

1/805

**RESTRICTED - POLICY**

To:  
SECRETARY OF STATE

From:  
DAVID SIBBICK  
DIRECTOR POSTS

GRO

151 Buckingham Palace Road

**GRO**

4 March 1999

*M. B. Chweyand/ff*

ci: Mr McCartney  
Sir M Scholar  
Mr Macdonald  
Mr Baker  
Mrs Britton  
Dr Sklaroff  
Mr Fraser  
Dr Hopkins  
Mr Osborne  
Mr Whitehead  
Ms Anderson  
Mr Corry

CGBPS  
PORT  
COM  
IBB  
CII  
Legal C  
CGBPS 1  
CGBPS1  
SpAdv

**HORIZON: TELEPHONE CONVERSATION WITH KEITH TODD, ICL**

1. You have agreed to speak on the telephone to Keith Todd at 10.00am tomorrow (5 March).

2. We believe that he wants to talk to you primarily about the Horizon project. He is likely to say that

- ICL are in principle enthusiastic about pursuing the option now favoured by Ministers (dumping the benefit payment card and migrating benefit recipients instead to a smartcard-based Post Office bank account accessible only at post offices); but
- they need by the end of March to satisfy first their own auditors (Price Waterhouse Coopers) and then Fujitsu's (KPMG) that there is an ongoing project. This is hardly surprising given the repeated rumours in the technical and other press that the Government is close to calling for the termination of the project. If they cannot satisfy the auditors, they will be faced with scoring a massive (around £250 million) provision in their accounts, which will make ICL insolvent. They therefore need urgently some form of tangible commitment to the project (or a major part thereof).
- One possible way of securing this would be for the Government to make a clear commitment before the end of March to going ahead with the core infrastructure of Horizon, leaving decisions about applications (ie whether to go for a smartcard-based Post Office bank account, or for the benefit payment card) to be decided by the end of June.

## **RESTRICTED - POLICY**

3. You will have seen Mr McCartney's recommendation to you today on the timing of the publication of the Post Office White Paper, and the requirement that this imposes on the timing of the next phase of Horizon project. It requires heads of agreement on the project as a whole to be reached with ICL before the end of April. This is too slow to help ICL with their auditors, whilst ICL's end-June timetable for final decisions on the way forward is too slow for our requirements for the White Paper. If you are content with Mr McCartney's recommendations, I suggest that you make the points listed in the attached "lines to take" in response to Mr Todd.

4. Keith Todd is coming in to see Alistair Macdonald at 8.30 am tomorrow morning. I shall be present at that meeting, and if there are any further points, or any changes or additions needed to the lines to take overleaf, I will update your office orally immediately after that meeting.

DAVID SIBBICK