

PROJECT DEEP PINK : WORKSTEAM INITIATION

DATE: 28 January 1998
VENUE: Conference Room 10 KEB
TIME: 3.00pm - 5.30pm

ATTENDEES: Dave Waltho
Keith Baines
Mike Granville
Tom Simmons
Wendy Powney
Sam Richardson
Ian Gair
Jerome Brice
Paul Warbrick

AGENDA

	<i>ITEM</i>	<i>LEAD</i>	<i>TIMING</i>
1.	INTRODUCTION (Introductions, purpose, agenda etc.)	DW	3.00 - 3.10
2.	BACKGROUND BRIEFING (To ensure common understanding of reason for project overall, the position of our work streams within it, timescales roles etc.)		3.10 - 3.55
a)	PROJECT INITIATION DOCUMENT (sent out in advance)	DW	
b)	WORK STREAMS AND RESOURCING PLAN (sent out in advance)	DW	
c)	OVERVIEW AND SUMMARY OF PREVIOUS WORK	DW/ KB	
d)	PROCESS AND ROLES	DW	
e)	QUESTIONS	DW	
3.	SCENARIOS TO BE CONSIDERED (To review initial list and agreement amendments/additions)	KB	3.55 - 4.55
4.	WORK PLAN AND ROLES WITHIN TEAM (To agree an outline programme of work, review against skills/timescales and agree roles)	DW	4.55 - 5.25
5.	AOB	DW	5.25 - 5.30

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7. Please can you give this your urgent consideration and agreement/comment. I will try to find time before Monday if possible; or I'll use that as a fall back.

PAUL RICH
Development Director
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PROJECT INITIATION DOCUMENT: PROJECT 'DEEP PINK'
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1. Background

- 1.1 There are significant delays to the Horizon programme.
- 1.2 At a programme plan level, a series of tactical actions have been taken both to baseline the programme, and strengthen resourcing and organisation, as a result of work identified by the independent PA review in October 1997.
- 1.3 This culminated in the appointment of a new POCL Horizon Programme Director, David Miller, to be effective from 19 January 1998.
- 1.4 However, at a strategic commitment level, the programme still has question marks around it. We understand from good sources that Benefits Agency, via DSS, will be recommending a negotiated termination, together with renewed and vigorous pursuit of alternative payment methods (many excluding post offices) to Ministers. ICL Pathway, backed by Fujitsu, have informed both sponsors that their current business case is unacceptable, and they will seek higher prices and/or a contract extension as a result.

2. Project 'Deep Pink'

- 2.1 There is an urgent need for important confidential work to take place to:
 - a) gain government commitment to the programme and preserve our long term contracts with Benefits Agency and SSA in Northern Ireland (know as "Contract A")
 - and b) develop contingency plans against various scenarios of the programme being terminated in a variety of ways.
- 2.2 This work will build on that commissioned by Paul Rich in August 1997, and delivered by a team put together by David Morphey which looked at contingency planning around Horizon and automation strategy. The output from that was a 100 page plus confidential report concluding that Horizon (or something very similar), remained central to our business vision, and that "Contract A" was vital in giving us the medium term financial underpinning to review and develop our key strategies before "Contract A" ceased. This is now being taken forward by studies such as:
 - Commercial Strategy Review (sponsored by Dick Wheelhouse)
 - Organisation Review (sponsored by David Morphey)
 - 5-10 year Strategic Study (sponsored by David Morphey)
 - Network Strategy and Modelling (sponsored by Jonathan Evans).

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- 2.3 The renewed urgency of the situation, given our new knowledge about DSS' and ICL's latest positions, became clear in the last week of December 1997 and, following a meeting with the Chief Executive in preparation for him advising the PO Board and DTI Ministers, CEC were briefed on 5 January by Paul Rich and his team. A proposal was set out, following this briefing, by Paul Rich to CEC on 7 January on what needed to be done. This was accepted by CEC, and is code named 'Deep Pink'.
- 2.4 An embryonic resourcing proposal accompanied the 7 January proposal, and this has now been refined with David Morphey and Lesley Lawson, and is the subject of a separate paper from Lesley Lawson to CEC.
3. Links with other projects/exclusions from scope
- 3.1 To be clear, the running and delivery of the Horizon programme is a baton now passed to David Miller at CEC level, and is excluded from this project. There will, of course, be a need through information sharing processes for close contact to be maintained.
- 3.2 There are dependencies with the studies mentioned at 2.2 above, and again, dialogue will need to be maintained by their sponsors and/or project leaders with this project. Some of the outputs of this project are likely to become inputs to those.
- 3.3 There are also links with other projects in train (for example, the social banking study; the work-in-progress on the rephasing of our automation programme and generic applications; and information systems strategy develop; our contract development with Girobank; and PO Group's work on Government Direct). The resourcing approach, through its mix of people on core teams, supported by identified 'experts' as necessary is the key vehicle to gain good integration at working level. At director level, CEC will need to be alert to project impacts as they review progress of 'Deep Pink'.
- 3.4 This work replaced the 'HRT' project work currently led by Mena Rego which helped deal with work associated with Horizon's review by PA.
4. Structure of Projects. Team Leaders of Strands. and deliverables
- 4.1 The project sponsor is Paul Rich.
- 4.2 The project's customers are:
a) CEC
b) Chief Executive and, through him, the Post Office Board.
Indirectly, all POCL's stakeholders could be affected by the outcome.

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4.3 The project is structured into five strands:

<u>Strand</u>	<u>Team Leader</u>	<u>Timescale</u>
I Influencing Plan	Jonathan Evans	Immediate/2 weeks
II Negotiation Plan	Mena Rego	4-6 weeks
III Legal/Contractual Plan	Mena Rego	4-6 weeks
IV Contingencies vs Contract A continues/extends	Dave Waltho	6-8 weeks
V Contingencies vs Contract A or Horizon falls/is severely modified	Dave Waltho	6-8 weeks

In practice, Strands II and III may run together.

4.4 Key deliverables are:

	<u>Strand</u>
• Vital audiences/opinion formers identified	I
• Key messages described and delivered to opinion formers	I
• Government decision makers influenced	I
• Messages to Government integrated with PO Group	I
• Messages co-ordinated with other influencing bodies (such as CWU, NFSP and ICL)	II
• Negotiation strategy and planning developed to Government	II
• Negotiation briefs for future contract replacement/extension with BA and/or ICL Pathway developed	II
• Impact of termination clarified to Government	II
• Consider impact on other clients' commercial positions reactively/proactively (eg Government clients, Girobank)	II
• Legal plan to prevent/delay contract termination	III
• Plan for claims by ICL (and BA?)	III
• Plan for claims on ICL and/or BA	III
• Scope costs of termination for each legal scenario	III
• Review plan for de-coupling Contract A from other contracts	III
• Review any procurement law/commercial freedom/other client contract impacts/joint ventures as necessary	III
• Scope scenarios for contingency of Horizon and Contract A is extended	IV
• Develop scenarios, including business modelling, around: compulsory ACT; a 'new deal' for Government suing Horizon as its business with /without Contract A; and a 'managed decline' situation for a manual by based POCL	V

5. Resourcing

- 5.1 A separate resourcing plan has been developed (see 2.4 and separate paper from Lesley Lawson) to staff the strands.

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- 5.2 There will be a core full-time team across the strands, and a call on 'experts' to form 'virtual teams' from time to time on a 'first-call' co-opted basis. The sponsor will need to ensure this 'first-call' approach happens in practice.
- 5.3 Urgent co-ordination across the strands and general progress will be provided by a project co-ordinator reporting directly to Paul Rich as sponsor.
- 5.4 Expert legal help for Strand III (and to include Strand II) will be provided by Slaughters & May via PO Legal Services.
- 5.5 Further resourcing needs are to be addressed to Lesley Lawson if/when they emerge.

6. Timescales and Reviews

- 6.1 Timescales start is immediate and is estimated to last for 8 weeks.
- 6.2 30 minutes (stretch to 1 hour if necessary) weekly reviews should take place at the end of Wednesday's CEC meetings, chaired by Stuart Sweetman and with CEC and strand team leaders and the project co-ordinator present. It may be advisable to co-opt experts from time to time too at these meetings (eg legal advisors).
- 6.3 Stuart Sweetman is to decide how best to update POEC/PO Group colleagues of progress.

7. Costs

- 7.1 Most costs are use of managerial time; there will be costs for use of Slaughters & May through usual Group arrangements.

8. Communication

- 8.1 This is a restricted document. Any communication of this project should be positioned as part of the Strategic development studies work we are known to be undertaking.

PAUL RICH
Development Director
13 January 1998

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Annex B

HORIZON WORK PLAN

Resourcing Proposal

1. "Government Commit to Programme and Preserve Contract A"

Sponsor: Paul Rich (overall strategy/approach)

a) Influencing Plan - Priority A (Immediate: 2 weeks)

Team Leader: Rob Durrant (Dave Waltho?)

Core Team: Dave Waltho, Bert Bertoloni, Keith Hardie

Experts: Mike Granville, James Lindsay, Vanessa Leeson

b) Negotiation Plan - Priority B (4 weeks)

Team Leader: Mena Rego (Dick Wheelhouse/Linda Hanratty)

Core Team: Keith Baines, Kevin Corrigan, Phil Shingler, Paul Morris

Experts: Dick Wheelhouse, Tim Brown/Mick Jeavons, Girobank Contract rep,
Slaughters & May

May eventually form 'Negotiation Team' (but with Dick to sponsor at that point)

c) Legal/Contractual Plan - Priority B (4 weeks)

Team Leader: Tim Brown (Kevin Corrigan)

Core Team: Slaughters & May/PO Legal Services, Kevin Corrigan, Keith Baines

Experts: Dave Waltho, FMBC BA team rep? (Tom Simmons?), PDA Service
Management rep?

2. "Contingency Plans Developed" - Priority C (6-8 weeks, first cut 4 weeks)

Sponsor: David Morphey (Paul Rich)

Team Leader: Bert Bertoloni

a) Scenarios for "Contract A/continues/extends"

Team: Keith Baines (lead), Mena Rego, Mike Granville

Experts: Janet Topham, Mike Hellier, Kevin Corrigan

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b) **Scenarios for no Contract A/no or modified Horizon/new deal for
Government**

Team: Dave Waltho (lead), David Smith, Wendy Powney, Ian Gair, Mike
Granville

Experts: Linda Hanratty, Scott Duncan, Ian McClay, consultant (Quadrant or
PA/Coopers?), Vanessa Leeson

3. Running the Programme

Sponsor: Dave Miller

Team: Richard Davis, Bruce McNiven, John Meagher, Janet Topham, Lesley
Lawson, Bill Kerr

Experts: Mena Rego, Tim O'Leary