



DEPARTMENT OF HEALTH & SOCIAL SECURITY

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From the Secretary of State for Social Services

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Dear Willie

CAMELOT

I understand that in the course of a recent honours submission Sir Robert Armstrong referred to the Public Accounts Committee's likely forthcoming comments on this Department's "Camelot" computer project for our local offices and promised a note for the Prime Minister on it.

DHSS has a massive computer base and is one of ICL's largest customers. Apart from mini- and micro-computers, we currently have 22 large ICL computers successfully in operation. The DHSS computer complex at Newcastle servicing the central social security systems is one of the largest in Europe; during the last year two of its major units have been updated satisfactorily with new ICL equipment. Also in the last year major extensions to the DHSS National Unemployment Benefit System computers at Reading and Livingston have been ordered, installed and successfully brought into operation, to handle the rising number of claims from the unemployed. The Department could not now function without its computer capability.

The Camelot project is intended to extend computer capacity to local offices, to assist in calculating and paying sickness benefit and in paying and uprating supplementary benefit. Computer equipment was ordered from ICL on rental terms in July 1979, when detailed design of the computer system and computer programming began.

The project had reached the stage of computer systems trials when, in July 1981, the project manager reported that serious difficulties had arisen. Immediately independent consultants, LEASCO Ltd, were called in to assess the project. Their detailed appraisal concluded that because of faults in the program design, it would not be sensible to try to implement the project as it stood. They recommended that the only option, short of abandoning all the work that had been done, was to conduct an intensive reappraisal and redesign.

The immediate responsibility for this setback must rest with project management both in the Department and in ICL. Our own central management arrangements were also defective in that they did not pick up at an early stage signals that the project was getting into difficulties; a fault which has now been corrected.

Prime Minister: civil Service

You will recall that Sir Robert Armstrong reported that the PAC was likely to report adversely on Camelot. This note explains the background.

It seems to be something of a sorry story, for which DHSS and ICL bear some responsibility. The revisions made to the project are however

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much more promising, a particular offering substantial staff savings

TF

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attached

The same applies to ICL: and we believe that Mr Robb Wilmot has reacted similarly. As soon as the consultants' findings were available, work on the project was stopped and a new project manager was appointed to retrieve our position. Staff no longer needed were dispersed, and equipment no longer needed was returned to ICL.

My Secretary of State concluded that the project should not be abandoned but should be revised and redesigned, as the consultants advised; and he directed that work should be pressed forward with the revised project, now known as The Local Office Project (LOP), since the need to bring computerised assistance to local offices remains as urgent as ever. A full design study is now in hand, conducted in close association with CCTA and using appropriate computer management techniques.

This design study will be submitted to Ministers in the Spring of next year when a decision will be taken on the next stage of development. Although initially the project will deal with the same local office tasks as Camelot, it is now being designed as part of the Department's new Operational Strategy for social security, which is at present being developed by Ministers (and was the subject of a presentation to the Prime Minister's IT Advisory Panel on 7 May). The intention is to design the LOP system so that it will be capable of expansion to deal with other important local office work, such as the assessment of entitlement to supplementary benefit, and so in the longer term make very substantial staff savings. The Operational Strategy Working Paper, which it is hoped to publish as a Consultative Document in July, will be submitted to the Prime Minister for her approval shortly.

Prime Minister:
You have
already
seen this
if.

ICL are naturally concerned that they should be on the inside track for the equipment for the LOP, since they were to have been the suppliers for Camelot. It has not been possible to give them any undertaking that there will be single tender, but in view of their long involvement in the Department's computer developments and our dependance on their capability they have been given a copy of the draft report on the Operational Strategy, and arrangements are being made during the design stage of the new project for them to have regular access to the project manager. These special facilities, which we regard as wholly justified, have not been extended to any other company, and must therefore be treated as "commercial-in-confidence". ICL have asked if the Department would consider any proposals they care to put forward at an early stage and have been assured that these will be looked at carefully.

I am copying this letter to John Kerr (HMT) Jim Buckley (Chancellor of the Duchy of Lancaster) and Jonathan Spencer (Department of Industry).

Yours ever,

David

D J CLARK

COMMISSION

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