

Filed on behalf of the: Defendant
Witness: Andrew Paul Parsons
Statement No.: First
Exhibits: AP 4
Date Made: 5 September 2017

Claim No: HQ16XO1238 and HQ17X02637

THE POST OFFICE GROUP LITIGATION
IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ROYAL COURTS OF JUSTICE

B E T W E E N:

ALAN BATES & OTHERS

Claimants

AND

POST OFFICE LIMITED

Defendant

FOURTH WITNESS STATEMENT OF ANDREW PAUL
PARSONS

I, ANDREW PAUL PARSONS of Bond Dickinson LLP, Oceana House, 39 - 49
Commercial Road, Southampton SO15 1GA WILL SAY as follows:

[Tony / Owain - As a general point, I think this statement is too long. My instinct is that we have a grumpy judge who likes brevity. We should cut out anything that is not vital]

1. I am a Partner at Bond Dickinson LLP, solicitors for the Defendant, Post Office Limited (**Post Office**).
2. I make this statement in advance of the first Case Management Conference in this matter listed for 19 October 2017 (**CMC**). This statement is being filed alongside the Defendant's Skeleton Argument, which was required to be lodged on 9 October 2017 pursuant to Directions Order No.1. This statement sets out factual matters that are relied on in the Skeleton Argument and it is recommended that the Skeleton Argument is read first. [Tony / Owain – this statement tries to avoid argument and submission – those can go in the skeleton.]
3. Facts in this statement about the operations of Post Office are taken from my own knowledge and/or conversations and instructions from various people at Post Office. Information about Horizon has generally been provided by Fujitsu indirectly through Post Office personnel. Other facts in this statement are within my own knowledge unless otherwise stated. This statement is accompanied by an exhibit

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marked Exhibit AP 3 and, except where the context indicates otherwise, page references in this statement are to the pages of this exhibit.

Summary and Structure of this statement

4. This statement principally deals with the issues ~~around relating to~~ disclosure. ~~I set out the factual matters relevant to any decision to order early disclosure and the nature and scope of such disclosure. I explain why, in the context of that factual position, the Claimants' disclosure orders in their the Claimants' proposed draft Directions would require a massive and disproportionate effort and cost, would be likely to produce vast numbers of irrelevant documents and would also potentially miss important documents thereby requiring disclosure to be repeated. I also explain the basic outline of the disclosure that Post Office proposes.~~
5. These difficulties stem from the fact that ~~in these proceedings, perhaps unusually for group litigation,~~ each Claimant's claim ~~in this litigation will be~~ likely to be factually different from any other claim ~~to turn on the specific facts of the breaches that he or she alleges,~~ and that there are few common threads (see paragraphs 99 to 116 of my Second Witness Statement dated 22 December 2016 prepared for the GLO hearing in January (**Parsons 2**)). Post Office agreed to a GLO in order to address common issues, ~~like principally as to the legal duties (including the terms of construction of its contracts).~~ ~~It Post Office of course~~ did not agree to a GLO so that the Claimants might avoid having to provide a proper explanation of their claims ~~and, in particular, the breaches that they allege and the losses that they allege to have suffered.~~ Unfortunately, this is what has ~~thus far~~ happened, as the particulars of those claims so far provided ~~(principally in the Generic Particulars of Claim (GPOC) and the Schedules of Information (SOIs))~~ are vague and missing vital information. This lack of precision makes it difficult, if not impossible, for Post Office to give the disclosure now sought by the Claimants and makes it ~~unclear how this enormous amount of documents would impossible to assess to what extent the provision of such vast amounts of disclosure would assist in the fair and efficient resolution of any claims in these proceedings. this litigation.~~
6. Post Office's approach to disclosure, and directions in general, is more targeted. ~~It looks~~ Post Office proposes to provide early disclosure of key documents so that the important common issues, ~~being its contracts and Horizon,~~ can be addressed in a proportionate and timely manner ~~and to seek to make progress in this litigation notwithstanding the absence of any clarity as to the claims that are being advanced (particularly as to the alleged breaches of duty).~~
7. ~~It is worth emphasising that a~~ prompt resolution to this litigation is important to my ~~client-client for reputational and operational reasons. as it~~ Post Office does not want

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~~it these proceedings~~ hanging over its business any longer than necessary, especially as there is an obvious impact on its relationships with current postmasters. ~~Although Further, although~~ Post Office is a large company and is confident in its legal position, it has finite resources and, unlike the Claimants, does not have the benefit of litigation funding. ~~It Post Office~~ historically makes a loss most years and relies on government support to provide critical services to local communities. I regret to say that The the Claimants have dragged out every step in the litigation process so ~~far far~~, and ~~I am~~ my client is concerned that their strategy is to keep this litigation alive for as long as possible without having themselves to engage in substantial work or to expose the detail of their claims to scrutiny, forcing Post Office to incur very high legal costs, ~~in the hope that Post Office will cave in and settle these unmeritorious claims. I would refer in this regard to paragraphs [...]~~ of Parsons 2, where I set out the summary reasons for which Post Office considers that at least very many of the claims are manifestly hopeless.

8. The structure of this statement is as follows:
9. In Section 1 (paragraphs **XX** to **XX**), I describe the chronology of key events that have taken place since the Group Litigation Order Hearing on 26 January 2016 (**GLO Hearing**).
10. In Section 2 (paragraphs **XX** to **XX**), I discuss and respond to the Claimants' proposed Directions.
11. In Section 3 (paragraphs **XX** to **XX**), I set out Post Office's proposed Directions.
12. In Section 4 (paragraphs **XX** to **XX**), I provide some statistics on the number and nature of the claims being advanced that I believe will be useful when considering Directions.

SECTION 1: EVENTS SINCE THE GLO HEARING

13. Since January 2017, my firm has exchanged extensive correspondence with the Claimants' Solicitors, Freeths, on a number of matters relevant to the Group Litigation. I summarise these matters below. This does not include all exchanges between the parties; only those that I believe are relevant to the CMC.

[Tony / Owain – we've broken down the chronology by topic as it is easier to follow however you may prefer this to be set out in full chronological order. The difficulty with a full chronological is that all the topics weave in and out and therefore it is difficult to follow one particular topic.]

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PLEADINGS

14. As required by paragraph 30 of the GLO, the Claimants served their ~~Generic Particulars of Claim (GPOC)~~ GPOC on 23 March 2017. The GPOC was very different from the draft GPOC that was circulated before the GLO Hearing two months earlier. Indeed, the filed GPOC was some 33 pages longer than the original draft. Despite this, the GPOC did not include any pleading in relation to several of the causes of action asserted in the Claim Form, including claims for misfeasance in public office, conspiracy (which the Claimants agreed during the GLO hearing to abandon) and human rights breaches. None of these causes of action has yet been removed from the Claim Form despite their being no indication that they can or will be pursued.
15. Post Office requested Further Information in respect of the GPOC on 27 April 2017 (pages XX to XX). This RFI was narrow in nature, limited to 12 requests. Freeths had a two-week time frame in which to provide its response, namely by ~~11 May 2017. Despite the focused nature of RFI and the reasonable time allowed, Freeths failed to respond until five days after the given deadline (pages XX to XX).~~ The response provided by the Claimants was minimal and in many instances failed to adequately address the requests, relying on large part on an argument that the questions related not to generic issues but to the facts of individual claims, such that the request was premature.
16. On 6 July 2017, four months after Freeths served the GPOC, they provided my firm with an amended version of the GPOC. Freeths explained that the amended GPOC 'simply plead[s] a term implied by the Supply of Goods and Services Act and make[s] clear that error and detection and repellency in the Horizon system is an issue' (page XX). These matters had not previously been raised by Freeths in correspondence. They were completely new allegations that, ~~although seem simple,~~ changed the very nature of the Claimants' case in relation to Horizon, in that it now included an allegation that Horizon was provided by Post Office as a service to Subpostmasters, had to be fit for purpose from a user's perspective and was not so fit, including (but apparently not only) in that it was not sufficiently "error repellent". None of this has been the subject of any particularised plea.
17. The Amended GPOC was served just 8 working days before Post Office's Generic Defence was due. No explanation was provided for why these amendments were left to the last minute. Nevertheless, Post Office reacted cooperatively to the Amended GPOC, conscious to ensure that proceedings-preparations for the CMC were not ~~postponed~~ adversely affected. As a result, Post Office consented to the amendments on 11 July 2017 (pages XX to XX) and, in compliance with paragraph 30 of the GLO, filed and served its Generic Defence on time on 18 July 2017.

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18. Freeths requested Further Information in respect of the Generic Defence on 31 July 2017 (pages XX to XX). Contrasting with Post Office's focussed Request for Further Information, the Claimants' requests sought to question nearly all aspects of Post Office's case. Freeths made 98 requests, spread over 61 topics, requiring a response by 4 September 2017 and so requiring the bulk of the work to be done over the summer holiday period.
19. My firm wrote to Freeths on 4 September 2017 to explain that the RFI response would not be ready until the week commencing 11 September 2017 (page XX). Post Office provided its response to the Claimants' requests on 13 September 2017, 7 days before the Claimants' Reply was due (pages XX to XX).
20. On 13 September 2017, Freeths raised for the first time that they would require an extension of time for the service of the Reply from 20 September 2017 to 2 October 2017 (pages XX to XX). The extension sought was subsequently brought forward to 29 September 2017. My firm asked on 13 September 2017 and 18 September 2017 that Freeths identify the specific reasons why an extension was required (pages xx to xx). In particular, we asked them to identify whether there was any part of Post Office's RFI response that was causing them difficulty. Freeths did not provide this information. As explained in my firm's letters of 1 September 2017 and 20 September 2017, Post Office required sight of the Reply before it was able to substantively respond on the Claimants' proposed directions (discussed further at paragraph XX below - pages XX to XX). The Claimants proposed extension to 29 September 2017 was therefore unworkable since it would only allow the parties with 6 working days following receipt of the Reply in which to discuss and seek to agree directions in advance of the CMC. On 18 September 2017 and again on 20 September 2017, Post Office offered to agree to an extension to 25 September 2017 (pages XX to XX). This would allow the parties with two weeks to discuss directions. It was hoped that the Reply would serve to clarify and narrow various of the factual and legal disputes apparent from the GPOC and the Generic Defence.
21. On 20 September 2017, Freeths made an application for an extension of time, which was granted (with costs reserved to the CMC), and the Reply was served on 29 September 2017. This delay has seriously impacted Post Office's ability to prepare for the CMC, and it remains unclear - still do not know why the Claimants could not file the Reply on time, as no further information was provided in this regard in the Claimants' application.
22. Post Office has since, on [...] October 2017 written to the Claimants setting out its views as to directions and lamenting in this regard that the Reply has done little, if anything, to clarify or narrow the issues in dispute: see [...] [Tony / Owain do we want to insert any comments on the Reply?].

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GROUP REGISTER AND NEW CLAIM

23. Between [x] and [x] Freeths provided [x] Group Registers. Each of these contained only the original Claimants. Although these Group Registers only contained the original Claimants, each of them iteratively changed the details of those Claimants, which has made it difficult to identify these Claimants within Post Office's records.
24. On 26 April 2017 and 25 May 2017, my firm wrote to Freeths asking them to provide an update on the number of expected new Claimants (pages xx to xx) and an indication of who the likely new Claimants might be. The purpose for this request was to allow Post Office to be investigating the positions of any new Claimants. Freeths never responded to this request but, in the meantime, the Claimants leaked information to the media about there being over 1,000 Claimants.
25. On 24 July 2017, Freeths served a second Claim Form which included an additional 324 Claimants. This was the first information Post Office had on new Claimants, which Freeths had sat on until just before the group was closed to new Claimants (pursuant to paragraph XX of the GLO).

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SCHEDULES OF INFORMATION (SOIS)

26. Pursuant to paragraph 26 of the GLO, Freeths served the SOIs (for Claimants 1-198) on 20 June 2017, with the exception of Claimants 86 and 122 (pages XX to XX), for which extensions to 2 October 2017 were agreed.
27. Freeths were obliged to present 'a completed Schedule of Information in the form set out in Schedule 3' (paragraph 26 of the GLO), in order to provide the parties and the Court with a sufficient and complete understanding of the nature and features of the claims being brought against Post Office, including most importantly the breaches alleged by each of the claimants. This was to enable Post Office to make effective decisions regarding the management of claims and to assist the Court with the overall management of these proceedings, which is highly important given that there are now 509 Claimants (being 522 Claimants who issued a claim less 13 who have discontinued). It was hoped, for example, that the detail provided in the SOIs would enable Post Office to identify suitable categories of claimant and potential lead claimants and to make proposals as to pleadings and disclosure in relation to lead claims.
28. On review of the SOIs provided by Freeths it became apparent that there were serious problems with their content and that they inadequate for the purposes identified above. Accordingly, Post Office voiced its concerns wrote to express its serious concerns about the SOIs to Freeths in a letter dated 1 September 2017 (at page XX). I set out below a summary of the concerns raised in my firm's letter but

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I would recommend that this letter is read in full, given its importance to the matters to be considered at the present hearing:

- 28.1 The answers given in the SOIs were often inconsistent with other answers given in the same SOI, or were inconsistent with the claims and/or details alleged in the Amended GPOC.
- 28.2 Imprecise and evasive language was used, making it time-consuming, difficult and in some cases impossible to make sense of what is and is not being claimed.
- 28.3 In response to many questions in the SOIs, no relevant details were provided at all and, insofar as details are provided, they are provided with such brevity that they are of little or no help in understanding the crucial features of the claims asserted and, in particular, the breaches alleged and the losses claimed.
- 28.4 In many cases, critical issues have been inadequately addressed or omitted altogether, such as false accounting, deceit, concealment, harassment, duress and/or unconscionable dealing. This was surprising given that the Amended GPOC relies heavily on the premise that Post Office behaved oppressively; a theme that tirelessly runs through much or even all of Freeths' correspondence with but has yet to be backed up with any evidence. be made the subject of any detailed and specific allegations as to what Post Office is alleged to have done and when and how such wrongful conduct resulted in loss to specific Claimants.
- 28.5 It was intended that the SOIs would provide Post Office with a fair indication of the value of most of the Claimants' claims and therefore a fair idea of the total value of their claims. From the SOIs provided, it is not possible to accurately assess the claim values, because many claims have not been valued at all, some claims have been valued in ways that are obviously duplicative or have been inflated and others have been valued in ways that are inconsistent with the Claimants' Amended GPOC.
- 28.6 The above difficulties make it quite apparent that the SOIs were prepared with no or minimal input from Freeths. This is particularly regrettable in circumstances where, consistently with [IDENTIFY THE SOLICITORS DUTY TO VET CLAIMS], we had anticipated that the SOIs, which were required to be confirmed by Statements of Truth, would be the subject of

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meaningful advice and confirmation by the solicitors on the record, so as to make sure that claims were not advanced without any proper basis.

29. In the same letter of 1 September 2017, my firm asked Freeths to correct the first tranche of SOIs and ensure that the next tranche of SOIs avoided these problems. This firm also invited Freeths to provide its proposals as to how and by when this could be done, as Post Office is mindful that this exercise will require some time (pages XX to XX).
30. The remaining SOIs were served on 4 September 2017 (save for a handful where Post Office has agreed extensions of time). These suffered the same problems as the original tranche of SOIs.
31. Freeths wrote to my firm on 20 September 2017, in terms that I would suggest involve effectively acknowledging that the SOIs were poor quality but arguing that more complete or accurate information was not required as it would be disproportionate to provide this information at this stage in the litigation process (pages XX to XX). ~~They-Freeths~~ did not deny that the SOIs were prepared largely without their input. This is surprising given that those claims that have been quantified in the SOIs, although prone to a significant margin of error, add up to around ~~£120m~~120 million, or approximately ~~£240k-240,000~~ per Claimant ~~and therefore, I do not accept that it would not have been proportionate for the solicitors to have had a good~~ degree of ~~involvement care and legal~~in the preparation and ~~checking oversight in the preparation of the SOIs would be proportionate.~~ It came as a genuine surprise that the SOIs were so plainly the work of non-lawyers.

SECOND SIGHT

32. There has been ongoing discussion between the parties regarding the Claimants speaking to Second Sight (whose background is set out at paragraph XX of Parsons 2), and how to protect my client's privileged information that is held by Second Sight.
33. On 13 October 2016, Post Office proposed a protocol under which the Claimants could freely speak to Second Sight, save for four protected topics where there was a higher risk that Second Sight would be privy to Post Office's privileged information.
34. For many months, the Claimants refused to accept this protocol, demanding full and unfettered access. They could have of course accepted the protocol as a temporary measure and, if it did not achieve their purposes, have asked later for full access. As it was, the Claimants refused to agree anything for many months.

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35. Then, on 15 June 2017, Freeths wrote to my firm seeking to accept the protocol with a small number of very minor tweaks. I do not know why they changed their position or why it took them 8 months to agree to the proposal first made by Post Office in October 2016.

36. The protocol was signed on 1 September 2017 and a copy is at pages **xx to xx**.

KNOWN ERROR LOG (KEL)

37. On 6 July 2017, whilst writing to seek approval of the amended GPOC, Freeths requested that Post Office urgently disclose the KEL, because it is *'plainly of central relevance to the case and, in particular, the issues which depend on upon the presence or absence of bugs, errors or defects in the Horizon system'* (page **XX**).

~~37-38.~~ [SURELY THERE WAS A LETTER BETWEEN THIS AND THE BELOW?]

~~38-39.~~ In response, Post Office made clear at paragraph 50(4) of its Generic Defence that the KEL is maintained by Fujitsu and is:

'used by Fujitsu [to explain] how to deal with, or work around minor issues that can sometimes arise in Horizon for which (often because of their triviality) system-wide fixes have not been developed and implemented...it is not a record of software coding errors or bugs...[and]...to the best of Post Office's knowledge and belief, there is no issue in the Known Error Log that could affect the accuracy of a branch's accounts or that secure transmission and storage of transaction data'.

~~39-40.~~ Despite Post Office explaining the irrelevance of the KEL and that it was not within Post Office's control, Freeths continued to demand disclosure of the KEL on 3 August 2017 (pages **XX to XX**).

~~40-41.~~ On 1 September 2017, Post Office explained that the KEL is according to its information from Fujitsu, *'a proprietary database with approximately 4,000 entries [and] a constantly rolling document, the current version in use has evolved over time and may not reflect the version in place at [a] time which is relevant to the Claimants' claims'* (pages **XX to XX**).

~~41-42.~~ Due to the large amount of information involved and the fact that the KEL is not in Post Office's possession or control, Post Office stated that *'whether and, if so, how your client should have access to the KEL therefore needs to be considered in the context of any wider directions that are made'* (pages **XX to XX**). Post Office did not refuse access to the KEL (and was not able itself to provide such access), but was just concerned about the timing and logistics of arranging access with Fujitsu.

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~~42.43. Fujitsu tell me that the understand from Fujitsu tha the~~ KEL cannot be easily downloaded as it ~~comprises data that~~ is stored on a database, ~~rather than being a document in a conventional form~~. Even then, unless one has the necessary database software, reading the data in the KEL is ~~very~~ difficult. The alternative is to manually copy or print each entry, but this would produce poorly formatted material and would take significant effort. Fujitsu believe that the best solution is for someone to read the KEL on a screen at its offices where the information will be presented in user-friendly format.

~~43.44.~~ To avoid incurring needless time and costs as a result of an application, Post Office wrote to Freeths on 22 September 2017 offering to arrange for an opportunity for the Claimants' IT expert to inspect the KEL at Fujitsu's premises. This offer was conditional on the Claimants' IT expert signing a Non-Disclosure Agreement in order to protect Fujitsu's commercially sensitive know-how that might be revealed in the KEL.

~~44.45. [UPDATE ONCE APPROACH HAS BEEN AGREED / REJECTED BY FREETHS].~~

DIRECTIONS

~~45.46.~~ On 6 July 2017, Freeths provided a draft Directions Order for consideration. This was sent (i) the same day as they amended the GPOC; (ii) before Post Office had filed its Generic Defence; (iii) before all the SOIs had been served (which were not due until 6 September 2017); and (iv) before the Group Register had closed, so at this stage Post Office was only aware that there were 198 Claimants. I do not understand how Freeths felt able to propose directions before they had even seen Post Office's Generic Defence or how they expected my client to be in a position to respond. ~~This premature step is reflective of the Freeths' frustrating approach to the GLO, where they pressured Post Office to agree to a GLO before Post Office had even sent its Letter of Response (see paragraphs 28 and 29 of Parsons 2). This approach was wasteful of costs during the GLO and is wasteful of costs now.~~

~~46.47.~~ During July and August my firm was busy preparing Post Office's Generic Defence and response to the Claimants' RFI. We were also reviewing the first 198 SOIs and checking the details of the new 322 Claimants added to the Group Register.

~~47.48.~~ By way of a letter dated 1 September 2017, my firm noted that Post Office would not be in a position to comprehensively deal with directions until it had seen the Claimant's Generic Reply, due on 20 September 2017 (but ~~which~~ was ultimately not served until 29 September 2017 (at pages ~~XX to XX~~)). We did however raise a number of issues that could be dealt with without first needing sight of the Generic Reply. This included dealing with certain heads of claim that had not been pleaded

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in the Amended GPOC, the discontinuance of claims by a number of Claimants and the possible strike out certain categories of Claimants whose claims were unsustainable. These points are dealt with in more detail below in Section 3 (starting at paragraph XX). As explained further in my firm's letter of 20 September 2017, the following matters could not be dealt with constructively until Post Office had sight of the Reply:

47.148.1 Preliminary issues: Post Office has pleaded two implied terms and the Claimants' have plead over 20. The parties also appeared to take different views on agency duties between the parties and the construction of express terms. Sight of the Reply was required to understand whether any of these matters were agreed, disputed or no longer sought to be implied and which issues should therefore be considered as potential preliminary issues.

47.248.2 Factual disputes: The Defence set out a factual background to the legal and factual relationships between the parties. I expected the Reply to accept or dispute this on a point-by-point basis and to inform whether the parties would be able to reach an agreed statement of facts on which to that, amongst other things, might form the factual basis for the determination of preliminary issues. ~~address preliminary issues.~~

47.348.3 Lead cases, disclosure and expert evidence: Until the scope of potential preliminary issues and factual matrix was known, it would not be possible to make informed decisions on whether lead cases, disclosure or expert evidence would be an appropriate as to case management going forward (especially bearing in the mind the great difficulty in this regard that results from the inadequacy of the SOIs).

47.448.4 Limitation and concealment: These matters were not plead in the Amended GPOC nor covered in the SOIs, but the Claimants reserved their position on these matters to the Generic Reply. Post Office could not therefore know at this point whether and how these matters needed might need to be included in future taken into account in discussing directions until the Claimants' position was understood.

48.49. The Reply was served on 29 September 2017. Its contents have had a direct impact on the Preliminary Issues proposed in Post Office's directions and the need for further information on false accounting, settled cases and limitation issues.

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49-50. At section 2 below (paragraphs XX to XX), I discuss and respond to the Claimants' proposed Directions. In section 3 (paragraphs XX to XX), I set out Post Office's proposed Directions.

SECTION 2: CLAIMANTS' PROPOSED DIRECTIONS

Background

50-51. In their draft directions, the Claimants ~~look to propose to:~~

50-151.1 select Lead Cases (but do not set out what is to be done with those Lead Cases ~~or even how Post Office can be expected to participate in this process without any insight into the facts alleged by individual claimants~~);

50-251.2 demand ~~an excessive a huge~~ amount of disclosure from Post Office ~~on the premise that such disclosure is "staged" and "generic"~~;

50-351.3 secure permission for an expert witness in relation to Horizon without setting ~~out what issues and questions that expert would address any scope of work for that expert~~;

50-451.4 push off all other questions to a future CMC.

51-52. In their letter of [XX], Freeths subsequently proposed a preliminary issue on whether the postmaster contract is a "relational" contract.

52-53. As an overall comment, I note that the Claimants' directions ask for lots of work to be done ~~by Post Office~~ but for little ~~obvious or immediate~~ purpose ~~or benefit in terms of progressing the claims~~. The objective of these directions or how they might help resolve this litigation is not explained, either by the draft Order or in any related correspondence from Freeths. My client is therefore concerned that the Claimants' strategy is to force Post Office into providing lots of ~~information so documents and information that~~ (i) ~~so that~~ they do not have to incur costs gathering this same information from their own clients and (ii) ~~they can wade through the documents in the hope of finding something to support their speculative claims, o wear down Post Office into settling unmeritorious claims~~.

53-54. I deal with Lead Claimants, preliminary issues and experts when discussing Post Office's proposed directions in Section 3 (starting at paragraph XX). However, my client takes particular issue with the Claimants' excessive requests for disclosure which are addressed immediately below.

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54-55. In short, some parts of the Claimants' disclosure orders would be extremely expensive and time consuming to comply with, likely costing in excess of £XX and taking more than 9 months to implement. This cost would fall almost entirely on Post Office as the Claimants' draft Directions do not require much in the way of disclosure from the Claimants, which is notable given that the Claimants have ~~ignored all~~ refused all of Post Office's requests for documents during this litigation and have so far not disclosed a single document in support of their claims. [CONFIRM -NOT SURE THAT CAN BE RIGHT] Other parts of the Claimants' disclosure orders are practically impossible to comply with, such as where they have asked for standard disclosure on Lead Claimants without first pleading those claims and so providing a foundation for the application of the test for standard disclosure.

55-56. To place these points in context, I provide a detailed explanation of how Post Office holds information at paragraphs [ref] below.

56-57. Against this background information, I then explain at paragraphs XX to XX the difficulties in complying with the Claimants' requests for the disclosure of generic documents at paragraph 3 of their draft Directions (**Generic Disclosure**). Whilst the Claimants have described this Generic Disclosure as being staged, it is very close to being standard disclosure on nearly all the issues in dispute. It is also difficult to understand how the disclosure could truly be generic in circumstances where issues as to breach will necessarily depend on the facts alleged in individual claims, and the GPOC pleads only "indicative" breaches and reserves the Claimants' right to identify and rely on other breaches.

57-58. I then explain, at paragraph XX, why the Claimants' requests for standard disclosure on Lead Cases are unworkable.

58-59. The below comments I make should also be read against a background of several requests for early disclosure that Freeths have already made and that Post Office has tried, where reasonably able, to comply with. As referred to below at paragraph [ref], Freeths began to make requests for disclosure at an early stage, including in their Letter of Claim. Further requests for disclosure have followed, including in relation to several branches relating to specific Claimants. Such requests included requests for call logs, audit records, contractual documents and previous correspondence between Post Office and the Claimant. ~~Due to these repeated and wide-ranging requests,~~ Post Office ~~decided to~~ has already undertaken a wide-scale and expensive document retention exercise to ensure that key documents would be preserved appropriately and available for disclosure. This exercise is inevitably not perfect nor complete due to (i) the scale of documents involved and (ii) the imprecision of the allegations in the Amended GPOC and SOIs, meaning that Post

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Office is not in a position to know precisely which classes of documents may be relevant and need preserving. Post Office has adopted a cautious and expansive approach, and this has come at the cost of substantial time and effort (and ongoing costs).

59-60. References are made below to documents that have already been forensically extracted from Post Office with the assistance of Advanced Discovery, a specialist e-discovery provider (**Advanced Discovery**), and that are being held in an online data room (**Data Room**).

61. Collation of these documents has already cost Post Office £116,033.47 (plus VAT) in fees with Advanced Discovery [IDENTIFY WHO THIS IS] alone and in excess of £75,000 in fees with this firm. The process has produced 599,007 documents so far and the exercise is continuing. Post Office is also incurring costs of around £5,500 per month to host the collated documents in the a Data data Roomroom, the cost of which will grow as more documents are added.

60-62. I am not aware of any similar exercise conducted by the Claimants or any of them.

Information held by Post Office

61-63. As at 1 October 2017, Post Office had 4,965 contracted employees. These people work from around 320 different offices and locations, with 461 people of Post Office's employees either working from home or are field-based, meaning that they have no fixed office base. Consequently, Post Office will have potentially relevant documents spread amongst a significant number of people and different locations.

62-64. Most of Post Office's employees will have either had contact with postmasters, and therefore hold relevant documents, or will have been involved with support and planning of operations that affect postmasters.

63-65. Post Office has departments that have direct contact with agents, such as the National Business Support Centre (**NBSC**) helpline and Field teams, which include Branch Support and Audit, its Security team and Contract Advisers team. However there are also teams that develop policy and products or are responsible for projects that will not usually have direct contact with agents but that still hold documents that are relevant as to how Post Office operates. There are also several back-office teams such as within the Financial Service Centre (**FSC**) that support operations without typically having contact with agents themselves. Finally there are several teams within Post Office's Corporate Services department, such as Legal Services that will not have contact with agents but that will provide support to operations and may get involved with issues relating to specific branches. There are very few areas of Post Office's business that do not interact with the branch

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network at some level or are not touched on by the wide-ranging nature of the claims.

64-66. It should also be borne in mind that the structure of these teams and people engaged within them has changed since the beginning of the Claimants' claims in 2000, as is to be expected with any business. Therefore, whilst there are 4,965 of people employed by Post Office today, Post Office will also still have access to some of the documents created by people who have either moved roles within the organisation or who have now left altogether.

65-67. Further information on the roles of these teams is given during the course of this statement.

Post Office's IT systems

66-68. In this section, I describe some of the IT systems that Post Office has in place. Post Office outsources the majority of its IT systems, including IT support for those systems. It is unclear at this stage which documents held by its IT providers would be considered to be within Post Office's control for disclosure purposes. However, any extraction of documents from these outsourced IT systems will likely cause charges to Post Office from these IT providers.

67-69. Post Office does not have a map of all its systems and how they connect, let alone have manuals for it all in one place. Post Office's internal IT team estimates that it has in excess of XX individual systems that may hold relevant documents. [to seek from PO] To Even to map these systems out completely would be a substantial task and is, it is estimated, would take [hours] and cost [xx]. The key systems that I am currently aware of, and which may be relevant in this litigation, are set out below.

Horizon

68-70. Horizon is the IT system provided by Post Office and through which business is transacted in branches. It is made up of several component systems that are developed and maintained by Fujitsu.

69-71. Transaction data is the data generated through Horizon for every customer-facing action taken through Horizon. It is the line-by-line record of data that has been input, which includes sales data, but could also include refunds and reversals. The data will show the user who conducted the transaction, date, time, value and what was carried out.

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~~70.72.~~ Event data shows other actions undertaken by the Horizon user on the terminal, such as their time of log-on and reports they have printed.

~~74.73.~~ Until 2010, Horizon data was transmitted in batches to a central Post Office data centre. Since then, it is transmitted in "real time", i.e. transactions are transmitted as they are conducted. Controls are applied (as described in the Generic Defence at paragraphs 53 and 54) during the flow of data from the terminal in branch to the data centre. When transaction and event data is retrieved, a check is done to ensure these controls are intact, meaning that the data is extremely unlikely to contain any transmission errors.

~~72.74.~~ In October 2014, Post Office instructed Fujitsu to stop deleting transaction and event data in accordance with its usual data archiving, retention and deletion practices. I understand that Fujitsu currently holds transaction and event data for all branches dating back to October 2007.

~~73.75.~~ To retrieve all transaction and event data for all of the Claimants will be a considerable undertaking because it is a labour-intensive process. As a rough guide, Fujitsu tells me that it takes a day to retrieve 1 week of data for a branch due, in part, due to the checks that are conducted on the data integrity controls. Side-stepping these controls would invalidate them, meaning that Post Office could no longer have the same confidence in the integrity of the extracted data.

~~74.76.~~ According to the Group Register served on 8 August 2017, there are around 600 branches involved in this litigation (noting that some Claimants have more than one branch). Even to extract just one week of transaction data for each of these branches will take 600 weeks on the basis of the procedures that Fujitsu currently applies [FJ to verify]. ~~To extract all of the data for all of the branches is not feasible within the lifetime of this litigation.~~ Fujitsu believe that it might be possible to design a process or write a computer programme to extract the transaction and event data without invalidating the integrity controls, but this no such process yet exists, and I am instructed that generating bespoke software and processes would may cost cost as much as [£].

POL SAP and Core Finance

~~75.77.~~ A vast amount of data that is potentially relevant to this litigation is held by the FSC. The current structure of the FSC is that there are team leaders across the FSC who are each responsible for nearly 150 different financial functions. These functions include managing payments from customers by cheque or card, as well as customers doing personal banking and ensuring those payments are accounted for correctly, managing stocks such as postage stamps, managing payments to Post

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Office's customers taken for Camelot or other bill payment transactions (such as utility companies) and also managing shortfalls across Post Office's branch network.

76-78. Processes and tools used in the FSC have changed over time. Processes across the FSC now differ widely, with some teams being primarily paper-based, some using POL SAP and emails with some paper back-up, others using SharePoint to varying degrees, with other tools such as Dynamics (see paragraph [ref]), Credence (see paragraph [ref]), HORice (see paragraph [ref]) also in use.

77-79. POL SAP is currently the main tool used by the FSC to record financial information across the Post Office network (including for example levels of shortfalls in individual branches and the dates on which they accrued). It is Post office's main cash planning and accounting tool. Total number of records in POL SAP? [awaiting info from Mark]

78-80. POL SAP is a database provided on licence by SAP [WHO IS THIS?]. It is not possible to simply extract all information from it for each of the Claimants as this would produce meaningless information in database format. Specific, targeted, reports must be run to produce information in a format that can be understood and interpreted. Further, there are a huge amount of records across the FSC that are held in other different places and formats, such as external systems for Amex, All Pay and Bank Tech.

79-81. An example of a report that can be run from POL SAP and Core Finance is one for transaction corrections showing each of the transaction corrections that were issued to a branch. As described in the Generic Defence at paragraph 39, a transaction correction is a process by which Post Office proposes corrections to a branch's accounts.

80-82. A further report that can be run from POL SAP and Core Finance is called the **Customer Account**. One of the functions of the FSC is to seek recovery of shortfalls that have accrued in branches and which are not disputed by a postmaster. The Customer Account shows the dates of how shortfalls accrued and any payments or deductions from remuneration that were taken to reduce the shortfall. [THE CLAIMANTS WILL DEFINITELY ASK FOR DISCLOSURE OF THIS]

81-83. Towards March 2018, there are plans to fully move away from POL SAP to Core Finance. Use of Core Finance began on 1 September 2014. Archiving for POL SAP was set up in 2009 for any data older than 7 years. Whilst data older than 7 years is archived, it is not deleted. Post Office is putting measures into place to

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ensure that the data from POL SAP will be preserved when it is taken offline so that once it is understood what the Claimants seek from POL SAP, reports can then be run.

HR SAP

82-84. HR SAP is a similar database platform to POL SAP but holds records on Post Office employees (i.e. those that work in its Crown branches). It should be noted that HR SAP does not provide a full picture of Crown employees since other records, such as on performance, will be held locally at a branch.

83-85. HR SAP also holds some information on Post Office's agents, including their remuneration and assistants that have been registered at their branches. These records date back to when HR SAP was introduced in 2000.

84-86. HR SAP is due to be replaced in February 2018. Currently, all data remains available within HR SAP since it was introduced. Post Office is putting measures in place to ensure this data will be preserved.

HORice

85-87. HORice is a tool developed by Post Office's Security team that is used in investigations, typically into suspected fraud or criminal activity, across the Post Office business to help understand how issues with transactions have arisen. It provides real-time data of inputs that were made by the Assistant or postmaster at the counter. It was first introduced around September 2014.

86-88. HORice only provides access to the previous 6 months' of data. However, the data contained within it is the same as the transaction and event data available to Post Office through Horizon, it is simply presented differently to assist Post Office. Consequently, no action has been taken to produce and preserve data from HORice.

87-89. There is a set selection of around 65 reports that can be run from HORice. Not all of the reports give data for 6 months, some reports can only yield data for 2 months due to the amount of information that is returned and some reports only return data for the previous 5 days. Some of the reports can take up to 15 minutes to run and it is not possible for one person to run more than one HORice report at a time. On information currently available to Post Office, there are approximately 154 branches involved in this litigation where the Claimant is either still involved with that branch or their involvement has terminated within the last 6 months. Whilst data within HORice will no longer be available for many of the Claimants, it could still take over

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2,500 man hours for Post Office to run the full suite of reports for each of the 154 branches where data is available.

Counter logs

88-90. In addition to the reports generated through HORice, which show the actions undertaken by the postmaster or Assistant, there are also logs of interactions between peripherals (e.g. PIN pads) and Horizon. Whilst the HORice report will show the postmaster pressing print, for example, the counter log will show Horizon communicating with the printer to actually print a document. These logs are stored directly on the Horizon terminal. These logs are overwritten over 30 days.

89-91. On 28 September 2017, my firm proposed a process to preserve relevant counter logs (at page XX) whereby if a Claimant believes they have experienced a technical issue with Horizon, and if the NBSC and HSD (see paragraph [ref]) have been unable to resolve the issue to the satisfaction of the Claimant, they may (upon providing relevant details) request the counter log from Fujitsu.

Dynamics and Remedy

90-92. Dynamics and Remedy are the different call logging systems used by the NBSC. Between 2000 and 2014, the NBSC used software called Remedy to log calls from Agent branches. This system was replaced with Dynamics. The Remedy software is no longer in use and in 2014 when changeover occurred, the majority of call logs from Remedy were loaded into an Access database.

91-93. The logs describe briefly the nature of the question and the answer given. Further information about the call logs can be found below at para [ref].

92-94. In order to preserve these call logs, logs for Claimants issued in 2016 have already been extracted and are being held in the Data-data Roomroom.

Credence

93-95. Credence is a management information tool that provides, for example, the value, dates and times of transactions. It only holds data for the previous [18? check] months, and if older transaction data is needed prior to this cut-off, transaction data, it must be requested from Fujitsu. [when was Credence introduced?]

94-96. There is no need to preserve data from Credence since it mirrors the information in the transaction data held by Fujitsu in Horizon, rather than providing any independent record of such data.

Other databases

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~~95-97.~~ Post Office also has access to other databases from across its business that help provide information on its agents. For example, the Network and Strategic Analysis team have access to the Network Reinvention Database that provides dates of service of its agents. Snapshots of this database have been taken at various dates since 2016 to preserve the database at that time.

SharePoint

~~96-98.~~ SharePoint is a web-based Microsoft platform that allows teams across Post Office to save documents to it so that they can be shared. Post Office has xx SharePoint sites [seeking confirmation of whether PO can provide numbers of these], with many teams having created several sites to hold documents. Examples of teams that use SharePoint are the Contract Adviser and Field teams.

~~97-99.~~ The Contract Adviser team is responsible for managing contractual actions related to postmasters during the lifecycle of their contract. A Contract Adviser will be involved in recruitment of postmasters, they will manage any contractual variations such as requests to change opening hours as well as managing processes such as suspensions or contractual terminations. Since around 2012, the Contract Adviser team has been storing electronic documents on a SharePoint site, which is divided into sub-sites. The Contract Adviser team SharePoint site is around 131 GB in size and it is estimated to contain in excess of 140,000 documents. This is just one SharePoint site, and there are dozens / hundreds more across the rest of Post Office's operations and teams.

~~98-100.~~ Post Office engaged Advanced Discovery to help forensically extract and preserve potentially relevant documents from SharePoint, including from the Field and Contract Adviser teams' sites.

~~99-101.~~ Due to the size of the Contracts Adviser site, it was not feasible to collect and preserve data from the whole site. Following scoping, data was collected from parts of the team's site that were considered most likely to be relevant to this issues that may arise in this litigation.--

~~100-102.~~ This process was a significant project for Post Office, with input required from ComputaCenter (Post Office's IT supplier that manages access to SharePoint), as well as internal input from Post Office's data and information security teams, IT team and owners of the SharePoint sites. It is estimated that it will have taken around hours in man hours for Post Office.

~~101-103.~~ The entire process of identifying sub-sites where key relevant documents were found, arranging access for Advanced Discovery and collections of the data took over 4 months. [IS THIS A MEANINGFUL NUMBER? WAS ANYONE

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[WORKING ON THIS FLAT OUT?](#) Once a working solution to extract the data was determined, it took over a week to simply download the data, with the extraction tools running around the clock.

102.—.

Lotus Notes

~~103-104.~~ Prior to the introduction of SharePoint in around 2012, the Contract Adviser teams used e-filing cabinets within Lotus Notes (**E-Filing Cabinets**) (an email software similar to Outlook) from around 2004. Documents such as correspondence with agents and some contractual documents were saved here. Other teams, such as Audit, also uploaded documents here that were relevant to the Contact Adviser team.

~~104-105.~~ The E-Filing Cabinets were on a server hosted by Royal Mail. Following Post Office's separation from Royal Mail on 1 April 2012, access to various data across Post Office was lost, including access to the E-Filing Cabinets.

~~105-106.~~ On 28 June 2017, Royal Mail provided Post Office with a copy of the E-Filing Cabinets. However, this copy is not complete, with for example some attachments to emails and files embedded in other documents having been lost. Whilst Royal Mail did not charge Post Office for this work, Post Office incurred costs of £5,000 from Computacenter for this processing of data. The contents of the E-Filing Cabinets obtained so far have been loaded into the Data Room.

Outlook Exchange Servers

~~106-107.~~ Outlook is Post Office's principal email software used by all employees. Retention of emails will be dependent on the individual having saved them either within Outlook or to some other storage, such as SharePoint. Retrieval of emails that have been saved within Outlook is possible but, as stated above, there are 4,965 employees who work for Post Office, many of whom will have relevant emails. Advanced Discovery advise me that in their experience, an average user can be expected to send and receive 31,000 [potentially](#) material emails a year. If it is assumed that there are at least 100 key staff at Post Office whose email accounts need collecting [\(which may be a conservative assumption\)](#), this would mean capturing around 3,100,000 documents for one year alone. [The GLO covers more than 17 years.](#) To collect all of these emails and review them for privilege and relevance [\(even at a high level and without the benefit of is specific allegations of breach\) would be](#) a mammoth [task,](#) which I estimate would cost [£]. [A particular difficulty here is that the absence of specificity in the Claimants' allegations would make it very difficult \(and even perhaps impossible\) to devise a reliable system for](#)

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[narrowing down the review by using search terms, date ranges and the other methods ordinarily used to reduce the pool of documents to those that require human review.](#)

One Drive

~~107-108.~~ One Drive is a cloud-based platform provided by Microsoft for individuals to back up their files that was introduced in early 2016. It relies on individuals saving documents to it. There is currently no deletion policy against One Drive. However, it should be understood that One Drive is in operational use and relevant documents will be being created and amended in respect of Claimants who still have a relationship with Post Office. To protect against any relevant documents being deleted from One Drive as far as is reasonably possible, litigation hold notices have been circulated throughout Post Office. Post Office informed me that OneDrive currently holds XX GB of data, which Advanced Discovery would estimate equates to [XXX] documents.

~~108-109.~~ Similarly to Outlook, to collect all of the documents from across all of the One Drives across Post Office and then review them for relevance and privilege would cost [£].

Network drives

~~109-110.~~ Some teams, such as Legal, do not use SharePoint, but use shared drives on the network. An investigation is currently ongoing by the Criminal Cases Review Commission (**CCRC**) into some of the prosecutions brought by Post Office. Some of the cases being looked at by the CCRC include cases of the Claimants. In July 2015, data was collected from the drives of the Security and Legal teams for the purposes of the CCRC's review. The data was loaded to a data room by Advanced Discovery on 3 September 2015 (**CCRC Data Room**). There are currently around 201,187 documents in this data room. Due to the source of this information much of it will be privileged and would need review before it could be disclosed.

Huddle

~~110-111.~~ Huddle is a project management and document storage platform that was used throughout the Complaint Review and Mediation Scheme (**Scheme**). The Scheme is described in more detail at paragraph 25 of Parsons 2.

~~111-112.~~ Much of the documentation on Huddle has been duplicated onto SharePoint, but some remains on Huddle. Post Office [intends to take steps to will](#) preserve the documentation contained on Huddle and SharePoint in respect of the Scheme. There are currently XXX documents on Huddle [needed from Kath].

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Archived data

442-113. The Claimants' claims span 17 years. Whilst the systems outlined in this section represent the current and more recent IT usage, and there will have been other systems and databases that have been taken offline. Depending on the nature of specific allegation raised by Claimants, it may be necessary to access back-up tapes of data to reconstruct the state of databases at a certain date. Some teams also hold data on archive hard drives and memory sticks. Post Office will may need to collect all of these in and review them, depending on the scope of disclosure that is ordered and the status of the Claims at that time (including the level of specificity in the allegations of breach).

Hard copy documents

443-114. Processes for data storage vary widely across Post Office, with some teams working in specialist databases, such as POL SAP, some sharing documents across their team in SharePoint and some storing documents themselves on their One Drive. However, there are several teams that are still paper-based, or regularly use paper records.

Former Agent Debt Team, FSC

444-115. The Former Agent Debt team in FSC is an example of a team that is primarily paper-based. As set out at paragraph [ref], one of the functions of the FSC is to manage shortfalls that arise in branches. The Former Agent Debt team manages shortfalls that have accrued in postmasters' accounts who no longer have a relationship with Post Office or have been suspended. The Former Agent Debt team will seek repayment of these shortfalls from former postmasters and may enter into correspondence with them regarding how the shortfalls arose and why Post Office seeks repayment. The team may seek recovery through litigation if the shortfalls remain unpaid without justification.

445-116. Although current balances for shortfalls are kept on POL SAP or Core Finance in the Customer Account, the rest of the team's records are paper based. These files are organised by an account reference that ties to POL SAP. Accounts are held in the name of the agent, but each agent could have more than one account if, for example, their contractual basis changed or they had more than one branch.

446-117. A request was made to the Former Agent Debt Team for files that related to the Claimants issued in 2016 and for a limited number of the prospective Claimants in March 2017 that had been referred to in correspondence with Freeths. For the Former Agent Debt Team to check its filing and archiving facilities for these

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files took 3 months. Over the course of May and June 2017, around 113 hard copy files were sent from the Former Agent Debt Team to Advanced Discovery. To scan and load these documents into the Data Room cost in excess of £10,000 in fees with Advanced Discovery.

~~447-118.~~ It is anticipated that to check for files in the Former Agent Debt team for the newly issued Claimants and instruct Advanced Discovery to scan and load these files into the data room will take at least as long and cost as much as it did earlier this year.

Contract Adviser Team

~~448-119.~~ The Contract Adviser team keeps both electronic records (see above paras [ref]) and also maintains hard copy files. The hard copy files are not duplicates of the electronic files. Current postmaster files are kept at Post Office's Chesterfield office. The files are organised by branch so that each file will contain information relevant to ~~several-all those~~ agents and temporary agents who have operated a branch. They will therefore need a manual review to extract information ~~relevant to that~~ pertains to the Claimants.

~~449-120.~~ Former postmaster files are stored off-site. Due to the costs of maintaining this storage, if a Postmaster's file has been closed and archived for a period of more than 6 years, the file may be securely destroyed. This process is now on hold, however this would not have prevented historic files from being securely destroyed prior to the commencement of this litigation. [IS THAT THE CUT OFF POINT? SURELY A HOLD NOTICE WAS GIVEN BEFORE THE CLAIM FORM WAS SERVED]

Security

~~420-121.~~ The Security team at Post Office may investigate where any criminality is suspected at a branch, for example theft of Post Office's assets by either a postmaster or a branch Assistant.

~~424-122.~~ Whilst the Security team maintains electronic files, it also keeps hard copy files at Chesterfield, referred to internally as "**Green Jackets**". The Green Jacket files contain privileged information about prosecutions, as well as evidence of investigations and recordings from interviews with agents.

~~422-123.~~ It should be borne in mind that the Security team is spread nationally and its files are not just circulated within the team. They could also be circulated amongst Post Office's Legal or Fraud teams, or to external legal advisers. Files

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were also sent out to various members of Post Office's staff for review as part of the [Mediation](#) Scheme.

Branch records

~~123-124.~~ Agents are required as part of branch [accounting](#) processes to run certain reports every month and retain a paper copy. Once an agent's contract terminates, Post Office will typically remove this documentation from the branch and store it off-site with Iron Mountain. Destruction of files within Iron Mountain's facility has been placed on hold.

~~124-125.~~ The paper reports are not printed on A4 sheets but on till rolls. These rolls [will each be](#) several feet long. Each branch will have generated reports each month, potentially generating dozens of boxes of paper over the course of several years. To catalogue, [review](#) and disclose all of these till rolls [will would](#) be a large task for Post Office, even bearing in mind the logistical difficulties of trying to scan or copy sections of numerous long till rolls. [ask Kath for index for Iron Mountain / BoxIt to see how much stored here](#)].

Training records

~~125-126.~~ The format of how training is recorded has changed significantly since 2000, as well as where these records are stored. As a starting point, Post Office does not maintain a central database or training record for each postmaster

~~126-127.~~ Prior to 2010, some records of training were held in the E-Filing Cabinets. Training records held here include records of "post transfer visits" to branch (i.e. visits made a by a Post Office representative to the branch after it had opened). These visits usually occurred at a month after opening, then 3 months after opening and at 6 to 9 months after opening. At these visits, training could be given in response to any needs of the postmaster. Further information on classroom training, for example, might be held in emails of the training team, many of whom have now left Post Office's business. Some of these emails will have been saved to the E-Filing Cabinets but this is dependent on human action. Records of training prior to 2010 will therefore be limited to items that have been saved to the E-Filing Cabinets and to those items that have been recovered from Royal Mail.

~~127-128.~~ After 2010, the training team and audit teams combined to make the [F](#)ield team. Their records were then held on a platform called EASE (see paragraph [ref] for more information on this). The audit team were providing ad hoc training at audit if a need arose. Notes of training given to branches could be held in audit reports or emails, as well as within the records of post transfer visits. The Field team also began using records called a "performance standards assessment" to

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record the postmaster's scoring during training and an action plan to improve on their training outcomes.

~~128-129.~~ From January 2014, Post Office began to use a Branch Contact File spreadsheet to record initial training that was given to postmasters as well as further contact with them after that. ~~However, these files were only used for agents that joined Post Office's network from January 2014 onwards. There is no similar document from before 2014. [CONFIRM]~~

~~129-130.~~ In order for Post Office to disclose all training records for the Claimants, ~~and without specificity as to what precisely Post Office is alleged to have wrongly done or not done and when,~~ it would ~~potentially have to be necessary to~~ conduct a search of EASE, Knowledge Centre, the E-Filing Cabinets, the SharePoint sites for the Contract Advisers and Field teams, as well as the emails, One Drives and any relevant network drives of anyone who has been involved with training in any form since 2000. This task will be made more complicated by the fact that the search will not be targeting a specific document, since the format and title of documents regarding training has changed. Providing disclosure of all training records, ~~or even these~~ for all Claimants, would be a massive task.

Generic Disclosure

~~130-131.~~ In the paragraphs below, I discuss the 7 categories of disclosure that the Claimants seek in paragraph 3 of their draft order (**Generic Disclosure**) in light of the background information set out above. Overall, ~~I would suggest that~~ the Claimants requests are a massive fishing expedition ~~that are either unworkable or designed to put Post Office to a disproportionate cost. Complying with them would certainly be vastly expensive and would take many months.~~

Horizon system architecture

~~130-131.1~~ In paragraph 3a of the Generic Disclosure, the Claimants are seeking documents about the system architecture of Horizon.

~~131-132.~~ Horizon is not one single system, but a system made up of several small systems linked together. Horizon feeds into several tools used by Post Office, including HR SAP, POL SAP, Core Finance and HORice.

~~132-133.~~ The Horizon system itself has undergone many changes since it was first introduced in 2000, with Horizon Online introduced in [date]. In the original Horizon system before it was retired these changes were released in batches for different parts of the system. There were dozens of major releases on the main system, with many more minor releases. Since the introduction of Horizon Online there have

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been 15 major releases, each with up to 10 sub-releases. Any of these could contain a number of changes in functionality driven by code changes.

133-134. There is also a programme of patching and updating of operating systems and associated code changes, where required, to maintain the relationship between Horizon and other systems that communicate with it. These could also fairly be considered to be changes to Horizon.

134-135. Fujitsu keeps a library of the key technical documentation regarding Horizon and Horizon Online in a content management system called Dimensions. Dimensions holds 4,165 live technical documents for the current Horizon system. There are also 22,025 technical documents for historical versions of Horizon. These may be old documents that are no longer used or previous versions of existing documents, with the version number now up to 36 on some documents. These documents range from high level designs to detailed designs of the system and its code, along with documents that describe hardware that is used in the system.

135-136. Whilst the documents do show the date they were updated and signed off, for an expert to read into the system would be an incredibly time consuming task. In order for that expert to understand what the system looked like on a particular date, they would need to digest all of these documents, check for the version of the documentation that was in force on the date in question and link each relevant document together to recreate a picture of the system on that date. Fujitsu doubt that this would create a perfect picture of all aspects of a historic version of Horizon, but believe it would allow an expert to understand the high level systems' architecture on a given date.

136-137. On average, around 250 to 350 people at Fujitsu work on the Post Office account at one time although this number varies depending if project work is being undertaken. Consequently, there have been thousands of people at Fujitsu who have worked on Horizon over the 17 years since the system was developed and it is not now possible to trace who worked on the system at what time. All of these people will have created emails, documents and draft documents in addition to the technical documents described above.

137-138. Documents are sometimes stored in a SharePoint site for project work at Fujitsu. Emails discussing the development of Horizon are not routinely stored in SharePoint and are held typically in work email accounts. Fujitsu staff may also store documents on their local computers. Fujitsu estimate that they might generate anywhere between **XXX and XXX documents** and emails each year regarding Horizon.

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~~138-139.~~ Consequently, whilst the Horizon technical documentation can, with Fujitsu's consent, be located and extracted relatively easily, to capture all documents regarding the Horizon system architecture would require a massive search of potentially hundreds of peoples' email accounts, laptops and SharePoint sites. In my view this is a disproportionate exercise at this stage in the litigation, especially where the Claimants have made little attempt to identify the alleged problems in Horizon with which they are concerned, and so narrowing down the exercise to targeted areas would not be possible.

~~139-140.~~ It should also be noted that not all these documents will be under Post Office's control. Fujitsu maintains some documents for Post Office to which Post Office has a right of access, and-but there are many other documents that are Fujitsu's internal documents or commercially sensitive know-how which are private/belong to and are confidential to Fujitsu. Distinguishing between these two categories is not always straight forward as contractual access rights are not prescriptive as to the ownership of certain documents. Post Office will therefore be reliant on Fujitsu's cooperation in gaining access to certain documents.

~~140-141.~~ Moreover, I understand that these documents may contain highly sensitive information about the security controls in Horizon. Public release of this information could undermine the security of the system. This is a particular concern in this litigation, where the Claimants have repeatedly been leaking information about this litigation to the media [WHAT IS MEANT BY THIS? THIS IS A SERIOUS ALLEGATION AND WOULD NEED TO BE BACKED UP BY EXAMPLES] and a number of the Claimants have convictions for dishonesty offences.

~~141-142.~~ The above concerns also apply to the technical documents library, though at present Fujitsu are willing to allow access to those documents on a voluntary basis subject to certain safeguards. Those safeguards are that (i) the Claimants' expert initially views the technical documents at Fujitsu's office in Bracknell and (ii) the IT expert [and Freeths?] signs the Non-Disclosure Agreement at Schedule 2 of Post Office's draft Directions. If copies of technical documents need to be later provided to the Claimants, then this can be considered once those documents have been identified and the sensitivity of their content understood by both sides to the litigation.

~~142-143.~~ In the meantime, Fujitsu have identified what they believe to be the [2] best documents describing Horizon. These are listed in Schedule 1 of the Defendant's draft Directions Order and Fujitsu are prepared to release these directly to the Claimants' IT expert.

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~~143-144.~~ I believe that this iterative approach to disclosure will give the Claimants access to the information they need without the disproportionate disclosure exercise that they are proposing.

Bugs, errors or defects in the system

~~144-145.~~ In paragraph 3b of the Generic Disclosure, the Claimants are seeking disclosure of bugs, errors or defects in the Horizon system which were, or may have been, the cause of discrepancies or alleged shortfalls attributed to the Claimants. This request is extremely broad and based on the very vague allegations in the Amended GPOC (see paragraphs 22 to 24 of Amended GPOC), which provides the only basis on which Post Office could presently guess as to whether or not any bug or defect (if detected) "may" have been the cause of a discrepancy or shortfall. To comply with it would be extremely difficult and very costly, and likely produce lots of irrelevant material.

~~145-146.~~ Fujitsu have said that they do not have a single database or location where this information in relation to bugs and defects is stored. Relevant-Potentially relevant information may be found in several databases, as well as in emails and documents generally produced by Fujitsu or Post Office. Searching for these documents would therefore require the same massive disclosure exercise as required for dealing with the Horizon system architecture. Indeed, these two issues are inter-related as the discovery of a "bug" may result in-cause a change to the system architecture and a change in the system architecture could in theory be the cause of a bug. Without further specificity as to what bugs or errors there are alleged to have been (and when), dDealing with one of these topics without the other would therefore be a disproportionately expensive and duplicative exerciseprobably not be possible.

~~146-147.~~ There are however two key databases that will-in-due coursemay need to be searched: the Peak System and the Known Error Log.

~~147-148.~~ If Fujitsu identifies an issue in Horizon that requires a programmatic fix then it is logged in the Peak System and labelled as a 'Peak'. If it is deemed to need new code to fix the issue then this is produced and tested before release into the Horizon system. The majority of the contents of the Peak System will relate to ideas and code that never entered the live Horizon environment, since it contains records of the development of fixes. If a fix is approved then it enters the live environment and the technical documentation for Horizon is updated accordingly. There are **XX** Peaks in the Peak System [get from FJ].

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~~148-149.~~ The Peak System does not contain all the information about a Peak; this information may be stored in lots of places across Fujitsu including in email accounts. The Peak System is also a database, rather than a traditional document type, and therefore it is technically difficult to copy the whole thing in a way that can be readily understood. It is easier to extract particular Peaks [FJ to confirm] but that would require a search of all the Peaks to identify the relevant ones.

~~149-150.~~ It should be noted that many of the Peaks have no impact on branch accounting at all and relate to an entirely separate part of the system [FJ to confirm] and can range widely in the type of issues they address, including covering more minor points such as [problems](#) with printing.

Known Error Log

~~150-151.~~ Fujitsu maintains a "Known Error Log" (KEL) which is used by its support teams in troubleshooting issues in branches. It is a knowledge base document which explains how to deal with, or work around, minor issues that can sometimes arise in Horizon for which (often because of their triviality) system-wide fixes have not been developed and implemented. It is not a record of software coding errors or bugs for which system-wide fixes have been developed and implemented.

~~151-152.~~ The KEL is also not a traditional document, but a live and proprietary database with approximately 4,000 entries. Like the Peak System, extracting data from it is difficult to do in a user friendly format. Moreover, since the KEL is a constantly rolling document, the current version in use has evolved over time and may not reflect the version in place at the time which is relevant to the Claimants' claims.

~~152-153.~~ For the reasons stated above providing copies of the Peaks and KEL is not easy to do and prone to being a disproportionately expensive exercise, producing much irrelevant information. Post Office has therefore offered in correspondence to Freeths an opportunity for the Claimants' IT expert to inspect the KEL. In its draft Directions Order, Post Office is extending this opportunity to include the Peak System. I believe that this is a more proportionate way to proceed. It will allow the Claimants' IT expert to familiarise himself with these records and then be able to make better targeted requests for further disclosure in the future. By contrast, the Claimants' approach would require a massive review of [hundreds of thousands] of documents held by Fujitsu. Even then, I do not believe that Post Office would be able to identify all the relevant material given that the Claimants' pleadings on Horizon are so vague and we therefore do not know what might be relevant.

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Operation of the helpline

~~153-154.~~ In paragraph 3c of the Generic Disclosure, the Claimants are seeking documents in relation of the operation of the helpline. The Amended GPOC and SOIs are again vague as to the alleged problems with the helpline. [meaning](#)

~~154-155.~~ First, there is more than one "helpline" available to postmasters and the different helplines have different documents and store them in different ways.

~~155-156.~~ The NBSC is usually the first contact point for queries from branches for operational support. On average, over the last 17 years, between 50 and 70 members of staff have worked at the NBSC at any particular point in time. NBSC receives on average 35,700 calls per month (based on data obtained for 2016/17). I note that the allegations in the Amended GPOC about the helpline talk about Post Office having instructed staff in general to do or say something or make allegations about how the helpline is run in general, rather than targeting specific advice given by the helpline to a particular Claimant on a particular day. Post Office may therefore need to trawl millions of calls and gather [disclosure documents](#) from hundreds of staff in order to be disclosure relevant to these allegations.

Knowledge Base

~~156-157.~~ NBSC advisers all have access to a tool called Knowledge Base which is used to answer questions. There are currently around 5,000 different articles within Knowledge Base. NBSC advisers access the Knowledge Base through Dynamics and are directed to different articles depending on how the categorise the call.

~~157-158.~~ Until 2014 there were no dates on the articles in Knowledge Base to show when it had been changed. Therefore unless there had been a specific, one-off event for which advice was created it would not have been possible to know what the Knowledge Base would have said at any time. [\[IS THIS RIGHT? WOULD META-DATA NOT PROVIDE THIS INFORMATION?\]](#)

~~158-159.~~ Since 2014, links to the relevant article in the Knowledge Base have been included in the call records in Dynamics (described at paragraph XX above). Assuming that the Knowledge Base has not been updated since the call, it might be possible to trace what article the NBSC adviser referred to. However, to provide disclosure of all of these articles would require a manual review of the call logs for each branch and then a search of the Knowledge Base for that article.

~~159-160.~~ Given the lack of particulars from the Claimants it is therefore not possible at this stage to identify which bits of the Knowledge Base may be relevant to the Claimants' claims. This only leave the option of disclosing the whole Knowledge

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Base of around 5,000 articles. This would be a difficult thing to do because.... [it's a database that is not easily extracted, etc, it would therefore require manually printing that would take....XXX days, etc.KB is hosted on SharePoint – seeking clarification as to how can obtain articles] [AT PRESENT, THIS SOUNDS EASY TO ME, SO I WOULD ONLY SAY IT IS DIFFICULT IF THERE IS A STRONG BASIS FOR SAYING SO!]

Call Logs

~~160-161.~~ As described above at [para], logs of calls with agents at the NBSC are entered into Remedy or Dynamics, which could be deemed to be records relating to the operation of the helpline. The logs describe briefly the nature of question and the answer given, if appropriate or may refer to an article in the Knowledge Base.

~~161-162.~~ It should be possible to give disclosure of logs of calls that were actually made by Claimants. In line with Post Office's obligations to preserve relevant documents, call logs for some of the Claimants have already been extracted and preserved in an online data room, with more call logs to be extracted shortly.

Call recordings

~~162-163.~~ NBSC has been recording calls since 2014 for training and monitoring purposes.

~~163-164.~~ Call recordings are deleted after 3 months unless they have been retrieved for a Contract Adviser as part of an investigation and that Contract Adviser has saved the call onto SharePoint. No preservation action has been taken in respect of the call recordings as this would require a rolling preservation programme for Post Office at significant cost and the pertinent details from each call with have been recorded into the call log in Dynamics. [DO THE CLAIMANTS KNOW THIS? I THINK THEY WILL SHOUT AND JUMP IF THEY DON'T]

Other documents

~~164-165.~~ Other documents generated on the operation of NBSC include training materials. New NBSC staff receive training and ongoing training is provided to NBSC staff on new products and services as they are introduced. There will also be other planning documents on the operation of the NBSC. These will generally be stored in emails and potentially on SharePoint and so accessing these materials would require the capture and review of potentially dozens of email accounts and laptops. Information on staffing planning is contained within a system called Verint. The Amended GPOC does not currently explain if these materials will be relevant

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and so it is not possible at this stage to undertake a disclosure exercise on these materials as Post Office has no way to determine their relevance.

Horizon support

~~165-166.~~ Post Office and its agents have access to a help desk called Horizon Service Desk (**HSD**) to manage technical issues with Horizon. The HSD is currently provided by an external IT provider; ATOS and was previously provided by Fujitsu prior to June 2014.

~~166-167.~~ Both Fujitsu and ATOS retain logs of calls from their tenure running the HSD. However, it will be technically very difficult to access logs from during Fujitsu's tenure between 2001 and September 2009. This is because the call logging system Fujitsu used for this period (Powerhelp) was taken offline due to it being run on redundant software (Windows 2003).

~~167-168.~~ Fujitsu has advised that the Powerhelp servers are still stored but they do not currently have the means to access them; they would have to recreate a ring fenced network running Windows 2003. Fujitsu estimate that the cost of attempting to access the Powerhelp data could be up to £50,000 with no guarantee of success. There would also be a cost for maintaining access to the data if the restoration was successful, but Fujitsu is unable to provide a quote for this until a solution has been devised.

~~168-169.~~ ATOS estimate that to retrieve their call logs for around 50 branches over a 4 month period would take 10 working days and cost up to £5,000. To retrieve the HSD call logs from ATOS for all of the branches and for their full period of tenure will cost significantly more.

~~169-170.~~ As stated above, Post Office's IT engineers are provided by Computacenter and Fujitsu may also be involved as well. If ATOS is unable to resolve the issue over the telephone, then ATOS may seek support from Computacenter and Fujitsu and they may hold relevant records of this support [awaiting info from Mark on this]. Like with the Horizon documentation, it is likely that some of this material may not be within Post Office's control and so again substantial effort will be needed to identify material under Post Office's control, which will require cooperation from Computacenter and Fujitsu.

~~170-171.~~ In light of the above, unfocused disclosure of documents relevant relating to helplines is-would be a massive exercise and liable to either miss relevant documents or over disclose irrelevant documents. The key material will be the logs of calls made by Claimants to the NBSC helpline and Post Office can provide

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disclosure of these in a proportionate manner if limited to a reasonable number of Claimants.

Conduct of investigations

~~171-172.~~ In paragraph 3d of the Generic Disclosure, the Claimants are seeking documents on the "conduct of investigations". However, the GPOC is unclear on exactly what "investigation" means. I understand that "investigations" could include the activities of various teams at Post Office including the FSC, Field Support, Fraud Analysis, Cash Management, Security and Contract Adviser teams.

~~172-173.~~ The Cash Management team manages cash holdings in branches across the Post Office network. It monitors unusual holding levels and also responds to requests from branches to increase the amount of cash delivered.

~~173-174.~~ The Fraud Analysis team reviews reports from the Cash Management team and may flag branches for intervention (such as a telephone call or physical audit). In turn the Fraud Analysis team may escalate to the Field team for an audit. Depending on the outcome of audit, both the Contract Adviser team may then become involved to decide if action needs to be taken on the agent's contract or the Security team may become involved if criminality is suspected. All of these teams will share information between each other.

~~174-175.~~ Policy documents for all of these teams will be held in different places across the business. The Contracts and Policy Development Team develops policies for the business, in particular the Contract Adviser Team, and often works closely with Legal and the Contract Adviser Team. Whilst the Policy team drafts the policy, guidance on interpretation is held within these other teams too, for example the Contract Adviser Team may also issue informal guidance and updates by email or memo to its members. Locating informal guidance would require a search of email inboxes, laptop hard drives and One Drives for all Contract Advisers since 2000. The Contract Adviser team has had [number] of employees since 2000.

~~175-176.~~ The Policy team has since [date] used a SharePoint site for documents but prior to this some documents were kept in paper form with patchy records retained. To locate old records of policies, Post Office would also need to look back through the records of former people in the Policy team for outdated documents no longer in use as old documents may no longer have been kept. This may involve pulling archives of hardcopy documents stored in Iron Mountain.

~~176-177.~~ As mentioned above, the Field team conducts audits. Whilst some audit reports may be found within the Contract Adviser files, audit reports are currently

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held on SharePoint. The audit reports may be in the form of an email or a spreadsheet but are clearly identifiable as a report prepared following a branch audit, with a summary table showing any shortfalls that were found and in respect of which of Post Office's assets.

~~177-178.~~ The audit team used to use a platform called EASE to keep its policy documents, including templates for intervention requests and audit reports, audit manual and changes to process, products or operational changes. ~~However,~~ the platform was due to be replaced last year but an update on this is awaited. In anticipation of the replacement of EASE, most documents have been moved to a new platform called Knowledge Centre but they have not been structured within Knowledge Centre; it is an unsorted collection of old and new documents. It will require a lot of work to review and find manuals that applied to agents at any particular time. In the same way as the Contract Adviser Team, there is also likely to be informal guidance issued to team members that would need locating and the audit team has had XX team members of the last 17 years.

~~178-179.~~ In light of the above, Post Office considers that to give disclosure in relation to "investigations" would be a massively disproportionate exercise, requiring it to review years of emails and documents and then largely guess at what might or might not be relevant in light of the vaguely pleaded issues in the GPOC.

~~179-180.~~ Moreover, several of the Claimants have been convicted of criminal offences and there are questions over the honesty of other Claimants. The Fraud Analysis, Cash Management and Security Teams ~~will be reluctant to be concerned that, unless protective measures are put in place, disclosing e-~~ their process and policy documents, ~~especially to current postmasters, because this puts would put~~ Post Office's cash at risk ~~if its postmasters knew what may because it would reveal what indicia are relied upon to~~ trigger an investigation. ~~Without revealing the precise nature of the controls that are in place, I can only say that Post Office considers that a postmaster aware of the precise controls and triggers would be far better able to remove Post Office cash or stock without this being apparent to Post Office. Such it may well be that disclosure of these policy documents, if / when needed, will need have to be made subject to special confidentiality terms in order to avoid abuse of this information by Claimants or other protections.~~

Training policies and practices

~~180-181.~~ In paragraph 3e of the Generic Disclosure, the Claimants are seeking documents on training policies and practices, particularly where Post Office imposed new practices or systems or required new services.

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~~184-182.~~ Post Office provides a combination of classroom and on-site training for new postmasters depending on the postmaster's previous experience (since some may already have been or be operating other branches). The materials for these courses have changed over time depending on the products offered by Post Office and its policies. For some of the courses, there are also scripts on how to deliver the training or notes packs.

~~182-183.~~ Whilst training is given when an agent first joins the Post Office network or when their branch undergoes a change of model, training is also given at various other points in time. For example, if the Branch Standards Team ~~spots-identifies~~ a need ~~for~~ training may be given by the Sales team on products.

~~183-184.~~ When auditors visit a branch and see that processes are not being followed, they may give on the spot training. Training given may be recorded in the branch file or in an audit report but there are no guidance notes or documents on this kind of training as it is ad hoc and relies on the auditor ~~identifying and addressing a specific filing-a-need~~.

~~184-185.~~ Retention of training materials for the initial training courses depends on the staff responsible for developing the materials having kept them. Some training materials have been uploaded to SharePoint, some are kept on One Drive and some have been kept on the hard drive of staff members. To attempt to locate all of the training materials, Post Office would need also to contact all trainers since 2000 to collect the materials they were sent that have not been kept. Approximately ~~[number]~~ of "trainers" have worked for Post Office since 2000.

~~185-186.~~ Again, the allegations in the Amended GPOC are very imprecise. They do not target particular types of training, but call into question ~~all~~ training ~~of all types~~ given by Post Office ~~over 17 years~~. As things stand, the Claimants' request for disclosure would require Post Office to search for and review hundreds of thousands of documents and then guess at what might be relevant. I anticipate that this would lead to the disclosure of tens of thousands of irrelevant documents. The better way to proceed would be for each Claimant to identify, with specificity, the aspects of their training that they believe ~~were~~ were deficient and then Post Office can provide further disclosure on these issues in a more targeted fashion.

Post Office suspense accounts

~~186-187.~~ In paragraph 3f of the Generic Disclosure, the Claimants are seeking documents relating to Post Office's suspense accounts, with no clarification of what this means.

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~~187-188.~~ The Letter of Claim did not make any allegation in relation to suspense accounts.

~~188-189.~~ The Claimant's 62-page substantive letter of 27 October 2016 just referred at paragraph 23 to "*circumstances where Post Office holds surpluses in suspense accounts, which after 3 years are credited to its profits*" and alleged that Post Office benefits from errors wrongly attributed to Subpostmasters. This allegation that Post Office benefited from shortfalls that were not a real loss was repeated at paragraph 72. However, no details of precisely what was meant by a suspense account were included.

~~189-190.~~ The Amended GPOC repeated this issue, in that it refers at paragraphs 38 and 39 to suspense accounts in which Post Office is alleged to have "*held unattributed surpluses*" and that after "*3 years, such unattributed surpluses were credited to the Defendant's profits*".

~~190-191.~~ No further information has been provided by the Claimants as to what they mean by "suspense accounts". From discussions with Post Office's finance team, I understand that the term "suspense account" does not have a fixed meaning in accounting jargon; it is a generic accounting term. This broad topic was briefly discussed during the Scheme with Second Sight, but it is not clear-however-Post Office should not be made to guess that-whether the Claimants' case is the same as the enquiries raised by-is based on and/or goes beyond the points raised by Second Sight. In any event, those enquiries were only a very small part of Second Sight's work. It is therefore unclear as to what is meant by the Claimants mean when they refer to a suspense account or unattributed surpluses. I note that the Claimants have taken issue with this and have alleged in the Generic Reply that Post Office must know what is meant, which I would suggest is a regrettable allegation to have made (given that Post Office's Generic Defence is clear on this point and is confirmed by a Statement of Truth). In any event, I will explain further why the Claimants' allegations are unclear.

~~191-192.~~ The Claimants appear to allege that there are specific suspense accounts where monies are held that have not been resolved, with Post Office then benefiting from those discrepancies because they are released to profit. As there is no fixed definition of a suspense account, any account operated by Post Office could in theory be used as a suspense account so, and identifying suspense accounts that may, at one time or another, be considered to have operated in part as suspense accounts is difficult.

~~192-193.~~ Within Post Office's finance system, POL SAP, there are around [XXX] accounting ledgers [ask Deloitte for this]. Post Office's finance teams have been

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asked to identify which of these might be classed as suspense account. They estimated that there are 119 ledgers that might fall into this bracket, however this exercise was fraught with difficulty and subject to numerous assumptions as to ~~what a suspense account might be.~~ Precisely how to classify an account's functions from time to time (given that Post Office has no single procedure in this regard). These ledgers contain around XXX [Get from Deloitte] accounting entries. However, these accounts were not just used for "suspense account" type movements but other purposes as well, such as moving items between back office accounts and profit and loss in the usual course of business.

194. Until such time as the Claimants properly explain what they mean by a "suspense account", the Claimants' current request for disclosure would require a disclosure of all accounting information in at least these 119 accounts, much of which would be irrelevant. Provision of this information in a usable format would not be straightforward as it would be coming in a database format that is not readily accessible without certain software. Moreover, unless the Claimants intend to undertake a forensic accounting exercise on this data, I cannot see what utility this information would be to the Claimants at this stage. As far as I am aware the Claimants have not yet engaged a forensic accounting expert, and there has been no request for an order permitting expert evidence of this kind.

193-195. I also would note in this regard that Post Office already has experience of disclosing documents to the Claimants that the Claimants do not then review or use in even the most basic ways. Specifically, that when my firm although Post Office provided the Claimants with access to around XX contractual documents, it became clear that these documents were not had not been reviewed for the purpose of preparing the SOIs: see [...] and the reference to Claimants who claimed not to have had sight of the very contractual documents that had been disclosed to them. I am therefore concerned that Post Office may incur significant cost in disclosing accounting information that may then not be used by the Claimants..

Documents delivered up by Second Sight

194-196. At paragraph 3g of the Generic Disclosure, the Claimants are seeking disclosure of 35,000 documents delivered up by Second Sight following termination of its contract for services to Post Office arising out of the Scheme (described at paragraphs XX to XX in Parsons 2).

195-197. These documents contain a significant amount of privileged material that would need to be removed. It will also contain irrelevant material relating to people who are not Claimants and the operations of the Scheme.

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~~196-198.~~ A significant part of the documents are large numbers of emails with drafts of reports and internal Second Sight discussions on particular cases before finalising their reports. ~~The most~~ It would stand to reason that the most important documents will be interesting documents would be the reports actually produced by Second Sight (rather than documents showing only what Second Sight might have considered saying but did not), during the Scheme and the Claimants already have these. The Claimants also have direct access to Second Sight. It is therefore unlikely that much further material value that the Claimants may wish to use could be extracted from these documents, even were any of the Second Sight material likely to be admissible and of any real value in determining any disputes of fact.

~~197-199.~~ To I estimate that to review the documents returned by Second Sight will take [hours] and cost [£]. Nevertheless, Post Office is prepared to do this so long as the disclosure exercise is limited to those documents that relate to Claimants and are not privileged on the basis set out in its draft directions.

Standard disclosure in Lead Cases

~~198-200.~~ For the reasons stated above, giving so-called generic disclosure of the type sought by the Claimants will-would be very difficult because of the lack of specificity in the claims, the wide date range of the Claimants' claims, the different locations in which documents are held and the different teams that will hold them. This is then ~~The difficulty is~~ compounded by the ambiguities in the lack of clarity in the Amended GPOC and, the SOIs and the Generic Reply.

~~199-201.~~ In the same way, the proposal for "standard disclosure" on Lead Cases sought by the Claimants at paragraph 2 of their draft Directions will also not be effective or proportionate.

~~200-202.~~ First, I the Claimants are not requiring Lead Cases to be pleaded before disclosure is given. Post Office will not therefore know what specific issues each Lead Case is raising, such that it does not make sense to talk about "standard disclosure": in the absence of pleadings, there would be no fact-specific allegations and issues on the Lead Claims that would enable the CPR test to be applied in any meaningful way. This makes giving standard disclosure on Lead Cases impossible, as Post Office has no way to determine the relevance of documents to a Lead Case. It would be materially the same exercise as I have described above for the so-called "generic disclosure" and would suffer from the same problems.

~~201-203.~~ Second, even if pleaded it does not presently appear that the Claimants would intend to plead specific allegations, standard disclosure of in relation to Horizon even for the Lead Cases Lead Claims, such that (to the extent disclosure

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~~could sensibly be given at all on those issues), standard disclosure on Horizon would necessarily require disclosure of many of the generic categories of documents listed in paragraph 3 of the Claimants' draft Directions. For example, if a lead Claimant was to say that he encountered a problem with Horizon, standard disclosure would then require Post Office to disclose all the information it has about Horizon, including the system architecture and information about bugs. Any order for standard disclosure on a Lead Case give rise to all - would therefore result in all the problems outlined above in relation to Generic Disclosure on that topic. If and to the extent that a Lead Claimant also failed properly to plead out the alleged breaches of duty in relation to matters such as training, many of the problems identified above in relation to that issue would also arise.~~

SECTION 3: POST OFFICE'S PROPOSED DIRECTIONS

~~202-204.~~ Post Office's proposed Directions are at XX.

~~203-205.~~ Post Office agrees with the Claimants that selecting Lead ~~Cases-Claims~~ is a useful way to proceed. ~~However, it has also proposed (in my firm's letter of XX My firm has identified in this regard) that~~ a number of potential preliminary issues, principally focused on contractual and legal duties between the parties, ~~are addressed at an early stage and that. It may be that~~ Lead ~~Cases-Claims~~ should could be used to decide contested questions of fact at a preliminary issues trial. In order to use Lead ~~Cases-Claims~~ in this way, Post Office believes that they first need to be pleaded. These matters are addressed in more detail in Post Office's Skeleton Argument.

~~204-206.~~ In order to assist with pleading Lead ~~Cases-Claims~~ and, in parallel, to make such progress as can be made on the vague and unclear allegations issues around in relation to Horizon, Post Office is prepared to give a substantial amount of early disclosure. I discuss this below at paragraph XX. I should make clear that this is without prejudice to my client's position that there is no properly pleaded or sustainable claim (even at a generic level) in relation to Horizon.

~~205-207.~~ Post Office's directions also include requests for further information:

~~205-207.1~~ It is seeking further information on limitation and settled cases given that over 50% of the Claimants may be liable to be struck out on these grounds. The SOIs do not address these points and the Generic Reply deals with them in just two short paragraphs (at XX and XX of the Generic Reply). Further information is therefore desperately needed if the parties are to avoid wasting significant resources fighting cases in relation to claims that might be struck out cannot

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possibly succeed for limitation reasons. Paragraph XX below sets out more detail of the Claimants who may be affected by these issues.

205-2207.2 Post Office is also calling for more information on quantum and false accounting because these matters were not addressed adequately or at all in the SOIs. I refer to my firm's letter of 1 September 2017 (at XX) that sets out the deficiencies in the SOIs and for the sake of saving time do not repeat this material in this statement.

206-208. Finally, Post Office is also asking for a number of claims and Claimants to be struck out because, respectively, they have not been pleaded or the Claimants do not have standing to bring claims. These matters are addressed further in Post Office's Skeleton Argument. [THESE NEED TO BE SET OUT HERE – WE DO NOT HAVE THE PAGES TO SET OUT THIS DETAIL IN THE SKELETON ARGUMENT]

DISCLOSURE ALREADY GIVEN

207-209. For the reasons I have set out above, Post Office has no desire to block disclosure but it has serious concerns over the Claimants' Proposed Disclosure, particularly given the history of disclosure requests in this case, and does not, in short, consider it to be workable let alone proportionate. This has also to be put in the context of the large amount of disclosure that Post Office have already given voluntarily.

208-210. By their Letter of Claim of 28 April 2016, the Claimants made 32 wide-ranging requests for disclosure, many of which were not relevant, reasonable or proportionate, particularly where grounds for the disclosure had not been particularised, or were subject to privilege. By Post Office's Letter of Response of 28 July 2016, it agreed to provide disclosure in respect of 8 of those requests (as far as it was reasonably able), requested clarification in respect of 4 of the requests and referred Freeths to their clients in respect of 4, since documents in respect of these would in many respects have been provided as part of the Post Office Complaints Review and Mediation Scheme (**Scheme**). It should be understood that as part of the Scheme, many documents (amounting to hundreds of pages for most Claimants) were shared with the Claimants.

209-211. On 31 August 2016, Post Office gave disclosure of the following items;

209-4211.1 Copies of the contractual documents and variations between Post Office and its agents. These included;

209-4.4211.1.1 Subpostmaster contract (consolidated version)

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209.1.2211.1.2 Acknowledgement of appointment of subpostmaster

209.1.3211.1.3 Branch standards booklet

209.1.4211.1.4 Branch standards contract variation

209.1.6211.1.5 Conformance booklet

209.1.6211.1.6 Subpostmaster Paystation terms and conditions

209.2211.2 Fujitsu contract

209.3211.3 Course materials for Horizon training

209.4211.4 Audit guidelines

209.5211.5 Documents surrounding the termination of the Scheme

209.6211.6 Draft witness statement of Martin Rolfe (regarding an allegation of "remote access" to Horizon)

209.7211.7 Internal email correspondence between Alan Lusher and Andrew Winn of Post Office regarding branch accounts

209.8211.8 Post Office documents on certain Horizon issues previously discussed with Second Sight.

209.9211.9 Second Sight's terms of engagement

209.10211.10 Post Office notes on retract fraud on ATMS and audit trails on Girobank deposits

209.11211.11 A report by Graham Brander of Post Office on the investigation into the branch run by Josephine Hamilton (Claimant 69)

209.12211.12 The Scheme rules

209.13211.13 The Scheme Working Group's terms of reference

209.14211.14 Minutes of the Scheme Working Group's meeting of 17 October 2014

209.15211.15 Post Office notes on suspense accounts

209.16211.16 A sample branch trading statement

210.212. As noted above [ref] Post Office had referred Freeths to its clients for several of the documents being sought. Although ~~the~~ Freeths confirmed on 29

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March 2017 that they had "advised all of our clients in respect of their obligations to preserve all disclosable documents", no confirmation of what documents the Claimants hold that would assist them or narrow their disclosure requests has been given. The Claimants' disclosure report, filed on 4 October 2017, provides practically no information in this regard and is entirely consistent with no work having been done by the Claimants in this regard. Additionally, the Claimants have also to date declined to give any disclosure of their own.

211-213. The only information with any detail on individual claims received from the Claimants is contained in their Schedules of Information the SOIs. Post Office's serious concerns about the Schedules of Information is set out at para X above.

212-214. The disclosure given by Post Office also does not appear to have been properly considered by the Claimants. As an example, on 10 April 2017, Post Office gave disclosure of 140 contractual documents for the Claimants, which took at least 100 man hours of Post Office's time as well as the costs of Bond Dickinson in assisting in the collation and review of the contracts

213-215. Having undertaken such a large and costly exercise, this firm asked the Claimants to "undertake a similar exercise in locating the contractual documents held by each Claimant" to ensure the parties held matching documentation and to help fill the gaps for contracts Post Office had been unable to find (in part due to the time since some of the contracts were terminated): [REF TO LETTER]. No such contracts have been provided by the Claimants

214-216. However, as I have explained above, on reviewing the Schedules of Information SOIs, it could be seen that the disclosed contractual documents had not been taken into account. Examples of this are set out in this firm's letter of 1 September 2017 at paragraphs [...].

EARLY DISCLOSURE

215-217. To address the problems with the Claimants' disclosure orders, Post Office proposes a more targeted approach. This disclosure is designed to provide:

215-217.1 documents that will assist the parties in pleading as to the Lead Cases Claims;

215-217.2 documents that will help the Claimants understand better Horizon's operations and, if appropriate, help the parties to make progress on discussing case management in this regard, including as to any -formulate better-orders for

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expert evidence and disclosure in relation to Horizon that may be appropriate; and

245-3217.3 documents that are connected with the further information being sought by Post Office.

246-218. Post Office proposes that the parties give disclosure of a number of tightly defined categories of documents, rather than the disproportionate and troublesome Generic Disclosure sought by the Claimants or the standard disclosure sought by the Claimants that is impossible to give at this stage. This more targeted approach avoids the disproportionately problems of Claimants' directions, whilst drawing out documents most likely to assist the parties. This disclosure is not intended to replace standard disclosure which might be viable at a later stage in this litigation. It is a properly formulated version of staged disclosure that the Claimants agree with in principle but have not achieved in their Directions order.

247-219. Post Office's proposed disclosure orders are paragraphs XX to XX of its draft Directions. I explain below the categories of documents listed in these draft orders.

Horizon

220. It is hoped that providing the Claimants with documents in relation to Horizon will allow them to obtain the views of an expert and, Post Office expects, take a more realistic view of the merit of their vague allegations. Post Office does not accept that any proper or viable claim has been formulated or pleaded in this regard, so it proposes to give disclosure only to break the current impasse in which the Claimants complain that they do not know enough to enable them to plead any proper claim.

248-221. Post Office's proposed Directions stop short of giving permission for expert evidence because it is not possible at this stage to formulate proper questions to put to an expert or even to identify with any sensible degree of particularity the issues that the expert should consider. However, Post Office proposes at paragraph XX of its draft Directions to facilitate access for the Claimants' IT expert to the 25,000 technical documents that are described at paragraph XX above. This is in addition to access to the Known Error Log and Second Sight, both of which have already offered / agreed in correspondence. In addition, Fujitsu is prepared to allow the Claimants' IT expert to inspect the Peak System [TO BE CONFIRMED BY FJ]. With the benefit of this information and decisions on preliminary issues, I believe that the parties and the Court will be much better placed to make informed decisions about the expert evidence, if any, that may be needed in the future.

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Standard terms and conditions

~~219-222.~~ As noted above, Post Office has already disclosed lots of contractual documents to the Claimants and the Claimants should already have copies of their contracts. However, to ensure that all parties are working from a common set of standard contract terms, Post Office intends to disclose those standard terms that cover the majority of the Claimants, being those listed at ~~paragraph~~~~paragraph~~ XX of its draft Directions.

~~220-223.~~ This is not a definitive list of all Post Office's standard terms, as there have been numerous variations and addendums over last 20+ years. To disclose all these contractual documents, many of which will be irrelevant, would require the disclosure of hundreds of versions of contracts. It is not clear that the Claimants want or could possibly benefit from such further disclosure.

Second Sight

~~221-224.~~ Post Office is prepared to disclose the documents from Second Sight as described in paragraph XX above.

Settlement Agreements

~~222-225.~~ Post Office believes that over XX Claimants have entered into settlement agreements that might have waived their claims in this action (as described in more detail at paragraph XX below). Post Office now needs to understand ~~why the Claimants believe that their~~ on what basis each of the affected Claimants intends to argue that his or her settlements are-is not binding; in the absence of a properly articulated case in this regard, all the affected claims as otherwise these claims are liable to be struck out. This information has not been provided in pleadings, the SOIs or in pre-action correspondence. Post Office does not therefore know the matters on which each Claimant intends to rely in order to avoid strike out and is seeking further information in this regard at paragraph XX of its draft Directions. To facilitate this, paragraph XX of the draft Directions orders Post Office to disclose the settlement agreements on which it intends to rely. It is obviously not in the interests of the affected Claimants to remain involved in complex and wide-ranging litigation when, in reality, there is a clear and total defence based on the settlements into which they have entered.

Medical reports

~~223-226.~~ Over XX% of the Claimants have asserted a claim for personal injury in their SOIs, which presumably means psychiatric injury given that it is unlikely that Post Office has caused a physical injury. Given that Freeths appear to have had

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no or limited involvement in the preparation of the SOIs, Post Office is gravely concerned that many Claimants have asserted a personal injury claim when no recognisable psychiatric injury has been suffered and that this has ~~been done to artificially had the effect of artificially increase-increasing~~ the total value of the claims. ~~It-Post Office~~ is therefore calling for further information on the valuation of the personal injury claims at paragraph XX of its draft Directions and, to support this quantum information, Post Office is asking for disclosure of the Claimants' medical records. I note that disclosure of medical records at an early stage is common practice in personal injury cases and I would be surprised if Freeths and the Claimants felt able to assert personal injury claims without having already obtained and reviewed these medical records. ~~It would seem to me to be improper to have asserted a personal injury claim without even identifying the nature of the injury alleged and to have confirmed that it is capable, if proven, of amounting to a recoverable head of damage.~~

Lead Claimants

~~224-227.~~ Paragraphs XX to XX of Post Office's draft Directions require disclosure of key documents in every Lead Case. These directions vary slightly between postmasters and assistants, and depending on whether the disclosure is to be given by Post Office or Claimant, because each permutation needs to define the documents differently. I run through the documents in each permutation below; some are self-explanatory, some have been explained above and some need further explanation as set out below. THE BELOW NEEDS TO BE RECONCILED TO THE FINAL DRAFT ORDER

~~225-228.~~ In terms of disclosure by Post Office to a lead Claimant who is a postmaster or franchisee (at paragraph XX of the draft Directions order), this includes:

~~225-4228.1~~ Any application to be a postmaster or franchisee submitted by the Lead Claimant to Post Office.

~~225-2228.2~~ Any signed Confirmations of Appointment and signed Preface between the Defendant and the Lead Claimant. These are the contractual documents signifying that the postmaster or franchisee accepts Post Office's terms. I note that disclosure of the actual terms is described in paragraph XX above.

~~225-3228.3~~ Records of any assistants employed by the Lead Claimant recorded in the Defendant's HR database. This is taken from the HR SAP database described at paragraph XX above.

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225-4228.4 Transaction and Event data recorded on Horizon for the Lead Claimant's Branch(es) as described in paragraphs XX above. **[To be confirmed by FJ]**

225-5228.5 Customer Account from POL SAP or Core Finance (as applicable) for the Lead Claimant's relevant branch(es). The Customer Account is a report produced from POL SAP or Core Finance that shows shortfalls in a postmaster or franchisee's account at FSC. It shows how that shortfall has accrued, for example at audit or if the debt has been settled centrally, and any payments or deductions that have been made to that shortfall. .

225-6228.6 Record of Transaction Corrections issued to the Lead Claimant's relevant branch(es) as recorded in POL SAP.

225-7228.7 Written logs of calls to the Defendant's NBSC helpline recorded in either the Defendant's Dynamics or Remedy systems (as described above at XX) as having come from the Lead Claimant's relevant branch(es).

225-8228.8 Audit Reports in relation to a Lead Claimant's relevant branch(es). Audit Reports are described in more detail at paragraph [ref] above and examples of Audit Reports are exhibited to this witness statement.

225-9228.9 Any suspension letter sent by the Defendant to the Lead Claimant.

225-10228.10 Any termination or resignation letter sent between the Defendant and the Lead Claimant.

225-11228.11 Any hardcopy Former Agent debt file for a Lead Claimant as described at paragraph XX above.

225-12228.12 Any settlement agreement between the Defendant and the Lead Claimant.

226-229. The above documents cover the full life-cycle of a typical postmaster from appointment and training, operation of their branch, termination and then post-termination legal proceedings. I have been personally working for Post Office for nearly ten years and in my experience the above documents are those most commonly referred to in any dispute between a postmaster and Post Office.

227-230. In relation to disclosure from a lead Claimant who is a postmaster or franchisee to Post Office (at paragraph XX of the draft Directions Order) the categories of documents largely mirror the disclosure to be given by Post Office. The only additional category sought from lead Claimants is documents about the losses they have suffered as only the Claimants will hold these.

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228-231. ~~These~~ I would readily accept that some of these orders have been drafted slightly more broadly than those put ~~on~~ required of Post Office because I am not aware of the exact ways that the Claimants might hold documents. The Claimants' disclosure report provides no assistance in this regard. Post Office is open to any reasonable proposal from the Claimants to narrow these categories but there has been insufficient time to do this before this statement was filed.

229-232. In relation to disclosure to be given to or by lead Claimants who were assistants (at paragraphs XX and XX of Post Office's draft Directions), the approach has been modified to reflect the different relationship between Post Office and an assistant but still tries to match documents to the lifecycle of branch. For example, there is no need for Post Office disclose a lead Claimant's application to be a postmaster as an assistant will have never made such an application.

SECTION 4: STATISTICS

230-233. In this Section 4, I provide some statistics on the number and nature of the claims being advanced that I believe are useful context when considering Directions. Set out in Appendix [x] to this statement is the data from which my below observations are drawn.

231-234. Categories of Claimants [ALP to complete once worked out the data]

Commented [AP63]: Need to add details of the numbers of settlements.

232-235. Parsons 2 explained the different types of Claimants within the Group Action (see paragraphs 69 to 86) (at pages [x] to [x]). From a review of the SOI's provided by the Claimants, I understand that the Claimants fall into the following groups:

232-4235.1 [x] of the Claimants are postmasters. Of these:

232-2235.2 [x] are engaged on the Subpostmaster contract;

232-3235.3 [x] are on a Mains Network Transformation contract

232-4235.4 [x] are on a Local Network Transformation contract;

232-5235.5 [other categories]

232-6235.6 [x] of the Claimants are assistants.

232-7235.7 [x] of the Claimants are crown employees.

232-8235.8 [x] of the Claimants are companies.

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~~232-9235.9~~ [x] of the Claimants are guarantors of companies which have engaged with Post Office.

Limitation

~~233-236.~~ As addressed at paragraph [x] above, paragraph [x] of the Defendant's proposed directions relates to the striking out of time-barred claims.

~~234-237.~~ My first witness statement dated 19 August 2016 (**Parsons 1**) (at pages [x] to [x]) was made in support of an application by Post Office to disallow certain amendments that the Claimants made to the Claim Form. The effect of the amendments would have been to prejudice the Defendant's limitation defences.

~~235-238.~~ As explained at paragraph 27 of Parsons 1, Post Office is not yet in a position to positively assert a limitation date for each of the Claimants. This is because the Claimants have not particularised their claims to an extent which would enable Post Office to carry out the requisite analysis to advance a detailed case on limitation. An explanation of the issues faced in undertaking such analysis is at paragraphs 27.1 to 28.10 of Parsons 1 (at pages [x] to [x]).

~~236-239.~~ It should be noted that not all of the Claimants have the same prima facie primary limitation date, (6 years before the relevant Claim Form was issued for the claims other than for personal injury):

~~236-1239.1~~ those Claimants who brought a claim within the original Claim Form have a limitation date of 11 April 2010;

~~236-2239.2~~ those Claimants who were added to the amended Claim Form have a limitation date of 3 August 2010; and

~~236-3239.3~~ those Claimants who are party to the Second Claim Form have a limitation date of 24 July 2011.

~~237-240.~~ Each of the Claimants has provided Post Office with a SOI which includes their termination date. Given that this is likely to be one of the last interactions between the parties, it ~~is therefore a provides good a rough benchmark for indication as to the likelihood -assessing the potential- for a limitation defence to arise be available.~~

~~238-241.~~ From a review of these dates, I am aware that:

~~238-1241.1~~ 192 (38%) of the Claimants have termination dates prior to their respective limitation dates. These Claimants are likely to be time-barred.

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238-2241.2 A number of the Claimants are bringing claims in relation to their tenures at multiple branches. 23 of the Claimants are advancing a claim in respect of a branch where their termination date is prior to their respective limitation date.

238-3241.3 Approximately 90 of the Claimants' engagements with Post Office were predominately prior to their respective limitation date. As such, part of their claim is *prima facie* likely to be time-barred and in the event that losses have been sought for these periods, the losses claimed by these Claimants will be greatly exaggerated. For example:

238-3-4241.3.1 Margaret Boston (27) was engaged by Post Office in May 1984 and her contract was *terminated* on 14 December 2011. With a limitation date of 1 April 2010, approximately 26 years of her claim is *prima facie* likely to be time barred.

238-3-2241.3.2 Vinod Sharma (162) was engaged by Post Office in September 1976 and her contract was *terminated* in August 2015. With a limitation date of 3 August 2010, approximately 34 years of her claim is *prima facie* likely to be time barred.

238-4241.4 Only 100 Claimants have commenced their engagement with the Defendant within the last 6 years. These are the only Claimants where it can be said with certainty that they will not be subject to a limitation defence.

Settled Cases

239-242 As addressed at paragraph [x] above, paragraph [x] of Post Office's proposed directions seeks further information on Claimants who have previously entered into settlement agreements with the Defendant. These Claimants can be split into two categories:

239-4242.1 Claimants who were part of the Scheme; and

239-2242.2 Claimants who were part of the Network Transformation programme.

240-243 As explained further at paragraph 25 of Parsons 2, the Scheme handled complaints raised by postmasters and where mediation was successful, formal settlement agreements were entered into. 12 of the Claimants are party to such a settlement agreement with Post Office which is in full and final settlement, to release any and all claims, whether or not presently known to the parties that they

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ever had against Post Office and/or any of its related parties in relation to their respective complaints.

241-244. As part of the Network Transformation programme, postmasters were provided with the option to:

241-244.1 (1) Convert their branch into a Main or Local branch. If a postmaster chose this option, then their existing contract with Post Office would be terminated. In addition to funding equipment and works to update the postmaster's branch, Post Office made a payment, subject to conditions, to the postmaster to support their transition to a Network Transformation Contract. The payment made to the postmaster was in full and final settlement of any and all claims that the operator had or may have against Post Office howsoever arising and whether arising out of the termination of their existing contract and whether under common law, contract, statute or otherwise. I provide an example of such a settlement at [...]. The postmaster agreed that this was reasonable as part of documentation they signed: see [...] of the document I exhibit at [...]. From its records of those it made such payments to, Post Office currently believes there are 60 Claimants who fall within this category. The payments made to the Claimants differed depending on the type of model the postmaster was converting to, but for Local branches the payments made were up to £60,000.

241-244.2 (2) Leave the Post Office network. If a postmaster chose this option then they were invited to submit their resignation from their contract with Post Office. If Post Office was able to appoint a new operator under a Network Transformation Contract in the postmaster's area, then the postmaster's contract would be terminated. Subject to conditions, Post Office then paid a discretionary "Leaver's Payment" to the postmaster. The conditional resignation pack that the postmaster signed to submit their resignation included wording that the Leaver's Payment would be paid in full and final settlement of all and any claims that the postmaster had or may have against Post Office howsoever arising and, without limitation, whether arising out of their resignation and the resulting termination of their contract and any other associated contractual documents, the occupation of their premises or otherwise and whether under common law, contract, tort, statute or otherwise. The Leaver's Payment was typically in the region of £100,000 but could be up to £200,000. From its records of those it paid Leaver's Payments to, Post Office currently believes there are 43 Claimants who fall within this category.

242-245. To date, the Claimants have not particularised the-any fraud that Post Office is said to have committed which would invalidate these settlement

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agreements. Therefore, there are 115 Claimants who have already entered into settlement agreements with Post Office and are at risk of being struck out. I would suggest that it is remarkable that the Claimants have not considered it appropriate to explain in detail how and why each of the affected Claimants considers himself or herself still able to assert claims against Post Office despite these settlement payments, and it is deeply regrettable that Post Office is still facing unparticularised allegations of fraud in this respect.

SECTION 5: OTHER ORDERS AND COSTS

243-246. The parties are largely agreed on the orders in relation to ADR and costs.

In light of the strike outs sought by Post Office, it also seeks corresponding orders that the Claimants pay Post Office's costs in this regard.

244-247. I note that security for costs currently remains a live issue between the parties and there is ongoing discussion with Freeths regarding whether and how security should be given. Post Office is not raising the question of security at the CMC but reserves its position to make a security application in the future if an agreed resolution cannot be reached with the Claimants.

245-248. [TEAM TO REVIEW AND AMEND AS NECESSARY – waiting for Jamie Carpenter advice].

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true.

Signed:

Date: