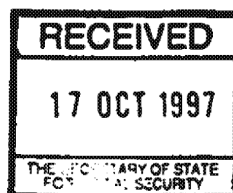


## RESTRICTED -POLICY



The Rt Hon Margaret Beckett MP  
President of the Board of Trade

The Rt Hon Alastair Darling MP  
Chief Secretary to the Treasury  
HM Treasury  
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SW1P 3AG



Secretary of State  
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1 Victoria Street  
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17 October 1997

Dear Alastair

You have seen a copy of Gavin Strang's letter of 29 July to me about Post Office Counters Ltd (POCL) charges to the Driver and Vehicle Licensing Agency (DVLA) for issuing motor vehicle licences (MVLs) through post offices and I have seen copies of the recent letters between John Denham and you about the slippage in the PFI project for automating post offices and benefit payments. I have been reflecting carefully on the issues raised and the potential implications for POCL.

For a variety of reasons, the future viability of this most politically sensitive of the Post Office businesses looks increasingly fragile. Any precipitate change to the level of payments or volume of business risks seriously destabilising the network. We should be looking at these issues in the wider context of the review of the Post Office and I expect shortly to consult you and colleagues about an agreed way forward for the Post Office. I would hope therefore that you and colleagues will agree that in the meantime no pre-emptive action should be taken in a piecemeal fashion on issues of this sort impacting on the Post Office.

I am copying this letter to Tony Blair, John Prescott, David Blunkett, Donald Dewar, Harriet Harman, Mo Mowlam, Ron Davies, Gavin Strang and John Denham and to Sir Robin Butler.

Reyank

Margaret

