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## CABINET OFFICE

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From the Secretary of the Cabinet Sir Robert Armstrong KCB CVO

Ref. A03968

12 January 1981

### Prestel

The CSO has been providing a wide-ranging statistical service via Prestel since 1975. It has never been self-supporting and in 1979/80 its net cost was £25,000 per annum.

The Rayner team reviewing the CSO recommended that the CSO should withdraw from Prestel, on the grounds that it was unlikely that income would ever catch up with costs and that in any event Prestel duplicated CSO's publications.

In submitting the Rayner team's report to the Prime Minister, John Boreham and I accepted that, if cost effectiveness was to be the decisive consideration, the CSO should come out of Prestel, but we noted that the wider interest of the Government in promoting information technology, might justify the costs of the CSO staying in Prestel. It could be argued that it would hardly be seen as consistent with the Government's policies for promoting the development of information technology, if the Government itself were to be seen to withdraw its own input from this particular British development.

The Prime Minister thought that, as there was no strong CSO interest in staying in Prestel, the Cabinet Office vote should not bear the cost of the CSO service to Prestel. She suggested that, if British Telecommunications regarded the CSO service as an important means of attracting subscribers to Prestel, they should meet the cost. Alternatively, if it was felt that the CSO should stay in Prestel as a demonstration of Government support for the development of information technology, it was suggested that it would be appropriate that the Department of Industry should bear the cost.

If it can be agreed in principle that British Telecommunications or you will fund the CSO service, the CSO are ready to discuss details with your people, including ways of reducing the deficit by developing the service more in line with potential customers' needs and by increasing the charges. The CSO contact is Ian Arnison, Head of the CSO Information Branch.

/ I should

Sir Peter Carey KCB



I should add that there is some pressure on the CSO just now from British Telecommunications to sign a new contract for the Prestel service. The deadline was 31 December 1980 but the CSO have obtained an extension of a fortnight. They can probably arrange a further extension to the end of January, but I hope it will be possible to decide one way or another before then.

I am copying this letter to Robin Ibbs, John Boreham and Michael Pattison (No 10).

ROBERT ARMSTRONG

13 JAN 1981







Sir Peter Carey KCB  
Permanent Secretary

*Earl. Mad*

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27 January 1981

Sir Robert Armstrong KCB CVO  
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*Dear Robert,*

CSO AND PRESTEL

Thank you for your letter of 12 January asking whether we thought it would be appropriate for this Department or British Telecommunications (BT) to provide funds to keep the CSO's information on Prestel.

The Department has discussed the position with the CSO and BT. BT do not feel it is in their interest to subsidise information providers to Prestel.

We would like to consider the CSO's problem in the wider context of the Government's role as an Information Provider to Prestel, and we have agreed with Ian Arnison of the CSO that IT(O) should consider and reach a view on the matter within the next few weeks.

In the meantime temporary arrangements have been made with BT for the CSO to keep their information on Prestel without renewing their contract.

I am copying this letter to recipients of yours.

*Yours ever,*

*Peter*

Peter Carey