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David Drew MP
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Thank you for your letter of 25 May to Stephen Byers, Secretary of State, about three separate issues. As Minister responsible for matters relating to the Post Office, I am replying to your enquiry about the changes announced recently to the Horizon project to automate the post office network.

I should first like to assure you that the Government fully recognises the importance of the post office network and both we and Post Office Counters Limited (POCL) are committed to the maintenance of a nationwide network of post offices and are very aware of the importance of post offices, particularly in rural areas, to their local communities. Over 98% of the network, including all sub-post offices of course, are privately owned and operated, representing a valuable partnership between the public and private sectors.

As regards the Horizon project, Stephen Byers announced on 24 May of a number of changes to put the project to computerise the Post Office network and to automate the payment of pensions and other benefits back on track to deliver the long overdue computerisation of the post office network, in partnership with ICL, and major reductions in benefit fraud. Stephen wrote to all Members of Parliament on 27 May updating them on developments with the Horizon project

Since POCL operates in an increasingly competitive environment for traditional and new business alike, it is always interested in introducing new business to post offices in order to maintain their commercial viability, both to protect the livelihoods of their agents and staff,

and prevent post office closures. As you may be aware, recent new business includes agreements between POCL and the Co-operative and Lloyds/TSB Banks for the provision of personal banking services for their customers at post office outlets throughout England and Wales. In recent years new business has also included free payment of gas bills, Bureaux de Change, and travel insurance. Trials of further insurance products have also recently begun.

Finally, I have established a working group to oversee progress with the revised Horizon contract and to explore further the commercial potential of the automated network in which the main Post Office unions and the National Federation of SubPostmasters are actively participating.