

PRIME MINISTER

PROCUREMENT OF MAIN FRAME COMPUTERS

E(A) decided last July to buy main frame computers for the Local Office Project (LOP) by single tender to ICL. The LOP covers the non-contributory means-tested benefits. Norman Fowler now wants to procure replacement computers, totalling about £50m, to handle the contributory benefits by single tender to ICL as well. This is consistent with the E(A) decision last July, and I recommend you agree.

But you may want to add two comments. First, a Government committed to free markets can never be entirely happy with single tenders. Norman Fowler must keep his promise to put as much of his computer requirements as possible out to open tender. He should be able to assure you that the terminals, the communications network linking them together, and the software programs will all go out to competitive tender.

Secondly, the DHSS admitted in their paper last July that ICL have a reputation for delivering equipment late and with technical faults. ICL will be facing the juicy prospect of a lot of guaranteed computer contracts from the DHSS over the next 5 years. What arrangements will the Department be making to keep pressure on ICL to deliver properly working equipment on time?

David Willetts
DAVID WILLETTS

Pine Mark

Agree Mr

Fowler's proposals
4 April 1986 subject

to the caveats
suggested by David
Willetts 2

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