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PPS.

## DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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*From the Minister of State for Social Security and the Disabled*

The Rt Hon Kenneth Clarke QC MP  
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17 JUN 1986

*Ken*

HUYTON LOCAL OFFICE

*mt*

Prime Minister 2  
 I have asked  
 for a full report on  
 this dispute.  
*DLW*  
 23/6

Thank you for your letter of 13 June.

I think it would be helpful if I made it clear that ICC, the firm with whom we have now contracted (and who have started work), had tendered for the job when we last put it up for competition. They were the only firm to do so who were technically competent and still interested. The smaller firm had not tendered, though they had, as I said, shown some interest later on.

I mentioned them to illustrate the thinness of the local market - a phenomenon from which the Merseyside health authorities are also suffering, incidentally. The fact is that the smaller firm had not submitted themselves to the competition from which we chose Donway, and now ICC, and so were not seriously considered. 'Union labour only' requirements and union recognition requirements did not figure in the decision to let the contract to ICC; these factors were merely coincidental and I am sorry if my earlier letter suggested otherwise. Indeed, had we not thought ICC suitable we should have had to institute a fresh tendering exercise.

You mention the preservation of our normal contracting out policy. Huyton local office has been cleaned by private contractors for the past 14 years. One of our objectives has been to preserve this situation, and to avoid getting driven back on to direct cleaning. Letting the contract to one of the original tenderers has achieved this.

I am copying this as before.

*Ken*

*Tony Newton*

TONY NEWTON

Privatisation: Econ POL 1413.