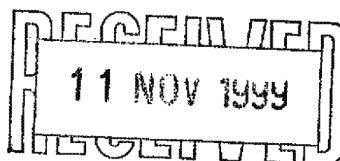


Alan Johnson MP
Minister for Competitiveness

FILE



David Higlett Esq
Private Secretary to Jeff Rooker MP
Department of Social Security
Richmond House
79 Whitehall
London SW1A 2NS



Department of
Trade and Industry

1 Victoria Street
London
SW1H 0ET

Direct Line

GRO

DTI Enquiries
0171 215 5000

Fax number
0171 215 6908

E-Mail

GRO

9 November 1999

Dear David

HORIZON WORKING GROUP

My Minister was grateful to your Minister for attending today's meeting of the Horizon Working Group. My Minister also apologises to yours for the misunderstanding about the purpose of the meeting.

The purpose of this letter is to confirm discussions at this afternoon's meeting.

Present:-

Jeff Rooker MP	DSS
Alan Johnson MP	DTI
David Sibbick	DTI
Simon Lancaster	PS/Mr Johnson
Dave Higlett	PS/Mr Rooker
Colin Baker	NFSP
John Peberdy	NFSP
Stuart Sweetman	POCL
Basil Larkins	POCL
Terry Deegan	CMA
Tony Harris	CMA
Roger Darlington	CWU
Tony Kearns	CWU
Matthew Payton	CWU

Discussions:-

Mr Johnson said that the Group had several deep concerns about the migration to ACT, both before 2003 and after 2003. He invited Mr Rooker to speak to the Group.



Mr Rooker said that he was still catching up with his brief, having been appointed in the July reshuffle. He had had a meeting with officials from PIU last week and had expressed to them his commitment to the success of the network and the PIU study. He is very clear in his own mind that BA have a contract with POCL and they will honour it. However, it must be appreciated by the Group that ACT is becoming an increasingly popular option, with approximately 54% of new child benefit recipients opting for it, and 49% of pensioners. These high figures have been achieved without the DSS deliberately marketing ACT as an option.

Mr Rooker stressed that it is Government policy to maintain the Post Office network and, although the DSS has got a big interest, he is a Government Minister before he is a Departmental Minister and he will ensure his Department honours his Government's broader commitment. He accepts that not all recipients will opt for ACT. The BA make 1 million urgent payments a year (ie social fund payments) and it would not be possible for the BA to make these payments if people didn't have a bank account. He has stressed all of these points to Charles Clarke, the Minister responsible for the PIU study, and left him in no doubt as to his strength of feeling.

Mr Johnson said that BA have given an undertaking not to encourage people to transfer to ACT before 2003. However, there is still i) no agreement on OBCS and ii) no agreement on floor payments.

Colin Baker said that BA have a contract with POCL not to encourage people to migrate to ACT prior to 2003. However, he has seen new forms which BA have apparently been sending out since at least October 1999 (copies circulated) clearly encouraging recipients to switch to ACT. Mr Baker queried the consistency of this with the strong commitments made by various senior Government Ministers in the House and, more particularly, at Select Committees. Mr Baker's members are extremely unhappy and are approaching him in increasing numbers about this, demanding urgent explanations. Mr Baker is inclined to see Martin O'Neill, the Opposition and the Liberal Democrats to complain about the Government's inconsistent stance. He said that Subpostmasters everywhere had been hanging on to the commitments made in the House and that it was absolutely vital that these commitments were kept.

Mr Rooker said that he does not deal with child benefit but that his reading of the form was that this was designed to force those people who, extraordinarily, demand to receive their child benefit weekly, when the normal procedure is to receive it monthly. Mr Johnson said that there was an issue around periodicity. The problem here is that BA appear to be encouraging migration in advance of 2003. Mr Rooker said that he would take the child benefit claim back to his Department and have it investigated as a matter of urgency. He said that he had to stress however that this form is only going to child benefit recipients who are requesting weekly payments, not child benefit recipients en masse. Mr Baker commented that the number on this particular form led him to conclude that perhaps as many as 10,000 of them had been sent out. Mr Johnson said that these forms were indicative of the problems being encountered with BA.



Mr Johnson said that we need to resolve the issue of floor payments as well. Mr Sweetman said that there had been some progress but that we were still not quite there.

Mr Sweetman said that, back in early Summer, when they were finalising the Horizon deal with ICL and the Secretary of State at the DTI, they had been led to understand that a migration plan (covering both pre-2003 and post-2003) would be prepared by BA by July 1999. This has not been received and they are anxious to get more detail. They want to work in close partnership with Government but they are finding it difficult without a clear migration plan. Mr Rooker said that he would be very surprised if his Department, having committed to producing a plan, had failed to do so.

In respect of the Agenda item concerning a presentation, Mr Rooker said that his Department were not aware of any commitment to provide such a presentation at this meeting, but Mr Rooker would want another meeting where he could properly discuss these important issues. He would ensure his diary could accomodate an early meeting.

After Mr Rooker had left, the joint submission to the PIU was discussed. Mr Johnson said that officials would circulate a version, if possible, before the end of this week. Mr Johnson said he would contact all members of the Working Group with BA's explanation of the child benefit form.

Yours sincerely

GRO

Simon Lancaster
Private Secretary to Alan Johnson MP, Minister for Competitiveness.