

HWG/10/1

**NOTE OF THE TENTH MEETING OF THE HORIZON WORKING GROUP
HELD ON TUESDAY 22 AUGUST 2000 AT DTI, 1 VICTORIA STREET,
LONDON**

Those present:

Alan Johnson MP	Minister for Competitiveness
Simon Lancaster	PS/Mr Johnson
Mike Whitehead	Postal Services Directorate
Mary Spoor	Postal Services Directorate

Post Office

Stuart Sweetman	Group Managing Director, Customer and Banking Services
Sue Huggins	

National Federation of Subpostmasters

Colin Baker	General Secretary
John Peberdy	Chairman of Negotiating Committee

Communication Managers' Association

Terry Deegan	General Secretary
--------------	-------------------

Communication Workers' Union

Tony Kearns	Assistant Secretary
-------------	---------------------

Update on Horizon installation

Mr Sweetman reported that 60% of the network comprising nearly 11,000 post offices had been successfully converted to Horizon, and the programme was maintaining an installation rate in excess of 300 offices per week. 96% of the network was prepared for conversion. By mid October, the first phase of installation would be complete and the second phase, due to complete in February 2001, would comprise the conversion of 4,000 outlets. At the end of March/ beginning of April 2001, 300 offices requiring mobile kit would undergo conversion and a further 500 would require linkage to satellite communication. On software, the first upgrade was scheduled for September. The upgrade would introduce new functionality such as smart card reading and stock control.

There had been some difficulties with the training schedule, but Post Office pressure on ICL to rectify matters had resulted in improvement. The situation would continue to be monitored closely. In general the feedback on the training programme and functioning of the Horizon equipment had been encouraging.

Following discussion, an accommodation had been reached with the NFSP about the installation programme during December.

The selection process for the banking functionality continued. It was a two-fold process comprising purchase of the banking engine and of the software which linked the post office counters to the banks.

Implementation of the PIU Report

Mr Johnson's proposal was agreed to include an item to update on PIU report implementation at subsequent meetings of the Working Group.

Mr Johnson said that a number of interdepartmental steering groups had been set up to monitor progress on implementation of the report's 24 recommendations. Good progress had been made during the last few weeks and the Government looked forward to examining a number of business cases at the beginning of September.

a) The Universal Bank

It had been made clear to the banking industry in the joint Ministerial letter (Johnson and Johnson) of 18 July that the Universal Bank was the Government's preferred option to meet the H M Treasury financial exclusion remit on the banks to provide a basic account by October 2000. These basic accounts were required, without penalty, to provide deposit, withdrawal and direct debit facilities and carry no risk of unauthorised overdraft. Although the response of the British Banking Association to the Johnson and Johnson letter had been disappointing, the Government was committed to pursuing the Universal Bank proposal and the Secretary of State was scheduled to meet CEOs of the major High Street banks on 12 September in order to discuss the business plan.

In response to Mr Baker, Mr Johnson confirmed that there would be no restrictions on Universal Bank customers. The Bank would obviously appeal primarily to the unbanked, but people not currently in receipt of benefits at the post office counter would also be eligible.

In response to Mr Deegan, Mr Johnson said that it should be clearly understood that the Universal Bank was not a competitor to the commercial banks.

Mr Peberdy expressed concern about the fallback position in case the Universal Bank proposal failed. Mr Johnson reiterated the Government's firm commitment to the Universal Bank. If and when necessary contingency plans would be brought forward, but at present there was good reason to be optimistic about the proposal.

b) GGP/ILAP

Following presentation of the business case next month, pilot projects were planned for 2001.

Mr Baker asked about progress on the possibility of basing at post offices a national register of lost property. Mr Sweetman said that this was one of a very long list of excellent suggestions to be pursued. However, he pointed out that successful development of these proposals was dependent on innovative policies of Government Departments and Agencies to outsource many of their bureaucratic functions and on the Post Office to present itself as a serious and attractive organisation to fulfil those functions. The Post Office

image of a traditional organisation was well established and it could be difficult to change the view of prospective customers. Taking opportunities to promote Horizon and implementation of the PIU report recommendations was key to changing that image.

It was agreed that the Post Office would prepare a prioritised list of possible Government-based revenue earning proposals for presentation to Mr McCartney at the next meeting of the Working Group.

ACTION: Post Office

Mr Peberdy pointed out that although many local authorities appeared to be promoting initiatives to assist post offices there was no obvious central co-ordination. Mr Whitehead agreed to pursue this point with DETR.

ACTION: DTI

c) Modernisation of the post office network

Funding of £270 million over three years had been set aside to address the problems of the rural and urban networks. Further funding was expected, based on an agreed business case.

Mr Baker said that planned funding for the rural network did not come into play until 2003 but this would contribute nothing to alleviation of current difficulties. Mr Johnson said that the Post Office had an obligation on preventable closures and this policy was being actively pursued, bringing forward funding was being examined, however.

In conclusion, Mr Johnson reminded the meeting that the PIU recommendations were not an exhaustive list. It would also be necessary for the Post Office and other interested parties to pursue initiatives. Members of the Working Group were invited to put forward any proposals, at any time.

Any other business

None.

Date of the next meeting

18 September 2000.

CGBPS1A
23 August 2000