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Ref.

To: David Sibbick
From: Simon Lancaster
PS/Alan Johnson

GRO

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ci: Secretary of State
Sir Michael Scholar
Mr MacDonald
Mrs Britton
Mr Leese PORT
Mr Whitehead CGBPS 1
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Date: 4 August 1999

HORIZON PROJECT AND THE FUTURE OF THE POST OFFICE COUNTERS NETWORK

Mr Johnson was very grateful for your submission of 2 August and for the useful oral briefing you and colleagues gave him on Monday. He has now had an opportunity to consider these further and would like to offer you some early feedback, together with requests for action.

Priority 1: Future Income of the Post Office

2. Mr Johnson considers it a priority to look at how the network is to be funded once the £400 million Benefits Agency income is withdrawn. He is keen to see the PIU study get underway as soon as possible and to be kept in touch with progress as ideas develop.

3. In this respect, Mr Johnson raised a couple of questions on which I would be grateful for advice:-

- i) is the PIU study public knowledge yet **{Action}**?
- ii) what basis do we have for asserting that without Government intervention the PO network could be cut by 50% over the next 5 years? [taken from Annex E - scoping paper for PIU study]. Mr Johnson would be grateful if you could please prepare a paper setting out how this figure was arrived at **{Action}**.

Priority 2: Post Office/Govt Relations

4. It will not surprise you to learn that an equally important priority for Mr Johnson is to keep the Post Office firmly on side and, as he said during your meeting on Monday, "to hold their hand now so as to develop an arms-length relationship for

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the future". The meeting with Neville Bain and John Roberts next Tuesday will be a good starting point, but Mr Johnson is also keen to pursue some of the ideas set out in para 6 of your 28 July submission, where you said we could send a very positive sign to POCL by trying to get them slightly more than is currently on offer in their negotiations with the Benefits Agency. Would you please provide some further advice on how we might actively seek to follow this up **{Action}**.

Priority 3: Payment of benefits in cash

5. Mr Johnson also considers the social exclusion angle to be a very important one. Would you please prepare a paper on how we might reach our objective of ensuring that all recipients who wish to continue collecting their benefits in cash will be able to do so, both in the medium term and the long term (ie after 2005). **{Action}**

6. As you are aware, Mr Johnson has some history with the Post Office. I enclose in hard copy (for you only) copies of two speeches he gave last year on the subject (at the New Statesman Conference and the Postal Strategy Conference), two recent interviews with him and a copy of the CWU/Labour Party Joint Initiative for Crown Post Offices, which he strongly endorsed.

7. I hope you find this useful.

Simon Lancaster
PS/Mr Johnson