Witness Name: Alan Barrie

Statement No.: WITN11200100

Dated: 31st October 2024

POST OFFICE HORIZON IT INQUIRY

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FIRST WITNESS STATEMENT OF ALAN BARRIE

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I, Alan Barrie, will say as follows:

INTRODUCTION

1. I am a former employee of Post Office Limited ("**POL**"). I have set out my professional background at paragraphs 8 to 33 below.

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 19 August 2024 (the "**Request**"), and in response to the questions raised in that Request.

3. As an overarching point, I left POL in 2004. I have addressed the questions put to me by the Inquiry honestly and to the best of my ability, based on my memory of evidence. However, I would like to highlight that I am being asked to comment on events which took place over twenty years ago, and it has been difficult to recall with precision certain meetings, dates and information. Similarly, some of the matters I have been asked to comment on are outside

my personal knowledge. Where that is the case, I have indicated this.

4. There has also been a large amount of media coverage around the Horizon IT system ("**Horizon**"), the prosecutions of sub-postmasters, and the legal challenges brought over the past few years. As a result of this, it is inherently difficult to separate out what I knew at the time with what I have subsequently become aware of through such coverage.

5. I have tried my best to provide accurate information to the best of my recollection and have answered the Inquiry's questions honestly, however the period of time since these events and since I have left POL does make it difficult to answer some of the questions, which relate to events many years ago.

6. I have followed the Inquiry as closely as possible and I have been shocked by issues exposed by it. It has caused me to reflect on my time at POL and I am genuinely sorry for the dreadful impact these events have had on affected sub-postmasters and their families. Given what I know now, part of me wishes that I had stayed longer at POL. Had I seen the need to draw attention to a fundamental problem with Horizon, I believe I would have done so, but for now I am grateful to have the opportunity to address the questions posed to me by the Inquiry.

7. I instructed a law firm, Kingsley Napley LLP, to assist in the preparation of my statement.

Professional Background

8. I completed 6 Highers at school and went to university in Edinburgh to study business and accounting. I did not complete my degree, however, moving

back to Inverness to manage a family start-up business, BM Trucks, which I did until 1982.

9. In 1982 I became a branch manager at Transport International Pool in Edinburgh, where I worked until 1985. In this role, my biggest customer was Royal Mail Letters ("**RML**"). When they advertised for a mails network inspectors' ("**MNI**") role in RML, which was a subsidiary of Royal Mail Group **("RMG")** at the time, I decided to apply for it.

10. As a result, I joined RML on 1 November 1985. MNIs were graduate entrants and relevant industry job changers who were to become a cadre of highly trained change management experts, capable of dealing with large-scale, complex projects and expected to bring this acquired expertise into senior management positions in due course. Our intensive classroom training, interspersed with block release project work, was akin to a modern-day apprenticeship. This was largely an operational role and I was involved in a number of major transport projects, including, for example, redefining the "letter flow" into and out of Scotland to minimise manual handling and maximise quality of service. This was a typical MNI project and involved a major change in logistics mode from rail to air/road, which had significant commercial benefits. I worked all over the country (Belfast, Carlisle, Glasgow, Edinburgh and London) and advised local managers on logistics and mails circulation requirements.

11. Following a temporary promotion in November 1988, dealing with the aftermath of major industrial action in the South of England, I was promoted in August 1989 to my first substantive senior management role in the York

Area, part of the Northern Territory of RML.

12. My initial role was Area Planning Manager for the York Area, where I was involved in planning and change management as well as technical projects, such as the programming of sortation systems. In 1991 I became Area Processing Manager, where I line managed the York and Hull automated mail centres, as well as their linked delivery offices. During this time, we developed the materials handling systems in York which are still used today throughout Royal Mail and we pioneered new technology systems, working closely with Toshiba engineers.

13. In September 1992 I moved to RML Headquarters (**"HQ"**) in London to be the Personal Assistant (**"PA"**) to Peter Howarth, then Managing Director of RML. I stayed in this role until July 1994.

14. I was then promoted to become Distribution Director of Anglia Territory in RML, where I ran the transport fleet, co-ordinated quality uplift programmes and oversaw major building projects for the Territory.

15. I worked in this role until February 1996, when my General Manager (John Modd) was promoted to become COO of RML, and he offered me a role as his Operations Design Director. In this role I was responsible for developing the Royal Mail operational strategy, including the application of new technologies to core processes. Royal Mail's engineering and technology function reported to me at the time and I reported to the COO of RML, until September 1999.

16. On 27 September 1999, as part of a major business restructuring, I joined the Post Office Network ("**PON**") (one of three business units which previously

made-up Post Office Counters Ltd). PON was a separate business to RML and I had had very little previous exposure to it.

17. I transitioned into the role of Operations Director at PON, where I reported to David Miller who was Managing Director of the business unit. I initially managed operational support services and developed new processes, but without line accountability for the day to day operations, which lay with three Regional Directors (Eric Logan, John Main, Jon Millidge), or Horizon deployment which lay with the Automation Director (David Smith).

18. When I started in this role, there was an underlying view that the Post Office was in trouble, as there were major financial difficulties. The business had been slow to modernise, so I quickly got involved in business development areas, to try to bring in new business processes and revenue streams, new retail partnerships and more effective branch formats. At that time the Post Office was also subject to a Cabinet Office (Performance & Innovation Unit) review led by Charles Clarke MP and my team contributed significantly to its report (*Counter Revolution: Modernising the Post Office Network*), which was published in June 2000 with a foreword by Prime Minister Tony Blair.

19. In mid-2001, I had to cover for David Miller for approximately 5 months. On 1 October 2001, POL was created, merging various business units back into a single company and formally replacing Post Office Counters Ltd which had been reduced to an umbrella entity for the previous two years. POL remained a subsidiary of RMG but it had its own memorandum and articles of association, board, etc.

20. Following the restructure, I was initially employed as Major Change & IS

Director, although this was not a formal directorship registered with Companies House. I initially reported to Paul Rich who was the temporary CEO until David Mills was recruited in April 2002, but I also had a dotted reporting line to the RMG CIO (Les Graney then David Burden), with whom I met on a regular basis.

21. This role was fundamentally different from my previous one, as I was given responsibility for major change co-ordination across the entire business. As Horizon had now been fully rolled out as PON's core operating system, it was also at this point that I took responsibility for the management of Horizon, as all subsequent changes would need to be implemented through this newly automated system, and for the commercial relationship with Fujitsu (see paragraph 62).

22. In September 2002 my job title was changed to IT Director by David Mills and I was formally appointed as a board member with Companies House. In terms of my day-to-day role nothing changed and I remained in charge of co-ordinating the approach to change across PON and managing the relationship with Fujitsu.

23. As IT Director, four people reported directly to me: Mike Wells, who was the Information Systems Director and had a strong technical background; David Smith, the Delivery Director, who had lengthy experience of dealing with Fujitsu at this stage, having been the Automation Director during roll-out and involved in the initial procurement; Delwar Kang, the Change Portfolio Manager; and Ian O'Driscoll, the Commercial Director.

24. In terms of my qualifications for my various roles, I had considerable

experience in managing major technology companies and procurements. I had been involved in a number of aspects of technology for a number of years, and I had significant relevant experience in change management, portfolio management, and supplier management on a global scale.

25. However, I have always had enough self-awareness to understand where the limits of my expertise lay and would regularly take steps to fill gaps in my knowledge, often by seeking out relevant training. For example, when I became Major Change & IS Director, I asked the RMG senior management development lead to find me the best course to assist me in preparing for this role. In the summer of 2001, immediately prior to taking up the role, I took part in an immersion course run by Gartner in the US, which was effectively a CIO bootcamp. I attended other executive development courses at key moments in my career, at recognised education establishments such as Harvard (USA), IMD (Switzerland) and IESE (Spain), and Royal Mail were active from the outset in developing my senior manager change disciplines and qualifications, for example through PRINCE 2 project management accreditation, European Foundation for Quality Management accreditation and Certification in Professional Competence (transport). I also made sure that I had subject matter experts around me who were knowledgeable in the areas where I did not have specific expertise.

26. I was IT Director until May 2004, when I returned to RML as Operations Support Director (subsequently changed to Operations Strategy & Design Director to reflect the primary focus of the role) to work on the Royal Mail modernisation strategy, optimisation planning, technology application,

systems procurement, equipment design, fleet management and property infrastructure rationalisation. David Smith took over my role at POL as interim IT Director, pending the recruitment of Ric Francis, as he was the most experienced of my direct reports.

27. Adam Crozier had by then become the CEO of RMG as well as Managing Director of RML and, as the latter business was losing approximately £1m a day, failing quality targets and getting very bad press, he wanted to bring together a new team to find some solutions. He came to me and asked me to join the team to lead on planning and strategy development. I also became Royal Mail's media spokesman, a role I had also carried out for POL.

28. Overall, it was a bigger job and it was one that I wanted as I felt I had unfinished business back in RML. I ultimately remained in this role until my departure from RMG in October 2008, having embedded the modernisation strategy and completed the £1.2bn procurement of the enabling technologies to deliver it.

29. From January 2009 until April 2011, I set up as a freelance change agent, advising TNT Post (now Post NL) on a potential acquisition, Royal Mail on an induction programme for new Directors and from September 2009, alongside my freelancing role, I started working for HM Passport Office. I initially worked there for 3 months advising them on recovering a major IT project (the National Identity Card) and then stayed on for a year as interim Operations Director to manage the subsequent changes. I left this role in August 2010.

30. In April 2011 I joined International Post Corporation (IPC), a collaborative venture owned by leading postal operators, including Royal Mail, in Brussels

as Director of Operations and Technology. Through this role, I also became the independent chair for a number of International eCommerce collaborations. I continued in these roles until July 2017 when I returned to the UK.

31. After I left IPC, I took a break and spent some time with my family in Scotland. Then, from November 2017 until June 2019 I refocused to become a senior advisor on sustainable logistics for a number of companies, including Transport for London **("TfL").**

32. In June 2019, I started working for TfL as a Senior Advisor on eCommerce & Urban Logistics. They wanted assistance with their sustainability programme, specifically in the area of urban logistics and last-mile parcel delivery, but ultimately due to Covid-19, the company was unable to progress any of its projects due to the severe financial impact of the pandemic.

33. In June 2020, I was asked by TfL to set up my own company to take forward the main sustainability project identified during my time there, so I founded Delivering London Limited which I currently chair. I am also the chair of Stamp Free Limited. I also act regularly as a moderator and speaker at major industry events in Europe.

The POL board

34. As PA to the Managing Director of RML, I was given good insight into the development of strategy and business plans, and the monitoring of deployment and performance management within a major business. Although I co-ordinated the activities of the Royal Mail executive committee and any proposals taken to the RMG board, I would not have put the information

together myself and did not participate in RMG board meetings. However, I believe this experience prepared me well for my future role on the POL board.

35. As HM government was the sole shareholder of POL, I was aware that POL had to agree the overall business objectives, strategies and delivery plans with the government. The business was also likely to be ultimately reliant on government as a source of funds. I was also mindful of the ethical obligations on a company wholly owned by the government.

36. I started to attend some POL board meetings from the outset, i.e. before I was formally appointed as a director, but it was following my appointment at Companies House in September 2002 that I developed a keener sense of the fiduciary responsibilities of a director and an awareness of their financial obligations as RMG provided specific instructions and training in this area. The initial POL board meetings were dominated by a single issue: whether POL was a going concern or not. Dealing with this critical risk required a number of guarantees and funding assurances to be put in place by the parent company RMG and by HM government, with personal assurances being provided at the time by the Secretary for State in the Department of Trade and Industry, Patricia Hewitt MP.

37. More generally, my view is that the board is responsible for developing the business strategy, taking into consideration the operating context, developing a business plan to deliver the strategy and for ensuring that the right resources are in place to ensure delivery to plan.

38. I was clear that if I was a director, then I needed to take responsibility for the decisions being made and direct strategy. Therefore, when it came to IT, I felt

it was my responsibility to manage that area.

39. POL board meetings were held on a bi-monthly basis, although we would also have executive meetings in the interim, where we would discuss strategy, which then needed to be signed off by the board.

40. POL board had reserved powers, which meant that certain things required further signing off by the RMG board. One example of this is the fact that POL board only had authority to agree contracts up to a value of £10m, so for example the Fujitsu contract needed to be approved by RMG board.

41. The POL board was well structured and my view is that matters were taken seriously, papers were properly prepared and authorised, and any presentations were checked over. Discussions were very open and board members were encouraged to air their views. In particular, after Sir Michael Hodgkinson joined the board, he encouraged open debate about relevant topics.

42. Personally, I would have had some executive input at the board. At a high level, I had oversight of POL's IT at that time, including some of the business's major priorities such as Network Banking deployment and the Fujitsu contract renegotiation. Ultimately, my role was managing the IT contracts to deliver against their requirements, as well as any major changes or problems post sign-off.

43. Although the members of the board were not technical experts per se, everyone would have had some awareness of systems management and many would have had experience of managing commercial contracts. I was the change co-ordinator, so I had experience in managing systems and

suppliers, but I was not an out and out technologist. I would have relied on the people reporting to me who had deep technology experience, such as Mike Wells, Clive Reid and Paul Homan, who were all pure technicians, to fill the gaps in my knowledge and advise as required. However, they would not have been in the room during board meetings, unless a specific topic required it.

44. Various reports were submitted in advance of board meetings. These would have been dealt with by the various department representatives, so as IT director, I would have been responsible for the IT report. I would have invited members of my team to contribute to the report, which would have contained updates on significant IT changes, as well as on the team's objectives and priorities.

45. The other executive reports that regularly went to the board were as follows: Operations (David Miller), Finance (Peter Corbett), Sales and Marketing (Gordon Steel), HR (John Main, then Ian Anderson), Banking (Graham Halliday) and Cash Handling & Distribution (Byron Roberts). Then the assigned governance groups, eg project or programme boards, would assist the board with the implementation of the various business programmes.

46. If members of the board were unable to attend a meeting, they would still have provided a report subject to it being relevant to the agenda. If necessary, a substitute would have been brought in to put forward the paper on their behalf, and they would have had permission to sit in on the meeting. Personally, I don't believe I ever missed a board meeting.

47. If I had specific issues that I wished to raise at board level, I first would have raised these, either in my monthly one to one meeting with David Mills, or in

his weekly informal executive team meeting, and then we would have decided whether we should flag the issue to the board. I may also have raised any issues when the POL executive team met as a group on a monthly basis. I would always flag up any problems at this stage and would have had no concerns addressing these at board level.

48. Throughout my time at RMG and POL, I was never directly involved with any criminal prosecutions brought in the name of the company. I did not know the required procedures around such prosecutions, although I was aware that there was a legal department in RMG. I am confident I was not involved in any discussions in relation to bringing prosecutions against sub-postmasters.

49. I did not have any oversight of civil litigation brought by or against the company, and I do not recall litigation being specifically mentioned during my time at RMG or POL, although it does not (and would not) have surprised me that the business was involved in litigation given the nature and scale of its operational activities, including the cash intensive nature of the business.

50. In my time at PON and POL I had oversight of some of the systems, including Horizon, used to collate individual transactions, cash and stock declarations etc. used for the purposes of preparing management and statutory accounts, although many of the reports generated at the time were still reliant on manual input, either in the branch or in TP. I was aware that it was the board's responsibility to make sure the accounts were correct and sound before signing them off.

51. In terms of the accounting systems themselves, if there was a fundamental problem affecting the integrity of the accounts, then it should of course have

been investigated and remedied. I felt that, as the systems were there for the entire organisation, there was a collective responsibility from the entire board to ensure they were adequately managed.

52. I had no oversight of the company's compliance with the Race Relations Act 1978, and I do not know what specific measures were put in place. The HR Director would have had oversight of this.

The RMG Board

53. When POL was created in October 2001 as a complete business, it had its powers revised by the RMG board, but I do not recall precisely when this occurred, although I believe it was shortly after it was reconstituted. There was a direct link between POL and RMG through the board as David Mills, Jonathan Evans, Allan Leighton and Sir Michael Hodgkinson were also on the RMG/RMH boards. There was therefore quite an overlap and awareness of what was happening both in POL and RMG and there were opportunities to make the other board aware of any issues as they arose.

54. I attended RMG board on numerous occasions when I was at RML, mainly to gain authorization for technology procurements or strategy propositions, and on a couple of occasions when I was at POL, such as when I took the authority to extend the Fujitsu contract through the POL board in September 2002, and subsequently got it signed off by RMG board.

55. The RMG board's structure was similar to the POL board. It was quite formal and included a number of non-executive directors. Everyone would have had some experience in managing technology and RMG's CIO was always a pure technician.

56. I had a dotted line relationship and regular meetings with the Group CIO (Duncan Hine, then Les Graney and finally David Burden) in a number of my roles in RML and POL. They would have advised me on anything which needed to go to the RMG board and I would have apprised them of progress in relation to major IT projects, including any issues encountered.

My role as Operations Director

57. As Operations Director in PON (i.e. between September 1999 and September 2001), I was effectively responsible for all the main support functions to the operations, except the line management and the deployment of Horizon. I understood that my role as Operations Director was to critically examine the operations processes (e.g. accounting flows), the profitability of certain aspects of the operations (specifically the Post Office directly managed branches) and provide input in terms of how we wanted things to look in the future.

58. When I first became Operations Director, the business' primary focus was on managing the roll-out of Horizon. It was a steep learning curve: we were introducing Horizon to 300 offices a week, which put the business under considerable stress.

59. My role as Operations Director also involved dealing with safety and security in branches. Shortly after I joined PON, I recruited Tony Marsh ("**Tony**") as Head of Security; I knew him well from Royal Mail and knew him to be a high calibre individual. Tony reported to me for approximately 18 months. During this time, we worked together on new formats for post office branches. It was felt that the standard 'fortress' style set-ups in branches was neither conducive

to optimising security nor was it the optimum format for integrating post offices into partner retail operations. It was seen as a barrier to future partnerships and therefore the future success of the Post Office network.

60. In terms of security, we took steps to improve the physical security of branches, in particular to protect both the people that worked there and the significant amount of both cash and value stock (e.g. stamps, vehicle licenses) managed in those environments. At the time PON was experiencing annual cash losses of over £6m through external crime and the number of robbery incidents was increasing, so this was a major area of focus.

61. In terms of any internal investigations carried out by the Security team, Tony would have come to me if he had felt that there was something I needed to be made aware of, but I do not recall this happening during my time in this role. I believe it is more likely that any such issues would have been dealt with by the retail line, and specifically the three territorial directors who managed the Post Office branches as the investigations structure was aligned to and embedded within those geographic structures. When the POL structure was created in October 2001, Tony's reporting line switched to the COO David Miller.

62. As part of the Horizon project, there were two main back-office functions that were impacted throughout the roll-out: Transaction Processing ("**TP**") and Network Business Service Centre ("**NBSC**"). As Operations Director, I became responsible for both TP which was a long-established back-office function, and NBSC which was effectively a live transitional project.

63. Sometime previously, Post Office Counters Ltd had established NBSC as a

major project to be introduced in parallel to Horizon roll-out (1999-2001), merging seven regional helplines into one dedicated centre at Dearne Valley near Barnsley. NBSC operated these helplines as well as the related service management systems which were initiated to ITIL (industry best practice) guidelines plus the external helplines for customers. It was established and developed over the first two years following phased transfer from the manual network and refined thereafter. Once fully operational NBSC was expected to deal with over 1m internal (post office branches) calls per annum and over 3.5m external (customer) calls per annum.

64. NBSC represented a considerable investment and had to be scaled up in parallel to the roll-out of Horizon, i.e. as branches transferred from a manual methodology to the automated system. The monitoring system for the roll-out of Horizon was managed by the central contract team, but the operational use and errors were picked up by both TP and NBSC as the first points of contact for branches.

65. I recall that the NBSC was expected to deal with over 75% of calls at first line, although more complex and difficult issues would be referred to second and third line experts. It also dealt with logging, categorising and filtering the feedback from branches so that trends and problems could be identified and remedial action taken as deemed appropriate.

66. I would have had some oversight of any problem management function as part of the set-up phase of NBSC, but not direct involvement in its detailed activities. The problem management team would have been able to access any part of the business it considered capable of addressing identified

problems, depending on the nature of each problem. This would include Fujitsu if the problem related to the functioning of the Horizon system.

67. Separately Fujitsu ran a technical helpline which fielded issues relating to the operation of the Horizon software or hardware. I believe this also dealt with over 1m calls per annum from branches, so it was a considerable operation. They too identified, logged and categorised individual instances of issues encountered by sub-postmasters and were therefore in a position to identify trends or recurring problems which required intervention.

68. When my responsibilities changed on the creation of POL in October 2001, responsibility for TP transferred to the Finance Director, Peter Corbett, as it was essentially a back-office accounting and reconciliation function. NBSC transferred to the COO, David Miller as it was a live support function to the retail branches.

69. I had no understanding at the time I joined POL or RMG of what risks and/or compliance issues could arise from the prosecution of SPMs for theft and false accounting, and the pursuit of civil litigation against SPMs to recover alleged shortfalls in branch accounts.

70. I had no direct knowledge of and/or involvement in the oversight of the investigation and prosecution of SPMs for theft, fraud and false accounting for alleged shortfalls in branch accounts. I also had no direct knowledge and/or involvement in the oversight of the pursuit of SPMs for the recovery of alleged shortfalls in branch accounts, including through the use of civil proceedings

71. I had no knowledge of the policies, guidelines, and practices followed by Post Office (Stat. Corp.), POL, RMH and / or RMG when pursuing a civil action or

criminal prosecutions against an SPM, including disclosure documents.

72. With regard to the conduct of audits of sub-postmaster's branch accounts, my recollection is that audit was part of the finance function. Although I am likely to have been aware that audits were happening, I do not believe that I would have been directly involved with this at the time.

73. I did not deal with any disciplinary matters during my time at PON or POL. In terms of practices and policies adopted by POL in respect of suspending or terminating sub-postmasters' contracts, I had no direct involvement in or knowledge of any case where there was termination. I was not aware of criminal prosecutions and civil proceedings arising from alleged shortfalls in branch accounts based on Horizon data and I do not believe these were discussed at executive committees whilst I was at POL. I have not been shown any documents which leads me to believe otherwise. I had no oversight or contact with the group legal department.

Horizon

74. My overarching view from my early exposure to Horizon was that the system and the residual operational processes were too complex: Fujitsu had automated the front end of the system (i.e. what was happening in the actual post office) but the back-end processes (i.e. the interface with TP and the activity within TP itself) had not been re-engineered.

75. The initial roll-out was an important starting point, however my view was that we had just automated the existing procedures instead of restructuring and simplifying them. This left us with automated but still complex processes in the post office branches and a convoluted and cumbersome interface with the

back office. Another critical issue with the system was that it was deemed too expensive, both to run and to introduce change into due to its complexity.

76. The technology itself provided a great opportunity for development and modernisation, but I was aware (from when I first became involved, in September 1999) that there was a difficult and strained relationship between Fujitsu and POL due to the intense political and commercial dynamics encountered in the procurement phase and particularly due to the fallout from the very late decision to terminate the Benefits Card functionality. The Fujitsu solution represented a black box, fully outsourced change to the front-end process which POL was not in control of and Fujitsu were highly defensive, no doubt as a result of the extreme pressure brought to bear on them. It was clear to me at the time that the decision to use Horizon could not be revisited, therefore once the Horizon system was in place, we would need to take stock and see what could be done to improve it from there.

77. In the period I was Operations Director (from September 1999 to September 2001) David Smith, as Automation Director, was responsible for the roll-out of Horizon and the relationship with Fujitsu.

78. I was not involved in the design of Horizon nor in the original contract negotiations as I joined POL after the pilot had taken place and just after the contract had been signed, however I was involved in its later development stage, post implementation. I was also impacted by its roll-out, specifically with regard to the effect on workload in NBSC and TP.

79. During roll-out, as Operations Director, I was responsible for TP and my team closely monitored errors that were reported by TP on a regular basis and

categorised by them based on level of risk. I also initiated a risk register in my team, where people could add issues which needed to be monitored and could be reviewed on a regular basis (e.g. at monthly team meetings). As previously indicated, if I felt these needed to be escalated, I would have discussed this with my line manager and determined what, if anything, should be flagged to the board.

80. I have been asked to consider *Horizon Error Root Cause Project Final Report – Completed by Joyce Daggett – Horizon Error Root Cause and Reduction Manager* (**POL00334154)**. Although I sponsored this report, I do not now recall it or my reflections on its conclusions, but I do recall the fundamental issue. If a piece of work is being presented to the board, then it needs to be sponsored by a board member. Given that I was responsible for TP as Operations Director (i.e. from September 1999 – September 2001), it was in my interest to understand what the problem was, and I assume that is why I was the sponsor of this report. If we had not taken action, then TP would at that stage have been buried with the level of error reporting.

81. As this was a high profile issue impacting one of my operational units, I believe I would have read this report at the time. I would not necessarily have understood every detail, in particular the technical detail, but I would have been aware that the problem was understood, actions were being taken and that we would follow up to ensure that this had been effective.

82. I recall that, upon roll-out, the accounting errors that emerged from the field increased on implementation of Horizon and caused a rise in error rates. It was expected that error reporting would go up with the roll-out, but the levels

were higher than planned, perhaps not surprisingly, given that in this case 60,000 people, using 40,000 counter positions in over 18,000 locations were being introduced to an entirely new way of working and technology. This was a challenge for many sub-postmasters, many of whom had little or no experience with using computers for either business or for personal use at the time.

83. A significant part of the roll-out was looking at the root causes of these accounting errors so we could address them. It was a particular focus for me and my team, as increased errors resulted in increased workload for TP who would have to resolve them. The team therefore required some sort of analysis to understand why this was the case. Clearly there were trends that were concerning to us which no doubt explains why this report was commissioned. The ultimate aim was to manage the level of errors and understand and learn from the cause of the problem, with the aim of returning to the baseline (or below baseline) level of errors post Horizon roll-out.

84. If we consider this document alongside *POL Business Service Management – Draft Summary Report for NRO Board* (**POL00393956**), dated 8 December 2000 we can see that progress was made. This report would have been looked at by the NRO board, which tracked the roll-out of Horizon. The NRO board was an important governance group for approximately 18 months, from September 1999 until roll-out was completed by mid-2001.

85. In this report, we can see that the baseline error rate pre-Horizon was 0.63, which had then risen to 1.47 in the early part of the roll-out, hence the initial alarm bells. However, it seems there was a subsequent decrease in levels of

error reporting, following the publication of **POL00334154**. The error rates were reduced to a more manageable 0.84 at the peak of the roll-out. My view now, and would have been the same at the time, is that this is an encouraging statistic and it shows us that accounting errors were brought under control, and that there was a good chance that once it was completed the error rate would end up below the manual baseline of 0.63%, which was the objective.

86. On page 24 of **POL00334154**, there is a list of the top 10 errors as well as recommendations for how to deal with them, whether that is through training or system changes. Some of the errors would be dealt with at source, whilst others would require changes to Horizon, so I believe that we were trying to find a way to systematise the solutions and certainly to address them on a pareto basis.

87. I do not specifically recall what measures were taken to implement the recommendations of the report, but I am confident they would have been followed through, particularly as I can see now there was a significant improvement in the level of errors. These recommendations would have been taken very seriously and clearly by the autumn the levels of errors were far less alarming. Reading this report now, I can see that it contains good recommendations and analysis.

88. Following roll-out, and upon transition to my role as Major Change & IS Director in POL from October 2001, my involvement in Fujitsu and Horizon revolved primarily around two mission critical imperatives for POL: delivering network banking capability to plan and delivering a major annual saving on the cost of the Horizon contract. Both of these priorities were highlighted as being

central to the achievement of our strategic plan.

89. My first objective was to get network banking in place. This programme was already running when POL was created in October 2001, but it was in trouble. POL needed to introduce a basic banking service to 6 million people by March 2003, but there were serious concerns about whether we would be able to deliver this. My first clear priority was to remedy this as over 30% of our revenue was dependent on having this capability in place.

90. I had taken responsibility for delivering this in October 2001 and there was a great deal to do in 18 months and the timeframe was fixed. Ultimately, we wanted to ensure that network banking was simple, with an enabling link to universal banking in the future. Fujitsu was the natural choice for a supplier, given the need to integrate into the Horizon system. We also looked at IBM but integration into the Fujitsu front-end would be problematic and risky, especially with an unwilling incumbent supplier.

91. Network banking was also part of the contractual framework under which negotiations with Fujitsu were also taking place, and once we had the network banking agreement secured, we could go on to renegotiate the contract with Fujitsu for Horizon as we would have defined the network banking scope.

92. My second objective was the renegotiation of the Fujitsu contract itself. Specifically, the board had decided that every key line in POL's cost base needed to be reduced. For me, this meant that IT costs should be brought below 15% of total revenue, meaning that we needed to save at least £15m per annum in the contract with Fujitsu. As IT Director, this was my personal responsibility and therefore I personally led these negotiations.

93. I have been asked to consider the *Memo from David Mills to Note to file, cc'ing Alan Barrie and Peter Corbett – Re Meeting with Richard Christou, Chief Executive Fujitsu* **(RMG00000194),** *Post Office Limited Board Meeting Minutes of 26/09/2002* **(POL00021480)** and *Letter from Liam Foley to Alan Barrie RE: Horizon Next Generation – Framework for moving forward* **(POL00104615),** which pertain to the contract renegotiation from October 2001. Before I became involved in the contract extension negotiations, POL had considered, and indeed had received legal advice regarding options for the Fujitsu contract: one of them was to extend the contract, which then had 3 years to run until 2005. Another option was to terminate the contract, but that would have caused issues, especially in terms of penalty fees as well as a requirement to potentially repeat the difficulties POL had in the procurement and deployment phases. I can see from the *Electronic memo from Keith K Baines to Dawn Howe; re: Horizon Post 2005* **(POL00104333)** that these options were subject to an analysis and evaluation in March 2001 which identified contract extension as the best option.

94. Initially, we put an RFI to the market asking for other companies, other than Fujitsu, to put forward alternative proposals. IBM and EDS responded enthusiastically to the challenge. This led Fujitsu to become very defensive. POL was after all their number one customer and they were POL's number one supplier. By the date of completion of the contract term in 2005, Horizon would already be 10 years old in design terms, which was light years in terms of technological development at that time. However, I believe that, following the analysis as set out at page 11 of **POL00104333,** it was decided by the

RMG Board that the best option was to renegotiate the contract.

95. This was a difficult negotiation due, I believe, to the damage done to the relationship in the procurement phase, immediately followed by the stress of the roll-out phase which was a huge undertaking. Fujitsu were of course willing to extend the contract, but before we dealt with that, we had to resolve the network banking issue as the clock was ticking. For a time, Fujitsu were working at risk on network banking, i.e. carrying out the development without a contract in place, and before we had concluded the negotiations. This would have been very uncomfortable for them as they were commercially exposed.

96. In early 2002 we ultimately awarded Fujitsu the network banking work, but with some strict conditions attached which included a direct dependency on the successful outcome of the contract renegotiation. We also made a number of changes to the technical architecture of network banking to reduce the development risk and our overall dependency on Fujitsu, bringing in other parties to deliver critical elements of the solution with proven technologies. To deliver network banking we ultimately needed to co-ordinate a group of suppliers involving Fujitsu, IBM, EDS, Citibank and the LINK organization. As this was the number one priority for POL at the time I decided that POL should act as systems integrator (rather than Fujitsu) and that I should lead the delivery programme personally.

97. Although we were going through tough negotiations, I felt that we needed to emerge with a more progressive relationship with Fujitsu given the fact that we had no choice but to work together then, and for some time going forward. However, my primary objective was to reduce the costs of the contract to

below 15% of revenue as this was a business imperative.

98. Initially the relationship did get worse: I had to be firm in negotiating with them, particularly regarding the delivery of network banking. Eventually, I managed to create a relationship of mutual respect with David Courtley, the COO of Fujitsu. We looked at three particular aspects of the relationship, namely people, commercial and technology, and agreed that all three needed to change. I wanted to get to a position where the deal would be good business for both companies, allowing us to develop a positive way of working which was essential given the change demands on POL.

99. In the summer of 2002, once Richard Christou got involved as documented in **RMG00000194**, matters were brought to a head and we were able to conclude the renegotiation quickly and successfully. We addressed 3 main levers to reduce cost: (1) the duration of the contract, as any increase would allow Fujitsu to spread its investment; (2) the service levels which drove cost and could be adjusted to a more normal level following the completion of roll-out; and (3) changes to the technical infrastructure which took advantage of the rapid technical evolution since the original design of Horizon. Together these changes produced savings of £20m per annum and brought IT spend to under 12.5% of total revenue. It also provided a sound platform from which we could revisit the overall relationship.

100. In September 2002, the renegotiation of Horizon was finalized and we received authority from the POL board, followed by the RMG board, to agree the contract. Fujitsu were no longer working at risk on network banking which reduced tension considerably and network banking was successfully

introduced on time and within budget in March 2003.

101.   Subsequently, in early 2004 we felt able to open up a discussion into next generation Horizon, as we had strong views that the current system was over-expensive and over-engineered, a view confirmed by the Fujitsu CEO Richard Christou in his discussion with David Mills. It would take a number of years to re-architect and deploy a replacement for Horizon, but the contract extension had provided the headroom for this to be done. We certainly would not have considered agreeing to the next generation if we believed there were underlying integrity problems. Having initiated the discussion in April 2004, I left POL the following month, so was not party to what followed.

102.   As part of my role managing the contractual relationship with Fujitsu, I was also responsible for the service management agreement **("SLA")** within the contract. The IT department acted as the interface team with Fujitsu: They were the point of contact between the business and the supplier, and my team would meet with their counterparts in Fujitsu on a regular basis to discuss performance against the SLA, which was made up of 76 individual performance metrics, and look to remedy any issues.

103.   Subsequently, following the renegotiation of the Fujitsu contract and the successful implementation of network banking, we were in a position to consider the next stage of IT development and specifically the opportunity to pursue the potential to simplify end to end processes, using the opportunity provided by Horizon now being fully deployed.

104.   I have been asked to consider *RE: Document on the IMPACT Programme – improving the end-to-end branch accounting processes*

(**POL00334434)**, which relates to the IMPACT programme. This programme was set up following the deployment of Horizon then network banking with a view to focusing on and dealing with the known issues surrounding the end-to-end branch accounting and reconciliation processes, and specifically simplifying and changing the systems, both at branch level (Horizon) and in the support functions (TP and Finance).

105.   It was deemed necessary because the existing accounting and reconciliation systems were outdated and POL needed to update and systematize the processes. Specifically, the interface between the front-end and the back-end of the accounting process was convoluted and required a great deal of checking. It was clear following Horizon roll-out that further work was required to modernise and simplify the end-to-end accounting system, which is what this programme sought to address.

106.   The programme was to be carried out in stages, following PRINCE 2 project management methodology which was now used in various parts of the business: first the principles, aims and scope of the project were designed and initiated, then a business case was created to allow the work to be done. Then a plan was set up, and resources and scheduling were created for delivery. Ultimately this process would lead to some form of implementation. I was involved in the set up and the initiation phases of the overall programme in late 2003/early 2004, but I left POL at that point, so I was not involved in the deployment phases of IMPACT.

107.   The IMPACT programme was authorised in September 2003 and, as it had modernisation of core business accounting systems at its heart, it was led

by the Finance Director, Peter Corbett, who was the senior executive and initiative sponsor under PRINCE 2 who was responsible for putting the business case to the board. Under this project management methodology, the Finance Director and the COO were also identified as the 'senior users' for the programme as requirements would be driven by Finance and Operations, as they were the functions most impacted by the end-to-end changes. The IT team were the conduit for the changes, setting the technological specification to deliver the business requirements, making me the 'senior supplier' in PRINCE 2 terminology. My team would have had responsibility for implementing the system changes so that the objectives of the IMPACT programme were met. The HR Director, Ian Anderson was also identified as a 'senior supplier' as it was envisaged that the IMPACT programme would result in a significant headcount reduction with significant training requirements for remaining back-office staff when we introduced accounting systems such as SAP accounting, which would bring in industry best practice accounting methods along with up to date systems.

108.   The key objective for this programme was to simplify the system, both from the perspective of the sub-postmasters in the branches and for the business, especially in TP.

109.   I do not recall specifically which new processes were being considered for implementation under IMPACT other than SAP accounting and I left POL before any of the phased changes were implemented, so I am unaware if the benefits were realised. I knew from my time as Operations Director, that we had fairly inefficient processes at the time, so there was a significant

opportunity in redefining those. Overarchingly, my recollection is that the IMPACT programme had genuine potential to modernise the accounting and reconciliation processes right across POL.

BEDs

110.   During my time at POL, as with any significant IT system, the Horizon system did periodically experience technical faults in both hardware and software. However, there was a process to deal with them, as I set out below. I note that these are referred to as "BEDs" in the Rule 9 Request and I refer to them as such below, however as far as I recall, this is not terminology that was in use at the time.

111.   During the pilot and roll-out phases (from 1999 to 2001), the Automation Team would have dealt with BEDs. My team took responsibility for this once POL was created in October 2001. By this time Horizon had been fully deployed and we moved into the normal running phase of its operation.

112.   Once I became responsible for Horizon I mainly recall attempting to resolve issues relating to the resilience of the system (i.e. where there were hardware or network failures which prevented the Horizon system from operating effectively at branch level). I do not recall the detail of specific BEDs at the time, but I am clear that identified technical bugs, errors or defects were the contractual responsibility of Fujitsu to resolve. Some were dealt with through software patches (repairs) whilst others would be designed out of the system as part of major software releases. At the time, I do not recall being made aware of any BEDs affecting the fundamental and ongoing integrity of the data.

113.   Generally, my team would liaise with Fujitsu on a regular basis about BEDs. POL technical staff did not have access to the Horizon system, therefore we were reliant on Fujitsu to monitor and fix issues. If a BED first became apparent at branch level, POL may have triggered an investigation, which would have led Fujitsu to categorise the BED according to whether it was business critical or not. If Fujitsu simply patched, remedied or found workarounds to a BED, this would be considered business as usual at this stage.

114.   I believe there were some tensions around the speed with which Fujitsu remedied some of these issues and also that this caused some tension between Fujitsu and their technology partner Escher who supplied significant elements of the middleware critical to the operation of Horizon at branch level. I believe there should be a record of how long Fujitsu took to fix things, and overall it was considered that it was not done as quickly as we would have hoped. We believed this to be a function of the Horizon architecture complexity and saw this as a strategic issue moving forward, as it adversely impacted our speed to market. I do not recall specific circumstances, but ultimately it was considered inevitable that there would be some problems, as with any system on this scale. My view at the time was that it was important that we dealt with such issues in a structured manner, and that this was generally achieved, but at no time was it brought to my attention that there might be something more fundamental, or structurally wrong with Horizon.

115.   If there were more structural issues which would require pieces of work to be done, then this could be initiated. I believe that the contract and the

service level agreement required Fujitsu to make us aware of any structural issues so that we could discuss them at a joint service management forum where Fujitsu would tell us how they intended to fix them. I would not have been directly involved in these meetings. I did however, meet quarterly with David Courtley from 2003, following the contract renegotiation and we would look at progress with regard to resolution of high priority bugs in this context.

116.   I would have expected issues to be escalated to me if a particular BED was likely to affect business continuity or if it affected the integrity of what the business does on a daily basis.

117.   I was frequently out in the field visiting post offices or attending sub-postmaster forums in the context of major changes being implemented. At the town hall forums or other events, I was always keen to hear from sub-postmasters and they in turn were always keen to get their views or concerns over to me. Generally speaking, I found that sub-postmasters understood the benefits Horizon could bring, but if they were having issues they would tell me. The issues being flagged to me at the time were mainly around the complexity of the in-branch processes and the resilience of the system, particularly in relation to communications, screen-freezes and hardware reliability. The problems put forward at this time were, as far as I can recall, sporadic rather than systematic and I do not recall any feedback about issues concerning the fundamental integrity of the system.

118.   If there was a problem with account balancing, I understand that the sub-postmaster would have called NBSC in the first instance i.e. if they could not resolve the problem themselves using their *Balancing with Horizon*

(**POL00089733)** guide and, most of the time, NBSC would have helped them to resolve the problem. If difficulties continued it was likely that the Retail Line Manager or Horizon Field Support Officer could be called in to assist.

119.   I had no knowledge of Fujitsu's ability to insert, edit or delete transaction data or data in branch accounts without the knowledge or consent of sub-postmasters, and if I had, then it would have been an absolute deal breaker. We plainly should not have had people having unauthorized and unmonitored access to a system, with an ability to change things, save for in exceptional and strictly regulated circumstances.

120.   **POL00089733** was issued following feedback from the pilot phase of the roll-out. I do not recall precisely what else would have been done to address the dissatisfaction with the training given on Horizon. We did survey branches shortly after individual Horizon implementations and I recall that most were satisfied with their training and had settled down fairly quickly into using Horizon, so any response would have needed to focus on the significant minority who were having continuing difficulties. I was not part of the roll-out team, so I did not lead on the training side, however I do recall that contractually Fujitsu was responsible for delivering training in the roll-out stages. POL would have had an input into it if there was a shortfall, and specifically David Smith and the Automation Team would have been responsible for monitoring the effectiveness of the training.

121.   I do recall a decision made at the outset of Horizon roll-out to augment the retail line with a significant additional business change resource in the form of experienced Horizon Field Support Officers (approximately 350 managers),

recognising that despite the training, the availability of support materials and the ability to call NBSC some sub-postmasters would still have difficulty in adapting to an automated environment. This was a major change programme and the challenges were significant. Once Horizon was rolled-out and it was business as usual, I believe POL would have taken over responsibility for ongoing training needs.

Board level knowledge of BEDs

122.   RMH, RMG and POL would only have discussed BEDs if raised to them as an issue, however when I was at POL, the vast majority of BEDs would have been dealt with by the Service Management Team following the process described at paragraph 113, and I cannot recall any systemic issues being raised with me.

123.   If I was aware of a problem reaching a certain level, such that it would affect the service we provided to our customers, undermine the integrity of the business or branch level finances or result in reputational damage to the business, this would be considered a business risk, and I would have made David Mills aware at the very least, and ultimately, depending on the nature of the issue, the Board.

124.   However, I did not have any fundamental concerns about the integrity of the system. My main concerns were with the complexity, overengineering and the cost and speed of managing and delivering change on Horizon, which I certainly did bring to the attention of the board. I cannot recall specific board meetings where the fundamental integrity of the system was discussed and I note that one of the conclusions of the *Post Implementation Review Board –*

Horizon Implementation (**POL00334118**) in March 2002 was that "Operationally Horizon has proven to be reliable and robust" and this was consistent with the view expressed by Fujitsu CEO Richard Christou in **RMG00000194** in August 2002 that "it (Horizon) was fully meeting the specification and gave us a 100% 'lights on' position". Generally speaking, there were BEDs on an ongoing basis, but they were under management and I believe this would have been dealt with in the context of the normal relationship with Fujitsu.

125.   As I was not alerted to any underlying concerns about the reliability of the data in Horizon, I was not in a position to pass information on to anyone at board level. The one exception would have been the specific incident relating to the loss of data.

126.   I have been asked to consider *Letter from Keith Baines to Colin Lenton-Smith, re: Lost Data & Audit Requests* (**FUJ00176295**)*, Letter from Colin Lenton-Smith to Keith Baines, re: Lost Data & Audit Requests* (**FUJ00176297**)*, Letter from Keith Baines to Colin Lenton-Smith, re: Lost Data & Audit Requests* (**FUJ00176655**)*, Letter from Colin Lenton-Smith to Keith Baines, re: Lost Data & Audit Requests* (**FUJ00176298**) and *Fujitsu Letter from Colin Lenton-Smith to Mike Hannon, re : Lost Data and Audit Trail* (**FUJ00176300**). I have limited recollection of the specifics surrounding this, but I do remember the data loss incident. It was flagged to me as being serious, and I recall it was regarded as so serious that some considered it had the potential to lead to a termination of the contract with Fujitsu. I recall that a number of people were angry about the data loss, but that we ultimately

accepted Fujitsu's explanation and concluded that it was an unfortunate one-off incident.

127.   I have no recollection of the specifics of what was discussed in the meeting with Stephen Muchow on 3 September 2002 other than what can be found in the letter at **FUJ00176300**. This incident happened two weeks before I went to the board for the approval of the extension so the timing of the incident was very unfortunate indeed. At this stage, a termination of the contract, however, would have meant that we would be unable to complete the network banking project and would have therefore lost over 30% of our revenue. Having concluded that it was a one-off incident, therefore, terminating the contract would have been very difficult and in my view inappropriate. I believe that we felt that we had to bring Fujitsu to account (including by way of settlement payment) and obtain assurances that there would be no repeat of the incident. There was also much at stake for Fujitsu: by this stage, they had been working on network banking at risk for six months and the contract extension was all but agreed, but I do not recall whether or not this incident influenced the conclusion of the contract negotiation in any way.

128.   I do not believe that we would have extended the contract with Fujitsu had we believed there to be an underlying problem with the integrity of the data nor would we have considered the long-term replacement of Horizon until any current issues had been successfully resolved in the current system.

129.   Had I believed there to be a fundamental problem with the Horizon system, my relationship with David Mills was such that I would not have had a

problem going to him and telling him that I had serious concerns about Fujitsu. In addition to David Mills we had Sir Mike Hodgkinson, Allan Leighton, Adam Crozier and David Burden (who were all on the RMG board) to call on and these were all people who, had they believed that the system was not working, would have said it would have to be fixed or an alternative supplier sourced. I would have been comfortable telling them that we should no longer be using Fujitsu if I believed there were irreparable reliability issues.

Consideration of other specific documents

130.   I have been asked to consider *Lee Castleton Civil Case study. Problem Management Report – Product related problems including Marine Drive PO – FAD 213337 – Spmr Suspended* (**POL00142496)**. This document relates to an NBSC problem management report for week commencing 3rd May 2004. In light of the date of the report (I returned to Royal Mail around this time) and the way the report is written, it is highly unlikely that I would have ever seen this report.

131.   NBSC was outside my area of responsibility at that time and, from my reading of the document, it appears that their view at the time was that the problem was with the sub-postmaster and his staff rather than the system. On this basis, it is unlikely that they would have immediately alerted the IT Director to this issue.

132.   Had I still been at POL, I would not have expected this issue to be raised with me unless my team had first raised the matter for investigation by Fujitsu and ascertained, at the time, that there was a technical issue with the underlying system. If Fujitsu was convinced and convincing that it was not a

systemic problem then I think it unlikely that there would have been any escalation.

133.   I have been asked to consider **POL00104333,** *ICL Pathway Bringing Technolgy to Post Office Limited October 2001 V.3 (***FUJ00116072)** and *ICL Pathway Monthly Report – February 2002, version 3.0 (***FUJ00116119)**, and specifically my concerns surrounding Fujitsu being unable to deliver "*more for less*": to an extent, I was concerned about this. I felt it was possible at a high level but Fujitsu would need to be both encouraged and pressured into a position where it was an acceptable deal for them.

134.   I was convinced at the time that this was about managing expectations, and I felt there was the possibility to change the cost dynamic of the relationship, whilst still making it positive for both businesses. We ultimately reached a successful conclusion to this renegotiation.

135.   I have been asked to consider *Email chain from David X Smith to Mark Burley – Re: Horizon* (**POL00335610)** and **POL00334118**. I believe this is the full "lessons learned" summary from the Horizon implementation which was produced in March 2002. The paper also refers to a '*Lessons Learned Intranet Site'* which would have included more detail plus numerous other lower-level learning points, but the main conclusions should be contained within the post implementation review paper and its Annexes. Whilst I do not recall specifically which recommendations would have been implemented, I am confident they would have been followed through and taken seriously.

136.   I have been asked to consider *Post Office Ltd Board Minutes of 19/06/03* (**POL00021482)**. I do not specifically recall the discussions had at

this board meeting, but I can see that an action recorded for me states that the Chairman had expressed a particular interest in furthering his understandings of the capabilities and limitations of the Horizon system. I believe that I would have arranged this personally. I am confident we would have welcomed the Chairman's involvement and his interest in the core systems. If there were specific issues we were experiencing at that time, we would have put them to the chairman. Sir Michael Hodgkinson was experienced and a pragmatist so he would have known that the system was likely to contain BEDs. I do not recall the details of the meeting, but I believe I would have wanted him to have a full understanding of both the good and the bad things about the system from the outset.

137.   I have been asked to consider *Horizon Service Management forum-Meeting minutes number 9* (**POL00394319)** and the use of the phrase "*drains up*". I believe this expression meant that I would have wanted them to categorise the different problems and provide me with some sort of analysis of how they were dealing with them. I was trying to reshape the relationship with Fujitsu so I needed to be aware of these things. However, I do not recall what information was presented to me as a result.

138.   I have been asked to comment on *Horizon Service Management Forum Minutes of Meeting No. 10 (***POL00394298)**. I do not specifically recall this document, although upon reading it now, I believe it is a reference to the Joint Executive Forum, which may have been the meeting that David Courtley and I had on a quarterly basis and which I refer to at paragraph 115. I believe that is where we created the report card surrounding people, technology and

commercial, as we wanted to be aware of any issues, so we could assess and drive improvement. We tried to create a structure where there would be reporting up and down, to ensure matters were escalated appropriately.

139.   I have been asked to consider *TP Focus – Transaction Processing edition – November 2003, New bonus scheme for TP* (**POL00157513)** and set out my reflections. In relation to the proposed introduction of a bonus scheme based on how long it takes for a debt to be settled. I would have had no involvement with this proposal as TP was not my area of responsibility at that time.

140.   I have no recollection of gaps identified in the debt recovery disputes process, particularly the lack of training available and deployed for the dispute duties as TP was not my area of responsibility at that time.

141.   With regard to the debt recovery focus, although I do not recall this, my view is that debt recovery and reducing the age of debt at a business level are normal areas of focus for every business. All areas of cost were under heightened scrutiny whilst POL's going concern status was under close examination and debt recovery would have been part of the remit of the Finance Director, hence the references in TP communications.

Statement of Truth

I believe the content of this statement to be true.

Signed: __ GRO __

31 October 2024 | 10:24 AM GMT

Dated: _____

Index to First Witness Statement of Alan Barrie

No.	URN	Document Description	Control Number
1	POL00334154	Horizon Error Root Cause Project Final Report – Completed by Joyce Daggett – Horizon Error Root Cause and Reduction Manager	POL-0181458
2	POL00393956	POL Business Service Management – Draft Summary Report for NRO Board	POL-BSFF-0220626
3	RMG00000194	Memo from David Mills to Note to file, cc'ing Alan Barrie and Peter Corbett – Re Meeting with Richard Christou, Chief Executive Fujitsu	VIS00013093
4	POL00021480	Post Office Limited Board Meeting Minutes of 26/09/2002	POL0000013
5	POL00104615	Letter from Liam Foley to Alan Barrie RE: Horizon Next Generation – Framework for moving forward	POL-0104198
6	POL00104333	Electronic memo from Keith K Baines to Dawn Howe; re: Horizon Post 2005	POL-0103916
7	POL00334434	RE: Document on the IMPACT Programme – improving the end-to-end branch accounting processes	POL-0182073
8	POL00089733	Balancing with Horizon	POL-0086709
9	POL00334118	Post Implementation Review Board – Horizon Implementation	POL-0181532
10	FUJ00176295	Letter from Keith Baines to Colin Lenton-Smith, re: Lost Data & Audit Requests	POINQ0230529F
11	FUJ00176297	Letter from Colin Lenton-	POINQ0230531F

		Smith, re: Lost Data and Audit Requests	
12	FUJ00176655	Letter from Keith Baines to Colin Lenton-Smith, re: Lost Data & Audit Requests	POINQ0230890F
13	FUJ00176298	Letter from Keith Baines to Colin Lenton-Smith, re: Lost Data & Audit Requests	POINQ0230532F
14	FUJ00176300	Fujitsu Letter from Colin Lenton-Smith to Mike Hannon, re: Lost Data and Audit Trail	POINQ0230534F
15	POL00142496	Lee Castleton Civil Case study. Problem Management Report – Product related problems including Marine Drive PO – FAD 213337 – Spmr Suspended	POL-0143696
16	FUJ00116072	ICL Pathway Bringing Technolgy to Post Office Limited October 2001 V.3	POINQ0122243F
17	FUJ00116119	ICL Pathway Monthly Report – February 2002, version 3.0	POINQ0122290F
18	POL00335610	Email chain from David X Smith to Mark Burley – Re: Horizon	POL-0181531
19	POL00021482	Post Office Ltd Board Minutes of 19/06/03	POL0000015
20	POL00394319	Horizon Service Management forum- Meeting minutes number 9	POL-BSFF-0220989
21	POL00394298	Horizon Service Management Forum Minutes of Meeting No. 10	POL-BSFF-0220968
22	POL00157513	TP Focus – Transaction Processing edition – November 2003, New bonus scheme for TP	POL-0145785