

Witness Name: Lisa Harrington

Statement No.: WITN10780100

Dated: 28 August 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF LISA HARRINGTON

I, Lisa Harrington, will say as follows:

INTRODUCTION

1. I am a former Independent Non-Executive Director ("**NED**") of Post Office Limited ("**POL**"). I was a member of the Remuneration Committee ("**RemCo**") and the Nominations Committee throughout my tenure (24 March 2020 – 1 June 2023) and I was Chair of the RemCo between January 2022 - June 2023.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in the Rule 9 Request dated 9 July 2024 (the "**Request**"). I have instructed Latham & Watkins (London) LLP ("**Latham & Watkins**") to assist me in preparing this statement.
3. I have addressed the questions in the Request honestly and to the best of my recollection, knowledge and belief. My tenure on the POL Board (the "**Board**") coincided with the aftermath of the High Court judgments in the civil litigation

under a Group Litigation Order ("**GLO**") as well as the unprecedented operational challenges caused by the Covid-19 pandemic. Therefore some of the details in this statement have been refreshed by a review of certain contemporaneous documents.

4. A small number of documents have been made available to me by POL, which I had limited time to review before submitting my witness statement. These documents have been limited to minutes of the Board, induction materials, iterations of a whistleblowing policy and terms of reference for various committees. I did not receive any historic Board papers. Those documents which I expressly refer to in this statement are listed in the Schedule.

PROFESSIONAL BACKGROUND

5. I studied German and Politics in University College Dublin, Ireland, and gained a Bachelor of Arts degree in 1994. I subsequently completed a postgraduate degree in Business Studies at the same university in 1995/6.
6. I commenced my business career in Andersen Consulting (now Accenture UK & Ireland) ("**Accenture**") in Dublin, Ireland, in 1996. During my time at Accenture, I was a member of the IT and business process graduate programme. In this programme, we were taught how to code, test and deploy large scale transformation and IT systems. I also learnt a range of strategy, management and organisational design approaches and methods. I spent 10 years with Accenture, working on a number of large-scale transformation and IT programmes for clients including Sainsbury's, Microsoft, BT Group, and Compaq.

7. In 2007, I joined BT Group and held a range of transformation, operational, digital and technology roles over a 10 year period. My final role was as the Chief Customer Officer of BT Group.
8. On leaving BT Group in 2017, I built a portfolio career working in a range of executive and non-executive roles in telecoms, utilities and infrastructure, education, and technology industries. I continue to work in this capacity today. I did not hold any full-time executive roles during my tenure on the Board. This was to ensure that I was not "overboarded" and that I was able to dedicate sufficient time to my non-executive duties including my commitment to POL.

APPOINTMENT AS NED

9. In Autumn 2019, I was approached via a recruitment firm regarding an independent, non-executive, board member role for the Post Office UK. My paternal grandfather was an Irish postmaster, and I was drawn to the position because of this family connection.
10. I understood that the Board was keen to add IT and transformation skills to the board table and I had experience in these skills areas. I also understood that POL operated in both a regulated and universal service obligation context, and I had experience of both of these practices from my time in BT Group. I followed the public appointments process, including a panel interview with a mixture of executives, NED members, and an independent observer. I was offered the role in Autumn 2019.
11. I was asked to accept the offer in advance of the Christmas recess in 2019, however I decided against this and took some time to consider the position. By

this time the Horizon Issues Judgment ("**HIJ**") had not been handed down. I had a follow-up meeting with the Chairman, Tim Parker, in his offices in the National Trust in November 2019. I also spoke with the outgoing NED, Timothy Franklin, about the role and the scale of the challenge facing POL. I met with Tom Cooper, the shareholder representative, in February 2020 to further develop my understanding of POL governance and context. I also undertook my own due diligence on POL to understand why POL was looking for someone with business and IT transformation skills, including reading the media coverage of the GLO history.

12. I considered refusing the position following the HIJ in December 2019, but ultimately decided that my expertise would be of assistance to POL and decided to accept the position on this basis.
13. I was formally appointed to the Board on 24 March 2020 and remained on the Board until 1 June 2023 by which time I had completed my three-year term.

HORIZON IT SYSTEM

14. I have been asked to summarise my understanding of and experience of the Horizon IT system. Prior to joining the Board, I had no knowledge of the Horizon IT system and was not provided with any information about such by POL in advance of my appointment. On joining the Board, I was given background information on the Horizon system and wider systems estate, and on the options and constraints for future re-platforming.
15. During my time on the Board, the Horizon IT system and historic issues were often discussed. I was involved in numerous Board and other conversations

over my three-year tenure as POL looked for replacement technology solutions to fulfil POL's system's needs. The Board received regular updates on the status of the current IT service provision and various options for the future provision of IT systems. My role in this was very much one of oversight - to guide and advise on alternative operating platforms for POL. I had no "hands-on" experience of the Horizon IT system, no logins or other access. I was given a run-through of the Horizon IT system during my induction including architecture information and a briefing paper setting out McKinsey's high level findings in relation to the Horizon contract. McKinsey was commissioned before I joined the Board to conduct a review of the Horizon contract as well as possible exit strategies from the relationship with Fujitsu.

EXPERIENCE ON THE BOARD

Training and induction

16. I have been asked to summarise the nature of any training and induction I received prior to or on my appointment to the Board and to reflect on the quality and completeness of any such training and induction I received. I joined the Board during the height of the Covid-19 outbreak and as such my onboarding and induction were adapted to accommodate the context.
17. Some of my induction meetings were virtual, and I remember the intense focus at the time being on how we could support sub-postmasters ("**SPMs**"), trying to keep Post Offices open, how to safeguard our employees, how to keep cash circulating in the UK, and how to continue to support local communities with vital services.
18. On confirmation of ministerial approval for my appointment in January 2020, the

Company Secretary contacted me to confirm my appointment date, offer me the Board calendar dates and set up my induction meetings. My induction was phased over a number of months and included: one-to-one meetings with each of the POL leadership team or Group Executive ("**GE**"); meetings with the other NEDs; receiving a range of background reading; receiving access to Diligent (the Board document management tool); attending a NED refresher course and a Civil Service day to understand Whitehall; and attending a range of in-person visits including to a London cash centre and to Post Office branches in order to experience the postmasters' and our employees' roles first hand. I received an induction timetable, including meeting dates with various members of GE and other Board members (**POL00448671**). I recall that the induction timetable was not completely adhered to, likely due to Covid-19 restrictions at the time.

19. Separate to my induction, I visited my own local Post Office branch to ask questions about the SPM's experience of the IT system and to observe SPM use of the system in real time. It was important to me that I understood SPMs' use of the IT platform and customers' needs, and that I was able to observe the context in which we would be implementing any change.
20. I had my Department for Business, Energy & Industrial Strategy ("**BEIS**") Non-Executive Orientation Day (virtually) on 24 June 2020. The session was divided into two parts, the first relating to public sector corporate governance and the second regarding financial management of public money. I also received a whistleblowing case study and learning points, and a case study regarding the charity Kids Company to read in my own time.
21. As part of my induction, I also had a one-to-one meeting with Ben Foat (General

Counsel). Shortly after joining the Board, in April 2020, I received a pack of privileged and confidential background documents from Herbert Smith Freehills ("**HSF**"). This included a Board report from April 2020, HSF updates regarding the Criminal Cases Review Commission ("**CCRC**") referrals, copies of the Common Issues Judgement ("**CIJ**") and HIJ and press reports regarding the same.

22. I have been asked what briefings, if any, I received on the issues addressed by the Inquiry before or on joining the Board and to provide details of such and reflect on their quality. As noted in paragraph 14, I was not given any information prior to joining the Board on the Horizon IT system. The historic legal matters were taken very seriously and these topics were discussed at length in Board meetings, including in the weekly CCRC meetings, which ran parallel to the regular Board meetings to discuss cases referred by the CCRC. I did not receive any specific induction on the legal issues, which were unfolding in real time. The Board was exposed to significant amounts of legal information, advice and process. There was an acknowledgment that more legal expertise was needed at the Board table, and this led to the appointment of a NED with legal skills in July 2021.

Corporate governance arrangements

23. I have been asked for my reflections as to the adequacy and effectiveness of POL's corporate governance arrangements in effect at the time I left the Board. I define corporate governance as the system of rules, practices and processes by which a company is directed and controlled. It involves balancing the interests of a company's stakeholders including shareholders, employees,

SPMs, and customers. On paper POL had many of the appropriate processes, rules and practices in place. However, the complexity of the POL context with significant historic issues to set right, substantial funding constraints, growing public scrutiny, ministerial changes, intense commercial competition and a challenging company culture meant that whilst corporate governance arrangements were in place, achieving balanced outcomes was extremely difficult.

24. With the heightened public interest in POL's historic issues came intense scrutiny and oversight from UK Government Investments ("**UKGI**") and the shareholder. Whilst this was entirely understandable, it resulted in a protracted decision making process and complex, multi-layered, accountability with numerous audits and advisors involved to scrutinise decision making.
25. I had concerns with some specific corporate governance issues during my tenure as a POL NED. These concerns were captured (amongst other improvements and recommendations) in our annual Board Effectiveness Reviews. Of particular concern to me were: 1) the quality of Board and committee papers received; 2) the timeliness of the receipt of Board papers in advance of meetings; and 3) the capability and continuity of executive support offered to the Board. The level of executive support was of particular concern to me in my capacity as RemCo Chair.

Culture at POL

26. Over my term on the Board, I would describe the Board's culture as tense and sombre. This culture intensified over my three-year term. This is not surprising given the huge weight of responsibility on the Board and the whole POL team

to resolve numerous legal, technological, cultural and commercial issues. Both new and old employees and Board members alike carried this responsibility.

27. The workload (both reading materials and meetings) was severe and included weekly legal meetings alongside monthly (or more frequent) Board meetings. There were many differing perspectives around the Board table, both executive and non-executive. The historic legal issues weighed heavily on my mind. There were significant existential decisions to be made on the future of the Post Office. This was in addition to normal trading and people management priorities, all heightened by the impact of the Covid-19 pandemic.
28. The leaders in the executive team positions and their teams changed often. Given the extreme public scrutiny that POL was under, and the limited reward packages, it was understandable that it was difficult to recruit and retain individuals in key positions. However, this executive churn led to issues in continuity, accountability and capability in some roles.
29. I have been asked to provide my understanding of the actions POL took to change the culture of the organisation following the legal judgments or resulting from evidence arising in the Inquiry. Culture change was a very important topic at the Board. The Board was acutely aware of the need for a culture reset and the challenges and time involved in effecting this. The Board discussed culture and culture change at length, and culture was a regular Board agenda topic.
30. Over my three-year tenure the structure of the culture programme evolved but it was always managed by an executive leadership team member, championed by the Chief Executive Officer and overseen by the Board. The management of culture change intensified post GLO and became more structured in 2020 and

into 2021. It included: an Improvement Delivery Group (the "**IDG**"), which was dedicated to implementing the changes recommended by the CIJ and HIJ; a review of the postmaster experience; and the creation of the Business Transformation Unit ("**BTU**"). The BTU was set up to adopt a holistic approach to change in recognition "that IT programmes did not always have a good track record and that change was not always fast in POL [and] as such, the programme sought to do things differently with early Postmaster Engagement, a SteerCo to integrate with network, Pick up and Drop off services (PUDO) and banking teams, a work stream linked with branch accounting and engagement with UKGI and BEIS to ensure the correct scrutiny and approvals at the outset to avoid delays" (**POL00448667**).

31. The IDG focused on putting "postmasters at the heart of everything we do" and led a range of interventions and improvements to address the issues raised by both the CIJ and HIJ. The programme of work was externally audited and surveys were sent to SPMs to get their feedback on whether changes were having the right impact.
32. From 2021, culture updates were received in monthly Board meetings including regarding engagement programmes such as ""Adopt an area" for senior leaders; a "Week in the life of a Postmaster" training sessions for all colleagues; [and] "Stronger together" events to better define our ways of working" (**POL00448669**).
33. One particularly positive change, directly instigated by the Board, was the addition of two SPM NEDs to the Board which I wholeheartedly supported. Indeed, I noted at a Board meeting in June 2020 that the Board needed to

recognise that a NED post would be a significant time commitment for a SPM working full time, and that the appointments needed to be meaningful and not just a symbolic gesture (**POL00448665**). I was not involved in the recruitment process, but the Board was updated on progress. I virtually met four of the final candidates who put themselves forward for election in 2021. All final candidates were given the opportunity to ask any questions to existing Board members and it was a good opportunity for me to see the calibre of candidates who put themselves forward for the role. I believed that the addition of SPM NEDs was a critical part of POL's governance shift, and it was important to me that the new SPM NEDs would have the same accountabilities and responsibilities as any other Board members.

34. The two SPM NEDs that joined in 2021 were credible postmaster advocates at the Board table. They represented SPMs' perspectives in discussions and regularly advocated on behalf of postmasters, particularly on matters of fair SPM remuneration, technology in branches, training, SPM communication, commercial competitiveness and dealing fairly with the historic legal issues.
35. I would conclude by noting that it is hard to say with great confidence whether discernible culture change progress was made over the period I was on the Board. I consistently raised that culture started with the Board and that "governance and culture need[ed] to drive postmaster centricity" (**POL00448668**). However, I think most would agree that culture is one of the more challenging things to transform in a large organisation.

Whistleblowing

36. I have been asked if the culture in POL actively encourages whistleblowers to

Speak openly and honestly about their concerns. I did not sit on the Audit, Risk and Compliance Committee ("**ARC**") during my tenure, but I am aware that whistleblowing cases were handled with care by the ARC and a senior independent NED who acted as the Whistleblowing Champion.

37. Whistleblowing cases were sometimes referenced in Board updates. I believe these cases were taken seriously and investigated thoroughly according to our policy.

38. I have also been asked to set out my reflections as to the adequacy and effectiveness of POL's whistleblowing policies and procedures that were in place at the time I left the Board. Whistleblowing, by its nature, is a sensitive and confidential process. I was aware that POL had a Whistleblowing Policy (**POL00413444**), which was taken seriously by the ARC and reviewed for appropriateness annually. In my experience of other boards, a positive sign for an effective whistleblowing policy is to have some cases reported. No reported cases can indicate that the process and policy is not being effectively communicated, understood or promoted for use. As referenced above, I was aware there were a number whistleblowing cases over my tenure, and on this basis I would conclude that the policy was known and accessible to employees and promoted via the "Speak Up" banner.

The Board's relationship with stakeholders

39. I have been asked to summarise my understanding and experience of the Board's relationship with various key stakeholders. I did not have any direct relationships or interactions with the National Federation of SubPostmasters ("**NFSP**"), Communications and Workers Union ("**CWU**"), the Department for

Business and Trade ("**DBT**") or Fujitsu. We did however receive updates pertaining to each of these stakeholders as part of the regular Board agenda. For example, the Board discussed the role of the NFSP and CWU and their relationship with POL, funding for these stakeholders, and the need to address the NFSP's independence following the CIJ (**POL00448646**). The Board also often discussed POL's contractual relationship with Fujitsu including possible exit strategies and other potential partnering opportunities for the proposed platform modernisation (**POL00448665**; **POL00448666**).

40. I had regular direct exposure to UKGI through the shareholder representative, Tom Cooper, who was a member of the Board and regularly attended Board meetings. All communication with shareholders was channelled through Tom Cooper. I had some dealings with Tom Cooper's team as a result of my position as Chair of the RemCo. I also met Tom Cooper's successor, Lorna Gratton, when she joined the Board in May 2023, and Roshana Arasaratnam when she stepped in to cover a sabbatical period for Tom Cooper from September 2022.

Composition of the Board

41. I have been asked for my views on the current composition of the Board with regards to experience, expertise and abilities, and specifically for my views on the desirability of SPM representation on the Board, legally qualified board members, and board members with IT experience. For an organisation experiencing the scale of change that POL is, I consider it is important that there is at least one board seat for a person with business transformation and IT experience. Technical IT skills in themselves are often not sufficient, and the challenge is more often in how to design, deploy and embed complex business

transformation changes (including culture change, engagement, change adoption, training, and communications) alongside the IT system itself. I attended a number of the early phases of the Inquiry in 2022 and it was clear to me from these sessions that the Horizon failings were not just technical, but ranged from system design and testing, to training and communications, and to policy and leadership.

42. Many of the Board members have changed since I stepped down in June 2023 and I am not therefore able to comment in detail about the current composition of the Board. However, in general, boards should be a balance of skills and experience while also being a manageable size. It is difficult to ensure on the one hand that everyone's voice is heard and on the other that a board is able to make decisions in a timely and effective manner. Good boards should also draw from a range of backgrounds and life experiences, and benefit from diversity of ethnicity, gender and thought.
43. For complex boards, core skills and experience include: financial, legal and governance, people and leadership, IT and digital, and commercial. It is also good practice to represent key stakeholder groups including shareholders and employees.
44. In this respect, I would observe that the current Board has many of the key skills one would expect of a board, but would benefit from someone with legal experience, which was something I asked about at the June 2021 board meeting (**POL00448670**). The consistent representation of SPMs on the Board will continue to be a critical factor in changing the Board culture.

Provision of legal information to the Board

45. I have been asked to what extent I consider I understand issues of legal professional privilege and the extent to which such information may be shared with the Board. I have also been asked whether I consider the provision of legal information to the Board to be sufficient.
46. During my tenure I did not feel that information was being withheld from the Board based on legal professional privilege. As noted above, Board papers were sometimes poorly written or complex, however I did not feel that information was being withheld on the basis of legal professional privilege.
47. During my tenure, the Board received regular legal updates including from external lawyers as well as a significant number of reports. For someone without legal training the volume of information and reports received felt overwhelming at times and I did not always feel that we received a clear steer from the legal lead. I appreciate however that the situation was constantly evolving and there is little precedent for the situation we found ourselves in.

Departure from the Board

48. I departed from the Board after my three-year term had ended. I signalled in Summer/Autumn 2022 to the Chair and UKGI representative that I would not be extending to a second term. This early flag was to ensure the new incoming Chair, Henry Staunton, was aware of my intentions and to enable appropriate succession planning and for the public appointment process to be followed. I agreed to an extension of up to three months to my tenure to support the Board in making three new NED appointments in 2022/23. An extension felt necessary to assist with a smooth handover. In addition, I had been asked to appear before the DBT Select Committee in June 2023 and I considered it important that I was

available to provide appropriate handover to my RemCo Chair successor prior to the Select Committee.

OTHER

49. I have been asked for my views on the issues raised in the Times article dated 19 February 2024 (**RLIT0000201**) and my understanding of the circumstances which led to the dismissal of Henry Staunton on 27 January 2024 and to the resignation of Alisdair Cameron on 25 June 2024. As stated in paragraphs 1 and 48, I stepped down from the Board in June 2023 and accordingly have no knowledge of these matters. I was not aware that Mr Cameron had resigned until I read the Request. When I left the Board in June 2023, Mr Cameron was on sick leave.

REFLECTIONS

50. Finally, I have been asked to set out any comments, reflections or concerns I may have about my experience on the Board and to set out any other matters I consider the Chair of the Inquiry should be aware of.

51. I look back on my NED tenure at POL with some regret. I accepted the position after the GLO decision because I believed that my expertise could assist POL in: 1) addressing the wrongs of the past; and 2) in re-platforming and rebuilding the organisation, business and systems for the future. I don't believe enough progress has yet been achieved in either of these missions.

52. I hope that my witness statement can be of some assistance to the Inquiry and to those who have been impacted by the terrible miscarriages of justice.

Statement of Truth

I believe the content of this statement to be true.

GRO

Signed: _____

Dated: 28/August 2024

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<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1.	POL00448671	Lisa Harrington induction programme	POL-BSFF-WITN-017-0019404
2.	POL00448667	Meeting minutes: minutes of Board meeting held on 26 January 2021	POL-BSFF-WITN-013-0000046
3.	POL00448669	Meeting minutes: minutes of Board meeting held on 30 March 2021	POL-BSFF-WITN-013-0000055
4.	POL00448665	Meeting minutes: minutes of Board meeting held on 30 June 2020	POL-BSFF-WITN-013-0000014
5.	POL00448668	Meeting minutes: minutes of Board meeting held on 25 March 2021	POL-BSFF-WITN-013-0000053
6.	POL00413444	Whistleblowing Policy	POL-0193906
7.	POL00448646	Meeting minutes: minutes of Board meeting held on 27 July 2021	POL-BSFF-WITN-010-0000004
8.	POL00448666	Meeting minutes: minutes of Board meeting held on 29 July 2020	POL-BSFF-WITN-013-0000019

<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
9.	POL00448670	Meeting minutes: minutes of Board meeting held on 3 June 2021	POL-BSFF-WITN-013-0000062
10.	RLIT0000201	Times article dated 19 February 2024	RLIT0000201