

**CONFIDENTIAL - POLICY AND COMMERCIAL****Minutes of the first meeting of the  
Horizon Project Review Group held on  
Friday 6 March 1998****Present:**

Harry Bush (HMT)  
Adrian Montague (HMT-PFI Taskforce)  
Joseph Halligan (HMT)  
Adam Sharples (HMT)  
David Sibbick (DTI)  
Sarah Graham (DSS)  
Isabel Anderson (DTI)

Chris Martin - Secretary (HMT)

1. The group agreed that the purpose of the first meeting was to agree:
  - a. the process of the review
  - b. a work programme
  - c. a timetable.
2. Adam Sharples would be the Treasury lead for the group, Adrian Montague would be closely involved in the project related aspects of the work.
3. All final papers would be agreed by and in the name of the group.

**The Review Programme**

4. In discussion it was agreed that the review broke down clearly in two separate stages:
  - a. **Project Assessment** The first stage would be to determine the viability and potential costs of continuing with the Horizon project. The assessment would need to determine whether Horizon could be delivered, when it could be delivered, what the total costs of delivery would be and the level of risk associated with these assessments. The Benefits Agency, POCL, and ICL would need to be involved in this stage.
  - b. **Contingency planning for cancellation.** Stage two would determine what alternatives there were to Horizon if it was decided to cancel. This work could be carried out in parallel to project assessment. It would involve a smaller group of officials. These would need to be uninvolved with the project delivery.

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**CONFIDENTIAL - POLICY AND COMMERCIAL****Project Assessment**

5. There was some discussion of how the project assessment stage should be structured.
6. One approach to this work would have been to commission a firm of external consultants to perform the complete review. But because a decision was needed quickly it seemed probable that PA, who had produced the last report on Horizon, would be the only consultants able to undertake the work. However, there was a significant risk that because of the subsequent work that they had done for other parties involved in the Horizon project, PA would not be in a position to make the judgement required.
7. After discussion it was agreed that the best solution would be to appoint an assessment board, under an independent chair, to conduct the project review. The board would interview all the interested parties, commission any further work it thought necessary, and then report back [with recommendations]. If necessary the panel could use external consultants to do more detailed research under their direction. It was likely that PA might be in a position to do this sort of work without compromising their position.
8. To be effective the board might need to be reassured that their work would be immune from any possible legal process that might arise out of their recommendations.
9. DSS also had some concerns over the current legal status of the project. ICL were currently formally in breach of contract and ongoing work was being undertaken on a 'no-prejudice' basis. It was not clear at this point how long work could continue on these grounds. The group would need to be confident that the review work would not prejudice the government's legal of negotiating position with ICL.
10. **DSS agreed to ask their lawyers to clarify:**
  - a. The current legal position of the Horizon contract.
  - b. The likely legal status of the review groups discussions and the work of the review panel.
11. **The Treasury agreed that they would contact CCTA to discuss potential candidates for the assessment panel early in the week beginning 9 March. Adam Sharples would draft terms of reference for the assessors. These would be based on the outline in the Chief Secretary's letter of [] March to Harriet Harman. Adam agreed to provide a draft by lunchtime on Tuesday**

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10, for comments by **close Tuesday**. The group provisionally agreed to meet at **9am on Wednesday 11 March** to discuss the draft terms of reference and anything that came out of the Treasury's discussions with CCTA.

**Contingency planning for cancellation**

12. The group further considered the information they would need to assess the alternatives if Horizon proved to be unviable. The following programme of work was agreed:
13. DSS would provide by **close on Friday 13 March** notes setting out:
  - a. Their best alternative to Horizon - the elements, costs, and unknowns.
  - b. An assessment of the direct and indirect costs of cancellation.
  - c. An exit strategy taking account of legal and commercial aspects, if the decision was taken to cancel.
14. In parallel, DTI will provide a note, **by close on Friday 13 March**, setting out how POCL might be affected by any decision to cancel Horizon. Further work on this would be informed by the DSS assessment of alternatives to Horizon. In the meantime it was agreed that DTI would produce an interim note on the basis that:
  - i. Horizon was cancelled
  - ii. Benefit Agency business declined by between 50 and 70 per cent.
  - iii. Continuing BA business was handled by POCL in the traditional manner.
15. DTI will also produce a note, **by close on Friday 13 March**, setting out the implications for wider government policy of any decision to cancel, for example on the likely success of 'Government Direct'. There would also need to be an assessment in due course of the wider impact on the IT industry and inward investment.

**Timetable**

16. DSS ministers had envisaged the project review being turned around in a period of two to three weeks. The group agreed that this timetable seemed unrealistic - finding and appointing an external assessors might take two or

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three weeks. The timetable would become clearer once the review board had been appointed. At this stage the group's best estimate was that the review might take two months to complete. DSS officials confirmed that once the timetable was clear they would need to go back to their ministers with it.

**Future Meetings**

17. It was provisionally agreed to meet on **Monday 16 at a time to be notified**. If the group did meet on **Wednesday 11 March at 9am** then the date of the next meeting might be reviewed.

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