

file MDX



DEPARTMENT OF SOCIAL SECURITY

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Telephone **GRO**

From the Parliamentary Under Secretary of State for Social Security

RESTRICTED - POLICY AND COMMERCIAL

The Rt Hon Margaret Beckett MP
President of the Board of Trade
Department of Trade and Industry
1 Victoria Street
London
SW1H 0ET

12 November 1997

Dear Margaret

AUTOMATION OF POST OFFICES AND BENEFIT PAYMENTS

I have now seen your letter of 17 October to Alistair Darling and his response to you of 28 October about the need to discuss questions affecting the future of the Payment Card programme and the post office network in the round.

You are aware of the repeated delays which have beset this large and important IT programme which is jointly sponsored by DSS and Post Office Counters Limited (POCL). It is a massive challenge, particularly for POCL. They, for the first time, must manage and control the development, installation and support of a sophisticated IT system across their entire network. This would be a daunting task even for an organisation with previous experience of this scale of IT programme.

My officials continue to give the highest possible priority to working with POCL and ICL Pathway towards identifying an acceptable plan to successfully implement the Card Payment programme. There is, however, no guarantee that the programme can succeed on its original terms. It is therefore only prudent to begin examining alternative means of benefit delivery that would also support our wider objectives of reducing fraud and providing an efficient and cost effective means of paying benefits.

I should be in a position to fully understand all my options and to recommend a way forward after the Christmas recess. Delaying a decision beyond that timescale will inevitably bring added risks to my Department's work programme. It would, for example, complicate the contractual position with ICL Pathway; involve further significant spending which might ultimately be nugatory; and it would continue to hold up other DSS IT work programmes which are essential to our aims of securing a modern welfare delivery system.

I do, however, share your growing concern about the future viability of POCL. I also support the approach which Alistair has suggested although I would be concerned if we became tied to a CSR timetable which delayed, unnecessarily, the decisions which need to be taken. I would therefore propose that my officials contact your's straightaway so that we can start to build a common understanding of all the issues.



E.R.

I am copying this letter to Tony Blair, John Prescott, Alistair Darling, Donald Dewar, Mo Mowlam, Ron Davies, Gavin Strang and Sir Robin Butler. / *Presat / Lamber*

John Denham

JOHN DENHAM

cc: SoS
to MOS
file PSL
PSC(KB)
Permanent Secretary
Mr McTernan, SpAdv
Ms Kendall, SpAdv
Mr Kelly, PG
Mr Tross, DCM
Mr Mathison, BAKE
Ms Morgan, SA
Mr Magee, ITSA
Mr Riggs, BAFD
Mr Lord, AFD
Mr McCorkell, BA
Mr Whippman, PS
Mr O'Neill, INF
Mr Edwards, BA CCB

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