

Witness Name: Mark Russell

Statement Number: **WITN00800100**

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POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF MARK RUSSELL

I, **MARK RUSSELL**, will say as follows:

Background and career history

1. I am the Chair of the Ministry of Defence's procurement organisation, Defence Equipment & Support and the Chair of Angel Trains, a privately owned train rolling stock company. I am also a Senior Adviser with UK Government Investments ("UKGI") and have a temporary non-executive position on the board of Great British Nuclear, an arms-length body ("ALB") of the Department for Energy Security and Net Zero (this is a newly created body and all permanent non-executive positions are still to be competed).
2. My career history is as follows. After graduating with a degree in Economics & Management Science from the University of Stirling, I worked as a Research Associate at the management consulting firm A T Kearney. From there I went into a career in Corporate Finance, initially with Lazard Brothers and then, after

gaining an MBA at Cranfield University, Robert Fleming, PwC and KPMG, where I was a Corporate Finance Partner in the London and Frankfurt offices.

3. In 2004 I joined the Shareholder Executive ("ShEx") as Director of Corporate Finance. ShEx sat within the Department of Trade & Industry ("DTI") at that time, and so my employment contract was with DTI. I was recruited for the purpose of establishing a Government corporate finance capability that would sit alongside ShEx's existing shareholder governance function. "Corporate finance" in this context refers primarily to asset sales, investments and fund raisings, and advising on "distressed" company situations.
4. In 2007, I was appointed Deputy Chief Executive of ShEx. My principal additional responsibility as Deputy Chief Executive was to deputise for the Chief Executive ("CEO") when this was (occasionally) required. In practice, this largely meant attending in his stead at internal ShEx or Government meetings.
5. In February 2013, I was appointed as interim CEO of ShEx, and I became CEO in April 2013. I describe the responsibilities of the CEO of ShEx below.
6. Between my joining ShEx in 2004, and my appointment as CEO in 2013, I was responsible for a number of different portfolio assets, the largest of which was the Nuclear Decommissioning Authority. In addition, a significant part of my role was to represent the Government in connection with ad hoc distressed asset situations. These included MG Rover, Vauxhall/Opel, Jaguar Land Rover, Bombardier and Southern Cross. I was involved in other corporate finance

situations including the Government's engagement with Airbus in connection with its financial support of the large aircraft programme in which the UK participated. During this time period I did not have any responsibility for Post Office Limited ("POL") matters until around 2012, when I became involved in the Royal Mail ("RM") asset sale process, as I describe further below.

7. In 2016, ShEx combined with UK Financial Investments ("UKFI") (a subsidiary of His Majesty's Treasury ("HMT"), established to manage the Government's shareholdings in banks) to form UKGI. I served as CEO of UKGI, until stepping down from this position in 2019, at which point I became Vice-Chair and subsequently a Senior Advisor for UKGI.
8. While CEO, I held one external non-executive position at any one time and any associated fees were given to my employer or to charity. This never occupied more than, on average, a day and a half per month of my time. Over my career, I have held seven non-executive positions and chaired two audit and risk committees.
9. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "Inquiry") with the matters set out in the Rule 9 Request dated 7 May 2024 (the "Request"). In making this statement, I have been assisted by Eversheds Sutherland (International) LLP, the recognised legal representative for UKGI, a Core Participant (as defined in paragraph 5(a) of the Inquiry's Protocol on Witness Statements) in the Inquiry.

10. As the Inquiry is aware, certain information relevant to this Request, in particular in relation to the historical governance, structure and role of ShEx and UKGI, has already been provided by UKGI. I have reviewed these responses to aid my own recollections and, in some instances, I have adopted relevant wording where I considered it appropriate.

11. At the start of this statement I would like to recognise that the matters being investigated by this Inquiry have caused immense harm and distress to sub-postmasters and their families. The damage caused to so many is truly appalling. As the former CEO of ShEx/UKGI, irrespective of the POL-related responsibilities that I delegated, I remain accountable for the acts and omissions of the organisation during the period of my tenure. I have reflected in this statement on specific areas in which, in my view, ShEx/UKGI and I could have done things differently. I am sorry to all affected by these awful events that we did not.

The Government's role and interest regarding POL

12. POL is wholly owned by the Government, operated as an ALB. A significant proportion of Government spending passes through such ALBs, especially those involved in the specialised delivery of Government activity. ALBs are seen as necessary delivery mechanisms in instances where it is difficult for Government to contract-out a delivery activity to the private sector or "insource" the activity to a Department to be carried out by Departmental officials. ALBs typically have freedoms to recruit individuals with private sector expertise on remuneration packages above those available in the Civil Service. ALBs are

also typically given freedoms to carry out delivery activities, free from operational interference from central Government.

13. Best practice for ALBs such as POL is to adopt governance regimes similar to private sector companies. This applies regardless of whether the ALB is an Agency, a Non-Departmental Public Body, or a Government Corporation. Key to this is the use of Boards to oversee the work of the Executive and to hold the Executive to account on behalf of Ministers and their Departments. This reflects the fact that Departments (and ShEx/UKGI which act on the behalf of Departments) are not resourced to be able effectively to scrutinise the work of a specialised Executive and to hold them to account (as is discussed further below).

14. Although ALBs are operated at arms-length from Departments, Ministers retain responsibility and accountability for the activity of ALBs. They retain key rights such as the right to approve Board members, other senior appointees, annual business plans, and funding agreements. They may also have further rights, such as information rights. The extent of those rights varies depending on the ALB. Importantly, although Ministers and Departments will maintain a distance from operational matters (see my comments on this below), there will be instances where both will seek to become more involved, especially if issues are concerning enough for direct engagement, but not judged so severe to warrant the removal of Executives or the Board. In my experience, however, these instances are rare. Direct Ministerial involvement in security matters concerning nuclear decommissioning is one example of this. Another example,

which I discuss further below, is Ministerial involvement in POL concerning Horizon.

15. Typically, where UKGI has a shareholder role on behalf of a Department for a significant asset, a UKGI employee will now be appointed as a non-executive director (“NED”) on the Board of the entity established. This was not common practice when ShEx was established, as Ministers felt this could interfere with the autonomy of the ALB model. However, as instances occurred where ALBs were not engaging sufficiently with the wishes of Ministers and Departments (especially understanding, and reacting to, their priorities for the organisations), the practice of appointing ShEx/UKGI NEDs became increasingly common. From my perspective, the primary objective of these appointments was to ensure that ALBs understood and acted in accordance with the objectives and wishes of Ministers and their Departments. There were also other advantages to these appointments, such as bringing a greater understanding of what was being discussed at Board level.

16. The appointment of Shareholder NEDs complements but does not replace the primary points of Departmental contact. In the case of POL, the key contacts were between the POL CEO and (i) the Minister, and (ii) the Permanent Secretary/Accounting Officer (“AO”). Such meetings provide senior members of the Department with a direct line of sight into the ALB, and are a key mechanism for reinforcing Departmental objectives for the ALB.

17. The other key feature of ALBs in a Government setting is the practice of separating the shareholder role (focussing on the governance and performance of the asset) from the policy role (focussing on the Government's preferred outcomes from the asset's activities). This has a number of advantages but, in particular, it allows there to be clearer exposure of the potential costs of policy demands on the economics of the entity. It also allows for there to be a focus on the shareholder role, leaving policy advice and stakeholder, including Parliamentary, engagement to a separate team. This shareholder/policy separation did not happen with POL until 2018, in part because of Departmental resourcing constraints. In August 2018, a new policy team within the Department for Business, Energy and Industrial Strategy ("BEIS") was formed to deal with POL policy-related issues, and the policy function for POL moved to the Department.

Alternative Models

18. When considering the reason for establishing ALBs, it is helpful to consider the two principal alternative models. The first is outsourcing the asset's activities, through privatisation or contractual means. For privatisation to be achieved, it is necessary to make the proposition attractive to private investors, both economically and in terms of governance. Economically, if the organisation is loss making, this is likely to mean either accepting rationalisation, for example by closing loss-making elements, or paying a subsidy from public funds to a maintain a particular service. In respect of governance, private companies will be wary of political interference, meaning that the Government's policy ambitions would be likely to carry less weight than in an ALB.

19. As an alternative to privatisation, Government can contract with the private sector to provide management (the Government owned, contractor operated model – “GoCo”). This can be contractually challenging, not least in ensuring that contractual arrangements manage to keep the interests of the owner and contractor aligned.
20. The second alternative model is “insourcing”, that is bringing the asset’s activities within the management and control of a relevant Government Department. This would mean that key strategic and operational decisions are taken by Ministers and civil servants. The challenges are that Ministers and civil servants will not necessarily have the relevant skills or expertise to run the asset; the activities undertaken by assets managed by ShEx range from nuclear decommissioning to broadcasting to highly technical services such as Ordnance Survey and Urenco (which provides enrichment services for use in civil nuclear energy). Nor will civil servants and Ministers have the time or resource to undertake the day-to-day management of the assets. As I have mentioned above, civil service pay structures are uncompetitive, often highly so, with private sector equivalents when looking to recruit executives for the assets. Finally, there is a risk that short-term decisions will be taken (or not taken) for political reasons that may conflict with the longer-term effectiveness and efficiency of the asset.
21. ALBs represent the alternative to these approaches. The ALB model does not guarantee good governance. Whether that is achieved will be down to the

efforts and interactions of the Executives, the Board and the Government Shareholder. However, it is important to distinguish shortcomings in the execution of the ALB model from a fundamental flaw in the model itself. Where it is suggested that the model itself has failed, or is otherwise inappropriate to the asset concerned, it is essential to ask the questions: what are the alternatives, would the alternatives resolve or improve the weaknesses of the ALB model, and would the alternatives result in different weaknesses?

POL ALB Model

22. POL is, constitutionally, the most independent version of an ALB. Since 2012, it has been classified as a Public Non-Financial Corporation (a “Public Corporation”) by the Office for National Statistics’ national account system on the basis, essentially, that it derives a substantial amount of its income from selling goods and services on the open market. Such corporations tend to be more commercial in nature than other Government ALBs.

23. Under POL’s updated Articles of Association¹ (“Articles”) dated 2 April 2012 (UKGI00043216), the Secretary of State was the sole shareholder of POL and had certain rights, including to receive information from POL, and to appoint or remove POL’s directors, including CEO and chair. The Secretary of State is also ultimately accountable and responsible for POL.

¹ The Articles have subsequently been updated a number of times: [20221216_pol_articlesofassociation_clean_final.pdf \(postoffice.co.uk\)](#) (UKGI00044318).

24. However, Public Corporations such as POL are designed to operate at a distance from Ministers and Departments, with responsibility for day-to-day operations delegated to the Executive Team, overseen by the Board, the members of which are appointed based on their relevant expertise and specialisms. The POL Board is accountable to the Shareholder, i.e., the Secretary of State. This devolved governance model is intended to enable more efficient delivery of public services. A core tenet of the classification is the ability of the Public Corporation to have *“appropriate levels of freedom to exercise commercial judgements, with appropriate delegated authority arrangements that protect Departments”* (UKGI00043214, p.133).

25. It is not simply a consequence of being a Public Corporation that neither the Secretary of State, nor the Department for Business and Trade (“DBT”), nor the Minister, nor ShEx/UKGI, acting on their behalf, has direct responsibility for POL day-to-day operational or contractual matters. This is instead a specific objective. It is a safeguard against central Government micromanagement which is likely to lack the necessary expertise and experience and be vulnerable to potential political conflicts of interest. That said, as I have noted, in some cases it will be appropriate for all of these parties to become more involved.

26. As explained above, the Secretary of State is ultimately accountable and responsible for POL. However, the Secretary of State is supported in this task by other Ministers in the Department, and the Permanent Secretary for the Department is their principal policy advisor. The Secretary of State, Ministers, and Department are aided by internal reporting from UKGI, which includes

reporting on POL. This was also the case at the times relevant to this Inquiry and I describe this in further detail below.

27. Since 2012, the Secretary of State has appointed an official from ShEx/UKGI to the Board of POL. The rationale for this is outlined above, but in essence, there was a recognition that ALBs may, at times, be losing sight of the objectives of Ministers and Departments. The appointment of a shareholder representative provides the Department with greater insight into POL and a further mechanism to convey the views and priorities of Ministers and Department, although this representative cannot exercise any shareholder rights on behalf of the Department. Importantly, though, the position is non-executive and subject to the limitations of all non-executive positions with respect to the visibility of, and control of, a company's operations. NEDs, by definition, are not responsible for day-to-day operations. Since 2014, the ShEx/UKGI Shareholder NED on the POL Board has been the head of the ShEx/UKGI shareholder team.

28. With respect to the potential benefits of POL's arms-length position, a strategy document from 2008 (**UKGI00017317**) highlights the importance of commercially generated income to reduce financial losses and achieve long-term sustainability. One of the advantages of being at arms-length from Government is operational freedoms, in particular the freedom and ability to recruit commercial management, which for example undoubtedly assisted POL to explore wider service offerings than may have otherwise been possible.

29. I have been asked to comment on the minutes of a ShEx Board meeting of 15 September 2010 (**UKGI00001339**). This captured the discussion around the policy and commercial objectives of Government with respect to ALBs. There can be a tension where a policy objective of Government gives rise to a direct cost for the ALB and so reduces the organisation's profitability. The discussion on 15 September 2010 concluded that it was ShEx's role to explain such costs so that Ministers understood the "*price*" of the policy. Ultimately, though, it was for Ministers to make the trade-off. With respect to POL, Government policy is to maintain a minimum number of Post Offices, including those making losses. This is, I believe, the principal area where POL's commercial position and Government's policy objectives could be in conflict.

Role and organisation of ShEx/UKGI and strategy of oversight of POL

30. ShEx was established in 2002 with the aim of professionalising the Government's stewardship of its various commercial shareholdings. Over time, and as many of these shareholdings were sold, its stewardship role expanded to include Government's ALBs, many of which were technically agencies of Departments with no legal identity. There was a recognition that the skill-set and experience that ShEx had developed in its original role was of use to Departments in their sponsorship of ALBs and was difficult to replicate within Departments.

31. The Corporate Finance activity of ShEx/UKGI has predominantly focussed on advising Government on investments and realisations. A significant activity advising Government on "distressed" situations also developed, that is,

consideration of intervention in companies of strategic interest to the UK Government that are in crisis and facing liquidation or takeover (such as the MG Rover Group shortly after I joined ShEx).

32. When I became CEO in 2013, ShEx employed approximately 150 people, a mixture of individuals from the private sector (typically with a background in finance) and the civil service, employed either full-time or on secondment. The group was advising on approximately 20 organisations, in its shareholder role, and was managing approximately the same number again of Corporate Finance projects. Some of these projects were very large (such as the privatisation of RM, the sale of the Student Loan book and the establishment of the Green Investment Bank and the British Business Bank) and some were small (examining ownership options for an ALB).

33. ShEx, and then UKGI, was and is regarded as a pan-Whitehall resource; the group works for most of the 15 main Departments. Our role is essentially “advisory” to the Department and its Ministers. ShEx/UKGI does not directly own any shareholding. Departments, however, do not simply “outsource” their shareholder or corporate finance functions in a way that they might to a private sector advisor or contractor. It has always been important that Departments regard ShEx/UKGI staff who work on their assets and projects as though they were staff of their own Department (and so with some characteristics of secondment), with similar rights to information and the ability to advise Ministers directly via submission or in person, etc. This has been important so that our freedom to operate is similar to Departmental officials and potentially in contrast

to private sector advisers. It has also been important from a Department's point of view; for example if ShEx/UKGI employees were seen simply as employees of the Department for Business, Innovation and Skills ("BIS"), or BEIS (as the Department was known from July 2016) (while ShEx) or HMT employees (as UKGI) then this could further limit our impact in the relevant Department.

34. Each of the Shareholder, or Corporate Finance activities is overseen by a ShEx/UKGI Director. In 2013 there were approximately 30 Executive Directors/Deputy Directors ("ED" and "DD" respectively), and four Directors (all 34 being Senior Civil Service level) overseeing the 40 or so Shareholder or Corporate Finance activities. Each ED/DD reported to a Director on any activity.
35. As CEO I would get directly involved in a few of the 40 activities; these would often be the Corporate Finance projects where I had relevant expertise and experience. My personal involvement was often driven by instances of technical complexity and complex stakeholder management (the establishment of the two banks and the sale of the Student Loan portfolio are good examples of this). As CEO, I engaged with other Departments frequently, typically at Permanent Secretary level, about where ShEx/UKGI could best engage, and then working with these Departments to scope and resource the work appropriately.
36. When I became CEO of ShEx in early 2013, I reorganised reporting lines within the group so that all EDs reported to a Director for line management purposes, and all Directors reported to me. Previously this had been done on a less formal

basis. The exceptions to this were the Chief Operating Officer (“COO”) and Chief Financial Officer, both EDs, who reported directly to me.

37. I would have regular catch-up sessions with each of the Directors. These would be ad hoc but at least weekly and often, daily, depending on the circumstances. We physically worked close to each other and in an open-plan office, making this interaction relatively easy.

38. In parallel with this, I started a process to ensure that every ShEx activity, be it Shareholder or Corporate Finance was identified (and that we withdrew from smaller ones) and allocated to a Director, and ultimately supervised by this Director. This reflected the reality that I could not personally supervise all ShEx activity, even if I was directly involved in some of it. Not all ED activity reporting was to the ED’s line manager, but in most cases it was.

39. ShEx gradually formalised its activities with Departments (i.e., became clearer about what advice and activity we were providing) but we were (and remain) keen to ensure that this didn’t change the perception amongst Departments that ShEx was a pan-Whitehall resource that generally looked for reasons to assist Departments rather than not, even where that meant going outside of activities that had formally been identified. Key to this was also that we typically didn’t ask Departments to pay us for our assistance unless the resourcing requirement was such that a budget transfer to ShEx was warranted.

40. ShEx, and now UKGI, operates in a relatively delegated manner. This is made possible by that fact that there are an unusually high proportion of senior civil servants within the group, as compared to other Whitehall structures. It would be rare to find in other parts of Government departments a Senior Civil Service (“SCS”) to non-SCS ratio as high as ShEx. This meant that we expected, and were comfortable with, significant autonomy of the portfolio and corporate finance teams. This is also, practically, how a model that has characteristics of secondment (as mentioned above), where Departmental officials can direct ShEx/UKGI staff (within reason) without recourse to ShEx/UKGI management, has to work. Formal advice to Ministers could be cleared by EDs (the lowest of the SCS grades) without any further escalation, as long as the ED felt confident in the advice. We put much emphasis, however, on a culture of openness, and there being an imperative for colleagues to consult and escalate issues if there was doubt about a particular course of action or piece of advice being given. I would impress upon colleagues that, if in- doubt, they must consult and escalate and that senior colleagues must be available to be consulted. This was a protocol drilled into me when I was a partner at KPMG, where the power of individual partners to bind the firm was considerable. I included my own personal accessibility in this; colleagues could nearly always contact me by email or phone. The importance of openness within UKGI was reflected in the Board paper on values dated 14 January 2015. The paper, which I endorsed, noted that “openness and honesty” was voted by UKGI employees as their favourite value within UKGI. This was formalised as one of four key sets of values, the others being: (i) professionalism and integrity; (ii) collegiality and being committed to improvement; and (iii) being focused on outcomes. The

formalisation of these values meant that they were to be expressly raised in staff appraisals. The overarching theme of all of these values was trust (UKGI00045859).

41. The ShEx Board formally came into existence in 2009. It met six times a year and initially comprised three executives and six non-executives, including the Chair. The Chair reported jointly to BIS and HMT Ministers. The non-executives reported to the Chair. Two of the executives reported to the CEO and the CEO, in turn, reported to the BIS Permanent Secretary. ShEx was not a company, and so its Board was not a corporate board (and its Directors did not have fiduciary duties under the Companies Act 2006). Its key functions were helpfully set out in a Board note drafted by Phillip Remnant in August 2010 (UKGI00041953), which explains that they include: (i) overseeing the work of ShEx; (ii) setting strategic direction in light of Ministerial objectives; (iii) periodically reviewing the delivery of objectives as set out in the Business Plan; and (iv) considering any specific issues referred to it by the Executive Committee ("ExCo"). The AO for ShEx was the BIS Permanent Secretary.

42. In May 2015, it was announced that: (i) ShEx would form the basis of UK Government Investments Limited ("UKGI Ltd"), a new Government company owned by HM Treasury; (ii) UKFI, a company owned by HM Treasury would become a subsidiary of the new company; and (iii) the two would merge over time. On 1 April 2016, the functions and operations of ShEx were transferred to the Company, and HMT's shareholding in UKFI was transferred to UKGI Ltd. On 31 March 2018 the operations and staff of UKFI were transferred to UKGI

and UKFI ceased operations as outlined in a UKGI framework document dated April 2018 (the “UKGI Framework Document”) (**UKGI00043215**).

43. The combined group employed 125 people. UKGI had annual revenue (provided principally by HMT, but supplemented by on-going budget transfers from some “client” Departments) of approximately £20m and similar operating costs, the majority of which comprised staff and accommodation costs. It had negligible net assets and, as with ShEx, owned none of the portfolio assets that it advised Departments on.
44. The Board of ShEx was disbanded and joined with the former board of UKFI, to become the Board of UKGI. This was now a fiduciary board with its directors having the responsibilities of a corporate Board. Directors of the Board were appointed by HMT.
45. The terms of reference for the Board of UKGI (the “Terms of Reference”) mandated the roles, responsibilities and reporting lines of the Board, as well as the other members (**UKGI00045858**). The Board was to be comprised of up to 10 directors, with at least one is to be an Executive (to include the CEO), a majority of non-executives including the Chair, a representative of the Shareholder, and the UKFI Chair. The Board received delegated authority from HMT and was accountable to the Chancellor of the Exchequer and ultimately to Parliament.

46. The Board was required to meet at least eight times a year, and was required to: (i) adhere to HMT's budget; (ii) ensure that the Company monitored its progress and delivered against its objectives, as prescribed in the UKGI Framework Document; (iii) ensure that the Company provided the highest quality independent professional advice; and (iv) monitored the Company's resources, management and risks. The Terms of Reference also specified that HMT may give the Board specific directions, with which the Board must either comply or resign. The UKGI Board was supported by three committees; the Nominations Committee, the Audit and Risk Committee and the Remuneration committee. The requirements of the Board are specified in greater detail over pages two to four of the Terms of Reference (**UKGI00045858**).

47. The role of the Chair of the UKGI Board is set out in the formal Terms of Reference for the Chair, and includes the requirement that the Chair promotes the highest standards of corporate governance, be accountable to UKGI's stakeholders for the effectiveness of the Board, build a sustainable respected business that met the requirements of UKGI's stakeholders, and to facilitate and encourage engagement and challenge (particularly on business strategy, project and governance oversight and risk) (**UKGI00045860**). The responsibilities of the Chair of the UKGI Board were expanded on in the draft UKGI Framework Document (**UKGI00045857**), discussed by the UKGI board on 27 January 2016 (**UKGI00016724**), and which was published in substantially the same form in April 2018 with amendments made to specific sub-sections.

48. As CEO of UKGI, I was a member of the Board and reported to the Chair of UKGI. I would provide CEO Reports to the Board of UKGI which would provide a high-level overview of key workstreams. These reports would refer to and be accompanied by the dashboard for each of the Shareholder/Corporate Finance or other workstreams. The dashboards would include summary risk assessments for each workstream. I was ultimately accountable for this internal reporting as well as external Departmental reporting. I discuss UKGI's performance and risk reporting in further detail below.

49. As CEO, I also became AO and, in this capacity, reported to HMT's Principal AO. My responsibilities in this regard were set out at paragraph 4.5 onwards of the draft UKGI Framework Document, and paragraph 4.6 onwards of the 2018 UKGI Framework Document (**UKGI00043215**). They included responsibility for the day-to-day operations and management of UKGI, agreeing with the Department UKGI's corporate and business plans, and ensuring that UKGI is run on the basis of the standards set out in the HMT Managing Public Money Guidance ("Managing Public Money"). My AO responsibilities only covered UKGI and its operations. I had no AO responsibilities for any other Government entity that UKGI was involved in.

50. I now explain the individuals with responsibility for oversight of POL or RM. I have done so from the date that I took over as CEO in 2013. I understand that the Inquiry has called witnesses who will be better placed to explain which individuals had responsibility for POL/RM before that time.

51. The teams within ShEx and UKGI responsible for POL and RM were distinct, and to the best of my understanding, this had always been the case. Other than ongoing governance roles, the RM team, in the period up to and following separation also had responsibility, *inter alia*, for the sponsorship of the Postal Services Bill, the realisation of the RM pension assets (as RM's pension liabilities were taken on by Government), the application for State Aid approval and for the privatisation of RM itself, undertaken in three parts.
52. From December 2013, Anthony Odgers became the ShEx Director with responsibility for POL and for the Government's remaining RM shareholding. In October 2015, this responsibility passed to Justin Manson and, in January 2018, to Tom Cooper. ED responsibility for POL (reporting to the RM Directors) was Richard Callard (January 2013-April 2018), and Tom Aldred (May 2018-February 2020).
53. On separation from RM in April 2012, Susannah Storey joined the POL Board as ShEx's first Shareholder NED, remaining on it until March 2014. From this point, ShEx's Shareholder NED had responsibility for POL's shareholder team within UKGI. These positions were occupied by Richard Callard (ED responsible for POL/RM) from April 2014, and Tom Cooper (Director with responsibility for POL/RM) from March 2018.
54. Susannah Storey, for line management purposes and in her capacity as Shareholder NED on POL, reported to Stephen Lovegrove up to March 2013, at which point she transferred to the Department of Energy and Climate Change

("DECC"). Thereafter, as I recall, she reported to me on her POL position but continued to be line managed by Stephen Lovegrove, who had also transferred to DECC, on other matters.

55. The responsibilities of the POL shareholder team in relation to POL, including advice to Ministers and interactions with POL are well described at paragraphs 26 and 27 of Charles Donald's first witness statement, dated 6 February 2024, which I have had the benefit of reviewing (**WITN10770100**). I would only add that, in common with all portfolio assets where ShEx was performing a shareholder role on behalf of a Department, the shareholder team sought to gain a reasonably detailed understanding of the business of the organisation, its long-term strategy, its Board and management capability, its financial position and its key risks. The annual reviews (an example is **UKGI00043215**) illustrate this focus and level of detail. I should also note that ShEx did not oversee contractual or personnel management at POL (save for appointments to the POL Board).

56. The ED responsible for POL led and managed the POL shareholder team. The individuals within the POL shareholder team would have spent the majority of their time working on POL matters, and would have had separate focuses of responsibility, for example: government funding, strategy, stakeholder management, financial monitoring, POL network, and mutualisation. The exact division of responsibilities would have changed over time, as would the composition of the team.

57. The ED would be responsible to the ShEx Director for delivering the shareholder role as outlined above. The ShEx Director would, in turn, be responsible to me as CEO of ShEx/UKGI.
58. The ShEx Director with responsibility for POL would be overseeing a number of ShEx Portfolio assets and may, additionally, be involved in ShEx's Corporate Finance activity. The time spent by the ShEx Director on POL activity would vary depending on the need at the time. The Director would be the first port of call for advice for the ED. The Director would be expected to have personal relationships with the POL Chair, CEO and CFO and be known to the relevant Minister overseeing POL. The Director would be expected to attend the regular POL reviews and be available to the ED and shareholder team to assist on any significant issue (such as key appointments, funding, Ministerial engagement etc).
59. The ExCo was the committee comprising the senior members of ShEx, responsible for the day to day running of the organisation. Resourcing, particularly human resourcing, was a key area of discussion and decision. Decisions on work we should take on and work we should seek to reject were also central to the activity of the ExCo. These decisions would depend on the resources required and whether the ShEx/UKGI "value-add" was sufficient. The processes and procedures (HR, risk, portfolio reviews (see below), conflicts of interest etc) of the organisation were also discussed by the ExCo. The financial position and budgets of the group were regularly discussed. Also the traffic light system of portfolio oversight ("Traffic Light") (and, from 2015, the UKGI

Dashboard) was regularly reviewed as was the ShEx risk register (referred to below). Meeting and interactions with Departments and other stakeholders were often discussed.

60. There was discussion on specific portfolio and transaction matters if there was a significant issue or event, especially if there was a need to socialise the matter. With respect to RM and POL, ExCo would be aware of major strands of activity and any associated problems and issues. It would also regularly review the Traffic Lights/Dashboard entries relevant to POL. Absent particular issues of concern, ExCo's primary focus would be the resourcing of our governance and whether this was sufficient.

61. I have been asked to comment on the concern noted in an ExCo discussion on 27 April 2010 regarding the compatibility of combined CEO and AO roles (**UKGI00016656**). A number of Portfolio CEOs were, and are, also AOs. The two roles have separate responsibility and reporting lines – the CEO to the Board or the organisation; the AO to the principal AO of the owning Department, and then to Parliament. The concern discussed was whether the two would ever be in conflict. A Board may seek a particular course of action that in the AO's view is contrary to the course of action they should be taking as AO. This is largely a theoretical issue and rarely becomes an issue in practice. Managing Public Money now gives provides clear guidance on this, as outlined in chapter 3.10.6 of the most recent version (**UKGI00043211**).

62. Although the CEO of POL is not, technically an AO (the AO for POL is the DBT Permanent Secretary in line with HMG guidance at the time), the CEO was formally appointed as an “accountable person” from 2019 (**UKGI00010163**). Prior to that point, the CEO was considered, in essence, to have similar responsibilities and so obliged to observe the principles of Managing Public Money (as an accountable person or AO would be). This accountability can be seen within actions and responsibilities delegated to the CEO including, for example, their attendance at numerous Parliamentary select committee hearings. I cannot recall any instance where the POL CEO and accountable person roles have been in conflict.

63. The rights and powers of ShEx/UKGI derive from the rights of the Secretary of State as POL Shareholder, to the extent those rights and powers were delegated by the Department to ShEx/UKGI. On separation, the governance arrangements that DBT had over RM were effectively replicated for POL. These included: (i) the Articles, which set out the Shareholder’s consent rights; (ii) a funding agreement (which contained details of the policy conditions to which public funding was attached); (iii) an entrustment letter (which contained state aid approval to enable POL to receive public funding); and (iv) a working capital facility. The key terms of these agreements are set out at paragraphs 39 and 40 of Mr Donald’s first witness statement (**WITN10770100**).

64. From late 2017, UKGI began work on a POL framework document (the “POL Framework Document”) that would set out these rights in one place. A framework document, as defined in Managing Public Money, is a document

which sets out the arrangements by which departments are to monitor and understand their ALB's strategy, performance and delivery. Such documents are not generally required for government ownership of public companies, because (as with POL), the relevant rights are clearly set out in corporate governance documentation (as described above). Nonetheless, UKGI and BEIS commenced the work of drafting a framework agreement in 2017, and this was finalised in March 2020 (**UKGI00013241**). Much of the content of the POL Framework Document reflects the rights in the pre-existing governance documentation described above.

65. I have been asked to explain ShEx's strategy and / or plan as to how it oversaw POL and POL's operations. As with all of its assets, ShEx, as an organisation, oversaw POL through its portfolio review process and its risk management processes. This was in addition to the overall supervision provided by the ShEx Director (as outlined above), portfolio reviews, project monitoring, performance management and risk processes.

66. A Traffic Light monitoring mechanism was established early in the life of ShEx to provide group-wide assessment of each Portfolio organisation by reference to the following criteria: (i) shareholder relationship; (ii) implementation of the shareholder model; (iii) quality of management team and board; (iv) strategy; (v) financial performance; and (vi) balance sheet/risk. The Traffic Light assessments would include a summary of the actions being taken by the asset shareholder team to mitigate the issues flagged. These Traffic Light assessments were produced on a quarterly basis by the asset shareholder

teams. This exercise provided the process and discipline for shareholder teams to make individual assessments but also, importantly, to socialise these assessments amongst the senior ShEx team for discussion and challenge.

67. Portfolio reviews were an opportunity to expand on the Traffic Light assessments discussed above, providing considerably more detail on performance, objectives and risks. These were subject to peer review within ShEx. Portfolio reviews would typically be annual events but, for more significant assets such as POL, would often be quarterly. They would be produced by the relevant shareholder team and reviewed by peers within ShEx, to provide advice and challenge from different perspectives. The annual review of the year was intended to provide a more in-depth view of the asset. In addition to the topics covered as part of the quarterly reviews, the annual review included commentary on the asset's long term strategy and objectives for the upcoming year.

68. In addition, from 2015, Dashboard reports were produced, to support the UKGI Board and ExCo in tracking the performance of ShEx/UKGI's main activities, and in challenging teams for individual assets as required. These included a summary of the top priorities for each asset, their Traffic Light assessment, and the relevant extract from the ShEx risk register. The Board and ExCo would receive regular Dashboard updates as part of their briefing packs.

69. ShEx and UKGI's risk-management processes have developed over time. This was a key objective of mine as CEO in 2013 and thereafter. We continued to

reflect on our risk management and reporting processes, and to improve and adapt over time. The key steps in the process in UKGI's evolution of risk reporting management from 2013 were as follows:

- a. In January 2013 a Group Level Risk Register was reintroduced, (which was not mandated in the Department's reporting processes at the time), which would draw on specific asset risks, alongside specific corporate ShEx risks. In part, the creation of this Register resulted from a recognition that, as ShEx, we were reporting into a myriad of individual Departmental risk registers (all slightly different) and not viewing risk across our combined portfolio of activity sufficiently. ExCo also agreed to the appointment of a ShEx "Risk Champion" (**UKGI00016638**);
- b. An updated risk management proposal was presented to ExCo on 23 May 2013 (**UKGI00045853**), alongside a revised summary risk register. The minutes note that risk reporting had become too voluminous for ExCo to review in its entirety and therefore the committee agreed to establish a new Risk Committee to review high level risks and report into ExCo (**UKGI00016563**);
- c. The ShEx Risk and Assurance Committee ("RAC") was established in July 2013 chaired by the COO (or another member of ExCo in the absence of the COO). The Terms of Reference for the RAC outline its structure and responsibilities (**UKGI00045874**). Its purpose was to review key risks across the portfolio and ensure consistency of approach. The RAC (either

at its own instigation or the request of a specific team) would also conduct “deep dives” into projects one or two times per year, bringing the outcomes to ExCo for review. The RAC met regularly focusing on a specific topic/project at each session, reporting to ExCo the outcome of the groups discussions (**UKGI00045875** and **UKGI00045883**);

- d. The papers from the meeting of the ShEx Board meeting of 13 November 2013 included a comment that the RAC had *“received very positive feedback from attendees both on the presenting teams and also from members of the committee about how the meetings have helped to provide both valuable advice and challenge to those involved. Feedback from ExCo has also been positive and they feel more sighted on the risks of the different projects being undertaken by ShEx. ShEx is also fully plugged into the BIS risk process which is currently under review and will ensure the outcomes are reflected in any ShEx process”* (**UKGI00016714**);
- e. In February 2014 ExCo agreed a new risk review process template with the intent of ensuring consistency in approach across all assets (**UKGI00045871**). These individual registers were aggregated into an overarching ShEx risk register, including summary heatmap allowing the reader to easily assess the spread of risk across the portfolio (**UKGI00016846**). These registers were regularly reviewed by ExCo;
- f. By May 2014, Risk Registers were included as a standing item on the ShEx Board agenda (**UKGI00016750**). Risk updates included the overall

ShEx Heatmap, and a summary of each asset's 'Overall Risk' rating and 'Reputational Risk' rating (**UKGI00016850**). The top risks for each project continued to be included in the core pack as part of project updates and discussed during 'deep dives' conducted by the Board; and

g. On 27 January 2016 the newly established UKGI Audit and Risk Committee (ARC) agreed a revised approach to risk management for the new organisation (**UKGI00016669** and **UKGI00016675**). Key elements of this, included that:

- i. ARC would receive two quarterly risk registers. The first would combine operational & strategic risk register covering people, UKGI transition, IT & infrastructure and UKGI objectives reputational/relationship risks. The second would cover UKGI asset sales, corporate finance and governance risk register;
- ii. These Risk Registers formed part of overall UKGI Board reporting pack also including the KPIs tracker and dashboard documents;
- iii. ARC would consider (and sign-off) on an annual basis the full risk register, with any supporting project or asset level risk registers as needed in this regard;
- iv. On a quarterly basis, ARC would consider those projects or assets which are either moving from, or moving to, a red RAG rating

versus the previous quarters risk register with a written summary supporting the change in rating; and

v. Overall responsibility for the UKGI risk register rested with the CEO supported by the COO.

h. In July 2016, the UKGI Board agreed a risk appetite statement. This included express reference to the importance of the open culture that I have described above: *“the culture of open and proactive communication and continuous learning and training, throughout UKGI underpins UKGI’s ability to control risks that do arise”* (**UKGI00016765**); and

i. The UKGI Risk Review process was reviewed again in June 2018 with several refinements introduced to help drive consistency in risk reporting and enable the Board and ExCo to understand each risk assessment more effectively (**UKGI00017501** and **UKGI00017502**). These included a revised ‘Risk Summary’ (**UKGI00021408**) and ‘Heat Map’ (**UKGI00021409**). It was agreed that the Board would focus their risk discussions on those assets with risks in the ‘top right’ of the heat map (i.e., those risks with a high probability and high impact) and any with significant changes in reputational or delivery risk. Under the new process, individual risk registers were reviewed by a risk review panel, rather than the RAC, and subsequently summarised for ExCo by a designated UKGI Risk Lead. However, ExCo or individual projects could still request a deep dive by the Committee if it was required.

70. External (to ShEx/UKGI) oversight of POL was predominantly through the shareholder Department. The formal processes for this oversight were through the Department's finance group (including Finance Director General) and through the Department's Risk Committee and Department Board on which the CEO of ShEx sat until the creation of UKGI in 2016. The Department's Permanent Secretary (and POL AO) also exercised oversight although, by its nature, this was more ad hoc. The National Audit Office, and through this, Parliament's Public Accounts Committee could also provide oversight and challenge as could Parliament's Business Select Committee.

71. The Department was aided in its oversight of POL through regular risk reporting produced by UKGI in respect of BIS assets (including POL). This included:

- a. delivery reports, which summarised various matter including performance against each Delivery Goal in the Departmental Plan, as well as key risks and mitigations. Delivery Goals were reviewed by the Department on a quarterly basis to coincide with the Department's central 'Performance, Finance and Risk Committee' (PFR);
- b. from 2013, annual and quarterly assurance assessments of "partner organisations", which included POL. This provided a narrative assessment of the relationship between the two organisations and an assessment of POL's performance against various criteria, including operational performance, financial management, policy delivery, risk

management and internal governance. The Assurance Statements were aggregated by the department's PFR for review by the BIS Executive Board as part of the wider BIS performance and risk management framework. This included the production of a department level risk summary;

- c. from 2016, weekly updates from the CEO, on UKGI's overall priorities for the week, and "Live Issues" being tracked (which could include POL-related issues). This would be consolidated by the Department with other such Director-General level reports into a single report for Ministers; and
- d. ad-hoc reporting, including submissions to ministers on risk and performance issues.

72. I have been asked to explain the codes/principle of corporate guidance that ShEx/UKGI considered POL to be bound by. This is set out in the ShEx Handbook, published in 2007 (**UKGI00044314**), which explains that governance of Government-owned businesses should, wherever possible, reflect commercial best practice, and in particular the principles of the Combined Code on Corporate Governance (noting that Government-owned businesses generally must also take into account a broader political/social purpose which may not always align with a fully commercial stance e.g. meeting government's commitment to maintaining a set number of Post Office branches even where unprofitable). This was echoed in POL's post-separation annual reports. For example, the 2012-2013 Annual Report explained that whilst POL

was “not formally required to report on its compliance with the UK corporate Governance Code (the Code). [...] the Board of the Post Office believes this is an appropriate benchmark for reporting on corporate governance. The Post Office’s corporate governance structure follows the spirit of the provisions of the Code in so far as they can apply to a Government-owned entity, which has no private or institutional external shareholders”.

73. In addition, the Corporate Governance Code for Central Government Departments would have also been applicable, complementing the principles set out in Managing Public Money. I did not believe that there were material differences in governance between a publicly listed company and a publicly owned company, other than that the latter is accountable to Ministers, who were accountable to Parliament. Additionally, all publicly owned companies will have an AO or accountable person responsible to Parliament for ensuring that the principles and practices of Managing Public Money are appropriately applied (the AO arrangements for POL are detailed in paragraph 62).

74. I have been asked to comment on why, in April 2018, UKGI assessed POL as red for departmental relationship (**UKGI00007909**). This was on the basis that we were increasingly anxious for the policy role on POL to return to the Department, leaving UKGI with just the shareholder role. This was an atypical arrangement, and POL was the only asset for which UKGI had a policy function. This lasted until August 2018 when the policy function for POL was transferred to BEIS. There was concern, as the minute notes, that there wasn’t sufficient senior sponsorship resource within BEIS.

ShEx/UKGI actual oversight of POL prior to separation

75. My direct role in the oversight of POL before its separation from RM was very limited. With regard to RM, I was involved in the sale of its pension assets ahead of privatisation but, other than that, I again had little direct role in its oversight.

76. As can be seen from the minutes of the ShEx Board of 15 September 2010, ShEx was re-organised at that time into three units. Anthony Odgers took responsibility for managing the assets in ShEx's portfolio, a task for which he had been brought into ShEx. I led on "Corporate Finance – focussing on transactions of non-portfolio assets and special projects" (**UKGI00001339**). In this context "transactions of non-portfolio assets" is a reference to investments and sales; and "special projects" is a reference to work on companies in distress situations. This formalised the kinds of work that I was doing in any event, and which I have described above.

77. I did attend various meetings at which matters relating to RM and POL were discussed, including ShEx Board meetings (an example being that of 15 September 2010, cited above). The most prominent issues concerning RM and POL at that time was the privatisation of RM, which is unsurprising given the many difficulties involved and the need for primary legislation. A ShEx Board Briefing on RM, which was sent to me and others on 25 June 2010 (**UKGI00041941**), is typical in this respect. This set out in detail the tasks facing ShEx in respect of RM privatisation. A relatively short section dealt with POL; it was noted that it would remain in public ownership and emphasis was placed

on public concerns about Post Office branch closures that had derailed the previous effort to sell RM (**UKGI00041943**).

78. The same paper set out the resource then available to ShEx for work on these projects. The RM team comprised two members of the SCS, four civil servants at Grade 6 (one tier below the SCS), one at Grade 7 (two tiers below SCS), and a more junior civil servant. There was a separate team for the POL comprising one member of the SCS, one Grade 6, one Grade 7, one fast-streamer (i.e., a relatively new graduate recruit to the Civil Service Fast Stream), and one Higher Executive Officer (“HEO”). Recruitment was ongoing for a further Grade 7 and HEO. There was also a bill team working on the relevant legislation (the Postal Services Bill). The author of the paper considered that the teams were “*probably adequately resourced*” but commented that the project will “*consume a considerable proportion of the ShEx team over the next 2-3 years*” (**UKGI00041943**). There was a lot of work to do. Others will be better placed than me to describe how, at that time, the teams worked with one another and how, in practice, they reported up through ShEx and into the Department. I have outlined the relevant structures for this reporting earlier in this statement; I add here that ShEx had no role in overseeing the conduct of prosecutions by POL or the RM.

79. I have no recollection of being made aware of the *Computer Weekly* article in May 2009 that set out the cases of seven sub-postmasters who were in conflict with POL about losses that they attributed (as we now know, correctly) to

Horizon (**POL00041564**). I would not have expected that article to have been brought to my attention given my role at that time.

80. Nor was I aware of, or involved in, the advice to Ed Davey MP, then Parliamentary Under Secretary of State for Employment Relations and Postal Affairs, ahead of his meeting with Alan Bates on 7 October 2010 (**UKGI00000062**). Again, I would not have expected to have been sent this advice as the issue was being dealt with by the POL team and the Minister's private office.

81. In the lead up to POL's separation from RM, several issues had to be worked through. First, the Government subsidy for the period after March 2012 had to be agreed and State Aid approval granted. Second, and related, plans had to be developed for the size of the branch network and a commercial strategy that would (with the subsidy) sustain that network. Third, governance structures had to be put in place for the newly independent POL. In particular, it would need a new Board and a new Chair. Finally, questions had begun to be asked about possible future ownership structures for POL. Following the 2010 General Election, the new Ministerial team expressed interest in the idea of mutualisation (i.e. a company that was largely owned by the sub-postmasters and POL employees).

82. I did not have a direct role in the work ShEx did on these issues, but I did receive updates through the ShEx Board. I can see from Board papers that the funding settlement of £1.34 billion (for the four years from April 2011) was agreed by

December 2010, and was accompanied by discussions on the future growth strategy, and on what would become known as Network Transformation. The Board was also informed that the Postal Services Bill had created a framework that allowed for mutualisation and that Ministers hoped this would “*better align the interests of POL staff, sub postmasters, and potentially customers*” (UKGI00001342).

83. On governance, ShEx’s preferred approach was that set out by Anthony Odgers in his paper to the Board on 5 May 2011 (UKGI00043224). Anthony identified POL as one of ShEx’s “core assets” and made the following proposal for its future:

“As POL disengages from RMPS, we would look to take a more active role, and have already agreed with ministers and RMPS to take a Board seat once the business separates from Royal Mail. We have also agreed with the Chair of RMPS that we will select a new Chair for POL.”

84. I was in favour of the Department appointing a Shareholder NED, for reasons I have discussed above. Elsewhere in the paper, Anthony wrote that as POL separates from RM, ShEx would “*take a more significant direct role in the governance of POL.*” This was in part the result of RM no longer acting as an intermediary between ShEx and POL, but it also reflected ShEx’s intention, in line with Anthony’s paper, to play a more active role in governance, notably by taking a seat on the Board.

85. The ShEx Board update on RM and POL of 5 May 2011 referred to the need to appoint a *“suitably robust and independent POL Board, to be constituted following the appointment of a new POL Chair.”* At that time, no suitable candidate had been identified for the Chair position, despite a shortlisting process (**UKGI00043228**). My recollection is that recruitment to the POL Chair post was difficult in this period, because the remuneration package was not competitive. By 11 October 2011, the ShEx Board was informed of the appointment of Alice Perkins as Chair (**UKGI00045863**). I do not think I played any role in her recruitment. The same minutes record that a consultation on mutualisation had been opened.

86. The following month, November 2011, saw the POL Annual Review within ShEx. I did not attend this meeting (**UKGI00041970**), but I have now seen the slides provided to it (**UKGI00042628**). The first bullet point under the heading *“Long term strategy”* was: *“Strengthen POL’s Board, in particular through appointment of a new Chair and Non Executive Directors to give increased levels of oversight and challenge.”* Again, I do not believe that I had any direct involvement in these NED appointments but I am not surprised that ShEx had highlighted this as a priority.

87. I do not now recall what role, if any, I played in the appointment of the Shareholder NED. Papers provided to me by the Inquiry (which do not appear to have been copied to me at the time) show that there was some resistance to this from Alice Perkins and (reportedly) at least one other member of the Board,

although this did not ultimately prevent the appointment of Susannah Storey (UKGI00042588). I am not sure what, if anything, I knew of this at the time, though it seems to me now that this resistance probably resulted from the RM Board's desire to keep as independent as possible from Government, albeit that the new POL Chair was new to the Group.

88. I am asked the extent to which ShEx exercised oversight of the pilot or rollout of Horizon Online. This was not something that I oversaw and I do not think ShEx would have been closely involved as this was an operational matter that would be left to POL and RM to implement in line with the ALB model.

ShEx/UKGI actual oversight of POL post-separation: to May 2015

Prior to my becoming CEO of ShEx

89. I attended the ShEx Quarterly Review for POL on 13 August 2012 as an unconnected Director, to bring a fresh pair of eyes, which was standard practice for these reviews. I would have expected the meeting to be led by Anthony Odgers, who had responsibility for portfolios and who was listed first in the minutes of the meeting. Those minutes, recorded the following under the heading "Board" (UKGI00001448):

"Susannah Storey, has noted that she is gaining traction with other directors and that the board is generally running well. Capability in certain areas could be enhanced."

The senior management team was good at defending revenues and managing costs. Delivery of future revenue milestones would indicate the ability of the executive team."

90. My recollection here is that much of the positive opinion of the POL Board was in contrast to RM. It was welcome that they have proved receptive to the Shareholder NED. I cannot now remember what Board capabilities could have been enhanced, though I can see from papers prepared for the next ShEx Board meeting that a final NED, Tim Franklin (who had experience in financial services), was identified and put forward for approval the following month, September 2012 (**UKGI00045870**). The CEO's Report to the ShEx Board for November 2012 confirmed that the POL Board had become fully constituted, and noted that: "*A number of very able and suitable NED candidates turned down appointments as they did not think POL could offer sufficiently high remuneration to attract the quality of people we needed to deliver our challenging agenda.*" Recruitment to the Executive Team had seen the recruitment of people "*stepping up*" rather than attracting those with experience of the posts they were being asked to fill: this, too, was said to be "*a direct result of POL salary levels.*" Such problems were not uncommon in ShEx's attempts to recruit to commercial ALBs (**UKGI00016715**).

91. The Traffic Light analysis for the ShEx Annual Review of POL, dated December 2012, rated the Shareholder Relationship between ShEx and POL as Green (**UKGI00017385**):

“There is a good and constructive relationship with the new Chair, and a strong relationship with the CEO who had demonstrated her clear commitment to POL’s strategic plan. The new NEDs are challenging management, and this has been further improved by the recent appointment of Tim Franklin, who brings with him financial services and mutual experience.”

92. The impression was clearly a positive one, perhaps reflecting the “good year” POL was assessed to have had (UKGI00017385). I cannot now recall the extent to which I knew of this view or shared it at the time as I was still not closely involved with POL. I do not think that I knew, then, that Susannah Storey had been prohibited from sharing Board papers with ShEx and I cannot say how much that prevented the flow of information from POL to the shareholder team.
93. The quality of the Management Team and Board was rated only as Amber. My impression from reading the slides now is that the concern was about whether they had the correct skillsets and capabilities to meet the challenge of a transformational strategy for POL, which would require them to generate considerable new revenues as well as defending existing ones. As I discuss below, the concerns about the quality of the Executive Team grew in the subsequent months and years. The analysis also recorded: *“ShEx are working closely with management to monitor the performance of the business and provide support where appropriate / possible”* (UKGI00017385). I was not closely enough involved to know what support was being provided and I would

not have expected to have been involved myself. However, the context of the comment suggests this was to do with POL's future commercial strategy.

The Appointment of Second Sight

94. I was not involved in the appointment of Second Sight to review cases in which Horizon had been challenged by sub-postmasters. I cannot now recall when I first became aware of this investigation although, as I discuss below, it became increasingly prominent after I became CEO of ShEx and I was then copied into relevant submissions and minutes. I do not remember what I knew, or thought, about the merits of the claims and complaints made by sub-postmasters that led to the establishment of the Second Sight review.

95. I can see from the papers made available to me that the then Minister with responsibility for POL, Norman Lamb MP, was briefed in June 2012 about the decision taken by POL that month to commission the Second Sight review (**UKGI00014165**). This submission was made ahead of Mr Lamb's meeting with Mr Bates on 28 June 2012, which would be attended by two members of the ShEx POL team, one of whom was a member of the Senior Civil Service. I would not expect to have been copied in on the submission given my role at that time and I have no recollection of seeing it.

96. Having reviewed the contents of the submission now, I do not find the approach that it was recommending surprising. The issues raised by the Justice For Subpostmaster Alliance ("JFSA") were seen at that time as "operational and contractual" matters between the sub-postmasters and POL. That being so, it

was appropriate that they were handled primarily by POL, rather than the Government, in line with the ALB model. There was a clear dispute between JFSA and POL about Horizon and the decision to call in external, independent investigators to try to get to the bottom of at least some of the cases raised by the JFSA would have seemed a sensible one. It would have made sense to allow that investigation to conclude before contemplating any wider-scale review or audit which, depending on the scope of the exercise, would have required an adviser with greater resource than Second Sight.

97. The submission reflects how Horizon was understood by ShEx at the time. This was informed by the information provided by POL. As the submission recorded, *“POL’s view continues to be that the system is fully robust”*, citing both the low level of incidence of complaints and the supposed absence of problems in Crown offices (p.3). It was also noted that the National Federation of Subpostmasters (“NFSP”) were *“dismissive”* of the JFSA’s claims about Horizon (p.5). However, ShEx was aware of the JFSA complaints and was here advising that the Minister should listen to them.

My appointment as CEO of ShEx

98. I was appointed Acting CEO of ShEx in or around January 2013, and Permanent CEO in April 2013. On taking up these roles I became more involved with the oversight of POL, although detailed work was still delegated to the relevant Director and shareholder team.

99. One of my tasks was to produce the CEO's Report for Board meetings. This was written by a number of people across ShEx, each providing information about their assets, which I would then review. For POL, the section would usually be written by an ED (Grade 5, and so a member of the SCS). At the Board meeting, I would speak to the higher-level elements of the written report, or to any areas about which I had particular knowledge. I would leave the more detailed discussion to the Director with responsibility for POL (Roger Lowe until December 2013, then Anthony Odgers).
100. One of my earliest CEO Reports was produced for the Board meeting on 16 May 2013 (**UKGI00016730**). This included information on the three ShEx assets that were due to be considered in detail at the Board meeting – the Green Investment Bank, POL, the Nuclear Decommissioning Authority – and also reported on an internal survey of its employees that ShEx had commissioned. The section on POL concentrated on branch modernisation, changes to Crown branches and the accompanying risk of industrial action, progress towards mutualisation proposals, and the expectation that POL would exceed its profit targets in the current financial year. These were typical of the types of matters that were being brought to my attention, and that of the Board, concerning the POL at this time. A further issue that arose in 2013 was the development of a strategy (the Network Transformation plan) for the POL network size and the related question of Government subsidy. This continued to be discussed into the autumn, when an agreement was reached for £640 million funding commitment for 2015-2018 which would see the network maintained at its

existing size and geographical reach. The funding was announced in Parliament on 27 November 2013.²

101. In May 2013 I met with the POL Board. I have little specific recollection of this meeting and my evidence about it is based on the papers that have been provided to me. I believe that this meeting was arranged – it seems over lunch – as an opportunity for me to meet the Board in my capacity as the new CEO of ShEx. I have seen an email dated 20 May 2013 in which Paula Vennells, the CEO of POL, said that POL’s objective was for me to leave (**POL00098321**)

“with a clear sense that this is a strong, commercially-focussed and independently minded Board which Minister need to take very seriously. But not one which is politically naïve – we know we need to manage our political/stakeholder environment effectively in order to deliver our commercial objectives”.

102. I did not, of course, see that email at the time, and unfortunately I cannot remember whether I left the meeting with the impression that Ms Vennells was hoping to convey. However, I do remember a very engaged Board eager to understand the priorities of Ministers with respect to POL.

103. Having seen a POL note of the meeting (**POL00144750**), it seems that the main discussion was about mutualisation and handling the relationship between POL

² Hansard, House of Commons Debate Volume 571: debated on Wednesday 27 November 2013 (**RLIT0000203**).

and Ministers. The advice that I am recorded as giving was that POL had to work on both financial sustainability and showing progress towards mutualisation at the same time, and that they had to go some way to meeting Ministerial ambitions on mutualisation. I have no reason to doubt that this is what I said. I was aware that many within POL, and elsewhere, were sceptical about the mutualisation model of ownership and I was trying to explain that they had to work with the Government – the sole Shareholder – on this point. The reference to things getting “*more fraught politically*” in the next two years is, I think, a reference to the increased political tension that would come with a General Election in 2015. There was also some discussion of industrial relations. I have seen no records that suggests that Horizon was raised as an issue when I was present. I do not believe that I stayed for the whole Board meeting.

104. The note of the meeting raised the possibility of repeating my session with the POL Board later in the year. To the best of my knowledge, this did not happen – I am not sure why.

Second Sight Interim Report

105. Jo Swinson MP, Parliamentary Under-Secretary of State for Employment Relations and Consumer Affairs, made a Parliamentary statement welcoming the publication of the Second Sight interim report on 9 July 2013 (UKGI00001822). The Minister referred to the finding by Second Sight that “*we have so far found no evidence of system-wide problems with the Horizon software,*” but noted that they had identified “*scope for the Post Office to*

improve aspects of its support and training for subpostmasters.” The Minister referred to the establishment of a Working Party to review all 47 cases presented by JFSA, to be chaired by an independent figure following a process involving JFSA and other stakeholders.

106. I cannot remember whether I saw this statement at the time, either before it was given or afterwards. I would expect the ShEx POL team would have provided the Minister with a submission on this topic and would have worked with her Private Office on the terms of the Parliamentary announcement. I would not expect to have been directly involved in drafting or approving such a submission as CEO. There would be no need for this; the Minister was receiving the appropriate information from the people who knew the issue best. As I have said earlier in this statement, ShEx was not a hierarchical Department in which submissions had to be funnelled through multiple layers of management. Had the Minister wanted my input then she could have asked for it, but to the best of my recollection she did not.

107. As the statement indicated, the process of dealing with the Horizon dispute was ongoing and was entering a new phase in which all 47 cases would be considered by a Working Party chaired by an independent figure. This had been welcomed by MPs campaigning on this issue and, as the Minister said, the JFSA were to be involved in establishing the relevant processes. Given what was known within ShEx at the time about the extent and nature of the Horizon issue, this seemed to be a reasonable and indeed welcome approach. As such, there was no need to escalate the matter to the Board or to me as CEO.

Concerns about POL Executive Management Team, 2014

108. The POL annual review, which took place in January 2014 raised concerns about the strength of the POL Management Team. The slides for the meeting (UKGI00042083) referred to considerable progress being made but with headwinds and risks emerging (p.4). The management team was assessed as Amber in the Traffic Light analysis, with observations made about the high turnover of senior executives and whether those that remained had the ability to deliver POL's strategy effectively (p.44).
109. The review meeting took place on 10 January 2014. I did not attend but have seen the minutes while preparing this statement. The review team "*discussed the suitability of the current management team (i.e. capability and capacity) and in particular whether Paula Vennells was the right person to hold the CEO position long term. Questions were raised and it was agreed that a confidential and internal review would be undertaken to assess her suitability*" (UKGI00042089, p.2).
110. This was picked up on the 19 February 2014 at the ShEx Risk and Assurance Committee (UKGI00042124). The meeting was intended to consider the "*major risks*" in relation to POL. I attended the meeting, which was chaired by Fiona-Jane Macgregor. Richard Callard, the head of the ShEx shareholder team, led the presentation.

111. Richard set out the advice from the team that had conducted the Annual Review.

The minutes record that there had been a “*general consensus that there is an issue with the leadership of POL however there had only been anecdotal evidence.*” As Richard was taking on the role of Shareholder NED, he was asked by the Committee to investigate the matter further with the Chair and other POL NEDs (**UKGI00042124**).

112. The discussion in the Committee that followed showed that the concerns of Ms Vennells’ leadership were about the lack of delivery on the POL transformation plan. There were points in her favour; it was her first CEO role, the objective of commercial sustainability was being achieved, and there was “*little hard evidence of poor performance*”. A mentoring arrangement was suggested. Concerns were expressed that a change of leadership might be untimely and increase risk. Presciently, the minutes recorded that “*the current remuneration package is fairly small in comparison, so would it attract the right calibre of applicant.*” Richard was invited to meet with NEDs and the Chair and push them to decide on “*whether they feel the CEO is capable of the job in hand.*” The meeting also recommended an independent review of the POL Board.

113. These minutes suggest that this discussion had been sparked by the commercial and strategic elements of Ms Vennells’ role, not by her handling of matters relating to Horizon (although, as I discuss below, Project Sparrow was subsequently discussed).

114. To the best of my recollection, I did not play any significant role in examining Ms Vennells' position over the months that followed, but I discussed with Richard what he was hearing and the matter was raised at the POL Quarterly Review in April 2014 (**UKGI00042615**). Richard engaged with the POL Chair and Senior Independent Director around both the CEO and CFO positions. My memory is that Richard also worked with a recruitment consultancy to take soundings of potential successors for the CEO, although I cannot remember when in the sequence of events he did this. The result was disappointing, as no suitable candidate was found who could be recruited on the terms that were on offer. As had been foreseen in the earlier discussion, the restraints on remuneration limited the options that were available to the Board.

115. By August, a view had emerged from the POL non-executives that the CFO at POL should be replaced, and that the Board had concerns over Ms Vennells, which had been growing for some time and had "*recently got to the point where it feels it needs to act in due course*" (**UKGI00002441** and **UKGI00002440**). My memory is that there was a clear view from the non-executives that the CFO needed to be replaced imminently; their view on the CEO was more nuanced. The collective view of the ShEx team, with which I agreed, was that it would be destabilising to replace the CFO and the CEO at the same time, and that the priority should be recruiting a new CFO, to "*give them time to get their feet under the table before acting on the CEO.*"

116. The principal issue about the CFO was that while he was competent, had done nothing wrong and had fulfilled the job asked of him in overseeing separation,

he was not the right person to take the company forward given the ambitious strategic plan it had (**UKGI00002440**, p.3). Regarding Ms Vennells, there were a wider range of concerns. The briefing note on 20 August 2014, among other things, anticipated questions we might be asked by the Minister about why the question of replacing her as CEO had not been raised before. The briefing emphasised the “*dangerous and destabilising*” nature of changing the CEO, said that the Board had been monitoring the situation for some time and that it had until recently felt that the balance points toward keeping her in place. It went on:

“There are number of reasons why this balance has now changed:

- *Efforts to improve her performance have failed.*
- *The Board is increasingly frustrated with the lack of progress on various areas, primarily the lack of ‘grip and pace’ applied revenue growth, cost cutting, specific business areas like Horizon, and the strategy in general*
- *This crystallised for the Board at the June away day, where Paula very much sat back and let her team lead – she acts more like a NED than someone who leads from the front”*
(**UKGI00002440**).

117. The briefing went on to note that she had many strengths, but reiterated concerns about “*grip*” and “*pace*”, despite extensive mentoring from the Chair. POL, it was thought, needed stronger leadership and vision. Various examples were given, including:

“Issues like the Horizon mediation scheme and financial services have required significantly more oversight by the board than one might expect as things haven’t been gripped (to the point where the Board have set up sub committees when it should be Paula or the CFO)” (UKGI00002440).

118. At various points in the paper, it was suggested that recruiting a new CEO would require higher remuneration: *“A decent external candidate would still be taking a pay cut to come, even though we would have to increase remuneration” (UKGI00002440).* This was a matter of some political sensitivity, particularly as the existing CEO and CFO would be contractually entitled to severance payments.

119. A decision on whether to replace the CFO and the CEO lay with the Board, but subject to the approval of the Minister. For this reason, it was appropriate to inform the Minister of the position and because of the sensitivities (both political and commercial) involved and the likelihood that HM Treasury would have to approve the settlement package.

120. Ultimately, the decision was taken to replace the CFO, which led to the recruitment of Alasdair Cameron who took up his post in January 2015. Ms Vennells was not, of course, replaced. I think there are a number of reasons for this. First, it is a big step for a company to remove its CEO and it should only be done where it is confident that the replacement will be an improvement. At

that time, the POL Board could not be confident that a better candidate could be found given the remuneration on offer. Second, it would have been highly destabilising to replace the CEO and the CFO at the same time. A decision was taken that recruiting a new CFO was the priority, and this was done (although I believe it took some time, in part because of Ministerial reluctance to agree to a severance package). Third, by November 2014 it was apparent that Alice Perkins intended to step down as Chair of the POL Board in July 2015, which again supported the retention of the CEO during a period of change in the business (**UKGI00042592**). Fourth, there was optimism that the recruitment of a new, and stronger, CFO, and additional support and mentoring, would help Ms Vennells in her role. I feel sure I would have tested with Richard Callard that the Chair (and the Board) were confident enough in Ms Vennells to continue as CEO.

121. The concerns ShEx had about Ms Vennells and the Executive Team were again reflected in the Traffic Light analysis dated 8 January 2015 (**UKGI00042778**), where the Quality of Management Team and Board was rated as Red. The Board was said to share the concerns around the CEO and were monitoring the situation, although other gaps in the senior management team were seen as the priority. The assessment of the Board itself was more positive, with the Board thought to be “*settled and ... placing increased scrutiny on, in addition to providing support to, POL’s executives – this is seen as a positive step*”. In the Quarterly Review for October 2015, the quality of management team and Board was again assessed as Red, with the comment: “*ShEx has questions in respect of POL’s management team and whether they are right/capable of delivering*

the strategic plan. The Board are dealing with this, although they have prioritised some recruitment activities over others.” It was noted that recent arrivals seemed to be settling in well, although they had yet to be tested fully (**UKGI00006108**).

122. My recollection is that when Tim Parker became Chair later in 2015, he was positive about Ms Vennells, at least initially. One document that supports that memory is a record of a meeting that Mr Parker had with the Secretary of State in November 2015 in which he suggested that she deserved a pay rise (**UKGI00045854**).

The Initial Complaint Review and Mediation Scheme

123. Over the course of 2014, issues concerning the Initial Complaint Review and Mediation Scheme, and the Board’s Project Sparrow, began to be escalated through ShEx’s internal processes. Consequently, I became more sighted on these matters.

124. Project Sparrow was included in the ShEx risk register that was considered at the ShEx Risk and Assurance Committee on 19 February 2014 (**UKGI00042124** and **UKGI00016846**). The minutes of the meeting record the Committee asking the presenting team to explain this reference; the minutes contain a truncated account of the dispute between POL and some of the affected sub-postmasters.

125. Alan Bates wrote to Ministers expressing concerns at delays in the Complaint Review and Mediation Schemes on 16 April 2014 (**UKGI00002264**). A

submission went to the Minister, then Jenny Willott MP, on 25 April 2014 providing background, offering advice and suggesting a response (**UKGI00006671**). The Permanent Secretary was copied into this submission, but I was not. For the reasons I have given above, I would not have expected to have been involved in this submission and the accompanying advice.

126. I am aware now that Deloitte presented its initial findings on Project Zebra to the POL Board in April 2014. I have been shown an email sent from Alice Perkins to Paula Vennells dated 3 June 2014 (**POL00116581**) that recorded:

"I have just come away from my meeting with Mark who has made two helpful offers. On Deloitte, he says they often have difficulty with the Big Four over things like this and he thinks they might be able to help if we need them to. Second, he is willing to help us with Ministers over our recommendations/options when we are ready.

We went over pretty much all the ground we covered on Monday. He was interested to test the option of bringing in alternative investigators. Am I right in thinking you believe they would be no cheaper (tho better and faster)?? No need to reply but to consider as part of the menu of options on Friday. Otherwise, all fine. No mention of the M word. Very friendly and supportive."

127. I have no recollection of this meeting with Ms Perkins, or of what I said to her.

Looking at her message, and other comments in the email chain, the reference to Deloitte concerns Ms Perkins' wish to publicise Deloitte's conclusions in Project Zebra. From the comments later in the chain about whether Deloitte "*agreed to being named in any disclosure of the report*", I think my reported comments reflect my general experience of professional services firms being unwilling to release their advice publicly if either their original engagement letter never required this or the advice requires an unambiguous statement that the firm is only willing to stand behind following the conduct of extensive audit procedures. My offer was to test with Deloitte, at a senior level, whether they were prepared to be flexible on this matter.

128. The "*recommendations/options*" which are referred to are, I presume, the options that POL were debating with respect to the Mediation Scheme. When they had decided which option to recommend, I was offering to help explain the option to Ministers.

129. Neither offer was taken up. I was not further involved, so far as I can recall, with the instruction of either Deloitte or Linklaters between March and June 2014. Looking back now, it appears that the reassurance that was given to the Board by Deloitte meant that, regrettably, the full Project Zebra report was not scrutinised by the Board or by ShEx.

130. The comment on bringing in alternative investigators was, I believe, me encouraging Ms Perkins to consider alternatives to Second Sight if this was

necessary. The view within ShEx at the time was that Second Sight, being a small firm of two full-time employees, lacked the capacity to conduct the necessary work as quickly as was required. I now know that the view of both POL and the ShEx shareholder team was that Second Sight had lost objectivity, but I am not sure if I was aware of that at the time of this conversation. The suggestion of alternative investigators was to ensure that the process could continue in a way that was more efficient. There is a reference further up the email chain to “GT”, which is likely to be to Grant Thornton. This could well have been my suggestion; at the time, I was keen to encourage the use of audit firms outside the Big Four so that the market for these services was opened.

131. The reference to the “*M word*” is almost certainly to mutualisation. This suggests that this was a general catch-up meeting between me and Ms Perkins, rather than a meeting specific to Horizon issues. I do not recall having a specific meeting on Horizon and I do not think that I would have done so given my limited involvement in the matter to that date.

132. The Working Party and Mediation Scheme were discussed in the POL Quarterly Review meetings in June 2014, which I did not attend (**UKGI00002501** and **UKGI00013659**). The panel considered whether Project Sparrow should be raised with the RAC: they agreed that it should not for now, “*but due to reputational risks progress should be closely monitored.*” I do not understand the reference to the RAC as the issue had been discussed at the committee on 19 February 2014 (as I have said above). A decision on what should be escalated is always a matter of judgement and I can see why the panel in June

2014 opted to monitor closely rather than refer; there was still an ongoing process, and external agencies were involved. Given that the RAC were already appraised of this matter, I am not sure whether a further referral would have made any difference, but in hindsight that would have been appropriate.

133. The next Quarterly Review meeting, on 16 October 2014, again discussed the Working Party and Mediation Scheme under the heading “*Project Sparrow*” (**UKGI00002502** and **UKGI00045856**). I did not attend this meeting and I cannot now recall what I was told about it. While the Quarterly Review slides express, in blunt terms, the frustration of the ShEx shareholder team with Second Sight and the progress and costs of the scheme, it was thought that the process was, slowly, moving to resolution.

134. Throughout this time, ShEx continued to work with and monitor POL’s progress against the Department’s wider policy objectives. A helpful summary of ShEx’s business priorities for POL at this time is contained in an email from Fiona-Jane MacGregor to the Secretary of State and his Ministers on 21 October 2014, presumably in response to a request across the Department for such updates (**UKGI00016744**, p. 57). This referred to the maintenance of the network of post offices, the network transformation plan, progress towards mutualisation, obtaining State Aid approval for the November 2013 funding settlement, and implementing the wider commercial strategy. This was an ambitious programme of work, which had to continue alongside the monitoring of the Horizon/Project Sparrow issue.

135. During this period I believe there was regular monitoring of the Working Party and Mediation Scheme by the Shareholder NED and shareholder team, and the Minister was kept informed through submissions. ShEx clearly shared the growing frustration with Second Sight and the overall slow progress but there was, as I remember it, some confidence that progress was being made.

The Breakdown of the Mediation Scheme

136. By early 2015 it was, however, apparent that sub-postmasters' trust in and engagement with the Initial Complaint Review and Mediation Scheme was breaking down. Members of Parliament had publicly expressed a loss of faith in the scheme in December 2014. This was reported in the Quarterly Review for POL in January 2015 (**UKGI00019551**). On 3 February 2015 the Parliamentary Business, Innovation and Skills Committee heard evidence about the Post Office Mediation from Mr Bates, Kay Linnell, representatives of the Communications Workers Union and NFSP, Ms Vennells, Angela van den Bogerd and Ian Henderson of Second Sight (**UKGI00003231**).

137. On 4 March 2015 a submission went to the Minister, Jo Swinson, on the POL's proposed change of approach to the mediation scheme, which was to adopt a presumption of mediating all non-criminal cases without an initial review. Given this position, the Working Group would be closed and the original engagement with Second Sight terminated, although POL would continue to fund any applicant who wished to have Second Sight or any other forensic accountants produce a report before mediation (**UKGI00014168**). While emphasising that the decisions on the scheme were commercial matters for POL, ShEx

considered that its revised position met the commitments that the Minister had given in Parliament (which were listed in an Annex). The submission anticipated a hostile reaction from the JFSA, Parliamentarians and parts of the media. I was copied in to this submission but would not have contributed to its drafting or sign-off for the reasons I have discussed above.

138. In the email exchanges that followed the submission, the Minister was informed that 106 cases were still live within the Mediation Scheme: 26 were with the Centre for Effective Dispute Resolution ("CEDR"), 43 were non-criminal and hence would be subject to the presumption to mediate under POL's proposals, and 37 were criminal cases (**UKGI00000923**).

139. Following the announcement by POL of its new approach, and the hostile reaction to it, a further submission went to the Secretary of State and his Ministers on 11 March 2015 (**UKGI00001184**). On 19 March, another submission went to the Secretary of State attaching a proposed response to the Parliamentary Select Committee report on the Mediation Scheme (**UKGI00001055**). Again I was copied in to these submissions (**UKGI00001184**) but I did not have a role in drafting them.

140. I am asked about the nature and extent of my knowledge of or involvement with the decision making within POL to terminate the Working Group. I was not involved in the POL decision making and knew about it only through what was reported back into ShEx through the Shareholder NED and the ShEx shareholder team.

141. I am not able to say what I thought at the time about the breakdown of the Mediation Scheme in 2015, or to the complaints made by the sub-postmasters. I had not been directly involved in the Scheme or the advice that was given following its failure. Looking at the submissions now, I can see that there was a clear view within ShEx that it was essential to respect and preserve the independence of the Scheme, and that decisions on the Scheme were considered to be matters for POL in which the Department should not intervene. ShEx's view at the time was that this was primarily a dispute between POL and a significant, but still relatively small, group of sub-postmasters. The information that the ShEx team had received from POL was that neither Second Sight nor Deloitte had identified any systemic problems with Horizon, although there had been failures in terms of training and support. That information informed submissions made to Ministers at this time. ShEx, acting on behalf of the Shareholder, was entitled to expect full and accurate information to be provided by POL. POL would also have known that the information would be used to make statements to Parliament and the public.

142. A process had been put in place that had, initially, commanded the support of JFSA, its supporters, and POL. Now that this process had broken down, there was a need to consider what further options should be explored. Electoral timing added to the complexity; the Fixed Term Parliaments Act 2011 had set the date for the dissolution of Parliament for 30 March 2015.

143. I can understand, therefore, why in these circumstances ShEx did not recommend, and Ministers did not take, a more interventionist approach at this stage. The issue was being monitored by the ShEx team and had been escalated at various stages to Ministers and the Permanent Secretary, which was appropriate. It had also been considered at least once by the RAC, although it would have been reasonable to escalate it again later in 2014. A degree of faith was also placed in the knowledge that the POL Board was appraised of the issue and had taken steps to address it, through Project Sparrow and the instruction of Deloitte and Linklaters.

144. That said, looking back at these (and other) submissions and documents now, is uncomfortable. Some of the language used is too dogmatic and dismissive of the JFSA and its supporters. There was also, at points, a failure to explain that the view of the evidence that is being presented to Ministers was derived largely or solely from POL. It would have been better to have set out and clearly attribute the JFSA view, the POL view and then add a comment on whether ShEx had an opinion on where the better argument lay. It is easy to say this with hindsight, though. Ministers value concision and clarity in submissions. Time spent describing conflicting views is not always welcome.

145. The most troubling reflection I have looking back on these documents is about the significance of the allegations of wrongful convictions. It was not surprising to me that there would be some convictions of those working at post offices; any business is vulnerable to theft by its employees and agents, the more so when it handles large amounts of cash. I would have taken comfort from the fact that

the convictions came after a trial before a judge and jury with a verdict returned to the criminal standard of proof. I would also have expected the appeal system to rectify mistakes. I did not know at that time of the failures by POL to follow due process and provide proper disclosure in those cases. Knowing that now makes it easy to see why more should have been done then to conduct a full and thorough review of Horizon.

146. I am asked about whether I think now, and thought at the time, that POL handled the Initial Complaint Review and Mediation Scheme appropriately. At the time the establishment of the Working Group and the Mediation Scheme seemed a sensible and pragmatic response to Second Sight's Interim report and one that appeared to have the support of most involved. Being independent of POL and Government, and overseen by a retired judge, also appeared to give the process the best chance of success. It was very disappointing, therefore, to learn that the Scheme ultimately wasn't achieving its objectives. I understand now that the reasons for lack of progress were many and varied depending on whose view was being sought. Greater complexity than at first anticipated was clearly one reason so the POL option to proceed on the basis of mediating all non-criminal cases (so removing one of the key reasons for the Working Group) appeared a good one, especially if Second Sight were continued to be retained to assist with the support of individual cases and CEDR also remained directly involved. That ultimately this route failed to work because stakeholders, especially the JFSA, had lost the initial confidence they had in a mediation scheme is now not surprising. A mediation scheme built on a process of investigating individual cases was unlikely ever to get the root of the problems

of Horizon. What we know now is that a far more comprehensive investigation of Horizon, and the processes that went with it, was necessary.

ShEx/UKGI actual oversight of POL post-separation: after May 2015

Baroness Neville-Rolfe Becomes Minister

147. Following the election on 7 May 2015, Baroness Neville-Rolfe was appointed as the Minister with responsibility for POL. Of note, she had a background in business and had acted as an executive on the Board of a major company. Baroness Neville-Rolfe received a series of briefings and introductory meetings concerning POL, including specifically on Horizon issues (briefing: **UKGI00004402**; submission: **UKGI00004448** and cover email: **UKGI00000936**; and meeting read-out: **UKGI00004469**). Again, and for the reasons I have given, I was not involved in producing these submissions (although I was copied in on some of them) and I did not attend the meeting between Baroness Neville-Rolfe and the ShEx POL team.

148. By this time, the Second Sight report of April 2015 had been provided to ShEx, as had the POL response. JFSA and Parliamentarians continued to express their disapproval of POL's position on mediation and were pushing for an independent Inquiry. The ShEx advice to the incoming Minister was to maintain the Government's position that Horizon was a matter for POL as an ALB, and to resist the calls for a further independent inquiry. Central to this argument was the understanding that two years of scrutiny by external investigators who were hostile to POL had not revealed any systemic failings in the Horizon computer system. It was noted that POL continued to offer to mediate (non-criminal)

cases, and that where there were concerns about unsafe convictions these could be addressed to the Criminal Cases Review Commission ("CCRC"). Officials pointed out that POL was under a duty to disclose any new material that could assist a sub-postmaster's defence, and we had no reason then to doubt that POL would take that duty seriously. From what we know now, this confidence was wholly misplaced, which is a matter of great regret to me.

149. Although these submissions expressed, clearly and strongly, a view that Government should not intervene, they provided the Minister with both an outline of the concerns expressed by the JFSA and Parliamentarians, and with a letter written to her by Mr Bates on 19 May 2015 (**UKGI00004438**).

150. Although I was not involved in drafting these submissions or the advice that they contained, I can see the logic, based on what ShEx knew at the time, of maintaining the position that the Government should keep its distance. There was still a mediation process going on, which in the view of the officials offered the best prospect of resolving these matters. If the Government had indicated that it was considering an alternative scheme, then there would have been little or no incentive for sub-postmasters to continue to engage with the mediation.

151. In June 2015, ShEx also became aware of the forthcoming Panorama programme on the Horizon issue. This was referred to in the earlier submission received by Baroness Neville-Rolfe and was the subject of a separate submission on 24 June 2015 (**UKGI00006582**). This anticipated (as it turned out, incorrectly) that the programme would be shown on 29 June 2015, the

same day as an Adjournment Debate in the House of Commons called by Andrew Bridgen MP. The submission again contained strong advice that there was no evidence of systemic flaws and suggested that the allegations in Panorama had been made before. POL was expected to defend itself “robustly”. The submission annexed short case studies taken from public sources of the cases of Seema Misra, Noel Thomas and Jo Hamilton, again allowing the Minister to understand something of the case that the JFSA was making.

152. George Freeman MP, the Departmental Minister in the Commons, attended the adjournment debate on the Government’s behalf. During the debate he made a commitment to convene a meeting between concerned MPs, POL and sub-postmasters to discuss how to resolve the outstanding Horizon issues (**UKGI00019314**). That commitment was repeated by the Prime Minister two days later in answer to a Parliamentary Question from Mr Bridgen.³

153. On 1 July 2015, the same day the Prime Minister made his commitment, a submission went to Baroness Neville-Rolfe and Mr Freeman giving options on how this could be honoured. The submission repeated the view that an independent inquiry would be “*unnecessary and disproportionate*” given the perceived lack of evidence of any systemic flaws in Horizon despite the scrutiny of the past two years. Instead, it was proposed that the Government host a meeting in which the various sides could seek to understand one another’s

³ Hansard, House of Commons Debate Volume 597: debated on Wednesday 1 July 2015 (**RLIT0000204**).

views. Officials advised against involving Second Sight given concerns about their respecting confidentiality and because their views could be seen from the reports. They also recommended against inviting the JFSA again due to concerns about confidentiality and because they had cases in the ongoing mediation schemes. I was not involved in drafting these submissions. In general, in a situation of this complexity it must be right to expose Ministers directly to all sides of a debate. While the Minister did meet Second Sight and a number of MPs in the coming weeks and months, I still think that, in hindsight, we should have advised earlier that all parties should be included in spite of reservations around confidentiality (**UKGI00000063**).

154. Mr Freeman pushed back against the advice not to meet Second Sight. Baroness Neville-Rolfe indicated that she was content with an *initial* meeting between Ministers, POL and MPs to explore “*key issues and next steps – which may include follow up meetings*” (**UKGI00000942**). I was one of many copied into these emails, but I did not (so far as I am aware) participate in the debate.

155. The meeting between Mr Bridgen, Kevan Jones MP, senior POL executives, and Baroness Neville-Rolfe took place on 15 July 2015. I did not attend, nor would I have expected to have done so. A submission following the meeting (**UKGI00015226**) recorded that, among other outcomes, Baroness Neville-Rolfe had agreed to meet James Arbuthnot and had indicated a desire to meet Sir Anthony Hooper (who, it was noted had “*guarded his independence and previously declined to meet with BIS Ministers as he felt it would be inappropriate given his role.*”).

156. On 22 July 2015, Ron Warmington of Second Sight emailed Mr Freeman at his constituency office, challenging his assertion in Parliament that Second Sight had produced two reports that found no evidence of systemic faults (**UKGI00005133**). This letter, and accompanying advice, was sent to Baroness Neville-Rolfe's private office by a member of the ShEx team on 24 July 2015. A suggestion that the House had been misled is taken seriously and, as I would have expected, the ShEx team had gone back to consider what had been said against Mr Warmington's email. They remained confident that the Ministers words had been correct (while emphasising that it was not the Government's role to arbitrate in this matter). I was not copied into the original email, and I do not recall being briefed on it; I think I would have remembered if I had been as misleading the House is such a serious matter.

157. A few days later, on 27 July 2015, Baroness Neville-Rolfe asked for a high level meeting "on *Post Office and issues surrounding the Horizon system*" and requested that I attend (**UKGI00005136**). Having consulted my diary, I can see that I was on holiday and out of the country at the time, hence I was not able to go. I can see from the surrounding papers that Anthony Odgers in effect took my place, and that the meeting was also attended by Richard Callard and Laura Thompson from the ShEx POL team . Later, a senior BIS lawyer, Patrick Kilgarrieff, was added as an attendee following the Minister's request (**UKGI00005190**).

Further Meetings and the letter to Tim Parker

158. The meeting took place on 4 August 2015 as is shown by the meeting note (UKGI00005677). It was informed by a submission sent to Baroness Neville-Rolfe on 31 July 2015 (UKGI00019376) and a paper containing a table of options for consideration (UKGI00019300). As I was away, I would not have seen these at the time. The submission and the options table considered ways of allowing for a degree of independent scrutiny of outstanding Horizon cases. The submission stated that the proposals were focussed on cases where an individual did not have a criminal conviction, on the basis that the CCRC was the “*suitable independent route of appeal*” for the “*around 20 individuals ... pursuing that option*”. The options table listed four ways of introducing review or oversight for the existing mediation process: review by a senior civil servant; review by an independent person such as a judge; review by a professional law firm; and a greater role for CEDR. The advantages and disadvantages of each course were set out. The option of maintaining the status quo was included, though it was noted that this would not “*provide reassurance for Minister or individuals*” and would lead the Government open to criticism of inaction or wilful ignorance.

159. I was not involved in the drafting of these documents, but I understand that the table of options was the result of work done by the ShEx team with the input of Anthony Odgers. Reviewing it now (UKGI00019300), it seems to me an appropriate approach, providing the Minister with a range of options for her consideration, with the pros and cons of each described. It was intended to form the basis of a discussion and so should not be seen as being a comprehensive list.

160. I have only seen a short note of the meeting, but the key action that emerged from it was the decision that Baroness Neville-Rolfe would “*speak with incoming Post Office Limited Chairman Tim Parker, to encourage him to take a fresh look at these issues and engage with those who are still raising concerns*” (UKGI00005677). This was the genesis of the Minister’s letter that was sent to Mr Parker on 10 September 2015 (POL00102551), which stated:

“The Government takes seriously the concerns raised by individuals and MPs regarding the Post Office Horizon system and suggestions that there may have been miscarriages of justice as a result of issues with Horizon.

[...]

As the sole shareholder of Post Office Limited, the Government wants to make sure that the Post Office network is successful and sustainable across the country. We recognise that the Post Office is a commercial business and we allow it to operate as such, but of course, we expect it to behave fairly and responsibly in doing so. I am therefore requesting that, on assuming your role as Chair, you give this matter your earliest attention and, if you determine that any further action is necessary, will take steps to ensure that happens.”

161. I expect that I was updated on the outcome of the meeting verbally on my return to work, though I cannot remember now when this happened or what was said. I cannot recall what I saw of or contributed to the drafting of the letter to Mr

Parker but would be very surprised if I had not discussed it with Anthony, Richard and other members of the ShEx team.

162. I was supportive of this approach. It seemed to me at the time, and it seems to me now, that the decision to use the new Chair as the way of getting to the bottom of the matter was a good one. Tim Parker came to the issue without history and baggage and so had a degree of independence on the matter. It was in his interests to resolve the issue fairly and efficiently so that the company could move forward from it. That would also represent good governance and I trusted Mr Parker to take that approach. He was a highly respected businessman with an excellent reputation. The references received were very positive, and his appointment as Chair was regarded in Whitehall as something of a coup. I thought that he would have the necessary energy and determination to conduct a thorough and effective review.

163. There was also much to be said for this approach structurally as well as personally. The Chair of a company has a direct line of authority into the business and so is able to ask (or demand) to see whatever he or she chooses to see. If an external individual or firm had been brought in, they would lack that direct authority and would have to go through a POL team to facilitate access to the records and information held by the company. That risked the possibility that the POL team would end up “managing” the external auditors and controlling or restricting their access to materials. Placing the Chair in charge bypassed such an arrangement.

164. The potential disadvantage of having the Chair in charge of the review could be the lack of an external perspective, as the Chair is still part of POL. This was mitigated in this instance by the fact that Mr Parker was, as I have said, newly appointed and so not implicated in past conduct. There was also a relatively new General Counsel, which also provided some comfort at that time. Further, the Chair brought in two highly respected independent barristers to assist in his review. Although this was not something that the Minister had required, it was unsurprising and welcome. The Chair also had the freedom to bring in an external law firm, financial investigators or IT experts should that prove necessary.

165. This degree of Government intervention seemed to me appropriate at the time. There was a process of mediation that was continuing, but which faced a loss of trust and engagement. The Minister sought to address this by requesting a further element of review from the POL Chair, a move that was intended to increase the confidence both of those involved in it and the Parliamentarians who had campaigned on their behalf. The Minister had personally intervened to work through the options and had decided which to pursue. In doing so she had gone beyond the initial advice given to her by her officials, in part because of Parliamentary pressure, media interest and other lobbying. In a democracy this is the system operating as it should do. It was also typical of the way in which Baroness Neville-Rolfe worked. She was an independently minded Minister who would challenge the advice that she was given by civil servants and take her own decisions on matters.

166. The focus on non-criminal cases was understandable, given what was known at the time. As can be seen from the 31 July 2015 submission (**UKGI00019376**), the view was taken that the appropriate route to challenge criminal convictions was the CCRC. A Minister had no power to overturn a criminal conviction and it would have been constitutionally improper for her to have sought to intervene to do so. The figure given in the July submission – of around 20 cases going to the CCRC – was of a magnitude similar to that contained in the email exchange in March 2015 that I have referred to above (where it was said that there were 37 criminal cases still “live” in the Mediation Scheme). The prospect of any wrongful convictions is of course worrying, but the numbers then did not suggest that the CCRC mechanism would be overwhelmed or otherwise inappropriate. Again, there was a process that was in place and which would not obviously be improved by further Government intervention.

167. Having taken the decision to approach the Chair, Baroness Neville-Rolfe then attended several meetings to encourage engagement from all parties. On 6 August 2015 she met Ms Vennells, Jane MacLeod (POL General Counsel) and Mark Davies (POL Communications Director) (**UKGI00019376**). I was not present at the meeting, but two members of the ShEx team were. The briefing to the Minister ahead of the meeting (**UKGI00000035**) suggested that in her opening remarks she make the following points:

“Explain to Post Office while Government is the shareholder and is supportive of Post Office, we also want to ensure POL is behaving fairly and reasonably.

While Government wants to leave POL to continue to handle this, you are looking for reassurance that they are doing so fairly and also that they have taken the presentational risks seriously.

The Prime Minister has emphasised the importance of resolving this. Government wants to make use that happens, and Post Office need to do that.

Where the mediation scheme has stalled (because people are declining to mediate) Post Office need to think more creatively about how they engage.”

168. This is a good summary of the Department’s position at this time, albeit with the additional element of the Minister’s forthcoming request that the incoming Chair review the matter as a priority.

169. On 14 August 2015, Baroness Neville-Rolfe wrote to Ron Warmington (UKGI00006179, p. 9) in response to his email to Mr Freeman and subsequent correspondence with her in which he had suggested that Mr Freeman had been “*inaccurately briefed*” about the Second Sight investigation. Baroness Neville-Rolfe’s reply made clear that she had read both the Second Sight “*Part Two briefing report*” and POL’s response to it.

170. Baroness Neville-Rolfe continued to engage with concerned Parliamentarians, in particular Mr Bridgen, Mr Jones and Oliver Letwin MP, including after the Panorama documentary “Trouble at the Post Office” which was broadcast on 17 August 2015 (**UKGI00000042**). At Mr Bridgen’s suggestion (**UKGI00015226**), she met James Arbuthnot on 17 September 2015 to hear his concerns and ask what outcomes and action he was seeking (**UKGI00000058**). A submission following the meeting said that Mr Arbuthnot’s main request was that the Minister meet with Second Sight and consider meeting with Sir Anthony Hooper (**BEIS00000013**).

171. As was pointed out in the submission, there were perceived disadvantages to the Minister meeting Second Sight. In particular, it risked undermining the existing mediation scheme by indicating that the Government might intervene directly. However, the official advice to the Minister was that the meeting should go ahead, both for presentational reasons and because “*It will also allow you to understand some of the arguments against Post Office better yourself*” (**BEIS00000013**). As the submission foresaw, POL had “*very strong concerns*” about such a meeting. On 9 October 2015, Baroness Neville-Rolfe took a call from Ms Vennells in which Ms Vennells sought to dissuade the Minister from meeting Second Sight (**UKGI00006142**). Consistent with advice given to her by ShEx, Baroness Neville-Rolfe “*noted Paula’s views but felt it important to make the offer of a meeting to Second Sight and inform Mr Arbuthnot that she was doing so*”. The Minister’s view at that time was that the meeting with Sir Anthony Hooper was less of a priority and a decision on whether to pursue it should be taken after Tim Parker had met with him as part of his review. I have not seen

any papers to suggest that Baroness Neville-Rolfe did, ultimately, meet Sir Anthony.

172. The meeting with Second Sight took place on 19 October 2015 and was attended by Ron Warmington, Ian Henderson, Baroness Neville-Rolfe and a member of the ShEx team (UKGI00006179). I was not involved in the meeting or the preparations for it. The readout note of the meeting (UKGI00007316) I have seen when preparing this statement recorded that Second Sight focused on what they saw as failings in POL's behaviour with "*no mention at all of actual flaws in the system (other than things that 'could have been better' and 'took a long time to fix')*". Baroness Neville-Rolfe encouraged Second Sight to engage with Tim Parker and his review of Horizon issues and it appears that Mr Warmington and Mr Henderson agreed to meet him (a later document suggests that they did so (UKGI00000020)). At the end of the meeting, the ShEx official thought that Baroness Neville-Rolfe seemed content that she had done what she needed to on this matter and could now leave the process that were in place – the Parker Review, the mediation and the CCRC consideration – to run their course.

173. I met with Tim Parker on 10 November 2015, I think as a standard initial meeting following his appointment as POL Chair. I cannot recall what was said at this meeting, but I can see from a briefing note that among ShEx's priorities to raise with him was "*Horizon IT issue*" (UKGI00013708). The note recorded that this was "*a huge distraction for the business and we need to bring it to a conclusion.*" I agreed with that view. The matter needed to reach a proper, fair conclusion,

which is the only way that it would cease to be an issue. The briefing also included the entry "*Paula?*". This may have been nothing more than a prompt for a standard question asking the new Chair about his initial impressions of the CEO. However, it may be that it reflected the previous concerns I have discussed above.

174. When looking back on the six-month period from the General Election to November 2015, I am largely reliant on the documents provided to me. My direct role in events relevant to Horizon was limited, though I was copied into submissions and emails, and I was also no doubt kept up to date in meetings and conversations. The period had begun with an overwhelmingly negative response from JFSA and Parliamentarian's to POL's proposals for the future of the Mediation Scheme. It had ended with the Parker Review underway and the Minister encouraging all relevant parties to co-operate with it. The Government had sought to balance intervention with maintaining its position that the dispute was a matter for POL to resolve with the sub-postmasters. In my view at the time, this was a reasonable approach, in that it kept alive the possibility of resolving the matter through mediation by pushing the Chair to undertake what was expected to be a thorough (but timely) review with an external component provided by the instruction of the independent counsel. My view now is that the decisions that were made were understandable and sensible ones given what was known at the time. Had ShEx been made aware of the true scale of the flaws of Horizon and the damage caused by them, then a more fundamental intervention would have been justified.

175. There were tensions during this time between the ShEx POL team and the Minister. Baroness Neville-Rolfe pushed back against some of the advice and drafting that was provided to her and took a more interventionist and robust line with POL than her officials had advised. In an email sent on 18 November 2015, I reported to others in ShEx that I had received negative feedback from Baroness Neville-Rolfe in connection with the Green Investment Bank and POL: *"Generally she thinks we are too technocratic and not sensitive enough on politics ... on PO similar concerns about poor political handling."* (UKGI00017443) I suggested that two of the ShEx Directors, Justin Manson and Roger Lowe, joined me in a meeting with the Minister and asked to be briefed by others ahead of it. I can see from a later submission that a meeting did take place on 17 December 2015, which was attended by Baroness Neville-Rolfe, Justin and me, but I cannot now recall what was said (UKGI00001020).

176. A further issue that arose at that time was an accounting error within POL concerning future payments of compensation to sub-postmasters under the Network Transformation programme. This error meant that its annual accounts had to be restated, as was explained in submissions provided to the Minister in December 2015 (UKGI00006419 and UKGI00001020). This was embarrassing for POL and a source of concern for ShEx and the Minister. Following a submission to Baroness Neville-Rolfe on this point she replied that: *"These are very disappointing developments on top of earlier difficulties in the Post Office with the Horizon IT system. The good news is that we have a new Chairman – Tim Parker – and two new Non-Execs – Carla Stent and Ken McCall"* (UKGI00006366). I think this was indicative of the Minister's positive

view of these appointments at the time. There had been problems, but there was a sense of optimism that Mr Parker and others new in post were well placed to resolve them in the future.

177. Between her appointment and her letter to Mr Parker, Baroness Neville-Rolfe was provided with and read briefings and correspondence about the JFSA's position, the Second Sight April 2015 report, and critical letters or emails from Ron Warmington and campaigning Parliamentarians. She met (or spoke to) Andrew Bridgen, Kevan Jones, Oliver Letwin, James Arbuthnot, Mr Warmington and Mr Henderson (the latter two against the wishes of POL but on the advice of her civil servants). She asked for and received relevant information and policy options before deciding on the course that she wished to take, which was to seek a further review from the new Post Office Chair.

The Swift Report and Parker Review

178. I was aware that Tim Parker had instructed Jonathan Swift QC and Christopher Knight to assist him in his review, but I did not know the form that this assistance would take. It was to be Mr Parker's review and he was expected to report back to the Minister with his findings. I was not involved in their work or how it was subsequently handled. For example, when Baroness Neville-Rolfe met Mr Parker in January 2016 and April 2016 to discuss (among other matters) the progress he had made in his Horizon review, I did not attend the meetings (UKGI000000020 and UKGI000000048).

179. I understand now that Mr Swift and Mr Knight produced a report and this was not provided to the POL Board on the basis that it might lose privilege in the civil litigation. Although I understand that Mr Parker received clear legal advice at the time not to share the report, this is not a course of action I would now support (though, at the time, my understanding of legal privilege was less developed). I am now clear that the report should have been provided to the Board, and to ShEx through the Shareholder NED. Had it been necessary to restrict circulation within ShEx that process could have been managed (as it was with materials relevant to the group litigation in the way I describe below).

180. I am aware that Ken McCall, the Senior Independent Director, later considered whether Mr Parker should face any action for his decision not to escalate the Swift report to the Board (**UKGI00012703**). He concluded that he should not. Although he considered that Mr Parker had made a “*significant error of judgement*,” in light of the legal advice he received and his record as Chair, he considered that it would be “*unfair/disproportionate to take action over this specific issue*”. “*Action*” in this context meant dismissal. The fact that the SID had been asked to review this matter shows how seriously the Shareholder and Board took this failing. While Mr Parker retained his post, the Permanent Secretary wrote a letter in October 2020 expressing the Department’s concern and disappointment about the failure to share the Swift report with the Board (**UKGI00019313**).

181. Returning to the chronology, Mr Parker wrote to Baroness Neville-Rolfe on 4 March 2016 about his review (**POL00024913**). He set out what he described as

“further information about the approach to the review, the scope of the work undertaken so far, and my initial findings.” He also outlined his plans *“to bring the work to a conclusion.”* The initial findings that he had made were expressed in broadly reassuring terms. While he had found (he thought unsurprisingly) that Horizon had some bugs that could have a generic impact (i.e., affect all Horizon users, not just those who had raised a complaint), *“no evidence has emerged to suggest that a technical fault in Horizon resulted in a postmaster wrongly being held responsible for a loss.”* Mr Parker outlined the further work that was to be undertaken, including obtaining advice from criminal counsel on the conduct of criminal prosecutions, and further evidence on unknown generic bugs, matters relating to remote access, allegations of misleading advice being given by the POL helplines, and whether there was a relationship between unmatched balances in POL’s suspense account and branch discrepancies.

182. I would have been sent this letter shortly after it was received by ShEx. Insofar as I can recall, the impression I took from it was, first, that Mr Parker’s review was not yet complete and that further work was ongoing, and second, that what he had found to date was reassuring and did not give rise to the need for further intervention from the Government. Subsequently, the emergence of the group litigation meant that Mr Parker’s work was overtaken by events. I believe that I expected that his review and the further investigations he had referred to in his letter of 4 March 2016 would feed into POL’s legal analysis and defence. As such, it would have been covered by privilege and subject to the arrangements that UKGI put in place for the litigation, which I discuss below.

183. My expectation at the time was that if Mr Parker had uncovered matters of concern in the course of his review, he would bring them to the Minister and to UKGI without delay and set them out clearly and frankly. We had trusted him to do that for the reasons I have discussed earlier. I still think I (and others) were right to have that expectation.

The Group Litigation

184. On 3 May 2016 I was copied into a submission to Baroness Neville-Rolfe informing her that POL had received formal Letters of Claim from 91 claimants (**BEIS0000062**). The Minister had previously been told on 14 April 2016 (the document has been incorrectly dated as 14 April 2015) that POL had received a letter from solicitors instructed by JFSA intimating that proceedings would be brought (**BEIS0000061**). The news of the claims was not surprising to me, given the long-running and seemingly intractable dispute between POL and the sub-postmasters. However, I would have much preferred the matter to have been resolved without the time and expense of legal proceedings. I expect (but cannot specifically recall) that I would have thought the number of Claimants seemed broadly in line with the number of cases that remained outstanding from the Mediation Scheme.

185. My role in the litigation was extremely limited and, in the absence of contemporaneous documents, I struggle to remember what I knew and when. Other than an early reference to the litigation in a briefing ahead of a meeting with the Director General, Finance, at BIS, Howard Orme (**UKGI00006727**), I have not seen any specific submissions on which I was copied that provided an

update on the litigation until May 2018. I do not know if there are, in fact, such submissions that have not been brought to my attention, whether others were updated without me being copied, or whether this was a function of the long lead-in period to the litigation.

186. The 18 May 2018 submission was addressed to the Permanent Secretary and was provided for information rather than action (**UKGI00019311**). Although I have not seen the distribution list, I expect that I would have been copied. The most striking thing that I notice now about the submission is the number of claimants, which then stood at 561. Although I cannot be certain, I may not have been aware before reading this that the number of sub-postmasters involved in the dispute had risen to this figure. The previous number that I would have had in my mind was the 136 applicants to the Mediation Scheme. I was, however, aware that the group litigation was challenging the contractual relationship between POL and sub-postmasters, and so went beyond IT issues. The submission mentioned that 33 individuals with convictions had applied to the CCRC (compared with around 20 in mid-2015).

187. Another thing that I notice about this submission is that the author(s) made clear that paragraphs 15 to 22, which concerned the litigation process and POL's actions, were an account provided by POL, whereas paragraphs 23 to 26, which concerned the Government's overview to date, were attributed to UKGI. As I have discussed above, I think that this is a better approach to take in submissions where a Minister is being told about criticisms that are directed at an ALB, where that ALB is the principal source of information for ShEx/UKGI.

188. The Permanent Secretary indicated by email on 22 May 2018 that he was content that the measure put in place for handling the litigation seemed to be correct (**UKGI00008065**).

189. The submission stated that a protocol would be established between UKGI and POL to ensure that material relating to the litigation remained confidential and hence retained legal professional privilege. This was finalised on 11 June 2018 (**BEIS0000079**). Thereafter, documents relating to the litigation were only shared with those who had signed an undertaking to abide by the protocol.

190. I was not part of the UKGI team that signed the undertaking as I was not involved in reviewing the submissions and attending the meetings at which the litigation was discussed. For example, I did not receive the submission of 10 August 2018 in which a further update was provided to the Permanent Secretary and the other recipients (**UKGI00018266** and **UKGI00008309**).⁴ Nor was I listed as an attendee for the subsequent meetings on the litigation on 10 September 2018 (**UKGI00008283**). Looking at those who were involved, I can see that they included the Minister (Kelly Tolhurst MP), the Permanent Secretary, the Director of the UKGI POL shareholder team and Shareholder NED, the UKGI General Counsel, and senior officials from the Departmental legal, policy, finance and communications teams. There was sufficient knowledge and expertise in that group to determine the Department and UKGI's approach to the litigation and

⁴ The list of those who received the confidentiality protocol for signature on 19 August 2018 is at the end of Annex 2 to the submission. My name is not included (**UKGI00008313**).

hence there was no need for me to be involved as well. Had I been needed, I could have been added to the relevant protocol and distribution lists.

191. For this reason, I have few papers indicating what I knew, and when, about the litigation and I cannot now remember what I was being told about its progress before the end of the Common Issues Trial. Others will be better placed than me to speak to how UKGI oversaw the litigation, and what strategy and interests UKGI and the Department had in the litigation. I cannot offer a view on how POL was conducting the litigation given my lack of involvement at this time. I cannot now remember when and how I was briefed on the various judgments in the case.

192. I did become involved in the litigation in two ways in the aftermath of the judgment in the Common Issues Trial, which was handed down on 15 March 2019. The first concerned the application POL was considering to seek the recusal of Mr Justice Fraser from the ongoing litigation. I was copied into an email chain in which UKGI's General Counsel, Richard Watson, the Shareholder NED and head of the shareholder team, Tom Cooper, and the BEIS Legal Director, Patrick Kilgarriff, discussed the role that Tom Cooper should play in Board discussions on whether to make the application (**UKGI00009208**). The consensus that emerged was that the Shareholder NED should test the Board's thinking on the issue and make sure that they were aware of all of the implications (including for the Shareholder) but should then withdraw and not be part of the formal Board decision. This was on the basis that the Department

and the Government should not – through its Shareholder NED – be seen to be questioning the independence and integrity of the judiciary.

193. I remember Tom Cooper briefing me on the issue and, at the time, I thought that this was the appropriate position and I still do now. It would not have been right for Tom to have been involved in the decision for the reasons given. I have reflected on whether the Government could, or should, have stepped in to insist that the recusal application was not made. This would have been a very serious step to take and would have risked either resignations or dismissals of Board members (and possibly others). The Board had received legal advice supporting a recusal application from extremely eminent legal figures, including a former President of the Supreme Court. In those circumstances I do not think that it would have been realistic to have expected the Government to have stepped in to prevent the application. From memory, Tom and others were extremely sceptical about the application, but it was reasonable to leave that decision to the POL Board members, who each had a legal duty to act in the best interests of the company as they perceived them to be.

194. The second element in which I was involved after the Common Issues judgment was a discussion of how UKGI had overseen the litigation and whether it had learned the lessons of the Magnox litigation, established by an inquiry in March 2017. That litigation included consideration of the way the Nuclear Decommissioning Authority had handled the award of a major contract.

195. I asked Richard Watson for information about the judgment by email on 15 March 2019 (an indication that I had not seen it during the period when it had been embargoed, no doubt for the reasons discussed above (**UKGI00019124**)). Richard replied that day and I forwarded his email to Robert Swannell, the Chair of the ShEx Board. When I did so, I noted that there were some parallels with Magnox. Robert then posed the question of whether UKGI had properly applied the lessons of the Magnox litigation. I replied saying that I thought the two main legal lessons from Magnox were about escalating the litigation to the Board and obtaining alternative legal advice if necessary. I posed the question of whether there were any others.

196. Richard provided a detailed answer by email on 18 March 2019 (**UKGI00009276**), into which he copied the "*lessons learnt during litigation*" section of the UKGI review into Magnox. Richard also provided his own initial comments on whether each lesson was relevant to the Horizon litigation and whether it had been heeded. Richard was in a better place than me to do this given that he had been sighted on the litigation as it had unfolded. His headline point was that lessons had been learnt and that the issue of obtaining alternative legal advice was under active consideration, at least in respect of the decision to appeal the Common Issues judgment.

197. Looking at Richard's reasoning in his email and keeping in mind that they were only his initial thoughts, I agree that most of the relevant Magnox lessons had been learned, particularly in respect of keeping the Board informed of the litigation and putting in place processes to allow information to be shared with

the relevant Government Department. However, I do question the speed at which the information sharing protocol was agreed. I am conscious that I was not (and am not) fully sighted on how the litigation was conducted. Others will be better placed to explain why it took the time that it did, and where responsibility for any delays lies.

198. I have been asked about an email exchange I had with Tom Cooper and Justin Manson on 19 June 2019 (**UKGI00010219**) in which two submissions sent to the Minister in 2015 and 2016 were considered (**BEIS0000062** and **UKGI00004448**). Those submissions provided updates on the Mediation Scheme and the early stages of the litigation and advised that the Department should continue to maintain that it was a matter for POL. I asked whether, with hindsight, this was the appropriate advice at the time. Justin said that it was. As I read his email, his reasoning was that there was no evidence at that time that pointed to a fundamental problem with the Horizon system, and that there were two processes – mediation and “*the legal route*” C) – for sub-postmasters who were challenging the shortfalls ascribed to them. My response was to state that UKGI should be clear about this in ShEx Board papers and commentary. I did not want the ShEx Board to spend a disproportionate amount of time worrying about ShEx’s own reputation.

Other matters

199. I am asked to set out when I first became aware of various matters relevant to the Inquiry. I have addressed some of these points earlier, but for completeness I include them here as well. I emphasise that my answers are based on my

imperfect recollection of events several years ago and the papers that I have seen when preparing this statement. I have done my best to be as accurate as I can, but inevitably there is a degree of uncertainty.

200. Whilst I must have had some superficial knowledge of allegations about the integrity of the Horizon system, I probably became aware that the Horizon IT system had actual technical faults – later labelled bugs, defects, errors and deficiencies – at around the time when I became aware of the Second Sight Interim Report. I cannot, though, say exactly when this was.

201. I do not believe I became aware of the Helen Rose report / Lepton report, or Simon Clarke's advices of 15 July 2013 and 2 August 2013, until after the GLO litigation.

202. Based on the documents I have seen, I was made aware, at least in broad terms, that Deloitte had undertaken work on Horizon for POL by or at the time of my meeting with Alice Perkins in June 2014. I do not know if I knew the term "Project Zebra" then, and I am not sure I knew that there was a formal report. It is possible that Alice Perkins mentioned the Linklaters advice on the Mediation Scheme at the same meeting, but this is me drawing an inference from the papers I have seen. I do not have any actual memory of her mentioning Linklaters, and it may be that I did not learn of their involvement until after the GLO litigation.

203. I did not know until the GLO litigation that Fujitsu could insert data into branch accounts without the consent of sub-postmasters, or that Fujitsu may be able, under certain circumstances, to delete and replace Horizon audit files containing transaction data.

204. I knew that Jonathan Swift QC was assisting Tim Parker in his review from an early stage, but I am not sure when I learned that he had produced a formal report. I have discussed, above, the response of the Permanent Secretary to the discovery in 2020 that Mr Parker had not shared the report with the Board.

205. I am asked whether ShEx should have been made aware of the matters referred to in the previous paragraphs. In my view, they should have been (though others will be better placed to say what was known when, and by whom). I think that, given what we know now, the substance of the issues contained in those documents should clearly have been relayed to me as CEO. However, plainly this assumes that those in receipt of this information understood its significance.

206. I do not think that I saw Deloitte's Sparrow Interim Report (8 July 2016), or the various Bramble draft reports from 2016 to 2018, or was made aware of them until after the Common Issues judgment.

207. I am asked about how Ministers discharged their responsibilities regarding POL and the extent to which changes to Departmental and Ministerial portfolios affected the level or quality of Government oversight of ShEx, UKGI, RMG and POL. Speaking for the period during which I was CEO of ShEx / UKGI, I found

that Ministers were very engaged on issues relevant to POL, and on matters relating to Horizon, once these were brought to their attention. My experience was that Ministers would consider the advice and submissions provided to them but would make their own decisions. Inevitably, changes in Ministerial responsibilities did result in a loss of continuity but, in my view, this did not have any fundamental consequence for the matters that the Inquiry is considering.

Reflections

208. I have been asked to reflect on my time at ShEx and UKGI and set out whether there is anything I would have handled differently with hindsight, as regards the oversight of POL. As will be clear from this statement, my involvement in the Horizon issues, and how these issues were addressed during my time as CEO of ShEx/UKGI, was not material, and not nearly as material as I wish now it had been. As CEO of ShEx/UKGI various levers were available to influence (and, where appropriate, direct) actions to be taken, either through my ShEx/UKGI colleagues, through my relationships with the Chair and CEO of POL and through the shareholding Department and its Ministers.

209. I should make clear that, inevitably, many of my views have crystallised after the GLO judgements. Moreover, the Inquiry is still hearing evidence, and it is clearly for the Inquiry to determine what went wrong. I nonetheless hope that my personal reflections may be of some assistance to the Inquiry in carrying out its task.

Government Oversight

210. Given my position as CEO of ShEx, it seems necessary to begin my reflections by considering whether there are aspects of government oversight of POL – and in particular the role played by ShEx/UKGI that could have been handled differently.

211. The UKGI Opening Statement, to which I contributed and which was put together following considerable reflection, highlights areas where the organisation feels it fell short. It points to some specific moments when there could have been more probing and persistence: the Deloitte Project Zebra report, the final Second Sight report, the Panorama whistleblowing allegations, and the Parker review. I know that UKGI continues to reflect on the evidence emerging from the Inquiry, but in any event the reflections in this statement are of course my own.

212. At the root of this, it is clear that UKGI, as an organisation, failed to appreciate the scale and significance of the Horizon problem. As has been explained, our initial focus was on what we believed were the major issues facing the organisation: long-term financial/commercial sustainability, the requirement therefore for the network transformation programme to work, the need to secure sufficient funding from HMT in the meantime, and Ministers' desire for the long-term model of mutualisation to be properly explored. Critically, I was not aware (and to the best of my knowledge nor were the ShEx/UKGI Board or ExCo) of the cumulative number of prosecutions and convictions until well into the GLO. I also didn't understand the significance (and, I believe, the ShEx/UKGI Board and ExCo didn't understand the significance) of POL-led

prosecutions. Finally, neither I nor the ShEx/UKGI Board and ExCo were aware of the many and fundamental failings of the way in which POL conducted its prosecutions.

213. Whilst it was clearly a very serious matter whenever a sub-postmaster was convicted, it was not clear to me that the number of prosecutions I was aware of was out of the ordinary in the context of the scale of the Horizon operation, the number of sub-postmasters and their colleagues involved in the operation of the system, the number of daily transactions and the heavily cash-based nature of the system. I accepted that some employee theft inevitably occurs in a retail organisation including, for example, the risk of postal theft within Royal Mail.

214. When I did learn that POL was undertaking its own prosecutions, I also took some comfort that, in spite of the POL-led prosecution policy, the courts were making criminal convictions, with the strict standard of proof that is applied, and that there had been few appeals. Wrongly, I did not consider the risk of unsafe convictions as a result of failings in the Horizon system to be significant, in large part because of the repeated and categorical assurances that POL had provided to ShEx/UKGI and others about the Horizon system. Further, I almost certainly took false comfort from the fact that – as far as I understood – the CCRC in its investigations did not for a long time raise any concerns. Looking back, it is clear that the wrongful prosecutions of so many individuals is the most troubling part of this whole scandal.

215. Because of the assurances we were given, and the assumptions that were made, there was insufficient challenge to the strong assertions made by POL about the integrity of the Horizon system. I believed what we were being told and had confidence in the quality, independence and scrutiny of the POL Chairs and Board and the reassurances that they were providing. It now seems from the evidence that has emerged that that the POL Board (on which we inevitably relied) was, firstly, not receiving the full picture from POL's Executive (which was failing to escalate and socialise matters that the Board should have expected to see), and, secondly, relying on important external advice that was ambiguous and failed to draw clear conclusions on the integrity of the Horizon system.

216. In spite of the above, had we had more scepticism and curiosity on our own part, such that we interrogated further, we might have concluded that a much fuller investigation of the system should have taken place sooner. The fact that POL was a relatively autonomous ALB would not have stopped us recommending a comprehensive, independent investigation if we had felt this to be necessary albeit that this would have signalled a loss of confidence in the POL management and Board.

217. The strong assertions made to Ministers in submissions around the integrity of Horizon were wrong and make for uncomfortable reading now. At the very least, the submissions should have been clearer that the views were the views of POL and that they needed to be balanced by alternative points of view. The submissions may have led to Ministers being too cautious in their engagement

on Horizon but, as mentioned above, their direct involvement and clear determination to pursue their own courses may not have meant that this advice had any particular impact or consequence.

What I and ShEx/UKGI might have done differently

218. On the basis that the overall delivery model was the correct one (which I believe it was and discuss further below) and that POL should be allowed the autonomy and freedoms (including recruitment freedoms) to carry out the roles it has been given, it must be right to examine whether the Board of POL had the skill and experience required to oversee the executive team and to hold it to account. It may be that a more experienced Board with wider skill-sets, including in particular IT skills, would have made the crucial difference. A Board better attuned to the history and culture of the organisation, particularly in respect to the company's relationships with its sub-postmasters, may have spotted earlier the risks of unbalanced contractual relationships, POL's prosecution policies and the very long-standing relationship with its main supplier, Fujitsu. Earlier sub-postmaster representation (albeit that stakeholder representation like this was, and remains, unusual) may well have made a difference, because it could have improved information flow to the Board. Greater legal experience of Board members may also have resulted in greater scrutiny of legal advice and greater confidence to challenge the application of legal privilege. ShEx therefore could have worked more closely with the Chair on what was the optimum NED skill-set and how this would be best achieved.

219. The Board was not viewed in 2012/13 as a weak Board (it was regarded as having a good mix of skills and experience) and it was felt that the new Chair had the right skill-set to tackle what were then considered to be the company's major issues. But, as mentioned above, it proved unable to understand the Horizon issue adequately and seek a timely resolution.

220. Greater challenge by us of executive capability, especially CEO capability, after 2015 is a further reflection on what I and ShEx/UKGI could have done differently. The CFO was replaced by someone with greater experience; a further assessment of the CEO could have been asked for in 2016/17.

221. Just as there are questions around the POL Board's capability, so there could be questions around ShEx/UKGI capability, in particular, but it is important to remember that ShEx/UKGI was not there to replicate the job of the Board or second guess its decisions. However, there were particular areas where I and ShEx/UKGI colleagues might have made a difference: a greater focus on the skill-set required of the Board (to the point above), a greater focus on the robustness of the internal processes of POL (in particular, the role of internal audit, the Audit and Risk Committee, whistleblowing) and an earlier split of the shareholder and policy roles. This latter point may have helped to address the issue of unbalanced Ministerial advice by providing another set of eyes on some of the key issues.

222. ShEx and then UKGI has been a developing organisation, particularly in terms of its own internal processes. The appointment of Anthony Odgers as head of

Portfolio in 2011 led to attempts to apply greater consistency in shareholder role to what was a very diverse set of assets. Risk reporting and the creation of a risk committee, the establishment of portfolio reviews and the development of Portfolio Operating Principles all made the organisation more capable in its shareholder roles. Its approach to significant litigation was a further example of UKGI process change designed to identify and deal with large potential risks at the portfolio level. Much of this was developed in the period 2011 to 2021 and, had it been in place earlier, may have helped identify and address the Horizon issue earlier.

223. Knowing what I now know, I regret not having spent more time, personally, on the POL portfolio on becoming CEO in 2013. Recognising the POL Board was a new one, and the challenges that it faced were significant, greater time spent with the POL Chair (and maybe observing Board meetings) may have made a difference although my colleague, Susannah Storey, was senior and experienced in her own right, and very capable. Although, from memory, no approach was made to me directly by sub-postmasters, their representatives or any Parliamentarians, I should have taken time to meet with them and hear, first-hand, their experiences and concerns. Whether these actions would have made a difference and brought about earlier resolution of the Horizon issue is unclear; however, I would have had greater insight into the Horizon issues and potentially been able to use my position to question POL's position and catalyse different action. A better appreciation of the challenges facing the organisation (considerable though I knew them already to be) may have resulted in me pushing for other Board skill-sets to be present in the

Boardroom (legal and IT in particular) and recognition of the potential value of representation of sub-postmasters on the Board.

224. As is now clear, a comprehensive and thorough review of the technical Horizon system, together with the training and support offered to sub-postmasters should have been undertaken much earlier on. As should the contractual relationship between POL and sub-postmasters have been examined and addressed, including the practices for dealing with the problems that a system the size of Horizon would inevitably produce. I and my ShEx colleagues were not involved in the choice of advisers at the time Second Sight were appointed and, as I mention earlier, it was not then obvious that a more comprehensive investigation was necessary. At some later point, however, when it was clear that there were still seriously conflicting views on the integrity of the Horizon system, we could have engaged POL on the sort of external review that was actually necessary. This is territory I am familiar with having worked personally for some of the large accounting and consultancy firms; I would have understood who was capable of delivering the large piece of assurance work we now know could have made the difference. Importantly, we should have had investigated where the cash shortfalls in Post Offices eventually ended up. Resolution of this would have been important to any earlier financial settlement with sub-postmasters.

225. The ShEx/UKGI reporting of issues to Ministers and to the Department could have been more balanced and, to the extent that competing evidence to support a view of Horizon that was contrary to POL's, we should have been

clear on this point – and clear that what we were presenting was the POL view. As I have mentioned earlier, my experience is that Ministers will ultimately make their own minds up, regardless of what the official advice might be especially if they are directly engaged on an issue. My observation is that, on Horizon, Ministers were very engaged but they deserved better from the advice that we provided.

The governance model going forward

226. I do not believe that the governance model for POL and UKGI assets is the wrong one. For the reasons outlined in paragraphs 12-28, so long as Ministers require POL to be in public ownership, then in my view, an ALB model is the only practical alternative. “Insourcing” to the Department risks wholly inappropriate skills-sets being applied to the management of a complex delivery organisation. Outsourcing of the management to the private sector would be no insurance against a Horizon-type issue arising again.

227. The issue, I believe, is the execution of this model – for the various reasons outlined above. A Board with sufficient time, expertise and experience is required to hold a commercial executive team to account on behalf of the Department and Ministers. This needs to report through a shareholder function and through a separated policy function. I am in little doubt that ShEx/UKGI has proven the value of developing a shareholder function for Whitehall Departments and am in little doubt that centralising this function (as was the original concept of ShEx) is the right one, rather than each Department exercising this function separately, and needing to develop their own capability

and expertise. ShEx/UKGI's performance of the shareholder role on POL has, however, shown that it is very far from infallible and that its stance of deep reflection on the lessons of this episode is an essential one.

Statement of Truth

I believe the content of this statement to be true.

Signature

GRO

Date

13 June 2024

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No.	Document Description	Inquiry URN	Inquiry Control Number
1.	Articles of Association of Post Office Limited	UKGI00044318	UKGI052980-001
2.	Articles of Association of Post Office Limited (adopted by a written resolution dated 2 nd April 2012)	UKGI00043216	UKGI00043216
3.	HM Treasury – Consolidated Budgeting Guidance: 2023-2024	UKGI00043214	UKGI00043214
4.	Post Office Limited Strategy	UKGI00017317	UKGI027324-001
5.	Meeting minutes: minutes of ShEx Board meeting held on 15 th September 2010	UKGI00001339	UKGI012153-001
6.	UKGI Values Paper	UKGI00045859	UKGI056827-001
7.	Report re: ShEx Board's Remit – concerning Board's terms of reference	UKGI00041953	UKGI050848-001
8.	UK Government Investments Framework Document April 2018	UKGI00043215	UKGI00043215
9.	Terms of reference for the Board of UKGI	UKGI00045858	UKGI056826-001
10.	Terms of reference for the Chair of UKGI	UKGI00045860	UKGI056828-001
11.	Draft UKGI Framework Document	UKGI00045857	UKGI056825-001

12.	Meeting minutes: minutes of UKGI Board meeting held on 27 th January 2016	UKGI00016724	UKGI011536-001
13.	First Witness Statement of Charles Hunter Donald	WITN10770100	WITN10770100
14.	Meeting minutes: minutes of ShEx Executive Committee Meeting held on 27 th April 2010	UKGI00016656	UKGI011468-001
15.	HM Treasury – Managing Public Money – May 2023	UKGI00043211	UKGI00043211
16.	Letter from Alex Chisholm to Alisdair Cameron re: accountable person: Instruction from BEIS permanent secretary to the CEO of Post Office Ltd on accountabilities and responsibilities	UKGI00010163	UKGI020971-001
17.	Post Office Limited: Shareholder Relationship Framework Document	UKGI00013241	UKGI024035-001
18.	Meeting minutes: minutes of ShEx Executive Committee Meeting held on 17 th January 2013	UKGI00016638	UKGI011450-001

19.	Risk management in ShEx: Initial presentation to ExCo – April 2013	UKGI00045853	UKGI056822-001
20.	Meeting minutes: minutes of ShEx Executive Committee Meeting held on 23 rd May 2013	UKGI00016563	UKGI011375-001
21.	Terms of Reference for ShEx Risk and Assurance Committee – 12 th May 2013	UKGI00045874	UKGI056842-001
22.	Risk and Assurance Committee – Forward Agenda for 2014	UKGI00045875	UKGI056843-001
23.	Risk and Assurance Committee – Forward Agenda for 2015-2016	UKGI00045883	UKGI056851-001
24.	Agenda for ShEx Board meeting held on 13 th November 2013	UKGI00016714	UKGI011526-001
25.	Email from Tim McInnes to ShEx Team re. ShEx Risk Register – Action Required by 14 February	UKGI00045871	UKGI056839-001
26.	ShEx Risk Register – February 2014	UKGI00016846	UKGI011658-001
27.	Papers for ShEx Board meeting dated 21 st May 2014	UKGI00016750	UKGI011562-001
28.	ShEx Risk Register – May 2014	UKGI00016850	UKGI011662-001

29.	Agenda for a meeting of the UKGI Audit and Risk Committee held on 27 th January 2016	UKGI00016669	UKGI011481-001
30.	Agenda for a meeting of the UKGI Audit and Risk Committee held on 19 th May 2016	UKGI00016675	UKGI011487-001
31.	Meeting minutes: minutes of ShEx Board meeting held on 13 th July 2016	UKGI00016765	UKGI011577-001
32.	UKGI Report on Improving our risk reporting process dated 13 June 2018	UKGI00017501	UKGI027508-001
33.	UKGI Risk and Assurance: Risk Register guidance – July 2018	UKGI00017502	UKGI027509-001
34.	Risk Summary data up to 5 September 2018	UKGI00021408	UKGI030303-001
35.	UKGI Risk Summary – Heat map data up to 5 September 2018	UKGI00021409	UKGI030304-001
36.	Report re: UKGI Section 3 – Part 5 – Corporate Governance	UKGI00044314	UKGI053038-001
37.	Draft ExCo paper – dashboard April 2018	UKGI00007909	UKGI018722-001
38.	Email from Will Gibson to Claudia Arney, Patrick Carter, CC Gerry Grimstone and others re: Papers for the	UKGI00041941	UKGI050836-001

	ShEx Board meeting on Wednesday 30 June at 9am at 1 Victoria St		
39.	Royal Mail policy re: ShEx Board Briefing	UKGI00041943	UKGI050838-001
40.	Computer Weekly: Bankruptcy, prosecution and disrupted livelihoods - Postmasters tell their story	POL00041564	POL-0038046
41.	Briefing/Update for Edward Davey ahead of meeting with Alan Bates (JFSA) on 7 th October 2010	UKGI00000062	VIS00001023
42.	Paper for ShEx Board meeting held on 8 th December 2010	UKGI00001342	UKGI012156-001
43.	Protect – Policy and Management – ShEx Board Portfolio Unit Development	UKGI00043224	UKGI052835-001
44.	Papers for ShEx Board meeting held on 5 th May 2011	UKGI00043228	UKGI052839-001
45.	Meeting minutes: minutes of ShEx Board meeting held on 11 th October 2011	UKGI00045863	UKGI056831-001
46.	ShEx POL Annual Review – 29 November 2011	UKGI00041970	UKGI050865-001
47.	ShEx: HM Government -	UKGI00042628	UKGI051523-001

	Post Office Ltd Annual Review		
48.	Meeting with Alice Perkins, Chair - Post Office Ltd 12:45-13:30 Thursday 27 October 2011	UKGI00042588	UKGI051483- 001
49.	ShEx POL Quarterly Review – 13 August 2012	UKGI00001448	UKGI012262-00
50.	Papers for ShEx Board meeting held on 10 th September 2012 (erroneously dated 11 th July 2012)	UKGI00045870	UKGI056838- 001
51.	Agenda for ShEx Board Meeting held on 21 st November 2012	UKGI00016715	UKGI011527- 001
52.	ShEx POL Annual Review – December 2012	UKGI00017385	UKGI027392- 001
53.	Agenda for meeting with Alan Bates to discuss the JFSA's claims its members are victims of endemic flaws in POL's Horizon system	UKGI00014165	UKGI024958- 001
54.	Agenda for ShEx Board meeting held on 16 th May 2013	UKGI00016730	UKGI011542- 001
55.	Email from Paula Vennells to Theresa Iles re Board papers briefing notes	POL00098321	POL-0097904
56.	Hansard, House of Commons Debate Volume 571: debated on	RLIT0000203	RLIT0000203

	Wednesday 27 November 2013		
57.	Board and conversation with Mark Russell on 21 May 2013 (notes)	POL00144750	POL-BSFF- 0003877
58.	Post Office – Horizon System Statement by Jo Swinson, Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs	UKGI00001822	UKGI012636- 001
59.	Post Office Limited (“POL”) Annual Review – January 2014	UKGI00042083	UKGI050978- 001
60.	Post Office Limited (“POL”) Annual Review. Attendees: Richard Callard, Tim McInnes, Peter Batten and others	UKGI00042089	UKGI050984- 001
61.	Notes from the Eleventh ShEx Risk and Assurance Committee Wednesday 19 February 2014 - ShEx’s major risks in relation to Post Office Limited (POL)	UKGI00042124	UKGI051019- 001
62.	ShEx POL Quarterly Traffic Light Update April 2012	UKGI00042615	UKGI051510- 001
63.	Email from Richard Callard to Mark Russell re. Jo Swinson	UKGI00002441	UKGI013255- 001

	Meeting on 20 th August 2014		
64.	Speaking note prepared by Richard Callard	UKGI00002440	UKGI013254- 001
65.	Briefing Note for Mark Russell re Meeting POL SID Neil McCausland on 13 th November 2014	UKGI00042592	UKGI051487- 001
66.	POL Traffic Light Update – January 2015	UKGI00042778	UKGI051673- 001
67.	ShEx POL Quarterly Review October 2015	UKGI00006108	UKGI016922- 001
68.	FW: Readout - SoS meeting with Post Office Chair	UKGI00045854	UKGI056823- 001
69.	Letter from Alan Bates from JSFA to Jo Swinson Minister for Postal Affairs	UKGI00002264	UKGI013078- 001
70.	Letter from Peter Batten to Jenny Willott re: Response to the Justice for Subpostmasters Alliance	UKGI00006671	UKGI017485- 001
71.	Email from Chris Aujard to Paula Vennells cc Martin Edwards, Belinda Crowe and others re meeting with Mark Russell	POL00116581	POL-0117506
72.	Post Office Limited Q2 Review - 30th June 2014	UKGI00002501	UKGI013315- 001
73.	ShEx HM Government - Post Office	UKGI00013659	UKGI024452- 001

	Limited (POL) Quarterly Review June 2014.		
74.	Post Office Limited Quarterly Review - October 2014 - Shareholder Executive	UKGI00002502	UKGI013316- 001
75.	Post Office Limited (POL) Q3 Review	UKGI00045856	UKGI056824- 001
76.	Papers for a ShEx Board meeting held on 12 th November 2014	UKGI00016744	UKGI011556- 001
77.	Post Office Limited Quarterly Review January 2015	UKGI00019551	UKGI028446- 001
78.	Oral Evidence: Post Office Mediation BISC HC 935	UKGI00003231	UKGI014045- 001
79.	Submission to Jo Swinson re: Post Office Mediation Scheme: revised approach	UKGI00014168	UKGI024961- 001
80.	Email from Richard Callard to Swinson MPST, Laura Thompson, Cable MPST and others re: Submission on Post Office Horizon mediation scheme	UKGI00000923	VIS00009061
81.	Email from Laura Thompson with submission to Secretary of State and Jo	UKGI00001184	VIS00009322

	Swinson dated 11 th March 2015		
82.	Submission from Laura Thompson to the Secretary of State regarding Post Office Mediation: Reply to BIS Select Committee dated 19 March 2015	UKGI00001055	VIS00009193
83.	ShEx Final Day 1 Briefing	UKGI00004402	UKGI015216-001
84.	Submission from Laura Thompson to Baroness Neville-Rolfe dated 2 nd June 2015	UKGI00004448	UKGI015262-001
85.	Email correspondence from Laura Thompson to Baroness Neville-Rolfe's office dated 2 nd June 2015	UKGI00000936	VIS00009074
86.	Meeting minutes RE: Post Office Letter on Network Transformation & Horizon IT System	UKGI00004469	UKGI015283-001
87.	Letter from JFSA to Minister dated 19 th May 2015	UKGI00004438	UKGI015252-001
88.	Submission from Laura Thompson to Baroness Neville-Rolfe re: BBC Panorama programme on Post Office Horizon IT system dated 24 th June 2015	UKGI00006582	UKGI017396-001

89.	Post Office Horizon System - Adjournment Debate	UKGI00019314	VIS00013133
90.	Hansard, House of Commons Debate Volume 597: debated on Wednesday 1 July 2015	RLIT0000204	RLIT0000204
91.	Submission from Laura Thompson to George Freeman and Baroness Neville-Rolfe dated 1 st July 2015	UKGI00000063	VIS00001024
92.	Email correspondence from Private Secretary office to Laura Thompson dated 2 nd July 2015	UKGI00000942	VIS00009080
93.	Submission from Laura Thompson to Baroness Neville-Rolfe dated 17 th July 2015	UKGI00015226	UKGI026019-001
94.	Email from Laura Thompson to Richard Callard re FW: Second Sight's Briefing Report - Part Two dated 24 th July 2015	UKGI00005133	UKGI015947-001
95.	Email correspondence between Anthony Odgers and Laura Thompson to set up a high level meeting concerning Horizon Issues	UKGI00005136	UKGI015950-001

	dated 28 th July 2015		
96.	Email chain from MPST Neville-Rolfe to Laura Thompson cc'ing MPST Javid, MPST Javid SpAd and others re: Short note to Baroness Neville-Rolfe on Post Office Horizon dated 3 rd August 2015	UKGI00005190	UKGI016004-001
97.	Meeting minutes dated 4 th August 2015	UKGI00005677	UKGI016491-001
98.	Submission from Laura Thompson to Baroness Neville-Rolfe dated 31 st July 2015	UKGI00019376	VIS00013205
99.	Options for review / oversight of the process / Horizon system and mediation scheme	UKGI00019300	VIS00013128
100.	Letter from Baroness Neville-Rolfe to Tim Parker dated 10 th September 2015	POL00102551	POL-0102134
101.	Briefing to BNR with Agenda ahead of 6 th August 2015 Meeting	UKGI00000035	VIS00000996
102.	Submission from Laura Thompson, ShEx to Baroness Neville-Rolfe dated 19 th October 2015	UKGI00006179	UKGI016993-001

103.	Submission from Laura Thompson, ShEx to Baroness Neville-Rolfe dated 4 th September 2015	UKGI00000042	VIS00001003
104.	Submission from Laura Thompson, ShEx to Baroness Neville-Rolfe for meeting with James Arbuthnot dated 11 th September 2015	UKGI00000058	VIS00001019
105.	Submission from Laura Thompson, ShEx to Baroness Neville-Rolfe dated 1 st October 2015	BEIS0000013	VIS00000907
106.	Email correspondence from Laura Thompson to Baroness Neville-Rolfe dated 9 th October 2015	UKGI00006142	UKGI016956-001
107.	Key points from Second Sight meeting	UKGI00007316	UKGI018130-001
108.	Briefing for BNR ahead of meeting with Tim Parker on 26 th January 2016	UKGI00000020	VIS00000981
109.	Note for Mark Russell on Meeting with Tim Parker on 10 th November 2015	UKGI00013708	UKGI024501-001
110.	Email Correspondence from Justin	UKGI00017443	UKGI027450-001

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111.	Update to Baroness Neville-Rolfe dated 22 nd December 2015	UKGI00001020	VIS00009158
112.	Update to Baroness Neville-Rolfe dated 11 th December 2015	UKGI00006419	UKGI017233-001
113.	Email from Neville-Rolfe MPST to Richard Callard, Javid MPST, SpAd MPST and others - RE: Submission on POL Restatement of Accounts and IT	UKGI00006366	UKGI017180-001
114.	Submission from Laura Thompson to Baroness Neville-Rolfe dated 27th April 2016	UKGI00000048	VIS00001009
115.	Email from Tom Cooper to Charles Donald, Richard Watson, Carl Creswell and others re: POL Litigation/ Governance – Confidential dated 16 th September 2020	UKGI00012703	UKGI023497-001
116.	Letter from Sarah Munby to Tim Parker re: preparation for	UKGI00019313	VIS00013142

	the BEIS Select Committee Hearing dated 7 th October 2020		
117.	Letter to Baroness Neville-Rolfe from Tim Parker dated 4 th March 2016	POL00024913	POL-0021392
118.	Submission from Laura Thompson to Baroness Neville-Rolfe dated 3 rd May 2016	BEIS0000062	BEIS0000042
119.	Submission from Laura Thompson to Baroness Neville-Rolfe dated 4 th April 2016, incorrectly dated 2015	BEIS0000061	BEIS0000041
120.	Email chain from Richard Callard to Olutobi Adetimilehin re: Howard tomorrow - Updates on Supply chain reforms and Horizon issues dated 10 th May 2016	UKGI00006727	UKGI017541-001
121.	BEIS - Post Office Litigation re Horizon IT System report - Submission to Permanent Secretary dated 18 th May 2018	UKGI00019311	VIS00013171
122.	Email correspondence regarding Horizon Litigation Subcommittee	UKGI00008065	UKGI018877-001

	from Permanent Secretary dated 22 nd May 2018		
123.	Project Sparrow – Pre Onboarding Protocol	BEIS0000079	BEIS0000059
124.	Project Sparrow – Pre Onboarding Protocol dated 10 th August 2018	UKGI00018266	VIS00011665
125.	Email from Stephen Clarke to Permanent Secretary cc Gareth Evans RE POL Litigation Update Submission dated 10 th August 2018	UKGI00008309	UKGI019121-001
126.	Project Sparrow - Pre-Onboarding Protocol - Obligations in Relation to Legally Privileged and Confidential Information.	UKGI00008313	UKGI019125-001
127.	Proposed Agenda for meeting on 10 th September 2018	UKGI00008283	UKGI019095-001
128.	Email correspondence between Richard Watson, Tom Cooper, Patrick Kilgarriff and others Re: Post Office judgement. RE: Post Office Judgement dated 15 th March 2019	UKGI00009208	UKGI020016-001

129.	Email from Mark Russell to Robert Swannell re: Post Office Litigation dated 15 th March 2019	UKGI00019124	VIS00012523
130.	Email from Richard Watson to Mark Russell re Post Office Litigation dated 19 th March 2019	UKGI00009276	UKGI020084-001
131.	Email from Mark Russell to Justin Manson and Tom Cooper re: Sparrow subs to BNR on litigation approach dated 19 th June 2019	UKGI00010219	UKGI021027-001