RC

2.

Prime Minister

MAP 4/VI

Prime Minister

At our lunch time meeting on 14 May, colleagues mentioned the difficulties we sometimes meet in the process of obtaining equipment for departmental use. You asked for a note.

Last year, for example, in the aftermath of industrial action at our Child Benefit Centre at Washington, heavy arrears of work accumulated and we received a large number of complaints. Lynda Chalker investigated this with officials and decided that an improvement could be made if facilities could be introduced which would enable urgent enquiries to by-pass the normal computer input system. The cost of the computer equipment was estimated as £68,000 but initially, in spite of the low cost and disregarding the urgency of the problem, the CSD(CCTA) wanted to go to open tender which would have delayed placing an order by six months. In the event, after Lynda had written to Paul Channon and then had had a meeting with him, single tender was adopted and the equipment installed 14 weeks after the issue of the operational requirement.

This simple illustration highlights a difficulty we come against with some regularity. Namely a conflict between, on the one hand, the Department's operational requirements or objectives and, on the other, the CCTA's regard for the propriety of the procurement process. We had similar problems last year with our project to pay incapacity and supplementary benefits by computer, (CAMELOT), which will eventually save 2,800 staff, and more recently with our scheme to computerise the General Index at Newcastle which will save a modest 200.

While we appreciate that procurement processes are important and that they have been developed over many years, in the event they cannot override absolute operational requirements and there must be occasions when, though not essential, achieving objectives is more important than slavish compliance with the rules. It is difficult to get this message over to those responsible, day by day, for procurement of equipment.

I do not think that this requires your intervention. Lynda Chalker, as I have said, has made contact with Paul Channon on it and I think my copying this minute to the Lord President will alert him to our concern.

PJ.

4 June 1980

P. J.

VLB

FILE

cc CSD

5 June 1980

The Prime Minister has seen Mr. Jenkin's minute of 4 June, following up his discussion with the Prime Minister about the difficulties sometimes encountered in obtaining equipment for Departmental use.

The Prime Minister has noted that your Secretary of State is confident that the matter is being tackled properly between Mrs. Chalker and Mr. Channon. As he will know from the session which he and his colleagues had with the Prime Minister, she is keen to ensure that obstacles to improved office technology are minimised. She would therefore be interested to be kept informed about further developments on this front.

I am sending a copy of this letter to Geoffrey Green (Civil Service Department).

M A PATTISON

Don Brereton, Esq.,
Department of Health and Social Security.

Sl

Prime Minister
This may be selective reporting, but is reasonably encouraging. MAP 20/VI

PRIME MINISTER

Patrick Jenkin minuted you on 4 June about the installation of computer equipment.

I am very anxious that there should be no unnecessary delays on this front and am in the course of delegating to Departments the purchase of small computers.

Patrick Jenkin refers to three DHSS cases. The Child Benefit equipment which I discussed with Lynda Chalker last autumn was acquired by competitive tender at less than half the cost quoted for single tender. We got it for £33,000, and the original quote Patrick Jenkin refers to was £68,000. We also did it in three months without holding up the project.

The General Index computer is being acquired by single tender to ICL under the present procurement policy. A discount of £250,000 has been obtained after the procurement negotiations, as well as contractual safeguards about reliability and service. The required delivery date has never been in danger.

I am not so happy about the CAMELOT story. So I have already set in hand a review of the whole procurement procedure to see how it can be speeded up and improved. I will keep you in touch with this and talk to Patrick Jenkin about any problems he may have.

In general, Departments can and should plan ahead to allow time for the procurement process which can save large sums of public money as well as protecting the Government from charges of unfairness between suppliers. Of course, if there are sound arguments we can speed up the procedures in essential cases.

I am copying this minute to the Chancellor of the Exchequer and the Secretary of State for Social Services.

P.C.

PAUL CHANNON
18 June 1980

NOR
Civil Service

10 DOWNING STREET

From the Private Secretary

20 June 1980

The Prime Minister was grateful for Mr. Channon's minute of 18 June, about the installation of computer equipment.

She has noted the individual case histories which he mentions and is encouraged to note that Mr. Channon is ensuring that the procurement system is sufficiently flexible to cope with special cases. She hopes that the further delegation of authority to departments in this field will help meet some of the problems outlined in recent exchanges on this subject.

I am sending copies of this letter to Martin Hall (HM Treasury) and Don Brereton (Department of Health and Social Security).

M. A. PATTISON

G.E.T. Green, Esq.,
Civil Service Department.

cc.