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**ANNEX A**

**MEETING WITH NATIONAL FEDERATION OF SUBPOSTMASTERS ON TUESDAY 8 JUNE 1999 AT 3.00PM**

**Points to make**

- Know that you attended this morning a small working group of key players on the Horizon project. I asked Mr McCartney to establish this group to help ensure that the project is now taken forward in a positive and decisive way to a successful conclusion.

- Realise that the decision not to continue with the benefit payment card is a major disappointment to your members. However, in the circumstances we sought to achieve the best possible outcome given the delays to the project of almost 3 years and the difficulties in the relationships. Hope that simplification of the project will help it to be delivered more quickly.

- Benefit recipients are in any case opting in increasing numbers for payment by ACT and there should therefore be advantage in optimising the system from the outset to keep as many of these customers in the Post Office as possible. The Government has agreed to contribute £ 480 million towards the capital cost of the reconfigured system. This represents a major investment in the future of the Counters business.

- Believe the Post Office's popularity and reach puts it in a good position to negotiate with the banks and pick up existing benefit recipients and other banking customers as banks rationalise their networks. Also in good position to pick up electronic Government work. We shall look to members of Ian McCartney's Working Group to work together to maximise the very great commercial potential of the Horizon platform, but we shall also be discussing the future viability of the post office counters network with the Post Office in the context of the Strategic Plan.

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- To allow further time for POCL to adjust, I have agreed with my colleagues that there will be no change to the existing means of paying social security benefits until 2003. This should allow POCL to complete the installation of the Horizon platform and to reach the necessary agreements with the high street banks to enable all those who wish to do so to continue to collect their benefits in cash at post offices. This, together with existing bank customers who may find it convenient to use post offices for some or all of their banking needs should go a long way to preserving footfall which I know is of crucial importance to your members.

**IF PRESSED**

- I shall also be discussing with my colleagues the position of other important Government and Government Agency clients such as DVLA and the Department for National Savings. We shall be looking for a balance between on the one hand the understandable wish of these clients to find the most cost -effective means of delivering their services to their customers, and giving their customers a range of choices for accessing the services, and on the other hand the needs of POCL to avoid too sudden a change in their financial circumstances. No decisions have yet been taken on this.