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*Panic Minutes 2*

*To note - the possibility of going for single-tender seems to be slipping because of all the work that has to be done before the 1 Jan deadline. Mr Piar*

October 1980

*here agrees that we should proceed with ICL come what may. A further E discussion is likely to be necessary.*

*ICL has to be considered and all necessary work must be done. I will see whether I can do it.*

*cc Mr Dwyer  
Mr Wolfson*

COMPUTERISATION OF PAYE

*Play A*

I have seen copies of Christopher Soames' letter to you of 26 September and the Attorney General's of 1 October.

I must say that I found Christopher's letter disquieting. Two months after we considered this question in E Committee we are told that after all we may be forced by pressure of time to put this contract out to open tender, with the strong implication that we shall then be unable to prevent its going to IBM.

I do not want to repeat here all the industrial and political arguments in favour of the single-tender system in this case: I will simply say that I agree that they are "overwhelming", as Keith Joseph put it at the meeting of E on 16 July. I respect the reservations about this course of action which were put to us then on 7 August. But in essence they are arguments against our having a public purchasing policy at all. The existence of such a policy necessarily means that we must at times like this take a longer-term view and be prepared if necessary to sacrifice a short-term advantage - although, as pointed out at our last meeting and by the CPRS in their paper (E(80)90), the IBM equipment by no means guarantees such an advantage.

I strongly believe that we should now proceed on the basis that this contract will be awarded by single tender, and that in view of all the legal and other complications to which Christopher has drawn attention we should agree to beat the 31 December deadline by concluding a contract with ICL before then. This should impose the condition on them that they must demonstrate the feasibility of their proposals by mid-1981, or whenever is judged a reasonable date. I believe this would fully respect the spirit of the conclusions we reached at E on 7 August.



If we were to allow the contract to go to IBM we would run the risk of uniting all shades of opinion in the Commons and the country against us. I hope therefore that we can agree in correspondence to proceed on the basis I have suggested. But if not I strongly recommend that we should consider this question again at a very early meeting of E Committee.

I am sending copies of this letter to the Prime Minister, other members of E and the Attorney General, and also to the Treasury Solicitor and Sir Robert Armstrong.

*Yours  
John*