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Witness Name: William Gibson

Witness Number: WITN11740100

Dated: 14 November 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF WILLIAM GIBSON

I, **WILLIAM GILES GIBSON**, will say as follows:

1. I am a former Executive Director at the Shareholder Executive (“ShEx”), later UK Government Investments (“UKGI”).
2. This statement is made to assist the Post Office Horizon IT Inquiry (the “Inquiry”) with matters set out in the Rule 9 Request (the “Request”) dated 7 October 2024.
3. The contents of this witness statement are true to the best of my knowledge and belief. I have referred to various documents in this statement. Where I have referred to information from other sources, I believe that information to be true. The matters referred to in this statement took place more than ten years ago, and I have been assisted in my recollection of events by contemporaneous documentation. I have sought to clarify where I directly recall an event and where I have relied to a large extent on the documents provided to me.

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4. In making this statement, I have been assisted by Eversheds Sutherland (International) LLP, the recognised legal representative for UK Government Investments (“UKGI”), a Core Participant (as defined in paragraph 5(a) of the Inquiry’s Protocol on Witness Statements) in the Inquiry.

BACKGROUND / CAREER HISTORY

5. On leaving university in 1998, I went to law school at the College of Law in London, completing my Common Professional Examination qualification in summer 1999 and my Legal Practice Certificate in summer 2000. After leaving law school, I joined the London office of Norton Rose (now Norton Rose Fulbright) as a trainee solicitor in January 2001. I qualified as a solicitor in January 2003 and continued to work for Norton Rose as a corporate lawyer (specialising in work on mergers and acquisitions, equity capital markets and corporate restructurings) until September 2005.
6. In January 2006, I joined the Government Legal Service as a legal advisor working for the Department of Trade and Industry, now the Department of Business and Trade (“the Department”). My job was to provide legal advice and assistance to civil servants and Ministers working across the Department (and sometimes more widely across Government) on competition and communications law issues. My role covered a diverse range of matters, including the application of European legislation in the telecoms and e-commerce sectors, as well as working in Brussels as part of the team negotiating the third Postal Services Directive. A major element of my role was advising the ShEx Royal Mail

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and Postal Services team on postal issues such as re-financing for Royal Mail Group (“RMG”) and advising on the Government’s 2006 consultation on the future of the Post Office network and subsequent policy decisions, funding deals and connected state aid processes. It was through this role that I became familiar with ShEx’s work.

7. In December 2007 I was offered a role as an Assistant Director in ShEx (on promotion from “Grade 7” to “Grade 6”). This was a move for me from providing legal support to the ShEx team to being a member of the team itself, so to work in a policy role as opposed to a legal advisory role. While my legal training and experience continued to be very useful to me in the role, I was no longer principally working as a lawyer. This was my first Assistant Director role. My role focussed predominantly on strategy and funding issues for Post Office Limited (“POL”). I was responsible for negotiating and agreeing POL’s strategic plans on behalf of Ministers alongside the associated funding packages, monitoring POL’s performance in delivering against those plans (both in terms of financial performance and against performance indicators such as conversions of Post Offices to new delivery models), and procuring state aid approval for POL’s funding arrangements from the European Commission. I led ShEx’s input into the legislation providing for the separation of POL from RMG and its establishment as an entirely separate business, as well as developing the Government’s policy around the potential for moving POL to a mutual ownership model at a suitable point in the future. Besides my POL work, I also spent some time overseeing Government ownership of other assets, such as Ordnance Survey and the Export Credit Guarantee Department (now called UK Export Finance). For a period of

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time while I was Assistant Director, I also served as the secretary to ShEx's Advisory Group, which was a precursor to the ShEx Board. I deal with the role of the ShEx POL team in further detail at paragraphs 13 to 17 below.

8. During the period I was an Assistant Director, the Chief Executive of ShEx was Stephen Lovegrove, and the Executive Director with responsibility for the POL team was initially Ruth Hannant, followed by Jo Shanmugalingam and then Oliver Griffiths. Above the Executive Director role was a Director role, overseeing both the Royal Mail and POL teams within ShEx, which during my time in ShEx was held by Marc Middleton followed by Susannah Storey and Roger Lowe.
9. In September 2011, Oliver Griffiths moved on to a new role within ShEx and I took over the leadership of the POL team from him and became an Executive Director within ShEx. This role was a Senior Civil Service role and so the appointment was initially temporary as I completed the independent assessment process for promotion to the Senior Civil Service (this was confirmed a couple of months thereafter). Stephen Lovegrove was still the Chief Executive at the time of my taking on the role. I reported first to Roger Lowe, who had taken over from Susannah Storey on her departure on maternity leave, and then, on separation of POL from RMG, Anthony Odgers, who was the ShEx Portfolio Director.
10. As Executive Director of the POL team I had day-to-day responsibility for leading the team that covered Post Office policy and discharging the Government's ultimate shareholder function with respect to POL. The team advised Ministers on POL network policy issues, POL's financial performance and key strategic

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initiatives and policy areas affecting POL (e.g. mutualisation or expanding access to banking). I also led on stakeholder relations with key groups such as, among others, the Communication Workers' Union ("CWU") and the National Federation of SubPostmasters ("NFSP"). I was the principal (but by no means sole) point of contact between POL senior management and the Department.

11. I remained in that post until December 2013, at which point I left the Civil Service. From a government perspective, this was a convenient time for me to hand over the role as we had just concluded a very significant POL funding deal for the delivery of a strategic plan for the next three years. It also made sense to me from a personal perspective, as my son was born in December 2013 and my wife had accepted a role in Hong Kong to begin upon completion of her maternity leave.

12. We moved to Hong Kong in June 2014. Initially I was a stay-at-home parent until autumn 2014, whereupon I began to build up a range of part-time consultancy roles with small businesses and start-ups, advising on a range of strategic, corporate governance, financial and administrative matters. In August 2017, I took up a full-time role as a mergers and acquisitions underwriter for AIG's APAC M&A insurance team. In March 2021, after nearly seven years in Hong Kong, we moved back to the UK. I continued to work in AIG's UK M&A insurance team until I left that role in mid-August 2024 to pursue a further period of time as a stay-at-home parent.

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OVERVIEW OF THE SHAREHOLDER EXECUTIVE

13. ShEx was formed in 2003 and was originally part of the Cabinet Office. In 2004, ShEx transferred from the Cabinet Office to the Department of Trade and Industry (now the Department for Business and Trade), within which ShEx operated as a Directorate. I understand that in April 2016 (a couple of years after my departure from the Civil Service), ShEx transferred, together with UK Financial Investments Limited, to UKGI, a newly formed limited company wholly owned by HM Treasury.

14. For the duration of my employment in ShEx, the role of ShEx was to operate as an intelligent (which I understood to mean engaged, commercial and strategic) shareholder of Government businesses within the policy framework that had been set for those businesses by Ministers. The shareholder team for each ShEx asset was responsible for carrying out the shareholder function in respect of that asset, including advising Ministers on the implications of public policy objectives set for the asset on its financial performance and commercial prospects, agreeing key metrics (such as financial and strategic delivery goals) and monitoring delivery against them, and agreeing strategy and concomitant funding packages. ShEx's role also involved overseeing Ministerial appointments to the management of its portfolio assets and ensuring incentive structures in place for them were aligned with key commercial and policy objectives for those assets.

15. By contrast, responsibility for the day-to-day operational management of ShEx portfolio assets was vested not in ShEx but in the management teams of those assets (i.e. the Board of Directors of such organisations, where they were, as in

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the case of RMG and POL, companies) and the staff they employed. During my time in ShEx, POL operated approximately 12,000 branches throughout the United Kingdom, employing many thousands of staff. Core revenue streams came not only from providing access to mail services (principally from RMG) but also the highly regulated and complex financial services sector, Government and digital services and the telecoms sector. It had a complex stakeholder environment including historically challenging industrial relations with the NFSP and CWU and very active engagement from local communities as well as bodies representing consumers, in particular vulnerable consumers. Running an organisation such as POL on a day-to-day basis therefore involves myriad decisions, which need to be taken by qualified people, working with suitably resourced teams, based on the best information available to them.

16. It is perhaps worth explaining this broad delineation between matters that were for the shareholder and operational matters for POL's management team in the context of the Horizon IT system. Government (via ShEx) had an input into POL's IT strategy insofar as it was the funder of investment into the business, part of which would be spent on developing POL's IT capabilities. So at the "macro" level, POL's management would develop a business plan which would be presented to and diligence carried out by ShEx (and its advisers) before it was put to Ministers once it was suitably developed in the final stages of funding discussions. POL management's business plan would include an IT strategy strand in much the same way as it would set out plans for, for example, the branch network, the Crown offices, the cash logistics business or the major revenue strands of the business. Once a business plan and the associated funding

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package was agreed, within the parameters of that business plan, POL management would then have responsibility for delivering any IT developments. POL management, rather than ShEx, was responsible for procuring, implementing and operating the IT solutions required to deliver on the agreed strategy. All negotiations with IT suppliers such as Fujitsu were conducted by POL rather than ShEx. The ShEx POL team had no access to the system and no input into the technicalities of its design and development. The team comprised civil servants, who were not IT specialists and did not have experience of operating the system or running Post Office branches. Nor did the team have any oversight of the IT structure and services other than in the strategy/funding sense described above.

17. For the same reasons, the ShEx POL team had no involvement or operational oversight of prosecutions brought in the name of RMG or POL, or of any civil litigation brought by or against POL. These were considered to be operational matters.

SHAREHOLDER EXECUTIVE ROLE AND RESPONSIBILITIES

18. Within ShEx, the POL team was part of the wider Royal Mail and Postal Services ("RMPS") team until POL and RMG separated in spring 2012, when the POL half of the team (which I led) separated out. Throughout the duration of my time in the team, it also had responsibility for the policy function. This approach did not change after separation. An overview of the team is shown at page 15 of a briefing document prepared in February 2012 [UKGI00018222] and shows that we were

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a small team, with three Assistant Directors and two other team members to cover the full range of shareholder and policy issues. The ShEx POL team comprised full-time civil servants rather than secondees or short-term appointments from the private sector (though the new Assistant Director appointment on the strategy/funding role undertaken by me prior to my promotion was a hire from an investment bank on a fixed term contract).

19. The summary shows the range of work which we undertook as the ShEx POL team and my recollection is that this was prepared for Norman Lamb when he was appointed Minister. The work which the team undertook included monitoring the Government's policy objectives and the Post Office network, funding, separation from RMG and mutualisation.

20. The list of key objectives and immediate priorities illustrates well the dual oversight (i.e. both shareholder and policy) function of the POL team within ShEx. Our function was to support the company to achieve its agreed long term commercial objectives but also to achieve Government's policy objectives. The policy objectives for Government were particularly important in the case of the Post Office, as is explained in the slide:

"Key elements of Government policy for the post office network are:

- *To ensure no network closure programme and a minimum network of 11,500 branches*
- *To ensure the network access criteria are met*
- *To ensure key services are available across the network*

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- *To reduce government subsidy for the network over the long term”*

We also had in mind the long term policy aspiration of a mutualised Post Office once the organisation was successfully separated from RMG.

21. There are a number of different ways in which the ShEx team would work to meet these oversight objectives, and I seek to summarise three that seem to me most relevant to the Inquiry’s work below.

Briefings, submissions, correspondence and Parliamentary process

22. There was a high level of public and Parliamentary interest in the operation of the network (compared with other ShEx portfolio assets). This generated significant levels of correspondence to and requests for meetings with Ministers and/or ShEx officials from stakeholders across a wide range of Post Office related issues from organisations (e.g. the NFSP, CWU, Consumer Focus, LGA, Age UK) and individuals (e.g. individual subpostmasters (“SPMs”), staff or customers). There would also be regular Parliamentary engagement on Post Office issues (e.g. Parliamentary questions, MP correspondence, debates, select committee hearings) for which Ministers would require briefing, Q&A materials and press lines. Important decisions in relation to Government’s policy parameters for Post Office (e.g. re the size of the branch network) or its shareholding in POL (e.g. in relation to funding requirements) would also on occasion need to be taken by Ministers and so these would require submissions which set out the decision to be taken, the options available and the ShEx team’s recommendations.

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23. I would allocate responsibility for preparing these documents and would decide who would be the most appropriate person for each pack based on the subject matter. Generally, Mike Whitehead or Peter Batten would lead on Parliamentary, branch network and SPM issues, such as in relation to the operation of the Horizon system. Sometimes the relevant interest (for example correspondence or a Parliamentary question) would relate purely to an operational matter, and so this would be passed on to POL to prepare a response (with the Ministerial response flagging this – see for example the Parliamentary Question to Ed Davey on 27 October 2011 [UKGI00014000]). On other occasions the matter might straddle the areas of responsibility of POL and the ShEx team, in which case the ShEx team would generally take the lead in ensuring the Minister responded fully, but with input from POL as appropriate (see below re. information) – see for example the letter from Norman Lamb to Edward Garnier QC MP of February 2012 [UKGI00014057].
24. As team leader, I would review and sign off on most briefings/submissions to Ministers before they were submitted (though I am sure there were exceptional times when I did not, such as where the briefing was particularly urgent or when I was on leave). Sometimes, submissions related to POL would need to go up the chain for approval (for example anything related to funding would need to be checked with the Permanent Secretary before it was signed off).
25. Throughout my time in the Civil Service it was stressed to me (and to staff across the Department) that it was important to manage Ministerial time very carefully.

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Information put to Ministers was to be concise and as clear as possible in the recommendations being made (and the rationale behind them). My recollection is that the ShEx POL team was considered to be strong in this respect and I recall we received positive feedback on our briefings and submissions from Ministers and their private office staff.

Risk Assessment and Management

26. The ShEx POL team was also responsible on a continuous basis for the consideration, monitoring and mitigation of key risks and issues for the Government arising from its ownership of POL. We utilised several mechanisms for managing risk, including:

a. Team Issues Log

The Team Issues Log was the tool we used to keep track of day-to-day issues we were working on. It formed the basis of our weekly Monday morning team meetings and enabled me to ensure that responsibility for issues that had arisen was picked up by the appropriate team member, provided an opportunity for us to discuss the matter concerned as a team, and also allowed me to ensure that team workloads were suitably shared. Discussions of the Team Issues Log often identified risks which would then feed into the Team Risk Register.

b. Team Risk Register

Once a month, the team meeting would consider and revise a Team Risk Register which was essentially an Excel spreadsheet which set out the top 10-20 relevant risks as we saw them. Each risk was given a "impact" and "likelihood" rating.

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Controls or mitigations in place to address a risk were identified and assessed and any suitable further actions to be taken were noted. Team members responsible for “owning” a risk were identified, as were team members responsible for delivering on an action.

c. ShEx Risk Register

As the ShEx board became established, a more formulaic portfolio-wide risk management plan was implemented and this continued to develop throughout my tenure. Items from the Team Risk Register could feed into the ShEx Risk Register as appropriate.

d. Portfolio Reviews

This was a more formal mechanism involving an annual review of the performance, strategy and major risks facing ShEx portfolio assets. Although the Portfolio Review was not formally part of the risk review process, risk was assessed. The relevant ShEx asset team would make a review presentation to a panel of ShEx executive directors who would test and develop the asset teams findings in what could be reasonably robust discussions. When I first started, POL portfolio reviews were conducted as part of RMG portfolio reviews. From 2010, POL portfolio reviews were conducted separately.

Gathering information

27. In carrying out all of the activity set out above, the ShEx POL team often needed access to information that it did not directly hold. This occurred on an everyday

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basis in the ordinary course of our relationships with POL management. For example, on Horizon matters it was necessary to engage with POL to get granular details in relation to the briefings and Q&A prepared around the time of the publication of the Interim Second Sight Report in July 2013. An example of the team following this process is the email chain dated 9 July 2013 [**POL00060683**]. If we felt that we needed to, we would push back on POL to get greater clarity or to query the information we were being given – as can be seen by the iteration of questions referred to above. This was a regular occurrence.

28. There were also more formal arrangements for the provision of certain information. For example, during my time as Executive Director, the ShEx POL team monitored POL's financial performance via a review of a monthly financial data pack (see for example **UKGI00001421**), which was discussed monthly at a meeting with POL's Finance Director. A quarterly shareholder meeting (QSM) was also held, generally attended by the entire ShEx POL team and relevant POL management (generally including the Chief Executive) – the precise attendees being driven by the agenda items. QSMs tended to be more forward-looking meetings, looking at areas where POL's strategy was developing rapidly.
29. The ability to gather and test the information we received depended greatly on the quality of the ShEx POL team's relationships not only with POL management but also with POL's wider stakeholder community. The former were important to ensure that we had access to the data we needed to do our job from the people in the business with responsibility for the relevant issues. The latter were important to ensure that we had access to diversity of opinion and information on

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relevant issues – which enabled us to apply a “sniff test” to information provided to us (see paragraph 54 below re Horizon and in particular the NFSP’s stance on it). In building all of these relationships, trust is crucial.

30. During my time leading the ShEx POL team, there were occasions when POL would provide us with inaccurate data, or when it became clear that POL had not itself been monitoring and capturing the relevant information. For example, a significant amount of work was required to develop and monitor a dashboard of data concerning POL’s “network transformation programme” after it became clear there were early gaps in the data POL had been collecting which had made it very hard for us to update Ministers adequately on its progress. When data gaps or errors occurred I assumed they were problems of capability and rigour rather than problems of integrity.

RELATIONSHIP BETWEEN RMG/POL AND SHAREHOLDER EXECUTIVE

31. The relationship between RMG/POL and ShEx developed considerably during my time working at ShEx. Until 2012, POL was wholly owned by RMG, which was owned by Royal Mail Holdings Ltd (“RMH”), the top company within the corporate structure, which in turn was wholly owned by Government. This structure was put in place following the reforms to the postal system implemented under the Postal Services Act 2000 (the “PSA 2000”).
32. From my early engagements with RMG working as a Government lawyer advising the ShEx team, I observed that there tended to be a culture within RMG where

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the management team questioned ShEx requests for information rather than embracing transparency.

33. As POL was a subsidiary of RMG at that time, most communication between ShEx and POL had to filter through RMG and the information that reached ShEx was limited. While I understand that there was a Board for POL (in the sense that appointments of directors for POL had been made), ShEx did not have full visibility of POL's corporate governance arrangements.
34. During the late 2000s the dynamic began to shift, as POL's financial position deteriorated and it became increasingly reliant on Government subsidy. Throughout my time in ShEx, and as a result of the development, negotiation and implementation of a number of business plans and associated funding deals between POL and Government, relationships between Government and POL management became deeper. The ShEx team gradually benefited from increasing exposure to POL's management team - from Managing Director level down through the executive team and below. More formally, there were information-sharing provisions in the legal agreements under which Government funding was provided to POL, alongside POL's legal obligations to implement Government's policy objectives for the business (such as to maintain the network above a certain minimum size and meet certain coverage criteria). I helped to put these obligations in place, first in my role as a lawyer advising ShEx colleagues on the agreements (from 2005 to 2007), and then as the Assistant Director with day-to-day responsibility for negotiating them on behalf of Government (from 2007 to 2011).

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35. At a more organic level, as a consequence of the interactions between POL and Government, ShEx was also able to begin to introduce many of the governance processes it operated for other assets in its portfolio with which it had a more direct ownership relationship. For example, it was during my time as an Assistant Director that ShEx began holding QSMs with POL management and monthly financial performance meetings were held at which the monthly management accounts were presented to the ShEx team (referred to above).
36. From 2010 to 2012, by which time I had been promoted to Executive Director, work was underway to separate POL from RMG, in preparation for the privatisation of Royal Mail. This was one of the major reforms under the Postal Services Act 2011 (“PSA 2011”). Separation brought with it the opportunity for the appointment and operation of a new POL Board, independent from RMG, with the requisite skills and experience for POL to operate effectively as a stand-alone business. Appropriate corporate governance arrangements (such as the establishment of the relevant board sub-committees) focussed purely on POL could be instituted. This benefit of separation of the two businesses was referred to in the extensive debates in Parliament as the PSA 2011 was taken through its legislative process, for example on 16 February 2011 during the House of Commons Second Reading debate, where Baroness Wilcox, the responsible Minister stated, *“So we can be sure that the strong relationship between the two companies will continue, but with the Post Office in an even stronger position with its own fully constituted board and sole focus on what is best for the network”* [UKGI00049076].

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THE POL BOARD

37. The establishment of the POL Board started in earnest in June 2011, with the appointment of Alice Perkins as its first Chair. I may have been involved in preparing submissions concerning Alice Perkins' appointment as Chair, given that my Grade 6 role included working on the governance of POL post-separation, however my recollection is that it was Donald Brydon, Chair of RMG, who took the lead on Alice's appointment. Alice was formally appointed Chair on 22 September 2011. She was highly attuned to Whitehall, having previously held very senior roles in the Cabinet Office. Neil McCausland, who was very experienced in the retail sector, was subsequently appointed as Senior Independent Director. We felt that Alice Perkins' and Neil McCausland's skillsets were neatly complementary to one another. Alice Perkins then made subsequent appointments of non-executive directors to the POL Board to ensure that it was ready for the formal separation from RMG, which took effect from 1 April 2012.
38. On the executive side, Paula Vennells was appointed CEO, effective on separation from RMG on 1 April 2012. She effectively held the same position beforehand, as Managing Director of POL, having been promoted to that role in October 2010. I was not involved in her appointment as CEO or Managing Director.
39. Longer term, there was an aspiration within Government of mutualising the Post Office, which was driven by a desire to change the culture of the Post Office, in recognition of the commercial realities of government subsidy and also the

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difficult industrial relations landscape. Decision-making in POL had historically been highly centralised and there was a feeling among Post Office staff and SPMs, recognised by Government, that they should have more input into the strategic direction and structure of the business. Mutualisation was an acknowledged long-term goal of Ministers, covered in Alice Perkins' first meeting with Ed Davey on 27 October 2011, which noted that a consultation document had been published and that preparation for possible mutualisation was a key role for Alice Perkins to take forward [UKGI00042604] and also referred to in Vince Cable's initial Chair's letter to her on 11 January 2012 [UKGI00041966].

40. I have been asked a number of questions about the responsibilities and operation of the POL Board during my time with ShEx. I was not on the Board so am unable to comment from my personal experience. The POL Board was still relatively new when I left ShEx in December 2013 and my instinct was that the business as a whole was still getting used to the scrutiny and discipline that the Board demanded.

41. My understanding was that, in legal terms, the responsibilities of the POL Board were no different to the board of any company, which stemmed from the Companies Act 2006 and the Articles. However, I would also have expected the directors of POL to be aware that they were also public servants and that this brought certain responsibilities as well, for example to follow the Nolan Principles. Alice Perkins had come from a very senior Civil Service background and would have well understood the need to instil that approach in members of the Board.

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SHAREHOLDER NON EXECUTIVE DIRECTOR

42. I have been asked a number of questions about the nature and extent of my relationship/interaction with the Post Office shareholder team; as that was in fact my own team, I presume that the question should in fact refer to my relationship and interaction with the Shareholder Non Executive Director (Shareholder NED). So in order to assist the Inquiry I have done my best to address those questions below.
43. After the separation of POL from RMG, ShEx was keen to ensure a further element of ShEx's preferred governance arrangements was established, namely the appointment of a Shareholder representative on the POL Board. This mirrored the approach at other businesses within the ShEx portfolio, such as the Land Registry and Ordnance Survey. This model was preferred by ShEx given its responsibility for managing the investments made into portfolio businesses on behalf of Government. By having its own representative on boards, decisions made by those boards would be informed by the Government's views and ShEx could gain an understanding of what decisions were being made and what information those decisions were based on.
44. Alice Perkins initially expressed reservations about the appointment of a Shareholder NED but it was insisted upon by the Secretary of State, as explained in a submission my team put to Ed Davey, as the responsible Minister, in advance of his first meeting with Alice Perkins in October 2011 [UKGI00042604]. The advice to the Minister said "*The Secretary of State was firm with Alice that ShEx should take a Board seat*" and that "*we think it is very important to hold the line*

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given the level of financial commitment the Government is making to the Post office and the priority with which it is viewed.”

45. Consequently, Susannah Storey, who had been Director of the RMPS team, was appointed as the first Shareholder NED on the POL Board from April 2012. Susannah had relevant experience as a former investment banker and was more senior than I was (I was not yet confirmed as a permanent member of the Senior Civil Service at that point). At that time the Shareholder NED was not also the head of the ShEx POL Shareholder team (which was led by me) although I understand that after my and Susannah’s tenure, from early 2014, the two positions of Shareholder NED and head of the ShEx POL Shareholder team went on to be held by one person.

46. Susannah and I worked hard to ensure that our channels of communication were open. We emailed frequently and met up often, usually before POL Board meetings, even while Susannah was out of the office on maternity leave during the first year of her acting as Shareholder NED. I would brief her on issues that were of particular interest to her (or that were areas of concern to me) and she would provide feedback on any key issues she thought it important for me to hear about (subject to the information sharing parameters referred to below), for example the email chains dated 2 July 2012 [UKGI00017340] and 5 July 2012 [UKGI00017341]. I felt comfortable sharing information with Susannah. There were no restrictions in terms of what I could share with her.

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47. While information flow was two-way, there was more information flowing from me to Susannah than the other way round. This was primarily because Susannah was not able to share board papers with me, which I understood was one of the conditions which Alice Perkins insisted on when Susannah was appointed. The ShEx POL team therefore did not get a full de-brief regarding all discussions which took place at POL Board meetings, although I felt we were generally aware of the key issues being debated by the Board. Information flow remained something of a bone of contention as can be seen from my exchange of emails with Susannah in November 2012, where she remarks that Alice Perkins was still unhappy about the extent to which Susannah shared information with ShEx, **[UKGI00017356]**. In the same email, Susannah said that she had explained to Alice Perkins that as the Shareholder's representative on the Board, "*it is unrealistic to imagine there wouldn't be a dialogue*" between her and me, and that she was "*well aware of [her] duties re board and conflicts etc and perfectly capable of managing them*". She was also clear that she would not agree a more detailed protocol about what she spoke to me about and when.
48. I was therefore keenly aware that information was being provided to the Board which was not being shared with the ShEx POL team but I took the view at the time that the Board needed space to operate and that, having achieved the appointment of a Shareholder NED to the Board, we should "pick our battles" and let the relationship evolve over time. I also had (in retrospect, perhaps misplaced) confidence that my team was able to obtain sufficient information from POL to effectively exercise our shareholder function through other means (e.g. directly from the executive team).

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49. As a matter of routine, any contact Susannah had with the ShEx POL team over this period was largely through me, though on occasion on particular issues Susannah might communicate directly with other members of the ShEx POL team if more practicable. I understand that Susannah would also talk to people more senior than me, such as Stephen Lovegrove.
50. In terms of ShEx's oversight of the matters I have discussed at paragraphs 16 and 17 above, Susannah's appointment as NED did not alter my team's oversight of those matters.

HORIZON

51. Paragraph 16 sets out an overview of my knowledge of the Horizon IT system. My recollection is that we first began to hear about allegations of possible issues with the Horizon system in around 2009/10 (prior to my taking on leadership of the team). We began to receive correspondence on the issue from the JFSA and Alan Bates, and we were aware that there had been press reports in Computer Weekly and Private Eye [UKGI00001482].
52. As the situation developed, we began to see Parliamentary Questions and correspondence coming in (for example the Parliamentary Question to Ed Davey on 27 October 2011 [UKGI00014000] which required ShEx's input). At this stage we were of the opinion that the answers to these questions fell within the operational responsibility for Horizon which rested with POL and therefore asked the business to respond directly. Although we thought it was right for the response

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to come from POL, we would still have had sight of POL's response and satisfied ourselves that the questions had been answered appropriately and comprehensively. If it did not, we would have challenged the response and requested further information. ShEx continued to have sight of POL's responses throughout this period which allowed us to remain apprised of the arguments being used by the business to rebut the claims (for example, [POL00417081 POL's statement to the BBC Inside Out Programme]).

53. During this time we continued to receive updates directly from POL about the developing situation. The principal channels of communication would predominantly have been Mike Whitehead and Peter Batten receiving information through POL staff such as Mike Granville, but I also recall conversations with Paula Vennells. The Inquiry has drawn to my attention POL briefing notes for a meeting between Paula Vennells and me on 23 November 2011 [POL00338507], which suggest she intended to provide me with an update about the receipt of five letters before claim from Shoosmiths, a number of FOIA requests and the Inside Out BBC regional documentary. While I do recall being aware of the Shoosmiths letters before claim, my general understanding of the threatened civil litigation was only in the context of wider discussions in relation to Horizon. I have no specific memory of this meeting taking place but in general this accords with my recollection of one of the ways information was shared. Given the range of topics on the briefing note for Paula Vennells, the meeting would not have been solely about Horizon matters and looks to have been one of our regular catch-ups, which occurred approximately once a month (generally in person but sometimes by phone).

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54. The Horizon issue grew in significance over time. It was clear to me that there was a difference of opinion between the JFSA and POL about the cause of the losses in the cases being raised by the JFSA, but it was not clear what the cause of the problem was. Throughout the period, POL was steadfast in its position to us in Government and more widely to the public that the Horizon system was robust. To support the argument, the following broad arguments were advanced by POL: (i) every keystroke on the Horizon system could be traced to the user, thereby enabling transactions to be comprehensively audited before any enforcement or prosecution action was taken; (ii) the SPMs concerned had been through appeals processes within POL where contracts were terminated and/or had been through the criminal justice system where prosecutions had been pursued (generally pleading guilty and where they had pleaded not guilty the court had not accepted their arguments); and (iii) the “fraud” losses in the network were by percentage consistent with what you might expect in a comparable retail business. This trio of arguments was advanced consistently over a relatively long period of time for example in emails between POL and the ShEx POL team in 2010 [**POL00417081**, **POL00120478**], and letters from the Minister to MPs such as the letter to Edward Garnier MP in 2012 [**UKGI00014057**], and Graham Stuart MP in 2011 [**UKGI00013859**]. These assurances seemed plausible, even compelling, to the ShEx POL team and at the time we did not have any basis on which to refute them. While we had heard accounts and received correspondence suggesting that Horizon might have been the cause of shortfalls, these had been raised after the event of the relevant prosecution/contract termination and it was not clear what specific problem with Horizon was being alleged. It appeared to

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me that POL was taking the concerns seriously. I took confidence from the support the NFSP was giving to POL's position, where the NFSP had flagged that a systemic issue would have been much more widespread than appeared at the time and would likely have caused overages as well as shortfalls. As a lawyer, I also had a confidence that where the criminal justice system had been involved it would have reached reliable conclusions (or that unreliable conclusions would have been amenable to appeal).

55. I have subsequently reflected on the reliability of the arguments set out above and the scrutiny we applied to them. Across a wide range of workstreams, my team was used to robustly challenging POL where we were unsatisfied with information that they provided. I do not recall receiving any technical reports on the operation of Horizon nor would I have expected to, given our roles. However, to the extent that I or other members of the team needed to clarify any technical aspects of the operation of Horizon, we would have done so to ensure we understood it. POL executives were used to receiving such challenge from us. For example every month the Finance Director was quizzed by ShEx on financial performance. We had also raised concerns with the monitoring of the Network Transformation Programme and worked to improve it. We were beginning to develop concerns about the performance of the CEO (see below). While we sought to work collaboratively with POL, we were a critical friend and if need be could be very critical.
56. While I now plainly wish we had challenged POL's position and the steps they were taking to properly investigate the concerns more robustly during 2011/12,

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with the information available to us, I am not sure what else we could reasonably have done at the time. The developing Horizon issues were only one, at the time (and regrettably) relatively minor, workstream among many being addressed by the ShEx POL team.

57. While at the time I accepted POL's robust defence of the Horizon system, the concerns being raised by the JFSA and through Parliament seemed genuinely held. It also seemed to me perfectly possible for example that there may have been an underlying issue with the Horizon training POL were providing to the SPMs or the operation of the helpline made available to SPMs and their staff by POL. We were keen for a resolution to the matter. If there was an issue with Horizon then it would be much better from a Government perspective that it was identified and addressed promptly. If there was not an issue with it, then it was much better for everybody's confidence in the system that it be robustly demonstrated.

Second Sight Interim Report

58. By the summer of 2012, as the number of Horizon complaints grew, the ShEx POL team was increasingly of the opinion that an external review was required. In June 2012, I was informed that a firm of forensic accountants called Second Sight had been instructed by POL to conduct a review into the claims around the Horizon system. ShEx fully supported the decision. Although POL did not take this decision in a vacuum, the ShEx POL team was purposefully not involved in

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the establishment of the review. This remained an operational matter for POL which we continued to monitor.

59. I understand from the documents provided by the Inquiry that, on 28 June 2012, I attended a meeting with Alan Bates and Norman Lamb MP. Mike Whitehead had prepared a briefing for the Minister in advance [UKGI00017936]. I have no recollection of this particular meeting. As usual, the briefing provided the Minister with the background to the issues and any new developments. We would have relied upon information from POL to prepare the document. My general recollection is that Norman Lamb MP was very open to listening to the SPMs' concerns.
60. ShEx and Ministers did not have any direct involvement in the selection of Second Sight or the terms of their appointment, and our expectation was that the review would remain independent of Government. At the time of their appointment, we were clear that the review was commissioned by POL and to maintain that independence, we developed lines in case there were demands that Government should undertake the review [POL00143205]. In my view it was entirely sensible for POL to lead on instigating the review rather than ShEx. POL and not ShEx had access to all of the information which Second Sight would require to conduct the review. We also understood POL to have the necessary IT expertise. I also understood that the JFSA and James Arbuthnot were supportive of the approach being taken, which was important to me and provided confidence that this was the correct approach.

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61. I learned about Second Sight's instruction following the event and understood from informal discussions that Susan Crichton had previous positive experience of working with Second Sight in their capacity as forensic accountants. I was satisfied with this explanation for their appointment. Once Second Sight had been appointed, I had a sense that there was a proper process in place for the SPM concerns to be properly considered.
62. I did not consider that any further active involvement from my team was necessary at this stage. We awaited the conclusion of the independent review and were ready to react in an appropriate way to the review's findings, but we did not prejudge what those findings would be. Our objective was simply that the review should find clarity on the position.
63. On 19 June 2013, we became aware via a news article in Computer Weekly that Second Sight may have been intending to release an interim report on Horizon on 8 July 2013 [UKGI00001638]. The ShEx POL team was not aware of the contents of the report at this time but we knew that it was going to be of interest to Ministers and to various members of Parliament, in particular James Arbuthnot MP.
64. Between 2 and 4 July 2013, there was a flurry of exchanges between ShEx and the Minister's office prior to the Interim Report's publication including a briefing for the Whips [UKGI00001674] [UKGI00001673]. We found ourselves in a difficult position as the ShEx POL team had intentionally remained at arms-length from the review process. This had created an information asymmetry between

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James Arbuthnot and the then Minister, Jo Swinson. Although we still did not know at that point what the Interim Report would say, we prepared a short note to ensure that the Minister had sufficient information to respond to any informal or formal questions from James Arbuthnot [UKGI00001649].

65. On 3 July 2013, POL provided us with a Briefing Note [POL00297101, POL00297104]. We understood from the Note that the Interim Report showed that Second Sight had found no evidence of systemic problems with Horizon, but it did find that there had been two instances of “anomalies” or bugs in Horizon which had given rise to incorrect balances at a number of branches but had been detected, resolved and communicated to the SPMs affected. While my initial reaction to the Interim Report was broadly positive, I was disappointed to hear for the first time of the existence of the two bugs, as this was inconsistent with what we had been told by POL up until this point. For me, this was something of an inflection point as it was the first time I realised that POL had been aware of any bugs, contrary to the accepted narrative which they had maintained until that point.

66. I can see from the email chain provided by the Inquiry [POL00297126] that following a suggestion from James Arbuthnot to the Minister, I asked Paula Vennells if it would cause any issues if Mike Whitehead or I called Ian Henderson of Second Sight. I have no recollection of making this request, whether I spoke to Ian Henderson and if so what was discussed. I think it is possible I would have asked Mike Whitehead to do this as he was closer to the detail at the time. Given that Jo Swinson had requested one of the team to speak with Ian Henderson then

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it would have been extremely unlikely that we did not. We were not in the habit of ignoring Ministerial requests.

67. On 5 July 2013, a meeting took place with Alwen Lyons, Martin Edwards, Mark Davies and Nina Amott (of POL), and Peter Batten and Mike Whitehead (ShEx POL team) [POL00296917]. I believe this was a meeting to discuss the upcoming publication of the Interim Report and that the document was first shared with us on that occasion. I can see that I was on the invite list for this meeting, although I have no recollection of attending in person. In any event I would have received the actual Interim Report at the meeting or shortly thereafter.

68. Because of the short notice that the ShEx POL team received of publication, Peter Batten, Mike Whitehead and I took urgent steps to ensure that the Minister was properly briefed and we worked at pace to pull together a summary of the Interim Report and lines to take for the Minister [UKGI00001692] which we sent to her office alongside the draft Interim Report on Friday 5 July 2013 [UKGI00001693]. I also sent an email on the same day with bullet points for the Minister regarding POL's meeting with James Arbuthnot MP and lines for a call the Minister had with Mr Arbuthnot the following Monday morning [UKGI00001711]. I understood that Mr Arbuthnot was particularly concerned about the SPMs with convictions and, while I understood his concerns, I was also keen to ensure that what would have appeared to me to be, at that stage, unfounded rumours did not start about the reliability of those convictions. There was nothing apparent from my reading of the Interim Report which linked the two identified bugs to any prosecution.

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69. The Interim Report was published on 8 July 2013. The ShEx team provided further briefing to the Whips in preparation for a possible Urgent Question in Parliament on the same day [UKGI001743]. We also updated the Minister's office about three new initiatives, proposed by POL in response: setting up a working party to review the remaining 43 cases; a review to determine how to adjudicate future disputed cases; and a Branch User Forum [UKGI00001745]. We provided a further briefing to Jo Swinson for her statement at the debate on 9 July [UKGI00001817, UKGI00001818] and lines for Prime Minister's and Deputy Prime Minister's Questions on the same day [UKGI00001811, UKGI00001812].
70. On 9 July 2013, I briefed Jo Swinson in Parliament. During the course of the briefing I wanted more detailed information from POL about the cases raised by MPs which had resulted in a conviction [POL00060683]. From Hugh Flemington's response I was able to ascertain that one of the convicted SPMs had not entered a guilty plea. This struck me as inconsistent with my previous understanding that convicted SPMs in Horizon cases had pleaded guilty and so I asked for follow-up information about what evidence had been relied upon to convict. This was the first time I had clearly understood that Horizon evidence had been used in a criminal trial against an SPM, Ms Misra. I also asked for clarification about the legal avenues open to an SPM to review/appeal their conviction. My understanding from Hugh Flemington's response was that any appeal would need to be actioned by the SPM.

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71. While the publication of the Interim Report had prompted a sense of unease (because it revealed the existence of two Horizon bugs of which we had previously been unaware), I took comfort from it too. It appeared to me that the Second Sight review process was doing what it was supposed to do, which was to shine a light on any issues with Horizon to get to the bottom of SPM concerns about it. I saw the Interim Report as precisely what it was called – interim – addressing findings from only 4 spot reviews and flagging further significant work to be done. I saw it as a step forward in the process and I looked forward to the completion of their review and their full findings in due course (though in the event this came after I had moved to Hong Kong). At that time, given the Interim Report's findings, my understanding of the extent of the developing risks and/or compliance issues was not clear. In hindsight, these were plainly far greater than appeared to me at the time.
72. We had also been informed by POL that there were joint discussions with the JFSA to establish a Horizon "User Forum" to identify improvements and that POL had commissioned external lawyers to review all the cases where legal action against a SPM was initiated by POL since separation [UKGI00001691]. So it appeared that POL were taking additional pro-active steps to address the developing concerns and manage the risks as I understood them to be at the time.
73. In November 2013, I recommended that the then Minister, Jo Swinson, meet with Fujitsu [UKGI00042076] because it was a useful opportunity for her to put SPMs' concerns to them directly and for Jo to hear Fujitsu's position directly from Fujitsu.

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PROSECUTIONS

74. Many of the issues relevant to this topic have been addressed elsewhere in this statement. As previously described, the ShEx POL team had no specific oversight of RMG/POL's prosecutions as this was an operational issue. To the extent I became aware of any criminal prosecutions, it was after the event, in the context of our developing understanding of the position which I have described above, and was prompted at first by the press reports and Parliamentary interest. While I cannot now be certain as to the precise timings, I believe that as the Horizon issue took on greater prominence at some point in 2010 or 2011 I would have become aware that RMG/POL had been conducting such prosecutions themselves (i.e. as opposed to via the police and CPS).

75. I have been asked to consider [**POL00104899**] (the Separations Project document). I was not aware of this document before my preparation for the drafting of this statement. It looks like an internal POL document which would not have been shared outside the business. I do not know why I am named as the liaison point of contact for POCA recoveries. This might be a reference to a previous role I had, in which I led on the Post Office elements of the Postal Services Act which might have touched on these issues. For the avoidance of doubt, I had no role, responsibility or involvement in POL prosecutions or POCA recovery.

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76. During my time at ShEx, I was not aware of any issues with the behaviour of the investigation or the prosecution department at POL. As detailed above, I had not fully appreciated that Horizon evidence had been used in criminal trials following not guilty pleas. It would never have crossed my mind that individuals at POL might create a situation to encourage guilty pleas. In light of what we now know, I realise that there were issues and find it unforgiveable that POL was institutionally aware of information that would have had a material impact on the prosecutions and failed to disclose that information to the defence. With hindsight I can also see a clear conflict in POL being the beneficiary of civil recoveries at the same time as being the prosecutor of the same issues.

77. I do not recall seeing any of the advices received from Simon Clarke or Brian Altman KC which I have been pointed to by the Inquiry [**POL00006357, POL00006799, POL00006583, POL00006581**] while at ShEx, nor do I recall any discussion about these documents. The first time I saw these documents was when the Inquiry provided me with copies as part of its Request. I do recall a conversation with Susan Crichton in the second half of 2013, in which she told me POL was stopping all prosecutions reliant on Horizon data. In light of the information available to me at the time, it did not occur to me that I needed to take any further steps to satisfy myself that POL had acted in compliance with its legal obligations in bringing past prosecutions. I was not aware that any doubts had been raised at all about POL's compliance with such obligations.

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MEDIATION SCHEME

78. In response to the Second Sight Interim Report, POL initiated its Complaint Review and Mediation Scheme (the "Scheme"). While the process was led by POL, ShEx wanted to understand it clearly. Peter Batten asked for information about the scheme from POL on 12 August 2013 [UKGI00001929], including asking questions as to whether SPMs would have enough time to access the scheme. I was not close to the detail of the Scheme as I was heavily involved in negotiating the funding deal at the time.

79. I did not have any involvement with the appointment of Sir Anthony Hooper as the Chair of the Working Group. I did have an exchange of emails with Susan Crichton on 14 August [UKGI00042024] in which I provided the names of two possible candidates who might be suitable (the individuals having been suggested by Mark Russell) and offering to approach Sue Gray at the Cabinet Office to find out others. I do not recall whether I eventually had any discussions with Sue Gray or the outcome of any discussions. I note that POL were still considering options for the Chair on 22 August 2013 from an internal POL briefing for my regular meeting with Paula Vennells [POL00381573], which I have been shown, but it seems that they had settled on Sir Anthony Hooper by the time of the briefing for my meeting with Paula Vennells on 7 October 2013 [POL00381810]. I do not know if we were told of the appointment of Sir Anthony before that meeting. This was the appropriate approach so far as I was concerned – the Scheme was being set up and run by POL, and so it was not for Government to dictate the choice of Chair.

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80. The Scheme had only just been set up before I left ShEx in December 2013. I did not have any concerns at that point. Given the timings and the fact that I did not sit on the POL Board, I am unable to comment on the POL Board's supervision and oversight of the Scheme.
81. I did note that the numbers of cases in the Scheme were to my mind surprisingly low – only 46 as at October 2013 [UKGI00042040] - though I was aware that certain cases had been excluded. The numbers seemed to be lower than had been intimated previously, for example, Shoosmiths' evidence to the Select Committee suggested that they had been contacted by almost 100 postmasters [UKGI00017936]. Therefore, the overall number of requests for compensation made to the Scheme did not raise particular concerns for me nor did it cause me to reflect further on the information I had been given about the integrity of Horizon. In addition, I was aware that the range of issues which were being brought up in those initial cases were wider ranging than solely complaints about the accuracy or otherwise of Horizon data and included issues such as the call centre operation or training.

PAULA VENNELLS AND SENIOR EXECUTIVES

82. I have been asked if I had any concerns about Paula Vennells' ability as CEO and whether I supported ShEx's view to remove her from the position in early 2014. During my tenure heading up the ShEx POL team I did develop some concerns about Paula's capabilities in the role of POL CEO. I have flagged at paragraph 15 above how complex POL's business is, and I would like to preface

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my remarks here by acknowledging that fact. Given the range of abilities required to do the job there is no perfect candidate for POL CEO and we all bring areas of relative strength and weakness to our roles. My specific concerns centred around Paula Vennells' command over detail when it was necessary. During the development of POL's 2013 strategic plan and the associated funding discussions, I increasingly developed the view that she was either not able or did not consider it necessary to do this. Her command over, and consequently her ability to communicate, the details of the strategic plan we were finalising was insufficient. This made reaching an agreement more difficult and time-consuming and led to lower levels of confidence in the deliverability of the plan than perhaps we (ShEx and Ministers) would otherwise have had. My concerns about her capabilities did not stem from my views on how she was addressing Horizon issues (though in retrospect I can now see the read-across).

83. While I was concerned about Paula Vennells' performance as CEO, my concerns were only just formulating in the second half of 2013. I do not recall explicitly raising my concerns with Susannah Storey though I suspect it is likely that at some stage in late 2013 I may have expressed some frustrations to her. Equally, I would have thought that the person with the principal responsibility for assessing the performance of the CEO was Alice Perkins. As Chair she was responsible for managing the CEO, and she would have been developing a much more rounded view of Paula Vennells' performance than I would have had given the broader range of perspectives she would have had access to.

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84. I was not involved in producing the Risk and Assurance Committee document from February 2014 [UKGI00042677] (as I had left my position with ShEx in December 2013). I note that the document sets out options around POL's management structure rather than recommending a specific action to change CEO. My instinct is that it should be seen as an initial scoping document intended for internal consideration within ShEx, rather than a reflection of a sufficiently considered view.
85. I am asked about the nature of my working relationship with Paula Vennells. I had a business-like relationship with her and we met approximately monthly on a formal basis, such as the meeting referred to in the email which the Inquiry has shown me [POL00381680]. I would usually come with a list of 4-5 things to discuss with her at those meetings. We also had frequent calls or ad hoc discussions if, for example, an urgent update was needed. The conversations were generally open and friendly and I did not get the sense that any information was being deliberately withheld from me. I do not recall any specific conversation I had with Paula Vennells in relation to the complaints from SPMs about the Horizon system and mediation scheme. In hindsight, I clearly received a partial picture on Horizon but I did not get that impression at the time.
86. I am also asked to describe the attitude of senior executives within POL to ShEx. While I cannot with any certainty know the feelings senior POL executives had for ShEx, I felt throughout my tenure leading the ShEx POL team that relationships between senior POL executives and my team were professional, cordial and constructive. We worked closely with all of them as needed and I was

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confident that I or any member of my team would be able to pick up the phone to a member of the POL executive team to talk through any issue. I felt that we worked collaboratively and generally towards shared objectives. There were undoubtedly moments where the ShEx POL team would have frustrations that information was slow to come out from POL or that it might not be complete when it came. But on the whole I felt they understood ShEx's role and were keen to help us to accomplish it.

RMG PROSPECTUS

87. I am asked about concerns that I had in relation to the IT sections of RMG's prospectus. The final RMG prospectus contains extensive risk factors relating to the relationship between RMG and POL covering matters to do with the ongoing commercial relationship between the businesses, inter-reliance on each other's IT systems and separation complexities (see pages 23 to 26 of the final prospectus at paragraph 1.18 of the risk factors section [UKGI00049075]). The concerns discussed in the correspondence flagged by the Inquiry should be seen in that context – they were concerns about how risks should accurately be characterised and the tone adopted in communicating them.
88. I believe that the specific drafting concerns about the risk factors in the prospectus related to the Mails Distribution Agreement, the modernisation of POL and the inclusion of detail about the Second Sight report in relation to Horizon [Extracts of the draft Prospectus for POL UKGI00002062]. In the case of the first two matters, I think that the concerns raised with us were in relation to the tone

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of the drafting, which POL felt reflected the business in a negative light (in that they were risk factors which went to POL's capabilities in delivering its obligations to RMG). I recall that the concern about the risk factor language about Horizon was more around whether it was necessary at all. The point of a risk factor in a prospectus is to draw to the attention of potential investors any factors which might adversely impact the value of their investment. In this situation RMG and POL had been separated as from March 2012, and the statutory transfer scheme under which the separation was effected had placed any legacy liabilities that pertained to operations now sitting with POL (such as any potential Horizon issues arising from the ongoing Second Sight review) with POL. So for the purposes of the RMG prospectus any reference to the Second Sight work was not relevant.

89. My comments about whether we had "*made clear to RM our concerns on the Horizon point in particular*" and "*leaving us to do their dirty work*" in my email of 20 September 2013 [UKGI00042027] were a recognition that POL, as a recent subsidiary of RMG, seemed to be seeking to rely on the weight of Government and its assistance if they were to get the best response from RMG. My comment about "*dirty work*" was a frustrated comment that I felt that RMG and POL had been unable to come to a sensible landing on appropriate language for the risk factors between themselves without feeling the need to come into Government to help to make their case. The email thread at [UKGI00042027] shows that I had had a discussion with Rachel James (the ShEx Executive Director who was my opposite number leading the Royal Mail team) and evidently had conveyed our concerns and thought our involvement had reached the end of the road. I advise

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Tim McInnes that POL should take up any ongoing concerns with Jon Millidge (who I believe was the RMG company secretary and was leading on prospectus matters).

2020 COMMENT RE FUJITSU

90. I have also been asked about my comment "*Although maybe Fujitsu have made it disappear*" in my email of 15 October 2020 [UKGI00032554]. This was a comment made in relation to trying to find ShEx documents several years after the event (and several years after I had left ShEx) on the BIS information storage system (to which I therefore had no access). Throughout my Civil Service career in the Department our (very cumbersome) document management system was called Matrix. It was supplied by Fujitsu.
91. I had been contacted in the wake of Justice Fraser's judgments in the Horizon litigation, when it became apparent that some form of independent review would be undertaken into how the Horizon scandal had come about. It was apparent that BIS/UKGI were struggling to locate my emails and documents on the Matrix system – I believe because they had migrated off Matrix and on to a new system/systems sometime prior to 2020. I had been contacted with a view to providing any steers I could as to how we had filed our documents (which we had done at the time, assiduously) to assist with their recovery and disclosure.
92. My comment referred only to a search for ShEx documents which had been held on the Fujitsu-supplied Matrix system. Although the comment took its context

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from the Horizon scandal and the then recent court findings in relation to it, I was not in fact referring to the Horizon system at all. Nor was I intending in any way to belittle the hideous experiences that SPMs, staff and their families had been put through.

MARTIN GRIFFITHS

93. I am also asked about my recollection of an email exchange of 24 September 2013 relating to an email forwarded on from Alan Bates about the tragic case of Martin Griffiths [POL00299899]. My immediate reaction to this email was one of horror and sympathy which can be seen from my response, and I asked to see further information. I urgently wanted to understand the circumstances and what POL was going to do to support Mr Griffiths and his family. I would have expected to be kept up to date.

94. I have seen from documentation disclosed to the Inquiry that Mark Davies from POL was intending to follow up with a phone call to update me on the latest position, on the same morning [POL00116133]. While I do not specifically recall receiving the phone call, I would have been expecting to hear from POL and I think I would have reached out again, had I not heard anything further. It seems that Mike Whitehead from the ShEx POL team was in contact with POL to get up to date information on the condition of Mr Griffiths to reply to a letter from Mr Griffiths' MP some weeks later [POL00196405], on 16 October 2013 and also asked for a conversation on 23 October 2013 [UKGI00002118]. I would have been surprised if there had not been further communication between ShEx and

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POL during the intervening weeks as we would have wanted to be kept up to date on Mr Griffiths' condition, the steps POL was taking and to understand fully the background to this tragedy.

DEPARTURE FROM ShEx

95. Richard Callard took on my role of head of the Shex POL Shareholder team following my decision to emigrate. I was due to leave my role when my paternity leave began in December 2013. My son was due in mid-December 2013 but in fact did not arrive until the end of December 2013. This meant Richard and I were able to spend a reasonable length of time on the handover process, which covered the full range of POL issues including Horizon. Richard spent two to three weeks attending meetings with me before my departure. I made it clear during my handover with Richard Callard that the Horizon issue needed careful management.
96. When I left, I believed there were appropriate processes in train to properly consider and address the SPM concerns about Horizon (via e.g. Second Sight's ongoing review work and the Mediation Scheme). I also believed that POL had stopped all prosecutions reliant on Horizon data and there had been no further activity on the threatened civil litigation beyond the letters before claim. I thought that the risks had been identified and were in the process of being mitigated or addressed as appropriate. With hindsight, if I had been aware of the legal opinions POL had commissioned and received, this would have had a material

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impact on my view of what the appropriate course of action to be taken was at the time.

REFLECTIONS

97. It is self-evident that by the time I left my role at the end of 2013 we had been unable to fully identify and therefore to get to the bottom of what is an appalling scandal, which continues to have serious ramifications to this day. I feel that there are three principal contributory factors to this that I would like to draw to the Inquiry's attention.
98. Firstly, ShEx (and thereby Ministers and the wider public) was provided with a profoundly misleading explanation as to the "robustness" of the Horizon system. We found that explanation to be plausible, and we also took confidence from the fact that key stakeholders such as the NFSP did too.
99. Secondly, ShEx had not fully appreciated the significance of and perverse incentives at play in POL's dual function of running prosecutions itself while being the beneficiary of recoveries from SPMs (though once this had become slightly clearer to us over the course of 2012/13 we took comfort from having been informed by POL that prosecutions reliant on Horizon data were to cease).
100. Thirdly, ShEx was not made aware of POL's legal advice on the reliability or otherwise of Horizon evidence in prosecutions and on flaws in disclosure to accused SPMs.

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101. I have considered what ShEx could have done differently in the light of the information that was provided to us. Could we have challenged the information that was provided to us more rigorously? Knowing what I now know, I certainly wish that we had. We were well used to robustly scrutinising and challenging POL - whether about overly optimistic assumptions about revenue growth, poor data gathering on network transformation or foot-dragging in progressing the mutualisation agenda. But on Horizon, as discussed at paragraph 54, we accepted the explanation that POL gave and, as a result, inadvertently provided insufficient and/or inaccurate information to Ministers and other officials. At the time we believed that the information we were providing was accurate. I would never have knowingly put misleading information to Ministers or other officials. It was inconceivable to me that we would be actively misled by POL. In any professional or personal relationship, trust is paramount. We trusted POL's management to tell us the whole truth.

102. If we had found out about problems with the reliability of Horizon evidence in past prosecutions or other legal proceedings, or any failures by POL to comply with its disclosure obligations, we would have taken this extremely seriously. As a matter of great urgency, we would have alerted Ministers and taken steps to ensure POL met its legal (and ethical) obligations. I find the actions (or rather inactions) POL took in the light of the advice they had received to be utterly inexplicable.

103. Could we have had better structures and processes in place to ensure the Horizon risks were more accurately assessed? Information flow to ShEx and

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POL's own corporate governance structures improved significantly over the period, at first slowly and then more rapidly once POL separated from RMG and its own Board was put in place. When I left ShEx at the end of 2013, while POL's corporate governance structures were evolving, they were significantly better than they had been just a few years before. I do not think it is a coincidence that concerns about Horizon issues began to be much more closely examined at around the same time POL and RMG were separated and better governance processes began to be implemented at POL. Sadly, this was far too late for the affected SPMs and their families.

104. But structures and processes are one thing. To be effective they rely on both the quantity and the quality of information that comes to them from within the business. Establishing a shared culture of responsibility and accountability to provide that data is quite another thing. My sincere hope is not only that the Inquiry process and POL's response to it will ensure that such a scandal can never be repeated but also that in part this will have been accomplished by the development of such a culture of accountability.

Statement of Truth

I believe the content of this statement to be true.

Signature



GRO

Date 14 November 2024

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Index to First Witness Statement of William Gibson

No.	Inquiry URN	Document Description	Inquiry Control Number
1.	UKGI00018222	Post Office Ltd – Shareholder Executive: POL – Summary	UKGI028229-001
2.	UKGI00014000	Parliamentary Question to Ed Davey on 27 October 2011	UKGI024793-001
3.	UKGI00014057	Letter from Norman Lamb to Edward Garnier QC MP of February 2012	UKGI024850-001
4.	POL00060683	Susan Rudkin Case Study – Email chain from Hugh Flemington to Will Gibson – RE: Will – Intel on MP cases – JFSA case intel to follow	POL-0057162
5.	UKGI00001421	Post Office Limited – Performance Report – Produced by Central Reporting Finance Team – May 2012	UKGI012235-001
6.	UKGI00049076	Postal Services Bill – Hansard – UK Parliament	UKGI057834-001
7.	UKGI00042604	Meeting Minutes – Meeting with Alice Perkins, Chair – POL 12:45-13:30 - Thursday 27 October 2011	UKGI051499-001
8.	UKGI00041966	Chair's letter to Alice Perkins on 11 January 2012	UKGI050861-001
9.	UKGI00017340	Email thread from Will Gibson to Susannah Hooper - RE: Building a Mutual Post Office government response 29.6.12	UKGI027347-001
10.	UKGI00017341	Email from Susannah Hooper to Will Gibson - RE: Re	UKGI027348-001
11.	UKGI00017356	Email correspondence between Susannah Hooper and Will Gibson - RE: Our favourite subject in relation to POL	UKGI027363-001
12.	UKGI00001482	Email from ShEx to unknown (redacted), copied to ShEx and Will Gibson RE: JFSA and Private Eye	UKGI012296-001

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13.	POL00417081	Email from Katherine Wilson to Will Gibson, Mike Whitehead and others Re: Horizon Computer system	POL-BSFF-0237232
14.	POL00338507	POL briefing notes	POL-BSFF-0164228
15.	POL00120478	Email thread from Mike Granville to Mike Whitehead RE: JFSA - audit files and clearance processes	POL-0126170
16.	UKGI00013859	Letter from Edward Davey MP to Graham Stuart MP @Re: response to email regarding constituent Mrs Christine Jonhson referring to 'robustness' of system	UKGI024652-001
17.	UKGI00017936	Meeting with Alan Bates: Chairman of Justice for Subpostmasters Alliance (JFSA) Agenda	UKGI027943-001
18.	POL00143205	Email chain from Susan Crichton to Alice Perkins and Paula Vennells, copied to Alwen Lyons and Mike Granville – RE: Post Office position	POL-BSFF-0002370
19.	UKGI00001638	Email chain from Mike Whitehead to Will Gibson, Tim McInnes, Katrina Lidbetter and others Re: Google alert - post office	UKGI012452-001
20.	UKGI00001674	Email chain from Will Gibson to Roger Lowe - RE: Whips briefing (Arbuthnot)	UKGI012488-001
21.	UKGI00001673	Whips briefing: Post Office Ltd 'Horizon' accounting system	UKGI012487-001
22.	UKGI00001649	Email from Claire Rannard (PS to Jo Swinson) to Will Gibson, Peter Batten cc Mike Whitehead re: potential Arbuthnot encounter this evening	UKGI012463-001
23.	POL00297101	Email chain from Martin Edwards to William Gibson Mike Whitehead Peter Batten RE: JA meeting brief	POL-BSFF-0135151

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24.	POL00297104	Second Sight Review Into Horizon: Briefing note on Interim Report	POL-BSFF-0135154
25.	POL00297126	Email from Paula Vennells to Will Gibson RE: Catch-up	POL-BSFF-0135176
26.	POL00296917	Email from Sarah Paddison to Alwen Lyons, Martin Edwards, Will Gibson and others – RE: PO/BIS Meeting on Second Sight Investigation	POL-BSFF-0134967
27.	UKGI00001692	Email from Peter Batten to Mike Whitehead and Will Gibson – RE: lines	UKGI012506-001
28.	UKGI00001693	Email from Peter Batten to Swinson MPST cc Will Gibson, Mike Whitehead and others – RE: Draft Second Sight report into POL Horizon system	UKGI012507-001
29.	UKGI00001711	Email from Swinson MPST and Will Gibson, copied to Mike Whitehead, Peter Batten – RE: Arbuthnot	UKGI02525-001
30.	UKGI00001743	Email from Mike Whitehead to Swinson MPST, copied to Will Gibson, Peter Batten and others – RE: Horizon: James Arbuthnot MP – Response to Post Office's Horizon Computer System	UKGI012557-001
31.	UKGI00001745	Email from Mike Whitehead to Swinson MPST, copied to Will Gibson, Peter Batten and others – RE: Horizon: James Arbuthnot MP – Second Sight Report	UKGI012559-001
32.	UKGI00001817	Email from Peter Batten to Will Gibson, Mike Whitehead and Swinson MPST re: JFSA Q&A	UKGI012631-001
33.	UKGI00001818	JFSA Q&A Document re Horizon	UKGI012632-001
34.	UKGI00001811	Email from Will Gibson to Mike Whitehead and MPST Swinson – RE: Horizon lines for DPMQs	UKGI012625-001
35.	UKGI00001812	Statement and Horizon Lines for DPMQs to House	UKGI012626-001

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36.	UKGI00001691	Email from Mike Whitehead to Peter Batten, Will Gibson re: SS - report highlights	UKGI012505-001
37.	UKGI00042076	Email from Will Gibson to MPST Swinson, Claire Hobson, copied to Richard Callard and others – RE: Ria - meeting request	UKGI050971-001
38.	POL00104899	Separation project - criminal investigations policy for Post Office Ltd	POL-0080531
39.	POL00006357	Advice on the use of expert evidence relating to the integrity of the Fujitsu Services Ltd Horizon System	POL-0017625
40.	POL00006799	Advice on Disclosure and the Duty to Record and Retain Material	POL-0017591
41.	POL00006583	Interim Review of CK Processes by Brian Altman QC	POL-0017668
42.	POL00006581	Review of PO prosecutions by Brian Altman QC	POL-0017666
43.	UKGI00001929	Email from Peter Batten to Susan Cricton, cc Martin Edwards, Simon Baker – RE: FW: Horizon review workflow	UKGI012743-001
44.	UKGI00042024	Email from Mike Whitehead to Susan Cricton – RE: Independent Chair	UKGI050919-001
45.	POL00381573	Email from Alwen Lyons to Paula Vennells re: Alice meeting Will Gibson	POL-BSFF-0208460
46.	POL00381810	Email from Alwen Lyons to Martin Edwards – RE: Paula's next session with Will Gibson, BIS	POL-BSFF-0208697
47.	UKGI00042040	Email chain between Martin Edwards and Mike Whitehead – RE: Horizon Review and Mediation Scheme	UKGI050935-001
48.	UKGI00042677	PowerPoint presentation – RE: Post Office Ltd Senior Management – Risk and Assurance Committee – February 2014	UKGI051572-001

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49.	POL00381680	Email from Theresa Iles to Martin Edwards and Susan Crichton – RE: Paula’s next meeting with Will Gibson, BIS	POL-BSFF-0208567
50.	UKGI00049075	Extracts of the Prospectus for POL	UKGI057833-001
51.	UKGI00002062	Extracts of The Prospectus For POL	UKGI012876-001
52.	UKGI00042027	Email from Will Gibson to Tim McInnes – RE: RM Prospectus	UKGI050922-001
53.	UKGI00032554	Email from Peter Batten to William Gibson, Richard Callard, Tim McInnes and others - RE: Sparrow	UKGI041449-001
54.	POL00299899	Email from Will Gibson to Susan Crichton, copied to Mark R Davies, Angela Van-Den-Bogerd and others – RE: POST OFFICE READ THIS – Martin Griffiths former SPM	POL-BSFF-0137949
55.	POL00116133	Email from Mark R Davies to Paula Vennells, Susan Crichton, Angela Van-Den-Bogerd and others – RE: Martin Griffiths	POL-0117132
56.	POL00196405	Email from Whitehead Mike to Mark R Davies, Martin Humphreys, CCing Batten Peter and others re: Stephen Mosley MP: Martin Griffiths - attached letter concerning sub-postmaster case	POL-BSFF-0034468
57.	UKGI00002118	Email from Mike Whitehead to Martin Edwards, Angela Van-Den-Bogerd, Mike Granville and others – RE: Horizon: Review and Mediation Scheme	UKGI012932-001