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STRICTLY PRIVATE AND CONFIDENTIAL INVESTIGATION REPORT: PINEAPPLE

INVESTIGATING MANAGER:	Nicola Marriott People Partnering Director	PHONE NUMBER:	GRO
DATE:	1 st September 2024	CONTACT EMAIL:	Nicola.marriott@postoffice.co.uk GRO

INTRODUCTION & BACKGROUND

On the 18th January 2024 an email was sent from Nick Read to Ben Foat, Martin Roberts, Owen Woodley, Tracy Marshall and Philippa Hankin requesting a response to be crafted to a complaint received by Henry Staunton from Voice of Postmaster (VOP). Attached to this request was the complaint from VOP as well as an email titled 'Project Pineapple', which was dated 15th January 2024.

The Project Pineapple email chain started with Henry Staunton summarising a discussion with Saf Ismail and Elliot Jacobs on 10th January 2024. This was sent on 14th January to Saf and Elliot with a request for them to confirm it was an accurate representation of concerns they had raised and to ensure nothing had been missed. The subsequent responses from Saf and Elliot are also in the chain the final response being from Elliot on 15th January. The email chain raises a number of concerns about Senior Post Office employees, culture and working practices. Both Martin Roberts and Ben Foat were specifically named in the email.

Nick Read is not a recipient on the email and received this as an attachment at the same time that Henry sent on the Voice of PM (VOP) letter to Nick to be dealt with. Nick then forwarded this in error to the wider group of employees for action.

On receipt of this email, Martin Roberts and Ben Foat both raised concerns about the tone and allegations of the email and how they had come to receive it. This was escalated by Ben to Karen McEwan and Ben Tidswell on the 18th January in an email within which he disputed the allegations.

Conversations subsequently took place over the remainder of January. Saf and Elliot met with Martin Roberts following a Board meeting on 30th January to apologise for the tone of the email and the manner in which it was received, reiterating that it was never their intention for it to be sent on in that format. On 31st January Martin followed up to Saf and Elliot requesting the apology in writing. This was escalated by Elliot into Owen in an email of the same date which was sent to Nick Read, Ben Tidswell, Saf and Karen McEwan. Elliot explained the conversation and that whilst the tone and way the message was delivered was unacceptable, he stood by a number of the allegations. Owen replied on the same date saying he would take advice and come back with next steps.

During this period Saf and Elliot also met in person with Ben Foat.

Owen confirmed via email to Elliot and Saf on 6th February that the concerns, particularly in relation to Martin Roberts, would be formally investigated.

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Having subsequently been appointed to investigate the matters, I outlined the full scope of the investigation to Nick Read cc Karen McEwan and Owen Woodley on 25th February 2024, as follows:

Issue / Allegation	Source
No action from the escalation of clawbacks 2 years ago as a result of out of date documentation: - ATM discrepancies - Rejected foreign currency - Rejected fake notes	Pineapple Email
Inherent views within the culture of the organisation that PM's (PM's) are not to be trusted and 'toxic culture' - including approach to above ATM discrepancies etc as examples	Pineapple Email
Failure of the business to investigate formal complaints made against Martin Roberts	Elliot email to Owen
Martin Roberts - reference to an investigation regarding inappropriate behaviour and lack of integrity - changes to PM accounts regarding postage stamps without their knowledge - Elliot being on ARC ensured controls strengthened. - view that Martin and his team do not want an extension to Saf and Elliot as less experienced PM's would not be able to challenge	Pineapple Email
Ben Foat - him and members of his team act like PM's are guilty until proven innocent - Pushed Phoenix into the long grass - Uses his leadership of the Inquiry team as an instrument of his power	Pineapple Email
Stephen Bradshaw - went into one of Saf's stores years ago and said we are closing you down - PM's tell him not much has changed	Pineapple Email
48 investigators employed within the business, just like Stephen Bradshaw, expectation that the business parts ways with all such employees	Pineapple Email
Generous sick leave - no similar benefits to PM's, how are we accepting so many people drawing sick benefits, especially in HR	Pineapple Email
Phoenix - should have been dealt with by now and is taking too long	Elliot email to Owen
Lack of engagement by the PM Engagement team with the NEDs - we are sidelined and rarely consulted by the PM Engagement team on anything.	Elliot email to Owen

METHODOLOGY

Fact finding meetings were undertaken as follows:

- 1st March 2024 – Saf Ismail and Elliot Jacobs (delayed from initial meeting request 27th Feb at their request)
- 5th April 2024 - John Bartlett – initial informal conversation (not minuted but used to request additional information)
- 26th June 2024 – Martin Roberts
- 30th July 2024 – Tracy Marshall
- 30th July 2024 – Pete Marsh
- 1st August 2024 – David Southall
- 1st August 2024 – Mel Park
- 6th August 2024 – John Bartlett
- 27th August 2024 – Russell Hancock
- 27th August 2024 – Simon Worboys

In addition relevant supporting emails / statements or documents were requested and reviewed as follows:

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- Project Pineapple emails dated 18th January 2024
- 20th March 2024 – request to John Bartlett and Claire Hamilton following informal discussion for any complaints and subsequent action taken relating to Martin Roberts.
- 27th March 2024 – email from Mel Park following informal discussion containing the 'Historic Pouch discrepancies / activities GE paper, dated 24th January 2024
- 5th April 2024 - Project Venus shared by Andrew Morley – review of all investigation documents including emails, documents, invitations to meetings and outcome letter.
- 8th April 2024 – email from Alison Hoyland containing extracts from an additional extraordinary Board meeting relevant to anonymous allegations raised through whistleblowing including against Martin Roberts. Board meeting took place 5th July 2023.
- 24th April 2024 – email from Mel Park containing further update on closure of action relating to Historic Stock Pouch activity (forwards email from 9th February 2024 to Marie Malloy to update on an open ARC action on the matter)
- 25th April 2024 – email from Claire Hamilton outlining all allegations received into Speak Up relating to Martin Roberts
- 20th June 2024 – x 5 emails from Martin Roberts following fact finding meeting with him sharing the history of the Project Pineapple situation from his perspective including a timeline of activity. An e-christmas card he shared to Saf and Elliot and the emails I had already had sight of requesting a written apology from Saf and Elliot.
- 30th July 2024 – email from Pete Marsh containing Branch Assurance Visits Stock Corrections_v2.0 28JUN23 written by David Southall
- 1st August 2024 – David Southall email containing TOR Stamps Investigation PowerPoint, summary of investigation timeline for Horizon Account corrections re Stamps and relevant email trail from May – June 2023 discussing approach to resolving the concern when the issue was first escalated
- 1st August 2024 – email from Marie Malloy containing PM NED role profile and letters of appointment and conflicts of interest policy
- 7th August 2024 -email from Rebecca Porch in response to request for information re Counterfeit Notes policy and process including document outlining summary of approach dated 12th April 2024 and a forward of an email communicating the policy
- 7th August 2024 – email from Alison Clark re ATM discrepancies. Includes 2 x documents, PM Accounting Dispute Resolution Policy v4.2 last updated 6th Aug 2024 and Process Non Balancing Shortages last updated 5th Jan 2023.
- PM Support Network Cash and Stock management policy version 4.1
- PM Support Transaction Correction Policy version 4.2
- PM Support Accounting Dispute Resolution Policy 4.2
- Non Balancing strategies ATM process flow
- BRT ATM disputes Management guide November 2021 version 1.9
- Tim Perkins email 26th August 2024 – discrepancy management and root cause historically within Central Operations
- Terms of reference: Tactical coordination group – attached to David Southall email dated 1st August 2024
- 27th August email exchange re additional clarification on point 1 with Saf and Elliot
- Email Pete Marsh to David Southall 14th June 2023 – attached to email from David Southall to me dated 1st August 2024
- 27th August email from Simon Worboys relating to pre April 21 discrepancy approach and outstanding issues
- 26th / 27th August – email Tim Perkins re management of discrepancies and outdated documentation

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- Jacki Adams Teams Chat 27th August re Post Office Process Review (PPR) remediation scheme
- 28th August – Racheal Wheeler email containing Stamps Tactical Group TOR and GE Paper on Prioritisation and Resourcing of CIU investigations
- 30th August – Nigel Clibbens email re PPR outlining scheme scope, approvals and background of RC / Board updates

FINDINGS

1. **No action from the escalation of clawbacks 2 years ago as a result of out of date documentation:**
 - ATM discrepancies
 - Rejected foreign currency
 - Rejected fake notes

The investigation found that outdated documentation was a contributing factor in discrepancies relating to such areas as above and this was resulting in disputes being raised into the Central Operations team. Documentation had not been consistently updated and reissued in paper format to all PM's due to cost, and the documentation at the time was not available on Horizon meaning that not all PM's had access to up to date processes and relevant processes or updates.

In April 2021 a new approach to supporting PM's with understanding losses / discrepancies was implemented. The Network Support and Resolution team was introduced led by Simon Worboys along with a new suite of policies that clearly outlined end to end processes, roles and responsibilities as well as escalation routes relating to discrepancies. These policies were clearly labelled PM Support and include Network Cash and Stock Management, Transaction Correction and Accounting Dispute resolution. These policies outline guidelines for the management of discrepancies arising out of all products including ATM, counterfeit notes and foreign currency and ensure that post April 2021 there is consistent support and approach for PM's in addressing these types of issues.

If there is a reconciliation error and a transaction correction is issued there is a clear dispute process outlined in the Transaction Correction policy should the PM not agree with the reason given. An independent review will then be carried out to make sure that the transaction correction was issued correctly and the findings shared with the PM. PM's have to agree to a repayment plan and so the opportunity for PM's to suffer detriment within the current processes are significantly mitigated. Branch hub and Horizon Help have also now been introduced / updated to ensure PM's have access to all relevant up to date processes and documentation.

It is of note that the Network Support and Resolution team were set up with a go forward responsibility only, which has meant that any concerns regarding detriment incurred by PM's as a result of these types of issues had no route to be addressed. Given this, and the acknowledgement that the support provided historically to PM's was inadequate, the Remediation Unit picked up the issue of historical detriment and the Post Office Process Review (PPR) Scheme has been established to provide a route to remediation for these kinds of issues for PM's.

Over the past two years the RU detriment team has investigated 19 processes/products to see if there are any issues we could find that have or could cause detriment to PM's outside of the known Horizon problems. The adequacy of training and documentation was considered as part of these

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reviews. From these investigations 10 areas were identified where it was felt PM's could have suffered. These 10 areas became the scope of PRR. Included within these 10 areas are two Travel Money and an ATM issue. In addition, and importantly, the PPR claim form gives PM's the opportunity to claim for any other area where they have suffered loss and these will be considered on a case by case basis. The PPR scheme is now in its pilot phase, with full roll out planned prior to the end of the calendar year.

The final PPR approach and scope was approved at Remediation Committee (which has delegated authority from the Board) on 20th March 2024.

There were seven further areas to look at based on items regularly being referred to RU. A review is still ongoing on how such items can be taken forward and a paper will be taken to SEG shortly with recommendations. This SEG paper will also highlight all claim types referred to RU that fall outside the scope of the RU schemes so that they are not ignored. In summary, the combination of the ability to claim for 'other' losses on the PPR form and the recommendations going to SEG will aim to give a mechanism for all PM claims to be considered.

GE / SEG and Remediation Committee / Historical Matters Committee, have been updated regularly and made decisions as required over the course of the development of the scheme.

Significant improvements have also been made, and continue to be made where possible, to the policies, processes and the level of support for PM's in raising and having such issues investigated and resolved. I do believe this demonstrates a commitment to want to provide an improved service for PM's and mitigate the risk of detriment. There is evidence of policies being regularly reviewed and updated, improved communication of policies to PM's and ongoing incremental improvements in processes and tools for PM's in this space including but not limited to: access to process updates and guidance documents on Horizon Help; Introduction of Branch Hub; simplification of ATM processes to enable weekly rather than daily reporting and introduction of an ATM shortage button for raising concerns on Horizon.

It is evident from the above that it is not the case that there has been no action in relation to these issues in the last two years. However, it is true that whilst communication to PM's on how to address outstanding issues is imminent, this has not yet happened. It is also true that Post Office has not calculated potential losses for PM's, although the catch all nature of the application form into PPR and the minimum £1.2k payment have been incorporated into the scheme in an attempt to mitigate this.

The extent of full Board / PM NED updates of the action being taken and opportunity for ongoing debate on how the outstanding issues are managed /the effectiveness of the updates is questionable given Elliot and Saf's prevailing views. The pace of scheme development may also be a question, however has not been reviewed as part of this investigation specifically.

2. Inherent views within the culture of the organisation that PM's are not to be trusted and 'toxic culture' - including approach to above ATM discrepancies etc as examples

Richard Taylor was referenced specifically by the PM NED's in the meeting with them to discuss the Pineapple emails. It is acknowledged that comments from Richard were made public that could undermine confidence in the attitude of Post Office employees towards PM's. Following the publication of these comments, Richard Taylor left the organisation.

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No further evidence was found over the course of the investigation of a toxic culture in relation to inherent views within the organisation that PM's are not to be trusted. This was directly raised with all members of the Retail Leadership team that were spoken to as part of the investigation and a consistent view was expressed that the team are focussed on improving engagement and service into PM's. This is corroborated by process changes, policy updates and engagement activities that have been evidenced since 2021.

The discussion with Simon Worboys also provided evidence contrary to the view expressed by the PM NED's. In addition to the improvements to policies and processes relating to PM Support outlined in response to point 1 above, Simon clearly articulated (without prompting) the responsibility of himself and his team as being there to support PM's and explained this meant helping to get to the bottom of why losses occurred. Simon clearly articulated a perspective that his team are there to investigate losses themselves and not PM's. He also explained the link from his team back into all other BAU teams to ensure that trends in issues and concerns resulting in losses were incorporated into process and training to prevent unnecessary impact across a broader population. Simon acknowledged the culture of the past and talked about the work he has done with his team to address and change that.

3. Failure of the business to investigate formal complaints made against Martin Roberts

There have been three separate allegations relating to Martin Roberts that have been raised since he joined the business. Two of these allegations were dealt with through formal investigation undertaken by the Speak Up team with investigation reports completed and no evidence found of any wrongdoing.

A further allegation was raised against Martin by an anonymous reporter as one part of a broad complaint that highlighted a number of issues into the Chair mid 2023. The reporter raised concerns about Martin regarding sexism and inappropriate behaviour.

An extraordinary Board meeting was convened 5th July 2023 to discuss this and several other reports (aligned to the broader content of the anonymous report). There does appear to be some misunderstanding of the outcome of this meeting. John Bartlett explained during a fact-finding meeting that the Board had agreed to own the management of the issues raised with regard to Martin and any other allegations regarding the leadership team. However, an extract of the Board meeting highlights that the Board agreed to take on management of competency issues only and were of the expectation that A&CI would pick up Conduct issues.

Given broader concerns raised in the anonymous report, the Willow investigation was commissioned, which is ongoing with an external law firm. However, the allegations against Martin are not covered within the scope of Willow – likely because insufficient information was provided by the reporter to enable an investigation into the comments relating to Martin as there was no detail of who was affected or specific examples provided and the reporter made no further contact with the business to provide such additional information.

I was made aware of the report (without seeing the full content directly) at the time, as part of regular update sessions with the A&CI team on matters that may require ER input. I agreed the evidence was insufficient to allow an ER investigation to take place.

The outcome reports available relating to the previous allegations demonstrate that the business takes such issues seriously and that a thorough investigation was completed where sufficient detail

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was provided to allow this to happen. These investigations found no evidence of misconduct on Martin's part.

4. Martin Roberts

a) reference to an investigation regarding inappropriate behaviour and lack of integrity

b) changes to PM accounts regarding postage stamps without their knowledge - Elliot being on ARC ensured controls strengthened.

c) view that Martin and his team do not want an extension to Saf and Elliot as less experienced PM's would not be able to challenge

- a) As explained above there was insufficient information provided by the reporter to allow for an investigation. During the meeting with him and Elliot, Saf suggested that he was aware of female colleagues who had issue with Martin's behaviour. However, he explained that the individuals were not prepared to come forward and therefore he wasn't able to provide specific examples.

On the back of this, all members of the RLT that were spoken to as part of this investigation were specifically asked whether they had witnessed inappropriate behaviour on Martin's part, whether any allegations of inappropriate behaviour by Martin had been reported into them, and whether they had witnessed any behaviour from Martin that could be deemed to be misconduct. All responded no. One of his direct reports did suggest that on first joining the business he could come across as friendly in a manner that some individuals may feel might be too much, e.g. commenting on physical appearance. However she reiterated that she was not affected by this, did not feel it was inappropriate and no one else had raised it as a concern.

There is however evidence within the Business engagement survey results showing a concerning high reporting of 'unwanted comments or behaviour'. Listening groups and training are currently in development to properly understand the type of behaviour or comments that are concerning and equip colleagues and managers with the tools to deal with this or escalate as required to prevent further recurrences.

- b) The investigation has determined that there was historical practice by the Branch Assurance Team to manually adjust Horizon accounts whilst in branch to correct the cash value of stock discrepancies. This was long standing practice within the team.

As part of a broad 'Stamp Stock project' the practice was raised and reviewed in August 2020 and it was agreed by the then Head of Loss Prevention, Contracts and Security (latterly the Director of Service and Support Optimisation – Tim Perkins) that this could continue subject to specific controls being introduced to ensure PM's had full visibility of any changes and a clear route to escalate and challenge. Whilst the amendments to practice were discussed on a call with the wider Assurance team, these controls were never fully implemented through policy / process and the practice continued unchanged.

The Stamp Stock project was sponsored within the business by Tim Perkins with Al Cameron as Executive sponsor. The project at this time changed processes in Swindon and Central Operations to deal with missing pouches. An early version of the Stock tool referenced below was developed around this time and monitoring was in place within Central Operations to avoid issues arising in stock discrepancies. It is clear that these processes failed at some point between their implementation and 2022.

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Following a £198,000 loss in a Strategic Partner branch in May 2022, a Stock Tactical Coordination Group (TCG) was set up reporting into the Stock Governance Group, a subset of GE of which Martin Roberts was a member. The work co-ordinated by this group identified gaps in Post Office's monitoring processes which, had they been in place, would have identified the issue in the Strategic Partner branch sooner and may have prevented the discrepancy.

The 'Stock Tool' was redeveloped / utilised to analyse nine stock data streams and rank branches according to risk, identifying branches with suspected instances of manipulation of the stock figures and signalling potential fraudulent activity. One of the outputs of the TCG identified a number of branches where the Stock Tool, using data from the previous 2 years, highlighted 'unusual' stock transactions in branch. The most significant of these was where stock pouches had been dispatched from Swindon/the branch but failed to have the appropriate rem into the branch/receipt into Swindon.

Assurance visits were conducted between August 2022 and May 2023 across 36 branches, during which the Branch Assurance Advisors used their personal SMART ID (as was common practice at the time) to adjust the branch Horizon stock values. The cash value of the resulting stock discrepancy (difference between the updated Horizon balance and actual stock in branch) was posted to the PM account and PM advised to call the BSC should they want the discrepancy investigating.

10th May 2023 the PM at Putney escalated a concern regarding this practice into Nick Read. The issue was also raised at Audit and Risk Committee by Elliot on 16th May 2023. The Putney complaint was passed on to Pete Marsh who stopped the practice (communicated into the Branch Assurance team to stop the activity with immediate effect w/c 15th May). An investigation was then undertaken by David Southall and a report 'Branch Assurance Visits Stock Corrections_v2.0 28JUN23' submitted to Pete. Investigations continued, culminating in a paper to GE dated 24th January 2024 pertaining to Historic Stock Pouch activity.

There is no evidence to suggest that balances were amended by Branch Assurance without the PM being aware and the transactions were fully auditable as the Branch Assurance team 'corrected' transactions using their own Smart ID. However, this practice sat outside of the by now well established PM Support: Transaction Correction policy and was insufficient in ensuring that PM's had sufficient understanding and opportunity to challenge the transactions being amended.

Between May 2023 and January 2024 a full report on the detailed impact by branch was finalised and presented to SEG. In addition to asking for a decision based on a recommended approach to resolving the discrepancies, this report explained how the situation had arisen and confirmed a number of steps that had already been taken to mitigate risk - including a process change to ensure that all adjustments for 'missing' pouches following robust investigation are now made either through issuing a Transaction Correction or by a registered assistant working in branch once the reason behind the mismatch is understood and the correcting action agreed. In both scenarios the branch has an opportunity to review, request further information and (if required) dispute, whereby an investigation will be undertaken.

A number of updates were provided into Audit and Risk Committee between May 23 and Jan 24. On 3rd July 2023 an update to ARC explained the background to the situation and confirmed the practice in question had been stopped. 18th September 2023 the update confirmed the discrepancy value was £2.2m across 36 branches and a paper was being drafted for SEG to

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confirm next steps. Finally on 6th November 2023 the update explained that a paper would be discussed at a forthcoming SEG and presented back to ARC thereafter. The reason for the length of time before finalising the report back into ARC / SEG has not been addressed within the scope of this investigation but it is evident that work was ongoing regarding the matter during this period.

Actions were subsequently implemented as agreed with SEG on 24th January 2024 and a final update provided by the Central Operations Director (Mel Park) into CoSec on 9th February 2024. This update confirmed for the Audit and Risk Committee that where agreed, the transactions had been removed from PM accounts and no recovery sought of the discrepancies arising as a result of historic pouch activity (in 23 branches). It was also confirmed that an additional 6 cases were with A&CI and awaiting outcome from the respective crime authority. This closed the action that had originally been raised on 16th May.

The above demonstrates that it is not the case as discussed in my meeting with Saf and Elliot on 1st March 2024, that following escalation of this issue nothing had been done. Immediate action had been taken to stop this activity and the matter had been discussed in the July, September and November 2023 ARC meetings (albeit the November update provided little evidence of further progress other than a reference to a paper due to be presented at SEG). A full report had been presented to SEG on 24th January 2024 with a subsequent update into ARC for the February 2024 meeting which closed down the open action relating to this.

- c) The investigation found no evidence of Martin or members of his team that were spoken to not wanting an extension to Saf and Elliot's terms as PM NED's or any indication of a concern from Martin or RLT around the level of challenge from the PM NED's. However, the conversations did highlight a lack of alignment from members of the Retail Leadership Team of the scope of how involved the PM NED's should be in Operational activity such as Communications vs the view of the NED's themselves. As a result of this, there was a lack of clarity from RLT on what was expected from them in terms of engagement with the NED's. Most articulated a view that Martin owned the relationship and caught up with the PM NED's on a regular basis, bringing updates and information from those sessions back to the team as relevant. This was supported by Saf and Elliot who explained they did have quarterly meetings in the diary, but they did also suggest that these meetings (circa 50%) were often cancelled.

Tracy Marshall in particular articulated a desire to work more closely with the PM NED's but explained that Richard Taylor and Nick Read were clear on the distinction between their PM and NED roles and needing to ensure engagement and involvement in Operational activity was as it would be for any other Board member. Whilst this may be appropriate given the scope of the NED role outlined in the PM NED job description, Saf and Elliot had flagged concerns regarding the level of involvement they expected and if there was not alignment this should have been addressed with them at the time to prevent the subsequent build-up of frustration and mistrust.

The PM NED job description and appointment letter both clearly articulate expectations of the role, but are understandably silent on ways of working in practice or how the role should be implemented and what support this requires from the management population.

Given the apparent lack of alignment around expectations of the PM NED role and how it should work in practice particularly in relation to PM communication and engagement, a recommendation of the investigation will be for improved education across the NED's, Corporate

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Affairs (Comms) SEG and Retail Leadership teams to ensure alignment of expectations and to agree ways of working going forward.

In addition to the Pineapple email content, Saf and Elliot explained during my meeting with them that they were concerned at Martin's attitude and having him lead the Retail estate. They used examples such as lack of proactive addressing of discrepancies re ATM's, as well as the stock adjustments and things like the intention to cancel the PM Survey following the Bates programme because it would lead to poor feedback. Such examples were put to Martin during a fact finding meeting on 26th June 2024.

With regard the ATM / fake currency and counterfeit issues, Martin demonstrated a lack of understanding of these issues that is surprising in the context of the volume of activity undertaken in relation to them and to the ongoing development of the PPR scheme, especially given his role as a GE member prior to January 2024. In response to being asked about this, Martin stated 'all a surprise, nothing in 1:1's with Nick Read and no conversations have happened'. He explained that ATM issues sit in Ross Borkett's world and any discrepancies go into BSC and Mel Park.

Martin's understanding of the stock correction activity was also limited despite his position as Chief Retail Officer (CRO) and him being a member on a GE delegated subcommittee with oversight for Stock issues. Martin confirmed that Pete Marsh had made the decision to stop the activity within 48 hours of being made aware and had briefed all relevant members of the team as it was unacceptable. He did also articulate that Mel had led an investigation and that a decision had been made by SEG to be fair to PM's in how this was handled, which was fully resolved.

Martin denied that there was consideration of cancelling the PM survey. He said that there had been nervousness in Executive discussions because of the Bates programme but never a discussion to cancel. However, Tracy Marshall confirmed that there had been discussion about cancelling the survey and that she and others from within the team had pushed to ensure it went ahead – which ultimately it did.

No evidence has been found to suggest malicious intent on Martin's part in relation to any of the concerns raised by Saf and Elliot. Martin expressed a strong desire to support PM's and described them as his 'customer'. This is supported by him being very visible and present in the network over the course of his tenure and in him setting up regular listening groups to facilitate PM feedback as well as advocating for initiatives such as 'Adopt an Area' to improve senior management understanding of, and engagement with, PM's. Martin's team also refer to the expectation of the roles they play as being to support and engage PM's.

However, Martin's lack of understanding of issues important to the PM NED's due to them negatively impacting PM's, has undermined confidence on the part of the PM NED's that Post Office are appropriately dealing with issues. The evident lack of understanding and involvement in such issues demonstrated by Martin in the fact finding meeting with him is also of concern given his role as CRO and his prior attendance at GE. Martin has now left the business but had he still been in role a recommendation of this report would have been to ensure feedback to his line manager and appropriate intervention.

5. Ben Foat

- a) him and members of his team act like PM's are guilty until proven innocent**
- b) Pushed Phoenix into the long grass**
- c) Uses his leadership of the Inquiry team as an instrument of his power**

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During the meeting with Saf and Elliot both were clear that the specific allegations relating to Ben Foat were predominantly the view of Henry Staunton. Prior to our discussion they had sat down and had a 'fair discussion' with Ben and didn't believe he set out to do anything on purpose. They understood at this point that Ben was not accountable for the Inquiry team (per 5c above) and it was not therefore possible for this allegation to be correct. They both also confirmed that they had seen no behaviour from Ben that would constitute misconduct. As such no further investigation was undertaken specific to Ben and the allegations specific to him e.g. 5a, b, c above, were considered closed at this point.

The investigation did however seek to address the broader allegations relating to Ben's team in point 5a above.

- A) During the meeting with Saf and Elliot, Elliot articulated concerns with the approach and impact of an investigation undertaken by A&CI into him / his branches, which led to the view that PM's are treated by A&CI as if they are guilty until proven innocent.

It is clear from a review of the investigation that some of the approach over email at the start of the investigation could have been softer on the part of the Senior Investigation Manager. Whilst not inappropriate and standard in the context of an investigation, the nature of the communication was particularly stark given that the situation was initially messaged to Elliot by Henry Staunton and Ben Foat as more of an informal chat to help the team out. The situation was also exacerbated by the fact that despite being on the Board, Elliot was not aware of the A&CI team and was understandably concerned at being contacted by someone with a job title similar to roles linked to past injustices.

Elliot raised the same concerns he discussed with me about the handling of the situation in the meeting he attended with John and Andy (Senior Investigations Manager) as part of the investigation. This is evident both in the recording and transcript from the meeting. John was receptive to this feedback during the meeting and agreed to consider it. Elliot acknowledged during my discussion with him and Saf that John himself handled things better once he was involved and referred to him as a 'nice guy'. It is evident that following Elliot's feedback, John has fed learnings back into his team.

Given the context of the past and the seriousness of the issues being considered as well as the initial positioning of how it would be handled by Ben and Henry versus how it was then handled (according to A&CI documented processes) it is not surprising that Elliot was impacted and upset by the situation. However, some of the concerns raised by Elliot are not supported by the evidence available in the well documented investigation file.

The file contains all information relevant to the investigation, including all emails pertaining to the subject from the point at which the investigation was requested to be undertaken to its completion. Also in the file are invitation letters, meeting recordings and transcripts, all evidence found and considered as well as found and disregarded, interim update reports and final reports and outcome letters.

During my meeting with Elliot and Saf on 1st March 2024, Elliot expressed a concern that his investigation was common knowledge and that there are people on the Board who think he stole money. He said he was 'interrogated like a guilty man', that our 'disclosure is wrong' and 'comms are wrong'. He explained that it went from Ben Foat contacting him to walk

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through it, to a letter inviting him to an investigation under PACE and that if he didn't consent it would escalate. He also said that he did not receive evidence in advance and if he didn't consent to recording it would lengthen the interview.

The emails between Andy and Elliot and the invitation to the investigation meeting are contrary to the concerns raised by Elliot. The emails show an initial approach from Andy on 14th March 2023 to Elliot asking for availability to attend a meeting – this first email states **'Once I have your availability I will contact you again with a firm date and time for the interview along with advanced interview disclosure'**. Elliot responded very quickly and positively providing a date. Andy responded on 16th March confirming the date and attaching a letter confirming the invitation to the meeting and the evidence detailed in the investigation invitation. Elliot responded later the same day acknowledging receipt and asking for additional information (e.g. please can you supply the 44 page PDF in excel format broken down by branch so that we can review this in a format that enables us to look at the data properly'.

Whilst it is the case that Andy pointed Elliot in the direction of the PM Support Team for the additional information he was asking for, when Elliot challenged this, Andy did liaise with the team on his behalf in order to provide the information being asked for. There is no evidence that the A&CI team refused to provide information as they were not legally required to and there is clear evidence that Elliot did have access to supporting information prior to the meeting.

The invitation to the investigation meeting dated 15th March 2023 does not reference PACE and sets out the following statement: **"I wish to re-iterate that your attendance at this investigative meeting is entirely voluntary. If you choose to attend you may, of course, leave at any time you wish, or you may choose not to answer some or all questions. This is not an "under caution" interview; it is an opportunity for both you and the investigators to discuss the three areas identified above in order to increase our understanding of what has happened."** The letter also offers the right to have legal representation present at the meeting. There is no suggestion that the situation would escalate if Elliot did not attend the meeting and this does not support the view put forward by Elliot that PM's are only now allowed legal representation present as a result of his intervention.

There is no evidence of a suggestion that refusing to consent to the meeting being recorded would lengthen the process. The invitation to the investigation meeting states **"We would like your permission to audio record the meeting. This is to ensure that we can all give our full attention to the discussion rather than taking lengthy notes. An audio recording also provides the best record of a meeting which avoids mistakes or misunderstandings. We will ensure that you have a copy of the recording as soon as is practicable after the meeting. Please let Andrew know in advance of the meeting whether you consent to the audio recording. If you decide that you do not want to have the meeting recorded, we will arrange for a notetaker to be present. We will ask you to read the note at the conclusion of the meeting and sign two copies of it – one for you and one for the file – attesting to the accuracy of the note if you believe it is an accurate record."**

The recording / meeting transcript of the interview does not suggest that Elliot was 'interrogated like a guilty man'. Comments made by John Bartlett and Andy Morley over the course of the meeting include:



FORM



“JB: I want to put it out there that we are not accusing you of anything. You are free to leave at any time you want. There’s none of that stuff from the past.

AM: Yeah, perfect. So, thank you and thanks John. So, as John said, the whole purpose of this is to get your side of, there’s always two sides to every story, to get your side of the story and that’s what we are really interested in today. We are approaching this with an open mind, we absolutely want to hear what you have got to say and if at times you’re looking at the top of my head, it’s because I’m taking notes, I am listening to you, honestly.

JB: We might make some recommendations like I say around training is certainly one of those that we would talk about and clearer communications for all concerned but we then step out. So, what we are not is judge, jury and executioner. So, in some organisations and here, previously, what the Investigation Team decided, happened. We don’t do that. We try and establish fact as much as we can be or, at least, the different positions of the parties involved and where there is commonality, we flesh that out, where there is difference, we flesh that out. We make recommendations and then we step out.”

There is clear evidence that Elliot was offered the opportunity to respond in full to questions asked and was encouraged to provide additional information supporting his case. When asked by John Bartlett whether Elliot was happy with the way the meeting was conducted, Elliot responded: “Yeah. I think it’s been okay. I guess, is there anything else you need in terms of the gap in communication within the areas of improvement on the side of the Post Office that you’d like to get from me at this point?”

There is also evidence that the investigation fully considered all available information and took a balanced view, contrary to the assertion that PM’s are considered guilty by the team. This is exemplified in section 9 of the interim investigation update report which highlights the need to consider that Elliot is not legally qualified and did not have access to legal advice relating to the question as to whether UOE debt should have been disclosed prior to Elliot signing the remuneration form declaration. I do not believe that an investigation seeking to reinforce a position of guilt would have put forward such considerations.

There was one document reviewed within the investigation file entitled ‘Combined Strategy Elliot Jacobs’ that raised a concern due to a header that referred to ‘Suspect(s) / Target(s) / Respondent(s)’. This is a planning tool used within the team to document the approach to the investigation. This was put to John Bartlett during a fact finding meeting on 6th August as using words such as Suspect or Target in the context of Post Office’s history and in relation to the role of the A&CI team is inappropriate. John was surprised by the reference, understood the implications of using such terminology and stated that this should have been sanitised as the team do not use this language. John explained that this must have been missed when updating template documentation that had been adapted from use in a previous organisation.

Having reviewed all documentation relating to the investigation carried out by A&CI, I do not believe there are issues with the communication or disclosure process.

- B) It is not the case that the business, Ben or any member of Ben’s team ‘pushed Phoenix into the long grass’. The lack of effective update and communication into Board understandably**

**FORM**

resulted in frustration and suspicion as to why the activity wasn't progressing, but there is no evidence to suggest an intentional delay in progressing the project.

It was clear on speaking with Saf and Elliot as well as broader Senior stakeholders within the business who were aware of both the Phoenix and Past Roles activities, that there was a lack of understanding of both and that the two separate pieces of work had been conflated. As a member of the Phoenix Steering Committee and having recently become more involved in the Past Roles review, I was able to articulate some of this during the meeting with the PM NED's and committed to clarifying the activities and providing more regular updates – which has since been delivered.

There was a delay in setting up Phoenix initially whilst funding was secured to recruit independent reviewers with the capability and experience to undertake PM case reviews – and as part of this deal sensitively with the victims of past injustice. Access to relevant documentation, recordings and relevant information to the cases has at times been challenging, and across the cases needing to be reviewed, documents that were available totalled more than 95,000.

The full scope of activity, size, complexity and volume of work involved in Phoenix had not been fully articulated to or understood by Board until recently and the potential employment risks in dealing with matters that at face value seem simple in the preferred manner for the PM NED's had also not been fully explained.

The Board are now regularly updated and able to contribute to the approach taken in relation to this and other relevant matters.

6. Stephen Bradshaw

- went into one of Saf's stores years ago and said we are closing you down - PM's tell him not much has changed

This matter falls within the scope of a separate ongoing employment process and as such will not be addressed here.

7. 48 investigators employed within the business, just like Stephen Bradshaw, expectation that the business parts ways with all such employees

This is factually incorrect and is a symptom of ineffective updates into the Board and the confounding of the Past Roles and Phoenix activities. There are not 48 investigators employed within the business. Stephen Bradshaw and any other current employee that previously undertook the role of Investigator or Investigations Manager in the context of historical prosecutions, no longer work in such roles.

The Board are now regularly updated and able to contribute to the approach taken in relation to this and other relevant matters.

8. Generous sick leave - no similar benefits to PM's, how are we accepting so many people drawing sick benefits, especially in HR

PM's are self-employed franchisees and as such do not receive employee benefits.

**FORM**

The sick leave entitlements within Post Office are rooted in the Collective Agreements with Unite and CWU. A recent benchmarking exercise highlighted that the sick entitlements at Post Office are similar to those offered in many other Public Sector organisations including British Transport Police (same entitlements), NHS (same entitlements but after 5 years service) and Royal Mail (same entitlement but after 12 months completed service).

An amendment to the collective agreements with Unite and CWU was successfully negotiated in the 2023 pay agreement, which removed eligibility to Company sick entitlements until 6 months service has been completed. This mitigated the impact of new starters having day one rights to six months full pay. However, the entitlements are custom and practice and valued by the Union who are unlikely to engage positively in discussions to amend them, particularly in light of the enhancements expected to employment rights under the new Labour government. It is however noted that SLP grades are not covered within the scope of the collective agreements and so the opportunity to review benefits at this level is more achievable.

Average public sector absence rates are 3.6% and private sector 2.3%. Across Post Office the average rate of absence was 3.9% in the last financial year. This rose steadily – predominantly as a result of long term sickness – over the course of 2023 culminating in a spike of 5.12% in December. This has steadily decreased and remained consistent around an average of 3.8% since. Absence is a focus of the Employee Relations and People Partnering teams who are working closely together and with Line Managers to resolve long term cases, ensure reporting and management of all absences and early intervention to mitigate long periods out of the business. A number of complex long term sick cases have been successfully resolved over recent months as a result of this.

Whilst HR has been specifically called out by the PM NED's, absence was highest in the last financial year in the Retail function (as would be expected given the nature of the DMB and Supply Chain workforce) at 4.29%, followed by LCASR at 3.52% and then People at 3.08%. It is true that across the People function there were a number of absences due to work related stress / mental health particularly across Senior Members of the team. This likely resulted from the impact of the churn in Chief People Officers with 5 in less than 3 years in addition to the pressure on the team in managing for long periods with no leadership and with a structure that was not equipped to manage the significant demands of the business. Since joining the business Karen McEwan has rectified a number of these issues, which has resulted in a corresponding drop in the absence rate across People, reducing steadily since February 2024 to 2.89% as of July 2024. Additionally, all long term sick cases in higher grades of the People function have been successfully resolved.

9. Phoenix - should have been dealt with by now and is taking too long

Findings in relation to this are contained within section 5C above.

10. Lack of engagement by the PM Engagement team with the NEDs - we are sidelined and rarely consulted by the PM Engagement team on anything.

Findings relating to this are contained within section 4C above.

Summary

There is a consistent theme of lack of effective communication and updates into the Board sufficient for Saf and Elliot to fully understand some of the issues raised, how they are being handled and in some instances why things have taken so long.

**FORM**

Based on this investigation I do not believe there is a toxic culture towards PM's still prevalent within Post Office or that there is an intentional attempt from current employees to prevent the PM NED's from having access to relevant information. However, I can understand why some of the situations outlined by Elliot and Saf could be perceived in this way and the recommendations will address the need to improve flow of information to the Board as well as clarify the scope of the PM NED role including what is appropriate in terms of engagement outside of the Board with subsequent engagement on this to all relevant stakeholders.

RECOMMENDATIONS

It is suggested that a single accountable owner be appointed to ensure appropriate action is taken in line with the recommendations below. As the concerns were raised initially from the PM NED's, CoSec may be best placed to do this. Any variation from the below for valid business reasons once reviewed by relevant stakeholders, should be agreed by Neil Brocklehurst (in lieu of Owen Woodley who commissioned the investigation but has now left the business).

1. CoSec / CP / Dan O'Mahoney - by end of Dec - to review TOR and flow of information from Remediation Committee into main Board to ensure sufficient updates into all Board members, including PM NED's, of relevant activities and decisions taken in the delegated forum. Findings and outputs from this activity should be fed into a broader governance review ensuring the same quality of information into Board from other relevant subcommittees.
2. Simon Recaldin or delegate by end of November - to provide a verbal update and written summary into PM NED's on the remit and timing of the PPR scheme as well as latest update following the pilot. Conversation should elicit feedback on how to ensure PM's engage in the scheme and a view on any broader outstanding concerns or aspects of potential historical PM detriment that may not be covered within its current scope.
3. Simon Recaldin or delegate by end of October - Agreement to be reached on the role of PM NED's in supporting the communication and engagement with the PPR scheme with PM's in advance of full scheme roll out.
4. CoSec – by end of November – review reporting into Board re all Remediation schemes to ensure a summary if not already available is provided by RU going forward on applications into each scheme / disputes outstanding / claims raised against PPR and resolutions etc
5. CoSec to run a session involving all relevant stakeholders including those outlined here by end of November - Education and expectation setting regarding the PM NED role with the NED's, Corporate Affairs (Comms), SEG, Head of People Partnering and Retail Leadership teams to agree appropriate means and regularity of engagement aligned to expected outputs of the PM NED role. As an output agreed ways of working should be documented and communicated.
6. Dan O'Mahoney / Kayleigh Tague / John Bartlett - By end of October - Review of A&CI job titles and job descriptions to mitigate any impact of correlations with past Post Office practices.
7. Dan O'Mahoney / John Bartlett - Review of all A&CI templates to ensure language in templates is appropriate given the context of Post Office (this is a check following a piece of work that has already been undertaken to ensure nothing was inadvertently missed)
8. Ian Rudkin by end of December - Provide benchmarking to Board of Sickness entitlements across Public and Private sector organisations. Review the opportunity to reduce sick pay entitlements including a risk and benefits analysis.



FORM



9. Tim Perkins by end of December - Include Sickness Absence reporting on a Board dashboard along with a clear action plan for resolving the volume of high long term sick occurrences particularly in senior populations.
10. Group Assurance to undertake a review of network monitoring process in partnership with Central Operations by end of December 2024 (if a report is not already available) to ensure no opportunity for failure of monitoring processes such as led to the stock discrepancy / pouch issues experienced through 2022.