

IN THE POST OFFICE HORIZON IT INQUIRY

PHASE THREE CLOSING SUBMISSIONS ON BEHALF OF FUJITSU SERVICES LIMITED

1. Fujitsu Services Limited (“**Fujitsu**”) is grateful to the Inquiry for the opportunity to make these written submissions in respect of Phase 3. Fujitsu has focussed these written submissions on those Phase 3 issues in relation to which Fujitsu can most assist the Inquiry at this stage. Therefore, not every issue raised by Phase 3 will be addressed. Fujitsu also recognises that the evidence for Phase 3 is not yet closed and, therefore, it may be necessary to supplement these submissions at a later stage. Fujitsu will, in any event, revisit these issues, as needed, in its final closing statement to the Inquiry.
2. These Phase 3 closing submissions on behalf of Fujitsu are structured around six topics:
 - 2.1. **Topic 1:** Post Office knowledge of bugs, errors, and defects
 - 2.2. **Topic 2:** Identification and rectification of bugs, errors, and defects
 - 2.3. **Topic 3:** Support and help desk services
 - 2.4. **Topic 4:** Remote access
 - 2.5. **Topic 5:** Training
 - 2.6. **Topic 6:** The IMPACT Programme

Topic 1: Post Office knowledge of bugs, errors, and defects

3. In Phase 3, the Inquiry received further evidence corroborating the existence of bugs, errors, and defects (“**BEDs**”) in the Horizon IT System. Fujitsu acknowledges, as it did in its Opening Statement, that a number of those BEDs had the potential to affect, and did affect, the integrity of Post Office branch accounts.¹ The evidence demonstrates that there were, in fact, a number of causes (or potential causes) of discrepancies within branch accounts: including Horizon software bugs,² third-party software bugs,³ hardware or network failure,⁴ or user non-conformance.⁵ It is also

¹ SUBS0000002, Opening Statement on behalf of Fujitsu, §21.

² See, for example: FUJ00126035, Second Corporate Statement of Fujitsu, dated 29 December 2022, Appendix 1, BEDs 1, 4 and 7.

³ See, for example: the Callender Square bug. Chambers explained that the “*root cause of the problem appeared to be within the Riposte software, which was a product supported by a company called Escher*”: WITN00170100, First W/S of Chambers dated 15 November 2022, §76.

⁴ See, for example: FUJ00126035, Second Corporate Statement of Fujitsu, dated 29 December 2022, Appendix 1, BED 29.

⁵ See, for example, the exchange in relation to ‘remming out’ changes at: Transcript, 1 March 2023, p.18, ln.9-ln.20 (Allaker). A 2013 report by Detica commissioned by Post Office referred to “*widespread instances of non-conformance*”: POL00004408, Fraud and Non-conformance in the Post Office; Challenges and Recommendations, dated 1 October 2013, §3.3.1.

evident that a number of Post Office Limited (“**Post Office**”) IT systems and processes were further sources of discrepancies and errors, in addition to the interfaces between these various systems and processes.⁶

4. The evidence heard in Phase 3 continued to support the conclusion that extensive information concerning the existence of identified BEDs, and their potential impact upon branch accounts, was widely known within the Post Office. That is consistent with the evidence heard by the Inquiry in Phase 2.⁷ Inconsistent with the submissions advanced on behalf of Post Office in Phase 2, a number of Post Office witnesses acknowledged their contemporaneous awareness of BEDs, including those with the capacity to impact branch accounts. These witnesses included: (i) Mr Bruce McNiven, former Deputy Director of the Programme Delivery Authority;⁸ (ii) Ms Susan Harding, former Post Office Business Process Architect;⁹ (iii) Mr Mark Burley, former Post Office Head of Service Delivery;¹⁰ (iv) Mr David Smith, former Post Office Head of Change & IS;¹¹ (v) Mr Stephen Grayston, former Post Office Change Manager;¹² (vi) Mr Shaun Turner, former Post Office Network Business Support Centre (“**NBSC**”) analyst;¹³ (vii) Mr Gary Blackburn, former Post Office NBSC team leader / problem manager;¹⁴ (viii) Ms Anne Allaker, former Post Office Support Services;¹⁵ (ix) Mr Brian Trotter, former Post Office Area Manager / Contracts and Services

⁶ Examples include POLSAP, POLFS, and Galaxy. See, for example: POL00004408, Fraud and Non-conformance in the Post Office; Challenges and Recommendations, dated 1 October 2013, §§1.2, 5, 3.4.2, 7.5.1.2; FUJ00098040, The Story of Horizon and Horizon on line, dated September 2010, p.100 (“*complex mapping between Horizon and the SAP system known as POL FS*”).

⁷ SUBS0000020, Phase 2 Closing Submissions on behalf of Fujitsu, §17.3, and the extensive evidence cited at fns 82-87.

⁸ WITN04120100, First W/S of McNiven, 17 September 2022, §§19, 44, 48; Transcript, 10 January 2023, p.82, ln.16-p.83, ln.19 (McNiven).

⁹ Transcript, 22 February 2023, p.5, ln.13-ln.20 (Harding).

¹⁰ Transcript, 22 February 2023, p.214, ln.2-ln.7 (Burley) (“*there’s always a risk that bugs do creep in and that’s why you have to, you know, keep testing it and, you know, keep on top of it*”), cf Burley’s answers in relation to particular BEDs in HNG-X at Transcript, 22 February 2023, p.216.

¹¹ Transcript, 24 February 2023, p.137, ln.22-p.138, ln.11 (Smith) (“*Q: Do you accept that any system as complex as Horizon was bound to have some level of bugs, errors and defects? A: Absolutely, absolutely.*”)

¹² Transcript, 27 February 2023, p.3, ln.13-p.4, ln.1; p.19, ln.16-p.20, ln.1 (Grayston) (“*in my experience as a matter of course ... you will inevitably always find some defect even if you’ve gone through extensive testing. But something will always turn up*”). See also, WITN03920100, First W/S of Grayston dated 14 September 2022, §49.

¹³ See, for example: Transcript, 28 February 2023, p.35, ln.24-p.36, ln.9 (Turner) (regarding Turner’s awareness of the Callender Square bug). See also, p.93, ln.1-ln.14 (regarding knowledge of the receipts / payments misbalancing issue in 2018 / 19, which Turner suggests was known “[a]t quite senior levels” within Post Office).

¹⁴ Transcript, 28 February 2023, p.139, ln.25-p.141, ln.5 (Blackburn).

¹⁵ Transcript 1 March 2023, p.29, ln.5-ln.6 (Allaker) (“*...certainly things did occasionally crop up that were described to me as bugs, errors and defects...*”).

Manager;¹⁶ (x) Mr Andrew Winn, former Post Office Relationship Manager;¹⁷ (xi) Mr Rod Ismay, former Post Office Head of Product and Branch Accounting;¹⁸ (xii) Mr Mark Haldane, former Post Office Problem Manager;¹⁹ (xiii) Mr Richard Poulton, former Post Office Change Planning Manager and Gateway Specialist;²⁰ and (xiv) Mr Shaun White, former Complaints Officer and Problem Manager.²¹ A number of those witnesses acknowledged that there would *always* be BEDs (including, potentially, unidentified BEDs) within an IT system, particularly one of the complexity of the Horizon IT System.²² Ms Allaker, for example, conceded that this was something which “*would be in the back of our minds*”.²³

5. Post Office’s knowledge of BEDs was derived from multiple sources including:
6. First, information indicating issues arising from BEDs in the Horizon IT System, their potential impacts in branch accounts, was available to Post Office staff teams. For example:
 - 6.1. The evidence demonstrates Post Office IT teams had internal technical expertise, which enabled them to scrutinise the operation of the Horizon IT System.²⁴ Post Office relied upon that internal knowledge and expertise in assessing system integrity.²⁵
 - 6.2. Technical issues within the Horizon IT System were also the subject of various internal Post Office reports, which emanated from, or were distributed to, teams within Post Office,

¹⁶ Transcript, 2 March 2023, p.28, ln.1-p.42, ln.21 (Trotter) (regarding Trotter’s knowledge of the Callender Square bug. Trotter acknowledged that his involvement with the Callender Square bug “*could have been*” a “*huge wake-up call*” regarding “*whether or not there were system errors when shortfalls arose for subpostmasters*”).

¹⁷ See, for example: POL00028838, “Receipts/Payments Mismatch issue notes”, dated September 2010 (demonstrating Winn’s knowledge of this particular issue, and its impact upon branch accounts). See also: Transcript, 3 March 2023, p.76, ln.14-ln.20 (Winn) (“*Q: The notes for this meeting generally suggest that the Post Office knew that knowledge of the bug should create caution over the accuracy of some of the data that Horizon was producing? A: Yes.*”); POL00090726, Letter from Winn to Afzal, dated 11 October 2011.

¹⁸ Ismay accepted that he “*must have*” known about the issues arising from the ‘Receipts and Payments Mismatch’ bug, notwithstanding his earlier denial that he was aware of BEDs affecting the integrity of the Horizon IT System: compare Transcript, 11 May 2023, p.40, ln.2-ln.16 (Ismay) and Transcript, 12 May 2023, p.66, ln.16-ln.23 (Ismay).

¹⁹ WITN05740100, First W/S of Haldane dated 27 March 2023, §§16-18.

²⁰ WITN07570100, First W/S of Poulton dated 6 February 2023, §10.

²¹ WITN05820100, First W/S of White dated 16 March 2023, §2.6.

²² See, by way of illustration: Transcript, 24 February 2023, p.138, ln.1-ln.7 (Smith).

²³ Transcript 1 March 2023, p.29, ln.11-ln.16 (Allaker).

²⁴ For example, Smith prepared a report on ‘Horizon Integrity’ which collated Post Office internal knowledge concerning integrity issues with the Horizon IT System: POL00031815, Presentation on Horizon Integrity, by Smith.

²⁵ POL00026572, “Horizon – Response to Challenges Regarding Systems Integrity”, dated 2 August 2010 (i.e. the ‘Ismay Report’).

including: (i) POCL Service Management Reports,²⁶ which were produced by the Post Office Service Management Team, and appear to have been distributed widely within Post Office; (ii) Interim Business Continuity Status Reports;²⁷ also prepared by the Post Office Service Management Team for internal distribution; (iii) *ad hoc* reports concerning particular identified issues;²⁸ (iv) internal Post Office audits;²⁹ and (v) Business Service Management OBCS Monthly Service Review Books.³⁰

- 6.3. Monitoring emerging technical issues was also a key responsibility of the NBSC. Mr Grayston explained the role of the NBSC as being “*absolutely fundamental*” to the management of BEDs: “*from early in the programme, that people are contacting ... the Helpdesk, creating the view of the data that then has professional people analysing what the story is behind what is being reported.*”³¹ That is, the NBSC and Horizon System Helpdesk (the “HSH”) would enable the identification of “*recurring theme[s] in calls coming in*”, such that action may be taken.³² The Inquiry separately heard evidence of the NBSC performing precisely this function,³³ and of the HSH sharing information concerning trends in issues raised by SPMs with Post Office.³⁴ As well as calls made directly by SPMs to NBSC, HSH re-directed significant numbers of calls to NBSC which were not appropriate for HSH to handle.³⁵

²⁶ POL00028597, POCL Service Management Horizon Service report for February 1998, dated 27 March 1998, §§4, 5.2, 10 (e.g. “*growing concerns regarding the continuation of lost transactions ... [which] will seriously undermine the credibility of the system*”); POL00028591, POCL Service Management Horizon Service report for May 1998, dated 30 June 1998, p.6 (“*current levels [of lost transactions] ... may not be acceptable to the business when large volumes of encashments are returned by newly automating post offices ... volumes ... may be startling in the live service.*”); POL00028589, POCL Service Management Horizon Service report for June 1998, dated 28 July 1998, p.6 (“*It has been agreed within both POCL and ICL Pathway that the current levels of Incomplete transactions is not acceptable for a system where the primary function is to record and manage transactions*”).

²⁷ POL00028600, Interim Business Continuity Status Report for 13-19 November 1997, §3.2.

²⁸ See, for example: POL00031815, Presentation on Horizon Integrity by Smith; POL00026572, Horizon – Response to Challenges Regarding Systems Integrity, dated 2 August 2010 (i.e. the ‘Ismay Report’).

²⁹ POL00028440, Review of Horizon Performance and Problem Management Reporting, Post Office Network (Internal Audit), February 2000.

³⁰ POL00093352, Business Service Management OBCS Monthly Service Review Book August 2001, p.16 (“*DWP duplicate transactions*”).

³¹ Transcript, 27 February 2023, p.20, ln.6-ln.11 (Grayston).

³² Transcript, 27 February 2023, p.20, ln.17-ln.24 (Grayston).

³³ Transcript, 28 February 2023, p.9, ln.11-p.13, ln.20 (Turner). See also p.107, ln8-ln.19 (regarding “*forums between the helpdesks*” to discuss identified problem management trends).

³⁴ Transcript, 28 February 2023, p.128, ln.5-ln.14 (Blackburn) (“*we would literally take trends and analysis from the Network Business Support Centre, we’d also have it provided to us by the Horizon System Helpdesk*”). See also: WITN04540100, First W/S of Welsh dated 15 March 2023, §30 (“*regular meetings between the HSH and the NBSC*”); WITN07480100, First W/S of Booth dated 4 February 2023, §10. An example agenda for such a meeting can be found at FUJ00080444, p.18.

³⁵ For example FUJ00152255, Service Review Book (14 February 2006), p.24 shows between c. 1,000 and 2,000 calls categorised as Inappropriate per month during 2006.

- 6.4. The evidence also establishes that the National Federation of Subpostmasters raised a number of potential issues with the Horizon IT System with the Post Office throughout the relevant period.³⁶
- 6.5. There is also some evidence in Phase 3 concerning the involvement of Post Office’s internal and external legal teams in the management of Horizon system integrity issues, including in relation to BEDs. A number of witnesses gave evidence of weekly meetings,³⁷ chaired by lawyers from Bond Dickinson and Post Office Legal Services, concerning Horizon integrity issues.³⁸ The purposes of those meetings were variously described as being “*to understand if there was any branches or issues or technical issues that the business actually needed to be aware of*”,³⁹ and to discuss “*the number of issues being experienced with products in branches*”.⁴⁰
7. Secondly, the evidence supports the conclusion that Fujitsu shared information concerning the existence of, and impact of, BEDs with Post Office teams. For example:
- 7.1. Identified technical issues within the Horizon IT System were the subject of various reports passing between ICL Pathway / Fujitsu and Post Office, a number of which had a contractual basis. These reports included: (i) information from PinICLs and KELs being shared with Post Office staff;⁴¹ (ii) ‘Weekly Problem Review’ reports,⁴² which were “*reviewed collectively*” between ICL Pathway and Post Office;⁴³ (iii) reports for service review meetings⁴⁴ which “*were held between Fujitsu’s Customer Service Director and POL’s Head of Network Support*” on a regular basis to review service levels, incidents and problems

³⁶ See, for example: NFSP00000513, Report of the National Executive Council Meeting held on 18-20 March 2001, p.15 (“*There had been stories about the problems that had been created by Horizon, shortages, Horizon was not doing things, the problem with losses having to be made good immediately, and all the things about Suspense Accounts*”); , POL00002276, Horizon Service Improvements Workshop, dated 5 September 2013; Transcript, 27 February 2023, p.9, ln.7-ln.20 (Grayston).

³⁷ See, for example: POL00043369, Regular Call re Horizon Issues, dated 2 October 2013; POL00043371, Meeting Minutes, dated 16 October 2013.

³⁸ See, for example: Transcript, 1 March 2023, p.117, ln.9-p.118, ln.24 (Peacock).

³⁹ Transcript, 1 March 2023, p.118, ln.13-ln.24 (Peacock).

⁴⁰ Transcript, 12 May 2023, p.47, ln.20-p.48, ln.5 (Ismay).

⁴¹ Transcript, 11 January 2023, p.9, ln.25-p.10, ln.10 (Bansal); Transcript, 12 January 2023, p.30, ln.8-p.32, ln.4 (Muchow); Transcript, 28 February 2023, p.34, ln.11-p.35, ln.16 (Turner). Details of PinICLs and Peaks were also shared with Post Office in the context of release documentation, see POL00030283, S80 Release Note – Deferred Peaks List – Counter, dated 13 October 2005, pp.7-32.

⁴² See, for example: FUJ00085191, POLS Weekly Problem Review 241013; FUJ00085207, Post Office Weekly Problem Review, dated 13 November 2013.

⁴³ Transcript, 11 January 2023, p.40, ln.8-ln.20 (Bansal).

⁴⁴ See, for example: POL00029158, Service Review – Performance Statistics (January 2000), dated 7 February 2000. See Clause 6.2 of Schedule E05 to the Codified Agreement which provides the contractual basis for Service Review Meetings. Clause 6.2.4 sets out a typical agenda for those meetings, which include “*explanation of unresolved Incidents and, in particular, any matters still outstanding*” and Clause 6.2.5 which provides that “*POCL shall keep a record of these meetings*”.

reported in the previous period,⁴⁵ including in monthly ‘Service Review Books’;⁴⁶ (iv) Major Incident Reports;⁴⁷ (v) ‘Business Incident Management Service’ (“BIMS”) reports, which were raised to identify particular business incidents,⁴⁸ and appear to have been distributed to a number of Post Office teams, including Product & Branch Accounting (“P&BA”)⁴⁹ and Post Office Finance;⁵⁰ and (vi) spreadsheet problem records, tracking Post Office and Fujitsu responses to identified issues.⁵¹

- 7.2. Over the course of the operation of the Horizon IT System, various forums and channels of communication existed between Fujitsu and Post Office, in the course of which BEDs and system integrity issues were routinely discussed. Those mechanisms included: (i) service review meetings (also known as the Service Management Forum),⁵² held “between Fujitsu’s

⁴⁵ FUJ00126035, Second Corporate Statement of Fujitsu, dated 29 December 2022, §25. The Service Review Books reported, *inter alia*, call volumes for issues including the cash account, software issues, and other ‘cross domain problems’, see, for example: FUJ00121087, Service Review – Performance Statistics – May 2001, pp.11, 34-35. This document, in particular, identified a number of ‘cross domain problems’, including “TIP transactions dropped from TIP harvesting process”; and issue with “30% of PON reference data files”, non-polling, “message store amendments”, “P&A reports have incorrect values / quantities”, “unmatched reverse / reversing”, “screen distortion”, “slow running on counters” and “blue screen crashes”.

⁴⁶ See, for example: FUJ00083429, Fujitsu Services Post Office Account, Service Review Book, February 2007. Evans-Jones explained that the ‘Service Review Books’ were a monthly explanation, provided by Fujitsu to Post Office, of “the performance metrics for key services that Fujitsu provided”: Transcript, 7 March 2023, p.25, ln.9-p.26, ln.24 (Evans-Jones). The contractual basis for the Service Review Book is contained in CCDs ‘Management Information Service: Service Description’ (CS/SER/015) and (SVM/SDM/SD/0016).

⁴⁷ See, for example: POL00029278, Major Incident Report for Network Banking Failures on Monday 5th January 2004, dated 6 February 2004; POL00029277, Major Incident Report for Debit Card Transaction Failures on Saturday 14th February 2004, dated 1 March 2004; POL00029293, Major Incident Report Covering APS Stranded Transactions & APS Reconciliation’s between the period 10th July – 29th July 04, dated 24 August 2004; POL00091917, Major Incident Report – Correspondence Servers online service 9th May 2005, dated 9 January 2006.

⁴⁸ WITN00680100, First W/S of S. Parker dated 27 March 2003, §70; WITN00170100, First W/S of Chambers 15 November 2022, §§129, 149, 170. From 31 December 2002, Fujitsu’s recording and reporting obligations were set out in a number of CCDs: see FUJ00001741, Network Banking Reconciliation & Incident Management dated 19 December 2002 (NB/PRO/002); FUJ00079976, TPS Reconciliation & Incident Management dated 17 October 2005 (CS/PRO/111); and FUJ00001968, APS Reconciliation & Incident Management dated 17 October 2005 (CS/PRO/128) relating to Business Incidents reporting through BIMS. From 31 August 2006, FUJ00002031, CCD ‘Reconciliation Service: Service Description’ (SVM/SDM/SD/0015), provided that the Reconciliation Service would identify Business Incidents and System Incidents. Fujitsu was then required to provide a number of reports to Post Office giving a statement of reconciliation across the agreed boundary points within the HNG-X Service Infrastructure.

⁴⁹ WITN04640100, First W/S of Turner dated 13 January 2023, §§98-99.

⁵⁰ POL00042078, Reconciliation and Incident Management Joint Working Document dated 18 March 2013, p.15.

⁵¹ See, for example: POL00001950, Fujitsu Problem Record Report, July-September 2011; POL00001962, Fujitsu Problem Record Report, November 2011; POL00001958, Fujitsu Problem Record Report, October-November 2011.

⁵² The nature of service review meetings is explained at fn 85 of SUBS0000020, Phase 2 Closing Submissions on behalf of Fujitsu. See FUJ00120444, Service Management Service: Service Description CCD v1.0 dated 31 December 2002. This provided that representatives from Post Office and Fujitsu

Customer Service Director and POL's Head of Network Support" and the various subject matter specific joint forums that fed into these meetings;⁵³ (ii) liaison between Fujitsu's Problem Manager and Post Office;⁵⁴ (iii) the Cross Domain Problem Management Forum;⁵⁵ (iv) the HSH / NBSC Forum;⁵⁶ and (iv) release management meetings (described further below).

- 7.3. A number of witnesses gave evidence as to the close working relationship between Post Office and ICL Pathway / Fujitsu.⁵⁷ The nature of that relationship involved extensive *ad hoc* communications concerning the identification of BEDs which were shared between the organisations. For example, Mr Bansal gave evidence as to the process by which 'problem records' were resolved by way of regular meetings between ICL Pathway / Fujitsu and Post Office,⁵⁸ and the "*open dialogue*" between Fujitsu and Post Office regarding 'Major Incident Reports'.⁵⁹ Mr Turner gave evidence as to the sharing of KELs and other information between helpdesk staff on the HSH and NBSC.⁶⁰ Mr Blackburn's evidence was that Fujitsu "*certainly made [Post Office] aware of incidents when they arose*".⁶¹ Mrs Chambers' evidence was that the Fujitsu Management Support Unit informed the Post Office of "*errors which potentially had a financial impact on a branch account*" by means of BIMS reports.⁶² Further Mrs Chambers' evidence was that she generally explained to whoever she was liaising directly with (including Post Office itself) the nature of the issue identified.⁶³

were to meet every month "*to review performance against Service Level Targets and issues and problems escalated to the Service Management Forum*". The suggested 'typical agenda' for the Service Management Forums included "*[an] explanation of unresolved issues and problems and, in particular, any matters still outstanding*". From 24 August 2006, this was replaced by FUJ00002025, Service Management Service: Service Description, dated 24 August 2006, which does not refer to a Service Management Forum. However, Annex 1 to Schedule A2 of the HNG-X versions of the Horizon Contract refer to "*a monthly service review meeting for which Fujitsu Services shall prepare reports in the formats agreed from time to time*".

⁵³ FUJ00126035, Second Corporate Statement of Fujitsu dated 29 December 2022, §25.

⁵⁴ See FUJ00079886, Pathway / POL Interface Agreement for the Problem Management Interface v1.0 (CS/IFS/008) dated 23 December 2002; FUJ00120444, Service Management Service: Service Description CCD v1.0 (CS/SER/014) dated 31 December 2002 which provided that a Fujitsu 'problem manager' had the responsibility of liaising with Post Office in conformance with the Interface Agreement for the Problem Management Interface CCD. Similar provisions were set out in FUJ00079993, Service Management Service: Service Description v1.0 (SVM/SDM/SD/0007) dated 24 August 2006.

⁵⁵ See examples at: SUBS0000020, Phase 2 Closing Submissions on behalf of Fujitsu, §17.3, fn 87.

⁵⁶ An example agenda for such a meeting can be found at FUJ00080444, p.18.

⁵⁷ Transcript, 10 January 2023, p.79, ln.25-p.80, ln.7 (McNiven) ("*there were continuous conversations on all these issues*"); Transcript, 11 January 2023, p.37, ln.11 -p.38, ln.7 (Bansal).

⁵⁸ Transcript, 11 January 2023, p.37, ln.11-p.38, ln.7 (Bansal).

⁵⁹ Transcript, 11 January 2023, p.49, ln.16-p.51, ln.5 (Bansal).

⁶⁰ Transcript, 28 February 2023, p.34, ln.11-p.35, ln.16 (Turner).

⁶¹ Transcript, 28 February 2023, p.153, ln.16 (Blackburn).

⁶² WITN00170100, First W/S of Chambers dated 15 November 2022, §42(iv). In her oral evidence, Chambers clarified that other kinds of errors were communicated to Post Office via other means: Transcript, 2 May 2023, p.146, ln.16-ln.25 (Chambers).

⁶³ Transcript, 2 May 2023, p.151, ln.4-p.153, ln. 18 (Chambers)

- 7.4. Joint working documents also demonstrate Fujitsu’s and Post Office’s mutual understanding regarding the existence of, and potential impacts of, BEDs. By way of illustration, the April 2012 ‘Reconciliation and Incident Management Joint Working Document’ identified the prospect of a “*system fault*”, including a “*software bug (introduced through either design or coding)*” or “*system crash*” to “*affect transactions*”.⁶⁴ Joint working is also evident in the management of particular BEDs about which the Inquiry heard evidence in Phase 3.⁶⁵
- 7.5. The management of BEDs was also an important part of the release management process. Mr Smith’s evidence was that the Release Authorisation Board would monitor BEDs within the system and would, on occasion, ‘defer’ the fixing of particular identified issues to later releases.⁶⁶ That is, Post Office would agree that a system update could be implemented, notwithstanding that it was known that there were unresolved BEDs within the system.⁶⁷ Mr Smith explained that Post Office employees would “*have [deferred issues] on their radar screen and decide whether they were worth following up or not.*”⁶⁸ The types of issues ‘deferred’ in this way varied. However, some of the ‘deferred Peaks’ (for example, in relation to release S80) were subsequently identified by Deloitte as giving rise to a “*risk of erroneous data which could result in sub-postmaster detriment*”.⁶⁹
8. Further, pursuant to the Second and Third Supplemental Agreements⁷⁰ to the Codified Agreement between Post Office and Fujitsu and subsequent amendments thereto, the parties agreed to work together in relation to, *inter alia*, “*the development of operational procedures to support accounting*

⁶⁴ POL00002010, Reconciliation and Incident Management Joint Working Document, v.3.0, dated 30 April 2012, p.7.

⁶⁵ FUJ00081214, Email from Woolgar to Wright, Jenkins, and Simpkins, RE: Receipts and Payments issue (Wright emails: “*I’ve been sending a report every week to Pol Duty Manager, Gareth and Mike S. Maybe Duty manager is not sending the information out inside POL?*”).

⁶⁶ See, for example: POL00030283, S80 Release Note – Deferred Peaks List dated 13 October 2005; POL00001033, S75 Release Note – Deferred Peaks List LiNK Cutover (R1) dated 30 November 2004.

⁶⁷ See, for example, WITN03920100, First W/S of Grayston dated 14 September 2022, §28; POL00002010, Reconciliation and Incident Management Joint Working Document v3.0 dated 30 April 2012, p.7 (“*Each and every Reconciliation error is the result of some system fault. That fault might, for example, be a software bug (introduced through either design or coding), a system crash, or a telephone line being dug up. Such faults may affect transactions ... It is acknowledged that not all system faults will lead to corrective action as this is generally done on a contractual and/or cost benefit basis.*”). A number of the deferred Peaks involved EPOSS and the cash account (see, for example, POINQ0097329F (PC0115319) and POINQ0097200F(PC0115852)).

⁶⁸ Transcript, 24 February 2023, p.139, ln.6-p.143, ln.24 (Smith).

⁶⁹ POL00029049, Deloitte memorandum to Post Office, ‘Project Bramble – Document Review’ dated 3 September 2018, p.6.

⁷⁰ FUJ00079316, Second Supplemental Agreement dated 24 September 1999; FUJ00118186, Third Supplemental Agreement dated 19 January 2000; see also SUBS0000020, Phase 2 Closing Submissions on behalf of Fujitsu, §19.3.

integrity over the TIP interface” and to improve the “*end-to end management of Reference Data*”.⁷¹
This was in mutual recognition of ongoing issues which could affect the Horizon IT System.

9. In its Phase 2 closing submissions, Post Office advanced a submission that there was no sharing of “*technical challenges*” regarding the Horizon IT System between ICL Pathway and Post Office.⁷² That is an untenable submission in light of the totality of the available evidence adduced in Phase 3 (including that cited above, and notwithstanding apparent deficiencies in Post Office disclosure).
10. Another theme which emerged in the course of Phase 3 was a failure by Post Office staff to share internally important information concerning integrity issues identified in the Horizon IT System with their colleagues. It would be open to the Inquiry to conclude, on the evidence heard in Phase 3, that organisational silos within Post Office contributed to a failure by certain staff within Post Office to consider that BEDs in the Horizon IT System were capable of producing transaction errors and impacting upon branch accounts. As to that:
 - 10.1. A number of Post Office witnesses gave evidence as to an inherent *assumption* that discrepancies were the result of ‘user error’, rather than any fault in the system.⁷³
 - 10.2. The Inquiry received evidence of information as to BEDs becoming ‘siloes’ within particular teams within the Post Office. By way of illustration, Mr McNiven was not aware of any conversations between Post Office technical staff and Post Office auditors, investigators, or prosecutors regarding the fact that imbalances and discrepancies may be caused by training inadequacies in the early period of the use of the Horizon IT System.⁷⁴ Mr Gilding, involved in the training and audit functions within Post Office, gave evidence that he “*didn’t see any evidence to say that there had been any problems*” with the system, and that he was given verbal assurances by his team leader while working on the mediation programme that “[*t*]here are no problems, no errors, bugs or defects in Horizon that could

⁷¹ WITN06650100, First Corporate Statement of Fujitsu dated 28 September 2022, §134. See clauses 3, 7 and 11 of the Second Supplemental Agreement, and paragraph 3 of Schedule 2 thereto. See further: clauses 5 and 6 of the Third Supplemental Agreement and, in particular, §3.6 of Schedule G01 to the Codified Agreement, as amplified and amended by clause 6 and Schedules 4 and 5 of the Third Supplemental Agreement. Note, also, the relevant CCDs: FUJ00079976, TPS Reconciliation and Incident Management (CS/PRO/111), v5.0, dated 17 October 2005; FUJ00001366 the CCD entitled ‘ICL Pathway / POCL Interface Agreement for Operational Business Change-Product’, v3.0, dated 20 January 2000 (referred to in clauses 2.3 and 2.4 of the Third Supplemental Agreement).

⁷² SUBS0000016, ‘Phase End’ Closing Submissions: Phase 2, on behalf of Post Office, §6, see generally §§5-20.

⁷³ Transcript, 28 February 2023, p.137, ln.19-p.138, ln.9 (Blackburn); Transcript, 1 March 2023, p.8, ln.17-20 (Allaker). See further: Transcript, 1 March 2023, p.9, ln.25-p.12, ln.1 (Allaker); Transcript, 1 March 2023, p.85, ln.17-ln.22 (Peacock); Transcript, 3 March 2023, p.126, ln.18-p.127, ln.18 (Wim); WITN04630100, First W/S of Ismay, 13 January 2023, §40.

⁷⁴ Transcript, 10 January 2023, p.46, ln.20-p.47, ln.9 (McNiven)

be causing these discrepancies".⁷⁵ Indeed, in answer to questions posed by the Chair, Mr Gilding's evidence was that, although there was, within Post Office, a "*crossing-over between the teams on occasion*", he nonetheless could recall no discussion with any team within Post Office concerning the reliability or robustness of the system.⁷⁶ A report produced for Post Office in 2013 recorded the "*proliferation of teams in the Post Office that do similar jobs but which work in silos*" and that "*formal understanding and processes do not exist between teams*".⁷⁷

10.3. The Inquiry may also conclude that the evidence heard in Phase 3 suggested the development of a Post Office 'corporate position' to the effect that there were no Horizon system integrity issues. Of course, if such a position *did* develop then, for all the reasons set out above, it was contrary to the extensive contemporaneous information available to Post Office concerning the existence of, and impact of, identified BEDs. Mr Blackburn's evidence was that he was "*told quite clearly, in fact on numerous occasions ... that there were no Horizon integrity issues, and there were no systematic issues*".⁷⁸ Mr Blackburn's evidence was that the information that there "*were no Horizon integrity issues*" came from "*the wider business*".⁷⁹ Ms Peacock's evidence was that there was a "*top down*" (i.e. Board-driven) internal Post Office message "*that Horizon was generally okay*".⁸⁰ It would be open to the Inquiry to conclude that this "*top down*" view came to be reflected in the 'Horizon – Response to Challenges Regarding Systems Integrity' report prepared by Mr Ismay in July / August 2010.⁸¹ The Inquiry will be aware of the serious concerns regarding the accuracy of the conclusions reached in that report, and the propriety of the process by which it was produced.

10.4. In considering the Second Sight report, Ms Peacock's evidence was that, although the report suggested that POL became aware of the receipts and payments mismatch bug in around 2012, no issues of that kind were brought to her attention "*at all*".⁸² Ms Peacock was the author of the 'Branch Support Programme – Terms of Reference',⁸³ commissioned after the Second Sight report. Despite the conclusions reached by Second Sight, Ms Peacock: (i) had

⁷⁵ Transcript, 13 January 2023, p.10, ln.8-10, p.11, ln.4-ln.19 (Gilding).

⁷⁶ Transcript, 13 January 2023, p.90, ln.2-p.90, ln.15 (Gilding).

⁷⁷ POL00004408, Fraud and Non-conformance in the Post Office; Challenges and Recommendations dated 1 October 2013, §§3.4.2 and 7.5.2.4.

⁷⁸ Transcript, 28 February 2023, p.137, ln.25-p.138, ln.9 (Blackburn).

⁷⁹ Transcript, 28 February 2023, p.138, ln.10-p.139, ln.9 (Blackburn).

⁸⁰ Transcript, 1 March 2023, p.115, ln.18, p.116, ln.8 (Peacock). See, further, WITN06160100 First W/S of Peacock dated 31 January 2023, §129) "*Even when the claims about Horizon started to be known within the business, the messaging coming from the business was that the system was not capable of impacting the accounts.*"

⁸¹ POL00026572, Horizon – Response to Challenges Regarding Systems Integrity dated 2 August 2010 ("*Horizon is robust*").

⁸² Transcript, 1 March 2023, p.106, ln.8-p.107, ln.10. (Peacock).

⁸³ POL00039158, Branch Support Programme – Terms of Reference, v3.0 dated 7 August 2013.

not actually been shown a copy of the Second Sight report; and (ii) the Terms of Reference which Ms Peacock drafted made no mention of BEDs.⁸⁴

Topic 2: Identification and rectification of bugs, errors, and defects

11. A significant feature of the evidence heard in Phase 3 was the measures in place to identify, investigate, and rectify BEDs. Fujitsu acknowledges that those measures were not effective at detecting and rectifying all BEDs. Fujitsu addresses the evidence in relation to HSH and support services in Topic 3, below but acknowledges there were issues with those services which meant that not all BEDs in the Horizon IT System were detected by Fujitsu and, for some of those BEDs that were detected, there were delays and other issues in Fujitsu’s earnest attempts to rectify them.
12. With this in context in mind, the evidence of the investigation of BEDs in Phase 3 demonstrated the myriad ways in which any particular issue may have manifested, such that a single BED could produce multiple symptoms (including different symptoms for different users), or multiple apparently similar symptoms could, in fact, have had different causes.
13. In terms of the identification and investigation of BEDs, the Phase 3 evidence was to the effect that:
 - 13.1. Responsibility for identifying and investigating BEDs in the live system as root causes of accounting discrepancies was shared between Post Office (in particular, the NBSC and P&BA) and Fujitsu (in particular, the HSH, Systems Management Centre, “SMC”, and Software Support Centre, “SSC”).⁸⁵
 - 13.2. Fujitsu had in place a range of automated monitoring mechanisms to detect BEDs within the system.⁸⁶ The Inquiry has seen evidence of those systems working to pro-actively identify and raise an issue, and allow it to be rectified, prior to any Helpdesk contact by the affected SPM.⁸⁷
 - 13.3. Members of Fujitsu’s service team conducted a ‘trend analysis’ in respect of Peaks, in order to “*understand what was going on and then potentially, proactively be able to get ahead of issues as well*”.⁸⁸ Further individual trend analyses were also conducted. For

⁸⁴ Transcript, 1 March 2023, p.110, ln.11-p.112, ln.19 (Peacock).

⁸⁵ Transcript, 21 February 2023, p.56, ln.15-ln.24 (Boardman).

⁸⁶ See the references to Tivoli-generated alerts and automatic system alerts in, *inter alia*: FUJ00079874, Incident Management Process for Non-Polled Outlets, v2.0 dated 2 November 2001, pp.6, 10, 12-13; FUJ00079968, POA Customer Service Incident Management Process Details, v4.0 dated 2 August 2005, p.9; FUJ00080076, RMGA Customer Service Incident Management Process, v4.0 dated 3 August 2009.

⁸⁷ See POL00029328, Peak PC0152014 dated 17 April 2008,

⁸⁸ Transcript, 11 January 2023, p.47, ln.8-p.49, ln.2 (Bansal). Chambers’ evidence was that the SSC also conducted analysis “*and, where we saw patterns emerging, we did try to make sure those problems were progressed*”: Transcript, 2 May 2023, p.110, ln.14-p.111, ln.2 (Chambers).

example, in around 2013, Mr Bansal implemented an annual ‘[Post Office Account] Problem Management – Problem Review’, in order to examine larger trends with problems in the Horizon IT System.⁸⁹ Further, Fujitsu staff would create ‘Master Peaks’ to assist in the identification and resolution of issues affecting multiple branches.⁹⁰

14. In terms of the evidence in relation to the rectification of BEDs, for which Fujitsu acknowledges that it had primary responsibility, in addition to the evidence relating to the operation of the HSH and support services (and the third and fourth lines of support, in particular), summarised in Topic 3, below, Fujitsu emphasises the following:

14.1. Fujitsu acknowledges, with the benefit of hindsight, that some BEDs could have been dealt with more swiftly, more professionally, or with greater communication with SPMs. However, it is nonetheless the case that the general impression to be derived from the Peaks and PinICLs which the Inquiry has had cause to examine in some detail is that the SSC worked conscientiously and professionally to resolve issues raised.

14.2. Part of the SSC’s function was to rectify the consequences of an identified BED; not simply in respect of the initial branch at which that BED was identified, but for a wider range of potentially affected branches (to the extent that they could be identified).⁹¹ Mrs Chambers’ evidence was that the SSC’s pro-active identification of branches potentially affected by known BEDs “*got a lot better*” following the introduction of HNG-X.⁹²

15. In practice, responsibility for direct communications with SPMs concerning identified BEDs in the Horizon IT System was the responsibility of Post Office.⁹³ Fujitsu’s ability to communicate directly with SPMs concerning known BEDs was limited, as the Post Office had the direct contractual relationship with SPMs, and had numerous direct lines of communication to branch staff.⁹⁴ In particular, where there was an issue which was identified as likely to effect numerous branches, Fujitsu would have expected Post Office to have communicated this to relevant branches.⁹⁵ Of course, some Fujitsu teams (including the Helpdesk, and the SSC) *did*, in the ordinary course of their work, have direct contact with some SPMs. Mrs Chambers’ evidence was that she, and her

⁸⁹ See, for example: FUJ00085953, 2015 POA Problem Management – Problem Review dated 3 May 2016.

⁹⁰ See, for example: FUJ00086680, Peak PC0065021 dated 12 November 2001.

⁹¹ WITN00680100, First W/S of S. Parker dated 27 March 2023, §69; Transcript, 9 March 2023, p.24, ln.25-p.25, ln.5 (Roll); FUJ00080234, Horizon Online 3rd Line Application Support Service: Service Description v5.0 dated 24 May 2013, p.10.

⁹² Transcript, 2 May 2023, p.105, ln.14-ln.25 (Chambers).

⁹³ Transcript, 10 May 2023, p.56, ln.4-ln.8 (S. Parker).

⁹⁴ WITN00170100, First W/S of Chambers, dated 15 November 2022, §212; Transcript, 10 May 2023, p.56, ln.4-ln.8 (S. Parker).

⁹⁵ See, for example: Transcript, 3 May 2023, p.84, ln.19-p.87, ln.5 (Chambers).

SSC colleagues, did routinely inform SPMs when an identified issue was the result of a system problem.⁹⁶

Topic 3: Helpdesk & Support Services

16. As the Inquiry is aware, the framework for the support services available in respect of the Horizon IT System can broadly be categorised as involving four ‘levels’.⁹⁷

16.1. **First line support:**⁹⁸ At various times during the Legacy Horizon and HNG-X periods, first line support included: (i) the HSH (and referred to variously as Help Desk, Helpdesk, Helpdesk service and HSH), delivered by the Service Desk Team;⁹⁹ and (ii) Fujitsu’s own system monitoring, provided by the Systems Management Service, and delivered by the SMC.

16.2. **Second line support:** At various times during the Legacy Horizon and HNG-X periods, second line support included: (i) the SMC; (ii) the HSH; and (iii) in certain circumstances the Software Support Centre team (also known as the System Support Centre, the “SSC”).

16.3. **Third line support:**¹⁰⁰ Provided by the Third Line Support Service, delivered primarily by the SSC.

⁹⁶ Transcript, 3 May 2023, p.87, ln.17-p.88, ln.19 (Chambers). Chambers’ evidence is supported by contemporaneous documentation, see, for example: POL00029356, Peak PC0181609 dated 22 May 2009 p.3 (“I have spoken to the Branch Manager and explained that there has been a system problem”); POL00001500, Peak PC0175821 dated 19 February 2009 (“I tried to contact the PM ... to say it was a system problem”).

⁹⁷ FUJ00126035, Second Corporate Statement of Fujitsu, dated 29 December 2022, §11. See also: FSL_04/2, FSL_04/3, FSL_04/4, FSL04/5 and POL00000912, CS Support Services operations Manual (CS/QMS/004), dated 7 November 2000, §4.2. Note that the scope of the support services was subject to considerable contractual change over the period. These submissions aim at providing a broad overview to assist the Inquiry as to the key points but further submissions may be made under Phase 6.

⁹⁸ For explanations as to how first line support was, in fact, provided, see, for example: FUJ00079939, Fujitsu POA Customer Service Incident Management Process Details, v3.0 dated 23 March 2005 (in relation to Legacy Horizon); FUJ00080027, Fujitsu POA Customer Service Incident Management Process, v2.0 dated 2 April 2007 (in relation to HNG-X).

⁹⁹ ICL Pathway / Fujitsu were responsible for providing the HSH service between May 1996 and July 2014. From July 2014, the service was provided by ATOS. Helpdesk was defined in the Codified Agreement in substantially the same terms as under the Authorities and POCL Agreements: “The initial point of call for Users in need of support relating to the POCL Services”: see Schedule A01 to the Codified Agreement (POL00028215).

¹⁰⁰ The Inquiry will recall that Chambers and Longley each gave a detailed description of aspects of the working practices of the SSC (including, for example, the various sources of information with which the SSC would conduct an investigation), see generally: Transcript, 2 May 2023 (Chambers); Transcript, 9 May 2023 (Longley). Third Line Support was originally provided as part of the general Helpdesk Service under the Codified Agreement. However, from the Horizon Steady State Agreement onwards, it was provided as a separate and distinct service: see row 10 of Table A of Schedule 19 of the Steady State Agreement and FUJ00001735, the Third Line Support Service Description (CS/SER/009).

In particular, the Inquiry heard clarifying evidence concerning the nature of information recorded in ARQ data. The better view on the evidence now available is that ARQ data recorded messages and buttons

16.4. **Fourth line support:**¹⁰¹ Provided by the Application Support Service (known during the Legacy Horizon period as ‘4th line support’), delivered by Fujitsu’s Application Division teams and, later, some teams based overseas.

17. The scope of Fujitsu’s contractual obligations to provide helpdesk services in the form of the HSH changed over time:

17.1. In the period from May 1999 until late 2002, the services provided by the HSH were wide in scope. The ‘Horizon System Help Desk Call Enquiry Matrix’ stated: “*The Horizon System Helpdesk provides a the [sic] single contact point for all technical problems arising within the ICL Pathway operating domain, from outlets, POCL and its clients where there are links into the ICL Pathway systems and for reconciling data or information across those links as business incidents.*”¹⁰² The types of call, or incident, which Helpdesk was expected to deal with included *inter alia* hardware incidents, software incidents, network incidents, various operation incidents, advice and guidance, documentation incidents and security incidents.¹⁰³ From July 1999, until late 2002, Helpdesk also dealt with cash account balance incidents.¹⁰⁴

17.2. Following the introduction of CCN 1016a in October 2002¹⁰⁵ and the ‘Horizon Steady State Agreement’ (with effect from 31 December 2002) the scope of Helpdesk was reduced in material respects. Helpdesk was no longer responsible for dealing with calls from Post Office branches relating to advice and guidance, and cash accounting issues; the NBSC became responsible. Helpdesk continued to be responsible for resolving hardware, software and network problems, together with environmental and security issues. The reduced scope of the Helpdesk was reflected in substantial amendments to CSR+ ‘Horizon System Helpdesk Processes and Procedures Description’.¹⁰⁶

pressed by the SPM, but did not record all SPM keystrokes: Transcript, 3 May 2023, p.1, ln.9-p.23, ln.21 (Chambers), *cf* the conclusions expressed in *Bates & ors v Post Office Limited (No.6)* “*Horizon Issues*” [2019] EWHC 3408 (QB), §§906, 911(1) and (6), 995; *Hamilton & ors v Post Office Limited* [2021] EWCA Crim 577, §15.

¹⁰¹ Note that the Horizon Steady State Agreement formally introduced the “*Fourth Line Support*”. This was defined as “*Support of the systems infrastructure (used to provide services to Post Office by Fujitsu Services) through the development of bug fixes, patches or similar restorative or preventative software*”. FUJ00080489, Horizon System Help Desk Call Enquiry Matrix v.4.0, dated 28 July 1999, p.6.

¹⁰³ *Ibid*, p.9 *et seq*.

¹⁰⁴ See Horizon System Help Desk Call Enquiry Matrix (CS/FSP/0002), v4.0, dated 28 July 1999, which introduced, for the first time, cash account balance incidents (under the heading “*PO Training*”).

¹⁰⁵ See FUJ00000875, CCN No. 1016a, Helpdesk Single Point of Contact SPOC 2, dated 29 October 2002.
¹⁰⁶ FUJ00001761, CSR+ Horizon System Helpdesk Processes and Procedures Description, v5.0, dated 25 March 2003. See also Interface Agreement (CS/IFS/007) which was also amended to reflect the reduced scope of Helpdesk. v4.0 of the document, dated 1 July 2003, no longer included cash account in the responsibility matrix (contained in Appendix A).

- 17.3. Following these changes, the scope of Helpdesk remained largely unaltered until July 2014, when Fujitsu ceased to provide the Helpdesk.
18. Significantly, in addition to the support services provided by Fujitsu, the NBSC provided support to SPMs concerning Post Office-related aspects of the Horizon IT System including, issues concerning cash account balancing.¹⁰⁷ The rationale for the creation of the NBSC was explained in CCN 441b as being to provide SPMs with “*additional support for new and changed business processes during Live Trial*”¹⁰⁸[REDACTED]. The NBSC continued to perform that function thereafter. As to the functions of the NBSC:
- 18.1. One function of the NBSC was to identify trends in helpline calls from SPMs, in order to improve business performance. Mr Turner explained that the function of his role was to identify “*call arrival patterns*” to analyse trends in calls made to the NBSC.¹⁰⁹ Mr Blackburn’s evidence was that trends were monitored to determine whether “*there was a way of us operating better, doing something better or something potentially that needed fixing*”.¹¹⁰
- 18.2. As noted above, Mr Blackburn’s evidence was that he was “*told quite clearly, in fact on numerous occasions ... that there were no Horizon integrity issues, and there were no systematic issues*”.¹¹¹ Mr Blackburn’s evidence was that the information that there “*were no Horizon integrity issues*” that came from “*the wider business*”.¹¹² Therefore, Mr Blackburn’s evidence was that the NBSC worked “*on an assumption that the Horizon System was robust*”.¹¹³ The Inquiry will no doubt wish to consider the extent to which the NBSC operating on the erroneous assumption that the Horizon IT System was error free may have undermined the quality of support (in particular, in relation to balancing issues) received by SPMs. The Inquiry may consider that it supplies further evidence of information being ‘siloesd’ within Post Office.

¹⁰⁷ Transcript, 12 January 2023, p.27, ln.5-p.28, ln.4 (Muchow). See also: WITN01090100, First W/S of Winn, dated 26 December 2022, §20 (“*If a branch believed transactional anomalies had occurred the NBSC would be their first point of contact*”) and Transcript, 28 February 2023, p.130, ln.20-ln.23 (Blackburn) (“*a large part of the NBSC’s role was to assist with balancing*”).

¹⁰⁸ FUJ00000407, CCN 441b, Introduction of Network Business Support Centre – Live Trial, dated 4 October 1999.

¹⁰⁹ Transcript, 28 February 2023, p.9, ln.11-p.13, ln.20 (Turner). See also: Transcript, 28 February 2023, p.128, ln.5-ln.14 (Blackburn) (“*we would literally take trends and analysis from the Network Business Support Centre, we’d also have it provided to us by the Horizon System Helpdesk*”).

¹¹⁰ Transcript, 28 February 2023, p.146, ln.6-p.147, ln.11 (Blackburn). See further the various means of information sharing concerning BEDs outlined in Topic 1, above.

¹¹¹ Transcript, 28 February 2023, p.137, ln.25-p.138, ln.9 (Blackburn).

¹¹² Transcript, 28 February 2023, p.138, ln.1-ln.14 (Blackburn).

¹¹³ Transcript, 28 February 2023, p.141, ln.19-ln.23 (Blackburn).

19. During the early testing of the Horizon IT System, HSH performance was identified as a significant issue.¹¹⁴ Mr Muchow explained that, in that period, he was “*disappointed*” with HSH performance, chiefly because of difficulties in recruiting and retaining appropriate staff for the HSH.¹¹⁵ By the time of acceptance, Mr Muchow explained that— while not eliminated— the problems with the HSH were, by agreement between ICL Pathway and Post Office, “*down to a sufficiently manageable level that didn’t pose a risk to going forward with the rollout*”.¹¹⁶ Indeed, Mr Muchow’s evidence is that “*with growing confidence and familiarity with Post Office business, Helpdesk staff individually improved their performance over time*”.¹¹⁷ Fujitsu acknowledges there were issues with the Helpdesk post-rollout as evidenced by the requirements in the Third Supplemental Agreement for Fujitsu and Post Office to work together to resolve such issues.¹¹⁸ Mr Singh’s evidence (which is addressed further below) included that “*every agent*” on the Helpdesk “*did try their best ... to try to help every postmaster that ... they called up*”.¹¹⁹
20. During the period in which Fujitsu provided Helpdesk (i.e. first line) support, Fujitsu’s performance was closely monitored by Post Office. Ms Evans-Jones explained that Fujitsu provided monthly ‘Service Review Books’ to Post Office, which set out the performance of the Helpdesk against various performance metrics.¹²⁰ Further, the performance of individual Helpdesk agents was monitored through periodic call monitoring.¹²¹
21. Fujitsu wishes to acknowledge the evidence of Mr Singh. Fujitsu is grateful to Mr Singh for coming forward to the Inquiry with his evidence. Fujitsu wishes to make clear that it regards the inappropriate attitudes, witnessed by Mr Singh, of some staff working on the Wakefield Helpdesk to be completely unacceptable. Fujitsu does not tolerate racism in any form and, as will be evidenced in later Phases of the Inquiry, has a zero-tolerance approach to any discrimination.

¹¹⁴ See, for example: POL00028468, Resolution Plan for AI408 – Horizon System Helpdesk, dated 8 September 1999.

¹¹⁵ Transcript, 12 January 2023, p.13, ln.9-ln.22 (Muchow).

¹¹⁶ Transcript, 12 January 2023, p.22, ln.22-p.23, ln.17 (Muchow).

¹¹⁷ WITN04590100, First W/S of Muchow, dated 12 September 2022, §58.

¹¹⁸ FUJ00118186, Third Supplemental Agreement, dated 19 January 2000.

¹¹⁹ Transcript, 7 March 2023, p.74, ln.7-ln.10 (Singh). For further evidence regarding Helpdesk culture, see WITN07270100, First W/S of Ellis, dated 17 March 2023, §§19, 27 (“*In my view the HSH was professionally managed*”, “*I believe HSH operators ... dealt with SPMs in a polite and professional manner*”); WITN07010100, First W/S of Hunt, dated 18 March 2023, §6 (“*there was a culture where we wanted to help*”); WITN07240100, First W/S of Barrett dated 8 February 2023, §4 (“*the agents on the Horizon System Helpdesk tried their utmost to provide adequate support*”); WITN07020100, First W/S of Campbell, dated 27 February 2023, §4 (“*Most of the teams and individuals had a good attitude towards the post office staff including post masters*”); WITN04540100, First W/S of Welsh, dated 15 March 2023, §31.

¹²⁰ See, for example: FUJ00083429, Fujitsu Services Post Office Account, Service Review Book, dated February 2007. Evans-Jones explained that the ‘Service Review Books’ were a monthly explanation, provided by Fujitsu to Post Office, of “*the performance metrics for key services that Fujitsu provided*”: Transcript, 7 March 2023, p.25, ln.9-p.26, ln.24 (Evans-Jones).

¹²¹ Transcript, 7 March 2023, p.29, ln.10-ln.20 (Evans-Jones).

Topic 4: Remote access

22. Certain Fujitsu staff had the ability to remotely access the Horizon IT System from a location other than the branch, i.e. “**remote access**”.¹²² The nature and extent of remote access has been the subject of some evidence in Phase 3. Some caution is required at this stage in drawing conclusions as to technical aspects of remote access from the evidence received by the Inquiry to date.
23. At the outset, it is necessary to distinguish:
- 23.1. First, the use of read-only remote access by support teams for diagnostic and investigative purposes.
- 23.2. Secondly, the use of remote access to make technical system changes, but without any direct impact upon transactions in branch accounts (referred to herein as “**housekeeping remote access**”).¹²³ A common situation which would require housekeeping remote access was where a system variable (for example, a status flag) was in the wrong position, and required to be changed (for example, ‘Stock Unit Unlock’¹²⁴ and ‘End of Day Marker’).¹²⁵
- 23.3. Thirdly, the use of remote access to correct a transaction which was the subject of an error (referred to herein as “**substantive remote access**”).¹²⁶ It is substantive remote access which is likely to impact the branch account trading position.
24. In either case, remote access was part of the suite of support tools available to rectify BEDs within the Horizon IT System. As Mrs Chambers explained, remote access was essential to the proper functioning of the SSC: “*we could not have done our job otherwise*”.¹²⁷ There is no evidence to support the view that remote access privileges were used for any purpose other than to provide

¹²² Fujitsu acknowledges that this definition of “remote access” is broader than that adopted by Fraser J in *Bates & ors v Post Office Limited (No.6) “Horizon Issues”* [2019] EWHC 3408 (QB), §534 (“*action taken remotely to either inject new transactions or to edit existing transactions or to delete existing transactions in a way that could change the accounting position of the relevant branch*”).

¹²³ See, for example: Transcript, 2 May 2023, p.205, ln.12-ln.14 (Chambers) (“*making changes would not necessarily be changes to the financial data*”).

¹²⁴ POL00028922, Spreadsheet of logged incidents, dated 17 September 2004. This record of Mr Roll’s work on the SSC records him as dealing with issues described variously as ‘Unlock user’ (row 10, row 11) or ‘User Locked out of SU’ (row 41), which reflect this kind of housekeeping remote access.

¹²⁵ S. Parker gave a further example of housekeeping remote access in Legacy Horizon, where Riposte records had to be “*re-play[ed]*” into the correct message store: WITN00680100, First W/S of S. Parker, dated 27 March 2023, §84 (“*these SSC workarounds did not involve the construction or amendment of transactions. SSC would be re-playing records that had already been committed to a Message Store but that for some reason were not in the correct place*”).

¹²⁶ See, for example: FUJ00120588, Peak PC0143500, dated 16 February 2007.

¹²⁷ WITN00170100, First W/S of Chambers, dated 15 November 2022, §194. See further: WITN00680100, First W/S of S. Parker, dated 27 March 2023, §76 (“*A computer system with geographically separated components needs to support remove [sic] access to those component systems. This remote access allows suitably trained staff to maintain the system and assist the users of that system from a distance.*”)

necessary technical support to Post Office branches i.e. there is no evidence to support any suggestion of the malign use of remote access capabilities.¹²⁸

25. The evidence before the Inquiry establishes that the use of substantive remote access by the SSC was rare. Mrs Chambers' evidence was that instances of *substantive remote access* were "*very few and far between*".¹²⁹ Fujitsu has explained in correspondence with the Inquiry that it has sought to identify, from a review of Peaks, PinICLs, OCRs and OCPs, the documented instances of substantive remote access. Of the instances identified to date, Fujitsu ordinarily sought approval from Post Office. In the very few instances where Post Office approval was not obtained, there was contact between the SSC and the SPM. Fujitsu accepts that it cannot positively exclude the prospect of undocumented uses of substantive remote access (although, given what is known about the ways in which calls were escalated to the SSC, and the records generated throughout that process on PowerHelp, in Peaks and PinICLs, the prospect of significant undocumented use of substantive remote access does appear to be unlikely). However, the evidence which is available supports Mrs Chambers' evidence that the instances of substantive remote access were "*very few and far between*".¹³⁰
26. In Phase 3, the Inquiry heard evidence concerning a number of important controls upon the use of remote access by Fujitsu staff. Fujitsu appreciates that, in due course, the Inquiry may wish to consider the adequacy of those control mechanisms. On the evidence presently available, the control measures included:
- 26.1. **Physical security:** Substantive remote access was only possible from a secure area in Fujitsu's Bracknell office.¹³¹ The computers from which remote access was possible were subject to additional security.¹³²

¹²⁸ Indeed, all available evidence is to the contrary, see, for example: WITN00680100, First W/S of S. Parker, dated 27 March 2023, §86 ("*I do not remember any examples of unauthorised or malicious use of remote access while I was working with Horizon*").

¹²⁹ Transcript, 2 May 2023, p.205, ln.12-p.206, ln.7 (Chambers).

¹³⁰ *Ibid.*

¹³¹ WITN04510100, First W/S of Peach, dated 3 March 2023, §120 ("*SSC staff members with access to the SSC PCs had access to Horizon, including live Post Office branch data, from the secure area in Bracknell.*"). See also: WITN00680100, First W/S of S. Parker, dated 27 March 2023, §80.2; FUJ00088036, Fujitsu Secure Support System Outline Design, v1.0, dated 2 August 2002, p.15 §4.3.2.

¹³² WITN04510100, First W/S of Peach, dated 3 March 2023, §120 ("*In order to use the SSC PCs, it was necessary to have log-in credentials and "key-cards" which generated one-time passwords for dual factor authentication.*"). See also: WITN00680100, First W/S of S. Parker, dated 27 March 2023, §80.3-80.5.

- 26.2. **Qualifications:** Fujitsu restricted which SSC staff members were permitted to perform substantive remote access.¹³³ The evidence of Mr Peach is that SSC staff received particular training prior to being permitted to perform remote access.¹³⁴
- 26.3. **Audit trail:** There were a number of different ways in which auditable records of the use of remote access by the SSC were produced. They included: First, manually produced contemporaneous records of SSC activities undertaken to resolve an issue, and approvals obtained from Post Office in respect of some of that work (Peaks, PinICLs, OCRs, OCPs, etc.). Secondly, manually produced notations within Horizon transaction data, which indicated when a transaction had been inserted by the SSC.¹³⁵ Thirdly, automated system-generated audit trails, introduced following the adoption of ‘Open SSH’,¹³⁶ which captured keystroke data of SSC members.¹³⁷
- 26.4. **Requirement for Post Office approval:** The OCR / OCP processes¹³⁸ each involved Fujitsu obtaining Post Office approval for, *inter alia*, substantive remote access¹³⁹. Mrs Chambers explained her understanding that, prior to the use of substantive remote access, “[a]n operational change request would have to be raised and approved first”.¹⁴⁰ Mr Blackburn described the OCP process as the “audit trail” created in respect of any alteration, by Fujitsu staff, to the branch ‘message store’.¹⁴¹
27. In the evidence before the Inquiry, there are a number of documented examples demonstrating how substantive remote access was implemented in practice. It is submitted that, in general terms, those examples highlight the careful way in which the SSC used substantive remote access (as above, in a limited number of cases) to correct issues in SPM branch accounts. For example: (i) in respect of

¹³³ WITN04510100, First W/S of Peach, dated 3 March 2023, §125.

¹³⁴ WITN04510100, First W/S of Peach, dated 3 March 2023, §§120 and 125-126.

¹³⁵ WITN00170100, First W/S of Chambers, dated 15 November 2022, §200 (“*We would usually create the message using a non-existent counter number, e.g. 99, and the username SSC, and include a comment field within the PEAK reference*”). Fujitsu acknowledges that the evidence appears to be that, while this was usual practice within the SSC, it was not necessarily enforced.

¹³⁶ Peach suggests that this was from around 2002: WITN04510100, First W/S of Peach, dated 3 March 2023, §143.

¹³⁷ FUJ00088036, Fujitsu Secure Support System Outline Design, v1.0, dated 2 August 2002. See also: Transcript, 2 May 2023, p.197, ln.22-ln.25 (Chambers) (“*I was aware that everything would be captured and logged somewhere*”).

¹³⁸ Described in, *inter alia*, FUJ00079816, CS Support Services Operations Manual, v3.0, dated 7 February 2000, pp.17-18 (in respect of the OCR process); and POL00029282, Customer Service Operational Change Procedure, v1.0, dated 18 March 2004 (in respect of the OCP process).

¹³⁹ FUJ00152244, Work Instruction entitled ‘Editing Customer data in message stores’, dated 29 May 2001.

¹⁴⁰ WITN00170100, First W/S of Chambers, dated 15 November 2022, §201. See also: Transcript, 3 May 2023, p.27, ln.10-p.28, ln.8 (Chambers).

¹⁴¹ Transcript, 28 February 2023, p.204, ln.8-ln.21 (Blackburn).

both Peak PC0067793¹⁴² (5-10 July 2001) and Peak PC0067884¹⁴³ (10-11 July 2001), there is evidence of Mrs Chambers waiting to seek Post Office approval prior to making remote alterations to branch message stores; and (ii) Peak PC0105706¹⁴⁴ (21 July 2004) demonstrates Mrs Chambers communicating extensively with an affected SPM as to the nature of, and reasons for, remote alterations being made to branch accounts. The Inquiry may well take the view that those examples are consistent with Mrs Chambers' evidence concerning her standard practice on those rare occasions on which she used substantive remote access.

28. The evidence heard by the Inquiry establishes that Post Office staff were aware of the ability of Fujitsu staff to remotely access branch accounts, and to make alterations to those accounts

28.1. As noted above, one of the important controls upon the use of substantive remote access was the OCR / OCP procedure, which was in place from at least 2001, and involved Fujitsu seeking the approval of Post Office personnel. Plainly, those personnel were aware (or ought reasonably to have been aware) of the nature of the technical operations which they were authorising. By way of illustration, Mr Blackburn described the OCP procedure to the Inquiry as the "audit trail" created in respect of any alteration, by Fujitsu staff, to the branch 'message store'.¹⁴⁵

28.2. In any event, it is clear that Fujitsu's remote access capabilities were described in a number of contemporaneous procedural documents available to the Post Office. In around March 2004, a Fujitsu procedural document, 'Customer Service Operational Change Procedure', which described various controls concerning the issue of remote access, was provided to Mr John Bruce of Post Office.¹⁴⁶

28.3. A number of Post Office staff members admitted their contemporaneous knowledge of, or were demonstrated in evidence to have had contemporaneous knowledge of, Fujitsu's remote access capabilities. Mr Andrew Winn, former Post Office Relationship Manager, acknowledged that he was aware of Fujitsu's remote access capabilities from at least

¹⁴² FUJ00152239, PinICL PC0067793, dated 5 July 2001, p.5 ("*Anne Chambers: Awaiting POCL authorisation for message store changes*"), p.7 ("*Anne Chambers: Authorisation for message store amendment now received from mick.theobald*").

¹⁴³ FUJ00152238, PinICL PC0067884, dated 10 July 2001, pp.4-5 ("*Anne Chambers: Have requested POCL authorisation for message store change – spoke to PM and explained this*"), p.5 ("*Change authorised by [redacted]@postoffice.co.uk*").

¹⁴⁴ FUJ00152240, Peak PC0105706, dated 21 July 2004.

¹⁴⁵ Transcript, 28 February 2023, p.204, ln.8-ln.21 (Blackburn).

¹⁴⁶ POL00029282, Customer Service Operational Change Procedure, v1.0, dated 18 March 2004; see further: Transcript, 10 May 2023, p.107, ln.15-p.108, ln.14 (S. Parker).

2008.¹⁴⁷ The Inquiry saw evidence of an instance in 2015 whereby Ms Allaker provided authorisation for Fujitsu to remotely alter branch accounts.¹⁴⁸

28.4. A clear illustration of Post Office’s understanding of the extent of Fujitsu’s remote access capabilities arises in the ‘Receipts and Payments Mismatch Bug’ in 2010. In particular, the joint ‘Receipts/Payments Mismatch Issue Notes’ dated September or October 2010 (reflecting a meeting with various Post Office and Fujitsu staff, including members of the Post Office Service Delivery, Security, Network, IT and Finance teams), details three ‘solutions’ for the bug. One of the proposed solutions was: “*Alter the Horizon Branch figure at the counter to show the discrepancy. Fujitsu would have to manually write an entry value to the local branch account.*”¹⁴⁹ Plainly, that described Fujitsu remotely accessing branch accounts.

29. The evidence also establishes that generally an individual SPM would have been made aware of any substantive remote access affecting their branch accounts.¹⁵⁰ However, Fujitsu does acknowledge that this was not always the case.¹⁵¹ For the most part, the decision as to the level of information provided to the SPM was, as noted above, the responsibility of Post Office.¹⁵²

Topic 5: Training

30. The Inquiry has heard considerable evidence regarding the training provided to SPMs and others regarding the operation of the Horizon IT System. The nature of that training changed over time:

30.1. Prior to and during the national rollout of the Horizon IT System, responsibility for training fell to ICL Pathway.¹⁵³ Responsibility for planning, developing, delivering and assessing training was sub-contracted by ICL Pathway to Peritas.¹⁵⁴ The means by which that training

¹⁴⁷ Transcript, 3 March 2023, p.116, ln.2-p.117, ln.14 (Winn), referring to POL00023432, Email chain titled “Rivenhall”, dated 23 October 2008, p.1 (“*Fujitsu have the ability to impact branch records via the message store*”).

¹⁴⁸ FUJ00120885, Email chain titled “I6809136 / A7701255 - Meanwood Branch - Unable to Connect to the Data Center”, dated 3 April 2015; see also Transcript, 1 March 2023, p.40, ln.6-p.47, ln.6 (Allaker).

¹⁴⁹ POL00028838, Receipts/Payments Mismatch issue notes, dated September 2010, p.3.

¹⁵⁰ For example, S. Parker’s evidence was that he would “*expect subpostmasters ... to be informed on each occasion that changes were made to financial data concerning their counters and their branches to be informed that that had happened*”: Transcript, 10 May 2023, p.141, ln.21-p.142, ln.1 (S. Parker). See also: FUJ00079897, End to End Support Process, Operational Level Agreement, v2.0, dated 17 June 2003, p.6.

¹⁵¹ See, for example: Transcript, 2 May 2023, p.206, ln.17-p.207, ln.24 (Chambers).

¹⁵² See, for example: Transcript, 3 May 2023, p.29, ln.7 (Chambers) (“*That was their decision to make.*”).

¹⁵³ POL00028212, Codified Agreement, Schedule A15, Requirements 531-534 and Requirement 915, dated 20 July 1999.

¹⁵⁴ Peritas was a subsidiary of ICL PLC: FUJ00126035, Second Corporate Statement of Fujitsu Services Limited, dated 29 December 2022, §124. See also: FUJ00120489, Pathway/Peritas Purchase Agreement, v8.0, dated 15 July 1996.

was to be provided are explained in detail in CCN 0286,¹⁵⁵ and associated CCDs¹⁵⁶. Nonetheless, Post Office were heavily involved in developing the training programme and associated materials to be delivered by Peritas.¹⁵⁷

30.2. Following the national rollout, responsibility for training Post Office staff and SPMs on the Horizon IT System transferred to Post Office.¹⁵⁸

31. In relation to that issue, the evidence adduced in Phase 3 generally supported the evidence given by a number of SPMs during Phase 1 that the training provided was inadequate. Training the entire cohort of Horizon users to an adequate level is a significant undertaking. That is so, not least in view of the demographics of the cohort requiring training, and their existing level of technical expertise.¹⁵⁹ Moreover, an appropriate degree of balance is necessary – plainly, training was unlikely ever to be able to replicate all the ways in which users would be required to interact with the system, and could not anticipate all possible forms of non-conformance.¹⁶⁰ Nonetheless, even bearing those matters in mind, the evidence supports the conclusion that training was inadequate for a significant number of SPMs. As to that:

31.1. A number of the witnesses involved in the design, delivery, and evaluation of the training to be provided to users of the Horizon IT System recognised common themes in the feedback received from some participants, including that: (i) the time available for training was inadequate for attendees to assimilate all of the knowledge required by them;¹⁶¹ and (ii) the adequacy of training provided in respect of balancing.¹⁶²

¹⁵⁵ FUJ00000300, CCN 0286d: Details of Training Courses, dated 22 April 1999.

¹⁵⁶ FUJ00119673, Training and User Awareness Baseline Document (BP/TRN/001), v7.0, dated 8 January 1999; FUJ00001276, Training Needs Analysis for the BA/POCL Counter Automation Project (SU/TRN/0001), v1.0, dated 19 March 1997; FUJ00001277, Training Scheduling and Minimum Training Compliance (IM/REQ/014), v1.0, dated 27 May 1998; FUJ00001287, POCL Policy On Competency Testing – CAR 531.000.003 (BP/PRD/006), v1.0, dated 13 August 1998.

¹⁵⁷ Transcript, 10 January 2023, p.94, ln.12-ln. 22 (Fletcher). See also: POL00028212, Codified Agreement, Schedule A15, Requirement 915 (e.g., “*the Contractor will be responsible for designing and developing course materials/training event to POCL’s approval*”).

¹⁵⁸ FUJ00126035, Second Corporate Statement of Fujitsu Services Limited, dated 29 December 2022, §169. See also: POL00028212, Codified Agreement, Schedule A15, Requirement 915 and Requirement 513, dated 20 July 1999; FUJ00000300, CCN 0286d (Details of Training Courses), dated 22 April 1999; FUJ00001288, Post Office’s Policy for Releasing Individuals to attend training (Contractual Authorities Responsibilities 532.000.03) (BP/PRD/007), v1.0, dated 13 August 1998.

¹⁵⁹ See, for example: Transcript, 27 February 2023, p.7, ln.1 -p.8, ln.10 (Grayston).

¹⁶⁰ Indeed, Post Office appeared to accept that *some* SPMs would *never* be competent in the use of the Horizon IT System: Transcript, 10 January 2023, p.64, ln.8-ln.18 (McNiven); Transcript, 13 January 2023, p.103, ln.3-ln.19 (K. Parker).

¹⁶¹ Transcript, 10 January 2023, p.112, ln.9-p.116, ln.21 (Fletcher); Transcript, 27 February 2023, p.5, ln.21 -p.6, ln.10 (Grayston).

¹⁶² Transcript, 10 January 2023, p.112, ln.9-p.116, ln.21 (Fletcher); Transcript, 13 January 2023, p.62, ln.5- ln.10 (Gilding). See also: POL00005869, Internal Stakeholder Feedback, December 2011; Transcript, 1 March 2023, p.78, ln1-ln.6 (Peacock).

- 31.2. Some witnesses also acknowledged practical limitations inherent in the training provided to users of the Horizon IT System, which limitations appear to have compromised the quality of the training provided. By way of illustration: there were certain features of the live environment (for example, multi-counter setups) which were not properly replicated within the test environment.¹⁶³ Some third-party interfacing transactions (for example, the DVLA) were not available within the testing environment.¹⁶⁴ In relation to Legacy Horizon, the training system was using the CSR release, and was not subsequently updated to reflect the CSR+ release.¹⁶⁵
- 31.3. In 1998, a ‘Policy on Competency Testing’ was developed for training during the national roll out.¹⁶⁶ That policy imposed a “*pass mark*” of 90%. In the event that an attendee failed to achieve the pass mark, they would be offered remedial training (up to an additional 2.5 hours). In the event that an attendee failed to achieve a pass mark twice, they would be offered a further 1 or 1.5 days’ training. In the event that an attendee failed to achieve a pass mark a third time, responsibility for remedial training would transfer from ICL Pathway to Post Office.¹⁶⁷
- 31.4. The evidence supports the conclusion that the majority of those administering training on the Horizon IT System were not made aware of the existence of BEDs in the system, or the potential for BEDs to affect the integrity of branch accounts.¹⁶⁸ That is important evidence. It had the effect that SPMs were typically trained on the erroneous basis that the system was error-free, and that no training was given as to how to identify, and respond to, a potential system error. The Inquiry may consider that it supplies further evidence of information being ‘siloed’ within Post Office.
- 31.5. Further, because the training of *staff* was undertaken by SPMs *themselves*, a number of witnesses identified the risk that the quality of training could be diluted or compromised.¹⁶⁹

¹⁶³ Transcript, 17 January 2023, p.7, ln.1-ln.13 (McBride). See also: FUJ00001703, Counter Training Offices Strategy, dated 27 November 2002, §3.2.1.

¹⁶⁴ Transcript, 17 January 2023, p.8, ln.1-ln.7 (McBride).

¹⁶⁵ FUJ00001703, Counter Training Offices Strategy (IM/STR/056), dated 27 November 2002, §3.2.2. McBride’s evidence was that “*the training offices weren’t updates as quickly ... as the live environment*”: Transcript, 17 January 2023, p.31, ln.17-p.32, ln.1 (McBride).

¹⁶⁶ FUJ00001287, POCL Policy on Competency Testing (BP/PRD/006), dated 13 August 1998.

¹⁶⁷ See also: POL00028212, Codified Agreement, Schedule A15, Requirement 915, dated 20 July 1999; FUJ00001277, Training Scheduling and Minimum Training Compliance (IM/REQ/014), v1.0, dated 27 May 1998; FUJ00001287, POCL Policy On Competency Testing – CAR 531.000.003 (BP/PRD/006), v1.0, dated 13 August 1998.

¹⁶⁸ Transcript, 13 January 2023, p.10, ln.8-10, p.11, ln.4-ln.19, p.47, ln.16-19 (Gilding); Transcript, 13 January 2023, p.107, ln.9-ln.13 (K. Parker); Transcript, 17 January 2023, p.25, ln.1-p.26, ln.15 (McBride); Rita Palmer. Cf. Transcript, 10 January 2023, p.133, ln.1 (Fletcher).

¹⁶⁹ Transcript, 17 January 2023, p.2, ln.17-p.3, ln.12 (McBride)

The Inquiry will wish to consider the appropriateness of the decision (undoubtedly driven by cost and other practical concerns) to ‘cascade’ training in this way.

32. It is clear, moreover, that Post Office were aware of deficiencies in SPM training.¹⁷⁰ A significant number of SPMs reported repeatedly to Post Office that they were not adequately trained to use the Horizon IT System.¹⁷¹ A number of witnesses speculated as to the *reason* that those concerns were not properly acted upon.¹⁷² Shortcomings in the training of SPMs was also a feature of a number of reports and ongoing discussions throughout the relevant period.¹⁷³

Topic 6: The IMPACT Programme

33. In Phase 3, the Inquiry heard evidence concerning a package of changes to the Horizon IT System and associated services, which became known as the ‘IMPACT Programme’. By way of background to the IMPACT Programme:

- 33.1. In around February 2003, Post Office undertook a ‘feasibility study’ in relation to what was (at that stage) described as ‘End to End Re-Architecting Post Office Product, Branch, Client, Cash and Stock Processes and Systems’.¹⁷⁴ That study was driven by a “*long standing desire to improve the end to end sales and accounting processes and to enhance the information which is used to manage that process*”.¹⁷⁵ The ‘feasibility study’ included considerable consultation within Post Office but not, it would appear on the evidence, directly with SPMs.¹⁷⁶ Fujitsu had input into that feasibility study,¹⁷⁷ in particular by way of a detailed response to the requirements which had been specified by Post Office.¹⁷⁸

¹⁷⁰ POL00029130, Acceptance Incident 218, p.4; Transcript, 13 January 2023, p.127, ln.21-p.129, ln.8 (K. Parker); Transcript, 27 February 2023, p.4, ln.22, p.5, ln.8 (Grayston).

¹⁷¹ POL00039733, Report on NR2 training practice events dated 28 March 1999; Transcript, 10 January 2023, p.101, ln.4-p.115, ln.24 (Fletcher); POL00039737, Letter from K. Cook (now Parker) to McNiven titled “Horizon training” dated 8 January 1999; Transcript, 13 January 2023, p.98, ln.24-p.104, ln.16 (K. Parker); POL00039735, Letter from K. Cook (now Parker) to McNiven titled ‘Horizon training: Competency’ dated 9 April 1999; POL00033423, ‘Post Transfer Visits – Customer Feedback Report’ dated April 2011; NFSP00000340, Feedback from Jervis regarding training comments from SPMs, dated 30 April 1999.

¹⁷² NFSP00000261, Post Office Consulting Christmas Horizon Research report by Lorna Green dated in January 2000 which was circulated to the NFSP.

¹⁷³ See, for example: POL00004408, Fraud and Non-conformance in the Post Office; Challenges and Recommendations, dated 1 October 2013, §§3.2.3, 6.2; FUJ00121087, ‘Service Review – Performance Statistics – May 2001’, dated 15 May 2001, pp.34-35.

¹⁷⁴ FUJ00098198, ‘Business Requirements – End to End Re-Architecting Post Office Product, Branch, Client, Cash and Stock Processes & Systems Feasibility Study’ (BD/BRD/017), (incorrectly) dated 21 February 2001.

¹⁷⁵ *Ibid*, p.6.

¹⁷⁶ Transcript, 21 February 2023, p.19, ln.17-p.20, ln.19 (Boardman).

¹⁷⁷ Transcript, 21 February 2023, p.17, ln.2-p.19, ln.3 (Boardman). Boardman accepted Counsel to the Inquiry’s description of Fujitsu “*helping Post Office to identify its business requirements*”.

¹⁷⁸ FUJ00098169, ‘Fujitsu Services Input into Feasibility Study for End to End Re-Architecting of Post Office Systems’, dated 24 March 2003.

33.2. It is clear that there were a number of factors driving the IMPACT Programme. Those included: (i) financial pressures generated by the loss of government pre-funding to Post Office branches (arising from the migration of benefit payments to ACT);¹⁷⁹ (ii) ‘debts’ produced by timing anomalies generated by the interaction of back-office accounting systems;¹⁸⁰ (iii) the value of SPM debts written off by Post Office through cash centre reconciliations;¹⁸¹ and (iv) taking advantage of the possibility of further automation to improve financial management and controls.¹⁸²

34. The IMPACT Programme had a number of effects upon the operation of the Horizon IT System. Some of those impacts which were highlighted during Phase 3 included: First, the automation of previously manual error reconciliation procedures which had been conducted at Chesterfield.¹⁸³ Secondly, the removal of the Horizon IT System functionality which had previously allowed branch staff to post cash discrepancies to particular cash suspense account items.¹⁸⁴ The decision to implement this change appears, on the evidence, to have been a result of internal Post Office business deliberations.¹⁸⁵

Conclusion

35. Fujitsu reiterates its gratitude to the Inquiry for the opportunity to make these closing submissions on Phase 3 and confirms its commitment to render every assistance to the Inquiry.

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26 May 2023

¹⁷⁹ FUJ00098169, Fujitsu Services Input into Feasibility Study for End to End Re-Architecting of Post Office Systems, dated 24 March 2003, p.24; Transcript, 21 February 2023, p.35, ln.11-ln.23 (Boardman); Transcript, 27 February 2023, p.16, ln.14-p.18, ln.3 (Grayston).

¹⁸⁰ Transcript, 21 February 2023, p.24, ln.6-p.29, ln.19 (Boardman); Transcript, 27 February 2023, p.14, ln.2-p.15, ln.25; p.24, ln.4-p.25, ln.6 (Grayston).

¹⁸¹ Transcript, 21 February 2023, p.30, ln.5-ln.22 (Boardman). It is clear that there were, in fact, multiple related concerns regarding suspense account issues, including: (i) that the value of money in the suspense account (in absolute terms) was too high (see, for example: Transcript, 27 February 2023, p.9, ln.21-p.10, ln.20 (Grayston)); and (ii) concerns within Post Office that SPMs were ‘hiding’ lost or stolen money in the suspense account (see, for example: Transcript, 22 February 2023, p.17, ln.11-p.19, ln.12 (Harding)); Transcript, 27 February 2023, p.27, ln.20-ln.24 (Grayston)).

¹⁸² Transcript, 21 February 2023, p.41, ln.4-p.46, ln.5 (Boardman); Transcript, 22 February 2023, p.57, ln.13-ln.23 (Harding); Transcript, 24 February 2023, p.26, ln.7-ln.23 (Smith).

¹⁸³ Transcript, 21 February 2023, p.50, ln.3-p.51, ln.19 (Boardman); Transcript, 22 February 2023, p.60, ln.17-p.62, ln.22 (Harding); Transcript, 27 February 2023, p.18, ln.4-ln.17 (Grayston).

¹⁸⁴ It would appear that *some* local suspense account functionality remained after the implementation of the IMPACT Programme, see POL00038878, Branch Trading Reporting, Management and Control and Transaction Management, Conceptual Design, dated 3 March 2004, p.15 (“*Remaining branch suspense accounts should only be used following prior authorisation via Post Office central processes and will be restricted to use by branch staff with Horizon manager / supervisor roles.*”).

¹⁸⁵ FUJ00126036, Email chain titled ‘Impact Branch Trading Issues’, dated 23 January 2004; FUJ00126038, Email titled ‘Invitation: Branch Trading - Treatment of Suspense (18 Feb 13:00 GMT in Room F34 Future Walk)’, dated 12 February 2004; Transcript, 21 February 2023, p.95, ln.1-p.113, ln.23 (Boardman); Transcript, 22 February 2023, p.17, ln.19-p.18, ln.23; p.64, ln.14-p.71, ln.20 (Harding); Transcript, 24 February 2023, p.28, ln.13-p.29, ln.20 (Smith).