

ICL Pathway

Diary Note

To: Tony Oppenheim
Mike Coombs
Liam Foley

Cc:

From: John Bennett

Ref: jhb/98aug364

Date: 14 August 1998

Subject: Meeting with George McCorkell - Thursday 13 August 1998

1. I took the main topic of conversation to George to be the process of finalising the decision on the programme and progress with ministers.
2. His view is that Darling wants a quick decision so as to get this issue off his desk for good. He has space at the moment to give it appropriate thought, but as soon as we get into September and beyond, ministerial attention will have to focus on major issues of welfare reform particularly pensions, which is a much more politically important area of activity.
3. He knew that Peter Mandelson was on leave, but speculated that each minister had a "duty minister" available to look after affairs in the meantime and depending on the line agreed within DTI then this might apply. Personally, I think Mandelson will not want this out of his sight.
4. It is quite clear that the only way BA will accept the restructuring proposal is if they are told to do it in the better interests of government. If that is the case then Government will also have to spell out the commercial arrangements under which such an approach is to be followed. George's suggestion was that someone else in Government would have to do the negotiations with us and then he would be told what they are. On the other hand he wasn't at all clear who this other part of Government might be.
5. I told him that there was a growing body of opinion elsewhere in Government (outside BA) which was now moving firmly behind supporting the payment card as the best value for money opportunity across government. I took him through the logic of this (I shall write this up separately) and challenge him to disagree with it. He was in the end unable to criticise or or fault the logic or put forward any credible alternative scenario other than his suggestion of everyone proceeding with an infrastructure but without the payment card. In other words Treasury option 2, which he led me to believe is one which he had put forward not one which Treasury had defined.

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6. However, he made it absolutely clear that in pursuing this middle way option that BA had absolutely no intention of cancelling the payment card for convenience and picking up the costs. Equally, he doesn't see any basis whatsoever for compensation payments to ICL and does not agree that the Treasury has this right. In short he is looking to get off the payment card at no cost to BA.
7. He appears generally frustrated that he is powerless to sort this issue out in the way he wants, and was quite insistent that once a decision had been made, that this must also quickly get rid of the commercials, such that programme activity could move on without constant reference to commercial legal issues. This is something we could well agree with. We talked a bit about an approach in which the ICL costs spent, plus the ICL costs yet to be spent in total, gave us a business case with an acceptable rate of return regardless of what programme implementation was followed. I told him we had already made many proposals along these lines but that these had not been responded to at all.
8. He mentioned that the 13 week period following the "cure period letter" had now run out and gave me the clear impression that more correspondence to us was on its way.
9. Stuart Lord has left the DSS and is now working on a London Government project. George's view was this was a well planned move, was in the pipeline for some time and was therefore not a sudden decision. The new man taking over is Stephen Hickey who is now in post. He raised at the end of our meeting a number of programme related thoughts which I list below.
10. He thinks the Model Office is running one week behind schedule.
11. CAPS/BA are upset at our response to the re-plan proposal. He considers that they have worked very hard to accommodate our requirements, have shown great flexibility and feel that they are being wrongly blamed for issues within the plan, notwithstanding the fact that they themselves are absolutely on schedule and have got their foot flat on the floor to make progress.
12. He agreed that the person most effected by this was Vince Gaskill there would be benefit gained if Mike Coombs made direct contact with Vince to talk through the issues around their sensitivities.
13. He said he was personally concerned at the lack of dialogue that he was having with Post Office Counters Ltd, and in particular was critical of the fact that the Horizon Programme Board agreed to be part of the new management arrangements had not yet met. This denied him the chance to update Horizon on the CAPS progress. He compared this with his own position whereby the CAPS and Cards Board had come into effect in April, met regularly and formally and was taking input from Horizon. He found it difficult to understand why the reverse was not in place.
14. In addition, although Dave Miller attends the CAPS Board he had been expecting to see more of Mike Coombs, coming and attending with Dave and wasn't quite sure why this was not being done.

I shall follow up the commercial issues in this review with Tony and the programme issues with Mike.

Regards,

JOHN BENNETT