

Witness Name Paula Anne Vennells

Statement No. WITN01020100

Dated 8 March 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF PAULA ANNE VENNELLS

I, Paula Anne Vennells, will say as follows:

Introduction

1. I am a former employee of Post Office Limited ("**POL**"). My career at POL began in 2007 in the role of POL Network Director and ended in 2019 as Group Chief Executive Officer (the role was known as "**CEO**").
2. I make this witness statement to assist the Post Office Horizon IT Inquiry ("**Inquiry**"), in response to a Rule 9 Request dated 9 August 2023 ("**Request**"). Throughout this witness statement I will use the structure and headings of the Request, adding further headings where it assists to signpost my evidence.
3. I have not been asked by the Inquiry to give a full account of every aspect of my work, actions and opinions whilst at POL, but rather I have been asked a

list of detailed and specific questions. Accordingly, this statement in response to that Request is not a chronological list of all of my actions, but a series of answers to questions. In most cases, if I have not been asked about a topic then I have not addressed it.

4. The facts and matters set out in this witness statement are within my own knowledge unless otherwise stated, and I believe them to be true. This witness statement was taken after communicating with my legal representatives in person, in telephone calls and remote meetings and by email. Where I refer to information supplied by others, the source of the information is identified; facts and matters derived from other sources are true to the best of my knowledge and belief. I have done my best to refer to all relevant documents and answer all questions fully. As the Inquiry is aware, in excess of 167,000 documents have been disclosed at the time of writing this statement (of which around 30,000 have not yet been reviewed by my legal team or me). Whilst I have been shown and have read thousands of documents and have done my best to refer to all relevant documents and answer all questions fully, I am sure that I will have inadvertently missed or overlooked some documents. I am also aware that the disclosure process is still incomplete, however, I am keen to assist the Inquiry so I am providing my statement in the knowledge that more documents will be disclosed. I would of course be happy to serve a supplementary statement addressing any further relevant documents.

5. I would like to offer my genuine and unreserved apologies to all those affected by the matters giving rise to this Inquiry. I apologise that I and those working for me and with me failed the sub-postmasters and their

families. I am deeply sorry that they have suffered in such a distressing way. I watched the Inquiry's Human Impact Evidence and heard the subpostmasters describe what they had been through, how isolated they felt, and how they had been unsupported by POL. They described the life-changing experiences they and their families have endured for so many years. I am so very sorry that so much of this happened while I was a member of the senior management team and then CEO.

6. I also offer my apologies to Alan Bates, Ian Henderson, Ron Warmington, Lord Arbuthnot and all those who worked with them to secure justice for the sub-postmasters. They had the right insights. They were right to persevere and I am sorry for where I made their task harder.
7. The personal tragedies of the sub-postmasters and their families have affected me profoundly and reconfirmed my view of how important the Inquiry's work is. It has been my priority for the last three years. I have followed the evidence closely and read thousands of documents and witness statements.
8. I have set out below the way in which we approached matters at the time. I know that it will be difficult for many to read my statement and listen to my evidence and I am genuinely sorry for the pain that this will cause.

Background

1. Please set out a summary of your career and qualifications until joining Post Office Limited ("POL")

9. I graduated from Bradford University in 1981 with a degree in Russian and French Interpreting, with Economics.
10. Having initially intended to pursue a career as an interpreter, I decided against this and joined Unilever in 1981 on their graduate trainee scheme. I was assigned to work at a Unilever group company called Van Den Bergh & Jurgens. I started as a trainee accountant and began a foundation course in accountancy. After a few months, I decided that I wanted a broader, business-orientated role and moved into marketing. After that, I worked for another Unilever group company as a junior product manager for pharmaceuticals. Over the next few years, I worked in product manager and marketing manager roles for L'Oreal, BAA, and Hamleys. I was then appointed Marketing Director for Lunn Poly and subsequently held similar roles with Reed International Exhibitions, Dixons Group and Sears Plc.
11. From 1998 to 2001 I held the role of Marketing and eCommerce Director at Argos / Gus Plc, following which I held the roles of Marketing Director and then Group Commercial Director at Whitbread Plc until 2006.
12. I was ordained as a minister in the Church of England in 2005.

2. Please describe what experience you had in respect of (a) managing a large IT system such as Horizon and (b) managing a company involved in the prosecution of criminal offences prior to joining POL.

13. I had no experience of either managing a large IT system or of criminal prosecutions when I joined POL.

3. Please summarise your roles and responsibilities whilst you were at POL

14. I started at POL in January 2007 as Network Director. I reported to the Managing Director (“MD”), Alan Cook. I was responsible for approximately 15,000 Post Offices in Crown and Agency branch networks. I moved into the role of Network and Sales Director in late 2009. I continued with the same responsibilities as I had in my role as Network Director, but with additional responsibility for the national sales department, which included the Financial Services sales team and associated regulatory compliance duties. Although the title changed, the role continued to be known as Network Director and I have used that description in this statement.
15. I was promoted to Chief Operating Officer on 1 April 2010 and stayed in that role for six months, before becoming MD on 18 October 2010. I reported to Dave Smith, who at the time was MD. When I became MD, I still reported to Dave Smith, who had been promoted to be the Royal Mail Group (“RMG”) Commercial Director.

16. From approximately June 2011 I reported to the RMG Chief Executive, Moya Greene. I then reported to Alice Perkins, the POL Chair, from approximately November 2011.
17. I was appointed as CEO on 1 April 2012 and was in post until 30 April 2019. I reported to Alice Perkins until Tim Parker took over the role of Chairman in 2015.
18. In 2017, my title changed to Group CEO, after POL acquired and built more businesses.
19. So far as my responsibilities in each of these roles is concerned, I will address them below where I answer questions about each of my specific roles.

4. Please provide an overview of your professional career since leaving POL.

20. After leaving POL, I held various Non-Executive Director (“**NED**”) roles with Cabinet Office, Dunelm, Ethical Investment Advisory Group (“**EIAG**”), Imperial College NHS Trust (as Chair), and WM Morrisons Supermarket Ltd (“**Morrisons**”).
21. My role as a NED at Morrisons began in 2016, while I was at POL. I was approached by the then Chairman of Morrisons, Andrew Higginson, to see if I would be interested in joining the board. This was followed by a formal search and interview process. My appointment to Morrisons was approved by Tim Parker, POL’s Chair, the POL Nominations Committee, and the UK Government as POL’s sole shareholder. I made a commitment to POL before I took up the role that it would not affect my job and that I would do most of my work for Morrisons in my own time, which I did.

22. From 2017 to 2021 I was a member of the Church of England's EIAG. The group met around four to six times per year.

Network Director

Background

5. Please describe your role as Network Director within POL. In particular, please address the following matters:

5.1 Please describe the background to your appointment as Network Director and the application process.

23. Before joining POL, the emphasis in my previous work was on retail and marketing. I was approached by a head-hunter to apply for the role of POL Network Director. It was a competitive process. I underwent psychometric testing, and separately had interviews with (from memory) the MD of POL, POL Directors, the CEO of the RMG, the Chairman of the RMG, and the RMG Human Resources Director ("HRD"). It is possible, though I cannot remember, that I met a representative of HM Government ("HMG").

5.2 Please set out the nature of your role as Network Director and explain your responsibilities.

24. As Network Director, I sat as a Director on three boards and eight associated board committees, including the following: POL, Post Office Financial Services ("POFS"), First Rate Exchange Services ("FRES"). POFS and FRES boards were joint venture boards with Bank of Ireland ("BOI"). I had five senior managers who reported to me. General Managers had the following areas of

responsibility: Network Change (branch closures, HMG size of network commitment, local consultation on Post Office closures, moves, opening, liaison with national oversight bodies such as Post Watch, Ofcom, Consumer Focus, Age Concern/UK, Citizens' Advice, Which); Network Operations (field and central services to ensure Post Offices remained open and trading, agency contract management, branch cash audits & training), Agency Development (the National Federation of SubPostmasters ("**NFSP**") liaison, new product introductions, agents' remuneration); Crown Network (franchising & operations; Union negotiations, sales support); Agency Network (field and sales support). The latter two had been restructured to General Manager Commercial and General Manager Community by 2009.

25. My responsibilities included oversight of the national Post Office closure programme (the "**Network Change Programme**"), franchising of Crown Post Offices, oversight of industrial relations, cost reduction and restructuring to HMG / RMG / POL targets. They also included Retail Network strategy and its impact on operations and sales and marketing branch campaign planning, with particular focus on peak season mails targets for RMG and financial sales targets.
26. I was involved in strategy, working closely with executive colleagues and senior managers to improve prospects for the network of Post Offices. For example, we developed two new retail models of Post Office, which were later rolled out to more than 7,500 locations. These models (Post Office Mains and Locals) improved the sustainability of Post Offices and removed the need for future closure programmes, which had devastated local communities during the

Network Change Programme. The overall POL strategy expanded the financial services products offered and encouraged RMG to invest in more competitive parcel offerings, to capitalise on the growth of the UK online shopping market and sought to prevent high value customers from moving to our competitors.

27. Throughout my time in this role, and indeed throughout my time at POL, I was keen to ensure that I spent sufficient time in Post Offices, balancing that with the other demands of the role. I visited hundreds if not thousands of branches in my twelve years at POL. Understanding the needs of Post Offices, postmasters, colleagues and their customers was a priority to me, and of significant value to the business.
28. When I became Network Director in 2007, POL was a wholly-owned subsidiary of Royal Mail Holdings (“**RMH**”). POL had a board of Directors, which reported to the RMH Board.
29. The POL MD was a member of the RMH Board and reported to the RMG Group CEO. The POL executive team reported to the MD and on occasion to the POL Board. Some specialist functions (such as Human Resources (“**HR**”), IT, Legal, Finance, and External Communications) had additional "*matrix*" reporting lines to their respective RMG Directors. While in theory at least RMG was responsible for reporting on behalf of the group to HMG, in practice the POL MD and Directors met separately with the Shareholder Executive (“**ShEx**”).

5.3 Executive decision-making structure within PO when you joined as Network Director

5.4 Please consider POL00043805 (PowerPoint of Executive Team). Does page

1 accurately describe the posts within the executive management team that was responsible for the operation of POL at the time you became Network Director? If not, please state in what way it is inaccurate.

5.5 In respect of the executive management team, please summarise the following:

5.5.1 The nature and responsibilities of each role (i.e. “the Marketing Director’s role involved...”)

30. I have no current recollection of the precise roles and functions of those who reported to me as Network Director. However, I can see from (**POL00043805**) that they were:

- a. Head of Network Change (Sue Huggins). Whilst I do not recall all the responsibilities of this role (these are outlined in (**POL00043805**)), I do remember clearly that the Head of Network Change had responsibility for the Network Change Programme. This programme closed thousands of Post Offices. Its impact was devastating for all affected communities and for many sub-postmasters (“**SPMs**”). It was almost universally opposed and required sensitive handling, sometimes impossible in the face of deep opposition but it was Government policy and I and my team were entrusted to deliver it. It involved much of my time, including liaising with Members of Parliament (**MPs**), to explain the number of closures, how they were balanced nationally across constituencies and how the closures would take place / be supported.

- b. Head of Agency Development (Kevin Gilliland). I am reminded from **(POL00043805)** that the team reporting to the Head of Agency Development included work on managing business activities relating to agents within the Network and the development of policy for the same (including contractual policy). This work looked into business opportunities and remuneration support / growth for all types of Post Offices. The team was responsible for retail projects to help develop the commercial sustainability of Post Offices. One major responsibility was the annual SPM pay negotiations with the NFSP, including intervening changes to remuneration, where clients (e.g. RMG) varied their input pricing, or liaising with the NFSP on potential changes to branch processes. For example **(FUJ00157278)**, a document from 2008, notes that Kevin Gilliland's team would be the liaison point with the NFSP for a POL-wide review of cheque acceptance processes to improve branch conformance.
- c. Head of Outlet / Network Support (Lynn Hobbs). I do not remember exactly what Lynn Hobbs' role entailed in 2007, however **(POL00043805)** indicates that she oversaw National Contract Managers and Field Support. She has described her own duties at this time in her witness statement **(WITN09010100)**. An email from 2008, at page 15 of **(POL00105417)** suggests that she was involved in the Network Transformation Programme ("NTP") (including roll-out of pay-station terminals and improved compliance) as well as costs and cash holdings. A number of documents show her involvement in devising branch standards at the relevant time

(POL00006123; POL00021422; POL00005580; POL00005872).

- d. General Manager Commercial (Richard Barker). As shown in (POL00043805), Richard Barker had responsibility for the management of Crown and WH Smith branches, and for the specific Financial Services Sales and coaching team which was a joint endeavour with the BOI, covering financial services and Bureau de Change sales. My involvement with this area of my responsibilities was also significant, as the conversion of Crown Post Offices to WH Smiths agency branches was complex and deeply opposed by the CWU and CMA unions. My role in relation to the Crown Post Offices carried the additional responsibility alongside the HR Director for pay negotiations.
- e. General Manager Community (Adele Henderson). I recall, prompted by (POL00043805), that Adele Henderson led a large team of field based regional and area managers who had oversight of the Agency Network across the UK, with a focus on business development. I spent much time with the regional and area managers on branch visits to talk with them and the SPMs they supported to understand better how POL could create a more commercially sustainable network. This work led to the later Network Transformation programme, which saved thousands more branches from closing by introducing new Post Office models which were designed to open longer and to operate at lower cost for POL and for SPMs.

31. While serving as Network Director, I was a member of the Executive Team. The team was comprised of a number of roles, all of whom reported to Alan Cook (as shown in **(POL00043805)**, an organisational chart from 2009):

- a. A Marketing Director, whose responsibilities covered mails, financial services, telephony and government services, marketplaces product selection and commercial negotiation with providers (clients), consumer pricing and margin construction in addition to market research, advertising and public relations.
- b. A Sales Director, who worked closely with the Marketing Director, but with a focus on building sales strategy and capability across the board. The role had a particular focus on financial services sales through a field based coaching team. The Sales Director additionally had the responsibility for delivering online sales through digital channels.
- c. An HR Director, whose role was to steer, implement, oversee and where necessary adapt group HR policies and processes, as well as handling industrial relations (inclusive of pay negotiations). The HR Director had responsibility for recruitment, training, succession planning, internal communications and payroll.
- d. An Operations Director, whose responsibilities included IT, Security & Investigations, POL's cash supply chain and logistics, property, equipment and project management of major changes. The Heads of Security, Supply Chain, IT Services, Change, Property and I think Procurement at one stage all reported to the Operations Director.

- e. A Finance Director, responsible for financial and management accounting, government funding, Product and Branch Accounting ("**P&BA**"), Agents' and Former Agents' Debt, Risk, Compliance and Regulatory Oversight and the Annual Report and Accounts. This role also included branch trading support: the National Business Support Centre ("**NBSC**"), issuing of transaction corrections ("**TCs**") branch audit requests, and dispute resolution.
 - f. A Strategy Director, who was tasked with the development of POL strategy, (including preparation for annual Board and Executive Team strategic planning meetings and the working through of these draft plans with RMG). This person together with the Head of Funding who reported to the Finance Director, oversaw applications for and negotiation of governmental funding, as well as State Aid negotiations and budget planning. They were responsible for the programme management office, which oversaw all company-wide programmes, notably a major business restructure and cost reduction programme to reduce Government subsidy.
32. The Head of Legal Services had a dual reporting line. Their primary reporting (i.e. 'solid line') was to the RMG General Counsel ("**GC**"), with a secondary (i.e. 'dotted line') to the POL MD.
33. From memory, this matrix (i.e. solid/dotted line) reporting structure also applied to individuals leading IT, Security and HR but the 'lines' were the other way round – i.e. the individuals holding these roles reported directly to a POL

Director or to the MD but with an additional dotted line to the relevant Group (RMG) Director.

34. External Communications were handled by RMG, with POL's Head of Internal Communications as the primary interface. If this included personal relations issues, the Marketing Director would be consulted.

5.5.2 The level of technical IT expertise of the members of the executive management team.

35. So far as I am aware the only member of the Executive Management Team with technical IT expertise was the Operations Director. When I joined in 2007, that position was held by Ric Francis. When he left, David Smith took over his responsibility for IT on an interim basis. The role was then filled by Mike Young. I do not know the precise level of IT expertise that any of these individuals had.

5.5.3 Who was responsible for the management and communications of possible or identified problems in the Horizon IT System

36. In respect of the Executive Management Team, the responsibility for the management and communication of possible or identified problems within the Horizon IT system would fall to either the Operations Director or Finance Director, depending on the nature of the issue and the process by which it was identified.
37. Issues relating to Horizon software or hardware would usually be identified by the IT team and would fall under the remit of the Operations Director, who had oversight and responsibility for IT. Issues identified through wider systems such as branch trading support, NBSC, or the transaction correction process would

be the responsibility of the Finance Director, who had oversight of these processes. My understanding is that, in practice, issues often required input from both IT and Finance (P&BA) so these teams worked closely together.

38. The responsibility for communicating such issues to the POL Board and wider executive team fell to the Executive Team Director who was managing the issue. This would either be done on an ad hoc basis or through routine reporting channels such as the performance reports provided to the Board and Executive Team by the Operations Director / CIO or a senior manager in the IT team.

5.5.4 What internal POL resources were available to the executive team for expert advice on technical IT matters.

39. Where input was required on technical IT matters, the first ports of call were the Operations Director who oversaw IT, the Head of IT Services, the Head of IT & Change, and senior managers in their teams were the first ports of call for expert advice. (Titles changed over time to include e.g. Chief Information Officer.) As far as I recall, where additional input was required to supplement their personal expertise, external (consultancy) advice was available.

POL corporate governance

6. Please summarise your views on the responsibilities of a Board of directors in the operation of a company solely owned by HM Government. In particular, please address the following issues:

40. The Board of Directors was subject to duties imposed by the Companies Act 2006. Its responsibilities included the strategic and operational decisions for

ensuring that the company met its statutory responsibilities. This was no different for the Board of Directors of a company solely owned by HMG. In general, and in contrast to my previous commercial experience, POL was operating in the public domain and also had to have regard to the delivery of public services, the proper use of public money and the need for good working practices. POL had responsibilities towards numerous stakeholders, including postmasters.

41. When I first joined POL, and until the company was separated from RMG, POL governance was the responsibility of RMG. The POL Board met infrequently and stopped altogether in 2009, save I believe for very limited meetings of Directors to sign off the annual accounts. I recall this was because of overlap with both the POL Exec team and the RMH Board.
42. At this time there were no HMG representatives on either the POL or RMG Boards or the RMH Board. I do believe that was a shortcoming. This changed when I became MD / CEO. The POL Board had an HMG Director, which I welcomed, as I had positive working relations with HMG.
43. Post-separation the POL Board undertook regular governance training and briefings, including updates on upcoming changes relevant to a company wholly owned by HMG. I understood from a POL Board discussion that POL was one of the first HMG companies to work towards full compliance with the corporate code.
44. The POL Board took its responsibilities as a company owned solely by HMG seriously and would arrange for briefings by external individuals and agencies,

so that lessons could be learnt from other companies' / institutions' experiences of corporate governance challenges and events.

45. The POL Board met with HMG officials in the ShEx / UK Government Investments ("**UKGI**"), whose NED Directors were active in their challenge and contribution in board meetings; POL met with ShEx / UKGI / HMG regularly – both formally for review meetings and informally at different levels and across differing functions, proactively offering briefings, frequently responding to challenges and queries from HMG.
46. As I state above, POL had responsibilities towards numerous stakeholders, including postmasters. Various feedback mechanisms were put in place to seek their views and input - from surveys to a stakeholder forum, to support of the NFSP, to the independent Post Office Advisory Group, to pre-mutualisation work groups, to the branch user forum, to SPMs appointed as informal advisors to the Group Executive ("**GE**"), some of whom also engaged with the POL Board.
47. Post Offices offered a vital service to communities across the UK and keeping those open and operating in the best interests of millions of customers and tens of thousands of colleagues required responsible oversight. POL's own reputation was of small import compared to protecting the trust built up daily by those colleagues working in Post Offices across the country. This was a view I held very strongly and spoke about at conferences and in meetings, including POL Board meetings. What has happened to these postmasters, their colleagues and their families is the very opposite. They have suffered

immeasurably and the governance of POL, and of Fujitsu Limited ("Fujitsu") and of HMG, fell short for them.

48. The Inquiry asks me to summarise my views on these responsibilities. Although POL colleagues (and I believe those I worked with in HMG) did subscribe wholeheartedly to all the above – there were in hindsight areas that could have been improved. The principal three being:

- a. First, to raise data sharing and reporting on Legal and IT matters to the same levels of detail and frequency as financial matters;
- b. Second, to find ways of not losing sight of the individual – at a data and detailed level. An institution that works in the public sector, responsible for public money and mindful of public interest, is constantly dealing with challenges of scale, which can obscure the individual and problems specific to them;
- c. Third, to protect corporate memory and to use it wisely, including to keep it alive by encouraging colleagues to be open about difficulties and past errors, so that exposing problems and issues was welcomed. I recall I introduced at one stage a positive "*reward*" for the "*best*" problems shared / lessons learnt.

6.1 Oversight of criminal prosecutions brought in the name of the company.

49. When I joined as Network Director, I had no understanding of the responsibility of a / the Board of Directors for oversight of criminal prosecutions brought in the name of the company. I do not think that I appreciated that the company itself brought private prosecutions.

6.2. Oversight of civil litigation brought by or against the company.

50. My understanding when I joined as Network Director was that the day-to-day responsibility for civil litigation was that of the Legal Director (I am not sure if that is the correct title) who at the time was Clare Wardle. She reported to the RMG GC, who reported to the RMG Board.

6.3. Oversight of the company's IT.

51. I do not remember clearly but when I joined POL, I have a recollection that IT was an expert support function, reporting to the Operations Director. I think that the POL Operations Director, with responsibility for IT, reported to Alan Cook, MD of POL and also to the RMG CIO.

6.4. Oversight of any accounting system the company used to collate individual transactions, cash and stock declarations etc. used for the purposes of preparing management and statutory accounts.

52. The Finance Director and Operations Director had oversight of different aspects of the accounting system used by the company to collate individual transactions etc. used for preparing management and statutory accounts.

53. This work had to be overseen by qualified accounting individuals internally and independently assured by external auditors.

54. Where auditors raised issues, the POL Board (usually via the Audit, Risk and Compliance ("**ARC**") Committee) was responsible for ensuring that those issues were addressed. The POL Board had further responsibilities to assure itself of the objectivity of the executives preparing the accounts and would meet

separately (i.e. without the CFO, Financial Controller, CEO) with the Audit Partner.

6.5. Oversight of the company's compliance with the Race Relations Act 1978 and / or the Equality Act 2010

55. I do not recall, whilst I was Network Director, being involved in any discussion of either of these Acts of Parliament or of POL's need to comply. Responsibility for compliance with those statutory obligations rested with the MD and HRD of POL. Oversight of the company's compliance rested with the POL Board and ultimately the RMH Board.

7. Please summarise the corporate structure of POL in relation to the Royal Mail and any other parent or associated company.

56. The corporate structure as between POL, RMG, and HMG was complicated and went through various iterations whilst I was employed by POL. I understand that this question relates solely to the time when I was Network Director, between 2007 and the end of March 2010. I will attempt to summarise the corporate structure at that time insofar as I can recall it. The corporate structure changed both pre and post separation.

57. The first iteration: from 2007 to (I believe) October 2009, my recollection is that POL had its own Board, chaired by a senior NED appointed by RMG. I do not remember all of the POL Board members but the RMG CFO was one. I think that the POL MD sat on either the RMG Board or RMH Board (I cannot recall which) and reported on POL matters. A number of POL Directors reported to the POL MD and, I believe, to RMG Functional Directors: Finance, Legal,

Operations (IT, Security, Estates), the Company Secretary (“**CoSec**”) and HR. In my recollection, the RMG Risk & Compliance (“**R&C**”) Director chaired the POL Risk and Compliance Committee (“**RCC**”). I do not recall the other committees.

58. The second iteration: from October 2009 until I left my role as Network Director in March 2010, I recall the corporate structure changing. The POL Board stood down a small number of Directors, including myself, around this time. I believe the remaining POL Board NEDs met with the POL MD and CFO twice yearly to fulfil the governance requirement to sign off the annual and half-yearly accounts. As I recall it, post separation, POL set up an entirely new governance structure, working towards the standards expected by the corporate code (which had not yet been fully embraced by all HMG ALB Boards, as I describe above). In addition, a full suite of Board committees was stood up and a Company Secretariat was put in place.
59. Although I am confident that structural changes were made at this time, it has proved impossible for me to recall the specific facts and extent of these after so long. I would expect POL's corporate structure throughout this period to be recorded in contemporaneous documents, but I have not been able to locate this from the disclosure provided to date. However, should the Inquiry identify any documents which shed light on this issue I would be very happy to consider and comment on the same.
60. In respect of associated companies, POL's corporate and governance structure was shaped by the following:
- a. The partnership with BOI for the provision of travel money and financial

services was governed by two joint boards which had reporting lines to the POL Board and the Board of BOI. The POL MD / CEO and two Directors (Network / Retail Director and Financial Services ("**FS**") Director) were Directors on the two joint boards. At a later stage, perhaps 2014, a POL NED experienced in FS chaired a FS Committee as further oversight to the PO Board.

- b. Post Office Management Services ("**POMS**"), the Post Office provider of motor and home insurance services sold through Post Offices and online was originally set up for POL by BOI, and then bought out and run independently by POL.
 - c. Post Office acquired Payzone Ltd in approximately 2017/18 and continued to run it separately, as a subsidiary company. I cannot recall if the name changed post-acquisition.
 - d. Additionally, Post Office was joint owner of The British Postal Museum and Archive ("**BPMA**") and was involved in the refunding and rebuilding of the facility. A Post Office Director sat on the BPMA board.
61. Additionally, further scrutiny was applied from the following stakeholder companies: the NFSP, the Communications Workers Union and the Communication Managers Association (CMA / Unite). The Chairs met with the respective General Secretaries separately, the CEO had regular, approximately quarterly, two-way update meetings and sometimes more frequently if matters required. Other senior managers in HR, Finance and Retail met with the General Secretaries and their teams more frequently. Additionally, all POL colleagues from the Chairs down were available at short notice for

many ad-hoc meetings. Other stakeholder companies included Postwatch / Postcom / Ofcom, Consumer Focus, Which, Citizens' Advice.

8. Please summarise how the POL Board operated when you joined the company as Network Director.

62. I cannot recall exactly how POL's Board operated when I joined as Network Director. Alan Cook who was MD when I joined as Network Director will be in a better position to answer these points in more detail. I will do my best to answer, however, there has been limited disclosure of relevant documents from this period (for example, a number of POL Board meeting minutes / packs from the period appear to be missing). Three POL Board relevant minutes have been disclosed:

- a. POL Board minutes from a meeting on 21 January 2008 (POL00021496);
- b. POL Board minutes from a meeting on 20 October 2008 (POL00021497). These minutes are headed "*POLB(08)5th*", which shows there had already been four other POL Board meetings that year; and
- c. POL Board minutes from a meeting on 19 January 2009 (POL00021498).

8.1. How often the Board met.

63. I have deduced that the POL Board met on the following occasions, based on the three POL Board minutes that have been disclosed, references to other

meetings within those minutes and the fact that the heading on (POL00021497) (minutes from 20 October 2008) refers to four prior meetings that year:

- a. 21 January 2008;
- b. 17 March 2008;
- c. Meetings on two unknown dates in-between 17 March 2008 and 20 October 2008;
- d. 20 October 2008;
- e. 19 January 2009; and
- f. 20 April 2009.

64. These dates suggest that the POL Board met every two to three months in 2008. My recollection is that it did not meet more often than that, but I cannot be sure.

8.2. The leadership style.

65. Although my memory of this specific period is imperfect, I believe that the POL Board and its Chairman, Sir Mike Hodgkinson, relied heavily on the MD, Alan Cook, who was moving POL into a more commercial space. Sir Mike Hodgkinson, and the POL Board more widely, did not get involved with day-to-day operational decision-making.

66. My recollection from when I was Network Director is that the POL Board operated in a light touch way. The primary board was the RMG Board, to which

POL matters were reported by Alan Cook. Alan, who was MD for most of my tenure as Network Director, was dynamic and hands on as MD. I recall that he was very charismatic.

8.3. Who determined the agenda of the meetings.

67. My recollection is that the POL Board's agenda would be set jointly by RMG, POL's MD and the CFO.

8.4. Who regularly attended the Board meetings (including from any Royal Mail company).

68. I regularly attended POL Board meetings at this time in my capacity as Network Director. In addition, the POL Board minutes referred to above show that the following individuals regularly attended POL Board meetings:

- a. MD: Alan Cook;
- b. Finance Director: Peter Corbett;
- c. Operations Director: Ric Francis / Mike Young;
- d. Sales Director: David Glynn;
- e. Marketing Director: Gary Hockey-Morley;
- f. P&OD / HR Director: Deborah Moore;
- g. Strategy Director: Sue Whalley;
- h. Head of POL Legal: Clare Wardle;
- i. Head of Accounting: Neil Owen;

- j. Head of Strategy Planning: Simon Whale; and
 - k. Chairman of RMH Allan Leighton (although he provided his apologies on the three occasions for which we have minutes. He did so on a number of occasions).
69. I remember that individuals from the RMG, such as the CEO, CFO, GC / other legal directors, would sometimes attend. I also recall that other RMG Directors, particularly HR, Estates and Security, would also attend but only infrequently.

8.5. The POL Board's subcommittees, their membership and their terms of reference.

70. I have little recollection of what sub-committees existed at this specific point in time, although a number of sub-committees were created in subsequent years.
71. As Network Director I attended the Risk and Compliance Committee. This is reflected in three documents relating to the Risk and Compliance Committee that have been disclosed, at the time of writing. The first is (**POL00021422**), the Risk and Compliance Committee minutes from 26 March 2008. This shows that, other than myself, the following individuals also attended the meeting (with their job titles inserted from the documents / my memory where possible):
- a. Peter Corbett (Chair and Finance Director);
 - b. John Scott (Head of Security);
 - c. Lynn Hobbs (General Manager, Network);
 - d. Keith Woollard (Head of Compliance);

- e. Shaun Delaney;
 - f. Luke March (Compliance Director at RMG);
 - g. David Pardoe (Secretariat);
 - h. Alan Cook (MD) – apologies;
 - i. Kevin Fairbotham – apologies; and
 - j. Martin Ferlinc – apologies.
72. The second document that has been disclosed to date is (**RMG00000074**), a briefing paper dated November 2008 provided by Peter Corbett, Finance Director, ahead of a committee meeting that month.
73. The third disclosed document is (**POL00031322**), a Risk and Compliance Committee Report dated June 2009. The Committee members listed, other than myself, are:
- a. Luke March (Chair);
 - b. Alan Cook (MD); and
 - c. Gary Hockey-Morley (Marketing Director).
74. Other attendees at the meeting, which are recorded as the leads on reporting, are listed as follows:
- a. John Scott (Head of Security);
 - b. Peter Tansley (Internal Audit & Risk Management);

- c. Keith Woollard (Head of Compliance);
 - d. Lynn Hobbs (General Manager, Network);
 - e. Andrew Spice (Head of Financial Services); and
 - f. Kiron Farooki (RMG Legal).
75. Having reminded myself of the documents, I now recall that the Risk and Compliance Committee was attended by a range of people including the MD, Marketing Director, Head of Security, General Manager of Network etc and other people less regularly.
76. I have not seen any terms of reference for the Risk and Compliance Committee for the relevant period. However, (POL00000168) shows the Committee's terms of reference as approved in July 2016. In addition, at page 120 of (POL00026973), a noting paper from the Committee dated 10 November 2014, states that the terms of reference in force at that time required the Committee to review and update its terms of reference annually.

8.6. What reports would be regularly submitted to such meetings and by whom.

77. The POL Board documents referred to above show that the following reports were submitted to the meeting on 21 January 2008:
- a. A status report on actions from the previous meeting;
 - b. A finance functional report;
 - c. A network functional report;
 - d. A sales report; and

e. A strategy report.

78. The above documents also show the following reports were submitted to the meeting on 20 October 2008:

a. A status report on action from the previous meeting;

b. A finance functional report;

c. A network functional report;

d. A marketing functional report;

e. A sales report;

f. An operations report;

g. A HR report; and

h. A strategy report.

79. The same documents show that the following reports were submitted to the POL Board meeting on 19 January 2009:

a. A status report;

b. A finance functional report;

c. A network functional report, which is at (**POL00095532**);

d. A marketing functional report;

e. A sales report;

- f. An operations report;
 - g. A HR report; and
 - h. A strategy report.
80. It follows that the same kind of reports would regularly be submitted to POL Board meetings, as listed above. They would be written by senior managers in the relevant functional teams and submitted by the functional directors.

8.7. The level of technical IT expertise of those attending the Board.

81. As set out in paragraph 35 above, I cannot recall the level of technical expertise of those attending the POL Board.

8.8. If any members of the executive management team did not attend POL Board meetings, how those persons would report to the POL Board.

82. My memory is that if Executive Team members did not attend POL Board meetings, they would report to the POL Board via the MD. Such individuals also attended POL Board meetings in-person when they were invited to do so.

9. Please describe any material change to the corporate structure of POL or the operation of its Board at the appropriate point in your witness statement.

83. In line with the Inquiry's request, I have set out my recollection of material changes to POL's corporate structure or to the operations of POL's Board within the appropriate sections of my statement. In doing so, I have relied heavily on documents disclosed by the Inquiry to aid my recollection, especially

since there were numerous operational changes during my 12-year period of employment by POL.

10. Did you consider POL's corporate governance to be effective when you joined the company? If your view changed at any time, please set this out in your witness statement.

84. As set out above, I joined POL as Network Director in January 2007. As well as being on the POL Board (**POL00021496**) I was part of the Executive Team (**POL00043805**) and I also sat on the Risk & Compliance Committee (**POL00021422**).
85. Prior to June 2009, POL's Risk & Compliance Committee (RCC) was chaired by the POL Finance Director, Peter Corbett. The RCC meeting on 26 March 2008 (**POL00021422**) was attended by others including John Scott, Lynn Hobbs, Keith Woollard, Shaun Delaney, and Martin Ferlinc. I see from (**POL00031322**) that in June 2009, it was chaired by Luke March, the RMG RCC Director. I believe post-separation it was chaired by the POL GC. Other RCC members were Alan Cook, Luke March, the RMG RCC Director (initially as member before becoming Chair); Network Director (myself and later Kevin Gilliland) and David Pardoe provided the Secretariat. As regulation increased in respect of FS compliance, I see that the Head of Financial Services, Andrew Spice, was also an attendee at the meeting in June 2009; that remained the case. Other POL Executive Directors attended when issues arose relating to regulation or compliance in their functional areas e.g. Sales/Financial Services; mails regulation. These meetings addressed risk exposure across the business, with a particular focus on areas affected by regulation and

compliance, and although I did not recall this, I see from the minutes that the Head of Risk and Finance Director discussed the losses report at this meeting, with a request to set up controls over Crown losses and classification of agents' losses.

86. In terms of the effectiveness of POL's corporate governance in 2007 (i.e. the effectiveness of accountability, transparency, fairness and responsibility), I set out below my recollection of the way in which POL managed risks, whether Board composition was balanced, whether (and, if so, how) Board members were regularly evaluated and, whether directors and auditors were independent. I understand from my lawyers that (at the time of drafting) there has been very limited disclosure of POL's governance documents relating to the period when I joined POL as ND, so the detail below is largely based on my memory, and it may be that I have misremembered or forgotten certain details, given the passage of time and the (current) absence of relevant POL Board and other minutes relating to governance issues from the 2007 period.

- a. Risk management: As the RCC minutes indicate, POL followed a standard approach to risk management. I would not, at the time that I was Network Director, have been able to evaluate how satisfactory that approach was.
- b. Board composition: It is difficult to comment with any thoroughness as I am unsure of my memory on the POL Board composition.
- c. Board evaluation: I do not recall a POL Board evaluation taking place before separation.

- d. Independence of directors and auditors: At that time, I do not recall considering one way or the other whether the NEDs were sufficiently independent from the POL Executive. Looking back now, there were no independent directors on the POL Board during the time I was Network Director, as even the NEDs came from RMG. In hindsight I can see this was not effective governance.

87. POL's approach to governance changed considerably post-separation. I address the changes and their effectiveness at the relevant points in my statement.

11. Please summarise the nature and extent of any reporting lines between (a) the POL executive management team or (b) the POL Board and the following:

11.1 Royal Mail; and

11.2 the Department for Business, Enterprise and Regulatory Reform and/or Department for Business, Innovation and Skills (or the relevant department).

Executive Management Team and POL Board reporting lines to Royal Mail

88. During the period that I was Network Director of POL, I was a member of the Executive Team (**POL00043805**). The 2009 POL organogram (**POL00043805**), shows that the other Executive Team members at this time included:

- a. Gary Hockey-Morley, Marketing Director;
- b. Mike Young, Operations Director;

- c. David Glynn, Sales Director;
- d. Debbie Moore, HR Director;
- e. Peter Corbett, Finance Director; and
- f. Sue Whalley, Strategy Director.

89. I was also a member of the POL Board from the time that I joined as Network Director until it was disbanded in October 2009. From the POL Board Minutes of 19 January 2009 (**POL00021498**) I can see that the POL Board members and the Executive Team members were the same people.
90. The Executive Team members reported directly to POL's MD, Alan Cook. Equally, the POL Board also reported to Alan.
91. Alan was the only member of the POL Executive Team and POL Board to attend RMH plc Board meetings. From memory, at the time that I joined POL as Network Director in 2007, Alan would report on POL matters directly to Adam Crozier, the RMH plc Group Chief Executive, as well as more widely to the RMH plc Board; see for example Alan's February 2007 update to the RMH plc Board at RMH07/23 paragraph (k) (**RMG00000029**).
92. Although he was POL MD, Alan was also the only POL Board / Executive Team member to sit on the RMH plc Board. I recall that from time to time, other POL Directors were called to the RMH plc Board or to RMH plc Board Sub-Committee meetings to provide updates when required.
93. Without sight of relevant Board minutes, I do not know how often Alan attended RMH plc Board meetings, but I believe he would have had reviews with the

RMH plc Board during the 2007 to 2010 period that I was Network Director. I believe there were also additional reporting lines between the POL and RMH plc Boards, but I do not think I was ever aware of the formalities surrounding this.

94. Although the Executive Team and Board members were the same people, at this time, they were still regarded as separate bodies and they met separately. The POL Board used to meet from a formal governance point of view, until it was disbanded later that year. I appreciate that, from a governance perspective, the effect was that there was no independent oversight of the POL Executive Team by the POL Board. The fact that there were no longer any RMH plc NEDs or Executives in regular attendance at POL Board meetings may have contributed to the POL Board eventually being disbanded, but I was not involved in discussions relating to the decision to disband the POL Board.

Executive Management Team and POL Board reporting lines to the Department for Business, Enterprise and Regulatory Reform and / or Department for Business, Innovation and Skills (or the relevant department).

95. I recall that there was a regular, reporting structure between the POL Board and BERR (Department for Business, Enterprise and Regulatory Reform) / BIS (Department for Business, Innovation and Skills), which I generally attended together with other POL Board directors.
96. I believe there were also occasional meetings between the POL Executive Team / Board members and the relevant government minister responsible for oversight of POL, but I do not remember how often these meetings took place or who attended them.

97. I think there may also have been infrequent meetings between POL and the Secretary of State but again, I do not know how often these meetings took place, nor do I know who attended them.
98. For the period that I was POL's Network Director, I believe the POL Executive Team / Board's reporting lines to BERR / BIS were through POL's MD, Alan Cook. Alan sat on and reported to RMH plc's Chief Executive, and I believe the RMH plc Chief Executive and Board members would have reported directly to BERR / BIS.
99. I recall that certain POL Board directors, as leads for specialist areas such as HR, IT, Legal and Finance, had a dual reporting line to the POL MD, and also to their respective RMH plc Board directors.
100. As far as I can recall there were no BERR / BIS representatives on the POL Board when I was Network Director. I believe that was a shortcoming and when I became Chief Executive of POL in 2012, this changed, and a shareholder representative then also attended POL Board meetings, which I welcomed.

12 Why did you, Michael Young, David Glynn, Gary Hockey-Morley and Deborah Moore resign as directors of POL on 31 October 2009? Further, please explain the following:

12.1. any changes that were made to POL corporate governance at this time;
and

12.2. how your day-to-day role changed.

101. I have not been able to locate within the Inquiry's disclosure a copy of my 2009 resignation, nor copies of the resignations for Mike, David, Gary or Debbie. Nor have I been able to find in the RMH plc or POL Board minutes currently available on Relativity any reference which explains why we were required to resign.
102. My only memory on this is that I think we were asked to resign from the POL Board by Alan Cook. I believe Alan explained that we were being asked to resign to avoid unnecessary duplication of effort with the work that the RMH plc Board was already conducting.
103. My day-to-day role did not change after I resigned from the POL Board. Even though I was no longer an executive director of the POL Board, my title remained 'Network Director' and then 'Network and Sales Director'. I performed the same role in relation to Network activities until I became POL's Chief Operating Officer in April 2010.

Knowledge of Horizon**13. What knowledge did you have of the Horizon IT System when you started as Network Director? In particular, please address the following:**

13.1. Please describe whether you were aware of either (a) bugs, errors or defects in the Horizon IT system ("BEDs") (b) a lack of integrity in the same or (c) complaints addressing BEDs or concerns with integrity.

13.2. Please describe any training provided to you in respect of the same.

13.3. Please set out what steps you took, if any, to increase your knowledge of the Horizon IT System at the appropriate point of your witness statement.

104. I had no knowledge of the Horizon system when I joined POL. I had not heard of any problems with the system before I joined, nor was I briefed on any during my induction. No-one at POL told me that there were bugs, errors or defects ("**BEDs**"), or that the system lacked integrity, or that there had been allegations or concerns about BEDs or system integrity.
105. As far as I can recall, my induction process as Network Director did not include any specific briefings or presentations about Horizon. I spent time with my executive colleagues discussing their roles, reporting lines, current issues, and agendas. We discussed how their function and the Network function needed to work together. Although I do not recall the meeting, I will have met with the then Operations Director, Ric Francis, who had responsibility for IT provision, including Horizon as well as other areas of importance to the retail network, for example cash distribution to branches and retail security.
106. I spoke to the senior Network managers who reported to me directly (Lynn Hobbs, Sue Huggins, Richard Barker, Adele Henderson and Kevin Gilliland) and spent time with their teams to understand their functions, objectives, and workloads. I also visited many Post Offices to understand the diverse nature of the retail network, and the challenges facing SPMs and Crown colleagues working in branches of different sizes and in very different community contexts. These branches were chosen by the Network field teams and selected across the UK, to make sure I was given as wide as possible an understanding of Post Offices.

107. Senior managers were expected to work in Crown Offices over the Christmas period to help with the seasonal surge in business. We therefore had an annual training session in the run-up to Christmas on how to operate a Horizon terminal. From recollection, it was basic training to enable us to make sales of the most common products, such as stamps. The training did not cover accounting or any technical IT issues. If I was working in a branch and had a query, or a customer presented with a more complex transaction, I deferred to one of the Crown staff members for help.
108. I recall some basic counter terminal training before the first Christmas after I joined. I sat in on some classroom training, which could have been for new colleagues and / or the introduction of new products. I cannot recall specifically but I have a vague memory of requesting a demonstration on HNGx as I remember it covered the improved (i.e. reduced) screens for mails products. Although my roles (Network Director, COO, MD and CEO) did not allow for detailed familiarisation, whenever I could, I would take the opportunities above, and not infrequently I would request meetings in what was known as the model office, so that I could keep up to speed with Horizon developments.

14. Please consider POL00090428 and FUJ00118186.

14.1. Please set out the detail of any briefing you received on contract between POL and Fujitsu relating to Horizon.

14.2. Please consider page 23 of POL00090428. During your employment with POL, were you aware that the Second Supplemental Agreement between POL and Fujitsu provided that Cash Account Discrepancies across the TIP Interface were not to exceed 0.6% between 3 October 1999 and 14 January 2000

otherwise POL would be entitled to postpone the resumption of the Horizon IT System?

14.3. Please consider clause 5.3 of the Third Supplemental Agreement (FUJ00118186). During your employment with POL, were you aware of this clause?

14.4. If the Horizon IT System was allowed an error rate of 0.5% in respect of the preparation of cash accounts, would you consider that to be robust?

109. I was not given any briefing about the contract with Fujitsu or made aware of these clauses when I joined POL.

110. I understand that "robustness" is a technical IT concept. I do not have the knowledge or expertise to form a view on whether an error rate of 0.5% is indicative of robustness or a lack of robustness.

15. Please set out to what extent the POL Board and / or the executive management team would, prior to February 2009, discuss (a) the Horizon IT System (b) the actual or possible existence of BEDs (c) actual or alleged integrity issues in Horizon or (d) sub-postmasters difficulties in balancing their branch accounts. Please provide details of any discussions that took place.

16. The Inquiry has heard evidence that employees of POL working at the operational level were told on occasions, both before and after you joined as a Network Director, that there were no systemic issues with the Horizon IT System or problems with integrity. Were you ever given such a message prior to February 2009? If so, please set out the following (a) who told you this (b) what they said and (c) what, if anything, you did to test the accuracy of that

position.

17. If not addressed above, please provide details of the first time you became aware of allegations of BEDs or a lack of integrity in the Horizon IT System at the appropriate point of your witness statement.

111. I do not recall any discussions by either the POL Board or the Executive Management Team of any of these issues prior to February 2009. If any concerns about Horizon had been escalated to the POL Board or the Executive Management Team between 2007 and February 2009, it would have come to us from Ric Francis, David Smith or Mike Young.

112. I do not remember management being given any particular message about Horizon prior to February 2009. This may be because I was not conscious that there was any challenge to the system that required a message. I believe the first I was aware that anyone was questioning Horizon was after the Computer Weekly article on Horizon was published in May 2009 (**POL00041564**).

113. I remember the Computer Weekly article because it was mentioned by Mike Young at a meeting of the Executive Management Team which I attended. To explain, the team met weekly and monthly. Only the monthly meetings were minuted. My lawyers have been unable to find a record of the discussion with Mike Young in the disclosure provided to date, so it is possible that it occurred at a weekly meeting.

114. Mike told us that that the article was critical of Horizon and had been picked up by a Welsh language television station. I remember this reasonably well because Mike was dismissive of Computer Weekly. I recall he said it was a

trade magazine that did not know what it was talking about in relation to Horizon. Mike said he was handling it. I spoke to him about it after the meeting because I was still concerned. He assured me that there was nothing wrong with the system and that the article was nonsense (or words to that effect).

115. I now have no memory of reading the Computer Weekly article in 2009, although I have read it since. It is likely that it was circulated in media cuttings and if it was, I probably would have read it; I do not recall. I was assured by Mike, POL's most senior IT manager, that it was no cause for concern and that the system was working properly. I have no recollection of Mike taking the article to the POL Board, however several members of the Executive Team were also on the POL Board.

Prosecutorial function

18. Please set out what you knew of POL's role in prosecuting sub-postmasters for theft and false accounting when you were appointed to the position of Network Director.

19. Please describe to what extent the POL Board and the executive management team would, prior to February 2009, discuss POL's involvement in prosecuting sub-postmasters. Please provide details of any discussions that took place.

116. I did not know that POL brought prosecutions against SPMs when I joined POL. I have no recollection of the POL Board or the Executive Management Team discussing prosecutions prior to February 2009.

20. Please describe the functions and responsibilities of the Risk & Compliance Committee. What was your role in attending its meetings?

117. The RCC was established before I joined POL. I can see from the minutes of the POL Board meeting on 15 December 2004 (**POL00021486**) that it had recently been established. The minutes state that the primary objective of the RCC was to ensure that the service and conformance elements of the business were working together properly, and that this required co-operation between POL's Risk and Control, Network, and Sales and Services functions. The scope of the RCC's activities at that stage covered audit, compliance, and legal issues, including branch control, Vital Few Controls, (I do not now recall a definition of this, but imagine it refers to a risk management approach), audit reports, the activities of the Group Audit Committee, anti-money laundering measures, and crime and fraud.
118. My primary role as Network Director was to support the RCC in its objectives to achieve the required level of branch conformance to the various regulatory and governance processes, to be delivered through the branch network.
119. As this was the responsibility of Lynn Hobbs as the General Manager of Network Operations, I requested her ongoing attendance at the RCC. This was approved: I can see from the minutes of the RCC meeting on 26 March 2008 (**POL00021422**) that Lynn was to attend future meetings and be copied into the RCC's arrangements and meeting papers. My other areas of responsibility which came to the RCC from time to time were reporting on Network closures and branch responsiveness to financial services rules and regulations (as POL increased the number of BOI financial services products that it sold).

Additionally, the network was sometimes impacted by reports and issues raised by other attendees. Lynn or I was asked to respond and or assist with these issues.

21. Please consider POL00021421 (the minutes of the Risk and Compliance Committee dated 6 September 2006).

21.1. Please describe the role and responsibilities and David Pardoe. Why did he attend meetings of the Risk & Compliance Committee?

21.2. Please explain what the Committee discussed regarding “Fraud and control”. Did this relate to alleged fraud by SPMs or POL staff when balancing?

21.3. What were the “Investigation Activity” and “Branch Audit Activity” reports. Please explain the nature and frequency of these updates.

21.4. In respect of the Branch Audit Activity Period 4 Report, please expand on “The key factor appeared to be the targeting of audit resource on branches that had not responded to a request to return surplus cash”. What, if anything, was discussed about either (a) the extent of the surplus cash not returned or (b) whether the surplus was disputed.

21.5. Please set out the discussion on “Arrange a presentation re: IMPACT/POLFS to Risk & Compliance Committee – what went well and what could have gone better”.

21.6. Please describe the discussion on “Confirm with Head of Security that appropriate links exists with specialist Police Units on relevant matters”.

120. I did not attend the RCC meeting on 6 September 2006 because I only joined POL in 2007. I recognise the name David Pardoe but cannot recall his roles or responsibilities. The minutes of the RCC meeting on 26 March 2008, which I did attend, record that David Pardoe provided the RCC secretariat function.

22. Please consider POL00021422 (the minutes of the Risk and Compliance meeting on 26 March 2006).

22.1. Please describe the role and responsibilities of John Scott. Why did he attend meetings of the Risk & Compliance Committee?

22.2. Please describe the discussion on “Scope the possibility of splitting the types of former Sub-postmaster losses to provide greater clarity between fraud losses and other”. What was the purpose and outcome of this?

121. I believe that this URN (POL00021422) refers to a meeting of the RCC on 26 March 2008, rather than 2006.

122. John Scott was Head of Security in 2008. His responsibilities in that role are set out in paragraphs 9 to 13 of his first witness statement (WITN08390100). I was not the Chair of the RCC, but I assume he attended because of the breadth of his role and responsibilities.

123. I do not now remember the discussion at the RCC meeting on 26 March 2008 about splitting different types of SPM losses. The summary of action points at the start of the minutes indicates that the analysis would be used by the Finance function to create a more detailed loss report for greater clarity in POL’s profit and loss accounts.

23. Please set out your understanding, at the time you joined POL, of what risks and / or compliance issues could arise from POL (a) prosecuting SPMs for theft and false accounting and (b) pursuing civil litigation against SPMs to recover alleged shortfalls in branch accounts. Please describe any material changes to your understanding during the relevant period at the appropriate point of your witness statement.

24. Please describe what steps you took as a member of the Risk and Compliance Committee to satisfy yourself that POL acted in compliance with its legal obligations in bringing prosecutions and civil proceedings against SPMs.

25. Do you think these steps were adequate and / or effective? Please provide reasons for your answer.

124. When I joined POL, I was not aware of any risk or compliance issues relating to prosecutions or civil litigation against SPMs. As Network Director, I had no responsibility for prosecutions or litigation, and I have no memory of being briefed about them when I took up my role.

125. I do not remember the RCC reviewing or considering the manner in which POL conducted prosecutions and civil litigation against sub-postmasters. It was not part of the mandate of the RCC to review legal issues and legal policies. I note in paragraph 117 above that in 2004 the RCC amongst other topics considered "*legal issues*" and "*crime*". This was three years before I joined POL. The type of legal issues and crime issues I recall being discussed during my time related to, for example: mails security, the Dangerous Goods Act, or armed robberies of Post Offices.

126. I have recently seen prosecution policies that were in force when I was Network Director (**POL00030800**; **POL00030580**; **POL00030578**). They appear to be RMG and POL policies. The POL Fraud Investigation and Prosecution Policy in force from 4 April 2010 (**POL00030580**) provides in section 3.15 that criminal investigations will be conducted in accordance with the legal powers, restrictions and guidelines provided by the government or governed by RMG policies. Section 4 provides that decisions to prosecute will be taken by nominated representatives of the business, with consideration being given to the advice provided by the RMG Criminal Law Team. I was not aware at the time that these policies existed.

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26. Please consider POL00114930 (Email chain ending on 8 May 2009) and POL00027890 (Letter from Robert Porteus to Alan Cook dated 29 April 2009).

26.1. Please describe how POL handled the information within Ms Thomson and Brian Binley MP's correspondence, both internally and externally. Please provide the following details:

26.1.1. Which members of the POL Board and executive management team were briefed on this correspondence. If not all members, please explain why.

26.1.2. Any views on the correspondence shared by members of the POL Board or the executive management team.

26.1.3. Who was involved in preparing and signing off the response to this correspondence. In particular, please address the extent to which, if at all, you were involved.

26.1.4. The factors that were considered to be important to POL when responding to the issues raised.

127. As far as I can see from the documents, the emails and the letter were not sent to me or my personal assistant ("PA") and I have no memory of seeing them, or being briefed about them, or discussing them at the time.

27. Please consider POL00041564 (Copy of article in Computer Weekly dated 11 May 2009).

27.1. When did you first become aware of the Computer Weekly Article published on 11 May 2009?

27.2. What was your initial reaction to the article? Please set out the basis upon which you agreed or disagreed with the contents of the article.

27.3. Was the article discussed by the POL Board and / or the executive management team? Please explain what was discussed and with whom.

27.4. What actions did the POL Board or the executive management team take in response to the article? In particular, please set out the following:

27.4.1. Whether there were any discussions concerning POL's external and / or internal communication strategy in relation to allegations concerning the Horizon IT System and, if so, the detail of them.

27.4.2. Whether the nature or extent of the discussions you referred to in addressing paragraphs 0 and 19 above changed following the publication of the Computer Weekly article in 2009.

128. Please see my evidence in response to Question 17.

28. Please consider the following BEDs identified by Fraser J in the Horizon Issues judgment (POL00112816): BED2, Callendar Square / Falkirk Bug, and please also consider POL00030241, the evidence of Gary Blackburn (WITN04650100) and Shaun Turner (WITN04640100); BED6, Remming Out Bug, and please also consider FUJ00121071 and the evidence of Gary Blackburn; BED9, Reversals; BED10, Data Tree Build Failure Discrepancies; BED15, Phantom Transactions; BED18, Concurrent Logins; BED23, Bureau de Change; BED24, Wrong branch customer change displayed; BED26, TSPC 250 Report; and BED27: TPS.

28.1. Were you, the Board and / or senior management aware of some or all of these BEDs when the Computer Weekly article was published and / or after any investigatory work that was carried out in order to respond to the same?

28.2. If not, why not?

28.3. If POL carried out any investigation in relation to the integrity of Horizon in order to respond to the Computer Weekly article, why do you think that it did not identify all or some of the BEDs?

129. I did not know about any of these BEDs, because no-one told me about them.

As I have mentioned, IT was the responsibility of Mike Young, who was Operations Director at this time. As Network Director and a member of the Executive Team, it is difficult to see how I would have come to know about a BED unless it was communicated to me via the IT function. I do not know

whether anyone on the POL Board or within senior management knew about some of or all of the BEDs in 2009. If they did, they did not tell me about them.

29. Please describe what role you had, if any, in facilitating the move from Legacy Horizon to Horizon Online.

30. What assurances and checks did the Board and / or executive management team conduct to satisfy itself as to the quality of the Horizon Online product?

31. Were you aware of any bugs, errors and defects in Legacy Horizon and/or Horizon Online during the transition to the new software?

32. Did you consider the transition to Horizon Online to be successful? Please explain your answer

130. My role in relation to the migration was to ensure that the Network function supported branches in the transition to Horizon Online.

131. I can see from the Network Function Report for May 2010 that there was a focus on migrating cash from the old to the new system, conformance, and compliance (**POL00039463**). The document shows that Network had recruited a team of over 300, including volunteer agents to support migration activity. By the time of the May 2010 report, the migration team had made over 500 visits to branches for pre-migration support. There had been some very positive feedback from SPMs. Cash checks had been completed at around 750 branches and conformance checks at 940 branches. The migration support team were going to revisit migrating branches to go through recovery information in case of any further issues during the migration process. I would

add to the document, that throughout the migration process the Agents' Development Team liaised with the NFSP.

132. I was not personally involved in any management or oversight process of checking the new system but although I do not recall, I am sure it will have been discussed at the Executive. The Royal Mail Board and the POL Board were in effect in May 2010. However, I did not sit on the Board of either at the time and therefore I was unaware of any Board level discussions. I was aware that there was a bespoke governance framework led by Mike Young and Lesley Sewell, to monitor the project and ensure that the product conformed to the standards required by the contract. However, I was not involved and did not know the details.

133. I was not made aware of any BEDs in Legacy Horizon or in Horizon Online during the transition to Horizon Online. I now know that the BED known as the "*Payments & Receipts Mismatch*" problem was identified in September-October 2010. I have been shown (**POL00028838**) which appears to be a note of or for a meeting between POL and Fujitsu in around October 2010 to discuss the problem and how it would be rectified. Attendees from POL appear to have been Julia Marwood from Network and Rod Ismay from P&BA. I was not told about this problem at the time, nor about this meeting. As set out below, I believe I was first made aware of the "*Payments & Receipts Mismatch*" problem in May 2013.

134. I can see from the documents that I knew that branches had encountered issues during the migration, principally system outages and migration failures, and the migrations were suspended while these issues were resolved. The

Network Functional Report refers to the additional support we were providing to branches in relation to recovery information. Although I do not now remember it, the extract from the Executive Management Team action log at **(POL00001573)** records that Mike Young had briefed the Executive Management Team about the current issues with Horizon. The Executive Management Team was concerned that success criteria must be in place for both the Medium and High-Volume rollouts (e.g. how many clear days there should be with no errors occurring before further rollouts). It goes on to state that *“Mike and Paula will discuss further...with the understanding that the Horizon rollout is priority and that we must not move to high volume roll-out unless we are sure that the system will be operational and stable in the network”*.

135. The messaging from POL's internal IT function and the team that managed the project was that the migration was ultimately a success. It may have taken longer than hoped, and clearly there had been problems during the migration, but the positives far outweighed the negatives.

136. **(POL00033200)** is the POL end of programme report for HNG-X Release 1, dated 4 November 2010, which was signed off by Mark Burley and Lesley Sewell. I was not a recipient, but some of the themes in the document are familiar. I note the following:
 - a. On page 8, it states that Horizon Online will provide significant costs savings and that *“this is crucial to POL IT achieving the 50% reduction in IT costs needed as part of the transformation of the Business”*.

- b. On page 9, it states that the programme is projected to be delivered below the Business Case baseline costs, and that POL is receiving in excess of the Business Case benefits, amounting to £56.1 million in 2009 / 2010 and £58.6 million in 2010 / 2011 (both figures in excess of targets).
- c. On page 12, the section on "*plan slippage*" states that, although the programme had been delayed, POL had not been financially penalised due to the contract protecting the business case benefits regardless of the date of delivery. The reasons given for the slippage were: delays in solution testing and development; branch router delays impacting the start of migration; data centre migration delays; data centre outages leading to the suspension of the roll-out.
- d. On Page 24, section 6.2 states that: "*...Programme Management has consistently emphasised the importance of delivering a quality product. Early indications are that the new system is working well and proving to be popular with the Network users. This justifies the delays to product delivery encountered.*"
- e. On page 28, Section 10 states that the design, development, and testing of the HNG-X User Interface involved 400 users. Feedback was obtained from SPMs and staff. A questionnaire managed by Kendata (an external firm) had elicited positive feedback. Further, from the start of the programme in 2005, POL conducted monthly interviews with up to 30 stakeholders (presumably SPMs) to gauge their satisfaction. While the number of participants varied from month to month, the overall level of satisfaction for the duration of the programme was high.

137. I cannot say whether I saw this specific document but the overall positive message from POL's IT people is one that I recognise from the time.

33. Please describe the process by which you were appointed to the role of Managing Director of POL.

138. Although I cannot recall the precise timings, I was considered for the role of MD of POL in early 2010 through a process which included competitive benchmarking by an external search firm, separate interviews with the RMG chairman, the RMG CEO, RMG NEDs, and a day of psychometric testing.

139. David Smith (then the MD of Parcelforce) and I were the final two candidates in the process. On 1 April 2010, David was appointed MD of POL, and I was appointed COO. This role was second in the management hierarchy behind the MD, but in practice my day-to-day role remained unchanged from my previous role of Network Director.

140. In October 2010, David was appointed RMG Group Commercial Director, a role which involved continued oversight of POL. I was promoted to MD of POL with effect from 18 October 2010. I continued to report to David until he left the Group in approximately June 2011, when I began reporting to the RMG Chief Executive, Moya Greene. I reported to Alice Perkins, the POL Chair, from approximately November 2011, keeping a line to Moya Greene until RMG and POL separated following the privatisation of RMG.

34. What did you consider to be the biggest issues facing POL were when you were appointed Managing Director?

141. I considered the biggest issues to be funding, separation and Network

transformation.

142. Funding: POL had been heavily loss-making in recent years and required a substantial investment from the UK government in the future of Post Offices. This required negotiation with the government and clearance through the EU state aid processes.
143. Separation: This was possibly the biggest issue facing POL when I took over as MD. The separation of POL from RMG and its establishment as a fully independent business was an enormous and complex exercise. The POL Board minutes dated 4 June 2011 (**POL00021500**), "POLB/1131" refer to a document setting out the timeline and milestones for separation.
144. Network Transformation: The NTP was announced in 2010. The core purpose of the NTP was to maintain the size of the POL branch network, to stop branch closures, and to improve financial sustainability. The NTP involved a complex re-organisation of the Network which continued throughout my time at POL. Key elements included the following:
 - a. The conversion of the majority of the Network into two new model Post Offices: Post Office Mains and Post Offices Locals. Prior to 2010, most sub-Post Offices (i.e. those run by SPMs) provided services from behind dedicated screen counters and often on a standalone basis without any other retail. Under the two new models, sub-Post Offices would be integrated into retail premises such as newsagents, convenience shops, and petrol stations. The intention was to increase footfall, increase opening hours, and enable costs to be shared between the sub-Post Office and the associated retail business. The main difference between the two models

was that Post Office Mains were busier branches and had separate dedicated Post Office counters. At Post Office Locals, Post Office transactions were processed by the general retail business staff at a combined Post Office-retail counter. Sub-Post Offices which did not convert to one of the new models were known as “*Community Branches*”. These branches tended to be in more sparsely populated areas, where a Main or Local branch would not be commercially viable.

- b. Through the NTP, funding was made available to SPMs to convert to the new models. Some SPMs converted their existing premises into the new models, others were established in new premises and some chose to take a termination payment.
- c. Consumer Focus, which later merged with Citizens Advice, as the statutory consumer body, was given the role of reviewing each Post Office change under the NTP and recommending steps to mitigate any identified consumer detriment.
- d. Another key thread of the NTP was to safeguard the availability of the Post Office's services to the community. The government set targets for the minimum total number of branches in the Network and distance access criteria. In addition, POL sought to extend opening hours and improve access for disabled customers.
- e. SPM remuneration was changed so that operators of the new models would be moved from a combination of fixed remuneration topped up with commission on transactions to a purely commission-based structure. Some branches remained on the old contracts for some time – either by

choice or until a replacement branch / SPM was identified.

145. Market changes: Post Office had to react to the increasing diversity and digitalisation of retail and government services, both to meet the needs of consumers and to ensure sustainability. Some government services provided by POL became available to the public directly online, which eroded sales income for SPMs and for POL. POL therefore sought to increase its range of services and enhance its own digital offering. One major part of this was a partnership with the BOI to locate ATMs in Post Offices and to extend banking and financial services products over Post Office counters. This again was a complex project, as all branches needed to comply with applicable financial services regulations.
146. IT: A new front and back-end IT strategy to underpin all of the above and which replaced or opened up Horizon to enable digital integration for branches and customers. The contract with Fujitsu for Horizon was due to expire in 2015 and, although I do not recall completely, POL faced a procurement challenge if it renewed HNG-X without open tender. From memory, the CIO, backed by the GE and Board, was keen to reduce dependency on Fujitsu. Whilst the core HNG-X software could (if won in open tender) be kept, it was felt that other services provided by Fujitsu should be spread across other suppliers. These included engineering, hardware provision, communications network, and service integration / service desk. Developing an IT strategy, reviewing alternative options and considering migration issues (including ownership and transfer of Horizon Intellectual Property Rights (IPR)) were major issues.
147. Culture change: Whilst culture change was not necessarily one of the biggest

issues facing POL when I took over as MD, it was very high up on my personal agenda.

148. Mutualisation: This was a significant additional issue that I dealt with as MD. It was agreed as a policy by the coalition government, and POL undertook major preparation work on how a mutualised POL would function. This was very complex and involved wide consultation with various stakeholder bodies involving the creation of a new Stakeholder Forum, and subsequently Post Office Advisory Council.

35. What changes, if any, did you make to the corporate governance of POL upon your appointment as Managing Director?

149. There will be documentation relating to very significant governance changes when I became MD. I had to "*stand up*" POL as a stand-alone company in preparation for separation from RMG. This was in addition to continuing to report to the RMH Board until the flotation of RMG. A Chair and four NEDs were recruited and appointed – bringing the experience of private and public sector companies, Finance & IT, Pensions, FS, Retail & Commercial, PLC governance experience and, additionally with NEDs from RMG. A full suite of board committees was established (Remuneration Committee, Nominations Committee, ARC Committee with additional committees for Pensions and Financial Services); each with specific NED and Executive membership and ToRs.

36 In respect of your time as Managing Director and Chief Executive of POL, please address the following at the appropriate point of your witness statement.

36.1 Whether you thought that there was sufficient IT experience on the Board and within the wider executive team to enable POL to monitor Horizon effectively.

150. I have addressed this question in the appropriate section of my witness statement.

36.2 Whether you thought that there was sufficient experience of criminal investigation and prosecution on the Board and within the wider executive team to enable them to provide effective oversight of POL's prosecutorial function.

151. I have addressed this question in the appropriate section of my witness statement.

36.3 Whether you felt the various Chairs and NEDs of the Board effectively understood and challenged you on issues relating to Horizon and POL's prosecutorial function.

152. I have addressed these questions in paragraphs 116 to 126 (in respect of POL's prosecutorial function) and paragraph 104 to 115 (in respect of Horizon) of my statement.

36.4 On reflection, whether you still agree with above

153. I have addressed this question in the appropriate section of my witness statement.

37. Please consider the BEDs set out in paragraph 28 above and those identified by Fraser J in Horizon Issues (POL00112816): BED1, the Receipts and Payments Mismatch Bug, and please consider POL00117863; BED5, the

Remming In Bug; BED7, the Local Suspense Account Issue; BED8, Recovery Issues; BED13, Withdrawn Stock Discrepancies; and BED25, Lyca top up.

37.1. Were you, the Board and / or senior management aware of some or all of these BEDs when you became Managing Director?

154. I was not aware of any of these BEDs when I became Managing Director. I do not know if anyone else in POL's senior management knew about some or all of these BEDs. If so, they did not inform me.

37.2. If not, why not?

155. I was not aware of the BEDs because no-one told me about them. As I have previously stated, IT was the responsibility of Mike Young at this time. I would not have become aware of any issues with Horizon unless they were escalated to me or to POL's senior management level by POL's IT function.

37.3. If POL carried out any investigation in relation to the integrity of Horizon in order to respond to the Computer Weekly article, why do you think that it did not identify all or some of the BEDs?

156. I have seen no indication that POL carried out any investigation into the integrity of Horizon to respond to the Computer Weekly article.

38. Please consider POL00030217 (Management letter for the year ended 27 March 2011), FUJ00086923 (email from Don Burgess to Bill Membery dated 28 April 2011), FUJ00086922 (Briefing note on Audit findings for Senior Management), RMG00000005 (minutes of Royal Mail plc Board meeting on 20

May 2011), POL00021500 (minutes of POL Board on 4 July 2011), POL00095550 (Status Report for Board), POL00030365 (minutes of POL Board on 22 September 2011), POL00021502 (minutes of POL Board on 10 November 2011) and POL00021431 (minutes of POL Audit, Risk and Compliance Sub-Committee meeting on 23 May 2012).

38.1. Please describe the background to the Ernst and Young (“EY”) 2009/10 audit and your involvement in the same.

38.2. Did you use this briefing note? If so, in what circumstances?

38.3. Did POL employees work with Fujitsu employees to prepare this brief?

38.4. What were your views on EY’s findings in relation to the Horizon IT System, Fujitsu’s audit controls and POL’s contractual relationship with Fujitsu. Please describe your understanding of the importance of the audit controls described and EY’s recommendation for SAS70 audit.

38.5. What steps did POL take in response to EY’s findings?

38.6. To what extent did cost factor into POL’s decision making on this issue?

38.7. Please describe the background and function of the IT Audit & Control Board. Why was the POL Board not aware of this initiative as at 20 May 2011?

38.8. Please set out what you told the POL Board on 4 July 2011 in respect of the nature and function of the POL IT Audit and Control Board.

38.9. Please describe your meeting with Duncan Tait and Mike Young on 18 August regarding IT Audit and Control. What was the “Good progress”?

38.10. Was there any discussion of the “Fujitsu – Viability of introducing a SAS70 or Equivalent audit report” (POLB(11)55) at the 10 November 2011 Board meeting? If not, why not?

157. EY’s 2009/2010 audit of the Horizon control environment was performed as part of its audit of Royal Mail Group Holdings Plc. An extract from the EY Audit Results Report for the year ended 28 March 2010 dealing with Horizon is at (**POL00030261**). EY noted that they would normally seek to rely on SAS70 audits, which are independent audit reports over the control environments of IT suppliers. Because Fujitsu’s controls around Horizon were bespoke to POL (as the only customer of the system) the cost of a SAS70 would have fallen on POL and the costs of Fujitsu obtaining a SAS70 audit were prohibitive. Therefore, EY had carried out their own independent audit procedures to obtain assurance over the control environment at Fujitsu.

158. EY reported that they had encountered difficulties in performing their audit with Fujitsu in 2009 and that the completion of their work in 2010 was once again delayed by challenges in obtaining audit evidence in a complete and timely manner from Fujitsu. EY were unable to identify an individual within POL who owned the relationships with outsourced providers, and they had required the intervention of senior POL and Fujitsu finance staff to obtain the evidence they needed. A new contact at Fujitsu had been identified to EY and they hoped to develop this relationship so that the 2010/2011 audit could be conducted more efficiently.

159. During the audit, they had observed one issue in relation to the revocation of user access. This was quickly remedied by Fujitsu.
160. I am not clear whether I saw the 2008/2009 or 2009/2010 audit results to which this document refers. They were the responsibility of the Finance and Operations Directors. The audit results were presented to the RMG Audit and Risk Committee, which I did not sit on.
161. EY's management letter for the year ended 27 March 2011 is at **(POL00030217)**. As the section dealing with IT was long and technical, a briefing note on EY's findings was prepared for POL senior management **(FUJ00086922)**. I can see from **(FUJ00086923)** that the briefing was emailed by Don Burgess to Bill Membery and Mark Arnold on 28 April 2011. Bill Burgess stated that, "*following revision with Lesley, this has been expanded to provide Paula Vennells with enough information to handle questions that may arise from RMG regarding the audit. to support this more non-technical description and examples have been included*".
162. The briefing summarised the key EY audit findings as follows:
- a. EY had identified ten issues connected to three main areas: Change Management processes and controls; User Access and appropriate authorisations; and the extent to which POL required proof of management activities from Fujitsu.
 - b. EY's key findings were set out in Appendix A. There were four high priority issues, three medium priority issues, and three low priority issues.

- c. The summary of EY's recommendations stated that following changes during the past year to a shared services environment with other customers including Government, actions should be taken to resolve three key areas of audit findings.
- d. First, the contract between POL and Fujitsu should clearly state expectations and ensure the monitoring of control activities was in place.
- e. Second, Fujitsu was to resolve issues in relation to access around financial systems. In particular, they should resolve user or system accounts that were inconsistent with the need to segregate duties, and ensure processes were in place for regular reviews of access controls and the clean-up of access rights due to personnel changes.
- f. Third, Fujitsu should continue to improve the change management process by (a) ensuring that process controls were visible to POL; and (b) ensuring that approvals were traceable.

163. I am confident that I read the briefing, and it is possible that I asked for it to be produced. EY's management letter was a technical document, and I would have welcomed and wanted a shorter document to help me understand the scope of the issues and the key points. I do not now recall if I used it to do anything other than to familiarise myself with the key issues arising from the audit. It is unlikely that I would have used it to present to RMG, as the RMG Audit and Risk Committee were going to be presented with the results. I do not know who produced the briefing, but I can see from (FUJ00086923) that Lesley Sewell was involved and that it was being discussed between POL and Fujitsu employees. I can

see from (**FUJ00086924**) that Fujitsu put in place a formal response dated 18 May 2011, with actions and owners to respond to the EY findings.

164. The letter to management was discussed at a meeting of RMG's Audit and Risk Committee on 20 May 2011 (**RMG00000005**). Lesley Sewell and Mike Young attended for the discussion about the IT audit. The minutes of the meeting record that:

- a. Alison Duncan from EY reported that the audit process identified significant control weaknesses, which reflected a need for improvement by Fujitsu, but also a change in approach by POL to the management of the Fujitsu contract. Fujitsu's approach to the audit had resulted in an unduly lengthy, unpredictable and inefficient audit.
- b. Mike Young stated that the recent re-negotiation of the contract had offered POL significant costs savings, but he accepted that POL had not demanded SAS70 audit evidence.
- c. POL had now established an IT Audit and Control Board to manage contract governance going forward.
- d. Les Owen noted that the POL Board were not aware of this project and asked that in future the POL Board be kept fully up to date on all such projects. It was actioned that the POL Board would be updated at its next meeting. Les Owen was a NED of RMG, and also sat on the POL Board.

165. There was a meeting of the POL Board on 27 May 2011, which I attended (**POL00021499**). The minutes record that EY had raised concerns about

access controls and POL's oversight and assurance of key activities. Lesley Sewell was to advise the Board on steps taken to improve the controls. There were two items for noting in relation to this:

"The board noted that the auditors had raised concerns about the IT change management processes, access controls, the Fujitsu managed service and POL's oversight and assurance of key activities. Lesley Sewell had been invited to advise the Board on the steps taken to improve the controls ...

"...the Board noted that activity had already commenced to remedy the issues identified by Ernst & Young, including establishing a POL IT Board. The Board agreed that the end result should be that either SAS70 applies, or a set of controls be established that E & Y are happy with."

166. In the briefing note to me dated 28 April 2011 (**FUJ00086922**), there is an explanation for why the audit was inefficient and overbudget. According to the note, POL and Fujitsu had undertaken significant changes to the financial systems environment over the past year. This involved the entire counter and branch support environment being converted from Legacy Horizon to HNGX along with the consolidation of the SAP back-office environment to POLSAP and the provision of supporting change management processes and systems within Fujitsu to support POL's customer requirements. The note went on to explain that the complexity of the POL / Fujitsu environments had required a more technical understanding from EY as compared to previous years and the utilisation of the shared service approach (i.e. the use of a shared

data centre with other Fujitsu customers) had introduced further complexity and difficulty in obtaining audit evidence. The briefing note went on to mention that EY had used a new team for the 2011 audit, which had no experience of the POL estate.

167. The information I have summarised from the briefing note was also given to me, I believe, by Mike Young and Lesley Sewell. It is possible that the briefing note was produced because I asked either Mike or Lesley for a note because I was not sure I would be able to keep it in my head.

168. Mike Young told me that a number of changes had been made to the system and Fujitsu had not got all of the control documentation right, and that those matters needed to be improved. He felt that this was not a major crisis.

169. I understood that the 2011 EY management letter reported deficiencies in controls at Fujitsu which required action by POL and Fujitsu.

170. The POL Board discussed the audit again at its meeting on 4 July 2011, which I attended (**POL00021500**). The minutes of the meeting record the following discussions around IT:

"(h) Technology: Paula Vennells confirmed that the new POL IT Audit & Control Board would pick up all the issues and actions from the SAS70 audit and that Ernst & Young were not sitting on the Board. Matthew Lester asked if the Audit picked up other systems as well as Horizon. Paula Vennells explained that when the issue came to the last POL Board and the RM ARC it referenced other Group systems as well as Horizon...

(i) Matthew Lester asked that they also pick up the Separation issues for technology. Les Owen emphasised that the advantage of asking Fujitsu to comply with SA70 audits meant that we could rely on those reports. The Board discussed the best way to engage with Fujitsu. Paula Vennells explained that she was meeting them and would raise the issue;

(j) a detailed technology paper to cover these issues to be presented at the next POL Board meeting."

171. A POL Board status report dated 4 July 2011 (**POL00095550**) states that I was to engage with Fujitsu regarding compliance with SAS70 audit standards. It records that Mike Young and I met Duncan Tait (Fujitsu's CEO Europe) on 18 August 2011, and that good progress was made and Fujitsu were investigating moving to SAS70. I do not now recall that meeting.
172. It also states that a detailed technology paper to cover SAS70 would be presented at the next POL Board meeting, which was the September 2011 meeting. The status update indicates that Mike Young was to produce the paper, but I believe that the work was reallocated to Lesley Sewell, who was now co-ordinating POL's audit response, although she still reported to Mike at this stage. I believe it was Lesley who had the idea of setting up what I described at the July POL Board meeting as the POL IT Audit & Control Board. I think "*steering group*" would be a better description, as it was not a formal committee or board of the company. I can see that it is described in this way at paragraph 3.1 of

(POL00029438), which I believe is the technology paper for the September 2011 POL Board meeting referred to in the status update.

173. The technology paper states that the "Audit Steering Group" had now met on three occasions. It provided the appropriate level of governance and oversight to ensure that audit actions were completed as agreed and that there would be alignment of all of POL's compliance audit requirements. I do not recall what I told the POL Board about the Steering Group at its meeting on 4 July 2011, but I am sure that Lesley would have briefed me about it to enable me to describe the purpose and the functions of the Steering Group as set out in the technology paper. I cannot say why the POL Board was unaware of the existence of the Steering Group at the time of the RMG's Audit and Risk Committee meeting on 20 May 2011. It is possible, though this is speculation, that the establishment of a Steering Group was more of an action point within POL IT at that time than something that was already up and running.

174. The technology paper reported, in summary, that:

- a. A project team had been established at Fujitsu to manage the implementation of EY's recommendations.
- b. All of EY's recommendations were being actioned and in some cases were already completed. All remaining actions were on track to be completed by October 2011. In addition, POL had learned lessons from the audit, and were working closely with EY and Fujitsu to put these improvements in place ahead of the current year's audit.

- c. Group Risk & Audit and Fujitsu were to undertake an independent review of the completed actions during October and November to provide assurance that all actions had been satisfactorily completed. The key review findings would be shared with EY.
- d. The Steering Group was continuing to consider adopting SAS70 for future audits and had discussed the benefits of adopting this approach with EY and Deloitte.
- e. There were already commercial discussions taking place with Fujitsu, relating to the future of their service contract with POL, when HNGX was due for renewal in 2015. The intention was to make clear to Fujitsu that the SAS70 audit standards would be necessary for the longer term (i.e. part of any tender document and supplier framework model that POL would move to).
- f. Furthermore, it would be made clear to Fujitsu that POL had an expectation that Fujitsu would move to the standard for the 2012/2013 audit.
- g. The summary in paragraph 8 stated: *"In summary, we will have enhanced controls, governance and a reporting mechanism in place with Fujitsu, covering the recommendations made by Fujitsu, by the end of October, with an intention to move to SAS70 by the end of 2012 for use as part of the 12/13 audit."*

175. The POL Board September 2011 meeting was held on 22 September 2011 (**POL00030365**), which I can see was the same day as a meeting of the Audit Steering Group (**FUJ00086948**). The agenda sets out a

Status Update on the 2011 audit findings in the form of a table setting out each EY recommendation, the steps that POL and Fujitsu were taking in response, and the current status of the workstreams. I do not know who created this document. It is unlikely that I saw it at the time as it was prepared for the IT Steering Group, of which I was not a member.

176. I can see from the POL Board minutes for the September meeting that the IT Audit paper was noted, but Les Owen clarified that the original question from RMG Audit and Risk Committee was why Fujitsu had not used SAS70 audit standards: it had not suggested that POL should push Fujitsu to perform SAS70 audit checks if POL had to pick up the cost. Chris Day explained that Fujitsu do not undertake a SAS70 audit, but they recognised that customers, including POL, would expect it and that POL would be looking to pass the costs on to Fujitsu before going down this route. The Chairman (Donald Brydon) suggested that POL should align itself with other customers to ensure that Fujitsu appreciated that the SAS70 standard was a requirement. Alice Perkins (who had begun to attend POL Board meetings as a NED) stressed that the business needed to be influenced by the cost in deciding whether to adopt SAS70. Further clarification was required, and a noting paper would be submitted for the next POL Board meeting. I see the minutes do not list Mike Young, Kevin Gilliland and Nick Kennett (all GE Directors) as present or attendees of the meeting, however they are all noted in the minutes as making comments. It is possible therefore that Mike Young was in the room for the IT audit discussion. This must have been a secretariat protocol at the time, as the same applies to the minutes of the November

2011 POL Board meeting, where Nick Kennett and Susan Crichton are quoted but not listed as attendees (**POL00021502**).

177. I can see from the minutes of the POL Board meeting on 10 November 2011 (**POL00021502**) that the POL Board received a noting paper on the viability of introducing a SAS70 or equivalent audit report. However, there is no discussion recorded in the minutes and I do not know whether there was any discussion.

178. The audit issues were discussed at the next RMG ARC meeting on 8 December 2011 (**RMG00000003**). There were four attendees from POL at that meeting: Chris Day (CFO), Lesley Sewell (Head of IT), Rod Ismay (Head of P&BA) and Paul Meadows (Head of Risk & Compliance). The minutes of the RMG ARC December 2011 meeting record that:

- a. Unlike other RMG suppliers, Fujitsu did not carry out SAS70 audits with the consequence that EY were required to perform full testing of all systems which were integral to the financial results of the group.
- b. A number of IT control issues were identified during the 2010-2011 audit, which were largely centred on Fujitsu. Overall, EY were satisfied that the control environment was reliable, but additional work had been required to reach this conclusion.
- c. EY's recommendations in their management letter had been implemented.
- d. The control issues identified during the audit did not relate to the integrity of the accounting data in the system. Rather, the recommendations

concerned the documentation and authorisation of changes to systems and opportunities for more streamlined assurance processes.

- e. Fujitsu had now committed to covering the cost of implementing a SAS70 approach for the 2012-2013 audit. EY would carry out the work. The activities completed during the 2011-2012 audit would provide the foundation for moving to SAS70 in 2012-2013. EY had ratified the approach POL was taking to the current audit year, and planning was underway for the 2012-2013 audit.

179. The minutes do not record who made these statements, but as mentioned above, I can see that Lesley Sewell attended the December 2011 RMG ARC meeting, along with three attendees from EY: Richard Wilson, Kath Barlow, and Ben Marle. I am confident that the part of the minutes I have outlined above was a summary of a briefing by Lesley and EY.

POL Suspense Accounts

39. Please explain the suspense accounts POL operated during your time as Network Director, Managing Director and Chief Executive.

40. Please explain whether there were ever unexplained or unattributed surpluses held in that/those suspense account(s) or otherwise. If so, please explain the nature and frequency of such surpluses.

41. Please explain how you, or POL, satisfied yourself that any such surpluses were not derived from the recovery of false shortfalls generated by the Horizon IT System.

180. I had no understanding of how POL's suspense accounts operated during my time as Network Director and MD. If there were any issues or questions about the suspense accounts during these periods, I was not made aware of them.
181. As far as I can recall, questions about suspense accounts were brought to my attention for the first time, certainly at any level of detail, in January 2015, when I was preparing to give evidence about Horizon and the Mediation Scheme to the House of Commons BEIS Select Committee. The evidence session was scheduled for 3 February 2015, and the other witnesses included the JFSA and Second Sight.
182. The first email to me on this issue that I have seen is an email from Belinda Crowe on 20 January 2015 (**POL00109892**). Belinda stated that Second Sight had been pressing for a meeting to discuss "*suspense accounts*" and that "*there is something of a history to this matter*". She had met Chris Aujard and POL's new CFO, Alisdair Cameron ("**Al Cameron**") and they had agreed that POL would provide written information in the next week. This would be followed by a meeting between Second Sight and Al Cameron and his team on 2 February 2015. Belinda asked me to confirm that I was content with this approach. She added that this was one of Second Sight's "*pet issues*" and they might raise it with the Select Committee. On the same day, Avene O'Farrell replied to Belinda that I was happy with the proposal and content with timings if they suited our needs.

183. As I set out in more detail below, by this point in time, relations between POL and Second Sight had become strained. I therefore emailed Ron Warmington of Second Sight on 28 January 2015 to let him know that lines of communication to me were open if Second Sight felt the need to speak (**POL00109933**).
184. Ron replied on 29 January 2015 (**POL00109933**). He wanted to meet me so that Second Sight could provide comments and thoughts on the work they had done to date. He set out in his email a list of possible points for discussion. These included a *“concern about the operation of Post Office’s Suspense Account and the possibility that Post Office may have benefitted from amounts charged to Subpostmasters”*. At the end of the email, Ron stated that he and his colleague Ian Henderson were due to meet Al Cameron , on 2 February 2015 to discuss POL’s suspense account.
185. I can see from (**POL00109933**) that at 18:09 on 29 January 2015, my executive assistant, Avene O’Farrell, forwarded Ron’s email to a group within POL, with a message that I had not yet seen and inviting views on how to respond. I cannot see from the version of the email which the Inquiry has disclosed who Avene sent the message to, but I assume it was the same group I emailed in the same thread later that day at 19:44.
186. Al responded at 18:18 on 29 January 2015 (**POL00109933**). He thought that POL must listen to what Second Sight had to say, but also emphasise to Second Sight that POL was keen to see any evidence they had to support their concerns. He felt that if I did meet Second Sight on

2 February 2015, it might make them feel they could be more explicit during the Select Committee hearing the following day. In his view, although either route could backfire, he was inclined to offer them dates for a meeting with me later that week.

187. At 19:44 on 29 January 2015, I emailed Al and cc'd several POL managers (**POL00109933**). Since I was to be out of the office for two days on leave with a longstanding personal engagement, it was impossible for me to meet Second Sight on 2 February 2015. However, I was happy to meet them at a convenient time, with an agenda and topics for discussion. I asked Al to let me know how his meeting with Second Sight went.

188. Al replied to me at 11:28 on 30 January 2015, stating that he would drop Angela Van Den Bogerd and me a note after the meeting (**POL00109933**). My lawyers have been unable to find this note if Al produced it. He added that his *"general policy is to be helpfully non-committal, as the new boy, so I don't make things any harder for you on Tuesday either by inadvertently setting hares running or by appearing to stall"*. I do not remember speaking to Al about his meeting with Second Sight at the time. It is possible that what Al meant by his email was that he would tell Second Sight that he would look into whatever their concerns were.

189. On 30 January 2015 at 12:09, I emailed Al alone. As I say above, I told him that we needed to speak about the suspense account question before Tuesday, as it was likely to come up in the Select Committee

hearing if questions were planted (**POL00109933**). One of Second Sight's concerns was about suspense accounts, so it would have been unprofessional, in my view, not to have at least enquired as to the issues involved. At 15:01 on the same day, Avene informed me by email that AI was available to speak by telephone after 18:30 on 2 February 2015 or from the early morning onwards on 3 February 2015.

190. At around the same time as my emails with AI and Avene on 30 January 2015, I was involved in a separate email chain with Mark Davies and others about the briefing materials for the Select Committee evidence session (**POL00117080**). On 30 January 2015 at 12:35, Mark updated me that he and his team were finalising my briefing. He aimed to finish by 3pm that day and offered to get the train to deliver a copy in person. I replied at 12:39 stating that I had briefed Gavin Lambert on a couple of areas where I felt "*unsighted*". Gavin set these out in an email to Mark at 13:06 on 30 January 2015 (**POL00117080**). They included:

"Suspense accounts –

- what's the issue*
- what to say/not to say*
- if we've found something – flag ongoing work*
- if not, let's rule it out"*

191. On 2 February 2015 at 17:54pm, Jane Hill (POL Head of Public Affairs) sent me an email attaching "*two final briefing documents*"

(POL00117096). She described one of the documents (POL00117097) as an addendum to the briefing pack, and stated that it included POL's position on claims, suspense accounts, Second Sight's information requests, and remote access. It stated in relation to suspense accounts:

- *"A suspense account is part of standard accounting practice. It is a place in the books of an organization in which items are entered temporarily before allocation to the correct or final account.*
- *If money is not attributed after three years, it is taken to P&L.*
- *We do not put anything in the suspense account until we have thoroughly investigated and ascertained that it does not belong to a subpostmaster.*
- *The funds in a suspense account represent a tiny fraction of the transactions that take place in Post Office branch.*
- *SS have requested information about our suspense account. We have agreed a process for sharing information in a way relevant to individual cases, and manageable – given the complexity and volume of information."*

192. I spoke to AI about the suspense account issue more than once, but I cannot recall when this happened. The first conversation must have occurred after my email to Mark Davies at 12:39 on 30 January 2015 (POL00117080) because I indicated in that email that I felt "unsighted" on the suspense account issue. It is possible that I spoke to AI around this time. I remember needing a second conversation with AI at, I believe, a later point. For reasons which I do not recall, neither AI nor his team

had finished looking into Second Sight's queries. He apologised and said he would do so. There was a further conversation, which I remember reassured me that he had resolved the issue. It is possible that the second conversation related to a meeting between Second Sight and POL on 4 March 2015. The note of the meeting (**POL00063428**) records that *"It was agreed that the suspense accounts item had been dealt with at the proceeding meeting with Alisdair Cameron which Jane McLeod had also attended."*

193. At some stage, I remember AI explaining to me that Second Sight had misunderstood the nature of the POL suspense account. It held client money (e.g. DWP, DVLA, NS&I, and Santander) where reconciliations were outstanding, and the account was reviewed as part of the annual ARA audit. I can see from (**POL00102388**) that, on 10 April 2015, Mark emailed AI (cc Jane MacLeod and Neil Hayward) about Second Sight's Part 2 Report. Mark stated that the report claimed that POL was potentially profiting through money in suspense accounts that could be due to postmasters. AI copied me into his reply to Mark:

"Thanks, hugely frustrating that they have misunderstood (wilfully?) what we have told them. I gave Mark and the team some rebuttal words yesterday, being the balances of £96m and £66m were routine trading balances yet to be settled with the organisation at that particular month end. In other words, they represent amounts due not amounts that are unreconciled. This description is therefore misleading. As previously reported to SS, the statistic that gives genuine comfort is that neither

account had any unreconciled balances which were over six months old. If the client accounts were being operated as an alternative suspense account, this would not be the case. Taking this with the work previously shared on the suspense account, we can see no evidence for any ongoing concern."

194. Whilst I do not remember the full details today, I remember that I accepted Al's explanation.

Shoosmiths litigation

42. Please consider POL00107689 (letter of claim dated 23 August 2011), POL00107695 (note of conference with Richard Morgan KC on 26 October 2011), POL00021503 (minutes of POL Board meeting of 21 January 2012), UKGI00016088 (minutes of POL Board meeting of 15 March 2012), POL00096033 (POLB(12)42) and POL00058211 (a briefing note on the current status of claims involving Horizon):

42.1 When was the first time you became aware of Shoosmiths intimating civil proceedings against POL concerning deficiencies in the Horizon IT System?

195. I do not know when I first became aware that Shoosmiths were intimating civil proceedings against POL in connection with Horizon. On 4 February 2011, Mike Granville emailed me a letter from POL's solicitors, CMS Cameron McKenna, to the BBC in connection with a proposed broadcast in the BBC Inside Out (South) series about Horizon, which was scheduled for 7 February 2011(POL00120458). The letter states that the BBC had mentioned in an email on 31 January 2011 that it had

interviewed a lawyer at Shoosmiths, who was seeking to launch a civil action against POL on behalf of 55 former SPMs. I do not remember Mike Granville's email or the attached letter.

196. Based on the documents disclosed by the Inquiry, it appears that I was first given details of the letters before action sent by Shoosmiths in December 2011. The minutes of the Board meeting on 13 December 2011 record on page 7 under the heading "*Noting Papers*" that the Significant Litigation Report (POLB(11)65) was noted and that Susan Crichton was asked to give an oral update at the January Board meeting (**POL00027270**). I have not seen this Significant Litigation Report in the Inquiry's disclosure to date.
197. The Inquiry has disclosed a Significant Litigation Report (POLB(12)13) (**POL00095595**) which appears to have been prepared by Susan Crichton for the POL Board meeting on 12 January 2012. The minutes of that meeting (**POL00021503**) refer to POLB(12)13 in the section on page 6 under the heading "*Significant Litigation Report*". I will discuss POLB(12)13 in more detail in my answer to Question 42.2, but I note that it deals only with the Shoosmiths claims. Although I cannot recall, it seems likely, based on these documents, that the Shoosmiths claims were mentioned in the Significant Litigation Report for the December 2011 meeting, and that the POL Board asked for further details of the claims to be provided at its January 2012 meeting.
198. The Shoosmiths claims were mentioned in my letter to Mike Weir MP (**POL00001976**) in December 2011, which I discuss further in my answer

to Questions 43 to 44. The letter is dated "*December 2011*", but I can see from (POL00120490) that it was in the final stages of preparation on 9 December 2011.

199. The letter deals with the letters before action from Shoosmiths on page 4 under the heading "*Legal Action*". This section states that a tiny number of former SPMs appeared to be making distinct allegations with respect to the operation of Horizon. In all of these cases, significant shortages were found at the former SPMs' branches for which they could not account. Shoosmiths had been claiming for around a year that they represented a number of these former SPMs. To date, Shoosmiths had sent four letters before action, making allegations about Horizon (among other issues) and seeking information. In two of the cases, the individuals had pleaded guilty to false accounting and the cases stretched back over five years. POL did not accept any of the allegations made and would robustly defend its position if any civil claim was brought against it.

42.2 Please describe your involvement in responding to the Shoosmiths' claim.

What did you understand about these pre-action claims? Did you consider them to have any merit?

200. I do not remember having any involvement in responding to the Shoosmiths claims. As I set out below, the POL Board was informed about the claims, but it was not asked to take or authorise any action in respect of the claims.

201. As I have mentioned above, the Shoosmiths claims were the only piece of litigation addressed in the Significant Litigation Report for the January 2012 POL Board meeting (**POL00095595**).

202. The first section of the report, entitled “Significant Litigation Cases” stated, in summary:

- a. POL had received letters before action from four former SPMS who had been dismissed when discrepancies were discovered in their branch accounts.
- b. Two of the claimants had previously pleaded guilty to false accounting.
- c. Each claimant alleged (based on alleged failings in POL’s processes and computer system) that POL had wrongfully terminated their contract and each claimed c. £150,000 in damages.
- d. A further claim had been issued but not served. POL was seeking to challenge a stay in respect of this claim and would, if necessary, assert that it was time-barred.
- e. It was possible that POL would receive a large number of similar claims – possibly between 55 and 150 according to press reports.
- f. POL’s strategy was to defend each claim robustly to deter future claims. It would be responding to each claim in full. At present, POL considered the legal claims to be weak and the damages claim to be inflated.

203. The second section, entitled “*Summary*” began with the statement that “*The considered legal view is that the claimants are unlikely to succeed*”.

Nonetheless, given the potentially high volume of claims that would be issued in the county courts, POL had been advised by its QC, Richard Morgan, that “*the quality of the judges would be unpredictable making it more likely that one or two cases might be lost.*” In light of this litigation risk, and the fact that a large volume of claims may be received (that collectively may pose a material financial risk), it was prudent to flag the cases at this stage.

204. The minutes of the POL Board meeting on 12 January 2012 (**POL00021503**) record on page 6 that Les Owen (a NED) asked Susan Crichton for assurance that there was no substance to the claims brought by SPMs which had featured in Private Eye. Susan’s response was to explain that the SPMs were challenging the integrity of the Horizon system. However, the system had been audited by RMG Internal Audit with the reports reviewed by Deloitte. The audit report was very positive. The business had also won every criminal prosecution in which it had used evidence based on the Horizon system’s integrity. Susan suggested that she would clear the audit report with external lawyers and would circulate it to the POL Board if was possible to give the report privileged status.

205. The minutes of the POL Board meeting on 9 February 2012 (**POL00027579**) contain no record of any discussion of the Shoosmiths claims. On page 5 under the heading “*Noting Papers*”, a Significant Litigation Report (POLB(12)23) was noted. This appears to be a reference to (**POL00095835**). The document is a POL Dispute

Resolution Paper dated January 2012, with details of claims over £500,000 or those of a sensitive nature. The document records that POL had engaged Bond Pearce in relation to Shoosmiths claims and gave brief details of each of the claims. In summary:

- a. POL had rejected three claims (those of Scott Darlington, Julian Wilson, and Terence Walters) on the grounds that they had each admitted to false accounting and that Mr Darlington and Mr Wilson had been convicted.
- b. POL had responded to the claim by Thakshila Somaskandarajah on the grounds that the claim was time-barred.
- c. Lynne Prosser had commenced, but not served, proceedings in June 2011. POL only became aware of the proceedings in October 2011. In the meantime, Shoosmiths made an application to extend time for service of the Claim Form and Particulars of Claim, and an order was made by the Court to extend time. POL had now applied to have that order set aside. If POL was successful, the claim would be struck out.

206. The minutes of the POL Board meeting on 15 March 2012 (**UKGI00016088**) contain no record of any discussion of the Shoosmiths' claims. However, they refer on page 9 to a Significant Litigation Report, POLB(12)42, which can be found at (**POL00096033**). This is a version of the Dispute Resolution paper for the February 2012 POL Board meeting, which had been updated to include recent developments. In summary:

- a. POL had sent its last correspondence to Shoosmiths in relation to Mr Darlington, Mr Wilson and Mr Walters on 14 December 2012. Shoosmiths had taken no further action in relation to these claims to date.
- b. Nothing had been heard from Shoosmiths in relation to the Thakshila Somaskandarajah case since POL had asserted that the claim was time-barred.
- c. Ms Prosser's claim had been struck out and the Court of Appeal had rejected her request for permission to appeal on 22 February 2012. Ms Prosser still had an option to apply to the Court of Appeal at an oral hearing. If Ms Prosser applied for an oral hearing and her appeal ultimately succeeded, POL would face evidential difficulties in responding to the claim, as the branch papers had been destroyed in accordance with POL's document destruction policy.

207. My answer to the Inquiry's question about my understanding of the claims is that, while I do not now remember reading the documents, I have summarised above, my understanding at the time would have been derived from the information I received from Susan Crichton, the GC. So far as I can tell from the Inquiry's disclosure, the only information I received about the claims in documentary form was the information in the Significant Litigation Reports, and I cannot recall being given any other information.

208. The Inquiry has also asked me whether I considered the claims to have merit. The Significant Litigation Report for the January POL Board meeting (**POL00095595**) stated that the considered legal view was the

claims were unlikely to succeed. At the time, I believe I would have accepted that view as the professional view of a lawyer, which I was not in a position to challenge. The details in the Significant Litigation Reports suggested that the claims were being appropriately handled by POL's external lawyers and appeared to have stalled. Ms Prosser's claim had been struck out for a procedural reason, and none of the claimants in the other claims appeared to be pursuing their allegations with any vigour.

209. In the course of preparing this witness statement, I have been shown documents connected to the Shoosmiths' claims which do not appear to have been sent to me or to the POL Board.

210. **(POL00073165)** is an email dated 16 December 2011 from Alison Bolsover (POL P&BA) to Emily Springford and Sabrina Jethwa. I understand from other documents that Ms Springford was a RMG in-house lawyer, and that Ms Jethwa was an in-house lawyer at POL. Ms Bolsover had identified 23 known live cases (out of 533) where the SPM had challenged Horizon. Of the 23, Ms Bolsover recommended pursuing 10 prosecutions/civil claims as first and second priority. Six further prosecutions should be put on hold until POL had proved the first batch. *"I have reviewed all the cases myself but believe that a sensible way forward would be to hold a meeting with Emily, Sabrina, Rod and myself just to confirm we are happy with the recommendation and if we have any concerns with evidence, we also need to consider cost and which Solicitors to use then a paper will need to be written for Susan to gain authority to proceed"*.

211. (POL00085749) is a note of advice dated 20 December 2011 by Ms Springford. The advice summarises the pros and cons of starting (or re-starting) civil actions against SPMs “*which had been put on hold because of concerns about the allegations made about Horizon by the relevant spmr.*”

a. The benefits were:

- i. Pursuing the claims would demonstrate confidence in Horizon and its other systems and processes and send a strong message to SPMRs.
- ii. Where the SPM has sent a letter before action via Shoosmiths, actively pursuing claims against them would put POL on the front foot, rather than waiting for the SPMR to start court proceedings.
- iii. POL would have some control over the court in which the claims were issued.

b. The risks included:

- i. If POL pursued claims in several County Courts, there was a risk that POL could lose some of the cases, as the quality of judges is variable. POL could mitigate this risk by seeking to have all of the claims heard in one of the better County Courts, but this was not guaranteed to succeed.
- ii. POL could be accused of acting prematurely if it were to start claims against Mr Darlington and Mr Walter while POL was still in pre-action dialogue with Shoosmiths.

- iii. Arguably, bringing more claims increases the risk of systemic problems coming to light (such as training or support failures). There was little that could be done to mitigate this risk, apart from analysing the claims carefully at the outset, and bringing them in batches, with the strongest first.
- iv. There would be much work to do to prepare each case, which could place strain on resources.

212. These documents appear to contemplate that POL would go on the offensive, by starting proceedings against SPMs who had challenged Horizon. I have no memory of these proposals and I understand that there is no indication in disclosure that they were communicated to me or to the POL Board. I also have no recollection of being told, as stated in **(POL00085749)**, that any civil claims by POL had been put on hold because of concerns that the relevant SPMs had made allegations about Horizon.

213. I also do not fully understand why RMG lawyers became involved in claims against POL. A possible explanation is that since POL was a subsidiary of RMH at this time, a claim of significant value against POL would need to be considered for the purposes of the group accounts. In that context, **(RMG00000084)** is the Fines, Compensation and Material Litigation Report half year update to the RMH Audit and Risk Committee. There is a section on the Shoosmiths' claims between paragraphs 27 and 30. The author of the section, which is dated November 2011, is Jeff

Triggs. He was an external lawyer, who I believe at one stage was Acting General Counsel for RMG.

214. There are two points that stand out about this document. The first is that the text of the section on the Shoosmiths' claims is virtually identical to the text of Susan Crichton's Significant Litigation Report for the January 2012 POL Board meeting (**POL00095595**). The second is that the RMG Audit and Risk Committee appears to have been briefed on claims against POL before any detailed briefing was given to the POL Board. The Inquiry has disclosed letters from Alan Cook and David Smith who expressed similar views at the time: (**POL00094288**), (**POL00090575**), and (**POL00094820**).

42.3 Did POL action Mr Morgan's suggestion in conference on 26 October 2011 that it request an expert to inspect and report on the Horizon IT System? If not, why not?

215. I have considered (**POL00107695**). I understand from my lawyers that this document appears to be a solicitors' attendance note by Bond Dickinson of a conference on 26 October 2011 with Richard Morgan QC. The attendees of the conference were two lawyers from RMG Legal Services (Rebekah Mantle and Emily Springford), Sabrina Jethwa, and two lawyers from Bond Dickinson (Anna Maxwell and Helen Watson). I have no memory of seeing this document before I began preparing this witness statement or ever being briefed about the advice.

216. I would have been aware from the Significant Litigation Report for the January 2012 POL Board meeting (**POL00095595**) that POL had

consulted Richard Morgan QC. However, the only piece of his advice mentioned in the Significant Litigation Report was his comment that the quality of county court judges was unpredictable, making it more likely that one or two claims might be lost.

217. I have no recollection of being made aware that Richard Morgan QC recommended that POL should invite the SPMs to appoint an expert to investigate and report on Horizon. On my reading of the relevant section of the note of the conference, Richard Morgan QC was not suggesting that POL should instruct an expert, but that the SPMs should be asked to engage an expert. I understand from my lawyers that there is no indication in disclosure that there was any such investigation or report.

42.4 To what extent did POL rely on Mr Morgan's advice in responding to claims brought by SPMs? In particular, please address the following aspects of the recorded advice:

42.4.1 "a hard line in respect of those SPMs who had been convicted of false accounting";

218. I do not recall being informed about this advice, but I can see from the Significant Litigation Reports that the claims by Scott Darlington and Julian Wilson were rejected by POL on the grounds that they had admitted to, and had been convicted, of false accounting.

42.4.2 for the non-convicted claimant, "wait until her claim becomes statute-barred at the end of November 2011, and then write to Shoosmiths explaining that she is out of time"; and

219. I do not recall being informed about this advice. I do not know whether POL relied on the advice, although I can see from the Significant Litigation Reports that POL raised a time-bar argument in the Thakshila Somaskandarajah case.

42.4.3 for any further claimant without conviction or limitation issues, “an aggressive stance would be adopted...and demand any debt owed to POL”.

220. I do not recall being informed of this advice, and I do not know whether POL relied on it.

42.5 Did the Board discuss the Shoosmiths claim during the meeting? If so, what was said and why was the discussion not recorded in the minutes? If not, why not?

221. I do not recall any discussion of the Shoosmiths’ claims at the POL Board meeting on 15 March 2012.

Correspondence with Members of Parliament (2010-2011)

43. Please consider UKGI00013994 (Nicholas Brown MP question to Edward Davey MP on 22 November 2010) and RLIT0000040 (your letter to the House of Commons dated 30 December 2010).

43.1. Please describe how your response was prepared.

43.2. Please describe how you assured yourself as to the accuracy of its contents.

43.3. Please explain the sentence “the system has proved to be very robust

since its introduction”. On what evidence did you base this comment?

44. Please consider UKGI00014000 (Mike Weir MP’s question to Edward Davey MP on 27 October 2011), POL00001976 (your letter to Mike Weir MP dated December 2011) and POL00114516 (Mike Weir MP’s letter to you dated 21 December 2011): 44.1. In respect of your letter of your December 2011, please explain:

44.1.1. How this letter was prepared and how you assured yourself as to the accuracy of its contents.

44.1.2. Whether you, or your team, consulted with members of POL’s or Fujitsu’s IT services or problem management teams. If not, why not?

44.1.3. The basis on which POL was “fully confident that the Horizon computer system... enabled sub postmasters to account accurately for the transactions they undertake in their branch”.

44.1.4. The basis on which you wrote that “there is no evidence at all that the Horizon system has in some way been at fault with respect to any financial irregularities discovered in a sub postmasters account”. Please confirm whether or not you believed this statement at the time.

44.2. On reflection, do you consider that the investigations and / or preparation that went into writing this letter were adequate?

222. POL took letters to MPs very seriously. They often involved branch closures, which could be an emotive issue (both for MPs and the communities they represented) or problems encountered by individual

constituents when using POL services. In my experience, POL always attempted to respond to MPs' concerns promptly, courteously, and in detail.

223. When the issue raised by an MP involved one or more of the specialist functions within POL, managers from the relevant functions would be asked to respond internally to the MP's concerns and have input into POL's letter to the MP. A single piece of correspondence could therefore, depending on its subject matter, involve multiple POL managers and generate a substantial amount of internal discussion and email traffic.
224. I can see from the email from Martin Humphreys of POL Government Affairs to my assistant Theresa Iles on 9 December 2011 (**POL00120490**) that the content of my December 2011 letter to Mike Weir MP was the product of collaboration between managers from several arms of the business.
225. Martin sent Theresa what appears to have been the final draft of a letter from me in response to the four parliamentary questions asked by Mike Weir MP. Martin asked Theresa to arrange for the letter to be signed. He went on to say that, due to the nature of the issues raised, the letter had been pulled together by Mike Granville and had been through several iterations with input and clearance from a number of people. Martin then set out what appears to be a non-exhaustive list of the individuals who had provided input and assistance during the preparation of the letter.
226. These included Rebekah Mantle and Emily Springford (who I understand were both RMG in-house lawyers) individuals from RMG

communications, and Rod Ismay (the head of P&BA). Three very senior POL managers were also involved: Mike Young (POL's most senior IT manager), Chris Day (the CFO) and Susan Crichton (the GC).

227. I am sure that the drafting process for my letter to Mike Weir MP generated many more emails than have been disclosed. I am also confident that my letter dated 30 December 2010 to the House of Commons in response to Nicholas Brown MP's questions to the minister, Edward Davey MP (**RLIT0000040**), was the product of a similar process of collaboration.

228. Mr Brown MP's questions to Edward Davey MP, to which my letter dated 30 December 2010 was a response, concerned any recent assessment of the performance of the Horizon system, and (a) whether any errors relating to the reconciliation of accounts were reported; and (b) whether any remedial action was taken in the latest period for which figures were available.

229. Mike Weir MP asked parliamentary questions about four topics, to which my December 2011 letter was a response:

- a. The number of (a) prosecutions and (b) investigations of SPMs instigated by POL as a result of apparent financial irregularities on the Horizon computer system, which had subsequently been abandoned.
- b. The number of complaints POL had received from SPMs concerning difficulties with the Horizon computer system in each of the previous five years.

- c. Whether any operational faults had been identified with the Horizon computer system used by POL since its introduction, and what remedial action had been taken.
- d. The monetary value in current prices of (a) the original estimate and (b) the final cost of the Horizon computer system, and what additional costs at current prices had been incurred since its completion.

230. I have no recollection of the letters in relation to Nicholas Brown MP's and Mike Weir MP's questions. I can say with confidence, however, that the answers and the background to those answers were not within my knowledge. I knew from POL's approach to correspondence such as these letters, that their content was sourced from senior specialist managers, and often reviewed by internal communications and, where necessary, the internal legal team. At the time, I relied on the team who worked on the letter to provide accurate information and to ensure that the letter was accurate. I would never knowingly have put my name to a letter to an MP which contained inaccuracies.

231. The Inquiry has asked me specifically about three passages in the letters:

- a. My statement in my letter in response to Nicholas Brown MP's questions that "*the system has proved to be very robust since its introduction*".
- b. My statement in my letter to Mike Weir MP that POL was "*fully confident that the Horizon computer system... enabled sub postmasters to account accurately for the transactions they undertake in their branch*".

c. My statement in my letter to Mike Weir MP that *“there is no evidence at all that the Horizon system has in some way been at fault with respect to any financial irregularities discovered in a sub postmasters account”*.

232. I believed these statements to be true, and justified by specialist knowledge, because I understood that these statements came from, or were approved by, senior specialist managers with detailed knowledge of the Horizon system and the operation of SPM accounts. In particular, I can see from Martin's email that Mike Young (POL's most senior IT manager) had input into the letter to Mike Weir MP. I should add that I would not have been surprised by the statements at the time. As I have mentioned above, I had never been told about any BEDs in Horizon and the consistent message from POL's IT function since the Computer Weekly article in May 2009 was that it was confident that Horizon was not the cause of branch shortfalls.

233. I accept that these statements were wrong. In relation to Question 44.2 I do not know precisely what investigations or preparations went into the two letters. As I have stated above, I believe there would have been emails between the individuals involved in the production of the letters. I do not feel able to say what an adequate investigation of the MPs' questions would have involved.

Separation of POL from the Royal Mail Group

45. Please summarise how the corporate structure and governance of POL changed upon its separation with Royal Mail.

234. I cannot recall every aspect of how the structure and governance of POL changed upon its separation from RMG. It appears from the minutes of the POL Board meeting dated 12 January 2012 that the changes in the governance of POL were documented in a governance paper which was presented to the Board at this meeting (at page 9 of (**POL00021503**)). I understand from my lawyers that they have been unable to find a copy of this document in disclosure. However, some details to the changes of the structure and governance of POL are set out in (**UKGI00018222**).
235. First and foremost, POL ceased to be a subsidiary of RMG and became operationally independent upon separation. From my perspective, the key governance change was that POL had a completely independent Board, chaired by Alice Perkins, a former senior Cabinet Office and HM Treasury civil servant with considerable public sector experience. The purpose of appointing Alice, together with NEDs with experience in key areas (such as retail and IT) was to ensure that the directors had the experience and expertise to offer improved challenge and oversight. Neil McCausland, for example, was appointed for his strong background in retail. From 1 April 2012, a ShEx representative, Susannah Storey sat on the POL Board to directly represent the Shareholder. POL's new status as an independent company owned by the Government required it to adopt new Articles of Association.
236. Other key changes included the establishment of committees (e.g. Remuneration and ARC); Alice and I, and the POL Board, underwent governance training; there was an annual POL Board effectiveness

review; the NEDs would hold regular meetings without executives; Alice held regular one-to-one meetings with the NEDs; there were feedback sessions from the Chairman to the CEO, CFO and Company Secretary after each POL Board meeting; and the senior management had training to produce best practice board papers.

46. Please consider POL00021431:

46.1. Please describe what work was undertaken to assess the risks and compliance issues to POL following the separation from Royal Mail Group. In particular, what thought was given to POL's involvement in prosecutions.

46.2. Please expand on "The auditors found that the IT systems were insufficiently effective to be fully relied upon for audit control purposes".

237. I recall discussions at the POL Board and the ARC about risks around new contracts, the novation of contracts between POL and RMG, IT services, and the transfer of corporate skills. I do not recall any work or any discussion about the risks and compliance issues arising from POL's involvement in prosecutions. The separation of POL and RMG was a long and complex project, which was managed by Mike Young with external support. The project would have generated a huge amount of documentation. If the issue of prosecutions had been considered from a risk and compliance perspective, I would have expected it to be documented.

238. The Inquiry has asked about the Audit Results Report by Angus Grant from EY. The minutes record that Mr Grant anticipated that EY would

issue an unqualified audit report. On the IT component, EY recognised that IT controls in the business had improved and that there had been a change in the governance and management of POL's control with Fujitsu. The auditors had found that the IT systems were insufficiently effective to be fully relied on for audit control purposes. However, by adopting mitigating procedures, EY had been able to rely on the IT systems supporting the POL financial statements. It was noted that POL and EY IT teams were working closely on an agreed plan of further improvements in the 2013 financial year.

239. My understanding of the phrase in the minutes "*the auditors found that the IT systems were insufficiently effective to be fully relied upon for audit control purposes*" is that, as had happened during the 2011 audit (at page 5 of (RMG00000003)), EY had to carry out additional work to satisfy itself that the controls were reliable. In other words, I believe that "*IT systems*" in the quotation from the minutes means "*controls*". Consistently with this, the recommendations in the draft management letter for the 2012 audit (POL00029485) are all concerned with controls. I certainly have no recollection that EY reported that the Horizon IT system itself was ineffective and I do not think that that is the meaning of the minute.

47. Please describe your interactions with Members of Parliament in so far as they related to the Horizon IT System or POL's treatment of SPMs, managers and counter assistants in connection with the same. In particular, please provide the following details:

47.1. Your communications strategy and how you prepared for any meetings.

47.2. What your objectives were and whether you thought you achieved those outcomes.

47.3. Whether you became aware of (a) any BEDs or (b) other actual or potential problems with the integrity of the Horizon IT System prior to any meeting with these parliamentarians.

48. Please consider POL00095973 (email chain on 23/4 February 2012), POL00107702 (email chain between you and Alice Perkins on 13 March 2012) and UKGI00000050 (minutes of POL Board meeting on 15 March 2012).

48.1. Please describe the detail of the interactions you had with Alice Perkins in early 2012 concerning her meeting with Lord Arbuthnot and the suggestion for an independent study into the Horizon IT System.

48.2. Please expand on the entry in the minutes at POLB12/41(c) in UKGI00000050. Was POL's strategy to seek to persuade MPs that their constituents' concerns were wrong or to listen to and investigate them?

48.3. Please explain what action you took to "look... at a further independent study of the issues" following the 15 March 2012 POL Board meeting. What was the strategy and purpose to commissioning an independent study?

48.4. Why did the intervention of Lord Arbuthnot lead to a discussion on engaging an independent study into the Horizon IT System? In answering this question, please explain why such a study was not implemented following (a) numerous complaints that had been made by SPMs and MPs (b) the May 2009 Computer Weekly article and (c) the identification of significant BEDs, such as the Receipts and Payments mismatch bug.

49. Please consider POL00105597 (email chain on 3 April 2012 regarding Oliver Letwin MP) and POL00107710 (letter from you to Oliver Letwin MP dated 4 April 2012).

49.1. Please describe the conversation you had with Alice Perkins, referred to in POL00105597.

49.2. To what were you referring when you wrote “We are both of the view that this is inappropriate” in your email of 4 April 2012? Why did you consider this to be inappropriate?

49.3. In respect of your letter to Oliver Letwin MP, on what basis did you write “The Horizon system has been rigorously tested using independent assessors and robust procedures... Very often the 'missing' funds are a keying or balancing error that can be put right, and training given to ensure it doesn't happen again. These checks and procedures resolve virtually all discrepancies satisfactorily”.

50. Please consider POL00112984 (pack for meeting with Lord Arbuthnot and Oliver Letwin MP on 17 May 2012) and POL00021507 (minutes of POL Board meeting on 23 May 2012).

50.1. How were you briefed for this meeting? Please state who was responsible for preparing your brief and the meeting pack.

50.2. Please explain to what extent POL's IT and problem management teams were involved in preparing your briefing.

50.3. Please provide a full account of this meeting, addressing what, if anything,

you said about (a) BEDs (b) the integrity of Horizon or (c) Ernst & Young's audit.

50.4. Please describe what you informed the Board about this meeting on 23 May 2012.

51. Please consider POL00096640 (meeting pack for meeting with Lord Arbuthnot and other MPs on 18 June 2012) and POL00096660 (email chain with you, Lord Arbuthnot and Alice Perkins on 18/19 June 2012).

51.1. How were you briefed for this meeting? Please state who was responsible for preparing your brief and the meeting pack.

51.2. On what basis were you "confident about the integrity of Horizon"?

51.3. Please comment on your statement that "Each transaction is protected with a digital signature to prevent change or tampering. Which means if someone was able to penetrate the many layers of security – they wouldn't be able to unlock the seal that protects the transaction – this prevents any malicious manipulation". To what type of manipulation were you referring: by SPMs; by Fujitsu; by POL; and/or by third parties.

51.4. Please explain what you meant when referred to the "opportunity to resolve transparently and robustly the outstanding queries". How did you envisage POL carrying out that opportunity.

240. On 23 February 2012, Alice Perkins forwarded to me an email she had received from Lord Arbuthnot earlier that day (at page 2 of POL00095973)). In the email, Lord Arbuthnot had asked to meet Alice to discuss Horizon:

"I know it is the position of the Post Office...that there is nothing wrong with Horizon. I am deeply sceptical about this, and hope I can persuade you to look afresh at the matter, rather than accepting that there should be a closing of ranks round the computer."

241. Alice stated in her forwarding message to me that she would reply stating that she would meet Lord Arbuthnot. She also asked whether I thought she should take someone along, and whether there was anything else she should know at this stage.

242. Alice also forwarded Lord Arbuthnot's email to Susan Crichton, who replied on 24 February 2012. Susan said that she had spoken to Mike Granville, who had told her that Lord Arbuthnot had links to the JFSA, who were believed to be behind the current legal activities of SPMs against POL. It was Susan's view that:

"...any meeting with him would need to be carefully handled. Obviously, it would be a good opportunity to put our views forward but there are risks associated with that approach, maybe we can have a word next time you are in the office."

243. I have not seen an email response from me to Alice. Although I am sure that Alice and I discussed the forthcoming meeting with Lord Arbuthnot – almost certainly more than once – I have limited memory of what we spoke about. I recall that Alice was approached by Lord Arbuthnot, and Mike Young saying that we should not bother with it (or words to that effect). Alice and I both decided that she should meet Lord Arbuthnot on the basis that if there was nothing in the challenge, then we had nothing

to worry about; and if there were issues, it was better to review what they were. I have a reasonable recollection that I recommended that Alwen Lyons should also attend the meeting with Alice. This was because it was not good practice for a NED, even the Chairman, to represent POL at a formal business meeting without an executive present. Otherwise, the boundaries between the executive and non-executive management would become blurred.

244. On 13 March 2012, Alice sent an email to Susan, Alwen and me setting out her thoughts following the meeting with Lord Arbuthnot (**POL00096052**). Alice stated:

"I think JA genuinely wants to seek a resolution of the difficulties concerned and is willing to believe that we will do the right things. There is a real prize for us in finding an effective way of convincing him and his fellow MPs that things are as they should be. He believes that this would quieten down Private Eye and would prevent proposed escalation eg. adjournment debate etc. To do this, we might commission a new independent review of the Horizon related questions (my thought) or invite him accompanied by someone from Computer Weekly to visit the Model Office and be shown how Horizon works (his suggestion) or something else altogether.

I promised to get back to him once I had had the chance to consider all this. I would like to do so by Easter, or at least have fixed a further meeting by then. I am asking Glenda to set up a meeting to discuss this amongst ourselves in the next couple of weeks."

245. I do not believe that Alice and I had discussed the idea of commissioning an independent review of Horizon before she went to the meeting. However, I stated when I replied to Alice on 13 March 2012 that her email sounded like a good way forward (**POL00107702**). I was grateful that Alice had responded openly to a difficult challenge and I thanked her and Alwen for their time.

246. I see that (**POL00105481**) shows notes of a meeting with Lord Arbuthnot on 13 March with action points plus, at the bottom, what appears to be a document that he handed to Alice. I have no recollection of discussions about the detailed points made by Lord Arbuthnot (adequacy of training / settling centrally) or the action points.

247. The minutes of the POL Board meeting on 15 March 2012, at page 9 of (**POL00021505**) record that:

“The Chairman explained that she and the Company Secretary had met James Arbuthnot MP, at his request to discuss the Subpostmaster cases questioning the integrity of the Horizon system. The Chairman hoped that she could find a way to convince him and other MPs that the system was not at fault. This might mean looking at a further independent study of the issues.”

248. I do not now recall Alice’s specific comments. However as far as I was concerned, they did not describe or reflect a strategy of seeking to persuade MPs that their constituents were wrong, as opposed to listening to and investigating their concerns. POL believed at that time that the Horizon system was working properly. We hoped that by taking the two

MPs through the details of their constituents' cases and if necessary, commissioning an independent review of the system, the MPs would come to share POL's viewpoint. I do not, and did not, consider that to be a strategy. We believed that the MPs could be persuaded that the system was not at fault, because that is what we ourselves believed, and we believed that the facts supported that conclusion.

249. I can see from (**POL00105591**) that on 21 March 2012 Alwen sent an email to Susan Crichton, Kevin Gilliland, Mike Granville and Lesley Sewell. She refers to notes (which she says are not for circulation) which appear to contain action points before a meeting on 28 March "*so she can get back to James Arbuthnot before Easter*". These may well be the same action points as in (**POL00105481**).

250. I can also see from an email exchange between me, Alwen and Lesley on 26 March 2012 that Alice asked me to meet her on Wednesday 28 March in relation to Lord Arbuthnot (**POL00107707**). I have no specific memory of this discussion.

251. I have seen documents which show that POL's intention in April to May 2012 was to instruct Deloitte to conduct a review of Horizon. These include:

- a. (**POL00057623**) - a memo dated 20 April 2012 from POL legal services on a proposal to instruct Deloitte to prepare a report in respect of allegations by sub-postmasters regarding (a) the integrity of Horizon; (b) the adequacy of training and support provided to SPMs.

- b. **(POL00002000 / POL00028066)** - a proposal from Deloitte entitled "Project Spire", dated May 2012 to carry out a review of Horizon. This document is familiar, but I am not sure from when. I recognise the signpost on the cover but that is possibly as I had reviewed it at some later stage. I do not recall seeing the supplementary paper, with the Deloitte team biographies before now.
- c. **(POL00057656)** - a list of action points drawn up by Alwen following a meeting I attended on 3 May 2012 to prepare for the meeting with Lord Arbuthnot and Oliver Letwin MP in May 2012. These action points included explaining that POL intended to use Deloitte as IT specialists to examine the new system.

252. I have no memory now of the proposal to instruct Deloitte or of being involved in any discussions or actions for their appointment. At some stage, it was decided to appoint Second Sight as forensic accountants to carry out a review. I do recall that I was keen that POL should engage a company, which would understand the nature of SPMs' post office / small retail businesses and with which SPMs could engage easily. I was concerned that one of the 'big corporates' such as Deloitte might not have that approach.

253. Whether or not POL should commission an independent study of Horizon was not an issue that I had been asked or advised to consider during my time at POL since 2007. I wish to make a number of observations:

- a. During my time as Network Director and Chief Operating Officer between 2007 and October 2010, allegations that there was a problem with Horizon

were rarely brought to my attention. On the occasions when they were brought to my attention, the message I received from POL's senior IT specialists was that the allegations were wrong, and that the IT system was not at fault.

- b. As I have mentioned previously, in 2009 Mike Young was adamant that the Computer Weekly article was misconceived and should not be treated as a red flag that there might be faults in the system. I believe that it was because Mike (who was head of IT) took such a firm view, that the Computer Weekly article was not escalated further or, it appears, taken any further by Mike or by the MD, to whom Mike reported. As a non-IT specialist, I accepted that Mike, with his knowledge of IT and the Horizon system, had considered the article fairly and that it was no cause for concern. This message was reinforced during my time as MD of POL between 2010 and 2012.
- c. In August 2010, Rod Ismay produced a report entitled "*Horizon – Response to Challenges Regarding Systems integrity*" (**POL00090574 / POL00088935**). Section 4 (c) of the report contains a discussion by Rod about whether POL should commission an independent expert to examine Horizon to respond to SPMs' complaints: his conclusion was that it would not be in POL's interests to do so. I have no recollection of being consulted by Rod about any of the matters covered in his report. I was not on the distribution list for the report and have no memory of being given a copy of it.

- d. There was a view among POL's management, which I shared, that if there was a serious problem or potential problem with Horizon we would already know about it – because POL's internal IT function would report any specific faults which had caused SPM losses or other errors in the accounts, or alert us that large numbers of Post Offices were encountering problems which might be caused by the IT system.
- e. However, we were never given any such report. On the contrary, we were told consistently that, relative to the scale of the transactions processed by the Network, the number of transactions that required investigation or correction was small, that the cause of the vast majority of these transactions was user error, and that in a far smaller number of cases POL had established fraud on the part of SPMs in the criminal courts.
- f. In that context, I was not made aware between joining POL in 2007 and early 2012 that any BEDs had been identified in Legacy Horizon or Horizon Online. The first that I knew that any BEDs had been discovered was in mid-2013, when I was made aware for the first time of the BED known as the Callendar Square problem in Legacy Horizon, and two BEDs in Horizon Online known as the Payments and Receipts Mismatch problem and the Local Suspense Account problem.

254. The reason why POL proposed an independent study of the system in 2012 was because Alice had come to the issue with a fresh pair of eyes and decided that it might be necessary to reassure Lord Arbuthnot and other MPs that the system was not at fault. I supported that decision. The intervention of the MPs was important – I was especially aware of this

having spent many hours in meetings with MPs over Network Change, where POL closed thousands of Post Offices. We had reversed some decisions as a result of MP input and in other cases we had had to uphold the Government policy; so I knew POL had to approach their issues fairly and be ready to listen. Unless POL dealt with MPs' concerns and did so appropriately, there was a risk that they would increase the publicity around the JFSA's allegations that there was something seriously wrong with Horizon. Alice and I (based on what Mike and Lesley had told us) believed that those allegations were wrong, and that if we presented the MPs with the facts as we believed them to be, we should be able to persuade them that the IT system was not the problem.

255. I felt strongly that this issue engaged an important public interest. POL was a critical national institution which was used by millions of individuals every day to process transactions that, while they were often small in value, were significant to them personally – I refer not only to processing letters and parcels, but also pensions and social security benefits, paying bills, savings and insurance etc. In my view, POL was obliged to take active steps to ensure that public confidence in Post Offices was not undermined by allegations which POL believed to be incorrect. If that occurred, a Post Office's ability to deliver its critical services to the public would be compromised.

256. On 3 April 2012, I received an email from Emily Pang, the Chief of Staff to the RMG CEO, Moya Greene (**POL00105597**). Emily stated:

“Moya just got off the phone with MP Letwin. He feels there is a systemic

issue. He knows of a postmistress (in) Axminster who noted there was issues with horizon ("bizarre occurrences") and asked POL IT to come and fix. She thought there were discrepancies between the receipts in Horizon and her own of £2000. The PO then said no the discrepancy is £4000 and she was suspended from using the system. Many people have come forward to say she is honest and he personally vouches for her.

On top of this there was the subpostmistress of James Arbuthnot who is the head of security for the houses of parliament. He said the exact same thing happened with the same amounts (£2000 and £4000) with his postmistress and he (James) also vouches for her).

Moya has committed that you and her will go brief Mr Letwin together in a couple weeks. Mr Letwin has been a big supporter of RM Group including PO so Moya would greatly appreciate if you can please initiate an investigation of these issues in a fully challenging way as soon as possible so that you two may discuss this in the next week or so and then go to Mr Letwin together."

257. On the same day, I forwarded Emily's email to Susan Crichton and Alwen Lyons, referring to a conversation I had with Alice: "*Below a note I have discussed with Alice. We are both of the view that this is inappropriate and I shall contact OL directly*". Although I have no direct recollection of the discussion, I believe that Alice and I discussed two matters.

258. The first was that we should take Oliver Letwin MP's concerns seriously and look into his constituent's case. I mentioned in a letter I sent to Oliver Letwin MP on 4 April 2012 (**POL00107710**) that Alice had invited Lord

Arbuthnot to POL's head office to see how the Horizon system worked, and I extended the same invitation to Oliver Letwin MP, either with Lord Arbuthnot or independently. I also asked Oliver Letwin MP to provide details of the Post Office in his constituency that was encountering problems, so that we could look into the matter.

259. The second is that it was inappropriate post-separation for the CEO of the RMG to have committed POL to a meeting with Oliver Letwin MP. POL and RMG were now entirely separate organisations and were run separately. I had no objections at all to a meeting with Oliver Letwin MP. If Moya had asked me whether I was prepared to meet him, I would have agreed. However, Alice and I both felt that RMG should not be committing POL to any course of action without prior consultation, (i.e. as though POL was still its subsidiary). I did not consider this to be a significant incident: it reflected the need for two companies which had been in the same group for hundreds of years to learn how to operate independently of each other. I got on very well with Moya. I see from (POL00114518) that I emailed Moya to thank her for passing on the details. I said there was no need for the joint meeting and I was in touch with Oliver Letwin MP. I also confirmed that there was "*no issue with Horizon – it has been tested; and in fact upheld as robust by the courts*". I realise now that was an incorrect statement but it was what I believed and what I was told by the senior IT and legal people advising Alice and me at the time, which was consistent with the views shared when I was Network Director, and by previous MDs. The Inquiry has disclosed letters from Alan Cook and

David Smith who expressed similar views at the time: (**POL00094288**; **POL00090575**; **POL00094820**).

260. Like virtually all letters to stakeholders such as MPs, my letter to Oliver Letwin MP on 4 April 2012 (**POL00107710**) was written for me. I have not been able to establish precisely how this letter was put together from the documents disclosed by the Inquiry. However, I can see from an email I sent to Martin Moran, Susan, Alwen and Lesley on 5 April 2012 that Susan had seen and amended a draft of the letter (**POL00114518**).

261. I have been asked on what basis I made the following statement in the letter (**POL00107710**) that: *“The Horizon system has been rigorously tested using independent assessors and robust procedures... Very often the 'missing' funds are a keying or balancing error that can be put right, and training given to ensure it doesn't happen again. These checks and procedures resolve virtually all discrepancies satisfactorily”*. While the letter was drafted for me, I generally read, and when I could, signed all letters. There is nothing in this statement which would have surprised me at the time – the first line is one I had heard from Lesley Sewell and the *“keying or balancing error”* comment is one I believed to be true and was at the root of many thousands of TCs over the years. However, as I said further down the letter – *“...if you could provide me with details of the Post Office in your constituency that is encountering problems, I will ensure we look into it as soon as possible.”*

The meeting with James Arbuthnot and Letwin on 17 May 2012

262. The preparation for the meeting was led by Susan and Alwen, working with Lesley (**POL00105494**). Angela Van Den Bogerd from Network and Rod Ismay from P&BA were also involved. I understand from the documents that Simon Baker from IT acted as the project manager: his role appears to have included collating information, liaising with the various functions of POL whose input was needed, and drafting the briefing materials. I can see from a meeting invitation on 10 May 2012 that, in addition to this team, Jarnail Singh from POL legal and Chris Darvill were invited to a preparation meeting (**POL00057711**). I do not recall meeting Jarnail Singh and I am not certain that I knew of his involvement at the time. I do not recall Chris Darvill, but I now understand that he was a solicitor at Bond Dickinson.

263. On 3 May 2012, I attended a meeting with Alice, Alwen and Susan to discuss the meeting with the MPs. (**POL00057656**) are Alwen's notes and actions from the meeting. They begin by stating that:

"The best outcome of this meeting would be a position where they believe our evidence in their individual constituent's cases and support how we are handling the situation.

"Longer term, once they are assured by the review of Horizon they could 'help' to win others round."

264. This reflects what I have already said above about POL's objectives: we hoped that if we gave the MPs a clear presentation of the facts as we believed them to be, we should be able to persuade them that their initial stance towards Horizon was wrong.

265. The next section of the note sets out an outline agenda for the meeting.

In summary:

- a. We would begin by acknowledging the importance of the issues to Lord Arbuthnot and Oliver Letwin MP and stress that we wanted to be open and give them confidence that we were taking this very seriously.
- b. We would then give factual context about the size of the POL branch Network, the amount of money and transactions it deals with, the relatively small number of issues with losses compared to the scale of the network and its business, and the need to protect public money.
- c. We would explain how SPMs were appointed and trained, the support systems in place for the first few weeks of their appointment, and the ongoing support provided through the helpline. This included support if money went missing, which SPMs were given time to pay.
- d. We would state that only a small number of cases led to prosecutions and explain the process for bringing prosecutions and how seriously we took this.
- e. We should explain the old and new Horizon systems and that any live system review would have to be on the new system, although POL has an audit trail of every key stroke in the old system going back seven years.
- f. We would possibly talk about the JFSA cases and explain that most of these cases concerned the old system, and how each one was dealt with, with prosecution as a last resort.

- g. We would take Lord Arbuthnot and Oliver Letwin MP through their constituents' cases.
- h. We would then suggest that the way forward was for POL to use Deloitte, as a technical IT expert, to review the system. The note records that we hoped that if the review gave Horizon a clean bill of health, this would persuade them that the system was not at fault.

266. The final section of Alwen's notes sets out the key action points. These were:

- a. To understand and be able to show the chronology and chapter and verse on the two constituency cases.
- b. To set out clear evidence on no more than four or five key pieces of paper.
- c. To set out what POL had done on training, support for balancing and cash holding monitoring, including any lessons learned.
- d. Answers to the questions that Lord Arbuthnot had set out in the note which he handed to Alice in March.
- e. Feedback from Lesley on why we were proposing to use Deloitte, her views on the Computer Weekly article, and what we were doing about them.

267. I believe this document is a fair summary of what we were aiming to achieve by meeting and how we proposed to do that in terms of the presentation and the information we needed.

268. Alwen's notes state that a team (i.e. the team that I have described above) was collating the information set out in the action points. I was not involved in that process. I was confident that the team, collectively, had the necessary knowledge and experience, and the support within their own specialist functions, to deal with the issues raised by the MPs. Lesley was able to deal with the IT issues, Angela would address issues of training and support, Rod would assist on accounting issues and Susan on the legal issues. I understood that the briefing and the meeting pack would be the work of many hands, even if each person would not personally draft the sections dealing with their area of expertise, they would sign it off. It was obviously important that Lesley was involved in the process to provide information and her views on the Horizon IT system.
269. I was confident that the team would produce what POL required for this meeting, namely a full and clear account of the facts. The document was produced by a team of senior managers, including the GC, for the Chairman and the CEO to present to two important MPs. In my view, this document had been subject to a high level of scrutiny by a senior team. That was really the source of my confidence that I could rely on the document.
270. As far as I can tell, I was sent a draft of the briefing document for the first time on 11 May 2012, when Alwen sent what she described as "*the initial papers*" to Alice, Susan and me (**POL00105601**). Alice replied on 13 May 2012 setting out her view that while the document was thorough, she

thought that the structure and tone of the document were wrong. Alice felt, in light of Lord Arbuthnot's comment in his initial letter, that POL should not 'close ranks', and her wish not to be seen to be doing that, that the document should not create the impression that POL believed that everything was perfect. Alice stated:

"We are now planning to do things which ought to command their confidence not just re-iterating that everything is fine and always has been, which is unconvincing.

I think I have to open the meeting with references to what we're thinking of doing in answer to what we've heard rather than leave that to the end.

So I would start by saying that we take this very seriously both for the individuals, public money and our reputation. I would say that we want to find a way of convincing them and others who are sceptical about these issues that we are handling this properly and fairly...We do believe that our IT system is and has been sound and that our support for Sub-Ps is much better than has been claimed. We would like to take them through some of this and would also like to take them each through the details of their individual constituency cases. But we are always open to improving and for that reason we are doing 2 things – looking at how we can improve the training and support which we give to Sub-Ps...and commissioning a study of our current Horizon system (referring to the fact that this is a different system from the one in operation when the cases which are pending legal action occurred). I would then ask for their patience as we explain what the situation is and at the end ask them for their reactions, including to the

Deloittes [sic] idea.”

271. I do not remember the email sent by Alice Perkins and do not recall the original draft briefing to know how much it changed over time. I had no issues with being open and transparent. Alice knew both MPs well and I trusted her judgment – I would have supported her comments.
272. The final version of the meeting pack is at **(POL00033825)**. The proposed structure of the presentation to the MPs was that Alice would make introductory remarks (which I can see reflected the changes she proposed in her email on 13 May 2012), I would provide background on the scale and infrastructure of the branch network, and Lesley would speak about the Horizon IT system. I would then pick up with an outline of the recruitment and training processes. Susan would introduce the two case studies of Lord Arbuthnot’s and Oliver Letwin MP’s constituency cases, which Susan and Angela would then discuss in detail. The meeting would be closed by Alice.
273. I prepared for the meeting by reading the brief and the meeting pack and by having pre-meetings with the other POL participants. **(POL00107719)** is an email from Alice’s PA, Glenda Hansen, to Rod, Susan, Angela, Lesley and me referring to a pre-meeting on 16 May 2012. It is possible, but I have been unable to confirm this from the documents, that there were other briefing sessions. In addition, although I cannot remember all the details, I had one-on-one discussions with some of the other participants. I have a recollection of speaking to Lesley about the technical issues at least once before the meeting, and that she talked me

through the reasons why she would tell the MPs that POL was confident in the integrity of the system.

274. Although I cannot be sure, I think I asked Angela to talk me through the graph which showed inflated cash figures at the South Warnborough branch, so that I could understand it better.

275. I have some recollections of the meeting:

- a. I am confident that the team followed the brief and spoke on their allocated topics. While I cannot be certain, it is unlikely that I strayed from the brief into discussing BEDs or the integrity of Horizon.
- b. I do not recall mentioning the EY audit at this meeting. It is unlikely that I did so. It was not included in the topics allocated to me and I do not believe I would have raised it of my own initiative. It would not have crossed my mind at the time to refer to it in the context of the discussion with the MPs.
- c. Angela gave an impressive presentation on the two case studies. **(POL00096748)** are the notes of the Post Office Communications Action Group meeting on 29 May 2012. Page five of the document records an update from me which refers to the meeting with Lord Arbuthnot and Oliver Letwin MP:

“PV shared with the CAG her recent experience of meeting with two prominent MPs on their concerns over the accuracy and validity of the Horizon system, following lobbying from Subpostmasters at branches where financial discrepancies have been discovered. PV praised the work of Angela Van Den Bogerd, Head of Network

Services, in meticulously unpicking the MPs claims step by step and turning an openly initial hostile stance into one of understanding and acknowledgement of our position on the cases concerned.”

- d. I am not certain that I would have used the phrase “*meticulously unpicking*” but the note captures the impression. I can still recall that POL had demonstrated from the facts presented step by step by Angela in the two constituency cases that the SPMs in question had been at fault, which can be seen at page 5 of (**POL00096748**).
 - e. Lesley gave a presentation focussing on the integrity of Horizon, in line with the notes in her sections of the briefing.
 - f. The proposal that POL should engage a forensic accountant came from Lord Arbuthnot. Looking at the documents has triggered a recollection that he seemed to accept what Lesley had said about the integrity of the system. What he therefore wanted was for a forensic expert to establish precisely what had happened in the individual cases referred to MPs where SPMs denied responsibility for losses.
276. The outcome of the meeting was recorded in an email to me from Alwen on 21 May 2012, in which Alwen set out Alice’s recollection of what had been agreed with Lord Arbuthnot (**POL00105491**). It was agreed that POL would find a forensic accountant with good people skills and ask them to look at each case, talk to the SPM, review the records and files, and look at how the Horizon software was validated. At the same time, Lord Arbuthnot would speak to the other MPs with similar concerns and offer them a similar meeting to the one we had just had. At that meeting,

POL would put to the MPs the proposal of a forensic accountant and a review by Deloitte. Alwen had also agreed with Michele Graves, Head of Executive Correspondence, that any new MPs' cases would be brought to Alwen. The email accords with my recollection of how the meeting concluded. I must have printed the email out because the version disclosed by the Inquiry contains my manuscript notes. These state: "*i) Forensic accountant; ii) brief, milestones, timing... iii) phone call to speak to JA; iv) Susan / Alwen re briefing notes.*"

277. The minutes of the POL Board meeting on 23 May 2012 (**POL00021507**) record that Alice and I reported these developments to the POL Board as follows:

"The Chief Executive and the Chairman updated the Board on the meeting with James Arbuthnot MP and Oliver Letwin MP, taking them through their constituency cases which, they believed, had challenged the integrity of the Horizon system. The meeting had been a success and JA had now agreed to facilitate another meeting with the other MPs who also had cases in their constituencies. The business had also agreed to use a forensic accountant to investigate the system and give further comfort to those concerned about these cases."

278. I have no memory of what was said to the POL Board beyond what is set out in the minutes. I believe that the meeting was judged a success because Lord Arbuthnot had agreed to collaborate with POL in what we hoped would be a structured, evidence-driven review of his and potentially other MPs' cases.

Meeting with MPs on 18 June 2012

279. On 22 May 2012, my PA, Mia Porter, sent an email on my behalf to Alwen, Lesley, Susan and Angela, following a discussion I had had with Alwen (**POL00096545**). Alwen and I had agreed that the agenda for the meeting would follow “*the well worn path*” from the meeting with Lord Arbuthnot and Oliver Letwin MP and that we would attempt to replicate the conversation we had had with the two MPs with the larger group. I asked Alwen to update or reshape the briefing note and that the rough outline of the Lord Arbuthnot / Oliver Letwin MP meeting had been as follows:

- *“JA – Overall introduction.*
- *Alice intro – take the issues seriously etc*
- *Paula follow on – confirm this and outline the challenges we face in addressing these issues and how we plan to explain to them the integrity of the system and the improvements that have been made in our training/support/escalation processes.*
- *Angela – talk through two or three anonymous examples.*
- *JA – explain how he was persuaded/reassured and to present his recommendations of a forensic accountant.*
- *Paula – explain/offer to investigate MP’s individual cases and have the process validated by the FA.*
- *Alice/JA – gain agreement/finish meeting”.*

280. My email could have been clearer. What I was setting out in the section above was not in fact an account of how the meeting with Lord Arbuthnot and Oliver Letwin MP unfolded, rather I was suggesting it as guidance. I said “*update / reshape the briefing note*” i.e. to set out how the agenda from that meeting could be adapted for the meeting with the larger group of MPs. I believe that the “*challenges*” in addressing these cases that I referred to were that, even where POL believed the SPM was at fault, and in some cases had proved in the criminal courts that the SPM had acted fraudulently, the situation was still upsetting and very personally distressing to those individuals, and the information about these individuals needed to be handled sensitively. Throughout the years during which POL was reviewing SPM Horizon / legal cases, POL colleagues – myself included – were frequently reminded about the importance of confidentiality concerning the sensitive nature of the personal SPM data.

281. On 24 May 2012, Mia Porter arranged a conference call for 25 May 2012 to discuss preparation for the meeting with the larger group of MPs (**POL00096544**). The attendees were to include Angela, Susan, Alwen and Lesley. I do not recall if I was able to make the call. It was chaired by Lesley, and I do not recall whether I participated or not. On 25 May 2012 Simon Baker sent an email (**POL00096557**) to Susan, Alwen, Lesley, Angela and me containing a list of action points from the conference call. The action points include that Simon and Lesley would agree and document our preferred option on the forensic accountancy proposal, that I would call Lord Arbuthnot’s office to obtain a list of the

MPs, and that Simon would arrange update meetings and a pre-meeting for me. In terms of the agenda for the meeting, the plan was as suggested, to re-use the key messages from the meeting on 17 May 2012 with additional points on the forensic accountancy proposal and a proposal that we would meet with each MP individually to take them through their constituent's case.

282. Simon circulated the draft briefing pack to the usual team and me on 29 May 2012 (**POL00096558**). The final version of the document is at (**POL00096640**). I understood at the time that the briefing pack was put together in the same way as the briefing for the meeting in May, i.e. that it reflected the views of the team who were working on this project (Lesley, Angela, Alwen and Susan), using information sourced from their specialist functions. I note that one difference from the May briefing is that Lesley was not going to attend the meeting with the group of MPs. I do not know why this was. I presume this is the reason why the briefing allocated a speaking segment about Horizon to me. I would have prepared for the meeting in the same way as the May meeting, namely by having one or more pre-meetings with the other participants together with one-on-one meetings.

283. The Inquiry has asked me to consider two statements in the sections of the briefing which I was to present to the MPs.

284. The first is the comment in the fifth bullet point in the section on "*Background*" that "*I am confident about the integrity of Horizon*". I have been asked about the basis on which I made this statement. I believed

that Lesley had reviewed these notes, and in any case, they are essentially a re-working of the notes that Lesley herself had used at the meeting in May, with some phrases lifted verbatim. In addition, Lesley had explained the basis on which POL could be confident in the integrity of system to me personally prior to the May meeting. I felt able to say that I (as a non-IT expert) felt confidence in Horizon because that was the view of POL's most senior IT manager. I did not have the expertise myself and did not have any reason not to trust Lesley's explanation.

285. I have also been asked to consider the second indented bullet point in the same section: *"Each transaction is protected with a digital signature to prevent change or tampering. Which means if someone was able to penetrate the many layers of security – they wouldn't be able to unlock the seal that protects the transaction – this prevents any malicious manipulation"*. The Inquiry has asked whether I was referring here to manipulation by SPMs, by Fujitsu or by third parties. I cannot recall what I had in mind – it is possible that I was briefed at the time on what this comment was directed at. As I read it today, I think it is likely I understood the comment to relate to those working on audit data in Fujitsu.

286. The Inquiry has also asked me to explain what I meant in an email to Lord Arbuthnot in an email on 18 June 2012 (**POL00096660**), when I referred to the *"opportunity to resolve transparently and robustly the outstanding queries"*. What I was referring to was that we would get to the bottom of the MPs' cases by using a forensic accountant.

52. Please consider POL00096574 (proposal for an independent review of past

fraud and theft cases), POL00096575 (email from Susan Crichton to Alice Perkins and you dated 6 June 2012), POL00096576 (draft terms of reference), POL00113792 (email from Alice Perkins to you and Susan Crichton dated 8 June 2012), POL00096604 (email chain between you and Alice Perkins on 9 June 2012), POL00096606 (email chain between you and Alwen Lyons on 9 June 2012),

52.1. Please explain the background to the appointment of Second Sight Support Services Limited (“Second Sight”). In particular, please address the following issues: how was Second Sight identified to lead the review; who at POL was responsible for the decision to appoint Second Sight; and did POL receive or rely upon legal advice in appointing Second Sight?

52.2. Please provide a full description of all conversations you had with members of POL concerning the Second Sight’s terms of reference. What were your objectives in drafting the terms of reference?

52.3. Please describe what you understood Second Sight’s role to be.

52.4. Please explain what preparatory steps POL took to prepare information to provide to Second Sight.

52.5. Please set out the reasons for the position on 11 June 2012 that “Sub postmasters who have been prosecuted will not be involved although their cases will still be reviewed”. Was this position consistent with POL seeking to investigate past action taken on the basis of Horizon data fairly and transparently?

52.6. Please describe the conversation you had with Ron Warmington on or

around 21 June 2012. What did you consider to be “exactly the right quality level of engagement”.

Questions 53 and 54 omitted as general questions

55. Please consider POL00105487 (letter from Lord Arbuthnot to you dated 4 October 2012), POL00097030 (email from Martin Edwards on 4 October 2012), POL00097115 (email from Simon Baker to you on 7 November 2012), POL00097116 (draft agreement), POL00097309 (email from Jorja Preston to you and others on 19 December 2012) and POL00097310 (attachment to prior email).

55.1. Please describe the negotiations you had with JFSA and / or Lord Arbuthnot concerning the inclusion of JFSA cases in the Second Sight review. If POL objected to JFSA cases, please explain why.

55.2. Please explain to what extent, if at all, POL considered volunteering cases for Second Sight to consider based on known instances of BEDs materialising in the Horizon IT System.

55.3. Please consider the following from the briefing: “The JFSA have requested that we inform the sub-postmaster community about the investigation, to encourage them to come forward. Post Office has not yet done this due to the concern of creating a high volume of low value cases”. Please explain (a) what was considered to be a low value case (b) what was considered to be “a high volume” and (c) why it would not be important to consider a high volume of low value cases in circumstances where POL relied on Horizon’s ability to handle large numbers of transactions accurately to justify its integrity.

287. The appointment of forensic accountants to conduct a review was unusual and outside my previous experience of engaging third party consultants. While POL was to engage and pay for the forensic accountants, we would be appointing them to implement the agreement with Lord Arbuthnot and the other MPs that we would engage forensic investigators to look at each of their cases. Because of these unusual circumstances, any accountant would need to be acceptable not only to POL, but also to Lord Arbuthnot and the MPs, and (as matters developed) to the JFSA.
288. Although the precise terms of reference and the scope of the review were debated and refined during June and July 2012, I understood from the beginning of the process of Second Sight's appointment that their fundamental role would be to carry out the review as independent investigators. This meant that Second Sight's work product was to be objective and independent.
289. Second Sight were recommended by Susan Crichton. She knew Ron Warmington from earlier in her career and socially at a local tennis club, although I understood that he was not a close acquaintance. She suggested that Second Sight had the right combination of skills and experience to carry out the review. Second Sight had worked on a number of fraud matters involving IT and had worked with MPs in the past. As a smaller firm, they would also satisfy Lord Arbuthnot's requirement (and something I felt strongly about too, having worked as Network Director) that the forensic accountants should have good people

skills and be able to understand the operations of a small business, probably much better than an organisation like Deloitte.

290. I do not remember the process for the decision to seek to appoint Second Sight, but I am sure that Alice Perkins and I ultimately approved the recommendation that they be engaged. I cannot be sure, but I have a recollection that Alice met them before I did.

291. My email to Susan, Alice, and Alwen on 21 June 2012 (**POL00105477**) indicates that I met Ron Warmington for the first time on that date. This was after POL had recommended their appointment to Lord Arbuthnot. I commented in my email that I thought that Ron would do *“an excellent job for us: exactly the right quality level of engagement etc., we’re looking for. I made it very clear to Ron that our primary objective of this exercise is to be transparent and to deal with whatever outcomes and conclusions he comes to.”* I do not recall the conversation, but what I believe I meant was that my impression from meeting him was that Second Sight was a good fit for the task.

292. Second Sight still needed to be approved by Lord Arbuthnot. As Alice reported to the POL Board at its meeting on 4 July 2012, POL had arranged for Second Sight to meet Lord Arbuthnot (at page 6 of (**POL00021508**)). He emailed Alice and me after the meeting, stating that he would be happy for Second Sight to proceed, subject to the points he set out in his email. One of the points was that the MPs were keen for SPMs to support this process and that Alan Bates of the JFSA was important to this. Lord Arbuthnot had therefore offered Alan a meeting

with Second Sight. Although Lord Arbuthnot was clear that the JFSA should not have the power of veto over the appointment of Second Sight, he would like as far as possible to have Alan's support. For this reason, Lord Arbuthnot cautioned against proceeding with Second Sight until he had heard from the JFSA.

293. The meeting between Second Sight, Lord Arbuthnot, and the JFSA took place on 12 July 2012. Lord Arbuthnot wrote to me immediately after the meeting (**POL00096810**; **POL00096811**; **POL00096823**; **POL00107750**). He said that it had been a very good meeting and that Ron Warmington and Ian Henderson had answered the questions of Alan Bates and Kay Linnell (a forensic accountant who had accompanied Alan) to their satisfaction. He added:

"However, the other MPs and I take the view – which I think you share – that so far as we can we should ensure that as the investigation goes on it retains the buy-in of the sub-Postmasters. To this end I should be grateful if you would agree to setting aside a small amount of money (capped at £5,000) for a forensic accountant nominated by the Alliance (likely to be Miss Linnell) to carry out sporadic review of SS's findings. We discussed this at the meeting and felt it would be the key to the entire process working for everyone – my constituents and those of other MPs, the spms, and of course the PO and its reputation."

294. On the same day, Mia Porter replied on my behalf: *"Absolutely no problem with this suggestion. Alwen will ensure the process is put into place"*.

295. It was only at this point that the appointment of Second Sight was agreed in principle between the three stakeholders in the review: POL, the MPs, and the JFSA. However, the discussions around the scope of the review continued. I will deal with these discussions in the next section of my witness statement.

296. The earliest version of a terms of reference that I have seen in the documents is (**POL00096576**). This is a proposal dated 1 June 2012 from Second Sight to POL to carry out an independent review of past fraud and theft cases to determine whether the facts supported POL's findings and the charges brought against individuals. I have no recollection of seeing this document at the time. Second Sight proposed that they would consider, by reference to a sample of cases, whether:

- *“the Post Office has thoroughly investigated the facts, including the alleged perpetrator’s claims about Post Office systems and other inadequacies*
- *there is any indication that assertions that “Horizon is the real culprit” have any basis in truth*
- *the courts have been presented with all relevant investigative findings and that any evidence that might support any defendant’s case has also been properly considered by the company’s investigators and then disclosed to the Court*
- *there is any indication, or pattern, and to where the missing funds really went (the point here being to review defendants’ claims that the*

false accounting – that most of them have admitted – was their only way out when those 'mysterious shortfalls' hit them)

- *there exists any evidence of systemic flaws or control weaknesses within the old or new Horizon systems and POL's related operational procedures*
- *the Post Office has failed to do anything that it should have done...or done anything that it should not have done...in regard to the investigations and prosecutions"*

297. The next version of the terms of reference was prepared by Susan on 6 June 2012 (**POL00029815**). Susan sent this version to Alice, Lesley Sewell, Alwen Lyons, Angela Van Den Bogerd, Simon Baker and me during the evening of 6 June 2012. In this version, the scope of the review was as follows:

"The Post Office has instructed an independent third-party organisation, 2nd Sight Limited provide a proposal to conduct a review which would include the following tasks:

Select a representative sample of cases that have led to prosecutions/court appointed restitution. The sample needs to cover cases:

- *where defendants claim they didn't take any cash*
- *where assertions have been made that 'The System' (i.e. Horizon) caused the shortage (include old and new versions of Horizon if possible).*
- *which have been taken up by MPs.*

Carefully review all company-held documentation focussing heavily on

probable reasons why shortfalls occurred or built up.

Interview company investigators to gain insights and to verify fairness of findings.

Review defence submissions focussing on evidence of innocence (consider separately False Accounting and Theft).

Try to establish why the shortages arose (assign each case to a Probability Category such as: Skill shortfall; Diversion to Failing Business; Straightforward Theft (by whom?); Mysterious Disappearance; etc).

Review all materials from the viewpoint of the Defence (seek Proof of Innocence and test evidence indicative of guilt)

Study and selectively test the "Horizon" system in order to find any 'Black Hole', Program Bug etc that might have caused mysterious shortages.

Reach conclusions on each case and identify any systemic issues/concerns."

298. On 7 June 2012, Susan sent Alice, Alwen, Lesley, Simon and me a redraft of the terms of reference she had sent on 6 June (**POL00105472**).

The proposed terms of reference were now as follows:

"This review would include the following:

A review of all company-held documentation focussing heavily on probable reasons why shortfalls occurred or built up,

Interview company investigators to gain insights and to verify fairness of

findings,

Review defence submissions focussing on evidence of innocence.

Try to establish why the shortages arose.

Review all materials from the viewpoint of the Defence,

Study and selectively test the 'Horizon' system, to the extent possible given the change in systems,

Reach conclusions on each case and identify any systematic issues/concerns

Meet with any MP, subpostmaster / mistresses plus legal representatives if required."

299. Susan's covering email for the revised draft indicates that she had revised the wording to take account of a discussion involving Alice and me that morning: "*Alice and Paula...hopefully this picks up the issues raised this morning*" (seen at page 1 of **(POL00105472)**). Susan then raised the following additional point, which does not appear to have been one of the issues discussed earlier:

"In addition, and following a review of the cases listed, which I had not seen this before, I have been giving some further thought to our position particularly in respect of the cases where we have criminally prosecuted the sub postmaster / mistress. In those cases I do not think that we want to be seen as re-opening the cases but rather position this as a review of the existing evidence to enable an understanding of the outstanding

concerns and the facts in so far as they concern the Horizon system. For those who have not been prosecuted we can offer a full independent investigation.

The overall outcome would be a general conclusion which critically reviews the evidence already in existence and new evidence from the work done by the independent forensic auditor.

If you agree with the above then the TOR would need to be slightly amended to take this into account.”

300. On 8 June 2012, Alice circulated a further revised version of the terms of reference (**POL00113792**). Her three substantive issues were as follows. First, she was unclear why the earlier version of the terms of reference stated that Second Sight would review all materials from the perspective of the defence. She stated *“won’t the investigators want to look at all the relevant material whether defence or prosecution? If we focus too much on the defence in the TOR, does this suggest that we think there is something we’ve overlooked in the past?”*. Second, to avoid POL being accused of being selective in the material it provided to Second Sight, Alice suggested they be given access to all relevant material held by POL. Third, she thought that POL should make a commitment to publishing the findings in full. Alice’s re-drafted terms of reference stated:
- “The Post Office has instructed 2nd Sight Limited to conduct an independent review of existing cases where concerns have been raised by MPs, and/or Shoemiths [sic] have issued proceedings.*

This will include the following:

Reviewing all company-held documentation focussing on why shortfalls occurred.

Interviewing company investigators to gain insights and to verify their findings.

Reviewing defence submissions.

(Reviewing all materials from the viewpoint of the Defence – DN Don't understand this; do we need it? And if so, why do we need the previous bullet, and do we want only to focus on the viewpoint of the defence?).

Studying and selectively testing, the 'Horizon' system (to the extent possible given the change in systems in 20...).

The reviewers will meet any MP or any of the SubPostmasters / SubPostmistresses affected at their request.

The review will reach conclusions on each case and identify any systemic issues/concerns.

Timescales and Costs

It is anticipated that the review will commence in late June or early July. Post Office Limited hope to be in a position to publish its findings in the autumn."

301. Alice's email did not, however, engage with Susan's view that former SPMs who had been convicted should not be offered an independent review by Second Sight in case this re-opened past convictions.
302. On 9 June 2012, Alice sent an email to Susan, cc'd Alwen and me, following a conversation with Alwen on 8 June (**POL00096603**). I was not involved in that discussion, as my email in the same URN shows. Alice's email appears to refer to a disagreement between her and Alwen about whether the review should include cases where the SPM had been convicted or had brought proceedings against POL via Shoosmiths. Alice stated:

"I am clear that we should include ALL the MPs cases, irrespective of whether they have been decided in Court. If we try to draw a distinction here we will be accused of picking cases to suit ourselves and being vulnerable on the ones we omit. We'll have a row about that instead of moving the issue on. On reflection, I don't buy the argument that we would somehow undermine the Court process by doing this. There are plenty of ways in which people go over ground which has been settled in Court and if there weren't, no-one would ever be able to get a conviction overturned. And if (which we don't believe) there were new evidence in a case which had been decided, we would want to do, and be seen to do, the right thing by that.

So I stick by the TOR as drafted yesterday on this important point.

Where I think there may be more of an issue is the line between Shoosmith's [sic] cases which have been declared to us and those (many

more) which they have merely hinted at. I suggest the way to deal with those may be by time, ie we'll include those we know about as of Monday week but not those which come after. As we said at our meeting, it would be open to the independent reviewers to say in their findings that they think we should extend the review.

I am sorry to be bothering you with this on a Saturday but time is against us, especially as Paula is seeing James Arbuthnot on Monday afternoon and I feel very strongly about this."

303. On the same day, Alwen emailed me on the same topic (**POL00096606**; **POL00096603**):

"Paula in case Susan doesn't pick this up as she is in Berlin and before you speak to Alice. The issue that came to light with the list of MP cases was that they included the Mishra [sic] you will remember the case and the publicity she went to prison and had (redacted). The husband got publicity through radio and press. (Redacted) and she raised this at the meeting with Alice before you joined was whether now contacting her to tell her we review the case would be a red rag to a bull. Alice feels this is the business pushing back unnecessarily and she feels this has happened throughout the process and she is having to keep pushing us! Susan is getting external advice on the effect this would have on cases which have been through the courts. If you want a call before you call Alice my phone is on."

304. I replied *"Thx – don't worry. We spoke and it's OK. We'll pick up tomorrow"*.

305. On 11 June 2012, Alwen sent me an email stating that "*following is as we discussed*" (**POL00096608**). The email stated that, at the meeting the following Monday with Lord Arbuthnot and other MPs, POL would offer:

- *"Each MP a review of their individual case carried out by 2nd Sight an independent forensic accountant*
- *This will be private and confidential*
- *2nd Sight may involve the sub postmaster in their review if they deem it to be necessary*
- *Sub postmasters who have been prosecuted will not be involved although their cases will still be reviewed."*

306. An email from Alwen on 12 June 2012 to Angela, Simon, Mike Granville and Susan shows that the attached version of the terms of reference (which I understand to be **POL00096615**) had been sent to Lord Arbuthnot by 12 June at the latest (**POL00027713**; **POL00117119**). This version states:

"The Post Office has instructed 2nd Sight Limited to conduct an independent review of existing cases where concerns have been raised by MPs and/or Shoemiths [sic].

This will include the following:

Reviewing all company-held documentation focussing on why shortfalls occurred.

Interviewing company investigators to gain insights and to verify their

findings.

Reviewing defence submissions.

Studying relevant evidence with regard to the 'Horizon' system.

The reviewers will meet any affected MP at their request on a private and confidential basis.

The review will reach conclusions on each case and identify any systemic issues/concerns, including training and support processes."

307. There are differences between the version of the terms of reference sent by Alice on 8 June 2012 and the version sent to Lord Arbuthnot. While Alice's version stated that Second Sight would meet any affected MP or SPM at their request, the later version states that Second Sight would only meet MPs on a private and confidential basis. The later version also made no mention of the publication of Second Sight's findings.
308. I have no recollection of any discussions which led to the changes to the terms of reference set out above, though it is evident from the documents that Alice's wish to include criminal cases in the review was of concern to Susan and Alwen.
309. In that context, in the course of preparing this witness statement I have seen a file note of a conference on 12 July 2012 with two barristers, Richard Morgan QC and Daniel Margolin. The attendees were Gavin Matthews, Susan Crichton and Hugh Flemington (**POL00006484**). The note appears to record advice from the barristers that instructing an

expert to prepare an expert report on the Horizon system was the highest risk response to SPM complaints. It states: *“What will it achieve? It will not be able to address any of the civil/criminal cases dealt with under ‘Old Horizon’.”* This is described in the note as a no-win situation for POL: *“If the findings are that there are no issues with Horizon people will see that as a ‘whitewash’ whereas if the findings are negative that will open the floodgates to damages claims by SPMs who were imprisoned for false accounting and Access Legal will start to pursue all the civil claims they are currently sitting on.”* A less risky approach would be to take the MPs through the cases in which they were interested. I have no recollection of ever seeing the file note or being briefed about the advice.

310. As I have mentioned above, Lord Arbuthnot was sent a copy of the last version of the draft terms of reference by 12 June 2012. He emailed Alice and me on 13 June 2012 to raise some issues with the terms of reference and asked for our thoughts (**POL00096622**). The first was that POL was proposing that the forensic accountants should meet with MPs, but not necessarily with the relevant SPM to allow them to put their side of the story:

“And MPs will not know as much as the sub-Postmasters will, and so the issue will not be resolved unless the MPs are also given the chance to have their constituents at the meeting. What about their advisers? Surely they ought to be included as well? Since we are trying to clear the matter up in...a robust and transparent manner, it does seem to me that this needs further thought.”

311. I responded to Lord Arbuthnot on the same day. I assured him that Alice and I intended total transparency, and that the queries he raised were valid. I made the point that each case was different. We were dealing with particularly sensitive and personal situations, combinations of fact and misunderstandings, and in some cases (as we believed at the time), fiction and / or fraud, as we had explained at the meeting in May. I went on:

“Rather than a blanket approach, we would take each case separately – we are dealing with individuals’ lives and livelihoods. But, the guarantee for each one is complete transparency and handled in the most appropriate and sensitive way. Therefore in some, we may need to go further than the draft TOR suggests, with SPMRs in joint meetings; in others, that might be difficult and/or embarrassing for them and their MPs. We would however start with each MP in order to explain/explore the background.”

312. The email sets out my understanding and position at that time in relation to whether the forensic accountants would meet the SPMs. My view was that this issue should be approached with flexibility on a case-by-case basis, and that in some cases a meeting would be appropriate.

313. I met Lord Arbuthnot on 14 June 2012. I wanted to see him in advance of the meeting with the group of MPs on 18 June 2012 to explore whether we could present them with an agreed position. I reported to Neil McCausland (one of the POL NEDs) in an email on 14 June 2012 that the meeting with Lord Arbuthnot had gone to plan: he had agreed POL’s draft terms of reference and to an individual rather than “*blanket*”

approach (**POL00096642**; **POL00096638**). I am not able to recall whether my reference to a “*blanket*” approach referred to the discussion about whether there would be meetings between the forensic investigators and the SPMs, or whether this referred to a broader view that the investigation should aim to identify what had happened in each of the individual cases, as opposed to investigating the system as a whole. In that context, it was certainly my view at the time that if Horizon had caused these SPMs' losses, this would be identified by an investigation of their cases. However, the small number of cases being presented by MPs did not justify a system-wide investigation as the starting point.

314. POL and Lord Arbutnot had now agreed on a way forward, as he set out in an email to parliamentary colleagues on 18 July 2012, the day of the meeting between POL managers and the group of MPs (**POL00096937**):

“I believe we are approaching a consensus. The consultants from 2nd Sight offered that their investigations should be checked by a forensic accountant to be nominated by the Alliance; the Post Office has agreed not just to this, but to funding it. I believe this tends to confirm that the Post Office is genuinely keen to resolve this matter in an open and transparent way.

“The process is therefore that 2nd Sight will conduct an initial investigation of a selected number of cases, from which they will see if conclusions can be drawn that lead to further work being required.

“But it is important that we do not get ahead of ourselves at this stage. It is already clear that some individuals are expecting that a very wide-ranging and expensive investigation into the computer code behind the Horizon system will take place. This is not at the moment what is envisaged. It may turn out to be necessary, but the initial investigations will show whether this is so.”

315. Lord Arbuthnot also wrote to Shoosmiths, on 19 June 2012, to update them on what had been agreed (**POL00096665**):

“As you know, prior to yesterday’s meeting, I met privately with the Chairman of Post Office Ltd and members of her staff. On each occasion the meeting was cordial and productive. From these meetings, we have come up with a plan for the Post Office to appoint an individual forensic accountant (to be chosen in consultation with me) who will examine each case individually in order to establish exactly what has happened. The individual SubPostmaster / mistress concerned will be given the opportunity to be involved, as will his or her MP. Interviews will be conducted, data investigated, and in this way it is hoped that an explanation can be arrived at that will put to rest any question over what exactly has occurred.”

316. After the consensus on the way forward was reached with the MPs, the next stage of the discussions was the involvement of the JFSA. There were a number of distinct issues.

317. On 13 September 2012, Lord Arbuthnot sent me a copy of a letter he had received from Alan Bates (**POL00026752**). Alan stated that, in his view,

the review should not only consider the historic cases but also complaints from serving SPMs about current problems with Horizon. Alan suggested (repeating what he had said in a letter to Lord Arbuthnot on 13 July 2012) that POL should open the review up to serving SPMs and advertise it in Subspace (the Network magazine) and offer serving SPMs immunity if they came forward with complaints. In his covering letter, Lord Arbuthnot asked me to consider both the immunity point and the possibility of advertising the review in Subspace.

318. I had no objection in principle to encouraging current SPMs to submit cases of current errors to Second Sight and I offered that POL would trawl recent call centre records to see if there were any unresolved issues with Horizon which could potentially be submitted to the investigation. **(POL00097030)** is a note of a discussion between Lord Arbuthnot, Alan Bates and me on 4 October 2012. The note records that Alan said that he wasn't looking for complete immunity from prosecution, rather for POL to provide assurance that serving SPMs would not be victimised or disadvantaged for raising claims. I assured him that I could absolutely guarantee there would be no negative comeback and that all cases would be handled appropriately.

319. Simon Baker emailed me on 7 November 2012 with an update on the progress made since my meeting with Lord Arbuthnot and Alan Bates **(POL00097115)**. By this point, POL had received a draft "*immunity agreement*" from the JFSA and had created a revised version, which Simon attached to the email. A brief for a meeting with Lord Arbuthnot on

19 December 2012 records that the “*immunity agreement*” had been approved by the JFSA, Second Sight, and POL (**POL00097310**). I have not seen the final version, but I understand that the agreement took the form of a joint paper of the JFSA and POL called “*Raising Concerns with Horizon*”, of which (**POL00097116**) was a draft. As far as I recall, I did not see this paper, but I would have supported what was agreed, namely that while POL would not waive its legal rights against any participant in the review, no-one would suffer any detriment for submitting a concern to Second Sight honestly and in good faith.

320. I also had no objection in principle to the JFSA referring cases to Second Sight. I can see from (**POL00096965**) that it had been agreed with the JFSA by 18 September 2012 that, although the primary route for cases to be referred to Second Sight would be via MPs, the JFSA would submit their best five to 10 cases. Indeed, the whole point of the immunity agreement was Alan Bates’ claim that he knew of current SPMs who would come forward if they were given assurances that they would suffer no detriment. One of the functions of the immunity agreement was to remove this obstacle.

321. The Inquiry has asked me to consider a comment in the briefing at (at page 3 of (**POL00097310**)) that: “*The JFSA have requested that we inform the sub-postmaster community about the investigation, to encourage them to come forward. Post Office has not yet done this due to the concern of creating a high volume of low value cases.*” It is difficult for me to say what the author of the document had in mind. In any case,

POL did advertise the review to serving SPMs on Subspace and in NFSP meetings.

56. Please consider POL00027553 (minutes of POL Board Meeting on 21 November 2012). Please describe what update was given to the Board on Horizon and / or Second Sight.

57. Please consider POL00021510 (minutes of Board meeting on 23 January 2013).

57.1. Please describe what update was given to the Board on Horizon and / or Second Sight.

57.2. Who reported that “To date there was no evidence to suggest fault”? On what basis was that comment made?

322. I cannot assist the Inquiry on what update was given to the POL Board at its meeting on 21 November 2012 (**POL00027553**).

323. As regards the POL Board meeting on 23 January 2013 (**POL00021510**), I have no memory of what Alice Perkins said to the POL Board about Horizon and Second Sight. I do not know the source of Alice’s comment that “*To date there was no evidence of fault*” (with Horizon).

58. Please consider POL00097589 (briefing on MPs cases review of Horizon), POL00107889 (email chain between you and Alwen Lyons on 11 March 2013) and POL00097884 (emails on 26 March 2013 from Ian Henderson, Lord Arbuthnot and others).

58.1. Please describe your view of the problem themes identified by Second

Sight and recorded at paragraph 4.3 of POL00097589. What steps, if any, did you or others in senior management take to ascertain what others in (a) Fujitsu or (b) POL (such as the within the problem management team), knew of these potential issues with Horizon?

58.2. Please expand on your concerns in your comment in POL00107889 that “Now my biggest concern – we are taking big decisions on IT currently and irrespective of the independence of the SS work, which it is critical to protect, I/we should be aware asap if there are emerging issues with Horizon. Who from IT is in the loop, do you know? And do you know if we have a view as to how robust the SS findings are – ie, there may be similarities of accounts from Spmrs – but are they being born out by analysis of what actually happened with the system itself”. In particular, please explain whether there was anyone (a) with technical IT experience or (b) with problem management experience, analysing the work of Second Sight for POL. If not, why not?

58.3. Please set out your recollection of the meeting of 24 March 2013.

58.4. Please expand on your comment “I’m a bit disturbed by Ian’s. James seems to be even handed in his comments, which makes Ian’s look as though he had an agenda”. What agenda were you concerned Mr Henderson had formed?

58.5. Please set out your views on Second Sight by this point.

324. On 7 March 2013, Lord Arbuthnot wrote to Alice Perkins to notify her that he was to host a meeting on 25 March 2013 at which the MPs in his group, and Alan Bates and Kay Linnell of the JFSA would be given an

update on the progress of the review from Ron Warmington and Ian Henderson (**POL00097588**). Lord Arbuthnot said that he was initially concerned that inviting POL to attend might affect MPs' perception of Second Sight's independence from POL, but he had been persuaded by Second Sight that POL should be represented.

325. On the second page of the letter, Lord Arbuthnot said that he would like to raise two matters. These were:

"In my discussions with Ron and Ian, I gather that questions have been raised over the absolute integrity of Horizon, though without their being so fundamental as to say that the system is not fit for purpose. Since it is a system that remains in current use, there is the risk that existing SubPostmasters and mistresses may find themselves in exactly the same position as those whose cases are being investigated. I know that definitive results are not yet available, but I hope the Post office would be ready to address this issue.

As I mentioned earlier, I am not inviting media to this meeting. Nevertheless, it would be expecting too much of MPs, if they were told that there were question marks over Horizon, to demand that they keep their constituents in ignorance of a potentially promising outcome. It would damage the process we are all committed to if the Post Office were not well prepared with a ready solution to this problem, among others, that could be offered publicly in this meeting."

326. Alwen Lyons emailed me a copy of this letter on 11 March 2013 (**POL00097587**) together with a second attached document

(POL00097589). This document is a March 2013 update on the progress of the review prepared by POL. Paragraph 3.1 stated that rather than carrying out a full examination of each case, Second Sight had adopted a preliminary step of conducting spot reviews. A spot review would examine a specific problem identified in a case. POL had received three spot reviews from Second Sight to date and expected to receive up to 30 in total. A team had been assembled from P&BA, Network, Legal, IT, Security, and Fujitsu (for technical assistance and data extraction) to respond to the spot reviews. This team was currently working on responding to the first three spot reviews.

327. Second Sight had identified eight common problem themes, that occurred across multiple cases and which, in their view, warranted further investigation. These themes were listed at paragraph 4.3 of the document as follows:

- *"Transaction anomalies following communications or power failure*
- *Transactions not entered by SPMR or staff*
- *Missing or duplicated transactions associated with Postage Labels, Phone Cards, GIRO payments, ATMs or Cheques*
- *Training and Support issues*
- *POL team at Bracknell*
- *Loss of Audit Trail*
- *Accounting issues at end of trading period*

- *Contract between POL and SPMRs*"

328. I responded to Alwen on 11 March 2013 (**POL00097592**). I can see from my email to Alwen that I had read the March update on the review and commended its quality.

329. The Inquiry has asked me to describe my views on Second Sight's common themes, and to state what steps I or others in senior POL management took to ascertain what others in POL or Fujitsu knew of these potential issues with Horizon.

330. My answer to the first part of the question is that it was difficult to form any view of the common themes. As I understood it, the evidence for the common themes would be set out in the spot reviews. Second Sight had produced three spot reviews by this point, which were being considered by POL's response team. Whether these problems were well-founded would depend on what came out of the fuller individual case reviews when they were complete. Spot reviews were a preliminary step. Looking down the list, I would not have regarded any of them as illegitimate areas for inquiry, except possibly, with hindsight, the "*contract between POL and SPMRs*" (**POL00097589**). However, it is unlikely that I picked up at the time that there was a potential issue of competence and expertise in a forensic accountant commenting on a legal contract.

331. As regards the second part of the question, I understood that the spot reviews would be investigated by a team drawn from specialist teams within POL (P&BA, Network, Legal, IT, Security), which would call on Fujitsu for data and technical support (see the note sent to me by Alwen

at (POL00097589)). It seemed that the process by which we would learn initially whether the common issues were problems or not would be by the analysis of the spot reviews.

332. Returning to my email to Alwen on 11 March 2013 (POL00097592) I can see that I raised Lord Arbuthnot's letter to Alice:

"Now to my biggest concern – we are taking big decisions on IT currently and irrespective of the independence of the SS work, which it is critical to protect, I/we should be aware asap if there are emerging issues with Horizon. Who from IT is in the loop, do you know? And do you know if we have a view as to how robust the SS findings are – ie., there may be similarities of accounts from Spmrs – but are they being born out by analysis of what actually happened within the system itself?"

I am surprised that I picked this up only by reading a letter from James to Alice. I'd have thought that a loyal supplier would have let us know – it's pretty important in terms of POL risk management and it would be good if SS had flagged it to us as the work unfolded. That shouldn't compromise their independence in anyway. Do you have any insight into this?"

I don't want us being defensive as I'm pleased to find these things out (sort of!) – but goodness, this is very very serious if either true and/or leaked.

Who is now working up the Comms, will you arrange a pre-brief for 25/3 and who do you think should attend?"

333. Alwen replied to me on the same day:

“My view of the SS findings is mixed. I believe they are doing a good job albeit taking longer than we would have hoped but their process means that they have collected all the ‘evidence’ from subpostmasters before inviting our comments or explanations. They have therefore found similar issues, either because they are real issues or because they are good excuses when things go wrong. Until we see the evidence which is beginning to come through now it is difficult to say.

We, Susan, Simon, Angela, Alana, Rod and myself, have regular meetings with SS and there is now a working group to look at the evidence.

Susan, Simon, Mark, Angela and I are having a meeting next week to discuss the comms before we have a per meet with SS.

They have assured me today that they need James and the mps to understand the way they are conducting their work, and that issues will be live at the moment but they then look to disprove them.

It is disconcerting but we need to work through each point as they raise it without being defensive. At least in James’ letter he acknowledges that we are working well with SS. It will be hard not to be defensive as we disprove subpostmasters’ evidence.”

334. I have been asked by the Inquiry to expand on my concerns in my email to Alwen. I do not recall fully what I had in mind when I wrote this email. There are two issues covered. First, POL was reviewing its IT strategy, with a view to making changes in 2015, when the HNG-X contract was due for renewal. It would have been imperative to know about any

underlying problems with HNG-X / Fujitsu in that light. Second, in respect of the current operation of Horizon, I can see that I was troubled that Second Sight had apparently told Lord Arbuthnot about potential issues with Horizon, but not POL. I felt that that Second Sight could and should communicate any issues with the system to POL, and this would not compromise their independence. In terms of whether anyone with IT or problem management experience was analysing Second Sight's work, it can be seen from the March update that the team tasked with analysing and responding to the spot reviews included individuals from POL's P&BA and IT functions, and Fujitsu was available to provide technical support. I have seen many other documents disclosed by the Inquiry which show POL IT and Fujitsu involvement in reviewing the Second Sight work. Simon Baker, who sat on the Working Group which liaised with Second Sight worked in the IT department (**POL00097592**).

335. On 19 March 2013, Alwen emailed Alice (cc'd to me) to update her on a discussion she and Susan Crichton had had with Second Sight earlier that day (**POL00097704**). Alwen reported that Second Sight were surprised that Lord Arbuthnot felt there was harder evidence against the system. *"They used the phrases; no evidence of widespread systemic failure; the number of cases we are seeing is small; the pattern aligns with themes that are already in the public domain."* They had assured Alwen and Susan that they intended to make clear at the meeting on 25 March 2013 that they were consolidating and distilling allegations to which POL had not had the opportunity to respond. Some of the evidence from SPMs was plausible but it had not been tested. They were nervous

about the meeting on 25 March 2013 because Shoosmiths were attending, and they knew that loose language may end up in the press. Alice responded on the same day (**POL00097705**). She said that her account of the meeting with Second Sight left her mystified as to what Lord Arbuthnot had been saying, but on the other hand words like “*plausible*” could easily be misinterpreted.

336. I received a very similar message in an email from Susan the same day (**POL00097719**). Susan reported that she had spoken to Second Sight to establish what they had said to Lord Arbuthnot that had led to his letter to Alice on 7 March 2013. According to Susan:

- *“Their intention for the Monday meeting was that they would explain that they were at an early stage of the investigation, that they have developed a process which they believe to be efficient and cost effective and to explain that process including the fact that they did not intend to review most of the MPs’ cases – JA has agreed that approach.*
- *That there is no evidence of wide spread systemic failure of the Horizon system from the work that they have already completed*
- *That the themes which are coming out of the work they are doing are the eight which Simon included in his update and which we discussed yesterday and those are the same issues which we have known about for some considerable time here is the list.*

.....

- *Second Sight were at a loss to know what "glitches" JA was referring to, other than those set out above"*

337. The position by 19 March 2013 was that it appeared that there had been a miscommunication between Second Sight and Lord Arbuthnot. I emailed Susan Barton on 20 March 2013, referring to a difficult day because of Second Sight leaving Lord Arbuthnot with the impression that there was a serious problem with Horizon, which led him to call a meeting of MPs (**POL00097732**).

338. I did not attend the meeting on 25 March 2013. Alice declined Lord Arbuthnot's invitation to send a POL representative because she felt that it would be better for POL to engage once it had considered the evidence and analyses submitted by Second Sight: see the draft letter from Alice to Lord Arbuthnot at (**POL00097781**). The draft states "*...we have not yet had an opportunity to submit our own evidence on the issues reported by sub-postmasters. Clearly this needs to be a facts-based investigation that allows all relevant parties to submit information on the matters under review.*"

339. On 26 March 2013, Alwen forwarded me an email which contained Ian Henderson's account of the meeting and inline comments from Lord Arbuthnot (**POL00097879**). Having read the two accounts side by side, I emailed Alwen and Martin Edwards to say that I was a bit disturbed by Ian Henderson's comments. I said that Lord Arbuthnot's comments on the other hand seemed to be more even-handed and he had sought to correct Ian's note, which made Ian's look as though he had an agenda.

My concern was that Ian was being overly critical of POL at an early stage of the process and before Second Sight had completed their investigations.

340. Martin Edwards spoke to Second Sight after I sent my email and replied to me later that day (**POL00097883**). He thought, based on the call, that Second Sight didn't have an agenda, *"but rather have just been a bit cack-handed in the way they've handled this read-out. It was clearly one of those messy meetings which could be interpreted in a number of ways. Their unvarnished account picks up some of the strands of discussion, whereas James is aiming for the more diplomatic "official" account (which is generally more helpful to us)."*

341. I do not want to overstate the episode. I think I was struck on first reading by Lord Arbuthnot's more measured language, and the fact that Ian Henderson's version included criticisms of POL that Lord Arbuthnot could not recall. I would have deferred to Martin Edward's view that this was just a messy meeting from which different people could take different messages.

342. I have been asked to set out my view of Second Sight at this point. Most of my personal dealings with Second Sight took place in 2013 when we were setting up the review. I seem to recall that I had dealt mostly with Ron Warmington, who I found to be courteous and professional. I was not close enough to the details of the review to form an impression of how well they were performing their role as independent forensic accountants. At that time, I would have deferred to those at POL who had

regular dealings with Second Sight. In that context, in her email to me on 11 March 2013 (**POL00097592**) Alwen stated that she thought they were doing a good job but were taking longer than anticipated. At the time I would have had no reason to disagree.

59. Please consider POL00098158 (email exchange between you and Alice Perkins on 8 May 2013). Please describe “the challenge” Alice Perkins gave you on 8 May 2013. What was the “suggestion that could wrap this up for us and James”?

343. As I have mentioned above, the way in which the review was progressing was that Second Sight were producing issue-based spot reviews rather than trying to establish the full facts of each case. Lord Arbuthnot’s note of the meeting on 25 March 2013 stated that while MPs accepted this approach, they would in the end want to know how their individual constituent’s case concluded and whether they had been wrongly accused.

344. I can see from (**POL00097887**) that Alwen referred to this in an email to Alice, cc’d to me, on 27 March 2013. She said that the main area of contention from the meeting seemed to be the MPs’ views of how their cases would be treated. Investigating each case in full would be costly and time consuming. On 5 April 2013, Alwen emailed Janet Walker, Lord Arbuthnot’s Chief of Staff (**POL00097952**). Alwen stated that it appeared that we were a long way from getting agreement from MPs on Second Sight’s suggestion of investigating themes rather than all of the cases. She asked Janet to consider a call between Lord Arbuthnot and me to

agree what could be done to avoid it costing the POL Board “*a fortune*”. Janet replied that he was away but was considering his response to this issue. I was not copied into this email exchange.

345. Although Alwen’s email was to the point, it is fair to say that there were increasing concerns at POL about the escalating cost of the review and the time it was taking (see **POL00122393**; **POL00098379**; **POL00100200**). POL therefore began considering ways of bringing the review to a conclusion within a reasonable time and in a cost-effective manner. Key to this was securing the agreement of Lord Arbuthnot, as the key parliamentary stakeholder.
346. (**POL00115881**) is a speaking note for a call between Lord Arbuthnot and me on 23 May 2013. It sets out a proposal that the future form of the review would be that Second Sight would produce a report on three cases by the parliamentary recess and submit a final report in October 2013 on those MP cases where there was sufficient evidence to investigate. The germ of this idea was that POL understood that Lord Arbuthnot had already suggested that Second Sight should aim to deal with three lead cases in an initial report.
347. My email to Alice on 8 May 2013 (**POL00098158**) stated that the team had a suggestion “*that could wrap this up for us and James. (Based on something he wrote to Alan Bates of the JFSA, which is helpful.)*” I believe the “*suggestion*” was an idea that was subsequently developed into the proposal set out in the speaking note. However, I have no recollection of the “*challenge*” that Alice gave earlier that morning. It

appears she gave a challenge to the team as I go on to say “Alwen, Mark, Susan and Simon have just finished briefing me”.

60. Please consider FUJ00083375 (Gareth Jenkins’ note entitled “Local Suspense Problem”).

60.1. Please describe whether you were made aware of the Local Suspense Problem.

60.2. Did it concern you that Fujitsu had in 2013 identified a BED that arose in 2011, which had caused discrepancies in branch accounts?

60.3. Please explain who you informed of this issue. If you did not inform the Board, Second Sight, Members of Parliament, the JFSA or SPMs, please explain why

348. I was made aware of the Local Suspense problem at some point between 9 and 16 May 2013. Around the same time, I was also made aware of another bug, known as the Receipts & Payments Mismatch problem, that had affected Horizon Online in 2010. At the time I would not necessarily have known the bugs by these names, as they were also known by other names, such as the “14 branch” and “62 branch” issues respectively.

349. The first indication that my lawyers have found that anyone in POL knew about the problem is an out of office reply on 28 February 2013 from Laura Darby of POL in response to an email from Anne Chambers of Fujitsu. The subject line of the email is “*FW: Suspense Data in 14 branches*” (POL00097564).

350. On 14 March 2013, Anne Chambers sent Andrew Winn at POL (cc. Steve Bansal, Steve Parker, and Gareth Jenkins) "*As requested, a full explanation of the problem*", setting out a technical explanation of how the problem arose (**POL00098151**).
351. There were a number of email exchanges between Anne Chambers and Andrew Winn on 2 and 3 May 2013 (**POL00098151**):
- a. Andrew Winn wrote to Anne Chambers on 2 May 2013: He was having difficulty reconciling some of the figures. One of the affected SPMs appears to have settled centrally some of the loss but Andrew Winn thought this strange, as a loss of £3.34 should not have qualified for settling centrally. Andrew Winn asked Anne Chambers to look at the first draft of his letters to the affected branches: "*...to see if I have simplified and condensed what happened without losing meaning or key detail?*" (these appear to be: **POL00002188**; **POL00002217**; **POL00002226**; **POL00002242**; **POL00002260**; **POL00002265**; **POL00002275**).
 - b. Anne Chambers replied to Andrew Winn on 3 May 2013: In discussing the figures, Anne Chambers mentioned that "*There was a problem at the time, not fixed until Jan 2011, where if they chose 'Make Good Cheque' it actually Settled Centrally – I think this is probably what happened on 9/12/2010*". Anne Chambers had made amendments to the letters "*which hopefully make the cause and scope of the problem clearer*". She had tried to call Andrew Winn "*because Gareth Jenkins mentioned that this problem is still being discussed at a high level as part of the ongoing investigations/checks into Horizon, and I would hate anything I have put*

here to compromise that – I don't see why it should but just wanted to flag it. I assume anything going out to the branches will be reviewed in light of that."

- c. Andrew Winn replied on the same day: *"I intend this to go through our solicitors before it gets sent out"*.

352. On 9 May 2013, Andrew Winn sent Simon Baker (cc. Gareth Jenkins) two summaries of the Suspense Account bug (**POL00098186**) and a short version, (**POL00098185**):

- a. The two branches with the largest discrepancies in 2011 alerted POL FSC in 2011 after they had *"settled centrally"*. According to Andrew Winn *"These discrepancies were resolved with no inappropriate payments being made"*.
- b. The same two branches alerted POL again when the same discrepancies appeared in 2012.
- c. When the problem first occurred in 2011, *"the values relating to the 2 branches above were associated to equal and opposite values held on the branches' Customer Account and cleared. The other values were written off to Profit & Loss as no explanation could be found"*.
- d. The resolution of the issue included: a revised archiving strategy introduced in 2011 prevented a reoccurrence of the issue; Fujitsu were considering a check to ensure the local suspense account netted off to zero; and *"FSC will write to all non Crown branches impacted to summarise what has happened. The intention is to return any incorrect losses but not*

attempt to recover resultant gains. Letters will go through Legal prior to dispatch.”

353. On 10 May 2013, Gareth Jenkins created a first version of a document entitled “*Local Suspense Problem*” (**FUJ00084744**). The stated purpose of this document was to provide a “*management level summary*” of the Local Suspense problem. Section 2.2 records that Fujitsu had developed alerts to indicate to support staff that the problem had occurred, enabling immediate investigation. I have no memory of seeing this document. However, I do recall seeing a version of the table at the end of the document. This may have been cut and pasted into another document or email. I had asked for details of the branches affected, as I wanted to know that POL had responded correctly and that none of the affected SPMs was disadvantaged.

354. Around the same time as these documents, I can see that senior POL managers were considering the Receipts & Payments Mismatch problem.

355. (**POL00029610**) is a note dated 16 May 2013 by Gareth Jenkins on the Receipts & Payments Mismatch issue. It begins: “*The purpose of this note is to document a request that we have had from Post Office in terms of presenting details of what happened as a result of a bug in HNG-X in September 2010 which caused a Receipts and Payments mismatch and also resulted in Discrepancies being lost.*”

356. (**POL00098283**) is an email from Gareth Jenkins to Simon Baker (cc. James Davidson) on 16 May 2013 attaching version four of the note on

the Receipts & Payments Mismatch issue (**POL00029610**). The covering email refers to *"tomorrow's meeting with Lesley."*

357. I do not believe that I saw any of the documents I have referred to above concerning the Receipts & Payments Mismatch issue at the time they were created, nor I believe at any time before I left POL. I do not recall being involved in any of the discussions they refer to. I do not recall ever having had any dealings with Gareth Jenkins or Anne Chambers of Fujitsu.

358. I have seen emails dated 9 May 2013 which show that Alwen Lyons and Simon Baker were trying to contact Lesley Sewell and me about an urgent matter. (**POL00098176**) is an email from Alwen to me: *"Sorry Paula I need to speak to you about this as something has come up."* I replied saying that I would call within the hour. Alwen also emailed Simon Baker twice on the same day saying: *"You need to warn Lesley"* (**POL00098179**) and *"...I have put out a call to Paula I am going to have to tell her what has happened at a high level"* (**POL00098180**). I do not recall the issue that arose on 9 May 2013. I cannot rule out that this was about the Local Suspense Problem or Receipts & Payments Mismatch problem. If it was about the bugs, I do not know if I was told about them on that date.

359. I have seen a series of emails dated 16 May 2013, some or possibly all of which may have related to this issue (**POL00098276**):

a. At 07:44 I asked Alwen for an update on the *"mini-crisis last week"* and for an update on our normal workplan with Second Sight. I went on: *"Also, has*

Alice mentioned it and/or have you updated her? I wanted to send her a note this am, just to reassure we are still on top of everything. The mini-crisis related to having to make short-term diary changes, liaising with Lord Arbuthnot's office, agreeing to bring forward a meeting and then agreeing to move it back to a few weeks later.

- b. Alwen responded that she, Simon and Lesley were meeting that morning. She had given Alice an update yesterday and Alice was calm that the meeting with Lord Arbuthnot being delayed. She had updated Alice on the spot reviews and would send me a paragraph later so that I could send Alice a note.
- c. At 07:48, I emailed Alice saying that *"one other issue arose overnight, which I may need to brief you on over the next couple of days, so will try to get a phone slot"* (POL00098278).
- d. Alice replied at 08:17 stating that she was unexpectedly free that afternoon.

360. At 13:05 on 16 May 2013, Alwen sent me a speaking note to use on a call with Alice that afternoon (POL00029587). It appears that if I had been told about the bugs at a "high level" the previous week (see paragraph 358), I now had more detail and wanted to brief Alice:

"I have a call with James on the 23rd May....when we will discuss how he wants the investigation to continue, including the 2 MP cases he has asked 2nd Sight to focus and the spot reviews.

However some instances are coming to light where there is evidence that there are bugs in Horizon, which I am being told is normal in any large

computer system. But I am still being assured that the system's integrity is not in doubt.

Lesley is meeting Fujitsu tomorrow morning to go through the technical assurance that the subpostmaster's trading statement cannot be changed without their knowledge (sic)

Alwen is meeting with them on Monday to look at with a layman's eyes and understand what it might have looked like for a subpostmaster using the system (sic)

The Good News is that where we have found to (sic) bugs since HNGX (new Horizon) they have been detected and put right with no loss to the subpostmaster and Fujitsu now monitor the suspense account for any such problems.

Alwen will specifically ask on Monday if anything else could be happening we do not know about eg too small to register at the office, and Old Horizon bugs.

This is not good Alice, but from what we have seen so far our response to bugs has been effective.

I have asked for some time in our diaries next week to talk through our approach, and would welcome you (sic) counsel before the James meeting."

361. Alwen's note refers to "bugs" in the plural. I believe this is because I had been made aware of the "Receipts & Payments Mismatch" bug by the time of this email.
362. (POL00098777) indicates that I attended a meeting with Lesley to discuss the Local Suspense Problem on or around 27 June 2013. In an email to me of that date in the chain, Martin Edwards referred to Lesley explaining to us "'transient data' and 'archiving processes'".
363. A speaking note I was given for a meeting that I was going to have with Lord Arbuthnot and Alice on 3 July 2013 sets out the following information about the "Receipts & Payments Mismatch" problem, referred to as the "62 branches exception" (at pages 5 and 6 of (POL00115923)):
- *"Affected 62 branches...*
 - *Sub-postmaster losses ranged from £115.60 down to 8p*
 - *Identified by Horizon's built in checks and balances which are designed to flag up these types of discrepancies. Appropriate action taken to rectify.*
 - *17 sub-postmasters were adversely affected i.e. had a loss attributable to their branch.*
 - *Sub-postmasters notified in March 2011 and (where appropriate) reimbursed.*
 - *Sub-postmasters who had made a gain through the anomaly were not asked to refund this."*

364. The Local Suspense problem, referred to as the “14 branch exception” was described as follows:

- *“Financially impacted 14 branches...*
- *Concerns an error where historic accounting entries in the 2010/2011 financial year were replicated for 2011/12 and 2012/2013 only showing up a year later.*
- *Raised by 2 sub postmasters affected by the exception.*
- *1 sub postmaster and 4 multiple partners were adversely affected...*
- *We suspended attempts to recover known losses from affected sub-postmasters.*
- *Letters to notified sub-postmasters will be sent out immediately.*
- *The worst loss to a branch would have been £9,799.88. This was one of the first cases notified, so no recovery action was progressed. Other losses ranged from £113.14 down to a penny.*
- *Action underway to modify the system to prevent any repeat of this exception”.*

365. The narrative about the “exceptions” (I accept that they should have been termed “bugs”) stated that, in both cases, our processes had picked up these issues, that appropriate remedial action had been taken, and that they had not led to any disciplinary action. Neither related to cases under investigation with Second Sight.

366. While I have no distinct recollection of my discussions with colleagues about the bugs, I have a firm recollection of thinking, from the time I was first told about them in May 2013, that the business had managed them well. I was told, as set out in speaking notes for the call with Alice and the meeting with Lord Arbuthnot, that the bugs had been identified by POL's processes, that no SPM had been left out of pocket, and that measures either had been or were being taken (the "*Local Suspense*" having been recently identified in May 2013) to eliminate the possibility of reoccurrence. I set up a number of meetings with Alwen Lyons, Lesley Sewell and others to ensure that I was briefed on progress of the Local Suspense bug, until I was content POL that had resolved the issues for the SPMs affected. I suspect that this is where I saw the table referred to in paragraph 353 above. This was in line with how I worked – making sure colleagues understood that problems that affected even one Post Office were important to resolve and for POL to care about.
367. I was therefore satisfied that the bugs did not call into question the reliability of Horizon. In particular, I understood that the Local Suspense problem had affected only 14 branches across the entire Network, that the effect of the bug occurred annually, and that it had been picked up in the first year that it reoccurred. It was reassuring that a bug which had limited effect within the scale of the network had been identified and was being rectified.
368. My speaking note for Alice did say that the bugs were "*not good*". I think this was for two reasons. First, I didn't want any branches to be impacted

by a problem in the system, even one which was corrected. Second, though less important to me, there was a timing issue against the background of the Second Sight review. If the facts around the bugs, as I understood them to be, were not clearly communicated there was a risk that people would confuse issues and draw conclusions that were not factually justified.

369. I have been asked whom I informed about the bugs and address these questions below.

370. The Board: I informed the POL Board at its meeting on 1 July 2013 (**POL00099516**) that: *“Horizon, like any large computer system, would occasionally have anomalies and two were know(n) of over recent years. The Business has dealt with these anomalies to ensure no sub postmaster was out of pocket and these anomalies had not affected any of the cases which Second Sight had reviewed.”* This was part of a broader update to the Board on the Interim Report. In terms of the timing of the update, I was advised by Martin Edwards in an email on 20 May 2013 containing his comments on the agenda for the 21 May 2013 Board meeting (**POL00098321**) that he and Alwen Lyons agreed that it would be premature to brief the Board on developments with Second Sight at the May meeting but that we would need to update the Board in July 2013 as part of the CEO report. The reason why an update in May was thought premature was because I was due to speak to Lord Arbuthnot on 23 May 2013 to discuss whether there was a way to bring Second Sight’s work to a quicker and more cost-effective conclusion (Martin’s email refers to

a meeting between me, Alice, and Alwen after the May Board meeting to discuss the approach to Lord Arbuthnot). It is very likely that I and / or Alwen or Alice informed the Board about this forthcoming meeting. The minutes of the May Board meeting (**POL00021513**) record that the Board asked for a note to update on the Horizon position with the Second Sight review.

371. A Board call was scheduled for 1 July 2013: see the email from Alwen Lyons to the Board on 29 June 2013 setting out my weekly update to the Board at the bottom of the email chain at (**POL00098816**). Having seen that email, Alice emailed me, Martin Edwards, Alwen Lyons and Susan Crichton on 30 June 2013 (in the same URN) stating, *"I think we will have to tell the Board about SS as there is a danger that we could be in a difficult situation in the midst of all this about before we have another opportunity to tell them. And we do owe them an update"*. Alice asked if we could think about what we should say, and that we should let her know how we intended to describe the situation. She said it would be fine if Susan Crichton joined a call with the Board.

372. I replied to Alice shortly afterwards (in the same URN) stating that we had decided to do exactly that and rather than send the Board a written brief at this stage, we thought it would be better to wait to get a steer from Alwen Lyons' meeting with Janet Walker (from Lord Arbuthnot's office). I added that Susan was due to meet Second Sight the following Monday, so it made sense for her to update the Board after that meeting. The reference in my email to a meeting between Alwen and Janet Walker is

likely to refer to a meeting on the morning of 1 July 2013 to discuss POL's idea that the publication of the Interim Report should be delayed until Second Sight had completed its work on the spot reviews which the Interim Report was to address: see the email from Alwen to me on 28 June 2013 at (**POL00098789**), which refers to this meeting.

373. Second Sight: Second Sight knew about the two bugs and mentioned them in the Interim Report. It appears from the documents that they knew from 25 June 2013 at the latest: on that day, they sent Simon Baker a draft section of the Interim Report dealing with the two bugs: (**POL00029618**). I did not authorise anyone at POL to provide the information to Second Sight, but it was not my role to decide what would be provided to Second Sight. That was a matter for the POL team who were working on the review. I was repeatedly told and believed at the time that POL had informed Second Sight about the bugs. For example:
- a. The speaking note for my meeting with Lord Arbuthnot on 3 July 2013 stated that *"both were voluntary communicated to SS (although not directly related to the cases under review.)"*
 - b. In an email to me on 27 June 2013, Rodric Williams stated that *"where we have identified "bugs" in Horizon, we have shared these with Second Sight."* (**POL00098774**).
 - c. In an email to me on 28 June 2013 (**POL00098789**), Alwen stated: *"We think SS will present the 4 cases some of which will not be finished, but we*

are not sure yet. They will also raise the issue of the 'bugs' which were outside the cases but which we disclosed to them."

d. I have a recollection that Lesley was incensed that POL was accused of a cover up, on the grounds that it had not disclosed the bugs to Second Sight when, in fact, it was POL that had disclosed the bugs to Second Sight.

374. Since I left POL, I have seen a written legal advice by Simon Clarke of Cartwright King dated 15 July 2013 (**POL00006798**). It records that two lawyers from Cartwright King spoke to Gareth Jenkins on 28 June 2013, who told them it was he who informed Second Sight about the two bugs. As set out above, that was not my understanding at the time.

375. Members of Parliament: Any communication to MPs would have been through Lord Arbuthnot. As I set out in my answers to Question 62, I decided that it would be appropriate to discuss the bugs with Lord Arbuthnot at a face-to-face meeting. This only occurred on 3 July 2013, after he had seen a draft of the Interim Report.

376. The JFSA: I did not tell Alan Bates about the two bugs. I cannot recall any conscious decision to tell him or not to tell him. Alan was in regular contact with Second Sight, whom I knew had been asked to "*keep the JFSA on board*" (**POL00098192**: "Ron calls Alan and Kay routinely once a week to give a full update"). I was not in regular contact with Alan Bates and I believe I just did not think to tell him.

377. SPMs: I thought it was important that the SPMs of affected branches were informed. I understood that that had been done in relation to the

“Receipts & Payments Mismatch” problem and was in hand in relation to the “Local Suspense” problem. It did not occur to me to suggest the wider publication of the bugs. I had been told all affected branches had been identified.

61. Please consider FUJ00086811 (draft report by Helen Rose dated 12 June 2013).

61.1. When was the first time you became aware of this report, or a similar one, by Helen Rose? Please describe your knowledge of the same.

61.2. Please consider “However, my concerns are that we cannot clearly see what has happened on the data available to use and this in itself may be misinterpreted when giving evidence and suing the same data for prosecutions”. Please explain what action, if any, POL took in response to this report.

378. My answer to Question 61 should be considered together with my answer to Question 94. Shortly before the publication of the Interim Report I was briefed orally by Angela Van Den Bogerd on the spot review relating to Lepton Post Office. I do not recall her mentioning Helen Rose or "the Helen Rose Report" at this stage. This oral briefing was followed up with a written briefing note on the interim report sent to me by email on 3 July 2013 (POL00113369). The written briefing note did not mention Helen Rose but set out the facts relating to what had happened at Lepton Post Office.

379. I do not recall exactly when I first became aware of the Helen Rose Report. The only clear recollection I have of discussing it by name was at an ARC meeting when Carla Stent was the chair of the ARC. I do not remember the date of that meeting. I believe that this was in connection with the issue of whether the change request recommended by Helen Rose in her report had been implemented. I see now from emails between Rodric Williams and Martin Edwards in October 2013 (**POL00108163**) that there was discussion about whether to include reference to the Helen Rose Report in the CEO report for the October board meeting. I do not remember whether I was briefed on this but I can see that the report was not referred to by name in my CEO report. I see also from (**POL00147248**) that Chris Aujard prepared a paper for the POL ExCo about expert witnesses, dated 17 January 2014, in which he referred to the "*Helen Rose, or Lepton P.O. Report*". In paragraph 2c, he said that "*the effect (if not the substance) of this report was to cast a further shadow over both HOL and those who had asserted its reliability in court documents and in court.*" I do not recall seeing this paper, but I may have been briefed about it at the time. I note that the Helen Rose Report was also mentioned by name in the Second Sight Briefing Report – Part Two dated 21 August 2015 (at pages 14-15 of (**POL00030160**)).

62. Please consider POL00098316 (email from Martin Edwards dated 20 May 2013), POL00098317 (briefing attached to the prior email), POL00115880 (email from Alwen Lyons to you dated 22 May 2013), POL00115881 (briefing attached to the prior email), POL00105632 (email from Alwen Lyons to you dated 23 May 2013), POL00098378 (email from Alwen Lyons to you dated 24 May 2013) and

POL00098379 (attachment to prior email).

62.1. Please explain what prompted the “move away from ‘there are no bugs in Horizon’ to ‘there are known bugs in every computer system this size but they are found and put right and no subpostmaster is disadvantaged by them”.

In particular, please state:

62.1.1. who was responsible for this decision;

62.1.2. what factors were taken into account;

62.1.3. was this viewed as a significant change; and

62.1.4. on what grounds did you previously believe there were “no bugs in Horizon”.

62.2. Please describe if and when you explained this change of position to Lord Arbuthnot.

62.3. Please describe your conversation with Lord Arbuthnot on 23 May 2015.

In particular, please address:

62.3.1. What Lord Arbuthnot said that led to the minute “JA said that SS had certainly not said that they ‘had not come across systemic problems’”. Did you pass this information onto others?

62.3.2. Your conversation on remote access. Please set out what your understanding of Fujitsu’s remote access privileges were at this point.

62.3.3. What did you say to lead to the minute “PV explained the E&Y audit at year end which gave the IT controls a good report”.

380. I had a call scheduled with Lord Arbuthnot for 23 May 2013. This was intended by POL to be a continuation of the discussions we had initiated with his office earlier in the month to explore a more cost and time effective solution for the review.

381. On 20 May 2013, Martin Edwards emailed me a paper on the Second Sight investigation for my call with Lord Arbuthnot (**POL00098316**; **POL00098317**). The section entitled "*Background*" was a summary of POL's assessment of the current status of the review. Around 49 cases had now been submitted. It appeared unlikely that the review would conclude anything definitive or satisfactory to the stakeholders, as the remit had been blurred, different stakeholders had different interpretations, and the evidence was open to interpretation. There was no defined endpoint to the investigation and the costs would increase from the current spend of £180,000 to £750,000 if it continued to July 2014. Further, after a year of investigation, no evidence of systemic failures had been found. POL's proposal to Lord Arbuthnot was that:

- a. He would ask Second Sight to complete their investigations on two or three MP cases, selecting those which they felt best indicated systemic problems.
- b. The scope of the review would be defined by answering the question: have systemic defects in the Horizon system resulted in the wrongful conviction of sub-postmasters (in either civil or criminal court)?
- c. There would be a meeting before the Parliamentary summer recess at which Second Sight would provide a preliminary report.

- d. POL would commit to working on the areas for improvement that had come to light (e.g. training, help desk, and SPM support).

382. There was a section at the end of the note entitled "*Other things Paula needs to know*". These included at para. 5.3:

*"Defects/bugs/glitches in Horizon. Post Office is **not** saying Horizon is free from defects. All large systems of this nature occasionally encounter problems. We are confident though that no sub postmaster has been wrongly convicted or suspended due to Horizon defects."*

383. On 22 May 2013, Alwen Lyons emailed me a second briefing note for the call: (**POL00115880**; **POL00115881**). It contained a set of speaking notes which made a number of introductory points, including (i) stressing that POL wished to get to truth the about the allegations made against Horizon; (ii) that we would take steps to address any systemic issues; and (iii) we wanted the review to be finished in such a way that we could respond quickly to its findings. The review had taken longer than anticipated and POL always had to have regard to the best use of public money.

384. The briefing then set out a proposal that was slightly different from that set out in the briefing from Martin:

- a. Second Sight should now concentrate on three of the MP cases with a view to producing a report on those cases before the summer recess, and we understood that Lord Arbuthnot had already suggested this to them.

- b. Second Sight would review the rest of the MPs where there was sufficient evidence for them to analyse and produce a final written report by the end of October 2013. This would exclude approximately half of the 29 MP cases: we understood from Second Sight that in half of the MP cases there was insufficient evidence for them to take the review forward.
- c. To enable these timelines, no new cases would be accepted into the review.
- d. POL was already conducting a business review process and we would deal with any new cases as part of that process. I would assure Lord Arbuthnot that there would be a new senior management oversight over the conduct of these cases.
- e. We also thought it would be helpful for Lord Arbuthnot to reiterate to Second Sight that their review should focus first and foremost on whether there were systemic issues with the Horizon system itself. Whilst it might be appropriate for Second Sight to identify process improvements, it was imperative that a clear distinction was drawn between the IT system and the surrounding processes – otherwise, it could lead to confusion and misleading media headlines to the detriment of public and sub-postmaster confidence.

385. This second briefing did not contain a section on BEDs.

386. On the morning of the call, I received an email from Alwen stating that the only thing that was not in my brief was our move away from “*there are no bugs in Horizon*” to “*there are known bugs in every computer*”

system this size but they are found and put right and no subpostmaster is disadvantaged by them' it would be good to go on and say 'or has been wrongfully suspended or prosecuted'. I do not think that is a phone call conversation but needs to be aired at some time with James, I would suggest at your meeting." (POL00105632).

387. I have been asked by the Inquiry to explain what Alwen describes in her email as a move away from our former position that there were no bugs in Horizon.

388. I do not think I ever turned my mind to whether there were any bugs in Horizon (which could include entirely harmless glitches). My understanding until May 2013 was that no bugs had been found in Horizon which could affect branch accounts. I believed that because it was what I had been told by a series of senior IT managers over many years.

389. After the Local Suspense and Receipts & Payments Mismatch problems came to light in May 2013, we were simply in a different situation. We no longer lived in a world where no bugs had been found in the system. That turned my attention to how the business had dealt with the bugs, and it was my understanding that the bugs had been well managed – I had been assured that they had been detected, rectified, and no SPM was left out of pocket. I understood how POL had dealt with the bugs to be a positive. I don't recall if POL had ever specifically said 'there are no bugs in Horizon'. However, Mark Davies flagged that our communications had

to be clear about what our position was. I was in complete agreement with him.

390. I viewed the bugs as significant, primarily because branches had been impacted and that was not something I wanted to happen. There was also an obvious timing issue, though this was much less important to me. Against the backdrop of the review, if POL did not explain the bugs clearly, people might draw conclusions which were not justified by what I understood had happened. For that reason, I did not want to discuss the bugs on a call with Lord Arbuthnot. I intended (as Alwen advised in her email on 23 May 2013) to address this issue with him face-to-face.

391. For this reason, I did not discuss the bugs with Lord Arbuthnot on the call on 23 May 2013. I did not tell Alan Bates about the two bugs. See paragraph 376 above.

392. I have no recollection of the call with Lord Arbuthnot on 23 May 2013 beyond what is set out in the minutes (**POL00098379**). I do not recall the discussions which led to the minutes in relation to remote access or EY. In relation to POL's proposals, I can see from the minutes that Lord Arbuthnot thought that Second Sight were already progressing in a structured way to produce an interim report dealing with two to three cases or spot reviews, following a meeting. All of this should occur before the parliamentary recess. He stated that Second Sight were reacting to the JFSA and they needed to keep the JFSA happy. Although the JFSA should not be running the review, it was important to keep them onside, as if we did not, they would see the review as a whitewash.

393. He agreed to write to Second Sight and clarify how they should proceed with two to three cases and restate the terms of reference and the need to draw the review to a close. He also agreed that we needed to stop new cases coming in and that future ones could be dealt with via a POL internal process.

394. I emailed Alwen, Martin, Susan and Lesley on 24 May 2013 to update them on the meeting (**POL00098373**). I said that Alwen had a full set of notes from the meeting, which they were welcome to consult for a full debrief (presumably these are (**POL00098379**)). In short, Lord Arbuthnot had agreed to most of what we asked him to do, although he was going to speak to Janet Walker before taking any action. I wrote that the most important outcome was to secure clarity around the two parts of the terms of reference. I wanted to keep up the momentum from the call to secure the narrowing of Second Sight's terms of reference via a letter from Lord Arbuthnot. I asked Alwen to speak to Janet.

395. Alwen emailed me on 24 May 2013 (**POL00029589**):

“Good call with ss but James has definitely caused confusion with his cases or themes or topics etc. SS have agreed they will look at 3 cases, they will tell JFSA which 3 cases to keep them on board but SS are choosing which One of these will be dealing with the issue of remote access to a subpostmasters account, which James specifically raised

I have just spoken to Lesley who has engaged Fujitsu today and is confident that within a week they provide evidence about access and audit trails etc. Lesley and I will meet Fuj on the 3rd to go through this, and then

if we are comfortable go through with SS and Fuj on the 6th, so let the technical people can discuss in detail. That's all the good news. But I have heard nothing from Janet...and she is in NZ until after recess, so that conversation will have to be on hold until then, but I think we can use the 2 weeks in the meantime to make some real progress with SS"

396. On 5 June 2013, Janet forwarded to Alwen an email which Lord Arbuthnot had sent to Second Sight, setting out his proposed way forward (**POL00098459**). Lord Arbuthnot stated *"My belief is we should be moving to some form of closure"* and he made the following points:
- a. Second Sight needed to produce an interim report to be presented to MPs before 18 July 2013, when the summer recess began. MPs were aware of this deadline and would raise awkward questions if it was not delivered.
 - b. The report should concentrate on a few (two or three) of the strongest complaints against POL.
 - c. The report should consider whether there were (a) flaws in Horizon and / or (b) flaws in POL's processes or training.
 - d. If such flaws were found, agreement would need to be reached on how this was communicated to POL, individuals who have faced or were facing prosecution, and to Shoosmiths.
 - e. The report must make absolutely clear whether or not there were problems with Horizon.

397. Having set out his proposed approach, Lord Arbuthnot asked Second

Sight to give particular thought to two points relating to stakeholders:

- a. With respect to POL's position, he explained that he had spoken to me and I had requested that any further cases be investigated by the POL Company Secretary rather than Second Sight. This was due to concerns about costs and the lack of detailed information and therefore investigation in some of the cases submitted by Second Sight to date. As were set out here, I accepted that the procedures currently in place to investigate such cases at POL would not be sufficient but felt that the Company Secretary could adequately perform this role. Lord Arbuthnot stated that he understood my concerns and asked Second Sight to consider this suggestion.
- b. Lord Arbuthnot noted that the JFSA did not have the power to veto his proposed approach and asked Second Sight to bear that in mind. Nonetheless, he was very clear that he considered it essential to keep them positively involved and confirmed that he would seek Alan Bates' views on the proposed way forward.

398. Janet emailed Alwen again on 13 June 2013 with an update from Lord Arbuthnot (**POL00098534**):

"1. Alan Bates – Interim report. James had an extremely good telephone conversation with Alan Bates today. He has asked me to let you know that Alan was content with the proposed content of the interim report. Alan was more concerned with what happens after this has been delivered....James touched on the point Paula has made about potentially bringing the investigation of further cases in-house within the Post Office. Alan has said

he was not entirely comfortable with this, but James persuaded him to put this matter into abeyance for the time being, and Alan agreed. We can return to this after the interim report when we have all seen what it has to say. Media -Alan said he was not responsible for the article in this week's Private Eye, and James believes him. Alan said he was happy not to go public on anything while the investigation process was underway.

"2. Meeting 8 July. Ian and Ron have agreed to present an interim report based on 3 cases to MPs, here at Westminster on 8 July. James has said to both them and Alan that at the moment, he is not minded to invite representatives of the Post Office to attend....."

399. Alwen emailed me, Lesley, and Susan on 21 June 2013 with an update on Second Sight (**POL00098655**):

"As you will remember JA is hosting a meeting on 8th July where SS are going to present their interim findings to MPs and JFSA, on 3 MP cases.

We had a call with Second Sight today and have now put in place calls every day from next Tuesday to take us through to their report being ready.

There are still risks with what the report will say. Not around the System but around the wider issues eg. Training and support (which SS are counting as part of the Horizon operating model).

I am sure there will be enough in the report for JFSA to cause mischief if they want to with the Media, and Ruth is involved in updating the comms plan.

SS have a call with James on the 2nd July and you have a call with him on the 3rd and we should know in advance what the report will say and therefore what they are likely to say to James.

Things will get clearer next week. But my biggest concern at the moment is if the review focuses on training etc how JFSA will respond. I think you can make some positive noises to JA on the 3rd including improvements in training and support and also our idea of a horizon user group made up of existing subpostmaster (sic) who use the system.”

64. Please consider POL00098774 (email from Rodric Williams to you dated 27 June 2013). Please explain the background and purpose of your conversation with Rodric Williams on or around 27 June 2013. Please address the following:

64.1. What would constitute a problem “on a widespread basis”?

64.2. In respect of “No cases since at least separation have seen convictions secured on Horizon-based evidence alone, e.g. there has also been a paper trail, money in bank account, confession, and/or lies at interview exposed”, please explain why the date of separation was considered relevant.

400. The situation by the end June 2013 was that a timetable had been fixed for Second Sight to present an Interim Report to MPs on 8 July 2013. Lord Arbuthnot was going to speak to Second Sight on 2 July 2013 and I was going to speak to him on 3 July 2013. The intention was that we would know by that point what the Interim Report would say. This was an extremely tight timetable. As of 21 June 2013, when Alwen Lyons sent me her update at (POL00098655), it was not clear what topics the Interim

Report would cover. Alwen anticipated that it would not report any problems with the IT system but might criticise training and support. I see from an update Alwen sent to me on 28 June 2013 that some of Second Sight's case studies might not be finished (**POL00098789**). This was not what POL intended when we proposed to Lord Arbuthnot that Second Sight should report in advance of recess on two to three cases: we wanted them to present a complete and not a partial analysis.

401. By 25 June 2013, POL was aware, though I am not certain when I became aware of it, that the Interim Report was likely to contain a section on the Suspense Account problem and the Receipts & Payments Mismatch problem. We therefore had to prepare a response in a very short timescale.

402. On 27 June 2013, Rodric Williams sent me what he described as a summary of a discussion with me on the Horizon investigation with some additional points on criminal prosecutions (**POL00098774**). I have no memory of our discussion, but one reading of the document is that we had not discussed the prosecution points and he added this section for completeness, or I had asked questions on this area and wanted him to follow up so I was clear. However, I cannot say for certain. It is clear that the context of what we discussed was that Second Sight were now going to report on the two bugs. I've been asked to comment on the following parts of the document:

"Horizon generally

“...Transactions and balances accurately recorded; i.e. – if there was a systemic problem, we would have seen it replicated on a widespread basis.

“Criminal prosecutions

“...No cases since at least separation have seen convictions secured on Horizon based evidence alone, e.g. there has also been a paper trail, money in bank account, confession and / or lies at interview exposed.”

403. I have been asked to comment on two aspects of the above. The first is to provide my view on what would constitute a problem on a “*widespread basis*”. The point I would make is that I would never have attempted to assess myself whether a problem was “*systemic*” or “*widespread*”. I regarded this as a matter of IT expertise, and I relied on POL’s internal IT function for advice on the implications of any criticisms or any actual defects in Horizon. I recognise now that the use of the words *widespread* and *systemic* was unhelpful. What was at stake was whether any individual SPM had been mistreated and / or wrongly convicted or suffered in some other way because of a single BED in the Horizon system.

404. I have also been asked to consider Rodric's comment that no cases since at least separation from the RMG have seen convictions secured on Horizon evidence alone. I do not recall any conversation about this with Rodric. I do recall, although I’m unclear when, that the Board had asked about prosecutions since separation, wanting reassurance that POL’s approach was appropriate.

65. Please consider POL00098777. Please explain whether you or other members of the POL senior management team were considering legal action against Second Sight prior to the release of its interim report. If so, please explain why.

66. Please consider POL00029625 (internal briefing note to you on 1 July 2013), POL00098878 (notes for Board update on Second Sight investigation dated 1 July 2013), POL00021515 (minutes of the POL Board meeting on 1 July 2013), POL00021745 (email from Simon Baker to you and other on 5 July 2013), POL00021746 (draft Interim Report into Alleged Problems with the Horizon System v24).

66.1. Had you read a draft of the Second Sight interim report before the Board meeting on 1 July 2013?

66.2. Was the reference to “Other Anomalies – Falkirk” in the briefing new to you? Did you take any steps to understand better the Callendar Square bug at this point? Please explain whether you took any steps to ensure that Second Sight had been informed of what POL knew about the Callendar Square bug.

66.3. Please explain the update you gave to the Board on 1 July 2013. In particular, please address the following:

66.3.1. On what basis did you say that “The investigation to date had found no systemic issues with the Horizon computer system but had highlighted areas for improvement in support areas such as training”. What did you understand a “systemic issue” to be?

66.3.2. Please describe how you explained your concern that “the report from

the independent forensic accountants was not as factual as expected and could lead to loose language at the MP meeting”. What was your basis for this concern?

66.4. Please your involvement in POL seeking any amendments to the draft of Second Sight’s interim report.

66.5. Did you read the V24 draft of Second Sight’s interim report? Please consider:

“6.1 There is still much work to be done on the cases Second Sight has been asked to investigate... 7.1 It has become clear that whereas the Horizon system appears to achieve its intended purpose almost all of the time and operates smoothly for most SPMRs and their staff, some combinations of events can trigger situations where problems occur.... 12.2(a) We have so far found no evidence of system wide (systemic) problems with the Horizon software”

66.6. What were your views to this aspect of the report?

405. I can see from the documents that, during 27 to 28 June 2013, POL was considering how to manage the situation with the Interim Report. Our preferred option was that the report and the meeting with MPs would be deferred. There were a number of reasons for this:

- a. POL was being given very little time to prepare its response to a very serious and important report.

- b. The feedback from the POL team who were liaising with Second Sight was that, in their view, Second Sight placed too much reliance on the recollection of the Mediation Scheme's applicants and did not place sufficient weight on what they considered to be hard evidence.
- c. The message I received was that this approach made it difficult for Second Sight to reach any conclusions.
- d. The Interim Report was likely to be incomplete and therefore inconclusive because Second Sight had not finished their case reviews. POL was very nervous about this, and I believe rightly so. There was a danger that any provisional views expressed by Second Sight would be reported in the media as established fact. That would be hugely damaging to Post Offices across the country, to many customers – from small businesses who relied on the Post Office to some very elderly and vulnerable persons. It would also be a problem for Government who would share POL's concerns. POL was unable to delay the report – I cannot now recall why now, but it is possibly because Lord Arbuthnot had been very clear in his requirement for a report before the summer recess, to respond to his colleagues.

406. On 27 June 2013, Rodric Williams sent an email to Andrew Parsons of Bond Dickinson (**POL00021822**). He referred to Second Sight's forthcoming presentation of their Interim Report. POL wanted all concerned to be aware of the responses POL had given to the issues raised in the inquiry. He asked Andrew Parsons to prepare a document referring to Second Sight's obligations under the terms of reference to

consider the evidence POL produced, and summarising POL's responses on four specific Spot Reviews. I do not recall any conversation with Susan Crichton or Rodric before commissioning Bond Dickinson to do this work. As I set out below, any suggestion that POL might take legal action against Second Sight was very quickly dropped.

407. (POL00098777) indicates that I attended a meeting on 27 June 2013 with Lesley Sewell and Martin Edwards and most likely others I cannot remember. I can see from emails in this thread that we discussed the bugs and POL's overall response to the Interim Report. I can see from my email to Martin after the meeting that I asked him whether he had any further thoughts on Lord Arbuthnot. He responded:

"My only other concern at the meeting was around the feasibility of some of the options/levers that were raised. As discussed we need to think about a Plan B given the likelihood that James won't agree to delay the meeting/report. We also need to be very careful not to overplay our hand with SS – they could turn out to be quite dangerous if we threaten them with legal action or attempt to replace them with another firm. Easy for this to be portrayed in the media as heavy handed tactics because we don't like their findings (it plays directly into the existing perceptions we're trying to counteract). So I think we're stuck with the softer option of explaining to JA calmly but firmly why he cannot allow SS to disseminate a misleading interim report – it either needs to be delayed or repositioned as a very neutral status update (with more detail on the one case that has been resolved)."

408. The discussion about how best to handle the Interim Report continued on 28 June 2013.

409. On 28 June 2013 at 10:57, I forwarded Martin's email at (**POL00098777**) to Alice Perkins stating in my covering email:

"Alice, the team are currently reviewing all options and Alwen has a meeting...with Janet on Monday. The note below from Martin is also helpful – just to reassure we have the best brains on it. We will get a note from Alwen later today on who is doing what/next steps. Susan has cancelled the last day of her holiday and is coming in on Monday as soon as she lands, to meet SS. All very tricky but I am happy at least that the team are working closely and with pace. Ps. Ignore the cryptic comments re transient data etc. You don't want to go there (I am)."

410. At 13:12, Alwen sent me an email setting out the next steps, which I forwarded to Alice (**POL00098789**). Alwen's email included the following points:

"Rod Ismay and Lesley working the detail of the 2 bugs, to understand them and then get them into language that is clear and can be communicated.

"Mark is putting in place expert external comms resource to be dedicated to this issue from Monday (this will be from an external agency which he trusts).

"We have a call with SS this afternoon and we will run through the individual cases to see how far they will have got by next Tuesday's briefing with James and the meeting date on the 8th, this will inform my conversation with Janet on Monday.

"I am going to spend time with Janet at 09.00 on Monday morning, she says she can give me as long as it takes. My approach will be to try to get to understand the status of the review and the risk to James and us of an incomplete interim report. I will share the fact that SS are not using all the evidence they are being given and our concern is that there [sic] approach to try and keep everyone happy is not how we would expect a forensic accountant to behave. I do think this is the right place to share the 'bugs' we have found and how we have dealt with them, which is why the report from Rod/Lesley checked by legal and Mark is important. My objective is to get Janet to a place where she also wants the meeting to be cancelled. I am also going to mention the timing of the report aligned with the funding and James' unhelpful comment to Jo about 'unfair convictions'. I will have to play this meeting a bit by ear!

"...We think SS will present the 4 cases some of which will not be finished but we are not sure yet. They will also raise the issue of the 'bugs' which were outside the cases but which we disclosed to them."

411. I wish to comment on two aspects of this email. The first is Alwen's statement that Rodric and Lesley were working on the details of the two bugs to understand them and put them into language that was clear and

could be communicated. My understanding at the time was that technical details of the bugs and their financial impact were fully understood by Fujitsu and POL. I would have read this at the time as an exercise in putting the details into a form which a non-IT expert would understand. What this document also reflects is that it was always my intention to share information about the bugs with Lord Arbuthnot – but, as I have already mentioned, I wanted to do that in the setting of a face-to-face meeting.

412. Alice replied to Alwen, Martin and me at 14:50 (**POL00098797**):

“Thanks for the updates. I am glad we have the best people on this. ...Second, I agree with Martin about the risks of getting heavy with SS – deeply unattractive. But I haven’t heard anything yet which gives me hope we can get this properly back on track. Which is worse? (I don’t know the answer.) (Keep aiming high here! That is for the goal of no interim / no meeting. But I recognise that this is not within our control.) Third, a constructive suggestion!, shall we ask Oliver Letwin to help us turn this around?”

413. This was the end of any suggestion – which I never endorsed – that POL should take some form of legal step against Second Sight.

414. Shortly afterwards at 14:57, Lesley Sewell emailed me (copying Alwen Lyons, Martin Edwards and Mark Davies) some information on what had been done by POL in relation to the Local Suspense problem (**POL00190016**). She stated in the email that the problem had affected

14 branches of which five had losses and seven had gains, and that letters to the affected branches were being reviewed by Legal and P&BA. The email also contained a summary explanation of the root cause. Under the heading in the email "*How we know there aren't anymore*", Lesley stated that Fujitsu had interrogated the local suspense data and found only these 14 cases. They had also taken steps to delete the temporary data which had caused the problem. Lesley sent a follow up email at 16:19 following a call she had had with Rod Ismay. The email contained further details of how individual branches had been affected. There were two branches with substantial discrepancies. Willen Village had a loss of £9,799 however the SPM was not disadvantaged by this. The branch at Bowness Road had made a gain of £6,000 over two years. In addition, Lesley stated:

"The problem was identified by P&BA earlier this year due to aged items in the Local Suspense, this was further supported by the two larger amounts detailed below that had been raised by the SPMR. At this point P&BA raised through their usual process to Fujitsu as detailed below for investigation".

415. There was a POL Board meeting by telephone conference call at 17:15 on 1 July 2013. I do not know whether by this point I had read any draft of the Interim Report. I do not recall being sent or given a copy and my lawyers have so far been unable to find any indication that this had occurred by this stage. It is far more likely that my view of how the Interim Report was developing was based on feedback from the team who were

liaising with Second Sight. I would have deferred to their views on its quality.

416. (POL00098878) is a speaking note prepared for the POL Board call on 1 July 2013. It was emailed by Martin Edwards to Alice, copying me, Alwen, Susan Crichton and Mark Davies on 1 July 2013 at 15:58 (POL00098877). It sets out the timeline for the release of the report and outlines POL's communication plans. It also sets out POL's position on the Second Sight review:
- a. The key point to emphasise was that we understood that Second Sight had not identified any systemic issues with Horizon itself.
 - b. However, the report would still present reputational risks. Second Sight were nervous about perceptions of a "*whitewash*" and so may draw attention to two points.
 - c. The first were issues with POL's wider support training and investigations processes. POL's response would be that we accept that there are lessons to be learned and have a proposal on how to address them while closing down the Second Sight investigation.
 - d. The second was that POL had disclosed two previous anomalies with the Horizon system. It might be said that POL cannot be confident that there are not more widespread problems. POL's response would be that in both cases the errors were picked up and addressed; a comprehensive audit had been performed to check that there were no further cases we weren't

aware of; and new procedures were being put in place to ensure that such anomalies would be spotted at any early stage in the future.

- e. POL's view of Second Sight was that they hadn't yet reviewed all the evidence POL had given them and may not be in a position to set out definitive conclusions on the case studies in the Interim Report. It also appeared that they were not focussing on empirical evidence, instead tending to rely on the recollection of sub-postmasters.
- f. POL believed that the Second Sight review should now conclude.

417. The minutes for the POL Board meeting (by teleconference) on 1 July 2013 record the following discussion about Second Sight and the Interim Report (**POL00021515; POL00099516**):

"The CEO apologised for the short notice in keeping the Board updated but explained that issues had arisen over the last couple of days. She gave an update on the Horizon review which was being undertaken by Second Sight and their interim report which was to be presented at a meeting of MPs on the 8th July. The investigation to date had found no systemic issues with the Horizon computer system but had highlighted areas for improvement in support areas with the Horizon computer system but had highlighted areas for improvement in support areas such as training.

"The CEO explained that the Horizon, like any large computer system, would occasionally have anomalies and two were know(n) of over recent years. The Business has dealt with these anomalies to ensure no sub

postmaster was out of pocket and these anomalies had not affected any of the cases which Second Sight had reviewed. Second Sight had been told of these anomalies and they would include them in their report.

“The CEO was concerned that the report from the independent forensic accountants was not as factual as expected and could lead to loose language at the MP meeting.

“The Board asked the Business to challenge Second Sight to ensure changes were made to the report where possible and asked the Business to prepare their communication to combat any inaccuracies.”

418. The Inquiry has asked me to comment on what I meant when I stated that the investigation to date had found “*no systemic issues with the Horizon computer system*”. As I have already mentioned in this witness statement, whether or not an issue with Horizon was “*systemic*” was not something on which I could form my own view. It was a matter of professional IT expertise.

419. Second Sight had been engaged by POL to investigate and report on the very question of whether there were systemic issues. I understand that for the purposes of their report, Second Sight defined “*systemic*” as meaning “*system-wide*”: see paragraph 8.2 of the Interim Report. I do not imagine I was focussing on that precise definition when I spoke to the POL Board. My understanding at the time of the meeting was that Second Sight had not informed POL that there was any issue with Horizon that they regarded as “*systemic*”. POL’s own technical people

were of the same opinion. All I believe I was conveying to the POL Board was the current status of the investigation as I understood it to be, based on what I had been told.

420. I am also asked about my statement that "*the report from the independent forensic accountants was not as factual as expected and could lead to loose language at the MP meeting*". As I have already indicated, I have no memory of having read a draft of the Interim Report by this point. It is more likely that I made this comment based on feedback I'd received from the POL team who were liaising with Second Sight. I played no role myself in attempting to make any changes to the Interim Report. Nor did I encourage anyone at POL to challenge or amend any particular aspect of the Interim Report. I knew that the POL team working on this matter were exchanging drafts with Second Sight and proposing amendments. It was for them – who were far closer to the detail than me – to decide how they approached that task.

421. At 19:48 on 1 July 2013, Rodric Williams sent an email to Alwen Lyons and Susan Crichton copied to Hugh Flemington (**POL00029626**). He attached a draft briefing note on the Interim Report. Alwen Lyons replied all noting amongst other things "*this is the first I have heard that Falkirk is different to the 64 we had assumed it was the same so do we have 3 anomalies. That's not good, we have told the Board and Janet 2 we knew of!*". This appears to make clear that we did not know about the Falkirk bug before the board call.

422. At 22:07 on 1 July, after the POL Board meeting, I sent an email update to Alice Perkins, having first spoken to Susan Crichton, who had met Second Sight earlier that day to get an update on their progress (**POL00098887**):

"I caught up with Susan this evening after we finished. She had finished her meeting with SS and wade [sic] of the view that they do now understand the risk of being caught up in something bigger and more sensitive. She is hoping their report will be more balanced, should say they have found no evidence of systemic Horizon (computer) issues but will confirm shortcomings in support processes and systems. And that PO has already identified and corrected a number of these. I hope when they speak to James tomorrow that they will confirm all this. They will also want to say their work is not finished and therefore still not conclusive.

"Not a final position by any means nor one that controls what they might say rather than write but sounding slightly better.

"Rest assured there will a thorough lessons learnt exercise, which if you're comfortable, I'd like to suggest reports to the ARC. As you said tonight, we need to get through this first though."

423. The Inquiry has also asked me to comment on (**POL00029625**). This is a draft of an internal briefing note to me dated 1 July 2013 which was for my meeting with James Arbuthnot on 3 July 2013. The document is a draft containing many gaps and questions. I would not normally be given a briefing paper until it reached its final form. I have no memory of seeing

the draft, nor have I have seen any documents to suggest that it was sent to me. I can see from (**POL00027852**) that Martin Edwards emailed Alice Perkins and me what appears to be the final version of the document at 02:06 on 3 July 2013 in preparation for our meeting with James Arbuthnot that day. I did become aware of the Falkirk bug, but I do not believe I was informed about it before the POL Board meeting on 1 July 2013.

424. I cannot recall whether I took steps at this stage to understand the Callendar Square bug better nor can I recall what steps were taken to ensure that Second Sight had been informed of what POL knew about the bug. I can see now from emails at (**POL00144918**) that Simon Baker, Lesley Sewell and Alwen Lyons were in discussion with Second Sight in June 2013 about "*The Calendar [sic] Square, Falkirk Problem*".

425. At 09:46 on 5 July 2013 Simon Baker sent v24 of the draft Interim Report to me and a number of others suggesting that we "*regroup at 1pm... to agree our final position*" (**POL00021745**). I assume that I read the report at the time. I can see from (**POL00167937**) that at 15:39, Simon Baker sent a copy of the report with POL's comments to Ron Warmington and Ian Henderson. I was then sent a marked up copy of the report at 17:39 by Lesley Sewell (**POL00167937**). I do have some comments on the sections that the Inquiry has referred me to. I was very much aware that Second Sight's position was that their investigative work was incomplete and the conclusions in the Interim Report were provisional and subject to further work. I therefore understood that Second Sight were not saying that there were definitely no systemic issues in the software, only that

they had found no evidence of systemic problems up to this point. I was aware of non-systemic issues in the sense that all sorts of things could happen at the level of an individual Post Office – from mis-keying, to a network failure, to the egg-timer issue, to losing a lottery print out or receipt, to not using ATM-fit notes, to miscounting a rem in or out – the possibilities were endless and all could have affected the branch Horizon data in some way. The whole point of sitting down with Second Sight in reviewing each case individually was to try to establish in each case the cause of the issue encountered by the SPM.

426. (POL00099096) is a POL commentary on the Interim Report which I was sent on 8 July 2013. I can see from this that the team took a fairly light touch to amendments: they were seeking to avoid any suggestion that POL had attempted to rewrite the report or compromise its independence. Therefore, POL focussed on asking Second Sight to tighten up the report (such as using hard numbers rather than phrases like "*in a number of cases*") or asking Second Sight to use more neutral language to avoid the report being misinterpreted.

67. Please consider POL00115923 (email from Martin Edwards to you and others on 3 July 2013), POL00115924 (briefing for a meeting with Lord Arbuthnot on 3 July 2013), POL00098916 (your email to Alice Perkins on 3 July 2013), POL00029649 (your letter to Lord Arbuthnot on 4 July 2013) and POL00107985 (your email on 4 July 2013). Please describe your meeting with Lord Arbuthnot on 3 July 2013 and your preparation for it. In particular:

427. I cannot recall exactly what preparation I did for the meeting with Lord Arbuthnot on 3 July 2013. I can see from Alice Perkins' email to me on 2 July 2013 (**POL00098887**) that the two of us set aside two hours on 2 July 2013. The briefing papers were emailed to us by Martin Edwards at 02:00 on the day of the meeting, 3 July 2013 (**POL00115923**). In his covering email, Martin thanked Susan Crichton, Alwen Lyons, Mark Davies and "*everyone else involved*" for the briefing papers. I assume this was a reference to the other individuals copied into the covering email: Hugh Flemington, Rodric Williams, and Simon Baker. The briefing papers consisted of two documents: a briefing for the meeting with Lord Arbuthnot containing speaking notes (**POL00115924**) and a note addressed to me on the Interim Report (**POL00113369**). Both documents were attached to Martin's email as PDFs, and he had put the text of the briefing into the covering email.

428. I was to meet Alice before 09:00 at Portcullis House, Westminster, and Alwen was to meet us there with hard copies of the briefing papers: (**POL00098912**). The electronic versions of the briefing papers were readable on a phone or tablet. I can see that I read them early in the morning of 3 July 2013: I sent an email to Mark and others at 07:40 on 3 July 2013 (**POL00098915**) to ask whether we could share them with Lord Arbuthnot, as they were so clear. However, Mark's advice was not to share the papers, but to send Lord Arbuthnot a letter after the meeting to summarise the key points we discussed. That is what we did.

429. I cannot remember the meeting, but I can see from (**POL00029649**) that I wrote to Lord Arbuthnot on 4 July 2013 to summarise the key points we had discussed:
- a. I reiterated that POL was keen to work collaboratively with the JFSA and sub-postmasters to conclude the review process and identify areas for continuous improvement.
 - b. To help achieve this aim, we intended to create a new body within POL, known as the Branch User Forum. The Branch User Forum would be a permanent body to give sub-postmasters a voice at the heart of the business.
 - c. It would be chaired by a senior executive and the JFSA, NFSP and CWU would be invited to join.
 - d. The first priority of the Branch User Forum would be to work together to bring the Second Sight review to a conclusion. It would then continue as an outlet to consider future issues and concerns.
 - e. We discussed the small number of exceptions or anomalies which POL had brought to the attention of Second Sight, which had been dealt with in the appropriate way. This meant that they had been identified and corrected, and that the sub-postmasters concerned had been contacted where it was relevant to do so. Lord Arbuthnot acknowledged during the meeting that such exceptions were common in large computer systems – the important thing was that they were handled in an appropriate manner.

- f. We agreed that we would share media statements in advance of the publication of the Interim Report.
- g. We discussed the importance of drawing a clear distinction between (i) systemic issues with the Horizon system; and (ii) the wider support systems. Confusion about this distinction could have a serious impact for POL, sub-postmasters and customers. It was essential that the distinction was applied and followed in the Interim Report and all associated communications.

430. I emailed Mark, Martin, Susan and Lesley in the morning on 4 July 2013 with my thoughts on the meeting (**POL00098973**; **POL00107985**). I said that the meeting went better and at moments worse than hoped but the overall balance was positive. Lord Arbuthnot was turning to recognition that the Horizon IT system was ok, but that (and this was my summary of his position): *"...we have behaved in a heavy handed way with some spmrs who panicked, which resulted in them inadvertently getting into a muddle and committing fraud. There is no suggestion that it is wide-spread and there is recognition that other prosecutions were correct."*

431. I wrote that if it were the case that POL had behaved in a heavy-handed manner, I wanted it called out. It did not fit with our current values and would undermine trust in the brand. However, we needed to be very careful about proportionality, which was a point I made consistently, i.e. that the vast majority of transactions were carried out without problems. I asked Susan to find out how many prosecutions there had been in the

last ten years and Angela to find out what flags we have in place at the NBSC to make sure we picked up any signs of concern or incompetence or inability regarding SPMs balancing etc.

432. On 4 July 2013, Alice emailed me with her thoughts about the next steps in light of what was discussed at the meeting with Lord Arbuthnot (**POL00098986**). Alice's view was that we should not commit ourselves too firmly to any future arrangements while everyone was tired and dealing with immediate issues. She recalled that Lord Arbuthnot had mentioned at the meeting that we should see what ideas came out of the meeting with MPs on Monday: her view was that we should leave the arrangements open while committing in principle to working with Horizon users and the JFSA. She also wanted to change the approach with Second Sight: *"If we have to continue with SS, my firm belief is that we need a totally different approach to managing and rewarding them and that the significant over-run in the budget to date should feature in our negotiations."* Picking up on a suggestion that I had made of an ARC-led post-mortem, Alice suggested that Alastair Marnoch could lead this project.

67.1. Why did your briefing not refer to the Callendar Square bug? Did you raise this with Lord Arbuthnot; if not, why not?

433. The note on the Interim Report which Martin Edwards sent me on 3 July 2013 (**POL00113369**) contains a section on the Callendar Square / Falkirk bug between paragraphs 28 and 33. However, it was not

mentioned in the speaking notes set out in the body of the email. I do not recall whether I noticed this at the time. I do not remember whether I mentioned the Falkirk bug to Lord Arbuthnot during the meeting. It is possible that I did, because my letter to him on 4 July 2013 refers to "*the small number of exceptions or anomalies which POL had brought to the attention of Second Sight*" (POL00029649).

434. If I did not mention the Falkirk bug, it was not deliberate. I have a recollection of being told that POL had made Second Sight aware of the Falkirk problem and I believe this is the bug they refer to in paragraph 6.10 of the Interim Report. As set out above, there had been discussions with Second Sight about the Falkirk bug in June 2013.

67.2. In respect of your email at POL00098916, please expand on your reason for writing "This isn't just about SS - don't want to make them central. It is about no system issues, some improvements to be made, and keeping perspective so that our brand reputation is protected". What did you mean by "no system issues"?

435. Alice Perkins and I discussed how we would start the meeting by email on the morning of 3 July 2013 (POL00098916). Alice suggested that, since we would not have the chance for a pre-chat, we should begin by asking Lord Arbuthnot to share his thoughts with us. She proposed that we mention in our opening remarks that the position with Second Sight was not where we wanted it to be, with an incomplete Interim Report

being circulated very late for the presentation meeting to MPs on Monday 8 July 2013.

436. I responded that I had "*advice from the ranch*", and it was my own view, that this was not quite front foot enough. I can see from (**POL00098911**; **POL00098912**; **POL00098921**) that I consulted Mark Davies and Martin Edwards after receiving Alice's email. I felt her approach would give Lord Arbuthnot the opportunity to take control and put us on the defensive. I thought that the three headline points in the briefing were good, and we should lead with those. If the meeting started as a general conversation, we might lose the opportunity to make them.

437. The Inquiry has asked me to expand on the words I used in my email to Alice:

"This isn't just about SS – don't want to make them central. It is about no system issues, some improvements to be made, and keeping perspective so that our brand reputation is protected".

438. My response to Alice meant no more than it would be better to follow the speaking note than to begin with a general conversation and raising Second Sight. The three headline points in the briefing which I thought we should start with were as follows:

- *"We take sub-postmasters' concerns very seriously which is why we set up investigation in the first place.*

- *No evidence of systemic failures in the system. But does highlight some important lessons on wider support processes. Many of these are historical issues which have already been addressed, but we're determined to continue making improvements (with input from a new user forum).*
- *Important this is seen in context – 6 million transactions per day across 11,800 branches. Inevitable that some issues will arise on a system of this scale, the important thing is that they are handled properly.”*

439. I believe that the phrase in my email to Alice, “*no system issues*”, was shorthand for the second bullet point in the briefing, beginning “*no evidence of systemic failures in the system*”.

67.3. On what basis did you distinguish “System ‘exceptions’” and “systemic issues with the Horizon computer system”?

440. The Inquiry has also asked me to explain the distinction between two phrases in the speaking note: “*System exceptions*” and “*systemic issues with the Horizon computer system*”. “*System exception*” was the term used in the briefing to describe the Local Suspense problem and the Receipts & Payments Mismatch problem. In retrospect it would have been better to have called them “*bugs*” or “*defects*”: indeed, that is what they are called in section 6 and paragraph 8.2 (b) of the Interim Report. The difference between them is that I had been told by POL’s IT function that the two bugs were not systemic issues or evidence of systemic

issues. That also appeared to be Second Sight's own conclusion as set out in paragraphs 8.2 (a) and (b) of the Interim Report.

68. Please consider POL00098940. Please describe your meeting with Duncan Tait on 4 July 2013. Please describe your involvement with Fujitsu in relation to Second Sight at the appropriate point of your witness statement.

441. On 4 July 2013, I had a meeting with Duncan Tait, the CEO of Fujitsu Europe.

442. During the afternoon of 3 July, Richard Bryant emailed a briefing for the meeting to Sarah Paddison (cc. Gina Gould and Lesley Sewell), which Gina forwarded to Martin Edwards and Theresa Iles (**POL00098940**). Martin emailed Lesley that evening. He had noticed that the briefing did not cover the Second Sight investigation, and he understood from conversations with me that I intended to raise it with Duncan Tait. Martin asked Lesley to respond.

443. At 20:30, Lesley emailed Martin some points on the investigation, which Martin then emailed to me. Lesley suggested, in summary, that I should thank Fujitsu for their past support in responding and providing the information requested by Second Sight and ask for their support going forward as we responded to the Interim Report. She also suggested that I single out James Davidson at Fujitsu (a name I recognise from Inquiry documents, although I do not believe I knew him) for having done a good job. In addition, Lesley assumed that Duncan Tait would want my view on how the matter would move forward.

444. I do not remember what I said to Duncan Tait during our meeting. The email at (**POL00098940**) indicates that the meeting was mainly about matters other than Second Sight, which is why Second Sight was not mentioned in my briefing. I knew that Fujitsu had been supporting POL throughout the Second Sight investigation with the extraction of the Horizon data for the cases in the investigation and with technical support in relation to questions about the workings of the IT system. It is likely that I said something along the lines suggested by Lesley, but I cannot recall the conversation.

69. Please consider POL00099021 (email chain over 4/5 July 2013).

69.1. In your email of 4 July 2013, please explain your basis for the “cause for concern in relation to the overall quality and professionalism of the drafting and the widespread use of subjective (and at times somewhat emotional) statements of opinion rather than more neutral and evidence-based insights”? Please provide examples of (a) any subjective statements of opinion and (b) a somewhat emotional statements of opinion on which this opinion was based.

445. At 20:26 on 4 July 2013, Martin Edwards sent me a draft of an email to the POL Board to update them on where we were with the Interim Report (**POL00099003**). He apologised for its length but felt that the issues could not be discussed without providing a reasonably full explanation. At 22:52, I sent the Board a version of the email which I had amended (**POL00099021**).

446. The third paragraph of the draft, and the final version of the email stated that POL expected Second Sight to send a full draft of the Interim Report on 5 July 2013, and that they had shared today (4 July 2013) the introductory section. Before sending the email to the Board I made a change to Martin's draft to state that POL was concerned "*in relation to the overall professionalism of the drafting and the widespread use of subjective (and at times somewhat emotional) statements of opinion rather than more neutral or evidence-based insights.*"
447. I do not know whether I had read the draft introduction to the Interim Report when I emailed the Board on 4 July 2013. I have not seen any document which indicates that I had been sent a copy by this point. It is more likely that my comment to the Board was based on a discussion with the POL team who were reviewing the draft sections of the Interim Report as they were circulated for comments by Second Sight.
448. As I have mentioned in my answer to Question 66, on 8 July 2013, I was sent a POL commentary on a then current draft of the Interim Report (**POL00099096**). I can see from this document that the POL review team had a number of areas of concern:
- a. Second Sight sometimes wrote in a way that could give the impression that the concerns they were investigating had been reported by a larger number of SPMs than was in fact the case: they used phrases like "*in almost all of the cases*", "*in a number of cases*" and "*multiple SPMRs*", instead of the actual numbers, which were small.

- b. At points, Second Sight appeared to criticise POL's approach to their investigation. POL's review team believed these criticisms were unjustified. For example, POL's commentary on paragraph 2.4 of the draft Interim Report responded to a suggestion that delays in obtaining information had added to the length and cost of the investigation. The POL investigation team pointed out that POL was meeting the costs of the review, and that they had responded to Second Sight's requests for information by collating it from a range of sources across the business. They felt there should have been recognition by Second Sight of the effort POL had put into providing them with information.
 - c. Another example is POL's commentary on paragraph 3.5 of the draft Interim Report. Second Sight had complained that POL's responses to the Spot Reviews were technical and would be inaccessible to the SPMs. However, the POL team had drafted the responses to be reviewed by Second Sight as forensic accountants, and that level of detail was required to understand what had happened in each of the cases in the review.
 - d. In paragraph 3.5 of the draft, Second Sight stated that there had not been "*closure*" for SPMs. The POL review team pointed out that this was not surprising given that Second Sight had yet to conclude its work on the 4 Spot Reviews analysed in the Interim Report.
449. Although I did not see this document until after I emailed the POL Board on 4 July 2013, the criticisms it made of Second Sight are familiar to me: the POL commentary contains the type of feedback that I was given by

the POL review team – in meetings and conversations – since they had started looking at the drafts of the Interim Report earlier in July.

450. At the time, I believed that POL's criticisms of Second Sight were fair: I trusted that the POL review team had collated the available evidence, and looked at the evidence, and Second Sight's findings, in an objective way. This team had no brief other than to be transparent and objective – all the correspondence and interaction from the Chair, POL Board, CEO and down was focused on POL undertaking this work objectively.

69.2. Please explain what information you provided to BIS regarding Second Sight's work at this time.

451. At this time, leading up to the publication of the Interim Report, the shareholder's representative on the Board was Susannah Storey. She was a recipient of my email update to the Board on 4 July 2013 and a further email update from me to the Board on 5 July 2013 (both in the chain at (POL00099021)).
452. I stated in my update to the POL Board on 4 July 2013 that I had briefed the BIS minister, Jo Swinson MP, on 3 July 2013 and that POL was staying in regular contact with her officials. (POL00098928) is a speaking note which appears to have been prepared for me to use when I spoke to the minister. The headline points I was to address were to provide reassurance on the extent of the problem:
- a. Based on what POL had been told by Second Sight, we expected them to conclude that there was no evidence of systemic problems based on the 4

cases they had assessed in detail. However, they would draw attention to issues and areas for improvement with our wider training and support processes.

- b. Many of the reported issues with support systems were historic and had already been addressed – but POL was determined to keep on improving.
- c. It was important to keep these issues in perspective: there were 6 million transactions per day across the Network's 11,800 branches and many more transactions per second (1,500) than there were in the entire review.
- d. There was no reason to believe that any past convictions were unsafe.

453. The note also mentions that there was a significant reputational risk if the Interim Report was not communicated in a careful and balanced way. I was to update her on the meeting with Lord Arbuthnot and flagged that I might ask for her support (either directly or through other ministers) to get him to a better place. In that context, I can see from my email to the team on 4 July 2013 (**POL00098973**; **POL00107985**) that the minister had spoken to Lord Arbuthnot, though I do not know if this was at POL's request.

454. I can also see that on 3 July 2013 (**POL00098923**) I asked Martin Edwards to send BIS the briefing for the meeting with Lord Arbuthnot (**POL00115924**) together with the note addressed to me on the Interim Report (**POL00113369**).

69.3. Did you agree with Mr Smith's suggestion in his email of 5 July 2013 that "One of the main reputational and potentially financial risks arising from the

review relates to possible attempts to reopen past prosecutions based on its findings". To what extent was the POL Board and / or senior management concerned that convictions had been secured on the basis of potentially unreliable data generated by Horizon?

455. On 5 July 2013, Martin Edwards sent me a draft of another update email to the POL Board (**POL00099021**), which I sent to the POL Board on 6 July 2013, having made some amendments (**POL00115961**). The Inquiry has asked about the penultimate bullet point in Martin's email, which reads as follows in the amended version I sent to the POL Board:

"One of the main reputational and potentially financial risks arising from the review relates to possible attempts to reopen past prosecutions based on the findings. James Arbuthnot was certainly focussed on this. We had a stronger exchange on this point. It is not clear that any new evidence has emerged. If it does, as I pointed out to James, legal routes to appeal already exist. Susan and the legal team are working with our external lawyers to consider whether there are any implications from the report for past cases, and we can provide a further update on this work next week."

456. I did agree with Martin's suggestion that attempts to re-open past prosecutions posed a reputational and financial risk to POL. That is why I retained this statement in my message to the POL Board.

457. The question of past prosecutions raised a number of issues. There was of course the legal issue of whether the Interim Report raised implications for past cases. There was also the human aspect. I do recall having conversations at POL, with Alice Perkins in particular, about how terrible

it would be if SPMs had been sent to prison for crimes they hadn't committed. However, that was not an issue on which the POL Board or I could draw any conclusions. I considered that issue to be a matter of legal expertise, and I understood that Susan Crichton and the external lawyers were considering whether there was any evidence that this had happened.

458. One of the roles of the POL Board was to consider risks to the business. It was only right that the POL Board should be informed that the possibility that convicted persons might try to re-open their convictions was a potential financial and reputational risk to the business.

70. Please consider POL00099063 (Second Sight's interim report). Please set out your views on the Interim Report and what steps you took after having read it.

459. Between 3 July 2013, after the meeting with Lord Arbuthnot, and 8 July 2013, when the Interim Report was published on POL's website, POL worked to formulate its immediate response to the Interim Report. This was an extremely busy period. It is clear from the documents that I had many meetings, discussions, and emails with colleagues, the Board, BIS, and the key stakeholders in the Second Sight investigation, Lord Arbuthnot and Alan Bates of the JFSA.

460. I cannot remember most of these discussions and communications. I set out below a chronology of the key events during this period in which I was involved based on the documents and the recollections they trigger.

Before doing so, I wish to address what POL was trying to achieve during this period:

- a. POL wanted to ensure that media reporting of the Interim Report was as accurate and proportionate as it could be. A major area of POL's concern with the Interim Report was that Second Sight had defined "Horizon" to mean not only the software, but the surrounding infrastructure and processes, including training and support. Second Sight's view of their remit was not itself the concern: I agreed with them that training and support fell within their terms of reference.
- b. However, there was a real danger that public and network confidence in Horizon would be undermined unfairly if stakeholder comments and media reports failed to capture the distinction between Second Sight's findings about the software and their findings on other aspects of what they defined in the Interim Report as the "system", such as training and support.
- c. Relatedly, we wanted to ensure that public statements and media reports described accurately what we understood to be the broad thrust of the Interim Report, namely, that while Second Sight had identified no systemic faults in the Horizon IT system, there would be criticisms of POL's training and support for SPMs.
- d. There are references in the documents from this time to POL's "reputation". To me, this did not mean POL's reputation as a company or the reputation of anyone who worked for it. Reputation in that sense was not my concern. My overriding concern was that the public should not lose confidence that their local Post Office would be able to carry out their transactions (many

of which were very personal to them, such as pension payments) honestly and accurately and they could trust the Post Office with their affairs. If this confidence was undermined by inaccurate or unfair reporting of the Interim Report, it would be a huge disservice to the general public.

- e. The way in which we sought to achieve these objectives was by close engagement with the stakeholders. It came as a relief that Alan Bates was also of the view that the JFSA did not want the media to (in his words) go “ballistic”.
- f. A second, but complementary, workstream was that we wanted to identify a package of measures POL could announce alongside the Interim Report. These needed to cover both the completion of the investigation begun by Second Sight and ways of making improvements in the future. Again, it was very important that these measures would satisfy the stakeholders and we engaged with them closely between 3 and 8 July 2013.

Emails with Lord Arbuthnot’s office

461. During the morning of 4 July 2013, POL engaged with Lord Arbuthnot’s office to gain clarity about what he intended to say when the Interim Report was published. At 10:42 that morning, Janet Walker emailed Mark Davies (**POL00098991**). She would share Lord Arbuthnot’s media statement with POL but added “*it would be extremely helpful if we could have sight of the definition of ‘Horizon’ you will be citing, and vital that it is made absolutely crystal clear that it is not just the computer software programme. But I’m sure you know this!*”.

462. As I mentioned above, the importance of communicating the distinction between Second Sight's findings in relation to the Horizon software on the one hand, and the surrounding support structures on the other, was one of POL's key concerns. Janet's message indicated that those boundaries were at risk of being blurred in Lord Arbuthnot's public statement.

463. I must have been told about Janet's email, because I emailed Alice Perkins at 11:34 on 4 July 2013 (**POL00098990**) stating that: "*I have been reflecting (calmly) and I think we have to change our tack a bit both to support James and to share the lead on our story. He is still briefing more against us rather than with us.*"

Emails with Alan Bates and internal discussion on 4 July 2013

464. On 4 July 2013 at 20:36 (**POL00099012**), Alan Bates emailed me the text of an email he had sent to Lord Arbuthnot setting out his "*initial jottings*" on a future structure for dealing with Horizon issues. Alan suggested that POL should appoint an independent external adjudicator supported by a team of technical and legal staff to resolve disputes with sub-postmasters.

465. I forwarded the email to Mark Davies and Martin Edwards:

a. I stated in my email to Mark and Martin that I thought there was some merit in Alan's ideas, although I preferred the idea of an ombudsman or expert rather than adjudicator: however, I would defer to the experts on terminology.

- b. Mark replied that he agreed in principle, but there would be some issues and there would need to be safeguards. He suggested that, in the first instance, Alan could bring his idea to the Branch User Forum and perhaps appoint an independent person to carry out a review of the proposal. Mark also mentioned that he was musing on an idea of an independent and confidential hotline. He said these were good ideas politically.
- c. I replied to Mark and Martin that the adjudicator/ombudsman role had an attraction.
- d. However, Martin disagreed (**POL00099011**). He thought that the structure proposed by Alan would be cumbersome, resource intensive and inconsistent with where we wanted to take POL as a business, *“i.e. a modern, professional retail business, working through a network of equally modern and professional retailers, with models of engagement built on the best principles of mutualisation”*.
- e. I replied (**POL00099011**): *“let’s discuss tomorrow then. I imagined this could be a mechanism for delivering just that. Without some significant changes to the way we run the business – ie., forcing us to act differently, it won’t happen quickly enough. I do like the helpline. Very much. But if (when) it doesn’t work, an independent safety net is not a bad idea. Happy to remain open though :)”*

The first draft of POL’s public statement

- 466. In the evening of 4 July 2013, Mark Davies sent the senior team and me a draft of POL’s public statement on the Interim Report (**POL00099005**).

He stated that he had been working with POL's in-house communications team, together with an external PR advisor, Portland Communications, and that the text *"takes in comments and overall positioning set out by Paula earlier."* I have not seen an email with my comments and suggestions on positioning, but I have no doubt that Mark and I at least spoke to discuss the content. The draft contained the following:

- a. A statement that the Interim Report *"suggests that there are no systemic problems with the Horizon system but calls on the Post Office to improve its support and training systems for subpostmasters."*
- b. A commitment to create a Branch User Forum to provide a way for subpostmasters and others to raise issues around business processes, training and support at the highest level. Interested parties such as the JFSA would be invited to join the Forum.
- c. Comments from me personally, including:

"We take this very seriously and apologise to any subpostmaster who has felt that our standards of support and training have not met their needs or believes we simply have not been 'human' enough in our dealings with them. I am determined to act on this..."

We take our responsibilities to them very seriously and recognise that we can always improve the way we support them and their business.

We will also be conducting a review of our support processes and training to ensure they meet the standards expected of us. We have made many changes over the last few years but are not at all

complacent...”

My Board update on 4 July 2013

467. At 22:52 on 4 July 2013, I sent an update to the Board (**POL00099016**). In summary, I informed the POL Board that:

- a. POL understood from engaging with Second Sight that they had not found any evidence yet of systemic issues with the Horizon system. However, as expected, they intended to draw attention to wider failings in the training and support provided to sub-postmasters.
- b. POL was working to ensure that (i) the final version of the Interim Report would be accurate; and (ii) POL had given feedback on concerns about the accuracy and professionalism of the drafting it had seen to date. However, we had to respect the independence of the report, and it was POL’s firm view that it would not be credible or appropriate to take a firmer approach. There would inevitably remain elements in the final draft which would make for uncomfortable reading.
- c. We were focussed heavily on media and stakeholder strategy. I stated:

“To summarise very briefly, we have taken the view that the best way to minimise the reputational risks associated with the review and to do the right thing for the business and the people is to welcome the broad thrust of the report and commit to acting on its key findings in relation to the need for improvements in our support and training processes. This is entirely consistent with the broader imperative for cultural change across the organisation which the Board has discussed in recent months.”

468. As regards the specific stakeholders:

- a. I described Lord Arbuthnot as a “*pivotal figure*”, who would be hosting the presentation of the Interim Report on 8 July 2013. I informed the POL Board that Alice and I had had a constructive but at times challenging meeting with him on 3 July 2013 in which we had emphasised the importance of an even-handed approach which would not undermine public confidence in POL. I had a further call scheduled with him for 5 July 2013, and we were staying in close touch with his office.
- b. We planned to engage with other MPs who may be attending the presentation, including Oliver Letwin MP, with the aim of ensuring they could help promote an even-handed discussion at the meeting.
- c. I had spoken that evening to Alan Bates of the JFSA. It was a constructive conversation. I reassured him that POL intended to take the key findings of the Interim Report seriously and would like to work collaboratively with him to identify process improvements.

5 July 2013

469. Alice responded to my update to the Board at 07:22 on 5 July 2013. She stated: “*You are doing the right things and I have nothing further to suggest at this point*” (POL00099016). I responded that I had received a text from Alan Bates and had had a further conversation with him. I also stated that “*we will get through this and I hope deliver the ‘triumph’ not the disaster.*” I believe this was a reference to achieving the objectives I have set out at paragraph 460.

6 July 2013

6 July 2013 update to the Board

470. At 08:43 on 6 July 2013, I emailed the POL Board with a further update on the Second Sight review (**POL00099026**; **POL00099027**; **POL00115961**). By this point I had had two constructive conversations with Alan Bates, which I believed confirmed his willingness to work collaboratively with POL in taking forward its response to the review. In particular, he agreed to participate in a new user forum to provide feedback on training and support issues related to Horizon and bring the existing review process to a conclusion. I gave the POL Board the following information:
- a. I understood from speaking to him that Alan's main issue was not "the computer" but the human aspect. In his view, POL had failed to support vulnerable and "*muddle headed [sic]*" SPMs. I wrote those words in that way as the phrase "muddle headed" was Alan's and not mine.
 - b. He would collaborate with us in the user forum but would also need reassurance that we would not just ignore past cases. We would work with him to understand what had happened and I had offered again to meet him and one or two of his colleagues personally. (This time he accepted).
 - c. He also raised the idea of setting up a new independent third party that SPMs could approach if they were facing issues with Horizon which could not be resolved through the normal Post Office processes. This aligned

with some of POL's own thinking. We were inclined to agree in principle without committing to any specific structure.

- d. One of the main reputational and potentially financial risks arising from the review related to possible attempts to reopen past prosecutions based on the findings. Lord Arbuthnot was certainly focussed on this when I met him on 5 July 2013. I had told Lord Arbuthnot that it was not clear that any new evidence had emerged. If it had, as I pointed out to him, legal routes to appeals already existed.
- e. Susan Crichton and the legal team were working with our external lawyers to consider whether there were any implications arising from the report for past cases, and we could provide a further update on this work next week.
- f. We had received a full draft of the Interim Report on 5 July 2013, and would send Second Sight a version with tracked changes where POL and Fujitsu believed that it was inaccurate or open to misinterpretation.

Emails with Alan Bates and internal discussions on 6 July 2013

471. Alan Bates emailed me at 09:51 on 6 July 2013 (**POL00099029**). He understood that the meeting with Lord Arbuthnot on 5 July 2013 had gone well. Alan asked me to provide a document to outline the way in which we proposed to deal with issues in the future. One issue that concerned him was the name of one of the bodies we had discussed setting up. Alan thought "*user group*" was inappropriate because the bulk of the JFSA are ex-SPMs. He proposed "*task group*", "*working party*" or "*review board*" instead.

472. I replied to Alan at 10:35 (**POL00099029**). I began: *"Yes, I thought the meeting with James was positive too. My main concern is still how we manage the publicity, to avoid – as you said – it "going ballistic."* I stated we were re-working our media report and liaising with Second Sight on changes to the report where it is factually inaccurate. Once I had a final draft, I would send it to him.

473. I forwarded my exchange with Alan to the team. At 16:46 on 6 July 2013, Mark Davies emailed me in reply (cc. Martin Edwards, Mark Davies, Lesley Sewell, Susan Crichton and Alwen Lyons) (**POL00099043**). He thought my emails with Alan pointed to the need for our package of measures to include two or possibly three initiatives:

"1. A Branch User Forum.... Chaired by Exco and reporting to Exco. But this doesn't cover historic issues (ie the JFSA and MP cases) so we could also have (2)

2. A working party, to use Alan's phrase, to complete the MP and JFSA cases. This could "take over" the Second Sight review (perhaps involving them but perhaps not as they have effectively "cleared" Horizon, the remit of their inquiry). This would involve the JFSA and us working collaboratively on the remaining cases. We might wish to include an external party in this too (a PWC?). This is the area of greatest risk – looking back at historic cases which have gone through the courts. But it is also completing the job we asked SS to do.

3. A review by a Mike oConnor [sic] or Patrick Burns figure to consider potential independent levers which could be developed to give SPMRs a

means of independent adjudication or (non statutory) ombudsman.

This package, it feels to me, covers all bases. It looks ahead to fix internal issues and create independent balancing view, but it also completes the review and has the potential for doing so with SS playing a different, or no, role."

474. Alwen replied (**POL00099050**) *"I think the only thing missing from James' agenda maybe not Alan's is what we do about past cases to scorch the suggestion os [sic] unfair convictions"*. Mark Davies replied that that was the Working Group (the second of his measures). Martin replied that he thought the boundaries between the groups in Mark's email were becoming blurred and confusing:

"I thought the focus of the working group involving the JFSA would be primarily thematic (i.e. the 8 or so themes which emerged from the SS process) – rather than focussing on resolving specific cases, which we would pick up through the separate 1:1 briefings with MPs. The description below [in Mark's email] appears to shift it more towards the latter. Perhaps this is an academic distinction which we can't sustain in practice, but it certainly feels like safer territory to have the JFSA focussing on themes to do with training and support (which would then morph into the branch user forum) rather than individual cases..."

We also need to think about how the review of past cases by our external lawyers plays into the messaging (if at all). Certainly not something we would put in our proactive media statement I would have thought, but would we refer to this in meetings as an avenue if pushed by MPs or the JFSA?"

475. I replied to everyone thanking them for their input (**POL00099051**). The position I thought we had reached was based on a variant of Mark's suggestion:

"1) a working party over the next three/four months. This comprises PO working collaboratively with the JFSA and does three things:

- Firstly explores the SS (8) themes for improvement (can we get less than 8?) and agrees how they can be implemented.

- Secondly, looks at the remaining past cases with JFSA (and MPs if they wish) to see if either further themes or new evidence emerge.

- Thirdly, our external lawyers review all prosecutions in the past 12/18 months since PO has been independent of RM, in the light of the SS findings. The JFSA/PO working group reviews the findings...

2) setting up of a review (chaired by PB/MO'C type) again via joint working between PO and JFSA, to determine how an independent safety net might be introduced ie., a commitment to an independent adjudicator or (non-statutory) ombudsman and the clear intention to agree scope and ToR.

3) the future introduction of an ongoing branch user group, once the working party has completed it's [sic] task. This will ensure ongoing independent involvement of Spmr's/(inc JFSA if they would like) to ensure the business listens to and acts upon issues as they arise; and as importantly, consults users on future systems planning and changes.

[4) a statement that although the system has been proved to have no systemic issues, and our training, support processes and helplines have worked for most of the 50-60000 colleagues over the past decade, we are nonetheless genuinely sorry that some of our Spmrs, who were struggling did not feel we offered them sufficient help and support when they needed it. And that we are grateful to JFSA and JA for highlighting the issues. Many are historic and already improved but we are always open to new ways to improve how we do business to ensure the PO stays as trusted and effective in its communities as it ever was.]..."

476. In the email, I asked two questions of Susan in order better to understand the situation regarding prosecutions:

- a. First, why would the external lawyers not review all cases of false accounting, e.g. over the last five to ten years.
- b. Second, would we ever ask our lawyers to consider reviewing past prosecutions? I asked Susan whether that was what we were talking about but not actually using those terms. If not, why not? And of the 500 past prosecutions, how many were for false accounting?

7 July 2013

477. Mark Davies replied to my email at (POL00099051) on 7 July 2011 at 07:27, not copying the group (POL00099053). He wanted to speak to me about how far POL should go in terms of the wording in my email. He was concerned that we could go so far in our commitments that it would

fuel the story and that there was real danger in going too far in commitments about past cases. He said this was for two reasons:

- a. The substance of the Interim Report did not justify this response. In his view, the content of the Interim Report would lead to some coverage, but not very much, and from what he called "*the usual suspects*". "*If we say publicly that we will look at past cases (and whatever we say to JA and JFSA will be public) whether from recent history or going further back, we will open this up very significantly, into front page news.*"
- b. Mark was concerned that this would have the "*ballistic*" impact that Alan Bates was keen to avoid. It could lead to a narrative about the business, raise questions about Horizon, and have an impact on public views of POL and widening the issue to the whole network.

478. I replied to Mark Davies (copying in Martin Edwards) at 7:48 (POL00099055). I thought we were not too far apart. "*I didn't say this approach would be our media statement but they would need to be aligned. You are right to call this out. And I will take your steer. no issue.*"

I went on:

"there two objectives, the most urgent being to manage the media. The second is to make sure we do address the concerns of JA and Alan Bates, mainly looking forwards (but we should be aware AB's driver is really justice for the past); otherwise they will call for re opening cases. It may be that we get to manage AB/JA by playing on the 'go ballistic' view: ie., – I will meet him privately to hear his views about these cases but that we

cannot refer to anything in relation to past convictions. Any challenge must go via normal legal routes.”

479. What I meant here was that I understood Alan Bates' concerns about past cases and I was utterly genuine in wanting to meet SPMs who had suffered. But I could not get in the way of the legal reviews that were ongoing and so it would need to be done confidentially and not given media exposure. The future Mediation Scheme set out to do something similar – there was no intention of suppressing the request to review past cases; there was simply at that time, no reason to do so.

480. In the meantime, Martin had replied to the group (**POL00099054**). He would defer to Susan Crichton's views, but his instinct was to keep the review by external lawyers as a parallel workstream that we would not refer to in our public statements and did not report to the Working Group.

481. Lesley Sewell agreed (**POL00099056**). In her view:

"If we state that we will review the cases since Separation, that implies that there are material findings in the review and leaves us open to challenge against all cases. It may be better to offer in the spirit of the review and how we have listened to those who have been affected, and how we want to change our business.

This is the delicate line we are balancing and from memory Susan quoted more than [sic] 500 cases in the last 10 years. It may be an option to allow SPMRs to come forward to request a review. I agree on the points around the working group and user group.

A clear ToR for the WG will ensure that that is closed down whilst we start to establish the User Group. We also need to bring Kevin in or our thinking and how this will work with / alongside the engagement we already have with the NFSP."

482. On 7 July 2013 at 16:30, Simon Baker emailed others and me a copy of the final version of the Interim Report (email at **POL00099062**, Interim Report at **POL00099063**). In his covering email, Mr Baker stated that the good news was that the first finding in the summary was still: *"We have so far found no evidence of system wide (systemic) problems with the Horizon Software."*
483. On 7 July 2013 at 20:26, I emailed Alan Bates a copy of the current draft of POL's press statement, stating that I believed he had received a copy of the final version of the Interim Report (**POL00099102**). I told him in the email that we had worked on the statement to maintain balance but also to demonstrate that POL was very serious about how it responded to the Interim Report – with openness to listen and with keenness to improve where things could be better. I drew his attention to the three commitments in the press statement (which I discuss further below).
484. Alan replied at 21:59 on 7 July 2013. The JFSA would have a few general points, but there was one comment in the POL press statement that the JFSA, if asked, would say they had a problem with. This was the comment that:

“The report confirms that no systemic problems have been found in relation to the Horizon system, but suggests that the Post Office should examine its support and training processes for subpostmasters.

It is the ‘no systemic problems’ comment, and from reading the report it seems to be because they replaced the word ‘systemic’ with ‘thematic’.

In the past I have made it very clear to many others that it is the ‘systemic failures of Post Office’ in areas relating to investigation, support, training, etc that we believe have been the root cause of so many victims problems. With that comment as it stands undoubtedly I would be asked many questions about it.

It seems the use of the word ‘systemic’ is causing us both concern, is there an alternative?”

8 July 2013

485. I forwarded Alan’s email at (**POL00099102**) to Martin, Susan, Alwen and Lesley on 8 July 2013 at 7:30. I asked if we could do something to diffuse the problem over the word “systemic” and asked them for a line before I spoke to Alan on a call at 9am. I wrote:

“The problem is that the statement he doesn’t like is in the SS report, which of course produced the outcome we needed in respect of Horizon. I do not wish to change that. We could show him willing by adapting something in our statement. But I need to understand better from him what is wrong as we have clearly said there were shortcomings in handling and response.

Mark, if you are in, it might be good if you sit in the 9am call, so that you can hear his issue.

What is good news is that he is looking for another word (last line). It would be good to find one because if he goes back to using 'systemic' in relation to PO failures to respond, we are not necessarily in a much better place."

486. Mark replied at 6:48 stating that he would think things through "*But you are right – we must stick with systemic.*"

487. Lesley responded at 06:49 (**POL00099103**). She said she did not believe we could use the word "systemic" in relation to POL, and that Alan had missed the point that the use of that word related to Horizon, which should not change. If it did change, we would need to agree with Fujitsu. "Thematic" would work in relation to support and processes, as long as it was clear that it related to the cases which had been raised – these were a small proportion of POL's vast number of agents.

488. Susan also replied, at 06:54 (**POL00099104**). "*...to state the obvious it is difficult to find a different word for 'systemic' as that goes to our argument re proportionality ie it cannot be a systemic issue if we haven't had many more complaints from sub postmasters.*"

489. The upshot of this discussion was that, although I was open to possibilities, there was no real alternative to "systemic" because that was the word used by Second Sight themselves in the Interim Report. In that context, I wish to comment on my statement that the Interim Report had produced the result we "needed". In retrospect, I do not think this word

quite captures the position. Second Sight had reported the position as we hoped and expected it to be. However, if Second Sight had reported systemic defects in Horizon we would have to deal with that squarely. What really underlay these discussions was that Second Sight had detected no systemic defects so far, and we believed that POL's public statement should reflect that finding.

490. At 14:57 on 8 July 2013, I emailed the Board with an update, having first spoken to Alan Bates and Lord Arbuthnot (**POL00099126**). I wrote:

"I'm attaching the latest draft of our media statement, which we will be issuing later this afternoon. It sets out the 3 key strands of our response to the findings of the report:

a. Establishing a 'working party' (involving) the JFSA to complete the review process and look at the thematic issues which have emerged (particularly related to training and support);

b. conducting a review of how we might set up an independent 'safety net' to adjudicate in disputed cases in the future; and

c. setting up a new 'Branch User Forum' involving sub-postmasters and other relevant stakeholders to provide feedback on our training and support processes on an ongoing basis.

I spoke to Alan Bates again this morning and will be meeting him in person shortly. Overall he appears to be content with the package of measures outlined above and is striking a very constructive tone. He had one

relatively minor concern with the drafting of the media statement, which we have now resolved to the satisfaction of both sides."

491. I also described my call that day with Lord Arbuthnot. He was positive about POL's proposed response but wanted to draw attention to the concerns highlighted in the Interim Report relating to the wider processes associated with Horizon. We were currently challenging some of the drafting in his statement where we believed he had drawn misleading conclusions from the review. The most significant remaining concern was his continued determination for POL to review past prosecutions and to make this review part of the next stage of the review process. On this: *"...we are already planning to conduct review with our external lawyers of the implications of the report for past prosecutions – something we would have a duty to do in any case – but this significantly adds to the pressure and expectations around that process."* I say in my email *"we will send you in a separate email a copy of the SS report."* (**POL00099121**). The report was also uploaded to the Board Reading Room, and a copy of the email at (**POL00099215**) confirms this.

492. The Interim Report was published on POL's website later that day. The accompanying press release stated that the Interim Report *"confirms that no system wide problems have been found in relation to the Horizon software but suggests that the Post Office should examine its support and training processes for sub-postmasters"* (**POL00099129**). It also contained comments from me that POL welcomed the broad thrust of the

interim findings and that the review underlined POL's cause for confidence in the overall system. However, I continued:

"It does however raise questions about the training and support we have offered to some sub-postmasters and we are determined to address those issues.

The people who work in the post office network in communities across the country are the lifeblood of our business and we take our responsibilities to them very seriously.

We therefore regret very much if any sub-postmaster feels that our standards of support or training have not met their needs, and we are grateful to James Arbuthnot MP and the Justice for Sub-postmasters Alliance (JFSA) for raising these issues with us.

In many of these cases I am confident that steps have already been taken which have improved support and training but we are always open to feedback and insights from sub-postmasters. So we will make further improvements in this area and take better account of individual requirements and circumstances going forward."

493. Within the statement, POL announced that it was taking three measures in response to the Interim Report:

- a. The creation of a working party to complete the review of the cases brought forward for investigation by MPs and the JFSA. The Working Group would examine the themes identified by Second Sight in the Interim Report

together with any new themes that emerged from the individual cases. The JFSA had been invited to join this working group;

- b. A review, chaired by an independent figure, to determine how an independent safety net might be introduced to adjudicate disputed cases in the future. Again, the JFSA had been invited to participate in the process; and
- c. A new Branch User Forum to enable SPMs to provide feedback on training and support processes to senior management on an ongoing basis.

494. The thinking behind each of these elements was as follows:

- a. The investigation to date had developed in a piecemeal fashion without any structure, oversight, or clear lines of communication between the key stakeholders. The Working Group was intended to fill these gaps by creating a formal structure for the key stakeholders to collaborate and to give direction to the investigation.
- b. A review to consider creating a mechanism for resolving future disputes stemmed from Alan Bates' ideas in our email exchanges as set out above.
- c. The Branch User Forum was a longstanding idea at POL that there should be a formal structure for SPMs to raise concerns directly with POL management.

495. The announcement did not refer to any ongoing role for Second Sight. There was certainly a school of thought at POL, which I recall Alice Perkins subscribed to, that if the engagement of Second Sight was to

continue beyond the Interim Report at all, it would need to change fundamentally (see: (POL00116114) and paragraph 634 below). Various possibilities were canvassed, including addressing the remaining cases bilaterally with the JFSA through the Working Group, or bringing in a larger firm to assist or possibly replace Second Sight. On the other hand, we were aware that the stakeholders, i.e. the MPs and the JFSA, may expect Second Sight's role to continue. We had not discussed this in any detail by the 8 July 2013 and so the position was left open.

496. The feedback I received from the POL review team was that, although POL had cooperated fully with Second Sight, they had concerns about Second Sight's performance and their approach to the evidence (POL00113369). I shared those concerns because I trusted the team who were working on this project. My own perspective was that Second Sight's work was not achieving its objective for SPMs and MPs, and that it was late and over budget. However, I felt strongly that it was necessary for POL to put those concerns aside in responding to the Interim Report. In my view, POL's interests, including its reputation, and the interests of sub-postmasters in the Network, would be best served if POL used the Interim Report as an opportunity to demonstrate, contrary to the perception of some, that it was concerned for the welfare of the individuals and that it could listen to and act positively in the face of criticism.

71. Please consider POL00099153 (email from Lesley Sewell to you and others on 9 July 2013). Please describe the discussion on the following bullet point:

“Consider a ‘suspense account’ at a branch level. Cost/process/implementation.”

497. I have been referred to (POL00099153) which is an email sent by Lesley Sewell on 9 July 2013 to myself, Martin Edwards, Hugh Flemington, Susan Crichton, Alwen Lyons, and Mark Davies, with Simon Baker and Dave Hulbert cc'd. It appears to have been circulated in advance of a call due to take place that afternoon and records a list of proposed actions in response to the Interim Report which had been published the previous day. Under the heading "*Immediate actions from the SS report*" it states "*consider a ‘suspense account’ at a branch level. Cost/process/implementation.*" Although I can clearly see that I received this email, I do not recall it now, nor do I recall discussing its contents.
498. Having refreshed myself of the documents, I am aware that the Interim Report raised concerns that the end of trading period arrangements was too complex and this was said to be related to the absence of a 'suspense account', which would enable disputed transactions to be dealt with 'neutrally' (at page 6 of (POL00099063) and page 8 of (POL00099063)). Again, although I believe that I read the Interim Report at the time, I do not have any independent recollection of this being raised within it.
499. I can see from (POL00006546), which is an update to the Board dated 12 July 2013 provided by Susan, that paragraph 3.3 refers to the IT team undertaking a review which included considering the possibility of introducing a suspense account at branch level (at page 2 of

(POL00006546)). Again, although I must have been part of these discussions, I do not recall them.

500. I have reflected on why it may be that I do not recall these discussions. My understanding at that time – which I now recognise was incorrect – was that the ‘settle centrally’ function itself provided a neutral space for SPMs to identify disputed transactions so that they could be investigated and resolved. In that sense, I conflated the ‘settle centrally’ function with the function offered by a suspense account. As a result of this misunderstanding, I do not think I recognised the potential significance or value of a suspense account, which may be why I do not recall this. Certainly, I did not know that Horizon previously had a suspense account function or that this function had been removed in 2004.

501. I accept without hesitation that Fraser J’s conclusion – to change the contractual burden of proof – was the only sensible solution, as then settle centrally would work for SPMs and work as it was intended, and as was my understanding at the time.

502. I have considered how I came to misunderstand how settle centrally worked. I think it was likely to have been as a result of two factors. First, I relied upon what I was told about how ‘settle centrally’ worked. Although I cannot now say precisely when these conversations took place, I recall at least two or three conversations from 2013 onwards with Angela Van Den Bogerd, including during the GLO process, in which she reassured me that the ‘settle centrally’ function allowed for disputes to be raised and resolved without SPMs being forced to accept responsibility for disputed

discrepancies before they could roll over into the next trading period. Second, I have seen a number of documents which show that the 'settle centrally' function was frequently described in terms which suggest that it was such a neutral space.

503. For example, (**POL00045457**) is a memo prepared by Andy Winn dated 1 September 2005 which was seemingly prepared to explain the 'settle centrally' function to branches. In it, settling centrally is said to entail accepting the loss/gain *"unless you follow the dispute process."* The memo goes on to explain how one would challenge a loss/gain through the dispute process, including by asking for more time for the matter to be investigated.

504. (**POL00039089**) is the Operating Level Agreement on Product and Branch Network Accounting, Network and Service Delivery version 1.0, dated 28 March 2009. In discussing Transaction Corrections, the option to *"make good"* is explicitly contrasted with settling centrally, such as in paragraph 3.1.11 where it is said that *"(i)f a branch receives compensating Transaction Corrections, they must settle these both in the same way, either both make good or both settle centrally"* (at page 10 of (**POL00039089**)). Later, when 'settle centrally' is defined at paragraph 3.5 it is said that:

"(C)hoosing the option to "Accept and settle Centrally" signifies the acceptance of a loss or gain within a branch unless the dispute process is instigated. "Settle Centrally" does not prohibit further investigation which might offset all or part of the loss/gain accepted earlier, but this is a

branch's responsibility to initiate" (at page 14 of (POL00039089)).

505. This document goes on at paragraph 3.7 to describe the dispute process. It emphasises that "*settled centrally debts are not recovered from sub-postmasters without reasonable time to investigate, challenge and resolve individual amounts*" (at page 16 of (POL00039089)). The detailed description of this resolution process describes the debt recovery process being suspended pending investigation and attempts to resolve the dispute in cases where an amount has been settled centrally but is disputed (at page 16 of (POL00039089) and at page 17 of (POL00039089)). This understanding of how the system functioned persisted and appears to have been widely accepted. Paragraphs 5.22 to 5.26 of the Linklaters report dated 20 March 2014 discussed the ways in which losses are calculated and concludes at paragraph 5.26 (at page 11 of (POL00105529)): "*SPMRs are asked to agree accounts regularly. We understand that they signify their agreement by an appropriate entry on Horizon. If a SPMR disputes the state of his account, he is free not to agree that account on Horizon.*" I reviewed this report, and it reconfirmed my view. It was also reviewed by the POL Board, without challenge to this characterisation of how the system functioned. This included the CFO, whose teams operated the 'settle centrally' process, and Chris Aujard, the Interim GC.

506. Although I do not recall seeing these documents at the time, the way that they describe the 'settle centrally' function captures how I understood it to work. I fully accept that my understanding of this was incorrect. I did

not know that at the time and I considered it appropriate to rely upon the reassurances I was given by Angela. I thought that the settle centrally function already provided an effective tool to help SPMs if they had a dispute, so would not have challenged this proposition if this is what happened. I recognise now that, regrettably, my understanding was inaccurate.

72. Please explain the background to Project Sparrow, how it was established, its management structure and reporting lines. To what extent was the Board involved in establishing Project Sparrow?

507. I have been asked to explain the background to Project Sparrow, how it was established, its management structure and reporting lines, and set out to what extent the Board was involved in its establishment. I address Project Sparrow elsewhere in this statement. To avoid duplication, I will address these issues as well at that point in my statement.

73. Please set out full details of your involvement with POL's strategy and actions in respect of past convictions of SPMs that involved the use of data from the Horizon IT System in evidence. Please explain to what extent you communicated information about such issues and POL's response to the same to the Board, ShEx/UKGI or BEIS. The following questions are not intended to limit your response to this paragraph.

74. Please consider POL00021516 (minutes of the POL Board meeting on 16 July 2013).

74.1. Please expand on the discussion that led to the minute "The Board also

asked for earlier warning when risks and issues arise to ensure that they were not blindsided.” To what extent, if at all, do you think the Board’s effectiveness was hampered in respect of oversight of Horizon and its associated issues as a result?

508. I have been referred to the minutes of the POL Board meeting which took place on 16 July 2013 (**POL00021516**). The first substantive item on the agenda was the Board Effectiveness Review, which had been carried out in June/July 2013.

509. The Board Effectiveness Review, at pages 2 to 8 of (**POL00099210**), was conducted by Alice Perkins and, as is set out in her report, was the result of interviews with the Board Directors and Company Secretary and feedback from the Executive Committee ("**ExCo**"). Alice's report notes that, overall, this was a well-functioning POL Board, characterised by a spirit of respectful challenge, which had come a long way since its formation in the Autumn of 2011 (at page 3 of (**POL00099210**)).

510. The Board Effectiveness Review was conducted as part of the constant learning processes which we engaged in as a business. Overall, the review was positive, but there are always ways to improve and this review aimed to identify how we might do this.

511. During my time as CEO there were several other Board Effectiveness Reviews. (**POL00027315**) is an agenda for the meeting on 25 March 2015 in which Alice Perkins discusses the review. (**UKGI00002414**) is a POL "Going Forward Agenda" which lists "Board Effectiveness Review

(July)” under the annual events. This was something which happened regularly.

512. In discussing the Board Effectiveness Review, we talked about many points relating to overall efficiency. These included ensuring that POL Board papers arrived in good time so that the POL Board had a good opportunity to consider them. The minutes also record that we discussed measures aimed at making the best use of POL Board members’ time and the time available for meetings (such as ensuring that Board papers were an appropriate length). This desire to ensure that time was used efficiently is reflected in the POL Board minutes (at page 2 of **(POL00021516)**):

“The Chairman asked the Board to contact the ExCo member responsible for a paper before the meeting if they were unclear or didn’t have the necessary detail. The Board also asked for earlier warning when risks and issues arise to ensure that they were not ‘blindsided’.”

513. By ensuring that the POL Board had sufficient notice to consider the issues raised in POL Board papers and by ensuring that requests for further details were dealt with in advance, we aimed to ensure that the meetings were as productive as possible. However, POL Board papers were not the sole or even main focus of this Board Effectiveness Review. As the minutes show, we also discussed initiatives such as arranging branch visits for NEDs and offering them the opportunity to attend meetings with stakeholders, should they wish to (at page 2 of **(POL00021516)**).

514. Although I do not recall the precise details of this discussion, the reference to ensuring that the POL Board is not “*blindsided*” is likely to be a reference to the need to provide POL Board papers in good time, something which did not always happen. From recollection, there had been a few late papers around the time of the Board Effectiveness Review, which may be why this was raised as an issue.
515. For example, (**POL00099215**) is an email sent at 17:37 on 12 July 2013 from Alwen Lyons to the POL Board apologising that they still have not received two of the POL Board papers for the meeting on 16 July. The papers are described as a Horizon paper, which was to be circulated later that day (and which I discuss more below) and a funding paper, which would not be circulated until 14 July. Once ready, both were to be placed in the board papers section of the POL Board application, “BoardPad” and additional supporting papers were to be placed in the “Reading Room”, an online repository of supplementary documents for NEDs. In this email, Alwen Lyons points the NEDs to the fact that “*all the Horizon documents eg JS statement, the Second Sight report. etc*” will be loaded to the Reading Room “*for ease of reference*”.
516. Similarly, the minutes of the POL Board conference call on 1 July 2013 note that I “*apologised for the short notice in keeping the Board updated but explained that issues had arisen over the last couple of days*” (at page 1 of (**POL00021515**)). This was a very busy time and, although I always tried to keep the POL Board updated, there were times when the pace meant that it was only possible to provide information at short notice.

517. I do not consider that the issues flagged in the Board Effectiveness Review resulted in the POL Board being hampered in respect of its oversight of Horizon for two reasons. First, because, as the review itself noted, this was a well-functioning board. Although there were areas we could improve upon, overall, the review judged us to be effective. It is important to note that this was a board self-assessment, with the intention that the next review would be independently conducted. However, as the paper shows, the Chair received a range of opinions on matters. The POL Board was comprised of NEDs who were independently minded and challenging. Second, if a POL Board paper had to be circulated later than anticipated, then POL Board members responded to it regardless. If necessary, this would involve raising questions and challenges by email or in ad hoc phone calls outside of POL Board meetings. This feature of our working practices was also noted in the Board Effectiveness Review report (at page 16 of **(POL00099210)**):

“All the NEDs commented on how willing the Executives were to engage with them outside Board meetings and were impressed by the extent to which most of them, and especially the CEO, were open to challenge. In return, the Executives commented that the NEDs were very generous with their time outside the Boardroom.”

518. Ultimately, the POL Board took its role seriously and part of that role was to challenge and look for ways for the business to improve. As is noted in the minutes of this meeting, I was very clear that I expected the business to be challenged: it is part of effective oversight (at page 1 of

(POL00021516)). This Board Effectiveness Review was one of the many ways that we looked to identify, and make, improvements.

74.2. Please describe how you briefed the Board on the Interim Report. In particular, please explain precisely how you told the Board that “no systemic issues had been found with the Horizon computer system.” Was the report submitted to the Board?

519. The report appears to have been provided to the POL Board via the Reading Room. Alwen Lyons' email on 12 July 2013 confirms that she will upload it to the Reading Room alongside other relevant material so that the POL Board could review it in advance of the meeting (POL00099215):

"...the Horizon paper will be circulated by email tonight ... and put on the iPad on Monday morning and I will also set up a file in the reading room for all the Horizon documents, eg., JS statement, the Second Sight report, etc. . for ease of reference."

520. The minutes of the POL Board meeting on 16 July 2013 (at pages 6 to 7 of (POL00021516)) record the details of an update on Horizon I gave which notes, amongst other things, that the Interim Report had been challenging but that no systemic issues had been found with the Horizon computer system. This was my understanding based on the briefings I was receiving. I can see that the phrase had already been used in several other places before I communicated it to the POL Board, for example:

- a. **(POL00021746)**, which I understand to be the draft Interim Report dated 1 July 2013, states at paragraph 12.2 on page 17 “*we have so far found no evidence of system wide (systemic) problems with the Horizon software.*”
- b. In a conference call on 1 July 2013, I told the POL Board that “*(t)he investigation to date had found no systemic issues with the Horizon computer system*” (at page 1 of **(POL00021515)**). I explained that the report had highlighted areas for improvement including in training and support and Second Sight had found two “*anomalies*” which would be referred to in the report.
- c. Martin Edwards’ draft briefing to the POL Board, which was sent to me on 4 July 2013, states that Second Sight “*have not found any evidence yet of systemic issues with the Horizon system*” though they had identified wider failings in the support provided to SPMs (at page 1 of **(POL00099003)**).
- d. The Significant Litigation Report dated 11 July 2013, which was provided to the Board for the meeting on 16 July (as noted in the minutes at page 10 of **(POL00021516)**), states that “*(W)hile there are no systemic problems with Horizon, there are two specific “bugs”, which gave rise to errors in a number of branches’ accounts*” (at page 105 of **(POL00099210)**).
- e. Susan Crichton prepared a Horizon Update paper for the Board meeting. I believe that the final version is at page 2 of

(POL00006546), which also contains the phrase “*no systemic problems*”.

74.3. Please expand on “The Board were concerned that the review opened the Business up to claims of wrongful prosecution.” In particular, please state (a) who expressed these concerns and (b) the basis for these concerns.

521. The POL Board minutes for the meeting on 16 July 2013 (at page 6 of (POL00021516)) note that “(t)he Board were concerned that the review opened the Business up to claims of wrongful prosecution. The Board asked if Susan Crichton, as General Counsel, was in anyway implicated in the prosecutions.”

522. I do not recall the specifics of this conversation but my broad recollection is that this was a concern shared by the POL Board generally rather than one only expressed by specific individuals. I cannot recall whether there was any basis for this concern beyond the information provided to the POL Board by Susan in her report (POL00006546) and in the details recorded in the Significant Litigation report discussed above. Susan's paper refers to concerns being expressed by MPs and the JFSA about the possibility of unsafe convictions (at page 1 of (POL00006546)); if you are told that this is a possible concern by your General Counsel, then it is, in my view, appropriate for the POL Board to be concerned.

523. I cannot recall who introduced the term ‘wrongful prosecution’ as none of us present had legal expertise. I can see that Susan used the terms ‘wrongful conviction’ and ‘wrongful termination’ in (POL00006546). It is possible that the Board picked up on the ‘wrongful’ adjective; or simply it

was how the Company Secretary felt best described a point being made. The POL Board and executive relied on Susan to provide us with legal insight and advice. I had many conversations with her at this time, but it is very difficult now to recall what precisely I was told and when. I understood that Susan was working closely with our external lawyers, Cartwright King, as I mentioned this in my email of 6 July 2013 to the Board (at page 2 of (POL00099026)). However, I was not personally involved in this work.

524. I remember that I was informed at some point that the expert from Fujitsu whom POL had been using in legal proceedings had not disclosed in Mrs Misra's case that he was aware of two bugs in the system and so the cases he was involved in needed to be reviewed. My understanding came to be that this was because he had proved to be an unreliable witness, but I cannot say with any certainty when I was given this information. I do remember being specifically told that these bugs had not affected Mrs Misra's case.

74.4. Please expand on “The Board expressed strong views that the Business had not managed the Second Sight review well and stressed the need for better management and cost control going forward.” In particular, please state (a) who expressed these views and (b) what they said.

525. The POL Board minutes record that “*(t)he Board expressed strong views that the Business had not managed the Second Sight review well and stressed the need for better management and cost control going forward*” (at page 6 of (POL00021516)). I cannot recall the specific details of this

conversation, but my overall sense was that they were views shared by the whole Board. My broad recollection is that the POL Board was concerned that the business had paid a significant amount of money to external consultants from whom they had expected to receive to a final report – instead what had actually been produced was an Interim Report which had been published containing, in the eyes of those working on the project, identifiable inaccuracies. The POL Board took the view that the work had taken too long, had already cost more than was expected, was not yet complete, did not take account of POL's responses and was now going to cost even more going forward. They could not understand how we had reached this position; they were very challenging.

526. I understood why the POL Board had these concerns and, to some extent, I shared them. It was a unique situation in my experience to have engaged specialist consultants for a specific purpose only for the project (as it seemed to me at the time) to have taken on a life of its own as time and costs had escalated and individual case reviews were far from completion. However, as the minutes note, it was a complicated situation and, given the input from MPs and the JFSA, there were many factors beyond the business' control.

527. The minutes record that the "*Chairman asked for a review*", reporting to the ARC, to explain how the contract was awarded and managed (at page 6 of (POL00021516)). I discuss this review in more detail in my responses to Question 86 below.

74.5. What effect, if any, did the Board's challenges at this meeting have on

POL's approach to the Second Sight review?

74.6. Was Susan Crichton asked to lead the Second Sight issue because of this challenge? Who lead it before?

528. Susan Crichton had led the Second Sight work prior to this and, to my mind, remained the right person to lead it going forward, despite the POL Board's challenge.

529. In response to the POL Board's challenge and to assist Susan Crichton, Belinda Crowe was brought in as Project Director and reported to Susan. Additional support was given by Angela Van Den Bogerd, who was tasked with running the Business Improvement Programme alongside this. She was also assisted by an experienced team to provide support for the detailed data work and case reviews being conducted under the remit of the Working Group and the Mediation Scheme. I also reallocated one area of Susan's broader responsibilities to others in order to free her up to focus on this work.

74.7. To what extent, if at all, did POL's ongoing negotiations concerning the future of Horizon impact on your or others' decision making in respect of Second Sight and / or the handling of allegations regarding the Horizon IT System?

530. To the best of my recollection, the ongoing negotiations concerning the future of Horizon had no impact on my or others' decision-making in respect of Second Sight and the handling of the allegations relating to the Horizon system. These were very different strands of the business.

531. There was an awareness on the part of everybody involved in IT that we were too dependent on Fujitsu and there was a need to reduce our reliance on them. However, I do not think that anything in that broad IT strategy had an impact on the Second Sight review or how the allegations were handled. In part, this was because the IT strategy was inherently future-facing, whereas the Second Sight review was a backwards-facing analysis of what, historically, had or had not been going wrong. Although one aim of the Second Sight review was to identify improvements which could be made for the future and so the results of their investigation could foreseeably impact upon future IT strategy.

75. Please consider POL00040001 (email from Susan Crichton to Andrew Parsons dated 23 July 2013) and POL00040002 (draft Update to Post Office Limited Board re: Horizon Legal Issues – 22 July 2013):

75.1. Why at this stage was it considered necessary to obtain advice on directors' personal liability for disclosure failures in a criminal case?

532. I have been referred to an email from Susan Crichton to Andrew Parsons dated 23 July 2013, which refers to a previous request to advise on Directors' liabilities in respect of POL's disclosure obligations (POL00040001). The email attaches a draft update to the POL Board dated 22 July 2013, which provides legal advice on various issues and a placeholder for "AP" (which I presume is Andrew Parsons) to include a paragraph on personal liability for disclosure failings (POL00040002).

533. I do not now recall any conversation about seeking advice on personal liability or why it was requested. The only issue I recall discussing around

this time which may be connected is that, as recorded in the minutes to the POL Board meeting on 16 July 2013, Chris Day was asked to confirm the insurance position in light of the findings of the Interim Report and ensure that both RMG and the business' insurers were given notice of the same (at page 7 of (POL00021516)). I can see that this was followed up in subsequent emails between 19 and 22 July 2013 (POL00099349; POL00099331).

75.2. To what extent, if at all, did the Board and / or senior management's concerns about personal liability arising from the convictions of SPMs affect POL's decision making on how to approach past prosecutions based on Horizon data?

534. As set out above in my response to Question 75.1, I have no recollection of concerns around personal liability being expressed so, for my part, I do not recall having those concerns or them influencing my decision making. I cannot speak for others, but I do not recall this being discussed by the senior management team.

76. Please consider POL00108049 (email from you to Simon Blagden on 25 July 2013). Please expand on "we are planning carefully how we bring the independent review to completion: it needs to progress at pace but not so quickly that we fail to close it down." What did you mean by this and why were you raising it with Fujitsu?

535. My email of 25 July 2013 to Simon Blagden (the then Chairman of Fujitsu UK) was sent in response to his email of 24 July, which asked how things

were going further to a meeting I had recently had with Lord Arbuthnot (POL00108049).

536. In my reply, I explained that the meeting had been positive, noting that Lord Arbuthnot was reassured by the fact that POL did not want to cut short the reviews being conducted by Second Sight. I then provided a more general update on the situation at POL further to the release of the Interim Report and outlined the next steps we were considering (at page 2 of (POL00108049)):

“The situation is difficult and the PO Board left me in no doubt that they thought so. My team is taking good advice and we are planning carefully how we bring the independent review to completion; it needs to progress at pace but not so quickly that we fail to close it down. We will leave any prosecution challenges where they belong – with the courts; and are considering a mediation approach for non-criminal unresolved cases.”

537. I have discussed the POL Board’s response to the Interim Report in detail in my response to Question 74 above, where I addressed a number of challenges raised at the POL Board meeting on 16 July 2013 (POL00021516). Chief amongst these was that the POL Board took the view that work that Second Sight had been commissioned to undertake had taken too long, had already cost more than was expected, was not yet complete, did not take account of POL's responses, and was now going to cost even more going forward (see especially my response to Question 74.4, at paragraphs 525 to 527).

538. This sense that the project was over time and over budget forms the
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background to my comments to Simon Blagden. We were concerned by the delay which had already taken place and the fact that we did not yet have a final report. We wanted to bring the situation to a satisfactory resolution but, since the project had already run for much longer than anticipated, there was a desire for that to happen quickly.

539. However, although it was important to move the project along, it was vital that whatever the end result was, it did actually achieve a final resolution to the complaints. If the cases were not investigated and resolved in a way that was satisfactory to the stakeholders involved – the JFSA, MPs, and POL as well as the SPMs making the allegations – then it would all be for nothing because it would not actually put the issues to bed.

540. I think that is what I was getting at when I said, "*it needs to progress at pace but not so quickly that we fail to close it down.*" Closing the issues down properly required there to be a real resolution because only that would give the matter finality. We should not move quickly at the cost of achieving that finality: achieving a genuine resolution that all parties could be content with was always the most important goal.

541. I am asked why I raised this with Fujitsu. To the best of my recollection, I raised it in my email to Mr Blagden because he had asked me, and it was in the spirit of our ongoing working relationship for me to keep him abreast of what was happening in broad terms. I did not know Simon Blagden well, but I always tried to maintain productive relationships in professional situations because it benefits everyone involved.

542. Working in an open and cooperative way does not prevent you from

raising challenges and, in fact, might assist in resolving such challenges. As I mention in my email to Simon Blagden and when forwarding that email to Chris Day, Second Sight had complained that Fujitsu were not always prompt in providing support. Ensuring that Fujitsu continued to provide the necessary support to Second Sight was important for the progress of the investigation. Having open lines of communication with Simon Blagden where I could raise concerns such as this could only help in investigating and resolving any such problems if they were occurring.

77. Please consider POL00039994 (letter from CCRC to you dated 12 July 2013), POL00039995 (draft paragraphs for insertion into reply to CCRC), POL00099346 (draft letter to CCRC addressed from you), POL00116111 (email from Amanda Brown to CCRC dated 24 July 2013) and POL00116112 (letter from Susan Crichton to CCRC dated 24 July 2013).

77.1. What was your understanding of POL's obligations in relation to convicted persons prosecuted either by POL or RMG at the time of receiving the CCRC's letter?

543. As of 12 July 2013, I understood that POL was obliged to pass on any new information which undermined the conviction of a person who had been prosecuted and convicted of theft or false accounting.

544. I was given this information by Susan Crichton. (POL00006546) appears to be the final version of Susan's update to the POL Board for its meeting on 16 July 2013. Paragraph 3.6 states that, on the advice of POL's external criminal lawyers, POL had begun a review of criminal cases conducted since separation from RMG on 1 April 2012, and that more

details of this were set out in Annex 1 to the paper. Paragraph 1 of Annex 1 stated:

“Post Office have been advised by our external criminal lawyers to undertake a review of all cases going back to the time of the migration from Old Horizon to Horizon Online (aka HNGX) – 1st January 2010 – and this has already begun. They are essentially looking and whether or not anything in the SS interim report should be drawn to the attention of any defendants (current or past) and if so they will be writing to the relevant defendants providing them with a copy of the interim report. We have a continuing legal duty as the prosecutors to do this.”

545. In the first two sub-paragraphs of paragraph 1 of Annex 1, Susan explained that:

- a. It was believed that POL had undertaken about 55 prosecutions a year for the last 10 years, although there was difficulty in obtaining historic files from RMG. The external lawyers had advised that POL would need to disclose the additional evidence in 5% of cases and then it would be up to the defence lawyers to consider the evidence and apply to the Court of Appeal.
- b. Each individual would need to seek leave to appeal from the Court of Appeal if they wanted to overturn their conviction. The Court of Appeal would look at each case on its merits and consider the evidence that the person was convicted on. For example, there might be Horizon evidence but also other paper trail evidence or even admissions of guilt. It was by no means clear that each appeal would be successful.

546. (POL00006590) is a paper by Susan Crichton to the POL Board dated 26 July 2013 entitled "*Update on the work programme arising from the Horizon Report*". It states in paragraph 1 that it was produced further to the Board discussion on 16 July 2013.

547. It stated in paragraph 14, under the heading "*Prosecution Case Review*" that:

"There is a separate process in train for those cases which have been subject to criminal prosecution. As we discussed at the last Board, as a prosecuting authority we have a continuing duty to act properly and fairly, and that requires us to disclose to the defence any information which undermines the prosecution. This assessment is made on a case by case basis. Through our criminal law solicitors, Cartwright King, we are complying with this duty by reviewing past and present prosecutions to identify any cases where the Second Sight ought to be disclosed. It is then up to the defendant to decide whether to apply for permission to appeal a conviction based on the additional information."

548. In paragraph 15, Susan reported that, as of 22 July 2013, Cartwright King had reviewed 124 cases, with the following outcomes:

- *"the prosecution has been discontinued in three cases as not being in the public interest;*
- *disclosure to the defence has been provided in 6 cases;*
- *in all cases, the recommendation is that we oppose any attempt to appeal; and*

"it is not believed that any of the cases would satisfy the test for compensation from the Government for a miscarriage of justice under the Criminal Justice Act."

549. Paragraph 16 of the paper stated that the next step was to *"review pre-separation case files held by Royal Mail, initially dating back to the start of 2010"*.
550. Paragraph 17 stated that POL was *"consulting Brian Altman QC, a leading barrister...to provide additional advice and independent oversight on this case review process and any wider criminal law questions that arise (for example questions from the Criminal Cases Review Commission ("CCRC") about how we are handling this matter)"*. Counsel's scope of work would also include recommendations about POL's future prosecutions strategy, to inform POL's thinking.
551. Although I cannot remember when it happened, or what exactly I was told, I can see from the documents that Susan had informed me at some point in early July 2013 that she was working with external lawyers on a review of past criminal cases. In my email update to the POL Board on 6 July 2013 (**POL00099026**; **POL00099027**; **POL00115961**), I stated that *"Susan and the legal team are working with our external lawyers to consider whether there are any implications arising from the report for past cases, and we can provide a further update on this work next week"*. In an email update to the POL Board on 8 July 2013 (**POL00099126**), I stated: *"...we are already planning to conduct a review with our external*

lawyers of the implications of the report for past prosecutions – something we would have a duty to do in any case – but this significantly adds to the pressure and expectations around that process”.

552. My emails to the POL Board on 6 and 8 July 2013 could only have been based on briefings Susan had given during meetings or emails or one-on-one conversations. I would not write to or brief the POL Board on POL's legal activities without that input. I have not seen any written briefings about the prosecution case review before Susan's paper for the 16 July 2013 Board meeting.

553. I cannot recall Susan giving me any more information about the nature of the review, or about POL's duties to people who had been convicted, other than the information I set out in my emails to the POL Board on 6 and 8 July 2013 and the information contained in Susan's two written updates later in July 2013.

77.2. Please describe your initial thoughts on the CCRC's involvement in 2013 and how POL's response was handled. Did you consider this to be a significant matter?

77.3 Why was POL's response sent by Susan Crichton despite the initial letter being addressed to you?

554. The CCRC's letter dated 12 July 2013 was marked as being received by my office on 15 July 2013 (**POL00039994**). Although I cannot recall doing so, I am sure that I read it. My office received a huge amount of correspondence every day, which was reviewed by my PA, Theresa Iles. I am confident, given its

importance, that she would have given me a copy of the letter. A copy of the letter was sent to Susan Crichton (**POL00039997**) by Amanda Brown, PA to the POL HR & Corporate Services Director on 15 July 2013.

555. I have a recollection that I was relieved that the CCRC was involved, although I cannot remember whether this is a recollection from July 2013 or from a later stage of POL's engagement with the CCRC. My understanding was that the CCRC would add a layer of objective oversight to how POL was dealing with the past prosecution cases.

556. In its letter to me dated 12 July 2013, the CCRC described its role and referred to the recent media coverage of the Horizon IT system. It went on:

"Clearly it would be very useful for us to have more information directly from the Post Office, especially accurate information as to number of criminal convictions that might be impacted by the issue and what action is proposed, or being taken, in that respect.

We see that the Attorney General was called upon on Tuesday to set up an enquiry and we are in contact with his office about that.

In essence, the Commission's role in this is likely to relate to anyone who is convicted of a criminal offence... where evidence from the Horizon computer system is relevant, where (i) they have already tried to appeal against that conviction or (ii) they were convicted in the Magistrates Court following a guilty plea."

557. The subject matter of the letter fell within Susan Crichton's area of management responsibility. In addition, Susan was, at this time, managing POL's review of

past criminal cases in response to the findings in the Interim Report. She was the person at POL who was best placed – in terms of expertise and direct knowledge of the subject matter of the CCRC's questions – to respond to the letter. I do not recall when or how we decided that Susan would reply on my behalf, but it would have been a sensible action: the CCRC would most likely have queries and / or follow-up requests, which would need to be dealt with by Susan and her team.

558. I do not recall whether I saw Susan's responses to the CCRC in July 2013 or if I was shown any earlier drafts of the responses. I and the Board, who were informed about the letter in a Board report (**POL00006590**), would have considered that the task of responding to the CCRC was in expert and capable hands.

559. I can see that, on 24 July 2013, Susan sent the CCRC what was in effect a holding letter (**POL00040012**) into which I do not believe I was copied. She stated that POL was looking at the findings of the Interim Report in detail and investigating whether those findings had an impact on any historic or ongoing prosecutions. She hoped to be able to send the CCRC a more comprehensive response by the end of the week.

78. Please consider POL00006798 (Simon Clarke's advice on expert evidence dated 15 July 2013).

78.1. Please explain your knowledge and / or involvement with the instruction of Cartwright King to review the use of expert evidence in prosecutions.

560. I was not involved in instructing Cartwright King to review POL's use of expert evidence in prosecutions.

561. The extent of my knowledge at this time was that Susan Crichton was working with external lawyers to review past cases, as set out in my emails to the POL Board and Susan's update for the July 2013 POL Board meeting.

78.2. Did you read Simon Clarke's advice of 15 July 2013; if so, when? If not, were you briefed on it?

562. I did not read Simon Clarke's advice until after I had left POL, when it was made public in 2021 during the *Hamilton v Post Office* appeals to the Court of Appeal. I do not recall exactly what I was briefed about the advice in 2013.

563. I do recall that Susan told me, that as a result of advice given by an external lawyer, we had to commission a review to ensure that proper disclosure had been given in previous criminal cases. At around this time, I also had a conversation with Lesley Sewell. She also told me that POL had been advised that the expert witness that POL had used in criminal cases to give evidence about Horizon had failed to mention there were bugs in Horizon, including in the Seema Misra case. As a result, he had disqualified himself as an expert witness and POL would need to find itself a new expert for future cases. Lesley was unhappy about this, because she said the bugs were irrelevant to the cases in which the witness had given evidence. The issue was presented to me by Lesley as more of a practical problem than (as I now know it was) a serious legal

issue. I have no memory of being told by Lesley the name of this witness (who I now know was Gareth Jenkins): I was not told that the legal advice about the expert witness had been given in writing.

79. Please consider POL00006799 (Simon Clarke's advice on the duty to record and retain material dated 2 August 2013).

79.1. Please explain if and when you became aware of this advice.

564. I was not aware of the existence of Simon Clarke's advice of 2 August 2013 until after I had left POL, when it was made public in 2021 during the *Hamilton v Post Office* appeals to the Court of Appeal.

79.2. What steps did you and / or POL take in response to it?

565. I can recall being told by Susan Crichton that POL had been advised to set up a hub for Horizon-related information so that all relevant data was kept together, and there would be weekly calls to add new data. This seemed to me to be an entirely sensible suggestion, although I cannot recall being told that POL had received a legal advice to do this.

566. It may have been in the same conversation, or a separate conversation, but I remember Susan telling me that an external lawyer had criticised the Head of Security, John Scott, for directing that the discussions at these weekly meetings should not be recorded in minutes. I recall telling Susan that this was a stupid thing for John Scott to have done. I told her that she should speak to him to make clear that this was serious and unacceptable and that these meetings should be minuted.

567. I do not recall Susan mentioning anything about John Scott giving directions that emails and notes from these meetings should be "shredded". As far as I can remember, I only became aware of that when Mr Clarke's advice of 2 August 2013 was discussed in the media in 2021.

80. Please consider POL00006583 (Brian Altman KC's advice of 2 August 2013).

80.1. When did you read and / or were you briefed on this advice?

568. I did not know, because I was not told, that Brian Altman QC had produced his advice of 2 August 2013. I therefore did not read the advice and I was not briefed about it.

80.2. Did you or senior management give any consideration to Mr Altman's query as to whether non-disclosure by Gareth Jenkins was the only potential issue to review (see paragraphs 11 and 12)?

569. I was not aware that Brian Altman QC had raised this query. I do not know whether any other person in POL's senior management gave consideration to the query.

80.3. What, if any, steps did you and / or senior management take to the issues raised at paragraphs 15 and 24 of Mr Altman's advice?

570. I did not see Brian Altman QC's advice of 2 August 2013, but paragraphs 15 and 24 appear to contain his recommendations for Cartwright King to consider a number of legal issues.

81. Please consider POL00027667 (email from Susan Crichton to you dated 13 September 2013). What was your reaction to reading that Mr Altman "confirmed

that this duty [of disclosure] was ongoing and continued after conviction”?

571. I have no recollection of this email. Given that Brian Altman QC was an expert in criminal law, I believe that my reaction would have been to accept that this statement was correct. I do recall that I had asked Susan a number of questions about the removal of the Fujitsu expert witness and I am sure that Lesley Sewell did too. I know I wanted to understand the extent of the legal obligation, as this was now a serious undertaking involving external lawyers and a QC. I cannot remember what we discussed but this may be confirmation of what she had explained to me and to others about disclosure obligations.

82. Please explain POL’s basis at this point for not disclosing (a) the Second Sight interim report (b) the identification of bugs that led Simon Clarke to conclude that Gareth Jenkins had not complied with his duties as an expert witness and / or (c) the Helen Rose report to all SPMs convicted on the basis of data generated by the Horizon IT System.

83. On reflection, do you consider POL’s approach to have been justifiable? Please provide reasons.

84. Do you now consider this to have been a missed opportunity to seek the overturning of unsafe convictions nearly eight years earlier than in fact occurred?

85. To what extent did you rely on legal advice when making decisions in respect of what to disclose to persons convicted using Horizon data? Did you consider that advice to be adequate; do you now?

572. The question of what should have been disclosed to individuals who had been convicted of theft or false accounting is a legal issue on which I am not able to give an opinion. I do not recall the precise legal basis ever being explained to me, but I understood that our external lawyers (Cartwright King) were reviewing previous prosecutions and Brian Altman QC had been tasked with looking at their approach and POL's approach to prosecutions more generally. The message the POL Board and I received was consistently positive. See, for example, the summary given in Susan's update paper for the Board meeting on 25 September 2013, in which she explains that Mr Altman QC "*agreed with the approach taken by our external lawyers and confirmed that the protocol was well thought through being correctly applied in the cases he reviewed*" (at page 41 of (POL00027907)). I set out the updates I received on these issues in detail in my response to question 94 below.

573. I did not make any decisions about what should or should not be disclosed and I do not have the knowledge or expertise to say whether the disclosure of this material would have resulted in those convictions being overturned earlier than they ultimately were. I understood that those decisions were made by experienced criminal lawyers, acting in good faith and applying the law. I was reassured that Brian Altman QC had offered an expert second opinion which had concluded that the case review was being conducted properly. However, as a non-lawyer, it is not for me to say whether the advice POL received at the time was adequate.

Lessons Learned Review

86. Please consider POL00040029 (email chain on 29/30 August 2013 between you and Susan Crichton), POL00040032 ("Lessons Learned" Review of handling of alleged issues / concerns about Horizon: Terms of Reference) and POL00116123 (email chain between you and Alice Perkins on 6 September 2013).

86.1. Please explain why you commissioned the Lessons Learnt Review. What did you see as its objective?

574. Before I respond to this question specifically, there are two general points it is essential to make in order that the Inquiry understand my answers. The first is that 'lessons learned reviews' were a frequent practice we employed as a business. It was an important part of our culture to reflect on our actions and try to learn from them (I have addressed above the POL Board effectiveness reviews which set the example at the top of the business), so a "*lessons learned review*" was just that.

575. The second point to be made is that, in respect of this specific review, it changed and evolved over time, with different parts of the business taking ownership of different aspects as and when it became clear that they would be better suited to investigate them. In what follows, I try to trace the history of this review, but I must emphasise that I have been heavily reliant on the documents disclosed by the Inquiry in responding to questions on this topic.

576. I believe this Lessons Learned Review was formally initiated at the POL Board meeting on 16 July 2013. In my response to Question 74.4 above, I noted that the POL Board expressed strong views that the business had

not managed the Second Sight review well and stressed the need for better management and cost control going forward. In this meeting, Alice Perkins requested a review, which would report to the ARC, of how we had awarded and managed the Second Sight contract. Even prior to this meeting, I recognised that such a review would be useful: in my email of 9 July 2013, I wrote "*as we have already said, there will need to be a thorough lessons learnt as well as a way forward*" (**POL00099133**).

577. As is clear from the minutes of the POL Board meeting on 16 July 2013, the focus of this review was narrow, and it was envisaged that the review would be conducted quickly. Speed was important here: we had an ongoing working relationship with Second Sight, and this was as much about how we managed that going forward as it was about ensuring the good management of future projects.

578. The POL Board Action Log records that the task of taking the review forward was assigned to Susan Crichton (at page 12 of (**POL00021516**)). Because the POL Board had been critical of how the Second Sight investigation had been managed prior to this, it was particularly important to me that Susan who had been and continued to be the lead Director understood the purpose of the review and supported it. At 06:49 the day after the POL Board meeting, I sent an update to Susan setting out an overview of the ongoing workstreams arising. I can see that we arranged to meet and to discuss this (amongst other things, notably her dissatisfaction at being stood down from the meeting by the Chair) (**POL00108019**).

579. My 'update on the work programme arising from the Horizon report' dated 26 July 2013 records that the work had already begun (at page 8 of **(POL00006590)**):

"In response to the Board's request for a post-mortem, Internal Audit has now been tasked with carrying out a review of our response to the Second Sight investigation, reporting to the ARC. The terms of reference will be agreed with the Chair of ARC over the coming weeks."

580. As this indicates, the original intention was for this review to be carried out internally by Internal Audit ("**IA**"). IA is an independent body within the organisation which reports to the Chair of the ARC. Assigning this work to the IA team was a significant step which indicated the depth of the POL Board's concerns.

581. I subsequently went away on holiday and, when I returned, Alice Perkins told me she had approached Richard Hatfield to undertake the review. I can see from an email from Richard Hatfield to Alasdair Marnoch on 14 August 2013 that the proposed terms of reference had grown far wider than the POL Board had initially requested and, with that widened scope in mind, Richard Hatfield described the 20-day turnaround time proposed as "*quite tight*", suggesting instead a deadline of the end of October (at page 4 of **(POL00108064)**). I was not involved in the appointment of Richard Hatfield and did not know him. I came to understand that he had expertise in large-scale reviews of organisational culture.

582. In his reply of 15 August 2013, Alasdair indicated that he would need to clear Richard Hatfield's proposed terms of reference with Alice and me.

He also questioned the proposed involvement of third parties because the review had been envisaged as an internal exercise and, as he notes, the report "*will be more forthright if it is only for internal purposes*" (at pages 2 to 3 of (POL00108064)).

583. The comment that he would need to clear the terms of reference with me to ensure my "*proper buy in*" I believe, partly reflects the fact that I did not know Richard Hatfield and had played no role in choosing him. I believe that the Chair of ARC recognised that I would naturally want to understand more about Richard Hatfield and the work proposed. However, my involvement was also seen as important in terms of managing team dynamics. My recollection is that the relationship between Alice and Susan had broken down somewhat, but as noted above, there was also a continuing need to ensure that Susan remained on board with the review. In his email of 20 August 2013 to Richard Hatfield, Alasdair wrote that he had spoken to Alice and me and there were concerns about refining the scope and sponsorship of the review (at page 2 of (POL00108064)). My recollection is that I was asked to sponsor the review because, if I was supportive of it, that would encourage Susan to buy in to it as well. I was her boss, but I also think (and would hope) that she trusted me.

584. Throughout this time, I was concerned to manage Susan's perception of this review and to ensure that she understood its aims and value. I had spoken to her the previous day, so that the draft did not come as a shock and I emphasised that "*the intention is to approach it positively, to see*

what lessons can be learned to help us manage the business in the future” (at page 1 of (POL00040029)). I wanted her to understand that the aim of the review was not simply to assess her individual actions and performance.

585. I met with Richard Hatfield and I agreed to sponsor the review. In an update circulated to the Board by Alwen Lyons on 28 August 2013, I wrote that (at page 2 of POL00027792)):

“I am also in the process, with the help of Alasdair and Alice, of setting up a lessons learned review to understand what we could have done better in the independent review carried out by Second Sight, but also to understand how the Business responded to the Subpostmasters’ challenges and whether our process for dealing with balance queries, suspensions, prosecution etc. were fair.”

586. The objective set out by the POL Board was to understand how we awarded but especially how we had managed the Second Sight contract. The need for this was two-fold: first, to ensure better management and cost control for the Second Sight investigation going forward and, second, to bring that learning to bear on future projects involving external consultants.

86.2. Please expand on the following in the draft terms of reference (POL00040032) “What is the function(s) of Horizon? When it was developed / introduced – were there problems? Who is responsible for a) day to day operations b) the system c) overall integrity process”. Had this work not been carried out already in responding to SPM complaints; if not, why not?

587. On 29 August 2013, I received a copy of the draft terms of reference, which I forwarded to Susan Crichton. As I say in my email, I had discussed them with "Richard" (this was Richard Hatfield) and Alwen. I noted a need to avoid "scope creep," saying (at page 1 of **(POL00040029)**):

"We flagged potential pitfalls, especially around going back too far, or spending too long on cultural issues we are already aware of, (acknowledging that Richard will need to explore some of this ground as context and I am keen to have his observations). Richard is also very aware of not duplicating existing work."

588. The draft terms of reference themselves (**(POL00040032)**) are a brief document accompanied by a two-page appendix. In the first two pages of this document, Richard Hatfield sets out the draft terms of reference including the background to the review, which notes that it is one of several pieces of follow-on work commissioned by POL further to the Interim Report. His draft states (at page 1 of **(POL00040032)**):

"The purpose of the review is to not duplicate the work already done or under way; nor is it intended to investigate individual cases. Rather it is an internal review to see a) whether there are any lessons to be learned by the Post Office about how it handled the work leading up to the Second Sight interim report, in relation to process, governance and stakeholder engagement; and b) to highlight any cultural observations, which could be of use as the business continues its transformation to more mutual ways of working."

589. The draft terms of reference set out a three-point scope (at page 1 of **POL00040032**):

- a. To identify what POL could have done differently, so that POL and its stakeholders (he refers to Lord Arbuthnot, the JFSA, and Second Sight) could have worked collaboratively and constructively from the start;
- b. To identify whether the changes already made to how the Second Sight investigation is proceeding reflect good practice and, if there are gaps, to identify them; and
- c. To identify what broader cultural lessons can be learned.

590. The reference to not duplicating work was important. The POL Board had originally requested a review with a narrow, practical scope, which could be conducted quickly so that it could usefully inform POL's relationship with Second Sight going forward. There were several different workstreams ongoing at this time and I was conscious that the process needed to be efficient and focused to be valuable. While I understood that cultural issues formed the background context to his review, they were not the focus of it.

591. As set out above, the draft terms of reference are accompanied by a two-page Appendix in rough note form, which sets out a series of bullet points and questions grouped by topic. This gives an indication of how Richard Hatfield intended to go about his review.

592. In a section entitled “*Background – preparation for the report only*” Richard Hatfield has written (at page 3 of (POL00040032)):

“Establish basic understanding of PO organisation and identify potentially relevant responsibilities. How does the relationship with SPMs work? What is the function(s) of Horizon? When it was developed / introduced – were there problems? Who is responsible for a) day to day operation b) the system c) overall integrity of process.”

593. I am asked whether this work had already been carried out in responding to SPM complaints and, if not, why not. I think this question indicates a misunderstanding. This part of the document is not part of the terms of reference. It is instead explaining the background information which Richard Hatfield and I had discussed he would need to enable him to prepare his report, hence the title of the section “*Background – preparation for report only.*” Certainly, there would be no need for POL to commission an external review in order to “*establish basic understanding of POL organisation.*” Here, Richard Hatfield is setting out his methodology and process. The next paragraph states “*(e)stablish outline of chronology of relevant events in order to arrange and structure initial interviews,*” which would seem to support this interpretation.

86.3. Why did the draft terms of reference (POL00040032) state that the matters under “*Early Indicators?*” were “*not to be reported on*”? Had this work not been carried out already in responding to SPM complaints; if not, why not?

594. The next section within the Appendix is entitled “*Early Indicators? – preparation for the report only (ie not to be reported on)*”. I am asked

whether this work had been carried out already in responding to SPM complaints and, if not, why not.

595. As with my answer to Question 86.2. above, this section of the document is contained within the Appendix to the draft terms of reference. Richard Hatfield was not setting out the terms of reference but rather his methodology and a rough indication of how he intended to approach the task of preparing his report. This was not work which we were proposing he complete as part of his review. It related to background matters he would need to understand in order to conduct the review.

86.4. Why was “going back too far” a “potential pitfall”, as you describe in your email of 29 August 2013 (POL00040029)?

596. In my email I note that, having reviewed Richard Hatfield’s draft terms of reference I had raised with him the need to avoid “scope creep.” I then wrote (at page 1 of (POL00040029)):

“We flagged potential pitfalls, especially around going back too far, or spending too long on cultural issues we are already aware of, (acknowledging that Richard will need to explore some of this ground as context and I am keen to have his observations). Richard is also very aware of not duplicating existing work.”

597. There were two central reasons why I considered that going back too far would be a potential pitfall:

- a. First, as I have explained above, the objective set by the POL Board was to understand how we awarded and managed the Second Sight contract.

Given this, the report needed to focus first and foremost on our interactions with Second Sight and the time period during which they occurred. Although I recognised that Richard Hatfield would need to go beyond this to some extent to understand the context in which these interactions had occurred, the review itself needed to focus on quite a specific period of time to serve its purpose.

- b. Second, this review had been commissioned with a narrow, precise scope so that it could be produced quickly and therefore play a useful role in informing our existing relationship with Second Sight and how we managed that going forward. I was concerned when reviewing this draft that it could create overlaps, especially on cultural work elsewhere and not deliver on the matter in hand.

86.5. Why were the various issues and recommendations raised by Simon Clarke and Brian Altman KC in respect of the handling of past convictions not included within the scope of this review?

598. The objectives of the review (see my response to Question 86.2 and (at page 1 of (POL00040032)) were: to identify what POL could have done differently, so that POL and its stakeholders (he refers to Lord Arbuthnot, the JFSA, and Second Sight) could have worked collaboratively and constructively from the start; to identify whether the changes already made to how the Second Sight investigation was proceeding reflected good practice and, if there were gaps, to identify them; to identify what broader cultural lessons could be learned.

599. Accordingly, I would not have expected the work being done by Cartwright King or Brian Altman QC to appear in this review as their work focused on issues of law rather than operational matters. As was set out in the draft terms of reference, this was expressly not about examining individual cases, whereas that was the focus of the Cartwright King review. To the extent that I was aware of the work being done by Richard Hatfield, Brian Altman QC, and Simon Clarke, I considered that they had different aims and objectives.

86.6. What was the outcome of this review?

600. This review had originally been conceived as a focused, internal exercise which could usefully feed into our ongoing management of Second Sight's work.

601. By 6 September 2013, I had discussed the issues with Alice Perkins. I can see that I mention the possibility of standing Richard Hatfield down in my email of 10:49 (though had not done so yet) (at page 1 of (POL00116123)). Alice replied at 11:49 saying she had not understood that the proposal was to stand him down and asking for my reasoning with reference to other options we had considered, including drafting much narrower terms of reference. She refers to a comment I had made about the difficulty in conducting the review given changes in personnel (at page 1 of (POL00116123)).

602. I replied at 13:04, clarifying my comments, and saying (at page 1 of (POL00116123)):

“...if Susan and Simon Baker had left the business, then we couldn’t effectively do Richard’s review. I heard you say that you had the same thought. I felt we should stand him down, as the context is now different.”

603. As I mention above, both Susan Crichton and Simon Baker had been involved in managing and overseeing the project; the approach to project management during their time was to be considered and likely to be criticised in the review. In my email of 13:04 I suggested that, once those involved had moved on, the business could conduct the review internally, as originally intended. As my response shows, I was still keen to undertake the review and, indeed, Martin Edwards was drafting revised terms of reference at that time.

604. Once she understood my explanation, Alice agreed with the proposal to stand Richard Hatfield down and I can see from my email to Alasdair Marnoch on 11 September 2013 that we had taken that step. In that email, I noted that the revised terms of reference were *“more tightly focused on our internal handling of the investigation”* and proposed the use of an internal facilitator (as originally intended), with the opportunity for external challenge and input on the conclusions (at page 2 of **(POL00108113)**). I can see from my email of 21:21 that day that I already had Belinda Crowe in mind as a person well placed to conduct the review, as she ultimately did (at page 1 of **(POL00108113)**).

605. Belinda was highly recommended by Alice. Belinda had worked as a project director in Treasury at the time when Alice also worked there. Alice was sure that her experience of dealing with complex situations,

multiple stakeholders and particularly delivering on sensitive projects would be excellent. I recall that she had taken early retirement but agreed to change some personal plans and was brought in on a short-term contract to see the work through.

606. At the POL Board meeting on 25 September 2013, I provided an update explaining that an internal lessons learned review, led by Belinda would be undertaken for Project Sparrow over the next few weeks (at page 8 of **(POL00021518)**). There were then frequent updates to the POL Board regarding this report, although it was delayed by several months. For example, the POL Board Status Report dated 16 January 2014 noted that the review would be presented to the February 2014 ARC (at page 2 of **(POL00027472)**), see also the minutes of the POL Board on 21 January 2014: (at page 5 of **POL00021521**)), but this did not in fact take place. At the POL Board meeting on 26 March 2014, the POL Board requested that Belinda provide “*a one page lessons learned covering 3 or 4 areas by the next Board meeting*” (at page 3 of **POL00006564**)).
607. The review ultimately culminated in a paper prepared by Belinda dated 24 April 2014, which made a number of recommendations (**POL00100592**). This was presented to the ARC on 15 May 2014. The minutes record that Belinda's paper was discussed and its recommendations were considered (at pages 4 to 5 of **(POL00021426)**). As indicated in those minutes, the ARC noted the need to introduce a formal protocol for an enterprise-wide response to crises, risks, and high-profile issues and the possibility of establishing an in-house team for this

purpose. Chris Aujard was tasked with raising the matter at the ExCo with a view to bringing the proposal to the POL Board in due course.

The establishment of the Initial Complaint Review and Mediation Scheme

87. Please consider POL00027792 (email from Alwen Lyons to Alice Perkins and others on 28 August 2013), POL00099510 (email chain between you and Alice Perkins on 28/29 August 2013), POL00116131 (email from Martin Edwards to you dated 24 September 2013), POL00116132 (attachment to the prior email) and POL00116136 (note of meeting with Sir Anthony Hooper on 24 September 2013). Please describe your involvement with the implementation of the Initial Complaint Review and Mediation Scheme (“the Mediation Scheme”) as well as POL’s conduct in relation to the same. Please explain to what extent you communicated information about complaints about the Horizon IT System and POL’s response to the same to the Board, ShEx/UKGI or BEIS. Without limiting your answer, please address the following issues:

608. By June 2013, there was a recognition that the work that Second Sight was doing needed to be brought to some kind of closure and we were looking at how that might be achieved. I can see from his email of 4 June 2013, that Lord Arbuthnot communicated this to Ron Warmington and Ian Henderson. In that email he referred to a conversation he had had with me where I had proposed that any further cases submitted be investigated in-house by the Company Secretary and asked for them to consider this (at page 2 of (POL00098459)).

609. An email sent by Janet Walker on behalf of Lord Arbuthnot on 13 June 2013 indicates that he had discussed this with Alan Bates: “James

touched on the point Paula has made about potentially bringing the investigation of further cases in-house within the Post Office. Alan said he was not entirely comfortable with this, but James persuaded him to put this matter into abeyance for the time being, and Alan agreed" (at pages 4 to 5 of (POL00098592)).

610. As noted in Lord Arbuthnot's email of 4 June 2013, the Second Sight investigation had, by this point, run for longer than anticipated and at higher cost, and we had concerns about the quality of the work being produced. More generally though, it was never intended that we would retain Second Sight indefinitely. Ultimately, as a matter of good business practice, you would always look to bring learning and skills back into the business, rather than bear the cost of hiring external consultants on an ongoing basis. However, there was always an intention to improve mechanisms for SPMs to be involved and raise complaints, for example, through a 'Horizon User Group' made up of existing SPMs, which was being considered as part of the Business Improvement Programme.

611. I can see that Alan Bates emailed me on 4 July 2013 suggesting that POL could use an external independent adjudicator to review cases (at pages 2 to 8 of (POL00099013)). I can see from this email chain showing our internal discussions that we considered this proposal. In his email of 4 July within that chain, Mark Davies noted that we had just proposed the Branch User Forum and "*a working group to review our processes around support and training*" (at page 2 of (POL00099013)).

612. My initial thoughts were that the idea had merit, but I preferred an ombudsman or independent expert to an adjudicator. At this stage, I recall that what I really wanted was a way through the difficulties and a resolution of the complaints being made which both sides could be satisfied with. I can see that I met with Lord Arbuthnot on 5 July 2013 and we discussed these suggestions and the issues surrounding them, which were myriad (**POL00115958**). I recognised that there was a real need for SPMs' voices to be heard, there was also a desire for independence, but we also needed a process which could provide resolution and finality for those involved.
613. The next day, on 6 July 2013, I provided an update to the POL Board, setting out the progress of these discussions. I noted there that Alan Bates' main focus was less on the computer system, but more on the human issues: "*how in his view Post Office failed to support and help vulnerable and 'muddle-headed' [sic] Spmrs*" (at page 1 of (**POL00115961**)). The phrase 'muddle-headed' was Alan Bates' terminology and I repeat it here without any intention of disrespect. I understood him to be attempting to capture the concern that these problems arose primarily because SPMs needed more help and support to work with the Horizon system and that providing that support could avoid these problems in future. I suggested that we work closely with Alan Bates, rather than indirectly through Second Sight, to provide reassurance to him and others on this issue.

614. Later that day I exchanged emails with Alan Bates and then sought input from Mark on what was discussed. His email of 16:46 draws out a key issue at this time which is that the processes being put in place needed to be both backwards-facing – to arrive at resolution on the existing MP and JFSA cases – and forwards-facing – to provide an ongoing programme of support and improvements going forward (at pages 2 to 3 of **(POL00099051)**).
615. Mark noted that the working party being proposed by Alan Bates could “*take over*” the Second Sight review, with POL and the JFSA working collaboratively to resolve the remaining cases, perhaps with the oversight of an external party. He suggested that this would carry the risk of looking at historic cases which had been decided by the courts, but it would also enable us to complete the work Second Sight had been asked to do. Martin Edwards’ comments at 20:08 within this chain show that it was still a live question at this point whether the existing cases would be best resolved through the Working Group or through more direct one-to-one engagement with MPs. He also expressed a concern about having the JFSA so directly involved in resolving individual cases.
616. I did not share this concern and was content for the JFSA to be involved in looking at cases. Throughout this process, my view was that we needed to be open with them. My response of 21:46 to these emails (at pages 1 to 2 of **(POL00099051)**) makes clear that I imagined that we would be working collaboratively with the JFSA to resolve past cases. I also foresaw that the JFSA might play an important role in reviewing the

findings of any review of past prosecutions conducted by our external lawyers. Nonetheless, I took seriously the need to consider all angles and so (as recorded in my email) I asked Susan Crichton to advise on the legal implications of the options being considered.

617. On 8 July 2013, I provided an email update to the POL Board. I can see from this that JFSA's involvement had been confirmed (**POL00099126**). I noted that Lord Arbuthnot was determined that the review of past prosecutions remain part of the review process. As I noted to the POL Board, we were already planning to engage our external lawyers to conduct a review of the implications of the report for past prosecutions, but this would be kept separate from the wider review.

618. In the press release statement on the findings of the Interim Report dated 8 July 2013, I set out three new initiatives including the creation of a working party including MPs and the JFSA, tasked with completing the review of cases started by Second Sight (**POL00090219**). This was not to say that Second Sight would not continue to have a role. However, it reflects the wider issues noted above that, even leaving aside the concerns being passed to me about the quality of the work that Second Sight had produced, it was never the intention that they would become a permanent fixture (**POL00099510**): that is simply not the purpose of external consultants.

619. Those at POL working closely with Second Sight repeatedly expressed their concerns to me about the quality of Second Sight's work, the delay, and whether they had the expertise to assist going forward. However,

against this, there was a firm (and understandable) desire amongst MPs for Second Sight to remain involved and we had to respect this: POL is a public body and the MPs are our shareholders. As is clear from Mark's email of 9 July 2013, the day after the release of the Interim Report, it was already understood that Second Sight would remain involved, and our attention had shifted to how we could support them to bring the investigation to a timely resolution (at page 1 of **(POL00099146)**).

620. At this point I was managing competing priorities from different sides: the MPs wanted their cases looked at and wanted Second Sight firmly involved, but the Board was dissatisfied with the fact that Second Sight's investigation had run over time and over budget. I had to navigate a way through this that would give us what seemed most important to me: the resolution of the cases for the SPMs and for POL. Regardless of the outcome of the Second Sight investigation, our main priority had to be finding a way to achieve resolution.

621. That was one fundamental intention behind the establishment of the Mediation Scheme. I can see that **(POL00116076)**, an email from Mark Davies to me sent on 15 July 2013, reflects some of this thinking. Here he suggests an independent panel, "*chaired by a QC or perhaps a former MP/peer*" to which we proactively encourage SPMs to submit their cases for evaluation or, in Mark's terms, "*judgement*". This would run alongside the final Second Sight report and allow us to achieve finality for those involved and for POL. As Mark says there it was an opportunity to make a big statement about the kind of business we were and intended to be

going forward. I agreed: resolving the cases would be good for the SPMs and it would be good for POL.

622. By 19 July 2013, this new proposal was being described in terms of mediation as set out in an email from Simon Baker to me that day. He records a list of actions, including communicating the proposal to Second Sight, Alan Bates, and Lord Arbuthnot (**POL00117036**). The reasoning behind the proposal was set out by Simon in this email: (a) it would provide independence through Second Sight and an independent mediator; (b) it should be faster as Second Sight and the mediator could share the workload; (c) it would provide a professionally trained mediator and so, hopefully, would bring resolution; and (d) it would get Second Sight out of the role of both mediator, judge, and "*sub postmaster advocate(s)*" so that the process could continue after the MPs' cases had been completed.

623. Although I do not recall this email, I recognise the thinking behind these factors. I think it is a recognition of the fact that Second Sight were themselves in a challenging position. In a POL Board update sent on 26 July 2013 (at page 2 of (**POL00006590**)) which I discuss in more detail below, I note that:

"(T)heir approach of seeking to reconcile the conflicting evidence and views of the Post Office and sub-postmasters – which stems from James Arbuthnot that they needed to 'keep the JFSA onside' – is pushing them into an almost impossible situation, which both extends the time taken to conclude each case and, more worryingly, creates a tendency for them to

place greater weight on the sup-postmaster's [sic] version of events, irrespective of the evidence we present."

624. I believe that the reference to the difficulty in Second Sight being mediator, judge, and SPM advocate is a reference to the same kind of impossible situation I described here.
625. Throughout this time, we were also trying to manage the cost of Second Sight's engagement going forward. As noted above, the investigation had overrun in time and cost and it was a significant concern to the POL Board that, despite this, Second Sight had not finished the work they were tasked with completing having, so far, only produced an Interim Report. The budget for this project had essentially been exhausted and the Board felt that POL had paid for work which had not been completed. Alongside this, POL was now going to have to fund the Mediation Scheme, at further cost. As discussed in emails between Susan Crichton and me on 22 July 2013 (see (**POL00099341**) and (**POL00099342**)) we engaged in robust negotiations with a view to persuading Second Sight to either complete the further work within the original budget or at a severely reduced rate. From recollection, the proposal that they complete the work pro bono was a negotiation tactic which was originally suggested by the POL Board.
626. This increased focus on management is also clear from an email I sent on 21 July 2013 in advance of the meeting on 22 July to discuss the proposal with key figures involved (see below) (**POL00108037**). This records that Alasdair Marnoch was to be fully briefed in his capacity as

Chair of the ARC to make any challenges he saw fit. As I say here, it was important that we could demonstrate concrete proposals for monitoring progress and keeping the POL Board updated. I was aware that, prior to this, the POL Board had had relatively little exposure to the work, and I wanted them to understand the complexities of the project by bringing them in closer. The POL Board had significant commercial experience but, with the exception of the Chair and perhaps the Chair of the ARC, little experience of public and political stakeholders in something this complex. I felt strongly that bringing Alasdair in would assist us by providing constructive challenges and enhanced support.

627. On 22 July 2013, Susan, Mark and I attended a meeting with Ron Warmington, Ian Henderson, and Lord Arbuthnot, to discuss the proposed mechanics of the Mediation Scheme. I can see that we discussed the provision of an independent advisor to assist SPMs in preparing material but also explained that we did expect costs to be controlled and overseen by the 'MOB,' which although I do not now recall the name, is the Monthly Oversight Board ("**MOB**") (**POL00099354**). I recall being pleased that we were working collaboratively together.

628. A detailed update was prepared, which I sent to the Board dated 26 July 2013 (**POL00006590**). This set out the different workstreams and their objectives, including: the completion of the review of cases started by Second Sight; continuing to review disclosure obligations in cases subject to criminal prosecutions; identifying improvements to be made in training and support; and reviewing how best to resolve disputed cases

in the future. Resolving the existing cases, with Second Sight's involvement, was of central importance. However, the previous way of working had not enabled them to do this.

629. The report sets out the changes we intended to make so that we could achieve resolution, including by providing them with senior level resource to respond to queries and ensure they could prepare an accurate evidence base quickly and efficiently and by restricting their remit to preparing an impartial evidence base from which an independent mediator could assist the parties in agreeing a resolution. My belief was that this process would still identify any shortcomings on the part of POL (as noted at paragraph 7 and paragraph 26) and so would allow us to make changes to our ways of working where these were warranted (at pages, 2, 6 and 7 of (POL00006590)). I recognise here that there may be cases where financial compensation is warranted but that was not the fundamental purpose of the Mediation Scheme and such payments would be the exception rather than the norm (at pages 2, 6 and 7 of (POL00006590)).

630. The desire to achieve better management and oversight of Second Sight's investigation going forward, and to ensure that costs did not continue to spiral as they had previously, was an ongoing concern at this time. The POL Board was provided with a table of estimated costs at paragraph 25, although these were necessarily provisional (at page 6 of (POL00006590)). The anticipated costs included improvements to the helpline and to our IT and other processes, aimed at preventing future

problems arising. These included an investment in software designed to highlight high-risk situations / opportunities such, as amongst other things, flagging where SPMs made repeated calls so that support could be proactively offered. From memory, I believe this was led by Angela Van Den Bogerd and was called Horice (an acronym).

631. I can see from (**POL00118496**), an email I sent to Alice Perkins on 26 July 2013 about a meeting I had had with Susan, that management of the project and of costs in particular (including the negotiations with Second Sight) remained a central concern. I set out three key objectives: costs control; discipline and delivery and monitoring of work in progress; maintaining close and frequent communication with JFSA / Alan Bates. It is natural that costs were a central theme. As a publicly funded organisation we had responsibilities to the public and to our shareholders to ensure that we were managing our costs efficiently.

632. Susan updated me and others in an email at 11:53 on 26 July 2013, which detailed a workshop attended by Alan Bates and Second Sight on 25 July 2013, where the proposed scheme had been discussed in detail (**POL00116113**). This felt constructive, although it was clear that there remained areas of disagreement. I can see that there was discussion of who would fund the provision of an independent advisor to assist SPMs. This would assist SPMs and of course would also improve the efficiency of the process by ensuring that the necessary details were provided in the first instance. Susan emphasised again to Second Sight that there was "*considerable internal concern about the time and money taken so*

far” as I have noted above. Alan Bates considered that this should be paid for out of central government funds, but POL was already subject to budgetary pressures from ShEx, as well as compensating SPMs for Post Office closures and conversions as part of the Network Transformation. We were tightening our belts in every area – it was by no means just this project where costs were a concern – and I did not consider that we could secure funds from the government for this. This was an operational matter for POL, which it would be expected to fund itself.

633. On 26 August 2013, the POL Shareholder team shared a draft mediation pack, draft press statement, and draft letter to MPs with ShEx updating them on progress (**POL00099504**). A copy of the draft mediation pack had already been sent to Lord Arbuthnot on 21 August 2013 (**POL00095442**).

634. (**POL00116114**) records the response from members of the POL Board to my update paper discussed above (**POL00006590**). Alice's email to the POL Board sent on 31 July 2013 refers to the need to ‘pin down and cap SS’s costs’ and to cap their involvement at the 47 existing cases. For my part, I recognised that Second Sight would remain involved and did not consider that we could or would draw a line at 47 cases: they would remain involved until their work was complete. However, I shared these broad concerns about the situation: POL had hired Second Sight to get to the bottom of the cases and find out what was going on and they had not done this. Reflecting on this now, if they had completed those individual cases then we might have got closer to the real problem – the

large numbers (600+) of unknown bugs and defects being corrected by Fujitsu without POL's (as I believed at the time) or my knowledge.

635. On 28 August 2013, I provided an update to the POL Board addressing the announcement of the Mediation Scheme, amongst other things. I explain in summary terms how the Mediation Scheme would work, noting my central aim of achieving resolution to the complaints that had been made. I explained to the Board that *"(t)here is the clear risk that in some cases the sub-postmaster will argue that financial compensation is appropriate, which again will have to be assessed carefully on a case by case basis"* and outlined how financial settlements will be managed (at page 1 of **(POL00027792)**).

636. I can see that Alwen Lyons prepared the initial draft of this note on 27 August 2013 and I responded with my comments, cc'ing in Susan for her input **(POL00116218)**. I noted that the POL Board will want to know the risks of mediation, including the financial risk of compensation payments, and receive reassurance on how POL would manage these. That kind of oversight was essential to the POL Board's role and I knew we had to be upfront about the financial risks in explaining this to them. The parts in my final note relating to costs reflect this.

637. In my email I say, *"when we discussed this, the hope of mediation was to avoid or minimise compensation but as far as I can see, the pack doesn't really suggest any other outcome"* (at page 2 of **(POL00116218)**). This referred to a conversation I had had with Susan about the purpose of mediation and what value it could add. Although I expressed this badly,

I was making the point that we needed to clearly emphasise that the aim of mediation was resolution, not simply paying compensation to close an issue. As the final POL Board note shows, it was always understood that compensation would be paid in appropriate circumstances, but I felt it was extremely important that everyone involved (including the POL Board) understood that the aim was to achieve resolution: that was the real value of the Scheme. I did not want it to be misunderstood as simply being a compensation scheme so we had to be clear that, although compensation was possible, there should be no expectation that it would be the end result in every case.

87.1 What was the purpose and objectives of the Mediation Scheme?

638. As I have set out in detail above, the Mediation Scheme had several objectives. The most important one for me was that it offered a way to bring resolution to seemingly intractable cases, which would be good for the SPMs and good for POL. I recognised that it was vital that SPM voices were heard and essential that POL engage in meaningful dialogue with SPMs, recognising where we had fallen short and identifying improvements and, in appropriate cases, providing financial recompense.

639. Crucially, the Mediation Scheme also offered a way to complete the review with which Second Sight had been tasked in an independent, fair but also efficient (and cost effective) manner. The Second Sight investigation to date had seemed unable to achieve resolution and the Mediation Scheme offered a route through this. By finding new ways of

working with Second Sight we could ensure that they were adequately supported to complete the work in a way which would not compromise their independence (and so, the value of the end result). Closer, more collaborative, working would also ease the transition when Second Sight's work came to an end and allow us to bring that work back in-house, as we intended to do.

87.2 In your note dated 28 August 2013 (POL00027792), why did you write “There are a range of outcomes, from an acceptance that...the subpostmaster was at fault and that no specific redress should will [sic] be required; to recognition that the Business could have more effective support which will feed into the process re-engineering work now underway”. Did you not consider that one of the outcomes may have been that SPMs’ complaints may have been caused by BEDs?

640. My view was always that, if the review was conducted thoroughly, particularly by re-looking at individual cases, any BEDs would be identified. In my note I refer to Second Sight's remit being the specific task of preparing an impartial evidence base. Working impartially, Second Sight would flag any BEDs, of that I was sure. Additionally, I refer several times to the fact that this approach should enable us to identify “shortcomings” and make changes where these were needed (at pages 2, 6 and 7 of (POL00006590)). I was not intending here to set out an exhaustive list and I accept I could have been clearer about BEDs - but both I and the POL Board knew that the identification of BEDs was one possible outcome because we had already received the Interim Report

by this stage. I think it was also true that although open to the possibility, I / the POL Board did not expect to find many bugs at all; our understanding was not that there were 600+ as became known but that there had been three, which it was understood had been dealt with satisfactorily.

641. The minutes of the Working Group (at page 2 of (POL00026641)) illustrate POL's continued openness to the potential existence of BEDs: *"Clause 4.10 was ...accepted subject to the Post Office commitment (which was reaffirmed in the meeting) that should they make any firm admissions during the mediation on the basis of a newly discovered flaw or fault in Horizon... they would report this back to the Working Group."*

642. It should be borne in mind that the purpose of this document was not to outline all the possible outcomes of this process. I was conscious that the POL Board had concerns about the delay and cost of the Second Sight investigation to date and here I was setting out a programme of future work which would require yet more resources and costs. It was essential that they understood the purpose and value of the Mediation Scheme and that was what the document was trying to convey.

87.3 What were Alice Perkins' views on the scheme and its terms of reference?

643. On 28 August 2013, I exchanged emails with Alice Perkins about the terms of reference for the Mediation Scheme. In her email of 15:24 she states *"(y)ou should by now have my thoughts on the TOR"* (at page 1 of (POL00099510)). I have not been able to identify precisely what this refers to but believe it is likely to refer either to a separate email or a

printed and annotated document. I do not think I have yet seen the document or email, if the same has been disclosed to the Inquiry. I have no independent recollection of what it might contain but would be happy to comment if the Inquiry is able to locate and provide me with that document.

644. Although I do not recall precisely what this reference was to, as I have noted above, Alice had several key concerns throughout including: (i) controlling costs; (ii) ensuring that Second Sight did not become a permanent fixture; (iii) ensuring good management and effective reporting lines back to the Board; and (iv) ensuring effective corporate governance of the project going forward.

87.4 Please explain what you meant by “Angela will work hand in glove with SS over the next few months to enable this, and as importantly, to give SS the reassurance that they can safely hand over to her” in your email dated 28 August 2013 (POL00099510). Why did you intend to phase out Second Sight at this stage?

645. In the series of emails with Alice Perkins on 28 August 2013, we discussed costs going forward and I stated that (at page 1 of (POL00099510)):

“The intention is for Second Sight to have finished their work by year end (I think calendar year?). And then for any ongoing activity to be handed over to Angela and her team, so that it becomes a BAU process. Angela will work hand in glove with SS over the next few months to enable this, and as importantly, to give SS the reassurance that they can safely hand

over to her. So far, I understand this is working well and they have expressed respect for her input and capability.”

646. I can see that Chris Day provided further explanation later on in this email chain where he provided specific details of Second Sight’s costs going forward and noted (at page 1 of **(POL00099513)**):

“SS have agreed to transition out (subject to our in house team being sufficiently competent/independent in both carrying on with existing investigations and supporting SPMRs appropriately) over the coming months; depending on (a) the incidence of new cases arising, and (b) the rate of take up of the mediation scheme, Susan’s view is that this is likely to be achievable by the end of this calendar year or latest first quarter 2014.”

647. This provisional handover is also noted in Susan Crichton’s update of 30 August 2013 where she explained that a cost cap had been agreed with Second Sight and *“(t)hey have also agreed that subject to Angela and her team being able to provide the right level of investigative support to subpostmasters they will hand over the work to her, we are aiming to put that process in place by the end of the year”* (at page 1 of **(POL00108087)**).

648. These emails provide a good overview of our intentions for the Mediation Scheme going forward. As I have noted above, no organisation wants to retain external consultants indefinitely: POL looked to bring knowledge and skills in house – if possible, so as to become a BAU process. We had this in mind throughout and discussed how that transition could occur

with Second Sight. However, as the above discussions make clear, there was never a hard and fast cutoff date for Second Sight's work and the handover was always subject to caveats, most importantly, Second Sight being satisfied that POL had the competence and independence to do the work.

649. When I suggested to Alice that Second Sight's work was likely to be completed within the year (and hopefully the calendar year), that was my expectation based on how long I expected their review to take, not a suggestion that we would end their involvement on an arbitrary date. We had already dismissed the viability of simply imposing a deadline because it would not be credible or in the best interests of the business overall (see my POL Board update of 26 July 2013: (at page 3 of **(POL00006590)**)) and it was certainly foreseeable that their work would continue until the end of the financial rather than calendar year: my update to the POL Board of 28 August 2013 envisaged that the work would be concluded by March 2014 (at page 1 of **(POL00027792)**).

650. As I have explained in several places above, one fundamental requirement going forward was that POL bring the skills, experience, and learning from the Second Sight review in-house. Although there were concerns about the quality, cost, and timeliness of Second Sight's work, this would have been an aim of the business in any case where external consultants were engaged. We would never look to retain external consultants indefinitely and it would not be a responsible use of public funds to do so.

651. However, as these discussions show, although we were looking for that reason to phase out Second Sight's involvement, that intention was caveated and subject to the more fundamental requirement that the cases be resolved in a way which was fair and which was seen to be fair. Ultimately, the intention was always that Second Sight would finish the task with which they had been assigned before their involvement came to an end, even though I understood why some on the Board such as Alice wanted their involvement to be curtailed more swiftly.

88. Please consider POL00066817 (email from Martin Smith to Susan Crichton dated 26 September 2013). Were you aware of this advice; if so, how did it affect POL's position in respect of convicted SPMs?

652. On 24 September 2013 Alasdair Marnoch and I met with Sir Anthony Hooper, (Martin Edwards also attended) to explain the purpose and requirements of the Mediation Scheme and assess his suitability for the role of Chair. Prior to this meeting, Martin had sent me a briefing for it ((see **POL00116132**) and Martin's email providing that briefing (**POL00116131**)).

653. Although my recollection of the meeting itself is limited, I recognise the points detailed in Martin's note (**POL00116136**) which he produced and emailed to Alasdair Marnoch, Susan Crichton and me on 25 September (**POL00066817**). This email chain shows that Susan forwarded the note without comment to Martin Smith the next day, who responded with his views.

654. I was not aware that these notes were sent to Martin Smith, nor was I aware of his comments in response. I was reliant on Susan, as GC, to advise me on the legal implications of our approach to this work. I do not recall Susan briefing me on Martin Smith's email, if she ever did. Given this, I am unable to comment on how, if at all, it may have affected POL's position in respect of convicted SPMs.

89. Please consider POL00116166 (email chain on 2 October 2013), POL00099695 (email chain on 3 October 2013), POL00099702 (your email of 4 October 2013) and POL00099711 (your email to Alice Perkins on 4 October 2013).

89.1. Please explain what you meant by the application making for "*disturbing reading*".

655. I have been referred to an email Ron Warmington sent me at 16:04 on 2 October 2013 attaching eight example applications for my consideration (POL00116166).

I can see that I responded to Ron Warmington at 21:30 the same day to say that I had read the applications. I described them as "*very disturbing*". I said that I took the issues very seriously, and commended the format of the form he had devised as being helpful in removing some of the emotion and clearly setting out the issues we needed to discuss (at pages 1 to 2 at (POL00116166)).

656. I forwarded Ron Warmington's email and attachments to Martin Edwards, Belinda Crowe, and Mark Davies in the first instance at 21:50 that evening, noting that they "*make disturbing reading*" (POL00099695).

I can see that Martin replied at 21:55 saying he would look at them in the morning (at page 1 of (POL00116166)).

657. I will use Lee Castleton's application as an example of why I used the words "*disturbing reading*". There are words within the application which really concerned me at the time and still do, in particular the statement that POL "*vindictively pursued*" Mr Castleton in court proceedings. I was the CEO of an organisation which I cared deeply about and which I considered existed to serve communities. The idea that Mr Castleton felt that POL had behaved that way was deeply disturbing. He paints a picture of POL's support services as inadequate, hard-hearted, sloppy, and unprofessional and describes making 91 calls to the helpline without receiving assistance. I was deeply concerned by the whole tenor of how POL was said to have responded in his case.
658. I have since heard the human impact statements provided as part of this Inquiry which portray deep human suffering. I heard people, SPMs who had served their communities, describing losing houses and businesses, becoming ill with stress and in almost all cases, their families being impacted. POL was meant to support vulnerable people and for the organisation to treat people, whatever it felt they had or had not done, in this way was unacceptable.
659. I recall it being powerful to read about these accounts in the applications, just as it was difficult to hear them in the SPMs' own words in the human impact sessions.

660. It was undoubtedly also striking to read so many accounts laid out together so black and white with no media narrative around them. The structure of the applications starkly laid out the facts and those facts were deeply upsetting because of their content. That is what I meant when I said to Ron Warmington that the format was so effective.

89.2. What was the Executive Committee's reaction to these applications?

661. On Friday 4 October 2013 at 13:56 I forwarded the email and attachments from Ron Warmington to Alwen Lyons, Chris Day, Fay Healey, Kevin Gilliland, Lesley Sewell, Mark Davies, Martin Edwards, Martin George, Nick Kennett, Susan Barton and Susan Crichton, asking them to read the applications (**POL00099702**). I asked them to do this, firstly, because I considered it important that they were aware of them, and, secondly, because I wanted wider input on how best to disseminate and learn from them.

662. I have not been able to identify any replies from the ExCo to my email in the material disclosed by the Inquiry to date. However, in the email attaching the applications I had said "*If we get time at Monday's Weekly ExCo, I would like to raise it then, otherwise we will pick up during AOB on the 15 October*". I believe that we discussed this material at the ExCo meeting on the following Monday. I remember in particular, that Martin George, who was new to POL, was shocked by this material. Although I do not recall the discussion, I recall that everybody was affected by the material.

89.3. To what extent, if at all, did your or senior management's approach to SPM

complaints about the Horizon IT System change after reading these applications?

663. I do not think reading these applications necessarily changed how we approached this – the Mediation Scheme had been designed to address these complaints: there would be an investigation and review to establish the precise facts in each case. However, reading these accounts did reinforce the importance of what we were doing and made clear how critical it was that we saw it through. Those working closest on Business Improvement, Angela Van Den Bogerd in particular, had been closely involved in reviewing applications for a lengthy period of time and so would have been very familiar with their content.

664. I considered it important to share this material with the wider team because I felt that if anyone had any doubts about the overall seriousness of Project Sparrow, then it was clearly important that they saw the raw data. Whether these accounts did change how others responded though, I cannot say, but it was my intention to do what I could to set the standard of care and challenge and commitment to change where it was needed and by circulating these accounts, I was trying to show a commitment to care and challenge.

89.4. Please explain what you meant by Ron Warmington having been “fickle with his loyalties” (POL00099711). Did you consider that Mr Warmington owed POL loyalty?

665. On 4 October 2013, shortly after I sent the material to the Executive Team, I forwarded Ron Warmington’s email and attachments to Alice

Perkins separately, noting that they will “*depress and distress*” her (POL00099711). In that email I also flagged a number of points for her to keep in mind including that:

“Second Sight are now fully back on board and very complimentary about how we are handling the process for such cases. My phone call with Ron Warmington could not have been more positive. I remain wary of Ron as he can be emotional and has been fickle with his loyalties, but I will forward you a mail trail that shows his support.”

666. I cannot recall precisely what I meant here but I believe this was an attempt to reassure Alice that we had already made good progress with Second Sight without overemphasising the positive response we were currently receiving from Ron Warmington. I have mentioned already that Second Sight had to walk a difficult line in terms of maintaining independence while keeping the JFSA on board and, perhaps as a result of this, Ron Warmington had tended to blow rather hot and cold in the past.. While I felt we could take some comfort from his positive feedback, I think I was also sounding a note of caution.

667. On reflection, “*loyalty*” was the wrong word to use because it does not capture what I intended to convey. Certainly, Ron Warmington did not owe POL loyalty. I did consider that Second Sight held professional duties in relation to the work they were undertaking. Notwithstanding this, I recognised that he had a difficult role to play and was under pressure from all sides to manage different groups of people.

90. Please consider POL00116181 (email from Martin Edwards to you on 8

October 2013). What was the “the hiccup around the due diligence on Sir Anthony Hooper”.

668. On 8 October 2013, Martin Edwards sent me an email which addressed, amongst other things, POL’s relationship with Bond Dickinson. Martin wrote (at page 2 of (POL00116181)):

“I discussed with Hugh whether there were any particular issues you should be aware of or raise with Simon related to the wider work they are doing with us. In short, no – generally the relationship is working well and BD are providing high quality support. They are particularly involved in Project Sparrow as you know (I thought Andy Parsons was very good today on the compensation policy. If there’s time you might want to ask Simon for his thoughts on this issue). I probably wouldn’t mention the hiccup around the due diligence on Sir Anthony Hooper – without Susan around to confirm it’s not clear exactly what support they were asked to provide ahead of the interview (i.e. the blame might partly be with us if we didn’t ask them to do a thorough pre-vetting). They are also heavily involved in NT strategy work and potential agreements with the Fed, where again they are providing high quality support.”

669. I am asked what Martin was referring to by “the hiccup around due diligence”. I cannot now recall this matter precisely and my response within this email chain does not shed any further light. From memory, I vaguely recall that I had heard that Sir Anthony Hooper had been involved in Hillsborough in some way when Jack Straw (who was married to Alice Perkins) was Home Secretary. Alice was not involved in Sir

Anthony's appointment, but I believe she may have been concerned after that time about the potential for the appearance of conflict, which Bond Dickinson had not identified from their work on the due diligence. My memory of this is very vague, but I do not recall it ever being a matter of any consequence.

The death of Martin Griffiths

91. Please consider POL00116133 (Mark Davies' email to you on 24 September 2013), POL00027757 (email chain on 11 October 2013), POL00108132 (email from you to Angela van den Bogerd on 12 October 2013) and POL00116188 (email from Rodric Williams to you and others on 13 October 2013).

91.1. Why did you consider the exchange between Susan Crichton and Alan Bates to be "unhelpful" (POL00116133)?

670. Mr Griffiths' death was a deeply sad event. It has been difficult to write about this and I can hardly imagine how much harder it must have been for Mrs Griffiths and her family. I am deeply sorry.

671. As is shown in (POL00116133), the picture of what had happened was initially very confused. We were exchanging emails late at night and trying to understand what had taken place. Earlier that day I had been informed that Alan Bates had said that Mr Griffiths had attempted to take his own life and that POL was to blame. There had then been two sets of separate information (from Susan Crichton, and the following day from Mark Davies) countering this, which suggested that Mr Griffiths had been involved in a car accident. In her email to me at 21:38 on 23 September,

Susan Crichton explained that she had spoken to Alan Bates again and understood that Mr Griffiths had indeed attempted suicide (at page 1 of **(POL00116133)**).

672. As my reply of 22:12 shows, my first priority was to find out how Mr Griffiths was (at page 1 of **(POL00116133)**). We needed to support him and his family and so we needed to establish the facts and understand what had happened. From past experience of suicide, I knew that nothing is ever as simple as it seems and I recognised that there were likely to be more aspects to this incident, all of which would be needed to be dealt with sensitively, than any of us knew late that night. I really wanted to make sure that we did the right thing for Mr Griffiths and his family. I immediately offered to reach out and encouraged support and condolences from POL. As is indicated in his email of 07:20 on 24 September 2013, this contact was initially through Mr Griffith's contract advisor, who passed our sympathies to his family (at page 1 of **(POL00116133)**).

673. Secondly (and, as I say in my email of 22:12, it was "*very definitely*" the second priority), I wanted to bring some calm to what was obviously a fraught and distressing situation. I was disappointed that Alan Bates had jumped to the conclusion that POL was to blame and was voicing these opinions in this situation. This was a time of great distress for Mr Griffiths' family (and for my colleagues who were handling this tragedy) and I felt that accusations of blame were unhelpful.

674. This is what I intended to express in my comment about his exchange being “*unhelpful*”: it was an expression of regret and disappointment. Both in this situation and going forwards into mediation, I wanted to build a relationship of trust with SPMs and challenge Alan Bates’ assumption that POL was uncaring or could not be relied upon. I recognise now that he was, of course, right, and as was shown in the group litigation and Court of Appeal judgments, his mistrust of how POL had treated SPMs was entirely well-founded.

91.2. Why did you request someone to look in Mr Griffiths’ background, including his mental health?

675. First and foremost, I wanted to support Mr Griffiths and his family and offer what possible care we could. When I received the sad news of Mr Griffiths’ passing on 11 October 2013, his family were my first thought. As I said in my email of 21:28 responding to the news, I have close personal experience of suicides and additionally had ministered to families where loved ones had taken their own lives. I was very aware both that the background to suicide can be complex and is sometimes not apparent until long after the fact, and that there is often a desire by those closely affected by such a death to look for an explanation (**POL00027757**).

676. As my email shows, I wanted to offer my personal assistance in any way which would be helpful. I offered to speak to or meet with Mr Griffiths’ family. This was something I had done in other cases where SPMs or their families had lost loved ones and I offered to do it here, if it was

something that would help them. I wanted them to understand, as I said in my email, that we would look after them as much as we could and as much as they would allow.

677. Secondary to this, but also very important, was the duty of care I owed to my colleagues at POL. I was conscious that Glenn Chester knew Mr Griffiths best and was closest to him and I wanted to ensure that Glenn received support. As I note later in my email, I was aware of the toll that this incident had taken on Angela Van Den Bogerd and did not want to put further strain on her when deciding who would undertake which tasks going forward. Throughout my involvement, I tried to offer care and support to those involved in this deeply sad event before looking to the needs of the business.

678. Whilst supporting the people involved was my major concern – Mr Griffiths' family being the top priority – I did also need to understand what had happened from a business perspective. It was my duty to provide information to the POL Board and I wanted to give them a full and accurate picture. As I said in my email, I had previously been given information suggesting that there were pre-existing mental health and/or family issues. I cannot recall who had suggested this but, as I note there, we did not yet have a full formal report into the incident and so I asked for what background we had, including whether or not this suggestion had been confirmed.

679. I recognise that such rumours are unhelpful. I am so sorry, especially to Mr Griffiths' family, because reading this now it seems a very intrusive

question. I was clumsily trying to establish the facts and, although this did need to be done, I should have waited.

91.3 What was “Alan’s reaction” to Mr Griffiths’ death? What were your views on his reaction?

680. This imperative to try and understand what had taken place is also clear from the email I sent to Angela Van Den Bogerd on 12 October 2013, the day after receiving the news of Mr Griffiths’ death (**POL00108132**). As I said there, this was a tragic case, and, inevitably, one with many complex factors involved. However, especially given all the work that was going on at the time, I wanted us to be proactive in learning from it, if there was learning to be done. From a business perspective, we also needed to understand what role, if any, POL may be asked to play in any subsequent coronial proceedings. I can see that Rodric Williams provided legal advice on this issue and others by email on 13 October 2013 (**POL00116188**).

681. In my email on 12 October 2013, I note that Alan Bates’ reaction to Mr Griffiths’ death was one reason why it was so important for us to do this work (at page 1 of (**POL00108132**)). As set out in my response to Question 91.1 above, Alan Bates’ initial response had been one of anger and blame. Those working more closely with Alan Bates will be able to recall this better but, my sense of the situation was that he had been very difficult to deal with and was essentially accusing POL of causing Mr Griffiths’ death.

682. Although his reaction, at the time and even more so with hindsight, was understandable, I was concerned that he was reaching conclusions without evidence and that his views would lead to a breakdown of trust which would hinder the Working Group and Mediation Scheme and prevent them from bringing about positive changes for SPMs. My role was to demonstrate the very sincere care that I felt for Mr Griffiths and his family (and that I wanted POL to show to them throughout), and, at the same time, to attempt to steer a route through this incredibly distressing situation and learn any lessons we could, especially if POL was implicated in any way.

683. This was very difficult to navigate. My colleagues at POL were desperately sorry, especially those who knew Mr Griffiths and had been working on his case, and Alan Bates' attitude of blame would make working together harder. Nonetheless, it was essential that we did continue working together.

91.4. What effect, if any, did Mr Griffiths' death have on how you and POL handled SPMs' complaints concerning the Horizon IT System?

684. For me, Mr Griffiths' death heightened the importance of the Mediation Scheme and the need to provide answers and resolution to the SPMs involved. It reinforced the need to understand our culture, how complaints were dealt with, and how we could support SPMs in all aspects of their professional life.

685. This was a tragedy that affected all those involved. As I emphasised in my email of 12 October 2013 discussed above, I wanted to know that

senior managers involved were following the correct procedures and whether any other cases needed to be reviewed or any colleagues re-briefed. I also wanted to ensure that any challenge to POL's culture needed to be taken seriously.

Brian Altman QC's Second Advice

92. Please consider POL00006581 (Brian Altman KC's advice of 15 October 2013).

92.1. Please explain if and when you reviewed Mr Altman's advice.

686. I did not read Brian Altman QC's advice of 15 October 2013 (POL00006581) until it was provided to me in the course of this Inquiry.

687. As I have explained above, I have no legal experience or expertise myself and I was entirely reliant on POL's legal team. On matters such as legal advice I had trust in particularly POL's GC (Susan Crichton, then Chris Aujard, then Jane MacLeod) to keep me abreast of any relevant legal issues.

92.2. Please consider paragraphs 70 and 130 of Mr Altman's advice. Were you aware at the time Mr Altman prepared his advice that there had been BEDs in Legacy Horizon? If so, please explain the basis on which POL accepted Mr Altman's advice to limit its review of past convictions to 1 January 2010.

92.3. What was your view of Mr Altman's statement that the Callendar Square bug "represents an isolated instance, which has no relevance to events falling within CK's review but if during mediation an individual complained of, for instance,

the identical issue during the period before the 2006 fix, then the Falkirk event would almost certainly fall for disclosure as being a highly material issue in that case”.

688. I did not read Brian Altman QC’s advice of 15 October 2013 (POL00006581) until it was provided to me in the course of this Inquiry.

I have no legal experience or expertise myself and I trusted POL’s GC (at this time, Susan Crichton then Chris Aujard) to keep me abreast of any relevant legal issues.

689. As I set out in my response to Question 82 above, I was informed about Mr Altman QC’s work only in very general terms: I understood that he was evaluating the review of past prosecutions being conducted by our external lawyers, Cartwright King. The updates I received were positive (see POL00027150; POL00027667; POL00027134) and I took from them that the approach that had been adopted was fundamentally sound.

690. In drafting this statement, I have considered the contents of paragraphs 70 and 130 and the comments on the Callendar Square bug which the Inquiry has identified. I did not read the advice at the time and so had no view on Mr Altman QC’s comments. I do not recall being briefed on these points and do not think that the legal basis for any consequential decisions was explained to me. Given this, I cannot say on what basis POL accepted or acted upon the advice received.

92.4. Please explain what steps POL took in relation to past convictions based on Horizon data following this advice.

691. As I have explained, I did not see Mr Altman QC's advice and was only briefed in broad terms on his work.

692. My understanding based on the information given to me by those including POL's GC and wider legal team, was that Cartwright King had reviewed POL's approach to past prosecutions, identified cases where disclosure needed to be made, and had notified the Defence in those cases. Mr Altman QC had been instructed to consider the adequacy of this review and had concluded that it was "*fundamentally sound*". I am not a lawyer and have no expertise or experience of matters of criminal law but I was assured, and I accepted, that we were doing everything that we needed to do.

POL's change in approach to the Mediation Scheme

93. Please describe POL's approach to the SPMs' complaints relating to Horizon thereafter and your involvement with the same. Please explain to what extent you communicated information about such complaints and POL's response to the same to the Board, ShEx/UKGI or BEIS. The following paragraphs are not intended to limit your response to this request.

693. The questions immediately preceding this in the Request concern Brian Altman QC's advice, which was dated 15 October 2013. I am then asked, by the Inquiry, to describe POL's approach to the complaints of SPMR's "*thereafter*", which I am taking to mean after the events I describe immediately above, in October and November 2013.

694. The Board, ShEx / UKGI and BEIS were briefed regularly, as was the case before this timeframe.

695. Because the HMG NED sat on the Board and on the Sparrow Sub-Committee, the Government was fully aware of all matters brought to those meetings.

696. In response to questions 94 to 97 below, I set out the chronology of meetings (including Board, Steering Group and ExCo) and the matters which were discussed on each occasion. Those are examples of the way in which POL's directors were kept informed of the on-going progress of complaints and investigations into those matters.

697. Rarely would those meetings discuss individual cases in detail. Instead, those meetings would be used to discuss and explore thematic and strategic issues.

94. Please consider POL00027136 (your report to the Board dated 24 October 2013) and POL00021519 (minutes of POL Board meeting on 31 October 2013):

94.1. Please explain what you told the Board regarding the Second Sight review, the Mediation Scheme and POL's approach to criminal prosecutions.

698. I cannot specifically recall the discussions in this meeting and so am unable to add anything beyond what is recorded in the contemporaneous documents.

699. As these set out, in my CEO report of 24 October 2013 I provided an update on the Mediation Scheme. I explained that Cartwright King were conducting a review of past prosecutions to assess whether POL had complied with its duty of disclosure, and in particular whether POL was under a duty to disclose the findings of the Second Sight report and associated issues. The expression “associated issues” was included in the CEO report by members of my team. I do not recall questioning what this meant at the time. I recorded that Cartwright King had concluded that further disclosure to the defence teams was appropriate in 10 of the 301 cases reviewed, writing to the teams to tell them (at page 5 of **(POL00027136)**).

700. I went on to explain that a paper would be submitted to the November ARC which would consider POL’s overarching policy in respect of investigating and prosecuting future cases, and which would be informed by a report being prepared by Brian Altman QC which would consider the effectiveness of our current approach to prosecutions more broadly (at page 5 of **(POL00027136)**). As I explained in my response to question 92, I did not read Mr Altman QC’s advice of 15 October 2013 **(POL00006581)** until it was provided to me in the course of this Inquiry, and was not aware at the time that he had provided it as a separate piece of written work. I have no legal experience or expertise myself and so was entirely reliant on POL’s legal team and, particularly, POL’s GCs (Susan Crichton, Chris Aujard, then Jane MacLeod) to keep me abreast of any relevant legal issues and to facilitate my understanding of legal

advice (both its content and the format in which it would normally be given).

701. My understanding of these issues was based on the updates I received from my legal team, chiefly Susan, in briefings and papers prepared for the POL Board, such as her paper dated 18 September 2013 which set out the work being done by Cartwright King and Brian Altman QC for the POL Board meeting on 25 September 2013 (at pages 40 to 43 of **(POL00027907)**).

702. The text of the CEO report itself was drafted for me by others. Contemporaneous emails show that Rodric Williams, Andy Holt, and Martin Edwards all had input into this part of this particular report **(POL00108163)** and that Chris Aujard and Belinda Crowe were asked to review and approve the text suggested (at pages 3 to 5 of **(POL00114194)**).

703. This input from others was necessary given my role as CEO. I had to have sufficient understanding to explain and respond to questions at a high level, but the CEO report covered a wide array of work. I could not have a detailed knowledge of every part of it, nor, particularly where it concerned legal or technical knowledge, could I be an expert on every issue within it. However, any text which appeared in my report would have been either written by or checked by the ExCo Director responsible for the relevant area of work. I relied on their input for this and to brief me on whatever I needed to know to explain it to the satisfaction of the POL Board.

704. In the meeting itself, I can see that the report was noted and only a few specific items were discussed, including a brief discussion of Project Sparrow which explained that Sir Anthony Hooper had been appointed as Chair and setting out how the work was progressing (at pages 4 to 5 of (POL00021519)). I did not usually present my reports in full as there were always many other papers to consider and discuss; the whole report would of course be available for the POL Board to read, before and indeed after the meeting. Where I could, I would answer questions, with or without the assistance of others present who may be working on the projects themselves. If there were questions I could not answer, they would be passed by the Company Secretary, Alwen Lyons, to the relevant Director.

705. As an example, I can see that the minutes record that "*there were likely to be up to 150 cases put to the Working Party for a decision on whether they progress into the mediation process*" (at page 5 of (POL00021519)). This is not something contained within my CEO report, so I can only assume that this was a figure provided by one of the other people present who had knowledge of Project Sparrow. As Susan did not attend that day it may have been Alwen Lyons, who was also close to that work, but I am speculating: I cannot recall this question or this response.

94.2. Please expand on the following from your report to the Board: "Our external firm of criminal solicitors, Cartwright King (CK), has now completed a review of 301 cases subject to past prosecution to identify whether we have a duty to disclose the findings of the Second Sight report and associated issues".

What were the associated issues?

706. As set out above, this part of my report was drafted for me by others, and I relied upon the briefings being given to me by my legal team for my wider knowledge and understanding. I do not have any specific recollection now of what the phrase “*associated issues*” refers to, but I can see that it is used verbatim in other documents from around this time, including the POL ARC Board Sub-Committee Briefing Book which also contains an update on this work (at page 35 of (POL00027138)).
707. Cartwright King were disclosing both the Second Sight Report and Helen Rose Report by this point, so it is possible that whoever drafted this section of the Report was referring to either of those Reports, however, I was not aware of the Helen Rose Report at this time and so cannot say if this was the case or not.

94.3. Were you aware of the Helen Rose report at this point in time? If not, why not?

708. Please see the answer that I have given at paragraphs 378 and 379 above as to my knowledge of the Helen Rose Report.
709. In respect of Brian Altman QC’s review, I did not read the advices themselves (where the Helen Rose Report is mentioned by name, (at page 5 of (POL00006801); page 10 of (POL00006801); page 20 of (POL00006803); page 54 of (POL00006803)).
710. Although the issues at the Lepton branch were discussed in the Interim Report, it was not until the Briefing Report Part Two, dated 21 August

2015, that the Helen Rose Report was referred to by name in relation to these issues (at pages 14 to 15 of (POL00030160)). As set out in paragraph 379 above, I do not recall seeing the January 2014 Chris Aujard paper (POL00147248), but I may have been briefed about it at the time.

711. Perhaps the clearest indication that I was not aware of the report in October 2013 was that the discussions which took place by email between Rodric Williams and Martin Edwards on 23 and 24 October 2013 while they were preparing the text for my CEO report, indicate that (i) myself and the POL Board were not aware of the Helen Rose Report; and (ii) there was a decision made not to include reference to it in the text then provided to me (POL00108163).

712. Subsequent emails suggest that Martin requested a briefing to be prepared for me on these issues on 28 October 2013 (POL00108161). In this chain, Martin provides Belinda Crowe (cc'ing Chris Aujard, Rodric Williams, and Sarah Paddison) with the final text on Project Sparrow for the CEO's report and asks Belinda to coordinate the briefing for me ahead of the POL Board to prepare me for any questions from the NEDs. Although we know that the CEO report text he sends does not address the Helen Rose Report, he asks for them to prepare a short briefing addressing, amongst other things (at page 1 of (POL00108161)):

"Any explanation of the issues around the review of past criminal cases, which Rodric can help provide, covering: a) what exactly has been

disclosed so far; and b) our best guess of the implications of these disclosures (i.e. explaining that at this stage we have no reason to believe this means past cases will be found to be unsafe). I've attached an email from Rodric which contains some of the answers to these questions, but would be useful to have this together in one place."

713. The attached emails from Rodric referred to are the ones in the chain discussed above (**POL00108163**). The POL Board Meeting referred to is the one which takes place on 31 October 2013 and the material provided to the POL Board makes no reference to the Helen Rose Report. I have not been able to locate the briefing referred to, if it was prepared, and I do not recall being briefed on the Helen Rose Report at this stage.

714. It is difficult to say why I was not aware of the Helen Rose Report at this time without simply engaging in speculation. I was receiving high-level briefings from members of my legal team who were aware of these issues, most notably Susan Crichton and Rodric Williams. They did not, as far as I can recall, brief me on this matter at this time.

94.4. Please explain the basis on which you believed that POL should not disclose Second Sight's interim report and / or the Helen Rose report to SPMs convicted on the basis of data produced by Horizon.

715. I am not a legal expert and have no knowledge or expertise of disclosure obligations in the context of criminal or civil proceedings. My understanding, based on what I was told by my GC and POL's legal team was that we had instructed our external lawyers, Cartwright King, to

investigate these issues and I assumed that this work was being done fully, fairly, and competently. I had no expertise which would enable me to assess this myself but my understanding of what I had been told of Brian Altman QC's work was that the processes we had put in place were solid.

716. Although I was not aware of these underlying discussions at the time, I can see from the documents that Rodric Williams discussed the disclosure of both documents on 10 July 2013 (**POL00066789**). Cartwright King advised that they should be disclosed and Rodric appears to accept this and instructs that appropriate disclosure be made. On 15 January 2014, Martin Smith of Cartwright King appears to confirm to Chris Aujard that the documents have been disclosed in cases where Cartwright King assessed that they should be (**POL00006776**). This appears to have been confirmed to Bond Dickinson and is referred to in their risk management document dated 24 January 2015 (**POL00040061**). I can see that I state in my CEO report of 24 October 2013 that Cartwright King had concluded that disclosure was appropriate in 10 cases and had written to the defence in each case to notify them of this (at page 5 of (**POL00027136**)).

717. Leaving aside the fact that I do not think I was aware of the Helen Rose Report at this time, I had no belief one way or the other as to whether these documents were or were not disclosable: I simply was not qualified to make this assessment. I relied upon those who were qualified to make that determination and to perform consequential actions, including

disclosure, in cases where that was appropriate. Insofar as I was receiving updates on this process, I was told that disclosure was being made in cases where it was deemed appropriate.

95. Please consider POL00116189 (email from Andy Holt to you and others on 16 October 2013) and POL00116190 (slides for Sparrow Weekly Steering Group).

718. The Inquiry directs my attention to (**POL00116189**), an email which Andy Holt sent to me, and others due to attend the next day's Sparrow Steering Meeting, on 16 October 2013. Attached to it was a PowerPoint document entitled "*Sparrow Weekly Steering Group 17th October 2013*." (**POL00116190**).

719. The agenda, at the second slide of the PowerPoint deck, begins with "*Update on Brian Altman's work*". The slides do not contain any detail about what that update was. These slides were of course sent the day after Brian Altman QC completed his advice, as I now know.

95.1. What update was given on Brian Altman KC's work?

720. I have not seen any minutes of this meeting disclosed by the Inquiry. I can see from an email from Andy Holt to me on 20 October 2013 (**POL00027677**) that Rodric Williams had provided an update at the Steering Group meeting on Brian Altman QC's work to date. I am unable to assist the Inquiry in describing the nature of the update on Brian Altman QC's work. I do not recall this, more than 10 years later.

95.2. Did the committee discuss Simon Clarke's advices? If not, why not?

721. I do not recall other advices being discussed at the meeting. There is no mention of these in the slides, nor in Rod Williams' email.

96. Please consider POL00027150 (agenda for POL Executive Committee on 12 November 2013), POL00038678 (minutes of the POL Audit, Risk and Compliance Sub-Committee on 19 November 2013), POL00021520 (minutes of the POL Board meeting on 27 November 2013), POL00026626 (meeting pack to former meeting), POL00099976 (email from Alwen Lyons to you and others on 29 November 2013), POL00099977 (attachment to the prior email) POL00100193 (note on prosecution policy dated 4 February 2014), POL00030900 (note on prosecution policy dated 7 February 2014), POL00027692 (email chain between 7 – 10 February between ARC members), POL00100223 (your email to Alasdair Marnoch on 11 February 2014), POL00021424 (minutes of POL Audit, Risk and Compliance Committee on 11 February 2014) and POL00116285 (email from Chris Aujard to you on 23 February 2014). Please describe your involvement and knowledge of the discussions concerning POL's change in prosecutorial policy. Without limiting your response to this paragraph, please address the following:

722. I am asked by the Inquiry about my involvement in, and knowledge of, the discussions within POL concerning its changes in prosecutorial policy between November 2013 and February 2014.

723. My 24 October 2013 CEO report (**POL00027136**) stated at page 5: "*We will submit a paper to the November ARC reviewing our overall policy for investigating and prosecuting future cases.*" That gave rise to Chris Aujard's Prosecutions Policy paper on 8 November 2013 (at page 2 at

(POL00027150)). That paper was considered by an ExCo meeting which I attended on 12 November 2013. I do not recall that meeting in any detail.

724. I delivered my CEO report on 31 October 2013 at the Board meeting (POL00021519). A briefing was prepared for me, in addition to what was in the CEO report, at the request of Martin Edwards. This was to include “anything more to say on the prosecutions ‘policy’ paper” (at page 2 of (POL00108161)). I have not been able to identify that briefing within the documents disclosed by the Inquiry and do not recall it.

725. I next attended the ARC meeting on 19 November 2013, which took place by conference call (POL00038678). The minutes record in some detail the update which Chris Aujard gave the Sub-Committee in relation to prosecutions. In summary:

- a. Chris updated the Sub-Committee on the current and historical approach and sought views on potential changes to the policy “before any formal recommendation could be made for any changes to the prosecutions policy”.
- b. The Sub-Committee raised various concerns with the proposal including that any changes now “might influence the mediation process by raising questions on previous prosecutions”, and whether prosecutions served an important deterrence function.

- c. The Sub-Committee asked whether, if prosecutions stopped, *“the business would still be able to recover branch losses through the Civil Courts”*. Chris said that this would be *“slower and not recover as much”*.
- d. I thanked the Sub-Committee for these challenges and stated that there were other methods of deterrence in addition to this.
- e. I said that the business intended to be more circumspect in the cases it chose to take.
- f. The decision was to be taken at the January Board.

726. The Board met on 27 November 2013 (**POL00021520**). There was discussion of the approach to future prosecutions:

“Alasdair Marnoch, Chairman of the ARC, reported that a paper on future prosecutions had been discussed at the ARC but that no decision had been taken. Chris Aujard explained that the Business had no special prosecuting rights but brought cases in the way that any individual could do. The CEO explained that prosecutions were not brought lightly and the Business was reviewing its approach alongside other deterrents, such as suspending, or giving notice, to a sub-postmaster.

... The Board agreed that it would be appropriate to consider the future approach to prosecutions at a future Board alongside the improved support processes for sub-postmasters which should see a reduction in cases.”

727. Chris and Angela Van Den Bogerd had prepared a paper as an Update on Horizon. It described that Project Sparrow initially *“comprised two main initiatives, both of which were launched in response to the Second Sight Report released in July 2013”*: the establishment of a mediation scheme, and the development of a business improvement programme (“**BIP**”). The Steering Group had *“recently agreed that the Post Office’s interests would be better served, and greater focus would be achieved, by separating these activities into two distinct projects with Belinda Crowe being appointed as Programme Director for the first (the mediation scheme) and Angela Van Den Bogerd acting as Programme Director for the second (the BIP)”* (at page 2 of (**POL00026626**)).
728. A Status Report for the POL Board, dated 4 December 2013, records that Chris and Angela were to *“consider future approach to prosecutions alongside the improved support processes for sub-postmasters”* (at page 4 of (**POL00099991**)), arising from the November 2013 meeting.
729. Cartwright King produced a note entitled *“Observations and Analysis of the Cartwright King Prosecution Review Process Relating to duties of disclosure in Criminal Prosecutions”* dated 4 December 2013 (**POL00040194**).
730. I attended the Initial Complaints Review & Case Mediation Scheme Steering Group on 16 December 2013 (**POL00100032**). Chris did not attend. There is no record of discussion of prosecution policy in the minutes.

731. On 6 January 2014 I received a written briefing for my one-to-one with Alice Perkins (**POL00116241**). It included the prosecutions policy as an area *“where it might be useful to update Alice”*. The update I was given was:

“Firstly Hugh is making good progress on the paper on our approach to Prosecutions which will shortly be going to ExCo and then the Board...”

732. The Board met on 21 January 2014 (**POL00010084**). An updated version of the Status Report showed that the action assigned to Chris and Angela in respect of the future approach to prosecutions was *“Underway; being led by Hugh Flemington”* (page 54).

733. The Board did not discuss the prosecution policy, but in a document prepared for the meeting by Chris it said, *“it is anticipated that POL’s approach to criminal prosecutions will be discussed at the February 2014 Board meeting”* (page 68). I am not clear from the documents I have seen in preparing this witness statement, when or by whom the decision was taken not to discuss the matter at the January meeting as had initially been planned. However, I see that the Board *“agreed that the February ARC would consider an update on Sparrow including lessons learned along with the Prosecuting Authority paper”* (at page 5 of (**POL00021521**)).

734. Belinda sent a briefing to Alice and me on 21 January 2014 for a meeting with Lord Arbuthnot, ahead of a meeting on 28 January 2014 (**POL00093696**). As part of the proposed agenda for that meeting, it was

suggested that we would explain to Lord Arbuthnot that the Board was overseeing a review of prosecutions, and clarify with Lord Arbuthnot the basis of such prosecutions.

735. That briefing note was updated the day before the meeting (**POL00100124**). This included a speaking note which said, among other things:

“Given that we are now suspending fewer people and expect to prosecute fewer too the Board is reviewing Post Office’s approach to prosecutions. Although we are conscious that we need to design a prosecution policy which fits with the new approach and not the old prosecution volumes.”

736. A note of the meeting includes, in this regard (at page 136 of (**POL00090358**)):

“PV then raised Post office’s prosecution policy. First she clarified with JA that Post Office was not a prosecuting authority and had not been so since 1985. Since 1985 Post Office had been taking forward private prosecutions on the same basis as any company or individual in England and Wales can. The Post Office Board had not yet taken a view on what the final policy should be but they were considering how (including looking at how retailers and banks prosecute) what the policy should be moving forward particularly as Post Office expected the numbers prosecuted to decrease in a similar way to the decrease in suspensions. JA commented that this would be a difficult dilemma

for Post Office to balance supporting their agents and protecting public money."

737. Chris Aujard's paper on prosecution policy was sent by email to Alwen Lyons, Rodric Williams and Belinda Crowe on 5 February 2014 (**POL00027760**). It was noted in an email from David Oliver that I had "*asked if ExCo could consider this paper [as] quickly as possible*". I had also asked for Kevin Gilliland, Neil Hayward and Chris Day to sign off the paper. The paper was forwarded to me (**POL00100192**).

738. Chris Day, as Chief Financial Officer, responded the next day saying that he supported Chris' approach but wanted "*reassurance that the process of reviewing each case against the range of factors... is no more onerous and time-consuming... than the current one*".

739. In discussing Chris Aujard's paper by email, Alice raised a specific concern: why should POL prosecute its own matters when other financial institutions were content to hand over the responsibility of prosecution to the CPS? I described Alice's questions as "*a good set of challenges*" in an email to Chris Aujard, and noted in response that our business was significantly larger (by many multiples) than most businesses that Brian Altman QC had compared us to (**POL00027688**).

740. This email which I sent shows some knowledge of the detail of the advice given by Brian Altman QC. I still do not think I had read his written advice at this stage, but rather I was aware of certain points of it in some detail from other sources.

741. Alasdair Marnoch replied to Alice. I replied to Alasdair. Alasdair shared Alice's concerns, as well as others. I shared my thoughts with the group in relation to the scale of the business (largely repeating what I had said to Chris separately) (**POL00027692**).
742. Susannah Hooper had similar concerns to those of Alice and Alasdair (**POL00027687**).
743. I sent an email to Alasdair Marnoch, the chair of the ARC, on 11 February 2014 (**POL00100223**):

"Hi Alasdair

"As I'm going to be travelling during the ARC call and may have problems with the signal, I thought I'd send you quick note in advance summarising my thoughts on the prosecutions paper.

In short, on balance I agree with the recommendation to pursue option B, at least for the time being.

As I set out in my email on Sunday, I do believe there are a number of factors which distinguish us from other financial institutions who are content not to pursue their own prosecutions – our scale, our unique relationship with sub-postmasters, the amount of cash that is handled by our branches (and in many cases by individuals who are not employees), our large number of vulnerable customers who are more easily defrauded, and the fact that public money is at stake.

While I can appreciate the attractiveness of a 'clean' option like C, the three key considerations in my mind are as follows:

- With the sub-postmaster mediation process underway and continued close interest from the media and MPs in all our actions in this area, any change of policy is likely to be closely scrutinised and over-interpreted – with the likely inference drawn that this is an admission that we were wrong to pursue prosecutions in the past. This is compounded by the fact that we will be shortly launching the procurement process for the replacement to the Horizon system – something which we were due to do now in any case, but the media will inevitably attempt to link the two stories and suggest this is an admission that we needed to fundamentally overhaul our systems and processes in the wake of the Second Sight report. This will overshadow the positive story we have about the actual changes we're making in the context of the Business Improvement Programme.*
- Secondly, I do believe there is a need to have an effective deterrent effect and to protect our vulnerable customers. If the view is correct that the CPS is overstretched, then relying on the CPS is likely to be inadequate in this respect. By retaining the option to pursue prosecutions in certain circumstances, but putting in place effective filters to reduce substantially the number of cases which go down this route and outsourcing the*

associated investigatory activity, we will still be able to meet these objectives while extracting the PR and operating cost benefits of option C.

- Thirdly, I do not believe it is currently in the business interests (including those going through the mediation process) to put anything relating to this policy adjustment on our website, nor to communicate that adjustment proactively. The few cases coming through, the fact that fewer 'on hold' cases will proceed to prosecution and the improved ways of working should speak for themselves. We may want to revisit this view over time and the end of the mediation process would be a sensible moment to do that.*

If the ARC agree with the overall conclusion in the paper, we should of course review the situation in 12 months and periodically thereafter to check that the filters are operating as effectively as intended and we're still striking the right balance between these difficult situations."

744. I did then go on to join the ARC meeting by conference call (as did other attendees) (**POL00021424**). The Sub-Committee approved the recommendation in the paper.

745. The recommendation was different from Chris Aujard's original recommendation in his initial paper in November 2013. The final version (**POL00030900**) cross-referred to the November paper and reached the following conclusion:

“6.1 It is proposed that:

a) A revised prosecution policy be implemented and applied against more stringent financial and conduct criteria set out in paragraphs 4.3 and 4.4.

b) Consideration be given to whether the policy be published on our website and if so what elements of it, to comply with best practice and transparency while not undermining our ability to implement the policy.

c) The new policy, its interpretation and application be reviewed by a committee of ExCo every twelve months.

d) An individual within Post Office Limited be appointed to take responsibility for deciding whether or not an individual case should be prosecuted against that policy (currently this accountability is shared across a number of individuals).

e) Any prosecutions be conducted through an external law firm.

f) The Communications team maintain a living strategy for dealing with all PR issues arising from any and all prosecutions.

g) In conjunction with BIP, we work to improve our civil recovery operation to maximise the losses it can recover.”

746. An email which I sent to Mark Davies after the ARC shows that I was involved in conversations about POL's communications on the prosecutions policy (**POL00116262**). I shared the ARC's discussion of communications considerations with Mark (and others), noting that *“the*

same point was made by Alice re the comms sensitivities, ie., avoiding the conflation of various unrelated events,..."

747. On 13 February 2014, the ExCo discussed prosecution policy, receiving a copy of Chris Aujard's latest report (**POL00027478**).
748. On 21 February 2014, whilst I was on holiday, I sent some comments on the prosecutions paper to Angela, Belinda, Chris Aujard and Mark (**POL00116281**). Chris replied with brief comments in line with mine (**POL00116285**).
749. On 26 February 2014, the POL Board, as agenda item 17, considered a Review of the Current Prosecution Policy (at pages 2 to 3 of (**POL00021522**)). The POL Board noted the summary of discussions which had taken place at ARC and ExCo and approved the implementation of the option which Chris had recommended in his final version of the paper.

96.1. Please explain to what extent you considered it appropriate to bring criminal, rather than civil, proceedings against SPMs because of the perceived efficiency of the former. Did you and others in senior management at the Post Office understand the difference between criminal prosecutions and proceedings in the civil courts?

750. In the context of decisions which POL made between November 2013 and February 2014, the Inquiry has asked that I explain the extent to which I considered it appropriate to bring criminal, rather than civil,

proceedings against SPMRs because of the perceived efficiency of criminal proceedings.

751. I understand the premise of the question to be Chris Aujard's November 2013 paper on Prosecution Policy (at pages 2 to 7 of (**POL00027150**)) which was provided to ExCo for its meeting on 12 November 2013. At paragraph 4.4, Chris states:

"Option a) above was felt to be, at best, sub-optimal and was not explored to any great extent, other than to ask the question of Brian Altman whether it was "efficient" in terms of the criminal process (which it is)"

752. This was in the context of Chris' paper discussing the future of the business's prosecutions policy. Option a) in Chris' paper was *"preserving the status quo"*. The paper concluded that it was appropriate for POL to prefer:

"Ceasing all prosecutorial activities as per option c) BUT coupled with work (as yet not formally defined but some of which has already started as part of project Sparrow and NT):

- *to gather better MI from the network;*
- *to improve the overall control framework around the branch network; and*
- *to provide more support to sub-postmasters."*

753. I am not entirely clear in what way Chris and Brian Altman QC considered that criminal prosecutions were *"efficient"*, and I do not recall the nature of any discussion of this point at ExCo or in any other setting. To the

extent that it means that a criminal prosecution was an efficient method of recovering lost funds from an SPM, that is not a consideration that I recall playing any material part in my thinking at this time (if I was aware of it at all).

96.2. Please set out your recollection of the Board's discussion on 27

November 2013 relating to POL's approach to past prosecutions and / or the Mediation Scheme. In particular, please address the following:

96.2.1. Why did the Steering Group decide that "Post Office's interests would be better served, and greater focus would be achieved, by separating these activities into two distinct projects with Belinda Crowe being appointed as Programme Director for the first (the mediation scheme) and Angela Van Den Bogerd acting as Programme Director for the second (the BIP)". What interests of POL were being referred to here?

754. By separating out the projects of the Mediation Scheme and the establishing of the BIP, POL was able to ensure far greater focus was placed on actions to assist post offices. For example, Angela Van Den Bogerd was encouraged to be rigorous in identifying all possible improvements, which would then be prioritised. Getting colleagues to be open about past shortcomings was not easy but was imperative. The Mediation Scheme was to be run separately and overseen by Belinda Crowe to ensure the clear accountability and project management which had been missing previously on Second Sight's work.

96.2.2. On what basis did the Working Group anticipate that they would receive only around 75 applications to the mediation scheme?

755. I do not now recall the basis on which the Working Group made this assessment.

96.2.3. How was the budget for the mediation scheme agreed? What factors were taken into account when increasing the budget from £1.3m to £2.2m?

756. The ARC met on 19 November 2013 (**POL00038678**). The POL Board then met on 27 November 2013. I address that meeting elsewhere in this statement in more detail, at paragraphs 726 to 727, 764 and 783. The meeting pack prepared for that meeting included a paper by Chris Aujard, dated 21 November 2013 (at page 2 of (**POL00026626**)) headed "Project Sparrow Update". At paragraphs 3.5 to 3.6 it stated:

"3.5 The scheme has received more applications than originally anticipated (140 as against an initial planning estimate of 75) and, given this fact and the complexity of some of the applications, additional resources have now been allocated to the project, principally aimed at ensuring that each application is investigated thoroughly and professionally. It is expected that the full team will be in place by 6 December 2013.

3.6 The increased number of applications will also increase the overall costs of the scheme, much of which will be incurred on a "per case" basis. Thus, an initial budget of £1.3m (ex vat) based on 75 applications has been increased to £2.2m (ex vat) for 130 cases proceeding all the way through to a concluded mediation. This does not included the costs of any financial compensation which may be offered to facilitate resolution of individual cases (as to which, see para's [sic] 3.8 and 3.9 below [re. "expectation gap"]."

757. That paper was noted by the POL Board on 27 November 2013 (see POLB 13/126).

758. The reasons for making that decision were discussed in the ARC meeting on 19 November 2013 (at page 4 of (**POL00038678**)), as minuted:

"(g) The CEO updated the Committee on Project Sparrow... The CEO drew the Committee's attention to two risks to the delivery of the Project.

(h) The first risk highlighted was the Business has envisaged that the final number of cases would have been under 100, but as the scheme neared the deadline for application the number of applications was nearer 150, with nearly 50 received in the last couple of days before applications closed. As a result, the timetable will have to be extended as each case will need individual investigation and Second Sight will need to be with us for longer. There will also be a resource cost to the Business which the CFO is aware of.

(i) The second risk that had arisen concerned the compensation that subpostmasters believed they were entitled to. It has become clearer from the applications for mediation that there was an expectation gap which the Business needed to mitigate where possible."

759. I had said to Chris Aujard, on 14 November 2013, that the budget needed to be restated to take into account additional resource and additional length of time for the scheme to reach its conclusion (**POL00116209**). That was against a background of the initial assumptions in the budget being that there would be 75 cases (**POL00116190**), but the Mediation

Scheme had already received 64 applications by 12 November 2013, with a week left until the deadline (at page 7 of (POL00027150)).

760. Given that this figure more than doubled, the documents show that the assumption of “under 100” was an under-estimation and the business had to respond to that. I do not recall the detail of how the costs broke down, but I would expect that the additional applications added direct marginal costs but that the fixed costs varied less.

96.2.4. Why did the Board seek a note from POL’s GC on “who was named in past prosecutions the liability for the Business and individual Board members”.

761. I do not now recall exactly why this request was made. I have some recollection of a conversation about whether past directors and colleagues would need to be alerted at any stage on the risk.

96.2.5. Did you consider there to be a real risk that POL had inappropriately prosecuted SPMs at this time?

762. I was always open to the possibility that some convictions could have been unsafe, and I always sought to be questioning in my approach. However, investigations which had been carried out and advice which we received consistently presented the position that Horizon worked as it should, and that some SPMs had found themselves out of their depth and in some cases had covered up discrepancies.

763. I was always open to receiving new information.

764. The views I expressed in the 19 November 2013 ARC and the 27 November 2013 POL Board meeting were that prosecutions should not be pursued lightly and the business should be circumspect in choosing when to prosecute.

96.2.6. Which was considered more important to you and the Board: avoiding liability arising from past prosecutions; or seeing that POL took all steps to ensure that past convictions were safe?

765. The most important outcome for me, and the POL Board, was to ensure that POL complied with its legal obligations regarding past convictions. Indeed, it was important for me to resolve all issues for the SPMs.

96.2.7. Were the Altman and / or Clarke advices discussed or provided to the Board?

766. The Brian Altman QC advices were discussed at the POL Board but I do not recall copies being provided. On 26 July 2013, following the POL Board meeting on 16 July 2013 board members were sent an "Update on the work arising from the Horizon report" (**POL00298004**) which refers to Brian Altman QC's advice.

767. I have addressed elsewhere in this statement that I did not see Brian Altman QC's advice of 2 August 2013 (at paragraph 570), although the POL Board was led to understand that Brian Altman QC had reviewed the approach taken by Cartwright King and considered that the approach was well thought through and being correctly applied across the samples of cases which he saw.

768. On 18 September 2013, Susan prepared a paper for the POL Board (which it was asked to note) which included at paragraph 6.2 and 6.3 reference to Brian Altman QC being asked to advise POL and its external solicitors on continued disclosure obligations, with particular reference to concluded cases. It makes reference to Brian Altman QC having given initial advice, and specifically that there was a meeting on 9 September 2013 (at pages 41 to 42 of **(POL00027907)**).
769. My October 2013 CEO report stated that *“we have also asked our criminal barrister Brian Altman QC, to conduct an independent review of the overall process we have taken to review past cases, reaching the conclusion that our approach is “fundamentally sound”*” (at page 5 of **(POL00027136)**). This report was delivered at the 31 October 2013 POL Board meeting (**(POL00099806)**).
770. In a report on prosecutions policy prepared for the POL Board by Chris Aujard in February 2014, he made reference to advice from Brian Altman QC at paragraph 2.2, describing POL’s prosecution policy as *“perhaps anachronistic”* (at page 6 of **(POL00026629)**). I do not recall ever seeing Brian Altman QC’s 6 February 2014 advice until I saw it as part of this Inquiry’s disclosure (**(POL00105068)**).
771. The POL Board was made aware in the Significant Litigation Report on 25 September 2014 that Brian Altman QC would be asked to review comments from stakeholders in relation to the proposed prosecution policy which he had drafted (at page 179 of **(POL00040271)**).

772. Later in March 2016, Jane prepared a paper for the POL Board which made reference to advice from Brian Altman QC in respect of the publication of the prosecution policy (**POL00027210**).

773. I do not recall the Simon Clarke advices being discussed at or provided to the Board. However the Board update paper (see paragraph 766 above), refers to the prosecution case review being undertaken to ensure that POL complied with its ongoing disclosure obligations.

96.3. To what extent, if at all, did the Board apply pressure to limit the scope of the mediation scheme and / or POL's approach to it because of costs concerns?

774. The POL Board was consistent in its cost challenge on all programmes and Sparrow was not exempt.

775. However, at no time did I feel the team was held back from taking good decisions or completing work professionally because of cost constraints. The follow up POL Board paper attempts to quantify the compensation costs and sets out clearly that the case questionnaire prompts for compensation requests and includes e.g. "*pain and suffering*". The POL Board balanced well its desire and obligation to do the right thing with its need to apply responsible cost and timing pressure on management.

96.4. To what extent, if at all, did the Board and / or senior management take account of the Post Office's corporate brand when considering whether to change its prosecutorial function? If it did, please explain why that was relevant.

776. I do not recall this being a discussion point.

96.5. Please explain why you took the ongoing mediation into account when considering whether POL should continue to bring prosecutions.

777. The Sub-Committee considered whether a change in position in relation to prosecutions would influence the outcome of the mediation scheme. This was one of a number of matters considered by the Sub-Committee in that meeting, and did not represent the Sub-Committee's final conclusions on the issue.

778. The number of different angles considered shows the full consideration which meeting attendees gave to discussions such as this, whether that is in the ARC, the Sub-Committee or the POL Board. There is no indication in the documents I have seen that this was a factor which any meeting took into account when considering the February 2014 paper which Chris Aujard prepared.

97 Please consider POL00116209 (email chain on 14/15 November 2013 between you, Martin Edwards and Chris Aujard), POL00099929 (your email to Chris Aujard dated 20 November 2013), POL00027506 (agenda for POL Executive Committee on 19 November 2013), POL00021520 (minutes of POL Board meeting on 27 November 2013), POL00100032 (agenda for Initial Complaints Review and Case Mediation Scheme Steering Group on 16 December 2013), POL00116241 (briefing for 1-2-1 with Alice Perkins on 6 January 2014), POL00021521 (minutes of POL Board Meeting on 21 January 2014), POL00116284 (Belinda Crowe's email to you dated 22 February 2014), POL00100321 (email from Belinda Crowe to you on 23 February 2014), POL00100322 (briefing for meetings with Sir Anthony Hooper and Second Sight

dated 22 February 2014), POL00100323 (annotated agenda for meeting with Second Sight on 24 February 2014), POL00116305 (email from you to Belinda Crowe dated 23 February 2014), POL00100337 (file note of meeting with Second Sight on 24 February 2014), POL00116312 (email from you to Belinda Crowe on 26 February 2014) and POL00116313 (speaking note for Board meeting on 26 February 2014) and POL00027337 (minutes of POL Board meeting on 26 February 2014).

779. On 14 November 2013, Theresa Iles sent an email on my behalf to Chris Aujard and others, following a one-to-one meeting I had had with him that day (**POL00116209**). On the topic of Project Sparrow, I noted:

- a. That the budget needed restating to take account of additional resource and additional length of time for the scheme to complete, to be presented to the next Steering Group;
- b. That Angela Van Den Bogerd and her investigation team, as well as the team of network mediation representatives *“are working to Belinda re the delivery of Sparrow”*; and
- c. The role of Second Sight *“going forward”* is to do an independent authentication of reports produced by Angela’s investigation team, which should cause their rates to reduce (subject to negotiation).

780. This final point – that Second Sight would have a different role in the future, authenticating reports rather than writing them – follows on from the matter I addressed above in relation to Question 87.4. It was never

POL's intention to retain external consultants indefinitely and that would not have been an appropriate use of funds.

781. The ExCo met on 19 November 2013. Chris Aujard prepared an update and provided a draft "*Settlement Policy for the Initial Compliant Review and Mediation Scheme*" (at page 2 of **(POL00027506)**). ExCo was asked by Chris to approve the policy and "*note the arrangements for managing the Expectations Gap*". By that last point, Chris meant that there was a risk that SPMs would be dissatisfied with the scheme because POL would expect any settlements to be "*reasonable and based on properly evidenced facts*" and "*not necessarily... financial*". Chris considered that POL should use opportunities presented in meetings with MPs and others to restate and reaffirm its original position in respect of settlements.
782. The next day, Chris sent a briefing for Alice Perkins' meeting with Sir Anthony Hooper. I queried it: the briefing suggested that Second Sight would continue to write reports, rather than verify reports which POL had written internally (**POL00099929**).
783. The Mediation Scheme was discussed by the POL Board on 27 November 2013 (**POL00021520**). The POL Board, as an action, asked for "*a regular update showing cases received, where they are in the process and the overall costs attached to the claims where possible*".
784. The Steering Group met on 16 December 2013 (**POL00100032**).

- a. There was discussion of matters including Second Sight's workload, and the incoming workload for POL's investigation team.
- b. It is recorded that I asked that Chris develop a relationship with Second Sight to ensure that POL and Second Sight would work through any problems together.
- c. Belinda Crowe was to work with Martin Edwards and Chris to "*design a firm proposal for sign off*" in respect of managing the increasing workload and managing "*the accountabilities in light of this in the context of the programme*".
- d. Chris was to chair a workshop on 18 December to look at how POL might develop the content of its investigation reports to satisfy the Chair and Second Sight, to ensure an appropriate outcome at mediation.

785. As I note above in response to Question 96, I met with Alice in a one-to-one on 6 January 2014. In the briefing note prepared for me, I was reminded that POL had agreed the high-level process for moving a report from Second Sight via the Working Group into mediation, but the detail still needed to be worked out (**POL00116241**). The briefing note also said:

"We are in the process of recruiting Post Office representatives for the mediation process. Successfully recruiting the right calibre of staff and securing their release for both training and mediation will be crucial for the programme, and will be challenging."

786. The note recorded that the capacity of Second Sight was becoming more of an issue and said that *“we have taken steps to minimise the burden on them by taking on the administration of the scheme and encouraging them to make their reports on each case as focussed and concise as possible (with a common generic report)”*. POL had by this time taken over the administration of the Mediation Scheme from Second Sight and had instituted more rigorous monitoring and proactive chasing of deadlines, to ensure all cases moved through the scheme as quickly as possible.

787. At the POL Board meeting on 21 January 2014, I gave an update that Sparrow *“was taking longer than we had originally expected but that cases should start to go into mediation in March”* (POL00021521).

788. Belinda provided a written briefing to me on 22 February 2014 for meetings with Second Sight and Sir Anthony Hooper, both of which were due to take place on 24 February (POL00100322). The purpose of the meeting was *“to allow [me] to explore the issues with a view to informing a plan to discuss with the Board”* (POL00100321). She suggested that I speak to Second Sight about their capacity to deliver their role in the mediation scheme, among other topics. She wanted me to set out POL’s position:

- *“The generic report is being produced for the Working Group and the need to avoid any publication that will skew the mediation process while it is in progress.*

- **Scope of the Working Group is narrow** and designed to oversee the mediation Scheme and not other issues.
- **MPs cases and any consequential investigation is now subsumed in the Scheme** – as you confirmed with James Arbuthnot the work for MPs is now subsumed within the Scheme and Second Sight should be focussed on that.
- **A final report** that you are happy for a final report to be produced by at the end of the scheme and do not want a running commentary during the scheme.”

789. I was also asked to address Second Sight’s capacity and the final report with Sir Anthony.

790. I refer above to an email which I sent on 21 February 2014 to Angela, Belinda, Chris and Mark whilst on holiday (**POL00116281**). I described Chris’ reply (**POL00116285**). Belinda responded with a lengthy email (**POL00116284**) the following day. Belinda was not overly positive about the scheme but did say that it was “*too early to say*” whether it was going well. Belinda was happy that the “*investigators are good and fully operational*”. Much of the email concerned the need to manage the expectations of SPMs participating in the Mediation Scheme.

791. On 24 February 2014 I met with Ron Warmington and Ian Henderson of Second Sight, along with Chris. I had a pre-meeting with Belinda (**POL00100321**). An annotated agenda was prepared (**POL00100323**) for the Second Sight meeting. It included matters such as the fact that

POL *“need a firm commitment on the number of cases Second Sight will be able to review and report on a week”*. The current pace of work of Second Sight was *“concerning”* because there was a backlog.

792. I raised some questions the night before, by email, to Belinda (**POL00116305**). I expect we discussed the answers in our pre-meeting.

793. The meeting, as is recorded in the file note held by POL, was at my request *“in order to discuss the progress of the mediation scheme with SS”*. We discussed the projected value of the claims, the fact that some claims involving criminal prosecutions could have a *“quite significant”* value but that some were, in the view of Second Sight, unmeritorious. We also discussed the timescales of the next stages of work, and the contents of the thematic report.

794. I met with Sir Anthony that afternoon.

795. At the POL Board meeting on 26 February 2014, I gave a report on my meetings of 24 February with Second Sight and Sir Anthony (**POL00027337**). I reported that Sir Anthony felt unable to form a view on the best way to manage the Mediation Scheme. The POL Board discussion records *“possible support for Second Sight to enable a more efficient process”*. I had a speaking note for the POL Board meeting, prepared by Belinda (**POL00116312**; **POL00116313**) to which I added some of my own notes.

97.1 What thought did you give to the POL personnel who would be deployed to work on the Mediation Scheme? Please describe what, if any, IT expertise

there was within this cohort.

796. My understanding was that if there were IT issues arising in the course of the Mediation Scheme, those would be passed to Fujitsu for investigation. For example, in Belinda Crowe's email to me of 22 February 2014 she wrote that:

"... Fujitsu has appointed a project manager to work with us on this and Angela's team speak regularly with IT colleagues to resolve issues/delays."

97.2 Why did Second Sight's role change from it writing reports to it reviewing work produced by Angela van den Boerd?

797. I have addressed this in the narrative above 780 as well as earlier in the statement in reference to Question 87.4. I cannot remember anything further.

97.3 Please explain the work of the Initial Complaints Review and & Case Mediation Steering Group.

798. The Steering Group is defined in POL's draft Initial Complaint Review and Mediation Scheme as *"the internal Post Office steering group that supervises Post Office's response to the criticisms of Horizon"* (at page 33 of (POL00027506)).

799. It held meetings which I chaired, such as on 16 December 2013 (POL00100032). It was established to ensure that the project was given support and oversight to assist the POL Board and to manage the detail

of the Sparrow work better, with appropriate professional project management.

800. This was vital work as POL had committed to undertake in-depth reviews of SPMR cases, it had made commitments to the minister and to MPs and it was genuine in its desire to do this.

801. It was the responsibility of the CEO to 'step in' to a project if it was not progressing as it should and so I believe I chaired the group until Chris Aujard took over and/or the Working Group became fully functional.

97.4 Please describe your work in the Mediation Scheme, including both external meetings with the Working Group and / or Second Sight and internal POL discussions.

802. As CEO I could not realistically lead the work in the Mediation Scheme given the volume, but I was briefed on an ongoing basis. I was hugely supportive of the work and my involvement was to provide that support but also challenge where appropriate.

803. There were experienced senior managers leading the work, including (i) key staff being taken from their 'day jobs' to be dedicated to Sparrow; and (ii) funding being allocated. And when issues became difficult, my role was to step in and to try to facilitate a way through, when asked either by the team, or the Board, or stakeholders including Lord Arbuthnot, Second Sight, Alan Bates and Sir Anthony Hooper.

804. For example, I describe below that I met Sir Anthony with Chris when there seemed to be disagreement between the POL Board and Sir Anthony as to the scope of the Scheme.

97.5 Please explain what, if anything, you did to test the views expressed by members of your team that progress with the scheme was slowed by the capacity of third parties (i.e. Second Sight and Howe & Co.)?

97.6 Please explain the concerns you had with the ambit of Second Sight's investigation. Why did POL take steps to limit it?

805. I address these two Questions, 97.5 and 97.6, together.

806. This follows on from the evidence I have given above.

807. As I say above, the need to limit the number of themes which Second Sight was addressing was led by concerns as to Second Sight's capacity, and the fact that their slower work was creating a bottleneck in the mediation scheme. Such a bottleneck was contrary to the expectation that the Scheme would be completed appropriately quickly and efficiently, so that nobody would wait unnecessarily long time and it would be at a reasonable cost.

808. I explored the capacity of Second Sight with all involved.

809. We brought in extra resource to supplement the work POL was doing to support Second Sight. I considered whether to add to their capacity by adding resource from another external consultancy, but I was aware how much work and effort Second Sight had invested. This was a complex

project and it was important to see it through. I understood the capacity issues and worked to address them.

97.7 Please describe the discussion at the Board on 21 January 2014 that led to the minute “The Board asked if the Terms of Reference agreed with 2nd Sight precluded them from working with claimants against the Post Office”. Did you or the Board trust Second Sight; if not, why?

810. By the time of this discussion the Board was aware of threats of litigation.

811. I believe, from my recollection, that this was a concern raised by a NED and discussed with Chris Aujard. The concern from some was that if the work Second Sight was doing could be used against the Post Office, this should at least be the subject of some discussion and consideration. It was a sensible conversation about risk. I don't recall much more than this, but I note that Second Sight were retained for another 12 months from this time.

812. I see that after this meeting, Alwen sent an email (on 24 January 2014) to attendees stating (amongst other things) (**POL00100121**):

“As reported to the Board late last year, we have been endeavouring to formalise SS's engagement by putting in place a formal appointment letter, one of the terms of which will expressly restrict SS's ability to act against PO. For a variety of reason (mainly related to defining the scope of their work), this letter has proved very difficult to finalise, though good progress has been made in the last few days. Ss are, however, still (mildly) resisting the inclusion of a clause imposing any form of restriction on their ability to

undertake future related work. That said, we do expect that over the course of the forthcoming week (and ahead of the next face to face meeting of the working group) all outstanding issues, including this one, will be resolved in our favour. In the meantime, the provision of the confidentiality agreement that was put in place at the start of their engagement continues to provide some, albeit limited, protection in that they expressly prohibit SS divulging, without our consent, any confidential information obtained by them as part of their work.”

813. This provides useful further context to the discussion which is not in the POL Board minutes.

814. There were individuals in POL who believed Second Sight were acting against POL's interests and working for the SPMRs (as I discuss below). My view was that they were working for the SPMs independently, as they had been commissioned to do. and that they believed they had found issues to be explored. I had different reactions over time about Second Sight, depending on the matter at hand, but overall my view was one of frustration, rather than lack of trust, in that they were not taking account of POL's input and responses in that process. I owe them an apology, as with hindsight, they were right in terms of what needed to be looked at and I was wrong.

97.8 Please expand on the discussion that led to the minute of the 26 February 2014 Board meeting (POL00027337) stating “it was acknowledged that, in light of the facts now available, and the projected level of legal claims and costs, it would be sensible to commission more generic legal advice on the overall level

of legal and financial exposure...This advice should consider the steps that could be taken to mitigate any exposure including considerations of alternative structures that might be available to deal with mediation cases". In particular, please identify any legal advice that had been received to that point and explain the type of advice the Board sought.

815. I do not have any independent recollection of this discussion apart from what is set out in the minutes. I discuss the instruction of Linklaters, arising from this meeting, below in response to Question 98.

Instruction of Linklaters and Deloitte

98. Please describe your knowledge of and involvement with the instruction of Linklaters and Deloitte in 2014 and any steps taken by POL following their reporting. Please do not limit your response to this request when addressing the matters below.

816. The decision to instruct Linklaters was made by the POL Board at its meeting on 26 February 2014. I attended this meeting and provided an update on the progress of the Initial Complaint Review and Mediation Scheme (**POL00027337**). By this time, we had significant concerns about the lack of progress and escalating costs of the Mediation Scheme and were actively seeking other ways to resolve the cases in a timely and cost-efficient manner.

817. The POL Board received a paper entitled 'Review of the Current Prosecution Policy' dated 18 February 2014 prepared by Chris Aujard (at pages 2 to 5 of (**POL00026629**)). This paper addressed Project Sparrow

and POL's prosecutorial role (and appended a further paper from Chris dated 7 February 2014 which had already been presented to the ARC on 11 February 2014 (**POL00021424**) and ExCo on 13 February: see (pages 6 to 12 of (**POL00026629**)).

818. The POL Board also considered a paper by Belinda Crowe dated 20 February 2014 which set out the central challenges facing the Mediation Scheme, which were considerable (at pages 16 to 18 of (**POL00026629**)).

They included:

- a. Slower than expected Mediation Scheme performance: of the original 147 applications, 139 were still in the Scheme;
- b. An increasing expectation gap: the applicants valued their claims at around £100,000,000 but Bond Dickinson had provisionally estimated the likely value of the claims (assuming they were successful) to be £6,000,000. The Bond Dickinson advice was very provisional, however, as it was extrapolated from a relatively small sample of claims;
- c. High resource demands, including a considerable ongoing workload for POL staff and our external lawyers;
- d. Issues with the scope of the Mediation Scheme: Belinda described attempts by Second Sight and the JFSA to widen the scope, seemingly with the Chair's support. I can see that I was due to meet with Second Sight and Sir Anthony Hooper to discuss this;
- e. Stakeholder management, including concerns about how to manage the expectations of MPs; and

- f. The standing difficulties associated with the release of Second Sight reports: on the working assumption that the reports would contain criticism and may well be leaked, this was an ongoing risk which we needed to manage.

819. On 24 February 2014, Chris Aujard and I met with Sir Anthony. I can see from the notes that we discussed the issue of compensation and Sir Anthony expressed his opinion about the potential value of such payments (at page 2 of **(POL00100338)**):

“TH noted that the applicant’s CQRs often painted a very distressing picture, where there had been a loss of livelihood, and other losses. His view was that, should the evidence show that POL had not acted properly, then the amount of compensation payable could be quite material (NB this contradicts the legal advice obtained by POL from BD which categorically states that the maximum loss POL could expect to pay would be limited to 3 months “pay” under the SPMR’s contract. When this was pointed out to TH, he defended his contention because 3 months notice was a different kettle of fish from summary termination, criminal record, no ability to sell on/or only sell at a discount, etc. ie., therefore, compensation for causing personal distress could be legitimate. (Can PO recheck this advice?) It was not entirely clear whether TH had in mind criminal cases only when he made these comments.”

820. These issues form the background to the POL Board’s decision on 26 February to commission further legal advice. This decision and the

reasons for doing it are set out in the minutes (at pages 3 to 4 of **(POL00027337)**):

“It was noted that, in respect of each individual application, the project team were taking extensive advice about the Post Office’s potential legal exposure. However, it was acknowledged that, in light of the facts now available, and the projected level of legal claims and costs, it would be sensible to commission more generic legal advice on the overall level of legal and financial exposure (taking account of the possibility of class actions). This advice should consider the steps that could be taken to mitigate any exposure including considerations of alternative structures that might be available to deal with the mediation cases. Such advice should have regard to alternative dispute resolution mechanisms, such as the Financial Ombudsman.”

821. The minutes and action log show that this task was assigned to Chris Aujard (at pages 3 and 8 of **(POL00027337)**). As I recall it, Chris managed the interactions with Linklaters and determined the scope and instructions given. As GC, he had the knowledge and experience to do this. I had never been involved in giving instructions to external lawyers and was not involved in doing so in this case.

822. As Chris was handling the details of the work, my role was largely to ensure that the team stayed on track to deliver what the POL Board had requested. Given this, I was in regular contact with Chris and others. For example, at 09:49 on 10 March 2014, Alice sent me an email asking for an update on several issues including this work, in advance of the March

POL Board meeting (**POL00116321**). My reply of 12:21 shows that I had already obtained an update from Chris: *"I have already spoken to Chris A: we will circulate a list of questions to the Board on Wed at the latest. I have asked to see them this pm"* (at page 1 of (**POL00116321**)). I then forwarded this email chain to Chris and confirmed that deadline for the proposed questions. As I say in this email, Alice was taking these matters seriously (which was appropriate) and I wanted to ensure that everyone was on top of what needed to be done (at page 1 of (**POL00116321**)).

823. The meeting referred to (*"I have asked to see them this pm"*) must have taken place as I see that David Oliver sent me an email at 18:38 on 10 March 2014, cc'ing in Chris, Belinda Crowe, Angela Van Den Bogerd, Martin Edwards, and Mark Davies saying (**POL00027696**):

"Following discussion with you this afternoon we have further cut down and reconfigured the Linklaters paper...It is with them overnight but conscious you asked for sight of where we got to. Grateful for any comments – we plan to finalise with Linklaters before submitting to the Board tomorrow."

824. I do not recall having input into the content of the work so much as overseeing the team. They were responding to the very clear questions from the Chair and my additional request about advice on an external adviser (ombudsman option). I needed to know where the work had got to, but I do not believe David was asking for my input into the legal content, which would have been inappropriate. It is more likely that I had checked that we were on track and would soon be ready to circulate / double-check with the POL Board, the list of questions to be commented

upon by Linklaters. Additionally, I am sure that I commented on using accessible language and keeping the paper to a reasonable length for the POL Board, both of which the Chair was keen on and which enabled better POL Board discussion.

825. The ExCo met on 13 March 2014 and I attended, along with Chris, Belinda, Neil Hayward, and several others (**POL00092172**). I can see that Belinda's paper of 20 February 2014 was annexed to the agenda for this meeting. It was the subject of separate discussion and was part of the agenda slot on strategic risk review led by David Mason, Head of Risk and Chris Aujard.

826. At 13:10 on 19 March 2014, Belinda appears to have sent Neil Hayward a draft cover paper for the POL Board intended to accompany the Linklaters' advice, cc'ing Chris Aujard, Chris Day, Mark Davies, Martin Edwards, David Oliver and me (**POL00116348**). With the exception of Neil Hayward, we were all involved with Project Sparrow. I believe that Belinda was asking for Neil's comments. I do not recall having any input into this draft myself.

827. The documents show that Chris Aujard was in correspondence with Linklaters between 19 and 20 March 2014 to finalise the Executive Summary of their work, which would be presented to the POL Board. Chris was aware that, given the amount of pre-reading for every POL Board meeting, the summary would be an important document for the POL Board members. In his remit as GC, he appears to have decided the key legal points he wanted the POL Board to take away from this work

and, in his email of 00:18 on 20 March, he asked Jonathan Swil of Linklaters to bring them to the fore (**POL00022012**):

“The executive summary is still pretty long, and doesn’t hit the reader between the eyes with what I understand to be your main conclusion – namely: Unless there is something wrong with the system, we are entitled to rely on the accounts produced by Horizon as the basis of claiming sums of money from SPMRs. Further that there can be no question of a claim for consequential losses based simply on the recovery by the Post Office of losses if the losses were properly payable and the Post Office was entitled to the money. These 2 statements together are quite powerful, and need to be brought out (sic) clearly, and it also needs to be said that in consequence the amounts that could be successfully claimed in court are a fraction of the aggregate amounts (c£100m) that has been claimed under the scheme.”

828. Chris prepared a brief cover paper dated 19 March 2014 which seems to have been circulated alongside an Executive Summary which does indeed emphasise these points (**POL00105529**). Linklaters’ overall conclusion is said to be that *“in strict legal terms, many, if not all, of the claims submitted under the Scheme would be unsuccessful if they were considered by a Court”* (at page 2 of (**POL00105529**)). At paragraph 2.2 of his paper, Chris summarised the work in the following way (at page 1 of (**POL00105529**)):

“(A)t a high level and by way of an indication of the direction of their advice, it may be helpful to note that one of Linklaters many conclusions, is that: ‘There can be no question of a claim for consequential losses (by an SPMR)

based simply on the recovery by the Post Office of losses (i.e. the amounts that POL believes were owing to it) if the losses were properly payable and the Post Office was entitled to the money.”

829. Linklaters' Executive Summary advised that POL's potential liability was very limited (at page 4 of **(POL00105529)**):

“In summary, we think that, absent proof that Horizon is malfunctioning (either generally or in the specific case) the Post Office has a right to recover losses from SPMRs, the SPMRs have no right to compensation for such losses and the circumstances in which there will be a consequential loss claim are limited to those in which inadequate notice of termination was given, will depend on their facts and should be limited.”

830. As is clear from the POL Board's initial request for advice, the primary aim was to obtain a definitive opinion on the possible level of compensation and to understand the legal principles at a general level. We had already received advice on the individual cases, but we did not know, for example, whether consequential losses or damages for distress would be awarded (which, as Sir Anthony had noted in the meeting on 24 February, could substantially change the overall sums). Given this, the advice we sought was at a more general level and looked at, for example, what followed from the contract.

831. Because what we needed was an assessment of the applicable legal principles, the advice was provided subject to a key factual assumption: that Horizon was well-functioning. My understanding is that this was a working assumption which was made to allow Linklaters to focus on the

general principles. This assumption was very clearly identified in their advice (at page 5 of (**POL00105529**)):

“We note that there is, so far as we understand it, no objective report which describes and addresses the use and reliability of Horizon. We do think that such a report would be helpful, though there is a decision to be made about how broad and/or thorough it needs to be.”

832. We discussed this advice at the POL Board meeting on 26 March 2014 and Christa Band attended from Linklaters to present the work. As they were managing the project, Chris, Belinda, and Angela also joined the meeting for this part of the discussion (**POL00006564**).

833. As with every POL Board meeting, there was a significant amount of pre-reading and, although I do not specifically now recall reading the report itself in advance of the meeting, I am confident that I would have familiarised myself with it. The volume of reading meant that it was not usually possible for me to have digested every detail of every item, but I would always try and ensure that I was well versed enough to provide useful input through questions and challenges.

834. I vaguely recall that others had not had the chance to really engage with the report in advance. I remember Alice Perkins introducing Christa Band and asking her to walk the POL Board through the work for the benefit of those who had not yet had the opportunity to digest it fully. My understanding would have been shaped by her presentation as well as by reading the report and Chris' summary.

835. I do not recall much of this meeting beyond what is recorded in the minutes. Ms Band presented the executive summary discussed above and criticised Second Sight's work as lacking hard evidence to back up their conclusions. She also advised us on the contractual relationship between POL and SPMs, telling the POL Board that under the terms of the contract POL would not be required to pay compensation. The minutes record that she advised that there was no entitlement under English law for damages for distress in this situation (at page 2 of **(POL00021523)**). Although I did not (and do not) have the legal expertise to evaluate the accuracy of this advice, it fits with my broad recollection that our legal position was strong.

836. After Ms Band left, the POL Board discussed further work. They agreed to (i) set up the Project Sparrow Sub-Committee; and (ii) commission a piece of work to complement the work undertaken by Linklaters "*to give them and those concerned outside the Business, comfort about the Horizon system*". The POL Board requested that the work cover (at pages to 2 to 3 of **(POL00006564)**):

"The work undertaken by Angela Van Den Bogerd explaining how the system works

A review of the data integrity aspects of the system

A reference to all audits and tests carried out on the system

A response to the most significant thematic issues raised by Second Sight."

837. Linklaters had provided advice on the applicable legal principles and a view on POL's financial exposure *if* Horizon was well-functioning. At the time we certainly thought that it was and so we anticipated that this work would show this. We also hoped that it would help with the mediation process: I do not recall any intention at this stage that the work be made public or published widely, but I believe we thought it would help in understanding the unresolved issues in the individual cases.
838. The POL Board directed that Linklaters be provided with the terms of reference for this further work so that they could advise on whether it would play the complementary function envisaged. The terms of reference were then to be agreed by the Project Sparrow Sub-Committee. As the minutes and Board Action Log shows, Chris was tasked with taking this work forward (at pages 3 and 11 of **(POL00006564)**).
839. Although I was not involved in this, I can see that Linklaters provided a draft advice dated 28 March 2014 which commented on the proposed scope of the further work **(POL00022093)**. It is unclear to me from this document whether Linklaters were provided with draft terms of reference in a separate document and, if they were, which document that is. I have no recollection of seeing any draft terms of reference myself.
840. I do not think I saw this advice, but Linklaters explain that the further work could potentially be useful in lots of ways including by reassuring SPMs, countering criticisms of Horizon, and showing that POL were taking the allegations seriously. To do some of those things the work would need to be disclosed more widely. Linklaters note that one option would be to

make the final report (or an edited version of it) public. They suggest, amongst other things, that the report be prepared by an expert who is independent of POL and Fujitsu and advise that the expert consider all existing assurance work on Horizon to avoid needless duplication of work. I did not see this advice and was not involved in deciding how it should feed into the further work to be done: Chris handled this.

841. I exchanged emails with David Oliver on 28 March 2014. He updated the Sparrow team on a further delay in the Second Sight reports and said he intended to convene a meeting of the Sparrow group the next week (at pages 1 to 2 of (POL00027800)). My response characterises my role more generally: I said I would like David to walk me through a draft plan which should already include input from senior managers/directors because *"I will add most value where I can iterate and challenge the options, ie., not as part of a working meeting"* (at page 1 of (POL00027800)).

842. Although today, I wish I had been much more closely involved, as CEO I was handling so many projects concurrently that it simply was not viable for me to have useful input at working level. However, I did see it as my role to challenge at a stage where initial thinking had been done and to ensure that the project was on track. There were senior people responsible for managing this work, chiefly Chris (as GC) and Belinda (as the Project Director), and I trusted them to do this.

Deloitte

843. The documents suggest that Rodric Williams finalised the formal request for advice with Gareth James at Deloitte. On 2 April 2014 at 18:58, apparently having had a telephone call with him that day, Rodric emailed Gareth James, cc'ing in Belinda, Chris, and Lesley. He described the broad scope of the work as being that POL "*wants to demonstrate that the Horizon system is robust, fit for purpose, and/or operates within an appropriate control framework*"). He enclosed five documents "*to determine whether or not Deloitte (sic) can help us in this regard*" in advance of a further call due to take place the next day (at page 3 of **(POL00108396)**).
844. At 12:17 on 4 April 2014, Rodric emailed Gareth James again, referring to a meeting on 3 April 2014, and providing six additional documents. Gareth James replied to both Rodric and Belinda at 17:20, thanking Rodric for the material and confirming that Deloitte had started drafting a letter of engagement. He described the Part 1 timetable as "*quite challenging*" so Deloitte would limit the scope "*to the key areas we discussed,*" with Part 2 remaining a deeper dive (at pages 1 to 3 of **(POL00108396)**).
845. I was not involved in these discussions and do not know what the "*key areas*" were. These emails suggest that the scope of the instructions was informed by meetings between POL's legal team and Deloitte and depended, at least in part, on factors such as how quickly the work could be done. We were working to tight deadlines from the POL Board. The

decision to divide the work into two parts is likely to have been influenced by this point.

846. I can see that Belinda emailed Chris at 17:48 on 4 April 2014, referring to a conversation about who should agree and sign the letter of engagement. She suggests that Lesley lead on this (at page 1 of **(POL00108396)**). I have no first-hand knowledge of what followed, but the documents disclosed suggest that Chris, Belinda, and Rodric were all involved in deciding the final scope and specific instructions for Deloitte and, as suggested here, the original intention was for Lesley to sign them off.

847. On 7 April 2014, Belinda responded to Gareth James suggesting that Lesley sign the letter of engagement and asking for a copy of the draft letter (at page 1 of **(POL00108399)**). Around the same time on 7 April, Gareth James emailed Rodric asking him to confirm who the appointment was with (at page 2 of **(POL00108404)**). Having received Rodric's "out of office" reply, Gareth James forwarded his query to Belinda at 17:24, asking whether POL would want Deloitte to take into account the POL Board report prepared by Linklaters in March 2014 (which he seems aware of, but does not appear to have) (at pages 1 to 2 of **(POL00108404)**). At 18:19, Belinda responded saying "(w)e discussed this" and asking if he can speak to Lesley at 12:00 the next day (at page 1 of **(POL00108404)**). Mr James replies at 18:49 (at page 1 of **(POL00108405)**).

848. I am aware from the documents disclosed that a draft letter of engagement addressed to Chris Aujard and dated 7 April 2014 was provided by Deloitte (**POL00108408**). Chris appears to have provided comments on at least one draft of this letter. The version dated 9 April is described as "v6" (**POL00108412**). I was not involved in the process of drafting the letter of engagement and do not recall seeing these drafts or being consulted on them. As far as I can discern from the documents, the work of formulating the final letter of engagement was done by Chris, which is in line with my recollection of his role in the project.

849. From comparing the two drafts I can see that:

- a. By 7 April 2014, the decision appears to have been made to divide the work into two parts with Part 1 being a summary of existing assurance work (I recall Chris Aujard describing this as a "*desk-top*" report) and Part 2 being additional work which may be completed at a later date depending on the outcome of Part 1 (at page 1 of (**POL00108408**) and at page 1 of (**POL00108412**)). I was not consulted on the division of the work into two phases, but I do recall that the work was divided into two parts.
- b. Both drafts stipulate that, in completing Part 1, Deloitte was not required to comment on or test the quality of the existing assurance work or the integrity of the processing environment (at page 3 of (**POL00108408**) and page 3 of (**POL00108412**)).
- c. Chris' amendments to the 9 April draft focus the work on the Horizon HNG-X system, as opposed to "*Horizon*" alone (**POL00108412**).

- d. Chris' draft of 9 April appears to introduce a timeline for the work, including a proposal that Deloitte present their work at the April Board meeting (at page 5 of **(POL00108412)**).
- e. Both drafts record that some or all of Deloitte's work was likely to be subject to legal professional privilege and Rodric, as POL's litigation lawyer, is named as the person at POL who will facilitate wider the circulation of correspondence and preparatory material, if required (at page 2 of **(POL00108408)** and at page 2 of **(POL00108412)**).
- f. Both drafts record that, unless otherwise instructed, Deloitte will have no direct contact with any third parties other than the named Fujitsu contacts that POL provides (at page 7 of **(POL00108408)** and at page 8 of **(POL00108412)**). I do not know why this was included so these comments are necessarily speculative, but I recall that the Linklaters advice on the scope of this work (which I did not see at the time) emphasised the importance of independence from both POL and Fujitsu. It is also possible that time was a factor here as consulting Fujitsu would likely take longer.
- g. Both reports state that POL is unlikely to make any public reference to Deloitte's work and, if this changes, the wording of any public announcements will be agreed between the parties (at page 6 of **(POL00108408)** and at page 6 of **(POL00108412)**).
- h. Both reports state that the client team at POL is comprised of Lesley, Chris, Belinda, and Rodric, who will report to me as CEO (the latter draft also includes Julie George, who will deputise for Lesley if

absent) (at page 2 of (POL00108408) and at page 2 of (POL00108412)). I do not believe I was aware of this until reading these documents for this Inquiry and I do not recall having any specific oversight or reporting role in relation to this work at the time.

850. As far as I can discern from the documents, the final signed version of the letter of engagement is (POL00117611) which is dated 9 April 2014, but it was signed by Chris on 25 April 2014 (at pages 1 and 9 of (POL00117611)). It appears to include Chris' proposed amendments and states that Deloitte will provide an Executive Summary of their findings to the POL Board on 30 April 2014 (at page 5 of (POL00117611)).

851. On 9 April 2014, I attended the inaugural meeting of the Project Sparrow Sub-Committee. The minutes record that I was present from item PS 14/3 onwards (at page 1 of (POL00006565)). I do not recall any lengthy or significant discussion at this meeting.

852. Alice set out a range of issues (20 in total) relating to the nature and progress of the Mediation Scheme. I do not recall any lengthy discussion at this meeting but can see from the minutes that the Chair outlined a number of significant issues the committee should consider:

- a. The so-called "*expectations gap*" between POL's anticipated liability if Horizon was functioning (now confirmed by Linklaters to be low) and the sums being claimed by applicants (at page 3 of (POL00006565)).

- b. How, if at all, POL could communicate the essence of the Linklaters' advice to applicants without waiving legal privilege (at page 3 of **(POL00006565)**).
- c. The assurance work being considered by Deloitte (which was also said to be privileged) and how, if at all, that could be communicated to applicants (at page 3 of **(POL00006565)**):

"The handling and sequencing of what would be a public message will be crucial and would need to take account of the position of key stakeholders, in particular, Tony Hooper, James Arbuthnot, and other MPs."

853. A preparatory paper setting out various options for the Mediation Scheme going forward seems to have been provided for this meeting (at pages 4 to 5 of **(POL00116439)**), but I do not recall it being discussed. It seems more likely from the documents that the discussion on this paper took place at the meeting on 30 April 2014, as the minutes for that meeting record that we considered "*a paper on the options for the closure of the Scheme and for the acceleration of its completion*" (at page 3 of **(POL00006566)**).

854. The options paper sets out several possible ways to resolve the cases in the Mediation Scheme. The final recommendation is expressed as being "*(s)ubject to a satisfactory outcome from the Deloitte assurance assessment*" (at page 9 of **(POL00116439)**). I think we hoped that this work could play a role in helping decide the future of the Mediation Scheme. At this time, we believed from the other assurance work that had

been done that Horizon was working well and thought it likely that the Deloitte work would confirm this, which would be relevant to the issues in the Mediation Scheme.

855. At the meeting on 9 April 2014, the Sub-Committee also considered an update on the progress of the Deloitte assurance work (**POL00006565**). A one-page paper appears to have been provided for review (at page 16 of (**POL00116439**)). I do not recall the discussion but the minutes record:

- a. The Part 1 work is described as “*a largely desk-based exercise to assess the control framework within which Horizon operates*” which “*will not consider the integrity of the Horizon processing environment. That would form Part 2 of the work*” (at page 4 of (**POL00006565**)). I note that this describes the work as concerning Horizon generally rather than just HNG-X. This seems in conflict with the terms of the engagement letter prepared by Chris, which narrowed the work to HNG-X.
- b. The Part 2 work is described as being contingent upon the outcome of Part 1 and not essential. Part 1 was presented as sufficient in and of itself, regardless of whether the Part 2 work was also completed: “*Although no system could be absolutely 'bullet proof', no issues had yet been identified through the cases being investigated or any other route that has called into question the integrity of Horizon on-line was implemented. These two points, along with the Part 1 work (depending on the results) should be sufficient to assure Post Office that Horizon is fit for purpose*” (at pages 4 to 5 of (**POL00006565**)).

- c. If commissioned, the Part 2 work would look at *“the adequacy of Horizon at implementation, user acceptance testing etc, to determine whether the system was set up correctly. This would be a larger and more costly exercise and should not be undertaken unless deemed necessary based on the results of part 1”* (at page 5 of **(POL00116439)**).
- d. Lesley was to attend the April POL Board meeting to present the findings of Part 1, and the next Project Sparrow Sub-Committee meeting was to provide a detailed update, including whether Part 2 was required and, if so, how long it would take (at page 5 of **(POL00116439)**).

856. A brief additional paper also seems to have been provided which addressed the Deloitte work. It explains (at page 16 of **(POL00116439)**):

“Following the last Board meeting, discussions have been held with Deloitte (sic) with a view to commissioning a short, cost-effective, external ‘assurance’ assessment of Horizon. Although the precise scope of this assessment is still under review, currently it is proposed to undertake it in two parts, with a summary of Part 1...being completed by the end of April in time for presentation to the Board.”

857. This note summarises Part 1 as *“primarily a desk-based exercise reviewing existing documentation”* which will involve, amongst other things, *“(s)ome limited testing of Horizon functionality and responses to themes identified by Second Sight.”* Part 2 is described as *“non-essential at this stage”* and consisting of more detailed forensic activity, which could

include more comprehensive testing and analysis in a number of core system areas.

858. I do not recall these discussions although I do broadly recall that the work was ultimately divided into two parts. However, I do not think that I understood it in the way these documents present it at the time. I remember that Part 1 was desk based and would rely upon the assurance work which had previously been done. A lot of assurance work had already been done and we did not want to replicate work, but I thought that this review would assist by drawing together all that work to show that Horizon did what it was designed to do.

859. The understanding that I formed of the Part 2 work at the time was that it focused on the implementation of Legacy Horizon. My recollection is that the division came about because looking at this would require us to look at Legacy Horizon from 1995 onwards and one significant concern was that we may no longer have the data from this period. As such, we would need to attempt to reconstruct the architecture in place at the time, which might not be possible and would certainly be time-consuming and very costly. I remember Lesley emphasising that it might not be possible to do this and, even if it was possible, it would come at considerable cost. If the Part 1 work was sufficient to provide assurance – and we were told that it would be – then the business had to consider carefully whether it was justifiable to also undertake costly additional work with no obvious gain.

860. In relation to Fujitsu's involvement, I can see that Julie George appears to have asked Gareth Jenkins to attend a meeting with Gareth James of

Deloitte, but he declined on 10 April 2014, seemingly on the instruction of James Davidson (**POL00100513**). I do not recall this so I cannot shed any further light on the decision making here.

861. Between 14 and 17 April 2014, I exchanged emails with Chris Aujard reflecting on the first Project Sparrow Sub-Committee meeting and he confirmed that the Deloitte assurance work was underway (at page 3 of (**POL00108440**)). I was on leave, but I said that *"before I finally switch off, I want to be sure I am clear on next steps"* and I challenged on the efficiency of attendees at the last Sub-Committee. This was followed by a further update on 17 April in which Chris noted that various workstreams were ongoing *"that I am conscious are not particularly visible to you"*, including the Deloitte work (at page 1 of (**POL00108440**)). This fits with my recollection: although I was keen to keep track of progress, the updates I required to do this were high level and I was not involved in the detailed work.

862. On 30 April 2014, there was a POL Board meeting followed by a Project Sparrow Sub-Committee meeting. I attended both meetings but do not recall everything captured in the minutes.

863. The POL Board meeting took place in the morning and Gareth James of Deloitte attended to present the draft report. I can see from the minutes that Lesley and Chris also joined for that part of the meeting because they were so involved in the project (at page 6 of (**POL00021524**)). I cannot be certain, but the draft report provided by Deloitte appears likely to be

the draft Executive Summary marked "*For validation in advance of Board discussion on Wednesday 30th April*" (**POL00105635**).

864. The minutes record that the Chair thanked Gareth James for his draft report and explained that there were a number of people who were sceptical about Horizon. She said that the POL Board was keen to know the truth about the reliability of the system, and the report needed to be accessible because it needed to be capable of persuading lay people (at page 6 of (**POL00021524**)).

865. Lesley then summarised the work, describing the objective of Part 1 as "*to give assurance that the control framework, including the security and processes for changes in the system, were robust from an IT perspective.*" The minutes record that Gareth James reported that all Deloitte's work to date suggested that the system had strong areas of control and the testing and implementation was in line with best practice (at page 6 of (**POL00021524**)). This minute fits with what little I do recall of this meeting: my lasting memory is that having heard from Gareth James, the mood was one of relief and reassurance. I remember feeling positive about the feedback he gave and thinking that this work should also be useful in helping us resolve the cases within the Mediation Scheme which, as ever, was a key concern for me.

866. The POL Board asked what assurance could be given pre-2010 when Legacy Horizon was in place. As mentioned above, I recall Lesley Sewell saying that the further work of examining Legacy Horizon would be much more costly and difficult, if it was even possible. There was a concern

that the data required to do this work no longer existed, and so we would need to reconstruct it which would be time-consuming, expensive, and not necessarily reliable or authentic. Nonetheless, it was agreed that Gareth James would produce and cost a proposal to address this additional work for the POL Board to consider. As indicated by the minutes and the Board Action Log, Lesley and Chris were tasked with overseeing this (at pages 6 and 10 of (**POL00021524**))).

867. Later that day, the Project Sparrow Sub-Committee met. There was some overlap in attendance with those who attended the Board meeting: Alice Perkins, Chris Aujard, Alasdair Marnoch, Richard Callard, Alwen Lyons, Lesley Sewell, and I all attended some or all of both meetings.
868. The Sub-Committee meeting minutes record that we discussed Chris' paper dated 24 April 2014, which advised on the legal issues surrounding the potential dissemination of the Linklaters and Deloitte work. This was provided further to the request made by the Sub-Committee at the meeting on 9 April 2014. Chris Aujard's paper states that he sought additional advice from Linklaters on these issues. The paper looks at whether and, if so, to what extent, POL might share the Deloitte report and "*the essence of the legal position from Linklaters.*" The potential audience for these seems to be chiefly limited to those involved in the Mediation Scheme: "*advisors, applicants and MPs including action planning, comms and stakeholder engagement.*" As he notes here (and I recall this being a concern throughout) dissemination could result in POL

inadvertently waiving legal privilege over privileged material which is something we wanted to avoid (at page 1 of (POL00022123)).

869. Chris advised that publishing a letter from Linklaters summarising POL's legal position to applicants was felt to be inappropriate as it may be portrayed as bullying. He also rejected the suggestion that the Chair might commission legal advice on this. Instead, Chris' advice at this stage was that an open letter be sent to the Chair of the Working Group summarising POL's legal position and the Deloitte report. The letter could then be disseminated to applicants and made available via POL's website. He flagged that this risked damaging POL's relationship with other members of the Working Group and expressed the view that the media reaction, combined with the dissemination of POL's legal position itself, was likely to be "severe," albeit he had been advised that it was nonetheless manageable (at page 2 of (POL00022123)). A first draft of this letter, prepared by Linklaters, is said to be annexed to this paper but I have been unable to locate it within the Inquiry's disclosure.

870. The minutes of the discussion record a concern that the Linklaters report was too long and not sufficiently clear to be understood by a lay person. The Sub-Committee agreed that neither the Linklaters advice, Linklaters draft summary, nor Deloitte report would be disseminated at this stage but that the Sub-Committee would reconsider dissemination at a later date (at page 2 of (POL00006566)).

871. At the POL Board meeting, Chris Aujard had explained to Gareth James that there were allegations of so-called "*phantom transactions*" and so

assurance work by Deloitte on the integrity of the system record logs would be very valuable (at page 6 of (**POL00021524**)). I do not recall much of the discussion on this at all. I vaguely remember that Chris had mentioned the idea of the transaction log in the POL Board meeting, but I think we had run out of time, which may be why he picked it up with Gareth James after the meeting.

872. By the time of the Project Sparrow Sub-Committee meeting later that day, Chris seems to have spoken to Gareth James and told him about the visibility of Transaction Corrections on the transaction log, which he said Gareth James thought might mean that assurance work on this could be completed more quickly. When Chris relayed this to the Sub-Committee, I can see that the Committee asked him to establish with Deloitte what level of assurance could be provided in one, two, or three weeks and at what cost (at page 2 of (**POL00006566**)). This would be additional work over and above the work requested by the POL Board, so the Committee would have wanted to know the time and cost implications before deciding whether or not to take it forward.

873. I can see from the Sub-Committee minutes that we also discussed the potential difficulties with conducting pre-2010 assurance work. As I explained above, my understanding was that the data for this was not available and so assurance work on Legacy Horizon would be a significant further step which, if possible at all, would be far more time consuming and costly. Although I cannot now recall, I think the reference to the Sub-Committee discussing "*the use of the detailed logs provided*

for the Court cases as evidence for Deloitte" relates to this. I think the idea came from a question about whether the court files might contain records of data which we otherwise thought we no longer held (at page 2 of **(POL00006566)**).

874. Further to the POL Board meeting, I can see that draft instructions (dated 9 May 2014) to Deloitte were prepared (**(POL00031388)**). I do not recall seeing these at the time, but they include a request for assurance work on system records and transaction logs (presumably as a result of the "*phantom transactions*" issue discussed above) and confirmation of what assurance is available for both pre and post 2010 Horizon.

875. The Change Control Order for this amendment to the terms of engagement appears to be set out in (**(POL00117612)**), although the dates on this document are very unclear: the header is dated 9 April 2014, the letter is dated 6 May 2014 and Chris Aujard's signature is dated 15 April 2014. The focus of the additional work was on the transparency and auditability of the records. I was not consulted about the scope of this change order, and do not recall seeing a copy of it at the time.

876. The POL Board met on 21 May 2014 and the minutes show that Chris and Belinda provided an update on Project Sparrow (at page 9 of **(POL00027400)**). The minutes refer to a draft executive summary of the Horizon Assurance Review prepared by Deloitte said to have been circulated in advance but it is not clear to me from the documents disclosed which document this is. The minutes note that the full Review should be available on 23 May 2014, but Chris is recorded as saying that

he will circulate this to the POL Board "*once he was satisfied with its drafting and the clarity of expression.*" The Chairman is recorded as emphasising the importance of the report being clearly written "*so that it could be used to give assurance to a wider audience*" (at page 9 of **(POL00027400)**).

877. There is a draft report dated 23 May 2014 which may be the version referred to above **(POL00028062)**. I do not recall either myself or the POL Board being provided with copies of this, but I do have a vague memory of seeing someone else's hardcopy version (I do not recall who), weighing up whether I had time to read it there and then, and deciding that, given its length and level of detail, I did not. As CEO, there were countless demands on my time and it was not possible to read everything. I had to make judgments every day about where my time would be best spent and where I could add the most value. I have read the report since but, at the time, I think it likely that I relied upon the executive summary and the oral briefings provided by Gareth James and those working on the project, which I trusted to be accurate and sufficiently comprehensive.

878. I can see that on 28 May 2014 Rodric Williams sent Jonathan Swil and Christa Band at Linklaters a copy of POL's "*Factfile*" (which had originally been prepared to assist Second Sight and the Working Group) and a copy of Deloitte's draft Board Update, stating that they already have a copy of the full draft Deloitte report. It seems that Rodric Williams is seeking Linklaters' help in producing an accessible and understandable report. He comments that "*(o)ur CEO is concerned about the time available to knock*

Deloitte's work into shape" and asks them to set out their preferred structure so that Deloitte can repackaging their work accordingly **(POL00006556)**.

879. As this comment indicates, there was a concern by this point about the length of time the work was taking. The POL Board had asked for the report some time ago. In general, if I promised a deliverable to the POL Board within a certain timeframe, I wanted to make good on that promise. I was of course able to and did ask the Board Chair for extensions to time, but timeliness for this report was also important because it was hoped that the work would inform other decisions that we had to make, most notably trying to resolve the SPM cases and decide the future of the Mediation Scheme. Everyone wanted to get this done. It was my role to try to help the team make that happen.

880. Chris appears to have spoken to Deloitte on 29 May 2014, after which Gareth James confirmed the structure of the work that would be provided (at pages 1 and 2 of **(POL00031400)**). Chris forwarded this to Martin Edwards, Alwen Lyons, Julie George, Rodric Williams, and me later that day apologising for the delay. He wrote that Deloitte were running significantly behind schedule and described the draft report as "*opaque*" and failing to answer the questions set. He was keen to stress that, although they were having to push Deloitte to finish the work, this was a result of Deloitte's internal review progress rather than because there were concerns about the substantive issues (at page 1 at **(POL00031400)**):

“(T)here is no suggestion from Deloitte that there is somehow something ‘wrong’ with the system, or that it is not fit for purpose, rather our experience is that their internal review partner approach is such that any positive (and helpful) statements that are made in early drafts are edited out before the draft is released to us.”

881. I continued to track the progress of Deloitte’s work and keep the Chair updated. In an email of 3 June 2014, I asked Chris whether Deloitte were on track to deliver their work by 4 June (his reply confirms that he thought they were). I asked whether he had made any progress in respect of Deloitte agreeing to be named in any disclosure of the report. He replied that Deloitte had not moved on that but that the Linklaters’ advice was being “*tivitated by Rod*”, so as to stand alone even without reference to the Deloitte work (**POL00116581**). We had been considering all options including publishing the report in the public domain. Although the desire to maintain legal privilege might always have prevented us from making the report public, it also became clear that Deloitte were opposed to this, perhaps because such reports were more usually produced as client internal documents, as this one too had initially been briefed.

882. Nevertheless, we had hoped that the work might provide reassurance to those outside of the business, including the Working Group, and to assist in resolving the cases in the Mediation Scheme. I recall a sense of frustration on the part of those more involved in the detail of the project at the way the final report was developing. The POL Board meeting with Gareth James had been overwhelmingly positive and reassuring but the

report that then emerged from Deloitte's checking process was heavily caveated and increasingly complex and, because of this, less intelligible to a lay person. Deloitte appeared to be less and less willing to commit to anything unequivocal. We had hoped that the report might assist in resolving the cases under review, but an inaccessible, heavily caveated report could not do this: it would not serve to explain how Horizon worked and could not provide a clear view (reassuring or otherwise) on whether the system was well-functioning.

883. Deloitte prepared a draft Board briefing dated 4 June 2014 (**POL00030159**), which I believe I did read at the time. My understanding was that Deloitte had conducted a desktop review based on previous assurance work and design and system documents and had concluded that, provided the system was implemented as designed, it ought to be well-functioning. However, there was still a significant amount of work to do to fill in the gaps, check the assumptions, and validate the information they had looked at.

884. My first impression was that this was a critical report which raised serious concerns. I needed to understand whether the caveats could be addressed. If they could not, it could have serious implications for whether we continued to use the system. While I recognise the limitations in this thinking now, I certainly felt at the time that I had some contextual reassurance that the system was working simply from the enormous number of successful transactions which were completed each day. However, it was clear that we needed to understand the gaps and caveats

and whether they could be addressed. There were also parts of the report I did not understand. For example, I do not think I understood the reference to the exceptional balancing transaction incident in 2010.

885. I spoke to Lesley Sewell and my recollection is that she assured me that POL had more background documents which had not been taken into account, but which provided assurance with respect to the caveats. On the balancing transaction incident, I was told that it was an emergency measure and had only been used once, it was not about remote access, and that POL had documents showing that the SPM was aware of the incident. I trusted what I was told and, on the basis of that reassurance, felt able to put that issue aside.

886. The response given to me (and subsequently to the POL Board) was reassuring. We were told that a lot of the caveats within the report either had already been addressed in other work and POL had the material which would show this, or could be dealt with through further work. We initiated that further work and this is when I recall the name "*Project Zebra*" starting to be used, although it seems that the name had been used before this time.

887. My understanding was that POL had the material which would assuage many of these concerns and caveats, and, because of this, I recall a sense from the team that Deloitte had not really listened to them. I was told that the report painted too bleak a picture and Deloitte had not given sufficient regard to the assurance that POL was able to provide through documents which could have been provided if they had been requested.

The team seemed to feel that the report protected Deloitte's position but at the cost of giving a clear picture.

888. After such a positive initial meeting with Gareth James, the negative tone of the report did come as a shock to me. The final report which emerged from the checking process seemed at odds with what we had initially been told. As CEO, I had to manage the disappointment and frustration of the project team and the concerns of the POL Board as well as ensuring that assurance work was conducted to address the caveats identified in the report.

889. I can see that Chris and Lesley circulated this briefing document alongside an update to the Project Sparrow Sub-Committee (myself included) at 19:26 on 4 June 2014. They explained that the report remained somewhat technical, and was heavily caveated. This was because it was a desktop review, based on currently available information, which did not include information relating to the original implementation of Horizon in 1995. They highlighted the limitations and assumptions which contextualised the work then summarised its key findings, emphasising the positives. They noted that there was unlikely to be time to discuss the briefing at the Sub-Committee meeting on Friday but expressed the hope that we could agree how to put the material to the Board (at pages 1 to 3 of **(POL00029733)**).

890. Prior to sending this email, at 18:42 on 4 June, Rodric Williams appears to have emailed me a draft of what Chris and Lesley proposed to say. I replied in a light-hearted way (with two smileys) saying "*I'm getting out of*

the way! Chris can decide – I'm not checking ExCo emails!" (at page 1 of **(POL00027797)**). For the avoidance of doubt, what I was pointing out was that these were senior group executives who were more than capable of sending a short note to the POL Board – we all knew how difficult it was and the Chair was already in the loop and the note simply needed to be sent.

891. Although I did not comment on Chris and Lesley's covering email **(POL00029733)**, reflecting on its tone now my sense is that they were attempting to bridge the gap between the POL Board's last exposure to this work – the very positive meeting with Gareth James in May – and the much more qualified and caveated report which they now had. The tone of the final report was much less reassuring than the POL Board might have expected from the previous meeting and I suspect they were trying to lay the groundwork and context to assist the Board in understanding what they were receiving and how we had got here.

892. Mark Davies and Chris subsequently prepared a paper for the Project Sparrow Sub-Committee dated 6 June 2014 which did address the assurance work being done, amongst other things **(POL00027153)**. Although they noted that the Deloitte report should give comfort to the POL Board in respect of the designs for processing and storing transaction data, they did say that *"it is highly unlikely that we will be able to extract any further comfort or assurance without their doing substantially more work"* (at page 3 of **(POL00027153)**). As was noted in

this paper at paragraph 5.4, Deloitte themselves were not recommending any further 'backward looking' work:

“For the avoidance of doubt Deloitte are not recommending that any further ‘backward looking’ review of the Horizon system would be appropriate. In fact they have said ‘One could thus do a lot of work and not be any further forward’. They have however though [sic] gone on to say that, if Post Office were looking to gain a greater degree of assurance over the Horizon system there are approaches that could be considered...”

893. The paper distinguished between two sets of issues: those relating to Project Sparrow and those relating to wider business learning (at page 3 of **POL00027153**). I do not recall discussing this and I am not sure what this relates to. The further assurance work would not be available in the short term so could not assist in resolving the issues in the Mediation Scheme (which may be what is meant by “*Project Sparrow issues*”). It is possible that is why longer-term work (which would be unlikely to be delivered in time to assist with the Scheme) would instead be managed by the ARC or RCC as wider business learning.

894. Chris and Mark's paper dated 6 June 2014 noted that Deloitte would not consent to the publication of their report, nor to the use of their name to publicly assert that the system was working with integrity unless they undertook specific testing (at page 3 of **POL00027153**). Having only completed a desk-based exercise and recognising that they had not considered all of the available material, Deloitte would not stand behind an expression of support that strong. I can understand this position, given

the limitations in the review to date. This was not to say that the system did not have integrity, it was simply a statement that they could not confirm it one way or the other based solely on the work that they had done.

895. Against the background of these findings, Chris and Mark advised that the public facing version of the Linklaters advice was being reworked to reflect this (at page 3 of (POL00027153)). The updated version of this paper dated 18 June 2014 records the “*current thinking*” in the following terms (at page 3 of (UKGI00002392)):

“Public statement of legal position (as informed by Linklaters advice note). Current thinking is to inform the Working Group and applicants of the Post Office position in time and linked to individual cases. It is anticipated there will be an opportunity in the near term to advise the Working Group of our position on consequential loss in relation to the case with the largest claim (M001).”

896. I do not recall any conversations at this time about whether the report impacted on criminal prosecutions or fell within POL’s duty of disclosure. Looking at it now, this seems surprising and I wish we had discussed this. Having said that, Chris had the report, as did a number of other legal individuals, including Linklaters and Rod Williams. I trusted and expected Chris, as GC, to have the legal expertise and professional integrity to identify any such issues and take whatever action was required. Disclosure was not a new issue. It was a topic which I understood our internal and external lawyers to be considering on an ongoing basis.

Looking back, I regret that I did not ask more about these issues. However, especially in view of the ongoing reviews of criminal cases that were reported on at the Sub-Committee, I would have expected that if the report was disclosable, the legal team would identify this and act appropriately, without any additional prompting by me or the POL Board.

897. Chris and Mark concluded their paper by advising on the future of the Mediation Scheme. They stated that option one (maintaining the status quo) was no longer tenable. They advised that POL should either continue the Mediation Scheme but be proactive in controlling cost and timescales (option two) or complete the case investigations and move the governance and management of the Scheme in-house (option three) (at pages 3 to 4 of **(POL00027153)**).

898. This paper was provided for the Project Sparrow Sub-Committee on 6 June 2014, which I attended. The Sub-Committee considered that option three was preferable, subject to an assessment of the level of ministerial support and probability of challenge by way of judicial review. Chris was tasked with obtaining advice on the latter (at pages 1 to 2 of **(POL00006571)**). It was agreed that a recommendation would be made to the POL Board that option 1 (maintaining the status quo) was no longer tenable and directions were made for the further work required to decide between options 2 and 3 (at page 2 of **(POL00006571)**).

899. It had been hoped that the assurance work would assist in deciding the future of the Scheme more than it in fact did. However, it was not the only factor which impacted this decision making. The challenges facing the

Mediation Scheme still existed and, given the time which had passed, were arguably more pressing.

900. I can see from the "*Zebra Action Summary*" document signed off by Julie George on 12 June 2014 that a number of remediations were subsequently recommended to address the issues raised in the Deloitte report, particularly insofar as they related to governance, document management, and risk and assurance work (**POL00027054**).
901. An undated paper prepared by Chris for the RCC entitled "*Project Zebra – Horizon review by Deloitte*" set out his summary of the Deloitte work, its findings, and recommendations along with an assessment of the prioritisation of these recommendations said to be informed by discussions by Legal, Risk, Information Security, Financial Service Centre and Internal Audit (**POL00031410**). He asked the RCC to note the work that had been conducted and to support the further work proposed. Although I do not specifically recall this paper or the discussions around it, I attended the RCC meeting on 21 July 2014 at which the committee approved the recommendations proposed in the paper (at page 5 of (**POL00109004**)). I have not been able to ascertain from the disclosure currently available what work was then undertaken following this.

99. Please consider UKGI00002213 (email from Alwen Lyons to you and others on 11 March 2014), POL00107317 (Linklaters' Report into Initial Complaint Review and Mediation Scheme dated 20 March 2014), POL00021523 (minutes of POL Board meeting on 26 March 2014), POL00105529 (Chris Aujard note of 19 March 2014 with attachments) and POL00022093 (outline of Linklaters report).

99.1. Please explain to what extent you were involved in instructing Linklaters to provide legal advice on Second Sight and the Mediation Scheme. In particular, please address (a) why Linklaters were only provided four spot reviews and (b) why Linklaters were not instructed to contact Fujitsu.

902. I have set out a detailed narrative of my involvement in the instruction of Linklaters in response to question 98 above. As I explain, it was limited. As GC, Chris Aujard finalised the instructions based on the POL Board's request. He had the legal expertise, knowledge, and experience to do this and I trusted him to do it well. I had never been involved in deciding or giving instructions to external lawyers and did not do so here. It was not part of my role and would not have been an efficient use of my time or skills given that there were others better placed to do this work.

903. I have been asked why Linklaters were only provided with four spot reviews. Having considered the Linklaters' report dated 20 March 2014, this question appears to be based on a false premise. The report states at paragraph 4.1.1 that Linklaters were provided with "*10 spot reviews and 4 cases*" which, for the purposes of their report, they assume "*are indicative of the types of complaint that have been accepted into the Scheme*" (at page 4 of **(POL00107317)**). I can only assume that the report is correct when it states that this was the material provided.

904. In paragraphs 5.12.1-5.12.9 of their report, Linklaters set out the scope of the issues arising in those 10 spot reviews and four case reports, including (at pages 6 to 7 of **(POL00107317)**):

"5.12.1. wrongful "loss recoveries" in respect of amounts reported by
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Horizon as due to the Post Office, including in some cases, various categories of consequential losses...

5.12.2. Horizon-related customer payment malfunctions or lost cheques and transaction corrections resulting in the loss of limited sums (in some cases, under £100);

5.12.3. unauthorised foreign exchange transactions being entered into the Horizon system without a SPMR's knowledge, but without any specific allegation of loss incurred by the SPMR as a result;

5.12.4. printing of excess receipts in respect of a 67p postage transaction;

5.12.5. an inability of Horizon properly to account for GIRO payments and SPMRs having to trust the Post Office about transaction corrections;

5.12.6. criminal charges: in circumstances where the SPMR has been subject to criminal allegations of false accounting but where they say the false accounting arises from cheques being lost in the mail or where they have retracted an admission made under caution to the criminal conduct;

5.12.7. wrongful termination of SPMRs' contracts;

5.12.8. inadequate training given to SPMRs by the Post Office in respect of Horizon; and

5.12.9. inadequate telephone or other day-to-day support services provided by the Post Office to SPMRs."

905. I was not involved in deciding what material would be given to Linklaters. I trusted Chris as GC and the legal team to provide sufficient material to enable Linklaters to provide legal advice on our general level of financial exposure. That is a judgment which requires legal knowledge and so was not one I was able to make.
906. With respect to the number of case reviews provided, there had been substantial delays by Second Sight in producing case reviews and there were very few complete at this time. I note that the minutes of the inaugural meeting of the Project Sparrow Sub-Committee on 9 April 2014 state that Post Office had passed around 20 cases to Second Sight for review, but Second Sight had only produced three case reviews, all of which had been rejected by the Working Group (at page 2 of **(POL00006565)**). I have been unable to confirm how many had been produced at the time of Linklaters being instructed and the documents do not give a clear picture on this, but it is clear that there were only a limited number of these reviews.
907. I have been asked why Linklaters were not instructed to contact Fujitsu. At paragraph 4.2.2 of their report dated 20 March 2014, it is said that “*we have had no contact with Fujitsu, the company which designed, provided and supports the Horizon system*” (at page 5 of **(POL00107317)**).
908. I was not involved in deciding the scope of the instructions and cannot say what, if any, instructions they were given in respect of their contact with Fujitsu. The report makes clear that Linklaters did not contact Fujitsu, but I do not know why this was. I assume that POL’s legal team

considered this question and had reasons for whatever instructions they gave on it.

909. Because I was not involved, what follows is necessarily speculative, but I note that the primary purpose of the advice was to consider POL's legal exposure to claims rather than to establish whether Horizon was well-functioning. At the time, Second Sight were working to produce a report which described the functioning of Horizon (Linklaters discuss this work critically in paragraphs 5.30-5.39 of their report (at pages 8 to 10 of (POL00107317)) and we were keen to avoid replicating work. The focus of the advice is on POL's actions (for example, with respect to training and support) and relationship with SPMs, including through the contract. It is not clear to me that Fujitsu could usefully contribute. Finally, there was some time pressure throughout this time because we wanted to resolve the cases in the Mediation Scheme, this may have meant that the instructions were more focused and less wide ranging than they might otherwise have been. However, this is all post hoc speculation. I was not involved in determining the scope of the instructions and so I cannot say whether these factors were considered by the legal team when deciding their scope.

99.2 When did you first read, or be briefed on, the report prepared by Linklaters (POL00107317)? What were your initial views on it?

910. To the best of my recollection, I was given the report for the POL Board meeting on 26 March 2014. I have set out my recollection of this meeting in 827838response to Question 98.

911. To the extent that I can recall my initial views on the report, I remember that the POL Board and I felt reassured by this work. Provided that Horizon was working as it should (and, as I have explained, we thought it was), POL's legal liability to SPMs was very limited. Further work would have to be done to confirm whether Horizon was well-functioning and so the POL Board commissioned that work.
912. However, I do remember feeling slightly uncomfortable in this meeting. The discussions of legal liability felt very impersonal and obviously did not touch upon the human aspect of this and the impact on the people involved. We had not ruled out making payments as a matter of policy rather than because of legal obligations, but it felt difficult to talk about the legal issues in this black and white way.
913. The advice given about the nature of the contractual relationship was obviously completely undermined in the litigation that followed and I wish that we had identified the flaws in it at this stage. However, I trusted and expected a firm as well established as Linklaters to give us sound and reliable legal advice and this was the advice that we were given. Although I had no legal expertise, this way of understanding the relationship also fitted with my broad understanding of SPMs as independent businesspeople running small businesses. This was a consistent message and, to the extent that I thought about these issues, I thought of SPMs as agents and not employees.

99.3 Please consider paragraph 2.3 of the report, namely that “We note that there is, so far as we understand it, no objective report which describes and

addresses the use and reliability of Horizon. We do think that such a report would be helpful, though there is a decision to be made about how broad and/or thorough it needs to be". Please explain what steps, if any, POL took to address this suggestion.

914. I am asked to consider paragraph 2.3 of the Linklaters report and the suggestion that it would be useful to have a further piece of work describing and addressing the use and reliability of Horizon, explaining what steps, if any, POL took to address this suggestion. I have set out the steps POL took to address this suggestion, including through the Deloitte work, in response to Question 98 above. I have nothing additional to add.

99.4 Please explain the basis on which you thought that lawyers could advise on legal risk arising from the use of Horizon data in prosecutions without examining the reliability of the Horizon IT system.

915. I am asked on what basis I thought that lawyers could advise on the legal risk arising from the use of Horizon data in prosecutions without examining the reliability of the Horizon IT system. I understand why one might ask this question but, in the context of the Linklaters' advice (which I take to be what the question refers to), we did not ask Linklaters to provide us with an unqualified assessment of the legal risk of the claims.

916. In my response to Question 98 above I have set out why the POL Board commissioned this advice. The primary aim was to obtain a clear view on the possible value of the claims if successful. My understanding is that it was not necessary to determine whether Horizon was or was not well-functioning to answer that question. We certainly appreciated that it had

not been answered by the Linklaters' advice because that is why we then commissioned the Deloitte work. It was always made clear that there was a key untested working assumption in the Linklaters' work and I think we all understood that.

917. We did all think that Horizon was well-functioning and that there were good reasons for believing this. That was certainly my belief at the time. This belief seemed to be supported by the Second Sight investigations and the Interim Report as well as by the sheer number of transactions processed each day without apparent problems. However, to answer the question: I did not think that it was possible for Linklaters to advise on risk more generally without looking at the underlying reliability of Horizon. That was not what we asked Linklaters to do. The issue of whether Horizon was in fact well-functioning was a separate matter and we recognised this and commissioned the Deloitte work in response to this recognition.

99.5. Please set out your recollection of the Board meeting on 26 March 2014 minuted under Project Sparrow.

918. I am asked to set out my recollection of the Board meeting on 26 March 2014 minuted under Project Sparrow. I have described my recollection of this meeting in response to Question 98 above (at paragraphs 832 to 838 above). There is nothing further I wish to add.

99.6. Did you advise the Mediation Scheme Working Group and / or Lord Arbuthnot about the instruction of Linklaters and / or Deloitte? If not, why not?

919. I do not recall whether I advised the Working Group or Lord Arbuthnot about the instruction of either Linklaters or Deloitte and cannot recall any discussions or decisions on it being made by the POL Board.
920. It would not have been my usual practice (or normal business practice more generally) to advise third parties of instructions from the POL Board or the contents of POL Board discussions and papers which, generally speaking, were assumed to be confidential. Equally, I was not a member of the Working Group and did not attend their meetings. If the information did need to be shared with the Working Group, I would have expected either Belinda Crowe or Chris Aujard (who were members of the Working Group and attended meetings on behalf of POL) to do this. As GC, Chris would also have been the person to advise on whether sharing such information could waive legal privilege.
921. I met infrequently with Sir Anthony and Lord Arbuthnot. I can see that I discussed compensation with Sir Anthony at the meeting on 24 February 2014 (although this was before Linklaters and Deloitte were instructed (at page 2 of **(POL00100338)**). Similarly, I recall discussing the so-called “*expectations gap*” with Lord Arbuthnot because the significant difference between the applicants’ and POL’s estimation of the possible compensation was an ongoing concern. However, I do not recall discussing the instructions at any of these meetings. In the absence of a reason to do so, I expect that the general expectation that POL Board matters were confidential would have meant the information was not shared.

100. Please consider POL00117519 (email from Rodric Williams to Gareth James on 2 April 2014), POL00021524 (minutes of the POL Board meeting on 30 April 2014), POL00006566 (minutes of Project Sparrow Sub-Committee meeting on 30 April 2014), POL00028062 (Deloitte report dated 23 May 2014) and POL00028069 (Deloitte report dated 4 June 2014).

100.1. Why did POL initially only instruct Deloitte in respect of Horizon Online and not Legacy Horizon?

922. I am asked why POL initially only instructed Deloitte in respect of Horizon Online and not Legacy Horizon. I have set out my understanding of how these instructions were finalised in response to Question 98 above (at paragraphs 838 to 850 above). There is nothing further I wish to add.

100.2. Please set out your recollection of Mr James presentation to the Board on 30 April 2014. In particular, please identify what, if anything, Mr James said about (a) transaction corrections or (b) any other matter that called into question the reliability of the Horizon IT System.

923. I am asked for my recollection of Gareth James' presentation to the POL Board on 30 April 2014. I have set this out in at paragraphs 862 to 873 above in response to Question 98. I have nothing further to add.

100.3. Please describe the discussion of Mr James' work in the Project Sparrow Sub-Committee on the same day.

924. I am asked to describe the discussion of Gareth James' work in the Project Sparrow Sub-Committee meeting on 30 April 2014. I have set out

my recollection of this in paragraphs 862 to 873 above in response to Question 98. I have nothing further to add.

100.4. On what basis did you think it was appropriate not to disseminate either the Deloitte or Linklaters reports further?

925. I am asked on what basis I thought it was appropriate not to disseminate either the Deloitte or Linklaters reports further. In paragraphs 894 to 901 above, I have set out the discussions around dissemination and Chris Aujard's final advice of 18 June 2014.

926. Essentially, we had hoped that the work might assist in resolving disputed issues in the Scheme cases so there was an ongoing discussion about what, if anything, could be shared with that aim in mind. However, the work also served as legal advice and we were repeatedly told that disseminating it to third parties could risk waiving legal privilege over the advice and, potentially, over other legal advice (see, for example, Chris Aujard's paper dated 24 April 2014 (**POL00022123**)). I am not a legal expert and cannot say whether this is correct but I trusted their assessment of our General Counsel and legal team.

927. Even without the complications of privilege and Deloitte's consent to publication, we certainly would not have made these reports public in full lightly. We were acutely aware that negative press about POL and the business could undermine the public trust in every local Post Office up and down the country, regardless of whether that was fair or appropriate. Before we put anything into the public domain (or even shared it with the Working Group, given the risk that it would subsequently be leaked to the

press) we had to give very careful thought as to whether it might cause damage in that way. Material which was caveated or unclear (which we thought the Deloitte report was) carried a clear risk of being misinterpreted and causing damage. It would be too easy for someone to read it and conclude that the system lacked integrity, which was not Deloitte's conclusion.

101. Please consider POL00116439 (agenda for Project Sparrow Sub Committee meeting on 9 April 2014), POL00006565 (minutes of Project Sparrow Sub-Committee meeting on 9 April 2019) and POL00006571 (minutes of Project Sparrow Sub-Committee meeting on 6 June 2014).

101.1. Please explain the reasons for formalising Project Sparrow as a subcommittee of the Board and its terms of reference.

928. To the best of my knowledge, the Project Sparrow Sub-Committee was first proposed by Alice Perkins in her email of 09:49 on 10 March 2014. In that email, she set out a number of issues around the Mediation Scheme for substantive discussion at the March POL Board meeting including in relation to the possibility of legal challenge, costs, lessons learned for the Business, and the management of Second Sight's work. She finished by saying "*I am going to propose a Board sub-C'tee chaired by me with you and at least one other NED on it*" (POL00105552).

929. I replied at 12:21, although I did not address the suggestion of a Sub-Committee explicitly. I then forwarded Alice Perkins' email to Chris Aujard, copying in Belinda Crowe, Mark Davies, Martin Edwards, and Chris Day, noting "*the suggestion of a Board Sub-Ctte is a good one. It*

will help manage the comms., bring some reassurances to the NEDs, and help us – by having a smaller group to steer and shape rather than the whole Board” (POL00116321).

930. The ExCo met on 13 March 2014 and considered, amongst other things, an update on the allegations relating to the integrity of the Horizon system from Chris. He explained that the Initial Complaint and Mediation Scheme programme (known internally as Project Sparrow) had moved into a critical phase and was currently carrying a substantial level of risk (at page 4 of (POL00092172)).
931. The nature of these risks was summarised in Belinda's paper of 20 February 2014, which was annexed to this update (at pages 12 to 15 of (POL00092172)). They included the slow progress of the Mediation Scheme, an increasing expectation gap, high cost, a risk of the scope being broadened yet further, stakeholder management challenges, and the impending generic Second Sight report.
932. Chris explained that further to discussions of these issues at the POL Board meeting on 26 February 2014 (POL00027337), three mitigations had been put in place: (i) CEO participation in stakeholder communications, (ii) strengthening the POL resources available, and (iii) close POL Board involvement (at page 4 of (POL00092172)).
933. These documents essentially set out the background to the formation of the Project Sparrow Sub-Committee: the Mediation Scheme was entering a critical phase and was experiencing a number of issues which required management. The proposal was that this management would come from

a Sub-Committee, of which would provide closer oversight of, and involvement in, this process by the POL Board. The idea originated with Alice, and I supported her suggestion.

934. At the POL Board meeting on 26 March 2014, the POL Board agreed to set up the Sub-Committee, chaired by Alice and involving myself, Alasdair Marnoch (being Chair of the ARC), and Richard Callard (ShEx NED). The minutes record that other NEDs were invited to join if they wished (at page 2 of (POL00021523)). I can see from the updates surrounding this note that the concerns and issues around the Mediation Scheme were at the fore of the discussions.

935. The inaugural meeting of the Project Sparrow Sub-Committee took place on 9 April 2014. The terms of reference for the Sub-Committee, including its purpose, composition and governance, were discussed. The purpose, as set out in the terms of reference paper was: *“to make recommendations to the Board in respect of Project Sparrow and provide strategic oversight of the delivery of the project and the development of the Initial Complaints Review and Mediation Scheme”* (at page 2 of (POL00116439)). Its primary duties and responsibilities were to (i) keep under review the progress of Project Sparrow, in particular the development of plans to restructure the Scheme; and (ii) to undertake any other oversight function delegated to the Committee by the full POL Board (at page 3 of (POL00116439)).

101.2. Why was the Sparrow Sub-Committee considering ending the Mediation Scheme at this stage?

936. As was indicated in the terms of reference, one of the primary functions of the Sub-Committee was to review the development of plans to restructure the Mediation Scheme. At the very first meeting, the Sub-Committee considered a paper which set out several options for the future of the Mediation Scheme, including that it should be terminated (at pages 4 to 15 of (POL00116439)). The other options under consideration were maintaining the status quo, restructuring the Mediation Scheme, and devising a new alternative dispute resolution structure (at page 7 of (POL00116439)).

937. The reason that it was necessary to consider all options, including terminating the Mediation Scheme, was that the status quo was increasingly unsatisfactory. The reasons for this were set out in Belinda Crowe's paper of 20 February 2014 (at pages 12 to 15 of (POL00092172)) and reiterated in the options paper : the Mediation Scheme aimed to provide a formal mechanism to resolve the complaints and allegations but it was increasingly costly and delayed; there were concerns about Second Sight's capacity to deliver the work required; there was a growing "*expectation gap*"; and the ongoing management of the Mediation Scheme was proving a significant drain on POL's resources, including in respect of senior management's time (at page 5 of (POL00116439)).

938. POL still wanted to achieve resolution of these complaints – that was always the aim – but the current system seemed incapable of achieving this, so we were looking for other options. I can see from the minutes of

this meeting that the first discussions were wide-ranging and touched upon many of these issues and more. As I have set out at paragraph 852 above, the Chair outlined a list of significant matters, which the Committee was to consider. This was a complex, evolving situation with many important matters to weigh (at pages 1 to 4 of (POL00006565)). It was a very difficult situation to manage and find a way through and these were not cold, impersonal decisions we were making. We wanted to find a resolution because it was in the best interests of both the SPMs and POL but, at times, the difficulties felt intractable.

101.3. What factors were taken into account in deciding to terminate Second Sight's engagement?

939. Chris Aujard and Mark Davies prepared a further paper dated 3 June 2014, which continued the exploration of options for the future of the Scheme and noted that "*the rationale for change has been well articulated elsewhere and the urgency has not lessened since the Sub Committee last met*" (at page 1 of (POL00027369)). Progress was still very slow and the concerns about Second Sight's capacity to deliver on their assignment were ongoing. Nonetheless it remained a very difficult situation, both in terms of how best to achieve resolution and in respect of stakeholder management.

940. The same three broad options were still under consideration and the pros and cons in respect of each still required careful consideration, as the discussion in this paper shows. In the concluding section, Chris and Mark noted that the options had to balance the best interests of the business,

its people and customers, as well as the applicants. Commercial factors, including the cost and management time being consumed by the Mediation Scheme, were relevant to this evaluation, as was stakeholder management and the need to retain the confidence of the Government. As this paper states: *“This is an extremely challenging judgement call with a number of factors at play”* (at page 7 of **(POL00027369)**).

941. Having weighed these options, the advice of Chris, as GC, and Mark, as Head of Communications, was that the third option – that of moving the Mediation Scheme in-house – was in the best interests of the business in a purely commercial sense. No business would look to retain external consultants indefinitely if the knowledge, experience, and work could be brought in-house. However, as is noted here, it was also a significant factor that POL considered that, despite two years of investigation, nothing had emerged which undermined the operation of the Horizon system (at page 7 of **(POL00027369)**).

942. Regardless of this assessment of what was in the best commercial interests of the business, the intention was to complete the review of SPM cases. It was recognised that wider considerations, including stakeholder management, required POL to discuss any decisions regarding the future of the Mediation Scheme with ShEx. Regardless of which option was ultimately pursued, POL needed to take a more proactive role in the Working Group to ensure that Second Sight worked within the terms of reference set out (at page 7 of **(POL00027369)**).

943. Having explored these options in detail, Chris and Mark recommended that option one – maintaining the status quo – was untenable and steps be taken to begin detailed planning of options two and three (at page 7 of (POL00027369)).
944. This paper appears to have been circulated by Alwen Lyons on 3 June 2014 at 17:32 and I can see that Richard Callard and Mark had some initial discussion by email (UKGI00002358; UKGI00002359).
945. The paper was discussed at the meeting of the Project Sparrow Sub-Committee on 6 June 2014. The minutes record that the Committee assessed the options against the fundamental principles agreed by the business for its approach to Project Sparrow (to gain a fuller understanding of the facts, to ensure a fair outcome and to highlight lessons learned, so that improvements could be made to Business processes). The Committee agreed that option three was its preferred option, subject to Ministerial support and a fuller understanding of legal risk. In the interim, planning for options two and three should proceed on a contingency basis (at pages 1 to 2 of (POL00006571)).

Second Sight's thematic report

102. Please consider, POL00116416 (email from David Oliver to you dated 31 March 2014), POL00116417 (attachment to the prior email), POL00004439 (Briefing Report Part 1 by Second Sight dated 25 July 2014), POL00030160 (Briefing Report Part 2 by Second Sight dated 21 August 2014) and POL00002415 (POL's Reply to Second Sight's Briefing Report Part 2 dated 22 September 2014).

946. Before addressing the Inquiry's specific questions, I will set out my involvement with, and understanding of, Second Sight and their work at this time. Overall, I was concerned that they progress their work as this would enable a better understanding of the facts and hopefully lead to resolution. However, I did not work with Second Sight on a day-to-day basis and I was reliant on those who did to keep me informed. Given my role, my knowledge of their work was high level and I lacked the detailed technical knowledge to have any significant input on that front.
947. On 19 July 2013, Bond Dickinson produced a paper explaining the aims of the mediation process and setting out a flow chart proposal to progress cases through it (**POL00117035**). This proposal was made as a result of POL's very serious concerns about the lack of progress being made towards resolving the cases and the delay and cost of the work completed to date by Second Sight.
948. My overwhelming concern was to resolve these cases. This would be best for the SPMs and for POL. However, Second Sight appeared unable to achieve this. Their review was progressing extremely slowly, the work was over budget and delayed. The primary output to date was the Interim Report, which those working on the project at POL considered to be incomplete and, in places, inaccurate.
949. I can see from the minutes of a Working Group meeting on 3 January 2014 that Second Sight were asked to produce "*a generic report covering regularly occurring issues and a case specific report for each individual case*" (at page 2 of (**POL00026638**)). I was not a member of the Working

Group and did not attend this meeting, but my understanding is that this “generic” report is what ultimately came to be known as the thematic report. At this stage, consideration was still being given to whether this document would be a joint document prepared with POL.

950. An agenda for the meeting on 23 January 2014 records an update from Second Sight that they were a “(c)ouple of weeks away from being ready to release thematic report. AVDB raised joint report – Action Ron and AVDB to discuss” (at page 5 of (POL00026640)). Again, it is noted that discussions were ongoing in relation to whether this should be a joint report between Second Sight and POL (at page 7 of (POL00026640)).

951. I can see that on 27 January 2014, Ian Henderson emailed Janet Walker with an update for Lord Arbuthnot (at page 1 of (POL00100132)):

“I think the Thematic Report (previously called the Mediators \ (sic) Briefing Document), will be a good way of briefing MPs. However, we’re probably 2 or 3 weeks away from having something that is much more than an (sic) very early 1st draft.”

952. The minutes of a Working Group meeting on 30 January 2014 (which I did not attend) record that there was discussion around the nature and content of the reports that Second Sight would provide, including the generic report. It was agreed that POL would provide Second Sight with the “Factfile” document at the earliest opportunity and consideration would be given as to whether it could be included in the generic report (at pages 2 to 3 of (POL00026641)).

953. At a Working Group meeting on 20 February 2014 (which I did not attend), I can see that Second Sight explained that only two individual reports would be ready by the deadline of 27 February and that the generic report was unlikely to be ready on time (at page 5 of **(POL00026636)**).
954. On 24 February 2014 I met with Second Sight. Later that day Chris Aujard and I met with Sir Anthony Hooper to discuss concerns about the progress of the Mediation Scheme, including in relation to delays and cost. By that date, the total cost was around £5,000,000 and we were not confident that Second Sight could handle the volume of material or produce reports within a meaningful timeframe. I can see that we explained that Second Sight had been unable to provide any assurance that they could complete their work by October 2014, which was the projected end date of the Scheme at that time (at page 1 of **(POL00100338)**).
955. Sir Anthony is recorded as agreeing: Second Sight were “*resource challenged, and it would be difficult for them to meet the current timetable*” albeit he recognised that they had a difficult role to play. I can see that we then discussed the different ways forward, including terminating the Mediation Scheme entirely (and allowing SPMs to pursue legal remedies through the courts and / or paying formulaic compensation), restructuring the Mediation Scheme, or supplementing the resourcing available to Second Sight. Sir Anthony contended that POL should do nothing until Second Sight had produced some case

reports and POL had seen the thematic report, which he thought would be done within four weeks (at pages 1 to 2 of **(POL00100338)**).

956. The POL Board met on 26 February 2014. I can see that Belinda Crowe sent me an email to at 07:59 attaching a speaking note for that day's POL Board meeting. The speaking note summarises these meetings, including one with Second Sight at which they confirmed to me they would not hit the required timescales for any of their reports. The speaking notes confirm that we had accepted Sir Anthony's suggestion to wait for the reports before making further decisions (at page 2 of **(POL00116313)**).

957. I replied to Belinda's email noting that she had not mentioned the option that POL find a "*face saving*" exit for Second Sight, for example, at the conclusion of the thematic report. On this option, Second Sight would remain involved in the Working Group and POL would use a better resourced supplier to deal with the cases (at page 1 of **(POL00116312)**). The motivation for this, as was discussed with Sir Anthony, was that Second Sight were under-resourced and, given the delays, seemed unable to cope with the volume of cases within a reasonable time. As ever, my fundamental concern was that we had to find a way to resolve the outstanding cases which had already been delayed so long. Whilst critical of their output, I recognised and respected that Second Sight had worked with commitment; a face save was my suggestion.

958. At the POL Board meeting later that day (26 February 2014) I provided an update on the challenges facing the Mediation Scheme and explained

that I had met with both Sir Anthony and Second Sight to discuss these. I noted that Second Sight were yet to produce their first written report for the Scheme and flagged Sir Anthony's advice that POL should not act to change the Mediation Scheme yet (at pages 3 to 4 of **(POL00021522)**).

959. On 6 March 2014, I exchanged emails with Belinda. She informed me that Second Sight had raised the issue of making their thematic report available to MPs in advance of the meeting on 24 March 2014. Belinda asked if she could refer to previous discussions I had had with Lord Arbuthnot, in which he had accepted the view that Second Sight needed to keep matters internal (I believe this would be internal to the Working Group, as opposed to public) while the mediation was ongoing (at page 1 of **(POL00116320)**).

960. I replied to Belinda indicating that I had no objections to her proposal to share the content of those discussions, but suggested we discuss the best approach: *"I think we should discuss: eg. Why is it unhelpful and see whether actually letting them publish could be helpful. And if not, have some good reasons that would resonate with TH and with JA"* (at page 1 of **(POL00116320)**).

961. On 7 March 2014, the Working Group met. I did not attend this meeting but I can see that they discussed the nature and progress of Second Sight's work, including on the thematic report (at page 5 of **(POL00026656)**):

"There was a discussion of the Second Sight generic/thematic report. It was noted that this would not cover the factual position of what Horizon did

and how it acted. The Working Group agreed that a document that clearly documented the role of Horizon and the Post Office was key to successful mediation and that this document could not be produced by one of the parties to mediation. Therefore the Working Group agreed that Second Sight would produce the factual Part One briefing document. It was agreed that case report work should be paused to allow Second Sight to focus on the production of the Part 1 and the thematic report (referred to as part 2).

“It was agreed that the Working Group would return to reviewing the individual reports after they had looked at Part One and Part Two reports which would be circulated by close of business 26 March at the latest...”

962. POL was tasked with providing Second Sight with a copy of the Factfile, which Second Sight were to review urgently and consider using as a basis for the Part One Report (also described as the “mediator briefing”). Angela Van Den Bogerd and Second Sight were to liaise to discuss any outstanding issues or disagreement prior to the circulation of the Part One and Two reports (at page 5 of (POL00026656)). As this shows, it was always anticipated that POL would work with Second Sight in producing these and it was the Working Group who determined that POL should have that input.

963. On 9 March 2014, I can see that Belinda provided an update to Peter Batten at ShEx, explaining that the thematic report was now expected by 26 March and Second Sight had been advised by the Working Group to stop work on the individual reports to meet this deadline (at page 2 of (POL00100387)).

964. On 13 March 2014, POL provided Second Sight with the Factfile. Working Group minutes for 20 March 2014 noted that the Factfile had been provided (at page 4 of **(POL00026642)**) and the minutes of 27 March 2014 noted that this had been done on 13 March (at page 4 of **(POL00026644)**).
965. On 18 March 2014, I had a telephone call with Lord Arbuthnot to discuss, amongst other things, what information could be communicated to MPs. I see from the note that both Second Sight and POL were concerned about what they could communicate, given Sir Anthony's direction to maintain confidentiality. The speaking note for this meeting records my ongoing concerns about the speed and quality of Second Sight's work, although we were working where possible with SPMs to resolve issues (at pages 3 to 5 of **(POL00108346)**).
966. At a meeting on 20 March 2014, the Working Group was assured that Second Sight was on track to provide the thematic report by 26 March 2014 (at page 3 of **(POL00026642)**). These minutes record that Second Sight had provided POL with initial comments on the Factfile and would provide more detailed comments the next week (at page 4 of **(POL00026642)**).
967. On 24 March 2014, I attended a meeting with Lord Arbuthnot, several other MPs and their representatives, Ron Warmington, and representatives for the JFSA (Alan Bates and Kay Linnell). The note of this meeting records Ron Warmington saying that the thematic report will be released on 26 March (at page 2 of **(POL00105634)**). I see that Mark

Davies circulated “*a note and overview*” of the meeting by email later that day, saying “*I’d be grateful to colleagues who were in the meeting for any observations/corrections*”. I believe this is the note referred to in his email (**POL00116388**).

968. By way of a letter dated 26 March 2014, Lord Arbuthnot wrote to thank me for attending the meeting with MPs and to follow up on the question of what information could be given to MPs and when (**POL00100474**).

969. Second Sight did not produce their thematic report for the 26 March deadline. I see from the minutes of the POL Board meeting that day that I conveyed to the POL Board that Sir Anthony had challenged Second Sight on the quality of their work, but we did not dwell on this. The focus of that meeting was on other matters including the formation of the Project Sparrow Sub-Committee and the Linklaters’ advice (**POL00021523**).

970. The minutes of the Working Group meeting of 27 March 2014 recorded that Second Sight’s thematic report would not be available for discussion on 1 April 2014, nor would any further case reports be completed by that date. Second Sight are recorded as having provided comments to Angela on POL’s Factfile, which she was directed to consider before uploading a revised version on 31 March (at page 4 of (**POL00026644**)). I do not think I ever saw a copy of the Factfile document. Angela, who was working closely with Second Sight throughout this time, was handling this matter.

971. The continuing delays were a source of frustration to POL and to others. I can see that David Oliver provided an update for me and others following the meeting on 27 March and noted that Second Sight “*came under a lot of pressure over their delivery – primarily from Tony Hooper and JFSA*” (at page 1 of (POL00027800)). I replied “*I guess not a surprise but serious and disappointing...I’m concerned that we continue to pay for sub-standard work, could you think about what opportunities there might be to contain/carefully fire a shot across their bows?*” (at page 1 of (POL00027800)). I shared the sense of frustration at these ongoing delays and agreed with David Oliver's suggestion that the team meet to discuss a way forward. I see that I instructed him to prepare a draft plan for this meeting, with input from senior managers and directors so that we could consider options and approaches. As I have commented above, this was not due to a lack of interest on my part but a desire to allow those closest and best informed to think through options first, so that together we could review, evaluate and, if necessary, change or improve. I realise that this rings hollow now but improvements were made, including keeping Second Sight in a genuine and not just a “face save” role. This reflects the division of work between those who were working closely with Second Sight and the Working Group on a day-to-day basis and me. I was handling this and many other matters from a higher-level perspective. As I say here, I added value by iterating and challenging the options presented to me by those who were more involved in the details of the work, and who had the best experience to think through options and draft plans.

972. A partial draft thematic report appears to have been provided to POL on 31 March 2014. I can see that David Oliver emailed me (cc'ing in Martin Edwards, Belinda Crowe, Chris Aujard, and Mark Davies) on that date attaching a copy (**POL00116417**) and explaining (**POL00116416**):

"It is 15 pages long but includes large amounts of direct quotes from our instruction manuals. As with the individual case reports it contains a number of unsubstantiated assertions and Post Office's position is absent or poorly represented."

973. David Oliver also sent a copy to a wider group, including Rodric Williams, Angela Van Den Bogerd, Andy Holt, Lesley Sewell, and Andrew Parsons of Bond Dickinson. Andrew Parsons' reply was critical of this partial report (at page 1 of (**POL00006552**)):

"In general, this report suffers the same problems as SS' previous reports – a lack of detail, evidence and justifications to back up some fairly sweeping conclusions. On the positive side, if this is the best points that SS can raise then there is little in here to concern POL. However, a report that is this poor will add very little, if anything, to the mediation process and may in fact confuse matters, making resolution more difficult."

974. In his email, Andrew Parsons also advised that he had considered whether the report would be opposed by Fujitsu, Camelot, or BOI but he did not think there was sufficient substance to concern them. This email was not sent to me, and I do not recall being told that we had sought or received legal advice on this issue.

975. At 15:20 on 1 April 2014, Lord Arbuthnot circulated an update following the meeting on 24 March to recipients unknown, in which he expressed concern. He stated that the process was taking "*much longer than anyone wants*" and that there was no indication of when "*any investigation might yield results, and what exactly we might be told about these results*". I can see that Belinda forwarded his email to Sophie Bialaszewski, Mark Davies, Chris Aujard, and Martin Edwards, although it does not appear to have been sent directly to me (**POL00100491**).
976. The Working Group also met on 1 April 2014 and discussed the progress of the Second Sight reports. I did not attend this meeting but can see that, subject to resolving the factual comments still outstanding, Second Sight would take ownership and editorial control of the Part One Report. Nonetheless, they were to work closely with POL, through Angela, to complete the report "*as soon as possible and certainly before the next Working Group*" (at page 3 of (**POL00026633**)).
977. At that meeting, it was agreed that the Part Two Report (previously referred to as the thematic report) was too early in its development to be discussed by the Working Group "*but completion of the Part Two report should not hold up the Part One report which was a priority (f)or individual case reports*" (at page 3 of (**POL00026633**)). The Part Two report was then put on hold to enable Second Sight to focus on the completion of the Part One report and case reports.
978. On 11 April 2014, I wrote to Lord Arbuthnot, responding to his letter of 26 March. I reiterated my support for a final report but explained that I did

not support a further interim report, which I considered had the potential to damage the integrity of the Mediation Scheme (**POL00100671**).

979. My understanding is that Second Sight submitted a draft of their Part One Report on 29 April 2014. I was not included within this correspondence, but I can see that Andrew Parsons sent an email providing comment on the report to David Oliver, Angela Van Den Bogerd, Chris Aujard, Belinda Crowe, Rodric Williams and others at 15:09 on 29 April. He was critical of the draft Part One Report and considered that it contained opinions which were at odds with the neutral, factual nature of the Part One Report and which would be better placed in the thematic report, if they were to be included at all (at page 1 of (**POL00006554**)):

“All the opinions are unsupported by either logical reasoning or evidence. Even if these opinions were set out in the Thematic Report, SS need to properly justify these views otherwise they should not be permitted to advance them in any form.”

980. I can see from the minutes of the Project Sparrow Sub-Committee meeting on 30 April 2014 (which I attended but do not recall) that Belinda explained that Second Sight had produced only one of the three reports they had committed to providing for the Working Group meeting on 1 May and their performance continued to be less than satisfactory. The Committee considered Chris Aujard’s paper of 28 April and agreed that, provided that there was a satisfactory outcome from the Deloitte assurance work, some version of option two would be pursued. That is, to continue to investigate cases but to bring them in-house, with or

without the support of an alternative professional provider to oversee the investigations (at pages 2 to 3 of **(POL00006566)**).

981. On 1 May 2014, Lord Arbuthnot responded to my letter of 11 April asking again about the possibility of providing a further interim report **(POL00105466)**.

982. At a meeting on 6 May 2014, the Working Group appears to have discussed a copy of Second Sight's draft Part One Report. The minutes record POL's comments on this report including that it contained inaccuracies and, in other places, opinions, analysis, and conjecture, all of which should be in the Part Two Report (and, if made, supported by evidence). The minutes record that the document needed to be clarified on several issues and Second Sight were then tasked with producing a revised copy to the Working Group by 9 May 2014 (at pages 1 to 2 of **(POL00043627)**). Although I was not present at this meeting, I was aware of the broad nature of these criticisms from those who were working more closely on the project.

983. A revised copy of the draft Part One Report appears to have been considered at a further meeting of the Working Group on 20 May 2014. A number of amendments were agreed by the Working Group and Second Sight were tasked with providing a further draft copy by 22 May 2014 (at page 1 of **(POL00026659)**). The final version of the Part One Report appears to have been released on 25 July 2014 **(POL00075178)**.

984. The Part Two Report was discussed at a Working Group teleconference on 26 June 2014. I was not in attendance but can see that Second Sight

are recorded as saying that it should be ready for review by the Working Group by the week commencing 14 July, although 10 July was “*an unrealistic deadline*.” The minutes again record that it was the Working Group’s expectation that POL have input into this report, certainly insofar as it lay factual groundwork (at page 7 of (**POL00026665**)):

“Post Office and SS agreed that the Part Two report must be factually correct and dialogue should take place between the two parties to ensure this is the case however SS stated that it is for them as editors of the report to determine the issues covered in the report.”

985. This editorial control was reiterated at the Working Group meeting on 10 July, although again, the Working Group emphasised that Second Sight should be working with POL to ensure accuracy. It is recorded in the minutes that the Working Group agreed that the draft should be shared with POL in advance to comment on its accuracy and there should be further discussions between Second Sight and POL on this issue. Throughout these meetings it is clear that the Working Group were in agreement that, despite the fundamental editorial control that Second Sight retained, POL should be given the opportunity to input into, and comment upon, the report (at page 11 of (**POL00026672**)). In short, it appears to have been agreed by all parties to the Working Group that it was perfectly legitimate – and indeed beneficial – for POL to be involved in the production of the report to that extent.

986. On 16 July 2014, Lord Arbuthnot provided an update on the progression of the Scheme noting that it “*is progressing, but at a slower pace than*

any of us would have liked” and attaching a note I provided setting out what progress had been made since the last meeting with MPs (at pages 157 to 158 and 160 of **(POL00090358)**).

987. On 1 August 2014, Belinda emailed Andrew Parsons, Angela Van Den Bogerd, Rodric Williams, David Oliver, Jessica Barker and Melanie Corfield a copy of the draft Part Two Report **(POL00022149)**. She suggests that Rodric Williams provide a copy to Linklaters, which he appears to have done later that day (at page 5 of **(POL00021814)**).

988. In his email response of 6 August 2014, Jonathan Swil of Linklaters was highly critical of the quality of Second Sight’s draft report (he comments that this report alone would justify terminating their engagement) and advised that they had strayed beyond their expertise and the terms of their engagement. He described the report as *“well below the standard we would expect of a firm of 'experienced accountants' engaged to prepare an independent, evidence-based report”* and considered that the draft report failed to protect both POL and the applicants’ interests (at pages 2 to 5, **POL00021814**). Mr Swil advised that POL approach the Chair of the Working Group to attempt to impose greater control on Second Sight and suggested that POL *“make every effort to have the report sufficiently amended such that it is in a more acceptable form”* (at page 3 of **(POL00021814)**).

989. On 6 August 2014, Belinda forwarded this response to Chris, Angela, and Andrew Parsons explaining that she would like to write to Second

Sight and provide an initial response with a detailed response to follow, noting that (at page 1 of **(POL00021814)**):

“SS have been engaged continuously by Post Office since 2012 and we would have expected that over that time they would have had sufficient opportunity to provide a more substantive analysis than contained in the report...the challenge over lack of facts/evidence/context is one we have made a number of times. It is taking up considerable time and resource within Post Office to comment on and provide input into products we are paying SS to deliver.”

990. On 8 August 2014, Belinda sent Chris Day and Martin Edwards an email to which she attached a draft of a letter to Second Sight (**POL00305575**). Belinda stated in her email that I had asked Chris Day to clear the letter to be sent to Second Sight if Chris Aujard was not able to do so (Chris Aujard was on holiday at this time). Belinda also went on to say that I was *"generally supportive of a robust approach"* to Second Sight. Although I had not been copied into Belinda's email on 6 August 2014 (from which I have quoted above), the concerns Belinda raised about Second Sight's work reflects what I recall being told by those working closely with Second Sight (Belinda, Angela Van Den Bogerd, Rodric Williams and Chris Aujard).. The *"robust approach"* that Belinda said that I generally supported was that POL should raise with Second Sight its concerns about the quality their work and seek to find a way of working with Second Sight to ensure that their reports were accurate, sufficiently reasoned

where they drew conclusions and of assistance to applicants and the mediation process.

991. On 15 August 2014 at 14:19 Gavin Lambert sent me a draft of an update to the POL Board. . It is clear from this just how many significant issues the business and I were managing at this time. On the Mediation Scheme, it is noted that a draft of the Part Two Report had been received *“which we believe is of a very poor quality. It lacks evidence and analysis and is unhelpful to applicants and Post Office in terms of assisting a resolution of applications”* (at page 2 of **(POL00101176)**). This reflects my recollection of what I was told by those working with Second Sight and I see also accords with the advice being given to POL by its external lawyers.

992. This update appears to have been sent to the Board by Alwen Lyons on 16 August 2014 (**UKGI00002436**). The update sets out that POL sent a letter responding to Second Sight voicing their concerns over the quality of the work produced. Although I have not seen a draft of this letter, I can see that Belinda and David Oliver sought assistance from our external lawyers at both Linklaters (**POL00022215; POL00022212; POL00022213**) and Bond Dickinson (**POL00021814; POL00022186**). I was not copied into this correspondence and do not think I saw a copy of this letter, although I was kept updated by Belinda on the broad actions being undertaken, as is clear from our correspondence on 15 August 2014 (**POL00101174**).

993. In that correspondence, Belinda provided me with “*a very high level update*” and an offer to discuss. She notes that Sir Anthony would not permit any further discussion at the Working Group prior to the report being released to applicants and so, regardless of POL’s dissatisfaction with its quality, it would be circulated. Against that background, Belinda stated that she was considering three actions with Chris Day. First, writing to Second Sight about the quality of their work and reserving POL’s legal position. Second, putting down a marker to the Working Group that POL does not agree with the Part Two Report or to it being issued to applicants in its current state. Third, completing POL’s “*rebuttal*” of the Part Two Report in a format that could go to applicants.

994. In my reply to Belinda, I said that what she told me was not unexpected and that POL was already preparing what I called our “*complementary report*”. I stated that we would need to move straight to her third action. As I said my “*single-minded ambition*” now that most of the case reports were in was to move through them as quickly as possible. . As regards to Belinda’s first and second actions, I stated that they looked right and that we should see what advice was given on those issues I went on to say two further points (at page 1 of **POL00101174**):

“...I am happy for you and Chris to decide what the subsequent action should be. Keep Mark in the loop; and if you need someone more senior – Alice...

“My only other thought is as you have always done, that you keep BIS fully briefed but additionally, try to get a sense of what the minister’s view is.”

995. This interaction reflects my general level of involvement and my concern that decisions were not taken in isolation from the Board and BIS. It was important that I had the right people in place and had oversight of their actions so that I could challenge and / or support. I asked Belinda and Chris to decide on next actions and to involve Mark Davies. I suggested that if they needed a more senior view, they should consult Alice. I advised too that they should keep BIS in the loop. This would indicate that I was going to be absent during the relevant period and wanted to be sure that they felt supported, that wider views were considered, and that stakeholders were in the loop.
996. On 19 August 2014, Belinda and Rodric appear to have received a draft letter to Second Sight from Mr Swil at Linklaters which he noted "*is drafted in quite strong terms*" (at page 1 of (POL00021800)). Belinda sent this on to David Oliver, Melanie Corfield, and Andrew Parsons. In an email of 21 August 2014, David Oliver summarised the work being done, including letters to both Second Sight and Sir Anthony. I can see that a draft letter was prepared on behalf of Chris (POL00040226) and what appears to be a subsequent draft in the name of Rodric (POL00040230). I can see from (POL00305792) that on 20 August 2014, Rodric emailed Sir Anthony about the Part Two Report. Rodric asked Sir Anthony to agree a short delay in sending the report to applicants. The purpose of the delay was to allow time for POL to raise its concerns about the report and how it intended to respond with the Working Group before the report was issued. I do not remember whether I was aware of this proposal at the time.

997. Again, although I was not copied in correspondence on these letters or emails, I can see that the team managing the project received considerable support, advice, and assistance from POL's internal and external lawyers, which I consider to be appropriate. For example, on 26 August 2014, Belinda sent a final draft of POL's letter to Second Sight to Chris, having received a further draft of this from Mr Swil on 21 August (**POL00022237**). Belinda noted in her covering email that "*Chris Day and Paula were (understandably) keen to get something on the record about costs.*" She asked Chris to advise before she proceeded further on this work.
998. On 29 August 2014, Chris sent an email update to Neil McCausland, Alasdair Marnoch, Richard Callard and me, providing an overview of the issues surrounding the Part Two Report and actions undertaken by the project team in response to it. Chris was critical of the quality and lack of objectivity in the report and explained that, despite POL's concerns, the final version (which I understand to be (**POL00030160**)) was sent to applicants on 26 August 2014. Chris explained that POL had written to the recipients of the report to flag that POL did not endorse or accept its findings and informed us that a detailed note setting out the areas of disagreement was being prepared. He highlighted that, despite the report being confidential, there was a risk that it could be leaked now that it had been circulated, so Mark Davies and his team had been briefed (at pages 1 to 2 of (**POL00116697**)).

999. It subsequently became clear that a copy of the report had been leaked and I can see that I received an email from Mark on 5 September 2014, confirming that he had been approached by a journalist who appeared to have seen a copy. As I say in my response to him, this was “[u]nhelpful but sadly not surprising” (POL00101301).

1000. Mark wrote to the POL Board at 17:33 on 9 September 2014, explaining that Radio 4 had broadcast a report on the leak (POL00101325), which he described as inaccurate. I can see that I clarified this with Mark and he explained that the reporting had suggested that POL accepted that there were issues with Horizon, something which the editor subsequently apologised for: see (POL00101365). Neil McCausland responded at 18:10 asking if there was a way that POL could use the leak and the damage to reputation it would cause “to stop/alter the process that we are involved in. It’s a long shot, but it would be great to find a faster/better way out of Sparrow.” I replied, explaining to Neil that I had met with Chris that day and that “the team are pushing harder on all aspects, as we agreed with the Board. That said, this is a useful further challenge Neil – your point is well made (ie., capitalise the leak), thank you.” (POL00101325).

1001. On 11 September 2014, the Working Group met and discussed the leak. Chris proposed that, if it transpired that a professional advisor had leaked the material, then they should be reported to their professional regulator and receive no payment. If it transpired that an applicant had leaked it, their case should be reconsidered and potentially withdrawn from the

Mediation Scheme. The minutes record that the Working Group agreed with Chris's proposals. David Oliver confirmed that POL would release its response to the Part Two Report in time for the meeting next week (at page 6 of (**POL00026680**)).

1002. On 15 September 2014, Fujitsu provided a written response to the Part Two Report authored by Gareth Jenkins, James Davidson, Pete Newsome, and Mike Harvey. They considered that the report was largely unevidenced and "*constitutes unsubstantiated subjective opinion which, in our opinion, is without merit or basis*" (at page 1 of (**POL00029944**)).

1003. Chris and Belinda provided an update paper to the POL Board dated 17 September 2014 which addressed the wider situation at that time (**POL00027363**). As was always the case, there were numerous issues which required my and the Board's attention beyond the Mediation Scheme. A sense of the breadth of ongoing concerns is provided by the "*Lead Team Update*" document prepared for my CEO report to the Board dated 12 September: these are Mark's notes for me setting out only the work being done by his team (**POL00101364**). His team was one of approximately ten teams, each of which produced similar updates.

1004. POL's formal response to the Part Two Report of 22 September 2014 was developed over the course of around a month with input from several sources. I can see that, on 22 August 2014, Belinda sought input from several different teams which would then be fed into the draft being prepared by Andrew Pheasant and Andrew Parsons (**POL00021853**). I can see that there was extensive correspondence with senior managers

asking for their input to this work, none of which I was party to (see, for example, (POL00021853; POL00021773; POL00040246; POL00021883)).

1005. As above, it was not my role to be involved in the work at this level of detail: I did not have the day-to-day involvement in the project, nor did I have the technical or legal expertise to input usefully into this work. This work was, quite properly, completed by the project director manager, Belinda, with input from our technical and legal teams. The updates I did receive were at a much higher level: a representative example of which would be the update Alwen Lyons sent me on 29 August 2014 in advance of a briefing call. The actions relating to Project Sparrow were outlined at a high level, being only some of a very large number of issues which we needed to cover (POL00101244).

1006. I understand that POL's formal Response to the Part Two Report dated 22 September 2014 (POL00002415) was sent out under a covering letter from Angela (POL00006561 appears to be a draft of this). Alwen updated the POL Board on 24 September 2014 to confirm that the Response had been sent (POL00101390). I can see from the minutes of a POL Board meeting on 25 September 2014 (which I attended) that Belinda and Chris provided a brief update on the progress of the Mediation Scheme, although I note that the minutes of this meeting do not confirm whether the POL Board was provided with a copy of POL's Response (POL00021528). The Response is likely to have been uploaded to the Reading Room.

102.1. Describe to what extent you were involved in seeking to influence the final version of Second Sight's thematic report.

1007. As the above indicates, I was not involved in influencing – or seeking to influence – the final version of Second Sight's thematic report. It was not part of my role as CEO to challenge the report on that level of detail and I did not seek to do so.

1008. The task of determining which parts of the report should be challenged and seeking that those changes be made, fell to those working closely on the project, notably, Belinda Crowe, Angela Van Den Bogerd, and Chris Aujard. They were assisted in this work by a team from Fujitsu and POL's internal and external lawyers, who I can see they consulted regularly.

1009. From my review of the documents, I would also like to make the following points:

- a. The Working Group directed that POL should have input into the report because it was recognised that it would be beneficial for them to have this input. POL was directed to input into the report through the provision of the Factfile for Second Sight's Part One Report, through discussions at Working Group meetings, through meetings with Second Sight, and through the provision of comments on the draft. It is unclear to me whether these steps are what the Inquiry is referring to by the phrase "*seeking to influence*." If these are properly construed as attempts to influence the report then they seem to me to be appropriate forms of influence, aimed at producing a better, more accurate, more useful report. That they are

appropriate is suggested by the fact that they were actions which the Chair of the Working Group directed POL to undertake.

- b. The parts of the report which POL sought to challenge were challenged because it was the view of those working closely on the project that they were inaccurate or inappropriate. Although I was not involved in this level of detail, I can see that the consistent view, shared by POL's internal and external legal teams, was that the Second Sight report was of poor quality, contained inaccuracies, contained opinion which was unsuitable for inclusion in a neutral factual report, and would be unhelpful both to POL and to applicants. To the extent that I was aware of the steps being taken to challenge and refine the report, those steps struck me as appropriate, given this assessment of the draft report.
- c. The amendments made to the report appear to have been agreed by all parties to the Working Group following open discussions at Working Group meetings. These meetings were also attended by Sir Anthony Hooper, Second Sight, and the JFSA and those parties had every opportunity to object to the suggested amendments. If POL was successful in "influencing" the content of the final report, that appears to have been because all parties to the Working Group agreed that it needed to be changed. That the Working Group retained control over the final report is clear from the fact that the final report was published despite POL's continuing dissatisfaction with its contents.

102.2. Please describe your views at the time on the Second Sight reports and set out any action you took as a result of the same. Please set out which aspects

of the reports you did not agree with, providing reasons for the same.

1010. Although I remember reading these reports at the time, I do not now recall my views of them with precision. I have read them several times since and my views now are necessarily clouded with hindsight. However, I do recall the following as areas which stood out to me at the time of reading the reports. In relation to the Briefing Report Part Two:

- a. Paragraphs 1.6 and 1.8 contained unhelpful definitions of scale.
- b. Paragraph 3.1 states that POL had accepted the need for a wide definition of Horizon. However, in including contracts, audit, and investigative processes without consulting POL, Second Sight had gone outside of their brief ("*scope creep*" referred to in Board minutes). POL had no choice but to accept and then challenge where needed, through the review process.
- c. Paragraph 4.5(h) states, regarding the statement that "*(t)he investigation division does NOT enquire into matters where crime is not suspected*". This was inaccurate because this was not the role of the investigation division. I understood that cases where crime was not suspected were investigated elsewhere, usually starting in Chesterfield. This unqualified statement about such a serious issue was misleading.
- d. Paragraph 5 onwards states that the way the report read was that some of the issues complained about by SPMs were still current. I

was aware that POL had resolved several of the issues prior to engaging Second Sight, for example Lottery Scratch cards.

1011. I did not take any specific actions myself, but those working closely on the project, assisted by POL's internal and external lawyers, drafted a formal Response to Second Sight's reports.

102.3. Have your views on these reports changed?

1012. My view of these reports today is fundamentally different from what it was then, having regard to the findings in the Common Issues trial, the Horizon Issues trial, the judgment of the Court of Appeal criminal division and having listened to the evidence in the Inquiry to date.

1013. I am in no doubt now that the Second Sight report was in principle right and POL's focus in its Response was wrong. The work undertaken by Second Sight formed the basis for the SPMs to be able to bring the Group Litigation. Without this they would not have been able to do so.

1014. I fully accept the findings of Fraser J in respect of BEDs and, insofar as POL's Response conflicts with those findings, I accept that it was incorrect. However, at the time, POL's Response matched my understanding and what I was being told by those I relied upon. I can also see from the documents that it was supported by the advice from POL's internal and external lawyers. I accept that the GLO Proceedings vindicated, for example, what Second Sight said about the nature of the contract but, at the time, POL was receiving legal advice which forcefully rejected their approach to this so I can understand why POL responded as it did.

102.4. Explain to what extent you, or anyone else in senior management, sought to enquire into the potential effects of the Falkirk bug outside of the Castleton and Misra branches.

1015. I do not recall directing any such enquiry myself and I do not know whether anyone else carried out such an enquiry during my time at POL. I first became aware of the Falkirk bug in 2013, when I was informed that the bug had occurred many years previously and had been fixed.

POL's change in approach to the Mediation Scheme

103. Please consider POL00027369 (Chris Aujard and Mark Davies' report on the Mediation Scheme dated 3 June 2014), UKGI00002392 (Chris Aujard's update report on the Mediation Scheme dated 18 June 2014), UKGI00002397 (Chris Aujard's July Update Paper dated 7 July 2014) and POL00021528 (minutes of POL Board meeting on 25 September 2014).

103.1 Please describe POL's approach to the SPMs' complaints relating to Horizon and the Mediation Scheme thereafter and your involvement with the same. Please explain to what extent you communicated information about such complaints and POL's response to the same to the Board, ShEx/UKGI or BEIS. The following paragraphs are not intended to limit your response to this request.

103.2 Please explain the basis on which it was thought appropriate not to continue the Mediation Scheme in the form that it was initially designed.

1016. I have already set out POL's change in approach to the Mediation Scheme and explained why maintaining the status quo had become increasingly unpalatable. The reasons for this had been articulated by Belinda Crowe as

early as February 2014 (at pages 12 to 15 of (POL00092172)) and only became more pressing as time went on. In outline: the Mediation Scheme was ever more delayed and costly, we had doubts about Second Sight's capacity to deliver the work that progress depended upon, there was a consistent gap between POL's valuation of the claims and what the applicants expected to recover (the "expectation gap"), and the ongoing management of the Mediation Scheme was a significant drain on POL's resources including in respect of senior management.

1017. These were longstanding concerns. I can see that the note of my meeting with Sir Anthony on 23 February 2014 records that we discussed restructuring the Scheme but he advised against this until POL had seen more of Second Sight's work (at pages 1 to 2 of (POL00100335)):

"The various ways forward were discussed. These included a) terminating the scheme entirely and allowing SPMR's to pursue their legal remedies through the courts and/or paying out compensation to applicants in a formulaic manner (as per the email that PV had received from the A member of the Board earlier in the day) ; b) restructuring the scheme such that it is looked more like a more like a [sic] mediation scheme (with nothing being resolved until all the applicants CQRs had been received- this would have the effect of pushing out any settlement payments for many months); c) augmenting SS's resources with resources from one of the big accountancy firms, either by displacing them in their investigative role, or by placing resource alongside them; and d) reworking the process in the scheme and streamlining it.

“TH's strong contention was that POL should take no precipitous action until such time as SS had produced, say, 5 reports, and until we had seen their thematic report. He noted the adverse PR consequences of terminating the scheme and also offered to make himself available to talk to the Board to explain why he considered this approach appropriate, should that be necessary or desirable.”

1018. Progress on the cases continued to be very slow and the work produced by Second Sight was, in the view of those working on the project, of poor quality. However, we were conscious that any decision to change our approach would be significant and could hinder our efforts to resolve the underlying SPM complaints or alienate stakeholders, including MPs. As was noted in the options paper prepared for the inaugural meeting of the Project Sparrow Sub-Committee on 9 April 2014 (discussed above), there was *“no right answer”* but the *“most appropriate option for the business is one which ‘does the right thing by SPMRs’”* (at page 9 of (POL00116439)). Finding a satisfactory resolution to the claims themselves remained a central concern: the fact that the Scheme was not achieving this was one reason it needed to change.

1019. Chris Aujard's and Mark Davies' options paper dated 3 June 2014 (POL00027369) was prepared for the Sub-Committee meeting on 6 June. It discussed three options in detail.

- a. The paper rejected Option 1 (“continuing with the Scheme as currently configured and managed”). This would cost too much in terms of time and money and could *“end up with applicants and stakeholders being more dissatisfied at the end of the Scheme*

(having had their expectations raised as a result of the value advisors are putting on their claims)."

- b. Option 2 (*"continuing with the Scheme but seeking to refine its work within the existing Terms of Reference"*) was acceptable and should be considered in detail. Although it *"could place strain on the Working Group and may lead to one or more parties withdrawing from the Group"*, it *"could, we believe, lead to the delivery of a Scheme which provides greater value for the business while still allowing for the prospect of a full investigation of all applicants' complaints under independent oversight."*
- c. Option 3 was the Sub-Committee's preferred option (*"completing the Post Office investigation in each case and moving the governance and management of the Scheme in-house"*). It resulted in the greatest cost saving, and would allow the Post Office to control the risks, such as adverse PR. It would require a commitment that POL would *"investigate all cases and disclose the findings to the applicant and would mediate a substantial (but significantly reduced) number of cases."*

1020. On 3 June 2014, Alice sent an email encouraging the Sub-Committee to consider appointing alternative investigators, noting they might be better and faster than Second Sight even if they were not cheaper (**POL00116581**).

1021. The Sub-Committee met on 6 June 2014 (**POL00006571**). The Sub-Committee preferred Option 3 but requested legal advice on the risk of judicial review (at page 4 of (**POL00027153**)). Paragraph 6.4 of their recommendation paper

noted that *"it would be imprudent to announce Option 3 in recess"*. Making the announcement during the Parliamentary recess would have been completely the wrong thing to do. It was important that POL announced this important change at a time when it would get attention, so there could be no accusation of trying to cover things up.

1022. Before the POL Board meeting on 10 June, Richard Callard expressed a preference, as the Government NED, for Option 3 (**UKGI00002358**).

1023. At the meeting on 10 June, the POL Board unanimously preferred Option 2: continuing the Scheme but seeking to refine its work within the existing terms of reference. The POL Board asked that the business (1) consider the best way to implement that course of action; (2) take legal advice on the risks inherent with the changes proposed; and (3) come back to the POL Board with a paper explaining the recommended next steps (**POL00021526**).

1024. Chris wrote an Update Paper dated 18 June 2014 which, amongst other things, confirmed that the risk of judicial review was low (**UKGI00002392**). The minutes of the POL Board meeting on 25 September 2014 (**POL00021528**) record that Chris and Belinda reported on this matter but I have been unable to locate a written update in the Inquiry disclosure.

1025. Drawing together all of the factors set out above, it was thought appropriate not to continue the Mediation Scheme in the form in which it was initially designed because:

- i. POL wanted to achieve a case-by-case investigation of the complaints in a reasonable time and at a proportionate cost;

- ii. Second Sight's work was of poor quality and delayed, suggesting they lacked the capacity to deliver this work;
- iii. There remained a significant gap between some SPMs expectation of sizeable financial compensation and POL's view, based on the Linklaters' advice, that it had little exposure generally and none for consequential loss;
- iv. That continuing with the Mediation Scheme, in its initial form in light of POL's view of the merits of many of the individual cases, could lead to greater dissatisfaction than making significant changes to the Mediation Scheme. There was a sense that more cases could be solved in a BAU process; that some should have been solved via 'BAU' in the past. It was thought that what was needed was investigation for all followed by a thoughtful and structured BAU conversation for some and mediation for others.
- v. POL was reluctant to mediate cases with criminal convictions because there was a limit to what could be achieved; but POL would re-review and disclose any matters as per POL's disclosure obligations.
- vi. POL had sufficient confidence that POL's case reviewers would look at cases impartially; despite the tensions, Second Sight had complimented the team on the quality of their work.
- vii. POL had carried out a significant number of investigations by this stage, and two years of reviewing cases had found nothing.

104. Please explain your understanding of the reason for Susan Crichton's departure from POL.

1026. Whilst I cannot recall all of the details surrounding Susan Crichton's departure, my review of contemporaneous documents disclosed by the Inquiry has helped to refresh some of my memory of events taking place at that time.
1027. On 1 July 2013, the POL Board held a meeting by conference call (**POL00021515**). I recall that the POL Board, led by the Chair, was critical of the way in which the business had managed Second Sight's work. As POL's GC, Susan was responsible for this. She was sorry that it had turned out this way and was concerned that the POL Board was unhappy with her oversight and management of the work.
1028. I believe that Susan offered me her resignation between the date of the POL Board meeting on 1 July 2013 and 11 July 2013.
1029. From memory, the POL Board's reaction at the time of the Interim Report led to Susan's decision to resign. My recollection is that she felt she had let the business down. She had been the lead director for the Second Sight work and she felt responsible for that. Second Sight were about to publish a report that had the potential to create serious issues for POL: a report that was critical, lacking evidence, based on opinion, about areas in which its authors were not experts.
1030. My recollection is that whilst I agreed with the Board that Susan may not have managed Second Sight in the most effective way with as much oversight as was required, I did not think it was necessary for her to resign. I believe my view at the time was that with extra support from me and with more resources, this was an opportunity for Susan and for the business to learn and to prioritise resolving the SPM cases through good project management.

1031. I can see that I was due to meet Susan for a face-to-face meeting on 12 July 2013 (at page 4 of (POL00099223)). At 11:33 on 13 July, Alice Perkins emailed to ask me to let her know what Susan had decided to do or whether she was reflecting over the weekend. I recall that I persuaded Susan that I thought she could turn things around with greater personal oversight. I recall suggesting that she talk it through with someone she trusted (I believe we discussed her speaking to a partner at Bond Dickinson whom we both knew and rated, I think that may have been Simon Richardson). My email to Alice on 14 July 2013 at 10:38 (at page 1 of (POL00099223)) suggests Susan did share her concerns and talk things through with a lawyer, who told her that "*she should get on with it!*".

1032. I confirmed in the email to Alice that Susan had decided to stay (at page 1 of (POL00099223)). I noted that I had also mentioned to Susan we might bring forward a planned change to her role to remove HR duties that she had previously assumed, so that she could concentrate on and prioritise the Second Sight work.

1033. Alice's response to me on 14 July 2013 (14:50) (at page 1 of (POL00099223)) reflects that she wanted to discuss this further with me in our next one-to-one meeting the following day. My recollection is there was some tension between Alice and Susan over the handling of Second Sight. Alice wanted to test my view that Susan was up to doing what was required to manage Second Sight's work more efficiently.

1034. The tension in the relationship between Alice and Susan can be seen from the email that I sent to Alice on 14 July (16:00) (at page 1 of (POL00099223)) in

which I noted: *"I agree the two of you must restore the relationship; if not, it is not tenable for Susan to continue with this...Susan shared her feelings with me in confidence at a time she was feeling very low about 'letting this happen to the business she worked for'"*.

1035. Two days later, without notice, Alice decided to stand Susan down from a POL Board slot on 16 July 2013. Susan had been due to brief the POL Board on the Second Sight work. I explained to Alice that Susan would find it hard to take, as she had prepared her update for the POL Board; plus, there would undoubtedly be questions from the POL Board, which I may not be able to answer.

1036. I can see from an email which Alwen Lyons sent to me later in the day on 16 July (**POL00118494**) that she told me she had spoken to Susan on the way over to a meeting that day at Bond Dickinson. Alwen noted in her email to me:

"Spoke to Susan on the way over. She is very cross about not being invited into the Board today and not being able to explain the process going forward, including the criminal cases.

I told her that it wasn't an easy session and that the Board were concerned about the way SS had been managed.

She asked whether Alice had explained the background to their appointment, I didn't comment, but Susan is right that Alice was involved in the choice not to go with one of the Big 4 and that it had to be an independent report.

I didn't feel I could add any more Paula, so I didn't, but I think Susan will phone you tonight or tomorrow as she wants to understand her position following the Board meeting."

1037. From a file note I produced a few days later (**POL00118496**) I am reminded that Susan and I agreed to have a face-to-face meeting on 24 July 2013 to ensure we had time to revisit matters, and so that I could debrief her on the POL Board discussion. My file note records that the purpose of meeting with Susan was to make clear that she was accountable for the Second Sight work going forwards and I had asked Alasdair Marnoch to exercise a degree of oversight, since he was also the Chair of ARC. I explained to Susan that following two or three conversations with Alice, who whilst "*still very concerned about the whole issue, was more reassured that we were taking the right approach, which included Susan seeing this through.*" I suggested that Susan should also meet Alice and she confirmed that she had already fixed a meeting with her for 31 July 2013.

1038. I recorded in my file note that Susan was "*initially frosty in her manner*" and I thought she was "*feeling the pressure*". From memory, I had to work hard to re-engage her; but I think we got there. I was concerned that Susan needed to be supported, which I was happy to do provided she remained committed and was prepared to do the work required. I seem to recall that we agreed to see how things went and I hoped that I had provided Susan with some reassurance during what was a very difficult situation for her and for all involved.

1039. As I was about to go on annual leave, I noted that I would review the position again in September.

1040. I have been shown an email from Alice to POL Board members and others, including Susan, on 31 July 2013, which was while I was on annual leave (**POL00116114**). The email records that Alice and Susan had met that day to discuss a note for the POL Board on Horizon (which I assume was prepared by Susan). Alice noted three points that she wanted to put on the record – in relation to her thoughts about the way ahead.

1041. The first point which Alice made was that she wanted to cap Second Sight's involvement at reviewing the 47 cases which they were already to review. She added that it was "*extremely important that we cap their involvement at that*" and that "*the moment they are involved in additional cases beyond these, we will have lost the ability to end the relationship with them – an outcome which I do not want to have to contemplate.*" The second point concerned Second Sight's costs. Alice was keen to pin down and cap their costs. Alice said that she understood that Susan has told them that she (Susan) was "*expecting them to do the extra work pro bono but no deal has been done.*" The third point concerned the process for appointing the independent Chair of the working party. Alice ended by noting that she had asked Susan to keep the POL Board fully informed of future developments and to alert her "*to anything which she is unable to resolve which could get in the way of getting the job done in the way it needs to be done. She will be seeking conversations about all this with all the NEDs on an individual basis and will be in touch with you to arrange these.*"

1042. On 1 August 2013, Alice sent my PA the file note of her meeting with Susan on 31 July (at page 2 of (**POL00108058**)). I have not yet been able to locate a copy of this file note in the Inquiry's disclosure to date. Alice notes:

"Theresa,

"Here is the document to which I was referring.

"I should be grateful if you could make sure Paula sees it on her return (but no need for her to see during her holiday).

"Please can you make sure that no-one else sees it?"

1043. Without sight of Alice's file note, I am afraid I cannot recall its contents. It is clear from an email that I sent on 2 August 2013 (16:52) to Alice that I had, by this time, reviewed her note (at page 1 of **(POL00108058)**). I said the note made me sad but did not come as a surprise.

1044. My email suggests I was sympathetic to Alice's views. Alice noted "*how much Susan sees as 'beyond her control'*". I replied that this was for me to deal with on my return.

1045. Alice responded, also on 2 August (17:36) (at page 1 of **(POL00108058)**), commenting on Susan's performance in the following terms and presumably still referring to her file note:

"Yes. It is the fact that she sees so much as beyond her control which made me most worried. It is her alibi. That is why I pushed back and also why I asked her to flag up if there was anything she needed which she couldn't get.

I am concerned that she won't cap SS off at 47 because it's too difficult. And am also concerned about their costs and why we haven't nailed those.

So I am sorry but I think you are right.”

1046. On my return from annual leave, which was around 5 August 2013, I recall that Susan had been very unhappy that, while I had been away, Alice had set in motion a 'Lessons Learned' review into how the business had managed the last year's work with Second Sight. Susan regarded this as a further example of criticism of her.

1047. I cannot recall how matters developed after this in August 2013.

1048. In an email to me on 7 September 2013, Alasdair suggested that Alice and I meet with him to close off the Second Sight review discussions and agree the way forward, he added: *“In the meanwhile I hope all goes ok with Susan on Monday.”* (at page 1 of (POL00116124)). My response on the same day noted: *“Alasdair, thanks it won't be easy....”* (at page 1 of (POL00116124)). It appears that I was due to have what I expected would be a difficult conversation with Susan the following week. It seems that by this stage, I was going into the meeting with a view to Susan leaving. Without sight of further material relating to this time period, I cannot remember what had occurred, which seems to have resulted in my expectation that Susan would agree to leave the business.

1049. I have no recollection of my meeting with Susan, which based on the content of the emails above, must have been had at some point between 7 and 11 September. However, we must have agreed that Susan would leave and that we would need to finalise her exit terms.

1050. I can see that on 24 and 25 September 2013, Chris Day, Alwen and I approved and signed the terms of Susan's *“RemCo Severance Request”* (at page 3 of

(POL00104258)). I can see from the terms of the agreement, signed by Fay Healey on 24 September 2013, that Susan would continue with her normal duties until 30 October 2013, after which time, she would be placed on garden leave from 1 November 2013 until the date of termination of her employment on 30 November 2013 (at page 4 of (POL00104258)).

1051. Whilst some of our conversations were difficult – especially for Susan, which distressed me too, I was sorry to see Susan leave POL. We had shared similar ambitions over the Mediation Scheme and I respected her as a colleague.

105. Please consider LCAS0001071 (letter from Greg Knight MP to you dated 14 November 2014). Why did the Post Office initially refuse to mediate cases such as Mr Castleton's, which did not involve a criminal conviction?

1052. On 14 November 2014, the Rt Hon Sir Greg Knight MP wrote to me about Lee Castleton (LCAS0001071). The letter stated that Mr Castleton was Sir Greg's constituent, and inquired as to why POL was not willing to put Mr Castleton's case and other similar cases, forward to mediation, despite Second Sight's recommendation that this should be take place.

1053. The letter was acknowledged by a letter dated 20 November 2014 (at page 2 of (POL00119548)).

1054. On 13 February 2015, Sir Greg wrote to me again, noting that he had not received a substantive response to his letter of 14 November 2014 (at page 1 of (POL00119548)). In the following paragraphs, I explain the work which took place in response to the 14 November 2014 letter.

1055. After the 20 November 2014 letter of acknowledgment, there followed a series of internal discussions. Of note, Gavin Lambert sent me an email on 25 November 2014, in which he noted Sir Anthony Hooper's opinion that the Working Group was to decide whether any individual case should be mediated (**POL00101581**). The Working Group's decision would be *"informed but not bound"* by the recommendations of Second Sight. In the view of those advising me, this was *"reasonably clear from the Scheme documentation, and certainly clear from the operation of the Scheme in practice"*.

1056. In early December 2014, draft responses to Sir Greg were circulated by email. The response that was sent did not come from me, but was similar in content to the early drafts. In preparing this witness statement I have seen, for example, an undated draft (**POL00116840**) and a draft dated 4 December 2014 (**POL00109724**). I am not sure when each of those versions of the draft was circulated and by whom.

1057. I understand that a response was in fact sent to Sir Greg on 15 December 2014 by Angela Van Den Bogerd (**LCAS0000979**). I can see (albeit that it is redacted on the version disclosed to me) that Angela signed this version, and it is on headed paper. Accordingly, the clear inference is that it was sent.

1058. The 15 December response includes this:

"I would like to clarify that Post Office has never indicated that it would be willing to mediate in all cases where Second Sight recommended mediation. I can also confirm that Post Office has had no direct contact with Mr Castleton since he entered the Scheme either about mediation or any other matter."

1059. Angela also said that she had forwarded Sir Greg's letter to Sir Anthony Hooper who may wish to respond. I do not know if Sir Anthony did so.
1060. I was not involved in deciding whether any case should go to mediation. I had no role in that process, formally or otherwise. Neither was I ever asked in any ad hoc way to express a view on whether Mr Castleton, or any other person, should be the subject of a case proceeding to mediation.
1061. The Project Sparrow Sub-Committee did not consider individual cases, nor decide whether those cases should progress to mediation. When individual cases did come up in discussion, they were generally anonymised (e.g. M001 for Mr Castleton's case). Indeed, my recollection is that this was the case generally when the Sub-Committee or the POL Board discussed legal cases which concerned highly personal information.
1062. Specifically with regard to Mr Castleton, in preparing this witness statement I have seen a draft letter which was to be sent to him in February 2015 (**POL00077426**) which was circulated by email amongst members of the Working Group on 2 February 2015 (**POL00077425**). The draft letter includes the following:

"As you will know, Second Sight concluded that the question of who should bear responsibility for losses incurred in your branch was suitable for mediation and the Scheme's Working Group then recommended that this issue be mediated.

I regret to inform you that, after careful consideration, Post Office takes a different view and has decided against proceeding to mediation...

Post Office considers that the question of responsibility of the losses suffered in your branch has been conclusively determined through the High Court judgment of His Honour Richard Havery QC on 22 January 2007. It remains Post Office's view that his determination remains entirely correct and nothing in our own re-investigation, nor in the Review of your case by Second Sight, represents a challenge to that position."

1063. Patrick Bourke noted in his email that *"we are refusing to mediate 3 cases which the last Working Group deemed suitable for mediation"*, two of which involved an applicant with a criminal conviction (the exception being Mr Castleton). In preparing this witness statement, I have not yet been able to identify a final version of this letter being sent.

106. Please consider POL00101477 (email from Lord Arbuthnot to Alice Perkins on 23 October 2014), POL00101484 (briefing on call with Lord Arbuthnot) and POL00117030 (note of call between you and James Arbuthnot on 28 October 2014).

106.1 Please explain what your view was of Lord Arbuthnot's stance in relation to the Mediation Scheme. Did you think it was justified?

1064. Lord Arbuthnot sent an email to Alice Perkins on 23 October 2014 (POL00101477). He said that he was *"becoming increasingly worried about how the sub-Postmasters mediation process is working"* and that he perceived that POL was treating the matter like a *"legal battlefield"*. He said this had the potential *"to call... into question"* whether POL would carry through the Mediation Scheme in good faith. Lord Arbuthnot said that he intended to accede to requests to talk to the media, but wished to speak with me first.

1065. On 26 October 2014, a briefing note was drafted for me by Patrick Bourke in advance of my call with Lord Arbuthnot (**POL00101484**).

1066. I had a telephone call with Lord Arbuthnot on 28 October 2014 at 15:30. A note was taken summarising the call (**POL00117030**). Lord Arbuthnot told me that he could not currently support the Mediation Scheme for various reasons. These included reports that POL was not prepared to enter into mediation, and his concern that POL was taking an overly legalistic approach to the Mediation Scheme.

1067. I cannot now recall this conversation. From the documents I have seen, Lord Arbuthnot was clearly justified in raising these concerns. However, his position was in many ways at odds with the information and advice which I had received from my colleagues at POL.

106.2 Did you agree with the following statement in your briefing: “PO is entitled to take the view that in the absence of evidence to the contrary, the presumption must be that the system is working as it ought to. To start from a contrary position, whereby PO must prove the system’s reliability, goes against common sense and established practice. Bluntly, it is not PO’s job to prove that Horizon did not cause the losses incurred by Applicants to the Scheme, but for Applicants to provide evidence that it did”? If so, please address the following:

106.2.1 How that position was justified in circumstances where POL were aware of BEDs in the Horizon System?

106.2.2 How were SPMs supposed to provide evidence of system faults?

1068. I have been asked by the Inquiry to comment specifically on paragraph 9 of the briefing note (**POL00101484**).

1069. I have no recollection now of how I understood this paragraph at the time. However, I am able to describe how I believe I would have reacted. In short, I would have treated this entire document (including paragraph 9) as advice from my team and trusted that factual matters were accurately described. Paragraph 9 is framed in a very "*matter of fact*" way and I would have accepted that. I note now that there is a strong correlation between paragraph 9 and the advice which Linklaters had given POL on 20 March 2014, which states at paragraph 1.8:

"In summary, we think that, absent proof that Horizon is malfunctioning (either generally or in the specific case) the Post Office has a right to recover losses from SPMRs, the SPMRs have no right to compensation for such losses and the circumstances in which there will be a consequential loss claim are limited to those in which inadequate notice of termination was given, will depend on their facts and should be limited."

1070. Notwithstanding that I would have taken paragraph 9 in my briefing note as accurate, that does not mean that I would have agreed with the phrasing, nor would I have adopted that phrasing or tone of voice when speaking to Lord Arbuthnot or publicly. Paragraph 9 is in the context of a briefing note: it is blunt (paragraph 9 actually using the word "*bluntly*" to describe the advice), factual and precise.

1071. More generally, the briefing note (**POL00101484**) contained various recommendations for points I should make on the telephone call including that I should:

- a. Reassert POL's support for the original aims of the Mediation Scheme;
- b. Firmly rebut the charge of lack of good faith, underlining the unusual lengths to which POL has gone to respond to the concerns of the JFSA, MPs and Applicants;
- c. Place on record POL's own concerns including over the effect of the JFSA's refusal to participate fully in the business of the Working Group;
and
- d. Emphasise that POL remains committed to a thorough investigation but should not have to accept criticism where it is not at fault.

1072. I have been asked to comment whether a presumption that Horizon was working as it should was appropriate in circumstances where POL was aware of BEDs in the Horizon system. I do not recall focussing on this part of the briefing. It was my belief at the time that POL was thoroughly investigating every case in the Mediation Scheme. The information I was given (and which was set out in paragraphs 6 and 8 of the briefing (**POL0010484**)) was that POL had now completed its investigations into 80 of the cases in the Mediation Scheme and that in not one of the cases investigated so far had a fault with the Horizon system been established. Paragraph 8 of the briefing went on to say that POL was not complacent about this issue and would apply the same rigour in investigating the remaining cases as it had done to date. I knew about the

Suspense Account bug and the Receipts & Payments Mismatch bug by this stage and about the Legacy Horizon Falkirk bug (fixed I believed, nearly a decade earlier). My understanding was that they had not affected any Mediation Scheme cases, and that they had been identified by POL and Fujitsu and rectified without any loss to the affected SPMs. I accept that this information was incorrect and understated the defects in the Horizon system. However, my understanding at the time was that the results of the investigation indicated that the Horizon system was working properly.

1073. I have also been asked to comment on how SPMs in the Mediation Scheme could have been expected to provide evidence of system faults. Although I was not close to the details of how the ongoing investigation were conducted, I understood that POL obtained and analysed the transaction records and liaised with Fujitsu to understand any shortfalls or transaction anomalies reported by SPMs in the Mediation Scheme. I can see this way of working was set out in a briefing on the Interim Report I was sent on 2 July 2013: see paragraph 4 on page 1 and Annex 1 at page 7 of (POL00113369). I believed that, in this way, any system defect which affected a SPM in the Mediation Scheme would be identified.

107. Please consider POL00022610 (instructions to counsel) and POL00022611 (note titled Post Office Complaints and Mediation Scheme dated 24 November 2014)

107.1 Please explain your recollection of the background to these instructions and your involvement with the same

107.2 Please explain the basis for POL's instruction to counsel that "Candidly,

almost all cases point pretty conclusively (or beyond any reasonable doubt) to the complacency, incompetence and / or dishonesty of Applicants as the cause of the losses incurred in the relevant post offices". On reflection do you think this position could be justified?

107.3 Please describe the advice POL received from leading counsel further to these instructions

108. Please consider POL00101578 (statement from Lord Arbuthnot), POL00101586 (email chain between 18 – 20 November 2014), POL00026741 (email from Lord Arbuthnot dated 26 November 2014), POL00101596 (letter from you to Lord Arbuthnot dated 28 November 2014), POL00101738 (email exchange between you and Mark Davies on 9 December 2014), POL00101700 (letter from Lord Arbuthnot to you dated 8 December 2014) and POL00101690 (letter from Lord Arbuthnot to you dated 22 January 2015).

108.1 Please describe the meeting(s) on 17 November 2014 and your concerns arising from the same.

108.2 Please expand on *"this is just to confirm what I said last night – that I want a board sub-ctte to debate next steps"*. What issues did you envisage the sub-committee debating?

108.3 Please explain the process for drafting your letter of 28 November 2014 and describe any legal advice you received on the same. What was Post Office's opposition to a presumption in favour of mediation at this stage?

108.4 On reflection, do you consider that Lord Arbuthnot and other MPs' concerns about POL's approach to the Mediation Scheme was justified?

108.5 Please describe the action you and others in senior management took in relation to the Mediation Scheme following Lord Arbuthnot's letter of 8 December 2014.

109. Please consider POL00116824 (note titled Update for Board/Alice) and POL00021530 (minutes of POL Board meeting on 26 November 2014). Please describe the update you gave to the Board in respect of Project Sparrow on 26 November 2014.

1074. I have been asked by the Inquiry to explain the background to the instructions to Leading Counsel to advise in conference which were prepared in late November 2014 (**POL00022610**). Those instructions were headed "*In the matter of the Post Office Limited Complaints and Mediation Scheme*". On 25 September 2014, the POL Board met. Page seven of the minutes records the update on Project Sparrow (**POL00021528**). Chris Aujard and Belinda Crowe joined the meeting for this part of the discussion. It is noted at section (d) that:

"The Board was encouraged by the recent progress and the fact that all the Post Office investigations should be finished by December. The Board members understood that the next few weeks could be controversial as the Business was about to refuse to put cases involving criminal convictions into mediation."

1075. On 14 October 2014, I wrote to Jo Swinson MP "*regarding the recent media attention relating to the Mediation Scheme*" (**POL00109487**). I enclosed with that letter "*a note prepared by Post Office's General Counsel, our lead member on the Working Group*" in an effort to provide "*further background as well as a brief update on the Scheme*".

1076. On 17 October 2014, Lord Arbuthnot wrote to me, inviting me to meet with him, Oliver Letwin MP, Mike Wood MP and Andrew Bridgen MP to discuss progress of the Mediation Scheme (**POL00105464**). He proposed four possible dates, between 27 October and 17 November 2014. The meeting did subsequently take place on 17 November 2014.
1077. This letter was just less than a week before Lord Arbuthnot wrote to Alice Perkins by email expressing his increasing concern about how the Mediation Scheme was working (**POL00116734**).
1078. On 17 November 2014, I met with Lord Arbuthnot, Oliver Letwin MP, Andrew Bridgen MP, Mike Wood MP and Alan Bates. The meeting was also attended by some of my colleagues, including Angela Van Den Bogerd. Angela took a significant role in addressing the MPs' queries. See the note of the meeting entitled "Update for Board/Alice" speaking note (**POL00116824**).
1079. I have seen an email sent on Lord Arbuthnot's behalf to his parliamentary colleagues in which he summarised the 17 November 2014 meeting. He described the meeting as "*not an easy meeting from anyone's point of view*". MPs had expressed concerns about POL challenging too many issues before cases went to mediation. He proposed that there should be a presumption in favour of mediation, where mediation had been recommended by Second Sight. Lord Arbuthnot recorded that I had said that I would take that proposal to the POL Board and give it consideration.
1080. Lord Arbuthnot was right that it was "*not an easy meeting*". Although I cannot now, nine years later, recall the detail of the discussion, I do continue to recall clearly how I felt during and after the meeting. I was accused of things, by the

MPs, which were simply not true. I do recall that I remained professional and ensured I continued to act in the way in which I wanted my POL colleagues, who were present, to act.

1081. Between 18 November and 20 November 2014, I exchanged emails with Mark Davies and Alwen Lyons (**POL00101578**) with the subject line “*Sparrow sub-ctte*”. In my first email, I said:

“Hi this is just to confirm what I said last night – that I want a board sub-ctte to debate next steps. I am about to flag that to Alice.”

1082. I do not recall now with confidence which issues I wanted to be debated. However, I believe it would have been two matters. First, given how challenging the MPs had been about how POL was dealing with issues and how involved and complex those issues were, I wanted a conversation with my team, with the Board Sub-Committee. Second, I believe I wanted the Sub-Committee to meet, to discuss the proposal of Oliver Letwin MP (for a presumption in favour of POL following any recommendation made by Second Sight as to which cases should go to mediation) and to ensure that no angle was missed.

1083. Alwen responded to say that Alice did not want to call a Sparrow Sub-Committee next week “*as she thinks the process is working and we should continue as is*”, however she noted that Sparrow was on the ExCo agenda for 20 November 2014.

1084. I noted in response that “*I hadn’t anticipated we would change our approach*” but that nonetheless I had wanted to have that conversation with the POL Board. My email exchange with Alwen continued the following day with me

saying *“presumably we need to go back to James et al with a decision that the Board wants to continue the approach we have. I.e. Not adopt Oliver’s proposition of a general undertaking that (with a few exceptions), we would mediate if SS recommended it. So we do need a discussion.”*

1085. I was absent from the 20 November 2014 ExCo meeting. Mark reported the outcome to me on 20 November 2014 in the email chain at (POL00101578). He reported that there had been *“a frank and detailed discussion”* about Sir Oliver’s proposal. The ExCo had concluded *“that we should resist the suggestion from the MPs on the grounds that it would effectively render the working group meaningless, and put us in a very difficult position legally in relation to cases which have been through the courts.”*

1086. Mark went on to report:

“We came to the view that in terms of the Board, it would make sense for you to refer to the meeting with MPs as you present your CEO report, and to report the nature of the MPs’ proposal, but to say that having consulted with Exco and relevant colleagues you do not intend to change course.

Assuming this is not challenged by the Board, we then recommend a letter to the MPs which sets out our position and which stays true to the confidentiality of the Scheme but which also sets out our over-arching position – that having set up the inquiry and the Scheme – and paid for both – we are determined to see it through. We will further say that as the MPs made much of the media requests they had received, we would be content for them to release the letter to the media. This allows us a vehicle to get our position out there, strongly.”

1087. In preparing this witness statement, as mentioned above, I have seen a two-page document headed “*Update for Board/Alice*”, which I understand to be dated 25 November 2014 (**POL00116824**). It is a speaking note for me to use when updating the POL Board about the 17 November meeting. Looking at an email chain to which it was attached, it appears that the note was written by Mark (**POL00116815**). I have no reason to question its accuracy.

1088. The Inquiry has disclosed two versions of the speaking note. Neither document has a date on its face, so it is not entirely clear which came first, or who made changes. The second version is at (**POL00116816**). I think it is likely that the changes were made by Gavin Lambert, and that the version which I used was (**POL00116824**).

1089. In respect of the proposal that we should have a presumption that Second Sight’s recommendations be adopted, the speaking note included this:

“- the team has considered the position, and has come to the conclusion that we should not agree to the ‘general assumption’

“- there are several reasons for this. It would make the working group, which was set up with TOR agreed by the JFSA, redundant as it would simply be waving cases through. This would be outwith the balancing nature of the working group, which was set up with a central role to decide on whether any given case (ought) to be mediated

“- It would also undermine the Chair’s stated position (in the decision on a specific case) that ‘the decision as to whether a case should go forward to

mediation is entrusted to the WG', with the necessary independence of the group achieved by giving the Chair the casting vote

"- 'Pre-agreeing' would also force us to mediate in criminal cases where the legal processes have not been exhausted. We have strong legal advice suggesting we should not take this course.

"- this will clearly be unwelcome for the MPs so we are preparing for every eventuality. We could expect media coverage, probably at a low level, but are well prepared for this. We are also proposing that our letter setting out our position to the MPs be drafted so that it can be released to the media, given the MPs point about media pressure. This gives us a chance to set out our position and meet the "Clapham Omnibus" test.

"- the chair has previously expressed his discomfort at being deprived of JFSA's views on those cases where POL disagrees with the recommendation made by SS, since it leaves him as the dominant voice in all cases (thanks to his casting vote). Maintaining our line on existing position to review each case continues this discomfort, however we assess the risk of the Chair epising [sic] this publically [sic] to be very low (he is bound by a confidentially agreement and we believe he will want to minimise any adverse publicity associated with the working group) we are also making contact separately with Oliver Letwin to impress upon him the nature of our position. We have a number of channels open to us here."

1090. That final paragraph above is not in the other version (**POL00116816**). I think it is likely that this paragraph was added by Gavin Lambert in response to feedback which I gave that we should test the argument about making the

Working Group redundant if we were to agree a general presumption of mediation where mediation was the recommendation of Second Sight (POL00116823).

1091. In respect of the Mediation Scheme more generally, the speaking note said:

“-given the potential collapse of the working group, we have also taken the precaution of seeking further legal advice from a leading QC at Blackstone Chambers. While we know that as a public body, we are susceptible for judicial review, we wanted to test the position further around the nature of the Scheme and the cases submitted to it

“- this is important since there have been significant developments since the summer, not least the refusal of JFSA to take part in the bulk of the Working Group’s business. We are now in a situation where the Scheme could collapse through the actions of others, who might then seek JR

“- the view is that withdrawing the Scheme in its current form does not expose POL to any significant JR risk. While POL is susceptible to JR when it acts in a public law capacity, the Scheme and the cases in it, together with any decisions associated with or taken during process, are private law in nature and are not, therefore, susceptible to JR

“- It is worth noting that Leading Counsel expressed this view robustly”

1092. More generally, (POL00116823) includes an email from Mark in which he quotes an email sent to him by Patrick Bourke. In turn, Patrick's email quotes something said by Sir Anthony Hooper in the Working Group, following

submissions which he invited from both POL and JFSA on the question of the Working Group's role in deciding whether or not a case should go to mediation:

"In my view this document (Overview of the Initial Complaints and Mediation Scheme) makes it clear in a passage under the heading "Will my case definitely be referred to mediation?" that the decision as to whether a case should go forward to mediation is entrusted to the WG.

The JFSA stresses the need for independence and the role of SS. In my view, the necessary independence is achieved by giving to the Chair of the WG the casting vote.

I exercise my casting vote in favour of the proposition that the WG decides whether a case is suitable for mediation."

1093. A POL Board meeting took place on 26 November 2014. The minutes include this (at page 2 of **(POL00021530)**):

"7. The CEO recounted her meeting with four MPs to discuss the Sparrow mediation scheme. She explained that the Business intended to write to the MPs to explain the Business' position on denying mediation for criminal cases, and that this letter may become public. The Business had taken further advice on the likelihood of a Judicial Review, if JFSA withdrew from the process, and the QC's advice was that the likelihood was low. The Board asked for an update on where cases were in the scheme."

1094. I note that the inclusion of these matters in my CEO report was consistent with the steer that I had received from Mark following the 20 November 2014 ExCo meeting. I had received a speaking note (**(POL00158173)**) from Gavin Lambert

on 25 November at 16:47 (**POL00158172**) which would have informed my update to the POL Board on 26 November. I also note that Gavin sent me a further email at 16:56 on 25 November in which he provided me with further background on Sparrow (**POL00101581**) to supplement a note that Mark Davies had sent me that morning (**POL00116815**; **POL00116816**).

1095. I have also been shown a document headed "*Post Office Complaints and Mediation Scheme*" dated 24 November 2014 which I understand to be legal advice relevant to this decision (**POL00022611**). Reading that document with (**POL00022609**) I believe that the legal advice document is the document referred to as "*Tom Weisselburg's notes from the above call*" which took place on 24 November. I do not recall whether I saw any written legal advice.

1096. In emails on 26 and 27 November 2014, a proposed draft of a letter to Lord Arbuthnot was worked up for me by Mark Davies and others. On 26 November 2014 (**POL00101587**), Mark made changes to a draft and said, "*in view of the timing, we need to get this to Paula now.*"

1097. I was provided with a draft letter for consideration / approval by email on 27 November 2014 by Patrick Bourke (**POL00101589**). I can see that by 16:50 that day, the letter had been shown to Leading Counsel, Tom Weisselburg QC, who had made some suggestions in tracked changes. That was sent to me an hour later. I responded thanking the team "*for the thought and rework*" which indicates that I may have had some comments on the draft I had seen earlier that day (**POL00116833**) and / or I was referring to the input from Mr Weisselburg QC. I can also see from that email that I was aware that Leading Counsel had advised on the letter.

1098. By the afternoon of 28 November 2014, Patrick and I had settled on a final version to be sent (**POL00109684**).

1099. I sent the letter on 28 November to Lord Arbuthnot (**POL00101596**). I thanked him for the meeting on 17 November and set out POL's position on the proposition put forward by Sir Oliver that there should be a general presumption that POL would agree, save in a few exceptional cases, to mediate all cases where that was the recommendation of Second Sight, regardless of their merits and specific circumstances.

1100. I said as follows:

"Having considered the proposition carefully and having discussed it as promised with my Board, I have concluded that I cannot agree to it.

"In my letter of 5 November, I set out in some detail the steps Post Office has taken to address the concerns you raised with me in early 2012. That letter made clear my belief that Post Office has done, at least as much, if not considerably more, than might reasonably be expected to address those concerns.

"To summarise, Post Office Limited, established the Scheme in good faith; Second Sight and JFSA were principal drivers of its design, the establishing of the Working Group and the recommendation for the appointment of its independent Chair; Post Office Limited committed to a comprehensive re-investigation of each and every case in the Scheme; and it pays not only for the administration of the Scheme as a whole but

also provides Applicants with funding to enable them to engage professional advisers to support them in all relevant stages of the process.

“To agree to a presumption that all cases should be mediated prior to any proper consideration of their merits would deprive the Working Group, which was set up so rigorously and carefully by ourselves, JFSA and Second Sight, of its most important role. It is difficult to see, in such circumstances, how it could continue.

“I would point out that Post Office has not prevented any case from progressing through the Scheme as it was designed. Instead, as a minimum, all cases will have the benefit of a thorough re-investigation and an independent review by Second Sight. A discussion at the Working Group about the resulting findings cannot be seen as an unreasonable requirement. You will also be aware that, by its very nature, mediation is a voluntary and consensual process and, accordingly, neither Applicants nor Post Office Limited are bound to proceed to mediation even where it is the Working Group’s view that mediation is appropriate.”

1101. I continued that it was my view that the Mediation Scheme and its processes were operating as they were designed to do and that the scope of the Mediation Scheme should not be broadened. I also noted that *“no fault with the system has been identified in any of the now 119 cases that have been comprehensively re-investigated by Post Office or as part of Second Sight’s general work”*.

1102. I see now that the letter does not make reference to POL’s pre-existing decision not to go to mediation in cases in which there was a criminal conviction. It was

an unfortunate omission but was not an intentional one on my part. It should have been included for clarity. The Working Group was aware, as was Lord Arbuthnot, who raised the matter a week later with Alice. But with hindsight, POL should have communicated the very strong legal advice it had received.

1103. After Lord Arbuthnot had received the letter, but before he had had the chance to respond to it, Alice set out her account of their conversation in an email which she sent to me and others on 1 December 2014 (**POL00101604**). Alice told Lord Arbuthnot that POL would not allow him to have access to Second Sight because *“we couldn’t have people second guessing an independent process which they had agreed to”*.

1104. Alice also recorded in her email:

“He then argued that the process was flawed. We should be willing to mediate cases where people had been convicted. I said no; they were matters to be settled through the courts. He moved on to people who had pleaded 'guilty under duress' but who were in fact, innocent. I said we were investigating every case and there was no evidence for that assertion.

He then said he thought Paula and I genuinely believed what we were saying – the implication being that we were being hoodwinked by others – a somewhat backhanded compliment if it was intended as such....”

1105. Alice ended her email by saying *“I can’t predict what he will do next.”*

1106. On 8 December 2014, Lord Arbuthnot responded to me in writing (**POL00101700**). Lord Arbuthnot disagreed with my assessment that the

Mediation Scheme was working as it should. He also disagreed that POL, and I, were sticking to the *“agreement that those who had pleaded guilty would be able to take advantage of the Mediation Scheme”*.

1107. Lord Arbuthnot recorded a particularly pointed criticism in paragraph 17:

“You put forward these arguments in secret, and when MPs asked you in July how the mediation was going, you pleaded, in the interests of “the integrity of the Mediation Scheme”, confidentiality. So, for example, despite your knowing that I and other MPs had agreed to the Mediation Scheme only on the basis that it would be available to those who had pleaded guilty, you did not tell me, nor so far as I am aware any other MP, that the Post Office was arguing that a plea of guilty should debar the SPMR from mediation.”

1108. Lord Arbuthnot asked whether I would agree to MPs meeting Second Sight to *“hear their take on the matter”*.

1109. That same day, a press release from the House of Commons stated that MPs had lost faith in POL’s Mediation Scheme (**POL00101690**). The press release included quotations from MPs and included as attachments my letter of 28 November 2014 and Lord Arbuthnot’s letter in response dated 8 December 2014. Putting aside the business aspects, which seemed ever more difficult to reconcile, I remember feeling a personal sadness when I read Lord Arbuthnot’s letter. I had been as determined as he was to get to the truth of the individual cases. The failure of that commitment and the breakdown of the relationship weighed heavily. I was sorry at the time and remain so today. Lord Arbuthnot’s instinct was right. I fully accept my focus was misguided and wrong.

110. Please consider POL00101796 (email chain on 10 December 2014) and POL00101801 (email chain on 10 December 2014).

110.1 What was your view of Mr McCormack's email of 10 December 2014?

110.2 Did you agree with his statement that "You have no personal knowledge of operating Horizon nor probably any in depth technical knowledge"? If so, please set out any steps you took to improve your personal knowledge of the operation of Horizon.

110.3 On reflection, do you consider that you did enough to investigate the concerns raised regarding systemic and / or intermittent errors in the Horizon IT system?

1110. I have been asked by the Inquiry to consider two email chains with Tim McCormack on 10 December 2014: (POL00101796) and (POL00101801). Mr McCormack spoke about system errors and intermittent errors, saying that POL was looking at the wrong problem and it was in fact intermittent errors which caused financial problems for SPMs when they occur.

1111. I always took input seriously, no matter from whom it came. This was especially true in respect of SPMs, Unions and the NFSP.

1112. I do not now remember the specifics of this series of emails. However, I do remember emails with Mr McCormack more generally. He was a fairly frequent communicator with people at POL. I have tried to remember whether I ever met Mr McCormack, because reading his emails now they have a certain familiarity to them which suggests that we had met; however, I cannot remember.

1113. Whenever Mr McCormack emailed me, I would always approach it in a similar way, which was to ensure that the concerns were seen and considered by the right people. I would make clear to colleagues, as with any person offering outside input, that we must not dismiss it out of hand.

1114. I am asked by the Inquiry whether I agree with this statement "*You have no personal knowledge of operating Horizon nor probably any in depth technical knowledge*". The full paragraph in the email is this:

"Paula, as I keep saying, you are surrounded by people in your office that tell you all is well. You have no personal knowledge of operating Horizon nor probably any in depth technical knowledge. What if the people that are telling you all is well have the same attributes?"

1115. I do not recall reading the specific words at the time, however I agree with Mr McCormack's second sentence. I fully accept that I did not have any in depth technical knowledge, nor previous experience of managing a large IT system. I was not an IT expert and nor would it have been appropriate for me to attempt to become one. I took advice from the relevant teams on technical matters, and looked to those with appropriate practical knowledge and expertise to explain matters to me where I did not have expertise myself. For example, I relied on Lesley Sewell's technical knowledge or Angela Van Den Bogerd's in-depth operational understanding of the Horizon system.

1116. This is reflected in a draft email that I proposed to send in response to Mr McCormack at 09:10 on 10 December 2014 (**POL00101796**), putting him in touch with various subject matter experts whom I trusted to do so. I believe that

Mark Davies amended this email before it was sent on my behalf "*I expect to get to the bottom of it. And who I trust to do so*".

1117. In preparing this witness statement, I have looked at the documents disclosed by the Inquiry which indicate how this particular correspondence from Mr McCormack was dealt with. I am aware that Angela had "*a pleasant discussion albeit a long one*" with him on 11 December 2014. Angela produced a helpful note of that conversation which was forwarded to me by Gavin Lambert. In that note, Angela noted that (POL00101852): "*We discussed many Horizon related topics most of which I was familiar with and able to discuss in great detail – I think this helped the conversation as Tim realised I knew what I was talking about. In bringing the conversation to a close I asked Tim what he was looking for in contacting Paula. His response was that whilst he fully accepts that there are no systemic problems with Horizon he wants us to acknowledge that there are intermittent problems with Horizon and that these could cause Spmrs discrepancies.*"

1118. She had conceded to Mr McCormack that "*there are intermittent issues such as loss of power or loss of connectivity*". She explained that "*the Horizon system has a recovery process in place to deal with such instances. And as long as Spmrs follow the recovery screens and answer the screen prompts correctly they would not suffer any discrepancy as a result.*"

1119. At the time, I felt that I had taken the right steps to ensure that the right people were investigating the concerns. In particular, Gavin Lambert my chief of staff was tasked with seeing this through. Whilst I see that Angela spent time making sure that Mr McCormack's concerns were understood, with hindsight, we

clearly did not get to the bottom of the concerns raised regarding systemic and / or intermittent errors in the Horizon system.

One Show documentary

1120. One matter about which I have not been asked in the Request but which I want to address head on is an email which I sent to senior colleagues on 17 December 2014, after the One Show documentary aired that evening (**POL00109806**). I described the reporting as *“unhelpful and inaccurate”* and thoroughly regret saying that *“I was more bored than outraged”* at the programme. There is no excuse for what I wrote, and I am embarrassed by the words I used. Those words do not reflect the example I hoped to set for my colleagues or my attitude to the issues we were working on at the time. I was working hard to find a way through. The difficulties of dealing with what seemed such an imperative yet intractable problem to solve got the better of me that evening. I am sorry.

111. Please consider POL00022612 (instructions to counsel).

111.1 Please explain your recollection of the background to these instructions and your involvement with the same.

111.2 Why was POL *“keen to dispense with Second Sight’s services at the earliest opportunity”*? Was POL seeking legal advice to find a route to terminate Second Sight’s engagement?

111.3 Please describe the advice that POL received in response to these instructions.

1121. In mid to late December 2014, Tom Weisselberg QC was instructed by POL to give advice in consultation further to the advice he had given at the end of November 2014. He was provided with copies, in addition to previous papers, of:

- a. Recent correspondence between Lord Arbuthnot and me (letters of 28 November 2014 and 8 December 2014);
- b. Lord Arbuthnot's press release 8 December 2014;
- c. The transcript of the Today Programme and Radio 5 Live broadcasts of 9 December 2014; and
- d. Letter to the BBC from Cameron McKenna on behalf of POL dated 9 December 2014.

1122. The instructions (**POL00022612**) set out the “*recent developments*” in the matter at paragraph 4 and 5:

“4. In the event, something close to the second of these two scenarios has materialised in that the relevant MPs, led by James Arbuthnot, have withdrawn their support for the Scheme and expressed a complete loss of confidence in the POL Board’s determination to get to the bottom of the issues first raised with it in 2012. Mr Arbuthnot communicated this to POL by publishing both Paula Vennells’ letter to him, and his in response, together with a press release on 8 December 2014

5. However, this does fall somewhere short of scenario 2 in two respects. First, it is unclear what JFSA intend to do in the light of these

developments. Second, it is clear that Mr Arbuthnot intends that this matter be pursued, though presumably through a different route, by Parliamentary colleagues. Indeed, he has gone as far as handing the baton to Kevan Jones MP (North Durham, Labour) while recusing himself from any further involvement on the basis of his loss of confidence in POL and his decision not to contest the next General Election.”

1123. The “desired outcome” for POL was described in these terms:

“9. However, while POL remains keen to act fairly, it is keen to capitalise as fully as possible on the opportunity Mr Arbuthnot’s letter potentially provides it with and, in particular, wishes to be free of the apparatus currently supporting the Scheme, move its governance and management in-house and dissolve the Working Group. Leading Counsel will recall that the Working Group is already hampered in its work by the refusal of JFSA to discuss any case which is not automatically waived through to mediation.

10. POL is also keen to dispense with Second Sight’s services at the earliest opportunity. We are mindful, however, that we may be constrained in doing so because of the potential need for them to complete their review of all cases and as a result of the Ministerial commitment given about their ongoing role in the process. While POL is prepared to entertain the possibility of a limited independent oversight element in the successor process to the Scheme (but is by no means wedded to it), its position in relation to the retention of Second Sight has hardened.

11. POL wishes to explore the options available to it for managing this departure from current arrangements in such a manner so as to minimise

the risk of its decisions in this regard being the subject of a Judicial Review challenge. It also wishes to discuss the ramifications that a move away from current arrangement may have on any litigation of the claims underpinning the Applicants' cases in the Scheme, not least as to the determination of costs."

1124. He was asked to advise on five topics:

"a) In the light of Leading Counsel's previous advice that the Scheme and the decisions taken in relation to it, as well as those taken in respect of individual cases, should more properly be seen as matters of private law and therefore unlikely to be susceptible to challenge by Judicial Review, does it follow that POL is largely unconstrained in this respect as to what it does next in relation to the Scheme;

b) Does Counsel share POL's preliminary view that the practical effect of Mr Arbuthnot's letter, exacerbating as it does an already difficult situation, could be said to be forcing POL to depart from current arrangements;

c) What is Leading Counsel's assessment of any residual JR risk and what advice might Leading Counsel have in relation to any steps POL might reasonably take to mitigate those;

d) Since POL expects that a number of Applicants with cases in the Scheme may now seek redress through the Courts, what is Leading Counsel's assessment of the impact, if any, of the decisions to move the Scheme in-house may have on that litigation, including on possible cost orders;

e) What, if anything, does Leading Counsel recommend that POL do in respect of the obvious breaches of confidence in this matter bearing in mind POL's wish to kill this 'story' as rapidly as possible;

f) How POL might best reply to Mr Arbuthnot informal terms, noting that POL's current view is that an extremely brief letter which simply acknowledges his, expresses disappointment, and records, but does not address, the fact of the inaccuracies in his letter may well suffice; and

g) More generally."

1125. I have set out much of the background to these matters in answer to Questions 107 and 108 above. Part of the background is set out in the instructions themselves.

1126. I am asked specifically to comment on the first sentence of paragraph 10 of the instructions, which concerns POL wishing to end its relationship with Second Sight. From the early days of Second Sight being appointed, it was always the intention to finish their work and then bring their skills in house. By this time in late 2014, POL had concerns with the speed, cost and inaccuracy of Second Sight's work and thought that they were spending too much time concentrating on generalised themes rather than completing the individual case reviews which POL believed to be more significant and pressing.

1127. Finally, on this topic, I am asked to describe the advice received by POL in response to these instructions. In short, I have no recollection of the advice and at the time of drafting this statement I have been unable to locate either a

written advice or a summary of oral advice in documents disclosed by the Inquiry.

112. Please consider POL00102064 (email from Patrick Bourke to you on 26 January 2015) and POL00102065 (attachment to prior email).

112.1 What were your views of the sentence “it is difficult to escape the conclusion that the Scheme no longer serves as an expedient and fair way to explore and, where possible, resolve a small number of individuals’ complaints but, instead, acts as a lightning rod for a campaign against Post Office as an organisation”.

112.2 Did you agree that “Second Sight’s impartiality [was] a fiction”? If so, please explain the basis for that belief.

1128. The comments about which I have been asked were Patrick Bourke's. I believe that they represented the view of the team working with the Working Group. That was how they perceived matters to be. Patrick and the POL members of the Working Group dealt with related matters on a daily basis.

1129. My own view was that Second Sight had not given sufficient time to exploring individual cases and getting to the bottom of issues. Whilst I may have used different phrasing, I understood Patrick's challenge and had also been frank about my own concerns in the past about Second Sight having had their own agenda (see email 26 March 2013 to Alwen Lyons at (POL00097879)).

1130. My views on these comments are set out in an email that I sent in response to Patrick's email and paper on 26 January 2015 (emphasis added) (POL00117054):

"Hi Patrick, thanks for the work on this and do please excuse my notes below in haste - I hope they might be of some use. Numbering refers to the paras in the doc.

Overall, this is exactly the format I was hoping for. Thank you. And of course, we might develop an option, which is a permutation of those you helpfully set out: worth flagging that as a potential outcome. A watch out: the paper clearly points to a conclusion. If that is the team's view, and I'm sure you have considered many variations, many times(!), fine ...

But let's be open to debate tomorrow.

Some more detailed comments:

- 3. didn't think it was possible to bring a 'group action'? This was Chris' view to the S/Ctte.*

- 4. I can see that there is truth in it, but worded as it is, this para leads to a conclusion of disbanding the scheme, before you have 'gamed' the options. More balance at this stage in the paper?*

- 5. can the summary of options be more balanced? Or offer pros and cons? Again, this leads to a conclusion. Alasdair is looking to debate the options first.*

- 5. "SS's impartiality is a fiction": this is too strong. I read a number of their reports over the weekend, they are mostly balanced and factual because they draw extensively on the PO investigation reports; where they lose independence is around recommendations to mediate, though not all.*

Thanks again.

Paula

1131. Mark Davies responded that evening saying that he thought in fact that Patrick's "description of Second Sight is about right given their behaviour in recent weeks". I asked Mark "how many of the SS reports have you personally read?". He responded to Patrick and Tom Wechsler, but not to me, saying "I'm going into the breach here. If I have gone too far please say now".

113. Please consider POL00102069 (briefing for meeting with Sir Anthony Hooper on 27 January 2015). Please describe your meeting with Sir Anthony Hooper and set out what you said to him regarding your views on the future of the Mediation Scheme.

1132. On 27 January 2015 I met with Sir Anthony Hooper to discuss the Mediation Scheme. It was the first time I had met him since the Working Group started its work. A briefing note was written for me (POL00102069).

1133. I do not now recall what Sir Anthony and I discussed. I anticipate that I shared concerns and options, but not in any detail as discussions had not yet taken place with the POL Board.

1134. The briefing note lists a key point to raise, and then a series of other points I might choose to raise. The key point was to ask Sir Anthony to provide updated statistics on the cases in the Mediation Scheme. POL wished to provide the statistics to the Select Committee.

114. Please consider POL00021531 (minutes of POL Board meeting on 28

January 2015). Please describe the discussion that occurred under the headings “Sparrow”. In particular, what was discussed regarding the CCRC’s letter?

1135. The POL Board met on 28 January 2015 and, at POLB 15/12, discussed Project Sparrow (**POL00021531**). I have reviewed the minutes. I do not remember this meeting.

1136. I note the email which Mark Davies sent to various colleagues after the POL Board meeting: *“Paula and I have briefed the Board today... It was fine: more information sharing than anything else”* (**POL00117072**).

115. Please consider POL00006575 (minutes of Sparrow Sub-Committee on 12 January 2015).

115.1 Please describe to what extent, if at all, any members of the Project Sparrow Sub- Committee were considering termination the Mediation Scheme at this point.

115.2 Please consider “*The Committee discussed Second Sight and their ‘Part Two’ report due to be finalised in April. The Committee agreed that the Business was unlikely to be able to stop this report from being produced but should press Second Sight to complete the individual case reviews by the end of March i.e. giving the cases priority*”. Please set out the discussion that led to this minute. In particular please address:

115.2.1 Whether the committee wished to stop Second Sight finishing their Part 2 review, and if so, on what basis that was thought to be appropriate.

115.2.2 How the committee sought Second Sight to prioritise individual cases.

115.3 Please explain what “robust response” was envisaged to allegations in the media.

115.4 In what circumstances did POL consider it appropriate to write to BBC lawyers? What was the purpose of such communication?

1137. I cannot remember anything about the Project Sparrow Sub-Committee meeting on 12 January 2015. I can only go on what the documentation says about this meeting.

1138. (POL00006575) are the minutes of the meeting. The Sub-Committee decided that POL would “*continue to take a robust approach at the Working Group, focussing on the agreed TOR in an attempt to set the Scheme back on track, but with no presumption regarding the next steps for the Scheme*”. The Sub-Committee also wanted POL to “*consider the most effective options to draw a line under the Scheme for consideration at a future Sparrow Sub-Committee*”.

1139. The minute continues:

“The Committee discussed Second Sight and their ‘Part Two’ report due to be finalised in April. The Committee agreed that the Business was unlikely to be able to stop this report from being produced but should press Second Sight to complete the individual case reviews by the end of March i.e. giving the cases priority.”

1140. The Inquiry has asked me to describe the discussion which led to this minute.

I do not recall the discussion at the Sub-Committee meeting. However, in an

email that I sent to Gavin Lambert on 26 January 2015 (**POL00117046**), I stated that, while Mark Davies and some of the team thought that POL should try to stop the Part Two Report, Alice and I believed that this would be unhelpful and play into a false narrative about secrecy.

1141. The Sub-Committee wished to focus on the individual case reviews. Second Sight were directed to complete the individual case reviews by the end of March 2015.

1142. The Sub-Committee asked that a robust response be provided to allegations in the media, including writing to BBC lawyers where appropriate and engaging at a senior level with programme editors. I had an understanding that the BBC as public broadcaster was required to comply with a broadcasting code. POL would have taken advice on whether it was appropriate to raise compliance with the code with the BBC's lawyers. One example of POL's external lawyers writing to the BBC is at (**POL00101715**).

116. Please consider POL00040911 (Jane MacLeod and Mark Davies report dated 11 February 2015) POL00102167 (email from Tom Wechsler on 17 February 2015), POL00102168 (attachment to prior email), POL00102169 (attachment to prior email), POL00006574 (minutes of the Project Sparrow Sub-Committee on 18 February 2015).

116.1 Please explain the basis for POL's change in approach to a presumption in favour of mediation.

116.2 Please describe the discussion on POL's engagement with the CCRC. To what extent, if at all, was there any resistance to providing information to the

CCRC?

1143. (POL00102152) is an "UPDATE AND OPTIONS" paper dated simply "*February 2015*", which was prepared for the Project Sparrow Sub-Committee for two purposes:

- a. To update the Sub-Committee on Project Sparrow following the Parliamentary Select Committee meeting on 3 February 2015; and
- b. To seek authority from the Sub-Committee to implement changes to our approach for handling this issue.

1144. I see that in the minutes of the Sub-Committee meeting held on 18 February 2015, the opening substantive paragraph notes that: "*The Committee received an update on Project Sparrow following the Parliamentary Select Committee meeting on the 3rd February. JM explained the background to the paper, which was asking the Committee to authorise changes to the approach for managing the issue*" (POL00006574). The minutes go on to record: "*The Committee supported the proposal in principle and asked the Business work at speed...* ".

1145. I have little memory of this discussion. I will set out matters as I now understand them by reference to documents.

1146. The "UPDATE AND OPTIONS" paper states its proposal at paragraph 3:

"3.1. We propose a fundamental change to our approach based on the presumption that we will offer to mediate in all non-criminal cases, except in the most exceptional circumstances (eg where Second Sight have not

recommended mediation or there is a significant judgement against the applicant through the Civil Courts).

3.2. This would mean we would meet our commitment to applicants at the outset of the Scheme: providing them with a thorough re-investigation of their case by Post Office, the opportunity of an independent review by Second Sight and, where appropriate, mediation.

3.3. Our proposal in detail is that we:

- Adopt a presumption that Post Office will offer to mediate all non-criminal cases in the Scheme

- Make clear that we do not intend to mediate criminal cases, except to the extent there are areas in a case which do not relate to those which led to the conviction. (Thus far we have seen no cases where the applicant has a criminal conviction where mediation has been considered appropriate). However, should we receive advice that it is safe to do so, we would also offer "structured discussion" to applicants with criminal convictions, the purpose of which would be to explain to the applicant.

- Release Second Sight from their engagement with Post Office, but make clear that Post Office will meet its commitment to any applicant wishing to avail themselves of a review by Second Sight of their case by providing the necessary funding to do so on an individual case by case basis

- Continue to engage with Second Sight pro tem on issues relating to individual cases: including issues such as suspense accounts where they relate directly to individual cases.

- Publish an end of term report - facts and figures - on the operation of the Scheme and the branch support programme. The impact of this approach would serve to make the role of the Working Group redundant because its primary function is to decide on whether or not cases move to mediation, a point that JFSA has forcefully contested.

3.4. Implementing this approach would require a careful handling strategy, on which timing and stakeholder management will be key considerations. A draft narrative is at Annex xx”

1147. Pages seven and eight discuss the pros and cons of the various options. These are a clear indication of the factors which the Sub-Committee (and subsequently the Board) took into account in the decision to make changes to the Mediation Scheme.

1148. In respect of the option which was adopted, the paper said this:

“This is our preferred option. It makes a significant concession to JFSA and MPs, and reduces the number of applicants for whom mediation is unlikely to be available.

“The risks are as above: some cases will be incapable of resolution at mediation, while the criminal cases are those around which most publicity is taking [sic]

“Post Office has already declined to mediate 1 non-criminal case where place there was a 13 page High Court judgement against the applicant -we would advocate maintaining that flexibility at the margin.

“This option does however have the potential to ease stakeholder and media handling [though there is an associated risk around a perceived ‘u-turn’ which could be portrayed as a weakness in our position]

“Second Sight role continues in relation to individual cases through a renewed engagement letter - which could restrict production of ‘part two’ report

“Our position on criminal cases is strengthened by our dialogue with the Criminal Cases Review Commission, the independent public body established to review possible miscarriages of justice, with which Post Office is now engaged in correspondence.”

1149. At the Sub-Committee meeting on 18 February 2015 (**POL00006574**), the attendees and I *“discussed the proposal in detail as set out in paragraph 3.3 of the paper”* (quoted in full above at paragraph 1146 of the document). The Sub-Committee agreed with the proposal. The minutes did not record any further reasons which went beyond the paper. I have no recollection of the discussion itself so I can add nothing in addition to the reasons recorded in the documents themselves, which shed light on the approach adopted towards mediation at this time.

1150. The minutes at (b), record that:

“The Committee discussed the Criminal Cases in the scheme and supported the proposition that these should not be put forward for mediation. The Committee received an update on the discussion with the Criminal Cases Review Commission (CCRC) and asked the Business to

consider how it could engage constructively with the CCRC and under what circumstances it might share the report written by Brain [sic] Altman QC."

1151. This is also mentioned at paragraph 2.8 of the "UPDATE AND OPTIONS" paper:

"We have also been contacted by the Criminal Cases Review Commission with a broad request for information based on Sir Brian Altman QC's review of our procedures in relation to prosecutions."

1152. I have no recollection of the discussion in respect of POL's engagement with, and the provision of information to, the CCRC on this occasion or in respect of that specific request. However, speaking more generally, I do not recall any resistance on the part of POL to providing information to the CCRC. To the extent that I recall this issue being raised it was quite the reverse: every time I asked Rodric Williams for an update on their work, I was told that we were waiting for a response from the CCRC. He always told me that we were responding to the CCRCs requests and that we were waiting for a response rather than the other way around.

117. Please consider POL00006366 (Brian Altman KC's advice of 8 March 2015). Please explain why POL instructed Mr Altman to provide this advice and what, if anything, it did in response. Did you brief the Board on the content of this advice?

1153. The advice discusses the offences of theft and false accounting, and then considers the terms of a letter sent by POL to Second Sight on 24 February 2015.

1154. To the best of my knowledge, I did not see the letter to Second Sight on 24 February 2015 at the time.

1155. Neither do I have any recollection of being involved in Brian Altman QC being asked to advise, nor of seeing the advice which was produced. I am asked if I briefed the POL Board on the content of the advice; the answer is that I have no recollection of doing so and have not (to date) seen any documents to suggest I did.

118. Please consider UKGI00003789 (your letter to Jo Swinson MP dated 9 March 2015) and UKGI00003615 (Alwen Lyons' email on 9 March 2015).

118.1 Please explain what you saw to be the reasons for terminating the Working Group.

118.2 Please explain what you saw as the reasons for terminating Second Sight's instruction.

118.3 To what extent, if at all, was the timing of this decision influenced by the impending General Election?

118.4 To what extent, if at all, did POL rely on legal advice in making either decision?

118.5 Would you accept that the effect of this decision was to remove independent and centralised oversight of the mediation scheme as a whole?

118.6 Did Post Office intend to mediate the outstanding cases without further investigation into alleged BEDs in the Horizon IT System?

118.7 Was the termination of Second Sight’s engagement and the Working Group a missed opportunity (a) to uncover BEDs in the Horizon IT System and (b) to refer the cases of convicted SPMs to the relevant appellate court to quash unsafe convictions?

1156. On 2 March 2015, Alwen Lyons sent a number of documents for the POL Board by email (**UKGI00003467**). I was one of the recipients. The attachments were a suite of documents concerning the recommendation of the Project Sparrow Sub-Committee, including the minutes of 18 February, the “UPDATE AND OPTIONS” paper, which was prepared for that Sub-Committee meeting and the additional grids.

1157. Alwen ended her email to the POL Board asking “*Would you please let me know if you are happy to support the proposal*”.

1158. Tim Franklin, Richard Callard and Alasdair Marnoch sent brief emails signalling their support for this position (**UKGI00003501**).

1159. Al Cameron responded the next day to say (**UKGI00003467**):

“[t]here is no risk free solution and the way we have to manage it today is unattractive. I support the proposal because it allows us to get a bit on the front foot and demonstrate our very positive intent to be fair to all concerned. It also allows us to make a step towards an end game. Of course, that could trigger a reaction, in parliament, the media or the courts but if it does, it is probably only hastening the inevitable.”

1160. Making a decision by email to adopt a recommendation was exceptional. It would only occur when something particularly important and time-sensitive fell

between two POL Board meetings. It was an option we had, to agree something by email. But it would require some reason for this to be appropriate, such as a tight deadline. In this instance, the next POL Board meeting did not occur until 25 March 2015.

1161. Without seeing any documents to indicate that the POL Board had concerns about particular stages of the Sub-Committee's reasoning in making its recommendation, my understanding from the documents disclosed by the Inquiry is that the POL Board made its decision for the reasons contained in the Sub-Committee's minutes and the "UPDATE AND OPTIONS" paper, which the Sub-Committee had considered.

1162. I considered that the Working Group was no longer functioning properly. This was in the context of Second Sight's previous conclusions being undermined by factual responses compiled by POL's Sparrow team and there being no evidence arising from individual cases as to systemic problems with the Horizon system. By ending the Working Group and terminating the relationship with Second Sight, POL was able to bring the investigation of applicants' cases back into business as usual. I believed that the Working Group could be closed and the relationship with Second Sight terminated, whilst still keeping the applicants at the forefront of our work. This was not a decision that I or the POL Board took lightly but I was very sorry, and still am, that the relationship had broken down.

1163. I did not think that the nature of the investigation would change when POL took it "*in house*". I had no reason to think that any investigation would cease to consider the issues with Horizon about which the applicants had complained.

1164. The Inquiry has asked about the extent to which POL took legal advice in making this decision. I have no memory of what legal advice was taken on this matter.

1165. I have been asked by the Inquiry whether the timing of the decision and announcement was influenced by the timing of the General Election. I do not recall the POL Board having any discussions to that effect.

1166. On 8 March 2015, I sent an email commenting on a draft letter to Jo Swinson MP. I had made some amendments and noted particularly that I wanted us to “avoid a class action” (**POL00117187**). The final version of that letter was sent on 9 March 2015 (**POL00119795**). In this letter, informing Jo Swinson MP of the decision, I summarised it in this way:

“Post Office has now decided to put forward for mediation all cases remaining in the Scheme except those that have been subject to a previous Court ruling... This will accelerate the conclusion of the Scheme in the interests of Applicants and ensure that we will fulfil the commitments we made to them at the outset.

...

“For those applicants who have been the subject of court rulings, two important points need to be drawn out. Firstly, we will continue to consider each of these cases carefully, on a case by case basis, even though mediation cannot overturn a Court’s ruling. Secondly, as prosecutor, Post Office has a continuing duty after a prosecution has concluded to disclose

immediately any information that subsequently comes to light which might undermine its prosecution case or support the case of the defendant.

...

"One of the consequences of our presumption in favour of mediating in as many cases as possible is that it brings to an end the role of the Working Group which recommends whether a case is suitable to go to mediation or not. I have informed the Chairman of the Working Group, Sir Anthony Hooper, and thanked him for his important contribution to this process."

1167. The next day, Jane MacLeod wrote to Second Sight to give notice of the end of their contract, that notice period being one calendar month (**POL00000219**).

1168. The Inquiry has asked whether I accept that the effect of the decision to end the Working Group and terminate Second Sight was to remove independent and centralised oversight from the Mediation Scheme. I do not agree with this statement. First, given that there was to be a presumption that cases would be put into the Mediation Scheme, there was no longer a succession of decisions for which oversight was needed. Second, SPMs had the opportunity, funded by POL, to have their cases reviewed by Second Sight. Third, all mediation was to be conducted by the Centre for Effective Dispute Resolution ("**CEDR**") and from what I understood, trained mediators would be independent of POL and SPMs.

1169. I am asked the following question by the Inquiry:

"Was the termination of Second Sight's engagement and the Working Group a missed opportunity (a) to uncover BEDs in the Horizon IT System

and (b) to refer the cases of convicted SPMs to the relevant appellate court to quash unsafe convictions?"

1170. I simply cannot say what would have happened if Second Sight's engagement had not been terminated, and if the Working Group had continued to function. I note though, that the Working Group and Second Sight's work were brought to an end for good reason, because neither was producing the results which it should have done at the time. These were very difficult decisions I felt uncomfortable about, but I was personally sorry that the Mediation Scheme had not worked out as planned.

119. Please consider POL00027279 (minutes of POL Board meeting on 25 March 2015). Please describe what the Board discussed in respect of the Sparrow Update on 25 March 2015 (see POLB 15/32).

1171. A POL Board meeting took place on 25 March 2015, minuted at (POL00027279). In respect of the Mediation Scheme, it is recorded at POLB 15/32:

"SPARROW UPDATE (VERBAL)

(a) The Board welcomed Mark Davies, Director of Communications and Corporate Affairs, to the meeting and received a verbal update from him and the General Counsel on Project Sparrow.

(b) The Board thanked the Executive for progress being made and noted the verbal update on Project Sparrow.

(c) Mark Davies left the meeting."

1172. The Inquiry has asked me to describe what the POL Board discussed. I have no current recollection of this specific discussion.

120. Please consider POL00102397 (email between you, Roger Gale and others on 12/13 April 2015), POL00041076 (draft of Briefing Report Part – Two by Second Sight) and POL00040957 (draft of Post Office Response to Second Sight’s Briefing Report Part 2).

120.1. Please describe to what extent you were involved in seeking to influence the final version of Second Sight’s thematic report.

1173. I do not recall having any involvement in seeking to influence the final version of Second Sight’s thematic report.

1174. It was my understanding, POL’s input was sought and provided because this was a formal part of the production of the report as directed for by the Chair and agreed to by the parties to the Working Group (see, for example, the Chair’s direction on 14 November 2014 for POL to assist by responding to questions posed by Second Sight (at pages 2 and 3 of (POL00043630))).

1175. This input was provided by the team who worked on the project day-to-day, acting in accordance with the advice of POL’s internal and external lawyers (see, for example, page 1 of (POL00040498), in which Bond Dickinson advise on the questions described above). I did not attend Working Group meetings and was not involved in the detailed work on this project so did not assist with this, but I trusted that the team working on the project had the knowledge and expertise to do this.

1176. As a member of the Project Sparrow Sub-Committee, I was kept abreast of the

progress of the report's preparation in broad terms and had a sense of the team's views on it. Using the questions discussed above as an example, I recall that the team had ongoing concerns that Second Sight were straying beyond the terms of reference. This appears to be the thrust of Chris Aujard's draft response to Second Sight (**POL00040499**) which itself echoes the advice of POL's external lawyers (at page 1 of (**POL00040498**)). I can see from the documents that the Chair agreed that the scope of some questions was too wide and directed Second Sight to narrow them at the January meeting of the Working Group (at pages 3 and 4 of (**POL00043633**)).

1177. This example is illustrative: although I was aware of the broad concern, I do not recall my involvement extending to seeing the questions, POL's response to them, the legal advice received, or the response of the Chair. My work was higher-level and strategic. For example, when this concern was raised at the Project Sparrow Sub-Committee meeting on 12 January 2015 (which I attended) the minutes record that we agreed that the business "*continue to take a robust approach at the Working Group, focussing on the agreed TOR in an attempt to set the Scheme back on track*" (at page 2 of (**POL00006575**)).

1178. As these minutes show, there was also concern about the lack of progress being made on the individual cases. Some took the view that the production of the report was preventing Second Sight from making progress on the cases and so proposed that POL attempt to stop the report. As my email of 26 January 2015 to Gavin Lambert shows, this was not a view I shared (at page 2 of (**POL00117052**)).

“Could you make sure the above has a bullet on the SS Report and how we plan to welcome, respond, comment, use it to show the progress we have made on the themes it will cover, etc. At the last discussion, Mark and some of the team were of the view that we should try and stop it. Both Alice and I believe that would be unhelpful and play into the (false) narrative about secrecy etc.”

1179. On 12 February 2015, I attended a meeting of the ExCo, which considered a paper dated 12 February 2015 which set out POL’s response to the Second Sight thematic issues (at pages 39 to 41 of **(POL00027313)**). The report explained that, of the thematic issues identified, nine were due to user error, two were due to fraud, four were due to lack of awareness by the SPM or their staff, and one lacked evidence entirely. It then set out the training and improvements which had been put in place to address these issues (at page 40 of **(POL00027313)**).

1180. At the Project Sparrow Sub-Committee meeting on 18 February 2015 (which I attended), the Committee discussed the Second Sight Briefing Report - Part Two/Thematic Report and agreed that the business would publish its own response to set out the facts and figures on the operation of the Scheme and the Branch Support Programme, to be released alongside any announcement of changes to the Scheme and prior to the release of the Second Sight report **(POL00006574)**.

1181. At the Board meeting on 25 March 2015 (which I attended), we received an oral update from Mark Davies and Chris on Project Sparrow (at page 8 of **(POL00027279)**). My draft speaking note for that meeting describes the draft

report as *“poor quality as anticipated, containing a number of misleading and inaccurate statements some of which fall outside the scope of the Scheme and Second Sight’s expertise”* (at page 1 of (POL00117283)). My CEO report (also discussed at this meeting) describes the report as *“inaccurate and inflammatory”* (at page 4 of (POL00027308)). The text for my CEO reports was drafted by the senior managers involved and I do not believe I wrote the speaking note. However, these are strong words and I do not think I would have permitted them to be included unless I agreed that they were appropriate.

1182. In summary, as a member of the Project Sparrow Sub-Committee I contributed to decisions of POL’s high-level strategy in dealing with Second Sight, but had no involvement in the detail of the report or any attempts to influence that. To the extent that I was required to adopt a higher-level stance towards the Thematic Report, it was to advise against any effort to prevent its publication.

1183. Although I did not share the views of those who wanted to prevent the publication of the report, I understood the very significant concerns that motivated it. We were duty-bound to consider the wider reputation of Post Offices as well as POL as a business because criticism of POL threatened to undermine public trust in individual Post Offices nationwide. It was vitally important to me that we did not undermine this trust.

1184. In my capacity as CEO, I also provided updates to the Board on the progress of the report and conveyed my understanding of its contents. As I was not involved in the detailed work, that understanding necessarily relied in large part on what I was told by the team working on the project. I trusted and supported their judgment but was not afraid to challenge where I was familiar with the

material (for example, having read some of Second Sight's case reports I challenged the contention that Second Sight's impartiality was "a fiction" (at page 3 of (POL00117056)).

1185. Given my role I could not have personal knowledge at that level of detail as a matter of course. Where I could not, I conveyed the consistent message of those working on the project which was that the report contained factual inaccuracies which could be corrected. I supported the provision of evidence where it could help correct demonstrably inaccurate factual statements but, ultimately, Second Sight retained editorial control of their report and POL had no power to dictate its contents.

120.2. Please describe your views at the time on the Second Sight reports and set out any action you took as a result of the same. Please set out which aspects of the reports you did not agree with, providing reasons for the same.

1186. I understood that the team working on the project took the following actions in response to the report:

- a. Produced a report rebutting the perceived inaccuracies which was to be sent to applicants alongside the thematic report: see Mark Davies email to me on 12 April in which he describes the thematic report as containing "*significant inaccuracies and misunderstandings*" (POL00102397).
- b. Provided an update to the Board including a view on the detail of the report: see Mark's email, circulated by Al Cameron on 16 April,

which states that the Second Sight Report “*remains inaccurate and contains a number of unsubstantiated assertions*” (**POL00102401**).

- c. Provided a copy of Second Sight’s report to BIS: see Tom Wechsler’s email of 16 April (**POL00103765**).
- d. Issued a press statement dated 19 April 2015 addressing the release of the Report and confirming POL’s commitment to mediating the remaining cases (albeit those where there had been a previous court ruling would be considered on a case-by-case basis) (**CWU00000007**). I provided comments on the draft on 20 April 2015, noting that it needed to address other aspects of the reporting and copying in Angela Van Den Bogerd and Rodric Williams because they were “*the experts on the detail*” (at pages 1 and 2 of (**POL00091399**)).
- e. Prepared a draft communication to the POL network on 24 April 2015 to provide reassurance in the face of the ongoing media coverage. Mark circulated his draft for comment to Jane MacLeod, Tom Wechsler, Patrick Bourke, Rodric Williams, Melanie Corfield, and Angela Van Den Bogerd. He then forwarded it to Kevin Gilliland and to me, suggesting that Kevin would be best placed to send it (**POL00027751**).

1187. Save for the comment provided on the draft press statement, although I was aware that the team were taking these actions, I was not involved in the detail of them.

1188. I do not recall whether I read the reports at the time and so cannot say what my views on them were, beyond the impression I have set out above. Given my role, this impression was largely formed on the basis of the information given to me by the wider team.

120.3. Have you views on these reports changed?

1189. As was the case with the earlier Second Sight reports, although I do not recall my views at the time with precision, the events which have taken place since these reports were produced have radically changed my impression of them. The findings of the Common Issues trial, the Horizon Issues trial, the judgment of the Court of Appeal (Criminal Division), and the evidence which has come to light in this Inquiry have demonstrated their fundamental value and legitimacy.

1190. My views at the time were formed in good faith and I had no reason to doubt the complaints made of the quality of Second Sight's work or the accuracy of POL's Response. The feedback I received on this was consistent and, I now see, was firmly aligned with the advice of our internal and external lawyers. The legal advice POL received on the nature of the contract between POL and SPMs remains the biggest area of disappointment for me and, with hindsight, this is where Second Sight had the greatest insight.

1191. I supported the POL Response at the time, although I was disappointed that we had been unable again to work together to achieve the end result we all wanted: to resolve the individual cases to the benefit of all involved. However, I accept now that the Response was wrong. In light of what I now know, the value and importance of the Second Sight reports are beyond doubt.

121. Please consider POL00027309 and POL00027310 (Board meeting on 2 July 2015). Please explain to what extent, if at all, decisions in relation to POL's position on mediating SPMs claims and / or challenges to the integrity of Horizon were influenced by the need to extend the contract to supply IT services with Fujitsu.

1192. The background to the POL Board meeting on 2 July 2015 is indicated by the minutes of the meeting on 21 May, which I attended. I can see from the minutes that my CEO report addressed, amongst other things, the relationship with Fujitsu. The minutes record that "*the volatility in the relationship with Fujitsu was an area of concern, because of the impact it could have on the IT programme and value for money if the Fujitsu contract needed to be extended*" (at page 2 of (POL00021532)). Lesley Sewell joined the meeting to set out more detail on the options and costs of extending their contract and explained that it was not clear that Fujitsu wanted to sign the contract extension (at page 7 of (POL00021532)).

1193. I can see that a memo dated 29 June 2015 from Al Cameron and Lesley to the POL Board provides a further update on the negotiations and seeks the POL Board's approval to extend the contract by one year to protect the continuity of operational services from an otherwise unacceptable risk of disruption (POL00027309). This request was approved by the POL Board at its meeting on 2 July 2015 (POL00027310).

1194. Although I do not recall this discussion, I do not consider that the decisions relating to POL's position on mediating the claims and challenges to the integrity of Horizon were influenced by the need to extend the contract to supply

IT services with Fujitsu at all. Regardless of the issues arising in Project Sparrow, there was an obvious need to ensure that any changes to the IT arrangements did not result in unacceptable disruption to the operation of the system. Given that this could not be assured without extending the contract, the extension requested by Lesley and Alasdair was a sensible precaution.

122. Please consider POL00102438 (your email to Jane MacLeod and others on 3 August 2015).

122.1. Please consider “our priority is to protect the business and the thousands who operated under the same rules and didn’t get into difficulties”.

Does this accurately reflect your main priority in dealing with challenges brought by SPMs to the Horizon IT System?

1195. In my email of 3 August 2015 to Jane MacLeod, Mark Davies, and Al Cameron I sought input for a meeting due to take place with Baroness Neville-Rolfe, explaining that (at page 1 of (POL00102438)):

“[O]ur priority is to protect the business and the thousands who operated under the same rules and didn’t get into difficulties; the points and queries below are not to reopen anything but to ensure that we are well briefed for Thursday.”

1196. The points and queries referred to address a range of issues I anticipated we may discuss, and they illustrate the breadth of the issues being raised throughout this time.

1197. It was always a fundamental concern to me that the work being undertaken should address and resolve the complaints and allegations made by SPMs. I

believed that this was best for them and also best for the business. I had repeatedly emphasised how important it was that these cases be resolved in a way which both sides could be satisfied with.

1198. However, as I have set out above, I also felt a deep responsibility to protect both the business itself (which, as CEO, I was duty-bound to do), and the interests of the vast numbers of SPMs running Post Offices up and down the country, who did not appear to be experiencing difficulties with the system, but whose livelihoods would inevitably be impacted by any depreciation in trust in POL, the business. It was vital that we did not needlessly destabilise the business (understood as the individual Post Offices themselves), staff, and customers. A loss of trust in POL would inevitably result in a loss of trust for them and for their customers, whether that was fair or not.

1199. This was an acutely difficult balancing act because both interests were valid and important. On both sides there were people who could suffer through no fault of their own. I consider the desire to protect the business and the businesses of SPMs up and down the country to be a perfectly legitimate aim, and I do not think that this aim compromised POL's desire to achieve resolution for those SPMs who did enter into the Mediation Scheme. Despite the adverse publicity in doing so and without the benefit of hindsight, my understanding from all the briefings, papers and discussions was that we had listened to the SPMs' complaints and were trying to respond. We had put the Mediation Scheme in place, advertised it broadly, and put in vast resources to support it. I, the Board, the GE and colleagues working with Second Sight and the Working Group thought that we were doing everything we could and should do.

122.2. Do you accept that POL's priority ought to have been to investigate whether there was a real possibility that a conviction it had secured based on data produced by the Horizon IT System was unsafe?

1200. I agree that this should have been a priority and my understanding was that it was. I am not a lawyer, and I did not have the expertise to assess the work we were doing myself. However, my understanding was that we were doing what we needed to do.

123. Please consider POL00021683 (Jane MacLeod's letter to Second Sight dated 4 August 2015). Why did POL send this letter?

1201. Jane MacLeod's letter of 4 August 2015 refers to a letter sent to Second Sight on 27 July 2015 (**POL00113697**), which she describes as setting out the confidentiality and publicity restrictions under their terms of engagement letter dated 1 July 2014 and the extension of services agreement dated 15 April 2015 (at page 2 of (**POL00021683**)).

1202. I can see that Jane emailed me on 2 August 2015, while I was away on holiday, to provide me with an update on developments relating to Project Sparrow (**POL00102433**). In this update, she refers to her letter of 27 July 2015 and states that she has written to Second Sight "*advising that as their work had concluded, they should return all documentation to us in accordance with the terms of the confidentiality undertakings contained in their Engagement letter*" (at page 3 of (**POL00102433**)).

1203. In her update, I can see that Jane informed me that, following receipt of that letter (at page 3 of (**POL00102433**)):

“Second Sight (in breach of their confidentiality undertakings) ensured that Andrew Bridgend [sic] was immediately aware of our instruction to return/destroy materials, and he then complained to the Minister that we were destroying materials. As a result, I wrote to the Minister on Wednesday and have given her an undertaking that any materials returned to us by SS would be held by Bond Dickinson. This undertaking was (mis)-reported in the Sunday Telegraph today...”

1204. The replies to Jane's update email from Al Cameron and Mark Davies (on 3 August 2015) indicate that thought was given to how to handle these issues, including by counter-briefing the press (at pages 1 to 3 of **(POL00102433)**). In my reply of 3 August, I asked the team to explore the pros and cons of all options ready for consideration on my return (at page 1 of **(POL00102433)**). At this time, as ever, managing press reporting and the expectations of MPs was a critical (and difficult) task. It would certainly be a source of concern if Second Sight had released confidential information in breach of their confidentiality undertakings.

1205. In my reply to Jane, I explained that I had a number of questions/requests which I would send in due course. I believe I set these out in the email I sent later that day at 15:26 to Jane, Mark Davies, Al Cameron, Tom Wechsler, Avene O'Farrell, and Alwen Lyons (**(POL00065478)**). As I said there, these were not all new questions and we had answered many of them before. However, I was seeking a full briefing on all relevant issues, set out in clear terms, which I could use at my meeting with Baroness Neville-Rolfe due to take place that Thursday. We were dealing with sensitive and difficult issues, so it was

important to me that ExCo was challenged in its thinking as well as supported. I can see that I wanted to be sure that the Board was fully behind the content of the ministerial briefing, as I say that if we decided to change anything 'we would need to go back to the Board' and I wanted to know that the interim Chairman Neil McCausland was in the loop.

1206. In relation to preserving material (and the suggestion that POL might seek to destroy material) I can see that I asked (at page 2 of **(POL00065478)**):

"Why did they think we would be destroying data? Clearly we wouldn't; so what is so sensitive that they thought we might/or wanted to be sure data was protected. (And if the data destruction point is just a red herring, then it comes back to 2)..."

1207. Point 2 (as referred to in this question) asks why Second Sight believed POL should pay compensation and why they were supporting the JFSA.

1208. At 19:52 on 3 August 2015, Mark Underwood emailed Jane MacLeod and Rodric Williams (cc'ing Mark Davies and Melanie Corfield) explaining that he had made a start on compiling the material and information I had requested (at page 1 of **(POL00065478)**). I believe the attached document referred to is a draft Q&A document which addressed, amongst other things, the letter of 27 July. In this draft, Mark Underwood explained that POL made a request for securing confidential documents, described as "*standard practice*" at the end of engagement. As POL would retain all documents provided by Second Sight and Second Sight would only destroy duplicates, his understanding is that no information would be lost as a result of Second Sight complying with this request (at page 2 of **(POL00119489)**).

1209. There is no additional explanation within this material of why Jane sent her letter of 4 August 2015 and I have no independent recollection which would shed further light on this. The only explanations I appear to have received are set out in her email update of 2 August 2015 and in the letter itself. From these, Jane wrote to seek an explanation from Second Sight of their actions, which appeared to be in breach of the duty of confidentiality they owed under the terms of their engagement.

1210. If the actions allegedly undertaken by Second Sight were true (and, as GC, I am sure Jane would have checked her facts before sending a letter such as this), this behaviour would have been seen as unacceptable and unprofessional.

124. Please consider FUJ00083379 (presentation on the Branch Outreach Issue dated 10 December 2015).

1211. The Inquiry has asked me to consider (FUJ00083379) which is a printed presentation prepared by Fujitsu on 10 December 2015 *“for Post Office’s internal purposes”* describing their initial findings in respect of the Dalmellington / Branch Outreach bug.

124.1 When did you first become aware of the Dalmellington/Branch Outreach bug? Did you review this presentation?

1212. On 1 July 2016, I sent an email to Al Cameron and Rob Houghton, cc’ing Tom Wechsler and Jane MacLeod with the subject line *“The Dalmellington Error in Horizon”*. I opened the email saying *“(t)his needs looking into please”* and included a link to the Wordpress blog *ProblemsWithPol* and a particular article

with the name which I included as my email subject (**POL00029971**). This was a blog maintained by Tim McCormack.

1213. Regarding the online article, I asked that *“a report takes the points in order and explains them”*. I wanted to understand what was being alleged by Mr McCormack and understand how we and Fujitsu had *“rectified all the issues raised, if they happened as Tim explains”* since I was concerned that *“we/our suppliers appear to be very lax at handling £24k”*. I regarded the issue as potentially very important; I told my colleagues that we *“must take him seriously and professionally”* and I made no assumptions about whether or not the allegations were accurate or, if they were, where the blame lay. I genuinely wanted to understand what had happened and, perhaps just as importantly, whether steps had been taken to make sure it did not happen again.

1214. I believe that was the first time I became aware of the Dalmellington Outreach Bug.

1215. Rob wrote to Sharon Gilkes and Katie Mulligan (cc'ing Angela) that afternoon asking for *“an urgent review and mini <taskforce> on this one”* and Angela responded asking to see Mr McCormack's email (**POL00026913**). Then, within the hour, Rob emailed those same people saying *“Can you stand down on this please? Jane has just talked to me and its very sensitive and in control! Any specific actions and I will revert. My apologies”* (**POL00029980**). Sharon replied *“will do Rob”*.

1216. Putting this together with another email chain, I can see that Jane emailed Al and Rob at 12:30 on 1 July 2016 saying (**POL00030012**), in an email to which I was copied:

"We are on top of this. Mr McCormack regularly writes to us in unpleasant terms and unfortunately he also posts very unpleasant blogs. All the matters of which he complains are the subject of review by the CCRC."

1217. I presume that this is the reason that Rob told his team to stand down.

124.2 Please consider "Audit found 112 occurrences of Duplicate Pouch IDs over the past 5 years... 108 items corrected at the time... 4 items still to be confirmed." Please explain your reaction to the disclosure that Fujitsu identified a bug with the potential to cause discrepancies in branch accounts that had been live for five years concern you. Did it cause you to consider POL's approach to SPMs' complaints about Horizon?

1218. Rodric Williams then sent the Fujitsu presentation to Rob Houghton on 7 July 2016. I was not copied into this. Rodric asked whether Fujitsu had implemented a fix. Rob asked Gavin Bell, at Fujitsu. Gavin provided a summary of Fujitsu's measures taken regarding this bug on 11 July. This summary covered the history of the matter, the *"problem identification"* and the *"problem correction"*. Gavin noted *"since the fix has been live no further incidents have been seen and the active monitoring for this has now been stopped"*.

1219. Gavin described that Fujitsu had identified 112 instances of this error occurring in previous transaction logs, but all had previously either been corrected by the SPM or with the help of the support desk. This "112" statistic was the same figure which was quoted in the Fujitsu presentation at page 3, with the extra information that they had occurred over five years. That presentation stated more specifically that 108 items had been corrected at the time, but four still required confirmation because there were no correction records.

1220. On 9 August 2016, Rodric emailed Rob to say that I had received another email from Mr McCormack which described that the Dalmellington Error had just happened again at another branch. Rob asked Sharon Gilkes to *"pick this up please"* and sought some time with her to discuss it. This is a reference to Mr McCormack's email on 9 August 2016 (at page 2 of (**POL00119584**)).
1221. Avene Regan had sought the advice of Rod, less than 25 minutes after Mr McCormack's email arrived, as to how (or if) POL should respond. Rodric was *"not inclined to reply"* but the following week reflected and said he would *"like to go back to Mr McCormack with a short response, for no other reason than to ensure he can't allege that we don't respond when issues with Horizon are flagged to us"*. Avene approved the draft response and agreed that Rodric should send it.
1222. I have very little recollection of the Dalmellington bug and I do not know if I knew it by name at the time. I recall a conversation with Rob Houghton about this issue although I cannot say when this occurred. However, it must have been after I sent the email about Tim McCormack. Rob came to see me and had a document with him. I think this may have been the Fujitsu presentation but cannot be certain. Looking at it today, it triggers a memory that Rob referred to an issue with the *"stack"*, which I see is a word used on the second page of the presentation. I do not now remember anything further about the conversation, except that I have a vague memory of asking for a copy of the document which Rob had in hard copy. I cannot recall if I asked Rob directly or if I asked Avene to obtain a copy.

1223. After speaking to Rob and obtaining a copy of the document from which he was speaking, I would have had an understanding of the issues raised in Mr McCormack's email.

1224. The Inquiry has asked whether my knowledge of the Dalmellington bug caused me to consider POL's approach to SPMs' complaints. While I do not recall receiving it, Jane MacLeod's email to me and others on 1 July 2016 (**POL00029976**) stated that "*we are on top of this*" and that the matters which Mr McCormack had complained about were the subject of the review by the CCRC. I believe I was reassured by this that the legal team were alive to all legal issues arising from the bug and were dealing with them appropriately.

125. Please consider POL00117722 (letter from Tim Parker to Baroness Neville Rolfe dated 30 September 2015), POL00024913 (email from Jane McLeod to you and others on 1 October 2015), POL00027126 (email from Tom Wechsler to you on 27 January 2016), POL00103110 (letter from Tim Parker to Baroness Neville-Rolfe dated 4 March 2016), POL00103111 (Annex A), POL00027128 (email from Jane MacLeod to you dated 22 January 2016) and POL00006355 (the Swift review).

125.1 Please explain the background to Mr Parker's review of Sparrow and Horizon.

1225. My understanding is that the origin of Tim Parker's review of Sparrow and Horizon ("the **Parker Review**" or "**Jonathan Swift QC's report**") can be traced to a ShEx / BIS meeting on 4 August 2015 attended by Baroness Neville-Rolfe

and various Government advisers and civil servants. A note which I have seen of that meeting states as an action (**UKGI00005297**):

“Baroness Neville-Rolfe to speak with incoming Post Office Limited Chairman Tim Parker, to encourage him to take a fresh look at these issues and engage with those who are still raising concerns.”

1226. Later that week I met with Baroness Neville-Rolfe, with Jane MacLeod and Mark Davies, on 6 August 2015 (**UKGI00000035**). This is a meeting which was arranged at Baroness Neville-Rolfe's instigation, and which Jane had told me about a few days before (**POL00065471**).

1227. The purpose of the meeting on 6 August was recorded, in an internal briefing note for Baroness Neville-Rolfe which I have seen as part of the Inquiry's disclosure (**UKGI00005297**), as:

- *“Post Office will want to set out the steps they have taken to ensure the mediation scheme is open, fair and independently assured.*
- *“Post Office may also want to discuss Second Sight and the reports (in Sunday's Telegraph) that they have written to Ministers claiming that Horizon is flawed*
- *“You may like to ask Post Office what more they can do to help the mediation scheme continue, and how they can increase their engagement with individuals*

- *“You may like to ask Post Office about their wider strategy for communicating their messages about this issue and how they can make it more effective”*

1228. This briefing note for Baroness Neville-Rolfe included *“Explain that you are speaking to Tim Parker shortly and will emphasise the importance Government places on him taking ownership of this issue.”*

1229. On 6 August 2015, Alwen Lyons and Richard Callard exchanged emails (which I was copied into). Alwen said *“Paula and I are consider[ing] how and when it is best to brief Tim on Panorama”* and said that we would prefer to do it *“after”* Baroness Neville-Rolfe had spoken to him (at page 2 of **(UKGI00005323)**). Tim Parker had not yet joined POL and Neil McCausland was Acting Chair at this time. He was in the loop on Panorama. Richard said that Baroness Neville-Rolfe and Tim were due to speak that day at 14:45. Richard also indicated that Tim, as the new Chair, was happy for Baroness Neville-Rolfe to tell Parliamentary colleagues that *“the new chair will of course take a critical and independent look at the issue”* of Sparrow.

1230. On 10 September 2015, Baroness Neville-Rolfe wrote to Tim (**POL00102551**) *“ahead of your taking up the role of Post Office Limited Chairman to confirm our conversation last month regarding Post Office Horizon system”*. I shall quote from it in detail:

“The Government takes seriously the concerns raised by individuals and MPs regarding the Post Office Horizon system and the suggestion that there may have been miscarriages of justice as a result of issues with Horizon. The Government also recognises the commitment that Post Office

Limited have demonstrated to resolving those issues, including through creating a mediation scheme and appointing independent investigators to scrutinise the system.

“As you will be aware, there have been some three years of scrutiny of Horizon and the Criminal Cases Review Commission is considering a number of cases which have been brought to it by individuals, and the Government cannot intervene in that independent process.

“As the sole shareholder of Post Office Limited, the Government wants to make sure that the Post Office network is successful and sustainable across the country. We recognise that the Post Office is a commercial business and we allow it to operate as such, but of course, we expect it to behave fairly and responsibly in doing so. I am therefore requesting that, on assuming your role as Chair, you give this matter your earliest attention and, if you determine that any further action is necessary, will take steps to ensure that happens.”

1231. Baroness Neville-Rolfe told Tim that she was copying the letter to me. I do not recall receiving the letter but I do not doubt that I did.

1232. The next day, Baroness Neville-Rolfe received a briefing note from her ShEx team (**UKGI00000058**). This was in advance of a meeting arranged for 17 September 2015 with Lord Arbuthnot. Baroness Neville-Rolfe was briefed that she should tell Lord Arbuthnot that she had written to Tim who would “*look at this with a fresh pair of eyes*”.

1233. On 11 August 2015, Alwen Lyons sent an email to Tim Parker (**POL00174396**) attaching a note from me entitled "*note for Tim Parker re Panorama*". I have been unable to find a final version of this note, however I have been shown a draft document at (**POL00319092**) which looks like it is probably an earlier draft of the note which went to Tim Parker. It would appear from (**POL00168301**) that this had been prepared for me by Mark Davies who had had input from Jane MacLeod, Alwen and Andrew Parsons from Bond Dickinson.

1234. On 14 September 2015, Baroness Neville-Rolfe's letter of 10 September 2015 was provided to Tim by Jane.

1235. A Board meeting took place on 22 September 2015 (**POL00021538**). Tim was not yet in post, and so Neil McCausland attended as the interim Chairman. I presented my report and the minutes record that I said:

"... the Minister had asked the new Chairman for his independent review of Sparrow. The Minister had also met Lord Arbuthnot who informed the Minister that he would use Sparrow as the focus of his maiden speech in the House of Lords."

1236. Tim wrote to Baroness Neville-Rolfe on 30 September 2015 (**POL00117722**). He had been "*considering how to fulfil the commitment [he] gave [the Minister] to take a fresh look at the Post Office's handling of the complaints raised with it in connection with its Horizon electronic point of sale and accounting system*".

Tim had decided:

"To this end, and to promote the independence of the exercise, I proposed to instruct a QC to advise me as to the appropriate scope of my

investigation, how I might best conduct the necessary enquiries, and to assist me in considering both how to present and, as necessary, act on my findings.”

1237. Tim said that he would share a timetable for the Parker Review with Baroness Neville-Rolfe shortly after 12 October 2015.

1238. On 1 October 2015, Jane shared with me an email that she had sent to Tim, providing the CVs of “two leading QCs” who “*would in [her] opinion be suitable to advise you having regard to the nature of the issues raised by Project Sparrow*” (POL00027126).

1239. Other emails, which I was not copied into at the time, make it clear that Jonathan Swift QC was advising Tim directly, taking instructions from Tim and reporting to Tim. For example, Jane emailed Tim on 22 October 2015 saying “*I trust you found the meeting with Jonathan useful and believe that he will be able to support you appropriately?*” (POL00102619).

1240. On 9 October 2015, I had a pre-arranged telephone call with Baroness Neville-Rolfe which was proposed by POL (UKGI00006142). Tom Wechsler gave me a list of “*key handling points*” by email on 8 October 2015 (POL00117511):

- “*Whilst we do not believe there is a case for BNR to meet SS/SAH (at all) we need to respect her decision in principle*”
- “*So we should not ask her to change her decision and tell JA etc that she won’t meet them*”

- *“What we are asking for is time ie leave the decision open for now.
Two reasons:*
 - *“Having asked Tim Parker to review our approach, he has appointed a QC to assist him and is very likely to meet SS/SAH. He is aiming to have completed this by Christmas. For BNR to meet them at the same time risks undermining Tim’s work before it has begun.*
 - *“To roughly the same timescale we will have completed the majority of the mediations.*
- *“We believe that an earlier meeting would be used by JFSA as evidence of an impending Government intervention and a catalyst for applicants to withdraw from mediation – entirely to their detriment.*
- *“If BNR still wishes to meet them at a later date then so be it, but she would be better off having had the benefit of Tim’s review, and applicants would be better off for having gone to mediation.”*

1241. I was also sent a one-page aide memoire. I thanked Tom and said that the note should be sent to Tim before my call. Later that day, Jane told me by email that Tim had had a conference with Jonathan Swift QC that afternoon, who had *“agreed that the Chairman would need to meet both [Second Sight and Sir Anthony]” (POL00117506).*

1242. I was not copied into the correspondence instructing Jonathan Swift QC, nor consulted on the terms of the instructions. Neither should I have been – it was Tim, and not me, taking advice. I have now seen the instructions to leading

counsel as part of the Inquiry's disclosure. I am aware that Christopher Knight, a junior barrister, was also instructed. I have not seen, even as part of the Inquiry's disclosure, the instructions which were sent to him at the beginning of his involvement in the matter.

1243. At some time when the Parker Review was being set up, although I do not recall precisely when, I spoke with Jane who told me that I would intentionally be out of the loop to ensure that Tim's review was independent. That was appropriate. I occasionally asked Jane and others about the progress of the Parker Review and was reassured that it was progressing well.

1244. In respect of Horizon, ShEx made the following note of the "main points" of discussion after the call (which I did not see at the time):

- *"POL wanted to flag their concerns around the Minister meeting Second Sight. They felt that doing so would risk undermining her independence and distance from the situation, and were also concerned that if news of the meeting were to leak to the media, it could risk individuals withdrawing from the mediation process (after considerable efforts by POL to get these in the diary). Paula was also concerned that the Minister's meeting might conflict with any meeting Tim Parker decided to have with SS.*
- *"BNR noted Paula's views but felt it important to make the offer of a meeting to Second Sight and inform Mr Arbuthnot that she was doing so. She suggested that the offer should be of a private meeting, and should happen quite soon, so that it would take place before Tim Parker invites them to meet. It would be a short meeting.*

- *“After the call, we agreed that we would need to update Oliver Letwin’s office on the process, before offering a meeting and replying to Mr Arbuthnot. The Minister also felt she should write to Mr Bridgen, possibly after she had met Second Sight.*
- *“The Minister agreed that the meeting with Sir Anthony Hooper was less important, and that it would be best to wait until Tim Parker had met Sir Anthony and then decide whether she should meet him.”*

1245. I had a one-to-one meeting with Tim on 12 October 2015. A briefing note was prepared for me by Tom Wechsler (**POL00027115**) noting that this was my first *“1-2-1 with Tim since he officially began at Post Office”*. In respect of the Parker Review, the briefing note stated that *“Jane and team have met with the QC supporting TP to provide information and answer questions. I am sure it is all in hand, but you may wish to encourage TP to raise any concerns about eg information / support with you at any points that he has them.”*

1246. I am now aware that on 19 October 2015, Baroness Neville-Rolfe met with Second Sight. I have seen a briefing note prepared for her for that meeting (**UKGI00000044**). It is noted there that Baroness Neville-Rolfe has *“asked Tim Parker, who started as Chair this month, to look at the matter with a fresh pair of eyes, and he will take a serious and thorough look at this.”*

1247. I have seen a document (**POL00027129**) headed *“Project Sparrow – 05 January 2016”* which was sent to me by Tom Wechsler (**POL00110344**). I do not recall it from the time. I am not sure if it was written for me, or if I saw it at the time. It states that Tim was to meet the barristers *“to finalise the report, likely in the second half of this month”* (**POL00027129**). Tom told me the same

day that *“the QC’s review is due to complete in the next week or so for Tim’s consideration”* (POL00110344).

1248. I had a further meeting with Tim on 12 January 2016. My briefing document is (POL00027124). That briefing note states:

“Yesterday, Tim Parker received the draft report into the adequacy of the Scheme’s processes from Jonathan Swift QC. Though we have not had sight of the report, Jane MacLeod has a meeting with Tim this afternoon at 4pm, during which I would expect it to be discussed.”

1249. On 22 January, Tim and Jane had a call with Jonathan Swift QC and discussed his recommendations. I was aware of this call at the time, and the email summarising the recommendations was forwarded to me by Jane (POL00103110). The document attached to that email is (POL00103111). This is a table summarising the eight recommendations which Jonathan Swift QC and Christopher Knight made, with *“POL’s proposals for addressing”* them.

1250. I met with Jane on 27 January 2016. Tom suggested that I might want to discuss Sparrow, and informed me that *“the plan is to work with Jonathan Swift to complete the final report”* (POL00027128).

1251. I see now that the final review written by Jonathan Swift QC and Christopher Knight is dated 8 February 2016 (POL00006355). I did not see it at the time.

125.2 Please set out whether you read Jonathan Swift QC’s (as he then was) report. If so, please describe your views on the same and the actions you took as a result of it.

1252. I had no involvement with the Parker Review written by Jonathan Swift QC, and I have no recollection of seeing it at the time. Nor have I been able to identify any documents disclosed by the Inquiry which show that I saw, or had, a copy of the report. I do not think other members of the POL Board had a copy either.

1253. The POL Board, and I, did see the eight recommendations which Mr Swift QC gave at the end of his report. We saw those in a different format, transferred into a table (**POL00103111**).

1254. In respect of the eight recommendations, nothing caused me particular alarm, I was realistic that work needed to be done and I was open to this happening. I believed that POL should deal with the recommendations professionally and respond to each of them.

1255. I am aware that actions which were taken by POL as a result of those recommendations were taken by a team which reported directly to Tim. I was not part of that process. I believe the POL Board was updated but have no detailed recollection other than of the Senior Independent Director asking questions.

125.3 Please describe any meetings you had with Mr Parker, Mr Swift QC or anyone else at POL, UKGI or BEIS concerning (a) the Swift Review and / or (b) its recommendations.

1256. In addition to the matters described above, I am able to recall or identify documentary evidence of the following meetings in which I was involved,

concerning the Parker Review. I cannot be sure that this is a comprehensive list, but rather it is everything which I can currently recall.

- a. In response to matters I raised by email, Jane MacLeod wrote to me on 23 May 2016 describing that Deloitte were working to address certain recommendations made in the Parker Review (**POL00103200**).
- b. On 26 January 2016, Tom Wechsler emailed me a note from Patrick Bourke which followed a telephone call between the Chairman and the Minister in which both 'agreed the issue was losing potency and dying away' but that in respect of the report itself 'it would be impossible to please everyone, no matter what was done.' They anticipated accusations of whitewash and lack of independence, etc, which would need to be ridden out by both POL and BIS (**POL00027116**).
- c. Tom emailed me on 29 April 2016 providing a file note of a meeting between the Chairman and the Minister. The Chairman updated Baroness Neville-Rolfe in respect of the recommendations from his report (**POL00103171**).
- d. I met with Jane on 13 June 2016, following an email on 10 June 2016 (**POL00110440**). Jane briefed me on Anthony de Garr Robinson QC's advice that work underway on the Parker Review should stop. As I recall, it was subsumed into the litigation work.

1257. I did not meet with Jonathan Swift QC, or his junior Christopher Knight.

126. Please consider POL00110406 (email from Tom Wechsler to you dated 10 April 2016). Was there a culture within senior management at Post Office to prevent further investigation of complaints concerning Horizon at this time?

1258. I am asked whether there was a culture within senior management at POL to prevent further investigation of complaints in relation to Horizon in April 2016.

I do not believe that this was the case. In fact, to the contrary, the senior management of POL and I felt that we had done everything reasonable to investigate cases of complaints in respect of Horizon.

1259. The note from Tom Wechsler states "*beyond the CCRC and any legal action, we have done as much as we can... [T]here must be an end to this. Ultimately, if there is a case the protagonists must make it in Court*". The issue at this stage was not that there was a culture to prevent further investigations, but that the scheme had reached an end point. POL had finished its reviews; a majority of applicants left the scheme in autumn 2015 (at page 2 of (POL00065471)); a number of SPMs had lodged Data Subject Access Requests which Jane assumed linked to a possible class action. Further the Chairman was conducting his own review assisted by a QC. I genuinely do not believe that there was a culture within senior management at POL to prevent investigation of complaints in relation to Horizon. Rather, it was felt that we had done everything reasonable to investigate complaints. In fact, as can be seen from the section above regarding the Dalmellington bug, where issues were brought to my attention, I made sure that the right members of the team were asked to investigate them.

1260. So far as I was concerned, we had taken complaints seriously, putting significant sums of money into the Second Sight investigation, the Mediation Scheme, carried out internal investigations and instructed external legal professionals in respect of the same, invited complainants to approach us with their concerns and funded independent advisers for them.

1261. At the time, we considered that we had exhausted all avenues of investigation. I am aware of, and very sorry for, how short-sighted and empty that now sounds.

Remote Access

1262. I am aware that Fraser J made a number of findings about remote access in his Horizon Issues judgment in the Group Litigation:

- a. Over the lifetime of the system, Fujitsu used at least three forms of privileged access to Horizon.
- b. These were Database Administration rights, Privileged User rights, and a powerful form of access permission known as APPSUP.
- c. Each of these rights enabled Fujitsu to change transactions and branch accounts without the knowledge of the relevant SPM. In particular, the APPSUP privilege enabled Fujitsu to do whatever it wanted on the Horizon system.
- d. In addition, there was a function built into Horizon, known as a Balancing Transaction, which enabled Fujitsu to insert or inject additional transactions into branch accounts.
- e. For many years, all the members of Fujitsu's staff working at the Software

Support Centre in Bracknell had APPSUP privileges, even though internal Fujitsu documents recorded they were not supposed to have that role.

- f. The controls around the use of these privileges and functions were inadequate to record the changes that Fujitsu made on the system. Fraser J found that Fujitsu only maintained user access logs from 2009. From 2009 to July 2015, the logs recorded only when a user had logged on and logged off and failed to record any actions taken by the user. From 2015 onwards, Fujitsu kept more detailed logs, but their content was still inadequate.

1263. I accept these findings. In this section of my witness statement, I set out my understanding of Fujitsu's remote access privileges at four points in time:

- a. First, during my time as Network Director and Managing Director (2007-2012);
- b. Second (in response to question 62.3.2) at the time of my discussion with Lord Arbuthnot on 23 May 2013;
- c. Third (in response to question 67.4) at the time of my meeting with Lord Arbuthnot on 3 July 2013;
- d. Fourth, at the time that I gave evidence to the House of Commons BIS Select Committee on 3 February 2015.

1264. Before doing so, I wish to outline my general understanding of what I understood "*remote access*" to mean at these times.

1265. I did not have a personal technical understanding of how the Horizon system

functioned and relied upon POL's IT department to escalate and explain any IT matters that were relevant to my roles. I knew in broad terms that branch accounts sometimes required correction – in the vast majority of cases due to human error – and believed this was done via the Transaction Correction process. I understood that if POL identified discrepancies in a branch's accounts, it would send the SPM a Transaction Correction. If the SPM agreed with the Transaction Correction, they would accept it via Horizon, and it would then amend the branch records. If the SPM disagreed, there was a process to challenge the Transaction Correction, which would lead to an investigation and decision by POL.

1266. I first became familiar with the term "*remote access*" because of claims made in 2012-2013 by a former SPM, Michael Rudkin, that he had observed a POL employee changing branch data remotely at a Fujitsu facility in Bracknell in 2008. When I first engaged with the issue of "*remote access*" in 2012-2013, POL's focus was very much on the specific claims of Michael Rudkin. However, I came to understand the "*remote access*" issue to mean – more broadly – whether there was an ability to make changes to a branch's data without the SPM's knowledge. I cannot recall discussing or being briefed about this issue in terms of Fujitsu's remote access "*privileges*" until the start of the GLO Proceedings.

My understanding of Remote Access 2007-2012

1267. During my time as Network Director and Managing Director (2007-2012), I had no understanding that I can recall that branch data could be changed in any way other than by using the Transaction Correction process.

1268. However, I can see from the documents disclosed by the Inquiry that some individuals within POL knew in the period 2007-2012 that Fujitsu had some remote access capabilities:

- a. **(POL00029710; POL00030001)**: This document is an email exchange on 15 and 23 October 2008 – while I was Network Director – between Andrew Winn (P&BA) and Alan Lusher (Network Support) about Graham Ward, a suspended SPM. Alan Lusher reported to Andrew Winn that Mr Ward had claimed during an interview that figures had been entered into the cheque line of his branch accounts “*electronically without his knowledge or consent*”. Mr Winn replied:

“The only way POL can impact branch accounts remotely is via the transaction correction process. These have to be accepted by the branch in the same way that in/out remittances are i [sic] guess. If we were able to do this, the integrity of the system would be flawed. Fujitsu have the ability to impact branch records via the message store but have extremely rigorous procedures in place to prevent adjustments being made without prior authorisation – within POL and Fujitsu. These controls form the core of our court defence if we get to that stage. He makes a casual accusation that is extremely serious to the business. As usual he should either produce the evidence for this or withdraw the accusation”.

- b. **(POL00028838)** is a paper concerning the Receipts & Payments Mismatch bug dated 29 September 2010, which was shortly before I became Managing Director of POL on 18 October 2010. In summary:

- i. I understand from the document and from evidence given to the Inquiry that the paper was prepared in connection with a meeting between Fujitsu and POL to discuss how to remove the effects of the bug from the accounts of the affected branches.
 - ii. The POL staff identified in the paper as attending the meeting include Alan Simpson (Security); Julia Marwood (Network); Ian Trundell (IT), and Andrew Winn (P&BA).
 - iii. The paper set out three solutions for correcting the discrepancies caused by the bug, the first of which was to *“Alter the Horizon Branch figure at the counter to show the discrepancy. Fujitsu would have to manually write an entry value to the local branch account.”* The paper stated that the risks of this solution were that: *“This has significant data integrity concerns and could lead to questions of “tampering” with the branch system and could generate questions around how the discrepancy was caused. This solution could have moral implications of Post Office changing branch data without informing the branch.”*
- c. **(POL00088956)** is a thread containing emails dating between 17 November 2010 and 5 December 2010:
- i. In the first email in the thread, on 17 November 2010, Mike Granville (POL Head of Regulation Strategy) asked Rod Ismay (POL P&BA) and Lynn Hobbs (Network) to comment on a *“response note”* which he had prepared to follow up on a meeting with Mike Whitehead at BIS about the JFSA.

- ii. On 3 December 2010, Ms Hobbs forwarded Mr Granville's email and her original response to Mr Granville to John Breedon (POL National Contract Manager North). Her response to Mr Granville said:

"I ...have just one observation. I found out this week that Fujitsu can actually put an entry into a branch account remotely. It came up when we were exploring solutions around a problem generated by the system following migration to HNGX. This issue was quickly identified and a fix put in place but it impacted around 60 branches and meant a loss/gain incurred in a particular week in effect disappeared from the system. One solution, quickly discounted because of the implications around integrity was for Fujitsu to remotely enter a value into a branch account to reintroduce the missing loss/gain. So POL can't do this by Fujitsu can."

- iii. Ms Hobbs added in her email to Mr Breedon:

"This is the last email exchange I had with Mike Graville about the BIS meeting. The attached documents were what Mike was proposing to send to BIS and I commented as below, I haven't seen anything further but I did have a conversation with Mike about the whole 'remote access to Horizon' issue. This was being looked into by Andy McLean and Mark Burley. The view being expressed was that whilst this may be possible it's not something we have asked Fujitsu to provide. I don't know what the final outcome was."

iv. On 5 December 2010, Mr Breeden forwarded the thread to Angela Van Den Bogerd, who at that time was a manager within Network.

d. I can also see from (**POL00002151**) that, on 27 November 2012, Gareth Jenkins of Fujitsu gave a witness statement in support of POL's prosecution of a SPM called Kim Wylie. On page 3, Mr Jenkins responded to a comment in Ms Wylie's defence statement that it was possible to access the Horizon system remotely. He stated:

"It is true that such access is possible; however in an analysis of data audited by the system, it is possible to identify any data that has not been input directly by the staff in the Branch. Any such change to data is very rare and would be authorised by Post Office Ltd. As I have not had an opportunity to examine data related to this Branch, I cannot categorically say that this has not happened in this case, but would suggest it is highly unlikely."

e. I have been shown some of the emails generated during the production of Mr Jenkins's witness statement. I can see from these emails that the contents of the statement were known to Jarnail Singh of POL in-house legal, and a number of lawyers at Cartwright King solicitors (Rachael Panter, Martin Smith, Andy Cash, Andrew Bolc): see (**POL00097215**).

1269. I do not recall the information in these documents being given to me when I was Network Director or MD. As I have already stated, issues in specialist areas of the business such as IT usually came to my attention when they were escalated by the head of the relevant department or function. I have no memory

of being told during my time as Network Director and MD that POL or Fujitsu could change branch data without the knowledge of the SPM. Nor can I recall being told of any concern that Fujitsu may have this ability.

1270. I have been shown (**POL00120561**), which is an email dated 26 November 2010 from Mike Granville to me, Mike Moores, Mike Young, Susan Crichton, Kevin Gilliland, Sue Huggins, and Rod Ismay. In his email, Mike Granville referred to the allegations that the JFSA had been making about the integrity of Horizon and the associated processes that POL had used in terminating contracts: POL's approach throughout had been to robustly defend the integrity of the Horizon system.

1271. Mike Granville stated that, as a result of a succession of MPs writing to the BIS Minister referencing the JFSA's allegations, the minister, Ed Davey MP had met the JFSA. Subsequently, Mike Whitehead (a senior ShEx manager with responsibility for POL) had met Rod Ismay, Lynn Hobbs and Mike Granville to discuss some of the points raised by the JFSA. Mike attached to the email a briefing document for BIS to follow up on that meeting. My lawyers believe this may be the same document which Lynn commented on in the email chain at (**POL00088956**). On page 9 of (**POL00120561**) there is a comment in response to what seems to have been an assertion by the JFSA that "*POL can access the system remotely and make changes to it*". It states:

"The system is based on a user log in, and all actions have to be endorsed by the user. POL cannot remotely control a branches system. Any technical changes by Fujitsu that impact the system have to go through the clearance processes which would prevent any amendment to existing data.

The independent audit file is in place and can show all the system activity in a particular branch.”

1272. I do not recall this document from the time. I can see what it says about remote access. According to my understanding from the time, it was not possible to make changes to SPMs' accounts without their knowledge.

1273. I have addressed the Inquiry's questions about EY's 2010 and 2011 audits of the control environment at Fujitsu (in my answers to Question 38). As I have set out, in 2011, EY reported that it had been difficult to obtain information from Fujitsu, identified control weaknesses, and made recommendations for improvements. Following the 2011 audit, Lesley Sewell (who was then POL Head of IT with a reporting line to Mike Young) led a steering group to consider and implement the recommendations set out in EY's management letter.

1274. Since POL was a subsidiary of RMG at the time of the 2010 and 2011 audits, EY's findings were presented to the RMG Audit and Risk Committee. Lesley and three individuals from EY attended the meeting of the Committee on 8 December 2011 to discuss the audit: see the minutes at **(RMG00000003)**. Although the minutes do not identify who made these comments, they record that:

“Overall EY was satisfied that the control systems were reliable but they had to perform additional audit work to make this conclusion, and they made certain recommendations in the management letter following the audit for improvements which have been implemented. The IT control issues identified during the audit did not relate to the integrity of accounting data in the system. Rather, EY made recommendations about the

documentation and authorisation of changes to systems and about opportunities for streamlined assurance”.

1275. I did not attend this meeting, but the comment set out above reflected my own understanding at the time that the control weaknesses identified by Fujitsu did not call into question the accuracy of the accounting information held in the system. This was important because, to a large extent, POL's accounts were the aggregation of the accounts of the individual branches in the Network.

1276. EY's management letter for the 2011 audit (**POL00030217**) stated that they had reviewed privileged access to IT functions and that there were inappropriate system privileges assigned to the APPSUP role and SYSTEM_MANAGER role at the Oracle database level on the Branch Database server supporting Horizon Online. The risk identified by EY was that unrestricted access to privileged IT functions increased the risk of unauthorised/inappropriate access which could lead to the processing of unauthorised or erroneous transactions. In their management letter for the 2012 audit (**POL00029485**), EY stated that while Fujitsu had undertaken actions to investigate some of the inappropriate privileged access identified from the 2011 audit, there remained inappropriate system privileges assigned to APPSUP and the SYSTEM_MANAGER roles.

1277. Any recommendation by the auditor must be taken seriously. My view at the time was that POL was responding to EY's recommendations effectively. In 2013, EY reported that focused management action, led by Lesley Sewell, had addressed many of the issues raised in previous years' audits, and that management was continuing to take steps to address challenges in the IT

environment. However, as stated above, I understood that the control weaknesses did not undermine the reliability of the accounting information held in the Horizon system. I cannot recall any conversation or briefing in which I was told that the APPSUP role enabled or could enable Fujitsu to alter transactions or branch data.

My understanding of Remote Access as of 23 May 2013

1278. One of the former SPM cases investigated by Second Sight in 2012-2013 was the case of Michael Rudkin. Mr. Rudkin told Second Sight that, in August 2008, he had visited a POL facility in Bracknell and been shown a basement room containing Horizon terminals just like those used in branches. He claimed that, in the basement, a POL employee showed him that he could use the equipment to make changes to branch accounts without the knowledge of the relevant SPM.

1279. My understanding was that POL had investigated Mr. Rudkin's account of his visit to Bracknell. I discuss the briefing I was given about his claims in July 2013 below. However, I must have been told about Mr. Rudkin's claims by March 2013, since on 11 March 2013, Alwen Lyons emailed me a note on the progress of Second Sight's review (**POL00097587**; **POL00097589**) which listed the "*POL team at Bracknell*" as one of the thematic issues that Second Sight were investigating. On 19 March 2013, I received an email from Susan Crichton (**POL00097719**) which also contained a list of the thematic issues, including "*POL team at Bracknell (Michael Rudkin evidence)*".

1280. I do not recall who briefed me about Mr. Rudkin's claims, or what exactly I was told at this stage. I recall a general view at POL that his claims seemed odd. It

was painted as a suggestion that we were carrying out covert operations from a basement. I also remember the word "bunker" being used. It was difficult to understand why POL would do such a thing. There was also some doubt at this stage about whether Mr. Rudkin had ever visited the facility in Bracknell, which I understood was a Fujitsu facility, although individuals from POL also worked there. Overall, it would be fair to say that his claims were viewed within POL with scepticism.

1281. On 16 May 2013, Alwen sent me an email containing speaking notes for a call I was having that day with Alice Perkins (**POL00029587**). I have discussed the context of Alwen's email in my answer to Question 60. The main issue in the email was the discovery of bugs in Horizon, but there is also a line in the email that: *"Lesley is meeting Fujitsu tomorrow morning to go through the technical assurance that the subpostmaster's trading statement cannot be changed without their knowledge."* I do not remember any conversations about this aspect of the email. Reading it now, I think I would have viewed it as being consistent with my belief at that time that it was not possible to make changes to branch accounts without the SPM's knowledge.

1282. I would have read it as meaning that Fujitsu were going to talk Lesley Sewell through the detailed technical reasons why Mr. Rudkin's claims about remote access were not correct.

1283. The Inquiry has asked me in Question 62.3.2 to describe my conversation with Lord Arbuthnot about remote access during our call on 23 May 2013 and my understanding of Fujitsu's remote access privileges at that time.

1284. My understanding at the time was that it was not possible for POL or Fujitsu to

change branch accounts without the SPM's knowledge. I knew that corrections did sometimes need to be made to branch accounts, but that the amendments were made via the Transaction Correction process. One of the reasons why I was sceptical about Mr. Rudkin's claims was that I could not see any reason why POL or Fujitsu would need to make any changes to branch accounts in secret. His account just seemed implausible.

1285. I have set out the context of my discussion with Lord Arbuthnot on 23 May 2013 in my main answer to Question 62. Alwen Lyons took bullet point notes of the discussion which appear at (**POL00098377**). The discussion about remote access is recorded at the very end of Alwen's notes:

- *"JFSA raised a concern with James that the Post Office is continuing with prosecutions despite the review taking place, predicated on the view that 'there is nothing wrong with Horizon'. JA does not think we should be prosecuting on that basis (I think because SS have made noises about finding something)*
- *PV promised she would go back to James on this point.*
- *JA said we should not go ahead until we can prove there is no remote access to the system or branch terminal which can change the spms account (He did not say so but I think SS have suggested this)*
- *JA said again we have to avoid access to the spm accounts*
- *PV explained the E&Y audit at year end which gave the IT controls a good report.*

- *JA agreed that we needed to stop cases coming in and that future ones could go through the CoSec route"*

1286. I do not recall any details of the conversation about remote access beyond what is recorded in Alwen's notes. I can see that prosecutions and the remote access / Michael Rudkin issue were not in my written agenda for the discussion, which focussed on the need to bring Second Sight's investigation to a timely and cost-effective conclusion: **(POL00098317)**. It appears from Alwen's notes, and I have a recollection, that Lord Arbuthnot raised remote access at the end of our main discussion about the future of Second Sight's investigation. I have no recollection of giving Lord Arbuthnot any detailed response to his comments about remote access, and it is unlikely that I did so, since I had not been briefed to discuss this topic.

1287. I am not entirely sure what prompted me to mention the recent EY audit to Lord Arbuthnot. On 21 May 2013, two days before I spoke to Lord Arbuthnot, I attended a POL Board meeting at which the POL Board received the Annual Report and Financial Statements for the 2012-2013 financial year **(POL00021513)**. The minutes record that Alasdair Marnoch (a non-executive director who chaired the ARC Committee) reported to the POL Board the "*very positive feedback from the auditors who were complimentary about the controls in place and management capability*".

1288. Although I have no clear recollection, I believe that I mentioned the audit as a general point of reassurance for Lord Arbuthnot, rather than in direct response to his comments about remote access. At the time of our discussion, I believed that POL or Fujitsu could not make changes to branch accounts without the

knowledge of SPMs. I had no understanding, because no-one had told me, that there was any connection between the controls around Horizon and the issues raised in the Michael Rudkin case.

1289. On 24 May 2013 (**POL00029589**), I received an email from Alwen Lyons with an update on the Second Sight investigation. Alwen mentioned that: *"One of these [spot reviews] will be dealing with the issue of remote access to a subpostmasters account, which James specifically raised. I have just spoken to Lesley who has engaged Fujitsu today and is confident that within a week they will provide evidence about access and audit trails etc Lesley and I will meet Fuj on the 3rd to go through this, and then if we are comfortable go through with SS and Fuj on the 6th, so let the technical people can discuss the detail."*

1290. I can then see from (**POL00029590**) that, on 4 June 2013 at 18:31, Martin Edwards emailed Alwen Lyons stating that *"... as you know, Paula is seeing Alice tomorrow. She asked if you could provide an update on the latest state of play with James Arbuthnot et al. I'll be sending her a list of issues/background points tomorrow morning at around 9, so if you were able to give me something by then that would be appreciated."* Alwen responded to Martin at 18:47 in the same URN. She stated in relation to the remote access issue: *"Lesley and I had a meeting with Fujitsu this week and they are providing for us an audit trail of adjustments which can be made centrally which they say happens very rarely, so we are waiting to see that and the controls in place. However they suggest that what Rudkin heard was the testers for HNGX referring to test data and not the live environment. This would be good if we can prove it."*

1291. My lawyers have been unable to find any email or briefing to me from Martin

Edwards which appears to relate to his email exchange with Alwen Lyons on 4 June 2013. I have no recollection either way whether Martin Edwards gave me an update about remote access around 4 June 2013. However, I cannot recall any change at this time in my understanding of remote access.

My understanding of Remote Access as of 3 July 2013

1292. The Inquiry has asked me in Question 67.4 to describe my understanding of Fujitsu's remote access privileges as at 3 July 2013, the date on which Alice Perkins and I met Lord Arbuthnot to discuss Second Sight's Interim Report, which was due to be finalised and presented to MPs on 8 July 2013.

1293. As far as I can remember, my understanding of remote access had not changed by 3 July 2013: I believed that it was not possible to alter branch data without the knowledge of the SPM. I can recall being told by Lesley Sewell, the POL CIO, that all transactions on the Horizon system were recorded in the data and these records could not be changed. As a result, it was impossible for anyone to make any changes to transactions without creating an audit trail. Lesley told me on several occasions (from at least June 2012 prior to our meeting with Lord Arbuthnot and Oliver Letwin) that all transactions on Horizon were digitally sealed and were impossible to change without leaving an audit trail. I understood that this meant that it would be visible in the data if someone had used remote access to make changes to branch transactions. The only development in my understanding by early July 2013 was that I was told that POL had investigated Mr. Rudkin's claims and concluded that he was mistaken. On the morning of 3 July 2013, Martin Edwards emailed me a briefing note on the Interim Report (**POL00113369**). Second Sight had selected Mr.

Rudkin's case as one of the "Spot Reviews" attached to the Interim Report. My briefing note contained a summary on POL's response under the heading "Case 2 – Spot Review 5 – Access to Live Horizon data".

1294. In summary, it stated that POL and Fujitsu had been unable to establish that he had visited the Bracknell facility in August 2008. Fujitsu had attempted to retrieve the visitor logs to the Bracknell facility for 19 August 2008, but that the records from 2008 were not available. Fujitsu had also interrogated emails, documents, and archived information but had been unable to verify his visit. A further review into POL work logs indicated that there were three POL test managers at Bracknell on 19 August 2008, but none of them had calendar records relating to a visit by Mr. Rudkin.

1295. The briefing also addressed the substance of Mr. Rudkin's claims that he saw a POL employee amending live Horizon data:

"It has however been determined that in August 2008 the basement of Fujitsu's building contained a test environment that would look very similar to a live Horizon environment. This environment was not physically or technologically connected to the live Horizon environment. It was therefore impossible for anyone in this room to have adjusted any live transaction records, though Mr Rudkin may have witnessed some form of adjustment to the test environment.

The separation of test and live environments is designed to guarantee the integrity of Horizon data."

1296. On 7 July 2013, after POL had received the final version of the Interim Report,

Alwen Lyons sent an email to me and other senior managers stating that there were only two areas where POL did not agree with Second Sight's conclusions: **(POL00099088)**. One of these was the Michael Rudkin case:

"We and Fujitsu had provided evidence to SS that there was only Testing systems in the basement in 2008. The equipment (hardware) and the testing system were located in the basement. This has been a constant challenge with SS as they contest that Rudkin has signed an affidavit and therefore there is a conflict of evidence. There appears to be a lack of willingness to accept the detail we have provided. We have also had the tester who Rudkin believes took him to the basement complete a witness statement. He has confirmed that there was only a testing system in the basement. This has been a constant challenge and Im [sic] not sure how this will get resolved."

1297. My understanding, therefore, was that POL had investigated the set-up in the basement of the Bracknell facility and was confident that Mr. Rudkin's claims were not correct. I remember that Lesley Sewell was very firmly of the view that his allegation was wrong and that he had – at best – misunderstood or misremembered a test demonstration.

1298. I recall two other interactions in relation to Michael Rudkin. The first is that, at some point, George Thomson, the General Secretary of the NFSP, told POL that he thought that Mr. Rudkin was unreliable. I cannot recall whether he told me this or whether this was information that came to me second hand.

1299. The second is that I raised the remote access issue with Duncan Tait, the CEO for Fujitsu Europe. I remember that Duncan was dismissive of Mr. Rudkin's

claim that there was live access to the system in the basement at Bracknell. I recall him saying something along the lines that if Mr. Rudkin had seen the live environment, he had remembered it “upside down”, because the system was managed by a team working on the sixth floor at Bracknell. I asked Duncan (and I remember feeling slightly embarrassed at my implied lack of trust) if a Fujitsu colleague could alter branch accounts remotely without a SPM knowing. I said I had been told by Lesley Sewell and others that it was not possible and besides, there was no understandable reason why anyone would try to. (The view of the POL team at the time was that the idea of an Fujitsu employee hacking into a SPM account was too fanciful to be true. ‘Why would they?’ was the phrase used.) Duncan’s response was no and we concurred it was an implausible scenario. Why would a Fujitsu colleague try to hack into a branch’s accounts? We couldn’t find any suitable explanation - there was no way they could benefit financially from such an action. The only possible reason would be a malicious act by a disgruntled employee. Duncan described the core of Horizon like a black box, ie., similar to an aircraft flight recorder; he said that even if someone wanted to, it was not possible to alter or break it. I had heard the black box description before. He described how secure the system was - that even if someone had the motivation, it just wasn’t possible - Horizon was like Fort Knox. I found it reassuring that the CEO of Fujitsu confirmed that there was no cause for concern and that the system could not be tampered with.

My understanding of Remote Access in February 2015

1300. The next occasion on which the remote access issue came onto my agenda was in early 2015, when I was preparing to give evidence to the House of

Commons BIS Select Committee, which was scheduled for 3 February 2015. The issue of remote access had been raised by an MP during a debate on the Mediation Scheme in December 2015 and I wanted to be prepared to answer any questions about remote access during the evidence session.

1301. At 07:29 on 30 January 2015, I sent an email to Lesley Sewell and Mark Davies stating as follows (**POL00029812**):

"Dear both, your help please in answers and in phrasing those answers, in prep for the SC:

1) "Is it possible to access the system remotely? We are told it is." What is the true answer? I hope it is that we know this is not possible and that we are able to explain why that is. I need to say no it is not possible and that we are sure of this because of xxx and that we know this because we have the system assured.

2) "You have said this is such a vital system to the Post Office, what testing do you do and how often? When was the last time?"

Lesley, I need the facts on these – I know we have discussed before but I haven't got the answer front of my mind – too many facts to hold in my head! But this is an important one and I want to be sure I do have it. And then Mark, to phrase the facts into answers, plus a line to take the conversation up a level ie., to one of our narrative boxes / rocks."

1302. I can see from this email that I had spoken to Lesley about remote access before but that I did not feel comfortable that I could deal with any questions without additional assistance: I cannot recall that I had had any briefing on

remote access since the publication of the Interim Report. In this email, I was therefore asking Lesley and Mark for the correct answer if a member of the Select Committee asked me about remote access.

1303. I can see from the email chain at (**POL00029812**) that my question was referred to a number of individuals working at POL and Fujitsu. At 17:50 on 30 January 2015, Kevin Lenihan (POL Senior Information Services Manager) emailed Mark Underwood and Melanie Corfield suggesting that I should be briefed as suggested by James Davidson of Fujitsu:

“Having looked again at the request from Paula, it appears that the fundamentals around this question (remote access) are not understood. I suggest that Paula is briefed along the lines of the following.

1) No transaction data is held locally in any branch. Transactions are completed and stored in a central database and copies of all data is sent to a secure audit database.

2) Sub-postmasters directly manage user access and password setting locally so system access (to create transactions) are limited to approved local personnel only who are responsible for setting their own passwords. Users are only created following an approval process which requires authorisation by the sub-postmaster. All subsequent transactions are recorded against the id used to log on to the system.

3) Once a transaction has been completed, there is no functionality (by design) for transactions to be edited or amended. Each transaction is given a unique number and ‘wrapped’ in a digital encryption seal to protect its

integrity. All transactions are then posted to a secure and segregated audit server.

4) On approval, there is the functionality to add additional transactions which will be visible and have a unique identifier in the audit trail. This is extremely rare and only been used once since go live of the system in 2010 (March 2010)

5) Support staff have the ability to review event logs and monitor, in real time, the availability of the system infrastructure as part of standard service management processes.

6) Overall system access is tightly controlled via industry standard 'role based access' protocols and assured independently in annual audits for ISO 27001, Ernst and Young for IAS 3402 and as part of PCI audits."

1304. I do not recall seeing the emails in the chain at (**POL00029812**) before I left POL in 2019, and I do not recall any oral briefing about remote access prior to my appearance at the Select Committee in 2015.

1305. (**POL00117097**) is an addendum to my briefing pack for the Select Committee hearing, which was emailed to me on 2 February 2015 by Jane Hill (**POL00117096**). I have no memory of seeing this document at the time, but I can see that it includes a section on "*remote tampering*". It states:

- *"Transaction data in branch accounts can't be changed remotely*
- *No evidence of malicious tampering*
- *No functionality in Horizon for PO or Fujitsu to edit, manipulate or*

remove transaction data once it had been recorded in a branch's accounts

- *There is also no evidence at all of any malicious remote tampering*

If pushed:

- *Stress again that there is no remote access that enables branch transaction data to be edited, changed or manipulated.*
- *As you would expect, support staff can review and monitor the system – part of standard service contract – but, as above, transaction data cannot be manipulated.*
- *As part of day to day, business as usual process, Post Office can post correcting transactions to a branch's account – these are Transaction Corrections and Transaction Acknowledgements, visible to the postmaster, which enable accounts to be brought into balance. These have to be accepted by a user logged into the branch Horizon terminal before they are recorded in the branch accounts, so they are fully visible to the branch.*

If injection of new transaction in a branch's account is raised:

- *There is functionality to add transactions – this is the Balancing Transaction Process and would only be used in the event of an error that cannot be corrected by a TA or TC.*
- *It is good industry practice to have this functionality but the use of the process is so rare it would only take place after a full discussion with*

the postmaster involved.

- *These will be visible and also have a unique identifier in the audit trail. It has only been used once since March 2010 (Horizon Online go-live).*
- *The overall system access is tightly controlled via industry standard protocols and it is assured independently in annual audits for ISO 27001, Ernst and Young for IAS 3402 and as part of PCI audits. There are numerous tests and checks – including daily checks."*

1306. I had a huge amount of reading to digest for the Select Committee hearing and I cannot now recall how closely I read this document or how well I understood it. Certainly, I do not recall any change to my belief that it was not possible to change branch accounts without the SPM's consent. This document, reading it now, would have reinforced that belief.

1307. Reading the document now, I do not understand why POL should have been so defensive about the existence of Balancing Transactions. I had no role in creating this document and I do not know what the rationale was for how it suggested I deal with the remote access issue. I do not know whether at the time I would have thought the suggested approach was wrong: I trusted my team and I knew that they put a great deal of thought into how POL should communicate messages and information. In the event, I was not asked about remote access at the Select Committee session. If I had been asked, I would have wanted to give as full and accurate an explanation as possible.

127. Please consider POL00025511 (letter of claim dated 28 April 2016).

127.1. Please set out your account of when you first became aware of the GLO proceedings, what your initial views were on POL's strategy in relation to the same and the conversations you had with others about handling it.

1308. I understand that the Claimants issued the Claim Form for the GLO proceedings on 11 April 2016 (**POL00025510**). On 13 April 2016, Mark Underwood informed Laura Thompson at UKGI that POL had been notified by the Claimants' solicitors, Freeths, in a letter dated 12 April 2016, that proceedings had been started (**UKGI00006646**). Jane MacLeod informed Tim Parker by email on 15 April 2016. On the same day, she forwarded that email to Patrick Bourke, Rodric Williams, and Mark Underwood (**POL00103162**).

1309. I do not remember exactly when or how I first became aware of the GLO proceedings. I know I was aware by 24 April 2016, when I was copied into an email from Jane to Tim, which mentioned that a claim had been issued against POL in the High Court (**POL00103165**). Although this email appears to be the earliest written communication to me that refers to the GLO proceedings, I am confident, given the importance of the claim, that I would have been informed about it shortly after POL became aware that the claim was issued.

1310. The first legal strategy papers in respect of the GLO (at least that I have seen in the documents) were two briefing papers entitled "Postmaster Litigation" prepared by Jane and Rodric Williams for a GE meeting on 16 May 2016 (**POL00117704**) and a POL Board meeting on 17 May 2016 (**POL00006805**). The only difference between the two papers is that the paper for the GE contained an additional section on the management and governance of the litigation, which I discuss below.

1311. The first section of both papers set out the context. On 11 April 2016, 91 mostly former SPMs issued a High Court claim against POL. The Claimants had until 11 August 2016 to formally serve the Claim Form. This step would trigger POL's obligation to respond to the Claim through the Court. On 28 April 2016, the Claimants' solicitors had sent POL a 53-page "letter before claim" setting out the Claimants' allegations in more detail. Court Protocol required POL to respond to the letter before the case was passed to the Court for formal case management. The claim potentially posed significant legal, financial, operational, and reputational risks to POL.

1312. The two papers summarised the Claimants' allegations under the heading "*What are the Claimants alleging?*". In summary:

- a. Jane and Rodric felt that there was nothing new or surprising in the letter before claim, which did not set out how much the Claimants were claiming or how they propose to calculate their claim.
- b. Much of the letter focused on technical points of law. The Claimants' main focus was the relationship between POL and SPMs. The Claimants were seeking to place greater responsibility on POL for branch accounting difficulties.
- c. Apart from some generalised statements, there was no allegation that there was a systemic failure in the Horizon software. Rather, the letter before claim asserted that, because Horizon had the potential to cause discrepancies in the branch accounts, POL should not have relied on it so heavily and should have done more to investigate the possibility that Horizon was the cause of branch shortfalls.

- d. Other familiar allegations included poor training and support, the ability of Fujitsu to alter branch transactions remotely, improper criminal prosecutions, and putting undue pressure on SPMs to make up shortfalls.

1313. The next section of both papers was entitled "*What process will the Claim follow and over what time frame?*". In this section, Jane and Rodric highlighted two issues arising out of the letter before claim:

- a. The Claimants' solicitors had invited POL to agree in principle to a Group Litigation Order. Jane and Rodric's advice was that POL was entitled to know more about the claim before making any decision. There were practical and tactical implications for agreeing a GLO. For example, Freeths might not be able to fund the litigation if POL could show that the individual claims were insufficiently similar to justify a GLO. Equally, an early favourable ruling for POL on issues such as the effect of a criminal conviction or limitation periods could reduce the number of claimants and therefore the economic viability of the claim.
- b. Freeths had asked whether POL was willing to mediate the claims. Jane and Rodric's view was that it was not possible to form a view at this stage whether mediation would be viable in some or all of the cases. They would keep under constant review whether options to mediate or settle would provide a better outcome for POL.

1314. The sections in the papers entitled "*What are Post Office's objectives?*" stated that the claim challenged a critical part of POL's business, namely, how it engaged with SPMs and the allocation of risk and responsibility for transactions, cash, and stock. Although most of the Claimants were former

SPMs, the claim raised issues in respect of current and former business as usual activities (e.g. branch accounting, SPM contract management, and debt recovery) because it concerned the core branch accounting principles and systems, including Horizon, currently in use. In that context, Jane and Rodric identified two main objectives in responding to the claim:

- a. To proportionately manage POL's legal defence; and
- b. To protect the Network going forward so that POL and current SPMs would have confidence in POL's systems.

1315. Other sections of the papers gave indications of the timetable for the progress of the claim through the Court, and the costs of the litigation. The section in the POL Board paper (**POL00006805**) entitled "*Stakeholders*" noted that the claim would have a wide impact on POL, affecting Network, Finance and the FSC, IT (including the relationship with Fujitsu), HR, Legal, and Communications, all of which would help inform POL's defence. Although other stakeholders, such as BIS and the NFSP, would be interested in the claim, their involvement should be limited to appropriate updates provided under an agreed communications plan: this was necessary to maintain legal privilege and confidentiality in the legal advice POL received and the strategy and tactics it adopted in its defence of the claim.

1316. The paper for the GE (**POL00117704**) contained a section called "*Stakeholders and Managing the Claim*". This section, which was not included in the POL Board paper, contained an overview of how Jane and Rodric proposed that the litigation be managed. In summary:

- a. The claim impacted upon a variety of functions across POL including from Network (Contract Advisor teams, NBSC, Branch Support Programme), the HR Advice Centre, Finance and the FSC, and IT (including POL's relationship with Fujitsu).
- b. Management of the claim would require support from, among others, Legal, Communications, and Finance.
- c. The litigation would be treated as a new project, distinct from legal business as usual and the previous Mediation Scheme activity.
- d. A sponsor would be appointed from within the business to provide leadership to the project. Because of the issues raised by the claim, Jane and Rodric believed this person should be a Senior Leadership Team member from the Network.
- e. The day-to-day management of the claim would be handled by POL Legal with support from Bond Dickinson as external solicitors.
- f. A Steering Group would be formed from representatives of the each of the business functions set out above. The proposed structure and mandate of the Steering Group was as follows:
 - i. One person would have overall responsibility for decision making.
 - ii. The Steering Group would support and instruct the legal team in its management of the claim.
 - iii. The Steering Group would inform the communications plan to be managed by the Communications Team.

- iv. The Steering Group would report to the GE and other senior management as required.
- v. The Steering Group would monitor and control expenditure.

1317. The GE was asked at the end of the paper to endorse the proposals for the management of the claim. The POL Board on the other hand was asked only to note the contents of the POL Board paper.

1318. Although the briefing papers state that they were prepared for the GE on 16 May and the POL Board meeting on 17 May 2016, the documents indicate that the GE paper was discussed at a GE meeting on 13 May 2016: in an email to Mark Davies on 21 May 2018, Jane MacLeod stated that the GE paper was “*walked in to [sic] the end of the GE meeting on 13/5*” (**POL00103199**). The May meeting of the POL Board was held on 24 May 2016. The minutes of the meeting record that Jane MacLeod introduced the report on the Postmaster Litigation and gave a verbal (i.e. oral) update on the High Court claim as described in the Noting Paper (**POL00021542; POL00027219**). As far as I can see from the documents, these were the first occasions on which the GE and POL Board discussed the litigation.

1319. I do not recall the discussions at the GE or the POL Board meetings about the initial strategy set out in the two briefing papers. The main strategic issue which Jane and Rodric had identified in the papers was whether POL should agree to the Claimants’ proposal of a GLO. The essence of their advice was that the point could potentially be argued both ways, but that no decision should be made until POL had seen the full details of the claim. A secondary strategic issue was whether POL should agree to the Claimants’ proposal of mediation.

Jane and Rodric's view on mediation was, again, that POL would not be able to take a view until it had seen details of the all the claims. However, they would keep the possibility of settlement discussions under review. From my reading of the papers, the GE and the POL Board were not asked to make any decision on strategy. I was in no position to agree or disagree with how the lawyers were proposing to deal with these strategic issues.

1320. I do have a clear recollection that I told Jane MacLeod, not necessarily at the GE or POL Board meetings but certainly at an early stage after I became aware of the litigation, that I was unhappy that POL was now in legal proceedings with former SPMs. This did not seem right, and I felt that there should be a different way of handling matters. I knew, however, that while POL would not have wanted the litigation, it now had no choice but to engage and follow the court process. We had at least two conversations on this topic, two of which I remember reasonably clearly. I remember Jane telling me the first time, that there could be options to settle out of court but that we would need to wait for the details of claim. The second time, she was less sure that settling was an option and, with regret, she thought that the litigation was the only way of getting answers to the questions raised in the claim.

1321. I can see from (**POL00103200**) that, on 21 May 2016, I emailed Jane and others a list of questions arising from my reading of the paper for the Board and the discussion at the GE meeting. The email at the top of (**POL00103200**) sets out both my questions and Jane's answers. I discuss this email chain further in my answers to Questions 128 to 131, but it is worth noting at this

stage the questions I asked about the management and governance of the litigation:

- a. I asked who we had engaged as our primary legal advisors alongside Bond Dickinson, and whether they were experienced and streetwise enough. I mentioned that Linklaters may have been mentioned as another possibility. Jane responded that Bond Dickinson had been instructed on the basis that their assistance on Project Sparrow meant that they had a deep understanding of the history, the individual cases, and the political sensitivity of Sparrow. POL had also now engaged Anthony de Garr Robinson QC, a leading commercial barrister, who had extensive experience of group litigation. Anthony de Garr Robinson QC would be key to developing and implementing a litigation strategy. While Linklaters had given some advice in the past, they did not have an in depth understanding of the issues, and the engagement of a magic circle city firm would reinforce the impression that POL was taking a heavy-handed approach.

- b. I asked who and what was our internal resource and governance for the litigation. Jane answered that the POL legal team – consisting of Jane and Rodric Williams – would work with Bond Dickinson. It had been discussed and agreed at the GE meeting on 13 May 2016 that Tom Moran would be the internal ‘client’ for these purposes, and his role would be to ensure that the overall strategy of the litigation process protected POL, its Network, and the attractiveness to future agents and SPMs. Mr Moran would be supported by a Steering Group comprising senior representatives from across the business. It was proposed at the GE meeting that the members

of the Steering Group would be Tom Wechsler (representing me), Angela Van Den Bogerd, Mark Davies, Patrick Bourke, a representative from Finance to be discussed, and in addition Rodric Williams, Jane, representatives from Bond Dickson and, when necessary, Anthony de Garr Robinson QC.

1322. I have a number of reflections on this part of the email:

- a. I have some recollection of the discussion at the GE meeting about who should sit on the Steering Group. Tom Moran, who was the General Manager of the Network with responsibility for Network Operations. I regarded him as an impressive person who had a good general knowledge of the business. His appointment was a sign that POL was taking this seriously. I remember the Group HR Director, Neil Hayward, saying at the meeting that POL needed to put its best people on the Steering Group. From recollection, these comments arose because there was some initial reluctance on the part of the functions affected by the litigation to allow their best managers, all of whom were very busy, to work on the Steering Group.
- b. The reason why I did not sit on the Steering Group was that the decisions that the Steering Group would be tasked to make would require detailed knowledge of both the litigation and the workings of each of the functions affected by the claims. For this reason, the membership of the Steering Group was to include senior managers from each of these functions. I would not have been able to immerse myself in the necessary detail alongside my other duties as CEO. Instead, Tom Wechsler sat on the Steering Group as my representative. Tom's attendance meant that there

was a channel of communication between me and the Steering Group outside any formal reporting by the Steering Group to the GE or the POL Board. I did not put in place any system or guidelines for Tom to update me on the activities of the Steering Group. I trusted him to use his judgment about whether any discussions or decisions by the Steering Group should be brought to my attention.

- c. Additionally, and importantly, Jane updated me about the GLO proceedings at regular one-to-one meetings and during ad hoc conversations as and when Jane wished to raise an issue with me. Within a short period of time, these became Jane's preferred line of reporting to me as she tightened up governance around legal privilege. Tom gave me occasional updates but Jane became the main channel of communication between me, the GE and the Steering Group.
- d. From my perspective, the individuals identified in Jane's email were the right group of people to manage the litigation. I thought they were an impressive and dedicated team, who would ensure that POL's internal expertise in the functions affected by the claim would be used to inform the decisions of the Steering Group.
- e. Jane's reply to my question about governance states that Tom Moran's role was to ensure that the overall strategy of the litigation process protected POL, its Network, and the attractiveness to future agents and SPMs. The reason why this was included in Mr Moran's role was that the funding agreement with the UK government for the Network Transformation Programme and the Network more widely contained

targets for the size and geographical accessibility of the Network. POL was obliged to make regular reports on the Network to Parliament. It was seen as important that the litigation strategy should take account of any impact it may have on POL's core duty to provide the public with essential services.

127.2. Please explain your experience of overseeing a company facing significant litigation such as the GLO. In your view, what level of oversight over the litigation by you and the Board was appropriate?

1323. I had no experience of dealing with significant litigation such as the GLO Proceedings. I cannot claim that I became familiar with the process of litigation during the GLO Proceedings: I did not have time to do so alongside my other duties.

1324. Based on my sole experience of large-scale litigation, I believe there are a number of aspects to good governance. A key consideration, which I raised at the very outset of the litigation (see my answer to question 127.1) was that the business should be represented by appropriately skilled and experienced lawyers. A second consideration, which I also raised at the outset, was that there should be a formal system of internal governance for the litigation. Another aspect of governance was that the business should ask questions and not avoid difficult topics. I was keen to do what I could to challenge and check POL's lawyers' rigour and governance.

1325. Substantial litigation such as the GLO Proceedings, poses a particular challenge for a business. I understood that the issues in the GLO Proceedings were complex on three levels: the law, the facts, and (for the Horizon Issues Trial) the technical IT issues, for which expert evidence was necessary.

1326. The legal team was heavily engaged on the details of the case for – literally – years. It was not possible for me or the POL Board to understand the case in anything approaching the level at which it was understood by the lawyers. The oversight challenge for the business arising from this was that the POL Board would not necessarily know what it needed to know in order to exercise oversight. In other words, the POL Board would not always know what information it should be looking at or the questions it should ask. A further challenge is that it is difficult for a board composed of non-lawyers to disagree with legal advice from respected lawyers, particularly if the advice appears to be well-rationalised.

1327. Consequently, we relied on the lawyers, not only to run the case competently and professionally, but also to ensure that matters which I or the POL Board needed to be aware of were escalated. The main mitigation to this challenge was the selection of skilled and experienced lawyers who could be expected to do this. However, the nature of litigation means that the business will operate, almost as a default position, on the basis that the lawyers and their legal advice can be relied upon.

127.3 Please set out your involvement with the GLO Proceedings. In particular, please address your involvement with POL's litigation strategy, explaining the reasons for the decisions you made. The following request below should not

limit your response to this paragraph.

1328. In line with the Inquiry's request, I have set out my involvement with the GLO Proceedings within the appropriate sections of my statement.

128. Please consider POL00025507 (email from Rodric Williams to PM Litigation Steering Group on 6 June 2016), POL00025508 (agenda for steering group meeting on 7 June 2016), POL00025507 (draft terms of reference), POL00025510 (Claim Form) and POL00025511 (Letter from Freeths to Rodric Williams on 28 April 2016).

128.1. Please describe where the Postmaster Litigation Steering Group sat in the management structure of POL. Please explain your involvement with or oversight of the group.

1329. The decision to establish the Steering Group was taken by the GE at its meeting on 13 May 2016: see the email from Jane MacLeod to me on 23 May 2016 (**POL00103200**).

1330. On 23 May 2016, Rodric Williams sent an email to the members of the Steering Group (**POL00110433**). These included Tom Moran, Angela Van Den Bogerd, Patrick Bourke, Mark Davies, Rob Houghton, Tom Wechsler and Nick Sambridge (**POL00110433**). Andrew Parsons would attend meetings as necessary depending on the issues being discussed.

1331. Rodric Williams stated in his email that:

"The Claim potentially poses significant legal, financial, operational and reputational risk to Post Office. Our response to it must therefore be

informed by more than purely legal considerations. To do this the GE has decided to establish a Steering Group headed by Tom Moran and comprising senior members from affected parts of the business. The Steering Group will then support and instruct the Legal team in its day-to-day management of the Claim.

“The Steering Group’s work will develop and change as the litigation progresses. To begin with, the Steering Group will meet once every two weeks for an hour to work through a standard agenda (see attached).”

1332. (POL00025508) is the agenda for what appears to have been the initial meeting of the Steering Group on 7 June 2016. I note that one of the first items on the agenda was the Steering Group’s terms of reference. The Inquiry has referred me to (POL00025507) as being the draft terms of reference, but that is the URN for an email from Rodric Williams to the members of the Steering Group on 6 June 2016, to which he attached a draft of the terms of reference and other documents. I assume that the Inquiry intended to refer me to (POL00025509), which is a draft term of reference for the Steering Group dated June 2016. The draft set out the Steering Group’s objectives and responsibilities as follows:

- a. The objectives of the Steering Group were to ensure that POL’s defence of Group Litigation protected the Network, was proportionately managed, did not place unplanned constraints or resource burdens on POL, and was consistent with business as usual practices, processes and procedures.
- b. To achieve these objectives, the GE had agreed that the Steering Group would undertake the following responsibilities:

- i. To provide a forum for cross-business discussion of claim-related business as usual issues so that all relevant matters were considered when making a decision.
- ii. To provide instructions to POL's legal team on business as usual/commercial matters.
- iii. To maintain and progress an Action Plan for claim-related activity, and monitor the resources required to deliver against that plan.
- iv. To sign off key claim-related documents.
- v. To monitor and approve claim-related expenditure.
- vi. To review, challenge and sign off any communications plans developed as a consequence of the claim.
- vii. To report matters to the GE as appropriate.

1333. The Inquiry has asked me where the Steering Group sat in the management structure of POL. As stated in the documents mentioned above, the Steering Group was given its responsibilities by the GE and had a reporting line to the GE. The members of the Steering Group were all senior managers within their functions and included two members of the GE (Rob Houghton and Jane MacLeod) and two regular attendees of the GE (Tom Wechsler and Mark Davies).

1334. I had very little direct involvement that I can recall in the Steering Group after the GE agreed to establish it in May 2016. I do not know if I saw the Steering Group's terms of reference. It is likely that Jane MacLeod discussed them with

me at a one-to-one and at a GE. As I was not a member, I did not receive the papers prepared for the Steering Group by POL's internal and external lawyers. There were regular GLO updates by Jane to the weekly GE meeting. Additionally, Jane would provide updates to Al Cameron and me and other GE Directors on important decisions or discussions of the Steering Group, often before some of these matters came to the Board: see for example (**POL00024292; POL00024308; POL00024199; POL00024700**).

1335. On 13 June 2016, Tom Wechsler sent me an email in advance of a one-to-one meeting between Jane MacLeod and me in which he set out an agenda and commentary from Jane (**POL00110441**). Tom informed me that what he called the "*Sparrow litigation group*", i.e. the Steering Group, had now met and agreed ways of working. He told me that Jane would update me on those ways of working and on the Parker Review: "*Going forward, this is the regular way I which we [sic.] will keep you informed as there is a need to keep written material to a minimum and to protect what there is with legal privilege. I will of course let you know of any significant developments as they happen.*" It is not clear whether "*I*" in this part of the email is Tom or Jane but, as I have already indicated, both Jane and Tom were channels of communication between me and the Steering Group.

128.2. Whose responsibility was it for co-ordinating the business to ensure that POL's corporate knowledge was available to the Steering Group?

1336. Tom Moran, as Chairman, was responsible for ensuring that relevant corporate knowledge was available to the Steering Group. I regarded Tom as an

impressive and dedicated manager who would ask the right questions and get things done.

1337. The members of the Steering Group were chosen because they were senior managers in their own functions. For example, Rob Houghton as CIO was POL's most senior IT manager. Angela Van Den Bogerd was a senior Network manager and was heavily involved in Sparrow and the Mediation Scheme. Rodric Williams had been involved in the legal issues arising from Sparrow, including prosecutions. My belief at the time was that these individuals would either know the relevant information themselves or know how to source the information from within their functions.

128.3. In your view, should the steering group's terms of reference have included words to the following effect "ensure the claims are handled fairly".

1338. I am not certain that I saw the Steering Group's terms of reference, but I would not have objected to the inclusion of words to the effect that the claims should be handled fairly. I should not speculate on why this language was not included by those who drafted the terms of reference. From my perspective, it went without saying that POL would approach the GLO with fairness. The colleagues I worked with on the POL Board and GE were individuals with great integrity. It would not have occurred to me that the point needed to be said. I had worked with the members of the Steering Group for many years and trusted them to manage the litigation with integrity and fairness towards the Claimants.

128.4. What do you understand the following objective to mean: "protects the Network"?

1339. My understanding of the Steering Group's objective of protecting the Network was that POL was obliged as part of the government's funding of the Network Transformation Programme, and of POL more generally, to maintain a stable Post Office network in accordance with targets set by the government for the size of the Network and the geographical accessibility of Post Offices to the UK population. I believe this objective was intended to direct the Steering Group to take into account the impact of the litigation on the confidence of serving SPMs and future recruits. This went to the heart of POL's purpose of serving the public. This was an obligation POL took very seriously.

129. Please consider POL00103171 (email from Tom Wechsler to you on 29 April 2016) and UKGI00006685 (email from you to Board members on 2 May 2016).

129.1. Please set out to what extent you briefed (a) Tim Parker (b) the POL Board (c) representatives from ShEx/UKGI and (d) BEIS or the relevant department on POL's strategy and conduct of the GLO Proceedings, throughout the relevant period. For each Board or committee meeting below, please set out to what extent, if at all, Board members or other POL employees were involved in decision making in relation to or otherwise asked questions or made challenges in respect of (a) the merits of POL's defence to the GLO Proceedings and its litigation strategy and (b) POL's ongoing actions in respect of convicted SPMs.

1340. The Inquiry has asked me to set out the extent to which I briefed (a) Tim Parker; (b) the POL Board; (c) ShEx / UKGI; and (d) BEIS on POL's strategy and conduct of the GLO Proceedings. I will deal with Mr Parker and the Board together and the UK Government bodies together.

1341. It is my recollection, and the documents in disclosure indicate, that I very rarely briefed any colleagues at POL on POL's strategy and conduct of the GLO Proceedings. Briefings to the POL Board on the GLO Litigation (and not only on strategy but procedural and logistical matters) were primarily the responsibility of Jane MacLeod as GC. On occasion, POL's external lawyers, Bond Dickinson and / or its lead counsel, Anthony De Garr Robinson QC and David Cavender QC, would attend Board meetings to give advice directly to the Board.

1342. I have not been shown any documents to indicate that I briefed Tim Parker on the GLO Proceedings outside the setting of POL Board meetings or communications with the POL Board. I can see from an email on 13 May 2016 to Tim from Jane MacLeod (**POL00103194**) that Jane was to give Tim fortnightly updates on the GLO Proceedings and the Parker Review. Moreover, Tim was a member and the Chairman of the Board Postmaster Litigation Sub-Committee from its establishment in March 2018 and received additional updates on the GLO Proceedings in that capacity. I should mention that Tim and I had weekly one-to-one conversations. I cannot recall any specific examples or topics, but I am sure that we discussed the GLO Proceedings from time to time. I tended to defer to Jane's knowledge of the case when it came to POL's strategy and conduct. If I thought Tim needed to be updated in relation to a legal issue or issue of strategy I would either ask Jane to brief Tim or ask her to join us when Tim and I were meeting. Additionally, as GC and Company Secretary, Jane also met with Tim on a frequent one-on-one basis.

1343. I have identified a number of communications with the POL Board in which I gave information or expressed an opinion about POL's strategy and conduct of the GLO Proceedings. I believe that a number of documents relevant to this question have been uploaded to the Inquiry's Relativity site this week. I have not yet had a chance to review them.

- a. In an email to the POL Board on 2 May 2016 (**UKGI00006685**) I informed the POL Board about POL's approach to media enquiries about the GLO Proceedings. I address this email further in my answer to Question 129.2.
- b. My CEO report for the POL Board meeting on 26 September 2016 (**POL00103259**) contained an update on the GLO Proceedings on page 6. The update was largely concerned with timetabling and procedure, but it mentioned that the GLO Proceedings should determine the amount of detail that the Claimants must give about their individual cases, on which I commented: "*more is better for Post Office; less for the Claimants*".
- c. My CEO report for the POL Board meeting on 31 January 2017 contained an update on the Claimants' application for a Group Litigation Order, to which POL would be consenting (**POL00104103**). Since the Claimants were likely to present any outcome as a victory, my report stated that POL proposed to respond positively along the lines that it welcomed the Court's decision as this offered the best opportunity for the matters in dispute to be heard and resolved.
- d. On 19 October 2019, I emailed the POL Board with my view that POL needed to make changes to how it presented its case following Fraser J's criticisms of POL's conduct and attitude in his judgment dismissing an

application by POL to strike out parts of the Claimants' evidence (UKGI00008549).

1344. As CEO I was involved in briefing the Postal Affairs minister and officials about the GLO Proceedings. I had meetings about the litigation with Kelly Tolhurst MP (the Parliamentary Under-Secretary for BEIS) on 3 September 2018 and with Alex Chisolm (the Permanent Secretary for BEIS) on 17 October 2018. I address these meetings and refer to the relevant documents in my answer to Question 168.

129.2. Please explain the communications policy POL adopted in respect of the GLO and why you considered it to be appropriate.

1345. I have approached Question 129.2 on the basis that it asks about POL's policy in relation to three forms of communications: (a) external communications; (b) internal communications; and (c) communications with stakeholders. In accordance with what I understand to be the purpose of Question 129.2, I confine my answers to evidence of the policy or approach that POL adopted in these areas, as opposed to decisions about individual communications.

1346. I have no real recollection of POL's communications policies during the GLO Proceedings. My evidence is therefore very much drawn from the documents disclosed by the Inquiry.

External communications

1347. On Monday 2 May 2016 at 14:22, I emailed the POL Board about recent media coverage of the GLO Proceedings and shared with the POL Board an update

from Jane MacLeod on her first reaction to the contents of the Claimants' letter before claim (**UKGI00006685**).

1348. I wrote that, as the articles in The Sunday Times and the Mail over the weekend made clear, the Claimants were already involving the press. I informed the POL Board that POL would take a different approach based on legal advice. Now that the matter was the subject of Court proceedings, the Court was the proper place for discussion of the issues. Therefore, POL's response to enquiries would be limited to acknowledging that it had received the claim and that it would respond through the legal process. I stated that we would review the communications strategy in parallel with the development of a litigation strategy, and that the POL Board would be updated on both. I had asked for a briefing paper to be prepared for the POL Board's May 2016 meeting.

1349. The terms of reference for the Steering Group stated, in paragraph 2.2 (f), that the responsibilities of the Steering Group included reviewing, challenging and signing off any communications plans developed as a consequence of the claim (**POL00025509**). Mark Davies, POL's Communications Director, sat on the Steering Group.

1350. (**POL00006440**) is a decision paper by Bond Dickinson for a meeting of the Steering Group on 12 July 2017. The question to be decided was whether POL should change its communication strategy. The first section of the paper, entitled "*Background*" indicates that as of July 2017, POL's external communications strategy remained that it would issue short and neutral statements to the effect that POL would not comment on live litigation.

1351. There were two reasons why a change in approach was being considered at this time. First, it was considered likely that POL's Defence (which was due to be served on 18 July 2017) would leak to the press. Second, 26 July 2017 was the deadline for any potential claimant to join the GLO Proceedings. It was likely to be announced that around 400 to 500 (mostly former) SPMs had joined the GLO, leading potentially to adverse publicity.
1352. As an alternative to its current approach to external communications, POL could adopt a more partisan messaging strategy, based on the strength of its Defence and the weaknesses in the Claimants' claims. Bond Dickinson's recommendation was that POL should not change its external communications policy at this stage. In their view, it should maintain its current reactive and neutral communications strategy unless there was a significant increase in media reporting. The disadvantage of adopting a more aggressive strategy was that it could create media interest where there was currently none. In any case, the media tended to side with SPMs regardless of POL's messaging.
1353. On 29 July 2017 at 10:49, Alwen Lyons sent the POL Board an update on the litigation from Jane (**UKGI00006959**). She reported that POL's communications approach would continue to be that the SPMs had sought to resolve this matter through the Courts and that was the appropriate forum through which the issues should be resolved. Therefore, POL did not plan to make any external comment beyond that POL was aware of a claim and was defending its position through the legal process. To do otherwise would only serve to provoke further coverage.

1354. However, on the same day that Alwen sent Jane's update to the POL Board, Jane suggested to the members of the Steering Group that POL should have an additional response line that could be used if the remote access issue came up (**POL00024967**). Jane's suggested wording was: "*We are aware of a claim and we are defending our position through the legal processes. We welcome the opportunity for these allegations to be considered and resolved through the Court process.*"

1355. Jane's wording appears to form the basis for a new standard response to media inquiries, though with the addition of points about the number of Horizon users and the number of transactions processed through the system:

- a. On 31 July 2017 at 20:46, Alwen Lyons forwarded to the POL Board a message from Mark, which I note he had prepared at my request (**POL00110697**). Mark had been approached by The Financial Times, which had requested information and comment about the GLO Proceedings. In his email, Mark summarised his response to The Financial Times: POL had confirmed to the newspaper that it was defending the proceedings and welcomed the opportunity to do so in Court. It had also highlighted the number of Horizon users since the system was introduced and the number of transactions it handled. However, POL would not comment further.
- b. On 2 August 2017 at 17:42, Mark Davies emailed a group, which included me, about a press release by the JFSA (**POL00110699**). Mark stated that POL had a "*standard line*" that it was defending GLO Proceedings, that it

welcomed the opportunity to do so in Court and highlighting the number of Horizon users since its introduction.

- c. Similarly, in an email on 20 October 2017 at 9:47, Mark Davies reacted to concerns expressed by me about media interest in the Case Management Conference, stating “*our lines are standard ones and we will hold on them...*”

1356. POL adopted a different communications plan in the lead up to and during the Common Issues Trial and the Horizon Issues Trial. I have not seen a finalised plan for the trial period, but a number of documents disclosed by the Inquiry set out POL’s approach in similar terms. (POL00111196) appears to be a briefing paper by Mark Davies on POL’s media activities during the trial period. It states on page 3 that POL’s strategy was:

- a. Develop a clear set of reactive lines to take for media. It was not recommended that POL should take a proactive approach, although POL would be prepared for rapid rebuttal where necessary and would proactively ensure that our position was reflected in external coverage of the trial.
- b. Engage with stakeholders and partners in advance of the trial to raise awareness and set out our approach.
- c. During the trial monitor and assess coverage across all media channels.
- d. Provide regular updates on media penetration and sentiment to internal stakeholders.

- e. Plan other communications carefully to avoid unhelpful clashes.
- f. Deploy external expertise through an agency with substantial experience of handling disputes such as this.

1357. Paragraph 1356(f) above, is likely to be a reference to Portland Communications, an external public relations agency, which assisted POL in its handling of the media.

1358. Page 4 of Mark's paper stated that POL's tactics would be not to comment beyond a standard headline statement, other than to intervene when media coverage was factually inaccurate. A proactive approach would risk both irritating Fraser J and fanning the flames of the coverage, with the unintended consequence of increasing interest in the trial among external audiences.

1359. The briefing set out on page 11 is the suggested POL standard response to media enquiries:

"We're defending this case vigorously and welcomed the Group Litigation Order issued by the Court as offering the best opportunity for matters in dispute to be heard and resolved. We will not comment on specific details outside of public hearings while the litigation is continuing.

We have confidence in the Horizon system, which is robust, reliable and used across 11,500 branches by postmasters, agents and their many thousands of staff, to process millions of transactions successfully every day, including on behalf of the UK's high street banks."

1360. My email to a group of POL managers on 21 February 2019 at 13:21 (POL00111699), shows that I was aware of this approach. At the bottom of the email chain, Tom Cooper asked whether the Court could protect POL from journalists overstating the evidence about Horizon.

1361. I replied to Tom that we should defend robustly but avoid adding extra coverage. As before we should hold our ground: *“the system is robust. And not comment any further during the trial. So ‘aggressive’ no, robust – absolutely no question.”* Further down in my email I referred to the objective of POL’s approach and strategy to communications during the trial. This was *“to minimise coverage in the mainstream media. Therefore we don’t engage in any public debates, we have strong lines but we add no oxygen by commenting or engaging. This is not news despite how the claimants will present it as that; our approach is to curtail interest as much as possible”*. I cautioned against considering using legal tools such as injunctions and demands for apologies. Mark agreed with me in an email at 14:19 on 21 February 2019. He stated that our external communications strategy was to minimise negative comment by holding the robust line we had deployed throughout, while also taking steps to challenge and rebut inaccurate representations and brief journalists about the nature of the claims against POL. I believe that POL’s external communications policies were appropriate. This was for two reasons. First, POL believed that it would be inappropriate for POL to discuss the dispute with the SPMs in the media. The litigation involved many personal details about the SPMs and we believed that the only proper place to discuss the case was in court. Second, we felt there was a risk that detailed reporting of the GLO Proceedings could

lead to misunderstandings or sensationalised stories which could undermine the confidence of the network.

Internal communications

1362. POL's approach to internal communications about the GLO Proceedings was not so much a policy as the implementation of legal advice from Jane MacLeod. Jane was risk averse as a lawyer. I remember that one of Jane's overriding concerns during the litigation was that POL should not inadvertently lose privilege in legal advice. On 21 May 2016 at 15:35, Jane sent an email to a group of senior POL managers, which included me, setting out how we should handle internal communications about the GLO Proceedings (**POL00117702**).

1363. Jane advised that board papers, minutes, emails and other correspondence relating to Sparrow and the GLO Proceedings could become disclosable. Therefore, all correspondence in any form relating to the GLO Proceedings must be addressed to either Rodric Williams or Jane, any other individuals must be cc'd only (and these must be kept to a minimum), and any emails about the litigation must contain the words "*Request for advice*" in the subject line. Further, such emails should not be forwarded to any third person, whether inside or outside POL.

1364. Rodric sent a similar communications protocol to the members of the Steering Group on 22 June 2016 at (**POL00021700**). All documents, including emails, should be marked "*Confidential and Subject to Legal Privilege*", documents connected to the claim should not be forwarded or circulated beyond their initial distribution list, care should be taken when creating new documents which concerned the litigation, documents that may be relevant should not be

destroyed, and the members should consult the legal team if they were in any doubt about a document. I had no reason to question the appropriateness of this legal advice.

Communications with stakeholders

1365. Again, I would not necessarily term it a policy as such, but I can see from the documents that POL was aware that it needed to communicate its position in the GLO Proceedings to stakeholders, including the UK Government. I mentioned this in my email to a group of POL managers on 23 May 2016 at **(POL00103201)**, where I stated that we needed to keep ministers and MPs briefed and calm in the run up to the next general election, and to manage to CWU and NFSP. In particular, I considered that one of POL's objectives with ministers was to avoid them making public statements of opinion at this stage, which could potentially inflame matters, especially in relation to Lord Arbuthnot, who was a prominent critic of POL and who was also in communication with Alan Bates and the JFSA.

1366. In her reply to my comment in the same URN, Jane MacLeod stated that while managing stakeholders was important, POL needed to understand the risks to both them and POL in such briefings. I address this aspect further in my answer to Question 129.3.

129.3. Did you and / or senior management at POL aim only to give the least amount of information necessary on POL's conduct and strategy in the GLO Proceedings to third parties?

1367. I do not believe I had this aim, and I was not aware of others having this aim.

As mentioned above, Jane MacLeod was extremely cautious about the loss of privilege. I had a broad understanding that POL was entitled not to share with third parties any legal advice, including about conduct of the litigation and strategy. I recall from the time that the need to protect privilege was a major overriding concern of Jane's.

1368. From my perspective and recollection, POL's approach to communications with third parties was determined by the need to protect POL's legal position and not by any general reluctance to provide information. It seemed to me entirely sensible that a party to high value litigation would not want to share its legal strategy any more than necessary. This is encapsulated in the GE paper about the GLO Proceedings at (**POL00117704**). It stated that communications about the litigation with stakeholders such as the government and the NFSP should be limited to appropriate updates as part of an agreed communications plan, so as to maintain confidentiality in the legal advice received and the strategy and tactics POL adopted in its defence of the claim.

1369. I have seen some documents which show individuals within POL expressing reluctance or caution about sharing information with the government:

- a. In her email to Tim Parker on 15 April 2016 (**POL00103161**) Jane referred to his upcoming meeting with the minister, Baroness Neville-Rolfe. Jane said that it was likely that her House of Lords colleague, Lord Arbuthnot, had been briefed by the JFSA and that POL needed to be careful about what the minister said to Lord Arbuthnot.

- b. (POL00103171) is an email from Tom Wechsler to me on 29 April 2016 with feedback on a meeting between Tim Parker and the minister Baroness Neville-Rolfe. It records in paragraph 4 that Tim gave the minister some limited details about the claim but stated that he was unable to tell her much more until POL had received Particulars of Claim. In an email on 17 June 2016 at (POL00041246), Rodric Williams raised the possibility that Baroness Neville-Rolfe might share a letter from Jane MacLeod containing privileged information with Lord Arbuthnot.

1370. I do not know whether Rodric's concerns were justified or not. I do remember from the time a concern that the government might inadvertently share with Lord Arbuthnot information about the GLO Proceedings it had received from POL. These emails appear to reflect those concerns.

130 Please consider POL00027221 (minutes of Group Executive meeting on 13 May 2016). Please describe what discussion the group had on the GLO Proceedings.

1371. The GE met at Finsbury Dials on 13 May 2016 in the morning (POL00027221). The Inquiry has asked that I explain what discussion the group had on the GLO Proceedings in that meeting.

1372. Under AOB in that meeting, it states:

"Sparrow. JM gave a verbal update on the Sparrow litigation".

1373. The minutes should have been clearer that, in addition to the verbal update which Jane MacLeod gave, she also produced a draft document which she

walked into the meeting. By “walked in”, I mean that she brought copies to distribute, and collected those copies back at the end of the meeting.

1374. I know this not because of my memory but because of other documents I have seen in preparing this witness statement. For example, Jane sent an email to Mark Davies on 21 May 2015 attaching “*Board Paper re Bates v. POL (17.05.16).docx*” (emphasis added) (**POL00103199**):

“Mark

“Apologies – I hadn’t realised you weren’t sighted on this.

“The GE paper was walked in to the end of the GE meeting on 13/5.

Thinking about it, you had had to leave a bit earlier I think – and if I have correctly remembered it, then that would explain your dilemma – for which I apologise. The main purpose of that paper was to explain the litigation timetable (assuming that the matter went all the way through – I didn’t want people to think that this would be all over anytime soon) and to lay out the path for (a) getting agreement on who the internal ‘client’ would be (agreed as Tom Moran representing network) and (b) getting agreement for the establishing of the steering committee – on which Comms would be represented (although it hasn’t met yet). The Board paper (attached) is a slightly cut down version of that paper and Paula’s questions arise from the Board paper.

“I hope once you have had a chance to look at the two papers, things will be clearer and hopefully you will be more comfortable, but please let’s chat

on Monday. I won't reply to Paula's email from earlier today until we have had a chance to speak.

"Sorry..."

"Jane"

1375. Although this is clearly a later version of the paper, being dated 24 May 2016, I believe this is the paper at (**POL00006805**). I think that because Jane refers to the GE paper, on 21 May 2015, as the "*Board paper*". Jane does not suggest there is anything new in the Board paper, as compared to the GE paper, but rather some things have been removed.

1376. Reading that Board paper with Jane's email above, the discussion at the GE appears to have covered:

- a. A summary of the Claimants' allegations;
- b. The anticipated timeline of the litigation;
- c. The costs of the litigation;
- d. POL's objectives in the litigation, its main objectives being defined by Jane as:
 - i. Proportionately manage Post Office's legal defence; and
 - ii. Protect the Network going forward so that Post Office and current agents have confidence in our systems;
- e. A discussion of the stakeholders;

- f. A discussion of who the internal client should be, with the conclusion that it should be Tom Moran; and
- g. Getting agreement for the establishment of a Steering Group.

1377. This email jogs my memory of some discussion in the meeting. I do recall that I urged my colleagues to release their best team members to enable them to work on this project. This was how Tom Moran came to be involved. He was, in my view, the best person from the network to work on this and a really good, really talented manager. Angela Van Den Bogerd was also a valuable member of this team on account of her significant memory of the detail of Project Sparrow. Patrick Bourke was a senior manager in legal who was well respected.

1378. I sent an email on 21 May 2016 raising “[a] couple of questions (some building on the GE discussion so I have the answers documented”. By context, that must be a reference to the 13 May 2016 GE meeting. The questions I asked were:

“1) who have we engaged as our primary legal advisers alongside BD? If BD alone, are they equipped - experienced enough and street wise enough? And do they have specialism/experience in point 3 below? (You may have mentioned Linklaters in this context?)

2) who/what is our internal resource/governance?

3) I won't describe this correctly but you will follow my point (it relates to Sir Tony Hooper's concern and one of the issues at the heart of the Hillsborough case): can we (Al, Neil, Kevin and myself) have a deep dive

on the issues related to the (im)balance of power of the institution vs the individual. We need to understand this irrespective of Sparrow.

4) the paper is well written, balanced and reassures me we will handle it well. Thank you. Notwithstanding ... could you/Mark put on your blackest hats and think through the worst outcomes: I would like a downside horizon scan. Eg., are there any judicial review or (mis)use of public funds angles at all - costs expended to date, failure of our own mediation scheme.

5) Horizon expert - the board note doesn't cover this: we need to brief the new NEDs and remind the others - could you/Tom give me a speaking note.

6) Stakeholders section: paras 22 and 23 - needs to include more on political, Government and IR stakeholders. Eg .. keeping ministers and MPs briefed and calm in the run up to the next GE; managing the CWU/NFSP; specific journalists and media interest; etc. Could Mark/Tom provide a speaking note."

1379. My email ended by saying, "Thanks for a good and clear paper", that being further confirmation that we considered Jane's paper at the GE.

131. Please consider POL00117702 and POL00103201 (your email chain with Jane MacLeod and others on 21/23 May 2016).

131.1. Please set out in full your concerns regarding briefing the Board on Horizon and the GLO Proceedings.

1380. This question refers to my email to Jane MacLeod and others on 21 May 2016 with a list of questions arising from the POL Board "Postmaster Litigation"

paper (which is at (POL00006805)) and the discussion at the GE meeting on 13 May 2016, together with Jane's reply to me with her answers on 23 May 2016 (POL00103201).

1381. I do not recall being concerned to brief the POL Board in the sense of being reluctant to brief the POL Board. I had a concern when the litigation began, which is reflected in the questions I asked Jane, that neither I nor the other POL Board members had experience of dealing with litigation, certainly of this size and importance. I wanted to ensure that the business was supported with appropriate legal advice (my first question to Jane in my email) and that there would be governance for the management of the litigation (my second question to Jane).

1382. I was also concerned that the POL Board should be equipped to scrutinise the litigation and consider the risks. I asked Jane in my fourth question in my email if she and Mark could put on their "*blackest hats*" and think through the worst outcomes and produce what I called a "*downside Horizon scan*", for example whether there were risks arising from judicial review or allegations of the misuse of public funds. This kind of risk analysis is an essential part of running any business, the idea being to have solutions or mitigating actions ready if the risks materialise.

1383. In the final point in my email, point 7, I stated that I wanted to ensure that we shared all angles with the NEDs, so that they were aware of how noisy and difficult it could become. Some of the non-executive directors were new to the Board and may not have been aware of the level of media scrutiny and reporting that the litigation would attract. Another reason why I wanted the non-

executive directors to be fully informed was that their independence from the executive management and experience of other businesses meant that they were a good source of internal scrutiny.

131.2. Did the risk of papers to the Board and / or minutes of meetings being disclosable documents affect (a) what was recorded in papers or (b) what was minuted in meetings?

1384. Before Jane sent her response to my questions, she sent me an email on 21 May 2016 with advice on privilege (**POL00117702**). Jane stated that all POL Board papers, minutes, emails and other correspondence were now potentially disclosable and subject to Freedom of Information Act ("**FOIA**") disclosure. Therefore, any correspondence in any form relating to Sparrow and the matters subject to litigation must be addressed either to Rodric Williams or Jane herself, other recipients should only be copied and kept to a minimum, and emails must contain wording in the subject line that it is a request for legal advice.

1385. This email was typical of Jane's way of working. I thought that Jane was a good lawyer who always wanted to do the right thing as GC. One of Jane's characteristics was that she was extremely risk averse. As I have said, it was one of her ongoing concerns during the litigation that POL should not inadvertently lose privilege in its legal advice.

1386. Minutes of the GE and POL Board meetings often mention that the GE or the Board was given a verbal or oral update on Sparrow or the litigation. There may have been different reasons for this on different occasions. The minutes of the GE meeting on 13 May 2016, for example, refer to a verbal update on the litigation, with no mention of the "*Postmaster Litigation*" paper for the

meeting (**POL00027221**). What appears to have happened is that the paper for the GE was not ready for the meeting and, in Jane's words in her email to Mark Davies on 21 May 2018 at (**POL00103199**), it was "*walked in*" at the end of the meeting. I also remember Jane informing me that if privileged information was put or embedded in a non-privileged document it may lose its privilege. I do not recall if this was the reason why minutes often recorded only that the GE or the POL Board was given a verbal or oral update.

131.3. What did you mean when requesting "a deep dive on the issues related to the (im)balance of power of the institution vs the individual. We need to understand this irrespective of Sparrow".

1387. I cannot go much further than what I wrote in the email. I wanted POL to examine its relationship with SPMs to see whether there was any force in the Claimants' case that the relationship was unfairly biased towards POL. If the balance was not right, we would want to correct that regardless of how the litigation progressed.

1388. Jane advised me in her reply that one of the themes underlying the claims turned on the nature of the contract between POL and SPMs and whether POL had breached duties of good faith. The legal team was going to develop its response to the letter before claim over the next two months with a view to determining whether there were weaknesses in POL's position. Any weaknesses would be identified with a view to addressing them through business as usual, as well as determining the right strategy to address them in the litigation. Tom Moran and the Steering Group would be critical to this analysis so that POL would achieve the right balance. Commercially, POL must

ensure that the outcome of the litigation was to validate that the balance of power was and is fair. The output of the review of POL's position and any recommendations would be discussed by the GE. I accepted Jane's advice and explanation as a sensible way of examining the balance of power issue.

131.4. Please consider "Both QCs that we interviewed recommended that we address the 'Rudkin' allegation – that is whether it is possible for PO/Fujitsu to remotely alter branch transactions without this being visible to the Postmaster". Please set out what your knowledge of Fujitsu's remote access privileges was at this point.

1389. At this stage, in May 2016, I remained of the belief that neither POL nor Fujitsu could change transactions or branch data remotely, without the knowledge of the relevant SPM.

132. Please consider POL00027219 (minutes of the POL Board meeting on 24 May 2016) and POL00027218 (the agenda). Was there any discussion of the GLO Proceedings?

1390. The minutes of the POL Board meeting on 24 May 2016 record that Jane MacLeod introduced the report on the Postmaster Litigation and gave a verbal update on the High Court claim, as described in the noting paper. Jane proposed that POL should continue to instruct Bond Dickinson, who had detailed knowledge and experience of the claims, and that Anthony de Garr Robinson QC had been interviewed and instructed to act for POL. I believe that the report mentioned in the minute is the POL Board paper entitled "*Postmaster Litigation*" at (POL00006805). This was almost certainly the first occasion on which the POL Board as a whole had discussed the litigation. I cannot

remember what Jane told the POL Board in her oral briefing or any discussion among the directors.

133. Please consider POL00110441 (emails from Tom Wechsler and Jane MacLeod to you dated 10/13 June 2016).

133.1 Please describe all discussions you had regarding stopping the Chairman's review (or acting on recommendations drawn up by Jonathan Swift) because of the GLO proceedings. Did you consider it appropriate to pause the review or actioning recommendations which were intended to remedy issues within POL and Horizon?

1391. In Tom Wechsler's email to me of 13 June 2016, he describes that updates on the Parker Review would be given to me by Jane and that "*there is a need to keep written material to a minimum and to protect what there is with legal privilege*" (POL00110441).

1392. I am aware that Anthony de Garr Robinson QC had given "*strong advice*" that "*the work being undertaken under the aegis of [the Parker Review] should not continue in light of the litigation*" but that "*the subject matter of that work should continue provided it is re-scoped and re-instructed for the purposes of the litigation*" (POL00110442) in June 2016. Jane MacLeod made me aware of this and briefed me on the consequences. Jane did not invite me to make a decision - it was not my review to stop.

1393. Bond Dickinson wrote to POL on 21 June 2016 "*to confirm the advice given by Tony Robinson QC at a conference held on 9 June 2016*" (POL00006601). This amounted to the proposition that "*Mr Parker's review should cease*

immediately” but that the fourth, fifth, sixth and eighth recommendations of Jonathan Swift QC should continue to be implemented.

1394. I did not see that advice. Jane sent it to Tim (**POL00022764**).

1395. I cannot recall any other discussions in which I was involved regarding stopping the Parker Review.

1396. I am asked by the Inquiry whether I considered it appropriate to pause the review or actioning recommendations which were intended to remedy issues within POL and Horizon. As I have said, this is something which Jane briefed me on in June 2016. But I did not understand that the Parker Review had stopped: rather, I understood that the same recommendations continued to be pursued appropriately, but that this was under the “*aegis*” of a response to the litigation rather than as part of a standalone piece of work. Given that this was as a result of advice from our QC, I was content that it should be done in this way.

133.2 To what extent, if at all, did the GLO Proceedings influence POL’s action in respect of past convictions of SPMs based on Horizon data. If it had any influence, please explain the justification for the same.

1397. On 24 May 2016, Rodric Williams emailed Jonathan Swift QC (copying Christopher Knight) and asked (**POL00103207**):

“Now that POL has been sued, is it reasonable for POL to address any further steps it might reasonably take in respect of the SPMR cases through the proceedings, rather than in response to your report and recommendations?”

1398. As I have set out above in answer to the Inquiry's questions concerning the Parker Review at paragraph 1256.d, I was aware that there was a rationale for stopping the response to Jonathan Swift QC's recommendations being a standalone task, and making it part of POL's response to the litigation. However, aside from this, I did not think that the litigation changed POL's approach to past convictions. For example, I thought that POL was continuing to comply with its disclosure obligations and continuing to engage with the CCRC.

134. Please consider POL00103220 (email from Tom Wechsler to you dated 4 July 2016). Please explain the background to this correspondence on the review of Seema Misra's conviction.

1399. On 4 July 2016, Tom Wechsler wrote to me by email with "*details from Rod on the Misra case*" (**POL00103220**). The Inquiry directs my attention to this correspondence and asks me to explain the background to it.

1400. I see that Tom says in his email that this is "*further to my last message*". I have not been able to identify an earlier message from Tom on this topic and so I am unable to explain what this refers to. It also looks, from the formatting of the email, as though the information about Seema Misra has been copied and pasted from somewhere else, but I have not yet identified the source within the Inquiry's disclosure.

1401. It seems likely that the purpose of Tom's email was responding to emails concerning Tim McCormack.

- a. Tim McCormack emailed Piero D'Agostino on 1 July 2016, copying me and Tim Parker, specifically concerning Seema Misra (**POL00119584**).
- b. I sent it on to Al Cameron and Rob Houghton, with Tom in copy, on 1 July 2016 regarding the Dalmellington Error. This arose from Tim McCormack's blog (**POL00029971**).
- c. Angela asked for "*the actual email from Tim McCormack*" to be forwarded to her (**POL00026913**).

135. Please consider POL00041258 (emails from Jane MacLeod on 25 July 2016) POL00030007 (emails chain with Jane MacLeod, you and others on 27 July 2016), POL00022663 (email from Jane MacLeod to you and another on 28 July 2016), POL00022663 (attachment to the prior email), POL00022666 (attachment to the prior email) and POL00103232 (Alwen Lyons email to the Board on 29 July 2016).

135.1. Please explain your involvement in POL's decision making in how to respond to the letter of claim in the GLO proceedings.

1402. As I describe above at paragraph 1347, on 2 May 2016 I shared with the Board an update from Jane in respect of her first reaction to the Claimants' letter before claim. I noted at that point that the letter had been passed to our legal advisers and a discussion between them and the business would take place next week as to litigation strategy (**UKGI00006685**).

1403. The way that the letter of response would be approved was described in a note from Bond Dickinson (updated on 8 July 2016): among other dates, it states

that on 28 June a draft would be provided to POL Legal for comment; on 14 July the Steering Group would meet to decide key tactical points in the letter; on 20 July, the Steering Group would approve the letter (**POL00006599**).

1404. The agenda for that steering group meeting lists the “tactical decisions” which fell to be made (**POL00022641**):

“a. Do we address in detail the “bugs” in Horizon identified by Second Sight or will this cause more difficulties?

b. Do we attack Second Sight’s credibility/ expertise in order to undermine their reports?

c. Do we release Second Sight from their confidentiality obligations and allow them to speak to Freeths?

d. Do we lodge counterclaims against the Claimants who have outstanding debts?

e. Do we agree not to assert any Official Secrets Act obligations against the Claimants?

f. Do we engage in further mediation?

g. Do we explain whether part of Post Office’s motivation for bringing prosecutions is a desire to recover money?”

1405. A series of “one page’ papers for each of the tactical decisions” was provided by Andrew Parsons on 13 July (**POL00022638**).

1406. I have not seen any disclosure which relates to a Steering Group meeting on 20 July 2016, as envisaged by Bond Dickinson. I have also not been able to identify any minutes from the 14 July 2016 Steering Group in documents disclosed by the Inquiry to date.
1407. Jane MacLeod wrote to me on 24 July 2016 stating that POL's letter of response was to be sent by Friday 29 July, and that I would be briefed on the response on Tuesday 26 July *"to take you through the approach to that letter"* (**POL00041258**). In this email Jane provided some detail as to the matters which she would explain on 26 July, including a risk of further adverse publicity following the reply, and that the letter would flag *"that there are a limited number of individuals in Fujitsu with super-user rights which can only be used in very limited and controlled circumstances"*.
1408. Jane sent an email on 26 July 2016 confirming that she had briefed the GE that morning on the progress of the litigation. She records in her email considerable concern on the part of the GE as to the change of message on remote access, and that they had suggested rephrasing that section of the letter (**POL00030006**).
1409. Jane sent a further email to Andrew Parsons and others on 26 July 2016, which from context is likely to be after I met with her for the briefing on the letter of response. Jane recorded that I had *"suggested that (I) speak to the UK CEO of Fujitsu (Duncan Tait)"* on a number of matters, including alerting him to the fact and timing of the response letter (at page 2 of (**POL00030006**)). I do not remember speaking to Duncan Tait at that point.

1410. On 28 July 2016, Jane emailed me and Al Cameron providing some specific information as to what the letter of response would say about remote access (**POL00022663**). Our approval was not sought, but rather we were being informed. The inference I draw from this is that the words had been checked by the appropriate person and confirmed to be accurate.

135.2. When did you first become aware that “within Fujitsu there are a limited number of individuals who have super-user rights which can only be used in very limited and controlled circumstances”? What did you understand this to mean?

1411. I believe I first became aware that there were individuals within Fujitsu with super-user rights from the email that Jane MacLeod sent to me on 24 July 2016 at 20:44 (**POL00041258**). Jane’s email stated that I should be aware that there might be negative publicity arising from POL’s reply to the Claimants’ letter before claim, which was due to be sent on 29 July 2016. Jane went on to explain that, as a result of the Deloitte work, POL would be flagging that “*within Fujitsu there are a limited number of individuals who have super-user rights which can only be used in very limited and controlled circumstances*”. This was a different positioning from the public statements POL had previously made, and therefore POL should be prepared for adverse comments from the usual commentators.

1412. I replied at 07:19 on 25 July 2016 in the same URN: “*This is clear – my inly (sic) query is we (sic) FJ super-users. What did we say previously?*” Where I said “we”, I meant “re”. This was a typo.

1413. Jane replied to me the same day, now copying other senior POL managers and Andrew Parsons. Jane wrote that POL hadn't previously addressed super-users and that the phrasing of some previous statements as to who could access branch data was quite narrow. POL was now collating previous statements, and looking at those which Fujitsu had previously provided, to assess the extent of the communications gap.

1414. On 26 July 2016, Jane MacLeod informed Andrew Parsons that she had briefed the GE that morning on the progress of the litigation (**POL00030006**). In particular, she had commented to the GE on the remote access issue in POL's response to the Claimants' letter before claim. Later in the email, Jane stated that I had suggested that I should speak to Duncan Tait. Jane suggested that I should raise a number of issues connected to the remote access issue, including that if the Deloitte work uncovered a different position from that which Fujitsu and POL had stated publicly for years, we would need to consider carefully how to manage the impact.

1415. Although I have no distinct recollection, I believe that I understood that the issues raised by the new information about Fujitsu super-users related to remote access and to the extent of Fujitsu's ability to access and edit branch data.

135.3. Were you satisfied that POL's response to the letter of claim was accurate? If so, how did you satisfy yourself that it was accurate?

1416. As is clear from the wealth of documentation generated in discussion of the letter of response, the internal legal team was responsible for checking the accuracy of what was said in the letter of response. This was done with the assistance of the Postmaster Litigation Steering Group, the counsel team and Fujitsu. I believed that I was entitled to rely upon their collective investigations rather than having to check the facts in the letter myself.

135.4. Who was responsible for the “more assertive” tone of the POL’s response to the letter of claim? Was this based on legal advice?

1417. I believe that Anthony de Garr Robinson QC advised that this was the appropriate tone for the letter. I say this because of an email which says that the letter of response “*has been reviewed by our QC Tony Robinson*” and “*the tone of our response is more assertive than we have used previously*” (POL00024967). If he was not responsible for the tone, Anthony de Garr Robinson QC at least does not appear to have challenged it as inappropriate.

1418. I do recall, when reading the letter, considering that it was too legalistic and that it was not the tone that I would have used in correspondence, but I also recognised that legal writing serves a specific purpose and was outside my expertise.

135.5. On reflection, do you consider that POL's response to the letter of claim was appropriate?

1419. Given the findings of Fraser J in the GLO proceedings, I do not consider that the letter of response was appropriate. I considered it appropriate at the time because I believed that POL had carried out proper investigations into the claim and because the letter had been reviewed by the Steering Group and by experienced solicitors and counsel.

136. Please consider POL00021543 (minutes of POL Board meeting on 25 July 2016), POL00021544 (minutes of POL Board meeting on 29 September 2016) and POL00021545 (minutes of POL Board meeting on 25 October 2016). Did the Board discuss the GLO Proceedings in these meetings? If not, why not?

1420. I have read the minutes of the POL Board meetings on 25 July, 29 September 2016, and 25 October 2016 and I can see that they do not mention any discussion about the GLO Proceedings. I do not recall these meetings, but I do not believe that the GLO Proceedings were discussed. I have a clear memory of Tim Parker saying that litigation usually took a long time to work through the initial stages. It could be a year or so. He did not want Board time taken up with procedural process and planning work and background issues. That was for the legal team and advisers to be getting on with. As I have explained above, I had no experience of leading an organisation through litigation and I respected the Chairman's steer.

1421. POL had put in place a structure for the management of the litigation. As I have stated in my answer to Question 128, the Steering Group was created and given its responsibilities by the GE in May 2016. Its membership was selected to ensure that the Group had the requisite knowledge and expertise across the areas of POL's operations, which were involved in and affected by the claim.

Given the seniority and expertise of the managers who served on the Steering Group, and the support they were receiving from internal and external lawyers, matters were not escalated from the Group to the GE or the POL Board unless Jane MacLeod considered that it was necessary to do so.

137. Please consider POL00027185 (minutes of POL Board meeting on 24 November 2016). Please describe the update you provided to the Board.

1422. The minutes of the POL Board meeting on 24 November 2016 (**POL00027185**) record under the heading "*Any Other Business*" that I updated the POL Board on two legal cases. One of these was "*Sparrow*", which I told the POL Board "*was expected in January*". I am sure that "*Sparrow*" was a reference to the GLO Proceedings and that I explained to the POL Board that an application by the Claimants to permit the group litigation would be heard in January 2017. Otherwise, I cannot recall my update to the POL Board. I have not seen any briefing to me from the legal department for the meeting and my CEO report in the Board pack for the meeting (**POL00103892**) does not mention Sparrow or Horizon.

138. Please consider POL00110564 (email from Jane MacLeod to you dated 28 November 2016), POL00110565 (attachment to the prior email), POL00091418 (Jane MacLeod's email chain on 28 November 2016), POL00091419 (Tom Wechsler and your email in response), POL00041377 (further email chain between Rodric Williams and Andrew Parsons) and POL00091420 (email chain between yourself, Al Cameron and Mark Davies on 29 November 2016).

1423. On 2 November 2016, Jane MacLeod sent me and Al Cameron a section of a longer letter to Freeths and asked for our comments (**POL00110564**).

(POL00110565) is the attachment to Jane's email. The purpose of the draft section of the letter was to notify the Claimants that POL had recently discovered that it was theoretically possible for Fujitsu administrators to access Horizon databases in a way which could change the branch account and to set out POL's position on remote access in light of that information.

1424. I can see from the documents in disclosure, which I did not see at the time, that the draft had been the subject of numerous discussions and revisions before it was sent to me on 29 November 2016. Since the Inquiry has asked me about the removal from the letter of expressions of POL's regrets, it may assist the Inquiry if I summarise the history of the drafting, as recorded in the documents, before I turn to my own involvement in finalising the wording of the remote access section of the letter:

- a. POL's letter dated 28 July 2016 in response to the Claimants' letter before action contained a section on POL's current understanding of Fujitsu's privileged administration access to Horizon (see paragraph 5.16.4 of POL00030211):

“Administrator access to databases: Database and server access and edit permission is provided, within strict controls (including logging user access), to a small, controlled number of specialist Fujitsu (not Post Office) administrators. As far as we are currently aware, privileged administrator access has not been used to alter branch transaction data. We are seeking further assurance from Fujitsu on this point.”

- b. On 27 October 2016, Freeths responded to this comment in paragraphs 119 to 122 of their letter in response to POL's letter of 28 July 2016 (**POL00041392**). Freeths asserted that, in light of the information contained in POL's letter, previous statements by POL about remote access were "untruthful".
- c. An update on Freeths' response was on the agenda for the Steering Group meeting on 1 November 2016 (**POL00024984**) but I have not seen any minutes from the meeting.
- d. On 18 November 2016 at 19:25, Andrew Parsons sent Jane MacLeod and Rodric Williams some draft wording on the remote access issue "as discussed in the con with Tony" (**POL00023426**). This appears to be a reference to the conference with Anthony de Garr Robinson QC discussed in the email chain at (**POL00029103**).
- e. The attachment to Andrew Parsons' email on 18 November 2016 would appear to be the document at (**POL00023431**). This version of the draft made a number of points in relation to Freeths' allegation that prior statements by POL about remote access were untrue:
 - i. Paragraph 1.12 of the draft stated that POL had relied on Fujitsu when dealing with Second Sight, responding to cases within the Mediation Scheme, and making public statements. It went on: "*In light of what Post Office now knows about administrator access...it accepts that certain statements it has made historically might not have been correct. It is regrettable that this has happened and that it*

has only now come to light, but Post Office does not accept that this has caused any harm to any Claimant.”

- ii. Paragraph 1.13 of the draft set out the context of POL’s prior statements, which POL asserted must be viewed alongside the questions that it had been asked at the time the statements were made.
 - iii. In paragraph 1.14, POL denied that it had committed fraud or deliberately concealed any relevant matter. On analysis, POL’s prior statements were either true, or were made in good faith and were believed to be true when they were made.
- f. Mark Underwood replied to Andrew Parsons at 21:15 on 18 November 2016, attaching a revised version with his amendments shown in tracked changes (**POL00023435**). My lawyers have been unable to find a copy of the attachment in the Inquiry’s disclosure.
- g. Andrew Parsons replied to Mark Underwood at 13:17 on 20 November 2016 (**POL00023435**). Andrew Parsons had updated the draft and attached a further revised version: *“Where I agreed with your suggested amendments, I’ve included them and deleted the respective comment. In relation to your other questions, I’ve added my answers to the attached.”* My lawyers have been unable to find the attachment to this email.
- h. Mark Underwood replied to Andrew Parsons on 20 November 2016 at 14:34 (**POL00041324**). Mark Underwood’s greatest concern with the drafting was that it did not include a qualification that the logistical

challenges to Fujitsu using administrator access to delete or change data were so huge that it was not a credible line of enquiry. Mark Underwood believed it was necessary for POL's letter to include details of the logistical challenges. Otherwise, if the letter was leaked to the media or the Network, it could be quite damaging as it would provide soundbites that would give credibility to an allegation that lacked any merit. Mark Underwood believed there was sufficient time before POL sent the reply to Freeths to put "*suitable pressure*" on Deloitte to provide information about the logistical challenges.

- i. In the same email chain, Jane MacLeod replied to Rodric Williams and Mark Underwood at 09:03 on 21 November 2016, asking them to make sure that "*Rob H*" (I believe Rob Houghton) was happy with the wording, and that there was a discussion with him about how to approach Fujitsu. Mark Underwood forwarded Jane's email to Andrew Parsons at 09:12 on 21 November 2016 and asked if they could pick it up prior to the Steering Group meeting that afternoon.
- j. In a separate email thread at (**POL00023433**), on 21 November 2016 at 08:47, Jane MacLeod sent Andrew Parsons her "*minor comments*" on the current version of the remote access drafting. Jane set out in her email her "*more substantive*" comments on how POL presented the argument about Fujitsu's administrator access. In her view, the sequence of statements should be as follows:

- *“The question of access has come up many times starting with the Rudkin allegations, and including many specific questions raised by SS.*
- *In relation to such specific questions, PO reverted to FJ to clarify the technical details in order to respond appropriately to the specific questions asked.*
- *PO has recently commissioned further work and this is wider in scope than the specific questions asked.*
- *In summary:*
 - *PO does not have access or the ability to change transaction data*
 - *There are a small number of staff within FJ who currently and historically have had administrator access. This means....*
 - *FJ have advised us that there are controls in place to ensure that this administrator access is not used inappropriately....[tbc].”*

k. At 17:20 on 24 November 2016, Andrew Parsons sent Rodric Williams a “*rough draft*” of the letter to Freeths, which he asked Rodric not to circulate as it was still an early draft (**POL00041373**). Andrew Parsons made two comments in relation to the remote access section of the letter:

- i. Anthony de Garr Robinson QC was not happy with paragraph 9.10 of the draft, and the list of controls in Horizon which prevented the

editing of data. Although Jane felt strongly about this, Mr Robinson QC thought this was a hostage to fortune.

- ii. The story that "*POL relied on FJ's statements*" in paragraph 9:11 of the draft had been "*watered down*". Andrew Parsons explained that having reviewed all the back material, there was a concern that the issue of database access had been flagged in the POL Board Briefing. Although Andrew Parsons' view was that it was still fair to say that POL had relied on Fujitsu, this was not clear cut and POL needed to be careful in its language.
- i. Andrew Parsons suggested a conference call as soon as possible to discuss the remote access section of the letter. Andrew Parsons suggested that the participants in the call should be counsel, Andrew Parsons, Jane MacLeod, "*Tom M*" (presumably Tom Moran), "*Rob*" (presumably Rob Houghton), and "*Mark*" (presumably Mark Davies). Andrew Parsons stated that he did not think that the draft letter needed to go to the full Steering Committee, as it was mainly a legal letter rather than factual statements about POL, but he would welcome Rodric's thoughts.
- m. On 27 November 2016 at 09:39, Andrew Parsons emailed a further version of the full letter to Freeths, which incorporated comments from "*Tony and Rod*" (presumably Anthony de Garr Robinson QC and Rodric Williams) (**POL00024869**). The version of the email disclosed by the Inquiry does not identify the recipients: however, the email chain above Andrew Parsons' email contains what appear to be replies to Andrew Parsons from Jane MacLeod and Tom Moran. In his email, Andrew Parsons asked "*Rob*" (who

I assume was Rob Houghton) to review the section on remote access.

Andrew Parsons commented in relation to remote access:

“Following feedback from Deloitte, we cannot definitely say that POL (as distinct from FJ) never had the ability to change Horizon data because Deloitte and the current staff at FJ just don’t have enough knowledge of Old Horizon to confirm this. This was a point made in an early draft but it has now been removed.

“We have (I hope) now found a formulation of words that avoids having to overtly throw FJ to the wolves and avoids any risk of waiving privilege in any documents, but still gives us a fair story to tell. We have also toned down the admissions of making incorrect statements, though they are still there. I hope this might make it easier to get this letter cleared through GE and FJ.

“We have a call scheduled for 5pm tomorrow with Tony which we can use to run through any comments. Comments by email before then are also welcomed.”

- n. On 27 November 2016 at 11:06, in the same chain, Tom Moran asked Jane MacLeod what she thought they should do to brief and obtain sign-off from the GE (or a sub-set of the GE).
- o. Jane replied to Tom Moran on 27 November 2016 at 13:06. She proposed to mention the letter to the GE the following morning, and then circulate the remote access section to me, Mark Davies, and Rob Houghton for any final comments.

- p. Jane provided comments on the latest draft of the letter to Freeths in an email to Andrew Parsons at 22:04 on 27 November 2016 (POL00025050). One of Jane's comments was to ask whether "*it is possible to tone down the 'regrets language' eg in 9.3.5, 9.5 and 9.6*" to something along the lines of:

"...with the benefit of hindsight it is now possible to construe those statements as deficient in that they did not address the question of administrator access. In each case PO was seeking to address the questions that had been raised. PO did not intend to make any misleading statements nor was it wilfully reckless in doing so. The Post Office personnel responsible for those statements believed when they were made in the context in which they were made. What was said reflected what they understood the position to be after making relevant inquiries. [Unfortunately, they did not pick up on the issue of Fujitsu administrator access as Post Office would have liked.]" (strike out as in Jane's original email).

- q. On 28 November 2016 at 07:42, Jane MacLeod asked Andrew Parsons "*in light of the comments received overnight*" to send "*just*" the remote access section, stating that she would "*prefer not to circulate the wording from yesterday's draft more widely (Paula, Al, Mark D, Angela etc)*" (POL00024874).
- r. In the same URN, Andrew Parsons sent Jane updated remote access wording at 12:41 on 28 November 2016. He commented that "*The general direction of your comments was to be less apologetic in tone and less*

repetitive, both of which we've tried to accommodate in the attached."

Andrew Parsons stated that the key issue was how far POL wanted to go in accepting that incorrect statements had been made in the past. He suggested to Jane that they should discuss the point at 17:00 that day with Anthony de Garr Robinson QC.

- s. My lawyers have found documents in the Inquiry's disclosure which may be associated with the emails between Andrew Parsons and Jane MacLeod on 27 and 28 November 2016.
- t. **(POL00024806)** is a version of the remote access drafting to which the Inquiry has given a date of 27 November 2016. It contains three statements in relation to POL's regrets:
 - i. Paragraph 1.3.5. states that POL identified the issue of potential access to Horizon databases when it was preparing its Letter of Response. *"Post Office regrets that it did not previously identify the possibility that Fujitsu staff with certain administrator access rights could potentially do this; however noting that it would be very difficult and potentially detectable."*
 - ii. Paragraph 1.5 states that: *"At each stage an issue arose, Post Office did its honest best to ascertain the position to respond to the question it believed it was being asked and to reveal what it had found. In doing so, Post Office may have regrettably made some incorrect statements, but refutes any suggestion that it ever did so deliberately or did so to mislead or deceive."* This wording is followed by an

unattributed comment: “(not sure about this sentence – I don’t believe you’ve answered inappropriately in the past)”.

- iii. Paragraph 1.6 states that the POL personnel responsible for making those statements “believed the statements when they were made. What was said reflected what they understood the position to be after making relevant enquiries. Unfortunately, they did not pick up on the issue of Fujitsu administrator access as Post Office would have liked. This is a matter of great regret, but it does not mean that Post Office exhibited wilful blindness to reckless indifference to the truth of those statements.”
- iv. This wording is followed by the unattributed comment “(I think this is too much). Can we not say”. Below the comment, someone has inserted alternative wording for paragraph 1.6:

“The Post Office responded appropriately to the question of whether transactions could be altered by Post Office without the postmasters knowledge – the answer to this question is consistently the same – it is not possible. Expanding on this – it is possible for FJ to access the system through administrator access, which they have confirmed. This is not unusual and is in common with any other organisation. You would need to discuss with them their ability to modify transactions; our expert assessment would say that this is extremely difficult but theoretically possible.”

- u. (POL00024991) has been dated 28 November 2016 on the Inquiry's disclosure website. It contains the same expressions of POL's regret as (POL00024806) and contains the same unattributed comments.
- v. On 28 November 2016 at 12:09, Andrew Parsons sent Jane MacLeod and others what he called an updated version of the remote access section for approval (POL00024874). (POL00024875) (dated 28 November 2016 by the Inquiry) is likely to be the version of the drafting attached to this email. While there were three expressions of regret in the previous drafts dated 27 and 28 November 2016, there is only one in this draft:
 - i. Paragraph 1.3.5. stated that: *"When preparing our Letter of Response, we identified the theoretical potential for Fujitsu administrators to access Horizon databases in a way which could change branch accounts. This is discussed in more detail below. Post Office regrets that it did not previously identify this possibility even though it is unreal to suggest that this is a true factor behind the shortfalls suffered by any postmaster"*.
 - ii. The previous drafts had contained language of regret in relation to POL's previous statements about remote access. However, paragraph 1.4 of this draft stated:

"At each stage, Post Office ascertained the position to respond to the questions it believed it was being asked. With the benefit of hindsight, some of Post Office's statements may have been incorrect in light of what has since been identified in relation to Fujitsu's administrator access rights (see below). But Post

Office refutes any suggestion that it ever made false statements deliberately or did so to mislead, deceive or conceal. The Post Office personnel responsible for those statements made them in good faith: what was said reflected what they understood the position to be after they had made relevant enquiries at the time.”

1425. The version of the draft that Jane MacLeod emailed to me and Al Cameron on 28 November 2016 at 13:49 (**POL00110564**; **POL00110565**) appears to be identical to the version that Andrew Parsons emailed to Jane on 28 November 2016 at 12:09 (**POL00024874**; **POL00024875**).

1426. In her covering email for (**POL00110565**) on 28 November 2016, Jane stated that the intention was to send the longer letter to Freeths (of which the remote access drafting was one part) on 29 November and that there was to be a call at 17:00 on 28 November to review the wording with POL’s QC (which must refer to Mr Robinson QC). That call was to be attended by the POL team, including Mark Davies. Jane also set out the wording from POL’s letter to Freeths in July 2016, which Freeths had picked up on and which the new wording was designed to address. This was the statement in POL’s letter:

*“**Administrator access to databases.** Database and server access permission is provided, within strict controls (including logging user access) to a small, controlled number of specialist Fujitsu (not Post Office) administrators. As far as we are currently aware, privileged administrator access has not been used to alter branch transaction data. We are seeking further assurance from Fujitsu on this point.”*

1427. Al Cameron responded to Jane at 15:04 on 28 November 2016 (**POL00091418**). He wrote that he had paused and sucked his teeth on paragraph 1.4 of the drafting:

“For the avoidance of doubt, I am sure it is true, it just reads defensively and as a conspiracy theorist’s wet dream? Happy to leave it to your best judgment but rather than making value statements about honesty, may have been incorrect, I did wonder if we would be better off simply saying...”We now understand the question more fully and would answers questions X and Y as follows: Fujitsu can do X but there are rigorous controls of Y etc.”

1428. Jane replied to Al at 15:22 on 28 November 2016. Jane said that this was a difficult issue and that the statements had already been watered down. POL would be speaking to its QC at 17:00 to understand his concerns, as the QC was arguing for stronger wording (**POL00091418**).

1429. At 15:41 on 28 November 2016, I sent Jane and Rodric (cc’d to others, including Tom Moran and Rob Houghton) (**POL00091419**), which was an amended version of paragraph 1.4 of (**POL00110565**). For ease of reference, I have marked up in red below the changes that I proposed:

“At each stage Post Office ~~did its honest best to~~ ascertained the position so to respond transparently to the question it believed it was being asked. With the benefit of hindsight, some of Post Office’s statements may have been incorrect in light of what has now been identified in relation to Fujitsu’s administrator access (see below). ~~However,~~ Post Office refutes any suggestion that it ever made false

statements deliberately or did so to mislead or deceive. The Post Office personnel responsible for those statements believed the statements when they were made them in good faith: What was said reflected what they understood the position to be after they had made making relevant enquiries at the time.”

1430. These were the only changes to the draft that I suggested in my email. I wrote in my email that, as AI had said, I was not a lawyer either but *“I prefer this as it is both simple and the truth. Any reason why it needs to be different?”*

1431. Tom Moran replied at 16:03 on 28 November 2016, stating that he and Rob Houghton had edited the draft along the lines I had suggested. They agreed that we should keep things as simple as possible and not be apologetic given that POL had acted in good faith throughout. The next section of Tom Moran’s email was addressed specifically to Jane MacLeod:

“Jane - as you now have consistent feedback from AI, Paula, me as SteerCo chair and Rob can we take the below as the default in our call at 5? If there is a critical reason why you/BD/our QC thinks we have to keep the original text or something similar we’ll need to understand what it is and weigh it up against the reputational/comms impact on the network and wider business.

As discussed, the thing remaining for me is for this to have the Comms review and the reactive comms management approach in place prior to sending.”

1432. I can see from (POL00041377), that Rodric Williams and Andrew Parsons had an email exchange between themselves about my amendments to the draft. In an email on 28 November 2016 at 16:41 Rodric said that he liked the look of my statement, but proposed some amended wording if Anthony de Garr Robinson QC was adamant that the letter should contain some contrition. Rodric's proposed wording included a sentence that: "*It is regrettable that Post Office did not anticipate the potential for Fujitsu administrator [[malfeasance]] in its previous statements, for which it is sorry, Post Office refutes any suggestion that it ever made false statements deliberately or did so to mislead or deceive*". Andrew Parsons replied to Rodric at 16:55 that he quite liked my wording, but they should speak to Anthony de Garr Robinson QC and see what he said.

1433. At 23:35 on 28 November 2016, Jane MacLeod sent me a revised version of the paragraph of the remote access drafting that I had commented on earlier that day (POL00091420). Jane wrote that, following discussions with the QC and Bond Dickinson that afternoon, the recommended language to be included in the letter to Freeths was as follows:

"At each stage, Post Office ascertained the position to respond transparently to the questions it believed it was being asked. With the benefit of hindsight, some of Post Office's statements may have been incorrect in light of what has since been identified in relation to Fujitsu's administrator access rights (see below). But Post Office refutes any suggestion that it ever made false statements deliberately or did so to mislead, deceive or conceal. The Post Office personnel responsible for

those statements made them in good faith: what was said reflected what they understood the position to be after they had made relevant enquiries at the time.”

1434. Jane commented that the challenge had been to balance the risk of adverse publicity ahead of the court process (which was POL's concern) with the need to be open and transparent with the court in admitting that certain of the information we provided previously on this issue could be construed as “*wrong*”.

1435. Jane also mentioned that she would be taking Mark Davies through this wording on 30 November 2016. When I replied to Jane, at 07:37 on 29 November 2016, I said that it was “*important Mark scans for any other areas, which could be sensitive to media scrutiny.*” Mark, who was copied into the chain, replied that he would do that.

1436. Although I cannot recall whether I saw the full letter to Freeths, I can see from page 121 of (POL00110586) that the wording that Jane sent me on 23:35 on 28 November 2016 in (POL00091420) was included in the final version of the letter.

138.1. Please explain if you believed the content of the draft response to be accurate and, if so, what steps you took to satisfy yourself that it was.

1437. I believed that the draft was accurate. I relied upon the fact that the drafting was produced and reviewed by the team who had been tasked by POL with investigating the Claimants' allegations and preparing POL's response. I can see from the emails I was sent at the time that the draft had been prepared by

Bond Dickinson, and reviewed by Jane MacLeod, Rodric Williams, Tom Moran (the chair of the Steering Group), Rob Houghton (POL's CIO), and Anthony de Garr Robinson QC. These people were either senior POL managers or well-regarded external lawyers. I trusted that they would not send a letter to the Claimants' solicitors if they thought that it was inaccurate.

1438. In addition to the emails, I had conversations with Jane about the letter to Freeths. I remember Jane telling me that POL intended to validate the factual position in the remote access section with Fujitsu and Deloitte.

1439. I can see from an email from Andrew Parsons to Rodric and Jane on 29 November 2016 at 16:15 (**POL00041383**) that the draft was reviewed and approved by Deloitte subject to one minor change. However, Fujitsu did not respond to POL's enquiries before the letter had to be sent. In the same URN, Jane accepted Andrew Parsons' suggestion (which he had discussed with Rodric Williams) that the letter could be sent to Freeths without Fujitsu's prior approval so long as Deloitte gave POL the all-clear (which minimised the risk of factual errors in the letter). That would leave a residual risk that Fujitsu might complain or disagree, but in Andrew Parsons' view, it was an acceptably small risk.

138.2. Why did you prefer your suggested wording? Why did you seek to remove expression of contrition? Did you engage with POL's external legal advisers on this issue?

1440. I was not conscious when I proposed my amendments to the draft that Jane MacLeod had sent to me on 28 November 2016 (**POL00110564**) that I was seeking to remove any expressions of contrition by POL.

1441. As far I can recall, the first version of the draft that I saw was the version that I received from Jane on 28 November 2016. As I have set out above, earlier versions of the draft (**POL00024806**; **POL00024991**) contained three expressions of regret. By the time Jane sent the draft wording to me, two of those expressions of regret had been removed. I did not suggest removing the one that remained in the draft sent to me by Jane (in paragraph 1.3.5 of **POL00110565**).
1442. I preferred the wording I suggested in my email on 28 November 2016 at (**POL00091419**) because I thought it was simpler and more straightforward. I thought that the original language to the effect that POL had done its honest best to ascertain the facts about remote access looked defensive and a little mealy-mouthed. If POL had acted properly, as I understood it had, I thought the letter should say that.
1443. I did not personally engage with POL's external legal advisors on the drafting. I understood from Jane's email to me on 28 November 2016 at 23:35 (**POL00091420**) that what Jane described as the "*recommended*" version of the draft remote access wording had been reviewed and approved by Anthony de Garr Robinson QC.

138.3. To what extent did concerns about adverse publicity affect the way POL presented its case in the GLO Proceedings?

1444. I did not give any direction that the way in which POL presented its case in the GLO Proceedings should be influenced by concerns about adverse publicity, and I did not perceive that others were being influenced by concerns about how the case would be reported in the media.

1445. Any business will keep an eye on potential publicity, to identify what the effect might be, and to prepare for that. This is why I wanted Mark Davies to review the letter to Freeths. However, my perception was that the media review of POL's statements in the litigation was a separate exercise to deciding how POL should present its case.

138.4. Please explain what steps, if any, POL took in relation to its new understanding of Fujitsu's access rights. In particular, did you take steps to ensure that past convictions of SPMs were appropriately reviewed?

1446. I do not know what steps were taken and I did not give a direction that the business should consider the impact of the new information on past convictions. My assumption at the time was that if any material came to light that was relevant to past prosecutions, that material would be reviewed and, if necessary, disclosed by POL's legal team in accordance with POL's obligations. I would have expected to be told if POL had given any additional disclosure to convicted SPMs. (POL00110565), an early version of the response to Freeths on remote access, stated at paragraph 1.8.1 that: *"Post Office is fully aware of its ongoing prosecution disclosure duties and will make such disclosures (if any) where appropriate."* I believe I saw this, as in (POL00091420), Jane MacLeod referred to the wider drafting around remote access *"which I circulated to you earlier today"*.

138.5. To what extent did you discuss this matter with the Board, UKGI or BEIS?

1447. This was an important matter for the Board to be briefed on, but I do not recall today how that briefing took place. Jane MacLeod, Al Cameron and I were in

frequent contact with the Chairman and with the UKGI NED and the POL Board generally. In addition, the POL Board received oral updates on an ongoing basis on a number of matters. However, I have not yet seen any documents in the Inquiry disclosure to confirm that they were briefed on this issue.

139. Please consider UKGI00007544 (minutes of POL Audit, Risk and Compliance Committee on 30 January 2017). Please describe the discussion of the GLO proceedings in that meeting.

1448. I attended the meeting of ARC on 30 January 2017. The minutes of the meeting (UKGI00007544) record on page 6 under the heading “*Legal*” that the GC, Jane MacLeod, gave an update on Sparrow:

“The Group Litigation Order has been heard by the Court. The initial hearing went as well could be expected, with the court requiring a high level of information from the claimants. The next procedural hearing would be in October but it was not expected that any substantive matters would be heard before next year.”

1449. Although I do not recall what was discussed at the meeting, I have reviewed documents in the Inquiry's disclosure which provide context to Jane's report to the POL Board:

- a. (POL00006404) is a Bond Dickinson decision paper for a Steering Group meeting on 21 November 2016. The section entitled “*Background*” stated that the hearing for a GLO had been listed for 26 January 2017.
- b. (POL00025060) is a draft communication paper in relation to the application for a GLO. A copy of this document was emailed by Melanie Corfield to

Andrew Parsons, Rodric Williams, and others on 20 January 2017 (**POL00025021**). The first section of the document appears to be a draft section on the litigation for my CEO Report (presumably for the January 2017 POL Board meeting). It stated that POL would consent to the litigation being heard under the GLO procedure, although there were a number of aspects of the procedure that needed to be agreed. It was anticipated that the SPMs would present any outcome as a victory for them. It indicated that the Board would be updated on the outcome of the hearing on 26 January 2017 by email, with a verbal update to follow at the January 2017 POL Board meeting.

- c. On 25 January 2017, Jane emailed the POL Board an update on the application for a GLO, which was to be heard the next day (**POL00103302**). Jane informed the Board that this was a preliminary hearing to decide how the case should be managed. A hearing on the substance of the claims was not expected before 2018. POL expected the Court to make a GLO and POL agreed that this was the best way for the litigation to proceed. POL expected the SPMs to brief the media that the making of a GLO was a victory for them. POL intended to welcome the Court's decision as providing the best opportunity for matters to be heard and resolved but would not make any other comment. POL internal communications were prepared to deal with any adverse publicity. A verbal briefing on the outcome of the hearing and the way forward would be provided at the January 2017 POL Board meeting.

140. Please consider POL00021546 (minutes of POL Board meeting on 31

January 2017). Please describe the update provided to the Board.

1450. The minutes of the POL Board meeting on 31 January 2017 (**POL00021546**) record on page 3 under the heading "*CEO Report*" that I introduced my CEO Report to the POL Board. My January 2017 CEO Report, to which the minutes refer, contains a section on the litigation on page 5 under the heading "*Project Sparrow*" (**POL00027200**). The contents of this section are almost identical to Jane MacLeod's email to the POL Board on 25 January 2017 (**POL00103302**). The minutes record that I informed the POL Board that the GLO had come to Court on 26 January 2017 and that detailed information would need to be provided for each claimant. The claim was likely to return to Court in the Autumn of 2017 for further procedural directions. I cannot recall any discussion at the meeting beyond what is set out in these documents.

141. Please consider POL00025375 (email from Tom Wechsler on 13 February 2017) and POL00025376 (Bond Dickinson note for Steering Group on 14 February 2017). Please explain to what extent you were involved with POL's decision making in respect of its strategy to the GLO Proceedings.

1451. So far as I can recall, I was not involved in any discussions or decisions about POL's strategy for the GLO Proceedings. Bond Dickinson's decision paper on POL's strategy (**POL00025376**) was prepared for a Steering Group meeting on 14 February 2017. It was not sent to me in the email chain on 13 February 2017 (**POL00025375**) and I have no recollection of seeing the strategy decision paper or being briefed on its contents.

1452. I have a memory of being informed by Jane MacLeod in a one-to-one discussion that POL would need go through a process of identifying lead

Claimants, but I cannot recall any details of this discussion or whether it happened in February 2017 or later.

142. Please consider POL00021547 (minutes of the POL Board meeting on 28 March 2017) and POL00021438 (minutes of POL Audit, Risk and compliance Committee on 18 May 2017). Please describe the discussion of the GLO proceedings in these meetings.

1453. I do not recall the discussion at the POL Board meeting on 28 March 2017. The signed minutes of the meeting (**POL00021547**) contain a record of a “*verbal update*” on the litigation given by Jane MacLeod (on page 9 under the heading “*Sparrow Update*”). In summary:

- a. The application for a GLO was heard in January 2017 and the order for a GLO had been signed in the week commencing 20 March 2017. Freeths were continuing to advertise the GLO Proceedings to potential claimants, and the cut-off date for new claimants to apply to join was the end of June 2017. The business expected more adverse publicity during this period.
- b. The Claimants’ General Particulars of Claim were expected imminently. These would set out in more formal terms the legal basis of the SPMs’ claims. Once that document had been received, POL would have until the end of June 2017 to prepare and file its Defence. This would be followed by a Case Management Conference, expected in October 2017, at which the Court would determine how the claim should proceed.
- c. Jane noted that the Claimants had not quantified their claims.

1454. The draft unsigned version of the minutes of the meeting at (**POL00027188**)

contain, on page 10, a more detailed summary of Jane's update than the signed minutes:

- a. The draft minutes contain details of the potential size of the litigation group. A total of 187 individuals had replied to date. POL was in the process of retrieving files for the 81 confirmed members of the litigation group.
- b. It was expected that cases would be tested on particular themes and that claims would be grouped together if they were sufficiently similar. Many of the claims concerned the nature of the contracts between POL and SPMs.
- c. Although the claims had yet to be quantified, POL understood that SPMs had been told that if the Claimants succeeded against POL in Court, the first £21 million of any award would be used to pay their legal costs and other expenses. The draft minutes recorded the observation that: "*This large expectation of claims value was highly inflated and what was legally enforceable would be much lower.*"
- d. Jane confirmed that she was pleased with the current progress of the litigation and welcomed the Court process. She confirmed that a QC and junior were working on the matter and looking at risk. The Claimants' arguments based on implied contracts and a duty of good faith were not expected to succeed.

1455. As noted in the minutes at (**POL00021438**), I did not attend the ARC meeting on 18 May 2017. The only record of any discussion of the litigation at the

meeting is on page 5, which stated that the ARC discussed the litigation and Jane was asked to circulate a note to update the ARC on the funding of the litigation.

1456. On 22 May 2017, Alwen Lyons forwarded to the members of the ARC an email from Jane about the Claimants' litigation funding, noting that this was an action from the last meeting: (**POL00103307**). In summary:

- a. The claim was funded by Therium Litigation Funding IC.
- b. The Claimants had entered into individual Conditional Fee Agreements with Freeths. The details of these arrangements were confidential and had not been shared with POL.
- c. The Claimants had the benefit of Legal Expenses Insurance (underwritten by QBE, CBL Insurance, and Sompo Canopus). POL had received redacted copies of the policy documents and was taking advice on whether they were adequate to provide security for POL's costs if POL was successful in its defence of the claim.

143. Please consider POL00021548 (minutes of the POL Board meeting on 25 May 2017). Did the Board discuss the GLO Proceedings at this meeting?

1457. I do not recall whether the POL Board discussed the GLO Proceedings at its meeting on 25 May 2017. There is no record of a discussion in the minutes (**POL00021548**). I would be surprised if there was no discussion of the Claimants' litigation funding and its implications for the quantification of the claim. I can recall an ongoing concern, both at the ARC and at the POL Board, about the potential contingent liabilities arising from the claim. Since the ARC

had requested and received details of the Claimants' funding arrangements only a few days before the POL Board meeting, I believe there would have been some discussion about this issue, but I cannot recall it and I have not been shown any documents which could help refresh my memory.

144. Please consider POL00027182 (minutes of the General Executive Committee meeting on 13 July 2017).

144.1. Please describe the discussion in respect of the GLO Proceedings at this meeting.

1458. I have little independent recollection of the GE meeting on 13 July 2017. The minutes (**POL00027182**) recorded as Agenda Item 10 that Andrew Parsons from Bond Dickinson had joined the meeting and briefed the GE on POL's Defence and subsequent procedural steps. In summary, the minutes recorded that Andrew Parsons made the following points in his briefing:

- a. He described the role of the Defence document in the proceedings and noted that it would be signed by Jane MacLeod on POL's behalf.
- b. The accuracy of the factual statements in the Defence had been reviewed internally by the POL staff with knowledge of the relevant facts.
- c. He summarised the key themes in the litigation and the approach to those issues in the Defence.
- d. The window for additional claimants to join the GLO Proceedings would close on 26 July 2017. Present indications suggested that there would be 400-500 claimants in the group.

- e. The Claimants would have an opportunity to respond to the Defence in a formal document called a Reply. This was due to be filed with the Court on 20 September 2017. While it was not mandatory for the Claimants to file a Reply, it was likely they would do so given the complexity of the case.
- f. A Court hearing, called a Case Management Conference, would take place on 19 October 2017. The hearing would be an opportunity for POL and the Claimants to agree further steps leading up to trial, including the selection of individual SPMs' cases which the parties wished to put forward as Lead Cases, disclosure of documents, witness evidence, and expert evidence.
- g. The Lead Cases would be examined in greater detail by the Court at mini-trials with the aim of using those cases to determine points of principle or fact that applied broadly to many cases. This would require the parties to set out their positions on the Lead Cases in further, case-specific Particulars of Claim, Defences, and Replies.

1459. (POL00110666) is a "Question and Answer" document that Bond Dickinson prepared for the GE meeting on 13 July 2017. I do not know whether GE members were given copies of this document. Agenda Item 15 of the minutes contained the GE's feedback on the agenda items and the effectiveness of the sessions. There is an unattributed comment in this section: "*Sparrow too long*". I cannot remember who made this comment or whether it referred to Andrew Parsons' oral update or to a document.

1460. Paragraphs 2 to 4 of (POL00110666) contain an overview of POL's Defence

and how the legal team proposed to deal with two themes of the case in the Defence: (1) remote access and the integrity of Horizon (paragraph 3) and (2) the Claimants' attacks on the fairness of the contract between POL and SPMs, which took the form of attempts to imply additional terms into the contracts and allegations that the contracts contained unenforceable unfair terms (paragraph 4). Paragraph 2 made a general point that the generic structure of the claim made it difficult to ascertain the claims and the risks to POL, but provided some high-level observations on the merits:

- a. Bond Dickinson advised that the Claimants faced an uphill battle to have POL's standard terms overturned and replaced with new terms.
- b. They were more confident about the robust nature of Horizon and the accuracy of the data it held, following further work by Deloitte and Fujitsu.
- c. The greatest area of concern was the operation of POL's suspense accounts. The Claimants asserted that branch losses may have been caused by the incorrect operation of such accounts. Preliminary work by Deloitte had highlighted that there were many accounts that could be operated as suspense accounts and the controls around these accounts were weak. Further work was underway but would not be completed by the time the Defence was due to be filed.

1461. Given that (**POL00110666**) appears to have been produced for the GE meeting on 13 July 2017, I believe it is fair to assume that Andrew Parsons' oral explanation of the Defence, as recorded in the minutes, was based on this document.

1462. The minutes recorded that the outcome of the Sparrow briefing was that the GE requested that the GE and the POL Board should be given a further update after the Case Management Conference. This update should include an assessment of the potential impact on POL of the range of possible litigation outcomes on POL and POL's business operations, based on the issues in the Lead Cases.

144.2. What was your understanding at that point on the purpose and meaning of POL's Defence?

1463. My understanding of the purpose of POL's Defence was that it was the formal Court document in which POL set out its factual and legal case in response to the claims.

1464. My understanding at this point of the meaning of POL's Defence was derived from Andrew Parsons' update to the GE at the meeting on 13 July 2017, which I believe was very likely to have been based on the "*Question and Answer*" document that Bond Dickinson prepared for that meeting (**POL00110666**).

144.3. Please set out the steps you took to satisfy yourself that POL's General Counsel would be in a position to certify the Defence as true on behalf of the company.

1465. One point made by Andrew Parsons at the GE meeting on 13 July 2017 that I do remember was that the Defence would be signed by Jane MacLeod, as POL's GC, to verify that it was true. I knew of course that neither Jane nor any other single individual at POL had direct knowledge of all the factual matters covered in the Defence: that is why, as I have said, the membership of the

Steering Group was drawn from the various functions within POL which were affected by the claim. I would have been reassured at the time by Andrew Parsons' briefing that the accuracy of the factual statements in the Defence would be reviewed by POL staff with knowledge of the relevant facts. I recall as a further challenge and support to Jane, that I emphasised this point to the GE. I asked GE directors to check with senior colleagues from their teams who sat on the Litigation Steering Group, that those individuals were comfortable with the accuracy of the factual statements.

145. Please consider POL00003340 (letter from Bond Dickinson to Freeths dated 18 July 2017 enclosing POL's Generic Defence and Counterclaim).

145.1. Did you review the Generic Defence and Counterclaim before it was served on the claimants? If not, when did you first review it?

1466. I have described the receipt by POL of the Claim Form and Particulars of Claim, and the Amended Generic Particulars of Claim. The Inquiry has asked a series of questions about the Generic Defence and Counterclaim. I do not recall if I read the Generic Defence and Counterclaim (**POL00003340**) before it was served on the Claimants. I know that I had been briefed on the counterclaim, as Jane MacLeod had to explain to me what a counterclaim was (she did the same for the GE and Board I believe – although currently I cannot see any documentation on the latter) and POL had received advice that it should lodge a counterclaim.

1467. I do recall reading the Generic Defence and Counterclaim for a meeting with Anthony de Garr Robinson QC, but this was after the document had been signed and served on the Claimants. The document was served on 18 July

2017. I see that I was sent a copy of the "Final Version Defence" by Jane MacLeod on 19 July 2017 (**POL00249979**). I do not recall if I read the Defence that day but I do remember reading it in preparation for a meeting with Anthony de Garr Robinson QC, which took place on 29 September 2017.

1468. I am confident in my memory for a variety of reasons. First, I remember meeting Anthony de Garr Robinson QC quite well, and I remember that I had a number of questions on legal terminology that I wanted him to help me understand. Second, I note from documents I have seen that this meeting was in September, not earlier: (**POL00028055**) is an email from Andrew Parsons to Jane MacLeod on 28 September 2017 which arranges the meeting for the following day and says, indicating that Anthony de Garr Robinson QC and I had not met before, that Andrew Parsons has "*prepped Tony on Paula and Al's respective styles*". Jane attended the meeting in case any issues arose which needed to be followed up, but she did not think the purpose of the meeting was to generate "*actions*" (**POL00024459**).

1469. I knew that the Generic Defence and Counterclaim were the product of a considerable amount of work undertaken by POL's legal team in conjunction with an experienced solicitor and counsel team. The Steering Group was overseeing the verification of the details.

1470. The Inquiry has asked me five specific questions as to particular paragraphs of the Generic Defence and Counterclaim, in each case asking me the basis on which POL pleaded that matter. Given that I did not read or approve the Generic Defence and Counterclaim before it was signed, I do not expect that the Inquiry wants me to speculate as to the reasons that certain matters were

pleaded. I therefore have not answered each of Questions 145.2 – 145.6.

145.2. Please consider paragraphs 43(1) to (3). Please explain the basis on which POL pleaded that “The blocked value is not (and is not treated as) a debt due to Post Office”.

145.3. Please consider paragraph 48(3)(b). Please explain the basis on which POL denied that Fujitsu “edited or deleted specific items of transaction data”.

145.4. Please consider paragraph 48(3)(c). Please explain the basis on which POL pleaded that Fujitsu had not implemented fixes that had affected the reliability of accounting balances, statements or reports.

145.5. Please consider paragraph 48(4). Please explain the basis on which POL pleaded that “To the best of Post Office’s knowledge and belief, there is no issue in the Known Error Log that could affect the accuracy of a branch’s accounts or the secure transmission and storage of transaction data”.

145.6. Please consider paragraph 57(4). Please explain the basis on which POL pleaded that “To have abused those rights so as to alter branch transaction data and conceal that this has happened would be an extraordinarily difficult thing to do, involving complex steps...which would require months of planning and an exceptional level of technical expertise. Post Office has never consented to the use of privileged user rights to alter branch data and, to the best of its information and belief, these rights have never been used for this purpose”.

145.7. Did you believe the contents of the Generic Defence and Counterclaim to be true? How did you and POL satisfy yourself that it was?

1471. The Generic Defence and Counterclaim was the product of the delegated function of the Steering Group (at which Tom Wechsler was effectively my proxy) and its experts and external advice from Bond Dickinson and leading and junior counsel. I know also that input from Deloitte and Fujitsu was obtained where it was required (see (POL00024489)). The minutes of the Group Executive Meeting on 13 July 2017 record that Andrew Parsons joined the meeting and confirmed that the accuracy of the factual statements included in the document had been reviewed internally by those POL staff with knowledge of the relevant facts (POL00027182).

145.8. Please explain the reasons for POL making a counterclaim.

1472. The Counterclaim was set out page 73 of the Generic Defence and Counterclaim. This was a claim in respect of any Claimants who were liable for a shortfall and / or a loss of cash and / or stock which POL had not at that time recovered in full. The Inquiry has asked the reasons for making this counterclaim.

1473. I note that the advantages and disadvantages of this approach were set out in advice from Bond Dickinson, in the form of a “*decision*” document (POL00006360). There is no date on the face of this document and on the Inquiry’s Relativity system it is marked as being dated 8 July 2016, which cannot be right. However, from the context I understand that it was probably written in May 2017. I have seen an email dated 17 May 2017 from Andrew Parsons to Mark Underwood and Rodric Williams attaching a draft decision paper regarding whether POL should be advancing counterclaims.

1474. Decision 4 in the document is headed “*Does Post Office lodge counterclaims*”
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against Claimants who have outstanding debts?" The document then sets out a summary:

"There are 29 claimants who owe outstanding debts to Post Office, with total cumulative debt at just under £1m. Approximately £300k has been "written off" by Post Office already so the total outstanding debt on Post Office's books is just under £700k".

1475. Bond Dickinson recommended that the counterclaim should be pursued, having weighed up the merits and demerits of the position. I understand that the purpose of this was so that it could be decided by the Steering Group.

1476. I did not have any involvement in the Steering Group discussions and decisions. However, as I say above, I do recall a one-to-one conversation with Jane MacLeod in which we discussed this. The conversation probably took place before the Generic Defence and Counterclaim was signed, but I cannot remember this for sure.

1477. I recall Jane telling me the pros and cons of making a counterclaim and telling me that the legal advice which POL had received was that a counterclaim should be included. Although this was presented primarily as a legal and strategic question by Bond Dickinson, it was also a question of people-management and, as recognised by Bond Dickinson, had the potential to show that POL was *"acting oppressively"*.

1478. Jane probably anticipated, quite rightly, that I would have been instinctively uncomfortable with the idea of POL making claims against its SPMs. Therefore, I expect that the reason that Jane would have told me about the decision of the

Steering Group was so that I could have the opportunity to comment.

1479. The reason I think that this is likely to have been before the Generic Defence and Counterclaim was signed is because Jane would have wanted to give me the chance to object, rather than telling me after the fact.

1480. Although I cannot remember the discussion in any detail, I believe that Jane is likely to have told me that the Steering Group had made a decision. Obviously if I had firmly objected then I could, and would, have said so. However, like the Steering Group, I gave proper consideration to strong advice where it was given.

146. Please consider POL00021549 (minutes of POL Board meeting on 25 July 2017).

146.1. Did the Board discuss the GLO Proceedings at this meeting?

1481. There is nothing in the minutes which I have seen to indicate that the POL Board discussed the GLO proceedings. In light of the fact that the Generic Defence and Counterclaim had been considered by the GE on 13 July there is little else which would have fallen to be discussed (or, indeed, decided) by the POL Board on 25 July 2017. It is possible that Jane MacLeod had already agreed with Tim Parker, whom she met regularly, that a full discussion would take place around the time of the CMC.

146.2. Please explain the background and reasoning for the decision “not to prosecute agents if they could use the Horizon system as a defence”. Why was this to be reconsidered once Deloitte had completed its work?

1482. The Inquiry has asked me to comment on part of paragraph 17/56 (e) in the 25 July 2017 minutes (**POL00021549**). The whole paragraph reads:

“The CEO explained that the decision not to prosecute agents if they could use the Horizon system as a defence would be reconsidered once Deloitte had completed their work on Horizon and could be used in court as an expert witness.”

1483. The reason that this was to be reconsidered once Deloitte had completed their work was simply because, at the time, POL could not prosecute SPMRs where no expert witness evidence was available. Without an expert to vouch for Horizon, prosecutions were a non-starter. POL had paused most prosecutions in cases where there was an issue with the Horizon system. Deloitte was part of that process in terms of validating and answering any questions in respect of the system.

1484. Once Deloitte had completed its review and, if appropriate, confirmed the integrity of Horizon, then POL would come back to the question of whether to prosecute SPMs and consider what expert evidence might be relied upon.

1485. I think there may be a typo in the minutes. I think that the last sentence perhaps should read “... *once Deloitte had completed their work on Horizon and could be used in court **by** an expert witness*” (emphasis added for clarity). I do not recall it being the proposal that Deloitte would act as an expert witness, but rather that another expert witness might give evidence relying upon the report. An earlier email from Andrew Parsons, in June 2016, states:

“Deloitte will remain directly engaged by POL as an expert investigator.

We've confirmed to Mark that we do not intend at this stage to engage Deloitte as an expert witness in Court. This apparently makes things much easier on his side when it comes to "risk management". I have however said that Deloitte's work may be passed to another expert witness at some stage so that they could re-use the factual investigations conducted by Deloitte." (at page 2 of (POL00041238))

1486. POL would not want to prosecute somebody if it could not rely on Horizon data.

We believed that Horizon data was reliable, but to have assurance on this the Deloitte work was necessary.

147 Please consider POL00006380 (Bond Dickinson note on general strategy for Steering Group meeting on 11 September 2017), POL00006503 (Bond Dickinson note on legal strategy options), POL00041485 (email from Jane McLeod to you and others on 21 September 2017), POL00041486 (attachment to the prior email), POL00021550 (minutes of the POL Board meeting on 26 September 2017), POL00006384 (Amy Prime's email to Andrew Parson's on 28 September 2017) and POL00006499 (Andrew Parsons email to Jane MacLeod on 28 September 2017).

147.1 To what extent were you involved in POL's decision making on strategy in the GLO at this point?

1487. I was involved in the decision-making strategy to the extent that the POL Board and I signed off the strategy that was set at the PSLG meeting on 11 September 2017 for the Case Management Conference (see Bond Dickinson's note of that date (POL00006380)).

1488. A summary of the advice given to POL in the PSLG by Bond Dickinson was provided in table form. I know that I saw that document, because a version with my handwritten notes has been disclosed by the Inquiry (**POL00107163**). The note describes Bond Dickinson's advices to POL on five strategic options for the future management of the GLO, together with its recommendations in each regard. I made those notes in a meeting with Anthony de Gaar Robinson QC. I discuss the meeting, which took place on 27 September 2017, at paragraphs 1494 and 1495. I had also seen a slightly amended version, which had been discussed at the POL Board the day before.

1489. On 16 September 2017, I spoke with Al Cameron, Kevin Gilliland and others, following which it was agreed that a briefing paper would be prepared for the POL Board (including advice from Andrew Parsons) on litigation options. I know the date of the meeting from (**POL00024660**). I know the purpose and content of the meeting from (**POL00024700**):

1. *“Following the Steering Group last Monday, we briefed Paula, Al and Kevin on the legal advice for the proposed strategy for the CMC in particular the advice we should proactively address the contractual issues. As a result of that briefing, and to support the advice, Tom M and I were asked to:*

- *developed some options that we could consider to address the risks should the postmasters be successful in arguing that some or all of the additional duties should be implied into the contract, and*
- *brief the Board on the legal risks at the Board meeting on*

Tuesday."

1490. Jane MacLeod prepared a first draft of this briefing document and circulated it to Thomas Moran and Andrew Parsons. Andrew Parsons provided comments, as did Thomas Moran (**POL00024660**). Discussion between Jane, Andrew and Tom continued for a few days (**POL00024690**).

1491. I received the briefing paper – as did Al Cameron and Kevin Gilliland – at 18:04 on 21 September 2017 (**POL00041485**). The cover email described that the paper had a:

2. *"summary of options which we discussed on Monday (Appendix 1), as well as a summary of the duties which Freeths seek to imply, and the possible actions that Post Office could take as a result of an adverse decision (Appendix 2).*

3. *I would then propose to use the paper as speaking notes at the Board on Tuesday to explain the rationale for the decision."*

1492. I note from the language which Jane used in that email ("*to explain the rationale for the decision*") that the purpose of the briefing paper was to explain the Steering Group's decision to us, including a detailed explanation of their rationale.

1493. The paper is (**POL00041486**). Consistent with the wording of Jane's email, the "*input sought*" in the paper from the POL Board was:

4. *"The Board is asked to endorse the recommended strategy and the risks inherent in it."*

1494. The POL Board meeting took place on 26 September 2017 as planned. The minutes at 17/68 record this under "*Litigation Update*":

(a) "The Board received a verbal update on the Postmaster Litigation from the General Counsel, noting that the Case Management Conference would be held on 19 October, and the outcome of the CMC would be directions given by the Court as to the conduct of the case over the next 12-18 months. There were key strategic issues to be decided as to Post Office's preference for the sequence in which the legal arguments were to be address, and Post Office had receive (sic) legal advice as to the preferred sequence.

The Board discussed the advice and its implications, and approved the proposed strategy."

1495. I had wanted to speak to Anthony de Garr Robinson QC before the POL Board meeting on Tuesday 26 September 2017 to ensure that I understood everything as the litigation progressed. However, he was not available to meet me until 29 September 2017. Although this meeting was after the POL Board meeting, it was still before the Case Management Conference, so it would have been possible to revisit the decision of the POL Board, if appropriate.

147.2 Please consider "Our target audience is therefore Freeths, the funder and the insurers who will adopt a cold, logical assessment of whether they will get a pay-out, rather than the Claimants who may wish to fight on principle regardless of merit". Did this summarise POL's approach to the GLO Proceedings? If so, please explain why that was an appropriate approach in

circumstances where the claimants included SPMs who had been convicted on the basis of data generated by Horizon, which they claimed lacked integrity.

1496. I am asked whether POL's approach to the GLO proceedings can be summarised as *"our target audience is therefore Freeths, the funders and the insurers who will adopt a cold, logical assessment of whether they will get a pay-out, rather than the Claimants who may wish to fight on principle regardless of merit."*

1497. These words are taken from a note prepared by Bond Dickinson for Steering Group for their meeting on 11 September 2017 (**POL00006380**). These words were not included in the summary table of options which I was provided with, nor in Jane MacLeod's note to the POL Board, in advance of the 26 September 2017 meeting.

1498. In full context, the quotation is this:

"4.2 This leads us to the view that, in the fullness of time, Post Office may need to address each of the 522 claims individually given the diversity of their circumstances. Taking every case to a full conclusion through the litigation process is unattractive as it would take years and the costs would be extremely high.

4.3 We believe the better solution is to try to force the Claimants into a collective position where they will either abandon the claims or seek a reasonable settlement. It should be remembered that the claims are financially supported by Freeths (whose fees are at least partially conditional on winning), a third party funder and insurers. Without this

support these proceedings would not have been possible. All three entities will likely have the power to pull their support if the merits of the case drop below a certain level. Our target audience is therefore Freeths, the funder and the insurers who will adopt a cold, logical assessment of whether they will get a pay-out, rather than the Claimants who may wish to fight on principle regardless of merit.”

1499. The summary table of options (**POL00107163**) had this similarity: in respect of “Option 3”, which was recommended by Bond Dickinson in conjunction with “Option 2”, it said “*some early victories might shake the confidence of the Claimants and their litigation funder*”. However, this was one of four advantages identified for Option 3, with three further advantages being identified for Option 2.

1500. I therefore do not think that it is accurate to say that the short quotation identified by the Inquiry represents POL’s approach to the GLO Proceedings. First, I was not involved in the Steering Group discussion in September 2017 at which this featured in a longer advice document provided to them by external lawyers and so I do not know the extent to which it featured in its decision making.

1501. However, POL did intend to take steps to resolve the GLO quickly. This had the dual effect of reducing costs and the draw on staff time (and the impact on on-going business more generally), and also seeking to avoid this being drawn out which would be unfair and unhelpful for the SPMs. There was also a particular consideration that this came at a time when POL wished to recruit more SPMRs to run new post office branches, but with ongoing litigation this

prospect was unattractive for new recruits. To the extent that the words quoted by the Inquiry in Question 147.2 indicate that POL wished to seek a quick resolution of the GLO Proceedings, I would agree that this was the strategy followed by the business.

1502. My understanding of POL's strategy was what was set out in the summary table of options (POL00107163) and Jane's briefing note for the POL Board (POL00041486). This is borne out in the POL Board minutes of 26 September 2017 which approved this description of the strategy.

147.3 What were your views on Bond Dickinson's suggestion that POL would be in a "very difficult commercial position" if the SPMs' arguments on the terms of the relevant contract were upheld? In particular,

1503. Bond Dickinson described at 4.8.3 of its 11 September 2017 note (which was prepared for the Steering Group and not the POL Board) (POL00006380):

"Moreover, the Claimants' arguments on the postmaster contracts are not without merit. There is a chance that they might be successful, in which case Post Office would be left in a very difficult commercial position (see our previous advice on possible worst case outcomes)."

1504. The Inquiry asks whether I agreed with this. I do not recall seeing this document, as I say above. However, both (POL00107163) and (POL00041486) include similar wording. At page 1 of (POL00107163), which says:

"The Claimants' arguments on the postmaster contracts are not without merit. There is a chance that they might be successful, in which case

Post Office would be left in a very difficult commercial position (see our previous advice on possible worst case outcomes and the possibility of an existential crisis for Post Office)."

1505. (POL00041486), at page 5, says:

"The Claimants' arguments on the postmaster contracts are not without merit. There is a chance that they might be successful, in which case Post Office would be left in a very difficult commercial position."

1506. The POL Board and I approved this strategy. I agreed that this part of Jane's paper was an accurate observation.

147.3.1 Please address the perceived issues arising from the alleged term that sought "to reverse the burden of proof so as to make Post Office responsible for investigating shortfalls".

147.3.2 Please set out the basis on which it was considered fair for SPMs to investigate shortfalls in circumstances where they alleged that the Horizon IT System caused the discrepancy.

1507. The Inquiry asks me to consider part of paragraph 9 in Jane MacLeod's paper (POL00041486) and to consider the fairness of SPMs investigating shortfalls.

The full paragraph reads:

"We believe that the most damaging group of terms sought to be implied are those that seek to reverse the burden of proof so as to make Post Office responsible for investigating shortfalls. Post Office's contention is

that only the Postmaster can know what happens in branch, such that the Postmaster is best placed to deal with a shortfall. This is particularly the case where postmasters actively seek to conceal losses.”

1508. Knowing now that the Horizon system was not reliable, I accept entirely that it was not fair on SPMs to require them to prove that Horizon (and therefore POL) was responsible for shortfalls. However, as I understood matters at the time, there was a process in place for SPMs to raise disputes with the figures displayed and produced by Horizon, and I understood that SPMs had access to all of the information they needed about their business (for example, by cashing up properly each day through receipts kept in branches, viewing transaction log data and reports produced by Horizon) to allow them to identify where any shortfalls arose and the reasons for those shortfalls.

1509. I also understood that POL had the data necessary to investigate the cases where issues were raised by SPMs through agreed processes. If I had personally looked at that data it would not have made any sense to me and I would not have known whether I had all the required data or not, because I did not have that technical expertise. Moreover, it was not my personal job to investigate shortfalls. I would not have had the time to, even if I did have the training.

147.4 Please consider your talking point: “Would the court consider the impact of the doomsday decision in particular, the impact on public funds and POL business, when making a decision”. Did you consider that POL’s business model was more important than the merits of the SPMs claims?

1510. On 28 September 2017, Andrew Parsons sent a short email (written by Jane
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MacLeod) of my *“talking points... for tomorrow’s meeting”* to junior counsel. These included *“would the court consider the impact of the doomsday decision in particular, the impact on public funds and POL business, when making a decision”* (POL00028063).

1511. I have been shown a further email between Andrew and Jane that evening which sets out from Anthony de Garr Robinson QC *“what he plans to cover tomorrow with Paula/ AI”* (POL00006499).

1512. Following on from the *“doomsday”* note, Mr. de Garr Robinson QC intended to address:

“3. Mood music

5. “a. We need to weave into the story that losing on the “burden of proof” issue would be disastrous for POL, but this needs to be done with great care and not over-exaggerated.”

1513. The Inquiry has asked whether POL considered that its business model was more important than the merits of the SPMs' claims.

1514. My question about *“doomsday”* was a question as a non-lawyer to Leading Counsel, asking an open question so that I could understand the process. I wanted to know what the Court could and could not (and would / would not) take into account. I asked the question because I did not know the scope of the decision which the Court would make. I wanted a lawyer to explain this to me so that I could then form a more informed view on how the facts could be used in that framework.

1515. I was aware that there was a strong public interest in the survival of Post Offices because of their value to communities throughout the country. I could also see that POL could be in a very difficult commercial situation as a result of the litigation. I knew the amount of cash which POL had in the community in branches: if the Court held that the contract with SPMs was not enforceable in respect of an SPM's liability, I was concerned as to the viability of the business, the network of Post Offices and the provision of cash into communities. Taking those matters together, I wanted to understand how the Court would respond.

147.5 What were your views on settling with the SPMs at this stage?

1516. I am asked about my views on settling with SPMs at this stage: I relied on legal advice as to what was best for the business; this advice informed my views heavily. Notwithstanding my view as to what was best for the business, and therefore what view I ought to hold as CEO of the organisation, I did personally find it uncomfortable for the business to be involved in litigation of this nature with individual SPMs. This was a view I expressed to Jane on at least two occasions. However, ultimately, that was just one factor which I (and the advisers to POL) had to weigh in the balance.

147.6 Please set out the discussion on the various litigation options at the Board meeting on 26 September 2017.

1517. I do not recall the discussion on 26 September 2017 and so I am led by the documents. I can speculate as to what is likely to have happened, but I am not able to say so conclusively.

1518. I have seen that Jane's briefing paper was not included in the POL Board pack

and agenda, and it does not say in the minutes that the POL Board considered Jane's paper and / or that the paper was noted. I have also seen that I saw the paper on 21 September 2017, but it was not sent to the whole POL Board on that date (**POL00041485**). The format of the paper is precisely what would be expected for a POL Board meeting and is consistent with training which POL staff (including, I think, Jane) had undertaken on how POL Board papers should be structured and presented. This makes it likely that Jane gave copies to the POL Board, either by turning up with copies or by providing copies through the reading room. Finally, I note that Jane said in her email to me on 21 September 2017 that she would use the paper as "*speaking notes*" in the POL Board meeting.

1519. Taking those matters together, I think it is likely that Jane brought copies of the briefing paper (**POL00041486**) to the POL Board meeting and talked the POL Board through it. As the POL Board had not received a copy beforehand, it would not have had the time to consider it, hence the item is described as a verbal update.

1520. I am not able to recall the nature of the discussion beyond what is in the minutes.

147.7 Please identify any legal advice you or the Board relied on when considering this decision.

1521. The POL Board received legal advice through the paper which Jane had prepared. Seeing the paper trail in preparing this witness statement, I know (as I understood at the time, although without the specific detail) that this itself was prepared by reference to legal advice from Bond Dickinson and counsel

instructed in the litigation.

1522. As set out above, I met Mr. de Garr Robinson QC shortly after the POL Board meeting but before the Case Management Conference. If I had been told anything in that meeting or had changed my view on any matters approved by the POL Board, I would have had no reason not to re-open the discussion; it would not have been too late.

148. Please consider POL00028070 (Deloitte's 'Bramble' – Draft Report dated 3 October 2017).

148.1. When did you read this report?

1523. I knew that Deloitte had been commissioned to carry out a piece of work on Horizon as a result of the Parker Review, and the recommendations of the barristers which Jane MacLeod had emailed to me on 22 January 2016 (**POL00103110**).

1524. I can see from the documents, that I was given a broad understanding of what Deloitte's work entailed. In her email to me on 23 May 2016 (**POL00103200**), Jane MacLeod stated that Deloitte were currently undertaking work to address the recommendations and that one of the workstreams that was already underway was whether it was possible for POL or Fujitsu to remotely alter branch transactions without this being visible to the SPM. On 24 July 2016, Jane emailed me to give forewarning that there might be adverse publicity arising from POL's response to the Claimants' letter before claim, which POL was scheduled to send on 29 July 2016 (**POL00041258**). Jane stated that as a result of the work carried out by Deloitte, POL would flag that there was a

limited number of individuals at Fujitsu who had super-user rights to Horizon, which could only be used in limited circumstances. I can also see from the minutes of the POL Board meeting on 25 July 2017 (at page 4 of (POL00021549)) that I explained at the meeting that "*the decision not to prosecute agents if they could use the Horizon system as a defence would be reconsidered once Deloitte had completed their work on Horizon and could be used in court as an expert witness.*"

1525. I do not believe that I saw any version of Deloitte's Project Bramble report until after I had left POL. I have not seen any documents in the disclosure to date to suggest that I was sent the version referred by the Inquiry, nor any version of the Project Bramble report, while I was at POL.

148.2. Please explain your views on the report when you read it, in particular paragraphs 1.4.2.5 – 1.4.2.11, 1.4.3.3, 1.6.1 – 1.6.2. 148.3. With whom did you share / discuss the findings of this report?

1526. Please see my answer to Question 148.1.

148.3. With whom did you share / discuss the findings of this report?

1527. Please see my answer to Question 148.1.

148.4. Please set out what further action POL took as a consequence of the findings of this draft report.

1528. I do not know what action POL took as a consequence of the findings of the draft report.

149. Please consider POL00021551 (minutes of POL Board meeting on 31

October 2017).

149.1. Please describe what update was given to the Board on the GLO proceedings.

1529. The minutes of the POL Board meeting on 31 October 2017 (**POL00021551**) do not contain any discussion of the GLO Proceedings. My CEO Report for the meeting (starting at page 20 of (**POL00103898**)) contained an update (on page 26) about the Case Management Conference and the resulting workstreams (which focussed on disclosure, identifying the Lead Claimants, and planning and preparatory work for trial). The report also stated that a verbal update would be provided to the POL Board at its 31 October 2017 meeting. I cannot recall if an update was in fact given.

149.2. Did the Board discuss the draft Project Bramble report by Deloitte? If not, why not?

1530. I have no memory of the POL Board discussing the draft Project Bramble report on 31 October 2017. I am very doubtful that the report was discussed, as there is no briefing on the report in the meeting pack at (**POL00103898**).

150. Please consider POL00024317 (email from Mark Underwood on 1 November 2017), POL00024318 (agenda), POL00024323 (Bond Dickinson noting paper on Deloitte reports) and POL00024322 (Bond Dickinson noting paper on future work). Please set out your involvement with the decisions in respect of litigation strategy following the CMC.

1531. As I have already mentioned, the management of the litigation, including strategic decision-making, was delegated by the GE to the Steering Group. The

usual position was that I did not become involved in matters within the mandate of the Steering Group, unless either Jane MacLeod or Tom Moran decided to escalate an issue to me, or to the GE or the POL Board. Further, documents prepared for the Steering Group were not generally shared outside the Steering Group. Mark Davies' email on 1 November 2017 (**POL00024317**) (to which **POL00024318**; **POL00024323**; and **POL00024322** were attachments) was an email to the Steering Group and its secretariat to circulate the documents for a meeting on 3 November 2017. These documents were not sent to me, and I would not have expected them to be sent to me.

1532. An issue which did come to me after the Case Management Conference was how POL should manage the risk that Mr. de Garr Robinson QC, might not be available for the first trial in the GLO Proceedings (the Common Issues Trial).

1533. The background is that, at the Case Management Conference on 19 October 2017, Fraser J had made an order that the Common Issues Trial would take place over 20 days starting on 5 November 2018. Mr. de Garr Robinson QC had a pre-existing diary commitment for another trial for another client. This might have ruled him out from representing POL at the Common Issues Trial. I understand that, on 19 October and 25 October 2017, Fraser J heard an application by POL to delay the Common Issues Trial to accommodate Mr. de Garr Robinson QC's availability. The Judge refused to move the trial for the reasons he set out in his judgment dated 10 November 2017, in *Alan Bates & Others v Post Office Limited* [2017] EWHC 2844 (QB) (**POL00004167**).

1534. Mr. de Garr Robinson QC'S availability was initially considered at Steering Group level. One of the documents circulated by Mark Davies to the Steering

Group on 1 November 2017 in his email at (**POL00024317**) was a decision paper by Bond Dickinson on “*How should Post Office address Counsel’s availability for trial?*” (**POL00006435**). Bond Dickinson outlined four options and recommended that POL should bring onboard a new senior junior, Jamie Goldsmith. This would ensure that POL would have a senior counsel available until trial, whether or not Mr. de Garr Robinson QC could act for POL at the trial.

1535. The Bond Dickinson paper on counsel's availability was discussed in the email thread at (**POL00024311**). On 2 November 2017 at 18:16, Tom Moran emailed Jane MacLeod, Mark Underwood, Rodric Williams, and Andrew Parsons with his comments, as he was unable to attend the Steering Group meeting on 3 November 2017. He agreed with Bond Dickinson’s recommendation to engage Jamie Goldsmith, but added:

“...from now on in this case I think we should have a Steering Group rule which means that, whenever we choose an option which is not the most conservative we should formally notify Paula and note to GE. This is to get buy-in and avoid any future challenge that we have made short-term ‘false economies’. In this instance I do not [sic] this recommendation is such.”

1536. Jane replied to Tom Moran on 3 November 2017 at 09:14 in the same URN:

"Just to be clear – Paula was briefed on the outcome of the CMC including the risk to Tony's availability, immediately after the CMC, however I have not had the chance to update her with the results of the

2nd application last week (which confirmed that the hearing would go ahead in November irrespective of Tony's availability and that the judge would have made that decision in any event), nor was the CMC discussed at the Board on Tuesday (although Paula's CEO's report suggested it would be).

I have a call with Paula this afternoon and will take her through the updated position, however I think we need to make a recommendation, and having been briefed on this previously, I recommend appointing a senior junior now (Jamie Goldsmith) and that we wait until the outcome of Tony's trial in May before making a decision on replacing him, noting that we have Daniel Toledano on standby."

1537. At 16:05 on 3 November 2017, Jane MacLeod emailed Andrew Parsons, Rodric Williams, and Mark Underwood to update them on a conversation she had just had with me (POL00024346). Jane reported that I was very nervous about taking any risk on Mr. de Garr Robinson QC not being available and that I wanted to know why we would not just change QC immediately. Jane went on:

"I have said that there is a lot to do over the next few months and changing to a new counsel at this point would be problematic; timing is slightly quieter in May (when we would find out) and we believe there is sufficient time to get Daniel embedded then (although clearly there is risk with him continuing to be available).

Paula would like a further briefing – I suggest that we do a 'pros and cons' based on the WBD paper we looked at this morning. She is concerned that

we will need to explain this at the November board and wants to make sure we have the right answers.”

1538. I do not remember any details of the conversations with me that Jane summarised in her emails, but I have no doubt that Jane’s emails were accurate. I recall being concerned that POL should have clarity on the barrister who would represent it at the Common Issues Trial, and that whoever that person was should be fully engaged and fully prepared.

1539. Returning to the email thread at (**POL00024346**), Andrew Parsons replied to Jane at 16:16 on 3 November 2017 saying that Bond Dickinson would prepare a “*pros and cons*” paper. Rodric Williams replied at 17:33. In his view, one of the big pros for keeping Mr. de Garr Robinson QC was that he had settled the pleadings and set out POL’s strategy for trial. Any new QC would have their own views on how the case should be shaped.

1540. Andrew Parsons replied on 5 November 2017 in the same URN. Andrew Parsons wrote that bringing in new counsel would inevitably shift the emphasis of POL’s defence in ways which would be difficult to predict. Although the Court would be able to manage, and would understand a shift in approach following a change of counsel, Andrew Parsons’ greater concern was that any change might be misunderstood within POL: “*There are lots of ways to present a case and a change of direction now may be misunderstood as meaning that the previous way was incorrect. I could see this causing quite a few headaches*”. Andrew Parsons felt, on balance, that the potential benefits of a consistent approach with Mr. de Garr Robinson QC outweighed the benefits of bringing in Daniel Toledano QC.

1541. The document at (**POL00024268**) appears to be a draft of the “*pros and cons*” document that Bond Dickinson had agreed to provide in Andrew Parsons’ email at 16:16 on 3 November 2017 in (**POL00024346**). The document was emailed to Jane MacLeod and others on 8 November 2017 by Andrew Parsons, who described it as “*the first draft of the briefing for Paula*”: (**POL00024267**). It set out four options, with comments on the upsides and downsides of each. I have not seen a final version of (**POL00024268**), or any version of the document being sent to me.
1542. This issue was discussed again in the email chain at (**POL00024340**). At 20:26 on 12 November 2017, Rodric Williams emailed Jane MacLeod, Tom Moran, and Mark Underwood (cc. Andrew Parsons) with an update on counsel availability. Jamie Goldsmith, the senior junior barrister POL had lined up, was now unable to take on the case. In Rodric’s view, Jamie Goldsmith’s unavailability, combined with Fraser J’s ruling that the timetable would not be affected by counsel’s availability, pointed in favour of engaging Daniel Toledano QC as a second QC on the case. Andrew Parsons replied on 12 November 2017 in the same URN. Andrew Parsons also now slightly favoured engaging a second QC instead of a senior junior barrister.
1543. Jane MacLeod replied at 08:12 on 13 November 2017 in the same URN. I can see from Jane’s email that there was to be a GE meeting that morning. Jane set out in her email how the counsel availability issue should be presented to the GE. Jane felt that it was unconvincing to say that only Mr. de Garr Robinson QC understood POL’s case. That position was also inconsistent with an argument that Daniel Toledano QC would be able to read into the case during

May 2018. Jane thought that a better argument would be that Mr. de Garr Robinson QC had developed a rapport with the Judge. Jane suggested presenting the issue to the GE in the following way:

- a. The Judge had said that court dates would be scheduled irrespective of counsel availability.
- b. There was a moderate chance that Mr. de Garr Robinson QC would not be available for the Common Issues Trial in November 2018.
- c. There was a further hearing scheduled for February 2019. It was almost certain that POL would need two teams working in parallel to prepare for both trials.
- d. POL needed a contingency plan because it had proposed to engage a senior junior to cover hearings over the next few months. However, he was no longer available. POL was now considering engaging a second QC, both as a contingency, and to ensure continuity. This was a more expensive option, and the additional costs could be over £1 million over 15 months.

1544. I do not recall the GE meeting on 13 November 2017, and I have not seen any minutes or notes from that meeting. However, the minutes of the POL Board meeting on 23 November 2017 (**POL00021552**), which I attended, recorded on page 6 under the heading "*Group Litigation Update (Verbal)*" that Jane provided an update on the outcome of the Case Management Conference and outlined the dates for future hearings. Jane noted that Fraser J had indicated that Court dates would not be set by reference to counsel's availability. This

posed a potential issue for POL in relation to the hearings starting in November 2018 (i.e. the Common Issues Trial) as our Lead Counsel might not be available. Contingency plans (as noted above) were being developed.

1545. Although no discussion is recorded in the minutes, and I have no recollection of any discussion, I am confident that Jane's update to the POL Board would have prompted a discussion about counsel availability, as it was such an important issue.

1546. This issue was ultimately resolved by instructing a second QC, David Cavender QC. I can see from a letter dated 14 December 2017 from Bond Dickinson to Freeths that David Cavender QC was engaged by that point: see footnote 1 on page 3 of (POL00024423). I have not seen any documents which record the decision to engage a second QC, but I have a recollection that it was a decision of the POL Board.

151. Please consider POL00004167, the judgment of Fraser J in Bates & Others v. Post Office Limited [2017] EWHC 2844 (QB).

151.1. Did you, the Board or senior management at POL consider this judgment? What, if any, discussion arose from the judge's comment that "A fundamental change of attitude by the legal advisers involved in this group litigation is required. A failure to heed this warning will result in draconian costs orders".

1547. The judgment was circulated to the senior managers who sat on the Steering Group. This was appropriate, because they were collectively responsible for the management of the GLO Proceedings on behalf of POL. On 9 November

2017 at 9:47, Rodric Williams sent a draft of the judgment to Jane MacLeod, Melanie Corfield, Mark Davies and Tom Moran (cc. Andrew Parsons and Amy Prime) (**POL00041527**). Rodric drew their attention to Fraser J's comments in paragraph 20:

"...the litigation needs to be progressed in a more timely, cost-effective and proportionate manner than it has to date, and that this will require greater cooperation between the parties. He considers the failure of the parties to do so to date lies 'more or less equally on both sides.'"

1548. Rodric Williams wrote under the heading "*Main Message*" that the tight timetable set for the November 2018 trial would not be departed from and the parties would need to cooperate through their legal advisors to achieve this. Failure to do so would result in "*draconian costs orders*", (i.e. the Court will order payment of substantial costs to the other side). The final section of the email set out the longer-term implications of the judgment: POL must ensure not only that it cooperated with Freeths to promote the expeditious resolution of the case (which POL had already been trying to do) but that it was seen to be doing so. Doing otherwise would irritate and alienate Fraser J, who would be presiding over the trials in the case. This must be kept firmly in mind as POL planned and resourced the next 12 months of the case.

1549. I have not seen any minutes from the 20 November 2017 Steering Group meeting which took place after the judgment was received (**POL00024446**). However, given the Steering Group's responsibilities, I would be surprised if the Judge's comments were not discussed.

1550. I did not read the judgment at the time. It is apparent from the minutes at

(POL00021552) that Jane MacLeod briefed the POL Board that the Judge had made clear that Court hearings would not be scheduled around counsel availability. I cannot recall whether she addressed Fraser J's comments, but I would be surprised if she did not do so.

1551. I recall Jane telling me during a one-on-one meeting between us that the Judge had been critical of both sides' legal advisors. When I asked for clarification, I recall Jane explaining that the Judge had given the parties a "*shot across the bows*" (or words to that effect). Although I cannot recall the conversation in any detail, I am sure Jane told me that Fraser J had stated that the parties needed to improve in terms of timing, preparation, and courtesy of response to each other.

151.2. Did you, the Board or senior management at POL consider changing litigation strategy following this judgment? If not, why not?

1552. As far as I can recall, Jane did not present the Judge's comments as calling into question POL's litigation strategy. They were presented to me as criticisms of the parties' legal advisors, which needed to be taken on board going forwards. That was also essentially the message in the email from Rodric Williams to Jane and others on 9 November 2017 at 09:47 attaching the draft of the judgment (POL00041527). I do not recall having any further concerns about POL's approach until I was made aware, in October 2018, that Fraser J had criticised POL's conduct and attitude in his judgment dismissing POL's application to strike out parts of the Claimants' evidence (this is the judgment referred to in Question 173).

1553. (POL00090630) suggests that POL did take on board the Judge's comment

when it was preparing for a disclosure hearing on 2 February 2018. The document is a noting paper on POL's strategy for that hearing, which Bond Dickinson prepared for a Steering Group meeting on 2 February 2018. Paragraph 5.1 of the paper states that, in preparing for the hearing, POL had been conscious of the Judge's criticisms at the last hearing and had taken a different approach. Rather than taking the traditional position of a defendant of "*counter-punching*" the Claimants' proposals, POL had proactively engaged with Freeths. The skeleton arguments of both parties for hearing on 2 February 2018 highlighted the high level of cooperation between the parties. POL hoped that this approach had mitigated the risk of further judicial criticism.

1554. Although I cannot recall it, it is possible that I was informed about POL's approach to the disclosure hearing on 2 February 2018. On 31 January 2018 at 18:21, Rodric Williams emailed a summary of the parties' skeleton arguments to Jane MacLeod and others, including Tom Moran (**POL00041650**). One of his headline points was that both parties' skeleton arguments acknowledged the constructive and cooperative approach taken since the Case Management Conference, which had resulted in substantial agreement between the parties. Within the same URN, Tom Moran suggested that Rodric's email should be shared with me and AI Cameron. Jane responded that she would share with me, but that she had already had a long discussion with me about the hearing over the weekend.

152. Please consider POL00021552 (minutes of the POL Board meeting on 23 November 2017). Please describe the update given to the Board on the GLO proceedings.

1555. I have set out my evidence about the update at the POL Board meeting on 23 November 2017 above.

153. Please consider POL00024292 (email chain with Jane MacLeod and others on 5 December 2017). Please describe any discussions you had concerning settling the discrete groups of claims mentioned in the email.

1556. On 5 December 2017 at 07:54, Jane MacLeod sent an email to me and Al Cameron to inform us that the Steering Group would consider two issues at its meeting on 6 December 2017 (**POL00024292**). The first of these issues was a proposal to initiate settlement discussions with Freeths in relation to two groups of Claimants:

- a. Serving SPMs, of which there were 45 in the group, and whose claims were less than £5,000 in value.
- b. Claimants who had previously signed settlement agreements with POL, of whom there were around 120. POL had counter-claimed against these Claimants for the return of any settlement monies paid to them, on the basis that the settlement agreements were expressed to be final and binding. POL argued that the Claimants should not retain the benefit of the settlement payments if they wished to re-open matters via the GLO Proceedings. Generally, the amounts of the settlement payment exceeded the amounts claimed by these Claimants in the GLO Proceedings.

1557. Jane believed there was both financial and tactical value in attempting to settle these claims. Because of the specific facts of these cases, any settlements would not impact the wider issues. It would also help to demonstrate to the

Court that POL was seeking to resolve issues, rather than being obstructive.

1558. It appears that Jane's email on 5 December 2017 was prompted by emails between members of the Steering Group in the chain at (**POL00024326**). On 4 December 2017 at 22:27, Mark Underwood emailed to the Steering Group a decision paper on settlement (**POL00022880**) and a draft letter in advance of a call on 6 December 2017.

1559. Tom Moran replied at 23:35 on 4 December 2017. He was supportive of the approach set out in the settlement paper, *"but this feels like a very big decision and one that could be seen as a significant change of direction. The paper is very good and I would like us to share it with PV and AC (could Jane do this?). I don't feel it would be right for them, or the Board, to hear of this decision after the fact."* At 09:29 on 5 December 2017, Tom Wechsler agreed with Tom Moran that *"this needs socialising with PV and AC"*.

1560. I replied to Jane's email (in the same URN) at 08:05 on 5 December 2017. I said that the proposal seemed sensible, but I would appreciate the chance to speak to her. Al Cameron replied at 08:52 to ask whether any settlement with existing SPMs could create an incentive for a separate class action by any other SPM who had ever paid a loss to POL.

1561. At 09:11 on 5 December 2017 (again in the same URN) Jane forwarded the email chain I have summarised above to Andrew Parsons and Rodric Williams. She assumed that the answer to Al's question was technically "yes", but that it must be considered unlikely and would be subject to the outcome of the GLO Proceedings.

1562. I do not recall any discussion with Jane following our emails on 5 December 2017. My attitude at the time was that I was supportive of settlement discussions with the Claimants: as I stated in my email to Jane, the proposals set out in her email seemed sensible. However, as Jane had indicated in her initial email, the proposal was a matter for the Steering Group to decide. I do not recall receiving any further updates about this proposal.

154. Please consider POL00024182 (Jane MacLeod's email to you on 28 January 2018).

154.1. Please set out the extent of your involvement in how POL approached its disclosure obligation in the GLO Proceedings.

1563. (POL00024182) is an email exchange between Jane MacLeod, me, Alisdair Cameron and others on 28 January 2018 in advance of a POL Board meeting on 29 January 2018. The first email in the chain is from Jane at 12:24 on 28 January 2018, in which she set out her speaking notes for the POL Board meeting the following day.

1564. One of the topics Jane was to cover with the POL Board was a hearing scheduled for 2 February 2018 to decide the scope and the timing of POL's disclosure. In her email, Jane summarised the position:

- a. POL had offered to provide *"some c.175,000 documents relating to Post Office policies and processes, technical and operational aspects of Horizon (80,000), the 12 Lead Claimants, and the 27,000 documents reviewed by Second Sight which have already been provided."*
- b. However, Freeths were asking POL to disclose everything immediately,

including documents which went beyond the scope of the November 2018 Common Issues Trial. Jane described their approach, which potentially required the disclosure of millions of documents, as a fishing trip.

- c. POL's position reflected new Court protocols for disclosure, which were designed to avoid the problems presented by the Claimants' wide-ranging requests.

1565. As far as I can recall, I was not involved in making any decisions about POL's disclosure. At the time, I regarded disclosure as a procedural matter for the lawyers to handle. My understanding was that disclosure was an obligation and that identifying the material that POL was required to disclose was a task for lawyers. I also understood that POL was taking its disclosure duties seriously.

1566. I was given updates and information about disclosure. Jane's email on 28 January 2018 is an example of this. I have a recollection of the Claimants' approach to disclosure being described as "*fishing*", but I cannot say whether that memory derives from Jane's email or a conversation about disclosure. Other examples include:

- a. Jane emailed me on 20 October 2017, the day after the Case Management Conference, with an update on the hearing. She informed me that the Court had made orders for disclosure, stating that while the Claimants had asked for wide-ranging disclosure, the orders made by the Court required more limited disclosure: (**POL00103314**).
- b. My CEO Report for the POL Board meeting on 31 October 2017 (starting at page 20 of (**POL00103898**)) stated on page 7 that POL's work, following

the Case Management Conference, would focus on a number of issues, including disclosure. This information would have come from POL's legal team.

- c. In her email to me and Al Cameron on 5 December 2017 at (**POL00024292**), Jane mentioned that the Steering Group would discuss proposals for the extent of POL's e-disclosure at its meeting on 6 December 2017. Jane stated that this was a procedural step but would set in train significant work to recover the relevant files that POL would need to disclose in the GLO Proceedings. In my reply to Jane, I asked to speak to her and asked: "*How much are we are [sic.] likely to need to consider?*" This was the same email chain in which Jane described the potential settlement proposals discussed in Question 153. I do not know whether I wished to speak to Jane about settlement and disclosure, or only about the settlement aspect. I also cannot remember whether my question to Jane related to the extent of disclosure or to potential settlement figures.
- d. In an email to Tom Moran and others on 31 January 2018 (**POL00041650**) Jane stated that she had held a long discussion with me about the disclosure hearing on 2 February 2018 over the preceding weekend.
- e. On 4 February 2018, Jane sent an update to me and others on the outcome of the disclosure hearing on 2 February 2018 (**POL00006520**; **POL00103333**). She reported that Fraser J had made the orders for disclosure in the terms sought by POL and made clear to the Claimants that, while they may seek further disclosure, any such request must be a properly focussed request, and not a "*fishing expedition*".

154.2. Why did POL not seek a preliminary advice on the merits of the claim prior to the close of pleadings?

1567. In her email to me and AI Cameron on 28 January 2018 (**POL00024182**), Jane also mentioned that POL would obtain an Opinion on the merits of POL's case once pleadings for the Common Issue Trial closed in April 2018 (the **Opinion**). She explained that the close of pleadings meant that the parties had completed their Particulars of Claim, Defences, and Replies. The Opinion would be reviewed once witness statements had been exchanged in September 2018. The outcome of these reviews would inform whether POL should consider settlement discussions – either across all or only some of the issues.

1568. This section of the email was followed by a note addressed to AI that POL now had two QCs working on the case – Anthony de Garr Robinson QC and David Cavender QC. As part of Mr. Cavender QC's on-boarding, POL had asked him to consider how he would approach the case if he were advising the Claimants. This had given POL additional perspective into the way it should approach the case. Based on the information available to him, Mr. Cavender QC had flagged Horizon, training, the agent appointment process and the suspense accounts as the areas he would probe most if he were advising the Claimants. I cannot say for certain, but it seems likely that this part of the email was addressed to AI alone because I was already aware of this information.

1569. I cannot say for certain why POL did not obtain a merits advice from the barristers before the close of pleadings. I was not involved in (or aware of) any decision within POL to wait until that stage before seeking a merits advice.

1570. When I asked in May 2016 for an analysis of the balance of power between

POL and SPMs, the answer that came back from Jane was that this issue was best examined through an analysis of the legal case advanced by the Claimants in their letter before claim (see the email chain at (**POL00103200**)). I knew that the purpose of pleadings was for each party to set out its legal and factual case. It is possible that the legal team took the view that it would have been premature to ask the barristers to give an opinion on the merits until both sides had set out their case in full in their pleadings.

155. Please consider POL00021440 (minutes of POL's Audit, Risk and Compliance Committee's meeting on 29 January 2018).

155.1. Please describe the discussion on the GLO Proceedings at this meeting. In particular, what was said regarding STIP and LTIPs?

1571. I can see from the minutes at (**POL00021440**) that I attended the latter parts of meeting of the ARC on 29 January 2018. The version of the minutes disclosed by the Inquiry is heavily redacted. There are two sections of the minutes which record discussions about the GLO Proceedings.

1572. The first is on page 3 under the heading "*Classification of Group Litigation Costs*". The comment immediately underneath this section ("*PV, TP and JH joined the meeting*") shows that I was not present for this part of the meeting.

1573. The minutes record that, at the POL Board's request, EY was reviewing the accounting classification of the expenditure associated with the GLO Proceedings. To date, litigation costs had been accounted for as an operating cost and charged to EBITDA. However, it was the view of the POL Board that litigation was not a cost of trading. The Chairman of the ARC (Carla Stent)

noted that POL's Remuneration Committee would need to consider the impact of any decision in this area on both short and long term incentive plans.

1574. The other section of the minutes which deals with the GLO Proceedings is on page 8 under the heading "*Litigation*". This part of the minutes appears to be a record of an update by Al Cameron and comments by Ken McCall (the senior independent NED) and Carla Stent. Al seemed to have reported that, as a result of the GLO Proceedings, the recovery of agent losses and prosecutions had become significantly more challenging, thereby increasing the risk that their deterrent effect would be diminished. However, he advised that more targeted audits had resulted in issues being identified earlier. In response to a query by Ken McCall as to where agent losses figures should be reported, Al Cameron advised that they were covered by detail in the Conduct Report which would be presented at the March 2018 Board meeting. Carla Stent stated that she was happy for the figures to be reported wherever thought appropriate, so long as they were reported.

1575. As stated above, I was not present for the part of the meeting when STIPs and LTIPs were discussed. Nevertheless, I have a broad understanding of the issue. The budget update for the GE meeting on 16 January 2018 states (at page 34 of (**POL00027267**)) that the POL Board had asked the GE to explore accounting and target options to exclude the costs of the GLO Proceedings from trading EBITDAS. POL had reached an agreement in principle with its auditors to treat the £9 million of litigation and project support in 2018/2019 as an exceptional item.

1576. POL's incentive plans were based on profit and EBITDAS targets. If the cost of

the GLO Proceedings were removed from the profit and loss account and treated as an exceptional item, the targets would need adjusting. Based only on what is said in the minutes, I believe that the point that Carla Stent was making about STIPs and LTIPs was that the Remuneration Committee should take into consideration the accounting effect of removing litigation costs from the profit and loss accounts. This was to ensure that the targets were adjusted.

155.2. Please explain why the recovery of “agent losses and prosecutions” was perceived to be more challenging because of the GLO Proceedings.

1577. I do not now recall this part of the meeting. Paragraphs 29-30 of the Annual Risk Review Report for 2017 to the ARC Committee (**POL00104316**) contain a fuller explanation of the effect of the GLO Proceedings on the recovery of shortfalls. It states that the issue arose whenever a SPM relied on allegations in the GLO Proceedings to dispute a debt (e.g., that the loss was caused by the Horizon system). Any formal action against an SPM in these cases would most likely be stayed pending the outcome of the GLO Proceedings. In terms of numbers, this issue affected 318 cases with a combined value of £1.14 million. One SPM, who had improperly processed £400,000 of Parcelforce transactions had now frustrated the investigation into those transactions (and any consequential criminal or civil legal activity) by joining the GLO Proceedings as a Claimant. The outcome of the Common Issues Trial starting in November 2018 might enable POL to take a more proactive position on the recovery of branch losses.

155.3. Please describe the discussion on the “more targeted audits” that had been trialled. Did this provide any reassurance that POL’s business did not

face existential crisis if it was unsuccessful on some of the terms sought by the claimants?

1578. I do not recall this part of the meeting. However, I do recall concerns that had been expressed in a previous meeting that if POL was unsuccessful on some of the terms of the contract it might become difficult to recover shortfalls from SPMs. I do have some recollection that more targeted audits on the basis of data analytics had been introduced in order to give early warning of problems in branches. I do not recall any mention in this meeting of an "existential crisis" or a connection with targeted audits.

156. Please consider POL00021553 (minutes of the POL Board meeting on 29 January 2018), POL00117892 (note titled Postmaster Litigation Advisory Subcommittee) and POL00117894 (Womble Bond Dickinson briefing note dated 22 March 2018).

156.1. Please describe the update provided to the board on the GLO Proceedings.

1579. The minutes of the POL Board meeting on 29 January 2018 (**POL00021553**) record on page 10 under the heading "*Postmaster Litigation Update*" that Jane MacLeod gave a verbal update on the GLO Proceedings. She noted that there was a procedural hearing on 2 February 2018 to determine the scope of POL's disclosure for the trial starting in November 2018, i.e. the Common Issues Trial.

1580. The POL Board noted the update and resolved to establish a sub-committee for the purpose of monitoring the development in and strategy for the litigation. The members of the sub-committee would be Tim Parker, Ken McCall, and

Tom Cooper (once he was appointed as a director). Jane MacLeod was asked to provide the members with the key dates in the litigation timetable so that they could be briefed at the appropriate time.

1581. I do not recall the discussion at the meeting beyond what is set out in the minutes. I note, however, that Jane MacLeod's email to me and Al Cameron on 28 January 2018 (**POL00024182**) contained what Jane described as her speaking notes for the POL Board meeting on 29 January 2018.

156.2. Why did the Board establish a formal sub-committee to monitor “the development in and strategy for the litigation”? Why had it not done so before?

1582. I had suggested to Tim Parker some time prior to this that we establish a formal Board Sub-Committee to oversee the litigation because I did not have the expertise to challenge and scrutinise the litigation process and preparation myself. As the GLO Proceedings progressed towards trial, it was occupying increasing amounts of time at the ARC and at POL Board meetings. My recollection is that Tim considered that it would now be useful to establish a dedicated Sub-Committee.

1583. The terms of reference for the Sub-Committee (**POL00117892**) stated at paragraph 1.2 that the purpose of the Sub-Committee was to receive legal advice on POL's Defence in the GLO Proceedings as it proceeded to final resolution. Paragraph 3.1 stated that the Sub-Committee should meet as often as required, and paragraph 3.4 stated that meetings could be convened by the Secretary, the Chairman, or by any member at any time. Other POL employees and relevant external consultants and lawyers could attend meetings at the Chairman's invitation.

156.3. Please explain the reasoning behind the choice of persons appointed to the subcommittee.

1584. The members of the Sub-Committee were chosen following consultations between me, Tim Parker, and Jane MacLeod.

1585. Tim was appointed Chairman as he was keen to oversee the sub-committee personally.

1586. Ken McCall was the senior independent NED. He was extremely well-respected within the business and had IT experience.

1587. Tom Cooper was the UKGI NED designate at the time the Sub-Committee was formed. He was appointed because it was seen as critical to keep the government's representative informed. I note that in the minutes of the first meeting of the Sub-Committee on 26 March 2018, Tom Cooper was recorded as being in attendance rather than as a member (**POL00117899**). I suspect this was because he was not appointed a Director until the POL Board meeting on 27 March 2018 (see the minutes of that meeting at (**UKGI00018134**)).

1588. Al Cameron was appointed because the finance function was involved in the GLO Proceedings in various ways. Its processes and operations were part of the subject matter of the GLO Proceedings, it was involved in the funding of POL's legal costs, and it would be impacted in the event of an adverse judgment.

157. Please consider POL00117899 (minutes of the Postmaster Litigation Subcommittee on 26 March 2018).

157.1. Please set out your recollection of the meeting of the subcommittee. To what extent did the subcommittee challenge those in the executive and / or the legal advice received on the approach to the GLO Proceedings?

1589. The agenda for the Sub-Committee meeting on 26 March 2018 is at (POL00006765). It shows that I was present along with Tim Parker, Tom Cooper, Ken McCall, Al Cameron, and that Jane MacLeod, Veronica Branton (as the minute secretary), Rodric Williams, and Mark Underwood also attended. It does not appear that any papers were provided in advance of the meeting other than the terms of reference and a timetable for the GLO Proceedings and future meetings of the Sub-Committee (copies of which were attached to the agenda).

1590. The minutes of the meeting at (POL00117899) record, firstly, that the terms of reference were noted and approved for recommendation to the POL Board at the next meeting. Further, it was explained that day-to-day decisions on the litigation would be taken by the executive, but that the POL Board would be consulted in advance of any significant decisions being taken. I believe this refers to the delegation of the management of the GLO Proceedings by the GE to the Steering Group.

1591. Second, the Sub-Committee noted the litigation timetable and suggested dates for future meetings, which had been scheduled around key dates in the litigation, as well as being close to Board meetings. The remainder of the minutes contained updates on a number of topics since the January 2018 POL Board meeting: scope of disclosure, the scope of the Horizon Issues Trial; the appointment of an IT expert; POL's application for security for costs; the

protocol for the sharing of information about the GLO Proceedings between POL and UKGI; contingency planning; and the CCRC.

1592. I do not recall the discussion at the meeting, and I do not recall the Sub-Committee challenging the executive or the legal advice. However, the members of the Sub-Committee were all prepared to ask questions and challenge the business when they thought it appropriate.

157.2. Please expand on “Nevertheless, Post Office considered it unlikely that a decision would be made public before the conclusion of the Horizon trial”.

What was the basis for this?

1593. The update in the minute on the CCRC records that 33 former SPMs had applied to the CCRC to review their convictions. Rodric Williams noted that POL was cooperating fully with the CCRC and believed they were nearing the end of their investigations. Nonetheless, POL considered it unlikely that a decision would be made public before the conclusion of the Horizon trial. I do not know for certain what the basis was for POL’s belief that the CCRC would not make any decision public until after the Horizon trial.

1594. Although I do not recall whether Rodric gave a fuller explanation at the meeting, I suspect that it was thought that, since the issue of the safety of convictions and the issues to be decided in the GLO Proceedings were related, the CCRC might decide to await Fraser J’s judgment before making any decision. This seems to be the point made by POL in paragraph 5 of a briefing note to the BEIS Permanent Secretary dated 10 May 2018 (POL00006524).

158. Please consider POL00021445 (minutes of the POL Audit, Risk and

Compliance Committee on 27 March 2018). Please describe the discussion of the GLO Proceedings at this meeting.

1595. The ARC met on 27 March 2018 (**POL00021445**), the day after a meeting of the Postmaster Litigation Sub-Committee, which I address directly in this witness statement. This ARC meeting was on the same day as the POL Board meeting which I discuss in response to the next question in this witness statement.

1596. The POL Board meeting took place at 11:00am (**POL00027257**). That was two hours after the ARC meeting.

1597. I cannot locate the papers for the ARC meeting amongst the documents which have been disclosed by the Inquiry. It may well be that these documents are in batches which are still to be disclosed. I do not specifically remember that morning's ARC meeting. I therefore can only go on what is in the ARC minutes in describing the discussion of the GLO proceedings.

1598. The version of the ARC meeting minutes disclosed by the Inquiry is heavily redacted. The only substantive passage not redacted is part of the section under the heading "*External Audit Update*". There is therefore little in the minutes for me to use to refresh my memory of the meeting more generally.

1599. Peter McIver from EY provided an update to the ARC regarding the audit work relating to the GLO. Peter McIver made the ARC aware that the Claimants in the GLO had not yet valued their claim and stated the amount of damages that they were seeking.

159. Please consider UKGI00018134 (minutes of the POL Board meeting on 27

March 2018). Please describe the discussion on the GLO Proceeding at this meeting. To what extent did the full Board discuss the GLO Proceedings following the establishment of the formal Postmaster Litigation Subcommittee?

1600. Of the nine Board members who were present for the 11:00 am meeting, eight of us had attended the ARC that morning. The only member of the POL Board who did not attend that morning's ARC was Virginia Holmes, a NED.

1601. I also note that the whole Board would receive ARC minutes when they were prepared, as a matter of course.

1602. At Item 12, it is briefly stated that the Board (emphasis in the original) "**NOTED** that the Subcommittee established at the previous meeting had met the previous day and had been updated on the case" and that "[t]he Board **RESOLVED** to **APPROVE** the terms of reference for the Postmaster Litigation Subcommittee". That Sub-Committee meeting by context must be the one on 26 March 2018 which I have addressed above.

1603. The "heavy lifting" in terms of keeping key Directors updated on the GLO Proceedings was done in the Postmaster Litigation Sub-Committee and the ARC. The Board set up the Postmaster Litigation Sub-Committee so that appropriate attention and time could be devoted to its oversight of the litigation. Despite the relatively brief mention in these minutes, I am confident that the POL Board was actually up to date in March 2018, as I have described above: the litigation was significant and was treated as such.

160. Please consider POL00025892 (opinion on common issues dated 10 May

2018). Did you read this advice? If so, please state when you did, what your views were of it and whether you took it into account when considering POL's approach to the GLO Proceedings.

1604. I am asked by the Inquiry to consider (**POL00025892**) which is a legal Opinion jointly written by four counsel for POL, dated 10 May 2018: Anthony de Garr Robinson QC, David Cavender QC, Owain Draper and Gideon Cohen. Before addressing that advice, I wish to highlight some matters which took place between the meetings on 27 March 2018 and this Opinion being sent to POL.

1605. On 25 and 26 April 2018, Tim Parker and Diane Blanchard (his Executive Assistant) exchanged emails about possibly rescheduling the Postmaster Litigation Sub-Committee meeting scheduled for 15 May 2018 so that it did not clash with commitments which Tim had with other Chairman roles. Diane said that *"the difficulty is that we have timed this meeting because of the merits opinion being issued on the 30th April and needing the Sub Committee and briefing for UKGI before Board on the 24th May"*. I understand that *"merits opinion"* is a reference to the Opinion I describe in the previous paragraph (albeit it is dated later than anticipated). The meeting was not moved and Tim said *"if plane arrives on time, I can dial in, no problem"* (**POL00110906**).

1606. On 8 May 2018, Rodric Williams emailed Andrew Parsons, Jane MacLeod and Veronica Branton stating that the meeting on 15 May 2018 was likely to be *"dominated by the Merit's Opinion"* and that he and Andrew would *"review an advanced working draft as soon as it is available, and prepare a precise of what is sure to be a long document"* (**POL00041771**). That precis would aim to:

- *"summarise the Opinion for you and your communications to your*

GE colleagues;

- *act as the QC's speaking note at the meeting (which we will ask David Cavender to lead);*
- *possibly be provided to UKGI as an update, but only once the information sharing protocol is agreed."*

1607. Further to this proposal from Rodric that he and Andrew Parsons would prepare a summary, Bond Dickinson prepared a "*Summary of Counsels' Opinion on the Common Issues*" (12 May 2018) (**POL00023972**). This summary was four pages long. The summary described itself as "*a useful aid to the key points but it is not a substitute for a careful reading of the Opinion which explains the full complexity and nuances of the Common Issues*".

1608. The full Opinion and the shorter summary were sent by Andrew Parsons to Rodric, Jane and Mark Underwood on 12 May 2018 (**POL00024257**). This was a Saturday. Andrew Parsons described his summary as a "*useful crib sheet*" but "*strongly*" suggested that it should not be circulated outside this original email group.

1609. The Steering Group had a call at 9.00am on the Tuesday morning (15 May 2018). Top of the agenda was a "*general impression*" of the Opinion (**POL00024196**).

1610. There was also a Postmaster Litigation Sub-Committee meeting arranged for 15 May (**POL00041773**) for which there were no papers, but there was an agenda. That meeting was to be attended by the Leading Counsel who had prepared the Opinion. The agenda was circulated by Diane on 14 May 2018

(POL00110935) to a list of recipients including me.

1611. I have now seen, but did not see at the time, counsel's speaking note for the Postmaster Litigation Sub-Committee meeting (POL00006382). The document is not signed, but is written in a different format from that which was typically used for POL or Bond Dickinson documents, and so I infer it was written by counsel.

1612. While my memory is not detailed, I recall that I read the advice document and attended a meeting with counsel at which the Opinion was discussed. I think it is likely to have been the meeting of the Postmaster Litigation Sub-Committee on 15 May 2018. I remember that the barrister asked whether the attendees of the meeting had read the document. I said that I had but there were some dense passages of case law and there were some areas on which I had questions. I have a memory about the Maitland and necessary cooperation points, but I cannot recall precisely what I asked or what the answers were. I have re-read the advice document recently. There are sections which look familiar, and on which I would have wanted more detail, and indeed on some, taken comfort: paragraphs 7, 9, 12, 13, 27-41 and 59b).

161. Please consider POL00006754 (minutes of the Postmaster Litigation Subcommittee meeting on 15 May 2018).

161.1. Please describe your recollection of what was said at this meeting

1613. I do not recall what was said at the meeting beyond what is in the minutes. The minutes record that David Cavender QC "*explained his thoughts on the interim opinion on the Merits Case*" by which I understand that he explained the advice

which he and the other three counsel had given in the Opinion. Comparing the minutes with the speaking note (**POL00006382**), it appears that David Cavender QC followed the speaking note when he set out his advice in the meeting.

1614. From page three of the minutes, I see that POL Board members asked questions and these were answered by counsel.

1615. Tim Parker said "*from our perspective there are no decisions we are being asked to take now? Will come back to us before the trial*". By this I understand that the purpose of the meeting was not to get the Sub-Committee to make decisions on the litigation, but rather for the Opinion of counsel to be explained and for there to be an opportunity for questions.

161.2. What did you consider POL's prospects of success were in following this meeting?

1616. The minutes record that David Cavender QC said in respect of prospects of success: "*Overall view is that the PO has the better of args in most 23 args.*" I understand "*args*" to mean "*arguments*". This is reflective of the speaking note, which says (**POL00006382**):

6. "*- Outcome of litigation of this type is notoriously difficult to predict. In particular, need to keep in mind that the way they are putting the case now – is likely to be refined and reformulated after we exchange evidence and start preparations for trial.*

7. "*- But our view is that PO has the better of the argument on many of the 23 issues – but it is also likely to lose on a number of them.*"

1617. The speaking note continued:

8. *"- But given the uncertain state of the law – we think that there is material here – should be Judge be so minded, to imply a duty of good faith. Risk that he might. If he did so we would advise that an appeal be brought. Represents an important and novel point which is likely to radically effect the approach to the construction and operation of the express terms of the contracts. Indeed, whichever side loses this point is likely to see to appeal."*

1618. This last part is not minuted, but I recall the use of the word "novel" which was new to me in the legal context. I have no reason to think it was not said.

1619. I formed a view of the merits consistent with this advice: I was generally positive about POL's chances of success, although I entirely recognised that there were some issues.

1620. I note that at the next Postmaster Litigation Sub-Committee meeting, the merits advice was summarised in this way: *"the QCs had presented their opinion on the merits of the case at the last meeting, and had concluded that, based on the information available to them at the time, on balance Post Office had the better arguments"* (POL00006763).

162. Please consider POL00021555 (minutes of the POL Board meeting on 24 May 2018). Please set out your recollection of the update provided to the Board at this meeting.

1621. A POL Board meeting took place on 24 May 2018. Item 12 on the agenda was the GLO Proceedings (POL00103335). It was included in my CEO Report that

a verbal update would be provided on the litigation (at page 23 of (POL00103335)).

1622. The minutes (POL00021555) show that Jane MacLeod provided an update on the GLO, and an update on the Postmaster Litigation Sub-Committee held on 15 May 2018. The minutes are brief. No decision was requested from, or made by, the POL Board.

1623. I do not have any other independent recollection of this meeting.

163. Please consider BEIS0000079 (UKGI/Post Office Limited Information Sharing Protocol).

163.1 Please explain the background of this protocol and your involvement in agreeing the same.

1624. UKGI and POL entered into an Information Sharing Protocol on 11 June 2018 (BEIS0000079). The protocol was itself said to be subject to legal professional privilege and set out how "*information about the Postmaster Complaints will be shared with the Secretary of State and UKGI so as to promote their common interest and preserve privilege and confidentiality*".

1625. I had no involvement in agreeing that protocol, except that I was asked two, or maybe three times, by Tom Cooper and possibly Tom Aldred about why the process of agreeing the protocol was taking so long on the POL side. I think that the reason for the delay was that Jane MacLeod took her responsibilities in respect of confidentiality and privilege very seriously, and wanted to make sure the protocol was entirely suitable. However, I was aware it took rather a long time for agreement to be reached.

1626. I was not involved in the substantive matters of the protocol.

163.2 What was the purpose of the distinction between transmitting information to the shareholder representative and reporting matters to the Secretary of State/UKGI pursuant to paragraphs 5 – 9?

1627. I read the protocol but cannot recall today how I understood the distinctions that the POL and BEIS legal advisers were attempting to describe. I do recall that these distinctions concerned not breaching the Shareholder Representative's obligations regarding confidentiality and legal privilege as a Director of the POL Board, whilst wanting to ensure that the legal representatives of the Secretary of State in BEIS were kept informed and allowed to feed back any questions or concerns.

164. Please consider POL00021446 (minutes of the POL Audit, Risk and Compliance Committee on 28 June 2018). Please describe the discussion on the GLO Proceedings at this meeting. On what basis did POL consider that the disclosure of the estimated aggregate claim value in the claimants' skeleton argument did not represent a "reliable and fair reflection" of the value of the claim?

1628. By the time of the 28 June 2018 ARC meeting, as recorded in the minutes, "*disclosure had become a substantive issue*" (POL00021446). In order to give context to this sentence in the minutes, and to answer the Inquiry's question in this regard, I will start earlier in the narrative.

1629. On 1 June 2018, Jane MacLeod sent an email to the POL Board, under the subject "*Postmaster Litigation – Confidential and subject to Legal Privilege –*

Do not Forward", an update on the litigation (**POL00103336**). It began by stating that a further Case Management Conference was listed for the afternoon of 5 June 2018. Jane continued:

9. *"The purpose of the hearing is to make orders in relation to disclosure of documents relating to the March 2019 hearing on the Horizon issues, and cost management. In accordance with normal procedure, Skeleton Arguments have now been filed with the Court by both sides. The purpose of this note is to flag that Freeths have made reference in their skeleton argument to the potential value of the claims as being £80-£90 million. The relevant statement is:*

10. *'The likely aggregate value of the case is estimated to be of the order of £80 to £90 million (or in excess therefore, subject to further quantum analysis and formulation). The Claimants have not been directed to produce detailed schedules of loss, though the Schedules of Information contain detailed information on relevant heads of loss. The range give here derives from the Claimant's solicitors' analysis of the information contained in the Schedules of Information. By its nature, it is an estimate based upon present information. There are inherent difficulties to setting out the quantum of these claims at this stage and the figures should be relied upon solely as a suitable guide for the purposes of proportionality considerations on costs budgeting.'*

11. *It is possible that this figure will be picked up by the press, and therefore we wanted you to be aware. Should there be any press*

commentary, our response will be:

12. 'We note the claimants' solicitors have provided an estimated value of claims of £80-£90 million in a hearing regarding potential costs. That estimate recognised that no detailed schedules of loss have been produced to date by the claimants and that the number is therefore speculative. Post Office continues to vigorously defend the claims, and welcomes the opportunity to have these issues finally addressed through the Court process'

13. I will shortly send a similar briefing to the UKGI lawyers in accordance with the draft Information Sharing Protocol.. [sic] I will also flag the above statement to EY. Given the qualifications around the statement, we continue to believe that no provision should be required, and as the statement is speculative, we do not believe that any reference to this should be included in the disclosure in the draft accounts."

1630. Jane sent a further email on 25 June 2018 to Andrew Parsons, Mark Underwood, Rodric Williams and Mark Davies flagging that the question of disclosure would be considered by the ARC that week, and that the ARC should also receive any appropriate advice on *"the legal and reputational risks of including"* a statement in respect of this in the draft accounts. The individuals on the email chain proceeded to discuss the wording of such a statement in the draft accounts, if this were to be chosen as the appropriate course of action (**POL00024156**). The conversation continued (**POL00024230**). I was not

involved.

1631. The ARC meeting then took place on 28 June 2018. In considering the value of the claim, and discussing why the claimants had valued the claim at £80 - £90 million, the ARC noted:

- a. *"That the claimants' estimate did not itself profess to be a formal valuation of damages, but was an estimate prior to the production of schedules of loss;"*
- b. *"That the claimants had noted that 'there are inherent difficulties to setting out the quantum of these claims at this stage and the figures should be relied upon solely as a suitable guide for the purposes of proportionality considerations in costs budgeting"; and*
- c. *That the figures were "within a reasonably appropriate range, and indeed potential damages once quantified could be materially larger or smaller"*

1632. After the ARC meeting, Jane sent an email (**POL00041840**) to Andrew Parsons, Rodric, Mark Underwood, Mark Davies, Patrick Bourke and Melanie Corfield saying that:

"There was a lively debate at the ARC today about the extent of disclosure required, and the pros and cons of the various options. In particular:

- *It was recognised that 'quoting' the number, gave it a credence that it wouldn't otherwise have*

- *The risk of over-stating the quantum was as great as the risk of understating it*
- *It is relevant that no 'statement of claim' has yet been received setting out the quantum of damages, and it was recognised that this may not be received before the end of the financial year.*
- *It was important that some context be provided to protect the directors so that it is clear that they are not ignoring the potential impact."*

1633. Attached to Jane's email were two alternative draft wordings for the 2018 annual report, depending on whether or not it was decided to disclose the figure for quantum (**POL00041841**). Both versions of the wording included the form of words "*[w]hile the Directors recognise that an adverse outcome [in the litigation] could be material*" to describe the nature of the risk, and neither form of words put a figure on POL's quantification of likely damages.

1634. I was not involved in this email chain. However, I had been on an email chain earlier that day in which Jane and others discussed whether disclosure ought to be made (**POL00041836**).

1635. Jane said on 3 July 2018 that she would circulate the draft wording for the draft accounts to me and Al Cameron (**POL00041849**). That happened the same day (**POL00041865**). The draft wording was also sent to various UKGI individuals, on a chain to which I was copied on 4 July 2018 (**UKGI00008203**). Discussion continued the following day. Bond Dickinson were then asked on 4 July 2018 to confirm to EY whether POL's Directors' current assessment of the

liabilities in the GLO proceedings was reasonable (**POL00041871**).

1636. EY sent a detailed email to AI, Jane and Michael Passmore on 12 July 2018, saying that they wanted to understand the merits of the claim in more granular detail, posing various specific questions to this effect (**POL00041884**). Jane responded with a paper on 17 July 2018 (**POL00041885**). By 20 July 2018 a second paper had been produced, and both sent to EY (**POL00111017**). EY wished to speak to POL and Bond Dickinson, and a conversation was arranged by Diane Blanchard. It took place on 27 July, after which Jane reported to Andrew, Rodric, Mark Underwood, Mark Davies, and Melanie (**POL00041896**) saying that *"it appears to have been successful!"* and that EY *"decided not to include an emphasis of matter statement in their Audit report, however they have asked if we could strengthen the contingent liability statement"* with proposed wording being included in the email.

1637. There followed EY's Audit Results Update Report to the ARC dated 27 July 2018 (**EY00000001**). The GLO Proceedings were considered at (at page 8 of (**EY00000001**)). EY stated in summary:

- a. That EY had reviewed POL's paper which gave a detailed assessment of the claim, including its strength and merits;
- b. External counsel for POL considered it reasonable that POL could not currently estimate the amounts of the ultimate liabilities that may be incurred; and
- c. EY had consulted internally on these matters.

1638. They concluded:

“Based on the above we concur with management’s conclusion that the claim constitutes a contingent liability. Further we consider the disclosures to be adequate and that no Emphasis of matter is required in the auditor’s report.”

165. Please consider POL00006763 (minutes of the Postmaster Litigation Subcommittee meeting on 10 July 2018). To what extent, if at all, did the subcommittee discuss POL’s approach to the preparation of its witness evidence?

1639. The discussion at the Sub-Committee meeting on 10 July 2018 in respect of witness evidence and disclosure was minuted in this way (**POL00006763**):

“Witness statements in relation to the Common Issues trial were due to be exchanged during September and once received, the Claimants’ statements would be carefully reviewed. There had been ongoing discussion with the Claimants’ lawyers as to the scope and extent of disclosure, however, the Post Office view was that we had complied with the narrower approach mandated by the Court.

Information continued to be exchanged in relation to the Horizon trial and we were responding to a significant number of technical questions, although a number of these questions appeared to be either out of scope or would require identification and disclosure of an unmanageable large or wide ranging number of documents.

All technical documents were being reviewed and the IT experts were working with assistance from Fujitsu.”

1640. I know that the minutes are not comprehensive because I have, in preparing this witness statement, seen Jane MacLeod's email to herself of 9 July 2018 (which she sent to Angela Van Den Bogerd the following day, before the Postmaster Litigation Sub-Committee meeting) with her speaking note for the Postmaster Litigation Sub-Committee (**POL00090608**). Andrew Parsons also prepared a speaking note for the Postmaster Litigation Sub-Committee, and sent it to Jane (**POL00024176; POL00024177**).

1641. Jane sent a risk assessment table to the Postmaster Litigation Sub-Committee in advance (**POL00024166; POL00024167**).

1642. I do not have any recollection of this meeting which goes beyond these minutes and notes, which refer to the timetable for filing the witness statements.

1643. A week earlier, Bond Dickinson had written to Angela, Nick Beal and Mark Underwood, giving "*an indication of the timings for the phases of witness statements below*" (**POL00041866**). This rough timeline had the work of witness statements commencing in the week beginning 9 July 2018, with final drafts being signed in the week commencing 30 July 2018.

1644. A note from WBD, dated 9 July 2018, sets out the proposed list of generic issues witnesses and the matters on which each might comment (**POL00121166**).

166. Please describe any involvement you had in the preparation of witness statements for the GLO Proceedings, including discussing the strategy, approach or content of evidence with any witnesses.

1645. I knew that it would have been wholly inappropriate for the business to seek to

influence the witnesses who would give evidence in any way; those witnesses were to make their own statements and should respond as they saw fit, telling the truth.

1646. I have some recollection of saying to Jane MacLeod at some point that I wanted to thank the witnesses for the work they were putting into their witness statements, and being told by Jane that I should not speak to them about their evidence, even in that way. So it was not until after the Common Issues trial that I met with them, I think separately in two groups, and thanked everyone for their hard work.

1647. I note that the Board on 31 July 2018 received an update on witness statements, it being minuted in these terms (at page 7 of (POL00021556)):

“• witness statements were being gathered and were due to be exchanged during early August

• Following receipt and review of the witness statements our QCs would be able to update the Merits Opinion.”

1648. I did not have any involvement in preparing the witness statements. My only involvement in strategy in this regard was in meetings such as the 10 July 2018 Postmaster Litigation Sub-Committee, and then only with a very light touch and at a level of generality. I note for completeness that I also received emails sent to multiple recipients with general updates in respect of witness evidence (such as, for example, (POL00111281)).

1649. I am reminded by (POL00154359) that I was approached by the POL legal team to help in connection with a Fujitsu employee who had been asked, but

was reluctant, to give evidence in the GLO. I do not now remember what that witness was going to give evidence about and I do not think that I ended up having to speak with Fujitsu. I did not speak to the witness at any point.

167. Please consider POL00021556 (minutes of POL Board meeting on 31 July 2018) and UKGI00008345 (update to UKGI on 8 August 2018).

167.1. Please describe the update to the Board on 31 July 2018 concerning the GLO Proceedings. In particular, please address whether the claimants' criticism of the adequacy of POL's disclosure was raised.

1650. On 15 June 2018, Freeths wrote to Andrew Parsons "*generally in respect of disclosure provided on behalf of your client, in relation to which there are a number of areas of concern*" (POL00003348). This is not a letter I ever recall seeing.

1651. Bond Dickinson replied on 22 June 2018 (POL00041859). I do not recall seeing that letter either.

1652. The Inquiry directs my attention to the POL Board minutes for 31 July 2018 (POL00021556) and asks me whether the Claimants' criticism of the adequacy of POL's disclosure was raised in that meeting. The Inquiry asks the question, I understand, because in the minutes at item 11 ("*POSTMASTER LITIGATION*") there is no mention of disclosure criticisms.

1653. I do not recall what was said in that meeting that is not in the minutes.

1654. That discussion at item 11 was based on an update paper prepared by Jane MacLeod (POL00090612). That paper began by confirming that no decisions

were required from the POL Board, but rather Jane would provide verbal updates on four matters: the status of the Court's process; disclosure in the accounts; contingency planning; and review of settlement options. The only topic which might realistically have included discussion of criticisms of disclosure is the first: the status of the Court's process. There is nothing in that update paper to indicate one way or the other whether Jane discussed disclosure.

1655. I believe, from the documents disclosed by the Inquiry, however that the topic was discussed at the Sub-Committee on 10 July 2018. The speaking note for Bond Dickinson for that meeting states at paragraph 1.1.3 (**POL00024177**):

"The Claimants have begun attacking Post Office's disclosure on the Common Issues, saying that insufficient disclosure has been given. WBD feel confident that we have satisfactory responses to their complaints, especially given that Post Office has now disclosed over 200,000 documents (whereas the Claimants have disclosed less than 5,000)."

167.2. Please explain what steps you, the Postmaster Litigation Subcommittee and / or the Board took to investigate the concerns raised by the claimants as to the adequacy of POL's disclosure.

1656. I do not recall what steps the PLSG and/or the Board and/or I took to investigate the concerns raised by the claimants as to the adequacy of POL's disclosure. I do not recall what steps the PLSG and/or Board and/or I took to investigate the concerns raised by the claimants as to the adequacy of POL's disclosure. Both before, and during, the GLO, the

legal team briefed the Board and the Subcommittee on matters of disclosure when they needed to, for example when it related to the Sift Review, the Second Sight Interim report, the expert witness issues and the GLO. Whilst I have a lay person's understanding of what disclosure means, I was not a legal expert and could not investigate these concerns myself. The legal team assured us that they were complying with POL's duties of disclosure at all times. I took confidence from the fact that the work that they were doing was subject to external scrutiny from Cartwright King, Brian Altman QC, Bond Dickinson and other experienced QCs.

168. Please consider UKGI00008372 (email between Tom Aldred and you on 31 August 2018) and POL00111095 (your briefing for meeting with Kelly Tolhurst MP on 3 September 2018). Please describe your conversation with the Minister on 3 September 2018 and 17 October 2018.

1657. It was arranged that I would meet the new Minister, Kelly Tolhurst MP, on 3 September 2018. In advance of this, I spoke with Patrick Bourke and Alice Cookson on 24 August 2019 for them to brief me. I asked that Jane MacLeod also be invited to give her thoughts on what I should say to the Minister (**POL00024179**). Jane sent a detailed email to Alice with her comments, copying it to Patrick, Andrew Parsons, Mark Underwood and Rodric Williams. My team dissuaded me from doing anything other than noting the fact of the ongoing litigation, and advised that I should not talk about it in any detail without lawyers attending.

1658. On 31 August 2018, the Minister received a briefing document

(UKGI00008369). I of course did not see this at the time. This document (UKGI00008370) recognised that this was “*an introductory meeting*” and the Minister was advised to be “*largely in listening mode*”. The “*most important thing to impress upon Paula*”, said the briefing document, “*is the need for POL to submit in writing their contingency plans for handling the Horizon litigation in advance of briefing you and the Permanent Secretary orally on 17 October*”.

1659. That same point which Kelly Tolhurst MP was advised to “*impress upon*” me was the subject of a standalone email from Tom Aldred, Executive Director in UKGI, to me on the day that the briefing note was sent to the Minister (UKGI00008372). I was told it would be “*helpful*” if I could “*share your material in advance so we can make the most of the relatively short time that we have in the meeting itself*” before meeting the Permanent Secretary and the Minister on 17 October 2018. I was also told by Tom Aldred that I should not expect the Minister to raise the litigation “*in any detail*” on 3 September. I responded to Tom Aldred, asking him to pick this up with Jane.

1660. My briefing document for 3 September was detailed, but reminded me that I “*should avoid any detailed conversation on*” the litigation and save it for 17 October in a specific meeting arranged for that purpose (POL00111095). One reason for this was to maintain privilege.

1661. In the meeting on 3 September 2018, I ran through the briefing note which my colleagues had prepared for me. We spoke particularly about the transformation of the Post Office and how POL had managed to keep post offices open and continued to serve communities across the UK, whilst improving service for customers. The Minister was, in general, very pleased

with that outcome and had a number of questions on other business matters. It was a good meeting.

1662. I included a brief note on my meeting with Kelly Tolhurst MP in my CEO Report for the 25 September 2018 (at page 15 of (**POL00103345**)). I said that the Minister “*was engaged and showed interest in championing our interests in Government and beyond*”.

1663. I shall now move on to discuss the preparation for the meeting on 17 October 2018. Jane emailed Al Cameron and me on 27 September 2018 to say (**POL00105467**):

“I have a somewhat unsatisfactory conversation with Tom Aldred yesterday regarding the PO attendees at the meeting on 17 October. Tom explained that the ‘direction’ that there should be only 2-3 POL attendees came from Alex Chisholm and therefore will be difficult to change, although a representation directly from Paula may work to increase the representation to 4.”

1664. Jane then discussed whether Tim Parker should attend. He had been intending to do so but was willing to stand down.

1665. On 11 October 2018, Jane sent briefing notes to me, Al, Mark Davies, Rodric and Tom Cooper concerning each of the lead claimants and their cases (**UKGI00008494**).

1666. A briefing paper was prepared for the meeting (**POL00111218**). This briefing note was detailed and should be read in full in conjunction with this section of my witness statement to show precisely what I was told immediately before the

meeting.

1667. On 15 October 2018, Fraser J handed down judgment on POL's application for strike out. The Court refused the application. A chain of emails followed (**POL00042063**) between POL's internal and external advisors in which Rodric observed on 16 October 2018:

"We designed our Information Sharing Protocol with UKGI so that there would be "no surprises". They should therefore hear about the judgment from us rather than any source, and as soon as possible given how quickly word of the judgment could travel.

I would therefore like to get a briefing over to UKGI's lawyers tomorrow, whether by phone, email or combination of both.

I would be happy to email the judgment to UKGI with a summary of the good and bad points as outlined [in Andrew Parsons' email above], preceding it with a phone call given that they are likely to see this as bad news, but I am conscious that the meeting between Paula, Al, Jane and Mark D and our Minister and other government representatives is on Wednesday, and I don't want to do anything that gets in front of that."

1668. A BEIS document which seems to have been prepared in advance of the meeting confirms the attendees on 17 October 2018 (**UKGI00008519**): Jane, Al, Mark and I attended for POL. Government attendees were the Minister, the Permanent Secretary, Gavin Lambert (Post Office Policy Champion, BEIS), Gareth Evans (Deputy Director, BEIS Legal Advisers), Tom Cooper (Director,

UKGI) and Richard Watson (GC, UKGI).

1669. A draft read out of the meeting, prepared by UKGI, describes in detail who said what (**UKGI00008554**).

1670. I recall the meeting as being challenging. I got the impression that the UKGI staff wanted to show the Minister that they were serious about challenging POL. In light of that, it is important to note that in an internal Government email on 2 November 2018, UKGI General Counsel Richard Watson wrote that the Minister should be updated that "*we were pleased with how the meeting went and POL were also glad to have had the opportunity to provide their perspective of the litigation*" (at page 1 of (**UKGI00008606**)).

169. Please consider POL00006757 (minutes of the Postmaster Litigation Subcommittee meeting on 24 September 2018). Please describe the update given at this meeting, in particular whether there was any discussion on disclosure.

1671. The Inquiry asks me to consider the minutes of the Postmaster Litigation Subcommittee on 24 September 2018 (**POL00006757**) and asks me to describe the update given at this meeting in respect of the litigation, in particular whether there was any discussion on disclosure. I recognise that there is no mention of disclosure in those minutes.

1672. I do not specifically recall any discussion on disclosure. I recall being aware generally at the time that POL was responding to directions for disclosure, but that it was taking a lot of time to respond to directions because of the volume of documents which POL held.

170. Please consider POL00021557 (minutes of the POL Board meeting on 25 September 2018). Please describe the update that was given on the GLO Proceedings and the status of prosecutions whilst the litigation remained unresolved.

1673. I do not specifically recall the POL Board meeting on 25 September 2018. The minutes, at item 4(b), state (**POL00021557**):

“The position on former agents’ losses was discussed. It was noted that we were not bringing prosecutions currently where these related to the Horizon system because of the ongoing litigation. The increase in cash in branches further increased the risks. We had improved our ability to identify branches with potential fraud issues and target them for audits. Prosecutions could potentially start against after the Horizon Trial (assuming a positive outcome), however as matters go “stale” after c6 months, it is unlikely that we would be able to prosecute retrospective cases.”

171. Please consider POL00024170 (email chain on 1-4 October 2018). Please describe any conference you had and the advice you received in the lead up to the Common Issues trial.

1674. I have very little independent recollection of any legal conferences I attended or any advice I received in the lead up to the Common Issuestrial. This includes the email chain on 1-4 October 2018 at (**POL00024170**), and a litigation contingency planning meeting on 5 October 2018 which relates to the chain.

1675. However, to assist the Inquiry, I have set out below the documents which

record the advice I received between 25 September 2018 and the start of the Common Issues trial , or which appear to be relevant to the email chain on 1-4 October 2018:

- a. Jane MacLeod attended the POL Board meeting on 25 September 2018 to give an update on the litigation. The minutes of the meeting (**POL00103345**) record that:
 - i. Witness statements for the Common Issues trial were being gathered and were due to be exchanged in early August. Once witness statements had been received and reviewed, the QCs would update their merits advice, to be expected in September 2018. The IT experts continued to review documents relating to the Horizon trial. POL expected the scope of the Horizon trial to be agreed in the next month.
 - ii. Jane informed the Board that POL was developing a contingency planning paper. This would allocate to each identified risk four potential responses: (i) contractual changes; (ii) communications; (iii) operational changes (e.g., training) and (iv) system changes (i.e., Horizon). The paper would identify those responses that could and should be implemented ahead of the judgment and those responses that would only be implemented if the judgment was adverse to POL.
- b. (**POL00111095**) is a briefing note for me to use at a meeting with Kelly Tolhurst MP (the newly appointed Postal Affairs Minister) on 3 September 2018. There is a section on the litigation at page 6 of the note, in which the key risks are said to be:

- i. The Court's decision on one or more of the Common Issues has a material adverse impact on POL's operations and/or these operational issues create cash flow concerns.
 - ii. The Court determines that there are systemic issues with the Horizon system, such that transactions between SPMs and POL are not seen to be reliable.
 - iii. Public opinion goes against POL as a result of any Court decision such that POL loses both the trust of the public and its key government and commercial stakeholders.
- c. (POL00042037) is an email thread containing an email from Rodric Williams to Jane and others on 18 September 2018. In his email, Rodric sets out a briefing for management on the issues to be decided at a Case Management Conference on 19 September 2018, which were (a) POL's application for security for costs and (b) the timetable for the Common Issues Trial. Jane replied to Rodric that she would send the email to me. I am reminded by reading the document today that the issues it covers were known to me, whether in such detail I cannot recall. I have not yet seen any email in which I was sent the briefing, and I cannot remember receiving it.
- d. (POL00022943) is a Bond Dickinson note dated 20 September 2018 entitled "*Post Office Group Litigation: Mitigations*". The note provided advice to POL on three issues: (a) the general effect of a court judgment; (b) potential changes to the SPM contracts to "*harden*" POL's rights to recover shortfalls, in the event of an adverse judgment; and (c) potential legal routes to make contractual changes to the SPM contracts. I do not

recall this document, but I understand that Angela Van Den Bogerd emailed me a copy on 27 September 2018, in advance of a litigation contingency planning meeting on 28 September 2018 (**POL00024157**). I can see from Angela's email that Andrew Parsons of Bond Dickinson was to join the meeting to discuss the contractual issues.

- e. (**POL00006757**) are the minutes of the meeting of the Litigation Sub-Committee on 24 September 2018. I attended the meeting but have no independent recollection of what was discussed. The minutes record that the Sub-Committee was given the following updates:
 - i. Jane gave a report on the Common Issues trial. She reported (i) that POL had asked for inadmissible evidence to be struck out; (ii) that POL had succeeded in its application for costs, and (iii) that POL had been told that time had been set aside for the trial in November 2018.
 - ii. There was an update on the Horizon Issues trial, which I assume was given by Jane. The trial would start in March 2019 and last 20 days. The themes for the trial had been agreed. They included the robustness of the system, remote access, and the facilities available to SPMs. Fraser J would answer 15 questions about the Horizon system. The outcome would be on a spectrum rather than a single determination on whether the system was robust. The Judge would take a view on how the system operated in the past, and his conclusions would be of fact and not law. POL faced the challenge of explaining the system in plain English and the Judge would need to choose between the views of the two experts. The experts would be

in constant dialogue in advance of the trial, and their primary duty was to the Judge. POL's expert's view was that Horizon was a robust system which had some "bugs", but these did not have a material impact on the operation of the system.

- iii. Mark Davies told the Postmaster Litigation Sub-Committee that a team would be monitoring press and communications in advance of trial and were preparing for different scenarios. POL was working with external consultants, Portland, to assess POL's approach from an external perspective. Portland would be available throughout the trial and understood the issues.

- f. (POL00111165) is a draft update for the Litigation Sub-Committee meeting on 24 September 2018. Although I recall it was around this time that I heard about the top line view of POL's Horizon expert (who was referred to in paragraphs 2.9 and 2.10 of the draft update), I have no memory of this document, and I do not know whether it was provided to the Postmaster Litigation Sub-Committee: the minutes of the meeting at (POL00006757) do not mention the document, and they record that the updates from Jane and Mark were given "verbally".

- g. On 25 September 2018, Jane sent an email to the members of the Sub-Committee with details of the timetable for the Common Issues trial (POL00117991). This had been requested by the Postmaster Litigation Sub-Committee at its meeting on 24 September 2018.

- h. (POL00022669) is an update dated 28 September 2018 to the barristers' Opinion on the Common Issues. The authors of the update are listed as

being “Anthony de Garr Robinson QC, David Cavender QC, Owain Draper, and Gideon Cohen”. While I do not recall the document today, I do believe I read it as there are passages about the Judge’s approach to the request to strike out evidence and counsel’s view that he was “inconsistent”, which having re-read them, seem familiar. The barristers stated in the introduction that they saw no reason substantially to change the views set out in their Opinion on the Common Issues. Their overall view on the merits was unchanged, and the risks they identified in their Opinion remained present. The remainder of the update addressed three main issues: (i) POL’s application to strike out inadmissible evidence submitted by the Claimants; (ii) the burden of proof; and (iii) implied terms of the SPM contract.

- i. Paragraphs 4 to 9 of the update deal with POL’s application to strike out parts of the Claimants’ evidence for the Common Issues trial on grounds of admissibility. The barristers summarised how the Judge had dealt with the application to date and advised that: “our view is that the Managing Judge is likely to decide the Strike Out Application largely in Post Office’s favour”. They also advised:

“We consider that the Strike Out Application, however precisely it is determined, will achieve the objective of bringing the issue of admissibility to the fore and enabling the court to tackle it head-on, rather than it becoming a distraction at trial. We do not consider that there was or is now any sensible approach for Post Office to take given the Lead Claimants’ approach and the Managing Judge’s

understandable desire not to be seen to ‘shut out’ their wish to ‘tell their story’ (the language he used at the hearing on 11 September). Ultimately, we expect the Managing Judge to realise that the November trial could become unworkable unless he provides a strong and clear ruling on admissibility, and we are confident that he will then do so. There is always scope for argument about the status of particular passages of evidence, but we remain of the view that it is likely that the Managing Judge will agree with Post Office’s submissions as to the principles by which admissibility is to be determined in this case and will thus accept the basic thrust of the application.”

- ii. On the burden of proof issue, they advised that it would be prudent for POL to accept that a Horizon-generated loss would not qualify as a “loss” which was recoverable from the SPM under the SPM contract. In most cases, the fact that there was a shortfall would ordinarily be sufficient to establish a genuine “loss”, without the need for POL to identify and prove directly the actual cause of the loss. However, the inference of a “loss” from a shortfall would be undermined where there was some reason to believe that the loss may have been generated by Horizon. In their view, this would depend on the factual circumstances, including the likelihood of the alleged Horizon error having generated the shortfall, and evidence indicating that other causes for the shortfall were comparatively more likely. The effect of this may be to shift the evidential burden to POL where the SPM can provide reasonable evidence that the shortfall

was caused by Horizon. It was unclear precisely what threshold would have to be crossed before the burden shifted to POL: the barristers believed that the "*possibility*" (their emphasis) of a Horizon error did not come close to the required level of evidence.

- iii. On implied terms, the barristers advised that the Managing Judge may look for some points on which to give the Claimants a small victory, especially if (as the barristers anticipated) he decided most of the construction and implication issues in POL's favour. In that context, they recommended that POL should not push back against a case that SPMs should have a meaningful opportunity to seek repayment of remuneration after a period of suspension. They also recommended that POL conceded (or at least did not strongly argue against) the Claimants' case that there was an implied term of the SPM contract that POL's discretion as to the remuneration paid to suspended SPMs would not be exercised dishonestly or in an arbitrary, capricious, or irrational manner.
- i. On 1 October 2018, Jane wrote to Andrew Parsons, Rodric, Avene Regan, and me, suggesting that David Cavender QC should attend the litigation contingency planning meeting on 5 October 2018 (**POL00024170**). Jane suggested that he would provide an update on his view of the merits, which would provide helpful context for our contingency planning discussion.
- j. On 2 October 2018, Jane sent Rodric, Andrew Parsons and Angela a list of the topics that David Cavender QC could address (**POL00024170**). These were:

- i. His overall view of POL's prospects of success on the Common Issues and a high-level view of POL's strengths and weaknesses.
 - ii. A more detailed view on the "*shortfalls/burden of proof*" issue, given that this was the area which would have the greatest operational impact in the event of an adverse ruling.
 - iii. Any areas POL should think about appealing.
 - iv. Any other material risk areas in the conduct of the case.
- k. On 4 October 2018, Rodric sent Jane, Angela and Andrew Parsons a summary of a discussion with David Cavender QC on what Rodric called "*the all-important 'burden of proof' issue*" (**POL00024170**). In summary, both versions of the SPM contract required a "*loss*" before the SPM could be liable. POL's position that a "*loss*" was established when a SPM submitted an account containing a shortfall was a reasonable position to take, given (i) the SPM's control over branch activity; and (ii) Horizon's general reliability. This position could be challenged by the SPM in an individual case on cogent evidence.
- l. The contingency planning meeting took place on 5 October 2018 (**POL00024158**). I attended the meeting, but I have no memory of what was discussed, or of David Cavender QC's contribution to the meeting.
- m. (**POL00111214**) is a POL briefing paper for a meeting on 17 October 2018 with the Postal Affairs Minister, Kelly Tolhurst MP, and Alex Chisholm, the Permanent Secretary for BEIS. I attended the meeting together with Jane and Al. The paper provided an overview of the litigation and contained a

summary of the barristers' advice on the Common Issues at paragraph 1.4. In short, the barristers believed that POL had the better of the arguments on most of the Common Issues, but was unlikely to be successful on each and every issue. The areas that were most problematic for POL related to the clauses of the SPM contract dealing with suspensions and terminations of SPMs, withholding remuneration during periods of suspension and imposing liability for branch losses. The issue between POL and the Claimants in relation to liability for shortfalls was set out in paragraph 3.3 of the briefing. The Claimants argued that POL was required to show that an SPM's actions had caused POL to suffer a net economic detriment. POL's position was that, if a shortfall was shown in the branch accounts, the SPM was liable absent any cogent evidence to the contrary, as they were responsible for conducting the transactions recorded in the accounts.

- n. **(UKGI00008554)** is a note of the meeting. I can see from the note that Jane addressed most of the legal issues, and that I addressed POL's general approach to the litigation and business contingency planning. It was agreed towards the end of the meeting that POL would share its legal advice on the litigation with the government.
- o. **(POL00111257)** is a briefing note on the litigation ahead of a POL Board meeting on 30 October 2018. It provided an overview of the status of the litigation at that point and recorded that David Cavender QC and Andrew Parsons of Bond Dickinson would attend the Board meeting to provide an update on the Common Issues trial, which was scheduled to begin on 5 November 2018. This may have been a briefing note prepared for Jane

who was due to update the POL Board. I do not recall the document.

- p. On 29 October 2018 Veronica Branton sent the POL Board a message on my behalf (**POL00103360**). I noted in my message that Jane had flown to Australia because her father had died the week before. In Jane's absence, I had invited David Cavender QC and Andrew Parsons to come to the POL Board and brief us on the following matters: (a) POL's application to strike out parts of the Claimants' evidence; (b) the Judge's challenge on POL's tone of voice during the strike out application; (c) the Claimant's draft opening submissions; and, if time allowed, (d) Horizon Trial preparation.
- q. On 31 October 2018, Rodric Williams sent UKGI a summary of the discussion about the litigation at the POL Board meeting on 30 October 2018 (**POL00042106**). In relation to the Common Issues trial, it stated that the strike out judgment had not changed the substance of POL's legal case but had demonstrated the unpredictable nature of the Judge; that the Claimants' opening submission had not added clarity to their case or raised new issues; and that the Judge's comments about POL's "*tone*" had been taken on board.
- r. (**POL00042122**) is an email dated 6 November 2018 from Andrew Parsons to Rodric containing a draft note to me on what the parties may say in their oral opening submissions. I have no reason to doubt that Rodric offered to send the note, but I do not recall it now. My lawyers have been unable to establish whether the note was finalised and sent to me.

172. Please consider POL0006388 (Bond Dickinson note on the admission of further implied terms for a meeting on 12 October 2018). To what extent were

you involved in the decision on whether to admit further implied terms?

1676. (POL00006388) is a paper prepared by Bond Dickinson for the Steering Group meeting on 12 October 2018. The purpose of the paper was to explain to the Steering Group a recommendation from the barristers and Bond Dickinson that POL should accept two of the implied terms proposed by the Claimants. These were:

- a. A term (called the "*Suspension Term*") which limited POL's right to suspend SPMs to cases where there was a reasonable basis or grounds for the suspension on one or more of the grounds for suspension set out in the SPM contracts.
- b. A term (called the "*Back-pay Term*") providing that POL's contractual power to withhold or not to pay remuneration during a period of suspension must not be exercised dishonestly or in an arbitrary, capricious or irrational manner.

1677. The basis of the recommendation was that the barristers had advised that there was a medium to high risk that the implied terms would be approved by the Court: there was therefore a tactical advantage in accepting them, rather than fighting them and losing at trial. Bond Dickinson had investigated whether the implied terms, if accepted, would have an adverse impact on the business. The feedback they had received was that their effect would be minimal, because the business was in practice already complying with them. The barristers had also advised that by conceding the two implied terms, POL would appear more reasonable and not lose credibility with Fraser J. They felt they would be in a better position to defend the other more onerous implied terms, both in relation

to suspensions, and more generally. The concession would also assist Fraser J to find some points on which to give the Claimants a small victory.

1678. I recall it was suggested by counsel that POL should accept some implied terms, which were likely to be imposed. This was described as a concession, i.e. being seen to "give" something. I remember taking the advice and not having any issue with what was suggested. I have read the paper when preparing my witness statement, but it triggers no recollection of my being involved in any debate or decision as to whether POL should concede any implied terms.

173. Please consider POL00023117, the judgment of Fraser J in Bates & Others v. Post Office Limited [2018] EWHC 2698 (QB), POL00103355 (emails between Jane MacLeod and Tim Parker on 18 October 2018), POL00103356 (email from Jane MacLeod on 18 October 2018) and UKGI00008549 (your email of 19 October 2018).

173.1 Please describe any discussions you had concerning this judgment. What, if any, discussion arose from paragraphs 13 and 56 – 57 of the judgment.

1679. Jane MacLeod emailed a copy of Fraser J's judgment dismissing POL's strike out application to Tim Parker, Diane Blanchard, and me at 12:52 on 18 October 2018 (POL00103355; POL00103349; POL00103351).

1680. In her covering email (which Jane addressed to Tim) Jane mentioned that she understood that Tom Cooper had recommended that Tim should read the judgment, and provided an explanation of Fraser J's decision:

a. Jane explained that POL's application was decided on case management

grounds, which gave Fraser J a considerable discretion. Applying those grounds, Fraser J had set a very high standard to strike out the Claimants' evidence. He had decided that POL had not established that the parts of the Claimants' evidence that POL was seeking to strike out could never be relevant to the case, given the number of Common Issues. However, he confirmed that the law on the admissibility of evidence would be applied at the Common Issues Trial. He also confirmed that, at the Common Issues Trial, he would not rule on any matters relating to Horizon or whether POL had breached its duties to SPMs: Jane noted that most of the disputed evidence went to these two issues.

- b. Jane stated that the Judge's ruling on the application was consistent with his approach of allowing the Claimants their day in Court, while applying orthodox legal principles. That said, POL had lost the application and should expect the Claimants to be awarded their costs, which were estimated at £120,000.
- c. Jane stated that: *"However in deciding the application, the Managing Judge was very critical of our conduct of the case, intimating that we were not acting cooperatively and constructively in trying to resolve this litigation (which criticism was levelled equally between the parties); and that we had impugned the court and its processes by making the application for improper purposes. This response is extremely disappointing as this has not been our intention, and his challenge as to the purpose for which we had applied for strike out is at odds with comments he had made during various procedural hearings over the past year."*

- d. Finally, the judgment had been the subject of an article in the Law Gazette. In light of Fraser J's remarks, Jane was now engaging with Portland and POL's internal communications function to refine POL's preparation for trial, including a reactive communications plan.

1681. Tim replied to all on the same day at 14:53 (in the same URN) stating that he had read the judgment. He went on:

"...the judge does seem to somewhat negative about our efforts to take out elements of the evidence, even if he does acknowledge that both sides have been uncooperative with each other in the management of the case. My worry is that some of his points at the end betray what looks like an inherent dislike of our "aggressive" approach to the individual claimants as well as an "aggressive" approach to litigation, as well as a rap over the knuckles regarding what the judges sees as using negative PR as part of our argument. Interesting to know if this initial response from him suggests any change of tack on our part."

1682. Jane responded to Tim in a reply to all email at 18:31 on the same day. She stated, in response to Tim's concerns:

"Paula and I have discussed this at length this afternoon. The commentary in the judgement is unfortunate. There is obviously a fine balance between doing everything that we can to achieve a legal victory, and maintaining the right public image - not helped when the judge is linking activity from 15 years ago, and assuming by extrapolation that this must underpin our behaviour today. We will work with Portland and the Comms team to manage the lines going forward, and will discuss

with our external advisors how best to position the language so that we do not inadvertently influence the Judge adversely. Fortunately the decision in the Common Issues trial should be made on the basis of legal analysis-which is less subjective, and also appealable if we believe the judge arrives at the wrong decision.”

1683. At 18:41 on 18 October 2018, Jane sent the text of her initial email to me, Tim, and Diane as an update to the POL Board (**POL00103356**).

1684. In her email to Tim at 18:31 on 18 October 2018, Jane mentioned that she had spoken to me about the judgment at length earlier that day. I have some recollection of the meeting and I can see from (**UKGI00008549**; **POL00103357**) that I emailed the POL Board on 19 October 2018 with a list of the action points that Jane and I had discussed and agreed during the meeting.

1685. Although I cannot recall reading the judgment at the time, I believe that I did so, because I stated in my email to the POL Board on 19 October 2018 that Jane and I had gone through the judgment and Fraser J’s challenge on POL’s tone of voice. I have re-read paragraphs 13 and 56-57 while preparing my witness statement. They contain serious criticisms of what the Fraser J described as an aggressive approach to litigation tactics and what he called POL’s “*tenor*” or “*tone*”. At the end of paragraph 57, Fraser J was clearly sending a message to POL when he said: “*I wish to make one point entirely clear, so that this cannot be misunderstood. An aggressive and dismissive approach to such major Group Litigation (or indeed any litigation) is entirely misplaced.*”

1686. The severity of Fraser J’s criticisms came as a shock to POL’s management.

Our belief at the time was that POL had taken on board what Fraser J had said previously, and we had not picked up that there was anything aggressive to POL's tactics and approach.

1687. I wanted to sit down with Jane to go through what had gone wrong and what we could do to put things right. It was not an easy conversation. It was serious and concerning that POL had greatly annoyed the Judge who was dealing with the whole of the Group Litigation. I had to make this clear to Jane. However, I also wanted to reassure her that I was there to listen and would support her in taking steps to respond to the Judge's criticisms.

1688. I remember that Jane was extremely upset because it had not been her intention to be aggressive. I recall her telling me that some of the lawyers involved (I remember Jane mentioning Andrew Parsons and Rodric) felt bad about how they had handled some of the documents for the application. I also recall her being frustrated about aspects of Fraser J's approach. He had read and made negative comments about some of the correspondence between POL and the Claimants from the time they were dismissed as SPMs – in some cases more than a decade ago. Jane's concern was that the Judge appeared to be conflating or reading across POL's conduct many years ago with its conduct in the present. She was also frustrated that, at one point, he appeared to have accepted that he should make a definitive ruling on the evidence before the start of the trial but had changed his mind.

1689. I understood Jane's perspective and that it can be difficult to get the tone right where one of the parties is a large organisation and the other is a group of individuals who, no matter that they were bringing the litigation were people

whose lives had been so seriously affected, as we have heard many times in this Inquiry. It was clear that we needed to take steps to correct what the Judge regarded as POL's inappropriate tone towards the litigation, the Claimants, and their case. I left the conversation satisfied that Jane understood that the situation was serious and that we needed to implement a plan to avoid a repetition of the kind of approach that had irritated the Judge.

1690. In my email to the POL Board on 19 October 2019 (**UKGI00008549; POL00103357**) I set out what I described as "*remedies*" to Fraser J's criticisms. Although, as I mentioned in my email, Jane was understandably frustrated, the onus was on POL to change tack. Jane and I had therefore agreed that she would implement five steps as soon as possible:

- a. She would speak to the entire team working on the litigation to emphasise that they should take a step back and consider not only what they did, but how they did it.
- b. Jane had already spoken to Rodric who had reviewed POL's written submission but had not spotted a section which had drawn criticism from the Judge.
- c. Future submissions would have a second legal check and POL in-house communications would review them for their tone. Jane would also read all future submissions.
- d. Jane would meet Mr Parsons, the solicitor at Bond Dickinson who had drafted the evidence for POL which had been criticised by the Judge. Jane was to ensure that he understood the issue we were concerned about.

e. Jane would meet POL's two QCs to agree how they would redress POL's tone.

1691. I informed the POL Board that I would support Jane and follow up on each of these actions with her next week. I would then call one of the managing partners at Bond Dickinson (who I knew well) to obtain some personal reassurance. This was a reference to Simon Richardson, who was Andrew Parsons' boss. I have a recollection of speaking to him and him telling me that Andrew Parsons felt bad about the comments he had put in his statement which the Judge had criticised.

1692. Ken McCall replied to me and the rest of the POL Board on 19 October 2018 (**UKGI00008549**; **POL00103358**) stating that he fully agreed with my views and approach.

1693. I can see from the email from Veronica Branton to the POL Board on 29 October 2018 (**POL00103360**) and the agenda for the POL Board meeting on 30 October 2018 (**POL00026936**) that David Cavender QC and Andrew Parsons attended part of the meeting to discuss the litigation and that one of the items on the agenda was the "*tone of voice*" challenge from Fraser J.

1694. I cannot recall what was discussed at the meeting, but I can see from a summary of the discussion that Rodric emailed to UKGI on 31 October 2018 (**POL00042106**) that the Judge's comments in the strike out judgment about POL's tone had been taken on board. I assume the statement about taking the Judge's comments on board had come from David Cavender QC and Andrew Parsons.

173.2. Please explain why POL continued to adopt a litigation strategy that was criticised by Fraser J for a second time. Who was responsible for this?

1695. I do not wish to conflate what I have read when preparing this witness statement with my recollection from the time. As I have said above, although I do not recall clearly, I think I may have read the barristers' update to their Opinion on the Common Issues at (POL00022669), in which they characterised the strike out application as a sensible application for POL to bring and which was likely to mainly succeed. However, I do not recall any suggestion or perception that the strike out application was an aggressive step in the litigation. As I have mentioned above, Fraser J's criticisms of the application came as a surprise to POL management.

173.3. Did you, the Board or senior management at POL consider changing litigation strategy following this judgment? If not, why not?

1696. As I have mentioned above, it was clear from the Fraser J's criticisms that POL needed to take active steps to change its tone. However, the POL Board and senior management did not consider a general change in litigation strategy. The approach of the POL Board was that strategy was a matter for Jane MacLeod (who had been tasked with the management of the litigation), the two QCs, and the senior lawyers at Bond Dickinson. I think there was an assumption that the specialist litigation lawyers would know how to respond effectively to the Judge's concerns. There was a reluctance to create any tension or lack of trust between management and the lawyers so close to the start of the Common Issues trial.

173.4 Why did you not copy Al Cameron or Jane MacLeod into UKGI00008549

1697. I did not copy Jane MacLeod into my email to the Board on 19 October 2018 (UKGI00008549) because she and I had just had a very difficult conversation about Fraser J's judgment. I knew from that conversation that Jane was upset, and I did not want to embarrass or demoralise her. That is also why I did not copy her colleague Al Cameron. However, I am as sure as I can be that I spoke to him about it: Al and I sat together and worked as a very close partnership. He was my *de facto* deputy and I kept him closely in the loop, especially on POL Board matters.

173.5. Please describe the steps you took to address the criticisms made by Fraser J.

1698. I have described above the steps I took to address the criticisms made by Fraser J. I spoke to Jane MacLeod and agreed with her a plan of action to ensure that POL's presentation of its case did not alienate the Judge. I spoke to a senior lawyer at Bond Dickinson to gain direct reassurance. I invited David Cavender QC and Andrew Parsons to the POL Board meeting on 30 October 2018 to discuss the tone in which POL argued its case.

174. Please consider POL00103360 (email from on your behalf to the POL Board on 29 October 2018) and POL00021558 (minutes of the POL Board meeting on 30 October 2018).

174.1. Please describe the update that was given on the GLO proceedings, in particular the briefing that "The claimants' IT expert had found that Horizon was not a robust system but this assessment was founded on identifying a large number of small problems with the system which our expert was confident could be rebuffed".

1699. As I have mentioned above, at my request, David Cavender QC and Andrew Parsons attended the Board meeting on 30 October 2018. I stated in my email to the POL Board on 29 October 2018 (**POL00103360**) that I had asked them to brief the POL Board on (a) POL's application to strike out inadmissible evidence; (b) Fraser J's challenge to POL about its tone of voice; (c) the Claimant's opening submissions for the Common Issues trial; and if time allowed, (d) preparation for the Horizon Issues trial. I can see from an email from Angela Van Den Bogerd to me and others on 1 November 2018 (**POL00111283**) that I spoke to David Cavender QC on 29 October 2018, but I cannot recall what we discussed.

1700. (**POL00111257**) is a briefing note prepared ahead of the POL Board meeting on 30 October 2018. It set out a suggested agenda for the discussion with David Cavender QC and Andrew Parsons, comprising (1) the trial timetable (allocated to Andrew Parsons); (2) preparations for the Common Issues trial (David Cavender KC); (3) communications and media handling (Mark Davies); and, if time allowed, (4) an update on the Horizon Issues trial (Andrew Parsons). The briefing set out at paragraph 4 is a summary of what the current position was in relation to the Horizon Issues trial:

a. *"The legal team is also preparing for the Horizon Issues Trial, which will begin in March 2019. The majority of the issues to be determined at this trial will be determined via expert opinion evidence but some require factual evidence.*

b. *The claimant's expert (Jason Coyne of IT Group) has now submitted his expert report. Absent finding a 'smoking gun' he has listed out a number*

of bugs, without analysis of their effect or extent, before concluding 'it was highly likely for bugs/errors/defects to have the potential to' cause shortfalls and undermine the reliability of Horizon.

- c. Post Office's expert (Dr Robert Worden of Charteris) has until 30 November 2018 to submit his report, supported by Fujitsu, the legal team and Post Office more generally.*
- d. Witness evidence has also been exchanged. The claimants submitted 9 statements – 3 from witnesses who have previously criticised Horizon (Richard Roll – an ex Fujitsu employee who appeared on Panorama; Charles McLachlan – defence expert in the Misra prosecution; and Ian Henderson – Second Sight) and 6 statements from former postmasters.*
- e. Post Office has until 13 November to provide its response to these statements."*

1701. The appendices to the briefing gave further detail on the issues which had been discussed during a contingency planning meeting on Friday 26 October 2018. I do not recall the meeting, but I can see from (**POL00024158**) that I am listed as an attendee.

1702. The first issue was contingency planning. Three areas of the Common Issues had been identified as being greatest concern in terms of business impact. These were shortfalls, liability for losses, and POL as agent. While POL believed that it had the stronger of the arguments in these areas, the business impact of an adverse finding would be material. Mitigating actions were in place or being considered to address these concerns:

- a. A variation to the contracts, which would be made only if the judgment went against POL.
- b. An end-to-end investigation process had been designed, beginning with an issue or discrepancy being identified to the findings of POL's investigation being produced and shared with the SPM.
- c. It was considered unlikely that the Common Issues trial would change the basic principle that SPMs have to make good any losses they cause. However, an adverse judgment may require POL to do much more than it currently did to demonstrate that the SPM (and not something outside the SPM's control, such as a bug in Horizon) caused the loss before they were asked to make it good. There was therefore a risk that an adverse judgment may lead SPMs to change their behaviour. Most SPMs made good their losses immediately and accepted liability for any shortfall recorded in their branch accounts. If the judgment on the Common Issues was adverse, these SPMs might begin to demand that POL show positively what caused the loss and/or discount any other possible causes for it, irrespective of value or the SPMs' knowledge of what caused the loss. This would require POL to review the branch accounts and Horizon reports thoroughly to confirm that only the SPM could be liable for the loss. This would be a significant exercise. Scenario planning was underway to model the impact of such behavioural changes.
- d. Owing to cost and complexity, CCTV would only be installed in all Post Offices if the judgment went against POL.

1703. Another topic covered in the briefing was mediation of the Group Litigation.

POL's current thinking was that a mediation prior to a judgment on the Horizon Issues trial was unlikely to resolve the dispute or even narrow the issues. At the most recent hearing on 10 October 2018, the Judge himself had said that any mediation was highly likely to fail.

1704. The final topic in the briefing note was settlement. The possibility of settlement had been regularly considered both by the legal team and by the Postmaster Litigation Sub-Committee at each of its meetings. However, to date, management and the POL Board had taken the view that settlement would not satisfactorily address the issues at stake as there was a series of issues which made settlement problematic:

- a. As the Claimants' legal costs were being met by a litigation funder (which would normally expect to recover at least three times the costs under any settlement or award) and the Claimants had not yet been required to articulate their claim for damages, POL had no clear view of the amount that might be acceptable through a settlement.
- b. It was unlikely that the terms of any settlement would remain confidential. A settlement was likely to be construed in the media as a capitulation and was therefore likely to give rise to further claims. In that context, any settlement would only be binding on the parties to the action.
- c. Settlement would not resolve the issues raised by the Claimants about the correct interpretation of the SPM contract and the robustness of Horizon. Therefore, SPMs would continue to challenge the veracity of the data from Horizon on which POL relies to recover losses and will perpetuate the current issues POL faces whereby branch losses are increasing

significantly. It was unlikely that any single SPM would be able to afford the costs to have the Horizon issues fully determined, whereas the Group Litigation and the funding structure allowed those issues to be addressed.

- d. POL currently enjoyed the confidence of both customers and the clients to whom it provided services. An outcome which did not address the robust operation and resilience of Horizon risked undermining that public and commercial confidence in POL.

1705. The minutes of the POL Board meeting on 30 October 2018 (**POL00021558**) record that David Cavender QC gave an update on the Common Issues trial: *"We had lost our application to limit the evidence being presented at the trial to the common issues. This judgment was discussed at it was noted that during the trial we would politely but persistently challenge the claimants' case where there were inaccuracies or contradictions."* Andrew Parsons provided an update on the second trial on the Horizon system: *"The claimants' IT expert had found that Horizon was not a robust system but this assessment was founded on identifying a large number of small problems with the system which our expert was confident could be rebuffed."*

1706. On 31 October 2018, Rodric Williams emailed a fuller summary of the discussion at the Board meeting to UKGI (**POL00042106**):

- a. In relation to the Common Issues trial, the lawyers advised that:
 - i. Fraser J's judgment on the strike out application had not changed the substance of POL's case. Although it demonstrated the unpredictable nature of the Judge, he continued to assert that he would follow the

law in deciding the Common Issues.

- ii. The Claimants' written opening submissions for the Common Issues trial had not added much clarity to their case and did not raise any new arguments.
- iii. Fraser J's comments in the strike out judgment about POL's "tone" had been taken on board. POL may need to press home with the Claimants' witnesses certain points that were necessary to POL's case.

b. The advice received by the POL Board in relation to the Horizon issues was that:

- *"The Claimants' IT expert Jason Coyne had produced his first formal report on the Horizon system.*
- *Mr Coyne had not identified any 'smoking gun' to show Horizon has a fundamental defect. He has instead listed all the bugs he has found in the Horizon technical documents to then draw the conclusion that "it was highly likely for bugs/error/defects to have the potential to" cause shortfalls and undermine the reliability of Horizon.*
- *Mr Coyne does not however seek to explain the effect or extent of the identified bugs/errors/defects, without which there is an analytical gap linking the listed bugs etc to Mr Coyne's conclusion.*
- *This point will be addressed as part of Post Office's expert report, which is due to be filed on 30 November 2018."*

1707. I do not recall any details of the briefing to the POL Board for its meeting on 30 October 2018, beyond what is set out in the documents I mention above.

174.2. Please set out when you first were aware of the claimants' expert's position. What, if any, steps did POL take to investigate the concerns raised by the claimants' expert outside the litigation. In particular, what, if any, steps did POL take to determine whether the bugs, individually or cumulatively, affected the safety of any past conviction?

1708. I understand from (FUJ00160138) that the Claimants' solicitors sent POL's solicitors a copy of Jason Coyne's report on 16 October 2018. On 18 October 2018, Jonathan Gribben, a solicitor at Bond Dickinson, sent a copy of the report to a group including Rob Houghton and Jane MacLeod (POL00111231). Jonathan Gribben gave four headline points about the report:

- "1. it is 225 pages of professionally presented work;*
- 2. Coyne has not discovered any smoking gun then [sic.] shows that Horizon has a fundamental defect. Indeed, you could read parts of his report as saying that Horizon is fairly robust.*
- 3. his general approach is to list out all the bugs he has found in the Horizon technical documents and then draw the conclusion that "it was highly likely for bugs/errors/defects to have the potential to" cause shortfalls and undermine the reliability of Horizon.*
- 4. Robert Worden's initial view is that there is a lack of analysis of the bugs identified by Coyne – Coyne does not seek to explain their effect or extent. Without this analysis, Robert believes it is a leap to say that a simple list of*

bugs justifies Coyne's conclusions."

1709. I have seen a copy of Jason Coyne's report during the preparation of this witness statement, but I do not remember being given or reading the report at the time. I do not remember when I first became aware of Jason Coyne's views. The minutes of the Postmaster Litigation Sub-Committee meeting on 24 September 2018 (**POL00006757**) record that the Postmaster Litigation Sub-Committee received an oral briefing on the Horizon issues. The minutes do not mention Jason Coyne's report, but state that "*Our expert's view was that Horizon was a robust system which had some 'bugs' but which did not have a material impact on the operation of the system*". It is possible, but I do not remember, that Jason Coyne's view was mentioned at the meeting. Based on the documents I refer to in my answer to Question 174.1, I was made aware of Jason Coyne's views in broad terms by the time of the POL Board meeting on 30 October 2018.

1710. I do not recall any discussion at the POL Board nor any advice being given by the lawyers that POL should investigate Jason Coyne's concerns outside the litigation, including in relation to past prosecutions. The position at that time was that POL's expert, Dr Robert Worden, was in the process of preparing his response to Jason Coyne's report. The Board was told that Dr Worden was confident that Horizon was a robust system and that Jason Coyne's views could be rebuffed. As a non-IT expert, I was not in a position to challenge the views expressed by either expert, but I think the POL Board took comfort that Horizon was now being looked at by an independent expert, and who was of the opinion that Horizon was robust.

175. Please consider POL00111281 (email from Angela Van Den Bogerd to you and others on 1 November 2018), POL00117998 (email exchange between you and Rodric Williams on 7/8 November 2018), POL00118001 (email from Mark Underwood to you on 9 November 2018), POL00026954 (email from Rodric Williams to you and others on 13 November 2018), POL00111405 (email from Rodric Williams to you and others on 20 November 2018), POL00042151 (email from Rodric Williams to you and others on 21 November 2018), POL00111475 (email from Rodric Williams to you and others on 5 December 2018) and POL00107162 (email chain between you and Rodric Williams on 4-6 December).

175.1. Please set out what involvement or oversight you had over POL's conduct of the Common Issues trial.

1711. I had limited involvement in the Common Issues trial. The steps I took in terms of what I would consider to be involvement were:

- a. I spoke to Jane MacLeod, Bond Dickinson, and David Cavender QC about taking steps to correct POL's "tone" in advance of the Common Issues trial.
- b. I invited David Cavender QC and Andrew Parsons to attend the POL Board meeting on 30 October 2018 to brief the Board on the litigation. I also had a call with David Cavender QC on 29 October 2018. The relationship and communications with the external lawyers were usually managed by Jane MacLeod. However, as I mentioned in my email to the Board on 29 October 2018 (POL00103360) Jane's father had died the previous week and she had flown to Australia. I was therefore stepping in for Jane at this meeting.

- c. There were regular contingency planning meetings and Group Litigation update meetings in the lead up to the Common Issues trial. I cannot recall these meetings, but I can see from (**POL00024158**) that I was listed to attend contingency planning meetings on 5 October 2018, 12 October 2018, 19 October 2018, 26 October 2018 and 2 November 2018, and Group Litigation update meetings on 7 November 2018, 9 November 2018, 16 November 2018, 23 November 2018, and 30 November 2018.
- d. On 17 November 2018, I attended a meeting with Kelly Tolhurst MP (the BIS Minister with responsibility for postal affairs) and Alex Chisolm (the BIS Permanent Secretary) to brief them on the Group Litigation. An annotated copy of the briefing paper for the meeting is at (**POL00111208**) and a note of the meeting is at (**UKGI00008554**).
1712. I can see from an email dated 1 November 2018 from Angela Van Den Bogerd (**POL00111281**) that a planning meeting I was to attend on 2 November 2018 was cancelled as there had been no material updates since the POL Board meeting on 30 October 2018. Angela reported that POL had now completed its preparations for the Common Issues trial, and that it was now over to the legal team, and principally David Cavender QC, to ensure that he was fully prepared ahead of opening submissions on 7 November 2018. Aside from a call scheduled with David Cavender QC for 2 November 2018, POL's attention would focus on making sure that POL's 14 witnesses for the Common Issues trial were fully supported and had everything they needed ahead of giving evidence.

1713. I was not involved in the Common Issues trial once it started on 5 November

2018, and I had no role in overseeing the Common Issues trial. It did not occur to me that I should have any involvement or any oversight role. The trial process was in the hands of experienced and highly regarded lawyers, who were, as I understood it, well prepared and on top of the detail.

1714. I was kept informed of the progress of the trial, as shown by the documents to which the Inquiry has referred in Question 175:

- a. **(POL00117998)** is an email chain about the opening submissions at the Common Issues trial on 6 and 7 November 2018. On 6 and 7 November 2018, Rodric Williams sent a group of senior managers, including me, bullet point summaries of the Claimants' and POLs opening submissions. On the evening of 7 November 2018, I sent an email to Rodric asking what would happen if we thought that Fraser J had misunderstood or misinterpreted or not read POL's submissions properly. My question may have been triggered by an observation in Rodric's email in the chain at 23:09 on 7 November 2018 that there had been some confusion between David Cavender QC and the Judge about how the clauses of the SPM contracts which made SPMs liable for branch losses applied. Rodric replied to me on 8 November 2018, stating that POL would have opportunities to revisit the point during trial and could look to appeal if we believed the Judge had got the issue wrong.
- b. **(POL00118001)** is an email to me from Mark Underwood on 9 November 2018 containing a note that I could share with the POL Board which summarised the events of the first week of the Common Issues Trial.
- c. The Inquiry has referred to **(POL00026954)**. This is not, as described in
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Question 175, an email from Rodric to me and others on 13 November 2018 but a POL GE agenda for a meeting on 12 November 2018. It is possible that the Inquiry intended to refer to **(POL00118002)**, which is an update email from Rodric to me and others on 13 November 2018 in which he summarised the evidence given by two of the lead Claimants, Pamela Stubbs and Mohammad Sabir.

- d. **(POL00111405)** is an email dated 20 November 2018 from Rodric to me and others with a summary of Patrick Green QC's cross-examination of Angela.
- e. **(POL00042151)** is another update email from Rodric to me and others, dated 21 November 2018. It summarised the final day of Angela's evidence and the evidence of the next three witnesses, Tim Dance, Helen Dickinson, and Michael Shields.
- f. **(POL00107162)** is an email chain on 4 and 5 December 2018, beginning with an update from Rodric to myself and others with a summary of Patrick Green QC's closing submissions. Rodric reported that Patrick Green QC had spent very little time on the main issues being tried, namely the terms of the SPM contracts, and instead focussed on his overarching narrative that POL's relationship with SPMs was deeply unfair and biased towards POL. The main risk, therefore, was that the Judge would "*fill in the gaps*" in the Claimants' analysis: David Cavender QC would look to address this in his closing submissions. I replied on 5 December 2018 stating that this was helpful and "*more reassuring than of late*". I then asked Rodric what he would write in addition to what Patrick Green QC had said in his closing

submissions if he were the lawyer for the Claimants. Rodric responded later that day with his thoughts:

"... if I was the claimants' lawyer, the points I would make following Patrick Green QC's closing would be:

- *We (i.e. the Claimant's) were able to air in court all of our concerns about Post Office and how it behaved towards us;*
- *We also raised enough law to give creditability to our case;*
- *Even if not a 'slam dunk', we have done enough to convince the Judge that he should find a way through the law to come down on our side.*

From that same perspective, the points I would make from the first day of David Cavender QC's closing could be:

- *Post Office is very sensitive about evidence which casts it in a bad light, and is trying to tie the Judge's hands from using that evidence;*
- *The Judge likes the "relational contract" concept, so may want to use that to imply good faith concepts into the postmaster contracts; and*
- *Post Office wants to make postmasters strictly liable for branch losses, when the contracts' words (or at least the pre-NT version) require proof of fault, and they know that losses can be caused by things outside the postmaster's control, e.g. bugs in Horizon or inaccurate Transaction Corrections.*

I hope that's helpful, but please let me know if you would like me to expand

on any points.”

- g. (POL00111475) is an email on 5 December 2018 from Rodric to me and others with an update on the first day of David Cavender QC’s closing submissions. Rodric reported that David Cavender QC believed that the Judge had understood POL’s case on the terms of the SPM contracts which held SPMs liable for losses.

175.2. Please consider your email stating that Mr Williams’ email of 4 December 2018 was “more reassuring than of late”. To what were you comparing Mr Williams’ email?

1715. I have read the email chain at (POL00107162) and the other documents the Inquiry has referred to in Question 175 to attempt to refresh my memory. I cannot recall now exactly what I had in mind when I wrote to Rodric Williams on 5 December 2018 that his email on 4 December 2018, in relation to Patrick Green QC’s closing submissions, was more reassuring than of late. However, having re-read some of his earlier emails sent as summaries during the Common Issues trial, I expect I found it more reassuring than, for example (POL00042151), where Rodric explained why it could be thought that *“our witnesses have not been helpful”* or *“characterised as our witnesses being defensive.”*

176. Please consider POL00021559 (minutes of POL Board meeting on 27 November 2018).

176.1. Please describe the update on the GLO Proceedings and the Common Issues trial.

1716. I attended the POL Board meeting on 27 November 2018. Section 7 of the minutes (**POL00021559**) records an update by Jane MacLeod on the Group Litigation, including the Common Issues trial and preparation for the Horizon Issues trial. The Common Issues trial had not concluded at the time of the POL Board meeting, as the barristers were due to give their closing submissions the following week.

1717. I do not recall what Jane said during the meeting, but I can see from the minutes that the tone of Jane's update is in some respects more pessimistic than the feedback POL had received before the start of the Common Issues trial. The minutes contain a number of references to POL making an appeal from Fraser J's judgment on the Common Issues, and that Jane anticipated that Fraser J would criticise some of POL's behaviour in his judgment, leading to adverse publicity. I cannot recall any details of the criticisms that Jane anticipated Fraser J would make in his judgment.

1718. I should add that it is possible that I was given additional feedback on the Common Issues trial at the Group Litigation update meetings scheduled for; 9 November 2018, 16 November 2018, 23 November 2018, and 30 November 2018 (see (**POL00024158**)). I cannot recall any of these meetings, and I have not seen any notes of these meetings.

176.2. Did you have, or were you aware of, any concerns as to whether Fraser J was, or appeared to be, biased against POL in his handling of the GLO Proceedings at this stage or earlier. If so, was this discussed at the Board?

1719. My information and knowledge about how Fraser J handled the trial, and the earlier stages of the Group Litigation came to me in reports from and

discussions with the legal team. I do not recall any concern that Fraser J was biased against POL being communicated to me or to the POL Board, until after POL received a draft copy of his judgment on the Common Issues in March 2019.

177. Please consider POL00006471 (Bond Dickinson note for Steering Group Meeting on 28 November 2018).

177.1. Please explain to what extent, if at all, you were involved in the preparation and / or strategy for the deployment of expert evidence in the GLO Proceedings.

1720. I was not involved in the preparation of, nor any strategy for, the deployment of the expert IT evidence in the GLO Proceedings. At the time, I would not have thought it possible for POL to have had a strategy in relation to the expert evidence. I regarded Dr Robert Worden as being the specialist authority on the IT issues, and I understood that he owed a duty to assist the Court.

1721. I was kept informed of the developing views of the two experts as they went through the process of investigating Horizon and preparing their reports prior to the Horizon Issues trial:

a. I attended the meeting of the Postmaster Litigation Sub-Committee on 24 September 2018. The minutes (**POL00006757**) record in section 4 that POL's expert's view was that Horizon was a robust system which had some "bugs", but which did not have a material impact on the operation of the system.

b. I attended the meeting of the POL Board on 25 September 2018. The

minutes (**POL00021557**) record an update from Jane MacLeod that two experts (one for each party) had been appointed to provide their view of the Horizon system and had a series of questions to answer from the Judge. In effect the Judge's decision would reflect the expert he believed.

- c. I attended the meeting of the POL Board on 30 October 2018. The minutes (**POL00021558**) record a briefing on the litigation from David Cavender QC and Andrew Parsons from Bond Dickinson. Andrew Parsons gave an update on the Horizon Issues trial. He reported that the Claimants' IT expert had found that Horizon was not a robust system, but this assessment was based on identifying a large number of small problems with the system, which POL's expert, Dr Robert Worden, was confident could be rebuffed.
- d. I attended the meeting of the Postmaster Litigation Sub-Committee on 28 January 2019. The minutes (**POL00006756**) summarise the views of the two experts on page 1. Jason Coyne was of the view that Horizon had bugs, that there could have been more bugs, and that these bugs could have caused the errors / losses in the Claimants' branches. Dr Robert Worden's view, however, was that while there were bugs in the Horizon system (as was the case with any IT system) it seemed improbable, given the volume of transactions processed through the system, that these could have caused the errors or losses in the branches.
- e. I attended the meeting of the Postmaster Litigation Sub-Committee on 21 February 2019. The minutes (**POL00006753**) record on page 1 an update from Anthony de Garr Robinson QC, who summarised the views of the

experts as follows:

- i. The Horizon Issues trial would focus on 15 questions covering three core issues: whether Horizon was robust, the cause of shortfalls in branches (including remote access) and miscellaneous issues.
- ii. The key issue was robustness and “*our view*” (I am not certain whether this refers to POL or the legal team) was that it was critically robust. The Claimants’ expert had identified system errors, but his report lacked balance.
- iii. POL was not seeking to prove that the system could not have been improved. No-one had found a fundamental flaw in the system. Where there were system issues, the systems and processes to address these had worked well in practice. Several of the bugs identified by the Claimants’ expert were not in fact system bugs and several would not have affected branch accounts. Several bugs had been triggered by an unusual combination of events. For the vast majority of the time, Horizon was a reliable system.
- iv. Jason Coyne argued that there could be thousands of undetected bugs in Horizon.
- v. Dr Robert Worden argued that there could not be a sufficient volume of bugs to have generated the losses alleged by the Claimants. The error rate was low when assessed against the number of users and 50 million transactions per week.

177.2. What were your views when you learnt of the content of Mr Worden’s

report? Please set out any steps you or POL took to disclose the fact that Mr Worden considered that there had been “672 bugs in Horizon over the last 18 years” to SPMs convicted on the basis of evidence generated by the Horizon IT System.

1722. The Inquiry has referred me to (**POL00006471**), which is a Bond Dickinson noting paper on Dr Robert Worden’s expert report for a Steering Group meeting on 28 November 2018. Paragraph 3.1 of the document sets out what they describe as Dr Worden’s “*central conclusion*”, namely, that Horizon was reliable and extremely unlikely to be the cause of the Claimants’ shortfalls. He had taken a quantitative or statistical approach to the existence of bugs, on the basis that the question of the extent that Horizon contained bugs was a form of risk analysis. The figure of 672 bugs appears in section 5 of the document: through a statistical analysis, Dr Robert Worden had calculated that at the absolute worst there had been 672 bugs in Horizon over the last 18 years. This was based on a “*worst case assumption*” methodology. In Dr Robert Worden’s view, this was not a large number. He had calculated that Horizon would have needed to contain around 64,000 bugs before the Claimants could show that their losses had been caused by the system.

1723. The document was prepared for the Steering Group. I do not recall the document and have found no indication in disclosure that it was sent to me. An email from Rob Houghton to Rodric Williams on 14 February 2019 (**POL00107155**) appears to contain a reference to a request by me for a copy of Jason Coyne’s supplemental expert report dated 1 February 2019, which dealt with Dr Robert Worden’s report at length. I cannot remember this request

or whether I read Jason Coyne's supplemental report.

1724. I understood, however, from the information I have set out above that it was common ground between the experts that the Horizon system contained bugs. The debate between the experts focussed on the extent of the bugs (including potentially undetected bugs) and whether these could have caused the losses in the Claimants' branches.

1725. I have a recollection of being aware of a suggestion that Horizon contained hundreds of bugs, but also of Dr Robert Worden's view that there would have needed to have been around 64,000 bugs to have caused the Claimants' losses. I spoke to Rob Houghton because I wanted to understand the argument. Rob's view was that Dr Robert Worden's analysis was a valid way of approaching the issue and proved a high reliability threshold for Horizon. He added that the key issue would be whether the Horizon system "*self-reported*" the bugs. I understood this to mean that it was important that bugs were identified by the Horizon system's own processes.

1726. I do not recall receiving any legal advice that POL should consider whether Dr Robert Worden's views on the existence of bugs in Horizon should be disclosed to convicted SPMs. If I had been given such advice, I would have ensured that POL acted upon it.

178. Please consider POL00103372 (email from Jane MacLeod to the Board on 21 December 2018) and POL00103373 (attachment to prior email). Were there any concerns regarding Fraser J's impartiality at this stage?

1727. I do not recall any concerns about Fraser J's impartiality, in the sense of bias

against POL, until POL received the draft of his judgment in the Common Issues trial in March 2019.

Personal circumstances at the time

1728. My husband was taken seriously ill over Christmas 2018 I stepped back from my duties at POL from mid-January 2019 to be with him and then assist with his care. I had handed Tim Parker my resignation in November 2018 (see Question 184) and by the time I stepped back in January, he had identified Al Cameron as my likely successor. Tim wanted to appoint him as Acting CEO and was trying to get Al's appointment ratified by BEIS. Al was my de facto deputy in any event. I continued to be involved at POL when I could but when I was unavailable due to my husband's illness, Al took over my role and responsibilities.

179 Please consider POL00006756 (minutes of the Postmaster Litigation Subcommittee on 28 January 2019).

179.1 Please describe the discussion on the preparation for the Horizon Issues trial.

1729. I am asked to look at the minutes of the Postmaster Litigation Sub-Committee on 28 January 2019 (**POL00006756**). This is a meeting I attended. It lasted for one hour. The minutes record discussion of:

- a. The date on which the trial would start;
- b. The importance of expert evidence;
- c. The Claimants' expert evidence, and that some "*counter evidence*"

would be required from Fujitsu; and

d. Further advice would be sought from Leading Counsel.

1730. The proposed agenda for the meeting is at (**POL00042244**), sent by Jane MacLeod on 18 January 2019. In relation to the Horizon Issues Trial, Jane wrote:

“ – at present we don't have another scheduled Litigation Committee meeting before the commencement of the Horizon trial on 11 March. We believe it would make sense to schedule an additional committee meeting for the second half of February by which time the final experts' reports will have been filed, and therefore our QC – Tony de Garr Robinson, would be able to discuss the trial, the reports of each expert and provide an assessment of the issues (which will be predominantly fact based and therefore there will be more emphasis at the trial on the credibility of the expert witnesses and the findings in their reports).”

1731. There was a POL Board meeting on 23 January 2019 which I did not attend (**POL00021560**). From the minutes, I understand that there was no discussion of the Horizon Issues Trial. That was an additional meeting, rather than a regular POL Board meeting, convened specifically to discuss back-office transformation.

1732. Jane emailed the POL Board on 25 January 2019 saying that there was not yet any indication of when the embargoed judgment would be received (**POL00118020**).

1733. In parallel to preparation for the Horizon Issues Trial, there was internal discussion about mediation with the Claimants, which the Claimants wanted to defer until after that trial (**POL00042253**).

1734. I have not identified, in the documents disclosed by the Inquiry, any internal emails regarding evidence, or other related issues, in the lead up to this Postmaster Litigation Sub-Committee meeting. I do not know whether the emails exist and have not yet been disclosed, or whether there were none.

1735. I have no independent recollection of the meeting other than from the minutes and the documents I describe above.

179.2 Were you aware of witness evidence provided by Fujitsu employees on the issue of remote access? What were your views on the same?

1736. Following the POL Board meeting on 28 January 2019, at which it was discussed that some of the Claimants' expert evidence might necessitate responsive evidence from Fujitsu, I was included in a small number of emails which related to this evidence. I did not read the witness evidence, as I have described elsewhere in this statement.

1737. The first was on 14 February 2019, where Jane set out the witness timetable for the trial, including "*Richard Roll (formerly of Fujitsu and the source of the remote access allegations)*" (**POL00118022**). A reply to that email from Rodric mentioned two witness statements from "*Fujitsu's Torstein Godseth; 2x from Fujitsu's Steve Parker*" (**POL00118023**).

1738. I was aware that some new evidence had emerged from the claimants, as I replied saying "*You flagged on Monday ... the supplementary statement from Coyne contained 'new news'*". Although I had stepped back because of my husband's illness and because I was due shortly to leave the business, I continued to support and challenge as much as possible. The email exchange at (**POL00111672**) added to a discussion regarding the claimants' evidence.
1739. Looking back at those email chains, I see that I was made aware that Richard Roll, Torstein Godseth and Steve Parker were giving evidence, but there is nothing there to suggest I was aware of the detail of the evidence they would give.
1740. Another email chain begins with Rob asking Rodric for a copy of his comments on Jason Coyne's Supplemental Report, saying that Al and I wanted copies of it (**POL00107155**). This was also on 14 February 2019. I have not been able to find an email to show that these comments were sent to me.
1741. On 20 February 2019, I received an email from Jane which had an attachment called "*DRAFT HIT Risk Assessment table 20-9-2019.docx*". This is said to be a draft risk assessment prepared by the external legal team "*of the likelihood / impact of the different outcomes on the questions being posed through the Horizon Issues Trial which we can discuss at the Board sub-Committee call tomorrow*" (**POL00028045**). Given the title and date of the document, I believe this attachment was the version of the Bond Dickinson Risk Assessment Table dated 18 February 2019 (**POL00028071**). This contained some analysis of the expert evidence which would be heard at trial. Page 4 of that document analyses the evidence on the Remote Access issue.

1742. I do not recall whether I read this attachment at the time, nor what my views were if I did.

179.3 Had you reviewed or been briefed on the evidence by the Claimants?

1743. I was aware of some of the evidence, but I do not now recall being briefed on it or recall reviewing any of it.

179.4 To what extent, if at all, did POL investigate and / or consider disclosing any new issues raised within the evidence it had received to SPMs convicted on the basis of data generated by Horizon?

1744. I did not know the detail of the extent to which POL was investigating and / or considering disclosure of any new issues raised within the evidence it had received, to SPMs who had been convicted on the basis of data generated by Horizon. I would have assumed that something of that nature would have been handled by POL's GC, Jane MacLeod, with the assistance of Rodric Williams. In any event, at this time, matters of that nature were on a day-to-day basis under the leadership of Tim Parker and Al Cameron, and I had taken a step back. As above, I contributed with questions when I could, but it would have been inappropriate to take a lead at this stage.

180 Please consider POL00006756 (minutes of the POL Board meeting on 29 January 2019). Please describe the update on the GLO Proceedings.

1745. (POL00006756) are the minutes of a meeting of the Postmaster Litigation Sub-Committee on 28 January 2019 (not of the full POL Board meeting, which was on 29 January). At item 2 it is noted that Jane MacLeod had reported that the Common Issues trial judgment had not yet been received and that it was not

known when it would be published. An update was given in relation to the Horizon trial, as follows:

"The Horizon trial would start on 11th March 2019. The trial would be largely decided on expert evidence. The claimants' side have posted some witness evidence. We had some issues with the evidence submitted by the claimants' expert witness and would like Fujitsu to be able to submit some counter evidence but would need permission to serve an additional witness statement. The main reports of the expert witnesses had already been filed and supplementary reports were due to be filed at the end of the week. The pre-trial review would be held on 22nd February 2019.

A further briefing from the QCs on their view of the evidence and a further briefing for BEIS/UKGI was requested.

The claimants' position was that the Horizon system had bugs, that there could have been more bugs and these bugs could have caused the errors/losses in the claimants' branches.

Our expert witness was saying that there were bugs in the Horizon system as would always be the case in IT systems, but given the volume of the transactions through the system it did not seem probable that these could have caused the errors/losses in these branches."

An update was also given on the breach trial and the mediation.

1746. The minutes of the full POL Board meeting on 29 January 2019 are at pages 3 to 14 of (**POL00026934**).

1747. Item 12 of the minutes is headed "Postmaster Litigation (Verbal). Jane would have given an oral update to the Board of the matters discussed at the previous day's Postmaster Litigation Sub-Committee meeting. This is noted as follows:

"Jane MacLeod reported that the judgement on the common issues trial had not yet been issued. A Case Conference would be taking on 31st January 2019 but it was difficult to progress matters further in advance of the judgement. Our communications had been prepared.

"Conversations had been taking place about mediation, which was a standard request by the court, and we were considering our "red line" issues."

1748. There was also mention of the litigation in respect of POL's financial position (see footnote 1 on page 4 of the minutes).

1749. I have not seen my CEO Report for this meeting in documents disclosed by the Inquiry and so have not been able to consider this document.

1750. The minutes are followed by an email which Jane sent on 31 January 2019, which said *"As flagged at the Board on Tuesday, we had a Case Management Conference this morning. At the end of the hearing, the Judge advised that the formal judgement in the Common Issues trial will not be handed down before the end of February" (POL00103381).*

1751. I have no recollection of the meeting on 29 January 2019 which goes beyond what is in these documents.

181 Please consider POL00111672 (your email chain with Jane MacLeod on 14 February 2019).

181.1 Please explain why Rob Houghton was being brought into the preparation for *Horizon Issues*.

1752. On 19 November 2018, Jane MacLeod emailed Rob Houghton, POL's Chief Information Officer (who came to the role in 2016). This followed the draft evidence of POL's expert witness being prepared, and WBD requesting that somebody from the POL IT team review it. Jane approached Rob on the basis that it would likely be "*you and Catherine*" to conduct that review. Rob replied "*Yep definitely and FJ??*" which I understand to be confirmation that he and Catherine would conduct the review, and that he was questioning whether Fujitsu should also see the draft document. Jane replied (**POL00042147**):

"FJ will be asked to review relevant sections of the report – the legal team are in the process of doing this at the moment. FJ have filed witness statements already, but probably can't comment on the matters that we are concerned about. At this stage, I wanted to give you a heads up on the challenge. The legal team will be in touch about solutions."

1753. Jane went on to discuss how POL might provide evidence of the commercial context from the relevant time, given that most of the team currently in roles with responsibility for commercial contracts had not been in post for more than two and a half years.

1754. Jane then forwarded the discussion to Andrew Parsons, Mark Underwood and Rodric Williams. Rodric said he would speak to Andrew in the morning. I was

not involved in this discussion.

1755. A month later, Rodric sent the reports of Jason Coyne and Dr Robert Worden to Rob. The date of Dr Robert Worden's report, finalised after the 19 November 2018 correspondence with Rob, was 7 December 2018 (**POL00119590**).

1756. Rob continued to assist Rodric in February 2019, providing notes on Fujitsu's commentary on Jason Coyne's supplementary report (**POL00107155**).

1757. On 14 February 2019, Jane sent an update on the litigation to Al Cameron and me (copied to a number of colleagues, including Rob) (**POL00111672**). Amongst other things, the update included a rough timetable for the Horizon Issues trial, the Judge's view that Ian Henderson's cross-examination should not last more than one hour, and a summary of the position on expert evidence. Jane said that "*Rob has also commented on the issues raised, and will be meeting with the Counsel team on Monday to assist with strategic positioning*".

1758. I replied on 14 February 2019, thanking Jane "*for expediting Rob's meeting with the QC*". From the email, it is apparent that I had spoken to Rob earlier that week. I wrote that I had said to him that whilst he could not (and must not) steer legal strategy, he should understand and be comfortable with the approach being taken and feel that he has had the opportunity to feed in any other thoughts or challenges, whether or not that is "*welcome news to our legal advisers*" because "*it's important in two respects: managing internal board confidence and secondly, because he knows what he's talking about*". I was encouraging Rob to be robust and honest with our legal team because I trusted his knowledge and judgment, and knew that the legal team would only benefit from such input.

1759. Rob was CIO. He was well qualified, being a computer scientist. He also had the confidence of the POL Board and therefore his involvement gave reassurance to the POL Board that POL was preparing to do as well as it might in the litigation. Additionally, he was familiar with the GLO as he was one of the GE members of the Steering Group.

181.2 In relation to your comment “can we talk about how we are preparing our witnesses”, please explain what type of preparation you envisaged or expected.

1760. I am asked specifically about my fourth numbered paragraph in my email of 14 February 2019: “can we talk about how we are preparing our witnesses” (POL00111672).

1761. This is not a discussion I remember. I do not think that I was referring to the content of the evidence that the witnesses would give; the statements had already been prepared and exchanged with the Claimants. As was the case throughout the litigation, I had had very limited involvement in the detail of our evidence, because I was not an expert in those matters. I also knew that we were not to influence witnesses in any way. I believe I was talking about the welfare of the witnesses.

181.3 Please describe any conversation you had with Ms McLeod on these issues.

1762. In response to my email, which raised a number of questions, Jane replied (before going on to give an answer “on a couple of points”) “It would probably be better to discuss this face to face as there are a number of nuances”. She

asked if I had any time tomorrow (i.e. 15 February 2019).

1763. I do not have any recollection of meeting Jane on that day and cannot see a reply to the email. That is perhaps no surprise, since Jane sent her email to me at 10:30pm. It is likely that I did speak with her. I cannot be more specific, except to say that we are likely to have discussed the issues raised in each of our emails of 14 February 2019.

182 Please consider POL00006753 (minutes of the meeting of the Group Litigation Subcommittee on 21 February 2019) and POL00111694 (emails between Tom Cooper and you on 21 February 2019).

182.1 Please describe the content of the discussion on 21 February 2019 concerning the GLO Proceedings and any legal advice received.

1764. On 20 February 2019, in advance of the meeting, Jane sent an email with a *“draft risk assessment prepared by our external legal team of the likelihood/impact of the different outcomes on the questions being posed through the Horizon Issues Trial which we can discuss at the Board sub-Committee call tomorrow”* (POL00028045).

1765. That attachment was prepared by Bond Dickinson. The Inquiry has disclosed a draft version dated two days earlier, which I have assumed did not change substantively in the final version. It *“summarises our views on the strength of the evidence for the Horizon issues so that Post Office may make decisions about how to mitigate any related risks. By its very nature it is a simplistic assessment of over 1,200 pages of expert reports and witness statements”* (POL00028071). The advice went on to note:

“...this trial turns heavily on the performance of witnesses in giving evidence. Given that witnesses are being asked to comment on intricate points within a complex topic, sometimes going back more than a decade and sometimes being asked to speculate on unusual scenarios, there is a real risk that any one of either party’s witnesses may not come up to proof. The risk assessment will therefore need to be kept under review as the trial progresses.”

1766. A second Bond Dickinson document prepared for the meeting is headed “*Speaking note*” (**POL00006496**). It is a detailed twelve-page document. From a note on the last page, addressed to “*Tony*”, it appears that Bond Dickinson prepared this note for Anthony de Garr Robinson QC to use when addressing the Postmaster Litigation Sub-Committee.

1767. The minutes of the meeting on 21 February 2019 (**POL00006753**) state that Anthony de Garr Robinson QC “*briefed the Sub-Committee on the Horizon Trial*”. The minutes broadly follow the shape of the twelve page speaking note, but of course, the minutes are less detailed. I therefore think it likely that, at the very least, Anthony de Garr Robinson QC said everything which is in the speaking note.

1768. I do not believe that we had a copy of the speaking note. I do not remember this meeting and defer to the documents I identify above as to what was said and what legal advice was given.

1769. After the meeting, I exchanged emails with Tom Cooper, who asked about POL’s press strategy for managing press reporting where journalists were “*overstating the evidence re Horizon*”. Tom wanted to know what POL could do

proactively to balance what he saw/anticipated as difficult coverage for POL and Post Offices generally. I replied to Tom saying that we should not be aggressive but we should be robust, doing our best “to minimise coverage” by not engaging in public debates unless “circumstances dictate” (POL00111694). I brought Mark Davies into the conversation in case he had a different view or anything to add.

182.2 What were your views on the various issues raised, in particular (a) the system issues on which Mr Coyne had opined (b) the alleged disclosure failings by POL and (c) the issue of remote access?

1770. I trusted the advice of Dr Robert Worden as the IT Expert and Anthony de Garr Robinson QC and was led by that. I do not recall disagreeing with this advice.

182.3 Were there any concerns regarding Fraser J’s partiality at this stage?

1771. At 4:21pm on 11 February 2019, Andrew Parsons emailed Rodric Williams commenting on a message received from Fraser J that morning, that the Claimants had asked that the CMC on 12 February 2019 start two hours late, at 12:00pm instead of 10:00am. Fraser J delayed the hearing by one hour. The request had been made by Leading Counsel for the Claimants, Patrick Green QC. Andrew drew conclusions from the fact that Fraser J delayed the hearing by one hour, but not two as requested: “*This does give me a little more confidence in Fraser. He clearly must have recognised at the last hearing that Green was playing games. This plays into the theory that Fraser does see what is going on but is going to give the Cs maximum leniency.*” Rod replied that this had “*crossed my mind too*”.

1772. I am not sure that this email between Rod and Andrew reaches the threshold of a discussion of Fraser J's "*partiality*". In any event, I am not aware of anything from any POL Board directors or GE members discussing Fraser J's impartiality at this stage.

183. Please consider POL00103409 (email from Jane MacLeod to you on 8 March 2019) and POL00103416 (email from Jane MacLeod on 11 March 2019).

183.1. What were your views of the *Common Issues* judgment and POL's handling of the litigation?

1773. I did not read the Common Issues judgment at the time. I was provided with David Cavender QC's note summarising the judgment and giving advice on next steps, by email from Jane MacLeod on 11 March 2019 (**POL00103416**). I do not recall exactly when I read that summary, but it is most likely that I did so before joining the call on the morning of 12 March 2019. It would be very unusual for me to join a meeting without at least familiarising myself with the key papers.

1774. I see from looking at emails disclosed by the Inquiry that we received the judgment under embargo on the morning of 8 March 2019, following which Jane sent round a very short bullet point summary of the decision with the caveat that she has "*not yet read it completely or fully understood all the arguments*". Tim Parker noted that it was "*very disappointing: we now need to look at the detail*" (**POL00103411**). I received that chain of emails.

1775. I have not seen any emails disclosed by the Inquiry by which I was sent a copy of the judgment, and nor do I recall one.

1776. I was largely not present in the business at this time because of my husband's health, hand in hand with the fact that Al Cameron was very soon to be formally appointed as Acting CEO (and was already doing a very capable job as unofficial interim CEO, as he was my deputy). Al was deputising for me whilst I was absent. For example, when a press statement was being prepared in respect of the litigation, Tim and Al agreed that it should be in Tim's name because "*Paula is off the set*" (**POL00103426**).

1777. On the afternoon of 10 March 2019, Jane emailed Andrew Parsons saying that she thought the POL Board should have a second opinion on the merits of any appeal, suggesting that other counsel should be instructed (**POL00023817**).

1778. That day, David Cavender QC wrote a note on the prospects of success in an appeal (**POL00023878**).

1779. Also, that evening, Andrew Parsons sent an "*Initial summary of the judgment*" by email to Jane, Mark Underwood, and Rodric Williams (**POL00022685**).

1780. The next day, 11 March 2019, Jane sent an email to the POL Board, which I received. David Cavender QC's note dated 10 March 2019 was attached. These were in preparation for a call at 10:30am on 12 March 2019.

1781. I joined that call, but I was late. I recall not wanting to express a view on matters discussed on the call because I knew I was not sufficiently up to speed on the issues.

183.2. Please explain the legal advice you received on how to respond to the Common Issues judgment.

1782. I personally received very limited legal advice in respect of the Common Issues judgment because I was not properly involved in POL's response. For example, I have no recollection of seeing the "Observations" of Lord Neuberger, dated 14 March 2019 (**POL00006398**) which concerned a possible recusal application.

1783. Jane MacLeod prepared a paper for the Board, dated 18 March 2019, which was marked as being subject to legal privilege (**POL00006700**). It called for the Board to consider four matters:

- *Should we appeal the Common Issues Judgment?*
- *Why would we consider an application for the Judge to recuse himself?*
- *What are the risks & benefits of such a proposal?*
- *Should we consider changing our legal advisers?"*

1784. The paper represents the legal team's early view, and it is said that a "*more considered view will be discussed at the Board meeting on Monday 25 March*" as to the merits of appealing.

1785. I do not recall seeing this document at the time either.

1786. I was on the call on 12 March 2019 with David Cavender QC and the POL Board, but my involvement was limited.

184. Please state when you notified POL of your intention to resign. Please explain to what extent you were involved in matters relevant to the Inquiry's

terms of reference following the hand down of the *Common Issues* judgment.

1787. I resigned by way of a handwritten letter dated 6 November 2018.

1788. Tim Parker and I had had a conversation early in 2018 about what my thoughts were regarding future plans. I had been approached about new jobs for many months, and had had various conversations with other organisations. I resigned when I had secured roles which I wanted: non-executive Chair at Imperial College Healthcare Trust, and NED at the Cabinet Office.

1789. The Common Issues judgment was handed down on 15 March 2019. I am asked by the Inquiry what involvement I had in matters relevant to the Inquiry's terms of reference after that date. I had very limited involvement in such matters. For example, I received an email from Jane MacLeod in respect of the recusal application on 3 April 2019, after the argument had been heard that day (**POL00103484**), confirming that the Judge had reserved his decision. I did not attend the next POL Board meeting on 30 April 2019 (**POL00104219**).

1790. Al Cameron became interim CEO on 5 April 2019. He had already been deputising for me, and the Chairman had treated Al as interim CEO for some time, when it was obvious that I was not going to be reliably or regularly around. This situation could only be formally announced once Tim had received clearance from the Secretary of State.

185. Please set out whether you consider POL's approach to (a) reviewing past convictions and / or disclosing information regarding the integrity of Horizon and (b) the GLO Proceedings was appropriate. Please provide reasons for your answers.

1791. I do not know whether POL's approach to reviewing past convictions and disclosing information regarding the integrity of Horizon and its approach to the GLO Proceedings was appropriate. It seems to me that this issue engages questions of law and the professional judgment of the firms and individual lawyers who acted for POL. There will be others who are far better qualified and informed than I am to answer these questions.

186. In so far as you relied on legal advice, do you consider the advice you received to have been appropriate. If not, please identify (a) the specific parts of the advice you consider to be inappropriate and (b) why you believe it to be inappropriate.

1792. My view at the time was that it was appropriate for POL to rely on the advice it received from its lawyers. I understood that Brian Altman QC and Cartwright King were overseeing issues arising from past prosecutions, and that POL was cooperating with the CCRC. POL took advice from Linklaters, by reputation one of the best law firms in London, on the terms of the SPM contract. We instructed Bond Dickinson and two highly respected QCs to act for POL in the Group Litigation. As I have mentioned above, one of the key roles of the management of a business engaged in high value litigation is to engage suitability competent and qualified legal advisors. That is what I believed POL had done.

1793. However, I do not feel I have the expertise to say whether the legal advice POL relied upon was inappropriate.

187. Insofar as it is not already addressed in response to earlier questions within this request, please set out in detail discussions that you had with

Fujitsu regarding (a) BEDs in the Horizon IT system (b) a lack of integrity in the same or (c) complaints addressing BEDs or concerns with integrity. You should identify which individuals you spoke to and your views as to the level of information that you were being provided with.

1794. I set out below the documents which contain, or may refer to, discussions I had with Fujitsu about potential faults in the system and SPM complaints. From recollection, the only individuals from Fujitsu that I spoke to, certainly with any regularity, were Duncan Tait (the CEO of Fujitsu Europe) and Simon Blagden (the Chairman of Fujitsu Europe). Our discussions were, generally, high-level discussions about the commercial relationship between POL and Fujitsu, and operational issues that had been escalated to me within POL. As the documents I summarise below record, one of the issues we discussed was the Second Sight investigation, including the allegations made by SPMs that Horizon was at fault:

- a. **(FUJ00168538)** is an email from Stephen Long of Fujitsu to Duncan Tait on 22 October 2012 which contains a speaking note for Duncan Tait for a call with Sue Barton. One of the bullet points mentions the ongoing review by Second Sight *“as part of Paula’s attempt to quash (once and for all) the class action taken being taken by about 70 sub-postmasters. We have been impacted by various media reports quoting sub-postmasters, some of whom are blaming Horizon for their financial irregularities”*. This email contains Stephen Long’s summary of my objectives in engaging Second Sight and I very much doubt that the word *“quash”* came from me. I did not meet Stephen Long and *“quash”* is not a word I would have used in this

context. I hoped, by carrying out the Second Sight review, that SPMs would be reassured, including those who had made allegations about Horizon.

- b. On 10 December 2012, Simon Blagden, the Chairman of Fujitsu Europe, informed two Fujitsu employees that he was meeting me for a festive drink and asked whether there were any key issues and anything that he should raise with me: **(FUJ00174556)**. He received a reply from James Davidson in the same URN that *“one other key thing to note is that we are supporting Post Office with their ‘forensic’ audit through a company called second sight. This is all related to allegations of systems issues relating to the old horizon [sic] system and fraud prosecutions. It is important to note that no issues have been identified and previous allegations have been tested in court and not substantiated”*.
- c. **(FUJ00174662)** is a Fujitsu briefing note for a meeting between me and Duncan Tait on 10 June 2013. It states at point (6) that the Second Sight forensic due diligence was an issue that might arise. The note stated that a number of queries had been raised, all of which had been answered and no irregularities identified. One allegation that was proving more challenging related to a suggestion that alterations could be made from Fujitsu premises to the branch databases holding sub-postmaster balances. I note that this seems to have been a reference to the claims made to Second Sight by Michael Rudkin about what he had seen at Fujitsu’s facility in Bracknell. The note went on that Fujitsu had been asked to provide further details relating to system controls and access and audit records for balance corrections. **(FUJ00168649)** is a Fujitsu readout from

the meeting. It does not mention the Second Sight review.

- d. **(FUJ00174708)** is a Fujitsu readout of a meeting between me and Duncan Tait on 4 July 2013. The purpose of this meeting was to discuss the role of Horizon in POL's future strategy. The note records that Duncan shared the contents of his brief with me, including that Horizon was an invested and stable platform and that *"Second sight had shown it to be safe, secure"*. The note records that there was quite a lot of discussion, and that I had said *"that all sounds good by [sic] why do my team tell me that working new reference data through the system takes a long time and the platform is not agile"*. I remember this conversation. My comment was not to do with BEDs or lack of integrity, but with the cumbersome way in which price changes had to be fed into the system.
- e. On 26 July 2016, Jane MacLeod emailed a number of senior POL managers following a briefing to the GE about the progress of the litigation: **(POL00030006)**. During the briefing she had commented in particular on the remote access issue. I had suggested that I speak to Duncan Tait, and Jane set out in her email her suggestions for what I would say:
- i. I should alert him to the fact and timing of POL's letter in response to Freeths, which would address remote access.
 - ii. I should note that the question of remote access was still a live issue and a major concern to the Claimants.
 - iii. I should note the work being undertaken by Deloitte to review access rights and controls.

- iv. I should express the desire that Fujitsu worked constructively with Deloitte.
- v. Finally, I should flag that if the Deloitte work uncovers a different position from that which POL and Fujitsu had stated publicly for years, we would need to consider how to manage the impact, since the outcome of the work would become public.
- f. I have no recollection of whether I in fact spoke to Duncan Tait about these issues. I can see from **(PVEN00000418)** that I had a meeting with Simon Blagden on 17 October 2016, but I am very doubtful that we discussed the remote access issue: this was an issue that I would have raised with the CEO.
- g. **(FUJ00083833)** is an internal Fujitsu email chain on 17 December 2018. Matthew Lenton asked Christopher Jay to forward copies of the Fujitsu witness statements from the GLO Proceedings to Graham Goulden (a Fujitsu Public Relations Manager). Matthew Lenton stated that this action appeared to result from a recent meeting between me and Duncan Tait. I have no recollection of this discussion or its connection to Fujitsu's witness statements. It is possible that the email relates to a discussion referred to in an email from Ben Foat to the Board on 3 October 2019 **(POL00006740)**. Ben Foat stated that I had flagged to Duncan Tait a serious concern about the fragility of Fujitsu's witness statements, which had either been disproved or had changed.

1795. The Inquiry has asked me to provide my views on the information I was given.

Whilst I raised the SPMs' allegations about the Horizon system with Duncan Tait and Simon Blagden, as these were serious concerns, I did not engage at a detailed level because I knew that technical conversations were taking place from 2012 onwards – following the engagement of Second Sight – between the POL IT staff and the Fujitsu IT specialists who operated Horizon. The detailed workings of the Horizon system were not within my knowledge or expertise, and I do not believe I could have had a useful discussion with Fujitsu on technical matters.

1796. The emails set out above accord with my recollection that both Simon Blagden and Duncan Tait assured me that the Horizon system was safe and secure and not at fault. In this context, I also refer to the conversation I had with Duncan Tait about remote access during which he assured me that the system was like “*Fort Knox*” (see paragraph 1299 **Error! Reference source not found.**above).

1797. Neither Simon Blagden nor Duncan Tait told me that Fujitsu knew that Horizon contained a large number of bugs. Duncan told me during a conversation on 13 April 2021 that Horizon had contained lots of bugs in 1995, although this was no different to any computer system, and the number of bugs reduced over time: see my note of the conversation at (**PVEN00000386**). That conversation took place after I had left POL, and after Duncan had left Fujitsu.

1798. Clearly, reassurances by Fujitsu that the Horizon system was safe were wrong, although I cannot say any more than that.

188. To what extent, if any, do you consider Fujitsu to be responsible for the matters that led to the issues which have resulted in the establishment of this

statutory Inquiry?

1799. I understand why this question arises. Ultimately, Fujitsu designed and operated the Horizon system, which has been found to have been at fault. However, I would need to know a great deal more than I do about the technical details of the system, Fujitsu's management of the system, and the information about the system that Fujitsu provided to POL, together with the impact of any failings by Fujitsu before I could make any useful observation about the responsibility of Fujitsu for the issues which led to this Inquiry.

GENERAL

1800. I have been asked to reflect on my time at POL and to set out whether there is anything I would have handled differently, with hindsight. I have also been asked if there is anything further relevant to the Inquiry's terms of reference of which I think the Chair should be aware. I am keen to answer these questions in as full a manner as possible in order to assist the Inquiry.

1801. As a result of my commitment to this statement and to the work of the Inquiry, which has been my priority, I have had much to consider. With the benefit of hindsight, there are many things I and the Post Office should have done differently. I am now reflecting with care on these matters and I will expand upon them and answer them as fully as possible when I give my evidence to the Inquiry in May. Those reflections will demonstrate my deep remorse. They will set out the lessons I have since learnt.

1802. My intention was always to do my best and to try to get to the bottom of the issues that were raised with me. I am genuinely sorry I was not able to do so.

I finish this statement by repeating my apologies to the subpostmasters and their families and to all who have suffered so much from this terrible miscarriage of justice. Their lives were torn apart by being wrongly accused and wrongly prosecuted as a result of the Horizon system. I am truly sorry and will so for the rest of my life.

Statement of Truth

I believe the content of this statement to be true.

Signed: **GRO** _____

Dated: 08 March 2024 _____

Index to Witness Statement of Paula Vennells

No.	URNs	Document Description	Control Number
1.	POL00043805	Post Office Organogram Presentation	POL-0065551
2.	FUJ00157278	High Level Blueprint - Cheque Acceptance and Cheque issue - End-To-End Operational Review V2.0.	POINQ0163472F
3.	WITN09010100	First Witness Statement of Lynn Hobbs - WITN0901 - WITN09010100	WITN09010100
4.	POL00105417	Note re Post Office Ltd 2008/2009 Objectives and supporting papers re compliance, conformance, losses and debt	POL-0104525
5.	POL00006123	Letter template from Lynn P Hobbs to Subpostmaster RE: The Post Office branch standards booklet	VIS00007191
6.	POL00021422	Risk and Compliance Committee Minutes of 26/03/2008	POL-0018052
7.	POL00005580	Letter from Lynn P Hobbs to colleague re Post Office Branch Standards booklet	VIS00006648
8.	POL00005872	Email from CN Marianne Burges to Branch Standards re: Branch standards	VIS00006940
9.	POL00021496	Meeting Minutes: minutes of the Board meeting held on 21st January 2008	POL0000029
10.	POL00021497	Meeting minutes: Board meeting minutes held on 20th October 2008	POL0000030
11.	POL00021498	Meeting minutes: minutes for Board meeting held on 19th January 2009	POL0000031
12.	RMG00000074	Royal Mail Holdings plc - Audit & Risk Committee	VIS00009933
13.	POL00031322	PO Risk & Compliance Committee Report	POL-0028224

No.	URNs	Document Description	Control Number
14.	POL00000168	Terms of Reference of the Post Office Risk & Compliance Committee (Approved July 2016)	VIS00001142
15.	POL00026973	Collection of documents in relation to Post Office audit, risk and compliance sub-committee	POL-0023614
16.	POL00095532	Operations functional report - POLB(09)04 dated 01/01/2009.	POL-0095115
17.	RMG00000029	Minutes: Royal Mail Holdings plc Minutes of Board of Directors meeting of 06/02/2007	VIS00007437
18.	POL00090428	Annex to Second Supplement Agreement	POL-0087397
19.	FUJ00118186	POCL and ICL Pathway 'Third Supplemental Agreement	POINQ0124350F
20.	POL00041564	Bankruptcy, prosecution and disrupted livelihoods - Postmasters tell their story; reported by Rebecca Thomson - Article	POL-0038046
21.	POL00021486	POL Board Minutes	POL0000019
22.	POL00021421	Risk and Compliance Committee Minutes of 06/09/2006	POL-0018051
23.	WITN08390100	First Witness Statement of John Scott	WITN08390100
24.	POL00030800	RMG Policy - Prosecution (S3) Version 3.0	POL-0027282
25.	POL00030580	Post Office Ltd - Security Policy: Fraud Investigation and Prosecution Policy v2	POL-0027062
26.	POL00030578	S02 Royal Mail Group Criminal Investigation and Prosecution Policy December 2007	POL-0027060
27.	POL00114930	Email from Michele Graves to Valerie Stanley Re: Letter from BERR Re challenge to horizon integrity	POL-0113918

No.	URNs	Document Description	Control Number
28.	POL00027890	Letter from Robert Porteous to Alan Cook (POL) RE: Instructions from Pat McFadden to look into Rebecca Thomson's Horizon investigation (Reporter-Computer Weekly)	POL-0024531
29.	POL00112816	PO Group Litigation: Judgment No. 6 "Horizon issues" before Mr Justice Fraser.	POL-0110233
30.	POL00030241	Email from Brian Trotter to Sandra MacKay re Callendar Square FAD 160868	POL-0026723
31.	WITN04650100	WITN04650100 - Gary David Blackburn	WITN04650100
32.	WITN04640100	WITN04640100 - Shaun Turner	WITN04640100
33.	FUJ00121071	Email chain from Ian Oakley to Gareth Jenkins, Ray Jackon and others re: Fw: T30 Release - Impact on Stock Rems	POINQ0127263F
34.	POL00039463	Network Functional Report	POL-0035945
35.	POL00028838	Responsive Notes (Receipts/Payments Mismatch issue)	POL-0025320
36.	POL00001573	ET Action Log	VIS00002587
37.	POL00033200	Horizon Next Generation Release 1: End Programme Report (V.0.1 - draft)	POL-0030135
38.	POL00021500	Meeting minutes: minutes of Board meeting held on 4th July 2011	POL0000033
39.	POL00117863	Fujitsu Appendix 1 & 2 to C's Responsive Note Re: receipts and payments mismatch issue notes & Correcting Account for "lost" discrepancies	POL-0118393
40.	POL00030217	Ernst & Young Management letter to POL for year ended 27 March 2011	POL-0026699
41.	FUJ00086923	Email from Don M Burgess to Bill Membery and Mark Arnold, RE: Summary of Audit 2010	POINQ0093094F

No.	URNs	Document Description	Control Number
42.	FUJ00086922	Briefing note on Audit findings for Post Office and Fujitsu Senior Management.	POINQ0093093F
43.	RMG00000005	Minutes: Royal Mail plc Audit and Risk Committee Minutes of 20/05/11	VIS00007413
44.	POL00095550	Post office limited board status report for 2011	POL-0095133
45.	POL00030365	Post Office Limited Board of Directors Meeting Minutes of 22/09/2011	POL-0026847
46.	POL00021502	Meeting minutes: minutes of Board meeting held at 10th November 2011	POL0000035
47.	POL00021431	Post Office Limited Audit, Risk and Compliance Committee Minutes of 23/05/2012	POL-0018061
48.	POL00030261	Audit Results Report by Ernst and Young for year ended 28 March 2010	POL-0026743
49.	FUJ00086924	Email chain between Bill Membrely (Fujitsu), Andy J Jones (Post Office), Don M Burgess, and others Re: Management Letter response.	POINQ0093095F
50.	POL00021499	Meeting minutes: minutes of Board meeting held on 27th May 2011	POL0000032
51.	POL00029438	Post Office LTD Board, POL IT Audit Update	POL-0025920
52.	FUJ00086948	Post Office Presentation on Audit Steering Group.	POINQ0093119F
53.	RMG00000003	Minutes: Royal Mail Holdings plc Audit and Risk Committee Minutes of 08/12/11	VIS00007411
54.	POL00109892	Email from Avene O'Farrell to Belinda Crowe and Alisdair Cameron, cc Chris Aujard and Gavin Lambert re Second Sight meeting with finance team to discuss suspense accounts	POL-0111104

No.	URNs	Document Description	Control Number
55.	POL00109933	Email chain with Paula Vennells and Alisdair Cameron, with forwarding emails from Paula Vennells and Ron W at Second Sight RE: Mediation Scheme	POL-0111120
56.	POL00117080	Email from Mark R Davis to Melanie Corfield, Rodric Williams, Jane Hill and others RE: update - briefing for Paula Vennells for appearance before BIS Parliamentary Select Committee	POL-0117913
57.	POL00117096	Email from Jane Hill to Paula Vennells, Avene O'Farrell, Mark R Davies and others re: Addendum and key facts	POL-0117929
58.	POL00117097	Addendum to Q&A re Post Office's position on claims, suspense accounts, SS information requests and remote access	POL-0117930
59.	POL00063428	Susan Rudkin case study: File Note of meeting between POL and Second Sight 4/3/2015 at 1pm	POL-0059907
60.	POL00102388	Email from Alisdair Cameron to Mark Davies Re: Sparrow	POL-0101971
61.	POL00107689	Karen Wilson/Julian Wilson Case Study - Letter from Shoosmiths to The Post Office re: Our Client: Julian Wilson.	POL-0105981
62.	POL00107695	NOTE OF CONFERENCE WITH RICHARD MORGAN QC MAITLAND CHAMBERS IN THE MATTER OF POTENTIAL CLAIMS BY SCOTT DARLINGTON & OTHERS AGAINST POST OFFICE LIMITED	POL-0105986
63.	POL00021503	Meeting minutes: minutes of Board meeting held on 21st January 2012	POL0000036
64.	UKGI00016088	Post Office Ltd Board of Directors Meeting Minutes of 15/03/2012	UKGI026881-001

No.	URNs	Document Description	Control Number
65.	POL00096033	Post Office Limited Matters - Dispute Resolution: Claims over £500K or those of a sensitive nature - references Horizon claims.	POL-0095616
66.	POL00058211	Briefing note re: The current status of claims involving horizon	POL-0054690
67.	POL00120458	Email chain from Mike Granville to David Simpson Re: Inside Out Programme	POL-0126158
68.	POL00027270	Post Office Minutes of the meeting of the Board of Directors held on 13th December 2011	POL-0023911
69.	POL00095595	Post Office LTD Board - Significant Litigation Report.	POL-0095178
70.	POL00001976	Letter from Paula Vennells (CEO, Post Office Ltd) to Mike Weir MP re: a response to parliamentary questions	VIS00002990
71.	POL00120490	Email from Martin Humphreys to Theresa Iles cc Mike Granville - Re: Mike Weir MP - PQs on Horizon response for sign off with letter from Paula Vennells to Mark Weir attached	POL-0126156
72.	POL00027579	Post Office Ltd Minutes: Meeting of Board of Directors held on 9th February 2012	POL-0024220
73.	POL00095835	Post Office Limited Litigation Matters - Commercial Litigation - Claims in Excess of £5000K and/or Claims with wider significance for business	POL-0095418
74.	POL00073165	Email chain between Sabrina Jethwa, Chis Darvill, Alison Bolsover & Emily Springford - case recommendations	POL-0069728
75.	POL00085749	Claims against subpostmasters (spmr's) who have raised Horizon issues in the past - key benefits and risks	POL-0082807

No.	URNs	Document Description	Control Number
76.	RMG00000084	Royal Mail Holdings plc audit and Risk Committee - Fines, Compensation and Material Litigation Report - half year update. ARC(11)XX.	VIS00009943
77.	POL00094288	Susan Rudkin case study: Letter from Alan Cook to Mr M Rudkin RE: Suspension and legal proceedings - Ibstock Post Office - Fad 223 217 0	POL-0093234
78.	POL00090575	Horizon Integrity - Dave Smith	POL-0090096
79.	POL00094820	Letter from Alan Cook to Rt Hon Jacqui Smith MP re: Mr Julian Wilson and concerns around Horizon computer system	POL-0093766
80.	UKGI00013994	House of Commons Parliamentary Question: 2010/25945 Question from: Nicholas Brown Minister answering: Edward Davey re: assessment of performance of the Horizon computer programme	UKGI024787-001
81.	RLIT0000040	Letter from Paula Vennells, POL's Managing Director, to Nicholas Brown MP re Parliamentary Question 26688	RLIT0000040
82.	UKGI00014000	House of Commons Parliamentary Question: 2010/7392-95 Question from: Michael Weir Minister answering: Edward Davey re: prosecutions and investigations of postmasters instigated by Post Office Ltd	UKGI024793-001
83.	POL00114516	Letter from Mike Weir MP to Paula Vennells re: Horizon System	POL-0113632
84.	UKGI00018222	Post Office Ltd - Shareholder Executive: POL - Summary	UKGI028229-001
85.	POL00029485	IT component of management letter for the year ended 25 March 2012	POL-0025967

No.	URNs	Document Description	Control Number
86.	POL00095973	Email chain from Alice Perkins to Susan Crichton re: James Arbuthnot MP: Subpostmasters and the Post Office	POL-0095556
87.	POL00107702	Email from Paula Vennells to Alice Perkins and Alwen Lyons, re to James Arbuthnot.	POL-0110803
88.	UKGI00000050	POL Board of Directors Meeting Minutes	VIS00001011
89.	POL00105597	Email from Paula Vennells to Susan Crichton and Alwen Lyons, RE: telephone call with Oliver Letwin MP expressing concerns regarding Horizon.	POL-0104597
90.	POL00107710	Letter from Paula Vennells to The Rt Hon Oliver Letwin MP re robustness of Horizon and invite to head office to witness how Horizon system works.	POL-0110808
91.	POL00112984	Josephine Hamilton Criminal case study. Post Office Information Pack for James Arbuthnot and Oliver Letwin scheduled meeting	POL-0110379
92.	POL00021507	Meeting minutes: minutes of Board meeting held on 23rd May 2012	POL0000040
93.	POL00096640	Post Office Pack for meeting with James Arbuthnot and other MPs Meeting scheduled for 18th June 2012, 6pm, Portcullis House.	POL-0096223
94.	POL00096660	Email from Paula Vennells to Alice Perkins, Alwen Lyons, Angela Van-den-Bogerd and others, re: Tonight's meeting.	POL-0096243
95.	POL00096052	Email from Alice Perkins to Paula Vennells, Susan Crichton, Alwen Lyons and others re: James Arbuthnot	POL-0095635

No.	URNs	Document Description	Control Number
96.	POL00105481	Notes of the Meeting with James Arbuthnot, Alice Perkins and Alwen Lyons	POL-0104661
97.	POL00021505	Meeting minutes: minutes for Board meeting held on 15th March 2012.	POL0000038
98.	POL00105591	Email from Alwen Lyons to Susan Crichton, Kevin Gilliland, Mike Granville, Lesley J Sewell - James Arbuthnot concerns about Horizon	POL-0104608
99.	POL00107707	Emails from Paula Vennells to Theresa Iles re: James Arbuthnot discussion	POL-0110807
100.	POL00057623	Briefing Note	POL-0054102
101.	POL00002000	Deloitte Project Spire - Planning forward	VIS00003014
102.	POL00028066	Deloitte Project Spire Supplementary Information May 2012	POL-0023069
103.	POL00057656	James Arbuthnot MP and Oliver Letwin MP Meeting Action Points of 03/05/2012 for meeting on 17/05/2021	POL-0054135
104.	POL00090574	Horizon - Response to Challenges Regarding Systems Integrity	POL-0090095
105.	POL00088935	Report from Rod Ismay, Head of Product & Branch Accounting to Dave Smith, Mike Moores and Mike Young regarding Horizon - Response to Challenges Regarding Systems Integrity.	POL-0085993
106.	POL00114518	Email from Mia Porter to Theresa Iles RE: FW: Mr Letwin	POL-0113552
107.	POL00105494	Email from Glenda C Hansen to Theresa Iles, Alwen Lyons and Lee Summers re: Rt Hon Oliver Lewin MP and Post Office Ltd's Horizon System	POL-0104674

No.	URNs	Document Description	Control Number
108.	POL00057711	Preparation for Post Office meeting with James Arbuthnot & Oliver Lewtin	POL-0054190
109.	POL00105601	Email correspondence between Susan Crichton, Alwen Lyons and Alice Perkins re: meeting to discuss response to issues.	POL-0104599
110.	POL00033825	Meeting Pack for James Arbuthnot and Oliver Letwin for 17th May 2012	POL-0030760
111.	POL00107719	Email from Paula Vennells to Theresa Iles re Briefing in advance of Wednesday' James Arbuthnot Meeting - Background information of James Arbuthnot and Oliver Letwin	POL-0110814
112.	POL00096748	Notes of the Post Office Communications Action Group meeting on the 29 May 2012	POL-0096331
113.	POL00105491	Email from Alwen Lyons to Paula Vennells and Susan Crichton re James A and Oliver L.	POL-0104671
114.	POL00096545	Email from Angela Van-Den-Bogerd to Mia Porter re: James Arbuthnot - Meeting with MP's	POL-0096128
115.	POL00096544	Email from Mia Porter on behalf of Paula Vennells, Glenda C Hansen re: Conference call re: James Arbuthnot - Meeting with MP's brief/timing with Susan C, Angela VDB, Lesley and Alwen	POL-0096127
116.	POL00096557	Email from Angela Van-Den-Bogerd to Simon Baker, Paula Vennells, Susan Crichton and others re: Actions from JA/PMs preparation meeting	POL-0096140
117.	POL00096558	Email from Simon Baker to Angela Van-Den-Bogerd, Paula Vennells, Alwen Lyons and others re: Actions from JA/PMs preparation meeting	POL-0096141

No.	URNs	Document Description	Control Number
118.	POL00096574	Email from Susan Crichton to Alice Perkins, Paula Vennells, Simon Baker and others re: Horizon- Terms of reference.doc; 2nd Sight - Horizon Matters - Proposal.ppt	POL-0096157
119.	POL00096575	Draft - Post Office Limited, Terms of Reference from Susan Crichton to Alice Perkins and Paula Vennells	POL-0096158
120.	POL00096576	Post Office Limited: Proposal to carry out an Independent Review of Past Fraud and Theft Cases	POL-0096159
121.	POL00113792	Email from Alice Perkins to Susan Crichton and Paula Vennells re: Horizon investigation	POL-0112900
122.	POL00096604	Email from Paula Vennells to Susan Crichton and Alwen Lyons re: 2nd Sight TOR	POL-0096187
123.	POL00096606	Email from Paula Vennells to Alwen Lyons re: 2nd Sight TOR	POL-0096189
124.	POL00105487	Letter from The Rt. Hon James Arbuthnot to Paula Vennells regarding Second Sight meeting.	POL-0104667
125.	POL00097030	Email from Paula Vennells to Theresa Iles RE: Fwd: Read out of James Arbuthnot / JFSA meeting.	POL-0096613
126.	POL00097115	Email from Simon Baker to Paul Vennells, Susan Crichton, Lesley J Sewell and others re Update on the Horizon Case review following your meeting with JFSA and James Arbuthnot	POL-0096698
127.	POL00097116	Raising Concerns With Horizon Report	POL-0096699

No.	URNs	Document Description	Control Number
128.	POL00097309	Email from Jorja Preston to Alwen Lyons, Paula Vennells, Simon Baker and others Re: 19 December 2012 Update on James Arbuthnot Horizon work.	POL-0096892
129.	POL00097310	JA update brief / MP Cases Review of Horizon	POL-0096893
130.	POL00105477	Email from Theresa Iles on behalf of Paula Vennells to Susan Crichton re 2nd Sight Consultants	POL-0104657
131.	POL00021508	Meeting minutes: Board meeting minutes for meeting held on 4th July 2012	POL0000041
132.	POL00096810	Email from Alwen Lyons to Simon Baker in re to printed subpostmasters and 2nd sight dated 16/07/2012. Chain includes email from James Arbuthnot.	POL-0096393
133.	POL00096811	Email from Mia Porter to James Arbuthnot, Alwen Lyons, Susan Crichton, Theresa Iles in re to printed subpostmasters and 2nd sight dated 16/07/2012	POL-0096394
134.	POL00096823	Email from Alwen Lyons to Susan Crichton re PRINTED SubPostmasters and 2nd Sight. Includes Paula Vennells agreeing to Alan Bates' involvement.	POL-0096406
135.	POL00107750	Email from Paula Vennells to James Arbuthnot, Alwen Lyons, Susan Crichton and another RE: SPM and second sight, and MP's request for POL funding forensic accountant to review SS findings	POL-0110833
136.	POL00029815	Draft Proposal from Susan Crichton to Alice Perkins, Paula Vennells re: Independent Review of Past Cases	POL-0026297

No.	URNs	Document Description	Control Number
137.	POL00105472	Email from Susan Crichton to Alice Perkins and Paula Vennells re Horizon Version 2 & Draft Terms of Reference attached.	POL-0104652
138.	POL00096603	Email from Paula Vennells to Alice Perkins, cc'd Susan Crichton and Alwen Lyons re: 2nd Sight TOR	POL-0096186
139.	POL00096608	Email from Alwen Lyons to Paula Vennells; re: Forensic Accountant reviews - James Arbuthnot	POL-0096191
140.	POL00096615	Draft, Post Office Limited, Terms of Reference: Proposal for an independent review of the company's systems relating to the occurrence of apparent shortfalls in individual PO branch accounts	POL-0096198
141.	POL00027713	Email from Alwen Lyons to Angela Van-Den-Bogerd, Simon Baker, Mike Granville and cc others re Horizon TOR Version 3	POL-0024354
142.	POL00117119	Email from Alwen Lyons to Angela Van-Bogerd, Simon Baker, Mike Granville and others re Horizon TOR	POL-0117951
143.	POL00006484	Summary of Conference with Counsel at Maitland Chambers about Horizon	POL-0017789
144.	POL00096622	Email from Paula Vennells to James Arbuthnot; re: Message from James Arbuthnot to Alice Perkins and Paul	POL-0096205
145.	POL00096642	Email from Paula Vennells to Neil McCausland to re: Update	POL-0096225
146.	POL00096638	Email from Neil McCausland to Paula Vennells re: Update	POL-0096221
147.	POL00096937	Email chain from Angela Van-Den Bogerd to Simon Baker re: Post Office Cases.	POL-0096520

No.	URNs	Document Description	Control Number
148.	POL00096665	Email from Alana Renner to Susan Crichton, Alwen Lyons, Paula Vennells and others, re: Message from James Arbuthnot to Tadge Channer at Shoosmiths - Post Office/ Horizon	POL-0096248
149.	POL00026752	Letter to Paula Vennells from James Arbuthnot Re:Post office and second sight. Encloses letter from Alan Bates.	POL-0023393
150.	POL00096965	Email from Alwen Lyons to Paula Vennells, re JA Brief (MP Cases review of Horizon)	POL-0096548
151.	POL00027553	Post Office Minutes: Board Meeting held on 21st November 2012	POL-0024194
152.	POL00021510	Meeting minutes: Board meeting minutes of meeting held on 23rd January 2013	POL0000043
153.	POL00097589	MP Cases Review of Horizon Update March 2013	POL-0097172
154.	POL00107889	Email from Theresa Iles to Valerie Fisher re James Arbuthnot letter.	POL-0110853
155.	POL00097884	Email chain from Martin Edwards to Paula Vennells RE: Second Sight note from meeting 25 March.	POL-0097467
156.	POL00097588	Letter from The Rt. Hon. James Arbuthnot, M.P. to Alice Perkins re Meeting with Second Sight	POL-0097171
157.	POL00097587	Email Chain from Alwen Lyons to Paula Vennells re James Arbuthnot Letter	POL-0097170
158.	POL00097592	Email from Alwen Lyons to Paula Vennells, re James Arbuthnot letter	POL-0097175
159.	POL00097704	Email from Alwen Lyons to Alice Perkins and other, Re: James Arbuthnot and 2nd Sight.	POL-0097287

No.	URNs	Document Description	Control Number
160.	POL00097705	Email chain involving Alice Perkins, Alwen Lyons and Paula Vennells. Re: "James Arbuthnot and 2nd Sight".	POL-0097288
161.	POL00097719	Email from Susan Crichton to Paula Vennells, Legally Priviledged and Confiedntial	POL-0097302
162.	POL00097732	Email from Paula Vennells to Susan Barton re: Network Update	POL-0097315
163.	POL00097781	Email from Martin Edwards to Alice Perkins, Paula Vennells and others re: Draft letter for James Arbuthnot	POL-0097364
164.	POL00097879	Email from Paula Vennells to Alwen Lyons and Martin Edwards, RE: Second sight note from meeting 25 March.	POL-0097462
165.	POL00097883	Email chain from Martin Edwards to Paula Vennells, Alwen Lyons, Susan Crichton, and others re: Second Sight note from meeting 25 March.	POL-0097466
166.	POL00098158	Email from Alice Perkins to Paula Vennells, JA meeting	POL-0097741
167.	POL00097887	Email chain from Alwen Lyons to Alice Perkins; Paula Vennells; James Arbuthnot; Susan Crichton, re: Second Sight note from meeting 25 March.	POL-0097470
168.	POL00097952	Email chain involving Janet Walker, Alwen Lyons and Susan Crichton. Re: "MP meeting".	POL-0097535
169.	POL00122393	Second Sight Horizon Investigation Discussion Paper April 2013	POL-0127557
170.	POL00098379	Note of Telephone Conversation between Paula Vennells and James Arbuthnot	POL-0097962
171.	POL00100200	Letter from David Oliver to Paula Vennells, RE: Second Sight.	POL-0099783
172.	POL00115881	Briefing for Paula / James Arbuthnot call with objectives	POL-0116883

No.	URNs	Document Description	Control Number
173.	FUJ00083375	Note authored by Gareth Jenkins titled 'Local Suspense Problem' v0.5	POINQ0089546F
174.	POL00097564	Email from Laura Darby to Anne Chambers, re: Automatic reply: FW: Suspense Data in 14 Branches	POL-0097147
175.	POL00098151	Email chain from Andrew Winn to Anne Chambers, re: Local suspense POL 328-explanation.	POL-0097734
176.	POL00002188	Draft letter from Andy Winn to The Manger of Lower Regent Street Post Office re: Branch Discrepancies	VIS00003202
177.	POL00002217	Letter from Andy Winn on behalf of Product & Branch Accounting to Merthyr Dyfan Post Office re Branch Discrepancies	VIS00003231
178.	POL00002226	letter from Andy Winn to Stewart Waldron re: Branch Discrepancies at Wardles Lane Post Office	VIS00003240
179.	POL00002242	Letter from Andy Winn to David Cheape re Branch Discrepancies at Dundas Post Office	VIS00003256
180.	POL00002260	Letter from Andy Winn to Mr A Brook re: Re Branch Discrepancies-Rosyth Terminus	VIS00003274
181.	POL00002265	Letter relating to local branch discrepancies and explaining POL's action in response to Horizon error regarding these problems. Letter sent from Andy Winn to Mr D Moore re : Branch Discrepancies	VIS00003279
182.	POL00002275	Letter from Andy Winn to Zubeir Patel regarding branch discrepancies at Bowness Road.	VIS00003289

No.	URNs	Document Description	Control Number
183.	POL00098186	Email from Andrew Winn to Simon Baker and Gareth Jenkins, Local suspense POL 238.	POL-0097769
184.	POL00098185	Email from Andrew Winn to Simon Baker re: Local suspense	POL-0097768
185.	FUJ00084744	Local Suspense Problem Report for 2013	POINQ0090915F
186.	POL00029610	Post Office and Fujitsu Report on HNG-X System Receipts and Payments Mismatch	POL-0026092
187.	POL00098283	Email from Gareth Jenkins to Simon Baker re: Balancing Issues in 2010	POL-0097866
188.	POL00098176	Email from Paula Vennells to Alwen Lyons, Meeting with James	POL-0097759
189.	POL00098179	Email from Alwen Lyons to Simon Baker, Meetings with James	POL-0097762
190.	POL00098180	Email from Alwen Lyons to Simon Baker, re Meeting with James Arbuthnot	POL-0097763
191.	POL00098276	Email chain from Alwen Lyons to Paula Vennells. Re: "JA".	POL-0097859
192.	POL00098278	Email from Alice Perkins to Paula Vennells, re: Updates	POL-0097861
193.	POL00029587	Email from Alwen Lyons to Alwen Lyons Re: In strictest confidence Horizon	POL-0026069
194.	POL00098777	Email from Martin Edwards to Paula Vennells re JA?	POL-0098360
195.	POL00115923	Email from Mark R Davies to Louise Chatfield re: Fwd: JA Meeting brief	POL-0116925
196.	POL00099516	Post Office Limited Extract from minutes of a Board meeting on 1st July 2013	POL-0099099
197.	POL00098321	Email from Paula Vennells to Theresa Iles re Board papers briefing notes	POL-0097904
198.	POL00021513	Meeting minutes: minutes of Board meeting held on 21st May 2013	POL0000046

No.	URNs	Document Description	Control Number
199.	POL00098816	Email from Paula Vennells to Alice Perkins, Alwen Lyons, Martin Edwards and others re Board Call and SS	POL-0098399
200.	POL00098789	Email from Paula Vennells to Alice Perkins, Alwen Lyons and Martin Edwards re next steps on Horizon issues - update	POL-0098372
201.	POL00029618	Email from Lesley J Sewell to Simon Baker and Alwen Lyons and others, re: Two System Defects.	POL-0026100
202.	POL00098774	Email from Paula Vennells to Susan Crichton re Second Sight Investigation - Update	POL-0098357
203.	POL00006798	Legal advice on the use of expert evidence	POL-0017590
204.	POL00098192	Email chain from Ron Warmington to Simon Baker re:FW: Letter from James re Alan Bates' letter	POL-0097775
205.	FUJ00086811	Horizon data, Lepton SPSO 191320, Draft Report by Helen Rose	POINQ0092982F
206.	POL00113369	Second Sight review into Horizon - briefing note on interim report	POL-0110747
207.	POL00108163	Email from Rodric Williams to Martin Edwards re CEO's report text on criminal cases review	POL-0110958
208.	POL00147248	POL Executive Committee - Expert witness proposal	POL-BSFF-0006371
209.	POL00030160	Initial Complaint Review and Mediation Scheme Briefing Report - Part Two prepared by Second Sight	POL-0026642
210.	POL00098316	Email chain from Martin Edwards to Paula Vennells and Alwen Lyons, re "Briefing for Paula JA meeting 23rd May 2013"	POL-0097899
211.	POL00098317	Briefing for Paula Vennells /James Arbuthnot Meeting	POL-0097900

No.	URNs	Document Description	Control Number
212.	POL00115880	Email chain from Alwen Lyons to Paula Vennells cc Martin Edwards, Mark R Davies 'and other' re: Speaking notes for James Arbuthnot meeting tomorrow	POL-0116882
213.	POL00105632	Email from Alwen Lyons to Paula Vennells re James brief - Bugs	POL-0104602
214.	POL00098378	Email from Alwen Lyons to Paula Vennells and others re James Arbuthnot Phone Call	POL-0097961
215.	POL00098373	Email from Paula Vennells to Alwen Lyons and others re James Arbuthnot call	POL-0097956
216.	POL00029589	Email from Paula Vennells to Alwen Lyons re: Thanks - update	POL-0026071
217.	POL00098459	Email from Alwen Lyons to Janet Walker re: Post Office update. Email chain includes analysis and proposal by James Arbuthnot re interim report and feedback to MPs.	POL-0098042
218.	POL00098534	Email from Susan Crichton to Alwen Lyons re: Update from James Arbuthnot MP	POL-0098117
219.	POL00098655	Email from Alwen Lyons to Paula Vennells and Lesley Sewell regarding second sight update	POL-0098238
220.	POL00029625	Draft Post Office Internal Briefing Note to Paula Vennells: Second Sight review into Horizon - Implications of Interim Report	POL-0026107
221.	POL00098878	Notes for Board update on Second Sight Investigation, 1 July 2013.	POL-0098461
222.	POL00021515	Post Office Limited Board Minutes of 01/07/2013	POL0000048
223.	POL00021745	Email chain between Ian Henderson, Simon Baker, Rodric Williams and others, re: Second Sight Draft Report.	POL-0018224

No.	URNs	Document Description	Control Number
224.	POL00021746	Interim Report into alleged problems with the Horizon system V24	POL-0018225
225.	POL00021822	Email within POL seeking awareness of answers given in relation to Second Sight Review. Email from Rodric Williams to Andre Parsons re: Second Sight Review (MP's inquiry)	POL-0018301
226.	POL00098797	Email from Paula Vennells to Martin Edwards re next steps on Horizon issues - update	POL-0098380
227.	POL00190016	Email from Lesley Sewell to Simon Baker RE: FW: Local suspense incident	POL-BSFF-0028079
228.	POL00098877	Email from Mrtin Edwards to Alice Perkins re: Discussion notes for Board on Second Sight	POL-0098460
229.	POL00029626	Email from Alwen Lyons to Rodric Williams and Susan Crichton, re: Horizon / Second Sight - draft Briefing Note re Interim Report	POL-0026108
230.	POL00098887	Email from Alice Perkins to Paula Vennells re: Latest on SS	POL-0098470
231.	POL00027852	Email chain from Martin Edwards to Alice Perkins, Paula Vennells, cc'ing Susan Crichton, Alwen Lyons, and others re: JA Meeting Brief - Second Sight Interim Report	POL-0024493
232.	POL00144918	Email chain from Ron Warmington (2nd Sight) to Simon Baker (POL); CC Lesley J Sewell (POL) Alwen Lyons & others Re: Bug disclosures	POL-BSFF-0004045
233.	POL00167937	Email chain from Lesley J Sewell (POL) to Paula Vennells (POL); CC Susan Crichton (POL), Alwen Lyons& Others Re: Draft Report	POL-0163234

No.	URNs	Document Description	Control Number
234.	POL00099096	Email from Rodric Williams to Paula Vennells, Mark Davies and others re: Draft statement - Strictly Private & Confidential - Subject to Legal Privilege	POL-0098679
235.	POL00115924	Briefing for meeting with James Arbuthnot, 3 July 2013	POL-0116926
236.	POL00098916	Email from Paula Vennells to Alice Perkins and Alwen Lyons; re: JA meeting brief	POL-0098499
237.	POL00029649	Letter from Paula Vennells to James Arbuthnot, MP re key points discussed in the meeting on 3 July 2013 with Paula Vennells, James Arbuthnot and Alice.	POL-0026131
238.	POL00107985	Email from Angela Van-Den-Bogerd to Theresa Iles. Re: Conference Call this morning with Paula	POL-0110884
239.	POL00098912	Email from Rodric Williams to Paula Vennells re: JA meeting brief and concerns with Horizon document	POL-0098495
240.	POL00098915	Email from Martin Edwards to Paula Vennells, Alwen Lyons and others re: JA meeting brief	POL-0098498
241.	POL00098973	Email from Paula Vennells to Lesley J Sewell Re: Hi.	POL-0098556
242.	POL00098986	Email from Alice Perkins to Paula Vennells, cc'd Alwen Lyons and Martin Edwards re: SS: The Future after Monday	POL-0098569
243.	POL00098911	Email from Mark Davies to Alwen Lyons, Paula Vennells and Martin Edwards re: JA meeting brief	POL-0098494
244.	POL00098921	Email from Alice Perkins to Paula Vennells RE. Briefing for meeting with James Arbuthnot. Email chain includes detailed speaking notes.	POL-0098504

No.	URNs	Document Description	Control Number
245.	POL00098940	Email from Martin Edwards to Lesley J Swell and Paula Vennells, re Paula briefing - Duncan Tait 04-07-2013.doc	POL-0098523
246.	POL00099021	Email from Martin Edwards to Paula Vennells, Susan Crichton, Mark Davies and others, re Second Sight update 4/7/13	POL-0098604
247.	POL00099003	Email from Martin Edwards to Paula Vennells re Board email.	POL-0098586
248.	POL00098928	Speaking note for call with Jo Swinson on SS investigation, 3 July	POL-0098511
249.	POL00098923	Email from Paula Vennells to Martin Edwards RE: Briefing for meeting with James Arbuthnot	POL-0098506
250.	POL00115961	Email from Paula Vennells to Alice Perkins, Neil McCausland and others RE: SS 5 July update	POL-0116963
251.	POL00099063	Signed Interim Report into alleged problems with the Horizon system	POL-0098646
252.	POL00098991	Email from Alwen Lyons to Mark Davies, Lesley Sewell, Susan Crichton and others, re Press for Monday.	POL-0098574
253.	POL00098990	Email from Alice Perkins to Paula Vennells, re SS: The Future after Monday.	POL-0098573
254.	POL00099012	Email from Mark Davies to Paula Vennells, re Monday Meeting.	POL-0098595
255.	POL00099011	Email chain from Paula Vennells to Martin Edwards re: Monday Meeting.	POL-0098594
256.	POL00099005	Email from Mark Davies to Paula Vennells, Alwen Lyons, Susan Crichton and others, re Statement. Email has text of statement embedded within it.	POL-0098588
257.	POL00099016	Email chain from Paula Vennells to Alice Perkins re Second Sight update 4/7/13.	POL-0098599

No.	URNs	Document Description	Control Number
258.	POL00099026	Email from Paula Vennells to Susan Barton, Nicholas Kennett, Martin Moran and others, re SS 5 July update.	POL-0098609
259.	POL00099027	Email from Paula Vennells to Alice Perkins, Neil McCausland, Virginia Holmes and others, re SS 5 July update.	POL-0098610
260.	POL00099029	Email from Paula Vennells to Martin Edwards, Mark Davies, Lesley Sewell and others, re Proposed way forward.	POL-0098612
261.	POL00099043	Email from Mark R Davies to Paula Vennells, re: Proposed way forward	POL-0098626
262.	POL00099050	Email from Martin Edwards to Mark Davies, Alwen Lyons and others re: Proposed way forward	POL-0098633
263.	POL00099051	Email from Paula Vennells to Martin Edwards, Mark Davies, Alwen Lyons re: Proposed way forward	POL-0098634
264.	POL00099053	Email chain from Martin Edwards to Paula Vennells re: Proposed way forward	POL-0098636
265.	POL00099055	Email from Paula Vennells to Mark Davies and Martin Edwards re: Proposed way forward	POL-0098638
266.	POL00099054	Email chain between Mark Davies, Paula Vennells, Martin Edwards and others re: Proposed way forward	POL-0098637
267.	POL00099056	Email from Lesley Sewell to Paula Vennells, Mark Davies and others; re: Proposed way forward	POL-0098639
268.	POL00099062	Email from Simon Baker to Paula Vennells, Mark Davies and others re: Second Sight Interim Report	POL-0098645
269.	POL00099102	Email from Mark Davies to Paula Vennells RE: Draft statement	POL-0098685

No.	URNs	Document Description	Control Number
270.	POL00099103	Email from Lesley Sewell to Paula Vennells, Martin Edwards and others re: Draft statement. Includes email from Alan Bates to Paula Vennells.	POL-0098686
271.	POL00099104	Email from Susan Crichton to Paula Vennells, Martin Edwards and others re: Draft statement	POL-0098687
272.	POL00099126	Email from Sarah Paddison to Paula Vennells, Alice Perkins, Neil McCausland and others re Update on SS review - 7 July	POL-0098709
273.	POL00099121	Email from Sarah Paddison to Paula Vennells, Alice Perkins, Neil McCausland and others re Update on SS review - 7 July	POL-0098704
274.	POL00099215	Email from Alwen Lyons to Alice Perkins, Neil McCausland, Virginia Holmes and others re Board papers	POL-0098798
275.	POL00099129	Email from Post Office Communications Team to Post Office Communications Team re In the Loop - Horizon Report statement - 8 July 2013	POL-0098712
276.	POL00116114	Email chain from Alice Perkins to Martin Edwards, Alwen Lyons and Alasdair Marnoch re: Board note on Horizon	POL-0117114
277.	POL00099153	Email from Lesley Sewell to Paula Vennells, Martin Edwards, Hugh Flemington and others re Actions	POL-0098736
278.	POL00006546	POL Board Paper: Update following the publication of the interim report on Horizon	POL-0017641
279.	POL00045457	Memo from Andy Winn regarding clarification of the Settle Centrally process	POL-0041936
280.	POL00039089	Operating Level Agreement on Product and Branch Network Accounting, Network and Service Delivery v1.0	POL-0035571

No.	URNs	Document Description	Control Number
281.	POL00105529	Legally privileged initial complaint and mediation scheme review by Chris Aujard	POL-0105096
282.	POL00021516	Meeting Minutes: minutes of Board meeting held on 16th July 2013	POL0000049
283.	POL00099210	Post Office Ltd Board Meeting Minutes of 16/07/2013	POL-0098793
284.	POL00027315	POL Draft Agenda for Board Meeting on 25 March 2015 - v9	POL-0023956
285.	UKGI00002414	Post Office Board Forward Agenda	UKGI013228-001
286.	POL00040001	Email from Susan Crichton to Andrew Parsons, FW: Horizon Issues- draft Board Update	POL-0036483
287.	POL00040002	Update to Post Office Limited Board-RE; Horizon Legal Issues. Relates to review of prosecutions.	POL-0036484
288.	POL00099349	Email from Alice Perkins to Paula Vennells, Alwen Lyons, and Jorja Preston. Re: Update after Tuesday's Board Meeting	POL-0098932
289.	POL00099331	Email from Alasdair Marnoch to Paula Vennells Re: "Insurance reply".	POL-0098914
290.	POL00108049	Email from Chris M Day to Paula Vennells, Theresa Iles and cc Lesley J Sewell re Simon Blagden - Chairman Fujitsu UK	POL-0110923
291.	POL00039994	Letter from Sally Berlin to Paula Vennells, RE: Horizon Computer System	POL-0036476
292.	POL00039995	Draft Paragraphs for Insertion into Reply to CCRC	POL-0036477
293.	POL00099346	Draft Letter from Paula Vennells to Sally Berlin. Re: "Horizon Computer System".	POL-0098929
294.	POL00116111	Email from Amanda Brown to Sally Berlin re: Horizon Computer System.	POL-0117111

No.	URNs	Document Description	Control Number
295.	POL00116112	Letter from Susan Crichton (Post Office) to Mrs S Berlin (CCRC) re Horizon Computer System	POL-0117112
296.	POL00006590	Update on the work programme arising from the Horizon report	POL-0017671
297.	POL00039997	Email from Amanda Brown to Susan Crichton, RE: CCRC Letter	POL-0036479
298.	POL00040012	Letter from Susan Crichton to Mrs S Berlin, Re: Horizon Computer System	POL-0036494
299.	POL00006799	Advice on Disclosure and the Duty to Record and Retain Material	POL-0017591
300.	POL00006583	Interim Review of CK Processes by Brian Altman QC	POL-0017668
301.	POL00027667	Email from Susan Crichton to Paula Vennells cc: Angela Van-Den-Bogerd, Andy Holt and Alwen Lyons re: Update	POL-0024308
302.	POL00027907	Post Office Board Meeting Agenda of 25/09/2013 - Costs Report, Performance Management, Horizon System	POL-0024548
303.	POL00040029	Email from Susan Crichton to Andrew Parsons, RE: Fwd ToR	POL-0036511
304.	POL00040032	Post Office- Lessons Learned Review of handling of alleged issues/concerns about Horizon: Terms of Reference	POL-0036514
305.	POL00116123	Email chain from Paula Vennells to Alice Perkins re Briefing Alasdair.	POL-0117122
306.	POL00099133	Email from Paula Vennells to Alwen Lyons, Mark R Davies, Martin Edwards and others re Thank you - SS/JFSA/JA coverage	POL-0098716
307.	POL00108019	Email from Susan Crichton to Paula Vennells re call.	POL-0110901
308.	POL00108064	Email from Paula Vennells to Theresa Iles re: Fwd: IN CONFIDENCE: FOLLOW UP TO OUR MEETING	POL-0110928

No.	URNs	Document Description	Control Number
309.	POL00027792	Email from Alwen Lyons to Alice Perkins, Neil McCausland, Virginia Holmes and others RE: Board note from Paula as promised	POL-0024433
310.	POL00108113	Email from Paula Vennells to Theresa Iles re Lessons learned ToR	POL-0110938
311.	POL00021518	Meeting minutes: minutes for board meeting held on 25th September 2013	POL0000051
312.	POL00027472	POL Board Status Report organised by reference No, 'action' and 'whom' re: including but not limited to Crown branches by Alwen Lyons	POL-0024113
313.	POL00021521	Meeting Minutes: minutes of Board meeting held on 21st January 2014	POL0000054
314.	POL00006564	Board Minutes of POL: 24 March 2014	POL-0017658
315.	POL00100592	Post Office Limited Board - Lessons Learned Report by Belinda Crowe	POL-0100175
316.	POL00021426	Audit Risk and Compliance Sub-Committee Minutes of 15/05/2014	POL-0018056
317.	POL00099510	Email from Alice Perkins to Paula Vennells Re: SS and costs.	POL-0099093
318.	POL00116131	Email from Martin Edwards to Paula Vennells, cc Susan Crichton, Alwen Lyons and others re Hooper brief for meeting	POL-0117130
319.	POL00116132	Brief for Paula Vennell's meeting with Sir Anthony Hooper, 24 September to discuss the launch of the mediation scheme	POL-0117131
320.	POL00116136	Note of meeting with Sir Anthony Hooper on 24 September and next steps	POL-0117135

No.	URNs	Document Description	Control Number
321.	POL00098592	Email chain from Alwen Lyons to Sarah Paddison re: Update from James Arbuthnot MP	POL-0098175
322.	POL00099013	Emails from Paula Vennells to Mark Davies and Martin Edwards, re Monday Meeting.	POL-0098596
323.	POL00115958	Email from Paula Vennells to Alwen Lyons, Paula Vennells, Susan Crichton and others re Notes of the meeting with JA 5th July	POL-0116960
324.	POL00090219	Post Office statement on findings of interim report into Horizon computer system	POL-0087188
325.	POL00099146	Email from Paula Vennells to Susan Crichton, Mark R Davies, Alwen Lyons and others re Thoughts	POL-0098729
326.	POL00116076	Email chain from Nina Arnott to Mark R Davies and Alana Renner re: Horizon	POL-0117076
327.	POL00117036	Email from Simon Baker to Paula Vennells, Martin Edwards, Mark R Davies and others re Horizon Investigation / JA meeting - notes from today's 4.30 meeting, includes actions and items to discuss with JA. Case review process diagram attached.	POL-0117870
328.	POL00099341	Email from Paula Vennells to Susan Crichton and Chris Day cc Alwen Lyons and others. Re: "SS costs".	POL-0098924
329.	POL00099342	Email chain involving Susan Crichton, Paula Vennells, Chris Day and others. Re: "SS costs".	POL-0098925
330.	POL00108037	Email from Paula Vennells to Susan Crichton, Simon Baker, Alwen Lyons and others re JFSA, Second Sight.	POL-0110917

No.	URNs	Document Description	Control Number
331.	POL00099354	Email from Alwen Lyons to Ron Warmington, Ian Henderson, Susan Crichton and others, Re: Notes of the meeting on the 22nd July	POL-0098937
332.	POL00118496	Email from Paula Vennells to Theresa Iles CC Alice Perkins Re: File Note - SC	POL-0119613
333.	POL00116113	Email from Susan Crichton to Paula Vennells re: Workshop - Update	POL-0117113
334.	POL00099504	Email from Mike Granville to Whitehead Mike, Peter Batten and others Re: Horizon Information.	POL-0099087
335.	POL00095442	Email from Janet Walker to Susan Crichton and Alwen Lyons re: Follow-up to today's meeting	POL-0095025
336.	POL00116218	Email from Paula Vennells to Martin Edwards re: Draft note for the Board.	POL-0117212
337.	POL00026641	Initial Complaint Review and Mediation Scheme - Working Group - Minutes - 30 January 2014	POL-0023282
338.	POL00099513	Email from Alice Perkins to Chris M Day, Paula Vennells and Susan Crichton Re: SS and Costs.	POL-0099096
339.	POL00108087	Email from Susan Crichton to Paula Vennells, cc Theresa Iles and Martin Edwards re Update for Paula on Complaint Review/Mediation scheme	POL-0110934
340.	POL00066817	Seema Misra Case Study. Email chain from Martin Smith to Susan Crichton RE: Note of meeting with Sir Anthony Hooper.	POL-0063296
341.	POL00116166	Email from Paula Vennells to Martin Edwards Re: Example Applications	POL-0117165

No.	URNs	Document Description	Control Number
342.	POL00099695	Email from Mark Davies to Paula Vennells, Martin Edwards and Belinda Crowe re: Example Applications P&C	POL-0099278
343.	POL00099702	Email from Theresa Iles to Alwen Lyons, Chris M Day, Fay Healey and others RE: FW: Example Applications	POL-0099285
344.	POL00099711	Email from Paula Vennells to Alice Perkins Re. Example Applications	POL-0099294
345.	POL00116181	Email from Martin Edwards to Paula Vennells. RE: HPBB Legal options	POL-0117180
346.	POL00116133	Email from Mark Davies to Paula Vennells, Susan Crichton, Angela Van-Den-Bogerd and others re: Martin Griffiths.	POL-0117132
347.	POL00027757	Email from Kevin Gilliland to Paula Vennells, Mark R Davies, Alwen Lyons and others RE: Mr Griffiths	POL-0024398
348.	POL00108132	Email chain from Paula Vennells to Theresa Iles re: Fwd: Martin Griffiths/Sparrow	POL-0110948
349.	POL00116188	Email to Paula Vennells, Kevin Gilliland, Alwen Lyons and others from Rodric Williams Re: Strictly Private & Confidential - Overview of Coroner Inquests.	POL-0114590
350.	POL00006581	Review of PO prosecutions by Brian Altman QC	POL-0017666
351.	POL00027150	PO Executive Committee Agenda	POL-0023791
352.	POL00027134	Post Office Ltd Board, update on Project Sparrow and progress on list of actions	POL-0023775
353.	POL00027136	POL Board - Chief Executive's Report	POL-0023777
354.	POL00021519	Meeting minutes: minutes of Board meeting held on 31st October 2013	POL0000052

No.	URNs	Document Description	Control Number
355.	POL00114194	Email chain from Andy Holt to Paula Vennells Re Weekly Update	POL-0113119
356.	POL00027138	Post Office Limited Audit, Risk and Compliance Board Sub-Committee Briefing Book.	POL-0023779
357.	POL00006801	Brian Altman QC's interim review	POL-0017618
358.	POL00006803	Brian Altman QC's general review of prosecutions	POL-0017620
359.	POL00108161	Email from Sarah Paddison to Theresa Iles re Sparrow - briefing for Paula for Board	POL-0110956
360.	POL00066789	Email from Rodric Williams to Martin Smith, Simon Clarke, Hugh Flemington and others. Re: The report of Helen Rose	POL-0063268
361.	POL00006776	Email re Full Review R v Prince	POL-0017609
362.	POL00040061	Post office- initial complaint review and mediation scheme-criminal risk management	POL-0036543
363.	POL00116189	Email from Andy Holt to Susan Crichton, Angela Van Den Bogerd, Alwen Lyons and others re Sparrow Steering Meeting.	POL-0117187
364.	POL00116190	Weekly Steering Group Presentation slides	POL-0117188
365.	POL00027677	Email from Andy Holt to Paula Vennells, Angela Van-Den-Bogerd, Alwen Lyons and others RE: Weekly Update	POL-0024318
366.	POL00038678	Minutes of the ARC Sub-Committee on 19 Nov 13	POL-0027989
367.	POL00021520	Meeting Minutes: Board meeting minutes for meeting held on 27th November 2013	POL0000053
368.	POL00026626	Post Office Ltd Board - Agenda for 27 November 2013 and corresponding papers & Various Meeting Minutes from 2013	POL-0023267

No.	URNs	Document Description	Control Number
369.	POL00099976	Email from Alwen Lyons to Alice Perkins, Neil McCausland, Virginia Holmes re: Follow - up after the Board meeting	POL-0099559
370.	POL00099977	Minutes for meeting on 27 November re: Costs, Second Sight	POL-0099560
371.	POL00100193	Post Office Audit - Risk and Compliance Committee - Prosecutions Policy	POL-0099776
372.	POL00030900	Meeting Agenda for the Audit, Risk and Compliance Sub-Committee, including paper on the Post Office's Prosecuting Policy	POL-0027382
373.	POL00027692	Email chain from Alwen Lyons to Paula Vennells and Chris Aujard re: ARC Teleconference	POL-0024333
374.	POL00100223	Email from Theresa Iles (on behalf of Paula Vennells) to Alasdair Marnoc, RE: ARC Prosecutions Paper	POL-0099806
375.	POL00021424	Post Office Limited Audit, Risk and Compliance Sub Committee Minutes of 11/02/2014	POL-0018054
376.	POL00116285	Email from Chris Aujard to Paula Vennells, Chris M Day, Martin Edwards and others re Board papers - Questions	POL-0117278
377.	POL00099991	Strictly Confidential, POST OFFICE LIMITED BOARD, Status Report at 4 December 2013, Alwen Lyons	POL-0099574
378.	POL00040194	Observations and analysis of the Cartwright King Prosecution Review Process	POL-0036676
379.	POL00100032	Initial Complaints Review & Case Mediation scheme Steering Group	POL-0099615

No.	URNs	Document Description	Control Number
380.	POL00116241	Briefing Note from Belinda Crowe to Paula Vennells cc Chris Aujard, Hugh Flemington 'and others' re: Briefing for your 1-2-1 with Alice	POL-0117235
381.	POL00100084	Post Office Limited Board Meeting held at 10am on 21st January 2014	POL-0099667
382.	POL00093696	Briefing Email from Belinda Crowe to Chairman and Chief Executive of Post Office re : Briefing for meeting with RT Hon James Arbuthnot MP	POL-0093818
383.	POL00100124	Letter from Belinda Crowe to Chairman and Chief Executive, Post Office Limited cc: Chris Aujard RE: Briefing for Meeting with RT Hon James Arbuthnot MP	POL-0099707
384.	POL00090358	Complaint Review and Mediation Scheme (Chronology and Supporting Documents) File 2 of 5 from April 2013 to October 2015	POL-0087327
385.	POL00027760	Email from Chris M Day to Alwen Lyons, Chris Aujard, Fay Healey and others re Prosecution Policy Paper	POL-0024401
386.	POL00100192	Email from Alwen Lyons to Chris Aujard, Chris M Day, Fay Healey, RE: FW: Prosecution Policy Paper	POL-0099775
387.	POL00027688	Email from Paula Vennells to Chris Aujard RE: 11/02/14 ARC telephone conference and discussion of future prosecutions.	POL-0024329
388.	POL00027687	Email from Susannah Hooper to Alice Perkins, cc'ing Larissa Wilson, Tim Franklin, Alasdair Marnoch and others, re: ARC Teleconference	POL-0024328

No.	URNs	Document Description	Control Number
389.	POL00116262	Email from Mark R Davies to Paula Vennells, cc Chris Aujard, Belinda Crowe and others re comms on the prosecutions policy	POL-0117255
390.	POL00027478	Post Office Limited: Executive Committee Agenda for meeting to be held on 13 February 2014	POL-0024119
391.	POL00116281	Email from Paula Vennells to Angela Van-Den-Bogerd, Belinda Crowe, Chris Aujard and others Re: Board Papers - questions	POL-0117274
392.	POL00021522	Meeting Minutes: meeting minutes for Board meeting on 26th February 2014	POL0000055
393.	POL00116209	Email from Paula Vennells to Martin Edwards re Fwd: Follow on from 1:1	POL-0117203
394.	POL00298004	Update on the work programme arising from the Horizon Report	POL-BSFF-0136054
395.	POL00099806	POL Board Meeting and reports	POL-0099389
396.	POL00026629	Post Office Ltd Board Meeting on 26/02/2014 - Chris Aujard, Angela Van Den Bogerd, Belinda Crowe and Others present.	POL-0023270
397.	POL00105068	Advice Report on Papers for Post Office Ltd Board	POL-0080700
398.	POL00040271	Board pack of the Post Office Board Meeting of 25/09/2014	POL-0036753
399.	POL00027210	Post Office Board Decision Paper by Jane Macleod RE: publishing new prosecutions policy	POL-0023851
400.	POL00099929	Email from Paula Vennells to Chris Aujard RE. Brief for Alice	POL-0099512
401.	POL00027506	Post Office Agenda: Executive Committee meeting held on 19th November 2013 and associated documents	POL-0024147

No.	URNs	Document Description	Control Number
402.	POL00116284	Email from Belinda Crowe to Paula Vennells, Chris Aujard, Chris M Day and others RE: Board papers- questions	POL-0117277
403.	POL00100321	Email chain from Blinda Crowe to Paula Vennells; David Oliver; Chris Aujard; Martin Edwards, re: Papers for tomorrow - our pre- meeting, and meeting with Second Sight and Tony Hooper.	POL-0099904
404.	POL00100322	Memorandum from Belinda Crowe to Paula Vennells, and others, re: Briefing for the meetings with Second Sight and Sir Anthony Hooper on Monday 24 February.	POL-0099905
405.	POL00100323	Annotated Agenda, Meeting with Second Sight on 24 February 2014.	POL-0099906
406.	POL00116305	Email from Paula Vennells to Belinda Crowe, David Oliver, Chris Aujard and others re. Papers for tomorrow - our pre-meeting, and meetings with Second Sight and Tony Hooper.	POL-0117298
407.	POL00100337	File Notes for a meeting with Second Sight on Monday 24th February at 1:00pm.	POL-0099920
408.	POL00116312	Email chain from Paula Vennells to Belinda Crowe re: Speaking note for the Board	POL-0117305
409.	POL00116313	Board meeting 26 February - Speaking note for Paula.	POL-0117306
410.	POL00027337	POL Board Meeting Minutes of 26 February 2014	POL-0023978
411.	POL00100121	Email from Amarnoch to Alwen Lyons cc: Alasdair Marnoch, Alice Perkins, Alwen Lyons, Amanda A Brown, Belinda Crowe re: Re: Follow - Up after Board Meeting of 21.01.2014	POL-0099704

No.	URNs	Document Description	Control Number
412.	POL00100338	File Note for a meeting with Tony Hooper, Monday 24th February ta 2:30pm.	POL-0099921
413.	POL00116321	Email chain from Paula Vennells to Chris Aujard re PRINTED Sparrow.	POL-0117314
414.	POL00027696	Email from David Oliver to Paula Vennells RE: Scope for Linklaters work	POL-0024337
415.	POL00092172	Post Office Executive Committee - Meeting of 13 March 2014 - Agenda & Update Papers	POL-0091750
416.	POL00116348	Email from Neil Hayward to Belinda Crowe, cc Paula Vennells, Chris Aujard and others re Post Office Ltd Board - Mediation Scheme Update March 2014 v3 following advice from Linklaters	POL-0117341
417.	POL00022012	Email from Chris Aujard to Jonathan Swil re: Draft Report	POL-0018491
418.	POL00021523	Meeting Minutes: minutes for Board meeting held on 26th March 2014	POL0000056
419.	POL00022093	Outline of points produced by Linklaters to explain Horizon and form a basis for a report to respond to public criticism and individual complaints by SPMs.	POL-0018572
420.	POL00027800	Email from Chris Aujard to Paula Vennells with others CC'd RE: Sparrow Update	POL-0024441
421.	POL00108396	Email from Belinda Crowe to Chris Aujard, cc'd Belinda Crowe re: Fwd: Strictly Private & Confidential - Subject to Legal Privilege	POL-0106501
422.	POL00108399	Email chain from Belinda Crowe to Gareth James and Rodric Williams Re: Strictly Private & Confidential- Subject to Legal Privilege	POL-0106504

No.	URNs	Document Description	Control Number
423.	POL00108404	Email from Belinda Crowe to Gareth James Re: Strictly Private & Confidential - Subject to Legal Privilege	POL-0106509
424.	POL00108405	Email chain from Gareth James to Belinda Crowe Re: Strictly Private & Confidential - Subject to Legal Privilege	POL-0106510
425.	POL00108408	Letter from Deloitte LLP to Chris Aujard re: Draft Letter of Engagement	POL-0106513
426.	POL00108412	Draft Letter (v6) from Deloitte LLP to Post Office Ltd re Terms of Business and Arrangements for Assisting Post Office in Responding to Allegations regarding Horizon	POL-0106515
427.	POL00117611	Letter from Deloitte to Mr Chris Aujard RE: Summary of assurance work undertaken on Horizon HNG-X system to assist POL - signed	POL-0115228
428.	POL00006565	Project Sparrow Sub-Committee Minutes	POL-0017844
429.	POL00116439	Post Office Project Sparrow Sub Committee Meeting ToR and Initial Complaint Review and Mediation Scheme document	POL-0117423
430.	POL00006566	Project Sparrow Sub-committee Minutes 30 April 2014	POL-0017845
431.	POL00100513	Email chain from Julie George to Gina Gould re. FW: Gareth James / Gareth Jenkins / Julie George / Mark Westbrook - Meeting.	POL-0100096
432.	POL00108440	Email from Chris Aujard to Sarah Paddison, Amanda Brown and Theresa Iles re: Sparrow Subcommittee meeting	POL-0110987
433.	POL00021524	Meeting Minutes: minutes for Board meeting held on 30th April 2014	POL0000057

No.	URNs	Document Description	Control Number
434.	POL00105635	Project Zebra - Phase 1 Report - HNG-X: Review of Assurance Sources	POL-0104595
435.	POL00022123	Post Office Ltd Board Sub Committee- Initial complaints review and mediation scheme dissemination of Linklaters advice and Deloitte assurance report	POL-0018602
436.	POL00031388	RDW Proposed Draft re : Deloitte instructions as at 9.5.2014 - to support Post Office's legal position.	POL-0028290
437.	POL00117612	Letter from Mr Gareth James to Mr Chris Aujard re: Change Order to the Contract between Deloitte LLP and Post Office Ltd	POL-0115229
438.	POL00027400	POL Board Minutes on 21/05/2014 - Alice Perkins, Neil McCausland, Tim Franklin and Others present.	POL-0024041
439.	POL00028062	Report: Horizon Desktop Review of Assurance Sources and Key Control Features - draft for discussion, Deloitte	POL-0023065
440.	POL00006556	Email from Rodric Williams attaching Deloitte's (draft) Board Update and a Factfile	POL-0017650
441.	POL00031400	Email from Chris Aujard to Paula Vennells, Martin Edwards, Alwen Lyons and others re FW: Project Zebra	POL-0028302
442.	POL00116581	Email from Chris Aujard to Paula Vennells cc Martin Edwards, Belinda Crowe and others re meeting with Mark Russell	POL-0117506
443.	POL00030159	Draft Deloitte Board Briefing Report	POL-0026641

No.	URNs	Document Description	Control Number
444.	POL00029733	Email from Alwen Lyons to Rodric Williams Re: FWD -Deloitte Briefing - Message from Chris Aujard and Lesley Sewell - Strictly Private & Confidential - Subject to Legal Privilege	POL-0026215
445.	POL00027797	Email from Alwen Lyons to Paula Vennells, Chris Aujard, CCing Lesley J Sewell and others RE: Deloitte Briefing- Message from Chris Aujard and Lesley J Sewell	POL-0024438
446.	POL00027153	Post Office Ltd Board - Initial Complaints Review and Mediation Scheme: Sub Committee Recommendation, prepared by Chris Aujard and Mark Davies	POL-0023794
447.	UKGI00002392	Post Office Ltd Board - Initial Complaints Review and Mediation Scheme: Update Paper	UKGI013206-001
448.	POL00006571	Project Sparrow Sub-Committee Minutes 6 June 2014	POL-0017847
449.	POL00027054	Zebra Action Summary for Post Office (Internal) v3	POL-0023695
450.	POL00031410	Report: Horizon review by Deloitte	POL-0028312
451.	POL00109004	Post Office Ltd Risk and Compliance Committee Meeting Agenda	POL-0111015
452.	UKGI00002213	Email chain from Richard Callard to Peter Batten re: Project Sparrow: Linklaters scoping paper for Board comment	UKGI013027-001
453.	POL00107317	Legally privileged report prepared by Linklaters on behalf of Post Office into initial complaint review and mediation scheme legal issues	POL-0105625

No.	URNs	Document Description	Control Number
454.	POL00117519	Email from Rodric Williams to Gareth James, Copying in Belinda Crowe, Chris Aujard and others. Re: Strictly Private & Confidential - Subject to Legal Privilege	POL-0115136
455.	POL00028069	Deloitte Draft Board Briefing document further to report on Horizon desktop review of assurance sources and key control features	POL-0023072
456.	POL00105552	Email from Alice Perkins to Paula Vennells, Re: Sparrow	POL-0105119
457.	POL00027369	Post Office Ltd Board Sub Committee - Initial Complaints Review and Mediation Scheme: The way forward	POL-0024010
458.	UKGI00002358	Email chain from Richard Callard to Mark Davies re: Board Sparrow Sub Committee Papers	UKGI013172-001
459.	UKGI00002359	Email from Mark R Davies to Richard Callard re. Board Sparrow Sub Committee Papers.	UKGI013173-001
460.	POL00116416	Email from David Oliver to Paula Vennells, Martin Edwards, Belinda Crowe and others RE: Partial draft thematic report	POL-0117400
461.	POL00116417	DRAFT - Thematic Issues Report	POL-0117401
462.	POL00004439	Initial Complaint Review and Mediation Scheme - Briefing Report - Part One - Prepared by Second Sight	VIS00005507
463.	POL00002415	Post Office, Initial Complaint Review and Mediation Scheme, PO Reply to Second Sight's Briefing Report –Part Two	VIS00003429
464.	POL00117035	Mediation Proposal	POL-0117869

No.	URNs	Document Description	Control Number
465.	POL00026638	"Working Group for the Initial Complaint Review and Case Mediation Scheme" Amended Minutes of 03/01/2014	POL-0023279
466.	POL00026640	Meeting Minutes for Working Group for the Initial Complaint Review and Case Mediation Scheme	POL-0023281
467.	POL00100132	Email chain between Ian Henderson, Janet Walker and Ron Warmington re: Thanks and One Request	POL-0099715
468.	POL00026636	"Working Group for the Initial Complaint Review and Case Mediation Scheme Standing Agenda" for 20/02/2014	POL-0023277
469.	POL00116320	Email to Belinda Crowe from Paula Vennells Re: Working Group Meeting Tomorrow	POL-0117313
470.	POL00026656	Face to face meeting of the working group - Initial complaint review and mediation scheme- 7 March 2014	POL-0023297
471.	POL00100387	Email from Belinda Crowe to Peter Batten, RE: Second sight report	POL-0099970
472.	POL00026642	Working Group for the Initial Complaint Review and Case Mediation Scheme Standing Agenda	POL-0023283
473.	POL00026644	Working Group for the Initial Complaint Review and Case Mediation Scheme - Minutes for 27/03/2014.	POL-0023285
474.	POL00108346	Letter from David Oliver to Paula Vennells RE Note for call with James Arbuthnot - 18 March	POL-0110973
475.	POL00105634	'Meeting with MPs - Mediation Scheme and Branch Improvement Programme' Minutes, undated.	POL-0104622

No.	URNs	Document Description	Control Number
476.	POL00116388	Email from Mark R Davies to Chris Aujard, Paula Vennells, Martin Edwards and others re Confidential MP Meeting - Note and overview of meeting	POL-0117381
477.	POL00100474	Letter from James Arbuthnot to Paula Vennells re: meeting follow up	POL-0100057
478.	POL00006552	Email from Andy Parsons re Draft SS Thematic Report	POL-0017646
479.	POL00100491	Email Crowe to Sophie Bialaszewski and other re. Fwd: Update from Post Office meeting, 24 March 2014	POL-0100074
480.	POL00026633	Initial Complaint and Mediation Scheme Working Group Minutes of 01/04/2014.	POL-0023274
481.	POL00100671	Letter from Paula Vennells to RT Hon James Arbuthnot MP, Final report on the Mediation Scheme.	POL-0100254
482.	POL00006554	Email from Andrew Parsons re SS Report	POL-0017648
483.	POL00105466	Letter from the Rt. Hon. James Arbuthnot MP to Paula Vennells dated 01/05/2014.	POL-0104646
484.	POL00043627	Initial Complaint Review and Mediation Scheme Working Group - Minute of meeting dated 6 May 2014.	POL-0040130
485.	POL00026659	Minute of Initial Complaint Review and Mediation Scheme - Working Group 20 May 2014	POL-0023300
486.	POL00075178	Initial Complaint Review and Mediation Scheme Briefing Report Part One	POL-0071741
487.	POL00026665	Working Group for the Initial Complaint Review and Case Mediation Scheme - Minute of Working Group Call 26 June 2014	POL-0023306

No.	URNs	Document Description	Control Number
488.	POL00026672	Minute - Working Group for the Initial Complaint Review and Case Mediation Scheme - 10th July 2014	POL-0023313
489.	POL00022149	Email from Belinda Crowe to Andrew Parsons, Angela Van Dan Bogerd and others regarding Second sight part two report	POL-0018628
490.	POL00021814	Email from Andrew Parsons to Belinda Crowe, Chris Aujard and Angela Van-Den-Bogerd CC Matthew Fielden, Re Project Sparrow	POL-0018293
491.	POL00305575	Email from Belinda Crowe to Chris M Day, Martin Edwards CC ing Belinda Crowe	POL-BSFF-0143625
492.	POL00101176	Email chain from Gavin Lambert to Paula Vennells re: revised Board update with more on Sparrow.	POL-0100759
493.	UKGI00002436	Email from Alwen Lyons to Alice Perkins, Neil McCausland, Alasdair Marnoch and others re: A note from Paula - Period 4 Financial Results Update	UKGI013250-001
494.	POL00022215	Email from Belinda Crowe to Jonathan Swil and Rodric Williams regarding Second sight's draft part two report	POL-0018694
495.	POL00022212	Email from David Oliver to Jonathan Swil and Belinda Crowe regarding the draft letter to second sight re part 2 preliminary comments 12082014	POL-0018691
496.	POL00022213	Letter from Chris Aujard to Ron Warrington and Ian Harrington regarding Second sight's part two mediation briefing report	POL-0018692

No.	URNs	Document Description	Control Number
497.	POL00022186	Email from Andrew Parsons to Belinda Crowe, Chris Aujard and others regarding Project sparrow [BD - 4A.FID20472253]	POL-0018665
498.	POL00101174	Email from Paula Vennells to Belinda Crowe re: Second Sight part 2 report.	POL-0100757
499.	POL00021800	Email from Belinda Crowe to David Oliver, Melanie Corfield and Andrew Parsons RE: Fwd: Second Sight's Draft Part Two Report	POL-0018279
500.	POL00040226	Letter from Chris Aujard (POL Counsel) to Sir Anthony Hooper, RE: Initial Complaint Review and Mediation Scheme, draft second sight part 2 report (the draft report)	POL-0036708
501.	POL00040230	Email from Rodric Williams to Tony Hooper, RE: Part 2 Report	POL-0036712
502.	POL00305792	Email from Rodric Williams to AnthonyHooper CC ing Belinda Crowe, Chris Aujard. RE: Second Sight "Part Two Report"	POL-BSFF-0143842
503.	POL00022237	Email from Belinda Crowe to Chris Aujard sofy copy of second sight letter regarding quality of work	POL-0018716
504.	POL00116697	Email chain from Alwen Lyons to Larissa Wilson. RE: Sparrow update from Chris Aujard	POL-0117570
505.	POL00101301	Email from Paula Vennells to Mark R Davies, Alasdair Marnoch, Alice Perkins, and others re: Re: Sparrow update	POL-0100884
506.	POL00101325	Email from Paula Vennells to Neil McCausland, Mark R Davies and Chris Aujard re: Re: Sparrow update	POL-0100908
507.	POL00101365	Email from Paula Vennells to Mark Davies re: Sparrow update	POL-0100948

No.	URNs	Document Description	Control Number
508.	POL00026680	Minutes - Working Group for the Initial Complaint Review and Mediation Scheme - 11 September 2014	POL-0023321
509.	POL00029944	Fujitsu's comments on Second Sight Briefing Report - Part Two	POL-0026426
510.	POL00027363	Strictly Confidential Post Office Ltd Board Initial Complaints Review and Mediation Scheme: Update Paper by Chris Aujard and Belinda Crowe.	POL-0024004
511.	POL00101364	Lead Team update for Paula's CEO Report to the Board	POL-0100947
512.	POL00021853	Email from Andrew Pheasant to Dave Hulbert re: Second Sight Part Two	POL-0018332
513.	POL00021773	Email chain between Paul Inwood, Belinda Crowe, Dave Hulbert and others re: Second Sight Part Two.	POL-0018252
514.	POL00040246	Email from Andrew Pheasant to Andy Garner, RE: FW: Second Sight Part Two	POL-0036728
515.	POL00021883	Email from Belinda Crowe to Dave Hulbert re: Second Sight Part Two	POL-0018362
516.	POL00101244	Email from Alwen Lyons to Paula Vennells re: Brief	POL-0100827
517.	POL00006561	Template Letter: PO Initial Complaint Review and Mediation Scheme- SS's Part 2 Report	POL-0017655
518.	POL00101390	Email from Alwen Lyons to Alice Perkins, Neil McCausland, Virginia Holmes and others re: Sparrow - Board Note	POL-0100973
519.	POL00021528	Minute meetings: minutes for Board meeting held on 25th September 2014	POL0000061

No.	URNs	Document Description	Control Number
520.	UKGI00002397	Initial Complaints Review and Mediation Scheme: July Update Paper	UKGI013211-001
521.	POL00100335	File Notes for a meeting with Tony Hooper, Monday 24th February ta 2:30pm. Paula Vennells and Chris Aujard also in attendance.	POL-0099918
522.	POL00021526	Post Office Ltd Board Minutes of 10/06/2014	POL0000059
523.	POL00099223	Email from Paula Vennells to Alice Perkins re The case for independence in the Post Office appeals system	POL-0098806
524.	POL00118494	Email from Alwen Lyons to Paula Vennells - Re: Susan	POL-0119611
525.	POL00108058	Email from Paula Vennells to Theresa Illes re SS costs and update from Susan	POL-0110925
526.	POL00116124	Email chain from Paula Vennells to Alasdair Marnoch cc Alice Perkins CB re: Follow up	POL-0117123
527.	POL00104258	Collection of documents re: Employee departure/termination of employment for Susan Crichton (24 September 2013 - 30 November 2013)	POL-0103841
528.	LCAS0001071	Letter from Greg Knight MP to Paula Vennells regarding decision by PO not to mediate Lee Castleton's case despite Second Sight recommendation.	VIS00011311
529.	POL00119548	Letter from Greg Knight to Paula Vennells re: Lee Castleton - Appealing Case for Mediation Scheme Letter correspondence attached	POL-0119860
530.	POL00101581	Email from Gavin Lambert to Paula Vennells, re: Draft reply to Gavin	POL-0101164

No.	URNs	Document Description	Control Number
531.	POL00116840	DRAFT RESPONSE FROM PAULA VENNELLS TO SIR GREG KNIGHT MP re: Initial Complaint Review and Mediation Scheme	POL-0114613
532.	POL00109724	Letter from Paula Vennells to The Rt Hon Sir Greg Knight MP	POL-0111080
533.	LCAS0000979	Lee Castleton case study: Letter from Angela Van Den Bogerd to The Rt Hon Sir Greg Knight MP re: Mr Lee Castleton in the Initial Complaint Review and Mediation Scheme	VIS00011219
534.	POL00077426	Draft Closure Letter in relation to case M001 - Lee Castleton - Mediation declined	POL-0073989
535.	POL00077425	Email from Patrick Bourke to Andrew Parsons, Angela Van-Den-Bogerd, Rodric Williams and others: RE: For comments/clearance please: Letters to Applicants where we are refusing to mediate, contrary to WG recommendation.	POL-0073988
536.	POL00101477	Email from Avene O'Farrell to Belinda Crowe, Tom Wechsler, Chris Aujard re: FW: Post Office mediation process	POL-0101060
537.	POL00101484	Briefing for Chief Executive (In confidence); PV Conversation with JA; QA	POL-0101067
538.	POL00117030	Note of call between Paula Vennells and James Arbuthnot MP - 15:30, 28 October 2014	POL-0117865
539.	POL00022610	Instructions to lead counsel to advise in conference re In the Matter of the Post Office Limited Complaints and Mediation Scheme	POL-0019089
540.	POL00022611	Post office complaints and mediation scheme dated 24/11/14.	POL-0019090

No.	URNs	Document Description	Control Number
541.	POL00101578	Email from Mark Davies to Paula Vennells, re: Sparrow sub-ctte	POL-0101161
542.	POL00101586	Email from Ron Warmington to Mediation re: Post Office cases - update	POL-0101169
543.	POL00026741	Letter from The Rt. Hon. James Arbuthnot M.P. to Paula Vennells re: Request for answers to questions from letter dated 8/12/2014 about Second Sight	POL-0023382
544.	POL00101596	Letter from Paula Vennells to James Arbuthnot MP re Complaint and Mediation Scheme. Disagrees with Oliver Letwin's suggestion re general presumption that all cases will be mediated.	POL-0101179
545.	POL00101738	Email from Paula Vennells to Mark R Davies re: RC/JS briefing?	POL-0101321
546.	POL00101700	Letter from The Rt Hon James Arbuthnot to Paula Vennells re: Complainants and Mediation Scheme.	POL-0101283
547.	POL00101690	Post Office Press Release from the office of The Rt Hon James Arbuthnot, MP re: MPs lose faith in Post Office mediation scheme	POL-0101273
548.	POL00116824	Speaking Note for Paula re Update for Board/Alice following meeting with MPs	POL-0117685
549.	POL00021530	Meeting Minutes: minutes of Board meeting held on 26th November 2014.	POL0000063
550.	POL00109487	Letter from Paula Vennells to Jo Swinson MP Re: Media attention relating to the Mediation Scheme.	POL-0111055
551.	POL00105464	Letters between James Arbuthnot and Paula Vennells, RE: request to meet MPs to discuss mediation process.	POL-0104644

No.	URNs	Document Description	Control Number
552.	POL00116734	Email from Belinda Crowe to Avene O'Farrell, Tom Wechsler, Chris Aujard and others RE: Post Office mediation process	POL-0117604
553.	POL00116815	Email chain from Gavin Lambert to Mark Davies cc Tom Wechsler and Patrick Bourke re: lines on the Sparrow position for Alice 1:1 and Board.	POL-0117676
554.	POL00116816	Note from Paula Vennells: Update for Board/Alice	POL-0117677
555.	POL00116823	Email from Gavin Lambert to Mark R Davies, Tom Wechsler and Patrick Bourke re: RE: lines on the Sparrow position for Alice 1:1 and Board	POL-0117684
556.	POL00158173	November Board – CEO Report notes	POL-0146492
557.	POL00158172	Email from Gavin Lambert to Paula Vennells re: board note and CFO cribsheet	POL-0146491
558.	POL00022609	Email from Mark Underwood to Patrick Bourke, Rodric Williams, Jane MacLeod and others, RE Project Sparrow	POL-0019088
559.	POL00101587	Email from Melanie Corfield to Gavin Lambert, Patrick Bourke and others; re: URGENT - SPARROW - ADVICE TO CEO	POL-0101170
560.	POL00101589	Email from Patrick Bourke to Paula Vennells, Mark Davies and others re: Sparrow - Revised Letter - Urgent	POL-0101172
561.	POL00116833	Email from Patrick Bourke to Paula Vennells, Gavin Lambert, Avene O'Farrell and others re Draft letter to James Arbuthnot	POL-0117694
562.	POL00109684	Email from Avene O'Farrell to Patrick Bourke, Gavin Lambert and Mark Davies re: CEO - James Arbuthnot MP - 281114	POL-0111071

No.	URNs	Document Description	Control Number
563.	POL00101604	Email from Alice Perkins to Paula Vennells, Belinda Crowe and others re: JA	POL-0101187
564.	POL00101796	Email from Mark R Davies to Paula Vennells and Gavin Lambert Re: Second Sight - Horizon Errors - Media Coverage.	POL-0101379
565.	POL00101801	Email from Paula Vennells to Mark R Davies and Gavin Lambert; Re: Second Sight - Horizon Errors - Media Coverage.	POL-0101384
566.	POL00101852	Email Chain from Gavin Lambert to Paula Vennells re Second Sight - Horizon Errors - Media Coverage. Chain discusses conversation with Tim McCormack about bugs and errors.	POL-0101435
567.	POL00022612	Instructions to Leading Counsel to Advise in Consultation	POL-0019091
568.	POL00102064	Email from Patrick Bourke to Paula Vennells; Re: options. Mediation Scheme and BBC	POL-0101647
569.	POL00102065	January Options v.4 Mediation Scheme and BBC	POL-0101648
570.	POL00117054	Email from Mark R Davies to Patrick Bourke Re: Options - Comments	POL-0117888
571.	POL00102069	Meeting with Sir Anthony Hooper re: complaint review and mediation scheme	POL-0101652
572.	POL00021531	Meeting minutes: minutes of Board meeting held on 28th January 2015	POL0000064
573.	POL00117072	Email thread from Mark R Davies to Tom Wechsler re: Board	POL-0117906
574.	POL00006575	Sparrow Sub-Committee Minutes 12 Jan 2015	POL-0017849
575.	POL00117046	Email chain from Tom Wechsler to Gavin Lambert re: My Sparrow Board brief	POL-0117880

No.	URNs	Document Description	Control Number
576.	POL00101715	Letter from CMS Cameron McKenna LLP to BBC Programme Legal Advice, re: The One Show - Post Office Limited.	POL-0101298
577.	POL00040911	Post Office Ltd - Project Sparrow Sub Committee Update and options	POL-0037393
578.	POL00102167	Email from Tom Wechsler to Alasdair Marnoch, Alice Perkins re 2015 02 18 Sparrow papers	POL-0101750
579.	POL00102168	Criminal Cases Review Commission (CCRC)	POL-0101751
580.	POL00102169	Project Sparrow – Options Assumptions and Constants Report	POL-0101752
581.	POL00006574	Sparrow Sub-Committee Minutes 18 Feb 2015	POL-0017848
582.	POL00102152	Project Sparrow Sub-committee Update and Options report v4	POL-0101735
583.	POL00006366	Advice on Theft and False Accounting by Brian Altman QC	POL-0017634
584.	UKGI00003789	Letter from Paula Vennells to Jo Swinson MP re Second Sight Mediation Scheme	UKGI014603-001
585.	UKGI00003615	Email from Alwen Lyons to Alice Perkins, Neil Wilkinson, Richard Callard and others re Sparrow email to the Board - Bringing the Working Group to a close	UKGI014429-001
586.	UKGI00003467	Email from Alisdair Cameron to Alwen Lyons, Neil McCausland, Virginia Holmes others re: Sparrow Paper for the Board - Action Required.	UKGI014281-001
587.	UKGI00003501	Email chain from Alasdair Marnoch to Richard Callard, Tim Franklin, Alwen Lyons Re Sparrow paper for the board - Action required	UKGI014315-001

No.	URNs	Document Description	Control Number
588.	POL00117187	Email from Belinda Crowe to Jane MacLeod, Mark R Davies, Belinda Crowe and others re Fwd: JS letter	POL-0114632
589.	POL00119795	Letter from Paula Vennells to Jo Swinson MP regarding the Complaint Review and Mediation Scheme	POL-0119777
590.	POL00000219	Initial Complaint Review & Mediation Scheme: Work Plan	VIS00001193
591.	POL00027279	Post Office Limited - Minutes of board meeting from 25/03/2015	POL-0023920
592.	POL00102397	Email from Roger W Gale to Paul Vennells, Mark R Davies, Jane MacLeod and others. Re: Sparrow	POL-0101980
593.	POL00041076	Initial Complaint Review and Mediation Scheme BRIEFING REPORT - PART TWO	POL-0037558
594.	POL00040957	Complaint Review and Mediation Scheme Reply of Post Office Limited to Second Sight's Briefing Report – Part Two (Draft)	POL-0037439
595.	POL00043630	Meeting Minutes - Working Group for the Initial Complaint Review and Case Mediation Scheme - 14 November 2014	POL-0040133
596.	POL00040498	Email from Andrew Parsons to Belinda Crowe, Mark Underwood, Re: Second Sight Questions for POL	POL-0036980
597.	POL00040499	Draft letter from Christ Aujard to Second Sight re: Initial Complaint Review and Mediation Scheme, Questions in relation to Second Sight's Briefing Report – Part Two	POL-0036981
598.	POL00043633	Meeting Minutes - Working Group for the Initial Complaint Review and Case Mediation Scheme - 14 January 2015	POL-0040136

No.	URNs	Document Description	Control Number
599.	POL00117052	Email chain from Mark R Davies to Tom Wechsler re: Re: My Sparrow Board brief	POL-0117886
600.	POL00027313	Post Office Group Executive Agenda for the meeting to be held on 12th February 2015	POL-0023954
601.	POL00117283	Speaking Notes for POL Board re new approach to the Complaint Review and Mediation Scheme (aka Project Sparrow)	POL-0118100
602.	POL00027308	Post Office Ltd Agenda for Board Meeting held on 25th March 2015 and associated documents from meeting	POL-0023949
603.	POL00117056	Email from Patrick Bourke to Tom Wechsler and Mark R Davies with email from Paula Vennells forwarded. Relates to response to Second Sight Report and possibility of closing the scheme.	POL-0117890
604.	POL00102401	Email from Alwen Lyons to Alice Perkins, Neil McCausland, Virginia Holmes and others. Re: Sparrow	POL-0101984
605.	POL00103765	Email from Tom Wechsler to Laura Thompson, Re: Letter from Vince Cable to BIS Select Committee	POL-0103348
606.	CWU00000007	Statement: Post Office Statement on Post Office Complaint Review and Mediation Scheme from 19.04/15	VIS00007681
607.	POL00091399	Email chain between Mark Underwood, Patrick Bourke, Angela Van-Den-Bogerd and others RE: Statement	POL-0090421
608.	POL00027751	Email from Mark R Davies to Kevin Gilliland, Paula Vennells, Jane Macleod and others RE: FWD: Note to network	POL-0024392

No.	URNs	Document Description	Control Number
609.	POL00027309	Memorandum for the Board of Post Office Limited from Alisdair Cameron - Fujitsu Extension Option by Al Cameron	POL-0023950
610.	POL00027310	Post Office Ltd. Minutes of an Extraordinary Board Meeting held on 2/7/2015	POL-0023951
611.	POL00021532	Meeting minutes: minutes for Board meeting held on 21st May 2015	POL0000065
612.	POL00102438	Email from Paula Vennells to Jane MacLeod, Mark R Davies and Alisdair Cameron re: Sparrow	POL-0102021
613.	POL00021683	Letter from Jane MacLeod (General Counsel, POL) to Second Sight regarding breach of confidence	POL-0018162
614.	POL00113697	Letter from Miss Jane Macleod to Second Sight Support Services Ltd re: Complaint Review and Mediation Scheme and access to personal data.	POL-0112805
615.	POL00102433	Email from Paula Vennells to Mark R Davies, Alisdair Cameron and Jane MacLeod re: Re: Sparrow	POL-0102016
616.	POL00065478	Email chain from Mark Underwood to Jane MacLeod, Rodric Williams Re Sparrow	POL-0061957
617.	POL00119489	PO Q&A Report Re: What have Second Sight said to the minister re 'their views have been misrepresented'	POL-0119408
618.	FUJ00083379	Fujitsu presentation on Branch Outreach Issue (Initial Findings)	POINQ0089550F
619.	POL00029971	Email from Paula Vennells to Alisdair Cameron and Rob Houghton re: The Dalmellington Error in Horizon	POL-0026453
620.	POL00026913	Email from Rob Houghton to Angela Van Den Bogerd, RE: The Dalmellington Error in Horizon	POL-0023554

No.	URNs	Document Description	Control Number
621.	POL00029980	Email from Sharon Gilkes to Rob Houghton and Katie Mulligan re the Dalmellington Error in Horizon /problemwithpol	POL-0026462
622.	POL00030012	Email from Rodric Williams to Rob Houghton and others RE: The Dalmellington Error in Horizon / problemwithpol	POL-0026494
623.	POL00119584	Email from Avene Regan to Rodric Williams and ECT, RE: Criminal Investigation Opened.	POL-0119896
624.	POL00029976	Email from Jane Macleod to Alisdair Cameron, Rob Houghton and Paula Vennells re: The Dalmellington Error in Horizon / problemwithpol	POL-0026458
625.	POL00117722	Letter from Tim Parker to Baroness Neville-Rolfe DBE CMG re: proposal to instruct QC to advise as to the appropriate scope of investigation in regard to Post Office's handling of complaints regarding Horizon	POL-0118354
626.	POL00024913	Letter sent from Tim Parker to Baroness Neville - Rolfe re :Post Office Handling of complaints made by Sub - Postmasters review	POL-0021392
627.	POL00027126	Email from Jane Macleod to Paula Vennells RE FW Project sparrow	POL-0023767
628.	POL00103110	Email from Jane MacLeod to Paula Vennells, Mark Underwood, Rodric Williams and others re: FW: Chairman's review - with attachment	POL-0102693
629.	POL00103111	Annex A: POLs proposals for addressing the Report's recommendations, as agreed with Jonathan Swift QC	POL-0102694
630.	POL00027128	Email from Tom Wechsler to Paula Vennells cc Avene Regan RE: 121 with Jane	POL-0023769

No.	URNs	Document Description	Control Number
631.	POL00006355	Review on behalf of the Chairman of Post Office Ltd concerning the steps taken in response to various complaints made by sub-postmasters	POL-0017623
632.	UKGI00005297	Post Office Meeting Notes of 04/08/2015 - Issues with Horizon IT System - Second Sight Mediation Scheme	UKGI016111-001
633.	UKGI00000035	Baroness Neville Rolfe meeting with Post Office: Thursday 6 August Agenda	VIS00000996
634.	POL00065471	Email chain from Jane MacLeod to Avene O'Farrell, Mark R Davies, Alisdair Cameron Re Sparrow	POL-0061950
635.	UKGI00005323	Email from Richard Callard to Alwen Lyons and Laura Thompson re: Panorama.	UKGI016137-001
636.	POL00102551	Letter from Baroness Neville-Rolfe to Mr Tim Parker re: Unresolved Issues relating to Post Office Horizon System and Further Actions to be Taken	POL-0102134
637.	UKGI00000058	Briefing from Laura Thompson ShEx to Baroness Neville-Rolfe ahead of meeting with James Arbuthnot	VIS00001019
638.	POL00174396	Email from Alwen Lyons to Tim Parker CC'd Jane MacLeod, Mark R Davies, Paula Vennells RE; Panorama programme 17th of August 2015	POL-0168393
639.	POL00319092	Project Sparrow - Note for Tim Parker with Track changes Date taken from Metadata	POL-BSFF-0157142
640.	POL00168301	Email from Mark R Davies (POL); to Paula Vennells (POL); Alwen Lyons (POL) and Jane MacLeod (POL) Re: Note for Tim Parker on BBC Panorama Documentary	POL-0163598

No.	URNs	Document Description	Control Number
641.	POL00021538	Meeting Minutes: minutes of Board meeting held on 22nd September 2015	POL0000071
642.	POL00102619	Email from Jane MacLeod to Tim Parker re: Post Office - meeting with Jonathan Swift QC. Includes summary of meeting in text of email chain.	POL-0102202
643.	UKGI00006142	Email from Baroness Neville Rolfe to Laura Thompson, cc Richard Callard RE: Submission to Baroness Neville-Rolfe on Post Office Horizon	UKGI016956-001
644.	POL00117511	Email from Tom Wechsler to Paula Vennells re telephone call with BNR.	POL-0118287
645.	POL00117506	Email from Mark R Davies to Paula Vennells, Tom Wechsler, Jane MacLeod and others re: Re: Speaking notes for BNR re Lyca & text of email to Chairman	POL-0118282
646.	POL00027115	Briefing for 121 with Tim Parker	POL-0023756
647.	UKGI00000044	Briefing/Update for Baroness Neville-Rolfe ahead of meeting with Second Sight	VIS00001005
648.	POL00027129	Project Sparrow - Chairman's review	POL-0023770
649.	POL00110344	Email from Paula Vennells to Tom Wechsler cc Avene Regan re Sparrow - latest stats	POL-0111280
650.	POL00027124	Briefing for 1-2-1 with Tim Parker	POL-0023765
651.	POL00103200	Email from Jane MacLeod to Paula Vennells, RE: Sparrow Board paper- Request for advice subject to legal professional privilege	POL-0102783
652.	POL00027116	Email from Tom Wechsler to Paula Vennells re TP/BNR - Phone call with BIS which included discussion about Sparrow	POL-0023757

No.	URNs	Document Description	Control Number
653.	POL00103171	Email from Tom Wechsler to Paula Vennells. Re: Feedback from Tim/ BNR meeting	POL-0102754
654.	POL00110440	Email from Jane MacLeod to Paula Vennells re: 1:1 on Monday	POL-0111334
655.	POL00110406	Email chain from Tom Wechsler to Paula Vennells Re: Corporate services budget savings	POL-0111316
656.	POL00029710	Email from Andrew Winn to Alan Lusher re: Rivenhall	POL-0026192
657.	POL00030001	Email from Andrew to Alan Lusher, Re: Rivenhall	POL-0026483
658.	POL00088956	Email thread between John Breeden, Angela Van-Den-Bogerd and others, re: Follow up to BIS meeting on JFSA	POL-0080917
659.	POL00002151	Gareth Jenkins Witness Statement	VIS00003165
660.	POL00097215	Email from Jenkins Gareth GI to Rachael Panter, Jarnail A Singh, Andy Cash and others. RE: Fujitsu expert report - URGENT	POL-0096798
661.	POL00120561	Email from Mike Granville to Paula Vennells, Mike Moores, Mike Young and others re: Update on JFSA and Horizon issues and urgent respinse needed for BIS and Report on JFSA response to issues for BIS	POL-0126174
662.	POL00098377	Note of Phone Call between Paula Vennells and James Arbuthnot dated May 2013	POL-0097960
663.	POL00029590	Email from Martin Edwards to Alwen Lyons, re: Paula 1:1 with Alice - update on 2nd sight.	POL-0026072
664.	POL00099088	Email from Lesley Sewell to Susan Crichton, Paula Vennells and others re: Draft statement	POL-0098671
665.	POL00029812	Email from Paula Vennells to Mark R Davies, Lesley J Sewell re: Accessing Horizon	POL-0026294

No.	URNs	Document Description	Control Number
666.	POL00025511	Letter from Freeths to Rodric Williams (POL Solicitor) re: Bates & Others v Post Office Limited Group Action Letter pursuant to the practice direction on pre-action conduct	POL-0021990
667.	POL00025510	Bates & Others v POL Claim Form, Claim no HQ16X01238	POL-0021989
668.	UKGI00006646	Email from Mark Underwood to Laura Thompson, cc'ing Tom Wechsler re: Letter from Freeths - Proceedings Issued for GLO	UKGI017460-001
669.	POL00103162	Email from Jane MacLeod to Patrick Bourke, Rodric Williams and Mark Underwood re: Post Office - Chairman's enquiry and related matters	POL-0102745
670.	POL00103165	Email from Jane MacLeod to Tim Parker, re Post Office - Meeting with Baroness Neville-Rolfe Wednesday 27 April 2016, 3:30pm	POL-0102748
671.	POL00117704	PO Group Executive - Postmaster Litigation - Executive Summary (Jane MacLeod / Rodric Williams).	POL-0118337
672.	POL00006805	PO Board: Postmaster litigation executive summary	POL-0018041
673.	POL00103199	Email from Jane MacLeod to Mark R Davies, RE: Sparrow- Advice subject to Legal Professional Privilege	POL-0102782
674.	POL00021542	Meeting Minutes: minutes for meeting held on 24th May 2016	POL0000075
675.	POL00027219	Post Office Limited minutes of a board meeting held	POL-0023860
676.	POL00025507	Email from Rodric Williams to POL employees re Postmaster Litigation Steering Group Meeting on 7 June 2016	POL-0021986

No.	URNs	Document Description	Control Number
677.	POL00025508	Agenda for Postmaster Litigation Steering Group Meeting on 7 June 2016	POL-0021987
678.	POL00110433	Email from Amanda Brown to Thomas Moran, Rodric Williams, Mark Davies and others re: FW: Postmaster Litigation Steering Group - SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE - DO NOT FORWARD.	POL-0111332
679.	POL00025509	Draft Postmaster Litigation Steering Group Meeting Terms of Reference and Membership	POL-0021988
680.	POL00024292	Email chain from Jane MacLeod to Andrew Parsons and Rodric Williams, Re: Postmaster Litigation.	POL-0020771
681.	POL00024308	Email chain between Jane MacLeod, Thomas P Moran, Andrew Parsons and others, Re: PLSG - Decision Paper.	POL-0020787
682.	POL00024199	Email chain between Thomas P Moran, Jane MacLeod, Mark Underwood and others Re: Postmaster Litigation SteerCo Call: Security for Costs.	POL-0020678
683.	POL00024700	Email from Jane MacLeod to Mark Ellis, Mark Davies and others re: URGENT - Postmaster litigation -strategic options for CMC	POL-0021179
684.	POL00110441	Email from Tom Weschler to Paula Vennells re: 1:1 with Jane	POL-0111335
685.	UKGI00006685	Email from Richard Callard to UKGI POL Team and Claire French (Communications) re Sparrow update/media coverage	UKGI017499-001

No.	URNs	Document Description	Control Number
686.	POL00103194	Email from Jane MacLeod to Rodric Williams, Patrick Bourke and Mark Underwood, RE: FW: Post Office- Chairman's Review Confidential and legally privileged	POL-0102777
687.	POL00103259	Email from Jane MacLeod to Tim Parker, Carla Stent, Richard Callard and others, RE: PO Ltd- Supply Chain Litigation- Confidential and subject to legal privilege- do not forward	POL-0102842
688.	POL00104103	GLO Updates to POL Board (April 2016 - March 2016)	POL-0103686
689.	UKGI00008549	Email from Ken McCall to Paula Vennells, Carla Stent and others, CC Tim Parker re Postmaster Litigation	UKGI019357-001
690.	POL00006440	Decision Paper - Communication Strategy	POL-0017745
691.	UKGI00006959	Email from Richard Callard and Laura Thompson CC Claire French re Postmaster Litigation - Update to Board	UKGI017773-001
692.	POL00024967	Email from Andrew Parsons to Thomas P Morgan and Jane MacLeod, CCing Melanie Corfield, Rodric Williams, Patrick Bourke and others RE: Postmaster Litigation Briefing Plan	POL-0021446
693.	POL00110697	Email from Alwen Lyons to Tim Parker, Ken Mccall, Tim Franklin and Others Re Note for the Board Possible FT Article	POL-0111373
694.	POL00110699	Email chain from Mark R Davis to Jane MacLeod Re JFSA Release	POL-0111374
695.	POL00111196	Note re: GLO communications - proposed approach	POL-0111466

No.	URNs	Document Description	Control Number
696.	POL00111699	Email from Paula Vennells to Mark R Davies re. Board GLO Sub Committee.	POL-0109272
697.	POL00117702	Email chain from Jane Macleod to Paula Vennells, Mark R Davies, tom Wechsler and others re: Sparrow Board paper	POL-0118335
698.	POL00021700	Email from Rodric Williams to Thomas P Moran and others, RE Postmaster Litigation Steering Group	POL-0018179
699.	POL00103201	Email from Paula Vennells to Avene Regan, RE: Fwd: Sparrow Board Paper- Request for advice subject to legal professional privilege	POL-0102784
700.	POL00103161	Email from Jane MacLeod to Tim Parker re: Post Office - Chairman's enquiry and related matters	POL-0102744
701.	POL00041246	Email from Jane MacLeod to Rodric Williams re. Con with TRQC / JSQC Recommendations	POL-0037728
702.	POL00027221	Group Executive Agenda at Finsbury Dials	POL-0023862
703.	POL00027218	Post Office Board Agenda	POL-0023859
704.	POL00110442	Email from Diane Blanchard to Jane MacLeod re: Chair's review (LP)	POL-0111336
705.	POL00006601	Letter to PO from Bond Dickinson re group litigation	POL-0017859
706.	POL00022764	Email chain between Jane MacLeod. Patrick Bourke, Mark Underwood and others RE: FW: Letter to Minister regarding the Litigation	POL-0019243
707.	POL00103207	Email from Patrick Bourke to Jane MacLeod, RE: FW: Post Office Ltd- Update and Request for Further Advice	POL-0102790

No.	URNs	Document Description	Control Number
708.	POL00103220	Email from Tom Wechsler to Paula Vennells, RE: Confidential and Subject to Privilege	POL-0102803
709.	POL00041258	Email from Jane MacLeod to Paula Vennells re. Postmaster Litigation - Confidential and Subject to Legal Privilege	POL-0037740
710.	POL00030007	Email from Jane Macleod to Alisdair Cameron and Rob Houghton re Sparrow Update	POL-0026489
711.	POL00022663	Email from Jane MacLeod to Paula Vennells, Alisdair Cameron, cc'ing Avene Regan and others re: Postmaster Litigation-CONFIDENTIAL AND SUBJECT TO LITIGATION PRIVILEGE	POL-0019142
712.	POL00022666	Extracts from Bond Dickinson to Freeths re: Defects in Horizon	POL-0019145
713.	POL00103232	Email from Alwen Lyons to Tim Parker, Ken Mccall, Carla etc, RE: Postmaster Litigation-Update to Board	POL-0102815
714.	POL00006599	Post Office Group Action- Bond Dickinson Workplan	POL-0017857
715.	POL00022641	Postmaster Litigation - Bates & 90 Others v. Post Office Limited - Agenda for Steering Group meeting	POL-0019120
716.	POL00022638	Email chain between Andrew Parsons, Rodric Williams, Thomas P Moran and others re: Postmaster Litigation Steering Group	POL-0019117
717.	POL00030006	Email from Rob Houghton to Jane Macleod, Andrew Parsons, Rodric Williams, Patrick Bourke, Thomas P Moran, Tom Wechsler, Mark R Davies, Melanie Corfield, Angela Van-Den-Bogerd RE: Strictly private and confidential - subject to litigation privilege	POL-0026488

No.	URNs	Document Description	Control Number
718.	POL00021543	Meeting Minutes: minutes of a Board meeting held on 25th July 2016	POL0000076
719.	POL00021544	Meeting minutes: minutes for Board meeting held on 29th September 2016	POL0000077
720.	POL00021545	Meeting minutes: minutes of Board meeting held on 25th October 2016	POL0000078
721.	POL00027185	Minutes of POL Board Meeting held on 24 November 2016	POL-0023826
722.	POL00103892	Post Office Board Agenda (24/11/2016)	POL-0103475
723.	POL00110564	Email from Jane MacLeod to Paula Vennells; Alisdair Cameron; others CC'd. RE: Postmaster Litigation - Remote Access (Extract from draft letter to Freeths).	POL-0108284
724.	POL00110565	Remote access to Horizon data (from Bond Dickinson LLP)	POL-0108285
725.	POL00091418	Email from Jane MacLeod to Alisdair Cameron, RE: Postmaster Litigation- Remote Access- extract from draft letter to Freeths	POL-0090440
726.	POL00091419	Email from Thomas Moran to Paula Vennells, Rodric Williams, Jane MacLeod and others, RE: Postmaster Litigation - Remote Access: extract from draft letter to Freeths	POL-0090441
727.	POL00041377	Email from Andrew Parsons to Rodric Williams re. Postmaster Litigation - Remote Access: extract from draft Letter to Freeths - Legally Privileged - Do Not Forward	POL-0037859
728.	POL00091420	Email from Mark R Davies to Paula Vennells RE: Postmaster Litigation- Subject to legal privilege	POL-0090442

No.	URNs	Document Description	Control Number
729.	POL00030211	Response by Bond Dickinson on behalf of Post Office to Letter of Claim dated 28 April 2016	POL-0026693
730.	POL00041392	Letter from Freeths LLP to Bond Dickinson LLP re. Letter further to Letter of Claim dated 28 April 2016	POL-0037874
731.	POL00024984	Postmaster Litigation - Agenda for Steering Group meeting on 01 November 2016.	POL-0021463
732.	POL00023426	Email chain between Andrew Parsons, Jane MacLeod, Mark Underwood and others re: Remote Access Wording	POL-0019905
733.	POL00029103	Email from Mark Underwood (Post Office) to Andrew Parsons (WBD) re: Deloitte Report - Subject to Litigation Privilege.	POL-0025585
734.	POL00023431	Bond Dickinson Remote Access Rider - Access to Horizon Data	POL-0019910
735.	POL00023435	Email chain between Andrew Parsons, Mark Underwood, Jane MacLeod and Rodric Williams re: Remote Access Wording	POL-0019914
736.	POL00041324	Email from Mark Underwood to Andrew Parsons; re: Remote Access Wording	POL-0037806
737.	POL00023433	Email from Jane Macleod to Andrew Parsons and others re: Remote Access wording	POL-0019912
738.	POL00041373	Email from Andrew Parsons to Rodric Williams, re Draft Letter to Freeths	POL-0037855
739.	POL00024869	Email trail from Thomas P Moran to Jane MacLeod cc: Andrew Parsons re: Letter to Freeths - legally privilege [BD-4A.FID26896945]	POL-0021348

No.	URNs	Document Description	Control Number
740.	POL00025050	Email chain between Andrew Parsons, Rodric Williams, Mark Underwood and others, re: Letter to Freeths - legally privilege [BD-4A.FID26896945].	POL-0021529
741.	POL00024874	Email from Andrew Parsons to Jane MacLeod cc: Rodric Williams, Mark Underwood, Rob Houghton and others re: Letter to Freeths - legally privileged [BD-4A.FID26896945]	POL-0021353
742.	POL00024806	Remote access to Horizon data	POL-0021285
743.	POL00024991	Remote access to Horizon Data	POL-0021470
744.	POL00024875	Remote access to Horizon data (from Bond Dickinson LLP	POL-0021354
745.	POL00110586	Letter chain from Bond Dickinson to James Hartley Freeths LLP Re Bates & Others v Post Office Limited	POL-0108302
746.	POL00041383	Email from Rodric Williams to Andrew Parsons re. FJ approval of letter	POL-0037865
747.	UKGI00007544	Post Office Ltd Audit, Risk and Compliance Committee Minutes of 30/01/2017	UKGI018358-001
748.	POL00006404	Steering Group Decision Paper - GLO Advertisement	POL-0017709
749.	POL00025060	Draft Communications: Application for Group Litigation Order - January 26	POL-0021539
750.	POL00025021	Email trail from Melanie Corfield to Andrew Parsons, cc: Rodric Williams re: Sparrow communications for GLO [BD-4A.FID26896945] with attachment	POL-0021500

No.	URNs	Document Description	Control Number
751.	POL00103302	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent et, RE: Subject to privilege- Postmaster litigation: GLO Application	POL-0102885
752.	POL00021546	Meeting minutes: meeting minutes for meeting held on 31st January 2017	POL0000079
753.	POL00027200	CEO's Report for Post Office Board meeting on 31 January 2017	POL-0023841
754.	POL00025375	Email from Tom Wechsler to Mark Underwood, Jane MacLeod, Angela Van-Der-Bogerd and others cc: Mark R Davies, Thomas P Moran, and Mark Ellis re: RE: PLSG meeting on Tuesday @10:30am in Islington (0.04).	POL-0021854
755.	POL00025376	Bond Dickinson PO Group Litigation Steering Group Meeting RE: DECISION: Does Post Office agree with the recommended strategy set out in this paper?	POL-0021855
756.	POL00021547	Meeting Minutes: Minutes of Board meeting held on 28th March 2017	POL0000080
757.	POL00021438	Post Office Limited Audit, Risk and Compliance Committee Minutes of 18/05/2017	POL-0018068
758.	POL00027188	Post Office Minutes: Meeting of the Board held at 12:30pm on 28/3/2017	POL-0023829
759.	POL00103307	Email from Alwen Lyons to Carla Stent; Kenmccall1; Tim Franklin; Richard Callard, re: ARC Action - Postmaster Litigation funding.	POL-0102890
760.	POL00021548	Meeting minutes: meeting minutes for Board meeting held on 25th May 2017.	POL0000081

No.	URNs	Document Description	Control Number
761.	POL00027182	Meeting Minutes: Post Office Ltd - Group Executive Meeting 13th July 2017	POL-0023823
762.	POL00110666	Q&A for GE Meeting on 13 July 2017 - Bond Dickinson	POL-0108371
763.	POL00003340	Letter from Andrew Parsons to James Hartley, re: Bates & Others -v- Post Office Limited - Generic Defence and Counterclaim	VIS00004354
764.	POL00249979	Email from Jane MacLeod to Paula Vennells RE: Postmasters litigation	POL-BSFF-0088042
765.	POL00028055	Email: Email from Andrew Parsons (WBD) to Jane MacLeod (PO) re-Group Litigation and points to be raised with Paula Vennells by Counsel	POL-0023058
766.	POL00024459	Email from Amy Prime to Jane MacLeod and others, re: Tony tomorrow	POL-0020938
767.	POL00024489	Email from Thomas P Moran to Andrew Parsons, Amy Prime and Rodric Williams re PLSG meeting on Wednesday 24 May 2017 @12 in Tonbridge (1.11)	POL-0020968
768.	POL00006360	Bond Dickinson's recommendations on issues in the Postmaster Group Action (undated)	POL-0017628
769.	POL00021549	Meeting minutes: meeting minutes of Board meeting held on 25th July 2017	POL0000082
770.	POL00041238	Email from Mark Underwood to Patrick Bourke re. Deloitte (attachment in email subject to legal privilege)	POL-0037720
771.	POL00006380	Post Office Group Litigation, Steering Group Meeting - strategy to disclosure for POL	POL-0017685
772.	POL00006503	Litigation Strategy Options	POL-0017808

No.	URNs	Document Description	Control Number
773.	POL00041485	Email from Jane MacLeod to Paula Vennells and others re. Postmaster Litigation - Update tomorrow morning CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE DO NOT FORWARD. Attached paper explains priority for construction of SPM contract.	POL-0037967
774.	POL00041486	Post Office Board - Postmaster Litigation: Confidential and Subject to Legal Professional Privilege	POL-0037968
775.	POL00021550	Meeting minutes: minutes of Board meeting held on 26th September 2017.	POL0000083
776.	POL00006384	Email from Andrew Parsons (Bond Dickson) to Tony (OEC Law) re talking points for Paula	POL-0017689
777.	POL00006499	Email from Andrew Parsons: Subject 'Tony tomorrow'	POL-0017804
778.	POL00107163	Post Office Group Litigation Litigation Strategy Options with handwritten notes	POL-0105471
779.	POL00024660	Email from Thomas P Moran to Andrew Parsons, re: Litigation Options Paper attaching Board briefing on Horizon v0.3	POL-0021139
780.	POL00024690	Email chain discussing responses to common issues trial and judgment, including burden of proof. Email from Jane MacLeod to Thomas P Moran, Andrew Parsons and Rodric Williams re: Board briefing re Postmaster Litigation CMC Options	POL-0021169
781.	POL00028063	Email from Andrew Parsons (WBD) to Tony Robinson (OECLaw) forwarding Paula Vennell's questions on litigation	POL-0023066
782.	POL00028070	Deloitte's 'Bramble' Draft Report	POL-0023073

No.	URNs	Document Description	Control Number
783.	POL00021551	Meeting minutes: minutes of Board meeting held on 31st October 2017.	POL0000084
784.	POL00103898	Post Office Board Agenda	POL-0103481
785.	POL00024317	Email from Mark Underwood to Jane MacLeod, Angela Van-Den-Bogerd, Mark R Davies and others Re: PLSG meeting on Friday.	POL-0020796
786.	POL00024318	Agenda for Steering Group meeting on 3/11/2017.	POL-0020797
787.	POL00024323	Post Office Group Litigation Steering Group Meeting - Noting Paper: Deloitte Reports	POL-0020802
788.	POL00024322	Noting paper: Update on CMC and Future Work Streams	POL-0020801
789.	POL00004167	Alan Bates etc v Post Office, Approved Judgment	VIS00005181
790.	POL00006435	Steering Group Meeting: Availability of Counsel	POL-0017740
791.	POL00024311	Email chain from Thomas Moran to Jane MacLeod, Mark Underwood, Rodric Williams and others Re: PLSG meeting.	POL-0020790
792.	POL00024346	Email from Andrew Parsons to Rodric Williams, Jane MacLeod, and Mark Underwood, re: Counsel	POL-0020825
793.	POL00024268	Womble Bond Dickinson: Briefing on selecting Counsel for trial in November 2018.	POL-0020747
794.	POL00024267	Email from Andrew P Parsons to Jane MacLeod, Mark Underwood, Rodric Williams and others Re: Counsel briefing.	POL-0020746
795.	POL00024340	Email from Jane MacLeod to Andrew Parsons, Rodric Williams and others re: Group Litigation - Update on Counsel - Subject to Legal Privilege - Do Not Forward	POL-0020819

No.	URNs	Document Description	Control Number
796.	POL00021552	Meeting Minutes: minutes of Board meeting held on 23rd November 2017	POL0000085
797.	POL00024423	Letter from Andrew Parsons to James Hartley re: The Post Office Group Litigation - Disclosure and future case management	POL-0020902
798.	POL00041527	Email from Rodric Williams to Jane MacLeod and others re. Bates trial date Nov 17	POL-0038009
799.	POL00024446	Postmaster Litigation - Bates & 509 Others v. Post Office Limited - Agenda for Steering Group meeting on 20 November 2017	POL-0020925
800.	POL00090630	Steering Group Meeting Re: Noting paper: Update on strategy for the Court hearing on 02/02/2018.	POL-0090151
801.	POL00041650	Email chain from Jane MacLeod to Thomas P Moran and others re. Disclosure CMC Skeleton Arguments - Subject to Legal Privilege	POL-0038132
802.	POL00024326	Email from Rodric Williams to Patrick Bourke, Mark R Davies and others re: OLSG Call on Wednesday 6 December @14:00 (0.15 Walton Street is booked if people are in FD and wish to attend in person)	POL-0020805
803.	POL00022880	Womble Bond Dickinson Post Office Group Litigation, Steering Group Meeting, Decision: Should Post Office put forward the settlement proposals set out below?	POL-0019359
804.	POL00024182	Email chain between Jane MacLeod, Alisdair Cameron, Paula Vennells and others Re: Postmaster Litigation - Briefing notes for the Board.	POL-0020661

No.	URNs	Document Description	Control Number
805.	POL00103314	Email from Jane MacLeod to Paula Vennells, Alisdair Cameron; Tim Parker, and others, re: Postmaster Litigation - Update from CMC.	POL-0102897
806.	POL00006520	Email from Jane Macleod: Postmaster Group Litigation	POL-0017825
807.	POL00103333	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and others, re: Postmaster Group Litigation - Subject to legal privilege - do not forward.	POL-0102916
808.	POL00021440	Post Office Limited Audit, Risk and Compliance Committee Minutes of 29.01.2018	POL-0018070
809.	POL00027267	Group Executive Agenda January 2018	POL-0023908
810.	POL00104316	Post Office Ltd ARC Report on Annual Legal Risk Review: 2017	POL-0103899
811.	POL00021553	Meeting minutes: minutes of board meeting held on 29th January 2018	POL0000086
812.	POL00117892	Postmaster Litigation Advisory Board Subcommittee	POL-0115392
813.	POL00117894	Womble Bond Dickinson Briefing Note RE PO Group Litigation	POL-0115394
814.	POL00117899	Minutes of a meeting of the Postmaster Litigation subcommittee of Post Office Limited on Monday 26 March 2018 at 20 Finsbury Street EC2Y 9AQ	POL-0115399
815.	UKGI00018134	Minutes of a Meeting of the Board of Directors of Post Office Limited	UKGI028141-001
816.	POL00006765	Agenda and Papers for the 26 March 2018 Postmaster Litigation Subcommittee Meeting	POL-0018023
817.	POL00006524	Horizon litigation: facts of the case for BEIS Permanent Secretary	POL-0017829

No.	URNs	Document Description	Control Number
818.	POL00021445	Audit, Risk and Compliance Committee meeting Minutes of 27/03/2018	POL-0018075
819.	POL00027257	Post Office Board Agenda 27/3/2018 and associated documents - Tim Parker, Richard Callard, Tom Cooper and Others in Attendance	POL-0023898
820.	POL00025892	Alan Bates & Others and Post Office Limited Opinion on the common issues	POL-0022371
821.	POL00110906	Email chain between Diane Blanchard and Tim Parker, RE: attendance of Board Group Litigation Order Sub Committee meeting 15th May	POL-0111449
822.	POL00041771	Email from Rodric Williams to Mark Underwood re SPM Litigation Committee Minutes	POL-0038253
823.	POL00023972	Womble Bond Dickinson Summary of Counsel's Opinion on the Common Issues.	POL-0020451
824.	POL00024257	Email from Andrew Parsons to Rodric Williams, Mark Underwood and Jane MacLeod Re: Counsel's Opinion.	POL-0020736
825.	POL00024196	Email from Mark Underwood to Jane MacLeod, Angela Van-Den-Bogerd, Mark R Davies and others Re: Postmaster Litigation Steering Group Call.	POL-0020675
826.	POL00041773	Email from Mark Underwood to Veronica Branton re SPM Litigation Committee Minutes	POL-0038255
827.	POL00110935	Email from Diane Blanchard to Tim Parker, Thomas Cooper, Paula Vennells and others RE:Board GLO subcommittee 15 May 2018 - agenda and draft minutes	POL-0111461

No.	URNs	Document Description	Control Number
828.	POL00006382	Speaking Note for Post Office Litigation Sub-Committee Meeting on 15 May 2018	POL-0017687
829.	POL00006754	Meeting Minutes of the Postmaster Litigation Subcommittee of POL	POL-0018012
830.	POL00006763	Meeting Minutes of the Postmaster Litigation Subcommittee of POL	POL-0018021
831.	POL00021555	Meeting Minutes: minutes of meeting held on 24th May 2018	POL0000088
832.	POL00103335	Post Office Board Agenda.	POL-0102918
833.	BEIS0000079	Protocol between POL, BSEI and UKGI for the POL Litigation	BEIS0000059
834.	<u>POL00021446</u>	Post Office Limited Audit, Risk and Compliance Committee Minutes of 28/06/2018	POL-0018076
835.	POL00103336	Email from Jane MacLeod to Tim Parker; Ken McCall; Carla Stent; Tim Franklin, re: Postmaster Litigation - Confidential and subject to Legal Privilege - Do not Forward.	POL-0102919
836.	POL00024156	Email chain between Rodric Williams, Jane MacLeod, Mark Underwood and others re: Postmaster Litigation - Disclosure in the 2017-18 ARA.	POL-0020635
837.	POL00024230	Email chain between Mark R Davies, Jane MacLeod, Mark Underwood and others Re: Postmaster Litigation.	POL-0020709
838.	POL00041840	Email from Jane MacLeod to Andrew Parsons and others re PO Group Litigation Draft wording	POL-0038322
839.	POL00041841	Draft Wording for Annual Report and Accounts for 2021	POL-0038323

No.	URNs	Document Description	Control Number
840.	POL00041836	Email chain from Tom Cooper to Tim Franklin and others re Contingent Liability wording in PO Group Litigation	POL-0038318
841.	POL00041849	Email from Patrick Bourke to Mark Davies and others re Draft wording for the ARA	POL-0038331
842.	POL00041865	Email from Mark Underwood to Jane MacLeod and others re PO Group Litigation	POL-0038347
843.	UKGI00008203	Email from Elizabeth O'Neill to Tom Cooper, Helen Lambert and others; Re: PO - Draft wording for the contingent liability disclosure	UKGI019015-001
844.	POL00041871	Email from Rodric Williams to Gavin Matthews re PO Group Litigation	POL-0038353
845.	POL00041884	Email chain between Jane MacLeod, Alisdair Cameron, Michael Passmore and others RE: POL Contingent Liability Issue and Outstanding Items - Confidential and subject to legal privilege	POL-0038366
846.	POL00041885	POL Annual Report Contingent Liabilities Disclosure Part II	POL-0038367
847.	POL00111017	Email chain from Dianne Blanchard to C Johnson cc Peter McIver, Sana M Gangat and others re: POL Contingent Liability Issue and Outstanding Items - meeting with Womble Bond Dickinson.	POL-0111465
848.	POL00041896	Email from Mark Davies to Jane MacLeod and others re PO Group Litigation	POL-0038378
849.	EY00000001	EY Audit Results Update Report to the Audit, Risk and Compliance Committee for the 52 week period ended 25 March 2018.	VIS00009749

No.	URNs	Document Description	Control Number
850.	POL00090608	Email from Jane MacLeod to Tim Parker, Ken McCall and Tom Cooper and others Re Board Litigation Subcommittee	POL-0090129
851.	POL00024176	Email chain between Angela Van-Den-Bogerd, Andrew Parsons, Jane MacLeod and others Re: Speaking Note for Board Subcommittee.	POL-0020655
852.	POL00024177	Speaking Note for Board Subcommittee on 10 July 2018.	POL-0020656
853.	POL00024166	Email from Jane MacLeod to Tim Parker, Ken McCall, Tom Cooper and others Re: Board Litigation Subcommittee.	POL-0020645
854.	POL00024167	Draft Contingency Planning: Risk Assessment Table.	POL-0020646
855.	POL00041866	Email from Victoria Brooks to Angela Van Den Bogerd and others re Witness Statements in PO Group Litigation - re witness availability	POL-0038348
856.	POL00121166	POST OFFICE GROUP ACTION FOR DISCUSSION - PROPOSED LIST OF GENERIC ISSUES WITNESSES CAN COMMENT ON	POL-0126830
857.	POL00021556	Meeting minutes: minutes of Board meeting held on 31st July 2018	POL0000089
858.	POL00111281	Email from Angela Van-Den-Bogerd to Paula Vennells, Alisdair Cameron, Mark R Davies and others re: Private & Confidential - subject to litigation privilege - tomorrows GLO update and planning call is cancelled	POL-0111472
859.	POL00154359	Email from Rodric Williams to Andrew Parsons and Jonathan Gribben, RE: Fujitsu Witness Evidence - issue resolved	POL-BSFF-0013458

No.	URNs	Document Description	Control Number
860.	UKGI00008345	PO Group Litigation: Litigation Update for UKGI following POL Board Meeting on 31 July 2018	UKGI019157-001
861.	POL00003348	Letter from James Hartley to Andrew Parsons re: Post Office Group Litigation - General Comments on Post Office Disclosure	VIS00004362
862.	POL00041859	Letter from Womble Bond Dickinson LLP to Freeths LLP re PO Group Litigation Disclosure. Extensive comments on various categories of documents, as well as three page schedule on different documents with additional comments.	POL-0038341
863.	POL00090612	Postmaster Litigation Update report (Executive Summary)	POL-0090133
864.	UKGI00008372	Email chain from Paula Vennells to Tom Aldred cc Jane MacLeod, Tom Cooper 'and others' RE: Rescheduled litigation briefing with Perm Sec and minister.	UKGI019184-001
865.	POL00111095	Briefing for Paula Vennells meeting with Post Affairs Minister, Kelly Tolurst MP	POL-0108701
866.	POL00024179	Email chain between Andrew Parsons, Jane MacLeod, Patrick Bourke and others Re: Litigation.	POL-0020658
867.	UKGI00008369	Email from Stephen Clarke to MPST Tolhurst, UKGI POL Team, Sam White and others re Briefing: Paula Vennells meeting on Monday	UKGI019181-001
868.	UKGI00008370	Meeting with Paula Vennells - 03 September; BEIS	UKGI019182-001
869.	POL00103345	Post Office Ltd Board Agenda of 25/09/18	POL-0102928

No.	URNs	Document Description	Control Number
870.	POL00105467	Email from Jane Macleod to Paula Vennells and Alisdair Cameron re: Postmater Litigation - Meeting with Perm Sec & Minister on 17 October	POL-0104647
871.	UKGI00008494	Email from Jane MacLeod to Richard Watson, Joshua Fox and others RE: Postmaster Litigation: BEIS and UKGI Briefing 17th October 2018	UKGI019305-001
872.	POL00111218	Post Office Briefing Paper for meeting with Kelly Tolhurst MP and Alex Chisolm Permanent Secretary, BEIS, on 17 October 2018	POL-0108821
873.	POL00042063	Email from Rodric Williams to Jane MacLeod and others; re Strike out application	POL-0038545
874.	UKGI00008519	BEIS Agenda: 'Post Office: Horizon Trial Contingency Planning'	UKGI019330-001
875.	UKGI00008554	Draft read out note of POL meeting in HoC on 17th October 4-4:45pm	UKGI019362-001
876.	UKGI00008606	Email from Tom Aldred (UKGI) to Tom Cooper (UKGI) and Richard Watson (UKGI) CCing Stephen Clarke and others re: Post Office Litigation Meeting readout (17 October)	UKGI019414-001
877.	POL00006757	Meeting Minutes of the Postmaster Litigation Subcommittee of POL	POL-0018015
878.	POL00021557	Meeting minutes: minutes for Board meeting held on 25th September 2018	POL0000090
879.	POL00024170	Email chain between Rodric Williams, Jane MacLeod, Andrew Parsons and others Re: Contingency Planning.	POL-0020649

No.	URNs	Document Description	Control Number
880.	POL00042037	Email chain setting out briefing on GLO CMC on 19 Sep 2018, focussing on security for costs and trial timetable. Email from Jane MacLeod to Rodric Williams and others re PO Group Litigation	POL-0038519
881.	POL00022943	Draft Womble Bond Dickinson: Post Office Group Litigation: Mitigations Report	POL-0019422
882.	POL00024157	Email from Angela Van-Den-Bogerd to Paula Vennells, Jane MacLeod, Alisdair Cameron and others Re: GLO Call 0815 28 Sept, Postmaster Group Litigation. Contingency Planning	POL-0020636
883.	POL00111165	Post Office Group Litigation, draft update for Board Sub-Committee	POL-0108771
884.	POL00117991	Email from Jane MacLeod to Tim Parker, Ken McCall and others RE: Postmaster Litigation-timetable - CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILIGE DO NOT FORWARD	POL-0114700
885.	POL00022669	Post Office Group Litigation between Alan Bates & Others - and- Post Office Limited - Update to the opinion on the common issues	POL-0019148
886.	POL00024158	Contingency Planning Internal Governance meetings 27 Sept-30 Nov.	POL-0020637
887.	POL00111214	Post Office Briefing Paper for Meeting on 17 October 2018 with Kelly Tolhurst MP and Alex Chisolm on " Common Issues" trial in Group Litigation.	POL-0108817
888.	POL00111257	Postmaster Group Litigation - Briefing Note ahead of Board Meeting on Tuesday 30th October 2018	POL-0108858

No.	URNs	Document Description	Control Number
889.	POL00103360	Email from Veronica Branton to Tim Parker, Ken McCall, Thomas Cooper and others re: Board/ARC briefing	POL-0102943
890.	POL00042106	Email chain from Rodric Williams to Patrick Bourke, Mark Underwood and Andrew Parsons, re FW: Post Office Group Litigation	POL-0038588
891.	POL00042122	Email from Rodric Williams to Andrew Parsons, seeking AP's comments on text summary of opening submissions prepared for Paula Vennells.	POL-0038604
892.	POL00006388	Steering Group Meeting Paper: Should POL accept implied terms?	POL-0017693
893.	POL00023117	Judgement (no.2) of the High Court of Justice in Alan Bates and Others v Post Office limited [2018] 2698(QB).	POL-0019596
894.	POL00103355	Email from Jane MacLeod to Tim Parker, Paula Vennells and Mark R Davies re: RE: Postmaster Litigation	POL-0102938
895.	POL00103356	Email from Jane MacLeod to Ken McCall, Carla Stent, Tim Franklin and others re: Postmaster Litigation	POL-0102939
896.	POL00103349	Email from Jane MacLeod to Tim Parker, Diane Blanchard and Paula Vennells re: Postmaster Litigation	POL-0102932
897.	POL00103351	Email from Tim Parker to Jane MacLeod, Diane Blanchard and Paula Vennells re: Re: Postmaster Litigation	POL-0102934
898.	POL00103357	Email from Paula Vennells to Ken McCall, Carla Stent, Tim Franklin and others re: Re: Postmaster Litigation	POL-0102940

No.	URNs	Document Description	Control Number
899.	POL00103358	Email from Ken McCall to Paula Vennells, Carla Stent, Tim Franklin and others re: Re: Postmaster Litigation	POL-0102941
900.	POL00026936	Post Office Board Agenda	POL-0023577
901.	POL00021558	Post Office Ltd Board Minutes dated 30/10/2018	POL0000091
902.	POL00111283	Email from Dianne Blanchard to Avene Regan, Angela Van-Den-Bogerd, Paula Vennells and others re: Tomorrow's GLO update and planning call is cancelled	POL-0111474
903.	FUJ00160138	Letter from Freeths to Andrew Parsons - Re: Alan Bates & Others v Post Office Limited - Horizon Issues Trial - sending Claimant's Expert Report	POINQ0166316F
904.	POL00111231	Email from Jonathan Gribben to Catherine Hamilton, Rob Houghton, Rodric Williams and others re: Jason Coyne's report [WBDUK-AC.FID27032497]	POL-0108832
905.	POL00117998	Email from Rodric Williams to Paul Vennells, Jane Macleod, Mark Davies and others. RE: PO Group litigation - update	POL-0114706
906.	POL00118001	Email from Mark Underwood to Paula Vennells Re Post Office Group Litigation Update - Subject to legal professional privilege - Draft Email for the Board.	POL-0114709
907.	POL00026954	Group Executive Agenda for Meeting on 12th November 2018	POL-0023595

No.	URNs	Document Description	Control Number
908.	POL00111405	Email from Rodric Williams to Paula Vennells, Jane MacLeod, Mark R Davies and others re Post Office Group Litigation Update - SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD	POL-0108994
909.	POL00042151	Email providing update on latest day in court in group litigation trial. Email from Rodric Williams to Andrew Parsons re: FW: Post Office Group Litigation Update - SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD	POL-0038633
910.	POL00111475	Email from Rodric Williams to Paula Vennells, Jane MacLeod, Mark R Davies and others re Post Office Group Litigation Update - Post Office closing submissions	POL-0109061
911.	POL00107162	Email chain between Paula Vennells, Rodric Williams, Jane MacLeod and Mark Davies (fwd to Avene Regan) Re: Post Office Group Litigation Update	POL-0105470
912.	POL00111208	Post Office briefing paper with annotations for meeting with Kelly Tollhurst MP and Alex Chisolm	POL-0108811
913.	POL00118002	Email from Rodric Williams to Paula Vennells, Jane MacLeod, Mark R Davies and others RE: Post Office Group Litigation Update - summary of evidence from Pamela Stubbs and Mohammad Sabir.	POL-0114710
914.	POL00021559	Meeting minutes: minutes of Board meeting held on 27th November 2018	POL0000092
915.	POL00006471	Steering Group Noting Paper - Expert Report of Dr Robert Worden	POL-0017776

No.	URNs	Document Description	Control Number
916.	POL00006756	Meeting Minutes of the Postmaster Litigation Subcommittee of POL	POL-0018014
917.	POL00006753	Meeting Minutes of the Group Litigation Subcommittee of POL	POL-0018011
918.	POL00107155	Email from Rob Houghton to Rodric Williams and Angela Van-Den-Bogerd re: If you get the chance..., attaching marked up supplemental expert report of Jason Coyne 01 February 2019 and scanned comments of Rodric Williams	POL-0105463
919.	POL00103372	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and others, Re: Board Report - Final.	POL-0102955
920.	POL00103373	Report for Post Office Limited Board as at 13 December 2018 concerning the Post Office Group Litigation (Common Issues Trial).	POL-0102956
921.	POL00042244	Email chain from Rodric Williams to Andrew Parsons re: FW: Postmaster Litigation - proposed agenda for the Committee meeting on 28 January. CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE - DO NOT FORWARD	POL-0038726
922.	POL00021560	Meeting Minutes: minutes of Board meeting on 23rd January 2019	POL0000093
923.	POL00118020	Email from Jane Macleod to Tim Parker, Ken McCall, Carla Stent and others re Post Office Postmaster Litigation - Judgment timeframes	POL-0118400
924.	POL00042253	Email chain from Rodric Williams to Andrew Parsons CCing Amy Prime re: Post Office Group Litigation - Update on Mediation / Potential Mediators	POL-0038735

No.	URNs	Document Description	Control Number
925.	POL00118022	Email from Jane MacLeod to Paula Vennells, Alisdair Cameron, Rob Houghton and Others RE: Postmaster Litigation-Confidential and subject to legal privilege- do not forward	POL-0118401
926.	POL00118023	Email thread from Rodric Williams to Jane MacLeod, Paula Vennells and Alasdair Cameron RE: Postmaster litigation.	POL-0118402
927.	POL00111672	Email from Jane MacLeod to Paula Vennells and Rob Houghton re, Postmaster Litigation - Confidential and Subject to Legal Privilege - Do Not Forward.	POL-0109249
928.	POL00028045	Email from Jane McLeod (PO) to other PO and UKGI employees on risks of the Horizon Issues Trial	POL-0023048
929.	POL00028071	Note: Horizon Issues Trial Draft Risk Assessment Table prepared for POL by WBD	POL-0023074
930.	POL00026934	Post Office Limited Board - 25.03.19 - Bundle of documents re. the 25.03.19 Board Meeting.	POL-0023575
931.	POL00103381	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent etc, RE: Postmaster Litigation	POL-0102964
932.	POL00042147	Email chain from Rodric Williams to Jane MacLeod and Mark Underwood re: Litigation	POL-0038629
933.	POL00119590	Email chain from Melanie Corfield to Laura Tarling Re: FW: Group Litigation - Experts' Reports on the Horizon Issues	POL-0119898
934.	POL00111694	Email from Paula Vennells to Tom Cooper, Alisdair Cameron, Tim Parker and others re. Board GLO Sub-Committee.	POL-0109267
935.	POL00006496	Speaking Note for Board meeting on 21 Feb 2019	POL-0017801

No.	URNs	Document Description	Control Number
936.	POL00103409	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and Others re Postmaster Litigation - Confidential and Subject to Legal Privilege - Do Not Forward	POL-0102992
937.	POL00103416	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and Others re GLO Board Call at 10.30 am Tuesday 12 March CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE. DO NOT FORWARD	POL-0102999
938.	POL00103411	Email Chain from Tim Parker to Tom Cooper, Jane MacLeod, Ken McCall and Others re Postmaster Litigation - Confidential and Subject to Legal Privilege - Do Not Forward	POL-0102994
939.	POL00103426	Email Chain from Tim Parker to Alisdair Cameron re: Statement	POL-0103009
940.	POL00023817	Email from Jane MacLeod to Andrew Parsons and cc Rodric Williams and Mark Underwood, RE: Appeal	POL-0020296
941.	POL00023878	Note by David Cavender QC re Basis of Appeal in Bates & Others v PO	POL-0020357
942.	POL00022685	Email Chain between Andrew Parsons, Mark Underwood, Jane MacLeod, Rodric Williams, Mark R Davies, Melanie Corfield, Julie Thomas and Zoe Brauer re: Common Issues Judgment, Instructions Table + Subsequent Actions	POL-0019164
943.	POL00006398	Advice by Lord Neuberger on the recusal application	POL-0017703

No.	URNs	Document Description	Control Number
944.	POL00006700	POL Group Litigation: Executive Summary	POL-0017958
945.	POL00103484	Email from Jane MacLeod to Tim Parker, Ken McCall, Carla Stent and others re. Post Office Group Litigation - Update on Recusal Application	POL-0103067
946.	POL00104219	Post Office Board Agenda of Tuesday 30th April 2019	POL-0103802
947.	FUJ00168538	Email chain from Duncan Tait to Stephen Long cc'ing Paul Patterson, Gavin Bell and another Re: Brief - Post Office	POINQ0174719F
948.	FUJ00174556	Email chain from Helen Lamb and James Davidson re: Post Office - No issues on service to raise, peak service running well and no significant outages of late.	POINQ0180737F
949.	FUJ00174662	Briefing Notes - Duncan Tait, Paula Vennells Meeting	POINQ0180843F
950.	FUJ00168649	Email from Haydn Jones to Paul Patterson, Helen Lamb, Mark Phillips and others RE: Readout from DT / PV meeting	POINQ0174830F
951.	FUJ00174708	Email from Amit Apte to Mark Phillips cc Gavin Bell, James Davidson, Manu Sharma RE: Paula Vennells meeting with DT this morning	POINQ0180889F
952.	PVEN00000418	Text messages between Paula Vennells and Simon Blagden CBE.	PVEN00117157
953.	FUJ00083833	Email chain between Matthew Lenton and Chris Jay - RE: Witness Statements to PR manager	POINQ0090004F
954.	POL00006740	Email from Ben Foat re Disclosure Incident	POL-0017998
955.	PVEN00000386	Text messages between Paula Vennells and Duncan Tait.	PVEN00113340