

Witness Name: Laura Thompson

Statement number: WITN11510100

Dated: 5 November 2024

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF LAURA THOMPSON

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I, **LAURA THOMPSON**, will say as follows:

1. I have been employed by the Shareholder Executive (“ShEx”) / UK Government Investments (“UKGI”) at various points during my career, which I set out below. I am currently employed as an Assistant Director at UKGI and have been since June 2021.
2. This statement is made in response to a Rule 9 Request made by the Inquiry dated 20 August 2024. I have sought to address all of the questions posed by the Inquiry in a format that I hope will aid understanding of my involvement. This statement is made to the best of my knowledge and belief. If I have referred to a fact that is beyond my own personal knowledge, I believe it to be true. Where I refer to my knowledge being derived from others, I have sought to identify the source and to include this in my statement. I have also referred to relevant contemporaneous documentation in support of my response, to the extent that I considered this was likely to be of assistance, and I have exhibited those documents as requested. In making this statement, I have been assisted by instructed Counsel and Eversheds Sutherland (International) LLP, the

recognised legal representative for UKGI, a Core Participant (as defined in paragraph 5(a) of the Inquiry's Protocol on Witness Statements) in the Inquiry.

3. I would like to start by acknowledging the profound impact that the issues relating to the Horizon system have had on subpostmasters ("SPMs") and the many other individuals who have been affected by this scandal. I welcome and support the work of the Inquiry in investigating these events, and am grateful for the opportunity to try to assist the Inquiry in this vital work.

### **Background / Work History**

4. I joined the Civil Service in September 2008 on the Civil Service Fast Stream, a graduate programme. I was appointed to a role in the Department for Business, Enterprise and Regulatory Reform ("BERR"), which subsequently became the Department for Business, Innovation and Skills ("BIS") during my tenure, both of which are predecessor departments to what is now the Department of Business and Trade (collectively referred to hereafter as the "Department").
5. My first role in the Department was in the central finance function; after a year in that post, I moved to a role working on automotive sector policy, where I remained for a further year. In August 2010, I accepted my first role within the Shareholder Executive ("ShEx") as an Assistant Bill Manager for the Postal Services Bill ("the Bill"), later the Postal Services Act 2011.
6. My role in the Bill team was largely one of coordination and project management, and I was not directly responsible for any policy advice relating to Royal Mail, Post Office or the wider provisions of the Bill. To perform my role effectively, it was nevertheless important for me to understand the provisions of the Bill and the wider policy relating to

Royal Mail and Post Office, to allow me to both advise on legislative strategy (such as Parliamentary handling and concessions) and support the team in responding to queries from Ministers during the legislative process, including during Parliamentary debates. I therefore worked with colleagues across both the RMG and POL teams within ShEx, as well as colleagues in other parts of the Department such as those dealing with the regulatory regime. My manager was Leonie Lambert, a Grade 7 within the Bill team in ShEx. The Bill team was led by Jo Shanmugalingam, a Grade 5, and Susannah Storey was the responsible Director for RMG and POL including the Bill team.

7. The Ministers I worked with and provided advice to were: the Rt Hon Sir Edward Davey, who at the time was the junior Minister in the department responsible for postal affairs and was the lead Minister taking the Bill through the House of Commons; and Baroness Wilcox (now retired from the House of Lords), who was the Lords Minister in the Department taking the Bill through the Lords. The Secretary of State (the Rt Hon Sir Vince Cable) had less involvement in the day-to-day work of the Bill during its passage and beyond helping to draft his speech for the Commons Second Reading debate, I personally did not engage with or advise the Secretary of State directly at this time.
  
8. In around July 2011, following Royal Assent of the Act, I left ShEx to take up a position as Private Secretary to the Secretary of State for BIS, the Rt Hon Sir Vince Cable. There are several private secretaries in the Secretary of State's office and the work of the Department is divided into separate portfolios for each one. My portfolio, which remained largely the same during my time in the role, included responsibility for ShEx in general, but specifically did not include Royal Mail and Post Office, which due to the size of the policy area sat in the portfolio of another private secretary, as it had done prior to my arrival in the team. As such, during my time in the Secretary of State's office, I had very little direct involvement in or sight of any advice relating to the Post Office or wider postal affairs. I remained in this role for a little over a year, which is a common

tenure for a private secretary. For the final month of my time in private office (September 2012), I stepped in to cover a vacancy by acting as Senior Private Secretary to the postal affairs Minister. This was initially Norman Lamb MP, but a Ministerial reshuffle took place very shortly after I joined the office, and the role was taken over by Jo Swinson MP. I covered this private secretary role until a permanent replacement was able to start in late September. I do not recall anything relating to Horizon arising during my short time in that office.

9. Having completed four postings within the Fast Stream programme, I successfully applied for a Grade 7 role within ShEx in September 2012 to work as a senior policy advisor for the software and ICT sectors. As part of this I was involved in the Government's strategic relationship management of three companies – Microsoft, HP and IBM. This did not include Fujitsu and to the best of my recollection I had no meetings with Fujitsu representatives as part of this role. During this period of employment in ShEx, I had no role in relation to Post Office or wider postal affairs and had only a general awareness of the work of the RMG and POL teams at this time.
  
10. In November 2013, I moved to the Department of Energy and Climate Change ("DECC") on a secondment from BIS to take a dual role as Strategic Policy Advisor and Senior Private Secretary to the Strategy Directors, a Grade 7 role. The role of Strategy Director was held by Susannah Storey and Jo Shanmugalingam, who were then working as a job-share. Ms Shanmugalingam was my line manager during my time at DECC. I was aware at this time of Ms Storey's role as the Shareholder NED on the POL Board, but my responsibilities within her office related only to her DECC role. I had no engagement with Post Office or ShEx, or sight of any emails or papers relating to her POL role. My role at DECC had no relation to postal affairs.



11. Late in 2014, I applied for an Assistant Director (Grade 6) role on promotion within ShEx to be part of the POL Shareholder Team (the "POL Shareholder Team"), and having been successful, returned to BIS to take up this role on 26 January 2015. The hiring manager was Richard Callard, who became my line manager. My responsibilities in this role are set out in the following section.
  
12. In the autumn of 2015, I was asked to work on the legislation to enable the sale of the Green Investment Bank ("GIB"), and split my time between my POL and GIB responsibilities. My role on the GIB legislation came to an end in March 2016 with Royal Assent of the Enterprise Act 2016. Thereafter, I continued in my role on POL while also working on some other projects including joining the shareholder team for Highways England (now National Highways) for a short period. In July 2016, I was asked to return to the team tasked with the sale of the GIB, this time with responsibility for managing the transaction, a role which I carried out from July 2016 until the GIB transaction completed in August 2017, although I remained involved in post-transaction matters on GIB until approximately December 2017 or early 2018. Throughout this period, I continued my role in the POL team alongside this GIB work.
  
13. In September 2017, I joined the shareholder team for HM Land Registry ("HMLR"), initially continuing my POL role alongside this. Around February / March 2018, I was temporarily promoted to Executive Director to cover a period of maternity leave in the HMLR shareholder team, and given this increase in responsibility, in around April 2018, I handed over my remaining work on POL to Stephen Clarke in the POL team. My involvement in POL matters therefore ended at this time.
  
14. In February 2019, I left UKGI and took up a role at Macquarie Group, as a senior lead for Government Affairs for Europe, the Middle East and Africa ("EMEA"), based in London.

15. In June 2021, I returned to UKGI as an Assistant Director to work on the establishment of the UK Infrastructure Bank, a role that I carried out until October 2023. Between November 2022 and January 2024, I was also UKGI's head of resourcing as maternity leave cover and from March 2023 until August 2024 worked in the shareholder team for the Atomic Weapons Establishment plc. My current roles are in the shareholder team for Ordnance Survey, which I have done since November 2023, and working for the Department for Energy Security and Net Zero on the establishment of Great British Energy, since July 2024. Since my return to UKGI in 2021, I have had no direct involvement in postal affairs or the POL Shareholder Team, although I do line manage one individual who works for part of his role as a Manager in the POL Shareholder Team, and my own line manager is an Executive Director who works as part of his role in the POL Shareholder Team.

#### **Role in the POL Shareholder Team**

16. I applied for my role in the POL Shareholder Team around November or December 2014. At the time there were two roles being advertised: one a Grade 7 role with responsibility for issues relating to the Post Office network and the relationship with the National Federation of Subpostmasters ("NFSP"), envisaged as a largely full-time role; the other a Grade 6 role with responsibility for issues relating to POL's Government Services business as well as wider governance matters within the POL Shareholder Team, with this envisaged as taking around 50% of a full time role and with the remainder of the time to be spent on other projects to be determined. This approach was common within ShEx and I was familiar with the model of working on multiple projects. Richard Callard was the hiring manager for both roles, as the head of the POL Shareholder Team. I successfully applied for the Grade 6 role and started this role on 26 January 2015.

17. Prior to starting in the role, Richard Callard and I discussed what areas I would take responsibility for within the team. Alongside the government services work that had been advertised in the job description, we agreed I would also cover appointments and remuneration matters including the upcoming recruitment of a new Chair of the POL Board, and that I would take on the work relating to Project Sparrow, which was a term originated by POL and was used by UKGI to refer to matters relating to complaints about potential issues with the Horizon system, including the Mediation Scheme. This work had previously fallen to Peter Batten prior to his departure from the POL team in late 2014.
  
18. My role had been advertised as spending around 50% of my time in the POL Shareholder Team and with the remainder on other ShEx projects. Initially I spent my time working almost 100% on POL matters, which was partly a factor of me getting up to speed in the team, and partly due to there being a number of areas of work which required an increased time commitment, particularly the public appointment process for the POL Chair, making progress in establishing POL as a 'front office for government' which was a key Ministerial priority, and matters relating to Project Sparrow. I therefore spent the majority of my time from January 2015 to around September 2015 working on POL. From September 2015, I reduced my time commitment down to closer to the previously envisaged 50%, and took on the role on the GIB legislation as set out in paragraph 12 above.
  
19. The ShEx / UKGI model is one of bringing together people with expertise from both the public and private sectors to enable the provision of sound commercial advice for the stewardship of public assets, which takes into account the public sector context in which Ministers and officials operate. At the time I joined, the POL Shareholder Team was no different. Richard Callard as head of the POL Shareholder Team and the Shareholder

NED on the POL Board brought private sector expertise, as did Tim McInnes, another Assistant Director in the team, whose role was primarily focused on POL's financial performance and its mails and financial services businesses. I brought experience of working in government, with Parliament and with Ministers through my previous roles, and in March 2015 Michael Dollin joined the team in the Grade 7 role set out in paragraph 16 covering the POL network, also with a civil service background. The team was supported by James Baugh who covered POL funding and managed correspondence and similar issues (such as Parliamentary Questions and briefing requests), and Jessica Williams who also assisted on correspondence. Director oversight of the team was provided initially by Anthony Odgers, and later by Justin Manson.

20. While team members had their own areas of responsibility, we kept each other updated and sought advice from each other where another team member's advice or perspective would be valuable. We would often discuss issues collaboratively, either informally in the office or in regular team meetings. In addition, each team member would meet regularly with Richard Callard, as head of the POL Shareholder Team. I consider Mr Callard to be a good leader of a team, ensuring team members have individual areas of focus and autonomy while ensuring he retains managerial responsibility and oversight.
21. The appointment of a new POL Chair was a particular focus during the early months of my employment. This was a public appointments process, regulated by the Commissioner for Public Appointments. My role was to support the appointment panel, by facilitating the panel's meetings, taking notes of the discussions and producing factual submissions to update the Minister that would enable them to take decisions. Mark Russell, ShEx's CEO, was a member of the appointment panel and provided the shareholder view. In July 2015, Tim Parker was selected by the Minister and he took up

the role in October. He remained as Chair of POL throughout the remainder of my time in the POL Shareholder Team. The Inquiry has also asked whether I had any involvement in the appointment of POL's CEO, but by the time I joined the POL Shareholder Team the CEO (Paula Vennells) had already been in post for three years and she remained in post throughout the period of my involvement in that team.

### **Risk Reporting**

22. A task undertaken by the POL Shareholder Team was updating the ShEx risk register for POL as an asset in the ShEx portfolio. There would be a risk register maintained for each portfolio asset, which considers key risks to the asset from a shareholder perspective. During my time in the POL Shareholder Team, the risk registers were updated on a monthly basis, and this would involve the team considering each risk on the register, determining whether there were any changes to reflect to the nature of the risk, its likelihood or impact, or any mitigating actions, and briefly summarising the current status of the risk or actions. I was responsible for updating the risks assigned to me which included a single risk on Project Sparrow, and Richard Callard would review the updated risk register as a whole before it was submitted to the central team within ShEx or UKGI responsible for coordinating risk reporting. The risk process evolved during the period of my involvement: after ShEx became UKGI in 2016, a system of 'risk reviewers' was put in place, which assigned a peer within UKGI (normally at the Manager or Assistant Director grades) from a separate team to provide further peer review and challenge of risk registers.
  
23. Alongside the risk register, there were additional, complementary tools to report key issues relating to portfolio assets and assess their overall performance and risk,

including a dashboard and a series of 'traffic lights' looking at key performance and risk metrics.

24. I understood that these products – the risk register, dashboard and traffic lights – would be centrally coordinated and considered by the ShEx / UKGI Executive Committee and Board. This was handled by a separate team and I do not recall ever being involved in providing any additional risk reporting relating to POL or Project Sparrow. The risks in relation to POL that would have been fed into that process would have been drawn from the asset-level risk register that I contributed to.
25. In addition to the monthly risk register updates, ShEx / UKGI also regularly held portfolio reviews for each asset in the portfolio. For POL these were held quarterly. These reviews, led by an experienced Director or Executive Director and with a panel of colleagues from outside the POL Shareholder Team, provided challenge and advice on the team's work and in particular the management of key issues and risks facing the asset.
26. At the time that I joined the POL Shareholder Team in January 2015, the nature of the risk in relation to Project Sparrow was considered to be reputational and financial. By this stage, Second Sight had produced its interim report and I understood that this had not identified any systemic issues. The Mediation Scheme was also in place, and my understanding at the time was that Second Sight, supported by POL, was continuing to investigate the cases of individual SPMs. As such, when I first updated the risk register for POL in February 2015 (**UKGI00003437**) I agreed with the previous assessment that the primary risks in relation to Project Sparrow were reputational, financial and people: the work underway to resolve the issues raised by individual SPMs had the potential to continue to generate negative commentary in the press and Parliament, to increase costs to POL through the continued funding of the Mediation

Scheme, and overall to impact upon POL's relationship with its wider SPM population. I did not include in the risk register the risk that Horizon might have bugs, errors or defects ("BEDs") that could affect the integrity of branch account data, because that did not appear to be a significant risk at the time given the amount of investigation that had taken place. From a risk register perspective, our concern was to highlight the risks that we were seeing arising from POL's current actions and the potential impact of these risks on the shareholder.

27. The same can also be said as to why I did not initially include the risk that POL may have secured unsafe convictions. At the time, such a risk would only have been apparent to me if systemic issues with the Horizon system had been identified or POL had made us aware of legal advice to that effect. However, as can be seen from the risk register that I updated in late March or early April 2015 (I am unable to identify from the document precisely when) (**UKGI00004091**), in light of the Department receiving a request to preserve information in relation to the cases that had been referred to the Criminal Cases Review Commission (CCRC), I changed the nature of the risk to 'legal' and updated the status of the risk to recognise this development and that advice was being taken.
  
28. In relation to all of the risk registers that I have been asked to review in preparing this statement, I think it is also important to bear in mind two points of more general application. First, the asset-level risk register is a snapshot of the risk issues as they are perceived to be at that point in time. Whilst the risk of BEDs within Horizon might therefore have been perceived as a significant risk at another point in time (for example in 2012 when these issues were raised with Ministers) and therefore merited inclusion within the register, by the point that I joined the team these risks were viewed as less significant as a result of Second Sight's work, its continued investigation of individual cases and interim findings. Secondly, the risk registers are a means of recording and



reporting on the current and most significant risks and issues in relation to an asset, rather than the sole tool with which we manage risk. The fact that a specific risk, such as the risk of unsafe convictions, might not appear within a specific risk register does not therefore mean that we did not have any sight of or perspective in relation to that issue. The work of the POL Shareholder Team was much broader than the few lines recorded in the risk register and our awareness of issues that were affecting or might potentially impact an asset was therefore much greater than may be suggested by reference to the risk registers alone.

29. The Inquiry has also asked me to review several risk registers and documents labelled “POL team planner” which predate my joining the POL Shareholder Team in January 2015. I am unable to comment on these as I was not involved in their preparation. I do not recall ever contributing to a “POL team planner” and believe this to be an internal team product no longer in use by the time I joined in 2015.

### **Introduction to Project Sparrow**

30. As explained above, shortly before I joined the POL Shareholder Team, Richard Callard asked me to assist him with the work in relation to Project Sparrow, describing this to me as an issue which would require ongoing political advice and handling. As I had good experience of working with and briefing ministers, including an understanding of the importance of their Parliamentary responsibilities and accountability, and the general workings of government, he considered this area would be well suited to me, requiring a public sector view and not just a commercial perspective.
31. I did not have any awareness of the issues raised in relation to the Horizon system prior to being informed of them by Richard Callard. I did not recall any matters relating to Horizon coming up during my previous role on the Postal Services Bill including during

any Parliamentary debates during the Bill's passage, or during my time working in the offices of the Secretary of State or, briefly, Jo Swinson. As part of my introduction I did some desk-based research, including reviewing previous press coverage such as articles in newspapers and on BBC programmes where some affected SPMs had shared their stories. I had not seen any of this coverage prior to joining the POL Shareholder Team.

32. I did not have a handover discussion with Peter Batten, who had previously been dealing with Project Sparrow, as he had already left the Department for a new role, but I did have a number of discussions with Richard Callard concerning the background and the Government's position on the matter.
  
33. In December 2014, just prior to my joining the POL Shareholder Team, there had been a Westminster Hall debate on the matter which the Minister, Jo Swinson MP, had attended and responded to for the Government. (**POL00030457**) As part of building my knowledge on the issues raised relating to Horizon, I read the Hansard for this debate, as well as the Hansard record for the Minister's statement from July 2013 in relation to the Mediation Scheme (**UKGI00001820**).
  
34. In my first week in the role, I assisted with the redrafting of a letter for the Minister, Jo Swinson MP, to send in response to correspondence that had been received from Sir Alan Bates on behalf of the Justice for Subpostmasters Alliance ("JFSA"). My brief was to reflect the Minister's steers on tone. I also attended the BIS Select Committee evidence session relating to Horizon which took place on 4 February. I cover both these points in more detail later in my statement. Both provided me with further opportunity to understand the issues being raised and the Government's position. Alongside this, I read previous briefing notes and submissions, the content of the JFSA's website, and other material available in the public domain.

## **Communication with POL**

35. The work of the POL Shareholder Team required us to have an effective working relationship with POL. This involved regular communication, including formally through structured meetings such as the Quarterly Shareholder Meetings (“QSMs”) held with POL senior management, as well as more frequent and informal discussions including face to face meetings held either in the ShEx / UKGI offices or POL head office, telephone calls and emails. This was the case not only in relation to Horizon matters but across the work of the POL Shareholder Team.
36. In addition, Richard Callard’s role as Shareholder NED on the POL Board provided a mechanism to receive information on POL’s business and activities, and to raise issues directly. Mr Callard would receive the full set of Board papers and these were shared with members of the POL Shareholder Team, with a Non-Disclosure Agreement in place with POL to give them sufficient comfort to share the Board papers with individuals who were not directors of the company.
37. Members of the team would read any Board papers, and accompanying documents, relevant to their area of specialism. I would usually read the majority of the pack to ensure I was aware of the range of issues discussed by the Board and to provide support to Richard Callard as part of his preparation for Board meetings. I would flag any points of interest from my review to him, either verbally or via email, for him to consider raising. In particular, I would ensure I had reviewed fully any Board papers relevant to POL’s government services business, to matters of appointments and remuneration (noting these would normally be for the Nominations or Remuneration

sub-committees), and Project Sparrow. Often, updates on matters relating to Project Sparrow would be included within the CEO's report rather than as standalone papers. I recall that on several occasions it was noted that the Project Sparrow update would be provided verbally in the meeting.

38. Richard Callard also sat on the Sparrow Subcommittee ("Subcommittee") of the POL Board. I did not attend any of these meetings, but had access to any papers provided to Mr Callard as part of the Subcommittee. I recall the Subcommittee only meeting a small number of times during my tenure, with updates going to the main POL Board thereafter.
39. As I set out below, I considered at the time that we had regular and effective communication with POL at working level on matters relating to Project Sparrow, and this was reflected in the reports I received back from Mr Callard on what had been discussed at the Board. As far as I was aware, there was nothing provided to the Board by way of updates on Project Sparrow during my time in the POL Shareholder Team that I had not been made aware of through my working level contacts.
40. The POL Board papers were not shared with Ministers. If the Board papers contained matters which we considered needed to be shared with the Minister, or if such matters were raised during Board discussions, we would either inform the Minister by way of a written submission or an update in a meeting, or ask POL to provide a written update. POL senior management also met with Ministers directly, either for regular updates (once or twice per year) or to discuss specific issues.
41. In terms of formal set-piece meetings with POL, there were the four QSMs held each year between the POL Shareholder Team and POL management, including the CEO and CFO. The agenda for these meetings would usually include an update on financial

and operational performance and a discussion on key issues facing the business. I do not now recall specifically the extent to which Project Sparrow was discussed in these meetings, but I can say that at the time I felt we had sufficient avenues to discuss any matters relating to Project Sparrow. In the months between QSMs, there would usually be a monthly meeting focused on financial performance, attended by POL senior management but not normally the CEO. Materials for these meetings were prepared by POL. Given the focus on financial performance, these would not usually involve any matters relating to Project Sparrow.

### **Oversight of POL's activities**

42. The team's communications with POL and the access we had to POL Board papers gave us a degree of oversight over POL's activities. Whilst Richard Callard would have been more familiar with the details through his attendance at POL Board and Subcommittee meetings, I felt at the time that I had a good working knowledge of the issues that came up during my tenure and that I had access to the information and support that I needed to perform my role within the team.
43. I have been asked by the Inquiry to set out the degree of oversight the POL Shareholder Team and I had over: criminal prosecutions brought by POL; civil litigation brought by or against POL; and POL's IT infrastructure and services.
44. Oversight of criminal prosecutions brought by POL was not a function of the POL Shareholder Team during my tenure (2015-2018). I understood, fairly soon after joining the team, that the number of prosecutions brought by POL had tailed off over recent years and had effectively stopped by the time that I joined the team. Indeed, I recall being shown some statistics to this effect at my request (**UKGI00004680**, **UKGI00004682**, and **UKGI00004684**). I also recall asking POL the rationale for this

and being informed that prosecutions had stopped, not because there were concerns about the safety of the evidence that had led to convictions, but for more presentational reasons, namely that POL did not consider it appropriate to be seen to be bringing prosecutions at a time when it was facing public criticisms concerning Horizon and it was seeking to resolve SPM disputes within the Mediation Scheme.

45. Having been provided with documents by the Inquiry, I can see that I was sent an email by Richard Callard on 2 February 2015 (**UKGI00003155**), very shortly after I joined the team, forwarding a short update note from Mark Davies to the POL Board which concerned a question raised by the Board in relation to the CCRC (**UKGI00003156**). At the end of this note there is a reference to a review of criminal cases having previously been conducted by Brian Altman KC and that POL were providing this to the CCRC. I do not recall feeling any particular concern about this reference at the time, and note that the tone of the document is reassuring. Since I understood there were no active prosecutions by this point, I am not sure I would have considered a review that had taken place some time ago to have been of particular significance to my ongoing role, particularly when it was set out in the note that the Board had already been updated on the review and the note itself says that *"we have not identified anything through the Scheme to suggest a conviction is unsafe"*. A similar impression was conveyed by Richard Callard's covering email, which said that: *"POL remain confident that there is nothing in this, and the Board felt this might even be helpful as it could close one line of questioning down"*.
46. Indeed, it was not until this Inquiry that I became aware that the rationale for stopping prosecutions had been due to concerns about an expert witness, Gareth Jenkins. To my knowledge, this point never came up during my tenure, and if it had, I am confident I would remember it. I can also say the same in respect of each of Simon Clarke's advices (**POL00006357**) and (**POL00129453**) and Brian Altman KC's reviews

(**POL00022619**) and (**POL00006581**) and any other advices produced by those individuals: to my knowledge I never saw any of these documents at the time and have only now seen them in the context of this Inquiry. I was also unaware at the time that Cartwright King Solicitors had carried out a review of past convictions and post-conviction disclosure. While it is difficult to say now how I might have reacted if I had learned that at the time, I am confident that issues surrounding the credibility of an expert witness would have prompted concerns and I would have considered this something on which Ministers should be briefed.

47. The involvement of the CCRC was not a fact which I considered concerning in and of itself. I was informed by POL that no appeal had been made by any SPM against their conviction and based on my very general understanding of the commission's role, I considered the involvement of the CCRC to be the normal and appropriate route by which any person who felt their conviction was unsafe could apply to have it overturned. I felt it was important that existing legal routes were utilised by individuals who had concerns regarding their convictions and was reassured that POL understood their duties regarding post-conviction disclosure and their duties to the CCRC. I also took steps to ensure that ShEx / UKGI and the Department complied with its own duties to the CCRC including the preservation and disclosure of material (**UKGI00004453**).
48. In relation to civil litigation, again, this was not a specific oversight function of the POL Shareholder Team. Nevertheless, we would have sight of updates of material litigation through POL's reporting to its own Board. Prior to the Group Litigation Order proceedings ("GLO"), I cannot recall any specific cases coming to my attention via POL Board papers or in any of the discussions we had internally or directly with POL's staff. In relation to Project Sparrow, I was however aware that group action had been intimated previously by the JFSA. When we became aware in November 2015 that the JFSA intended to bring civil litigation, and when POL received notice of a claim from



Freeths on 13 April 2016, we sought to ensure that we were kept updated on the progress of the litigation and the potential impact on the business. I set out further detail on the GLO later in this statement.

49. As the POL Shareholder Team, we did have some oversight and involvement in discussions concerning POL's IT infrastructure and services, although this was dealt with by other members of the team. I recall from internal discussions at the time that the main focus was on how and when the Horizon system might be replaced and in particular, whether funding from HM Treasury could be secured to do so, rather than how the existing IT infrastructure was operating. In reviewing POL Board papers, I may have also come across other issues relating to POL's IT, but I do not recall any of particular prominence.

#### **Working Relationship with POL's Senior Management**

50. In general terms, my working relationship with POL's senior management was collegiate and professional. At the time, I had no reason to doubt that they were acting in anything other than an upfront and transparent way with me. On each of the areas in which I worked, not just relating to Horizon, I felt that our requests for information were generally met willingly and comprehensively, with POL generally providing responses to questions that appeared detailed and considered, and which I had no reason to suspect were inaccurate or misleading. I would test the information I received by ensuring I could understand it, that it met the purpose for which it had been requested, that it appeared complete and consistent, and did not raise unanswered questions. If I felt it was necessary, I would ask for further supporting information or evidence.

51. Paula Vennells was POL's CEO throughout my time in the POL Shareholder Team. I considered her to be an engaged and accessible CEO who was willing to interact with ShEx and the Department. Indeed, I felt I could contact her directly rather than her only engaging with Richard Callard or more senior staff and on the occasions I did, I found her responsive and approachable.
52. The Inquiry has asked me to describe the concerns that had been raised about Ms Vennells's suitability as POL CEO. I became aware shortly after joining the POL Shareholder Team that there were mixed views within ShEx on her effectiveness, and I understood that the negative views of her ability related predominantly to her grasp of the commercial and strategic challenges that were facing the business, particularly around growing revenue and reducing reliance on Government subsidy. I did not disagree with this. My perspective on the matter at the time however was balanced by my impression that Ms Vennells seemed an enthusiastic advocate for POL and the importance of the Post Office network, and appeared to take seriously her responsibilities and accountability to Ministers, the Department, and Parliament. In relation to Project Sparrow and the complaints raised about Horizon, she struck me as being committed to doing the right thing. I considered these to be important qualities for someone at the head of a publicly accountable business with a social aspect to its work as well as a commercial one. I also considered that, pragmatically, it would be very difficult to find a very strong commercial CEO who could also display these qualities for the remuneration that was on offer, which was demonstrably within the lower quartile of private sector businesses of a similar scale.
53. Through the work of the Inquiry I have been made aware of a 2014 paper to the ShEx Risk & Assurance Committee, that also touches on Ms Vennells' competence as a CEO (**UKGI00042677**). This paper predates my time on the POL Shareholder Team and I do not believe I saw it on joining the team.

54. In terms of my relationships with other senior management within POL, the individuals I engaged with most frequently were Mark Davies, Tom Wechsler, and Patrick Bourke.
55. Mark Davies was POL's Communications and Corporate Affairs Director and I engaged with him on a range of matters including Project Sparrow. Before joining POL, Mr Davies had been a former Special Adviser to the Rt Hon Jack Straw MP and so he understood how the relationship between officials and Ministers generally works. We would therefore regularly be in contact, particularly if an issue of Parliamentary or press handling came up. I would describe our working relationship as open, proactive, constructive, and collaborative, which I consider important when working with an Arm's Length Body that generates regular press and Parliamentary interest.
56. Tom Weschler performed the Chief of Staff role for Paula Vennells, and I was in contact with him several times a week on matters relating to Project Sparrow and more broadly. I was aware that he had previously worked in the Civil Service and also understood the context in which Ministers and officials operate, which allowed him to support his POL colleagues to respond effectively to shareholder requests. I would describe my working relationship with him as similar to the one I had with Mark Davies. Mr Wechsler was my main contact for matters relating to the Mediation Scheme and Project Sparrow more broadly, until around August 2015.
57. Around August 2015, my main point of contact relating to Project Sparrow became Patrick Bourke. Again, at the time I felt that we had a good working relationship and found him to be responsive and helpful.
58. I occasionally met or engaged with other senior executives in POL, including Alisdair Cameron as CFO, Jane Macleod as General Counsel, and Alwen Lyons as Company

Secretary. I would also work with other staff who worked in their teams, including Mark Underwood, Jane Hill, and Rodric Williams. My contact with these individuals was less frequent and would often come about when my regular points of contact were unavailable. I do not recall having any concerns about engaging with them, or feeling that they were withholding information from me.

59. With the benefit of hindsight, and on the basis of some of the evidence I have seen and heard during the Inquiry, I have reflected more critically on the views that I formed of some of these people at the time. In particular, I recall observing that the attitude of a number of POL staff to matters relating to Horizon was very defensive. This did not feel unreasonable at the time, in the context that POL had been responding to the complaints made about Horizon for several years, and I could empathise that this could easily cause people to feel defensive. However, reflecting now, I consider that this defensiveness may well have also manifested itself in a degree of bias or blindness against emerging evidence that there were genuine problems to address relating to the Horizon complaints.

60. It is also clear to me now that information provided by POL during my tenure in relation to allegations about the Horizon system to us as the POL Shareholder Team, to the POL Board, and to Ministers and other stakeholders including Parliamentarians, was incomplete, inaccurate and misleading. As I have noted above, at the time, I felt that we received detailed and considered responses to our questions relating to Project Sparrow, and this was also reflected in information provided to the press and to Parliamentarians. I had no reason to doubt its veracity. I do not know whether this incomplete, inaccurate and misleading information was presented knowingly, or whether the individuals were acting in good faith with what they believed to be true. Similarly, there are several key developments of which I have become aware through the work of the Inquiry relating to Project Sparrow which were not communicated to me,

to others in the POL Shareholder Team, or to Ministers. Again, I cannot tell whether this was deliberate or accidental, but either way its impact was material.

### **Communication with BIS / Ministers**

61. At the time I worked in the POL Shareholder Team, there was no team in the Department covering policy relating to Post Office. This was the case both when ShEx was part of the Department and from the creation of UKGI. There was a small team in the Consumer and Competition Policy directorate within the Department who had some policy responsibilities related to postal affairs, mostly regarding the regulatory regime for mail (which affected Royal Mail and parcel delivery companies more than POL), with whom we would engage occasionally where required, but it was clear this team did not have any specific policy responsibility relating to the Post Office network. As I understood it, the policy for Post Office was relatively simple – there should be a network, it should exist at a size larger than commercially viable to ensure communities had access to postal and other services, and there should therefore be subsidy to enable POL to operate a network of that scale. Where Ministers had a policy interest relating to Post Office, such as during the Coalition Government when there was a desire to have POL be a ‘front office for government’, this was typically therefore picked up by the ShEx team.
62. ShEx provided advice and briefing to Ministers on matters relating to Post Office, and this arrangement continued largely unchanged when ShEx became UKGI, with the approach governed by a memorandum of understanding between UKGI and the Department. As the POL Shareholder Team, we would provide written advice or briefings to Ministers, attend meetings with them either for general updates or to discuss specific matters, and support them in meetings with stakeholders (including POL management) by providing briefings and attending the meetings. As well as

providing briefings for Ministers, we would also keep their private office updated on key issues and discuss with them when and how Ministers should be updated. We operated on a similar basis with Special Advisors and with the Permanent Secretary, and their private offices.

63. I prepared the vast majority of written submissions and advice on Project Sparrow during my time in the POL Shareholder Team. As the head of the POL Shareholder Team, Richard Callard reviewed and approved each submission I wrote, or if he was unavailable (such as being on annual leave) I would seek review and approval from the Director (Anthony Odgers or Justin Manson), or from Mark Russell as CEO if required in their absence. If a submission was particularly controversial, I would ensure the relevant Director or Mr Russell had a chance to see it and comment on it before it was submitted, even if Mr Callard had approved it. Mr Callard and I would always discuss whether a submission was required, what it should contain and what our recommendations should be. We would take each other's suggestions on board to prepare balanced advice which took into account our different experience and perspectives.

64. All Departments have a submissions process which will include the requirement to seek approval from various functions across the Department including the Legal, Finance and Communications teams. The vast majority of submissions would be copied to the both the junior Minister and the Secretary of State, although the Secretary of State's office would not necessarily show every submission to the Secretary of State – this would be agreed between private offices, and if unsure they would seek a view from the submission author. If another Minister's office had an interest in the issue, they would also be copied – this was often the case where the responsible Minister was a Lords Minister, as there would ordinarily be another (Commons) Minister in the Department 'shadowing' the policy area such that they could respond to any Commons

business. The Permanent Secretary's office would also be copied on all submissions, although similarly, they would use their judgement as to whether the Permanent Secretary was provided with every submission received. Where required, submissions might be shared in draft with the Permanent Secretary or with Special Advisors before being finalised for Ministers. Submissions were always copied to those involved in its drafting and clearance including the Finance, Legal and Communications teams as appropriate. In most cases, we would copy the relevant Director (Anthony Odgers or Justin Manson) and Mark Russell into the emails enclosing submissions, but this was for information and it was not my expectation that they would necessarily read every one.

65. For most submissions relating to Horizon during my time in the POL Shareholder Team, the primary audience was the junior Minister responsible for postal affairs. When I first joined the team in January 2015 this was Jo Swinson. After the 2015 general election, Baroness Neville-Rolfe took over the responsibility, and then following the July 2016 Ministerial reshuffle, Margot James took over the role until January 2018. She was succeeded in post by Andrew Griffiths, but as this largely coincided with the point at which I handed over my POL responsibilities to others in the team, I do not recall that I provided any briefing to Mr Griffiths. As well as the junior Minister, we also occasionally provided advice specifically to the Secretary of State (initially the Rt Hon Sir Vince Cable, later the Rt Hon Sajid Javid and then finally the Rt Hon Greg Clark) or to the Secretary of State's Special Advisors. Less frequently, we also provided advice to No. 10 or to the Rt Hon Sir Oliver Letwin, as Minister for Government Policy in the Cabinet Office. On each of these occasions, I approached the task in the same way as I did for the Department's Ministers, save that I was even more conscious of the need to be succinct and direct. None of the submissions to the Secretary of State or to No.10 led to me attending a meeting with them to discuss Project Sparrow (or any other Post Office matters) and the only contact I had with the Rt Hon Sir Oliver Letwin in relation



to Post Office matters was sitting in on a telephone call that he had with Baroness Neville-Rolfe, of which I was requested to take a note (**UKGI00005910**).

66. When I joined the POL Shareholder Team, Jo Swinson MP had been in post as the Minister for more than two years (save for her period of maternity leave) and had been involved in matters relating to complaints about Horizon throughout that time, including making a statement to Parliament in 2013 regarding the Mediation Scheme. As such, there was already an established government position in relation to Project Sparrow: essentially, that the matter had been taken seriously by Ministers and by POL, investigated carefully including by Second Sight who had published an interim report and were continuing to investigate, the Mediation Scheme had been set up and had been done so in a way that was independent of government, and it was right to allow those processes to be completed in an attempt to resolve the long-running disputes. As the work had not identified any systemic issues with Horizon, it seemed clear that the important point was to enable the resolution of the individual complaints and concerns raised by the 134 applicants to the Mediation Scheme. If I had thought this position was wrong, I would not have had any concerns about raising this with Richard Callard or others within ShEx, but it seemed sensible to me. I think it is important, however, to properly contextualise the work that I undertook: I did not advise on the initial position taken by the Government at the point these matters were first brought to Ministers' attention and, as such, my advice from joining the role and thereafter was based upon the position established and whether there was any reason to change that approach.
67. Following the 2015 General Election, a new Conservative government was formed that replaced the Coalition Government that had been in place since 2010. This led to a reduction in the number of Ministerial roles within the Department and as such, the portfolio previously held by Jo Swinson was distributed between the other junior

Ministers. This took some time and so it was not until June 2015, a month after the election, that it was agreed that Baroness Neville-Rolfe would hold the postal affairs brief. Baroness Neville-Rolfe had been a Minister in the Department previously. When initially briefing the Minister, we saw no reason to recommend a change to the previously agreed position in relation to complaints about Horizon, but recognised that it was always within the prerogative of Ministers to change approach. I recall that Baroness Neville-Rolfe was initially content to adopt the same approach that had been taken previously.

68. At a later point, Baroness Neville-Rolfe wished to look further into the issues and take a slightly different direction. From my perspective, it was ShEx's role to implement the decisions of Ministers, and to provide advice to them faithfully, as I explain elsewhere in this statement. During my tenure, I do not believe that I or the rest of the POL Shareholder Team were resistant to any changes in approach that were suggested by Ministers, but provided our advice on doing so in the usual way. I recall, for example, having a long discussion with Anthony Odgers (I believe this was around June or July 2015, and at a time when Richard Callard was on annual leave) to seek his guidance on what more we could do to support the Minister and the advantages or disadvantages of potential options. Fundamentally, however, it appeared to us that the evidence base had not changed at this stage and therefore we considered the extant position remained valid. We were also mindful that there were existing processes in train – the Mediation Scheme and the review by the CCRC – which were the right avenues to resolve issues and required further time to be completed. What we as a shareholder team therefore considered was required at the time, was greater assurance that all of the issues had been examined carefully, and we weighed up various options to do so. This is what ultimately prompted the review by Tim Parker, which I discuss further below.

69. The following sections set out some of the key milestones and issues on which I provided advice to Ministers and I address the advice provided in each section below. As a general point, my approach to briefing Ministers and writing submissions has always been and continues to be that you should be clear and candid, provide the Minister with advice that you think accurately reflects the facts as you understand them, never withholding material information, and that you should make a recommendation to Ministers on the best approach. Ministers are always able to disagree with your recommendation, and that should not be seen as a failure of your advice. I have worked with a number of Ministers who have been very happy to receive well-reasoned advice with a recommendation with which they do not agree, and it is well-established that the ultimate responsibility and accountability lies with Ministers.

#### **Responding to departmental correspondence**

70. The Inquiry has asked me to describe my involvement in responding (or advising others on the response) to complaints made about Horizon from SPMs, MPs or journalists. The primary mechanism for this was through the Departmental correspondence process and various examples are provided in the documents identified by the Inquiry for my review.

71. Government departments receive a very large volume of correspondence on a variety of matters, some of which is sent directly by members of the public, businesses or representative organisations, and some of which comes from Parliamentarians. There are established processes within and between Departments on agreeing which Department's remit a piece of correspondence falls within, which team should be tasked with preparing a response, and from whom the response should be sent. An example of this can be seen in (UKGI00003198). Throughout my time in the POL

Shareholder Team, we followed the Department's processes for correspondence, regardless of whether we were ShEx or UKGI.

72. Often, the same or similar issues are raised on a topic, and to assist with providing timely responses to correspondence, teams prepare 'standard line' responses to correspondence which can then be tailored appropriately to any specific points raised. This ensures that separate internal clearances do not need to be obtained for every piece of correspondence and also ensures that a consistent government message is delivered.
  
73. Within the Department there was a separate correspondence team, who would allocate correspondence to the relevant team. For matters relating to Post Office these would be sent to James Baugh and Jessica Williams, who would either prepare a response themselves utilising existing lines, or pass the correspondence on to the relevant individual in the POL Shareholder Team to advise on a response. As the lead in the team on Project Sparrow, I would either prepare or approve the response to any Ministerial correspondence received relating to complaints about the Horizon system. Where appropriate, I would also clear this through Richard Callard.
  
74. On joining the team in January 2015, I reviewed and made some minor changes in style and tone to the standard lines used in response to complaints about Horizon, but as noted above I saw no need to change the established position. When responding to individual correspondence, my approach was to be as helpful as possible to the correspondent, while being clear on the Government's position, and in the case of complaints received about Horizon, reiterate that the Mediation Scheme had been

established to be independent of government. This was the case whether we were preparing a response to come from the Minister or to be sent by an official.

75. We would not share details of individual correspondence received with POL, but if necessary would reach out to POL to ascertain whether an individual had a case in the Mediation Scheme or not, and if they did, how far the case had progressed within the Scheme, so that we could provide an appropriate response. In most cases, this included an offer to the MP that POL would be happy to discuss the matter with them directly and contact details for the appropriate person for them to contact. As can be seen in documents shared with the Inquiry, we also therefore updated POL on the MPs to whom that offer had been extended.

#### **Involvement in Ministerial Meetings with Stakeholders**

76. My role in providing advice to Ministers in relation to Project Sparrow included preparing briefing for meetings held by the Minister with stakeholders. It is common practice for a Minister to be accompanied by one or more officials to support them in a meeting, and usually one of their private secretaries as well. Generally the role of the official in the meeting is to note down actions and take a minute of the meeting, and occasionally contribute to the meeting when requested to do so by the Minister, usually to remind them of a point of detail rather than to offer a view or steer the discussion.
77. I attended a number of such meetings in relation to Project Sparrow and wider POL matters, as meetings would often cover a range of topics even if scheduled for a specific purpose. For the most part, I was the official attending, but I recall one or two where Richard Callard would have attended either with me or instead of me. I no longer have access to my diary for the time period in question so cannot give a full list, but recall a

number of meetings and these are supported by some of the documents provided by the Inquiry.

78. For example, I attended a meeting between Baroness Neville-Rolfe and James Arbuthnot (now the Rt Hon the Lord Arbuthnot of Edrom) in September 2015, which was arranged following the meeting convened between Baroness Neville-Rolfe, POL and MPs (discussed further below). In this meeting the Minister updated Lord Arbuthnot on the proposed review by Tim Parker. I prepared the meeting briefing, drawing on the support of my colleagues within the POL Shareholder Team for any additional information that I required (**UKGI00005898**). I also requested, and attached separately to the briefing paper, some information from POL on key areas of concern raised by Lord Arbuthnot and POL's response to them (**UKGI00005899**). I cannot recall specifically whether I attended a pre-meeting briefing with the Minister in this case, but such briefings would often be organised to give a Minister the opportunity to clarify any aspects of their brief or discuss handling in advance. While I did attend the meeting itself, beyond the normal introductions, I do not recall being called on to make any contributions or points of substance. Following the meeting, I provided an update to my colleagues within the POL Shareholder Team and will have liaised with the Minister's private office on how to take forward any follow-up actions.

79. I recall attending a meeting held by Baroness Neville-Rolfe with Ron Warmington and Ian Henderson of Second Sight in October 2015. As above, I prepared the briefing paper (**UKGI00006179**), met briefly with the Minister before her guests arrived to enable her to ask any questions, and attended the meeting. In this case, Mr Warmington had indicated that Second Sight would like the meeting to take place 'off the record', so I did not take extensive notes but did prepare a brief file note (**UKGI00039477**) to share later with Richard Callard, who I recall was not in the office

that day. Again, beyond introductions and pleasantries, I do not recall being called on to contribute to the discussion in this meeting. I do recall the impression I formed in this meeting was one of reassurance that the approach we were taking (allowing the Mediation Scheme to proceed, awaiting the CCRC work, and commissioning Tim Parker's review) was the right one, and noted that Second Sight had not raised any new concerns or points to investigate.

80. In July 2015 I attended a meeting that Baroness Neville-Rolfe held with Andrew Bridgen MP and Kevan Jones MP following the June 2015 adjournment debate on Horizon, which was also attended by Mark Davies and Patrick Bourke of POL. This meeting required more planning than most given the known difference of views between the parties (the MPs on one hand and POL on the other), and the briefing I prepared reflected this (**BEIS0000012**). In the meeting itself, I recall that beyond providing a couple of points of clarification to the Minister, I did not participate in the discussion, but did take a record of the meeting (**UKGI00013954**).
81. Where Ministers met with POL management, I would typically have a greater involvement in the discussion, usually to facilitate effective use of the time or to draw out points of particular interest or relevance to the Minister, as well as noting any actions. For example, as part of George Freeman MP's preparation for the June adjournment debate (where Mr Freeman, as the Commons 'shadow' Minister for POL was required to respond on behalf of the Government), I attended a meeting between Mr Freeman and Patrick Bourke and Jane Hill of POL who were present to provide information and key facts to the Minister, who had less background on the policy area than Baroness Neville-Rolfe.
82. I attended a briefing meeting in August 2015 arranged for Baroness Neville-Rolfe where Paula Vennells, Jane MacLeod, and Mark Davies gave a detailed update on Project



Sparrow, the work undertaken by POL to address the concerns raised, and the progress of the Mediation Scheme.

83. I attended several meetings held between Baroness Neville-Rolfe and Tim Parker from the time of his appointment as POL Chair until Baroness Neville-Rolfe moved ministerial role. I cover some of these in more detail in the section on the Parker Review later in this statement.
84. Although I had some involvement in preparing responses to correspondence from Sir Alan Bates on behalf of the JFSA, I do not recall any occasion during my tenure in the POL Shareholder Team when Ministers met with him. Indeed, to my knowledge I have never met him. I was also not in post when Second Sight's Interim Report was published in 2013 and so I would not have had any involvement in any meetings which he or others may have had with the Minister concerning that issue at the time.
85. To the best of my recollection, I did not attend any Ministerial meeting where the issue of POL reviewing its criminal convictions was discussed.

#### **Position on Project Sparrow in early 2015**

86. On 3 February 2015, there was a BIS Select Committee evidence session on the Post Office Mediation Scheme, at which a number of people gave evidence including Paula Vennells, Angela van den Bogerd (one of the key senior individuals within POL dealing with the Mediation Scheme), Sir Alan Bates of the JFSA, and George Thomson from the NFSP (**UKGI00003231**). The Communication Workers Union ("CWU") was represented by both its then-Assistant General Secretary, Andy Furey, and Mark Baker who was part of the smaller Postmasters Branch of the CWU. Richard Callard and I

attended this session from the public gallery. I recall I was introduced by Richard Callard to Paula Vennells and to George Thomson briefly, after the hearing was finished.

87. Attending this evidence session helped me build further my understanding of the complaints made in relation to Horizon, the purpose and progress of the Mediation Scheme, the aspects of most interest to MPs (via the questions asked by the Committee) and the positions of the various stakeholders involved. I recall that one impression I formed from the evidence of George Thomson and Andy Furey in particular was that the issue seemed not to be that there was a widespread problem with Horizon, but to establish what went wrong in the individual complaints raised by SPMs. I recalled both the NFSP and the CWU as key stakeholders during the passage of the Postal Services Act a few years prior and believed their representatives would not have shied away from harsher criticism of POL on this matter if they felt it justified, so I thought this notable.

88. I had also undertaken some background reading to bring myself up to speed with the issues that were likely to be raised, and in particular, had read the Hansard from the Westminster Hall debate that had taken place on 17 December 2014. From that record, I recall learning about the allegation that it was possible for Fujitsu to remotely access SPMs' branch accounting terminals to alter the accounting records, and I understood that following the debate POL had provided a detailed explanation to refute the claim. As Second Sight were continuing to conduct their investigation, I expected that if they were to find any evidence to support that allegation, they would share it with the individual SPMs and POL.

89. In relation to Second Sight's work, I was aware that they had been looking at the Horizon system and SPM complaints for some time. The decision to appoint Second Sight had been taken long before I took up my role within the POL Shareholder Team

and I was not therefore involved in that decision and did not provide any advice in relation to their engagement. My understanding, upon taking up my role, was that Second Sight had been tasked with investigating the complaint raised by the JFSA that there existed systemic errors – bugs or glitches – in the Horizon system that had caused discrepancies in SPM's accounts and led to them being held liable for the repayment of losses. I did not understand them to be reviewing the Horizon system and wider operating environment as a whole. The amount of time spent on this review by Second Sight and the sense I was given on the level of detail being considered was comforting. My understanding at the point that I joined the POL Shareholder Team was that they had not found any evidence of systemic issues. I cannot now recall whether I read Second Sight's Interim Report in full upon taking up my role, or whether it was summarised to me by my colleagues, but I do remember being aware of it and of POL's response to it, which it had published on its website.

90. In addition, I recall being told at some point (I cannot recall precisely when) that Deloitte had also looked at the Horizon system in the past, since the complaints had been raised, but I did not know this was called 'Project Zebra' and I was not told that they had identified anything of concern. I did not see any of the work or advice provided by Deloitte and as far as I recall it was not suggested to me by anyone that I should read it as part of my induction into my role. My understanding was that the complaints about Horizon had first been raised by the JFSA with Alice Perkins and Paula Vennells, and then with Rt Hon Sir Edward Davey, as the junior Minister responsible in 2012, and that each Minister thereafter had taken the matter seriously and wanted to ensure that the complaints were investigated fully, and to be reassured that there were no major problems with the Horizon system. I understood that view to be shared by POL, who were similarly invested in verifying that the system that underpinned their business was functioning correctly. It was therefore my understanding that a lot of work had already been undertaken prior to me joining the team, including Second Sight's involvement.

91. Around the time of my appointment, I also recall being informed that POL's relatively new General Counsel, Jane MacLeod, had upon joining the business looked closely at the matter and SPM's complaints and had relayed the outcome of that review to the Minister. I therefore took comfort from the fact that this issue had the attention of the right senior people within POL including the CEO, Chair and General Counsel.

### **Mediation Scheme**

92. I had no involvement with the design or establishment of the Mediation Scheme, as it was already in place when I joined the team. I understood it had been announced in Parliament by the Minister (Jo Swinson MP) and advertised widely by POL, attracting 150 applicants in the application window (which had closed by the time I joined the team). The Government position on the Mediation Scheme had therefore already been agreed before I joined, and in summary, was that the Mediation Scheme had been put in place with the support of SPMs (including the JFSA) and MPs such as Lord Arbuthnot, and was working through the individual cases, which was taking some time. The agreed position was that the Mediation Scheme was independent of Government and the details of the specific cases would not be shared with officials or Ministers, reflecting this independence.
93. There was a Working Group in place, run by an Independent Chair, Sir Anthony Hooper, whose role was to agree which cases were suitable for mediation, and to oversee the progress of the Scheme. Mediations themselves were overseen by the Centre for Effective Dispute Resolution ("CEDR"), with POL providing funding for applicants to obtain legal support for the mediation process. The Government was relying on the

independence of the Mediation Scheme, and the fact that it had been created with input from all interested parties including POL and the JFSA, to provide resolution to the individual complaints raised.

94. When Second Sight therefore prepared their case reports for the Working Group, these were not shared with Government. I understood this to be the position agreed between all parties – POL, JFSA and Second Sight – and from my perspective, this made sense in terms of independence and also because details of the individual cases might include sensitive information about a SPM or other private individuals.
95. I was aware at the point that I joined the POL Shareholder Team that concerns had already been raised regarding the Mediation Scheme from a number of parties. One of my first tasks relating to Project Sparrow was to assist with the redrafting of a response to Sir Alan Bates which noted concerns he had about the Mediation Scheme (**UKGI00019587** and **UKGI00003111**). I was also made aware of the press release from Lord Arbuthnot expressing that he had lost confidence in the Mediation Scheme (**UKGI00002767**). I understood the main tenor of these complaints to be the approach being taken by the Post Office as to whether cases should be mediated or not, the amount of time taken for each case to be investigated, and that where compensation was being offered following mediation, it was lower than the applicants had anticipated. I understood Sir Anthony Hooper had also expressed some concern around the slow progress of cases (**UKGI00002768**).
96. POL had reported to us that there was a disconnect between the expectations of the applicants in the Mediation Scheme as to what mediation would entail and what was achievable from it, particularly in terms of compensation. POL were also concerned about the length of time taken by Second Sight to undertake their reviews of cases, including what POL perceived to be excessive requests for information (and noting that

in some cases in the Mediation Scheme the issues had occurred more than ten years ago), and that there were often differences of opinion within the Working Group on whether cases should proceed to mediation or not, which also delayed the process.

97. My recollection of my perspective at the time on these issues is as follows. On the criticism that POL was taking a legalistic approach to mediation, I noted the position which was supported by CEDR at the time, that mediation is a process which is improved with legal support and it is ultimately a legal process. I understood that some applicants appeared to believe they were participating in a compensation scheme rather than a mediation scheme, which may have affected what they thought they thought the outcome of the process might be. I was not surprised that investigation of cases had taken longer than expected given what I understood of the complexity of some of the issues.
98. However, as mentioned above, the Government's position was that the Working Group should remain independent and so the concerns were to be addressed by the Working Group rather than being for Government to resolve.
99. We would receive updates from the Working Group directly (such as in letters from Sir Anthony Hooper to the Minister) or from POL. CEDR was also monitoring the Mediation Scheme, and wrote a report halfway through it, containing an assessment of the mediation process. I would describe these updates as status reports, providing statistics about the progress of cases within the Mediation Scheme, rather than details about individual cases or outcome of mediations including levels of compensation being sought or agreed. I also recall one occasion when Sir Anthony Hooper, as Chair of the Working Group, provided an update to Adrian Bailey MP as Chair of the BIS Select Committee ahead of the February 2015 evidence session, where ShEx received a copy of that letter for its information.

100. In general, these updates were helpful as they allowed Ministers to provide an up-to-date response to correspondence that they would regularly receive from MPs and other stakeholders. At the time, receiving this nature of update felt like the appropriate way to maintain independence and the confidentiality of individuals whilst enabling a degree of transparency for Ministers as to the progress of the Mediation Scheme, given it had been announced by Jo Swinson herself in Parliament.
101. As these updates were focused on process, it was not until August 2015 when POL management met with Baroness Neville-Rolfe and presented a detailed update on the Mediation Scheme, that I had any meaningful idea about the levels of compensation that were being discussed within the Mediation Scheme. With hindsight, I now feel it may have helped to know more about the way in which POL was approaching individual mediations, particularly if they were dealing with the quantification of losses and the need for evidence to support claims in an overly legalistic way. Although I had been aware of these sorts of criticisms in general terms at the time, I had taken some comfort from the involvement of CEDR in the process, which had given me reassurance that any inappropriate conduct would have been identified and reported back to the Working Group, who could then have raised it with the Department if they had considered appropriate to do so. Ministers had also invited Sir Anthony Hooper to meet with them to discuss the issues and he had declined to do so, and I recall thinking at the time that if he had any concerns to raise he would have taken the opportunity to do so.

#### **Decision to disband the Working Group**

102. In late February 2015, Richard Callard informed me that the Sparrow Subcommittee had been considering a modification to the Mediation Scheme that would result in a presumption of all cases, except those involving a criminal conviction, proceeding to



mediation, as a means to remove some of the delays to the mediation process. The effect of this would be that there would no longer be a need for the Working Group, whose remit had been to determine which cases were suitable for progressing to mediation. On 2 March 2015, I was then sent a copy of the papers on this topic that were being provided to the POL Board in support of the Subcommittee's recommendation (**UKGI00003470**). I began some early work on a submission to the Minister on the premise that the proposals would be agreed by POL, including taking Richard Callard's view on the tone of the advice and whether this was a submission 'for information' or 'for decision'.

103. On 4 March 2015, Richard Callard sent me an email explaining that the Board had approved the Subcommittee's recommendation and raised certain points with me, including around the submission to the Minister to update her and whether the change might be announced via a written Ministerial statement ("WMS") (**UKGI00003503**). Later that day, having forewarned the Minister's private office, I sent the submission to the Minister, Jo Swinson MP, concerning the changes that POL had decided to make (**UKGI00000032**). These points were also discussed in emails with Tom Wechsler at POL (**POL00102298**).
104. On 5 March 2015, the Minister's office wrote back noting the proposed changes and seeking clarification of certain points relating to the non-mediation of cases involving those with criminal convictions (**UKGI00003525**). I recall discussing with POL, likely Tom Wechsler or Mark Davies, that it would be appropriate on a matter such as this for them to communicate directly to the Minister, in a format that she might then share with Parliament, and on 9 March 2015, Paula Vennells as CEO wrote to the Minister in relation to the Mediation Scheme and POL's intention to disband the Working Group (**POL00119795**). On the basis of our advice and having had sight of Ms Vennells's letter, the Minister agreed the wording of a WMS to be laid before both Houses of

Parliament (**UKGI00003581**). The advice was also copied to the office of Baroness Neville-Rolfe as the Department's Lords Minister, to support her in making the WMS in the Lords.

105. The public announcement of closure of the Working Group was made on 10 March 2015. We were aware that there might be a negative stakeholder reaction to the disbanding of the Working Group and in the days leading up to the announcement, we therefore prepared for the possibility that a question would be asked in Parliament, including at Prime Minister's Questions ("PMQs") (**UKGI00003670**). This did indeed happen, and I prepared a submission to Jo Swinson MP immediately following PMQs enclosing a draft letter to Lord Arbuthnot, who had raised the matter, since commitments made in Parliament to write should usually be fulfilled within 24 hours (**UKGI00000053**).
106. On the day of the announcement, the Minister's office also received an email from Sir Alan Bates on behalf of the JFSA in which he challenged POL's decision to disband the Working Group, saying that the decision should not have been made by POL and was for the Working Group itself to make. Sir Alan Bates also expressed the view that POL had "*attempted to gag Second Sight*" to stop their final (Part 2) report being published. A copy of his correspondence was shared with ShEx by the Minister's private office and later that day I prepared a draft response, which I sent to the Minister with the same advice regarding the letter to Lord Arbuthnot (**UKGI00003694**).
107. On the 12 March 2015, I spoke to one of the Minister's private secretaries who informed me that the Minister felt she had not been made aware that POL would be terminating Second Sight's engagement. In fact, confirmation relating to the termination of Second Sight's engagement had been included in ShEx's original advice to the Minister (**UKGI00000032**) and I explained this to her office (**UKGI00003785**).

108. At the time, the decision to move to a presumption of mediation did not appear to me to be an unreasonable step to take, as it was designed to accelerate the rate at which disputes would be considered and hopefully resolved. While POL had identified an end-point for the engagement of Second Sight on this matter, they had ensured that Second Sight would complete all the individual case reviews and their final report, which would be provided to applicants
109. Reflecting now, I am struck by the speed at which this decision was taken and implemented, and that the parties involved including the JFSA, Second Sight and Sir Anthony Hooper will likely have felt 'bounced' by the announcement. I understand, and understood at the time, this to be a factor of the mistrust between the JFSA and POL. While I believe POL did try to ensure that the messaging around the announcement presented the key details that this was designed to improve the pace of the Mediation Scheme for applicants and that Second Sight were still engaged to produce their final report, it is not surprising to me that this message was received poorly and is highly likely to have exacerbated the dissatisfaction that the JFSA felt with the Mediation Scheme.
110. The pace at which some of my advice was prepared on this matter is also something on which I have reflected, and submissions such as my submission of 11 March 2015 (**UKGI00000053**), written, approved and sent in the space of a couple of hours to respond to the issue raised by Lord Arbuthnot at PMQs, now read uncomfortably to me with the benefit of hindsight and on reflection are more robust and direct in tone than they might have been had I considered them more fully.

### **BIS Select Committee letter**

111. On 17 March 2015, the Secretary of State received a letter from the Chair of the BIS Select Committee, which contained the Committee's recommendations relating to the evidence it had heard on the Mediation Scheme (described above) (**UKGI00003919**). This was in lieu of a full report on the matter, not least because Parliament was shortly to be dissolved ahead of the pre-election period for the 2015 general election.
  
112. On receipt of the letter, I was asked to provide advice on a reply with an urgent deadline, such that it could be sent before the Committee disbanded. Ministers generally wish to accept Select Committee recommendations where they are able to do so and, as such, there is a high bar to meet if Ministers are going to be advised to decline a recommendation. One recommendation from the Committee was that the Secretary of State should be provided with a copy of Second Sight's final report once it had been prepared.
  
113. It is important to note that at the time the report was only intended to be shared with POL and with Mediation Scheme applicants. Richard Callard and I discussed the implications of accepting this particular recommendation. We were concerned that the Government formally receiving a copy of the report would create the expectation that the Government would be required to respond to the findings and any recommendations, and that this would undermine the established independence of the Mediation Scheme from the Government. That is not to say that the Minister would never have seen or been briefed on the report once it was finalised, but there seemed at the time an important presentational distinction. We therefore recommended to Ministers that they decline this element of the Select Committee's recommendations (**UKGI00003968**). As the subsequent response from the Minister's office in the same email chain shows, Ministers decided that they should accept the recommendation to

receive the report and responded to that effect to the Select Committee. This decision was also communicated to POL, who acted upon it accordingly, once the Second Sight final report had been completed.

114. On reflection, I think this was a finely-balanced decision and ultimately a judgement call for the Minister. As I explained earlier, as an official, when giving advice you should make a recommendation and set out your reasoning for it. It is always in the prerogative of Ministers to disagree. I think the reasoning I set out in the advice against receipt of the report is still valid, but with the benefit of hindsight and reflection I would now accept that that the advantage of transparency and greater accountability does tip the balance towards accepting, rather than rejecting, this particular recommendation.

#### **Final Second Sight Report**

115. The final Second Sight report was issued in late April 2015. It should be noted that this was during the pre-election period ahead of the May 2015 general election. I recall in the weeks preceding the report being issued that some individuals at POL had some advanced sight of its content, and had given me the impression there was likely to be some disagreement with some of the comments and findings made by Second Sight in their report. I did not have any advance sight of the report myself.
116. I was aware that POL were considering preparing a document to accompany the Second Sight report, to send to Mediation Scheme applicants (the primary audience for the Second Sight report) to address points with which it disagreed. POL had taken a similar approach previously with the preparation of a relatively short document which set out their responses to some points raised by Second Sight in their interim report, which was publicly available on the POL corporate website. While I was aware that

POL were preparing a response document, I can confirm that I did not have any advance sight of it before it was published.

117. I was on annual leave at the time the report was issued on 21 April 2015, so Richard Callard and Tim McInnes had agreed to pick up in my absence any immediate actions relating to the report. I did not see the Second Sight report, POL's response to it, or any press coverage until my return to the office at the beginning of May.
118. I cannot recall exactly when I read the final Second Sight report and POL's response document but believe it will have been in the week commencing 4 May when I returned from leave. I recall finding both documents (the Second Sight report and the POL response) long, highly technical and unclear. I reviewed the Second Sight report looking for new issues or problems raised, and in particular, for findings that there were systemic issues (bugs or glitches) with Horizon which had not previously been identified and which were capable of causing the accounting issues raised. I recall at the time noting that the final Second Sight report had set out 17 thematic issues, each affecting a relatively low number of cases (out of the total approximately 130 cases), across a broad range of aspects of Horizon and the work of a SPM, but with no issues identified as universal across all users.
119. I noted the part of the report (paragraph 26.8) which stated that, "*...we have described in this report the results of our investigations (some of which are incomplete) into the issues and concerns raised by multiple Applicants. As we have previously stated, when looking at the totality of the 'Horizon experience' we remain concerned that in some circumstances Horizon can be systemically flawed from a user's perspective and Post Office has not necessarily provided an appropriate level of support*". I considered this to be a carefully worded reference to "systemic issues", but given that it was clear this applied only "in some circumstances", I felt it did not change the position that the

individual cases raised by SPMs should be addressed individually, through mediation, and where SPMs felt they had experienced one of these thematic issues, they could raise this through the mediation process.

120. I recall being surprised at the length of the POL response document and the level of detail it contained. I considered it to be very defensive, and not particularly effective as a communications tool. I understood that POL had felt it necessary to rebut some of the issues identified by Second Sight and would have assumed that POL believed its content to be truthful, accurate and supported by evidence. Some of the issues raised by Second Sight, such as lack of access to information from POL, we felt had already been addressed by the assurances given by Paula Vennells to the BIS Select Committee in February, and echoed to us as the POL Shareholder Team, that Second Sight would have access to all the material they required.

121. As we were in the pre-election period at the time I read the report, there would have been a very high bar for providing advice to Ministers. I did not think there was anything in the report that required an urgent change of approach, and this was supported by the fact that, in the two weeks that had elapsed between the report issuing and my reading it, no other urgent concerns had been identified by my colleagues. As such, I decided that it should form part of updating Ministers post-election where it was reasonably expected there would be a different Minister to brief. The only other immediate consideration was ensuring that POL had fulfilled the request from the Secretary of State in relation to the BIS Select Committee recommendation that Ministers should be sent a copy of both reports by POL, and that had already been fulfilled.

122. As noted above, it was several weeks after the General Election before it was confirmed that Baroness Neville-Rolfe would be the Minister responsible for postal affairs. In



preparing briefing for her on this matter, Richard Callard and I agreed that there was no reason to change our recommended approach, which was that the matter had been comprehensively investigated over several years, no systemic issues had been identified, and so we did not think further investigation would be value for money or in the public interest. Second Sight had not advanced any evidence as far as we were aware to suggest that any of POL's prosecutions for either false accounting or theft were unsafe, POL had a duty to disclose new material and we knew they were aware of these obligations as they had mentioned them on several occasions. We also understood that the CCRC was considering some applications for review that had been submitted by SPMs, in response to which both the Department and POL had agreed to preserve any relevant data.

123. I recall that the Minister agreed with this position and took comfort from the involvement of the CCRC. We endeavoured to keep her updated on the progress of the CCRC's work and the timeline for any conclusion to their review, relying on POL for our updates on this as they were in more regular contact with the CCRC. We were often informed that the CCRC had said that it would be "a few months" before an update would be provided. This was borne out by the fact that the CCRC did not come into UKGI to review its files until October 2016, more than 18 months after the Department had been asked to preserve its records, and at the point I left the POL Shareholder Team in early 2018 had not yet announced any conclusion to its work.

### **The Adjournment Debate**

124. On 29 June 2015 there was an Adjournment Debate in the House of Commons tabled by Andrew Bridgen MP, and George Freeman MP responded for the Government as the 'shadow' Commons Minister. As noted previously, we had provided briefing for the Minister beforehand (**BEIS0000012**). The Minister stated in his closing speech that:

*“Second Sight produced two independent reports—one in 2013 and the other earlier this year—both of which found there was no evidence of systemic flaws in the system”.*

This reflected what we believed to be the position at the time, based on our review of the final Second Sight report (as noted above).

125. Immediately prior to the Adjournment Debate, George Freeman spoke to me as we waited to go into the Commons chamber and said that he would like to offer to host a meeting with Andrew Bridgen and other interested MPs to discuss the issues further, having spoken to some colleagues in the division lobby that evening. I agreed that would be sensible and suggested he consider whether it would be best hosted by him or by Baroness Neville-Rolfe, and that it could include representatives from POL. The Minister subsequently made this offer during the debate.
  
126. Following the Adjournment Debate, I provided advice to Baroness Neville-Rolfe and George Freeman on how to fulfil this commitment, and Ministers subsequently agreed that a meeting should be hosted by Baroness Neville-Rolfe between MPs and POL, and that this should not include the JFSA or Second Sight. As I noted above, I attended this meeting to support the Minister and took a readout (**UKGI00013954**). In that meeting, Andrew Bridgen MP suggested to Baroness Neville-Rolfe that she should meet Lord Arbutnot, who had recently stood down as an MP and was soon to be ennobled, as he had been one of the main Parliamentarians campaigning on this issue. The Minister agreed to do so, and a meeting was held in September 2015, which I also attended (as I have noted above).
  
127. Also following the Adjournment Debate, Ron Warmington of Second Sight wrote to George Freeman MP, to Andrew Bridgen MP (who passed his email to Baroness Neville-Rolfe) and to the Prime Minister to raise concerns about George Freeman’s statement during the debate (as cited above), highlighting a number of paragraphs from

the final Second Sight report which he felt contradicted that statement. I recall reviewing the paragraphs in question ahead of advising Baroness Neville-Rolfe on a response, and was surprised that Mr Warmington had highlighted them, as I did not see them contradicting the position that there were no systemic flaws.

128. On 19 October 2015, I attended a meeting held between Baroness Neville-Rolfe and Ron Warmington and Ian Henderson of Second Sight. This meeting was at the suggestion of Lord Arbuthnot when the Minister had met with him, and while we as the POL Shareholder Team noted POL's concerns about her doing so, we considered on balance it was the right approach and recommended that she do so. It was a small meeting, attended only by the Minister, Mr Warmington, Mr Henderson and myself – I think on this occasion a private secretary did not attend. At Second Sight's request, the meeting was held 'off the record'. This was an opportunity, therefore, for Second Sight to raise concerns confidentially and discreetly, had they wished to do so.

129. I recall clearly ending the meeting with a feeling of reassurance, which I expressed to the Minister, and believed at the time that she had been similarly reassured. The concerns raised by Second Sight were of the nature of 'things could have been better' or 'took a while to be fixed'. While respecting that this meeting was "off the record", I prepared a short file note for Richard Callard's benefit with my main recollections from the meeting, which covered points that I considered interesting or new (UKGI00039477). The reassurance I took from this meeting cannot be overstated – I felt that if there had been a serious issue that we had missed as shareholder, it would have been raised in this forum.

## **Panorama**

130. At the time we provided introductory briefing to Baroness Neville-Rolfe in early June 2015, we had been made aware by POL that the BBC Panorama programme was looking to broadcast a programme concerning the complaints raised about Horizon, which was originally scheduled to air on 22 June 2015. We notified the Department's press office about this and included updates on it in our subsequent briefings for the Minister. Our only source of information on this matter came from POL, and I am not aware that the Department was ever approached by the BBC regarding this programme. POL initially intended to provide a senior individual to appear on the programme and were working with the BBC on the issues to be raised. POL, via Mark Davies, kept us updated on the timings for the programme to be broadcast, which was initially delayed by a week and subsequently further delayed to August.
131. POL also explained to us that, as time elapsed, they had concerns with the approach and tone to be taken by Panorama and had made the decision not to field a senior person for the programme, instead providing a written spokesperson quote. POL continued to pass on updates about the likely content of the programme, including which former SPMs were going to appear on it, and that a former Fujitsu employee was also expected to appear. We shared this information with Ministers and the Department's press office through regular submissions (**UKGI00004632** and **UKGI00039487**).
132. I recall watching the Panorama programme when it was broadcast. From my perspective, the only new issue raised in the programme was the interview with Richard Roll, a former employee of Fujitsu, in which he stated that Fujitsu were able to access and alter branch accounts remotely and without the knowledge of the SPM.
133. At the time, we did not consider this to be a new complaint. I was aware that the December 2014 Westminster Hall debate had included the allegation that this kind of

remote access was possible and understood that POL had already looked into the matter at that time and confirmed it was not the case. POL also provided a detailed response to Ministers in relation to the interview with Mr Roll, explaining why this was not possible. I felt this was sufficient at the time; with the benefit of hindsight, however, I accept that the fact that this matter was being raised by a former Fujitsu employee (i.e. someone who will have used the system directly, rather than a visitor to the Fujitsu office who is reporting what they have heard about its functionality), should have led to POL and in particular its Board seeking greater assurance from Fujitsu as to the substance of the allegation, and as the POL Shareholder Team we should have required them to do so.

#### **Tim Parker review**

134. There had been a relatively high level of Parliamentary interest in complaints about Horizon since our initial briefing to Baroness Neville-Rolfe in June 2015, which included the Adjournment Debate, correspondence from Andrew Bridgen MP and interest from the Rt Hon Sir Oliver Letwin MP. The matter had been raised by Mr Bridgen at PMQs as well and with the Leader of the House of Commons. As I have noted above, the POL Shareholder Team felt that the evidence still pointed to this matter requiring resolution of individual cases through the Mediation Scheme and the work of the CCRC, but nevertheless, we had been considering whether anything further was required including to provide support and reassurance to the Minister.
135. I understood that the Minister was feeling concerned about the level of political interest and had sought the involvement of more senior members of the POL Shareholder Team. I had already been discussing this with Anthony Odgers, who was the Director at the time, and we began to develop some options for further work, ahead of a planned meeting with the Minister. We also planned to bring in POL, including CEO Paula

Vennells, to meet the Minister and provide her with more information on the work they had been doing on the Mediation Scheme.

136. I have reviewed correspondence from the time provided by the Inquiry and note that I was informed by the Minister's office that she had asked for a senior official outside of ShEx to attend the meeting with officials mentioned above. I recall speaking to the Minister's private secretary and informing her that, beyond the Permanent Secretary, there was no-one outside of ShEx with policy interest in or responsibility for Post Office matters, but suggested that Patrick Kilgariff who was a Director in BIS Legal, or a member of his team, could attend, as we had been keeping them updated on this matter, particularly the involvement of the CCRC. I understood at the time that this was acceptable to the Minister and have only been made aware through the Inquiry that the Minister was dissatisfied with the advice provided to her by ShEx.
137. It was through this meeting, attended by Anthony Odgers and Richard Callard of ShEx as well as myself, with press office, Special Advisors and BIS Legal, that the idea of asking Tim Parker as incoming POL Chair to review the matter came about. I considered this to be a sensible idea, noting that Tim Parker was an established Chair, respected former Chief Executive, was well-regarded within Government and would be able to approach the matter with a fresh pair of eyes, unbound to any of the decisions taken prior to his tenure.
138. Tim Parker was to take up post on 1 October 2015. We arranged a call prior to this for the Minister to speak to Tim Parker and ask him to look at the matters relating to Horizon, with this request then followed up in a letter. Mr Parker was happy to do so and undertook to update the Minister again once he was in post. Baroness Neville-Rolfe communicated this to Rt Hon Sir Oliver Letwin MP, who was very supportive of the idea, and to Rt Hon Lord Arbuthnot, who I recall also agreed it would be a helpful step.

139. The letter tasking Tim Parker to look into the matter did not set any terms of reference for the work; on reflection, this was something we should have considered further, but at the time we felt it was important that the work was shaped and led by Mr Parker. The early updates we received on the approach he was taking gave reassurance to both the POL Shareholder Team and to the Minister, particularly that Mr Parker had appointed Jonathan Swift KC to support him in the work and was arranging to speak to key parties such as Lord Arbuthnot and Second Sight. We arranged that Tim Parker would meet Baroness Neville-Rolfe on regular occasions to provide an update on the work, and were clear that at its conclusion, its findings should be communicated publicly to interested parties.
140. During this period, there were several update meetings between the Minister and Tim Parker, and my impression was that Mr Parker was driving the review, supported by a small number of staff within POL including Patrick Bourke. One such update meeting took place on 26 January 2016 with the meeting note, prepared by the private office and reviewed by me, confirming (on page 1): *“TP updated on the HORIZON investigation. He said that the QC was about to report. He had found no systemic problem. TP thought the issue might have passed its peak interest.”* (UKGI00006482)
141. My general recollection, across the period of his review, echoed by the occasional updates I would receive from Patrick Bourke at working level, was that there were no emerging issues causing particular concern, but a few areas had been identified to look into further, such as training and support for SPMs. This was reassuring. As was normal practice, I kept Richard Callard informed of the updates from POL, and updated him following any meetings with the Minister he did not personally attend.



142. On 4 March 2016, the Minister received an update letter from Mr Parker setting out some of his findings and areas of further work (**POL00024913**). The letter confirms (on page 1): *“Once the various strands of work I am pursuing are complete we will need to find an appropriate method of communicating the results of my review to a wider audience”* and on page 4 *“there are no further enquiries which need to be undertaken into this matter whether by POL or, indeed, anyone else”*. This was supported by the conversation in the subsequent meeting held between Tim Parker and Baroness Neville-Rolfe, which followed the same lines as the letter. I took significant reassurance from this.
143. To be absolutely clear, at that time, or indeed at any time during my tenure on the POL Shareholder Team, I did not see a copy of the report prepared by Jonathan Swift KC and his junior. The first time I saw a copy of the report was in the context of the Inquiry. The letter to the Minister, and the updates provided to me at working level by POL, had given me the clear impression that there were no significant problems and so I had not thought it necessary to dig further into the details of Mr Parker’s review or its supporting evidence. The letter had also referred to the fact that further work would be carried out and I had no reason to think that this would not be done. Indeed, when I prepared a further submission for the Minister ahead of her meeting with Tim Parker on the 27 April 2016, I explained that the purpose of the meeting was to discuss the final stages of his review, following the letter that he had sent to the Minister on the 4 March. I recommended that the Minister ask Mr Parker to provide her with an update on his progress and once the review had been completed, that they should consider what could be said publicly about his review (**UKGI00019374**).
144. I have been made aware through evidence shown to the Inquiry of an email chain between individuals at POL reporting that I, on behalf of the Minister’s office, had

agreed that POL would not share legal advice that Tim Parker had received from Jonathan Swift KC, on the basis that this would make it susceptible to disclosure under the Freedom of Information Act (FOIA), and would therefore send a letter (what became the 4 March letter) instead (**POL00239781**). I would like to be clear that this is not the case. I recall having a conversation on the telephone with Patrick Bourke where he explained that POL were mindful of the need to draft the letter to the Minister carefully as it could potentially be subject to release under FOIA, but I do not recall the underlying legal advice being mentioned nor that it was to be withheld. I was not copied into the email chain between individuals in POL and I would not have condoned any material information being withheld or a misleading letter being sent. I would also not have agreed that material information should not be shared with the Minister and at the very least I would have expected the Minister, and officials within the POL Shareholder Team, to have had the full picture communicated in a meeting or over the phone, even if POL or Tim Parker were reluctant at that point to share anything that was written down.

145. Having now been made aware of Mr Swift's underlying report, it is clear to me that the 4 March letter did not accurately summarise the advice that POL had received. Had it done, or if that information been communicated to me in any other way, I would have included those details in my submissions to the Minister and ensured that the relevant contacts across Government were aware including the Permanent Secretary and the Department's legal team. It would almost certainly have led to a change in the Government's publicly stated position, and would have changed the context within which we received updates on the group litigation.

### **Group Litigation Order**

146. In November 2015, we had become aware of a potential class action being brought against POL by SPMs, via a press notice issued by the JFSA. By January 2016, Freeths solicitors had indicated that they were representing SPMs in that claim, but no formal letter of claim had yet been served. At each juncture, we provided updates to the Minister's office in as timely a manner as possible, noting that in many cases our information was incomplete, but ensuring that the Minister and her office knew what we knew.
147. When I attended the meeting between Baroness Neville-Rolfe and Tim Parker on the 26 January 2014 (described above), the Ministerial briefing provided an update on the proposed litigation to the Minister (**UKGI00000020**). The inquiry now has provided me with a copy of Tim Parker's briefing for the same meeting, prepared by POL (**POL00238744**). I do not believe I saw this briefing in advance of the meeting and note that it refers to a separate note from Jane MacLeod concerning Horizon, which I have not seen and which I would not have been privy to at the time.
148. On 13 April 2016, I met with the Minister and briefed her on the potential group action, following an indication from Freeths that a letter of claim would be sent to POL within 14 days. The following day I forwarded the note that I had prepared for this meeting to the Minister's private office, copying in senior colleagues from UKGI and the Department, including Patrick Kilgariff of BIS Legal and the Permanent Secretary's office. Shortly thereafter I received a response from the Minister's office requesting that an email be sent to No.10 via the Secretary of State's office to sight them on the developments. Having received that email, I then sent a proposed draft email for the Minister's office to consider (**UKGI00020236**).
149. On 26 April 2016, I provided a further update to the Minister in a submission ahead of her meeting with Tim Parker the following day (**UKGI00019374**), which also discussed

the progress with Mr Parker's review. I explained that a letter of claim was still awaited and in the list of points to make at the meeting (set out in the Annex), suggested that the Minister should ask Mr Parker whether there was any update and how the management team proposed handling it. As can be seen from the submission, I highlighted to the Minister that communicating the findings of Mr Parker's review to interested parties such as Andrew Bridgen MP and Lord Arbuthnot might be complicated if legal proceedings were underway by the stage and recommended that the Minister discuss this issue with Mr Parker.

150. I wrote a further submission updating the Minister on the current position on 3 May 2016 (**UKGI00006692**), which had been sent to the Special Advisers in parallel to the Minister, and had also been cleared by the press office and the BEIS legal team. Some of the contents of that submission were based on information from POL, and some of the information will have been obtained from the public domain, as we did not have any direct contact with Freeths, the JFSA, or SPMs. The submission states: *"You discussed this with Tim Parker (Post Office Chair) at your meeting on Wednesday. Post Office's Board are due to discuss this at their May Board meeting (24 May). As far as we are aware the litigation is not affecting the last piece of work underway in Mr Parker's review of the matter. As you heard on Wednesday that remaining work (with Deloitte) may take another month or so"*.

151. At this time, the litigation was at a very early stage, and it was far too early to determine whether Government would be a party to it, although it did not seem likely at the time. I was reassured that, as set out above, the POL Board was being kept updated and therefore Richard Callard would be able to share any updates received via the POL Board, as well as updates from my working level contacts. POL provided estimates of the timeline for the litigation, and it struck me that there were a large number of processes and administrative hearings, each taking several months, meaning that this

would be a long process and the main priority would be to ensure that Ministers were kept updated, and that the relevant contacts in the Department's legal team were in contact with their POL counterparts, which I ensured I put in place.

152. Tim Parker's review had not been concluded at this point, as noted above. I recall several conversations with members of the POL legal team, including Jane MacLeod, Patrick Bourke and Rodric Williams to update us on the work around the litigation. I recall Patrick Bourke informing me that the advice they had received in relation to the outstanding areas of enquiry for Tim Parker's review, given the letter of claim received, was that they should be taken forward through the work that POL was doing to support the litigation. I believe this position was noted by Tim Parker in his final meeting with Baroness Neville-Rolfe before her role moved in a ministerial reshuffle, in July 2016. That approach and advice did not seem unreasonable to me, and I trusted that, should anything material have emerged from that work, it would have been brought to the attention of the POL Board, and if appropriate, the POL Shareholder Team. Reflecting now, I believe I should have been more proactive in requesting updates on how specifically these follow up actions were being dealt with in the context of the litigation, such that they could be communicated to Ministers.
153. As such, when I briefed the new Minister, Margot James MP, on the matter of Horizon, my briefing reflected that this matter had been investigated thoroughly, including by Tim Parker, and that with the group litigation underway the appropriate Government line would be that we should not comment on ongoing legal matters. I recall the Minister agreed with this position.
154. From this point until the end of my tenure on the POL Shareholder Team, I received occasional updates from POL on the progress of the litigation. I passed on key updates to the Minister, to the Department's legal team, and to press office, particularly where

these related to events which might generate press coverage (such as where a public hearing was due to take place). The frequency of updates, and hence my updates to Ministers, was significantly lower than during 2015 and the first half of 2016 prior to the letter of claim being received by POL. In early 2018, I formally handed over my role in the POL Shareholder Team to Stephen Clarke including the provision of updates on the litigation, and my work on POL ceased at this point.

### **Reflections at the time**

155. During my tenure in the POL Shareholder Team, there were a number of points where I reflected on the approach we were taking and questioned whether we were missing something, not least as a result of the perseverance of the JFSA, Parliamentarians and others, despite what seemed to me to be a lack of evidence supporting there being an ongoing problem. I discussed these concerns with Richard Callard, and also on occasion with Anthony Odgers and Justin Manson.
156. At the time, however, I invariably came to the following conclusions: that ShEx / UKGI had what seemed like an open and transparent relationship with POL at both Board, executive and working level; that Second Sight had spent a considerable period of time investigating the Horizon system and the cases of individual SPMs and had not identified any systemic issue; that the matter seemed to have the attention of POL management and a commitment to resolving individual SPMs' cases; and that POL was consistently providing what seemed to be reasonable and detailed rebuttals to the allegations raised. I trusted that, should new information emerge that indicated a problem, POL would be proactive in sharing it and addressing it.
157. On at least one occasion, I also recall speaking with Baroness Neville-Rolfe during one of my meetings with her and sharing that I had questioned myself as to whether there

could be any more to investigate here – but explained to her that, as I have noted already, I had taken comfort from the fact that no systemic issues had been identified by Second Sight (and no concerning points raised when the Minister and I met them in-person); that Tim Parker had undertaken a review supported by an external lawyer and had provided assurances to the Minister and to officials that there were no significant concerns; and that POL gave every indication of taking the matter seriously at both executive and Board level. Alongside that, the NFSP, which represented a large number of SPMs, were assured there was no issue here, and we had the additional comfort that cases had been raised with the CCRC who would report back if convictions were unsafe. Together these points therefore provided significant reassurance to me at the time.

## **Reflections**

158. At various points throughout this statement, I have provided some specific reflections on individual points and how my approach to them might differ now, were they to arise again.
159. Looking back, I acknowledge that we, as a Shareholder Team, could have been clearer with Ministers from the outset, and reminded them of this regularly, that the primary source of our information was POL, and that our ability to obtain information from outside sources was limited to information provided to us directly (via correspondence) or within the public domain. Reviewing documents from the time indicates to me that there were instances where it would have been ambiguous to Ministers whether the advice that was being provided to them represented POL's position, or one reached by us as officials. I think this was particularly exacerbated in cases where information and advice was bring provided to very short timescales.



160. My review of documents from the time, as part of preparing this statement, has brought to my attention certain occasions where I had asked for information from POL, or asked a follow up question, and this was not provided. I did not spot this at the time and I should have done, and pushed for a response, whether the lack of response by POL was accidental or deliberate. At the time, I trusted that material information would be provided to me, and that POL would be proactive in highlighting issues. I consider now that, rather than the open approach to sharing information and updates I felt we had at the time, Ministers and officials – and the public more generally – were receiving a very narrow picture which minimised the scale of the potential issues, for example by referring only to the 40 or so cases in the Mediation Scheme where individuals had criminal convictions rather than the total number of prosecutions or convictions. That notwithstanding, as a Shareholder Team we should have been challenging this more.
161. As a more general reflection, in this situation, we as a Shareholder Team should have advocated for greater direct engagement, and hence accountability, from POL management to Ministers. I also feel that the POL Shareholder Team should have placed greater onus on the POL Board having ownership and sight of the key issues and POL's response to them. This includes the information being presented from POL to Ministers and to Parliament and ensuring that the Board were satisfied as to its accuracy and appropriateness. With hindsight, I should have worked with Richard Callard as the Shareholder NED to understand and challenge whether the POL Board was receiving the right frequency and tenor of updates, and were active in key decisions rather than these being driven solely by the POL executive team.
162. Reviewing the chronology of my involvement as a whole, I think the main point where I feel I should have taken a different course of action was around the final Second Sight report and POL's response to it. I believe I did recognise at the time that it was unsatisfactory to have an independent third-party's review with which POL disagreed

so strongly, and I recall feeling a level of discomfort with that fact, but at the time I felt that the main thing was to proceed with resolving individual cases through mediation. On reflection, I should at least have identified some further options to resolve that situation, which could have involved, for example, seeking some other third party with relevant expertise to review both competing documents and provide advice either to the POL Board or to the shareholder on whether further work was in fact required.

163. In terms of information sharing between POL and the Government, I am aware that a number of witnesses have cited the preservation of legal professional privilege as having been the reason why certain information was not shared. In the context of my own involvement, I would say that point was most prominent in relation to Jonathan Swift KC's report to Tim Parker. While I think that particular issue could nonetheless have been resolved within the processes ShEx had in place at the time, I have reflected that the protocols we now have in place as UKGI with our assets in relation to current and anticipated litigation, that allow for the sharing of privileged information, have promoted a general culture of greater information sharing between an asset and the shareholder.

164. Finally, I am aware that a number of changes have been introduced by UKGI and across Government to enhance the governance and oversight of ALBs over the period since I joined the POL Shareholder Team almost a decade ago. Through my continued engagement with UKGI working with other ALBs, I have seen these arrangements in action and consider that they provide meaningful improvement to how we oversee the bodies in our portfolio. This includes the development of effective and appropriate templates for shareholder framework documents, and clarification of the role of the Shareholder NED including that they are members of all Board sub-committees, so that they have a full vision of all the significant issues that are raised to the Board for consideration.

165. I hope that this statement and my reflections are helpful to the Inquiry in their further consideration of this matter.

**Statement of Truth**

I believe the content of this statement to be true.

Signature .....

**GRO**

Date .....

5/11/2024

## Index to First Witness Statement of LAURA THOMPSON

No.	Inquiry URN	Document Description	Inquiry Control Number
1.	UKGI00003437	The Shareholder Executive Risk Register - Spreadsheet	UKGI014251-001
2.	UKGI00004091	The Shareholder Executive Risk Register – Post Office Limited	UKGI014905-001
3.	POL00030457	Hansard Westminster Hall Debate – ‘Post Office Mediation Scheme’	POL-0026939
4.	UKGI00001820	Email chain from Swinson MPST to Dan York Smith cc Robin Gordon-Farleigh, Cable MPST and others RE: Post Office – potential for Urgent Question	UKGI012634-001
5.	UKGI00004680	Email from Jane Hill to Laura Thompson re FOI responses on prosecutions	UKGI015494-001
6.	UKGI00004682	Letter from Mark Davies to Matthew Bardo re: Freedom of Information Request – FOI201505191153	UKGI015496-001
7.	UKGI00004684	Letter from Anna Gos to Tim Robinson re: Freedom of Information Request – FOI201410061556	UKGI015498-001
8.	UKGI00003155	Email from Richard Callard to Laura Thompson, cc'd Tim McInnes, James Baugh, re: “Sparrow and the CCRC”	UKGI013969-001
9.	UKGI00003156	Letter by Mark re: Sparrow and the CCRC	UKGI013970-001
10.	POL00006357	Advice on the use of expert evidence relating to the integrity of the Fujitsu Services Ltd Horizon System	POL-0017625
11.	POL00129453	Simon Clarke's Advice re: Disclosure – The Duty to record and retain material – Post Office LTD	POL-0134937
12.	POL00022619	Interim Review of Cartwright King's Current Process	POL-0019098
13.	POL00006581	Review of PO prosecutions by Brian Altman QC	POL-0017666
14.	UKGI00004453	Briefing from Laura Thompson to Baroness Neville-Rolfe dated 2 June 2015	UKGI015267-001
15.	UKGI00042677	PowerPoint presentation re: Post Office Ltd Senior Management – Risk and Assurance Committee – February 2014	UKGI051572-001
16.	UKGI00005910	Email from Laura Thompson to Laura Thompson re Readout of BNR-OL Call	UKGI016724-001
17.	UKGI00003198	Email chain from Laura Thompson to Richard Callard re: Contribution	UKGI014012-001

		Request – ministerial transfer request Stephen Hepburn MP	
18.	UKGI00005898	Invitation to Baroness Neville-Rolfe from Laura Thompson, ShEx (x4240) re: Meeting with James Arbuthnot on Post Office Horizon Thursday 17 September 15.15 – 15.45	UKGI016712-001
19.	UKGI00005899	Draft Briefing for Minister meeting with James Arbuthnot re: Key points	UKGI016713-001
20.	UKGI00006179	Letter from Laura Thompson, ShEx to Baroness Neville-Rolfe re: Meeting with Second Sight on Post Office Horizon Monday 19 October 14:30 – 15.00	UKGI016993-001
21.	UKGI00039477	Key points from Second Sight meeting report	UKGI048372-001
22.	BEIS0000012	Briefing note from Laura Thompson to Baroness Neville-Rolfe re Meeting with MPs and Post Office on Horizon system Wednesday 15 July 13.15 – 14.15	VIS00000906
23.	UKGI00013954	Note of meeting following Adjournment debate on Post Office Horizon IT System	UKGI024747-001
24.	UKGI00003231	Oral Evidence: Post Office Mediation BISC	UKGI014045-001
25.	UKGI00019587	Email chain from Laura Thompson to Richard Callard RE: Reply to JFSA letter	UKGI028482-001
26.	UKGI00003111	Letter from Jo Swinson MP to Alan Bates re Response to letter dated 22 December about the mediation scheme	UKGI013925-001
27.	UKGI00002767	Report on “MPs lost faith in Post Office Mediation Scheme”	UKGI013581-001
28.	UKGI00002768	Letter from Sir Anthony Hooper to Jo Swinson re Initial Complaint and Mediation Scheme	UKGI013582-001
29.	UKGI00003470	Email chain from Karen Smith to Laura Thompson Re Sparrow paper for the Board – action required	UKGI014284-001
30.	UKGI00003503	Email from Richard Callard to Laura Thompson re: Sparrow	UKGI014317-001
31.	UKGI00000032	Ministerial Submission from Laura Thompson to Jo Swinson Re Post Office mediation scheme: revised approach	VIS00000993
32.	POL00102298	Email chain involving Tom Wechsler, Richard Callard, Laura Thomsson and others. Re “Sparrow commitment”	POL-0101881
33.	UKGI00003525	Email chain from MPST Swinson to Laura Thompson, MPST Swinson cc'ing MPST Cable and others re: [Official sensitive: commercial]	UKGI014339-001

		Submission on Post Office Horizon Mediation Scheme	
34.	POL00119795	Letter from Paula Vennells to Jo Swinson MP regarding the Complaint Review and Mediation Scheme	POL-0119777
35.	UKGI00003581	Email from Laura Thompson to Swinson MPST, Neville-Rolfe MPST, Hannah Franklin-Wallis and others RE: Submission on Post Office Horizon mediation scheme	UKGI014395-001
36.	UKGI00003670	Email from Ministerial Advice Team to Laura Thompson cc Richard Callard re Post Office core brief for PMQs tomorrow	UKGI014484-001
37.	UKGI00000053	Ministerial submission from Laura Thompson to Secretary of State and Jo Swinson MP re: Post Office Mediation Scheme: Letters	VIS00001014
38.	UKGI00003694	DRAFT letter from Jo Swinson to Alan Bates re: response to his e-mail	UKGI014508-001
39.	UKGI00003785	Email from Laura Thompson to Tim McInnes, James Baugh cc Richard Callard re: Readout from Jo's office on Sparrow	UKGI014599-001
40.	UKGI00003919	Letter from Adrian Bailey MP to RT Hon Vince Cable Secretary of State RE: Post Office mediation scheme	UKGI014733-001
41.	UKGI00003968	Email from Laura Thompson to Richard Callard re Post Office mediation: response to letter from BIS Select Committee	UKGI014782-001
42.	UKGI00004632	Letter from Laura Thompson to Baroness Neville-Rolfe re: BBC Panorama programme on Post Office Horizon IT system	UKGI015446-001
43.	UKGI00039487	Briefing from Laura Thompson to Baroness Neville-Rolfe re: Post Office Horizon: Next Steps	UKGI048382-001
44.	UKGI00006482	Note of meeting with Tim Parker on 26 January 2016 at 9:30am	UKGI017296-001
45.	POL00024913	Letter sent from Tim Parker to Baroness Neville-Rolfe re Post Office Handling of complaints made by Sub-Postmasters review	POL-0021392
46.	UKGI00019374	Meeting note from Laura Thompson to Baroness Neville-Rolfe re: Meeting with Tim Parker (Chair, Post Office Limited) Wednesday 27 April 15:30 – 16.00	VIS00013197
47.	POL00239781	Email from Patrick Bourke to Mark Underwood, Jane MacLeod and others re: Draft letter from Tim Parker to Baroness Neville-Rolfe	POL-BSFF-0077844

48.	UKGI00000020	Briefing relating to forthcoming meeting with Tim Parker on 26 January 2016	VIS00000981
49.	POL00238744	Meeting with Baroness Neville Rolfe, Parliamentary Under Secretary of State on 26.01.2016	POL-BSFF-0076807
50.	UKGI00020236	Email from Laura Thompson to Neville-Rolfe, Javid MPST and others re Submission to Ministers on Post Office Horizon	UKGI029131-001
51.	UKGI00006692	Briefing from Laura Thompson to Baroness Nevile-Rolfe re: Post Office Horizon: update on group legal action	UKGI017506-001