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22 February 2024

Dear Liam,

### POST OFFICE CHAIR ALLEGATIONS

Sunlight is the best disinfectant. It is important to me that subpostmasters have trust that the government is doing all it can to provide them with redress and compensation. These efforts have been undermined by the allegations made by the former Post Office Chair, Henry Staunton, in his interview with the Sunday Times.

I understand that Mr Staunton is to appear as a witness to the Select Committee on 27 February, as are my department officials.

Regrettably, I will not be available due to important commitments at WTO MC13, including seeking to continue discussions with my Canadian counterpart on various trade issues, which you have raised on the floor of the house.

In light of this, I am writing to highlight some information relevant to his most recent claims.

You would have seen my statement in the House on Monday, 19 February, responding to the allegations made by Henry Staunton in the Sunday Times.

He made false claims about my conversation with him, including that:

1. I told him that "someone's got to take the rap" for the Horizon scandal, and that was the reason for his dismissal, and;
2. I refused to apologise to him after he learned of his dismissal from Sky News.

As I said in my statement, these claims are completely fictitious, and I have deposited copies of the readout of the dismissal call in the Libraries of both Houses to demonstrate this. The note of our conversation, written at the time by officials, has been made public and clearly records my apology that someone had leaked the story to the media. It also shows that I explained that Mr Staunton's dismissal was due to allegations of serious governance failures and allegations of personal misconducts at Post Office Limited; **there is no mention of the Horizon scandal.**

It may assist the Committee to know that the sequence of events leading to my call with Mr Staunton was that members of the Post Office Board raised concerns about his behaviour

with my officials formally on 22 January 2024. Following careful consideration of the complaints provided to me about his conduct, I then informed Mr Staunton on 27 January that I was exercising my right as shareholder and removing him as Chair.

It should be noted that Mr Staunton has changed his story since his interview: he now claims that it was the *characterisation* of our conversation that led him to believe he had to “take the rap” rather than any specific statement by me.

His most serious allegation, and the one that is most likely to undermine subpostmasters’ faith in the compensation schemes, is the claim that a “fairly senior” civil servant told him to “stall payouts so the Tories could limp into the election”. He has since released the note of the meeting that he sent to the CEO of Post Office Limited, Nick Read, at the time. **The note does not support his allegation.** Quite the reverse, as his note concerns operational financing of the Post Office business, which is entirely different from compensation to subpostmasters.

The Horizon compensation is fully funded by government, other than an initial contribution from Post Office Limited of £87m, the Government’s contributions to the compensation schemes are fully funded and underwritten by HM Treasury; they do not affect my department’s budgets more widely. The compensation budgets are also ringfenced and separate from Post Office operational budgets. Moreover, there could be no conceivable advantage to the Government in seeking to delay payments of money already committed. Considering Mr Staunton was the former Chair of Post Office, I am surprised that he does not appear to understand the above.

Slowing down compensation would run counter to both the Government’s and taxpayers’ interests. It would create extra costs for the taxpayer as the liabilities increase due to interest accrued on shortfall elements of compensation. It would be extraordinary for an official or minister to contemplate such action, let alone give advice of this nature.

Mr Staunton has identified the senior official as Sarah Munby, Permanent Secretary of the then Department for Business, Energy and Industrial Strategy (BEIS, a predecessor to my Department) and now at the Department for Science, Innovation and Technology.

Ms Munby has written to me describing in full the conversation that she had with Mr Staunton. It directly contradicts the claim that he was asked to slow down the pace of compensation payments. Her letter and contemporaneous note was published on the 21<sup>st</sup> of February and I have attached copies for your convenience.

Her account is consistent with contemporaneous evidence such as the letter Ms Munby wrote to Mr Staunton on 9th December 2022, welcoming him to his role and making it clear that successfully reaching settlements with victims of the Post Office scandal should be one of his highest priorities. Copies of that letter have also been placed in the Libraries of both Houses.

Mr Staunton also received a letter on 29th June 2023, setting out his – and the Post Office’s - priorities for the 2023/24 financial year. As you would expect, this included a clear instruction to “provide fair compensation to those affected by its historic failures and, in particular, inject pace into its delivery of compensation for those with overturned convictions”. This is evidenced by the fact that we have launched the Group Litigation Order Compensation Scheme and announced the decision to quash convictions in January 2024.

Mr Staunton said in his interview that the Post Office was plagued by a “toxic” culture. He never raised this with me or my officials during his tenure. If he had such concerns, he had a duty to raise them and as Chair, to act on them.

Mr Staunton also claimed that UK Government Investments (UKGI) told Nick Read to write a letter intended to deter the blanket exoneration of convicted sub-postmasters due to the possibility of exonerating genuinely guilty individuals. Such an intervention by UKGI would have undermined my efforts and those of Minister Hollinrake to deliver justice for the sub-postmasters. If this had really happened, then as the Chair, he should have intervened. In fact, both Nick Read and UKGI have firmly denied that any such pressure was exerted. Mr Read wrote to the Lord Chancellor in the spirit of transparency and openness, to ensure that Ministers were aware of legal analysis that had already been undertaken by Post Office’s legal advisers ahead of making the policy announcement on 10th January.

I have provided you with this information and the associated evidence referred to and attached to assist the Committee in its vital work in holding current and former Post Office executives to account. Rest assured that should I discover any new evidence, I will inform the Select Committee as soon as possible.

My focus is on delivering justice for the postmasters who have suffered as a result of this scandal, and I appreciate your Committee’s support in taking forward this important work.

Yours sincerely,



**GRO**

**THE RT HON KEMI BADENOCH MP**  
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