

The Rt Hon Stephen Byers MP  
Secretary of State for Trade and Industry



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To all Members of Parliament

27 May 1999

*Dear Colleague,*

#### POST OFFICE AUTOMATION

I thought you might find it helpful to be updated on progress with the Horizon Project which aims to make sure that our Post Office network is modernised and automated and ready to serve us well over the next decades.

As you may know the project was entered into in 1996 by the previous administration. It has suffered severe delays and set backs. That is why, when these delays became apparent, the Government commissioned a major review of the project to decide the best route forward.

It also became apparent, that given the delays, the original concept of having a magnetic strip benefit payment card, was technologically out of date. The banks, among others, are already moving away from the magnetic strip in favour of the next generation technology - the smart card. We therefore wanted to find a solution that recognised this fact.

I am pleased to say that we have now found a positive way of moving forward on automation. As a result of this, for the first time ever, post offices will have an up to date automation platform, helping them to provide a better service for their customers and representing a major investment in the future of the nationwide network of Post Offices. The target set for achieving the computerisation of the entire network of Post Offices, is by the end of 2001. This is a realistic target that we believe can be met. The introduction of this technology will give the Post Office network a leading position in the modernising Government agenda which aims to make Government closer to the people, not least through the use of newer technologies.

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The automation of the network will allow us to move from the traditional paper based methods to a more modern, efficient and fraud-proof way of paying benefit through the Post Office network, building on banking technology. In this way, we will ensure that the Post Office network has the services to attract the customers to the other shop services that local post offices often incorporate so underpinning the existence of a successful and thriving Post Office network. The move to make payments using the Automated Credit Transfer system will begin to come in in 2003 and be completed in 2005, giving plenty of time for the network to be ready, and guaranteeing the network in the meantime. Many benefit recipients already chose to receive benefits via payment to their bank accounts. The Government can give an assurance that those benefit recipients who wish to collect their benefits in cash at Post Offices should continue to be able to do so, both before and after the change-over.

In the interim we will be using bar coding on order books to tackle benefit fraud. This will provide savings of about £100 million a year.

We shall be involving the National Federation of Sub-Postmasters closely in this initiative. If you have any questions or queries about these developments, do not hesitate to write to myself or the Minister responsible for the Post Office Ian McCartney.

*Yours,***GRO**

STEPHEN BYERS

**GRO***END***dti**

Department of Trade and Industry

*From Sally Rogers  
Stowupland P.O.*

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