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Department of Trade and Industry

Copy mailed to J Peberdy
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IAN McCARTNEY MINISTER OF STATE

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FAX

MESSAGE/COVER SHEET

THIS MESSAGE IS FOR:Dave Miller POCL;
Derek Hodgson CWU
Terry Deegan CMA
Colin Baker NFSP**FROM:** Geoff Moore**TEL:** GRO**FAX:** GRO**DATE:** 20 July 1999**NO. OF PAGES TO FOLLOW:** 2 more**IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CONTACT ME
AS SOON AS POSSIBLE.****MESSAGE:**

Here are the minutes of the last Horizon Working Group meeting. Please circulate to your respective colleagues as necessary. Agenda of next meeting (27 July at 6pm) to follow, together with any papers for discussion.

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RESTRICTED - POLICY AND COMMERCIAL

NOTE OF A MEETING OF THE HORIZON WORKING GROUP

7 JULY 1999

DTL 1 VICTORIA ST, LONDON

Present:

Ian McCartney MP, Minister of State, DTI (Chairman)
Frank Doran MP, PPS to Mr McCartney
Stuart Sweetman, Post Office Counters Ltd (POCL)
Dave Miller, POCL
Derek Hodgson, General Secretary, Communication Workers Union (CWU)
Matthew Paynton, CWU
Tony Harris, Communication Managers' Association (CMA)
Colin Baker, General Secretary, National Federation of Subpostmasters (NFSP)
John Peberdy, NFSP
David Sibbick, Director, Posts, DTI
Geoff Moore (notetaker), DTI, Assistant Private Secretary to Ian McCartney (Tel no

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Main points:

1. Apologies had been received from Terry Deegan of CMA. It was agreed that the minutes of the previous meeting held on 22 June should be amended at paragraph 12, where the figure should read £68m rather than £65m (action: Geoff Moore). Mr Hodgson noted that the action point at paragraph 9 of the same minutes had not yet been picked up (action: POCL).
2. Mr Sweetman gave a report on negotiations with ICL, further to POCL's paper which had been previously circulated to group members. On rollout, a deal was being closed. The plan was to complete 99% of rollout by March 2001. Mr Hodgson thought this was quite ambitious and sought assurances that the usual health & safety and other standards would not slip. Mr Sweetman thought that neither management nor workforce should attempt to use the tight timescale to their advantage.
3. On spare capacity, Mr Miller said he had received an assurance from ICL that although capacity would not be incorporated into the full legal agreement, the amount of spare capacity within the system that could be used free of charge would be identified by ICL and confirmed in writing. This was acceptable to POCL in principle. Mr McCartney offered to write to ICL if such a confirmation was not forthcoming.
4. On acceptance testing, Mr Miller said that work was going ahead with ICL to a pre-agreed programme. Mr Peberdy asked what defined a 'high' category incident. Mr Miller said this would be one which threatened progress with the project within the agreed timescale. He did not think there would be major problems. Mr Hodgson emphasised the need for regular progress reports.

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5. However, BA were demanding their own acceptance testing and this was not acceptable to POCL, who would after all have the contractual relationship with ICL. POCL had written to BA offering to share the results of their own acceptance testing, but had not yet had a formal response. Mr McCartney suggested that if a response was not forthcoming within 24 hours, he could speak to Alastair Darling (**action: POCL to report progress**).
6. Mr McCartney reported that he had written to Alastair Darling seeking a meeting, to determine whether any help could be given to assist POCL and BA in reaching agreement on the provision of OBCS services. Mr Hodgson expressed his concern about what he saw as the lack of resources to invest in this. The level of POCL's profits presented a compelling reason to tell BA to change its position.
7. Mr Miller said it was of course planned to transfer benefit payments to ACT from 2003-2005. POCL wanted the existing 'floor' or minimum guaranteed payment by BA to remain in place unchanged until at least 2003, and for some reasonable arrangement to be out in place to cover 2003-2005. BA, however, sought to remove the floor immediately. Mr Baker thought this was an extremely serious situation, and suggested that BA be asked to come and talk to the group. Mr McCartney said that he would need to see Mr Darling as early as possible, and then report back.
8. Mr Baker said he was concerned about the issues around ACT, such as what would happen to the rump of non-ACT claimants. Mr Miller said POCL was talking to BA about this; there were suggestions that NatWest bank was particularly interested in discussions about the rump. Mr McCartney said the matter should be looked at again more closely when discussions had progressed, perhaps after the summer. He would consider sending another letter to Mr Darling, to emphasise the importance of not being tied into one particular 'supplier', and that POCL should be seen as a major contender. Mr Sibbick reminded the group of the existing Ministerial commitment to ensuring that those benefit claimants who wished to collect their benefits in cash over PO counters would continue to be able to do so.
9. Moving on to a report on the government's intention to establish an interdepartmental working group on POCL funding issues, Mr McCartney said the current speculation in the press on the future of the network was not a helpful background. Mr Baker said he thought the group should have a role in disseminating good news stories to counter the scaremongering. Mr McCartney thought the time to do that was after the July agreement on the project. He suggested that the group start work on a media handling strategy, and that each party to the group should let his office have contact details (**action: all**). Discussions on the interdepartmental work were being held with the government's Performance and Innovation Unit. There would be agreement on a lead Minister, the programme of work, etc.
10. Looking ahead to the next meeting on 27 July at 6pm, it was confirmed that POCL would send a paper on their Government Gateway ambitions to Mr McCartney's office for circulation to the group, in good time to allow for discussion of it at the next meeting.