

Mr J Bennett
Managing Director
ICL Pathway Limited
Forest Road
Feltham
Middlesex TW13 7EJ

20th May 1999

Dear John

Re: BA/POCL Project

Further to my letter of 18th May 1999, I set out a more detailed response to your letter of 12th May 1999.

We reject your allegations that we are in breach of our obligations to Pathway under the Related Agreements. We do not agree that all of the CCNs listed in the schedule to your letter are waiting for a response from us.

You have claimed that there have been a number of changes to the project which have been made outside the change control procedure. As we have consistently informed you, any reliance by Pathway on such changes is made at its own risk.

With regard to the £8m which you say HMT has agreed to pay Pathway, POCL is not a party to any agreement with ICL or ICL Pathway pursuant to which it is obliged to make such payment.

We continue to reserve all of our rights in respect of your past performance of our contracts and reject any claim that we have waived any such rights.

In light of the above, our response to your request that we reconsider paying Pathway on a time and materials basis is the same as that in our letter to you of 30th April 1999, namely, that unless and until formally agreed otherwise, we cannot accept any obligation to pay Pathway except on the same basis as set out in the Related Agreements.

Yours sincerely

Dave Miller

*Keith says below
Gone to ICC today*

GRO

Richard Christou
Director of Commercial and Legal Affairs,
ICL
26, Finsbury Square,
London
EC2A 1DS

20 May, 1999

Dear Richard.

Thank you for your letter of 12th May, 1999 which I received on 13th May, attaching an invoice from ICL Pathway for £8 million (invoice number 990662).

Your invoice refers to an agreement between yourselves and Steve Robson of the Treasury. As you will appreciate, Post Office Counters Ltd. is not a party to that agreement, and I have to inform you that at present I am unable to authorise payment. I suggest that you discuss any concerns you have as a result of this situation with Steve Robson, to whom we copied your invoice on 13th May.

Yours sincerely,

KEITH BAINES
Head of Horizon Commercial

cc Steve Robson
David Sibbick
Tony Oppenheim

21 MAY '99 09:44

P.2

Vince Gaskell
Room B2506 Annex
DSS Longbenton
Benton Park Road
Newcastle upon Tyne
NE98 1YX
21 May 1999

Bruce McNiven
2nd Floor
King Edward Building
King Edward Street
London EC1A 1AC

Dear Bruce

Thank you for your letter of 20 May.

As I indicated to you during our telephone conversation yesterday, the reports I have received following the Data Centre Migration differ to the information you have now provided in your letter about the scale of the problems that have arisen.

Clearly this needs to be checked thoroughly and the underlying causes investigated. That should always be the case in incidents of the kind that arose last week including whether problems should have been identified earlier at the testing or implementation rehearsal stages.

Once I have received a further report from the CAPS Team and Line Management at Child Benefit Centre, I will let you have a fuller response, but at this point I have no reason to change what I have said previously.

GRO

~~VINCE GASKELL~~
PROGRAMME DIRECTOR
CAPS PROGRAMME



Vince Gaskell
CAPS & Cards Programme Director
Benefits Agency
DSS Longbenton
Benton Park Road
Newcastle upon Tyne
NE98 1YX

Post Office Counters Ltd

20th May 1999

Dear Vince

Re: Treasury Discussions

We spoke yesterday about the statements made last week regarding emergency payments to card customers.

During our conversation you said the problem had been referred to as "potentially affecting 997 customers". The recollection of those at the meeting from POCL is that emergency payments had, or would be made to all 997 customers. In now appears, and you confirmed, that few payments have been made.

At the Horizon Service Review meeting yesterday, attended by BA/CAPS representatives, the position established was that there may have been a problem in the Pathway domain that caused some payments to be visible at the payment card helpline but not at the counter. ICL Pathway are investigating the position and to date there have been 20 customers affected. In these circumstances emergency payments would not necessarily arise.

In addition, 30 customers were issued with new cards caused by an erroneous codes file. This meant that the customers card was cancelled and payments could not be collected until the new card arrived. This is also being investigated. We do not know the implications of this for emergency payments but believe it to be low.

All of this is clearly important and requires a resolution but is some way from the position reported by you last week and which impacted the tone of discussions.

Our knowledge of the position up to Friday was limited to a non specific indication to our Service Management people earlier that day of a potential problem. Apart from that, I had a discussion with Val Curran last week when she explained the cautious approach adopted by BA/CAPS over the sign-off for the Data Centre Migration activity on the weekend of 8th/9th May.

If I have misinterpreted the position you will of course let me know, but I have to refute the impression of the situation gained by the POCL representatives, and others, at last weeks meeting.

Yours sincerely

GRO

Bruce McNiven
Director, Horizon Programme

c.c. Stuart Sweetman
Dave Miller

WORD\Letters 99\Gaskell 2005.doc

Post Office Counters Ltd
King Edward Building
King Edward Street
London
EC1A 1AA

Telephone **GRO**
Facsimile

Post Office Counters Ltd Registered in England
No: 2154543 Registered Office King Edward Building
King Edward Street London EC1A 1AA