

BRIEFING FOR NEW MINISTERS

Postal Services Directorate (CGBPS)

Purpose

To ensure that the Post Office continues to deliver high quality and value for money services to its customers, both at home and, where appropriate, overseas, whilst also continuing to provide taxpayers with a satisfactory return on their investment.

To maximise healthy competition and customer choice in the postal market as a whole, consistent with not undermining the universal service obligation.

Main Objectives

Most objectives are now subsumed within the Post Office Reform agenda, **on which separate briefing is provided**. Other objectives include:

- ensuring that a strong and cohesive Post Office Board with a wide range of experience and expertise is in place to drive forward implementation of the reform process;
- to ensure that the post office counters automation project, Horizon, is completed and rolled out to schedule, and that its commercial potential is maximised by Post Office Counters Limited (POCL);
- to reach decisions on the longer term future of the nationwide network of post offices, and, in particular, how the network is to be funded;

Current Issues

On **Board appointments**, correspondence on the re-appointment of Richard Close, Finance Director, and Jerry Cope, Business Strategy and Human Resources Director, currently rests with Treasury Ministers. Decisions will be needed immediately after the Summer break on the re-appointment of John Roberts, Chief Executive.

On **Horizon**, an agreement between POCL and the supplier, ICL, and a consequential agreement between POCL and the Benefits Agency (BA), should be in place shortly. It will be essential that the project, which has been extensively restructured following extended delays and cost overruns, is now completed to schedule so that the Post Office can offer banking facilities on an agency basis for banks and building societies to benefit recipients who will be migrated to payment

into bank accounts via automated credit transfer system (ACT) progressively from 2003.

The decision to migrate benefit recipients from the existing paper-based methods of payment at post offices to payment into bank accounts by ACT from 2003 removes from POCL some £400 million a year of revenue earned from the Benefits Agency, representing more than one-third of the business' total income. Ministers will need to decide the size and shape of network they wish to see for the future, and how it is to be funded. To assist in reaching these decisions, the Prime Minister is expected shortly to agree that the Performance and Innovation Unit of the Cabinet Office should carry out a study during the Autumn, reporting in time for access criteria, foreshadowed in the Post Office White Paper, and which the new regulator will have a duty to monitor, early next year.