

Witness Name: Catherine Churchard

Statement No.: WITN11230100

Dated: 8 November 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF CATHERINE CHURCHARD

I, Catherine Churchard, will say as follows:

Introduction

1. I am a former employee of The Post Office and transferred to Consignia plc (renamed Royal Mail Group plc ("**RMG**")) in 2001, and held the position of The Post Office Solicitor and Director of Legal Services.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry with the matters set out in the Rule 9 Request dated 23 September 2024. I instructed a law firm, Kingsley Napley LLP, to assist in the preparation of this statement.

Background

3. I graduated from Birmingham University with a Law Degree in 1972. I served Articles of Clerkship with the National Coal Board and was admitted as a Solicitor in June 1976. I was employed in the Legal Department of the National Coal Board where I specialised in commercial law.

Summary of career at the Royal Mail Group

4. I joined the Solicitors Office of the Post Office in 1979 as a Legal Assistant in the Advisory Department. I was promoted to Senior Legal Assistant in 1982 and to Head of Division in 1986. I undertook a range of corporate and commercial work with particular focus on the Post Office legislation and constitution. I have never practiced in the fields of civil or criminal litigation.

5. I handled a wide range of commercial work, both personally and working with City firms on major contracts e.g. the outsourcing of catering and engineering services. I spent a lot of time on constitutional matters - I advised all parts of the Post Office on the interpretation of the Post Office's powers as they explored opportunities for new business and did a lot of work on the postal monopoly and the liberalisation of the postal market and State Aid. I was also involved in attempts to privatise the Post Office in its entirety and parts of it. All of the above remained part of my workload when I was Director.

6. In 1993 I was appointed as The Post Office Solicitor and Director of Legal Services. The Post Office Solicitor before my appointment in 1993 was Brian Holland who reported to Ken Young, Board Member for Personnel. I continued in this role until my successor took over management of the department in June 2006 and I retired at the end of December 2006.

7. I have not been employed in any capacity since my retirement in 2006.

Management Structure

8. I have been asked to provide an overview of the management structure within the Post Office and RMG's legal department when I joined and thereafter, with particular reference to the way in which issues related to Post Office Limited ("POL") (previously known as the Counters Business) were managed.

9. Following the separation of the Telecommunication Business from the Post Office in 1981 the Post Office Solicitors Office, which I will refer to hereafter as "Legal

Services" was organised into six teams; Advisory (2), Property, Civil Litigation, Criminal Law and Property Law. The Heads of Division were all experienced solicitors who reported to the Post Office Solicitor who in turn reported to the Board Member responsible for Personnel. From 1986 to 1993 the Heads of Division were: Michael Hirst and me, Advisory; Joe Ashton, Civil Litigation; Alan Simmonds, Property; and Mike Heath, Criminal Law. The department handled all legal issues for the Letters, Parcels and Counters Businesses.

10. After my appointment as Legal Services Director in 1993, the position of Head of Division was filled by an internal promotion.
11. There were a number of changes to the management structure of the Post Office Solicitors Office, and the approach to the provision of legal services during the period 1993 to 2006 when I was Director of Legal Services. Throughout this time, services were provided to all parts of the Post Office, then RMG, in the same way. POL had the same access to legal advice, whether from the in-house team or external advisors, as other parts of the group and the same professional relationship was maintained with POL and its senior managers.
12. We made changes to the structure of the department to reflect the increasing specialism of legal practice and an Employment Team was created followed by an Intellectual Property Team.
13. From the time of my appointment as Legal Services Director, the department made increasing use of external advisors to handle commercial, corporate and property work to ensure the organisation had access to highly specialised advice and four leading City firms were added to the panel following a competitive tendering exercise. The in-house team remained the first port of call for managers requiring commercial and corporate advice and they retained oversight of the involvement of law firms when appropriate.
14. In 1996 we undertook a review of the way in which the department provided legal services and the relationship with external advisers was changed. Prior to that

review the Litigation Team retained the management of all cases and instructed law firms around the country to act as its agent in legal proceedings. Following consultation with the Businesses, Royal Mail, Parcels and Counters, the decision was taken to outsource the majority of Civil Litigation and Employment Tribunal cases. After a competitive tendering process four leading regional firms, Bond Pearce, Eversheds, Hammond Suddards and Weightmans, were appointed to handle the work from 1998. Protocols were agreed to enable managers in the Businesses to instruct them directly on new cases and training provided to familiarise them with the process. The Panel Firms were required to maintain records of the cases they handled that enabled them to provide Legal Services and the Businesses with data about the cases. This approach ensured access to specialist advice, provided flexibility as the nature and volume of work changed and was cost effective. The in-house team still handled Civil Litigation and Employment Tribunal cases in London and the South East. The Criminal Law team continued to deal with prosecution cases instructing Counsel as appropriate and using firms as agents rather than outsourcing cases to them.

15. Following a corporate review in 2002/2003 the Board took the decision to reduce the size of Group Headquarters to a headcount of approximately 120. This led to a Voluntary Redundancy Programme in 2003/2004 which encouraged any manager who wished to do so to leave the organisation on advantageous terms. So far as Legal Services was concerned it was understood that the participation of lawyers would result in a smaller in-house team and greater reliance on external advisors which would provide all parts of RMG with access to advice tailored to its changing needs and greater flexibility.

16. The in-house team ceased to handle any Civil Litigation in 2004 and outstanding cases were transferred to the Panel Firms. At the same time both the Property Law Team and the Criminal Law Team ceased to report to me and became part of the Estates Department and Security Services respectively. My recollection is that after 2004 the department, still known as Legal Services, comprised approximately 20 lawyers whose work focused on areas such as Regulation, Employment, Pensions and Corporate and Commercial transaction where their

knowledge of the Businesses enabled them to add value, working closely with external advisers when necessary. The department continued to work closely with all the Panel Firms and regarded the relationship with them as a partnership to serve the evolving needs of all parts of the Royal Mail Group.

My role as Legal Services Director and reporting lines

17. The role of Legal Services Director required me to provide legal advice, manage the in-house legal team and procure external legal advice. All of the team leaders reported to me. I did not however have any operational management responsibility for the work of the different teams and would rarely have been involved in the discussion of specific work that they were conducting. My role in relation to the management of Criminal and Litigation teams was similar to that of any manager of a team of specialists which is very much how I saw them. They were well aware that I had no knowledge of the relevant areas of law and procedure and that I relied on their skills. To the best of my recollection I never had any direct involvement in any criminal law matter.
18. My role and responsibilities as Legal Services Director remained the same throughout my service. My reporting line changed several times as corporate reorganisations placed Legal Services Department in different units. On my appointment in 1993, Legal Services was part of the Post Office Headquarters and I reported to the Post Office Secretary, Morag McDonald and then David Saville.
19. In 1995, Post Office Services Group ("**POSG**") was established as a business unit. Legal Services ceased to be part of Headquarters and moved to POSG. I reported to the Managing Director of POSG. Four people held this position in my time. They were Stuart Sweetman, Mick Linsell, Malcolm Kitchener, and Gerry Smith.
20. After another review of the internal organisation, Legal Services became part of the Corporate Centre (Group Headquarters) again in 2002 and I reported to the Company Secretary, Jonathan Evans, until my retirement in 2006. I did not report

directly to the Board of Directors of Post Office, POL or RMG or Royal Mail Holdings Plc ("RMH"). I had regular meetings with the Secretary which provided the opportunity to raise any matters relating to significant legal issues arising in any part of the Group. I was able to raise issues of concern with the relevant Board member of Post Office, POL, RMG or RMH if the need arose and would have kept the Secretary informed.

Legal issues relating to POL

21. I have been asked how legal issues related to POL were managed and any material changes to this while I worked at RMG. Throughout my time as Legal Services Director, the department continued to provide legal services to all parts of the Royal Mail Group. Members of one of the teams handling commercial work specialised in POL cases including issues other than litigation arising in relation to the Network but there was no one team or team member designated for POL in the Criminal or Civil Litigation teams. As previously described, important changes were made to the structure of Legal Services and the relationship with external advisors but these applied to POL in exactly the same manner as to Royal Mail. I recall the possibility of establishing a separate legal team for POL was considered during the corporate review in 2002/2003 but an analysis of the Business' use of legal services by Group Finance based on time recorded and costs allocated determined this would not be cost effective.

22. The legal services provided to, and the relationship with POL were the same as those provided to Royal Mail and to Parcels. It would have been a matter for POL to determine which managers had authority to seek legal advice whether from Legal Services or from the Panel Firms in accordance with the protocols in place and to approve settlements of disputes in light of that advice or to reach decisions in relation to commercial matters.

ShEx

23. I have been asked to describe my understanding of ShEx oversight of RMG and

POL specifically. ShEx was the Shareholder Executive Group. My understanding is that it was the role of the ShEx to provide strategic direction to the companies in their portfolio and to monitor their performance. I have no recollection of the appointment of a civil servant as a non-executive director to the board of either RMG or POL and to the best of my knowledge I had no dealings with any member of the ShEx in relation to either RMG or POL.

Document POL00031124 - Dave Miller

24. I have been asked to consider document POL00031124 and to describe my working relationship with Dave Miller. POL00031124 is a letter dated March 1999 from Bird and Bird, who I believe advised the Department of Social Security, to Dave Miller and copied to Slaughter and May as well as myself and others. It contains a draft of a letter concerning problems with the Horizon project. I do not specifically remember this letter but recall the subject matter in general terms. I had limited involvement in this project to the extent that I attended some progress meetings with the advisors, Slaughter and May. I do not think that I would generally have been copied into letters on this subject and I do not know or recall why I was copied into this one. The handwriting on the draft is not mine and I do not recognise it. My recollection is that Dave Miller had a senior operations role in the implementation of Horizon. I had previously worked with Dave Miller in the 1980s when I advised on issues in relation to the development of new services by the Counters Business.

Horizon and data from it in criminal proceedings

25. I have been asked to describe the nature and extent of my involvement in the negotiation of the contract between ICL Pathway Ltd and POL. I was not involved in the negotiation or drafting of the contract between ICL Pathway Ltd and POL for the provision of the Horizon IT System. POL was advised by Slaughter and May and I attended some update meetings with them as negotiations progressed. I have no particular recollection of any of the meetings.

Document HOCO0000001 – Law Commission Consultations

26. I have been asked to consider document HOCO0000001, two letters to the Law Commission dated 31 July 1995 and 26 October 1995. I remember that there were law commission consultations with which the organisation engaged from time to time. I do not remember this one specifically. I am confident that I would not have drafted these letters. I was not involved in criminal law matters and would certainly not have been able to offer observations on these technical areas of criminal evidence. I notice that the first letter appears to have been signed by the Head of the Criminal Law Division and has the reference 'MJH' which is a reference to Michael Heath, who held that role. The second letter has the signature obscured but has the reference 'TB' which could refer to either Theresa Berridge or Tony Brentnall, both of whom were lawyers in the Criminal Law Team.

27. I notice that the first letter has my name at the top. This is also true of other letters that have been disclosed to me by the Inquiry. This does not imply that the letter is from me or involved me in any way. It was simply the convention at the time that most formal correspondence had my name at the top in my role as the Group Legal Services Director.

Errors in Horizon IT system

28. I have been asked to describe the nature and extent of my knowledge of errors in the Horizon IT system. I was aware that a new system had been introduced but I had no knowledge of bugs, errors or defects in the Horizon IT.

Training relating to Horizon

29. I have been asked what, if any, impact did the roll out of Horizon have on the work carried out by the Post Office / Royal Mail Group legal department. I am not aware of the impact that the roll out of Horizon had on the work carried out by the Post Office/ RMG legal department. I have no personal knowledge of any changes to the relevant aspects of the work undertaken by the Civil Litigation team or the

Criminal Law team necessitated by the roll out of Horizon but some would clearly have been required. The assessment of the impact of such changes and the requirement for training would have been the responsibility of the team leaders. The annual Legal Services budget contained provision for training and attendance at training courses was captured by the time recording system.

Knowledge of ICL / Fujitsu in providing litigation support

30. I have been asked to what extent, if at all, I was involved in negotiating or arranging for ICL or Fujitsu to provide litigation support. I was not involved in negotiating with, or arranging for, ICL or Fujitsu to provide litigation support.

Proceedings against SPMs

31. I have been asked to consider the following documents: UKGI00012463, POL00158509, POL00094100, POL00083350, POL00067084, POL00047820, POL00067481 and POL00107549. I had not seen these documents until they were provided to me in relation to the Inquiry. I have no recollection of any of the cases to which they refer and do not believe I had any involvement in them.

32. As explained above, as the Director of Legal Services, my name appeared at the top of much correspondence and documentation, in a similar way that a company name is used as a letterhead. This was true of anyone who held the position, so before me it would have been Brian Holland's name. We handled thousands of cases every year but I was never directly involved in the day to day conduct of criminal prosecutions by the Criminal Law team or Civil Litigation team.

33. I have been asked who within the Post Office and Royal Mail Group had authority to provide instructions on the following matters, and how the exercise of such authority was overseen by senior management and / or the boards of POL, Post Office, RMG or RMH:

- a. issuing and / or pursuing claims in debt or damages against SPMs;
- b. accepting offers of settlement in such claims;

- c. to go to trial on such claims;
 - d. charging SPMs with theft, false accounting or an offence under the Fraud Act 2006;
 - e. to prosecute such charges to trial; and
 - f. to accept guilty pleas (including on a basis of plea).
34. Within the Post Office, and RMG, the people with authority to provide instructions on such matters would have been the managers in the relevant business unit/department. These managers would have been required to seek advice from a member of Legal Services or from the Panel Firm covering their region. The oversight of the exercise of such authority would have been a matter for the senior management and the boards of POL, Post Office, RMG and RMH. I have no knowledge of how they exercised such oversight.
35. The Royal Mail Prosecution Policy (which was approved by a Board subcommittee), which also covered POL, provided that decisions to prosecute SPMs were to be taken by authorised managers in the business on the basis of the legal advice provided to them. In accordance with the Code for Crown Prosecutors, it was the policy to prosecute individuals if there was sufficient evidence and it was in the public interest. The oversight of such authority would have been a matter for the senior management and the boards of POL, Post Office, RMG and RMH. I have no knowledge of how they exercised such oversight.
36. Legal Services handled thousands of cases each year. I was not directly involved in any Civil or Criminal cases which were dealt with by specialist teams. When legal proceedings are issued by a law firm, the name of that firm appeared on the Writ and court documentation. However, when proceedings were issued by an in-house team the name of the head of that department appeared on the Writ. As Legal Services Director my name appeared on Writs issued on behalf of Royal Mail, Parcels and POL and on all correspondence. Each case opened and allocated to a lawyer was given a reference number that appeared on all correspondence. When correspondence relating to litigation was received in the Legal Services post room, it was delivered to the lawyer identified by the case

reference on the document and not to me, even if the sender referred to my name, as sometimes happened.

37. I have been asked to consider document POL00118218, a trial bundle in the case of POL v Julie Wolstenholme, and provide details of my involvement in the case. I have no recollection of the case of POL v Julie Wolstenholme and had not seen the Trial Bundle until it was provided to me in relation to the request for a Witness Statement. As explained, litigation documents often bore my name but were not prepared by me nor did I see them.

38. I have been asked to describe what, if any, safeguards were in place to ensure that Post Office and / or Royal Mail Group was investigating suspected criminal conduct and / or conducting litigation lawfully. In respect of such safeguards, I had no responsibility for, or involvement in, the management of the Royal Mail Security and Investigation team which was quite separate from Legal Services. The Criminal Law team worked closely with colleagues in Security and Investigation and provided training on law and procedure, drawing on expertise from members of the Bar when appropriate.

39. In Royal Mail Legal Services, the day to day management of civil and criminal proceedings was delegated to experienced solicitors who led the teams and the lawyers who reported to them. All solicitors had considerable experience in their area of law and were required to maintain Practising Certificates or, in the case of any barrister, to comply with all relevant professional rules for members of the Bar. Lawyers were encouraged to undertake regular professional training and required to comply with the rules for Continuing Professional Education when these were introduced by the Law Society.

40. Care was taken when allocating cases to individuals to ensure they were working within their field of competence and regular reviews of the hours recorded would have identified anyone struggling with an excessive workload. The teams were relatively small and all the team leaders operated an open-door policy to encourage everyone to seek guidance when appropriate. Annual reports

summarising each lawyer's achievements and performance were prepared by their team leaders and reviewed by me.

41. The involvement in the casework of lawyers independent of Legal Services offered opportunities for any concerns about the way in which litigation was conducted to be identified. Criminal and Civil litigators instructed Counsel in accordance with the normal practice for litigation. The outsourcing exercise mentioned above provided the opportunity to benchmark Legal Services' processes with firms conducting litigation and there were no material differences. I would have hoped that the firms who acted as Legal Services agents in the period preceding the move to outsourcing, and the Panel Firms thereafter, would have raised concerns had they discovered any impropriety in the manner in which litigation was conducted. To the best of my knowledge none did so.
42. To the best of my recollection no members of the judiciary raised concerns about the conduct of litigation by the in-house team. These would have been addressed to me as the solicitor on the record and would have been an extremely serious matter that required immediate investigation. It was also open to lawyers acting for defendants to raise complaints but I have no recollection of any being received.
43. I held weekly meetings with all of the team leaders who reported directly to me and these provided an opportunity for the members of the management team to discuss cases with me and their colleagues. I also held monthly one to one meetings with them at which we discussed casework, outcomes and resources. They were well aware that any concerns about the conduct of a particular case or cases should be brought to my attention but, to the best of my recollection, no cases involving the prosecution of, or litigation against, SPMs were raised as a cause of concern.
44. To summarise, the use of experienced lawyers, supported by a process to review their performance, and the absence of any negative feedback from members of the bar, the law firms with whom they worked or from members of the judiciary, gave me confidence that litigation was being conducted by members of Legal

Services in accordance with professional standards.

45. When we moved to the outsourcing of civil litigation, the Panel firms handled all aspects of the cases liaising with managers in the businesses.

46. I have been asked what, if any, oversight the boards or senior management of POL, RMG or RMH exercised over the conduct of civil or criminal proceedings. The boards and senior management of POL, RMG and RMH had no oversight of civil or criminal proceedings. The department's performance and my own were subject to the same review processes that applied to all parts of the organisation.

47. There was no requirement to provide reports on civil or criminal proceedings relating to SPMs to the boards or senior management within POL, RMG or RMH.

48. Legal Services was required to report major legal risks as part of an annual report to Royal Mail Internal Audit. Financial information relating to civil litigation cases and the need to make provision for contingent liabilities was provided to the Royal Mail Finance team.

General

49. To the best of my knowledge there are no other observations I can make that will assist the Chair. I would however like to express the hope that this Inquiry will bring some degree of closure to all those who have suffered.

Statement of Truth

I believe the content of this statement to be true.

Signed: **GRO**

Dated: November 8th 2024

Index to First Witness Statement of Catherine Churchard

No.	URN	Document Description	Control Number
1	POL00031124	Fax: Bird & Bird to Dave Miller (POCL) enclosing draft letter to John Bennett (ICL), March 1999	POL-0027608
2	HOCO0000001	Letter relating to Post Office Ltd's submissions to the Law Commission of 31 July 1995 supporting the repeal of section 69 of PACE 1984.	HOCO0000001
3	UKGI00012463	Letters and other correspondence from Christopher Trousdale to C. Churchyard Solicitor and Legal Services Director RE: Royal Mail v Christopher Trousdale.	UKGI023259-001
4	POL00158509	Email from Rod Ismay to Jennifer Robson re: Information on Post Office Claims cases.	POL-0147382
5	POL00094100	Letter from Debbie Helszajn to Frisby & Co Solicitors re H M Customs & Excise investigation.	POL-0094222
6	POL00083350	Lee Castleton Case Study: Letter from Gordon Smith to Stephen Lister re New Case(s) - POLS Ref: LIT/247310, Case Title: Mr Lee Castleton, Case Classification: FSP/DEBT.	POL-0079913
7	POL00067084	Carl Page case study: Letter from Debbie Helszajn to Messrs Frisby &	POL-0063563

		Co for the attention of Andrew W Broome re: Regina v Carl Page Dudley Crown Court.	
8	POL00047820	Letter from J A McFarlane to Messrs Hill Dickinson re: Royal Mail Group plc v Hughie Noel Thomas Holyhead Magistrates Court - 16th February 2006 at 11am.	POL-0044299
9	POL00067481	Letter from Gordon Smith (Royal Mail) to Ian Herbert (Hugh James) re: New case - Josephine Hamilton FSP/DEBT.	POL-0063960
10	POL00107549	Brackenvale Post Office case study: Outlet management summary and documents relating to audit and discrepancy.	POL-0105857
11	POL00118218	Trial Bundle A: Statement of Case and Orders POL v JWolstenholme Blackpool County Court CR101947.	POL-0120138