



**Opening Statement**  
**on behalf of The Federation of Sub-Postmasters**  
**in the Post Office Horizon IT Public Inquiry**  
**Chaired by Sir Wynn Williams**

**Introductory remarks**

1. In making this Opening Statement, the National Federation of Sub-Postmasters (the NFSP) welcomes the opportunity to assist the Inquiry and its Chair in any way it can in order that the failings of the Horizon IT System at the Post Office and the miscarriages of justice in the prosecutions of postmasters and other Post Office staff which followed can be fully addressed. The NFSP appreciates the Chair has the benefit of already having its Core Participant Status submission, its statement on issues and evidence of the hearing on that in November 2021. Notwithstanding this, the NFSP seeks to encompass the key issues for it by making this Opening Statement.
2. The NFSP recognises the scale and importance of the work of the Inquiry and, in particular, the care and time taken by it to give voice to those affected through the Human Impact Testimony sessions which took place around the UK earlier this year. The devastating effect on those individuals and their families of what happened to them as a result of the Horizon IT system and the operation of it by Post Office Limited was laid bare in these sessions. While it has had no direct involvement in the setting up or delivery in respect of the compensation scheme, in its written contribution to the Inquiry's Compensation Hearings, the NFSP urged the Government and the Post Office to make interim payments to those affected without further delay. In this regard, it is the strongest possible hope of the NFSP that all of those who suffered as a result of Horizon and were wrongfully prosecuted and/or dismissed will have their reputations restored and **all** of their losses, including consequential losses refunded.

3. In applying for and being granted Core Participant Status, the NFSP is able to participate in and, hopefully, contribute to the proceedings in a way which they could not, for instance, in the litigations which gave rise to the issued judgements of Mr Justice Fraser, in particular, *Bates & Others v Post Office Limited* [2019] EWHC 606 (QB) Judgement No 3 (Common Issues) which discussed and commented on the role of the NFSP. This was because neither the NFSP nor any of its officers were asked by any of the parties to give evidence to the court, leaving Mr Justice Fraser without the benefit of direct evidence on matters involving the NFSP, such as those discussed by him in Part F of his Judgement No 3.
4. The NFSP recognizes it is one of only a number of representative organisations, such as trade bodies (which the NFSP is), unions and others, whose members were affected by the Horizon IT system and the actions of Post Office Limited in relation to it. Only postmasters can be members of the NFSP. As a result of information obtained from a Freedom of Information request, it is understood by the NFSP that of 766 who were prosecuted, approximately 56% were postmasters, leaving the other 44% of those prosecuted as assistants and Post Office employees. This means a sizeable number of prosecutions were brought against people who were not postmasters and therefore did not come within the ambit of membership of the NFSP (or another trade body such as the National Federation of Retail Newsagents – NFRN). The NFSP considers it is important for the Inquiry to encompass this wider group in its work and ultimate findings to ensure that the public understands the reality of the risk which was faced (and, in many cases, one which came to pass), for anyone, and not only postmasters, who worked in a post office during this period. This is because what happened as a result of the introduction and consequences of the Horizon IT system is not a postmaster issue only, it is one which affected a wider set of employees of the Post Office. In addition, it is understood by the NFSP that many of those prosecuted were likely to have been members of other unions or trade bodies, such as the Communication Workers Union (CWU). The NFSP understand and appreciates that the Inquiry is aware of these different representative bodies and will be considering the roles, opportunities and actions in respect of involvement, for instance, in the Working Group, highlighting issues with Horizon and supporting their members.
5. As well as assisting with giving evidence at the forthcoming Phase 2 of the Inquiry's work on the Horizon IT system itself, the procurement, design, pilot, roll out and modifications, the NFSP hopes to contribute by way of giving evidence at the following phases. While the

NFSP's role in the areas covered by Phase 2 was more limited, it had more involvement in the areas covered by Phases 3 and 4, as well as 5 and 6.

6. As a representative body representing postmasters across the UK, the NFSP considers it also has a genuine contribution to make to the Inquiry in terms of Phase 7 on current practice, procedure and recommendations for the future. In particular, the NFSP remains concerned about the extent to which Post Office Limited is open to dealing with the change which the NFSP believes is required, including in governance issues such as, for instance, whistleblowing, and the concerns of postmasters and the NFSP. In other words, as said by Calum Greenhow, the current Chief Executive of the NFSP, when he appeared at the hearing on issues on 8 November 2021: *"Can a leopard change its spots"* (page 40, line 16 of the transcript). As Mr Greenhow said on that day, if those responsible for the GLO strategy remain in post, is it possible for the relationship between those who own and operate (and work in) the post office network to be reset? Through the work and ultimate reporting of the Inquiry, the NFSP wants to finally understand what went wrong and why. The NFSP both hopes and believes the fullness of the present Inquiry and the commitment of the Chair to it will have a significant impact on the change which is necessary for all those in charge, from government departments to Post Office Limited. This will include action to right the wrongs of the past and recommendations to ensure such a devastating scandal cannot happen again.
7. In dealing with the various chapters for the NFSP, these will firstly set out the history and relationship of the NFSP with the Post Office. Thereafter, the Opening Statement will consider the involvement and position of the NFSP in relation to the Horizon IT system and what it could do and did do in relation to it. There will also be reference to the issues and the evidence it can give in relation to the phases of the Inquiry, and the NFSP's hope to provide recommendations to the Inquiry which will create trust in the systems of working and the relationships between postmaster, employees, government and the Post Office for the future.
8. In closing the introductory remarks, the NFSP wants to make it clear that while it has supported many members over the years in disputes with the Post Office, it sincerely regrets that its belief in Post Office Limited, the government, Fujitsu and the justice system was so misplaced. The current Chief Executive and Board of the NFSP have expressed, and continue

to express, considerable regret that more assertive action was not taken by its past leadership to challenge the Post Office in a way which may have prevented some postmasters from falling victim to miscarriages of justice. It continues to be a source of regret to the current leadership of the NFSP that for some postmasters who came to the NSFP for help in the past, they have had to wait many years to successfully defend their names through the GLO. In participating fully in this Inquiry and in seeking answers to pertinent questions about the Post Office, IT businesses and contractors, government departments and the criminal justice system, the NFSP can represent the interests of sub-postmasters to full effect.

### **The NFSP**

9. The NFSP is an independent, professional not-for-profit trade association representing post office operators. The Board of the NFSP is made up of serving postmasters who are nominated by their peers bringing with them the understanding of the operation and running of post offices, with all that entails. The history of the NFSP shows that it is a long-established body which was established on Easter Monday in 1897 by a group of around 90 sub-postmasters wanting to improve the conditions for all sub-postmasters in the UK. This was perhaps indicative of a historically strained relationship with the Post Office. The letter of invitation to postmasters read: *"The importance of forming a National Association is evident from the fact that, whilst our conditions of labour have so little improved, the Head Postmasters, the Clerks and the Postmen have each obtained important concessions through their respective Associations."* The new Federation secured official recognition in 1906 and in its early years, the Federation was able to achieve some minor successes for sub-postmasters and started organising annual conferences and the production of a monthly newspaper, The SubPostmaster.
10. It is from there that today's NFSP represents members who own and operate around 8,500 post offices across the UK, from inner cities to the remotest corners of the countryside. Notwithstanding this, the NFSP is small organisation with just 26 employees. The current

objects of NFSP include (but are not limited to) regulating relations between sub-postmasters and Post Office Limited, by:

- negotiating rates of pay and conditions of service and variations to sub-postmaster contracts on behalf of sub-postmasters;
- participating in any form of consultation or negotiation relating to conditions of service for sub-postmasters;
- endeavouring to settle collective or individual disputes between Members and Post Office Limited and promoting such settlement through joint participation, conciliation or arbitration;

11. The status of the NFSP and its funding arrangements have changed over time. Until January 2014, the NFSP was a trade union, however this status was removed when the Trades Union Certification Officer advised the NFSP that the organisation did not meet the legal requirements necessary to be designated a trade union. In 2015, the change of status meant member subscriptions had to come to an end and instead the Federation then received its funding from Post Office Limited, which consisted of a 15-year Grant Framework Agreement (GFA) paid annually, which is currently being re-negotiated to ensure it is clear the NFSP can challenge the Post Office and that the GFA is made open and transparent. In October 2016, the NFSP changed to trade association status following a membership vote.

12. In 2021, in the Judgement No. 3 (“Common Issues”), Mr Justice Fraser was considering the evidence of the Post Office in support of its position, in particular the evidence of Mr Nicholas Beal that the NFSP allegedly did not support the litigation. In this passage of his judgement, apparently on the basis of Mr Beale’s evidence, he described the NFSP as “*not remotely independent of the Post Office*” (paragraph 369), and then went on to focus on the GFA and the funding arrangements. He was concerned by the failure of Post Office Limited to make the GFA available in full to the court (Part F, paragraphs 574 – 598). In addition, Mr Justice Fraser also discussed changes to the NFSP’s website during the course of the court hearings finding this to be suspicious, having received no evidence from the Post

Office as to why this had happened. It must be said that Post Office Limited has no control over or say in the NFSP's website. All that had happened was that the NFSP's Communications Officer was updating the website as to tone of voice, colour palettes and location of content. It had been decided within the NFSP that the GFA should be moved from the About Us section to another section where it appeared to fit better. The NFSP was entirely unaware of the way in which this would end up being interpreted in the ongoing court action as it did not know this was an issue. As already discussed, the NFSP was not a party to or called to give evidence to the case of *Bates & Others v Post Office Limited*. It had no opportunity to correct the record, put forward its position on the litigation or the GFA or how it has come about.

13. As can be seen from the explanation of the development of the NFSP from trade union to trade association, it was funded by its members until 2015 when its trade union status was withdrawn. The freedom of information request discussed earlier showed that around 80% of the prosecutions took place between 1999 and 2010, with around 20% from then until 2015, with none after 2015. The GFA was therefore not in place during the time of those prosecutions. There was no evidence produced by Post Office Limited about the position of the NFSP on the litigations. The NFSP has been, and remains, concerned about the reputational damage done to it by the way in which this was presented to the court by Post Office Limited and, as a consequence, discussed in the judgement without evidence from it. The NFSP seeks to correct this at the Inquiry, in particular in evidence at Phase 4.
14. The NFSP wishes to make clear that it otherwise fully supports the judgement and outcome from the GLO cases and the way in which Mr Justice Fraser dealt with those. It is concerned at the way in which certain evidence and material about it were presented to the court by Post Office Limited without an opportunity to correct the record, resulting in the comments about it.



## Horizon

15. In the period with which this Inquiry is concerned, there was a combination of a decline in footfall and income, changes in technology and changes in the way customers dealt with their money. In summary, this saw several cost-cutting exercises resulting in post office closures through network reinvention in 2003, network change in 2007 and network transformation from 2012. But before all of this came, the need to introduce a network-wide IT system was clear. The NFSP supported this, recognising it was necessary to secure the future of the post office businesses in the digital age.
16. As part of the research into Phase 2 of the Inquiry, what has struck current NFSP personnel is the number of prominent MPs from the last 25 years of British politics who, it transpires, were involved in the procurement, roll out and Working Group in relation to Horizon. The NFSP considers it is therefore important that the Inquiry is able to establish their roles and responsibilities in how this whole affair led to so many Postmasters, Assistants and employees of Post Office Ltd, having their reputations destroyed, suffer such financial hardship and in some cases, endure a custodial sentence.
17. In setting out the information which follows, the NFSP refers to events, meetings and, in some cases, documents which are records of meetings and issues arising from the procurement and roll out.

### *Procurement*

18. In 1995, the NFSP's records <sup>1</sup>, <sup>2</sup> show the number of system providers had been whittled down to three companies, one of which was ICL Pathway<sup>3</sup>. Each attended an NFSP exhibition in Manchester where members were able to see the potential options available.
19. In February 1996 (11<sup>th</sup> March 1996 letter to the Executive Committee)<sup>4</sup> the Negotiating Committee of the NFSP met with the three companies and asked questions about:

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<sup>1</sup> Announcement of BA/POCL supplier shortlist - 27 July 1995

<sup>2</sup> NFSP00000240 - Bringing technology to Post Offices - Getting ready to choose a partner 27 Nov 1995

<sup>3</sup> The Subpostmaster - 1995 (1) P21

<sup>4</sup> Counter Automation BA POCL – Meetings with NFSP's Negotiating Committee

- Ease of use of the equipment
- Impact on transaction times
- Acceptability to customers
- Extent to which the design will help Postmaster to prevent fraud
- Extent to which suppliers' proposals guide the Postmaster through transactions
- Proposals for training
- Time scale for roll out
- Extent to which design is foolproof and secure i.e., can a counter clerk get round the system to defraud the Postmaster
- What plans do they have for ongoing marketing
- What plans for "distant" office transactions, holidays etc.
- "Agent" encashment
- Change of office procedure

The NFSP did not express any preference in which system should be chosen.

20. In May of 1999, the NFSP were made aware<sup>5</sup> that the DSS and the Treasury were considering pulling out of the Horizon project<sup>6</sup>. It is understood this would have caused a potential £200m - £300m claim from ICL Pathway. The DTI wanted the project to continue and after intervention by Stephen Byers, then Secretary for State Trade & Industry, it remained on the table. The NFSP asks the Inquiry if this suggests that there was discord between government departments which led to mismanagement of the project and/or a lack of oversight or that departments may not have been working together?

21. On 14<sup>th</sup> of June 1999, the DTi report on the Horizon Project<sup>7</sup> states: "We understand that the Benefits Agency failed to prepare itself and its systems sufficiently in order to be compatible with Horizon." The NFSP asks of the Inquiry if incompetence at government/departmental level contribute to the failure in procurement from the start?

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<sup>5</sup> NFSP0000257 - BSC 12 - Future of the Automation Project

<sup>6</sup> Executive Committee Minutes - 16 May 1999 Page 2

<sup>7</sup> Trade and Industry Committee - The Horizon Project for Automated Payment of Benefits - Page 11



22. In June 1999, the DTI Horizon Project report<sup>8</sup> says: *“While it makes evident sense for ICL to continue with the work it has already begun, the impression remains of an essentially political deal to ensure that ICL has a substantial contract with the Post Office, at a price which seems to have been largely determined in advance of contractual renegotiations, as a means, however inadequate, of making up some of the £180 million written off by ICL in their 1998-99 accounts.”*
23. Notwithstanding the documents referred to and available to the Inquiry for the procurement exercise, the NFSP has found little to no evidence of its direct involvement in the procurement of Horizon.

#### *Roll Out*

24. The NFSP understands that the automation project can be traced back to 1992 when the DSS began a trial of a new benefit entitled claim form which omitted the use of post offices. Following extensive campaigning by the NFSP at the time, the claim forms were withdrawn. (source DTi Select Committee memorandum)<sup>9</sup>. The concern from government was around the drawbacks of the paper-based methods of payment namely, cost, fraud liability and lack of customer level accounting information.
25. According to the September 1999 DTI Committee report, slippage of the roll out programme began to occur and was delayed by 13 months. Similarly, the Montague Report suggested that in November 1997 a formal default letter was sent to ICL Pathway, who rejected it. The report went on to highlight that the roll out was unlikely to begin by the end of 2001 without improved management and uncertain costs<sup>10</sup>.

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<sup>8</sup> Trade and Industry Committee - The Horizon Project for Automated Payment of Benefits - Page xxi e

<sup>9</sup> Select Committee on Trade and Industry: Eleventh Report

<https://publications.parliament.uk/pa/cm199899/cmselect/cmtrdind/530/53009.htm>. November 1997. P. ix

<sup>10</sup> Select Committee on Trade and Industry: Eleventh Report

<https://publications.parliament.uk/pa/cm199899/cmselect/cmtrdind/530/53009.htm>. November 1997. P. ix

26. The pilot began on the 12<sup>th</sup> of April 1999 with 200 offices in the North East and South West of England being involved<sup>11</sup>. These offices were a mixture of both Crown offices, under the responsibility of the Communication Workers Union (CWU), whilst others were independent offices, under the responsibility of the NFSP. On the 29<sup>th</sup> of April 1999, 113 Post Offices completed their first cash account via Horizon. These offices were split into two groups, those who were supported during the balance and those who were not.

- Of those who were supported
  - i. 47 completed their cash accounts, whilst 23 did not
- Of those were not supported
  - i. 23 completed their cash accounts, whilst 3 did not.

The NFSP was watching this pilot carefully in order to challenge Post Office Limited where ongoing results of the pilot showed issues that needed to be challenged, and also to support its members where needed.

27. On 30<sup>th</sup> of April 1999, Pam Jervis, the late Executive Office for Midlands Region, raised concerns<sup>12</sup> about training and installation of Horizon reporting that:

- First day was okay, but second is rushed with no-one doing a full training balance only balance snapshot. Trainers following a process and little or no knowledge of a working Post Office.
- Migration is proving difficult with equipment not fitting counters, engineers not having correct equipment, Postmasters delayed in getting home or migrations being abandoned at the last minute.
- Three separate helplines available for Postmasters to call for support

28. In June 1999, the NFSP prepared questions for Stephen Byers MP, Secretary of State for DTI and Stuart Sweetman, Managing Director of Post Office about training, modification, migration, operations, balancing, the Helpdesk and barcoding due to the issues that had been raised from the pilot.

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<sup>11</sup> Fax regarding Cash Account Position on Thurs 29 April 1999

<sup>12</sup> NFSP0000340 - Comments made by Sub-postmasters (spmrs) re Horizon - relayed by Executive Officer on 30 April 1999

29. On 14<sup>th</sup> June 1999, the NFSP appeared before DTI Select Committee<sup>13</sup>. The Chair asked if the NFSP was being alarmist in suggesting that thousands of Post Offices were threatened by closure. At question six, Colin Baker, then General Secretary of the NFSP, was asked: *“Do you really think that there has been anything more than lip service being paid to the concept of sustenance of the network of sub post offices being kept going by the Horizon project”* Mr Baker replied: *“I think it is easy for successive governments to make a commitment to a nationwide network of post offices and yet not be in any way specific about what is meant by that.”* The NFSP says that is as true today as it was in 1999.
30. At this DTi Select Committee<sup>14</sup>, the Communication Workers Union (CWU) and the CMA (Unite) explained they had a valuable role to play, not only in protecting members incomes and security but also in protecting public interest. They highlight that the Crown network represents 15% of the total volume of the transactions in the network. They emphasised that PO could deliver the project but raised concerns about the commitment of Government to the network. Explained that without commitment from Government the business would be in a downward spiral<sup>15</sup>.
31. On the 30<sup>th</sup> of June 1999, there is a briefing from Colin Baker of the NFSP highlighting changes to Horizon as a result of the work done by the NFSP in listening to the concerns of Postmasters<sup>16</sup>. Eight system changes were implemented to the existing offices during the week of 12<sup>th</sup> July, there were changes to the Managers training course with more time spent on balancing, error correction and suspense account and a task force in place to identify the specific nature of printing problems.
32. On 10<sup>th</sup> August 1999, the NFSP held a Special Horizon meeting in Newcastle with over 150 Postmasters in attendance<sup>17</sup>. Dave Miller of Post Office was in attendance along with Jean Kendall, National President and Colin Baker, of the NFSP. Dave Miller and Colin Baker highlighted that automation was the future for Postmasters. The concerns from colleagues who were part of the pilot were highlighted and these included the stress on the workforce, the strain on people’s lives and marriages, there was enforced cancellation of planned holidays,

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<sup>13</sup> Trade and Industry Committee - The Horizon Project for Automated Payment of Benefits Page 4

<sup>14</sup> Trade and Industry Committee - The Horizon Project for Automated Payment of Benefit Page 12

<sup>15</sup> Trade and Industry Committee - The Horizon Project for Automated Payment of Benefit Page 16 Q.58 response

<sup>16</sup> NFSP00000027 - Briefing Note 30 June 1999

<sup>17</sup> NFSP00000237 - Minutes Special Horizon meeting - 10 Aug 1999

there was low additional income provided by Post Office to Postmasters who were on the trial. On this point, these rates had not been agreed with the NFSP but brought in by the Post Office. The NFSP were able to ensure payments were doubled. Those on the pilot also raised concerns that the installation process lacked management at every stage and highlighted the number of reboots of the system that was required, especially on balance day.

33. From the NFSP's perspective, what is clear is that throughout the roll out of the Horizon programme, the NFSP supported colleagues where they could and challenged Post Office on behalf of the network to improve. In June 1999 after concerns raised by the NFSP over the quality of training, the Post Office invested a further £8m to improve the training programme. These improvements arose from the points raised by the NFSP as outlined at paragraph 28.
34. This all provides clear evidence of the NFSP headquarters providing evidence to colleagues across a multitude of areas, during the roll out
35. The NFSP would ask the Inquiry to consider where the losses occurred in the cases:
- i. ATM & Lottery - 45
  - ii. Hardware or software issues - 26
  - iii. Miscellaneous - 100
  - iv. Rems, Counterfeit and fraud - 200
  - v. Robbery - 65
  - vi. Security Breach - 13
  - vii. Bureau – 17
  - b. Horizon issues
    - i. Hardware – 100
    - ii. Office specific Issues – 100
    - iii. Old letters – 17
    - iv. Software – 100
36. What this shows is that where members were contacting the NFSP at a national level for help, internally the Post Office was being challenged. However, that does not mean that in every case, the outcome that the Postmaster wanted was achieved. It also shows that not all issues were software or branch accounts related. For example, the 200 cases of rem's, counterfeit and fraud in the main focus on a number of fraudulent Giro cheques that were

being cashed at Post Offices in the mid-2000's. This resulted in many Transaction Corrections being issued to Postmasters by PO, which was subsequently overturned after intervention by the NFSP. Others involved hardware such as computer screens, printers or base units etc not working.

#### *Working Group*

37. The NFSP considers that it is important to note that the Working Group, which had been set up by the government to seek to involve interested parties on the decision-making process, consisted of Government, Post Office, CMA, CWU and the NFSP. The NFSP considers therefore that it will be important for the Inquiry to hear what was the involvement of each of the three representative bodies involvement in the Working Group.

38. Throughout June 1999, there were issues arising with Horizon which the NFSP were aware of. For instance, a fax from Fujitsu to NFSP outlined software changes due to postmasters finding the balancing process difficult to follow, unnecessarily restrictive and time consuming. This was discussed at a Balancing Workshop <sup>18</sup> between Post Office and Fujitsu on the 11<sup>th</sup> of May 1999. One particular issue was data entry errors during migration, there was recognition that incorrect figures were used at migration to Horizon resulting in a mismatch between payments and receipts. As a result, a change in the MiMan software was proposed at migration to ensure that the correct figures were transferred over. Any mismatch would be highlighted with a warning at migration.

39. On 8<sup>th</sup> June 1999, the first Working Group meeting between Government, the Post Office, CWU, CMA & NFSP Chaired by Ian McCartney MP, Minister of State DTi, took place<sup>19</sup>. At this meeting terms of Reference were circulated and these included, as summarized by the NFSP:

- i. Overseeing negotiations between Post Office & ICL and separately with the Benefits Agency

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<sup>18</sup> Fax from ICL to NFSP - Recommended changes to improve the system p2, 2<sup>nd</sup> para

<sup>19</sup> NFSP00000026 - Notes of the Horizon Working Group meeting held on 8 June 1999

- ii. Facilitate solutions to the development stages of the Horizon project including the roll out and the migration of ACT via the PO network
- iii. To maximise the commercial potential of Horizon
- iv. Concerns raised by the group that Government did not come out of recent developments in a good light and that internally within Government Ministers had differing views on the project.
- v. Payment for Horizon would be about £550m, paid with an initial £68m and then four payments of £120m. £480m would come from PO's liquidated assets, with the remaining coming from PO's working budget.
- vi. There would potentially be a further £400m-£500m of costs to ICL Pathway, which would be part of PO's future commercial challenge

40. On 22<sup>nd</sup> of June 1999, the second meeting of the Working Group meeting took place with the following in attendance<sup>20</sup>:

- Ian McCartney MP, Minister for State, DTI (Chair)
- Stuart Sweetman, Post Office
- Dave Miller, Post Office
- Mena Rego, Post Office
- Derek Hodgson, CWU
- Tony Kearns, CWU
- Terry Deegan, CMA
- Tony Harris, CMA
- Colin Baker, NFSP
- John Peberdy, NFSP
- David Sibbick, Director, Posts, DTI
- Geoff Moore, Assistant Private Secretary, DTI

41. As can be seen <sup>21</sup>, there was discussion around the removal of the Benefits Card from the process. From the NFSP perspective, it appeared that ICL were preventing the Post Office from seeing exactly what they are buying. The NFSP notes there was general discussion

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<sup>20</sup> NFSP00000203 - Notes of the Horizon Working Group meeting held on 22 June 1999

<sup>21</sup> NFSP00000203 - Notes of the Horizon Working Group meeting held on 22 June 1999



from all parties in relation to costs (£80m per year) and Post Office's ability to afford the system. With the loss of the Benefits Payment Card (BPC) there was a question if there was sufficient business to make the whole system financially viable, with negotiations between the Post Office and the Benefits Agency apparently not going well as it appeared there was financial gap of £400m.

42. On 11<sup>th</sup> October 1999, the fifth meeting of the Working Group took place <sup>22</sup>.

- Those present were:
  - i. Jeff Rooker – DSS
  - ii. Alan Johnson – DTI
  - iii. NFSP
  - iv. CMA
  - v. CWU

At this meeting, the NFSP was raising concerns about the Benefits Agency trying to encourage benefit claimants to move to the bank, despite the NFSP having understood there was a commitment not to do that before 2003.

43. In conclusion on the forthcoming Phase 2, the NFSP has reviewed a series of meeting minutes and DTi reports and has concluded that at the early stages there were concerns about the finances of the project, the roll-out and issues identified throughout the pilot and matters underpinning the whole operation, for instance the changes in relation to benefits payments.

44. The NFSP recognises that it is for the Inquiry to review documents, hear evidence and reach its own conclusions. However, the NFSP considers that from the outset at the procurement stage through to the roll out, there were identifiable issues. The NFSP had a role in raising these issues and seeking resolution of them and did achieve extra funding for training and other changes as outlined. All of that said, it is clear that what is known now is that there were significant issues and failings and ultimately the Post Office chose to prosecute

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<sup>22</sup> BEIS00000231 - Notes of the Horizon Working Group meeting held on 11 October 1999

postmasters and others rather than face what was clearly a problem following the actual introduction of Horizon throughout the network.

45. In closing, the NFSP repeats something said at the beginning, that it regrets sincerely that its trust in government, the Post Office, IT businesses and the criminal justice system was so misplaced. The NFSP sincerely hopes that the Inquiry can illuminate in full all that happened, what went wrong, how and why it happened and to ensure it can never happen again. [Horizon \(nfsp.org.uk\)](http://nfsp.org.uk)

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