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**CWU Research**

cc: JP ✓/u

**Fax**

<b>To:</b>	Colin Baker	<b>From:</b>	Matthew Payton
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<b>My Phone:</b>		<b>Date:</b>	11/10/99
<b>Re:</b>	HORIZON WORKING GROUP	<b>CC:</b>	

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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. Although there were few issues dealt with substantively at the meeting I thought this might be useful for your records.

You will be fully aware of the developments since we last met, in particular with regard to the withdrawal of the Child Benefit form in question. I will therefore not add any further comments at this time.

I hope this is helpful and I will of course attempt to keep in touch regarding the ongoing work of the group.

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**MEMO...**

**TO:** DEREK HODGSON  
**FROM:** MATTHEW PAYTON  
**DATE:** 9 November 1999  
**CC:** TONY KEARNS, ROGER DARLINGTON

**HORIZON WORKING GROUP MEETING - 8 NOVEMBER 1999**

No doubt Roger will have already given you a verbal briefing of the main issues to come out of yesterday's meeting of the Horizon Working Group. However I thought it would also be useful to provide you with a written summary for the record.

1. As you know the purpose of the meeting was for the Group to receive a presentation from Jeff Rooker MP as Minister of State at the Department of Social Security on his departments' plans for migration of benefit payments to automatic credit transfer (ACT). This was the only issue on the agenda for the meeting and was what the DTI has requested in their letter to the DSS. DTI had also requested that officials made themselves available at the end of the meeting to answer any further questions from the group. The members of the Group understood this would be the substance of the meeting.
2. Alan Johnson opened the meeting by suggesting that the format should be an overview of the DSS/ Benefits Agency strategy provided by Mr Rooker, focusing on the issues leading up to 2003 (such as minimum guaranteed floor payments and the payment for operating the OBCS system), and issues after 2003 (including the logistics of moving claimants to ACT, the role of the PO network and the "rump" of claimants without bank accounts). There would then be time for questions before deciding on arrangements for the next meeting.
3. Rooker began to respond in vague terms about the general plans of the DSS to move to ACT between 2003-2005, and quoted figures that he claimed illustrated that more and more people were using this method of payment. In particular he said that 54% of new child benefit claimants, and around 45% of new pensioners were opting for ACT (these figures and others were used by the DSS in evidence to the Select Committee, but failed to convince them that there was a flood of new entrants using ACT).
4. More generally, he said that although the move to ACT was clearly the intention of his department he recognised that the Government also had the responsibility to maintain the PO network. He is a Government minister first and a DSS minister second, and therefore must respect the wider policy and the role of the BA in

supporting the network as well as effectively carrying out the migration to ACT. There was evidently not going to be a great deal more detail forthcoming from Rooker, so Johnson then moved onto questions.

5. Colin Baker of the NFSP started by drawing the groups' attention to the copy of a letter which he had circulated (I attach this for your information). As you can see it is being sent by the BA (from at least 23 October – the date on this letter) to existing Child Benefit claimants who receive their benefit weekly. Baker drew the groups particular attention to the final paragraph on the first page which states:

*"Did you know that you can have your Child Benefit paid straight into a Bank or Building Society account, Post Office Giro or National Savings Investment account. **Getting you money this way has many advantages and is the way we recommend** (my emphasis) because – it is safe, convenient, and it could be paid into an account where it may gain interest."*

On the third and final page under the section "How is Child Benefit paid?" there is also no mention on the option to collect benefit over the counter from the post office. The letter only refers to payment into a bank or building society account, or a Giro or National Savings account. Under the heading "Payment into a bank or building society account" it then goes on to repeat that:

*"Getting your money in this way has many advantages and is the one we recommend"*

A list of reasons is then given as to why this payment method is the preferable option.

6. Baker made it clear to both Ministers that he was extremely angry that the BA were actively promoting ACT in this way following statements made by Alastair Darling as the Secretary of State for the DSS. In particular he had said to the Trade and Industry Select Committee on 14 July "we are not taking active steps to switch customers to ACT before 2003".

In addition Stephen Byers said in the opposition day debate on the future of the post office on 15 July as to "whether the Benefits Agency would manage people on to the banking system before 2003...I am pleased to be able to tell the House that the agency of the Department of Social Security will not adopt that course of action".

Baker said he was sitting on a political storm and therefore requested that these forms be removed and for Rooker to account for the action being taken by his department.

7. Rooker replied by firstly saying that he had not seen the letters in question before. However he was aware that there was an issue around the periodicity of payment of Child Benefit, and (as the letter stated) it should usually be paid four weekly. The letter appeared to be saying that this was the case and that usually ACT would be appropriate for this.

8. Several members of the group pointed out that the issue of periodicity was still a separate one from the method of payment, and in particular the promotion of ACT. Rooker agreed to take the letter away and respond more fully to the group.
9. Johnson then moved on to other pre-2003 issues of payment for operating the order book control system (OBCS), and the provision of floor payments to POCL. He was aware that there had been some movement in the negotiations between BA and POCL – particularly on OBCS – but was looking to Rooker to assist in facilitating an early resolution to these ongoing issues. However it did not seem that Rooker was fully aware of the details of these negotiations, and he was unable to give a satisfactory response.
10. On the post-2003 issue of the BA plans for migration to ACT, Stuart Sweetman said that he was expecting a more detailed outline from the Minister or his officials. He understood that the strategy being prepared by BA was initially to have been submitted to Ministers by the end of July this year, and then shared with the Post Office so that they could plan their business accordingly.
11. Rooker was unaware of this. He had not come equipped with a plan, and as far as he was concerned nothing had been prepared by his department that could be shared with the Group. He had not been informed that the PO was promised this information, and was not even aware that the agenda for the meeting included him presenting such a strategy to the group.
12. Sweetman said that it was essential that he was given the detail of what the BA strategy was, as ignorance on this issue was *not only* storing up problems for the business and its ability to plan for the future, but would also lead to difficulties for those who will have to implement changes – such as the NFSP, CWU and CMA. There was a great need for openness regarding the migration strategy, and a coherent message from Government on what will happen to the “rump” who cannot/ will not operate bank accounts.
13. Rooker suggested that a proper meeting be held to cover all these issues, with an agenda that has been agreed with everyone so that the we are dealing with the same issue. Given that it would be necessary to incorporate some of this information in the PIU study he undertook to comeback within 14 days. The **provisional date given was next Monday 15 November at 3pm (since ruled out)**. He apologised for wasting the Group’s time, but stressed that his time had been wasted as well.
14. At the end of the meeting Johnson briefly dealt with immediate work commitments of the group. In particular it would be necessary to clear the joint PIU submission, get Rooker back at an agreed date and follow up concerns regarding the Child Benefit letter (with DSS and No.10 if necessary).

MATTHEW PAYTON  
Research Assistant