

CWU Research

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29 Nov '99 12:46 P.01

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To:	Colin Baker	From:	Matthew Payton
Fax:	GRO	Pages:	5
My Phone:	GRO	Date:	29/11/99
Re:	HORIZON WORKING GROUP	CC:	

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As part of the continuing co-operation on the trade union side of the Horizon Working Group I have prepared a note on the last meeting identifying the key issues. I attach a copy this for your information.

I understand you will receive comprehensive minutes and an agenda from the DTI prior to the next full meeting of the Group this Wednesday 1st December. However I thought you might also find this note useful for your records.

With regard to other work of the Group, I believe that we are all still waiting to see the draft submission to the PIU, which was to be the key concern of the next meeting. I will be attempting to follow this up on our behalf.

I hope this is helpful, and I will of course remain in touch regarding the ongoing work of the group.

MEMO...

TO: DEREK HODGSON
FROM: MATTHEW PAYTON
DATE: 16 November 1999
CC: TONY KEARNS, ROGER DARLINGTON

HORIZON WORKING GROUP MEETING - 15 NOVEMBER 1999

Tony may have already spoken to you regarding the main issues to come out of Monday's meeting of the Horizon Working Group. However I thought I should provide you with a more detailed written summary of the meeting for the record.

Purpose of the Meeting

1. As you know following last weeks meeting with Jeff Rooker (which failed to address the issues in question) this meeting of the Working Group was hastily arranged so that we could receive a detailed presentation from DSS/ BA officials on their plans for migration of benefit payments to automatic credit transfer (ACT).

Child Benefit Letter

2. Although Alan Johnson was keen to address this as the only matter on the agenda he started the meeting by referring to the letter that was sent out to Child Benefit recipients (as discussed at the last meeting). He said that DSS were reviewing the situation and that no more of these were to be sent out. DTI would be writing to all members of the Group with a full explanation of the situation in the next week or so. DTI would also like to see a new letter go out to all those who had received the previous one pointing out that cash payment at a post office was still an option.
3. However when Jeff Rooker arrived at the meeting he was determined to pursue this issue before moving on to the agenda of the meeting. He said that he had gone back and examined this matter and discovered that 360,000 of these letters had gone out to Child Benefit recipients who were receiving their benefit weekly, when 4 weekly payments were the norm. The wording of the form had been the same since 1994 and these mailshots were done occasionally to move those who were not actually eligible for weekly payment on to four weekly.
4. Colin Baker of the NFSP conceded that whilst there may well be an issue of periodicity of payment, the fact remained that the letters in question failed to present cash payment at a post office as an option, and contained language that could only be seen as promotion of ACT methods of payment.

5. Johnson said that the main issues (which they were still checking out) were whether this form had indeed been in use since 1994, and (as implied by DSS) had been agreed with the DTI, the NFSP and others. Clearly the lack of a 'cash option was a breach of the spirit of the commitment given by the Secretary of State for the DSS not to promote ACT before 2003, if not a breach of the letter. Rooker undertook to re-visit this issue in the light of the groups continuing concerns.

BA Presentation on ACT Migration

6. Moving on to the substance of the meeting Rooker began by summarising the government's intention to move to ACT from 2003, and use bar coded order books in the interim. He said that the presentation to be given by his officials would cover the preparations by the DSS/ BA in the period *up to* 2003, and not the migration process itself.
7. More generally he felt that he should point out that although the BA does not see its role as funding the future of a new Post Office network based on banking and other services, he recognised that there would be considerable cost savings for the BA, and that he must acknowledge that there was a government wide policy to maintain the post office network. He failed to elaborate on this, but went on to say that not all benefit claimants would be able to use ACT, as they would not/ could not operate a bank account.
8. Rooker then handed over to Paul Hanson from BA. He had previously worked on the Horizon project for BA and delivering the benefit payment card, but was now project delivery manager for ACT "Payment Modernisation Programme". He went through several slides on the preparation being done by BA between now and 2003:
- Since May they had to act on card regression, BPC project closure, ongoing internal systems work, and start up of the ACT project.
 - Looking forward they must start by initiating the new project, decide what their objectives were, keep up with the timetable set by government and ensure that the necessary resources are available.
 - The big decisions they must make in the period coming up will concern what **exceptions** there will be to payment of benefit by ACT, how the **payment process** will be operated, the logistics of **migrating** the large number of claimants and the **partnerships** they must forge with other businesses. He went on to focus briefly on each of these areas,
 - **Exceptions** - particularly concerned about financially excluded claimants who can't, won't or don't have a bank account. There will clearly need to be alternative provision for these people. It was made clear that they did not know what this arrangement would be yet. In the new year they will be looking at the numbers of people this effects in order to get a reliable idea of the number they will have to pay in a different way.
 - **Payment Process** - How cash will be made available at a post office for individuals who want to do so will need to be addressed, as well as other issues concerning access

to funds. This question of access will be of particular concern in rural communities and outlying urban areas.

- **Migration** – BA had previously worked on the physical process of moving claimants between current methods of payment to the BPC. They were now working on a similarly difficult process of moving people onto ACT with minimal disruption. A number of factors involved in this process; customer/claimant groups, the benefit “product”, risks involving continuity of payment, costs and savings, and “intercepting” all this with the Post Offices plans on network banking etc.
- **Partnerships** – It will be crucial to develop and maintain partnerships to fully prepare to implement the strategy. This will inevitably include DSS business partners, those in the financial services industry, customers (and their needs), and the Post Office.
- In terms of the next steps to be taken by BA, they are involved in the PIU study and are looking forward to contribute positively to that. There is also a considerable amount of “*policy development*” work to be done, particularly on the implications of the decision to move to ACT in terms of the customer/ claimant (e.g. protecting them from bank charges etc), the exceptions to ACT payment, and BAs relationship with the Post Office.

Questions

9. As you would expect there were several questions about this presentation. Colin Baker and Terry Deegan wanted to know more about the criteria for exceptional methods of payment (i.e. *not* ACT). It seemed that BA were not clear who would qualify, but they were working on the assumption that ACT payment would be “the norm” and that the only exceptions would be those who were “unbankable”. It was noticeable that there was no mention of the commitment in the statement on 24 May that:

“The Government can give an assurance that those benefit claimants who wish to collect their benefit in cash at post offices will continue to be able to do so”

10. It therefore appeared that BA saw the policy as a move to compulsory ACT for all those with a bank account of some sort. The commitment given above was principally seen as an option to receive cash through cash machines at post offices, and over the counter only for the estimated 5% of claimants unwilling or unable to operate bank accounts.
11. Terry Deegan was concerned that this would stigmatise those who continued to receive cash payment at a post office, as they would effectively only be the “bottom end” of the market.

12. Tony Kearns asked how long it would be until BA had the answers to questions being raised, on exceptions, payment process, migration and partnerships – and policy development matters in general. It was estimated that the answers would only really become available in the next 18 months.
13. A further brief presentation was then made, generally extolling the virtues of ACT and explaining why this was the preferred method of payment.
14. Johnson tried to emphasise that the Post Office was losing a hugely significant part of its business, and that even with extra business once automation was completed it would struggle to replace that effectively.
15. BA officials said that they did treat the Post Office differently to other commercial partners, and recognised that it would still have a very important role in delivering benefits.
16. Terry Deegan made a final attempt to try and underline the potential impact of the Government decision, and the fact that the Post Office and its employees were still reeling from the shock of the BA withdrawal from the Horizon project. Planning was being done on the basis of BA work being maintained at some level – that was now all gone, and could have a catastrophic effect on the network.
17. Stuart Sweetman seemed to accept that the Post Office would only be dealing with the “rump” of claimants without bank accounts, and was interested in how many people were expected to be “exceptions” and have their benefit paid in cash. It was estimated that there could be as many as 2 to 3 million.

End of Meeting

18. Johnson wound up the meeting by inviting BA officials to use the Working Group as a forum to maintain links and exchange information regarding the progress of the project. He also re-iterated that there would be further meetings of the Group on the 1st and possibly the 15th of December.

MATTHEW PAYTON
Research Assistant