



CCBG

PRIME MINISTER

PROCUREMENT OF MAINFRAME COMPUTERS

You will recall that after consultation with the Law Officers I wrote to you and colleagues on E(A) Committee last July seeking agreement to procuring mainframe computers for our Local Office Project (LOP) by a single tender to ICL. This approach was endorsed by E(A) at its meeting on 29 July and I announced the decision, along with the go-ahead for a LOP prototype, on 11 September. The purpose of this minute is to seek your agreement to a framework for handling future mainframe procurements so as to avoid the need for detailed consideration in Cabinet Committee on each occasion.

The principal reason for a single tender approach for LOP was that our aim of a fully integrated computer system was only attainable if all mainframe computers shared the same technical architecture. This meant choosing one supplier for all strategy mainframes and in view of my Department's existing investment in ICL equipment and software it was essential that the supplier chosen be ICL. These considerations apply to future mainframe procurements within our Departmental Central Index (DCI); subsequently we shall need new mainframes to replace existing ICL systems where we will be retaining (and enhancing) the ICL based software. We therefore need to establish a clear basis for handling these procurements.

My officials have discussed the proposed procurement approach with their counterparts in the Treasury, CCTA, DTI and the Treasury Solicitors. The way forward has been agreed and the projects requiring a single-tender approach to ICL have been identified. The attached list gives brief details. Unless you or colleagues see any difficulty, I would propose simply to give advance notice of each procurement decision to the Chancellor of the Exchequer, the Solicitor General and the Secretary of State for Trade and

E.R.

Industry. I would hope this minute could be regarded as serving that purpose for the DCI procurement, which is due to start with the issue of an Operational Requirement next month.

I would be grateful to know of any reservations about this approach by 7 April.

I am copying this to members of E(A), Sir Geoffrey Howe, Sir Michael Havers, Sir Patrick Mayhew and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'N.F.' or similar, written in a cursive style.

27. March 1986

N F

PROJECT/FUNCTION	HARDWARE OR SOFTWARE TO BE PROCURED	REQUIREMENT	VALUE REQUIREMENT	DATE FOR ISSUE OF OPERATIONAL
<u>Departmental Central Index (DCI)</u>				
Will provide an essential tracing service for all social security computer systems.	Both.	Six 2988 mainframes or one 3900 series level 80/2 dual node Estriel	£5.5 million.	April 1986
<u>Retirement Pensions</u>				
This project will replace the existing ICL mainframe computers handling Retirement pensions as they near the end of their lives. The system will also be redesigned to bring it in line with Operational Strategy standards thus facilitating integration with LOP and other systems.	Hardware	Mainframe computers (exact number still to be determined)	£9 million	July 1986
<u>National Unemployment Benefit Systems (NUBS)</u>				
This project involves the replacement of the existing ICL mainframe computers and redesign of the system to permit future integration with the rest of the social security computer network.	Both	Possibly 10 mainframe computers	£28 million	1987-88
<u>National Insurance Contributions</u>				
The ICL hardware serving the existing system will be due for replacement towards the end of the decade. The software will be simultaneously enhanced to provide local office staff and other computer systems with direct access to records as a step towards a fully integrated social security system.	Hardware	6 Mainframe computers	£7 million	1986-87
	Software	Annual licence	£250,000	

PROJECT/FUNCTION

HARDWARE OR SOFTWARE
TO BE PROCURED

REQUIREMENT

VALUE

DATE FOR ISSUE OF OPERATIONAL
REQUIREMENT

Child Benefit

Like Retirement Pensions, this system will be redesigned in line with strategy standards as the hardware nears the end of its life.

Both

Detailed mainframe requirements not yet determined

£7.8 million

1990

SOCIAL SERVICES: Long Term Strategy: Sept. 1980



10 DOWNING STREET

7 April 1986

From the Private Secretary

Dear Ales,

The Prime Minister has now seen your Secretary of State's minute of 27 March about the procurement of main frame computers. She has agreed to your Secretary of State's proposal and in particular to the single tender approach to ICL. She very much hopes however that your Department will be making arrangements to ensure that ICL deliver on time and to specification given the substantial computer contracts over the next five years which they are being guaranteed. Moreover, she further hopes that your Department's undertaking to put as much of its computer requirements as possible out to tender will be carried out.

The Prime Minister would wish to be assured that the computer terminals, the communications network linking them together and the software programmes will all go out to competitive tender. Perhaps you could arrange for comments on both these points to be provided as soon as is appropriate.

I am sending copies of this letter to Private Secretaries to members of E(A), Tony Galsworthy (Foreign and Commonwealth Office), Michael Saunders (Law Officers' Department) and to Michael Stark (Cabinet Office).

Yours
Tim F.

(TIM FLESHER)

Giles Denham, Esq.,
Department of Health and Social Security.

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