



Cost
Memo

PRIME MINISTER

COST OF BALHAM JOB CENTRE

I have seen Jim Prior's minute to you of ^{at 8.00} 8 May about this project.

It illustrates one important point we shall have to watch when we move to repayment for PSA services for Government departments. My officials have been discussing with PSA the rule they follow with their existing repayment customers, like MSC, that, where unforeseen costs arise, and even if attributable wholly or in part to PSA's own actions, the repayment customer has to meet the extra cost.

I think we must reconsider this rule during the planning for repayment. The main reason for agreeing to the move to repayment was to encourage cost-consciousness and greater management responsibility in the use of accommodation on the part of customer departments. We must ensure that similar considerations apply where the responsibility for incurring expenditure rests principally with PSA. I have asked my officials to pursue this further with PSA.

I am sending copies of this minute to Michael Heseltine and Jim Prior.

L.B

LEON BRITTAN

18 May 1981