

Witness Name: Anthony John Roberts

Statement No: WITN0339\_01

Exhibits: WITN0339\_01/1- WITN0339\_01/17

Dated : 7 September 2022

**POST OFFICE HORIZON IT INQUIRY**

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**FIRST WITNESS STATEMENT OF ANTHONY JOHN ROBERTS**

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I, ANTHONY JOHN ROBERTS, will say as follows:

1. I understand that the purpose of this witness statement is to set out matters of fact of which I have personal knowledge.
2. This witness statement was drafted on my behalf and in my own words by my solicitor during a process including the preparation of successive drafts after communications between me and those advisers in writing, by telephone and by video conference.
3. The facts within this witness statement are either within my own knowledge, or derive from the records provided by the Post Office Horizon IT Inquiry.

However, as it relates to events that occurred over twenty-three years ago there are several areas that I do not recall. Where that is the case, I have said so.

4. This statement responds to the request for a written witness statement pursuant to Rule 9 of the Inquiry Rules 2006 reference WITN0339R9-1/JA/20220608 dated 8 June 2022. My witness statement responds to the questions asked regarding the development and roll out of the Post Office Horizon computer project during the period 1997 to 2001.

### **Background**

5. The Inquiry has asked me to set out my professional background, what my role at Post Office Limited (POL) involved and my relationship to POL. I joined the Post Office in 1967 as a graduate entrant, via the Civil Service fast track scheme then called the Administrative Class of the Civil Service and spent the whole of my professional career up to my retirement in 2002 in that organisation. I held various senior positions, including as the Secretary to the Post Office and Director Counter Services, until I was appointed to The Post Office Board by the Government in 1985 as Managing Director Counter Services a position I held until 1993. My role as Managing Director was the usual one of running a UK wide business with directors of operations, finance, marketing, and four regional directors reporting to me. My experience of strategy development and general management were what had gained me that role. Negotiations with unions was a major part of the role as was a long review by the Monopoly and Mergers Commission of Post Office Counters (POCL) future. As MD much of my time was taken up with this review; negotiations

both with unions and clients such as DSS, along with developing POCL into a “business” as opposed to a more minor part of the Post Office corporation. Towards the end of my time in that role there was the first development of an approach to automating counters run by a director appointed from a civil service IT background. My own role remained, as someone without IT experience, in monitoring and deciding on issues such as resource provision as with any other issues within the business.

6. I became Managing Director Group Services from 1993-1995 when my role was assisting the Chief Executive in preparing for the privatisation of Royal Mail which was intended to be the Governments’ policy after a wide consultation. When the Government postponed this approach for political reasons and my predecessor as CEO left, I became Chief Executive of the Post Office Group, consisting of Royal Mail, Parcelforce and POCL in 1995, a position I held until 2002 when I retired. During my time as CEO each of the businesses mentioned above were run by a Managing Director who in turn reported via me to The Post Office Board. The Managing Directors (MDs) were appointed by The Post Office Board, not the Government and hence were not members of The Post Office Board, although they attended its meetings.
7. My main role across all the business was, with the Post Office Board, to ensure and agree appropriate strategies for each business, including in the case of Royal Mail and Parcelforce, their international businesses; aid, where appropriate, and monitor that these were being implemented and followed through by the MDs; be involved in dealing with Ministers, Members of Parliament, Select Committees and Civil Servants through the then Department

of Trade and Industry in discussions about these strategies, particularly those concerning the future of the Post Office and any of its businesses.

8. Having been a Managing Director reporting over time to two different CEOs I had a clear view of what relations I wanted with the Managing Directors who now reported to me. I wanted to give them space to run their businesses. Each MD organised their business in roughly the same way so, to give POCL as an example, the Managing Director Counter Services was responsible to me for the day to day running of that business with his senior colleagues who formed the Counters Executive Committee where many of the decisions about running Post Office Counters would be made. The most major were recommended, usually via me, to the Post Office Board. I did not see it as my role, nor did I have the time, to run that business (or the two others). Post Office Counters was the smallest of the three main Post Office businesses and my main dealing with it in the period 1995 -2001 apart from standard annual issues such as budget setting and approval of their Five-Year Plan, were in connection with the development of Horizon. Not in any technical sense because the whole of my background and experience related to general management, but in connection with Government negotiations.
9. The Inquiry has asked me to comment on my experience up to, and as at, 1999 in respect of major IT projects. As an MD in the late 1980's and as Group CEO I had some experience at the strategic level of agreeing and monitoring IT projects but my background was that of a general manager not someone with particular expertise in the IT field.

10. During my period as CEO, and at various times, I held roles outside The Post Office including Chair of the Government Training and Enterprise Council for South London; Chair of the CBI Training and Education committee; member of the Government New Deal Task Taskforce; President of the European Foundation for Quality Management and Governor of Henley Management College. None involved issues which required detailed IT experience and I believe I was appointed to all of them because of my general management experience.
  
11. Since retiring in 2002 I have had no business contact with POCL and Royal Mail apart from membership of the Royal Mail Stamp Design Committee from 2002 onwards, and occasional social contacts with those with whom I worked up until 2002.

**The period from 1995 to 1997**

12. The period 1995 and 1996 I find the most difficult to recall because it was the time of the selection and appointment of ICL, in which I was not directly involved, and some very small trials of the benefit card. The key issue was how slow the whole process had become and the original timescale of implementing much of Horizon after a couple of years was obviously not going to happen. This resulted in a re-plan towards the end of 1996 followed by much more activity in 1997 when I also became more involved.
  
13. By June of 1997 some 160 offices were involved in trials including bar coding of benefit order books. These trials were going well but it was becoming clear that there were delays in software development which would need more time

to complete. This was reported to the Post Office Board in June and following that I requested a full review of lessons to be learnt from the trials ((WITN0339-01/1 POL00028593 Memorandum John Roberts to Stuart Sweetman 16 June 1997).

14. The Inquiry has asked me to comment on my understanding of the delays and technical issues as well as the robustness of Horizon at the time of this report. I have also been asked to provide comment on my understanding of any technical issues, the feedback that was obtained and any actions that were taken to address these matters. The response to my request set out that there appeared to be a real will from staff in the trial offices to have the system in Post Offices and that the software was working satisfactorily in the trials but that many practical actions such as better knowledge of the physical layout of a sub post office; the quality of their electricity provision, interaction of terminals and the security screen at the counter, were needed to improve installation planning. Better *local* planning and communication were also required. All this meant that the programme would take longer. The response also confirmed that testing the software releases properly was more important than the speed of the project. The response recorded, for the first time that I can remember, that DSS might be considering termination of the project as a contingency measure. Above all the document focussed on the practical actions, examples of which are given above, that POCL needed to take to improve the installation of Horizon. It did not mention any problems of software development and said that three new software releases from ICL had been tested and accepted and bar coding of order books was now available in over 150 Post Offices. The

actions in the document which were intended to address these issues were then taken forward within the POCL Horizon team, but because of these early concerns all involved – POCL, BA and ICL – agreed that PA consultants should carry out an independent review. This concluded that the programme was achievable but that further costs and more delays were inevitable. The report also made the point that POCL and ICL should look on both the Benefits Agency and DSS (to whom the agency reported), as customers not as partners in the project. PA Consultants' view was that it was better to continue with Horizon than to terminate.

15. Towards the middle of the year, after further discussions between POCL and the DSS it was clear that DSS were concerned about delays and had begun to brief Ministers about their concerns. This was very disappointing as it appeared that while big issues still remained, with software delays the most recent being about Electronic Point of Sale Services (EPOSS) being central to this, ICL had reaffirmed their ability to deliver the programme and had increased technical resources (WITN0339-01/2 POL00031128 Counter Automation Steering Group 23 July 1997).
16. The Inquiry has asked me to comment on my understanding of the delays and technical issues as well as the robustness of Horizon at the time of the Steering Group meeting. I have also been asked to provide comment on my understanding of any technical issues, the feedback that was obtained and any actions that were taken to address these matters. Whilst I was not involved in the detail of what the software delays were, it was clear that Horizon was not yet robust as a project, with work continuing, not just on software, but on the

practical problems of implementation and communication. However, where trials had taken place there was enthusiasm for Horizon from the staff and subpostmasters based on market research carried out by the Horizon team. Actions I wanted followed after this meeting had been set out in the detailed memorandum sent to me a week before (WITN0339 01/1) with which I agreed.

### **A year of government discussions - 1998**

17. The Inquiry has asked me to comment on my understanding of the delays and technical issues as well as the robustness of Horizon at the time of the next Steering Group meeting (WITN0339-01/3 POL00031131 Counter Automation Steering Group 26 January 1998). I have also been asked to provide comment on my understanding of concerns of the DSS in relation to the viability and fitness for purpose of Horizon, any technical issues, the feedback that was obtained and any actions that were taken to address these matters. There were three key elements at the beginning of 1998 (WITN0339-01/3 POL00031131). ICL were concerned about their costs and were looking to charge more; DSS were concerned about rising costs and delays to the programme and we, The Post Office, were keen to continue with the trial. I had met both the Permanent Secretary of DSS and the CEO of ICL informally in January to make sure they both were committed to Horizon which they said they were although the ICL CEO made it clear that they had commercial issues to discuss. On the DSS side while their Permanent Secretary made it clear that there was concern that the programme was over running badly compared to its original plans DSS still wanted a viable programme delivered within the current revised timescale. She also said the Benefits Agency felt the Post Office had been historically inflexible



over negotiations on the existing (non- automation) contract for Pensions work. She did not comment more than that on the current fitness of the Horizon programme. This conversation did not match entirely the views of the Benefits Agency where reported informal conversations between their staff and POCL's indicated there was still a desire from some to move away from POCL and introduce Automated Credit Transfer (ACT) as the means for paying benefit recipients. This was no surprise as I recall this had been a long held position of some in the Agency.

18. I agreed with the Steering Group that the line we should take was to press on with key planning dates leading to a revised roll out date of January 1999 and in parallel deal with any commercial issues between POCL, and ICL or DSS. At this stage Horizon was not yet fully developed although the earlier trials had been successful. For different reasons - ICL commercial ones, and DSS concern about cost and delay - the situation was becoming difficult and POCL, on a contingency basis, rightly sought legal advice on their position if any participant should seek to withdraw from the project.
19. In the early months of 1998, it was becoming clearer that some in the DSS wanted Ministers to withdraw from the project. There had always been some officials in DSS who preferred to move straight to ACT and withdraw as much work as possible from POCL but in 1998 there were still many benefit recipients who did not have a bank account. POCL had also made it clear that if Benefit transactions were removed from Post Offices this would have a major effect on the size of the network with many Post Offices having to be closed. This argument was strongly supported by Ministers in the Department for Trade and

Industry (DTI), which was the sponsoring department of The Post Office Corporation, but inevitably led to differences of view between the DTI and DSS. These discussions were not helped by ICL increasing their charges for the work they were doing. It was these issues that led to a decision in Government to ask Sir Adrian Montague to conduct a study of the project on behalf of the Treasury. Progress on the project was slowed while all parties awaited the results of that study.

20. At my informal meeting with the Permanent Secretary of DSS earlier in the year to discuss the future of Horizon I had gained the impression that she had not yet concluded that DSS should withdraw. However, when I was asked to meet the Minister of State, Frank Field, at DSS in early summer it was clear at that meeting that he wanted to give ICL a thirteen week notice period of withdrawal from the project if ICL were not able to meet the terms of the contract by then. He also wanted The Post Office Board to agree to this. It was thought that he considered Horizon an obstacle to his view of how to pay social security benefits and wished to move directly to ACT.
21. The Inquiry has asked me to comment on my understanding of the delays and technical issues as well as the robustness of Horizon at the time of the Post Office Board meeting of 12 May 1998 (WITN0339-01/4 RMG00000027). I have also been asked to provide comment on my understanding of the position of the DSS in relation to the future of Horizon, any technical issues and why the Board decided that the Post Office should not join the DSS in issuing a 13 week notice of cure to ICL Pathway. The Board discussion of this request to move directly to ACT took into account the further project slippage – the precise

reasons for this I cannot recall - which had been reported to the meeting and meant a key milestone date of 5 October would be missed. Nevertheless, all of us on the Board felt that any project of this complexity was bound to have software problems which would mean delays. We were not content that such delays had occurred to the extent they had and we could not consider Horizon a robust project at this stage but we did not agree that setting a deadline of 13 weeks to meet the terms of the contract was the correct approach to solving the issues between ICL, DSS and ourselves which needed further discussion. The Board also felt that it should await the recommendations of the Sir Adrian Montague review and finally was concerned that if they followed the approach of the 13 week deadline and this led to cancellation of Horizon at the end of that period it would raise considerable questions over the future size of the Counters network.

22. Soon after the meeting described above the conclusions of the Treasury Review of Horizon by Sir Adrian became available. I have been asked by the Inquiry to comment on my understanding of the conclusions of the Treasury Panel in relation to the viability of the Horizon project and the options identified for the future of the Horizon project. I have also been asked to confirm why I did not consider the cancellation of the Benefits Payment Card to be viable. The Review's overall conclusion was the same as that of the PA Consultants Review in 1997 – that the Horizon project was technically viable though complex and was likely to suffer further delay and costs. Three main options for the future emerged from Ministers' consideration of the Report. The options were - continue Horizon with the Benefit Card; continue without the Benefit

Card; terminate the programme completely. In my, and the Board's, view to terminate or continue without the Benefit Card would pave the way for DSS to move to ACT, which many in DSS had always wanted, but would leave the Post Office losing around £250m of revenue. The need to compensate for this would inevitably impact on the future of many of our smaller sub-post offices as we sought to reduce costs to replace lost DSS revenue. This was the reason that we felt such a move was not a viable option for the Post Office. Later a further option of "controlled migration to ACT" by which I believe was meant a slower move to total ACT was suggested. In the light of all these suggestions I wrote to the DTI Minister of State, copied to the Minister for Welfare Reform (WITN0339-01/5 POL00028648 Letter of 9 July 1998) setting out the Post Office position and stressing how important the benefit card was to Horizon.

23. Ministers then asked that a way forward was found between the three parties, DSS, ICL and POCL. As a result the Treasury appointed Graham Corbett (later to become the Regulator for the Post Office Corporation) to facilitate discussions between ICL, DSS and POCL in order to agree commercial terms for continuing the project which would then be developed into new Heads of Agreement. Unfortunately, the discussions did not end in an agreed way forward.

24. I have been asked by the Inquiry to comment on my understanding of the position of the Government and ICL to be this time in relation to the future of the project. During this period the Government position was not clear to the Post Office. I assumed that DSS certainly would by now have preferred to move directly to ACT; DTI were concerned about the cost to the Post Office

network if such a change were made and the Treasury position was looking for the least cost solution which did not see a major financial disbenefit to ICL, the major British computer company, whose business case had reduced by £250m (WITN0339-01/6 RMG00000015 Board Minutes of 10 November 1998), a major concern for them. In order to try to produce a workable financial solution for ICL, who were still prepared to continue the project, POCL did try hard to develop a non-binding Heads of Agreement with ICL as the two main parties but this stayed on the table as further discussions in Government attempted to find a way forward. My recollection of that time is that all participants – Government, ICL and POCL – were trying hard to ensure that the project went ahead, not least because, in spite of the uncertainty these high-level discussions must have been creating for the teams, work was still happening on the technical side of the project. but it effectively remained in its early stages with many things yet to be solved. Even so a number of Post Offices were now paying benefits on a test basis so progress continued albeit slowly.

25. I have been asked to comment on my concerns at the time of the Board meeting on 10 November 1998 in relation to the quality and reliability of the Horizon system at this time and what action I took to address them. The biggest issue at this stage had nothing to do with the quality or reliability of the system – this was still being worked on – it was the need for a decision about the way forward which was now in the hands of Ministers. My recollection of this period is that I was very much involved in the Government discussions but not in what the teams might be doing as until we were clear that Horizon would go ahead there

was little point in pressing them on their progress. In any case that was more a question for the Managing director and project director.

26. The end of 1998 was a critical time for Horizon. I have been asked by the Inquiry to comment on my understanding of the position of the Government and ICL in relation to the future of the project at this time which I consider was probably the closest Government and the Post Office came to cancelling the project. The Secretary of State for Industry was seeking a way forward with ICL which requested ICL to set out how they intended to finance the programme and respond to his letter by 9 December (WITN00339-01/7 RMG00000012 Board Minutes 8 December 1998). ICL were concerned about their finances and I recall were very concerned about the tone of the Secretary of State's letter. They were still keen to complete the project but not at any price. ICL had also confirmed that an expected software release required more laboratory testing.

27. I have also been asked to comment on my understanding of the cause(s) of any delays, the results of software testing at this time, how this affected my assessment of the quality and reliability of Horizon and what action was taken to address those matters. I had considerable concern about the project at this time as software problems had continued and the financial position of ICL was not at all clear. As far as I can recall, I was not being briefed in detail about what the software problems were, mainly because I felt I could add nothing to their possible solution, but I was told that the latest software release required more laboratory testing which would mean a further two month delay. While all these discussions went on, the Horizon project team continued to work with ICL, in

order to improve the quality and reliability of Horizon which was not yet good enough even though a number of its more limited trials and tests had worked well. From the point of view of the Post Office Board there was little we could do at this point until we knew how ICL were going to respond to the Secretary of State who had requested that they reply by 9 December 1998 to a letter from him in which he sought their agreement to revised Heads of Agreement with POCL and the Benefits Agency. The ICL position with the Government appeared to the Post Office to have hardened with its parent company, Fujitsu, now involved and presumably concerned about the additional costs facing ICL.

28. During the whole of this period of delays and negotiations the Managing Director would have kept me informed in general terms about work the teams were doing on software development. I did not get involved in the detail of this nor did I offer advice on what might be done as I did not have the knowledge to do so. I would have pressed on timing and costs in normal circumstances but these were entirely dependent on the developments described above which continued into 1999 when I took a similar approach. While I am sure – but can't recall in any detail – that I would have continued to be kept in touch with software development in general terms, only when the project reached its final development stages later in 1999 were I and the Board discussing specifically the last remaining software issues that required solution before the system could be formally accepted. This is recorded later in this evidence. (WITN0339-01/8 POL00000353 Board minutes of 14 September 1999 )”

### **An agreed way forward 1999**

29. I have been asked by the Inquiry to comment on my understanding of what the Government's relationship with ICL and Fujitsu was like between January and May 1999 and what I understood to be the position of the Prime Minister in relation to the future of the Horizon project. I have also been asked to confirm my understanding of the options identified by the treasury and the position of the Post Office in regard to these options during this period, the circumstances in which the Post Offices signed the Heads of Agreement and the pressure by the Government in relation to the Heads of Agreement. The year began with the Post Office Corporation and ICL pressing Ministers for decisions on the future of Horizon. We did not know what ICL's relations were like with the Government but assumed some tough talking was going on about their future in the project as a result of their rising costs. We discovered that as Ministers had been unable to agree, the issue had been remitted to the Prime Minister (WITN0339-01/9 POL00028603 Minute from Stuart Sweetman). We had no knowledge of the PM's views but what emerged from Government was an option, we assumed from Number 10 via the Treasury, which would scrap the benefit card and pay benefits electronically through ACT into a simple credit only account using a branded smartcard. This proposal was to be worked up by the end of April 1999 and developed into some non-binding Heads of Agreement. We did not like the proposal as it did not include the benefit card and did not explain how the "unbanked " would receive benefits but felt there was no option but to try and make it work. It became clear as detailed discussions, working up these proposals, continued into April and as the deadline for a response approached, that neither Treasury, the DSS or the



Benefits Agency supported the current approach of retaining the benefit payment card. The options open to the Post Office and POCL were either POCL becoming a bank with a smart card or termination. April and May 1999 were the two key months in reaching a decision on whether the Horizon project should go ahead. POCL were in discussion with Fujitsu ICL who we believed were concerned about their finances in the light of the Government's proposal. POCL were also in discussions with the Treasury and set out the commercial position they intended to put to the Post Office Board for Treasury response (WITN0339-01/10 POL00028574 Letter David Miller – Treasury Permanent Secretary). The letter also made clear that I was happy to meet with the Permanent Secretaries of the Treasury and DSS to see if we could progress things. I do not recall that meeting taking place.

30. This was a period of considerable negotiation between the various parties with Fujitsu ICL in particular taking a hard line on being prepared to wind up their involvement in Horizon if they were not able to agree an approach with Government. We believed they were under pressure from their auditors to make large provisions in their accounts. Fujitsu wrote to the Prime Minister on 7 April and insisted that new legally binding Heads of Agreement be signed in order for them to continue. This approach drove the Government timetable for decisions.
31. I have been asked by the Inquiry to comment on my understanding of the technical issues and robustness of Horizon at this time. For me, the issues at that moment, and throughout the process which ended with acceptance of new Heads of Agreement, were not the robustness of Horizon or technical problems,

of which some still remained, but whether the Post Office could agree with the Ministerial proposal. The negotiations were not at any time affected by views on either side, of the technology, they were solely about the overall future of the project, its cost and the Government proposal on the table. The prospect of major reductions in the Post Office network if Horizon was terminated were foremost in my mind.

32. In May, all the issues came to a head (WITN0339-01/11 POL00028618 Horizon Board Paper). ICL had stated that they did not believe the original proposal of a Benefit Card would now work as DSS would act against its effective operation. The Chairman of the Post Office Board had written to the Secretary of State for Industry setting out how a new service including smart cards and banking might work and how it needed to be paid for. While I and the Board still preferred the original route of the Benefit Card it was becoming very clear that after the suggestions from the Treasury ICL and DSS (for different reasons) would not go down that path. We were also clear that if a Post Office network was to remain then it had to be automated to serve customers, especially those without bank accounts, and in so doing avoid a major reduction in the number of Post Offices both main and Sub post offices. It was also important to ensure that The Post Office was not accused of withdrawing from the original Agreements with ICL, which could lead to litigation, as opposed to working with them to develop an agreed alternative. (WITN0339-01/12 POL00038847 Letter from Slaughter and May).

33. After an exchange of letters between the Chairman of the Post Office Board and the Secretary of State for Industry, (WITN0339-01/13 POL00028611

Correspondence between the Post Office Chair and Secretary of State) the Board met on 23 May to review the proposal for Horizon's future from the Secretary of State which would effectively create POCL as a bank into which benefit was to be paid by Government for withdrawal by those eligible via a card. This proposal was to be worked up in detail over the following three months. While the Board still felt that the proposal was not the best use of shareholder's funds, the Government was in fact the shareholder and as such had the right to take that decision – and the Secretary of State did have the power to direct the Post Office to follow his wishes, although no suggestion of this had been made. It was clear to all of us on the Board that this proposal was the only one on the table; was what the Government wanted and were prepared to help finance. Without it the automation of Post Office counters was unlikely to go ahead with major impact on its business and future of many who worked in it. The Board thus unanimously agreed to the Government's proposal which allowed POCL to draw down from £480m funds which would otherwise have gone to the Government from Post Office corporation profits. ACT would not be implemented before 2003 and if the Post Office felt in the future it had to cancel Horizon because of the performance of ICL then Government would allow the £150m cancellation fee to come from the same source as the £480m. This was agreed by the Government. In the light of this and in particular because the alternative option to terminate would have seriously worsened the commercial position of POCL and slowed considerably its opportunity to offer a banking solution in the future, the Board agreed the Heads of Agreement and that POCL should continue to work with ICL to deliver an automated solution.

34. I have been asked by the Inquiry to comment on to what extent the technical issues with Horizon influenced public sector negotiations over the future of the project and whether the financial implications of cancelling the project impacted the focus upon technical integrity and robustness of Horizon during the negotiations. I do not know if these negotiations themselves which were kept confidential, affected the work on technical issues relating to Horizon but during this time the teams involved did keep working together although the long period of discussions about the future of Horizon, finishing with the agreement to a new banking approach to benefits payment, had inevitably slowed the project's development. The fact that it had become clear that DSS and then wider Government did not want the Benefit Card had a major impact on technical work, as did the inevitable discussions about finance for any alternatives. The fact that these discussions and eventual decisions were made at the highest levels in the Government and the Post Office did at least allow the relationships between the Post Office teams and ICL (which had remained good) to enable some technical work to continue. Keeping separate strategic decisions about Horizon's future and technical decisions about how it might work, had been essential. As far as staff, subpostmasters and the National Federation of Subpostmasters and Communications Workers Union involved in the trials were concerned, there was not a single complaint that I was aware of about delays or difficulty with using the new system during this period of delay and negotiation.
35. At its meeting on 20 July 1999 (WITN0339-01/14 POL00000352 Board Minutes of 20 July 1999) the Board had to decide if it wished to sign the new Heads of

Agreement. The financial arrangements had been settled by the Secretary of State's letter (WITN0339-01/13) and Fujitsu had provided a written guarantee to POCL of its support for ICL. The Board was also satisfied that ICL could develop Horizon over time and was given the example of similar work it had done for the Irish Post Office.

36. I have been asked by the Inquiry to comment on my understanding of any technical issues and the robustness of Horizon at this time. I have also been asked to comment on my knowledge of any problems experienced by subpostmasters, any concerns I raised and why the decision to sign the contract with ICL was remitted to the Chairman and Chief Executive. The Board were assured by the Horizon Project Director in the meeting that the system was robust and fit for service. The only issue reported was that some subpostmasters were having trouble balancing their accounts which was seen at the time as a training issue, not a system issue. This was to be remedied by increasing staffing to help subpostmasters who had any difficulty and a new training package. The Board felt these were sensible steps to take, as was the proposal that any incidents arising from using the software and equipment would be grouped into high, medium and low and that one high incident or 20 medium incidents would result in the system not being formally accepted. There was also to be a pause in roll out of the system for 4-6 weeks so that experience so far could be reviewed. Nevertheless, there were concerns that issues were still arising and the time before the proposed date (a month away) for signing the revised contract with ICL was short. It was agreed by the Board, given the importance of the contract, that the Chairman and I, unusually, review

its main terms with Managing Director POCL, and agree with him whether the project was in a fit state for the contract with ICL to be signed by POCL.

37. I have been asked to provide details of this meeting, including my recollections of the atmosphere at that meeting, the respective positions and my opinion as to the sufficiency of the discussions and competencies of the persons involved. While I cannot recall much more detail about this meeting (it occurred 23 years ago) it was no different to any other Board Meeting in which Horizon was discussed. The atmosphere would have been workmanlike, practical and down to earth (as it was at all Post Office Corporation Board Meetings) with the Managing Director Counters agreeing that the Chairman and I would review the main terms of the contract with him, not as a criticism, or as the Board taking some kind of position against POCL but as extra support for what would be a crucial decision on the project. This review was not meant to be a line by line, word by word, examination of a contract – that was for our lawyers and contract experts – it was meant to be for the two senior members of the Board to consider, with Managing Director, whether the broad contract terms were acceptable to the Post Office in the light of the Secretary of State's decisions on finance and the state of the project as reported to us by the Managing Director and the Project Director. As such the decision to work in this way received the appropriate amount of Board attention, discussion and then agreement, by all Board Members on a difficult and important subject.

38. After this meeting the team were reporting that there had been good progress on resolving outstanding issues and they expected to accept the system by 18 August 1999. The Chairman and I agreed on the basis of our briefing that

POCL should sign the contract with a final acceptance date for the system being 15 November 1999 to allow for any slippage. (WITN0339-1/8 ). However, formal acceptance was not met on 18 August. While the overall project was more robust with the resolution of earlier issues reported to the Board in July (WITN0339-1/14) there was still more work needed to deal with three issues – improving training for subpostmasters; lock outs and screen freezes and the quality of some accounting data. ICL did not accept that these were major issues but agreed to set a new acceptance date of 24 September (WITN0339-1/8). I cannot remember what the details were of the remaining technical problems, whilst on the training problems we were expecting that the use of time from 300 local managers in helping subpostmasters get used to the new system would be beneficial. In the meantime, the Board requested that the intention to continue to roll out the trial Offices up to 900 be revisited while work went on to remedy the software issues. Both the MD POCL and Project Director Horizon had been present during those discussions and knew what needed to be done.

39. In these final months before formal acceptance of Horizon from ICL, in terms of governance, the Board agreed the terms that POCL were using as the basis for acceptance. When these acceptance terms were not met by the agreed deadline, the Board agreed that POCL were correct to refuse to accept Horizon.
40. Joint teams from ICL and POCL worked on the issues during August and September and the Board were told that they had been remedied. I have a recollection that the meeting of POCL and ICL to see if the system could be accepted was facilitated by the Managing Partner of PA Consultants (who I

don't believe I had met) and who was of the clear opinion that the system could be accepted. I cannot now recall who told me this or how I received the information but on such an important decision it has stuck in my memory, hopefully correctly. The Board had never put pressure on POCL to accept the system merely to meet an arbitrary deadline but were obviously pleased that the work of both ICL, POCL and an independent senior person from a well-respected firm of consultants with a reputation in IT and technical matters had concluded that POCL could accept the system. The system was then accepted on 24 September and POCL. The meeting of both POCL and ICL to agree that the system could be accepted was facilitated by the Managing Partner of PA Consultants who was of the clear opinion that POCL could accept the system. In the light of this POCL accepted the system on 24 September and authorised a national roll out of the system with a limit in 1999 of 1800 offices. The roll out would pause in November and resume in January 2000 at a rate of 300 offices per week. The report to the Board in October, a month after acceptance of the system did not mention any technical problems. Implementation of 200 offices a week, as planned would continue until 8 November when a review would be made of progress to date (WITN0339-1/15 POL00000354 Board minutes of 26 October 1999). The pause was a sensible approach which enabled a review of the system and time to fix any faults which might emerge – as was usually the case with any new IT system.

41. I have been asked to comment on the robustness of Horizon at this time, my understanding of any technical issues, my knowledge of problems experienced by subpostmasters and any concerns raised in regard to any of the above. The



Board were reassured at that meeting that the system was robust otherwise it would not have been accepted. No complaints about the system from staff were reported to me and it seemed to be running effectively. I did not raise any concerns while I waited for evidence from the agreed roll out.

42. I have also been asked to comment on the robustness of Horizon at the time of the board meeting on 11 January 2002, my understanding of any technical issues, my knowledge of problems experienced by subpostmasters and any concerns raised in regard to any of the above .At the end of the period of pause, there were still issues of system stability, accounting integrity and the need for training support (WITN0339-1/16 POL00000336 Post Office Board minutes of 11 January 2000) but the team expected that these would not hold up the restart of roll out on 24 January 2000. Accounting integrity was seen as an issue of training for subpostmasters and one of the needs for increasing familiarity rather than a technical issue. By this time some thousands of offices had been equipped with Horizon and no reports of major problems or staff issues were made to me or the Board or complaints from the National Federation of Subpostmasters or Communications Workers Union. I felt it reasonable to assume that the system so far was working satisfactorily given that 20 years ago (and probably even today) any project of this scale would expect to meet technical problems and system changes as it was used in day to day operation.

43. I have also been asked to comment on the robustness of Horizon of the board meeting on Consignia of 12 June 2001, my understanding of any technical issues, my knowledge of problems experienced by subpostmasters and any

concerns raised in regard to any of the above. In the period from then up to the summer of 2001 as roll out continued I was not aware of any major problems with the system or issues which were raised at Board level. Nothing was said to me by the Unions about issues facing their members nor, as far as I can recall nor did I receive any letters directly from members of staff complaining about issues with Horizon and in the minutes of its meeting on 12 June 2001 (WITN0339-1/17 POL00021476 Minutes of Consignia 12 June 2001) the Board noted that 40,000 terminals had been installed and 60,000 staff trained on Horizon and congratulated the team. We also wanted to move on to discussions at a future meeting of the marketing potential of Horizon both as a bank and a supplier to government who were starting to develop a Government Gateway project for access to all Government services. I do not believe we would have contemplated those ideas if there had been any concern about the way the system was operating. Certainly there were no reports coming to me or the Board of any major problems.

### **General Comments**

44. I have been asked to provide any general comments in relation to the following areas:

44.1 Any other meetings that I recall were significant in respect of the procurement, design, pilot, roll out and modifications to the Horizon IT system

44.2 Any steps to seek reassurance from ICL/Fujitsu in regard to the Horizon system that I can recall

- 44.3 Any political pressures that I can recall in respect of the timing of the roll out
- 44.4 Whether I consider there was sufficient knowledge amongst the board in respect of the governance of an IT project of this sort
- 44.5 Whether looking back I feel the Board effectively scrutinised the procurement, pilot and roll out of Horizon
- 44.6 Any other matters that I consider will assist the Chair
45. I have set out in the paragraphs above the role of the Post Office Board and myself in dealing with Horizon. I have commented on all the key meetings I can remember and mentioned the occasions when I saw the CEO of ICL. Having by 2001 been the CEO for six years and before that a managing director, I felt strongly that my role and that of the Board was to set the strategy for counter automation, monitor its progress, ensure that the business under its managing director, in this case POCL, had support from the Board whenever required but not to run the project. Most Board meetings during the period 1999 and 2001 discussed progress with Horizon, any difficulties being faced and the business's plans to deal with them. It was felt that this was the correct level of governance given that, in the same way as many companies 25 years ago, the Post Office and its Board were in the early stages of grappling with IT and were more dependent than in most other areas of management on its professional IT staff, consultancy help where appropriate and its contracted suppliers such as ICL.

46. I have also set out the many contacts with Government and the pressures leading to the decision to sign the Heads of Agreement set out by the Secretary of State for Industry. There is no doubt in my mind that the implementation of Horizon was made more complex by the role of Government as both a customer (through DSS and the Benefits Agency) and shareholder of the Post Office Corporation. Some parts of Government would have preferred to move directly to ACT for Benefit Payments while others, with some responsibility for The Post Office Corporation, understood the effect such a change could have on the Post Office network and sub-post offices in particular. It was also clear by May 1999 that while the option favoured by Government was very costly, it was prepared to agree to the Post Office Corporation financing this in a way which minimised the overall effect on POCL. While there was no overt political pressure to agree the contract with ICL the alternative of termination was felt by all of us on the Board as a much worse strategic option for POCL, particularly when views expressed by Governments about future privatisation being likely to exclude POCL were taken into account. But after this and the financing issues were settled, the Post Office was left clearly in charge of the speed of roll out with no political interference.
47. Within The Post Office Corporation of around £8billion turnover the Board's role in governing any major project would fluctuate depending on the issues that arose. It was also important that that governance did not become so substantial that the responsibility for the project was taken away from those in the business whose role it was to deliver Horizon. During the period from 1997 to June 2001

I believe that, on balance, the oversight of Horizon from those of us on the Board was sensible and appropriate.

48. I have no papers other than those provided to me by the Inquiry and have tried to set out as fully as I can my recollections of a period now some 20 plus years ago.

**Statement of Truth**

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

Signed: ----- **GRO**

Dated: ----- *7 September 2022*

**Index to First Witness statement of Anthony John Roberts**

<b>No.</b>	<b>Exhibit Number</b>	<b>Document Description</b>	<b>Control Number</b>	<b>URN</b>
1	WITN0339_01/1	Memorandum John Roberts to Stuart Sweetman 16 June 1997	POL-0025075	POL00028593
2	WITN0339_01/2	Counter Automation Steering Group 23 July 1997	POL-0028721	POL00031128
3	WITN0339_01/3	Counter Automation Steering Group minutes of 26 January 1998	POL-0028724	POL00031131
4	WITN0339_01/4	Post Office Board minutes 12 May 1998	VIS00007435	RMG00000027
5	WITN0339_01/5	Letters from John Roberts Chief Executive of the Post Office to Ian McCartney MP Minister of State DTI and Frank Field MP Minister for Welfare Reform re. views	POL-0025130	POL00028648
6	WITN0339_01/6	Post Office Board minutes of 10 November 1998	VIS00007423	RMG00000015
7	WITN0339_01/7	Post Office Board Minutes of 8 December 1998	VIS00007420	RMG00000012
8	WITN0339_01/8	Post Office Board Minutes of 14 September 1999	VIS00001327	POL00000353
9	WITN0339_01/9	E-Mail from Stuart Sweetman to Neville Bain, John Roberts re Horizon Update on new agreement 23 Feb 1999	POL-0025085	POL00028603
10	WITN0339_01/10	Letter from Stuart Sweetman to	POL-0025056	POL00028574

<u>No.</u>	<u>Exhibit Number</u>	<u>Document Description</u>	<u>Control Number</u>	<u>URN</u>
		Steve Robson, HM Treasury 9 April 1999		
11	WITN0339_01/11	Letter from Stuart Sweetman to John Roberts attaching Post Office Board Paper: The Future for Horizon (POB(99)o/s, draft), 5 May 1999	POL-0025100	POL00028618
12	WITN0339_01/12	Letter from Jeff Triggs (Slaughter & May) to David Sibbick, copied to others, dated 13/05/1999 re possibility of litigation in relation to Horizon.	POL-0027633	POL00038847
13	WITN0339_01/13	Letter from John Roberts to Mike Kinski, John Lloyd, Miles Templeman and Rosemary Thorne re letters exchanged between PO Board and Secretary of State for DTI on Heads of Agreement with ICL, 24 May 1999	POL-0025093	POL00028611
14	WITN0339_01/14	Post Office Board Minutes of 20 July 1999	VIS00001326	POL00000352
15	WITN0339_01/15	Post Office Board Minutes of 26 October 1999	VIS00001328	POL00000354
16	WITN0339_01/16	Post Office Board Minutes of 11 January 2000	VIS00001310	POL00000336
17	WITN0339_01/17	Consignia PLC Board Minutes of 12 June 2001	POL00000009	POL00021476