



May  
Any ministerial evaluation

DEPARTMENT OF HEALTH & SOCIAL SECURITY

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From the Secretary of State for Social Services

The Rt Hon Michael Heseltine MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
LONDON SW1

15 May 1980

Dear Michael,

R/MS

PSA CUTS

You copied to me the correspondence which you have been having with Paul Channon and John Biffen about the further cuts in PSA's resources, and your ability to provide for the new starts which were previously in the programme. You asked colleagues to consider whether there were any schemes which were important in the national interest and which could not be deferred, or whether there were any schemes which they judged to be so important that they could find the necessary funds for a start from within their own resources.

Since our estimating has been done on the basis that PSA would provide our accommodation services under the normal rules, I am not able to predict confidently that any resources would be available to be diverted to finance the major schemes. However I am seriously concerned that once again we are unable to maintain the impetus in our programme of local office improvement. Conditions in many of our local office buildings are really deplorable and lead to inefficiency and high turnover - points on which Sir Derek Rayner has already commented. There is no doubt in my mind that the Staff Side will react very unfavourably to a further deferment of the programme and for this reason I am considering whether I might be able to find a small sum (certainly no more than £½M) this year which might enable me to do something to secure some progress at for example Berwick ILO, Bell Hill AO and Holyhead ILO. If I find that this is possible we would of course be needing moneys for the completion of those programmes which extend into 1981/82.

But this means that the programmes for the local office computerisation of benefits (Camelot), the much overdue upgrading of Alexander Fleming House, and an urgent new provision for accommodation in Newcastle to provide for the scheme for automatic credit transfer (ACT) of pensions and other benefits through the banking system (a Rayner scrutiny proposal) would fall. Most immediately I am concerned to see progress in the provision of the accommodation for ACT at Newcastle so that we can introduce, in June 1982, a scheme on which I, and our colleagues, set great

store as a major move towards promoting further efficiency and economy in the costly area of Government activity for which my Department is responsible and which should realise actual cash savings of some £7M. I hope therefore that you will be able to consider the provision of what PSA estimate to be some £400,000 in 1980/81 (with a balance in 1981/82) to enable this new but important project to move forward.

I hope that our officials might find some solution to the problems of Alexander Fleming House, which if solved should enable me to give up some 50,000sq ft of office space.

But I have a major concern for the implications for 1981/82. Not only would I hope that some provision might be made to enable me to alleviate the atrocious conditions in many of our offices but I would like to be certain that resources will be available for the critical Camelot project (which occupies a key role in my overall social security strategy and even after the introduction of ESSP offers savings of over 3000 staff), for the new computer building at North Fylde Central Office which has been the subject of joint planning for some years and must be ready in 1982/83, and for a similar building at Livingston where the effective life of our computers is also coming to an end.

Finally, could I mention the OPCS project at Titchfield. PSA are discussing an alternative and more economical approach to this, but OPCS require a small sum, £65,000, this year for preliminary work on the scheme, without which the success of the census processing cannot be assured.

Your ever  
Patrol



16 MAY 1980