. There was certainly some appetite within BEIS to push for settlement of the claims. I think if the Department had become involved 12 to 18 months before these events then perhaps it would have been early enough in the process to have affected the legal strategy to the claims more, because there was more interest in exploring settlement within BEIS than, it seemed, within POL. However, there was no serious discussion at the 17 October meeting about settling the claim, primarily for the reasons given in the briefing document.
44. Aside from this, I was presented with strong assurances at the meeting that POL had received good legal advice and that POL were overall confident in their defence of the claim. I would not be expected to provide input into matters of legal strategy without relying on legal advice and that advice would only be sought by BEIS if there was a matter that needed adjudicating, a red flag so to speak. As matters stood there were no red flags. The legal strategy was not in any way called into question. Whilst I had my own concerns about the merits of the SPM's claims, mentioned above, these had no legal basis, but were simply based on a hunch

²⁰ UKGI00008554

²¹ UKGI00008598

that the court might have sympathy for the SPMs, and so were not something I could push POL harder on.

45. The Department's view was still that the claims should be resolved as soon as possible. My impression at the time was that POL did not have an attitude of "win at all costs" and were not being overly aggressive in respect of the claims. That was certainly not how I recall the litigation strategy being conveyed to me and my officials. For example, POL were readily accepting that there would probably be some losses in the litigation, but that they would succeed on the big points. I think that if anyone had told BEIS, whether by way of POL's legal advice or someone from the Board approaching us, that POL were at serious risk in the litigation then the Department would have pushed to settle the matter as soon as possible.

46. My private office was informed on 2 November 2018 that POL had finally shared its legal advice with UKGI²². Tom Cooper of UKGI passed on comments from Richard Watson of UKGI's legal team that advice on settlement options would be provided. My impression remained that POL, and UKGI, felt positively about the litigation as recorded by Mr Watson, "*we were pleased with how the meeting went and POL were also glad to have had the opportunity to provide their perspectives of the litigation*". I do not know if that advice was ever received by BEIS officials or if UKGI's legal team did provide options on settlement.

47. On 16 November 2018, I was informed by my private secretary that Paula Vennells was stepping down as CEO. In a WhatsApp conversation with me, my secretary commented, "*I'm wondering if this means she has realised that the litigation is going to end badly and is getting out first*". I responded to this, "*Oh interesting*".

²² UKGI00008608

*news! Yes I would agree*²³. I think I must have had a conversation at some point with my private secretary about the group litigation and shared my thoughts on the merits of the SPMs claim as set out above. I was disappointed that at such a crucial point for the organisation it would need to go through a recruitment process. I do not remember ever seeing Paula Vennells again.

48. I met with Tosin Adegun and Tom Cooper of UKGI on 19 November 2018²⁴. We discussed my suspicions regarding the timing of Ms Vennells' exit from the company. They were the same suspicions I raised in the WhatsApp conversation detailed above. I was told by Tom Cooper of ShEx that the recruitment process for a new CEO *"is POL led but will be done with shareholder consent"*. Alisdair Cameron (the Chief Financial Officer) stepped in as interim CEO. I met with the shortlisted candidates for the CEO role and Nick Read was later appointed. He was my choice. He was an external candidate and I felt, at the time the recruitment process was happening through to September 2019, that POL needed someone with commercial retail expertise to provide fresh leadership.
49. We discussed the concerns I had raised in the 17 October 2018 meeting regarding, *"POL's potential liabilities over the court case"*. I said that I was *"keen to be properly briefed as the litigation case progresses and would welcome both verbal and written updates on a bi-weekly basis"*.
50. I did then start to receive frequent updates. Often those updates would be purely procedural and/or related to media coverage²⁵ and other times they were more

²³ WITN10930101 page 49.

²⁴ UKGI00008656; UKGI00008701

²⁵ UKGI00008701; UKGI00008873; UKGI00008703; UKGI00008704

substantive²⁶. I would not say now that the updates provided any rigorous legal analysis although POL's update for the Board dated 13 December 2018 did include some analysis. The conclusion reached in that document was that, "*Post Office's counsel therefore continues to believe that Post Office has the better of the arguments, with the main risk to Post Office being the extent to which the Judge gives weight to individual claimants' experience over orthodox legal principles*"²⁷.

51. I was keen to get more detail so that I was in the best possible position to make informed and considered decisions. That said, I was not asked at this time or in fact at any time about my views on the merits of the litigation or settlement. I was not being advised by BEIS officials as to whether or not POL should continue to defend the claim and I do not recall anyone suggesting that I ask that question. There were no obvious red flags which would have caused me to ask that question or seek advice on that issue. Indeed, I was presented with quite a lot of assurances that the Common Issues trial was going favourably to POL.
52. Looking back now, it remains my view that at that time of the Common Issues trial there was no basis upon which I could have instructed POL to settle the litigation, against the advice of their legal advisors. I have no doubt it would have been seen as a significant interference with POL operational matters, and I do not consider that I would have had any support from within the civil service to take that step. Although POL was a public corporation rather than a department, it would have been akin to making a Ministerial Direction,²⁸ which are very rare and almost never done by a Junior Minister. There was simply nothing presented to me at that time

²⁶ UKGI00019168

²⁷ POL00103373 at paragraph 1.6.

²⁸ WITN10930102

which I could have used to push back on POL's strategy and start a conversation about bringing the matter to a conclusion before the judgment was handed down.

53. On 20 February 2019, my private office wrote to UKGI asking for a meeting with Paula Vennells before her departure. I had communicated to my private secretary that I felt that "*there are a lot of risks around POL activity*"²⁹. By this I was referring to the awaited Commons Issues Judgment, my concerns about POL's liability, and my suspicions about the timing of Ms Vennells' departure. I do not believe that this meeting with Paula Vennells took place.
54. On 26 February 2019, I met BEIS and UKGI officials, including Tom Cooper. I was briefed in advance of that meeting³⁰. I remained concerned that POL's liability was unknown, and I wanted to ensure that I was being kept updated with all of the developments. Among the action points rising from that meeting were that I would be briefed on the possible outcomes of the ruling on the Common Issues trial and be provided with next steps in respect of the Horizon Issues trial³¹. I believe it was at this meeting that I asked whether the Department could receive advanced notice of the Commons Issue judgment.³²
55. On 1 March 2019, UKGI provided advice to the Secretary of State and to me regarding the judgment in the Common Issues trial being sent to the parties the week commencing 4 March 2019 under embargo before being formally handed

²⁹ UKGI00008996

³⁰ UKGI00018334

³¹ UKGI00022263

³² UKGI00009042

down the week commencing 11 March 2019³³. I recall asking why BEIS were not given sight of the judgment at the same time as POL and querying whether BEIS could have access to it³⁴. To the best of my recollection, the 1 March 2019 submission was in response to that request. The advice was to not seek that permission³⁵ and I accepted that advice.

56. I asked the question because, as I have said previously, I wanted to have all of the relevant information available to me as much as possible. I assumed that as the sole shareholder, the Government would be provided with the same information as POL. As the Government might be ultimately responsible for the financial implications of the judgment, I wanted to be prepared. Before receiving the advice in March 2019 I was not aware of the legal and procedural framework governing this matter. As soon as I received the advice, I understood the position and, as I said, accepted the advice.

57. On 8 March 2019, I received a further submission from UKGI regarding the issues in dispute in relation to the Horizon Issues trial and the next stages of that part of the litigation.³⁶ It was probably at this time that I was first told of the core issues in the Horizon Issues trial; namely, the reliability of Horizon and the reason for

³³ BEIS0000063. Attached were draft Urgent Questions and rebuttal and draft answers to initial and follow up questions BEIS0000064; BEIS0000065,

³⁴ UKGI00009075; UKGI00009042

³⁵ BEIS0000063 at paragraphs 13-16. Advice was also provided by UKGI to the Secretary of State copied to me on 4 March 2019 on the same issue. It similarly recommended that permission was not sought. BEIS0000488 at paragraph 5. On 5 March 2019, Alex Chisolm (the Permanent Secretary) provided similar advice. UKGI00009137.

³⁶ BEIS0000066

accounting shortfalls, whether remote access to branch accounts and the capacity to edit or delete transactions, correcting transaction, and the information available to POL and to SPMs to deal with shortfalls. On 12 March 2019, UKGI sent my private office POL's summary of Day 1 of the Horizon Issues trial³⁷.

58. I was made aware by my private office on 14 March 2019 that judgment in the Common Issues trial would be handed down on 15 March³⁸. My private secretary notified me of the outcome the following day³⁹. She said that *"the judge ruled in favour of the postmasters and suggested some substantive changes to the post office most importantly to the liability and termination clauses within their contracts... the Judgement found strongly in favour of postmasters, principle finding is that the contract between POL and postmasters places a number of obligations on POL which will require them to change the way they work with postmasters. Judgement is also highly critical of POL behaviours, and uses strong language accusing POL of being heavy handed and lacking transparency"*.
59. My immediate reaction was one of embarrassment. I was appalled that the Judge had found POL to have behaved so reprehensibly and I felt utter shame on behalf of POL in respect of what the SPMs had been through.
60. I had an initial call with UKGI on 15 March 2019 about the Judgment. My overwhelming initial concern was well reflected in a post-meeting note:⁴⁰ *"the potential liability and what our next steps were"*.

³⁷ UKGI00009163

³⁸ WITN10930101 , page 162-163.

³⁹ WITN10930101, page 163

⁴⁰ UKGI00009212

61. I then had a call with Tim Parker (POL's Chair), Alisdair Cameron (POL's Interim CEO) and Jane MacLeod (POL's General Counsel"). The broad content of that call was set out in the "*speaking points*". Those speaking points accurately reflect my immediate concerns at that time; namely, that
- a. *"whilst these are operational matters, as the Minister responsible I need to ensure the findings in terms of both the contracts with postmasters, and also the criticism of POL's culture and practices, are addressed. What action are POL taking as a result of the judgment and how will you keep me informed of process to provide assurance this action is effective? Who will lead this work now Paula has stepped back and how will you (Tim) ensure strong leadership is shown on this?"*
 - b. *"Concerned that the legal advice POL received appears to have been wide of the mark on the likely outcome of this trial, are you considering any changes to your strategy for the remaining trials? As you discussed with Alex Chisholm recently, we have learned from previous experience that it's very important to have independent legal advice in relation to strategy from now on to guard against the existing legal team being wedded to the existing approach".*
 - c. *"I understand POL will consult BEIS on any intention to appeal prior to doing so".*
62. Sub-paragraph (b) really captured my thinking at the time. BEIS were given repeated assurance about POL's legal advice, and on the basis of that expected there might be some criticism and that POL were unlikely to succeed on some relatively minor points. The judgment was completely unexpected, in that it was such a damning indictment of POL. The legal advice received was utterly incorrect.

I just did not get the impression at any time that POL thought they could be found to be wrong on the key issues, indeed I was constantly being reassured. I do not know where I would have gone at the time to get the right information and to have seen some of this coming. However, from that time my concern was what was going to change in how this litigation was approached. The handing down of the Common Issues judgment was a light bulb moment for me.

63. The Secretary of State and I met with UKGI on 16 March 2019. We were briefed on the judgment. I made clear that *“the judgment was close to the worst-case scenario”*⁴¹. I believe this was the first time that an appeal was mentioned, UKGI indicated that POL would probably appeal the judgment as this *“may be helpful in reaching a settlement”*.
64. The note of the meeting records that the Secretary of State *“made clear his primary objective is to see justice done. Where postmasters and mistresses have been treated improperly they should be treated justly”*⁴². Secretary of State is recorded as having *“asked that the Department put out a statement making the point that we are aligned with the interests of the postmasters but that we are still going through the legal process”*. I could not have agreed more with what the Secretary of State (then Greg Clark) said. I absolutely wanted to see that justice was done and I arranged for the letter to MPs regarding the judgment which I turn to below to be drafted in those terms. The Secretary of State noted that *“where POL can fix problems internally before the conclusion of the legal process it should so do. He agreed with Tom Cooper’s assertion that caution would be required to ensure that justice is done for legitimate claimants, but that restitution may not be appropriate in all circumstances”*. It was decided that a “Dear Colleagues” letter be written addressing the House in those terms.

⁴¹ UKGI00009213

⁴² UKGI00009213

65. The “Dear Colleagues” letter was to be drafted by my private secretary and UKGI officials. The letter went through a number of drafts and the final draft was sent on 18 March 2019⁴³. In respect of an earlier draft and on 16 March 2019, my private secretary told me that *“UKGI has advised that the below wording isn’t correct and that we must avoid treading into areas which are for the court namely whether POL have breached any legal duties they owed to any of the claimants and if so whether those claimants are entitled to compensation. They advised that those decisions are for later trials in this group litigation”*.
66. The original wording that I had recommended which UKGI had taken issue with was that the judgment *“represents a significant step forward, delivering justice for those postmasters who have been wronged”*. This wording reflected my sentiments at the time. My private secretary went on to say that *“UKGI have said it would be more factually correct to say “... The Post Office and I are fully supportive of this legal case being brought. This first judgment, which deals with the contractual relationship between the Post Office and postmasters, represents a significant step towards delivering justice...”*⁴⁴. My private secretary was happy with that revised wording and I approved it. No.10 approved the wording as did the legal team at BEIS.
67. The following day, my private secretary informed me that POL had *“raised some comments on the letter as they are nervous about prejudging the outcome of future trials”* and that the wording had been reworked to get *“the balance between reflecting nuance of the case as required by POL but also making sure it reflects*

⁴³ POL00103458

⁴⁴ WITN10930101 page 166.

yours and Greg's (Secretary of State) steer about justice for those who have a valid claim".

68. The amendment had the effect of removing the text approved by me, BEIS' legal team and No.10⁴⁵. I said to my private secretary that "*the letter has changed significantly*". It seemed to me that POL had watered down the sentiment held by me and the Secretary of State. My impression, as I said in that exchange with my private secretary, was that the reason for this was "*probably about the POL not really accepting the judgement is so bad*"⁴⁶. I reluctantly accepted the revised wording on the basis of the advice given. I did not want to risk prejudicing the future litigation and it was imperative that the Department communicate with the House on the issue quickly.
69. Looking back now this is probably one of the areas where I should have pushed back and insisted on the original wording. The civil service team in BEIS were very good and I trusted them, but I feel that I should have been more insistent on the wording of this letter. Now I know that only a day later POL would be attempting to get the Judge to recuse himself. This must have been in their minds when they were considering my draft, but I knew nothing of it at that time.
70. On 19 March 2019, my private office was emailed by UKGI regarding POL's possible grounds for appeal, one of which being, in summary, that the judge had made findings of fact in relation to issues upon which he had not heard evidence and allowed those findings to influence his ruling on the terms of the contract between POL and SPMs. The result, said UKGI, was that this would prejudice

⁴⁵ WITN10930101 page 167; POL00103458

⁴⁶ WITN10930101 page 167

POL and it would not be fair for the Judge to continue to hear the remaining trials⁴⁷. I was told that POL had taken new and independent legal advice which had recommended, in consequence of those matters, that an application be made for the judge to recuse himself.

71. I had informal conversations in the Department about this application. My view, and my officials' view, was that this application should not be made. I had very grave concerns about it.⁴⁸ I believe that the Permanent Secretary, Alex Chisholm took this forward and tried to discourage POL from making the application. At no time was anyone at POL given reassurance that Government would be happy with POL making this application; quite the contrary.
72. I took my concerns to the Secretary of State, and I arranged for a call with Tim Parker and Alisdair Cameron to get them to explain the thinking behind the application⁴⁹.
73. It was apparently not, however, within the Department's gift to stop POL from making the application. Indeed, I was told in terms that *"the advice from BEIS Legal and UKGI Legal is that BEIS officials/Minister and the shareholder NED should not be involved in POL's formal decision-making on the recusal application, although they may participate in discussions and hear the advice from POL's legal*

⁴⁷ UKGI00009344

⁴⁸ UKGI00009346

⁴⁹ UKGI00009344

*team*⁵⁰. In a later email the same day, Tom Aldred of UKGI said that *“the strong legal advice is that the minister should not be involved in this decision”*⁵¹.

74. On 21 March 2019, UKGI provided a submission for the attention of me and the Secretary of State⁵² regarding the recusal application. It set out that Lord Neuberger and Lord Grabiner QC *“gave strong advice in favour of seeking recusal which he described as the only option available to the Company to seek redress for the unfairness in the first trial and prevent further unfairness in the second trial. He was clear in his opinion that Post Office isn’t receiving a fair trial even if they might (or might not) eventually be found to be at fault”*⁵³.
75. On 20 March 2019 I was told⁵⁴ that the Board had approved seeking the recusal which was submitted on 21 March 2019.
76. Whilst it is clear POL were being advised by top legal minds, my strong view remained that whatever its legal merits the application was misguided and the reputational risks for POL were massive. My feeling was that POL were trying to frustrate the process and delay the next trial. I recall being quite cross about the Board’s decision such that I told my private secretary that I would not be going ahead with any calls with anyone from POL on the evening of 20 March⁵⁵.

⁵⁰ UKGI00009344

⁵¹ UKGI00009344

⁵² BEIS0000070

⁵³ Those points were also made to me the day before via email UKGI00009346

⁵⁴ UKGI00009346

⁵⁵ UKGI00009346

77. The feedback of Tom Cooper of UKGI on the proposed application was that “the board are not enthusiastic about making this application but feel there is no option given the additional legal advice received⁵⁶”. In my view these are rather weasel words. UKGI knew of the Department’s position on the application. As the shareholder’s representative on the Board, Tom Cooper (the UKGI NED representative) should have voted against the application being made rather than “taking no part in the decision-making”⁵⁷. I am disappointed that in abstaining he neither represented the Department’s view nor acted in the best interests of POL.
78. The arms-length model in which I was working did not allow me simply to take over this decision and direct POL to act differently. That was my clear understanding and that was the advice that I was being given. Whilst Government had some powers in relation to the Board, I did not feel that I had enough ammunition at the time to push forcibly for drastic action such as removing POL’s Chair or changing the Board. I had in mind the long history of this dispute and the very senior legal advice that POL said it had taken. I had a gut instinct. This did not feel enough for me as a first time Junior Minister to go against the advice. In my mind also was that in taking that sort of action I could be exposing the Government to significant costs, throwing POL into uncertainty and in doing so perhaps risking the livelihoods of many other SPMs.
79. Looking ahead I was also hoping that someone like Nick Read would be appointed as the new CEO; an external candidate with significant commercial retail experience to challenge the institutionalised thinking and to take POL leadership in a better direction.

⁵⁶ UKGI00009344

⁵⁷ BEIS0000070

80. On 26 March 2019, I met Gill Furniss MP regarding the POL litigation. I was provided with a briefing in advance of that meeting which, in essence, was that the conversation should stay within the parameters of the “Dear Colleagues” letter to avoid prejudicing the ongoing litigation including the possible appeal and recusal application. It was emphasised throughout the briefing that *“this dispute remains a matter for the courts, it is not appropriate for Government to comment further”* and that the application *“is a legal decision for POL, taken by the POL Board following additional, independent legal advice. It is inappropriate for me to comment further”*⁵⁸. I did accept that advice, but this did not mean that I could not challenge POL’s strategy internally or seek to put in place mechanisms to ensure Government’s involvement and influence in POL’s decision-making.

81. On 27 March 2019, I received a submission from UKGI in advance of my meeting with Tim Parker on 3 April⁵⁹. The action points arising from the meeting were recorded in an email from my private secretary⁶⁰. This was my first in-person meeting with Mr Parker. We discussed a range of issues including the CEO recruitment process. I was keen to formalise a regular meeting with Mr Parker and Alisdair Cameron (POL’s Interim CEO). I was also keen to set up a regular meeting

⁵⁸ UKGI00009336. Ms Furniss MP also wrote to my office on 24 June 2019. I do not have a copy of that letter, but the Inquiry has provided me with a draft copy of my response. UKGI00010381. I believe I have a copy of the final draft sent on 12 July 2019 WITN10930103. In that reply I provided a factual update on the litigation as well as other matters concerning Post Office. I said I was not able to comment on the litigation, but said that I hoped that the court process would assist in resolving the issues and that PSMS could obtain a remedy where the courts find the claims are valid.

⁵⁹ UKGI00009392. I do not believe I have a copy of the submission.

⁶⁰ UKGI00009445

with CWU, POL and Ministers where MPs could attend. I wanted to do what I could to ensure open and transparent information flow between POL, BEIS and key stakeholders, including MPs.

82. The Inquiry has provided me with document UKGI00009455 which is an email from Tom Aldred at UKGI to his colleagues in which he provides a note of my meeting with Tim Parker on 3 April. I of course did not see that document at the time. In this email Mr Aldred records that *“Kelly complained that she wasn’t seeing enough information flow about the trial. We discussed as officials afterwards and it seems the block is somewhere between her private office and her. Regardless, we should make sure that we are providing updates to her as soon as they are relevant”*.
83. I do not believe this was correct. In my experience, my private office was very effective and efficient in passing through information so I would have been surprised if the block was there. I could not help but feel that POL were not passing across all the information that I should have had. At the same time, I do not know what I was hoping to see. I requested those regular meetings with Mr Parker and Mr Cameron, and those meetings with CWU, POL and interested MPs to facilitate information sharing.
84. On or around 3 April 2019 I was provided with an update on the litigation, specifically that the recusal hearing that had begun that day. I was told that *“if Justice Fraser does not recuse himself, the hearing will move to the Court of Appeal (date to be determined)”*⁶¹. I cannot remember exactly, but from the documents it seems that this is the first time that POL/UKGI were anticipating there might be an appeal of the recusal application.

⁶¹ UKGI00016315

85. On 12 April 2019, UKGI sent a submission for the attention of me and the Secretary of State⁶². The submission records that POL had lost the recusal application. Judgment was handed down on 9 April and I probably made aware of the outcome before receipt of the 12 April submission. The submission did not go into any detail about the possible appeal of the Judge's decision on the recusal application.
86. The submission states that on 3 April, "*POL announced its intention to submit an appeal against the Common Issues Judgment*". The grounds of appeal were being discussed with POL's legal team. I was told in this submission that "*POL has decided to boost the legal team and has provisionally appointed Herbert Smith Freehills to oversee the litigation... Given the unexpected outcome of the Common Issues trial we have been pressing POL to ensure that their litigation strategy is considered with a fresh set of eyes, so this is a good outcome and we expect it to have a significant bearing on the way the litigation is conducted*".
87. I considered the instruction of Herbert Smith Freehills ("**HSF**") to be a good thing. One of my immediate concerns following handing down of the Common Issues judgment was that the legal advice had been wildly off beam, and I was a vocal proponent of POL reviewing their legal strategy.
88. On 30 April 2019, I was informed by my private office that Tom Cooper wanted to meet me to update me on the litigation⁶³. I said that "*I would rather these updates are formalised. I have concerns about the Post Office and board and want to get this on a formal sitting. Think we need to get a wider meeting with officials on how*

⁶² BEIS0000071

⁶³ WITN10930101 page 192.

we deal with the post office. I would rather we didn't just plug things into the diary without speaking first". I went on to say that, "well I can have a call but I'm just saying that I don't want to have random communication with them anymore. I want it formalised. It was only by chance I noticed it in the diary" ⁶⁴.

89. I suspected by this time that Tom Cooper had gone native. My feeling was that he had lost his independence from POL and was not providing effective challenge or scrutiny. I think this really began with the Board's decisions on the recusal application. Mr Cooper would often request informal chats where he would update me on the litigation. I felt that the updates were not really for my benefit but were rather so that he could say that he had updated me. I now wanted all of these updates on the record with a proper paper trail for decisions. I wanted to be told of meetings in advance so that I could prepare my thoughts and my questions. "Drop in" informal meetings were not helping me at all to make use of UKGI as a vehicle to scrutinise POL.
90. Alan Bates wrote to me on 30 April 2019 regarding the Common Issues judgment⁶⁵. Mr Bates invited me, or the Department, to seek independent legal and IT expert advice and invited me to meet with him to discuss the judgment.
91. My private secretary forwarded that letter to UKGI for advice⁶⁶ and the letter was replied to on 28 June 2019 upon advice from UKGI⁶⁷. It included assurances that

⁶⁴ WITN10930101 page 193.

⁶⁵ UKGI00009730. Mr Bates also wrote to the Prime Minister enclosing his letter to me. UKGI00009731.

⁶⁶ WITN10930104

⁶⁷ UKGI00018426

POL was taking the judgment seriously and would take action to address the criticisms: that is what I had been told by UKGI and POL and at that time I had no concrete basis for disbelieving them. I declined Mr Bates' invitation to seek independent advice on the basis that, "*while this dispute rests with the courts it is clearly not appropriate for Government to comment further on these legal proceedings or to intervene in any way in these proceedings*". Whilst I have great sympathy and admiration for Mr Bates, even looking back now it would not have been advisable for me to meet with him at that time given the ongoing litigation. However, with hindsight I wish I had not allowed the response letter to include the assurances about POL taking action to address the criticisms in the judgment; even at the time the fact that POL had pursued the recusal application and were about to pursue an appeal should have alerted me that they may not have been as chastened by the judgment as I was advised they had been.

92. On 10 May 2019, UKGI provided me and the Permanent Secretary with a submission on "*POL's Appeal Strategy*"⁶⁸. It set out that POL would be applying for permission to appeal the Common Issues judgment on 16 May following advice from HSF.
93. At that time POL was awaiting the decision of the Court of Appeal as to whether permission would be granted to appeal Mr Justice Fraser's judgment on the recusal.
94. On 11 May 2019 my private secretary sent me a link to coverage on the Post Office trial regarding the Court of Appeal's judgment (Lord Justice Coulson) on the appeal of Mr Justice Fraser's recusal decision⁶⁹.

⁶⁸WITN10930105; BEIS0000073; POL00025974

⁶⁹ WITN10930101 page 204; WITN10930126

95. The article said that “*the Post Offices’ application to have his judgment overturned was ‘without substance’, ‘misconceived’, ‘fatally flawed’, ‘untenable’ and absurd*”. I responded to my private secretary saying, “*This is really bad*”. I said that I should meet with the Secretary of State on the issue and my private secretary was to arrange a meeting. I cannot recall whether I met with the Secretary of State before I went on to meet with POL on this issue on 15 May.
96. In any event and on 14 May 2019, I asked my private secretary to provide me with information about POL’s Board and its governance⁷⁰. I had asked for the information to be “*gathered sensitively, without the input of UKGI at this stage*”. I wanted to know specifically what powers the Government had to replace the Board because I was now considering that a “nuclear” option needed to be taken.
97. UKGI provided me with a briefing in advance of a meeting with Tim Parker and Alisdair Cameron on 15 May⁷¹. The meeting concerned a number of topics including the litigation. The briefing set out the position in respect of the various appeals and suggested a number of topics for discussion including preparations for the possibility of settlement, the estimated costs of the trial, the “*operational implications of the judgment and the criticism over POL’s conduct of the case and its dealings with the claimant postmasters*”, as well as the improvements that had been made in the relationship between POL and the SPMs following judgment.

⁷⁰ POL00025974

⁷¹ UKGI00017600

98. I do not have a read out of that meeting, but I note an email from Tom Cooper to my private office on 16 May⁷² recording a number of matters raised by me after the meeting; namely, what happened at the Board meeting in relation to the legal advice on how to proceed following the Common Issues judgment and that I was concerned about the leadership of POL.
99. Mr Cooper set out that his *“concerns about how it was being handled go back to last summer. I wasn’t happy with the meeting the company had with you and Alex last October”*. He went on to say that *“this was followed up by a very critical ruling from the judge a few months later following which I spoke to Tim [Parker] and Paula [Vennells] to say that I felt there needed to be a major change of approach”*. Mr Cooper says that *“things came to a head after the common issues judgment when it became totally clear”*.
100. Mr Cooper goes on to say that with HSF coming on board and Jane MacLeod leaving, he was *“glad the changed have been made... we are seeing a change of approach as a result. I only wish it happened several months ago – before the Common Issues trial”*.
101. Before this time, I did not get the impression that Mr Cooper had any concerns as to how the Board was handling the litigation strategy or that a *“major change of approach”* was needed. If Mr Cooper or any member of the Board had come to me and expressed concerns regarding POL’s litigation strategy, or requested my intervention, then I would have acted upon them. The most I think he ever said to me was that the Board were not *“enthusiastic”* about the recusal application.

⁷² UKGI00009767

102. POL's Board had a litigation sub-committee to oversee its litigation strategy. That sub-committee was chaired by Tim Parker (POL's Chair) and attended by the shareholder NED which was Mr Cooper. If Mr Cooper had these concerns, it was his job to voice them at Board meetings and at meetings of the litigation sub-committee. If what Mr Cooper says in this email is truthful then I would have expected him to have pushed harder in the Board and committee meetings, or alerted the Permanent Secretary to his concerns earlier. I had already by this time started to lose confidence in Mr Cooper.

103. I believe a further, fuller, copy of that update from Tom Cooper was sent to my private office the following day, 17 May⁷³. Much of the content was repeated but Mr Cooper noted that Alisdair Cameron had been in touch to ask how POL could provide me with better support and information. As I have touched upon several times in this statement, information flow was an ongoing issue in respect of which I never saw much progress.

104. On 23 May 2019 I was informed by my private secretary that POL's application for permission to appeal the judgment in the Commons Issues trial had been refused and the next step was for POL to appeal the decision in the Court of Appeal⁷⁴. I replied, "*Oh my goodness. I'm not surprised at all. Ok well we might have to have a phone call tomorrow on this. We can't let them continue to keep digging a hole it's embarrassing. Can you make sure that the (Secretary of State's) office is aware*"⁷⁵.

⁷³ UKGI00017605

⁷⁴ WITN10930101 page 219.

⁷⁵ WITN10930101 page 220.

105. I said to my private secretary later in the day, *"my belief is firmly that we need to change the board around of POL and we should be looking to put someone in... Based on this I think we need to get the chairman in on his own. So I can tell him that we are unhappy and he needs to consider his position"*⁷⁶.

106. Tim Parker was the Chairman. He was ultimately responsible for the organisation. Mr Parker had made a fatal error in the conduct of this litigation which was bringing the Post Office into disrepute. It was my view that he needed to step down or else be removed.

107. A call was planned with Carl Creswell, a BEIS official, regarding changes to the Board. I did not at that time want UKGI on the call, as I had not yet received an official update on the outcome of the appeal⁷⁷.

108. I spoke to Mr Creswell later that day regarding making changes to POL's board and I requested a call the Permanent Secretary to discuss my thoughts on this⁷⁸. At a further meeting with BEIS officials I came to the view that I wanted to explore putting another member of UKGI on POL's board, one with legal experience, to have an oversight role on the litigation. I think I was talked down from the more drastic action of replacing the entire Board or removing the Chair, which was initially what I was contemplating.

⁷⁶ WITN10930101 page 220.

⁷⁷ WITN10930101 page 221.

⁷⁸ WITN10930108

109. I planned to write to Tim Parker and Alisdair Cameron to ask for information they had promised previously on the impact assessment, risk management and costs of the litigation.

110. I also wanted input from the NED who chaired the BEIS Audit and Risk Committee, Nigel Boardman, for his views on how the litigation should be handled⁷⁹.

111. My officials took these steps forward. I was due to discuss the appointment of a second UKGI Board member with POL at my next meeting, and the BEIS Governance Team were going to reach out to Nigel Boardman in respect of his views from the Audit and Risk Committee⁸⁰.

112. I thereafter received⁸¹ more information regarding POL's Board and governance⁸². With that information in hand, I wrote to Tim Parker⁸³.

113. I said to Mr Parker that the litigation "*poses significant long-term risks to Post Office Limited, financial as well as reputational, and it is imperative that we are prepared for the potential outcomes and consequences*". I asked for information on the changes to litigation strategy, settlement windows within the trial timetable, assessment of the costs of the litigation, and confirmation of POL's ability to fund a settlement without further taxpayer support. I noted that "*given the recent*

⁷⁹ WITN10930109

⁸⁰ WITN10930110

⁸¹ WITN10930112

⁸² WITN10930111

⁸³ POL00023739

difficulties that the litigation has presented, I would welcome your assessment in your role as Chair of how effectively the Post Office Limited Board is operating at present". This was akin to my asking Mr Parker to "consider his position". I was happy with how this letter was drafted and it did reflect my views⁸⁴.

114. Tim Parker replied to my letter on 3 June 2019⁸⁵. Mr Parker informed me that *"we decided to introduce a new team because our existing advisors did not believe that our strategy and approach should change in the light of this criticism"*, referring to the *"consistent and highly critical"* findings of the Judge.

115. I was told the new legal strategy including separating the other grounds of appeal in the Common Issues trial from the recusal application and that the Common Issues appeal would focus more narrowly on the contractual points. Finally, that a *"different tone as well as scope"* would be adopted, and a different QC was leading the appeal.

116. I was told that settlement discussions were planned for after the Horizon Trial had concluded in late Summer/early Autumn. It was not thought possible to settle the case before the final appeal in the Common Issues trial was determined. Mr Parker said that *"it is important to note that settling this case will not comprise our only expected cost: any settlement may create new historical claims and we are also in the process of changing the way our current operations work in the light of the Common Issues judgement as well as the costs of the litigation itself"*.

⁸⁴ UKGI00019116

⁸⁵ WITN10930129

117. Mr Parker went on to say that *“we are progressively introducing higher remuneration, simplifying the way Postmasters work, introducing changes to reduce accounting differences and creating more transparent and helpful practices to manage any differences that do arise. Fundamentally, for us to trade as we do today, we must be able to recover taxpayer’s money that is used as cash in branches. There are elements of the Common Issues judgment that make this harder and even more dependent on Postmaster goodwill. Hence the appeal”*.

118. I did not think that Tim Park’s letter disclosed any fundamental change in strategy. POL were still pressing on with all of these appeals, further digging the hole. I could see no radical change, nor could I sense a real commitment to planning for settlement. Worse of all, I could not see that POL were facing up to the facts. Mr Parker seemed to be telling me that POL needed to win this litigation to maintain the status quo with SPMs. This was precisely the wrong attitude in my view. POL needed a total cultural shift in its leadership and to put its relationship with SPMs on a new footing.

119. As to POL’s ability to fund a settlement, I was told that *“we are using £100m as a number with our auditors in determining our ability to trade as a going concern”*. Mr Parker could not give me any more precise figures as to the costs of settlement and the further costs of the case.

120. He said he would discuss his own perspectives of the operations of the Board at our next meeting. In fact, Mr Parker promised to deliver a lot of the detail verbally.

121. On 6 June 2019, my private office informed me⁸⁶ that judgment had been handed down in respect of the 23 May 2019 hearing and the issue of the Claimant's costs of the Common Issues trial. The judgment was that the Claimant's costs would not be determined later, but that they should be paid by POL with an initial payment of £5.5m until the final amount had been assessed.

122. I was told that the Judge had criticised POL for advancing "*wholly unrealistic arguments which could result in the litigation becoming a war of attrition in which the party with the deepest pocket wins*", by which I understand he meant POL. The Judge was concerned at the level of costs incurred to date.

123. In response I said "*what a complete nightmare*". My private secretary replied saying "*I know it is, and to think they will be attempting to lodge another appeal*". I responded saying, "*it's just ridiculous!*"

124. On 11 June 2019, the Secretary of State and I were provided with a submission⁸⁷ from the BEIS Post Office Policy team (rather than UKGI) regarding the POL litigation which attached a schedule of the advantages and disadvantages of a range of options Ministers could take to address concerns over the management of the litigation⁸⁸. I was trying to get advice from a more independent source

⁸⁶ WITN10930101 page 229. I was informed of the Claimants' success on the issue of costs before this time. WITN10930113. The Inquiry has provided me with document POL00023728 which is the Claimant's letter setting out their position on the costs of the recusal application. I do not recall seeing this letter at the time, although I know that POL settled these costs without them having to be determined by the Court.

⁸⁷ UKGI00018319

⁸⁸ BEIS000076

internally, who would be looking at options from a different perspective. This was a very detailed submission and I have just picked out the key elements that jump out to me on reviewing it again for the purposes of this statement.

125. The submission noted that I had talked to the BEIS Post Office Policy team and was "*keen that POL management takes active steps to address Ministers' concerns*". The recommendations in that submission included:

- a. Challenging the POL Chair and Board to review their litigation strategy and consider opportunities for early settlement and set out a plan to do that.
- b. Commissioning POL to carry out a project on how to structure and operate a settlement, including a fund which would assess claims, consider effect, and award compensation according to pre-agreed criteria.
- c. BEIS Ministers "*to state publicly that they want to see justice resulting from litigation for claimants with valid claims*".
- d. Challenge POL to announces that it is "*taking on board some of the legitimate criticism in the judgments to date and is taking action to address them*".
- e. Putting UKGI lead legal counsel or another legal adviser on the POL litigation subcommittee as director or observer.
- f. Invite Nigel Boardman, chair of the BEIS Audit and Risk Committee, to carry out independent due diligence on POL's litigation strategy.
- g. Put in place clear information-sharing arrangements via the proposed Framework Agreement with POL.

126. The submission set out that POL's auditors had raised concerns previously that no figures were included in the accounts on POL's potential liability. Providing those figures to BEIS would mean that BEIS would need to disclose those figures to the auditors and in POL's accounts. This may have the consequence of setting a floor in any settlement negotiation. Further, doing so would raise a 'going concern' issue and may lead to the auditors looking to BEIS to provide a letter of

comfort that it will fund any settlement. I was reminded that POL had previously advised that they could fund compensation of between £30m and £50m and anything above this they are likely to need support from BEIS.

127. The options set out in the schedule (Annex A to the submission)⁸⁹ ranged from challenging the existing POL Board to changing the litigation strategy through to replacing the POL Board or BEIS assuming control of the litigation. The submission set out that *“forcing further changes to the leadership team will risk disrupting the progress POL have been making in other areas of the operation of the business”*.

128. I had been thinking about the issue since 23 May when I first considered radical changes to the leadership of the Board. I had concluded that the steps set out at sub-paragraphs (a) to (g) above were the more prudent and in the best interests of POL and SPMs. I agreed that changes to the leadership of POL beyond those measures risked significant disruption and uncertainty in the company.

129. I met Tim Parker and Alisdair Cameron on 24 June 2019. I was briefed⁹⁰ in advance of this meeting in terms that reflected the 11 June submission⁹¹. The Inquiry has also provided me with document UKGI00010350 entitled *“Post Office Limited (POL): Group Litigation Briefing”*. I believe that the document is dated 24 June 2019 and so it may have been sent to my private office for the purposes of the 24 June meeting. I cannot be sure, and I do not specifically recall this document.

⁸⁹ BEIS0000076

⁹⁰ UKGI00010212

⁹¹ UKGI00018319

130. This document sets out the background and history of the litigation and included some of POL's thoughts on settlement, including that "*should POL settle the existing cases, additional Claimants may come forward so there may be a further and ongoing liability. In addition some of the Claimants may not have valid claims... Therefore, in considering options, including settlement, to resolve the litigation POL will need to consider a process to determine which cases are genuine. With so many claimants, and the strong personal feelings aroused by the cases, it may prove difficult in practice to settle all aspects at acceptable cost without wasting public money on rewarding bad behaviours. Financial payments would have to satisfy Managing Public Money criteria. Any payment over £50m would require ministerial approval. The CCRC process may have additional costs implications*".

131. I felt that there was a certain amount of hand wringing going on at POL about how to embark upon the project of planning for and managing a settlement. It was difficult and there were complicated issues to work through, not least how to deal with the claimants with convictions and the concern about future claims. I hoped the steps that I proposed (the involvement of Nigel Boardman and the influence of a second UKGI representative) would both assist in providing a check and balance to the evolving litigation strategy and settlement plans, but also galvanise POL into action.

132. A note of the actions agreed at the meeting were set out in an email from my private secretary⁹². POL agreed to present me with details of the litigation strategy including settlement and potential costs. POL were open to another UKGI official joining the litigation sub-committee and Richard Watson was suggested. POL agreed to meet with Nigel Boardman to discuss the litigation strategy.

⁹² UKGI00010295

133. I recall in that meeting that I had asked what the legal costs were to date of the group litigation. Disappointingly Mr Parker and Mr Cameron could not provide me with an answer immediately. POL relayed this information the next day⁹³. Legal costs totalled £20,063,3019 of which £5,858,230 were the costs owed to the Claimants.

134. On 28 June 2019, Alisdair Cameron wrote to me following the 24 June meeting to confirm that a UKGI or BEIS official would be appointed to the Board's litigation sub-committee and that Mr Cameron would meet with Nigel Boardman⁹⁴.

135. On 2 July 2019 my private office was updated regarding progress of the litigation⁹⁵. The Horizon trial had finished with judgment expected in the autumn. The third trial had been rescheduled from November to March 2020. I requested further details of the closing argument of both sides and a summary of the proceedings on the final day of the trial, which were provided to me⁹⁶.

⁹³ WITN10930101 page 264

⁹⁴ UKGI00018354

⁹⁵ UKGI00018380

⁹⁶ UKGI00018433

136. On 3 July 2019, I was provided⁹⁷ with a submission from BEIS Post Office Policy Team concerning Government's Long-Term Vision for POL⁹⁸. The submission set out that:

"...the BEIS Post Office Policy team intends to undertake a project to refresh the Government's vision for the future of Post Office Limited (POL). The Government has been clear and consistent in its long-term support for POL, alongside challenging the business on key issues. There has not been a Government statement on its vision for the Post Office since 2010. We believe that underpinning Government's overall approach to POL with a clear long-term strategy, looking ahead to ~2030, would enable us to: better influence and address key questions about POL's future; ensure a consistent, principled approach to emerging policy issues; demonstrate thought leadership; and provide a foundation for strong, cross-Government support. With your initial steers, the BEIS policy team will undertake work to develop the vision over the summer".

The submission also noted that I had:

⁹⁷ WITN10930114

⁹⁸ BEIS0000074

“promoted the key role that BEIS has to play as POL’s champion across Government, including at last week’s BEIS Select Committee. At the same time, you have raised some concerns about POL’s governance and handling of key strategic issues, such as the ongoing litigation”.

137. The thinking of the Policy Team, which I agreed with, was that with the appointment of a new CEO and a likely spending review taking swift action at this point in time would put the Government in a better position to influence the longer-term strategic planning. The Policy Team had recently been expanded to ensure clear policy leadership within BEIS and this was the right time to take action and ensure consistent and proactive governance of POL. This sort of strategy was, I thought, exactly what was needed to see a cultural shift in POL’s leadership and a new approach to POL’s relationship with SPMs. I was fully supportive of this work and regarded it as crucial to addressing the criticisms of POL made in the Common Issues judgment.

138. On 4 July 2019, Tom Cooper emailed⁹⁹ the Permanent Secretary and my private office with an update on the action points arising from the 24 June meeting and discussed in the correspondence between myself and Alisdair Cameron.

139. UKGI had decided internally that Richard Watson would sit as observer on the litigation sub-committee board, which I was supportive of. He reported that a Settlement Working Group between BEIS, UKGI and HMT was being established to manage and plan for the settlement process. The Working Group would be reviewing advice from POL on settlement, considering costs, and making recommendations to Ministers on the settlement. The aim was to *“provide the right*

⁹⁹ UKGI00018414

level of governance needed to get an eventual settlement through the internal approvals required at BEIS and HMT". I do not know who had the idea to set up the Settlement Working Group, and it may have been Tom Cooper. I was supportive of the Group. It provided another mechanism in providing oversight and scrutiny of POL as well as galvanising POL into action.

140. A meeting was being set up so that UKGI could brief Nigel Boardman, and UKGI was having a meeting with POL and HSF on 18 July to progress the litigation and settlement strategy.

141. On 17 July 2019, UKGI provided my private office with a submission for its "*improved information-sharing arrangements*" between POL and BEIS¹⁰⁰. These documents were provided at my request to firm up the information-sharing arrangements after I expressed my concerns on a number of occasions regarding information flow from POL to BEIS. Key in this submission was that "***the onus on POL to proactively share information on key strategic or policy issues with the Shareholder (paragraph 14.1)***". We have inserted this into the Framework Document following your request to *strengthen information-sharing*". I regarded this as a step in the right direction and I hoped it would lead to a more open and transparent flow of information.

142. I replied to Alisdair Cameron's 28 June letter on 12 July 2019¹⁰¹. In that letter I wrote that I was pleased that POL had agreed to have a BEIS representative on the Board of the sub-committee and that POL would meet with Mr Boardman. I said that "*I welcome your openness to consider new approaches as part of a refreshed strategy*". This was very much my hope; that the steps the Department

¹⁰⁰ UKGI00010399; BEIS0000078; BEIS0000079; BEIS0000080.

¹⁰¹ WITN10930116. The Inquiry has provided me with a draft copy. UKGI00010369

and UKGI had taken would see a move to a new approach which would bring these matters to their conclusion whilst ensuring that Government had more visibility of the process.

143. On 29 July 2019, UKGI updated me and the Permanent secretary on the litigation¹⁰². I was told that following my meeting with POL on 24 June, Alisdair Cameron and POL's legal team met HSF to discuss the litigation strategy and settlement.

144. I was told, in summary, that an initial mediation would take place in September/October with substantive discussions taking place in April/May 2020. I was told that the Claimants were not minded to enter in to negotiations until the Horizon Issues judgment was received and the result of POL's application to appeal the Common Issues judgment was known. I was told that various work streams were ongoing in respect of quantification of the settlement figure and how to deal with particular categories of claimants e.g. those with criminal convictions, those who had entered into settlement agreements, and those whose civil claims were time barred. I was told that UKGI were going to brief Nigel Boardman on 14 August, and he would meet with POL shortly after this. Annexed to that submission was a document authored by HSF in advance of the 18 July meeting in which they set out their comments on settlement¹⁰³. The content of that document was summarised by UKGI in their submission¹⁰⁴.

¹⁰² BEIS0000081

¹⁰³ BEIS0000082

¹⁰⁴ BEIS0000081

145. On 14 August 2019, the BEIS Post Office Policy team provided my private office with an update¹⁰⁵ following Nigel Boardman’s meeting with the Settlement Working Group (BEIS; UKGI; HMT) to understand and the background issues and to brief HMT on possible outcomes. I was told that the Settlement Working Group would continue to meet into August in order to develop the business case for supporting the funding of any settlement. I was beginning to feel that there was finally a plan forming on how to manage a settlement.

146. On 10 September 2019, UKGI updated my private office¹⁰⁶ on the litigation. I was told that the judgment in the Horizon Issues trial was expected in September or October and that the Court of Appeal would hold a hearing on the question of permission to appeal the Common Issues judgment between 12 and 14 November. I was told that mediation was unlikely to start before December.

147. On 3 October 2019, the Permanent Secretary and my private office were emailed¹⁰⁷ by Richard Watson of UKGI. He said that “*Post Office have just advised us that they have discovered that they failed to disclose potentially relevant documents in the GLO proceedings, specifically in respect of the Horizon Trial which concluded in July*”. The disclosure related to Fujitsu’s “Known Error Logs”. I was told that POL had informed the claimants and the Court of the matter and that the Board and POL were urgently seeking copies of the documents to disclose. This was yet another shock, but I think by this time nothing was really surprising to me given what had happened previously, and I remained hopeful that with Nick Read coming into the CEO role we would start to see a different direction and behaviour at POL.

¹⁰⁵ UKGI00018497

¹⁰⁶ UKGI00018484

¹⁰⁷ UKGI00018482

148. On 8 November 2019 UKGI provided a submission¹⁰⁸ to the Secretary of State (by then Andrea Leadsom), to the Permanent Secretary, and to me to update on POL's preparations for mediation. By that time the Settlement Working Group had met and discussed POL's initial strategy paper. Mediation was scheduled for 27/28 November, although it was considered that no meaningful negotiations would take place before judgment in the Horizon Issues trial was delivered.

149. POL were seeking approval from Ministers of the settlement strategy, specifically a starting position and a ceiling. The briefing set out that whilst no precise figure had been put forward, indications were that the Claimants would be starting at a level *"very substantially higher than the level that POL's advisers believe could be achieved if the litigation runs its full course"*. POL's objective was to understand for those two days in November the full extent of the claims and the Claimants' negotiating position in order to *"reduce the Claimants' expectations to a more realistic level"*. I was told that POL were to produce a business case for the settlement range soon and *"will work with HMT and BEIS colleagues to enable POL to take an amount to kick-off discussions with the Claimants in good faith"*. I was informed that POL could fund the settlement entirely up to £100m.

150. There followed on 15 November 2019 a further submission¹⁰⁹ regarding the settlement strategy. This was sent in advance of a meeting with UKGI on 18 November¹¹⁰. I was informed by way of the submission that the Settlement Working Group had met on 14 November and agreed to support the POL Board's proposal for settlement at a figure up to £65m. Any settlement above £48m would

¹⁰⁸ BEIS0000493

¹⁰⁹ BEIS0000492

¹¹⁰ WITN10930117

require POL, BEIS and HMT approval. It was confirmed¹¹¹ that POL would be able to fund settlement up to £65m through expected annual profit. There would be opportunity costs associated with that outlay, but those costs were not thought to affect POL's ability to fund the current investment programme that was agreed as part of the existing Funding Agreement.

151. The submission attached¹¹² and summarised HSF's advice that POL were likely to be unsuccessful in their defence of most of the 555 claims brought as part of the litigation and that settlement in the range of between £40m and £65m would "*be a good result for POL*". The basis of the claims was set out as well as the work of HSF in quantifying those claims. The Claimants had quantified their claims to a total of £205.6m. I was told that "*this figure is likely to be understated because the claimants have not quantified all their losses and have expressly reserved the right to amend the values claimed*".

152. As I understood it, the gulf between POL and the Claimants in terms of the settlement ranges was the period over which the Claimants would be permitted to recover losses; namely the losses incurred for the period after the termination of contracts. The advice given to POL was that it was likely to be considerably shorter than the period advanced by the Claimants, and on POL's analysis this would indicate a figure of between £30 and £38m. Including the costs and interest this would bring the figure to between £37m and £48m.

153. I was told that if the convictions of the 61 convicted claimants were overturned then their total claim would range from £10.4m to £51m but may be as much as £133.7m taking into account the 7 claimants who received custodial sentences.

¹¹¹ POL00026346

¹¹² BEIS0000489

154. The advice was that if POL continued to defend the claims and lose then POL's liability may in the order of between £253.8m and £309.4m. If POL continued to defend the claims and lose, but the post-termination losses were limited to 2 years, then POL's liability would be in the order of between £104.7m and £124.5m.

155. HSF provided advice in respect of the group of convicted claimants¹¹³. Their advice, broadly, was to offer a global figure and allow the claimants to decide how to divide that sum. If mediation were not successful, HSF advised making individual offers to each non-convicted claimant.

156. HSF advised that there were significant risks in ordering settlement sums to convicted claimants. Those claimants were, however, factually in exactly the same position as non-convicted claimants aside from their convictions. HSF advised that this approach was unlikely to be acceptable for the convicted claimants and would reduce the chances of the settlement strategy succeeding. UKGI had therefore asked HSF to re-consider the matter.

157. Following discussion of the submission and HSF's advice on 18 November I agreed with the advice and recommendations¹¹⁴.

158. I was not involved in the negotiations or analysis of the proposed settlement in any way. It was not for me as Minister to set any sort of cap on the settlement. POL had a cap of £65m, these being the funds it had access to. A settlement above

¹¹³ UKGI00010707

¹¹⁴ UKGI00010732

this sum would have meant the Government would have needed to provide funding and this was not being sought at this stage.

159. On 6 December 2019, UKGI briefed me, the Secretary of State and the Permanent Secretary on the mediation¹¹⁵. We were informed that mediation began as planned on 27 November and had reached its sixth day. We were informed that agreement was expected by the end of the week or early the following week and before judgment in the Horizon Issues trial was handed down on 16 December 2019.

160. We were informed of a number of terms of the settlement and POL's potential continuing exposure. The first concerned the group of convicted claimants. It was confirmed that POL would not make any payments to or for the benefit of convicted claimants. It was to be a proposed term of the settlement that POL would undertake to obtain advice from a leading criminal barrister and as a minimum would act upon and follow the legal advice it received in respect of what position it should take if a convicted claimant obtained permission to appeal. If a conviction was overturned, then POL would issue an apology. The submission noted again POL's potential liability if those convictions were overturned. POL also noted potential claims from other SPMs who were not party to the group litigation and advised that these claims might require a POL budget of £9m to settle as they arose. A "*worst-case scenario*" of £60m was suggested.

161. I was not asked to consider the issue of the fairness of how convicted claimants were treated. I understood that this and the practicalities of dealing with financial compensation for claimants with a conviction were legal matters upon which specialist legal advice would need to be sought. I accepted this, although it was of

¹¹⁵ WITN10930118; BEIS0000494

course my hope and expectation that every claimant would be properly compensated.

162. On 11 December 2019, I was informed by my private office that settlement had been agreed the night before in the sum of £57.7m¹¹⁶. My reply was “*well that’s great news actually*”. This assessment was on the basis of the information I had been briefed about; the settlement was within the parameters POL and UKGI had been considering. I did not know at this time about how much of this sum would be taken up by the claimants’ costs.

163. Judgment was handed down in the Horizon Issues trial on 16 December and UKGI provided my private office of a summary and some next steps¹¹⁷. It was relayed to me that the Judge found that Legacy Horizon was “*not robust*” and that the robustness of the successor to that system, HNG-X was “*questionable, and did not justify the confidence placed in it by Post Office*”. I asked for draft urgent questions and answers to be provided as well as “*robust lines on the litigation to used in the chamber*”. I asked that one-to-one meetings with new CEO Nick Read be put back into my diary.

164. On 4 January 2020, Alan Bates wrote to me¹¹⁸. Mr Bates said to me that “*the claimant group were left with little choice but to accept the miserly £57.75m offered*” and that “*the greater majority of the £57.75m went to pay the costs to the claimant group of bringing the litigation*”. Mr Bates invited the Department to repay the costs incurred by the claimant group.

¹¹⁶ WITN10930101 page 443

¹¹⁷ UKGI00010976

¹¹⁸ BEIS0000087

165. I was initially quite surprised to receive Mr Bates' letter. I had understood from media coverage that JFSA were pleased with the settlement and that he looked forward to a better relationship with POL. I had the impression that, overall, it was a positive outcome and that the SPMs had agreed what was required. I did not get the impression from my briefings that POL that the Claimants had no option but to accept what they thought was a very bad offer.

166. I referred the letter to officials for advice which was received on 14 January 2020¹¹⁹. I accepted the advice given that BEIS could not repay those costs; the settlement reached between the Claimants and POL included costs and other fees and I replied to Mr Bates in those terms.¹²⁰ I did not feel that I was in a position to challenge the advice I was given by my officials, as I did not at my level within Government have the authority to agree to this kind of expenditure, even though more work by the Department would take place on how to move forward with the SPMs and their financial losses.

167. On 22 January 2020 I had a meeting with Nick Read, POL's new CEO. It followed my initial meeting with him on 17 October after his appointment in the September. I was briefed in advance of this meeting¹²¹. A key part of that meeting concerned Mr Read's progress on POL's Purpose, Strategy and Growth review, which was something he was developing as the new CEO, along with POL's next steps of its Five-Year-Plan which was expected to dove-tail with BEIS's long term vision work. As set out in the briefing, my emphasis to Mr Read was indeed the need to progress POL's work on its culture in leadership and its relationship with SPMs. I

¹¹⁹ BEIS0000088

¹²⁰ UKGI00011117

¹²¹ UKGI00016307. Note the year recorded is wrong. The meeting was on 22 January 2020.

wanted to know what lessons POL had learnt from the litigation and how they were progressing their commitments from the settlement agreement. I wanted to know how Mr Read was engaging SPMs around culture and in respect of the litigation settlement agreement.

168. BEIS officials provided a read out of that meeting¹²². It recorded that Mr Read *“emphasised that he is particularly focussed on workplace culture and the relationship between POL and postmasters. He said these issues were central to the litigation and whilst it has been settled there is still a long way to go to reset the relationship”*. Mr Read explained to me that there had been changes to the senior leadership including a new HR Director and a Communications lead. I was pleased that external resource had been brought in.

169. On 28 January 2020 David Jones MP sent a letter to me in respect of my correspondence with Mr Bates earlier in that month¹²³. Mr Jones requested to meet with me and Mr Bates. I am afraid I do not recall this letter nor do I remember there being a meeting with Mr Jones, as I left my Ministerial role two weeks' later.

170. On 10 February 2020, UKGI sent¹²⁴ to the Permanent Secretary, copying my private office, a submission¹²⁵ setting out Government's priorities for POL for 2020/21 which were enclosed in draft letter to Tim Parker. This was in advance of the debate on in the House of Lords on 25 February. There were 8 priorities for Government: the Spending Review bid and the further steps taken and to be taken

¹²² UKGI00018727

¹²³ UKGI00016181

¹²⁴ WITN10930125

¹²⁵ BEIS0000089

in relation to the litigation, specifically implementing the settlement agreement, changing POL's culture and improving its relationship with postmasters. UKGI were seeking my approval of the letter to Mr Parker. I do not have a copy of the letter, but I believe these were Government's priorities at the time.

171. My appointment at BEIS ended three days later and before the debate in the House of Lords. That debate was tabled by Lord Berkeley and taken on behalf of BEIS by Lord Callanan¹²⁶.

SECTION 2: RULE 9 QUESTIONS

172. In this section, I address specific questions in the Rule 9 request where they have not been answered in Section 1 above.

Background

[3] Please set out a brief professional background.

[4] Please describe your role in Her Majesty's Government at the time when you became involved in overseeing the Subpostmaster Group Litigation concerning the Horizon IT System.

173. I have set out my background and tried to address my role in Section 1 above.

¹²⁶ WITN10930119

174. During my time as Minister, POL was a public corporation, as had been the position for some time. The policy of successive Governments for many years had been that the Post Office should operate at arms-length from Government, with day-to-day operations conducted by its executive management team and overseen by its Board. The idea was that this allowed the Post Office to have commercial freedom and for it to be run by those with the required expertise and experience in business.
175. The Government's role was as sole shareholder, responsible for setting the overall strategy, policy or objectives. As shareholder the Government would only get more involved if the strategic aims or objectives looked as if they might not be met, such as if a key milestone had not been achieved.
176. In practice I understood my role as Minister to be about accountability for postal affairs in Parliament, such as answering questions, speaking in debates, or dealing with correspondence from MPs and their constituents. I could also challenge POL's Board about whether it was achieving the strategic objectives which Government had set for it.
177. The shareholder function was exercised on behalf of the Government by UKGI. They were represented on POL's Board. UKGI was not based within BEIS; I understood that it performed the shareholder function for Government in relation to several public corporations and other organisations, on behalf of various Government departments, and were formally part of HM Treasury. UKGI officials were the main advisers on postal affairs for me as Minister and the primary source of information flow between BEIS and POL, although I did also have my own (recently created) Postal Office policy team within BEIS and I increasingly turned to them for advice as my trust in UKGI decreased.
178. I was repeatedly advised, and accepted, that the litigation fell within the scope of operational matters for POL in the that it was not Government's role, as

shareholder, to take conduct of the litigation on behalf of the company or make specific decisions in respect of the litigation. Government did not have that sort of directing power within the corporate structure that we were working in. Government's role was to understand, scrutinise and challenge POL's conduct of the litigation, but not to take carriage of it.

Subpostmaster Group Litigation

In answering the questions which follow, you may be assisted by the following documents: UKGI00008342; UKGI000018266; UKGI00008345; UKGI00008347; UKGI00008348; POL111100; BEIS0000079; UKGI00021355; UKGI00008369; UKGI00008370; POL00022976; UKGI00008554; UKGI00008597; UKGI00008598; UKGI00008608; UKGI00008701; UKGI00019168; UKGI00008703; UKGI00008704; UKGI00008873; POL00103373.

[5] Please describe your knowledge and understanding of:

[5.1] the background to the Subpostmaster Group Litigation ("group litigation") brought by SPMs against the Post Office;

[5.2] the nature of the claims made by SPMs about the accounting integrity of Horizon; and

[5.3] the action taken by the Post Office to investigate and resolve these claims prior to the commencement of legal proceedings.

[6] What was your initial perception of the risks faced by the Post Office in relation to the group litigation?

[7] Please describe the initial steps which you took to exercise oversight / scrutiny of the Post Office's conduct of the group litigation. Please address, in particular:

[7.1] Your meeting with POL's CEO on 3 September 2018; and

[7.2] Your meeting with POL's CEO and Legal Counsel on 17 October 2018.

[8] What was your perception of the adequacy of the contingency plans which the Post Office was making in the event it were to lose the group litigation?

[9] Were you in favour of the Post Office seeking to reach a settlement with the claimants at this stage? Please provide reasons for your answer.

[10] Did you consider that you were receiving sufficient and timely information to enable you to make an assessment of the merits and risks of the group litigation? Please provide reasons for your answers.

Responding to the Common Issues Judgment

In answering the questions which follow, you may be assisted by the following documents: UKGI00008996; BEIS0000488; UKGI00009075; BEIS0000063; BEIS0000064; BEIS0000065 BEIS0000063; UKGI00009137; UKGI00009213; UKGI00009212; POL00103458; UKGI00009344; BEIS0000070; UKGI00009336; UKGI00010381; UKGI00009392; UKGI00009445; UKGI00009455; UKGI00016315; BEIS0000071; BEIS0000073; UKGI00009834; UKGI00009730; UKGI00009731; UKGI00018426

[11] Please explain why you requested advance notice of the Common Issues Judgment.

[12] Did you agree with the stance taken by UKGI / BEIS that the conduct of the group litigation was purely an operational matter for the Post Office? Please provide reasons for your answer.

[13] Please describe your reaction to the findings made in the Common Issues judgment.

[14] Did you consider that the criticisms of the Post Office which were made in the Common Issues judgment were legitimate? Please provide reasons for your answer.

[15] What was your perception of the quality of the legal advice which the Post Office had been receiving?

[16] Did you agree with the Secretary of State that the primary objective was to see justice done? If so, what did you understand that to mean?

[17] What (if any) concerns did you have about the decision of the Post Office Board: (a) to seek recusal of the trial judge; and (b) to appeal the Common Issues judgment?

[18] Please describe the steps which you took to obtain assurance from the Post Office concerning its continued handling of the group litigation.

[19] Please describe the action which you took to keep your colleagues in Parliament informed of developments in the group litigation.

179. I have tried to cover all of these issues as fully as possible in Section 1 above.

The Horizon Issues Trial and Post Office Litigation Strategy

In answering the questions which follow, you may be assisted by the following documents: BEIS0000066; UKGI00009163; BEIS0000070; UKGI00009455; UKGI00016315; BEIS0000071; POL00023739; POL00023728; UKGI00018319;

**BEIS000076; UKGI00010295; UKGI00010212; UKGI00019350; UKGI00018354;
UKGI00010369; UKGI00018380; UKGI00018433; BEIS0000081; BEIS0000082;
UKGI00018497; UKGI00018484; UKGI00018482.**

[20] Please describe your knowledge and understanding of the matters at stake in the Horizon Issues trial.

[21] How did you respond when you were advised that the cross-examination of the Post Office's witnesses had demonstrated that "the Post Office's reliance on Horizon was overstated and blinkered, leading to an improper presumption of postmaster fault and liability for branch losses" (BEIS0000070, p4.)

180. I have covered some of this above in Section 1. The quotation refers to the 21 March 2019 briefing providing an update on the litigation following the handing down of the judgment in the Common Issues trial. Specifically, it is taken from an update provided on 20 March 2019 in respect of cross-examination of various POL witnesses by Claimant's counsel. The update says that "*the cross-examination was aimed to, and was largely successful at demonstrating... Post Office's reliance on Horizon is overstated and blinkered, leading to an improper presumption of postmaster fault and liability for branch losses*".

181. I do not think I can helpfully comment on the evidence given by the witnesses at the trial. I did not read the pleadings and witness statements and I do not know even now the full background to the questions put and the answers given.

182. Reading the update, however, this was another example of how wrong POL's case analysis had been and how wildly off the mark its legal advice was. As I have said above, I received nothing but reassurance as to the confidence POL had in its defence before the Common Issues trial started. At the time I received this update I was already in the process of exerting pressure on POL to change its litigation strategy.

[22] Please explain why you felt concerned about the adequacy of the information you were receiving about the progress of the group litigation?

[23] What (if any) steps did you take to address those concerns?

[24] Please describe your perception of the Post Office's litigation strategy.

[25] Did you consider that the Post Office were acknowledging and addressing the criticisms made in the Common Issues judgment? Please provide reasons for your answer.

183. I have tried to address how and when my concerns arose in the chronology above in Section 1. My overall sense was that POL were saying the right things, but this was not being matched with their actions. It was clear to me after the Common Issues judgment was handed down that the culture of POL's leadership needed to change more widely, and I expected the Chair and POL's Board to take the lead on this. From that point on it also increasingly became my view that the leadership decisions in respect of the litigation, and in particular the recusal application, were tone-deaf and misguided. Various steps were taken to change the legal team, and I was talked down from replacing the Chair and Board, but my focus was on getting POL to engage seriously with settlement, which I was pleased they did by the end of 2019.

184. I still considered that the overall leadership culture needed serious change. I thought that bringing in new perspectives from someone with comprehensive commercial retail experience, Nick Read, would help accelerate changes in leadership. I was pleased that he had launched the Purpose, Strategy and Growth review and I think that this work was bolstered by Government's own work on its Long-Term Vision for POL along with the Five-Year-Plan. When I left office in

February 2020 there was still considerable work to do to affect these cultural changes and to put POL's relationship with SPMs on a different footing, but I did think that things seemed to be on a better trajectory.

[26] What (if any) advice or direction did you give the Post Office concerning its litigation strategy?

[27] Please describe how (if at all) your attitude to settlement changed as the group litigation progressed in 2019.

185. The Department was always keen to resolve the litigation and if the legal advice at any time before 2019 had been that there was serious risk of losing the claim, or that settlement should have been pursued more proactively, then this would certainly have been an action BEIS would have supported. The advice in 2018 was that the litigation should continue and as explained in Section 1 I did not ever feel I could interfere with that or challenge it more strongly at that time. As the litigation progressed, and especially after the Common Issues judgment, it became clear that POL should do everything in their power to bring the matter to an end as soon as possible. The nature of the advice changed, and the Department established mechanisms to oversee and assist in managing the settlement.

Governance of the Post Office

In answering the questions which follow, you may be assisted by the following documents: UKGI00008656; UKGI00018334; UKGI00022263; UKGI00009042; UKGI00019116; UKGI00017600; UKGI00009767; UKGI00017605; UKGI00018414; POL00023739; UKGI00018319; BEIS0000076; UKGI00010295; UKGI00018354; UKGI00010369; BEIS0000080; BEIS0000078; BEIS0000079; BEIS0000074; UKGI00018497; BEIS0000085; BEIS0000083; BEIS0000084; UKGI00012013

[28] Please describe the nature of your concerns about the leadership of the Post Office?

[29] What (if any) concerns did you have about the composition of POL's Board.

[30] Did you consider that UKGI was providing sufficient scrutiny / challenge in relation to the Post Office's handling of the group litigation? Please provide reasons for your answer.

[31] Did you consider that the level of oversight exercised by BEIS in relation to the Post Office was appropriate? Please provide reasons for your answer.

[32] What (if any) action did you take to address your concerns about the governance of the Post Office.

[33] Please describe your attitude to the payment of discretionary bonuses to the executive leadership of the Post Office during their management of the group litigation.

186. I spoke with officials within BEIS as well as the Permanent Secretary about the issue. The payment of bonuses to the executive leadership in 2018/2019 was, quite frankly, absurd and the Department did not agree with it. I gave a strong steer that no one should get a bonus. Not only was a decision to pay bonuses insensitive to political concerns, but as a basic question of merit the executive team did not deserve a bonus.

187. The Permanent Secretary sent a letter to Tim Parker on 29 July 2019¹²⁷ which reflected my views (and said so in terms); namely, that the Department did not recommend that the Chair support the bonus proposal due to, among other matters, that POL's first priority was to consider the points raised in the Common Issues judgment. The Permanent Secretary wrote that "*while POL is determined to improve the culture and practices of the business, the Judge's comments suggest that further improvements are still very much needed*". The Permanent Secretary requested that Mr Parker discuss "*meaningful reductions*" in the bonus payment with the Remuneration Committee.

188. To that end, the Permanent Secretary was briefed on those reductions on 1 August 2019¹²⁸ and I was briefed on 12 August 2019¹²⁹. I understand that a reduction of 20% was proposed. That this was not acceptable to the Department (which wanted a much greater reduction) and the matter was referred to the Remuneration Committee ultimately for determination.

189. It should be noted that Government was not legally required to approve bonuses to POL executives. Responsibility for payment of bonuses lay with the Board and management of POL. The Department was providing its views on the issue as part of its oversight responsibilities. We were clear that bonuses should not be paid at the usual level, but POL in the end did not follow our steer.

[34] Please describe the nature of your interactions with the National Federation of Subpostmasters (NFSP) during your tenure as Minister with responsibility for Postal Affairs.

¹²⁷ BEIS0000085

¹²⁸ BEIS0000083

¹²⁹ BEIS0000084

[35] Did you consider that the NFSP was effective in holding the Post Office to account for its handling of the group litigation? Please provide reasons for your answer.

190. On 13 March 2019 I asked my private secretary to establish a quarterly Working Group with POL and NFSP¹³⁰. The purpose of the group was to ensure that the business continued to build on its financial successes and manage its long term strategy. The Working Group was open to a range of stakeholders to ensure comprehensive and transparent discussion of the issues. This became especially important in the light of the Horizon Issues judgment where the relationship between NFSP and POL was criticised. A proposal¹³¹ for the Working Group was drafted by BEIS officials and the group started to meet in June 2019¹³².

191. The read-out of the first meeting set out the actions and key points raised¹³³. These related to SPM remuneration and POL's pay review including the increases to the banking framework transactions, Government services including POca and Verify (the digital identity system) and future opportunities for Government services at Post Office branches including opportunities in the banking space.

¹³⁰ WITN10930120

¹³¹ WITN10930121

¹³² UKGI00023357

¹³³ UKGI00012013

192. The Working Group met again on 4 November 2019¹³⁴. Key issues for discussion were the Agent Pay Review which was launched in June 2019, rural branches, and the BEIS Post Office Policy team's long-term vision.

193. I do not recall discussing the litigation with NFSP. I was not involved in any of the matters concerning NFSP's handling of the group litigation.

Settlement of the Group Litigation

In answering the questions which follow, you may be assisted by the following documents: BEIS0000493, BEIS0000492, BEIS0000489; UKGI00010707; POL00026346; UKGI00010732; BEIS0000494; UKGI00010976; BEIS0000087; BEIS0000088; UKGI00016307; UKGI00018727; UKGI00011117; UKGI00016181; BEIS0000089.

[36] Please describe the nature and extent of your involvement in the settlement of the group litigation.

[37] Did you consider that the terms on which settlement was reached represented a fair outcome? Please provide reasons for your answer.

[38] Did you consider that the Post Office's handling of convicted claimants was appropriate. Please provide reasons for your answer.

¹³⁴ WITN10930128; WITN10930127

[39] Please explain the reason(s) why you refused to meet the claimants' litigation costs.

[40] Please describe the steps which you took to ensure that the Post Office delivered on the commitments which it made in the settlement agreement.

General

[41] Please reflect on your time as Post Office Minister and set out whether there is anything you would have handled differently with hindsight in relation to the Horizon IT System and its associated issues. Please address the following issues, in particular:

[a] whether you were provided with sufficient information by the Post Office and government officials to understand the risks and issues at stake in the group litigation;

[b] whether the government was right to adopt and to maintain an arms-length approach to the post Office's handling of the group litigation;

[c] whether you/or your officials exercised effective scrutiny of the Post Office's handling of the group litigation.

194. Looking back now, I know that I was not provided with the right information to properly oversee and challenge the litigation strategy. The true position on the problems with Horizon was never disclosed and I never had any cause to think that I was being misled. If POL had acknowledged the real concerns there were about Horizon's reliability then the Department's approach to the litigation would of course have been different.

195. At the time, however, the advice coming from POL, POL's legal team and UKGI officials was reassuring as to POL's confidence in its defence. After the judgment

in the Common Issues trial and the following costs decisions and refusals of permission of the recusal application, I took steps to improve Government's oversight of the litigation and challenge POL's strategy.

196. I think this was successful to at least some extent. I did not in the end take the "nuclear" option of replacing the whole Board, asking Tim Parker to step down, or removing him as Chair. As set out above, I seriously considered it and discussed it with officials. I decided that this was not the correct course of action. I do not know what the result would have been if I had done that. I do not know if it would have harmed the livelihoods of SPMs and the strength of the Post Office network in the long term.

197. I am, to a certain extent, reassured that my course of action was correct in that POL and the Claimants did achieve settlement a few months after the changes were made. However, I was deeply saddened to then hear that the SPMs were not satisfied with the settlement agreement. I did not play a part in those negotiations or assess the fairness or merits of the settlement for either side. In terms of steps which I took to ensure that POL delivered on the commitments which it made in the settlement agreement, I do not remember much other than obtaining assurances that this would be resolved quickly as not to cause any more upset to the individuals affected; I left my Ministerial role just over two months after the settlement was agreed.

198. The events around Horizon and the impact on SPMs shows that the governance structure of POL does not work. It is not, in fact, an arms-length body ("ALB"). A true ALB would have a sponsor government department with directing powers even though the company would have a Chief Executive and Board who would generally be in charge of day-to-day operations and setting and implementing overall strategy. The Post Office was not a non-departmental public body, it was a public corporation which has a completely different legal framework with a shareholder ownership structure. I understand the reasons why Post Office was taken in this direction; it would have more commercial freedom to adapt, raise investments, bring in investment and make use of new technology.

199. There can be no confusion though; there is no sponsor department with any directing power over the company. I was unhappy with that structure at the time and my view has not changed. Establishing the Post Office as a true ALB would have been my preference. Ministers would then have responsibility for the decision making of the company. As a public corporation, the Government had no such role. Government's role was to understand and challenge but it could not compel decision making and ultimately had very little powers of influence other than on the overall strategic aims or to take the 'nuclear option' of replacing the Board and CEO.
200. I do not think that the shareholder representative on POL's Board can adequately fulfil the governance function that they were intended to. I think that they are set up to fail; that representative must act in what they perceive to be in the best interests of the company, but they are also there to represent the Government's views. Those things may not always be aligned. In this case, the Government's views on the litigation and in particular the recusal application and appeal was not aligned with what the Board considered were in POL's best interests. This led to, quite simply, inaction by the Shareholder NED. The Government's views were not represented at all. This cannot be right.
201. I also wonder whether POL's executive team and Board became complacent because they felt they could operate with the autonomy of a private company (but with the fallback of Government subsidy when required) rather than of an ALB which ultimately is sponsored by and dependent upon Government backing. I was astonished, for example, that the Board were going along with all of the appeals and applications. I do not understand why they did not hold the executive to account more or take steps far earlier to change the strategy. I feel that if more awareness of the need for Government backing had been there throughout different decisions would have been made.

202. Whilst the ideas behind establishing the Post Office as a private limited company were right, it seems it just does not work in practice. The taxpayer ends up footing the bill for a company run in the wrong way. Whilst I cannot answer this question with any certainty, it is worth asking whether the financial benefit of making the Post Office a public corporation has been wiped out by the matters arising from this scandal.

203. I have noted the comments from the BEIS Select Committee which called for stronger Government mechanisms for holding the Post Office to account. I do not think that is truly possible in the current governance structure. The model does not allow the sort of responsibility for decision making that comes with a true ALB.

[42] Is there anything further relevant to the Inquiry's terms of reference which you would like to draw to the attention of the Chair of the Inquiry?

204. I believe I have set out all of the relevant matters in this statement. I am very happy to clarify or expand on any of the evidence set out herein. I welcome this opportunity to assist the Inquiry with this statement and in my oral evidence to come.

Statement of truth

I believe the contents of this statement to be true.

GRO

Signed: _____

Dated: 19 June 2024

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Document number .	URNs	Document Description	<u>Control Number</u>
1	UKGI00008342	Email from Stephen Clarke to MPST Tolhurst cc: Permanent Secretary, Tom Aldred and others re: Official Sensitive & Subject to Legal Privilege: POL Litigation Update Submission	UKGI019154-001
2	UKGI00018266	Post Office Ltd - Horizon Litigation Update Report (Contains Legally Privileged Material Relating to POL)	VIS00011665
3	UKGI00008345	PO Group Litigation: Litigation Update for UKGI following POL	UKGI019157-001

		Board Meeting on 31 July 2018	
4	UKGI00008347	Proposed Agenda and Attendees - key issues at stake in the November Trial etc.	UKGI019159-001
5	BEIS0000079	Protocol between POL, BSEI and UKGI for the POL Litigation	BEIS0000059
6	UKGI00008348	Project Sparrow - Pre- Onboarding Protocol	UKGI019160-001
7	POL00111100	Briefing for Kelly Tolhurst MP, postmaster litigation, subject to legal privilege	POL-0108706
8	UKGI00008369	Email from Stephen Clarke to MPST Tolhurst, UKGI POL Team, Sam White and others re Briefing: Paula Vennells meeting on Monday	UKGI019181-001

9	UKGI00008370	Meeting with Paula Vennells - 03 September; BEIS	UKGI019182-001
10	UKGI00021355	Email chain from Stephen Clarke to Oluwatosin Adegun and Alex Cole re Points from Ministerial meeting today between Paula and the Minister.	UKGI030250-001
11	UKGI00008554	Draft read out note of POL meeting in HoC on 17th October 4-4:45pm	UKGI019362-001
12	POL0002297	Post Office Briefing Paper Meeting on 17 October 2018 with Kelly Tolhurst MP, Parliamentary Under-Secretary for the Department for Business, Energy and	POL-0019455

		Industrial Strategy (BEIS) AND Alex Chisolm Permanent Secretary for the Department for Business, Energy and Industrial Strategy (BEIS)	
13	POL00111218	Briefing Paper dated 17 October 2018	POL-0108821
14	POL00022976	Post Office Briefing Paper Meeting on 17 October 2018 with Kelly Tolhurst MP, Parliamentary Under- Secretary for the Department for Business, Energy and Industrial Strategy (BEIS) AND Alex Chisolm Permanent Secretary for the Department for Business, Energy and	POL-0019455

		Industrial Strategy (BEIS)	
15	UKGI00008597	Notes of meeting in which the Minister and Permanent Secretary were briefed on the Postmaster Litigation	UKGI019405-001
16	UKGI00008598	Email from Tom Aldred to Richard Watson, Joshua Fox, Tom Cooper and others re: Post Office Litigation Meeting readout (17 October).	UKGI019406-001
17	UKGI00008608	Email chain from Tom Aldred to MPST Tolhurst, Permanent Secretary, MPST Clark Spad and others re: Post Office Litigation Meeting Readout (17 October)	UKGI019416-001
18	WITN10930101	(WhatsApp) page 49	WITN10930101

19	UKGI00008656	Email chain from Tom Cooper (UKGI) to Oluwatosin Adegun (UKGI) and UKGI POL Team re: Official Sensitive: Meeting with Kelly Tolhurst this Morning	UKGI019464-001
20	UKGI00008701	Email chain from Stephen Clarke to Mpst Tolhurst, Tom Cooper and others Re Official Sensitive & subject to legal privilege: POL Litigation Update	UKGI019509-001
21	UKGI00008873	Email thread from Stephen Clarke (UKGI) to Minister Kelly Tolhurst, Permanent Sect. cc Tom Cooper and others: RE: POL Litigation update	UKGI019681-001

22	UKGI00008703	Media Coverage of the Post Office Trial Note	UKGI019511-001
23	UKGI00008704	Private Eye Newspaper > "Post Office Flaw Covering".	UKGI019512-001
24	UKGI00019168	Email thread from Richard Watson to Rodric Williams, Joshua Fox cc'ing Jane MacLeod RE: Post Office Group Litigation updates.	VIS00012567
25	POL00103373	Report for Post Office Limited Board as at 13 December 2018 concerning the Post Office Group Litigation (Common Issues Trial).	POL-0102956
26	WITN10930102	Ministerial Directions, 1 October 2000	WITN10930102
27	UKGI00008996	Email from Tom Aldred to Tom Cooper,	UKGI019804-001

		Stephen Clarke, Oluwatosin Adegun Re Meeting with Paula Vennells	
28	UKGI00018334	Official Sensitive and Subject to Legal Privilege Post Office Limited (POL): Update	VIS00011733
29	UKGI00022263	Email from UKGI POL Team, Gavin Lambert, Cecilia Vandini and other re meeting with the minister.	UKGI031158-001
30	UKGI00009042	Email from Tom Cooper to MPST Tolhurst, Gavin Lambert cc Tom Aldred re: URGENT - Commission for KT - Minister's queries prior to SoS meeting	UKGI019850-001
31	BEIS0000063	BEIS briefing note Re: Judgment in Post	BEIS0000043

		Office Common Issues Trial	
32	BEIS0000064	Briefing for BEIS Speaker Re: POL Judgment statement	BEIS0000044
33	BEIS0000065	Draft speaking note (undated) Re: POL Judgment statement	BEIS0000045
34	UKGI00009075	Email from Tom Aldred to Tolhurst Mpst, Clark MPST, Clark SpAd MPST and others RE: Post Office litigation: legal advice and UQs	UKGI019883-001
35	BEIS0000488	Office Sensitive - Post Office Limited (POL): Quarterly Update UK Government Investments, BEIS	BEIS0000468
36	UKGI00009137	Email from Alex Chisholm to Greg Clark CC Kelly Tolhurst	UKGI019945-001

		Department for Business, Energy & Industrial Strategy Re Post Office litigation trial and leadership succession.	
37	BEIS0000066	BEIS briefing note Re: POL Horizon Trial	BEIS0000046
38	UKGI00009163	Email from Stephen Clarke to MPST Tolhurst, Permanent Secretary, cc: Tom Cooper and others - Re: Post Office Update on Horizon Trial Day 1	UKGI019971-001
39	UKGI00009212	Email chain from Tom Cooper to Craig Watson, cc'ing MPST Tolhurst, Stephen Clarke and others re: Official Sensitive: POL Litigation Judgement Master Thread	UKGI020020-001

40	UKGI00009213	Email from Gavin Lambert to MPST Clark, MPSST Tolhurst, Tom Cooper and others Re: POL Discussion with SOS and Kelly Tolhurst	UKGI020021-001
41	POL00103458	Letter to (Colleague) Member of the House of Commons from Kelly Tolhurst, MP re. Post Office Ltd Litigation	POL-0103041
42	UKGI00009344	Email from Gavin Lambert to Tom Cooper UKGI, Tolhurst MPST, Tom Aldred UKGI and others - Re: Official Sensitive: Post Office Litigation Update	UKGI020152-001
43	UKGI00009346	Email from Kelly Tolhurst to Stephen Clarke and Tom	UKGI020154-001

		Cooper – RE: Official Sensitive: Post Office Litigation Update	
44	BEIS0000070	BEIS briefing note Re: Update on POL Litigation	BEIS0000050
45	UKGI00009336	Department for Business, Energy and Industrial Strategy. Meeting with Gill Furness MP on PO Litigation.	UKGI020144-001
46	UKGI00010381	Letter from Kelly Tolhurst MP to Gill Furness MP re group litigation	UKGI021189-001
47	WITN10930103	Letter to Gill Furniss from Kelly Tolhurst dated 12 July 2019	WITN10930103
48	UKGI00009392	Email chain from Stephen Clarke to MPST Tolhurst and Cecilia Vandini CCing	UKGI020200-001

		Craig Watson and others re: Meeting with Tim Parker Deadline: 10am Wednesday 27 March	
49	UKGI00009445	Email thread from MPST Tolhurst to Stephen Clarke, Cecilia Vandini cc Craig Watson and others Re: Official Sensitive: Meeting with Tim Parker Deadline - summary of actions from meeting	UKGI020253-001
50	UKGI00016315	Post Office update for Minister Kelly Tolhurst, 3 April 2019.	UKGI027108-001
51	BEIS0000071	BEIS briefing note Re: Developments since recusal application	BEIS0000051
52	UKGI00009730	Letter from Alan Bates JFSA to Kelly Tolhurst	UKGI020538-001

		MP re: Alan Bates & Others and Post Office Limited, Judgement (3) "Common Issues"	
53	UKGI00009731	Letter from Alan Bates, JFSA to Rt Hon Theresa May MP re: Letter to Kelly Tolhurst MP re common issues trial judgment	UKGI020539-001
54	WITN10930104	Email from Kelly Tolhurst to Cooper, Tom - UKGI, Creswell, Carl (Better Regulation Executive), Watson, Craig (Advanced Manufacturing and Services), Aldred, Tom - UKGI, Permanent Secretary- Official Sensitive: Letter from Alan Bates on the Post Office Litigation Judgment	WITN10930104

55	UKGI00018426	Letter from Kelly Tolhurst MP to Alan Bates re Alan Bates v Post Office Limited	VIS00011825
56	WITN10930105	Email from Kelly Tolhurst- Post Office Litigation Appeal Briefing	WITN10930105
57	BEIS0000073	BEIS briefing note Re: POL's appeal strategy	BEIS0000053
58	POL00025974	The Post Office Group Litigation board Litigation Sub- Committee dated 9 May 2019	POL-0022453
59	WITN10930126	Fraser J is going nowhere 11 May 2019	WITN10930126
60	UKGI00017600	Meeting with Tim Parker and Al Cameron (Post Office Limited) re: Meetings with POL senior leadership, which have	UKGI027607-001

		<p>been arranged</p> <p>because of POL's</p> <p>rising profile and to</p> <p>improve the flow of</p> <p>information from POL</p> <p>to BEIS.</p>	
61	UKGI00009767	<p>Email from Tom</p> <p>Cooper to MPST</p> <p>Tolhurst (Kelly) RE:</p> <p>POL Litigation - legal</p> <p>advice and concerns</p> <p>about leadership at the</p> <p>company.</p>	UKGI020575-001
62	UKGI00017605	<p>Email from Tom</p> <p>Cooper (UKGI) to Mpst</p> <p>Tolhurst (BEIS) CC:</p> <p>Tom Aldred and Carl</p> <p>Creswell (Better</p> <p>Regulation Executive)</p> <p>re: Post Office -</p> <p>litigation and other</p> <p>follow-ups</p>	UKGI027612-001
63	WITN10930108	<p>Email from Kelly</p> <p>Tolhurst to Creswell,</p>	WITN10930108

		Carl (Better Regulation Executive), Beal, Eleanor (Advanced Manufacturing and Services), Permanent Secretary- RE: Official Sensitive: Information on POL Board and governance	
64	WITN10930109	Email to Beal Eleanor from Kelly Tolhurst RE: FAO Kelly: information on POL Board and governance	WITN10930109
65	WITN10930110	Email to Beal Eleanor from Carl Creswell to Kelly Tolhurst and Eleanor Beal RE: FAO: Kelly information on POL Board and governance	WITN10930110
66	WITN10930112	Email to Kelly Tolhurst- Note on POL Board and Governance	WITN10930112

67	WITN10930111	Background on POL Board and Governance	WITN10930111
68	POL00023739	Letter from Kelly Tollhurst MP to Tim Parker RE: post office Group Litigation	POL-0020218
69	UKGI00019116	Email from MPST Tolhurst (BEIS) to Tom Cooper, Eleanor Beal, CCing Carl Cresswell and Others RE: Final draft letter to POL regarding POL's Board and Governance and SpAds	VIS00012515
70	WITN10930129	Letter to Kelly Tolhurst from Tim Parker dated 3 June 2019	WITN10930129
71	WITN10930113	Post Office Group Litigation High Level Summary	WITN10930113

72	POL00023728	Letter from James Hartley to Andrew Parsons RE: Post Office Group Litigation - Claimants' Costs of Post Office Recusal Application	POL-0020207
73	UKGI00018319	BEIS - Post Office Limited Litigation	VIS00011718
74	BEIS000076	Annex A to BEIS0000075 Re: Options for Minister to consider	BEIS0000056
75	UKGI00010212	Meeting with Tim Parker and Alisdair Cameron (Post Office Limited) - Monday 24 June 2019.	UKGI021020-001
76	UKGI00018319	BEIS - Post Office Limited Litigation	VIS00011718
77	UKGI00010295	Email chain from Tom Cooper to Richard Watson, MPST	UKGI021103-001

		Tolhurst , Eleanor Beal and others Re: Briefing for meeting with Al Cameron and Tim Parker Monday 24 June re POL	
78	UKGI00018354	Letter from Al Cameron to Kelly Tolhurst MP Re: performance at select committee and GLO.	VIS00011753
79	UKGI00018380	Email chain from Mpst Tolhurst to Tom Aldred cc Mpst Clark, Tom Cooper and other re: POL litigation: End of Horizon trial.	VIS00011779
80	UKGI00018433	Email thread from Tom Aldred to MPST Tolhurst CC Carl Creswell, Richard Watson and others RE: Fwd: PO Group	VIS00011832

		Litigation - Update on Horizon Issues Trial	
81	WITN10930114	Email from Kelly Tolhurt to Cecilia Vandini RE: For Review- Sub on POL Long-Term Vision	WITN10930114
82	BEIS0000074	BEIS briefing note Re: Government's long-term vision for POL	BEIS0000054
83	UKGI00018414	Email chain from MPST Tolhurst to Tom Cooper. Re: POL Litigation	VIS00011813
84	UKGI00010399	Email to Tolhurst, Mpst (BEIS), Aldred, Tom - UKGI, Beal, Eleanor (Advanced Manufacturing and Services), Creswell, Carl (Better Regulation Executive), Clark, Mpst (BEIS) from Stephen	UKGI021207-001

		Clarke- OFF SEN COMMERCIAL: Post Office Information- sharing and Framework Document	
85	BEIS0000078	Annex to another document - unclear which one? Re: Draft information sharing provisions for Framework document	BEIS0000058
86	BEIS0000079	Protocol between POL, BSEI and UKGI for the POL Litigation	BEIS0000059
87	BEIS0000080	BEIS briefing note Re: Post Office Framework Document	BEIS0000060
88	WITN10930116	Letter to AI Cameron from Kelly Tolhurst dated 12 July 2019	WITN10930116
89	UKGI00010369	Letter from Kelly Tolhurst MP to AI Cameron - Re: PoL	UKGI021177-001

		Litigation and engagement with DWP.	
90	BEIS0000081	BEIS briefing note: POL Litigation update	BEIS0000061
91	BEIS0000082	HSF - comments on settlement for mediation	BEIS0000062
92	UKGI00018497	Email chain from Tolhurst to Beth White, Permanent Secretary cc Carl Creswell and others re: RE: Nigel Boardman to continue to Project Sparrow OFFICIAL SENSITIVE	VIS00011896
93	UKGI00018484	Email from Tom Aldred to Tolhurst cc Carl Creswell, Alex Cole and others re Post Office Litigation: Appeal Update	VIS00011883

94	UKGI00018482	Email from Richard Watson to Mark Russell, cc: Tom Cooper and Tom Aldred re: Post Office Litigation	VIS00011881
95	BEIS0000493	UK Government Investments - Update on Approach to Mediation in POL Litigation - Andrea Leadsom, Kelly Tolhurst, Special Advisors, Permanent Secretary and Tom Taylor to Note/Comment	BEIS0000473
96	BEIS0000492	BEIS: UK Government Investments RE: Approval for Settlement offer in Post Office Ltd. (POL) Litigation	BEIS0000472

97	WITN10930117	Email from Kelly Tolhurst [OFF:SEN - LEGAL] Advice - Approval For Settlement Offer in Post Office Ltd. (POL) Litigation	WITN10930117
98	POL00026346	Letter from Alisdair Cameron to Alex Chisolm, Permanent Under-Secretary of State for BEIS, concerning funding for settlement/litigation. RE: Alan Bates etc v Post Office - Group Litigation	POL-0022825
99	BEIS0000489	Bates and ANR v Post Office Group Litigation/Advice on Settlement, Executive summary	BEIS0000469
100	UKGI00010707	Post Office Group litigation - criminal	UKGI021515-001

		cases - Summary by Herbert Smith Freehills	
101	UKGI00010732	Email from Tom Cooper to Tom Aldred, Richard Watson, Joshua Scott re: Advice - Approval for Settlement Offer in Post Office Ltd Litigation - Call with Minister Tolhurst readout	UKGI021540-001
102	WITN10930118	Email from Kelly Tolhurst - UPDATE ON MEDIATION IN POST OFFICE LTD (POL) LITIGATION	WITN10930118
103	BEIS0000494	Department for Business, Energy & Industrial Strategy. Recipient: Andrea Leadsom, Kelly Tolhurst and Permanent Secretary.	BEIS0000474

		Update on Mediation in Post Office Ltd Litigation.	
104	UKGI00010976	Email from Cecilia Vandini to Tom Cooper, Joshua Scott, Tom Aldred and others re: Post Office Litigation Trial - Horizon Issue Judgment	UKGI021784-001
105	BEIS0000087	Letter From: Alan Bates To: Kelly Tolhurst Re: Litigation	BEIS0000067
106	BEIS0000088	BEIS Legal advice on response to Alan Bates' letter	BEIS0000068
107	UKGI00011117	Letter from Kelly Tolhurst MP to Alan Bates re Post Office Group Litigation	UKGI021925-001
108	UKGI00016307	BEIS meeting Agenda - meeting with Nick Read, CEO of POL to	UKGI027100-001

		discuss purpose/strategy and spending review.	
109	UKGI00018727	BEIS meeting Agenda - meeting with Nick Read, CEO of POL to discuss purpose/strategy and spending review.	UKGI027100-001
110	UKGI00016181	Letter from David Jones MP to Kelly Tolhurst MP RE: Mr Alan Bates - GLO	UKGI026974-001
111	WITN10930125	Email to Permanent Secretary from Alex Cole- OFFSEN: POL Chair Letter	WITN10930125
112	BEIS0000089	BEIS Legal advice re: POL new strategy	BEIS0000069
113	WITN10930119	Hansard Post Office: Horizon Accounting System	WITN10930119

		Dated 25 February 2020	
114	BEIS0000085	Letter re: payment of bonuses From: Alex Chisholm To: Tom Cooper	BEIS0000065
115	BEIS0000083	BEIS Legal Advice Re: POL Bonuses	BEIS0000063
116	BEIS0000084	BEIS Legal Advice Re: POL Bonuses	BEIS0000064
117	WITN10930120	Email from Kelly Tolhurst to Cecilia Vandini RE: Commission: POL Next Steps Materials	WITN10930120
118	WITN10930121	Proposal for a Working Group Between Post Office Limited, BEIS and Other Stakeholders.	WITN10930121
119	UKGI00023357	Email from Cecilia Vandini to Kelly Tolhurst - Re:	UKGI032252-001

		Commission: NFSP/POL Working Group Deadline: 12pm 5th June	
120	UKGI00012013	Annex A HMG/NFSP/POL Working Group Minutes 13/06/2019: Read Out	UKGI022812-001
121	WITN10930128	Email from Cecilia Vandini to Kelly Tolhurst - COMMISSION: POL/NFSP Government Working Group Deadline: 12pm Wednesday 23rd October	WITN10930128
122	WITN10930127	National Federation of Sub-Postmasters (NFSP), Post Office Limited (POL) and Government Working	WITN10930127

		Group Meeting, Monday 4 November	
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