

CONFIDENTIAL - POLICY

From: Jeremy Heywood
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Geoff Mulgan

cc: Jonathan Powell
David Miliband
Lord Falconer
Geoffrey Norris
David North

BA/POCL

The Prime Minister was grateful for your minute of 24 December. The Prime Minister thinks that we should proceed as follows:

- (i) we should indicate to ICL as soon as possible that we want to have further discussions with them on how the BPC project can be developed, to facilitate the earliest possible move to smart cards.
- (ii) but we should also make clear to them that if agreement cannot be reached within a specified time period on a development of the current project along these lines, the Government will stick with the current project.

Notwithstanding (ii) the Prime Minister is clear that we should seek to move as quickly as possible to paying benefits directly into bank accounts via a smart card facility that can be used in Post Offices.

GRO

JEREMY HEYWOOD

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