

**Witness Name: Michael John Whitehead**  
**Statement No.: WITN11260100**  
**Dated: 17 October 2024**

**POST OFFICE HORIZON IT INQUIRY**

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**FIRST WITNESS STATEMENT OF MICHAEL JOHN WHITEHEAD**

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I, **MICHAEL JOHN WHITEHEAD**, will say as follows:

1. I am a former Assistant Director (Grade 7) of the Shareholder Executive (“ShEx”), later UK Government Investments (“UKGI”).
2. This statement is made to assist the Post Office Horizon IT Inquiry (the “Inquiry”) with matters set out in the Rule 9 Request (the “Request”) dated 8 August 2024.
3. The contents of this witness statement are true to the best of my knowledge and belief. I have referred to various documents in this statement. Where I have referred to information from other sources, I believe that information to be true. The matters referred to in this statement took place more than 10 years ago, and I have been assisted in my recollection of events by contemporaneous documentation. I have sought to clarify within the statement where I directly recall an event and where I have relied to a large extent on the documents provided to me. I would also like to make clear that, despite my best efforts, there are areas where I have no direct recollection given the passage of time. I have made clear where I have endeavoured to include informed conjecture to assist the Inquiry.

4. In making this statement, I have been assisted by 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.
  
5. Before responding to the questions set out in the Request, I wish to express my deepest sympathy to all the sub-postmasters and their families for all the hardships and suffering they have experienced as a result of the appalling miscarriages of justice perpetrated over so many years.

## **BACKGROUND**

6. I studied for a Bachelor of Arts degree in Modern History at the University of Oxford, graduating in 1965. Following my graduation, I joined Price Waterhouse as a graduate articled clerk and subsequently qualified as a chartered accountant with the firm in 1969. I remained at Price Waterhouse until I joined the Civil Service in around 1974.
  
7. I initially spent two years in the civil service in an accountancy role at what was then the Department of Industry's north-west regional office in Manchester in the Accountancy Services Division. I was then encouraged by my then Deputy Director to move to a general role (as opposed to specialised accountancy role) within the civil service.

8. In 1978, I moved to London to take up a role within the Department for Prices and Consumer Protection. I then spent a long career within what is now the Department for Business and Trade (“DBT” or the “Department”) working on, amongst other matters, the launch aid funding for the Airbus programme and issues concerning the declining shipbuilding industry in the UK.
  
9. In around 1996, I took a posting to a role relating to the Royal Mail Group, within what was known at the time as the Posts and Telecoms Division, which became the Postal Services Directorate in 2001. In 2004, my team became part of ShEx which had moved from the Cabinet Office to the DTI. During my time in this post, the team was led by a “Post Office Executive Director” who was a SCS1 Grade civil servant. The SCS1 reported to the “Director Royal Mail & Post Office” (SCS2 Grade).
  
10. I retired from ShEx in December 2013, on reaching my 70<sup>th</sup> birthday. At the point of my retirement, I remained an Assistant Director within ShEx. Following my retirement I had no further involvement in ShEx/UKGI matters or wider government.

### **Early years in this role**

11. As I have explained above, I began working on matters connected to the Royal Mail Group in around 1996. My work primarily concerned the public-facing network-related issues. The legal entity within which the Post Office existed at that time was Post Office Counters Limited. In 2012 the entity became Post Office

Limited ("POL"). When I refer to "Post Office" or "POL" within this witness statement, I mean whichever entity was current at the relevant time.

12. For the first two or three years of my post, a key issue facing Post Office was that the Department for Work and Pensions and its delivery arm, the Benefits Agency, were pressing very hard to move the delivery of benefits, particularly pensions, from a 'book' system where individuals collected their benefits at the Post Office, to direct payments into their bank accounts. This would reduce the need for recipients of those benefits to physically attend the Post Office to receive their money. It was therefore imperative that the Post Office sought alternative business to limit the potentially catastrophic impact of reduced footfall within its branches resulting from this transition.

### **The POCL Working Group**

13. From around 1997, up until 1999, I was a member of the Working Group on Post Office Counters Limited ("the POCL Working Group"). The POCL Working Group was intended to be a forum for discussion between officials from the various government departments and agencies (for example, the Benefits Agency, the DVLA, and the Passport Agency) who either had business delivered through the Post Office network at the time, or whom it was hoped might, with the introduction of Horizon, be attracted to use the network for delivery of their respective service. For the avoidance of doubt, the work of this group was superseded by the 'Horizon Working Group', a Ministerial-chaired working group, to which I refer below.

14. A significant proportion of my role was handling ministerial correspondence or providing Ministers with briefings in advance of meetings with key stakeholders etc. This would include providing Ministers with advice on issues raised in correspondence, and typically drafting a proposed reply for the Minister's approval. Where it was necessary to gain further information from other sources outside of ShEx, I would reach out to the relevant team/organisation (i.e. POL) to source the necessary information, ensuring it met the Minister's requirements.
  
15. It is important to note that the expectation for briefing to Ministers and Permanent Secretaries to be concise, with guidance of around two sides of A4 being considered optimal (this typically fluctuated between a formal and enforced requirement, and more informal guidance depending on the Minister/Permanent Secretary). I wish to highlight this to clarify why, at points, some of the responses provided to Ministers may appear to include minimal context.
  
16. When correspondence was sent to a Minister, the Minister's private office would decide whether the correspondence should be addressed by a response directly from the Minister, or whether it would be categorised as 'treat official' in which case a response would go out under my signature or a colleague's signature, on behalf of the Minister. The private office would then create a case file and forward the file to the relevant team to draft a response. I understand that this process is still in place within the Department today.

17. Typically, a letter from another member of Parliament would receive a direct reply from the Minister whereas most other correspondence would receive a response from an official. In both cases, the text of the response would be drafted by an official and in cases relating to the Post Office at this time, that would usually be me.
  
18. An example of such correspondence can be seen in the submission dated 22 January 1999 drafted for the Secretary of State, and which included draft correspondence advising that the Secretary of State accept an invitation from Keith Todd, Managing Director of ICL, to discuss the common interests between the Department and ICL (**UKGI00015320**). My advice states that "*[i]n the context of Horizon, an early meeting with ICL, would be particularly awkward at this stage*". At the time of producing this witness statement, some 25 years after the date of the advice, I am unable to recall to what this comment referred. I have, however, seen that later I was copied into an update produced by David Sibbick, Director Posts, to the Secretary of State and the Minister of State for Competitiveness, Ian McCartney, dated 9 April 1999, concerning the automation of benefit payments and Horizon (**BEIS0000368**). The document indicates that there were indeed tensions at that time between ICL (and now also Fujitsu), the Post Office, and the Department. It appears that Fujitsu were threatening to withdraw from the Horizon project unless the proposal for a Benefit Payment Card was abandoned and a 'smart card' option (later the Post Office Card Account (POCA)) for the payment of benefits adopted. I would have been included in the circulation list as I was working closely with David Sibbick on Post Office network-related issues at this time.

19. Although neither I nor the Department were directly involved, I understand from reviewing the documents available to me that these contractual issues were resolved in May 1999. I see from the contemporaneous correspondence that the Department was keen to offer reassurance to sub-postmasters (“SPMs”) that levels of income could be maintained across the network and that the progress of the Horizon contract would be overseen by a new working group (“the Horizon Working Group”). (Draft letter from Ian McCarthy MP to David Drew MP, 17 June 1999 (**UKGI00014072**) & Draft letter from Alan Johnson MP to Matthew Taylor MP, dated 7 October 1999 (**UKGI00014043**)).
  
20. On 27 August 1999 I drafted a letter for Alan Johnson MP accepting an invitation for him to visit ICL Pathway headquarters at Feltham (**UKGI00013804**). I understand from Mr Johnson’s evidence to the Inquiry that this visit took place on 6 December 1999. The purpose of the visit was for the Minister to observe a demonstration of the system and to understand how the pilot of Horizon would work, however I did not accompany the Minister on the visit to Feltham and therefore have no recollection of any details relating to the visit.

## **ROLL OUT OF HORIZON**

21. I understand that a pilot of Horizon began to be rolled out in late-1999/early-2000. In my position I had no involvement in overseeing any elements of the implementation and operation of Horizon, including the rollout and acceptance of the pilot, as these were operational matters for Post Office. The Department and

ShEx would have tracked the stages of negotiations until the contract was finalised, and subsequently followed POL's progress in rolling the system out across the network; although it had no role in agreeing the technical specifications or its ultimate implementation. My team and I provided updates on progress to the wider Department and Minister. In that sense, my, and the Department's, role was one of monitoring progress, rather than exercising oversight.

### **The Horizon Working Group**

22. As I reference above, the Horizon Working Group was established in mid-1999 and was chaired by the Minister, first Ian McCartney MP and later Alan Johnson MP. Whilst I can recall that I chaired the meeting on at least one occasion when the Minister was not available at short notice, this was not a regular occurrence. (Notes of Horizon Working Group meeting on 13 December 2000 (**BEIS0000567**)). The purpose of the Horizon Working Group was to explore the scope for extending the range of services accessible through the Horizon computerised platform being installed across the Post Office network. It was attended by representatives of: the Postal Services Directorate (of which I was one), the Post Office, the National Federation of Sub-Postmasters ("NFSP") and the two main unions (the Communication Managers' Association and the Communication Workers' Union ("CWU")). There may also have been attendees from other areas of government who sought to deliver their objectives through the Horizon platform. The majority of the proposed new services had been identified following a review by the Performance and Innovation Unit ("PIU") as



summarised in their report of June 2000 (**POL00004418**). For the avoidance of doubt, the Horizon Working Group had no role overseeing or resolving technical problems with the Horizon software.

23. The Horizon Working Group received an update from the Post Office on the Horizon rollout at each of its meetings (see for example, the note of the Post Office update at the 22 August 2000 meeting (**BEIS0000566**)). Those updates, and therefore the Horizon Working Group's focus, concerned the progress and rate of installation and training across the network. Where difficulties were reported, they related to the difficulties in the Horizon roll out rather than the operation of Horizon; for example, at the Horizon Working Group meeting on 8 November 2000 the Post Office reported difficulties with the Horizon installation in 400 offices which lacked ISDN lines or electricity, or required substantial building work (p. 19 **BEIS0000558**).
  
24. Accordingly, throughout the course of 2000, I became aware there had been some reports of difficulties with Horizon during the rollout, however I have no recollection of any suggestion that the issues which had come to light by that point causing any concern about system integrity. My understanding, as recorded in my briefing to Alan Johnson MP of 14 November 2000, was that the difficulties were explicable as teething troubles, and that, overall, Horizon had been well received and SPMs regarded its introduction as a positive step toward increasing future business (**UKGI00014136**). This feedback is information which I would have received from both POL and NFSP.

### **Spring 2001 – Correspondence relating to Cleveleys SPO**

25. In the spring of 2001, I replied to correspondence from a Mrs Jackson relating to her daughter, Mrs Wolstenholme, whose contract as SPM at Cleveleys Modified Sub Post Office had been terminated. I have been shown draft letters which show that I wrote to Mrs Jackson on at least three occasions, (30 March 2001 (UKGI00049066); 14 May 2001 (UKGI00049067); & 21 May 2001 (UKGI00013864)). I have not been provided with Mrs Jackson's inbound correspondence by the Inquiry and UKGI has not been able to locate copies at the time of producing this statement. Doing the best I can to recall what I knew at the time, I believe that I would have considered that Mrs Jackson's references to "transactional logs showing hundreds of calls", as referred to in my letter of 21 May 2001 (UKGI00013864), as an example of teething problems in operating Horizon, either by way of difficulties that Mrs Wolstenholme was having operating the system, or alternatively as a consequence of explicable technical difficulties relating to the service. I do not consider that, at that time, I would have had reason to consider it as anything more substantive. Whilst I can see that my letter of 21 May 2000 (UKGI00013864) suggested that Mrs Wolstenholme should take legal advice if she considered her contract wrongly terminated, as far as I am able to recall, the first knowledge I had that Mrs Wolstenholme became a party to civil proceedings was when reading her witness statement to the Inquiry during my preparation to make this statement.

### **Dealings with Royal Mail/POL senior management 2000-2008**

26. Between 2000 and 2008 I had no discussions concerning the integrity of the Horizon system, or the conduct of court proceedings against SPMs with any senior executives or board members of Royal Mail, as the parent company. As to my contact with POL during the same time, I do not specifically recall discussing these matters with anybody from the senior executive team. My channels of communication would predominantly have been with Mike Granville or Martin Humphreys, but correspondence or discussions with them on these issues would likely have post-dated 2008.
27. For the avoidance of doubt, I do not consider that it was the role of ShEx to oversee or monitor the conduct of prosecutions at an operational level, as this was the responsibility of the Post Office. Our interest in SPM prosecutions arose from our overarching requirement to ensure that the appropriate governance structures to manage such activities were in place, as well as the need to seek information in relation to specific cases as a result of correspondence to Ministers from MPs, direct representations by SPMs, or, later, approaches by the JFSA.
28. In around 2009, I began to become aware of complaints by SPMs relating to Horizon. The issue came to my attention as it began to be raised in correspondence with the Minister, who at that time was Pat McFadden MP. As we continued to receive Ministerial correspondence and, later, Parliamentary Questions, it is likely that I raised the matter with Alan Cook, Managing Director of POL, although I have no specific recollection of this or documents to which I can point.

29. In a speech to Parliament dated 8 July 1999 (**RLIT0000219**) announcing the Post Office White Paper, Stephen Byers, the then Secretary of State, stated that *'although the Government will set out clear objectives for the Post Office, they will not be involved in the day to day business operations'*. In line with this policy statement, the stance taken by ShEx and the Department was that complaints relating to the Horizon IT system were operational matters for the Post Office. I considered that to be an appropriate approach; Horizon was the Post Office's IT system to enable them to deliver their core functions. To use an example to illustrate my understanding of the distinction between the boundaries of policy and operations concerning Horizon, I would have considered the decision that the Post Office should move to a computerised central system was a policy decision. Once the policy had been decided that the network was going to be automated, its day to day operation and delivery were then wholly operational matters, with which the Government should not become involved. Had the Government, ShEx or the Department sought to get involved with such matters, I believe that we would have been met with significant resistance from the Post Office.
30. Where the response from the Department indicated that the matter was an operational one, the Minister might ask POL to respond to the correspondent directly. When such a request was made for a direct response from POL, the POL CEO would be asked to reply direct to the MP, copying in the Minister, and placing a copy of their reply in the House of Commons library.

31. An example of this is Robert Porteous' email to Alan Cook (POL), dated 30 April 2009 concerning an earlier letter from Brian Binley MP to Pat McFadden (**POL00027890**). This was dealt with by Mr Porteous, Pat McFadden MP's Private Secretary, who tasked Alan Cook with responding to Mr Binley's query surrounding correspondence he had received from Rebecca Thomson of Computer Weekly highlighting SPM complaints about Horizon and the conduct of POL in response. I have no recollection of this specific case from 15 years ago, however I think it is almost certain that I would have drafted or advised on this reply. My role advising on and drafting replies to complaints from MPs and SPMs continued with successive Ministers until I left the role in December 2013.
32. Within my role I did not have any direct dealings with journalists either by way of a meeting or by responding directly in correspondence. Enquiries from journalists would have been handled by the Department's press office. During preparation of this statement I have been shown an article regarding Horizon by Ms Thomson which was published in Computer Weekly on 11 May 2009 (**POL00041564**). I do not have any recollection of reading this article, however it is highly likely that I would have read the article at the time, as the Department used a press cutting service which provided hard copies of any coverage which had been picked up from of a range of magazines and newspapers relevant to Post Office and Royal Mail issues. That being the case, it is likely I would have discussed it with my contacts at POL, although I have not seen any documents to this effect when preparing my evidence for the Inquiry and have no specific recollection now of doing so. Having read the article again in preparation for this statement, I think it

is likely that this is the first time I would have seen a number of cases presented together and set out in some detail.

### **Awareness of RM/POL Action Against SPMs**

33. I believe that it was around this time, whilst Pat McFadden MP was the Minister, that I first became aware the RM/POL were bringing prosecutions against SPMs. I was aware that this was done as a private prosecutor, and I had been given assurances by Mike Granville that the prosecutions were brought to the same standards as regards process, procedure and evidence requirements as those prosecuted by the CPS (**POL00326828**). The fact that these cases were going through the criminal court process, in some cases resulting in a verdict of guilty following trial, provided me with a degree of comfort that a proper approach was being taken in terms of prosecutions.
34. My understanding was that these cases were brought in reliance upon evidence generated by the Horizon system and the records that it produced of cash shortfalls. I assumed that it would be the evidence generated from Horizon that would be used to mount a prosecution in terms of the case being made against the individual concerned, potentially supplemented by the results of a physical cash audit.
35. In terms of my knowledge of the civil proceedings, not having a legal background I did not appreciate any significant distinction between POL taking criminal or civil

action other than it was my understanding that the criminal cases were more serious in terms of the allegations against, and consequences for, the SPMs.

36. On 12 Jan 2010, I received an email from Stephen Robling providing an “update on Horizon roll-out and results of cash audits as part of the pilot” (**UKGI00035900**). Although this email refers to the roll out of Horizon Online and also cash audits, I have no recollection now of either of these matters. I was not involved with the detail of the Horizon Online roll out, which was the remit of Stephen Robling.
37. On 20 May 2010, Alan Bates (now Sir Alan Bates) wrote to Ed Davey MP to raise the issues championed by the JFSA (**UKGI00016119**). That letter came to me to draft the response which I did and which was sent on 31 May 2010. (**ABAT00000001**). The response acknowledged the JFSA's concerns, but explained that the integrity of Horizon was an operational and contractual matter for POL and declined the proposal for a meeting. Although I cannot say at this point whether any amendments were made to my draft by the Minister before it was sent, I consider the content and tone of the letter that was sent is typical of Ministerial responses to similar correspondence at that point in time.
38. It is likely that I would also have provided advice to the Minister along with the draft letter and a copy of Alan Bates' letter, particularly because the Minister had only been appointed a few days before on 20 May 2010, and so would need to have been briefed on the issue. I have not seen a copy of any written submission and, if it is in fact the case that there was no written submission, it may have

been that I provided an oral briefing to the Minister in the margins of a series of introductory meetings which took place at this time. Alternatively, I may have had a conversation with his private secretary to provide the background on this issue and explain the Department's position. I would be very surprised if the draft letter had been provided to the Minister without any advice.

39. On 8 July 2010 Alan Bates wrote once more to Ed Davey MP (**UKGI00016099**). This time, the Minister decided to agree to a meeting with Alan Bates. I see from the submission prepared to support that meeting that I describe it as being for "presentational reasons" and that the meeting was accepted on advice, in the face of a potential Channel 4 news item. Although I have not seen a copy of the original advice to accept the meeting, I consider that the description of the meeting as being for presentational reasons was an accurate and appropriate description for three reasons. First, the allegations that were being made by the JFSA were serious and, if they were found to be correct, would mean that the complainants were victims of dreadful miscarriages of justice and therefore it was right that the Minister was engaging with the issue and, importantly, was seen to be engaging. Second, Alan Bates' letter made his point well and with force. Finally, there was an indication that the story might gain wider traction and therefore we had to be fully cognisant of the facts in case asked to comment. Against that background, it would have been important to highlight to the Minister the potential public perception of a situation where a Minister repeatedly declined an invitation from Alan Bates/the JFSA. By framing the meeting in this manner there was no intention to downplay the importance of the meeting.



40. On 21 July 2010, Oliver Griffiths, who was the ShEx Deputy Director and my line manager, copied me into an email to POL's Managing Director, David Smith (**POL00417098**). Mr Griffiths attached a number of letters and questions from MPs asked Mr Smith to tell him how confident POL was that there was nothing behind the claims being made by SPMs. I have not been provided with a copy of any response, however, given that the line was maintained by ShEx and the Department after this point, I think it is likely that a POL representative responded to ShEx providing their assurances.
  
41. In preparation for the forthcoming meeting between Ed Davey MP and Alan Bates, on 28 July 2010 I sent an email to Sue Huggins at POL seeking certain information necessary to prepare the Minister (**POL00417097**). I asked POL for their "comments/factual responses" to the matters raised by the JFSA in correspondence and on its website. This was a direct request for specific information to include in the briefing to the Minister. POL provided the briefing I had requested, titled "Brief to BIS for Edward Davey's prospective meeting with 'Justice for Sub-Postmasters Alliance'" (**POL00055950**).
  
42. On 5 October 2010, I produced a briefing to Ed Davey MP ahead of his meeting with Alan Bates (**UKGI00014164**). A part of that document, including the section relating to the integrity of the Horizon system came from the information provided by POL in their briefing. As mentioned above, it was my role to ensure that the briefing covered the areas requested and provided the Minister with the necessary information to prepare for the meeting. On this occasion the information required would not have been held by ShEx and could only have

come from POL. As noted earlier in the statement, I was therefore entirely reliant on POL to provide the detail and I consider that it would have been inappropriate for me to edit the assurances that POL was giving. I therefore relied on what POL had told me and included it in the briefing so that the Minister was aware of POL's position. While I did not explicitly set out that the sections had come directly from POL, I find it most unlikely that this would not have been understood by the Minister.

43. On 7 October 2010, I attended the meeting between Ed Davey MP and Alan Bates. I do not now have any specific recollection of the discussions that took place in the meeting and would have been invited to attend as an observer only, having drafted the briefing in advance of the meeting. During this meeting, Ed Davey MP gave a commitment to Alan Bates that he would follow up with POL on certain points which had arisen. These were points which had attracted either his or my attention during the meeting, and which went beyond the information obtained for the briefing.
44. Accordingly, on 4 November 2010, I attended a meeting at POL to discuss the points Ed Davey had agreed to follow up on during the 7 October meeting. POL's responses to these points were included within a briefing note which was emailed to me by POL's Mike Granville on 2 December 2010 (Email: **POL00326826**; Attachment: p.6 **POL00326827**). Again, I do not recall the 4 November meeting itself. From the issues recorded in POL's document, it appears that the information I was seeking related to points raised at the meeting which went beyond the matters covered in Alan Bates' correspondence prior to the 7 October

2010 meeting and so had not been covered in the information obtained for the briefing.

45. On 7 December 2010, and by way of follow up to the above, Ed Davey MP wrote to Alan Bates (**POL00186759**). The letter details information about remote access to Horizon, which POL had provided in response to the queries raised in the 4 November meeting. Again, this was information that could only have been obtained from POL and the request to POL to obtain it was intended as a diligent exercise to obtain necessary information from the appropriate source. The information was included faithfully in the letter so that Mr Bates would be provided with the facts as we understood them to be.
46. On 9 September 2011 I wrote to Alan Bates on behalf of the Minister. (**UKGI00013720**). This was an example of a 'treat official' response in which I thanked Alan Bates for notifying the Minister that instructions had been given to issue letters of claim against POL by members of the JFSA.
47. It may be helpful for the Inquiry for me to explain that, around this time, soon after Ed Davey MP came into office, the practice of forwarding Ministerial correspondence to the chief executive or managing director of POL and asking them to reply ended. My recollection is that it was Mr Davey's preference to be more personally involved with correspondence than had been the case with his predecessors. This may have been because of his already established personal interest in Post Office and the Post Office network. I believe that he wanted to be more proactive in providing a personal response on Post Office matters. However

it remained the case that matters to do with Horizon were ones that ShEx/the Department regarded as operational matters for POL. With a move away from asking POL to respond directly to correspondence, it was inevitable that information from POL needed to be relayed within correspondence sent in the name of the Minister.

48. On 3 February 2012, Norman Lamb MP succeeded Ed Davey MP as Minister for Employment Relations and Postal Affairs.
49. On 25 February 2012, Alan Bates wrote to Norman Lamb MP requesting a meeting and enclosing a JFSA survey completed by SPMs, the results of which Mr Bates explained were in contrast to the assurances Ministers had been given by the Post Office in relation to integrity of the Horizon IT system (p. 7 **UKGI00014165**).
50. I note from a letter dated 4 April 2012 from Norman Lamb MP to Alan Bates, that Norman Lamb MP invited Mr Bates to arrange a meeting with his private office, but noting that any meeting would need to take place in the context of the legal action underway between a number of JFSA members and POL (p. 8 **UKGI00014165**)).
51. Mr Lamb agreed to meet Alan Bates and a meeting was arranged for 28 June 2012. On 18 June 2012, I emailed Mike Granville to inform POL that the meeting between the Minister and the JFSA had been scheduled (**UKGI00049011**). This was the same day as a meeting between JFSA, James Arbuthnot MP (now Lord

Arbuthnot of Edrom), and POL at which it was announced that POL would commission a firm of accountants to investigate the JFSA's concerns.

52. My understanding is that ShEx was not involved in the decision to commission an external investigation by forensic accountants; it was POL that decided to appoint Second Sight. I do not specifically recall providing advice to Ministers on the appointment and have no recollection of whether anybody at ShEx gave detailed consideration to the review being carried out independently by the Cabinet Office or another arm of government rather than by external and independent accountants.
  
53. I prepared a briefing for Norman Lamb MP, dated 27 June 2012 (UKGI00014165). As usual, the briefing sought to provide the Minister with sufficient background to the matter, including the developments since the last update (i.e. the commissioning of independent forensic accountants). I note that the section of the briefing headed "Horizon system and POL process on accounting irregularities" (p.5) is broadly the same as the corresponding section in my briefing to Ed Davey MP. This was because that section set out POL's position which had not changed at all during the intervening months. Although it appears from the documents I have been shown that this meeting between Norman Lamb MP and Alan Bates took place, I have no direct recollection of it.
  
54. In September 2012, Jo Swinson MP was appointed as Minister and on 17 September 2012, she wrote to John Pugh MP concerning Horizon matters in response to his letter to Norman Lamb MP dated 20 August 2012 ((p. 5

**UKGI00016102**) & (**UKGI00001443**)). I believe that the letter from Jo Swinson MP would have either been drafted by me or by my colleague Peter Batten. I believe that we have sought information from POL in case there was any particular issue in the case to which Mr Pugh had referred in his correspondence which might usefully be reflected in the Minister's reply. In this case, the letter reiterated POL's confidence in Horizon and also referred to Second Sight's review.

55. Following this correspondence, Jo Swinson asked for a briefing note in October 2012 (**UKGI00016102**). I believe that the briefing would have been prepared by POL so that the Minister could understand POL's line in relation to SPM complaints about Horizon. Whilst I would have reviewed the document to make sure it addressed the Minister's questions, I would not have amended the note before it went to the Minister. In any event, I am sure that I would have retained POL's wording expressing its full confidence in the integrity of Horizon; as I have already mentioned, I would have relied upon POL's drafting as being truthful and I would have been wary of altering the text in case it inadvertently altered the accuracy or meaning of the note. I also did not have cause to doubt the truthfulness of POL's stance which at the time seemed plausible when taking into account the relatively small number of JFSA complainants in the context of the millions of transactions over thousands of terminals across the country.

## **Second Sight Interim Report**

56. On 27 June 2013 I received an email from Martin Edwards at POL (**POL00296716**). Mr Edwards suggested that I had heard rumours about the Second Sight investigation and wanted to speak. I have no recollection of the rumours and cannot recall what they might have related to in the context of Second Sight, nor can I think where any rumours would have come from. I suspect it may have been something relating to the timing of the completion of Second Sight's report, but I have no way of knowing now whether that was in fact the case.
57. On 28 June 2013 I received an invitation to a meeting with POL to discuss Second Sight's investigation (Email: (**POL00189533**) & Meeting invitation: (**POL00296917**)).
58. On 4 July 2013, a catch up meeting took place between the Minister and the ShEx POL team. From the agenda, I can see that a number of matters relating to POL were to be addressed, including the Minister's meeting with James Arbuthnot MP on 3 July 2013 to discuss the emerging findings of Second Sight's review (**UKGI00001665**). It appears that I was tasked to lead on this item of the agenda but do not have a recollection of this or of the meeting itself (**UKGI00001654**). I would also comment that the email reference in Will Gibson's to keeping the agenda to one side was another example of the requirement for brevity in documents provided to the Minister to which I referred earlier in this statement.

59. The meeting between ShEx and POL to discuss Second Sight's investigation took place on the morning of 5 July 2013 at 08:30. I do not recall details of what was discussed, however from emails sent later the same day, it seems that we were provided with a copy of Second Sight's draft interim report and received an update from POL on their views on the report and their next steps (**UKGI00001691**).
60. I have been shown a scanned copy of Second Sight's draft Interim Report which appears to show my manuscript annotations at pages 5 and 6 of the document (**UKGI00001694**). My annotation to page 6 of the draft Interim Report suggests to me that I had asked POL about their policy on SPM surpluses, which had been highlighted by Second Sight at paragraph 6.5 of the draft Interim Report, as this is not something about which I would have had any prior knowledge and therefore presume it was discussed during the meeting with POL.
61. My overall impression of the Interim Report was that it suggested that there could be some substance to the JFSA's claims. The report certainly cast doubt on POL's complete denial of failures and total defence of Horizon's integrity, although the extent and nature of what had been found was not apparent at this stage.
62. During the early afternoon of 5 July 2013, Will Gibson drafted some initial "lines" for BIS to take and Peter Batten produced a short summary of the Interim Report (**UKGI00001692**). Although I was copied-in to these emails, my input was minimal. Peter's summary of the report became the basis of a short briefing which



ShEx provided to Jo Swinson MP's office on the afternoon of 5 July 2013, into which I was copied, and which was provided along with a scanned copy of the Draft Interim Report. (Email from Peter Batten to Jo Swinson MPs' office dated 5 July 2013: **(UKGI00001693)**; **(UKGI00001694)**; & **(UKGI00001695)**). My only involvement with the Minister's private office on 5 July 2013 was to provide advice to be passed to the weekend press officers **(UKGI00041991)**.

63. On 7 July 2013, the Minister's private office sent an email to Will Gibson, in to which I was copied, asking ShEx to produce a briefing for the Whips **(UKGI00001764)**.

64. The Second Sight Interim report was published on 8 July 2013. During the morning of 8 July 2013, I sent two emails to the Minister's private office containing a suggested briefing for the Whips and then, later, information relating to three initiatives proposed by POL in response to the report ((pp. 2-3 **UKGI00001748**) & **(UKGI00001745)**). While these emails were sent in my name, I think it is likely that the content was a collaborative brief with the team; I think that Peter and I would probably have worked together and that it was a matter of who was best placed to undertake the next iteration at any one time against the background of other live issues being dealt with in tandem. The Minister's private office incorporated the information we provided into a briefing note for the Whips and I supplied some comments on their draft by email at 14:46 (p.1 **UKGI00001748**).

65. On the evening of 8 July 2013, I attended a meeting at the Houses of Parliament **(POL00029664)**. The meeting was attended by James Arbuthnot MP, Alan Bates,

Second Sight and others and I attended as an observer in order to see how the report had been received by the key stakeholders.

66. ShEx then became involved in the preparation of a Ministerial statement in the face of a proposed urgent question from James Arbuthnot. My colleagues Will Gibson and Peter Batten led on that work, although I was copied into an email to POL, dated 9 July 2013, requesting specific data relating to criminal prosecutions of SPMs (**UKGI00001852**). Hugh Flemington at POL swiftly responded to three out of four of ShEx's requests on 9 July 2013, although one remained outstanding and necessitated further chasing (**POL00060681**).
67. On 17 July 2013, after Jo Swinson MP had made her Ministerial statement, Peter Batten enquired as to whether the requested information had been provided by POL. It had not. In my reply, I commented that POL had "a habit of dropping everybody off when we seek 'awkward' data." (**UKGI00001852**). What I meant by this comment was that, from time to time, ShEx would seek information from POL and would be told that it would be provided, but time would go by with it then not being provided. This was especially true if there was no specific deadline for the information, such as a deadline for contributing to a briefing for a meeting, or into a draft response for a Minister's letter or a Parliamentary Question. There would be occasions when it would drift and we would need to chase. That said, it is also true that we were in frequent contact with POL and they did provide extensive information on a wide range of matters.

68. In around July or August 2013 I made the decision that I was going to retire by my 70<sup>th</sup> birthday. Both Will Gibson and I had been impressed by Peter Batten's performance and it was felt that he would be a good replacement and ready to take on this role. My view was that this would also provide valuable consistency and continuity within the team. Consequently, for my last few months at ShEx I stepped back to a degree, to allow Peter a lengthy handover period and to ensure he was fully cognisant of all issues while in the meantime I remained copied in on substantive correspondence, predominantly in an advisory capacity.

**POL Review of Criminal Convictions and Knowledge of Clarke's advice and Altman reviews**

69. I do not recall being aware that POL undertook a review of criminal convictions and I do not believe that I provided any advice to Ministers on that process.

70. I have been shown an email which I sent to my colleagues Peter Batten and Will Gibson on 5 July 2013 (to which I have already referred above) which refers to POL commissioning external lawyers to review "all cases where legal action against an SPM has been initiated by POL since separation or may be pending" (**UKGI00001691**). I cannot now remember what I was told about this review but I think I would have understood this to have related to criminal and civil proceedings.

71. I did not see either the advice POL received from Simon Clarke or Brian Altman KC's general or interim reviews, in part or in whole, whilst at ShEx, nor do I recall

ever receiving any briefing on them. The first time I saw these documents was when the Inquiry provided me with copies as part of its Rule 9 request. Having now reviewed them, I consider that had I been aware of them at the time, they would have given me cause for concern, as they would have given credence to the position adopted by the JFSA and may well have resulted in further action on ShEx's part.

### **The Working Group and Mediation Scheme**

72. I do not recall having any involvement with the mediation scheme prior to my retirement from ShEx in December 2013. My understanding is that the scheme was devised, implemented and overseen by POL, the JFSA and James Arbuthnot MP. As far as I am aware, there was no role for ShEx or Government.

### **The NFSP and George Thomson**

73. In response to a question I have been asked by the Inquiry, my professional relationship with George Thomson involved fairly frequent contact with him on a range of issues relating to SPMs, sub-post offices, the NSFP, and discussions about concerns about government policy towards the network and viability of offices. These included network change, the network transformation programme and adding other government services into the network.

74. With regard to the Horizon IT system, I do recall speaking to Mr Thomson on two or three occasions about the allegations being levied against Horizon and I recall that he was quite dismissive of the JFSA and SPMs in those discussions.

## **REFLECTIONS & RECOMMENDATIONS**

75. My recollection is that during the period 2000 to 2013, the Department and Ministers fulfilled their roles and responsibilities to the best of their abilities within the framework which had been established in respect of ALBs, Executive/Judicial separation and Post Office operational matters, and the knowledge and information available to them.
76. I do not recall any significant changes in Departmental or Ministerial portfolios between 1998 and 2013 which adversely affected the level or quality of Government oversight of ShEx, RMG or POL. The primary focus for Ministers would vary in line with whichever major issues or events required most attention at the time. Examples of major issues during this time include the privatisation of Royal Mail, the separation of POL from Royal Mail, network change programmes and funding for POL.
77. Even with hindsight, it is difficult to identify how a different approach to POL oversight might have been achieved before Summer 2013 and the publication of the Second Sight Interim Report. One specific action which may have been of value would have been for ShEx to press for POL to instigate an independent review of the JFSA specific cases and associated allegations made before the

instruction of Second Sight in 2012. However, prior to the appointment of Second Sight, I believe that the true scale of the problems and numbers of cases was not visible to ShEx. Therefore the proportionality argument advanced by POL appeared to us to be a strong point in favour of POL's defence of the Horizon IT system.

78. It is nearly 11 years since I retired and I have no knowledge of the current structure of, and arrangements for, government oversight of POL and its governance. I therefore do not feel qualified to offer any suggestions on what further changes might be made to improve or strengthen them.

#### **STATEMENT OF TRUTH**

I believe the content of this statement to be true.

**GRO**

Signed:

Dated: 17 October 2024

**Index to First Witness Statement of MICHAEL JOHN WHITEHEAD**

<b>Document no</b>	<b>Document Description</b>	<b>Inquiry URN</b>	<b>Inquiry Control number</b>
1	Submission dated 22 January 1999 drafted by Mike Whitehead for the Secretary of State RE: Meeting in due course to discuss the range of issues in which the Department and ICL have a common interest	UKGI00015320	UKGI026113-001
2	Briefing from David Sibbick to Secretary of State (Mr McCartney) re latest developments on Horizon	BEIS0000368	BEIS0000348
3	Letter from Mr McCartney to David Drew MP re the changes announced recently to the Horizon project to automate the post office network	UKGI00014072	UKGI024865-001
4	Letter to Matthew Taylor Esq. MP from Mr Johnson re concerns of Mr and Mrs Hannaford of Penwithick Post Office about the planned changes for the Post Office	UKGI00014043	UKGI024836-001
5	Letter from Alan Johnson to George Hall re progression of the Horizon programme	UKGI00013804	UKGI024597-001
6	Note of the 13th Meeting of the Horizon Working Group held on 13 December	BEIS0000567	VIS00014093
7	Performance and Innovation Unit Report into Modernising the PO Network	POL00004418	VIS00005486
8	Note of the 10th Meeting of the Horizon Working Group 22/08/2000	BEIS0000566	VIS00014092
9	Email from Stuart Sweetman to Mary Spoor, Derek Davis, Basil Larkin RE: Horizon Working Group	BEIS0000558	VIS00014084
10	Memo from Mike Whitehead to Alan Johnson cc'ing David Ribbick Re Visit to South Ribble and Chorley Constituencies	UKGI00014136	UKGI024929-001
11	Letter to Mrs Jackson dated 30 March 2001	UKGI00049066	UKGI057831-001
12	Letter to Mrs Jackson dated 14 May 2001	UKGI00049067	UKGI057832-001
13	Letter from Mike Whitehead, DTI, to Mrs EM Jackson	UKGI00013864	UKGI024657-001

14	Hansard extract dated 8 July 1999	RLIT0000219	RLIT0000219
15	Robert Porteous' email to Alan Cook (POL), dated 30 April 2009	POL00027890	POL-0024531
16	Computer Weekly Article 11 May 2009 titled 'Bankruptcy, prosecution and disrupted livelihoods - Postmasters tell their story'	POL00041564	POL-0038046
17	Email from Mike Granville to Mike Whitehead: RE: Information requested	POL00326828	POL-0174008
18	Email from Stephen Robling (ShEx) To: Mike Whitehead (ShEx) CC: Oliver Griffiths (ShEx) re Update on Horizon roll-out and results of cash audits as part of the pilot	UKGI00035900	UKGI044795-001
19	Letter from Alan Bates, Justice for Sub-Postmasters Alliance (JFSA) to Edward Davey MP re Meeting request	UKGI00016119	UKGI026912-001
20	Letter from Edward Davey MP to Alan Bates re answer to his request for a meeting	ABAT00000001	ABAT00000001
21	Letter from Alan Bates to Edward Davey MP, re Justice for Sub-Postmasters Alliance	UKGI00016099	UKGI026892-001
22	Email from Oliver Griffiths, ShEx Deputy Director to POL's Managing Director, David Smith	POL00417098	POL-BSFF-0237249
23	Email from Mike Whitehead (ShEx) to Sue Huggins, Mike Granville and others re: Justice for Sub Postmasters Alliance	POL00417097	POL-BSFF-0237248
24	Brief to BIS for Edward Davey's prospective meeting with 'Justice for Sub-Postmasters Alliance'	POL00055950	POL-0052429
25	Briefing from Mike Whitehead (ShEx) to Ed Davey RE: Meeting With Alan Bates	UKGI00014164	UKGI024957-001
26	Email from Mike Granville to Mike Whitehead 2 December 2010 RE: Further information	POL00326826	POL-0174006
27	JFSA response issues – paper for BIS	POL00326827	POL-0174007
28	Letter from Edward Davey to Alan Bates RE: Response to Letters Dated 14 and 21 October 2010	POL00186759	POL-BSFF-0024822



29	Letter from Mike Whitehead (BIS) to Alan Bates JFSA re. Letters of Claim on behalf of JFSA members	UKGI00013720	UKGI024513-001
30	Agenda for meeting with Alan Bates to discuss the JFSA's claims its members are victims of endemic flaws in POL's Horizon system	UKGI00014165	UKGI024958-001
31	Email from Mike Whitehead to Mike Granville RE: Meeting with Alan Bates	UKGI00049011	UKGI057768-001
32	Email from Mike Whitehead to Jo Swinson MP's Office re: POL Horizon System with attached documents	UKGI00016102	UKGI0238950-001
33	Letter from Dr John Pugh MP to Mr Norman Lamb of 20 August 2012	UKGI00001443	UKGI012257-001
34	Email from Martin Edwards to Mike Whitehead re Horizon investigation	POL00296716	POL-BSFF-0134766
35	Email from Martin Edwards to (GRO) Re: PO/BIS meeting on Second Sight investigation	POL00189533	POL-BSFF-0027596
36	Email from Sarah Paddison to Alwen Lyons, Martin Edwards, Will Gibson and others RE: PO/BIS Meeting on Second Sight Investigation	POL00296917	POL-BSFF-0134967
37	Agenda for catch up meeting between the Minister and the ShEx POL team.	UKGI00001665	UKGI012479-001
38	Email from Will Gibson to Mike Whitehead and others Re: Post Office Catch up	UKGI00001654	UKGI012468-001
39	Email from Mike Whitehead to Peter Batten, Will Gibson re: SS - report highlights	UKGI00001691	UKGI012505-001
40	Scanned copy of Second Sight's draft Interim Report with manuscript annotations	UKGI00001694	UKGI00001694
41	Email from Peter Batten to Mike Whitehead and Will Gibson. Re: Lines	UKGI00001692	UKGI00001692
42	Email from Peter Batten to Swinson MPST cc Will Gibson, Mike Whitehead and others RE Draft Second sight report into POL Horizons system	UKGI00001693	UKGI00001693
43	Narrative and summary of the Second Sight report	UKGI00001695	UKGI012509-001

44	Email from Angela Balakrishnan to Mike Whitehead, Peter Batten and Will Gibson re: Draft Second Sight report into POL's Horizon system	UKGI00041991	UKGI050886-001
45	Email from Will Gibson to Mike Whitehead, Peter Batten, MPST Cable and others re Arbuthnot	UKGI00001764	UKGI012578-001
46	Email from Mike Whitehead to MPST Swinson, cc Will Gibson, Peter Batten and others re: FW: Horizon: James Arbuthnot MP	UKGI00001748	UKGI012562-001
47	Email from Mike Whitehead to MPST Swinson, cc Will Gibson, Peter Batten and others re Horizon: James Arbuthnot MP - Second Sight Report	UKGI00001745	UKGI012559-001
48	External Meeting Minutes of 08/07/13 at Houses of Parliament	POL00029664	POL-0026146
49	Email from Mike Whitehead to Peter Batten and Will Gibson re: Second Sight report - follow up to Friday	UKGI00001852	UKGI012666-001
50	Susan Rudkin Case Study - Email Chain from Hugh Flemington to Will Gibson Re Will - Intel on MP Case - JFSA Case Intel to follow	POL00060681	POL-0057160