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**Review of the Department of Business & Trade Select Committee Statements & Correspondence (DBTSC)
Confidential report to the POL Board**

Draft

March 20, 2024

Terms of Reference

Pursuant to the Department of Business & Trade Select ('POL') Committee session held on Tuesday 27 February 2024 ('Committee'), a number of POL board Non-Executive Directors had expressed reservation over a number of responses provided by Nick Read ('NR'), Post Office Limited ('POL') Chief Executive, to the Committee alongside concerns of POL making the required full and frank disclosure in relation to requested documentation.

It was agreed by the POL Non-Executive Directors **ON THURSDAY 29 FEBRUARY 2024** that I conduct an evidential based review to further probe on the above matter, with specific reference to:

1. **Project Pineapple:** It was understood that the Committee had asked for full disclosure on Project Pineapple. In terms of what had been disclosed based on materials published on the Select Committee website, there appeared to have been 4 emails that were not provided to the Committee. These emails were:
 - a. Email dated 18 January 2024 timed at 23:58 from EJ ('EJ') to NR and Henry Staunton ('HS') headed Project Pineapple;
 - b. Email dated 18 January times at 22:09 from Saf Ismail ('SI') to NR, EJ and HS headed Project Pineapple – STRICTLY CONFIDENTIAL.
 - c. Email dated 18 January 2024 timed at 18:17 from HS to the Board headed Project Pineapple – STRICTLY CONFIDENTIAL;
 - d. Email dated January 23 2024 timed at 16:53 headed Upcoming board meeting, in respect of the issues pertaining to Project Pineapple and resolution of this and other issues at Board;
2. **Project Pineapple:** Alleged inaccurate misrepresentation by NR to the Committee's question in relation to Project Pineapple.

***Question posed by Committee:** You wrote in your letter to me earlier this year that improvements had been made in the culture, but reading the emails that we released yesterday, I saw that Mr Staunton's email included the view expressed by one of the sub-postmasters on the board that "the views expressed by Richard Taylor, and previously by management and even members of the Board, still persisted—that those PMs who had not come forward to be exonerated were 'guilty as charged.' It is a view deep in the culture of the organisation...that Post Masters are not to be trusted." It does not sound like the culture has been improved in quite the way this Committee would hope.*

NR Response: That is a very disappointing email. There is no question that the release of that documentation was deeply troubling to all of us. We met as a board last Wednesday, and the individuals involved in that email refuted the characterisation and the way that it was written, which was pleasing to hear. Notwithstanding that, we know we have a lot more to

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do. We know there is a lot more that we need to do as an organisation to improve. But one of the things that I am very clear about is that there must be opportunity for members in the board to have disagreements. That is why we have invited postmaster directors on to the board to challenge us and to make sure that we make the right calls to postmasters and that, operationally, we are doing the right things, and that can be uncomfortable. I was very acutely aware that, when I suggested to the Secretary of State that we have postmasters on the board, that would inject discomfort. The reason we did that, clearly, is that we needed to get the board and the business closer to the operation and to what postmasters are thinking

3. **Untouchables:** Alleged inaccurate misrepresentation by NR to the Committee's question in reference to the term 'untouchables'.

Question posed by the Committee: *Who are the untouchables, Mr Read?*

NR Response: That is not an expression that I am aware is used in the organisation – not an expression that I recall using. I think there is a misunderstanding in the way that expression has been used. It is referred to as 40 untouchables. I am very, very clear that we have done two pieces of work. One, we have been through all the past roles in the organisation for the last 30 years and we have identified that there are five individuals who have "investigator" or "investigating manager" in their job titles. None of those individuals is involved in any activity to do with investigation today. We also—I think this is where the 40 number comes up—have 43 cases that have been opened up as a consequence of the meetings that Mr Recaldin and I have done with former postmasters, identifying where there are names that have come up in those private meetings and also from the human impact evidence that we have heard in the public inquiry. We are looking into those 43 cases—that is not 43 people, but 43 cases. So this notion of untouchables is not an expression that is used in our organisation. I don't know where it comes from

4. **Postmaster Culture & Engagement:** Alleged misleading misrepresentation by NR to the Committee's question in reference to the culture of the Company – specifically Postmaster culture and engagement.

Question posed by Committee: *Addressing the issues of the past is also about the relationship between the Post Office and postmasters. Existing and former. You were in the room when we heard evidence that there remains what I would describe as a toxic culture, institutional mistrust, and a complete lack of trust between the organisation and postmasters. What are you doing to address that?*

NR Response: I was disappointed to hear that, no question about that. I would probably point to a datapoint. We do an annual survey in the autumn with our postmasters, and the scores on support and rebuilding the relationship have improved markedly as a consequence of the work we have been doing in the organisation. I can give some examples of the type of activity we have done. We have introduced new field teams to support postmasters. We have introduced new schemes to support existing postmasters who are going through difficulties in

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their branches. We have new engagement and communication processes with our postmasters. We have two postmasters on the board, as you know. We have a new postmaster director. In terms of the culture in my central teams, every senior leader has an area that they go out to on a quarterly basis. We have the “A week in the life of a postmaster” training, which every employee must go through to understand. We are about to introduce more training around the inquiry and compensation. We are working hard to change perceptions internally and certainly the perceptions that have been expressed in this room today. We want to try to change those perceptions.

5. **Resignation:** Alleged misleading misrepresentation by NR response to the Committee’s question in relation to whether NR had ever tried to resign as chief executive of POL.

Question posed by Committee: *Have you ever tried to resign as chief executive of the Post Office?*

NR Response: **No. Why do you say that?**

Follow Up from Committee: *Because we have a redress scheme that is in the wrong place, a culture that is in the wrong place, and problems with the information given to this Committee. I would like to know whether you are planning to stay in post to deliver the redress schemes that we have just heard are not performing in the way that they should.*

At the heart of the matter in conducting this evidential based review was to ascertain for each point:

- a) the possibility that NR might have made a statement that was verifiably not true.
- b) the possibility that NR may have made statements that might have the capacity to mislead or could have been put more fully or clearly.

What has been reviewed?

I have reviewed all correspondence and documentation from January 1, 2024 to March 14, 2024 between POL and the DBTSC, including clarification responses sent by NR to the Chair of the DBTSC post hearings. In addition, I have reviewed minutes of the DBTSC held on February 27, 2024 alongside all POL board and POL Nominations/Remuneration committee papers and minutes from June 2023 to January 2024. I have also reviewed internal documentation relating to the annual postmaster survey and pulse survey published in May 2023 and November 2023 respectively, alongside internal correspondence related to Project Pineapple.

Findings:

#1: Project Pineapple (DISMISS)

The February 22, 2024, letter from the DBTSC requesting documentation ahead of oral evidence requested (Annex 1) “The file note from Mr Staunton to Nick Read on an alleged discussion with the legal director on investigations into postmaster directors”. POL went back to the DBTSC on February 23, 2024 (Annex 2) responding “Upon the Select Committee clerks clarifying that “This is a discussion with Ben Foat and refers to an investigation into Saf Ishmail and Elliott Jacobs. This would have taken place after 24 January 2024”, we conducted a search within these parameters and found nothing. However, it is our view that you are referring to a different set of correspondence. In the interests of facilitating Select Committee scrutiny, I have included the correspondence that we think is relevant to your enquiries. Please find this attached. Please note

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the relevant note, titled “Re: Project Pineapple”, was included as an attachment to an email on an unrelated different topic, which we have not included.”

Therefore, in conclusion, Project Pineapple disclosure was not per se requested by the DBTSC but such information was voluntarily provided by POL. It is clear that not all email correspondence related to Project Pineapple was provided by POL to the DBTSC – however there was no direct request for all related Project Pineapple documentation. So this boils down to judgment – should POL have provided full and frank disclosure of all Project Pineapple emails? Under the circumstances, POL provided relevant information based on the specific request of the DBTSC, so the allegation does not hold true and should be dismissed.

#2: Project Pineapple (STATEMENT MIGHT HAVE CAPACITY TO MISLEAD)

Minutes of the POL Board meeting in question (held on Wednesday, February 21, 2024) and referenced by NR in comments to the DBTSC are not available – as this was not a formal POL board meeting and therefore no minutes were taken.

However, a review of all correspondence on Project Pineapple and discussions with both Postmaster NEDs support the view that the substance and characterization contained in the correspondence emails were true – however the tonality and way in which the correspondence was written could have been better.

As such, the statement from NR that both Postmaster NEDs refuted the characterization was inaccurate and verifiably not true. The statement that both Postmaster NEDs refuted the way in which it was written was accurate. So on balance, comments made might have the capacity to mislead or could have been put more fully or clearly.

#3: Untouchables (DISMISS)

A review of board minutes from January 2024 did not include or mention any narrative related to the phraseology of untouchables. However, an Independent NED board meeting held on January 18, 2024 with participation from NR did shed some light on the phraseology. Minutes from this meeting are not available – as this was not a formal board meeting and as such no minutes were taken.

In the meeting of January 18, NR did reference a number of individuals in the business as being untouchable. However, the essence of the question is whether phraseology is used as common language across POL, and no evidence could be found to support this either from NR or broadly across the organisation. The allegation therefore does not hold true and should be dismissed.

#4 Postmaster Culture & Engagement (STATEMENT MIGHT HAVE CAPACITY TO MISLEAD)

A review of all materials related to the annual postmaster research survey of 2023 (conducted in March 2023 - 1642 responses - with results published in May 2023) (Annex 3) alongside CEO updates received by board at the June 6, 2023 POL board meeting (Annex 4) point to the following:

- 34% of respondents felt like a valued and equal business partner (down from 43%)
- 40% of those surveyed felt well supported by the Post Office (down from 54%)
- This follow through to trust metrics with a 12% reduction in those that feel that POL are genuinely trying to improve the relationship

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Later in 2023, a Postmaster pulse survey (1,751 responses) was conducted and produced in November 2023 (Annex 5) which point to the following:

- Compared to March 2023, a significant increase in the proportion of Postmasters pointing to a valued/equal business relationship and a decrease in Postmasters selecting the bottom of the scales in the Pulse survey
- Significant increase in the proportion of Postmasters feeling supported and a corresponding decrease in the number of Postmasters selecting the bottom end of the scale

So, in reference to the statement made by NR, it is clear that NR is referencing not the annual postmaster research survey (published in May 2023) but the 2023 postmaster pulse survey conducted in the autumn of 2023 and published in November 2023. NR's comments in this regard are accurate and reflective of the pulse survey results.

However, given the earlier annual results from May 2023 and noticeable declines across support and rebuilding the relationship than in previous years, on balance, NR could and should I believe have provided more context on the postmaster results, referencing both the annual and pulse surveys to give a fuller picture. Therefore, the statement had the capacity to mislead or could have been put more fully or clearly.

#5: Resignation (DISMISS)

A review of board and committee minutes from June 2023 to January 2024 – POL Board, POL Nominations/Remuneration – did not reference NR seeking to resign or tendering his resignation at any stage.

Whilst a closed session of the NEDs held in November 2023 (not minuted) heard comments made by the former Chairman that NR had strongly contemplated resigning to him and had to be persuaded out of it.

So on balance, following a review of materials, it is not atypical of a CEO to contemplate resignation for a host of reasons from time to time and have appropriate internal discussions. However, I found no record or evidence of NR officially tendering his resignation, nor board minutes discussing the impending resignation or desire of NR to resign. As such the allegation does not hold true and should be dismissed.

Conclusion and recommendations

In conclusion, of the 5 statements/allegations under review, 3 were found not to hold true and should be dismissed. 2 statements were concluded to have had the capacity to mislead or could have been put more fully or clearly but were not concluded to have been statements that were verifiably not true.

This is therefore a matter of judgment, and under intense pressure and mediascrutiny at the DBTSC in two of the statements (#2 and #4) NR could and should have been more disclosive, with comments having the capacity to mislead. However, comments were not found to be verifiably untrue.

Andrew A. Darfoor
March 20, 2024



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 452-604

Witnesses

IV: Nick Read, CEO, Post Office; Ben Tidswell, Chair of the Remediation Committee, Post Office; Simon Recaldin, Remediation Matters Director, Post Office; Simon Oldnall, Horizon and GLO IT Director, Post Office.

Examination of witnesses

Witnesses: Nick Read, Ben Tidswell, Simon Recaldin and Simon Oldnall.

Chair: Welcome to this panel of the Business and Trade Committee inquiry into how we accelerate redress in a way that is faster and fairer for the victims of the biggest miscarriage of justice in British legal history.

As the witnesses have been informed in advance, we have a procedure in Parliament for witnesses to take the oath. We do not use it in ordinary circumstances, but given the context of this oral evidence session, we have decided that we will require the witnesses on this panel to take the oath today. I remind witnesses that they are obliged to tell the whole truth to the Committee, and that any failure to do so will be considered a contempt of Parliament and a potential perjury. Will the Clerk of the Committee please administer the oath?

Nick Read: 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.

Simon Recaldin: I do solemnly, sincerely and truly declare and affirm that the evidence I shall give before this Committee shall be the truth, the whole truth and nothing but the truth.

Simon Oldnall: 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.

Ben Tidswell: 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.

Q452 **Chair:** Thank you very much indeed. Mr Read, have you been dragging your feet in paying redress to the victims of this injustice?

Nick Read: No, I don't think we have. I think we have had some success in terms of the speed at which we have paid, particularly with the HSS. I have heard many comments today about the HSS, but from our perspective, certainly, we believe that we have completed the first tranche, which was the 2,417 of the original applicants to the HSS. We have made offers to them all, and I think in the region of 62% have already been settled. On the OC, I would agree that it is slower than we would want it to be—no question about that. I will ask Mr Recaldin to bring a bit more colour to that, but it is certainly slower than we would hope.

Q453 **Chair:** In a moment, I think. The former chairman of the Post Office has made allegations in public that he received either direct instructions or by a nod and a wink orders, in effect, to try and slow the process down so that "the Tories could limp into the next election", minimising financial liabilities. Do you believe that your chairman did receive such a message?

Nick Read: I don't believe that to be the case. I can categorically say that nobody in my team or I have received any instruction from the Government about slowing down compensation.

Q454 **Chair:** Do you believe the former chairman is lying?

Nick Read: Well, I don't believe it's true. I do not believe that that is the case. I think he has misinterpreted or perhaps misunderstood the conversation that he had with Ms Munby. If I look at the data that I provided to him before he had that briefing, at no stage was compensation mentioned. It was absolutely a conversation about the long-term future and funding of the Post Office. I do not believe that it had anything to do with compensation. He might have been mistaken.

Q455 **Chair:** Is it possible that the former chairman came away from that conversation, as you just said, having misinterpreted what was said to him?

Nick Read: I don't believe it is. We have had no conversations at all about the mixing of funding between the compensation schemes and the overall funding of the Post Office per se. I don't think that that in any way comes through in his notes.

Q456 **Chair:** I have the email from Mr Staunton to you dated 6 January 2023. He reported to you that Ms Munby had said to him there was no appetite to "rip off the band-aid... Now was not the time for dealing with long term issues", and the Post Office needed a plan to "hobble" up to the election. Mr Staunton goes on to say, "I said the funding issues revolved around poor decisions made many years ago with Horizon and related legal issues." So let me ask again: is it possible that the former chairman misinterpreted what the permanent secretary told him?

Nick Read: It is possible. You will have to ask Mr Staunton whether he misinterpreted. I don't believe that to be the case. We have been very consistent that compensation, as I said, was not mentioned in the briefing that he received before he went to see Ms Munby. In the notes that he has suggested, there is no mention of compensation, so I do not believe that to be the case at all.

Q457 **Chair:** Did the former chairman relay anything else either verbally or in any other way to you following that conversation?

Nick Read: Not that I recall.

Q458 **Chair:** Not that you recall. Do you think there may be?

Nick Read: No, I don't. I understand where you are going with this in terms of—

Chair: I am looking for the whole truth.

Nick Read: I completely understand that. I don't believe—I have been quite categoric—that that is the case.

Q459 **Chair:** So you believe that this email that Mr Staunton sent to you is the

only communication, the only read-out, that you have from Mr Staunton about that conversation.

Nick Read: I believe that is the case, yes.

Q460 **Chair:** In the Secretary of State's letter to me late last week, she points out that she took four months to issue a priorities letter to Mr Staunton that was dated 29 June 2023. In that letter, the Secretary of State says that she told Mr Staunton to "inject pace" into delivering compensation for overturned convictions. Have you had any other instructions to "inject pace" into the delivery of the other redress schemes?

Nick Read: Instructions? I think we are all acutely conscious that the schemes are not as quick as they need to be and the balance between fairness, redress and managing public money and the level of bureaucracy is not where we want it to be.

Q461 **Chair:** How did this letter that was sent to the chairman with these instructions show up on your desk? How was that translated into targets for you?

Nick Read: The chairman's letter fulfils a very specific purpose. We have a quarterly shareholder meeting, which is attended by colleagues from the Department and from UKGI, as well as the chairman and myself, and on a quarterly basis we review. The start point for that conversation is the priorities letter that the chairman receives on a yearly basis, so it is part of that process.

Q462 **Chair:** So there was a board-level discussion about this priorities letter.

Nick Read: As I say, the letter itself is discussed on a quarterly basis. That would have been shared, I am sure—I cannot specifically say—with his board colleagues. I am sure he would have forwarded it to his board colleagues. He certainly sent a copy to me.

Q463 **Chair:** So there should be four discussions about this a year.

Nick Read: Four discussions a year with the shareholder, UKGI, the management team and myself, and he and I would attend that shareholder meeting.

Q464 **Chair:** The striking thing about this letter is what it does not say. It does not say that the Post Office is to "inject pace" into any of the redress schemes other than the scheme for overturned convictions. I am trying to understand where the written paper trail is from the Secretary of State to a Minister to the board of the Post Office that basically says, "Speed up."

Nick Read: I do not think it is a paper trail per se, but those are conversations that obviously I have on a quarterly basis at the shareholder meeting. They will be conversations that I have on a regular basis with the Minister. I meet him on a monthly basis, and we talk about the issues that are going on in the Post Office. The speeding up of compensation is a conversation that we would have on a monthly basis.

Q465 **Chair:** I cannot see in the board minutes that you have released to us any

discussion about a ministerial instruction to speed up the pace in redress schemes, so I come back to the question: have you had written instructions from the Department to speed up the processing of redress schemes?

Nick Read: As I said at the very start, I do not think I have written instruction, but these are conversations that clearly we would have with the Department on a regular basis.

Q466 **Chair:** I think the Committee is pretty surprised that you have not had written instructions to speed up the resolution of redress in one of the biggest miscarriages of justice in British history.

Nick Read: I think it is an absolute given that that is what we are trying to do. We are all acutely conscious—I have said it here in this room to the Select Committee.

Q467 **Chair:** You say you are acutely conscious that it is what we are trying to do, but I am looking at the budget for overall redress of just over £1 billion, which you set out in your letter to me. Only 20% of that money has been paid out; 80% of the money has not been paid out. I am trying to understand how acutely conscious you are of the need to get the money out the door.

Nick Read: Very, is the short answer to that.

Q468 **Chair:** But you have no written ministerial instructions to that effect.

Nick Read: Correct.

Q469 **Chair:** Have you had a conversation with the Secretary of State about the need to accelerate redress schemes?

Nick Read: No, I have not.

Q470 **Chair:** Have you had a conversation with the Minister about the need?

Nick Read: Yes. The Minister and I meet on a monthly basis, and we discuss this as part of our agenda.

Q471 **Chair:** If we are looking for a paper trail of instructions from the Department to you about speeding up the process, would we be able to find that?

Nick Read: I do not think that it is going to be that easy to articulate very specifically where that is.

Chair: So it is unclear.

Nick Read: It is unlikely.

Q472 **Chair:** What about the UKGI rep on your board? Has the UKGI rep on your board ever underlined the importance of speeding up the redress system?

Nick Read: She is very clear that the primary objective of the organisation must be to address the underlying issues of compensation, as well as supporting the inquiry and driving cultural and operational change.

I think we are all consistently clear that those are the core drivers of the business.

Q473 **Chair:** But that is different from an explicit instruction and explicit pressure on you to speed up what you are doing to pay out redress. We all understand that “addressing the underlying issues” is management speak. What I am talking about is an explicit instruction—

Nick Read: I have not had an explicit instruction.

Q474 **Chair:** Right. So the Secretary of State has not had an explicit conversation with you, nor has the UKGI rep on the board, but the Minister—thank God—has.

Nick Read: Yes.

Q475 **Chair:** Are you happy with the pace of the redress schemes to date?

Nick Read: No, I am not. I have said that on many occasions when I have been here, which is that we are very clear that the postmasters who have been in this appalling scandal need closure quickly. I am also very clear that to modernise and move the Post Office forward, we need to ensure that redress is completed. I have said in this forum as well that we cannot do that until such time as compensation and redress have been settled for those involved in the scandal.

Q476 **Chair:** Are there any management bonuses tied to the speed of redress?

Nick Read: No, there are not.

Q477 **Chair:** Are there any incentives on you?

Nick Read: No, there are not.

Q478 **Chair:** So there is no written instruction to deliver, no bonuses and no incentives—just a general urging of good will from the Minister, by the sound of it.

Nick Read: Correct.

Q479 **Chair:** He nodded, for the record.

We have heard today from the lawyers who have given us evidence that it may take one to two years to complete the process of providing redress. Do you share that assessment of the timetable?

Nick Read: I might ask Mr Recaldin to be specific about that. I think that he might have a view on how long it is going to take. In fact, may I ask that Mr Recaldin speaks to that?

Chair *indicated assent.*

Simon Recaldin: Thank you. I want to start, if I may, by saying that I am very conscious that I will probably quote a lot of numbers. This is my job; my job in Post Office is to deliver compensation as speedily as possible—

Chair: Believe me, as a former Chief Secretary to the Treasury, I like

numbers.

Simon Recaldin: I am grateful. I am, however, much more conscious that behind every number I quote is a person, and that person has suffered significantly, not only from the original scandal but in terms of the journey that we have made them go through to receive their compensation, and the way that that journey has been managed. I want to apologise for that. That is my opening statement, if I may. This journey to get compensation is not good, and it is too bureaucratic. We are listening because it needs to be faster—and it will be.

Q480 **Chair:** Thank you. And you are going to tell us what your estimate is of how long it is going to take to complete the process of providing redress.

Simon Recaldin: I would also like to, if I may—it is part of the answer to the question—talk about Mr Creswell's evidence around the GLO disclosure, because I think he might be doing himself a bit of a disservice, and therefore this might be better news for the Committee, because—

Q481 **Chair:** Why don't you start with your estimate of how long it is going to take to provide redress, and then we'll unpack it?

Simon Recaldin: —because I think that this will improve that evidence. But in terms of my estimate, I have two schemes. The closure date of the HSS was potentially looming until the excellent ITV series, after which we have had more than 1,000 new claims in—which I think is fantastic, by the way, because my job is to pay out fair compensation. So for you to now ask me to put a timescale on that is going to be challenging, because I had already dealt with 2,500 claims and I had made the offers for 2,500 claims, and we were going through the process of resolving any disputes in that. Therefore I had a trajectory to close all those down towards the end of March next year. Now, with another 1,000 cases in there, I have to reassess that plan—I am sure you understand that—in terms of how I deliver those.

In terms of late applications in the HSS, which were received by the end of September, I will deliver 95% of those offers by the end of March next year, but then I have the new claims coming in. I think it is very reasonable and sensible for bodies such as this to challenge me to put a timescale on those, and I believe that we will put in a target on how quickly we will turn those around. I see no reason why we cannot replicate what they have in the GLO scheme on this.

Q482 **Chair:** So the initial timeframe for the HSS was March next year, but now it is going to take a bit longer because you have just got a load of new claims?

Simon Recaldin: Correct.

Q483 **Chair:** Okay. What about the GLO scheme?

Simon Recaldin: In the GLO scheme, my only responsibility is disclosure.

Q484 **Chair:** Okay, but what is your guess? I mean, we have just we have just

heard that—

Simon Recaldin: I'm not going to guess.

Q485 **Chair:** Okay, let me put the question this way: we have just heard that 45% of the disclosures have not been made. When will those disclosures be made?

Simon Recaldin: That is what I tried to start to answer, Chairman. The knock-on effect of the excellent idea of putting £75,000 as a minimum payment in the GLO scheme is that less disclosure has to be made, so I can now take some of those out of my work stack of disclosure, which makes that 55% more. What we are finding—I am happy to share this with the Select Committee when we have actually done the numbers when I get back to the office—

Q486 **Chair:** You haven't brought those numbers here?

Simon Recaldin: Well, because 55% was last week and now Freeths and DBT have supplied us, "In your work stack, Mr Recaldin, we don't need disclosure on these cases," so I can now discount those, and I believe now that that 55% is actually nearer 64%—

Chair: 64%?

Simon Recaldin: Yes, 64%, which will hopefully help in terms of the Minister's ambition to deliver these offers out by 7 August.

Q487 **Chair:** Okay. For the remaining cases, is there any view about how long it will take to issue disclosures?

Simon Recaldin: Because we have now reduced the numbers of disclosures required, my original plan that was set for July—to complete disclosure in July—will now move to the left. I do not know by how long because I am redoing that plan as we speak—it is live—because we have only just been told how many of that cohort will be taken out by the excellent idea about the £75,000.

Q488 **Chair:** Are we likely to have the GLO scheme concluded by early August?

Simon Recaldin: In terms of disclosure?

Chair: No, in terms of all done and dusted.

Simon Recaldin: You will have to ask the Government and Freeths.

Chair: I did, and they were unclear.

Simon Recaldin: I am responsible for disclosure. I will absolutely provide the disclosure in a timely fashion, as I have laid out.

Q489 **Mark Pawsey:** Mr Read, you appeared before the Committee on 20 June and were challenged by the Chairman about the overpayment of bonuses to board members. Can we take it that that matter has been entirely dealt with now?



Nick Read: It has.

Q490 **Mark Pawsey:** In your evidence you mentioned on many occasions that the Post Office is unable to move on “until such time as we have addressed the issues of the past”.

Nick Read: Correct.

Q491 **Mark Pawsey:** The Chairman has challenged you about written instructions from Ministers or from the Department, but as a management team you have your own imperative to get this business sorted, yet we hear that there are still two years to do that. Why is it taking so long?

Nick Read: It is immensely frustrating. I agree with you. It is stressful and distressing for the victims as well. Clearly, it is extraordinarily complex. Mr Recaldin has just pointed out that we have had 3,560 claimants come forward as applicants, and we have had an additional tranche that have come forward as a consequence of the drama. It is difficult; there is no question about that. There are multiple schemes, and there is no question that that is complicated. I am acutely aware that there is an issue of trust associated with the Post Office. We have to inject into the schemes some independence to give people confidence that this process is independent and independently managed, so that this level of trust can in some way be mitigated. That is the reason it is taking so long.

Q492 **Mark Pawsey:** Eight months have passed since you gave evidence to the Committee. As far as we can see, not a great deal has happened apart from a TV documentary.

Nick Read: I would challenge that. We have finished the HSS, and we have started the OC scheme. There was the Secretary of State’s introduction in the autumn of the £600,000 option for overturned convictions as well as today. There is movement, so I would challenge your view that nothing has happened since then.

Q493 **Mark Pawsey:** Addressing the issues of the past is also about the relationship between the Post Office and postmasters—

Nick Read: Existing postmasters?

Mark Pawsey: Existing and former. You were in the room when we heard evidence that there remains what I would describe as a toxic culture, institutional mistrust, and a complete lack of trust between the organisation and postmasters. What are you doing to address that?

Nick Read: I was disappointed to hear that, no question about that. I would probably point to a datapoint. We do an annual survey in the autumn with our postmasters, and the scores on support and rebuilding the relationship have improved markedly as a consequence of the work we have been doing in the organisation. I can give some examples of the type of activity we have done. We have introduced new field teams to support postmasters. We have introduced new schemes to support existing postmasters who are going through difficulties in their branches. We have new engagement and communication processes with our postmasters. We

have two postmasters on the board, as you know. We have a new postmaster director. In terms of the culture in my central teams, every senior leader has an area that they go out to on a quarterly basis. We have the "A week in the life of a postmaster" training, which every employee must go through to understand. We are about to introduce more training around the inquiry and compensation. We are working hard to change perceptions internally and certainly the perceptions that have been expressed in this room today. We want to try to change those perceptions.

Q494 **Mark Pawsey:** Are you satisfied that the postmasters who have suffered harm are going to be appropriately compensated for that harm? We heard some pretty harrowing experiences just now. Are you confident that that will be dealt with?

Nick Read: I believe it will be. We are very clear—certainly within the administration of the schemes, which Mr Recaldin looks after and Mr Tidswell oversees—that we need to inject independence to give people the trust and belief that they are getting a fair deal. The reality is always that people are going to be frustrated, and that is something we are deeply concerned about. Therefore, we are continuing to try to lower the evidential bar so that people can and will put their claims in and ensure they get the right compensation.

Q495 **Mark Pawsey:** One of the things that we heard from the former postmasters is that many of them simply want closure. They want rid of this horrible period of their lives. Do you accept that many have accepted less than they are entitled to in order to make this problem go away?

Nick Read: It must be possible. I agree with you, Mr Pawsey. I have met with many of the victims. Myself and Mr Recaldin do this regularly and have done, and it is very harrowing. We understand the trauma that people are experiencing. We do understand the difficulties that many, many of our victims have gone through, and that is very challenging.

Q496 **Mark Pawsey:** And how might those people be more accurately compensated, Mr Read—those who have accepted less than they are entitled to?

Nick Read: We are very keen, and have had this conversation with Government, around an appeals process. We recognise that, certainly when we initiated the scheme, at the very start, there may well have been bureaucratic delays and problems with the scheme, so we do want to have an appeals process. We do think that is the right way to go forward.

Q497 **Chair:** I am just looking at some of the statistics. Please correct me if I have got these wrong. In your letter to me of 5 February, you said the budget for the HSS is £233 million. The public statistic is that about £98 million has been paid out. That is only just over 40% of the budget.

Nick Read: This is for the historical shortfall scheme.

Chair: Yes.

Nick Read: Yes. Just about £100 million has been out.

Q498 **Chair:** On the GLO scheme, I don't think we know what the budget is. It is certainly not disclosed. About £127 million has been paid out. On the overturned convictions scheme, £35 million has been paid out. That is 4% of the £780-million budget.

If we put these numbers together and compare it with the £1.2 billion that you wrote to me about earlier in the year, the best-case scenario is that perhaps 40% of the budget for redress has been paid out.

Nick Read: Correct.

Chair: You can't be satisfied with that level.

Nick Read: I'm not. No, I'm not satisfied with that. The core driver is the number of overturned convictions victims who have not come forward—who we anticipated would come forward but have not come forward. That is at the root of the stats that you have just described.

Q499 **Chair:** What is the position on the pre-Horizon cases—the Capture cases? Are you anticipating further claims to come from problems with the Capture system?

Nick Read: I will let Mr Recaldin go into the detail of this. We are very thankful for Kevan Jones coming forward with his eight particular victims of the Capture system. We have obviously spent the last five weeks working hard on it.

Mr Recaldin will give you some detail and some numbers behind what we think we have discovered that occurred between 1992 and the launch of the Horizon system, and the number of individuals who may well have been involved in Capture. It is still a work in progress, but we will give you a very clear breakdown of those numbers. It is in excess of 1,000.

Simon Recaldin: I concur with Nick Read's comments about Kevan Jones. I put on record our thanks—my thanks—for bringing this matter to our attention.

There are eight cases that have been brought to our attention, which have alleged issues with this Capture system. More concerning is that there is evidence from the individuals that four of those eight actually included convictions. That helps us in our investigations because we can go to those courts and try to find evidence around it. This is stuff that happened 30 years ago, and the records are very, very, very thin. So we are doing that. We have mandated our criminal lawyers to go and find some evidence and some disclosure on these cases.

We know from our records that the Capture system was a floppy disk, effectively. It wasn't networked. It wasn't connected or anything. It was a glorified spreadsheet that helped postmasters settle every week, and it did that job. We also recognise that there were issues with it, because we have seen correspondence. Again, thank you to Kevan Jones MP, whom we are grateful to for the supply of that.

There is evidence that the Post Office wrote out to postmasters who used it, to say, "By the way, we got that coding a bit wrong, and therefore there might be an issue; please reboot" and so on. There were errors in the system. We recognise that.

Q500 **Chair:** So there may be further cases that emerge.

Simon Recaldin: There may be. We are in an investigatory stage. It is important that we know the facts around this. We are well into that. We will conclude. We haven't concluded yet whether there is any detriment, but if any detriment has occurred as a result of Capture, then obviously we need to do the right thing.

Q501 **Chair:** And you are happy to update the Committee with your discoveries?

Simon Recaldin: Absolutely.

Q502 **Chair:** Okay, thank you.

When people apply to the Horizon shortfall scheme, they obviously do not know what information you know, so in a sense they are applying blindfold. Do you think that is a problem?

Simon Recaldin: Our evidential bar is deliberately very low on this. That means that if the postmaster says something happened, it happened. Do we look for evidence? Yes, we do look for evidence. But if we cannot find evidence, we take their statement as the evidence. That is pretty clear in terms of our principles.

Q503 **Chair:** You ask people to fill in a 14-page form, which I have read, and which is very complicated. Have you read that form?

Simon Recaldin: Yes.

Q504 **Chair:** Do you think it is simple enough?

Simon Recaldin: No.

Q505 **Chair:** What are you planning to do to simplify it?

Simon Recaldin: This is very much part of the proposal we have pulled together. If I may, there are a number of issues with this. First is the clumsiness, the bureaucracy and the legalese in that application form, in particular at the time it was issued. If you think about the age profile of the people it was issued to, there are some challenges around that. People had to print things off, sign things, re-scan them and send them back. That process can and should be challenged. Mr Hudgell already put it very well: legal representation is only offered at the point of offer, rather than to help people to fill in that form—they might think, "What does that mean, 'in terms of fair compensation'? I don't know what that means." Sir Wyn—the inquiry—has picked that up as well. There is also potentially an issue around consequential loss guidance after the issuance of the scheme. So there are a number of things it is right to look at and challenge. At the end of the original 2,417 cohort, it is right to assure what you have done, and that is exactly what Post Office has done.

Q506 **Chair:** That is quite a self-critique. When did these revelations dawn on you?

Simon Recaldin: Because we are listening. We are listening to people like you. We are listening to the advisory board. We are listening to the Minister. We are listening to the postmasters. Therefore, based on those issues, we are recommending that there should be an appeals process around this, and the advisory board is supportive of that.

Q507 **Chair:** I am holding an example of an offer letter. There is quite a simple table on page 2 that sets out the different heads of loss. If somebody is presented with these numbers, I do not think there is any real explanation of how they were arrived at. Do you think that is fair?

Simon Recaldin: If they receive an offer letter, they are absolutely entitled to appropriate legal advice. By the way, it is not limited to £1,200; it is reasonable legal fees.

Q508 **Chair:** What is the cap on reasonable legal fees?

Simon Recaldin: There isn't—whatever is reasonable.

Q509 **Chair:** Is it uncapped?

Simon Recaldin: It is not £1,200. It was £1,200, and because we are listening, that changed.

Q510 **Chair:** When did that change?

Simon Recaldin: Forgive me; I can't recall. I am happy to provide that information, but it has changed.

Q511 **Chair:** Was it this year? Last year?

Simon Recaldin: It is certainly since I have been at the Post Office, which is since 2022.

Q512 **Andy McDonald:** Let's get this right. We have had evidence that it was £1,200—that those were the fees. We need to have clarity here. So it was £1,200?

Simon Recaldin: It was £1,200, and we have made it very clear that we have changed it to reasonable fees. We have put that on the website and communicated it.

Q513 **Andy McDonald:** You have introduced the lower bar as a concept. We have heard evidence from witness after witness saying that it is anything other than a low bar. One of our postmasters allegedly used money to pay off a mortgage that the Post Office had invented. How is that a low bar? We heard from Dr Hudgell that there are self-evident issues. If this has happened to you, your reputation is down the toilet. You don't need to have that bottomed out—you know that has happened. How is that consistent with you telling this Committee that there is a low bar?

Simon Recaldin: I am very sorry to hear that feedback. We are listening. This is not defensive—please do not take this as defensive; it is not meant to be—but I would say that it is a process. The process might be wrong,

but all these decisions in HSS have been made by an independent panel. So on the point around causation of bankruptcy, that is not a Post Office decision. That decision has been made by an independent panel of KCs looking at what they have been presented. I encourage Mr Hudgell to bring whatever he can, including witness statements, for the panel to reconsider that decision. This is an independent panel making the call.

Q514 **Chair:** Would you mind, at your convenience, letting the Committee know when the cap on legal aid was taken off?

Simon Recaldin: Of course.

Q515 **Chair:** I have not heard any sub-postmasters who are aware of it. I have heard sub-postmasters telling me that they are fighting against Herbert Smith Freehills, one of the biggest law firms in the country, with such inequality of arms that they are unlikely to win. If we look at claims that were settled between 2020 and 2022, I think at that stage it was not clear that people could take 80% of the offer and continue to press their case.

Simon Recaldin: That is correct, Chair.

Chair: Does that mean that claims settled between 2020 and 2022 need to be re-examined?

Simon Recaldin: If they are settled, then—

Q516 **Chair:** They settled, often because they could not afford to fight on. Since then, they have been able to take 80% of the claim in order to put food on the table—

Simon Recaldin: I see. That is another very good reason why there should be an appeals process—correct.

Chair: Right, so we may need to re-look at these claims.

Simon Recaldin: If they have settled—some of them with legal advisers, but most of them without—and they feel they have not had a fair outcome, our recommendation, which the advisory board has made to the Minister and which the Minister recognised in the House the other day, is absolutely to have an appeals process.

Q517 **Chair:** At the moment there is no standard tariff for calculating things such as reputational damage or distress and inconvenience. That makes it very difficult for sub-postmasters to put a claim together. How are we going to resolve that? Are you able to publish a standard tariff, or a guide to how people can construct the right number to apply for?

Simon Recaldin: We rely on expertise, because this is principle-based; it is all built on principles. The people who make those calls are people who make those decisions all the time. They are eminent KCs on the independent panel.

Q518 **Chair:** But the people applying are not eminent KCs, and therefore they need a standard tariff to understand what they should be applying for.



Simon Recaldin: That is fine, and I understand that. What we do not want is a tariff to be restrictive in any way.

Q519 **Chair:** No, but a tariff none the less would help people to get their claim numbers in the right place, would it not?

Simon Recaldin: Yes, it would.

Chair: If it would, will you undertake to produce one?

Simon Recaldin: I can.

Q520 **Chair:** Thank you very much indeed. Have you been told at any stage, by anybody, to try to bear down on the value of claims?

Simon Recaldin: Never.

Q521 **Jonathan Gullis:** Mr Read, do you believe you have changed the culture of the Post Office since taking on the role?

Nick Read: I think we have made a lot of progress, and there is plenty still to do.

Q522 **Jonathan Gullis:** You will have heard from the witnesses earlier that the Post Office is still the Post Office—that was not said in a flattering tone.

Nick Read: No, it wasn't.

Q523 **Jonathan Gullis:** The Chair, in the House yesterday, quoted from board minutes from March 2023 that said, "board members lamented that the board was tired and constantly distracted by historical issues and short-term crises." That does not really sound as though the board has learned the lessons of the past, does it?

Nick Read: I think the specific point that was being referenced in that minute was that the board were keen to get the right balance between the strategic direction of the business and compensation. We had 64 board meetings in 2022, which is why perhaps the comment around tiredness might have come in—

Q524 **Jonathan Gullis:** With the greatest respect, Mr Read, 64 board meetings does not make up for people who spent seven months in prison, or years where—

Nick Read: Of course.

Jonathan Gullis: One of our previous witnesses—Mr Downey, I think, if I got his surname correctly—literally had to flee the country to protect his family and himself. He then came back to seek a claim, only to face some bogus, as Mr McDonald has pointed out, £100,000 mortgage payment. Someone must have got that figure from somewhere, so if the Post Office is investigating someone who is now putting in a claim, that is a question I would have. If so, where have this figure and idea come from? It seems either mythical and made-up, or as though someone is trying to dig up dirt on people who have already been victims of this process. You say you are tired. I don't care if it is 64 board meetings—I suspect it should have been

364 board meetings in a year; maybe give yourself Christmas day off as a treat—to come up with answers for these people who have suffered more than they should have and are still waiting, as the Chair has pointed out, for some form of redress. That, by the way, is what we should all be calling it from now on, and no longer compensation, as Mr Bates rightly pointed out. Henry Staunton, the former Post Office chair, said that the management culture at the Post Office is—these are his words—a “mess”, “toxic” and “mistrustful” of sub-postmasters. Were his remarks accurate?

Nick Read: No, I don't believe they are.

Q525 **Jonathan Gullis:** Why do you disagree with him on this point?

Nick Read: Because I think we have made a lot of progress, certainly since 2019, to try and change the culture of the organisation. Don't get me wrong, this is a scandal that has gone on for 25 years. There was an enormous amount to change, and it won't be changed overnight, but we have made progress. Postmasters have told us that we have made progress—existing postmasters, in the network today—and I think we have made progress, as can be seen from the performance of the network and our postmasters during the crisis of covid, and indeed as we have come out of that. There is no question about the Post Office and its role in the infrastructure of our country—no question at all.

Q526 **Jonathan Gullis:** On mistrust, you were advised by an external legal adviser, Nick Vamos, that the vast majority of convicted people are, among other things, “guilty as charged” and were “safely convicted.” Why did he write this letter to you?

Nick Read: We did a number of things 18 months ago, and it is important that I set the record straight here. Eighteen months ago, we were struggling to understand why postmasters weren't coming forward. We had a trace system; we had involved the CCRC; we had written out to postmasters. We had expressed a real desire for people to come forward, and 18 months ago we asked Peters & Peters, two eminent KCs, to do a desktop exercise to ask whether there was any way we could proactively and pre-emptively go out to victims and say, “Do you know what? We're not going to stand in your way. We're going to ensure that your conviction is overturned. We do not need to stand in the way.”

Q527 **Jonathan Gullis:** I think you will appreciate, Mr Read, that the reason people mistrust the Post Office is because they have been privately convicted. They have had, obviously, spurious claims made against them about where money has gone. They themselves have funded the shortfalls in many cases, leading them to bankruptcy, and then the Post Office themselves admitted to losing the money, as you confessed the last time you were before us. Since 2005, we do not know where that money has gone—it could well have gone towards bonuses of board executives.

Then, on top of that, when people are having to spend years fighting to get convictions overturned and, as the Chair has pointed out, years to process the paperwork and submit some of these forms, I don't blame people for not coming forward. Then I read letters like this, where Nick

Vamos is writing to you saying, "Guilty as charged," and then your letter to the Secretary of State for Justice, the Lord Chancellor Alex Chalk, where you draw attention to what you call a "significant" number of prosecutions, which "raises acute political, judicial, and communications challenges...against...by-passing the normal appeals process." Reading that letter, it feels like you are lobbying the Government—I am happy for you to correct the record if I am wrong—to not go through with this legislation in order to get rid of convictions.

Nick Read: Not at all.

Jonathan Gullis: Because I can't read that letter any other way. I am not a legal expert—I will be interested to hear from Mr McDonald, because I am sure he has an opinion on it as well—but if that is not your intention, as I am sure you are about to lay out, why on earth would you send this letter to the Lord Chancellor?

Nick Read: I have an obligation to ensure that, when decisions are being made by the Government, they are being made with the full information, and that is the full information that we have, the evidence that we have, and the work that we have done. Mr Vamos was very clear. I am not a lawyer, but I could see that this was of significant note, and it was important that the Ministry of Justice had that information.

I was very clear in that letter—and you can read the letter—that we are making no value judgments here, and I have been very clear when I've been here. I want people to get through this process, and if mass exoneration is the right thing, then let's make sure that we get the right legislation in place to deliver mass exoneration.

Q528 **Chair:** Did you commission the letter from Peters & Peters?

Nick Read: No.

Q529 **Chair:** They just sent it to you off their own bat?

Nick Read: They did. It was unsolicited, it came through—

Q530 **Chair:** It just arrived in the post one day?

Nick Read: It did, and I know Mr Vamos is quite happy to come and explain that—to write to the Department as to why he did that—but as I say—

Q531 **Chair:** But in your letter, why did you say you would be "bound" to oppose an appeal?

Nick Read: Because in the Hamilton judgment, we have an obligation to the courts not to concede unless the Hamilton principles are involved. As a lawyer, Mr Tidswell is better placed to explain the detail, but it is very clear that that is an obligation that we have. When this letter arrived, I am also very clear that it is of significance, and it was important, therefore, that the Ministry of Justice were aware of that. But if I go back—

Chair: So you wrote—

Nick Read: If I may, Mr Byrne, we shared this information with the advisory board back in July and again in September, and with the Department, so this is not new information that has just emerged.

Q532 **Chair:** No, I think people are surprised by the way you put it.

Nick Read: I see. Okay, I understand.

Q533 **Chair:** But your answer to us today is that you were following a court-sanctioned judgment when you said, "We are bound to oppose an appeal."

Nick Read: Yes.

Q534 **Jonathan Gullis:** Mr Tidswell, we heard from Mr Creswell earlier that you made a phone call to him about Henry Staunton as chair and that, allegedly, in that conversation—I will let you clarify the record—you said there were board members willing to go if Mr Staunton remained in place. Is that an accurate representation of the phone call you had with Mr Creswell?

Ben Tidswell: Yes, it is. I spoke with Mr Creswell and I explained to him concerns that I had heard from board members and from senior executives about Mr Staunton's behaviour. I passed that information on to him, as the senior independent director of the company.

Q535 **Jonathan Gullis:** You will understand that it will be hard to understand how the Post Office culture has changed if its chairman was engaging in such behaviour that you felt the need to contact Mr Creswell to say that board members were on the verge of quitting if Mr Staunton remained in his position as chair.

Ben Tidswell: I completely disagree with that. I think it is the other way around. If somebody, no matter how senior they are, is misbehaving, or not behaving in a way that is consistent with their role, that will be dealt with, and the Post Office is big enough to be able to deal with that. It is highly unfortunate, and it causes, I am sure, an enormous amount of concern to all of you and to everybody who watches the Post Office and who wants to see it succeed or at least do what it should be doing. I am acutely conscious of that, but let us be in no doubt that, in circumstances in which a very senior individual was doing something they should not have been doing, the system worked, and that information was conveyed as it should have been.

Q536 **Jonathan Gullis:** Can you give details as to what the allegations were against Mr Staunton, or is there still an investigation?

Ben Tidswell: As you heard from Mr Creswell, there is an investigation under way, and I am not going to comment on it, because it is a confidential investigation. But I can tell you what I told Mr Creswell, which was what he told you: there were a number of concerns, the most significant of which were that Mr Staunton was obstructing investigations, and particularly the whistleblowing investigation into him, and had taken steps to circumvent the shareholder's position in relation to the appointment of my replacement.

Q537 **Jonathan Gullis:** This is the final question from me. Mr Read, you said you have, alongside Mr Recaldin, been meeting a number of victims. Do you have a specific number for how many you have met so far?

Nick Read: I think it is 33 that I have met. I think Mr Recaldin has met more like 50.

Simon Recaldin: Forty-nine.

Q538 **Jonathan Gullis:** How regularly are those meetings taking place, or how often are you sending out invitations to come and meet you?

Nick Read: We have been very clear that we are open for any victim to come forward and meet us, and we have done that. We have said that consistently over the last 18 months. I have been to Scotland, to Ireland, to Wales—all over the country—to meet individuals. Even in this building, I have met victims on a one-to-one basis with Mr Recaldin. So it is something that I extend to people, and I am very keen that my leadership team and members of the board also do that, because it is important that people understand the trauma that people have gone through and what they have experienced. I think that will make us a better business culturally and a better business in terms of understanding the postmasters and the trauma.

Q539 **Chair:** You wrote in your letter to me earlier this year that improvements had been made in the culture, but reading the emails that we released yesterday, I saw that Mr Staunton's email included the view expressed by one of the sub-postmasters on the board that "the views expressed by Richard Taylor, and previously by management and even members of the Board, still persisted—that those PMs who had not come forward to be exonerated were 'guilty as charged.' It is a view deep in the culture of the organisation...that Post Masters are not to be trusted." It does not sound like the culture has been improved in quite the way this Committee would hope.

Nick Read: That is a very disappointing email. There is no question that the release of that documentation was deeply troubling to all of us. We met as a board last Wednesday, and the individuals involved in that email refuted the characterisation and the way that it was written, which was pleasing to hear.

Notwithstanding that, we know we have a lot more to do. We know there is a lot more that we need to do as an organisation to improve. But one of the things that I am very clear about is that there must be opportunity for members in the board to have disagreements. That is why we have invited postmaster directors on to the board to challenge us and to make sure that we make the right calls to postmasters and that, operationally, we are doing the right things, and that can be uncomfortable. I was very acutely aware that, when I suggested to the Secretary of State that we have postmasters on the board, that would inject discomfort. The reason we did that, clearly, is that we needed to get the board and the business closer to the operation and to what postmasters are thinking.

Q540 **Chair:** But there is prima facie evidence that the culture is not yet in the right place.

Nick Read: As I say, it is a work in progress; we have been very clear that it is a work in progress. It is deeply worrying and distressing that we are not making the speed of progress that we would like to. However, as I say, at the board we were united in our purpose last Wednesday. All the board members on the call were very clear that we have a direction of travel and that we are going in the right direction.

Q541 **Chair:** So the cultural problem is “work in progress”, not “job done”.

Nick Read: Correct.

Q542 **Ian Lavery:** Who are the untouchables, Mr Read?

Nick Read: That is not an expression that I am aware is used in the organisation—not an expression that I recall using. I think there is a misunderstanding in the way that expression has been used. It is referred to as 40 untouchables. I am very, very clear that we have done two pieces of work. One, we have been through all the past roles in the organisation for the last 30 years and we have identified that there are five individuals who have “investigator” or “investigating manager” in their job titles. None of those individuals is involved in any activity to do with investigation today.

We also—I think this is where the 40 number comes up—have 43 cases that have been opened up as a consequence of the meetings that Mr Recaldin and I have done with former postmasters, identifying where there are names that have come up in those private meetings and also from the human impact evidence that we have heard in the public inquiry. We are looking into those 43 cases—that is not 43 people, but 43 cases. So this notion of untouchables is not an expression that is used in our organisation. I don’t know where it comes from.

Q543 **Ian Lavery:** You recognise the term “untouchables” and recognise where it comes from. Explain that, because other people have got a different view. They are called the untouchables due to the power they wield, their aggressive nature and the fact that they act like “mafia gangsters”—those are not my words, but the words of sub-postmasters at the Sir Wyn inquiry. It has been stated that they operated under a dire culture that still considered that the wrongly convicted postmasters were guilty and on the take. To be quite honest, this reads like a badly scripted gangster movie. You have got a group of investigators turning up at post offices and basically wielding so much power, and frightening the wits—

Nick Read: Well, let me—

Ian Lavery: Hang on. They frightened the wits out of individual sub-postmasters, postmasters, employees—closing them down at will and calling them everything. Like we have heard this morning, they were causing people to actually leave the country and their place of employment—where they have lived—and not return.

Nick Read: Well, that is not happening today. We have not investigated or prosecuted anybody since 2015.

Ian Lavery: I am not saying today; I am saying it did happen.

Nick Read: This may well have happened in the past. The reason we are acting on the cases that have come up in the human impact evidence gathering in the inquiry, and the names that come to Mr Recaldin and I when we meet individually with people, is that we want to build evidence to make sure that no one—no one—is above the law at the Post Office, from the top to the bottom. We will do that. The only way we can regain any form of trust is to be totally transparent and absolutely clear that no one is above the law. That is absolutely the case.

Q544 **Ian Lavery:** Do you believe that, at the time, they acted in the manner described?

Nick Read: Yes, I have heard those stories. I have heard those narratives and I have heard very traumatic descriptions from individuals that Mr Recaldin and I have met—harrowing stories. So I do believe that that is the case and that, where there are individuals, we are investigating them.

However, what I also want to be really clear about is that we do not want to repeat the mistakes of the past. We do not want to just prejudge people in a way that clearly happened to postmasters historically. We will go through due process. If there are individuals who have been involved in activity that is either aggressive or has been unacceptable, then we will explore that. That is what we are doing with the 43 cases.

Q545 **Ian Lavery:** Are there any original investigators from that time still active in investigating current postmasters?

Nick Read: As I say, we have five individuals who were investigators or who had "investigation manager" in their job titles still in the organisation. I am not going to describe what process we are doing, but we are looking into allegations that have been made against those, so there are investigations that are ongoing as a consequence of the 43 casework that I described to you just a second ago.

Q546 **Ian Lavery:** Just for clarity, people who have been categorised by sub-postmasters as mafia, gangsters—

Nick Read: Are in an investigation.

Q547 **Ian Lavery:** Whether they are under investigation is not the point. They are still employed by the Post Office, making investigations into current postmasters.

Nick Read: No.

Q548 **Ian Lavery:** So that is not the case.

Nick Read: No—not the case.

Q549 **Ian Lavery:** So none of them is employed.

Nick Read: Not in investigative roles at all. As I say, there are five individuals—

Q550 **Ian Lavery:** Just tell me, instead of me trying to quiz you. Are they working for the Post Office?

Nick Read: We have five people working for the Post Office who had “investigation” and “investigation manager”—

Q551 **Ian Lavery:** What did you not just say that for?

Nick Read: That is what I just said.

Ian Lavery: It’s not. You’re trying to hide it, man!

Q552 **Chair:** Why are they still employed?

Nick Read: Because these are individuals who have come up during the human impact sessions or during meetings that Mr Recaldin and I have had with victims. To ensure that we have due process, we will investigate these individuals. People know that investigations take time. We want to assess the allegations. We have been out to individuals that Simon Recaldin and I spoke to and have asked them the question—we have followed up. That is what we are doing at the moment, and we will go through a due process. I will ensure that people have the right to reply. That is important. I want to make sure that we have a proper process.

Q553 **Ian Lavery:** Is the Horizon data still being used to support new prosecutions?

Nick Read: We are not prosecuting anybody. We have not prosecuted anybody in the Post Office since 2015.

Q554 **Ian Lavery:** On the Project Pineapple email exchange—I am sure you understand that—

Nick Read: Yes, I understand that.

Ian Lavery: One non-executive director talked about so-called “pathclearing” efforts in the Post Office to settle new financial discrepancies, which have “echoes of the past”, and the responsibility of a man who “constantly reinforces the mantra of ‘all PMs’”—postmasters—“are on the take’.” Do you know what that refers to?

Nick Read: Pathclearing—it is colloquially referred to as pathclearing—is an exercise that we will need to do when we move off the Horizon platform in one, two, three years’ time, whenever that moment is. We will have to go branch by branch and post office by post office to ensure that we manage to migrate from one system to the other. The pathclearing exercise is, “How are we going to go into the branches to make sure that they are fit and ready to accept the new Horizon system?”

I am not sure what he was aiming at with that comment. It hasn’t started. It hasn’t even been planned. We don’t have a delivery mechanism yet in place. But the colloquial term refers to how we will need to ensure that

everybody is fit for purpose, ready to go, and the branch is ready. That is what pathclearing is: how do we help and support postmasters to be ready to accept the new system when we migrate away from Horizon?

Q555 **Ian Lavery:** Mr Read, Mr Recaldin, Mr Oldnall and Mr Tidswell, are you untouchable?

Ben Tidswell: Absolutely not. If people are not complying with their duties, then they are accountable. You see that most clearly with the departed chairman. I certainly expect everybody in the organisation to be accountable. At the moment, in the absence of a chairman, I suppose I lead the board, but I can absolutely tell you that every member of the board believes that as well.

Simon Oldnall: I echo that point. I expect to be held to account in my role by my leadership team—absolutely.

Simon Recaldin: I can echo that and I can tell you that I am challenged regularly. I am very touchable.

Nick Read: So am I.

Ian Lavery: You didn't seem too convinced there, mind, Mr Read. *[Laughter.]*

Q556 **Chair:** Can I check something, Mr Read? You wrote to me on 23 February to say that you do not recognise the 40 investigators remark, but I am looking at the email from Elliot Jacobs of Wednesday 24 January that says: "The culture that PMs are 'guilty' and 'on the take' is embedded in this company and whilst we continue to employ 40+ people who ensured innocent people were found guilty and who continue to believe that mantra, this will never change." I am trying to understand why you don't recognise the 40—

Nick Read: It is inaccurate.

Chair: —but Elliot Jacobs, who sits on your board, or did sit on your board, does.

Nick Read: He did. It is inaccurate. It is not true.

Q557 **Chair:** Elliot Jacobs is wrong.

Nick Read: He is wrong.

Ben Tidswell: He is wrong. He accepts that.

Q558 **Chair:** You said that you don't recognise that remark, but it is clearly common currency among board directors.

Nick Read: Between Mr Jacobs and Mr Staunton, clearly it is, but that is not common currency in our business. Common currency would mean people would be talking about it. It is not common currency.

Q559 **Andy McDonald:** Let me wind back a little to the Nick Vamos issue. Just for the record, Mr Read, did you take it upon yourself to write to the Lord

Chancellor?

Nick Read: Yes.

Q560 **Andy McDonald:** Did you challenge the view that Nick Vamos expressed in his letter? Did you subject it to a challenge process?

Nick Read: No, I didn't challenge his process.

Andy McDonald: You just accepted it.

Nick Read: I recognised that it was a letter of significance. I am not a lawyer, as I say. I spoke with my corporate affairs team, and they felt that it was something that we needed to release. That is what we did. But as I say, I am under no illusions that—

Q561 **Andy McDonald:** So you talked to your corporate affairs team. Did you talk to the board? Did you mention it to the board?

Nick Read: No, I didn't mention it to the board. I don't mention all the decisions that I make to the board.

Q562 **Andy McDonald:** My goodness, that is a pretty significant intervention not to mention to the board.

Nick Read: It is a matter of judgment, and clearly, as the group chief executive, I didn't believe it was the case that I needed to do that. I wasn't drawing any conclusions as a consequence of this. I have been very clear that we were releasing this information because we had done so to the advisory board and to the Government back in September. This is not new news.

Q563 **Andy McDonald:** It's not news? It's a bomb that has gone off, and you are not talking to your board about it.

Nick Read: We have an obligation, and that obligation, from a legal perspective, is why it was important for us to release that information. We're making no judgments about it—no value judgments about it.

Q564 **Julie Marson:** Mr Tidswell, in the first session I had an exchange with Mr Creswell, and I wanted to make sure that you had an opportunity to comment on it. Mr Creswell said to me that he had "never heard...anything like the allegations that were made to me by Ben Tidswell" about the chairman. They included, as you mentioned to my colleague Mr Gullis, silencing a whistleblower and potentially bypassing a board appointment process.

Mr Creswell also mentioned something that I think might be relevant to our next session as well, in terms of interpreting the meanings of various memos and conversations that the former chairman had. Mr Creswell said that "some aspects of the chair's performance in terms of his grip on his brief, and whether he was alert in meetings," were also a concern that had been passed to him. Is that a concern that you raised and that you can expand on?

Ben Tidswell: That is not a concern that I raised in the conversation that I had with Mr Creswell. I think I can say that there was a distinct change in Mr Staunton's behaviour that I perceived once he became aware of the investigation into him. I know that because, as the senior independent director, I was the person who was asked to convey to him that he was going to be investigated. That was in about November last year. I think it would be fair to say that his behaviour changed in a way that was somewhat erratic from that point, and it became more erratic as we got into January.

So, if I am answering your question correctly, I did have some concerns about Mr Staunton's behaviour from about November. Prior to that, I don't think—Mr Staunton has his own style, and that was the way in which he ran meetings and dealt with people. I didn't have a problem with that. It was not necessarily the way I would have done it, but I didn't have a problem with it. I certainly don't recall him falling asleep in meetings or anything like that.

Julie Marson: That is useful. Thank you.

Q565 **Antony Higginbotham:** Mr Recaldin, when you made settlement offers to sub-postmasters, did you mark them as without prejudice and go on to say that that made them confidential?

Simon Recaldin: Yes.

Q566 **Antony Higginbotham:** Why?

Simon Recaldin: We did it because we got legal advice to do it, and when it was set up, that is what we agreed to do—

Antony Higginbotham: Who gave you that legal advice?

Simon Recaldin: And by the way, that is standard practice. But we have listened and we have changed. Without prejudice has now been withdrawn because we have listened and we understand the message that that sends about secrecy and not wanting to disclose, and so on.

Q567 **Antony Higginbotham:** Who gave you that legal advice? I have here a warning notice from the Solicitors Regulation Authority, from 28 November 2022, that makes very clear that you should not do that in those circumstances.

Simon Recaldin: The original legal advice was from our legal advisers, which was Herbert Smith at the time, to go through the process to make sure we are safe in terms of withdrawing without prejudice. We sought other legal advice and the view is that it is a call that you can make if you want to. The recommendation, by the way, is to keep it on, but we understand the optics and the message it is sending, so on that basis in the HSS we are taking without prejudice off those—and retrospectively, as well.

Q568 **Antony Higginbotham:** Was there a conversation when that warning notice was issued about whether it was right to keep them on the

settlement letters? After 28 November 2022, was there a conversation about the fact that the notice had been issued and you needed to review them?

Simon Recaldin: The conversation has been an ongoing one for some time; I can't remember when it first started, but it has been ongoing, because of the feedback we have been having about the optics of what that looks like—hiding behind corporate secrecy and so on.

Q569 **Antony Higginbotham:** It is not just optics. This is a Solicitors Regulation Authority warning notice. I assume you employ a general counsel and you did back in 2022. You would expect your general counsel to keep up to date with warning notices issued by the SRA. Is it your belief that the general counsel was negligent and just did not pay attention to documents coming from the regulatory body for solicitors?

Simon Recaldin: That is not my belief at all. I have to be careful here because, as you know, this has been referred to the SRA and we await the outcome, so I can't comment on that. But the group legal counsel has absolutely been involved in all these decisions.

Q570 **Antony Higginbotham:** Mr Read, last time you were before this Committee, we had an exchange about non-disclosure agreements and I specifically asked, "does the Post Office still use non-disclosure agreements in reaching settlements with sub-postmasters?". You said, "Not to my knowledge." I said, "So no non-disclosures have been requested or signed since you took over as chief executive." You said, "Not to my knowledge", and then you said you would check. I appreciate you have now checked—

Nick Read: I have checked and written to that effect, yes.

Q571 **Antony Higginbotham:** Is it not the kind of thing that you would expect your general counsel to keep you updated on, given that there was a warning notice by the regulatory body?

Nick Read: Yes, that is a fair challenge.

Q572 **Antony Higginbotham:** Mr Tidswell, on a separate matter, in the disclosures we have had of various email exchanges, it is clear that there was some dispute about the process to follow to secure your replacement—whether that was an internal process or an external one. I think the former chairman, Mr Staunton, suggested it was external, but the majority of the board voted instead to make it internal. What is your recollection of how that process worked?

Ben Tidswell: I think that is not quite right; it was the other way round. In fact, it was not even necessarily the other way round, if I may just explain. The original position, which I think was towards the end of last year, was an agreement among the board that it would be an external appointment.

Antony Higginbotham: To get more experience.

Ben Tidswell: Yes. I think it was felt particularly that here was an opportunity to bring on the board someone with different experience, particularly Whitehall-facing experience, who could help us a little bit more with understanding how to navigate Government and policy.

To be very clear, that is not a decision the board can take; it is a decision for the shareholder. All we did at that stage was recommend it to the shareholder and the shareholder agreed with that. Of course it was not something that we said without consultation; it was a position that had been foreshadowed, and we understood that to be the Department's view as well, so we agreed and we started the process.

What happened in January, very shortly before the decision was taken by the Secretary of State in relation to Mr Staunton, was that a series of discussions were convened by Mr Staunton in which he sought to reverse that decision—and, indeed, gave instructions to the company secretary to stop the search, in circumstances where there had not been a proper board meeting to discuss it.

Q573 **Antony Higginbotham:** So he made that decision without consulting the board formally?

Ben Tidswell: Yes. He discussed it with some board members, but—

Antony Higginbotham: But not at a formal board meeting.

Ben Tidswell: Not at a formal board meeting and, most importantly, he had not consulted the shareholder. I think it was always plain—it should have been plain to him, but certainly it was plain to me—that there was no prospect of the shareholder changing its view on that. I think the shareholder had a firm preference for an external appointment.

I think that was the second thing that Mr Creswell referred to this morning, and it was certainly a point that was key in my discussion with him in January, which took place two days after Mr Staunton sent an email about that. You have probably seen the email in which he says to the company secretary to please stop the search. You could probably say that that was somewhat the straw that broke the camel's back, in that at that stage I think it became apparent that something needed to be done—some discussion needed to take place about whether he was the right person to be the chairman.

Q574 **Antony Higginbotham:** Would you characterise the way Mr Staunton undertook that process as pretty standard for how you would approach governance more broadly?

Ben Tidswell: The second bit of the discussion?

Antony Higginbotham: Yes.

Ben Tidswell: No, absolutely not. On the contrary, I think it was not how you would approach governance. It seemed to me, and indeed to other board members who were involved, that it was very odd. It wasn't consistent with what you would do at all.

Q575 **Antony Higginbotham:** You have sat on other boards before, presumably.

Ben Tidswell: I am not on the Post Office board because I am a governance specialist. As you know, I am a lawyer, and I am there primarily to help Mr Recaldin. I joined the board in July 2021 in order to try and push forward all the things we have been talking about today in terms of oversight, and so Mr Recaldin and I work very closely together on that.

I am not a governance specialist. I have chaired a board of a professional partnership with independent directors on it and I have also had a career in which I have dealt with governance issues like the collapse of Barings and the collapse of RBS, where I acted for the non-executive directors.

Antony Higginbotham: It is fair to say you have some experience.

Ben Tidswell: I have a long history and experience of understanding how you do this. And of course, there is a lot of guidance about corporate governance, which is published.

Q576 **Antony Higginbotham:** Finally, to Mr Read, on an unrelated point. One of our roles in this place is to represent people across the country. I am sure we have all been contacted by postmasters and sub-postmasters, certainly since the last evidence session. I have been contacted by quite a few. They all share broadly the same perspective, which is that the culture of the Post Office has not changed; that as postmasters and sub-postmasters, they feel undervalued and under-remunerated; and that they do not feel like they have the ear of the executive team. What would your message to all those people be?

Nick Read: I am deeply worried that that is how people feel. I would want to reassure them that we have postmasters at the centre of everything we are trying to do—from a remuneration perspective, from an engagement perspective, a communication perspective and a support perspective.

We have put in places where we are making ourselves available to them. We have a series of regional meetings with postmasters starting in March and April. I am going to be available—I am always available to speak with postmasters, as we did yesterday with the Voice of The Postmaster and the CWU postmasters. I am available to do that, as is my leadership team.

Q577 **Antony Higginbotham:** But you heard an earlier panel, where we were talking about remuneration and the level of pay that sub-postmasters receive. We heard that it was under £20,000 or just over £20,000. You can't be happy with that.

Nick Read: Of course I am not.

Q578 **Antony Higginbotham:** Surely when you look at remuneration and when you do your next review of how you compensate your postmasters and sub-postmasters, that has got to rise dramatically.

Nick Read: We have a yearly meeting, which is in April, when we discuss the remuneration rates, and that is something that we will be in discussion with the NFSP about—talking to them about how we are going to move remuneration forward.

We have done it relatively succinctly over the last 18 months or so. We had an excellent Christmas this year where remuneration was up by 11.5% over the two months of Christmas, so we are making progress.

We are migrating the business away from some of the core activities of just simple mail and parcel distribution, by bringing in new carriers, by bringing in new business and by building out the banking framework, which will be more remunerative for postmasters as well. It is all about trying to make sure that we can secure the commercial sustainability.

Q579 **Antony Higginbotham:** Could you make a commitment, for example, that your intention is that every postmaster and sub-postmaster gets paid X% above the real living wage, as a bare minimum, and that, if their calculations are that they are not getting that, you will make sure that there is an appropriate package?

Nick Read: As I say, we have hardship funds. We have different ways of trying to make sure that postmasters are, but we will be working this year when we go the remuneration improvements to make sure that we continue to make sure that the proportion of revenue that goes to postmasters increases year on year.

Q580 **Jonathan Gullis:** Mr Read, when you and I last met in January, I asked whether any public relations companies had been hired by the Post Office after the drama had aired.

Nick Read: Correct.

Q581 **Jonathan Gullis:** And I asked what the price of that was. An article in the *Telegraph* today suggests that there is a firm called TB Cardew being paid at a rate of £15,000 a month. First of all, when was that contract agreed?

Nick Read: TB Cardew started working for the business in 2019, and then again in 2022 we had the renewal of that contract.

Q582 **Jonathan Gullis:** Have you had any training from them for your appearance before the Select Committee today?

Nick Read: Have I had any—

Jonathan Gullis: Have you had any Select Committee training as they may call it in public affairs, to prepare for today?

Nick Read: I have obviously prepared for this extremely important meeting; of course I would prepare for it, yes.

Q583 **Jonathan Gullis:** And they have put a briefing pack together with biographies of Members as well as suggested questions that might be asked.



Nick Read: Yes.

Q584 **Jonathan Gullis:** That you are using today. Okay.

Very quickly then, TB Cardew has been the company used. You will understand that there will be concerns that, given the £15,000 a month—an extortionate amount of money—the contrition being shown by the Post Office might not be taken as seriously, if you are effectively paying to spin your way out of a crisis.

Nick Read: I do not follow the logic of that at all. We are a business generating £1 billion worth of income in a year. We have commercial arrangements with the likes of Evri, DPD and banks; we need a PR organisation to work with us to make sure that we promote today's business from both a social and commercial perspective. So I do not, I am afraid, Mr Gullis, believe that that is a fair—

Q585 **Jonathan Gullis:** How much of the company's time has been spent specifically, in percentage terms, on what has happened?

Nick Read: Very little. If the point you are trying to make is about the preparation for today, most of the colleagues on this panel will have done work themselves and we would have had a practice as well, which of course you would expect us to do because we want to take this seriously.

Q586 **Jonathan Gullis:** I just wanted to make sure that postmasters, sub-postmasters and sub-postmistresses feel that the contrition that you have shown on the panel today is genuine and real.

Nick Read: Absolutely.

Q587 **Jonathan Gullis:** And not something that has been rehearsed and prepared for, like a good actor.

Nick Read: No—no it is not.

Q588 **Andy McDonald:** The Post Office is generating income of £1 billion and we hear about hardship funds for postmasters. The juxtaposition of those comments is just unbelievable. Are you going to sort this out by recognising a proper trade union to represent postmasters? That has been sadly absent from this process and is needed.

Nick Read: You will be aware that we have a long-term contract with the NFSP. Clearly, we are trying to work with them to create the right environment.

Q589 **Andy McDonald:** The protections were clearly not afforded to these postmasters.

Nick Read: I understand.

Q590 **Andy McDonald:** Finally, Mr Tidswell you serve on the remuneration committee. Is the issue of the bonuses that were paid closed out—the metric that was calculated opposite the funding of information to Sir Wyn Williams, fraudulently, falsely, put into those accounts to award people bonuses? That would ordinarily lead to a prosecution under the Theft Act.

Is that done?

Ben Tidswell: Yes, it was very clumsy and I do apologise to everybody for that.

Q591 **Andy McDonald:** Clumsy? You have postmasters prosecuted under the Theft Act for false accounting, yet that happened at the senior level at the Post Office.

Ben Tidswell: I am sure that you have seen the two reports into this from Amanda Burton and Simmons & Simmons. I absolutely accept the findings that they made, and the issue is closed out—yes, it is.

Q592 **Ian Lavery:** Hardship funds at the Post Office? This fantastic brand, the Post Office, has hardship funds for employees. I am not sure what that really shows with regard to your leadership, Mr Read.

I believe and understand that you received somewhere in the region of a £400,000 bonus in the last couple of years. Four hundred-odd thousand pounds! Two of the individuals sat here today were receiving wages of less than £20,000—nearly less than the national minimum wage. Your bonuses, on top of your hundreds of thousands of pounds in wages, was 20 times more than their annual salary. Does that not really show how the Post Office is rotten to the core?

Nick Read: I am not going to answer that question in that sense. Clearly, I am well paid and I am clearly in a position where I am trying to make sure that the commercial sustainability of the Post Office is going to be for the next generation as well.

Q593 **Chair:** Let me close off Mr Higginbotham's questions. In your letter to me earlier this year, you said that the offer letters made to postmasters and postmistresses are marked "Without prejudice" so that they are confidential. In fact, when you mark something "Without prejudice", it just means that the contents are not admissible in court; it is not a confidentiality agreement. The letter you sent to us was not a perfect reflection of the facts.

Nick Read: I will have to check that and come back to you.

Q594 **Charlotte Nichols:** Mr Read, you just referred to the Post Office's relationship with the National Federation of SubPostmasters. This is not an independent trade union, and it has been brought up by Alan Bates in front of this Committee in previous evidence sessions as an organisation that was actually complicit in the perpetuation of the Horizon scandal.

Do you think that it is time for the Post Office to recognise an independent trade union that, as in evidence previously given before this Committee by Alan Bates, might actually have supported sub-postmasters, rather than throwing them to the wolves as the National Federation of SubPostmasters did?

Nick Read: We are open to talking to all postmasters and postmaster groups. As I said yesterday, we spoke to the CWU, which represents some 275 to 300 postmasters, and the Voice of the Postmaster group, which

represents more than 1,000 people. I am not closing down any conversations with any specific groups. I am keen to speak to all groups of postmasters to understand how we can move the Post Office forward.

Q595 **Charlotte Nichols:** Thank you. Mr Read, in your earlier evidence today you said, "If mass exonerations are the right course". To be crystal clear, do you believe that this is the right course?

Nick Read: To be crystal clear, we support anything that will accelerate justice for wronged postmasters. I am absolutely clear that if that is what the Government want to do, we will support it.

Q596 **Charlotte Nichols:** But again, do you believe that there are sub-postmasters and sub-postmistresses who are "guilty as charged", as advised by Nick Vamos and raised as a concern by you in your letter to the Justice Secretary? For all the answers you have given about mass exonerations, your answers have been very, "If this is something the Government want to do" and, "If this is the right course". Do you believe that there are people who are guilty who will be exonerated under this? If not, what is your opposition to its being carried out?

Nick Read: I have no opposition.

Q597 **Charlotte Nichols:** So you do not believe that there is anyone who is guilty who will be exonerated under the mass exonerations proposal.

Nick Read: There may well be people, but it is the least worst option. We have heard the Minister say that. These are exceptional circumstances, and if there are one or two or whatever that number is—I do not know what that number is—then fine. However, this is the best way to get the right level of justice for the people who have been wronged.

Q598 **Charlotte Nichols:** So you still believe that there are potentially guilty people, despite all the evidence we have heard up to this point.

Nick Read: I am not sure what you mean specifically by your question. What do you mean "guilty people"? I do not understand that, because—

Q599 **Charlotte Nichols:** You still believe that there are people whose convictions are not in fact wrongful among the numbers of people who will be exonerated under the mass exoneration proposals put forward by the Government and supported by this Committee and the House.

Nick Read: I think as everybody has mentioned, there may well be—I do not know.

Q600 **Charlotte Nichols:** Thank you. Moving on, I do not think that anyone watching today's evidence session could fail to be moved by Tony, Tim and Alan's testimony, the impacts that what happened has had on them and the harm it has caused to them and their families.

Nick Read: Agreed.

Q601 **Charlotte Nichols:** Taking up a point raised by Alan Bates in his evidence earlier today, Mr Recaldin, why did the Post Office wait to start the process

of disclosure, given that it knew the names of everyone eligible to claim, instead of waiting for the claim and therefore causing even greater delay?

Simon Recaldin: Because we needed to agree, and we did agree, the disclosure process with Freeths, the legal team—that is, what they needed in disclosure. At the same time, we got a load of DSARs in as well, which take longer and, from a regulatory perspective, must take priority.

We had to ensure that those DSARs were downsized, then we agreed what Freeths wanted in terms of the disclosure. It did take time; it did take too long. However, we are on it and producing and, as I said earlier, we are at 64% of that target. We are now slightly ahead of target thanks to the Minister's intervention and the £75,000 minimum payment in GLO, which is excellent news, because it means that I can get resource more into that space to speed up the GLO disclosure even more.

Q602 **Charlotte Nichols:** Finally, Mr Read, we have seen delays, lies and buck-passing from the Post Office while hundreds of victims are still left without a path to redress under flawed schemes. Why should you continue to be trusted to oversee the delivery of financial redress to victims?

Nick Read: We are very clear that whatever the Government decide and determine is the right course of action, we will follow it. If people and the Government believe that the right level of trust is not in the Post Office and there is a better mechanism, we will fully support it, whatever it looks like. I am not precious about this: I am acutely conscious that we want to get the best mechanism. Whether it is with or without us, I do not mind.

Q603 **Chair:** Thank you very much indeed. This evidence session draws to a close.

Mr Read, I am grateful for your evidence, but you have been in post since September 2019 and you have told the Committee today that only £1 of every five of the budget has been paid out in redress. You have said that that is not good enough, and that it is much too slow. You have said that the toxic culture at the Post Office is not sorted yet; it is still a work in progress, not job done. And there have been problems with the evidence about PR advisers, but also the use of confidentiality agreements. Tell the Committee today why we should have confidence in you continuing in your post.

Nick Read: Because we are delivering great things for the Post Office in terms of the way that we are performing. Our trading is excellent. The Post Office itself is making profit. Postmasters have improved in terms of the relationship they have with the centre and their trust in our organisation. That is something that we can measure and we have measured. We are making progress and we are listening to postmasters so that we can get right the schemes that we have discussed for the last couple of hours. We are very happy to do that and we are very flexible to do that. We will continue to work hard to ensure that justice is served for the postmasters.

Q604 **Chair:** Have you ever tried to resign as chief executive of the Post Office?



Nick Read: No. Why do you say that?

Chair: Because we have a redress scheme that is in the wrong place, a culture that is in the wrong place, and problems with the information given to this Committee. I would like to know whether you are planning to stay in post to deliver the redress schemes that we have just heard are not performing in the way that they should.

Nick Read: I want to make sure that we get justice for our postmasters, and that is what I will stay to do.

Chair: Thank you very much. That concludes this panel.



Business and Trade Committee

House of Commons, London SW1A 0AA

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Nick Read
CEO, Post Office
[By email]

22 February 2024

Dear Mr Read

Post Office and Horizon: Ensuring fair and swift Redress

Following the allegations made by the former Post Office Chair, Henry Staunton, in The Sunday Times on 18 February 2024, I am writing to request that the Post Office provide the following documents to the Business and Trade Committee before the oral evidence session at which you will appear on Tuesday 27 February 2024:

- (a) A draft report on the role of UKGI in the governance of the Post Office. This draft report allegedly contains the board's findings that UKGI had an 'outsized' influence on the Board.
- (b) Copies of exit interviews, conducted by Green Park, of the three Board Members who resigned close to Mr Staunton's departure. In those interviews, Board Members allegedly criticised the influence of UKGI and asserted that UKGI undermined the effectiveness of the Independent Directors.
- (c) Any records relating to the Board's choice of candidate for the post of Senior Independent Director.
- (d) The letter you allegedly sent to Secretary of State for Justice Alex Chalk MP that included a legal opinion from the Post Office's solicitors Peters & Peters and in which you allegedly stated that in more than 300 cases non-Horizon evidence supported sub-postmasters' convictions.
- (e) Any correspondence or file notes relating to letter (d) that either refer to UKGI or to Mr Staunton.
- (f) Any correspondence that relates to the Post Office's decision not to take action against or to dismiss any of the 40 investigators, colloquially known as the 'untouchables.'
- (g) Any memos from Nick Read in which he refers to the investigators as 'untouchables.'

- (h) The file note from Mr Staunton to Nick Read on an alleged discussion with the legal director on investigations into postmaster directors.
- (i) The note Mr Staunton sent you after his discussion with the Permanent Secretary in which he alleges he was told to 'go slow' with compensation payments.

To be clear, this is a formal request for documents to help the Committee scrutinise the serious issues in relation to the Post Office and Horizon.

As you may be aware, the Committee has the “power to send for persons, papers and records”, where it deems it necessary to exercise it. That power is set out in Standing Order 135(1) of the Standing Orders of the House of Commons. I note that in previous cases persons failing to comply with such requests have been found to be in contempt of Parliament.

To facilitate Select Committee scrutiny by Parliament, I expect a response to this request by 2pm on Friday 23 February 2024. If the Post Office is unable to identify any of the documents listed above, please make a statement to that effect in writing in your response to this request.

The Committee has a general presumption in favour of publication of documents, which will apply in this case. The Committee also intends to publish this letter.

If any of those requests for documents require clarification, please contact the Clerk of the Committee.

Yours sincerely



GRO

Chair of the Business and Trade Committee



ANNEX 02

Dear Mr Byrne,

Rt Hon Liam Byrne MP
Chair of the Business and Trade Committee
House of Commons
London
SW1A 0AA

23 February 2024

Post Office Ltd
100 Wood Street
London
EC2V 7ER

Thank you for your letter of 22 February. As you have acknowledged, a 24-hour deadline for such a wide range of possible documents is extremely challenging. Nevertheless, we are entirely supportive of the need to facilitate proper Select Committee scrutiny, and my team have done what I consider to be an effective job in answering your request in the time available.

I write with our response to each of your nine requests:

(a) A draft report on the role of UKGI in the governance of the Post Office. This draft report allegedly contains the Board's findings that UKGI had an 'outsized' influence on the Board.

I attach both the final report, shared with the Board, as well as draft versions of that report as requested. This report was undertaken in early 2023, as per the 2018 UK Corporate Governance Code and the Corporate Governance Code for Central Government Departments, which both stipulate that there should be an annual evaluation of the Board and its Committees which should be externally facilitated at least once every three years.

I am keen to note some context surrounding the draft and final versions of this report. The draft versions of the report included some sensitive views about the role and performance of the Board. Upon Mr Staunton's review, it was requested that this item be withdrawn from the agenda of the March Board meeting due to the contents of the report – specifically the unfiltered inclusion of certain comments. He requested a significantly revised version of the report, which was finalised in April 2023 and discussed at the June Board meeting.

(b) Copies of exit interviews, conducted by Green Park, of the three Board Members who resigned close to Mr Staunton's departure. In those interviews, Board Members allegedly criticised the influence of UKGI and asserted that UKGI undermined the effectiveness of the Independent Directors.

I would like to take this opportunity to be clear on recent departures from the Post Office Limited (POL) Board. Assuming that the three Board members referred to in your request are Carla Stent, Zarin Patel and Lisa Harrington, it is worth noting that, of these three, only Carla Stent resigned ahead of her term expiring due to other commitments. Zarin Patel and Lisa Harrington both stepped down from the Post Office Board following their term expiries, with short extensions having been granted to both by the Shareholder.

Moreover, the letter refers to the three POL Board Members resigning "close to Mr Staunton's departure". Mr Staunton joined the POL Board on 1 December 2022 and was removed by the Shareholder as POL Chairman effective 27 January 2024. Zarin Patel stepped down from the POL Board 13 March 2023, Carla Stent 17 February 2023 and Lisa Harrington 1 June 2023. It is also worth noting that the exit interviews were conducted by EY.

I can confirm that exit interviews of the departing Board members mentioned above were conducted in March 2023 by EY. A summary of the interviews compiled by EY was provided to the former Chairman and the then Chief People Officer, Jane Davies, with the assurance from EY that the summary would only be shared with the Chairman and Chief People Officer.



Respecting the right to confidentiality of the individuals in question, we are seeking their permission to provide the summary of their collective interviews with the Committee and will update the Committee in due course.

(c) Any records relating to the Board's choice of candidate for the post of Senior Independent Director.

We have undertaken an initial search of emails relating to the appointment of a new Senior Independent Director. We have focused on the period from December 2023 until January 2024, as we believe this is the key period that the Committee is looking to understand. Please find these attached.

(d) The letter you allegedly sent to Secretary of State for Justice Alex Chalk MP that included a legal opinion from the POL's solicitors Peters & Peters and in which you allegedly stated that in more than 300 cases non-Horizon evidence supported sub-postmasters' convictions.

On 22 February, Post Office published the correspondence from 9 January 2024, sent by the Post Office to the Ministry of Justice, on its corporate website. This includes both the letter to Secretary of State for Justice, Rt Hon Alex Chalk MP, and the note provided by Post Office's legal counsel, Peters & Peters. For completeness, I have attached these documents.

I would like to set the record straight on this important matter. We wanted to understand why fewer than expected Postmasters with convictions were coming forward to have their case appealed, despite our extensive efforts to contact people and encourage them to come forward. Therefore, we requested that Post Office's legal counsel, Peters & Peters, undertake to proactively identify, on the papers available, any convictions that clearly met the Court of Appeal test, so that we could pre-emptively offer to concede these cases and thereby encourage people to come forward. The corollary of this work was to quantify how many cases we were not able to concede, based on our duty to the courts. However, that was never the core purpose of the work and the work was commissioned well before the legislation to overturn convictions was proposed.

We also needed to undertake this work in order to understand what funding provision was needed from the Government for compensation. We shared this work with the Advisory Board well before the proposed legislation was announced. We felt it was helpful and the right thing to share the results of that exercise with the Government so that it was fully informed. This was primarily to offer the Government any support that might assist them as they consider relevant issues in advance of passing legislation, without any value judgement on what the correct course of action might be.

The letter also references a note provided by Post Office's legal counsel. This note was not solicited by Post Office and, as can be seen, was sent to express the personal views of its author. In no way were we seeking to stop or slow down the Government's plans for mass exoneration. We have always supported the Government's plans to speed up justice and redress and have said so publicly.

(e) Any correspondence or file notes relating to letter (d) that either refer to UKGI or to Mr Staunton.

From an initial search, we have not found any correspondence or file notes relating to the letter to the Ministry of Justice that refer to UKGI or to Mr Staunton. We will continue our search and if anything relevant is found we will update the Committee accordingly.



(f) Any correspondence that relates to the Post Office's decision not to take action against or to dismiss any of the 40 investigators, colloquially known as the 'untouchables.'

We do not recognise the "40 investigators" remark mentioned regularly in the press and in the House, but believe this has been confused with another figure. We would like to provide clarity here, as we believe this may be a misunderstanding of work that is being completed in relation to allegations of wrongdoing made at Sir Wyn's Inquiry.

In 2023, the POL Inquiry Team began a programme of work to review 30 historic cases based on complaints raised by former Postmasters in the Human Impact Hearings heard at the Inquiry (as well as an additional 2 matters identified by Peters & Peters). These complaints specifically reference allegations of wrongdoing on the part of current and past POL employees involved in the Postmaster cases.

The number of cases in scope was then extended to 43 cases (not 43 people) in total to ensure completeness in reviewing all cases involving any current Post Office employee or used as case studies by the Inquiry (including those cases where no allegations of wrongdoing have been made). We believe this is where the '40' figure has come from.

Each case review is undertaken by an experienced criminal investigator newly recruited to the business. Each review involves assessment of c.95,000 pieces of evidence including documents and recordings. The purpose of the reviews is to determine:

1. **Quality and effectiveness of investigations** undertaken against national standards / codes of practice;
2. **Conduct of current and former employees** who were investigators in these cases;
3. **Lessons learned** to inform current and future practices in relation to policies / procedures / ways of working (noting criminal investigations have already ceased).

Affected Postmasters were contacted in 2023 and asked to participate in the case reviews to provide further context and evidence. Post Office reviewers are now in touch and working to arrange interviews with the Postmasters. However, this does impact timelines on completion of the reviews and in any potential misconduct investigations, with the first meetings starting in February 2024.

We do not comment in the public domain about individual employees or live HR issues, but Post Office takes extremely seriously any allegations of wrongdoing and we are committed to investigating all the allegations which have come to light during the course of the evidence given to the Inquiry. If individual wrongdoing is identified we will act with due process. We are committed to taking, and are taking, appropriate action in line with our internal employment policies and procedures, such as our misconduct policy, and relevant employment legislation where necessary. In cases of suspected criminal activity, evidence will be referred to the relevant law enforcement agency.

However, in an attempt to be as helpful as possible for the Committee, we have also undertaken some work to establish how many former investigators are still in the business. We have reviewed 30 years of employment history. There are five people who historically had the job title 'Investigator' or 'Investigation Manager' that are still employed in the business today. For the avoidance of doubt, none of these individuals are involved in investigation work today.

(g) Any memos from Nick Read in which he refers to the investigators as 'untouchables.'



As we have stated publicly, we do not recognise that term and I have not referred to investigators, past or present, as “untouchables” – nor is it a term in common usage within the business. To confirm this, we completed searches on (g) and have not found anything that refers to investigators as “untouchables”.

However, I want to stress that we take allegations of wrongdoing very seriously. We have learned from the past and are committed to thoroughly investigating any allegations raised against current and past employees. Following due process in regard to investigations is essential and there must never be any interference with a whistleblowing or other internal complaint – no one is above this.

As I mentioned above, if individual wrongdoing is identified then we will act with due process. We are committed to taking, and are taking, appropriate action in line with our internal employment policies and procedures, such as our misconduct policy, and relevant employment legislation where necessary.

(h) The file note from Mr Staunton to Nick Read on an alleged discussion with the legal director on investigations into postmaster directors.

Upon the Select Committee clerks clarifying that “This is a discussion with Ben Foat and refers to an investigation into Saf Ishmail and Elliott Jacobs. This would have taken place after 24 January 2024”, we conducted a search within these parameters and found nothing.

However, it is our view that you are referring to a different set of correspondence. In the interests of facilitating Select Committee scrutiny, I have included the correspondence that we think is relevant to your enquiries. Please find this attached. Please note the relevant note, titled “Re: Project Pineapple”, was included as an attachment to an email on an unrelated different topic, which we have not included.

(i) The note Mr Staunton sent you after his discussion with the Permanent Secretary in which he alleges he was told to ‘go slow’ with compensation payments.

We understand that Mr Staunton’s file note on his conversation with the Permanent Secretary, Sarah Munby, was made public on 21 February 2024 by Sky News and is now in the public domain. For completeness, I have included my copy of this note, as requested. There is no discernable difference between this and the note that was released to the media.

For the avoidance of doubt, I personally have never been instructed to delay on compensation, nor have any of my leadership team to my knowledge – and have worked closely with Government officials and Ministers to deliver compensation as quickly as we can.

In the interests of ongoing transparency, we would like to also take the opportunity to provide one addition and one clarification to the timeline I set out in my letter to the Committee of 16 February 2024. As you will recall this timeline addressed the Committee’s question on ‘When issues with Horizon were first raised with the Post Office’.

Between the 1 July 2013 and September 2013 meetings (p5 of the 16 February letter) there was in fact a further Board meeting on 16 July 2013 (eight days after the publication of the Second Sight’s Interim report on 8 July 2013). Prior to that meeting Ms Vennells updated the Board by email on 8 July 2013 that a review of criminal prosecutions would be carried out by external lawyers in light of the findings of the Second Sight’s Interim Report.

Ms Crichton (then General Counsel) also prepared a paper for the Board in advance of its meeting on 16 July 2013 noting that the criminal case review was to determine whether there



were any matters in the Interim Report that needed to be disclosed to defendants (current or past) in line with POL's ongoing duties of disclosure as prosecutor, and that POL might be exposed to civil actions arising from wrongful convictions. It is unclear whether this paper was formally presented to the Board, but the Board did consider the issue of wrongful prosecution at its meeting on 16 July 2013 so it seems likely that the substance of it was made known to it in any event.

We would also like to clarify the third bullet point on page 5 of my 16 February letter, which suggested that 'The Board was advised of the potential 'risks' with Horizon and how this may impact on insurance coverage, particularly under the Directors & Officers policy in a paper prepared by Womble Bond Dickinson (then Bond Dickinson) dated 7 August 2013.' Following further document review, it appears there is no evidence that the full Womble Bond Dickinson advice was actually presented to the Board, but that the substance of that advice was known to various senior officers in Post Office. Later it seems clear that the substance of the advice was relied on in particular by the Chief Financial Officer at the time (Chris Day) to provide an update to the Board on the coverage position under the Directors' and Officers' Policy. That advice is recorded in a Board Pack for the 26 March 2014 Board meeting.

I propose to continue to update your Committee on what is an ongoing process of understanding more about the past while we support the vital work of Sir Wyn's Inquiry. I hope that this response proves helpful to the Committee, based on the limited time we have had available.

Yours sincerely,

A large, bold, black signature "GRO" enclosed in a dashed rectangular box.

Nick Read
Chief Executive, Post Office Limited

Postmaster sentiment tracking

Jan 21 vs. Jan 22 vs. March 23

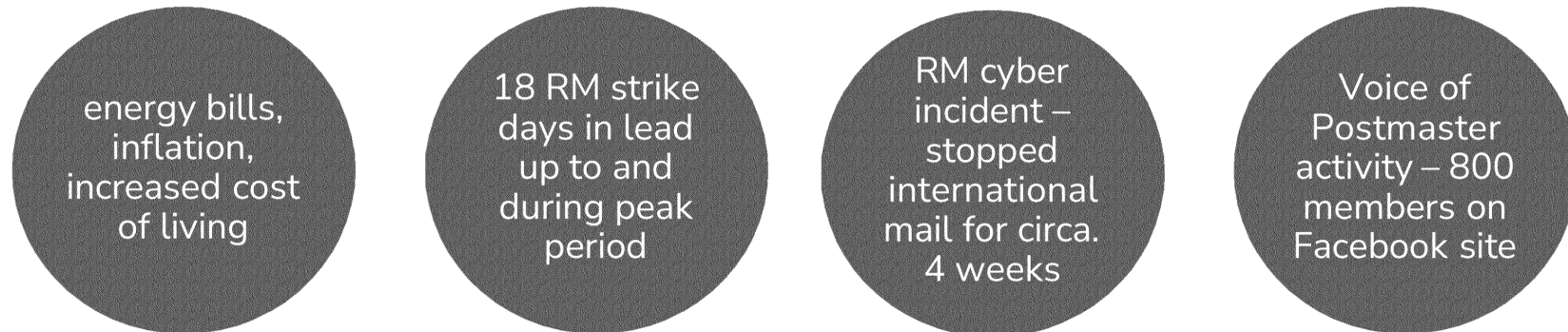
May 2023

ANNEX 03



Context to Postmaster Research results

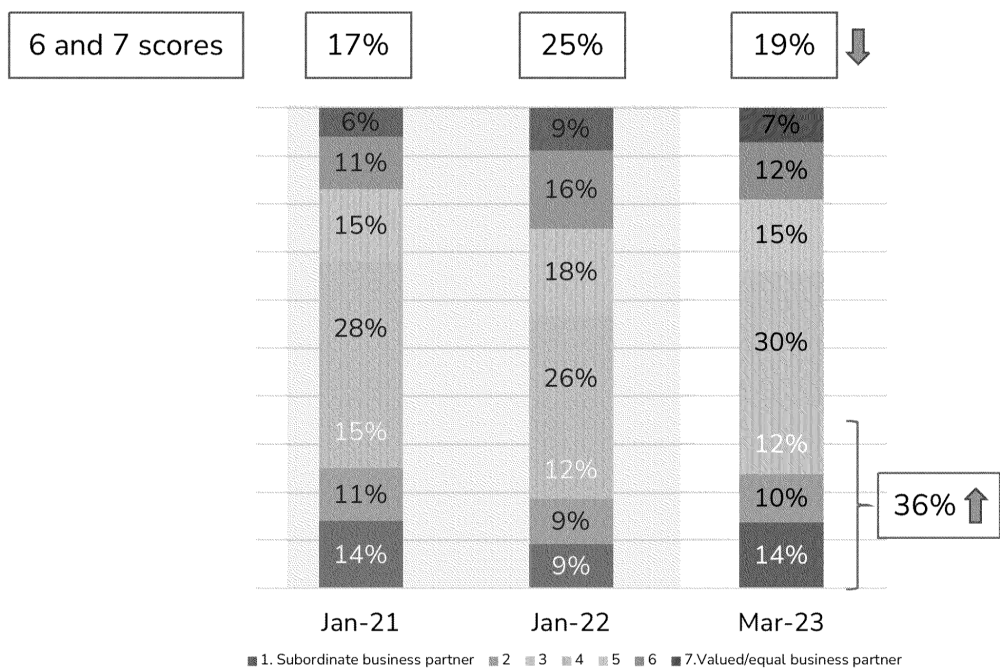
- This is the third wave of Postmaster research, first introduced in 2021 to help us understand overall Postmaster sentiment and their key priorities, as well as helping us plan for the future.
- It's been a difficult trading environment over the past year and this, coupled with activity from the Voice of Postmaster Group, should be taken into account when considering the latest survey results:



- We had 1642 responses over a 4 week period compared to 1313 responses over a 3 week period last year – great engagement
- Flurry of 234 coordinated responses over first weekend, largely driven by the "Voice of the Postmaster" group. This has impacted the research results.
- 23/24 Rem announcement was scheduled and announced approximately 10 days into the survey – this has also impacted overall Postmaster sentiment.

Whilst there is slight improvement on 2021, there has been a reduction in the proportion of Postmasters pointing to a valued/ equal business relationship in hand with an increase of Postmasters selecting the bottom of the scales vs. 2022

How would you describe the relationship you have with Post Office?



Postmasters that completed the survey within the first 3 days of fieldwork are significantly more likely to feel like a subordinate business partner (1 and 2 scores: 47%) and less valued/ equal (6 and 7 score: 10%)

Surveys completed after the first three days of fieldwork show quite different results, closer to the overall findings (6 and 7: 21%; 1 and 2 17%)

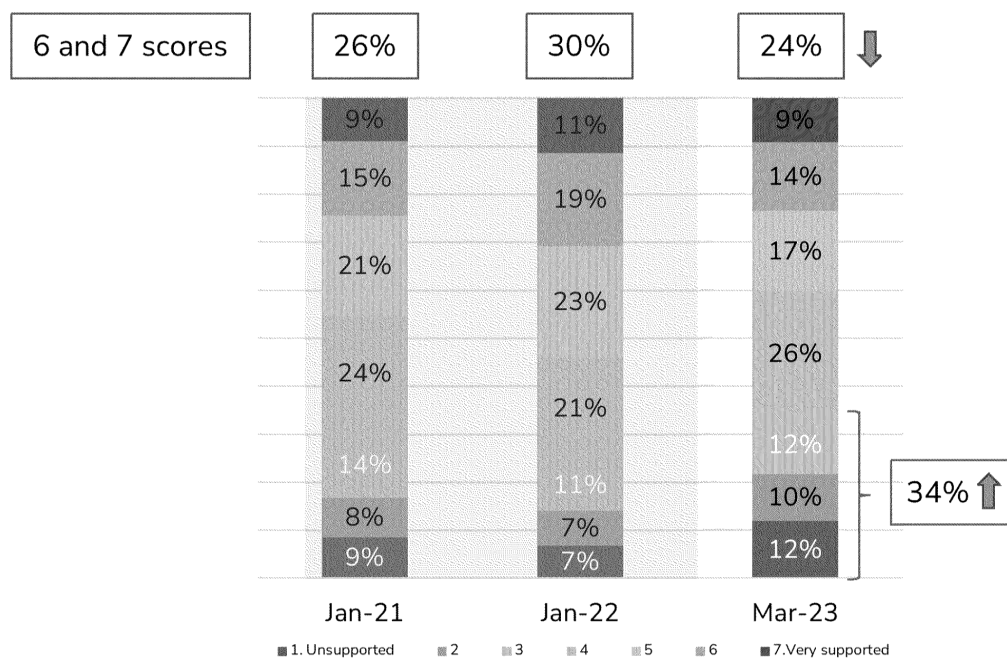
Postmasters that completed the survey after the REM announcement are significantly more likely to feel valued (6 and 7: 22%).

B1 How would you describe the relationship you have with Post Office?
Base wave 1 1,767, wave 2 1313, wave 3 1,642

↑ Denotes a significantly higher score vs Jan - 22
↓ Denotes a significantly lower score vs Jan - 22

There has also been a reduction in the proportion of Postmasters feeling supported (back to 2021 levels) – again, in hand with an increase of Postmasters selecting the bottom of the scales

How supported, or not, do you feel by Post Office?



Postmasters that completed the survey within the first three days of fieldwork are significantly more likely to feel unsupported (1 and 2: 42%)

Surveys completed after the first three days of fieldwork show quite different results, closer to the overall findings (6 and 7: 26%; 1 and 2 16%)

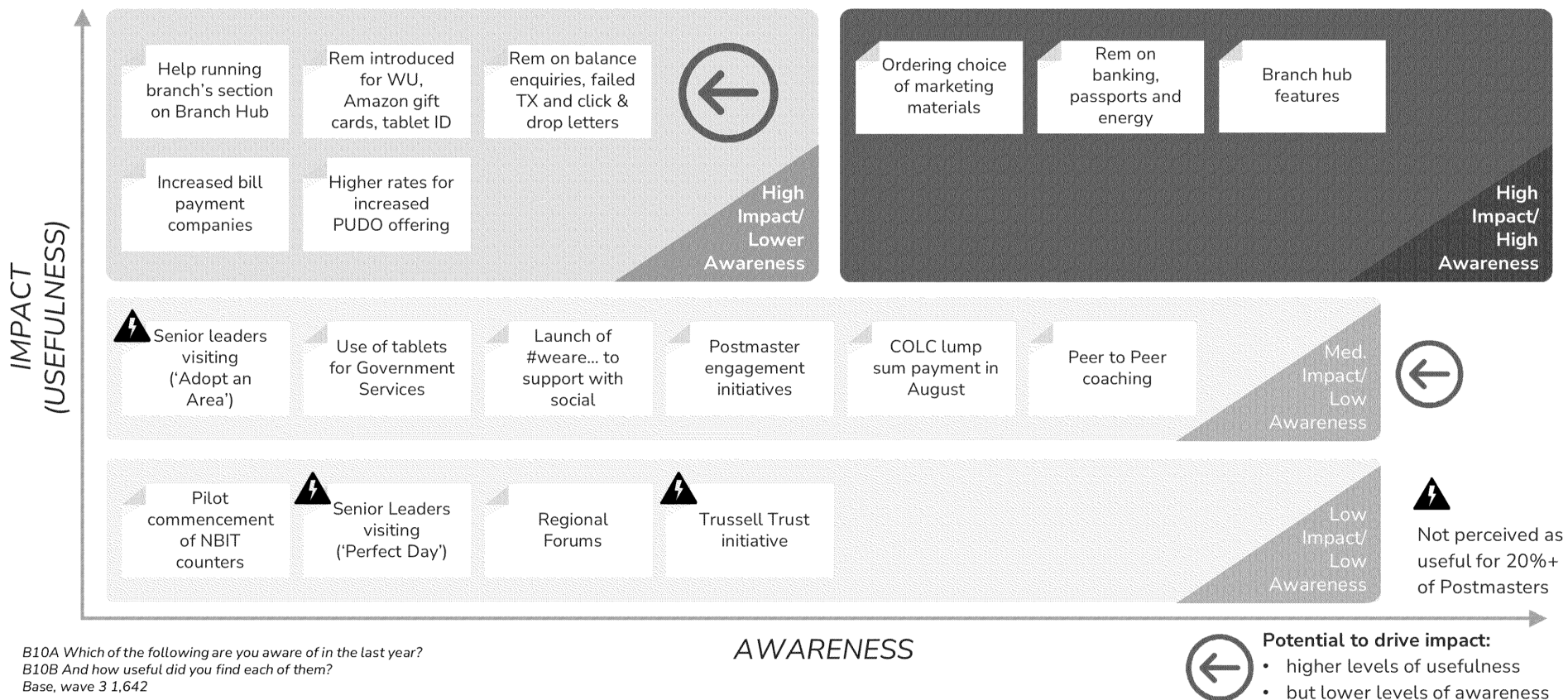
Postmasters that completed the survey after the REM announcement are significantly more likely to feel supported (6 and 7: 28%).

B7. How supported, or not, do you feel by Post Office?
Base wave 1 1,767, wave 2 1,313, wave 3 1,642

↑ Denotes a significantly higher score vs Jan - 22
↓ Denotes a significantly lower score vs Jan - 22

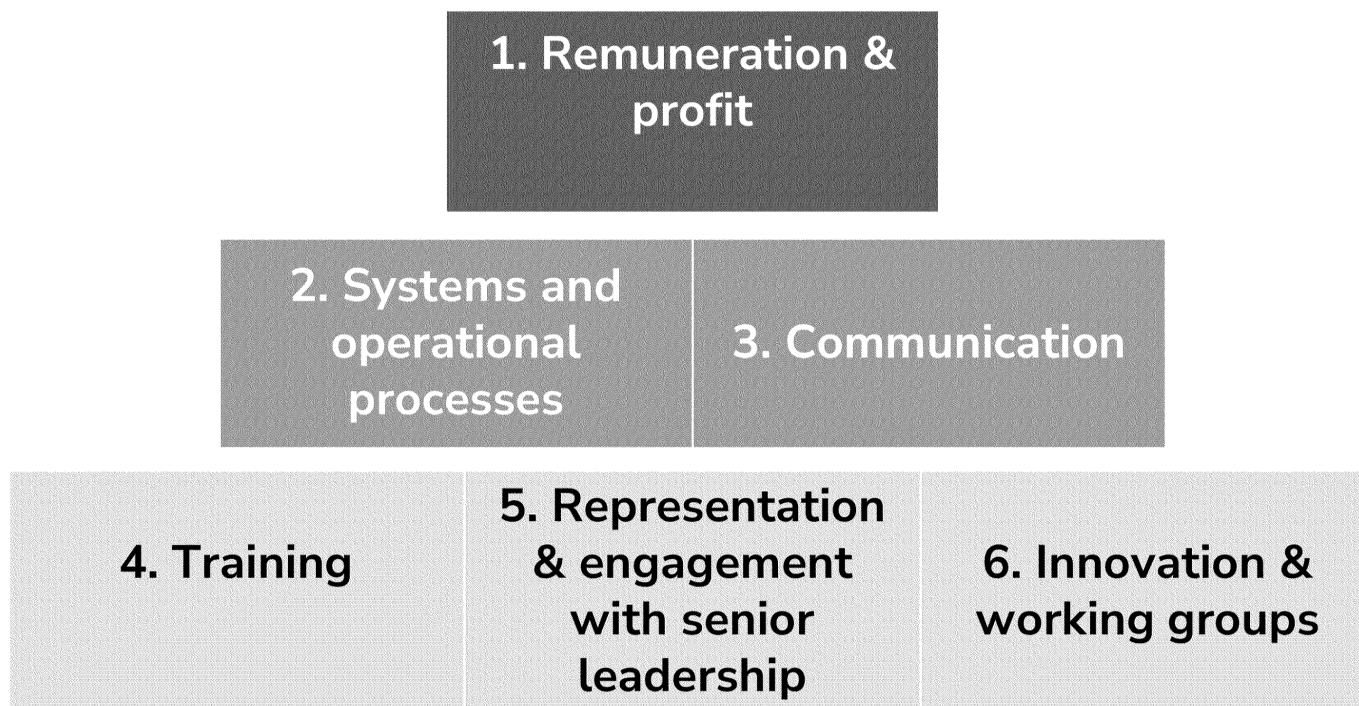
Some of the most impactful initiatives have (relatively) low levels of awareness – higher awareness of these initiatives (←) could help to drive overall impact

Awareness & impact of Postmaster initiatives in last year



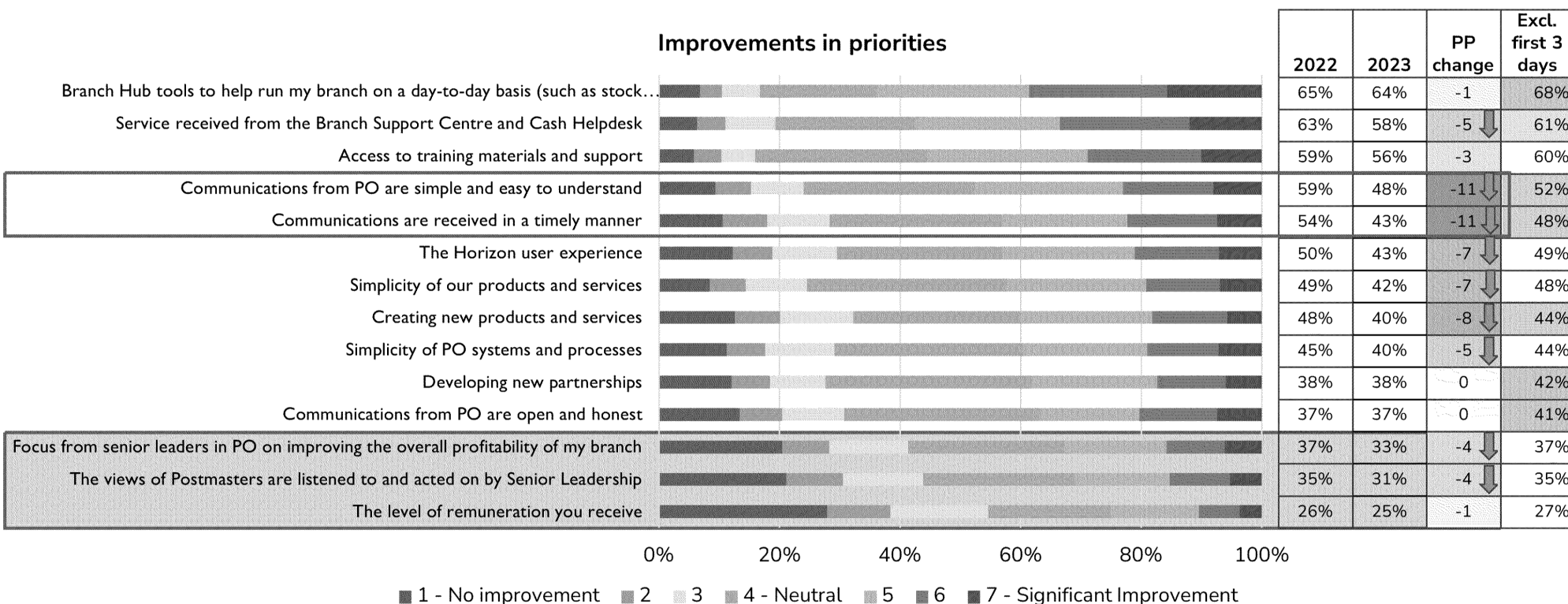
B10A Which of the following are you aware of in the last year?
B10B And how useful did you find each of them?
Base, wave 3 1,642

Two years ago, Postmasters identified 6 core areas for improvement – this remains as true in 2023 as it did in 2021



Whilst 5, 6 and 7 score performance has been relatively consistent year-on-year for some priorities, more noticeable decline is apparent for simple/ easy to understand and timely communications

Net improvement (5-7 scores)



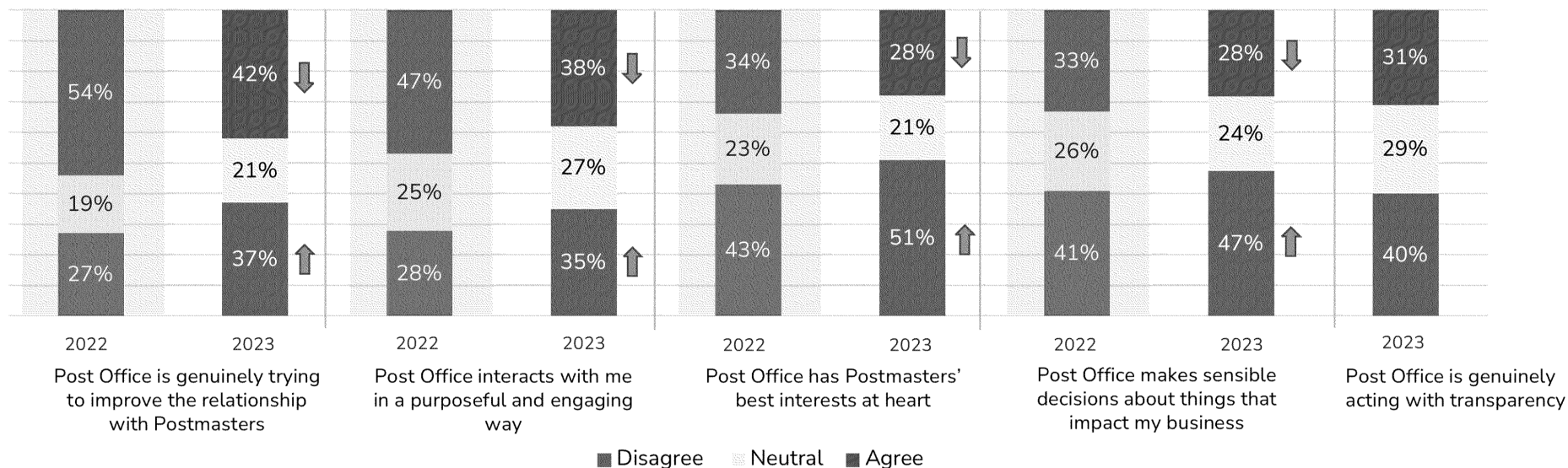
E2a Thinking about the priorities highlighted in the last research, to what extent have there been improvements in each of the areas listed in the last 12 months?

Base wave 2 1313; wave 3 1,642

↑ Denotes a significantly higher score vs Jan - 22
↓ Denotes a significantly lower score vs Jan - 22

There has been a significant decline across the Trust metrics – not into a neutral position, but into disagreement with them. We now have more Postmasters who don't specifically agree that Post Office is genuinely trying to improve the relationship with Postmasters, and only 3-in-10 agree that Post Office is genuinely acting with transparency [a new Trust metric]

Trust statements: added in 2022
Top 3 score and bottom 3 score nets shown



Postmasters that completed the survey within the first three days of fieldwork are significantly more likely to disagree with each trust metric, whereas Postmasters that completed the survey after the REM announcement were significantly more likely to agree with each trust metric.

E2New. Please say the extent to which you agree or disagree with the following statements?
Base wave 2 1,313, wave 3 1,642

↑ Denotes a significantly higher score vs Jan - 22
↓ Denotes a significantly lower score vs Jan - 22

In summary

- There has been a **decline** in Postmaster sentiment vs. Jan–22, after the significant increase seen last year. In many respects, it's a return to sentiment levels seen in Jan-21, though still ahead of these
- This picture carries through to our Trust metrics, all of which have declined, most notably 'Post Office is genuinely trying to improve the relationship with Postmasters'. New Trust metric – 'Post Office is genuinely acting with transparency' – is agreed to by 3-in-10 but is disagreed to by 4-in-10
- There has also been a notable decline in sentiment towards communications being simple/ easy to understand and timely, although the rank order of improved areas is consistent year or year with remuneration firmly at the bottom
- As in previous years, there's a direct link between remuneration and PM sentiment
- An updated list of initiatives have been assessed in this year's study, particularly in the area of remuneration, where several rem initiatives have been introduced or enhanced. It is disappointing, therefore, that overall awareness levels – i.e., of 5+ initiatives – has declined.
- And, as seen in previous waves, there is a direct correlation between initiative awareness and relationship positivity, reinforcing the importance of 'shouting loudly' about key initiatives, particularly in relation to rem
- There are, however, a range of initiatives that are seen to be useful to Postmasters – i.e., as initiatives, they have impact – but a number of these have the potential to be more impactful with higher awareness levels (note: 4 of the 5 relate to commercial opportunity):
 - Rem on balance enquiries, failed TX and click & drop letters
 - Rem introduced for WU, Amazon gift cards, tablet ID
 - Help running branch's section on Branch Hub
 - Higher rates for increased PUDO offering
 - Increased bill payment companies

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WITN11180105





evolve, with Drop & Collect (D&C) numbers now at 267. A further £55k of annualised savings were achieved in April by replacing branches receiving exceptional remuneration, taking the total to £715k pa since the programme started in October. We have also realised over £600k of annualised savings in fixed remuneration from Outreach efficiencies.

23. Plans for the re-launch of the DMB programme have been developed. This will consist of 10 branch closures alongside 10 franchise replacements which will be selected from a long list of 30 advertised opportunities. The aim is to complete in financial year 2023/24.
24. Remuneration for May (based on April trading) was 2.5% (£0.7m) higher than the same period last year – the strongest YoY comparison since July 2022. Alongside stronger relative performance in Mails and the rate increases announced in March, this was boosted by the introduction of the Major Branch Support Payment which will pay out an average of £5.1k to 577 branches over the next year (with the costs accrued in 2022/23).

4

Back Office Postmaster Service & Support

25. Branch Support Centre (BSC) continues to deliver a strong performance, with 79% of calls answered within 60secs (target 70%) and 97% of all calls answered (target 95%) and average wait time of 55 secs. Capacity in the BSC is being utilised to call Postmasters who have recently used the review and dispute button. Whilst successful in collecting discrepancy information, we are likely to see an increase in the number of open investigations due to resource availability.
26. Work has started on creating an action plan to reduce the volume and value of branch discrepancies, collating outputs from both the stakeholder immersion day and EY review. This will be managed as a project and progress reported regularly to GE. This discrepancy action plan will also support the Retail Path Clearing agenda.
27. The FY23/24 Branch Activity Plan and the governance process to keep it up to date has been cascaded to the SLG. The activity plan will be used to assess both branch and field team capacity, and ensure the activity is fit to land and has a robust communication plan. This will ensure change lands right first time, allowing branches to focus on driving performance.

Postmaster Engagement

28. The annual Postmaster Research survey is complete. 1642 Postmasters completed the survey, c.22% of our independent Postmaster population and a significant increase on last year, demonstrating improving levels of engagement and providing a robust data sample size.
29. In terms of the relationship between Post Office and Postmasters, 34% of respondents felt like a valued and equal business partner (down from 43% last year), while only 40% of those surveyed feel well supported by Post Office (down from 54%). This sentiment follows through to our 'trust' metrics, with a 12% reduction in those who feel that Post Office are genuinely trying to improve the relationship, and a 9% reduction in those who feel that we interact in a purposeful and engaging way. There is no doubt that external factors and trading conditions influenced the scores, as well as the action taken by the Voice of Postmaster group over the first weekend of the survey, asking members to score negatively. If we remove data from that period, results improve by 2-3% across the board.
30. The results of the survey were communicated to Postmasters at the annual Postmaster Conference on 11th May in Glasgow and at the NFSP conference on 15th May in Stratford Upon Avon. Both events provided an opportunity to engage with Postmasters face-to-face and it is clear to see that branch profitability is a key driver

5

Strictly Confidential



behind the lower overall survey results this year, followed by a perceived lack of transparency and ability to respond to Postmaster concerns. Our focus must be on tangible improvements in these areas. The first step is to hold a series of focus groups with Postmasters throughout June, followed by detailed action planning with accountable senior leaders.

Retail Field Teams

31. During Q1, we have been focusing on supporting branches in maximising the remuneration opportunities on the back of RMG tariff changes, working with Postmasters to ensure that they understand the recent remuneration updates and the impact this has on their branch using data modelling and then in turn looking at business development opportunities.
32. The team have worked hard to enable 3,810 branches to go live with Western Union. With branches live, our focus has switched to growing the commercial performance and working with the Commercial team to develop a Q1 sales plan. So far this year, 80% of these branches have transacted and we are seeing positive movement in WoW growth.
33. Following the success of the "Branch Profitability MOT" visits during Q4, we are now commencing the next round of visits for this quarter. We will complete 1,000 visits in Q1 with the focus being on Travel services, Banking and operational efficiencies. Postmasters will also be able to request an MOT visit by email.
34. Recently, the team have been working with the c.1,200 branches who lost the P739 service as part of changes announced by Royal Mail. The impacted branches are working to raise awareness of the Local Collect service which still allows customers to divert undelivered parcels to their nearest Post Office.
35. Our network provision team continue to manage the impact of the McColl's branch closures. Out of the 56 branches, 9 replacement branches have opened so far, with a further 6 confirmed openings across the next three months. We have interest in a further 21 branches, with these branches being in the onboarding process.

The team continue to try to engage with Postmasters whom we wrote to as part of our Hard to Place Programme. Approximately 130 Postmasters. Offline conversations with Callum from NFSP confirm our offer of a 12 month payment solution was a welcome option, albeit there is still a long way to go.

Strategic Partnerships (SPs)

36. P1 income has started strongly for SPs finishing +10%vs target, with remuneration at £8m (+4% YoY). This is a welcome increase, however, there remain concerns around rising costs for partners which continue to be greater than the remuneration increases, meaning strong performance in the coming months will be critical to future success.
37. Contract negotiations are complete, with the first two strategic partners now moved across to our 3-year Contract Framework agreement. This provides stability to the business through secured network numbers. A further two partners are due to sign by the end of May, including Morrisons, securing our single largest SP portfolio for 3 years.
38. The first 7 D&C branches opened within the SP network as we continue to explore opportunities with partners in widening their estates with different formats. This is a key strategic priority for the year ahead and is showing positive signs of performance so far.

Postmaster Pulse Survey

ANNEX 05

November 2023

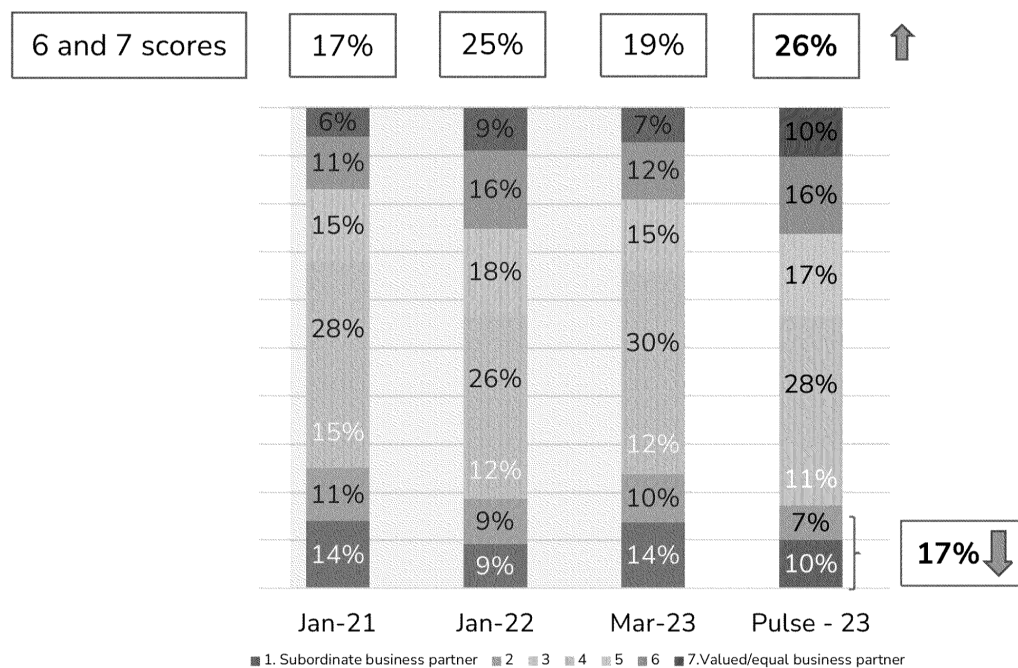


Executive Summary

- Compared to March 2023, there was a significant increase in the proportion of Postmasters pointing to a valued/equal business relationship and a decrease in Postmasters selecting the bottom of the scales in the Pulse survey
- Similarly, there was also a significant increase in the proportion of Postmasters feeling supported and a corresponding decrease in the number of Postmasters selecting the bottom end of the scale
- In terms of the questions which we use to indicate levels of trust, there were also significant shifts across the five metrics.
 - The biggest positive shift was for 'Post Office interacts with me in a purposeful and engaging way' with agreement rising by 9%
 - In addition, although at a lower level of agreement, scores for 'Post Office makes sensible decisions about things that impact my business' also rose by 8%
- In terms of improvements Postmasters would like to see, unsurprisingly remuneration was mentioned most frequently along with transparency/honesty and working closely with Postmasters. However, there were also positive mentions around Area Managers and general positivity
- Although there is still a lot to do, these results indicate that sentiment is moving in the right direction

There has been a significant increase in the proportion of Postmasters pointing to a valued/equal business relationship in hand with a decrease of Postmasters selecting the bottom of the scales vs. March 2023

How would you describe the relationship you have with Post Office?



Since the annual survey started, these are the best scores for the top 2 and bottom 2 boxes we have seen.

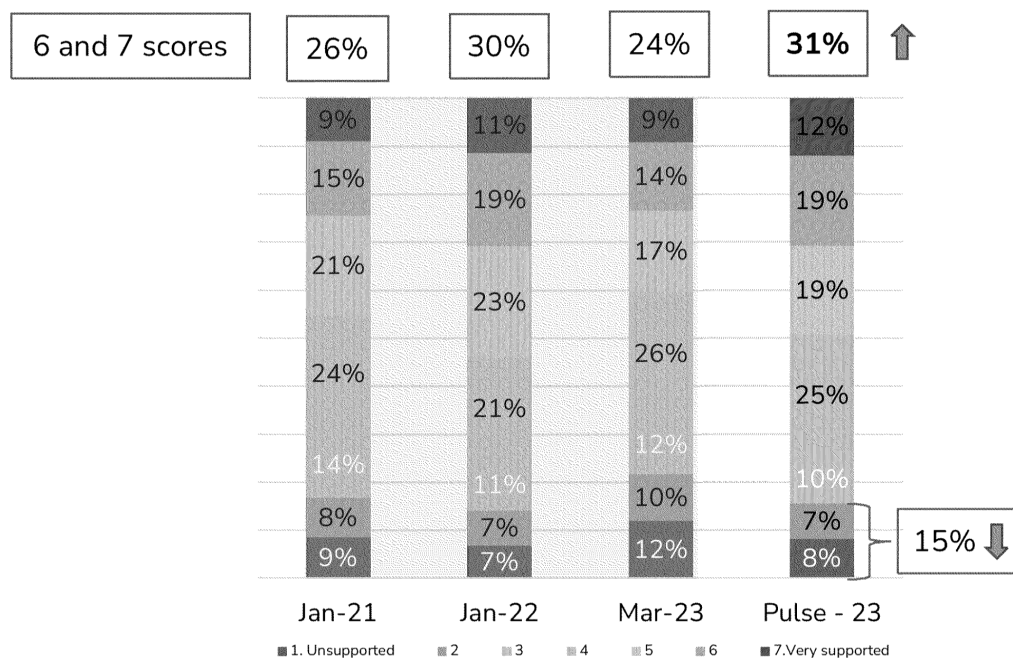
Although we have much to do, we are listening to and communicating what Postmasters have told us need to change, as well as improving our engagement structure.

↑ Denotes a significantly higher score vs Mar - 23
↓ Denotes a significantly lower score vs Mar - 23

B1 How would you describe the relationship you have with Post Office?
Base wave 1 1,767, wave 2 1,313, wave 3 1,642, wave 4 1,751

There has also been an increase in the proportion of Postmasters feeling supported, in hand with a decrease of Postmasters selecting the bottom of the scales

How supported, or not, do you feel by Post Office?



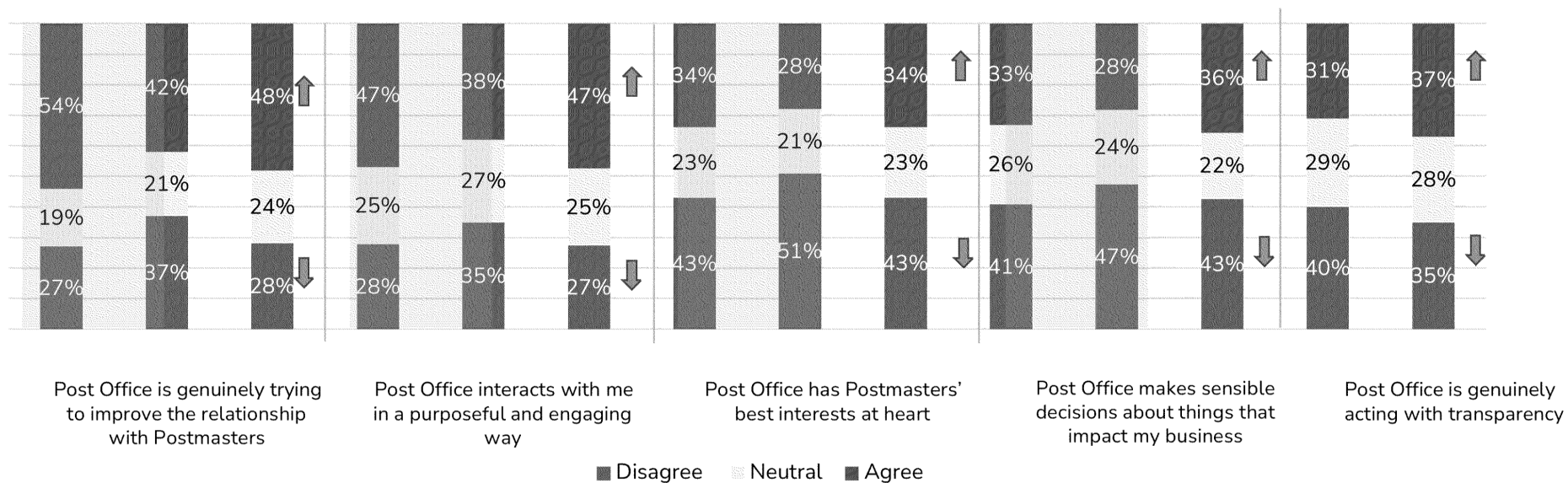
Since the annual survey started, these are the best scores for the top 2 boxes we have seen.
The Commercial excellence visits are supporting PM's improve their business

↑ Denotes a significantly higher score vs Mar - 23
↓ Denotes a significantly lower score vs Mar - 23

B7. How supported, or not, do you feel by Post Office?
Base wave 1 1,767, wave 2 1313, wave 3 1,642, wave 4 1,751

Statements which are indicative of 'trust' between Postmasters and POL also saw a significant improvement in the Pulse survey compared with earlier in 2023

Trust statements: added in 2022
Top 3 score and bottom 3 score nets shown



E2New. Please say the extent to which you agree or disagree with the following statements?
Base wave 2 1,313, wave 3 1,642, Pulse 2023 1,751

↑ Denotes a significantly higher score vs Spring 2023
↓ Denotes a significantly lower score vs Spring 2023

Unsurprisingly, remuneration rates are still the most mentioned issue, but also the need for transparency / honesty and to work closely with Postmasters and branches



Is there anything you would like to tell us that would help improve the relationship between Postmasters and Post Office? N = 949

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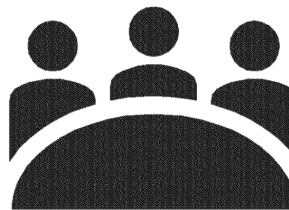
Stand-out Feedback

I witnessed and attended meetings with other post masters and retail directors recently, it was very open dialogue meeting and good amount of feedback was given. More of these meetings and dialogues can help breach a gap between PMs and POL

We always get help and support from post office and our area manager visits my branch and updates all staff

The post office is doing a better job now then in the past and your area manager give them full credit And the post office has been doing a lot of things right with banking sector and expanding courier services as well just keep pushing for more

Very supportive to postmaster and thanks to Zoe (AM) and team. They are always good in helping me in any situation if I needed. Many thanks



I do see a lot of relationship building but when you think things are changing there are headlines about another issue from past or present

Overall, very happy and have good communication, and if I need anything there is always someone there to ask and help is available from my area manager. It would be good for Post Office to act as a liaison person so local post offices can meet each other properly at times so we know how we can support each other locally

I'm always helped by Post Office and always get good support from the Post Office manager.

I am really happy that the relationship between postmaster (myself) and the post office with the short experience I have, is running smoothly

Methodology

The Postmaster Pulse survey was carried out online and administered by our research agency, Quadrangle

The survey was live for Postmasters to complete between 12th October 2023 and 12th November 2023

1,751 responses were completed by Postmasters, with 949 leaving verbatim comments for review

Full list of coded verbatim comments

Remuneration rates	25%
Transparency/ Honesty	11%
Work Closely With Pm'S/Branches	10%
Better Communication	7%
Pleased With Area Manager	7%
More Products/Services- /Don'T Remove/Lose	7%
Listen To Pms Concerns	6%
Cutback On Cost Of Senior Management	6%
Happy	5%
Po Not Interested/Opposing Interest	5%
Underappreciated/ Undervalued	4%
Board/Senior Management Incompetent/Unfit	4%
No Hope/Future	4%
Help Business Grow	4%
Horizon/Tablet Needs Improvement	4%
All Services Available In All Branches	3%
Helpdesk	3%
Organisation That Represents Pms/More Say In Decision-Making	3%
Slow To Sort Out Problems	3%
Training-Provide	3%
Undercut By Rm/Online Sales	3%
Pay Us A Salary/Wage/Financial Assistance	3%
Reducing Transaction Time	2%
Banking-Develop	2%
Restore Trust	2%
Provide Holiday Pay	2%
Stand Up To Royal Mail	2%
Not Interested In Small/Rural/Certain Branches	1%
Power To Decide Which Services Branch Can Offer	1%
Paid The Same For Same Transaction	1%
Ordering Stock	1%
Po % Of Transaction Fee Unfair	1%
Customer Abuse	1%
Other	9%
Don't know/ NA	7%
Base	949