

For the attention of the Rt Hon. Liam Byrne.

GRO

From Henry Staunton

By Email

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Dear Mr Byrne,

### **Post Office and Horizon: Ensuring full and fair redress**

I wanted to thank the Committee once again for the opportunity to give evidence and the fair way in which you and your colleagues have addressed the scandalous behaviour of the Post Office towards the postmasters over decades. I wanted to reiterate that my purpose in going public over areas of concern was motivated primarily by a wish to expose the real issues that have thwarted attempts to secure timely and appropriately generous redress.

While there has been real progress since the *Mr Bates versus the Post Office* ITV drama in removing some of the obstacles holding up redress for the Post-Masters and their families, and here I believe the Committee deserves credit for continuing to exert pressure on Government, I am concerned that the endemic cultural issues within the Post Office are still not being adequately addressed. In so far as the Committee feels that it is still a proper matter for their consideration, I wish to put a number of further points of clarification on the record for the Committee to consider.

These relate to:

- 1) The Ongoing Investigation which was prompted by the Speak Up Complaint into alleged bullying by the Chief Executive Nick Read
- 2) The bullying allegations about me which the Secretary of State referenced in her Statement to the Commons
- 3) The issues around the appointment of the Senior Independent Director to the Board
- 4) Ongoing treatment of Postmasters.

#### **1. Investigation into the Speak Up Complaint**

I think we would all agree that there seems to be a lack of clarity around the Investigation that was prompted by the Speak Up Complaint, and while I have cooperated fully with that investigation, I remain concerned about the way it is being handled in a number of respects:

- The Speak Up Complaint from the HR Director was directed at Nick Read and Nick Read alone. This has been confirmed by her to the Committee, and would be corroborated:
  - by her original letter to the Board on July 24, outlining her concerns about the alleged bullying of her by Nick Read as well as about the culture that Nick Read was allegedly perpetuating,
  - in her Speak Up document, which I believe the Committee has seen,

- and by the supporting evidence to her complaint which runs, I believe, to 80-90 pages, which I referred to in my oral testimony as being part of the Speak Up Complaint.
- Nevertheless, the Terms of Reference of the Investigation have included separate and unrelated allegations against me about use of politically incorrect and potentially offensive language. I have addressed the allegations in my oral evidence to the Committee and subsequent written clarification. The implications of the allegations, namely that I am racist and misogynistic, are ones that are deeply distressing, would be contested by everyone who knows me, and are definitely not borne out by my behaviour as a champion of diversity in all the organisations I have worked for, including the Post Office. It is not clear to me how these allegations became incorporated into an investigation which was prompted by a whistleblower complaint about alleged bullying by the Chief Executive, particularly as the complaint was directed at no-one else, and did not mention me by name.
- Notwithstanding the above, the Post Office has continued to insist that the Speak Up Complaint was directed at individuals other than Nick Read. I refer to the letter to the Committee by Ben Tidswell, the SID, on February 29, 2024, and the Dear Colleague letter from Mr Tidswell on February 27. Amanda Burton, a POL non-executive director, and member of the Investigation Steering Group repeated that assertion in her letter to the committee on March 7. The latter was sent even after the HR Director had again clarified that the Speak Up Complaint was directed at Mr Read and no-one else.
- I believe that Mr Read has been accorded considerable leeway in the course of this investigation which has not been accorded to myself or the HR Director. For instance, I understand that he had full access to documents presented by the HR Director ahead of her formal complaint, despite her having asked that they be presented to the Board but not shared with Mr Read. This was on the reasonable grounds that he was the subject of her bullying complaint, and that she had a right as whistleblower to confidentiality, and, as a victim of such conduct, to protection from further potential bullying. Mr Read's requests for extra time to prepare for interviews have also been readily accommodated, a facility not granted to myself or the HR Director.
- The HR Director appears to have received none of the protections that would normally be accorded to a whistleblower. Indeed, she was dismissed from her post, rather than being suspended on full pay pending the outcome of the investigation. She is also having to meet from her own pocket, despite being out of work now for 9 months, the full expenses of having to cooperate with the investigation, which I understand feel to her increasingly like having to mount a defence and tantamount to a continuation of the bullying by other means. Meanwhile Mr Read is able to draw on the resources of the Post Office and ultimately the taxpayer to fund this exercise.
- Governance of the investigation is also unclear. Neither I, nor the HR Director had any say on either the composition of the Committee or its Terms of Reference. There are number of reasons why it is not clear that the members of the Investigation Committee can be regarded as genuinely independent. I would refer to the fact that they have seen fit in their recent letters to the Committee to support what is a clearly a collective POL position to reinterpret the Whistleblower's complaint in a manner which suits Mr Read and paints the Whistleblower in a bad light by implying that she and not the Post Office is holding up the investigation. It is also not clear what protections have been put in place to ensure that Nick Read or colleagues sympathetic to him are not able to exert undue influence on the investigation.

- It is also unclear why the investigation is taking as long as it is or indeed what if any action it is mandated to consider as a result. The timetable has repeatedly been drawn out – I understand from Amanda Burton’s latest letter to the Committee that they are now looking at April to conclude their work. This has placed unbelievable stress not only on myself, but particularly the HR Director, bearing in mind not just at the expense of engaging lawyers for such a protracted period, but also the implications for her ability to enforce her rights under employment law, as well as to secure future employment.
- For all these reasons, you will understand why an increasingly plausible explanation for the Post Office’s conduct in relation to this investigation, is a desire to muddy the waters, dilute the investigation and deflect it away from Mr Read, in short to subvert its objective in order to silence a whistleblower and eliminate me as her chief supporter on the Board from the equation. There may be alternative explanations for the way the investigation has been conducted, but at this point, I cannot see them.

## **2. The bullying allegations reference by the Secretary of State**

Hard as it may be for the Committee to believe, but I was more surprised than anyone that the Committee had not been made aware prior to my evidence, that Nick Read was under investigation for allegedly bullying the HR Director. Since the Secretary of State referenced allegations of bullying against me personally in her statement to the House of Commons, I have been trying, without success, to work out what she might have been referring to.

The only instance of investigation into bullying at the Post Office of which I am aware, is the investigation prompted by the Speak Up complaint about alleged bullying of the HR Director by Nick Read. I note that the SoS did not mention bullying when she sacked me in January - a fact which has been corroborated by civil service record of that call between her and me and which the Committee has seen.

As discussed earlier, the investigation prompted by the Speak Up Complaint against Nick Read has been widened to include other allegations against me, but there is no mention of bullying in the Terms of Reference that I was sent.

The only incident that I can recall which might possibly have given rise to accusations against me of bullying behaviour, related to a conversation where I had cause to speak sternly with the Legal Director, Mr Foat. This was in regard to his blatantly aggressive pursuit of the Postmaster Directors and indeed the Whistle Blower, Ms Davies. You will have seen the note from Mr Jacobs who was even more critical of Mr Foat than I was. This was the sort of conversation that a Chairman would very occasionally need to have with an executive and, in the case of Mr Foat, was entirely warranted. But it could not reasonably be construed as bullying, and indeed has never been taken up with me by Mr Foat or anyone else for that matter.

## **3. The issues around the appointment of the Senior Independent Director to the Board**

The Secretary of State did refer to in the telephone conversation regarding my dismissal and also in her statement to the House, to allegations relating to the appointment of the Senior Independent Director (SID).

As we were not able to address this issue in the time allotted for my oral evidence, I would like to take the opportunity here to set the record straight.

The facts of the matter are these:

Ben Tidswell wanted to step aside as SID following a new appointment he was taking up at the Competition and Markets Authority .and we had to decide on his successor.

It is important, by way of context, to understand what is accepted as good governance and the role of a SID within a properly run Board, particularly as I have been accused, despite my considerable experience on corporate Boards, of flouting basic governance principles.

To begin with, I would refer you to the Higgs Report and subsequent standards which recommended the appointment of a SID. The SID position is a point of contact for the Chairman, the non-executive directors and also the executive directors. It was and has remained the case that the SID appointment was not the preserve of the shareholder but of the Board and particularly the non-executive directors.

I was contacted early in the process by the CEO of UK Government Investments (UKGI) to suggest that the Board consider the benefits of a SID with Whitehall experience. I felt this was a perfectly proper request which I relayed to the Board. There was some suggestion that I, as Chair, could make a recommendation on whom I thought was the right candidate for the SID role. However, my previous methodology had been to speak to every director and I told the Board that is how I would proceed. My role as chairman here was to ascertain what the view of the Board might be and to ensure it was properly communicated.

I contacted each director with the Company Secretary sitting in all the calls. There is no question that I was absolutely scrupulous with regard to the process. The voting was split within the Board with four Directors voting for an internal appointment and four voting for an external appointment. I relayed this back to the Board. I recommended that in view of the preference of the shareholder, we should go externally for an individual with Whitehall experience. Headhunters were appointed on that basis.

However, as more and more issues surfaced in the months that followed, the views of Directors changed. You may recall that Post Office was confronted in December and January not just with the furore sparked by the Mr Bates drama, but also the row over the derogatory remarks made about the postmasters by the former Communications Director Richard Taylor, and Mr Read's letter saying that the majority of Post Masters were " Guilty as Charged " .

Against that backdrop, I had a meeting booked with The Chair and CEO of UKGI on 23 January. Prior to that meeting, I called a meeting of the Directors of the Board (excluding the UKGI appointed Director) to review any issues they wished me to raise with the UKGI team. As I said in my email to them it was good governance to meet once a year without the UKGI director present. At that meeting with the Directors (Mr Tidswell was not available) I received a clear message from the Directors present that we had so many problems that it would be far better to have a SID from within our number. It was felt by the majority of the Board that familiarity with our business problems seemed to be more of a priority than Whitehall experience. I asked the Board to take the time to have another think about the issue, as this was a serious change of course. I agreed that I would contact them again within a couple of days This I did, and six Directors ( including the CEO ) voted to go with an internal appointment . Two Directors voted against. The most adamant of the two dissenters was the UKGI Director. I wrote to the Directors confirming that their preference, on further

reflection, was to have an internal appointment and the majority view was to appoint Andrew Darfoor. I took care to explain that we had to go through a process with the Nominations Committee (NomsCo) and particularly the full Board, and that we would have to explain our decision to our Shareholder. I had in mind that we would need to meet as a Board both with and without Andrew Dafoor (the Board's preferred choice of Sid, and already a non-executive director) present. I was not pushing a personal view; I was merely acting as a servant of the Board throughout the process, as a Chairman properly should. I understand that the process may have been moving in a direction which might have displeased UKGI and, by implication the Government. However, at the point at which I was dismissed, that process was still ongoing. It is utterly wrong to suggest that I was trying to bypass the process when I was insistent to the Board that correct procedure be followed. To suggest, given my record during my long career of punctilious observance of governance at the highest level, that I was cavalier about governance is personally very wounding as well as self-evidently incorrect.

#### **4. Ongoing treatment of Postmasters**

Last, but not least, I wanted to address the subject of the treatment of the Postmaster Directors, as I did not have the opportunity during my oral testimony to respond to remarks made by the Post Office witnesses with respect to my memo on the subject.

I was somewhat surprised that in his sworn testimony Nick Read told the Committee that the Post Master Directors "refuted the characterisation and the way that it was written". You should know that prior to circulating the memo, I asked for both Postmaster Directors to confirm that they were happy with every word in that note, which they both did by return, as the emails show. Mr Jacobs wrote to Mr Read on 24 January that: "I do not see anything in it which is not true and indeed it reflects the feedback from Post Masters." This is the same note where Mr Jacobs states that: "the culture that Post masters are "on the take" and are "guilty" is embedded in the company." "Meanwhile the "untouchables" ( your words ) who work in Investigations ( run by Foat ) investigate everything and everyone " and " Nothing has changed and the approach towards me was precisely how we treated PMs back in the day " .

At the Select Committee Mr Read said he did not recognise the comment "untouchables" and yet most of the Directors have heard him use it and Mr Elliot uses the expression " your words " in his email. I did find it astonishing to discover that the Postmaster Directors were themselves under investigation whilst directors. Indeed, that was the reason for the conversation with Mr Foat, the legal director to which I referred earlier. If Mr Elliott has now felt it necessary to repudiate his express agreement with my remarks when confronted by Mr Read, one has to ask why.

To conclude, I recognize that to many observers, these issues are a distraction from the main area of concern which is the appalling behaviour of the Post Office towards the Postmasters and their families. However, I believe that by drawing attention to the toxic culture within the Post Office which the current management team are still refusing to own up to, I have highlighted one of the major reasons why, for all the public expressions of sympathy and concern, too little is being done to expedite redress.

I am pleased that as a result of what the Committee has recommended, the Government has been forced to accept that the Post Office is not fit to be allowed to oversee compensation and that it needs to be handled by an independent body.

I remain concerned however that the Post Office's investigation, far from achieving the objective it should have been set, from the beginning, of addressing the toxic behaviour within the senior management team, will ultimately serve to exonerate those responsible while failing to achieve the vindication that the whistleblower deserves.

It is not ultimately for me to conclude whether the Committee has been misled by the Post Office. However, it is clear to me that the testimony of the Post Office witnesses for the Committee has often been at variance with accounts that are supported by written contemporaneous evidence.

As long as the Post Office is able to persist in asserting its own version of the truth against the evidence, I cannot see how anyone, least of all the general public, to which the Post Office is ultimately accountable, can have any trust in this investigation whatsoever.

Yours Sincerely

Henry