

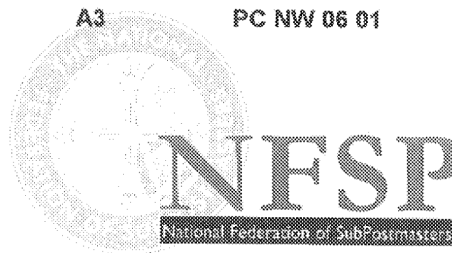
CIRCULATION: NATIONAL EXECUTIVE COUNCIL

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24 June 1999



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CIRCULATION: NATIONAL EXECUTIVE COUNCIL

General Secretary: COLIN BAKER
Assistant General Secretaries
KEVIN DAVIS • PAUL HEASMAN

Dear Executive Officer

You will recall at our Special Executive Council Meeting on Friday 11 June the National President provided POCL with a series of correspondence identifying the difficulties which have been experienced by subpostmasters trying to manage the new balancing arrangements on the Horizon platform and other difficulties with the automation system.

Please see attached a letter from Dave Miller which goes some way to explain the problems and corrective action which has been taken. This is clearly a subject which we will remain fully involved and maintain the pressure on POCL to meet the timescales required.

Further discussions will take place with Dave Miller and we will keep the Executive Council advised of progress.

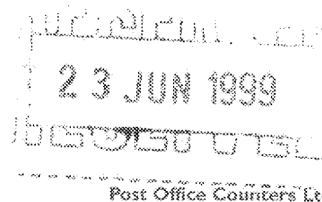
Yours sincerely

GRO

COLIN BAKER
General Secretary

Enc:





Post Office Counters Ltd

Colin Baker
National Federation of Sub-Postmasters
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22 June 1999

Dear Colin,

I am replying via you to Jean Kendall who provided us with details of the key concerns raised by subpostmasters in her area. As you know we have held a series of meetings both in North East and South West with the offices involved in the initial upgrade to the new release. Through these meetings we were able to identify the same items you have raised and these are now all in the process of being dealt with through our negotiations with ICL Pathway. However, it is also the case that we have some very tight timescales in which to convert the Heads of Agreement drawn up by the Treasury and the DTI into a revised contract structure. Unfortunately, our room for manoeuvre has been constrained and we are working extremely hard to ensure all the key issues are identified as part of the acceptance process.

That is the context in which we are operating but I would also like to deal with the main points you have raised in the order you have presented them in your letter.

SURVEYS

I am very sympathetic to the kinds of improvements which subpostmasters would like to carry out because they represent a significant opportunity to improve the retail standards across the network. We have tried to give subpostmasters as much information as possible about the way they will be impacted by the programme through advice given to RNMs and, of course, the information events to which each subpostmaster is invited when they join the programme. Once survey dates are confirmed however, we are locked into an agreed process which sees each office through to eventual go-live. If an office "falls out" at the

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survey stage, there is a significant cost implication not only because that part of the process has to be abandoned but when offices come back into the programme, it will have to be repeated. Everytime this happens, we are potentially penalising the rest of the network in terms of the amount available for modifications and in addition, running up a financial risk to the business in terms of the overall cost.

We have tried to explain this as much as possible but any suggestions about improvements to communication would be helpful.

Through application of the agreed ergonomic standards, we have tried to ensure an acceptable working area is always made available but I also accept there may be occasions where space is constrained. If an office has to go to resurvey, there is always a member of our staff on hand to provide advice.

MODIFICATIONS

I am pleased your feedback is that the work is now being carried out well and that is because we were able to increase the financial headroom available to us through additional investment by the business. This is being reflected in the installation procedures which again, for the main part, you regard as proceeding reasonably well.

TRAINING

This is probably our greatest area of concern and is being pursued vigorously with ICL Pathway. The areas you have identified such as balancing and cash account are part of the redesign which is currently taking place and is based on subpostmasters real experience.

You have suggested a potential way forward would be to install the kit and provide on the job training. Although sympathetic to the benefits this would achieve, there is a programme of training for 72,000 people and doing it office by office would not only extend the programme but also be prohibitively expensive. We ploughed in an extra £8m some time ago to extend the training to its current level. Our feedback suggests the transaction based training is going reasonably well with the outstanding difficulties around balancing which we will improve.

MIGRATION

This was one of the areas where there was significant risk to underlying office accounting and the potential time required to complete the data transfer. Our experience suggests this has been a success with the additional 100 offices completing in significantly less time than the original 200, where the system had to both download and then reload before it could go live.

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OPERATIONS

Many of the issues concerning the availability of some products on screen have already been addressed and will be resolved through the application of additional reference data information which is at the heart of the system. We realised at an early stage that the records held by the business of which outlets conducted particular product transactions were inaccurate. Through the work already completed, we now have to resolve only a relatively limited number of discrepancies including those you have identified.

BALANCING

Your concerns about printing, re-declaration of stocks, the identification of first and second class stamps and postal orders are already in the process of resolution and a software drop in July will deal with them. However, there are issues around the balancing process which are part of the training response and have yet to be satisfactorily addressed by Pathway. Clearly, this is something on which we will base our decisions about acceptance and rollout.

HELPDESK

The callback issues you have raised are not acceptable and Pathway, through their own observations, are addressing this. I believe the helpdesk support is fundamental to the success of rollout and we are well on the way to the establishment of a national business service centre which will provide the necessary levels of support when we reach the peak rollout rates in early 2000. The position for on-line lottery offices is also being reviewed but I cannot at this stage say we have found a solution to this complex issue.

BARCODING

The pressure is being kept up on BA to improve the quality of barcoding and I believe that will provide an answer. In the meantime I have to reiterate that subpostmasters should follow the procedures laid down.

I am keenly aware of the pressures and concerns experienced by the subpostmasters at the front end of automation. Subpostmasters feelings of incompetence and abandonment really do hit us hard and understanding their experiences at first hand has been the single most important lesson we have all learned. It would be wonderful if everything was perfect from the beginning but one of the reasons for the trial approach was to drive out these issues before we embark on rollout. From that perspective it has been successful but we never intended that people should experience such difficulties. As well as trying to reassure

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people of the value of their involvement, we are also looking sympathetically at some of the cost issues and I hope to be able to help in this regard very soon. The issue will be discussed with you later this week. In addition, we will be setting up user groups in the two regions to ensure there is an ongoing learning process based on feedback from those in the front line.

It is a huge subject - there is nothing bigger facing us in the business. I hope this response goes some way towards reassuring you that we will continue to take, and respond to advice from subpostmasters and their representatives.

GRO

for DAVID MILLER

COPY: Jean Kendall - NFSP

Filing PO NW 06 01

**HORIZON WORKING GROUP
SECOND MEETING 22 JUNE 1999**

AGENDA

1. Minutes of first meeting 8 June 1999.
2. Report by Post Office on PO/ICL and PO/BA negotiations.
3. Discussion of PO/ICL issues.
4. Conclusions PO/ICL issues.
5. Discussion of PO/BA issues.
6. Conclusions PO/BA issues.
7. DTI - led interdepartmental study of network issues
8. Confirmation of next meetings and business to be taken;
7 July 1999 3pm ; review of likely outcome of negotiations
27 July 1999 3.30pm (*bpm* ?); agreement on milestones for continuing programme