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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

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MO 8/14

6th May 1980

Dear Michael,

PSA EXPENDITURE ON NEW WORKS  
IN THE CIVIL ESTATE

R 8/5

You sent me a copy of your letter of 16 April to Paul Channon about the public expenditure provision for the PSA for new works in the civil estate, and I have also seen a copy of John Biffen's letter to you of 30th April.

There are two Defence projects which are shown in Part D of the table attached to your minute to the Prime Minister of 24th March. Both are associated with new computer schemes which are urgently required: the schemes involve the Defence Situation Centre and the Defence Data Processing Service.

New computer equipment has already been ordered for the Defence Situation Centre to assist with crisis management. Delay in providing the £160,000 required for the works services will mean that not only a much-needed operational improvement will be delayed but also that a system costing more than £500,000 will lie idle, and we shall be unable to make use of the opportunity provided by a major crisis management exercise in early 1981 for testing and evaluating it. I hope

The Rt Hon Michael Heseltine MP

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very much therefore that funds can be found to enable this operational Defence project to start on time.

The Defence Data Processing Service is a computer bureau which processes a variety of Defence data, including intelligence information. Its present computers are becoming increasingly unreliable and must be replaced urgently. I could, however, accept a delay of not more than one year in the works associated with the replacement scheme, provided that we can agree to give the works a firm place in the 1981/82 programme and that PSA can find enough money to enable the new computers to be installed on a temporary basis in the existing accommodation (which is inadequate and has only a temporary life). I am afraid there is no prospect of my being able to fund this project from the Defence Budget given the cuts I am already having to make in the defence programme to meet the new financial targets we have agreed.

I am copying this letter to the Prime Minister, Cabinet Colleagues, Norman Fowler, Paul Channon and Sir Robert Armstrong.

*Janet*

*John*

Francis Pym

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1-7 MAY 1980

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