

Witness Name: Sir Alex Chisholm KCB

Statement No.: WITN00180100

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POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF SIR ALEX CHISHOLM KCB

I, Sir Alex Chisholm KCB, formerly Permanent Secretary at the Department for Business, Energy and Industrial Strategy, will say as follows.

Introduction

1. I make this statement in response to the Inquiry's request for evidence dated 1 August 2024 ("**the Rule 9 request**"). I have prepared it with the support of the Government Legal Department and counsel, and I have relied on others to provide me with relevant documents.
2. I welcome this opportunity to make a witness statement, as I support the work of the Inquiry and its commitment to set the record straight, especially for the many unfortunate victims of the misguided and damaging Horizon-based prosecutions. I also welcome the Inquiry's evident determination to draw lessons on the wider conduct of Post Office Limited ("POL") to help ensure this institution mends its ways and returns to public trust. There may also be valuable lessons of more general import around the conduct and governance of public bodies.
3. I experienced just less than 4 years at the Department for Business, Energy and Industrial Strategy ("BEIS" or "the Department"). The main focus of the Inquiry concerns actions taken by POL years before my appointment. I have had no

involvement with POL since leaving the Department in April 2020. I have had the benefit of sight of some hundreds of documents from my time at BEIS, and the Inquiry has also shared with me for comment a few dozen more selected documents from before my tenure era. Nonetheless I am very conscious of the range and depth of the evidence heard by both the High Court in the Group Litigation and by this Inquiry. My view as a witness is necessarily partial and I will be very keen to hear what the Inquiry concludes and recommends when it concludes its work.

4. POL's prosecutions of subpostmasters ("SPMs") had ceased before I joined the Department, 33 cases had already been referred to the Criminal Cases Review Commission ("CCRC"), and the civil litigation that definitively exposed the multiple failings within POL had already begun. Nonetheless during my time at BEIS I can testify to the conduct of POL, UKGI and my Department, and will do so by close reference to the contemporaneous documents and try to resist reinterpreting in the light of what we learnt subsequently. Even with this constraint, it does not show the leadership of POL in a favourable light. I make some separate comments on the documents the Inquiry has shared with me from before my time in the Department, and also draw on them in making reflections in the final section.
5. The Group Litigation initiated a process of reformation within POL and marked the beginning of providing redress to SPMs. I regret that it took so long for this work to commence. This was, in the main, due to the length of time it took to resolve the litigation marked by POL's inability to accept its errors. I wish that the litigation had concluded far earlier and the work to compensate SPMs and reform POL's practices and culture had begun much sooner than it did.

Background

6. I read history at Oxford University before obtaining a Masters of Business Administration at INSEAD business school. I began my career as a civil servant in 1990, working in various roles at the Department of Trade and Industry and the Office of Fair Trading until 1996. For the most part, those roles involved competition policy and the media, communications and financial services sectors.

I then worked for Pearson plc, the Financial Times and several technology companies.

7. I returned to public service in 2006 when I was appointed Commissioner at the Commission for Communications Regulation in Ireland. In 2013 I was appointed as Chief Executive of the newly formed Competition and Markets Authority and held that position until 2016. I then served for a short period in the Department of Energy and Climate Change (“DECC”) as Permanent Secretary. The DECC was merged with the Department for Business Innovation and Science (“BIS”) in July 2016 to create the Department for Business, Energy and Industrial Strategy (“BEIS” or “the Department”). Each of the merging departments had their own Permanent Secretary; me from DECC and Martin Donnelly from BIS.
8. On 5 September 2016 I was appointed as Permanent Secretary of BEIS and Martin Donnelly moved to the Department of International Trade (which later merged with BEIS to form the Department of Business and Trade (“DBT”)).
9. I remained Permanent Secretary at BEIS until 13 April 2020. I was then appointed as Chief Operating Officer for the Civil Service and in parallel Permanent Secretary for the Cabinet Office. I remained in those roles until April 2024.
10. I left the Civil Service in April 2024 and in July 2024 was appointed Chairman of EDF Energy UK. I remain in that role to date.
11. In summer 2016, and in the four years that followed, BEIS faced a number of priorities. As I have said, the Department was formed by merger in 2016 between BIS and DECC and this required considerable changes in organisational structures, systems and resourcing.
12. The UK in June 2016 had voted to leave the EU, and this entailed fundamental and widespread changes to laws, regulations and codes embedding the economic frameworks for business and consumers, employers and employees, directors and investors, and much else. The UK was already committed to climate change actions and these intensified in this time with accelerated decarbonisation of the

power sector, and the passing of 'Net Zero 2050' into legislation in 2019. BEIS also made important progress in addressing the nuclear legacy, working with and through the Nuclear Decommissioning Authority, and procured the first new nuclear power station in a generation. British industry across multiple sectors and including both large corporates and smaller enterprises were affected by these changes in EU and energy policy but also influenced by the government's new Industrial Strategy. As part of this Strategy the Department at this time embarked on a major increase in public spending on R&D and higher level science and innovation, spearheaded by UKRI. In the final quarter of my time at BEIS we experienced for the first time the impact of Covid 19.

13. As Permanent Secretary I was involved in all of these activities. I was the senior civil servant with lead responsibility for the management and oversight of the Department and its resources, I was the Principal Accounting Officer, the senior adviser to ministers, and a public representative of the Department in dealings with Parliament, other departments, other governments, and other stakeholders. I was responsible for chairing the Department's executive committee and representing the Department before the Public Accounts Committee. (Martin Donnelly's witness statement to the Inquiry (WITN11250100) provides comprehensive detail in respect of the responsibilities of the Permanent Secretary and Principal Accounting Officer.)
14. In these responsibilities I was very well supported by many hard-working and high-quality colleagues in the Department, including the executive management and the wider leadership group, by our Board Members and specialist advisers, by my Private Office, and by colleagues in other departments with which we necessarily worked closely, including HM Treasury ("HMT"), International Trade and the Cabinet Office. All of us officials in the Department worked closely and supportively with ministers to deliver on their proactive priorities and to help with the many challenges that arose.
15. As Principal Accounting Officer, I was accountable to Parliament for Departmental expenditure. This covered funds directly spent by the Department, for example the funds required to employ the approximately 4000 staff who worked at BEIS. It also

covered the funds spent by over 40 Arm's Length Bodies ("ALBs") sponsored by the Department both in respect of resources (around 40,000 people) and capital programmes. In, for example, 2018/2019, the expenditure of the core department and agencies was £13.6 billion (BEIS annual report and accounts 2018 to 2019 (WITN00180101)).

16. These ALBs, also known within BEIS as 'Partner Organisations', included POL, UK Research & Innovation, the Nuclear Decommissioning Authority, Ofgem, CMA, as well as public service bodies such as the Land Registry, Ordnance Survey and Companies House.
17. I have provided a Departmental Overview which details the core structures of BEIS and its Partner Organisations in October 2019, so towards the end of my tenure at the Department (BEIS0001149).

The Government's interest in POL

18. The Government's relationship with POL is reasonably narrow and defined through POL's Articles of Association (BEIS0001105). Government has various powers including powers of appointment and in respect of funding and I set some of that background out below. Whilst BEIS had no legal responsibility for POL under its Articles of Association, BEIS had political responsibility for the company which it took very seriously. BEIS had responsibility to account to Parliament, and the Secretary of State was answerable for POL's performance. As is clear from the evidence given to the Inquiry by former ministers from BEIS and its predecessor and successor departments, ministers took a broad view of its responsibilities for POL given the company's social function, and were engaged with POL on its delivery against its social objectives.
19. When I was appointed Permanent Secretary of BEIS on 5 September 2016, the Right Honourable Greg Clark was the Secretary of State. He served in this role until 24 July 2019 and so was the Secretary of State for the majority of my tenure. Mr Clark sets out the structure of the Department and its portfolio of responsibilities

at the time at paragraphs 12 to 15 of his witness statement dated 28 June 2024. I agree with this summary.

20. In the general course of conduct, the Department's oversight of POL could be described as supervisory and advisory. The aim was to check the organisation was operating within defined boundaries on use of public funds, conformance with employment and other legislation, and adherence to policy steers. In the Department we were heavily reliant on the reporting that came to us from POL, mostly via UKGI, and the additional interpretation and commentary added by UKGI. I agree with Martin Donnelly's comments at paragraph 25 of his witness statement (WITN11250100) in which he makes the point that in the role of Permanent Secretary, one must rely on being provided with accurate information from officials. I agree that it was not realistic or desirable to be across all of the detail on all issues within BEIS or need to check the accuracy of the information being provided. I trusted that officials would provide objective, honest, and comprehensive advice and commentary.
21. In my case, POL activity including regular reports, relevant correspondence, and meetings would be tracked by my Private Office and they would bring matters to my attention as necessary, usually as part of the evening boxed set of papers, arranging follow-up meetings as necessary to discuss. At times I would proactively seek an update or a meeting because of a particular concern or issue that arose.
22. My initial focus on POL given my responsibility as Principal Accounting Officer was the viability of the branch network and POL's long term funding requirements. My primary concern was whether POL had sufficient funds to maintain their network of post offices which played an important part in the life of the nation, providing not only postal but also banking and other vital services, including in less highly populated areas.
23. At that time POL was mainly self-funding through the paid-for services it provided. However, in addition it benefitted from top-up funding by HMT by way of an annual subsidy paid through BEIS to cover loss-making branches within the rural network and a separate annual investment as part of a 3-year transformation programme

spanning the period 2018 to 2021. Funding was not evenly split across the 3 years. The subsidy was £60m in 2018/2019, £50m in 2019/2020, £50m in 2020/2021, and the investment was £168m in 2018/2019 with the remainder of the £210m funding earmarked for the next two years. As Principal Accounting Officer I had oversight responsibility for ensuring proper use of those public funds by POL for the designated purposes.

24. I recall that POL was concerned that the subsidy element of its funding was not sufficient and an early focus for my work upon my appointment was supporting the Secretary of State in negotiations with HMT to secure POL's funding needs. I recall that this led to much discussion about diversification of income streams within POL and the longevity of some of their existing contracts.
25. Those concerns were recorded in the BEIS Single Departmental Plan of 2017 to 2018. It was the Department's stated aim in mitigation of those concerns to "*safeguard the post office network, including protecting existing rural services, work with the Post Office to extend the availability of business and banking services to families and small businesses in rural areas, and support the Post Office through its ongoing transformation programme*" (BEIS0001146). That aim expressed the priorities of the elected administration and had been previously set out in the Conservative Party Manifesto for the 2017 general election (WITN00180102).
26. As well as the usual supervisory issues about funding, appointments and such like, the litigation became a strong point of focus for ministers and myself because of the picture it revealed about POL - which gave us increasing concern - and because the Department would need to be directly involved in bringing a settlement and in consequential actions to bring redress. As I will describe further below, we also became increasingly concerned about the leadership of the organisation as revealed through the litigation but also in the handling of issues such as executive remuneration (bonuses). Notwithstanding POL's status as a Public Corporation, and as such at the longer end of the Arm's Length spectrum, BEIS in the shape of ministers, myself, Departmental lawyers and policy officials all became quite heavily involved in 2018 and even more so through 2019 when

POL became for BEIS a first order priority to resolve, equal even to the others I have highlighted above.

The Department's roles and responsibilities in relation to POL

27. At the time of my appointment in September 2016, POL was not technically an ALB, but a public non-financial corporation. It had been so for many years. Whilst POL was publicly owned, it was run at arm's length from the Government with its own chair, chief executive / managing director, and senior management team. The creation of POL as a public corporation was legislated for in the Postal Affairs Act 2000 and Postal Services Act 2011. The origin of that legislation was the Post Office Act of 1968 which moved the General Post Office from a department of state to a public corporation, the Post Office.
28. The Inquiry has asked me to consider document UKGI00017317 entitled "POL Strategy". I do not have any personal knowledge of this strategy. Whilst it is undated, I understand it was drafted before I was appointed. I am not therefore able to comment on it with any authority.
29. I agree, however, that it was the policy intent of successive Governments that the Post Office should have commercial freedom to raise funds, invest in new technologies and products, and operate as a retail company in a competitive market. It was considered that those freedoms were crucial to POL's ability to grow commercially and reduce its dependence on the public subsidy. It was my understanding that part of the Government's arm's length position in respect of POL was to allow POL to sell or provide a wider range of good and services than it would otherwise be able to do. There was also a recognition that retail business was not a core function or competence of government ministers and their officials, and the company would need to employ management and staff with the requisite experience and skills.
30. The Post Office was, and still is, a large complex retail company undertaking millions of transactions every week. It had around 11,500 branches at the time and a turnover of approximately £1bn. It was the largest retail network in the UK.

For such a company to flourish a high degree of operational freedom and specialised skill was required. A company as large and complex as POL would have floundered if day to day operational decisions had to go through Government approvals processes.

31. Those freedoms meant the separation of the functions of ownership and management; that is separation of ministers and their officials from the operations of POL. That division was clearly understood and was a sincerely held Departmental view over many administrations including during my time as Permanent Secretary. The policy intent that POL as a public corporation should have operational independence was more than convention or practice. It was embedded in the 2016 edition of the Public Bodies Handbook, Classification of Public Bodies: Guidance for Departments which was extant during my time in the Department. It provides that a public corporation, *“is controlled by central government, local government, or other public corporations, and it has substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent department”* (RLIT0000325).
32. In line with that guidance, the executive team of POL had responsibility for its day-to-day management. The first line oversight of those operations was the responsibility of POL’s Board. POL had a full ‘fiduciary’ Board, not simply an advisory one. The company was run as a business and in a similar way to a private corporation, albeit one with a public role and requiring continuing public support. POL’s executives owed their duties to the company and were accountable to POL’s Board rather than directly to the government of the day.
33. By extension, this meant that POL’s IT system, aside from issues of public investment and budgeting for that investment, were matters of operation. Issues surrounding whether Horizon was functioning as it should and POL’s contracts with its SPMs had also been seen as matters for POL to resolve as part of its operations (UKGI00016211 makes it clear in a letter from me to the NFSP).
34. The Department was responsible for setting POL’s broad strategy, policy and objectives. I was, for example, involved in high level discussions in early to mid

2018 on future options for the ownership and governance of POL (BEIS0001106 ; UKGI00008031; UKGI00008031). Government would also set the framework in which POL would operate. That would include a spending review and providing guidance on the size of the network and funding to support this. The government as shareholder wanted the company to be run efficiently, effectively and responsibly, and as such exercised its shareholder rights to appoint key personnel such as the chair and CEO, and to set goals on performance.

35. The role of the minister in respect of Postal affairs was to lead for the government in any parliamentary debates on matters related to POL, answer parliamentary questions, and lead on any relevant legislation. The Secretary of State had overall responsibility for the Department including overarching responsibility for the departmental portfolio and the ministerial team.
36. That was the broad division of responsibility at the start of my appointment. It was, however, never my understanding that BEIS was under a legal requirement which prevented ministers from becoming involved in POL's operations. POL's operational independence was a practice and not an immutable right. My own view is that POL came to use its operational independence in a self-protective way. Ministers and BEIS officials were provided with carefully worded summaries without the benefit of sight of many of the key documents. The result was that, over time, the reality of the situation as it concerned the Horizon IT system and SPMs was obscured by POL. POL came to use its operational independence, and legal arguments about privilege and confidentiality, as a defence to certain decisions and to restrict the flow of information to ministers.
37. POL's right to continue functioning at this level of operational independence was always contingent upon it fulfilling its responsibilities; both financial and social. POL forfeited its claim to operational independence when it failed in its public duties, and ministers were entitled to intervene accordingly.
38. The difficulty was that by obscuring the reality of the situation as stated above, ministers and officials had a very limited picture of what had been happening within POL, at least until the Judgment of Mr Justice Fraser was handed down in the

Common Issue trial in March 2019. Had more fulsome and honest information been provided to the Department by POL over the course of these events, I believe ministers would have intervened sooner and more decisively in POL's operations.

UKGI's roles and responsibilities in relation to POL

39. UKGI exercised the shareholder function on behalf of the government. It was a company wholly owned by HMT and formally sat outside of BEIS, although UKGI worked closely with the Department. UKGI had a wide portfolio of work that they undertook for the Department which included the British Business Bank, Companies House, the UK Green Investment Bank, the Insolvency Service, Land Registry and the Ordnance Survey. UKGI would prepare advice, briefings, and submissions for Ministers on issues relevant to POL as well as draft parliamentary answers and sit in on meetings with POL's senior management team and represent the shareholder at POL Board meetings.
40. At least at the start of my tenure, UKGI officials were the experts on postal affairs within the Department. They had the corporate and commercial expertise and experience to properly exercise the government's shareholder function in a large and complex retail business. There were some obvious advantages in this arrangement. UKGI were the centre of excellence in government on how to be a good shareholder with highly trained and experienced professional personnel who had built up knowledge and skills performing this role for government. In the specific context of POL, UKGI brought considerable knowledge of Company Law, of post office legislation, policy background, and POL as a business.
41. UKGI acted as the shareholder representative for BEIS. As part of this role UKGI held a NED seat on the POL Board and sat on its Audit and Risk Committee, the Remuneration Committee, and the Litigation Sub-Group. During my tenure at BEIS this role was performed by Richard Callard followed by Tom Cooper.
42. The relationship between UKGI and BEIS was set out in a Memorandum of Understanding (BEIS0001164 is a draft dated 20 December 2019). The Principal Accounting Officer of HMT had overall responsibility and accountability for UKGI,

both for its policy direction and for its wider corporate finance objectives and activities through the UKGI Accounting Officer.

Governance and oversight of POL

43. I agree with what Mr Clark says at paragraph 44 of his witness statement, that the proper conduct of POL was always an important concern of the Department, not only in recognition of the important role Post Offices played in national life, but also in recognition that the Department retained responsibility for policy and enforcement of Company Law and directors' duties.
44. When I was appointed as Permanent Secretary, UKGI were responsible for oversight of POL in respect of both governance and policy. This was the structure I inherited and had been the status quo for many years. I have addressed the general advantages of UKGI serving this function above. UKGI monitored POL's performance monthly as against government policy and provided the Department with quarterly reports. That UKGI were responsible for the management of the Department's relationship with POL was clearly understood by POL, UKGI and BEIS (UKGI00018076, see page 4 in respect of UKGI's intention to transfer some responsibility (in respect of policy) to BEIS. This arose from the creation of the BEIS Post Office Policy team, as described below).
45. Whilst I was not involved in the detail of UKGI's oversight of POL, as Principal Accounting Officer I was accountable to Parliament in respect of POL's funded expenditure, as defined above, and for ensuring that arrangements were in place for effective shareholder oversight.
46. This is a role that I took seriously throughout my tenure. I was actively involved on core shareholder issues throughout my tenure including the issuing of annual guidance letters to the POL Chair (UKGI00011146), appointment of the new CEO following Paula Vennells' departure (BEIS0001135 ; BEIS0001133 ; BEIS0001107), assisting in setting of future strategy including funding the network (BEIS0001139 ; BEIS0001140 ; BEIS0001114 ; BEIS0001152), engaging in discussions about the future status and strategy of POL (UKGI00008031), and

checking, challenging and correcting POL practice where it fell outside agreed requirements, for example challenging POL's use of public funds as set out below.

47. Oversight of UKGI in its function as overseeing POL and POL's operations was achieved in several ways. Political oversight was provided by ministers through their policy portfolios. There was a clear line of policy accountability from UKGI to the relevant minister and to the Secretary of State. UKGI reported to HMT overall. UKGI also had a Board which exercised oversight. The Board had a majority of non-executive members with experience in running boards and corporate finance. Both HMT and BEIS Permanent Secretaries were by convention invited onto the UKGI Board. I was a non-executive member of the UKGI Board and would attend Board meetings when available, usually limiting my attendance to the parts of meetings relating to BEIS interests (See, for example, UKGI00009838 at items 6 to 8).
48. When I joined the Department, I welcomed the steps UKGI took to strengthen government's representation on POL's Board through the appointment of UKGI's Non-Executive Director ("NED"), Tom Cooper (UKGI00007796; UKGI00007865).
49. Mr Cooper was presented to me as a senior and highly experienced professional, having had a long career with Deutsche Bank and UBS Investment Bank. When I met him I could see that Mr Cooper was bright and well versed in matters of corporate finance. I noted he had not had experience of working with ministers or in a public policy context but others in UKGI had this experience and I expected they would help with this aspect of the role.

The BEIS Post Office Policy Team and the Framework Document

50. In early 2018, I looked to produce a new Shareholder Relationship Framework Document to clarify the respective roles and responsibilities of BEIS and UKGI as they pertained to POL (UKGI00010387). The Framework Document defined the relationship between POL and Government. The final version was agreed in mid-December 2019 (UKGI00010964) and I (as Principal Accounting Officer) signed off on the document on 9 January 2020 (BEIS0000091). The Inquiry has provided

me with document UKGI00010387 which is an early draft of the document). Whilst it took some time to finalise the document, in practice the contents nonetheless guided the relationship through 2018 and 2019. The Framework document was a significant step forwards in formalising the reporting and line of accountability as between BEIS, POL and UKGI.

51. The key feature of my tenure in relation to the core issues of governance was the establishment of the BEIS Post Office Policy team. This, together with the Framework Document, fundamentally and permanently changed the structure and mechanisms for oversight of POL by BEIS. To my mind these changes made a significant positive difference to the way in which POL, UKGI and BEIS worked, and I note those arrangements have persisted in the four and a half years since I left BEIS.
52. As noted above, UKGI were responsible for oversight of POL in respect of both governance and policy. In practice this required UKGI to be both the available experts on POL as a business to help advise ministers and also the corporate governance experts acting as shareholder representative and members of POL's Board. Whilst this should not be the case as POL is a public corporation and its foremost duty is to the public, the policy interests of BEIS as it concerned POL and the best interests of the company could potentially come into tension. One such example was the issue of executive bonuses which I return to below. Where such opposition could be said to arise, the Shareholder can bring some objectivity and reflective focus on POL's social policy objectives, and I wanted to encourage a structure where BEIS could provide more readily that constructive input.
53. Further, my impression was that UKGI felt expert and confident in the corporate finance aspects of their role, but less so where there were political judgments to be made. This may not have caused much concern if policy issues were limited within the company in question, but this was clearly decreasingly the case in respect of POL. To my mind there was a structural issue inherent in UKGI's work as it pertained to POL which needed to be resolved to both address that tension in UKGI's dual role and to ensure that the government's policy intent was being communicated. UKGI themselves told me they were uncomfortable with the dual

role and they too wanted a clearer demarcation, with BEIS assuming responsibility for the policy function, including within this routine administrative work such as ministerial correspondence.

54. In consequence in 2018 I began the process of separating the policy and governance functions of UKGI. The groundwork for this move was set in mid-December 2017 when I wrote to Paula Vennels outlining ways in which the existing sponsorship arrangements within UKGI could be strengthened (INQ00000074).
55. The substantive work began in early 2018 as reflected in a submission dated 23 March 2018 (UKGI00007866), *“as you (are) aware UKGI and BEIS are having wider discussions about the division of responsibilities for BEIS assets between them. Currently UKGI retains responsibility across the board for POL, including policy matters. The identity of the BEIS policy sponsor for POL is still subject to discussion. We intend to work with the BEIS policy sponsor, once the identity of that person is settled, to establish a more formal POL-specific oversight protocol”*.
56. In May 2018, I asked UKGI to provide a briefing on the sort of work which they could expect to move to the BEIS Policy Team (UKGI00020995 ; UKGI00020990). The areas in which UKGI handed over responsibility to BEIS included:
 - a. Formally owning the key policy remit of minimum network size, access criteria, path to commercial sustainability.
 - b. Critiquing and supporting UKGI advice to the Secretary of State during key events such as Spending Reviews and advocating on the funding proposals once the position was settled.
 - c. Acting as two-way conduit for BEIS related issues that may affect POL, or vice versa (e.g. employment policies, industrial strategy, business rates and living wage).
 - d. Reviewing and providing clearance on UKGI advice before it is sent to Ministers. In some exceptional cases, advice could instead come directly from BEIS officials, with support from UKGI.

- e. Supporting UKGI's lead in establishing improved funding and budgeting flexibilities to better accommodate the needs of a profit making commercial business, and longer term considering ownership options.
 - f. Working with UKGI to consider key strategic ownership issues, at the appropriate time.
 - g. Meeting with UKGI on a monthly basis to horizon scan for areas which may impact the Department.
 - h. Crafting the long-term vision and social purpose of POL(BEIS0001128 ; BEIS0001129 ; BEIS0001132 ; BEIS0001156 ; BEIS0001155 ; BEIS0001136).
 - i. Approving POL's business plan and setting the overall targets for the organisation.
 - j. Ensuring consistency with the wider government policy framework.
57. In terms of operations, the areas for handover from UKGI to BEIS included BEIS taking responsibility for providing advice and briefings for Select Committee inquiries, parliamentary questions and correspondence (with support from UKGI and POL where required).
58. In June 2018 further work was done to scope current policy responsibilities and restructure responsibility as between UKGI and the BEIS Policy Team (UKGI00021033). The policy role was formally handed over from UKGI to BEIS in August 2018 (UKGI00018076) but work continued after that date to refine the new relationship.
59. At a meeting with UKGI officials in April 2019 about POL I noted that capacity within BEIS on POL had been increased and that *"government invests in post office for more than the return – there is a social purpose. Benefits from developing, clarifying and articulating what this is"* (UKGI00009606). This sentiment was really at the heart of the BEIS Post Office Policy Team; to bring home the social purpose of POL as a guiding principle in policy decisions.
60. By July 2019, it seemed to me that the newly structured relationship was working well. As I wrote to Nick Read, POL's CEO upon his appointment, *"some of this*

complexity lies in the company's relationship with Government. Fortunately, this has been well-managed in recent times by dedicated colleagues in UKGI and our team in BEIS led by the excellent Carl Creswell" (BEIS0001107).

61. The Framework Document discussed above was really a piece of the work to reflect and embed this new triangular relationship between POL, BEIS and UKGI. The litigation was firm in my mind when establishing these structures. Indeed, in January 2020 and just before I signed off the Framework Document, I noted that whilst I was "*broadly content*" I wanted "*to add...information on the relationship with the community of postmasters*" or similar, given our keen interest in this in the light of the litigation and indeed POL's obligation arising therefrom" (UKGI00025637).
62. By 13 September 2019 the division of responsibility as between UKGI as the Shareholder Representative and the BEIS Post Office Policy Team as the policy sponsor was well developed. The final division of responsibilities was decided on 4 October 2019 (BEIS0001170 ; BEIS0001168). The policy unit focused exclusively on postal affairs and was, and still is, led at Director level by Carl Creswell. The unit enabled ministers to benefit from the expertise and advice of dedicated Departmental officials, and BEIS officials benefited from having regular exposure to ministers and the wider Department which helped them to perform their policy role.
63. Coinciding with finalisation of the Framework Document in early 2020 was an increase in resourcing of the BEIS Policy Team to ensure that POL policy was prioritised, and ministers were effectively supported. We expanded BEIS policy and sponsorship capacity by creating a new Deputy Director role. It also coincided with an invitation to increase the frequency of shareholder meetings with the POL Chair and CEO to quarterly to review POL's performance and assess their progress on key issues (BEIS0001158). This was an increase from six monthly meetings in January 2018 (UKGI00008918).

64. On 6 March 2020, towards the end of my time in the Department, ministers and I were provided with a submission regarding the ways in which POL exercised oversight of POL and proposals for further mechanisms by which BEIS could exercise enhanced oversight of POL (UKGI00027361). In respect of the levers already in place to oversee the performance of POL, the submission noted that BEIS Ministers oversaw Chair and CEO appointments, UKGI's NED represented BEIS' interests as explained above, BEIS approved POL's business plan and target, quarterly meetings would be held with the Chair and CEO, the BEIS Permanent Secretary would write annually to the Chair with government's expectations for POL, and that UKGI would have their part to play in scrutinising information provided in relation funding. As to the further mechanisms, it was noted that BEIS Ministers could have attended the quarterly performance reviews that officials held with the POL Chair and CEO. Our understanding was that POL would – at least by this time - have welcomed this. Second, there was work in train to consider POL's incentive framework for 2020/2021 to better align bonus payments with the successful delivery of POL's change programme. Third, most of the POL Board had changed over the course of 2019/2020 with two new NED appointments and a new CEO, Nick Read. There was, in my view, appetite to keep the process of regeneration of the Board going whilst avoiding excessive disruption to the business. I recall being supportive of those proposals in addition to the mechanisms already in place for oversight.
65. Matters have moved on significantly since that time and I consider below some potential additional enhancements, put forward in the light of what has subsequently come to light about the conduct of POL.

Mechanisms for reporting and feedback

66. The Inquiry has asked me a number of questions regarding the mechanisms in place for reporting, feedback and the provision of information in respect of POL's strategy, operations and escalation to the Minister and Secretary of State. I have explained the general structure above, which was governed by the Framework Document and the division of responsibilities as between UKGI, POL and BEIS.

67. At a more granular level, I would have regular meetings with Tom Cooper of UKGI regarding POL's strategy and operations (UKGI00008032). Those matters would be circulated to the BEIS Post Office Policy Team. I would also have formal meetings with UKGI for which I would be briefed by the BEIS Policy Team (UKGI00009589; BEIS0001110). Officials of BEIS and UKGI would have their own meetings on POL matters (BEIS0001157). As noted, ministers and I would have regular meetings with POL's Chair and CEO which would include UKGI and BEIS officials. Readouts of those meetings would be circulated (UKGI00042465). UKGI provided BEIS with quarterly updates on key POL issues to which I was sighted along with the Secretary of State and minister (BEIS0000488 ; BEIS0001127 ; UKGI00043087).
68. Every week I would submit a briefing pack to the Secretary of State called the "Weekly Update from BEIS Directors General". Each of the Department's Directors General would prepare a paper setting out the key issues that they and their officials had been working on that week and a forward look to submissions that the Secretary of State would be expected to decide upon. That briefing pack would include any material issues concerning POL that required his oversight. The Secretary of State would discuss that pack with me (and with the Director General team) each week. The Secretary of State and I would also have weekly one-to-one meetings.
69. There would be weekly "Industry Meetings" at which matters relating to POL could be discussed (BEIS0001141). The minister responsible for postal affairs and officials would attend those meetings and it was at those meetings that submissions would be discussed, and significant decisions made. I would usually attend those meetings.
70. Aside from the formal structure of those meetings, I would regularly brief the Secretary of State and minister on key POL issues, which included the GLO proceedings, appointment of an interim CEO, NED appointments and remuneration (UKGI00009128). I would also provide formal advice to them when necessary (BEIS0001150 ; BEIS0001121 (UKGI00009137 is a previous version).

Contractual and personnel management at POL

71. The Inquiry has asked me about the extent to which the Department oversaw contractual and personnel management at POL.
72. The Secretary of State was ultimately responsible for the appointment of POL's Chair, CEO and CFO albeit the lead for those appointments was taken by UKGI and BEIS officials (Ultimately approved by HMT due to spending caps: BEIS0001118). Whilst UKGI led the process for appointment of POL's interim CEO (BEIS0001120) and thereafter its CEO, BEIS took a significant role in Nick Read's appointment, as I will summarise below.
73. The Secretary of State was also responsible for the appointment of POL NEDs more generally (UKGI00010621 ; UKGI00010623 ; UKGI00010626 ; BEIS0001119). Again, the Secretary of State made those appointments on advice, approving or rejecting the recommendation rather than having a direct role in recruitment. That included responsibility for the appointment of Tom Cooper as the Shareholder Representative (UKGI's NED) on POL's Board (UKGI00007796). I supported this appointment as I have said above (BEIS0001115 ; BEIS0001116 ; BEIS0001117). BEIS also became involved in policy decisions regarding executive remuneration (BEIS0001112 ; BEIS0001122 ; attachment BEIS0001123 ; BEIS0001124) and on the matter of bonus payments which I will return to.
74. The Inquiry has provided me with document UKGI00008574 which is an email chain dated 22 to 24 October 2018 between the BEIS Honours Secretariat and UKGI. The Secretariat said that the Main Committee had *"agreed the nomination for Paula Vennells but have asked that it doesn't progress until we've had the opportunity to check with you that there are no known issues likely to emerge around the Post Office in December or January"*. That email was forwarded to UKGI who provided brief details of the litigation and said that *"our view is that this shouldn't stop Paula's nomination"* and suggested that I also be asked. Through my private secretary I said that I was *"content for the information in (UKGI's) email below to be passed to the Cabinet Office"*. I made the point that *"the litigation*

relates to Post Office Limited contracts and systems going back to 1999 and that Paula Vennells has been CEO since 2011". I accepted and agreed with the UKGI view that the nomination could proceed.

75. My view, in October 2018, was that there were at that time insufficient reasons to withdraw the nomination. I understand that I was one of a number of people who confirmed the same. At that time, we were not aware of the deficiencies which came to light in the March 2019 Judgment, and subsequently.
76. I was not on the committee that finalised the list of nominees. Had I or other senior leaders in 2018 been in possession of the knowledge we acquired in March 2019 when the Common Issues Judgment was handed down, let alone the subsequent information that has come to light, then clearly the nomination would not have progressed. There is a mechanism for forfeiture of honours when substantive new adverse information becomes available, from legal cases or otherwise, and this mechanism was exercised in this case, and the honour was accordingly forfeited.
77. The Inquiry has asked me to comment upon the codes or principles of governance and management that BEIS and I consider POL to be bound by. The Framework Document described above was the core document which consolidated key governance documents as they pertained to POL, for example, the entrustment letter, funding agreement, and Articles of Association.
78. I did not consider that POL fell within the scope of the Cabinet Office Guidance on Government Functional Standards for General Grants on the basis that POL was not classified as an ALB but rather as a Public Non-Financial Corporation under the ONS national account system. This was a matter raised by Mark Baker at the Larkhill Post Office in his correspondence to me dated 20 March 2019. It is a technical question, and I would have received advice on this issue and the response, which I signed off, drafted for me (BEIS0001142 ; UKGI00016211). Regardless of the technical position, I would expect people working in a public corporation to have acted in a manner consistent with the Nolan Principles.

79. I have been asked by the Inquiry to explain the extent to which I believe there are differences in governance between a publicly listed company and a publicly owned company. I am aware that the Inquiry has had the benefit of expert advice on the governance arrangements between the two. Very briefly, I am aware that publicly listed limited companies have chosen to have shares listed on a public exchange. The Companies Act 2006, and rules made by bodies such as the Financial Reporting Council, apply certain requirements to companies and these include specific requirements for publicly listed companies. Publicly owned companies that are not publicly listed are not subject to the Stock Exchange Listing requirements. Some publicly owned companies are wholly owned by the Government and others the Government have a stake in.

Knowledge of relevant issues

80. The Inquiry has asked me a number of questions about what I knew of the Horizon IT system, complaints made by SPMs about that system, and the investigation and prosecution of SPMs arising from shortfalls.

81. Upon my appointment I had no specific knowledge of the Horizon IT system. I was, however, aware that there had been concerns raised about its performance for some time, and that these concerns were now the subject of a major piece of litigation before the High Court.

82. As Permanent Secretary I believe that my office would have been copied to the Introductory Briefs that incoming Secretaries of State were provided with by the directorate in the Department. I have now had sight of the Introductory Brief for the Post Office produced for Greg Clark in July 2016 which contained information on a number of live issues including POL's ownership, the company's long-term strategy, the future of the branch network, pensions, role in supplying cash to external clients, and industrial relations.

83. That document records matters concerning Horizon in a paragraph subtitled "Other Issues". It states that "*Following complaints from a small number of sub-postmasters regarding the POL's Horizon IT (point of sale) system, an*

investigation was undertaken by an independent firm, Second Sight, over two years. Whilst this received relatively high profile press attention, no systemic issue with Horizon has been found. However, affected sub postmasters continue to put pressure on Post Office Limited, the Criminal Cases Review Commission are considering some cases where individuals have received criminal convictions, and group civil litigation is being launched against POL in the High Court". Whilst I do not specifically recall reading this document at the time. However, I may well have done so as part of the full set of new minister briefing, and this may have been how I first learnt about the civil litigation being commenced and the criminal cases being under review.

84. On 29 March 2017, my office was copied to an email from a UKGI official attaching a briefing pack which had been prepared for a meeting with Baroness Buscombe ahead of the March debate on the future of the Post Office (WITN10910106 ; UKGI00007572 ; WITN00180103). That pack included a one-pager on Horizon. I can see that it stated that "*civil proceedings have been issued against the Post Office on the matter of the Horizon IT system*". The line to take was that "*this is a matter for the courts and I am unable to comment further*". It states that "*following complaints from a small number of sub-postmasters regarding the POL's Horizon IT (point of sale) system, an investigation was undertaken by an independent firm, Second Sight, over two years. Whilst this received relatively high profile press attention, no systemic issue with Horizon has been found*".
85. Again, I do not recall reading this document at the time. In this case I consider it unlikely that I would have done. Ministers were being briefed daily on a wide range of topics and I would not have expected to see all of these as a matter of course, However, I was certainly aware in March 2017 that High Court proceedings had commenced. As to the prosecutions of SPMs by POL for theft, fraud and false accounting, I was assured that this was an historic matter given that POL had ceased such prosecutions in 2015, and that it was these matters that were subject to review by the High Court and the Criminal Cases Review Board.
86. On 8 December 2017, my office was copied to an email from a UKGI official to the Secretary of State's office and others regarding an Urgent Question on POL

funding (BEIS0001113). I can see that a proposed answer was provided which included some detail on the Horizon IT System (BEIS0001165). It said, "*Attack: Will this investment be used to fix Post Office's faulty IT systems?... If needed: Post Office commissioned a detailed independent review of its Horizon IT system from a firm of forensic accountant (sic) which identified no systemic issues. For further information on this particular matter, including on the group litigation action that is underway at the High Court, we would advise you to contact Post Office directly*".

87. I note now the repeating advice that "*no systemic issues*" had been found following independent review. I recall from that time that POL continued to stand by the robustness of their system and repeatedly stated that the system had been independently tested and also upheld through the criminal courts. I understood that the High Court had been charged with determining these issues, with Horizon the focus of the second stage in the litigation, as laid down by Justice Fraser in the case management process.
88. I believe that May 2018 was the first time that I was read in to any detail regarding these matters (UKGI00007881 (draft submission dated 12 February 2018); UKGI00007912 (draft submission dated April 2018); POL00254872 (request for a full submission dated 10 May 2018); POL00028072 (litigation facts dated 10 May 2018 – from metadata); POL00254873 (litigation facts dated 10 May 2018 – from metadata); UKGI00008026 (draft submission dated May 2018)). I have now been shown a number of drafts of the submissions and notes on the Group Litigation. I cannot recall the final form of document presented to me at the time. Nevertheless, the contents of the most recent drafts dated May 2018 are familiar to me and I do recall reading those documents, or documents very similar to them, at the time. I have also been shown an email dated 10 May 2018 (POL00254872) in which a UKGI official writes to POL's legal department attaching drafts and commenting that "*I believe you are aware that BEIS Permanent Secretary Alex Chisholm has asked us for a full written briefing on the Horizon Litigation asap*". I do recall asking for that information and the timing of that email suggests that I received the briefing soon after.

89. I was told at paragraph 6 of the draft submission that *“a small number of (mostly former) subpostmasters, under the banner of the ‘Justice for Subpostmasters Alliance’ (“JSFA”) and with support from some MPs led by then-MP (now Lord) James Arbuthnot, claimed POL’s Horizon IT system had caused losses (shortfalls in physical cash against cash holdings recorded on Horizon) which they had had to make good. In some cases they had been prosecuted for these losses (usually for false accounting, theft or both) while, in other cases, they claim that it led to financial hardship, bankruptcy or consequential, personal losses ranging from divorce to suicide”*.
90. It went on to say at paragraph 7 that, *“an independent firm of forensic accountants, Second Sight, were commissioned to examine the system for evidence of flaws which could cause accounting discrepancies. Second Sight’s initial report in June 2013 found no evidence of systemic flaws in Horizon. A final report in 2015 did find that in some cases POL could have provided more training and support to some subpostmasters, though Post Office disputes many of Second Sight’s findings”*.
91. I was provided with an overview of the Complaint Review and Mediation Scheme and informed that it came to a close in early 2015 with the JFSA *“not satisfied with the outcomes of the scheme”*.
92. I was told that the CCRC was in the process of reviewing 33 cases and this had been ongoing for around three years. I was told that *“BEIS/UKGI have disclosed information to the CCRC, as required to do by law, for their investigations, as has POL. POL does not know when the CCRC will reach a decision in any of these cases”*. My understanding was that the CCRC were considering any matters arising from those prosecutions and it would not be appropriate to interfere with that work. On 6 February 2020 I was provided with a submission concerning POL’s work on the cases being considered by the CCRC (UKGI00026411). On 20 March 2020 I was informed that the CCRC were expected to make a decision, and I was sighted to an email from a UKGI official in respect of next steps (BEIS0001138).

93. I left the Department shortly following this and did not have any substantive involvement in matters concerning those convictions. I did have some involvement in the civil litigation, which was separate but related, with the view of accelerating a resolution by means of settlement. I set this out below.
94. I was told that the complaints concerned the unfairness of the contract between POL and SPMs which JSFA alleged, and POL disputed, did not reflect the true nature of their relationship; being one in JSFA's view akin to employment rather than principal-agent.
95. Both POL and UKGI provided me with their commentary on the litigation. POL made the point that it *"considers that it has undertaken a significant amount of work ever since the claims were first raised to establish the nature of the issues raised by the subpostmasters"*.
96. By way of my briefing on the Horizon litigation on or around May 2018, I was told that, *"in terms of mitigating against legal and operational risks, POL has summarised its past and ongoing measures in paragraphs 21 and 22 above. In addition to these, UKGI is aware from past discussions with POL that POL did the following:*
1. *Appointed Deloitte in 2013 to look at the Horizon system to establish its veracity. Whilst this was a limited study due to the passage of time, at that time POL informed us that no issues were found.*
 2. *At Baroness Neville-Rolfe's request, when she was the responsible BIS Minister, the then incoming POL Chair Tim Parker commissioned a new QC to investigate the matter when he joined POL in October 2015. The initial findings satisfied the Chair that POL had taken the appropriate action at each stage. With the announcement of the group litigation in November 2015, the Chair decided following legal advice not to conclude the investigation on the grounds that it could have impacted the Court's consideration of the claims.*
 3. *POL has also investigated individual cases and at the time informed us that no systemic issues were found"*.

97. I did not receive a copy of the 2013 Deloitte report or the report of Jonathan Swift QC (POL00028069; POL00006355). I had no knowledge of the substance of those documents. The impression I was given in relation to the 2013 Deloitte report and the report of Jonathan Swift QC was these were further lines of enquiry in POL's endeavour to investigate the allegations, the results of which had either not satisfied SPMs or not brought a conclusion to the dispute.
98. The view taken by the Department at this time was that the litigation had been commenced in order to get to the bottom of the issues and to bring authority and finality to their resolution. It was up to the High Court to establish the truth of the relationship between the SPMs and POL and the questions surrounding the Horizon system. Neither I nor anyone else at BEIS or UKGI thought that a further, parallel investigation would be acceptable to the complainants or otherwise beneficial.
99. Having seen his judgment in the Magnox litigation, received in the month I started at BEIS, I had every faith and expectation that Mr Justice Fraser would forensically analyse with independence and authority the issues involved and come to the correct conclusions. At that time I believe all parties were of the view that the litigation brought by JSFA would bring a resolution, and the government in external statements and correspondence stated this view.
100. I had no reason to question the legal advice reportedly given to POL Chair Tim Parker not to conclude Jonathan Swift's 'investigation'. However I now note this was inconsistent with other advice given at the time that the Swift Review would instead be redirected to work for the purposes of the litigation. I note the summary of Tim Parker's review as contained in my May 2018 briefing stated "*the initial findings satisfied the Chair that POL had taken the appropriate action at each stage*". Now that I have seen the Swift Review – shared with me as part of the Inquiry process. I consider this statement, which can only have come from POL, at best highly selective and at worst a manifestly erroneous summary of Jonathan Swift QC's review.

101. I did not know at the time that Jonathan Swift QC's report had not been shared with the Department or indeed even with POL's Board. I did not know that the Swift Review had made 8 weighty recommendations and that these had not been brought to the attention of POL Board and not been implemented. I have only learnt these facts because of this Inquiry. The contrast between the summary and the documents purportedly summarised is an example of the practice I call attention to in this witness statement of POL rationing the supply of information to BEIS, apparently to obscure the underlying reality, and deflect or defer critical challenge. I reflect on those matters further below.
102. At a basic level of governance if expert advice is commissioned on a range of vital issues, as it was by the POL Chair Tim Parker from Jonathan Swift QC, and the recommendation was for a company to take certain necessary steps, one would expect the Board to consider that report, and to oversee a programme of implementation of the recommendations. The Board and/or the Shareholder cannot do that job if the information contained in the advice commissioned is withheld from them. This is what appears to have happened in the case of POL and the Swift Review.
103. I had no knowledge of the existence of Simon Clarke's advices of 15 July 2013 (POL00006357) and 2 August 2013 (POL00129453) or the Linklater's advice on the Mediation Scheme (POL00107317). These had been produced within POL some 3 years before I joined BEIS and were never referred to in any document or conversation I can recall from my time. I had no knowledge of the contents of any of these documents. I had no knowledge concerning the ability of Fujitsu to insert data in branch accounts without the consent of SPMs or that Fujitsu might be able to delete or replace audit files containing transaction data. I am aware now that the Department had received the reports authored by Second Sight. I did not read them at the time, and I do not think that I was aware that the Department had a copy of them until reading submissions in preparation for the BEIS Select Committee in March 2020 (BEIS0001137).
104. To the extent that I would get into the detail of such documents, I would expect officials to identify those documents to me, providing summaries where

appropriate and, if a document needed to be read in part or in full, to draw that to my attention.

Oversight of the Horizon litigation

105. The Inquiry has asked me a number of questions regarding the GLO proceedings including Departmental and UKGI oversight and accountability, my involvement in and views on the handling of the proceedings, and my response to the outcome of the proceedings including the recusal application. Given the breadth of relevant topics and to avoid confusion I have provided below a chronological account of the key aspects of my involvement providing my own views and reflections where necessary to answer those questions.
106. On 3 January 2018 I wrote to Paula Vennells in response to POL's recent funding request (POL00024073). That request indicated that POL intended to use BEIS funds for non-transformation programme purposes and specifically to assist in funding the Horizon litigation. I had challenged this when it came to my attention as I was strongly of the view that public funds approved for specific purposes, namely network provision and organisational transformation, should not be diverted otherwise and certainly not to fund the Post Office's litigation. To provide some additional assurance that BEIS funds entrusted to POL were being used properly, I asked for that confirmation from Ms Vennells on a quarterly basis
107. On 8 January 2018, Ms Vennells replied to me saying that "*I will ensure we make it clear that the source of funds for GLO work is Post Office, not Government*" and when the reporting on expenditure had been brought to her attention in December 2018, "*we removed the £2.4m from our quarterly request*". She said that "*we will not include GLO spend in future funding requests and will confirm this quarterly*". (POL00024074)
108. Whilst disappointed by such a categorical mistake in budgeting and reporting, I was reassured by Ms Vennells' prompt and appropriate response.

109. On 3 April 2018 I met with Tom Cooper regarding POL matters. A read out of the meeting was circulated in mid-May (UKGI00008032). At this meeting I was taking stock of and given steers on a wide range of issues affecting one of our Partner Organisations' – something I would aim to do at least once a year for each of our key Partnership Organisations. At this time the litigation was far from a central concern, the sustainability of the core network was much more so. This is probably because of the relative importance of the issues at that time as BEIS understood them, also the relatively early stage at which the litigation had by then reached As I have noted above, the reality of the situation as it concerned Horizon had been obscured by POL.
110. The read out records in respect of potential settlement costs of the litigation, "*AC noted presents another example of BEIS bearing responsibility for POL when they should not. AC recommended that during next meeting we consider how to steer responsibility for this to HMT.*" The context for my comment is a continuation of the 2016/17 tension over how to fund network losses and invest in transformation. My view, which I believe was shared by Secretary of State Greg Clark, was that we sponsored POL but we did not have funds for investment or a surplus elsewhere to cover a large and/or unpredictable loss. This was a matter for the central fund. It would be absurd and harmful, in our view, to cut an unrelated budget – for example in science, or energy, or small business support - to pay for legacy costs incurred by POL. Further this was a matter for Government and not just for BEIS, given the important social role played by post offices, for example in the distribution of welfare payments.
111. That readout of my 3 April 2018 meeting with Mr Cooper records that "*lack of named policy responsibility in BEIS makes it difficult to build momentum behind decisions for POL*". This is a reference to the work in progress in separating UKGI's shareholder and policy functions and the formal handover of the policy function to BEIS which occurred in August 2018.
112. I recall that following the May 2018 briefing which I have addressed above, I asked to be briefed on the Horizon litigation by POL's General Counsel (UKGI00000998

). That briefing eventually happened in October 2018 and I address it further below.

113. In July 2018 I received a copy of the Project Sparrow, Pre-Onboarding Protocol (UKGI00008160) and the Disclosure Protocol. This followed provision in March 2018 of the UKGI Guidance for Litigation Monitoring Protocol (POL00041685) and in June 2018 of the Information-Sharing Protocol (BEIS0000079).

114. The Litigation Protocol and Information-Sharing Protocols were drafted following concerns from myself and ministers that information flow in respect of the litigation was insufficient. Whilst I did not see this document at the time, this seems to be what is recorded in an email chain between POL and UKGI officials in March 2018 (POL00041686).

115. My impression all through 2018 was that POL's position in respect of providing BEIS officials and ministers with information regarding the litigation was on "a need-to-know basis" and indeed that there was an institutionalised wariness about what the Department should be told. I understand that concern to some extent: there were real issues of legal privilege, commercial confidentiality and data privacy which needed to be considered. It may be that POL leadership felt motivated by a desire to 'protect' the institution they led. However, BEIS needed to properly understand the risks involved and implications arising from POL's decision making regarding the litigation. More generally, restricted transparency began to undermine the department's trust in POL. I recall POL being difficult when ministers and I were asking for greater sight across the litigation and feeling that POL were being overly protective when it came to document sharing. This made me more determined to get proper briefings and to have the basis for ministers and officials to question POL on their judgments and plans. In this I was influenced by the learnings from the Magnox case, in which neither the NDA Board nor BEIS had been given a sufficient view of the issues and risks in the litigation, until it was too late.

116. In July 2018 when I received the Disclosure Protocol, I again got the feeling that this was too restrictive in respect of information flow. I was being asked,

fundamentally, not to onwardly disclose documents received from POL. I was conscious of my obligations to the rest of Government and to Parliament. As such I protested about this excessive restriction and requested further information and changes before signing the document (UKGI00008205).

17 October 2018 meeting

117. Around 10 August 2018, I received a submission drafted by Mark Russell of UKGI entitled "*Horizon Litigation Update*". The submission explained the contents of Annexes 1 to 5 which were attached to that email. It is recorded at paragraph 11 of that submission (UKGI00018266) that an "*Oral briefing from POL's Legal Counsel*" was scheduled for 10 September. The intention at that proposed meeting was for, "*POL's Legal Counsel, Jane MacLeod, Chair Tim Parker, and CEO Paula Vennells... (to) brief you on the key issues at stake, as well as on the financial, reputational and operational implications (which could be considerable) of an adverse ruling at November's 'Common Issues Trial' and/or at the 'Horizon Trial' in March 2019 and POL's contingency plans for dealing with these risks. This will be an excellent opportunity for you and the Minister to exercise Shareholder scrutiny and seek reassurance on any issues of concern*".

118. At paragraph 8 of that submission, it was recorded that "*following the agreement of the Protocol, POL's Legal Counsel provided an initial background briefing on the litigation (Annex 3), including their QC's view on the merits of the case*".

119. The document goes on to say that POL's Legal Counsel "*has since provided a further update (Annex 4) following discussion of the case at POL's last board meeting on 31 July. For ease of reference in Annex 4 UKGI has highlighted in yellow any information that is new and worthy of note. These briefings do not yet address contingency planning, but Tom Cooper has asked POL's Legal Counsel to focus on this in the run-up to the November 2018 hearing, particularly the question of how POL would handle the business implications of losing, and to provide you with a paper addressing these issues in advance of the 10 September briefing session*".

120. I understand that Annex 4 is document UKGI00008345. That document addresses procedural issues and the timetable for the Commons Issues and Horizon Issues trials. I can see that the document contained some of POL's thoughts on settlement options and contingency planning (UKGI00008345 at paragraphs 5 and 6). Reading them now, I can see that POL's contingency plans at this time remained under-developed. This was also the view at the time of the BEIS Post Office Policy team, as can be seen from the briefing discussed below.
121. As to the other annexes, Annex 1 was the Information Sharing Protocol (BEIS0000079) and Annex 2 was the On-Boarding Protocol (UKGI00008348). I have had sight of document UKGI00008347 entitled "*Proposed Agenda and Attendees*". This may be Annex 5, created in anticipation of a meeting on 10 September 2018.
122. For some reason the meeting did not go ahead on 10 September 2018 but was instead re-scheduled for 17 October 2018.
123. I received a briefing paper for the meeting on 17 October 2018 drafted by POL (POL00111214). The briefing was extensive, although section 2 setting out the background to the litigation was relatively short.
124. Paragraph 2.3 of the briefing provided some more detail to that which I had received in May 2018: "*Post Office appointed independent forensic accountants Second Sight to perform a 'top down' examination of Horizon. Second Sight issued a report in July 2013 which concluded there was no evidence of system-wide (systemic) problems with the Horizon software but identified some areas where Post Office could have done more to support individual postmasters*". Brief details of the Complaint Review and Mediation Scheme were also provided.
125. Paragraph 2.11 of the briefing stated that "*in recent years, the focus of the complaints by postmasters has expanded from issues with the Horizon IT system, to the alleged "unfairness" of the contract between Post Office and postmasters. Despite significant lobbying by the JFSA of Parliament and through the media,*

Post Office's position has not altered, and consider that these disputes are now best resolved through the Courts".

126. This informed me that POL maintained the robustness of their system and instructed me that a "litigation-foremost" approach was being taken; that is, the resolution of the SPMs complaints was inexorably tied to the outcome of the litigation.

127. The document then set out POL's contingency plans (POL00111214 at paragraph 5 and Appendices C to E and D). I was also provided with a separate short document entitled "Post Office: Horizon Trial Contingency Planning" for the 17 October meeting (UKGI00008519).

128. In advance of that meeting, I also received a briefing from BEIS officials (UKGI00021538). It correctly identified that the POL Briefing paper was "*quite light on risks and mitigating actions, as well as on indicating likelihood of outcomes. You may want to press POL for more detail on the implications for the business and the shareholder*".

129. Reflecting on POL's briefing paper (POL00111214) I consider that the document was not sufficient for me to understand the issues properly. I now know that a number of external reports together with legal advice on those reports were vital to the history of these issues. In my view ministers and I should have been briefed on the contents of the Deloitte reports and Second Sights reports. We should have been provided with copies of the Clarke advices, Linklaters' advice and the Swift Review. We should have been provided with the history on the existence of bugs, errors or defects with Horizon and the steps taken to investigate them – which were extensive – and their conclusions. Those matters were highly material to achieving justice for SPMs and in properly understanding that POL's prospects of success in this litigation were, in fact, always poor. Furthermore, we should have been made aware that there were important remedial steps recommended by Jonathan Swift QC that had not been actioned, indeed had not even been shared with the Board.

Initial work on settlement

130. I do not recall when I first raised the issue of settlement, but it would likely have been at the time I received a briefing on the litigation in May 2018. It would also have been on my mind as I prepared for the legal meeting originally scheduled for 10 September, On 11 October 2018 I emailed HMT in order to prepare the ground for settlement discussions (UKGI00008556).
131. POL's Articles of Association required POL to have shareholder approval for any spend over £50m. Given the requirements of Managing Public Money, any settlement sum required the approval of HMT as well as BEIS Ministers. Further, it seemed possible that ongoing investment would be needed if there was to be wholesale change required to the SPM contractual relationship with POL and/or the Horizon system. This is why I invited a representative of HMT to attend the 17 October meeting as I saw it as *"the main opportunity before the trial starts to get all the key stakeholder's together to agree a common approach, including discussing the impact on POL's financial position, the issue of settlement and POL's approach more generally to mitigate against the risks posed"*.
132. I could see from the beginning that resolution of these issues was bound up with the litigation. That was obviously so with regard to relations with SPMs but also in respect of the robustness of Horizon itself. There seemed no other way to get through these issues than to conclude the litigation. However, the litigation was bound to be time-consuming and expensive, and risked deferring resolution of the issues and of justice for SPMs. This is why I opened the doors for settlement and made those enquiries with HMT early on, and thereafter increasingly pushed for settlement as a means to recognise failings, provide compensation and set about repairing POL and its relations with SPMs.
133. There was not any serious discussion at the 17 October meeting about settling the claim. To the best of my recollection this was due to POL's overriding concern that if it settled the group claim without a binding judgment on the facts there was a risk of more claims being brought in the future. There was also a concern that complex and repercussive legal questions of construction regarding the

contractual relationship between POL and SPMs did not lend themselves to voluntary settlement. This is, in short, what was recorded in the briefing document at paragraphs 7.2(ii) and (iii) (POL00111214).

February to May 2019 and the Common Issues Judgment

134. On 4 February 2019 I wrote to POL's Chair, Tim Parker, with the Department's Strategic Priorities for POL for the coming year (POL00132258). I made it clear, as stated at the October 2018 meeting, that "*Government needs to be kept fully apprised of developments, ahead of decisions being taken*". As mentioned, we had ongoing concerns that BEIS were not being fully sighted on the litigation. I recall this was a strong concern of the Minister, Kelly Tolhurst MP, and one that we did take up with POL on a number of occasions.
135. I recall in this period again raising the issue of settlement, probably with Tom Cooper and possibly with my private office. I remember being told that there was no prospect of settlement at this stage as POL remained confident in its position and prospects. Periodically I continued to ask about settlement, and I raised it directly at a later stage with POL. My concern was that the litigation was dragging on and using up time, money and goodwill. POL and their legal advisers resisted this and continued to pursue the litigation. As well as maintaining their own case was sound, they continued to argue there were fundamental issues at stake, including the nature of the relationship with SPMs, and a financial settlement would not resolve this, nor could it bring a comprehensive solution.
136. On 4 March 2019 I had a meeting with Secretary of State Greg Clark about POL including the Horizon litigation (UKGI00009125). I then met with Tim Parker and thereafter sent a note of advice to Mr Clark dealing with, among other things, the litigation and the appointment of the CFO Al Cameron as Interim CEO (BEIS0001150 ; UKGI00009137).
137. My advice was that the Department should not be seeking permission for advance notice of the judgment in the Common Issues trial on the basis that the Department was not a party to the litigation, which had been brought against POL. POL had

long exercised a high level of operational independence as a public company and the Department's view had always been that POL should account for its own actions before the court. The Department needed to be able to respond objectively and decisively to the outcome of the litigation and did not want to line itself up in defence of POL. The Department was a separate body that had not been party to POL's actions or decision making as it pertained to the litigation. This was a point I made to Greg Clark and Kelly Tolhurst in my note of 5 March 2019 (UKGI00009137).

138. I was provided with a readout from that meeting with Tim Parker (UKGI00042465). Of note in respect of the litigation was that I "*went over the lessons learned from the Magnox inquiry. These included: board should have substantive briefing from the QC and not solely rely on the assessments of the CEO and that the advice on appeal needs to be well thought through*".
139. I made the point on a number of occasions that greater thought was needed in respect of POL's contingency planning and settlement. Ministers, BEIS officials, and I had real concerns about the litigation at the time and did not share POL's confidence that the litigation was relatively low risk and would likely conclude overall in POL's favour. My own view was that the consequences in the event that POL lost the litigation would be significant. Not only was a financial contingency necessary, but POL would need to be front footed in its repair of its relationship with SPMs and in respect of the loss of the public's trust and confidence in the event of failure at trial. POL did not engage as substantively with the contingency planning process as was required because, in my view, they continued to overestimate their prospects of success at trial.
140. This is why I impressed upon Mr Parker at my March 2019 meeting with him that the Board needed direct independent legal advice rather than relying on the analysis and assessment of POL's executive team and established legal advisers alone. My concern was that the Board must be making decisions based on best possible advice and fully appraised of the relevant risks.

141. On 8 March 2019, I was copied to a submission for the minister regarding the start of the Horizon Issues trial. It set out the matters in dispute and that written legal updates should be expected under the existing Protocol (BEIS0000066).
142. On 15 March 2019, I received notification of the judgment in the Common Issues trial. I was initially briefed by Tom Cooper at UKGI(UKGI00018997) before having a number of discussions with BEIS officials, minister Kelly Tolhurst, and Secretary of State Greg Clark.
143. The Judgment was resoundingly critical of POL and unexpected in its severity and extent. Whilst I had been briefed that POL were unlikely to succeed on every issue, the Judgment was devastating to POL on every key matter. I was shocked to read of how reprehensibly SPMs had been treated by POL. My immediate thought was that the legal advice POL received appeared to have been consistently completely wrong. I was keen to ensure that, first, POL would change its litigation strategy, second, that we could understand what the potential liabilities were, and third, how POL would start on remediation and reform.
144. I relayed to Kelly Tolhurst, who in turn relayed to Tim Parker, Al Cameron and Jane MacLeod, that having independent legal advice in relation to strategy was crucial now so as to guard against the existing legal team – both the in-house legal experts and their long-standing external advisers - being wedded to the existing approach (BEIS0001125). This echoed the advice I gave to Tim Parker when we met in early March 2019.

The recusal application

145. The Inquiry has asked me to comment on document UKGI00009208 which is a chain of emails dated 15 March 2019 between UKGI. BEIS legal was copied to some of those emails. I was sent the first email (chronologically) in the chain only and have not until now had sight of the other emails in that chain.

146. The email chain concerns “*a possible recusal application on the grounds of bias*”. Richard Watson of UKGI writes, “*while we think it is OK for Alex to be informed we don’t not (sic) consider the shareholder should be involved in a decision whether or not to make a recusal application. That is properly a matter for the POL board*”. Mr Watson asks for BEIS Legal input saying, “*whilst I’m not convinced that there is a conflict of interest I think that given the concern, rightly, that HMG should not be seen as questioning the independence and integrity of the judiciary it feels presentationally difficult for a director appointed by the shareholder to be involved in the decision*”.
147. The advice of Patrick Kilgarriff of BEIS legal in reply was that the function of the Shareholder Representative in respect of this decision was to ensure that the Board fully realised the seriousness of the proposed application, the impact on the shareholder, and had taken proper legal advice. Also, that the Board “*had reflected properly on whether there was a bias or (painful as it is) inferences drawn ultimately properly from hearing the evidence expressed in pithy and robust language*”. Mr Kilgarriff’s conclusion was that contingent upon those matters, the Shareholder Representative could “*stand back from the decision to take the challenge or not*”. Richard Watson forwarded those emails to Tom Cooper of UKGI saying “*I think Patrick’s view is a sensible one i.e. flag the things the board need to be cognisant of but not to be part of the formal board decision*”.
148. On 19 March 2019 I was copied to an email from a UKGI official which aims, as I understand it, to summarise the outcome of the above correspondence: “*The advice from BEIS Legal and UKGI Legal is that BEIS officials/Ministers and the shareholder NED should not be involved in POL’s formal decision-making on the recusal application, although they may participate in discussions and hear the advice from POL’s legal team*” (BEIS0001147).
149. I was also told that “*POL have taken additional legal advice from very senior barristers who have not had any prior involvement in the case and so have an independent viewpoint. While the legal advice could change, the current legal advice is a clear recommendation in favour of seeking a recusal. Tom Cooper’s feedback from the recent POL board call on this topic is that the board are not*

enthusiastic about making this application but feel there is no option given the additional legal advice received. This is particularly the case given that the second trial is currently being heard by the same judge and includes testimony from witnesses who have been discredited in the first judgment”.

150. That same email sets out the possible grounds of appeal. I believe I became aware of a possible appeal on or around 16 March 2019 following a meeting between Greg Clark, Kelly Tolhurst and UKGI (UKGI00009213). I am sure Tom Cooper would also have briefed me on POL’s initial thoughts regarding appeal.
151. Turning first to my views on the merits of the recusal application and responsibility for decision making in respect of the application. On 19 March 2019 Tom Cooper forwarded me an email from Jane MacLeod, General Counsel at POL, which contained her opinion on the merits of the application together with papers drafted by counsel (UKGI00009285; UKGI00009299). Mr Cooper told me that Norton Rose (ie new solicitors – Womble Bond Dickinson had previously acted for POL) had been instructed to advise POL’s Board and that UKGI would be meeting with the Board together with solicitors and counsel the following day.
152. BEIS was unsupportive of the recusal attempt, deeming it unlikely to succeed and too likely to aggravate the situation and prolong the litigation process, which we saw as the only means by then available of resolving the dispute definitively and to achieving a just resolution. Greg Clark, Kelly Tolhurst and I all expressed ourselves in our own way but clearly all had real reservations about the recusal.
153. I thought it was the wrong move strategically and presentationally, as well as on the substance. I told Mr Cooper the same in reply to his email (UKGI00009299). I said that I did not find Justice Fraser *“(to my layman’s mind) obviously wrong or biased”* and that the application *“risks further antagonising him (if unsuccessful) and also positioning POL in public as aggressive and in denial about its shortcomings (which impression would be consistent with the judge’s findings to date).”*

154. That said, my view, together with those of others in BEIS and UKGI, was that POL had applied themselves to the facts and risks, and had availed themselves of the best possible advice. I had seen and read the Neuberger opinion and so while retaining my reservations I was conscious there was a plausible legal argument to make, as set out by a former President of the Supreme Court.
155. As such, I relayed to Mr Cooper that it appears that POL had sought “*the best external counsel (not just the current legal team)*” and had properly recognised that “*a recusal attempt is a high bar and presents significant risks*”. As such I stated that “*proceeding with the appeal and recusal attempt risks identifying the organisation’s leadership today with the negative historic behaviour of which POL stands accused. But it is not obviously mistaken or otherwise inappropriate*”.
156. It was also clear that the department (and UKGI) took the view that the decision was for POL as the defendant in the litigation and accepted that it should not do a volte-face on its longstanding and well-based position that BEIS was not a party to nor controlling the litigation. This was the view throughout. From my own experience in government the question of who has responsibility for decision making is an important one and the answer should be made absolutely clear. I made the point that POL had correctly identified that it was the responsibility of the POL Board to make that decision. I therefore said to Mr Cooper that “*the Department should maintain its clearly distinct and detached position, so that it is free and credible for dealing with the consequences as they unfold. Ministers may want to show appropriate concern about the criticism and may express a desire for POL to act appropriately but should not comment substantively in ongoing litigation in which the department has a clear interest but no direct involvement*”.
157. Mr Watson replied asking whether “*we are agreed that we should not try to engineer a position today whereby if the board decided to proceed with recusal the Minister is given a chance to object*”. I agreed that “*we should not so engineer a position – that would make the Department into a directing force in the litigation, which is neither correct nor prudent*” (UKGI00009311).
158. This view that BEIS should not seek to supplant POL in making the recusal decision was somewhat reflective of concerns voiced by legal advisers (as we

have seen) regarding the separation of powers, and government not being seen to question the independence and integrity of the judiciary through a recusal attempt. But the core concern was that if BEIS directed POL in how to behave in respect of the proposed application, then that would have created a direct, ongoing and irrecoverable risk for the government in terms of the overall ownership and direction of the litigation.

159. POL had been conducting this litigation for years. If BEIS had intervened to seek to direct POL's Board that they could or could not make an application in their litigation, the government could be exposed to assuming the risks of the litigation that it had no hand, to date, in defending. Not only were their potential financial exposures for the taxpayer in that approach, for example the risk of being responsible for payment of the entirety of any damages awarded, but the Department wanted POL to own the consequences of the litigation. The Department wanted POL to feel accountable for the necessary redress, remediation and repair that followed the adverse judgment. Had the Department "blocked" POL from making the recusal application then POL could have used that intervention as an excuse to not take ownership of its failures. If the Department had replaced POL as the directing force in the litigation, then this would have risked giving POL cover for not learning the lessons required, for not making cultural and practical changes, and for not repairing its relationship with SPMs.
160. I understand that Greg Clark's view was that the litigation needed to run its full course before those aims could be achieved (INQ00001181 , 25 July 2024, page 192 line 20 to page 193 line 14). There was a slight point of difference between us in that my view settlement could bring about earlier financial resolution together with genuine reformations to culture and practice; and indeed the terms of the settlement when it finally came did make provision for POL to make some of those changes. But fundamentally we were united in seeing the litigation as the means to force an overhaul in POL's whole approach.
161. What is less clear to me is how the Department's doubts and disapprobation on the recusal application were actually conveyed to POL Board and what effect it had.

162. Kelly Tolhurst spoke to the POL executives on 15 March 2019, before the proposed application had been communicated to the Department. I understand that initially the Board were not in favour of making the application. I do not recall speaking directly with POL and instead shared my views with the government's shareholder representative, Tom Cooper. Mr Cooper clearly saw, agreed with, and accepted my view, but I do not know how in practice that doubt and disapprobation were communicated to POL's Board ahead of the decision in respect of the application.
163. I am aware now that Tom Cooper was advised to recuse himself from the meeting. I do not recall being aware of this discussion at the time and I was not asked then for my view as to whether Mr Cooper should absent himself from the decision.
164. This decision did not, however, inhibit Mr Cooper from conveying the Department's views and BEIS expected him to do so. I expected that Mr Cooper would participate in the discussion, and in so doing relay the Department's objections as indicated in Stephen Clarke's (UKGI) email of advice dated 19 March 2019 (BEIS0001147).
165. My understanding from listening to the evidence given by Tom Cooper to the Inquiry was that he did not participate in any discussion with the Board regarding the recusal application as he had interpreted our correspondence as a clear instruction to "*stay out of this thing*" (INQ00001172 , 10 July 2024, page 94, line 8).
166. There was clearly a failure of communication or interpretation here between BEIS and UKGI. Notwithstanding that, there was no basis upon which the POL Board could have thought they had support of government for the application, albeit the extent of the concerns may not have been sufficiently communicated.
167. The Inquiry has asked me to consider document UKGI00009303 which is a chain of emails dated 13 to 20 March 2019 between POL and UKGI. Tom Cooper forwarded that chain to me for my information. In that email alternatives to recusal

were discussed. It does not appear that the strong opposition by the Department to the application was picked up on in that email chain. In any event, a decision was taken on 20 March 2019 to go ahead with the proposed application (BEIS0001151), the alternatives not being pursued.

168. Instead of the Judgment being a wakeup call for POL and the spur they needed to take responsibility and understand the need for change, POL's reaction was one of denial and defence. In launching the recusal application, POL demonstrated that they considered the problem was with the Judgment and not with them. This strengthened the department in its view that POL needed change and this would need to begin at the top.

Changes in POL's leadership

169. Following Paula Vennells' retirement from POL, of which BEIS was formally informed in November 2018 although it had been signalled earlier in the year, both Minister Kelly Tolhurst and I were keen to appoint an external candidate as CEO. We were both of the view that an external appointment for CEO would help bring a fresh start and open up what we had come to see as a close and defensive culture among the top leadership at POL (BEIS0001134). The need for a fresh start was made particularly clear by the Common Issues judgment which was highly critical of POL's conduct. We were sceptical that this could be achieved through the appointment of an internal candidate. The difficulty was that there was so little internal bench strength to replace Paula Vennells, with only one internal candidate for interim CEO, and finding an external candidate would take some time. This led to the appointment of Alisdair Cameron, then CFO and COO, as interim CEO.
170. This is the context for the exchange between me and Ms Tolhurst on 20 March 2019 (BEIS0001148). Ms Tolhurst said to me *"I agree we need an interim but I'm very unhappy about not having a process in place or agreed in regards to recruitment plan for new CEO and it would not be at all satisfactory for this to drag on. I am getting increasingly concerned about what's going on with the post office"*. My response was that I *"totally share your dissatisfaction (and have shared with*

POL and UKGI) and your worries. That said we need to help them get out of a hole – even though they helped make it”.

171. It was not satisfactory to keep an interim CEO in place when the organisation needed a complete turnaround and a public resetting in its mission. The minister was keen that Alisdair Cameron was not automatically appointed as CEO after the interim period (hori002:00041528_SAC). POL's Chair, Tim Parker, subsequently recommended Alisdair Cameron for the permanent role of CEO. The Minister with my support rejected this proposal in favour of an external appointment as being in the best interests of the organisation (UKGI00010410). As I said to Tom Cooper on 19 June 2019 in relation to the internal appointment of a permanent CEO, *“quite a lot of negative stuff about company culture comes through from litigation. Arrogant and unwilling to see it's (sic) own faults”* (BEIS0001162).

172. I spoke to Mr Parker on 10 July 2019 regarding the appointment of an external candidate, Nick Read. Mr Parker expressed his disappointment noting how unusual it was for a Chair to be overruled on a CEO appointment (BEIS0001163). Subsequently Tim Parker with support from others on POL Board and from UKGI gave their support for Nick Read as the most promising of the external candidates identified through the recruitment process, and he was duly appointed in September 2019.

A change in litigation strategy

173. On 2 April 2019 I was notified by Tom Cooper (UKGI00009505) that POL had decided to change its external legal team with a mandate to *“revisit the approach to the litigation (both substance and tone)... and the strategy for reaching resolution”*. Mr Cooper wrote that *“this is a very positive development in my view”* and I would have agreed.

174. On 23 April 2019, I was copied to a briefing on the Post Office from UKGI jointly with the BEIS Policy team (BEIS0001109 ; UKGI00009590 ; hori002:00012491_SAC). That briefing was for a meeting with UKGI officials that day. The briefing mainly but not exclusively concerned shareholder and corporate

governance matters. I see that it refers to the appointment of a new external legal team saying, "*the Board is looking for a material change in substance and tone*". I would have been encouraged by this as this matched the departmental view that the March 2019 judgment was highly critical of POL's conduct of litigation. We were sceptical of the previous legal team whose approach to litigation seemed, we thought, overly defensive and narrow.

175. In my view, this document showed that the range of 'oversight' issues were very properly being considered, both classic shareholder/corporate type issues, for example the new CEO, dividend policy, investment facility, but also more strategic and policy-oriented, for example postmaster remuneration.

176. I met with UKGI officials on 24 April 2019 to discuss the litigation and POL more broadly. I can see from the read-out of the meeting (UKGI00009606) that my overwhelming concern was "*to ensure that POL gets high quality legal advice, that the Board takes responsibility and that we move towards a just solution*". I did express my concerns regarding settlement; first that the window for settlement discussions may or may not reopen depending on the outcome of the appeal or recusal, and second that in any event the chances of achieving a settlement were probably quite low given the large number of claimants. My view remained steadfast that "*POL needs to repair the damage to POL's brand and make sure that it is behaving as we would expect*". I was concerned that the decisions on litigation strategy that POL had taken in respect of the recusal and appeal were compounding and affirming the very serious criticisms made of it by Mr Justice Fraser.

177. On 9 May 2019, the Court of Appeal refused POL's application for permission to appeal the Judgment in the recusal application stating that the application "*never had any substance and was rightly rejected by the Judge*".

178. On 23 May 2019, POL's application for permission to appeal the judgment in the Commons Issues trial was refused. The Judgment again criticised POL for its handling of the case and expressed concerns about the escalating costs of the

litigation overall. I understood that POL's preferred next step was to seek appeal before the Court of Appeal.

179. On 23 May 2019, I attended part of a UKGI Board meeting (UKGI00009838. Items 6 to 8 of the minutes). It was recorded that given the repeated failures in legal strategy and ongoing judicial criticism that *"it was felt that may be necessary to consider wider changes that would effect a change of the culture that had led to this position"*.
180. In advance of that meeting, I had the benefit of a note from Carl Creswell setting out his views having been in post for roughly two months. He told me that, *"The POL Chair and CEO also seem slightly complacent to me and at risk of not hearing the Minister's concern about their judgment on issues like the litigation"* (BEIS0001143). This was my impression also. I felt at that time that change always seemed to be down the line and POL were not willing to grasp the nettle. My view was that POL should at least try to settle the litigation and start the process of remediation and repair. I was frustrated that it was taking so long to make progress and resolve these issues when it was by this time clear that POL's position in the litigation was seriously compromised.
181. On 5 June 2019, I raised with Tom Cooper the issues surrounding POL's potential liabilities in the litigation. I was concerned that still very little had been scoped in terms of planning. I said to Mr Cooper that *"the Minister quite reasonably expects the company to have made some estimates of exposures under various scenarios. Not having seen them she may feel they don't exist. I don't know whether she knows about - or has been briefed on - the relevant FRS but quite possibly not. From memory this requires provisions to be made when sufficiently specific in time, quantum and probability; I can see why this threshold might not yet be met; also why one would not want to advertise worst or expected losses to potential beneficiaries. So I would organise a brief note to explain the situation and the constraints and risks that apply. And offer a more detailed breakdown perhaps lawyer-to-lawyer to provide reassurance that proper estimation is occurring, while preserving legal privilege"* (BEIS0001166).

182. I had very frequent internal meetings at this time regarding POL, with matters discussed at the weekly “industry meeting” and at my one-to-ones with the Secretary of State. It was our shared view at that time that we were very concerned about POL (BEIS0001145).
183. Kelly Tolhurst informed me that she considered making a radical change to the composition of the POL Board and wanted to meet formally to discuss taking that step. BEIS drafted a note for me and for Ms Tolhurst explaining the composition of the Board so that we could talk through possible solutions when we met on 10 June (WITN10930111). I know that Ms Tolhurst wrote to Tim Parker asking for him to essentially “*consider his position*” (UKGI00019116) and that she had “*been thinking about what further action Government could take to challenge the POL Board*” (BEIS0001111).
184. I met with Greg Clark and Kelly Tolhurst on 10 June 2019 to discuss the options Ministers had to address concerns over the management of the ongoing litigation (BEIS0001108; UKGI00026905 ; UKGI00026906). The Minister and Secretary of State were provided with a submission by BEIS (Gavin Lambert and Craig Watson) for that meeting to which I was copied. The recommendations included in the submission included:
- a. Challenging the POL Chair and Board to review their litigation strategy and consider opportunities for early settlement and set out a plan to do that.
 - b. Commissioning POL to carry out a project on how to structure and operate a settlement, including a fund which would assess claims, consider effect, and award compensation according to pre-agreed criteria.
 - c. BEIS Ministers “*to state publicly that they want to see justice resulting from litigation for claimants with valid claims*”.
 - d. Challenge POL to announce that it is “*taking on board some of the legitimate criticism in the judgments to date and is taking action to address them*”.
 - e. Putting UKGI lead legal counsel or another legal adviser on the POL litigation subcommittee as director or observer.
 - f. Invite Nigel Boardman, chair of the BEIS Audit and Risk Committee, to carry out independent due diligence on POL’s litigation strategy.

- g. Put in place clear information-sharing arrangements via the proposed Framework Agreement with POL.

185. The options set out in the schedule (Annex A to the submission) (hori002:00004698_SAC) ranged from challenging the existing POL Board to changing the litigation strategy through to replacing the POL Board or BEIS assuming control of the litigation. The submission set out that *“forcing further changes to the leadership team will risk disrupting the progress POL have been making in other areas of the operation of the business”*.

186. It was concluded that the steps set out above at sub-paragraphs (a) to (g) were the more prudent and in the best interests of POL rather than the more radical changes to the Board which may have been originally envisaged. I am aware that Kelly Tolhurst took those matters up with Tim Parker and Alisdair Cameron when she met them on 24 June 2019.

187. I was supportive of those measures for the reasons set out in the 11 June 2019 submission in preparation for that 24 June 2019 meeting (BEIS0001144 ; BEIS0000075). At that time, and knowing what I did then, I sympathised with ministers' decision not to take the most extreme step of sacking the entire Board. Our shared view then was that it would not have been in the interests of SPMs or POL's millions of customers to have a totally leaderless POL. The better option was to appoint new executive leadership, prompt POL to appoint new legal advisers, increase UKGI and BEIS oversight of POL, and apply pressure to resolve the legal proceedings; all of which we did. Had we known then what we now know, I consider it likely that ministers would have taken even more decisive action at that time in respect of POL's leadership. I address those matters below.

188. On 23 July 2019, I was emailed by Tom Cooper with POL's proposals for performance bonuses for approval by the Remuneration Committee. Mr Cooper supported the proposal and wanted my views. I replied saying that whilst I appreciated the need to respect contracts and that the financial performance of POL had been quite strong, *“the judgements in this case from both the High Court and the Appeal Court reflect very poorly not only on the Post Office as it has been*

but the Post Office as it has prepared for and conducted this litigation. I do not accept that this is all from yesteryear or can be blamed largely on one legal executive. There is a shared accountability. On all scenarios considerable damage has been done to the Post Office's reputation, and tens of millions (conservatively calculated) of costs run up in a company that depends on continuing public subsidy and is expected to perform an important public role to the highest standard". I recommended that the POL Board and the Remuneration Committee should "make a significant deduction to the executive remuneration" (UKGI00010443).

189. I think that Tom Cooper was probably too invested in the Board's thinking on this issue and perhaps lacked the objectivity that you would expect to see from the Shareholder's representative.
190. I followed up that steer formally in a letter to Tom Cooper on 29 July 2019 (BEIS0000085). I noted, in addition to the above points, that the payment of bonuses should take in to account the wider context and, *"in particular, reports of postmasters struggling due to falling remuneration as well as the criticism levied at POL in relation to the Company's culture, treatment of postmasters"*. The Department's view was that executive bonuses should only be paid at a much-reduced amount until tangible improvements to POL's culture and practices had been proven. This is what I relayed to Mr Parker and to UKGI.
191. On 30 July 2019 I spoke to Mr Parker on the telephone to discuss the bonus position. Mr Parker provided me with another proposal on bonuses which again I found to be misjudged. I said to Mr Parker that, *"whilst the liabilities may be for future accounts, they (Mr Justice Fraser's Judgments) are very critical of the leadership of POL, and the executive had a role to play. If large payments were made to the executive this year, then there would be not holding to account those who have overseen the litigation"*. I concluded that those who had the capacity to oversee the issues raised in the litigation, the senior team, should have this reflected in their discretionary bonus this year and next year with a *"substantial reduction"* made (BEIS0001167).

192. On 29 July 2019, I was provided with a briefing on the litigation. I was informed that POL was developing its settlement strategy with Nigel Boardman and that an initial mediation was planned for September/October (POL00438030). Mr Boardman chaired the BEIS Audit and Risk Committee after a long career as a solicitor at Slaughter and May, BEIS ministers valued his counsel and wanted him to bring additional external independent challenge to the litigation approach, as recommended in the submission discussed with ministers on 10 June.
193. On 6 September 2019 I wrote to Nick Read, congratulating him on his appointment and setting out the Department's expectations in terms of governance and financial management, as well as other matters (POL00288398. I sent a similar letter to Alisdair Cameron when he was appointed interim CEO: UKGI00010163).
194. I attended the UKGI Board meeting in September 2019. I have seen a readout from this meeting which records that I had spoken of "*a disconnect between POL's Board and BEIS. This had 'shaken our confidence'. Highlighted the issue around STIP bonus payments in the summer, as well as the handling of the litigation*" (UKGI00016078).
195. That "*disconnect*" between POL and BEIS concerned the litigation and the proposals regarding bonuses. POL seemed to be dug into litigation and not realising the need to learn lessons and effect change. BEIS had been giving the same steer for a year or more and POL had been unable to listen to and accept the need for tangible change. Like the recusal application, its appeal, and the appeal of the Common Issues Judgment, POL had again misjudged the situation in respect of bonuses and failed to appreciate the reality of the situation.
196. That guidance was recorded by UKGI in its Quarterly Update on POL (BEIS0001127). I stressed at the UKGI Board meeting that the litigation had exposed historic failings in POL's dealing with SPMs and POL's complacency in preparing for and reacting to the adverse judgment. I said that the bonuses issue reflected the same. I said that "*culture change must become a primary focus for the senior leadership of POL and especially its Chair, Tim Parker*". Encouragingly, POL's Board had a discussion on corporate culture at September's Board

meeting, with Tom Cooper of UKGI suggesting that POL commission an “*organisational health check*” to provide a better picture of the current situation. I understand that this work was conducted, as set out below.

197. The Inquiry has provided me with document POL00284970 which is an email from Ben Foat, POL’s General Counsel, to Nick Read (POL’s new CEO) dated 26 September 2019. I was not sighted to this email, and it was sent in advance of my introductory meeting with Mr Read on 30 September 2019.

198. The email summarises some key issues such as the move to the new Framework Document. Mr Foat notes that “*we have already discussed the context of GLO where Alex’s view was that POL should have mediated and settled the case. As discussed, he clearly was correct about this and you can provide reassurance that there has been a change of: - leadership and management (new QC; HSF being appointed; change of internal legal lead) given some of the strategic errors and a need to avoid group think; - strategy to one that embrace(s) alternative dispute resolution*”.

199. It is disappointing that it took over a year for POL’s leadership to recognise the importance of settlement negotiations as a key part of the litigation strategy. It is perhaps even more disheartening that POL needed to change pretty much the entirety of its legal team, both internal and external, to get away from the defensive groupthink that had held back its whole approach to the litigation.

200. I was briefed in advance of my meeting with Nick Read on 30 September 2019 (BEIS0000955 ; UKGI00016309 ; UKGI00010606 ; UKGI00010561). In respect of the litigation it was noted, “*emphasise that the judgement of the first trial and the verdict associated with the failed bid to recuse the Judge were damning about the approach and culture of the Post Office, and this needs to be reflected in both how the company approaches the ongoing trials and how it treats the litigants with regard to any potential settlement, but also, in how the company behaves towards its agents*”. The meeting was also an opportunity to work with POL on the Long Term Vision for POL that the BEIS Policy Team were drafting with UKGI.

201. I have since been provided with a read out of that meeting (UKGI00018641). It is noted that I gave my view on how POL handled the litigation, "*recounting that POL were initially very confident and seemingly dismissive of BEIS concerns – recusal attempt was not a good call*". I said that the judgments were very critical of both POL's culture and the way it conducted the litigation and that it was important now that "*POL has since taken on board findings and taking steps to reset relationships with postmasters*". I said that POL must "*think hard about what it says about the organisation and its culture*" and that the litigation judgment can now be used as "*an opportunity to accelerate much-needed change*". I made clear that the POL recommendation of 100% bonuses did not reflect well on them and had left me with the sense that the POL team did not view the judgment as their responsibility. This was part of the "*disconnect*" that I had raised at the UKGI Board meeting in September 2019.
202. It was an open and frank discussion and one which I think Nick Read appreciated. POL's behaviour had to that point been marked by repeated and damaging errors of judgment. My view was that the litigation could be used as a 'burning platform' to drive real change in leadership, culture and practice at POL. Nick Read appeared to listen with interest and concern and I remember thinking he had conveyed a genuine desire to turn the ship around.
203. One of the matters mentioned to me by Mr Read at that meeting was his aim to "*establish clear purpose/vision – mentioned feedback from colleagues on 'lack of clarity' around mission*". I think that concern may have arisen from POL struggling to reconcile financial priorities such as reducing dependence on public subsidy with its social purpose as a public institution. I address that matter in more detail below.
204. I believe I made those matters absolutely clear to POL in my letter to Tim Parker of January 2020 (UKGI00011146) outlining the Department's Strategic Priorities for POL for the year. These included,
- a. "*agree(ing) to start to deliver a new strategy, which should clarify POL's vision and simplify the business. It should prioritise culture change and must have the buy in of employees and postmasters.*"

- b. *“Work with the department on an **SR bid and development of a long-term policy vision** under which POL will deliver the products and services that support a renewed social purpose.”*
- c. *“**Build a more productive relationship with postmasters** that helps them to deliver better services to consumers. We would like to see an update on the OHI and postmaster surveys to gauge performance.”*

205. I was provided with a briefing for a meeting with Nick Read on 17 October 2019 (BEIS0001126 ; UKGI00024480). I did not end up attending that meeting, but Kelly Tolhurst and Carl Creswell did. This was an introductory meeting. The clarity of POL’s mission was a key element of that brief, stating *“explain that you have asked the policy team to address strategic questions on the future role of the post office. Emphasise that the aim of this work is to develop a clear aspiration for Government on the future post office”*.

206. In respect of the litigation the briefing stated, *“BEIS and POL communications must be aligned in preparation for the imminent Horizon judgment. POL should maximise this opportunity by striking the right balance in its communications to signal a change in its litigation approach since the failed recusal attempt”*. The Department continued to apply pressure on POL to approach the litigation anew and shift the focus from defensiveness to working towards a resolution.

207. The Inquiry has provided me with a “steering brief” for the meeting authored for POL for the benefit of Nick Read and Patrick Bourke (POL00286851). I did not of course see this document at the time. It states, *“while have (sic) a decent working relationship with the teams at both BEIS and UKGI, you should use this first meeting to begin to develop a more direct link with the Minister. Although the meeting is scheduled to last just 30 mins, Kelly often overruns and, now Alex Chisholm is no longer attending, the conditions are potentially better for developing rapport”*.

208. I cannot assist the Inquiry with any authority regarding that comment; the document was not written by or for me. To my mind, the most natural way to interpret this is that a smaller meeting with only two principals could be an easier

one in which to establish some kind of personal relationship or “rapport”. A possible inference is that the meeting might be more challenging or less conducive to rapport by virtue of my presence. I was often challenging of POL, and so this too is a plausible explanation.

209. I met with Tim Parker on 31 October 2019. The Inquiry has provided me with document POL00103682 which is another “steering brief” authored by POL for the benefit of Tim Parker ahead of our meeting. It states that “*we understand that Alex wishes to focus on the litigation, his expectations of the culture change which it should prompt, and an early sense of the direction of travel for the business with Nick’s PSG work*”. This is entirely correct. The reference to PSG here is a reference to Nick Read’s Purpose, Strategy and Growth work that was already afoot. I was updated on the progress of that project on 25 October 2019 and its three main phases (BEIS0001154).
210. It goes on to say, “*confidentially, we understand that he remains dissatisfied with the final position arrived at after the bonus discussions which he considered to be ‘tone-deaf’ and he will likely return to this theme as part of a broader discussion around Post Office culture, with the primary concern being for an improved relationship with postmasters*”. I have addressed the matter of bonuses above. POL were right to discern my dissatisfaction with bonus payments, and my view that POL needed to renew its organisational culture and repair its relationship with postmasters.
211. The meeting with Tim Parker went ahead on 31 October 2019. I am not listed as an attendee on the briefing, but I was present, and I received the submission for the meeting (BEIS0001130). The key objective was “*to ensure Tim understands our desire to see cultural change at POL*”. I was told POL had commissioned an Organisation Health Index survey to gauge the satisfaction of SPMs and employees with POL. This was a piece of work to inform Nick Read’s PSG project. It was noted that “*POL’s culture needs to change and, as shareholder, we expect the Chair and Board to be leading this*” and that “*the leadership’s decisions on the litigation (such as the failed, expensive recusal attempt) and the proposal to pay*

bonuses in full appeared tone-deaf and complacent", points on which I strongly agree.

212. I have now seen Carl Creswell's readout from the meeting. It records that I "*underlined the importance of culture and reputation*". I also note Mr Creswell's view that "*Tim (Parker) was still quite defensive and his initial reply about how POL would respond to a negative judgment was that they would commit to do more to tackle errors, rather than seeming to accept any POL blame. Tim was also very confident that the Horizon system would still be viable in any scenario*". Mr Creswell's view does accord with my own that POL were still defensive and slow to accept any responsibility, even by the end of October 2019.

213. On 8 November 2019 I was provided with a briefing on the approach to mediation which had been scheduled for 27/28 November (BEIS0000493). I knew from this that POL would absorb up to £100m in settlement costs and should the settlement sum be less than this then the expenditure would be funded entirely by POL.

214. On 15 November 2019 I was provided with a briefing on the approval for a settlement offer in the litigation (BEIS0001159). I was being asked to approve a settlement sum up to £65m on the advice of POL's litigation sub-group and the BEIS/HMT/UKGI settlement working group. I was also provided with various Annexes including a paper on POL's approach to the mediation, an advice on settlement drafted by POL's legal advisers, and an advice regarding claimants with convictions.

215. I read all of those documents and agreed with the proposed settlement range. I noted that given the sums involved that I expected to be consulted at all steps of the negotiation (UKGI00018578).

216. By way of background, the government has a somewhat mechanical 'value for money' approach to the approval of settlements which is applied across all litigation. The settlement sum is compared to the judgment sum that would hypothetically be awarded at trial, according to an analysis of expected outcomes. If the proposed settlement is below the hypothetical judgment award, then

government would approve the settlement sum, unless there is some overriding benefit to waiting for the final judgment, or some other offsetting disadvantage to early settlement.

217. On 20 November 2019 I provided my view on the question of delaying the mediation due to the dates now falling within the pre-election period (BEIS0001131 ; BEIS0001153). My advice was that the court's timetable should be respected and take precedence. I was keen to get on with the mediation and bring this matter to a resolution. In my judgment the settlement was "essential business" which should be allowed to continue during the pre-election period (BEIS0001159).
218. On 3 December 2019, Tom Cooper of UKGI emailed me to ask for my view on POL appointing two SPM NEDs to its Board (UKGI00017686). I replied positively, it being a step towards "*strengthen(ing) partnership and mutual respect between the executive and postmasters*". However, aware that the Chair and other NEDs might not welcome the addition of SPM NEDs, because of the possible impact on Board dynamics, I provided an alternative, should POL's Chair resist the initial proposal – namely a stakeholder event at Board level biannually with postmaster representatives. Ultimately two SPM NEDs were appointed, though not until 2021.
219. On 4 December 2019 I was emailed by Ben Foat, General Counsel at POL, regarding the proposed terms for settlement. I provided comments the following day (UKGI00010819 ; UKGI00010819). I was keen to understand the extent to which the settlement was comprehensive against the likelihood that further civil claims might be brought in the future. - this being a key concern raised by POL in October 2018 when we first began the work to open the doors to settlement. I was told that this settlement would resolve all the current claims but that future claims were possible.
220. I was told by Ben Foat that the settlement was "*quite a risk for the claimant committee because they will be responsible for deciding who gets what by way of compensation (and this could be disputed as all the claims are different)*". But that *isn't POL's problem*". I understood and accepted the point that, as in any litigation

as I understand it, it was for the Claimant group through its legal representatives to negotiate a figure with POL that they were comfortable settling at. It would then be their decision as to how to divide the settlement sum achieved between the claimant group.

221. On 10 December 2019 I was told by Ben Foat that the parties were close to settlement. Carl Creswell had kept me fully abreast of the negotiations and terms during this period (BEIS0001160). I asked Mr Creswell to remind me of *“the range of potential costs for ‘historical shortfalls’? With some sense of more zone?... Please also confirm how you/UKGI/GLD/POL see this as falling within the agreed terms set by ministers ie how it achieved finality and comprehensiveness within the acceptable sense of those words in the specific legal context”* (BEIS0001161).
222. I wanted to understand whether this would bring a full conclusion to the dispute or came with ongoing liabilities and reputation risks for POL and HMG arising from the settlement. I understood from Mr Creswell’s response to me that this settlement would fully resolve the Claimant’s claims, but that the potential costs to POL and likely to HMG of compensating SPMs for historical shortfalls could be as much as £9m according to an approximate estimation methodology.
223. I gave my consent to the settlement. The settlement sum was within the threshold of £65m set by HMT and had been approved by BEIS, UKGI, POL and the Government Legal Department. I understood that the terms of the settlement had been negotiated and agreed by both parties with the benefit of proper legal advice and was therefore mutually acceptable.
224. I was relieved that the matter had been concluded. Indeed, on 13 December 2019 I wrote to Carl Creswell, Tom Cooper and Richard Watson to express my thanks to them for having a *“firm grip”* on the litigation and settlement negotiations (UKGI00010937). Our focus could now be undivided in supporting POL to implement the commitments made in the settlement and to begin on a remediation of its culture. This would be informed by, but should not wait on, the independent review which would undoubtedly be needed after such significant failings in POL.

The Department and UKGI should also not delay in learning and applying lessons, and for this purpose I commissioned advice on what ways we could further strengthen the oversight and scrutiny applied to POL by BEIS and UKGI (UKGI00027361).

225. As noted above, with the litigation resolved POL's attention could be undivided on the reforms within POL that were so obviously and badly needed. On 9 January 2020, I wrote to Nick Read saying "*in light of the recent settlement, I also remain keen to hear about the implementation of further improvements in the culture of the Company, including training and support for postmasters and any consequential action required from the litigation*" (UKGI00016146). I asked for Mr Read to provide me with a presentation on his PSG work.
226. It was universally recognised that the whole Horizon matter would need be subject to further independent review, notwithstanding the highly detailed findings from the High Court judgments in 2019. Initially I and others in BEIS were focused on POL implementing necessary changes in light of the High Court's findings, the settlement, and the internal change programme initiated within the organisation. We wanted POL to focus on redress and reform, and were wary that a full external inquiry might take years and incline the organisation towards justifying its actions in the past rather than fixing the present and future. In the event the political judgment was that nothing short of a full independent judge-led inquiry would suffice, and the Prime Minister announced this on 26 February 2020 (UKGI00011062) (BEIS0001169).
227. I also recall inquiring about the resolution of cases brought before the CCRC, and being told that these would likely be expedited now the civil litigation had concluded and in such a decisive way (the Horizon Issues judgment having been handed down in December) (UKGI00026411; BEIS0001138).
228. On 26 February 2020 I wrote to Tim Parker with the Department's Strategic Priorities for the coming year (POL00104200). The first priority was to "*ensure full implementation of the commitments made in the litigation settlement*". I asked for Mr Parker to share his actions with me and to provide regular updates on progress.

The second priority was *“culture change, in particular building a more productive relationship with postmasters”*. I asked to see an update to the Occupational Health survey and Mr Parker’s plans on how he was to reflect the feedback and implement a strategy.

229. On 12 March 2020 I met Nick Read together with BEIS and UKGI officials to discuss progress on the matters I raised with him on 9 January 2020 and with Tim Parker on 26 February 2020. I received a briefing for this meeting (UKGI00027296). Whilst it does not record my attendance, I recall the meeting, and my presence was recorded in a later submission (UKGI00011581). As set out, I was keen to *“seek an update from Nick on POL’s implementation of commitments following the Horizon settlement”* and to *“share developments on (an) independent review”*. BEIS remained *“committed to establishing an independent review to ensure that the Post Office has learned the necessary lessons and to provide an external assessment of its work to rebuild its relationship with postmasters”*.

Reflections

230. Much will no doubt have changed in POL and in the governance arrangements involving UKGI and the Business Department since I ceased any involvement with Postal matters in April 2020. So my comments address the reality as I perceived it during my period of tenure at BEIS (July 2016 to April 2020), and are not a commentary on the organisation and governance as it exists today.
231. The Inquiry has asked me to reflect on my time as Permanent Secretary and provide my views as to whether those who I worked with fulfilled their roles or responsibilities.
232. I found the civil servants that I worked with to be hardworking, honest and effective. They did a diligent job, and at times had to show real fortitude and resilience in the face of escalating challenges. I also found the ministers that I worked with to clearly fulfil their roles, engaging meaningfully and productively with the issues, particularly in driving POL to change their litigation strategy.

233. The Inquiry has asked me to reflect on matters of culture or leadership at POL, and the role played by government.
234. The relationship with POL was challenging and often frustratingly unproductive. Even as we began to lose confidence in POL, we had no instant solution to shortcomings in culture and conduct which were by then deeply embedded within POL. In fairness to POL, I would add that the comments which follow are only a partial picture; reflecting the impressions I personally formed during my time in the department. Some of the comments are made with the benefit of hindsight and having been provided with a number of documents by the Inquiry. The Inquiry has seen and heard much more evidence and is better placed to judge the matter.
235. I was not a member of POL's Board, and I did not know then all that we have learnt since. I only experienced POL directly through meetings and written communications, aided by the advice of UKGI and, later, the BEIS Post Office Policy Team. Indirectly I was assisted by reading very carefully Lord Justice Fraser's March 2019 judgment about the conduct and behaviour of POL. I also observed POL's response to events and in particular external challenge, whether within the litigation or in Parliament or with the media or when their judgment on appointments and bonuses were questioned by me and others in the department.
236. From this the impression I began to form was of a defensive and complacent leadership, quick to reject external views and to explain away awkward facts. The typical pattern was that POL would come to BEIS when consent was needed or in response to direct requests. POL did not come across as wanting government involvement and demonstrated an attitude throughout of providing information on a "need-to-know" basis.
237. I think that attitude is typified by the briefing paper I received from POL for the 17 October 2018 meeting (POL00111214 briefing paper for the meeting on 17 October 2018 drafted by POL). This encapsulates the way that POL presented the litigation, without any regret or admission of even partial culpability, and in a tone suggestive of resentment and indignation. Examples from that paper might include POL pointing out the asymmetry in disclosure, that POL felt it did not receive fair treatment in the courts on costs, that POL were dealing with errors at the points of

sale or in usage, that they were up against an 'offshore hedge fund', and how POL had been strenuous in making operational improvements. The document does speak to a quality of self-deception as well as defensiveness in POL's top level leadership group.

238. I think that this weakness in POL also comes through in their failure to provide any of those key underlying documents (POL00028069; POL00006355; POL00006357; POL00129453; POL00107317) which I have addressed earlier in my statement to BEIS. My view is that taken together and as revealed subsequently but not at the time, these documents and the POL's handling of them present a picture of a dysfunctional, self-deceiving organisation that was failing in its public duty but in denial about this. It has taken a series of court actions, intense media and parliamentary scrutiny, and this Inquiry, to reveal this picture in full. POL misused the doctrine of operational independence and the requirements of legal, commercial and data confidentiality to obscure its own weaknesses and failings from the sponsoring department, from Parliament, and from the wider public.

239. It is only from this Inquiry that we have learnt how POL had been involved in the disgraceful actions identified in the Simon Clarke advices. The Inquiry provided me with Mr Clarke's advice of 15 July 2013 (POL00006357) and 2 August 2013 (POL00129453). As I have said, as far as I can recall and am aware now, neither I nor BEIS received those documents. It is by virtue of considering them for the purposes of this witness statement that I came to learn of POL's failures to disclose relevant material in the prosecutions and the destruction of relevant evidence. Had I known what I know now it would have given me a different and more strongly negative view of the organisation than I had at the time. POL was an important public institution with an especial duty to treat its customers, staff and partners fairly. The information that has come to light paints a more damning and darker picture of POL than we were presented with at the time. Our confidence in the Board and the Executive would have been dissipated if we had been fully apprised of the proper information. I do not doubt that Ministers would have made more decisive interventions in the leadership and oversight of POL if that information had been provided to the department, as it should have been. POL

should also have used it to examine more deeply its own culture and conduct, and begun on the transformation required.

240. I worry that Tim Parker's failure to disclose the Swift Review to POL's Board is an example of POL falling into a state of self-deception regarding its position on the Horizon IT system issues. Tim Parker was aware of the problems identified by Jonathan Swift QC but evidently felt that he was prevented by legal considerations from sharing the Swift Review with his own Board. I consider that this is indicative of an attitude within POL that scrutiny of the company that might be difficult, alarming or contrary to POL's reputation should be avoided, or ring-fenced within legal processes. In this case the invitation for scrutiny provided by the Swift Review was denied because the Swift Review was wrapped in a legal shroud.

241. POL also came across at times as resentful of the Department's oversight and the further scrutiny they received in Parliament and from the media. When judgments in court went against them, they were quick to challenge these, and slow to accept their own manifest failings. I note in this regard the briefing for my 31 October 2019 meeting with Tim Parker recorded that "*Tim often gives the impression that he thinks Government is too interventionist*" (BEIS0001130). That was very much my impression of his attitude; but my reflection is that if we had known what was happening within POL, we would have been much more interventionist.

242. Evidence of poor organisational culture and leadership judgment became clear in 2019 in POL's response to the litigation, the bonuses issue, and the CEO succession. This was why I worked with ministers to affect an external appointment as the new CEO, as well as new legal advisers for POL, and why we made cultural renewal such a priority for the new CEO and the Chair. We took the view that the misguided decision making by those in senior positions at POL was reflective of a weak organisational culture and an insufficient sense of public duty.

243. Overall, POL acted too much like a private company, but unlike a private company it had a monopoly. It was not subject to the same competitive pressures and threat of customer rejection if it did not perform. As a publicly owned company with an

inherent social function, and unlike a private company, the state would not allow POL to fail financially. In the same vein POL did not regard itself fully as part of the public sector and did not, it seemed to me, internalise that special sense of public responsibility by virtue of surviving on public subsidies and providing vital public services. It lost sight of the public mission in terms of organisational culture, integrity, honesty, team working and plain speaking.

244. Section 172 of the Company Law Act 2006 should at least have guided POL's activities more fundamentally. The success of the company should have aligned with the Shareholder's social purpose objectives for it, and the Board should have realised that.
245. The prosecutions had ceased before my time in the department, and so I cannot testify to POL's conduct during that period, Nonetheless, seen from the perspective of their responsibilities as a public body, and in the knowledge we now have of the terrible harm visited on SPMs incorrectly prosecuted, I consider it extraordinary that some POL senior executives from their testimony to the Inquiry do not seem to have even been aware of the use of POL resources to prosecute its SPMs. Furthermore, when evidence came to their attention raising doubts as to the safety of these prosecutions, based as they were on the Horizon system, they do not seem to have shown a proper interest in questioning the strength of these convictions and the processes used to obtain them, nor in remediating shortcomings and miscarriages of justice.
246. My impression of POL's operation at the time is that we really had the worst of both worlds: it upheld neither the standards expected of a public body nor a private company. This was, however, to my mind first and foremost not a question of organisational form but a failure of leadership and of understanding of what is required to perform a public function.
247. In relation to the governance and oversight mechanism between POL, the Department and UKGI, I think that following the separation of UKGI's shareholder and policy roles in 2018 and the further work done through 2019 to demarcate those responsibilities, that there was sufficient clarity of roles in respect of the

oversight and governance of POL. This made the role of UKGI clearer and more manageable.

248. UKGI plays an important and valuable role across government. UKGI officials dealing with POL were under considerable pressure throughout my tenure. I never had reason to doubt their integrity, workrate or professional skill. At times we reached different judgments on certain matters, notably the bonuses issue. I think they also struggled at times to reconcile the tension between identifying *with* POL, and standing at one remove to *challenge* POL. Reading back through the hundreds of submissions and briefings, I am struck by the use of stock phrases and summaries regarding the litigation and the history of Horizon which tended to reassure the reader rather than direct them to the unresolved and concerning aspects of the situation. In this way it may have unintentionally allowed the status quo to persist for longer than it should, and in this way postponed the crisis and the beginning of recompense and recovery. I would make the point again that this is only a partial and personal view, and one formed with hindsight. As I have said, the Inquiry has seen and heard much more evidence and is better placed to judge the matter.

249. I do not consider that there is something inherently defective in the governance structure of POL. POL's Board was a properly constituted fiduciary and not merely advisory Board. The responsibilities of the Board were clearly set out in the Framework Document and they had considerable operational freedom. The Board was able to offer relatively high pay packages to attract and retain the best possible talent within their executive team. They also received a great deal of input and advice both internally and from UKGI and BEIS on how they should think about and exercise their responsibilities. The Board had the prime responsibility for the sound conduct of POL and manifestly failed to discharge this.

250. As concerns the relationship between POL and SPMs, there was no attitude within BEIS of "us and them" and I am pleased that the new structure of POL's Board gives proper representation to SPMs. There are, however, wider questions to ask about what model of ownership SPMs would wish to encourage under Company Law and how this would affect the shareholder interest against that of POL's

customers. When over half of a company's work force is not an "employee" there are serious questions to ask about whether the company structure works in the best interests of SPMs.

251. I have been asked if I would recommend any changes to the ALB model. I have been involved in these discussions since at least 2018 (UKGI00007987; UKGI00008031; UKGI00009606). ALBs are very varied. There are over 300 of them and within the taxonomy of ALBs there are different levels of separation. There are executive agencies, usually closely integrated with departments and with civil servants in leadership roles directly answerable to ministers. At the other end of the spectrum there are ALBs which are departments in their own right but not headed up by ministers, such as Ofgem and CMA. Between these are non-departmental public bodies which come in many different forms, ranging from large national bodies such as NHS England to much smaller and specialised bodies such as The Royal Botanic Gardens, Kew.

252. One size cannot fit all, and I do not think that any general truths or lessons applicable to all ALBs can be derived from the specific circumstances of POL. I also do not think that one can be fully confident that these issues with POL would not have arisen if the company had been a different form of ALB, or BEIS had supervised directly without the benefit of UKGI. In my view, the precise institutional form is less important than the quality of leadership and the strength of institutional culture; and UKGI brought a lot of skill and experience to their role and did a lot of good work. That said, I am sure the Inquiry and the government will want to reflect on the structure, mandate and governance structures applying to POL, to bring additional transparency and accountability.

253. There are mechanisms that government could insist upon to encourage accountability, such as enhanced reporting, pre-defined issues for escalation, enhanced external scrutiny through audit, and public hearings in Parliament. I expand on these further below. . Ultimately, however, there is no single solution. For POL the path ahead must be one of cultural renewal which should be led by the Board and especially the Chair and the CEO, and reinforced by government, Parliament and the media. This, to my mind, should be the focus rather than

expecting a change to POL's statutory status to be a solution in itself. In my view, there is a limit to how far structural solutions can address underlying problems with behaviour. Those problems seem to have been significant within POL and particularly within the leadership in respect of the management of information flow. Steps to limit the sharing of information seem to have been taken in order to protect the organisation though they ultimately had the opposite effect. The focus, in my view, should be on reinforcing in ALBs their public duty and making it plain that the Nolan Principles apply to those working in ALB structures.

254. I am not convinced that establishing an independent body to initiate investigations into ALBs when concerns are raised would be helpful. That body would need to be properly structured, governed, managed, and funded. That body would need vast knowledge and experience to properly evaluate and stand in judgment of an extremely diverse range of ALBs. The risk is that you are simply kicking the problem in to the long grass: you are not dealing with the issues of accountability and oversight but packaging the problem up and handing it off to a new body which may or may not get the job done while extending the bureaucratic process and incurring significant cost to the public purse.
255. To my mind there are other ways by which accountability of ALBs could be improved across the spectrum. It starts with openness and pattern recognition. If concerns are raised there should be formal, and publicly accessible, means of reporting and tracking those concerns. That mechanism could be overseen by an independent committee that has mandatory reporting responsibilities to the Board as well as the authority to write to the Secretary of State annually with any concerns. There could also be obligations to report periodically to Parliament. As a basic principle, where an ALB has failed in the trust that the public places in it, this calls for more frequent and more intrusive government scrutiny.
256. As I have said, it is very likely that more decisive intervention in the leadership and oversight of POL which came about through 2019 and thereafter would have come earlier if POL had not obscured the reality of the situation from UKGI and BEIS. The unintentional consequence of UKGI and BEIS accepting POL's formulaic summaries of the situation was that further inquiry or attention was regrettably not

given in areas where POL would have most benefitted from it. If POL had been more transparent, forthcoming and candid about its shortcomings, reform of the company and provision of compensation and redress to SPMs could have commenced far sooner. POL's defensiveness ended up magnifying the harm it has caused to SPMs and its employees, and to public trust.

Statement of truth

I believe the content of this statement to be true.

GRO

Signed: _____

Dated: 14 October 2024

Index to the Second Witness Statement of Sir Alex Chisholm

<u>No.</u>	<u>Document Description</u>	<u>Date of Document</u>	<u>URN</u>	<u>Control Number</u>
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2.	BEIS annual report and accounts 2018 to 2019	11 July 2019	WITN00180101	WITN00180101
3.	DRAFT Departmental Overview PowerPoint dated October 2019	October 2019	BEIS0001149	BEIS0001149
4.	Written Resolutions of the sole Member of the Company	2 April 2012	BEIS0001105	BEIS0001105
5.	BEIS Public Single Departmental Plan for 2017-18	14 December 2017	BEIS0001146	BEIS0001146
6.	The Conservative and Unionist Party Manifesto 2017	2017	WITN00180102	WITN00180102
7.	Post Office Limited Strategy	Undated	UKGI00017317	UKGI027324-001
8.	Cabinet Office, Classification of Public Bodies: Guidance for Departments	Undated	RLIT0000325	RLIT0000325
9.	Letter from Alex Chisholm to Mark Baker re: Post Office Litigation and Post Office Grant to the National Federation of Sub-postmasters	8 April 2019	UKGI00016211	UKGI027004-001
10.	UKGI email on POL strategic options	12 February 2018	BEIS0001106	BEIS0001106
11.	Meeting note of Post Office	11 May 2018	UKGI00008031	UKGI018843-001

	Limited. RE: POL Strategic Options			
12.	POL Strategic Options meeting	11 May 2018	UKGI00008031	UKGI018843-00
13.	Draft MoU between BEIS and UKGI	Undated	BEIS0001164	BEIS0001164
14.	UKGI - Post Office Ltd - Portfolio Summary Presentation slides dated 16 April 2019	16 April 2019	UKGI00018076	UKGI028083-001
15.	Letter from Alex Chisholm to Tim Parker re: Strategic Priorities for 2020/21	January 2020	UKGI00011146	UKGI021954-001
16.	20190207 POL Interim CEO and pay	7 February 2019	BEIS0001135	BEIS0001135
17.	Email from Kelly Tolhurst to Rebecca Lowe re Commission: Info on POL dated 28 February 2019	28 February 2019	BEIS0001133	BEIS0001133
18.	Letter to Nick Read from Alex Chisholm dated 19 July 2019	19 July 2019	BEIS0001107	BEIS0001107
19.	Email from Permanent Secretary to Alex Chisholm re POL sub dated 27 October 2017	27 October 2017	BEIS0001139	BEIS0001139
20.	Briefing note: Secretary of State CST meeting	Undated	BEIS0001140	BEIS0001140
21.	Email from Permanent Secretary to David Keenan Re: Draft letter SoS to CX-Post Office Limited dated 29 November 2017	29 November 2017	BEIS0001114	BEIS0001114

22.	Letter from Alex Chisholm to Sarah Munby re Allocation Of 2019/2020 Budget And Delegation Of Financial Authority dated 15 July 2019	15 July 2019	BEIS0001152	BEIS0001152
23.	Meeting note of Post Office Limited. RE: POL Strategic Options dated 11 May 2018	11 May 2018	UKGI00008031	UKGI018843-001
24.	UK Government Investments Limited Minutes of a meeting of the Board of Directors - 23 May 2019	23 May 2019	UKGI00009838	UKGI020646-001
25.	Email from MPST Clark to Permanent Secretary cc Mark Russell, Laura Thompson and others re NED appointments for POL	19 February 2018	UKGI00007796	UKGI018609-001
26.	Email from Richard Callard to Helen Lambert CCing Tom Cooper and Elizabeth O'Neill re: 2018 03 12 Submission to Perm Sec on Tom Cooper Appointment to Board dated 23 March 2018	23 March 2018	UKGI00007865	UKGI018678-001
27.	Post Office Limited - Shareholder Relationship Framework Document	31 January 2018	UKGI00010387	UKGI021195-001
28.	Email from Cecilia Vandini to Permanent Secretary re	17 December 2019	UKGI00010964	UKGI021772-001

	171219Framework Agrt agreed by Policy dated 17 December 2019			
29.	Annex E: Shareholder Relationship Framework Document	Undated	BEIS0000091	BEIS0000071
30.	Letter from Alex Chisholm (BEIS) to Paula Vennells RE: update on sponsorship model dated 19 December 2017	19 December 2017	INQ00000074	VIS00000400
31.	Submission to Permanent Secretary on Appointment of Tom Cooper to Post Office Board dated 23 March 2018	23 March 2018	UKGI00007866	UKGI018679-001
32.	Email from Gavin Lambert to Permanent Secretary, Laura Robinson re: POL Policy Sponsor dated 16 May 2018	16 May 2018	UKGI00020995	UKGI029890-001
33.	BEIS Policy Sponsorship	Undated	UKGI00020990	UKGI029885-001
34.	Email from Pranita Bhargava to Kelly Tolhurst re Update on Government's Long Term Vision for the Post Office dated 23 October 2019	23 October 2019	BEIS0001128	BEIS0001128
35.	Submission on Post Office Long Term Vision dated 23 October 2019	23 October 2019	BEIS0001129	BEIS0001129
36.	Update on the Government's Spending Review	15 January 2020	BEIS0001132	BEIS0001132

	for Post 2021 Subsidy and draft Long-Term Vision dated 15 January 2020			
37.	Draft - The Government's Vision for the Post Office	February 2020	BEIS0001156	BEIS0001156
38.	LT Vision 8 week Plan	Undated	BEIS0001155	BEIS0001155
39.	Submission on POL long-term strategy – Final 3 July 2019	3 July 2019	BEIS0001136	BEIS0001136
40.	POL responsibilities proposal	Undated	UKGI00021033	UKGI029928-001
41.	Email from Tom Aldred to Alex Cole, Tom Cooper, Oluwatosin Adegun and others - Re: Perm Sec meeting 24 April: Readabout	24 April 2019	UKGI00009606	UKGI020414-001
42.	Email from Joshua Scott to Permanent Secretary, Cecilia Vandini RE: OFF-SEN: POL Framework Doc - FOR CLEARANCE dated 9 January 2020	9 January 2020	UKGI00025637	UKGI034532-001
43.	Post Office Limited: HMG division of responsibilities	Undated	BEIS0001170	BEIS0001170
44.	20190124 POL RASCI document	Undated	BEIS0001168	BEIS0001168
45.	Meeting with Nick Read, CEO of Post Office Limited dated 12 March	12 March	BEIS0001158	BEIS0001158
46.	Briefing Note re: Annual Letter to the Post Office Chair - sent to	18 January 2020	UKGI00008918	UKGI019726-001

	Permanent Secretary dated 18 January 2018			
47.	Post office: what controls do we have to ensure post office behave properly? Dated 6 March 2020	6 March 2020	UKGI00027361	UKGI00027361
48.	Email from Henry Carruthers to Madhav Bakshi Re: POL/ Tom Cooper Readout	11 May 2018	UKGI00008032	UKGI018844-001
49.	Email from Tom Cooper to Alexandra Bower RE: FW: Post Office Update Perm Sectary	23 April 2019	UKGI00009589	UKGI020397-001
50.	Post Office update for Permanent Secretary_24 April 2019_FINAL	Undated	BEIS0001110	BEIS0001110
51.	Perm Sec Post Office meeting with officials 27 February 2020	27 February 2020	BEIS0001157	BEIS0001157
52.	Email from Permanent Secretary to Tom Aldred re Perm Sec/ Tim Parker readout 15 March 2019	15 March 2019	UKGI00042465	UKGI051360-001
53.	POL Quarterly Update-Perm Sec 4 March 2019	4 March 2019	BEIS0000488	BEIS0000468
54.	POL Quarterly Update 26 September 2019	26 September 2019	BEIS0001127	BEIS0001127
55.	Email from Nick Read to Ben Foat RE: Alex Chisholm Meeting dated 29 September 2019	26 September 2019	POL00284970	POL-BSFF-0123033
56.	Quarterly Update 20 January 2020	20 January 2020	UKGI00043087	UKGI_CR_00000045

57.	Agenda Setting Grid - 21st Jan 2019	Undated	BEIS0001141	BEIS0001141
58.	Email from Permanent Secretary to Tom Aldred, Tom Cooper and Gavin Lambert re: Official Sensitive: Post Office Litigation: Legal Advice and UQs dated 4 March 2019	4 March 2019	UKGI00009128	UKGI019936-001
59.	Email from Permanent Secretary to Kelly Tolhurst re POL Memo form Perm Sec dated 6 March 2019	6 March 2019	BEIS0001150	BEIS0001150
60.	Post Office-litigation trial and leadership succession dated 5 March 2019	5 March 2019	BEIS0001121	BEIS0001121
61.	Email from Laura Thompson to Clark MPST; Permanent Secretary re NED appointments for POL dated 16 February 2019	16 February 2018	BEIS0001118	BEIS0001118
62.	POL: Appointment of Al Cameron as Interim CEO	7 February 2019	BEIS0001120	BEIS0001120
63.	Email from Joshua Scott to Kelly Tolhurst re FAO Jess - Submission for Minister Tolhurst - Approval to Appoint POL NED Zarin Patel dated 16 October 2019	16 October 2019	UKGI00010621	UKGI021429-001
64.	Letter to Kelly Tolhurst from Tim Parker re Shareholder	16 October 2019	UKGI00010623	UKGI021431-001

	Approval: appointment of Non-Executive Director dated 16 October 2019			
65.	Post Office: Appointment of a New Non- Executive Director dated 16 October 2019	16 October 2019	UKGI00010626	UKGI021434-001
66.	Email from Stephen Clarke to Kelly Tolhurst, Permanent Secretary re Urgent Submission: POL NED Reappointments dated 7 December 2018	7 December 2018	BEIS0001119	BEIS0001119
67.	Email from MPST Clark to Permanent Secretary cc Mark Russell, Laura Thompson and others re NED appointments for POL dated 19 February 2018	19 February 2018	UKGI00007796	UKGI018609-001
68.	Email from Permanent Secretary to Griffiths MPST re NED appointments for POL dated 9 February 2018	9 February 2018	BEIS0001115	BEIS0001115
69.	Post Office, Appointment of non-Executive Directors dated 14 January 2018	24 January 2018	BEIS0001116	BEIS0001116
70.	POL NED Appointments - 2 February 2018	2 February 2018	BEIS0001117	BEIS0001117
71.	Email from Claire Roberts to Clark MPST re Submission to SoS	20 September 2016	BEIS0001112	BEIS0001112

	on Post Office executive remuneration dated 20 September 2016			
72.	Email from Tom Aldred to Kelly Tolhurst Clark re Submission: remuneration for POL CEO dated 15 March 2019	15 March 2019	BEIS0001122	BEIS0001122
73.	Official Sensitive Proposed Remuneration For New Ceo Of Post Office Ltd dated 15 March 2019	15 March 2019	BEIS0001123	BEIS0001123
74.	Proformas for BEIS SCS Recruitment Panel	Undated	BEIS0001124	BEIS0001124
75.	Email from Permanent Secretary to 'Honours' RE: Official Sensitive: Post Office dated 24 October 2018	24 October 2018	UKGI00008574	UKGI019382-001
76.	Email from Permanent Secretary to Mark Baker RE: Misuse of a Public Authority Grant dated 2 May 2019	2 May 2019	BEIS0001142	BEIS0001142
77.	Email from Jessica Williams to Twinley Leann Re-worked briefing pack for HoL debate on Post Office tomorrow dated 29 March 2017	29 March 2017	WITN10910106	UKGI021414-001
78.	Questions for Short Debate dated 30 March 2017	30 March 2017	UKGI00007572	UKGI018386-001
79.	Hansard Debate: Local Post Offices	30 March 2017	WITN00180103	WITN00180103

	Volume 782: debated on Thursday 30 March 2017			
80.	Email from Oluwatosin Adegun to Clark MPST, Nick Parker re Post Office funding UQ dated 8 December 2017	8 December 2017	BEIS0001113	BEIS0001113
81.	Urgent Question on Government's Anticipated Funding for the Post Office	Undated	BEIS0001165	BEIS0001165
82.	Post Office- Litigation re Horizon IT System dated 12 February 2018	12 February 2018	UKGI00007881	UKGI018694-001
83.	Post Office- Litigation re Horizon IT System dated April 2018	April 2018	UKGI00007912	UKGI018725-001
84.	Email from Stephen Clarke to Jane MacLeod, Rodric Williams re In Strict Confidence: Briefing to fact- check dated 10 May 2018	10 May 2018	POL00254872	POL-BSFF-0092935
85.	Horizon Litigation - facts of the case for BEIS Permanent Secretary Alex Chisholm	Undated	POL00028072	POL-0023075
86.	Horizon Litigation - facts of the case for BEIS Permanent Secretary Alex Chisholm	Undated	POL00254873	POL-BSFF-0092936
87.	DRAFT briefing paper for Permanent Secretary of BEIS	May 2018	UKGI00008026	UKGI018838-001

	regarding Litigation re Horizon IT system dated May 2018			
88.	POL criminal cases update dated 6 February 2020	6 February 2020	UKGI00026411	UKGI035306-001
89.	Email from Tom Cooper to Minister Scully and Private Secretary re Post Office – CCRC dated 20 March 2020	20 March 2020	BEIS0001138	BEIS0001138
90.	Deloitte Draft Board Briefing document further to report on Horizon desktop review of assurance sources and key control features dated 4 June 2014	4 June 2014	POL00028069	POL-0023072
91.	Review on behalf of the Chairman of Post Office Ltd concerning the steps taken in response to various complaints made by sub-postmasters dated 8 February 2016	8 February 2016	POL00006355	POL-0017623
92.	Advice on the use of expert evidence relating to the integrity of the Fujitsu Services Ltd Horizon System	15 July 2013	POL00006357	POL-0017625
93.	Advice re: Disclosure - The Duty to record and retain material - Post Office Ltd	2 August 2013	POL00129453	POL-0134937
94.	Report re initial complaint review and mediation	20 March 2014	POL00107317	POL-0105625

	scheme legal issues			
95.	Cover note for BEIS Select Committee Inquiry on Horizon dated 19 March 2020	19 March 2020	BEIS0001137	BEIS0001137
96.	Letter from Alex Chisholm to Paula Vennells Re: transformation programme dated 3 January 2018	3 January 2018	POL00024073	POL-0020552
97.	Letter from Paula Vennells to Alex Chisholm Re: letter discussing ongoing changes following the GLO dated 8 January 2019	8 January 2019	POL00024074	POL-0020553
98.	Email from Henry Carruthers to Madhav Bakshi Re: POL/ Tom Cooper Readout dated 11 May 2018	11 May 2018	UKGI00008032	UKGI018844-001
99.	Email from Permanent Secretary to Richard Callard re Horizon Litigation Submission dated 22 May 2018	22 May 2018	UKGI00000998	VIS00009136
100	Project Sparrow - Pre onboarding Protocol	Undated	UKGI00008160	UKGI018972-001
101.	UKGI Guidance for Litigation Monitoring Proposal	Undated	POL00041685	POL-0038167
102.	Protocol between POL, BSEI and UKGI for the POL Litigation	11 June 2018	BEIS0000079	BEIS0000059
103.	Email from Veronica Branton to Jane Macleod, Mark Underwood,	22 March 2018	POL00041686	POL-0038168

	Rodric Williams, Andrew Parsons and Amy Prime re Litigation and Appointment- next steps dated 22 March 2018			
104.	Email from Elizabeth O'Neill to Stephen Clark re Official Sensitive: Post Office: Disclosure and Protocol for Civil Litigation dated 5 July 2018	5 July 2018	UKGI00008205	UKGI019017-001
105.	Post Office Ltd - Horizon Litigation Update Report dated 10 August 2018	10 August 2018	UKGI00018266	VIS00011665
106.	PO Group Litigation: Litigation Update for UKGI following POL Board Meeting on 31 July 2018	31 July 2018	UKGI00008345	UKGI019157-001
107.	Protocol between POL, BSEI and UKGI for the POL Litigation	11 June 2018	BEIS0000079	BEIS0000059
108.	Project Sparrow - Pre-Onboarding Protocol	Undated	UKGI00008348	UKGI019160-001
109.	Proposed Agenda and Attendees - key issues at stake in the November Trial	Undated	UKGI00008347	UKGI019159-001
110.	Post Office Briefing Paper for Meeting on 17 October 2018 with Kelly Tolhurst MP and Alex Chisolm on "Common Issues" trial in Group Litigation	17 October 2018	POL00111214	POL-0108817
111.	BEIS Agenda: Post Office:	17 October	UKGI00008519	UKGI019330-001

	Horizon Trial Contingency Planning'			
112.	Minister Perm Sec with POL on Trial Contingency Planning FINAL dated 17 October	17 October	UKGI00021538	UKGI030433-001
113.	Email from Tom Cooper to Tom Aldred and Others Re: POL Litigation meeting dated 19 October 2018	19 October 2018	UKGI00008556	UKGI019364-001
114.	Letter from Alex Chisholm to Tim Parker, re Strategic Priorities for 2019/20 dated 4 February 2019	4 February 2019	POL00132258	POL-0121636
115.	Email from Tom Aldred to Stephen Clarke, Alex Cole, Oluwatosin Adegun and others re OFFICIAL SENSITIVE: POL note from Alex Chisholm to SoS dated 5 March 2019	5 March 2019	UKGI00009125	UKGI019933-001
116.	Email from Alex Chisholm to Greg Clark CC Kelly Tolhurst Department for Business, Energy & Industrial Strategy Re Post Office litigation trial and leadership succession dated 5 March 2019	5 March 2019	UKGI00009137	UKGI019945-001
117.	Post Office Horizon Trial Update Sub Final 8 March 2019	8 March 2019	BEIS0000066	BEIS0000046
118.	Email from Permanent Secretary to Alex	15 March 2019	UKGI00018997	VIS00012396

	Chisholm and Tom Cooper CC Permanent Secretary re: RE: Post Office judgement dated 15 March 2019			
119.	Speaking note for call with POL	Undated	BEIS0001125	BEIS0001125
120.	Email correspondence between Richard Watson, Tom Cooper, Patrick Kilgarriff and others Re: Post Office judgement. RE: Post Office Judgement dated 15 March 2019	15 March 2019	UKGI00009208	UKGI020016-001
121.	Email from Permanent Secretary to Alex Chisholm FW: Official Sensitive: Post Office Litigation Update.msg dated 19 March 2019	19 March 2019	BEIS0001147	BEIS0001147
122,	Email from Gavin Lambert to MPST Clark, MPSST Tolhurst, Tom Cooper and others Re: POL Discussion with SOS and Kelly Tolhurst dated 16 March 2019	16 March 2019	UKGI00009213	UKGI020021-001
123.	Email from Thomas Cooper to Alex Chisholm RE: Fwd: Recusal Confidential and Subject to Legal Privilege - Common Issues Trial dated 19 March 2019	19 March 2019	UKGI00009285	UKGI020093-001

124.	Email from Alex Chisholm to Tom Cooper re Recusal application dated 20 March 2019	20 March 2019	UKGI00009299	UKGI020107-001
125.	Email chain from Alex Chisholm to Richard Watson Tom Cooper, CC Patrick Kilgariff and others - Re: Recusal dated 20 March 2019	20 March 2019	UKGI00009311	UKGI020119-001
126.	Inquiry Transcript, 25 July 2024	25 July 2024	INQ00001181	INQ00001181
127.	Inquiry Transcript, 10 July 2024	10 July 2024	INQ00001172	INQ00001172
128.	Email chain from Richard Watson to Tom Cooper, Alex Chisholm, CCing Gareth Evans and others re: Fwd: Alternatives to recusal? Dated 20 March 2019	20 March 2019	UKGI00009303	UKGI020111-001
129.	Email from Permanent Secretary to Alex Chisholm FW: Official Sensitive: Post Office Litigation Update dated 20 March 2019	20 March 2019	BEIS0001151	BEIS0001151
130.	Email from Kelly Tolhurst to Clark re FAO BEX: POL interim CEO dated 14 February 2019	14 February 2019	BEIS0001134	BEIS0001134
131.	Email from Alex Chisholm to Permanent Secretary re With Kelly re POL dated 20 March 2019	20 March 2019	BEIS0001148	BEIS0001148
132.	Email chain from MPST Tolhurst to Tom Aldred, Alex Chisholm, Carl	17 July 2019	UKGI00010410	UKGI021218-001

	Cresswell and Others, Re Post Office CEO - Off sen personal dated 17 July 2019			
133.	BEIS email note re litigation	19 July 2019	BEIS0001162	BEIS0001162
134.	TBA 11 July 2019	11 July 2019	BEIS0001163	BEIS0001163
135.	Email from Tom Cooper to Tom Aldred re FW: Strictly Confidential Post Office Litigation	10 April 2019	UKGI00009505	UKGI020313-001
136.	Email to Permanent Secretary, Chisholm, Alex (BEIS), Steyn, Benjamin (BEIS), Creswell, Carl from Beal, Eleanor Re: Post Office Catch up	23 April 2019	BEIS0001109	BEIS0001109
137.	PowerPoint Presentation - Post Office update for Permanent Secretary - BEIS: POL Policy Sponsorship Team and UKGI: POL Team	Undated	UKGI00009590	UKGI020398-001
138.	Note to Alex Chisholm on new Directorate	23 May 2019	BEIS0001143	BEIS0001143
139.	Email from Alex Chisholm to Tom Cooper Re: Confidential - POL litigation	5 June 2019	BEIS0001166	BEIS0001166
140.	Email from Jacqui Ward to Permanent Secretary re Read out: Perm Sec / SoS 1-1 Tues 04 June	6 June 2019	BEIS0001145	BEIS0001145

141.	Background on POL Board and Governance	Undated	WITN10930111	WITN10930111
142.	Email from MPST Tolhurst (BEIS) to Tom Cooper, Eleanor Beal, CCing Carl Cresswell and Others RE: Final draft letter to POL regarding POL's Board and Governance and SpAds	4 June 2019	UKGI00019116	VIS00012515
143.	Email from Eleanor Beal to Steyn, Benjamin (BEIS), Permanent Secretary re OFF-SEN: POL update for Perm Sec	31 May 2019	BEIS0001111	BEIS0001111
144.	Email to Permanent Secretary re Meeting with Minister Tolhurst on Post Office - briefing and documents	7 June 2019	BEIS0001108	BEIS0001108
145.	POL litigation sub	6 June 2019	UKGI00026905	UKGI035800-001
146.	Annex A of options on POL -	6 June 2019	UKGI00026906	UKGI035801-001
147.	Email from Kelly Tolhurst to Permanent Secretary re Post Office Meeting Briefings	24 June 2019	BEIS0001144	BEIS0001144
148.	POL litigation sub	11 June 2019	BEIS0000075	BEIS0000055
149.	Email chain from Tom Cooper to Mark Russell and Richard Watson re Fwd: Post Office bonuses	25 July 2019	UKGI00010443	UKGI021251-001
150.	Letter from Alex Chisholm	29 July 2019	BEIS0000085	BEIS0000065

	to Tom Cooper re: payment of bonuses			
151.	Email from Beth White to Kelly Tolhurst, Permanent Secretary, Creswell, Carl, Cooper, Tom – UKGI Official sensitive - Commercial: Post Office bonuses - Permanent Secretary call with POL	30 July 2019	BEIS0001167	BEIS0001167
152.	Sub on POL litigation strategy	29 July 2019	POL00438030	POL-0212969
153.	Letter from Alex Chisholm to Nick Read Re: Accountable Person: Instruction From BEIS Permanent Secretary To The CEO Of Post Office Ltd on Accountabilities and Responsibilities	6 September 2019	POL00288398	POL-BSFF-0126461
154.	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	9 June 2019	UKGI00010163	UKGI020971-001
155.	UKGI Board readout summary of meeting	Undated	UKGI00016078	UKGI026871-001

156.	Email from Pranita Bhargava to Permanent Secretary Briefing for Permanent Secretary/Nick Read (POL CEO) introductory meeting and POL Quarterly Update	26 September 2019	BEIS0000955	BEIS0000955
157.	Introductory meeting with Nick Read, CEO of Post Office Limited	30 September	UKGI00016309	UKGI027102-001
158.	Email from Alex Cole to Tom Cooper and Tolhurst RE: Briefing for Kelly's meeting with Nick Read	9 October 2019	UKGI00010606	UKGI021414-001
159.	POL Quarterly	26 September 2019	UKGI00010561	UKGI021369-001
160.	Email thread from Oluwatosin Adegun to Tom Cooper re Readout - Perm Sec meeting with Nick Read	10 October 2019	UKGI00018641	VIS00012040
161.	Letter from Alex Chisholm to Tim Parker re: Strategic Priorities for 2020/21	January 2020	UKGI00011146	UKGI021954-001
162.	Email from Pranita Bhargava to Tolhurst; SpAds Office; Permanent Secretary; Post Office Team; Aldred, Tom - UKGI; Cooper, Tom - UKGI; Creswell, Carl; White, Beth Briefing for Kelly's meeting with Nick Read	9 October 2019	BEIS0001126	BEIS0001126

163.	Meeting with Nick Read 1	17 October 2019	UKGI00024480	UKGI033375-001
164.	Post Office - Meeting with Postal Services Minister dated 17 October	17 October	POL00286851	POL-BSFF-0124914
165.	Email from Alex Cole to Permanent Secretary re FW: POL: Nick Read strategic review	29 October 2019	BEIS0001154	BEIS0001154
166.	Meeting with Tim Parker final	31 October	BEIS0001130	BEIS0001130
167.	Annex A - POL Approach to GLO Mediation	8 November 2019	BEIS0000493	BEIS0000473
168.	POL GLO Mediation approval sub	15 November 2019	BEIS0001159	BEIS0001159
169.	Email from Joshua Scott RE: [OFF:SEN - LEGAL] Advice - Approval For Settlement Offer in Post Office Ltd. (POL) Litigation	11 November 2019	UKGI00018578	VIS00011977
170.	Email from Secretary of State to Scott, Joshua - UKGI, Permanent Secretary, Grant, Calum (BEIS), Tolhurst (Private Office), SpAds Office (Private Office) re [OFF:SEN - LEGAL] Advice - Approval For Settlement Offer in Post Office Ltd. (POL) Litigation	20 November 2019	BEIS0001131	BEIS0001131
171.	Email from Permanent Secretary to Carl Creswell FW: POL mediation - ahead of SoS 121	21 December 2019	BEIS0001153	BEIS0001153

172.	Email from Alex Chisholm to Tom Cooper, Carl Creswell and Tom Aldred RE: Post Office/ postmaster and employee representation on the Board	4 December 2019	UKGI00017686	UKGI027693-001
173.	Email from Tom Cooper to Chisholm, Alex (BEIS), Fleming, Joshua - HMT, Creswell, Carl (Professional Business Services, Retail & Post Directorate) RE: GLO - Mediation and General Update - Do Not Forward - Embargoed Judgment Referenced - Legally Privileged And Confidential	5 December 2019	UKGI00010819	UKGI021627-001
174.	Email chain from Permanent Secretary to Tom Cooper, Joshua Fleming and Carl Creswell re: GLO - Mediation and General Update - Do Not Forward - Embargoed Judgment Referenced - Legally Privileged and Confidential	5 December 2019	UKGI00010819	UKGI021627-001
175.	Email from Chisholm, Alex to Carl Creswell Re: GLO - Mediation Update - confidential and legally privileged	9 December 2019	BEIS0001160	BEIS0001160

176.	Email from Carl Creswell to Alex Chisholm RE: POL final draft Settlement Agreement - GLO - off sen commercial	10 December 2019	BEIS0001161	BEIS0001161
177.	Email chain from Richard Watson to Justin Manson and Tom Cooper re: FW: Thank you	13 December 2019	UKGI00010937	UKGI021745-001
178.	Letter from Alex Chisholm to Nick Read re: Future of the Post Office Beyond 2021 dated	9 January 2020	UKGI00016146	UKGI026939-001
179.	Email from Joshua Scott to Permanent Secretary re. Heads Up - Further Letter re POL Litigation dated	16 January 2020	UKGI00011062	UKGI021870-001
180.	Submission Proposal for POL independent inquiry	28 February 2020	BEIS0001169	BEIS0001169
181.	Letter from Alex Chisholm to Tim Parker re: Strategic Priorities for 2020/21	26 February 2020	POL00104200	POL-0103783
182.	Meeting with Nick Read Final briefing	12 March	UKGI00027296	UKGI036191-001
183.	Paul Scully, Nick Read and Tim Parker introductory meeting final	16 March	UKGI00011581	UKGI022389-001
184.	Email chain from Tim Jarvis to Permanent Secretary, CCing Permanent Secretary and Jae Samant re: POL Options Paper	16 May 2018	UKGI00007987	UKGI018799-001

185.	Meeting note of Post Office Limited. RE: POL Strategic Options. Attendees: Alex Chisholm, Tom Cooper, Richard Callard and others	11 May 2018	UKGI00008031	UKGI018843-001
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