

Witness Name ; John H Bennett

Statement No.: WITN0423_01

Statement No; 1

Dated; 2nd September 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF JOHN H BENNETT

1. I have spent my full professional career in the IT Industry . I started as a programmer in 1966 with English Electric Computers and soon moved into sales and then sales management with ICL. Following time as a Regional Customer Services Manager I became Director of an ICL Business Division before becoming Sales and Marketing Director for ICL (UK) . I became ICL Director for the Benefits Agency/Post Office Counters business from 1994 to the beginning of 2000.. After two years as Group Executive Director for Fujitsu Services I left the company in 2002.

2. I was appointed to lead the sales team bidding for the BA/POCL PFI contract in 1994. Some two years later the contract was awarded to ICL. ICL Pathway was established and I was asked to continue on the project as Managing Director . The PFI contract was substantially modified after three years and a new service based contract was agreed with the Post Office .

The Benefits Agency ceased to be involved from that time. I continued with ICL Pathway until the beginning of 2000 at which time the service contract had achieved Acceptance by the Post Office and the national roll out of computer systems to the Post Office network was underway.

3. I was the ICL sales manager in charge of the team submitting the ICL bid for the BA/POCL contract. When this original contract was changed a small team from ICL negotiated the new service contract with the Post Office . I was not a member of this team.

4. The main aim of the Horizon Project was to bring computerisation to all the Post Offices in the UK to replace the paper driven systems . All transactions would be processed through the new system giving both a more accurate and better service and providing a platform to win new business for the Post Office Network . For the Benefit Agency there was a need to move to a more secure, cost effective system with lower levels of fraud.

5. ICL Pathway was dedicated to the contract and all staff were 100% assigned to this task. The goal was the successful delivery of the system to the satisfaction of all parties.

6. The procurement started in 1994 and led to a contract with ICL in 1996. The subsequent service contract with the Post Office was agreed in 1999.

7. There was a major challenge in getting full clarity of the specification of requirements. Due to time pressure within HMG the original PFI contract was signed by all parties with many items still to be agreed at a future date.

Another key challenge for ICL Pathway was the management of multiple sub contractors. This included a number of small companies with innovative products which were critical to the ICL Pathway solution. These companies required careful management by senior managers in ICL Pathway.

8. Using PFI methodology to define and deliver a complex bespoke IT system had never been done before (or since) . I was uncertain how this would work. The subsequent re-negotiated contract with the Post Office was a more established IT service based contract . The fact that this was between two parties and not three made for a more manageable arrangement. At this stage I considered the Horizon Project a complex but achievable project.

9. All the risks to ICL Pathway were well recorded in a comprehensive risk register which was regularly reviewed and updated. The Post Office and the Benefits Agency were involved in this process.

10. The main purpose of the Initial Go Live (IGL) was to pilot the new systems in a selected number of Post Offices to ensure that all aspects of implementation were satisfactory. This was the first opportunity to use the new system in a real environment. Prior to IGL all testing was conducted in-house in a purpose built test centre.

11. Although IGL only involved a small number of Post Offices there were many lessons learnt by all parties and these were carried forward to future releases for national roll-out.

12. There were regular software releases after IGL which were tightly controlled and required Post Office agreement to implement.

13. The comprehensive change control process adopted by ICL Pathway recorded and tracked all changes applied to the system and required both ICL and Post Office sign-off.

14. A number of internal audits were carried out by ICL on the ICL Pathway developments and the recommendations were acted upon. The most significant independent external audit of the full Horizon Project (including ICL Pathway, BA and POCL) was undertaken by PA Consulting Group in October 1997. The HM Treasury Review took place in 1998 which led to Ministers determining the way forward for the Horizon Project.

15. A major challenge in the preparation for the national roll-out was dealing with the large scale of the operation. There were 1000's of staff to train most of whom were not Post Office employees . There were in excess of 17,000 Post Offices most of which were in premises not owned by the Post Office. The physical condition of these was very variable with very limited information available . Each office had to be surveyed to determine what

works were needed prior to roll-out. This would lead to physical, electrical and network programmes of work. All of this had to be carried out with the support of the Post Office in such a way to minimise the disruption to the ongoing business.

16. All known errors in the system (hardware, software, documentation, process, procedures, training, etc) were logged, monitored and corrective actions agreed. Each subsequent release would implement fixes as agreed with the Post Office.

17. Some of the delays to the Horizon Project were caused by the incomplete or missing specifications in the original PFI contract. There was a substantial delay in HMG awarding the contract due to its scope and complexity. HMG was under pressure to stop further procurement delays and this led to the contract being placed with numerous areas left for future agreement. Many of these were of course difficult to resolve and required considerable effort and time to address by all parties.

18. Some of the delays to the Horizon Project were caused by issues and technical problems within ICL Pathway. Extra resources were employed within ICL Pathway to bring these delays under control.

19. Some of the delays to the Horizon Project were due to the difficulties and complexities with the key systems being developed by POCL and the BA (particularly CAPS). All these systems had to work together with those being

developed by ICL Pathway in order to deliver the end to end requirements of the Horizon Project.

20 All these delays were of serious concern to everyone. and confidence in the timely delivery of the Horizon Project was badly effected.

21 These delays impacted the business case of all parties. For ICL Pathway there was a substantial cost base with large numbers of staff, extensive accommodation and equipment investments. The structure of the original contract allowed for no revenue returns until the system was fully accepted, installed and delivering a flow of transactions through the Post Office network.

22.. ICL continued to provide all the funds and resources to ICL Pathway to allow it to fulfil its contracted obligations and to make a success of the project. All suggestions that ICL Pathway was in breach of contract were firmly rejected.

23. ICL Pathway was not involved in the decision making process which led to DSS withdrawing from the project. DSS staff had made it clear for quite some time that they viewed the payment of benefits directly to claimants through the UK banking system to be a viable and cost effective alternative to the contracted arrangements with the Post Office.

24. The DSS withdrawal removed considerable complexity from the

project. It allowed ICL Pathway to focus its attention on to the requirements of just one client, the Post Office. This led the way to a restructured contract . All this meant that the project became more viable both from a technical and management point of view

25. HMG conducted a series of wide ranging reviews of all the issues leading to the cancellation of the Benefit Payment Card system. This included input from ICL. These reports should be available to the Inquiry.

26 A small team from ICL and ICL Pathway was established to negotiate the restructured contract with the Post Office. I was not a member of this team.

27. The roll-out of Horizon was a huge undertaking. This required extensive and thorough planning and a large number of resources from both ICL Pathway and the Post Office. Each of the 17,000 Post Offices had its own plan covering site preparation, training, equipment and network deliveries, go-live support teams, post installation support and helpdesks dealing with equipment, software, applications, documentation and procedures.

28 At all times the Post Office was the ultimate authority on all aspects of Acceptance and roll-out. All ICL Pathway activities needed to have explicit agreement from the Post Office.

29. The process of resolving incidents , whether hardware, software,

documentation, process, training, etc, was as expected very busy during the early days of roll-out. This lead to adjustments of the timescales of the national roll-out.

30. Throughout the roll-out the Post Office had full visibility of ICL Pathway's key activities including all the incident recording and resolution processes.

31. Installing new computer system in over 17,000 Post Offices was a highly complex and resource demanding operation for both ICL Pathway and the Post Office. Both parties worked closely together to achieve this and there was a collective view that the key objectives were being achieved. As in the early days of any major IT project there were a range of incidents and problems requiring constant and professional attention by all parties.

32. There was a finite limit to the resources and expertise available for the delivery of the Horizon Project . At no time was it considered that these were not up to the challenges faced.

33. At all times during the project ICL Pathway reported directly to the CEO of ICL (Keith Todd and then Richard Christou) who personally attended and reviewed progress and provided a corporate oversight of the work undertaken by ICL Pathway..

34 Fujitsu HQ in Tokyo took a close interest in the Horizon Project and

placed a highly qualified and dedicated team to work alongside ICL Pathway. This team attended and contributed to all internal project and management meetings. They reported regularly to their Fujitsu management in Tokyo.

35. The Post Office were determined to succeed with the Horizon Project since it was not practical to continue to run such a wide and diverse estate of Post Offices on what was basically a paper driven system. There had been earlier attempts at delivering IT solutions but none of these had progressed beyond limited pilots.

36. Throughout the period from procurement to roll-out ICL Pathway had operated on an open and transparent management approach. All project processes and outcomes were rigorously recorded and shared as appropriate with all levels of management both within ICL Pathway itself and more widely in ICL, Fujitsu and the Post Office.

37. The Post Office Horizon Project was a challenging and exciting business venture for ICL. It was an opportunity to exploit and develop its skill base and to grow its reputation in the field of large and demanding IT services.

Statement of Truth

I believe the content of this statement to be true

Signed:

GRO

Dated:

2.9.22