

Witness Name: John Peberdy MBE  
Statement No.: WITN0380\_01  
Exhibits: WITN0380\_01/1  
Dated: 14<sup>th</sup> October 2022

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF JOHN PEBERDY

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I, JOHN PEBERDY MBE, will say as follows.

#### **BACKGROUND**

1. I retired from being a Sub postmaster (SPMR) in 2008 and am now 80 years of age. Therefore, my memory of the events surrounding all matters relating to Horizon are not as clear as they might be considering it started over 25 years ago. I was at one time a committee member and subsequently Chairman of the National Federation of Sub postmasters' (NFSP) Negotiating Committee (NC) and also National President of the NFSP in 1998.
2. In that role I chaired a committee which negotiated with Post Office Counters Ltd (POCL) concerning all aspects of SPMRs' pay and conditions of their contractual relationship with POCL. The role also necessitated from time-to-time meetings with Government ministers and departments.

3. As Chairman I was involved in many discussions with both POCL and Government officials over operation and payment to SPMRS for the Horizon system prior to it being rolled out to the network of Sub Post Offices.

### PROCUREMENT

4. The NFSP were obviously very keen to have an automated payment system to enable the Benefits Agency (BA) Pension and Allowances to be paid over Post Office Counters as the BA were looking for other methods of payment which did not necessarily involve Post Offices. Also, it was urgent as a company called Pay Point was threatening POCL's bill payment business as they had an automated platform which was being rolled to non-Post Office retail outlets.
5. The NFSP did not have any direct involvement in the procurement of Horizon.
6. I believe that ICL was selected to run the Horizon project because of its previous experience of large IT systems and had been involved with the National Lottery and also ran a similar project in Southern Ireland.

### PILOT

7. During the pilot there were 10 Sub Post Offices who trialled the original Horizon system as far as I can remember POCL did not share any results with the NFSP.
8. The only feedback the NFSP were able to obtain during the pilot was from those SPMRs in the trial who were NFSP members (I seem to recollect that they were not all members). This feedback came via their local NFSP branch or Executive Officers.

9. Many of the trial SPMR's said that the system was slow and frequently needed to be rebooted and the balancing system at the end of week was very complicated and slow. There were also printer problems.

#### **DEVELOPMENT & DELAY**

10. There was an enforced delay to the rollout of the system in 1997 which seemed to be because of a compatibility issue between the BA and Pathway computer systems. Also, at this time the NFSP were very concerned about the pay SPMR's would receive for the transactions. Whether POCL could afford to pay SPMRs sufficiently for transactions done over the platform. Payment was a constant discussion between the NC and POCL, as it also seemed that the BA did not want to pay to use the whole network.
11. During the delay to the rollout the NFSP were constantly gaining feedback via its Branch, Regions, and National officers all of which we needed to help payment negotiations.
12. This feedback initially was about training issues, counter space and security.
13. At the same time POCL had an intention to reduce the size of the network of Sub Post Offices and the NFSP were suspicious that this was delaying POCL's negotiations with the BA.
14. There was a delay in 1998 which was partially caused by the BA still not sure whether they wanted to pull out of the programme. The BA saw PO network as an expensive alternative to payment of benefits into bank accounts.
15. Also, ICL were having concerns that the Pathway system was so expensive that it would not recover its cost and make any profit during the contract period of I believe 8 years.

16. Horizons technical difficulties at this time as far as SPMRs were concerned seemed mainly to relate to being very slow and the system going down and having to be rebooted which took a considerable amount of time. Also, the balancing system at the end of the week was very complicated.
17. I was not aware of any concerns about Horizons ability to handle cash transactions but in the NC minutes NFSP00000480 a concern was raised about the ability of Horizon to handle the weekly cash account which was the weekly balancing system I have referred to previously in this statement  
WITN0380 01/1, NFSP00000480
18. During the whole of the trial period the NFSP used its root, branch, regions and national structure to obtain any feedback. Most of the concerns raised were about network crashing, the slow speed of handling transactions, leading to queues and customer dissatisfaction. The time taken to reboot the system and concerns over counter space and payment issues.

#### **CANCELLATION OF THE BENEFITS PAYMENT CARD**

19. During early 1999 there were major cost implications facing the Horizon project. These were not helped by the fact that the BA/ DSS and to some part the Treasury wanted to pull out of the Horizon scheme because they wanted to pursue the payment of benefits by Automated Credit Transfer (ACT) into bank accounts, which they saw as a much cheaper alternative.
20. However, without counter automation, in the form of Horizon, the Post Office Counter Network was almost certain to have to shrink to an unacceptable level in the sight of the general public. So, the Government realised that the political fallout which would result from the large-scale closure of Post Office branches due to lack of viability would be damaging to its image. This resulted

- in the DTI and the Prime Minister's office wanting to make sure the payment of benefits through Post Offices remained an option.
21. At this time the NFSPs position was one of an absolute need for Horizon to keep benefits payments being able to be made over Post Office Counters and provide the platform for full automation of the Post Office Network.
  22. The biggest and only factor which in any way influenced the NFSPs position in relation to adoption of Horizon was quite simply the survival of our members Post Office businesses. In short it was seen as their lifeline.
  23. The cancellation of the benefits payment card was a blow to all SPMRs when it was suddenly cancelled. This was to enable the BA to achieve its desire to make the payment of Pension and Allowances direct into recipient's bank accounts.
  24. The Federation were now getting more and more complaints about a whole raft of Horizon operational issues. Mainly the difficulty and extreme slowness of balancing, the system shutting down unexpectedly and the linked printers failing to work. Then the time taken to reboot the system was far too long.
  25. Horizon set up a Help Desk to assist SPMR's and enable them to report any problems. The NFSP suggested that an error log was established to gauge the severity of these problems. Any problems reported to the Federation were taken up with POCL either by telephone or at face-to-face meetings which were not minuted. We were always told that Horizon was working on them.
  26. POCL were in a position where they needed to accept Horizon to save its network and justify the amount it and others had spent so far. They were under pressure from the NFSP to have some sort of automated platform to deliver benefits payments and compete with other organisation who were

trying to do traditional Post Office work. The NFSP were also wanting to protect their members incomes and the financial investment they had in their businesses.

### **HORIZON WORKING GROUP**

27. I was a member of the Horizon Working Group (HWG) from in June 1999 representing the NFSP. The purpose of the HWG was to oversee all negotiations between POCL and ICL, review the contract between the two and the arrangements between the BA and POCL. Also, to oversee the further development of the platform, its rollout and transition from the previous benefit payments order book method to the automated payment system of benefits and allowances. To put forward any ideas and contacts to enhance and strengthen and maximise the commercial use of Horizon thereby securing the future viability of the Post office Network.
28. During meetings of the HWG concerns were raised about the freezing of the Horizon Screens and the capability of the system to handle the large volume of transactions which could take place. A concern was also expressed about the inconsistency of barcodes on BA documents leading to manual entries having to be made.
29. The acceptance of the system into the Post Office Network was subject to several delays and both POCL and the NFSP expressed concerns about the Screen Freezes, operation of the Helpdesk and amount and level of training being given to SPMR's. However, we were assured that POCL had finally accepted the system on 24th September 1999 on the basis that the necessary remedial action had been completed or was in hand.

30. Towards the end of 1999 there still remained questions about the suitability of the Horizon system in its present form to handle the potentially large volumes of transactions and its interface with the banking systems.
31. During the time of the HWG the Government was conscious that the impact of any delay to the rollout was jeopardising the ability of Post Offices to compete for business with banks etc. The effect this would have on the size of the PO network and subsequent political pressure which might ensue.

### **PERFORMANCE AND INNOVATION UNIT**

32. I was not involved in relation to the Performance and Innovation Unit (PIU) except that the HWG of which I was a member made a written submission to them outlining the work the HWG had done.
33. I understood that the PIU was to maximise the use of Post Offices in an attempt to replace the gap in income which was to be suffered in 2003 when BA work would start to fall away. Also, to try and determine the size of the Post Office Network in the future.

### **ROLL OUT**

34. Roll out of the Horizon system from January 2000 got off to a bad footing with the NFSP as we received no confirmation that it was finally happening after being paused in late 1999 to attempt to remedy issues with training, balancing errors, getting through to the Helpline for assistance, cash account errors and the length of time taken to produce the Cash account balance report. Also, we were being informed by SPMR's that they frequently experienced a "System

Busy” message, and the long wait to get through to the Helpdesks to report or get assistance with the problem.

35. These problems were continuously reported to POCL managers, the Helpdesk managers and the POCL executive by the NFSP in face-to-face meetings which unfortunately were not minuted. However, we were assured that POCL were putting extra resources into the Helpdesks and retraining the operators. With reference to the speed issues POCL said they were addressing them with ICL.

### **ROBUSTNESS**

36. Early in 2006 NFSP members were starting to ask questions as to how robust the system was due to various inconsistencies. Mainly screen freezes and the length of time taken to do different transactions especially banking. Postmasters were worried that they were losing business as customers did not like queuing and were going to other outlets and ATMs for their money.
37. These concerns were flagged up to POCL in face-to-face meetings between the NFSP and representatives of POCL at Branch, Region and National levels which again were not minuted I also seem to recollect these were raised at the highest level in face-to-face meetings with Paula Vennels.

### **GENERAL COMMENTS**

38. Looking back, I feel that the NFSP scrutinised the decision of POCL to accept and rollout the Horizon IT system as far as was possible with the limited information which was made available to us.
39. The NFSP communicated as much information as we received to update our members on any known Horizon issues via our monthly publication “The Sub



Postmaster” which went to all SPMRs. To our Branch Secretaries via regular circulars and attendance at Branch meetings by NFSP executive members.

40. We had to remember that all SUPMR’s were not members of the NFSP and many were very loyal to POCL and did not want to be seen as “tale tales”. So whilst the NFSP tried to obtain as much feedback as possible from trail offices prior to the national rollout of Horizon it was not always as forthcoming as we might have hoped.

41. I have tried to set out my recollections of what happened surrounding the whole Horizon system as fully as possible but as it is now some 26 years ago that some of them relate to and with the best will in the world one's memory does become a little stretched especially at 80 years of age.

42. However, I hope this helps the Inquiry into what it has turned out to be a devastating and life changing experience for far too many SPMRs whom many sunk their life savings into businesses which were dearly loved and appreciated by the general public.

43. I truly hope that the Post Office, ICL and the Government departments have learned a big lesson from this miscarriage of justice.

**Statement of Truth**

I believe the content of this statement to be true.

**GRO**

Signed:

Dated:

14<sup>th</sup> October 2022.

**Index to First Witness Statement of John Peberdy**

<b>No.</b>	<b>Exhibit number</b>	<b>Document Description</b>	<b>Control Number</b>	<b>URN</b>
1	WITN0380_01/1	NFSP report of a meeting of the Negotiating Committee on 24/08/1998	VIS00008938	NFSP00000480