



**NATIONAL FEDERATION OF
SUBPOSTMASTERS**

REPORT

of the

ANNUAL CONFERENCE

held at the

**Floral Hall, Winter Garden
EASTBOURNE**

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NATIONAL PRESIDENT: Conference, can we get into our places quickly. No rattling of cups and no mobile phones please.

Conference, please be upstanding to greet Mr Alan Johnson, MP, Minister for Competitiveness. *(Applause)*
Conference, I know we're very grateful to Mr Johnson with his hectic life, to give his time to address Conference. I'm sure we will listen to him with quietness and with dignity. Mr Alan Johnson

**ADDRESS BY ALAN JOHNSON MP
MINISTER FOR COMPETITIVENESS**

MR ALAN JOHNSON MP: Madam President, Colleagues, Ladies and Gentlemen. It is a very real pleasure and privilege for me to address your Conference today. I use the term "Colleague" deliberately. Ever since I joined the Post Office 32 years ago, I've had an association with NFSP members. For 13 years, they were the people I worked with, collecting and delivering to sub offices in London and in Slough when I was a postman. For a further 19 years, I had the privilege of working with NFSP officials as a representative of the CWU. I worked with people like Alban Morgan and Colin Baker and members of the NFSP Executive who through the years, taught me a great deal about how to effectively represent the aspirations of those who worked in the postal service.

Now Colin is a tremendous advocate for the Post Office Network. The thing I like about Colin is he doesn't take himself too seriously, and neither do I, which is just as well because in February, we appeared on a rather 'wizzy' television programme where we were placed on a settee in beautiful surroundings and the presenter deliberately provoked an argument, a very constructive argument, between us and we thought it made really great television and Colin and I thought (him being General Secretary of the NFSP and me being a Minister) that this would be watched by people in their thousands. It was a programme broadcast in Wales called "*Sharp End*" and we wondered why they didn't send us the video – we obviously couldn't see it, you can't see it unless you're in Wales. We found out a couple of weeks later that that programme recorded the lowest ever viewing figures (*laughter*) in the history of television. In fact the number of viewers was so low it didn't register on the Richter scale – it registered as 'naught'.

The fact that I'm attending my very first NFSP Conference as the Government Minister responsible for the Post Office, at such a crucial time in its history, is not without some irony. You've come to Eastbourne this week to represent the profound concerns and trepidation of your members in the communities that they serve and I know you're looking to meet to address at least some of those concerns today.

But first, let me pay tribute to the NFSP and your members. I've always appreciated the vital role that you play, not just in providing a service to communities throughout the United Kingdom, but actually being the focal point for those communities. It's not an exaggeration to say that without the Post Office Network, our society would be impoverished and our country would be diminished. This is true throughout the nation but nowhere more so than in Northern Ireland.

Madam President, we all desperately pray for the peace process to succeed, but it's right at this time that we pay tribute to post office staff who, for over 20 years, have been literally in the front line of the troubles. (*Applause*) Sixteen staff have been murdered on duty; the last, Frank Kerr a postman in Newry, was murdered two weeks after the cease-fire was announced in 1994. We very much hope he's the last post office servant to be injured or killed in the troubles.

For a thankfully short but terrifying period, counter staff in Northern Ireland in the early '80's were declared a legitimate target by one paramilitary group. Bombings, hostage taking, armed attacks – your members have endured a terrible working environment and continue to serve their local communities with unimaginable courage and fortitude. I pay tribute today, on behalf of Government, to them all and particularly to Israel Abernethy BEM who has been such a credit to the NFSP and the Post Office throughout this terrible period. (*Applause*) Israel, on behalf of the Prime Minister and the Government, I wish you a long and happy, well deserved retirement from your duties as an NFSP official.

Madam President, I've shared with all of you the trials and tribulations of representing the collective voice of post office people to the Post Office itself. It's not exactly an easy task. We've all had a rather ambivalent approach to the business. The Post Office has a proud history, but often the people who work for it have been appreciated more by their customers than what used to be called 'the Department'.

The Post Office has often had a quaint approach to employee relations and indeed, as part of an exercise I undertook when I was CWU Assistant Secretary, looking at the Post Office as an employer between the Wars, I examined the records of officers dismissed from the service in 1925. I found some amazing reasons for dismissal.

One person was dismissed for unclean habits; a postman was sacked in Oswestry for singing a Carol and the one I like the best, the most amazing of all – and this is absolutely true – someone was dismissed for marrying a drunkard without official permission (*laughter*). It's a good job those rules don't apply in the House of Commons! Delete that from the record!

The NFSP in its 103 year history has had to deal with an employer who was sometimes less than convinced about the value of collective representation and with a membership who were keen to enjoy the improvements secured by the Federation but less keen to play a constructive role in the organisation. Around the time of the dismissals I just mentioned, "*The SubPostmaster*" carried on its front page a comprehensive list of what the Federation was doing to help Subpostmasters, with 9 points on how to help the Federation and 9 points on how to hinder it. Now, this latter list (and I thank the authors of this splendid Centenary book), this latter list is something I think representatives can relate to today, even in the 21st Century. It says:

"How to Hinder the Federation:

*Don't come to the meeting.
 If you do arrive, arrive late.
 If you do attend a meeting, find fault with the work of the Officers and other members.
 Never accept an office - it's easier to criticise than do things.
 Hold back your dues as long as possible or don't pay at all.
 Don't bother about getting new members, let the Secretary do that.
 If you receive service without joining, don't think of joining.
 Blame the Federation for the incompleteness of its information.
 And when everything else fails, blame the Secretary."*

We can all relate to that. I can see we have yet another shared experience.

Fortunately, the Post Office under John Roberts is a far, far better place to work than it used to be and it recognises the value of collective representation. Nevertheless, I was concerned to learn, actually from a constituent, that Subpostmasters in MSPO's were not able to be represented by the Federation. As well as being the Minister responsible for the Post Office, I'm also the Minister responsible for Employment Relations and given the new rights we are introducing for Union recognition in June, I raised this issue with the Chief Executive. I'm pleased to say that the Post Office have accepted in principle, collective representation by the Federation for MSPO's and I hope that the dialogue on this issue can now reach a speedy conclusion. *(Applause)*

Now, Madam President, the Post Office has a long and proud history. It is the Methuselah of the public sector. Whilst it became a state owned body in 1635, the modern service began with Roland Hills great reforms in 1840. It's fair to say that the changes being introduced now are the most profound in the last 160 years.

The Postal Services Bill currently going through Parliament is designed to give the Post Office the commercial freedom it needs, to face the challenges of liberalisation, globalisation and new technology whilst remaining together 100% publicly owned. It introduces a Regulator for the first time and a strengthened voice for the consumer. It will allow the Business to keep more of the profit it makes and to borrow money for acquisitions as well as entering alliances and joint ventures with other postal operators. There'll be an arm's length relationship with Government, who will agree the strategic plan and then allow the Business to use its commercial knowts to achieve those objectives.

It will also set out, for the first time in Law, the obligation to retain a universal service at a uniform tariff. After 8 years of being under constant review by Government, this will at last allow the Post Office to compete on an equal footing with those postal administrations and private couriers who've taken full advantage of this period of hiatus. I'm pleased that the NFSP together with the CWU and CMA have welcomed these developments, but your concerns are undoubtedly centred around the future of the network and the move to payment of Benefits and Pensions by ACT.

Now the campaign which you and your Officers organised culminating in the lobby of Parliament on 12th April was I think a wonder to behold. To me, having been associated with the NFSP for many years, I wasn't surprised. As I said to many of my Colleagues in Parliament, you haven't seen a campaign or a rally until you've seen the NFSP campaign and rally. And I think, Madam President, it was an object lesson in how to campaign. It was effective, adroit, but always courteous; making friends rather than enemies; supporting an aim as well as aiming for support. The Secretary of State has asked me to thank you for the 1,225 birthday cards *(laughter and applause)*. I'm only telling you at this late stage that GRO Too late! There's always Special Delivery, he said, from a sedentary position! He's asked me to thank you. He says he would have displayed them in the office, but it would have meant us evacuating the 8th floor of 1 Victoria Street.

You know, as well as I do, that it wasn't the first time that the NFSP have rallied or campaigned on the issue of ACT and unless we find a lasting solution, acceptable across Government, that finds favour with the Post Office and offers your members a secure future, it undoubtedly won't be the last. *(Applause)* The Benefits Payments Card was a well intentioned attempt to find a way forward. I supported it as General Secretary of the CWU at the time. It had the hallmarks of being a solution, but it was never going to be a permanent solution. It was tied to the 8-year contract with the Benefits Agency. They saw it as a staging post on the route to ACT. The Post Office, quite rightly I think, saw it as an opportunity to develop their own Smart Card.

However, the project which was a Private Finance Initiative - a PFI - failed. It had to be reconfigured before this Government came to power and as the NFSP pointed out, again in your centenary publication, the whole

network had to be on-line and the project completed by 1998 for ICL Pathway to recoup their outlay by the end of the BA Contract in 2005. By late 1998, it had incurred substantial cost overruns and was running three years behind schedule. We knew that this couldn't go on and against this background, the Government commissioned a detailed review of the project to find the best way forward.

In the light of this, we concluded that changes had to be made and took the tough decisions that were needed to get the project back on track and as the Cross Party Trade & Industry Select Committee concluded in its report last September, and I quote *"Everything we have heard and read confirms our view that the original programme was blighted from the outset"*, and if this Government was guilty of anything, the report went on to say it was trying too hard for too long to make it work.

Now our decision to get Horizon back on track but as a simple public procurement, not a PFI, and with the Benefits Agency removed from the complicated 4-party equation, was a necessary decision. We announced our decision to move to ACT over a 2 year period from 2003. The reality is that whenever it comes, ACT is inevitable. The move towards it was always going to accelerate particularly as a new generation used to cashless pay came up to pensionable age. The difficult decision was to salvage Horizon and plan for the change to ACT. The soft option was to abandon the failed PFI, do nothing, see decline turn to crisis and crisis turn to collapse.

The solution we have to reach now must be one that concentrates on how we allow people to access their cash once it's transmitted to them via ACT and how we can use the healthy focus on what I have always believed is an under-utilised, under-promoted network to find new areas of work. You've helped through your campaign to put the spotlight on the network, but the glare of that spotlight will shine into areas that all us – Government, the Post Office and your members – have sometimes preferred to remain in the shadows.

I believe passionately that what began as a failed PFI that everyone wanted to succeed will end up providing opportunities that could only have emerged from the current situation. The NFSP have recognised these opportunities and have set out a vision which includes an exclusive payment system at the post office for those who cannot or do not want to use a bank account, working with Government to introduce an electronic system to provide access to information, making Subpostmasters and Subpostmistresses Government Practitioners and a computer based facility to offer banking services replacing closed bank branches.

You have articulated the public's concern about the future of the network. We did recognise those concerns before they hit the media. That's why the Prime Minister asked the Performance and Innovation Unit to do a project working across Government, reporting directly to him on the future of the network. The PIU report is nearing completion and what I want to do today is share with you the Government's emerging vision for a modernised network. I particularly want to hear your thoughts on this vision, so we can take these on board before we make a formal announcement on the right way forward, shortly.

We want a modernised network that can thrive rather than simply survive in the 21st Century. I believe the Government, the Post Office and Subpostmasters/ Subpostmistresses can work together in partnership with the private sector to build a bright future for a modernised network. We see a future built on making the most of new opportunities across a range of areas. In particular, I want to highlight opportunities in three specific areas – financial services, e-commerce and Government services.

On financial services the Post Office has done well at developing some new lines of business in this sector. Nowhere is this truer than in financial services where new business has been won from the High Street Banks. I'm thinking particularly of the extension of Agency banking services to Co-op, Lloyds TSB, and recently Barclays. I hope other Banks, with the incentive of the Horizon automation platform, will also soon be attracted down that same route, but as you know, arrangements with the High Street Banks do not by any means cover that sizeable group of customers who do not have any form of traditional bank account for whatever reason.

We welcome the Post Office's work in developing the Universal Bank. In his Budget speech, the Chancellor of the Exchequer invited the Banks to work with the Post Office and I quote *"to offer a basic banking service to all"*. A Universal Bank could help address the problems of financial exclusion in partnership with the Banks. It would greatly reduce the number of people who do not have bank accounts, but I think more importantly, for your members, it could provide a post office based solution for those Benefit recipients for whom traditional accounts might not be suitable or desirable. *(Applause)*

The Post Office is well placed to build an expanded role in financial services. It's also well placed to develop the opportunities offered by e-commerce. Despite the rent boom and almost immediate gloom of the *dot com* companies in this sector, as anyone has got any shares in *dot com* companies will know, there is a wide

consensus that e-commerce will be a major growth area over the next few years. The trick is to be in on the ground floor and the Post Office needs to think much more creatively about how to take advantage of the opportunities this offers. Post offices could become places for many customers to order and pay for goods over the Internet and places where customers can then collect their orders.

And on Government services, the reach of post offices makes the network a major, unique, treasured, national asset. Millions of people already see post offices as the place to do Government business. There is a potential to build on here. We're also looking at the role post offices may be able to play in the Government's crusade to bring Internet access to all whether they're on-line at home or not, by 2005. The Government, the Post Office and Subpostmasters will need to work together with the private sector to turn this vision into reality.

We want Post Office Management to forge a strong future in diversified lines of business. Some of this has started, but there is much more to do and we as Government want rapid movement on this. The contribution of Subpostmasters has been one of the greatest strengths of the network. Subpostmasters, Subpostmistresses and their staff provide a crucial service running shops and post offices in many areas which have few or no other facilities. And the dedication of Subpostmasters to go the extra mile for customers, providing elderly and disadvantaged people with essential support and guidance is clearly recognised both by Government and customers as so many of the letters I have received - 1,620 incidentally, more than the number of birthday cards that Stephen received - that I received from individual members of the public which have testified in eloquent and heartfelt terms, the important role of your members. The dedication of Subpostmasters will be essential if we are to unlock and build on the potential of the network, but Subpostmasters and the Post Office need to work together to address this, ensuring that all post offices including Crowns, build on the example set by the brightest and the best.

As Government, we will play our part. We will help the Post Office to modernise the network. (*Applause*) Our investment in Horizon is a crucial start and in addition to the new business opportunities I've outlined, there may well be other services that post offices can provide, by acting as a Government general practitioner and as an Internet access point.

So the Government is also committed to convenient access for all to post offices. We're committed to protecting and modernising the rural network. The Post Office already makes every effort to keep post offices open even when they are loss making, and even in villages where other services have been withdrawn, we want this to be re-enforced. And in urban deprived areas, post offices also play a special role, especially when there are few other shops around. We're considering ways to provide special assistance for their outlets which would allow them to improve the quality of both the post office and the retail side of their business. Urban post offices are the engine room of the network. Three quarters of the network's business goes through urban offices and together they make most of the network's money. But many urban post offices are suffering. Those which have lost their customers to supermarkets and which have fallen into disrepair. We must ensure that this is a commercially viable operation. We want the Post Office to work with Subpostmasters to reinvent the urban network; to develop bigger and brighter post offices. (*Applause*)

Madam President, the Government is committed to ensuring convenient access for all to a post office and as a further signal of our commitment to the network, we have taken powers in the Bill recognising that a Post Office Bill comes along once in a generation, to pay a subsidy to sustain post offices should it prove necessary. It's not anybody's preferred solution, but it would be remiss if we didn't have a safety net there that allowed us to use the legislation if we have to, but given the inevitable uncertainties about the Post Office's business environment, we'll need to return to this issue before 2003.

As you will have ascertained, the Government's emerging vision centres around Universal banking which could assist in providing a post office based solution to meet our pledges to continue to provide the facility for those who wish to continue to collect their Pensions and Benefits in cash in full across a post office counter; the establishment of Subpostmasters and Subpostmistresses as Government practitioners; and the full exploitation of e-commerce opportunities.

This could be a shared vision, Madam President. I haven't come to this Conference today with all the answers. The PIU report hasn't been finalised. It's a comprehensive, cross-departmental report that needs to be completed thoroughly, more than it needs to be completed quickly. But even when it's completed, Horizon needs to continue to be implemented at its current rate of 300 offices were week. Deals have to be completed with the major Banks and the opportunity used for attracting other new work has to be properly pursued.

There's no quick fix solution to these problems, but we need to begin now, to convey the message that we are all committed to working together to provide a secure future for a network that is such a vital detail in the social fabric of our country.

So in conclusion, Madam President, the next few years are a crucial time for the network. We have a short window of three years to implement a programme of modernisation and diversification in order to build up a strong future for the network and those who work and have invested in it. I believe that by working together, we'll be able to secure this future and in the light of the Post Office's developing business environment over this period, we shall need to monitor and review progress carefully to ensure that we remain on course to achieve all of our objectives.

The Government wants to hear your views on the proposals I have outlined today. We've not finalised our policies in this area and I'm clear that I don't do so until I've had the chance to listen to your views. Indeed, the Prime Minister also wants to discuss these ideas, one to one, with your General Secretary, Colin Baker, in the next few weeks. *(Applause)* It's you, after all, who are the experts on post offices and it's you who are best placed to tell us how best we can turn that vision into reality. Thank you. *(Applause)*

NATIONAL PRESIDENT: Well Conference. Indeed, we're very grateful for everything that Mr Alan Johnson has said this morning. He has agreed that we may ask him questions and therefore, there are a few of us with questions waiting and then after that we'll open it to the floor. And I'm sure you're very grateful, Mr Johnson, that it's not your birthday today otherwise you might have had to sit and listen to us sing. However, if I can start the ball rolling.

In my travels throughout the country this year, one of the greatest concerns of Subpostmasters has been the ability of the Government and the ability indeed of the Post Office to have everything in place in order that when 2003-2005 comes, we will not have this gap when one thing goes and another thing isn't ready. Can we have your assurance that if the situation was to arise that everything is not in place by that time, that the Government would indeed be flexible on the start date of ACT.

MR ALAN JOHNSON MP: Now I've lost the lectern and the microphone's too far off! Can I just say something about 2003. I was a back-bencher when the announcement was last May and I had concerns about that time scale, and you all obviously still have concerns. As I said in the speech, we will need to keep looking at this situation and revisiting it before 2003. I have to say one thing. I've never seen the Business – the Government – partly by the atmosphere that you've generated, or the people who work within the industry, concentrating so hard on how to promote and develop this under-promoted, under-developed network. You know, there's been faults on all sides in the past. I've said this before. I hope people don't take offence, but some post office managers haven't been the sharpest knives in the drawer. Some members of Government have paid lip service to the Post Office but allowed the thing to dwindle on and allow gradual decline, and I think, you know, you recognise that your members, my members in the CWU, need to recognise that we really do need to sort this thing out.

So I see 2003 as concentrating people's minds wonderfully. What I don't want to see, Jean, is this spotlight taken off of the Business. We have a period of activity where so many things are coming together at the same time. Five years ago, you wouldn't have found the Banks interested in using the post office as a vehicle for accessing all bank accounts. The Post Office tried; they weren't interested five years ago. They're interested now because of the furore caused by bank closures and other issues. They're spotting a real opportunity. Now we have the whole problem of social exclusion being highlighted where people who are from poor and disadvantaged backgrounds, who the Banks frankly have never wanted clogging up their vestibules.

Suddenly, there's a real focus on social exclusion and there's a real focus on e-commerce and the opportunities it's opening up, just at the time that we're giving the Post Office greater commercial freedom. I think, obviously, we'll have to keep the situation under review, but I think if you remove the focal point, some of that energy, some of that innovation would tale off a bit. People would think oh, we've got long to look at this. So I actually think that 2003-2005 is our programme. Obviously, we'll look to see how we develop these different initiatives, but I actually think it is useful in keeping the onus on the Business, Government and everyone else involved to find this solution without giving them the excuse to say *Well we'll slacken off a bit because the time scale's got a bit looser.*

GENERAL SECRETARY: Thank you Madam President, thanks Alan for that very, very encouraging words, but you're fifth in the line of Members of Parliament that have come here giving us very encouraging words. *(Applause)* How are you going to make them work?

MR ALAN JOHNSON MP: That's a typical, simple and easy question from Mr Baker! Well, I am the fifth in line Colin. I think I'm also the first Minister to be able to come here and say that the Prime Minister will be meeting you face to face and you know, actually going back over those, the things that people have said here, and I remember Peter Lilley coming to this very hall and announcing the Benefit Payment Card – it didn't fail because of any bad faith by Peter Lilley or the previous Government. It's not a party political point. They tried to make that work.

The Public Accounts Committee is now looking at that whole debacle of that PFI. I mean, the fact that the financier was also the developer probably didn't help – that's been criticised by the Select Committee. But for whatever reason, that approach was well intentioned. It failed. The previous – I don't know about all five of these Government Ministers that have been along in the last few years, but I think part of it would have been Labour Government Ministers saying that they will try to make the Benefit Payment Card work and actually Peter Mandelson said in December 1998 and was criticised for it in a Parliamentary question, criticised subsequently, that everything is on-line and there was . . . everyone knew behind the scenes that it was going disastrously wrong, but we wanted to talk up the solution because everyone saw that as being a solution that could lead to a Smart Card, that we might get to incidentally a bit quicker than we would have done through that route.

So all I can say Colin . . . you say how are we going to do it? I think we have to start off with a shared vision that has the Post Office, your members and Government on board. If we've got the shared vision and once the PIU report is published, and God knows I wanted it to be published by now – there's people here who've been working on the report; they've done a tremendous job. They've analysed the problem better than I thought anyone could about the dangers we could be running into – once their report is published, then we can talk about the detail of the solution. And the final point I'll make Colin is, of course, you sit on the Committee that I chair, the Horizon Working Group, which is Government, the Post Office, the Unions, the Fed altogether looking at how we exploit these opportunities and I think that's been a very important focal point for us to talk to people like Basil Larkin who's coming like a breath of fresh air from outside industry and seen very clearly the possibilities that are now opening up.

I can't tell you every dot and comma about how we're going to resolve it, but I think the shared vision and then working towards it, with the Prime Minister's support as well, is a very good start.

MR J PEBERDY (EC): Thank you Madam President. Alan, the Prime Minister has said it is his ambition to have joined up Government. With all the fears that our members have got about loss of business and the subsequent loss of income, what can you do to promise that the Government will do all it can to make sure it's departments put as much of their work across post office counters as is possible?

MR ALAN JOHNSON MP: Well that is precisely the PIU's terms of reference. One of the reasons why the Prime Minister set up the PIU incidentally was that every Government Department was saying *Yes we believe there should be a strong post office network* and individually they were saying – I won't mention any names or any departments, I'm in enough trouble already – that this particular piece of my department . . . you know, we're going to place with somebody else.

Now, there has to be a balance here. The Post Office . . . Government cannot just give work to the Post Office no matter how much it's charging the matter, how poor the quality of service they offer – you offer a great quality of service – but we cannot be in a position where, even if that service deteriorates, the Government has got nowhere else to go and no-one to negotiate with. But I think you'll find that the PIU report, given their terms of reference of looking right across Government – that's why it's so important John because it works across Government and then reports to the Prime Minister – that they are addressing this point very carefully and in terms of the new e-commerce opportunities, I think we discussed this on the Horizon Working Group, of getting the Post Office in on the ground floor, there's a role for Government to help them here. That's what I said in my speech, to assist the Post Office – there have been some pretty difficult times at the moment to achieve that, and whilst I can't say no Government Department will ever fail to put all of their work across post office counters, I think there's going to be this spotlight, this searchlight, that's on the Business, right across Government from the Prime Minister down, is going to be very unofficial in terms of the objectives that I think we'll share.

MR K POTTER (Exeter Branch SWSWRC): Thank you Madam President, thank you Alan for those wonderful things you've been saying today. I come from Exeter Sir and your colleague, Ben Bradshaw, is the MP there and the Exeter Branch has worked up a very close relationship with him and he has written you many letters on our behalf and you have written many letters back to him, which we find of great interest. The latest one you dated on the 8th May Sir and may I just read you the last paragraph:

"Mr Potter is concerned that Subpostmasters will only be paid one penny for each Benefit transaction after 2003. This is incorrect. At the moment it costs the tax-payer around 79p for a payment by Giro and 49p for an Order Book foil. Under ACT, the Benefits Agency pays less than one penny to BACS for processing a transaction. Quite separately from this, the Post Office has entered into commercial deals with the Banks to provide their counter services. We understand that Subpostmasters currently receive around 17p for each transaction which they process on behalf of a Bank. These are arrangements between Post Office Counters Limited and the NFSP, which we have no intention of changing. I hope these further comments have provided some reassurance."

Well, it's all very fine Alan. That is a deal between the Banks and the NFSP and not a Government assurance. This morning, you've touched on the business of the Universal Bank which we all want to know more about, but could I ask you Sir, if you float this Universal Bank, are you going to pay us 17p per transaction perhaps? Thank you.

MR ALAN JOHNSON MP: Well, Ben Bradshaw has been a very energetic campaigner on behalf of post offices down in the West Country. The point that Ben was making in the letter was the point I think was made in "The SubPostmaster" in an exchange of correspondence. We have never said that because ACT costs the DSS 1p as opposed to 79p for a Giro cheque (it would cost about 52p incidentally for the Benefit Payment Card), we've never said - that's been used as an argument as to why the taxpayer would get better value from ACT - leave that argument to one side - it's not about the transaction cost that you get across a post office counter.

Now in terms of these new opportunities with the Banks, the thing about Horizon of course is that it reduces the cost substantially of banking transactions across a post office counter. We've had these deals with Lloyds TSB, Co-op, with Alliance & Leicester Girobank for years. No users of those Banks are ever told that they can use those services across a post office until a Bank closes in the local area and even then they can only access those . . . a very limited range across the post office counter. Horizon will change that completely. But what we're saying is the issue of how much you get paid for each transaction is a matter for discussion between the Post Office and the National Federation of SubPostmasters, that we do not want to interfere with in any way.

We do not envisage any change, we do not envisage any change for the current transaction payments that you receive. Indeed, in terms of the logistics of all this, you know, there are, whichever way you look at it, there are going to be fairly substantial savings that could be used in other areas. It's not an issue of the transaction costs being a problem. It's not a problem at all in this equation. So we do not envisage changing those transaction payments and we see that as a matter of negotiation between the Federation and the Post Office as you do every year at the moment.

MR D HOUSE (Bournemouth Branch SWSWRC): Good morning Conference. Madam President, Mr Johnson, Executive Council.

I'm encouraged by the Minister's commitment to having a post office based solution. I think it's essential and I just want to press him further with some of the problems that may occur if a post office based solution is not the solution that the Government adopts.

Whilst this is one logistical problem and I appreciate there are probably many, many others, this is something that concerns me greatly. Currently Colleagues, you will all understand that we operate under a nominated office system. You all understand very clearly who comes through your door every week and we all understand with overnight cash holdings that we have to budget very carefully as to what the funding of the network is. We understand on a daily basis what cash we need to hold in our offices and we're able to do that because of the nominated office system.

If the Government doesn't adopt a post office based solution and I would suggest maintaining some form of nominated office system, I think that not only will it be unfortunate and unacceptable but it clearly just won't work. How on earth would the Business, particularly my office, my neighbour's office, any of our offices, be able to manage on a daily and weekly basis, on the off-chance that somebody may come into the office and withdraw money through a post office based bank account. They may go to an ATM further up the road; they may take cash-back at a Supermarket; or they may indeed go to their Bank's branch, should they find one still open.

So, I ask the Minister to consider very carefully the post office based solution and I also ask him that he gives great consideration to maintain some form of nominated office system because as I say, I fail to see how the Business could finance such a fluctuating customer base. Thank you.

MR ALAN JOHNSON MP: Well Duncan, I'm in violent agreement with you on the post office based solution. I spoke today on behalf of Government, not just me as a DTI Minister – this is very important because this obviously needs the Treasury, the DSS, all of Government signed up to this. There's been a number of solutions suggested as to how we can meet our pledge to provide Pensions and Benefit Payments in cash across the post office counter. None of them have matched for their quality and, I think, for the stability of the future of the network, the post office based solution. All kinds of opportunity open up. I mean, basically, that would work . . . a Pensioner, instead of getting an Order Book, would get a Smart Card that would have Post Office on it. There's all kind of possibilities that are opened up and once it . . . I am now talking for me and nobody else in Government . . . you know, there is the prospect. We've got this tremendous problem of £2 million every year of Income Support not being claimed by Pensioners who are entitled to it. Who knows, that Smart Card could tell a Pensioner "Did you know you're entitled to Income Support" - part of the role of Government Practitioner which works in with that. There's all kinds of solutions there but as it is a post office based solution, it depends on Post Office Management negotiating the deal with all kinds of . . . I mean they need the add-on kit to Horizon for banking services as well which is going out for tender later this year. So, things could go wrong with that solution, but Duncan, I agree with you and that's why I said it today. It should be part of our joint vision to find that post office based solution because it meets so many of the other objectives. So, I think you've made an extremely valid point.

NATIONAL PRESIDENT: Can I just ask, because we have so many people obviously waiting to ask questions, that you keep them simple, straight to the point and let's talk about how it happens rather than the operational detail which we'll all sort out, I'm jolly sure, and when we get the solution we'll make it work.

MR G R THOMSON (Edinburgh Branch ScRC): I know Alan Johnson is a man of honour. I know Alan Johnson is committed to the network. But nevertheless, I do not know how taking away 40% of the work will protect the network. That's the first thing I've got to say Alan. And what I mean by that is, we don't want to be left with just social banking. It should be a post office solution, but how can the Government not look at a post office account where every claimant who claims at a post office at the moment is encouraged to use that post office account, not just social banking.

Now, I've listened to what you've said about e-commerce and that's all very laudable. I've listened to what you've said about Government Gateway. Yes, but you dinna give up 40% of your business without some kind of fight and I think we shouldn't just be looking for social banking to be left at the post office. We should be looking . . . encourage the people who claim their Child Benefit, their Pensions and Allowances, to switch over in 2003 to a post office solution, to a post office bank. In that way, you're not just talking about saving the network, you're guaranteeing saving the network. Thank you.

MR ALAN JOHNSON MP: George, it's lovely to see you again! We actually went on a Youth Conference, believe it or not, to Seville, 20 years ago and I haven't seen him since. *(Laughter)* I have. I have. He's a good friend and George makes his point as forcefully as he always made his points in the old Union of Communication Workers.

George, I think the NFSP recognises that we have to get a solution to this ACT problem. Previous Government introduced it in the early '80s – it caused a lot of consternation – extended it in the early '90s – a lot of consternation. The Benefit Payment Card, as I say, we might well have been in exactly this position even if it had been salvaged further down the line. And there is, however you look at it, and some of the figures have been exaggerated, but I think we all understand that in the future, the reasons I've mentioned about a whole generation of . . . George, we went through the problems of cashless pay in the post office – caused a furore, but people now get their pay into their Bank Accounts. For whatever reason, ACT has to be tackled and the point I agree with you on is we have to look at how we get it then from . . . their money, the Benefit recipients . . . how they come and collect it.

Now the post office based solution as we discussed with the Post Office, is a solution for anybody who wants to use the post office to access their cash, whether they've got a bank account or not. It's in the interests of the Banks. That's where there is, I think, a common rationale to this.

So in terms of the encouragement that might come in 2003 for people to use the post office Benefit Payment Card, I think I'll remain out of that particular row at the moment, but I can't see any reason why, if there is a post office based solution, that the Post Office won't be encouraging people to use it because there's lots of

people who will always want to draw their money in cash across a post office counter. They won't want to use the ATM. The Cruickshank Report was very big on saying that Pensioners can use the ATMs to draw their . . . Pensioners don't want to use ATMs. *(Applause)*. They feel they're a security risk; that . . . they're not bothered with remembering PIN numbers, they don't want to, but more importantly, they want to go into a post office because sometimes, unfortunately, it's the only social engagement they make; the only people they see. *(Applause)*

So George, this has to be a matter of choice. You are not standing on a kind of Luddite platform and never have, of saying that people should be forced to go and get their money in case, even if they want it paid into their Bank Account. You're not saying that. And what we're saying is people who want to continue to draw their money in cash - particularly important to Pensioners - should be able to do so. We pledged that they'll be able to do so, and the post office based solution, we think, will be a joint vision that achieves that objective.

And I hope you enjoyed Seville, George!

MR R MARTIN (Northumberland & Tyneside Branch NERC): My concerns are similar to the National President's, which I don't think her question was answered particularly well. 2003 is only 2½ years away. It's taken a lot of years for us to get the Horizon system into our offices. If the same applies to this new banking system, 2003 is not realistic. These are the concerns that we have - what happens in 2003 if this system is not set up?

MR ALAN JOHNSON MP: Ray, I take your point, but I really can't add anything to the answer I gave before. 2003 is . . . well, I've heard all kinds of, sort of - 3 years away, 2½ away - it does give time. If Horizon goes properly, which will be completed in the Spring of next . . . let's move off of that issue very quickly *(laughter)*. All the problems of balancing, I know, but we are converting in accordance with the time scales, and it is an enormous programme. God, you've been at the sharp end of it. But it has to be completed by Spring 2001.

We have to have the add-on kit to provide banking services and I think if you raise your standard on the basis of Government back-off on 2003, I think it would be the wrong angle. The angle should be the vision; continue to keep this issue under review and let's see if we can force things through. Because, the very point you made Ray about the previous exercises that we've known. God, the years it took to get Angling Licences sold across post office counters. There is a tendency for people to relax and not focus, but that doesn't mean to say that we shouldn't look at every stage along the route, working in partnership with the NFSP, the Post Office and Government, at how this programme is going. And there is absolutely no way that the Government is investing £½ Billion in the Horizon network to see that network collapse. I mean, you didn't . . . your 3 Million signature petition and everything else you've done over the last few months just emphasises what I've always known from my background in the Post Office. You mess with the post office network at your political peril. *(Applause)* We haven't set out to do that. We set out to say *Look we have to move from a paper based system to a modernised, computerised system.*

We have to look at the new opportunities opened up. We have to clear this ACT issue once and for all otherwise you'll be rallying every five/six years with still no permanent solution. I know you well. I know you well. And so I think that's the proper focus and I think . . . I understand your concerns about 2003, but let's see what we can do with a shared vision and a joint will behind it and let's keep the situation under review as we approach that deadline.

MR A HARROD (Norwich & District Branch NTEARC): Madam President, as an extension to the answer that Alan gave George, I would like to ask him if he would give an assurance that all claimants coming on stream after 2005 will have the choice to draw their Benefits in cash over our counters. Thank you.

MR ALAN JOHNSON MP: Well Tony, I'm being very careful because everything has to be finalised through Government departments, which say that anybody who wants to draw their Pensions and Benefits in cash across the post office counter after 2003 will continue to be able to do so. Can we just leave it there and have the discussion with the Prime Minister and then finalise all these issues, and then I hope I can give you an answer that you would find satisfactory.

MR M BAKER (Salisbury Branch SWSWRC): Thank you Alan for taking questions from us. Our rally is over and it was very successful and as a result of the commitments I've heard you and other Ministers make, I personally now have enough to trust you to deliver the vision that you're working towards. You mention the word "*subsidy*". Post offices are closing down on a daily basis right now. As I'm talking to you, there'll be a post office somewhere closing its doors. It's closing for a variety of reasons, but predominantly low pay, they can't take a holiday and there's no work coming across their counter. These people, if they could have a

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subsidy right now, and what's the chances of that, can they have a subsidy to be around to enjoy the vision that you're going to produce for us over the next three to four years.

MR ALAN JOHNSON MP: Well, there are post offices closing as we speak. You're quite right and 25% of the network's gone over the last 20 years; 10% of the rural network disappeared since 1990. Some of those are unpreventable. You cannot prevent some of the closures that take place by virtue of the fact its people who decide that they don't want to use their own premises for post office purposes any more and they can't find a replacement.

However, this is what PIU are looking at. There are some that are preventable and not enough is being done to prevent those closures. Now, what I said in the speech is we are committed to maintaining the rural network and we recognise from all the other reports that have come from other Government departments how important the post office is in urban areas as well, particularly urban deprived areas. Now we are setting out . . . I didn't mention this in the speech but we've said that in the Bill, the Postal Services Bill - we will set access criteria.

Now this is an extremely fraught area. Every Government Minister that spoke to you over the last five years and fifty years before that, would have stood up and said "We are committed to a nation-wide network of post offices". It means absolutely nothing. You could close half the network and still have a nation-wide network of post offices. And it's not an easy task and people have criticised us for biting off more than we can chew, but we are putting our money . . . well, I'll use a different term . . . we're putting our legislation where our mouth is. We're willing to define what we mean by a nation-wide network of post offices; set it out in Law; have an independent Regulator to monitor that for the very first time - the introduction of a Regulator in the Postal Services Bill is very important for you and everyone else working in the post office and the customers we serve - have a revamped, strengthened version of POUNC which will be the CCPS with more money dedicated to it - POUNC did a good job but it was run on a shoestring; the new legislation means that the consumer has a far more powerful voice; introducing an Appeals process that focuses on whether anything can be done to assist that business.

Now, we said before nobody sees subsidy as the answer, but it could be part of the answer where it's necessary and the PIU have been asked particularly to look at that point so I do think if you bring all the various strands together and if we start from today onwards - I don't blame the NFSP for being . . . for continuing to have a healthy scepticism, it's your job - but if we can have a joint vision and if we can go out and announce to the public that we have a vision that we're working towards, then at least we can stop this feeling that's beginning to permeate in people's minds *Ah, the network's going to close* which devalues your properties, which prevents you from getting bank loans, which is causing problems. If we're not careful, it will be a self-fulfilling prophecy. So I think what we can do is to say *Look we can't stop every closure*. When the report is published, it will focus for the very first time on defining a nation-wide network, stopping the gradual decline; stopping the rot that's gone on over the years, where that's possible. We can't do the impossible, but we can do the possible and I think together, we can turn around people's perception that the network is doomed. And that's not saying that you have to come up to Parliament and, I don't know, build a statue to me in St Martins Le Grand or anything like that! If you want to, you can, I wouldn't mind!

You can continue to represent as effectively as you do, the view of your members, but I think once we get the shared vision, and once we know where we're going, we really can, we really can save post offices that would have closed had we not taken these measures, and I think that's a very important spirit in which to approach the issue.

NATIONAL PRESIDENT: Conference, I'm aware that Mr Johnson has commitments. How much longer, or how many more questions can you take?

MR ALAN JOHNSON MP: One more.

NATIONAL PRESIDENT: One more. I'm sorry to the rest of you who have waited so patiently.

MR C SHILLIDAY (Northern Ireland Branch NIRC): Madam President, Conference. Could I firstly thank the Minister for his very welcome remarks in relation to Northern Ireland. (*Applause*) We certainly look forward to Her Majesty's Government and the establishment of democratic Government in Northern Ireland without fear of that from anyone.

A major part of your address Minister featured on the development of banking business. I would agree with my Colleague from Edinburgh that this network will need much more than social banking to sustain the network.

And I say that as a former banker of some 25 years service. Social banking on its own, in my view, is unsustainable without Government subsidy.

In Northern Ireland we have not seen the scale of closures, the scale of restructuring that has been seen in other parts of the United Kingdom. We have not seen the closure of branch banking. What assurances can you give, or have you any knowledge that the major clearing banks in Northern Ireland have shown any interest and will be willing to do business with the Post Office? Thank you.

MR ALAN JOHNSON MP: Well Colin, I think it was absolutely right to mention Northern Ireland. I was over there a lot in the '70s and '80s and I'm just astounded at how people worked through the most difficult circumstances and I think it's you who deserve the tributes and not us for paying tribute to you.

Well, I think Dave Miller would have set out yesterday that the negotiations with the Banks are going very well and that they, as we were saying earlier, they've suddenly seen an opportunity and the Post Office have seen an opportunity. If you want to pay your Credit Card bill - you don't want to incur the sometimes enormous interest that they place on it if you don't pay your Credit Card off every month - you think about it on a Saturday, most of the working population, you think "I've only got a few days. I can't put it through the post. I'll go and pay it into a Bank. The Banks are all closed. The post office is open Saturday morning. There are opportunities there for social banking. It's not . . . George is right and you're right Colin . . . it's not the total answer to the problem, but it's a very important development and it's a very important new area of work. Whether it would require Government subsidy or not, that's a question I'd rather frankly duck at the moment.

But the Banks have a real interest. Barclays didn't ask for a Government subsidy to extend banking facilities after the trial down in the West Country. They could see that actually it was damaging. The fact that 60% of villages in this country have a post office and only 5% have a Bank; they woke up to this ideal that *Hold on, there's a Win, Win situation here* using the post office network. So my understanding - and Dave Miller and Basil Larkin and their Colleagues have been conducting the negotiations, but Colin and I on the Horizon Working Group get the feedback - is that these discussions are going very well with all the Banks. I'll ask the question, Colin, about Northern Ireland; as far as I'm aware, they're as interested in Northern Ireland as they are everywhere else, but you might have a point about the fact that there hasn't been the same banking closures there, creating a separate problem. I'll look into that separately and contact Colin Baker, so that you, Colin, know what the situation is.

NATIONAL PRESIDENT: Well Conference, unfortunately Mr Alan Johnson now has to depart, but before he goes, I'm sure that you're all very grateful for the honest and open way in which he's talked to us and answered our questions. If he hasn't known the answer, he hasn't given one.

(Applause as Alan Johnson left the Conference platform)

NATIONAL PRESIDENT: Conference, you have five minutes exactly for a short comfort break and then we'll be back in here for Mr Don Grey to give us a presentation on "*What's on the Blue Horizon*".

(Short break in proceedings)

NATIONAL PRESIDENT: Come along Conference please. If you're not going to be quick about it, I'll have to withdraw the extra facilities I've allowed you at this Conference! Right Conference, before Mr Grey starts, Mr Peberdy would like a word with Conference.

MR J PEBERDY (EC): Thank you Madam President. I hope Conference can hear me. I'm very aware or we're very aware that there are delegates in the hall who've got probably interviews with local radio stations, news media, waiting to hear the outcome of that speech. Can I please remember . . . ask you to remember that we've still got a fight on. Don't say things that you don't think you heard, for goodness sake, and I think the very positive message that came out of Alan Johnson's speech was that the Prime Minister has said that he will have a meeting with the Federation within the next few weeks. Thank you Conference.

NATIONAL PRESIDENT: Conference, Mr Don Grey.

**PRESENTATION BY MR DON GREY
HORIZON NATIONAL ROLL OUT PROJECT MANAGER**

MR DON GREY: Madam President,

NATIONAL PRESIDENT: Excuse me, excuse me a moment Mr Grey. *(Holds up a "System busy - please wait" sign) (laughter and applause)*

MR DON GREY: I wondered how long it would be before the egg-timer was mentioned, but I didn't think it would quite so quick! But just to show that I've got a sense of humour as well, Jean, you want to have an egg for the next one, *(gives a hard boiled egg to National President) (laughter and applause)* and like yourself, it's hard boiled.

Thanks very much for the invitation to be with you today. Two thoughts strike me as I stand here. Firstly, I've often wondered what it must feel like to be a goldfish. Now I know and I look even uglier in big size as well! And secondly, I've just realised how wise my boss was to volunteer me for this session.

Now many of you will be familiar with the story of Robert the Bruce, watching a spider make its tentative way up its web; first losing ground and after something of a struggle, eventually finding its way to its destination. Well, our journey on Horizon has been a bit like that.

Today, I'd like to share with you where we are on that journey; our progress; our experiences; and future developments. And I very much hope in return that you will reciprocate and share your concerns with me, because it's very important that if we're going to make Horizon work better, we need to have a close dialogue between us.

It's been a long journey so far. Some would say too long. But in truth, many of the delays and the problems that we've encountered along the way have been beyond our control. The fact that this is a £1 billion investment and one of the biggest IT projects ever undertaken does not make the waiting any easier for you. Our initial tentative stats in the Autumn 1996 now seem a distant memory and since then we've much support and co-operation and particularly from Subpostmasters and the Federation and for this we're very grateful. Arguably, the hardest steps in any journey are the initial ones but we are now comfortably in our stride and moving forward fast, away from the quill pen era, and that is why we need Horizon.

The way of the future is not the ways of the past. We cannot equip our business for the world of tomorrow with the systems of yesterday. Modern retailing demands modern solutions and that is what Horizon is. Horizon is vital to beat the competition. The Smart Card functionality including extended quantum will be available from this Autumn and gives us a capability to increase our Bill Payment business. Horizon will add value to Customer Service and this is already evident for example in the scale screen for additional services and from the positive reactions we are seeing from customers.

Horizon is a change for the better. It not only provides earlier and more accurate client information, but it increases thereby our market attraction and gives us a platform with a capability for banking and Government services. But we can only get the best out of Horizon if we all work together to both implement it and harness it's potential. Our business is crying out for automation and modern trading. Horizon is our opportunity.

So what of progress? This time last year, the big question was would Horizon proceed. And what a difference a year makes. Many said then and some still do, that it couldn't be done. Three hundred installations a week - week in, week out - wasn't achievable. Well, it is being done and at a rate that exceeds our plan. The contractual milestone to install 5,590 offices by the 5th May was achieved seven working days early. And for those who like statistics, we're rolling out at an average rate of 1 counter terminal every 5 minutes or one outlet every 12 minutes.

Now by any definition, this is a big project; 40,000 counter positions to equip; 72,000 people to train; and as an organisation, the Post Office is somewhat unique in having 18,500 outlets. That's more than all the banks and the building societies combined and all of those outlets of course are unique.

We've learnt much from the live trial that we went through last year and we put into place some very significant improvement opportunities, including a system and data integrity changes; balancing support; and preview events for Subpostmasters without computer experience, just to name but a few. Importantly, we now have in place a positive working relationship with ICL Pathway and all these changes have actually helped minimise the difficulties moving to Horizon.

But having said that, I'm very conscious how stressful the early weeks are for Subpostmasters when they move to Horizon and before they become familiar with the system and adjust to the new ways of working. It is true that some Subpostmasters are finding it harder than others to adjust. A handful have had particularly bad experiences with their systems, but these are few and far between and we're developing a fastrack process to actually handle these situations. But the one thing that impresses me most as I travel around is the hunger that people have for Horizon. It's good to see the "can do" approach and the resilience that many have shown across the network including those of a certain age and with no previous computer experience.

But it's inevitable in a project of this magnitude that some problems will be encountered along the way but I think we do need to keep these in perspective. There are some even within this business who consider it fashionable to show undue impatience or even knock things, but despite the siren voices and the endeavours of our critics, the plain truth is that Horizon is a success story. It is a success that deserves to be trumpeted across the business; across our customers and Clients; and across the media. I've yet to come across an organisation on these shores or beyond that match us for scale of the task or the level of achievement and we should all take pride in what it is that we're doing.

So turning to the latest situation on specific elements of the programme, just let me give you an update of where we are. We've actually completed surveys at 95% of our offices and the balance is expected to be done by mid-July for those outlets with a standard solution and by the Autumn, for the 300 or so post offices that will require a mobile solution. Four out of every five offices have actually had site preparations completed. There are around about 3,000 more to do and we expect to complete these by the Autumn. Just under half the network, around 9,000 offices are actually ready for installation and awaiting entry into the next phase of the programme, having completed the site preparations. As of last night, we have now migrated 6,426 offices - that's over a third of our network and that's a tremendous achievement. In fact last week we had our best ever week installing over 331 outlets.

Now until now, the roll-out plan that we've been doing has been based on the old plan around Benefit Agency districts, but we're now switching over to a plan which is based on Retail Network Manager areas, and this revision to the plan is being done because it represents a more logical and manageable proposition. But it has meant in the areas where we've done current installation activity, that around 20% of offices have not been migrated on the first phase. Now for these offices, we'll be doing a second pass around the country, probably starting in January and finish by next March, to actually pick up the remaining offices. That would still leave us with a tail of around 700 offices to do between March and June of next year, but by June 2001 we will have completed all installations.

Now training is a vital part of the installation phase and although the indications are that user training is now more effective, it is a fact that many Managers would like to see the Manager's course extended. (*Applause*) However, it would take a considerable amount of time to actually implement that and we believe from other feedback that the balance is about right.

Now analysis of the HFSO Assessment Reports which are completed on outlets after migration, the initial support activity in the first balance, indicate that over 80% of Subpostmasters have mastered the system sufficiently without the need for further direct support. Other reports from across the network and the business indicate that people are coping reasonable well with all aspects of roll-out. Indeed the latest outlet coping curve, which uses the number of calls to the Horizon system and the national service business centre help desks, the level of cash account errors and a sample of times taken to complete balances, shows that since national roll-out began in late January, outlets are adjusting more quickly to Horizon. Confidence in undertaking transactions and serving customers is however greater than that in balancing, which is why over 50% of second and subsequent balances post-migration have been supported by RNM's, other territorial staff and auditors, to help Subpostmasters become familiar with balancing procedures, without of course discouraging self-sufficiency.

But a lingering problem that we have on training is around event scheduling. Although the situation has improved, too many people are still receiving late notification of training events and experiencing problems with venues. We've escalated these problems to Managing Director level and have been assured by ICL Pathway that a software change to the training database, which we are expecting next week, will produce the required improvement. But our endeavours to effect administrative improvements is not helped by the fact that extra work is created because over 30% of Subpostmasters do not respond to training invitations and have to be telephoned and over 10% reschedule their dates after receiving their joining instructions, some unbelievably as many as four or more times.

We would like to see all outlets represented at all relevant events prior to user training in the lead up to Horizon, so please do your best to attend and please encourage others to do likewise, to help you and them prepare better for the day you go 'live'.

Now, a word on another sensitive subject, Helpdesk performance. Business Service Management are only too well aware of the difficulties being experienced by many Subpostmasters when using the post office or the Horizon system Helpdesks, and we have taken remedial action.

A trial commenced last week on the use of Interactive Voice Response to actually speed up the call answering service on Wednesdays and Thursdays during the Cash Account preparation period, when the Helpdesks are at their busiest. There is also an aspiration that one day we will have one common telephone number for all calls, but in the short term, the Service Centres are taking on new staff as we bring more offices on stream and they, like us, have to become familiar with new requirements. But even allowing for this, performance must get better.

The problem accounted for by a considerable number of Subpostmasters on the 3rd May following the recent postal tariff changes, is currently being investigated. On first sight, it appears that too many outlets did not read or understand or apply properly the instructions in "Counter News". There is also some evidence that a software problem may exist. Once the full facts and the causes have been established, any learning opportunities from this unfortunate incident will be both shared with the NFSP and addressed promptly. It is an experience we cannot afford to happen again. You deserve better and we aim to provide it.

I did quickly look in at a number of the bigger system enhancements that are going to be coming our way shortly.

The Order Book Control System – we will have all 'live' offices equipped to use bar-codes for Pension Allowance payments by the end of this month.

The GiroBank Postmaster's Daily Records – the stationery and printing problems that have beset production of these is seen close to resolution and again, something hopefully to look forward to by way of early improvement.

We believe in the recent times, an application of new software has actually helped to reduce if not eliminate the screen freeze problem I know many have encountered.

New Weekly Miscellaneous Transaction Reports have been brought on screen this week, but we're conscious that that doesn't go as far as many people would like and we need to do a lot more to actually create more daily and weekly reports, but we do need, first of all, to obtain Client agreement and sadly, this is not always readily given.

The next big change to happen is the new software release, CSR Plus as it's known. This is going to be piloted at 20 new offices in Greater Manchester and Southampton area, plus 285 existing outlets. Testing is very much on tract and upgrading all the other 'live' offices is scheduled to take place, assuming all goes well, between mid-September and mid-October and will be accompanied by two "Brief Encounter" training modules and a workbook on REM changes. Coincidentally, minor changes will also be made to the user training courses as well.

Now changing over to this software will be considerably easier than previous experiences that we've endured. But once implemented, the following changes should be evident: As I said earlier, smart functionality will enable Quantum payments to be done at all offices, except Northern Ireland where this is not a 'live' product. There will be enhanced capability to handle Cash and Stock requisitions using bar-coded REMs with track and trace facility. An electronic link to cash and stock management systems will also enable the automatic calculation and provision of cash and stock REMs based on outlet sales, without the need for requisition, and there will also be a system messaging service to enable the distribution of urgent operational messages.

Now I'm very conscious that there are many other system improvements that we need to develop, and particularly around balancing procedures. To assist with this, we're actually developing a service improvement plan that will actually specify what these improvements should be. It will use generic functional components to facilitate easy design and application, and hopefully make it easier to bring on stream. A very important part of this activity is to actually make sure that we listen to the views of Subpostmasters, through user groups and other opportunities and actually collate the views of users so that we can actually build these in to the improvements that we would all like to see. But sadly, not all ideas can be adopted and certainly not all as early

as some would like. It does take time to properly evaluate and incorporate into the system in a structured way, changes that need to be applied.

There are over 3½ million lines of programme code within the system and any software changes can be complex to make and need proper testing to avoid adverse inter-reaction with other functions. I mention this not by way of trying to scare off anybody from making suggestions merely to improve on the standing about how it takes time to actually apply some of these changes that people would like, but your suggestions are immensely valuable, so please keep them flowing.

One of the key tasks that I've set myself over coming weeks is to ensure we have business processes in place which hear and address the concerns of Subpostmasters. I don't think, in all honesty, enough of that has been happening in the recent past and I want to change that.

We all need to understand that the system will only work better if we actually have a dialogue between us. We need a proper channel for ideas and we need to apply our resources in a way which delivers the best benefit through those ideas. As you all heard yesterday, we do not have infinite resources so prioritisation of improvements is very much the order of the day. What we have out there at the moment is a core system; it is not the eventual system and I think it's very important that everybody remembers that we're doing Horizon to you; we're not doing Horizon just for you; we're actually doing Horizon with you. Horizon is an evolving system and we need to make sure that we actually work together to delivery that.

So, in conclusion then, just let me say that Horizon may not be an all singing, all dancing bells and whistles job. It may not yet be perfect and it may not have all the facilities we would like, but it is a sound and a comprehensive automated platform. It is a springboard for success on which to build and develop our business capability, and it is the key to our future. And going back to Robert the Bruce, I would urge all Subpostmasters to mirror the spirit and determination he showed and apply the Federation Motto to Horizon. Be just in your assessment of Horizon – major changes are rarely painless. So please be patient, show understanding and do all you can to support Horizon and harness its commercial advantage. And fear not – we are listening and any short-comings are being addressed with determination and as speedily as we can.

In short, Horizon is the best game in town. We've no other. Our future; your future; the investments you've made in your businesses all demand an automated environment and that's what we intend to deliver. *(Applause)*

Now I was forewarned before I came here that there may be one, maybe two questions you'd like to ask about Horizon and I was actually told to come prepared, so I have. *(He puts on a hard hat)*

NATIONAL PRESIDENT: Now Conference, I'm conscious of the time, but I think this is too important a subject to stop right now and I'm sure with Mr Grey's co-operation, which I know indeed I will have . . . otherwise! . . . I'm sure we'd like to have the ability to ask as many questions, and be assured that any time that we overrun, I will add on to the lunch break at the end. First question please, and can I ask we don't have anecdotes about what went wrong or what happened. Let's have genuine questions or constructive ideas.

MR S MANNING (Gloucester Branch SWSWRC): Good morning sir, thank you very much for your address and I hereby now declare an interest that Gloucester, as you are probably aware, was the area for the very first trials and indeed the first of the 'live' trials, so our measuring yardstick is a bit longer than most.

We're concerned about the repercussions in the change of funding of Horizon and that the current roll out programme is fundamentally the 'live' trial system and as such, it falls far short of an automated system. Only last week, we were instructed to go back to manually listing our Pension and Allowance dockets and are likely to have to do so for some five or six months. All the necessary changes that are required are now a cost to Post Office Network Unit. Are you able to assure us sir that it will be properly and rapidly funded in order for us to compete for new business before 2003?

MR DON GREY: We've had the Minister here today and he's told us about the vision for the future and we very much share that that vision will in fact become reality. Clearly the system as it exists at the moment is capable of further development and it is not our intention simply to stand still with the system as it now is. We've got some baggage from the past undoubtedly. There are many improvements that we could see and would welcome to this system and it is our intention that we do have on-going software releases which actually increase the capability of the system and will enable us to actually meet the challenges of the future.

Funding is clearly an issue for us as a business. As I said earlier, we do not have infinite funds, but what we do need to do is we need to invest wisely and investment money is available and we do need to make sure that we deliver the capability that is required to fulfil the needs of the network and our customers.

MR L BOWERS (Leeds & Wakefield Branch NERC): Mr Grey, last Wednesday in the North East, Leeds and Wakefield and Mid Yorkshire Branches, 44 post offices held their first balance under the Horizon system. I myself was one of those. My HFSO, Horizon Support Officer, said to me I will be with you for a couple of days after which someone else will help you through the balance. This was not the case. 17 post offices out of them 44 did not have any support whatsoever. A phone call came on the Tuesday to say nobody will be coming but somebody will come on the Thursday. At 9 o'clock on Thursday morning this man arrived to help me through the balance what should've happened Wednesday. At quarter to nine after serving all the customers manually, we eventually got a roll-over. What I'd like to know from you sir is this policy from post office to have no support for Subpostmasters, 'cos if it is, it's not good enough.

MR DON GREY: The arrangements for supporting offices as they go over to Horizon is as you say to give them two days support with the Horizon Field Support Officer and to have their first balance supported. Now, we don't have enough Horizon Field Support Officers to actually go around to support every office on a Wednesday afternoon or a Wednesday evening. And we've actually found out that a number of offices, in particular the larger ones, would prefer that we did not come on the Wednesday but actually came on the Thursday and that is the arrangement that has actually been put in place because many would prefer to have us there after they've done the out of hours stock balance and before they actually get in to the Cash Account finalisation. Wherever possible, we do this by arrangement with the individual Subpostmaster so we try to fit in with individual needs and I'm unaware of any particular problem that was experienced last week in the Leeds and Wakefield area, but what we do seek to do is to provide the support that you need, at the time that you actually need it, not just for the first balance, but for the second and the subsequent balances as well.

It's not in our interest to be skimping that part of the operation. You need support; you need help to get you on your feet. There's a lot to master with Horizon and what we do need to do is to make sure that we target that right.

MRS L FORSTER (Northumberland & Tyneside Branch NERC): Did PONU and ICL Pathway consult with Chris Cope of GM or Richard Jackson Software or even a working Subpostmaster during the initial set up of the Horizon system?

MR DON GREY: The answer to that is, I'll be honest with you, I don't know. I've only been with the project three months, but I strongly suspect the answer was 'no' and I think there are many in this audience who well know my own personal views on what we have failed to do over time as a business in the context of computerisation, but this a very particular situation that we were handling. It started life, as we heard earlier this morning, as a Private Finance Initiative - it wasn't just us as a customer that was driving that through a particular supplier, although that is now the arrangement now - but we've actually started a system which had its origins well beyond our own boundaries. So I think the answer in short is 'no', but we could've learnt a lot, I agree.

MRS D HUGHES (Mid Glamorgan Branch SWSWRC): Good morning Mr Grey. Just a point of information actually. We're going 'live' in our patch the end of June, so we're into the phone calls and the invitations. Two things you said in your report. Number 1 was the need for a phone call because Subpostmasters weren't responding. I can actually assure you we get the phone call before we get the written invite. So we can't do the other way round. The other problem you mentioned was Subpostmasters rescheduling. Personally, I had to make four phone calls to get the correct information on my User Awareness Event; not through any fault of mine, but by the fact that they weren't taking on board what was agreed. So let's be fair in this, our Subpostmasters are trying very hard to accommodate everything that is being thrown at us, but a lot of the fault, if it is said to be fault, is coming from the bad communication. Thank you.

MR DON GREY: That's absolutely right. I endorse that entirely. My comments earlier were to make absolutely clear that it is Knowledge Pool, who are performing this as a sub-contractor of ICL, who are not delivering the goods. The work they're doing for us is not of the required quality and we're tasking them to improve that. But equally so, there are some things where we're not helping ourselves and it was just an aside that I mentioned madam.

MR J I BELL (Glasgow & District Branch ScRC): Good morning Mr Grey. Did you know that Bruce killed the spider after? With 300 - Bruce killed the spider. He went (*slapped hand on lectern*). Over 300 installations a day, a week rather, as you were saying - this is creating a major problem, as you have mentioned, at the

Helpline. Now it is absolutely impossible to get through to the Helpline, not only on a Wednesday and Thursday – any day of the week. You hang on and you hang on and you hang on and you hang on and eventually the phone cuts off and you redial. And this goes on and when you do finally get through, the chap you talk to or the lady you talk to, doesn't know the answer to your question, so you're shunted around from pillar to post and back again. Now something has to be done now about the Helpline. Not some committee sitting somewhere in London or wherever, talking about it. Do it and get it done.

And the other major, major, major thing is your management training is abysmal. It really is not on. It's disgusting. It's far too short and the trainers have no more idea about how to run a post office than how to jump off Beachy Head.

MR DON GREY: Well let me tell you that you clearly haven't listened to what I was saying earlier about the Helpdesk having to increase their staff. These people are new people. Like yourselves, they cannot learn overnight and just as we might want to yell at Subpostmasters for getting things wrong in the early weeks of Horizon, it would be clearly inappropriate to do that to the Helpdesk staff. I think you need to understand and I'm sure you do that these people are trying to do the best job and clearly we need to resource those Helpdesks with the sufficient numbers and with sufficient skills to make sure that the service you get is better than it is now and that is clearly our intention.

In terms of the management training, there are a number who would like more training for the Manager's course, undoubtedly. But equally so, I've talked to quite a number of people over the last 24 hours since I've been at Conference, who have said that the management training is right and they couldn't tell me how they could improve it. So this is where we get into a debate about 'have we got it right? have we not? I'm quite happy to have that dialogue with people.

NATIONAL PRESIDENT: Right, we've got quite a queue over there and we're getting nearer time. With Mr Grey's permission 'cos he's coming under a little bit of fire, but I'm sure he's able to deal with it, and I'll always go down and help you Don if you get into real trouble!

MR DON GREY: Thank you very much Jean.

NATIONAL PRESIDENT: If we can, nobody else add to that queue now and hopefully, if everybody's quick with their questions, everybody stood there now will get a chance.

MR DON GREY: I'm not sure we'll get through it in five minutes though!

NATIONAL PRESIDENT: Well no. I'm going to overrun to quarter past one with your permission. Did you give me your permission?

MR DON GREY: Yes absolutely. Do you need it? *(Laughter)*

NATIONAL PRESIDENT: Let's fire away.

MR A MOUNTFORD (North Staffs & South Cheshire Branch MRC): I'll make mine short Don. Don, I welcome Horizon and it is my belief that ICL Pathway were asked to give consideration on installation times for offices, such as an MVL office, at month end. This is not happening. For the 12,000 offices yet to come on line, can you give assurances that offices that have busy month end periods are placed in the middle of the month? This is for customer service. It will allow offices to maintain a satisfactory level of service. Can it also apply for pre-installation work? Thank you.

MR DON GREY: That's a fair point Alan and I've every sympathy with that particular point of view and certainly having been a Regional General Manager and experienced the consequences of not having that facility, I fully understand where you're coming from. The problem we've got is that we have got a very big complex system that we're trying to organise in scheduling terms, and if we knock out month ends for MVL offices, we'll be talking about knocking out, I suspect, quite a number of other times when we couldn't do these installations. I mean, for example, who wants it on a Monday morning. We're also in the situation where we want to cut out the likes of Bank Holiday Tuesdays, and before we know it, we would get into a big debate about what was acceptable and what wasn't acceptable and we'd lose the discipline and the structure that is required around this installation programme.

The other thing that you need to understand, as I'm sure you do, is that it is a very complex contractual understanding with ICL Pathway and they have to have the freedom within that contract to actually go into our

network with the facilities and constraints that we've actually put on that to actually get the best and the quickest possible result for us and if we put more constraints on them, we will not get through the programme in the time that we need to do and I think we all agree that we need this quickly. We need it done well, but we need it quickly.

MR G SIMPSON (York Branch NERC): My question is centred around the elderly Subpostmasters and mistresses of the Federation. In the York Branch, we've been 'live' for 30 days now and in that time, three elderly Subpostmistresses have given up the job. They have over 45 years service with the post office and they have simply said 'Horizon - we do not want it'. They've been trained. They've had their training; they've got it on the counter; they can't cope with it and they're unfortunately turning their backs on it. So far, 5 offices in the York Branch have actually folded. If this was taken nation-wide, 550 offices will close. They are elderly people. You should be looking after them and I fear that you aren't.

MR DON GREY: I understand exactly where you're coming from but you can quote five cases where it hasn't quite worked out for individuals who are elderly. I can quote quite a number of cases where it has worked out for individuals. I was with one in Lanarkshire only last week - 84 year old - he failed his training twice; went through it a third time, passed, and was absolutely loving every minute of it in his office when I visited him a few days later. This chap actually refused help; immediately decided his balance for the first time and said 'I'm determined to work through it myself', and his Horizon Field Support Officer didn't go in until a few hours afterwards when this chap had really begun to tackle it.

Now that to me is the difference between individuals. We will get people who, if you like, are not in the elderly category, who do not like Horizon for whatever reason, but at the end of the day, we've got to be quite professional about what we're doing. We need to have an automated environment and if that means that we've got some people who don't want to take to it, then we have got to accept that situation. We can't force them to take to it, but we've got to handle the situation sensibly. Thanks very much to the help of the Federation, we've been able to deal with difficult situations in a very pragmatic way, with the arrangements that we've put in place. So we are conscious of these people and we do need to handle these situations as sensitively as we can, but we've got to be clear why it is that we're actually doing this. We're doing this for the benefit of the Business, not for the benefit of individuals.

MR J NAYLOR (NERC): Madam President. Don, can I just ask for the members that have been long term on Horizon. Now the new members are coming on and getting the laser printers, are the long-termers going to be updated with the laser printers instead of the old . . . the manual ones, the zip-zaps?

MR DON GREY: There are no plans at present to actually do that John, but it's certainly on my Agenda to keep this as a very lively ship because I do know only too well what the limitations of the Epson printer is, and you can rest assured that that's on my Agenda to see if we can't do something about that.

MR B R PATEL (Northampton & District Branch NTEARC): Can you tell the Conference that have you got time-scale planning to reduce the balancing time and as well as to help us ready to bring the MVL work?

MR DON GREY: Sorry I didn't catch the full sense of that question. Would you mind repeating it please.

MR B R PATEL: (Northampton & District Branch NTEARC): Have you got the immediate plan or time-scale to reduce the balancing time on Wednesday and to bring the MVL work, Road Tax work?

MR DON GREY: Right, right. In terms of time-scales for balancing, this has got to be something we tackle fairly urgently. I do know that if we're going to improve the prospectus of this particular system, then we've got to do something about balancing. There's no way we can carry on at the present and just expect people to soldier on because there is work that we need to do to make that easier.

In terms of the MVL activity, there are discussions taking place with all Clients at the moment and clearly we would be looking forward to some early resolution of those, but what we can't do is give any guarantees around that.

MR J RICHARDSON (NTEARC): Mr Grey, Madam President. Horizon is supposed to be a fast moving, modern system. Why does it take so long to alter bits of the system, ie items that were marked "Icon coming" 12 months ago, still marked "Icon coming". Home Help Stamps - values not on screen in time to book them in. We book them all in as cash as instructed. We've now got thousands of error notices in our area. Why does it take so long? Can you not do it yourself, or does it have to go back to Pathway every time for simple things like stamp value changes?

MR DON GREY: Yes. I think the one thing we need to understand, which I tried to make clear earlier is that changes to the Horizon system cannot be done as quickly and as cleanly as they could in a manual environment. There is a very complex software programming requirement and there is a very disciplined approach that we need to do through our Account Teams and through Clients, to make sure that changes are applied in a structured way. I agree that this process can often take too long, but at the same point in time, there is a discipline about working with a computerised system to make sure we get it right first time, every time, because if we don't, it could be an absolute disaster for this business.

MRS J RILEY: (North Staffs & South Cheshire Branch MRC): My question, or really comment, is a question of support for the people who are coming on line shortly. Anybody who migrates on a Tuesday night and you said we get two days' support in our first balance, their first balance is Wednesday dinnertime. The average first day in an office is chaos, absolute chaos, while you're trying to serve customers and ask questions of your support worker and even think about what you're doing. By 1 o'clock, your head's spinning. You then go into your balance which by 3 o'clock, if you're lucky, you have absolutely no idea of how it churned out, but it did, somehow.

The following Wednesday, you're on your own because you had your first balance on your first day going 'live' and really, for those who migrate Tuesday night, they really should get their second balance with a support worker in. There was support there if we needed it from a Retail Network Manager, and I could have had that too, but the message on my machine was 'Oh, thank God you've gone home Jean' on the second Wednesday, but other people will need that support.

MR DON GREY: I find that a somewhat disappointing response because if you need support, there is a facility where you can obtain it and you should be given it. I understand that there are other times in the week where again people could feel aggrieved about the degree of support they get. What we try to do is to share the resources out as best we can. If you need that support, don't hesitate to ask for it, is my message. We will provide it in some way.

MR P NICHOLSON (Cambridge Branch NTEARC): Madam President. Don, your trainers haven't got it right. Irvine Bell's quite right, the management training is abysmal. This is our future. We want training properly. My trainer on management - *I don't know how to do the balance so we'll have to read the book together*". The Helpdesk - unfortunately, I suffered a robbery - the Helpdesk was rung, because I had to use the Horizon Helpdesk. They didn't notify the security team; they didn't notify the audit team; and they didn't notify my RNM. I had to notify my RNM who had to get audit teams in from St Albans - four hours later. Get the Helpdesk right Don.

MR DON GREY: There is absolutely no excuse why you shouldn't have had far better support than that. That, that is abysmal and I apologise for that. Certainly, as far as I'm concerned, can I say to all of you, and please pass this message far and wide across the Business, that if you're having training experiences which are not quality experiences; if you are actually making calls to the Helpdesk and you are not getting the help that you need, then please log these as incidents with the Helpdesk, because unless these are logged as incidents, we will not get to know about them and we will not be able to see the quantity that we're dealing with and to take resolution. But we do need your help to make sure that these are reported. Without that, we're lost.

MR D CHOHAN (Coventry & District Branch MRC): Madam President, Mr Gray. There are a whole host of offices out there from one terminal to five plus terminals. From what I've heard the bigger offices are paying the penalty for rolling over and balancing. Because of the communication and way the system operates, the information going down to Gateway, then communicating to the main frame wherever it is, they're finding it difficult. Can you in any way assist the bigger offices to roll over quicker; maybe lateral thinking like having a local processor so that information is passed between all the terminals quicker and we can roll over at a much faster rate?

MR DON GREY: I don't think this is related in any way to the size of office. It may be particular to the automated system in that particular office, for example has it got the right size of processor on the Gateway system. I think if anybody has a problem with the noticeable reduction in the time it actually takes to do balancing and the roll over is a good time to actually quantify that, if there's a noticeable deterioration in performance at your office, then please report it to the Helpdesk and we'll examine that with ICL Pathway. But there is now going to be provided as the standard, 128 megabyte processors across the network, so some of these problems that people may have experienced in the past, should be a thing of the past.

MRS P FOOT (Liverpool Branch NWNWRC): I've a few quick questions. Will the waiting time on the system during balance ever reduce or as I am led to believe by the Horizon Helpline, that as more offices go 'live' it will increase? Also, you say you don't have enough Field Support Officers, so why were Subpostmasters approached by their RNMs to become Field Support Officers as a matter of urgency, then never spoken to again? And why has the Manager's course been reduced from 2 people being able to attend to only 1 person?

MR DON GREY: Let me just put one thing straight. The time taken to balance is nothing whatsoever related to the size of the network that is actually 'live' on Horizon. There is what we call distributive processing and each office has got the capability to complete its balance without the need to have access to the main servers. So there is no deterioration going to be evident by more offices coming on to the system. It goes back to the reply I gave to the previous question. It may be the particular environment of the particular outlet that is causing some slow running and if that's the case, please report it.

NATIONAL PRESIDENT: Thank you. What about the other questions?

MR DON GREY: Sorry, remind me again what they were.

MRS P FOOT (Liverpool Branch NWNWRC): Why the Manager's course has been reduced from two people being able to attend to only one and the fact that Subpostmasters who were approached to become Field Support Officers and never spoken to again.

MR DON GREY: Let me deal with the latter one first. I can give you an answer to that one. I do know that we picked up quite a number of Subpostmasters who are actually active as Horizon Field Support Officers and doing a very good job for us. What happened in that particular case, I don't know, but if you give me specific details later, I'll follow it through because it's quite unacceptable that you actually offer people the opportunity and don't communicate the results to them, even if it is unsuccessful. And as regards the other question, that's really related to the capability of Knowledge Pool in terms of what they're actually doing and that is part of the debate that we're actually having with them to improve the quality of the training that they're actually providing.

MR R J McGHEE (Bicester Branch NTEARC): Mr Grey, can you tell me the status of scales in Horizon for weighing postage. Let's see, it was two years ago I ordered scales from Post Office Counters for use and was told 'No, you'd better wait for Horizon'. Two years on, we're in the midst of Horizon and there still seems to be huge confusion over whether there will be or will not be scales at all. Thank you.

MR DON GREY: Well, there shouldn't be confusion, but just to update you on where we are with the scales. Back in time for reasons which I don't pretend to fully understand, although I do in part, the decision was taken not to connect scales . . . electronic scales in post offices to the Horizon system, partly because it was going to be very difficult to get the Avery Berkell people along at the same time as the installation crew, to actually synchronise the activity simultaneously. Only the D104 electronic scale is actually compatible with Horizon and we're actually developing currently, a facility for Subpostmasters to be given the opportunity to actually go through the linking of the scales, the D104, to the Horizon system, and this will include a facility for those few hundred Subpostmasters who want to acquire these scales, to actually lease them from us and actually go through the connection to the Horizon system.

Now my understanding is that we're fairly close to sort of tying up the arrangements on this one and I've been assured that we're talking about a couple of months or so in terms of actually tidying up all these arrangements. It will not be done as part of the implementation programme on Horizon, but there is something coming along shortly which hopefully will give you that facility.

MR J PEBERDY (EC): Thank you Madam President. Don, just very quickly. The recent postage uprating, I mean, from all we've read and all we see, the Horizon system is full of audit trails etc and we were all told it would check everything. Why the hell did we have to do it and why didn't somebody else. It would have solved all those problems.

MR DON GREY: John, I think we're at one. *(Laughter)*

NATIONAL PRESIDENT: Well Colleagues, I think we must say that Don Grey has been brave and courageous to stand there and take all this. *(Applause)* Now, Conference, all we have to do is go back to our offices and make that system work. Right, it's now lunch. Mr Heasman, have you got an announcement?