

RESTRICTED - POLICY AND COMMERCIAL

POST OFFICE: ISSUES ARISING DURING THE RECESS

Accusation

HMG is contemplating **cancellation of the Horizon project**, with serious consequences for the future of the post office network.

Facts

The Horizon project continues to attract Press attention.

Following consideration of an interdepartmental report by officials, Ministers decided in September that a further period of one month should be allowed to see whether a commercial basis for continuation with the project could be agreed with ICL. To assist this process an independent adviser, Graham Corbett (Deputy Chairman of the MMC and a former finance director of Eurotunnel) was appointed to chair the negotiations. In parallel, Ministers asked that the options of continuing with the project but without the Benefit Payment Card, and of withdrawing from the project entirely, should be worked up in greater detail so that value for money comparisons between the various courses of action could be made. A report on the outcome of this work is expected to be presented to Ministers within the next two weeks.

At a particularly sensitive stage in the negotiations, it is important that there should be no apparent change in official statements on the Government's position towards Horizon and the lines to take below reflect this.

Lines to Take

- **Q. Is the Government planning to cancel the contract to automate post offices and benefit payments? If so, what will this mean for the future of the nationwide network of post offices?**
- The Government is committed to providing a secure, convenient and cost effective means of paying benefits to customers. That is what the Horizon project and the Benefit Payment Card were designed to do and what we continue to work towards.
- The project will also provide Post Office Counters with a modern automated platform from which to improve existing services and to generate new business.
- The Benefits Agency and Post Office Counters Limited continue to work closely with the supplier, ICL Pathway.
- We are also monitoring progress to ensure that the programme remains on course to deliver its agreed objectives.

RESTRICTED - POLICY AND COMMERCIAL

- The Government is committed to maintenance of a nationwide network of post offices.

DAVID SIBBICK
Postal Services Directorate/DTI

GRO

12 October 1998