

**dti**

Department of Trade and Industry

*press notice*

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**GOVERNMENT CONFIRMS FUTURE OF HORIZON PROJECT**

The Government today reached agreement in principle with ICL about the continuation of the Horizon project to computerise the Post Office network and automate the payment of benefits.

The project initiated by the last administration, has suffered considerable delays and set-backs. It is now running three years late. When these delays became apparent, the Government commissioned a major review of the project to decide the best route forward given its huge importance to the approximately fifteen million people who collect their benefit cash from post offices, the twenty eight million customers of the Post Office, and more than 17,000 Sub-Post Masters and others who keep over 18,000 offices running.

Against the background of this delay all parties were concerned to review the project's future and find a positive way forward. We have done this and today new agreements have been signed by ICL, Post Office Counters Ltd. and DSS/Benefits Agency.

The changes to the Horizon project are aimed to put it on a sustainable footing for the future and allow the Post Office to move as quickly as possible to the computerisation of post office counter services.

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The main elements of the agreement are:

- first, we will be moving forward as planned, as quickly as possible with the automation of Post Office Counter services. For the first time ever, Post Offices will have an up to date automation platform, helping them to provide a better service to their customers, and representing a major investment in the future of the nationwide network of Post Offices.
- We have agreed with ICL to remove the magnetic strip benefit payment card from the project. Given the delays this is now an outdated concept and the Banks among others are already moving away from magnetic strip in favour of the next generation technology - the smart card. For the future we intend to move from the traditional paper based methods of payment to a more modern and efficient way of paying benefits through the Post Office network, building on banking technology. POCL and DSS/BA will be working together on plans to introduce the new arrangements in 2003. The Government can give an assurance that those benefit recipients who wish to collect their benefits in cash at post offices will continue to be able to do so.
- in the interim, we will be using bar-coding on order books to tackle benefit fraud. This will provide savings of around £100m a year, a saving originally promised by the last administration but not yet delivered;
- We and ICL believe the target of achieving the computerisation of the network of 18,000 Post Offices by the end of 2001 is more realistic. This will give customers a better service and help to secure a viable future for the network of Post Offices.

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Commenting on the agreement, Stephen Byers, Secretary of State for Trade and Industry said:

“This is good news, the Government has put this project back on track. It will deliver the long overdue computerisation of the Post Office network in partnership with ICL and major reductions in benefit fraud.

“The Post Office will now be looking at how we can use state of the art technology and the network of post offices to offer banking services for high street banks, together with on-line Government services and information, and at opportunities for taking this forward in partnership with the private sector.

“This represents an important part of our Modernising Government agenda, bringing government closer to the people.

“We have moved a major step closer to our vision of a modern, thriving nationwide network of Post Offices for the 21st Century.”

Alastair Darling, Secretary of State for the Department of Social Security, said:

“I am very pleased that after much hard work and careful consideration by everyone concerned, we have reached a position to which all parties can commit. For my Department, and the customers it serves, this new approach will open up the way for moving to a modern system of paying benefits, which will build on the latest technology, and exploit the huge savings that this can bring.

“This Government remains firmly committed to providing a secure, safe and convenient method of paying benefits. And in the interests of tax payers, to ensure that the way we deliver help to those who need it is done in the most effective way.”

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**Notes to Editors**

I A copy of the Parliamentary Question is available from DTI Press Office.

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