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Rwail/OS

To:
MR MCCARTNEY

ci: Secretary of State
Sir Michael Scholar
Mr Macdonald

From:
DAVID SIBBICK
DIRECTOR POSTS

8-6.
1. Mr Paul
2. Mrs Foggo 11/6
3. Mrs Cherry and
File

Mr Baker CGBPS
Mrs Britton PORT
Mr Hosker FRM
Dr Hopkins CII
Mr Osborne Legal C
Mr Seabrook COM
Mr Whitehead CGBPS 1
Ms Anderson CGBPS1
Mr Corry SpAdv
Ms Moore SpAdv

GRO

151 Buckingham Palace Road

GRO

7 June 1999

**HORIZON WORKING GROUP: FIRST MEETING TUESDAY 8 JUNE
1999 - STEERING BRIEF**

Issue

1. You have called an initial meeting of your Horizon Working Group at 10.30 a.m. on Tuesday 8 June. A steering brief for the meeting is attached at Annex A. Draft terms of reference for discussion at the meeting are at Annex B; an agenda for the meeting is at Annex C. You have a copy of the Press Notice of 24 May and associated lines to take.

Attending:

Chairman: Mr Ian McCartney

Mr Stuart Sweetman Managing Director, POCL
Mr Dave Miller POCL

Mr Derek Hodgson General Secretary, Communication Workers Union
Mr John Baldwin Communication Workers Union

Mr Terry Deegan General Secretary, Communication Manager's Association
Mr Tony Harris Communication Managers Association

Mr Colin Baker General Secretary, National Federation of Subpostmasters
Mr John Peberdy National Federation of Subpostmasters

Mr David Sibbick Director-Posts

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Ms Isabel Anderson Postal Services Directorate
Mr Geoff Moore APS/ Mr McCartney

Background

2. We suggest that you use the meeting to explain the current situation with the automation programme and the role you consider the Horizon Working Group should play.
3. Given the disappointment of all the participants at the loss of the benefit payment card element of the project the meeting will require careful handling. Whilst retention of the automation element of the project will be seen as helpful, strong concerns will be expressed about the impact of the likely significant drop in income which will be experienced by subpostmasters from 2003 when paper based benefit payments are progressively replaced by ACT transactions - given that the income the Post Office can expect to earn from carrying out banking transactions on an agency basis for the high street banks is likely to be only a fraction of that currently received from the Benefits Agency.
4. There will be concerns about pinning down the BA both in terms of the back to back agreements which POCL will need to negotiate with them (including the price to be paid for the Order Book Control Service (OBCS), and on the commitment to make no changes (other than by prior agreement with POCL) to existing payment methods (including periodicity).
5. The NFSP are likely to warn that fears about the future viability of post offices will lead to further loss of confidence amongst subpostmasters and post office closures, especially in rural areas. They will ask what the Government intends to do about the obvious and very large funding gap that will open up beyond 2003 with the progressive disappearance of BA revenue, against the repeated commitment by Ministers to the nationwide network of post offices. Given the lack of Ministerial consensus on the way forward on this issue, the answer has to be that we look to the members of the Group to work together to maximise the very great commercial potential of the Horizon platform, but that the Government will be discussing the longer term viability of the network with the Post Office in the context of the Strategic Plan.



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