

Witness Name: Robert Ian Peaple

Statement No: WITN0402_01

Exhibits: WITN0402_01/1 -

WITN0402_01/2

Dated: 14 September 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ROBERT IAN PEAPLE

I, ROBERT IAN PEAPLE, will say as follows:

INTRODUCTION

1. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "Inquiry") with the matters set out in the Rule 9 Request dated 7 July 2022 (the "Request"). It primarily relates to the initial procurement process for computerization of Post Office counters. There is also a section relating to Royal Mail's prosecution policy.

PROFESSIONAL BACKGROUND

2. I joined Royal Mail as a graduate entrant in 1967. After spells in operations and planning in the field together with a posting to HQ Training Division (where I led the team devising and implementing Decimalisation training). In 1972 I was awarded a Post Office Scholarship to study for a MBA at Manchester Business School. Subsequently I had roles in Finance, Tariff Pricing, Marketing, and Personnel.

3. In 1982 I was promoted to the newly formed Counters Division. This subsequently became Post Office Counters Ltd (POCL). My initial remit was Finance Director. In that role I introduced financial accounting consistent with company status for the newly created POCL: established a management accounting process enabling the profitability of individual outlets and revenue streams to be determined; and led on negotiations with the Treasury and Government Departments to move from cost-plus pricing to more commercial, arms-length, relationships. At my own request I then moved across to become Personnel and Industrial Relations Director.
4. Around 1993 I was asked to lead for POCL in negotiations with the Benefits Agency to establish a joint approach to procuring technology at Post Office counters; to Chair the Evaluation Board considering Supplier options; and, subsequently, to set up a joint POCL BA implementation team.
5. In 1997 I was asked to return to Royal Mail as their Director Personnel and Industrial Relations. At this point my involvement with the project ceased.

PROCUREMENT

6. In this section I address the questions raised by the Inquiry solicitors. My responses are based on the 26 documents supplied.
7. The initial impetus for this project arose from the decision of the BA to cease paper-based Welfare payments. The BA had determined that this would reduce fraud and costs. For POCL, this threatened their major revenue stream. For Subpostmasters ,this would potentially mean loss not only of income from POCL

but also in their private businesses due to reduced customer footfall and customers having reduced cash in hand.

8. At this time it was considered that a card based payment system could meet all the parties' objectives.
9. Against this background I was asked to lead for POCL in discussions and negotiations with BA to establish a joint understanding of the means by which the separate objectives could be achieved. (Throughout the Subpostmasters' representative body – the NFSP- was informally kept abreast of the approach and progress).
10. The process of reaching an understanding was constructive but, given the complexity of the issues involved, took considerable time. However, by April 1995 the parties had reached agreement as set out in **DWP00000001** [WITN0402_01/1] Memorandum of Understanding between BA and POCL.
11. In accordance with Government policy at this time the procurement was to be made on a PFI basis.
12. From the early stages, it was determined that implementation of the project would require a dedicated team. It was further determined that this should be a joint BA/POCL team drawing in staff with appropriate skills from both organisations. The appointed joint team leader reported to me on the POCL side whilst I, in turn, reported to a joint BA/POCL Steering Group co-chaired by the Chief executives of the two organisations.
13. This was a major project involving many issues. The documents supplied by the Inquiry demonstrate the careful, and extremely thorough, approach adopted. They

also demonstrate the use of external expertise in the financial , technological and legal aspects of the project.

14. This Inquiry relates to events nearly 30 years ago. It would be irresponsible to pretend to remember all the detail from that time. However, and based upon the documents supplied, I make the following observations :

- (a) Clear evaluation criteria were drawn up relating to technical efficacy, financial robustness (potential Suppliers and internal business cases), commercial risk, operational ease, customer acceptability and longer term system development potential;
- (b) Inevitability in a project of this size issues did arise but there were clear processes for resolving these;
- (c) Potential suppliers were kept fully informed of the project requirements and the aspects of their bids that did not meet these. This allowed suppliers to alter their proposed approach before final bidding. It enabled "sticking point" issues, eg the Pathway proposed funding structure, to be satisfactorily resolved;
- (d) My role as Evaluation Board Chair was to ensure that the Evaluation criteria were comprehensive and soundly based; and that the final recommendation could be demonstrably justified against these criteria:
- (e) The final recommendation of the Evaluation Board in the choice of supplier was unanimous (see **POL00031153** [WITN0402_01/2]):
- (f) The Business case to proceed was then subject to detailed scrutiny by Authorising Authorities in POCL, Post Office Group, BA , and the DHSS (including clearance by the Treasury).

PROJECT IMPLEMENTATION

15. I cannot fully comment on this aspect as I do not recall the detail. However, as stated in **POL00031271** [WITN0402_01/3] a formal structure for organisation and control of the change programme was established. Standard change management practice at that time included Risk Registers and how these were to be addressed.

PROSECUTION POLICY

16. The documents supplied relate primarily to the Royal Mail policy. This policy had been carefully worked up by my Deputy Director and, as such, it is probable that I cleared the approach and delegated its implementation to him.

17. I do not know how the Royal Mail approach was modified and implemented in other Business units within the Post Office Group.

SUMMARY

18. The Evaluation process for this initiative was exhaustive and based upon best practice at the time as deployed in Government and The Post Office Group. Extensive use was made of external consultants to ensure that approach adopted was robust and that all aspects of the evaluation had been properly considered.

19. I have not been able to find any evidence that either the evaluation process was flawed or that the criteria laid down within it were not rigorously evaluated.

CONCLUSION

20. This is my witness statement.

Statement of Truth

I believe the content of this statement to be true.

Signed. **GRO**

Dated.....14.9.22.....

Index to the First Witness Statement of Robert People

<u>No.</u>	<u>Exhibit Number</u>	<u>Document Description</u>	<u>Control Number</u>	<u>URN</u>
<u>1</u>	WITN0402_01/1	Memorandum of Understanding: BA / POCL, 11 April 1995	VIS00008890	DWP00000001
<u>2</u>	WITN0402_01/2	Final Evaluation & Selection: Final Evaluation Team Report (V.1.0) DRAFT	POL-0028746	POL00031153
<u>3</u>	WITN0402_01/3	Report on Automation Change Programme and Control, dated August 1996	POL-0028173	POL00031271