



Henry Staunton wrote the memo to himself after his first meeting with the permanent secretary last year and sent a copy to the chief executive the next day

JOSHUA BRATT FOR THE SUNDAY TIMES

■ POST OFFICE SCANDAL


Post Office boss was told 'don't rip off the band aid' on finances

Memo of Henry Staunton's meeting with top civil servant last year says scandal-hit company was ordered to 'hobble' into election

EXCLUSIVE

Oliver Shah

Wednesday February 21 2024, 8.15am, The Times

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A top civil servant told the former chairman of the Post Office to “hobble” into the election and not to “rip off the band aid” in terms of its finances, according to a memo unearthed on Tuesday.

Sarah Munby, who was then permanent secretary at the Department for Business, Energy and Industrial Strategy, warned Henry Staunton that “politicians do not necessarily like to confront reality” and that “now was not the time for dealing with long-term issues”, according to a contemporaneous note of their first meeting on January 5 last year.

Staunton wrote the note that night and emailed it to himself. He forwarded a copy to Nick Read, the Post Office’s chief executive, the following day.

Staunton discovered the memo in his personal emails yesterday and shared it with The Times. Its emergence will reignite the [fierce row](#) between the former WH Smith chairman and the government over the handling of the Horizon IT scandal.

Staunton, 75, who was fired as Post Office chairman last month, gave an [explosive interview to The Sunday Times](#) last weekend in which he claimed that soon after he took the role, an unnamed senior Whitehall official told him to stall on spending on compensation to sub-postmasters wrongly convicted due to glitches caused by a software system supplied by Fujitsu. More than 900 sub-postmasters and others were wrongly prosecuted between 1999 and 2015, in what has come to be seen as one of the worst miscarriages of justice in British history.

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Staunton said that he was ordered to “limp into the election” to save the government money. “It was not an anti-postmaster thing, it was just straight financials,” he told *The Sunday Times*. He said that until “the dam broke” thanks to the release of the ITV drama [Mr Bates vs The Post Office](#) last month, efforts to help sub-postmasters were “getting absolutely nowhere”.

His claims drew a furious response from Kemi Badenoch, the business secretary, who accused him of peddling “made-up anecdotes and a series of falsehoods”. [Badenoch told the Commons on Monday](#) that Staunton’s allegation that he was ordered to stall on compensation to sub-postmasters was “completely false”.

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Her department published a letter from Munby to Staunton congratulating him on his appointment as Post Office chairman and setting out three priorities for him, one of which was “reaching settlements with claimants” in the Horizon scandal.

The discovery of the January 5 memo now raises serious questions over the accuracy of Badenoch’s denial and her decision to brand Staunton a liar.

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Staunton's first meeting with Munby came a month after he took over from Tim Parker in December 2022. His memo says that he told Munby that he "had been on over a dozen public company boards and not seen one with so many challenges". It says that the board had identified a financial shortfall of £160 million as of September 2022 and that "there was a likelihood of a significant reduction in post offices if funding [from the government] was not [requested]".

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"Sarah was sympathetic to all of the above," the memo says. "She understood the 'huge commercial challenge' and the 'seriousness' of the financial position. She described 'all the options as unattractive'. However, 'politicians do not necessarily like to confront reality'. This particularly applied when there was no obvious 'route to profitability'.

"She said we needed to know that in the run-up to the election there was no appetite to 'rip off the band aid'. 'Now was not the time for dealing with long-term issues.' We needed a plan to 'hobble' up to the election."

Although the note suggests that Munby was referring to the Post Office's overall finances, Staunton said that by far the two

biggest items where the Post Office was able to vary its spending were compensation payments and replacement of the Horizon system.

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According to the memo, Munby also referred to “operational issues colouring [the Treasury’s] thinking”. She said that “trust in the [Post Office] board and management has not been high” and warned of appearing to present the government with “another ‘begging bowl’ request”.

It records Staunton replying that “the funding issues revolved around poor decisions made many years ago [with regard to] Horizon and related legal issues”.

The meeting appears to have ended with Munby telling Staunton that Grant Shapps, who had replaced Kwasi Kwarteng as business secretary, was “nice and easy but not interested in meetings... We should expect him to be ‘pushy and demanding’.”

Munby, who is now permanent secretary at the Department for Science, Innovation and Technology, is understood to categorically deny telling Staunton to stall on compensation for sub-postmasters.

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The government said in response to Staunton's original claim: "We utterly refute these allegations. The government has sped up compensation to victims, and consistently encouraged postmasters to come forward with their claims. To suggest any actions or conversations happened to the contrary is incorrect."

A government source said: "The long-standing issues around Post Offices finances are a matter of public record and do not include postmaster compensation, which is being fully funded by the government. Henry Staunton is either confused or deliberately mixing up the two issues.

"Even if we trust the veracity of a memo he wrote himself, and there's not much to suggest we can, given the false accusations he made about the secretary of state in his original interview, it's time for Henry Staunton to admit his interview on Sunday was a misrepresentation of his conversations with ministers and officials and to apologise to the government and the postmasters."

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The government doesn't exactly have a reputation for honesty so why should we believe them? On the other side this man is 75 with a good, long career behind him—what has he got to gain by lying now? Good on him for standing up for himself.

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The answer to your question is revenge and trying to repair his reputation after his sacking. I don't know the full facts any more than you do but there is a clear answer to "what has he got to gain"? It's not necessarily the case that anyone is lying. He may have in all honesty put one interpretat...

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21 FEBRUARY, 2024

What's Harriet Harman up to these days? I do hope nothing happens to her website. Expect more X-rated twittering from the wannabe Prime Minister.

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Good - he has evidence that Badenoch is either a liar and/or incompetent because she didn't check the record. Either way the Speaker should require her to apologise at the dispatch box.

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C

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Apologise? Surely it is time for a 10+ day suspension, a recall, a by election and another one bites the dust.

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Both Ms Badenoch , Staunton and the civil servant should be interviewed under oath. Bring written or taped proof with them. Whoever is lying should be instantly dismissed.

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J

GRO

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BadEnough is not a liar, nor is she incompetent. She is a brazen liar in the mould, weave and woof of Boris Johnson and utterly out of her depth in any contretemps with anyone of substance.

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N

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...

21 FEBRUARY, 2024

She seems to have utter certainty that she is always right. Witness her leadership interview in this paper "I am entirely on top of my brief". Experience suggests that people with such arrogant self certainty yet with no track record of substance (rising through the ranks of a govt which has had mo...

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Or she was just unaware of what another person has said?

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Badenoch is the Business Secretary and, as such, her department oversees the Post Office, and still she steadfastly refuses to put a deadline on the completion of compensation payments, adding government cruelty to the greatest political injustice of our times!

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M

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She said in the house on Monday that compensations will be over by the end of the year as an answer to an MP.

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how does that saying go? "when pigs fly"

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J

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21 FEBRUARY, 2024

The Tories are utterly consistent in one aspect and in one thing only — in blaming any and all others for their shoddy 14-year stewardship of our country!

They will be fittingly dismissed and deservedly humiliated at the next GE.

(Edited)

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K **GRO** ...
21 FEBRUARY, 2024

Oh no!!!! Cabinet minister lies! Just another Groundhog Day with the most corrupt regime in British history.

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N **GRO** ...
21 FEBRUARY, 2024

Agree but unfortunately, I'm fairly sure the answer doesn't lie across the House with Flip flop and Big Ang. As voters, we need more choice and better representation than just these two main parties.

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T **GRO** ...
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Staunton 1 Badenoch 0

Another incompetent and potentially dishonest potential Tory leader who is exposed as being not up to the job?

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C **GRO** ...
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She should resign.

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N **GRO** ...
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That didn't stop BoZo or Truss getting the job

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Geena Kaur ...

G 21 FEBRUARY, 2024
Badenoch ensnared in her own web of lies and doubling-down on her own idiocy .
The end of the 'one trick culture-war pony'has been found out.
And the really stupid about it all is she didn't need to go there !
But the eejit just couldn't help herself .
(Edited)

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H **GRO** 21 FEBRUARY, 2024
Arrogance!
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K **GRO** 21 FEBRUARY, 2024
Badenoch gives timely reminder why her party must be removed.
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N **GRO** 21 FEBRUARY, 2024
Well I know who I believe! Seems his decades in business and experience has uncovered another incompetent in power!
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C **GRO** 21 FEBRUARY, 2024
It appears that neither the civil servant nor her minister understood the implication behind the need to limp the finances home. A basic understanding of the P&L and balance sheet would have helped them avoid Mr Staunton's assumption that they did know. Saying that they want the compensation paid a...
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