

COMMUNICATION WORKERS UNION

PRIVATE AND CONFIDENTIAL

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General Secretary
Derek Hodgson

19 January 2000

Dear Alan

FUTURE OF THE POST OFFICE NETWORK

We are writing to you in order to express our deep concern about the Government's current approach to the whole question of the Post Office network.

You will recall that the Horizon Working Group was set up in May 1999 with the specific task of overseeing negotiations and the subsequent roll-out of Horizon, contributing to the smooth migration from paper based methods of paying benefits to ACT and ensuring the future commercial viability of the counter network.

We are currently of the opinion that not all of these specific tasks are being sufficiently addressed, and that despite assurances that have been given by the Secretary of State about the future of the Post Office network, there has been no co-ordinated approach across Government to ensure this future and replace Benefits Agency work after 2003.

Given your knowledge and experience of the industry we know that we do not need to remind you of the severity of the situation and the threat to the network in both rural and urban areas. However, it would appear that so far the impact of the work done by the Horizon Working Group, in actually minimising the negative impact of the decisions made, has been negligible.

Although the Group has had the opportunity of putting its concerns, regarding the DSS/ BA strategy for migration to ACT, direct to the appropriate Minister, regrettably, no progress appears to have been made on finding replacement Government work. We have, of course, formulated a joint submission to the Performance and Innovation Unit on the problems caused by the Benefits Agency decision, but what we are short of at this stage, are any solutions to help maintain the network.

In addition, we feel that we should express our concern that despite assurances regarding criteria for access to the Post Office network - which were promised by the Secretary of State "before the end of the year" (in his evidence to the Trade and Industry Select Committee in July 1999) - it now appears that any such criteria will only be agreed following the PIU report in March.

Therefore, it would seem likely that whilst the new legislation contained in the Postal Services Bill is proceeding through Parliament - to its Second Reading, and even to its Committee Stage - no interested party will know what these criteria are to be. In fact as we understand it there is currently no reference to the criteria at all in the Bill, and it will be included only as part of the social and environmental guidance. Whilst we would not expect the specific criteria to be included in the primary legislation, the Government has given clear commitments on this matter, and should include some specific reference to the criteria in the Bill. In addition, if the new Regulator and Postal Services Users' Council are to be expected to monitor the network against these criteria, then it should be made available as soon as possible, and before the legislative process is underway.

We also know that you will share our concern about some of the articles that have appeared in the press recently, and the fact that confidential documents appear to have been leaked. We find this extremely disappointing and surprising, given that this has not happened previously with any document that has been shared on a trust basis with interested parties, whether on this matter or the Post Office Review. We also believe that the kind of speculation this leads to is not helpful to the Group or the objectives it is trying to achieve.

To conclude then, we believe that an early meeting of the Horizon Working Group should be called in order to address these issues. We understand that the meeting that was scheduled for 25th January will not now be going ahead. This is indeed most unfortunate, as we believe there is an urgent need for you to provide the Group with your view on the issues raised above, and discuss these matters fully before the legislative process is underway.

We hope therefore, that it will be possible to arrange a meeting of the Group as a matter of some urgency so this issue can be given the priority it deserves. We look forward to hearing from you and having further discussions on these matters.

This letter is also been copied to John Roberts and Stuart Sweetman at the Post Office.

Yours sincerely

DEREK HODGSON
General Secretary, CWU

TERRY DEEGAN
National Secretary, CMA

COLIN BAKER
General Secretary, NFSP

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Ian Johnson MP
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Dear Derek

Thank you for your letter dated 19 January which was also signed by Terry Deegan and Colin Baker.

I am puzzled as to why you believe that issues relating to the roll-out of Horizon are not being "sufficiently addressed". POCL reported to the last HWG meeting that the programme was ahead of schedule but that there were some substantial problems which needed to be resolved over the Christmas/New Year break if we were to begin the year 2000 conversion programme of 300 offices per week from 24 January.

We have kept closely in touch with POCL and ICL in the intervening period and, as you are probably aware, whilst there are still difficulties with balancing, the other technical problems have been resolved and the roll-out will re-commence as scheduled.

You say that there has been no co-ordinated approach across Government. The HWG was informed about the Cabinet Office PIU study before there was any public announcement and I assumed that you fully understood the significance of this. For the removal of any doubt, the PIU study will be cross-cutting and is chaired by an independent Minister, reporting direct to the Prime Minister. The reason for its existence is to establish a co-ordinated approach across Government and its report will be crucial to the future of the network.

There have also been continuing discussions with DSS/BA and DTI about the various difficulties highlighted at our HWG meetings with DSS and BA representatives. Agreement has now been reached in a number of areas that have caused concern particularly to NFSP and we will report this to you when the final details are in place. The work which the Treasury has done in respect of financial exclusion has also been co-ordinated with this and other Government departments.

You make two other criticisms. Firstly, that "no progress appears to have been made on finding replacement Government work" and secondly that the access criteria have yet to be

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published. Again, you must know that the PIU is critical to both - that's why we made an FWC submission.

In any event, whilst work is continuing on the principal areas of new work such as network banking and Modernising Government, the crucial requirement is to ensure that the roll out goes to plan so that we have the IT platform to attract the new work.

It is disingenuous to quote what the Secretary of State said in July before the crucial PIU study was secured. It would be ludicrous to set access criteria ahead of this report and it was never the intention to include the criteria itself in the Bill.

You question the effectiveness of the Working Group and I have some sympathy with this. I cannot stress to you strongly enough our dismay and disappointment at the leak in The Times of the Working Group's joint paper to the PIU less than twenty-four hours after the final version had been circulated to members of the Group. At my request, Sir Michael Scholar has carried out an enquiry within this Department, and I am satisfied that the leak did not originate here. It must therefore have been someone within the Post Office, the CWU, the CMA or the NFSP who passed a copy of the report to Christine Buckley of The Times. This leak represented an appalling breach of trust and undermined the integrity of the Working Group.

You also seem to have misunderstood the purpose of the Group. It does not exist to monitor the content of the Postal Services Bill. The terms of reference of the Horizon Working Group make it clear that the remit is to optimise the contribution that the Horizon platform can make to the viability of the counters network: the wider remit you describe is Government's responsibility and part of the remit of the PIU study.

I was disappointed by your letter. On reflection, it is consistent with the carping tone that has characterised all of your letters to me on this issue since I became a Minister. In view of the long association I have had with all three signatories, I find this approach puzzling. I suggest that the four of us meet in my office urgently so that we can discuss frankly (and in the spirit of your "Private and Confidential" approach - i.e. without officials) the content of your letter and try to establish a relationship which is a little more constructive. Otherwise I fear the Horizon Working Group will be of little use to any of its participants.

I am sending copies of this letter to Terry Deegan and Colin Baker, and to John Roberts and Stuart Sweetman at the Post Office.

Yours sincerely

GRO

for ALAN JOHNSON MP
Minister for Competitiveness

*(dictated by the Minister
and signed in his absence)*