

Witness Name: Elliot Jacobs

Statement No.: WITN11180100

Dated: 15 August 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ELLIOT JACOBS

I, ELLIOT JACOBS, will say as follows...

1. I am a Non-Executive Director ("**NED**") on the Board of Post Office Limited ("**POL**").
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in the Rule 9 Request dated 3 June 2024 (the "**Request**"), relating to Phase 7 of the Inquiry's work.
3. I have been asked to address the following topics:
 - (a) Professional Background;
 - (b) Experience on POL Board;
 - (c) A Times article dated 19 February 2024; and
 - (d) Any other matters.
4. For ease of reference, and to assist the Inquiry, I have set out the queries contained in the Request as subheadings to this statement.
5. In preparing this statement I have endeavored to identify documentation that may assist my recollection and I have referred to such documentation in this statement where appropriate. Where I have been unable to provide

documentation, I have endeavored to identify the source of such documentation.

A. PROFESSIONAL BACKGROUND

1. Please summarise your educational and professional qualifications

6. I attended Highgate School in London leaving in 1993. I did not attend university.
7. My first job was working at a local stationery shop called Universal Office Equipment (later known as UOE) in 1989. Between 1996 and 1998 I worked at a computer games business as a European Channel Marketing Manager and also at an accounting software company as a Sales Manager.
8. In 1998, I purchased 100% of the shares of UOE and assumed the role and responsibilities of the Chief Executive Officer (“**CEO**”). Shortly afterwards, I established the online business-to-business stationery division of UOE. In 2014 UOE was considering exiting its retail division, but I saw that the Post Office were looking to franchise branches and considered it a retail opportunity. UOE negotiated a franchise agreement with the Post Office in 2014 and successfully combined it with its retail operations. Over the following years I negotiated multiple franchises with the Post Office. To date, UOE has 8 stores and Post Offices in East Finchley, Potters Bar, Crouch End, Muswell Hill, Hertford, Camden, Stoke Newington and Ware, as well as a Banking Hub in Ware. The branch in East Finchley won Independent Post Office of the Year in 2018. I also operate a co-working business in Hertford. The business-to-business division of UOE was sold in a successful trade sale in 2019 as I wanted to focus efforts and growth on the retail and Post Office division.
9. In addition to my experience as CEO of UOE, I have sat on the boards of several not-for-profit organisations:
 - (a) Between 2003 and 2023 I was a NED on the board of Office Friendly, a not-for-profit cooperative association of 120 to 130 office supply companies that buy and market collectively, with annual group revenue in excess of £200m. Between 2010 and 2014 I was Chair of Office Friendly, contributing to its growth as a leading organisation.

- (b) Between 2015 and 2016 I was a NED on the board of BOSS Federation, the trade association for the business supplies industry, playing a role in reshaping the organisation's strategic direction and leadership.
10. In addition to the above, since 2011 I have been training entrepreneurs across the globe on how to develop fast-growth strategic plans on behalf of the Entrepreneurs Organization, a not-for-profit group with over 20,000 members in more than 100 countries. I have simultaneously been a mentor on the London Business School's Entrepreneurship Programme. Finally, since 2021 I have been one of two postmaster NEDs elected by postmasters and appointed to the POL Board. I have set out further information regarding my appointment to the POL Board below.

2. Please summarise your career background and your appointment to the POL board (including relevant dates).

11. As set out above, I have over 26 years of experience on boards of various organisations. I have been a NED on the POL Board for three years. I understand that POL decided to create two postmaster NED positions following the Group Litigation Order ("GLO"). The appointment of the postmaster NEDs means that for the first time, real-world experience and postmasters' experiences and perspective are brought to life and into the decision-making process of the POL Board.
12. An advert for the two postmaster NED positions was promoted on the weekly email written by Amanda Jones (the then Retail and Franchise Network Director) and distributed to all postmasters. I understand that Green Park (an external agency) validated the applications and selected candidates that were considered the most suitable based on criteria. I cannot recall all of the criteria used in this process, but I remember that I appealed one of the gating requirements during the application process. The gating criteria required applicants to receive a certain number of positive reviews on the internal-facing Post Office review system. UOE uses online Google reviews because we prefer that reviews are visible to the public, but these reviews are not recorded on the internal Post Office system and

therefore did not qualify for counting within their gating policy. POL agreed to waive this gating requirement in the light of our reasonable explanation.

13. I was shortlisted by Green Park in a group of twelve candidates and interviewed by a panel. The panel was comprised of representatives of the POL Board including some existing NEDs, and the Head of the Association of Convenience Stores. I recall that I was also interviewed by the Chair, Tim Parker. POL then shortlisted four candidates for the postmasters to vote for as their representatives based on the scores from the panel. There was an online husting followed by a vote, where each postmaster had one vote. Mr. Ismail and I won the most votes and were elected as postmaster NEDs. We then went through final vetting and clearance before being approved by the Secretary of State. I estimate that the full process took around five months.
14. I have sat on the POL Board since June 2021 and was due to step down in June 2024, but my term has now been extended to June 2025 to ensure there is greater continuity between the current postmaster NEDs and our successors (who are at this time still unappointed). I applied to stand again as a postmaster NED for a second term, but I have not been shortlisted as a candidate. I understand that there is a gating criterion that requires the postmaster applicants to reach 90% of daily cash declarations in all branches that they operate. Postmasters have not previously had visibility of the cash declaration metric and the metric does not take into account that there are a number of reasons that a postmaster may not cash up a machine. For example, it does not take into account a self-service machine crash or a postmaster logging onto another machine and not knowing a previous login was created on another Horizon terminal even if no cash transactions were made (just one of the many oddities of the Horizon system). If you blend all of UOE's branches, they would reach approximately 90% cash declarations, but one or two branches may fail due to the types of issue above. My understanding is that it is significantly more difficult to reach 90% cash declarations if you have multiple tills and multiple branches within a business.
15. Mr. Ismail and I spoke with the Engagement Team when they were planning the process for recruiting postmaster NEDs as we were keen to ensure as many applicants as possible could apply for the role. We were not asked to review

potential metrics for the application process and this metric was not proposed to us. I would have expressed that this metric was at the time impossible for postmasters to measure themselves and not reflective of whether postmasters are suitable candidates. I appealed the criterion but was informed that the requirement could not be contested despite the fact that it was unmeasurable at branch level and irrelevant to the actual work being undertaken as a NED.

3. Please summarise your understanding of and experience with the Horizon IT system

16. I oversee 8 UOE stores and Post Offices and a Bank Hub and have direct experience of the Horizon IT system as a postmaster. I have set out an overview of my experience below.
17. The Horizon IT system is a legacy system built over two decades ago that is outdated and would not be selected for use in the present day. It is not an intuitive system, and it takes a significant amount of time to become competent in its use. It does not enable postmasters to export and easily analyse data effectively. The ability to interrogate and locate transaction errors remains incredibly challenging even for skilled operators and postmasters (although this has been improved recently with the addition of Branch Hub reporting tools). For example:
 - (a) It is not a visual, user-friendly system. The system is primarily text based and there are few command prompts.
 - (b) It is difficult for postmasters to analyse data and correct potential inaccuracies on the system. It then takes significant effort and often a manual review of transactions to investigate a potential error.
 - (c) Postmasters that run multiple branches cannot obtain a global view of data and are required to be physically present at the relevant Post Office to interrogate data on Horizon in anything close to real time. This makes oversight and reporting difficult.
 - (d) The Horizon IT system is effective as a functioning till, but it is not sufficiently sophisticated to manage and analyse a modern business as a professional postmaster.

18. POL's tolerance to errors at postmaster/branch level is £0.00, which does not reflect that c.520 million transactions are being recorded on an outdated system which statistically may result in untraceable errors. Postmasters face an additional burden of manually monitoring and verifying transactions recorded electronically on a system that has a margin of error which is higher than the tolerance permitted and for many different reasons is difficult to use. For example, at UOE I have implemented daily manual reports at every branch due to our fear of the reliability and the risk of significant ramifications if errors are identified too late to be traced easily.

Experience of POL Investigation

19. I have direct experience of inaccurate accounting data leading to a POL investigation into the accounts I oversee as a postmaster. In March 2023 I received a call from the POL Chair, Henry Staunton, who informed me that the Finance Department had a query regarding UOE's Horizon accounts. Mr. Staunton asked me to speak with Ben Foat, Group General Counsel, regarding the investigation. I spoke with Mr. Foat and he was not able to provide further details and proposed I speak with the POL Investigations team.
20. On 14 March 2023, I received an email from Andrew Morley, Senior Investigations Manager within the POL Central Investigations Unit (CIU) (WITN11180101, page 5). The email copied John Bartlett, Head of the CIU, which sits within Legal, Compliance and Governance at POL. The email informed me that the CIU and Mr. Morley had reason to investigate alleged discrepancies at Post Offices operated by UOE. I was asked to attend an interview to discuss the alleged discrepancies. I agreed to attend an interview on 5 April 2023.
21. On 15 March 2023 I received a letter from Mr. Bartlett formally inviting me to attend a meeting at POL's offices on 5 April 2023 with Mr. Bartlett and Mr. Morley to discuss (1) the alleged accumulation of shortfalls in POL's operations, (2) potential conflicts of interest that I may have during POL Board meetings relating to discussions of recovery of shortfalls from postmasters, and (3) potential issues surrounding a Director's Declaration I signed on a Post Office Director Remuneration form (WITN11180102). I was permitted to bring a friend, a National Federation of Sub Postmasters ("NFSP") representative, a colleague, or

a legal representative to the interview. However, they were not permitted to answer questions on my behalf.

22. On 16 March 2023, I emailed Mr. Morley to request an Excel format of the PDF statement so that I could interrogate the data. I noted that the documents enclosed with the letter inviting me to interview were not in date order and contained no explanation or notes for each line. I also requested original transaction data (WITN11180101, pages 3-4). Mr. Morley asked me to address my requests to the Postmaster Support Team ("**PAST**"), which was the first time I had heard of the team (WITN11180101, page 3). I responded that it would be quicker for Mr. Morley to provide me with the documents on the assumption that he had collated and reviewed the data as part of his investigation (WITN11180101, page 2). Mr. Morley separately spoke with PAST who agreed to provide additional information and noted that it would take some time to collate the information (WITN11180101, page 1). I was surprised that the CIU and Mr. Morley were able to make serious allegations of discrepancies within UOE accounts without appearing to review the full data relevant to the alleged discrepancies. I expressed my concerns to Mr. Morley and noted the significant distress the investigation had caused (WITN11180101, page 1).
23. On 20 March 2023, Mr. Morley emailed me to update me that the CIU were continuing to work to provide me with the requested advanced disclosure and asked me to confirm that the interview could be recorded (WITN11180103, page 2). I responded that I would await proper and full disclosure of the materials and would then take the matter under advisement. I also asked for further information regarding the allegations and the evidence on which the CIU were relying, as well as who within or outside POL had knowledge of the allegations (WITN11180103, page 2). Mr. Morley replied that he did not intend to "*enter into pre-interview protected correspondence regarding disclosure*" which he had "*no legal obligation to provide*". I was advised by Mr. Morley that if I declined an audio recording of the interview and elected for contemporaneous notes this could increase my interview time to 6 hours (WITN11180103, page 1). I was surprised that I was not able to access materials relevant to my interview easily to best assist the Investigations team.

24. I attended the interview on 5 April 2023 with a member of my family present for support. I found the process extremely stressful and was concerned about the allegations put to me. Having read the harrowing cases of unfairly prosecuted postmasters and the way POL treated them previously, this experience had significant echoes of the past. The fact that POL had a history of dealing with postmasters unfairly, gave me extreme concern. The letter inviting me to attend the interview stated that this was, *“not an “under caution” interview; it is an opportunity for both you and the investigators to discuss the three areas identified above to increase understanding of what has happened”* (WITN11180102, page 2). I considered the interview to be an interrogation and adversarial; it was not a collaborative discussion. The interview was similar in style to a formal police interview as the questions put to me were interrogatory and the documents were put to me as exhibits.
25. During the interview I was informed that auditors would be visiting my branches the next day to audit UOE’s branches at the same time as the investigation. As a result, I had to cease trading at short notice for two half days. When the auditors attended, they informed me they intended to make adjustments to my Horizon stock balance as they claimed I was “missing stamps” that they had identified as being sent but not received. They did not provide any evidence to support this allegation. They logged onto my system with their own access ID and put the alleged “missing stamps” onto the system, despite my request to not do so. They told me, “you can dispute it later”. This felt very wrong. As background, postmasters are required to record stamps manually on the Horizon system. We receive a bag containing multiple stamps which we scan onto the Horizon system, but the specific stamps contained in the bag are not recorded automatically on the system. We therefore must manually review and record the stamps provided. As a result, it is possible that sometimes inaccurate records of stamps are received and it can be difficult to establish whether the error was in the branch or the stock centre. In contrast, when postmasters receive cash, we scan barcodes that automatically record the precise amounts and denomination of the cash received to us into our Horizon system.
26. I spent significant time reviewing the alleged discrepancies (including the additional stamps which had been put onto my system) and disproved the vast

majority. It was not proven that the remaining discrepancies were accurate or that UOE owed any money to POL, but on the balance of probabilities and because I could not prove that I did not owe these amounts, I agreed to pay a small amount to reflect an amount that was not accounted for over a 10-year period across 8 UOE branches. A few weeks after this POL identified an accounting error in UOE's favour related to stamps. This amendment meant the net amount owed by UOE was nearly cancelled out entirely. I was concerned that postmasters in similar situations may not have the ability or resources to spend significant time working through very detailed data to respond to the alleged discrepancies. I was surprised that the investigation took an adversarial, accusatory approach following the lessons learned about the inaccuracy of Horizon IT data and the nature of investigations into postmasters. As part of the investigation, it was identified that my branches had not had the "dispute" button activated on their Horizon Trading Period settlement screen and so the process for reporting discrepancies had therefore not been properly setup by Post Office and alternate processes had not been clearly outlined or trained by POL. I accepted the offer of additional training for my Branch Managers on remuneration declarations and logging disputes. It was also accepted that there needed to be greater clarity on the process for identifying conflicts of interest reported in Board papers at the outset of Board meetings.

27. On 16 January 2024, I emailed Melanie Park, Central Operations Director in the Retail Team, to confirm the finalised reporting on UOE's account and provide written confirmation of the withdrawal of the investigation (POL00448303). Ms Park responded that she would speak with the Legal team. I forwarded the email to Mr. Staunton and Mr. Ismail to notify them that UOE's trading account had not been updated with the removal of the invalid claims of losses and a letter of withdrawal had not been issued (POL00448303). I did not understand the delay in resolving the issue, which first began in March 2023. Mr. Staunton responded, copying POL CEO Nick Read, noting the unsatisfactory handling of the matter and recognising the "tremendous upset" caused.
28. On 8 February 2024, I received a letter notifying me that the investigation had been closed (WITN11180104). This was almost a year after the investigation opened

and my interview was conducted. The letter noted that recommendations had been made to the Corporate Secretariat that instructions, training and advice to future potential Directors should be improved in relation to the declarations on remuneration. As a result of the accusations made against me, the way that conflicts are reported changed so that only new conflicts are noted and there is standing notice of other conflicts in minutes.

B. EXPERIENCE ON POL BOARD

4. Prior to, or on being appointed to the POL board, did you receive any training relevant to the role? If so, please summarise the nature of this training.

29. To the best of my recollection, save for a communication on expenses, I was not provided with written training manuals or supporting documentation.
30. In the last two weeks of May 2021, and before my formal appointment to the POL Board, I had approximately 15 to 20 calls with individuals from various departments. These calls included briefings with the Group COO Owen Woodley, internal audit Johann Appel, Group General Counsel Ben Foat, Group CIO Jeff Smyth, and the CEO Nick Read.
31. I also attended training with the Institute of Directors and Notum Training (an external training provider). The latter provided an overview of the responsibilities of a NED and key attributes expected of NED, such as how to have constructive conversations with senior individuals within the business and not to take on an Executive role, and understanding who we represent. It was important that we understood who we represent as we had been elected by postmasters but our role as NEDs was not to act solely on their behalf but for the good of the company and its wider stakeholders. This remains a difficult balancing act that Mr. Ismail and I have had to navigate to ensure we bring fair challenge whilst avoiding conflict from our role as a postmaster. As far as I recall, there were no printed training materials produced from or for the sessions.
32. I was buddied with another NED, Lisa Harrington, which was an informal arrangement where Ms Harrington would support me if I had queries. Ms Harrington had significant experience from her time as Chief Customer Officer at BT and I considered that she had a detailed understanding of technology. I was

also introduced to Beatrice Fraenkel, Chair of Merseyside NHS Foundation Trust, to witness her leading a Merseyside NHS Foundation Trust Board meeting via Teams.

33. The GLO concluded before I joined the POL Board as a NED. I did not receive a briefing or summary of the GLO when I joined the POL Board. I referred to external resources, such as books and television series, to gain a more in depth understanding of the GLO. No corporate overview was provided of POL's understanding of the issues or learnings arising from the GLO.

34. In my experience, the POL Board had not considered the infrastructure and training required to support postmaster NEDs with what is a significant role.

5. What briefings, if any, did you receive on the issues addressed by the Inquiry, such as the Horizon IT system, the prosecution of subpostmasters and the Group Litigation Order (GLO) on joining the POL board? If you received such briefings, please reflect on their quality.

35. The POL Board spends a lot of time dealing with the past and Board members are regularly briefed on matters which are linked to the issues addressed by the Inquiry, as discussed below. I received briefings on the core issues addressed by the Inquiry upon joining the POL Board. However, I felt that significant further understanding was necessary, so I spent additional time reading and referring to external sources such as books and the media to ensure I had a sound understanding of these issues.

36. I have set out below my experience of the briefings and meetings which take place at POL.

Regular Board Meetings

37. The POL Board meets formally every six to eight weeks, but additional *ad hoc* meetings often take place in the interim. Prior to each meeting, Board members receive detailed briefing packs via a system called Diligent, which are generally a couple of hundred pages long. Additional papers were sometimes provided in the "Reading Room," but this is no longer the case.

38. Board packs have evolved over time and now generally include minutes from the previous meeting(s), an action tracker, a report from the CEO, and briefings which fall under the main headings of Finance, People, Transforming Technology, Rebuilding Trust, and Governance.
39. The CEO report provides a holistic picture of the current status quo at POL including - at a high level - updates relating to issues addressed by the Inquiry, such as the GLO Compensation Scheme, overturned convictions, the Horizon Shortfall Scheme, postmaster engagement, culture, Horizon IT services and new technology (such as the "Strategic Platform Modernization Project" ("**SPMP**"), which was set up to develop a replacement for the Horizon IT System). The other briefings are more specific, focused updates on these topics, specific projects, and other POL business matters. Some of these briefings are connected to issues addressed by the Inquiry in some way, others are not. During Board meetings we also receive verbal briefings from various committees and groups, including those tasked with overseeing Inquiry related matters like compensation, such as the Remediation Committee, Nominations Committee ("**NomCo**"), and the People team. Where Board briefings are connected to Inquiry related issues, the focus is mainly on functional process and approval of funding rather than focusing on lessons learned.
40. The quality of the briefings is mixed but there is flexibility to attend pre-briefings and request further information if required. Generally, the papers are not strategic and do not suggest or recommend an outcome; they instead provide significant information for Board members to review, note or make a decision on.

Other Board meetings

41. In addition to regular Board meetings, POL holds annual Strategy meetings over the course of two half days. These meetings do not tend to deal with issues addressed by the Inquiry but plans for the future. The purpose of the meetings is to discuss potential ideas but, in my opinion, they are not productive as there is limited execution of ideas.
42. When I joined POL, I attended a small number of Criminal Case Review Commission ("**CCRC**") meetings which focused solely on historical remediation,

looking at Court of Appeal Criminal Division (“**CACD**”) cases and the Horizon Shortfall Scheme. The meetings were established by former Chair, Tim Parker, so that these matters could be considered outside of regular Board meetings. My understanding is that the CCRC did not constitute a formal subcommittee and it was disbanded shortly after I joined POL. It was replaced by the Historical Remediation Committee - now called the Remediation Committee - which is chaired by Ben Tidswell. No postmaster NEDs sit on this committee. The minutes of the CCRC meetings I attended are legally privileged, and I have not appended copies of the minutes to this statement.

Committee Meetings

43. Board members sit across the various committees at POL, but committees have their own meetings separate to the Board. Although I am not part of it, I understand the Remediation Committee is responsible for reviewing Horizon-related cases to be appealed before the CACD. Previously, I had no knowledge of these discussions beyond the brief verbal update provided by the committee during Board meetings. However, in an attempt to cultivate greater transparency, the minutes of the meetings are now being disseminated outside of the committee, and non-members can request to attend themselves as “observers” and receive copies of minutes.
44. I sit on two committees at POL as a NED: the Audit, Risk and Compliance (“**ARC**”) committee, and the Investment Committee. The remit of the ARC Committee is laid out in its terms of reference and includes dealing with risks arising in the business. The business has a large number of “high” risks. This makes identifying one high risk from another high risk difficult and the prioritising of risk challenging. This was highlighted in the recent Grant Thornton report, which I have set out further details of later in my statement. The Investment Committee deals with major investment projects across the business. I understand that it was established because the Board lacked sufficient oversight on multiple projects with over £50 million expenditure which were not in budget or on time and that the committee was expected to monitor and challenge the progression of projects.

The Quality of Briefings

45. I have generally found the briefings I have received as a POL Board member to be of poor quality and often incomplete. Papers rarely propose an outcome or recommendation, and it is often not clear what the author or sponsor of the paper thinks is the appropriate course of action. Instead, the information is simply presented to the Board and we are expected to make a decision for the Executive. Board members have flexibility to engage with the executives writing the briefings to get a deeper understanding of a matter, and with bigger topics there will generally be a “pre-briefing” session as mentioned, but this is insufficient to address the issue. During briefings I regularly question the quality and accuracy of data provided. For example, on 15 July 2024, I attended an Investment Committee meeting where I pointed out that the data provided in the briefing around phase completion dates conflicted with the information given to the committee earlier in the year. The committee was informed that a phase would be completed by June 2026, whereas in the previous meeting we had been informed that the phase would start in June 2026. The milestone was both important and significant as it related to the Horizon replacement internally referred to as SPMP or “New Branch IT” (“**NBIT**”). It was acknowledged that the data provided in the July documentation was incorrect and therefore misleading. Although not deliberate, I do feel that POL has a tendency to blend accurate data with inaccurate data meaning the true picture on a project is often skewed and can result in the Board (or committee) not being fully informed when making a decision. A further strategic review is being undertaken with Teneo (another external provider) to improve how the business is run and its strategic focus, which I have dealt with in further detail below.

Past Roles and Project Phoenix

46. The Board also receives briefings on Past Roles and Project Phoenix. Until recently this was only referred to at Board level as “Phoenix,” but has now been separated into the two separate workstreams.
- (a) My understanding is that Project Phoenix is the investigation of any current POL employee in the business at the time that postmasters were wrongfully convicted who could have been involved in their conviction. The intention was to identify the employees, categorise

them and identify whether it was appropriate for them to remain in the business. Project Phoenix is the confidential project name and I understand that there are no formal Terms of Reference.

- (b) Past Roles is the review of current employees within the Remediation Unit (“**RU**”) or in a Postmaster facing role who have previously worked for POL in auditing, investigation, suspension or termination of postmasters and/or were connected to historic Horizon shortfall cases or had awareness of the issues in Horizon but failed to act appropriately. Such employees may pose a risk to the integrity and independence of work in the RU and/or prevent POL from enabling the culture change it is trying to carry out. I understood that I was to be appointed to the Past Roles panel to give a postmasters’ view to the panel, but to date I have not been invited to attend any meetings and have not seen minutes of meetings that took place. I have exhibited details of the Past Roles Terms of Reference and accountabilities (POL00448306, POL00448307, and POL00448308). I understand that the Terms of Reference are now wider than those set out in the exhibited document.

- 47. On 9 February 2024, I emailed the Board following a meeting in which I had expressed my frustration that Project Phoenix (as mentioned, at the time the Board referred to Project Phoenix and Past Roles as a combined issue of “Phoenix”) had not been resolved and there had been no further update on activities (POL00448309). I requested an update on the committee’s meetings and decisions arising from it as I did not consider the level of feedback to the Board was sufficient. Owen Woodley, Deputy CEO, provided an update to the Board and confirmed that Karen McEwan, Group Chief People Officer, was overseeing the projects (POL00448309). I requested further Board discussion and an ongoing update on the projects (POL00448309). I considered it unusual that the employees identified in the projects had not been suspended, when in contrast postmasters and subpostmasters would be suspended on a regular basis when investigations were ongoing.

48. On 19 April 2024, I emailed the Board again to update that a number of postmasters had contacted Mr. Ismail and I regarding statements made at the Inquiry by current employees who remain in the business and were involved in the Horizon issues (POL00448297). I expressed my concern regarding the lack of visible process on the Past Roles and Project Phoenix reviews, which I did not consider reflected the culture change POL had promised. I again requested a full and immediate update to be provided to the Board of the names and individual status of all those listed in the Past Roles and the Project Phoenix reviews.
49. On 26 April 2024, Mr. Ismail and I emailed the Board expressing our urgent and deeply troubling concerns regarding Past Roles and Project Phoenix (POL00448298). In the email, we noted that our previous requests for updates had failed to result in any outcomes beyond confirming the number of staff members falling within the scope of each project. We expressed our concerns regarding the apparent lack of urgency and transparency surrounding the ongoing investigations. We noted that I was originally supposed to be part of the Past Roles review board, but this did not materialise. We considered it imperative that the POL Board demonstrate a commitment to accountability and transparency in addressing these issues. We requested that all individuals falling within the scope of Project Phoenix and Past Roles were suspended pending a full, independent investigation, and a full report to be provided by 29 April 2024. Mr. Read responded recognising that POL had not been as forthright in its actions as many would have liked, although this was not a straightforward issue, and agreed to present an approach to the Board (POL00448298).
50. On 3 May 2024, we received an update on Past Roles work (including what was previously known as Project Phoenix) from Mr. Woodley. I understand that the communication is legally privileged and so I have not exhibited the communication to this statement. We received further updates on 11 May 2024, 18 May 2024, 25 May 2024, 3 June 2024, 8 June 2024, all of which I understand are legally privileged and therefore not exhibited to this statement.

51. The POL Board's approach to Past Roles and Project Phoenix concerned me because it indicated that POL remains unable to make difficult decisions and adhere to a strategy.

6. Please describe the culture at board level, identifying any relevant individuals.

52. I do not consider that postmasters have sufficient involvement in, or oversight of, the POL Board and Senior Management and its decision making. The result is that the organisation has failed to become the "postmaster centric" organisation it claims it wishes to be.
- (a) Mr. Ismail and I are not consistently invited to meetings that we could contribute to, and decisions are instead made by the Group Executive or Senior Management without full consideration of the impact on postmasters. On occasion I have felt that there were separate groups within the Board, which resulted in certain individuals being excluded. For example, I was not involved in the Historic Remediation Committee, or Remuneration Committee ("**RemCo**"), for Senior Management and so there was no postmaster NED representation. The result is that decisions are made that may not accurately consider the position of postmasters.
- (b) Due to a lack of postmaster involvement, POL does not proactively invest in initiatives that benefit postmasters only. For example, self-service tills would benefit a postmaster but may not significantly benefit POL directly and so are not invested in. However, when a strategic partner threatens to terminate an arrangement in the absence of such an investment POL will take action as there are significant and direct implications if they do not.
- (c) Mr. Ismail and I have raised issues in meetings and made requests that do not seem to result in action. As set out above, we had to make several requests for updates on Past Roles and Project Phoenix before we received satisfactory updates. This creates the impression that Mr. Ismail and I are an annoyance on the POL Board. My impression is that the POL Board would prefer a more passive

postmaster NED who does not challenge the Board decision making and Senior Executives directly.

53. Mr. Ismail and I are not permitted to talk openly to postmasters about actions we have taken. For example, we repeatedly asked Richard Taylor (who was Director of Communications) whether we could do a regular update to postmasters, but this was denied. Therefore, our communications were heavily restricted and extremely limited. This has led to accusations by postmasters that we have failed to make the difference they expected – and has undermined our credibility with some postmasters- when in reality we have achieved significant progress on many fronts (but with much more still to do).
54. The extent to which NEDs on the POL Board wish to effect change in the organisation varies, which can slow progress. Members of the Board often have multiple NED positions and may not have the time or the technical knowledge to engage with some matters. For example, to the best of my knowledge Mr. Ismail and I are the only members of the Board to have direct experience of Horizon and its operational issues. The current Board has a number of experienced portfolio NEDs but currently lacks direct retail and technology experience to bring suitable challenge in these areas to the Executive.
55. During my tenure as a postmaster NED, we have had three Chairs (excluding the interim Chair).
 - (a) Tim Parker was a professional and fair Chair that gave people sufficient time to be heard and effectively summarised issues following topics. I considered I worked well with Mr. Parker and my impression was that he was genuinely interested in hearing my view. Mr. Parker left in September 2022 and prior to his departure appointed me to ARC and Mr. Ismail to the Nominations Committee where he felt our experience would be most beneficial to the organisation.
 - (b) Henry Staunton had a different style to Mr. Parker (who was Chair during the Horizon issues meetings and had a strong focus on the past, a little on the present but rarely addressed the future). Mr. Staunton was keen to press on as swiftly as possible with redress for

postmasters, but he was more forward looking and thought commercially; he wanted to bring the future of the business to the front of mind and challenged the CEO to focus more on the opportunities and current business. My experience was that Mr. Staunton wanted to drive change and put the postmasters at the centre of the organisation. He wanted to have more postmasters on the POL Board and across more committees, but I understand there was some pushback from the Board and members of the Senior Executive although I cannot speak to this directly. I found Mr. Staunton to be an effective and supportive Chair and was shocked when he was dismissed by the Secretary of State.

- (c) Nigel Railton has only recently joined the Board and appears to want to progress the organisation in a positive and swift way. He has initiated a strategic review (currently being carried out by Teneo) and recruited a number of interim hires in key leadership roles to fill gaps in the leadership capability.

- 56. I understand that Ben Tidswell joined the POL Board as a NED to provide a legal view to the Board. He acted up as Chair when we had periods without a Chair.
- 57. Nick Read has been CEO throughout my time on the POL Board. I consider Mr. Read to have good intentions and a desire to effect change in the organisation, although sufficient change has failed to materialise over the past 5 years of his leadership. Whilst some progress has been made, he has been focused significantly on the addressing the past and this has resulted in a lack of success in driving change for the present and the future. I have generally worked well with Mr. Read. There were some reservations expressed by NEDs following responses provided by Mr. Read to the Department of Business & Trade Select Committee (“**DBTSC**”) on 27 February 2024, alongside concerns of POL making the required full and frank disclosure in relation to documentation requested by the DBTSC. It was agreed by the POL NEDs on 29 February 2024 that an evidential based review should be conducted in relation to the information provided to DBTSC. Five potential responses were reviewed for accuracy, which broadly related to Project Pineapple (which I will discuss in more detail later in my

statement), the 'untouchables' comment made by Mr. Read, postmaster culture and engagement, and whether Mr. Read had tried to resign as CEO. The review assessed whether there was a possibility that Mr. Read might have made a statement that was not verifiably true, or whether there was a possibility that Mr. Read may have made statements that might have the capacity to mislead or could have been put more fully or clearly. Two of the five statements were concluded to have the capacity to mislead or could have been put more fully or clearly but were not concluded to have been statements that were verifiably not true. The remaining three statements were dismissed. It was considered a matter of judgment, but it was recognised that Mr. Read was under intense pressure and media scrutiny. I have exhibited a copy of the report provided to NEDs to this statement (WITN11180105).

58. The POL Board includes a representative for the UK Government via UKGI (UK Government Investments). When I joined the representative was Tom Cooper. My experience was that Mr. Cooper genuinely cared about improving POL and ensuring the right actions were taken with respect to postmasters. He regularly engaged and discussed matters outside of Board meetings with Mr. Ismail and myself. He brought fair challenge to discussion and the committees, and I thought Mr. Cooper's departure from the POL Board was a loss. Mr. Cooper was replaced by Lorna Gratton.
59. Rachel Scarrabelotti was Company Secretary at the time I made my declaration on remuneration to the Board, which was subsequently investigated as set out above. I did not consider that I was given sufficient guidance or any support on how to complete the declaration. There was no guidance given to me when I joined the Board about the mechanisms and expectations for declaring conflicts at the start of meetings. I have since sought independent advice from my accountants in connection with these documents.

Grant Thornton Report

60. In addition to the above, between 2023 and 2024 Grant Thornton carried out a review of Governance and Board Effectiveness. Grant Thornton issued a report on 25 June 2024 (POL00446477). I am generally aligned with the findings. Key findings included (POL00446477, page7):

- (a) A lack of unifying purpose and group-wide strategy between POL and its Shareholder. POL struggles to establish accountability for defining a unifying long-term purpose and strategy, leading to varied interpretations of POL's strategic ambition.
 - (b) Conflict around the role of the Shareholder versus the Board and breakdown of the relationship.
 - (c) Leadership capacity at POL is currently affected by ongoing and upcoming Board rotations, which inevitably impact leadership cohesion and corporate memory. Additionally, the lack of detailed succession planning at both Board and Executive levels presents a risk to future operations.
 - (d) Decision-making forums at Enterprise level lack pace and do not enable accountability. Until December 2023, there were over 100 personnel in the senior leadership team with a variety of singular and collective accountabilities, a CEO with 12 direct reports, 12 GE level committees and further innumerable committees, groups, and forums that resided within Enterprise levels.
 - (e) Culture – a lack of trust, accountability and performance management.
61. Grant Thornton found that the above issues highlight the need for: a unifying strategy, greater role clarity through updating foundational governance documents, streamlined decision-making processes, significant improvements in succession planning and a cultural shift towards accountability and long-term planning.
62. Following the report, a number of recommendations were made to the Board in July 2024 (as detailed in POL00446477, pages 9 - 11). These recommendations include:
- (a) Strengthening succession planning and ensuring effective management of the people agenda. This will be achieved through managing the composition of the Board to maintain a strong decision-

making body, agreeing key criteria for assessing the required composition of the Board, evaluating and developing the postmaster NED role and formalising rotations and the selection process.

- (b) Reviewing underlying processes, including promoting greater transparency to ensure all NEDs access content from Board and Committee meetings, ensure decisions are not taken outside of the formal governance structure and without proper debate, and to provide greater oversight of the work of NomCo and RemCo.
- (c) Consider and address the need to mitigate risks to corporate memory, fill skill gaps, and address lack of diversity.

7. Please summarise your experience of the board's relationship with and approach towards subpostmasters (SPMs).

63. To the best of my knowledge, the POL Board does not engage directly with SPMs and is distant from them. The connection with SPMs is through Mr. Ismail and myself as the postmaster NEDs, as set out in detail throughout my statement.

8. Please summarise your understanding and experience of the board's relationship with any key external stakeholders, such as the National Federation of SubPostmasters (NFSP), Communications and Workers Union (CWU), UK Government Investments (UKGI) and the Department for Business and Trade (DBT).

64. The NFSP is an independent members organisation supporting operators of Post Office branches and is acknowledged by POL as a representative body of operators. To the best of my knowledge, NFSP receives significant funding from POL to carry out its work. The NFSP represents approximately 800 postmasters. NFSP will negotiate with POL on postmaster matters such as pay. In my experience, NFSP is ineffective at protecting the interests of postmasters. It does not scrutinise POL's decisions (for example, around fair pay) or negotiate effectively and appears to lack independence from POL. I consider that postmasters need representation with the ability to properly challenge POL and advocate for postmasters.

65. The CWU represents approximately 100 postmasters but is a 'non-recognised' union for postmasters. The CWU are invited to certain meetings to represent their postmasters' interests, but they do not always attend.
66. Voice of the Postmaster ("**VOP**") is a group that was set up by independent postmasters around 18 months ago in response to their members feeling that their opinions were unrepresented. VOP now represent approximately 1000 postmasters. Recently, they started to write to the UK Government directly and spoke to the media, which meant that POL lost control of the narrative. Following this, POL have engaged with VOP and invite them to attend focus groups and to be more actively involved in Postmaster Policy reviews.
67. UKGI's role is to ensure that the UK Government's money is spent appropriately and that its investments are well managed. For example, they would take the case for systems upgrades to the Government on behalf of POL. The POL Board interacts with representatives of UKGI. I have not interacted with UKGI representatives regularly beyond Ms Gratton (and previously Mr. Cooper) who sits on the POL Board.
68. Representatives of DBT occasionally attend POL Board meetings, along with the Secretary of State or Post Office Minister. I had some discussions with DBT regarding policy but otherwise have had limited interactions.
69. In addition to the above, I understand that there is an ethical wall with the Treasury which prevents the POL Board or Senior Management from liaising directly with members of the Treasury.

C. TIMES ARTICLE 19 FEBRUARY 2024

9. Please consider RLIT0000201. Please set out in detail the matters raised in this article, the relevant background, chronology and individuals, and your account, including what caused you to believe that you were 'ignored and seen[...]as an annoyance' by other members of the POL board.

70. In January 2024 there was reporting in the news that Richard Taylor, the then Director of Communications, had been recorded saying that many postmasters were guilty. As a result of this reporting, Mr. Ismail and I spoke with Mr. Staunton

regarding our concerns and the issue that Mr. Taylor's comments were proof of our fear that there were people within the organisation who still believed that postmasters were guilty (specifically, our concern was around the Project Phoenix/Past Roles cohort). Our discussion was given the confidential name 'Project Pineapple'.

71. Mr. Staunton prepared a file note of our conversation on 14 January 2024 that he circulated to us for comment (POL00448302). As referenced in the file note, we discussed that postmasters who had not come forward to be exonerated were "guilty as charged" and that postmasters did not feel they were believed. We discussed the amount of power held by Mr. Foat and our experience of investigations treating postmasters as guilty until proven innocent. We also expressed concern that individuals who had been subject to criticism remained within POL, including Martin Roberts who I was told was separately under investigation. We requested that the Board address the culture in POL, which we considered toxic, and the establishment of a Board Committee on Culture on which Mr. Ismail and I would sit to ensure it was postmaster centric. We also asked to be on all committees including RemCo.
72. On 16 January Mr. Staunton circulated the file note of our conversation to the NEDs: Benjamin Tidswell, Brian Gaunt, Simon Jeffreys, Amanda Burton, and Andrew Darfoor (see POL00448299 and POL00448300). The email was titled Project Pineapple. I understand that the email was separately sent to Mr. Read, although I was not copied to this communication.
73. On or around 18 January 2024, the email was circulated by Mr. Read to colleagues, including Mr. Foat and Mr. Roberts. I cannot speak to why the email was circulated to Mr. Foat or Mr. Roberts and I was not copied to the email. Mr. Staunton notified the NEDs that the email had been circulated beyond the intended group. Mr. Read never apologised for his forwarding of the email to me directly or sought to help resolve the difficult situation his actions had caused which I was both surprised and disappointed by. Instead, he chose to blame Mr Staunton for sending the document unsecured on email. Mr. Staunton recognised that Mr. Ismail and I were now, "*exposed to further investigations from these two individuals [Mr Foat and Mr Roberts] particularly in view of the fact that the*

Investigations Team were “untouchable” (to use Nick’s words)”
(POL00448301).

74. Mr. Read described the Investigations team as “untouchable” in a NED-only meeting on Microsoft Teams on 18 January 2024. I understood this to be a reference to a process failure at POL which resulted in there being ineffective oversight of the current investigation team. There were two issues: (1) the Investigations team were investigating, or had investigated, a number of members of the POL Board and Senior Management including Mr. Staunton, Mr. Read, Mr. Roberts, Ms. Davies and myself. This meant that it was difficult for those members of the Board to exercise oversight or challenge over the Investigations team, in case it was suggested that there was a conflict of interest, and (2) POL’s “Speak-Up” function is overseen by the Investigations team. Therefore, if a “Speak-Up” report was made to the Investigations team it would essentially be investigating itself. As such Mr. Read was expressing his frustrating that it was difficult to hold the Investigations team to account as they were, in his words, “untouchable”.
75. Between 23 and 25 January 2024, Mr. Ismail raised several issues with Mr. Staunton and in preparation for the upcoming POL Board meeting (see POL00448304 and POL00448305). These issues included:
- (a) The confidential email on Project Pineapple being sent to individuals involved.
 - (b) The presence of employees previously identified as high risk in the historic Horizon IT scandal remaining within the POL workforce.
 - (c) The lack of credibility of the PM Engagement Team.
 - (d) A thorough investigation into all Non-Disclosure Agreements executed since Mr. Read took office as CEO.
 - (e) A review of the role of Mr. Foat as Legal Counsel to ensure transparency and accountability and a change of culture and indecision.

- (f) A change in the discriminatory culture targeting postmasters.
- (g) The establishment of an Oversight Committee featuring postmasters and NEDs and empowered to proactively act and ensure accountability among stakeholders.

76. Mr. Staunton was dismissed from his role prior to the January Board meeting and these issues were not discussed at the Board following his departure.

77. I understand that at some stage, these concerns were leaked to the press. The above is an account of my understanding of the issues raised in the article.

10. Please set out any other concerns (if any) you may have about your experience on the POL board.

78. The Board has received a number of updates on potential technology to replace Horizon.

79. The replacement of the Horizon system was already underway before I joined and had a Board sponsor (Ms Harrington) supporting the head of the project. No individual Board member has had the same engagement as Ms Harrington since her departure (partly due to her skill set not being replicated on the Board). The POL Board have been shown the technology at various stages - visiting the live site at Holborn and the test system in HQ. Whilst as a "replacement" it is beginning to show signs of capability, the key elements that Mr. Ismail and I have repeatedly called for have been ignored. For example, we have requested front facing screens to ensure compliance and enable the effective and faster selling of our services to customers, as well as self-serve and automation capabilities to reduce postmaster operating costs and to create a system fit for 2030 and beyond, rather than simply a copy of the existing Horizon processes. The current programme is late, overbudget and has had a series of governance and external reviews rating it poorly. I am concerned that the real extent to which the programme is proving challenging is being understated to the Board and the Investment Committee and we do not have sufficient visibility of the challenges in replacing the Horizon system.

80. To date, the issues surrounding this project are manifold and remain unresolved and unanswered. The Investment Committee continues to challenge the project due to it being overdue and overbudget. The project speaks to the governance issues with POL, as highlighted by Grant Thornton's report. A lot of work is now underway to improve the project and I am hopeful following the Chair's appointment of additional, experienced interim leadership to the Senior Executive team - along with the current external strategic review being carried out by Teneo - we will have a clearer view on how to remedy the current failings of the project and more widely the business.

D. ANY OTHER MATTERS

81. In summary, in my experience there is desire within the POL Board to effect change following the issues identified during the Inquiry and previous legal cases. I have some reservations about the effectiveness of the Senior Leadership and its ability to challenge issues, make difficult decisions, and secure change within POL. However, I hope that with better continuity of Board members, better management of initiatives, and sufficient oversight we can improve the effectiveness of the Board and Senior Leadership to deliver real and lasting change in the organisation.
82. I have serious concerns about how investigations into postmasters continue to be conducted following my experience of an investigation in 2023. I am particularly concerned about the way the investigation was conducted following the lessons learned from the GLO and many of the issues raised in the Inquiry. It suggests to me that there remain parts of POL where postmasters are treated as "guilty", and the burden is on them to disprove allegations. There needs to be greater oversight of the teams carrying out investigations to ensure that they are accountable for how investigations are conducted and a separation of whistleblowing from the Legal and Investigations teams.
83. That being said, I recognised the significant efforts that POL has made to respond to the issues raised in the Inquiry and the steps taken to put postmasters at the centre of the organisation (such as the creation of the postmaster NED role). I hope that going forward we continue to strengthen

the relationship with postmasters and listen to them to make sure that this does not happen again. This work has begun but is far from finished.

84. POL and its Senior Leadership have consistently struggled to make critical decisions over my time on the board. POL lacks the ability to think proactively and often fails to make tough decisions that have consequences (Project Phoenix and Past Roles for example). This inability to make the hard and right decisions has been its failing in the past and it risks remaining an organisation unwilling to learn that making tough but necessary decisions is a key part of leadership. The organisation does not seem to act effectively without a clear checklist to follow. When clearly tasked with a set of actions it is capable of meeting them, given the appropriate challenge, guidance, support and funding.

85. I believe the Grant Thornton report and the upcoming Teneo review will help the business with the challenge of evolving to become the Post Office that postmasters, the Government and its communities need. The implementation of a new IT system, the continuing development of the postmaster NED role, better engagement across the business with postmasters, improved postmaster remuneration and real strategic decision making are key initiatives which lie at the heart of effective change. My expectation is that with the recent changes in leadership these initiatives will be properly implemented in the spirit of the Grant Thornton report.

Statement of Truth

I believe the content of this statement to be true.

Signed: **GRO** Elliot Jacobs

Dated: 15 August 2024

Index to First Witness Statement of Elliot Jacobs

No.	URN	Document Description	Control Number
1.	WITN11180101	Emails between E Jacobs, A Morley, J Bartlett, B Foat dated 14 to 16 March 2023	WITN11180101
2.	WITN11180102	Letter from J Bartlett to E Jacobs dated 15 March 2023	WITN11180102
3.	WITN11180103	Emails between E Jacobs, J Bartlett, A Morley dated 20 March 2023	WITN11180103
4.	WITN11180104	Letter from J Bartlett to E Jacobs dated 8 February 2024	WITN11180104
5.	WITN11180105	Draft Terms of Reference for 'Review of the Department of Business & Trade Select Committee Statements & Correspondence (DBTSC) Confidential report to the POL Board' dated 20 March 2024	WITN11180105
6.	POL00448303	Emails between H Staunton, E Jacobs, S Ismail, N Read dated 16 January to 17 January 2024	POL-BSFF-WITN-006-0029992
7.	POL00448306	Email from P Quinn to E Jacobs, S Recaldin, D Willis, J Marwood, P Heap, L O'Neill, J Adams, E Hocking dated 27 November 2023	POL-BSFF-WITN-009-0000001
8.	POL00448307	Draft 'Past Roles Review Panel Roles and Accountabilities' dated 30 October 2023	POL-BSFF-WITN-009-0000002
9.	POL00446477	Grant Thornton 'Post Office Limited – Governance Review' dated 25 June 2024	POL-BSFF-099-0000003
10.	POL00448309	Emails between E Jacobs, K McEwan, A Burton, O Woodley, N Read, B Tidswell, S Ismail, B Gaunt, Darfoor, S Jeffreys, L Gratton, C Brocklesby dated 9 to 10 February 2024	POL-BSFF-WITN-009-0000004
11.	POL00448297	Email from E Jacobs to S Ismail, B Tidswell, L Gratton, B Gaunt, A Darfoor, S Jeffreys, N Read, A Burton, K McEwan, O Woodley dated 19 April 2024	POL-BSFF-WITN-004-0060544
12.	POL00448298	Emails between B Tidswell, E	POL-BSFF-WITN-004-

		Jacobs, N Read, L Gratton, B Gaunt, S Ismail, S Jeffreys, A Burton, A Darfoor, K McEwan, N Marriott, O Woodley dated 26 to 27 April 2024	0060957
13.	POL00448308	Terms of Reference for 'Past Roles Project'	POL-BSFF-WITN-099-0000003
14.	POL00448302	Emails between H Staunton, S Ismail, E Jacobs, D Blanchard dated 14 to 15 January 2024	POL-BSFF-WITN-006-0029777
15.	POL00448299	Emails H Staunton, B Tidswell, B Gaunt, S Jeffreys, A Burnton, A Darfoor, S Ismail, E Jacobs dated 15 to 16 January 2024	POL-BSFF-WITN-005-0010717
16.	POL00448300	Emails between H Staunton, S Ismail, E Jacobs dated 14 to 15 January 2024	POL-BSFF-WITN-005-0010720
17.	POL00448301	Email from H Staunton to A Burton, A Darfoor, S Ismail, E Jacobs, S Jeffreys, B Tidswell, B Gaunt dated 18 January 2024	POL-BSFF-WITN-005-0010781
18.	POL00448304	Emails between E Jacobs, S Ismail, H Staunton dated 24 to 26 January 2024	POL-BSFF-WITN-006-0030695
19.	POL00448305	Document attached to POL00448304 – issues raised with Chairman	POL-BSFF-WITN-006-0030696