

CIRCULATION: NATIONAL EXECUTIVE COUNCIL

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5 October 2000

Dear *C Baker*

I promised you an update on the current progress and issues on Horizon.

National roll out progress

- All available outlets are now in the programme and the main infrastructure phase (survey and preparations) is largely complete. There are 25 outlets which are suspended pending resolution of site/electrical supply problems and around 500 outlets, mainly mobile solutions, awaiting survey work.
- We have now migrated 12702 outlets (70% network). Our roll out rate equates to an average of a counter terminal every 5 mins and an outlet every 12 mins.
- Training over 60,000 people has not been without its problems. Course scheduling and occupancy levels have been major issues with ICL Pathway over recent months. Happily their administration of user training events is now within acceptable bounds but we now find ourselves in the position of training fewer people yet needing more courses than the contract provides for. To address the gap we have developed a number of initiatives including allocating 7 delegates to some courses, redistributing training costs including making more prudent use of user awareness events and extending the training window to 10 days before installation. The extension of the distance limit to 25 miles will also have a beneficial effect.
- Pre-Christmas installations. Unlike last year, when we paused earlier for acceptance deliberations, we have a contractual commitment with ICL Pathway to deliver installations until 8 December. Whilst this may be less than ideal there are other busy times in the year when migrations have taken place. Without wishing to understate the impact on those subpostmasters and branch office staff affected we do need to automate our trading environment as quickly as we can to deliver the commercial benefits we all wish to see. The wake of the PIU report and advent of the regulator is not the time to be hanging back. There is only so much that can be done to accommodate individual requirements and we have developed an appropriate response with the NFSP.



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2

5 October 2000

Mr C Baker

- Redeployment of team - Plans are being laid for redeploying 90 managers and 330 staff on the project. A preference and counselling exercise is almost complete. Most field staff have a right of return to their previous job.
- All project milestones are being met. We have virtually completed our initial installation sweep across the country; subsequent phases of the project will include installation of 320 outlets with mobile systems and around 500 that require satellite communication systems. Our first live satellite migration is planned for 23 October at Shotton Colliery. The first mobile installation is scheduled for w/c 15 January 2001. The projected main roll out end date is mid April 2001 with a sweep up on a small number of outstanding cases by June 2001.

Live environment

- Helpdesk performance - although there have been some blips as a result of recent incidents, such as the introduction of the Inland Revenue Working Families Tax Credit facility, there has been an improvement on both Network Business Support Centre (NBSC) and Horizon System Helpdesk (HSH) performance. The introduction of Interactive Voice Response (IVR) on the HSH on the two busiest days of the week, namely Wednesday and Thursday, was well received though it did impair the % calls answered in <20 secs as a consequence of the duration of the recorded message. This facility was introduced as a temporary expedient and is to be withdrawn next week now that all HSH operators are fully effective. Average number of weekly calls per outlet to HSH is currently 1.17 compared to 1.40 for NBSC, which in itself is 5% lower than regional helpline internal calls. NBSC are now achieving almost all their call handling performance in all dimensions; the latest time to answer performance is 8 secs with over 75% calls now being resolved by the initial call handler.
- ICL Pathway performance against service level agreements - although there is an improving trend there is an underlying cause for concern and a contractual process of remedies has been invoked. Problems have been experienced in recent months with the non-polling of transactions from some outlets. ICL Pathway are working on changes to enable a quicker resolution of any failure in outlet communication links at the time this occurs to minimise inconvenience to both subpostmasters and customers.
- Cash accounts - since the introduction of Horizon there has been a significant reduction in amounts held in unclaimed payments/uncharged receipts. The same cannot be said of authorised shortages and internal processes, including additional help to specific outlets, have been improved. The level of errors on Horizon continues to fall but has still not returned to pre-Horizon levels; an analysis of root causes has led to a number of remedial actions being taken.
- Service improvements - continue to be recorded and evaluated. A number of user ideas are incorporated into the CSR+ release, which is also expected to deliver a reduction in roll over time. Many of the service improvements have come from user groups.

3
5 October 2000
Mr C Baker

The User Group process has been developed to capture feedback from users of the Horizon system which can be progressed into service improvement proposals. User Groups meet every 3 months and the agenda for these meetings is formulated from feedback from questionnaires sent to a representative sample of offices, who have been on the Horizon system for between 8-11 weeks, together with any service improvement ideas sent separately to the NBSC. The responses from the questionnaires are also used by Post Office Consulting to compile a periodic summary of user perceptions. User groups consist of approximately 8-10 subpostmasters/office managers, the location of the meetings being selected on a geographical 'best fit' for attendees. A number of NFSP officials have attended these meetings. If we have a shortfall in the number of people willing to attend we then invite a selection of subpostmasters located in the geographical area chosen. The meeting takes the form of a discussion group around proposals for improvements to the system. All proposals which are worthy of taking forward are subsequently subjected to a cost/benefit analysis and the outcome of the proposals, whether accepted or rejected, are communicated via national publications, such as 'Your Business'.

- Electronic scales - to facilitate the connection of D104 scales to Horizon we have agreed a leasing deal with Avery Berkel and hope to tie up the loose ends with ICL Pathway shortly. Once this is done we will announce details. I understand Avery Berkel will be displaying the scale at the Telford exhibition.
- Out of hours policy - solutions to handle sales outside office hours, primarily of bill and pre-payment products, have now been developed. These include extending opening hours, carrying out transactions on the private side of the business, and re-entering the secure area to carry out the transaction.

Software upgrade (CSR+)

- CSR+ introduces new functionality (eg Smart cards, cash/stock provision enhancements). CSR+ is our first major new release during national roll out and co-ordinating the training and preparation for this change whilst still rolling new outlets is a big logistical challenge. Two training briefs and a workbook on revised remittance procedures have been distributed. The pilot was delayed by some problems with software, which controls the download of the upgrade to outlets, but is now fully operational with 277 offices live. The problems initially encountered have proved useful inasmuch as we confirmed the capability to regress without service interruption to the original software. It is still the intention to switch to new CSR+ migrations on 23 October and complete the upgrade of the remaining live CSR offices before the end of November. Outlets are being advised in advance of their upgrade date.

Two elements of this upgrade will not be fully enabled at the outset. As a result of client problems Quantum will not be ready to roll out until January 2001, and the link between Horizon and the automated cash and stock replenishment system (SAPADS) will not be active until January 2001 for cash and July 2001 for stock.

4
5 October 2000
Mr C Baker

Staff and subpostmaster feedback

- The latest research across a sample of staff and subpostmasters some 2-3 months after migration to Horizon indicates a better feel good factor across the network. 94% find the system easy to use, 80% say user training is good and 90% find balancing easier. Results show a significant positive movement on live trial and encouraging improvements on previous research in December 1999. Not surprisingly subpostmasters find transactions easier than balancing to master. After an intense training course they need time for familiarisation with the system in their own environment. Other feedback from outlet visits, helpdesk calls and other communications (eg The Subpostmaster journal) echoes this feedback.

I have tried to keep this report as brief as possible but if all is not clear or you would like more detail on some aspects please call.

Yours sincerely

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Horizon National Roll Out Project Manager

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