



HOUSE OF COMMONS

## Business and Trade Committee

### Oral evidence: Post Office and Horizon – Compensation: follow-up, HC 477

Tuesday 27 February 2024

Ordered by the House of Commons to be published on 27 February 2024.

[Watch the meeting](#)

Members present: Liam Byrne (Chair); Douglas Chapman; Jonathan Gullis; Antony Higginbotham; Ian Lavery; Julie Marson; Andy McDonald; Charlotte Nichols; Mark Pawsey.

Questions 605-667

#### Witnesses

V: Henry Staunton, former Chair, Post Office.

#### Examination of witness

Witness: Henry Staunton.

**Chair:** Welcome to the final panel of the Business and Trade Committee hearings into redress for sub-postmasters. Will the Clerk to the Committee please administer the oath?

**Henry Staunton:** I swear by almighty God that the evidence I shall give before this Committee shall be the truth, the whole truth and nothing but the truth, so help me God.

Q605 **Chair:** Thank you, Mr Staunton. I will come straight to the heart of the questions: were you told by anybody serving in His Majesty's Government that you should in any way, shape or form slow down or minimise payments or redress to sub-postmasters?

**Henry Staunton:** Let me just answer that question—sir, I think you used the phrase a nod and a wink, so let me say exactly what took place.

I met Ms Munby for an introductory meeting in January last year. I went through the many challenges that we faced—dysfunctional governance, unreliable systems, inadequate controls, a hugely loss-making business, all the issues around remuneration, and a poor culture—and I said, "This is a three to five-year turnaround situation at the Post Office." I had in mind that it was probably the latter, rather than the former. She said in response to that, "This is no time for long-term planning. Money is tight at the Treasury and you need to really understand that."

I said, "Well, in terms of trying to hold back, there are only three levers of big cash outflows that we can pull: one is the inquiry costs, which are significant; one is compensation; and one is the replacement for Horizon, which is the biggest lever." In detail, I said, "With the inquiry, the costs will be what they have to be, surely. In respect of compensation, we need to do the right thing by postmasters in taking this money. And we are in dire need of a new system." She repeated, "Money is very tight. This is no

time to rip off the Band-Aid.” I was left in no doubt that this was not a time to rip off the Band-Aid and I would have to look at those three levers.

I went back and sent the note. It was such an unusual conversation that I did a full note of it, actually putting in quotation marks what I was told. Of course, I was accused of being a liar until, thankfully, I found this note just a few days ago. Since then, I think the focus has changed from, “Nobody said that,” to, “What did it mean?” I have just explained what it meant.

I went to see Nick Read and said, “What do you make of this?” He said, “They live in a different world.” He said to me, “What do you want me to do about this?” I said, “Well, I think there’s nothing that we can do about the inquiry; the costs will be what they have to be, although we should just look at the legal costs—they are clearly out of control.” On compensation, I said we should accelerate—“This is the morally right thing to do; we should accelerate on compensation”. However, on the biggest element, which was the Horizon system, I said, “Look, we’ve been put on notice. Money is very tight. There’s no room for a begging bowl, no room for mistakes. We need to be absolutely sure on the spend.” I did not say, “Slow down to meet the Treasury.” I just said, “I would like to take a double-take myself on what this is all about in terms of how we proceed. Because there is no begging bowl, we have only one chance of investing in the Horizon replacement system and getting it right.” That is the full story of what took place. I thought that your “nod and a wink” phrase just about sums it up.

Q606 **Chair:** So you came away from the meeting with Sarah Munby fairly clear that you had been asked to minimise costs, including the costs of compensation.

**Henry Staunton:** Those were the three levers, of which compensation was but one.

Q607 **Chair:** The Secretary of State, in her letter to me last Friday, said that these claims are completely fictitious and you have changed your story. Is that true?

**Henry Staunton:** I haven’t at all. I think at the time she said that they were lies because I could not find the file note, so she said that it was a lie and could not have been said. Since then, the tone of what she was saying about me has changed, because I found the file note, thankfully. I can only rest by the file note and the story that I have told you, which is my best recollection.

Q608 **Chair:** But the Secretary of State also says that your email dated 6 January 2023 does not mention specifically compensation. She is praying that in aid as evidence in her accusations against you.

**Henry Staunton:** Well, it is important that that file note was not a verbatim comment of everything that took place. It was the particular phrases she used that I thought set the tone of what I was being asked. If it had been a verbatim file note of all the things I have talked about, it would have been a three-page file note, but that is not what I set out to do. I set out just to say, “This is the thrust of the conversation,” and that is what I went through with Nick Read afterwards.

Q609 **Chair:** The Secretary of State and Sarah Munby have set out in subsequent correspondence that the budget for compensation is ringfenced and provided by the Government. Actually, Mr Read said to us earlier that there is a Post Office contribution to the compensation fund.

**Henry Staunton:** You are right. It is mainly ringfenced and held within the Treasury, but say that we have exoneration and much more money is paid out; then, the amount that you ringfence becomes larger. Similarly, if we were tough on compensation and it became smaller, that would release the money that we have ringfenced. That is how ringfencing works. In respect of ringfencing, it is really important that, if you read the Post Office accounts, you will see that on page 65, where we talk about a going concern and so on, it is very specific: there is no financial guarantee. This letter of comfort very specifically says that there is “no financial guarantee”, so clearly, from the point of the fact that it is ringfenced, it sounds as if it is done and dusted, but actually it is not.

Q610 **Chair:** It is not a hard ringfence.

**Henry Staunton:** They specifically say in the accounts that this is not a guarantee.

Q611 **Chair:** That is interesting, because the Secretary of State points out that the Government have no incentive to delay, because there is a ringfenced compensation fund. Do you agree with that argument?

**Henry Staunton:** The answer is that the only route— The big numbers are in respective overturned convictions. I think somebody referred to 4% that has been—

**Chair:** Paid out so far.

**Henry Staunton:** The fact is that it was going nowhere in terms of the exoneration costs, and the whole thing opened up subsequent to the Mr Bates TV programme. Until that point, no headway was being made, so I think that is worth understanding.

Q612 **Chair:** In her letter and file notes, Sarah Munby says this. Dated 21 February, “we discussed Post Office operational funding, not compensation funding”. She goes on to say: “I am able to give you”—the Secretary of State—“the very strongest reassurance... that I did not at any point suggest to Mr Staunton, or imply to him in any way whatsoever, that there should be delay to compensation payments for postmasters. I did not believe they should be delayed and no Minister ever asked me” to make delays. Does that assertion by Sarah Munby undermine your assertions?

**Henry Staunton:** It does. Her file note is written a year and a month after my file note, so it is not a contemporary file note by any means; it was written with the purpose of answering this point. I am not casting any aspersions on Ms Munby, but that is worth fully understanding.

Q613 **Chair:** Do you think Sarah Munby may have misremembered? These things happen.

**Henry Staunton:** There are a lot of issues going around about misremembering, lying and so on. That is not what I want to get into. I am just explaining what I know. I am not here to guess anything about anybody else.

**Chair:** On the face of it then, it appears that Sarah Munby may have walked away from your conversation with a different interpretation from yours. That would perhaps be a generous explanation.

**Henry Staunton:** The fact is that when you talk about three levers, this is not at PhD-in-accounting level. These are three very simple issues we are talking about, so I do not think there is much room for misinterpretation.

Q614 **Chair:** But Sarah Munby does say in her file note, dated 21 February 2024, that there is a “complete firewall between the two budgets” for compensation and operations. You are telling the Committee this afternoon that it is not as simple as that.

**Henry Staunton:** No, it is not. As I say, now that we have made all these issues on exoneration, the fact is that the amount of money held in Treasury within this firewall ought to have been increased significantly because of the exoneration payments; it is not a number that is fixed. Equally, as I say, if it goes down, more money is available for whatever—NHS, tax cuts, or whatever it is.

Q615 **Chair:** The Secretary of State goes on to present her priorities letter to you, dated 29 June last year. It says you are to “provide fair compensation to those affected by the historic failures and, in particular, inject pace into its delivery of compensation for those with overturned convictions.” That instruction sounds like it is at odds with the impression you walked away with from the conversation with Sarah Munby.

**Henry Staunton:** Absolutely. Ms Munby was talking about the financing issues within Treasury, and I got the very clear message—I put it in the file note—that money is tight. All I was doing was representing what I was told. I thought that I would just dump this

file note and it would never see the light of day, other than talking to Nick about it. I said, "We are going to proceed with compensation, and I will take the consequences." For what other reason would I have done it? It was not done to try to have a discussion in a year's time with the Secretary of State; it was just done as a matter of routine because the words were so odd.

Q616 **Chair:** But the signals that you received were different from the letter of what the Secretary of State laid out?

**Henry Staunton:** Correct.

Q617 **Chair:** So there was an ambiguity?

**Henry Staunton:** Yes. You used the phrase "a nod and a wink." I was left with the issue that if I could pull any levers, I should, and actually I felt it was not an unreasonable lever to pull in respect of the Horizon replacement. I was not going to go anywhere near a morally wrong decision not to pay our postmasters, or do anything that impacted the statutory inquiry.

Q618 **Chair:** Nick Read, in his letter to me last week, said "I personally have never been instructed to delay on compensation, nor have any of my leadership team to my knowledge." It sounds like he can write that because of the conversation that you had with him after your conversation with Sarah Munby.

**Henry Staunton:** He can write that because I said to him that we are not going to do anything that is not the morally right decision of continuing to pay compensation. I did say to him that, if anything, we should accelerate it.

Q619 **Chair:** So you stand by what you have said in public about the message you received from a senior civil servant that compensation payments should be slowed down to minimise the financial liability?

**Henry Staunton:** Yes, I do.

Q620 **Ian Lavery:** I am just looking at your bio, Mr Staunton. You were previously chairman of WH Smith, The Phoenix Group and Ashtead Group; vice chairman of Legal and General, and you also served on the boards of ITN, BSkyB, Ladbrokes, and Standard Bank. How do you feel about the attack on your honesty, your character and your credibility basically trashing your career? Even in the session we have had today you have been classified unequivocally as a liar. How do you feel about that?

**Henry Staunton:** I don't want to blow my own trumpet, but I have been the chairman of four big public companies, the deputy chairman of Legal & General, which is the biggest insurance company in the UK, an executive director of both Granada and ITV, and, as you say, a non-exec of BSkyB—and I was a partner in Price Waterhouse before I did those jobs. I have experience going back to the age of 32 of what is the right thing to do in governance. I feel as if I have some experience in this whole area, and if I had not been considered a successful chairman I would not have been appointed to Smith's or to Capital & Counties.

Q621 **Ian Lavery:** How do you intend to tackle these accusations from senior politicians and senior executives at the Post Office?

**Henry Staunton:** It's not good. What I have done is stand up for the postmasters. In fact, the Post Office had a chance to make a number of representations to you, which I did not realise that I had the opportunity to do, so I have not made a representation. If you don't mind, Chair, I wouldn't mind spending a minute reading out my view, to make a representation to you to compare with all the representations that the Post Office have made.

**Chair:** Okay.

**Henry Staunton:** Well, my statement is this. What happened to these poor postmasters and their families is a tragedy and a scandal. They have been failed time and time again by a whole host of British institutions who are supposed to be there to protect the citizen and ensure fair play. We all know that there was inaction all round—by the judicial system, the Government, Whitehall, and particularly inside the Post Office—until the ITV drama “Mr Bates vs the Post Office,” and then there was a rocket put under things.

The Secretary of State, senior civil servants and Post Office officials are asking us to believe that everything was going swimmingly all along when it damn well wasn't. We all know that things were moving far too slowly—you have heard from three postmasters today who said it even more eloquently than I could—and the reason why people latched on to what I said in *The Sunday Times* was that, finally, someone was being honest about how deep-seated the problems were and why nothing was being done.

I still think that more could be done, at least to make compensation more generous and the process of getting justice less bureaucratic. But I will at least have achieved something if the sunlight of disinfectant, which the Secretary of State so approves of, means that Government now lives up to its promises. What the public want to know is why everything was so slow—we have talked about the 4%—and why everything remains so slow. I have spoken up on matters of genuine public concern, have been fired and am now subject to a smear campaign. So you are quite right, and I have just given you the background for why we have it.

Q622 **Douglas Chapman:** Mr Staunton, can you characterise the Department's oversight—  
[Interruption.]

**Henry Staunton:** I'm sorry—

**Douglas Chapman:** It's okay; there is a bit of background noise. Can you characterise the Department's oversight of the Post Office when it comes to the redress scheme? Was the Department hands-on or was it seen as being at a distance?

**Henry Staunton:** I'm terribly sorry. The Post Office being hands-on in respect of what?

**Douglas Chapman:** In terms of the relationship between the Department and the Post Office. Did you feel that they were hands-on in terms of the discussion that you might have had outwith some of the points that—

**Henry Staunton:** Are you talking about compensation in particular?

**Douglas Chapman:** Yes.

**Henry Staunton:** The truth is that when I said to Nick, “We're going to carry on and I'll take the consequences,” we just continued with that. Simon Recaldin talked about the processes, and I don't dispute anything he said in terms of how all that was managed.

Q623 **Douglas Chapman:** But did that include discussions with the Secretary of State and with Ministers? How did all that happen over a period of time?

**Henry Staunton:** To be fair, I think all of that was done at a lower level in terms of the minutiae of the compensation. I never talked to the postal Minister at all about having any concerns at that operating-type level. My main concern—well, there are two schemes and three issues with regard to postmasters. We will come on to the last one, which is current postmasters and how they are viewed within the organisation. You have had a very good airing of my file notes.

The first two schemes relate, first, to overturned convictions. The issue is that it was going terribly slowly. Exoneration was not on the agenda, despite the fact that in no other way was this going to be dealt with. In all the file notes that I saw, there were all these comments about postmasters being guilty as charged, whether it was Richard

Taylor or Nick Read in his letter to the Lord Chancellor, or even the postmasters saying it.

Guilty as charged: I just do not accept that. The file notes I see is that with the vast majority of postmasters who have not come forward, it is because they do not want to be tried all over again. They just do not trust the system. That is the first issue.

Minister Hollinrake did a terrific thing to put the £600,000 offer down in September, in terms of overturned convictions. Actually, there was a very low take-up and I had said to Nick Read that we must get the message across to him that it has to be seen to be generous—that is, a million pounds. I know that sounds like a lot of money, but I said I was not sure the British public would have such an issue with that. They would far prefer generosity than to be tight-fisted and anxious.

Then, the second issue was related to other postmasters. We must not forget that progress on overturned convictions has been lamentable. In terms of the other claims, postmasters have problems. You have touched on them all, actually. The forms are impossible to understand—I am an accountant and I struggle with it—without legal advice and all the information you need.

If you read the file notes, the attitude of the legal people—Herbert Smith Freehills—talking to our postmasters with that aggressive, hostile questioning has been a massive issue. It is largely behind us, but as a result of that, one can see from all the comments that many postmasters, because of that hostile attitude, have settled for far less than they think is reasonable. Mr Bates was a perfect example. He is obviously not one to be adversely covered by hostility and he stuck out, but the offer, as he said, was a fraction of what he thinks is reasonable.

Whether it is the overturned convictions, which we can all focus on going forward, there has been a massive problem. I think that what we need to do is to have not only a speeding-up of overturned convictions and a bigger number than £600,000. As someone from the Cttee touched on, shouldn't we reopen all these issues around the other postmasters' schemes because postmasters have settled for far less than what they think is reasonable for all the issues? I think I would be repeating it if I dealt with it again.

Q624 **Douglas Chapman:** You mentioned the pace of the payments that were made—the compensation payments and so on. But you were chairman. Mr Lavery has read out your CV and the amount of experience you have had in various other companies. It looks like in the Post Office the shit was hitting the fan and the board just seemed to be allowing things to happen. Did you feel that there was sufficient grasp of how important this was, in terms of the board meetings that you did have?

**Henry Staunton:** Absolutely. Of course, I do not sit on—the compensation committee is chaired by Mr Tidswell. After about two or three of them, I went to say to Nick, "Look, this situation seems bureaucratic, pedantic and most of all unsympathetic. We have to do something about it." He said, "Well, look, that is a management issue. You should leave that with me and we will progress it." So the answer is that I did not just ignore it. I had a word with the chief executive and said, "This needs to be dealt with."

I have been a chairman of many companies, and the answer is that it is not just a popularity contest—you have to say things if you're not happy and ask for things to be changed. I said that to the chief executive.

Q625 **Douglas Chapman:** I have one final question on the position of the Post Office as a whole. Do you think they should have been, and should still be, part of the process, or should they be withdrawn and removed from that completely?

**Henry Staunton:** They should be removed completely; that is pretty obvious. People talk about the culture. Well, you saw the notes from the postmaster directors—I think it

was said that I somehow invented it. They had mentioned it to me about six weeks before; they were clearly highly disturbed on the matter.

I said, "Look, the problem is that you are both being investigated by the Post Office. If you come out now, it's going to look as if you're conflicted. Should we not just get this behind us before we really pick it up?". In mid-January, they had had enough, so they rang me on a Sunday and said, "This has got to be tackled, Henry." I said, "I will prepare a file note of all your comments tonight. I will send it to you, and I want you to agree every single word in this file note before I send it off," and they both came back. Unfortunately, it is on my Post Office email account, but if you asked, you would see that that correspondence took place. This is not something that anyone can say I invented and that it was not agreed. I am a stickler in that regard. They agreed every single word in that.

I sent it through to Nick Read, and said, "I want to discuss this at the next board meeting." The problem was that Nick Read sent a copy of it—I don't know if you've seen the correspondence—to the legal director, particularly, who the two postmaster directors were saying had way too much power and was using it as an instrument—I can't remember what the phrase was; it wasn't an instrument of terror, but it was an instrument of some way of control. It was an appalling thing to do.

Of course, the two postmaster directors were absolutely appalled in terms of governance that that was sent to the people they were being critical of. That is why one of the postmasters, Elliot, sent that absolutely stinging note to Nick Read. If you thought my note—what they said to me—was harsh, or the phrases that were used, the note from Elliot to Read was an absolute zinger. It was bad governance and it really badly let down the postmaster directors.

I would say, actually, that these postmaster directors have been very brave in coming out to say what they did. I said to them, "This could impact your business. You could lose post offices," but they felt they ought to represent the views of the postmasters in the organisation, and they were prepared to do it. I thought that was pretty brave. I thought, therefore, that for me to duck and not take on their cause would have been cowardice when they had taken such a brave decision. So that is why.

I guessed it would almost certainly end up with me being fired, but I thought the important thing was to do the right thing. That is why I did it; I didn't want to feel that I would act in a different way and show less bravery than the two men involved. I have to say that they were still braver because, of course, they could lose money or business from it, which of course does not apply to me.

**Q626 Jonathan Gullis:** Mr Staunton, some very serious allegations have been made by both Mr Creswell and Mr Tidswell relating to your conduct, and that you were informed in November of an investigation that is currently underway. Mr Lavery touched on this earlier. Can I just check, first of all, that you share those recollections—that in November you were informed that you were being investigated for your behaviour and conduct?

**Henry Staunton:** Yes, there is an—what it is, actually, is that Mr Read fell out with his HR director, who produced a "speak up" document that was 80 pages thick. Within that, there was one paragraph about comments that I allegedly made. So this was an investigation not into me, but into the chief executive, Nick Read. There is that one paragraph. You could say, actually, that it was about politically incorrect comments that are attributed to me, which I strenuously deny.

This was not an investigation into me; this was an investigation based on the 80-page document prepared by the HR director.

**Q627 Jonathan Gullis:** Okay, so you have made it clear that you disagree with the allegations and obviously, as you are currently going through the investigation, I would

not expect you to comment on a live investigation into yourself. Can I just ask if you have been interviewed at this stage?

**Henry Staunton:** Yes, I have. Only last week I wrote to the barrister giving her further comments. The fact that I have somehow not co-operated with this investigation is totally wrong. The point of the call with the SID was that this 80-page document was actually taking a terrible toll on Nick Read. He said, "I'm not being supported by the board. This is just bad news for me and my family. I am going to resign tomorrow. I have just had enough."

**Chair:** Mr Read?

Q628 **Jonathan Gullis:** I was about to say, because the Chair did ask Mr Read earlier if he had ever considered resigning. He said, "No." You are saying that, in a verbal conversation, he had got to a point where he felt that maybe he was going to have to step down.

**Henry Staunton:** The 80-page report from the HR director—it is not my words—of course alleges that Nick was going to resign because he was unhappy with his pay. She has put that in this document.

Q629 **Ian Lavery:** Really? Are you sure?

**Henry Staunton:** I am absolutely positive.

Q630 **Jonathan Gullis:** You will understand the concern here. We have obviously had your initial comment, which I will come to, about your interpretation of your meeting with Ms Munby. That has essentially led, via the newspapers, to communication between yourself and the Secretary of State for Business and Trade about your dismissal. We are now adding Mr Read into this story. You will accept that, for sub-postmasters and sub-postmistresses across the country, this is starting to look like a complete and utter shambles, to be perfectly frank. That is the probably the politest way I have been able to put it—people will be shocked I was that polite. It is an utter shambles in how this is looking. Now we have another name in the ring here. This only produces more mud and more of a grey area, when actually the focus of this session—and I appreciate your contrition in what you said earlier—is the situation regarding sub-postmasters and sub-postmistresses. This will only add further delay and result in further lack of attention to the victims of this massive injustice in our criminal and civil sector of law. Do you regret now that we are in this situation where we are having trial by media, and an HR dispute by media, which also seems utterly new to me? Actually, it is drawing attention away from people like Mr Bates and others.

**Henry Staunton:** I could not agree with you more. This should all be about the postmasters, their families and how their lives have been wrecked. That is what all of this should be about, and nothing else. The rest is just flim-flam. We can talk about these issues—I do not want to play them down—but this is all about the postmasters. I do not disagree with you one bit.

Q631 **Jonathan Gullis:** Can I quickly clarify one further thing? Obviously, you are currently under investigation for allegations that you claim are a paragraph in an 80-page document.

**Henry Staunton:** Paragraph 2.7.

Q632 **Jonathan Gullis:** Is it your understanding then that Mr Read is also under investigation?

**Henry Staunton:** Indeed. This investigation is primarily into Nick Read and the 80-page dossier.

Q633 **Jonathan Gullis:** So now we have yourself as the former chairman, who was the chairman at the time, being investigated. We now have the CEO allegedly under investigation as well. That has blown my mind—I was not expecting that answer.

**Henry Staunton:** Was that not made plain to you—this investigation?

Q634 **Jonathan Gullis:** That is the first thing I have heard of Mr Read's alleged investigation—and I will use that word "alleged". Obviously, you are claiming that, and I will probably let the Chair come back on that one—he has been here longer than me—to ensure that I do not cross the line in what I say.

**Chair:** That does not mean I am less shocked, Mr Gullis.

**Jonathan Gullis:** I want to go back to the meeting with Ms Munby very quickly. If you have taken a nod and a wink that you are to slow down compensation to sub-postmasters and sub-postmistresses to "limp into the election", and if that is how you felt that you were instructed—my question is in two parts. First, why not speak up about it until after you have been released from office? Secondly, surely you would have felt the need to resign, if you felt that the system was indeed working against you in this way, to take a stand and to call out what you thought was malpractice by those in Whitehall towards ensuring that compensation was received? You understand that the fact this has come out after you have been dismissed leads to thinking that this is a bit of "he said, she said".

**Henry Staunton:** Of course there is quite a lot of that. The point I would make is that I said to Nick, "We should not do anything to pull the lever on the inquiry", because we couldn't—that would be against the law—"and neither should we pull the lever in respect of compensation", and indeed I said we should increase it.

However, there was the lever for the biggest amount, which related to the Horizon investment. I felt put under notice that we needed just to be doubly sure—triple sure—that we were getting it right in respect of that investment.

Q635 **Jonathan Gullis:** Mr Staunton, obviously we have heard again from witnesses earlier that one of the things that your being investigated related to is that you tried to shut down a whistleblowing investigation into yourself. Do you deny those accusations?

**Henry Staunton:** Yes, let me just explain what happened. As I said, it was not the first time that Nick had threatened to resign, but I could clearly see that he was under—you will see that it is in this 80-page report, which is not my report. But he had said to me the same things in terms of his salary; it is there in the document.

However, the key point was that I could see he was in a very pressurised position. I have to say that this is a tougher job—being CEO of the Post Office—than chairing all the other companies that I have chaired, just because of the myriad problems that it has.

On top of this, he was being investigated in an 80-page dossier. He was really quite upset about it and I felt it was affecting his emotional and mental state—it was that serious. He was not supported by the board, so I said to him, "Look, I will go and talk to the SID"—senior independent director. "I am conflicted, but I will go and talk to the SID to see if we can—this myriad charge sheet. Nick, you've got to face up to the big ones." But as he said, "I'll be wiped out from the business for four weeks if we go on like that." I said, "So, we'll just focus on the big ones, but that's a matter for Ben, our SID, to give us a view on."

I rang Ben and I said, "Look, this is a chief executive that I'm very worried about. This is some way of dealing with him. We've got to show him some support. If we can actually—" To an extent, I thought the HR director was negotiating a better exit package; I mean, that was my assessment when I looked at some of the things that she was talking about. And I said that to Ben. I said, "We should reduce the charge sheet on Nick to start with. We can come back to the others if we feel it is relevant, but this man just hasn't got the time or the inclination to deal with the full charge sheet, so can you just look at it?" And he said, "You're conflicted, Henry." I said, "The four lines on me, I'm very happy to talk about; I've completely rejected them."

As I say, this wasn't a big investigation into me; this was a big investigation into Nick. And I didn't realise you weren't aware of that.

Q636 **Jonathan Gullis:** You have certainly made news today, Mr Staunton; I assure you of that. *[Laughter.]*

Mr Tidswell informed us—I think it was in response to Mr Higginbotham; apologies if I have got the wrong individual and it may have been in response to Ms Marson—that he felt that once he had personally informed you of the investigation into you in November that your behaviour had changed, and effectively—I can't quote him perfectly—had become more erratic and—

**Henry Staunton:** Yes, I saw that.

Q637 **Jonathan Gullis:** Do you think that's a fair characterisation, or do you dispute that from—

**Henry Staunton:** No, I completely dispute it. And I think that what happened was that, as you will see from the documentation, the whole thing did get a bit difficult once the postmasters got hold of me. I wasn't prepared to duck it, but I did a file note and said, "We've got to tackle this." At this point, things did get very difficult and within 10 days I had left the company, so I think that was a far bigger issue.

I'm not erratic. If I had been an erratic individual when it comes to business, I wouldn't have been the chairman or deputy chairman or main board director of all these companies. That's just not how I am.

Q638 **Jonathan Gullis:** Mr Staunton, I feel like there may be another drama—"Mr Read and Mr Staunton vs The Post Office"—coming up at some stage in the future, because—*[Laughter.]* I'm not going to say why, but what I will say is—honestly, I'm blown away.

I suppose that what I am trying to get to the bottom of here is this: is it right really in this myriad mess—should the politics and the politicians who have been embroiled in this, or dragged into this, isn't it right that we really put these individuals to one side—?

**Henry Staunton:** Absolutely.

Q639 **Jonathan Gullis:** And that they are no longer part of this discussion, and we can move on—I mean the Secretary of State for Business and Trade. I will just say that you are not interested in firing in her direction. This is now about your fight with the Post Office to clear your name and reputation, and for there to be clarity around Mr Read and his current situation with the Post Office, and whether or not he is under investigation, and whether he is wanting to resign, bearing in mind that he also took the oath and said—

**Chair:** Come to the question, Mr Gullis.

**Jonathan Gullis:** Sorry, Chair. Has Mr Bates got a point? Maybe the Post Office needs to be buried and sold off. He said that it is such a mess. We have the former chairman and the CEO apparently both under investigation, and the latter wants to resign. Is it maybe time for the Post Office to go? Is Mr Bates right?

**Henry Staunton:** That is a really good question. In January I said—again, it did not find favour with the UKGI—that for me, the only route through this is demutualisation of the Post Office. The answer is where the postmasters have a stake in the business. I have not quite got my mind around how we would have done it. These discussions should all be about the postmasters and justice for those who have been convicted. We must not forget a reasonable living for those that work within the Post Office business now, which is actually not a sufficiently remunerated business. That is what this whole thing should be about. It should not be about another TV programme—about Mr Read and Mr Staunton. It is a pointless waste of time. That does not actually further the cause of the postmasters one bit.

Mr Bates is right, but I am not sure that Amazon is right. It would be more powerful if we had a demutualisation. That is why I wanted at least one more Post Office director on the board. My preference would be to have two, and then we would have four postmaster directors on the board, which would be the start of that journey. You have seen in the file note that I would have two of them actually managing a committee all about the culture within this department. I would have one of them chairing the remuneration, because that would actually sort out some of the issues you have raised about bonuses, backdating pay deals, and putting multipliers on all the bonuses when they should only go to objectives, which I think you covered. The governance on "rem" is a really big point you raised. When we came to see you last time, we just talked about the TIS scheme. All the other issues about backdating the postmasters and applying the wrong multipliers to the wrong bonuses was not covered at that meeting.

Q640 **Jonathan Gullis:** But you appreciate that with the former chairman and the CEO now apparently both under investigation, sub-postmasters and postmistresses will think they are literally bottom of the pile when it comes to them being focused on, as the two most senior people in the organisation are at war with their employer.

**Henry Staunton:** I would not classify it as war.

**Chair:** It is not harmony, Mr Staunton.

**Henry Staunton:** Of course it is not. It does not further the cause of the postmaster. That is the key point about all this. I think the Committee covered it, but all sorts of issues came to be involved. I think we will talk about the SID process itself, which I am very happy to do, but it is mainly about the postmasters. That is why I went public in *The Sunday Times* article. One of the problems, of course, if you go to *The Sunday Times*, is that you lose control of the narrative to a certain extent. The focus of the article became much more about Government, and not about the postmasters. That was the heading, and it was also the thrust of the article. You lose control.

**Chair:** But you have helped us out fill out the picture today.

Q641 **Antony Higginbotham:** I want to stick on that theme. I do not feel we have yet got the answers that we need as a Committee about what happened, so I am going to ask you some quite direct questions, and I would appreciate short, pithy answers if possible.

We currently have the Secretary of State, the Minister, the senior civil servant, the chief executive, board members, and other officials in the Department for Business and Trade all saying that they wanted to expedite compensation claims. Mr Staunton, with due respect, you are the only person sat there saying anything to the contrary. Could it not be that you misinterpreted the conversation? If you did not, why, with all those conversations that must have taken place over the course of your tenure as chair, would you not confirm and clarify that with anyone?

**Henry Staunton:** I think that your Committee itself—to talk about expediting compensation, it was not the view expressed by postmasters that this process was being expedited. It was lamentably slow until "Mr Bates". You have quoted the 4%. This was not being expedited one bit.

Q642 **Antony Higginbotham:** But some of that included a period when HSS was the Post Office's responsibility.

**Henry Staunton:** Sorry?

**Antony Higginbotham:** Some of that was when HSS was under the Post Office as a responsibility, and you were the chairman, so did you fail in getting compensation out as chairman?

**Henry Staunton:** No. We need to distinguish between the various schemes. My main gripe is with the overturned convictions and the lamentably slow process we have had

there. I went back to make a—

Q643 **Antony Higginbotham:** To be fair, Mr Staunton, that feels like a smoke-and-mirrors answer: “Don’t look over here. I only want you to look here.” How many times—

**Henry Staunton:** The progress on HSS and the other schemes could have been faster, but it is not my biggest gripe. The executives run compensation, and as chairman I thought the progress was adequate, as you have had given back to you by Simon Recaldin. I do not have a gripe with that, but I have a huge gripe with the fact that overturned convictions was so slow, and we were getting nowhere on exoneration. We were told it is not possible, and then we had “Mr Bates” and all of a sudden, exoneration was possible.

Q644 **Antony Higginbotham:** Which includes the period you were responsible for Post Office Ltd, but you do not seem to want to accept that your organisation, when you were chair, was part of the problem.

**Henry Staunton:** I do think the Post Office was part of the problem, but I do not think that the compensation for HSS and so on could be considered slow. I think the postmasters made the point that it could have been faster, and that is not an unfair categorisation, but it was not slow. If something is going wrong, the first person to deal with it should be the chief executive. If it is going terribly wrong, the chairman has to have a word with the chief executive and say, “This is terribly wrong. We need to sort it.” I did not feel that the progress on HSS was terribly slow and therefore needed a chairman intervention.

Q645 **Antony Higginbotham:** Earlier, you described your introductory meeting with Ms Munby as so unusual as to warrant sending a note to yourself. At what point did you raise what Ms Munby had spoken to you about with the Secretary of State, the Minister or another senior official?

**Henry Staunton:** I raised it with Nick. He asked me, “What do you want me to do with it?” and I said that we should carry on full steam ahead with the inquiry and compensation, and that if we got feedback that we had either misspent public money or were being too quick, I would take the consequences. That was actually quite a brave decision on my part.

Q646 **Antony Higginbotham:** But you made a decision not to raise it with the Secretary of State, the Minister or, indeed, the official that you had had the conversation with.

**Henry Staunton:** No, I have to take action on the facts as I find them, and I took the action that we would not slow in those two areas.

Q647 **Antony Higginbotham:** That meeting with Ms Munby was in January. On Thursday 23 March 2023, the Post Office Minister, Minister Hollinrake, made a statement to the House of Commons. I assume that as chairman of the Post Office, you would watch proceedings in Parliament. He said, “We certainly intend and expect to make payments much faster than that,” referencing the August 2024 deadline. Despite in January thinking that things were confused and maybe the Government wanted to slow down, you heard the Minister make it clear at the Dispatch Box that he wanted to do things quickly. Did you have a conversation with either the Minister, the Secretary of State or a DBT official after that?

**Henry Staunton:** Because I had said we should still go ahead in terms of our spend on the inquiry and compensation—other than legal fees on the inquiry—I was not uncomfortable with the decision that we had taken.

Q648 **Antony Higginbotham:** So no is the answer, Mr Staunton?

**Henry Staunton:** No is the answer to what?

**Antony Higginbotham:** That you didn’t have a conversation with Ministers—

**Henry Staunton:** Oh no, I didn't.

Q649 **Antony Higginbotham:** Despite the fact that, at the Dispatch Box of the House of Commons, Ministers made it very clear that they wanted to accelerate payments.

**Henry Staunton:** Yes—

Q650 **Antony Higginbotham:** So even though you could see a discrepancy between—

**Henry Staunton:** Anything that accelerates payments is a good—

**Antony Higginbotham:** With due respect, Mr Staunton, even though you had seen a discrepancy between what you thought you had been told and what Ministers were saying at the Dispatch Box, you still decided not to say anything to the only shareholder.

**Henry Staunton:** I was all for anything that accelerates payments to postmasters on any scheme, and we particularly now need it on overturned convictions. I am supportive of that. So when the Minister said, "We're going to further accelerate payments," I was all in favour of it.

Q651 **Antony Higginbotham:** Yes, but the point is, Mr Staunton, that you went on record and said the direct opposite—that you had been told to delay payments. In July, there was an urgent question, I think from the right hon. Member who is sat behind you, about the Horizon IT scandal, and Minister Hollinrake said again that they wanted to speed up compensation.

So you had a conversation in January that you got one interpretation from. In March, in the House of Commons, it was made very clear that we wanted to proceed faster. In July, it was made clear that we wanted to proceed faster. Did you in July speak to the Secretary of State, or Minister Hollinrake as the postal affairs Minister, or UK Government Investments, or any senior official?

**Henry Staunton:** No, I was quite happy with speeding up. That was just fine by me. Don't forget that I didn't—

Q652 **Antony Higginbotham:** I am not asking if you were happy with it, Mr Staunton; I am asking whether you raised your concerns that you thought that there was a view that compensation should be delayed.

**Henry Staunton:** The point I am making is that, having heard what Ms Munby said, I decided that we should continue as we were, so I didn't have any concerns that we were not paying postmasters quickly enough. I didn't take my file note and wave it around to the press; I just put it in my file and had basically forgotten about it.

Q653 **Antony Higginbotham:** That is an interesting take, Mr Staunton. Would you say that, as chairman of any board, if your primary shareholder gives you a steer on something, you would take the view, "I should ignore it entirely"?

**Henry Staunton:** I have done that on many occasions. The fact is that your job as chairman is to do the right thing by the company. I was constantly, as a chairman, being told by shareholders, "We want you to do this and that," but, in the end, I have always found that, if you do what shareholders tell you in the corporate sense and it goes wrong, they never say, "Oh, we told you to do it"; they say, "Why did you do something as silly as that?" I always think that, as chairman, you should do what the right thing is, rather than just taking what a shareholder says and implementing—

Q654 **Antony Higginbotham:** But the right thing never came close to you tendering your resignation.

**Henry Staunton:** No, I didn't think it was a resignation issue. We were going to proceed in the morally right way to pay postmasters compensation.

Q655 **Antony Higginbotham:** Is that because you were just in this for personal financial benefit?

**Henry Staunton:** Sorry?

**Antony Higginbotham:** Were you just in this for personal financial benefit? Were you well remunerated?

**Henry Staunton:** My pension is a considerable factor of what my Post Office salary is. I am very fortunate to be in that position. I am not in this for the money one jot.

Q656 **Antony Higginbotham:** What was your remuneration, Mr Staunton?

**Henry Staunton:** My remuneration was £150,000, which is half of what I got from the other companies for about three times the work. This is not a—

Q657 **Antony Higginbotham:** But you have heard how significant that is compared with the postmasters and the sub-postmasters—

**Henry Staunton:** There is no question. I accept that.

Q658 **Antony Higginbotham:** Did you ever ask to see that increased?

**Henry Staunton:** No, I never asked for an increase in salary. I wasn't in it for the money. I got a salary and I just left it at that.

Q659 **Antony Higginbotham:** Okay. It is very disappointing, Mr Staunton. I am still not convinced that we have got a clear answer as to why you decided not to take your concerns to the Secretary of State, or the Minister responsible for the Post Office, or Department for Business and Trade officials, or UK Government Investments. Perhaps, if you had spoken to just one of them to raise some concerns, we could have a little bit more faith that you are not now conjecting this for some kind of political expediency.

**Henry Staunton:** There is no political expedience in this for me. I am just a businessman. I had no concerns that we were going down the wrong track in terms of paying postmasters at a reasonable rate. If they came back to me and said, "You're proceeding too fast" when they saw the cheques, that would have been different, but I was perfectly comfortable with the position that we were taking, which was that we were going to carry on paying postmasters at a decent rate.

**Chair:** I am conscious that we are about to move into our fifth hour of hearings, but, Mr Lavery, do you want to ask anything?

**Ian Lavery:** No, I'm fine.

**Chair:** Mr McDonald?

Q660 **Andy McDonald:** Chair, this has been another unedifying process in Parliament. Mr Staunton, you have lifted the lid on what we already knew was a dysfunctional organisation, but it has been taken to new heights today. All the while, the people we really care about, the postmasters and postmistresses, are still no further forward. I don't suppose their confidence has been increased one jot by what they have heard today from anybody.

As a parting question from me, in all these circumstances, do you think it is now incumbent on everybody else who is involved in this process to give some certainty to those postmasters and postmistresses and to come up with legally binding dates by which they should be compensated?

**Henry Staunton:** Absolutely. Not only that, but I think that we need to review the cases that have been agreed. There is no question from what I have read that postmasters have signed agreements where they have only taken a fraction of what they thought was due, just to get it out of the way. It is a far bigger issue than you have raised in terms of dates. We need to go back and to get justice even for those who have agreed amounts. It is way, way bigger even than you have suggested, sir.

**Chair:** Final question, Mr Higginbotham.

Q661 **Antony Higginbotham:** As chairman of the board, I assume you do evaluations of the executive team. How would you rate Mr Read's performance as chief executive?

**Henry Staunton:** We do do evaluations of the board. In respect of Mr Read, I would say that it is a very tough job, as I have mentioned—a tougher job than at any of the companies that I have talked about—because there are just so many strands to it. I think that he was doing fine, with huge pressures on him. Therefore, as I say, I must have had four conversations when he said that he was going to chuck it in. My job was just to be someone who would understand the pressures he was under, because I think it would be very difficult to find a replacement at this stage, with the business in the state that it is in. If I didn't think that he was doing satisfactorily, I would have asked to change things.

Q662 **Antony Higginbotham:** Did you ever look to increase or decrease his remuneration package, based on his performance on dealing with these legacy issues?

**Henry Staunton:** I am not the chairman of the remco, but the answer is that I got a strong message from Mr Shapps when he was Secretary of State: "Don't even think about coming for any salary increase." I got a strong message from Minister Hollinrake—

Q663 **Antony Higginbotham:** Is that because you asked?

**Henry Staunton:** I said to him, "Nick is unhappy with the salary." He said, "Don't waste a postage stamp coming to talk to me about it."

Q664 **Antony Higginbotham:** But you did try to secure a pay rise for Mr Read.

**Henry Staunton:** Yes, I did. I went to see him and said, "Look"—

Q665 **Antony Higginbotham:** Despite some of the things that we have heard about normal postmasters and sub-postmasters who were on £20,000 and below. Did you not know that as chairman of the board?

**Henry Staunton:** Of course I knew—

**Antony Higginbotham:** The discrepancy between the person at the top and the person at the bottom. Did you not care?

**Henry Staunton:** Of course I care. There is an enormous discrepancy, as there is in any other commercial organisation, between the person on the shop floor and the chief executive. Of course I cared, but I don't think that we were that different from anywhere else. Don't forget that when I went to see Mr Shapps, I had only been in the organisation a month or two, if that, so this was not one where I had detailed issues about knowing that we had all these rem issues in terms of the governance—

Q666 **Antony Higginbotham:** I am not sure that that is the get-out that you were hoping for, Mr Staunton. If after a month, given all the problems that we know about the Post Office, you decided to go and ask for a pay rise for the chief executive at the time, it indicates that you were not sufficiently over the detail.

**Henry Staunton:** I was tremendously over the detail. As a chairman, I am more involved in the detail than probably most of my colleagues who are chairmen. Because I am an accountant, I just do that. But this was very early on in my discussions. There was a letter drafted by the HR director, which she had agreed with Nick, but they said, "Look, will you go along to talk to the Secretary of State?" I went with her. The truth is that I saw very quickly that it was a complete waste of time, just as when Minister Hollinrake wrote to us in April to say, "I'm just fed up with all these errors that are happening in the governance of rem." I thought it was a very fair—

**Antony Higginbotham:** Okay.

Q667 **Chair:** That draws this panel to a conclusion. Thank you very much for your evidence this afternoon, Mr Staunton. You have stood by the assertions that you made in the

media that you came away from a meeting with a senior civil servant under the impression that an option was to slow down the pace of redress. You have told us that there is not a hard ringfence around the money for compensation—that is certainly your understanding. You have also given us some pretty bombshell revelations about a boardroom that is in some disarray, a chief executive who is under investigation and a chief executive who has sought to resign, even though he has just told us on oath that has not. Thank you very much indeed for your evidence to the Committee. We will reflect on that in our report.

**Henry Staunton:** May I say one thing, Chair? Some insinuations were made about the SID process with which I strongly disagree. I have appointed more SIDs than probably anyone else who has been interviewed today by some margin, and I have acted absolutely scrupulously and fairly, so I did not want that to pass. If you had asked me, I could have given chapter and verse.

**Chair:** Thank you for putting that on the record. That concludes our panel.

## Cookie settings

Cookies are small files saved on your phone, tablet or computer when you visit a website. They store information about how you use the website, such as the pages you visit. They are used to make websites work and improve your experience.

We use three types of cookies. You can choose which cookies you are happy for us to use.

Read our [cookie policy](#) for more information

### Essential cookies

These cookies always need to be on as they help to make our website work. Essential cookies are a site's basic form of memory, so they do things like remember if you are logged in to a part of the website.

You may be able to block these cookies by changing the preferences on your browser, but this can limit you from accessing our online services.

### Analytics cookies

On

We use analytics tools to collect data on how people use our website to help make improvements.

These cookies let us understand how people access our site, where they are accessing from, what pages they visit and what technology they are using.

### Marketing cookies

On

These cookies may be set by third-party sites and help ensure our marketing content is relevant, timely and interesting to you.

It also helps to measure and improve the effectiveness of our advertising campaigns.

[Save cookie settings](#) [Close cookie settings](#)