

1/05

To:
MR JOHNSON

ci: Secretary of State
Sir Michael Scholar
Mr Macdonald
Mr Davis CGBPS
Mrs Britton
Mr Hosker FRM
Mr Tee NEWS
Mr Teebner PORT
Mr Leese PORT
Mr Whitehead
Mrs Wright CGBPS1
Mr Halls CGBPS 2
Ms Madson NEWS
Mr Robinson NEWS
Ms Anderson CGBPS1
Mr Corry SpAdv
Ms Moore SpAdv

From:
DAVID SIBBICK
DIRECTOR POSTS

GRO

151 Buckingham Palace Road

GRO

12 November 1999

GRO

**STEERING BRIEF FOR HORIZON WORKING GROUP 7th MEETING 15
NOVEMBER 1999**

1. This is the re-run of last Monday's abortive meeting, and this time Mr Rooker will not only be fully briefed by DSS/BA officials, but will be accompanied by a posse of them. You have again decided to devote the whole of this meeting to the presentation which Mr Rooker and his officials will make to the Group on the DSS/BA plan for migrating the paper-based methods of making social security payments at post offices to payments made electronically via the Automated Credit Transfer System (ACT) into bank accounts. I suspect however that it may be difficult to avoid altogether the OBCS payment issue, and the Child Benefit mailshot, on which you have my separate submission (yesterday's date). DSS/BA officials will be briefed to speak on both as necessary.

2. Following last Monday's meeting Mr Rooker wrote to you (9 November) on the Child Benefit mailshot, and on migration to ACT. We are checking with his office that he has no objection to circulation of his letter to the HWG, and subject to that we

will circulate copies at the meeting. We will provide a draft reply shortly after Monday's meeting, sweeping up any follow-up action from the meeting as necessary.

3. There are essentially three assurances which the Group will be looking for from Mr Rooker and a number of clarifications.

- First, that DSS/BA have no plans to make any changes to the existing methods and basis of payment between now and 2003;
- Second, that whilst after 2003 BA will be free to persuade benefit recipients to move to ACT and to offer whatever incentives they believe to be appropriate, these will fall short of compulsion; and
- Third, that DSS/BA are indeed fully signed up to the Government's assurance that all benefit recipients who wish to do so will continue to be able to access their benefits in cash at post offices both before and after the migration.

4. A key clarification concerns the latest DSS/BA assessment of the core of people who will decline payment into a bank account, together with those for whom for one reason or another a bank account would not be appropriate, and their proposals for dealing with these (BA are likely to say that a great deal of further research and thought is needed, probably extending over the next couple of years, and that they will work with POCL as they develop their policy on this).

5. A second clarification concerns the latest DSS/BA assessment of the willingness of banks to take on very large numbers of additional accounts, many of whom will in a traditional sense be of the kind which the banks in the past have found to be unprofitable. If the banks decide that they will only make accounts available to

this group of benefit recipients if they are paid for doing, so or if they are able to impose a significant level of bank charges, how will DSS/BA respond, and how will it affect the economics of the move to ACT?

6. We also need assurances that BA will indeed work closely with POCL to ensure that the migration works as smoothly and effectively as possible to maximise the benefit to both organisations.

7. The separate issue of the payment which BA are to make to POCL for operating the Order Book Control Service (OBCS) and the reinstatement of the guaranteed minimum payment, remains unresolved. At last Monday's meeting Stuart Sweetman confirmed that the two sides had moved closer together, and were talking again, but that there was still some way to go. The Group will doubtless be keen to hear at first hand the DSS/BA reaction, and how they now see this issue being taken forward. You have now written to Alistair Darling seeking a meeting with him on this.

8. Finally, I think it would be useful if you could agree with Mr Rooker that there should from time to time be further similar meetings so that each side can update the other on developments and hopefully iron out potential difficulties before they arise.

9. I attach at Annex A our letter setting out the Agenda for the meeting and at Annex B a list of attendees.

DAVID SIBBICK