



**Closing Submissions on Phases 5, 6 and 7  
on behalf of the National Federation of Sub-postmasters  
in the Horizon IT Public Inquiry  
Chaired by Sir Wyn Williams**

*“I think you knew.....how could you not have known?” – Dame Moya Green to Paula Vennells<sup>1</sup>*

**Introductory remarks**

1. The National Federation of Sub-postmasters (the NFSP) is grateful for the opportunity to make Closing Submissions in respect of Phases 5, 6 and 7 of the Inquiry. In providing these Closing Submissions for Phases 5, 6 and 7, the NFSP adopts and relies on its Opening Statement and its written Closing Submissions for Phases 2 and 3 and its oral Closing Statement for Phase 4.<sup>2</sup>
2. The NFSP once again wishes to confirm its ongoing engagement with and commitment to the work of this Inquiry, and to assist the Inquiry in any way that it can. It also wants to thank the Chair, Counsel to the Inquiry, the wider Inquiry legal team and all of those involved behind the scenes who have worked so tirelessly to bring out the truth.
3. While more will be said later in these submissions about the NFSP, its role and the role of other representative bodies in the Horizon years, the NFSP and the current Chief Executive Calum Greenhow wish to take this further opportunity to recognise and apologise for the failings of the organisation and its leadership of the past, in particular during the key Horizon scandal period. It is accepted that those failings meant members who were affected by Horizon prosecutions and

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<sup>1</sup> PVEN00000532 text messages between Dame Moya Green, former Chair of Post Office Board, and Paula Vennells, former Chief Executive of Post Office

<sup>2</sup> SUBS0000008 – NFSP Opening Statement October 2022; SUBS0000019 - NFSP Closing Submissions for Phase 2 on 2 December 2022 and SUBS0000023 -NFSP Closing Submissions for Phase 3 on 17 May 2023; Transcript 2<sup>nd</sup> February 2024 at pages 81-102 Closing Submissions on Phase 4 for the NFSP

sought assistance did not get the response or support they ought to have done. It also meant that when information the Post Office line that Horizon was ‘robust’ (as fed over many years by the Post Office to the, government, courts, the media, the NFSP and many others), could not be true was brought to the attention of the then General Secretary, George Thomson, for instance in the correspondence from Sir Alan Bates and Lee Castleton<sup>3</sup>, it was not acted on in the way that it should have been. The NFSP should have strongly challenged the Post Office about the reliability of its claims Horizon was robust. For that, the organisation of today is truly sorry.

4. Calum Greenhow said in his first witness statement<sup>4</sup> that he and the NFSP of today came into this Inquiry to engage with and assist it, and, more particularly: *“to find out more about what had taken place over the years, when and why, and the NFSP’s own role in it all”*<sup>5</sup>. As he went on to say, there is much that he has seen and heard at the Inquiry, including about the NFSP and the George Thomson years, which he did not know. That has been a salutary experience.
5. It is the hope of today’s NFSP that its acknowledgement and acceptance of the past failings, its full and frank engagement with and contribution to the Inquiry as well as its current help for postmasters, for instance those going through the Historic Shortfall Scheme, can go at least some way towards the possibility of forgiveness from those affected by its failures of the past. The NFSP and Calum Greenhow as its Chief Executive also hope that, while the clock cannot be turned back, the campaigning work of today on a wide range of issues relating to subpostmasters, all as set out in his first witness statement at paragraphs 245 – 258, and also as detailed later in these submissions, can go some way towards a form of redress for the past.
6. Focusing on the evidence heard, it is submitted that the Inquiry’s work in Phases 5 & 6 has shone a light - a bright light - on a large and diverse cast of people across every level whose various abject failures, wilful blindness, deceptions, obfuscations and downright wrongdoing played such a crucial part in the creation and perpetration of the narrative/myth that Horizon was ‘robust’. Applying that essential *‘Horizon is robust’* narrative at every available turn and using it against postmasters,

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<sup>3</sup> POL00184392 email from Sir Alan Bates to George Thomson, NFSP, of 20 December 2012; NFSP00000347 letter from Lee Castleton to NFSP 29 September 2009

<sup>4</sup> WITN00370100 First Witness Statement of Calum Greenhow, paragraphs 3 & 4

<sup>5</sup> See 4, above

assistants and Crown Office employees, those same people, ran and oversaw what can only be termed an authoritarian and totalitarian regime, nightmarish in every respect. Theirs was a regime that Kafka and Orwell<sup>6</sup> would have recognised only too well.

7. Under this Orwellian regime, hundreds of postmasters, assistants and Crown Office employees<sup>7</sup> were audited and investigated, in many cases in an appalling and intimidatory way, and then, over many years, they were wrongly prosecuted.
8. The regime ensured its totalitarian grip by telling those postmasters and others who raised questions about the reliability of Horizon data being used against them that they were the only one, that they had done something wrong but couldn't be told exactly what, just there was a shortfall and it must be their fault, leaving them caught up in a Kafkaesque nightmare that was both frightening, confusing.
9. The regime ensured its control over the 'arms-length body' relationship with the UK Government by keeping it very firmly at 'arms-length', offering false reassurance after false reassurance to government, whether MPs, Select Committees, senior civil servants, government Ministers, that Horizon was robust, nothing to worry about, nothing to see here, that the voices raising concerns were just 'noises off', and in doing so effectively destroyed the public's belief in government and its agencies operating freely and openly.
10. And when it wasn't prosecuting them and refusing to provide the evidence on which the defence could rely, the regime intimidated postmasters into making good *all* shortfalls by wrongly applying the Subpostmaster Contract (SPSO)<sup>8</sup> and then putting the £Millions recovered into the profit side of the profit and loss account, year on year.<sup>9</sup>

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<sup>6</sup> Franz Kafa – The Trial (1925); George Orwell – 1984 (1949)

<sup>7</sup> RLIT0000038 letter from Post Office to Nick Wallis 20 May 2020 with response to Freedom of Information request requesting numbers of prosecutions of subpostmasters, assistants and post office workers (in Crown Offices)

<sup>8</sup> NFSP00000760 – 1994 (SPSO) subpostmaster contract

<sup>9</sup> Transcript 10 April 2024 evidence of Sir Anthony Hooper pages 185 – 186, Transcript 17 May 2024 evidence of Alistair Cameron pages 149-162

11. There was, it appears from the evidence in Phases 5 and 6, literally *nothing* this totalitarian regime would not do in order to control *everything* related to Horizon, the prosecutions and the recoveries.
12. The level of thought control and involvement in the criminal justice system even included members of its legal team and external solicitors travelling to Scotland to seek to persuade the Crown Office and Procurator Fiscal Service not to stop prosecutions of Scottish postmasters after concerns about evidential requirements being met had been raised.
13. The level of thought control included seeking to have the judge hearing the Horizon Issues case recused after the trenchant criticisms he had made of the actions of the Post Office and many of its witnesses such as Angela van den Bogerd and Nick Beale, as well as the Horizon system.
14. The level of thought control included spending millions of pounds which could otherwise have been spent in and on the network on defending the multiple legal actions which were doomed to failure. It included failing to provide full, accurate and timely information to government officials, ministers and select committee, whether actively deliberately and knowingly by lying, or passively by ensuring opaqueness so that the key people providing the information to government and others never did know the full story.
15. It is submitted those running the regime, these bad actors (a person or organisation responsible for actions that are harmful or illegal or morally wrong), both individually and collectively, repeatedly, consistently and, at times, purposely, engaged in appalling behaviour that ultimately caused real and very significant harm to others. And they were able to do so because those charged with examining them, challenging them and holding them to account completely and utterly failed to do so. It is easy to focus on individuals and their actions, and we must do so, but those people, whether acting individually or collectively, would have been stopped, could have been stopped, if the Board of Post Office Limited, its various Chairs, its various Non-Executive Directors and their predecessor Royal Mail Group Board had even remotely done the job they were charged with.
16. Fast forward to the present day, which is some 10 years after Horizon prosecutions came to a halt, some five years after Lord Justice Fraser's Common Issues and Horizon Issues judgements of

2019<sup>10</sup>, some three years after the Court of Appeal (Criminal Division) judgement in *Hamilton & Others v Post Office Ltd*<sup>11</sup>, and after the more recent Select Committee hearings<sup>12</sup> and Compensation Hearings at this Inquiry.<sup>13</sup> Despite all the time that has passed, all that became known from the court cases, and everything that has subsequently come out, still many, many issues remain. As the Phase 7 evidence has shown, a very great deal is unresolved, including but not limited to:

- a.** Ongoing lack of proper redress for the thousands of victims of prosecutions and shortfall recoveries;
- b.** lack of transformation in Post Office's culture and governance<sup>14</sup>
- c.** past roles and the failure to recognise and deal with those involved<sup>15</sup>
- d.** postmaster relationships with and trust in the Post Office<sup>16</sup>
- e.** the continuing use of and reliance on Horizon as the operating system meantime;<sup>17</sup>
- f.** NBit - delays, spiralling costs & likely lack of suitability of the Horizon replacement;<sup>18</sup>
- g.** public trust in the Post Office

17. Those whose lives and finances were ruined still do not have the redress they deserve, whether through the Overturned Convictions Compensation Scheme, the Group Litigation Order Compensation Scheme, the Horizon Shortfall Scheme. Alongside that, the victims have also had to

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<sup>10</sup> [2019] EWHC 606 (QB); [2019] EWHC 3408 (QB)

<sup>11</sup> [2021] EWCA Crim 577

<sup>12</sup> For example, BEIS Committee oral evidence of Nick Read and others 11<sup>th</sup> January 2022; more recently Business and Trade Committee 27<sup>th</sup> February 2024 oral evidence of Nick Read and others

<sup>13</sup> For example, Compensation Hearings at the Inquiry on 6<sup>th</sup> and 13<sup>th</sup> July 2022 and 8 December 2022

<sup>14</sup> POL00446477 Grant Thornton Governance Review of Post Office, in particular Section 01 Key Findings; also EXPG0000006 and EXPG0000010 Reports of Dame Sandra Dawson and Dr Katy Steward: Reflections on a Selection of Evidence before the Inquiry...

<sup>15</sup> Transcript 26<sup>th</sup> July 2024 evidence of Martin Edwards questioned on behalf of the NFSP pages 187-189; Transcript 16<sup>th</sup> October 2024 Tracy Marshall page 21; and Transcript 11<sup>th</sup> October 2024 evidence of Nick Read in response to NFSP questions, pages 95 line 5 – 102

<sup>16</sup> EXPG0000007 Horizon Inquiry Phase 7 Surveys produced by YouGov, in particular Section 4.11

<sup>17</sup> Transcript 11<sup>th</sup> October 2024 evidence of Nick Read pages 87, line 8 – 91, line 1; FUJ00243199 letter of Paul Patterson of Fujitsu regarding reliability of current Horizon

<sup>18</sup> Transcript 11<sup>th</sup> October 2024 evidence of Nick Read, pages 87-91

hear that some of those who had involvement in the Horizon scandal years (even where no direct wrongdoing) somehow ended up working on and assessing applications in the very compensation schemes for what went wrong during their employment. Worse, the victims have had to hear that it was only in the last 18 months or so that Post Office thought to examine this and move some people<sup>19</sup>. And only even more recently, following direct interventions by the NFSP, that the Post Office took steps to relieve past roles individuals who are now current senior people at Post Office from their postmaster facing roles.<sup>20</sup>

18. At the present time there is no confidence that Horizon in its current form can be relied upon<sup>21</sup> and now, as at 5<sup>th</sup> December 2024, has come the news that government is no longer going to fund the already scandal hit proposed successor NBit (New Branch IT system). Due to have replaced Horizon in March 2024 at a cost of circa £200M, it has spiralled out of control, had costs escalating into the £Billions, had IT<sup>22</sup> equipment purchased sitting in warehouses, all in a further demonstration of the lack of oversight, lack of risk identification and without there even having been clarity that the final product would, in fact, be fit for purpose. Now, the existing Horizon will remain in place, complete with its bugs, errors and defects, and, while it was wrong for Post Office to prosecute and recovery money on the basis of a faulty system, equally the Post Office is certainly losing money which it legitimately is owed but is paralysed from doing anything about. It is submitted that it is hard to imagine how things could get any worse for the postmasters who have to live with the system, for the taxpayers and government who have to fund a replacement for Horizon – however long that may now take – and for the public and their lack of trust in the Post Office brand.

19. Inertia and paralysis are widespread in respect of decision-making at Post Office<sup>23</sup> and the culture change and significant governance improvements needed have not yet happened<sup>24</sup>. Some minor

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<sup>19</sup> Transcript 9<sup>th</sup> October 2024 evidence of Nick Reid, pages 40, line 19 – 42, Transcript 18<sup>th</sup> April 2024 evidence of Rodric Williams, page 2, line 10 – page 10, line 20; Transcript 5<sup>th</sup> November 2024, evidence of Simon Recaldin, pages 11, line 18 - 21, line 15

<sup>20</sup> Transcript 11<sup>th</sup> October 2024 evidence of Nick Read, pages 87-91

<sup>21</sup> POL00446477 Grant Thornton Governance Review of Post Office, in particular Section 01 Key Findings; also EXPG0000006 and EXPG0000010 Reports of Dame Sandra Dawson and Dr Katy Steward: Reflections on a Selection of Evidence before the Inquiry...

<sup>22</sup> 11<sup>th</sup> October 2024 Evidence of Nick Read, pages 87 - 89

<sup>23</sup> POL00446477 Grant Thonton Report, references throughout to the need to speed up decision-making and reduction in risk averse behaviour; evidence of Simon Recaldin Page 25, line 1- 15

<sup>24</sup> POL00446477 Grant Thornton Governance Review of Post Office, in particular Section 01 Key Findings; also EXPG0000006 and EXPG0000010 Reports of Dame Sandra Dawson and Dr Katy Steward: Reflections on a Selection of Evidence before the Inquiry...

changes made have been magnified to look as if they are bigger than they actually are, for instance, that postmaster engagement and postmaster views are being taken seriously by the creation of two Postmaster Non-Executive Directors. However, sadly, in a demonstration that little has moved on from the Horizon years, both the Postmaster NEDs have been or are being investigated by Post Office and one gave evidence to the Inquiry about the heavy-handed way in which this has been done<sup>25</sup>. This evidence sat alongside the evidence of both the Postmaster NEDs that they felt they were not being listened to at the Board<sup>26</sup>. As well as this, the issue of conflict of interest has meant Postmaster NEDs cannot vote, or even sometimes participate, in matters which affect them as postmasters, such as remuneration<sup>27</sup>. Postmasters have reported they feel are not kept informed by the Postmaster NEDs<sup>28</sup>, meanwhile the Inquiry heard that it is a necessary part of being a board member that some matters remain confidential.

20. In closing the Introductory Remarks, it is submitted that is essential for something to be put in place as the NFSP considers the evidence in Phase 7 show that the answers to the questions in the Inquiry's Terms of Reference at E (i) and (ii) and at F currently have to be:

- a. *No, the processes provided by Post Office are not sufficient to enable postmasters to run their businesses; and:*
- b. *No, the Inquiry cannot be satisfied that relevant controls are in place to avoid issues such as have taken place do not happen again (albeit not on the scale of the Horizon scandal).*

21. It is submitted the evidence of the past from Phases 5 & 6 and the evidence of the current position in Phase 7 of the Inquiry has shown that simply rearranging the deckchairs does not bring material and relevant change. It is submitted that the failure of both Post Office and Government to grasp the real issues of culture and governance mean that the NFSP's proposal for an Oversight Committee, or something akin to it, is what is needed to restore the trust of the public and

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<sup>25</sup> Transcript 23<sup>rd</sup> September 2024, evidence of Saf Ismail; Transcript 24<sup>th</sup> September evidence of Elliot Jacobs; WITN11180100 First Witness Statement of Elliot Jacobs; WITN11170100 First Witness Statement of Saf Ismail

<sup>26</sup> Transcript 23<sup>rd</sup> September 2024, evidence of Saf Ismail; Transcript 24<sup>th</sup> September evidence of Elliot Jacobs; WITN11180100 First Witness Statement of Elliot Jacobs; WITN11170100 First Witness Statement of Saf Ismail

<sup>27</sup> Transcript 4<sup>th</sup> October 2024 evidence of Rachel Scarrabelotti, pages 27 - 29

<sup>28</sup> EXPG0000007 Section 4.10 Horizon Inquiry Phase 7 Surveys Report of YouGov

postmasters and to ensure the appropriate level of curiosity, challenge and risk identification comes into being.

## **The Past**

### ***A cast of bad actors***

22. It is submitted that there was a veritable cast of individual bad actors tied up in the Horizon scandal and they created the organisation that became a bad actor itself, the Post Office. They were people who were responsible for actions that were harmful and morally wrong. Whether there was illegality or potential illegality will be for the Inquiry and/or the courts to decide, however, through a pervasive culture of non-disclosure, obfuscation and failure to raise the alarm when it was known or should have been known that the bugs, errors and defects in Horizon meant past convictions, current cases and shortfall recoveries were unsafe. Not only did prosecutions and recoveries need to stop, the past cases needed to be opened up. Not only that, the truth needed to be told, to MPs, government, civil servants and, eventually, to the courts. But. It is submitted, that was something these bad actors just couldn't do.
  
23. Included in the main cast it might be said are individuals such as, Angela van den Bogerd, Paula Vennels, Alice Perkins, Mark Davies, John Scott, Rodric Williams, Jarnail Singh, Susan Crichton, Jane McLeod and Tim Parker, among others.
  
24. Every main cast needs a supporting cast, and here it may be said, the supporting cast of both witting and unwitting enablers, included people like Alwen Lyons, Alastair Cameron, Adam Crozier, Alan Cook, Lesley Sewell, Allan Leighton, Martin Edwards and George Thomson, among others.
  
25. Some individuals don't necessarily fall neatly into one or other category as it may be said they were dependent on the instructions given to them, the information given to them, the witness statements written for them, including Rod Ismay and Gareth Jenkins. However, it was that they came to write their reports or provide information, the huge reliance that was placed on what they said was of huge significance in what unfolded in the prosecutions.



26. Others were meant to be doing something, such as challenging and reporting back. but either just didn't do that or just didn't do it properly. It might be said this included the Board, over many years and under various Chairs from the time when the company was Royal Mail Group through to post-separation and up to the near present. It must be noted that all of those directors over the years had specific legal duties under the Companies Acts, summarised as including promoting the success of the company, exercising independent judgment and exercise reasonable care, skill, and diligence. Section 172 of the Companies Act 2006 sets out that promoting the success of the company includes longer term consequences of decisions and ensuring the company's reputation for acting with high standards. It is submitted also that there was a responsibility on those who represented the Shareholder Executive/UKGI/the government, to question and challenge Post Office and what was being said by the senior management when all around was information and evidence from the JFSA, Second Sight, media reports, documentaries at the material times. There's was not a passive role, it could and should have been active. This part of the case, it may be said, included people such as Richard Callard, Susannah Storey, Sir Ed Davey, among others.

27. It is submitted that alongside all of that grim cast were, those trying to do right such as Lord Arbuthnott and various other MPs, Kay Linnell, Ron Warmington and Ian Henderson all taking the growing group of campaigners led by Sir Alan Bates seriously. In addition to their persistence and work, from around 2009 a cohort of journalists also worked to try to bring what could, by then, be seen as a real and growing issue with what Post Office was doing to postmasters, assistants and Crown Office employees using Horizon as the evidence. Computer Weekly's Rebecca Thomson was one of the first to break the story in 2009 and Computer Weekly has stayed on the story ever since, and also breaking related stories about Capture, Ecco+, Network Transformation concerns and the NBit debacle. Another was Nick Wallis who began his journalistic campaigning role in the Post Office scandal as a reporter on Radio Surrey where he covered Jo Hamilton's case. He went on to have involvement in the Panorama documentary of 2015 which brought the Horizon issue to wider public attention and has continued to work on the issue since then. It might be said that former Postal Affairs Ministers Jo Swinson falls at least partially into this group, as on her evidence<sup>29</sup> it sounds as if she did try to find out what was happening, but was thwarted at every turn, and circumstances meant that she was on maternity leave during some of the material period. Others worked to bring

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<sup>29</sup> Transcript 19<sup>th</sup> July 2024 evidence of Jo Swinson, former Postal Affairs Minister

28. Despite the various stories and reports over the years, it was the ITV drama Mr Bates v The Post Office broadcast almost a year ago in January 2024 which brought the story and its main players, both the good and the bad, fully into the public consciousness. Perfectly timed to bring those who then became household names across the UK, it prepared the nation for what the Inquiry was about to bring out in Phases 5 and 6: those such as Angela van den Bogerd, Paula Vennells, Second Sight, Kay Linell, Sir Alan Bates and others gave their evidence to the Inquiry in the full glare of nationwide interest. It is submitted the combination of those campaigners and this Inquiry have finally managed to shine a light on the harmful and morally wrong (and, it may be found later in some cases potentially illegal) behaviour of the senior management of the Post Office and their internal and external enablers. Those who didn't challenge, those who didn't speak up, those who carried on taking the Post Office shilling or those who were happy to have a Board seat to add to their non-exec portfolio.
29. The scale of the evidence heard and number of documents reviewed will be a significant task for the Inquiry and its Chair in writing its report. For the NFSP, notwithstanding the Horizon issues in the George Thomson years which are discussed in the following sections, it has been shocking to discover the extent of what was being done and not being done by senior management and legal teams in the face of the mounting evidence that Horizon was not robust. The NFSP believes it was completely misled on a regular basis, a pattern of misleading on projects such as Horizon and Network Transformation which continues to this day. It has been shocking to find that no matter what was being raised, what bugs emerged, what defence was being attempted in some of the criminal prosecutions, the focus of Post Office, particularly in the Paula Vennells, Angela van den Bogerd and Alice Perkins years (but not exclusively them) was on doubling down, coming up with lines, communications, scripts all of which went to obscure the true situation or to prevent what must have been recognised would miscarriages of justice in the past cases from bubbling to the surface. The NFSP, and likely others, have been shocked at the role of solicitors and barristers, internally and externally, without whom, it is submitted, the cover up about Horizon, the prosecutions, the recoveries perpetrated by senior management could not have occurred.
30. Extracts of just a few of those who had a part to play are highlighted to show the extent and reach of what appears to have been either covered up or could and should have warned that proper attention as to risks was needed:

- a. Was sent an email chain on 5 December 2010 which simultaneously brought the Rod Ismay report (saying there was an absence of backdoors) to her attention and a forwarded email in which it is stated by Lynn Hobbs, *"I found out this week that Fujitsu can actually put an entry into a branch account remotely. It came up when we were exploring solutions around a problem generated by the system following migration to HNGX. This issue was quickly identified and a fix put in place but it impacted around 60 branches and went meant a loss/gain incurred in a particular week in effect disappeared from the system. One solution, quickly discounted because of the implications around integrity, was for Fujitsu to remotely enter a value into a branch account to reintroduce the missing loss/gain. So [the Post Office] can't do this but Fujitsu can."*<sup>30</sup>
- b. Was sent an email from Tracy Marshall on 5 January 2011 in which the ability of Fujitsu to remotely access accounts and the fact that they have done so numerous times is described. This email also states *"Technically, Fujitsu could access an individual branch remotely and move money around, however this has never happened yet. The authority process required and the audit process are robust enough to prevent this activity from being undertaken fraudulently.... So although changes can be made remotely, they would be spotted and the person making the change would be identified."*<sup>31</sup>
- c. Despite this, claimed in the High Court that the first time she knew it was possible to insert transactions was *"within the last year or so"* (as of March 2019).<sup>32</sup> Still received her bonus the same year.<sup>33</sup>
- d. In light of Martin Griffiths taking his own life subsequent to a Post Office decision to hold him accountable for some of the money lost in a robbery, was instrumental in procuring a settlement agreement with his widow which included a Non-Disclosure Agreement, a condition

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<sup>30</sup> Transcript, 25<sup>th</sup> April 2024 evidence of Angela van den Bogerd, pages 37-44; POL00088956 Email thread between John Breeden, Angela van den Bogerd and others, re: Follow up to BIS meeting on JFSA,

<sup>31</sup> POL00294728 Email from Tracy Marshall to Kevin Gilliland, Angela van den Bogerd cc'd Helen Rose re: Horizon system issues,

<sup>32</sup> FUJ00163744 Examination in chief by Mr De Garr of Ms Angela van den Bogerd; Transcript 25<sup>th</sup> April 2024 evidence of Angela van den Bogerd, pages 74-75

<sup>33</sup> Transcript 26<sup>th</sup> April 2024 evidence of Angela van den Bogerd, page 163 lines 9-11

that the family drop all claims against Post Office, including their mediation scheme application, and staged payment to ensure the silence of the family.<sup>34</sup>

*Jarnail Singh*

- a. Was forwarded an email showing money disappearing at a branch level, causing incorrect balances, and noting that solutions might have repercussions for the future of prosecutions and the integrity of Horizon. States he did not see this email. States he did not save or print this email, or associated documents, despite meta data suggesting otherwise. Received this information a week before Seema Misra's trial started and did not disclose this.<sup>35</sup>
- b. Was party to and potentially involved in actioning the shredding advice.<sup>36</sup>
- c. Agreed with the approach of not disclosing Officer Reports, on the basis that the investigation officer's comment about being unable to find any evidence of theft or cash in hand figures being deliberately inflated in *Hamilton* would give cause to question why Jo Hamilton was prosecuted.<sup>37</sup>

*Mark Davies*

- a. Initial response to the news about Martin Griffiths being in hospital after attempting to take his own life by stepping in front of a bus subsequent to Post Office holding him liable to money stolen in a robbery, was to enquire about hiring a media lawyer.<sup>38</sup>
- b. Maintained the position over several years that journalists critical of Post Office had an "*unwillingness to engage with our side of the story*"<sup>39</sup> and that "*the media reports were skewed.*"<sup>40</sup>

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<sup>34</sup> Transcript 26<sup>th</sup> April 2024 Angela van den Bogerd pages 20 – 32; POL00306172 Letter from Angela Van Den Bogerd to Gina (Post Office Network Transformation); POL00219796 Email from Rodric Williams to Angela van den Bogerd, Belinda Crowe. RE: Griffiths draft Settlement Agreement

<sup>35</sup> POL00055410 Email from Rob G Wilson to Juliet McFarlane and Jarnail A Singh Re FW: Branch discrepancy issues; POL00028838 Responsive Notes (Receipts/Payments Mismatch issue); Jarnail Singh, Transcript, 3<sup>rd</sup> May 2024, pages 34-38

<sup>36</sup> Transcript 3<sup>rd</sup> May 2024 evidence of Jarnail Singh, pages 93 - 103

<sup>37</sup> POL00346092 Email from Jarnail Singh to Jessica Madron, Chris Aujard

<sup>38</sup> POL00162068 Email from Angela Van Den Bogerd to Susan Crichton, Mark Davies

<sup>39</sup> POL00111699 Email from Paula Vennells to Mark R Davies re. Board GLO Sub Committee

<sup>40</sup> POL00101345 Email from Paula Vennells to Mark R Davies re: Yesterday's coverage

- c. Communications Director when, in the draft briefing on the Second Sight Interim Report, Paula Vennells was advised that Plan B was *"We are preparing a full communications strategy and will consider rebuttal and tactics in line with an approach aimed to minimise reputational impact to Post Office Limited."*<sup>41</sup>
- d. Accused Second Sight of *"colluding with JFSA rather than acting as independent players"* and stated that *"perhaps their heads have been filled with the notoriety/attention they are getting, but I'm afraid to say that there is coalition campaigning against us, and they are part of it."*<sup>42</sup>
- e. Was told by email on 31 January 2015 that *"remote access IS possible but we have a strong line on conditions for that."*<sup>43</sup>

*Paula Vennells*

- a. Instigated (with assistance from her husband) the rebranding of bugs, errors and defects as an *"exception or anomaly"*.<sup>44</sup>
- b. Upon learning about the death of Martin Griffiths, asked for *"what background we have on Martin and how/why this might have happened. I had heard but have yet to see a formal report that there were previous mental health issues and potential family issues."*<sup>45</sup>
- c. Observed that the estimated level of claims within the mediation scheme (£25- 50 million) *"was a long way from the figures that were in mind when the scheme was established, which were much smaller, and more of the nature of a "token" with an apology."*<sup>46</sup>
- d. When preparing to give evidence to BEIS, 4 days before the Select Committee, asked in relation to remote access *"What is the true answer? I hope it is that we know this is not possible and that we are able to explain why that is. I need to say no it is not possible and we are sure of this because of xxx and that we know this because we have had the system"*

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<sup>41</sup> POL00296941 Draft briefing to Paula Vennells on Second Sight Interim Report,

<sup>42</sup> POL00117054 Email from Mark R Davies to Patrick Bourke Re: Options – Comments

<sup>43</sup> POL00386587 Email from Melanie Corfield to Mark R Davies and Jane Hill - Re: Fwd: Urgent: Accessing Horizon

<sup>44</sup> POL00380985 Email from Mark R Davies to Paula Vennells, cc Martin Edwards and Alwen Lyons and others

<sup>45</sup> POL00027757 Email from Kevin Gilliland to Paula Vennells, Mark R Davies, Alwen Lyons and others RE: Mr Griffiths

<sup>46</sup> POL00100336 Note of Meeting between Paula Vennells, Chris Aujard and Second Sight

*assured.*<sup>47</sup> An addendum provided in response to this request outlined that *“there is a functionality to add transactions – this is a Balancing Transaction Process and would only be used in the event of an error that cannot be corrected by a TA or TC... It has only been used once since March 2010,*<sup>48</sup> showing that there was a function to remotely alter accounts and that this had in fact been used. Despite this, her evidence is that immediately prior to giving evidence at BEIS, she *“believed it to be true that there was no functionality in Horizon for either branches, [the Post Office] or Fujitsu to edit, manipulate or remove transaction data once it had been recorded in a branch's accounts,”* this belief being based on the documentation provided in advance of BEIS, including the addendum.<sup>49</sup>

- e. Wrote, in relation to General Counsel. Susan Crichton’s management of the Second Sight Interim Report, *“Susan was possibly more loyal to her professional conduct requirements and put her integrity as a lawyer about the interests of the business.”*<sup>50</sup>

*Alice Perkins*

- a. Excluded Susan Crichton from the Board meeting dated 16 July 2013, meaning that Paula Vennells delivered the paper regarding Horizon issues and past criminal prosecutions, despite not having the expertise to properly address the board on the legal claims Post Office may face as outlined within the paper.<sup>51</sup>
- b. In relation to the management of the Second Sight Report, stating *“understood that [Second Sight's] investigation had to be independent but in the Civil Service there would have been someone marking it who was close to all of the key people, (Second Sight, [James Arbuthnot], JFSA) and knew what was going on between them,”* in response to which she was informed by Susan Crichton that *“as a lawyer it was inappropriate for her to influence key stakeholders.”*<sup>52</sup>

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<sup>47</sup> POL00029812 Email from Paula Vennells to Mark R Davies, Lesley J Sewell re: Accessing Horizon

<sup>48</sup> POL00117097 Addendum to Q&A re Post Office's position on claims, suspense accounts, SS information requests and remote access,

<sup>49</sup> WITN01020200 Paula Vennells, Second Witness Statement, paragraph 27

<sup>50</sup> POL00381629 Paula Vennells’s note of a meeting with Susan Crichton

<sup>51</sup> POL00021516 POL Board Meeting Minutes, 16 July 2013

<sup>52</sup> POL00381455 Note of meeting between Alice Perkins and Susan Crichton

- c. Claimed to have lifted the rock to see what was underneath, but actually put it back down again.....

*Andy Parsons*

- a. Despite having been made aware of advice calling into question the reliability of Gareth Jenkins, wrote *"POL could however start attacking the postmasters' credibility by calling out Thomas, Misra and Hamilton as the liars and criminals that they are."*<sup>53</sup>
- b. Advised in relation to the GLO that *"tactically the best options for PO are (i) to force Cs [Claimants] to burn money and (ii) target limitation."*<sup>54</sup>
- a. Advised that in relation to Post Office Investigation Guidelines *"For now, we'll do what we can to avoid disclosure of these guidelines and try to do so in a way that looks legitimate. However, we are ultimately withholding a key document and this may attract some criticism from Freeths. If you disagree with this approach, do let me know. Otherwise, we'll adopt this approach until such time as we sense the criticism is becoming serious."*<sup>55</sup>
- b. In relation to disclosure of issues related to Horizon *"Spoke about emails, written comms, etc ... If it's produced it's then available for disclosure, if it's not then technically it isn't."*<sup>56</sup>

*Tim Parker*

- a. Failed to identify any issue with Jane McLeod and Rodric Williams, who were directly involved in the underlying events being reviewed, being the ones to instruct Jonathan Swift KC in relation to the Swift Review.<sup>57</sup>

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<sup>53</sup> POL00021865 Email from Andrew Parsons to Rodric Williams re: Panorama – confidentiality

<sup>54</sup> POL00111290 Email from Andrew Parsons to Rodric Williams, Anthony de Garr Robinson, David Cavender and others, RE: Initial thoughts on Horizon Issues Trial

<sup>55</sup> WBON0000467 Email from Andrew Parsons to Amy Prime re: Disclosure of Security Investigations Guidelines

<sup>56</sup> POL00083932 Meeting Minutes for Regular Call RE: Horizon Issues on 19/07/2013; Alice Perkins, Transcript 5 June 2024, pp125-139

<sup>57</sup> Transcript 3 July 2024 evidence of Tim Parker pages 47 - 48

- b. Failed to escalate the Swift Review , which raised significant reputational issues for Post Office, to Board attention, subsequent to advice that this was a legally privileged document.<sup>58</sup>

*Richard Callard*

- a. Part of the team that *“managed to keep ministers distanced from [Horizon issues]”*<sup>59</sup>.
- b. Liaised with Jo Swinson’s private office regarding the best way to convince her to agree to a course of action already rejected by the ministers in relation to Chris Day’s exit payment, and to approve a high wage for Al Cameron as his replacement, in light of ongoing concerns about Paula Vennells as CEO. He had not informed Jo Swinson or her replacement whilst she was on maternity cover about the concerns regarding Paula Vennells.<sup>60</sup> Jo Swinson considers that in doing so, he used *“his Departmental position, access and contacts to work on behalf of POL to seek to persuade me to do what POL wanted, contrary to wider Government policy on pay restraint”* and *“he had deliberately kept me in the dark about the concerns that ShEx had about Paula Vennells’ performance.”*<sup>61</sup>
- c. Provided Jo Swinson with a briefing stating that Second Sight had *“gone native”*<sup>62</sup>, withheld information about Post Office’s plan to terminate Second Sight from her,<sup>63</sup> and tried to *“get [Jo Swinson] in the right place on Sparrow.”*<sup>64</sup>

*Martin Edwards*

- a. Paula Vennell’s Chief of Staff and party to Paula Vennells’s rebranding of bugs, errors and defects.<sup>65</sup>

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<sup>58</sup> Transcript 3 July 2024 evidence of Tim Parker pages 76 - 90

<sup>59</sup> UKGI00003427 Shareholder Executive Risk Register,

<sup>60</sup> UKGI00002440 Preparation document; Transcript 12 July 2024 evidence of Richard Callard, pages 113 - 127

<sup>61</sup> WITN10190100 Jo Swinson Witness Statement, paragraph 46

<sup>62</sup> UKGI00002472 Briefing for Jo Swinson regarding recent reports on Horizon System - 10th September 2014

<sup>63</sup> Transcript 19 July 2024 evidence of Jo Swinson page 101 lines 9 -13

<sup>64</sup> UKGI00002288 Email from Richard Collard to Peter Batten. RE: Jo Swinson Transition from Maternity leave-Plus commission to directorates

<sup>65</sup> POL00380985 Email from Mark R Davies to Paula Vennells, cc Martin Edwards and Alwen Lyons and others



- a. In light of a suggestion that Second Sight’s findings could call prosecutions into account, wrote, *“Presumably there is some kind of reasonableness test here -- i.e. a SPMR can't just get off scot-free by saying it's an Horizon issue, irrespective of the circumstances?”*<sup>66</sup>
- b. In relation to a BBC headline with words to the effect of *“Around 100 SPMRs are embroiled in a bitter dispute with Post Office over a computer system they claim is losing them money every year,”* forwarded if Mark Davies was onto the BBC about the *“completely erroneous headline”* and calling them *“arseholes.”*<sup>67</sup>
- c. Currently Network Strategy and Delivery Director, which involves liaising with postmasters,<sup>68</sup> a wide range of business decisions that affect postmasters, including the number of sub post office branches and SPMs in the network, financial packages, closure decisions, and compensation in the Hard to Place scheme.<sup>69</sup>

## **The past**

### ***Knowledge, Information and Representation***

31. This section of submissions will consider the knowledge, information and representation of the two representative bodies referred to at Issues 49, 50, 59, 209, 211, 213, 214, and 218 in the Inquiry’s List of Issues: the NFSP and the CWU. In setting this out, it will be necessary to consider events and changes over a lengthy period of time from the 1990s to the 2020s. The present and the future in respect of the present submissions are dealt with in the Phase 7 section. It is submitted that the failures of leadership in terms of senior management at Post Office, failures of the Board on oversight and governance and the at too arms-length approach of the government throughout the period demonstrates that an independent Oversight Committee, or something like it, as proposed by the NFSP and as set out in the Phase 7 section of these submissions is necessary.

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<sup>66</sup> POL00190092 Email from Martin Edwards to Susan Crichton Re: PV and AP Brief

<sup>67</sup> POL00381077 Email from Martin Edwards to Mark R Davies re BBC 6pm News

<sup>68</sup> Transcript 26 July 2024 evidence of Martin Edwards, page 70, lines 9 -11

<sup>69</sup> Transcript 26 July 2024 evidence of Martin Edwards as questioned by the NFSP page 188 lines 4-13

32. While not falling directly within the Inquiry's Terms of Reference, it has to be noted that as a result of the work of the Inquiry, serious concerns have been raised about the precursor systems to Horizon which themselves had problems and under which postmasters, assistants and Crown Office employees were prosecuted and recoveries made under the Subpostmaster Contract of 1994 (SPSO)<sup>70</sup>. These systems are Capture and Ecco +. The NFSP has raised this with the current Secretary of State at the Department of Business & Trade, Jonathan Reynolds MP<sup>71</sup>. The Department has already undertaken a review into Capture which Computer Weekly on 22<sup>nd</sup> November 2024 reported found had been responsible for shortfalls in post offices. The NFSP and law firm representatives met with civil servants involved in the Capture review to request a similar review into the system Ecco+, which operated principally in Crown Post Offices but also in some sub-post office branches. This, and the issues raised by the NFSP with Mr Reynolds on the misleading representations made to postmasters about the Network Transformation Programme, are, however, relevant to the events which took place and came under scrutiny, for instance, in the Common Issues Judgement of Lord Justice Fraser<sup>72</sup>.

33. It is submitted that the Inquiry has heard and received sufficient evidence from the NFSP to put the events and history involving it into a more detailed timeline and assessment than was available to Lord Justice Fraser, where the NFSP was not a party and where he was reliant on the evidence of the Post Office witnesses with regard to the NFSP.

#### *The National Federation of Sub-Postmasters (NFSP)*

34. Key timings and events in the NFSP/Horizon/Post Office history are:

- a. *NFSP history*: The NFSP was established in 1897 by a group of around 90 sub-postmasters who wanted to improve the conditions of all sub-postmasters in the UK. It received official recognition in 1906 and from there began organising annual conferences and produced a

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<sup>70</sup> NFSP00000760 - 1994 SPSO subpostmaster contract

<sup>71</sup> NFSP00001473 - Letter from NFSP to Jonathan Reynolds MP dated 22 October 2024

<sup>72</sup> [2019] EWHC 606 (QB);

monthly newspaper, The Sub-Postmaster, still produced today, and all as set out in the Opening Statement for the NFSP<sup>73</sup>.

- b.** *NFSP today:* The NFSP today has circa 6,800 members across 8,500 throughout the UK. While the membership was higher in the early 2000s, there has been a reduction in the numbers of postmasters and sub-post offices throughout the period. It is by a very considerable margin of almost six thousand the largest representative body for postmasters, and even some those who have joined or formed alternative groups<sup>74</sup> retain their membership of the NFSP.
- c.** *Subpostmaster contract:* In 1994 a new Subpostmaster Contract (SPSO) comes into being<sup>75</sup>. This contract contains the clause at paragraph 12: *“The Subpostmaster is responsible for all losses caused through his own negligence, carelessness or error, and also for losses of all kinds caused by his Assistants. Deficiencies due to such losses must be made good without delay”*. It is this clause which, it is submitted, was ruthlessly used and wrongly applied to all those postmasters who suffered shortfalls following the introduction of the Horizon system and were either prosecuted or where recoveries were sought, or even (as they largely were) voluntarily made. It is submitted the ruthless pursuit and use of this clause was part of the authoritarian and totalitarian regime that was the Post Office. The Post Office’s vigorous pursuit of shortfalls, whether under the precursor systems of Capture or Ecco+ and then Horizon, was such that, on the evidence, many, many postmasters came to believe that no matter the shortfall, no matter the size, no matter the reason (even if there appeared to be no reason) they had to pay up. However, a true reading of the contract means that there has to have been a shortfall *caused* by the postmaster’s own: (i) negligence, i.e. a failure to take proper care; or (ii) carelessness, i.e. not paying sufficient attention; or (iii) error, i.e. a mistake. A Horizon caused shortfall did not fall into any of those categories, yet the Post Office did nothing to set the record straight and gained £Millions from pursuit of or simply having made good shortfalls.
- d.** *Horizon introduction:* In the late ‘90s and early 2000s Horizon is piloted and rolled out. The NFSP and the CWU among others are part of the high level government run Horizon Working Group. The representative bodies enter into the project, the roll-outs and

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<sup>73</sup> SUBS0000008 – NFSP Opening Submission paragraphs 9 - 10

<sup>74</sup> For example, CWU Postmasters Branch; RLIT0000491 - Website page of Voice of the Postmaster

<sup>75</sup> NFSP00000760 - 1994 SPSO Contract

feedback in good faith. The Horizon project was presented to the NFSP as the saviour of post offices up and down the UK. As Colin Baker, General Secretary of the NFSP from 1991 to 2007, Tony Kearns of the CWU, Alan Johnston and Sir Ian McCartney all said in evidence in Phase 2 of the Inquiry, automation was needed or there was going to be a loss of post office services across the UK. Alan Johnston said in his evidence in Phase 2 that in the time he was General Secretary of the CWU he saw automation as the salvation of the post office counters network as the CWU was concerned about the number of closures of Crown Post Offices<sup>76</sup>. The evidence of the NFSP and CWU in Phase 2 was that the Horizon Working Group was a higher level group with government ministers and ICL (which became Fujitsu) not to be used for the nitty gritty of teething problems. It is submitted, as it was in the Phase 2 Closing Submissions, that the high level discussions on procurement, design, delivery were left for the management of Post Office and those responsible for the project delivery. That said, as Paul Rich, Acting Group Manager of Post Office Limited said in his evidence, the NSFP *“certainly weren’t in the Post Office’s pocket. They were vociferous if they thought there had been substantive complaints by those sub-postmasters who has used the system”*<sup>77</sup>. It is even at this point where the similarity in the NFSP and CWU operations in terms of branch network can be seen, as Colin Baker says in his evidence in Phase 2 that head office only gets to hear what is fed upwards from branch secretaries, some operators were not members and they wouldn’t hear from them and some may not report on any shortfalls.<sup>78</sup> He also gave evidence on the way in which he would feedback issues from the roll-out to the Post Office and reassurance would be given by Post Office that issues with the new system would sorted out. For the purposes of this section, the oral evidence of Colin Baker, Alan Johnston, Tony Kearns and NFSP’s Closing Submissions for Phase 2 are fully adopted<sup>79</sup>.

- e. *Early Horizon issues:* In the early days of Horizon being rolled out, from around 2000/2001 one subpostmaster in particular began to challenge Post Office about shortfalls and discrepancies which had started to show, which were unexplained and different from anything that he had experienced pre-Horizon. Sir Alan Bates had been a member of the NFSP when he was a sub-postmaster. He had raised his issues with a local branch official. In

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<sup>76</sup> Transcript 1<sup>st</sup> December 2022 at pages 60/61

<sup>77</sup> Transcript 21<sup>st</sup> October 2022 evidence of Paul Rich at page 50

<sup>78</sup> Transcript 20 November 2022 evidence of Colin Baker at page 61

<sup>79</sup> SUBS0000019 - NFSP Closing Submissions for Phase 2 on 2 December 2022

summary, he felt the NFSP were not doing enough about what had happened to him or what he was saying about Horizon<sup>80</sup>. In December 2003, he wrote to Colin Baker about the problems he was experiencing so that this could be taken up with the Post Office. In his witness statement he describes how he had contacted his MP Betty Williams and wrote to the then Chairman of Royal Mail Group, Allan Leighton. In his letter to Sir Alan of 13 January 2004, Colin Baker writes that in respect that Sir Alan has written to Allan Leighton about the issues with Horizon, he [Colin Baker] can go no higher than that.<sup>81</sup> What Colin Baker and likely Sir Alan himself, could not have known is that it was highly unlikely that Allan Leighton would ever see, far less read, their letters, as Mr Leighton himself said in his evidence to the Inquiry on 26<sup>th</sup> July this year.<sup>82</sup>

It can certainly be said with hindsight that what Sir Alan was raising turned out to be the tip of a very huge iceberg, and one which has come fully into public view because of his campaigning. It is one, as this Inquiry knows well, which grew in numbers and momentum over the subsequent years due to the number of prosecutions taking place where the postmasters, assistants and Crown Office employees found the Post Office were using Horizon data to evidence alleged shortfalls which those accused could not obtain the data which showed Horizon was wrong. As referred to above, the totalitarian regime of the Post Office, however, meant that those who were raising issues about Horizon were being told they were the only one, and being geographically distant from each other as they were, it took several years for those affected to come together as a group. This became the Justice for Subpostmasters Alliance (JFSA). Its formation followed from the inaugural meeting organised by Sir Alan in 2009 in the village of Fenny Compton when around 30 of those affected by Post Office prosecutions and shortfall errors came together. This is all as described by him in his witness statement and evidence to the Inquiry<sup>83</sup>.

However, as Colin Baker said in his oral evidence in Phase 2, Horizon was not a “big bang”, it was a roll-out which took place over time from around 2000<sup>84</sup>. As Horizon was being rolled out, the NFSP and CWU were feeding back on technical issues, screen freezes, issues

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<sup>80</sup> Transcript 9<sup>th</sup> April 2024 evidence of Sir Alan Bates;

<sup>81</sup> NFSP00001058 Letter chain from Colin Baker to Alan Bates RE: Horizon System

<sup>82</sup> Transcript 26<sup>th</sup> July 2024 evidence of Allan Leighton, page 49, lines 1 - 25

<sup>83</sup> Transcript 9<sup>th</sup> April 2024 evidence of Sir Alan Bates; WITN00050100 first witness statement of Sir Alan Bates

<sup>84</sup> Transcript 20 November 2022 evidence of Colin Baker, page 61

with the Helpline and such like, all as described by Colin Baker and Tony Kearns in their Phase 2 evidence<sup>85</sup>. Both described how they were working on the basis that issues coming to their attention and being fed back to Post Office were being addressed. Tony Kearns described in his oral evidence on 29<sup>th</sup> November 2022 that it was not for the CWU (or the NFSP, for that matter) to “get under the bonnet and look at it”, he described assuming what he was aware of as “teething problems”<sup>86</sup>.

It is submitted that in these early days of Horizon and a rollout over time where Colin Baker and others were feeding back to the Post Office what they were hearing as part of asking their members and believing that the feedback was being dealt with, there were not sufficient warning signs that something was seriously wrong. It is submitted that with the prism of hindsight removed, the representative bodies of the NFSP and CWU were hearing some things about the roll out, feeding back to the Post Office and believing that the feedback was being acted on. It is submitted this was not unreasonable at the time. Why would they not believe Post Office at this time when a new system was being rolled out and they had been part of the Working Group where their feedback and input was sought?

In addition, as already referred to, the trade union branch systems of the NFSP and CWU meant that it was only where issues were raised by branch officials to head office level that officials such as Colin Baker or Tony Kearns would hear of them. As was also heard from both Colin Baker and Tony Kearns, branch representatives did not have a formal role in investigation meetings, they could attend but not ask questions. Neither the NFSP nor the CWU had provision for legal representation for their members and those accused of criminal offences were advised to get their own criminal lawyer. This was common across both representative bodies. It is submitted that it is this particular aspect of the representation that meant information about prosecutions and issues being raised about Horizon did not filter through to head office. As Tony Kearns explained in his Phase 5/6 evidence, where a prosecution was taking place, the likelihood was the person had already been dismissed and was no longer a member and the CWU would not know about it<sup>87</sup> (albeit he did recall attending interviews with members who may have gone on to facing

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<sup>85</sup> Transcript 20<sup>th</sup> November 2022 evidence of Colin Baker, answers to Core Participant questions;

<sup>86</sup> Transcript 29<sup>th</sup> November 2022 evidence of Tony Kearns pages 183, 189 and 190

<sup>87</sup> 20<sup>th</sup> June 2024 evidence of Tony Kearns pages 57, 58 and 59

criminal charges). This accords also with the witness statement of Andy Furey<sup>88</sup>. It accords also with the evidence of George Thomson on this point<sup>89</sup>. It is submitted that while through the prism of hindsight it is strange the representative bodies were not more aware of increasing numbers of prosecutions or that Horizon was being challenged in those prosecutions, it is not so strange when looked at through the prism of the time – dismissals and terminations unknown to head office having taken place, criminal legal representation not part of membership and branch officials not feeding up from their areas. It is submitted that this all meant head office did not see a picture emerging across the country. While this inability to see a picture emerging in those earlier Horizon years (by which in this submission is meant 2000 – 2007/8), is one that was rightly focused on by the JFSA, it is submitted that there is an explanation which mitigates the position of the representative bodies, although it is understood the Inquiry may well find it necessary to criticise the structures of those bodies at the time which meant a proper picture was not being seen at the material time.

For the NFSP of today, as was heard from Calum Greenhow, current Chief Executive of the NFSP, there is a formal system in place for regular feedback to be given to head office by members and branch officials of issues of concern<sup>90</sup>.

- f. *Change of NFSP General Secretary:* By 2007 George Thomson had taken over as General Secretary of the NFSP. He remained in that position until 2018. His approach and the decisions he took will be discussed further on this section, however, it is fair to say, and it is submitted by the NFSP that Mr Thomson ran what may be called an authoritarian regime of his own, where challenge was barely tolerated and those who opposed Mr Thomson found themselves out in the cold. This authoritarian approach may explain why he seemed to have such an apparently good relationship with the Chief Executive of Post Office Paula Vennells and her colleagues, so quick to share the “rubbish” about Horizon not being robust<sup>91</sup>. The NFSP of today accepts that Mr Thomson’s approach to Horizon and the issues which had far more clearly come into focus was a failure of leadership and of the membership. This is further explored in the following section of the submissions.

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<sup>88</sup> WITN00340100 Witness statement of Andy Furey paragraphs 51b, 52 and 83

<sup>89</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson page 126 lines 7-12

<sup>90</sup> WITN00370100 First witness statement of Calum Greenhow paragraph 287d

<sup>91</sup> POL00184390 Email chain from Theresa Iles to Simon Baker, Susan Crichton and others re Horizon Investigation

In terms of timeline and changes for the NFSP as an organisation, notwithstanding the Horizon issues, as well as Mr Thomson's approach to running the NFSP and his apparent closeness with senior personnel at Post Office, two significant developments took place under his watch. These two developments came together and featured in the Common Issues Judgement of Lord Justice Fraser, although while he did not have evidence from the NFSP themselves, the Inquiry has heard from all three General Secretaries/Chief Executives across the 1990s to the present and it is submitted the Inquiry can glean further context from their evidence and the documents provided by the NFSP.

- g.** *Network Transformation/Postal Services Act 2011*: The first significant development was Network Transformation, a programme which was a major reorganisation of the post office network in which government was to provide a new funding package to Post Office in exchange for a reduction of circa 2,500 post offices across the UK. In summary, the Network Transformation (NT) programme was to run from 2012 through to 2015. It began as voluntary and became compulsory. The timing of NT sat alongside the introduction of the Postal Services Act of 2011 which was the government legislation which split Royal Mail from Post Office to become separate entities. [The Inquiry will recall the evidence of the emails from Paula Vennells to Alice Perkins that she had earned her keep, which had followed Ms Vennells managing to have a reference to the Horizon risks removed from the sell-off prospectus]<sup>92</sup>.

NT sought to change the nature of the relationship between the postmasters and the Post Office. Under the SPSO 1994 contract, postmasters received a fixed monthly remuneration and, for example, had rights to holidays. Under NT, remuneration would be based at least in part on the sales of goods and services, such as banking which Post Office/government would arrange to be available within the UK's post offices. The postmasters remaining in the network were to be better off. It was meant to be the path to mutualisation. The NFSP accepted the Post Office and government promises of new services being funnelled through post offices whereby it was said postmasters would be better remunerated, and entered into negotiations on terms. As such, the NFSP at the time came out in support of the Postal Services Bill. It is fair to say that not all in the NFSP or among the postmaster community were supportive of NT and this challenge to Mr Thomson's position on it led to the departure from the NFSP of Mark Baker to the CWU in around 2010, from where went

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<sup>92</sup> POL00146462 Email thread from Paula Vennells to Alice Perkins RE: Prospectus; Transcript 24 May 2024 evidence of Paula Vennells pages 30 – 33; Transcript 6 June 2024 evidence of Alice Perkins pages 142 - 144



on to start a CWU Postmasters branch, all as discussed by Calum Greenhow in his witness statement, George Thomson in his oral evidence and Andy Furey in his witness statement<sup>93</sup>. George Thomson sought to negotiate the terms for the new working arrangements and compensation payments for postmasters departing the network. An NT contract came into being, where the postmaster was responsible for losses however they had occurred.

However, many of the promised services did not materialise, postmaster remuneration was affected, and it has not recovered. In addition, promises made by the Post Office on the type and level of payment to be made for postmasters to leave the network under NT was changed, as described by Calum Greenhow in his witness statement<sup>94</sup> resulting in what has become known as Hard to Place postmasters.

It is submitted that NT is another demonstration of the way in which Post Office treats and manages the postmaster network. At present Calum Greenhow and the NFSP together with legal representatives of those adversely affected by NT are now campaigning for a government review into the conduct of NT<sup>95</sup> due to the damage the failures and broken promises have caused. It is the way in which Post Office promised NT would work and its failure to realise those promises that makes the NFSP of today so sceptical and concerned about any new strategy or initiative which comes out of Post Office, the latest one being the announcement by new Post Office Board Chair Nigel Railton that over a 100 Crown Offices are at risk in order to improve remuneration for sub-postmasters<sup>96</sup>

- h. *Change of NFSP status:*** The second change of significance happening during this same time was that the NFSP was a trade union right through until January 2014 when trade union status was removed by the Trades Union Certification Officer (TUCO)<sup>97</sup>. It is not known by the NFSP who contacted the TUCO in early 2013 to report their view that sub-postmasters were not employees and therefore did not meet the requirements to be a trade union. The decision letter of the TUCO at paragraph 10 refers to a freedom of information response in January 2013 from Post Office to a 'Mr Baker' regarding the status of sub-postmasters as

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<sup>93</sup> WITN00370100 - first witness statement of Calum Greenhow, paragraph 127; Transcript 21<sup>st</sup> June 2024 evidence of George Thomson page 68; WITN00340100 witness statement of Andy Furey, paragraph 40

<sup>94</sup> WITN00370100 - first witness statement of Calum Greenhow, paragraph 9

<sup>95</sup> NFSP00001479 -letter of 18 November 2024 from NFSP to Gareth Thomas MP, Postal Affairs Minister; <https://www.youtube.com/watch?v=fIM3fU5zOE>

<sup>96</sup> RLIT0000492 BBC News article re 115 branches at risk

<sup>97</sup> NFSP00001464 letter from TUCO to George Thomson of NFSP removing trade union status

workers. However this all came about, it is this change which sets in motion the different options for the funding and survival of the NFSP. It is the outcome of this change, together with NT, which becomes the focus of the part of the Commons Issues Judgement as it relates to the NFSP.

Prior to the delisting, the NFSP was funded by its members through auto-enrolment, all as set out in the first witness statement of the current NFSP Chief Executive, Calum Greenhow<sup>98</sup>. As will be discussed in the following review of the evidence of George Thomson, this led to the Grant Funding Agreement of 2015, discussed below. It is submitted that the full evidence of Calum Greenhow in his witness statement on the steps by the NFSP taken following the delisting to consider mergers with CWU or the National Federation of Retails Newsagents or the Grant Funding Agreement and the documents referred to in his witness statement are adopted here<sup>99</sup>. It is submitted that while there were some questions about the way in which Mr Thomson dealt with conference and information available, it was nonetheless clear that as a generality self-employed small business owners were not in a rush to merge with or join a large politically affiliated trade union. Mr Thomson also made this clear in his oral evidence. The NFSP members voted for the GFA, that is the fact of the matter regardless of how that was seen externally.

On the point raised externally about independence, it is of interest to note that the early stage information coming back from the NFSP's current review being carried out by Grant Thornton shows that many postmaster members when asked today about how the NFSP should be funded say that the Post Office or government should fund it.

A subsequent point on the issue of whether or not postmasters are workers in terms of the Working Time Directive was explored in a 2022 Employment Tribunal judgement in a case brought by Mark Baker of the CWU Postmaster branch. In this case Mr Baker's position was that postmasters were workers covered by this directive. The ET did not agree, all as discussed in the witness statement of Andy Furey<sup>100</sup>.

- i. *Grant Funding Arrangement*: While there is much to be said about the Grant Funding Agreement and the various criticisms which have been made of it, there is an important

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<sup>98</sup> WITN00370100 first witness statement of Calum Greenhow, paragraphs 33-38

<sup>99</sup> WITN00370100 first witness statement of Calum Greenhow, paragraphs 199-203

<sup>100</sup> WITN00340100 witness statement of Andy Furey, paragraph 17; RLIT0000441 Judgment of the Employment Tribunal Mark Baker and 119 others v POL

point about the GFA, NT and prosecutions to be made clear and to be clarified from some confusion in evidence heard at the Inquiry. Prosecutions using Horizon data come to an almost complete halt in around 2013. The contract being used in enforcing liability for shortfalls which led to prosecutions and/or recoveries was the 1994 SPSO sub-postmaster contract. It is submitted that this contract was wrongly used by Post Office to make recoveries from postmasters. Horizon errors were not the negligence, carelessness or error of the postmaster, yet the Post Office recovered £Millions using this contract wrongly, and, it is submitted, knowingly wrongly when the Post Office had so much information incoming from the JFSA, mediation scheme, Second Sight and much else over the years. Trade Union status was not removed from the NFSP until January 2014. The Grant Funding Agreement did not come into being until July 2015. It is submitted it would be incorrect to tie up the prosecutions/shortfall recoveries with either the NT contract and/or the GFA as the compulsory NT and the GFA did not come into being until after prosecutions had ceased, whatever the criticisms of those two things may be. It is submitted that the email discussion between Post Office and George Thomson in summer 2013<sup>101</sup> with the reference to *“a signed agreement with the blood of both myself and Paula is necessary on the future of the NFSP before any agreement is granted on either [Network Transformation] and other points”* and the evidence of Mr Thomson on this shows that the two things were being dealt with together in the mind of Mr Thomson.

It is understood from his evidence that he was focused on the reduction in the number of members and therefore subscriptions due to the Network Change and Network Transformation Programmes<sup>102</sup>. He likely had had the first intimation from the TUCO (letter of July 2013) that it was possible, although not known, that trade union status could be withdrawn, hence the reference in the email of 2013 regarding NT and NFSP funding to *“dropping the union badge”*. Whatever the demeanour and however objectionable the way in which Mr Thomson gave his evidence and however grave some of what he said was, at that time he was leading an organisation of thousands of postmasters where the ability of that organisation to carry on was suddenly under very serious threat and if it collapsed then thousands of postmasters would be left with no representation.

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<sup>101</sup> POL00004484 Email from George Thomson re Today's Conference Call

<sup>102</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson pages 23-26

While Lord Justice Fraser and others criticised the apparent lack of independence this funding arrangement brought about, it is submitted that it can be understood that at least the motivation, if not the end result, is one that can be understood.

It has also been said that it was the clauses in the Grant Funding Agreement at 5.3<sup>103</sup>, in particular 5.3.5 and 5.3.6 which led to why Mr Thomson and the NFSP did not support the JFSA or the GLO. It is submitted that it is wholly apparent, and including on his own trenchant evidence, that Mr Thomson was not in the slightest bit influenced by the terms of the GFA in relation to not supporting the JFSA or the GLO. Quite the opposite, Mr Thomson believed throughout and, on his evidence in 2024 still believes now, that “Horizon is robust”, even in the face of Post Office and Fujitsu accepting it is not.

In addition, as was seen in the witness statement of Calum Greenhow and in his oral evidence, subsequent to the Common Issues Judgement he set about having the terms of the GFA changed so that the clauses so criticised by Lord Justice Fraser were removed, and these have now been removed<sup>104</sup>. In any event, it is submitted that the NFSP and Calum Greenhow have been critical of the Post Office throughout this Inquiry and before. Whatever the GFA said, it did not stop the NFSP from coming to this Inquiry, questioning and challenging Post Office witnesses and making submissions directly critical of the Post Office. Further, the NFSP of today is looking to the future outwith the GFA and the Deed of Amendment, as this comes to an end in 2030.

35. In the following sections of these submissions the evidence of George Thomson on the NFSP of the past and the approach to Horizon issues, and thereafter Calum Greenhow on the NFSP of today and the future, will be considered.

*George Thomson, General Secretary of the NFSP*

36. It is fair to say that the tenor and demeanour of the NFSP’s General Secretary George Thomson, as well as what he had to say about Horizon, when giving evidence to the Inquiry<sup>105</sup> was truly shocking. As set out above, the NFSP of today has learned a great deal that it did not know,

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<sup>103</sup> NFSP00001082 Grant Funding Agreement 2015

<sup>104</sup> WITN00370137 Deed of Amendment and Restatement to the GFA

<sup>105</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson

particularly about Mr Thomson's approach to Horizon and the Post Office. His evidence and the way he gave it led to the NFSP through its Chief Executive Calum Greenhow releasing a statement condemning it<sup>106</sup>.

37. Mr Thomson made it clear he had not come to the Inquiry to say sorry for anything he had done or said about Horizon, and also to confirm that even at the date of giving his evidence, he continued to believe Horizon was/is robust: *"As previously stated, the NFSP believed that Horizon was systemically robust and I believed when I left in early 2018 and still do as a private individual."*<sup>107</sup> Later in evidence Mr Thomson said: *"I was told today to do the opposite of what I've done, "Just come along, George, blame the Post Office for everything, sorry, sorry, sorry, sorry", but I'm too open for that. The reality is that we did not change our view on Horizon because we were looking at our future and we were going to go absolutely not. And I probably support the Horizon system as much now as I did then. Obviously, I'm furious about the shenanigans of the Post Office, the holding back of all this information but, more importantly, I'm furious at the Post Office for taking people to court and people giving professional expert witness statements, knowing that people could access your computer. That's scandalous. But in terms of, as I said before, it being systemically robust, it is. The Post Office were crazy to take people to court knowing that they were lying on a regular basis about being able to get into the Horizon system. Quite bizarre."*<sup>108</sup>

38. It is submitted that the way in which Mr Thomson gave his evidence had the effect of obscuring some elements which do, in fact, have a point. Although no-one, apart from Mr Thomson, believes Horizon to be robust, he does make an important point: it wasn't that Horizon needed to be shut down, removed from action, it was a nationwide system for the whole of the UK's post offices. Rather its faults needed fixed, there should have been openness about them, and so, he was right when he said what was truly wrong here was that in the face of known faults, remote access and flawed 'expert' evidence, the Post Office took people to court and they should not have done that, they should have fronted up. Later in his evidence Mr Thomson says he challenged the Post Office on issues such as remote access and was always reassured that this could not happen. It is also the case that while Mr Thomson was General Secretary, one of his Assistant General Secretaries,

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<sup>106</sup> RLIT0000493 statement by the NFSP dated 21<sup>st</sup> June 2024

<sup>107</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson, page 6 lines 11-14

<sup>108</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson, pages 122-123

Marilyn Stoddart, was regularly raising Horizon related issues from members with the Post Office<sup>109</sup>. She was also being fobbed off, told everything was or would be fine.

39. Again, notwithstanding the way in which he gave his evidence and much of what he said, Mr Thomson also made other points, which it is submitted were correct and, for the record in terms of the Inquiry's report require to be corrected<sup>110</sup>. This is that the 15 year finance arrangement of the NFSP through the Grant Funding Agreement of July 2015 was not a feature or even on the horizon for the NFSP at the time of the email from Sir Alan Bates to Mr Thomson of December 2012<sup>111</sup> (discussed further below). It did not influence the wholly wrong response to that email. The other is that the majority of those suspended or prosecuted were not members of the NFSP<sup>112</sup>. That does not take away from the actions which Mr Thomson should have taken on behalf of members and even the wider community of Horizon users, or worse, the ones that he did take. However, it is important to recognise that the funding of the NFSP and the clauses of the GFA were not in place at the material time and were not related to Mr Thomson's subsequent actions, and that not all of those affected by what the Post Office did were members of the NFSP.

40. However, it is very clear that the NFSP under Mr Thomson's leadership could and should have done more to focus on whether or not the points being raised by Sir Alan Bates, the JFSA, Computer Weekly, Panorama. It meant that the NFSP should have at least considered lending its voice or support to their challenges to the Post Office. It is submitted that it would not have brought the network down for the NFSP to have more forcefully challenged the Post Office based on what was being said. Mr Thomson's evidence showed that while he was angry after the fact to find out Post Office leaders knew about the issues with Horizon which they were denying to him, he conflated his personal beliefs about Horizon being robust with a fear that the issues being raised by the JFSA and others were an existential threat to the whole network. It is submitted that was not the case. If, and it is a big if, the Post Office had been truthful about the Horizon issues and looked into the issue of prosecutions, that would not have led to Horizon being taken down and the post office network collapsing. Rather, it is submitted, it would have led to Post Office being open and honest

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<sup>109</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 72

<sup>110</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson, pages 97 -98

<sup>111</sup> POL00184392 email from Sir Alan Bates to George Thomson, NFSP, of 20 December 2012

<sup>112</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson, pages 49-52

about BEDs, providing documents to the defence and considering whether to proceed with prosecutions and examining past prosecutions. Horizon would have carried on being the computer system but subject to checking, fixing and updating, in the way that computer systems across the world, however big or small, are dealt with.

41. It is submitted that it was the flawed conflation on Mr Thomson's part, together with the authoritarian way in which he led the NFSP<sup>113</sup>, which led to his failure to respond appropriately and properly to at least two key pieces of information.
  
42. One of the first points at which Mr Thomson should have been properly considering the merit of what was being said by Computer Weekly, the nascent JFSA and the communications with the NFSP by their members which Marilyn Stoddart was dealing with, was the letter from Lee Castleton of 29 September 2009<sup>114</sup>. This letter was not Mr Castleton trying to get the NFSP to deal with his case and Mr Castleton was not saying he was a member of the NFSP who needed help. He was saying, based on his own experience, that there were flaws with Horizon and the way in which the Post Office was dealing with this and taking prosecutions was "heavy handed". This was a piece of information which Mr Thomson should have fed into his thinking and approach. Instead, as is documented whenever challenges to Horizon were made and other officials sought to debate them at Executive Council or Conference, Mr Thomson ensured they were shut down. For example, Mr Thomson's approach to Mark Baker's concerns about Network Transformation, Horizon and the Postal Services Bill is what ultimately leads Mr Baker to leave the NFSP and join the CWU. Mr Thomson, it is submitted, should have taken the concerns others were raising more seriously, considered that if they were not dealt with this could lead to a much worse problem for the Post Office, as eventually transpired.
  
43. Another point at which it is submitted Mr Thomson should have done more, or certainly done something different, is the email from Sir Alan Bates on 20 December 2012<sup>115</sup>. The letter which Sir Alan was sending on was the culmination of the work done to show, as a matter of fact, Horizon had BEDs and the Post Office were prosecuting people in the face of this knowledge. At this

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<sup>113</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 17

<sup>114</sup> NFSP00000347 letter from Lee Castleton to NFSP 29 September 2009 and transcript 21<sup>st</sup> June 2024 evidence of George Thomson, pages 53-57

<sup>115</sup> POL00184392 email from Sir Alan Bates to George Thomson, NFSP, of 20 December 2012

moment, it is submitted, it was incumbent on Mr Thomson to challenge the Post Office, perhaps even meet Sir Alan to find out more. Instead, he instantaneously forwarded this email on directly to Paula Vennells describing it as “*rubbish*”. He was clearly completely against, knowingly against, the JFSA and all they stood for, that he was completely closed to the idea they could be correct, and he was seemingly obsessed with the idea that Sir Alan, the JFSA and others either wanted to or would bring down Horizon and the Post Office with their efforts. In his evidence to the Inquiry he goes on to explain that his view was Sir Alan’s opinion was Horizon was systematically flawed and he wanted to bring down the Post Office<sup>116</sup>. George Thomson should have read that email and that letter and decided something needed to be done to show some interest, some support for what was being said and done.

44. A further point at which Mr Thomson could have recognised there was something seriously wrong with the approach being taken by the Post Office and to challenge it was the Second Sight investigation and the interim report. However, Mr Thomson’s approach to Second Sight was to be angry with the Post Office for even going down the road of independent investigation into Horizon.
  
45. Ultimately, it was Mr Thomson’s approach, his apparently consistent approach that led him to be characterised as being a cheerleader for both the Post Office and its ‘Horizon is robust’ narrative. It was this approach which appears to have led to Nick Beale of the Post Office saying at the Common Issues trial that the NFSP did not support the JFSA. Mr Thomson, whether wittingly or unwittingly, in his staunch support for Horizon and his trenchant views about the consequences of the JFSA, became a leitmotiv for the Post Office, with multiple witnesses to the Inquiry from Paul Vennells through to Sir Vince Cable referencing the support which the NFSP through Mr Thomson’s leadership gave to Horizon. Although it appears literally nothing could have stopped the Post Office from behaving as it was, no matter what was being uncovered, and therefore a different approach by Mr Thomson would likely not have changed what the Post Office did, it would nonetheless have been on the right side of right rather than, as Calum Greenhow said in his evidence to the Inquiry, on the wrong side of right. It is therefore accepted by the NFSP that Mr Thomson’s blinkered approach and the way in which he wrongly conflated the issues, lent support to the Post Office’s approach to Horizon and effectively offered reassurance to those externally, such as government

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<sup>116</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson, page 98



ministers. The NFSP of today truly regrets that, and for Mr Thomson's approach, actions and the way he led the NFSP in this regard, it is truly sorry.

46. The experience of seeing, hearing and reading all that took place has been a salutary experience and lesson for the NFSP, which is a quite different organisation today. As will be seen in the section which follows and in the section of these submissions dealing with Phase 7, the changes to governance and approach of the way in which the NFSP is led today has been undertaken to ensure that what may be termed the authoritarian way in which Mr Thomson led the organisation in the past cannot be repeated.

*Calum Greenhow, Chief Executive of the NFSP*

47. Calum Greenhow has been Chief Executive of the NFSP since June 2018. He came into this post just a few months before the GLO and the Common Issues hearing got underway. In his witness statement he sets out how he came to be involved with the NFSP. A postmaster since 1995, he did not join the NFSP until 2001 and did start attending NFSP local meetings until 2008. He became a branch official in 2010, then a branch secretary and then in 2013 the Scotland representative on the NFSP's Standing Orders Committee. In June 2016 he became a member of the NFSP board<sup>117</sup>. Until he joined the board, Mr Greenhow's involvement with the NFSP was largely local to his post office, which was in a village in the Scottish borders. His oral evidence was that Horizon issues, challenges from postmasters was something that he was not aware of, this had not featured in the occasional representation matters he had been involved in. He thought that the Panorama programme in 2015 was probably the first time he had heard about the issues<sup>118</sup>. What he did know was that the way in which George Thomson ran the NFSP was to suppress those who challenged him and for the operating environment as a result to be what he described as "toxic"<sup>119</sup>. Mr Greenhow explains in his witness statement that he did attempt to challenge Mr Thomson, for instance, he had concerns about the veracity of the Post Officers promises about Network Transformation<sup>120</sup>, thought it was a "sea of icebergs" rather than a "promised land". He was

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<sup>117</sup> WITN00370100 first witness statement of Calum Greenhow, paragraphs 16 and 17

<sup>118</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 63

<sup>119</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 17

<sup>120</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 17

strongly criticised by Mr Thomson for making such a challenge, although it has turned out that Mr Greenhow was right to be concerned about the delivery of Post Office promises. When Mr Thomson decided to stand down, others in the NFSP thought the appointment of Mr Greenhow to Chief Executive would bring the NFSP back to the organisation they thought it should be, more representative of the members.<sup>121</sup>

48. It is submitted that Mr Greenhow's oral evidence and his first witness statement should be accepted by the Inquiry. Mr Greenhow has tried to assist the Inquiry with information about Phases 5 and 6, through the review of his documents, although he did not have direct involvement in the issues or knowledge of them, in particular George Thomson's communications with and working relationship with Paula Vennells, for instance. He explained that after the Panorama programme he tried to challenge George Thomson about the branch circular Mr Thomson was sending out that was critical of the programme and supportive of the Post Office. Mr Greenhow says at paragraph 69 of his witness statement:

*"...in 2015 after watching the Panorama programme, I wrote to George Thomson .... POL00162628)..... In the June of 2016 I joined the Board of the NFSP with Peter Montgomery, who also joined at the same time. Independently of each other, at the first Board meeting I attended, we each challenged the Board and especially George Thomson on the stance taken by the NFSP in relation to the integrity of Horizon (see NFSP report of a meeting of the Council on 13-15 June 2016, NFSP00000500), however I can see this was not recorded in the Minutes. I can remember saying the computer system cannot be 100% correct, a 100% of the time. I think George was repeating the no systemic issues line, but I was saying that did not mean it couldn't have local faults. George effectively shut it down and states, as seen in those Minutes, that we were 'reminded' of `collective cabinet responsibility'. In raising this at the first Board, I was conscious that I wanted to try and build some momentum that could challenge George, I felt if I had gone at him all guns blazing he would have shut me down, as he had done others, and this would effectively prevent any challenge or change"*

49. While there is an argument to be made that more could and should have been said and done by Mr Greenhow and others at this time, it is submitted that the known autocratic way in which Mr Thomson ran the NFSP and, for instance, the departure of Mark Baker and others, showed that direct challenge did not work. It was reasonable in those circumstances to try to challenge in a less

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<sup>121</sup> WITN00307100 first witness statement of Calum Greenhow, paragraph 17

direct way and, as it turned out, seek to change the organisation's way or working when Mr Greenhow became Chief Executive.

50. Mr Thomson in his oral evidence said that Mr Greenhow had had time to change the NFSP's approach to the GLO after he became Chief Executive<sup>122</sup>, however, it is submitted that it is disingenuous to make out an incoming Chief Executive could understand all that was involved in the GLO when Mr Thomson himself had failed to keep the NFSP board and the organisation fully apprised of his communications and relationship with the Post Office on Horizon. For instance, no-one knew or was told about the Sir Alan Bates communication of 20 December 2012 or that Mr Thomson had forwarded it on to Paula Vennells as "*rubbish*". At worst, it may be been naive for Mr Greenhow to have believed that the GLO court hearings was the way in which the truth about Horizon would become known, and that with the NFSP not being a party that it would not be mentioned. It is submitted that due to the way Mr Thomson ran the organisation, Mr Greenhow could not have known at the time that the NFSP was effectively branded a cheerleader for the Post Office's position on Horizon. It was also the case that coming into post just five months before the case went to court that there was no meaningful way in which the NFSP could intervene, even if it could have, Mr Greenhow had no real knowledge of or understanding of what the Post Office had been saying or doing. Hence the total surprise for Mr Greenhow when the Common Issues judgement came out and was trenchant in its criticism of the NFSP, based on the evidence of the Post Office.

51. It is submitted that the references to the NFSP in the Common Issues judgement have been focused on by others and merged the GFA with Network Transformation and with the Post Office apparently running the NFSP. It is submitted while that may well have been how matters were portrayed in front of Lord Justice Fraser by others, the closer scrutiny which this Inquiry has been able to have, and as discussed above, has shown that there is some unpicking that has to be done. The prosecutions and support for Horizon were unrelated to the GFA or Network Transformation, the vast majority of prosecutions and recoveries took place under the 1994 postmaster contract, not the one referred to in the judgement. The GFA came into being because of the change of status from a trade union and at very short notice at a time of considerable change in the network, funding for the work of the NFSP to continue was required. While the NFSP of today accepts the

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<sup>122</sup> Transcript 21<sup>st</sup> June 2024 evidence of George Thomson, page 169

GFA was certainly far from perfect, it also submits that the GFA was not responsible for what the Post Office did on prosecutions nor did it influence the support given to the Post Office by George Thomson, that came from Mr Thomson's own views, and he considered his own views to be the views of the NFSP.

52. Mr Greenhow accepts in his witness statement and in his evidence that the immediately following responses of the NFSP to the Common Issues judgement where various criticisms were made of it were borne out of surprise with what was said and frustration with the use others were making of them<sup>123</sup>. However, from that point on it can be seen that Mr Greenhow has been committed to trying to right the wrongs of the previous NFSP administration, working to have the GFA changed in light of Lord Justice Fraser's criticism from the point of the judgement being released. As is seen in the submission in respect of Phase 7, Mr Greenhow and the NFSP have criticised the Post Office wherever and whenever that has been needed, including at this Inquiry, and has worked tirelessly to help members with the Historic Shortfall Scheme, in starting work on setting up a Scottish support group for those with and awaiting overturned convictions, and in the many other areas outlined in his witness statement.

53. It is submitted that in the round, having come into post not knowing a great deal about the Horizon issues and details of the GLO, Mr Greenhow has taken the points raised in the judgement seriously and taken all necessary steps to deal with them.

#### *The Communication Workers Union*

54. One of the reasons the NFSP came into the Inquiry to engage as a core participant was to find out the answer to Issue 49 (and also referenced in relation to questions 50, 59, 209, 211, 213, 214, and 218) in the List of Issues of the Inquiry's Completed List of Issues<sup>124</sup> - who knew what, when, how much did they know and what did they do about what they knew? What did the Post Office, government departments and ministers and Fujitsu know, what they did/did not do over the Horizon years; how were so many misled over such a long period of time; how and why did

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<sup>123</sup> Transcript 26<sup>th</sup> September 2024 evidence of Calum Greenhow, pages 74-76

<sup>124</sup> RLIT0000010 The 'Completed List of Issues' for the Post Office Horizon IT Inquiry

hundreds of people have their lives ruined by wrongful prosecutions and why were thousands more wrongfully pursued for, or voluntarily paid, shortfalls as a result of Horizon.

55. There has been a huge amount of information from and about the principal actors in this scandal, and these submissions will go on to look at that. In terms of representative bodies and Issue 49, the questions are: what did the NFSP and the Communications Workers Union (CWU) know? What did they do? For the NFSP they wanted to know if there something different happening in the Crown Post Offices as compared to sub-post offices? If so, what was that and why was that? What was the Post Office saying and doing about Horizon and Crown Post Offices? What was happening to all those who worked in Crown Post Offices as employees of the Post Office and who used Horizon? Was anything being raised with Post Office on behalf of Crown Office employees? The CWU had thousands of members in Crown Post Offices<sup>125</sup> and their members used Horizon every day. The freedom of information request response to Nick Wallis showed 95 Crown Post Office employees had been prosecuted between 2000 and 2008 and over 100 by the time of 2015.<sup>126</sup>
56. The witness who attended in Phase 5/6, the Deputy General Secretary of the CWU, Tony Kearns, confirmed he'd not had responsibility for postal issues since 2002 and therefore was limited in his ability to assist the Inquiry with answers in respect of Issue 49. The CWU official who had responsibility for this area since 2002, Andy Furey, did not attend as a witness, therefore the Inquiry has not had the benefit of his oral evidence and core participants did not have the opportunity to ask him questions. A witness statement from Mr Furey was provided in late October this year, although unfortunately it appears to shed limited light on the effect of Horizon on those working in Crown Post Offices during the Horizon years. It appears to have a focus instead on criticism of the NFSP's past actions. However, as the NFSP has throughout the Inquiry candidly accepted its past failings, through its submissions, Calum Greenhow's witness statement and his oral evidence, it is submitted, this focus is of limited value to the Inquiry regarding the CWU's own actions. It appears that the position for the CWU may be summarised as: we had thousands of members in Crown Offices; Horizon was being used in Crown Post Offices every day; we didn't know about any issues with Horizon or prosecutions of Crown Office employees; and when former NFSP officials came over to us with concerns about Horizon we tried to raise it with the Post Office

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<sup>125</sup> Transcript 20<sup>th</sup> June 2024, evidence of Tony Kearns, page 95, lines 9-24

<sup>126</sup> RLIT0000038 letter from Post Office to Nick Wallis 20 May 2020 with response to Freedom of Information request requesting numbers of prosecutions of subpostmasters, assistants and post office workers (in Crown Offices)

but they wouldn't talk to us. Notwithstanding this position, the Inquiry will note that Dave Ward, CWU General Secretary, recently commented in a BBC news report on the Nigel Railton announcement of 12<sup>th</sup> November regarding the closure of Crown Post Offices that their [CWU] members "are victims of the Horizon scandal".<sup>127</sup>

57. The NFSP is also concerned that, having particular regard to the witness statement of Andy Furey,<sup>128</sup> the CWU position appears to be that the Horizon scandal is one that affected only postmasters and that there appears to have been 'nothing to see here' when it comes to Crown Post Office employees and CWU members. However, this does not appear to fit with the statistics provided to Nick Wallis by the Post Office in answer to his freedom of information request of 2020 regarding the breakdown of those prosecuted<sup>129</sup>. This showed that of the prosecutions, 54% were postmasters while the remainder were assistants and Crown Office employees, which serves to demonstrate that it was not only postmasters who were being prosecuted.

58. The NFSP notes Mr Furey's evidence that there were no known challenges from either CWU members or representatives in respect of the Horizon system integrity between 2000 and 2008,<sup>130</sup> that there was a "*lack of involvement of Crown Office employees in the scandal (as far as we are aware)*"<sup>131</sup>. At paragraph 42 Mr Furey notes his first communication with branches about Horizon is in 2013 around the time of the JFSA and further articles in Computer Weekly. In his evidence to the Inquiry on 20<sup>th</sup> June 2024, Tony Kearns described the traditional trade union branch structure of representation which meant issues were not usually funnelled up to head office, and he also noted that there was no criminal legal representation for members<sup>132</sup>. It should be noted that both of these points are exactly the same as for the NFSP at the relevant period of time. In addition, Mr Furey explains at paragraph 43,<sup>133</sup> prosecutions usually occurred after an employee was dismissed, and therefore when they were a former member of the CWU. Even if it is the case that members

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<sup>127</sup> RLIT0000492 BBC Article re 115 branches as risk

<sup>128</sup> WITN00340100 witness statement of Andy Furey

<sup>129</sup> RLIT0000038 letter from Post Office to Nick Wallis 20 May 2020 with response to Freedom of Information request requesting numbers of prosecutions of subpostmasters, assistants and post office workers (in Crown Offices)

<sup>130</sup> WITN00340100 witness statement of Andy Furey, paragraph 22

<sup>131</sup> WITN00340100 witness statement of Andy Furey, paragraph 43

<sup>132</sup> Transcript 20<sup>th</sup> June 2024 evidence of Tony Kearns pages 94-99

<sup>133</sup> WITN00340100 witness statement of Andy Furey

had likely been dismissed prior to prosecution or for prosecution to be avoided, there appears not to be acknowledgement that it was incumbent on the CWU to be concerned for its members about the robustness of Horizon when issues about this were coming into the public domain from around 2009 onwards. It is submitted that it is inconceivable that a Horizon system that could and did create shortfalls, whether by bug, error or defect (BEDs), did not do so in Crown Post Offices. As well as the figures provided to Nick Wallis in the freedom of information response, this also appears to have been acknowledged by Dave Ward in a BBC report regarding the potential closure of Crown Office branches under the “new deal” proposed by Nigel Railton on 12<sup>th</sup> November this year, when he said that “*CWU members are victims of the Horizon scandal...*”<sup>134</sup>.

59. The NFSP submits there is no, or only limited, evidence provided to the Inquiry demonstrating that when Horizon issues came to the CWU’s attention through media reports or former NFSP officials coming over to the CWU, that they asked their members employed within Crown Post Offices whether they had any concerns or issues with Horizon. It is submitted that the communications issued by the CWU in light of the Panorama programme,<sup>135</sup> the Second Sight Interim<sup>136</sup> and Final Reports,<sup>137</sup> and the Common Issues and Horizon Judgments<sup>138</sup> all refer to BEDs as a postmaster problem, and do not seek to explore whether any of their current or former members employed within branches have been affected by similar issues. There seem to have been no requests to employee members to come forward with information or issues, in case they required assistance or had been affected.

60. It is submitted that the CWU is also in a unique position where throughout the relevant period, it not only represented employees in Crown Post Offices but also auditors who were instructed by managers.<sup>139</sup><sup>140</sup> From evidence in Phase 4, it is clear that auditors, as well as being criticised for the

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<sup>134</sup> RLIT0000492 BBC Article re 115 branches as risk

<sup>135</sup> CWU00000013 CWU letter to all branches No. 533/15 with postal members re: 'Post Office: Panorama Programme on Horizon Issues'

<sup>136</sup> CWU00000001 CWU Letter to Branches No. 489/13 re-Second Sight and Horizon

<sup>137</sup> CWU00000005 Email from Sian Jones (CWU) re: 'press release - the need for transparency on the Horizon system to protect SPMs'

<sup>138</sup> CWU00000020 Letter to Branches from CWU No. 234/2019 re:Post Office Horizon Trial - Bates & Others v POL

<sup>139</sup> WITN00340100 at para 2; Transcript 20<sup>th</sup> June 2024 evidence of Tony Kearns, pages 102 -105

<sup>140</sup> Transcript 20<sup>th</sup> June 2024 evidence of Tony Kearns, pages 102-105

manner in which some conducted their audits, were made aware by some of those they were auditing that the Horizon data was not accepted and that ARQ data being requested to demonstrate this. There seems not to have been any inquiries by the CWU with the audit section of their membership as to what was happening with Horizon audits or if any issues of the type being reported on in the media were or had been raised during audits. It is submitted that the CWU were in the perhaps unusual position of having members auditing other members in situations which may have replicated some of the evidence on audits which has been heard at this Inquiry<sup>141</sup>.

61. It is submitted therefore that it is unclear, based on the evidence available to the Inquiry, what it was that the CWU knew and should have known and what they did or did not do to identify, provide support and represent the interests of their members employed in Crown Post Offices who may have been affected by the scandal. It is submitted that it is unclear what investigation the CWU has undertaken to identify former Crown Office employee members who are potentially victims of the Horizon scandal or what support has been provided to such former members.
  
62. At paragraph 55 of his witness statement Mr Furey refers to the evidence he gave at the BEIS Select Committee on 3 February 2015. At this Select Committee hearing Mr Furey advised the committee that he had not come to criticise Horizon, he was concerned about the pace of the mediation scheme for those who had been affected by what he called “glitches” in the [Horizon] system<sup>142</sup>. As at 2015, and certainly considering George Thomson of the NFSP was sitting close by saying repeatedly how robust the Horizon system was, it is submitted Mr Furey could, have been stronger in his comments and, it may be said, should have been so. Mr Furey was accompanied by Mark Baker at the committee hearing, as he refers to in his witness statement, and it is submitted would have had the position that Mark Baker had been adopting on Horizon while an NFSP official. It is submitted that this was a missed opportunity and one which demonstrates that, whatever the failings of the NFSP during the material period and at that same select committee, the CWU appeared to have little to say on challenging the ‘Horizon is robust’ narrative which was still endemic at Post Office at the time. What was the CWU doing to raise the profile of Horizon concerns if not taking the opportunity to do in front of MPs, with Sir Alan Bates, Lord Arbuthnott and other present?

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<sup>141</sup> WITN00340100 Witness statement of Andy Furey

<sup>142</sup> UKGI00013818 BEIS Select Committee 2015



63. It is submitted that it is of interest two separate people, Thomas Moran and Mark Davies of Post Office in separate emails<sup>143</sup> state that Mr Furey wasn't keen to give evidence at this select committee. Mr Moran goes further and suggests it would be less likely that Mr Furey would "weigh in" on the side of the JFSA due to the IR review he [Mr Moran] was about to start. While at paragraphs 53 and 54 Mr Furey discusses those emails and appears not to understand the tenor of them, it is submitted that these emails, particularly the one of Mr Moran, could explain what can only be termed a fairly muted response to the Horizon issues questions at the select committee while George Thomson was giving the robustness message full blast.
64. It is noted that the CWU appears to have provided limited documentation regarding the nature and extent of any assistance provided to its members caught up in the Horizon scandal, and what has been provided relates to the early days of Horizon, the CWU criticisms about the NFSP, and the CWU's response to the Common Issues and Horizon Issues judgments of Lord Justice Fraser. At paragraph 41 of his statement,<sup>144</sup> Andy Furey outlines a number of activities in relation to the Horizon scandal which he says the CWU carried out, however the Inquiry does not have before it any evidence that would allow it to examine this, or understand the extent, and quality of these activities, or any other involvement of the CWU in support and representation in relation to this scandal. Tony Kearns provided oral evidence in relation to Phases 5 and 6, however, his involvement as a CWU employee with the Post Office and Horizon as it impacted CWU members ended in early 2002, over 22 years ago.<sup>145</sup> It is submitted that the Inquiry is therefore unable to fully examine the role, knowledge and activities of the CWU through the oral and documentary evidence in Phases 5 and 6, despite the fact they had thousands of members over the material period using Horizon, despite the fact their members were prosecuted and despite the fact they had former officials from the NFSP join their ranks in 2011 with information and concerns about Horizon. It is submitted that such an examination is necessary in order for the Inquiry to answer the relevant questions within the list of issues regarding the CWU. It is submitted that the CWU were, at least, no different from the NFSP in terms of the branch and reporting structure or in their provision of criminal legal representation. Although not accepted by Tony Kearns when it was put

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<sup>143</sup> POL00117004 Email to Mark R Davies from Thomas P Moran Re: Select Committee: initial briefing material and other actions; POL00386319 Email from Mark Davies to Jane Hill re Select Committee initial briefing material

<sup>144</sup> WITN00340100 Witness statement of Andy Furey

<sup>145</sup> WITN06370200 Witness statement of Tony Kearns, paragraph 3

to him by the NFSP in questions on 20<sup>th</sup> June 2024, it is submitted that the CWU was, at least, incurious about what was going on with Horizon, despite, for instance having access to all the information about Horizon concerns which Mark Baker brought over from the NFSP in 2011 and there having been reports circulating in the media about Horizon issues. It is submitted that it is not enough to simply point at the NFSP and seek to wholly blame it while suggesting that despite the thousands of members working with Horizon in Crown Post Offices nothing or next to nothing needed to be done by it, and because the Post Office wouldn't speak to the CWU about postmasters that it simply couldn't raise its concerns, such as they actually were, about Horizon. It is submitted that if the CWU had indeed been so concerned about Horizon, for instance, from the time Mark Baker joins in 2011 there were many things that could have been done....media, lobbying MPs, speaking out at the BEIS 2015 Select Committee and such like. However, according to the witness statement of Andy Furey at paragraph 41c it was not until the GLO was underway that Mark Baker reached out with offers of support (notwithstanding some members of the JFSA and GLO had been Crown Post Office employees).

#### *Conclusion on information, knowledge and representation*

65. With regard to the Inquiry's List of Issues from 49 – 60, and also adopting the issue of shortfalls into the same assessment, it is submitted that the following can be said:

- a.** For what might be termed the Horizon early years – 1999 to around 2005-2007, the NFSP and the CWU were operating on the basis of information from the same trade union and long-established system of branch officials dealing with issues on the ground, no real formal mechanism to feed things up to head office. Due to the geographical spread, a Horizon issue in one area and dealt with by one branch official, whether or the NFSP or the CWU, would not even be known by another branch official in a different area. On the evidence of both Colin Baker and Tony Kearns, the NFSP and the CWU were feeding back what was being brought up and Post Office said they were dealing with it. There was no reason not to believe otherwise. Colin Baker described the issues they came to know of during this time as “teething problems”, and Tony Kearns described them as “glitches”.
- b.** Not all of those being prosecuted by Post Office were postmasters and not even all of those postmasters were members of the NFSP. Many prosecutions were against assistants, who were not and could not be members of the NFSP (as they were not postmasters), and Crown Office employees. As shown by the freedom of information response to Nick Wallis,

referred to throughout these submissions, 54% of those prosecuted were postmasters, leaving 46% as others.

- c. The geographical spread and the lack of systems for reporting upwards meant head offices did not become aware of the issues in any kind of way that would have allowed a consistent picture to emerge to them. Added, Post Office invested in telling anyone who was being audited, prosecuted, followed-up for shortfall recoveries that they were the only ones, and so it took some years for any real picture to emerge.
- d. It is acknowledged that by around 2009 when Computer Weekly's first report and the voice of Sir Alan Bates started to break through, both the CWU and the NFSP should have been paying greater attention. While both were still trade unions at this time and still had the branch official structure in place, what was beginning to circulate should have raised questions for both unions in wondering what might be happening to their members on the ground.
- e. Both the NFSP and CWU did not provide legal funding for criminal case representation. This meant they very often, perhaps almost always, were not aware of the growing number of prosecutions which were taking place. They advised members who needed criminal representation to instruct their own criminal solicitor. As Andy Furey said in his witness statement, members were often disciplined and dismissed or left after shortfalls were identified, they were no long members and therefore their status and what happened to those individuals was simply not known.
- f. However, both organisations ought to have been more alert to the surrounding noise. Although in the context of the present Inquiry and all that has been heard, there were very significant other developments ongoing at the material time that affected both the NFSP and the CWU, in particular the Postal Services Act 2011 and Network Transformation. While it is understood it is difficult to hear, both organisations were involved in a huge amount of work on both of these issues at the 2009 onwards.
- g. The change in status for the NFSP brought about by the issue raised with the Trade Union Certification Officer and its subsequent delisting meant that the future of the NFSP at a critical time during NT was under threat. Reducing numbers of post offices, and therefore members, meant subscriptions along could not keep it going. A deal was done to bring in the GFA and a 15 year funding package. However, this all post-dated the key Horizon dates and events such as the letters from Sir Alan Bates and Lee Castleton to the NFSP. The

NFSP's public position as put forward by George Thomson was his personal view and he confirmed that his view has not changed.

- h.** At around this time, Mark Baker has left the NFSP and gone to the CWU but apart from a reference by Mr Furey to an attempt to raise postmaster issues with the Post Office, who would not deal with them on postmaster matters, the CWU appears muted on Horizon. No real challenge or criticism is made of it at the BEIS Select Committee of 2015. Earlier than that, armed with the knowledge and position of Mark Baker, nothing else appears to have been done to raise the profile of Horizon issues by the CWU, even although they knew about them, they appeared to characterise them as postmaster issues only. However, Horizon was an issue for both CWU members and NFSP members.
- i.** It is submitted that up until around 2010-2012 it might be said that it was reasonable for both the CWU and NFSP to have relied on the assurances of the Post Office, as everyone else was, but with the caveat that they could and should have been more curious. Once Panorama and Second Sight were in their consciousness, real questions should have been asked.
- j.** At around this same time George Thomson did not brook challenge and the belief that the JFSA were going to bring down the Post Office network with its challenges on Horizon blinkered him from around 2010 onwards, and trenchantly from around 2012 onwards.
- k.** The issues already mentioned above on lack of upward reporting and geographical spread meant that there was not a clear picture on recoveries and shortfalls, which was an issue for postmasters under their 1994 contract, meant the Post Office took a ruthless approach to recoveries, wrongly applied and enforced the contract where Horizon shortfalls were showing and effectively stole £Millions that was not due to them and put it on their profit and loss account. While George Thomson took the approach that shortfalls had always existed and the contract meant they were due, closure examination shows that the Post Office were using the contract wrongly in terms of Horizon shortfalls and had created an environment where postmasters wherever they were had to pay up.
- l.** Taken in the round, the representative bodies had a responsibility to represent their members, wherever they worked, who used Horizon. The earlier years did not have a clear enough picture not clear enough systems to allow a picture to be seen. This standard approach to representation helped to obscure the Horizon problem for these bodies and when the campaigners began to emerge, not enough was done to truly try to interrogate what was happening.

## Phase 7 submissions

### Current practice and procedure and recommendations for the future

#### *Changes the NFSP has made in light of Lord Justice Fraser's Criticisms*

66. The Phase 7 evidence sessions focused on the current position of the Post Office, the governance, culture, the representative bodies, and plans for the future. The NFSP had much to learn from the George Thomson years and the criticisms made by Lord Justice Fraser in the Common Issues judgement. It is submitted that the evidence in Phase 7, particularly that of Calum Greenhow and the documents provided by the NFSP, shows that NFSP has taken significant steps to address the criticisms and the other issues within the organisation which this scandal has highlighted.
67. It is submitted that while it is clear from Mr Greenhow's evidence and the questions and submissions of the NFSP at the Inquiry, the GFA has not prevented him from publicly criticising, questioning and making statements about the Post Office.<sup>146</sup>
68. In light of this, shortly after Lord Justice Fraser's judgements in 2019, the NFSP started negotiations with the Post Office to amend the GFA.<sup>147</sup> These negotiations took five years, much to the frustration of the NFSP<sup>148</sup>, but the Deed of Amendment and Restatement was eventually finalised and signed by the Post Office on 16 September 2024, just before Calum Greenhow was due to attend the Inquiry to give his oral evidence.<sup>149</sup> Changes under this deed include the removal of Clause 5.3, meaning that there is no restriction on the NFSP's ability to undertake public activity which may prevent Post Office from implementing any initiatives, policies or strategies, or ability to

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<sup>146</sup> WITN00370100 Witness statement of Calum Greenhow, paragraph 208

<sup>147</sup> NFSP00001082 GFA and WITN00370100 Witness statement of Calum Greenhow at paragraphs 316 - 320

<sup>148</sup> WITN00370100 Witness statement of Calum Greenhow, paragraph 318

<sup>149</sup> WITN00370137 Deed of Amendment to the GFA

fund or induce any third party litigation against Post Office.<sup>150</sup> The previous clause regarding “Event of Clawback” was changed to an “Event of Withholding”, and while this could occur should the NFSP breach Clause 5, as noted Clause 5 no longer contains many of the previous restrictions upon the NFSP.<sup>151</sup> The deed also makes clear that the annual grant funding purpose of the NFSP includes: (i) negotiating changes to remuneration on behalf of and for the benefit of Postmasters; (ii) challenging, reviewing and commenting on new or updated Post Office proposed policies or proposals on behalf of and for the benefit of Postmasters; (iii) representing its members including in relation to disputes with Post Office; (iv) providing welfare and support to Postmasters in each case in relation to Postmasters, operation of Post Office branches and all business carried on by Postmasters on their own account from Post Office branch premises in accordance with their contract for the operation of the Post Office branch. The NFSP adopts the evidence of Calum Greenhow regarding the prolonged period of time it took for the GFA alterations to be agreed, and the refusal of Post Office to include a “good faith” term in the recitals.<sup>152</sup>

69. In addition, the NFSP are looking at its future beyond the GFA, which is due to end in 2030.<sup>153</sup> Following a competitive process, the NFSP has instructed Grant Thornton to investigate the commercial alternatives open to the NFSP, including possible structures that would not rely upon Post Office funding.<sup>154</sup> The intention is for the NFSP’s membership to vote on the future of the NFSP, and what they considers would serve them best.

70. One of the key areas which the NFSP and Calum Greenhow recognised from the criticisms by former members about the NFSP’s representation, was to strengthen the organisation’s ability to provide advice to and representation for members experiencing discrepancies and disputes with Post Office. In the early 2000s, the NFSP provided branch officials/representatives with training on representing members at Reasons to Urge meetings and Appeals.<sup>155</sup> However, at some point prior

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<sup>150</sup> See NFSP00001075 Grant Funding Agreement for previous Clause 5.3

<sup>151</sup> WITN00370137 Deed of Amendment and Restatement of the Grant Funding Agreement at Clause 16 versus NFSP00001075 Grant Funding Agreement at Clause 17

<sup>152</sup> WITN00370100 Calum Greenhow, First Witness Statement, paragraphs 316 - 321

<sup>153</sup> WITN00370137 Deed of Amendment and Restatement of the Grant Funding Agreement at page 7

<sup>154</sup> WITN00370120 Engagement Letter between Grant Thorton UK LLP and NFSP

<sup>155</sup> NFSP00000872 Branch Secretaries Training Course on RTUs and Appeals

to 2012, this was discontinued.<sup>156</sup> After the GLO, Calum Greenhow instituted a new method of working and representation the NFSP therefore implemented a number of measures to ensure that NFSP representatives dealing with discrepancies were properly trained, and a standard of representation could be ensured. These include the establishment of the role of a Legal and Regulatory Director to centrally monitor issues and ensure fairness and transparency across the UK,<sup>157</sup> as well as trained, specialist Advocacy Representatives, who represent postmasters if there is a potential breach of contract that could result in a suspension or termination<sup>158</sup>. The NFSP is also in the process of engaging with ACAS to explore whether an external qualification would be beneficial to strengthen our representative offering for members.<sup>159</sup>

71. As previously outlined, the NFSP considers that a significant issue contributing to the NFSP's lack of understanding regarding issues raised by members in the past was due to the branch structure of the NFSP, meaning that issues dealt with at a local level were not necessarily known about at a higher level within the NFSP. Soon after the GLO, the NFSP identified that this was a significant gap, and implemented Case Recording Management (CRM), which was required for the recording, monitoring and reporting of member concerns, including regarding discrepancies.<sup>160</sup> Today, the NFSP receives information regarding this from Branch Secretaries, Regional Secretaries and Regional Non-Executive Directors on a weekly basis, and this information is collated into the Directors' Log.<sup>161</sup> The Directors' Log, as well as information from the NFSP's HR partner, HR4UK, and any surveys of members (including the remuneration survey) is used in a presentation to the NFSP Board.<sup>162</sup> This all seeks to ensure that issues reported members are understood at the highest level of the NFSP, and there is centralised knowledge of any trends or anomalies, in order to safeguard against similar barriers to information flow caused by the branch structure occurring.

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<sup>156</sup> WITN00370100 Witness Statement of Calum Greenhow at paragraph 42

<sup>157</sup> NFSP00000213 NFSP report of a meeting of the council on 20 - 21 January 2020 at page 3

<sup>158</sup> WITN00370100 Witness statement of Calum Greenhow at paragraph 253

<sup>159</sup> Transcript 26<sup>th</sup> September 2024, evidence of Calum Greenhow, page 83

<sup>160</sup> NFSP00000213 NFSP report of a meeting of the council on 20 - 21 January 2020 at page 3

<sup>161</sup> WITN00370124 Directors Log Spreadsheet of Issues

<sup>162</sup> WITN00370109 Public Affairs Board Report, and WITN00370100 Witness statement of Calum Greenhow at paragraphs 265-266

72. Another key development is in the seeking of feedback from various surveys, conference, forums, and monitoring of issues raised helps to ensure that members' interests are the paramount consideration of the NFSP of today, and enable the NFSP to be vocal in its challenge and, when appropriate, criticism of POL. It is submitted that this has been demonstrated in relation to a number of issues, including the following:

- a. Campaigning on remuneration;<sup>163</sup>
- b. Campaigning in support of Rural and Community Offices;<sup>164</sup>
- c. Campaigning on Hard to Place;<sup>165</sup>
- d. Investigating the mis-selling of Network Transformation;<sup>166</sup>
- e. Campaigning for a review of Horizon today, as a result of issues reported by members;<sup>167</sup>
- f. Campaigning to extend government services contracts, such as DVLA;<sup>168</sup> and
- g. Supporting SPMs applying to compensation schemes,<sup>169</sup> campaigning for GLO claimants to be included in the HSS scheme,<sup>170</sup> and raising concerns about delays in those schemes.<sup>171</sup>

73. The NFSP therefore hopes that the Inquiry, its members, and SPMs can see the significant steps that it has taken in order to identify, reflect upon and address the criticisms raised by Lord Justice Fraser, and other issues that required improvement in light of this scandal.

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<sup>163</sup> For example, WITN00370119 Letter from Calum Greenhow to Minister Gareth Thomas re NFSP Introduction and Key Issues Facing Postmasters

<sup>164</sup> WITN00370125 Letter from Calum Greenhow to the House of Commons re Current Network Issues

<sup>165</sup> WITN00370128 Email chain between Elliot Jacobs, Calum Greenhow and Saf Ismail re Hard to place; and WITN00370100 first witness statement of Calum Greenhow, paragraph 255

<sup>166</sup> NFSP00001473 Letter from NFSP CEO, Calum Greenhow to Secretary of State, Jonathan Reynolds re Review of Post Office Network Transformation Scheme,

<sup>167</sup> NFSP00001475 Emails with Post Office regarding audit of current Horizon system

<sup>168</sup> WITN00370112 NFSP's Proposed Draft Letter from Members to their MP re DVLA and other issues July 2023; and WITN00370100 first witness statement of Calum Greenhow, paragraph 248

<sup>169</sup> WITN00370100 first witness statement of Calum Greenhow, paragraphs 224 - 233

<sup>170</sup> WITN00370105 Letter to Nick Read from Calum Greenhow dated 9 July 2020

<sup>171</sup> WITN00370106 Letter from Calum Greenhow to Minister Hollinrake re Concerns about overall governance of the Post Office by successive Governments



## ***Cultural Changes within the NFSP***

### *Policies*

74. Over and above the structural changes identified by Lord Justice Fraser and in the light of the Horizon scandal, the NFSP are also committed to continual improvement of the culture within the organisation. In light of the evidence of George Thomson in Phases 5 & 6, the NFSP realised that the culture, integrity and accountability of an organisation cannot solely rely upon the accountability and integrity of the person or people who lead it. The NFSP therefore implemented safeguards to ensure that any complaints, grievances or concerns about the NFSP and its officials would be dealt with in a transparent and standardised way. As part of this, the NFSP has put in place:

- a. A Diversity, Equity and Inclusion Policy;<sup>172</sup>
- b. A Complaints Procedure;<sup>173</sup> and
- c. A Whistleblowing Policy.<sup>174</sup>

75. These are applicable to members and are available on the member's section of the NFSP's website,<sup>175</sup> and seek to promote postmaster member trust in the NFSP, its governance and culture. The NFSP recognises that proper and transparent governance is key not only in the raising, monitoring and escalating of concerns, but also in ensuring that the culture of an organisation is positive, open and transparent. It is hoped that by implementing these policies, members can be confident that any concerns that they have about the NFSP, its officials or fellow members will be dealt with in a confidential and appropriate way.

76. The NFSP is conscious of how its relationship with Post Office impacts its members. While it is important for the NFSP to challenge and criticise Post Office when necessary, and is not afraid to do so, it is also important that the NFSP is able to work with Post Office to encourage the viability of the network, and to ensure the businesses and investments of its members are being valued. The

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<sup>172</sup> WITN00370135 D,E & I Policy

<sup>173</sup> WITN00370133 Complaints Procedure

<sup>174</sup> WITN00370134 Whistleblowing Policy

<sup>175</sup> Transcript, 26<sup>th</sup> September 2024, evidence of Calum Greenhow, page 81

NFSP is therefore seeking to agree a Ways of Working Terms of Reference (currently in draft form) with Post Office to ensure that there are fair and transparent standards set for the relationship between the NFSP and Post Office, including the expectations that the NFSP and Post Office will have in relation to the relationship, how minutes of meetings are to be kept, how disputes should be resolved, and how communications should work.<sup>176</sup>

### *Initiatives and ongoing work*

77. The NFSP is conscious that the human impact of this scandal, as well as the general challenges of being a postmaster today can have a significant impact on the mental health and wellbeing on postmasters and their families, such as isolation, financial concerns and the relationship with Post Office. This human impact, together with the wellbeing and culture of the wider network evidently have an impact on the culture of the NFSP and its membership. The NFSP therefore has established a number of wellbeing and mental health initiatives since 2019, over and above its efforts to support SPMs regarding compensation and other forms of redress, such as:

- a.** Regular meetings with Post Office (with Postmaster input) to try to improve the culture of the wider network. This is to provide wellbeing support to Postmasters and trying to develop the relationship with Post Office so that they also are contributing to the improvement of network culture and are treating postmasters with respect.
- b.** Through specially trained personnel, the NFSP has been training and promoting Mental Health Champions and First Aiders.
- c.** The NFSP provides a Mental Health helpline.
- d.** The NFSP provides confidential support through HR4UK.
- e.** The NFSP continues to support postmasters in times of crisis through its Benevolent Fund, and there are ongoing instances where the NFSP have provided shop vouchers to SPMs when they are struggling to feed themselves and their family.<sup>177</sup>
- f.** The NFSP has developed regional WhatsApp groups and a Facebook page to enable two-way discussions and peer to peer support, and holds national calls after NFSP Board

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<sup>176</sup> NFSP00001482 NFSP ways of working agreement v7

<sup>177</sup> WITN00370117 NFSP and Post Office Wellbeing Overview Spreadsheet 24 July 2024

meetings to update postmasters on what was discussed, and to receive questions and feedback from postmasters, ensuring that member voices are heard by the NFSP CEO.<sup>178</sup>

78. As highlighted within the first witness statement of Calum Greenhow, the NFSP has been experiencing some issues around a few members or former members creating a negative environment on the NFSP's social media channels, dissuading other members from engaging.<sup>179</sup> In order to manage this, the NFSP are in the process of implementing a Social Media Policy, a draft of which has been made available to the Inquiry.<sup>180</sup> Once signed off and implemented, it is intended that in the rare and unfortunate circumstance where membership to the NFSP is denied or revoked on the basis of a member/ applicant's conduct on the NFSP's social media, the Social Media policy will be available and can be cited as a reason for this decision.

79. Finally, the NFSP wishes to ensure that its members have input into the organisation's culture, and how this can be improved. As noted within Calum Greenhow's witness statement, the NFSP are in the process of developing a Culture Committee, consisting of postmasters and have asked postmasters to come forward to join this.<sup>181</sup> This is to ensure that postmasters are at the forefront of driving the culture of the NFSP, and any concerns about the NFSP's culture that are not already addressed or picked up by the other initiatives and policies implemented have a forum in which to be raised, monitored and addressed. The NFSP, as an organisation whose board consists of postmasters and former postmasters nominated by their peers, understands the importance of listening to SPM voices and learning from them. The NFSP is their organisation, and the Culture Committee is aimed at ensuring that the NFSP's culture serves postmaster needs.

### ***Audits, Investigations, and Action Against SPMs***

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<sup>178</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 286c

<sup>179</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 294

<sup>180</sup> NFSP00001480 Draft Social Media Policy

<sup>181</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 286

## *Representation*

80. The NFSP acknowledges that Post Office has made some effort to improve the process of audits and investigations with regard to shortfalls and discrepancies. It is the more recent experience of the NFSP that Post Office has improved in the way they provide certain reports and information when requested by the NFSP.<sup>182</sup> However, the NFSP has concerns that this improvement in responsiveness in certain circumstances depends upon a postmaster being represented. The NFSP notes with concern that only a small proportion of postmasters facing audits or investigations regarding discrepancies contact the NFSP right away.<sup>183</sup> The NFSP also notes the evidence of Elliot Jacobs regarding his own investigation and the significant stress, and prolonged process that he experienced, including his reporting of a resistance to disclosure and meeting that felt more like a police interview.<sup>184</sup> This difference in experience causes the NFSP to question whether those who do not contact the NFSP and are unrepresented do not have the same experience or response from POL. This causes concerns about a potential two-tier system in terms of information provided by Post Office in relation to audits, investigations, and discrepancies, the differential being whether a postmaster is represented or not.

81. The concerns regarding a potential two-tier system are compounded in light of the apparent re-labelling of Post Office processes in a way which could be argued is designed to make investigations seem more informal. While the evidence of John Bartlett was that there was a decision within his team that the Post Office will not interview postmasters, it will instead have discussions with them, as the Chair identified, the distinction between the two is hard to draw.<sup>185</sup> The change from “interviews” to “discussions” may have been made by Post Office to make the process less accusatory, it is submitted does not have much practical difference if the two are not sufficiently distinct. The NFSP considers that the change in terminology without a sufficient definition of when a discussion becomes a formal interview may have the effect of postmasters not considering that representation is required or beneficial in a discussion, despite these processes still potentially leading to termination of contract. This could lead to a postmaster waiving their right to representation, and considering that such a waiver would expedite matters. The Inquiry has heard

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<sup>182</sup> Transcript 26<sup>th</sup> September 2024 evidence of Calum Greenhow, page 86

<sup>183</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 272

<sup>184</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs, pages 131, 133, 136

<sup>185</sup> Transcript 17<sup>th</sup> October 2024 evidence of John Bartlett, pages 58 - 60

how, in the past, Post Office encouraged postmasters to waive representation due to discussions being informal, or due to the waiver apparently meaning that the process would be expedited. The NFSP are concerned that such an encouragement continues today, whether intentionally or unintentionally. The NFSP tried to ensure that Post Office included a reference to support being available from the NFSP within the Audit Reporting script, but this was not accepted.<sup>186</sup>

*Horizon data and branch accounts*

82. The NFSP has considerable concerns that audits, investigations, and disciplinary action on the basis of alleged discrepancies may still be based upon Horizon data, despite Fujitsu seeming to not have faith in the system. The NFSP has been calling for an audit or review of Horizon today. If there cannot be sufficient confidence in the accounts generated by Horizon, then the NFSP fails to see how there can be any confidence in audits, investigations, and disciplinary actions based upon that data.<sup>187</sup>

83. The evidence of Phase 7 has given rise to significant concerns for the NFSP about the continued alteration of postmaster branch accounts without consent, and Post Office's transparency in relation to this. In his evidence, Elliott Jacobs outlined the issue whereby postmaster accounts were being altered by individuals entering their branches and who did not consult with the postmasters regarding this or ask for their consent.<sup>188</sup> The NFSP considers that this has a direct impact on a postmaster's ability to confirm if their accounts are accurate and their contractual obligations to do so. The alteration of postmaster accounts is significantly concerning in and of itself, given the closeness to the practices that are the subject matter of the Inquiry.

84. However, what is especially concerning to the NFSP is that Post Office seem to have not been transparent about this practice and its continuation. The NFSP became aware of this practice through reports from its members, and Mr Greenhow challenged Tracy Marshall of Post Office about this on 10 May 2023, stating:

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<sup>186</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 326

<sup>187</sup><sup>187</sup> For further information regarding this, see later section on Horizon, its predecessors and successors

<sup>188</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs, pages 137-139

*“If an investigation has taken place and there is a requirement for an adjustment to be made to the branch accounts, this should be done via a Transaction Correction, not an Area Manager or Auditor adding the information to Horizon. This would suggest a different non-agreed policy is being implemented by POL and this causes us concern as this could be construed as a manipulation of figures by PO personnel, which brings us close to activities that are being investigated by the Inquiry.”<sup>189</sup>*

85. In response to this challenge, Post Office informed Mr Greenhow that these practices had stopped, which conflicts with the evidence of Elliot Jacobs, which seems to show that these practices continued.<sup>190</sup> This suggests that not only were Post Office continuing the practice of altering postmaster accounts without their consent, but they did so in the knowledge of concerns regarding this flagged to them about this practice, and having informed the NFSP that this practice had ended. This causes the NFSP real concern about the transparency of Post Office generally, and specifically when they are challenged about issues or problematic practices regarding accounts, discrepancies, or other issues pertaining to postmasters.

#### *Independent mediation or arbitration process*

86. The Inquiry has heard evidence of Post Office continuing to refer to itself as a “victim”.<sup>191</sup> The NFSP is concerned that in relation to disciplinary action and investigations, Post Office still views itself as a victim, and acts as “judge, jury and executioner”, as Mr Greenhow put it in his oral evidence. Under current processes, the issue still remains that the party to the contract (Post Office) who is alleging a wrong by the other party (the postmaster), is: (i) in charge of gathering the information regarding the alleged wrongdoing; (ii) in charge of the decision regarding whether the postmaster did in fact do wrong; (iii) the party that would financially benefit from any obligation to make good, civil action or criminal recovery arising from the alleged wrongdoing; and (iv) denying postmasters access to an appeal process that would challenge this decision.

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<sup>189</sup> NFSP00001468 Email from Calum Greenhow to Tracy Marshall highlighting concern that PO personnel visiting SPM to enter stock values on Horizon without prior notice

<sup>190</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs, pages 137-139; NFSP00001469 Email from Tracy Marshall to Keith Richards - Teams meeting invite for 6 June between – Calum Greenhow, David Southall, Shaun Kerrison and Keith Richards; NFSP00001470 Email from Calum Greenhow to Tim Boothman and others at NFSP highlighting concern of PO Personnel visiting SPM and adding stock on to the Horizon system without prior agreement. Refers to meeting between Keith Richards, Tracy Marshall and others

<sup>191</sup> Transcript 17<sup>th</sup> October 2024 evidence of John Bartlett, pages 136, 163

87. The NFSP submits that an independent mediation or arbitration process would a better mechanism to resolve disputes between Post Office and postmasters, and has been campaigning for this.<sup>192</sup> The NFSP considers that this would have the effect of focusing the process on constructively resolving the dispute between two contractual parties, in an independent manner, rather than one party apportioning blame and threatening recovery. It is submitted that an independent process would be reflective of a relationship between equal parties, rather than parties being in a dominant or subservient position in relation to disputes. In addition, due to the Horizon scandal, there is a significant level of fear faced by postmasters who find themselves subject to an audit or an investigation by Post Office.<sup>193</sup> The NFSP considers that this could contribute to postmasters deciding not to dispute, and making good whenever a shortfall occurs to avoid an audit or investigation. An independent process, in which Post Office is not the decision-maker, could restore postmaster trust in the ability to dispute without persecution, leading to an increase of issues being reported and a more accurate picture of any problems arising within the network, whether this be technical, related to training, or related to processes. The NFSP adopts Calum Greenhow's evidence regarding the termination policy and use of Decision Review Panels.<sup>194</sup> The NFSP submits that postmasters should not be in the position where they are making decisions about the contracts of another postmaster, which is currently the case. The NFSP is concerned that doing so puts the decision-maker postmaster in a position of potential harm, in which the Post Office can move responsibility for any issues with the decision from themselves to the decision-making postmaster. The NFSP notes that Post Office is currently using mediation in relation to disputes regarding the compensation schemes, and that Simon Recaldin's evidence was that this has been successful in every occasion it has been used.<sup>195</sup> The NFSP submits that this shows that independent mediation or arbitration could be a successful method of resolving such disputes between Post Office and postmasters.

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<sup>192</sup> WITN00370100 first witness statement of Calum Greenhow, paragraph 253; WITN00370115 Letter from Calum Greenhow to Lord Timpson

<sup>193</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs in relation to his own investigation, page 131

<sup>194</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 327

<sup>195</sup> Transcript 4<sup>th</sup> November 2024 evidence of Simon Recaldin, page 109

## *Restatement of Contract*

88. The NFSP is also concerned that postmasters are not fully aware of the restatement of contract,<sup>196</sup> and the consequent removed, implied and inserted terms regarding the limited situations in which postmasters are liable for shortfalls. Given the significant changes to the contractual relationship between Post Office and postmasters under the restatement of contract, the NFSP considers that there is no cogent reason for Post Office to resist issuing a hard copy of this to every branch, to ensure that this is understood by every postmaster. However, briefings were provided only to Area Managers, and the contract restatement was issued only on its One Communication tool, meaning it was subsequently buried by the significant amount of announcements that appear there every day.<sup>197</sup> The NFSP considers that the contract restatement is not readily available to postmasters, and submits that this should be issued to every branch in hard copy. The NFSP is unclear why this has not been done, considering Tracy Marshall's evidence that Post Office now issues any changes to postmaster contract terms in hard copy.<sup>198</sup> It is unclear why, even if the restatement of contract was not issued in hard copy at the time it was produced, Post Office has at no time subsequently ensured that this vital document was sent to postmasters in hard copy. It is therefore submitted that there are significant barriers to accessing the contract restatement.

89. The NFSP submits that these barriers in turn may have a significant impact on the conduct and experience of audits, investigations and discrepancies. Firstly, postmasters who are used to the previous Post Office regime of holding postmasters accountable for any and all losses no matter the cause may not dispute any loss and make good due to their previous experiences, whether this is due to their own understanding of Post Office's policies, or fear of the consequences of not making good immediately. They may be unaware of the limited circumstances in which a postmaster is liable for a loss. In addition, postmasters may be unaware that the onus of proof should now be on Post Office to prove that this is a situation in which the postmaster is liable, having been used to the onus of proof previously being on the postmaster.

90. The NFSP considers that the uncertainty of postmasters regarding their contract terms and when they contractually need to make good benefits Post Office, whether consciously or unconsciously.

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<sup>196</sup> POL00037518 Restatement of postmaster contract

<sup>197</sup> WITN11610100 First Witness Statement of Tracy Marshall paragraph 29

<sup>198</sup> Transcript 16<sup>th</sup> October 2024 evidence of Tracy Marshall, page 25



This is because Post Office benefits financially from postmasters who make good shortfalls in relation to which they are not liable, as the alleged loss which should contractually be carried by Post Office is, in practice, carried by the postmaster. The NFSP therefore considers that Post Office has a duty to ensure that the contractual restatement is understood and accessible to postmasters, otherwise it could be argued that Post Office are exploiting the potential lack of awareness of postmasters where Post Office has a financial gain. The NFSP submits that Post Office is yet to discharge that duty sufficiently.

### *Action against postmasters*

91. In relation to prosecutions, the NFSP is wary on the reliance on the safeguards of Post Office no longer carrying out their own prosecutions, and prosecutions do not rely solely upon evidence from Horizon any longer. The Inquiry is aware that Post Office does not carry out its own prosecutions, and that Horizon is no longer the sole source of evidence when a prosecutorial authority investigates and prosecutes a Horizon user.<sup>199</sup> However, the NFSP is not convinced that this is sufficient to ensure that miscarriages of justice are prevented; it must be ensured that any investigation process, evidence gathering and disclosure is open, fair and transparent as well. The Inquiry has heard in Phases 5 & 6 how in Scotland, Post Office/ Royal Mail Group was not a prosecutorial authority and was instead a specialist reporting agency, meaning that any prosecutions would have been examined and carried out by the Procurator Fiscal.<sup>200</sup> In addition, there is a requirement in Scotland for corroboration.<sup>201</sup> However, this does not seem to have prevented individuals in Scotland from becoming victims of this scandal. This is particularly concerning in relation to the requirement of corroboration, as this indicates that the requirement of a source of evidence other than Horizon is not sufficient to prevent miscarriages of justice. In the Scottish prosecutions it appears it was the 'expert witness' evidence/statement of Gareth Jenkins which provided the additional thread. It may be that, as this scandal is in the public consciousness currently, the police and Crown will consider what weight to assign to evidence from Horizon. However, the NFSP is concerned that even if this is the case now, this relies upon the knowledge of individuals, rather than a process ensuring that the issues surrounding the use of this source of evidence is known to all those investigating and prosecuting alleged criminal activity.

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<sup>199</sup> For example: FUJ00243201 Letter from Post Office Ltd to Mr Paul Patterson re: Use of Horizon Data; and Transcript 17 October 2024 evidence of John Bartlett, page 159

<sup>200</sup> WITN10550100 Witness statement of David Teale, especially paragraphs 6 and 8

<sup>201</sup> WITN10550100 Witness statement of David Teale, paragraph 10

92. Today's NFSP encourages postmasters facing criminal or civil actions to get in contact. The NFSP supports postmasters and their legal representatives by providing information and guidance on how Horizon works, and with Post Offices policies and processes. The NFSP are aware of four recent cases where the NFSP has provided support to such postmasters. One has concluded with the exoneration of the postmaster, with the other three ongoing. The NFSP can also provide other support to any postmasters experiencing this, such as support with mental health and wellbeing, or potential Benevolent Fund applications. At present the NFSP is helping shortfall victims with financial assistance through the Benevolent Fund while their cases await conclusion in the HSS.

### ***Horizon, its predecessors, and its successor***

#### *The Horizon System of today*

93. The NFSP has concerns about the Horizon system of today, which have been strengthened by the evidence before this Inquiry. The NFSP has been calling for an audit of the current Horizon system,<sup>202</sup> in light of concerns from members about the robustness of Horizon today, five years after Lord Justice Fraser held that it was “*not remotely robust*” (Horizon Issues judgement, November 2019). The need for this has only become greater, given the findings of the YouGov report that 57% of respondents had experienced unexplained discrepancies in the last 12 months, with 19%, 14% and 10% experiencing unexplained transactions, missing transactions, and double entry of transactions respectively.<sup>203</sup> It is imperative for the security of postmasters' businesses that they are able to have confidence in the system by which they run their businesses, and on which they base their accounts. It is unclear how postmasters of today can have any confidence in their branch accounts if there are widespread and ongoing issues, and about which they cannot be clear about the extent and the effect.

94. This causes concern to the NFSP, not least because the Post Office Board has approved a strategy of extending the contract with Fujitsu for Horizon to 2030,<sup>204</sup> and it is possible that SPMs will be using

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<sup>202</sup> WITN00370106 Letter from Calum Greenhow to Minister Hollinrake re: Concerns about overall governance of the Post Office by successive Governments

<sup>203</sup> EXPG0000007 YouGov Survey

<sup>204</sup> POL00448648 Post Office Board Meeting, 4 June 2024,

the Horizon system until at least 2030.<sup>205</sup> Despite this, Post Office's strategic focus seems to have been primarily on NBit, rather than investing in existing infrastructure,<sup>206</sup> which is now apparently going to be halted due to the mounting costs and failure on delivery. While a strategic focus on Horizon's replacement system is important, if Horizon is going to be in place for a further five years, there is an urgent need to make sure that postmasters using this every day can have some level of trust in the system, otherwise it is impossible for them to maintain accuracy in their accounts, which evidently has an impact on their ability to run their businesses. While there seems to be some movement with Post Office in response to the NFSP's calls for an audit of Horizon, no one has yet been appointed to carry this out and it is unclear how quickly, if at all, this will progress.<sup>207</sup>

95. This concern is strengthened due to William Patterson's evidence that the Horizon system is "*end of life*"<sup>208</sup> and refusal to say that the accounts produced by the Horizon system are reliable.<sup>209</sup> If the Horizon system is going to be used by postmasters, including the members of the NFSP, for a further five years, it should not be the case that "*[Fujitsu are] not meant to be maintaining this system and, in fact, [Fujitsu] have not been doing any material investment in it, or the Post Office haven't, for several years.*"<sup>210</sup> Such a failure to maintain exposes postmasters to significant risks within their businesses, even excluding the risks of prosecution, civil action or disciplinary action on the basis of Horizon data. How is one supposed to run a business if the supplier of your accounting software supplier will not attest to accounts they produce as being accurate? Given the extended correspondence the Inquiry has seen between Fujitsu and Post Office regarding the use of Horizon data in action against postmasters,<sup>211</sup> it is submitted that Fujitsu seem only to have considered the effect of there being an end of life system that is not maintained on the effect of data used for investigatory processes, rather than the responsibility they have to ensure that their system used by the SPMs of today works on some basic level, and the effect the failure to do so has on their

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<sup>205</sup> Transcript 8<sup>th</sup> October 2024 evidence of Nigel Railton, page 164

<sup>206</sup> FUJ00243299 Fujitsu response to a request to extend Horizon usage with Post Office,

<sup>207</sup> NFSP00001475 Emails between NFSP and Post Office re audit of Horizon

<sup>208</sup> Transcript 11<sup>th</sup> November 2024 evidence of William Paul Patterson, page 180

<sup>209</sup> Transcript 11<sup>th</sup> November 2024 evidence of William Paul Patterson, page 187

<sup>210</sup> Transcript 11<sup>th</sup> November 2024 evidence of William Paul Patterson, page 202

<sup>211</sup> For example: FUJ00243204 Letter from Paul Patterson to Nick Read RE: Letter of 30 May 2024; FUJ00243209 Letter from Owen Woodley to Paul Patterson RE: Use of Horizon Data; FUJ00243211 Letter from Paul Patterson to Owen Woodley re concerns with behaviours in POL re victim mentality, cultural issues etc.

businesses. The NFSP is concerned that there may be a focus by Fujitsu on being seen to not support Post Office against postmasters in times of dispute to the exclusion of them considering what needs to be done to support postmasters on a day-to-day basis.

### *ECCO+ and Capture*

96. Issues regarding Horizon's predecessors, ECCO+ and Capture, are emerging, and the NFSP is calling for reviews to be undertaken, with potentially a similar exercise in identifying those convicted, examining whether convictions should be overturned on a mass basis, and associated redress possibly required.<sup>212</sup> The NFSP understands that ECCO+ and Capture could have BEDs causing discrepancies much like Horizon, such as "Sector Slip" within ECCO+, in which if the programme was unable to record the transaction in the correct location after three attempts, it would record the data randomly within the programme, causing significant balancing issues.
97. It is the understanding of the NFSP that those prosecuted by RMG on behalf of Post Office from 1992 – 1999 could include individuals who operated Capture or, later, Horizon, but that these individuals would be excluded from the recent legislation quashing convictions. The NFSP have requested that a review takes place urgently. The NFSP is calling for information from those who may have been affected to assist with this.
98. While this is not strictly speaking within the Inquiry's terms of reference, this is important because it raises questions about whether Post Office have ever been able to implement a software system without significant issues caused to users, and establishes a pattern of failure regarding the implementation of IT systems. This in turn raises questions about the future – what level of confidence can we have in Post Office's ability to implement a system that is fit for purpose, and that doesn't cause users to be victimised? What level of confidence can we have in Post Office and their IT suppliers to implement processes around that system that allow for the early identification, reporting and monitoring of BEDs, which are bound to arise in a computer system of this size? What level of confidence can we have in Post Office's ability to link such BEDs to issues that may be caused in user accounts and communicate that to those users? It is submitted that the pattern demonstrated by Post Office's past with IT systems does not install such confidence.

### *NBIT*

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<sup>212</sup> RLIT0000488 Computer Weekly Article 23.10.24; RLIT0000489 Computer Weekly Article 22.11.24; RLIT0000490 Computer Weekly Article 25.11.24; and NFSP00001479 NFSP Letter to Minister Thomas 18 November 2024

99. In relation to NBIT itself, the NFSP has met with POL to discuss this project, however, it was reported in the media on 6<sup>th</sup> December that government were pulling the funding for this hugely over budget and over delivery date project. It is concerning to hear that new Post Office board Chair Nigel Railton was told, as part of his induction, that NBit was “*on track and progressing well*” despite another briefing that NBIT was going to cost £1.2 billion against a budget of £180 million, and be delivered in 2028 against an expectation of 2024.<sup>213</sup> This is reminiscent of the risk-minimising behaviour within that enabled this scandal; it is understandable that the incoming Chair may not receive a briefing going into the minutiae of every Post Office project, but it is submitted that the high level summary provided does not reflect the reality of a project that is estimated to cost nearly 10 times the initial budget, and be delivered four years late, if it is ever delivered at all. It appears £Millions more wasted while postmaster remuneration remains far too low from the NFSP’s perspective.

100. There have already been multiple Speak Up reports and investigations concerning NBIT, the failure to make information about issues in the system, and the pressurising of senior engineers to disable or waive checks to expedite rollout. Concerns were also flagged about behaviours and activities being driven by timescales linked to bonuses, rather than quality and reliability.<sup>214</sup> This all seems to continue the pattern of Post Office in the past of focusing on doing things quickly, rather than correctly and according to standards, and failing to report issues, or escalate issues when they occur. Even in these initial stages, the NFSP is yet to see evidence that gives it confidence that NBIT will be a better system, that is better implemented, better managed, and better monitored than Horizon.

101. While it is Post Office’s expressed intention that NBit is “*a system that’s fit for the future*”<sup>215</sup> there are real concerns that the NBit system, if it is delivered, will not be the futureproof system that postmasters require. The Inquiry has heard that at least some hardware for NBIT has been purchased, meaning that by the time NBIT eventually rolls out, this hardware could be out of date.<sup>216</sup> The NFSP is concerned that should the rollout of NBit (or its replacement) take too long,

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<sup>213</sup> Transcript 8<sup>th</sup> October 2024, evidence of Nigel Railton, pages 148-149

<sup>214</sup> POL00460593 Email from John Bartlett to Nigel Railton, Amanda Burton cc’ing Sarah I Gray and others re: Requested Insight to Speak Up Reporting Relating to NBIT

<sup>215</sup> Transcript 8<sup>th</sup> October 2024 evidence of Nigel Railton, page 164

<sup>216</sup> Transcript 11<sup>th</sup> November 2024 evidence of Nick Read, page 88

the system when implemented may become dated very quickly. This would leave two alternatives: (i) Post Office implements a further new system and a further IT change programme, costing a significant sum and requiring significant resource; or (ii) somehow the NBIT system rumbles on, not fit for purpose, on an end of life basis, with the associated issues that causes for postmasters and their accounts. Given the evidence before the Inquiry, the NFSP submits that one of these options is more likely than the other.

102. Given the significant delays, the lack of vision and strategy, the lack of future proofing, and the overspend that has already happened, the NFSP does not have confidence in Post Office's/ DBT's ability to implement a system that will enable postmasters, including NFSP members, to have confidence in the system underpinning the running of their business, and that is accurate and transparent enough to ensure that the technical aspect of this scandal does not happen again. In fact, the NFSP submit that the evidence before the Inquiry regarding NBIT shows there is a real risk of NBIT falling into the pattern established in relation to Horizon, and its predecessors.

## ***Compensation Schemes***

### *Delay*

103. The NFSP adopts the evidence of Calum Greenhow in his First Witness Statement in relation to the methods it has taken since 2019 to represent and support postmasters in relation to compensation and financial redress for losses suffered as a result of the Horizon IT system.<sup>217</sup> The NFSP has been consistent in its calls to Post Office, Ministers, and others to ensure prompt, full and fair compensation, including calling for GLO claimants to be included in compensation schemes, and flagging concerns about how long it has taken for victims to receive full redress.<sup>218</sup> However, the NFSP is not confident that the compensation schemes as currently run by Post Office and DBT are being run in a way that ensures prompt, full and fair redress. There have been significant delays to the payment of compensation to victims of this scandal, and the NFSP considers that it is unacceptable that 5 years after the GLO, there are still significant delays in, and a significant

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<sup>217</sup> WITN00370100 Calum Greenhow first witness statement, paragraphs 224 – 233,

<sup>218</sup> WITN00370105 Letter from Calum Greenhow to Nick Read re: Options to explore on further compensation of GLO Claimants; and WITN00370106 Letter from Calum Greenhow to Minister Hollinrake re: Concerns about overall governance of the Post Office by successive Governments,

amount of work to do in relation to compensation. In the YouGov survey undertaken for the Inquiry, the most common reason reported for accepting an offer in part or in full was that the SPM wanted to process to finish.<sup>219</sup> It is submitted that this attrition leading to settlement of claims is not reflective of a process that is designed to ensure prompt, full and fair compensation. The NFSP notes the evidence of Sarah Munby that there seems to have been a “*boiled frog*” situation in that every delay in itself did not seem that bad.<sup>220</sup> However the effect of allowing this frog to be boiled, and not being live to the overall picture of delay has been the significant delay in compensation to people victimised by a Government-owned organisation, some of whom have died waiting for compensation.

### *Fixed Settlement Offers*

104. The NFSP accepts that the introduction of fixed settlement offers of £600,000 and £75,000 in relation to the Overturned Convictions and Horizon Shortfall Scheme may be beneficial to expedite settlements for a significant number of postmasters where applicants are likely to have a clear view as to whether they wish to accept such offers. The NFSP also agree that this may be useful where postmasters do not wish to interact with Post Office, given that victims may wish to limit their exposure to Post Office due to past experiences.<sup>221</sup> However, the NFSP has significant reservations about how this is operating in practice, especially in relation to the decision not to offer funding for legal advice at the application stage, or in relation to the fixed settlement offer, especially in light of evidence that applicants with legal representation are more likely to claim consequential losses and interim payments,<sup>222</sup> and the evidence provided by Hudgell Solicitors regarding significant increases between initial offers and revised offers pre-and post- legal advice.<sup>223</sup> Whilst Rt Hon. Jonathan Reynold MP’s evidence was that the policy regarding this was based on a submission that “*to involve legal advice in such a way in the fixed sum would go against the objective of having a route to redress that was speedy, straightforward, easy to deliver at*

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<sup>219</sup> EXPG0000007 YouGov Survey at page 65

<sup>220</sup> Transcript 5<sup>th</sup> November 2024 evidence of Sarah Munby, page 161

<sup>221</sup> Transcript 7<sup>th</sup> November 2024 evidence of Lorna Gratton, pages 44-45

<sup>222</sup> WITN09890600 sixth witness statement of Simon Recaldin, paragraph 127

<sup>223</sup> HUI00000007 Letter from Hudgell Solicitors to Simon Recaldin regarding operation of Horizon Shortfall Scheme

*pace*,”<sup>224</sup> the NFSP submits that this suggests that the schemes are currently structured to prioritise the promptness of compensation over the fullness and fairness of compensation. Whilst it may be denied by some,<sup>225</sup> there seems to have been a political steer to elevate promptness above fullness and fairness of compensation driving the fixed sums,<sup>226</sup> which explains this priority.

105. The evidence before the Inquiry suggests that the structure of these fixed settlement offers as a one-time offer highlights a desire to create a “*jeopardy*” to the applicant,<sup>227</sup> and a belief that a chief time and cost saving mechanism within the compensation schemes is to encourage or pressure applicants to not obtain legal support. The NFSP questions how applicants can: 1) understand what heads of claim they may have; 2) understand the value of those potential heads of claim; 3) assess the risks of accepting the fixed settlement offer versus progressing to a full assessment; 4) understand that they are waiving their right to appeal through accepting this offer, despite this appeal process not being built,<sup>228</sup> and therefore this right to appeal having not been defined yet; without legal advice. In addition, the refusal to fund legal advice from the outset may cause further delay, considering that claims require to be resubmitted and reconsidered after solicitor involvement, including the addition of further heads of loss.<sup>229</sup> Further, if the objective was purely to expedite the process, there is no reason that the fixed settlement offers would not be open at all times until the final assessment. This would allow for the process to be concluded at any stage, should the applicant change their mind for any reason (such as an understanding that their claim is worth less than initially thought following investigation, or if the process is taking too long). The structure of a one-time offer pre-legal advice. The NFSP therefore considers that the one-time fixed settlement offer or top-up offer is currently structured to be an inappropriate mechanism to pressurise applicants into not obtaining legal advice and waiving their right to

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<sup>224</sup> Transcript 11<sup>th</sup> November 2024, evidence of Jonathan Reynolds MP, page 27

<sup>225</sup> Transcript 8<sup>th</sup> November 2024 evidence of Gareth Thomas MP, page 5

<sup>226</sup> Transcript 6<sup>th</sup> November 2024, evidence of Carl Creswell, pages 181 and 185

<sup>227</sup> Transcript 4<sup>th</sup> November 2024, evidence of Simon Recaldin, page 151; also see BEIS0001228 Note from Harry Fallowfield to Minister Thomas and Secretary of State re: For Decision: Horizon Shortfall Scheme Fixed Sum Awards, page 2 for the submission to Minister Thomas and Secretary of State regarding this

<sup>228</sup> Transcript 4<sup>th</sup> November 2024 evidence of Simon Recaldin, page 139

<sup>229</sup> HJ00000007 Letter from Hudgell Solicitors to Simon Recaldin regarding operation of Horizon Shortfall Scheme



appeal, and has called for reasonable costs in submitting a claim to be provided from the outset, including a forensic accountant, legal advice, and medical reports including their assessment.<sup>230</sup>

### *Eligibility Criteria*

106. The NFSP has also raised concerns regarding the eligibility criteria for the compensation schemes being too narrow.<sup>231</sup> The current eligibility criteria excludes classes of victims under the technicality that Post Office does not consider themselves to have/ have had a contract with the applicant. This can cause issues with spouses or business partners, who are not currently eligible under the current schemes,<sup>232</sup> but were similarly open to prosecution, or affected by issues such as bankruptcy, or having to sell the branch due to repaying shortfalls. Further, it seems that the only mechanisms for postmaster assistants to apply for compensation is through the postmaster waiving their right to claim and assigning this to their assistant, or by the postmaster effectively applying on their assistant's behalf. It is submitted that it is not appropriate or fair to put the burden of ensuring that assistants receive compensation on their employer, many of whom will also be victims themselves. Whilst Carl Creswell states that his new ministerial team is looking at the gaps between existing schemes,<sup>233</sup> this raises the question, when Post Office/ DBT must have been aware that this is a class of victim, why has nothing been done to ensure that they have access to compensation without relying on the postmaster as an intermediary?

### *Jurisdictional Issues*

107. The NFSP notes Rt Hon. Jonathan Reynold MP's evidence that, should claims continue to not arrive at the Department, he would impose a timeframe for claims coming in, if he felt that that was the only way to speed this up, and that this wasn't going to prejudice any individual claim.<sup>234</sup> The NFSP's membership covers the entirety of the UK, and the NFSP is concerned that should any

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<sup>230</sup> HUU00000007 Letter from Hudgell Solicitors to Simon Recaldin regarding operation of Horizon Shortfall Scheme and NFSP00001476 Letter to Carl Creswell re HSS dated 13 November 2024

<sup>231</sup> NFSP00001476 Letter to Carl Creswell re HSS dated 13 November 2024

<sup>232</sup> Transcript 4<sup>th</sup> November 2024, evidence of Simon Recaldin, page 61

<sup>233</sup> Transcript 6<sup>th</sup> November 2024 evidence of Carl Creswell, page 188

<sup>234</sup> Transcript 11<sup>th</sup> November 2024, evidence of Jonathan Reynolds MP, page 32

timeframe or deadline for applications be imposed, this may inadvertently have a detrimental effect on potential applicants from Scotland. The NFSP has progressed in arranging a meeting with the Lord Advocate and the Cabinet Secretary, and wishes to discuss a) the number of prosecutions that took place in Scotland; b) the timescales for the quashing of all convictions; and c) the consideration being given to these timescales to ensure that Scottish postmasters do not fall outwith any imposed deadlines in the Overturned Compensation Scheme, amongst other matters.<sup>235</sup> It is submitted that to ensure that fair redress is achieved, there needs to be some process liaising between the departments in each jurisdiction responsible for progressing the quashing of convictions, and the compensation schemes to ensure that no potential applicant is excluded.

### *The Scrutiny of the Inquiry*

108. As with many ongoing issues arising from or highlighted by this scandal, it is submitted that much of the progress that has been made was motivated by or expedited due to the scrutiny of the Inquiry and this matter being in the public consciousness. Sarah Munby agreed that her evidence reflected that *“it was only when ministers were forced by the political pressure to face up to the realities of this scandal and its impact on the individuals concerned, the subpostmasters themselves and their families, and the impact that that was having on public consciousness, then it was seen that this was an issue which needed a truly radical solution which stepped beyond those ... ‘business as usual’ prospects, and the underlying principles behind them.”*<sup>236</sup> It is a real concern for the NFSP that once this scrutiny is removed, so too will the impotence for ensuring that redress is delivered promptly, fully, and fairly. This, perhaps unconsciously, is exemplified in Rt Hon. Kemi Badenoch MP’s statement that *“Being seen to do the right thing... is just as important as doing the right thing.”* This begs the question, what happens when this issue is no longer subject to the scrutiny of the Inquiry, and no longer in the public consciousness? What happens when there is no political pressure, and fewer people watching to see if Post Office/ DBT are doing the right thing?

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<sup>235</sup> NFSP00001474 Emails regarding between NFSP and Lord Advocate/Cabinet Secretary for Justice and Home Affairs

<sup>236</sup> Transcript 7<sup>th</sup> November 2024 evidence of Sarah Munby pp201-202

109. This is especially the case in relation to Fujitsu's contribution to compensation. The NFSP has been calling for redress from Fujitsu from at least 2020.<sup>237</sup> However, despite Paul Patterson's statement, around 10 months ago, that Fujitsu has a "*moral obligation*"<sup>238</sup> to contribute to compensation, it seems clear from his evidence that no conversations have yet been had with the Government/ Post Office regarding how this contribution should be made or how much this contribution should be.<sup>239</sup> If, as his evidence suggests,<sup>240</sup> Fujitsu intend to contribute to whichever scheme the Government and SPMs agree is the most appropriate one, it is hard to see why no progress has been made by Fujitsu on this front. It is submitted this begs the question, why have Fujitsu not progressed this? It is submitted that there are two possible reasons, firstly because they are looking to see if the findings of the Inquiry will allow them to minimise their culpability in relation to this scandal, and therefore their "*moral obligation*," and secondly, they hope to avoid the scrutiny of the Inquiry and the associated public attention regarding the amount they actually contribute.

110. The same can be said about the lack of any plan or proposal regarding wider restorative justice, whilst Simon Recaldin's evidence was that a working party is in the process of pulling together proposed ideas regarding legacy,<sup>241</sup> this again has not been made available for the Inquiry to scrutinise, and there is no timeframe regarding when any restorative justice principles will be implemented, if they are in fact implemented. Again, without the scrutiny of the Inquiry, it is unclear whether this will be progressed in any meaningful way.

## ***Postmaster voices and representation***

### *Failure to listen to postmaster voices*

111. The NFSP is concerned that there remains a failure within Post Office to listen to postmaster voices in a meaningful way. While government and Post Office have implemented some initiatives which

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<sup>237</sup> WITN00370105 Letter from Calum Greenhow to Nick Read re: Options to explore on further compensation of GLO Claimants,

<sup>238</sup> RLIT0000276 BBC article titled Fujitsu bosses paid £26m during Horizon contract

<sup>239</sup> Transcript 11<sup>th</sup> November 2024 evidence Paul Patterson, pages 219 - 222

<sup>240</sup> Transcript 11<sup>th</sup> November 2024 evidence of Paul Patterson, pages 222

<sup>241</sup> Transcript 5<sup>th</sup> November 2024 evidence of Simon Recaldin, pages 49-50

they say allows them to obtain postmaster views, such as the postmaster NEDs, Postmaster Regional Forums, and a Postmaster Experience Director, it is submitted that these initiatives have not brought about an improvement in the Post Office/ Postmaster relationship. The findings of the YouGov report demonstrate that the *“the majority of SPMs surveyed disagreed that the POL board listens to their views (60%) and understands the concerns of SPMs (74%). About half (51% of those surveyed disagreed that POL is trying to improve its relationship with SPMs, compared to the much lower 30% that agreed with this statement.”*<sup>242</sup> This also reflects the NFSP’s membership survey findings, which found that members did not feel listened to by Post Office.<sup>243</sup> These various Post Office - led initiatives therefore do not seem to have sufficiently affected the relationship between postmasters and Post Office.

*An apparent “divide and conquer” strategy of consultation*

112. The NFSP has concerns that having a number of sources of postmaster feedback in an uncoordinated way could provide Post Office with scope to cherry-pick which voices to listen to depending on what they are saying. The NFSP is concerned that the variety of sources of postmaster feedback without any scope for those sources to coordinate, or a clear delineation of who needs to be consulted when could encourage a “divide and conquer” strategy, or allow Post Office to claim that another source of postmaster feedback has been obtained in relation to a certain initiative to justify not properly consulting with representative bodies. The NFSP notes that in relation to the postmaster NEDs, Post Office witnesses have pointed to the postmaster NEDs being in place to ensure that postmaster voices are heard, but the evidence of Saf Ismail and Elliot Jacobs suggests that their input was not valued or listened to by Post Office.<sup>244</sup> Indeed, they even went so far as to talk to the press regarding their concerns about feeling *“ignored and unwanted”* on the Post Office Board.<sup>245</sup>

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<sup>242</sup> EXPG0000007 YouGov Survey, page 39

<sup>243</sup> WITN00370113 NFSP Member Survey Results 2021

<sup>244</sup> For example, WITN11180100 Witness Statement of Elliot Jacobs, paragraph 52(c)

<sup>245</sup> RLIT0000201 News article from The Times titled 'Postmasters on Post Office board 'ignored and unwanted'

113. It is submitted that a recent example of Post Office using a source of postmaster feedback to justify the approach they have taken without actually listening to that source of feedback is Nick Read claiming that *“Both current Postmaster NEDs were consulted on how to approach the next round of Postmaster NED recruitment, and based on their input, the criteria for the role have been rebalanced and made more objective and clearer.”*<sup>246</sup> This conflicts with Mr Ismail’s evidence that *“we recommended a certain criteria on the call to them and that was totally ignored, and then the advert went out with something totally different.”*<sup>247</sup> It is submitted that this demonstrates the way in which Post Office can use conversations with sources of postmaster as a way of being able to claim consultation with postmasters while not actually listening to them or seeking their agreement.

114. In the present, the NFSP finds in its own interactions with Post Office there may be indications that the NFSP were consulted in the development of initiatives or policies, but without having obtained the NFSP’s agreement, or necessarily listened to and actioned feedback from the NFSP. This is exemplified in Melanie Park’s statement, in which she states that *“Prior to submission to ARC, each policy is reviewed and agreed with the NFSP...”*<sup>248</sup> This conflicts with evidence from Calum Greenhow that, *“we have raised concerns about the Audit Reporting Script, we did suggest an alternative script which the Postmaster or OIC would be required to sign with a copy retained by the Postmaster. Part of the opening script informed the Postmaster or OIC, that the NFSP was available for help and support. Additionally, we suggested a checklist for the Postmaster and OIC to follow given the potential stressful situation that may be being dealt with. This would enable notes to be taken for reflection afterwards. Sadly, this was rejected by the Post Office on a number of occasions.”*<sup>249</sup> The NFSP is therefore not confident in the extent to which Post Office truly value and listen to postmaster voices and their representation.

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<sup>246</sup> WITN00760100 First Witness Statement Nick Read, at paragraph 98

<sup>247</sup> Transcript 24<sup>th</sup> September 2024 evidence of Saf Ismail, page 87

<sup>248</sup> WITN11600100 Witness statement Melanie Park, paragraph 17

<sup>249</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 326

### *Post Office control*

115. The NFSP is concerned that many of the new sources of postmaster feedback implemented by Post Office rely on Post Office defining the roles and the criteria for those. For example, the Inquiry has heard that the criteria for applying to become a postmaster NED have been amended, and this amended criteria means that they have not been shortlisted again.<sup>250</sup> Mr Ismail specifically believes that the *“timing and criteria were engineered to exclude [him] and Mr Jacobs because we are too challenging, inquisitive and ask too many awkward questions.”* Mr Jacobs’s evidence was that in relation to the amended criteria, *“we provide a robust challenge that perhaps is more of a robust challenge than [POL] thought they would get and perhaps the hope was that by having someone with the need to devote more time to their smaller operating business [which Mr Jacobs states the new criteria encourages], that [POL] might not get so much oversight.”*<sup>251</sup> Further, it is noted that the postmaster NEDs were told not to have communications with postmasters on social media, and that Regional Managers and others were uncomfortable with them visiting postmasters,<sup>252</sup> and although this is apparently going to be changed,<sup>253</sup> it is submitted that this policy being changed by Post Office means that it can also be changed back by Post Office. This highlights an issue where, if Post Office are unilaterally in control they can redefine this at will to minimise challenge, limit feedback to postmasters. Thinking of this, the NFSP notes Post Office is considering the implementation of a Postmaster Council, and submits that such a Council, without powers of oversight, independence of appointments, and direct access to other stakeholders, such as the Postal Affairs Minister, would risk falling into this trap of Post Office control.

### *Potential Conflicts*

116. Mr Greenhow, and the NFSP have previously raised a concern about the potential conflict of interest faced by the postmaster NEDs in their director duties to Post office and to their own

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<sup>250</sup> WITN11180100 Witness statement of Elliot Jacobs, paragraph 14; and WITN11170100 Witness Statement of Saf Ismail, paragraph 150

<sup>251</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs, page 105

<sup>252</sup> Transcript 24<sup>th</sup> September 2024 evidence of Saf Ismail, page 86

<sup>253</sup> Transcript 7<sup>th</sup> November 2024 evidence of Lorna Gratton, page 97

businesses.<sup>254</sup> While the NFSP notes, as per the evidence of Dame Sandra Dawson, that *“It's understood that in governance and in management, conflicts/divergent interests can inevitably emerge. Their existence isn't the problem; the problem is how you address them,”* it is submitted that this conflict does pose an issue when it arises. This can mean that postmaster NEDs are sometimes excluded from discussions and can't vote when a conflict may arise,<sup>255</sup> and these conflicts may arise in matters affecting postmasters, such as remuneration.<sup>256</sup>

117. It is submitted that this potential for conflict demonstrates that the role of postmaster NEDs can't be the last word on postmaster representation or input. It is submitted that a representative body is required to represent postmaster interests and challenge Post Office.

### ***Post Office conduct of reviews***

118. It is submitted that the way in which Post Office conducts reviews remains of concern. Within this submission, the NFSP will consider the Past Roles Project, Project Phoenix, and Project Boland.

### ***Past Roles***

119. The NFSP has previously raised concerns about Post Office employees who were part of the Post Office in the Horizon scandal years, however culpable or otherwise they were or were not, and who are now in roles that are either postmaster facing or affect postmasters, such as compensation schemes. As stated in the NFSP's letter to Kevin Hollinrake MP on 8 January 2024, *“We are not confident that the correct review has or will be taken.”*<sup>257</sup> Various individuals within Post Office who have had past roles in the Post Office continue to hold, or held until recently, Postmaster-facing roles, including:

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<sup>254</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 311

<sup>255</sup> WITN11120600 Sixth Witness statement of Rachel Scarrabelotti, paragraph 80 a) (iii)

<sup>256</sup> WITN11120600 Witness statement of Rachel Scarrabelotti, paragraphs 66 and 80 a) (iv), and Transcript 4<sup>th</sup> October 2024, page 29

<sup>257</sup> WITN00370106 Letter from Calum Greenhow to Minister Hollinrake re Concerns about overall governance of the Post Office by successive Governments

- a. Rodric Williams, who provided legal advice to the senior management team was until recently involved with the Remediation Unit, having been moved there from the Business as Usual Legal Team within the Post Office;<sup>258</sup>
- b. Tracy Marshall, who appears to have had at least some knowledge of remote access when passing information to Angela van den Bogerd,<sup>259</sup> and is current Retail Engagement Director, and had responsibilities for postmaster onboarding and postmaster training and some postmaster engagement;<sup>260</sup>
- c. Nick Beale, Head of Network Development which includes the NBit project and who gave evidence on behalf of Post Office to Mr Justice Fraser in the GLO and was criticised
- d. Martin Edwards, who was Paula Vennell's Chief of Staff and is now Network Strategy and Development Director. The NFSP understands that despite his previous role as Paula Vennell's Chief of Staff and the evidence the Inquiry has seen regarding his involvement in this scandal, Martin Edwards has responsibility for the Strategic Review. The NFSP considers it completely inappropriate that someone who was involved with the Horizon scandal is now in charge of implementing the plan for the Post Office's, and postmasters', future.

120. In addition, the NFSP raised past roles issues with Post Office when it transpired that Post Office were intending to send individuals with past roles and who names had come up at the Inquiry to the NFSP's annual conference. Mr Greenhow had to write to Post Office asking them not to send those individuals, which included Tracy Marshall. As well as this, Mr Greenhow had raised past roles issues with Postal Affairs Minister Kevin Hollinrake MP in a letter written to him in January this year shortly after the ITV drama had aired<sup>261</sup>.

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<sup>258</sup> Transcript 19<sup>th</sup> April 2024 evidence of Rodric Williams, page 128

<sup>259</sup> POL00088956 Email thread between John Breeden, Angela van den Bogerd and others, re: Follow up to BIS meeting on JFSA

<sup>260</sup> Transcript 16<sup>th</sup> October 2024 evidence of Tracy Marshall, page 9

<sup>261</sup> Transcript 11<sup>th</sup> October 2024 evidence of Nick Read as questioned by the NFSP pages 100 - 102, WITN00370106 Letter from Calum Greenhow to Minister Hollinrake re Concerns about overall governance of the Post Office by successive Governments



121. The Past Roles project only came about due to the Inquiry's Compensation Hearings in December 2022, in which it became clear that Post Office had recruited people involved in the audit, investigation, suspension or termination of postmasters in their remediation unit.<sup>262</sup> This is 3 years after the GLO. This project faced significant delays, and the review work has only completed recently, nearly two years later.<sup>263</sup> This seems to have been due to a "cauldron of indecisiveness" about what to do with the individuals who fell within scope and "not wanting to make tough decisions and therefore potentially elongating processes."<sup>264</sup> During this period, there seem to have been a number of people in "red" roles who remained in post. In his oral evidence, Simon Recaldin said there were "27 individuals who were around at the time who were occupying what we deemed as "red" roles who were still in the business. And, therefore, a proposal was that you could potentially redeploy those individuals to mitigate that risk, that perceived risk.... [but] if we redeploy those people is there a risk we'll slow down redress."<sup>265</sup> If the number of people within the Remediation Unit who also had been in a red role was so high that the redeployment of those people would risk a slowing of redress, this implies that there was a notable number of individuals within the Remediation Unit who fell within the Past Roles scope. This is further evidenced by Simon Recaldin's congratulatory email regarding offers from the original HSS cohort on 1 December 2023,<sup>266</sup> which includes a number of people that the Inquiry have heard about, including Rodric Williams. The question arises, why was it ever considered appropriate for such people to be allocated to the Remediation Unit in the first place?

### *Project Phoenix*

122. The evidence before the Inquiry suggests that the main driver for Project Phoenix was the Human Impact Hearings of the Inquiry,<sup>267</sup> which were held from February to May 2022. This suggests that Post Office did not consider that the Horizon scandal may raise misconduct concerns about individuals still working within the organisation until this point. It is submitted that Post Office

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<sup>262</sup> POL00448308 Past Roles Terms of Reference

<sup>263</sup> Transcript 5<sup>th</sup> November 2024 evidence of Simon Recaldin, page 38

<sup>264</sup> Transcript 5<sup>th</sup> November 2024 evidence of Simon Recaldin, pages 24-25

<sup>265</sup> Transcript 5<sup>th</sup> November 2024 evidence of Simon Recaldin, pages 20-21

<sup>266</sup> POL00458391 Email chain between Nick Read to Lorna Gratton RE: Message from Simon Recaldin

<sup>267</sup> POL00458007 Project Phoenix Thematic Report

failure to consider these issues meant that by the time Project Phoenix got underway there had already been a lengthy delay in considering issues. It is submitted for the NFSP that this should have been a review carried out immediately after the GLO.<sup>268</sup>

123. The Inquiry has heard of the significant delays to this project, with the Thematic Report<sup>269</sup> being produced over two years after its terms of reference.<sup>270</sup> Whilst certain matters have now been referred to the Employee Relations team, and certain criminal matters have been passed to the Metropolitan Police,<sup>271</sup> in the two years since the project began, it is unclear whether there have been any suspensions or measures put in place in relation to the alleged wrongdoing. This raises cultural issues and questions regarding whether individuals (in relation to whom evidence of misconduct has been found, and who are in postmaster-facing roles) have been interacting with postmasters in an appropriate manner in the meantime.

#### *“Untouchables”*

124. Added to these issues, the Inquiry has also heard evidence that there are some within the Post Office who are considered “untouchables”, including Investigators, the Legal Department, individuals within the Legal Team, the Retail Team.<sup>272</sup> This is potentially as a matter of culture within the Post Office but at the very least referred to as such by Nick Read. Whilst Nick Read denies using this term,<sup>273</sup> Mr Ismail, Mr Elliot, Mr Staunton and Ms Burton have all given evidence to this Inquiry that indicates that this was in fact a term used by Mr Read.<sup>274</sup> Putting to the side that the recent history of Post Office should mean that absolutely no one is above investigation or accountability when appropriate, the NFSP questions whether there is a possibility that the

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<sup>268</sup> This is somewhat acknowledged in Transcript, 17 October 2024 evidence of John Bartlett page 32

<sup>269</sup> POL00458007 Project Phoenix Thematic Report

<sup>270</sup> POL00447973 Project Phoenix Terms of Reference

<sup>271</sup> POL00458007 Project Phoenix Thematic Report pages 3-4

<sup>272</sup> Transcript 23<sup>rd</sup> September 2024 evidence of Saf Ismail, page 124

<sup>273</sup> Transcript 9<sup>th</sup> October 2024 evidence of Nick Read, page 65

<sup>274</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs pages 166-167; WITN11410100 Henry Staunton, Witness Statement, para 107; Transcript 23<sup>rd</sup> September 2024 evidence of Saf Ismail pages 123 - 124, and Transcript, 27 September 2024, evidence of Amanda Burton pages 75 - 76

approach taken to the Past Roles Project and/or Project Phoenix was influenced by an idea that some of those involved in those projects could be considered “untouchables.”

### *Project Boland*

125. The final major failure that the NFSP will address in relation to reviews conducted by the Post Office is the failure to identify: where has the money gone? That is a reference to the £Millions recovered/paid by postmasters arising from shortfalls in the Horizon years. The Post Office’s project to investigate this called Project Boland. When asked where the money went, Mr Cameron said the question should be asked of Nick Read.<sup>275</sup> Mr Read in his evidence suggested a figure of £36 million, and whilst he touched on external forensic accountants having looked at these issues under Project Boland, with KPMG being the latest forensic accountants to look at this, there seemed to be little progress in answering this question. The suggestion seemed to be that the efforts to determine where the money went were dormant until the question was raised within the Inquiry with Mr Cameron on 17 May 2024, in response to which “*Project Boland has been reignited.*”<sup>276</sup>

126. The NFSP notes that there does not seem to have been much progress on this front since, and is concerned that this issue may fall into obscurity, and without the scrutiny of the Inquiry it may not be reignited again. The NFSP has been calling for a full investigation into debt recovery by the relevant authorities to investigate the accuracy of POL and other government agencies’ accounting, including by letter to Minister Hollinrake in January 2024.<sup>277</sup> The NFSP does have concerns about the possibility that, if the money recovered from Horizon users sat within Post office’s suspense account for long enough without allocation, these funds could have found their way into profits, and potentially bonuses. As highlighted by the questions asked of Nick Read, the issue of

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<sup>275</sup> Transcript 17<sup>th</sup> May 2024 evidence of Alistair Cameron, page160 – 161.

<sup>276</sup> Transcript 11<sup>th</sup> October 2024, evidence of Nick Read pages 32-42

<sup>277</sup> WITN00370106 Letter from Calum Greenhow to Minister Hollinrake re Concerns about overall governance of the Post Office by successive Governments

unexplained discrepancies is ongoing,<sup>278</sup> and therefore the question should also be posed – where is the money going now? The NFSP submits that these questions must be addressed, but Post Office has so far failed to do so in any meaningful way.

## **Post Office Governance and culture**

### *Governance*

127. It is submitted that this Inquiry has heard evidence of significant concerns about the governance of Post Office. The NFSP has been trying to bring attention to these concerns,<sup>279</sup> and considers that the governance of Post Office remains in a state of crisis, which urgently requires to be addressed.

128. The key findings of the Grant Thornton Report illustrate this:

- a. *“An inability to unlock a unified purpose and shared ambition around a longer-term vision and strategy between POL and its Shareholder...”*
- b. *“An unconscious bias around the lack of accountability...”*
- c. *“Lack of clarity around the practical application of the foundational governance documentation with various terms no superseded by circumstance...”*
- d. *“Decision making forums at Enterprise level appear to lack a clear understanding of objectives, roles and responsibilities and purpose and at some level duplication...”*
- e. *“Culture – the misalignment on accountabilities between POL and DBT/ UKGI which is culminating in a failing working relationship...”*

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<sup>278</sup> Transcript 11<sup>th</sup> October 2024 evidence of Nick Read, pages 35-38

<sup>279</sup> For example, WITN00370119 Letter from Calum Greenhow to Minister Gareth Thomas re NFSP Introduction and Key Issues Facing Postmasters; and WITN00370114 Letter from Calum Greenhow to Minister Thomas re Post Office Governance

129. These key findings go to the heart of the expected and best practice governance principles as outlined in Dame Sandra Dawson and Dr Katy Steward's First Report.<sup>280</sup>

130. It is submitted that most, if not all, of these governance issues were present within Post Office of the past and contributed to the Horizon scandal. An example is the failure to define roles and responsibilities and take accountability, which was a key theme in Phases 5 & 6. It is further submitted that if this is not rectified, such governance issues are a breeding ground for further scandal, and we have already seen the growing concerns regarding NBit and the monitoring and reporting of issues regarding this.

131. It is submitted that Post Office seems to be in a state of decision-paralysis, and there seems to be internal distrust at a high level. Witnesses working within POL have told the Inquiry that *"Post Office is shot to pieces...everybody is extremely sensitive. Nobody wants to make a decision... they worry about the consequences of every decision"*<sup>281</sup>, that there is *"an apparent reluctance to take decisions for fear of getting it wrong and therefore being liable to future criticism. This reluctance in turn results in decisions either stagnating or being pushed to more senior decision-making forums. Ultimately, more POL Board time is taken up with matters of less strategic importance, and there is diminished accountability on the part of less senior forums and individuals,"*<sup>282</sup> and that they agree with Board Effectiveness Review in that *"Trust is lacking between Board members, exacerbated by the perception that there appears to be a two-tier Board with some [Non-Executive Directors]/ [Independent Non-Executive Directors] excluded from certain decision-making, which is carried out informally by a subgroup of the Board."*<sup>283</sup>

132. In terms of Board papers, Post Office *"has a tendency to blend accurate data with inaccurate data meaning the true picture of a project is often skewed,"*<sup>284</sup> *"The briefings [the Board are] given are*

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<sup>280</sup> For example, EXPG0000006 Dame Sandra Dawson and Dr Katy Steward's First Report, e.g. paragraphs 2.2.7, 2.5.1, paragraph 5.3.6

<sup>281</sup> Transcript 5<sup>th</sup> November 2024 evidence of Simon Recaldin, page 33

<sup>282</sup> WITN11120600 Sixth witness statement of Rachel Scarrabelotti, paragraph 33g)

<sup>283</sup> Transcript 24<sup>th</sup> September 2024 evidence of Saf Ismail, page 79; and POL00446476 Board Effectiveness Review

<sup>284</sup> WITN11180100 Witness statement of Elliot Jacobs, paragraph 45

*insufficient or are lacking in complete data,*<sup>285</sup> and *“there has been a wider theme of papers going to the POL Board which are too lengthy and more operationally focused, as opposed to containing strategic content... Another factor may be perhaps due to a sense of nervousness around decision-making within the business, and the desire to draw matters to the Board's attention in order to preempt any future blame or criticism which could be levelled at SMEs.”*<sup>286</sup> There are concerns that the obfuscation of RemCo papers from the Board led to what the NFSP has termed “BonusGate”.<sup>287</sup>

133. In addition, exiting NEDs of the Post Office Board reported that the Board was *“actually not that influential as a whole... it has no authority, it just rubber stamps on decisions made elsewhere”*, that *“The Board and the Exec need to be better at supporting each other”*, that *“the GE [Group Executive] use the board to rubber stamp things but don't involve the Board as they might. I am not sure we are respected or valued”* and *“There isn't the level of trust in the GE nor are we trusted by them.”*<sup>288</sup>

134. It is submitted that this reflects a fundamental failure in governance structure. The NFSP is concerned by the evidence suggesting that there is a continuing failure within Post Office to take responsibility for actions or decisions and of the board to act decisively, to question, challenge and assess risk fully and properly, with the NBit project being the most current and concerning example of this. £Millions being spent on what appears to be an already failed IT project while postmaster remuneration remains miserably low. Why is no-one asking the right questions, or even any questions? It is submitted that this is reminiscent of the conditions within which the Horizon scandal was allowed to happen. This therefore causes concern that if this is not addressed by putting in place proper oversight that other scandals may occur.

135. Where decisions are not being made at the appropriate level, due to fear of responsibility, and escalated to the Board, the effect is two-fold. Firstly, the decision is made by the Board who, whilst having overall responsibility, may not have the day to day, in depth knowledge required to make the correct decision, and identify if any relevant information is missing. Secondly, the Board

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<sup>285</sup> Transcript 24<sup>th</sup> September 2024 evidence of Elliot Jacobs, page 114

<sup>286</sup> WITN11120600 Sixth witness statement of Rachel Scarrabelotti, paragraph 27

<sup>287</sup> Transcript 24<sup>th</sup> September 2024 evidence of Saf Ismail, page 53

<sup>288</sup> POL00448681 Ernst and Young Exit Interviews of postmaster NEDs, 1 March 2023,

becomes overwhelmed by lower level decisions and is not able to spend sufficient time in the consideration of risks and relevant decisions. In addition, if a Board does not trust itself/ Board members do not trust each other, it is hard to see how they can move a company in any direction. The picture painted is a room full of board members, rubber-stamping endless decisions. How can the Board effectively provide the challenge and oversight that it should in order to identify and monitor risks, and prevent governance failures? Indeed, in relation to the payment of bonuses on an Inquiry-based metric (BonusGate), ensuring that Nick Read's STIP was not paid before shareholder approval,<sup>289</sup> or escalating concerns about NBit<sup>290</sup> it didn't.

136. The lack of stability within the Post Office Board, a revolving door of directors and NEDs and leadership team may also be a contributing factor to these governance issues. As Calum Greenhow within his witness statement, as at September 2024, *"Nick Read, is not dealing with day to day issues as he is concentrating on the Inquiry, the Deputy CEO, Owen Woodley, is leaving at the end of August, the Chief Retail Officer, Martin Roberts, has left the business suddenly, the Group General Counsel, Ben Foat, is absent during a significant legal crisis for the business, the Chief Financial Officer, Alisdair Cameron, has left the business with a £1.2m settlement and the previous Chair, Henry Staunton, was sacked. Added to this, anyone new coming in as part of the leadership team has the title of "Interim" at this point."*<sup>291</sup> Whilst Nigel Railton seems to be driving a strategy for Post Office forward, which may include improvements in governance, he is, currently, an Interim Chair, meaning it is unclear if he will be chair throughout the consultation with postmasters regarding and implementation of this plan.

### *Cultural Issues*

137. Further it is submitted that in addition to concerns about governance, significant concerns about the culture of the Post Office persist. Whilst these evidently exist within Post Office itself (e.g. in relation to the various investigations into high ranking individuals, allegations of sexism, and evidence of toxicity within Post Office), the NFSP's submission focuses on the culture within Post Office towards postmasters.

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<sup>289</sup> Transcript 5<sup>th</sup> November 2024 evidence of Sarah Munby, page 167

<sup>290</sup> Transcript 24<sup>th</sup> September 2024 evidence of Saf Ismail, page 61

<sup>291</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 281

138. The NFSP is concerned that the recruiting of individuals with a focus on experience in making struggling companies commercially viable<sup>292</sup> has been to the exclusion of recruiting individuals with experience in companies with a social purpose, or a Government-owned company, meaning that there has been a long-term focus on the maximisation of profit and minimisation of cost, to the detriment of SPMs, the Network and the very purpose of the Post Office itself. The NFSP considers that a refocusing on the social purpose is required, and a permanent disposal of the concept that financial measures are the only ones by which the success of the Post Office Network can be measured. Without this refocusing, it is submitted that postmasters will always be seen as a cost to be managed on Post Office's bottom line, which is a fundamental cultural flaw.

139. The NFSP is dismayed, but not surprised, with the evidence that there is still an attitude, at least within some sectors of Post Office that postmasters are guilty of theft. This includes Saf Ismail's concerns expressed to Henry Staunton within the Project Pineapple email "*the views expressed by Richard Taylor, and previously by management and even members of the Board, still persisted – that those PMs who had not come forward to be exonerated were 'guilty as charged'. It is a view deep in the culture of the organisation (including at board level) including that postmasters are not to be trusted,*" and also raising concerns about Ben Foat and other senior members of the team believing that SPMs are guilty until proven innocent.<sup>293</sup> This also includes Henry Staunton's evidence that at a Board meeting in January 2023, Ben Tidswell suggested that if a postmaster had not come forward by now "*they're probably guilty... we as the Post Office have a duty... that those who are found guilty remain guilty.*" This also includes Elliot Jacobs' concerns reported within the Times that "*the culture that PMs are 'guilty' and 'on the take' is embedded in this company.*"<sup>294</sup> Putting to the side the concerns raised by the Project Pineapple email, these are serious concerns about the culture of Post Office today and their attitude towards postmasters, raised by people at the very highest level. The possibility that a "guilty until proven innocent" mindset towards postmasters exists within Post Office after the GLO, after the ITV drama and after everything that has been heard within this Inquiry, is for the NFSP unacceptable.

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<sup>292</sup> For example: WITN00760300 Third witness statement of Nick Read, paragraph 7 and Transcript 9th October 2024, pages 7-9; EXPG0000010 Second Report of Dame Sandra Dawson and Dr Katy Steward at paragraphs 74 and 79

<sup>293</sup> POL00448302 Project Pineapple Email

<sup>294</sup> RLIT0000201 News article from The Times titled 'Postmasters on Post Office board 'ignored and unwanted',



140. Whilst Post Office has been vocal about wishing to reset the relationship with postmasters, however it is evident that this has not happened. The YouGov survey found that 51% of respondents net disagreed that generally, Post Office is trying to improve its relationship with postmasters (versus 30% net agree), 74% net disagreed that generally Post Office understands the concerns of postmasters (versus 13% net agree), and 60% net disagreed that their views were listened to at Board level (versus 11% net agree).<sup>295</sup> Post Officer's whistleblowing policies aren't incorporated into the postmaster contract,<sup>296</sup> showing significant dissatisfaction with the relationship with Post Office. The NFSP considers that this exemplifies Dame Sandra Dawson and Dr Katy Steward's comments on culture:

*"Culture reflects what is said by Executives e.g. in publicised statements about the company's values, written codes of workplace conduct, formally reported structures and control systems or contractual terms, but it is neither limited by these statements, nor necessarily aligned with them. A statement that 'we are a learning organisation always eager to improve', may actually be experienced as 'they say they want our ideas, but no-one ever listens to us'.*

*Where the experience does not reinforce the statement, especially if the experience is on the negative side of the statement, the experienced culture may lead to cynical disengagement from what is seen as hypocritical or disinterested leadership."*<sup>297</sup>

141. Post Office's People Plan<sup>298</sup> does not seem to have been prepared with postmasters in mind at all. Whilst it may be intended that it is *"implicit"* that postmasters are included in this,<sup>299</sup> the deliverables of the People Plan seem primarily focus on Post Office employees, excepting *"Extend EDI focus to include Postmasters and communities,"*<sup>300</sup> and, in fact, there seems to be no People

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<sup>295</sup> EXPG0000007 YouGov survey

<sup>296</sup> Transcript 8<sup>th</sup> October 2024 evidence of Karen McEwan, pages 103-104

<sup>297</sup> EXPG0000006 First Report of Dame Sandra Dawson and Dr Katy Steward, paragraphs 8.4.6-7

<sup>298</sup> POL00458453.Strategic People Plan

<sup>299</sup> Transcript 8<sup>th</sup> October 2024 evidence of Karen McEwan. page 98

<sup>300</sup> POL00458453 Strategic People Plan page 7

Plan structure for postmasters and branch employees.<sup>301</sup> While it is of course important for Post Office to have a People Plan for their own employees, it seems remiss, if characteristic, that they would not specifically and explicitly consider how postmasters, their business partners and investors in their business, should factor into Post Office's People Plan, bearing in mind the purported goal to reset the relationship.

142. The NFSP is concerned that the culture within Post Office therefore still upholds the idea that Post Office and postmasters have a dominant/ subservient relationship. The NFSP submits this can be reflected in the way that Post Office continues to impose decisions on postmasters and does not appear to act upon SPM concerns. For example, postmaster remuneration has been an urgent issue for years, with many postmasters effectively earning the equivalent of or less than National Minimum Wage,<sup>302</sup> and yet this has not been properly acted upon. In addition, Post Office unilaterally withdrew funding available for any Potential New Postmasters who may wish to take over a Hard to Place Office, which is required to fund a new post office counter, making finding a Potential New Postmaster and exiting the Network harder for Hard to Place Postmasters.<sup>303</sup> This may even be reflected in the way the New Deal is being passed to the Government for approval without SPMs or their representatives being consulted on its terms. Whilst Post Office considers that it has improved its culture, it is submitted that this is not felt by postmasters on the ground, who find that their key issues are never top of the list for Post Office.

### ***New Deal***

143. The NFSP has been and is committed to being open, honest and transparent with the Inquiry about the information it holds, its views and its concerns. It cannot, however, fully assist the Inquiry with its opinion regarding the "New Deal" – the plan for the future of the Post Office, as only a select few know the detail about what this is, the NFSP not being one of them despite representing over 6,800 postmasters.

### ***Lack of Strategic Vision***

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<sup>301</sup> Transcript 8<sup>th</sup> October 2024 evidence of Karen McEwan, page 100

<sup>302</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 245

<sup>303</sup> WITN00370100 First witness statement of Calum Greenhow, paragraph 245

144.As outlined in the Grant Thornton report, and the section in this submission dealing with the governance of today's Post Office, it is submitted by the NFSP that Post Office has lacked strategic vision for a number of years. Previously there seems to have been a pattern of the Treasury only granting short-term funding due to a lack of long-term strategy.<sup>304</sup> In addition, there seems to have been a lack of political impetus to deal with the long-term strategy of Post Office as this would involve either asking for a larger subsidy, or recommending a decrease in branches, both of which are difficult politically.<sup>305</sup> Postmasters, for whom the strategic direction of Post Office is essential for the strategy, vision, and running of their own businesses, were effectively left in limbo for years, while a lack of strategic vision permeated the organisation, one that appears not to have recovered from the huge legal battle and consequent costs of the GLO and the Horizon scandal.

145.It is submitted that postmasters need certainty that their investment partner, Post Office, has a vision to make sure their businesses at the very least are sustainable, and that there is a plan for the future. The postmasters of today, absent some sort of fundamental strategic shift within Post Office, are facing an attrition of business and associated remuneration, where traditional streams of revenue are decreasing, and the Government work promised to them under Network Transformation has not surfaced. Indeed, some Government work is in fact being removed, an example being the DVLA contract, which the NFSP has campaigned to get extended to March 2025, and has now been further extended until 2026, against a planned termination date of March 2024, but is due to come to an end in the next few years.<sup>306</sup> The postmasters of today are expected to carry out a public service, and have continued to do so at great personal sacrifice.<sup>307</sup> However, the Government and Post Office have been unwilling or unable to repay postmaster investment and public service with appropriate stewardship of the Network, including a long term strategy that would enable postmaster businesses to be viable.

### *Lack of clarity*

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<sup>304</sup> Nigel Railton, Transcript, 8 October 2024, p128, Sarah Munby, Transcript 5 November 2024, p187

<sup>305</sup> Sarah Munby, Transcript 5 November 2024, p192

<sup>306</sup> The NFSP adopts the First Witness Statement of Calum Greenhow, WITN00370100, para 248 regarding this.

<sup>307</sup> For example, postmasters were on the frontlines during Covid with assistance available from the NFSP (WITN00370100 First Witness Statement of Calum Greenhow, paragraph 268)

146. It is therefore encouraging that there is some semblance of movement towards having a long-term strategic direction for Post Office and the Network, including postmaster businesses, being the “New Deal” for postmasters announced by Interim Board Chair Nigel Railton. The information is only beginning to come out about the New Deal, and there is a lack detail about what it actually means, other than it aims to “*change the polarisation*”<sup>308</sup> of Post Office, and there is an objective to increase postmaster remuneration.<sup>309</sup> Early reports suggest that there aims to be a decrease in central costs, and there may be a closure programme or transfer of ownership of Crown Offices. It is, of course, for the CWU to comment upon the possible closure of Crown Offices and the effect on jobs of Post Office employees. However, the NFSP notes that there is a significant lack of detail about what the New Deal actually entails, how the supposed increases in remuneration are supposed to come about, and how a viable Network is to be achieved practically. Whilst the Strategic Review has been provided at a late stage of the Inquiry, it seems to concentrate upon objectives, rather than how these objectives are to be achieved, and the detail provided about the New Deal consists of “*Create a sustainable, fair and attractive proposition for Postmasters, that reflects their vital role in delivering Post Office services.*”<sup>310</sup>

#### *Failure to Deliver on Previous Change Programmes – a Pattern*

147. This makes the NFSP wary about the New Deal. Postmasters have been subject to numerous change programmes; including Network Urban Reinvention in 2003, Network Change in 2007, and Network Transformation in 2012. None of these change programmes have been advantageous to postmasters. In particular, in relation to Network Transformation, postmasters were told that this would be voluntary, and their businesses would improve due to new volumes of government work. As many postmasters did not take up this offer on a voluntary basis, Post Office then gave postmasters the choice of converting to a new model (excepting community branches) or leaving with compensation, essentially making the programme compulsory. Postmasters had to choose by the end of 2015 between converting or signing a conditional resignation allowing them to leave the Network under certain conditions, but with compensation equivalent to 26 months’ remuneration. Many postmasters have reported to the NFSP that Post Office employees at roadshows and other

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<sup>308</sup> Transcript 8<sup>th</sup> October 2024 evidence of Nigel Railton, page 128

<sup>309</sup> POL00462532 Strategic Review

<sup>310</sup> POL00462532 Strategic Review

events were pressurising them into converting to one of the new models, instead of leaving with compensation. In doing so, they outlined a number of benefits that never came about, for example, new streams of Government work were promised, which would go some of the way to ensure that the removal of fixed pay did not mean that postmaster remuneration decreased. However, the Government did not follow through on providing this new work, with Government work delivered through post offices falling by around 95% from 2005 to 2024.<sup>311</sup> The NFSP is in fact calling for a review of Network Transformation, and liaising with postmaster legal representatives regarding the possibility of the mis-selling of Network Transformation to postmasters.<sup>312</sup>

148. It is submitted that without an understanding of what the New Deal consists of, and how this is going to work in practice, the New Deal may fall into the pattern of Post Office change programmes, of being sold as beneficial to postmasters but in practice actually being detrimental for them and their businesses. It is submitted for the NFSP that it is hard to comment specifically on this without knowing what the New Deal is. However, in relation to the proposition within the Strategic Review of Post Office as a franchisor,<sup>313</sup> as Calum Greenhow states, *“the NFSP, is aware that franchising has been proposed as another way forward for Post Office. We believe this would cause a movement of risk from Post Office to Postmasters. Under the franchising proposal, Postmasters would have to pay Post Office to provide Post Office services within their branch. They would also have to lease the IT equipment from Post Office. If there was an issue with the IT equipment causing a loss to the Postmaster, the Postmaster rather than Post Office would automatically carry the loss unless and until they could prove that the fault was with Post Office’s IT system. They would then have to pursue Post Office for the loss .”*<sup>314</sup> It may be that franchising could be held out by Post Office as increasing postmaster remuneration, however how exactly this increase is generated is unclear, and the movement to this model masks a significant transfer of risk and cost to the postmaster.

#### *Lack of Postmaster and NFSP Consultation*

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<sup>311</sup> NFSP00001473 Letter from NFSP CEO, Calum Greenhow to Secretary of State, Jonathan Reynolds re Review of Post Office Network Transformation Scheme

<sup>312</sup> NFSP00001473 Letter from NFSP CEO, Calum Greenhow to Secretary of State, Jonathan Reynolds re Review of Post Office Network Transformation Scheme

<sup>313</sup> POL00462532 Strategic Review, page 14

<sup>314</sup> WITN00370100 First Witness Statement of Calum Greenhow paragraph 343

149. The NFSP has significant concerns about how this New Deal has come about. As highlighted by the evidence of Mr Railton, whilst the NFSP and postmasters were asked for their input into the strategic review, the NFSP have not been consulted on or even been sighted on the conclusions of the strategic review, or the New Deal formulated as a result<sup>315</sup>. The suggestion that *“I doubt there’s anything in the plan that, when we announce it, people will not want us to do or not be happy with”* and that consultation with the NFSP can be done *“once the Government agree to the fact that this is a plan that’s sensible and we can then consult with them at that point before we implement it”*<sup>316</sup> causes a number of concerns to the NFSP.

150. It is submitted that this appears to be a significant underestimation of the complexity of the Network, and therefore the complexity of issues that can arise in changing the strategic direction or operation of the Network. Even limiting the scope to postmasters only, excluding the myriad of stakeholders in the Network, such as Post Office employees (in relation to which the CWU have already raised concerns about the New Deal),<sup>317</sup> postmasters do not all have the same generic interests, issues, and concerns due to the diversity and complexity of branches within the Network. A postmaster who owns a number of branches within an urban environment is going to have a very different outlook and experience from a postmaster in a rural branch. It is submitted that it is likely that postmasters will have concerns about the New Deal, and these concerns should have been an important factor in the formulation and revision of the New Deal before Government sign off. This highlights in and of itself why feedback from the NFSP and postmasters is required, otherwise there is no oversight: if Post Office does not consider that people will have issues with the New Deal, it is submitted that they must not be aware of the diversity of issues that postmasters experience on a daily basis.

151. Secondly, it is submitted that feedback from postmasters and the NFSP could only have made the New Deal stronger. Surely, when determining whether *“this is a plan that’s sensible”*<sup>318</sup>, it would only have been a useful thing for the Government to consider the views of postmasters and the

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<sup>315</sup> Nigel Railton, Transcript, 8 October 2024 pages 183 - 184

<sup>316</sup> Nigel Railton, Transcript, 8 October 2024, page 184

<sup>317</sup> RLIT0000492 BBC article on Crown Office closures

<sup>318</sup> Transcript 8<sup>th</sup> October 2024 evidence of Nigel Railton, page 184

NFSP as to whether this would actually work in practice, what this would mean for postmaster businesses, and if there is anything on the ground which may mean that the New Deal may need some work? On what basis should the Government determine whether the plan was sensible otherwise; is this purely from a financial standpoint? On what basis can the Government decide that a plan aimed at reversing the polarity between Post Office and postmasters and making Post Office postmaster-centric will likely do so without there having been consultation with postmasters and their representatives? The NFSP questions how postmaster-centric the New Deal can be if postmasters and their representatives have not been consulted or feedback on it.

152. It is submitted that once Government has signed off on this New Deal, it is going to be incredibly hard to change this. Again, the NFSP has concerns about the possibility that Post Office have decided what is to happen, and this will be imposed upon postmasters whether they like it or not.

153. It is submitted that this entire process demonstrates that the relationship between POL and postmasters has not been reset, and postmasters are not properly valued as the *de facto* business partners and investors in the Network that they are. It is submitted that the term "New Deal" is a misnomer. A deal requires two parties to discuss, negotiate, and come to an agreement. There has been no discussion, negotiation, or agreement. The NFSP is concerned that the Post Office change programme pattern may repeat itself, with the dominant Post Office, backed by the agreement of the Government, imposing a new contract or model upon postmasters without having taken into account their feedback about how they foresee this will affect them on the ground, and the issues that they can see arising.

#### *Scrutiny of the Inquiry*

154. Finally, the timing of the announcement of the New Deal and the proposed timeline of the Government's Green Paper has meant that this Inquiry, which includes in its Terms of Reference is unable to scrutinise and comment upon these. As flagged by the Chair himself, Gareth Thomas MP at least inferred that should the Inquiry report timing allow, the Green Paper may take into account the Inquiry's recommendations, however "*if I don't know what Mr Railton is saying, and if I don't know what Boston Consulting [the independent experts advising on the best model for POL in the future] is saying to you, and if I don't know what the consultees of the Green Paper are*

*saying to you, it's going to be quite difficult for me to take into account crucial matters.*"<sup>319</sup> Indeed, the announcement of the New Deal itself fell on the last day of evidential hearings. Even the Strategic Review, despite being dated 21 October 2024, was only made available on Friday 6 December 2024. This is the working day before the deadline for written submissions by CPs, and the review cannot be examined through the evidential hearings. It is unclear whether the timing is designed to avoid this scrutiny, but this scrutiny would have been an opportunity for the Government and the Post Office to benefit from the experience and insights of an Inquiry that has been examining pertinent issues for a number of years. This scrutiny would also have given postmasters some confidence that the Strategic Review, the New Deal and the Green Paper had been examined and commented on by the Inquiry. The examination and comment of the Inquiry would be independent from Post Office or Government, who it is submitted carry much of the responsibility for this scandal in the first place. The NFSP does not want sections of the Inquiry's report to be cherry-picked, out of context, to support the Green Paper or New Deal without the Inquiry having been able to scrutinise these. Given Post Office's history of selectively focusing on aspects of reports, the NFSP does not consider this outside the realm of possibility.

## ***Oversight and the Future***

### *Relationship between Post Office, the Government, DBT and UKGI*

155. The NFSP's key concern is that the nature of the relationship between the Government, DBT, UKGI and Post Office does not provide the oversight of Post Office required to prevent a similar scandal from happening in the future. The NFSP is not confident that the nature of the relationship between these organisations has changed in a way that provides the oversight of Post Office currently required.

156. The methods by which oversight of Post Office can be exercised through the relationships with Government, DBT, UKGI have not significantly changed in nature:

- a) "*Hard*" and "*soft*" ministerial powers have, it is submitted, always been open to the Minister and Secretary of State throughout this scandal, and this continues to be a

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<sup>319</sup> Transcript 8 November 2024 evidence of Gareth Thomas MP, pages 43 - 44



mechanism to influence and oversee Post Office today.<sup>320</sup> However, there are concerns that, should Post Office not cooperate with what ministers wanted in relation to important but operational matters, there are “*relatively few levers with ‘teeth’ other than the ones that had other issues (like removing the Chair or pushing the organisation into financial trouble).*”<sup>321</sup> There seems to previously have been a dissuasion from using the levers with teeth due to a level of “*group-think and conservatism*”,<sup>322</sup> and the NFSP submits that, given the large portfolio of ministers and Secretaries of State, in the future when Post Office is not so in the public consciousness or high on the political agenda, group-think and conservatism will mean that these levels are unlikely to be used again.

- b) The exercise of these ministerial powers is usually based upon written submissions prepared by UKGI and DBT officials, including recommendations.<sup>323</sup> Often, therefore, ministers will be making these decisions on the basis of the information that UKGI and DBT officials determine that they need, and a recommendation that UKGI and DBT officials determine is correct. Whilst this is the nature of submissions, and common within Government, the Inquiry has heard through Phases 5 & 6 the issues caused by the filtering of information to ministers, and this process seems to not have sufficient additional safeguards in place to ensure that this does not happen again.
- c) Whilst DBT now have the power to issue directions to Post Office,<sup>324</sup> in practice this has not happened due to the complexity of issues within Post Office.<sup>325</sup> In addition, such a direction is included as a matter of last resort, there is no guidance about the exercise of this power, and it seems that the exercise of this power would be on the basis of advice from DBT/ UKGI officials as well, as with other ministerial powers.<sup>326</sup>

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<sup>320</sup> WITN11310100 Witness statement of Lorna Gratton, paragraphs 28 and 29

<sup>321</sup> WITN11520200 Second witness statement of Sarah Munby, paragraph 27

<sup>322</sup> WITN11520200 Second witness statement of Sarah Munby, paragraph 18

<sup>323</sup> For example, the process in relation to the dismissal of Henry Staunton (WITN11480100 First Witness Statement of Rt Hon. Kemi Bandenoch MP paragraphs 10 – 11) versus the processes in relation to the decision to censure, not dismiss, Tim Parker (Sarah Munby, Transcript, 5 November 2024, p117)

<sup>324</sup> WITN11520200 Second witness statement of Sarah Munby, paragraph 26

<sup>325</sup> Transcript 5<sup>th</sup> November 2024, evidence of Sarah Munby, page 115

<sup>326</sup> Transcript 7<sup>th</sup> November 2024 evidence of Lorna Gratton, pages 84-85

- d) UKGI (formerly ShEx) still have a Shareholder NED on the POL Board, which has been in place since April 2012,<sup>327</sup> and UKGI are still dependent upon that Shareholder NED for information regarding Post Office.<sup>328</sup> The corporate finance function of UKGI is prominent, and its governance role focuses on the shareholder function seeking to drive continuously improving and sustainable asset performance.<sup>329</sup> It is unclear whether asset performance is focused upon financial asset performance, or to what extent this related to the delivery of the social purpose of POL.
- e) The nature of the relationship is still one of an arm's-length body, with oversight limited to strategic, rather than day-to day issues,<sup>330</sup> other than when operational issues become of such import that they become strategic. The NFSP has concerns that there is still not a clear concept of when an operational matter becomes so significant that it becomes strategic,<sup>331</sup> a current example being NBit. It is submitted that the issues with NBit, given the effect on budget, the significant delays, the reliance on Horizon in the meantime, and the issues with futureproofing, may be at the point of becoming a strategic issue, but it has been made clear that this was considered an operational issue by Rt Hon. Kemi Badenoch MP.<sup>332</sup> It is still unclear by what mechanism and metric Government, UKGI, or DBT would come to the conclusion that the issues had become such that they are strategic, and therefore should be subject to oversight despite Post Office being an arm's-length body. It may be that an issue has to escalate to an irreparable level before it is considered strategic, in which case it is unclear what role the oversight can play in relation to such an issue. Oversight of an arm's-length body is also available in financial terms, through the Managing Public Money Principles.<sup>333</sup>, although this seems to be solely financially focused.

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<sup>327</sup> WITN00920100 First witness statement of Susannah Storey, paragraph 2

<sup>328</sup> Transcript 6<sup>th</sup> November 2024 evidence of Carl Cresswell, page 118

<sup>329</sup> EXPG0000006, Report 1 of Dame Sandra Dawson and Dr Katy Steward, paragraphs 1.4,6

<sup>330</sup> WITN11520200 Second witness statement of Sarah Munby, paragraphs 22 and 23

<sup>331</sup> For example, Transcript 25 July 2024, evidence of Rt Hon. Greg Clark pages 126 and 144

<sup>332</sup> Transcript, 11 November 2024 evidence of Rt Hon. Kemi Badenoch MP page 145

<sup>333</sup> E.g. Transcript, 5 November 2024 evidence of Sarah Munby page 166

157. It is submitted that the detection of significant issues through these methods is heavily dependent on the interest and integrity of those involved in the monitoring and reporting required in order to exercise these levers. The issues detected through these methods This is the same as what was required during the period of the Horizon scandal. Whilst the current and last Postal Affairs Ministers seem engaged in issues concerning the Post Office, once this issue becomes less in the public consciousness, there is no guarantee that the future Ministers/ Secretaries of State will have the same interest and engagement due to their significant portfolio, and the likelihood that something else within that will be more politically important.

158. The nature of the oversight provided by the Government, DBT and UKGI is not necessarily one, it is submitted, that lends itself to providing oversight for issues such as cultural reform, ensuring that SPMs are being treated fairly, and ensuring that Post Office is acting in a way that an organisation with a social purpose should. These arguably fall within the scope of Board oversight, with Government, DBT and UKGI seeming to focus more on financial performance, funding requirements and very high-level strategy. It may be, because of the nature of the arm's-length relationship, that the Government, DBT and UKGI cannot have more of an active role in overseeing Post Office. However, it is submitted that this means that this method of oversight cannot be looked to, to provide sufficient protection from a similar scandal happening in the future.

#### *Scrutiny by the Inquiry*

159. The NFSP submits that a considerable and constructive source of scrutiny for Post Office has in fact been the Inquiry itself, and this has almost acted as oversight. This submission mentions a number of initiatives that have occurred explicitly as a reaction to the scrutiny of the Inquiry, including, Project Phoenix, Past Roles, the revival of Project Boland, the Strategic Review, the ongoing development of the HSS appeals process, and arguably fixed sum offers within compensation schemes.

160. The NFSP is concerned that when this Inquiry ends, the most effective oversight of the Post Office also ends. The NFSP submits that we have already seen organisations delay the announcement or implementation of strategies, policies or other decisions until after the Inquiry has concluded, and it is possible that this is to avoid the scrutiny of the Inquiry. For example, the Strategic Review was not available for examination in evidential hearings, Green Paper is not expected until sometime

next year, there is little to no detail on the New Deal, and Fujitsu are yet to provide details about their contribution to compensation.

161. The NFSP is concerned that the Inquiry and the associated political and public scrutiny will not always be there. It is submitted that once this not so prominent within the public consciousness, we may find that Post Office is not such an important issue for Government, DBT or UKGI. This could represent a significant decrease in scrutiny and oversight, and the NFSP is concerned that there will be less impetus to ensure Post Office is operating properly and treating postmasters correctly.

#### *Oversight of the Post Office Board*

162. Ideally, oversight for issues such as cultural reform, ensuring that postmasters are being treated fairly, and ensuring that Post Office is acting in the way it should as an organisation with a social purpose would lie with the Board. The NFSP agrees with Dame Sandra Dawson in that the Board should feel deeply the extent of responsibility and accountability.<sup>334</sup> However, the oversight provided by the Board has failed and has not improved to any significant extent since the GLO. The oversight provided by the Board has failed to identify or prevent (as outlined previously in this submission unless otherwise noted):

- a) Post Office's decision after the GLO to nevertheless pay leadership's bonuses in full, which they had to be talked out of by Sir Alex Chisholm;<sup>335</sup>
- b) The payment of Nick Read's STIP prior to shareholder approval;
- c) BonusGate;
- d) The requirement for the Past Roles Review, or Project Phoenix;
- e) Five years' worth of delays in compensation schemes; or
- f) The mounting significant concerns regarding NBIT
- g) What will happen if NBit is abandoned and Horizon is not fit for purpose

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<sup>334</sup> Transcript 13<sup>th</sup> November 2024 Evidence of Dame Sandra Dawson, pages 76-77

<sup>335</sup> Transcript 6<sup>th</sup> November 2024 Evidence of Carl Creswell, page 138

163. As outlined previously in this submission, the governance and culture of the Post Office Board continues to face significant issues, despite five years' worth of efforts by Post Office to improve the governance and culture. The issues are such that it is submitted that it seems to be such that it is not capable of providing sufficient oversight that is required to ensure that Post Office acts as it should, and that a scandal such as the Horizon scandal cannot happen again. The Board's own internal efforts have not ensured that postmasters are treated as equal, and their investment is respected. Several witnesses before the Inquiry have acknowledged that there is much more to be done in terms of governance and culture.<sup>336</sup> The NFSP is unclear how, from the recently published Strategic Review,<sup>337</sup> it is intended to address these deep-seated issues with the oversight provided by Post Office's Board. It is submitted that (putting to the side the NFSP's concerns about the New Deal) should any New Deal be put in place without proper oversight, there is a significant risk of this being implemented in a way similar to Network Transformation; in a way that is detrimental to postmasters. The NFSP considers that the public and postmaster trust in Post Office is not reparable from internally motivated change, considering the history of years of cultural change programmes and other initiatives that do not seem to have had much effect for postmasters. It is the NFSP's submission that, whilst it may be aspirational for the Board to have oversight of Post Office to ensure that they cannot derogate accountability, the failures in oversight and in improving culture, governance over the last five years demonstrate that some other form of oversight is required, at least until Post Office is in a stable place and the severe issues with culture and governance have been brought under control.

#### *The Future and the Oversight Committee Proposal*

164. The Inquiry has heard from Sir Alex Chisholm that an oversight committee may be a potential tool as *"...in the particular circumstances here, where the Post Office Board has failed in its oversight responsibilities, which clearly lie with the Post Office Board, and the management executive being part of that, their internal legal teams, over many years... have failed provide... effective service, then that has caused obviously a terrific breakdown of trust, not only with the subpostmasters but the wider public... special measures are required, because of the failings the organisation has gone*

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<sup>336</sup> Transcript 8<sup>th</sup> November 2024 evidence of Charles Donald, pages 124 – 125; Transcript 11<sup>th</sup> November 2024 evidence of Jonathan Reynolds MP, page 63

<sup>337</sup> POL00462532 Strategic Review

*through.*” The NFSP agrees with this, and notes that whilst he qualifies this by saying that he left in 2020 and “*it may be now that the Board works much better and the Executive has rebuilt the trust with the subpostmasters*” this has not in fact happened in the years since his departure.<sup>338</sup>

165. In relation to the future of Post Office, it is therefore submitted by the NFSP that an Oversight Committee would be a method, at least in the short to medium term, to provide the scrutiny required, to ensure postmaster and other stakeholder voices are heard at a strategic level, to ensure Post Office is serving its social purpose, to be a stabilising force, and to restore postmaster and public trust in Post Office.

166. The NFSP therefore considers that an Oversight Committee would provide the scrutiny required and would be a stabilising force within the Post Office, rather than an extra layer of bureaucracy, . The NFSP adopts Calum Greenhow’s evidence regarding the Oversight Committee and the NFSP’s attempts to discuss this with others.<sup>339</sup> The NFSP has updated its Oversight Committee Proposal in light of recent events and evidence and has provided this to the Inquiry.<sup>340</sup>

167. The Oversight Committee proposal aims to ensure postmaster voices were heard and listened to, as well as the voices of other key stakeholders within the business, such as the CWU, and special interest groups like Age UK. The proposed membership includes a legal role, in case issues (such as disclosure or legal privilege) arise. The proposed membership also includes a temporary role for specialist input, to ensure that the committee has access to the specialist knowledge required to scrutinise issues within its remit. This could be a way of supplementing the oversight by the Government/ DBT/ UKGI and the Board, and specifically providing oversight in relation to ensuring that Post Office is acting as it should towards postmasters and others considering its social purpose. It is submitted that the focus on the social purpose of Post Office would be built in due to its membership, who have a continuing interest in seeing the Post Office network thrive and provide an effective public service, rather than ensuring that expenditure is as low as possible and profits are maximised, depending on the Treasury or political pressures at the time.

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<sup>338</sup> Transcript 7<sup>th</sup> November 2024 evidence of Sir Alex Chisholm, pages 167-168

<sup>339</sup> WITN00370100 First witness statement Calum Greenhow, paragraphs 339 - 342

<sup>340</sup> NFSP00001481 Oversight Committee Working Document updated 2.12.24,

168. The NFSP truly believes that if Post Office reinvents itself so that it listens to all stakeholders, including postmasters, centres itself on the social purpose it provides to the most vulnerable of individuals, focuses on service that purpose as a future-looking company, and has an overhaul of governance and culture that reflects that, then the future can be bright. Whilst there is inevitably going to be political pressure to cut spending some time in the future, there is an opportunity here to imagine what the Post Office Network can be, what other services it can deliver, and to give the Network a chance at being successful and viable rather than what is the barest model that can be justified so costs are minimised.

169. It is submitted that the postmasters in the Post Office Network deliver an essential service, this service should be valued and promoted. Postmasters have invested in the vision of a Post Office Network that serves communities, vulnerable individuals, and public at large. They have invested their funds, their time, their families, and their lives into this vision. It is submitted that it is time that the Government, DBT, UKGI and POL itself honour that investment and act so that this hitherto undervalued service to the public can survive and thrive.

110. While it therefore is the case that the Inquiry's Terms of Reference at E and F, from the NFSP's perspective, still fall to be answered with 'No', it nonetheless has hope and considers that with proper oversight to get Post Office back into the public consciousness in a positive way. The NFSP therefore believes that the Oversight Committee proposal, or something like it, is the way forward. Ultimately, the NFSP hopes that the outcome, findings and recommendations from this Inquiry are of long-lasting benefit to postmasters who have been front and centre of this Inquiry, even if they have not been for Post Office over many years possibly even decades.

**National Federation of Sub-Postmasters**

**9<sup>th</sup> December 2024**