

Witness Name: James Bruce McNiven
Statement No: WITN0412_0200
Exhibits: None
Dated: 2 February 2023

POST OFFICE HORIZON IT INQUIRY

SECOND WITNESS STATEMENT OF JAMES BRUCE McNIVEN

I, JAMES BRUCE McNIVEN, will say as follows:

1. I voluntarily make this additional statement, without request from the inquiry.
2. In this additional statement I will respond in more detail to some of the questions raised during my attendance at the Inquiry, as well as additional recollections.
3. It has been previously recorded that by the end of 1998, it was apparent that the Department for Social Security would cancel the joint card payment programme. Post Office Counters Limited ("**POCL**") took the decision to continue with a contract for automation of the Post Office estate through a contract with ICL Pathway, similar in conditions to the original.
4. Increasingly, to us in the Roll Out/Implementation team it seemed that ICL Pathway regarded the POCL Horizon programme as a way of recovering costs and reputational damage. Going through 1999 I recall an increased intensity in the engagement of Pathway and pressure on POCL representatives to accept incomplete solutions to the requirements set out in the contract.

5. An important factor to acknowledge is the investment made by Pathway as the programme moved through the phases leading to national roll out.
6. Software was at the core of the project but there was an attendant logistics programme which by mid-1999 accounted for a large and unsupported expenditure by Pathway – “unsupported” in the sense that the outlay of many millions of pounds constituted the greater part of the financial risk if acceptance was not achieved.
7. Ahead of any office going “live” there was a lead in of many months which started with the acceptance of an office into the programme and subsequently involved communication with the Subpostmaster; visits to the office to determine suitability; a plan to allow for the physical installation of the Horizon equipment; electrical and ISDN connection; lists of people to be trained; awareness events; training events; installation and data migration and post-implementation support. This involved a vast and expensive network of sub-contractors and associated contracts.
8. In the event of acceptance, and a roll out rate of 300 offices each week going live, something like half of the (then) 19,000 estate of Post Offices would have been involved in some part of this process.

9. The plan at acceptance was to have 3,000 outlets ready for implementation – ie all physical work completed. This “sunk” cost was at risk in the event of non - acceptance, and increasing if delays to acceptance arose.
10. I was asked about the training element of this programme. The initial training solution presented by Pathway for model office testing and beyond that, Live Trial, was completely inadequate. It became clear the underlying training script was the complete repository of knowledge for the training staff from Peritas (the Pathway subsidiary training group) and the staff initially recruited to the Pathway Horizon Helpdesk. It comprised little more than the instruction of which key to press for which transaction. There was little attention paid to the balancing process.
11. POCL’s response was to understandably require improvement but also – rightly or wrongly - to assist in the development. It could have been flatly rejected but because of all the reasons put forward already in the evidence to the Inquiry, POCL saw successful resolution of the many shortcomings as business critical.
12. Comparison has previously been made in the context of the software development, to the sense of Pathway’s work going on in a “black box” from which solutions emerged of varying quality. The same applied in the roll out/implementation area.
13. To some extent, however, we had been successful in engaging with Pathway and their subcontractors upstream in the development process. This came to an abrupt halt in the first half of 1999 when the Pathway Rollout Manager was

sacked. In part, we believed because he had allowed us to be “too close” to the solutions.

14. I also recall a joint meeting around that time when Tony Oppenheim, Pathway’s Finance Director categorically stated that Pathway would spend no more money to fund improvements required by POCL. This included at that stage, physical modifications to outlets, training and support.
15. All of this came to a head around the Acceptance process. I did not know then, and I cannot understand now how acceptance became to be based on “incidents” and Pathways attendant resolution plans. In the event the Acceptance process opened with 300 incidents logged. It eventually focused on just 3 with a high severity rating.
16. In effect, Acceptance, plus all the previous risk and issues procedures moved from a “gateway” process to a categorisation process. It resulted in some of us attending meetings trying to hold a line in the face of Pathway pressure to recategorize incidents to a level which would allow acceptance to proceed on the basis of rectification plans.
17. Pathway had invested large resource in terms of numbers and seniority into these meetings and subsequent workshops designed to downgrade severity sufficiently to meet the terms of Acceptance which had emerged from contract renegotiations.

18. This continued, as I understand it into the Codified Agreement which allowed assurance to continue beyond the conditional acceptance reached at the end of 1999.

Statement of Truth

I believe the content of this statement to be true.

Signed:

GRO

Dated:

2 February 2023