

Personal and Confidential

AP meeting with Susan Crichton – 31<sup>st</sup> July at 148 Old Street

I opened by saying that I had wanted the meeting because I felt uncomfortable about the fact that SC and I had not had a conversation since the SS interim report had been published a few weeks ago. I had not wanted to go on my holiday without talking to her.

I first asked about her health as the last time I had seen her on her own before the June Board awayday, she had been unwell.

SC was very cool in her manner at the outset. She said she “had a number of questions” which she wanted to ask me. She started to write down what I was saying in her notebook and I remarked that it seemed that this was turning into something very formal which was not what I had had in mind. I wanted to talk to her about how she was and how she felt about things.

She said she had been very unhappy about being kept outside the Board meeting for an hour and then told that her presence was not required. She said she was not prepared to be treated as a “scapegoat”. I said that I hoped she knew me and the Board well enough to know that we were not interested in finding scapegoats. That was not my approach and no-one had it in mind to make her into one. I apologised for the fact that she must have felt uncomfortable outside the Boardroom and explained that after PV had, at my request, introduced the agenda item on SS privately, the discussion had developed quickly and it had not been appropriate at any point to bring her in. The agenda had been really packed, partly because we had had to add this piece of business, and I had decided that once the Board’s private discussion was over, there was no time to pursue the conversation further with SC. I had realised that would be difficult for her. She said that she needed to know that she had the full confidence of the Board. No-one had told her what had been said at the Board, though she understood that there had been some difficult questions especially from VH. Her reputation was at stake.

I did not comment in detail on the Board discussion.

I said that the SS interim report and the timing of its publication had been potentially very serious indeed for the PO in terms of our national reputation and the effect it could have on our funding negotiations with the Government. In the event, it had not come out so badly partly because of the way the Minister had handled her statement in the House of Commons. But it had been very worrying at the time.

The Board had been unsuspected on the issue. They had naturally been alarmed when they had found out what had happened and the fact that the Board paper had been so bland had not helped to build their confidence in the handling of the affair. (There had been the possibility of a discussion on a Board call the previous week but because we had needed to discuss issues in relation to the strategy and funding negotiations with the Government which required Board decisions, these had had to come first and we had run out of time for the SS issue before people had to leave the call).

In the course of what followed, the following points were made:

SC said that she now thought it had been right to have the enquiry, as it has revealed the imbalance of power between the PO and sub postmasters which needs addressing. This was a huge and complex issue for the business.

I commented that I thought that although the outcome had in some ways been good for the PO, the way the process had been handled had been deeply flawed. I had backed SC's judgement on the appointment of SS because we did not want to appoint one of the big four, she seemed very confident in them and given her strongly stated opinion to having an enquiry in the first place, I had wanted her to feel some ownership of the process once we had decided to go down that route. We had lost control of the process; I had lost confidence in Simon Baker early on but had been told repeatedly that he was good and capable of handling the role. I said that we should never have got into a position where we did not see the draft of SS's report until days before its publication (the complete version Friday before Monday publication).

I understood that SS's investigation had to be independent but in the civil service there would have been someone marking it who was close to all the key people (SS, JA, JFSA) and knew what was going on between them. By the time I had found out how SS had, in effect, changed the TOR to which they were working, it was too late to retrieve the situation. The organisation and people in it should have had proper time to consider SS's findings and respond to them. SC questioned my understanding of the end game and said the PO had seen the report days earlier; she had been contacted by the CEO while unwell about this and had come back early from her holiday to handle it which had not been ideal.

SC said that as a lawyer it was inappropriate for her to influence the key stakeholders. She would have been criticised had she become close to them. I commented that if she had felt unable to play that role, she should have flagged that up and someone else could have been brought in to perform it (Privately I am astonished at this view which I simply do not recognise from my experience elsewhere).

SC said she was in a very difficult position now. She needed the Board's full confidence because so many aspects of what she was being asked to do were beyond her control. I said that I realised she could not control everything, but this was not like an unexpected meter exploding out of nowhere. We needed to identify the worst things which could happen, face them, and work out how we would mitigate them. We needed to stay close to the key players and ensure that we were building their trust and we knew what was going on between them. This would take time. But I did not accept the degree to which SC claimed that they were beyond her control – they needed managing.

I asked about SS's role going forward and said I thought it was critical that we capped off their involvement at the 47 cases already in their frame. We could not allow them to become involved in any additional cases as we would then find it much harder to bring their involvement to an end. SC said that would be very difficult as JA and JFSA rated them. I pointed out that we did not. It was up to us to propose very quickly alternative arrangements going forward which would command the respect of JA and JFSA.

We then talked about cost, the need to appoint any "independent" figures very carefully and rigorously, and the need for SC to flag up any difficulties which were getting in the way of her taking

the work forward (see my email of 31<sup>st</sup> July to the Board recording these points). I made the latter remark to make sure SC had not excuses for not delivering.

In the course of the discussion, SC agreed that Simon Baker had not been of the right calibre to carry out the work required and he was now leaving the business. The difficulty was that there was an acute shortage of able people in the business. I asked why we hadn't decided to bring someone else on from outside to perform the role and SS said cost had been an issue. (This was somewhat ironic given what SS had already cost us).

The problem was that there were too many well paid people in the business not performing as they should be. I said I had thought this issue was being tackled through more vigorous performance management, to which her reply was that she was referring to people below SLT. I commented that the business needed to extend its approach to managing the SLT to the levels below that.

SC apologised at the end of the meeting for the fact that I had felt let down over this and I again said I was sorry about the way she been left outside the Boardroom. I said that I hoped she would be able to sort out her health satisfactorily.

By the end of the conversation, SC's tone was less formal and cool but my confidence in her judgement on key issues and in particular her "fatalism" or reluctance to see the importance of managing events and people rather than standing back and letting them happen, were very troubling though I did not say this in terms.

I deliberately did not say anything about the Board's or my confidence in her and after the beginning of the conversation, she did not raise the point again. I did not explicitly raise the issue of the way SS's costs had been allowed to spiral out of control because I did not want the conversation to become the "post-mortem" and there were already enough issues on the table between us.

PS At one point, SC referred to a recent conversation with the BIS team at which one of them had commented that they had always felt uncomfortable about the Horizon cases. When she had asked why they hadn't pursued that, the person had said it was because the PO had always been so forceful in its defence of the issue and its handling.