

CIRCULATION: NATIONAL EXECUTIVE COUNCIL

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PC NW 06 01

MS/LW PC NW 06 01

16 September 2004

CIRCULATION: NATIONAL EXECUTIVE COUNCIL



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General Secretary: COLIN BAKER
Senior Assistant General Secretary
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MARILYN STODDART

Dear Executive Officer

RE: HORIZON FAILURES

Further to my previous circulation of the 26th July, please find enclosed the response received from Gareth Hall. I will continue to push on the issue of recompense payments particularly.

You will be aware that the same topic was flagged up on the letters page of September's *'the Subpostmaster'*, when David Mills gave a 'straight from the top' response.

This was followed up by a letter to David Mills of 2nd September, which I also enclose, together with the recent response received from David Miller.

You will see that a review is underway and that part of that review is an evaluation of back-up service options. David Miller and David Mills have promised to keep us informed of progress.

Yours sincerely

GRO

MARILYN STODDART
Assistant General Secretary

Encl.

PC NW 06 01 M

Marilyn Stoddart
National Federation of Subpostmasters
Evelyn House
22 Windlesham Gardens
SHOREHAM BY SEA
West Sussex
BN43 5AZ



2 September 2004

Dear Marilyn



Horizon System

"an essential part of everyday life" www.postoffice.co.uk

Over the last couple of months we have had various discussions and written correspondence concerning the reliability of the horizon system. Whilst I have no further news to give you I did want to write and inform you of the current position concerning horizon failures.

The first issue concerns recompense payments to subpostmasters. As I informed you at our last meeting we are reviewing our position concerning payments. This review is ongoing. As soon as I have any information concerning our future intentions I'll contact you.

I have asked for a situation report concerning phone calls from branches regarding service breakdowns. In the twelve week period up to the 16 August the number of phone calls reporting horizon breakdowns have shown an increase. The number of calls relating specifically to line faults have not increased and the subpostmaster re-booting the horizon system rectified the majority of the faults reported.

95% of calls relating to on-line services are resolved within 48 hours (90% of these are resolved within 24 hours). Instances where branches are off line for longer than three days are uncommon and are normally as a result of major problems occurring with the BT line requiring roads to be dug up.

Our figures show that only 0.4% of our branches are off line at any one time. We do appreciate that this is of no comfort to customers and subpostmasters if their branch is one of the 0.4%. We are actively looking at technical solutions to provide a back up facility and also reviewing the helpdesk procedures in updating branches when things do go wrong.

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Horizon system
2 September 2004

I will keep you informed as I receive further information about horizon system problems. Please get back to me if you require any further information at this stage.

GRO

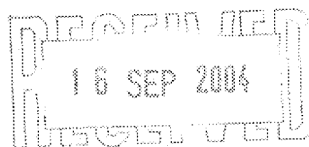
Gareth Hall
NFSP Liaison Manager
GRO

Re: 15.09.04

Marilyn Stoddart
National Federation of Subpostmasters
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22 Windlesham Gardens
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WEST SUSSEX
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15.09.04



Re: Horizon Failure

Dear Marilyn

Thank you for your letter of 2nd September addressed to David Mills.

Overall Horizon systems availability is good, there are nevertheless issues which we have under active review and I will update you on these as we make progress.

Our on line systems continue to perform within expected parameters and these parameters have been set in line with industry standards. For example the service availability that we have planned and deliver for banking and e-top ups is in line with that provided by the banks and other retail outlets.

Understandably there is a perception that the problems are on the increase. This is because over time the number of branches that have experienced a problem has, as you would expect increased and as the volume of on line business has increased the impact of failures has increased. I repeat that overall system availability is very high and within the parameters to which the system was built.

When a system goes down in a branch a process of investigation is initiated in order to identify where the problem has occurred. The problem could be with the equipment within the branch, within the telecommunications network, within Horizon or within a number of back end systems provided by banks, by mobile phone operators and our debit card service provider. Once the point of failure is identified the

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appropriate supplier can investigate the problem and having diagnosed it provide an appropriate fix.

It is not possible when an incident occurs to give precise information about time to fix ahead of understanding where the problem lies. Of course in some instances the source of the problem is obvious and its possible quite quickly to indicate time to fix but in other instances diagnosis can be protracted.

Where the service is lost at an individual branch it can take 5 or more days to fix. Branches have been warned of this when the faults have been reported. However, in most instances the performance is significantly better than that, 95% of such failure are fixed within 48 hours.

The BT element of the service is regulated. BT 's promise is to attend to all reported incidents by close of business the day after the incident is reported. However, in a small number of cases the BT resolution might involve digging up the road which can lead to loss of service for several weeks.

Unfortunately rather than getting the message that the large majority of these problems are resolved within 48 hours, with many fixed considerably quicker than that, there is a widely held perception that these issues take five or more days to fix and that this interval is driven by a negotiated service level with BT. There is room here for us to communicate more crisply and ensure that the right messages are received by our branches.

As you quite rightly suggest the starting point towards improvement is to understand the profile of failures. This work is in progress. Given our understanding of the scope of the problem and an equally important understanding of how this profile will evolve over time we can then address potential solutions.

Many of those solutions involve significant additional cost. There are few if any solutions that completely resolve a particular type of problem. For example enhancing the timescale within which BT have to respond would make only a marginal impact on those instances that require work on underground cabling. For certain problems rather than improving supplier response time it may be more cost effective to

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provide a back up service e.g. where there is a telecoms failure provide a back up telephone line over a different network. We are working through the options, including a number that whilst not immediately available will be within the next few months, carefully evaluating them in order to identify those which give us the best improvement.

We will keep you in touch with developments on a regular basis.

Yours sincerely

GRO

David W Miller
Chief Operating Officer

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2 September 2004

Mr David Mills
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General Secretary: COLIN BAKER
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MARILYN STODDART

Dear David

RE: HORIZON FAILURE

I know that you share the NFSP's concerns over the impact that continual Horizon failures are having on the Network - on Subpostmasters morale and customers confidence in our ability to deliver a reliable service - and I am aware of your discussions with Colin Baker on this. The selected 'Straight from the Top' letter published in the current *'the Subpostmaster'* journal features your response on this very subject, to Subpostmaster, Vijay Patel.

It does seem that the incidence of failures affecting individuals is increasing. I regularly receive reports week by week from Subpostmasters whose business has suffered and whose customers are aghast not only at the immediate inconvenience, but also that such little information can be given as to when the problem might be addressed and the service be once again resumed.

I have enclosed a copy of a letter received from Subpostmaster Isla Craig in Crianlarich, which is a clear illustration of the problems faced by Subpostmasters and Post Office customers when these breakdowns occur.

I will respond to Ms Craig and refer her to your reply in the *'the Subpostmaster'* journal, but would be happy to include any further comment should you wish to add to what has already been said.

The time scales within the current service agreement appear to result in many branches being disabled for significant periods and we believe that it would be helpful to fully understand the extent of the problem in terms of 'down time' within the Network. Establishing the average number of failures per week, and the duration of those failures over say a three-month period would, we believe, inform discussions on possible solutions.

We are extremely anxious that customer confidence in the brand and the service offered by the brand remains intact and welcome the review, which will report to your Executive Committee for decision, before the year end. We look forward to your updates for future publication in *'the Subpostmaster'*.

Yours sincerely

GRO

MARILYN STODDART
Assistant General Secretary



Crianlarich Store

Licensed General Store & Post Office

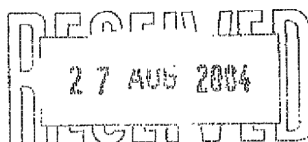
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Colin Baker
General Secretary, NFSP
Evelyn House
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24th August 2004

Dear Colin,

Failure of Horizon ISDN Line

I was without any online services on my Horizon system from 9am on Wednesday 18th August – 11am on Monday 23rd August. This is, I believe, following a thunderstorm in the area on the evening of Tuesday 17th August.

I reported the failure to the Horizon helpdesk on Wednesday 18th August. However it was **5½ days** later before the fault was resolved. The delay in restoring services was even longer for my POCA holders, as the BT fault was fixed less than an hour before the national POCA failure, leaving POCA holders without access to their money for a total of 6 consecutive days.

I have been told that the response contract negotiated between POL and BT allows for 5 working days to respond to the fault.

This is a totally and utterly unacceptable length of time to wait. We are continually being urged to push online banking – but are not being given the backup support to do this effectively. It is **imperative** that the contract with BT is re-negotiated to provide a response time within hours, not days. I urge you to take this up with POL as a matter of urgency. We, as Subpostmasters cannot carry out our roles effectively if we are not given adequate, and reliable, tools and support for the job.

I am a small, but fairly busy, rural sub post office in a remote location. There is one part time office 5 miles away, and the nearest full time office is 13 miles. The nearest bank, and bank machine is 13 miles away, and public transport is almost non-existent. My banking and benefit customers were left without any access to their money, for almost a week. The NBSC response of "use another office" is simply not an option for the majority of my customers.

With the impact of Direct Payment cutting deeper every day, something as fundamental to our business as banking transactions must be given top priority.

I look forward to a response from you on this matter, and trust that I will be able to rely on a speedier response from BT, next time the ISDN line fails.

Yours sincerely

GRO

Isla Craig

Cc Margaret Gillespie, Scottish Central Branch secretary.