

**Witness Name:** Michael John Kinski

**Statement No:** WITN03420100

**Dated:** 05 February 2025

## **POST OFFICE HORIZON IT INQUIRY**

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### **FIRST WITNESS STATEMENT OF MICHAEL JOHN KINSKI**

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I, Michael Kinski, will say as follows:

#### **INTRODUCTION**

1. I am a former Non-Executive Director of Post Office Ltd.
2. In making this statement I would like to acknowledge the importance of the Post Office Horizon IT Inquiry (the “**Inquiry**”) and to offer my full co-operation to Sir Wyn Williams in his investigation of relevant issues. Although I was not a Director of the Post Office at the time when relevant prosecutions and civil actions were commenced against Subpostmasters, I would like to express my sympathy to all those who were affected.

3. To confirm, I am providing this statement following receipt of a written request from the Inquiry dated 27 May 2022, to provide a written statement pursuant to Rule 9 of the Inquiry Rules 2006 regarding corporate knowledge of technical issues with Horizon prior to roll-out (the “**Request**”). The Request contained 16 questions which the Inquiry asked me to address in my statement.
  
4. On 17 June 2022 I received a follow-up letter from the Inquiry. This contained further questions which the Inquiry asked me to address in my statement, bringing the total to number of questions to 19.
  
5. On 25 January 2025 I received 11 additional documents from the Inquiry, with a request to review and consider these prior to finalising and completing my statement.
  
6. For ease of reference, in providing this statement I have written out each question put to me by the Inquiry with its corresponding question number below.
  
7. I must point out that whilst I have endeavoured to answer all 19 questions as fully as possible, due to the passage of time, I have very little evidence to give in relation to the events regarding the Post Office Horizon project which is not derived from a retrospective analysis of the documents provided to me by the Inquiry.

## BACKGROUND

***Question 1: Please set out your professional background and your relationship with POL.***

8. I list below a summary of my professional background:

- i. Managing Director of one of Europe's largest Private Equity Companies
- ii. Group Chief Executive Officer of Stagecoach Plc
- iii. Chief Executive Operations Scottish Power Plc
- iv. Chairman and Chief Executive Manweb Electricity Plc
- v. Chairman and Chief Executive Southern Water Plc
- vi. Personnel Director and Main Board Director Jaguar Cars Plc

9. In 1998, I was approached by the Government DTI office to become a non-executive director of Post Office Ltd based on my general industry business experience having been a board director of several FTSE 100 companies. Following an interview with Margaret Beckett, who was I think, President of the Board of Trade and Industry at the DTI at the time, I was appointed to the Board. My appointment was for a period of 3 years with effect from 15 June 1998.

10. I do not know which specific aspects of my experience motivated my appointment, beyond general experience in running large companies. My experience of working constructively with unions may have been a factor and potentially also my success in people development projects.

11. In December 2000, the Post Office was preparing to separate the Post Office Counters off from the rest of the Post Office as part of the Postal Services Act 2000. This involved the creation of a new company which would originally be called 'The Post Office Group plc'.

12. To ensure continuity, all the directors on the Board of the Post Office were asked to become directors of The Post Office Group plc. This included myself and I accepted on 31 December 2000. The role was until 25 March 2001 at which point the company was renamed 'Consignia Holdings Plc'. Starting on 26 March 2001, I became a director of Consignia Holdings plc for approximately 1 year period. To be clear, Post Office Ltd and Consignia Holdings plc (originally The Post Office Group plc) were effectively the same company but under a different name. This meant my role was also the same and there were no additional board meetings and therefore the role attracted no additional remuneration.

13. On 14 December 2001 my role as director of Consignia was extended for 2 years until 25 March 2003. However, on 12 February 2002 I resigned with

immediate effect. The reason for my resignation was that I had been offered an external role which required significant international travel and this was inconsistent with being able to continue my role with the Post Office. I left on good terms with the board and Consignia.

***Question 2: Please summarise what your role at POL involved, in particular between 1997 - 2001.***

14. Starting on 10 June 1998, I was a Non-Executive Director of the Post Office Ltd.

My Terms of appointment contained no specific role description. I was also Chairman of the Remuneration Committee. My role as Non-Executive Director involved attending board meetings approximately 10 or 11 times a year. I would also have attended a small number of away days to discuss strategy. I would probably have engaged with the Government and the Chairman and the remuneration committee 2 — 3 times a year and had calls with the Chairman of Post Office once a month. Prior to board meetings I would have spent approximately a day reading the papers in preparation. On reflection, I probably spent around 2 and a half days a month carrying out my duties as a Non-Executive Director which I consider to be typical for this kind of role.

15. As Chairman of the Remuneration Committee, my job was to liaise with the Government on potential changes to terms and conditions of the Executive Directors.

16. In October 2000 I also began work for the Post Office on the Beta Project. This was a consultancy role to assist with a potential major acquisition which was nothing to do with Horizon. The role was only for a short period of time as the project was subsequently dropped.

***Question 3: Please summarise what experience you have (and had as at 1999) in respect of major IT projects.***

17. I am not an expert in IT projects but both prior and subsequent to 1999 I have reviewed a number of IT projects as part of my general management roles in industry. For example, I assessed strategy and business plans for IT projects at Scottish Power on customer service. I would not have been involved in technical evaluation of IT projects in my previous roles. This task would have been completed by executives with the relevant experience.

18. I would like to highlight that there were no specific duties or obligations placed upon me in relation to IT development on the Horizon project. My duties were as you would expect of a typical non-executive director which, in broadest terms, was to assist in the strategic direction and monitor the smooth running of the overall business.

## **BOARD MEETING OF 10 NOVEMBER 1998**

***Question 4: Please consider (RMG00000015). These are the Board Minutes of 10 November 1998.***

***a. What did you understand the position of the Government and ICL to be at that time in relation to the future of the project?***

19. I did not attend this meeting however I know that the Government took a leading role. It is clear to me from reading the minutes that the Government was considering 3 options on Horizon: continuation, termination or continuation following a negotiated settlement. I have made an assumption that this last option (continuation following a negotiated settlement), or something similar, is 'Option b(3)' as referred to in the letter dated 23 May 1999 from Neville Baine in document (**POL00028611**), although I cannot be sure.

***b. What (if any) concerns did you have at that time about the quality and reliability of the Horizon system?***

20. When I joined the Board in June 1998, there were ongoing concerns about the Horizon project, including in relation to software issues, quality, delays and ICL's ability to deliver the project. The Government was concerned about how the project would be funded and that ICL was not financially stable.

21. The Government was taking control and were trying to renegotiate the contract between the Post Office and ICL to put in place a suitable contract to iron out the software difficulties. They were in the driving seat in renegotiating the contract and were considering whether the project should be changed or delayed. They were also taking legal advice on termination and whether this would affect other companies.

***c. What, if any, action did you to take to address such concerns?***

22. Although I cannot recall this meeting I do remember that we had a robust Board who would challenge anything put to us and therefore I believe that the Board would have debated and challenged the issues and options and given advice and guidance. I cannot remember exactly but I can imagine that the non-executive directors would have been concerned to ensure that there was a correct balance of control between the Post Office Board and the Government, which was an ongoing problem.

## **BOARD MEETING OF 8 DECEMBER 1998**

***Question 5: Please consider (RMG00000012). These are the Board Minutes of 8 December 1998.***

***a. What did you understand about the cause(s) of delay to the Horizon project at that time?***



23. I cannot remember and therefore my understanding is only taken from what is described in the minutes that the programme needed further testing. There is a reference at page 89 of the minutes to a letter from Stephen Byers (P098/126) but I cannot recall the contents of this letter and have not been provided with a copy as part of my replies to the Inquiry's questions.

**b. *What did you understand the position of the Government and ICL to be at that time in relation to the future of the project?***

24. From the minutes it is clear to me that the Government had very significant control over the Horizon project at that time and were considering three options: continuation, termination or continuation following a negotiated settlement. In relation to termination, I understand that the Government were considering legal action.

**c. *What did you understand about the results of software testing at that time?***

25. I understand that they were looking to solve software problems which I assume they must have decided were solvable, otherwise they would not have gone to the implementation stage.

**d. *How (if at all) did this affect your assessment of the quality and reliability of Horizon ?***

26. It would have been too early to be sure whether technical issues could be resolved but the Government made the decision that they could be and wanted to continue on that basis. Based on the minutes it appears that the Board considered it credible that the technical issues could be resolved.

**e. *What (if any) action did you take to address these matters?***

27. The minutes illustrate that concerns were discussed at the board meeting about how to resolve the contractual issues and how to get the programme back on track. In the end, the Government and Post Office agreed for it to continue.

**CANCELLATION OF THE BENEFITS PAYMENT CARD**

***Question 6: Please consider (POL00028611).***

**a. *What did you understand the government's relationship with ICL and Fujitsu to be like in the period January— May 1999?***

28. I would not have been party to any of this although I consider that the relationship would have been somewhat fraught at that time.

29. I have read document (**POL00021469**), the Board Minutes of 14 March 2000, and on page 18 under the section 'Operating Plan and Budget POB(00)12, it

notes the non-executives expressing concern about the overall performance of the budget. This is the Board exerting its fiduciary duties and trying to hold directors and the Executive Team to account.

30. Paragraph i of the next section 'Commercial Development of the Horizon Platform in the Post Office Network POB(00)13' shows that the Board are told that for the past 7 months, all milestones have been reached in relation to Horizon and the Post Office executives were even considering the possibility of extending the project commercially, beyond the Post Office.

31. Things at this point were going better than in 1998. There was a hiatus to try to agree a revised contract with ICL and then the progressive rollout was hampered by some operational software issues. This was followed by a temporary hold on the rollout and then the Board being progressively told that the issues were being resolved and the rollout was going according to plan.

**b. *What did you understand the position of the Prime Minister to be in relation to the future of the Horizon project?***

32. I have no knowledge of Tony Blair's position as to the future of the Horizon project between January and May 1999. Based on the minutes, I understand that there were several meetings between the Post Office executives and the

Government, including two select committees, because they were our shareholder. I also had no knowledge of Tony Blair's views on the cancellation of the Benefits Payment Card.

**c. What did you understand the options identified by the Treasury review for the future of the Horizon project to be in the period January— May 1999?**

33. I have no copy of the Treasury review and therefore cannot comment upon this.

**d. Please describe the position of the Post Office in relation to the options identified by the Treasury Review.**

34. I have no copy of the Treasury review and therefore cannot comment upon this.

**e. Please describe the circumstances in which the Post Office signed Heads of Agreement with ICL.**

35. Document (**POL00028611**) encloses a letter from John Roberts dated 24 May 1999, which sets out the conditions on which the Board approved the Heads

of Agreement and attaches two letters which discuss the circumstances around the Post Office signing the Heads of Agreement.

36. The first letter is sent from Neville Baine to the Secretary of State and dated 23 May 1999. It starts off by saying that in light of a letter expressing the government's wish for the Post Office to sign the Heads of Agreement with ICL, the Board had met that night. I have not been provided with a copy of that letter, but have been provided with the minutes of the Board Meeting held on 23 May 1999 (**POL00043599**), which confirms that I attended the meeting via telephone conference from 8pm. The minutes confirm that the purpose of the Board meeting was to consider the request from Government that the Post Office Board sign the Heads of Agreement negotiated by the Treasury with ICL (and which POL had not been party) by the ICL/Fujitsu deadline of midnight.

37. The letter from Neville Baine to the Secretary of State confirms that the Board have considered the Government's proposal and the unanimous view of the Board is that they believe option b(3) is likely to lead to a deterioration in the financial position of the Post Office and is not in the best interests of the shareholder. Option b(3) is not explained and I cannot think what it would be apart from the third option referred to in the minutes of 10 November 1998 (**RMG00000015**) — continuation following a negotiated settlement. The Board have expressed their concerns in light of their fiduciary duties. However, the

letter acknowledges that the Government think that this is the best way forward and the Board have the next three months to see if they can make it workable. They are therefore prepared to approve the Heads of Agreement but only if four conditions are met. This includes that the £50m cancellation payment is treated in the same way as the £480m (a clear loss in the statutory accounts).

38. The letter concludes by saying that the Board are also concerned about the whole way that this has been handled and about the relationship between the Secretary of State as sponsoring Minister and the Board. They have therefore requested an urgent meeting to take place. I cannot recall whether this meeting ever happened. However, I can see from Board Minutes of 7 and 8 June 1999 (**POL00095461**) that a meeting with the Secretary of State to discuss the Working relationship with DTI following recent developments with Horizon had been arranged for 10 June 1999 and that John Roberts, Rosemary Thorne and John Lloyd from the Board would attend. I can confirm that I did not ever attend any meetings about these issues raised by the Board with the Secretary of State.

39. The response letter from Stephen Byers dated 23 May 1999 confirms that he has considered the Board's response and that the Government will accept the proposed conditions.

40. To me, these letters show that the Government is influencing the Board to go along a certain path that is not the Board's preferred option. The Board have fulfilled their fiduciary duties in flagging their concerns. It is proper for a shareholder (the Government) to indicate what is in its best interests and the Board, having raised their concerns, must take the shareholders views into account.

41. When we subsequently moved on to the next phase of the project (implementation) we were regularly updated on the progress of Horizon by the Executive Team and it appeared that any issues were being resolved incrementally, prior to full roll-out.

**f. *What (if any) pressure was brought to bear by the Government in relation to the Heads of Agreement?***

42. Please see above my answer to question 6(e) above which shows that the Government took control and influenced the Board to approve the Heads of Agreement on a basis which they had not thought was the best option. Ultimately it is up to the Board to make the decision but where a shareholder is fully informed and directs that its interests are served in a particular way, this is obviously a heavily influential factor. While the Board could have considered

resignation at this stage, this would not have been appropriate where there was a credible prospect of attempting to make the Government's proposal work.

**g. What did you understand regarding the robustness of Horizon at this time?**

43. I have no specific recollection of my appreciation of the robustness of Horizon at this particular point in time. It is clear from the minutes and correspondence that there were issues but that it was considered credible that these could be resolved.

**h. What did you understand of any technical issues?**

44. There were some software issues which ICL were looking to resolve but the Board evidently believed that there was a realistic prospect that any technical issues could be resolved in the roll-out and troubleshooting phase.

**i. To what extent (if at all) did technical issues with Horizon influence the public sector negotiations over the future of the project at this time?**

45. The contract negotiations were being conducted by at senior level by the Post Office and the Government. These negotiations, as on behalf of the Post Office,



would have been delegated by the Board subject to directions on general approach. I cannot recall the extent to which technical issues influenced negotiations.

- j. To what extent (if at all) did the financial implications of cancelling the project impact the focus upon the technical integrity and robustness of Horizon during the public sector negotiations over the future of the project?**

46. The potential financial implications included the Post Office and / or the Government being sued if the project was cancelled, wasting money on trying to make the project work and the project not being delivered on time. If a project has challenges you can either try to resolve them or you can take the hit and not commit any more money. The earlier you commit to closing a project that is not working, the less money you lose. I think during this period there were a lot of discussions between the Government and ICL about getting the right structure in place and the focus was on getting the project done, although it is evident that they were also considering termination. This would have wasted the money already spent but prevented further loss if the project ultimately failed.

**BOARD MEETING OF 20 JULY 1999**

**Question 7: Please review (POL00000352). These are the Board Minutes of 20 July 1999.**

***a. What did you understand regarding the robustness of Horizon at that time?***

47. I cannot recall the board meeting of 20 July 1999 but I understand from the minutes that the project was in difficulty and the Board had concerns over funding and accounting treatment. On the latter point, the Post Office executives were in discussions with the Government and the advice from the Board was that any accounting treatment should be appropriate and transparent.

48. The minutes show that the Board was given assurance by the Horizon Programme Director that the system was robust and fit for service apart from concerns over training which they were putting in. A new training programme was planned and additional resources (some 300 managers) had been allocated to help staff as offices came online. However, I have never known an IT project that did not have teething problems.

***b. What did you understand of any technical issues?***

49. The minutes show that Post Masters were continuing to experience difficulties with balancing but the Board was being told that these were resolvable and ICL had resolved these sorts of issues before. The Board said that these problems must be resolved before the contract is signed.

***c. What did you know of any problems experienced by sub-postmasters?***

50. The minutes show that we were briefed that some Subpostmasters were experiencing problems hence the additional training and resources plus some delay in roll-out.

***d. Did you raise any concerns regarding your answers to (a), (b) and (c) and if so, who with?***

51. Concerns were raised by the Board, with the executive team, over the technical issues and the Benefits Agency contract position was not clear. Page 92 shows that the Board made it clear that technical issues needed to be addressed before the Board would support a revised contract with ICL.

52. Although I cannot remember the discussion itself, as stated above, I do recall that the Board would rigorously challenge any subject put to them. I am

therefore confident that they would have challenged the status of Horizon along with the concerns over funding and accounting treatment.

**e. *Why was the decision to sign the contract with ICL remitted to the Chairman and Chief Executive?***

53. The Board delegated the decision as to whether to sign a revised contract to the Chairman and the Chief Executive. This is fairly standard practice as it is not practical for the whole Board to engage in contract negotiations. It is common practice to delegate this task to the Chief Executive but Neville Baine was quite hands-on and so it was decided that it was better to have two people representing the Board i.e. both the Chairman and the Chief Executive. Pursuant to their right to intercede in contracts, the Government would have negotiated the contract but the Post Office would have had to sign the contract.

**BOARD MEETING OF 14 SEPTEMBER 1999**

***Question 8: Please review (POL00000353). These are the Board Minutes of 14 September 1999.***

**a. *What did you understand regarding the robustness of Horizon at that time?***

54. By reference to the minutes, paragraph III on page 99 shows me that despite the Horizon Programme Director being confident in the July board meeting that system acceptance would occur as planned on 18 August 1999, this would now be delayed by a month to September 1999 due to three high priority acceptance issues over *"training, stability of the system (lockups and screen freezes) and quality of accounting data."* ICL did not agree with the 'high' categorisation of these incidents although they accepted the decision to defer acceptance until 24 September.

55. Paragraph IV confirms that the decision on national roll-out was also deferred. The Board were informed that training was going well but concerns existed around meeting the revised final acceptance date of 15 November 1999.

56. In the meantime, Post Office executives wanted to continue PILOT roll-out to a limited number of offices but the Board raised concerns over this due to the reliability of the software. These initial live trials were to 900 Post Offices and they were part way through that and encountering problems. Although they wanted to continue this rollout at no cost we suggested that they held off for those as well and not to rush it until the problems were sorted. The Executive Team said that they would consider this.

57. In the meantime, progress on training went well and was downgraded to a medium priority. However, system stability and accounting was still being

analysed and rectification was not expected before December. The final acceptance date of the revised contract was 15 November 1999 but there was uncertainty as to whether the plans that were currently in place would allow this deadline to be met. The minutes make it clear that the system would only be accepted if it achieved the necessary service standards.

***b. What did you understand of any technical issues?***

58. Please refer to my answer at question 8(a) above.

***c. What did you know of problems experienced by sub-postmasters?***

59. Please refer to my answer at question 8(a) above.

***d. Did you raise any concerns regarding your answers to (a), (b) and (c) and if so, with who?***

60. It is clear that the Board were telling ICL to hold off both the national rollout and live trials until problems were resolved, despite ICL wanting to carry on with the live trials. The Board was not pressuring roll out before it was ready but was doing quite the opposite and was being cautious and realistic about rolling out the project in a robust way

**BOARD MEETING OF 26 OCTOBER 1999**

***Question 9: Please review (POL00000354).***

***a. What did you understand regarding the robustness of Horizon at the time?***

61. The Chairman had two issues that he wanted the Board to address: performance (where they weren't making enough money); and the government's failure to address and respond to important issues that affected the management and organisation of the company. I do not think that the comments about delays and failures to respond to important issues by the Government relate to the Horizon project in particular.

62. The Chairman also raised several issues at this meeting about how relationships between the Post Office and Government were affecting the operation and management of the organisation. This was not directly attributed to Horizon.

63. The Board were also informed that following remedial work around several issues, the Horizon system had now been accepted with implementation proceeding at a rate of 200 offices per week. Roll-out would continue until 8

November 1999 at which point it would cease until January 2000 thereby allowing a period of review to be undertaken.

64. Page 119 (previously 100) gives the financial overview of Horizon, stating that Post Office's half year results would show a loss of £420m after tax, including the impact of the Horizon write-off. Paragraph v states:

*"There was some suggestion emanating from DTI that the Horizon write-off should be treated in the accounts in such a way as not to give rise to a Post Office loss. However, the Board unanimously agreed that the only correct treatment of the Horizon write-off was for it to pass in full through the Profit and Loss account."*

65. It is clear from this paragraph that it was put to the Board that it should use a way to account for the loss which made it less transparent. However, the Board refused to do so. To me, that is the decision of a Board that is operating properly and not giving in to pressure when needed to ensure transparency and proper accounting.

***b. What did you understand of any technical issues?***

66. Please refer to my answer at question 9(a) above.



**c. What did you know of problems experienced by sub-postmasters?**

67. Please refer to my answer at question 9(a) above.

**d. Did you raise any concerns regarding your answers to (a), (b) and (c) and if so, who with?**

68. Despite Post Office executives being asked to make the loss less transparent, the Board unanimously agreed that the only correct treatment of the Horizon write-offs was for it to pass through the profit and loss account. I am pretty sure that this would have been led by the Chair of the Audit Committee. This is a board operating properly, challenging things that they do not agree with and demonstrates what I have said above about having a robust board.

**BOARD MEETING OF 11 JANUARY 2000**

***Question 10: Please review (POL000000336). These are the Board Minutes of 11 January 2000.***

**a. What did you understand regarding the robustness of Horizon at that time?**

From the notes, Duncan Hine informed the Board that the technology and information systems within the Post Office at that time were costly to maintain

and that they needed a more integrated system. There was massive change going on and lots of legacy issues. I recall having heard a similar thing in many organisations at the time and the Post Office was not alone in trying to get to grips with this. I do not think from my recollection or from having read the meeting minutes that this issue was specifically linked to Horizon and I think that Mr Hine would have left the meeting before the discussion moved on to specifically discuss Horizon.

***b. What did you understand of any technical issues?***

69. A great deal of work had been undertaken to rectify difficulties in three areas in Horizon: system stability, accounting integrity; and the provision of support to offices. This included putting 300 managers into work with the Post Office Counters. However, it was not anticipated that these issues would prevent rollout, which was due to recommence on 24 January 2000.

***c. What did you know of problems experienced by sub-postmasters?***

70. Please see above my answer to question 10(b).

***d. Did you raise any concerns regarding your answers to (a), (b) or (c) and if so, who with?***

71. I think that the Board would have come away from this meeting thinking that good progress was being made and that there were no major issues on Horizon. Therefore, no concerns needed to be raised.

#### **BOARD MEETING OF 12 JUNE 2001**

***Question 11. Please review (POL00021476). These are Board Minutes of Consignia of 12 June 2001.***

***a. What did you understand regarding the robustness of Horizon at that time?***

72. I cannot see from the minutes that any major issues were raised in relation to Horizon. Paragraph H of page 22 states:

*"Horizon: the Board also expressed its congratulations and thanks to the team working on the Horizon programme, on the successful completion of the installation of over 40, 000 machines and training over 60, 000 people in Post Office Network."*

73. These words are indicative of a Board which has been briefed on the completion of a successful rollout of a project without any notable concerns. I cannot recall this meeting and therefore have no reason to think otherwise.

***b. What did you understand of any technical issues?***

74. No technical issues raised.

**c. *What did you know of problems experienced by sub-postmasters?***

75. There were no problems experienced by sub-postmasters raised.

**d. *Did you raise any concerns regarding your answers to (a), (b) and (c) and if so, who with?***

76. There were no concerns raised as the Board was not briefed that there were any issues with Horizon.

**GENERAL**

***Question 12: Are there other meetings that you recall that were significant in respect of the procurement, design, pilot, rollout and modifications to the Horizon IT system?***

77. From the Board minutes provided to me, I can see that Post Office executives met with Government officials on Horizon and the subject was discussed at several Trade and Industry Select Committee meetings.

78. In respect of procurement, design, pilot, roll out and modifications to the Horizon IT system, I do not recall any meetings which were significant.

***Question 13: Are there any steps that you recall to seek reassurances from ICL / Fujitsu?***

79. Based on the meeting minutes, the Board were informed that Post Office executives had arranged for Fujitsu to provide a written guarantee on future support given that ICL's own future was uncertain.

***Question 14: Were there any political pressures that you recall to agree the contract with ICL / Fujitsu?***

80. I do not recall any direct political pressure on the Board, other than as set out above at paragraph 35. The Board, and the non-executive Directors in particular, had very little dealing with the Government. Very occasionally they would attend meetings but it was the executives who did all the direct negotiations. For example, I noted above in relation to the minutes of 26 October 1999 where it says allegedly that the DTI or Treasury had come up with suggestions as to how to account for the write-off on Horizon and the Board responded by saying that whatever was done, it had to be transparent and appropriate. When the Government wanted to prevent bad news, it was the Board who stopped them, saying things must be done properly. This was a robust board not succumbing to political pressure.

81. If there was potential for political pressure, this came from the relationship between the Post Office executives and the Government who was the shareholder. They would have had direct meetings about a whole host of things although I was not present at these meetings and I was not aware of any specific political pressure to agree the contract with Fujitsu, other than paragraph 35.

82. In very general terms, I recall that the Post Office executives and the Government did not have a good relationship. The executives wanted more commercial freedom and in the minutes there is mention of commercial freedoms of the post office i.e. privatisation. They wanted a system which would work as well in a privatised organisation as it would in a public one. At this point the decision on privatisation had not been reached.

***Question 15: Were there any political pressures that you recall in respect of the timing of the roll-out?***

83. In relation to the timing of the roll out of Horizon, I am not aware of and certainly cannot remember any political pressures for the roll out to happen before the system was ready. At paragraph 53 above, I have cited a section in the board minutes of 14 September 1999 which make it clear that the Board were not putting any pressure for the project to be rolled out before it was ready and were telling the Post Office executives to hold off both the national and pilot roll out

until all problems were sorted. To me, this is evidence of a Board which is exercising proper oversight of a project.

84. However, as noted above, the relationship between the Post Office executives and Government was not good at the time and the Government had taken significant control of the project contract negotiations despite concerns raised by me and other non-executive directors. I believe that we would have raised this with the Government and the Minister to obtain assurances that matters would improve.

***Question 16: Did you consider there was sufficient knowledge of the difficulties with Horizon in the Board during the period 1999 to 2001?***

85. In hindsight, I do not think that the Board was fully aware of the local implementation issues with Horizon and I think the same applies for the senior Post Office executives who attended and briefed the Board.

86. With the benefit of hindsight it is apparent that there were problems and therefore it follows that the reports given to the Board by the Post Office Executive Team were not totally factually correct. However, I do not think that this was due to any intentional deceit but that the Executive Team's analysis appears not to have identified the issues on the ground. My thoughts on this point are based on my instinctive impression that they were people of integrity and honesty.

87. I cannot comment on whether Senior Executives were under pressure from the Government to call it a success and get it rolled out.

***Question 17: Did you consider there was sufficient expertise amongst the board in respect of the governance of an IT project of this sort?***

88. The Board comprised of non-executive Directors (as appointed by the Department of Trade and Industry), the Chairman and Post Office executives, including the Chief Executive. All of the executive Board Members had considerable Post Office experience and the non-executive Board Members had wide industry experience. This was a typical board structure for the governance of major projects.

89. I do not recall that any of the people on the board had technical knowledge of project management for IT projects but that was a skill that was delegated specifically to Duncan Hine and David Miller. Both Mr Hine and Mr Miller would have had a close understanding of what was going on with IT issues in Horizon, particularly Mr Miller. The Board was made up of strong corporate individuals with excellent experience who were robust and challenging in their approach. It is not the Board's job to interview all the people and assess whether they are competent but they rely on the Chief Executive to come up with the right people to lead on the technical aspects of the IT project and it is usual practice and



reasonable for them to assume that the Chief Executive has chosen the best person they could think of for the job.

***Question 18: Looking back, do you feel that the Board effectively scrutinised the procurement, PILOT and roll-out of Horizon?***

90. In hindsight I do not think that the Board was fully aware of all of the local issues with the project. Based on my reading of the minutes, the reports given to the Board by the IT specialists within the Executive Team certainly did not reflect that there were any serious issues remaining at the time of full roll-out. I cannot comment on whether the reports given to the Board were accurate in this respect, or whether the executive and technical teams themselves understood that there were residual issues. It is clear to me from the minutes that there was a difficult working relationship between the Post Office Executive Team and the Government which I do not think would have helped with addressing some of the more strategic issues on Horizon.

91. I think that the Board exercised appropriate oversight of the project from working with the Government on contract negotiations to oversight of the technical rollout. The Board flagged their concerns with the Government and the Executive Team whenever this was appropriate.

**Question 19: Are there any other matters that you consider will assist the Chair?**

92. The additional documents provided to me on 25 January 2025 included a set of Board Minutes dated 15 February 1999 (**POL00362935**). Having reviewed these minutes I can see that it was noted that both DSS and Counters were excluded from Treasury discussions with ICL on Horizon. This concern was raised by the then Executive Directors to Ian McCartney, Minister of State DTI, who was present at the meeting. I can also see that during this meeting I expressed a concern, also shared by the other Non-Executive Directors, that the control and direction of the Horizon programme no longer appeared to be held within the Post Office. I recall feeling that Post Office should be included in Government discussions on the use of Horizon and that the business should have ultimate control of the Horizon Project, not the Government in its capacity as shareholder.

93. There are no other matters that I consider will assist the Chair.

**Statement of Truth**

**I believe the content of this statement to be true.**

Signed: The signature consists of the letters 'GRO' in a bold, black, sans-serif font, enclosed within a dashed rectangular border.

**Dated:** 05 February 2025

**Witness Statement of Michael Kinski – Document Index**

<b>Document no.</b>	<b>URN</b>	<b>Document Description</b>	<b>Control Number</b>
1.	<b>RMG00000015</b>	Post Office Board Minutes – Minutes of meeting held on 10 November 1998	VIS00007423
2.	<b>POL00028611</b>	Letters exchanged after Board Meeting held on 23 May 1999	VIS00003875
3.	<b>RMG00000012</b>	Post Office Board Minutes – Minutes of meeting held on 8 December 1998	VIS00007420
4.	<b>POL00021469</b>	Post Office Board Minutes – Minutes of meeting held on 14 March 2000	POL00000002
5.	<b>POL00043599</b>	Post Office Board Minutes – Minutes of meeting held on 23 May 1999	POL-0040102
6.	<b>POL00095461</b>	Post Office Board Minutes – Minutes of	POL-0095044

		meeting held on 7 and 8 June 1999	
7.	<b>POL00000352</b>	Post Office Board Minutes – Minutes of meeting held on 20 July 1999	VIS00001326
8.	<b>POL00000353</b>	Post Office Board Minutes – Minutes of meeting held on 14 September 1999	VIS00001327
9.	<b>POL00000354</b>	Post Office Board Minutes – Minutes of meeting held on 26 October 1999	VIS00001328
10.	<b>POL000000336</b>	Post Office Board Minutes – Minutes of meeting held on 11 January 2000	VIS00001310
11.	<b>POL00021476</b>	Post Office Board Minutes – Minutes of meeting held on 12 June 2001	POL0000009
12.	<b>POL00362935</b>	Post Office Board Minutes – Minutes of meeting held on 15 February 1999	POL-0185261