

Witness Name: Kemi Badenoch

Statement No.: WITN11480100

Dated: 26 September 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF RT. HON KEMI BADENOCH MP

I, Kemi Badenoch, will say as follows.

Introduction

1. I make this statement in response to the Inquiry's request for evidence dated 22 July 2024 ("the Rule 9 request"). I have prepared it with the support of the Government Legal Department and counsel. I served as the Secretary of State for Business and Trade at the Department for Business and Trade ("DBT" or "the Department") from 7 February 2023 until 5 July 2024.
2. I have been asked by the Inquiry to provide my written evidence in two statements. This is the first. It addresses the dismissal of Henry Staunton as the Post Office Chair.

Background

3. I hold a master's degree in engineering and after completing my studies in 2003 I started my career at the CGI Group working as a software engineer. I then worked as a systems analyst at RBS before moving on in 2006 to work at Coutts as an Associate Director. I left Coutts in 2013 and took up a position as Digital Director at The Spectator. Whilst working I obtained an undergraduate degree in law.
4. I was elected as Member of Parliament for Saffron Walden in 2017 and re-elected in 2019. Following boundary changes, I was elected as MP for North West Essex in the 2024 General Election.

5. From 27 July 2019 until 13 February 2020 I served as Parliamentary Under Secretary of State at the Department for Education. I was then appointed as the Exchequer Secretary to HM Treasury on 13 February 2020 and served in this role until 15 September 2021. Whilst in that role I also served as the Minister of State (Minister for Equalities) in the Cabinet Office from 14 February 2020 until July 2022.
6. Between 16 September 2021 and 6 September 2022 I served as Minister of State at the Department for Levelling Up, Housing and Communities.
7. From 6 September 2022 until 7 February 2023, I served as the Secretary of State for International Trade and President of the Board of Trade. From 25 October 2022 I also served as Minister for Women and Equalities.
8. I was appointed Secretary of State for Business and Trade on 7 February 2023, and continued in this post until 4 July 2024. Throughout this time, I remained President of the Board of Trade and Minister for Women and Equalities.

Henry Staunton's departure

9. Henry Staunton was appointed as the Chair of Post Office Limited ("POL") on 2 September 2022 and his tenure began on 1 December 2022. This was prior to my time as Secretary of State and I was not involved in his appointment.

Concerns regarding Mr Staunton's conduct

10. On 24 January 2024, I received a written submission dated 23 January 2024 prepared by UKGI and Departmental officials (BEIS0000868), in which I was advised of specific concerns in relation to Mr Staunton's conduct and his suitability for office. The specific concerns identified in the submission were:
 - (1) That he had repeatedly attempted to shut down a whistleblowing investigation into his conduct.
 - (2) That he had engaged in aggressive, intimidating and disrespectful behaviour to other board members and members of the POL executive team.
 - (3) That he showed continued poor understanding of the public sector aspect of POL's work and poor judgement.
 - (4) That he had disregarded proper governance processes as POL's Chair, most recently by announcing the appointment of a new Senior Independent Director for POL without

following formal consultation with the Board, following Board processes or seeking shareholder approval as required.

(5) That he had failed to provide constructive support to POL's CEO.

11. The submission recommended that I should decide that Mr Staunton could not continue in his role as Chair and that, if I agreed, I should offer him to opportunity to resign rather than exercise my power under Article 42(a) of POL's Articles of Association to remove him.
12. The submission also informed me that POL's Board was due to meet on 29 January 2024 and that a decision should be made before that meeting, with a risk that at least one board member would resign if Mr Staunton remained in post.
13. The submission was forwarded to my private office (and also to the Minister Kevin Hollinrake's private office) by email (BEIS0000869), in which it was stated that "*The submission reflects the Permanent Secretary's view, as well as that of GLD and UKGI lawyers.*"
14. My private office placed the submission, together with a box note, in my overnight box on 24 January 2024. The box note (BEIS0000870) stated that the recommendation to remove Mr Staunton came from the Senior Independent Director and the RemCo chair, and that the concerns included allegations of misogyny and racism against Mr Staunton. It also stated that officials agreed that Mr Staunton's conduct and judgement made him unsuitable to continue as Chair, because:
 - "1) He had not offered the leadership and cultural change the Post Office needs;*
 - 2) Has been acting increasingly erratic and disruptive for the business, including several outbursts in the office and other incidents;*
 - 3) Acted in an unacceptable manner by seeking to stop the investigations against himself."*
15. The box note stated that "**Minister Hollinrake and Perm Sec both recommend removing him without inviting him to resign**".
16. I note that the submission, which was addressed to both the Minister and me, states that "*We have previously expressed concerns to you about Henry Staunton's suitability to be Chair of the Post Office Board*". Whilst there would have been some mentions of this in meetings, and I was generally aware that there were some concerns about Mr Staunton which were being handled by UKGI, I had delegated the issue to the Minister Kevin

Hollinrake. So far as I recall, I was not aware of the specifics prior to receiving this submission on 24 January 2024.

27 January 2024 telephone call with Mr Staunton

17. I read and considered the submission (I expect this was overnight on 24-25 January, when the submission was in my overnight box) and decided – in agreement with Kevin Hollinrake and the Permanent Secretary – that Mr Staunton should be removed from post without being given the opportunity to resign. These were clearly very serious concerns, and included some very serious allegations, and the issue needed to be dealt with seriously.
18. I communicated this decision to my private office officials, and told them that I wanted to speak to Mr Staunton in order to inform him of my decision.
19. On 26 January 2024, officials asked me when I would like to speak to Mr Staunton, indicating that this should take place by the end of Monday 29 January at the latest, and preferably earlier (BEIS0000871).
20. I understand that officials made a number of attempts through a number of different channels to reach Mr Staunton in order to line up a call, but they were unsuccessful.
21. On Saturday 27 January 2024, I was informed that the media had become aware of the decision to remove Mr Staunton. Pausing there, it is right to record that I was and am very angry at the fact that my decision leaked to the media. Leaks of this type debilitate government, and lead to inaccurate reporting making it more difficult to get the truth out. And clearly this was not the right way for Mr Staunton to learn of my decision; I wanted to spare him any public embarrassment. (As Mr Staunton described it in our subsequent call, the leak was “appalling”.)
22. Upon being informed of the leak, I called Mr Staunton as soon as possible and he answered. We had a brief conversation.
23. I am aware that the call was recorded, and I have asked DBT officials to provide a copy of the audio recording, though I have been informed that it has not been possible to locate a copy of the recording prior to my finalising this witness statement. I have made clear that I would like DBT to do everything it can to find it, and to provide a copy to me and to the Inquiry if and when they do so.

24. I have, however, been provided with a copy of a note prepared by my former private secretary, Annie Leigh (BEIS0000931), in which she sets out a verbatim transcript of the recording after some preamble in which I read from a script prepared for me in advance by officials (BEIS0000930).
25. I believe that this note formed the basis for an edited minute of our conversation which was later published (BEIS0000872).
26. In summary, I told Mr Staunton that he was being removed as Chair due to the concerns that had been raised about his conduct and suitability for the role, in line with the 23 January submission and 24 January box note referred to above.
27. Later the same day, Carl Creswell (Director of Business Resilience at the Department), wrote to Mr Staunton providing formal notification of my decision to remove him as Chair of POL with immediate effect (BEIS0000866; BEIS0000867).

The Times and Sunday Times Articles

28. On Sunday 18 February 2024 – around 3 weeks after his sacking – The Sunday Times published an article (“the Sunday Times Article”) based on an interview with Mr Staunton (RLIT0000256). The Sunday Times Article reports that Mr Staunton had made various serious allegations against the Department and an unnamed “fairly senior person”.
29. On Monday 19 February 2024, the day after the Sunday Times Article was published, I made a statement to the House of Commons (Post Office Governance and Horizon Compensation Scheme - Hansard - UK Parliament) responding to the allegations made by Mr Staunton.
30. I address the specific allegations below, insofar as they pertain to my reasons for sacking him and our conversation of 27 January.
31. First, Mr Staunton was reported to have alleged that I told him during our call that the reason I was sacking him was “*Well, someone’s got to take the rap*” for the Horizon scandal, the suggestion being that my decision to remove him was some sort of sham public relations exercise. This is completely and utterly false. I never said anything of the sort. To the contrary, and as the transcript demonstrates (BEIS0000931), I was *extremely* clear that I was dismissing him because of the very serious concerns about his conduct and the importance that I placed on a cultural reboot at POL. (I understand that the complaints

against him were later substantially upheld.) Given the interview took place so shortly after our conversation, I can only conclude that Mr Staunton's allegation was intentionally dishonest – being designed either to protect the reputation that he told me he was “jealous” of, or to cause embarrassment to the Government.

32. The Sunday Times Article also stated that *“The trigger for Staunton’s ousting was a row over the appointment of a new senior independent director. The government wanted a Whitehall insider but the Post Office board voted for Andrew Darfoor, a financial services veteran who was already a director. “That was a big part of it,” Staunton said. “I feel that I was acting as the servant of the board, and I wouldn’t change one jot of it. There was frustration, ‘He’s too postmaster-centric and he doesn’t do what we tell him””.*

33. Assuming it fairly reflects what Mr Staunton told the Sunday Times, this was a dishonest account of what I told Mr Staunton were the reasons for his dismissal, and it reinforces my view that he was not fit to serve as Chair of the Post Office and that we were right to sack him. The concern, shared with officials, the Permanent Secretary and the Minister, was one of governance. Contrary to the assertion in the Sunday Times Article, the Post Office board had *not* voted for Andrew Darfoor as new Senior Independent Director – indeed, the concern was that Mr Staunton had bypassed the board, failed to obtain the Government’s agreement as shareholder and unilaterally announced Mr Darfoor’s appointment. The issue was not the identity of the Senior Independent Director; the issue was Mr Staunton’s disregard for proper governance, in circumstances where improved governance was at the heart of our plans to improve the Post Office.

34. As I stated in the House of Commons (RLIT0000343):

“Mr Staunton claims that I told him that “someone’s got to take the rap” for the Horizon scandal, and that was the reason for his dismissal. That was not the reason at all. I dismissed him because there were serious concerns about his behaviour as chair, including those raised by other directors on the board. My Department found significant governance issues. For example, a public appointment process was under way for a new senior independent director to the Post Office board, but Mr Staunton apparently wanted to bypass it and appoint someone from the board without due process. He failed to properly consult the Post Office board on the proposal; he failed to hold the required nominations committee; and, most importantly, he failed to consult the Government, as a shareholder, which the company was required to do. I know that hon. Members will agree with me that such a cavalier approach to governance was the last thing we needed in the Post Office, given its historical failings.

I should also inform the House that while Mr Staunton was in post, a formal investigation was launched into allegations made regarding his conduct, including serious matters such as bullying. Concerns were brought to my Department's attention about Mr Staunton's willingness to co-operate with that investigation."

35. Second, Mr Staunton alleged that I failed to apologise for the fact that he first learned that he was to be sacked via the media. This, too, is untrue. Indeed, as the transcript of the call records (BEIS0000931), I apologised for and stated that I was very angry at the leak, and agreed that "It is appalling". Again, if he did say what was reported in the Sunday Times Article, I can only conclude it was a deliberate lie.

36. As I stated to the House of Commons (RLIT0000343):

"Mr Staunton alleges that I refused to apologise to him after he learned of his dismissal from Sky News. That was not the case. In the call he referenced, I made it abundantly clear that I disapproved of the media breaking any aspect of the story. Out of respect for Henry Staunton's reputation, I went to great pains to make my concerns about his conduct private. In fact, in my interviews with the press, I repeatedly said that I refuse to carry out HR in public. That is why it is so disappointing that he has chosen to spread a series of falsehoods, provide made-up anecdotes to journalists and leak discussions held in confidence. All that merely confirms in my mind that I made the correct decision in dismissing him."

37. In the Sunday Times Article, Mr Staunton was reported as saying that when he was first appointed, he was told by a "relatively senior person" within the Government to stall compensation payments to SPMs so as to "limp into the election". I was not in office at the time and cannot speak first hand to this allegation. However, there was nothing that I saw when I came in to post or since that would lead me to believe it was true.

38. As I stated in the House of Commons:

"Finally, Mr Staunton claims that when he was first appointed as chair of the Post Office, he was told by a senior civil servant to stall on paying compensation. There is no evidence whatsoever that that is true. In fact, on becoming Post Office chair, Mr Staunton received a letter from the permanent secretary of the Department for Business, Energy and Industrial Strategy, Sarah Munby, on 9 December 2022, welcoming him to his role and making it crystal clear that successfully reaching settlements with victims of the Post

Office scandal should be one of his highest priorities. That letter is in the public domain. The words are there in black and white, and copies of the correspondence will be placed in the Libraries of both Houses.”

39. On Wednesday 21 February 2024, The Times published a further article (“the Times Article”), said to be based on a file note of a meeting on 5 January 2023 between Mr Staunton and Sarah Munby, then the Permanent Secretary at the Department for Business, Energy and Industrial Strategy, and which Mr Staunton appeared to claim was when he was told to stall compensation payments (RLIT0000345).
40. I understand that a meeting took place between Ms Munby and Mr Staunton on 5 January 2023, shortly after Mr Staunton took up his post, and followed a letter sent by Ms Munby to Mr Staunton on 9 December 2022 congratulating him on his appointment and setting out the Department’s key strategic priorities for POL over the coming year. I note that one of the three key objectives set out in that letter was “*engaging positively with the Post Office Horizon IT Inquiry and implementing change, including resolving historical litigation issues, successfully delivering the Strategic Platform Modernisation Programme (SPMP), and reaching settlements with claimants*” (BEIS0000621; BEIS0000607). I shared these objectives throughout my time in office.
41. Ms Munby wrote to me on 21 February 2024 following the publication of the Times Article (RLIT0000355). She provided me with her response to the allegations made in the two articles. That correspondence was made public (Response to claims on the governance of Post Office Limited - GOV). I have no reason to doubt the truth of what she said in her letter. Indeed, bearing in mind the dishonesty Mr Staunton has exhibited in his account of my conversation with him, I have little doubt that his claims about what she said to him are also false.
42. The Times Article also refers to my 19 February 2024 statement to the House, and asserts that “*the discovery of the January 5 memo*” referring to Mr Staunton’s contemporaneous note of his meeting with Ms Munby on 5 January 2023 (BEIS0000752; RLIT0000254) “*now raises serious questions over the accuracy of Badenoch’s denial and her decision to brand Staunton a liar*”. I simply do not understand the logic of this statement. I told Henry Staunton the reasons why I was firing him during our phone call. These are recorded in the transcript, and reflect the submission and box note I received. They were entirely good and sensible reasons to justify his dismissal. Mr Staunton then went to the Sunday Times and publicly lied about the reasons I had given him for his dismissal. The contents of a note of a meeting which took place over a year earlier, in which I was not involved, which do not

No	URN	Document Description	Control Number
1	BEIS0000868	Written submission from Lorna Gratton to Minister Hollinrake and Secretary of State re: For Decision - Henry Staunton's suitability to be Chair of POL	BEIS0000868
2	BEIS0000869	Email from Lorna Gratton to Minister Hollinrake and Kemi Badenoch re: Post Office Chair - urgent advice	BEIS0000869
3	BEIS0000870	Box Bote - Letter for HMT re Liberty Steel (DBT Report: Business Sectors (3)	BEIS0000870
4	BEIS0000871	Box Note: Housekeeping (9)	BEIS0000871
5	BEIS0000931	Transcript of conversation between Secretary of State and Henry Staunton	BEIS0000931
6	BEIS0000930	Sat - Post Office Chair Call	BEIS0000930
7	BEIS0000872	Note of call between Secretary of State for Business and Trade (SoS) and Henry Staunton	BEIS0000872
8	BEIS0000866	Email from Carl Creswell to Henry Staunton re: Letter for Henry Staunton on behalf of Secretary of State	BEIS0000866
9	BEIS0000867	Letter from Carl Creswell to Henry Staunton re: Termination of Henry Staunton as Non-Executive Chair of POL	BEIS0000867
10	RLIT0000256	The Sunday Times Article: Post Office boss: I was told to stall compensation to help Tories	RLIT0000256
11	RLIT0000343	Post Office Governance and Horizon Compensation Schemes - Volume 745: debated on Monday 19 February 2024	RLIT0000343
12	RLIT0000345	The Times Article - Post Office boss was told 'don't rip off the band aid' on finances - Oliver Shah 21/02/2024	RLIT0000345
13	BEIS0000621	Email thread between UK Government Investments and Department Of Business, Energy and Industrial strategy - 'RE: OS COMMERCIAL: Perm Sec letter to new POL Chair'	VIS00014236
14	BEIS0000607	Letter from Ms Sarah Munby to Mr Henry Staunton re Strategic priorities that BEIS would like Post Office to focus on	VIS00014222
15	RLIT0000355	Response to claims on the governance of Post Office Limited, gov.uk webpage	RLIT0000355
16	BEIS0000752	Email from Rebecca Stockbridge to Brooks-White and Ed Baird re: FW: [Briefing Request - midday Friday 23/12] RE: Attached Letter from Henry Staunton, Chairman.	VIS00014367
17	RLIT0000254	email from Henry Staunton to Nick Read re : Henry Staunton's Note of Meeting with Sarah Munby on 5 Jan 2023	RLIT0000254

18	RLIT0000344	Letter from RT Hon Kemi Badenoch MP to RT Hon Liam Byrne MP re: Post Office Chair Allegations	RLIT0000344
19	RLIT0000371	Article re Post Office boss told: 'Stall payouts so Tories can limp into election'	RLIT0000371
20	RLIT0000372	Article re 'I'd only been at the Post Office since 2022. But Badenoch told me: Someone must take the rap'	RLIT0000372
21	RLIT0000272	Horizon Compensation Advisory Board. Report of eleventh meeting held on 22 February 2024	RLIT0000272
22	BEIS0000917	Email from Permanent Secretaries to David Bickerton, Carl Crewell, Roshana Arasaratnam and others re: [Briefing Request - midday Friday 23/12] RE: Attached Letter from Henry Staunton Chairman	BEIS0000917