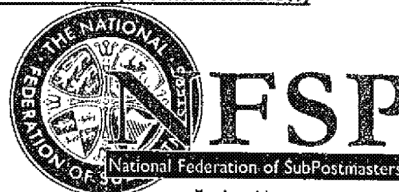


CIRCULATION: NATIONAL EXECUTIVE COUNCIL

(for information)

CB/LTH/PC NW 06 01

4th May 2000



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CIRCULATION: NATIONAL EXECUTIVE COUNCIL - BY FAX

General Secretary: COLIN BAKER
Assistant General Secretaries
KEVIN DAVIS • KATE DAVIS • PAUL HEASMAN

Dear Executive Officer,

PROBLEMS WITH HORIZON 3RD MAY 2000

You may no doubt be aware that there were significant difficulties with Horizon balancing at some post offices yesterday. We are waiting for a definitive answer from POCL on the problems encountered. However what we know so far is that a problem arose last Thursday morning in the uprating of stamps and, resulting from poor advice, some subpostmasters did not correctly complete the upgrading of stock reconciliation that day. That manifested when they tried to balance yesterday.

As a result of the difficulties the system tried to produce a negative balance but Horizon will not allow a negative balance, and therefore subpostmasters' balances could not be completed.

When this was first discovered the Helpline constructed a contingency procedure which they had to walk subpostmasters through. This procedure took 15 minutes. The rate at which they were receiving calls was much faster than that, to such an extent that there was a back log and subpostmasters could not get through to the Helpline.

at 3.30 the backlog was around 100
at 4.30 around 50
at 5.30 it was down to 4

However it was known that at 5.30 there would be a flood.

I was able to monitor the situation up to 7 pm when it appears that events reached such a stage that they advised subpostmasters who contacted them not to wait to balance and we are seeking to understand the implications of this.

We will be insisting that the Post Office contacts all affected subpostmasters, providing them with an explanation of precisely what events took place leading up to and on the day in question and of the response needed.



LATEST NEWS ON HORIZON (as at 10.00 am 4.5.2000)

The difficulties with Horizon yesterday, we were advised, was primarily not a systems fault, it was primarily difficulties encountered by subpostmasters last Thursday in understanding the instructions for uprating their postage stock which lead to balancing difficulties yesterday, 3rd May.

Investigations so far have revealed that the Helpline received some 8,000 calls and they worked until 10 pm. Some of these would have been a number of call backs and at 9.30 this morning they had received a further 586 calls.

They have responded to 327 and there is a high abandonment rate which is understandable, being Thursday morning in post offices. They anticipate significant problems today.

They have accepted there is a clear learning point to make sure instructions are more understandable and they have also accepted a need to review and communicate the difficulties of what they have learned both to those within the Business and to subpostmasters. They are however trying to deal with the problems today and clearly this is the most critical aim for them to focus upon.

If there is any further information I will keep you advised of developments.

Yours sincerely,

GRO

COLIN BAKER
General Secretary