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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Margaret Beckett MP  
President of the Board of Trade  
DIT  
1 Victoria Street  
London  
SW1H 0ET

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3 March 1998

Dear President

## AUTOMATING THE POST OFFICE AND DSS BENEFIT PAYMENTS

I have seen Harriet Harman's letter to you of 27 February. I am increasingly concerned about this project and I agree that we need an urgent review, taking account of the wider issues involved. We can then form an agreed view on the way forward.

2. A meeting will be useful, as Harriet suggests. But before we can reach any conclusions I think we will need to ask our officials to prepare an agreed analysis of the options, including an assessment of:

- ♦ whether the project is technically viable; and if so, how quickly it can be completed and at what cost to government;

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- ◆ the direct and indirect costs of cancellation and of any alternative available to deliver the project's objectives.

X 3. To take this forward I suggest we set up a small working group with representation from the DSS, BA, DTI, Post Office and HMT to report within two to three weeks. The Treasury is in quite a good position to see both sides of the case and bring in project expertise from the Taskforce, and would be happy to take the lead in setting this up. The group would need to appoint consultants to address the first question above in liaison with parties to the contract (including ICL who have indicated that they are happy in principle to cooperate). An obvious candidate would be PA Consultants, who carried out a review for BA, POCL and ICL last September. However, I am open to suggestions on that.

4. If you and Harriet can agree this approach, I suggest the best time for us to meet would be when we have the report from this working group, but I would be happy to meet earlier to discuss the handling if you think that would be useful.

5. I should be grateful for your urgent comments

6. I am copying this to the Prime Minister, Gordon Brown, Harriet Harman and Sir Richard Wilson.

*Yours sincerely*

Peter Schofield

ff ALASTAIR DARLING

(approved by me *Chill* *Swearing*  
and agreed in his absence)