

Witness Name: Richard Watson

Statement Number: WITN11140100

Dated: 22 November 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF RICHARD GRAEME WATSON

I, **RICHARD GRAEME WATSON**, will say as follows:

1. Between July 2018 and December 2020, I was seconded from the Government Legal Department (“GLD”) to UK Government Investments (“UKGI”) as General Counsel. In December 2020, I left the Civil Service to take up an appointment as a full-time District Judge.
2. This statement is made in response to a Rule 9 Request made by the Inquiry dated 2 October 2024. I have sought to address all of the questions posed by the Inquiry in a format that I hope will aid understanding of my involvement. This statement is made to the best of my knowledge and belief. If I have referred to a fact that is beyond my own personal knowledge, I believe it to be true. Where I refer to my knowledge being derived from others, I have sought to identify the source and to include this in my statement. Where relevant, I have also referred to contemporaneous documentation in support of my response and I have exhibited those documents as requested. In my making this statement, I have been assisted by instructed Counsel and Eversheds Sutherland (International) LLP, the recognised legal representative for UKGI, a

Core Participant (as defined in paragraph 5(a) of the Inquiry's Protocol on Witness Statements) in the Inquiry.

3. Before responding to the Inquiry's questions, I would like to acknowledge the intense suffering that I am aware many postmasters and sub-postmasters (collectively, "SPMs") and others have endured as a result of this scandal. I have followed the Inquiry with interest and the hearings that I have watched and the evidence that I have read, including some of the human impact hearings at the start of the Inquiry, have affected me deeply. I am horrified at the injustice SPMs have suffered. I hope that this statement will assist the Inquiry to fulfil its vital work.

Background / Work History

4. I was admitted to the Roll of solicitors on 15 October 1992 and I remained in private practice at the firm I trained with, Arnold Fooks Chadwick, specialising in civil/commercial litigation and some non-contentious company/commercial work, until October 2000 when I joined the Legal Advisers team at the Department of Trade and Industry ("DTI") (DTI became the Department for Business, Innovation and Skills, then the Department of Business, Energy and Industrial Strategy ("BEIS") and is now known as the Department of Business and Trade ("DBT"), hereafter referred to collectively as the "Department"). For my first six years I advised its Companies Investigation Branch. After that I moved to a number of different teams within DTI Legal Advisers. In August 2010 I was appointed as a Deputy District Judge and combined my sitting obligations (30 days per year) with my full-time role at DTI Legal Advisers.

5. I first started working with Shareholder Executive (“ShEx”) colleagues in May 2010, when it was a Directorate of the Department. I supported ShEx colleagues in the drafting and passage of the Postal Services Act 2011 (relating to the privatisation of Royal Mail) and its subsequent implementation. I also worked with ShEx on the establishment of the Green Investment Bank. When working on the Postal Services Act 2011, ShEx colleagues I worked with included Richard Callard, Will Gibson, Peter Batten, Laura Thompson, and Mike Whitehead. In May 2013, I was promoted to the Senior Civil Service and joined what was then called the Treasury Solicitors Department (now the GLD) as a Deputy Director, leading the Housing Legal Team which advised the Department for Communities and Local Government. In July 2018, I moved from that role on secondment from the GLD to UKGI as their General Counsel. My secondment followed a recruitment exercise by UKGI within the GLD. At UKGI, in addition to being General Counsel, I was also UKGI’s Compliance Officer and a member of the UKGI Executive Committee (“ExCo”), which is UKGI’s senior management team.

Knowledge of Relevant Issues

6. Although I had spent time working at the Department and had interacted with ShEx staff members on a range of issues prior to my appointment as General Counsel of UKGI (the successor of ShEx), including the privatisation of Royal Mail and the establishment of the Green Investment Bank, I had not worked on matters relating to Post Office Limited (“POL”) other than the provisions in the Postal Services Act 2011 and had no prior knowledge of the issues surrounding

the Horizon IT system or the complaints of SPMs. I am now aware that some of these issues had been raised publicly before I was seconded to UKGI, including in a BBC Panorama broadcast, although to my recollection I did not watch the programme at the time nor do I recall hearing about it either.

7. It was not therefore until my appointment as UKGI's General Counsel in July 2018 and as part of my induction to the role, that I first became aware of the issues relating to Horizon. A few days before I formally started in my role, I met the UKGI Legal team as part of my induction. My predecessor, Elizabeth O'Neill, provided me with a copy of the Project Sparrow Pre-Onboarding Information Sharing Protocol [UKGI00010421] ("Information Sharing Protocol") to sign, which was designed to enable the sharing of legally privileged material in relation to the Group Litigation brought by SPMs against POL ("GLO") from POL to UKGI and the Department. Ms O'Neill also handed me a file of papers that included a copy of the merits opinion from David Cavender QC relating to the Common Issues element of the GLO. She also explained in detail the lessons that had been identified following the Magnox litigation in relation to the handling of litigation from a shareholder perspective and how these were being applied in relation to the ongoing POL litigation. Those lessons arose during the Inquiry into the award of the Magnox decommissioning contract by Nuclear Decommissioning Authority, another ALB which UKGI provided a shareholder role for on behalf of BEIS. She provided me with a copy of the UKGI internal report, which included the lessons learnt. In particular she explained that, in implementing those lessons, UKGI had established an information sharing protocol, had requested and obtained a copy of the merits opinion (with the

Shareholder Non Executive Director (“Shareholder NED”), Tom Cooper, hearing from POL’s lawyers first hand when that opinion was presented to the POL Board) and Mr Cooper was also part of a POL Board litigation sub-committee (the “Sub-Committee”)) that had oversight over the litigation. Ms O’Neill told me that the litigation was something that I should keep an eye on and I recall spending the remainder of the day reading the file of papers that she had provided. I kept the lessons learned from Magnox at the forefront of my mind, both at this initial stage and throughout the handling of the GLO, as I understood how important it was that UKGI implement those lessons.

8. On reviewing my induction pack, I gained an understanding of the concerns that had been raised about the Horizon IT system, in both its current and historic versions, as well as the overarching concerns raised relating to POL’s contractual relationship with SPMs. These included a dispute over whether there were systemic IT issues within Horizon that were liable to affect a significant number of SPMs. I do not now recall whether reference was made specifically to bugs, errors or defects (“BEDs”), but I do remember thinking that it would not be unusual in principle for an IT system occasionally to have a bug / glitch that would need resolving and that what was important was whether there was a process in place by which such issues would be identified, raised and resolved.

9. At around this time, I also recall being shown a contingency planning document relating to what would happen if POL failed to successfully defend the common

issues element of the GLO, although I cannot now recall whether that was included within my induction pack, or whether this was provided later.

10. During my induction, I also became aware of the allegations made relating to remote access. I recall Ms O'Neill mentioning it to me as part of her briefing and my understanding at the time was that the dispute was over the question of whether a SPM's account could be manipulated without their knowledge. I am aware now of the allegations made in relation to remote access, including by a former Fujitsu employee as part of the Panorama programme, but I do not recall whether these allegations were referred to during my induction or I came to learn about them subsequently. My recollection is that POL maintained that Horizon could not be altered remotely without a SPM's knowledge until shortly before the Common Issues trial, and this issue was then conceded in principle in the Horizon Issues trial (i.e. POL accepted it was technically possible but not that it had happened in practice).

11. It was only during my induction that I learned that POL had previously prosecuted criminal offences. I was aware that private prosecutions were possible and the nature of business being conducted within Post Offices, involving substantial cash transactions and accounting declarations, meant that I could understand why, at least potentially, POL conducted prosecutions for the kinds of offences that were being mentioned (i.e. theft, fraud and false accounting). My previous experience within the Department had involved the provision of advice to its Companies Investigations Branch concerning offences under the Companies Acts and Insolvency legislation and I was aware that these had sometimes led to prosecutions being brought by the Department's

internal prosecutions team or other prosecuting authorities such as the Serious Fraud Office. In that role, I also supported the Chair of the Whitehall Prosecutors Group so was aware that a number of bodies outside the Crown Prosecution Service exercised prosecution functions. I therefore did not consider the fact that POL had previously prosecuted criminal offences to be that unusual, given its history as part of the Royal Mail and as a public body.

12. At the point of my induction, I do not recall learning in any greater detail about the mechanics of how POL investigated offences, made charging decisions, or conducted the prosecutions in-house. Indeed, it was not until much later, at around the time of the criminal appeals in 2020, that I started to become aware of the ways in which POL's investigators and members of its criminal law team were said to have conducted themselves.

My initial meeting with POL

13. Shortly after I took up my role, I set up meetings with the General Counsels of each of the assets for which UKGI was responsible at the time. This included a meeting with Jane MacLeod, POL's General Counsel, which took place at POL's offices in Finsbury Dials. The meeting, which lasted for about an hour, covered a range of topics and was not only to discuss Horizon and the GLO, although naturally that was a significant topic of conversation. During that meeting, I recall Ms MacLeod telling me how robust the Horizon system was and how confident POL was in it. She emphasised that the number of complaints was very small compared to the vast number of transactions that Horizon completed each day and reassured me that if a BED was found in the system, that this was resolved under POL's normal IT processes.

14. In relation to criminal prosecutions, Ms MacLeod mentioned that the Criminal Cases Review Commission ("CCRC") had been asked to look into a small number of complaints by SPMs that they may have been wrongfully convicted. From my induction, I was aware that ShEx had already given an assurance to the CCRC to preserve any relevant material and had provided some documentation to them. During our meeting, Ms MacLeod reassured me that POL was also fully cooperating with the CCRC.

15. During our meeting, I also recall discussing the possibility of settlement of the GLO, as this was something that Tom Cooper, the Shareholder NED, had raised with me during my first meeting with him which was again part of the lessons learnt from the Magnox Inquiry. I recall explaining to Ms MacLeod that Mr Cooper was very keen that POL consider contingency planning and the options for settlement and that her response was to the effect that POL could not even think about settlement until after the Common Issues trial. She explained that a window for settlement had been included in the GLO timetable and I recall stressing to her the importance of settlement forming a necessary part of POL's strategic thinking about the litigation, albeit I could understand why actual settlement discussions should await the outcome of the Common Issues trial, particularly as she had explained that the claimants were unwilling to consider settlement discussions at the time.

The Strike-Out Application

16. In October 2018, shortly after I was appointed as General Counsel, POL made an application to strike out aspects of the Claimants' evidence that had been served in advance of the Common Issues trial.

17. Although I was made aware of the basis for the application in advance [POL00257564], through the provision of information under the Information Sharing Protocol, I did not consider it was my place to advise on the merits of that application: POL had its own team of lawyers, including leading counsel, for that purpose. I do recall being slightly surprised that POL considered it necessary to seek to exclude elements of the Claimants' evidence on grounds of irrelevance, as my experience was that judges were accustomed to disregarding irrelevant information when deciding a case. Nevertheless, I understood the premise of the application and considered the decision whether to make it was a strategic one for POL to determine.

18. Despite my awareness of the application, when I received a copy of Fraser J's judgment on the strike-out application on 17 October 2018, I was surprised by the level of criticism that it contained and by the description of POL's litigation tactics. I recall discussing my concerns with Tom Cooper who also expressed similar views. In an email I sent to Mr Cooper on 17 October, I told him that the strike-out judgment gave "*...me very considerable cause for concern about their litigation tactics/handling, not to mention the merits of the case itself*" [UKGI00008535].

19. By this point, the Common Issues trial was about to begin and I was anxious that the POL Legal team took on board and sought to address Fraser J's criticisms when it came to that trial. As I recall, POL's legal team gave various assurances to the POL Board that they would change their approach and Tom Cooper informed me that Paula Vennells, POL's CEO, had also got involved and sent an email to the POL Board giving this assurance [UKGI00008547].

The Common Issues Trial

20. Shortly before the Common Issues trial began, I recall being provided with a copy of the arguments and being surprised to read in POL's Opening Submissions that it was asserting that the litigation represented "*an existential threat*" to POL [POL00004106]. The suggestion seemed to be that because the situation was existential, POL's arguments must be correct. That was not something I thought any judge would consider relevant.

21. The Common Issues trial had been set up to examine the terms of the SPM contract. Amongst the arguments being considered, I could understand the basis for the dispute relating to the principal-agent relationship, although I did consider there to be some disconnect between the liability clause position asserted by POL and how the accounting processes worked in practice. In particular, it struck me that now that the accounting was being conducted electronically through the Horizon system mandated by POL, and not on paper, SPMs no longer had full control of their own accounting information and yet were solely liable under the contract for any shortfalls that the system reported. The competing arguments relating to this issue had been outlined to me by

Jane MacLeod during one of our early meetings and it was my understanding that POL had been advised by counsel that it had the better of the arguments relating to this issue. As part of my induction, I had also read the merits opinion that addressed this issue and although I had not been familiar with the detail of the legal arguments on that point in advance, I was aware in more general terms that a duty of good faith in contractual arrangements would be considered unusual.

22. The Common Issues trial began on 7 November 2018. I attended the first couple of days of the trial to observe the proceedings. After that, it was neither practical nor proportionate for me to attend court every day and instead I received regular written updates from POL by email. A member of my team also attended some of the other days and provided me with an oral update.

Government Oversight of POL

23. I have been asked to set out my views as to the nature and extent of, firstly, any responsibilities that the Department had for the operations of POL arising, respectively, from its position as shareholder and as a government department, and, secondly, any role that the Secretary of State and the Minister should have taken in overseeing the operations of POL.

24. I should first clarify for the benefit of the Inquiry that the Secretary of State, the Minister and the Department are not separate entities in law. The only legal entity is the Secretary of State. Duties, powers and responsibilities are conferred on the Secretary of State (for example, by legislation) and are

delegated to the Minister, as decided by the Secretary of State. I therefore do not consider there is a distinction to be drawn between the obligations of the Secretary of State and Minister: both have those same overall duties, powers and responsibilities with any distinction being between how those responsibilities are allocated and discharged. Departmental Ministers typically have more day-to-day engagement in the detail relating to their allocated briefs whilst the Secretary of State will typically have a higher-level view across all areas of responsibility. The Department, meanwhile, is the administrative office of the Secretary of State and exists only to administer the duties, powers and responsibilities of the Secretary of State and their Ministers as delegated. Any action taken by the Department is taken in pursuance of those duties, powers and responsibilities.

25. As to whether either the Secretary of State or the Minister should have taken a role in overseeing the operations of POL, as senior members of the Government ultimately accountable to Parliament for Arms-Length-Bodies (“ALBs”) within their portfolio and for the use of public money, in my view both the Secretary of State and the Minister clearly need to satisfy themselves that those ALBs are delivering on their policy objectives and, as part of that, that there are appropriate governance structures in place to ensure ALBs are being run properly and any public money is spent appropriately. Through the information fed back to the Department by its own officials, the shareholder team and / or in its other interactions with the asset directly or indirectly, the Secretary of State and the Minister can satisfy themselves that there are

appropriate governance arrangements and structures in place and that their policy objectives are being achieved.

26. I do not consider the Secretary of State (or the Minister) or the Department to be responsible for POL's operations. POL is an ALB that is responsible for its own operations in delivering the objectives that are set for it. In my view, that position makes practical sense, as civil servants in the Department do not typically have the necessary skillset, experience or capacity to carry out or provide detailed oversight of the day to day operational activities of a commercial ALB, such as POL, whilst also carrying out their other responsibilities. The Secretary of State sets overall policy objectives for the ALB with the advice of civil servants in the Department – something that the Civil Service is skilled to provide - and expects POL to deliver those objectives.

27. The Secretary of State, and the Minister on their behalf, can seek to inform and influence POL's delivery of those objectives using a wide variety of hard and soft levers. One of the most important levers available to Government is the suite of rights or powers provided to the Secretary of State in POL's articles of association, including the powers over the appointment of the chair and the removal of directors. Those levers also include the funding package, as the policy of successive governments has been for POL to provide public services across the Post Office network and, to that end, the Government provides funding to POL to help it deliver the policy objectives and the breadth of services required to deliver those objectives across the country.

The Structure and Role of UKGI

28. During the period of my tenure, UKGI had what I would describe as a typical corporate structure. It was governed by a Board of Executive and Non-Executive Directors that was led by the UKGI Chair, who at the time was Robert Swannell. Below the Board, the executive was run by the Chief Executive Officer (“CEO”), who was accountable to the Board. When I was first seconded to UKGI, the CEO was Mark Russell. He departed as CEO in September 2019 and Justin Manson stood in as interim CEO until March 2020, when Charles Donald was appointed as UKGI’s new CEO and he remains in post. The CEO then led a team of Directors and Executive Directors, who in turn would direct and coordinate the operations of UKGI down through a number of teams. As UKGI’s General Counsel, I was an Executive Director and member of ExCo, UKGI’s internal leadership group, which I describe further below. My line manager was the UKGI CEO but as I remained a member of the GLD, Patrick Kilgarriff (one of the Department’s Legal Directors) told me he would be my point of contact from a GLD perspective. This seemed very sensible to me; we worked in the same building (1 Victoria Street) and UKGI carried out a shareholder role for a number of the Department’s ALBs so part of my role would be to work collaboratively with the Department’s lawyers, many of whom I already knew.

29. During my tenure and in the context of POL, the POL Shareholder Team in UKGI was led by Tom Cooper (a UKGI Director) who sat on the POL Board as the Shareholder NED. Both Mr Cooper and the Shareholder Team would

interact with POL directly on a regular basis and, through those interactions, gain an understanding of key issues relating to POL from a governance perspective. That information would then be used to inform Ministers and the Secretary of State, via the submissions process that operates within government and/or other formal/informal means, about those issues that were likely to be considered relevant to the Department's oversight of POL or otherwise relevant from a shareholder perspective. In addition, members of the Shareholder Team would also interact directly with their counterparts within the Department to support the Department's own work in overseeing POL (this increased over time once the Department had its own policy team for POL).

30. The way in which I would describe UKGI's role in relation to ALBs where it has a shareholder role, is that the Shareholder NED and Shareholder Team are there to help manage the relationship between government departments and their ALBs and to support those departments with their oversight of the ALBs. The Shareholder NED will not only act as a NED on the Board of the ALB but will also help ensure that the ALB understands the Department's priorities as shareholder and provide the Department's view on how it should fulfil the strategic objectives that are set for it by the Government. In addition, UKGI seeks to ensure that those ALBs are run properly from a corporate governance perspective and advises ministers on governance issues and risks based on its ongoing monitoring of the ALBs and their performance.

31. The delivery of this remit depends critically on having people with the right skills and experience for the task. In my view, the Civil Service does not generally

have people with the corporate governance expertise required to act as a Shareholder NED at Board level, which is why I consider a government department could not achieve the same outcomes as effectively as UKGI does regarding the public bodies with which it is involved. That is not to say, however, that UKGI is delegated all responsibility for overseeing an ALB instead of a department (which will also have its own policy team for the ALB), Ministers or the Secretary of State. Rather, UKGI provides support by exercising its shareholder function of an ALB such as POL, and in so doing, is then able to provide information back to a department and to the Minister / Secretary of State, to enable them to perform their own oversight of the ALB and set the policy direction (which UKGI does not do). Whilst this necessarily requires UKGI to exercise judgement in determining what information should be communicated and the extent of it, in my opinion, that evaluative exercise is a necessary consequence of the fact that Ministers and Secretaries of State require information to be distilled and expressed succinctly, in order for the quantity of information that they receive to be manageable and focussed.

32. In relation to POL, the delivery of this remit is described in a number of key documents. A Framework Agreement for POL sets out a common understanding about the nature of the relationship and helps, in my view, to articulate what UKGI's role is and what it expects from POL. A Funding Agreement then sets out a number of requirements that POL is expected to meet in exchange for the funding that the Government provides.

33. When I joined UKGI, the Framework Agreement with POL was not yet in place; it was implemented part-way through my tenure in 2020. Nevertheless, in my

view, in the context of the ongoing litigation at least some of the benefit of the Framework Agreement was already being achieved as a result of the Information Sharing Protocol that had been agreed with POL, which enabled POL to share legally privileged materials with UKGI in the context of the GLO.

34. During the period of my tenure, UKGI monitored its delivery of its remit in relation to POL in a number of ways. Firstly, a Portfolio Review was held on a regular basis, at which issues affecting POL would be raised by the Shareholder NED or other members of the POL Shareholder Team for discussion with a UKGI panel who were not part of the Shareholder team. Coupled to this was the asset-level risk register process for POL, in which the most significant risks to POL from a shareholder perspective were identified and scored, with any mitigation actions considered. UKGI Legal were involved in both of these processes.

35. I have also been asked by the Inquiry to provide details of any external oversight that was in place to monitor UKGI and whether it was adequately overseeing POL or POL's operations. UKGI was an HM Treasury ALB and its Second Permanent Secretary was a member of the UKGI board as was the Department's Permanent Secretary. From memory, I do not recall there being any formal external oversight as such, although UKGI's relationship with the Department did mean that its actions came under scrutiny by the Minister and his/her department, who I felt were in a position to raise any concerns about UKGI's actions with us directly. Otherwise, there was also the possibility of a National Audit Office ("NAO") investigation that could be instituted to examine

any of UKGI's actions, although I only recall one interaction with the NAO during my tenure, in late 2018, as I describe further below.

My Role as UKGI's General Counsel

36. In general terms, my role as UKGI General Counsel was to coordinate and manage the provision of legal advice within UKGI, including advice relating to UKGI itself, the portfolio of ALBs which it managed and the projects and transactions carried out by UKGI. The legal advice would be prepared internally by me or my team and some would be procured from the GLD or externally. Typically, for the ALBs UKGI manages, the sort of advice that would be sought would be in relation to the legal issues that arose as UKGI undertook its shareholder role for ALBs, rather than the legal position as against those ALBs. My team and I might also be asked to provide a sense check on legal advice that was being received by such an asset.

37. As General Counsel, I was a member of the UKGI ExCo, which is UKGI's internal leadership group. The ExCo during my tenure was made up of the UKGI CEO, the UKGI Directors, the Chief Operating Officer, the Chief Financial Officer and myself. Initially during my tenure, all ExCo members would be encouraged to attend for the entirety of the UKGI Board meetings save for towards the end of those meetings when there was always a slot for a Board only discussion. However, part way through my tenure, this changed and each of us would normally only attend for those items that were relevant to our roles. Nevertheless, we would all have access to UKGI Board papers (provided by a system called BoardPad) and I would read the papers in advance of UKGI

Board meetings and would have an input into those papers that had a legal aspect to them. From my recollection, even after the above change was made, I would attend those parts of the meeting when POL issues were being discussed, as this was one of the more significant focusses of my daily work over the period.

38. I have also been asked to explain the circumstances in which I attended POL's GLO Sub-Committee. Before I do so, I should be clear that the capacity in which I attended the meetings of the Sub-Committee was as an observer and not as a full member, unlike the other POL Directors that attended (including Tom Cooper who was the Shareholder NED on the POL Board). The Permanent Secretary of the Department had agreed a series of recommendations with Ministers to address their concerns over the management of the litigation. One of these recommendations was for a UKGI lawyer to attend the Sub-Committee, and so I was asked to attend as an observer following the Common Issues judgment, to give the Minister a greater understanding of the legal issues in the GLO. It was felt that my attendance and reporting back to the Department could inform the development of future options, including the settlement of the litigation, and provide the Minister with greater reassurance that the POL Board was examining the right issues in the right way.

39. As an observer, my role was not specifically defined by POL. Within UKGI however, we had a document that made a distinction between attendance as a director and an observer, which made it clear that an observer did not have a voting right. At the time, this was my clear understanding of my position and

therefore whilst I would attend meetings, listen and contribute to the discussions, I was mindful that I should not involve myself in decision-making. I would therefore participate in Sub-Committee meetings by describing things that I felt would be of assistance, such as how a prior approvals process works or what were likely to be issues that Ministers would be interested in, after which I would then allow the full members of the committee to decide any actions. I would also ask questions or raise constructive challenge when I considered it appropriate.

40. I certainly did not consider it my role to provide legal advice to the Sub-Committee; indeed, as I saw it, my role in terms of legal advice was only to advise Tom Cooper, the Shareholder NED, in relation to the advice that he was receiving as a member of the POL Board. My attendance at the Sub-Committee and my reporting back to the Department may have brought me closer towards the provision of legal advice to the Department, but the Department also had its own legal advisers who could provide it with advice. During my tenure as General Counsel, I had regular meetings with Patrick Kilgarriff and Sinead Murray – both of whom were Legal Directors within the Department – and we would discuss any issues that had arisen since our last meeting including, unsurprisingly, POL, which featured heavily in our discussions. Following the Common Issues judgment, BEIS Legal quite understandably took a much greater interest in the GLO and when submissions were being prepared for the Minister, we would often all contribute to these albeit I was much closer to the detail. As a member of the GLD, I was very used to working collaboratively with colleagues in BEIS, HMT and other legal teams where there were cross cutting issues and I saw it as a clear part of my

role to build relationships with those colleagues so we could ensure that the Department and Ministers were receiving appropriate legal advice.

41. Although my attendance at the Sub-Committee was unusual in the sense that UKGI's General Counsel would not typically attend meetings of an asset's Board or its sub-committees, I do consider my attendance at the Sub-Committee was a material improvement to the arrangements, as I was able to listen to the discussions directly, many of which included lawyers from the various law firms and counsel that POL had instructed, and did not have to rely on Tom Cooper to convey them after the event. I was then better-placed to be able to advise Mr Cooper, and UKGI colleagues internally, on the issues relating to POL relevant to the Shareholder, which was the overall remit of my role as UKGI General Counsel, and to help policy and legal colleagues in the Department when they were advising Ministers.

Information Flow

42. By the time I was appointed as General Counsel, the Information Sharing Protocol with POL had already been implemented. I understood that this was agreed after UKGI insisted that it should have access to key legal advice for POL relating to the group litigation, which was one of the lessons it had learned from the Magnox litigation. Prior to this, it is my understanding that POL was very resistant to sharing legally privileged information with UKGI and sought to impose restrictions on the Shareholder NED about the information that he could share with his UKGI colleagues. However, by the point that I came into post, I felt those obstacles had been overcome and that I was free to share any

information that needed to be shared with anyone provided they had signed the Information Sharing Protocol and were on the list of authorised recipients. As such, I do not consider there were any restrictions imposed on my ability to request, receive or share information relating to POL, or that UKGI's ability to support the Department's oversight of POL was hindered by any such restrictions, although clearly I remained reliant on POL being transparent with UKGI about the information that it held.

43. Indeed, by the time I joined UKGI, it seemed to me that there was a clear two-way passage for information to be received from and shared with POL via the interactions between the Shareholder NED and POL, and between the POL Shareholder Team within UKGI and their counterparts within POL, who would engage directly. To my understanding, the creation of a dedicated policy team within the Department further helped to facilitate the transmission of information to enable the Department's oversight of POL, as thereafter not only were there interactions between the Department and UKGI, but there were also interactions between the Departmental Policy Team and the POL Executives directly.

44. Whilst one might expect that information concerning POL's strategy would have been more likely to be communicated to the Department via the Shareholder NED as a result of his position on the POL Board and that operational matters would be discussed at a lower level between POL staff members and their counterparts within UKGI or the Department, in fact, over the period of my tenure I would say that it was difficult to separate the strategic from the

operational. This was particularly the case following the Common Issues judgment, as the distinction between strategic and operational information was increasingly blurred and those working in the Department became more interested in all aspects of POL's activity. To my perception, the only difference over that period, if anything, was that there appeared to be less of a focus on POL's other operational activities in terms of the information that was shared with UKGI / the Department, but that may have been because POL was itself less focussed on its other operational activities as a result of the GLO.

45. I cannot, of course, comment on what the position may have been prior to my appointment. In particular, I do not therefore have direct knowledge of the extent to which UKGI received information concerning POL's investigation into the SPMs' allegations concerning the Horizon IT system, or how such information may have been fed back to the Department and Ministers. I did gain some knowledge of those investigations during the GLO and thereafter, but at the point that I joined UKGI all of those investigations had been completed and it appeared to be a common understanding within UKGI that previous investigations had not revealed any systemic issues with Horizon.

NAO Involvement

46. In November 2018, UKGI was contacted by the NAO and asked to respond to certain questions that the NAO had received from the Public Accounts Committee ("PAC"). The NAO, as the independent body responsible for auditing public spending for Government departments and other public bodies, supports the work of the PAC, and has wide information gathering powers. I

was not initially copied into the correspondence, but was subsequently added to the email string by Stephen Clarke, who was coordinating the response on behalf of the Shareholder Team [UKGI00008732]. As can be seen from those exchanges, the PAC had received correspondence from an individual concerning the GLO who had expressed concerns about the use of public money to defend the litigation. Within UKGI, there was some concern that the information that we would provide in response to the NAO's questions, might be susceptible to being released publicly. Colleagues therefore asked for a meeting to discuss those issues, which took place towards the end of November 2018, at which I was in attendance.

47. As can be seen from the last email in the string dated 29 November 2018 and which was subsequently followed by some further emails on the same topic [UKGI00008799], one of the things the NAO wanted to receive was a copy of any advice provided to Baroness Neville-Rolfe following the review set up by POL's new Chair, Tim Parker. As the email of the 29 November 2018 demonstrates [UKGI00008732], it was UKGI's understanding at the time that no formal written advice existed and that a proposal was therefore made to share a copy of Mr Parker's letter to Baroness Neville Rolfe dated the 4 March 2016 in which Mr Parker set out his interim findings along with a copy of the advice that UKGI prepared for the Minister at the same time [UKGI00008799].

48. I can confirm categorically that I had not seen a copy of Jonathan Swift's written advice to the POL Chair at the time that we were engaging with the NAO and I did not know that it even existed. The emails I have referred to suggest to me that all those on the distribution list from UKGI were in the same position, as

they would each have known that we were under an obligation to provide a copy to the NAO if it had asked for it (as is specified in the emails) and at no stage was it ever suggested that we knew otherwise. Indeed, I think it was not until 2020 that the existence of the written advice came to my attention [UKGI00045960].

The Group Litigation

49. By the point that I was appointed as General Counsel, the GLO had been underway for more than a year and the dates for the Common Issues trial and Horizon Issues trial had already been set. Whilst I received a copy of various papers relating to the GLO as part of my induction as described above, I was not expected to provide any advice to POL concerning POL's general litigation strategy and the oversight for that strategy was a matter for the POL Board, which was advised by external law firms and specialist leading counsel.

50. I was also not expected to advise POL on or provide oversight for any issues concerning POL's disclosure obligations or the production of witness evidence and I simply received updates on these issues under the Information Sharing Protocol from POL, but I would have advised Tom Cooper on those issues in his role as Shareholder NED. I have described above how POL's failed strike-out application heightened concerns about POL's conduct of the litigation, but prior to this I had no reason to think that I should be more proactive in the information that I sought. Thereafter, and even more significantly after the Common Issues judgment, both Tom Cooper, the UKGI Board and the Department wanted much greater assurance from POL about its future conduct

and the information flow and level of oversight was accordingly enhanced, including through my Board observer role.

51. I was more actively involved in the issue of settlement, in particular in advising around the need for the Government to provide approval for a settlement sum. To be clear, it was not my role to advise POL about the merits or quantum of any settlement; that advice was provided by Herbert Smith Freehills (“HSF”) and by counsel (see for example, [UKGI00043108]). My role was to assist with the Department and HMT’s consideration of the proposed settlement, which required them to have access to POL’s legal advice in order to approve a bracket for settlement. I reviewed and contributed to submissions to Ministers on this issue and prepared briefings for HMT officials drawing on the information to which I had access via the Sub-Committee. I also regularly forwarded copies of advice that was being provided by HSF to POL, to allow the Department to have oversight of the process.

52. I was also more actively involved in the issue of recusal. Again, I should be clear that it was not my role to advise POL about the merits of making a recusal application; that advice was provided by POL’s internal and external legal team and by counsel. My role was to advise Tom Cooper about his position on the POL Board and the extent to which he could be involved in the Board’s decision-making on this issue. In this regard, I had a number of interactions with Patrick Kilgarriff and Gareth Evans (a Deputy Director) in BEIS Legal. Patrick Kilgarriff explained to me that the issue had been escalated within the GLD and advice had been provided that the concern was about maintaining the separation of powers. That is what I was referring to in my advice to Tom

Cooper on the 18 March 2019 [UKGI00009273], when I advised him that there would be “*presentational concerns*” if the Government’s Shareholder representative were to participate in a decision that could lead to the independence of the judiciary being questioned. I also provided a similar explanation to Jane MacLeod by email on the 18 March, when writing to clear up a misunderstanding about whether POL should share legal advice relating to recusal with UKGI Legal [UKGI00009262].

53. In providing my advice to Tom Cooper on this issue, I received copies of the written legal advice that POL obtained, including the written opinion of Lord Neuberger. Tom also summarised the advice that the Board received at various urgent meetings that were arranged to discuss the issue and I was copied into or forwarded copies of emails from within POL. Tom and I also exchanged a number of emails on this issue and I was aware that some of these were being shared with the Department. While it was not formally my role to provide legal advice to the Department, as a GLD lawyer I fully expected my advice to be considered by the Department. Whilst I am aware that the BEIS Permanent Secretary, Sir Alex Chisholm, was involved in some of the email exchanges with Tom Cooper on this issue, to my recollection I did not have any direct substantive contact with him (although he was copied into parts of the email exchange I had with Tom Cooper referred to below) and I did not provide him with any written legal advice. Based on his exchanges with Tom Cooper and the emails into which I was copied from the Department, it was clear that the Department’s position was that the Minister should not be involved in the decision and that a situation should not therefore be allowed to develop by which the POL Board’s decision on recusal was made conditional upon

obtaining the Minister's approval [UKGI00009308]. Indeed, I recall Tom Cooper saying words to the effect that the Department did not want him anywhere near the decision because of the risk that whatever he might say about the merits of the decision would create precisely that situation. I therefore carefully prepared a script for him that would allow him to explain his position to the POL Board without involving him in the decision itself [UKGI00009273].

54. After the decision had been taken, I recall discussing it with Tom Cooper. He told me that the Board had been advised that it was their duty to make the application and that Lord Grabiner KC had gone as far as to say that there was no option but to do so. Whilst I was not present in the meeting, I can certainly see how a Board of Directors presented with legal advice from such esteemed sources, including a former President of the Supreme Court, would have considered that they had no alternative but to follow the strong advice that was being given.

55. More generally, in terms of UKGI's strategy in overseeing the GLO, I was concerned to ensure that UKGI had access to all the relevant information so that this could be fed back to the Department to facilitate its own oversight of POL's activities. UKGI sought to achieve this via Tom Cooper's role on the POL Board, through my own receipt of updates and legal advice from POL under the Information Sharing Protocol, and later through the information to which I was privy as an observer on the Sub-Committee. In addition, it was one of the learnings from the Magnox litigation that we should assure ourselves that the Board of an asset was properly testing the litigation strategy and the legal

advice that it was receiving and that the Shareholder NED was able to contribute to that through his interactions with the Board and the Executive. It was also a part of UKGI's learnings to assure itself as to the capability of the asset's legal team and challenge whether it was appropriately considering alternative options including settlement. In my opinion, Tom Cooper undertook the task of implementing those learnings with rigour: I am aware that he pressed POL to contingency plan for an adverse outcome, challenged POL to justify its approach to certain issues in the litigation, and encouraged the POL Board to change course towards settlement and to replace its legal team, following the Common Issues judgment. I am now aware that some within POL have criticised Tom for being overly executive in this regard, however, in my opinion Tom was doing exactly what a NED and specifically the Shareholder NED should do in light of UKGI's reflections on Magnox. In particular, I consider it was necessary for the company's legal team to be changed following the Common Issues judgment and failed recusal application and I consider Tom acted entirely appropriately in seeking to ensure that the POL Board received appropriate legal advice directly.

56. Later on, in the context of the criminal appeals, Tom Cooper also encouraged POL to test its legal strategy by recommending that the opposing sides to an argument were presented to the Board for consideration. On one occasion, I recall Tom suggesting to the Board that both the KCs advising POL (Zoe Johnson KC and Brian Altman KC) present the opposing arguments on an issue (as if they were in court and the Board were the judge) to help the Board reach a view on how to proceed [POL00021595]. I considered this to be an effective

way to illustrate how different perspectives might be placed on the legal issues that the Board had to consider and therefore a good way of improving the Board's decision-making on those issues.

57. Overall, the level of engagement and oversight of the GLO was substantially greater than UKGI would typically contribute towards operational matters or in respect of civil or criminal proceedings involving an asset. However, it is important to understand that the appropriate level of engagement has to be determined on a case-by-case basis and where there are significant issues that have the potential to cause a significant human impact, to impact the wider business and / or which are novel, contentious or repercussive such that the Minister is likely to face a public outcry, an increased level of engagement and oversight can be justified.

58. That is not to say, however, that the responsibility for identifying potential issues of concern rests with the Department or UKGI in order to determine the appropriate level of engagement that should be applied. That initial responsibility sits with the Executive of an asset to disclose potential cases of concern and to provide details of those to the asset's Board, which can then determine whether to notify the Department directly. UKGI expects all of its assets to operate a 'no surprises' approach, not just at Board level but throughout the organisation, and this is something that I impressed upon the General Counsels of all the assets that I engaged with during my tenure.

59. Having been informed of a potential issue by an asset or via the UKGI NED, UKGI and the relevant department can then examine that issue for itself to determine whether it is sufficiently significant to justify a greater level of

engagement and oversight. In other words, once UKGI and a department are aware of a potential issue, it would not then be for the asset to dictate how the department and UKGI should respond to it. In the context of the GLO, an example of this can be seen in the Minister's request to increase the frequency of updates concerning the litigation from fortnightly to weekly following the strike-out application, which I communicated to Rodric Williams at POL on 26 November 2018 [UKGI00008699].

Following the Common Issues judgment

60. The Common Issues trial concluded on the 6 December 2018. I understand that on the 8 March 2019, a draft copy of the judgment was distributed to POL under embargo.

61. I did not see it until the Common Issues judgment was formally handed down on 15 March 2019. At the same time that the judgment was formally handed down, I attended a meeting with POL who gave a high-level briefing about the outcome. I read the judgment in full over the weekend of 16/17 March 2019.

62. In the days following receipt of the judgment, POL began discussing a potential appeal of the judgment, as well as the issue of recusal as described above. As with the other matters I have mentioned, my role was not to provide POL with any legal advice about the merits of an appeal, but to provide advice to Tom Cooper as the Shareholder NED and support him in his interactions with POL and the Department. When further information concerning a possible appeal was therefore provided by POL's lawyers to the Board, I discussed their advice

with Tom Cooper and we agreed what the significant elements appeared to be. Principally, there seemed to be a common view that what Fraser J had decided on the relational contract point was novel and that this alone therefore justified an appeal. However, I recall Tom and I also discussing the fact that POL wanted to appeal a number of other findings in the judgment, some of which seemed logical conclusions to have reached and not amenable to an appeal.

63. Nevertheless, it did not come as a shock to me that POL wanted to launch an extensive appeal. Prior to the judgment being issued, I recall Tom Cooper telling me about a conversation that he had had with Jane MacLeod in which she had told him that POL would appeal against anything if it lost. At the time, I had interpreted this as an indication of the confidence that POL had in the strength of its case, but having received and then read the judgment, I was much more sceptical about the merits of such a wide-ranging appeal.

64. When a decision was then made to replace some of the legal team, this struck me as a sensible one, not only because of the outcome of the Common Issues trial, but also because it presented an opportunity for POL to reconsider its strategy in relation to any appeal. I was not personally involved in the selection of HSF or the decision to instruct Helen Davies KC, but I do recall thinking that they brought a new focus to the litigation, including by streamlining the scope of POL's appeal. I was also not involved in the decision-making concerning Jane MacLeod's departure from the company, although I recall Tom Cooper telling me about it afterwards.

65. I have also been asked to explain why the POL Board proposed to manage the GLO proceedings directly after the Common Issues judgment rather than

through the General Counsel. I am unable to provide any direct evidence in response to that question, as I was not party to the discussions when that decision was made. However, to my mind, as soon as the Common Issues judgment was handed down, it was clear that Board had completely lost faith in POL's legal team, both internal and external, and that managing the legal proceedings directly going forwards was the right course of action for the Board to take, not least because it would avoid the risk that relevant information or legal advice might not be passed on by the POL executive to the Board and it ensured the Board was even more directly engaged with POL's legal advisers.

66. Whilst these changes to POL's legal team were still being discussed, POL's application for recusal was heard and refused by Fraser J in a judgment handed down on the 9 April 2019. This decision did not come as a surprise to me, as the legal advice POL had received on recusal had always anticipated that the real audience for the recusal argument was likely to be the Court of Appeal. That hearing could not take place for a number of weeks and during the interval the Horizon Issues trial had to be adjourned, having commenced on the 11 March 2019. On the 9 May 2019, the Court of Appeal refused POL's application for permission to appeal the recusal decision, bringing an end to that issue.

67. It was also clear that not only had complete trust been lost with the POL Legal team but with the POL management as well. Fraser J's findings about POL's conduct were shocking and it seemed obvious to me that a 'root and branch' reform of POL's relationship with SPMs was going to be necessary [UKGI00009419].

68. A consequence of the Common Issues judgment was that POL needed to make changes to its operations to reflect the findings of the trial judge. I recall that a workstream within POL was set up to consider that issue and that UKGI was aware of that activity, but also that it was a huge workstream and the issues were not going to be resolved quickly. Furthermore, POL only had an acting CEO and addressing the failings identified by the Common Issues judgment would clearly be a key part of the new CEO's role. From recollection, the workstream was led by POL and HSF and UKGI had visibility of it through its receipt of HSF's legal advice to POL but I do not recall having any significant involvement myself.

69. At around the same time these consequences were being considered, I received an email from Tom Cooper dated 1 April 2019 in which he asked me how the burden of proof in criminal cases of theft could be squared with the position in the SPM contracts, as found by the Court [UKGI00009419]. As the Inquiry is aware, I no longer have access to my UKGI mailbox but I am told that from the searches that have been conducted across those mailboxes that are still available, including Tom Cooper's, that there is no record of me having responded to Tom's question. It is not my practice to simply ignore emails and although I cannot now recall what happened, I suspect that Tom and I spoke about it instead. We worked in an open plan office and frequently discussed POL issues in both formal and informal meetings. If we did speak about it, then I imagine that I would have told him that the two positions could not be easily squared and that if POL had a burden of proving that money had been stolen, that could be very difficult in practice given the operational arrangements within

Post Offices. However, I should emphasise that I do not now remember us having such a conversation and therefore what I have stated above is really just my reaction to the question now, which I believe is likely to be consistent with what I would have thought then.

Horizon Issues Trial

70. Having been adjourned as a result of the recusal application, the Horizon Issues trial recommenced on 4 June 2019 and was concluded on 2 July 2019. The trial examined the parties' competing arguments about the Horizon system, both current and historic, and significantly, considered both parties' IT experts' evidence.

71. As with the other matters I have referred to above, my role as UKGI's General Counsel was not to provide advice about the merits of the Horizon Issues trial. Instead, I supported Tom Cooper and tried to help him understand the issues that were being considered and what both sides were saying about them. Importantly, I came to understand from POL that both experts had agreed that the (then) current Horizon system was relatively robust, which was a significant point because if that was doubted and then found against POL, it would have caused real questions about the viability of continuing to operate the Post Office network.

72. Although I had sight of the experts' reports, I did not consider myself qualified to give any views or advice on such technical matters that were outside my expertise. As far as I recall, I relied entirely on the information provided by POL

including any summaries of the issues/evidence that they prepared. In this regard, I have been asked by the Inquiry to consider [UKGI00022270] and what my advice was in response. I am afraid I cannot recall this specific email, although from the contents of the email, it looks likely that I would have suggested including a copy of a table provided by Rodric Williams of POL as part of UKGI's briefing to the Minister in relation to the Horizon Issues trial.

73. As to the other issues, POL's legal team advised in advance that their expert was the one to be preferred. However, POL's confidence diminished as the trial went on and in particular after the failed recusal application, such that by the conclusion of the trial an outcome that was adverse to POL was anticipated.

74. The Horizon Issues judgment was handed down on the 16 December 2019 [POL00022839]. In advance of the formal hand-down, I am aware that a draft was circulated to the parties on 28 November 2019 for any corrections. As with the Common Issues judgment, I only became aware of the outcome and received a copy of the judgment once it was formally handed down. Although I was a board observer, I did not have any formal role within POL and so did not consider that I was entitled to see the draft under the embargo and it was agreed that the judgment would only be circulated to the Sub-Committee itself [POL00104327].

75. When I read the judgment, I was not that surprised by the outcome and discussed the implications with Tom Cooper. We were both relieved that the current system had been found to be "*relatively robust*" and that Post Office services would not have to be disrupted in a manner that had been feared.

Nevertheless, it was obvious that the judgment would be a significant one for POL that would attract substantial public interest.

Criminal Convictions

76. I have set out above how I became aware of the fact that POL prosecuted criminal offences during my induction as General Counsel. Whilst I was aware of the SPMs' allegations from that point onwards, the issue of criminal prosecutions and the safety of convictions was not a significant focus of my work until after the Horizon Issue judgment had been handed down. Rightly or wrongly, I had also assumed that the CCRC was awaiting the outcome of the GLO before reaching its conclusions on the safety of convictions.

77. Following the Horizon Issues judgment and Fraser J's findings that legacy Horizon had not been reliable, it was obvious that there would be serious issues to confront about the safety of previous convictions that had been obtained in reliance upon Horizon data. The settlement deed agreed between the parties provided for the institution of a review to look into the safety of convictions and also contained a carve out to allow claimants within the GLO to make claims for malicious prosecution in the future. Both the criminal and civil law implications of the GLO outcome were discussed at the Sub-Committee and because the criminal law was not within my own area of recent expertise, I took significant comfort from the involvement of Nick Vamos, a Partner from Peters & Peters, who I was aware had previous experience in senior roles within the Crown Prosecution Service and the Revenue and Customs Prosecutions Office.

78. It was during this period following the GLO, in 2020, that I first became aware of the report produced by Jonathan Swift for Tim Parker in February 2016. In his report, Jonathan Swift had raised various issues concerning POL's previous disclosure and had recommended that POL seek specialist legal advice from counsel as to whether the content of a report produced by Deloitte in 2014 needed to be disclosed to defendants of criminal prosecutions brought by POL and to the CCRC. This recommendation had not been referred to in Tim Parker's letter to Baroness Neville-Rolfe and I did not know what steps, if any, POL had taken to act upon the recommendation that had been made. In his letter, Tim Parker had simply stated: "*The Post Office has previously taken advice from solicitors and Leading Counsel expert in criminal law on the adequacy of the Post Office's policy and practice on disclosure where it acts as prosecutor. Based on that I am satisfied that Post Office has adopted a proper approach to disclosure such that it satisfies its duty of disclosure as prosecutor*" [POL00024913].

79. I could not see how that statement could be reconciled with the recommendation in the report and having received the Horizon Issues judgment by that stage, I was concerned about the adequacy of any previous criminal law review that had been carried out. Indeed, it was this issue that led to questions being raised by Tom Cooper and myself about the suitability of Brian Altman KC being involved in the review of the safety of convictions, given his earlier involvement in the review of POL's prosecution practices and procedures. I recall Tom Cooper and myself raising this issue in a meeting we had with Ben Foat, POL's new General Counsel, and Alan Watts and Catherine Emanuel

from HSF at POL's Finsbury Dials office. Mr Watts explained that he was concerned about the suggestion that Brian Altman KC should be side-lined on grounds of a potential conflict of interest, because the Claimants in the GLO had been told that he would be involved in the review because of his knowledge of POL prosecutions, and the claimants had agreed with this. As an alternative, it was therefore agreed that further criminal law experts would be brought in to support the review of the safety of convictions, which as I recall, led to the instruction of Zoe Johnson KC and Sir David Calvert-Smith, a former Director of Public Prosecutions and retired High Court Judge. As I recall, a team of junior counsel were also involved in supporting the review, as one would expect.

80. The criminal appeals progressed towards an initial hearing that took place shortly before I left UKGI in December 2020. It was in the immediate aftermath of that initial hearing that I recall being informed about the advice that Simon Clarke had provided to POL in 2013, in an oral briefing provided by Brian Altman KC to the Sub-Committee following the hearing. The Sub-Committee was told by Mr Altman that there had been an issue at the hearing where one of the Counsel team representing a group of appellants had apparently disclosed Mr Clarke's advice to the press in advance of the hearing. This was the first time that I had heard anything about Mr Clarke's advice and what I was told about the contents was naturally very concerning.

81. Judgment in the first of the criminal appeals was handed down in March 2021, after I had left UKGI, and given what I have subsequently learned about the Clarke advices, the failings of Horizon and other aspects of POL's prosecuting

behaviours, it is unsurprising that the appeals were allowed and that the SPMs' convictions were rightly quashed.

82. Reflecting on the issue of criminal prosecutions and their interaction with the GLO, I have been asked to consider an email that was sent to me by Tom Cooper on the 6 November 2018 [UKGI00008614]. In his email, Tom asked me whether the SPMs could argue that even though they may be contractually responsible for money that was missing from their accounts, prosecutions should nevertheless not have been made without actual evidence of theft. I cannot recall the advice that I provided to Tom in response to his email and I am told that there is no evidence of me having provided a response to him by email. As I have explained above (at paragraph 69) it is not my practice to simply ignore emails and although I cannot now recall what happened, I suspect that Tom and I spoke about it instead. We worked in an open plan office and frequently discussed POL issues in both formal and informal meetings.

83. I cannot now recall my response to this particular question, but I imagine that I would have told him something to the effect that the existence of a contractual obligation would not be sufficient evidence to prove theft on its own and that a prosecution was therefore much more likely to depend on whether the Horizon system could be relied upon. I imagine I would have also said that it in my opinion it would be improper for a prosecutor to bring a charge for an offence simply as a means of bringing pressure to bear on a defendant to plead guilty to a lesser offence. I do not regard this advice as remotely controversial and I can imagine that Tom would have taken comfort from it.

The Department's Knowledge

84. I have set out above the respective roles that UKGI and the Department perform in supporting Ministers and the Secretary of State in their oversight of ALBs such as POL. I have also described the processes by which information was able to flow from POL to the Department and how this was communicated to the Permanent Secretary, Ministers and the Secretary of State, via the submissions put up to their offices.

85. It is more difficult for me to provide any direct evidence on the extent of their knowledge of the Horizon issues, including the existence of BEDs, the possibility of remote access, the complaints made by SPMs as to the integrity of Horizon or the fact that Royal Mail and then POL prosecuted criminal offences, because I do not know the extent to which they read the information that was fed upwards, in particular in the period prior to my appointment when a number of these issues were first being investigated. In preparing for and watching aspects of the Inquiry, I have certainly seen evidence that information about those issues was included in emails and submissions into which departmental colleagues were copied and I do not recall there having been any occasion during my tenure when the Department complained to me that it was not being provided with sufficient information.

86. Furthermore, whilst I was in frequent contact with colleagues within the Department, I had only very limited contact with the Permanent Secretary or with Ministers prior to the Common Issues judgment. I recall attending one meeting with the Minister (Kelly Tolhurst MP) in October 2018

[UKGI00008589]. My impression from that meeting was that she was broadly familiar with the issues in the GLO and had a focus on the potential financial and other impacts the litigation might have on POL and seeking reassurance that POL had adequate contingency planning in place.

Reflections

87. Based on my twenty years' experience in the Civil Service, there was nothing surprising in the way that various Secretaries of State and Ministers fulfilled their roles and responsibilities in relation to POL, during my tenure as General Counsel at UKGI. In my view, their focus on POL quite rightly increased following the Common Issues judgment, particularly given the significantly increased public and Parliamentary interest. Furthermore, throughout my tenure, I consider there was an appropriate level of information sharing and collaboration between UKGI and the Department's officials, including legal colleagues, to help ensure that Ministers were kept appropriately informed and provided with the best advice.

88. I have been asked by the Inquiry to reflect on my time at UKGI and set out whether, with hindsight, there is anything I would have handled differently in relation to the oversight of POL. Of course, I wish now that I had received more information about POL's practices and it is truly shocking to me that POL Executives appear to have kept relevant information from its Board, UKGI and the Department. I simply cannot understand why POL appear to have taken such a defensive approach when, as a public body providing public services,

they should be open and transparent and work in partnership with Ministers and the Department as the Shareholder.

89. As a lawyer, I also find it difficult to comprehend how POL's legal team sought to manage the GLO in the way that they did, given all the information they must have known about POL's practices and what has been uncovered regarding the unreliability of the Horizon IT system.

90. I have also been asked by the Inquiry to set out any suggestions I wish to make concerning government oversight of POL and its governance. During my time as a civil servant, I have had involvement with a wide range of public bodies. In my opinion, public bodies are a necessary part of how government functions and it is therefore crucial that they are managed and governed effectively so that their public purposes can be fulfilled.

91. Situations vary from department to department, depending on the nature of their ALBs, but I regard the functions UKGI performs for the ALBs for which it acts as shareholder representative to be an important part in helping government have oversight of those public bodies. I believe the shareholder NED/Team model is an appropriate model for some ALBs and UKGI performs this role well for its ALBs.

92. During my time at UKGI I witnessed an organisation that was constantly striving to improve the way in which it worked and to share knowledge and practice across government. There was a huge focus on self-reflection and wanting to learn from experience, both good and bad. Its culture was open and honest and it was an excellent place to work. UKGI's mix of private sector and civil service expertise helped ensure that people developed new skills and information/knowledge that could be shared across government.

STATEMENT OF TRUTH

I believe the contents of this statement are true

Signature:

GRO

Date

22 November 2024

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No.	Inquiry URN	Document Description	Inquiry Control Number
1.	UKGI00010421	Project Sparrow – Pre-Onboarding Protocol – Recipients lists	UKGI021229-001
2.	POL00257564	POL Group Litigation: update for UKGI following POL Board meeting on 25 September 2018	POL-BSFF-0095627
3.	UKGI00008535	Email chain from Richard Watson to Tom Cooper copying Stephen Clarke, Tom Aldred and Others RE: Post Office Group Litigation – SUBJECT TO LEGAL PRIVILEGE – DO NOT FORWARD	UKGI019344-001
4.	UKGI00008547	Email chain from Tom Cooper to Richard Watson, Tom Aldred, Stephen Clarke RE: Fwd: Postmaster Litigation	UKGI019355-001
5.	POL00004106	Post Office's written submissions common issues trial - Alan Bates & Others and Post Office Limited	VIS00005120
6.	UKGI00008732	Email chain from Stephen Clarke to Tom Cooper, copying Tom Aldred, Richard Callard & others RE: NAO – POL litigation enquiries	UKGI019540-001
7.	UKGI00008799	Email from Stephen Clarke to James Osborne, copying Helen Evans, Declan Smyth and others RE: Official Sensitive & Subject to Legal Privilege: NAO – POL litigation enquiries	UKGI019607-001
8.	UKGI00045960	Email from Carl Cresswell to Lily Putt, Tom Cooper, Richard Watson and others RE: Highly Confidential. POL Litigation/ Governance	UKGI023462-001
9.	UKGI00043108	HSF Post Office GLO - preliminary comments on Settlement - in advance of meeting with Richard Watson and Tom Cooper on 18 July 2019	UKGI_CR_00000066
10.	UKGI00009273	Email from Richard Watson to Tom Cooper re: POL judgement	UKGI020081-001
11.	UKGI00009262	Email from Richard Watson to Jane MacLeod, Rodric Williams and cc'ing Tom Cooper re Post	UKGI020070-001

		Office Litigation - CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE	
12.	UKGI00009308	Email chain with Richard Watson, Gareth Evans and others cc Alex Chisholm - Re: Recusal CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE	UKGI020116-001
13.	POL00021595	Meeting minutes: minutes of Board meeting held on 17th September 2020	POL0000128
14.	UKGI00008699	Email from Tom Cooper to Rodric Williams, Richard Watson, Joshua Fox and others re: Post Office Group Litigation.	UKGI019507-001
15.	UKGI00009419	Email from Richard Watson to Tom Cooper re: PO Litigation	UKGI020227-001
16.	UKGI00022270	Email chain from Richard Watson to Tom Aldred, cc'd Stephen Clarke, Joshua Fox re Horizon trial.	UKGI031165-001
17.	POL00022839	Email chain between Ben Foat, Tom Aldred, Richard Watson and others RE: GLO-HIJ	POL00019318
18.	POL00104327	Minutes of a meeting of the Postmaster Litigation Subcommittee Board	POL-0103910
19.	POL00024913	Letter sent from Tim Parker to Baroness Neville-Rolfe RE: Post Office handling of complaints made by Sub-Postmasters review	POL-0021392
20.	UKGI00008614	Email from Tom Cooper to Richard Watson, Joshua Fox cc Tom Aldred and others re: Litigation	UKGI019422-001
21.	UKGI00008589	Email chain Tom Cooper (UKGI) to Richard Watson (UKGI), Stephen Clarke (UKGI), Joshua Fox (UKGI) and others RE: Post Office Litigation Briefing of Minister and Perm Sec on 17 October	UKGI019397-001