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ANNEX A

STEERING BRIEF

Points to make

Agenda item 1: Introduction by Mr McCartney

- As you know, an agreement in principle was signed by the Post Office and ICL on Monday 24 May on a revised version of the project to automate the post office network to be finalised by 16 July.
- The reconfigured project envisages automation of the network by 2001, dropping the benefit payment card and establishing front-end banking facilities in post offices by 2003.
- Recognise that this falls short of your desired outcome. However, in the circumstances we sought to achieve the best possible outcome given the delays to the project of almost 3 years and the difficulties in the relationships. Hope that simplification of the project will help it to be delivered more quickly.
- Benefit recipients are in any case opting in increasing numbers for payment by ACT and there should therefore be advantage in optimising the system from the outset to keep as many of these customers in the Post Office as possible. The Government has agreed to contribute £ 480 million towards the capital cost of the reconfigured system. This represents a major investment in the future of the Counters business.
- As explained in my letter to you, the Secretary of State asked me to set up a small working group of key players to help ensure that the project is now taken forward in a positive and decisive way to a successful conclusion.

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- Those of you here today will form the full members of the Horizon Working Group, though clearly we shall need a dialogue with other organisations including ICL, the Departments of Health and Social Security, the Benefits Agency and the Treasury.
- Believe the Post Office's popularity and reach puts it in a good position to negotiate with the banks and pick up existing benefit recipients and other banking customers as banks rationalise their networks. Also in good position to pick up electronic Government work. We shall look to members of this group to work together to maximise the very great commercial potential of the Horizon platform.
- The Government will however be discussing the future viability of the post office counters network with the Post Office in the context of the Strategic Plan. This wider issue does not form part of the remit of this Working Group.

Agenda Item No. 2: Proposed terms of reference

- You have received proposed terms of reference for the Working Group. Grateful for any comments on these.
- I see the work of the Group as falling into three main areas. First, there are the negotiations between POCL and ICL, and between POCL and BA, that need to take place over the next few weeks to put in place the detailed contractual arrangements that will give effect to the outline agreement reached on 24 May. I see a role for the Working Group in carefully monitoring these negotiations and in addressing and helping to resolve any sticking points that may be encountered.

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- The second area covers the remaining development phases of Horizon, including large scale live trials, system acceptance, and roll-out of the system smoothly and in a timely fashion to all offices within the network followed by the migration from paper-based methods of benefit payment to ACT-based payments accessible at post offices. I believe that the Working Group could provide a valuable forum for bringing pressure to bear where needed and for seeking solutions to any problems that may arise.
- The third area concerns the commercial exploitation of the very considerable potential which the Horizon platform will offer once in place. The combined experience of the Working Group should prove a valuable source of ideas and contacts for business opportunities and future revenue streams.

Agenda Item No 3 - Presentation by Stuart Sweetman, MD Post Office Counters

Agenda Item No 4 - Views of NFSP

Agenda Item No. 5 - Views of CWU and CMA

Agenda Item No.6 - Future work programme, schedule of meetings

Agenda Item No.7 - Any other business